AGENDA

Tuesday, January 22, 2019 6:30 PM

REGULAR MEETING AS CITY COUNCIL/EMID BOARD OF DIRECTORS

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

1. CALL TO ORDER

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

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

4. PUBLIC

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

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

5.1. City/EMID Minutes

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

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

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

5.2.1. a) A Resolution of the City Council of the City of Foster City Approving the Additional Transfer of Foster City/Estero Municipal Improvement District Assets Valued at $14,174.38 to the San Mateo Consolidated Fire Department; and

    b) A Resolution of the Board of Directors of the Estero Municipal Improvement District Approving the Additional Transfer of Foster City/Estero Municipal Improvement District Assets Valued at $14,174.38 to San Mateo Consolidated Fire Department

    c) Staff Report

    d) Adopt Resolutions

6. **PUBLIC HEARINGS**

6.1. A Public Hearing to Hear and Consider Public Comments Regarding the Introduction of an Ordinance Amending Foster City Municipal Code (FCMC) Chapter 17.58, Architectural Control and Supervision, Section 17.58.020, Improvements Subject to Architectural Review, Subsection (C), Improvements Which Are Prohibited, and pass to second reading and adoption the Ordinance amendments. This amendment relates to the visibility of painted murals of landscapes, hardscapes or foliage displayed on the interior side of fences and walls
a) Open Public Hearing  
b) Staff Report  
c) Receive Public Testimony  
d) Close Public Hearing  
e) Action - An Ordinance Of The City of Foster City Amending Foster City Municipal Code Title 17, Zoning, Chapter 17.58, Architectural Control and Supervision, Section 17.58.020, Improvements Subject To Architectural Review, Subsection (C)(2), Improvements Which are Prohibited  
   i) Introduce Ordinance by title, by motion waive further reading  
   ii) By motion pass ordinance to second reading  

7. **NEW BUSINESS**

a) Staff Report  
b) Receive Public Testimony  
c) No Action Required - Comments Only  

7.2. Consideration of the Final Recreation Center Master Plan Conceptual Design Plan Report from Burks Toma Architects  
a) Staff Report  
b) Action - By Minute Order, Receive and Accept the Report and Provide Policy Direction  

8. **REPORTS**

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

9. **RESOLUTIONS FOR ADOPTION**

9.1. A Resolution of the Board of Directors of the Estero Municipal Improvement District Approving Agreements with Jones Hall, a Professional Law Corporation for Bond Counsel Services, Kitahata & Company and William Euphrat Municipal Finance, Inc. for Financial Advisor’s Services, and Schiff Hardin LLP for Disclosure Services, in Connection with the Issuance of Revenue Bonds for the Wastewater Treatment Plant Project and Financing Plan Update
9.2. Consideration of Audited Fiscal Year 2017-2018 Comprehensive Annual Financial Report (CAFR) and the Fiscal Year 2017-2018 Warrant Registers in the Form of that CAFR
   a) Staff Report
   b) Action - A Resolution of the City Council of the City of Foster City Ratifying and Approving the Audited Fiscal Year 2017-2018 Comprehensive Annual Financial Report (CAFR) and the Fiscal Year 2017-2018 Warrant Registers in the Form of that CAFR
   c) Action - A Resolution of the Board of Directors of the Estero Municipal Improvement District Ratifying and Approving the Audited Fiscal Year 2017-2018 Comprehensive Annual Financial Report (CAFR) and the Fiscal Year 2017-2018 Warrant Registers in the Form of that CAFR

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

9.4. Consideration of a Second Amendment to City/District Manager Jeff C. Moneda’s Employment Agreement
   a) Staff Report
   b) Action - A Resolution of the City Council of the City of Foster City Approving the Second Amendment to the City Manager's Employment Agreement
   c) Action - A Resolution of the Board of Directors of the Estero Municipal Improvement District Approving the Second Amendment to the District Manager's Employment Agreement

10. COMMUNICATIONS

10.1. City/District Warrant of Demands were Processed and Issued on January 2, 2019 and January 7, 2019
   a) Information Item Only
   b) No Action Required
11. CITY/DISTRICT MANAGER REPORTS, COUNCIL/BOARD STATEMENTS AND REQUESTS, AND COUNCIL LIAISON REPORTS

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

12. CLOSED SESSION

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

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

13. ADJOURNMENT

The public is invited to attend.

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

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

City Council meetings on FCTV on Comcast Channel 27 and AT&T Channel 99:
LIVE every 1st and 3rd Monday of the month
REPLAY next day at 1:00 pm (that week only)
REPLAY Saturday at 5:00 pm (only on Saturday the week the actual meeting occurs)

City Council meetings on https://www.fostercity.org/community/page/fctv-live-stream:
STREAMED LIVE every 1st and 3rd Monday of the month

City Council meetings on-demand:
https://www.fostercity.org/agendasandminutes
CALL TO ORDER OF CITY COUNCIL/EMID BOARD OF DIRECTORS

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

ROLL CALL

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

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

ABSENT: None.

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

SPECIAL PRESENTATIONS

PROCLAMATION HONORING THE LATE ROBERT PEAGLER.

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

PUBLIC

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

CONSENT CALENDAR

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

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

NEW BUSINESS

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

Communications Director/City Clerk Tam presented the staff report.

Discussion ensued.

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

REPORTS

SPECIAL EVENT COST RECOVERY. MINUTE ORDER NO. 1583.

City/District Manager Jeff Moneda presented the staff report.

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

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

Public Works Director Dorais presented the staff report.

Discussion ensued.

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

RESOLUTIONS FOR ADOPTION

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

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

COMMUNICATIONS

CITY/DISTRICT WARRANT OF DEMANDS. NO ACTION TAKEN.

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

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

City Manager Moneda wished everyone a happy New Year.

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

Councilmember/Director Awasthi stated she continued her learning process and meetings with Department Heads, including regular meetings with City Manager Moneda, to understand Departments’ priorities and scope of work. She also met with Assistant City Manager Hall regarding economic development. She thanked staff for their work and support, and wished everyone a happy New Year.
Councilmember/Director Gehani wished everyone a happy New Year and stated that he has continued to learn more about city processes, including the financial planning processes that the City has completed over the last several years. He noted that weekly meetings with staff have provided with him with an increased understanding of City functions.

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

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

CLOSED SESSION

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

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

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

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

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

ADJOURNMENT

Hearing no objection from the City Council/EMID Board, Mayor/President Hindi adjourned the meeting. Meeting adjourned at 8:40 p.m.
CALL TO ORDER OF CITY COUNCIL AND INNOVATION AND TECHNOLOGY ADVISORY COMMITTEE

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

ROLL CALL

The Communications Director/City Clerk called the roll:

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

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

ABSENT: Vice Mayor Herb Perez and Mayor San Hindi.

Innovation and Technology Advisory Committee Member Ramiya Iyer.

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

STUDY SESSION

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

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

ADJOURNMENT

Hearing no objection from the City Council and the Innovation and Technology Advisory Committee, Councilmember Catherine Mahanpour adjourned the meeting. Meeting adjourned at 4:36 p.m.
DATE: January 22, 2019

Mayor and Members of the City Council

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

VIA: Jeff Moneda, City/District Manager

FROM: John Healy, Fire Chief

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

RECOMMENDATION

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

EXECUTIVE SUMMARY AND BACKGROUND / ANALYSIS

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

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

Vehicles: none
Equipment: $14,174.38

Attachments:

- Attachment 1 - City Resolution
- Attachment 2 - EMID Resolution
- Attachment 3 - Additional Assets to be Transferred to SMC Fire
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FOSTER CITY APPROVING THE ADDITIONAL TRANSFER OF FOSTER CITY/ESTERO MUNICIPAL IMPROVEMENT DISTRICT ASSETS VALUED AT $14,174.38 TO THE SAN MATEO CONSOLIDATED FIRE DEPARTMENT

CITY OF FOSTER CITY

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

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

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

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

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

AYES:

NOES:

ABSENT:

ABSTAIN:

____________________________
SAM HINDI, MAYOR

ATTEST:

__________________________________
PRISCILLA TAM, CITY CLERK
RESOLUTION NO.______________

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

ESTERO MUNICIPAL IMPROVEMENT DISTRICT

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

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

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

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

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

AYES:

NOES:

ABSENT:

ABSTAIN:

_______________________________
SAM HINDI, PRESIDENT

ATTEST:

__________________________________
PRISCILLA TAM, DISTRICT SECRETARY
### Listing of Capital Asset Transfers to SMC Fire effective January 13, 2019

<table>
<thead>
<tr>
<th>Capital Asset Number</th>
<th>Year</th>
<th>Description</th>
<th>Purchase Cost</th>
<th>Accumulated Depreciation as of 6/30/18</th>
<th>Current Year Depreciation up to 1/13/19</th>
<th>Accumulated Depreciation as of 1/13/19</th>
<th>Net Book Value</th>
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<td>2006</td>
<td>45-98 Ford Explorer (Ford F-250 Truck) BC6</td>
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<td>2010</td>
<td>Oil Spill Equipment &amp; Trailer</td>
<td>25,318.69</td>
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<td>2013</td>
<td>Harris Master III Repeater/Base Station Equipment</td>
<td>7,389.71</td>
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<td>Radio Base Station Motorola Model MSR2000</td>
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<td>2002</td>
<td>1 ISG K90 Talisman XL Thermal Imager (Truck #28)</td>
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<td>Biosystems Posicheck3 Scba Bench Test Unit With Laptop</td>
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<td>2013-35</td>
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<td>Rescue Tool Cutter</td>
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Total Amounts for Assets NOT Transfer $920,831.97 $902,545.77 $4,111.82 $906,657.59 $14,174.38
DATE: January 22, 2019

TO: Mayor and Members of the City Council

VIA: Jeff Moneda, City Manager

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

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

RECOMMENDATION

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

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

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

EXECUTIVE SUMMARY

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

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

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

BACKGROUND

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

During the City Council’s discussion of a Resolution of Intention on October 1, 2018, Councilmember Herb Perez indicated that he was requesting the City Council to adopt the Resolution of Intention because he had received requests from property owners to amend the ordinance so that they could install murals on their properties. Councilmember Herb Perez indicated that he could support this request so long as the mural was painted on the interior of the property’s fence/wall and that it was not visible to the general public. With that limitation, the City Council approved the Resolution of Intention and referred the matter to the Planning Commission for its review and recommendation. (City Council Resolution No. 2018-91)

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

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

ANALYSIS
Chapter 17.58 Architectural Control and Supervision

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

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

Section 17.58.020, Improvements Subject to Architectural Review, contains a detailed list of improvements which are subject to or exempt from architectural review. Architectural review must be completed prior to issuance of any building permit or construction of improvements listed in Section 17.58.020(A). Architectural review is conducted by either the Planning Commission or Community Development Director per Section 17.58.040. In order to approve an architectural design review application, the
Planning Commission or Community Development Director is required to make the following findings:

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

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

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

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

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

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

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

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

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

17.58.020 Improvements subject to architectural review.

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

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

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

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

OR

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

CONCLUSION

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

FISCAL IMPACT

There is no fiscal impact associated with this item.

Attachments:

- Attachment 1 - Ordinance – Redline Version of Draft Amendments to FCMC Section 17.58.020
- Attachment 2 - Ordinance
AN ORDINANCE OF THE CITY OF FOSTER CITY AMENDING FOSTER CITY MUNICIPAL CODE TITLE 17, ZONING, CHAPTER 17.58, ARCHITECTURAL CONTROL AND SUPERVISION, SECTION 17.58.020, IMPROVEMENTS SUBJECT TO ARCHITECTURAL REVIEW, SUBSECTION (C)(2), IMPROVEMENTS WHICH ARE PROHIBITED

CITY OF FOSTER CITY

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

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

17.58.020 Improvements subject to architectural review.

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

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

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

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

   OR

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

Section 2. Severability. If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be invalid, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council does hereby declare that it should have adopted the Ordinance and each section, subsection, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared invalid or unconstitutional.
Section 3. Taking Effect. This Ordinance shall take effect and be in force thirty (30) days from and after its adoption.

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

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

AYES:

NOES:

ABSENT:

ABSTAIN:

________________________________
SAM HINDI, MAYOR

ATTEST:

____________________________________
PRISCILLA TAM, CITY CLERK
ORDINANCE NO. __________

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

CITY OF FOSTER CITY

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

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

17.58.020 Improvements subject to architectural review.

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

AYES:

NOES:

ABSENT:

ABSTAIN:

________________________________
SAM HINDI, MAYOR

ATTEST:

______________________________________
PRISCILLA TAM, CITY CLERK
DATE: January 22, 2019

TO: Mayor and Members of the City Council

VIA: Jeff Moneda, City Manager

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

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

PURPOSE/RECOMMENDATION

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

EXECUTIVE SUMMARY

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

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

NOTICING/PUBLIC OUTREACH

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

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

BACKGROUND/HISTORY

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

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

PROJECT/SITE DESCRIPTION

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

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

1. A new, approximately 77,479 square-foot six-story limited service hotel with a
ground floor encompassing restaurant and bar, five stories of guest rooms (approximately 155 guest rooms) above, and a rooftop terrace bar;

2. Surface parking with drive aisles providing access from Metro Center and Shell boulevards; and

3. A two-level parking garage with raised podium placed above at-grade parking with proposed parking capacity totaling 90 to 100 stalls.

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

Circulation

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

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

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

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

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

LAND USE

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

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

Zoning: The zoning designation of the subject site is C-2/PD General Business/Planned Development District, which allows hotels, including restaurants and meeting rooms, as permitted uses. The PD, or Planned Development, combining district is intended to accommodate a range of development types while offering
flexibility by allowing tailoring of City standards to specific uses (Section 17.36.010, Foster City Municipal Code).

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

ENVIRONMENTAL REVIEW

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

APPROVAL ACTIONS REQUIRED

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

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

KEY ISSUES TO CONSIDER

Based on the goals and vision of the General Plan and the project description and conceptual plans submitted to date, City Staff has identified the following key issues
which would need to be considered during the review and analysis of the project.

**Hotel Use**

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

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

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

The submitted feasibility study demonstrates a strong demand for lodging within the San Mateo County region and projects that the proposed hotel will experience a high rate of occupancy. The market analysis includes a consideration of the effects of competition with existing hotels within Foster City and surrounding locales, including lodging facilities recently constructed, entitled, and anticipated for approval. The study notes that the San Mateo County hotel market has sustained occupancy rates in excess of 80% during each of the past five years. Generally, when a lodging market achieves 80% or greater occupancy level, existing hotels are considered effectively “full” (termed “fill nights”), with demand met by lodging facilities in neighboring communities. Foster City’s three existing hotels have experienced increased occupancy rates within the last several years, indicating the presence of a growing market for guest accommodations in Foster City. Such trends indicate that elevated demand may be absorbed by the proposed hotel, while a consistently robust regional market would allow for hosting of prospective lodgers turned away by hotels in surrounding jurisdictions. The proposed hotel would be located across Shell Boulevard from the
existing 147-room Courtyard by Marriott; consideration of the proximity of the subject site to that facility has been included in the analysis conducted in the submitted report.

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

**Visual, Solar and Privacy Impacts**

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

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

**Traffic and Circulation**

Due to the proposed development of the site, a traffic study will be required to evaluate ingress/egress, internal vehicular and pedestrian circulation, as well as traffic safety...
and impacts to Level of Service (LOS) Standards on City Streets and their immediate surroundings.

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

City Services

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

a. **Potable Water:** The availability of adequate potable water to serve the proposed project without causing a diminution of water for existing residents and businesses needs to be evaluated. A Water Supply Assessment study will need to be prepared to determine if there is sufficient infrastructure capacity to serve the project site.

b. **Sewer Capacity:** The city’s existing sewer collection and treatment system capacity and its ability to meet additional sewage flow impacts without causing a diminution of service for existing residents and businesses needs to be evaluated. A Wastewater/Sewer capacity study will need to be prepared to determine if there is sufficient infrastructure capacity to serve the project site.

c. **Police/Fire Services:** The City would need to evaluate the impact on police and fire services and whether the new development could be adequately served by existing municipal services and facilities. Impact to public safety responses need to be evaluated with added population on the site including fire trucks and emergency vehicles access and circulation.

FISCAL IMPACT

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

QUESTIONS

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

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

NEXT STEPS

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

Attachments:

- Attachment 1 – Project Description
- Attachment 2 – Conceptual Plans
- Attachment 3 – Hotel Feasibility Study
### PART ONE: PROJECT SUMMARY

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<thead>
<tr>
<th>Program Item</th>
<th>Proposed # or size in sq. ft.</th>
<th>Notes</th>
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<td>Total Site Area</td>
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</tr>
<tr>
<td>Total Public Space Area</td>
<td>8,189</td>
<td></td>
</tr>
<tr>
<td>Total Back-of-House Area</td>
<td>3,535</td>
<td></td>
</tr>
<tr>
<td>Total Recreation</td>
<td>882</td>
<td></td>
</tr>
<tr>
<td>Total Guestroom Area</td>
<td>46,496</td>
<td></td>
</tr>
<tr>
<td>Circulation, support spaces</td>
<td>18,377</td>
<td>25 percent of gross building area</td>
</tr>
<tr>
<td>Total Building Area</td>
<td>77,479</td>
<td></td>
</tr>
<tr>
<td>Total # of Keys</td>
<td>153</td>
<td></td>
</tr>
<tr>
<td>Total Square Footage per Key</td>
<td>506</td>
<td></td>
</tr>
</tbody>
</table>

### DETAILED PROGRAM

#### PART TWO: GUESTROOM MIX /COUNT /SQUARE FOOTAGE SUMMARY

<table>
<thead>
<tr>
<th>Room Type</th>
<th>Proposed</th>
<th>Area</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Double Queen</td>
<td>53</td>
<td>16,536</td>
<td>312 sq ft each</td>
</tr>
<tr>
<td>King</td>
<td>85</td>
<td>23,630</td>
<td>278 sq ft each</td>
</tr>
<tr>
<td>Suites</td>
<td>15</td>
<td>6,330</td>
<td>422 sq ft (not counting adjacent lock-offs)</td>
</tr>
<tr>
<td>Accessible (included in total above)</td>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL GUESTROOMS</strong></td>
<td><strong>153</strong></td>
<td><strong>46,496</strong></td>
<td></td>
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#### PART THREE: PUBLIC AREAS - SQUARE FOOTAGE SUMMARY

<table>
<thead>
<tr>
<th>Program Item</th>
<th>Proposed Size</th>
<th>Subtotal</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOBBY, GENERAL PUBLIC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Front Desk/Lobby</td>
<td>1,512</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Luggage Storage</td>
<td></td>
<td></td>
<td>In Back of House</td>
</tr>
<tr>
<td>Library</td>
<td>470</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Restrooms</td>
<td>268</td>
<td></td>
<td>Shared with meeting area</td>
</tr>
<tr>
<td><strong>TOTAL Lobby, General Public</strong></td>
<td><strong>2,250</strong></td>
<td><strong>2,250</strong></td>
<td></td>
</tr>
<tr>
<td>FOOD &amp; BEVERAGE AREAS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restaurant</td>
<td>1,891</td>
<td></td>
<td>not including kitchen or outdoor terrace</td>
</tr>
<tr>
<td>Roof Terrace Bar</td>
<td>2360</td>
<td></td>
<td>includes covered area, restrooms, and terrace</td>
</tr>
<tr>
<td><strong>TOTAL Food &amp; Beverage</strong></td>
<td><strong>4,251</strong></td>
<td><strong>4,251</strong></td>
<td></td>
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<tr>
<td>MEETING AREAS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meeting Room</td>
<td>1,055</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prefunction</td>
<td>477</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Function Space Storage</td>
<td>156</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL Meeting Areas</strong></td>
<td><strong>1,688</strong></td>
<td><strong>1,688</strong></td>
<td></td>
</tr>
<tr>
<td>RECREATION AREAS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fitness Center</td>
<td>882</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL Recreation Areas</strong></td>
<td><strong>882</strong></td>
<td><strong>882</strong></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL PUBLIC AREAS</strong></td>
<td></td>
<td><strong>9,071</strong></td>
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</table>
## PART FOUR: BACK-OF-HOUSE - SQUARE FOOTAGE SUMMARY

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

**TOTAL BACK-OF-HOUSE AREAS** 3,535
(E) BLDG PARAPET ELEV = 140± 5.60' CLR
STALLS PARKING
STALLS PARKING
PEDESTRIAN CROSSING
PEDESTRIAN CROSSING
SHELL BOULEVARD (89.00' WIDE)
SUMMARY OF FINDINGS

Proposed Select-Service Hotel
Foster City

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

SUBMITTED TO:
Mr. Lance Sorensen
MPQ Foster City Metro Center LLC
1710 S Amphett Boulevard, Suite 350
San Mateo, California, 94402
650-781-8888

PREPARED BY:
HVS Consulting & Valuation
Division of TS Worldwide, LLC
100 Bush Street, Suite 1625
San Francisco, California, 94104
+1 (310) 755-8293
March 22, 2018

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

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

Dear Mr. Sorensen:

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

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

Sincerely,

TS Worldwide, LLC

John Berean, Senior Project Manager  
jberean@hvs.com, +1 (281) 381-3456

Li Chen, MAI, Vice President  
lchen@hvs.com, +1 (310) 755-8293
# Table of Contents

<table>
<thead>
<tr>
<th>SECTION</th>
<th>TITLE</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Executive Summary</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Subject of the Study</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Ownership, Franchise, and Management Assumptions</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Overview of Local Area Economy</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Overview of Local Area Lodging Market Trends</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Forecast of the Proposed Subject Hotel’s Occupancy</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>Forecast of the Proposed Subject Hotel’s Average Rate</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>Method of Study</td>
<td>20</td>
</tr>
<tr>
<td>2.</td>
<td>Statement of Assumptions and Limiting Conditions</td>
<td>22</td>
</tr>
</tbody>
</table>

Addenda

Qualifications
1. Executive Summary

Subject of the Study

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

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

LOCATION MAP
Ownership, Franchise, and Management Assumptions

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

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

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

Overview of Local Area Economy

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

Locally, the unemployment rate was 2.8% in 2016; for this same area in 2017, the most recent month’s unemployment rate was registered at 1.9%, versus 2.6% for the same month in 2016.
The following bullet points highlight major demand generators for this market:

- The San Francisco Bay Area is a major center for technology innovation. The famed Silicon Valley stretches south from San Francisco; major industry-leading companies such as Airbnb, Uber, Salesforce, Dropbox, Twitter, Google, Facebook, and Apple are headquartered in the Bay Area. Furthermore, many start-ups are founded in the Bay Area, receiving funding from many venture-capital companies from around the country. San Mateo County is home to a large concentration of technology expertise, and its many high-technology engineering, computer, and microprocessor companies have led the area to be known as an extension of the greater Silicon Valley market. According to the 2016 Silicon Valley Index, Silicon Valley’s economy has led the nation with extraordinary growth in jobs, income, innovation, and venture capital investment. Employers in San Mateo County added approximately 7,300 jobs in 2016; this job growth was driven by computer hardware design, information services, community infrastructure, health care, construction, and other business services. In Foster City, technology has been a prominent economic driver, with major employers including Visa Inc., IBM Corporation, and Gilead Sciences. Other major technology firms in the greater San Mateo County area include Box, Oracle, Evernote, Wealthfront, and Electronic Arts.

- The education sector is a major component of the area’s economy, with three institutions of higher education noted in the list of ten largest employers. The University of California (UC) is a public university system in California that comprises eleven campuses. The University of California has a combined student body of more than 238,000 students, over 1,700,000 living alumni, and a combined system-wide and campus endowment of nearly $17 billion. Moreover, Stanford University remains a major pillar of the education sector in the greater San Francisco area. The University features seven schools, over 16,000 students, and an endowment of almost $21.5 billion. Stanford is known for its biotechnology research and has very close ties with Silicon Valley.

- Healthcare represents an economic force in the area. Kaiser Permanente, which is based in nearby Oakland, is an integrated managed-care organization that is a consortium of three distinct groups of entities: the Kaiser Foundation Health Plan, Inc. and its regional operating organizations, Kaiser Foundation Hospitals, and the Permanente Medical Groups. Kaiser Permanente is the largest managed-care organization in the U.S. In March 2016, Kaiser Permanente opened a 220,000-square-foot medical office in San Francisco’s Mission Bay district. The $200-million development, employing almost 500 people, can serve roughly 79,000 patients. Additionally, the UC San Francisco (UCSF) Medical Center is consistently ranked among the top ten hospitals in the United States by U.S. News & World Report. The $1.5-billion, 289-bed, state-of-the-art UCSF Medical Center at Mission Bay opened in February 2015.
Moreover, the Stanford University Medical Center is undergoing substantial renovations and expansion. Approximately $5 billion is being spent to modernize and expand several hospitals, including Hoover Pavilion, the School of Medicine, Stanford Hospital & Clinics, and the Lucile Packard Children’s Hospital. The 521,000-square-foot addition to Lucile Packard Children’s Hospital opened in December 2017, while the 824,000-square-foot Stanford Health Care facility is anticipated to open in early 2018.

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

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

This area is served by San Francisco International Airport. Air traffic registered 35,790,835 passengers in 2007; by 2016, this level had changed to 53,106,505. The change in passenger traffic between 2015 and 2016 was 6.1%; moreover, a
rate of change of 4.9% was registered in the year-to-date period for 2017 when compared with the same period for 2016.

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

- **Fisherman's Wharf & Pier 39** is well known for its high concentration of retail and commercial spaces along San Francisco's northern waterfront. Attractions in this area include boat rides to Alcatraz Island, the San Francisco Bay, the Aquarium of the Bay, Ghirardelli Square, and numerous restaurants and retail shops. The district, which attracts approximately 40,000 to 110,000 visitors each day, is working with the San Francisco Planning Department and local community to make the neighborhood more accessible and pedestrian-friendly. Phase I, which was completed in 2013, included sidewalk-widening projects and streetscape enhancements, as well as directional and signal changes along Jefferson Street. Phase II will reportedly break ground mid-year 2018 and will include the development of a three-block concrete roadway, a wood deck in front of the Sport Fishing Fleet, expanded sidewalks, additional trees, better lighting, and pedestrian and bicycle improvements when completed in 2022.

- **Union Square** contains a large concentration of designer boutiques and major department stores, serving as the shopping hub for San Francisco. In addition to retail shops, the Union Square neighborhood also boasts a handful of performing arts theaters, art galleries, and restaurants. Union Square also serves as the ceremonial center of San Francisco life, as it is the leading location for numerous events throughout the year, including concerts, art shows, and private events.

- **The Golden Gate Bridge** is a world-renowned San Francisco landmark that connects the San Francisco Peninsula north to Marin County. The 1.2-mile bridge, declared by the American Society of Civil Engineers as one of the Wonders of the Modern World, is famous for its unique color, graceful lines, and design.

- **The 42,000-seat AT&T Park** is the home of the San Francisco Giants professional baseball team. The stadium features a unique public promenade along the waterfront from right field to center field, where fans of all ages can watch the game through a fence at no charge, and where access to the Bay is provided. The ballpark, which became the first ballpark to receive LEED-silver...
Proposed Select-Service Hotel Foster City – Foster City, California

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

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

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

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

Proposed Select-Service Hotel Foster City – Foster City, California

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Daily Room Count</th>
<th>Available Room Nights</th>
<th>Occupied Room Nights</th>
<th>Occupancy %</th>
<th>Average Rate</th>
<th>RevPAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>1,775</td>
<td>647,875</td>
<td>470,975</td>
<td>72.7 %</td>
<td>$125.64</td>
<td>$91.33</td>
</tr>
<tr>
<td>2008</td>
<td>1,775</td>
<td>647,875</td>
<td>486,773</td>
<td>75.1 %</td>
<td>132.04</td>
<td>99.21</td>
</tr>
<tr>
<td>2009</td>
<td>1,775</td>
<td>647,875</td>
<td>465,406</td>
<td>71.8 %</td>
<td>113.39</td>
<td>81.45</td>
</tr>
<tr>
<td>2010</td>
<td>1,775</td>
<td>647,875</td>
<td>483,531</td>
<td>74.6 %</td>
<td>115.97</td>
<td>86.55</td>
</tr>
<tr>
<td>2011</td>
<td>1,775</td>
<td>647,875</td>
<td>513,628</td>
<td>79.3 %</td>
<td>128.97</td>
<td>102.25</td>
</tr>
<tr>
<td>2012</td>
<td>1,781</td>
<td>649,896</td>
<td>521,587</td>
<td>80.3 %</td>
<td>145.52</td>
<td>116.79</td>
</tr>
<tr>
<td>2013</td>
<td>1,784</td>
<td>651,160</td>
<td>520,793</td>
<td>80.0 %</td>
<td>157.46</td>
<td>125.93</td>
</tr>
<tr>
<td>2014</td>
<td>1,785</td>
<td>651,344</td>
<td>538,779</td>
<td>82.7 %</td>
<td>169.15</td>
<td>139.92</td>
</tr>
<tr>
<td>2015</td>
<td>1,785</td>
<td>651,525</td>
<td>550,487</td>
<td>84.5 %</td>
<td>190.41</td>
<td>160.88</td>
</tr>
<tr>
<td>2016</td>
<td>1,784</td>
<td>651,341</td>
<td>540,181</td>
<td>82.9 %</td>
<td>202.12</td>
<td>167.63</td>
</tr>
<tr>
<td>2017</td>
<td>1,946</td>
<td>710,143</td>
<td>570,961</td>
<td>80.4 %</td>
<td>204.85</td>
<td>164.70</td>
</tr>
</tbody>
</table>

**Average Annual Compounded Change:**

- **2007 - 2017:** 0.9 %, 1.9 %, 5.0 %, 6.1 %
- **2007 - 2010:** 0.0 %, 0.9 %, (2.6), (1.8)
- **2010 - 2017:** 1.3 %, 2.4 %, 8.5 %, 9.6 %

**Hotels Included in Sample**

- Marriott San Mateo San Francisco Airport
  - Uppscale Class, Secondary
- Residence Inn San Francisco Airport San Mateo
  - Upscale Class, Secondary
  - Year Opened: Sep 1985, Sep 1985
- Crowne Plaza Foster City San Mateo
  - Upscale Class, Primary
- Courtyard San Mateo Foster City
  - Upscale Class, Primary
  - Year Opened: Sep 1987, Sep 1987
- Holiday Inn & Suites San Mateo San Francisco
  - Upper Midscale Class, Secondary
  - Year Opened: May 2010, Jun 1991
- Hyatt House Belmont Redwood Shores
  - Upscale Class, Secondary
- Fairfield Inn & Suites San Francisco San Carlos
  - Upper Midscale Class, Secondary
  - Year Opened: Jul 2004, Jan 1998
- Country Inn & Suites San Carlos
  - Upper Midscale Class, Secondary
  - Year Opened: Jun 2005, Apr 1998
- Holiday Inn Express & Suites Belmont
  - Upper Midscale Class, Secondary
- Hilton Garden Inn San Mateo
  - Upscale Class, Primary
  - Year Opened: Apr 1999, Apr 1999
- TownePlace Suites San Mateo Foster City
  - Upper Midscale Class, Secondary
  - Year Opened: Aug 2017, Aug 2017
- SpringHill Suites Belmont Redwood Shores
  - Upscale Class, Secondary
  - Year Opened: Sep 2017, Sep 2017

**Total:** 2,138

Source: STR
MAP OF COMPETITION

- Proposed Select-Service Hotel Foster City
- Residence Inn by Marriott Redwood City San Carlos (Secondary)
- Residence Inn by Marriott San Francisco Airport San Mateo (Secondary)
- TownePlace Suites by Marriott San Mateo Foster City (Secondary)
- Holiday Inn & Suites San Mateo (Secondary)
- Holiday Inn Express & Suites Belmont (Secondary)
- Fairfield Inn & Suites by Marriott San Francisco San Carlos (Secondary)
- Country Inn & Suites by Carlson San Carlos (Secondary)
- Courtyard by Marriott Foster City (Primary)
- Hilton Garden Inn San Mateo (Primary)
- Crowne Plaza Foster City-San Mateo (Primary)
- Marriott San Mateo San Francisco Airport (Secondary)
- SpringHill Suites by Marriott Belmont Redwood Shores (Secondary)
- Hyatt House Belmont Redwood Shores (Secondary)
- Proposed Homewood Suites by Hilton (Secondary)
Both occupancy and average rate first peaked for this selected set of competitive hotels in the greater San Mateo County market in 2008, resulting in a RevPAR of nearly $99, before declining to a low point of roughly $81 by year-end 2009 because of the recession. Demand quickly recovered in 2010, and the prior 2008 RevPAR peak was surpassed by 2011. With no additions to supply, demand significantly increased from 2011 to 2015 given strong market conditions; occupied room nights and occupancy recorded an upward trend, and the greater San Francisco and Silicon Valley markets were established as two of the strongest-performing markets in the country. In 2016, occupancy declined as ongoing renovations at San Francisco’s Moscone Center caused a loss in compression for group demand. Occupancy declined further in 2017, attributed to the entrance of new supply. Meanwhile, with the exception of declines related to the recession in 2009, average rates grew year-over-year during the historical period shown. Primary factors contributing to this period of strengthening included the growth of major technology companies within the greater San Francisco Bay Area. The near-term outlook remains positive due to further new commercial developments in the market; furthermore, strong group demand is anticipated to recover when renovations at the convention center are completed in late 2018.

The following table illustrates the historical occupancy and average levels for selected hotels in the market.
## PRIMARY COMPETITORS – OPERATING PERFORMANCE

<table>
<thead>
<tr>
<th>Property</th>
<th>Number of Rooms</th>
<th>Commercial</th>
<th>Leisure</th>
<th>Group</th>
<th>Est. Segmentation</th>
<th>Estimated 2016</th>
<th>Estimated 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Weighted Annual Room Count</td>
<td>Occ.</td>
<td>Average Rate</td>
</tr>
<tr>
<td>Courtyard by Marriott Foster City</td>
<td>147</td>
<td>70 %</td>
<td>20 %</td>
<td>10 %</td>
<td>147</td>
<td>70 - 75 %</td>
<td>$210 - $220</td>
</tr>
<tr>
<td>Hilton Garden Inn San Mateo</td>
<td>157</td>
<td>70 %</td>
<td>20 %</td>
<td>10 %</td>
<td>157</td>
<td>80 - 85</td>
<td>$210 - $220</td>
</tr>
<tr>
<td>Crowne Plaza Foster City-San Mateo</td>
<td>353</td>
<td>45 %</td>
<td>30 %</td>
<td>25 %</td>
<td>350</td>
<td>80 - 85</td>
<td>$190 - $200</td>
</tr>
<tr>
<td><strong>Sub-Total/Averages</strong></td>
<td>657</td>
<td>56 %</td>
<td>26 %</td>
<td>18 %</td>
<td>654</td>
<td>82.5 %</td>
<td>$201.96</td>
</tr>
<tr>
<td><strong>Secondary Competitors</strong></td>
<td>1,471</td>
<td>65 %</td>
<td>19 %</td>
<td>15 %</td>
<td>833</td>
<td>83.3 %</td>
<td>$203.70</td>
</tr>
<tr>
<td><strong>Totals/Averages</strong></td>
<td>2,128</td>
<td>61 %</td>
<td>22 %</td>
<td>17 %</td>
<td>1,487</td>
<td>83.0 %</td>
<td>$202.94</td>
</tr>
</tbody>
</table>

* Specific occupancy and average rate data were utilized in our analysis, but are presented in ranges in the above table for the purposes of confidentiality.
### FIGURE 1-3  SECONDARY COMPETITOR(S) – OPERATING PERFORMANCE

<table>
<thead>
<tr>
<th>Property</th>
<th>Number of Rooms</th>
<th>Commercial Weighted</th>
<th>Leisure Weighted</th>
<th>Group Weighted</th>
<th>Total Competitive Level</th>
<th>Estimated 2016</th>
<th>Estimated 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marriott San Mateo San Francisco Airport</td>
<td>475</td>
<td>60 %</td>
<td>15 %</td>
<td>25 %</td>
<td>80 %</td>
<td>380</td>
<td>380</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>80 - 85 %</td>
<td>80 - 85 %</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$210 - $220</td>
<td>$200 - $210</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$170 - $180</td>
<td>$170 - $180</td>
</tr>
<tr>
<td>SpringHill Suites by Marriott Belmont Redwood Shores</td>
<td>168</td>
<td>70 %</td>
<td>20 %</td>
<td>10 %</td>
<td>80 %</td>
<td>—</td>
<td>45</td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>55 - 60</td>
</tr>
<tr>
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<td></td>
<td></td>
<td></td>
<td>200 - 210</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>115 - 120</td>
</tr>
<tr>
<td>Hyatt House Belmont Redwood Shores</td>
<td>132</td>
<td>75 %</td>
<td>15 %</td>
<td>10 %</td>
<td>75 %</td>
<td>99</td>
<td>99</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>85 - 90</td>
<td>80 - 85</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>220 - 230</td>
<td>220 - 230</td>
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<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>190 - 200</td>
<td>190 - 200</td>
</tr>
<tr>
<td>Residence Inn by Marriott San Francisco Airport San Mateo</td>
<td>160</td>
<td>70 %</td>
<td>20 %</td>
<td>10 %</td>
<td>75 %</td>
<td>120</td>
<td>120</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>85 - 90</td>
<td>80 - 85</td>
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<td>210 - 220</td>
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<td></td>
<td></td>
<td></td>
<td>180 - 190</td>
<td>180 - 190</td>
</tr>
<tr>
<td>TownePlace Suites by Marriott San Mateo Foster City</td>
<td>121</td>
<td>75 %</td>
<td>15 %</td>
<td>10 %</td>
<td>75 %</td>
<td>—</td>
<td>38</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>60 - 65</td>
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<td>200 - 210</td>
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<td></td>
<td></td>
<td></td>
<td>125 - 130</td>
</tr>
<tr>
<td>Holiday Inn &amp; Suites San Mateo</td>
<td>162</td>
<td>65 %</td>
<td>25 %</td>
<td>10 %</td>
<td>75 %</td>
<td>83</td>
<td>122</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>85 - 90</td>
<td>75 - 80</td>
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<td></td>
<td></td>
<td>170 - 180</td>
<td>160 - 170</td>
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<td></td>
<td></td>
<td></td>
<td>150 - 160</td>
<td>125 - 130</td>
</tr>
<tr>
<td>Holiday Inn Express &amp; Suites Belmont</td>
<td>82</td>
<td>65 %</td>
<td>30 %</td>
<td>5 %</td>
<td>60 %</td>
<td>49</td>
<td>49</td>
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<tr>
<td></td>
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<td></td>
<td></td>
<td>75 - 80</td>
<td>75 - 80</td>
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<td></td>
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<td></td>
<td></td>
<td>170 - 180</td>
<td>180 - 190</td>
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<td></td>
<td></td>
<td></td>
<td>130 - 140</td>
<td>140 - 150</td>
</tr>
<tr>
<td>Fairfield Inn &amp; Suites by Marriott San Francisco San Carlos</td>
<td>120</td>
<td>65 %</td>
<td>30 %</td>
<td>5 %</td>
<td>60 %</td>
<td>72</td>
<td>72</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>75 - 80</td>
<td>75 - 80</td>
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<td></td>
<td></td>
<td>180 - 190</td>
<td>180 - 190</td>
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<td></td>
<td></td>
<td></td>
<td>140 - 150</td>
<td>140 - 150</td>
</tr>
<tr>
<td>Country Inn &amp; Suites by Carlson San Carlos</td>
<td>51</td>
<td>65 %</td>
<td>30 %</td>
<td>5 %</td>
<td>60 %</td>
<td>31</td>
<td>31</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>80 - 85</td>
<td>80 - 85</td>
</tr>
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<td>140 - 150</td>
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<td></td>
<td></td>
<td>120 - 125</td>
<td>120 - 125</td>
</tr>
<tr>
<td><strong>Totals/Averages</strong></td>
<td><strong>1,471</strong></td>
<td><strong>65 %</strong></td>
<td><strong>19 %</strong></td>
<td><strong>15 %</strong></td>
<td><strong>75 %</strong></td>
<td><strong>833</strong></td>
<td><strong>955</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>83.3 %</strong></td>
<td><strong>79.2 %</strong></td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td><strong>$203.70</strong></td>
<td><strong>$201.89</strong></td>
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<td></td>
<td></td>
<td><strong>$169.76</strong></td>
<td><strong>$159.92</strong></td>
</tr>
</tbody>
</table>

* Specific occupancy and average rate data was utilized in our analysis, but is presented in ranges in the above table for the purposes of confidentiality.
Our survey of the primarily competitive hotels in the local market shows a range of lodging types and facilities. Each primary competitor was inspected and evaluated.

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

### FIGURE 1-4 HOTEL DEVELOPMENT ACTIVITY – SAN MATEO COUNTY

<table>
<thead>
<tr>
<th>Proposed Hotel Name</th>
<th>Estimated Number of Rooms</th>
<th>Hotel Product Tier</th>
<th>Development Stage</th>
<th>Address</th>
<th>Expected Qtr. &amp; Year of Opening</th>
</tr>
</thead>
<tbody>
<tr>
<td>Redwood City</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Courtyard by Marriott Redwood City</td>
<td>177</td>
<td>Upscale</td>
<td>Recently-Opened</td>
<td>600 Blair Island Road, Redwood City</td>
<td>Q1 '17</td>
</tr>
<tr>
<td>Proposed Holiday Inn Express &amp; Suites</td>
<td>91</td>
<td>Upper-Midscale</td>
<td>Application Pending</td>
<td>1690 Broadway, Redwood City</td>
<td>TBD</td>
</tr>
<tr>
<td>Proposed Transit Development Hotel</td>
<td>101-150</td>
<td>TBD</td>
<td>Development on Hold</td>
<td>Caltrain Station, Redwood City</td>
<td>TBD</td>
</tr>
<tr>
<td>Menlo Park</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hotel Nia, Autograph Collection</td>
<td>250</td>
<td>Luxury</td>
<td>Under Construction</td>
<td>200 Independence Street, Menlo Park</td>
<td>Q1 '18</td>
</tr>
<tr>
<td>Park James Hotel</td>
<td>61</td>
<td>Upscale</td>
<td>Under Construction</td>
<td>1400 El Camino Real, Menlo Park</td>
<td>Q3 '17</td>
</tr>
<tr>
<td>Proposed Facebook Campus Hotel</td>
<td>200</td>
<td>TBD</td>
<td>Early Development</td>
<td>1 Hacker Way, Menlo Park</td>
<td>TBD</td>
</tr>
<tr>
<td>San Carlos</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residence Inn by Marriott Redwood City San Carlos</td>
<td>204</td>
<td>Upscale</td>
<td>Under Construction</td>
<td>595 Industrial Road, San Carlos</td>
<td>Q1 '18</td>
</tr>
<tr>
<td>Proposed Hyatt Place</td>
<td>104</td>
<td>Upscale</td>
<td>Approved</td>
<td>TBD</td>
<td>26 El Camino Real, San Carlos</td>
</tr>
<tr>
<td>Proposed Hilton Garden Inn</td>
<td>173</td>
<td>Upscale</td>
<td>Approved</td>
<td>TBD</td>
<td>1091 Industrial Road, San Carlos</td>
</tr>
<tr>
<td>Proposed Hotel</td>
<td>TBD</td>
<td>TBD</td>
<td>Development on Hold</td>
<td>360-380 Industrial Road, San Carlos</td>
<td>TBD</td>
</tr>
<tr>
<td>Belmont</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SpringHill Suites by Marriott Belmont Redwood Shores</td>
<td>168</td>
<td>Upscale</td>
<td>Recently-Opened</td>
<td>1401 Shoreway Road, Belmont</td>
<td>Q3 '17</td>
</tr>
<tr>
<td>Proposed Homewood Suites by Hilton</td>
<td>96</td>
<td>Upscale</td>
<td>Under Construction</td>
<td>1201 Shoreway Road, Belmont</td>
<td>Q3 '18</td>
</tr>
<tr>
<td>Foster City</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TownePlace Suites by Marriott San Mateo Foster City</td>
<td>121</td>
<td>Upper-Midscale</td>
<td>Recently-Opened</td>
<td>1299 Chess Drive, Foster City</td>
<td>Q4 '17</td>
</tr>
<tr>
<td>San Mateo</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proposed Hampton by Hilton</td>
<td>182</td>
<td>Upper-Midscale</td>
<td>Application Pending</td>
<td>2940 South Norfolk Street, San Mateo</td>
<td>TBD</td>
</tr>
<tr>
<td>Burlingame</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proposed Boutique Hotel</td>
<td>50-100</td>
<td>TBD</td>
<td>Seeking Entitlements</td>
<td>TBD</td>
<td>1499 Bayshore Highway, Burlingame</td>
</tr>
<tr>
<td>Proposed Bayshore Hotel</td>
<td>404</td>
<td>TBD</td>
<td>Seeking Entitlements</td>
<td>TBD</td>
<td>Airport Boulevard &amp; Bay View Place, Burlingame</td>
</tr>
<tr>
<td>Milbrae</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proposed BART Station Hotel</td>
<td>250</td>
<td>TBD</td>
<td>Early Development</td>
<td>Rollins Road &amp; Millbrae Avenue, Millbrae</td>
<td>TBD</td>
</tr>
<tr>
<td>San Bruno</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proposed SpringHill Suites by Marriott</td>
<td>152</td>
<td>Upscale</td>
<td>Development on Hold</td>
<td>TBD</td>
<td>2400 Military Boarding Road, San Bruno</td>
</tr>
<tr>
<td>South San Francisco</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AC Hotel by Marriott San Francisco Airport Oyster Point FairField Inn &amp; Suites by Marriott</td>
<td>187</td>
<td>Upscale</td>
<td>Recently-Opened</td>
<td>1333 Veterans Boulevard, South San Francisco</td>
<td>Q3 '17</td>
</tr>
<tr>
<td>Proposed Home 2 Suites by Hilton</td>
<td>128</td>
<td>Upper-Midscale</td>
<td>Under Construction</td>
<td>127 West Harris Avenue, South San Francisco</td>
<td>Q2 '18</td>
</tr>
<tr>
<td>Grand Hyatt San Francisco International Airport</td>
<td>151</td>
<td>Upper-Midscale</td>
<td>Approved</td>
<td>550 Gateway Boulevard, South San Francisco</td>
<td>Q4 '18</td>
</tr>
<tr>
<td>Proposed Genesis Boutique Hotel</td>
<td>350</td>
<td>Luxury</td>
<td>Site Work Underway</td>
<td>San Francisco International Airport</td>
<td>Q3 '19</td>
</tr>
<tr>
<td>Proposed Oceana Boulevard Hotel</td>
<td>110</td>
<td>TBD</td>
<td>Early Development</td>
<td>2 Tower Plaza, South San Francisco</td>
<td>TBD</td>
</tr>
<tr>
<td>Pacifica</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proposed Hilton at the Beach</td>
<td>150</td>
<td>TBD</td>
<td>Early Development</td>
<td>2212 Beach Boulevard, Pacifica</td>
<td>TBD</td>
</tr>
<tr>
<td>Proposed Rockaway Quarry Development</td>
<td>200-300</td>
<td>TBD</td>
<td>Seeking Entitlements</td>
<td>TBD</td>
<td>Rockaway Beach &amp; Highway 1, Pacifica</td>
</tr>
<tr>
<td>Proposed Oceana Boulevard Hotel</td>
<td>34</td>
<td>TBD</td>
<td>Development on Hold</td>
<td>699 Oceana Boulevard, Pacifica</td>
<td>TBD</td>
</tr>
<tr>
<td>Half Moon Bay</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proposed Hyatt House</td>
<td>147</td>
<td>Upscale</td>
<td>Early Development</td>
<td>TBD</td>
<td>Higgins Canyon Road &amp; Main Street, Half Moon Bay</td>
</tr>
</tbody>
</table>
According to our research and inspection (as applicable), new supply expected to be competitive within the proposed subject hotel’s competitive submarket is outlined in the following table.

**FIGURE 1-5  NEW SUPPLY**

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

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

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

- A five-story Homewood Suites by Hilton is currently under construction on the former Empire Lumber site. The 96-room extended-stay hotel is expected to compete for similar commercial-transient demand and is anticipated to feature a similar average rate to the subject property. However, given differences in its product offering, this hotel has been weighted as secondarily competitive new supply.

Other developments within the greater San Mateo market that have been qualitatively considered in our analysis include the following:
• A 104-room Hyatt Place has been approved for development in San Carlos off El Camino Real. The existing 29-room Hotel San Carlos is anticipated to be demolished and replaced with the new select-service hotel. The four-story property is anticipated to feature three stories of guestrooms above a ground-floor lobby, fitness center, and lounge. We note that as of our date of inspection, this project has yet to receive demolition or building permits.

• In June 2017, the San Carlos City Council approved plans for a 162-room Hilton Garden Inn on the corner of Industrial Road and Brittan Avenue. An existing commercial building and surface parking lot is anticipated to be demolished to construct the seven-story hotel. In December 2017, the council approved revised plans to increase the room count to 173. We note that as of our date of inspection, this project has yet to receive demolition or building permits.

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

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

### FIGURE 1-6 ACCOMMODATED ROOM-NIGHT DEMAND

<table>
<thead>
<tr>
<th>Market Segment</th>
<th>Accommodated Demand</th>
<th>Percentage of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial</td>
<td>291,934</td>
<td>61 %</td>
</tr>
<tr>
<td>Leisure</td>
<td>104,338</td>
<td>22</td>
</tr>
<tr>
<td>Group</td>
<td>78,836</td>
<td>17</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>475,107</strong></td>
<td><strong>100 %</strong></td>
</tr>
</tbody>
</table>

Various types of economic and demographic data were then evaluated to determine their propensity to reflect changes in hotel demand. Based on this procedure, we forecast the following average annual compounded market-segment growth rates.
The following table details our projection of lodging demand growth for the subject market, including the total number of occupied room nights and any residual unaccommodated demand in the market.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial</td>
<td>4.5%</td>
<td>3.5%</td>
<td>2.5%</td>
<td>1.5%</td>
<td>1.0%</td>
<td>0.5%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Leisure</td>
<td>4.0</td>
<td>3.0</td>
<td>2.0</td>
<td>1.5</td>
<td>1.0</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Group</td>
<td>1.0</td>
<td>5.5</td>
<td>3.0</td>
<td>1.5</td>
<td>1.0</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Base Demand Growth</td>
<td>3.8%</td>
<td>3.7%</td>
<td>2.5%</td>
<td>1.5%</td>
<td>1.0%</td>
<td>0.5%</td>
<td>0.5%</td>
</tr>
</tbody>
</table>
**FIGURE 1-8  FORECAST OF MARKET OCCUPANCY**

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Commercial</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base Demand</td>
<td>291,934</td>
<td>305,071</td>
<td>315,748</td>
<td>323,642</td>
<td>328,496</td>
<td>331,781</td>
<td>333,440</td>
<td>335,108</td>
</tr>
<tr>
<td>Unaccommodated Demand</td>
<td>23,266</td>
<td>24,081</td>
<td>24,683</td>
<td>25,053</td>
<td>25,303</td>
<td>25,430</td>
<td>25,577</td>
<td></td>
</tr>
<tr>
<td>Induced Demand</td>
<td>4,040</td>
<td>6,761</td>
<td>7,192</td>
<td>7,192</td>
<td>9,338</td>
<td>9,491</td>
<td>9,644</td>
<td></td>
</tr>
<tr>
<td>Total Demand</td>
<td>332,777</td>
<td>346,589</td>
<td>355,516</td>
<td>360,741</td>
<td>366,423</td>
<td>368,361</td>
<td>370,309</td>
<td></td>
</tr>
<tr>
<td>Growth Rate</td>
<td>13.9%</td>
<td>4.3%</td>
<td>2.6%</td>
<td>1.5%</td>
<td>1.6%</td>
<td>0.5%</td>
<td>0.5%</td>
<td></td>
</tr>
<tr>
<td><strong>Leisure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base Demand</td>
<td>104,338</td>
<td>108,511</td>
<td>111,766</td>
<td>114,002</td>
<td>115,712</td>
<td>116,869</td>
<td>117,453</td>
<td>118,041</td>
</tr>
<tr>
<td>Unaccommodated Demand</td>
<td>4,129</td>
<td>4,253</td>
<td>4,338</td>
<td>4,403</td>
<td>4,447</td>
<td>4,470</td>
<td>4,492</td>
<td></td>
</tr>
<tr>
<td>Induced Demand</td>
<td>769</td>
<td>1,370</td>
<td>1,370</td>
<td>1,370</td>
<td>2,596</td>
<td>2,684</td>
<td>2,771</td>
<td></td>
</tr>
<tr>
<td>Total Demand</td>
<td>113,410</td>
<td>117,307</td>
<td>119,710</td>
<td>121,485</td>
<td>123,913</td>
<td>124,607</td>
<td>125,304</td>
<td></td>
</tr>
<tr>
<td>Growth Rate</td>
<td>8.7%</td>
<td>3.4%</td>
<td>2.0%</td>
<td>1.5%</td>
<td>2.0%</td>
<td>0.6%</td>
<td>0.6%</td>
<td></td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base Demand</td>
<td>78,836</td>
<td>79,624</td>
<td>84,004</td>
<td>86,524</td>
<td>88,700</td>
<td>89,143</td>
<td>89,589</td>
<td></td>
</tr>
<tr>
<td>Unaccommodated Demand</td>
<td>15,820</td>
<td>16,690</td>
<td>17,190</td>
<td>17,448</td>
<td>17,623</td>
<td>17,711</td>
<td>17,799</td>
<td></td>
</tr>
<tr>
<td>Induced Demand</td>
<td>962</td>
<td>1,712</td>
<td>1,712</td>
<td>1,712</td>
<td>2,369</td>
<td>2,369</td>
<td>2,413</td>
<td></td>
</tr>
<tr>
<td>Total Demand</td>
<td>96,406</td>
<td>102,303</td>
<td>105,427</td>
<td>106,982</td>
<td>108,648</td>
<td>109,224</td>
<td>109,802</td>
<td></td>
</tr>
<tr>
<td>Growth Rate</td>
<td>22.3%</td>
<td>6.1%</td>
<td>3.1%</td>
<td>1.5%</td>
<td>1.6%</td>
<td>0.5%</td>
<td>0.5%</td>
<td></td>
</tr>
</tbody>
</table>

| Totals           |       |       |       |       |       |       |       |       |
| Base Demand      | 475,107 | 493,206 | 511,518 | 524,167 | 532,030 | 537,350 | 540,037 | 542,737 |
| Unaccommodated Demand | 43,215 | 45,024 | 46,338 | 46,905 | 47,374 | 47,611 | 47,849 |        |
| Induced Demand   | 5,771  | 9,658  | 10,274 | 10,274 | 14,260 | 14,544 | 14,829 |        |
| Total Demand     | 542,193 | 566,200 | 580,653 | 589,208 | 598,984 | 602,192 | 605,415 |        |
| Growth Rate      | 10.5%  | 5.7%   | 2.6%   | 1.5%   | 3.7%   | 0.5%   | 0.5%   |        |

| **Market Mix**   |       |       |       |       |       |       |       |       |
| Commercial       | 61.4% | 61.3% | 61.2% | 61.2% | 61.2% | 61.2% | 61.2% |        |
| Leisure          | 22.0% | 20.9% | 20.7% | 20.6% | 20.6% | 20.7% | 20.7% |        |
| Group            | 16.6% | 17.8% | 18.1% | 18.2% | 18.1% | 18.1% | 18.1% |        |

| **Existing Hotel Supply** |       |       |       |       |       |       |       |       |
| Proposed Subject Property | 1   | 120   | 120   |       |       |       |       |        |
| Residence Inn by Marriott Redwood City San Carlos | 2 | 128  | 153  | 153  | 153  | 153  | 153  | 153     |
| Proposed Homewood Suites by Hilton | 3 | 24 | 72  | 72  | 72  | 72  | 72  | 72   |

| **Available Room Nights per Year** | 588,476 | 695,976 | 722,499 | 722,499 | 722,499 | 766,299 | 766,299 | 766,299 |
| **Nights per Year** | 365 | 365 | 365 | 365 | 365 | 365 | 365 | 365 |
| **Total Supply** | 1,612 | 1,907 | 1,979 | 1,979 | 1,979 | 2,099 | 2,099 | 2,099 |
| **Rooms Supply Growth** | 18.3% | 3.8% | 0.0% | 0.0% | 6.1% | 0.0% | 0.0% |        |

**Marketwide Occupancy**  | 80.7% | 75.4% | 76.8% | 78.8% | 80.0% | 78.2% | 78.6% | 79.0% |

---

¹ Opening in January 2022 of the 100% competitive, 120-room Proposed Subject Property
² Opening in March 2018 of the 75% competitive, 204-room Residence Inn by Marriott Redwood City San Carlos
³ Opening in September 2018 of the 75% competitive, 96-room Proposed Homewood Suites by Hilton
Executive Summary

Proposed Select-Service Hotel Foster City – Foster City, California

March-2018

18

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

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

**FIGURE 1-9 FORECAST OF SUBJECT PROPERTY’S OCCUPANCY**

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

The proposed subject hotel is expected to stabilized with an above-market-average penetration rate as a result of its new facility and favorable location in the heart of Foster City. Its proximity to major commercial demand generators such as Visa Inc...
and Gilead Sciences should also contribute to its ability to realize a higher-than-average occupancy in this San Mateo County market. Furthermore, as the newest hotel in the local submarket when opening in 2022, the proposed subject property is anticipated to recapture some commercial demand back to Foster City that is anticipated to shift towards the new hotels that opened in 2017 or are opening in 2018. However, we note that the amount of demand that is recaptured is dependent on the product and quality of the proposed subject hotel, as well as its surrounding developments within Foster City.

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

<table>
<thead>
<tr>
<th></th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial</td>
<td>72 %</td>
<td>71 %</td>
<td>70 %</td>
</tr>
<tr>
<td>Leisure</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Group</td>
<td>7</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100 %</td>
<td>100 %</td>
<td>100 %</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Subject Property’s Occupancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>70 %</td>
</tr>
<tr>
<td>2023</td>
<td>76</td>
</tr>
<tr>
<td>2024</td>
<td>80</td>
</tr>
</tbody>
</table>

The defined competitive market realized an overall average rate of $212.43 in the 2017 base year, improving from the 2016 level of $201.96. The Hyatt House (a secondary competitor) achieved the highest estimated average rate in the local competitive market, by a minimal margin, because of its strong brand affiliation and location near Redwood Shores, proximate to major commercial demand generators such as Oracle Corporation and Electronic Arts. Of the primary
competitive set, the Hilton Garden Inn achieved the highest estimated average rate because of its recent renovations and favorable location near Gilead Sciences and Sony Interactive Entertainment. The Hilton Garden Inn is a strong comparable for the positioning of average rate for the proposed subject property given its strong brand affiliation, recent renovations, and location near major demand generators. While the Courtyard by Marriott is closer in proximity to the proposed subject property, this hotel features a dated design and suffers from incurable functional obsolescence. The selected rate position for the proposed subject hotel, in base-year dollars, takes into consideration factors such as its new facility, select-service product offering, and favorable location in the heart of Foster City. We have selected the rate position of $220.00, in base-year dollars, for the proposed subject hotel. The final forecast reflects years beginning on January 1, 2022 and corresponds with our financial projections.

**FIGURE 1-12  MARKET AND SUBJECT PROPERTY AVERAGE RATE FORECAST**

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

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

**Method of Study**

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

1. The subject site has been evaluated from the viewpoint of its physical utility for the future operation of a hotel, as well as access, visibility, and other relevant location factors.

2. The surrounding economic environment, on both an area and neighborhood level, has been reviewed to identify specific hostelry-related economic and demographic trends that may have an impact on future demand for hotels.

3. Dividing the market for transient accommodations into individual segments defines specific market characteristics for the types of travelers expected to utilize the area's hotels. The factors investigated include purpose of visit, average length of stay, required facilities and amenities, seasonality, daily demand fluctuations, and price sensitivity.

4. An analysis of existing and proposed competition provides an indication of the current accommodated demand, along with market penetration and the degree of competitiveness.

5. The subject property's proposed improvements have been evaluated or recommended for optimal capture of demand in this market and at the subject site's location.

6. Documentation for an occupancy and average rate projection is derived utilizing the build-up approach based on an analysis of lodging activity.

Date of Inspection

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

2. Statement of Assumptions and Limiting Conditions

1. This report is set forth as a summary of findings only for a market study of the proposed subject hotel; this is not an appraisal report.

2. This report is to be used in whole and not in part.

3. No responsibility is assumed for matters of a legal nature, nor do we render any opinion as to title, which is assumed marketable and free of any deed restrictions and easements. The property is evaluated as though free and clear unless otherwise stated.

4. We assume that there are no hidden or unapparent conditions of the sub-soil or structures, such as underground storage tanks, that would affect the property's development potential. No responsibility is assumed for these conditions or for any engineering that may be required to discover them.

5. We have not considered the presence of potentially hazardous materials or any form of toxic waste on the project site. We are not qualified to detect hazardous substances and urge the client to retain an expert in this field if desired.

6. The Americans with Disabilities Act (ADA) became effective on January 26, 1992. We have assumed the proposed hotel would be designed and constructed to be in full compliance with the ADA.

7. We have made no survey of the site, and we assume no responsibility in connection with such matters. Sketches, photographs, maps, and other exhibits are included to assist the reader in visualizing the property. It is assumed that the use of the described real estate will be within the boundaries of the property described, and that no encroachment will exist.

8. All information, financial operating statements, estimates, and opinions obtained from parties not employed by TS Worldwide, LLC are assumed true and correct. We can assume no liability resulting from misinformation.

9. Unless noted, we assume that there are no encroachments, zoning violations, or building violations encumbering the subject property.

10. The property is assumed to be in full compliance with all applicable federal, state, local, and private codes, laws, consents, licenses, and regulations (including the appropriate liquor license if applicable), and that all licenses, permits, certificates, franchises, and so forth can be freely renewed or transferred to a purchaser.
11. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless specified otherwise.

12. None of this material may be reproduced in any form without our written permission, and the report cannot be disseminated to the public through advertising, public relations, news, sales, or other media.

13. We are not required to give testimony or attendance in court because of this analysis without previous arrangements, and shall do so only when our standard per-diem fees and travel costs have been paid prior to the appearance.

14. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this report, it is recommended that the reader contact us.

15. We take no responsibility for any events or circumstances that take place subsequent to the date of our field inspection.

16. The quality of a lodging facility’s onsite management has a direct effect on a property’s economic viability. The financial forecasts presented in this analysis assume responsible ownership and competent management. Any departure from this assumption may have a significant impact on the projected operating results.

17. The estimated operating results presented in this report are based on an evaluation of the overall economy, and neither take into account nor make provision for the effect of any sharp rise or decline in local or national economic conditions. To the extent that wages and other operating expenses may advance during the economic life of the property, we expect that the prices of rooms, food, beverages, and services will be adjusted to at least offset those advances. We do not warrant that the estimates will be attained, but they have been prepared based upon information obtained during the course of this study and are intended to reflect the expectations of a typical hotel investor.

18. This analysis assumes continuation of all provisions of the Internal Revenue Code of 1986, as amended to date.

19. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based on numbers carried out to three or more decimal places. In the interest of simplicity, most numbers have been rounded to the nearest tenth of a percent. Thus, these figures may be subject to small rounding errors.

20. It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client, and use of this report by third parties shall be solely at the risk of the client.
and/or third parties. The use of this report is also subject to the terms and conditions set forth in our engagement letter with the client.

21. Evaluating and comprising financial forecasts for hotels is both a science and an art. Although this analysis employs various mathematical calculations to provide value indications, the final forecasts are subjective and may be influenced by our experience and other factors not specifically set forth in this report.

22. This study was prepared by TS Worldwide, LLC. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of TS Worldwide, LLC as employees, rather than as individuals.
John Berean

EMPLOYMENT

2015 to present
HVS CONSULTING AND VALUATION SERVICES
San Francisco, California

2014
QUEEN KAPIOLANI HOTEL
Honolulu, Hawaii

EDUCATION AND OTHER TRAINING

MA – HSBC Business School, Peking University
BA – Middlebury College

Other Specialized Training Classes Completed:
Uniform Standards of Professional Appraisal Practice – 15 hours
Basic Appraisal Principles – 30 hours
Basic Appraisal Procedures – 30 hours
Supervisor/Trainee Course for Texas – 4 hours
General Appraiser Income Approach (Parts I and II) – 60 hours
General Appraiser Site Evaluation & Cost Approach – 30 hours
Real Estate Finance, Statistics, and Valuation Modeling – 15 hours
General Appraiser Market Analysis and HBU – 30 hours
General Appraiser Sales Comparison Approach – 30 hours

PUBLISHED ARTICLES

HVS Journal
“HVS Market Pulse: Silicon Valley,” September 2017

HVS Journal
# Examples of Properties Appraised or Evaluated

## California

- Holiday Lodge, Antioch
- Claremont Resort & Spa, A Fairmont Hotel, Berkeley
- Esalen – Murphy Trust Properties, Big Sur
- Motel 6 Campbell/San Jose, Campbell
- Courtyard by Marriott San Mateo Foster City, Foster City
- Marriott, Fremont
- Motel 6, Gilroy
- Quality Inn & Suites, Gilroy
- Proposed Lodge on Russian River, Guerneville
- Proposed Hotel Healdsburg, Healdsburg
- Marriott, Irvine
- Courtyard by Marriott Larkspur Landing Marin County, Larkspur
- Proposed Motel 6, Livingston
- Motel 6 Marina Monterey, Marina
- SpringHill Suites by Marriott The Dunes on Monterey Bay, Marina
- Motel 6, Monterey
- Embassy Suites by Hilton Napa Valley, Napa
- Courtyard by Marriott Oakland Airport, Oakland
- Marriott Oakland City Center, Oakland
- Proposed Hampton by Hilton, Oakland
- Proposed West Elm Hotel, Oakland
- Sheraton Sonoma County, Petaluma
- Hyatt House, Pleasant Hill
- Hyatt Place Sacramento Rancho Cordova, Rancho Cordova
- Marina Bay Inn & Suites, Richmond
- Proposed Holiday Inn Express & Suites, Redwood City
- Pullman San Francisco Bay, Redwood City
- Proposed Hilton Garden Inn, Rohnert Park
- Proposed Four-Star Hotel, Sacramento
- Proposed Hilton Garden Inn, Sacramento
- TownePlace Suites by Marriott Cal Expo, Sacramento
- Vagabond Inn, Sacramento
- Motel 6 Salinas North, Salinas
- Motel 6 Salinas South, Salinas
- Da Vinci Villa, San Francisco
- Executive Hotel Vintage Court San Francisco, San Francisco
- Holiday Inn Fisherman’s Wharf San Francisco, San Francisco
- Hotel Triton, San Francisco
- Proposed Bay Hotel, San Francisco
- Ritz-Carlton, San Francisco
- Fairmont San Jose, San Jose
- Hyatt Place San Jose Downtown, San Jose
- Motel 6 San Jose Airport, San Jose
- Motel 6 San Jose South, San Jose
- Proposed Home2 Suites by Hilton, San Jose
- Proposed Wingate by Wyndham, San Jose
- Residence Inn & SpringHill Suites by Marriott San Jose Airport, San Jose
- Motel 6, Santa Clara
- Proposed Hotel, Santa Clara
- Woodcrest Hotel, Santa Clara
- Hyatt Place, Santa Cruz
- Proposed Fairfield Inn & Suites by Marriott, Santa Cruz
- Proposed Hyatt Place, Santa Cruz
- Motel 6 Santa Nella Los Banos
- Interstate 5, Santa Nella Village
- Four Points by Sheraton Hotel & Suites San Francisco Airport, South San Francisco
- Motel 6 Sunnyvale North, Sunnyvale
- Motel 6 Sunnyvale South, Sunnyvale
- Quality Inn & Suites, Sunnyvale
- Great Western Inn, Vallejo
- Marriott, Walnut Creek
- Motel 6, Watsonville
- Hotel Yountville, Yountville

## Florida

- Hilton Garden Inn, Fort Myers

## Hawaii – O’ahu

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

## Hawaii – Maui

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

## Hawaii – Hawaii’i

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

## Hawaii – Kaua’i

- Courtyard by Marriott Kaua’i at Coconut Beach, Kapa’a
- Courtyard by Marriott Kaua’i at Coconut Beach (Conversion to Sheraton), Kapa’a
Proposed Coco Palms Resort, Unbound
Collection by Hyatt, Kapa’a

LOUISIANA

Days Inn, Kinder
Wyndham Garden, Lafayette

OKLAHOMA

Holiday Inn Express Hotel & Suites,
Guymon

TEXAS

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

EMPLOYMENT

2006 to present
HVS CONSULTING AND VALUATION SERVICES
Los Angeles, California

2005 – 2006
RENAISSANCE LAX AIRPORT
Los Angeles, California

EDUCATION AND OTHER TRAINING

MS – Michigan State University

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

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

STATE CERTIFICATIONS

- Arizona, California, Nevada, New Mexico

PROFESSIONAL AFFILIATIONS

- Appraisal Institute – Designated Member (MAI)

PUBLISHED ARTICLES

HVS Journal

- “HVS Market Pulse: Irvine, CA,” February 2017
- “Four Key Takeaways: Meet the Money 2015,” co-authored with Susan Furbay and Luigi Major, May 2015
- “In Focus: Chinese Investment in U.S. Hotels Is Still Going Strong,” May 2014
- “Gateways to Citizenship and Hospitality: Hotel Financing through EB-5,” May 2013
- “How U.S. Hotels Can Tap into Growing Demand from China,” May 2012
- “Chinese Tourism: A Potential Bounty for U.S. Hotels,” August 2011
- “What You Need to Consider Before Buying a Distressed Property,” co-authored with Michael Brophy, August 2009
- “HVS Market Intelligence Report: California’s Antelope Valley,” October 2008
- “Economy Hotel Development Trends in Mainland China,” co-authored with Fiona Fang, January 2008
### EXAMPLES OF PROPERTIES APPRAISED OR EVALUATED

#### ALABAMA
- Holiday Inn, Hoover

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

#### ARKANSAS
- Proposed Fairfield Inn, Conway
- Proposed Staybridge Suites, Conway
- Hampton Inn, Hot Springs

#### CALIFORNIA
- Fremont Inn, Alhambra
- Anaheim Executive Inn & Suites, Anaheim
- Baymont Inn & Suites, Anaheim
- Hilton Suites, Anaheim
- Hotel Menage, Anaheim
- Embassy Suites, Arcadia
- Hilton Garden Inn, Arcadia
- SpringHill Suites by Marriott Pasadena, Arcadia
- Courtyard by Marriott, Azusa
- Proposed Azusa Hotel, Azusa
- Courtyard by Marriott, Bakersfield
- Hilton Garden Inn, Bakersfield
- Holiday Inn Express, Bakersfield
- Motel 6, Bakersfield
- Motel 6 Bakersfield South, Bakersfield
- SpringHill Suites, Bakersfield
- Super 8, Barstow
- The Pines, Bass Lake
- Chase Suites Hotel, Brea
- Embassy Suites, Brea
- Courtyard, Buena Park
- Larkspur Landing, Campbell
- Courtyard by Marriott McClellan-Palomar Airport, Carlsbad
- Proposed La Quinta Inn & Suites, Chino
- Proposed TownePlace Suites by Marriott, Chino Hills
- Holiday Inn Express, Chula Vista
- Motel 6 Coalinga East, Coalinga
- Crowne Plaza Orange County, Costa Mesa
- Hilton, Costa Mesa
- Courtyard by Marriott, Cupertino
- Proposed Residence Inn, Cupertino
- Residence Inn, Cupertino
- Proposed Hotel, Duarte
- Holiday Inn Express, El Centro
- Hilton Garden Inn LAX, El Segundo
- Land Appraisal, El Segundo
- Summerfield Suites, El Segundo
- Howard Johnson Express, Escondido
- Courtyard by Marriott, Fairfield
- Comfort Inn, Fontana
- Hilton Garden Inn Irvine East Lake Forest, Foot Hill Ranch
- Courtyard by Marriott, Foster City
- Courtyard by Marriott, Fresno
- Holiday Inn Express, Fresno
- Motel 6 Fresno, Fresno
- Motel 6 Fresno South, Fresno
- Radisson, Fresno
- Vagabond Inn, Fresno
- Econo Lodge, Garden Grove
- Hyatt Regency Orange County, Garden Grove
- Courtyard by Marriott, Hacienda Heights
- Proposed Dual-Branded Hotel, Hawthorne
- Liberty Inn, Hollywood
- Proposed Hilton Garden Inn, Irvine
- Hilton Torrey Pines, La Jolla
- Holiday Inn Express, La Jolla
- Hotel La Jolla, La Jolla
- La Jolla Inn, La Jolla
- Best Western Laguna Brisas Spa Hotel, Laguna Beach
- Coast Inn, Laguna Beach
- Best Western, Lake Elsinore
- Holiday Inn, La Mirada
- Motel 6, Lancaster
- Proposed Homewood Suites, Lancaster
- Proposed Hampton Inn & Suites, Lancaster
- Courtyard by Marriott, Larkspur
- Proposed Holiday Inn Express, Lebec
- Proposed Select-Service Hotel, Livermore
- Embassy Suites, Lompoc
- Best Western, Long Beach
- Residence Inn Cypress, Los Alamitos
- Proposed Hampton Inn & Suites Korea Town, Los Angeles
- Proposed Hotel, Los Angeles
- The Standard Hotel, Los Angeles
- Larkspur Landing, Milpitas
- Proposed Hotel, Milpitas
- Motel 6, Mojave
- DoubleTree Hotel, Monrovia
- Proposed Residence Inn by Marriott, Moreno Valley
- Proposed Value Place, Moreno Valley
- Executive Inn, Morgan Hill
- Residence Inn by Marriott Temecula
- Murrieta, Murrieta
Chase Suites, Newark
TownePlace Suites by Marriott, Newark
Fairfield Inn & Suites Riverside Corona Norco, Norco
Land, Oceanside
Residence Inn by Marriott, Oceanside
DoubleTree, Ontario
Ontario Airport Hotel & Conference Center, Ontario
Radisson Ontario Airport, Ontario
Residence Inn, Ontario
Sheraton, Ontario
Lighthouse Lodge & Suites, Pacific Grove
Motel 6, Palmdale
Proposed Element, Palmdale
Comfort Inn, Palm Desert
Fairfield Inn, Palm Desert
Proposed Holiday Inn Express, Palm Desert
The Colony Palms, Palm Springs
Courtyard by Marriott, Palm Springs
Proposed Value Place, Palm Springs
Lantern Inn, Paradise
dusitD2 Constance Pasadena, Pasadena
Proposed Hampton Inn, Pasadena
Proposed Hotel, Pasadena
Vagabond Inn, Pasadena
Proposed Value Place, Perris
Lancer Motel, Pico Rivera
Larkspur Landing, Pleasanton
La Quinta Inn & Suites, Pomona
Motel 6, Porterville
Hyatt Place, Rancho Cordova
Hilton Garden Inn, Rancho Mirage
Best Western, Ridgecrest
Econo Lodge, Ridgecrest
Proposed SpringHill Suites, Ridgecrest
Courtyard by Marriott, Riverside
Proposed Crowne Plaza, Rowland Heights
Proposed Hampton Inn, Sacramento
Comfort Inn & Suites Hotel Circle, San Diego
Comfort Inn & Suites Sea World/Zoo, San Diego
DoubleTree Mission Valley, San Diego
Holiday Inn Express Otay Mesa, San Diego
Quality Inn, San Diego
Best Western Americana, San Francisco
Best Western The Hotel California, San Francisco
Carriage Inn, San Francisco
Good Hotel, San Francisco
Larkspur Landing South San Francisco, San Francisco
Hotel Metropolis, San Francisco
Hotel Vertigo, San Francisco
Proposed Crowne Plaza, San Gabriel Clarion, San Jose
Proposed Hotel, San Jose
Embassy Suites, San Luis Obispo
Proposed Select-Service Hotel, San Luis Obispo
Crowne Plaza, San Pedro
Courtyard South Coast Metro, Santa Ana
Embassy Suites O.C. Airport North, Santa Ana
DoubleTree Fess Parker Resort, Santa Barbara
State Street Hotel, Santa Barbara
Mission Inn, Santa Cruz
Proposed Fairfield Inn, Santa Cruz
Shangri-La Hotel, Santa Monica
Travelodge, Santa Monica
Embassy Suites on Monterey Bay, Seaside
Sonora Inn, Sonora
Larkspur Landing, Sunnyvale
Best Western, Taft
Proposed Hampton Inn, Tehachapi
Courtyard by Marriott, Torrance
Days Inn, Torrance
Residence Inn, Torrance
Comfort Inn, Tulare
Motel 6, Tulare
Embassy Suites, Valencia
Hyatt Regency, Valencia
Comfort Suites, Victorville
Fairfield Inn, Visalia
Holiday Inn Express, Walnut Creek
Proposed Hyatt Place, Walnut Creek
Radisson, Whittier
Proposed Fairfield Inn & Suites, Woodland
Best Western, Woodland Hills
Marriott Warner Center Woodland Hills, Woodland Hills

COLORADO
Travelodge, Colorado Springs
Holiday Inn Express, Eagle

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

IDAHO
Shilo Inn Suites, Coeur d’Alene

ILLINOIS
Quality Inn, Elmhurst

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

KANSAS
Capitol Plaza, Topeka

KENTUCKY
Quality Inn, Florence

**MINNESOTA**

Super 8, Granite Falls
Proposed Comfort Suites, Rochester

**NEW JERSEY**

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

**NEW MEXICO**

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

**NEW YORK**

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

**NORTH CAROLINA**

Embassy Suites, Cary

**OREGON**

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

**PENNSYLVANIA**

Holiday Inn, Clarion
Holiday Inn, Indiana

**TEXAS**

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

**UTAH**

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

**WASHINGTON**

Shilo Inn, Moses Lake
Shilo Inn Richland Rivershore, Richland

**WEST VIRGINIA**

Embassy Suites, Charleston

**WISCONSIN**

Best Western, Pewaukee

**WYOMING**

Hampton Inn, Cheyenne
DATE: January 22, 2019

TO: Mayor and Members of the City Council

VIA: Jeff Moneda, City Manager

FROM: Jennifer Liu, Parks and Recreation Director

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

RECOMMENDATION

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

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

EXECUTIVE SUMMARY

The Recreation Center opened to the public in 1974. Due to its location as a central amenity in Foster City’s “crown jewel” Leo J. Ryan Park, the William E. Walker Recreation Center is a hub of activity in the community, but given the age of the building, structural improvements, such as a roof replacement and structural requirements for emergency shelter readiness, are becoming necessary. Also, the Recreation program and the needs that it fulfills in the community have evolved over the past 45 years, leaving the current facility inadequate to sufficiently provide recreation services and even obsolete relative to adjacent development and current technology and sustainability construction methods.
There is some urgency to this project, given the significant renovation work that the current facility requires. It will be important to continue to move forward to ensure that City facilities continue to be able to serve their purpose. At this time, the City Council is asked to take the following actions:

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

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

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

**BACKGROUND**

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

Given the age of the building, structural upgrades, such as a roof replacement and structural requirements for emergency shelter readiness, are becoming necessary. Also, the Recreation program and the needs that it fulfills in the community have
At the January, 25, 2016 City Council Special Meeting (Vision & Policy Summit), City Infrastructure was identified as a City Council priority area and the City Council expressed an interest in pursuing a process for evaluating the existing Recreation Center to determine whether a major re-roof project, a broader renovation or a complete rebuild would best meet the recreational needs of the Foster City community and the infrastructure needs of the City both now and in the years to come.

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

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

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

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

Based upon the input received during the public outreach process, in October 2017, the City Council passed Minute Order No. 1519, authorizing a Capital Improvement Project
for the Recreation Center Master Plan and issuing a Request for Proposals to develop a conceptual design plan that would allow the City Council to begin to focus the options for the building and surrounding site. The City Council approved an agreement with Burks Toma Architects in April 2018 to provide these Conceptual Design Services.

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

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

**ANALYSIS**

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

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

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

**Provide Direction on the Preferred Alternative**

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

Through the course of Conceptual Design development, the City Council and project stakeholders had the opportunity to review the Conceptual Designs and their corresponding elements. The feedback to date has indicated a general consensus preference expressed for Concept 3.
Per their scope of work, Burks Toma Architects developed three concepts with three distinct themes in order to inform the Council on the possibilities of the site. The various elements within the three themes can be viewed as modular, allowing for integration of elements from each into a cohesive Preferred Alternative that will provide the basis for architectural design of plans and specifications for construction.

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

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

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

Provide Direction on “Next Steps”

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

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

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

- June 17, 2019: City Council Approves FY 2019-2020 Final Budget, including funding for Architectural Design in CIP 301-678
- July-September 2019: Staff develops Request for Proposal for Architectural Design
October 2019: City Council Authorizes Issuance of Request for Proposal for Architectural Design
November 2019: Proposals Due
November-December 2019: Proposals Evaluated
January 2020: Award Agreement
March 2021: Architectural Design Completed

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

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

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

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

**FISCAL IMPACT**

The City Council previously authorized the agreement with Burks Toma Architects for Conceptual Design Services in the amount of $296,927, which includes the
development of the Conceptual Design Plans and their associated summary reports. There is no additional fiscal impact to accepting the final report.

Attachments:

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

## CONTENTS

1. **PREDESIGN SCOPE & PURPOSE** ................................................................. 3
   1.1 Background .......................................................................................... 3
   1.2 Predesign phase Scope ......................................................................... 3
   1.3 Purpose .................................................................................................. 4

2. **PROGRAMMATIC ELEMENTS** ................................................................ 5
   2.1 Process .................................................................................................. 5
   2.2 Building Blocks ..................................................................................... 6
   2.3 Comparison Matrix ................................................................................ 7

3. **SITE ANALYSIS** ...................................................................................... 9
   3.1 Process .................................................................................................. 9
   3.2 Site Approach ....................................................................................... 10
   3.3 Opportunities & Constraints by Zone .................................................... 11
   3.4 Comparison Matrix ................................................................................ 12

4. **NEXT STEPS** .......................................................................................... 13
FIGURES
Figure 1 – Scope of Work ................................................................................................................3
Figure 2 – Predesign Meetings .......................................................................................................4
Figure 3 – Programmatic Building Blocks ......................................................................................6
Figure 4 – Site Awareness Walk Map ............................................................................................9
Figure 5 – Site Observations ........................................................................................................10
Figure 6 – Zone 1/2 Opportunities & Constraints ..........................................................................11
Figure 7 – Zone 3 Opportunities & Constraints ............................................................................12

TABLES
Table 1 – Comparison of Program Elements ...............................................................................8
Table 2 – Comparison Matrix of Site Characteristics ..................................................................12
1. **Predesign Scope & Purpose**

1.1 **BACKGROUND**

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

1.2 **PREDESIGN PHASE SCOPE**

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

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

![Figure 1](image)

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

The key outcomes of this Predesign process were:

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

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

2.1 **PROCESS**

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

Key findings included:

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

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

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

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

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

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

Figure 3 – Programmatic Building Blocks

Additional space requirements for an eventual facility include support spaces such as restrooms, storage, and circulation areas. Parking requirements are addressed in Section 3, Site Analysis.
**FIGURE 3: PROGRAMMATIC BUILDING BLOCKS (1)**

1. **Multi-purpose spaces**
   - (4) Large Meeting Spaces @ approx. 1,200 SF
   - (4) Medium Meeting Spaces @ approx. 750 SF
   - (2) Small Meeting Spaces @ approx. 500 SF

   - Quantity & size roughly equivalent to existing spaces
   - Exact room sizing will vary as design develops
   - Providing additional dedicated program spaces (i.e., art, dance spaces) may change overall quantity and type of multipurpose spaces provided

2. **Event Spaces**
   - Large Flexible Event Space (banquet capacity 250)
     @ approx. 3,500 SF
   - Extra Large Flexible Event Space (banquet capacity 350)
     @ approx. 5,000 SF

   - Large space equivalent to existing event space (Lagoon Room)
   - Substantial demand on existing space for both events and Recreation programming
   - Currently no public facility in Foster City can support extra-large capacity events

3. **Gymnasium**
   - Gymnasium @ 8,000 SF
   - Support Space @ 1,200 SF
     Includes changing area, storage. Exact size to be determined as design develops

   - New space, not in current facility
   - No public indoor court space currently available in Foster City
   - Potential to support very large rental events

4. **Food Service**
   - 4(a) Building Cafe/Snack Bar (no dedicated seating)
     @ 500 SF
   - 4(b) Full-service restaurant (250 person capacity)
     @ 4,000 SF
   - 4(c) Outdoor Cafe/Beer Garden (100 person capacity)
     @ 100 SF built space, 2,000 SF outdoor space

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

5. **Dance / Movement**
   - Movement Studio @ 1,500 SF

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

---

**LEGEND**

- Existing Space
- New Space
FIGURE 3: PROGRAMMATIC BUILDING BLOCKS (2)

6 Art & Making

- Dedicated Hillbarn Space
  - 250-seat Performance Space @ 4,000 SF
- Production Support Spaces @ 7,000 SF
- Teaching Kitchen @ 1,600 SF
- Commercial Kitchen @ 1,050 SF

7 Education / Preschool

- Preschool space roughly equivalent to existing area

8 Theater / Performance

- 8 (a) Dedicated Hillbarn Space
  - 250-seat Performance Space @ 4,000 SF
- 8 (a) Dedicated Hillbarn Space
  - Production Support Spaces @ 7,000 SF
- 8 (b) Enhanced Event Space
  - Improved infrastructure & finishes within Event Space
- Art Studio @ 1,000 SF
- Ceramics Studio @ 2,000 SF with outdoor work area @ 2,000 SF
- Gallery @ 350 SF
- Reception Desk @ 125 SF
- Drop-in Small Meeting Spaces @ 500 SF

9 Kitchens

- Teaching Kitchen @ 1,600 SF
- Commercial Kitchen @ 1,050 SF

10 Welcoming Public Space

- Exact size and configuration will vary based on conceptual building layouts
- Size of lobby/reception area is roughly equivalent to existing facility

LEGEND

- Expansion of existing ceramics facility to meet high demand
- New dedicated space for other art activities; current classes use multi-purpose rooms
- New space, not in current facility
- Options represent different potential approaches for providing performance capacity.
- Appropriate type of space to be evaluated and selected as design develops
- Quantity of spaces equivalent to current facility
- Increased size allows for improved function and usability
- Preschool space roughly equivalent to existing area
- Exact size and configuration will vary based on conceptual building layouts
- Size of lobby/reception area is roughly equivalent to existing facility

95
2.3 COMPARISON MATRIX

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

- **Characterization of the anticipated change** – Does this program element merely replace what exists today in the current recreation center? Does it expand in number or in scale what is currently offered? Does it add an entirely new program element to the recreational offering of Foster City?

- **Impact on staffing** – While simply replacing existing facilities with new ones may have minimal or even no impact at all on staff requirements, expansions in facilities could require minor increases in demand for staffing. In other cases, especially where new program elements are being added, there may be a need to hire additional staff. There may also be need to recruit new hires with specialized expertise that is not within the capabilities of current staff.

- **Revenue potential** – Does the proposed program have the potential to generate revenue, either through provision of Recreation Department programs or through rentals of facilities to other users (which could help offset any associated additional staff costs)?

- **Operating and Maintenance (O&M) cost compared with current operations** – Using the current ongoing O&M patterns of the Recreation Center as a baseline, does the candidate program element create a larger or different kind of O&M burden on the department? It is also possible that some of the new facilities will be more efficient, resilient, or durable in ways that will reduce ongoing O&M costs.

- **Planning level range in capital costs** – The building blocks are not all equal in size, nor in complexity. As a result, they will have very different costs to develop. Even though much will be done in the design phase to mitigate costs and search for cost efficiencies, it is still useful in early planning to have a basic understanding of which elements will cost more than others. It is also helpful to think through which program elements can be scaled up or down to stay within development budgets, and which must be built as all-or-nothing program components.

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

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

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

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

$$ = Directly related to Parks & Recreation Department functions
$$ = Indirectly related to Parks & Recreation Department functions
$$ = Not directly related to Parks & Recreation Department functions

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

TABLE 1 – COMPARISON OF PROGRAM ELEMENTS
### TABLE 1: COMPARISON OF PROGRAM ELEMENTS

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

3.1 **PROCESS**

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

*Figure 4 – Site Awareness Walk Map*
3.2 SITE APPROACH

Key observations from Awareness Walk

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

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

Figure 5 – Site Observations

Assumptions

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

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

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

Factors for Analysis

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

- Spatial Constraints: Constraints to building footprints include existing park features that will not be removed, such as the mounded area associated with the tree grove, Veteran’s Wall, and amphitheater. The existing facility is also considered a constraint to the building footprint should it be retained for use during construction of the new facility.
- Constructability & Phasing: Some areas of the park allow the potential for the existing facility to be utilized during construction of the new facility.
- Noise: The level of noise generated by adjacent streets, and especially East Hillsdale Boulevard is anticipated to be the primary noise nuisance. Facility site locations further from East Hillsdale Boulevard and/or closer to the lagoon are less affected by street noise.
- Waterfront Engagement Opportunities: While the design of the facility will determine how it relates to the lagoon, the potential for the facility to directly front and engage the lagoon varies based on the inherent spatial constraints of each Opportunity Zone.
- Facility Visibility: Facility Visibility refers to visibility of the facility from adjacent uses, including the Civic Area (Library and Community Center) and Foster Square.
- Connections within the Park: The relationship between the facility and existing park features (including the Vibe Teen Center and the Amphitheatre) will be directly affected by the facility location. For instance, adjacent uses generally provide great opportunities for coordinated programming and direct access.
- Connections outside the Park: Opportunities for access and connectivity between the facility and adjacent uses, including the Civic Area and Foster Square, also vary depending on the proximity of the facility to these uses and key access points.
- Site Identity: The proximity of the facility to existing features and facilities may influence the overall identity of the site. For instance, locating the facility in proximity to active recreation areas provides an opportunity to create a strong recreational identity for the facility.

### 3.3 OPPORTUNITIES & CONSTRAINTS BY ZONE

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

#### ZONE A

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

**Figure 6 – Zone A Opportunities & Constraints**

#### ZONE B

Key opportunities of Zone B include the consolidation of Recreation activities into a central park destination, and the creation of an extended unified outdoor space for events and activities. Potential constraints include the relative distance and lack of visibility from downtown and other park locations.
## Figure 7 – Zone B Opportunities & Constraints

### 3.4 COMPARISON MATRIX

**Table 2: Comparison Matrix of Site Characteristics**

<table>
<thead>
<tr>
<th></th>
<th>Zone A</th>
<th>Zone B</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Spatial Constraints</strong></td>
<td>Somewhat constrained</td>
<td>Open</td>
</tr>
<tr>
<td><strong>Constructability</strong></td>
<td>Need to relocate temporarily</td>
<td>Potential for existing facility to stay open during construction</td>
</tr>
<tr>
<td><strong>Noise</strong></td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td><strong>Waterfront Engagement</strong></td>
<td>Expansive</td>
<td>Expansive</td>
</tr>
<tr>
<td><strong>Facility Visibility</strong></td>
<td>Visible from Civic area &amp; Foster Square</td>
<td>Visible from Foster Square</td>
</tr>
<tr>
<td><strong>Connections within Park</strong></td>
<td>Direct connection to amphitheater</td>
<td>Direct connection to Vibe, active recreation uses</td>
</tr>
<tr>
<td><strong>Connections outside Park</strong></td>
<td>Enhanced connection to Civic area &amp; Foster Square</td>
<td>Enhanced Connection to Foster Square</td>
</tr>
<tr>
<td><strong>Site Identity</strong></td>
<td>Civic-focused</td>
<td>Recreation-focused</td>
</tr>
</tbody>
</table>
Figure 6 - Opportunity Zone A

- **Activated Park and Open Space**: (Landscape may include turf, garden areas, tree plantings and sculptural elements)
- **Potential Park Component**
- **Activated Park and Open Space**: Less street noise
- **Multi-Use Field**
- **Interactive Play**
- **Bocce Facility**
- **Waterfront Event Venue**
- **Pop-up venue**
- **Outdoor Seating/Cafe**
- **Event Staging**
- **Group Picnic**
- **Tree Grove**
- **Veterans Wall**
- **Amphitheater**
- **Restrooms**
- **Gazebo**
- **Active Open Space**: Multi-Use Field: Events, informal sports, and other activities
- **Existing Facility Uses to be relocated during construction**
- **Existing 54" Storm Drain Line**
- **Existing utility and infrastructure to remain**

**Legend**
- Park Boundary
- Physical Constraint
- Noise
- Lagoon/Waterfront Edge
- Direct Relationship between Uses/Facilities
4. Next Steps

Following the Predesign Phase, the Design Team will continue collaboration with the City to identify three appropriate Concept Alternatives, combining programmatic Building Blocks with a site location. These will be refined over several workshops, and will be presented to City Council on 10/29/2018. Subsequent cost and fiscal analysis will provide additional information to inform City decision-making. Final Alternatives with associated costs will be presented to City Council on 11/26/2018.
5. CONCLUSION........................................................................................................................................... 43
5.1 Feedback & Direction.......................................................................................................................... 43
FIGURES

Figure 1.1  Project Schedule ........................................................................................................... 2
Figure 1.2  Opportunity Zones ........................................................................................................ 6
Figure 2.1  Concept 1 Project Program Table .................................................................................. 14
Figure 2.2  Concept 1 Plan Diagram- First Floor ........................................................................... 15
Figure 2.2  Concept 1 Plan Diagram- Second Floor (continued) .................................................... 16
Figure 2.3  Concept 1- Pedestrian Connectivity ............................................................................ 18
Figure 2.4  Concept 1 Site Plan ...................................................................................................... 19
Figure 3.1  Concept 2 Project Program Table .................................................................................. 24
Figure 3.2  Concept 2 Plan Diagram--First Floor ......................................................................... 25
Figure 3.2  Concept 2 Plan Diagram--Second Floor (continued) ................................................... 26
Figure 3.3  Concept 2 - Pedestrian Connectivity ........................................................................... 28
Figure 3.4  Concept 2 Site Plan .................................................................................................... 29
Figure 4.1  Concept 3 Project Program Table .................................................................................. 34
Figure 4.2  Concept 3 Plan Diagram- First Floor .......................................................................... 35
Figure 4.2  Concept 3 Plan Diagram- Second Floor (continued) .................................................. 36
This page intentionally left blank ................................................................................................................. 38
Figure 4.3  Concept 3 Pedestrian Connectivity ............................................................................. 38
Figure 4.4  Concept 3 Site Plan .................................................................................................... 39

TABLES

Table 1:  Concept Alternative Summary Matrix .............................................................................. 3
Table 2:  Existing Parking .................................................................................................................. 7
Table 3:  Programmatic Parking Requirements .............................................................................. 7
Table 4:  Concept Alternative Parking Requirements ...................................................................... 7
Table 5:  Estimated Recreation Staffing Needs (in FTEs) ................................................................. 9
Table 6:  Building Maintenance Division O&M Cost Calculations .................................................. 10
Table 7:  Projected Incremental Cost Recovery ............................................................................. 10
Table 8:  Planning Level Construction Cost Estimate (2022 Dollars) ............................................. 11
Table 9:  Concept 1 Construction Costs ......................................................................................... 22
Table 10:  Concept 2 Construction Cost ......................................................................................... 31
Table 11:  Concept 3 Construction Cost ......................................................................................... 41
Table 12:  General Preferences for Site Location and Program Components ............................... 45
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.
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.

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.
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>
<thead>
<tr>
<th>TABLE 1: CONCEPT ALTERNATIVE SUMMARY MATRIX</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Building Program</strong></td>
</tr>
<tr>
<td>Building Program</td>
</tr>
<tr>
<td>Base Program</td>
</tr>
<tr>
<td>Multipurpose Spaces</td>
</tr>
<tr>
<td>Ceramics &amp; Art</td>
</tr>
<tr>
<td>Dance / Movement</td>
</tr>
<tr>
<td>Kitchens</td>
</tr>
<tr>
<td>Preschool</td>
</tr>
<tr>
<td>Lobby / Public Space</td>
</tr>
<tr>
<td>Staff Offices</td>
</tr>
<tr>
<td>Event</td>
</tr>
<tr>
<td>Large Event Space (3,500 SF)</td>
</tr>
<tr>
<td>Community Multipurpose Space (8,000 SF)</td>
</tr>
<tr>
<td>Performance</td>
</tr>
<tr>
<td>Enhanced performance functions in Community Multipurpose Space</td>
</tr>
<tr>
<td>Performance</td>
</tr>
<tr>
<td>Dedicated Theater (Hillbarn)</td>
</tr>
<tr>
<td>Enhanced performance functions in Community Multipurpose Space</td>
</tr>
<tr>
<td>Food Service</td>
</tr>
<tr>
<td>Cafe</td>
</tr>
<tr>
<td>Full-Service Restaurant</td>
</tr>
<tr>
<td>Food/Beer Garden (see below)</td>
</tr>
<tr>
<td><strong>Park Program</strong></td>
</tr>
<tr>
<td>Base Program</td>
</tr>
<tr>
<td>Meadow</td>
</tr>
<tr>
<td>Bocce Courts (4)</td>
</tr>
<tr>
<td>Waterfront Overlooks</td>
</tr>
<tr>
<td>Event Plaza</td>
</tr>
<tr>
<td>Building Courtyards</td>
</tr>
<tr>
<td>Sculpture Walk / Garden</td>
</tr>
<tr>
<td>Picnic / Flexible Park Area</td>
</tr>
<tr>
<td>Garden Area</td>
</tr>
<tr>
<td>Enhancements</td>
</tr>
<tr>
<td>Storage / Support space for amphitheater &amp; meadow</td>
</tr>
<tr>
<td>Game Garden</td>
</tr>
<tr>
<td>Indoor / Outdoor Performance Plaza</td>
</tr>
<tr>
<td>Nature Play</td>
</tr>
<tr>
<td>Adult Exercise</td>
</tr>
<tr>
<td>Parking &amp; Access</td>
</tr>
<tr>
<td>+/- 250 spaces</td>
</tr>
<tr>
<td>+/- 400 spaces</td>
</tr>
<tr>
<td>+/- 250 spaces</td>
</tr>
<tr>
<td>New Midblock Crossing</td>
</tr>
<tr>
<td>New Midblock Crossing</td>
</tr>
<tr>
<td><strong>Site Location</strong></td>
</tr>
<tr>
<td>Zone B</td>
</tr>
<tr>
<td>Zone A</td>
</tr>
<tr>
<td>Zone A</td>
</tr>
</tbody>
</table>
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
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
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**

### 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:
**TABLE 2: Existing Parking**

<table>
<thead>
<tr>
<th>Existing Building</th>
<th>Size</th>
<th>Stalls Req’d</th>
<th>Stalls Provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vibe Teen Center</td>
<td>9,565 SF</td>
<td>39</td>
<td></td>
</tr>
<tr>
<td>Existing Recreation Center</td>
<td>36,000 SF</td>
<td>144</td>
<td></td>
</tr>
<tr>
<td><strong>Total Stalls</strong></td>
<td><strong>183</strong></td>
<td><strong>186</strong></td>
<td></td>
</tr>
</tbody>
</table>

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**

<table>
<thead>
<tr>
<th>Function</th>
<th>Calculation</th>
<th>Assumed Size</th>
<th>Stalls Req’d</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theater</td>
<td>1 stall/3 seats + 1 stall/staff person</td>
<td>250 seats, assume 5 staff</td>
<td>89</td>
</tr>
<tr>
<td>Restaurant: Full Service</td>
<td>1 stall/40 SF public accommodation area + 1 stall/250 SF other area</td>
<td>3,750 SF public area, 1,250 SF other area</td>
<td>99</td>
</tr>
<tr>
<td>Restaurant: Food/Beer Garden</td>
<td>1 stall/40 SF public accommodation area + 1 stall/250 SF other area</td>
<td>2,000 SF public area</td>
<td>50</td>
</tr>
</tbody>
</table>

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**

<table>
<thead>
<tr>
<th>Alternative</th>
<th>Uses &amp; Size</th>
<th>Stalls Req’d</th>
<th>Stalls Provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concept 1</td>
<td>50,000 SF Building + (E) Vibe</td>
<td>239</td>
<td>250</td>
</tr>
<tr>
<td>Concept 2</td>
<td>50,000 SF Recreation uses + Theater + Restaurant + (E) Vibe</td>
<td>3,750 SF public area, 1,250 SF other area</td>
<td>427</td>
</tr>
<tr>
<td>Concept 3</td>
<td>50,000 SF Building + Beer Garden + (E) Vibe</td>
<td>289</td>
<td>250</td>
</tr>
</tbody>
</table>

Source: Burks Toma Architects
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.
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>
<thead>
<tr>
<th>TABLE 5: ESTIMATED RECREATION STAFFING NEEDS (IN FTEs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concept 1</td>
</tr>
<tr>
<td>-----------------</td>
</tr>
<tr>
<td><strong>Additional Staff Needed for a Community Multipurpose &amp;/or 2nd Even Space</strong></td>
</tr>
<tr>
<td>Building Services Assistants</td>
</tr>
<tr>
<td>Recreation Leader I</td>
</tr>
<tr>
<td>Recreation Leader II</td>
</tr>
<tr>
<td><strong>New Staff for Managing Relationships with Food Service &amp;/or Theater Partners</strong></td>
</tr>
<tr>
<td>Building Services Coordinator Assistant</td>
</tr>
<tr>
<td>Management Analyst</td>
</tr>
<tr>
<td><strong>Total New FTEs Required</strong></td>
</tr>
<tr>
<td><strong>Incremental Recreation Staff Costs (2018 dollars)</strong></td>
</tr>
</tbody>
</table>
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>
<thead>
<tr>
<th>TABLE 6: BUILDING MAINTENANCE DIVISION O&amp;M COST CALCULATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incremental Space Beyond the Size of the Existing Building</td>
</tr>
<tr>
<td>(in Square Feet)</td>
</tr>
<tr>
<td>Concept 1</td>
</tr>
<tr>
<td>18,000 SF</td>
</tr>
<tr>
<td>Per Foot Factor for Building Maintenance O&amp;M Charges</td>
</tr>
<tr>
<td>$14.59</td>
</tr>
<tr>
<td>Incremental Building Maintenance O&amp;M Cost (2018 dollars)</td>
</tr>
<tr>
<td>$264,000</td>
</tr>
</tbody>
</table>

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>
<thead>
<tr>
<th>TABLE 7: PROJECTED INCREMENTAL COST RECOVERY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Budget Context</td>
</tr>
<tr>
<td>Concept 1</td>
</tr>
<tr>
<td>Concept 2</td>
</tr>
<tr>
<td>Concept 3</td>
</tr>
<tr>
<td>Total Incremental Revenues ($1.8M)</td>
</tr>
<tr>
<td>$403,000</td>
</tr>
<tr>
<td>$655,000</td>
</tr>
<tr>
<td>$451,000</td>
</tr>
<tr>
<td>Total Annual Staff &amp; O&amp;M Costs ($2.1M)</td>
</tr>
<tr>
<td>($459,000)</td>
</tr>
<tr>
<td>($660,000)</td>
</tr>
<tr>
<td>($521,000)</td>
</tr>
<tr>
<td>Net Revenue Surplus (Fiscal Gap) (2018 dollars)</td>
</tr>
<tr>
<td>($307,000)</td>
</tr>
<tr>
<td>($56,000)</td>
</tr>
<tr>
<td>($5,000)</td>
</tr>
<tr>
<td>($70,000)</td>
</tr>
</tbody>
</table>

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
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)

<table>
<thead>
<tr>
<th></th>
<th>Concept 1</th>
<th>Concept 2</th>
<th>Concept 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building</td>
<td>$48.8M</td>
<td>$58.5M</td>
<td>$45M</td>
</tr>
<tr>
<td>Sitework</td>
<td>$15.5M</td>
<td>$14.3M</td>
<td>$16.8M</td>
</tr>
<tr>
<td>FF&amp;E Allowances</td>
<td>$518,000</td>
<td>$537,000</td>
<td>$559,000</td>
</tr>
<tr>
<td>Restaurant Tenant Improvements and FF&amp;E</td>
<td>N/A</td>
<td>$1,100,000</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>$59.3M</strong></td>
<td><strong>$74.5M</strong></td>
<td><strong>$62.3M</strong></td>
</tr>
<tr>
<td><strong>Total Cost (2018 dollars)</strong></td>
<td><strong>$48.1M</strong></td>
<td><strong>$59.1M</strong></td>
<td><strong>$50.1M</strong></td>
</tr>
</tbody>
</table>

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
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

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.
# Conceptual Alternative Summary Report

**Figure 2.1 Concept 1 Project Program Table**

<table>
<thead>
<tr>
<th>No.</th>
<th>Room/Space</th>
<th>Function</th>
<th>Proposed</th>
<th>Existing</th>
<th>2nd Floor</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Total SF</td>
<td>ft²</td>
<td>ft²</td>
<td>ft²</td>
</tr>
<tr>
<td></td>
<td>Occasional Public:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reception Area</td>
<td></td>
<td>123</td>
<td>123</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Lobby</td>
<td>Incorporate drop-in small meeting space/allows</td>
<td>1,900</td>
<td>1,600</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gallery</td>
<td></td>
<td>550</td>
<td>550</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Administrative / Office</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Staff Office</td>
<td></td>
<td>1,600</td>
<td>1,600</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Break Room</td>
<td></td>
<td>200</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Multi-Purpose Meeting Spaces</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Large Meeting Space*</td>
<td></td>
<td>1,700</td>
<td>1,700</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Large Meeting Space*</td>
<td></td>
<td>1,700</td>
<td>1,700</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Large Meeting Space*</td>
<td></td>
<td>1,700</td>
<td>1,700</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Large Meeting Space*</td>
<td></td>
<td>1,700</td>
<td>1,700</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Medium Meeting Space*</td>
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<td>750</td>
<td>750</td>
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</tr>
<tr>
<td></td>
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<td>750</td>
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<td>Small Meeting*</td>
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</tr>
<tr>
<td></td>
<td>Small Meeting*</td>
<td></td>
<td>500</td>
<td>500</td>
<td></td>
</tr>
</tbody>
</table>

* * will be desirables have some variation in actual sizes of meeting spaces; these areas are intended to indicate general size requirements. Variation is incorporated into overarching plan.

### Specific Use/Program Space

<table>
<thead>
<tr>
<th>Specific Use/Program Space</th>
<th>Proposed</th>
<th>Existing</th>
<th>2nd Floor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program</td>
<td>1,300</td>
<td>1,300</td>
<td></td>
</tr>
<tr>
<td>Ceremonial Studio</td>
<td>2,000</td>
<td>2,000</td>
<td></td>
</tr>
<tr>
<td>Art Studio</td>
<td>1,000</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td>Multipurpose recreation space</td>
<td>8,000</td>
<td>8,000</td>
<td></td>
</tr>
<tr>
<td>Recreation support space</td>
<td>3,000</td>
<td>3,000</td>
<td></td>
</tr>
<tr>
<td>Dance/fitness Studio</td>
<td>1,900</td>
<td>1,900</td>
<td></td>
</tr>
</tbody>
</table>

### Event Space

<table>
<thead>
<tr>
<th>Event Space</th>
<th>Proposed</th>
<th>Existing</th>
<th>2nd Floor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extra Large Flexible Event Space</td>
<td>5,200</td>
<td>5,200</td>
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<tr>
<td>Event Storage</td>
<td>500</td>
<td>500</td>
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</tbody>
</table>

### Food Service

<table>
<thead>
<tr>
<th>Food Service</th>
<th>Proposed</th>
<th>Existing</th>
<th>2nd Floor</th>
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</thead>
<tbody>
<tr>
<td>Café/kitchen Bar - Building</td>
<td>500</td>
<td>500</td>
<td></td>
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</tbody>
</table>

### Program Support

<table>
<thead>
<tr>
<th>Program Support</th>
<th>Proposed</th>
<th>Existing</th>
<th>2nd Floor</th>
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<tbody>
<tr>
<td>Restrooms</td>
<td>1,700</td>
<td>1,700</td>
<td></td>
</tr>
<tr>
<td>Kitchen - meeting</td>
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<td></td>
</tr>
<tr>
<td>Kitchen - commercial</td>
<td>600</td>
<td>600</td>
<td></td>
</tr>
<tr>
<td>Kitchen - commercial</td>
<td>600</td>
<td>600</td>
<td></td>
</tr>
</tbody>
</table>

### Utility Space

<table>
<thead>
<tr>
<th>Utility Space</th>
<th>Proposed</th>
<th>Existing</th>
<th>2nd Floor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laundry/laundry facilities</td>
<td>250</td>
<td>250</td>
<td></td>
</tr>
<tr>
<td>Electrical</td>
<td>250</td>
<td>250</td>
<td></td>
</tr>
<tr>
<td>Mechanical</td>
<td>250</td>
<td>250</td>
<td></td>
</tr>
</tbody>
</table>

### Dedicated Exterior Use

<table>
<thead>
<tr>
<th>Dedicated Exterior Use</th>
<th>Proposed</th>
<th>Existing</th>
<th>2nd Floor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ceramic tiling &amp; grout area</td>
<td>2,000</td>
<td>2,000</td>
<td></td>
</tr>
<tr>
<td>Outdoor play space for preschool</td>
<td>2,000</td>
<td>2,000</td>
<td></td>
</tr>
</tbody>
</table>

### Building Area

<table>
<thead>
<tr>
<th>PROGRAM AREA (NET)</th>
<th>36,375</th>
<th>36,205</th>
<th>15,130</th>
</tr>
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<tr>
<td>Grossing Factor 30% est.</td>
<td>11,131</td>
<td>7,999</td>
<td>3,613</td>
</tr>
<tr>
<td>TOTAL BUILDING AREA (GROSS)</td>
<td>47,506</td>
<td>44,104</td>
<td>18,743</td>
</tr>
</tbody>
</table>
Figure 2.2  Concept 1 Plan Diagram- First Floor
Figure 2.2 Concept 1 Plan Diagram- Second Floor (continued)
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.
Figure 2.3  Concept 1- Pedestrian Connectivity
Figure 2.4 Concept 1 Site Plan
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.
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.
### Table 9: Concept 1 Construction Costs

<table>
<thead>
<tr>
<th>Concept 1 Recreation Complex</th>
<th>Gross SF</th>
<th>$ / SF</th>
<th>Total 2022 Dollars</th>
<th>Total 2018 Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building</td>
<td>49,888 GSF</td>
<td>$880</td>
<td>$43.8M</td>
<td></td>
</tr>
<tr>
<td>Sitework</td>
<td></td>
<td></td>
<td>$15.5M</td>
<td></td>
</tr>
<tr>
<td><strong>Total Complex Construction Cost</strong></td>
<td></td>
<td></td>
<td><strong>$59.3M</strong></td>
<td></td>
</tr>
</tbody>
</table>

**FF&E Allowances**

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Move existing furniture to new building</td>
<td></td>
<td></td>
<td>$30,000</td>
<td></td>
</tr>
<tr>
<td>Allow for limited replacement/upgrade of furnishings</td>
<td></td>
<td></td>
<td>$15,000</td>
<td></td>
</tr>
<tr>
<td>FF&amp;E Allowances for lobby, multipurpose spaces</td>
<td>10,525 SF</td>
<td>$45</td>
<td>$474,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total Concept 1 Cost</strong></td>
<td></td>
<td></td>
<td><strong>$59.8M</strong></td>
<td><strong>$48.1M</strong></td>
</tr>
</tbody>
</table>

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.
Concept 2: Cultural Complex

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 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.
### Concept 2 Project Program Table

<table>
<thead>
<tr>
<th>No.</th>
<th>Room/Space</th>
<th>Function</th>
<th>PERIOD</th>
<th>FTF FLOOR</th>
<th>ENCLOSURE</th>
</tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Reception Room</td>
<td>Improved operating space</td>
<td>1,125</td>
<td>1,25</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Library</td>
<td>Incorporate drop in small meeting area</td>
<td>2,000</td>
<td>2,000</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Gallery</td>
<td></td>
<td>550</td>
<td>550</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Administrative / Office</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Staff Office</td>
<td></td>
<td>4,000</td>
<td>4,000</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Break Room</td>
<td></td>
<td>250</td>
<td>250</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Multi-Functional Meeting Space*</td>
<td>Improved operating space</td>
<td>1,250</td>
<td>1,250</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Preschool</td>
<td>Mobile indoor play space on weekends</td>
<td>1,750</td>
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<tr>
<td>8</td>
<td>Community Studio</td>
<td>Multifunctional space</td>
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<td>1,850</td>
<td>1,850</td>
</tr>
<tr>
<td>9</td>
<td>Art Studio</td>
<td>Multifunctional space</td>
<td>1,850</td>
<td>1,850</td>
<td>1,850</td>
</tr>
<tr>
<td>10</td>
<td>Early Childhood Room</td>
<td>Multifunctional space</td>
<td>1,850</td>
<td>1,850</td>
<td>1,850</td>
</tr>
<tr>
<td>11</td>
<td>Theaters - Performance</td>
<td>Theater (with capacity)</td>
<td>1,750</td>
<td>1,500</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Theater (with capacity)</td>
<td>1,750</td>
<td>1,500</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Theaters - Production Stage</td>
<td>Theater (with capacity)</td>
<td>1,750</td>
<td>1,500</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Exhibits Gallery</td>
<td>Exhibits Gallery (with capacity)</td>
<td>1,750</td>
<td>1,500</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Ballroom</td>
<td>Ballroom (with capacity)</td>
<td>1,750</td>
<td>1,500</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Banquet Area</td>
<td>Banquet Area (with capacity)</td>
<td>1,750</td>
<td>1,500</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Storage</td>
<td>Storage Area (with capacity)</td>
<td>1,750</td>
<td>1,500</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Full-Cuisine Restaurant</td>
<td>Full-Cuisine Restaurant</td>
<td>1,750</td>
<td>1,500</td>
<td></td>
</tr>
</tbody>
</table>

*Note: The above table includes a summary of the space provided for each specific program space. Additional details may be found in the full report. Variations may be considered as required. Variations may be considered as required.

### Building Tables

<table>
<thead>
<tr>
<th>PROGRAM AREA (NET)</th>
<th>MEASUREMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>8,920</td>
<td>36,770</td>
</tr>
<tr>
<td>14,500</td>
<td>6,510</td>
</tr>
<tr>
<td>20,400</td>
<td>10,100</td>
</tr>
</tbody>
</table>

**Total Building Area (Gross):** 34,500 square feet

**Total Building Area (Net):** 20,400 square feet
Figure 3.2 Concept 2 Plan Diagram—First Floor
Figure 3.2  Concept 2 Plan Diagram—Second Floor (continued)
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.
Figure 3.3  Concept 2 - Pedestrian Connectivity
Figure 3.4  Concept 2 Site Plan
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 restauranteur, 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.
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>
<thead>
<tr>
<th>Concept 2 Cultural Complex</th>
<th>Gross SF</th>
<th>$ / SF</th>
<th>Total</th>
<th>2018 Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building</td>
<td>62,433 GSF</td>
<td>$936</td>
<td>$58.5M</td>
<td></td>
</tr>
<tr>
<td>Sitework</td>
<td></td>
<td></td>
<td>$14.3M</td>
<td></td>
</tr>
<tr>
<td>Total Complex Construction Cost</td>
<td></td>
<td></td>
<td>$72.8M</td>
<td></td>
</tr>
</tbody>
</table>

Table 10: Concept 2 Construction Cost
### TABLE 10: CONCEPT 2 CONSTRUCTION COST

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

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**

<table>
<thead>
<tr>
<th>BUILDING SIZE</th>
<th>50,000 SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>PARK AREA</td>
<td>7.1 acres</td>
</tr>
<tr>
<td>PARKING REQUIRED</td>
<td>+/- 289 spaces</td>
</tr>
</tbody>
</table>

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.
**Figure 4.1 Concept 3 Project Program Table**

<table>
<thead>
<tr>
<th>No.</th>
<th>Room/Space</th>
<th>Function</th>
<th>Program</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>1,200</td>
</tr>
<tr>
<td></td>
<td>Reception Area</td>
<td>125</td>
<td>125</td>
</tr>
<tr>
<td></td>
<td>Lobby</td>
<td>Integrate drop-in/small meeting areas</td>
<td>2,500</td>
</tr>
<tr>
<td></td>
<td>Gallery</td>
<td>350</td>
<td>350</td>
</tr>
<tr>
<td>Administrative / Office</td>
<td>Staff Offices</td>
<td>1,200</td>
<td>1,200</td>
</tr>
<tr>
<td></td>
<td>Break Room</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Multi-Purpose Meeting Spaces</td>
<td>Large Meeting Space</td>
<td>dedicated outdoor space-definable</td>
<td>1,200</td>
</tr>
<tr>
<td></td>
<td>Large Meeting Space</td>
<td>dedicated outdoor space-definable</td>
<td>1,200</td>
</tr>
<tr>
<td></td>
<td>Large Meeting Space*</td>
<td>dedicated outdoor space-definable</td>
<td>1,200</td>
</tr>
<tr>
<td></td>
<td>Medium Meeting Space*</td>
<td>dedicated outdoor space-definable</td>
<td>1,200</td>
</tr>
<tr>
<td></td>
<td>Medium Meeting Space*</td>
<td>dedicated outdoor space-definable</td>
<td>750</td>
</tr>
<tr>
<td></td>
<td>Medium Meeting Space*</td>
<td>dedicated outdoor space-definable</td>
<td>750</td>
</tr>
<tr>
<td></td>
<td>Small Meeting*</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td></td>
<td>Small Meeting*</td>
<td>500</td>
<td>500</td>
</tr>
</tbody>
</table>

*It will be desirable to have some variation in actual size of meeting spaces; these areas are intended to indicate general size requirements. Variations will be incorporated as Concept plans are developed.

**Special Use Program Spaces**

<table>
<thead>
<tr>
<th>No.</th>
<th>Room/Space</th>
<th>Function</th>
<th>Program</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Storage</td>
<td>Storage for regular everyday use</td>
<td>1,500</td>
</tr>
<tr>
<td></td>
<td>Art Studio</td>
<td>Multipurpose, flexible</td>
<td>1,000</td>
</tr>
<tr>
<td></td>
<td>Community Multipurpose Space</td>
<td>Indoors/community &amp; flexible use functions; min. 20' clear height 10'-3'/clear height prefabricated</td>
<td>8,000</td>
</tr>
<tr>
<td></td>
<td>Community Support Space</td>
<td>Storage and support for range of multi-purpose activities</td>
<td>1,000</td>
</tr>
<tr>
<td></td>
<td>Covered/Climate Room</td>
<td>m/AC &amp; Bar. Accommodate temporary/heatable seating for parents/elderly</td>
<td>1,500</td>
</tr>
</tbody>
</table>

**Event Space**

<table>
<thead>
<tr>
<th>No.</th>
<th>Room/Space</th>
<th>Function</th>
<th>Program</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Extra-Large Flexible Event Space</td>
<td>Inexpensive seating for 150</td>
<td>5,000</td>
</tr>
<tr>
<td></td>
<td>Event Storage</td>
<td>500</td>
<td>500</td>
</tr>
</tbody>
</table>

**Food Service**

<table>
<thead>
<tr>
<th>No.</th>
<th>Room/Space</th>
<th>Function</th>
<th>Program</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Outdoor &quot;beer garden&quot;</td>
<td>Very limited/limited space (potential food truck type configuration)</td>
<td>500</td>
</tr>
</tbody>
</table>

**Program Support**

<table>
<thead>
<tr>
<th>No.</th>
<th>Room/Space</th>
<th>Function</th>
<th>Program</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Restrooms</td>
<td>(2) A/W outside</td>
<td>1,500</td>
</tr>
<tr>
<td></td>
<td>Kitchen - Teaching</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td></td>
<td>Kitchen - Commercial</td>
<td>600</td>
<td>600</td>
</tr>
<tr>
<td></td>
<td>Kitchen - Commercial</td>
<td>600</td>
<td>600</td>
</tr>
</tbody>
</table>

**Utility Spaces**

<table>
<thead>
<tr>
<th>No.</th>
<th>Room/Space</th>
<th>Function</th>
<th>Program</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Systems/ HVAC</td>
<td></td>
<td>200</td>
</tr>
<tr>
<td></td>
<td>Electric</td>
<td></td>
<td>250</td>
</tr>
<tr>
<td></td>
<td>Mechanical</td>
<td></td>
<td>250</td>
</tr>
</tbody>
</table>

**Dedicated Floor Space**

<table>
<thead>
<tr>
<th>No.</th>
<th>Room/Space</th>
<th>Function</th>
<th>Program</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>General Filing &amp; Prep Area</td>
<td>Connected to general storage</td>
<td>2,000</td>
</tr>
<tr>
<td></td>
<td>Outdoor play space for preschool</td>
<td>Connected to preschool/indoor area</td>
<td>2,000</td>
</tr>
<tr>
<td></td>
<td>Outdoor cafe seating</td>
<td>(25) seats for outdoor food service</td>
<td>2,000</td>
</tr>
</tbody>
</table>

**Building Totals**

<table>
<thead>
<tr>
<th>No.</th>
<th>Property Area (BET)</th>
<th>Program Area (BET)</th>
<th>Roof Area</th>
<th>Ground Area</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Building Area (BET)</td>
<td>19,175</td>
<td>19,175</td>
<td>19,175</td>
</tr>
<tr>
<td></td>
<td>Grossing Factor (BSF)</td>
<td>11,753</td>
<td>11,753</td>
<td>11,753</td>
</tr>
<tr>
<td></td>
<td>Total Building Area (BET)</td>
<td>36,908</td>
<td>36,908</td>
<td>36,908</td>
</tr>
</tbody>
</table>

34 JANUARY 2019
Figure 4.2    Concept 3 Plan Diagram- First Floor
Figure 4.2 Concept 3 Plan Diagram- Second Floor (continued)
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.
Figure 4.3 Concept 3 Pedestrian Connectivity
Figure 4.4  Concept 3 Site Plan
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 restauranteur, 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.
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>
<thead>
<tr>
<th>TABLE 11: CONCEPT 3 CONSTRUCTION COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concept 3 Outdoor Activity Complex</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Building</td>
</tr>
<tr>
<td>Sitework</td>
</tr>
<tr>
<td>Total Complex Construction Cost</td>
</tr>
<tr>
<td>FF&amp;E Allowances</td>
</tr>
<tr>
<td>Move existing furniture to new building</td>
</tr>
<tr>
<td>Allow for limited replacement/upgrade of furnishings</td>
</tr>
<tr>
<td>FF&amp;E Allowances for lobby, multipurpose spaces</td>
</tr>
<tr>
<td>Total Concept 3 Cost</td>
</tr>
</tbody>
</table>

Source: TBD Consultants.
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.
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.
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

<table>
<thead>
<tr>
<th>Building Program</th>
<th>Concept 1 Recreation Complex</th>
<th>Concept 2 Cultural Complex</th>
<th>Concept 3 Outdoor Activity Complex</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Program</td>
<td>Multipurpose Spaces</td>
<td>Multipurpose Spaces</td>
<td>Multipurpose Spaces</td>
</tr>
<tr>
<td>Ceramics &amp; Art</td>
<td>Cermics &amp; Art</td>
<td></td>
<td>Cermics &amp; Art</td>
</tr>
<tr>
<td>Dance / Movement</td>
<td>Dance / Movement</td>
<td></td>
<td>Dance / Movement</td>
</tr>
<tr>
<td>Kitchens</td>
<td>Kitchens</td>
<td></td>
<td>Kitchens</td>
</tr>
<tr>
<td>Preschool</td>
<td>Preschool</td>
<td></td>
<td>Preschool</td>
</tr>
<tr>
<td>Lobby / Public Space</td>
<td>Lobby / Public Space</td>
<td></td>
<td>Lobby / Public Space</td>
</tr>
<tr>
<td>Staff Offices</td>
<td>Staff Offices</td>
<td></td>
<td>Staff Offices</td>
</tr>
<tr>
<td>Event</td>
<td>Large Event Space (3,500 SF)</td>
<td>Large Event Space (3,500 SF)</td>
<td>Large Event Space (3,500 SF)</td>
</tr>
<tr>
<td>Community Multipurpose Space (8,000 SF)</td>
<td>Extra-Large Event Space (5,000 SF)</td>
<td>Community Multipurpose Space (8,000 SF)</td>
<td></td>
</tr>
<tr>
<td>Performance</td>
<td>Enhanced performance functions in Community Multipurpose Space</td>
<td>Dedicated Theater (Hillbarn)</td>
<td>Enhanced performance functions in Community Multipurpose Space</td>
</tr>
<tr>
<td>Food Service</td>
<td>Cafe</td>
<td>Full-Service Restaurant</td>
<td>Food/Beer Garden (see below)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Park Program</th>
<th>Concept 1 Recreation Complex</th>
<th>Concept 2 Cultural Complex</th>
<th>Concept 3 Outdoor Activity Complex</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Program</td>
<td>Meadow</td>
<td>Meadow</td>
<td>Meadow</td>
</tr>
<tr>
<td>Bocce Courts (4)</td>
<td>Bocce Courts (2)</td>
<td>Bocce Courts (4)</td>
<td></td>
</tr>
<tr>
<td>Waterfront Overlooks</td>
<td>Waterfront Overlooks</td>
<td>Waterfront Overlooks</td>
<td></td>
</tr>
<tr>
<td>Event Plaza</td>
<td>Event Plaza</td>
<td>Event Plaza</td>
<td>Event Plaza</td>
</tr>
<tr>
<td>Building Courtyards</td>
<td>Building Courtyards</td>
<td>Building Courtyards</td>
<td></td>
</tr>
<tr>
<td>Sculpture Walk / Garden</td>
<td>Sculpture Walk / Garden</td>
<td>Sculpture Walk / Garden</td>
<td></td>
</tr>
<tr>
<td>Picnic / Flexible Park Area</td>
<td>Picnic / Flexible Park Area</td>
<td>Picnic / Flexible Park Area</td>
<td></td>
</tr>
<tr>
<td>Garden Area</td>
<td>Garden Area</td>
<td>Garden Area</td>
<td>Garden Area</td>
</tr>
<tr>
<td>Enhancements</td>
<td>Storage / Support space for amphitheater &amp; meadow</td>
<td>Food/Beer Garden</td>
<td>Game Garden</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Indoor / Outdoor Performance Plaza</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Nature Play</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Adult Exercise</td>
</tr>
</tbody>
</table>
### Table 12 (continued): General Preferences for Site Location and Program Components

<table>
<thead>
<tr>
<th>Concept</th>
<th>Recreation Complex</th>
<th>Cultural Complex</th>
<th>Outdoor Activity Complex</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parking &amp; Access</td>
<td>+/- 250 spaces</td>
<td>+/- 400 spaces</td>
<td>+/- 250 spaces</td>
</tr>
<tr>
<td>Site Location</td>
<td>Zone B</td>
<td>Zone A</td>
<td>Zone A</td>
</tr>
</tbody>
</table>

- New Midblock Crossing
- New Midblock Crossing
DATE: January 22, 2019

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

VIA: Jeff Moneda, City/District Manager

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

SUBJECT: PENSION LIABILITY SUBCOMMITTEE UPDATE

RECOMMENDATION

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

1. Direct staff to prepare an Additional Discretionary Payment (ADP) strategy for the $2 million reserved in the FY 2018-2019 budget for the City’s estimated $78 million unfunded pension liabilities that a) maximizes long-term savings, b) optimizes amortization bases, and c) increases the City’s funding ratio (currently 70.1% Miscellaneous and 67.72% Safety); and

2. Develop a policy for Council consideration that would direct a portion of “rollover reserves” to a City Pension Sustainability Fund as part of the City Council’s FY 2018-2019 budget process and discussion regarding operating surplus or “roll over” reserves; and

3. Create an Employee Pension Committee to work with the City Council Pension Subcommittee to review strategies and provide transparency and opportunities for shared approaches to unfunded pension liabilities; and

4. Develop an annual report with supporting documents on the City’s unfunded pension liability for public review on the City’s website.
EXECUTIVE SUMMARY

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

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

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

BACKGROUND AND ANALYSIS

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

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

January/February 2019
Public Meeting to engage the public and develop a long-term plan

January/February 2019
Publish a report on the City’s website detailing pension obligations
Total Pension contributions costs
City’s total Unfunded Liabilities
City’s funded percentage all plans

February 2019
Annual report to City Council evaluating options to address pension costs including but not limited to:
  Supplemental payments - Additional Discretionary Payments (ADP)
  Amortization Periods (less than 20 years)
  Reserve for unfunded liabilities
  Section 115 Trust for unfunded liabilities
  Salary increases at or below CalPERS assumptions
  Cost sharing agreements with employees

2019-2020
Develop and publish a long-term financial/pension liabilities plan (annual update)
Establish a target for funded percentage or amortization of less than 20 years
Establish funding for additional payments and strategy for paying

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

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

Additional Discretionary Payments (ADP)
Long-Term Savings - Estero Municipal Improvement District (EMID)
Pension Stability Fund
Funding Ratios
Employee Pension Committee
Section 115 Trust

Background on each of these options is provided below.
Additional Discretionary Payments (ADP)

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

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

<table>
<thead>
<tr>
<th>Lump Sum Payments</th>
<th>Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,069,351</td>
<td>$345,847</td>
</tr>
<tr>
<td>1</td>
<td>$356,222</td>
</tr>
<tr>
<td>3</td>
<td>$366,909</td>
</tr>
<tr>
<td>4</td>
<td>$377,916</td>
</tr>
<tr>
<td>5</td>
<td>$389,254</td>
</tr>
<tr>
<td>6</td>
<td>$400,931</td>
</tr>
<tr>
<td>7</td>
<td>$412,959</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,069,351</strong></td>
</tr>
<tr>
<td><strong>Savings</strong></td>
<td><strong>$580,689</strong></td>
</tr>
</tbody>
</table>

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

Amortization schedule

An ADP can maximize short or long-term savings by applying the payment to specific bases in an amortization schedule. Specifically, identifying bases in the amortization schedules that exceed 15 years or more. The City has several amortization bases that exceed 20 years and many above 15 years. By using financial modeling, the City could apply payments to either the 20+ year bases to achieve long-term savings or the 15-
year bases to achieve shorter-term savings. A blended application (short-term/long-term) could provide level payments for budgeting purposes. The savings are similar to making added principal payments on a 30-year or 15-year mortgage. A policy for making ADP based on amortization bases or long-term vs short-term savings is in keeping with the City’s sound fiscal management.

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

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

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

Pension Stability Fund

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

Funding Ratio

CalPERS has made significant changes in actuarial assumptions – life span, investment returns and amortization. The changes CalPERS made in 2016 have moved the entire plan from a funding ratio of 61% in 2008, to 63% in 2016 and finally to
71% in 2018. CalPERS goal is to meet the 80% funding ratio that is recommended for sustainable pension plans. The City’s current funding ratios are 67.72% for Safety and 70.1% for Miscellaneous. As the City develops the FY 2019-2020 budget and long-term strategies, the Pension Subcommittee may consider establishing a goal to bring the City’s pension funding ratio to 80% or 90% and set “thresholds” for payments of ADP or other contributions using the funding ratio. Attachment 1 shows the funding ratios for other cities in San Mateo County and their strategies for addressing unfunded pension liabilities.

Employee Pension Committee

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

Section 115 Trust for Unfunded Liability Contributions

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

FISCAL IMPACT

There is no fiscal impact associated with this item.
Attachments:

- Attachment 1 - San Mateo County Cities Funding Ratio and Financing Strategies
- Attachment 2 - Amortization Schedules – Current, Projected 15-year, Projected Leveled
Currently, the City of Burlingame’s pension funding strategy is to pay its annual required amounts and use a 115 trust to set aside funds for future pension contributions. Beginning with fiscal year 2017-18, the City budgeted pension costs at a higher threshold rate - a “target” budget rate at 37.7% and 76.9% for Misc. and safety plans, respectively. The City pays CalPERS each fiscal year at the required rate, and contributes the extra to a 115 trust account. In the future, when the CalPERS required rate exceeds the “target” rate, the trust can be drawn on to supplement pension contributions.

In Sept. 2017, the City set up a 115 trust for pension pre-funding. The City made an initial contribution of $3.7 million to the trust account in October 2017, and another $1 million in March 2018 with analysis presented as part of the City’s 2017-18 Mid-Year Budget Review Report. In August 2018, Burlingame contributed $3.4 Million to the 115 trust according to the 2018/19 operating budget, bringing the total trust fund balance to $8.3 million as of 6/31/2018.

We understand the 115 trust is only a budget stabilization vehicle, and these set aside funds do not change the city’s unfunded liability. The City is continually examining its options to fund its pension obligations, and presentation to the City Council is scheduled on 10/15/2018 for an update on the city’s pension liabilities, and review of options available for pre-funding pension obligations.

<table>
<thead>
<tr>
<th>June 30, 2017</th>
<th>Accrued Liability</th>
<th>Market Value of Assets</th>
<th>CalPERS Funded Ratio</th>
<th>Pension Trust Balance @ 6/30/2018</th>
<th>Trust Funded Ratio</th>
<th>Total Funded Ratio</th>
<th>Other Funding Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atherton</td>
<td>55,576,977</td>
<td>43,838,828</td>
<td>73.6%</td>
<td>0.0%</td>
<td>73.6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Belmont</td>
<td>122,428,657</td>
<td>87,166,315</td>
<td>72.2%</td>
<td>0.0%</td>
<td>72.2%</td>
<td></td>
<td>Bellmont is exploring amortizing past pension and Other Post Employment Benefits (OPEB) obligations.</td>
</tr>
<tr>
<td>Brisbane</td>
<td>79,406,560</td>
<td>59,008,591</td>
<td>74.3%</td>
<td>1.1%</td>
<td>75.4%</td>
<td></td>
<td>Brisbane issued two Pension Obligation Bonds towards CalPERS “Side Fund”, 2006 and 2013. The City made initial contributions to PARS Trust and plans to contribute a portion of operating surplus in the upcoming budget.</td>
</tr>
<tr>
<td>Burlingame</td>
<td>232,202,658</td>
<td>188,473,820</td>
<td>72.6%</td>
<td>4,812,041</td>
<td>2.1%</td>
<td>74.6%</td>
<td></td>
</tr>
<tr>
<td>Colma</td>
<td>38,992,398</td>
<td>28,792,778</td>
<td>73.8%</td>
<td>29,000</td>
<td>1.1%</td>
<td>73.9%</td>
<td>Colma is conducting a second the unfunded liability strategy study on the 10/10/2018 City Council meeting. One of the four pension funding scenarios being consider is making one-time contribution and CalPERS ($1.0 million) in 2018-19, set aside additional $1.0 million into PARS Trust and making additional annual contribution to PARS Trust beginning in 2019-20 based on either a 6.0% or 6.5%. The Town is using Goodnowt to estimate the annual contribution requirements at the lower discount rate.</td>
</tr>
<tr>
<td>Daly City</td>
<td>621,980,442</td>
<td>468,455,287</td>
<td>75.5%</td>
<td>0.0%</td>
<td>75.5%</td>
<td></td>
<td>Daly City issued pension obligation bond in 2004 and participated in Pension Trust in April 2017. The City views pension plans as a long term commitment.</td>
</tr>
<tr>
<td>East Palo Alto</td>
<td>40,555,487</td>
<td>30,199,331</td>
<td>74.5%</td>
<td>0.0%</td>
<td>74.5%</td>
<td></td>
<td>East Palo Alto plans to implement funding strategies for CalPERS pension liabilities in 2018-19. The City had received reports from Bartel Associates and is in the process of updating its reserves policy to address pension liabilities.</td>
</tr>
<tr>
<td>Foster City</td>
<td>241,575,064</td>
<td>166,464,619</td>
<td>68.9%</td>
<td>0.0%</td>
<td>68.9%</td>
<td></td>
<td>Foster City has made a $2 million transfer to a newly established Discretionary Pension Liability Stabilization Fund to address the City’s growing unfunded liabilities. Staff will revisit other strategies with the City Council by January 2019. The City will explore employee cost sharing with its bargaining units at the conclusion of our current MOUs which expires on 6/30/19.</td>
</tr>
<tr>
<td>Half Moon Bay</td>
<td>38,785,807</td>
<td>28,217,532</td>
<td>72.8%</td>
<td>0.0%</td>
<td>72.8%</td>
<td></td>
<td>Half Moon Bay made a $945,000 transfer from General Fund to a Pension Stabilization (internal service fund) Fund. Estimated Ending Fund Balance of $1.15 million.</td>
</tr>
<tr>
<td>Hillsborough</td>
<td>97,288,101</td>
<td>72,152,085</td>
<td>74.2%</td>
<td>0.0%</td>
<td>74.2%</td>
<td></td>
<td>Hillsborough has been looking in funding strategies and is currently looking into participating in a 115 Trust.</td>
</tr>
<tr>
<td>Menlo Park</td>
<td>219,189,765</td>
<td>184,659,584</td>
<td>75.1%</td>
<td>0.0%</td>
<td>75.1%</td>
<td></td>
<td>Menlo Park maintains committed fund balances for use in the event of an economic downturn, emergency, and to offset impacts of changes in pension costs. The total committed fund balance as of 6/30/2019 is $21.91 million. Menlo Park also has cost-sharing agreements where non-sworn personnel paying 50 percent of all increased City cost going forward and sworn personnel make a contribution that reduces the City’s pension rate for sworn personnel by 3 percent of payroll. The City is currently exploring options to reduce the impact of pension costs on future year budgets. One option includes continuing the City’s policy of assigning 25 percent of the General Fund operating budget surplus to the City’s Strategic Pension Funding Reserve.</td>
</tr>
<tr>
<td>Millbrae</td>
<td>156,612,911</td>
<td>109,462,915</td>
<td>69.9%</td>
<td>0.0%</td>
<td>69.9%</td>
<td></td>
<td>Millbrae has made contributions to a 115 Trust, which can be drawn upon when actual required rates exceed a threshold contribution rate. An additional $3.4 million will be set aside in the trust for this purpose in fiscal year 2018-19. The City also issued an pension obligation bond in 2006.</td>
</tr>
<tr>
<td>Pacifica</td>
<td>209,082,363</td>
<td>162,020,719</td>
<td>77.5%</td>
<td>0.0%</td>
<td>77.5%</td>
<td></td>
<td>Pacifica in the process of developing a long-term strategy to address pension liabilities and other City needs.</td>
</tr>
<tr>
<td>Portola Valley</td>
<td>6,853,855</td>
<td>6,159,845</td>
<td>89.9%</td>
<td>0.0%</td>
<td>89.9%</td>
<td></td>
<td>Portola Valley has a reserve balance of $523,840 designated for Unfunded Pension Liability Assignment.</td>
</tr>
<tr>
<td>Redwood City</td>
<td>694,044,243</td>
<td>452,012,685</td>
<td>65.1%</td>
<td>10,497,444</td>
<td>1.5%</td>
<td>66.6%</td>
<td>Redwood City made additional contributions to Section 115 trust, CERBT Trust. The City plans to make payment to CalPERS with any excess annual surplus above 25% reserve.</td>
</tr>
<tr>
<td>San Bruno</td>
<td>292,165,982</td>
<td>205,937,134</td>
<td>70.5%</td>
<td>0.0%</td>
<td>70.5%</td>
<td></td>
<td>San Bruno is looking into strategies to address pension liabilities and other city needs.</td>
</tr>
<tr>
<td>San Carlos</td>
<td>122,663,683</td>
<td>82,362,547</td>
<td>67.1%</td>
<td>0.0%</td>
<td>67.1%</td>
<td></td>
<td>San Carlos made one time pay-down of $5m in April 2018. The City designed an unfunded liability reserve but it is not a Section 115 trust. The City will discuss with new Council in the coming year to formalized the program.</td>
</tr>
<tr>
<td>San Mateo</td>
<td>636,262,560</td>
<td>420,591,109</td>
<td>66.1%</td>
<td>0.0%</td>
<td>66.1%</td>
<td></td>
<td>San Mateo has made additional contribution to CalPERS in 2016-17 ($1.38 million) and 2017-18 ($1.40 million). The City plans to make additional $1.63 million in 2018-19, $1.50 in 2019-20, and 1.38 million per year thereafter. The City dedicated Excess ERAF revenues towards pension liabilities.</td>
</tr>
<tr>
<td>South San Francisco</td>
<td>535,360,124</td>
<td>357,804,062</td>
<td>66.8%</td>
<td>0.0%</td>
<td>66.8%</td>
<td></td>
<td>South San Francisco committed $4.5M in an Internal Service Fund is designated for CalPERS Stabilization.</td>
</tr>
<tr>
<td>Woodside</td>
<td>13,022,897</td>
<td>9,569,960</td>
<td>73.5%</td>
<td>0.0%</td>
<td>73.5%</td>
<td></td>
<td>Woodside is looking into funding strategies to address pension liabilities and other city needs.</td>
</tr>
</tbody>
</table>
Pension Rates and Amortization Schedules
Pension Rates and Amortization Schedules
DATE: January 22, 2019

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

VIA: Jeff Moneda, District Manager

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

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

RECOMMENDATION

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

BACKGROUND AND ANALYSIS

The District and the City of San Mateo ("San Mateo") are co-owners of the Wastewater Treatment Plant (the “WWTP”), which is operated by the City of San Mateo. Ownership and operation are governed pursuant to an operating joint exercise of powers agreement, originally executed in 1974, and amended several times since then. The agreement was most recently amended in April of 2017 and is currently titled, “Joint
In 2009, due to the occurrence of sanitary sewer overflows, the Regional Water Quality Control Board issued a Cease and Desist Order mandating the elimination of WWTP waste discharges and requiring San Mateo and the District to take specific actions to correct the conditions which cause sanitary sewer overflows. In order to comply with the 2009 Cease and Desist Order, San Mateo developed a preliminary 10-year Integrated Wastewater Master Plan (Clean Water Program) calling for the improvement and expansion of the WWTP. Current estimated costs are approximately $626.9 million.

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

Plan of Finance

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

**WIFIA Loan** – The District and San Mateo have been invited to submit a loan application for funding in an aggregate amount not to exceed $277 million under the WIFIA loan program administered by the EPA. Extension of an invitation to apply is the first step in loan approval, which is expected to be forthcoming. The WIFIA loan is expected to finance approximately $63.5 million of the District’s projected $153.6 million WWTP project cost. The balance is expected to be financed by cash and revenue bonds.
Cash – Pay-as-you-go financing, which carries no interest charge, is the least expensive way to finance capital projects. The District’s municipal advisors have developed a cash flow and debt financing financial projection model to estimate the optimal combination of WIFIA loans, revenue bonds, and cash for this project. Free cash flow not necessary for reserves and collection system capital costs will be applied to WWTP capital costs. This amount is expected to be approximately $33.5 million. Free cash flow is expected to be sufficient to fund all of the District’s collection system capital costs.

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

PROFESSIONAL SERVICES

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

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

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

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

FISCAL IMPACT

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

<table>
<thead>
<tr>
<th>Service</th>
<th>District’s Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond Counsel</td>
<td>$50,000</td>
</tr>
<tr>
<td>Disclosure Counsel</td>
<td>$32,500</td>
</tr>
<tr>
<td>Municipal Advisors</td>
<td></td>
</tr>
<tr>
<td>First Bond Sale</td>
<td>$37,500</td>
</tr>
<tr>
<td>Subsequent Bond Sales</td>
<td>$32,500</td>
</tr>
<tr>
<td>Private Placements (WIFIA loans)</td>
<td>$25,000</td>
</tr>
</tbody>
</table>

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

Attachments:

- Attachment 1 - EMID Resolution
- Attachment 2 - Bond Counsel Agreement
- Attachment 3 - Municipal Advisors Agreement
- Attachment 4 - Disclosure Counsel Agreement
RESOLUTION NO. _____________

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

ESTERO MUNICIPAL IMPROVEMENT DISTRICT

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

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

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

WHEREAS, Section 6.5 of the Construction/Operation JPA Agreement provides that the City and the District may enter into an agreement to provide sewer services to areas outside of their respective service boundaries as long as such agreement does not cause the City or the District to exceed its “Purchased Capacity” (as defined in the Construction/Operation JPA Agreement). The City has entered into that certain Sanitary Sewage Agreement Between the Town of Hillsborough, City of San Mateo, Crystal Springs County Sanitation District, and the County of San Mateo, dated July 18, 1989 (as it may be amended from time to time, the “Additional Capacity Use Agreement”; the Town of Hillsborough, the Crystal Springs County Sanitation District, and the County of San Mateo, are referred to as the “Additional Capacity Users”); and
WHEREAS, in order to provide a mechanism by which (i) the improvement of the Jointly Owned Facilities could be jointly financed and each of the City and the District would be solely responsible for its share of the costs, (ii) each of the City and the District could finance the costs of its own collection and transmission system and (iii) each of the Additional Capacity Users could finance a share of the capital costs attributable to its use of the Jointly Owned Facilities and its own collection and transmission system, the Members entered into a Joint Exercise of Powers Agreement dated as of February 29, 2016 (the “Joint Powers Agreement”), under which the San Mateo-Foster City Public Financing Authority (the “Authority”) has been organized as a joint powers authority which is a public entity separate and apart from the Members; and

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

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

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

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

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

WHEREAS, the Members have agreed that (i) the District and the City will share the cost of issuing the 2019 Bonds, (ii) the District will be responsible for paying the portion of the debt service on the 2019 Bonds that is attributable to its share of the costs of the Clean Water Program and (iii) the City will be responsible for paying (A) the portion of the debt service on the 2019 Bonds that is attributable to its share of the costs of the Clean Water Program and (B) the portion of the debt service on the 2019 Bonds that is attributable to the costs of the San Mateo Project; and
WHEREAS, the Board of Directors desires to approve agreements with firms providing bond counsel, disclosure counsel and municipal advisory services related to the 2019 Bonds, in furtherance of the public purposes of the District;

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

Approval of Agreement. The Board of Directors hereby approves:

(i) An agreement for bond counsel services with Jones Hall, a Professional Law Corporation for $125,000, plus all direct out-of-pocket expenses for travel outside the State of California (if any), messenger and delivery service, photocopying, closing costs, legal publication expenses and other costs and expenses incurred by Bond Counsel in connection with their services, with costs shared at 40% for the District and 60% for the City;

(ii) An agreement for disclosure counsel services with Schiff Hardin LLP for $65,000 plus out-of-pocket expenses for third-party providers (such as experts, consultants, and other service providers) that are requested by the Authority and that the disclosure counsel advances on the Authority’s behalf, with costs shared equally between the District and City; and

(iii) An agreement with Kitahata & Company and William Euphrat Municipal Finance, Inc. as joint consultants for municipal advisory services for $75,000 for the 1st bond sale, $65,000 for subsequent bond sales, and $50,000 for private placements (WIFIA loans), with costs share equally between the District and City.

The President, or in his or her absence the Vice-President, or the written designee of either of them, acting alone (each, a “Designated Officer”) is hereby authorized and directed to execute the Agreements for and on behalf of the District.
PASSED AND ADOPTED as a resolution of the Board of Directors of the Estero Municipal Improvement District at a regular meeting held on the 22\textsuperscript{nd} day of January, 2019, by following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

__________________________________________________________
SAM HINDI, PRESIDENT

ATTEST:

__________________________________________________________
PRISCILLA TAM, DISTRICT SECRETARY
AGREEMENT FOR LEGAL SERVICES

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

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

RECORDS:

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

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

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

D. In order to provide a mechanism by which (i) the Jointly Owned Facilities could be jointly financed and each of the City and the District would be solely responsible for its share of the costs, (ii) each of the City and the District could finance the costs of its own collection and
transmission system and (iii) each of the Additional Capacity Users that are members of the Authority could finance a share of the capital costs attributable to its use of the Jointly Owned Facilities and its own collection and transmissions system, the City and the District (together, the "Members") entered into a Joint Exercise of Powers Agreement dated as of February 29, 2016 (the "Joint Powers Agreement"), under which the Authority has been organized as a joint powers authority which is a public entity separate and apart from the Members.

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

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

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

**AGREEMENT:**

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

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

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

a. Consultation and cooperation with Clients and Clients’ staffs to assist in the formulation of a coordinated financial and legal issuance of the Bonds.

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

c. Advising the Clients, from the time Attorneys are hired as Bond Counsel
until the Bonds are issued or the proposed refinancing terminates, as to
compliance with federal tax law as required to ensure that interest on the
Bonds that are structured as tax-exempt bonds is exempt from federal
income taxation.

d. Upon completion of proceedings to Attorneys’ satisfaction, providing a legal
opinion (the “Bond Opinion”) approving the validity and enforceability of the
proceedings for the authorization, issuance and delivery of the Bonds, and
stating that interest on the Bonds is (a) for a tax-exempt series only,
excluded from gross income for purposes of federal income taxes and (b)
exempt from California personal income taxation. The Bond Opinion will
be addressed to the Authority, and may also be addressed to the
underwriter of the Bonds and other participants in the financing.

e. Review those sections of the official statement or other form of offering or
disclosure document to be disseminated in connection with the sale of the
Bonds involving summary descriptions of the Bonds, the legal
proceedings leading to the authorization and sale of the Bonds, the legal
documents under which the Bonds will be issued, and federal tax law and
securities law provisions applicable to the Bonds, as to completeness and
accuracy. The Clients have informed Attorneys that they will engage a
separate law firm to act as disclosure counsel for the issuance of the
Bonds.

f. Assist the Clients in presenting information to bond rating organizations
and providers of credit enhancement relating to legal issues affecting the
issuance of the Bonds.

g. Such other and further services as are normally performed by bond counsel
in connection with similar financings.

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

The Bond Opinion will be based on facts and law existing as of its date, will cover certain
matters not directly addressed by such authorities, and will represent Attorneys’ judgment as to
the proper treatment of the Bonds for federal income tax purposes. Attorneys’ opinion is not
binding on the Internal Revenue Service (“IRS”) or the courts. Attorneys cannot and will not give
any opinion or assurance about the effect of future changes in the Internal Revenue Code of
1986 (the “Code”), the applicable regulations, the interpretation thereof or the enforcement
thereof by the IRS. Clients acknowledge that future legislation, if enacted into law, or clarification
of the Code may cause interest on the Bonds that are structured as tax-exempt bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Code may also affect the market price for, or marketability of, the Bonds that are structured as tax-exempt bonds. Attorneys will express no opinion regarding any pending or proposed federal tax legislation.

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

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

a. Except as described above, assisting in the preparation or review of an official statement or any other disclosure document with respect to the Bonds, or performing an independent investigation to determine the accuracy, completeness or sufficiency of any such document or rendering advice that the official statement or other disclosure document does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

b. Preparing requests for tax rulings from the Internal Revenue Service, or “no-action” letters from the Securities and Exchange Commission.

c. Preparing blue sky or investment surveys with respect to the Bonds.

d. Except as described above, drafting state constitutional or legislative amendments.

e. Pursuing test cases or other litigation, such as contested validation proceedings, except as set forth above.

f. Making an investigation or expressing any view as to the creditworthiness of the Clients or the Bonds.

g. Except as described above, assisting in the preparation of, or opining on, a continuing disclosure undertaking pertaining to the Bonds or, after Closing, providing advice concerning any actions necessary to assure compliance with any continuing disclosure undertaking.

h. Representing the Clients in Internal Revenue Service examinations, audits or inquiries, or Securities and Exchange Commission investigations.

i. After Closing, unless specifically requested to do so by Clients, and agreed to by Attorneys, providing continuing advice to the Clients or any other party concerning any actions that need to be taken regarding the Bonds that are structured as tax-exempt bonds; e.g., actions necessary to assure that
interest paid on the Bonds that are structured as tax-exempt bonds will continue to be excludable from gross income for federal income tax purposes (e.g., our engagement does not include rebate calculations for the Bonds that are structured as tax-exempt bonds).

j. Reviewing or opining on the business terms of, validity, or federal tax consequences of any investment agreement that the Clients may choose as an investment vehicle for the proceeds of the Bonds, unless the Clients and Attorneys agree on the terms of such review and compensation for such review.

k. Reviewing or opining on the business terms of, validity, or federal tax consequences of any derivative financial products, such as an interest rate swap agreement, that the Clients may choose to enter into in connection with the issuance of the Bonds, unless the Clients and Attorneys agree on the terms of such review and compensation for such review.

l. Addressing any other matter not specifically set forth above that is not required to render our Bond Opinion.

Section 4. Conflicts; Prospective Consent.

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

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

California Rule of Professional Conduct 3 310(C) provides in relevant part as follows:

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

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

(2) Accept or continue representation of more than one client in a matter in which the interests of the clients actually conflict; or
(3) Represent a client in a matter and at the same time in a separate matter accept as a client a person or entity whose interest in the first matter is adverse to the client in the first matter.

Rule 3-310(E) also provides:

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

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

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

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

Section 6. Responsibilities of the Clients.

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

(b) Federal Tax Law-Related Responsibilities. The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds that are structured as tax-exempt bonds. As a condition of Attorneys issuing their opinion, you will be required to make certain representations and covenants to comply with certain restrictions designed to insure that interest on the Bonds that are structured as tax-exempt bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds that are structured as tax-exempt bonds being included in gross income for
federal income tax purposes, possibly from the date of original issuance of the Bonds that are structured as tax-exempt bonds. Attorneys’ opinion will assume the accuracy of these representations and compliance with these covenants. Attorneys will not undertake to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds that are structured as tax-exempt bonds may adversely affect the value of, or the tax status of interest on, the Bonds that are structured as tax-exempt bonds. In this regard, Clients agree to familiarize themselves with the relevant requirements and restrictions necessary for the Bonds that are structured as tax-exempt bonds to qualify for exemption from federal income taxation and to exercise due diligence both before and after issuance of the Bonds in complying with these requirements.

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

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

Section 9. Termination of Agreement.

a. Termination by Client. This Agreement, or an engagement described in a Supplement, may be terminated at any time by the Clients with or without cause upon written notice to Attorneys.

b. Termination by Attorneys. This Agreement, or an engagement described in a Supplement, may be terminated by Attorneys upon 15 days' written notice to Clients if Clients fail to follow written legal advice given by Attorneys.

c. Termination According to a Supplement. The engagement relating to an engagement described in a Supplement shall terminate as set forth in such Supplement.

d. Consequences of Termination. In the event of termination of an engagement described in a Supplement, all finished and unfinished documents shall at the option of the Client become its property and shall be delivered to the Client by Attorneys. The Clients shall pay Attorneys for all services satisfactorily performed in accordance with a Supplement, up to the date notice is given.

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

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

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

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

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

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

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

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

The cost of mediation shall be borne equally by the parties. Neither party shall be deemed the prevailing party. No party shall be permitted to file a legal action without first meeting in mediation and making a good faith attempt to reach a mediated settlement. The mediation process, once commenced by a meeting with the mediator, shall last until agreement is reached by the parties but not more than 60 days, unless the maximum time is extended by the parties.
Section 18. Testimony. Attorneys shall testify at Clients’ request if litigation is brought against Attorneys in connection with providing services to Clients under this Agreement. Unless the action is brought by Attorneys, or is based upon Attorneys’ wrongdoing, Clients shall compensate Attorneys for preparation for testimony and travel at Attorneys’ standard hourly rates at the time of actual testimony.

Section 19. Notice.

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

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

To District:
City Attorney
City of Foster City
610 Foster City Blvd.
Foster City, CA 94404

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

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

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

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

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

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

Section 23. Counterpart. This Agreement and each Supplement may be executed in several counterparts, each of which is shall be original and all of which shall constitute one and the same instrument.
IN WITNESS WHEREOF, the Clients and Attorneys have executed this Agreement as of the date first above written.

SAN MATEO-FOSTER CITY PUBLIC FINANCING AUTHORITY

By: ________________________________

Its: ________________________________

CITY OF SAN MATEO

By: ________________________________

Its: ________________________________

ESTERO MUNICIPAL IMPROVEMENT DISTRICT

By: ________________________________

Its: ________________________________

JONES HALL, A PROFESSIONAL LAW CORPORATION

___________________________________
Christopher K. Lynch
SUPPLEMENT NO. 1
TO AGREEMENT FOR LEGAL SERVICES
Date: December 1, 2018

Section 1. Effective Date: December 1, 2018

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

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

Section 4. Scope of Services.
   a. Scope of Engagement as Bond Counsel. In connection with the issuance and sale of the bonds described in Section 2 of this Supplement (the “Bonds”), Attorneys shall perform all of the services as bond counsel described in Section 2 of the Agreement for Legal Services dated _____, 2018 (the “Master Agreement”), among the City of San Mateo (the “City”), the Estero Municipal Improvement District (the “District”), the San Mateo-Foster City Public Financing Authority (the “Authority”) and Jones Hall, A Professional Law Corporation (“Attorneys”), except as follows:
   b. Excluded Services. Attorneys’ duties in this engagement do not include the excluded services described in Section 3 of the Master Agreement.

Section 5. Compensation.
   (a) For the bond counsel services described in Section 4(a), the Client will pay Attorneys a fee equal to $125,000.
   (b) In addition, the Client shall pay to Attorneys all direct out-of-pocket expenses for travel outside the State of California (if any), messenger and delivery service, photocopying, closing costs, legal publication expenses and other costs and expenses incurred by Attorneys in connection with their services hereunder.
   (c) Attorneys acknowledge and agree that, as the sole members and primary funding sources for the Authority, the City and the District shall be responsible for payment to Attorneys for all services rendered by Attorneys for this engagement, with the City responsible for payment of sixty percent (60%) of such payments and the District responsible for forty percent (40%) of such payments, and the Authority shall not be responsible for any such payments.

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

Section 7. Termination. The engagement described in this Supplement shall terminate upon the issuance of the Bonds.
IN WITNESS WHEREOF, the General Counsel and the Treasurer-Auditor-Controller of the Authority, on behalf of the Clients, the City Attorney on behalf of the City, the General Counsel on behalf of the District, and Attorneys have executed this Agreement as of the date first above written.

SAN MATEO-FOSTER CITY PUBLIC FINANCING AUTHORITY

By: ______________________________
    General Counsel

By: ______________________________
    Treasurer-Auditor-Controller

CITY OF SAN MATEO

By: ______________________________
    City Attorney

ESTERO MUNICIPAL IMPROVEMENT DISTRICT

By: ______________________________
    General Counsel

JONES HALL, A PROFESSIONAL LAW CORPORATION

_______________________________
    Christopher K. Lynch
EXHIBIT B
INSURANCE

MINIMUM SCOPE OF INSURANCE
Coverage shall be at least as broad as:

1. **Commercial General Liability (CGL):** Insurance Services Office (ISO) Form CG 00 01 12 07 covering CGL on an “occurrence” basis, including products-completed operations, personal & advertising injury, with limits no less than $2,000,000 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

2. **Automobile Liability:** ISO Form Number CA 00 01 covering any auto (Code 1), or if CONSULTANT has no owned autos, hired, (Code 8) and non-owned autos (Code 9), with limit no less than $1,000,000 per accident for bodily injury and property damage.

3. **Workers’ Compensation:** as required by the State of California, with Statutory Limits, and Employer’s Liability Insurance with limit of no less than $1,000,000 per accident for bodily injury or disease.

4. **Professional Liability (Errors and Omissions):** Insurance appropriate to the CONSULTANT’s profession, with limit no less than $1,000,000 per occurrence or claim, $2,000,000 aggregate

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

Other Insurance Provisions

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

*Additional Insured Status*

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

*Primary Coverage*

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

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

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

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

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

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

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

RECITALS

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

A. The CITY and the DISTRICT are the sole members of the AUTHORITY, and provide the funding for AUTHORITY activities;

B. The AUTHORITY desires to engage CONSULTANT to render certain professional services in the AUTHORITY, such services to be funded by the CITY and the DISTRICT;

C. CONSULTANT is qualified to provide such services to the AUTHORITY; and

D. The AUTHORITY has elected to engage, and the CITY and the DISTRICT have elected to pay for on behalf of the AUTHORITY, the services of CONSULTANT upon the terms and conditions as hereinafter set forth.

AGREEMENT

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

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

Where in conflict, the terms of this Agreement supersede and prevail over any terms set forth in Exhibit A.
2. **Term; Termination.**

(a) The term of this Agreement shall commence on January 11, 2019 and expire upon completion of performance of services hereunder by CONSULTANT, or on June 20, 2020, whichever occurs first.

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

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

- **First issuance of Revenue Bonds:** $75,000
- **Subsequent Issuances:** $65,000
- **WIFIA Loan Closing:** $50,000

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

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

Notwithstanding the foregoing, the combined total of compensation and reimbursement of costs payable hereunder shall not exceed the sum of One Hundred & Ninety Thousand Dollars ($190,000.00) unless the performance of services and/or reimbursement of costs and expenses in excess of said amounts have been approved in advance of performing such services or incurring such costs and expenses by AUTHORITY’s
4. **Additional Services.** In the event AUTHORITY desires the performance of additional services not otherwise included within the services described in Exhibit A, such services shall be authorized in advance of the performance thereof by AUTHORITY’s Treasurer-Auditor-Controller.

5. **Records.** CONSULTANT shall keep and maintain accurate records of all pre-approved, reimbursable out of state travel expenses incurred relating to services to be performed by CONSULTANT hereunder. Said records shall be available to AUTHORITY for review and copying during regular business hours at CONSULTANT’s place of business or as otherwise agreed upon by the parties.

6. **Authorization.** This Agreement becomes effective when fully executed by all parties on page 9 below.

7. **Reliance on Professional Skill of CONSULTANT.** CONSULTANT represents that it has the necessary professional skills to perform the services required and the AUTHORITY shall rely on such skills of the CONSULTANT to do and perform the work. In performing services hereunder CONSULTANT shall adhere to the standards generally prevailing for the performance of expert consulting services similar to those to be performed by CONSULTANT hereunder.

8. **Documents.** All documents, plans, drawings, renderings, and other papers, or copies thereof, as finally rendered, prepared by CONSULTANT pursuant to the terms of this Agreement, shall, upon preparation and delivery to AUTHORITY, become the property of AUTHORITY.

9. **Relationship of Parties.** It is understood that the relationship of CONSULTANT to the AUTHORITY is that of an independent contractor and all persons working for or under the direction of CONSULTANT are its agents or employees and not agents or employees of the AUTHORITY.

10. **Schedule.** CONSULTANT shall adhere to schedules established by AUTHORITY jointly with CONSULTANT; provided, that AUTHORITY shall grant reasonable extensions of time for the performance of such services occasioned by governmental reviews of CONSULTANT’s work product or other unavoidable delays; provided, further, that such unavoidable delay shall not include strikes, lockouts, work stoppages, or other labor disturbances conducted by, or on behalf of, CONSULTANT’s officers or employees.

CONSULTANT acknowledges the importance to AUTHORITY of AUTHORITY’s Project schedule and agrees to put forth its best
professional efforts to perform its services under this Agreement in a manner consistent with that schedule.

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

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

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

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

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

<table>
<thead>
<tr>
<th>Insurance Category</th>
<th>Minimum Limits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workers’ Compensation</td>
<td>Statutory minimum</td>
</tr>
</tbody>
</table>
Employer's Liability

$1,000,000 per accident for bodily injury or disease

Commercial General Liability

$1,000,000 per occurrence and $2,000,000 aggregate for bodily injury, personal injury and property damage

Professional Liability*

$1,000,000 per claim and aggregate

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


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

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

Concurrently with the execution of this Agreement, CONSULTANT shall, on the Insurance Coverage form provided in Exhibit B, furnish
AUTHORITY with certificates and copies of information or declaration pages of the insurance required hereunder and, with respect to evidence of commercial general liability insurance coverage, original endorsements:

(a) Precluding cancellation or reduction in per occurrence limits before the expiration of thirty (30) days (10 days for nonpayment) after AUTHORITY shall have received written notification of cancellation in coverage or reduction in per occurrence limits by first class mail;

(b) With respect to commercial liability insurance only, naming the AUTHORITY, its Board members, officers, employees, and agents, as additional insureds; and

(c) Providing that CONSULTANT’s insurance coverage shall be primary insurance with respect to AUTHORITY its Board members, officers, employees, and agents, and any insurance or self-insurance maintained by AUTHORITY for itself, its Board members, officers, employees, or agents shall be in excess of CONSULTANT’S insurance and not contributory with it. CONSULTANT and its insurer may not seek contribution from AUTHORITY’s insurance or self-insurance.

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

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

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

Any and all Subcontractors shall agree to be bound to CONSULTANT and AUTHORITY in the same manner and to the same extent as CONSULTANT is bound to AUTHORITY under this Agreement. Subcontractors shall further agree to include the same requirements
and provisions of this Agreement, including the indemnity and insurance requirements, in any agreement with sub-subcontractors to the extent that they apply to the scope of the sub-subcontractor's work. A copy of the indemnity and insurance provisions of this Agreement shall be furnished to any subcontractor upon request.

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

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

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

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

15. **Notices.** All notices required by this Agreement shall be given to the
AUTHORITY and CONSULTANT in writing, by first class mail, postage prepaid, addressed as follows:

AUTHORITY:

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

CITY:

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

DISTRICT:

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

CONSULTANT:

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

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

16. Non-Assignment. This Agreement is not assignable either in whole or in part.

17. Amendments. This Agreement may be amended or modified only by written agreement signed by both parties.
18. **Validity.** The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.

19. **Governing Law.** This Agreement shall be governed by the laws of the State of California and any suit or action initiated by either party shall be brought in the County of San Mateo, California. In the event of litigation between the parties hereto to enforce any provision of the Agreement, the unsuccessful party will pay the reasonable attorney's fees and expenses of litigation of the successful party.

20. **Mediation.** Should any dispute arise out of this Agreement, the parties shall meet in mediation and attempt to reach a resolution with the assistance of a mutually acceptable mediator. Neither party shall be permitted to file legal action without first meeting in mediation and making a good faith attempt to reach a mediated resolution. The costs of the mediator, if any, shall be paid equally by the parties. If a mediated settlement is reached neither party shall be deemed the prevailing party for purposes of the settlement and each party shall bear its own legal costs.

21. **Conflict of Interest.** CONSULTANT may serve other clients, but none who are active within the City of San Mateo, the City of Foster City or the AUTHORITY who conduct business that would place CONSULTANT in a "conflict of interest" as that term is defined in State law. AUTHORITY acknowledges that CONSULTANT makes certain regulatory disclosures and conflict of interest disclosures in Exhibit B. Such disclosures are required by the Municipal Securities Rulemaking Board to be made by municipal advisors to their clients.

22. **Entire Agreement.** This Agreement, including Exhibits A and B, comprises the entire Agreement.
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date first above written by their respective officers duly authorized in that behalf.

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<th>SAN MATEO - FOSTER CITY PUBLIC FINANCING AUTHORITY</th>
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<td>Richard Lee, Authority Treasurer-Auditor-Controller</td>
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<th>CITY OF SAN MATEO</th>
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<td>Drew Corbett, City Manager</td>
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<th>Shawn Mason, City Attorney</th>
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<th>ESTERO MUNICIPAL IMPROVEMENT DISTRICT</th>
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<td>Sam Hindi, President</td>
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<td>Jean Savaree, General Counsel</td>
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<td>CONSULTANT</td>
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<td>Gary Kitahata, Principal</td>
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<td>Kitahata &amp; Company</td>
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<td>Dated: ______________________</td>
<td>CONSULTANT</td>
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<td>William F. Euphrat, President</td>
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<td>William Euphrat Municipal Finance, Inc.</td>
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EXHIBIT A
Scope of Work and Schedule
For
Municipal Financial Advisory Services

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

1. Provide independent financial advice on possible financing alternatives;

2. Manage the funding process and negotiate key business points to accomplish AUTHORITY’s objectives;

3. Develop a plan of financing and prepare financing schedules, taking into account existing debt commitments and long-term financing goals;

4. Propose financing methods to be considered for accomplishing AUTHORITY’s objectives and evaluate legal approaches for various financing structures. This will be completed with AUTHORITY staff and legal counsel;

5. Analyze the advantages and disadvantages of each proposed financing;

6. Evaluate the projected cash flows from any revenue source that may constitute security for any obligation incurred;

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

7. Meet and confer with AUTHORITY staff, bond counsel and disclosure counsel to ascertain the scope of the (financing) project and the financial objectives of AUTHORITY;

8. Recommend a plan of finance that will, in our opinion, best achieve the CITY’s objectives and provide financial analyses in support of our recommendations;

9. Recommend a security structure and relevant marketing features that will achieve the AUTHORITY’s objectives and which will, in our opinion, result in the highest compatible rating and associated lowest feasible interest rates;

10. Assist in the selection of the financing team (e.g., bond counsel, disclosure counsel, underwriter, and other necessary financing professionals);
11. Prepare a schedule of events for accomplishing the proposed financing, assign duties to the appropriate parties and manage all details of the financing to assure a successful closing;

12. Prepare and distribute an underwriting Request for Proposals (or lending RFP, if applicable), evaluate the proposals received, assist with the evaluation of proposals, prepare questions for interviewees, and attend underwriter interviews (this is an alternative to a negotiated selection of underwriters or lenders);

13. Evaluate all recommendations and proposed financing structures suggested by the underwriter (or lender) and assist in the negotiation of underwriter (or lender) fees;

14. Provide suggestions regarding the best financing structure and the best marketing structure and provide advice regarding the suitability of underwriter (or lender) proposals;

15. Clarify the consequences of any financial decisions requested of staff so that decisions may be made on a fully informed basis;

16. Recommend revisions in the structure or security of the financing proposed by the underwriter (or lender) that may be in the AUTHORITY’s best interests;

17. Review all numerical analyses provided by the underwriter (or lender) for accuracy, reasonableness of assumptions and consistency with AUTHORITY’s financial objectives;

18. Prior to a public negotiated sale, provide weekly market new-issue activity analyses during the month prior to the anticipated sale date;

19. Prepare memoranda and reports as is necessary on behalf of staff in connection with the financing;

20. Review the credit profile of the financing to assess the credit strength of the issue and determine the marketability of bonds and the suitability of the credit for a bond insurance submission (if applicable);

21. Attend public meeting and participate in meetings and other negotiations which may bear upon the approval of the financing and the sale of the securities;
22. Arrange for all services incidental to the financing, such as, for a public sale, trustee, rating services, official statement electronic posting and distribution, etc.;

23. Meet and confer with bond counsel, disclosure counsel, the underwriter (or lender), AUTHORITY staff and other members of the financing team to assure appropriate and timely preparation of all financing documentation;

24. Review all documents pertaining to the financing and provide comments as necessary;

25. Assist disclosure counsel prepare AUTHORITY’s credit profile and the credit profile of the security underlying the issue for inclusion in disclosure documents (for a public sale – an official statement would not be necessary for a private placement);

26. Research AUTHORITY compliance with its continuing disclosure responsibilities over the past 5 years and provide a certificate of compliance noting compliance therewith and any irregularities and non-compliance;

27. Assist AUTHORITY with correcting continuing disclosure non-compliance, if applicable;

28. Recommend continuing disclosure that will place the least burden on AUTHORITY staff and still comply with applicable regulations;

29. Prepare staff reports for AUTHORITY board bond approval;

30. For a public sale, in conjunction with the managing underwriter, coordinate the preparation of rating agency presentations and meet and confer with rating agency representatives as is necessary to explain the credit underlying the issue (no rating would be necessary for a private placement);

31. For a public sale, prior to the sale, provide estimates of interest rates, prepare bond sizing analyses, interest rate savings and tax levy analyses and debt amortization schedules;

32. Advise staff regarding matters relating to AUTHORITY’s financial interests during the structuring of the transaction and during the initial offering and subsequent sale of securities;

33. Prior to the execution of the purchase contract, evaluate and review with representatives of AUTHORITY and representatives of the underwriter the underwriter's pricing proposals, and compare the pricing of the bonds to concurrently marketed issues in order to confirm that the pricing is as efficient as is possible vis-à-vis the market and that the proposed
underwriting discount is commensurate with issues of similar term to maturity and credit quality;

34. For a public sale, advise the AUTHORITY staff regarding the underwriter's final pricing proposal;

35. For a private placement, advise AUTHORITY regarding the cost advantage (or disadvantage) of the lender’s pricing proposal as compared to a public sale;

36. Coordinate with bond counsel the timely closing of the bond issue;

37. Perform such other duties as are customarily performed by municipal bond financial advisors in connection with the structuring and sale of municipal bonds and which we are competent to perform.

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

38. Recommend sale terms to be included in the official notice of sale and arrange for its distribution to underwriters;

39. Prepare rating agency presentations and meet and confer with rating agency representatives as is necessary to explain the credit underlying the issue;

40. Conduct an electronic auction for the sale of the bonds;

41. When bids are submitted, verify the winning and cover bids, restructure maturities to produce the desired debt structure (level, sloping, etc.), and recommend award of the securities to the highest bidder if such award will permit the financing to proceed within acceptable interest rate levels;

42. Prepare a closing flow of funds memorandum for the financing team and the purchaser in order to coordinate the delivery of funds among the successful purchaser, bond trustee; and,

43. Perform such other duties as are customarily performed by municipal bond financial advisors in connection with the competitive structuring and sale of municipal bonds and which we are competent to perform.

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

a. a summary of the AUTHORITY’s major duties and responsibilities;

b. a summary of the transaction that describes material features so individuals unfamiliar with the issue can become knowledgeable without reading extensive legal documents;

c. a review of the sale, showing the range of bids (if sold competitively), discuss market conditions at the time of the sale, and provide information on comparable issues in the market at and around the time of sale;

d. final bond sizing analyses, savings reports and final debt service schedules; and,

e. a review of continuing disclosure requirements.
1. The only compensation to be received by CONSULTANT in connection with this engagement shall be that specified in Section 3 of this Agreement. No compensation, either direct or indirect, shall be charged by CONSULTANT to any other party in connection with this financing.

2. A statement of conflicts of interest is incorporated in Paragraph 9 below. Yes

3. The SEC requires that that registered municipal advisors disclose legal and disciplinary events on forms MA and MA-I and files such forms with the SEC. These forms include information regarding any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation in which a registered municipal advisor (form MA) or municipal advisor representative (form MA-I) employed by such municipal advisor has been involved. To access the forms MA and MA-I filed by CONSULTANT visit https://www.sec.gov/edgar/searchedgar/companysearch.html (the SEC webpage) and search the names, William Euphrat Municipal Finance and Kitahata & Company.

4. There have been no changes or additions to the legal or disciplinary event disclosures on the forms MA and MA-I on file with the SEC.

5. The scope of advisory services to be performed under this agreement are included as Exhibit “A” to this Agreement.

6. The term of this agreement is specified in Section 2 of this Agreement. This Agreement shall remain in effect until upon completion of performance of services hereunder by CONSULTANT, or until such time as AUTHORITY notifies CONSULTANT in writing that the agreement is terminated, whichever shall first occur.

7. The MSRB has prepared a brochure for municipal advisory clients that is posted on the MSRB website and which describes the protections that may be provided by MSRB rules and how to file a complaint with an appropriate regulatory authority. The brochure may be accessed at this web address: http://www.msrb.org/Rules-and-Interpretations/MSRB-Rules/General/Rule-G-10-10-13-2017.aspx?tab=oi.

8. The MSRB web address is http://www.msrb.org/.
9. A municipal advisor must, at or prior to the inception of a municipal advisory relationship, provide the client with a document making full and fair disclosure of all material conflicts of interest, including disclosure of:

(i) any actual or potential conflicts of interest of which it is aware after reasonable inquiry that might impair its ability either to render unbiased and competent advice to or on behalf of the client or to fulfill its fiduciary duty to the client, as applicable;
   - CONSULTANT is not aware of any such conflict of interest.

(ii) any affiliate of the municipal advisor that provides any advice, service, or product to or on behalf of the client that is directly or indirectly related to the municipal advisory activities to be performed by the disclosing municipal advisor;
   - CONSULTANT does not have any affiliates.

(iii) any payments made by the municipal advisor directly or indirectly to obtain or retain the client’s advisory business;
   - CONSULTANT has not made any payments to retain the AUTHORITY’s business.

(iv) any payments received by the municipal advisor from third parties to enlist the municipal advisor’s recommendation to the client of its services, any municipal securities transaction or any municipal financial product;
   - The only payments to be received by CONSULTANT relating to this engagement are the fees to be paid by AUTHORITY.

(v) any fee-splitting arrangements involving the municipal advisor and any provider of investments or services to the client;
   - CONSULTANT will not participate in fees earned by other parties on any work related to this engagement.

(vi) any conflicts of interest that may arise from the use of the form of compensation under consideration or selected by the client for the municipal advisory activities to be performed;
   - CONSULTANT has proposed compensation contingent on the sale of debt. This provides CONSULTANT with a financial incentive to recommend the sale of debt. CONSULTANT will receive more with from a public offering than it will from a private placement. This form of compensation provides CONSULTANT with a financial incentive in favor of a public offering. [is this contingent fee arrangement consistent with

(vii) any other engagements or relationships of the municipal advisor or any affiliate of the municipal advisor that might impair the advisor’s ability either to render unbiased and competent advice to or on behalf of the client or to fulfill its fiduciary duty to the client, as applicable;
   - CONSULTANT is engaged with the City of San Mateo to assist it finance improvements to the WWTP owned jointly with the Estero Municipal
Improvement District ("EMID"). CONSULTANT has suggested joint financings for improvements to the WWTP. CONSULTANT could be construed to have a conflict of interest in any negotiations relating to the WWTP operating agreement between EMID and the City of San Mateo. CONSULTANT shall refrain from participating in any such negotiations. Any joint financing for WWTP improvements will benefit both EMID and the City of San Mateo. CONSULTANT does not believe that representing both EMID and the City of San Mateo in any such joint financing will impair its ability either to render unbiased and competent advice to or on behalf of EMID or the City of San Mateo, to fulfill its fiduciary duties to EMID and the City of San Mateo.

(viii) the amount and scope of coverage of professional liability insurance that the municipal advisor carries (e.g., coverage for errors and omissions, improper judgments, or negligence), deductible amounts, and any material limitations on such coverage, or a statement that the advisor does not carry any such coverage; and

- William Euphrat Municipal Finance, Inc. carries claims made and reported professional liability insurance. The policy has a $10,000 deductible and coverage of $1 million for each wrongful act with a $2 million policy aggregate. A bond consultant endorsement to the policy contains specific exclusions and is attached to this Agreement. Kitahata & Company carries claims made and reported professional liability insurance. The policy has a $50,000 deductible and coverage of $1 million for each wrongful act with a $2 million policy aggregate. A bond consultant endorsement to the policy contains specific exclusions and is attached to this Agreement.

(ix) any legal or disciplinary event that is (a) material to the client’s evaluation of the municipal advisor or the integrity of its management or advisory personnel; (b) disclosed by the municipal advisor on the most recent Form MA filed with the Commission; or (c) disclosed by the municipal advisor on the most recent Form MA-I filed with the Commission regarding any individual actually engaging in or reasonably expected to engage in municipal advisory activities in the course of the engagement. If a municipal advisor has disclosed a legal or disciplinary event on any form referenced in section (b) or (c) of this rule, the advisor must provide the client with a copy of the relevant sections of the form or forms. If a municipal advisor concludes that it has no material conflicts of interest, the municipal advisor must provide written documentation to the client to that effect.

- CONSULTANT has not been subject to any legal or disciplinary events.
January 22, 2019

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

Dear Mr. Doporto:

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

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

Client and Scope of Representation

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

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

Communication and Related Obligations

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

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

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

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

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

(i) Prepare the Preliminary and final Official Statements, and a Continuing Disclosure Agreement for use in connection with the sale of Bonds.

(ii) Conduct due diligence, including a limited review of other outstanding securities issued by the Authority and its members for past compliance with covenants; assist the Authority in preparing any necessary secondary market disclosure; review financial statements and audits, adopted policies, rates and charges; review filings made on EMMA electronic database for the last five years to confirm compliance with past continuing disclosure obligations; and assist the Authority in identifying and preparing information to be included in the Preliminary and final Official Statements, but excluding those portions of such documents typically prepared by bond counsel.

(iii) Provide advice and counsel to the Authority as to the responsibilities to be undertaken by the Authority in order to assist the underwriter retained by the Authority of the Bonds to comply with Rule 15c2-12 of the Securities and Exchange Commission.
(iv) Make ourselves available for consultation and conference with officials, staff members and counsel to the Authority, at times and places mutually agreed upon, such personnel of Schiff Hardin being qualified to advise the Authority on all matters relating to the Bonds.

(v) Render to the Authority and the underwriter retained by the Authority to sell the Bonds a legal opinion in form and substance and addressing such matters as are satisfactory to the Authority and the underwriter.

(vi) Any other services in connection with the Bonds requested by Authority staff or counsel to the Authority, but only within the scope of the services customarily provided by Schiff Hardin in acting as disclosure counsel in bond issues similar to the Bonds.

Fees and Expenses

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

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

Firm Privilege

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

Conflicts

Schiff Hardin is a large firm with many areas of practice, many clients, and offices in a number of cities across the country. Therefore, it is possible that, while we are representing the Client certain types of conflicts may arise in matters unrelated to the present engagement for which we request the consent and
waiver of each Client now. Other present or future clients, including clients who rely upon us for general representation, may ask the Firm to represent them in transactions or litigation adverse to the Clients.

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

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

References on Website and Similar Materials

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

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

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

Sincerely,

Jacquelynne M. Jennings

Agreed to and accepted:

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

____________________________________
Shawn Mason, City Attorney
City of San Mateo

____________________________________
Jean Savaree, General Counsel
Estero Municipal Improvement District

Dated: January 22, 2019
DATE: January 22, 2019

Mayor and Members of the City Council

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

VIA: Jeff Moneda, City/District Manager

FROM: Edmund Suen, Finance Director


RECOMMENDATION

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

EXECUTIVE SUMMARY

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

As indicated in the CAFR, as of June 30, 2018, the City/District General Fund had $53.4 million in Total Fund Balances, of which $51 million were categorized as Unassigned (essentially General Fund reserves). On June 30, 2017, Unassigned General Fund Balance was $43.4 million, which represents 99.5% of the $43.6 million of budgeted FY 2018-2019 General Fund operating expenditures. After adding $7.6 million (rounded) in operating surplus, Unassigned General Fund Balance finished the
FY 2017-2018 year at $51 million. With already healthy reserves, the $7.6 million operating surplus may be viewed as “rollover” reserves for the use of one-time expenditures and/or program in FY 2018-2019. $2 million can be transferred to a Pension Sustainability Fund based on City Council’s direction in the adoption of the FY 2018-2019 General Fund budget. This was the City Council’s initial action to address the City’s unfunded pension liability of $78 million, of which $67.5 million is for the General Fund. The remaining rollover is shown as follows:

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

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

<table>
<thead>
<tr>
<th>Potential Uses of Remaining Rollover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Maintenance Internal Service Fund deficiency (2,649,400 from the General Fund and $294,300 from the enterprise funds for a total of $2,943,700)</td>
</tr>
<tr>
<td>Balance Remaining Available for One-Time uses (e.g. Unfunded Pension Liability, City CIP such as Recreation Center)</td>
</tr>
</tbody>
</table>

There is a separate staff report at this evening’s City Council regular meeting on pension liability strategies and recommendations by the Pension Liability Subcommittee on the use of the remaining rollover.

The CAFR also includes an Independent Auditor’s Report from the City/District's external independent auditors, Maze & Associates. They have provided an unqualified (clean) opinion on the FY 2017-2018 City/District financial statements.

In accordance with California Government Code Section 37208(c) and City Council Minute Order No. 1041, the CAFR is submitted for approval by resolution which will satisfy the State requirements for the approval of budgeted payroll and demands paid by warrants or checks.

BACKGROUND AND ANALYSIS

Financial Condition

In addition to the CAFR, the auditors also prepared the following reports as part of their audit engagement with the City/District:

- Report on compliance with the Agreement for Distribution of San Mateo County
Measure A Funds for Local Transportation Purposes for fiscal year ended June 30, 2018

- Report on Agreed Upon Procedures for Compliance with Proposition 111 ( Appropriation Limit) for the year ending June 30, 2019
- Memorandum on Internal Control and Required Communications for the fiscal year ended June 30, 2018
- Report on Agreed Upon Procedures for City of Foster City Transient Occupancy Tax for the fiscal year ended June 30, 2018

These reports are all available for public inspection in the Financial Services Department at City Hall during normal business hours.

As part of the City's annual financial reports preparation process, the Audit Committee has also reviewed the CAFR and each of the above reports.

**Warrant of Demands / CA Government Code Section 37208(c)**

The California Government Code requires that all warrant of demands either be approved at the time of issuance by City Council resolution, or by "ratification and approval in the form of an audited comprehensive annual financial report." The City Council adopted Minute Order No. 1041 in 2007, determining that it was in the best interest of the City/District’s financial operations to accept the latter form of approval through the ratification of the annual CAFR. The attached resolutions, upon approval by the City Council and EMID Board of Directors, will satisfy the requirements of California Government Code Section 37208(c).

**FISCAL IMPACT**

There is no fiscal impact associated with the City Council/EMID Board of Directors’ decision to adopt the attached resolutions approving the CAFR and the expenditures in the CAFR in accordance with California Government Code Section 37208(c).

**Attachments:**
- Attachment 1 - City Resolution
- Attachment 2 - EMID Resolution
- Comprehensive Annual Financial Report (CAFR) for Fiscal Year Ending June 30, 2018*

*Available for Review in the City Council Office at 610 Foster City Boulevard, Foster City, CA 94404
RESOLUTION NO. _____________


CITY OF FOSTER CITY

WHEREAS, the City has determined that California Government Code Section 37208(c) provides an alternative process for the approval of warrant registers; and

WHEREAS, California Government Code Section 37208(c) states “notwithstanding subdivisions (a) and (b), budgeted payrolls and demands paid by warrants or checks may be presented to the legislative body for ratification and approval in the form of an audited comprehensive annual financial report”; and

WHEREAS, the City has prepared a Comprehensive Annual Financial Report (CAFR) for FY 2017-2018 that received an unqualified opinion by its independent auditors, Maze & Associates.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Foster City that the audited Comprehensive Annual Financial Report for FY 2017-2018 is hereby ratified and approved, and that the warrant registers for FY 2017-2018 are approved in the form of that Report.

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

AYES:

NOES:

ABSENT:

ABSTAIN:

_______________________________________
SAM HINDI, MAYOR

ATTEST:

___________________________________
PRISCILLA TAM, CITY CLERK
RESOLUTION NO. _____________


ESTERO MUNICIPAL IMPROVEMENT DISTRICT

WHEREAS, the District has determined that California Government Code Section 37208(c) provides an alternative process for the approval of warrant registers; and

WHEREAS, California Government Code Section 37208(c) states “notwithstanding subdivisions (a) and (b), budgeted payrolls and demands paid by warrants or checks may be presented to the legislative body for ratification and approval in the form of an audited comprehensive annual financial report”; and

WHEREAS, the District has prepared a Comprehensive Annual Financial Report (CAFR) for FY 2017-2018 that received an unqualified opinion by its independent auditors, Maze & Associates.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Estero Municipal Improvement District that the audited Comprehensive Annual Financial Report for FY 2017-2018 is hereby ratified and approved, and that the warrant registers for FY 2017-2018 are approved in the form of that Report.

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

AYES:

NOES:

ABSENT:

ABSTAIN:

________________________________________
SAM HINDI, PRESIDENT

ATTEST:

_____________________________________
PRISCILLA TAM, DISTRICT SECRETARY
DATE: January 22, 2019

TO: Mayor and Members of the City Council

VIA: Jeff Moneda, City Manager

FROM: Marlene Subhashini, Interim Community Development Director
       Monica Ly, Assistant Planner

SUBJECT: APPEAL OF THE PLANNING COMMISSION’S DECISION DENYING A USE PERMIT MODIFICATION REQUEST TO REMOVE AN EXISTING TRELLIS LOCATED AT 979-A EDGEWATER BOULEVARD IN THE EDGEWATER SHOPPING CENTER

RECOMMENDATION

It is recommended that the City Council adopt a resolution denying an appeal filed by Edgewater Holding Corporation; the owner of the Edgewater Shopping Center. If denied, the Council would be affirming the Planning Commission’s decision denying a Use Permit Modification to remove and not replace an existing trellis located at 979-A Edgewater Boulevard in the Edgewater Shopping Center.

EXECUTIVE SUMMARY

Over the last year, City staff and the City Attorney have been actively engaged with Edgewater Holding Corporation (“Appellant”) regarding outstanding maintenance issues at the Edgewater Shopping Center. A trellis located on the north elevation above the patio area was identified as one of the items needing attention. Appellant confirmed that the trellis has extensive deterioration and dry-rot. The trellis is slated for removal as part of the extensive boardwalk repair project currently underway at the Center. Rather than rebuild the trellis, the Appellant proposed to remove the trellis and metal fence and not replace the trellis. Since the trellis was approved by the Planning Commission through a Use Permit, its elimination required Planning Commission review.

On October 17, 2018, the Appellant’s representative submitted plans for a Use Permit
Modification to remove and not replace the existing trellis and metal fence surrounding a patio area adjacent to Warehouse Buffet. On November 15, 2018, the Planning Commission voted 5-0 denying the Use Permit Modification request to eliminate the trellis, but granted the request to eliminate the metal fence. See Attachment 3, Planning Commission Resolution No. P-25-18. On November 26, 2018, the Appellant submitted an appeal of the Planning Commission’s decision.

That appeal is now before the City Council for hearing.

BACKGROUND

On September 7, 1989, the Planning Commission approved a Use Permit Modification allowing three trellises to be added to the exterior elevation of the Center’s Building G (Warehouse Buffet). One of the trellises on the north elevation is located above the existing outdoor patio dining area. The second trellis on the north elevation is located near the entrance and the third trellis is located above the outdoor patio dining area on the south elevation (See Attachment 8 - Plans and Photographs).

These improvements, along with others in the Center, had not been maintained as called for by the Center’s Use Permit which contained specific maintenance schedules. As a result of the lack of maintenance, on December 11, 2017, the City of Foster City filed a complaint for injunctive relief and abatement of a public nuisance against Appellant. The complaint asked that the court order Appellant to immediately address all of the deferred maintenance items at the Center.

Since filing the complaint, the Appellant and its management company have worked cooperatively with the City to resolve the outstanding maintenance issues. The Center has been power washed and painting has been completed on some of the Center’s buildings. New landscaping has been installed in the planters around the buildings, deteriorated wooden furniture has been removed, sign board repaired, and siding repair and painting completed on the rear of the Lucky Supermarket Building. Appellant and the City recently entered into a settlement agreement to resolve the remaining maintenance issues by completion of the boardwalk repair, repair of the Center’s docks, and replacement of the Center’s perimeter landscaping by the end of April 2019.

One of the items identified by staff to be in need of repair was the trellis located on the north elevation above a patio area adjacent to Warehouse Buffet. The Appellant confirmed that the trellis had extensive deterioration and dry-rot. Appellant proposed to remove the trellis and surrounding metal fence as part of the boardwalk repair and not to replace them. Since the trellis was approved by the Planning Commission as part of a Use Permit, elimination of the trellis and fence requires Planning Commission approval. On October 17, 2018, the Appellant submitted plans for a Use Permit Modification to remove the trellis and metal fencing which is currently erected around the patio area.
On November 15, 2018, the Planning Commission approved removal of the fencing but denied Appellant's request to eliminate the trellis. This appeal followed.

ANALYSIS

As noted above, on November 15, 2018, the Planning Commission held a public hearing on this item. The Appellant’s representatives made a presentation in support of the application. Two public speakers opposed the application. (See Planning Commission meeting minutes, Attachment 4.) After the public hearing, the Planning Commission voted 5-0 to adopt a resolution granting the request to remove the metal fence, but requiring that the trellis be replaced once removed as part of the boardwalk repair process. (Attachment 3, Planning Commission Resolution No. P-25-18) The Resolution made the following findings:

A. Replacing the trellis and removing the metal fence as conditioned in Exhibit A, would be consistent with Chapter 17.24 and 17.36 C-1/PD (Neighborhood Business/Planned Development Combining District), Chapter 2.28 (Planning) of Title 2 (Administration and Personnel) and Chapter 17.58 (Architectural Control and Supervision) of Title 17 (Zoning) of the Foster City Municipal Code, because: 1) the trellis creates visual interest and adds variety to the existing design of the Shopping Center by maintaining a desirable architectural feature to Building G which provide articulation to the overall appearance of the site; 2) the trellis is well designed with respect to its architectural style, color, and material and is compatible with the architectural details of buildings and in the immediate vicinity creating a harmonious design relationship with the adjacent properties and the overall neighborhood in which the subject property is located; and 3) removing the metal fence would encourage more use of the area by removing a barrier and making the space more accessible to Edgewater patrons since this area is not being utilized by the restaurant for outdoor seating.

B. Replacing the trellis and removing the metal fence as conditioned in Exhibit A, will "Promote Proper Site Planning, Architectural Design and Property Maintenance" and "Provide for Economic Development" as stated in the Land Use and Circulation Goals (LUC-B and LUC-I) contained in the Land Use and Circulation Element of the Foster City General Plan because: 1) replacing the deteriorating trellis with a new trellis ensures high quality site planning and architectural design through property maintenance which will maintain the long-term health, safety, appearance and welfare of the community; 2) replacing the trellis and removing the metal fence will improve the appearance of the site by replacing the deteriorating trellis with a new trellis and creating a more open and inviting and accessible area for patrons of the Center; and 3) replacing the trellis and removing the metal fence will provide an economic benefit and help maintain the success of the Shopping Center by inviting activity to the space, drawing in
more foot traffic, and encouraging the use of the site.

C. Replacing the trellis and removing the metal fence as conditioned in Exhibit A, would not under the circumstances of the particular case, be detrimental to the health, safety, morals, comfort and general welfare of the persons residing or working in the neighborhood of such proposed use nor will be injurious or detrimental to property and improvements in the neighborhood or the general welfare of the city (consistent with Chapter 17.06 Administration, Construction and Enforcement of the Foster City Municipal Code) because: 1) replacing the trellis would promote and protect the health and safety of the Edgewater shoppers by providing a safe structure in the patio area where patrons can sit and enjoy the views of the lagoon; 2) replacing the trellis and metal fence will require procurement of a building permit to ensure safe construction and removal; and 3) replacing the trellis and removing the metal fence would not generate excess emission of odor, dust, smoke, excessive noise, vibrations, electrical or other disturbances.

Minutes from the Planning Commission meeting are attached for the City Council’s review. (See Attachment 4.)

On November 26, 2018, the Appellant submitted an appeal and a written statement in support of the appeal (See Attachment 6 & 7 - Appeal Statement & Letter from Thomas Tin, General Manager).

**Foster City’s Ordinance Regarding Use Permit Appeals**

Decisions of the Planning Commission may be appealed pursuant to the procedure found in Foster City Municipal Code Section 17.06.150.B which provides:

B. Decisions of the Planning Commission.

1. In case the applicant, or any other person is not satisfied with any decision of the planning commission, they may, within ten calendar days after the decision of the planning commission, appeal in writing to the city council, accompanied by a fee as set by resolution of the city council. The appeal letter or completed appeal form shall contain the same information as required above for appeals of decisions of the planning director.

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1 As indicated above, the Foster City Municipal Code Section 17.06.150.A requires that appellants must, in their appeal, provide the following information:
   - The person making the appeal;
   - The specific item of appeal, and all supporting documentation, written in clear and concise language;
   - The basis for such appeal; and
   - The relief of action sought.
Per Section 17.06.150.B.2, the City Council, during its hearing of the appeal, is required to review the written findings of the Planning Commission and consider the written and oral arguments of the Appellant in order to determine whether to grant or deny the appeal. New matters may not be introduced by either party during the City Council’s hearing.

ANALYSIS OF APPEALS

Per Foster City Municipal Code Section 17.06.070, when reviewing an application for a Use Permit Modification, the Planning Commission must “determine whether or not the establishment, maintenance or cooperation of the use applied for will, under the circumstances of the particular case, be detrimental to the health, safety, morals, comfort and general welfare of the persons residing or working in the neighborhood of such proposed use, or whether it will be injurious or detrimental to property and improvements in the neighborhood or the general welfare of the city. If the planning commission finds that the aforementioned conditions will not result from the particular use applied for, it may grant the use permit.”

In granting the request to remove the metal fence but denying the request to eliminate the trellis, the Planning Commission made the three (3) findings shown above.

Appellant has now challenged the Planning Commission’s decision. Per Foster City Municipal Code Section 17.06.150.B.2, the Council must now review the appeal and determine whether the Planning Commission’s findings are supported by substantial evidence and the findings in turn support the decision to deny the Use Permit Modification. If so, the appeal should be denied. If, on the other hand, the City Council determines that the Planning Commission’s findings are not supported by substantial evidence, the appeal should be granted and the Planning Commission’s denial of the Use Permit Modification overturned.

Arguments on Appeal

Appellant makes eleven (11) arguments in support of its appeal:

1. The staff recommendation in support of denying the application cited FC Municipal Code 9.52.010 in support, which deals with health, safety and nuisance regulation. The staff recommendation, however, is based solely on one subjective aesthetic opinion—“articulation, visual interest and variety to the existing design”. That is an arbitrary personal opinion which is not a proper basis for denial of the application, and it is unrelated to the code provision which is cited as the legal ground for denial.

   The ordinances cited in the Resolution denying the application do not support
replacement of the trellis as opposed to removing it. The arguments against the application are highly subjective and debatable. The design standards for new developments should not be applied to removal of this small trellis, a post-development addition solely for dining use by a former tenant (not for architectural improvement). Removal of the trellis is equally compatible with all the ordinances cited. Removal of the trellis doesn't have a negative effect on zoning, site planning or economic development.

2. Aesthetic opinions are inherently personal, highly subjective and debatable; the views of the planning department staff as to what is more or less attractive should not override the owner's right to decide what is best for its property, especially given the equally-credible opinions to the contrary.

3. The trellis is at the rear side corner of the center. Any “aesthetic” judgments, even if considered, should be based on the interior of the center which is where the public and tenants view architectural and aesthetic features. People walking on the boardwalk are focused on the lagoon, not whether or not the back wall has articulation. And if articulation is of serious concern, it is provided by the design of the walls and door alcoves at the rear of the buildings.

   There are two other trellises in Building G which meet the “aesthetic” considerations.

4. The back side of the center is articulated as seen on the map. There is no viewing angle where articulation is reduced, and the effect on visual interest and variety is conjecture at best. The trellis blocks the view of the lagoon from in front of Building H, and the reduced size of the opening between buildings F and G make the passages looked cramped. Given the absence of trellis, pergolas or similar features generally, it looks like a bad afterthought rather than part of a unified design.

5. The trellises were added by permit dated 9/7/1989, as explained below. The trellises were not deemed necessary to the original design. The back wall of the shopping center wasn’t deemed deficient because of lack of “articulation, visual interest and variety to the existing design”.

6. The trellis was added because Chevy's negotiated a lease with outdoor seating, no other reason. The present tenant, Warehouse Buffet, doesn't have that use. The reason for the trellis no longer exists. It is a relic which the owner has the right remove for the current use of the adjacent premises.

7. The shopping center has incurred substantial added security costs, numerous repairs have been made and are ongoing in response to the city's lawsuit last
year, and pending boardwalk repairs expected to far exceed what was budgeted. Most of this cost is borne by tenants as "common area expenses". The tenants of this center are not national chains but are small, independently owned businesses. The landlord has the right (and obligation) to manage the center in a commercially reasonable manner, and that includes reducing expenses that are not necessary and don't benefit all tenants. That is part of the reason the trellis is not needed and is too expensive to replace in consideration of the costs and speculative benefits. To the extent any ordinance is relevant, the cost of replacing and maintaining the trellis is detrimental to property and people working in the center, most importantly the tenants who will bear the costs.

8. As staff recognizes, Warehouse Buffet doesn't offer an outdoor dining experience. That function of the trellis is obsolete. It is speculative and onerous to require the owner to replace and maintain a minor aesthetic feature in the possibility that a tenant far in the future may have a use for a trellis.

9. The input from a single neighbor should not carry any weight. If anything, it should be assumed that everyone else approves the application or, more likely, doesn't care at all. One citizen's opinion doesn't supersede the owner's right to deal with its property.

10. The “opportunity to offer benches and seating” is speculative and vague. The city never thought they were essential before, either in the original plans or when the trellis was added. Those amenities are the prerogative of the owner and affected tenants, and if they decide not to install seating, the trellis is useless except to collect bird droppings and incur maintenance expense. In any event, benches and seating can be provided without a trellis. In fact there are benches, seating and umbrellas in place along the boardwalk already. They address the aesthetic basis of the staff recommendation.

11. Applicant reserves the right to offer additional evidence and arguments in support of its appeal at the hearing, including in response to the staff report and evidence from others.

Planning Commission's Findings

As noted in the November 15, 2018 Planning Commission staff report, the Edgewater Shopping Center comprises of mostly single-story buildings and one two-story building (Building J), consist of restaurants and other neighborhood-serving businesses. Since the Shopping Center was built, much of its appearance has remained the same such as the horizontal wood siding, the clock towers, the canvas awnings and a mix of sloped roof forms and flat roof with parapets. Additionally, the Shopping Center features a boardwalk which extends the entire length of the lot facing the lagoon. Building G,
where the Warehouse Buffet is currently located, is one of the Major Credit Tenants. Major Credit Tenants as identified by the Edgewater Place Shopping Center Management are tenants that occupy major square footage at a minimum of 3,500 square feet. The original design of the Shopping Center provided little articulation, especially on the east elevation as seen from across the lagoon. Given the size of the tenant space of Building G, the three trellises located on the north and south elevations adds needed articulation, visual interest and variety to the existing design of the Shopping Center. Although the Warehouse Buffet does not offer an outdoor restaurant dining experience like the former Chevy’s Restaurant, this space can be a valuable amenity to the patrons visiting the center as well as possible future tenants. Retaining the trellis would provide an opportunity to offer benches or general seating with views of the lagoon as well as activate the space. The proposal to remove the trellis would deactivate the space along the boardwalk by converting this large space on the north side of Building G into dead space. Removing the trellis may also potentially discourage a future tenant who desires a shaded outdoor dining space.

After considering the staff report and comments from the Appellant’s representatives and public, the Planning Commission determined that removal of the metal fence was appropriate. Appellant does not contest this portion of the Planning Commission’s decision. As shown in the three (3) findings in support of its decision, the Planning Commission found that the trellis should be retained because it creates visual interest and variety in the overall design of the Center. Its architectural style, color and material are compatible with and create a harmonious design relationship with the adjacent properties. Finally, it provides an open and inviting place for patrons of the Center to enjoy views of the lagoon. (See Planning Commission Resolution, Attachment 3.)

CONCLUSION

Chapter 17.58 Architectural and Control and Supervision Subsection 17.58.010(A), Intent and purpose was enacted “to protect the health, safety, and general welfare of the city by maintaining the high standards of architectural design that have distinguished Foster City as the first successful planned community created in California.” The proposal to eliminate the trellis is inconsistent with maintaining high standards of architectural design because the trellis is an attractive architectural feature that provides architectural value by adding articulation to an otherwise nondescript building.

Foster City Municipal Code Section 2.28.110(C), Architectural and site plan review, states the purposes of architectural and site plan review is to: “assure the existence of sufficient variety in the design of structures and grounds in keeping with the general character and diversity of design of other structures in the vicinity, insofar as the character can be ascertained and found to be architecturally desirable.” Elimination of the trellis would not “assure the existence of sufficient variety in the design of structures” at the Center as it will eliminate one of few elements that add variety to the overall
design and appearance of the Center.

Based upon the language in these code sections and the design of the Center, staff contends that the Planning Commission’s findings and decision are supported by substantial evidence. A resolution denying the appeal is attached for the City Council’s review (Attachment 1). If the City Council determines that the Planning Commission’s decision should be overturned, staff will prepare a resolution granting the appeal based upon the reasoning stated by the maker of the motion.

**FISCAL IMPACT**

There is no fiscal impact associated with this item.

Attachments:

- Attachment 1 – Resolution Denying Appeal
- Attachment 2 – Resolution Approving Appeal
- Attachment 3 – Planning Commission Resolution No. P-25-18
- Attachment 4 – November 15, 2018 Planning Commission Meeting Minutes
- Attachment 5 – November 15, 2018 Planning Commission Staff Report
- Attachment 6 – Appeal Statement from Thomas Tin, General Manager
- Attachment 7 – Letter from Thomas Tin, General Manager
- Attachment 8 – Plans & Photographs
- Attachment 9 – Site Map
RESOLUTION NO. __________

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FOSTER CITY DENYING THE APPEAL OF THE PLANNING COMMISSION’S DECISION DENYING A USE PERMIT MODIFICATION REQUEST TO REMOVE AN EXISTING TRELLIS LOCATED AT 979-A EDGEWATER BOULEVARD IN THE EDGEWATER SHOPPING CENTER

CITY OF FOSTER CITY

WHEREAS, on September 7, 1989, the Planning Commission adopted a resolution approving a Use Permit Modification to add three trellises to the exterior of Building G (Warehouse Buffet); and

WHEREAS, the Edgewater Shopping Center has had ongoing maintenance problems since at least 1997; and

WHEREAS, City staff has attempted to work with the shopping center owner, Edgewater Holding Corporation, on numerous occasions over the course of several years to obtain compliance with City maintenance standards; and

WHEREAS, on December 11, 2017, a complaint for injunctive relief and abatement of a public nuisance was filed by the City of Foster City, a municipal corporation; and

WHEREAS, during a site walkthrough to evaluate work required by the Shopping Center to comply with City maintenance standards, one of the items identified by City staff was that the trellis was in disrepair and that later the applicant discovered that the trellis suffers from extensive deterioration and dry-rot and must be completely rebuilt; and

WHEREAS, on October 17, 2018, the applicant submitted a Use Permit request for Planning Commission approval to remove one of the three trellises and metal fence located on the north east elevation at 979-A Edgewater Boulevard; and

WHEREAS, the proposal has been determined by the Community Development Director to be categorically exempt from the California Environmental Quality Act of 1970; and

WHEREAS, a Notice of Public Hearing was duly posted, published, and mailed for consideration of the Use Permit Modification request at the Planning Commission meeting of November 15, 2018; and

WHEREAS, the Planning Commission did duly consider the proposal at a public meeting on November 15, 2018; and

227
WHEREAS, on November 26, 2018, the applicant filed an appeal of the Planning Commission’s decision denying a Use Permit Modification request to remove an existing trellis located at 979-A Edgewater Boulevard; and

WHEREAS, the City Council of the City of Foster City did duly consider the appeal at a public meeting on January 7, 2019.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Foster City, based on the facts and analysis in the Staff Report, written and oral testimony, and exhibits presented finds:

A. Removing the trellis without replacement, would not be consistent with Chapter 17.24 and 17.36 C-1/PD (Neighborhood Business/Planned Development Combining District), Chapter 2.28 (Planning) of Title 2 (Administration and Personnel) and Chapter 17.58 (Architectural Control and Supervision) of Title 17 (Zoning) of the Foster City Municipal Code, because: 1) the trellis is an architectural feature and creates visual interest to the existing design of the Shopping Center and 2) the trellis is well designed with respect to its architectural style, color, and material and is compatible with the architectural details of the building and in the immediate vicinity creating a harmonious design relationship with the adjacent properties and the overall neighborhood in which the subject property is located.

B. Removing the trellis without replacement, will not “Promote Proper Site Planning, Architectural Design and Property Maintenance” and “Provide for Economic Development” as stated in the Land Use and Circulation Goals (LUC-B and LUC-I) contained in the Land Use and Circulation Element of the Foster City General Plan because: 1) the trellis is well integrated into the existing building and site and is compatible with the buildings within the shopping center in which it is located; 2) removing and replacing the trellis would ensure that an architectural feature remain on Building G adding articulation to the building; and 3) rebuilding a new trellis to replace one that is deteriorating would ensure that property maintenance standards are upheld, which will maintain the long-term health, safety, appearance and welfare of the community.

C. Replacing the trellis would not under the circumstances of the particular case, be detrimental to the health, safety, morals, comfort and general welfare of the persons residing or working in the neighborhood of such proposed use nor will be injurious or detrimental to property and improvements in the neighborhood or the general welfare of the city (consistent with Chapter 17.06 Administration, Construction and Enforcement of the Foster City Municipal Code) because: 1) replacing the deteriorating trellis would promote and protect the health and safety of the Edgewater shoppers by providing a safe structure in the patio area where patrons can sit and enjoy the views of the lagoon; 2) replacing the trellis will require procurement of a building permit to ensure safe removal and construction; and 3) replacing the trellis would not generate excess emission of odor, dust, smoke, excessive noise, vibrations, electrical or other disturbances.
BE IT FURTHER RESOLVED that the City Council of Foster City denies the removal of the trellis without replacement.

PASSED AND ADOPTED by the City Council of the City of Foster City at the regular meeting held on the 7th day of January, 2019, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

_________________________________
SAM HINDI, MAYOR

ATTEST:

_________________________________
PRISCILLA TAM, CITY CLERK
RESOLUTION NO. __________

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FOSTER CITY APPROVING THE APPEAL OF THE PLANNING COMMISSION’S DECISION DENYING A USE PERMIT MODIFICATION REQUEST TO REMOVE AN EXISTING TRELLIS LOCATED AT 979-A EDGEWATER BOULEVARD IN THE EDGEWATER SHOPPING CENTER

CITY OF FOSTER CITY

WHEREAS, on September 7, 1989, the Planning Commission adopted a resolution approving a Use Permit Modification to add three trellises to the exterior of Building G (Warehouse Buffet); and

WHEREAS, the Edgewater Shopping Center has had ongoing maintenance problems since at least 1997; and

WHEREAS, City staff has attempted to work with the shopping center owner, Edgewater Holding Corporation, on numerous occasions over the course of several years to obtain compliance with City maintenance standards; and

WHEREAS, on December 11, 2017, a complaint for injunctive relief and abatement of a public nuisance was filed by the City of Foster City, a municipal corporation; and

WHEREAS, during a site walkthrough to evaluate work required by the Shopping Center to comply with City maintenance standards, one of the items identified by City staff was that the trellis was in disrepair and that later the applicant discovered that the trellis suffers from extensive deterioration and dry-rot and must be completely rebuilt; and

WHEREAS, on October 17, 2018, the applicant submitted a Use Permit request for Planning Commission approval to remove one of the three trellises and metal fence located on the north east elevation at 979-A Edgewater Boulevard; and

WHEREAS, the proposal has been determined by the Community Development Director to be categorically exempt from the California Environmental Quality Act of 1970; and

WHEREAS, a Notice of Public Hearing was duly posted, published, and mailed for consideration of the Use Permit Modification request at the Planning Commission meeting of November 15, 2018; and

WHEREAS, the Planning Commission did duly consider the proposal at a public meeting on November 15, 2018; and
WHEREAS, on November 26, 2018, the applicant filed an appeal of the Planning Commission’s decision denying a Use Permit Modification request to remove an existing trellis located at 979-A Edgewater Boulevard; and

WHEREAS, the City Council of the City of Foster City did duly consider the appeal at a public meeting on January 7, 2019.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Foster City, based on the facts and analysis in the Staff Report, written and oral testimony, and exhibits presented finds:

1. The request would be consistent with Chapter 17.24 and 17.36 C-1/PD (Neighborhood Business/Planned Development Combining District) and Chapter 2.28 (Planning) of Title 2 (Administration and Personnel) of Title 17 (Zoning) of the Foster City Municipal Code, because:

_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________.

2. The request will “Promote Proper Site Planning, Architectural Design and Property Maintenance” and Provide for Economic Development as stated in the Land Use and Circulation Goals (LUC-B and LUC-I) contained in the Land Use and Circulation Element of the Foster City General Plan because:

_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________.

3. The request would not under the circumstances of the particular case, be detrimental to the health, safety, morals, comfort and general welfare of the persons residing or working in the neighborhood of such proposed use nor will be injurious or detrimental to property and improvements in the neighborhood or the general welfare of the city (consistent with Chapter 17.06 Administration, Construction and Enforcement of the Foster City Municipal Code) because:

_________________________________________________________________________
_________________________________________________________________________
_________________________________________________________________________.

RESOLUTION NO. __________
BE IT FURTHER RESOLVED that the City Council of Foster City denies the removal of the trellis without replacement.

PASSED AND ADOPTED by the City Council of the City of Foster City at a Regular Meeting thereof held on January 7, 2019 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

_________________________________
SAM HINDI, MAYOR

ATTEST:

PRISCILLA TAM, CITY CLERK
RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF FOSTER CITY
DENYING A USE PERMIT MODIFICATION REQUEST TO REMOVE ONE OF THE THREE
PREVIOUSLY APPROVED TRELLISES AND APPROVING THE REQUEST TO REMOVE THE
METAL FENCE LOCATED AT 979-A EDGEWATER BOULEVARD (WAREHOUSE BUFFET)
in the Egeewater Shopping Center—EdgeWater Holding Corporation—
APN: 094-541-070—NEIGHBORHOOD 8—UP2018-0053

CITY OF FOSTER CITY PLANNING COMMISSION

WHEREAS, on September 7, 1999, the Planning Commission adopted a resolution
approving a Use Permit Modification to add three trellises to the exterior of Building G
(Warehouse Buffet); and

WHEREAS, the Edgewater Shopping Center has had ongoing maintenance problems
since at least 1997; and

WHEREAS, City staff has attempted to work with the shopping center owner, Edgewater
Holding Corporation, on numerous occasions over the course of several years to obtain
compliance with City maintenance standards; and

WHEREAS, on December 11, 2017, a complaint for injunctive relief and abatement of a
public nuisance was filed by the City of Foster City, a municipal corporation; and

WHEREAS, during a site walkthrough to evaluate work required by the Shopping Center
to comply with City maintenance standards, one of the items identified by City staff was that the
trellis was in disrepair and that later the applicant discovered that the trellis suffers from
extensive deterioration and dry-rot and must be completely rebuilt; and

WHEREAS, on October 17, 2018, the applicant submitted a Use Permit request for
Planning Commission approval to remove one of the three trellises and metal fence located on
the north east elevation at 979-A Edgewater Boulevard; and

WHEREAS, the proposal has been determined by the Community Development Director
to be categorically exempt from the California Environmental Quality Act of 1970; and

WHEREAS, a Notice of Public Hearing was duly posted, published, and mailed for
consideration of the Use Permit Modification request at the Planning Commission meeting of
November 15, 2018; and

WHEREAS, the Planning Commission did duly consider the proposal at a public meeting
on November 15, 2018.

NOW, THEREFORE, BE IT RESOLVED that the Planning Commission, based on the
facts and analysis in the Staff Report, written and oral testimony, and exhibits presented finds:

A. Replacing the trellis and removing the metal fence as conditioned in Exhibit A, would be
consistent with Chapter 17.24 and 17.36 C-1/PD (Neighborhood Business/Planned
Development Combining District), Chapter 2.28 (Planning) of Title 2 (Administration and
Personnel) and Chapter 17.58 (Architectural Control and Supervision) of Title 17 (Zoning)
of the Foster City Municipal Code, because: 1) the trellis creates visual interest and adds
variety to the existing design of the Shopping Center by maintaining a desirable
architectural feature to Building G which provide articulation to the overall appearance of
the site; 2) the trellis is well designed with respect to its architectural style, color, and material and is compatible with the architectural details of buildings and in the immediate vicinity creating a harmonious design relationship with the adjacent properties and the overall neighborhood in which the subject property is located; and 3) removing the metal fence would encourage more use of the area by removing a barrier and making the space more accessible to Edgewater patrons since this area is not being utilized by the restaurant for outdoor seating.

B. Replacing the trellis and removing the metal fence as conditioned in Exhibit A, will “Promote Proper Site Planning, Architectural Design and Property Maintenance” and “Provide for Economic Development” as stated in the Land Use and Circulation Goals (LUC-B and LUC-I) contained in the Land Use and Circulation Element of the Foster City General Plan because: 1) replacing the deteriorating trellis with a new trellis ensures high quality site planning and architectural design through property maintenance which will maintain the long-term health, safety, appearance and welfare of the community; 2) replacing the trellis and removing the metal fence will improve the appearance of the site by replacing the deteriorating trellis with a new trellis and creating a more open and inviting and accessible area for patrons of the Center; and 3) replacing the trellis and removing the metal fence will provide an economic benefit and help maintain the success of the Shopping Center by inviting activity to the space, drawing in more foot traffic, and encouraging the use of the site.

C. Replacing the trellis and removing the metal fence as conditioned in Exhibit A, would not under the circumstances of the particular case, be detrimental to the health, safety, morals, comfort and general welfare of the persons residing or working in the neighborhood of such proposed use nor will be injurious or detrimental to property and improvements in the neighborhood or the general welfare of the city (consistent with Chapter 17.06 Administration, Construction and Enforcement of the Foster City Municipal Code) because: 1) replacing the trellis would promote and protect the health and safety of the Edgewater shoppers by providing a safe structure in the patio area where patrons can sit and enjoy the views of the lagoon; 2) replacing the trellis and metal fence will require procurement of a building permit to ensure safe construction and removal; and 3) replacing the trellis and removing the metal fence would not generate excess emission of odor, dust, smoke, excessive noise, vibrations, electrical or other disturbances.
BE IT FURTHER RESOLVED that the Planning Commission denies the removal of the trellis and approves the removal of the fence, subject to the conditions in Exhibit A of UP2018-0053, attached hereto and incorporated herein.

PASSED AND ADOPTED by the Planning Commission of the City of Foster City at a Regular Meeting thereof held on November 15, 2018 by the following vote:

AYES, COMMISSIONERS: Avram, Williams, Wykoff and Chair Dyckman

NOES, COMMISSIONERS:

ABSTAIN, COMMISSIONERS: Pattum

ABSENT, COMMISSIONERS:

DAN DYCKMAN, CHAIRMAN

ATTEST:

CURTIS BANKS, SECRETARY
EXHIBIT A

(Conditions attached to approval of UP2018-0053 by Planning Commission on November 15, 2018)

1. Prior to commencement of work, a building permit shall be obtained from the Building Inspection Division. Four (4) sets of final construction drawings shall be submitted with the building permit application and the Conditions of Approval in this Exhibit shall be copied on the first sheet of the plan set.

2. All improvements shall be designed, constructed, installed and maintained in a professional manner and appearance.

3. No modifications or alterations to the approved plans, during initial use or construction or any time thereafter, shall be permitted without prior approval by the Community Development Director.

4. All materials and colors shall be as approved. Once constructed or installed, all improvements shall be maintained in accordance with the approved plans. Any changes which affect the exterior character of the work shall be resubmitted for approval. The construction or placement of unapproved features or unapproved changes to buildings or structures will result in the issuance of a "Stop Work Order" by the City, the need to revise plans and obtain City approval for all changes prior to recommencing work, and the possibility of penalty fees being assessed for unauthorized work.

5. All vents, gutters, downspouts, flashings, etc. shall be painted to match the color of adjacent surfaces. No electrical conduits or similar piping shall be allowed on the exterior of the building unless approved prior to installation by the Community Development Director.

6. All architectural elements such as soffits, screens, etc., not shown or detailed on the plans shall be finished in a material and color in harmony with the exterior of the building.

7. Exterior lighting of the building and site shall not be directed onto adjacent properties, and the light source shall be shielded from direct off-site view.

8. All mechanical equipment, including electrical and gas meters, shall be architecturally screened from view.

9. Standard residential security requirements as established by Chapter 15.28 of the Foster City Municipal Code shall be provided.

10. Prior to any final building inspection approval, any imposed conditions and all improvements shall be completed in accordance with the approved plans and to the satisfaction of the City.

11. The placement of materials disposal or trash bins within public rights-of-way, including on public streets and on public sidewalks, shall not be allowed until such time as an Encroachment Permit has been issued by the Engineering Division of the Public Works Department.

12. In order to assure public safety and minimize the unattractive short term aspects of construction on the neighborhood, prior to issuance of a building permit, building plans shall include site control information which, at a minimum: 1) Provides that a 6 (six) foot tall chain-link fence (no portion of which contains barbed wire) with a dark green (or other color approved by the Community Development Director) vinyl or canvas liner placed on the exterior of the fence shall be placed around any yard or any portion of a yard which the Chief Building Official shall identify as requiring such.
13. All required fencing shall be in place prior to the commencement of any work on site, shall remain in place for such time as required by the Chief Building Official and shall be removed prior to the issuance of an Occupancy Permit. The gate to the fence shall be locked at all times that the fenced area is left unattended by either the owner or resident, the contractor or subcontractors. All construction materials and equipment, including temporary or portable equipment, such as generators, storage containers or facilities, shall be stored within the interior of the fenced area when construction activities are not occurring. If placed anywhere on site, portable toilets shall be placed within the interior of the fenced area at all times.

14. Building materials, construction equipment and tools, or other items related to the construction or demolition work to be performed shall be stored behind and below required fencing/screening unless special approval to place or store the materials or items is granted by the Community Development Director.

15. If the value of the project exceeds $100,000, then prior to issuance of a building permit, the applicant shall submit a Waste Management Plan with estimated quantities of debris expected to be generated by the project, how it will be recycled/disposed of, and an accompanying deposit in accordance with Chapter 15.44 of the Foster City Municipal Code.

16. Once a building permit is issued, it is the permit holder's responsibility to ensure that the project receives a final inspection before the building permit expires (180 days after the last inspection). Failure to receive and/or pass a final inspection will result in the expiration of the building permit which will require additional fees to reactivate.

17. All flashings shall be painted to match the color of the adjacent surfaces. No electrical conduits or similar piping shall be allowed on the exterior of the building unless approved by the Community Development Director prior to installation.

18. Construction activities shall be limited to the hours of 8 a.m. to 5 p.m. on weekdays Monday through Friday. No construction shall take place on Saturdays, Sundays or legal holidays. All construction related activities including but not limited to noise, vibration, dust etc. shall be in accordance with Chapter 17.68, General Performance Standards, of Title 17, of the Foster City Municipal Code.

19. All areas being repaired shall be finished, painted, and treated in a manner to form a seamless transition between the existing and the adjacent surfaces.

20. The trellis shall be replaced immediately upon completion of the boardwalk repairs.

21. The trellis shall be replaced in kind and match the other two trellises with respect to location, size, style, material, and design. Any proposed change(s) shall be reviewed and approved by Planning Division staff prior to Building permit submittal.

22. The trellis shall be painted and maintained in a professional manner to the satisfaction of the Community Development Director. At any time the trellises show signs of discoloration and/or deterioration, it shall be repainted and repaired in a timely manner as determined by the Community Development Director.

23. Outdoor seating shall be provided beneath the trellis in the patio area on the north elevation.

**Bold Text Indicates Site Specific Condition**
REGULAR MEETING OF THE FOSTER CITY PLANNING COMMISSION
Council Chambers – 620 Foster City Boulevard – Foster City

MINUTES

NOVEMBER 15, 2018

1. CALL TO ORDER

At 7:00 p.m. by Dyckman

2. ROLL CALL

Present: Commissioners Avram, Pattum, Williams, Wykoff and Chair
Dyckman

Staff Present: Curtis Banks, Community Development Director; Jean Savarese,
City Attorney; Monica Ly, Assistant Planner; Timothy Maier,
Associate Planner

3. COMMUNICATIONS FROM THE PUBLIC

1. None

4. CONSENT CALENDAR

1. MINUTES OF NOVEMBER 1, 2018 REGULAR MEETING

ACTION: Motion by Commissioner Avram, seconded by Commissioner Pattum to
approve the Minutes of November 15, 2018 Regular Meeting, passed 5-0-0-0

5. CONTINUED PUBLIC HEARING

1. None

6. NEW PUBLIC HEARING

1. USE PERMIT MODIFICATION REQUEST TO REMOVE THE PREVIOUSLY
APPROVED TRELLIS AND FENCE LOCATED AT 979-A EDGEWATER BOULEVARD
IN THE EDGEWATER SHOPPING CENTER – EDGEWATER HOLDING
CORPORATION – APN: 094-541-070 – NEIGHBORHOOD 8 – UP2018-0053

Commissioner Pattum recused himself due to living within 500 feet of the subject
property.

ACTION: Motion by Commissioner Williams, seconded by Commissioner Avram to close
public hearing, passed 4-0-1-0 (Pattum)

ACTION: Motion by Commissioner Williams, seconded by Commissioner Avram, to
Adopt Resolution No. P-25-18, denying removal of the trellis and approving removal of
the fence UP2018-0053, passed 4-0-1-0 (Pattum)

Commissioner Pattum returns.
2. USE PERMIT REQUEST TO CONSTRUCT AN APPROXIMATELY 907 SQUARE-FOOT ADDITION TO THE FIRST STORY AND AN APPROXIMATELY 1,770 SQUARE-FOOT ADDITION TO THE SECOND STORY OF AN EXISTING APPROXIMATELY 2,690 SQUARE FOOT, TWO-STORY, SINGLE-FAMILY WATERFRONT HOME LOCATED AT 926 ARUBA LANE IN NEIGHBORHOOD 7 (PLUM ISLAND) – APN: 094-850-520 – AWASTHI – AR2018-0040

- Continue to a date uncertain to address comments from the Planning Commissioners.

7. OLD BUSINESS

1. None

8. NEW BUSINESS

1. None

9. STUDY SESSION

1. None

10. COMMUNITY DIRECTOR REPORT

1. None

11. STATEMENTS AND REQUESTS FROM THE COMMISSIONERS

1. Commissioner Williams, Pattum, Wykoff and Avram had comments.

12. ADJOURNMENT

Adjourned at 8:18 PM to a December 6, 2018 Regular Meeting, Council Chambers, 620 Foster City Boulevard, Foster City, California.
PASSED AND ADOPTED by the Planning Commission of the City of Foster City at a Regular Meeting thereof held on December 6, 2018 by the following vote:

AYES, COMMISSIONERS: Pattum, Williams, Wykoff and Chair Dyckman

NOES, COMMISSIONERS:

ABSTAIN, COMMISSIONERS:

ABSENT, COMMISSIONERS: Avram

ATTEST:

CURTIS BANKS, SECRETARY

DAN DYCKMAN, CHAIRMAN
REQUESTED ACTION/PURPOSE

Use Permit Modification request to remove one of the three trellises and metal fence previously approved for 979-A Edgewater Boulevard in the Edgewater Shopping Center.

RECOMMENDATION

That the Planning Commission adopt the attached resolution denying the removal of the trellis and approving the removal of the metal fence subject to the conditions of the approval in Exhibit A.

GENERAL INFORMATION

GENERAL PLAN DESIGNATION: NC (Neighborhood Commercial)

ZONING DISTRICT: C-1/PD (Neighborhood Business/Planned Development Combining) District

ZONING HISTORY: On March 4, 1976, the Planning Commission approved a Use Permit for the Edgewater Place Shopping Center (UP-76-001).

On December 6, 1979, the Planning Commission adopted a resolution approving the modification to UP-76-001 to allow architectural modifications – Customs House (Building G) (P-120-79)

On September 7, 1989, the Planning Commission adopted a resolution approving the modification to UP-76-001 to add three trellises to the exterior of Building G (P-116-89).

On March 20, 2000, the City Council adopted a resolution approving an amendment to UP-76-001 to address maintenance issues (UP-76-001W), (P-2000-35).
On May 1, 2000, the City Council adopted a resolution approving an amendment to UP-76-001 to address maintenance issues related to garbage handling (UP-76-001W), (P-2000-49).

SURROUNDING LAND USE: North: Beach Park Boulevard/Residential Condominiums
South: Port Royal Avenue/Single Family Homes
East: Lagoon/Single Family Homes
West: Edgewater Boulevard/Single Family Homes

LOT SIZE: 8.9 acres

KEY PLANNING OR DESIGN ISSUES

- Building Articulation

BACKGROUND

On March 4, 1976, the Planning Commission approved a Use Permit to construct the Edgewater Place Shopping Center (UP-76-001). The Shopping Center is comprised of mostly single-story buildings and a two-story building facing Edgewater Boulevard. The Shopping Center consists of 42 suites total, 6 of which are currently vacant. The suites are occupied by neighborhood serving businesses including a large grocery store, restaurants, cafés, salons, tutoring center, etc. Under the approved Use Permit, Condition No. 1.1 stated: “That all construction shall be completed and maintained in a professional manner and appearance.”

Since at least 1997, there has been a history of ongoing property maintenance issues and on March 20, 2000, the City Council adopted a Resolution to address the maintenance issues. Some progress have been made however several maintenance issues were still outstanding and after receiving numerous residential complaints, the City of Foster City filed a complaint for injunctive relief and abatement of a public nuisance on December 11, 2017. Since then, city staff and the city attorney has been actively engaged with the Edgewater Place Property Management in addressing the outstanding issues in order to bring the Center into Compliance with City Codes for property maintenance. See Section 9.52.010 of Chapter 9.52, Property Maintenance of the Foster City Municipal Code below.

During one of the site walkthroughs with the property manager, city staff, and the city attorney, it was discovered that the trellis located on the north elevation above a patio area was in disrepair and needed to be repainted. Later, the applicant indicated the trellis suffers from extensive deterioration, contains dry-rot, and must completely be rebuilt. Rather than repair or replace the trellis, the applicant proposed to remove the trellis along with the existing metal fence surrounding the patio area. However, since the trellises and metal fencing were approved by the Planning Commission as part of a Use Permit, removal of the trellis and metal fencing requires Planning Commission approval.

On September 7, 1989, the Planning Commission approved a Use Permit Modification request to allow three trellises to be added to the exterior elevation of Building G, located on the south east end of the Center. The building is currently occupied by the Warehouse Buffet. One of the trellises on the north elevation is located above the existing outdoor patio dining area and is approximately 32'-0" long by 32'-0" long by 32'-3" wide and 10'-0" high. The second trellis on the north elevation is located near the entrance and is approximately 62'-0" long by 11'-3" wide and 9'-0" high and extends the length of the building from the entrance. The third trellis is
located above the outdoor patio dining area on the south elevation and is approximately 66”-0” long by 10’-3” wide and 9’-6” high. All of the existing trellises are constructed out of pressure-treated Douglas fir. Underneath the trellis on the north elevation surrounding the patio dining area is an existing metal fence. The dimensions are approximately 32’-0” by 32’-0” by 10’-0” by 12’-0” by 20’-0” and 3’-0” high. See attached plans.

When the Commission approved the exterior modifications to the Use Permit adding the trellises, one of the Conditions of Approval was that the work be completed and maintained in a professional manner and appearance (Condition No. 88 of Planning Commission Resolution P-116-89). However, due to the lack of maintenance and upkeep, the trellises appeared to be in poor condition and became a part of ongoing code enforcement related to property maintenance at the Center. During a recent property inspection, the Property Management observed that one of the trellises located on the north east elevation above outdoor patio area was deteriorating, showed signs of rotted wood and determined it to be a safety hazard. Instead of repairing or replacing the trellis, the Property Management proposes to removal the trellis. The applicant has also requested removal of the metal fence enclosing the outdoor patio area. See attached letter from Edgewater Holding Corporation requesting removal of the trellis and fence. Also, see attached aerial map showing the location of the trellis and fence and photographs.

Section 9.52.010 of Chapter 9.52, Property Maintenance of the Foster City Municipal Code:

It is a public nuisance for any person owning, leasing, occupying, or having charge of any premises in this city to maintain or permit such property to be maintained in such manner that any of the following conditions which constitute a hazard to public health, safety or welfare and are deemed to be an offense against property are found to exist thereon:

A. Buildings or structures which are structurally unsafe or which constitute a fire hazard, or which are otherwise dangerous to human life, or which, in relation to existing use constitute a hazard to safety or health or public welfare by reasons of inadequate maintenance, dilapidation, obsolescence or abandonment;

D. Buildings, fences, or other structures which are or have been abandoned, boarded up, partially destroyed, in need of repair or maintenance or permitted to remain in a state of partial construction;

E. Unpainted, unstained, partially chipped or peeling exteriors of buildings, fences and structures causing or tending to cause dry rot, warping or termite infestation, or buildings, fences and structures left partially unpainted for unreasonable periods of time;

N. Maintenance of premises in such condition as to be detrimental to the public health, safety or general welfare or in such manner as to constitute a public nuisance;

Public Noticing
In order to inform the most immediately-affected property owners, the neighborhood and the general public, the Public Hearing was noticed in the following ways:

- Published in the Islander on October 25, 2018
- Displayed on FCTV/Channel 27 on October 25, 2018
- Displayed on the marquee at Leo J. Ryan Park from November 8, 2018 through November 15, 2018
- Sent via email through the Planning Listserv on October 25, 2018
- A Public Notice was mailed to neighbors within 500 feet of the subject site on October 30, 2018
- Posted on the Foster City website at www.fostercity.org on October 25, 2018
ANALYSIS

The Edgewater Shopping Center comprises of mostly single-story buildings and one two-story building (Building J), consist of restaurants and other neighborhood-serving businesses. Since the Shopping Center was built, much of its appearance has remained the same such as the horizontal wood siding, the clock towers, the canvas awnings and a mix of sloped roof forms and flat roof with parapets. Additionally, the Shopping Center features a boardwalk which extends the entire length of the lot facing the lagoon.

Building G, where the Warehouse Buffet is currently located, is one of the Major Credit Tenants. Major Credit Tenants as identified by the Edgewater Place Shopping Center Management are tenants that occupy major square footage at a minimum of 3,500 square feet. The original design of the Shopping Center provides little articulation, especially on the east elevation as seen from across the lagoon. Given the size of the tenant space of Building G, the three trellises located on the north and south elevations adds needed articulation, visual interest and variety to the existing design of the Shopping Center. Although the Warehouse Buffet does not offer an outdoor restaurant dining experience like the former Chevy’s Restaurant, this space can be a valuable amenity to the patrons visiting the center as well as possible future tenants. Retaining the trellis would provide an opportunity to offer benches or general seating with views of the lagoon as well as activate the space. The proposal to remove the trellis would deactivate the space along the boardwalk by converting this large space on the north side of Building G into dead space. Removing the trellis may also potentially discourage a future tenant who desires a shaded outdoor dining space. Given that it was the responsibility of the Property Management to maintain the trellises and perform timely repairs, removal of the trellis without replacement cannot be justified. In response to the Public Hearing noticing, staff received a phone call from the adjacent property owner from across the lagoon who expressed that the trellis should be retained as it provides architectural interest and that removing the trellis would make the buildings appear plain as seen from across the water. The property owner also expressed concerns regarding the removal of the metal fence.

As noted previously, the applicant also proposes to remove the existing low metal fence around the outdoor patio located on the north elevation. While the seating area serves Building G (Warehouse Buffet) customers, the tenant is not given exclusive use of the outdoor patio and therefore the existing metal railing currently acts as a barrier preventing limited access to Edgewater patrons for use of the space. Therefore, staff supports the removal of the metal fence.

STAFF COMMENTS/RECOMMENDATION

Staff cannot make the findings to justify the removal of a desirable architectural feature and amenity of the site and therefore, Staff recommends denial of the Use Permit Modification request to remove the trellis and approval of the request to remove the metal fence with the added condition that some outdoor seating be provided.

SUMMARY

The following table outlines the unresolved project issues where the applicant and staff disagree and which require a decision by the Planning Commission.
Table 1: Summary of Unresolved Issues

<table>
<thead>
<tr>
<th>Planning Issue</th>
<th>Proposed By Applicant</th>
<th>Staff Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trellis above outdoor patio area</td>
<td>Removal</td>
<td>Replacement and retaining some outdoor seating</td>
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</table>

**NEXT STEPS**

The Planning Commission’s action on the proposal is final unless appealed to the City Council. There is an appeal period of ten (10) calendar days following any action of the Planning Commission.

**INDIVIDUALS, ORGANIZATIONS, AND DOCUMENTS CONSULTED**

Johanne Vailleau, Assistant Property Manager  
File UP-1-76 F6 A  
UP-76-001W File #1-3  
UP-1-76 General File #10  
UP-1-76 September 7, 1989 Approved Plans  
Planning Commission Resolution P-116-89  
City Council Resolutions P-2000-35 and P-2000-49

**FINDINGS**

Refer to attached Resolution.

**CONDITIONS**

Refer to Exhibit A attached to Resolution.

**ATTACHMENTS**

- Resolutions (2)  
- Letter from Thomas Tin, General Manager, dated October 12, 2018  
- Vicinity Map  
- Plans and Photographs
APPEAL FORM

You may complete this form if you wish to appeal a decision of the Community Development Director or Planning Commission or you may submit a letter containing information in accordance with Section 17.06.150 of the Foster City Municipal Code.

Please note: All appeals must be filed within ten (calendar) days after the decision of the Community Development Director or Planning Commission. The appeal must be in writing and must provide information addressing all of the items below to be considered complete. The required appeal fee as adopted by the City Council must accompany an appeal to the Planning Commission of a decision of the Community Development Director (Planning Director) or an appeal to the City Council of a decision of the Planning Commission or it will be considered incomplete. Prior to submitting your appeal, please check with staff regarding the amount of the appeal fee due.

1. Appellant  Edgewater Holding Corporation
   (Your name, phone #  Thomas Tin - General Manager
   and address)  100 Bush Suite 218, SF CA 94104

2. Address of project  979-A Edgewater Blvd., Foster City CA


4. Brief description of decision being appealed

5. Relief or action sought  Reversal of decision and granting of application to remove a trellis. (Reversal of decision or change in conditions of approval, etc.)

6. Basis for the appeal. (A) List all findings made by the Planning Director or Planning Commission in the decision you are appealing. (B) Provide a written statement indicating which findings you contend were made in error and why. You may attach other sheets. Please attach all documentation supporting your request.

   See attached.

   Attachment to Appeal of Planning Commission Denial of Use Permit Modification

   (Resolution No.p.25-18, Case no. PU2018-0053, Nov.15,2018)

________________________
Signature  Thomas Tin - General Manager

11/21/2018
Date

FOSTER CITY
RECEIVED

NOV 27 2018

PLANNING/CODE ENFORCEMENT

Attachment:  Section 17.06.150 of the Foster City Municipal Code
C:\Users\etolentino\Desktop\Appeal Form.doc
1. The staff recommendation in support of denying the application cited FC Municipal Code 9.52.010 in support, which deals with health, safety and nuisance regulation. The staff recommendation, however, is based solely on one subjective aesthetic opinion—"articulation, visual interest and variety to the existing design". That is an arbitrary personal opinion which is not a proper basis for denial of the application, and it is unrelated to the code provision which is cited as the legal ground for denial.

The ordinances cited in the Resolution denying the application do not support replacement of the trellis as opposed to removing it. The arguments against the application are highly subjective and debatable. The design standards for new developments should not be applied to removal of this small trellis, a post-development addition solely for dining use by a former tenant (not for architectural improvement). Removal of the trellis is equally compatible with all the ordinances cited. Removal of the trellis doesn’t have a negative effect on zoning, site planning or economic development.

2. Aesthetic opinions are inherently personal, highly subjective and debatable; the views of the planning department staff as to what is more or less attractive should not override the owner’s right to decide what is best for its property, especially given the equally-credible opinions to the contrary.

3. The trellis is at the rear side corner of the center. Any "aesthetic" judgments, even if considered, should be based on the interior of the center which is where the public and tenants view architectural and aesthetic features. People walking on the boardwalk are focused on the lagoon, not whether or not the back wall has articulation. And if articulation is of serious concern, it is provided by the design of the walls and door alcoves at the rear of the buildings.

There are two other trellises in Building G which meet the "aesthetic" considerations.

4. The back side of the center is articulated as seen on the map. There is no viewing angle where articulation is reduced, and the effect on visual interest and variety is conjecture at best. The trellis blocks the view of the lagoon from in front of Building H, and the reduced size of the opening between Buildings F and G make the passages looked cramped. Given the absence of trellis, pergolas or similar features generally, it looks like a bad afterthought rather than part of a unified design.

5. The trellises were added by permit dated 9/7/1989, as explained below. The trellises were not deemed necessary to the original design. The back wall of the shopping center wasn’t
deemed deficient because of lack of "articulation, visual interest and variety to the existing design".

6. The trellis was added because Chevy's negotiated a lease with outdoor seating, no other reason. The present tenant, Warehouse Buffet, doesn't have that use. The reason for the trellis no longer exists. It is a relic which the owner has the right remove for the current use of the adjacent premises.

7. The shopping center has incurred substantial added security costs, numerous repairs have been made and are ongoing in response to the city's lawsuit last year, and pending boardwalk repairs expected to far exceed what was budgeted. Most of this cost is borne by tenants as "common area expenses". The tenants of this center are not national chains but are small, independently owned businesses. The landlord has the right (and obligation) to manage the center in a commercially reasonable manner, and that includes reducing expenses that are not necessary and don't benefit all tenants. That is part of the reason the trellis is not needed and is too expensive to replace in consideration of the costs and speculative benefits. To the extent any ordinance is relevant, the cost of replacing and maintaining the trellis is detrimental to property and people working in the center, most importantly the tenants who will bear the costs.

8. As staff recognizes, Warehouse Buffet doesn't offer an outdoor dining experience. That function of the trellis is obsolete. It is speculative and onerous to require the owner to replace and maintain a minor aesthetic feature in the possibility that a tenant far in the future may have a use for a trellis.

9. The input from a single neighbor should not carry any weight. If anything, it should be assumed that everyone else approves the application or, more likely, doesn't care at all. One citizen's opinion doesn't supersede the owner's right to deal with its property.

10. The "opportunity to offer benches and seating" is speculative and vague. The city never thought they were essential before, either in the original plans or when the trellis was added. Those amenities are the prerogative of the owner and affected tenants, and if they decide not to install seating, the trellis is useless except to collect bird droppings and incur maintenance expense. In any event, benches and seating can be provided without a trellis. In fact there are benches, seating and umbrellas in place along the boardwalk already. They address the aesthetic basis of the staff recommendation.

11. Applicant reserves the right to offer additional evidence and arguments in support of its appeal at the hearing, including in response to the staff report and evidence from others.
October 12, 2018

City of Foster City
610 Foster City Blvd.
Foster City, CA 94404-2222

RE: REMOVAL OF TRELLIS & FENCE: WAREHOUSE BUFFET LOCATED AT 979 EDGEWATER BLVD., FOSTER CITY, CA 94404

To Whom It May Concern:

The Owning Entity, Edgewater Holdings Corporation, being the General Manager of the property where the premises described above (the “Property”) is located, hereby consents to the removal of the exterior trellis and fence. During a property inspection, it was noticed that the trellis positioned above Warehouse Buffet’s outdoor seating area has suffered extensive deterioration and contains rotted wood which can become a safety hazard if ignored. Additionally, we are in the beginning stages of Phase-1 to the boardwalk repairs where the trellis and fence are also located. Removing both items would be both advantageous and beneficial as it would be incorporated into the repairs. While seating area serves Warehouse Buffet’s customers, tenant is given non-exclusive permission to use per the Lease, therefore maintenance and repairs of trellis, as deemed necessary, is the Landlord’s responsibility. Alongside the Use Permit Modification application, please accept site plan/aerial showing the location of the trellis and fence, photographs, drawings and pricing for removal of said items with detailed scope of work from our licensed General Contractor.

Based on what we have provided, we are requesting your approval to the Use Permit Modification.

Sincerely,

EDGEWATER HOLDINGS CORPORATION

[Signature]

Thomas Tin
General Manager
ACCESSIBLE PARKING & ACCESSIBLE ENTRY:

THE ACCESSIBLE PARKING SPACES ARE EXISTING AND IT IS TO BE VERIFIED TO MEET THE FOLLOWING REQUIREMENTS.

A). ALL ACCESSIBLE PARKING SPACES ARE TO BE WIDE 18' IN LENGTH.

B). FOR SINGLE PARKING SPACE: A 5' SIDE STRIPED PASSENGER LOADING/UNLOADING SPACE IS REQUIRED ON THE PASSENGER SIDE.

C). FOR VAN PARKING: A 9'WIDE LOADING/UNLOADING ACCESS AISLE IS REQUIRED ON THE PASSENGER SIDE.

D). VAN ACCESSIBLE PARKING SPACES: A MIN. WIDE ACCESS AISLE IS REQUIRED IN THE MIDDLE BETWEEN THE TWO SPACES.

2). THE CURB RAMP: THE CURB RAMP SLOPE SHALL BE LESS THAN 1/12 SLOPE OR 20 IN 48" OF MIN. WITH SIDE SLOPES TO BE LESS THAN 1/10 RATIO.

3). ENTRY ACCESS ROUTE: THE ACCESSIBLE PATH OF TRAVEL SHALL HAVE A MIN. 40" WIDTH WITH MAX. 12" CHANGES IN ELEVATION, SLOPE NOT EXCEED 5% (1/20 RATIO).

4). IDENTIFICATION OF PARKING SPACES FOR OFF-STREET PARKING FACILITIES: FOR PARKING SIGN (70 SQ. IN.) MOUNTED 6" ABOVE THE PAVING AT THE PARKING SPACE.

5). DRIVEWAY ENTRY SIGN: THE SIGN FOR "AUTHORIZED VEHICLES" IS PROVIDED AT ALL THE DRIVEWAY ENTRANCE.

6). INTERNATIONAL ACCESSIBILITY SIGN; INSTALL ACCESSIBILITY SIGN OR SYMBOL AT 60" ABOVE THE FLOOR.
CHEVY'S PATIO

Total Square Feet = 760 sq ft
North Side of Building
DATE: January 22, 2019

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

VIA: Jeff Moneda, City/District Manager

FROM: Jean Savaree, City Attorney

SUBJECT: APPROVING SECOND AMENDMENT TO CITY/DISTRICT MANAGER JEFF C. MONEDA’S EMPLOYMENT AGREEMENT

RECOMMENDATION

It is recommended that the City Council/EMID Board adopt the attached resolutions, approving the Second Amendment to the City/District Manager’s Employment Agreement, revising paragraph 2(A) to reflect a new base salary of $243,960 ($20,300 per month).

BACKGROUND/ANALYSIS

On May 21, 2018, an Employment Agreement was entered into with Jeff C. Moneda, appointing Mr. Moneda as City/District Manager effective July 1, 2018.

The Agreement at Paragraphs 6(A), (B), and (C) provides:

A. CITY COUNCIL/EMID BOARD agrees to meet with MONEDA six (6) months from the effective date of this Agreement to evaluate MONEDA’S performance.

B. Thereafter, the CITY COUNCIL/EMID BOARD shall review and evaluate the performance of MONEDA annually. Said review and evaluation shall be in accordance with specific criteria developed jointly by CITY COUNCIL/EMID BOARD and MONEDA. Said criteria may be added to or deleted from as the CITY COUNCIL/EMID BOARD may from time to time determine, in consultation...
with **MONEDA**. The **CITY COUNCIL/EMID BOARD** shall provide **MONEDA** with a summary written or oral evaluation of the **CITY COUNCIL/EMID BOARD** and provide an adequate opportunity for **MONEDA** to discuss his evaluation with the **CITY COUNCIL/EMID BOARD** in closed session.

C. Annually, the **CITY COUNCIL/EMID BOARD** and **MONEDA** shall define goals and performance objectives as they determine necessary for the proper operation of CITY/DISTRICT and in the attainment of the **CITY COUNCIL/EMID BOARD’S** policy objectives. The **CITY COUNCIL/EMID BOARD** and **MONEDA** shall establish a relative priority among those various goals and objectives, or if not done in consultation with the **CITY COUNCIL/EMID BOARD**, **MONEDA** shall establish same and submit it to the **CITY COUNCIL/EMID BOARD**, and said goals and objectives will be reduced to writing. The goals and objectives shall generally be attainable within the time limitations as specified and the annual operating and capital budgets and appropriations provided.

On January 7, 2019, the City Council/District Board conducted the City Manager’s initial 6-month evaluation. Based upon that review, the City Council/District Board instructed that a contract amendment be prepared to adjust the City/District Manager’s base compensation by 7%. Attached for the City Council/District Board’s review is the contract amendment and resolutions amending Section 2(A) of the City/District Manager’s Employment Agreement, adjusting the City/District Manager’s base annual compensation by 7%. If approved, this would increase the City/District Manager’s base salary from $228,000 to $243,960 ($20,330 per month).

This adjustment brings the City/District Manager’s base salary from 4% below to 3% above the median salary of City Managers in San Mateo County (i.e. $19,725 per month).

No other provisions in the City/District Manager’s contract would be changed if this amendment is approved. If adopted, then both the Mayor/President and City/District Manager would execute the contract amendment attached to this report.

**FISCAL IMPACT**

This amendment, effective January 1, 2019, would result in a $10,732 increase in the City/District Manager’s total compensation for Fiscal Year 2018-2019. This reflects the increased base salary, deferred compensation, and PERS contributions for that time period.
Attachments:

- Attachment 1 - City Resolution
- Attachment 2 - EMID Resolution
- Attachment 3 - Second Amendment to the Employment Agreement
- Attachment 4 - Employment Agreement
RESOLUTION NO.__________

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FOSTER CITY
APPROVING THE SECOND AMENDMENT TO CITY MANAGER JEFF C. MONEDA’S
EMPLOYMENT AGREEMENT

CITY OF FOSTER CITY

WHEREAS, the City of Foster City and Jeff C. Moneda entered into an
Employment Agreement on May 21, 2018, which appointed Jeff C. Moneda as City
Manager for the City of Foster City effective July 1, 2018; and

WHEREAS, pursuant to the Employment Agreement, the City Council is required
to evaluate the City Manager’s performance within six months of appointment; and

WHEREAS, the City Council undertook the six month review of the City Manager’s
performance on January 7, 2019; and

WHEREAS, based on its review, the City Council has determined that the City
Manager’s base compensation should be adjusted; and

WHEREAS, the City Manager’s Employment Agreement requires that adjustments
to compensation be approved by resolution.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Foster
City, that the City Manager’s Employment Agreement is hereby amended, as outlined in
the Second Amendment to reflect that his base annual compensation, effective January
1, 2019, shall be adjusted from $228,000 to $243,960.
PASSED AND ADOPTED as a resolution of the City Council of the City of Foster City at the regular meeting held on the 22nd day of January, 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

__________________________
SAM HINDI, MAYOR

ATTEST:

__________________________
PRISCILLA TAM, CITY CLERK
RESOLUTION NO.____________

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ESTERO MUNICIPAL IMPROVEMENT DISTRICT APPROVING THE SECOND AMENDMENT TO CITY MANAGER JEFF C. MONEDA’S EMPLOYMENT AGREEMENT

ESTERO MUNICIPAL IMPROVEMENT DISTRICT

WHEREAS, the Estero Municipal Improvement District and Jeff C. Moneda entered into an Employment Agreement on May 21, 2018, which appointed Jeff C. Moneda as District Manager for the Estero Municipal Improvement District effective July 1, 2018; and

WHEREAS, pursuant to the Employment Agreement, the Board of Directors is required to evaluate the District Manager’s performance within six months of appointment; and

WHEREAS, the Board of Directors undertook the six month review of the District Manager’s performance on January 7, 2019; and

WHEREAS, based on its review, the Board of Directors has determined that the District Manager’s base compensation should be adjusted; and

WHEREAS, the District Manager’s Employment Agreement requires that adjustments to compensation be approved by resolution.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Estero Municipal Improvement District, that the District Manager’s Employment Agreement is hereby amended, as outlined in the Second Amendment to reflect that his base annual compensation, effective January 1, 2019, shall be adjusted from $228,000 to $243,960.
PASSED AND ADOPTED as a resolution of the Board of Directors of the Estero Municipal Improvement District at the regular meeting held on the 22nd day of January, 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

__________________________
SAM HINDI, PRESIDENT

ATTEST:

__________________________
PRISCILLA TAM, DISTRICT SECRETARY
SECOND AMENDMENT TO THE EMPLOYMENT AGREEMENT BETWEEN
THE CITY OF FOSTER CITY/ESTERO MUNICIPAL IMPROVEMENT DISTRICT AND
JEFF C. MONEDA

This document constitutes the Second Amendment to the Employment Agreement entered into as of the 21st day of May, 2018 by and between the City of Foster City/Estero Municipal Improvement District, hereinafter called “CITY/DISTRICT” and Jeff C. Moneda, hereinafter called “MONEDA”.

RECITALS

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

A. The City Council/EMID Board and MONEDA desire to amend Paragraph 2(A) of the Employment Agreement.

B. Paragraph 2(A) of the Employment Agreement shall be amended to read as follows:

3. COMPENSATION.

A. MONEDA'S base salary shall be Two Hundred Forty-Three Thousand Nine Hundred Sixty Dollars ($243,960.00) per year, effective January 1, 2019.

C. All other terms and conditions of the Employment Agreement, dated May 21, 2018, and First Amendment, dated July 17, 2018, shall remain in force and effect.
IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to be executed on the date written below by their respective officers duly authorized in that behalf.

DATED: _______________________         DATED: _____________________

CITY OF FOSTER CITY/ESTERO
MUNICIPAL IMPROVEMENT DISTRICT

_______________________________                    _____________________________
By: Sam Hindi, Mayor/President        Jeff M. Moneda

ATTEST:

________________________________
By: Priscilla Tam, City Clerk/District Secretary

APPROVED AS TO FORM

________________________________
By: Jean B. Savaree, City Attorney/
District Legal Counsel
EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is entered into this 21st day of May, 2018, by and between the City of Foster City/Estero Municipal Improvement District, a municipal corporation authorized and existing under the laws of the State of California (hereinafter “CITY/DISTRICT”), and Jeff C. Moneda, an individual (hereinafter “MONEDA”). In consideration of the mutual covenants and conditions contained herein and the faithful performance of the terms as set forth below, the parties agree as follows:

1. EMPLOYMENT – TERM.

A. Pursuant to the terms of this Agreement, MONEDA agrees to serve as CITY/DISTRICT MANAGER, as an at-will, exempt/management employee appointed and directed by the collective action of the City Council/EMID Board of Directors (hereinafter “CITY COUNCIL/EMID BOARD”) acting on behalf of CITY/DISTRICT. MONEDA agrees to serve as CITY/DISTRICT MANAGER in compliance with CITY COUNCIL/EMID BOARD policies and directives, and to perform those duties and responsibilities as more particularly set forth in the Foster City Municipal Code and Estero Municipal Improvement District Code, as currently adopted and as may be changed or added to, under and pursuant to the general direction of the CITY COUNCIL/EMID BOARD.

B. The term of this Agreement shall commence on July 1, 2018. This Agreement shall remain in full force and effect until terminated as set forth in Section 8.

C. MONEDA agrees to remain in the exclusive employ of CITY/DISTRICT throughout the life of this Agreement and, except as described in Section 8 below, to neither accept other employment nor to become employed by any other employer.

D. During the period of his employment hereunder MONEDA shall devote his best efforts, attention, and skills to the business and affairs of CITY/DISTRICT as such business and affairs now exist and as they may be hereafter changed or added to, under and pursuant to the general direction of the CITY COUNCIL/EMID BOARD.

E. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of the CITY COUNCIL/EMID BOARD to terminate the services of MONEDA at any time, subject only to the provisions set forth in Section 8 of this Agreement.
F. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of the MONEDA to resign at any time from his position with CITY/DISTRICT, subject only to the provisions set forth in Section 8 of this Agreement.

2. COMPENSATION.

A. MONEDA'S base salary shall be Two Hundred Twenty Eight Thousand Dollars ($228,000.00) per year.

B. MONEDA is a salaried employee and is exempt from the Fair Labor Standards Act (FLSA).

C. MONEDA shall receive the same percentage salary adjustments as the CITY/DISTRICT may from time to time confer upon the class of employees covered by the Compensation and Benefits Plan for the City of Foster City and Estero Municipal Improvement District Management employees.

D. The CITY COUNCIL/EMID BOARD may also from time to time, at its sole discretion, grant merit increases to MONEDA.

3. BENEFITS.

A. Unless provided otherwise in this Agreement, MONEDA shall receive all management benefits provided to CITY/DISTRICT employees pursuant to the approved Compensation and Benefits Plan for the City of Foster City and Estero Municipal Improvement District Management employees. Any benefits MONEDA earned or accrued as a CITY/DISTRICT employee prior to entering into this Agreement, including vacation, shall not be affected by this Agreement, and subject to any changes to benefits that may, from time to time, be authorized by the CITY COUNCIL/EMID BOARD.

B. CITY/DISTRICT shall also pay the premiums for MONEDA and his spouse for all insurance plans offered by the CITY/DISTRICT, including but not limited to medical, dental, vision, long term disability and a Five Hundred Thousand Dollar ($500,000.00) group life insurance policy for MONEDA with the beneficiary to be designated by MONEDA under a program selected and administered by the CITY/DISTRICT.

4. AUTOMOBILE.

CITY/DISTRICT shall provide MONEDA full-time use of a vehicle owned by the CITY/DISTRICT, with all costs of operation paid for by the CITY/DISTRICT, including maintenance, repair and insurance. All costs
associated with an automobile shall be included in MONEDA'S annual budget which is approved by the CITY COUNCIL/EMID BOARD. MONEDA may use the vehicle for all business and personal purposes as MONEDA may choose, but in no event shall persons not employed by the CITY/DISTRICT be permitted habitual use of such vehicle.

5. EXPENSE REIMBURSEMENT.

The CITY/DISTRICT acknowledges its interest in the continuing professional development of MONEDA and agrees to allow and pay all expenses associated with attendance at annual conferences of the International City Management Association, League of California Cities and City Manager's Department of the League of California Cities. Further, the CITY/DISTRICT agrees to pay the membership dues for MONEDA in the International City Management Association, California City Management Foundation and the San Mateo County City Managers' Association. With the prior consent of the CITY COUNCIL/EMID BOARD, the CITY/DISTRICT agrees to allow MONEDA to attend and participate in such other professional associations and conferences as may be mutually agreeable to both parties. The CITY/DISTRICT acknowledges the right of MONEDA to engage in other professional activities as long as they do not interfere or conflict with MONEDA'S duties as CITY/DISTRICT Manager. Such professional activities may include teaching, writing and speaking.

6. PERFORMANCE EVALUATION.

A. CITY COUNCIL/EMID BOARD agrees to meet with MONEDA six (6) months from the effective date of this Agreement to evaluate MONEDA'S performance.

B. Thereafter, the CITY COUNCIL/EMID BOARD shall review and evaluate the performance of MONEDA annually. Said review and evaluation shall be in accordance with specific criteria developed jointly by CITY COUNCIL/EMID BOARD and MONEDA. Said criteria may be added to or deleted from as the CITY COUNCIL/EMID BOARD may from time to time determine, in consultation with MONEDA. The CITY COUNCIL/EMID BOARD shall provide MONEDA with a summary written or oral evaluation of the CITY COUNCIL/EMID BOARD and provide an adequate opportunity for MONEDA to discuss his evaluation with the CITY COUNCIL/EMID BOARD in closed session.

C. Annually, the CITY COUNCIL/EMID BOARD and MONEDA shall define goals and performance objectives as they determine necessary for the proper operation of CITY/DISTRICT
and in the attainment of the CITY COUNCIL/EMID BOARD’S policy objectives. The CITY COUNCIL/EMID BOARD and MONEDA shall establish a relative priority among those various goals and objectives, or if not done in consultation with the CITY COUNCIL/EMID BOARD, MONEDA shall establish same and submit it to the CITY COUNCIL/EMID BOARD, and said goals and objectives will be reduced to writing. The goals and objectives shall generally be attainable within the time limitations as specified and the annual operating and capital budgets and appropriations provided.

D. The CITY COUNCIL/EMID BOARD and MONEDA are committed to developing a productive working relationship. Therefore, CITY COUNCIL/EMID BOARD or MONEDA may periodically request review sessions to address issues affecting said working relationship in addition to the annual evaluation process.

7. SUSPENSION.

The CITY COUNCIL/EMID BOARD may suspend MONEDA with full pay and benefits at any time during the term of this Agreement. The sixty (60) day notice provisions in Section 8 shall not apply during any suspension. Notwithstanding any provision to the contrary, MONEDA shall reimburse the CITY/EMID any and all leave salary which may be paid to MONEDA pending any investigation of the employment related conduct of MONEDA if MONEDA is convicted of a crime involving abuse of his office or position as defined in Government Code Section 53243.4. In addition, if the Agreement is terminated and MONEDA is later convicted of a crime involving an abuse of his office or position, any cash settlement related to termination of the Agreement shall be fully reimbursed by MONEDA.

8. TERMINATION OF EMPLOYMENT/SEVERANCE.

This Agreement may be terminated in the following manner:

A. Resignation – MONEDA may voluntarily resign by delivering a letter of resignation to the CITY COUNCIL/EMID BOARD not less than sixty (60) days prior to the effective date of resignation. Upon the effective date of such voluntary resignation, CITY/DISTRICT shall pay to MONEDA all monthly compensation and benefits accrued and owing to MONEDA at that time. During the sixty (60) day notice period, MONEDA may accept other employment, provided that the start date of that other employment does not commence before MONEDA’S date of resignation.
B. Termination Without Cause – MONEDA acknowledges that he is an at-will employee who serves at the pleasure of the CITY COUNCIL/EMID BOARD. As such, his employment may be terminated by the CITY COUNCIL/EMID BOARD without cause, but a termination without cause is not authorized for six (6) months after each City Council election. The CITY COUNCIL/EMID BOARD retains the right to terminate MONEDA for cause during that time period.

C. Termination For Cause – In the event MONEDA is terminated by CITY COUNCIL/EMID BOARD for cause, MONEDA shall be given written notice setting forth the reasons for such termination and shall be afforded a hearing, if requested by MONEDA, within ten (10) days of receipt of the notice. At the sole discretion of MONEDA said hearing may be held in public. Following the hearing the CITY COUNCIL/EMID BOARD shall determine by majority vote whether or not MONEDA shall be terminated. No severance or termination pay shall be awarded to MONEDA if CITY COUNCIL/EMID BOARD terminates MONEDA for cause. In this Agreement “for cause” means:

1. Dishonesty, willful misconduct or gross neglect by MONEDA in the performance of his obligations under this Agreement;

2. Theft, embezzlement or other similar misappropriation of funds or property of CITY/DISTRICT by MONEDA;

3. Intentional damage to any property of CITY/DISTRICT that results in a significant liability to CITY/DISTRICT;

4. The failure of MONEDA to follow the reasonable and lawful instructions and policy of CITY/DISTRICT with respect to MONEDA’S duties hereunder;

5. Conviction of a felony;

6. Loss of mental capacity for a period of six consecutive months;

7. Habitual intoxication on duty, whether by alcohol or drugs;

8. Inexcusable absences without leave;

9. Willful violation of Federal/State law;

10. Willful violation of any conflict of interest law;
11. Performance of material outside business activity that conflicts with his duties as the CITY/DISTRICT Manager.

D. Severance – If the CITY COUNCIL/EMID BOARD terminates MONEDA without cause under Subsection 8B, then MONEDA shall, upon execution of an agreement releasing all claims which could be made against CITY/DISTRICT, be entitled to severance pay equal to twelve (12) months if the termination occurs within the first year after the effective date of this Agreement, nine (9) months if the termination occurs within the second year after the effective date of this Agreement, and six (6) months if the termination occurs at any point thereafter.

E. The decision to terminate MONEDA per Subsections B, C or D of this Section shall be made in closed session and reported out of closed session as required by the California Government Code.

9. NOTICES.

Notices to MONEDA pursuant to this Agreement shall be given by deposit in the United States mail, postage prepaid, addressed as follows:

Jeff C. Moneda, 610 Foster City Boulevard, Foster City, CA 94404 or such other address as MONEDA may list with CITY/DISTRICT from time to time. Alternatively, notices to MONEDA required pursuant to this Agreement may be personally served. Notice shall be deemed given as of the date of personal service or two days after the date of deposit of such written notice in the United States mail.

Notices to CITY/DISTRICT shall be personally delivered to the CITY CLERK or ACTING CITY CLERK and to the CITY COUNCIL/EMID BOARD, 610 Foster City Boulevard, Foster City, CA 94404. Alternatively, notices shall be hand delivered to each member of the CITY COUNCIL/EMID BOARD.

10. NON-DISCLOSURE OF CONFIDENTIAL INFORMATION.

MONEDA shall not, during the term of this Agreement, or any time thereafter, impart to anyone any confidential information which he may acquire in the performance of his duties as CITY/DISTRICT MANAGER under this Agreement, except as permitted by CITY/DISTRICT or under compulsion of law.

11. BINDING AGREEMENT.

This Agreement shall be binding on the heirs, successors and assigns of the parties.
12. **ENTIRE AGREEMENT.**

This Agreement contains the entire agreement between the parties. No promise, representation, warranty or covenant not included in this Agreement has been or is relied upon by either party to this Agreement.

13. **AMENDMENT OF AGREEMENT.**

This Agreement may be amended in writing by mutual agreement of the parties.

14. **GOVERNING LAW.**

This Agreement has been executed in Foster City, California, and shall be governed in accordance with the laws of the State of California in every respect.

15. **MEDIATION.**

Neither MONEDA nor CITY/DISTRICT shall be permitted to file legal action without first meeting in mediation and making a good faith attempt to reach a mediated resolution which mediation shall be conducted within thirty (30) days of the request to initiate mediation by either party to this Agreement. The parties may, by mutual consent, agree to a longer period of time for mediation. The costs of the mediator, if any, shall be paid equally by the parties. If a mediated settlement is reached neither party shall be deemed the prevailing party for purposes of the settlement and each party shall bear its own legal costs.

16. **LEGAL FEES.**

In the event of litigation regarding MONEDA'S employment, reasonable attorney's fees shall be awarded to the prevailing party.

17. **SEVERABILITY.**

Should any section, subsection, sentence, clause, phrase or word included in this Agreement be found invalid by a court of competent jurisdiction, the balance of the Agreement shall remain in full force and effect.

18. **RIGHT TO COUNSEL.**

The parties acknowledge that they have been or have had a right to be represented by counsel of their own choice with regard to this
Employment Agreement; that they have executed this Agreement with the consent and upon the advice of their own counsel, if such advice has been sought; and they have fully read and fully understood and voluntarily accepted the terms of this Agreement.

19. COUNTERPARTS.

This Agreement may be executed in one or more counterparts, each of which shall be considered an original, and all of which taken together shall be considered one and the same instrument.

20. WAIVER.

Waiver by either party of any term or condition of this Agreement, or any breach, shall not constitute a waiver of any other term or condition or breach of the Agreement.

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

CITY OF FOSTER CITY/ESTERO MUNICIPAL IMPROVEMENT DISTRICT

By 
Sam Hindi, Mayor/President

JEFF C. MONEDA

ATTEST:

By 
Priscilla Tam, City Clerk/District Secretary

APPROVED AS TO FORM

By 
Jean B. Savaree, City Attorney/District Legal Counsel
## City of Foster City, CA
### Accounts Payable Check Register

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Submitted for Information:

Edmund Suen, City Treasurer
CHECKS ON THIS REGISTER PROCESSED AND MAILED ON RUSH REGISTER CYCLE OF JANUARY 2, 2019
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Submitted for Information:

Edmund Suen, City Treasurer
CHECKS ON THIS REGISTER PROCESSED AND MAILED ON JANUARY 7, 2019