



City of Palo Alto

City Council Staff Report

(ID # 3140)

Report Type: Action Items Meeting Date: 9/18/2012

Summary Title: Workplan and Schedule for Potential Infrastructure Finance Measure

Title: Approval of Work Plan and Schedule for Potential Infrastructure Finance Measure for the November 2014 Ballot

From: City Manager

Lead Department: City Manager

Recommendation

Staff recommends that Council review and discuss the plan and timeline (Attachment B) and adopt a plan to place potential infrastructure finance measure(s) on the November 2014 ballot.

Background

For the past two years, the City Council has placed its aging infrastructure and the need to invest in the City's future among its top priorities. Beginning in October 2010, the City Council appointed a 17-member Infrastructure Blue Ribbon Commission (IBRC) to analyze and make recommendations to the City Council for meeting the challenges and improving the City's extensive infrastructure inventory. On December 22, 2011, the IBRC issued its final report, [Palo Alto's Infrastructure: Catching Up, Keeping Up, and Moving Ahead](#).

The report identified an infrastructure backlog and on-going maintenance needs of \$95 million, and an additional \$210 million in new projects for a total of \$305 million. It was found approximately \$4.2 million would be necessary each year for the next ten years to "catch up" on the infrastructure backlog that has been historically underfunded totaling approximately \$42 million. Once the City's infrastructure is brought up to the appropriate level, the Commission estimated \$2.2 million a year for the next 25 years for a total of nearly \$54 million to maintain or "keep up" the City's infrastructure to avoid another backlog in the future. Separate from this the report identified \$95 million in funding needs for large, once-in-a-generation-type investments. For example, our fire stations, new public safety building, municipal services center, treatment plant, civic center, and bike/pedestrian bridges, as identified by the Commission. While the estimated costs of these projects continue to be refined and may be offset by other revenue sources, these significant projects were estimated to total over \$200 million and excluded some known potential project areas (like Cubberley Community Center).

Mayor Yeh declared 2012 as the "year of infrastructure renewal and investment," focusing efforts on the important task of identifying long-term revenue sources to renew the City's physical assets. In 2012, the City Council held four retreats to focus on the IBRC's recommendations. Attachment A provides a summary of the public meetings that have been conducted since the release of the IBRC report and the City Council's key decisions, including links to the staff reports and minutes as available at the time of the release of this report.

The City Council, at its meeting on May 8, 2012, directed staff to develop a plan and timeline for a 2014 election to include financial considerations, identification of potential assets to be constructed or remodeled, appropriate polling and identification of potential revenue sources, and to bring the plan and timeline to Council for approval by September 2012, and to include the identification of potential projects and the estimated costs as the first task accomplished under the timeline.

Discussion

To develop this recommended plan and timeline to place a potential infrastructure finance measure on the November 2014 ballot, staff evaluated best management practices for placing successful finance measures on the ballot. In addition, staff analyzed the City's past experience placing finance measures on the ballot, what worked, what did not work, and the strategies that influenced success or failure.

Over the past two decades, Palo Alto placed several finance measures on ballots including two infrastructure bond measures. In November 2002, the City placed an infrastructure measure on the ballot (Measure D) for a 30-year bond totaling \$49.1 million to improve and expand the Children's Library and to construct a new combined Mitchell Park Library and Community Center on the ballot. The measure failed with 61.7% affirmative votes, short of the 2/3 super majority required for passage.

In November 2008, the City placed Measure N on the ballot, a \$76 million infrastructure bond (requiring 2/3 approval) measure to fund major facility improvements to three libraries and the Mitchell Park Community Center. Measure N passed with 69% of the voters supporting the bond. Key dates actions beginning with the defeat in November 2002 to the successful passage of Measure N in 2008 and additional background information on the 2008 Library Bond Measure can be found on the City's website at:

[Key Dates and Actions on Measure D and Measure 2008 Library Bond Background](#)

There are several factors that influenced the success of the measures such as: the degree of the City's overall planning and financial investment during the early stages of preparation, whether the community was knowledgeable about the issues and engaged in the processes, how the measures were crafted and the type of funding measures selected, extent of community and media support, and the viability of the community campaigns. Notably, there was a significant grass roots effort in 2008 with the successful passage of Measure B.

Research for this strategy points to four fundamental tracks to position the City for success with a potential finance measure on the November 2014 ballot:

1. Strategic Planning/Opinion Research
2. Community Outreach
3. Plan/Design Review
4. Ballot Preparation

Below, specific actions for each track are identified. Attachment B provides a summary level schedule of the timing of the components leading up to the November 2014 election.

1. Initial Planning & Strategy Development/ Opinion Research

Assemble Core Strategy Team - A core staff strategy team will be assembled consisting of affected departments, communications staff, City Manager's Office, and the City Attorney's Office. ***Council may also want to consider establishing a Council subcommittee or identify a Council Committee to vet key policy issues.*** A Council sub-committee was formed for the 2008 library bond measure to discuss issues like polling questions and developing the process for writing arguments in favor of the bond.

Identify Potential Projects & Costs -The IBRC's recommendations form the foundation for the potential projects and their costs. Since the release of the report, costs have continued to be refined and some additional projects have been added. At the Council's last retreat, Council Members' were asked to provide some very preliminary thinking on potential project priorities. These were individual perspectives and thoughts. The Council did not work through any collective process to refine these priorities and generate a formal Council perspective.

The next section of the report provides the results of this prioritization exercise, list of the potential projects, their estimated cost, and various funding options including potential variables, cost reduction options, and other funding streams that may reduce the need for finance measures. Council's continued discussion and input on the priorities will inform subsequent public opinion research on our community's priorities, and the level of support for various tax/bond measure thresholds and funding mechanisms. It is important to note

that this will be an iterative process and there will be multiple policy decision points that Council will be reviewing as the potential project list is further refined.

The schedule anticipates that Council will make a final policy decision in late June 2014 on whether to place a finance measure on the November 2014 ballot. Council will then need to take an official action in late July to adopt an ordinance calling the election. The measure needs to be submitted to the County of Santa Clara in early August 2014 to be officially placed in the November 2014 election.

Retain Professional Expertise - Staff recommends retaining assistance of outside experts in two areas: communication strategist and public opinion research. If the City pursues a general obligation bond measure, we may also engage the City's financial advisor for financial advice.

Conduct Feasibility Research - In August, the City issued a request for proposals for professional polling and public opinion research services. Proposals are due September 24, 2012. Staff anticipates having a firm under contract and commencing work by November 2012. This firm, interfacing with the communication strategist, will assist the City with public opinion research to identify project(s) that are community priorities, the type of funding mechanisms and the level of tax threshold the community is willing to support, election timing issues, and effective public communication themes and messages.

Assess Results for Feasibility - The draft schedule assumes conducting an initial baseline survey in the spring of 2013, evaluating the results for the feasibility of a measure(s), and Council making decisions about next steps. However, staff anticipates that the City's polling expert will make recommendations about poll timing taking into consideration factors such as the economy and other factors that may influence voter opinions.

As indicated in the summary level schedule included as attachment B, it is projected that subsequent "tracking polls" will be conducted as needed to assess the community's ongoing support of potential finance measures. Staff may also utilize other forms of opinion research such as focus groups and/or other innovative social media tools. The schedule also assumes conducting final feasibility testing in the spring of 2014 to inform Council's final decision about placing a measure on the November 2014 ballot and if so, the recommended scope.

2. Community Outreach

Hire Communications Strategist - Staff recommends hiring a communications strategist. The outside firm will work with the City and with the City's polling firm to develop and manage strategies focused on finance measure feasibility; support the development of survey instruments and tracking polls for communications and messaging, analyses and application of results, and recommend how to structure/define the finance measure(s); develop, refine, and target key messages and themes for the City's finance measure(s); develop a communications plan; implement community outreach and education activities prior to Council's decision to place a measure(s) on the ballot, including designing and developing materials.

Develop Communication Plan & Implement Outreach Campaign - The City's 2008 Library Bond Measure supported an aggressive community outreach and education program *prior* to placement of a measure on the ballot. This is the portion of the campaign that can be City funded and is designed to build educational awareness of the City's infrastructure and fiscal needs. It is anticipated that the City will implement a preliminary outreach campaign to begin educating the community on infrastructure needs and provide early input on priorities, and implement a robust community education and engagement plan once potential measures are more clearly defined. After Council takes action to place a measure on the ballot, the City cannot be engaged in an advocacy campaign. Any campaign must be carried forward by community stakeholders and a campaign committee.

The City's successful 2008 Library Bond Measure included the hiring of a communications consultant and the development of direct mailers, speaker's bureau, video, City web-site, and media relations campaign at a cost of approximately \$300,000. While professional assistance to develop strategies and key messages was critical with the 2008 Library Bond measure, it was found that it was integral that City staff, the Council and community stakeholders, as stewards of the City's infrastructure, deliver information and messages to the community in the outreach phases.

Engage Citizen Advisory Committee - To be most effective, it will be important to engage stakeholders and the community on the "front-end" of the process. As was clear from the 2008 Library Bond Measure, the quality and effectiveness of the community's campaign was key. The purpose of the advisory committee is to supplement city leadership with external community partners and leaders to build broad based consensus, provide input to finance measure planning, and to be partners in educating the community about our infrastructure needs.

City staff held a meeting in early September with members of the IBRC to seek input on the plan and strategy for a potential 2014 finance measure and to discuss their interest in a continued role. Several members of the IBRC expressed potential interest in sitting on a citizen advisory committee, but more importantly ensuring a continued role in advising Council on their report recommendations. If Council is interested, staff recommends returning to Council with a recruitment/selection process for a Citizen Advisory Committee for review and approval.

3. Plan/Design/Environmental Review (as required)

The level of project design and environmental review that must be completed before a finance measure is placed on the ballot depends on several variables including the desire to provide information to the public in advance of the election. In general, the City should build in some costs for conceptual design services and possible environmental clearance for those projects which are clearly identified.

On one end of the spectrum, for very discrete projects it will be important to have some design work completed so the City can feel confident of the project costs and residents can feel confident about where their money will be going for specific projects. On the other end of the spectrum, the City could pursue a finance measure for some general categories of infrastructure projects (such as future street replacements) where detailed design and environmental review is better deferred to the future.

We expect that as priority projects are defined they will be reviewed by appropriate boards, committees and commissions such as the ARB, PTC, and appropriate City Commissions.

4. Ballot Preparation

Council's potential action in July of 2014 to place a measure on the ballot would trigger two key next steps: preparation of ballot measure language and formation of a non-City sponsored campaign. Once the Council officially acts to place a measure on the ballot State law prohibits use of City funds for any advocacy work.

If Council acts to place a measure on the ballot there are a number of steps in ballot preparation that will be required leading up to election day. If an infrastructure bond is pursued and successfully passes there are also a number of steps to be taken to issue the bonds and have funds available for construction. This process takes approximately three months. Attachment C provides a summary of the key steps and the general timeline. Some of the key steps to ballot preparation include preparing the ballot measure and synopsis, Council adopting a resolution of necessity and an ordinance calling the election, filing ordinance with the county, and developing arguments for and against the measure.

Projects, Costs and Potential Funding Sources

Since the release of the IBRC report, the Council has discussed potential projects and their costs at several public meetings as summarized in Attachment A. At the Council's last retreat held on June 14, 2012, for purposes of generating discussion and providing preliminary guidance on project prioritization, Council members participated in an exercise designed to identify and prioritize projects that might be considered for a November 2014 infrastructure finance measure.

Staff has applied a simple numerical ranking to the results of the retreat exercise that allows the projects to be shown in the order of priority assigned by the overall Council's preliminary thinking. It would be fair to say that this list was a quick, first cut at where individual Council members think the greatest needs are, but it is clearly subject to possibly significant change, as Council discussion unfolds and more detailed information becomes available. The prioritized list is as follows:

Table 1. Project Prioritization from Retreat #4

Project
1. Public Safety Building
2. Fire Stations
3. Byxbee Park
4. Bike/Pedestrian Plan and Bike Bridge
5. Surface Catch-up
6. Parks Catch-up
7. Buildings Catch-up
8. Post Office
9. Charleston/Arastradero
10. Cubberley Replace/Expand
11. Cubberley deferred maintenance
12. Animal Services
13. Civic Center
14. LA Treatment Plant (general fund and refuse fund)
<i>15. Airport (enterprise fund)</i>
<i>16. Municipal Services Center (majority enterprise fund)</i>
<i>17. Regional Water Quality Control Plant (enterprise fund)</i>
<i>18. Compost Facility (enterprise fund)</i>
19. Golf Course (self-funded by golf revenues)*
20. Playing Fields (at golf course – funding to be identified)*

*The Golf Course and Playing Fields projects were added to the project list after the 4th Council Retreat. The Airport, Municipal Services Center, Regional Water Quality Control Plant, and Compost Facility projects (in italics) were included in the Council exercise, but are expected to be funded by Enterprise Funds and are not likely to be considered for a potential 2014 finance measure. These projects are included in the project list because they are significant projects that reflect the scope of the City's infrastructure needs and have been recently discussed by IBRC and by the Council.

To support the Council’s continued discussion on a potential finance measure(s) for the November 2014 ballot, Attachment D provides a one-page summary sheet describing the projects that are listed in Table 1. Each of the project summary sheets include a project description, the estimated project cost and basis of the estimate, information on identified and potential funding sources that may offset the need for public financing, and other variables or considerations that may affect the project timing, cost, or viability. Also included in Attachment D is a figure that shows the sum of the additional funding needs for the set of projects, which totals \$231 million. Although Attachment D contains sheets for Enterprise Fund projects, those project costs are not included in the \$231 million total because it is assumed that they will be funded through Utility Revenue Bonds or other mechanisms that do not impact the General Fund. These summary sheets and the summary figure are intended to provide Council with staff’s best information on the range of projects and the total funding needed to complete them. As discussed below, there are potential funding sources and other variables at play that may influence the cost of the projects as well as which projects are ultimately pursued.

Table 2 provides a list of potential funding sources that could be used for infrastructure projects that are in addition to the funding sources listed on the summary sheets provided in Attachment D. These are funding sources that are not project-specific and could, at Council’s discretion, be directed to provide the additional funding needs for the projects. For example, the Bike Bridge project summary sheet includes the \$4 million grant application that was submitted to Santa Clara County as a funding source, and shows an additional funding need of \$5 million. Funds from the Stanford Medical Center Development Agreement for Sustainability or the Infrastructure Reserve, as described in Table 2, could be directed to provide the additional \$5 million funding.

Table 2. Potential Funding Sources

Funding Source	Description	Amount
Stanford Development Agreement Infrastructure	The Stanford Medical Center Development Agreement provides payment of \$23.2M for use in connection with infrastructure, sustainable neighborhoods and communities, and affordable housing. Two payments of \$7.7M have been received and the third is estimated to be received in January 2018.	\$23.2M
Stanford Development Agreement Sustainability	The Stanford Medical Center Development Agreement provides payment of \$23.2M for use in projects and programs for a sustainable community. Two payments of \$4M have been received and the third is estimated to be received in January 2018.	\$12M

Funding Source	Description	Amount
Infrastructure Reserve	The Infrastructure Reserve was created as a mechanism to accumulate funding for infrastructure projects, and is funded each year by a transfer from the General Fund to the Capital Projects Fund. The Infrastructure Reserve balance at the end of FY2013 is projected to be \$5.9M. Staff recommends that \$1.5M to \$2M be kept in reserves for unanticipated capital expenses.	\$5.9M
Community Centers Development Impact Fee	These fees are intended to fund development and improvements to community centers, art centers, nature centers, civic theatres or other facilities that can host classes, studios and educational exhibits for public enjoyment, recreation and education. The fund currently contains \$1.6M that is not allocated to specific projects.	\$1.6M
Parks Development Impact Fee	These fees are intended used to fund acquisition of land for new or expanded parks and for improvements for neighborhood and district parks in order to expand the recreational capacity of the park or provide new sports and recreation facilities. The intent of the fee is to mitigate for the expansion of the population by new development with the creation of new recreational facilities. The fund currently contains \$0.7M that is not allocated to specific projects.	\$0.7M
One Bay Area Grant (OBAG)	OBAP is a new program administered by VTA that will fund local road reconstruction and rehabilitation, bicycle, pedestrian, streetscape, and Safe-Routes-to-School projects that are eligible for Federal Surface Transportation Program (STP), Congestion Mitigation Air Quality (CMAQ) or Transportation. Palo Alto's share of the funds is expected to be a total of \$0.7M to be used over the next four years.	\$0.7M
Vehicle Registration Fee Guarantee Fund	The new \$10 addition to vehicle license fees passed by voters will be used to fund local road improvements and repairs. Palo Alto is expected to receive \$0.36M per year with no sunset date, resulting in funding of \$1.8M over the course of the FY13-17 CIP Plan.	\$1.8M

The project list, descriptions, cost estimates, and potential revenue sources presented in Attachment D and in Table 2 represent staff's best information at this time. Both project costs

and potential revenue have a number of moving parts. As new and more precise information becomes available and decisions are made, staff will continue to refine the estimates. Council may remember that IBRC's final report included a recommendation that the Cubberley Lease not be renewed, which could make \$7 million per year available for infrastructure purposes. Staff has not addressed this recommendation in the discussion of funding sources because Council, at the first infrastructure retreat, decided to wait for the recommendation of the Cubberley Community Advisory Committee in early 2013.

There are also a number of other variables and factors at play that may offset the cost of projects and/or reduce the need for a finance measure. A list of these variables and factors includes the potential public/private partnership with Jay Paul to provide a public safety building, the Santa Clara County grant application for bike bridge funding, potential redirection of present CIP funding to address priorities, the disposition of the postal building, Cubberley negotiations, revenue that might be result from leasing of the current police building, and the present CIP and year end surpluses. There may also be future revenue enhancements that would impact the City's help to fund projects on the list such as the possibility of a digital readerboard along the Highway 101 corridor. In addition, there may be operational savings as a result of the implementation of some of the projects. The polling results will heavily inform Council's decision to pursue public financing for specific projects or a combination of projects.

To help facilitate Council's continued discussion on project priorities, staff has provided a suggested project list below as a starting point for the discussion. Staff made some assumptions in identifying these projects. In particular, it is believed projects that improve individual well-being and quality of life, and are transformative and much needed investments may have stronger community support for a potential finance measure. Reprioritizing the current CIP may also be considered as some items such as street resurfacing have been found to be important issues for the community. Given issues such as timing and certainty of projects, and potential for community support, staff suggests looking at other potential revenue sources for the Post Office, Cubberley deferred maintenance, Civic Center, Building Catch-up and LA Treatment Plant. In addition, enterprise funded projects are excluded. While these are significant projects that reflect the scope of the City's infrastructure needs, it's not likely that these projects would be considered for a potential 2014 finance measure.

Pending Council discussion and direction, staff would anticipate using the list as a starting point for discussions with the City's public opinion research firm on the polling strategy and further testing with the City's community group.

Table 3. Suggested Project List

Projects for Continued Discussion & Prioritization
1. Public Safety Building
2. Bike/Pedestrian Plan

Projects for Continued Discussion & Prioritization	
3.	Bike Bridge
4.	Byxbee Park
5.	Fire Stations
6.	Streets (accelerate resurfacing & Charleston/Arastradero)
7.	Sidewalks (surface catch-up)
8.	Cubberley (replace/expand)
9.	Parks
10.	Animal Services
11.	Playing Fields

Timeline and Resource Impact

A summary level schedule leading up to a potential finance measure for the 2014 election is included as Attachment B. It is anticipated that a more detailed timeline and schedule will be developed once the City obtains the expertise of a communications strategist and a plan for public opinion research is in place. Some key milestones (understanding Council direction may add new tasks) through year end include:

Council approves strategy and summary timeline	September 2012
Council awards public opinion research contract	November 2012
Staff initiates solicitation for communication strategist	November 2012
Council considers plan and schedule for public opinion research, recommendations for forming Citizen Advisory Committee Council, and preliminary outreach plan on infrastructure needs and priorities	December 2012
Council awards communication strategist	January 2013

Staff will also seek approval for the resources needed to attain outside expertise for public opinion research and a communication strategist once the solicitations close and staff advances the contracts to Council for consideration. Resource needs for design and environmental review will also be brought forward as priority projects are defined. The resources expended for the 2008 Library Bond measure were approximately \$1.9 million, with \$1.55 million in design and environmental review costs for Mitchell, main, and downtown libraries.

The remaining expenses funded a baseline and final tracking poll, as well as, a communication

strategist and design and implementations costs for direct mailers, development of a speaker's bureau, web-site, and video. Staff will develop a more detailed budget once more initial Council direction is given. It is anticipated that the resources needed to plan the finance measure will be drawn from the general fund budget stabilization reserve and the capital reserve

Given the amount of information that will be provided through November 2014 related to this work, staff has provided a binder for Council to organize information. The binder provides some baseline information that has already been provided to Council at previous public meetings. A copy of the binder may be found in the Clerk's Office to be viewed by the public.

ENVIRONMENTAL REVIEW

As discussed earlier, the appropriate level of environmental review needed prior to the Council's decision to place an infrastructure measure on the ballot will be decided as the project list is further defined.

Attachments:

- Attachment A. Summary of 2012 Council Retreat Meetings (PDF)
- Attachment B. 2014 Finance Measure Schedule (PDF)
- Attachment C. Ballot Preparation and Bond Issuance Schedule (PDF)
- Attachment D. Infrastructure Projects (PDF)

Prepared By: Sheila Tucker, Assistant to the City Manager

Department Head: James Keene, City Manager

City Manager Approval:


James Keene, City Manager

Attachment A

Summary of Public Meetings and Key Decisions Since Release of IBRC Report

Since the release of the Infrastructure Blue Ribbon Commission's (IBRC) report in December 2011, the City Council has held four retreats to focus on infrastructure and the report recommendations and deferred some items to Council's Policy and Services Committee. The following provides a summary of the public meetings that have been conducted since the release of the IBRC report and the City Council's key decisions.

[January 17, 2012 Council Meeting](#) – The City Council first discussed the IBRC report at their January 21, 2012 City Council meeting. The IBRC co-chairs provided an overview and discussed the report findings and recommendations. The City Council acknowledged the IBRC for their outstanding work and discharged the Commission from their official duties. Discussions between staff and Council were deferred to the Council's Annual Retreat. [01/17/2012 Meeting Minutes](#)

[January 21, 2012 City Council Retreat #1](#) – The City Council discussed Council Priorities for 2012, topics for future Council Retreats, and the IBRC's Report findings, recommendations, and next steps. Staff provided responses to Council questions raised at the January 17, 2012 meeting. The Council decided to schedule three additional Council retreats in addition to regular meetings with a focus on infrastructure and next steps on the IBRC recommendations, and agreed the future of the Cubberley Community Center would be made by and through the established Cubberley process with the Palo Alto Unified School District, and integrated by staff into infrastructure process and discussion. Council further directed staff to return to Council with a revised Public Safety Building Plan, information on the disposition of the downtown Post Office and any other potential sites for a public safety building, and additional information on funding options for the IBRC recommendations. [01-21-2012 Meeting Minutes](#)

[March 26, 2012 City Council Retreat #2](#) – The City Council held its second retreat for further discussion on infrastructure and renewal. Staff sought direction on revenue generating uses for Bayshore sites, the City's service delivery model for animal service, and utilization of the Municipal Services Center site (MSC). The Council also continued discussions on finance options to fund infrastructure needs. The Council referred to the Council's Policy & Services Committee continued discussions on animal services and potential infrastructure funding options for the November ballot. However, given the near term timeliness of funding options for a revenue measure for the November 2012 general election, the Council resumed discussions on funding options at its retreat on April 30, 2012. Discussions on animal services proceeded through the established budget process. [03-26-2012 Meeting Minutes](#)

[April 30, 2012 City Council Retreat #3](#) – The City Council held its third retreat for further discussion on investment and renewal. Staff presented additional information on catch-up, keep-up, new projects, prioritization and the timing of a 2012 election schedule and answered questions. No Council action was taken.

Through the FY 2013 budget process, the City Council approved a \$449,105 reduction to the net cost of Animal Services to the City. Staff sought feedback from a Citizen Stakeholder Group to discuss and determine how best to reduce the budget, increase revenues and engage in partnership while still providing the high level of service the community has experienced in past years. Through this process, staff developed a proposal to achieve the budget reduction with on-going, structural expenditure reductions, fee revenue increases and the one-time use of donation revenue. Additional cost reduction strategies will be evaluated in future budget cycles. [04-30-2012 Meeting Minutes](#)

Attachment A

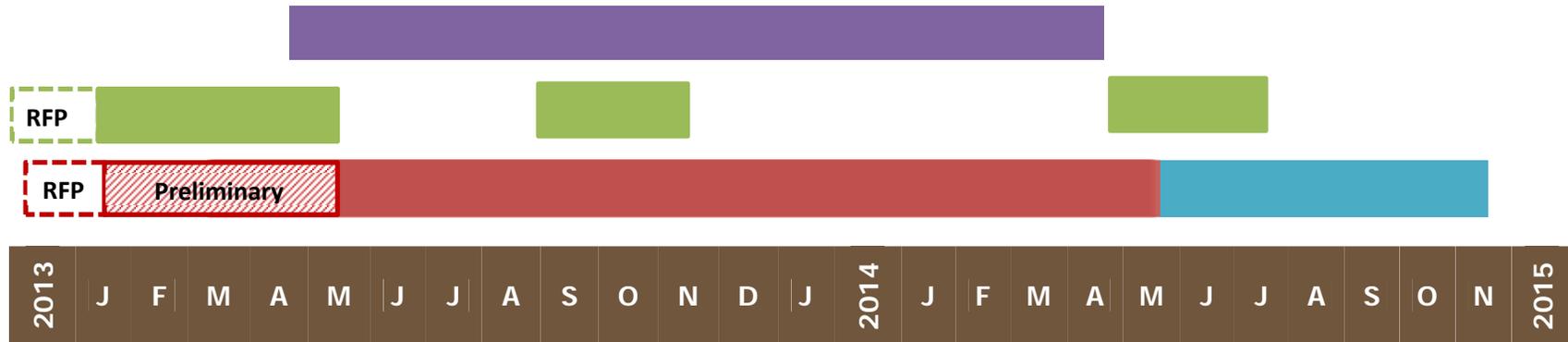
May 8, 2012 Policy & Services Committee Meeting - The Committee continued discussions on tax funding options for the November general election related to infrastructure needs. Staff also provided the Committee with Best Practices for Successful Finance Measures prepared by the League of California Cities. The Policy & Services Committee recommended that the City Council: 1) not place a bond measure or other revenue measure on the November 2012 General Election, 2) direct staff to start planning for a 2014 election, 3) direct staff to develop a detailed plan and timeline for a 2014 election to include financial considerations, identification of potential assets to be constructed or remodeled, appropriate polling and identification of potential revenue sources, and to bring the plan and timeline to Council for approval by September 1, 2012, and 4) direct staff to include the identification of potential projects and the estimated costs as the first task accomplished under the timeline.

May 21, 2012 City Council Meeting – The City Council discussed the Policy and Services Committee's May 8th recommendations and directed staff to develop a detailed plan and timeline for a 2014 election to include financial considerations, identification of potential assets to be constructed or remodeled, appropriate polling and identification of potential revenue sources, and to bring the plan and timeline to Council for approval by September 2012, and to include the identification of potential projects and the estimated costs as the first task accomplished under the timeline.

June 13, 2012 City Council Retreat #4 - The City Council held its fourth retreat on infrastructure and renewal. Staff presented and Council discussed four potential development and cost scenarios for the public safety building, and potential projects for further analysis for a potential 2014 revenue measure(s). Council Members' provided their preliminary thinking on project priorities. The results of this exercise are included in the staff report.

In addition, on June 18, 2012 through the FY 2013 budget process, Council added \$2.2 million in additional funding to the Capital Budget to begin to address some of the IBRC recommendations.

Summary Level Schedule for November 2014 Finance Measure



Opinion Research/ Strategic Planning

- Assemble Core Team
- Identify Priority Projects & Costs
- Retain Expertise
- Conduct Feasibility Research
- Assess Baseline Results for Feasibility
- Track/Re-asses Support
- Act to Place Measure on Ballot (Policy - June/ Official - July 2014)

Community Outreach

- Retain Communications Strategist
- Conduct Preliminary Community Outreach
- Develop Communication Plan
- Implement Outreach & Engagement Program
- Engage Citizen Advisory Committee

Plan/Design Review (as applicable)

- Refine Project Costs
- Develop/Update Schematic Designs
- Conduct Environmental Review
- Council & Committee Review/Approval

Ballot Preparation

- Prepare Ballot Measure
- Prepare Synopsis
- Adopt Resolution of Necessity
- Adopt Ordinance Calling Election
- File Ordinance
- Hold Election

Ballot Measure Preparation and General Obligation Bond Issuance Schedule

Estimated Timeframe

November 2014 Election Activity

Late June	Council Takes Policy Action to Place Measure on the Ballot Preparation of "Synopsis of Ballot Measure"
Mid July	City Council adopts Resolution of Necessity (2/3 vote)/Introduction of Ordinance Calling Election (Include 75 word synopses/description of ballot measure)
Late July	City Council adopts Ordinance Calling Election
Early August	Last day for City Clerk to file Ordinance and request for consolidation with Board of Supervisors and County Clerk

November	Election
----------	----------

Mid-November or later	Initiate bond document process (if applicable)
Mid December	Certified statement of election results by County Clerk City Council adopts resolution declaring election results
Late December or later	Council meeting to approve GO issuance, POS, and sale of bonds
Early January or later	Meet with rating agencies
Mid-January or later	Receive ratings
Early February or later	Bond sale

Mid-February	Bond closing with proceeds available for construction
--------------	---

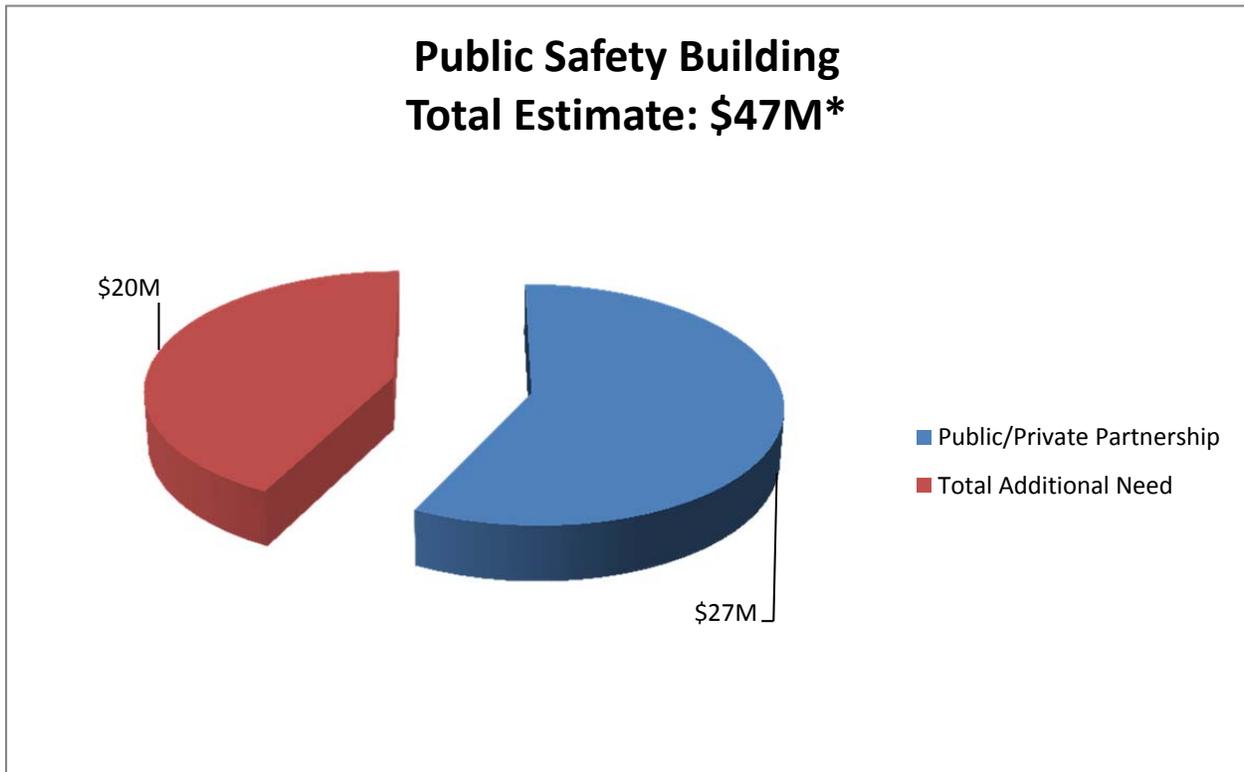
Note: It takes approximately 3 months to issue bonds and have funds available for construction

Revised 9/13/2012

Public Safety Building

Construction of a new public safety building approximately 44,420 SF with 147 secured parking spaces. The building and parking area is comparable to the program verification study prepared by Ross Druilis Cusenberry Architecture in May 2012 which includes Fire Administration. The IBRC 2011 Report found that the current facility failed to meet essential building codes and OSHA requirements, had insufficient space, inadequate and difficult to use EOC.

Funding Source: This worksheet displays the project costs included in the Jay Paul public/private partnership proposal that was presented to Council on 9/10/12 and would only be applicable if a public/private partnership is pursued. If pursued, City costs for the project may change based on negotiation of public benefits for the proposed project. The City cost could go down. At the same time, if this approaches evaporates, the City could be faced with funding the \$47 million cost through a Finance measure. The greater cost and size of the project will limit the flexibility of options the City may be able to choose from.



*Developer estimate, does not include contingency

Other Considerations

- City staff estimate the project cost for a typical design-bid-build project implementation for a building of approximately the same size, including land acquisition, to be \$57M. Although staff have not conducted a detailed review of the public/private partnership project cost estimate of \$47M, it appears that the \$10M difference may be due to lack of contingencies and estimated soft costs,

The project information and cost estimate information on this sheet represent staff's best information at this time. Staff will continue to refine the information as new and more precise information becomes available.

Attachment D.

Revised 9/13/2012

such as design, environmental assessment, and construction management, that are lower than those the City uses in its cost estimates. Additionally, the developer's cost estimate for the project incorporates their stated ability to build the project more cheaply and efficiently.

- Relocation of the police department to a new public safety building would make approximately 22,600 of the current public safety building available for lease. Leased at \$5/SF, this could generate \$1.4M/year in revenue that could be used to fund projects or to leverage Certificates of Participation, depending on the size of the funding needed.

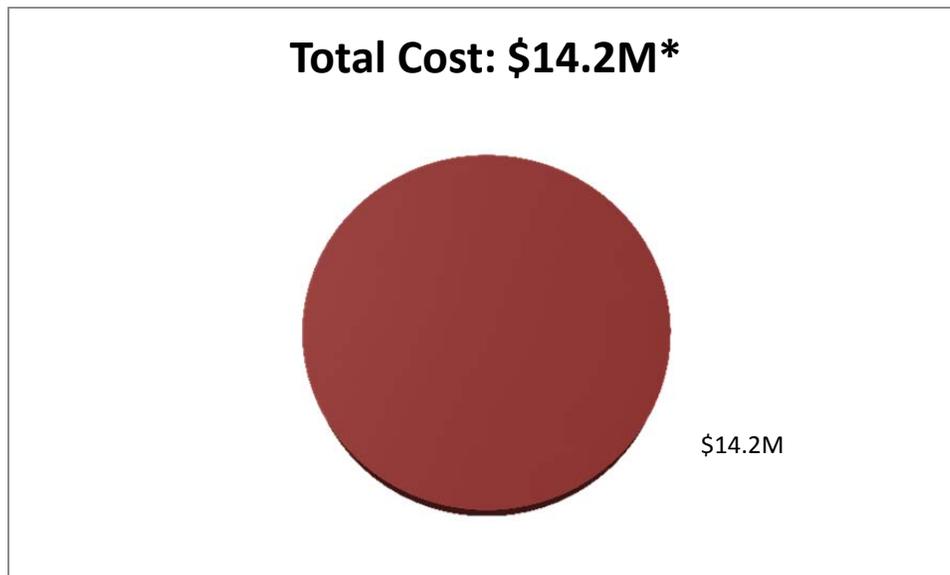
Attachment D.

Revised 9/13/2012

Fire Stations

Two Fire Stations, numbers 3 and 4, have been identified as needing replacement. Fire Station #3, known as the Rinconada Fire Station and located at 799 Embarcadero Road, was constructed in 1948. Station #4, known as the Middlefield Fire Station, is located at 3600 Middlefield Road and was constructed in 1953. A needs assessment study by RRM Design Group in April 2005 determined that both buildings had structural deficiencies and that the sites had a potential for liquefaction (ground instability) during a seismic event. Neither building meets the current building code for essential services facilities

Funding Sources: No project-specific funding sources have currently been identified. Potential funding sources include: federal, state, and local grants, Stanford mitigation funds and public/ private partnerships



*Fire Station #3 estimated at \$6.7M, Station #4 estimated at \$7.5M

Other Considerations

- At the fourth Council Retreat on infrastructure, there was enthusiasm for the idea of using replacement of the fire stations to incorporate community health services that would reflect Palo Alto's changing demographics. Some potential funding sources include: federal, state, and local grants, Stanford mitigation funds and public/ private partnerships

The project information and cost estimate information on this sheet represent staff's best information at this time. Staff will continue to refine the information as new and more precise information becomes available.

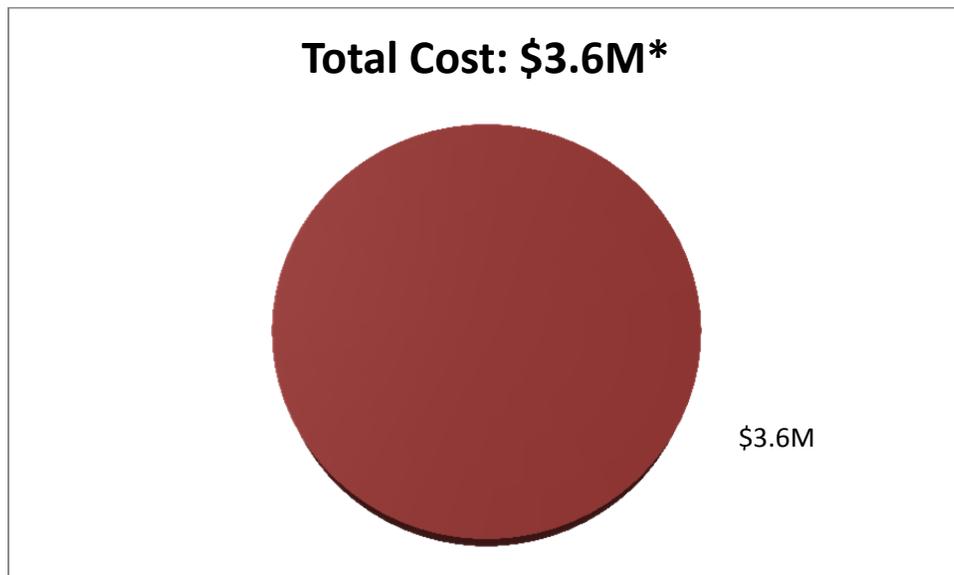
Attachment D.

Revised 9/13/2012

Byxbee Park

As envisioned by the original artist and landscape architect, the completion of Byxbee Park would occur following capping of the remainder of the landfill (Phase 2C) and would consist of a network of white oyster shell-lined trails with wooden viewing platforms. The hilltops would also be accented with small soil mounds called “hillocks” to be used for planting wildflowers. Additionally, the parking lot for the park would be expanded

Funding Sources: No project-specific funding sources have currently been identified. Potential funding sources include: federal, state, and local grants, Stanford mitigation funds and public/ private partnerships



* Staff revision of 1991 estimate by Hargreaves Associates.

Other Considerations

- Final closure (capping) of the landfill was postponed by Council until the 2013 construction season to allow consideration of an Energy/Compost Facility following the passage of Measure E in 2011.
- CIP PE-13020, Byxbee Park Trails, was budgeted at \$250,000 in FY2013 to begin constructing trails on the recently opened former landfill areas (Phase 2A and 2B).

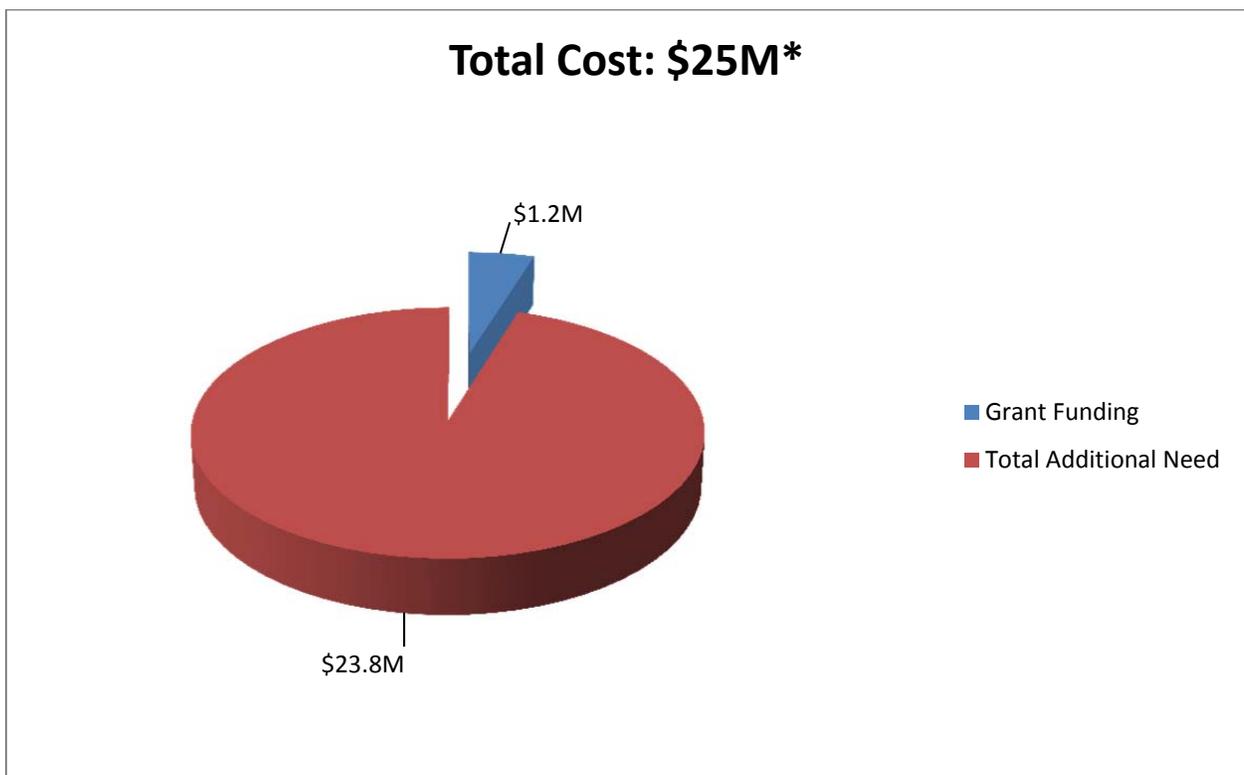
The project information and cost estimate information on this sheet represent staff's best information at this time. Staff will continue to refine the information as new and more precise information becomes available.

Revised 9/13/2012

Bike/ Pedestrian Plan

The new Palo Alto Bicycle and Pedestrian Transportation Plan 2012 expands the City's existing bicycle infrastructure and proposes to implement a network of new on-street and off-street facilities for all user levels. Key components of the plan include 52 miles of new or enhanced multi-use paths, bicycle lanes, and bicycle boulevards, and new barrier crossings at a number of locations. Barrier crossings account for about three-fourths of the total estimated cost for implementing the plan.

Funding Sources: A \$10.4M grant application was submitted to Santa Clara County in September 2012, of which \$1.2M was identified to fund the Matadero Creek Trail. Additional potential funding sources include federal, state and local grants, Stanford mitigation funds, and public/private partnerships.



* Planning level estimate from Bicycle and Pedestrian Plan completed in 2012

Other Considerations

- The estimated cost of \$25M differs from the previous figure of \$35M because the \$10M Highway 101 at Adobe Creek Bike Bridge project, which is shown as a separate project, is part of the Bicycle and Pedestrian Plan and was included in the original \$35M estimate.

The project information and cost estimate information on this sheet represent staff's best information at this time. Staff will continue to refine the information as new and more precise information becomes available.

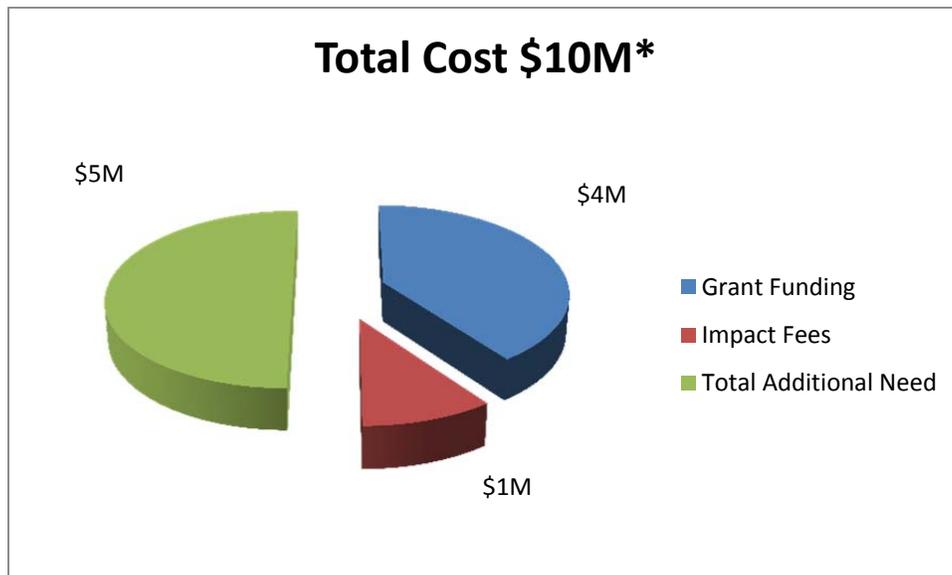
Attachment D.

Revised 9/13/2012

Bike Bridge

This project would build a year-round, grade-separated pedestrian and bicycle crossing of Highway 101 at Adobe Creek to connect South Palo Alto neighborhoods with the Baylands Nature Preserve and recreational and employment opportunities. The overcrossing is generally proposed as a 12-18' wide pedestrian and bicycle bridge which would include a minimum 10' wide travel way that would allow for a shared facility. Preliminary design and environmental assessment started in July 2012.

Funding Sources: A \$10.4M grant application was submitted to Santa Clara County in September 2012, of which \$4M was identified to fund the Highway 101 Pedestrian/Bicycle Overcrossing. The grant proposal included a commitment of \$1M from Development Impact Fees to further the design. Additional potential funding sources include federal, state and local grants, Stanford mitigation funds, and public/private partnerships.



* Feasibility Study completed in 2011, estimated at \$6-10 Million, including \$2M for design

Other Considerations

The project information and cost estimate information on this sheet represent staff's best information at this time. Staff will continue to refine the information as new and more precise information becomes available.

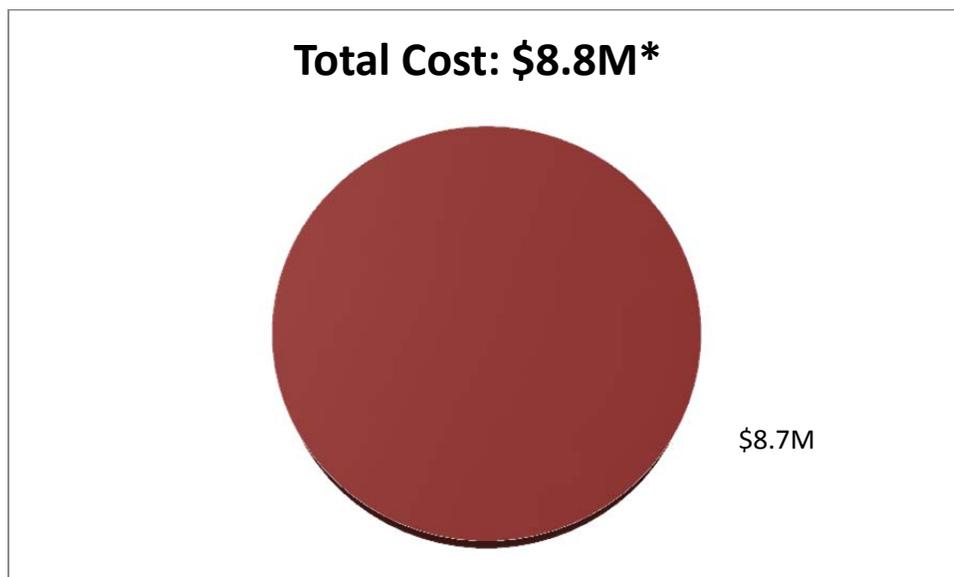
Attachment D.

Revised 9/13/2012

Surface Catch Up

IBRC evaluated the maintenance needs of City streets and sidewalks as well as other surface facilities such as parking lots and off-road trails. The Surface Catch-up estimate includes all deferred maintenance that is not currently scheduled in the FY13-17 CIP Plan. The surface needs include \$3.7M in sidewalk repairs, resurfacing of over 30 parking lots, approximately 9 miles of off-road trail repairs, traffic signals, intersection improvements and traffic calming improvements. The estimate does not include annual street maintenance.

Funding Sources: No funding sources have been committed. Potential funding sources include federal, state and local grants, Stanford mitigation funds, and public/private partnerships.



* Staff Estimate based on 2011 construction costs.

- **Other Considerations**

The project information and cost estimate information on this sheet represent staff's best information at this time. Staff will continue to refine the information as new and more precise information becomes available.

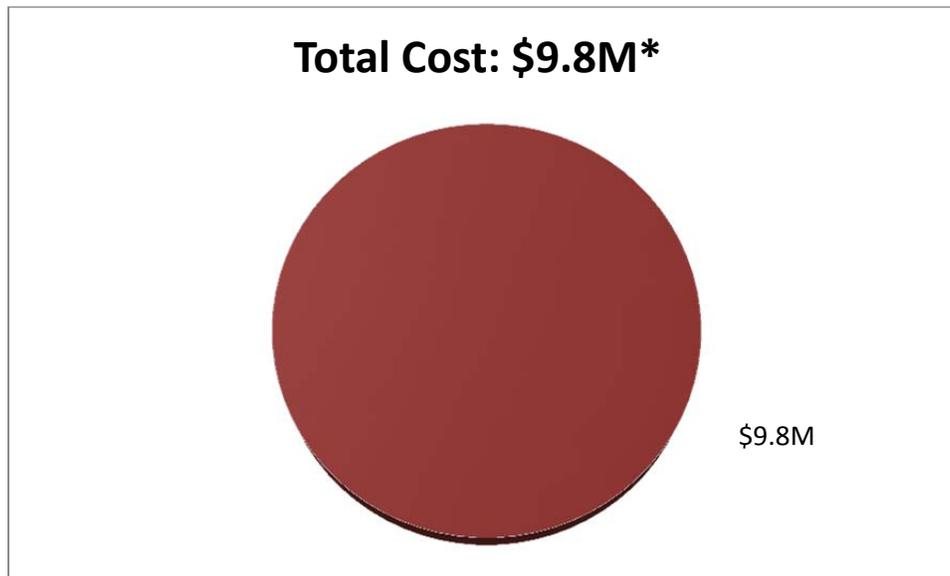
Attachment D.

Revised 9/13/2012

Parks Catch-up

IBRC evaluated the maintenance needs of City parks and open space facilities. The Parks Catch-up estimate includes all deferred maintenance that is not currently scheduled in the FY13-17 CIP Plan. The parks and open space needs include turf, irrigation and playground replacement, pathway, tennis and basketball court resurfacing, and replacement of miscellaneous amenities such as benches, drinking fountains, lighting, signage, and trash receptacles.

Funding Sources: No funding sources have been committed. Potential funding sources include federal, state and local grants, Stanford mitigation funds, and public/private partnerships.



* Staff Estimate based on 2011 construction costs.

Other Considerations

- Parks catch-up is reduced from the \$14.5M figure used by IBRC due to Parks projects added to the FY13-17 CIP Plan.

The project information and cost estimate information on this sheet represent staff's best information at this time. Staff will continue to refine the information as new and more precise information becomes available.

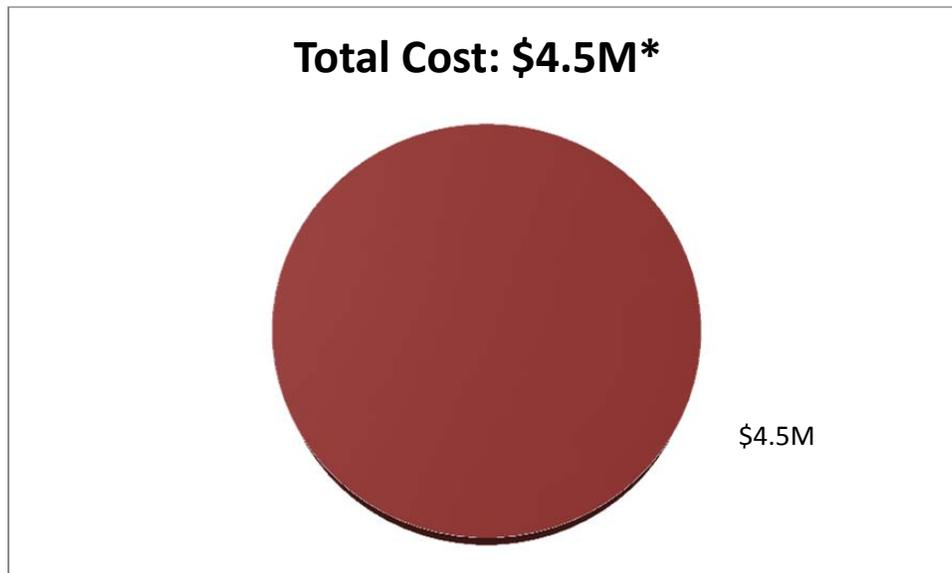
Attachment D.

Revised 9/13/2012

Buildings Catch-up

IBRC evaluated the maintenance needs of all City buildings. The Buildings Catch-up estimate includes all deferred maintenance that is not currently scheduled in the FY13-17 CIP Plan, with the exception of deferred maintenance for Cubberley Community Center. Deferred maintenance requirements include roofing, HVAC, electrical and plumbing replacements. Interior and exterior improvements such as painting and carpet replacement are also included.

Funding Sources: No funding sources have been committed. Potential funding sources include federal, state and local grants, Stanford mitigation funds, and public/private partnerships.



* Kitchell Report completed in 2008 with IBRC and staff assessment.

Other Considerations

- The Catch-up estimate includes about \$900,000 for Municipal Services Center (MSC) deferred maintenance. This deferred maintenance would not be needed if a decision is made to move forward with replacement of the MSC. Additionally, staff will evaluate whether MSC deferred maintenance should be funded by the General Fund CIP Program.

The project information and cost estimate information on this sheet represent staff's best information at this time. Staff will continue to refine the information as new and more precise information becomes available.

Attachment D.

Revised 9/13/2012

The project information and cost estimate information on this sheet represent staff's best information at this time. Staff will continue to refine the information as new and more precise information becomes available.

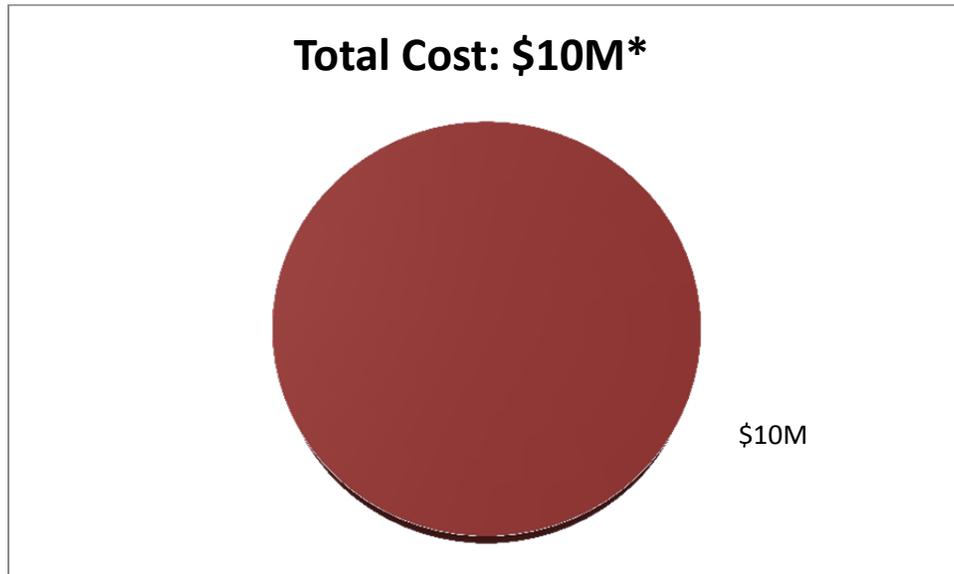
Attachment D.

Revised 9/13/2012

Post Office

Acquisition of post office property and renovation of existing building.

Funding Sources: Potential annual lease payments of \$1.2M/year could be used if Development Center and Elwell Ct. office space uses were to be relocated to a City-acquired Post Office building.



* Staff Estimate

Other Considerations

- Potential for avoided annual lease payments of \$1.2M if Development Center and Elwell Court office space were to be relocated to City-acquired Post Office

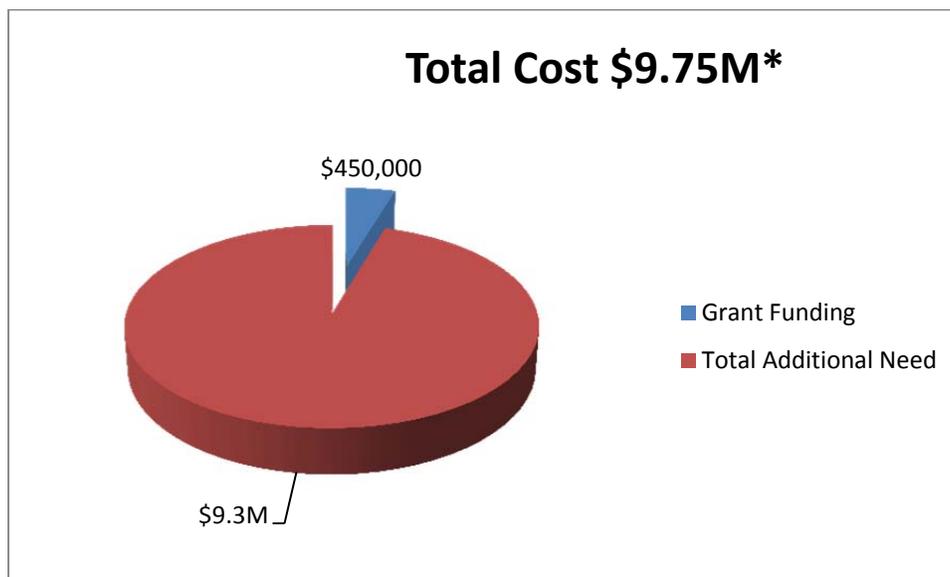
The project information and cost estimate information on this sheet represent staff's best information at this time. Staff will continue to refine the information as new and more precise information becomes available.

Revised 9/13/2012

Charleston/ Arastradero

Landscaping, lighting and signal and signage improvements along the entire Charleston/Arastradero Corridor will allow for up to 7-8 feet bike lanes on both sides of the street. The landscape median provides a permanent improvement to transition from four travel lanes to three along the entire corridor. Addition of pedestrian crossing refuge islands, enhanced crosswalks, bulb-outs and bike boulevard signage are also included. The project's goals are to reduce commute speeds and improve school related traffic congestion.

Funding Sources: A Safe Routes to School grant was approved in the amount of \$450K to improve Charleston Road from Alma Street to Middlefield Road.



*Staff prepared cost estimate in 2009

Other Considerations

- Project cost increased from \$6.1M because scheduled Charleston work was removed from the FY13-17 CIP Plan.

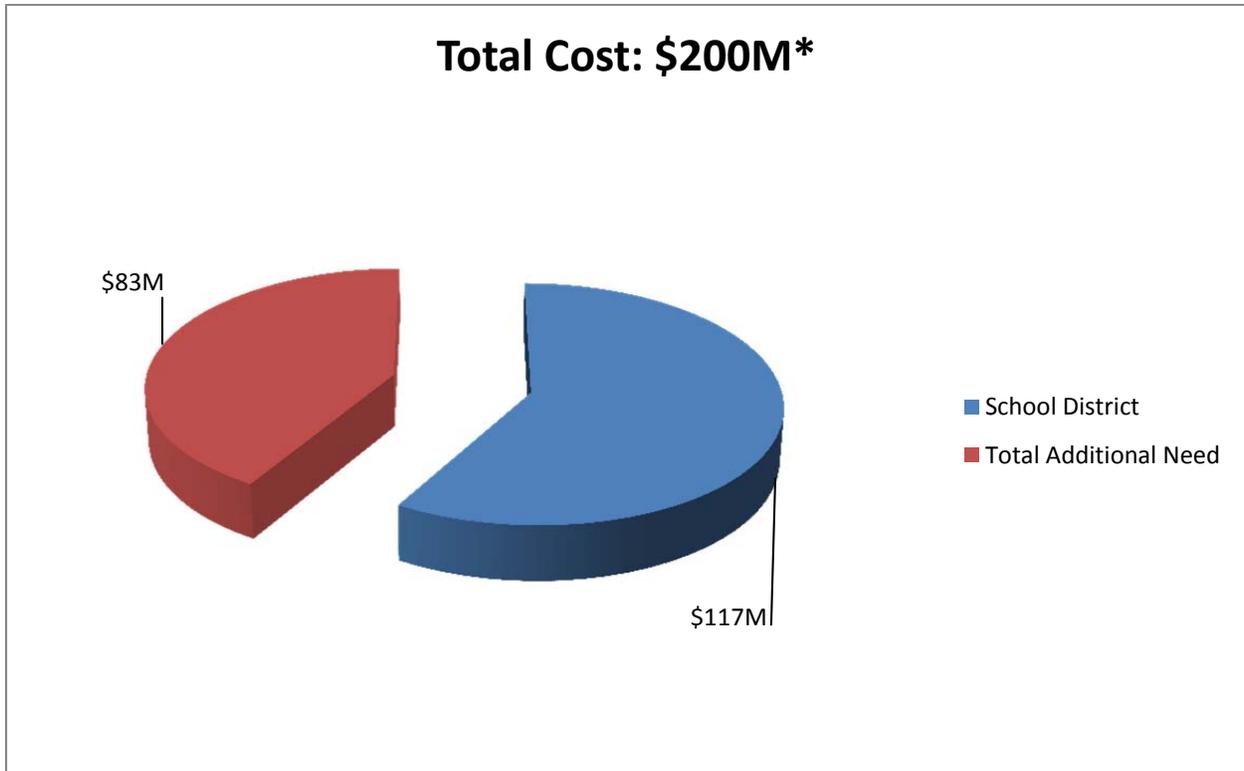
The project information and cost estimate information on this sheet represent staff's best information at this time. Staff will continue to refine the information as new and more precise information becomes available.

Revised 9/13/2012

Cubberley Replace/ Expand

This project would completely replace the existing Cubberley Community Center with a new community center on the City-owned portion and new middle and high schools on the PAUSD-owned portion.

Funding Sources: No funding sources have been committed. Potential funding sources include federal, state and local grants, Stanford mitigation funds, and public/private partnerships. The City's share of the project for the Community Center is \$83M of the \$200M.



* Planning level estimate completed in 2012.

Other Considerations

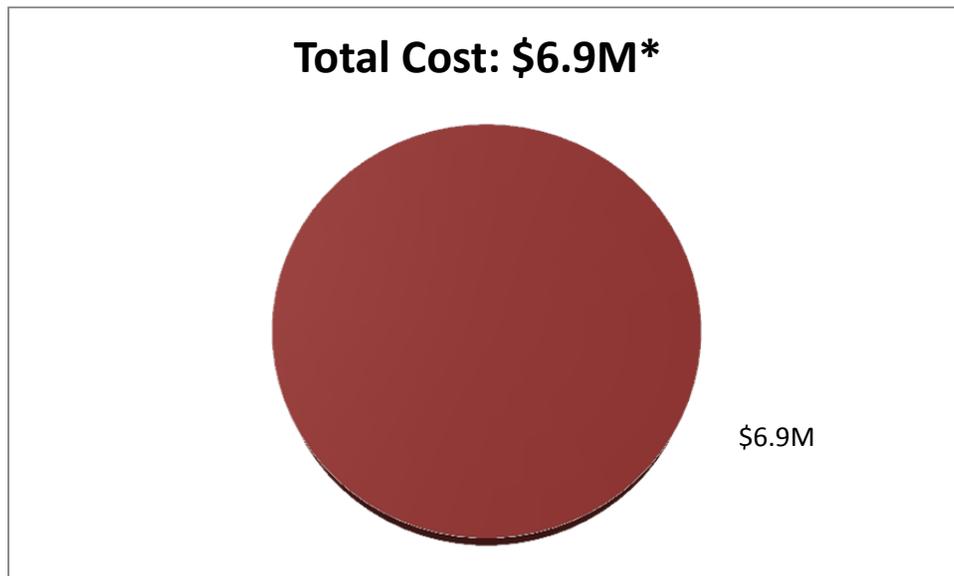
- Project would be coordinated in cooperation with PAUSD if the Cubberley process ultimately yields a decision to pursue [up to] complete replacement and expansion of Cubberley Community Center. The Cubberley Community Advisory Committee is expected to make its recommendations in early 2013.

The project information and cost estimate information on this sheet represent staff's best information at this time. Staff will continue to refine the information as new and more precise information becomes available.

Cubberley Deferred Maintenance

All maintenance required for Cubberley Community Center including HVAC, electrical and plumbing replacements, parking lot resurfacing, tennis courts and field repairs. Cubberley Deferred Maintenance includes both the City and PAUSD-owned portions of the Cubberley property.

Funding Sources: No funding sources have been committed. Potential funding sources include federal, state and local grants, Stanford mitigation funds, and public/private partnerships.



* Kitchell Report completed in 2008, and some staff assessment

Other Considerations

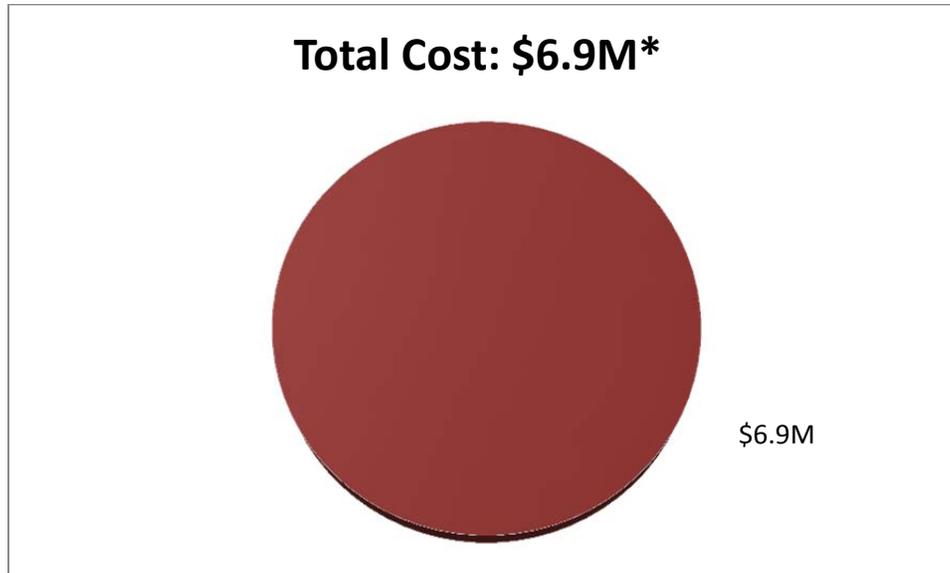
- Addressing Cubberley deferred maintenance may not be necessary if Council decides to pursue complete replacement and expansion of Cubberley Community Center. Likewise, deferred maintenance on the PAUSD-owned portion of the property may not be necessary if Council decides not to renew the existing lease. The Cubberley Community Advisory Committee is expected to make its recommendations in early 2013.

The project information and cost estimate information on this sheet represent staff's best information at this time. Staff will continue to refine the information as new and more precise information becomes available.

Animal Services

Construction of a new Animal Services Center at the former Los Altos Treatment Plant site.

Funding Sources: No funding sources have been committed. Potential funding sources include federal, state and local grants, Stanford mitigation funds, and public/private partnerships.



* Staff prepared cost estimate in 2009

Other Considerations

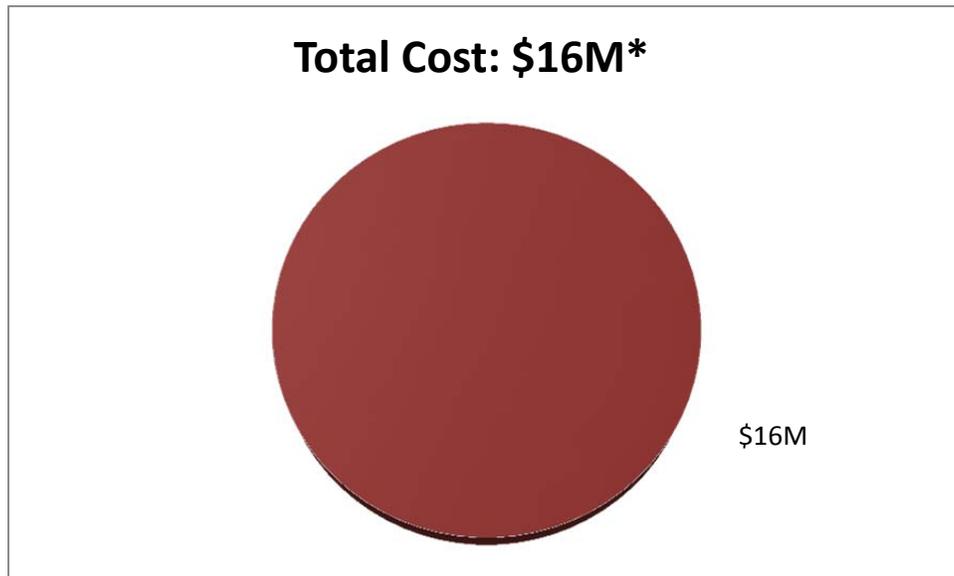
- This project assumes relocation of the Animal Services Center to the Los Altos Treatment Plant site along with relocation of the MSC to allow auto dealer use for the East Bayshore site. No project is needed if relocation of the MSC does not occur. Project is also contingent on completion of the Los Altos Treatment Plant project.
- The estimate of \$6.9M is based on an Animal Services Center sized to serve Palo Alto, Mountain View, Los Altos, and Los Altos Hills. Given the ongoing discussions resulting from Mountain View ending its participation, a smaller facility with a lower cost may be built if the project moves forward. However, it is also possible that the City may enter into contracts with other jurisdictions that would offset the loss of revenue from Mountain View..

The project information and cost estimate information on this sheet represent staff's best information at this time. Staff will continue to refine the information as new and more precise information becomes available.

Civic Center

The waterproofing membrane that is beneath the Civic Center plaza deck is in need of replacement in order to prevent the current leakage of water into the garage area. The current leakage may eventually degrade the reinforcing steel that holds the deck structure together. The membrane has a lifespan of approximately 30 years and is the original installation from the 1969 Civic Center construction.

Funding Sources: No funding sources have been committed. Potential funding sources include federal, state and local grants, Stanford mitigation funds, and public/private partnerships.



* Ferrari Moe estimate in 2004, adjusted for inflation in 2008

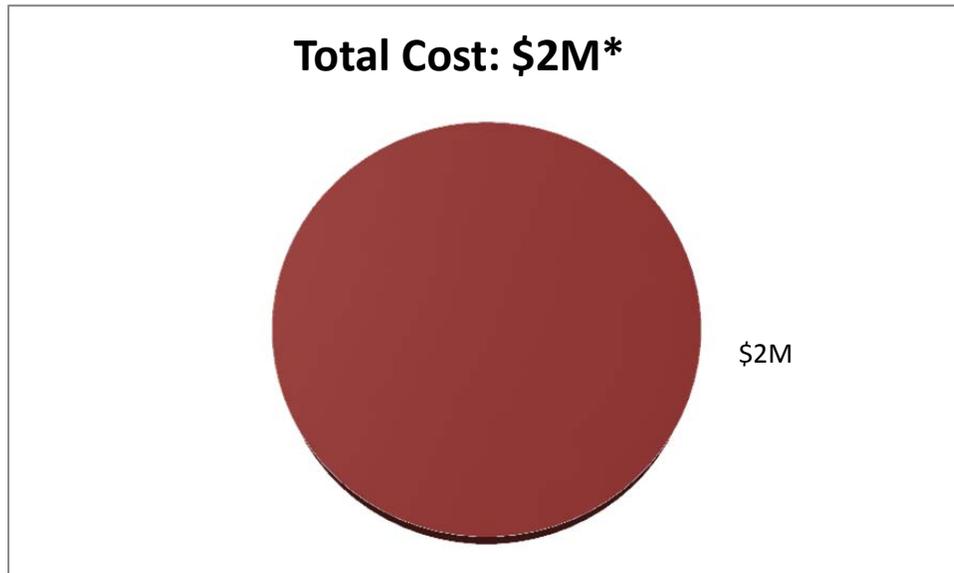
Other Considerations

The project information and cost estimate information on this sheet represent staff's best information at this time. Staff will continue to refine the information as new and more precise information becomes available.

Los Altos Treatment Plant

The Los Altos Treatment Plant (LATP) property contains a former wastewater treatment facility on a 6.5 acre portion of the site known as Area B. This project will initiate the development permit process to maximize usable land on Area B. The project will produce plans to remediate historical contamination on the site, demolish the remaining treatment plant structures, and fill low areas including the former sludge ponds. Mitigation of wetland impacts will also be coordinated on the site following CEQA analysis. The mitigation is expected to include the creation of additional wetlands in the portion of the LATP site known as Area A.

Funding Sources: No funding sources have been committed. Potential funding sources include federal, state and local grants, Stanford mitigation funds, and public/private partnerships.



* Staff prepared estimate in 2008

Other Considerations

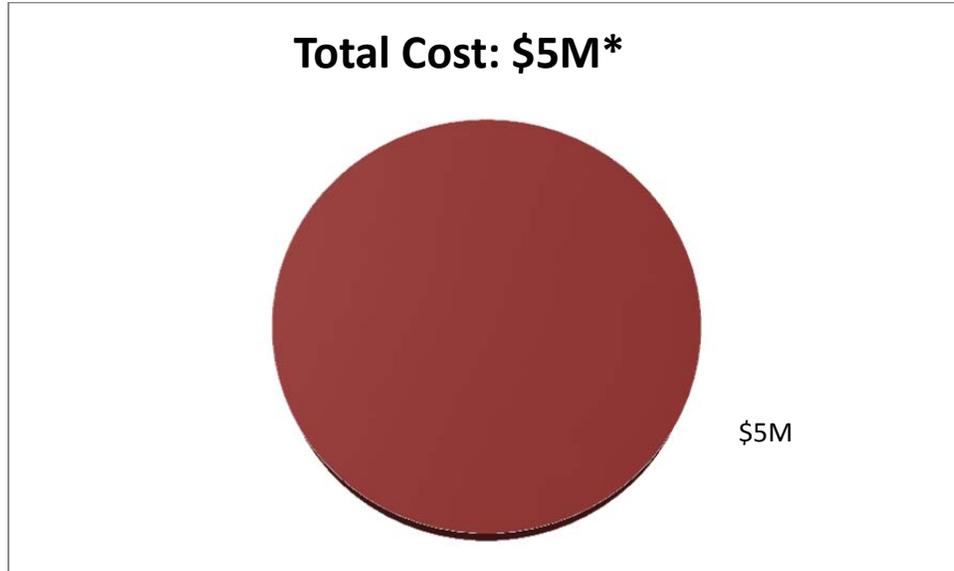
- Following completion of the project, the land would be available for City use, sale, or lease to a third-party, generating undetermined revenues.
- The General Fund and the Refuse Fund each own half of the LATP property.

The project information and cost estimate information on this sheet represent staff's best information at this time. Staff will continue to refine the information as new and more precise information becomes available.

Airport

Resurfacing of runway and taxiways and construction of 12,000 SF terminal building

Funding Sources: The project is expected to be funded through Airport revenues upon transfer of the Airport to City operation.



* Staff prepared estimate in 2012

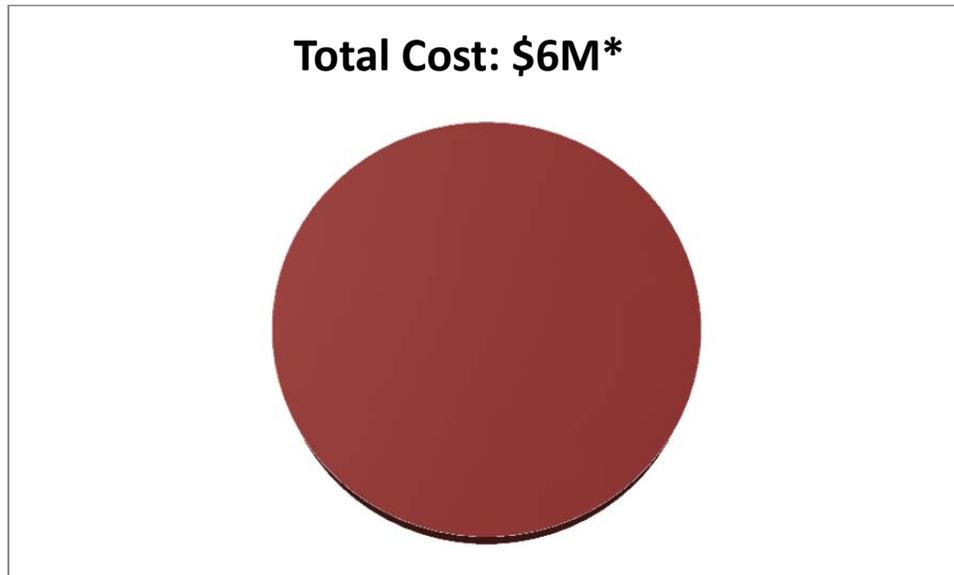
Other Considerations

The project information and cost estimate information on this sheet represent staff's best information at this time. Staff will continue to refine the information as new and more precise information becomes available.

Playing Fields (at Golf Course)

10.5 acres of existing Golf Course land will be set aside as part of the Golf Course reconfiguration project for potential playing fields when/if funding becomes available

Funding Sources: No funding sources have been committed. Potential funding sources include federal, state and local grants, Stanford mitigation funds, and public/private partnerships.



* very preliminary estimate based on artificial turf playing fields

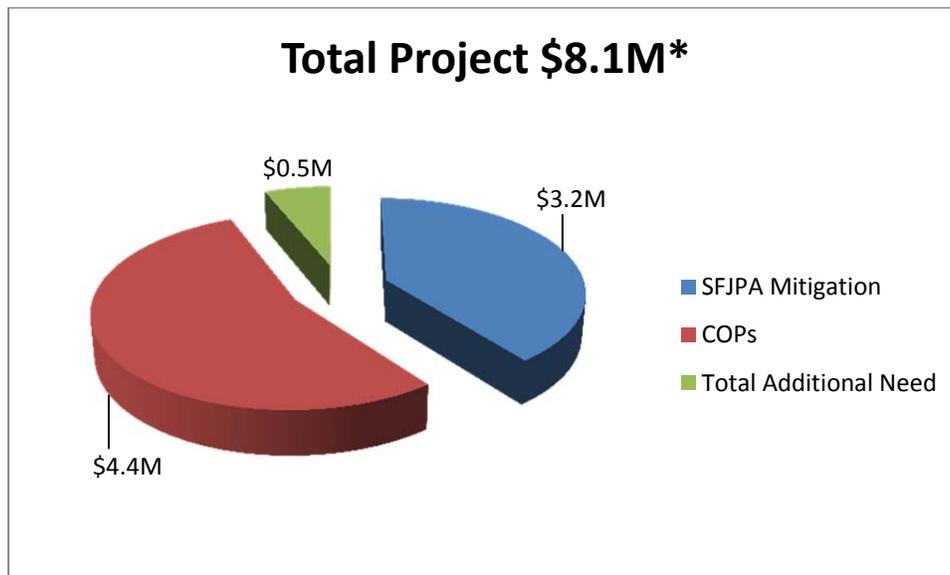
Other Considerations

- Preliminary estimates range from \$2M - \$6M, with the \$2M estimate representing three turf playing fields and the \$6M estimate representing three artificial turf playing fields. These estimates do not include other amenities such as parking and lighting that would be associated with the project. Staff intends to work to develop conceptual plans and more precise cost estimates in the near future.

Golf Course

The Golf Course project will reconfigure the entire Golf Course allowing a more Baylands-oriented golfing experience with significantly more naturalized areas and a smaller turf footprint (less fertilization, pesticide application and water use). The project will also set aside 10.5 acres for possible playing fields or other recreational facilities. The primary purpose of the Golf Course project is to accommodate the San Francisquito Creek Joint Powers Authority (SFCJPA) levee re-alignment project, which will encroach onto the existing Golf Course for critical flood control measures.

Funding Sources: Staff estimate \$3.2M will be paid by the SFCJPA as mitigation for the levee realignment project. The remaining \$4.4M of construction costs will likely be financed through Certificates of Participation or other means over 20 years, with the debt payments to come from Golf Course revenues. Funding for the estimated \$0.5M design cost is not yet identified.



* Forrest Richardson estimate in 2012. \$500,000 is design cost estimates

Other Considerations

- Does not include conceptual plans for 10.5 acres of land set aside to become potential playing fields if/ when funding becomes available.

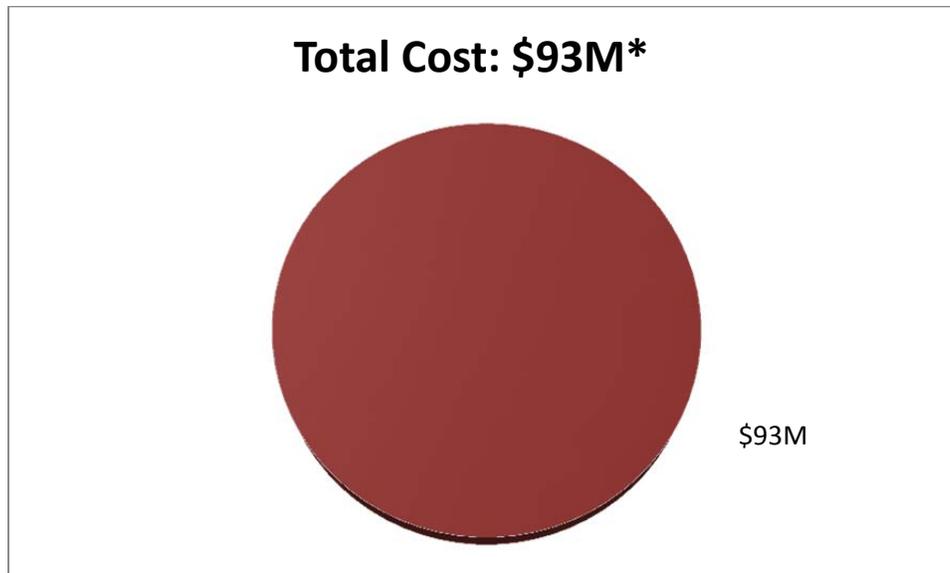
The project information and cost estimate information on this sheet represent staff's best information at this time. Staff will continue to refine the information as new and more precise information becomes available.

Municipal Services Center

Complete replacement of Municipal Services Center based on study completed by Leach Mounce Architects in 2003.

Based on IBRC recommendation, CIP PE-12004 was created for a MSC Facilities Study to analyze options for locating City functions, personnel and equipment currently housed at MSC/ASC.

Funding Sources: This project is expected to be funded by Enterprise Funds if implemented.



* Leach Mounce Architects estimate in 2003 adjusted by staff for inflation

Other Considerations

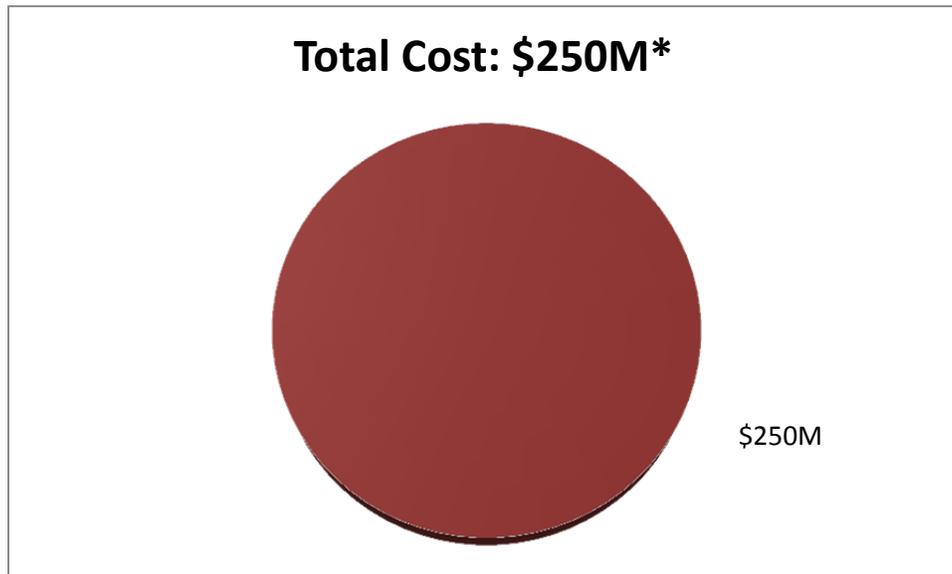
- A complex study of the MSC property is currently budgeted for FY 2013. Staff is finalizing the scope and expects to release an RFP by end of calendar year

The project information and cost estimate information on this sheet represent staff's best information at this time. Staff will continue to refine the information as new and more precise information becomes available.

Regional Water Quality Control Plant (RWQCP)

The recently completed Regional Water Quality Control Plant Long Range Facilities Plan projects project needs over the next 50 years, including retiring of the sewage sludge incinerators, addition of nutrient removal treatment processes, reverse osmosis membrane treatment for recycled water, and a number of other projects.

Funding Sources: Palo Alto contributes 35% of the flow to the RWQCP, and would therefore be responsible for 35% of the project costs. The RWQCP partner cities would fund the remaining 65%. Palo Alto project costs would likely be funded through Utility Revenue bonds and/or the State Revolving Fund.



* Long Range Facilities Plan report in 2012.

Other Considerations

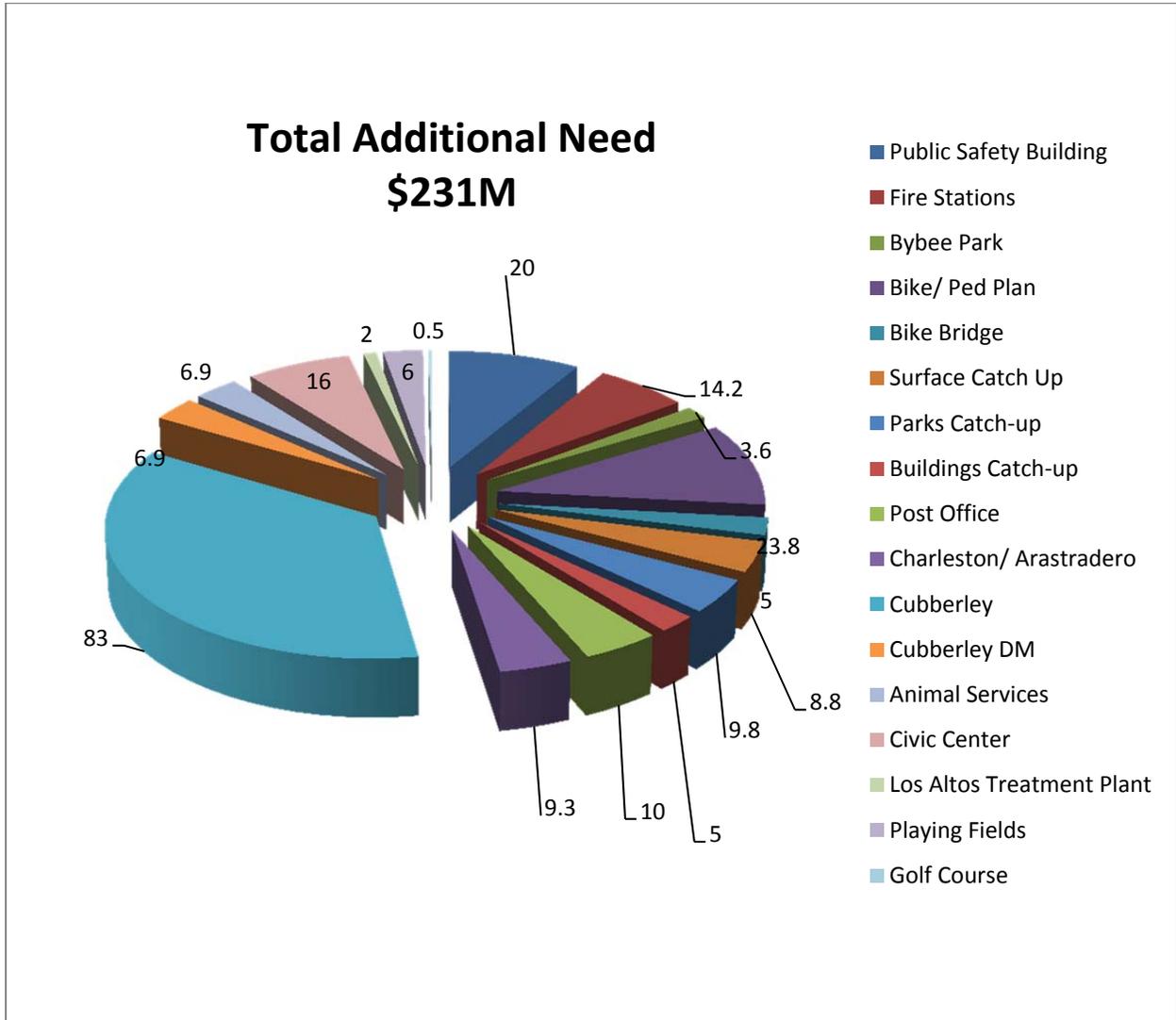
The project information and cost estimate information on this sheet represent staff's best information at this time. Staff will continue to refine the information as new and more precise information becomes available.

Attachment D.

Revised 9/13/2012

The project information and cost estimate information on this sheet represent staff's best information at this time. Staff will continue to refine the information as new and more precise information becomes available.

Total Possible Infrastructure Needs



The project information and cost estimate information on this sheet represent staff's best information at this time. Staff will continue to refine the information as new and more precise information becomes available.