



**CITY COUNCIL AGENDA  
REGULAR MEETING  
CITY OF HALF MOON BAY**

**TUESDAY, MARCH 3, 2020**

**Adcock Community Senior Center, 535 Kelly  
Avenue, Half Moon Bay, California 94019**

**Adam Eisen, Mayor  
Robert Brownstone, Vice Mayor  
Deborah Penrose, Councilmember  
Harvey Rarback, Councilmember  
Debbie Ruddock, Councilmember**

**7:00 PM**

This agenda contains a brief description of each item to be considered. Those wishing to address the City Council on any matter not listed on the Agenda, but within the jurisdiction of the City Council to resolve, may come forward to the podium during the Public Forum portion of the Agenda and will have a maximum of three minutes to discuss their item. Those wishing to speak on a Public Hearing matter will be called forward at the appropriate time during the Public Hearing consideration.

**Please Note:** Anyone wishing to present materials to the City Council, please submit seven copies to the City Clerk.

Copies of written documentation relating to each item of business on the Agenda are on file in the Office of the City Clerk at City Hall and the Half Moon Bay Library where they are available for public inspection. If requested, the agenda shall be available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132.) Information may be obtained by calling 650-726-8271.

In compliance with the Americans with Disabilities Act, special assistance for participation in this meeting can be obtained by contacting the City Clerk's Office at 650-726-8271. A 48-hour notification will enable the City to make reasonable accommodations to ensure accessibility to this meeting (28 CFR 35.102-35.104 ADA Title II).

<http://hmbcity.com/>

**MEETING WILL CONCLUDE BY 11:00 PM UNLESS OTHERWISE EXTENDED BY COUNCIL VOTE**

**ROLL CALL / PLEDGE OF ALLEGIANCE**

**APPROVAL OF AGENDA**

**PUBLIC FORUM**

**PROCLAMATIONS AND PRESENTATIONS**

**MAYOR'S ANNOUNCEMENTS OF COMMUNITY ACTIVITIES AND COMMUNITY SERVICE**

**REPORT OUT FROM RECENT CLOSED SESSION MEETINGS**

**CITY MANAGER UPDATES TO COUNCIL**

**1. CONSENT CALENDAR**

**1.A WAIVE READING OF RESOLUTIONS AND ORDINANCES**

**1.B AMENDMENT TO AGREEMENT WITH GSD CONSULTING TO INCLUDE ADDITIONAL SERVICES RELATED TO THE IMPLEMENTATION OF THE CITYWIDE ENTERPRISE RESOURCE PLANNING SYSTEM**

**Staff Recommendation:** Adopt a resolution authorizing the City Manager to execute an amendment to the agreement with GSD Consulting, to include additional support related to the implementation of the new citywide ERP system with Caselle Inc.

[STAFF REPORT](#)

[RESOLUTION](#)

**1.C SEA HORSE RANCH LICENSE AGREEMENT**

**Staff Recommendation:** Adopt a resolution authorizing the City Manager to execute a License Agreement with Sea Horse Ranch, for non-exclusive use of City property along Poplar Beach, for a term ending December 31, 2025, at an initial annual rate of \$13,281, with 3 percent annual increases throughout the Term.

[STAFF REPORT](#)

[RESOLUTION](#)

[ATTACHMENT 2](#)

**1.D CITY EVENT SPONSORSHIP POLICY**

**Staff Recommendation:** Adopt a resolution approving the City event Sponsorship Policy and authorizing the City Manager to approve event specific Sponsorship Programs, within approved contracting authority levels.

[STAFF REPORT](#)

[RESOLUTION](#)

[ATTACHMENT 2](#)

**1.E FINAL ACCEPTANCE OF THE 2019 SEWER MANHOLE REHABILITATION PROJECT (CIP PROJECT NO. 9026)**

**Staff Recommendation:** By resolution, authorize the City Manager or his designee to file a Notice of Completion for the 2019 Sewer Manhole Rehabilitation Project (Project) and release the Project Retention Funds and Project Performance Bond and Labor and Materials Bond thirty (30) days after recordation of the Notice of Completion.

[STAFF REPORT](#)

[RESOLUTION](#)

**1.F A RESOLUTION RECOGNIZING THE IMPORTANCE OF THE 2020 CENSUS**

**Staff Recommendation:** Adopt a resolution recognizing the importance of the 2020 census and encouraging residents of the City of Half Moon Bay and greater San Mateo County to promote and complete the census to ensure a fair, accurate, and complete count.

[STAFF REPORT](#)

[RESOLUTION](#)

**2. ORDINANCES AND PUBLIC HEARINGS**

**2.A ACCESSORY DWELLING UNITS ORDINANCE (Continued from January 21, 2020)**

**Staff Recommendation:** Upon approval of the agenda, continue this item to a date uncertain to allow staff additional research time.

[STAFF REPORT](#)

**2.B MASTER FEE SCHEDULE**

**Staff Recommendation:** Upon approval of the agenda, continue the item to a date uncertain.

[STAFF REPORT](#)

**3. RESOLUTIONS AND STAFF REPORTS**

**3.A MID-YEAR REVIEW AND ADOPTION OF RESOLUTION TO ADJUST THE FISCAL YEAR 2019-20 BUDGET**

**Staff Recommendation:** Adopt a resolution adjusting the FY 2019-20 Operating and Capital budget.

[STAFF REPORT](#)

[RESOLUTION](#)

[ATTACHMENT 2](#)

[ATTACHMENT 3](#)

[ATTACHMENT 4](#)

[ATTACHMENT 5](#)

[ATTACHMENT 6](#)

### **3.B UPDATE ON FISCAL YEAR 2019-20 CAPITAL IMPROVEMENT PROJECTS**

**Staff Recommendation:** This is an update on the FY 2019-20 Capital Improvement Program (CIP), projects and programs.

[STAFF REPORT](#)

### **3.C ADOPT THE CITY OF HALF MOON BAY SANITARY SEWER MANAGEMENT PLAN 2019 UPDATE**

**Staff Recommendation:** By resolution, authorize the City Manager or his designee to file a Notice of Completion for the 2019 Sewer Manhole Rehabilitation Project (Project) and release the Project Retention Funds and Project Performance Bond and Labor and Materials Bond thirty (30) days after recordation of the Notice of Completion.

[STAFF REPORT](#)

[RESOLUTION](#)

[ATTACHMENT 2](#)

### **3.D POTENTIAL ACQUISITION OF 880 STONE PINE ROAD, HALF MOON BAY**

**Staff Recommendation:** By motion: 1) adopt a resolution authorizing the City Manager to execute a Purchase and Sale Agreement with Peninsula Open Space Trust to acquire property located at 880 Stone Pine Road, Half Moon Bay, for \$2,180,000; and 2) direct the City Manager to pursue cash or private financing in the amount of \$3,000,000 for the acquisition of the property and to make initial improvements related to safety and security, to develop a master plan for the use of the site, and to obtain land use entitlements for the long term-use of the property.

[STAFF REPORT](#)

[RESOLUTION](#)

[ATTACHMENT 2](#)

**FOR FUTURE DISCUSSION / POSSIBLE AGENDA ITEMS**

**CITY COUNCIL REPORTS**

**ADJOURNMENT**

## BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY

### AGENDA REPORT

For meeting of: **March 3, 2020**

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**TO:** Honorable Mayor and City Council

**VIA:** Bob Nisbet, City Manager

**FROM:** Lisa Lopez, Administrative Services Director

**TITLE: AMENDMENT TO AGREEMENT WITH GSD CONSULTING TO INCLUDE ADDITIONAL SERVICES RELATED TO THE IMPLEMENTATION OF THE CITYWIDE ENTERPRISE RESOURCE PLANNING (ERP) SYSTEM**

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#### **RECOMMENDATION:**

Adopt a resolution authorizing the City Manager to execute an amendment to the agreement with GSD Consulting, to include additional support related to the implementation of the new citywide ERP system with Caselle Inc.

#### **FISCAL IMPACT:**

The total fiscal impact of this agreement amendment is \$30,000. The current CIP Budget includes sufficient funds allocated for the ERP project to cover this cost.

#### **STRATEGIC ELEMENT:**

This recommendation supports the Fiscal Sustainability and Infrastructure and Environment Elements of the Strategic Plan.

#### **BACKGROUND:**

GSD Consulting was selected to continue work related to the contract with “SDI Presence LLC” formerly known as “NexLevel IT, Inc.”. NexLevel was selected through an RFP process issued in September 2016 and upon contract termination Staff contracted with the consultant originally assigned by NexLevel under their company name GSD Consulting.

Over the course of the project, GSD Consulting has done an outstanding job completing tasks listed in the agreement which has been shown over the entirety of the contract. The original contract with GSD Consulting in the amount of \$29,900.00 included services such as but not limited to; project management and implementation support services.

#### **DISCUSSION:**

Based on the recent organizational changes in the Finance Department and to maintain continuity, City staff reached out to GSD Consulting for additional assistance to aid in the ERP implementation project. With GSD’s knowledge and expertise of the City’s operations and technology needs, staff recommends expanding the scope and terms of the original

agreement.

If approved this agreement amendment would help supplement the City's staff resources with valuable hands-on experience and proven methods and tools to help ensure that the project is conducted in a disciplined, well-managed, and consistent manner.

GSD's responsibilities under the new contract will include, but not be limited to the following areas:

- Project Management and Business Process Analysis
- Data Conversion Support
- System Implementation and Miscellaneous Support

The total agreement amount if this amendment is approved will be \$44,900 (\$29,900.00 original contract + \$15,000 proposed addition).

**ATTACHMENT:**

Resolution authorizing the City Manager to execute an amendment to the agreement with GSD Consulting.

Resolution No. C-2020-\_\_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HALF MOON BAY AUTHORIZING THE  
CITY MANAGER TO EXECUTE AMENDMENT NO. 1 TO THE AGREEMENT WITH GSD  
CONSULTING TO INCLUDE ADDITIONAL SUPPORT RELATED TO THE IMPLEMENTATION OF  
A NEW ENTERPRISE RESOURCE PLANNING (ERP) SYSTEM**

**WHEREAS**, on March 1, 2020, the City Manager authorized the agreement with GSD Consulting to undertake the next phase of the ERP project (system implementation); and

**WHEREAS**, the City has limited staff resources to finalize the last phase of the ERP project (system implementation), and will benefit from GSD's extensive experience and expertise in data conversion support, project management, and system implementation to ensure successful completion of the project; and

**WHEREAS**, the City has sufficient funds allocated in the current CIP budget for the ERP project; and

**NOW, THEREFORE, BE IT RESOLVED THAT** the City Council of the City of Half Moon Bay hereby authorizes the City Manager to execute an agreement amendment with GSD Consulting, in the amount of \$44,900.

\*\*\*\*\*

I, the undersigned, hereby certify that the foregoing Resolution was duly passed and adopted on the 3<sup>rd</sup> day of March, 2020 by the City Council of Half Moon Bay by the following vote:

AYES, Councilmembers:

NOES, Councilmembers:

ABSENT, Councilmembers:

ABSTAIN, Councilmembers:

ATTEST:

APPROVED:

\_\_\_\_\_  
Jessica Blair, City Clerk

\_\_\_\_\_  
Adam Eisen, Mayor

## BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY

### AGENDA REPORT

For meeting of: **March 3, 2020**

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**TO:** Honorable Mayor and City Council

**VIA:** Bob Nisbet, City Manager

**FROM:** Matthew Chidester, Deputy City Manager

**TITLE:** **SEA HORSE RANCH LICENSE AGREEMENT**

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#### **RECOMMENDATION:**

Adopt a resolution authorizing the City Manager to execute a License Agreement with Sea Horse Ranch, for non-exclusive use of City property along Poplar Beach, for a term ending December 31, 2025, at an initial annual rate of \$13,281, with 3 percent annual increases throughout the Term.

#### **FISCAL IMPACT:**

The License Agreement will generate more than \$85,000 in revenue over the approximately six-year term, which will be deposited into the General Fund and dedicated to preservation of the bluffs and trails at Poplar Beach Park. Sea Horse Ranch will also pay for a significant portion of and repairs made to the vertical access point utilized by horseback riders entering the beach.

#### **STRATEGIC ELEMENT:**

This recommendation supports the *Healthy Communities and Public Safety* and *Infrastructure and Environment* elements of the Strategic Plan.

#### **BACKGROUND:**

The City of Half Moon Bay owns and maintains Poplar Beach and the span of the California Coastal Trail and horse trail between Kelly Avenue and the Seymour Pedestrian Bridge south of Poplar Street.

Sea Horse Ranch is a commercial recreational equestrian business located at 1828 North Cabrillo Highway. The City and Sea Horse Ranch entered into a License Agreement in 2011 to allow the non-exclusive, commercial use of specified portions of the trail, beach access points and Poplar Beach. The License Agreement had an initial five-year term ending on December 31, 2015. The agreement also provides for automatic renewal of successive five-year terms unless either party gives written notice of intent to not renew the agreement at least one year prior to the expiration of the term of the agreement. Neither party issued intent to not renew



the agreement prior to December 31, 2014, thereby establishing a second five-year term set to expire on December 31, 2020.

In 2018, Community input and observations by City Council and staff raised concerns about the operation of this commercial equestrian use on City-owned land for trail and beach rides at Poplar Blufftop Park and on Poplar Beach. Concerns focused on health, environmental, and nuisance impacts associated with horse manure on the beach and trails, as well as in watercourses, including Pilarcitos Creek. The predominant equestrian user of the access points to the beach is Sea Horse Ranch. Concerns were also raised about the operations of Sea Horse Ranch on their property located at 1828 Cabrillo Hwy, which are not subject to the agreement. Allegations of fire, environmental health and municipal code violations were reported, and City staff along with other agencies investigated the allegations and have been working with Sea Horse Ranch to resolve any confirmed violations.

City Council held a discussion on these issues at their meeting on December 4, 2018. At that meeting, they directed staff to investigate the concerns and work with Sea Horse Ranch to negotiate a new agreement that would address the issues. They also directed staff to issue a Notice of Non-Renewal of the existing agreement prior to the December 31, 2019 deadline. Staff timely issued the Notice of Non-Renewal; thus, absent any further agreement of the parties, the current agreement will expire on December 31, 2020.

On February 4, 2020, the City Council considered the negotiated draft agreement at their regular meeting, and continued the item to allow staff to address specific issues raised at the meeting by public speakers and the Council. The concerns related to the overall length of the agreement term, the language regarding manure removal on the beach and trail crossings, and limiting activities under the license to only horseback riding.

In response to concerns about the overall length of the term, the Council directed staff to develop a process whereby the City and Sea Horse Ranch will meet on an annual basis to discuss the prior year's operations and identify any unresolved issues to be addressed. Language has been added to the draft agreement to ensure this annual check-in takes place and that issues are resolved in a timely fashion.

The other concerns required refinement of the draft language to ensure clarity of obligations and responsibilities for both the City and Sea Horse Ranch, and limitations on the Ranch's operations.

#### **DISCUSSION:**

Over the last year, staff from the City and Sea Horse Ranch have met regularly to work on the matters previously raised at the 2018 Council Meeting and negotiate a new license agreement. Additionally, since the February 4 meeting, staff and Sea Horse Ranch have met several times and negotiated additional language and terms in the agreement to address the concerns raised. The attached agreement represents these efforts, and contains the following terms:

- The Term of the Agreement will be effective upon execution of the document and will expire on December 31, 2025. The current agreement will terminate concurrent with the effective date of the new Agreement.
- The use of City property will not change under the terms of the new Agreement, but Sea Horse Ranch will pay 80% of the costs for work done to improve and protect the vertical access point they primarily use.
- The Concession Fee for the use of City property will increase approximately 30% over the fee paid in 2019. The fee will increase by 3% each year of the Term.
- All horse waste on Poplar Beach will be removed by Sea Horse Ranch, regardless of its source. The Agreement contains a schedule for the frequency of removal ranging from 2-3 times per day on which Sea Horse Ranch operates, and on-call for significant issues at the discretion of the City.
- No other commercial activities will be authorized by the Agreement. If other affiliated operations are desired, including the independent photographer that photographs the rides, those businesses will be required to negotiate a separate agreement with the City.
- The City will have the right to terminate the Agreement for any uncured defaults, as well as with notice through a public hearing process to ensure the overall health or safety of public due to the use, or for violations of the law.
- Each year during the Term, the City and Sea Horse Ranch will meet to identify any unresolved safety or operational concerns related to the Premises over the course of the previous year, inspect the Premises, and identify any concerns about the condition of the Premises that require maintenance or repair
- The insurance requirements of the new agreement will become effective upon the earlier of the renewal of Sea Horse Ranch's insurance policy, or June 1, 2020. Prior to that time the insurance requirements of the previous agreement will remain in effect.

City staff has also coordinated with the Coastside Fire Protection District and County Environmental Health Department to investigate and resolve code violations on the Sea Horse Ranch property. Many of the violations have been resolved and the outstanding violations have plans and schedules for resolution, subject to the approval of the agencies within their jurisdiction, including the City.

#### **ATTACHMENTS:**

1. Resolution authorizing the City Manager to execute a License Agreement with Sea Horse Ranch, for non-exclusive use of City property along Poplar Beach, for a term of six years, at an initial annual rate of \$13,281, with 3% annual increases throughout the Term
2. Revised Draft License Agreement between the City and Sea Horse Ranch

**Resolution No. C-2020-\_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HALF MOON BAY AUTHORIZING THE CITY MANAGER TO EXECUTE A LICENSE AGREEMENT WITH SEA HORSE RANCH, FOR NON-EXCLUSIVE USE OF CITY PROPERTY ALONG POPLAR BEACH, FOR A TERM ENDING DECEMBER 31, 2025, AT AN INITIAL ANNUAL RATE OF \$13,281, WITH 3% ANNUAL INCREASES THROUGHOUT THE TERM**

**WHEREAS**, City is the owner of certain real property along the beach and bluffs between Kelly Avenue and Seymour Street which includes, among other things, a designated horseback riding trail, Poplar Beach Park, and a portion of the California Coastal Trail; and

**WHEREAS**, Sea Horse Ranch owns and operates a commercial horseback riding enterprise located in Half Moon Bay; and

**WHEREAS**, City and Sea Horse Ranch entered into a License Agreement dated January 19, 2011, which expires on December 31, 2020 and authorizes Sea Horse Ranch to use the City's property, on a non-exclusive basis, for commercial horseback riding activities along the Horse Trail and Poplar; and

**WHEREAS**, at their regular meeting on December 4, 2018, the City Council of Half Moon Bay directed staff to negotiate a new agreement with Sea Horse Ranch, which better defines the roles and responsibilities of each party regarding the use and maintenance of the City's property and updates the terms and conditions within which Sea Horse Ranch operates, as well as to address concerns about horseback operations on Poplar Beach expressed by the community, staff, the Council and Sea Horse Ranch; and

**WHEREAS**, the City and Sea Horse Ranch have negotiated a new agreement that will authorize the non-exclusive use of City property along Poplar Beach by Sea Horse Ranch for commercial horseback riding activities, for a term ending December 31, 2025; and

**WHEREAS**, upon the commencement of the new agreement, the previous agreement will terminate.

**NOW, THEREFORE, BE IT RESOLVED THAT** the City Council of the City of Half Moon Bay hereby authorizes the City Manager to execute a License Agreement with Sea Horse Ranch, for non-exclusive use of City property along Poplar Beach, for a term ending December 31, 2025, at an initial annual rate of \$13,281, with 3% annual increases throughout the Term.

\*\*\*\*\*

I, the undersigned, hereby certify that the foregoing Resolution was duly passed and adopted on the 3<sup>rd</sup> day of March 2020 by the City Council of Half Moon Bay by the following vote:

AYES, Councilmembers:

NOES, Councilmembers:

ABSENT, Councilmembers:

ABSTAIN, Councilmembers:

ATTEST:

APPROVED:

\_\_\_\_\_  
Jessica Blair, City Clerk

\_\_\_\_\_  
Adam Eisen, Mayor

## **LICENSE AGREEMENT**

This License Agreement ("Agreement") is entered into this \_\_\_\_ day of \_\_\_\_\_, 2020 (~~the "Effective Date"~~), by and between the CITY OF HALF MOON BAY, a Municipal Corporation ("City") and SEAHORSE RANCH, a limited partnership registered with the State of Nevada and authorized to do business in the state of California ("Licensee").

### **RECITALS**

WHEREAS, City is the owner of that certain real property designated as Assessor's Parcel Numbers 056-093-210; 056-122-080; 064-011-100; 064-031-120; 064-151-070; 064-410-010; 064-151-080 and the adjacent beach up to the mean high-tide line, located between Kelly Avenue and Seymour Street, in the City of Half Moon Bay ("Property"), which Property includes, among other things, a designated horseback riding trail ("Horse Trail") and Poplar Beach Park ("Poplar"), which together comprise the Premises, as shown in Exhibit A ("Site Plan of Premises"), attached hereto; and

WHEREAS, the Property also includes a segment of the California Coastal Trail ("Coastal Trail"), which is a designated multi-purpose non-motorized trail, which is crossed by a perpendicular connection between the Horse Trail and Poplar as shown on Exhibit A; and

WHEREAS, Licensee owns and operates a commercial horseback riding enterprise located in Half Moon Bay; and

WHEREAS, City and Licensee entered into a License Agreement dated January 19, 2011 ("Previous Agreement"), which expires on December 31, 2020 and authorizes Licensee to use the Premises, on a non-exclusive basis, for commercial horseback riding activities along the Horse Trail and Poplar; and

WHEREAS, City and Licensee desire to enter into a new agreement which better defines the roles and responsibilities of each party regarding the use and maintenance of the Premises and updates the terms and conditions within which Licensee shall operate on the Premises; and

WHEREAS, City hereby authorizes Licensee, on a non-exclusive basis, to use and maintain the Premises upon the terms and conditions set forth below.

### **AGREEMENT**

NOW, THEREFORE, in consideration of the above recitals and mutual covenants herein set forth, the parties agree as follows:

1. Term: This Agreement shall be effective for a term (the "Term"), beginning on ~~March 1, 2020~~ (~~the "Effective Date"~~) and expiring on December 31, 2025 (the "Expiration Date"), unless terminated by either party as set forth in Section 16 herein.

- a. Previous Agreement: The Previous Agreement shall terminate upon the Effective Date and neither party shall have any further obligations under the terms of the Previous Agreement, unless specifically set forth in the Previous Agreement as a term or condition that survives termination or expiration.
  - b. Extended Term: Upon mutual written agreement between the City and Licensee, this Agreement may be extended for an additional five (5) years or as otherwise agreed to by the Parties (the "Extended Term"). Prior to the expiration of the fifth year of the term (December 31, 2024), Licensee shall provide notice of its intent to seek renewal and the City and Licensee shall meet to discuss extension of the Agreement. If mutual agreement is not reached on extending the Term, the Agreement shall expire on the Expiration Date.
2. Use: The City hereby grants to Licensee, its agents, contractors, and employees, the non-exclusive right to use and maintain the Premises for commercial horseback rides, and for no other purpose or activity~~riding activities~~, in accordance with the terms and conditions contained herein.
- a. Notwithstanding the above, Licensee acknowledges that the Property and Premises are City facilities open to the public, which may be used by the public for non-commercial recreation activities, subject to any laws, codes, ordinances or policies which may be imposed by the City, now or in the future. The Property and Premises may also be used by the City and/or its designees, Licensees or tenants, for commercial or organized recreation activities, which shall not unreasonably interfere with Licensee's authorized use of the Premises.
  - b. Under the terms of this Agreement, Licensee and its agents, contractors and customers shall only access the Beach via the Vertical Access shown on Exhibit A (Site Plan of Premises), or any other access point deemed safe and reasonable by both the City and Licensee.
    - i. Licensee acknowledges and agrees that any maintenance, repair or improvement work required by City to provide safe access or prevent erosion due to Licensee's use of the Premises along the Vertical Access shall be completed at City's sole discretion, but shall include Licensee's input, and Licensee shall pay for ~~at least~~ eighty percent (80%) of the actual cost of said work or improvements. Payment shall be made following completion of the work and after City provides sufficient documentation of the costs, and such payment may be made in equal monthly installments over the remainder of the Term, beginning within ninety (90) days of receipt of said documentation.
  - c. During the Term of the Agreement, Licensee and City staff shall meet during the fourth quarter of each calendar year, at a mutually agreed upon time and location, to identify any unresolved safety or operational concerns related to the Premises over the course of the previous year, inspect the Premises, and identify

any concerns about the condition of the Premises that require maintenance or repair. Any safety or physical changes shall be made in accordance with Sections 4 through 6 of this Agreement.

3. Consideration:

- a. As Consideration for the use of the Premises, Licensee shall pay to City the following annual sums (the "Concession Fee"):

January 1, 2020 - December 31, 2020	\$13,281
January 1, 2021 - December 31, 2021	\$13,679
January 1, 2022 - December 31, 2022	\$14,090
January 1, 2023 - December 31, 2023	\$14,513
January 1, 2024 - December 31, 2024	\$14,948
January 1, 2025 - December 31, 2025	\$15,396

- b. The Concession Fee shall be due and payable the first day of each month due (the "Due Date"), and shall be late after the seventh day of each month. Late payments shall incur a late fee of 10% (the "Late Fee")
- c. City and Licensee agree that Licensee's activities as authorized by this agreement are seasonal in nature, and that the total annual amount due shall be paid in equal monthly installments from June through November of each year ("Peak Season"). If the full annual sum has been paid by the Due Date in November of each year, no payments shall be required from the following December through May ("Off-Peak Season").

4. General Responsibilities of Licensee:

- a. Licensee shall comply with all local, State and/or Federal requirements applicable to any of its activities on the Premises and shall comply at all times with laws and regulations related to its use of the Premises.
- b. Licensee shall use commercially reasonable efforts towards ensuring the healthy and safe operations of all its activities, including animals, employees, contactors, volunteers, participants and the public.
- c. During each respective use of the Premises, Licensee shall remove any litter or debris created as a result of its operation.
- d. Licensee shall be responsible for the removal of all horse manure ~~and waste~~ within the Premises on the Horse Trail, Coastal Trail crossing, Vertical Access, and Poplar Beach, on every day in which it operates, in accordance with the following schedule:

Peak Season (June – November):	3x (Morning, Mid-Day, Evening)
Off-Peak Season (December – May):	2x (Morning, Evening)
Holidays/Heavy Rides (Peak and Off-Peak):	3x (Morning, Mid-Day, Evening)

Additionally, if the City observes or receives complaints about significant amounts of horse waste on the Premises, the City may request that Licensee immediately remove said waste, or remove the waste and bill Licensee for the actual cost of the removal, including staff time.

- e. Licensee shall not permit the use of the Premises by any other ~~user~~commercial operator, except as otherwise authorized, in writing, by the City. Any requests for commercial use of the Premises shall be referred to the City.

5. General Responsibilities of City:

- a. City shall maintain and repair the Premises in accordance with Section 6 (Maintenance, Repairs, and Alterations) below.
- b. City shall provide Licensee with at least fifteen (15) days' notice of any planned, non-emergency maintenance, repairs, construction, or other interruption of the Premises. City shall have the right to make any necessary emergency repairs or maintenance, at its sole discretion, without prior notice. In such cases, City will endeavor to provide notification to Licensee as soon as possible.
- c. City shall provide at least fifteen (15) days' notice of and shall coordinate as needed on any planned, non-emergency special events that may impact operations of Licensee, including, but not limited to, use of the Horse Trail, the Coastal Trail where it intersects with Licensee's access, use of Poplar Beach for commercial or other large events, and any other events or activities that may interrupt or otherwise interfere with Licensee's use of the Premises.
- d. City shall use commercially reasonable efforts to enforce City ordinances, rules and regulations, including but not limited to the dog leash rules, in order to maintain the healthy and safe use of the Property by Licensee, which shall be solely within the City's discretion. The Parties acknowledge the financial resources of the City may be limited and, accordingly, the City shall have the right to determine operational and enforcement priorities.

6. Maintenance, Repairs, and Alterations:

- a. Within thirty (30) days following the Effective Date, City and Licensee shall perform a site visit to identify and memorialize the baseline condition of the Premises, and any repairs or general maintenance items requiring attention. Any necessary maintenance or repairs shall be made in accordance with Sections 4 through 6 of this Agreement.



~~a.b.~~ Subject to the financial resources of the City, and except as set forth below, City shall make reasonable efforts to maintain the Horse Trail and vertical access point, and prevent excess water intrusion and mud, irregular surfaces, or other tripping hazards. City and Licensee acknowledge and agree that City shall have no responsibility for the physical condition of the beach portions of the Premises, and shall not be held liable for conditions Licensee believes are unsafe or unfit for use under this License.

~~b.c.~~ If Licensee, its agents or contractors cause any damage to the Premises, or to other City property and improvements in connection with the exercise of this Agreement, Licensee shall repair and restore the Premises and Property to their original condition. Licensee shall promptly perform the repair and restoration, and in any event shall complete the work prior to the expiration of the Agreement. Any uncompleted work may be performed by City and charged to Licensee, who shall promptly reimburse the City. This section shall survive termination of this Agreement.

~~c.d.~~ Any work by Licensee to improve or alter the Premises shall be at Licensee's sole cost and shall not be performed without written approval of the City prior to commencement of work. Licensee shall provide the City a minimum fifteen (15) days' notice of any proposed improvements or alterations unless deemed to be an imminent risk to public health and safety. Licensee shall notify City within 24 hours following any emergency repair work. Licensee shall be responsible for securing any required City approvals, permits, and authorizations for improvements to the premises proposed by Licensee.

~~d.e.~~ Licensee shall comply with state prevailing wage laws for any contract over \$1,000 for maintenance, alteration, demolition, installation, or repair work on the Premises and any pre-construction work on the Premises that meet the definition of public work under Labor Code sections 1771 and 1720, (unless an applicable exception applies as determined to the reasonable satisfaction of the City Attorney) including registering the contract with the Department of Industrial Relations (DIR), requiring the contractor to register with DIR, and including required notices in the contract.

7. Not Used
8. Assumption of Risk: Licensee hereby assumes all risk of damage to any property under the control or custody of Licensee while upon the Premises or rights of way of City or in proximity thereto.
9. The rights granted herein shall not be construed as a grant of title or any interest in the real property affected and this Agreement shall not be recorded. The rights granted herein shall not be construed to create any future obligation of either party in addition

to those expressly set forth herein. Except as is reasonable for the permitted uses as outlined in Section 1 of this Agreement, Licensee agrees not to interfere with the peaceful and quiet enjoyment of the Premises or neighboring properties.

10. The City makes no representation or warranty to Licensee or anyone else as to the physical condition of the Premises. Licensee, its employees, volunteers, agents, consultants, contractors or any party that enters the Premises in connection with this Agreement shall enter onto the Premises at their own risk. Subject to Section 6a. above, Licensee hereby acknowledges that it has inspected the Premises, and represents that it is satisfied with the physical condition of the Premises.
11. Licensee, for itself, its successors and assigns, hereby waives, releases, remises, acquits and forever discharges the City, of and from, any and all rights, claims, losses, injuries, costs, damages, causes of action, demands, damages, expenses, penalties, fines or compensation whatsoever, direct or indirect, which Licensee now has or which Licensee may have in the future on account of or in any way arising out of or in connection with (i) the use by Licensee (or Licensee's agents, contractors, employees, volunteers, or invitees) of the Agreement, and (ii) claims by third parties (or any right to seek indemnity or contribution for such third party claims) that arise from personal injury, damage or hazardous material exposure occurring on the Premises during the Term (or any holdover period).
12. Indemnification and Hold Harmless: Licensee shall indemnify, defend (with counsel reasonably acceptable to City), and hold harmless City, its officers, agents, employees, consultants, contractors and representatives, and their respective heirs, legal representatives, successors and assigns, and each of them, from and against any claims, damages, costs, expenses, liabilities or losses of any kind, including, without limitation, injury or death to persons (including, without limitation, Licensee's employees and contractors), or damage to property, and reasonable attorney's fees and litigation costs (collectively "Claims") arising out of or in any way connected with Licensee's use of the Premises or performance of its rights and obligations under this Agreement, including acts or omissions, regardless of Licensee's fault or negligence, including any of the same resulting from City's alleged or actual negligent act or omission, or those of its officers, agents, contractors, consultant, representative, or employees; except to the extent that any such Claims are adjudicated to have proximately resulted from the sole negligence or willful misconduct of City. Licensee will be liable for any environmental issues and clean-up that are caused because of Licensee's use of the Premises and shall indemnify, defend and hold harmless City from any and all Claims, including without limitation reasonable attorneys' and expert fees and litigation costs, to the extent

arising out of any such environmental issues or clean-up. This indemnification, hold harmless, and duty to defend shall survive termination of this Agreement and shall extend to Claims described herein asserted after termination of this Agreement, but only for incidents which occur during the Term of this Agreement. Licensee agrees to require its contractors to indemnify, defend, and hold harmless the City to the same extent.

13. Insurance:

The insurance provisions contained within this Section shall become effective upon the earliest of: the renewal of Licensee's commercial insurance policy, or June 1, 2020. Prior to that time the insurance requirements of the Previous Agreement will remain in effect.

- a. Licensee shall procure and maintain, and shall require all of its contractors and subcontractors performing work on the Premises to procure and maintain, throughout the Agreement Term, the following insurance coverage against claims for injuries to persons or damages to property occurring in or about the Premises that may arise from or in connection with use of the Premises by Licensee or its contractors, agents, representatives, employees, volunteers, or subcontractors. Licensee shall submit coverage verification to the City for review and confirmation of conformance with the requirements set forth in this Agreement.
- b. Nothing contained in these insurance requirements is to be construed as limiting the extent of Licensee's responsibility for payment of damages resulting from its operations under this Agreement. Licensee's failure to provide or maintain, or cause to be provided or maintained by the appropriate party or parties, the insurance required by this Agreement shall not affect Licensee's obligations under this Agreement.
- c. Companies writing the insurance under this paragraph shall be authorized to do business in the State of California. Insurance is to be placed with insurers possessing an A.M. Best rating of no less than A:VII.
- d. Licensee shall procure and maintain, and shall require all of its contractors and subcontractors performing work on the Premises to procure and maintain, throughout the Agreement Term, the following insurance coverage against claims for injuries to persons or damages to property occurring in or about the Premises that may arise from or in connection with use of the Premises by Licensee or its contractors, agents, representatives, employees, volunteers, or subcontractors.

- i. **Workers' Compensation Coverage.** Workers' compensation insurance and employer's liability insurance for Licensee's employees in accordance with Sections 3700 et seq. of the California Labor Code. In addition, Licensee shall require each contractor and subcontractor working on the Premises to similarly maintain workers' compensation insurance and employer's liability insurance for all of their employees in accordance with Sections 3700 et seq. of the California Labor Code. The workers' compensation policy shall include employers' liability in an amount not less than \$1,000,000 for each accident, bodily injury by disease, and \$1,000,000 for each employee bodily injury by disease. The workers' compensation policy shall be endorsed with a waiver of subrogation in favor of City for all work performed by Licensee, its contractors, employees, agents and subcontractors.
- ii. **General Liability Coverage.** Licensee shall maintain and shall require its contractors and subcontractors performing work on the Premises to maintain commercial general liability insurance and umbrella or excess liability insurance covering all operations by or on behalf of Licensee providing insurance for bodily injury liability and property damage liability for the following limits per occurrence and including coverage for: (1) premises, operations and mobile equipment; (2) products and completed operations; (3) broad form property damage (including completed operations); (4) explosion, collapse, and underground hazards; (5) personal and advertising injury; and (6) contractual liability.
1. **Liability Limits.** (A) \$3,000,000 for each occurrence, combined single limit for bodily injury and property damage; (B) \$5,000,000 general aggregate, which must apply separately to the Project Agreement.
- iii. **Automobile Liability Coverage.** Licensee shall maintain automobile liability insurance in amounts not less than \$1,000,000 per occurrence for bodily injury and property damage for all activities arising out of or in connection with the Project Agreement. All automobiles and trucks owned, non-owned or hired shall be covered.
- e. If Licensee or its contractors maintain higher limits than the minimums shown above, the City requires and shall be entitled to coverage for the higher limits maintained by Licensee. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

- f. The general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:
- i. Additional Insureds. The City and its officers, officials, employees, agents, and volunteers shall be covered as additional insureds with respect to liability arising out of work or operations performed by or on behalf of Licensee or its contractor on the Premises. General liability coverage can be provided in the form of an endorsement to Licensee's and Contractor's insurance, or as a separate owner's policy.
  - ii. Licensee and Contractor's Policy Primary. For any claims related to the use of the Premises, Licensee's policies and its contractor's policies shall be considered primary insurance as to the City, its officers, officials, employees, agents and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, or volunteers, shall be excess of Licensee and is Contractor's insurance only and shall not contribute with it.
- g. Notice. Licensee and its contractor shall not cancel, assign, or change any policy of insurance required by this Agreement or engage in any act or omission that will cause its insurer to cancel any insurance policy required by this Agreement except after providing thirty (30) days prior written notice to the City. If an insurance policy required by this Agreement is unilaterally cancelled or changed by the insurer, the Licensee or its contractor shall immediately provide written notice to City and obtain substitute insurance meeting the requirements of this Agreement. Nothing in this subsection relieves Licensee of its obligation to maintain and require all insurance required by this Agreement at all times during the Agreement Term.
- h. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by the City. At the option of the City, either (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officers, officials, employees, agents and volunteers; or (2) Licensee shall provide a financial guarantee satisfactory to the City guaranteeing payment of losses and related investigations, claim administration and defense expenses.
- i. No insurance policy required herein shall be written as claims-made coverage. Insurance must be written on an occurrence basis.
- j. Failure of the City to enforce in a timely manner any of the provisions of this

Agreement, including the insurance provisions, shall not act as a waiver to enforcement of any of these provisions at a later date. The City reserves the right to request complete, certified copies of all required insurance policies, including endorsements, required by these provisions, at any time.

- k. Licensee hereby agrees to waive rights of subrogation that any insurer of Licensee may acquire from Licensee by virtue of the payment of any loss. Licensee agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation. Licensee shall require its contractors and subcontractors performing work on the Project to similarly waive rights of subrogation.
  - l. City reserves the right to modify these requirements, including limits, based on special circumstances.
  - m. Evidence of Insurance: Prior to City executing this Agreement, Licensee shall provide to City for its approval (1) certificates of insurance and (2) original written endorsements as evidence of the insurance coverage required by this Agreement. The endorsements are to be signed by a person authorized by that Insurer to bind coverage on its behalf. Certificates and endorsements shall be filed with the City and are considered an integral part of this Agreement. Failure of Licensee to provide satisfactory evidence of insurance or failure of City to approve satisfactory evidence of insurance shall not operate as a waiver of these insurance requirements.
  - n. If Licensee fails to procure or maintain or require the appropriate party to procure or maintain the insurance required by this Section in full force and effect throughout the Agreement Term, this Agreement may be terminated immediately by City and be of no further force or effect.
  - o. City reserves the right to modify these insurance requirements at any time based on special risks or circumstances.
14. Destruction of Premises: Should there be a destruction of the Premises by an event such as flood, fire or earthquake, then the City may in its sole discretion determine whether or not to rebuild the Premises and in what configuration.
15. Assignment: Licensee shall not assign or encumber its interest in this Agreement without first obtaining City's written consent. Any assignment, without consent from City shall be voidable and at the City's election, shall be a default.



16. Default, Termination and Suspension:

- a. In the event Licensee fails to comply with any material terms or conditions of this Agreement, City may notify Licensee in writing of the occurrence of such non-compliance, which non-compliance must be corrected within thirty (30) days after written notice, or lesser period, in event of a situation determined to be an emergency situation. If the nature of Licensee's default is such that more than 30 days are reasonably required for its cure, then the Licensee shall not be deemed to be in default if it shall commence such cure within said 30-day period and thereafter diligently prosecute such cure to completion. Failure to so correct said deficiency within said period of time will be grounds for immediate termination of this Agreement by City.
  - b. If the City determines, in its sole discretion, that Licensee's use of the Premises is contrary to the public health, safety or welfare, or in violation of any federal, state or local law, regulation or permit, it may terminate this license as set forth herein. Any such determination shall be made by the City Council in a public hearing after the City has provided at least one hundred twenty (120) day's written notice to Licensee of its intent to terminate pursuant this section.
  - c. If the City determines, in its sole discretion, that Licensee's use of the Premises is an imminent and substantial threat to the public health, safety or welfare, it may suspend this License pending a hearing on termination pursuant Section 16b. above. The City Manager or designee may make the initial determination to suspend, which determination may be appealed to the City Council pursuant Half Moon Bay Municipal Code chapter 1.25. Any such appeal shall be heard not less than thirty (30) days from the date that an appeal is filed, provided however, that the suspension will not be lifted during pendency of the appeal. During the pendency of the appeal, Licensee shall have the opportunity to cure any defect, and if cured, the City Manager or Designee may, at their sole discretion, lift the suspension. The City may not terminate the License under this provision due to its own failure to maintain the Premises.
17. Return of Premises: At the end of the Term or upon earlier termination of this Agreement, Licensee shall remove, at its sole cost and expense, from the Premises all personal property placed on the Premises by Licensee or its agents and leave the Premises free of any such material and free of any hazards created by Licensee's use of the Premises. Any improvements to the Premises that are fixed to the Premises building shall remain in place. Without limiting any of the foregoing, the Premises shall be returned to the City in a condition that is reasonably satisfactory to the City in its sole discretion. The City reserves the right to inspect the Premises and request Licensee to cause the Premises to be returned to its condition prior to the Agreement. This section shall survive the termination of this Agreement.
18. Entry: City and its authorized representatives shall have the right to enter upon the Premises at all times in order to carry out City business. City, however, in order to provide as little interference as possible, intends not to exercise said rights on days

when Licensee is scheduled to use the Premises without a twenty-four (24) hour notice unless City, at its sole discretion, deems an emergency exists and, in such case, shall go upon said Premises and perform its responsibilities.

City will endeavor to conduct its business in and on Premises in a manner that will cause the least possible inconvenience, annoyance or disturbance to Licensee.

19. Dispute Resolution: Both parties agree to work together to resolve any disputes that may arise during the term of this Agreement.
20. Contact Information:
  - a. Licensee's contact information for notices or communications under this Agreement is as follows:

Name: Willa Chapman, Executive Director/General Manager  
Address: 1828 Cabrillo Hwy, N  
Half Moon Bay, CA 94019  
Telephone: (650) 726-9903  
E-mail: [contact@mailseahorse.com](mailto:contact@mailseahorse.com)
  - b. City's contact information for notices or communications under this Agreement is as follows:

Name: Matthew Chidester, Deputy City Manager  
Address: 501 Main Street  
Half Moon Bay, CA 94019  
Phone: (650) 726-8272  
Email: [mchidester@hmbcity.com](mailto:mchidester@hmbcity.com)
  - c. City's Finance Department contact information for payment of Rent under this Agreement is as follows:

Name: Lisa Lopez, Administrative Services Manager  
Address: 507-B Purissima Street  
Half Moon Bay, CA 94019  
Phone: (650) 726-8260  
Email: [llopez@hmbcity.com](mailto:llopez@hmbcity.com)

Any notice will be deemed made on the day it is mailed by Certified U.S. mail or e-mailed.

21. Miscellaneous Provisions:
  - a. This Agreement can only be modified or altered by a written instrument bearing the signatures of both parties.



- b. Licensee and City will work together to carry out the spirit and stated objectives of this Agreement.
  - c. All obligations of each party are expressly made conditions, any material breach of which shall, at the option of the other party, terminate this Agreement in accordance with Section 16a herein.
  - d. The title or headlines to paragraphs shall not affect the interpretation of provisions.
  - e. The provisions in this Agreement shall apply to and bind the successors, and assigns the parties, except as provided in the provisions regarding assignment.
  - f. Time is of the essence.
  - g. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of California.
  - h. Licensee and any officers, employees, contractors, or volunteers are independent, and not agents, subagents, or employees of City.
  - i. Licensee and any officers, employees, contractors, or volunteers shall not have any claim under this agreement or otherwise against the City for any social security, worker's compensation, or employee benefits extended to employees of the City.
  - j. Photographs or recordings taken of any Licensee activities on the Premises that include Licensee's image, or the image of Licensee's personnel may be used by the City for any purpose subject to any applicable copyright restrictions held by a third-party copyright holder.\
  - k. Licensee acknowledges that it has no right to or promise for an extension of this Agreement or authorization to use the Premises under a new agreement following expiration or termination of this Agreement. Licensee waives any rights or claims it may have to notice or hearing respecting any failure by City to renew or extend this Agreement or make any other authorization to use the Premises.
  - l. The Licensee representative signing below hereby represents to the City that he/she is Licensee's authorized representative with full power and authority to bind Licensee to the terms and provisions of this Agreement.
22. Entire Agreement: The foregoing constitutes the entire agreement of the parties, and may be modified only by a writing signed by the parties.

**Balance of Page Intentionally Blank**

WHEREAS, the parties hereto have executed this Agreement the day and year first above written.

SEAHORSE RANCH, a Nevada limited partnership

By: \_\_\_\_\_  
Willi Chapman  
Executive Director/General Manager

CITY OF HALF MOON BAY, a municipal corporation

By: \_\_\_\_\_  
Robert Nisbet  
City Manager

APPROVED AS TO FORM

By: \_\_\_\_\_  
Catherine Engberg  
City Attorney

ATTACHMENTS:

Exhibit A: ("Site Plan of Premises")

**Exhibit A**  
**Site Plan of Premises**



## BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY

### AGENDA REPORT

For meeting of: **March 3, 2020**

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**TO:** Honorable Mayor and City Council  
**VIA:** Bob Nisbet, City Manager  
**FROM:** Matthew Chidester, Deputy City Manager  
**TITLE:** **CITY EVENT SPONSORSHIP POLICY**

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#### **RECOMMENDATION:**

Adopt a resolution approving the Sponsorship Policy and authorizing the City Manager to approve event specific Sponsorship Programs, within approved contracting authority levels.

#### **FISCAL IMPACT:**

If the Sponsorship Policy is approved, staff estimates that several thousand dollars will be raised through sponsorships in 2020, which will be utilized to offset the City's costs of hosting events, marketing and promotions.

#### **STRATEGIC ELEMENT:**

This recommendation supports the *Fiscal Sustainability* and *Inclusive Governance* elements of the Strategic Plan.

#### **BACKGROUND:**

The City of Half Moon Bay hosts many community events throughout the year, aimed at bringing the community together for education, cultural enrichment, arts, music, sports and general entertainment. In 2019, the City hosted an Earth Day event, the first Community Preparedness day, a Cinco de Mayo celebration, several Concerts in the Park, the second annual Summers End Music Festival, and Las Posadas, among others. These events drew thousands of people together in our streets, plazas and parks. Many of these events were made possible by support from community partners, including the Half Moon Bay Library, the County of San Mateo, the Chamber of Commerce, and other non-profits and community based organizations. Even with support from others, the City often must budget from the General Fund to cover the costs of the events, which limits their scope and quality. Many cities have utilize sponsorship support to help offset the costs of and enhance or expand event offerings. Local businesses often desire to have their name and image associated with community events, to support important activities and for promotional purposes. They may be willing to provide cash or in-kind support in exchange for recognition and marketing exposure.

**DISCUSSION:**

Staff has developed a draft Sponsorship Policy to guide the development of event specific Sponsorship Programs, sponsor selection, and appropriate recognition for sponsors. If approved, staff would develop event specific programs to encourage support from our local businesses, which would help offset City costs for hosting many of the events already offered, increase the scope and quality of those events, and provide opportunities for additional events.

The Parks and Recreation Commission has reviewed the draft policy and recommends approval by the City Council.

**ATTACHMENTS:**

1. Resolution approving the Sponsorship Policy and authorizing the City Manager to approve event specific Sponsorship Programs, within approved contracting authority levels.
2. Draft Sponsorship Policy

Resolution No. C-2020-\_\_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HALF MOON BAY APPROVING THE SPONSORSHIP POLICY AND AUTHORIZING THE CITY MANAGER TO APPROVE EVENT SPECIFIC SPONSORSHIP PROGRAMS, WITHIN APPROVED CONTRACTING AUTHORITY LEVELS**

**WHEREAS**, the City of Half Moon Bay strives to make the City a great place to live, work, and play; and

**WHEREAS**, one of the ways the City accomplishes this goal is by hosting high quality community events aimed at bringing the community together for education, cultural enrichment, arts, music, sports and general entertainment; and

**WHEREAS**, even with the support of community partners, the City must often budget from the General Fund to cover the costs of the events, which limits their scope and quality; and

**WHEREAS**, the City desires to obtain cash and in-kind support from businesses through sponsorships, which will help offset the costs of the City, expand and enhance offerings, and provide opportunities for new events; and

**WHEREAS**, the City of Half Moon Bay is empowered by state law to accept or reject any donation, gift, bequest, or devise made to or for the City, consistent with California Government Code section 37354; and

**WHEREAS**, the Sponsorship Policy allows the City Manager to approve event specific Sponsorship Programs, accept and reject sponsorship proposals, and determine the level of recognition provided for sponsorship, within contracting limits; and

**NOW, THEREFORE, BE IT RESOLVED THAT** the City Council of the City of Half Moon Bay hereby approves the Sponsorship Policy and authorizes the City Manager to approve event specific Sponsorship Programs, within approved contracting authority levels.

\*\*\*\*\*

I, the undersigned, hereby certify that the foregoing Resolution was duly passed and adopted on the 3<sup>rd</sup> day of March 2020 by the City Council of Half Moon Bay by the following vote:

AYES, Councilmembers:

NOES, Councilmembers:

ABSENT, Councilmembers:

ABSTAIN, Councilmembers:

ATTEST:

APPROVED:

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Jessica Blair, City Clerk

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Adam Eisen, Mayor



## SPONSORSHIP POLICY

In an effort to maximize its resources while providing high quality community events, it is in the best interest of the City of Half Moon Bay to accept sponsorships to help support its events and programs, including Music in the Parks, Community Preparedness Day, and other cultural, musical, educational, artistic or athletic activities. This can be accomplished by providing local, regional, and national businesses, non-profit groups, and individuals a method to support the events and receive recognition for their support. The City strives to provide quality, life-enriching activities to bring together the broadest base of the community. This translates into exceptional visibility for sponsors and supporters. It is the goal of the City to create relationships and partnerships with sponsors to help make the programs and events the highest quality and fiscally sustainable for the City and community.

### Sponsorships vs. Donations

Sponsorships are generally cash or in-kind products and services offered by sponsors with the clear expectation that an obligation is created. The recipient is obliged to return something of value to the sponsor. In the case of this policy, the value will be public recognition and publicity or advertising highlighting the contribution of the sponsor and/or the sponsor's name, logo, message, products or services. The sponsor usually has clear marketing objectives that they are trying to achieve, including but not limited to the ability to drive sales directly based on the sponsorship, and/or quite often, the right to be the exclusive or premier sponsor in some specific instances. In contrast, a donation does not generally require the recipient to return something of value to the donor, but is made to benefit the community. In certain cases, some level of recognition from the recipient is agreed to, but does not reflect an exchange of value. This policy specifically addresses sponsorships, the agreements for the provision of resources from the sponsor to the City, and the benefits provided by the City to the sponsor in return for securing those resources.

### Sponsorships vs. Partnerships

For certain events and programs, the City may choose to enter into a partnership with one or more organizations, in the planning and execution of the event or program. In most cases, the partners would most likely be other government agencies, non-profits, or community-based organizations. This would not preclude, in specific-cases, the City from partnering with a for-profit business, if the circumstances warranted. Partnerships provide multiple groups to bring specific skills, information, support and resources to help facilitate improvements for events and programs in a way that benefit the community.

### Sponsorship and Recognition

The benefits set forth in this policy ensure recognition is consistent with the mission of the City of Half Moon Bay and its reputation as a public entity. The City will evaluate proposals for sponsorship and approve, modify or decline any such proposals, and may refuse any financial or in-kind donation if it is deemed not to be in the best interest of the City or a specific program or event.

Sponsorship benefits carry no power of direction or implied power of direction to the City on matters of appointment of persons, policies, or any other processes or delivery of activities. Absent an explicit agreement to the contrary, sponsorship benefits will remain in place for a period of no longer than the annual program or specific event.

If, in the judgment of the City, a person or entity from whom sponsorship has been accepted engages in activities that are in conflict with the City's mission and values, or is involved in disreputable or criminal activities that would bring dishonor and embarrassment to the City of Half Moon Bay, the program or event, the City Council shall have the discretion to cease any further recognition, including the removal of any logos or references to said sponsor in existing or future promotional materials.

### Sponsorship Selection Criteria and Process

Sponsors should be businesses, non-profit groups, or individuals that promote mutually beneficial relationships for the City and furthering its Strategic Plan. All potential sponsorships will be reviewed in terms of creating synergistic working relationships with regards to benefits, community contributions, knowledge, and political sensitivity. All sponsorships should promote the goals and mission of the City and the associated events or programs. Sponsorships by religious and political organizations are generally not eligible for participation.

The following questions are the major guiding components of this policy and should be addressed prior to soliciting potential sponsors:

- Is the sponsorship reasonably related to the purpose of the facility or programs as exemplified by the Mission Statement and Goals of the Department?
- Will the sponsorship help provide additional benefits or generate more revenue and/or less cost per participant than the City can provide without it?
- What are the real costs, including staff time, for procuring the amount of cash or in-kind resources that come with the sponsorship?

### Criteria for Rejecting a Sponsorship

Sponsorships may be rejected if the sponsor or associated organizations do any of the following:

- Promote environmental or work practices that would violate U.S., California or local laws or ordinances (i.e., dumping of hazardous waste, exploitation of child labor, etc.), or promote drugs, alcohol, or tobacco, or that constitute violations of law,
- Duplicate or mimic the identity or programs of the City,



- Promote religious or political messages,
- Exploit participants or staff members of the City, or
- Offer benefits which may violate other accepted policies of the City.

#### Approval Authority

This policy shall be subject to approval and change through actions of the City Council of Half Moon Bay. Each event or program that involves solicitation of Sponsors must, prior to procurement, create a Sponsorship Program specific to that event or program that is in line with this policy, and must be approved by the City Manager. The sponsor shall execute a release and hold harmless in a form acceptable to the City Manager. The City Manager maintains the authority to approve or reject sponsorships based on the criteria set forth within this policy.

#### Recognition of Sponsor Contributions

All financial contributions shall be acknowledged in writing as soon as possible upon receipt of the contribution. Such correspondence shall include proper tax information.

Recognition levels shall be within the City Manager's Authority to approve contracts, unless otherwise authorized by the City Council. The Sponsorship Programs for each event will determine the specific levels of sponsorship and recognition, and shall be appropriate for the size, expected attendance, and costs to execute the specific event.

Sponsorship recognition can take many forms, including but not limited to: logo placement on marketing materials, social media and website recognition, email campaigns printed and online media advertisements, stage recognition and promotional announcements, emcee/speaking opportunities, on-site promotional space, event signage, and other event specific marketing and recognition. Sponsors may not use, reproduce, or distribute the City's logo, seal, or trademark without the City's written consent.

#### Equitable Offerings

It is important that equal levels of sponsorship and contributions across all City events or programs yield an equitable level of value or benefits for potential sponsors. In the City Manager's review of draft event specific programs, other programs already adopted or anticipated will be considered.

## BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY

### AGENDA REPORT

For meeting of: **March 3, 2020**

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**TO:** Honorable Mayor and City Council

**VIA:** Bob Nisbet, City Manager

**FROM:** Maz Bozorginia, City Engineer  
Denice Hutten, Associate Civil Engineer

**TITLE: FINAL ACCEPTANCE OF THE 2019 SEWER MANHOLE REHABILITATION PROJECT  
(CIP PROJECT NO. 9026)**

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#### **RECOMMENDATION:**

By resolution, authorize the City Manager or his designee to file a Notice of Completion for the 2019 Sewer Manhole Rehabilitation Project (Project) and release the Project Retention Funds and Project Performance Bond and Labor and Materials Bond thirty (30) days after recordation of the Notice of Completion.

#### **FISCAL IMPACT:**

The approved contract award is \$90,500. Authorized contingency funds provide a total amount of \$104,075 for the Project. The total cost of the Project was \$102,799. There are sufficient funds in the Capital Budget under CIP Project No. 9026 to cover the cost of the project.

#### **STRATEGIC ELEMENT:**

This action supports the Infrastructure and Environment, Healthy Communities and Public Safety Elements of the adopted Strategic Plan.

#### **BACKGROUND:**

On July 17, 2019, by Resolution C-2019-65, the City Council awarded a construction contract to H & R Plumbing and Drain Cleaning, Inc. of El Sobrante, California, in the amount of \$90,500 for manhole rehabilitation at locations City-wide. Resolution C-2019-65 also authorized project contingency funding in the amount of 15% (\$13,575) of the contract award.

The project primarily targeted manholes identified by Sewer Authority Mid-Coast (SAM) crews and Closed-Circuit Television (CCTV) as locations of stormwater infiltration into the sewer collection system. Other project repairs included replacing old manhole covers and deteriorating grade rings, and raising manhole covers and frames. A total of 24 manholes were repaired with the Project.

The Contractor has completed the work to the satisfaction of the City Engineer and has provided a one-year warranty bond for the work.

**DISCUSSION:**

This project is complete. The one-year warranty bond is adequate to ensure the work products perform as expected.

Staff recommends City Council authorize the City Manager or his designee to file a Notice of Completion and release the Project Retention Funds and the Performance and Labor and Materials Bonds thirty (30) days after recordation of the Notice of Completion.

**ATTACHMENT:**

Resolution

Resolution No. C-2020-\_\_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HALF MOON BAY AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO FILE A NOTICE OF COMPLETION FOR THE 2019 SEWER MANHOLE REHABILITATION PROJECT (PROJECT), AND RELEASE THE PROJECT RETENTION FUNDS AND PROJECT PERFORMANCE AND LABOR AND MATERIALS BONDS THIRTY (30) DAYS AFTER RECORDATION OF THE NOTICE OF COMPLETION**

**WHEREAS**, on July 16, 2019 the City Council adopted Resolution C-2019-65 to award a construction contract for CIP No. 9026, the “2019 Sewer Manhole Rehabilitation Project” (Project) to H & R Plumbing and Drain Cleaning Inc., in the amount of \$90,500; and

**WHEREAS**, Resolution C-2019-65 also authorized contingency funding in the amount of 15% (\$13,575) of the contract award for the Project; and

**WHEREAS**, the Contractor has completed all improvements in compliance with the contract documents for a total amount of \$102,799; and

**WHEREAS**, the Contractor has provided a one-year maintenance bond for the work executed under the construction contract;

**NOW, THEREFORE, BE IT RESOLVED THAT** the City Council of the City of Half Moon Bay hereby authorizes the City Manager or his designee to accept the 2019 Sewer Manhole Rehabilitation Project as complete and file a Notice of Completion, and also authorizes staff to release the Project retention funds and the Performance and Labor and Material Bonds thirty (30) days after recordation of the Notice of Completion.

\*\*\*\*\*

I, the undersigned, hereby certify that the foregoing Resolution was duly passed and adopted on the 3rd day of March 2020 by the City Council of Half Moon Bay by the following vote:

AYES, Councilmembers:

NOES, Councilmembers:

ABSENT, Councilmembers:

ABSTAIN, Councilmembers:

ATTEST:

APPROVED:

\_\_\_\_\_  
Jessica Blair, City Clerk

\_\_\_\_\_  
Adam Eisen, Mayor

## BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY

### AGENDA REPORT

For meeting of: **March 3, 2020**

---

**TO:** Honorable Mayor and City Council

**VIA:** Bob Nisbet, City Manager

**FROM:** Matthew Chidester, Deputy City Manager  
Victor Gaitan, Management Analyst

**TITLE:** **A RESOLUTION RECOGNIZING THE IMPORTANCE OF THE 2020 CENSUS**

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#### **RECOMMENDATION:**

Adopt a resolution recognizing the importance of the 2020 census and encouraging residents of the City of Half Moon Bay and greater San Mateo County to promote and complete the census to ensure a fair, accurate, and complete count.

#### **FISCAL IMPACT:**

There is no fiscal impact associated with this action.

#### **STRATEGIC ELEMENTS:**

This recommendation supports the Fiscal Sustainability, Healthy Communities & Public Safety, Inclusive Governance, and Infrastructure and Environment Elements of the Strategic Plan.

#### **DISCUSSION:**

Pursuant to the United States Constitution, every 10 years, the federal government is required to count all residents in the United States, citizens and non-citizens alike, through a national census. The information collected through the census is used for the following:

- To ensure everyone is represented equally at the local, state, and national levels.
- To determine how federal funds are allocated to state and local governments. This money goes toward critical programs that support education, housing, health, and transportation services in our communities.
- Census data is used by local governments, businesses, developers, transportation planners, and community organizations to make many important decisions that affect our communities.

The County of San Mateo and City of Half Moon Bay strongly encourage all residents to promote and complete the census to ensure a fair, accurate and complete count.

The next national census will take place on April 1, 2020.

**ATTACHMENTS:**

Resolution

**Resolution No. C-2020-\_\_\_\_\_**

**A RESOLUTION RECOGNIZING THE IMPORTANCE OF THE 2020 CENSUS AND ENCOURAGING RESIDENTS OF THE CITY OF HALF MOON BAY AND GREATER SAN MATEO COUNTY TO PROMOTE AND COMPLETE THE CENSUS TO ENSURE A FAIR, ACCURATE AND COMPLETE COUNT**

**WHEREAS**, pursuant to the United States (US) Constitution, every 10 years, the federal government is required to count all residents in the United States, citizens and noncitizens, through a national census; and

**WHEREAS**, the next national census, scheduled to begin in April 2020, is central to our democracy; and

**WHEREAS**, a primary and perpetual challenge facing the U.S. Census Bureau is the undercount of certain population groups; and

**WHEREAS**, California and Half Moon Bay have a large percentage of individuals that are considered traditionally hard to count; and

**WHEREAS**, there are over 100 languages spoken in San Mateo County; and

**WHEREAS**, 34.8 percent of the residents in the County are foreign born; and

**WHEREAS**, the data that is collected by the decennial Census determines the number of seats each state has in the U.S. House of Representatives and is used to distribute billions of dollars in federal funds to state and local governments; and

**WHEREAS**, the data is also used in the redistricting of state legislatures, county boards of supervisors and city council; and

**WHEREAS**, California receives nearly \$77 billion in federal funding that is allocated, in part, based on census data; and

**WHEREAS**, the U.S. Census Bureau is facing several challenges with Census 2020, including constrained fiscal environment, rapidly changing use of technology, declining response rates, increasingly diverse and mobile population, thus support from partners and stakeholders is critical; and

**WHEREAS**, a complete and accurate count of California's population is essential; and

**WHEREAS**, the decennial census is a massive undertaking that requires cross-sector collaboration and partnership in order to achieve a complete and accurate count; and

**WHEREAS**, California’s leaders have dedicated a historic amount of funding and resources to ensure every Californian is counted once, only once and in the right place; and

**WHEREAS**, this includes coordination between tribal, city, county, state governments, community-based organizations, education, and many more; and

**WHEREAS**, the City and the County are committed to ensuring a complete and accurate count by partnering with local government, the State, businesses, schools, and community organizations; and

**WHEREAS**, the City and the County have committed resources toward robust outreach and communications strategies; focusing on reaching the hardest-to-count individuals.

**WHEREAS**, 34.8 percent of the residents in the County are foreign born; and

**NOW, THEREFORE, BE IT RESOLVED THAT** the City Council of the City of Half Moon Bay recognizes the importance of the 2020 Census and encourages residents of the City of Half Moon Bay and County of San Mateo to promote and complete the census to ensure a fair, accurate and complete count.

\*\*\*\*\*

I, the undersigned, hereby certify that the foregoing resolution was duly passed and adopted on the 18<sup>th</sup> day of February 2020 by the City Council of Half Moon Bay by the following vote:

AYES, Councilmembers:

NOES, Councilmembers:

ABSENT, Councilmembers:

ABSTAIN, Councilmembers:

ATTEST:

APPROVED:

\_\_\_\_\_  
Jessica Blair, City Clerk

\_\_\_\_\_  
Adam Eisen, Mayor



**BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY**

**AGENDA REPORT**

For meeting of: **March 3, 2020**

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**TO:** Honorable Mayor and City Council

**VIA:** Bob Nisbet, City Manager

**FROM:** Jill Ekas, Community Development Director

**TITLE:** **ACCESSORY DWELLING UNITS ORDINANCE (Continued from January 21, 2020)**

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This item has been continued to a date uncertain to allow staff additional research time.

**BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY**

**AGENDA REPORT**

For meeting of: **March 3, 2020**

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**TO:** Honorable Mayor and City Council  
**VIA:** Bob Nisbet, City Manager  
**FROM:** Lisa Lopez, Administrative Services Director  
**TITLE:** **MASTER FEE SCHEDULE**

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This item has been continued to a date uncertain.

## BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY

### AGENDA REPORT

For meeting of: **March 3, 2020**

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**TO:** Honorable Mayor and City Council

**VIA:** Bob Nisbet, City Manager

**FROM:** Lisa Lopez, Administrative Services Director  
Kenneth Stiles, Senior Accountant  
Bryan Lopez, Senior Management Analyst

**TITLE: MID-YEAR REVIEW AND ADOPTION OF RESOLUTION TO ADJUST THE FISCAL YEAR 2019-20 BUDGET**

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#### **RECOMMENDATION:**

Adopt the attached Resolution to adjust the FY 2019-20 Operating and Capital budget.

#### **FISCAL IMPACT:**

General Fund revenues are amended to \$17,299,479, a decrease of \$155,676 and General Fund operating expenditures are amended to \$17,214,513, an increase of \$60,000 over the Adopted FY 2019-20 budget. In addition, staff is recommending a total revenue of Non-General Funds be amended to \$14,848,745 and Non General Expenditures amended to \$36,420,730.

#### **STRATEGIC ELEMENT:**

This recommendation supports the Fiscal Sustainability and Inclusive Governance Elements of the Strategic Plan.

#### **BACKGROUND:**

The Finance Department staff completed a Mid-Year Budget Analysis and is proposing adjustments to the FY 2019-20 Adopted Budget.

The City's departments reviewed their budgets and projections at mid-year in order to request amendments if needed. The City Manager and Finance staff met with each department to discuss and finalize the Revised FY 2019-20 Budget recommendations.

Year-end estimates in operating expenditures in excess of the adopted budget by 5% and \$10,000 are considered material in nature and are proposed for a budget adjustment. Revenue adjustments are described in the body of this staff report, while appropriation adjustments and transfers between funds are further presented in supplemental budget forms attached to this staff report (Attachment 6). The estimates in the Mid-Year Financial Analysis will be revisited

in the development of the FY 2020-21 budget and significant and material changes will be presented as part of the annual financial presentation.

#### **DISCUSSION:**

This fiscal year 2019-20 Mid-year Budget report will focus on the following key objectives:

1. Updating Council on the status of revenues and expenditures within the FY 2019-20 General Fund Revised Budget and requesting appropriation adjustments to the FY 2019-20 General Fund totaling \$160,000. This includes \$100,000 previously approved by Council.
2. Updating Council on the status of revenues and expenditures within the FY 2019-20 Non-General Fund Revised Budget and requesting appropriation adjustments to the FY 2019-20 (Other) Funds.
3. Updating Council on the projected fund balance structure through June 30, 2020;
4. Preparing for the FY 2020-21 Budget Process.

The FY 2019-20 Annual Operating and Capital Budget was adopted as a balanced budget, meaning that the City's operating expenditures do not exceed general revenues. After completion of the mid-year analysis, staff is pleased to report that the Revised FY 2019-20 budget continues to be on track with only minor adjustments. The FY 2019-20 Revised General Fund budget is \$17,299,479 in revenue and \$17,214,513 in operating expenditures, excluding capital transfers of \$3,100,000. City-wide revenues across the funds are projected to decrease by \$155,676, primarily due to miscellaneous revenues overestimated. City-wide expenditures are expected to go up by \$60,000 (net of inter-fund transfers), primarily due to additional CAAP Outreach related to the additional \$60,000 grant monies received.

#### **1. Status of General Fund Revenues and Expenditures in FY 2019-20 Revised Budget**

##### **FY 2019-20 General Fund Revenues**

The General Fund is the City's primary operating fund and is used to account for most day-to-day activities. It receives unrestricted revenues and provides the City's general administrative services, law enforcement, public works and community development related activities such as planning, building, and engineering. Revenue sources include but are not limited to transient occupancy tax (TOT), sales tax, property tax, business registration, and current fees for services. The Revised estimates for General Fund revenues are projected to be \$17,299,479 or \$155,676 (0.9%) lower than the Adopted Budget of \$17,455,155. The following table illustrates the FY 2018-19 Actual General Fund Revenues, FY 2019-20 Adopted, and revised budget recommendations.

General Fund Revenues	Actual 2018-19	Adopted 2019-20	Mid-Year Proposals	Revised 2019-20	% Change over/under Adopted
Transient Occupancy Tax	\$ 6,828,108.00	\$ 6,801,090.00	\$ -	\$ 6,801,090	0.0%
Property Taxes	\$ 3,613,782.00	\$ 3,364,798.00	-	\$ 3,364,798	0.0%
Sales Taxes	\$ 2,804,748.00	\$ 2,875,123.00	-	\$ 2,875,123	0.0%
Other Taxes	\$ 1,202,064.00	\$ 1,049,580.00		\$ 1,049,580	0.0%
Other Revenues	\$ 2,561,645.00	\$ 2,447,642.00	(141,760)	\$ 2,305,882	-0.8%
Allocation in from Other Funds	\$ 486,754.00	\$ 916,922.00	(13,916)	\$ 903,006	-0.1%
<b>Total General Fund Revenues</b>	<b>\$ 17,497,101</b>	<b>\$ 17,455,155</b>	<b>\$ (155,676)</b>	<b>\$ 17,299,479</b>	<b>-0.9%</b>

### General Fund Revenues Adjustments for Council Approval

The following revenues are projected to reflect material changes over the FY 2019-20 Adopted Budget, and recommended for budget adjustment:

- **CAAP Grant** The CAAP Outreach grant was awarded during the fiscal year FY 2019/20 and has been received in the amount of \$60,000.
- **AB939** After a review of the budget Staff has determined that Assembly Bill 939 or “recycling fund” while budgeted in both the current and last fiscal year has not received payments. The current budget in the amount of \$118,600 is therefore being deducted from the current anticipated revenue in anticipation of not receiving payments in the current fiscal year.
- **Charges for Services** Budgeted fees to be received from the annual Pumpkin Festival were waived by the City in the amount of \$38,760. The waiver of fees resulted in a decreased revenue to the General Fund in the amount of \$38,760.
- **Transfers** Funding allocated for transfer related to the Library fell short of funding resulting in a General Fund revenue deduction of \$13,916.

### **FY 2019-20 General Fund Expenditures**

Expenditure projections were reviewed based on two categories: personnel costs and general government program budget, as described below. Personnel cost projections are based on the most current payroll cost and calculated for the remainder of the fiscal year. There is one significant change to the personnel budget in the amount of \$82,170 for a new Accounting Technician position within the Finance division. The funds will be reallocated from existing line items within the same department that will not reach their original budgeted expenditure levels. The result of this budget adjustment and reallocation is a net zero change to General Fund Expenditures.

Overall, FY 2019-20 General Fund operating expenditures are amended to \$17,214,513, an increase of \$60,000 or 0.4% higher than the Adopted Budget of \$17,154,513.

### *Staff Initiated Adjustments to Budget*

During the mid-year budget review process, staff makes a number of minor cleanup changes and adjustments within the department’s budgets. Money is moved from various individual line-items with savings to other line items within a department budget. This is done when a line item may go over its original budget amount.

These changes are considered routine and have minimal effects on the overall General Fund and Non-General Fund budgets and remain within the Council approved funding levels of the FY 2019-20 Annual Operating Budget.

#### *Previously Approved Changes to the FY 2019-20 Budget*

At every Council meeting, staff brings agenda items for Council's consideration and approval. Some of these items require amendments to the original budget. During the mid-year budget review process, Finance staff incorporated all previously approved budget amendments year-to-date into the Revised Budget. None of the previously approved amendments impacted the General Fund.

#### **General Fund Expenditure Appropriation Adjustments for Council Consideration**

1. *CAAP Outreach in the amount of \$60,000 to match additional revenue received from the CAAP Outreach Grant.*

Staff is requesting the approval for funding an additional \$60,000 for the purpose of CAAP Outreach. The additional expenditure matches the additional revenue received for the CAAP outreach program. The additional expenditure is a one-time expense and will not require ongoing General Fund allocation.

2. *Position Creation and funding for "Accounting Technician" in the amount of \$82,170.*

Staff is requesting the approval for the addition and funding for an Accounting Technician position budgeted at \$82,170. The position will be funded entirely by existing funding budgeted in line items that will not reach their budgeted expenditure level within Administrative Services resulting in no change to General Fund Expenditures.

#### **2. Status of Non-General Fund Revenues and Expenditures in FY 2019-20 Revised Budget**

Non-General Funds include the following categories:

- **Special Revenue and Capital Funds**, including Storm Drain, Main Street Bridge, Gas Tax, Streets and Roads, Measure A & W, Traffic Mitigation, Library Operating and Capital, Parks Development, Affordable Housing, Citizens' Option for Public Safety (COPS) Grant, Public Facilities, General Capital and Land Assets funds
- **Debt Service Funds**
- **Enterprise Funds**, including Sewer Operating and Capital funds, and
- **Internal Service Funds**, including Vehicle and Equipment Replacement, Risk Management, and Pension Stabilization funds.

#### **Non-General Fund FY 2019-20 Revenues**

In the Adopted FY 2019-20 Budget, these revenues comprise \$19,123,721 of the City's \$36,578,876 total revenue budget. This includes transfers from General Fund to various CIP funds, and adjustments and transfers previously approved by the Council.

### Non-General Fund Revenues Adjustments for Council Approval

- **Grant Funding:** Several grant funding sources that were expected to be received in the current fiscal year were delayed or estimated higher than actual. Those revenue sources must be adjusted down for the current fiscal year. The budgeted items to be adjusted are as follows:
  - **Project 523 – Highway 1:** Reduced by \$3,200,000 with funding anticipated next fiscal year.
  - **Project 593 – Poplar Street:** Reduced by \$1,202,000 with funding anticipated next fiscal year.
  - **Fund 48 (Parks Development):** Reduced by \$243,750 for the current fiscal year.
- **Main Street Bridge:** Additional grant money received into Fund 9 in the increasing the budgeted amount by \$142,982.35.
- **Parks Development:** Reduction in the budgeted “transfer in” revenue amount to Fund 48 to account for the remaining \$91,997 shortage for the Library Fund transfer.
- **IT Internal Service Transfer:** Staff is requesting a move of the IT budget from the General Fund to consolidate it with the Internal service fund 62 for IT to provide budget clarity and simplicity. This consolidation will result in a revenue categorized as a transfer in for the amount of \$219,789.

### **Non-General Fund FY 2019-20 Expenditures and Transfers**

Non-General Fund expenditures comprise \$39,948,361 of the City’s \$60,102,874 total adopted expenditure budget. These expenditures are proposed to be amended by a decrease of \$3,527,631 to \$36,420,730, primarily due to expenditures budgeted using grant funding that is expected next fiscal year.

### Non-General Fund Expenditure Appropriation Adjustments for Council Consideration

- **Carter Park Improvements:** Previously approved with funding allocated. This CIP project funding allocation was not rolled over from fiscal year 2018-19 and as such staff is requesting that \$138,258.42 of unspent revenue out of the previously allocated \$165,000 be rolled over as a budget adjustment to the FY 2019-20 CIP budget.
- **Kelly Avenue and Highway 1 intersection:** Previously approved CIP project. Staff is requesting that the project timeline be moved up into the 2019/20 fiscal year and begin soliciting services of a design engineer. In order to move up this project Staff is requesting that the CIP project be adjusted to move \$100,000 into the current 2019/20 fiscal year. This project will be receiving CalTrans grant funding in the fall of 2020 with deadlines to submit for funding in the summer of 2020.
- **Smith Field Site Assessment and Master Plan:** Staff is requesting that funding be transferred from the Wavecrest Water Main Project (9004) to the Smith Field Site Assessment and Master Plan (Project # TBD) in the amount of \$100,000. Reallocating this funding to prioritize the Smith Field Site Assessment will result in a more efficient use of resources and allow staff time to discuss cost share agreements with property owners

related to the Wavecrest Water Main project.

- **Internal Service Fund – IT:** Staff is requesting the reallocation of the Information Technology Fund (IT) from the General Fund to the Internal Service Fund for IT (Fund 62) to provide budget clarity and a central fund location for charging expenditures. The total fund balance is to be reallocated to Fund 62 increasing expenditures by \$219,789.
- **Misc. Projects:** Staff has identified several project accounts that will not be receiving previously budgeted grants during the current fiscal year or that were not fully funded as anticipated. Expenses for these accounts will be reduced by equal amounts for the accounts identified below:
  - **Project 523 – Highway 1:** Grant not received in the current fiscal year in the amount of \$3,200,000.
  - **Project 593 – Poplar Street:** Grant not received in the current fiscal year in the amount of \$1,202,000.

### **3. Projected Fund Balance Structure**

Should the Council approve the recommendations listed above, the ending General Fund balance as of June 30, 2020 is projected to be approximately \$7,941,230 which is \$640,588 higher than the Adopted FY 2019-20 budget projected level of \$7,300,642.

The FY 2019-20 revised budget amounts have been updated from the adopted budget figures following the independent audit of FY 2018-19.

GENERAL FUND (RESTRICTED & UNRESTRICTED BALANCES)			
Designations	Actual 2018-19	Adopted Budget 2019- 2020	Revised Budget 2019- 20
<i>Beginning Fund Balance</i>	<b>\$ 9,962,452</b>	<b>\$ 10,000,000</b>	<b>\$ 10,956,264</b>
<b>Total Revenue</b>	<b>17,497,101</b>	<b>17,455,155</b>	<b>17,299,479</b>
Net Operating Expenditures	12,221,894	15,109,432	14,949,643
Operating Transfers	2,242,690	2,045,081	2,264,870
<b>Total Operating Expenditures</b>	<b>14,464,584</b>	<b>17,154,513</b>	<b>17,214,513</b>
Capital Transfers	2,038,705	3,000,000	3,100,000
<b>Total Expenditures</b>	<b>16,503,289</b>	<b>20,154,513</b>	<b>20,314,513</b>
<i>Ending Fund Balance</i>	<b>10,956,264</b>	<b>7,300,642</b>	<b>7,941,230</b>
Operating Contingency (30% of Op. Exp.)	5,146,354	5,146,354	5,146,354
Assigned for Main Street Bridge Contingencies	1,500,000	-	-
Economic Uncertainty Reserve <sup>3</sup> (Target 20% Op. Exp.)	-	2,154,288	2,154,288
<b>Total Designations</b>	<b>\$ 6,646,354</b>	<b>\$ 7,300,642</b>	<b>\$ 7,300,642</b>
<i>Undesignated Fund Balance</i>	<b>\$ 4,309,910</b>	<b>\$ -</b>	<b>\$ 640,588</b>
<b>Ending Fund Balance as % of Net Op. Expenses</b>	<b>90%</b>	<b>48%</b>	<b>53%</b>
<b>Ending Fund Balance as % of Total Op. Expenses</b>	<b>76%</b>	<b>43%</b>	<b>46%</b>



#### **4. Preparing for the FY 2020-21 Budget Process**

In March 2020, the Finance staff will issue budget instructions for the FY 2020-21 Budget to all departments. Finance staff is now working closely with the City Manager and all departments to develop budget factors and assumptions that will be used to prepare the FY 2020-21 Budget. Staff will continue with the current budget process and the modified zero-base budgeting methodology implemented for the FY 2019-20 budget. Each department will be provided their Base Budget expenditure allotments consistent with the FY 2019-20 revised budget at the current service levels, adjusted by known personnel salary and benefit increases, as well as known or estimated inflationary increases for most operational expenses. Each department will be given an opportunity to submit prioritized program changes for service level enhancements or reductions to the base budget consistent with the Council's vision for the FY 2020-21 service priorities.

The goal of this budget process is to develop the City's budget by completing a full analysis of the City's current service level to identify necessary and desirable service increase and/or reduction options, which when combined, will reach a balanced and sustainable budget. To this end, the City Manager will formulate a packaged budget recommendation of service enhancements and/or reductions for Council to consider. The staff recommendations will be based on several factors, including the Council's FY 2020-21 priorities, the City's strategic plan, staffing capacity and potential impact to the overall City operation and services provided to the community.

With the adoption of the mid-year budget review, staff will begin working on the FY 2020-21 budget which will allow for the completion of the budget and its adoption in June.

#### **ATTACHMENTS:**

1. Resolution authorizing adjustments to the FY 2019-20 Operating and Capital Budget
2. FY 2019-20 Summary of Revenues and Transfers by Fund
3. FY 2019-20 Summary of Expenditures and Transfers by Fund
4. FY 2019-20 City Council Previously Approved Budget Amendments
5. FY 2019-20 Fund Balance Summary by Fund
6. FY 2019-20 Summary of Budget Transfers

**RESOLUTION NO. C-2020**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HALF MOON BAY  
APPROVING ADJUSTMENTS TO THE FY 2019-20 OPERATING AND CAPITAL BUDGET**

**WHEREAS**, the City Council adopted the Fiscal Year 2019-20 Annual Operating and Capital Budget on June 18, 2019; and

**WHEREAS**, the City Council has reviewed the Mid-Year Budget analysis and requested adjustments; and

**WHEREAS**, the City Council desires to amend an appropriations limit, pursuant to California Constitution Article XII B, for fiscal year 2019-20 to \$56,735,243;

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Half Moon Bay hereby approves the budget adjustment increasing the City-wide revenues and expenditures as follows:

Revenues	Mid-Year	Expenditures	Mid-Year
Fund Name	Adjustments	Fund Name	Adjustments
CAAP Grant	60,000	CAAP Grant	60,000
Library Transfers In	(13,916)	<b>GENERAL FUND</b>	<b>\$ 60,000</b>
BFIAB939	(163,000)	Streets and Roads	(4,402,000)
Other Permits	(38,760)	Traffic Mitigation	100,000
<b>GENERAL FUND</b>	<b>\$ (155,676)</b>	Library Operation	(105,913)
Main Street Bridge	142,982	Park/Facilities Development	138,258
Streets and Roads	(4,402,000)	<b>TOTAL SPECIAL REVENUE</b>	<b>(4,269,655)</b>
Public Facilities	(335,747)	Equipment Replacement	219,789
<b>TOTAL SPECIAL REVENUE</b>	<b>(4,594,765)</b>	<b>INTERNAL SERVICE FUNDS</b>	<b>219,789</b>
Equipment Replacement	219,789		
<b>INTERNAL SERVICE FUNDS</b>	<b>219,789</b>	<b>Total All Funds</b>	<b>\$ (3,989,866)</b>
<b>Total All Funds</b>	<b>\$ (4,530,652)</b>		

\*\*\*\*\*

I hereby certify that the foregoing is a full, true and correct copy of a resolution duly passed and adopted on the 3<sup>rd</sup> day of March, 2020 by the City Council of the City of Half Moon Bay by the following vote:

AYES, Councilmembers:

NOES, Councilmembers:

ABSENT, Councilmembers:

ABSTAIN, Councilmembers:

ATTEST:

APPROVED:

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Jessica Blair, City Clerk

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Adam Eisen, Mayor

**City of Half Moon Bay**  
**FY 2019-20 Revised Budget**  
**Summary of Revenue & Transfers by Fund**

Fund Name	Actual 2018-19	Adopted 2019-20	Budget Adjustments		Revised 2019-20	% Change over Adopted
			Previously Approved	Mid-Year Adjustments		
<b>GENERAL FUND</b>	<b>\$ 17,497,101</b>	<b>\$ 17,455,155</b>		<b>\$ (155,676)</b>	<b>\$ 17,299,479</b>	<b>-0.9%</b>
<b>ENTERPRISE FUNDS</b>						
Sewer Operating	4,439,838	6,359,258			6,359,258	0.0%
Sewer Capital	426,876	146,557			146,557	0.0%
<b>TOTAL ENTERPRISE FUNDS</b>	<b>4,866,714</b>	<b>6,505,815</b>	-	-	<b>6,505,815</b>	<b>0.0%</b>
<b>SPECIAL REVENUE FUNDS</b>						
Storm Drain Operating	63,625	50,612			50,612	0.0%
Main Street Bridge	191,639	3,774		142,982	146,756	3788.6%
Gas Tax	492,735	485,311			485,311	0.0%
Streets and Roads	541,740	5,809,632		(4,402,000)	1,407,632	-75.8%
Measure A	440,413	572,910			572,910	0.0%
Traffic Mitigation	2,460,758	35,822			35,822	0.0%
Drainage Capital	330,727	156,846			156,846	0.0%
Library Operation	71,372			-	-	
Library Capital	783,022				-	
Park/Facilities Development	1,626,265	1,473,793	100,000		1,573,793	6.8%
Affordable Housing	51,385	411,322			411,322	0.0%
Police Grants	158,690	120,560			120,560	0.0%
Capital General	613,935	605,000			605,000	0.0%
Public Facilities	958,354	885,567		(335,747)	549,820	-37.9%
<b>TOTAL SPECIAL REVENUE AND</b>	<b>8,784,660</b>	<b>10,611,149</b>	<b>100,000</b>	<b>(4,594,765)</b>	<b>6,116,384</b>	
Vehicle Replacement	15,153	12,789			12,789	0.0%
Equipment Replacement	211,881	206,596		219,789	426,385	106.4%
Risk Management	697,310	655,334			655,334	0.0%
Pension Stabilization	961,042	1,004,998			1,004,998	0.0%
<b>INTERNAL SERVICE FUNDS</b>	<b>1,885,386</b>	<b>1,879,717</b>	-	<b>219,789</b>	<b>2,099,506</b>	<b>11.7%</b>
Judgement Bonds - A	1,341		-	-	-	
Judgement Bonds - B	1,243,535	127,040	-	-	127,040	0.0%
<b>DEBT SERVICE FUNDS</b>	<b>1,244,876</b>	<b>127,040</b>	-	-	<b>127,040</b>	<b>0.0%</b>
<b>Total Other Funds</b>	<b>16,781,636</b>	<b>19,123,721</b>	<b>100,000</b>	<b>(4,374,976)</b>	<b>14,848,745</b>	<b>-22.4%</b>
<b>Total All Funds</b>	<b>\$ 34,278,737</b>	<b>\$ 36,578,876</b>	<b>\$ 100,000</b>	<b>\$ (4,530,652)</b>	<b>\$ 32,148,224</b>	<b>-12%</b>

**City of Half Moon Bay**  
**FY 2019-20 Revised Budget**  
**Summary of Expenditures & Transfers by Fund**

Fund Name	Actual 2018-19	Adopted 2019-20	Budget Adjustments		Revised 2019-20	% Change over Adopted
			Previously Approved	Mid-Year Adjustments		
<b>GENERAL FUND</b>	<b>\$ 16,505,791</b>	<b>\$ 20,154,513</b>	<b>\$ 100,000</b>	<b>\$ 60,000</b>	<b>\$ 20,314,513</b>	<b>0.8%</b>
<b>ENTERPRISE FUNDS</b>						
Sewer Operating	4,940,049	6,356,152	-	-	6,356,152	0.0%
Sewer Capital	(141,844)	6,148,046	-	-	6,148,046	0.0%
<b>TOTAL ENTERPRISE FUNDS</b>	<b>4,798,205</b>	<b>12,504,198</b>	<b>-</b>	<b>-</b>	<b>12,504,198</b>	<b>0.0%</b>
<b>SPECIAL REVENUE FUNDS</b>						
07 Storm Drain Operating	-	54,386	-	-	54,386	0.0%
09 Main Street Bridge	360,676	450,000	-	-	450,000	0.0%
10 Gas Tax	94,763	336,746	-	-	336,746	0.0%
11 Streets and Roads	2,181,863	6,735,862	190,000	(4,402,000)	2,523,862	-62.5%
12 Measure A	82,239	91,387	-	-	91,387	0.0%
13 Traffic Mitigation	42,803	-	-	100,000	100,000	-
14 Drainage Capital	88,255	872,070	50,000	-	922,070	5.7%
15 Library Operation	176,821	109,996	-	(105,913)	4,083	-96.3%
16 Library Capital	1,699,714	2	-	-	2	0.0%
17 Park/Facilities Development	365,324	1,971,827	332,235	138,258	2,442,320	23.9%
19 Affordable Housing	342	(40)	-	-	(40)	0.0%
22 Police Grants	56,025	409,283	-	-	409,283	0.0%
25 Capital General	419,700	1,699,578	(50,000)	-	1,649,578	-2.9%
48 Public Facilities	181,676	1,108,321	-	-	1,108,321	0.0%
<b>TOTAL SPECIAL REVENUE AND</b>	<b>5,750,201</b>	<b>13,839,418</b>	<b>522,235</b>	<b>(4,269,655)</b>	<b>10,091,998</b>	<b>-27.1%</b>
Vehicle Replacement	214,713	151,891	-	-	151,891	0.0%
Equipment Replacement	324,179	156,596	-	219,789	376,385	140.4%
Risk Management	441,117	631,684	-	-	631,684	0.0%
Pension Stabilization	796,315	877,534	-	-	877,534	0.0%
<b>INTERNAL SERVICE FUNDS</b>	<b>1,776,324</b>	<b>1,817,705</b>	<b>-</b>	<b>219,789</b>	<b>2,037,494</b>	<b>12.1%</b>
Judgement Bonds - A	-	-	-	-	-	-
Judgement Bonds - B	937,704	11,787,040	-	-	11,787,040	0.0%
<b>DEBT SERVICE FUNDS</b>	<b>937,704</b>	<b>11,787,040</b>	<b>-</b>	<b>-</b>	<b>11,787,040</b>	<b>0.0%</b>
<b>Total Other Funds</b>	<b>13,262,434</b>	<b>39,948,361</b>	<b>522,235</b>	<b>(4,049,866)</b>	<b>36,420,730</b>	<b>-8.8%</b>
<b>Total All Funds</b>	<b>\$ 29,768,225</b>	<b>\$ 60,102,874</b>	<b>\$ 622,235</b>	<b>\$ (3,989,866)</b>	<b>\$ 56,735,243</b>	<b>-5.6%</b>

City Council Previously Approved Budget Amendments  
FY 2019-20

Fund	Action Item	Project (if Applicable)	FISCAL IMPACT			Resolution Date	Department
			Revenue	Expense	Transfer		
17	Amendment of CIP Program Budget	610 - Ocean View Park Permanent Restrooms		\$ 115,000.00		10/1/2019	Park and Public Works
11	Amendment of CIP Program Budget	523 - Highway 1 Safety South		\$ 190,000.00		11/5/2019	Park and Public Works
17	Amendment of CIP Program Budget and Funding from General Fund	611 - Carter Park Improvements		\$ 100,000.00		10/1/2019	Park and Public Works
14	Budget Transfer within CIP Budget	534 - Kehoe Water Course and Habitat			\$ 100,000.00	8/20/2019	Park and Public Works
14	Budget Transfer within CIP Budget	563 - Green Infrastructure and Stormwater Program			\$ (50,000.00)	8/20/2019	Park and Public Works
25	Budget Transfer within CIP Budget	600 - Annual Community Enhancement Program			\$ (50,000.00)	8/20/2019	Park and Public Works
17	Amendment of CIP Program Budget	617 - Poplar Gateways		\$ 117,235.34		2/4/2020	Park and Public Works

NET IMPACT      \$ 522,235.34

**Additional Funding Approved**

Fund	Action Item	Project (if Applicable)	Amount
01	Capital Project Funding	611 - Carter Park Improvements	100,000.00

**City of Half Moon Bay  
FY 2019-20 Revised Budget  
Fund Balances Summary**

	Audited Fund Balance 7/1/2019	Revenues & Trsfrs In Budget	Expenditures & Trsfrs Out Budget	Revenue Over(Under) Expenditures	Projected Fund Balance 6/30/2019
<b>GENERAL FUND</b>					
<b>01 General*</b>	<b>\$ 10,956,264</b>	<b>\$ 17,299,479</b>	<b>\$ 20,314,513</b>	<b>\$ (3,015,034)</b>	<b>\$ 7,941,230</b>
<b>ENTERPRISE FUNDS</b>					
05 Sewer Operating	(399,728)	6,359,258	6,356,152	3,106	(396,622)
06 Sewer Capital <sup>1</sup>	14,555,367	146,557	6,148,046	(6,001,489)	8,553,878
<b>Total Enterprise Funds</b>	<b>14,155,639</b>	<b>6,505,815</b>	<b>12,504,198</b>	<b>(5,998,383)</b>	<b>8,157,256</b>
<b>SPECIAL REVENUE FUNDS</b>					
07 Storm Drain Operating	292,332	50,612	54,386	(3,774)	288,558
09 Main Street Bridge	404,204	146,756	450,000	(303,244)	100,960
10 Gas Tax	780,293	485,311	336,746	148,565	928,858
11 Streets and Roads	1,485,460	1,407,632	2,523,862	(1,116,230)	369,230
12 Measure A	602,181	572,910	91,387	481,523	1,083,704
13 Traffic Mitigation	4,073,335	35,822	100,000	(64,178)	4,009,157
14 Drainage Capital	1,534,535	156,846	922,070	(765,224)	769,311
15 Library Operation	4,083	-	4,083	(4,083)	-
16 Library Capital	1,244,497	-	2	(2)	1,244,495
17 Park/Facilities Development	2,775,047	1,573,793	2,442,320	(868,527)	1,906,520
19 Affordable Housing	2,203,382	411,322	(40)	411,362	2,614,744
22 Police Grants	428,947	120,560	409,283	(288,723)	140,224
25 Capital General	2,364,021	605,000	1,649,578	(1,044,578)	1,319,443
48 Public Facilities	1,479,144	549,820	1,108,321	(558,501)	920,643
<b>Total Special Revenue and Capital Funds</b>	<b>19,671,461</b>	<b>6,116,384</b>	<b>10,091,998</b>	<b>(3,975,614)</b>	<b>15,695,847</b>
<b>INTERNAL SERVICE FUNDS</b>					
61 Vehicle Replacement	467,190	12,789	151,891	(139,102)	328,088
62 Equipment Replacement	567,728	426,385	376,385	50,000	617,728
63 Risk Management	2,043,727	655,334	631,684	23,650	2,067,377
64 Retirement Stabilization Fund	1,211,944	1,004,998	877,534	127,464	1,339,408
<b>Total Internal Service Funds</b>	<b>4,290,589</b>	<b>2,099,506</b>	<b>2,037,494</b>	<b>62,012</b>	<b>4,352,601</b>
<b>DEBT SERVICE FUNDS</b>					
78 Judgment Obligation Bond -Series B*	11,675,886	127,040	11,787,040	(11,660,000)	15,886
<b>Total Debt Service Funds</b>	<b>11,675,886</b>	<b>127,040</b>	<b>11,787,040</b>	<b>(11,660,000)</b>	<b>15,886</b>
<b>Total Other Funds</b>	<b>\$ 49,793,575</b>	<b>\$ 14,848,745</b>	<b>\$ 36,420,730</b>	<b>\$ (21,571,985)</b>	<b>\$ 28,221,590</b>
<b>Total All Funds</b>	<b>\$ 60,749,839</b>	<b>\$ 32,148,224</b>	<b>\$ 56,735,243</b>	<b>\$ (24,587,019)</b>	<b>\$ 36,162,820</b>

(1) - Fund balance does not include amounts that represent the equity in SAM

**Summary Budget Transfers**  
**FY 2019 - 20**

				Fiscal Impact	
Fund	Department	Division	Category	Increase	Decrease
01	City Clerk/Communications	Communications	Operating Expenses	105,000.00	
01	City Clerk/Communications	City Council	Operating Expenses		(85,000.00)
01	City Clerk/Communications	City Clerk	Operating Expenses		(20,000.00)
01	Administrative Services	Finance	Operating Expenses	82,170.00	
01	Administrative Services	Admin Services	Operating Expenses	36,750.00	
01	Administrative Services	Information Services	Operating Transfers	219,789.00	
01	Administrative Services	Information Services	Salaries		(125,977.00)
01	Administrative Services	Information Services	Operating Expenses		(195,347.00)
01	Administrative Services	HR	Operating Expenses		(17,385.00)
63	Risk Management	General Liability	Operating Expenses	31,467.00	
63	Risk Management	General Liability	Operating Expenses		(28,000.00)
63	Risk Management	Worker's Compensation	Operating Expenses		(3,467.00)
Totals				475,176.00	(475,176.00)
Net Impact				\$	-

## BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY

### AGENDA REPORT

For meeting of: **March 3, 2020**

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**TO:** Honorable Mayor and City Council

**VIA:** Bob Nisbet, City Manager

**FROM:** John Doughty, Community Development Director  
Maz Bozorginia, City Engineer

**TITLE:** **UPDATE ON FISCAL YEAR 2019-20 CAPITAL IMPROVEMENT PROJECTS**

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#### **RECOMMENDATION:**

No action required. This is an update on the FY 2019-20 Capital Improvement Program (CIP), projects and programs.

#### **FISCAL IMPACT:**

There is no fiscal impact associated with this report. The FY 2019-20 included approximately \$15.5 million in funding for projects and programs from a variety of sources including grants, enterprise funds, restricted funds and the City's General Fund.

#### **STRATEGIC ELEMENT:**

This recommendation supports all four strategic plan elements and initiatives: Infrastructure and Environment, Healthy Communities and Public Safety, Fiscal Sustainability, and Inclusive Governance.

#### **BACKGROUND:**

A Capital Improvement Program (CIP) is a financial planning and prioritization tool that identifies projects, assigns costs and recommends schedules for design and construction of capital improvements over a multi-year period. Capital improvements are projects which involve the purchase, improvement or construction of major fixed assets and equipment which are typically expensive, non-recurring and relatively permanent. The CIP identifies capital improvements programs and projects that are needed to satisfy the long-term needs, obligations and goals of the community.

Per City Council direction, the CIP was expanded in FY 2016 to encompass a detailed five-year planning and budget. This change recognizes the tremendous capital needs and current limited available funds while acknowledging that the City must look strategically at its long-term capital needs including life cycle replacement costs. The extension of the planning horizon provides a more accurate representation of the long-term costs of completing large capital projects. The



transition represented a significant step forward in financial planning for significant capital repairs, replacements and new infrastructure.

The Five-Year Capital Improvement Program FY 2019-20 to FY 2023-24 was approved by the City Council in June along with the City's Operations Budget. The CIP identified approximately \$84 million in City capital needs over the five-period with a little more than \$15.5 million allocated in FY 2019-20.

#### **DISCUSSION:**

The City's CIP is comprised of two components: 1) the Five-Year Capital Improvement Program; and 2) the single year funding authorizations, referred to as the Capital Budget. The Capital Improvement Program represents a long term (five year) comprehensive plan/list for meeting existing and anticipated capital needs of the City. The Capital Budget represents the City Council's annual prioritization and funding authorizations. The City of Half Moon Bay has generally funded capital projects and studies through the General Fund, grants and other "one time" funds on a "pay as you go" basis. While the CIP is subject to change based upon identified need or change in circumstances, the CIP is intended to provide for a stable and predictable approach to maintaining and expanding capital facilities, utilities and other infrastructure over several years.

The purpose of this report is to provide the City Council and community an update on the status of capital projects and programs for FY 2019-20. The report includes a brief summary of project and program status; the presentation will provide additional detail.

Storm Water Improvements	Title	Project No.	Status
	Green Infrastructure	563	This is a program. The funding is used to integrate green infrastructure and storm water improvements into capital projects.
	Kelly/Highway 1 Drainage	9003	Project was completed in early 2020
	Seymour Ditch Erosion	608	Staff is continuing to seek funding and partners for this project. Will be discussing this project with new Flooding and Sea Level Rise Agency. City is also working with CLT & RCD on a Wavecrest Restoration Project and to reduce stormwater runoff into Seymour Ditch.

Economic Development	Title	Project No.	Status
	General Plan/LCP Update	564	Planning Commission is scheduled to consider final draft and forward LCP to City Council by June 30, 2020
	Median Landscape	9015	Awaiting donation funding from Chamber
	Main Street Tree Lights	9016	Staff will be proceeding with a contract for installation of heavy duty LED tree lights. CMO to discuss ongoing costs and expectations with downtown merchants group.

Operational Improvements	Title	Project No.	Status
	Financial Software/ERP	555	Financial module is now live. Subsequent modules will be implemented in the coming 12 months
	GIS Implementation	586	Anticipate contract award in April/May 2020 for consultant services. Consulting with other coastside public agencies on opportunities for sharing of ongoing services

Facility Improvements	Title	Project No.	Status
	ADA Transition Plan Implementation	601	ADA improvements have been included in Ocean View Park, Ted Adcock Center. Improvements are scheduled for the Spring at the Train Depot/Johnston House
	Sidewalk Replacement and Repair	562	Staff is reviewing remaining sidewalk repairs from the 2016 survey. Staff is scheduled to present recommendations to City Council this spring
	Urban Forest Mgmt	598	Tree pruning and removal continues to be completed pursuant to Maintenance Plan

	Annual Community Enhancement	600	City Council allocated these funds to the Kehoe Watercourse & Habitat Enhancement project (D49)
	Emergency Response	604	This is a program for emergency and unforeseen events prevalent to the community and does not have any scheduled projects.
	Ted Adcock Center Kitchen	621	Work is underway and scheduled to be completed by April 1
	Sheriff Substation Renovation	605	Design is complete. Project will go out to bid and receive proposals in Spring 2020 and construction in early Summer.
	Streetlight Upgrades on Main	623	Light fixtures and replacement poles have been purchased. Work scheduled to be completed by June
	Civic Center Site Plan	624	Delayed, awaiting study of potential mixed use project for 555 Kelly Avenue.
	Pilarcitos Creek Restoration and Remediation	9022	CDP and final restoration plan is being readied for submittal to CDD. Seeking collaboration from adjacent property owner on fencing improvements. Clean up work anticipated mid summer with restoration in fall.
	Corporate Yard Improvements	9023	Awaiting purchase of 880 Stone Pine. Initiating study of program needs and conceptual site planning.

Sewer Improvements	Title	Project No.	Status
	Sewer Maintenance Program	506	Completed CCTV of all City Hot Spots. Completed contract cleaning of hot spots with calcified FOG. Sewer System Management Plan update complete and ready for City Council adoption on March 3rd.
	Inflow and Infiltration Program	9028	Completed smoke testing of 9 miles of City sewer mains. Sent 28 correction notices, with 23 repairs completed to date.

	Citywide Point Repairs	9029	Sewer point repair project for 19-20 completed over 40 repairs city-wide. This is an annual program that will continue to correct sanitary sewer deficiencies as they are discovered.
	Manhole Rehabilitation Program	9026	Completed rehabilitation of 24 manholes. This is an annual program that will continue to correct manhole deficiencies as they are discovered.
	Pump Station and Force Main Repair and Replacement Program	507	Completed design of Pelican Point Pump Station upgrade (generator) which will solicit bids in late Spring 2020. Purchased new trailer generator for Bell Moon Pump Station
	Loryn Lane Sewer Main Repair	9027	Project is being deferred. Work completed on manhole in vicinity to address immediate issues.
	Ocean Colony Pump Station Replacement Project	9025	Project is now out to bid. Expecting to award in April and begin construction by Fall 2020.
	Sanitary Sewer Master Plan	9024	Currently soliciting proposals. Anticipate award in May.

Street Improvements	Title	Project No.	Status
	Neighborhood Traffic Safety Program	9000	Working with CUSD on pedestrian safety improvements at Pilarcitos Drive and Kelly Avenue. Will discuss at next City/CUSD coordination meeting.
	Crosswalks and ADA Retrofit Program	572	Completed restriping of crosswalks at Highway 1 and Kelly Avenue. Will be seeking bids for additional crosswalk refreshing.
	Pavement Management and Traffic Safety Program	514	City is awaiting transmittal of Pavement Management Study which was funded by MTC. City has completed design of Mill Street/San Benito Street intersection and anticipates bidding in late spring.

	Highway 1 Safety South	523	Utility undergrounding is 90-percent completed. Bid for remainder of project is scheduled to be released in late March following Caltrans approval of permit.
	Poplar Complete Street	593	Consultant has completed the tree survey and topo survey, anticipate the 35% design in March for community input. BRE and environmental review will start in Spring 2020. Currently scheduling the mandatory Field review meeting with Caltrans to discuss project scope and NEPA requirements (required for federally funded projects). Schedule to have a final design and environmental to submit to Caltrans for approval by November 2020, to obligate funds in the spring 2021 and commence construction soon afterwards.
	Highway 1 Safety North	538	Nearing completion of 65-percent design of project. Geotechnical field work completed. Meeting with Andreotti family regarding potential construction staging yard.
	Main Street Bridge	759	Environmental consultant is preparing all required special studies for determination of CEQA/NEPA document.

Trail Improvements	Title	Project No.	Status
	Bicycle Pedestrian Master Plan Implementation Program	615	Staff is working on a design for Class IV bike lanes on Main Street (from MSB to Highway 1) in Summer 2020. Also, looking to repair areas of the coastal trail near Poplar Beach.
	Stair Repair at Canada Verde	9007	Work completed.

	Vertical access at Poplar Beach	597	Design of pedestrian access complete. Project bid--no submittals. Currently working on minor revisions to plans to address contractor concerns. Unclear when work will be completed. Staff will begin design of "slot" to north upon award of ped project.
	Highway 1 Bicycle/Pedestrian Trail Extension (North)	619	This project is on hold, as it will need additional funding to either widen the Frenchmans creek bridge or add a parallel bridge for bikes/peds. Seeking support from Caltrans.
	Bikeway Connectivity Project- North	611	Project was awarded additional funding through the County's TDA Article 3 grant program. Design and environmental review is underway. Anticipate design completion by late Fall 2020.
	Pedestrian/Bicycle Connection to Hatch Elementary	9010	Unsuccessful with grant application. Will coordinate with CUSD on additional grant opportunities.

## BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY

### AGENDA REPORT

For meeting of: **March 3, 2020**

---

**TO:** Honorable Mayor and City Council

**VIA:** Bob Nisbet, City Manager

**FROM:** John Doughty, Public Works Director  
Maz Bozorginia, City Engineer  
Denice Hutten, Associate Civil Engineer

**TITLE: SANITARY SEWER MANAGEMENT PLAN 2019 UPDATE**

---

#### **RECOMMENDATION:**

By resolution, adopt the City of Half Moon Bay Sanitary Sewer Management Plan 2019 Update and authorize the City Manager or his designee to monitor and update the plan from time-to-time to reflect minor changes to processes and procedures necessary to protect public health and safety.

#### **FISCAL IMPACT:**

Funding for this update including staff and consultant services was included in the operating budget (Fund 05) of the City Sewer Enterprise Fund.

#### **STRATEGIC ELEMENT:**

This action supports the Infrastructure and Environment, Healthy Communities and Public Safety Elements of the adopted Strategic Plan.

#### **BACKGROUND:**

Since 2005, the State Water Board has required public agencies that own or operate sanitary sewer systems with more than one mile of pipe to develop and implement a Sewer System Management Plan (SSMP).

The City owns and operates more than 35 miles of gravity sewer pipe and is required to adopt and maintain a SSMP. The last SSMP Update was adopted by City Council in 2014 by Resolution C-2014-35. Agencies are required to update their SSMP every 5 years (or earlier as needed).

#### **DISCUSSION:**

This Item presents the Sewer System Management Plan (SSMP) 2019 Update for review and adoption by the City Council. The SSMP defines the tasks, tools, and strategies utilized by City

staff (and consultants) to properly manage and maintain the City's wastewater conveyance system.

On May 2, 2006, the State Water Resources Control Board (SWRCB) adopted Order No. 2006-0003 - Statewide General Waste Discharge Requirement for Sanitary Sewer Systems (Statewide WDR). The Statewide WDR provided guidance on the content of the SSMP. It also defined the requirements for reporting sanitary sewer overflows (SSOs).

Per the Order, the SSMP must include the following 11 elements and must be approved in a public meeting.

- I. Goals
- II. Organization
- III. Legal Authority
- IV. Operations and Maintenance Program
- V. Design and Performance Provisions
- VI. Overflow Emergency Response Plan
- VII. Fats, Oil and Grease Control Program
- VIII. System Evaluation and Capacity Assurance Plan
- X. SSMP Program Audits
- XI. Communication Program

On July 26, 2013, the SWRCB authorized Order No. WQ 2013-0058-EXEC, Amending Monitoring and Reporting Program for Statewide General Waste Discharge Requirements for Sanitary Sewer Systems (Amended MRP). The Amended MRP became effective on September 9, 2013. Changes required by the amended MRP were included into the City's SSMP 2014 Update and are carried forward in the present update.

The SSMP 2019 Update refreshes contact information for responsible staff and contractors who provide overflow emergency response. Additionally, the revisions address the following:

- 1) Amends and reflects current/revised preventive maintenance activities;
- 2) Adds newly adopted City Standard Design Guidelines for Public Works Construction;
- 3) Refreshes Fats, Oils and Greases (FOG) program goals and adds Best Management Practice documentation;
- 4) Adds comprehensive agency reporting diagrams (notably Overflow Emergency Response Plan);
- 5) Adds specific response measures for each of the City's three pump Stations (Pump Station Emergency Response Plan);
- 6) Incorporates other minor technical revisions to reflect changes in operations and Water Board directives.



The proposed revisions reflect current processes and reporting relationships. With these revisions the SSMP is fully compliant with State Water Board requirements. As such, staff is recommending adoption of the City's 2019 SSMP Update.

**ATTACHMENT:**

1. Resolution approving the Sanitary Sewer Management Plan 2019 Update
2. SSMP Executive Summary (<https://www.half-moon-bay.ca.us/DocumentCenter/View/2574/HMB-SSMP-2019-Update>)

Resolution No. C-2020-\_\_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HALF MOON BAY ADOPTING THE  
SEWER MANAGEMENT PLAN (SSMP) 2019 UPDATE AND AUTHORIZING THE CITY MANAGER  
OR HIS DESIGNEE TO MONITOR AND UPDATE THE PLAN**

**WHEREAS**, on July 7, 2005 the San Francisco Bay Regional Water Quality Control Board (RWQCB) issued a letter requiring municipalities that own and operate sanitary sewer collection systems to prepare a Sewer System Management Plan (SSMP); and

**WHEREAS**, on May 2, 2006, the State Water Resources Control Board (SWRCB) issued Order No. 2006-0003-DWQ (Statewide WDR), as amended on February 20, 2008 by Order No. WQ 2008-002-EXEC; and

**WHEREAS**, pursuant to the RWQCB Guidelines and Statewide WDR, public agencies that own and operate sanitary sewer systems greater than one mile in length must develop an SSMP in accordance with the SWRCB requirements and their governing body must approve the completed SSMP; and

**WHEREAS**, the City of Half Moon Bay is a public entity that owns and operates a sanitary sewer system greater than one mile in length; and

**WHEREAS**, the City of Half Moon Bay has developed the attached SSMP 2019 Update to meet the requirements of both the SWRCB and RWQCB.

**NOW, THEREFORE, BE IT RESOLVED**, that the City Council of the City of Half Moon Bay does hereby Adopt the updated SSMP and authorizes the City Manager or his/her designee authority monitor and update the plan from time-to-time to reflect minor changes to processes and procedures necessary to protect public health and safety.

\*\*\*\*\*

I, the undersigned, hereby certify that the foregoing Resolution was duly passed and adopted on the 3<sup>rd</sup> day of March 2020 by the City Council of Half Moon Bay by the following vote:

AYES, Councilmembers:

NOES, Councilmembers:

ABSENT, Councilmembers:

ABSTAIN, Councilmembers:

ATTEST:

APPROVED:

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Jessica Blair, City Clerk

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Adam Eisen, Mayor

## EXECUTIVE SUMMARY

This Sewer System Management Plan (SSMP) has been prepared in compliance with requirements of the State Water Resources Control Board (SWRCB) Order No. 2006-0003-DWQ, and Amended Monitoring and Reporting Program (MRP), Order No. WQ 2013-0058-EXEC.

### ES-1 Background

On May 2, 2006, the SWRCB issued a directive through Order No. 2006-0003-DWQ to require all public wastewater collection system agencies in California with greater than one mile of sewers to be regulated under General Waste Discharge Requirements (Statewide WDR). The SWRCB action also mandates the development of an SSMP and the reporting of SSOs using an electronic reporting system. The SWRCB amended the Statewide WDR Monitoring and Reporting Requirements through Order No. 2013-0058-EXEC, which became effective on September 9, 2013. The intent of this SSMP is to meet the requirements of the Statewide WDR.

The City's Waste Discharge ID Number (WDID) for the California Integrated Water Quality System (CIWQS) is 2SSO10139.

### ES-2 City Service Area

The City of Half Moon Bay is an incorporated City located in San Mateo County, where Highway 92 meets Highway 1. The City provides wastewater collection services to approximately 13,000 residents residing in the portion of the City that is located south of Frenchman's Creek and north of Miramontes Point Road, as shown on Figure ES-1. Sewage is conveyed to the Sewer Authority Mid-Coastside (SAM) wastewater treatment plant, located near Kehoe Avenue in Half Moon Bay. The portion of the City that is located north of Frenchman's Creek is served by Granada Community Services District.

The City's wastewater collection system includes approximately 35 miles of gravity sewer pipe and 1.5 miles of force main pipeline, as well as three lift stations. The City's system conveys approximately 1 million gallons per day of average dry weather flow to the SAM wastewater treatment plant.



**Figure ES-1. City of Half Moon Bay Sewer Service Area**

### **ES-3 SSMP Objectives**

The objectives of the SSMP are to accomplish the following:

1. Establish goals that align the City's sewer collection system operation, management and capacity assurance activities in a manner that achieves the intended purpose of this SSMP
2. Comply with the Statewide WDR through provision of the following:
  - Elements I through XI, following the outline of the Statewide WDR, including a description of the regulatory requirements and a summary of existing and planned documents and plans related to each element
  - Appendices that are amended over time to reflect changes in contact personnel, job descriptions, policies, procedures and programs

Table ES-1, shown on the following page, identifies the objectives that must be addressed to comply with each SSMP element.

**Table ES-1. SSMP Objectives**

Element	Objective
I. Goals	<ul style="list-style-type: none"> <li>• Properly manage, operate and maintain the collection system</li> <li>• Provide capacity to convey base and peak flows</li> <li>• Minimize the frequency and severity of SSOs</li> <li>• Mitigate the impact of SSOs</li> </ul>
II. Organization	<ul style="list-style-type: none"> <li>• Identify agency staff responsible for the SSMP</li> <li>• Identify chain of communication for responding to and reporting SSOs</li> </ul>
III. Legal Authority	<ul style="list-style-type: none"> <li>• Control I/I from the collection system and laterals</li> <li>• Require proper design and construction of sewers and connections</li> <li>• Require proper sewer installation, testing and inspection</li> <li>• Ability to impose source control requirements</li> </ul>
IV. Operation and Maintenance Program	<ul style="list-style-type: none"> <li>• Maintain up-to-date maps</li> <li>• Allocate adequate resources for system operation and maintenance</li> <li>• Prioritize preventative maintenance activities</li> <li>• Identify critical equipment and spare parts to minimize equipment and/or facility downtime</li> <li>• Provide staff training on a regular basis</li> </ul>
V. Design & Construction Standards	<ul style="list-style-type: none"> <li>• Identify minimum design and construction standards and specifications</li> <li>• Identify procedures and standards for inspecting and testing</li> </ul>
VI. Overflow Emergency Response Plan (OERP)	<ul style="list-style-type: none"> <li>• Provide SSO notification procedures</li> <li>• Develop and implement a plan to respond to SSOs</li> <li>• Develop procedures to report and notify SSOs</li> <li>• Develop procedures to prevent overflows from reaching surface waters, and to minimize or correct any adverse impact from SSOs</li> </ul>
VII. FOG Control Program	<ul style="list-style-type: none"> <li>• Develop a Fats, Oil and Grease (FOG) control plan, if needed</li> </ul>
VIII. System Evaluation and Capacity Assurance	<ul style="list-style-type: none"> <li>• Establish a process to assess the current and future capacity requirements</li> <li>• Implement a Capital Improvement Plan to provide hydraulic capacity</li> </ul>
IX. Monitoring, Measurement and Program Modifications	<ul style="list-style-type: none"> <li>• Measure the effectiveness of each SSMP element</li> <li>• Monitor each SSMP element and make updates as necessary</li> </ul>
X. SSMP Audits	<ul style="list-style-type: none"> <li>• Conduct a bi-annual audit that includes deficiencies and steps to correct them</li> </ul>
XI. Communication Program	<ul style="list-style-type: none"> <li>• Communicate with public (Customers) on SSMP development, implementation and performance and create a plan for communication with tributary/satellite sewer systems</li> </ul>

## BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY

### AGENDA REPORT

For meeting of: **March 3, 2020**

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**TO:** Honorable Mayor and City Council

**VIA:** Bob Nisbet, City Manager

**FROM:** Matthew Chidester, Deputy City Manager  
Lisa Lopez, Administrative Services Director

**TITLE:** **POTENTIAL ACQUISITION OF 880 STONE PINE ROAD, HALF MOON BAY**

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#### **RECOMMENDATION:**

- A. Adopt a resolution authorizing the City Manager to execute a Purchase and Sale Agreement with Peninsula Open Space Trust to acquire property located at 880 Stone Pine Road, Half Moon Bay, for \$2,180,000; and
- B. Direct the City Manager to pursue funding options for the acquisition of the property and to make initial improvements related to safety and security, to develop a master plan for the use of the site, and to obtain land use entitlements for the long term-use of the property and present options to Council with the Fiscal Year 2020-21 Recommended Budget.

#### **FISCAL IMPACT:**

If approved, the \$20,000 initial deposit will be paid out of the City Manager's Office operating budget for FY 2019-20. The initial due diligence work will be paid out of the Capital Project Budget for the Corporation Yard project for FY 2019-20. Staff will follow Council direction in pursuing funding options which will be included in the Recommended Budget for Fiscal Year 2020-21.

#### **STRATEGIC ELEMENT:**

This recommendation supports the *Fiscal Sustainability, Healthy Communities and Public Safety*, and *Infrastructure and Environment* elements of the Strategic Plan.

#### **BACKGROUND:**

In 2004, the City purchased the approximately 20-acre former Nurseryman's Exchange property located at 880 Stone Pine Road (the "Property") as a potential site for a community park and corporation (maintenance) yard location. The purchase was made in partnership with the Peninsula Open Space Trust (POST), which provided a loan for the purchase through a deed of trust. Over the next several years, the City's plans to develop a park were set aside due to

opposition from neighbors and other concerns about the location. In 2009 the City defaulted on its loan payments and POST exercised its right to take possession and title to the Property. Because the City was already using the Property for its maintenance yard, POST allowed the City to continue its use in exchange for management of the property. In 2018, the City and POST entered into an agreement that maintained the City's management of the Property, but also required rental payments that currently total \$33,000 per year.

Additionally, in 2018, POST contacted the City and indicated its intent to sell the Property, giving the City an opportunity to purchase of the land prior to placing Property on the open market. Over the years, the City has explored alternative locations for the yard. This effort was stepped up upon the notice of POST's intent to sell, which POST presented to Council on January 16, 2018. As with prior efforts, finding a site suitably sized, located and appropriately zoned for a Corporation Yard has proved difficult. As such, the City pursued negotiations regarding acquisition of the 880 Stone Pine property for permanent use as a corporation yard.

In late 2019, the City obtained an appraisal of the Property, setting fair market value at \$2,180,000. The City and POST agreed to this acquisition price, subject to the negotiated terms of a purchase and sale agreement.

The City Corporation Yard is a critical facility for Half Moon Bay and the greater Coastsides area. The City is obligated to maintain its streets, parks, facilities and utilities. A permanent, ADA compliant facility is necessary to house maintenance staff, vehicles, equipment and materials. Presently vehicles, equipment and materials are stored outside in the elements. The coastal climate is tough on equipment and vehicles which results in shorter lifespans, more downtime and increased maintenance. Project and maintenance materials are stored open to the elements which shortens lifespans. Recently, a vehicle was stolen from the premises. Expensive vehicles, equipment and materials are susceptible to theft and vandalism. City maintenance workers are part of the City first responders in natural disasters. Additionally, the Corporation Yard has and will continue serve as a depot for City and Coastsides emergency response trailers and materials. Establishing a permanent facility will provide opportunity to invest in securely storing and managing emergency supplies and equipment in a central, accessible location.

#### **DISCUSSION:**

Over the last two years, the City and POST have worked together to develop a plan for the City to acquire the site for continued use as a corporation yard, while continuing both organizations' desire to preserve and protect the natural habitat along Pilarcitos Creek, which borders the entire southern edge of the Property. The result of these meetings and negotiations is a Purchase and Sale Agreement (the "PSA"), whereby the City will acquire 880 Stone Pine Road from POST under the following terms and conditions:

1. The City will pay \$2,180,000 for fee title to the Property.
2. Upon execution of the PSA, POST will open an escrow account and the City will make an initial deposit of \$20,000, which will be credited towards the purchase price upon close

- of escrow, or under certain circumstances returned to the City if the PSA is terminated.
3. The City will have a 180 day contingency period to complete all due diligence related to the Property acquisition, including: completing appropriate environmental review under the California Environmental Quality Act; property inspections, testing and evaluations.
  4. If the sale has not closed before July 1, 2020, the City will make an additional deposit of \$100,000 which will be treated the same as the initial deposit.
  5. Under certain conditions, POST will have the right to terminate the Purchase and Sale Agreement prior to the end of the contingency period.
  6. In recognition of the cooperative nature of POST's sale of the Property to City for public purposes, the City and POST will enter into a Memorandum of Agreements (MOA) which will include additional obligations for the City to make additional payment under specific conditions, develop a public use trail or dedicate a trail easement to POST over a portion of the Property, provide opportunities for collaborative use of unused portions of the land which are surplus to the City's primary municipal uses, and naming rights for certain public improvements funded through donations. The MOA will be recorded and expires ten years following recordation.

#### Due Diligence

The PSA provides the City 180 days to conduct its due diligence. During this time the City will be completing work on the Biological Resource Evaluation (BRE), wetland delineations, a Phase 1 hazards report, preparing an ALTA Survey and initiating work with consultants on a concept/programmatic level design to better define future Corporation Yard footprint.

#### General Plan consistency

The City of Half Moon Bay General Plan Local Coastal Land Use Plan, which serves as the City's Land Use Element, designates the Property as Urban Reserve, a designation emphasizing agricultural uses and allowing previous use of the site as a garden nursery, with space for office and equipment. Current use of the site includes the City's corporation yard and resource conservation. City use of the site for the corporation yard is a substantially similar use to aspects of the former nursery. The south side of the site is bounded by the Pilarcitos Creek riparian area, and special status species have been documented on and near the site. The Local Coastal Land Use Plan requires protection for these biological resources. The City's intended continued conservation use of the Property is consistent with Land Use Plan policies for these resources. For this site, the Urban Reserve land use designation is associated with Urban Reserve zoning. The Urban Reserve Zoning District provides for continued operation of nonconforming uses as well as open space preservation, which is consistent with the current uses. In light of the potential acquisition, the City may choose to reevaluate land use and zoning in conjunction with the LCP update or as a separate action to align with the public use of the Property. The site is also identified in the Bicycle and Pedestrian Master Plan for a future segment of the Pilarcitos Creek Trail, for which specific trail alignment is not yet established. This future intended use is consistent with the General Plan Recreation Element. Staff will request that the Planning Commission confirm this finding at a regular meeting prior to close of escrow pursuant to Government Code section 65402.



### CEQA

Staff has concluded that the acquisition is exempt from the California Environmental Quality Act under Section 15301 (Existing Facilities). Under City ownership, the long-term future use of the Property is anticipated to be continued operation of the corporation yard and resource conservation. At such a time when the Council determines any other future uses, including the multi-use path identified in the City's Bicycle and Pedestrian Master Plan and General Plan Recreation Element, the City will conduct CEQA review, unless an exemption applies.

### Funding

The City's Finance staff has determined that there are two primary options to fund the acquisition of the Property; either a cash payment drawn on existing unrestricted funds or a traditional short term bank loan.

Currently, as of the mid-year budget update, the City's projected fund balance for June 30, 2020 is approximately \$640,588 higher than the \$7,300,642 previously projected in the Adopted Budget for FY 2019-20. Given the amount of current funding that is unrestricted, staff has determined that a cash purchase may be feasible; however, staff recommends against borrowing against unrestricted funds and instead recommends a low-cost financing option for the purchase of this Property. The purchase of the Property with short term financing will also have an added benefit of strengthening the City's credit rating as well as helping maintain adequate cash liquidity in case of future need.

Staff seeks direction from the Council on how to proceed with funding the acquisition. Under either circumstance, these funds will be included in the FY 2020-21 Recommended Budget.

### **ATTACHMENTS:**

1. Resolution authorizing the City Manager to execute a Purchase and Sale Agreement with Peninsula Open Space Trust to acquire property located at 880 Stone Pine Road, Half Moon Bay, for \$2,180,000.
2. Draft Purchase and Sale Agreement between the Peninsula Open Space Trust and the City of Half Moon Bay.

**Resolution No. C-2020-**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HALF MOON BAY  
AUTHORIZING THE CITY MANAGER TO EXECUTE A PURCHASE AND SALE  
AGREEMENT WITH PENINSULA OPEN SPACE TRUST TO ACQUIRE PROPERTY  
LOCATED AT 880 STONE PINE ROAD, HALF MOON BAY, FOR \$2,180,000**

**WHEREAS**, in 2004, the City acquired the property located at 880 Stone Pine Road, Half Moon Bay (the “Property”) through a loan from Peninsula Open Space Trust; and

**WHEREAS**, in 2009, the City defaulted on its payments and POST exercised its right to take possession and title to the Property, but allowed the City to maintain its corporation yard and management of the Property; and

**WHEREAS**, in 2018, POST notified the City of its intent to sell and gave an opportunity to purchase the Property before advertising it on the open market; and

**WHEREAS**, the City and POST have negotiated a purchase and sale agreement, whereby the City will acquire the Property for \$2,180,000, under the specific terms and conditions of the agreement; and

**WHEREAS**, the City of Half Moon Bay General Plan Local Coastal Land Use Plan, which serves as the City’s Land Use Element, designates the property as Urban Reserve, a designation emphasizing agricultural uses and allowing previous use of the site as a garden nursery, with space for office and equipment, and current use of the site includes the City’s corporation yard and resource conservation, which is a substantially similar use to aspects of the former nursery; and

**WHEREAS**, the acquisition is exempt from the California Environmental Quality Act under Section 15301 (Existing Facilities). Under City ownership, the long-term future use of the property is anticipated to be continued operation of the corporation yard and resource conservation. At such a time when the Council determines any other future uses, including the multi-use path identified in the City’s Bicycle and Pedestrian Master Plan and General Plan Recreation Element, the City will conduct CEQA review, unless an exemption applies; and

**WHEREAS**, the City Manager recommends that the Council approve the City’s purchase of the Property for \$2,180,000, for use as a corporation yard and other municipal purposes, and pending favorable results of the due diligence, waive all contingencies.

**NOW, THEREFORE, BE IT RESOLVED THAT** that the City Council authorizes the City Manager to execute a property purchase and sale agreement to acquire the Property for \$2,180,000, and take all other actions reasonably necessary to effectuate the purchase.

\*\*\*\*\*

I, the undersigned, hereby certify that the foregoing Resolution was duly passed and adopted on the 3<sup>rd</sup> day of March, 2020 by the City Council of Half Moon Bay by the following vote:

AYES, Councilmembers:

NOES, Councilmembers:

ABSENT, Councilmembers:

ABSTAIN, Councilmembers:

ATTEST:

APPROVED:

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Jessica Blair, City Clerk

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Adam Eisen, Mayor

## PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement ("Agreement") is made and entered into as of this \_\_\_ day of \_\_\_\_\_, 2020 (the "Effective Date") by and between the PENINSULA OPEN SPACE TRUST, a California non-profit public benefit corporation, hereinafter referred to as "Seller", and the CITY OF HALF MOON BAY, a municipal corporation, hereinafter referred to as "Buyer". Seller and Buyer are hereinafter collectively referred to as the "Parties" and each a "Party".

### RECITALS

WHEREAS, Seller is organized as a non-profit, charitable corporation to solicit, receive and hold gifts, legacies, devises and conveyances of real and personal property for public park, conservation and open space purposes; and

WHEREAS, the property and assets of Seller are irrevocably dedicated to said purposes and no part of the property and assets of Seller shall ever inure to the benefit of any individual; and

WHEREAS, Seller owns certain real property located within the City of Half Moon Bay, as described in Section 1 of this Agreement; and

WHEREAS, Buyer currently leases said property for certain City purposes and facilities; and

WHEREAS, Buyer desires to acquire the Property from Seller, and Seller desires to sell the Property to Buyer, on the terms and conditions set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

### AGREEMENT

1. Purchase and Sale. Seller shall sell to Buyer and Buyer shall purchase from Seller all of Seller's rights, title, and interest in and to the following real property (collectively the "Property"), subject to the terms and conditions set forth in this Agreement:

A. That certain real property located at 880 Stone Pine Road, Half Moon Bay, in the County of San Mateo, State of California, as more particularly described in EXHIBIT A attached hereto and incorporated by reference herein; and

B. All improvements and fixtures located on or in the Property, including any and all buildings or structures; and

C. All easements, rights of way, privileges, licenses, appurtenances, and other rights and benefits that are a part of, or incidental or appurtenant to the Property and improvements, including any and all minerals, oil, gas, and other hydrocarbon substances on and under the Property; development rights; air rights; water; water rights; riparian rights; water stocking; and other rights used in connection with the beneficial use and enjoyment of the Property and improvements.

Notwithstanding the foregoing, the right, title, and interest conveyed by Seller to Buyer is subject to the Memorandum of Agreements (as defined and set forth in Section 14 and EXHIBIT C to this Agreement and made part of this Agreement).

2. Purchase Price; Deposit.

A. Purchase Price.

- i) The purchase price for the Property shall be two million one hundred eighty thousand dollars (\$2,180,000) (the "Purchase Price"). The Purchase Price shall be payable by wire transfer of immediately available funds, against which the Deposit (as defined in this Section 2) shall be applied at the Closing (as defined in Section 3).

B. Deposits.

- i) Standard Deposit. No later than two (2) business days after mutual execution of this Agreement, Buyer will deposit with the Escrow Holder (defined below) twenty thousand dollars (\$20,000) (the "Standard Deposit").
- ii) Additional Deposit. If the Parties have not closed escrow by June 30, 2020, Buyer shall deposit with the Escrow Holder an additional one hundred thousand dollars (\$100,000) (the "Additional Deposit").
- iii) The Standard Deposit, and any Additional Deposit, together with any additional deposits and all interest accrued (together, the "Deposit"), shall, upon closing, be applied towards Buyer's payment of the Purchase Price.

3. Escrow.

A. Opening; Closing. Within two (2) business days following the mutual execution of this Agreement, Buyer and Seller shall open an escrow (the "Escrow") with Old Republic Title Company ("Escrow Holder") through which the conveyance of the Property shall be consummated in accordance with this Agreement and the date on which the Escrow Holder causes the Grant Deed (as defined in Section 3(C) below) to be recorded in the Office of the County Recorder of San Mateo County (the "Closing").

B. Closing Date. Subject to the satisfaction or waiver of the closing conditions during the Contingency Period (as set forth in Section 13 below), the Closing shall occur on the date which is the earlier of thirty (30) days following the end of the Contingency Period (or the next business day if such day falls on a weekend or holiday) or on such date as Buyer and Seller may agree in writing (the "Closing Date").

C. Seller's Delivery of Documents and Items. Seller shall deposit into the Escrow at least one (1) business day before the Closing Date an executed and recordable Grant Deed conveying the Property to Buyer in the same form as attached as EXHIBIT B (the "Grant Deed"), an executed and recordable Memorandum of Agreements in the same form as attached as EXHIBIT C, any payments that are due from Seller pursuant to Section 3(F) below (which may be offset from the Purchase Price at Closing), and any other documents that may be reasonably required by Escrow Holder to consummate the Closing in accordance with the terms hereof.

D. Buyer's Delivery of Documents and Items. Buyer shall deposit into the Escrow at least one (1) business day before the Closing Date the Purchase Price (minus the Deposit), an executed and recordable Memorandum of Agreements in the same form as attached as EXHIBIT C, any payments that are due from Buyer pursuant to Section 3(F) below, a certificate of acceptance of the Grant Deed, executed by Buyer in recordable form, in which Buyer accepts the conveyance of the Property (the "Certificate of Acceptance"), and any other documents that may be reasonably required by Escrow Holder to consummate the Closing in accordance with the terms hereof.

E. Title; Permitted Exceptions. Seller shall cause Escrow Holder to be prepared and committed to deliver to Buyer an ALTA Standard Policy of Title Insurance, dated as of the Closing, in the amount of the Purchase Price, insuring that title to the Property is vested in Buyer (the "Title Policy"), subject only to: (i) current real property taxes and assessments, including the lien of such taxes and assessments which are not yet delinquent; and (ii) the exceptions listed on the preliminary title report that Buyer accepts in writing during the Contingency Period (the "Permitted Exceptions"). Seller shall have no obligation to remove or modify any items affecting title of the Property.

F. Prorations; Title, Escrow, and Closing Costs. (1) All current real property taxes and any other fees, costs, expenses, taxes, and liabilities relating to the Property shall be prorated through the Escrow between Buyer and Seller as of the Closing Date based upon the latest available tax information and on the actual number of days elapsed over the applicable period so that Seller bears all taxes with respect to the Property through and including the date immediately preceding the Closing Date. (2) The premium for the Title Policy to be paid by Buyer. (3) All other closing costs shall be divided and borne in accordance with common escrow practices in San Mateo County, California. If any of the foregoing prorations cannot be calculated accurately on the Closing Date, they shall be calculated as soon after the Closing Date as feasible. Either Party owing the other Party a sum of money based on such subsequent prorations shall promptly pay such sum to the other Party.

4. Conditions Precedent to Close.

A. Conditions Precedent to Buyer's Obligation to Close. Buyer's obligation to consummate the transaction contemplated hereunder is subject to the following conditions, each of which is for the benefit of Buyer ("Buyer Closing Conditions"):

1. All representations and warranties made in this Agreement by Seller are true and correct as of the date of this Agreement, and shall be true and correct as of the Closing Date.

2. Seller shall have satisfied all of its material obligations hereunder.

3. Seller shall have received all approvals necessary for the completion of the transaction contemplated hereunder.

4. There shall be no material adverse change in the physical, environmental, soils, legal, title, or any other condition or circumstances of the Property from that which existed at the expiration of the Contingency Period, with the exception of changes caused or contributed to by the Buyer.

5. There shall be no title encumbrances on the Property other than the Permitted Exceptions.

6. Escrow Holder shall be irrevocably committed to issue the Title Policy to Buyer at Closing.

7. Buyer shall have completed all appropriate environmental review under the California Environmental Quality Act (CEQA). For the avoidance of doubt, Buyer (a) has not committed itself to a particular use of the Property prior to completion of environmental review, (b) retains the discretion not to proceed with the transaction unless and until the environmental review process is completed, and (c) retains the discretion not to proceed with the transaction based upon information generated by the environmental review process.

8. Buyer shall have completed its review of the condition of the Property within the Contingency Period (as defined below) in the manner described in Section 13.

In the event that one or more of the above conditions are not satisfied or cured on or before the Closing Date, then Buyer may (i) waive satisfaction of such condition or conditions in writing (delivered to Seller and Escrow Holder), and the closing of Escrow shall proceed, or (ii) terminate this Agreement in writing (delivered to Seller and Escrow Holder). If Buyer provides notice of termination for any reason other than an event of Seller default, this Agreement shall terminate and the Parties shall have no further obligations under this Agreement (with the exception of obligations that survive Closing, and except that Seller shall pay the expenses of canceling Escrow), and the Deposit shall be returned to Buyer. In the event that one or more of the above conditions are not satisfied on or before the Closing Date as a result of Seller default, the provisions of Section 5(B) shall apply in lieu of this paragraph.

B. Conditions Precedent to Seller's Obligation to Close. Seller's obligation to consummate the transaction contemplated hereunder is subject to the following conditions, each of which is for the benefit of Seller ("Seller's Closing Conditions"):

1. All representations and warranties made in this Agreement by Buyer are true and correct as of the date of this Agreement, and shall be true and correct as of the Closing Date.
2. Buyer shall have satisfied all of its material obligations hereunder.
3. Buyer shall have received all approvals necessary for the completion of the transaction contemplated hereunder.

In the event that one or more of the above conditions are not satisfied after the Contingency Period but on or before the Closing Date, then Seller may (i) waive satisfaction of such condition or conditions in writing (delivered to Buyer and Escrow Holder), and the closing of Escrow shall proceed, or (ii) terminate this Agreement in writing (delivered to Buyer and Escrow Holder). If Seller provides notice of termination, this Agreement shall terminate and the Parties shall have no further obligations under this Agreement (with the exception of obligations that survive Closing, and except that Buyer shall pay the expenses of canceling Escrow), and Escrow Holder shall deliver to Seller the Deposit as liquidated damages as provided in Section 5(A) below.

In addition, during the Contingency Period, Seller maintains the sole and absolute right and discretion to terminate this Agreement in writing (the "Seller Discretionary Termination"). If Seller provides notice of exercise of Seller Discretionary Termination, this Agreement shall terminate and the Parties shall have no further obligations under this Agreement (with the exception of obligations that survive Closing, and except that Seller shall pay the expenses of canceling Escrow), and the Deposit shall be returned to Buyer.

5. Remedies.

A. DEFAULT BY BUYER; LIQUIDATED DAMAGES. IF CLOSING FAILS TO OCCUR AFTER THE CONTINGENCY PERIOD SOLELY BECAUSE OF BUYER'S DEFAULT UNDER THIS AGREEMENT, ESCROW HOLDER SHALL BE INSTRUCTED BY SELLER TO CANCEL THE ESCROW, SELLER AND BUYER SHALL THEREUPON BE RELEASED FROM THEIR RESPECTIVE OBLIGATIONS HEREUNDER (OTHER THAN THE SURVIVING OBLIGATIONS), AND THE DEPOSIT SHALL BE PAID TO AND RETAINED BY SELLER AS LIQUIDATED DAMAGES, SUBJECT TO THIS SECTION BELOW. THE PARTIES ACKNOWLEDGE THAT SELLER'S ACTUAL DAMAGES IN THE EVENT OF A DEFAULT BY BUYER WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO DETERMINE. THEREFORE, THE PARTIES



ACKNOWLEDGE THAT THE AMOUNT DESIGNATED AS THE DEPOSIT IN SECTION 2(B) ABOVE HAS BEEN AGREED UPON, AFTER NEGOTIATION, AS REASONABLE LIQUIDATED DAMAGES PURSUANT TO THE TERMS HEREOF, CALIFORNIA CIVIL CODE SECTIONS 1671 AND 1677 AND ANY OTHER APPLICABLE LAW, AND TERMINATION OF THIS AGREEMENT AND RETENTION OF LIQUIDATED DAMAGES AS A RESULT THEREOF SHALL CONSTITUTE SELLER'S ONLY AND EXCLUSIVE REMEDY AGAINST BUYER IN THE EVENT OF A DEFAULT ON THE PART OF BUYER. THE PAYMENT OF SUCH AMOUNT AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES. THE PROVISIONS OF THIS SECTION 5(A) SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

SELLER'S INITIALS: \_\_\_\_\_ BUYER'S INITIALS: \_\_\_\_\_

B. Default or Breach by Seller. If Seller defaults in the performance of its obligations hereunder or is otherwise in breach of the terms hereof, Buyer shall, at its election, have the right to: (i) specific performance of Seller's obligations under this Agreement, and Seller agrees that, because of the unique nature of the Property, specific performance is an appropriate remedy for enforcement of Seller's obligations under this Agreement; (ii) terminate this Agreement, upon which termination the Deposit shall be returned to Buyer and Buyer's remedy shall be the recovery of all out of pocket expenses incurred by Buyer in connection with this Agreement and Buyer's due diligence investigations relating to the Property and all other damages incurred by Buyer as the result of Seller's default; and (iii) such other rights available to Buyer by law or in equity. The provisions of this Section 5(B) shall survive the Close of Escrow or the termination of this Agreement.

6. Seller's Representations and Warranties. For the purpose of consummating the purchase and sale of the Property in accordance herewith, Seller makes the following representations and warranties to Buyer, each of which is material and is being relied upon by Buyer in executing this Agreement:

A. Authority. Seller has the full right, power, and authority to enter into this Agreement and to perform the transactions contemplated hereunder.

B. Valid and Binding Agreements. This Agreement and all other documents delivered by Seller to Buyer now or at the Closing have been or will be duly authorized and executed and delivered by Seller and are legal, valid, and binding obligations of Seller sufficient to convey to Buyer the Property described therein, and are enforceable in accordance with their respective terms and do not violate any articles, bylaws, or corporate resolutions of Seller, if any. Persons signing this Agreement for Seller have all requisite power and legal authority to do so.

C. Hazardous Substances. Seller is not aware of any adverse environmental conditions or hazardous substance release or discharge, on, under, or about the Property.

D. Integrity of Property. Except as otherwise provided herein or by express written permission granted by Buyer, Seller shall not, between the time of Seller's execution hereof and the Closing, make any material and adverse physical changes to the Property.

E. Pending or Threatened Litigation. To Seller's best knowledge, there is no litigation or proceeding pending or threatened in writing, nor is there any unsatisfied judgment against or involving Seller, or the Property which might materially and adversely affect the Property or Seller's ability to consummate the transaction contemplated by this Agreement.



F. No Continuing Obligations. At the time of Closing, there will be no leases, licenses, or other occupancy agreements affecting any of the Property, and there will be no obligations in connection with the Property (including, without limitation, any service contracts, utility contracts, maintenance contracts, employment contracts, management contracts, or brokerage and leasing commission agreements, or obligations of Tenant under the Lease (as defined in Section 15)), which will be binding upon Buyer after Closing except to the extent of any services or utilities arranged by Tenant under the Lease.

G. Due Diligence Documents. To Seller's best knowledge, all due diligence documents and materials relating to the Property made available to Buyer are complete, and correct copies of same.

H. Lease. Tenant is not in default or breach under any terms of the Lease (as defined in Section 15) nor has any event occurred which with the passage of time (after notice, if any, required under the Lease) would become an event of default or breach under the Lease. Landlord has no complaints, disputes, claims, counterclaims, defenses or setoffs against Tenant arising from the Lease. Except for monthly rent that is due and payable under the Lease for the period prior to Closing, Landlord is not entitled to any additional rent, late charge, interest, fees, Impositions, or other sums from Tenant under the Lease.

7. Buyer's Representations and Warranties. For the purpose of consummating the purchase and sale of the Property in accordance herewith, Buyer makes the following representations and warranties to Seller, each of which is material and is being relied upon by Buyer in executing this Agreement: To Buyer's best knowledge, there is no litigation or proceeding pending or threatened in writing, nor is there any unsatisfied judgment against or involving the City of Half Moon Bay, or the Property which might materially and adversely affect the Property or Buyer's ability to consummate the transaction contemplated by this Agreement.

8. As-Is Transfer. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, NO WARRANTY OR REPRESENTATION IS MADE BY SELLER WITH RESPECT TO THE PROPERTY WHATSOEVER, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY AS TO (A) FITNESS FOR ANY PARTICULAR PURPOSE, (B) MERCHANTABILITY, (C) CONDITION, (D) ABSENCE OF DEFECTS OR FAULTS, (E) ABSENCE OF HAZARDOUS OR TOXIC SUBSTANCES, (F) FLOODING, OR (G) COMPLIANCE WITH LAWS AND REGULATIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO HEALTH, SAFETY, AND THE ENVIRONMENT, AS THEY MAY APPLY TO THE CURRENT CONDITION OF THE PROPERTY OR BUYER'S INTENDED DEVELOPMENT, CONSTRUCTION OR USE, OR FOR ANY OTHER PURPOSE, OR OTHERWISE. BUYER ACKNOWLEDGES THAT BUYER HAS ENTERED INTO THIS AGREEMENT WITH THE INTENTION OF MAKING AND RELYING UPON ITS OWN INVESTIGATION OF THE PHYSICAL, ENVIRONMENTAL, ECONOMIC USE, COMPLIANCE, AND LEGAL CONDITION OF THE PROPERTY AND THAT, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, BUYER IS NOT NOW RELYING AND WILL NOT LATER RELY, UPON ANY REPRESENTATIONS AND WARRANTIES MADE BY SELLER OR ANYONE ACTING OR CLAIMING TO ACT, BY, THROUGH, OR UNDER OR ON BUYER'S BEHALF CONCERNING THE PROPERTY. THE PROVISIONS OF THIS SECTION 8 SHALL SURVIVE INDEFINITELY ANY CLOSING OR TERMINATION OF THIS AGREEMENT AND SHALL NOT BE MERGED INTO ANY DOCUMENTS, EXECUTED OR DELIVERED AT CLOSING. BUYER REPRESENTS, WARRANTS, ACKNOWLEDGES, AND AGREES THAT IT HAS HAD FULL AND AMPLE OPPORTUNITY PRIOR TO THE EXPIRATION OF THE CONTINGENCY PERIOD TO INVESTIGATE THE PROPERTY INCLUDING, BUT NOT LIMITED TO, THE PHYSICAL AND ENVIRONMENTAL CONDITION THEREOF; THE PRESENCE, ABSENCE OR CONDITION OF IMPROVEMENTS THEREON; AND THAT BUYER SHALL ACCEPT THE PROPERTY AS-IS WHERE IS WITH ALL FAULTS.

9. Release. FROM AND AFTER THE CLOSING, EXCEPT FOR THE OBLIGATIONS OF SELLER ARISING UNDER THIS AGREEMENT TO THE EXTENT SURVIVING THE CLOSING, BUYER ON BEHALF OF ITSELF AND ITS SUCCESSORS AND ASSIGNS, WAIVES ITS RIGHT TO RECOVER FROM, AND FOREVER RELEASES AND DISCHARGES, SELLER, SELLER'S AFFILIATES, SELLER'S INVESTMENT ADVISOR, PARTNERS, DONORS, TRUSTEES, BENEFICIARIES, SHAREHOLDERS, MEMBERS, MANAGERS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, AND REPRESENTATIVES OF EACH OF THEM, AND THEIR RESPECTIVE HEIRS, SUCCESSORS, PERSONAL REPRESENTATIVES, AND ASSIGNS (COLLECTIVELY, THE "SELLER RELATED PARTIES"), FROM ANY AND ALL DEMANDS, CLAIMS, LEGAL OR ADMINISTRATIVE PROCEEDINGS, LOSSES, LIABILITIES, DAMAGES, PENALTIES, FINES, LIENS, JUDGMENTS, COSTS, OR EXPENSES WHATSOEVER (INCLUDING, WITHOUT LIMITATION, COURT COSTS AND ATTORNEYS' FEES AND DISBURSEMENTS), WHETHER DIRECT OR INDIRECT, KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, THAT MAY ARISE ON ACCOUNT OF OR IN ANY WAY BE CONNECTED WITH THE CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION (A) THE PHYSICAL CONDITION OF THE PROPERTY INCLUDING, WITHOUT LIMITATION, ALL STRUCTURAL AND SEISMIC ELEMENTS, ALL PLUMBING, SEWAGE, AND OTHER SYSTEMS, AND (B) ANY LAW OR REGULATION APPLICABLE TO THE CONDITION OF THE PROPERTY, INCLUDING ANY ENVIRONMENTAL LAW. THE FOREGOING DOES NOT, HOWEVER, RELEASE AGAINST SELLER (i) ANY CLAIMS BY THIRD PARTIES (OR ANY RIGHT OF BUYER TO SEEK INDEMNITY OR CONTRIBUTION FOR SUCH THIRD PARTY CLAIMS) THAT ARISE FROM A PERSONAL INJURY, DAMAGE, OR EXPOSURE TO HAZARDOUS MATERIALS OCCURRING PRIOR TO THE CLOSING DATE, INCLUDING WHERE SUCH OCCURRENCE CAUSES, IN WHOLE OR IN PART, INJURY OR DAMAGE AFTER THE CLOSING DATE; OR (ii) ANY CLAIMS BY BUYER RESULTING FROM THE BREACH OF THIS AGREEMENT BY SELLER. THE TERM "ENVIRONMENTAL LAW" SHALL MEAN ANY FEDERAL, STATE, LOCAL OR ADMINISTRATIVE AGENCY ORDINANCE, LAW, RULE, REGULATION, ORDER OR REQUIREMENT RELATING TO ENVIRONMENTAL CONDITIONS OR HAZARDOUS MATERIALS. THE TERM "HAZARDOUS MATERIALS" OR "HAZARDOUS SUBSTANCES" SHALL MEAN ANY SUBSTANCE, CHEMICAL, WASTE OR OTHER MATERIAL WHICH IS LISTED, DEFINED, OR OTHERWISE IDENTIFIED AS "HAZARDOUS" OR "TOXIC" UNDER ANY OF THE ENVIRONMENTAL LAWS, INCLUDING, WITHOUT LIMITATION, FORMALDEHYDE, UREA, POLYCHLORINATED BIPHENYLS, PETROLEUM, PETROLEUM PRODUCT OR BY-PRODUCT, CRUDE OIL, NATURAL GAS, NATURAL GAS LIQUIDS, LIQUEFIED NATURAL GAS, OR SYNTHETIC GAS USABLE FOR FUEL OR MIXTURE THEREOF, RADON, ASBESTOS AND ANY BY-PRODUCT OF THE SAME.

In connection with the foregoing release, Buyer hereby expressly waives the benefits of Section 1542 of the California Civil Code, which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

\_\_\_\_\_  
INITIALS OF BUYER

10. Buyer Indemnification of Seller. Buyer hereby agrees to indemnify, defend, protect, and

hold harmless Seller from and against any and all claims, demands, liabilities, losses, costs, and damages resulting from any misrepresentations or breach of warranty or covenant made by Buyer in this Agreement or in any document, certificate, or exhibit given or delivered to Seller pursuant to or in connection with this Agreement, except to the extent arising from the negligence or willful misconduct of Seller. All of the indemnifications set forth in this Section 10 shall survive the Closing and conveyance of the Property.

11. Seller Indemnification of Buyer. Seller hereby agrees to indemnify, defend, protect, and hold harmless Buyer from and against any and all claims, demands, liabilities, losses, costs, and damages resulting from any misrepresentations or breach of warranty or covenant made by Seller in this Agreement or in any document, certificate, or exhibit given or delivered to Buyer pursuant to or in connection with this Agreement, except to the extent arising from the negligence or willful misconduct of Buyer. All of the indemnifications set forth in this Section 11 shall survive the Closing and conveyance of the Property.

12. Access for Investigations. During the Contingency Period (as defined in Section 13 below), Buyer and Buyer's agents, lenders, contractors, engineers, consultants, employees, subcontractors and other representatives (the "Buyer Parties") may enter upon the Property for the purpose of inspecting, testing and evaluating the same; provided, however, that Buyer may not perform any invasive testing (e.g., drilling bore holes or excavation) on the Property without Seller's prior written consent, which shall not be unreasonably withheld or delayed, and further provided that Buyer shall give Seller at least twenty-four (24) hours' prior notice of each proposed entry for such invasive testing (if any), pursuant to this Section 12. Seller acknowledges that Buyer will be conducting certain testing and mapping relating to wetlands delineation on the Property. Seller agrees to cooperate with such testing and mapping and Buyer agrees to (i) provide the data obtained and proposed maps to Seller and (ii) to keep such testing and mapping results and information, including any drafts, confidential, except as required by law, until Buyer has provided the opportunity for Seller to review and provide input and Seller has provided written consent. Buyer shall indemnify, protect, defend Seller against and hold Seller harmless from any and all claims, actions, causes of action, suits, proceedings, costs, expenses, liabilities, damages, losses and liens resulting from any acts or omissions of Buyer or Buyer's representatives in connection with their entry upon the Property pursuant to this Section 12, except to the extent arising from the negligence or willful misconduct of Seller. Buyer's inspections and testing shall be at Buyer's sole cost and expense. Buyer shall repair and restore the Property in the event of any damage by Buyer or its representatives and discharge any liens resulting from such activities. Buyer and all persons hired by Buyer to examine and inspect the Property for purposes associated with removal of the property condition contingency set forth in Section 13 below shall also provide Seller with a certificate of insurance before it or its agents enter the Property, evidencing liability insurance coverage of at least \$2,000,000. This indemnification obligation shall survive the Closing or termination of this Agreement.

13. Property Condition Contingency. Buyer's acceptance of the condition of the Property is a contingency of this Agreement, and as specified above, Buyer has the right to inspect the Property. Buyer may terminate this Agreement based on a condition of the Property that is unacceptable to Buyer. For purposes of this Agreement, the condition of the Property includes its physical, environmental, soils, legal, title, or any other condition or circumstance of the Property in Buyer's discretion. Within one hundred eighty (180) days after the execution of this Agreement by the Buyer (the "Contingency Period"), Buyer must notify Seller in writing of (a) its acceptance of the condition of the Property, or (b) any condition of the Property that is unacceptable to Buyer and provide to Seller a reasonable opportunity to cure the condition, which shall be no less than forty-five (45) days. Should said unacceptable condition remain uncured after the opportunity to cure, Buyer may terminate this Agreement based on said condition. If Buyer provides notice of termination prior to the expiration of the Contingency Period and after the period of opportunity to cure, this Agreement shall terminate and the Parties shall have no further obligations under this Agreement (with the exception of obligations that survive Closing, and except that Buyer shall pay the expenses of canceling Escrow), and the Deposit shall be returned to Buyer. If Buyer fails to provide written notice of disapproval

of a condition of the Property before the expiration of the Contingency Period, Buyer shall be deemed to have waived this contingency and upon the expiration of the Contingency Period the Deposit shall become nonrefundable to Buyer except as provided in Section 4(A), Section 4(B), and Section 5(B) above.

14. Rights Relating to a Recorded Memorandum of Agreements. Seller's obligation to convey the Property to Buyer is conditioned on Buyer's agreement to execute, deliver, and record a Memorandum of Agreements at the Closing, as further described in EXHIBIT C.

15. Termination of Lease. At the Closing, the Office and Corporation Yard Lease, License, and Management Agreement between Peninsula Open Space Trust, as Landlord, and City of Half Moon Bay, as Tenant, dated July 17, 2018, as amended ("Lease") shall terminate and be of no further force and effect, except as to those obligations that expressly survive termination of the Lease. For the avoidance of doubt, at Closing, Tenant shall have no further obligations to Landlord under the Lease relative to management, maintenance, or repair of the Property.

16. Miscellaneous Provisions.

A. Choice of Law. The internal laws of the State of California, regardless of any choice of law principles, shall govern the validity of this Agreement, the construction of its terms and the interpretation of the rights and duties of the Parties. Any disputes regarding this Agreement shall be resolved in the Courts of San Mateo County, California.

B. Amendment and Waiver. The Parties hereto may by mutual written agreement amend this Agreement in any respect. Any Party may in writing: (i) extend the time for the performance of any of the obligations of the other Party; (ii) waive any inaccuracies in representations and warranties made by the other Party contained in this Agreement or in any documents delivered pursuant hereto; (iii) waive compliance by the other Party with any of the covenants contained in this Agreement or the performance of any obligations of the other Party; or (iv) waive the fulfillment of any condition of the other Party that is precedent to the performance by such Party of any of its obligations under this Agreement. Any agreement on the part of any Party for any such amendment, extension or waiver must be in writing. No waiver of any term, provision or condition of this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be, or be construed as, a further or continuing waiver of any such term, provision or condition or as a waiver of any other term, provision or condition of this Agreement.

C. Rights Cumulative. Each and all of the various rights, powers and remedies of the Parties shall be considered to be cumulative with and in addition to any other rights, powers and remedies which the Parties may have at law or in equity in the event of the breach of any of the terms of this Agreement. The exercise or partial exercise of any right, power or remedy shall constitute neither the exclusive election thereof nor the waiver of any other right, power or remedy available to such Party.

D. Notices. Whenever any Party desires or is required to give any notice, demand, or request with respect to this Agreement (or any Exhibit hereto), each such communication shall be in writing and shall be deemed to have been validly served, given or delivered at the time stated below if (i) deposited in the United States mail, registered or certified and return receipt requested, with proper postage prepaid, or (ii) delivered by Federal Express or other reputable overnight messenger, courier or other delivery service, and addressed as follows:

If to Seller, to: Peninsula Open Space Trust  
222 High Street  
Palo Alto, CA 94301  
Attn: Walter T. Moore, President

Telephone: (650) 854-7696

If to Buyer, to:

City of Half Moon Bay  
501 Main Street  
Half Moon Bay, CA. 94019  
Attn: Bob Nisbet, City Manager  
Telephone: (650) 726-8270

Service of any such communication made only by United States mail shall be deemed complete on the date of actual delivery as indicated by the addressee's registry or certification receipt or at the expiration of the third (3rd) business day after the date of mailing, whichever is earlier in time. Service made by overnight courier shall be deemed effective on the delivery date or attempted delivery date shown on the receipt. Either Party hereto may from time to time, by notice in writing served upon the other as aforesaid, designate a different mailing address or a different person to which such notices or demands are thereafter to be addressed or delivered. Nothing contained in this Agreement shall excuse either Party from giving oral or electronic mail notice to the other when prompt notification is appropriate, but any such notice given shall not satisfy the requirement of written notice as provided in this Agreement.

E. Severability. If any of the provisions of this Agreement are held to be void or unenforceable by or as a result of a determination of any court of competent jurisdiction, the decision of which is binding upon the Parties, the Parties agree that such determination shall not result in the nullity or unenforceability of the remaining portions of this Agreement. The Parties further agree to replace such void or unenforceable provisions which will achieve, to the extent possible, the economic, business and other purposes of the void or unenforceable provisions.

F. Counterparts. This Agreement may be executed in separate counterparts, each of which shall be deemed as an original, and when executed, separately or together, shall constitute a single original instrument, effective in the same manner as if the Parties had executed one and the same instrument.

G. Omitted.

H. Entire Agreement. This Agreement is intended by the Parties to be the final expression of their agreement; it embodies the entire agreement and understanding between the Parties hereto; it constitutes a complete and exclusive statement of the terms and conditions thereof; and it supersedes any and all prior correspondence, conversations, negotiations, agreements or understandings relating to the same subject matter.

I. Time of Essence. Time is of the essence of each provision of this Agreement in which time is an element. However, whenever action must be taken (including the giving of notice or the delivery of documents) under this Agreement during a certain period of time (or by a particular date) that ends (or occurs) on a non-business day, then such period (or date) shall be extended until the immediately following business day. As used herein, "business day" means any day other than a Saturday, Sunday or federal, California state, San Mateo County, or City of Half Moon Bay holiday.

J. Survival of Covenants. All covenants of Buyer or Seller which are expressly intended hereunder to be performed in whole or in part after the Closing, and all representations and warranties by either Party to the other, shall survive the Closing and be binding upon and inure to the benefit of the respective Parties hereto and their respective heirs, successors and permitted assigns to the extent provided in this Agreement.



K. Assignment. Except as expressly permitted herein, neither Party shall assign its rights or obligations under this Agreement to any party or individual without the prior written approval of the other Party.

L. Further Documents and Acts. Each of the Parties hereto agrees to execute and deliver such further documents and perform such other acts as may be reasonably necessary or appropriate to consummate and carry into effect the transactions described and contemplated under this Agreement.

M. Binding on Successors and Assigns. This Agreement and all of its terms, conditions and covenants are intended to be fully effective and binding, to the extent permitted by law, on the successors, heirs and permitted assigns of the Parties hereto.

N. Captions. Captions are provided herein for convenience only and they form no part of this Agreement and are not to serve as a basis for interpretation or construction of this Agreement, or as evidence of the intention of the Parties hereto.

O. Pronoun References. In this Agreement, if it be appropriate, the use of the singular shall include the plural, and the plural shall include the singular, and the use of any gender shall include all other genders as appropriate.

P. Interpretation. All Parties have been represented by counsel in the preparation and negotiation of this Agreement, and this Agreement shall be construed according to the fair meaning of its language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement. Whenever the term "days" is used in this Agreement, it shall mean calendar days unless specifically provided otherwise. Whenever the term "including" is used in this Agreement, it shall mean "including, but not limited to," the items thereafter enumerated.

Q. Compliance with Laws. Each Party shall comply with all applicable laws, rules, regulations, orders, consents and permits in the performance of all of their obligations under this Agreement.

R. Exhibits; Recitals. All Recitals and Exhibits referred to in this Agreement are incorporated herein by reference and shall be deemed part of this Agreement.

S. No Recordation. In no event shall this Agreement or any document or other memorandum related to the subject matter of this Agreement be recorded without the consent of Seller, and Seller specifically consents to recordation of (1) the Grant Deed and Certificate of Acceptance, and (2) the Memorandum of Agreements, as set forth in this Agreement.

T. Brokers. Each Party represents and warrants to the other that it has not used the services of any real estate agent, broker or finder with respect to the purchase and sale of the Property. Each Party agrees to indemnify and hold harmless the other against and from any inaccuracy in such Party's representation under this Section 16(T). This indemnification shall survive the delivery of the Grant Deed and shall not merge therein.

U. Omitted.

V. Contingency to Effectiveness of this Agreement. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, SELLER ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF BUYER HAS AUTHORITY TO COMMIT BUYER HERETO UNLESS AND UNTIL THE BUYER'S CITY COUNCIL SHALL HAVE DULY ADOPTED A

RESOLUTION AUTHORIZING EXECUTION OF THIS AGREEMENT. ANY OBLIGATIONS OR LIABILITIES OF BUYER HEREUNDER ARE CONTINGENT UPON ADOPTION OF SUCH A RESOLUTION, AND THIS AGREEMENT SHALL BE NULL AND VOID UNLESS BUYER'S CITY COUNCIL AUTHORIZES EXECUTION OF THIS AGREEMENT. APPROVAL OF THIS AGREEMENT BY ANY DEPARTMENT, COMMISSION, OR AGENCY OF BUYER SHALL NOT BE DEEMED TO IMPLY THAT SUCH RESOLUTION WILL BE ADOPTED NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON BUYER.

W. Force Majeure. If any Party is delayed or hindered in or prevented from the performance of any act required hereunder because of any event of force majeure, performance of such act shall be excused for the period of the force majeure event, and the period for the performance of such act shall be extended for an equivalent period.

X. Limitation of Liability. No director, officer, agent or employee of Buyer will be personally liable to Seller in an event of default by Buyer or for any amount that may become due to Seller or on any obligations under the terms of this Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.

BUYER:

CITY OF HALF MOON BAY

By: \_\_\_\_\_  
Bob Nisbet  
City Manager

SELLER:

PENINSULA OPEN SPACE TRUST,  
a California non-profit, public benefit  
corporation

By: \_\_\_\_\_  
Walter T. Moore, President

**EXHIBIT A**

**LEGAL DESCRIPTION OF PROPERTY**

DRAFT



**[insert legal description from prelim]**

DRAFT

**EXHIBIT B**  
**Form of Grant Deed**

DRAFT

Recorded at the Request of and  
When Recorded, Return and  
Mail Tax Statements to:

City of Half Moon Bay  
501 Main Street  
Half Moon Bay, CA 94109  
Attn: Public Works Director

Recording Fee \$0 (Govt Code 27383 and 6103)  
Document Transfer Tax \$0 (Rev & Tax Code 11922)

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SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

APN: 056-260-180

### GRANT DEED

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, PENINSULA OPEN SPACE TRUST, a California non-profit public benefit corporation ("Grantor") hereby GRANTS to the CITY OF HALF MOON BAY, a municipal corporation ("Grantee"), that certain real property located in San Mateo County, California, as more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference (the "Property").

TOGETHER WITH all improvements and fixtures located on or in the Property, including any and all buildings or structures.

AND TOGETHER WITH all easements, rights of way, privileges, licenses, appurtenances, and other rights and benefits incidental or appurtenant to the Property and improvements, including any and all minerals, oil, gas, and other hydrocarbon substances on and under the Property; development rights; air rights; water; water rights; riparian rights; water stocking; and other rights used in connection with the beneficial use and enjoyment of the Property and improvements.

Attribution and Signage. In recognition of the cooperative nature of POST's sale of the Property to the City for public purposes, the City shall provide credit related to open space preservation to POST on signs, demonstrations, promotional materials, advertisements, publications or exhibits the City elects to prepare or approve relating to the Property, subject to reasonable consultation with and approval of POST regarding text, logo, and design elements related to its recognition.

IN WITNESS WHEREOF, Grantor has executed this Grant Deed as of \_\_\_\_\_, 2020.

#### GRANTOR:

PENINSULA OPEN SPACE TRUST, a California  
non-profit public benefit corporation

By: \_\_\_\_\_  
Walter T. Moore, President

EXHIBIT A TO GRANT DEED

Legal Description of Property

[see attached]

DRAFT

## ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA )  
 ) ss  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public in and for said State

(SEAL)

## CERTIFICATE OF ACCEPTANCE

(California Government Code Section 27281)

This is to certify that the interest in real property conveyed to the City of Half Moon Bay by that certain Grant Deed dated \_\_\_\_\_, executed by Peninsula Open Space Trust, is hereby accepted by the undersigned on behalf of the City of Half Moon Bay pursuant to authority conferred by City Council Resolution No. \_\_\_\_\_ adopted on \_\_\_\_\_, and the City of Half Moon Bay consents to recordation thereof by its duly authorized officer.

Dated: \_\_\_\_\_, City of Half Moon Bay, a municipal corporation,

By: \_\_\_\_\_

Bob Nisbet  
City Manager

DRAFT

**EXHIBIT C**  
**FORM OF MEMORANDUM OF AGREEMENTS**

DRAFT

Recorded at the Request of and  
When Recorded, Return and  
Mail Tax Statements to:

[POST]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

APN: 056-260-180

### MEMORANDUM OF AGREEMENTS

THIS MEMORANDUM OF AGREEMENTS is made and entered into as of this \_\_\_\_\_, 2020 by and between PENINSULA OPEN SPACE TRUST, a California non-profit public benefit corporation ("POST"), and the CITY OF HALF MOON BAY, a municipal corporation (the "City"), regarding certain obligations affecting that certain real property located at 880 Stone Pine Road, Half Moon Bay, in the County of San Mateo County, as more particularly described in EXHIBIT A attached hereto and incorporated by reference herein (the "Property"). POST and the City are hereinafter collectively referred to as the "Parties" and each a "Party".

#### RECITALS

WHEREAS, POST and the City entered into that certain Purchase and Sale Agreement, dated as of \_\_\_\_\_, 2020, pursuant to which POST agreed to sell and the City agreed to acquire the Property (the "Purchase Agreement") for two million one hundred eighty thousand dollars (\$2,180,000) ("Purchase Price").

WHEREAS, POST's willingness to sell the Property to the City under the Purchase and Sale Agreement was conditioned on the Parties cooperating relative to certain post-closing obligations relating to the Property which are incorporated herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

#### 1. Obligations

**A. Obligation Regarding Additional Payment.** In addition to the Purchase Price paid by the City to POST at Closing under the Purchase Agreement, the City shall pay POST an additional amount (the "Additional Payment"), subject to and only upon satisfaction of any one of the following conditions: i. the City closes on the sale of the Property for a gross sales price (the "Subsequent Sale Price") that is equal to or greater than two million one hundred eighty thousand dollars (\$2,180,000); or ii. the City consummates a lease of the Property for commercial purposes for a net base rent over the term of the lease (such aggregate amount, the "Subsequent Lease Profits") that is equal to or greater than two million one hundred eighty thousand dollars (\$2,180,000); or iii. the City completes construction of a



commercial development project on the Property with an appraised value of the Property as a whole at completion, net of development, financing, construction, and related costs (the “Subsequent Development Value”), that is equal to or greater than two million one hundred eighty thousand dollars (\$2,180,000). Any development project in furtherance of the City’s municipal purposes, including but not limited to corporation yard, staff offices or facilities, park or open space, affordable housing, or pursuant to the terms and conditions of this agreement, shall not constitute a “commercial purpose” or “commercial development project” for purposes hereof. If one of the conditions specified in this Section 1.A is timely satisfied, the amount of such Additional Payment shall be fifty percent (50%) of the difference between the Purchase Price and the Subsequent Sale Price, the Subsequent Lease Profits, or the Subsequent Development Value, as applicable. In such case, the City shall pay POST the Additional Payment within thirty (30) days after the condition has been satisfied.

**B. Creek Restoration.** The City commits and agrees to pursue environmental restoration of the portions of Pilarcitos Creek located in and adjacent to the southern boundary of the Property. The City further agrees that within thirty-six (36) months after recordation of this Memorandum of Agreements, the City will pursue a conceptual level Pilarcitos Creek Restoration Plan for said area. The City also agrees to commence, promptly after recordation of this Memorandum of Agreements, to seek grant opportunities and partnerships with governmental agencies and non-profits to complete planning, environmental engineering/design, and restoration of the portion of Pilarcitos Creek within and adjacent to the southern boundary of the Property. Upon receipt of grant funds and/or commitment of local funds and completion of all applicable requirements, including the California Environmental Quality Act, the City will diligently pursue completion of restoration.

**C. Trail Development.** The City commits and agrees to pursue development of a public access trail adjacent to the Pilarcitos Creek located in the area between the existing southern road through within the property and the southern boundary of the Property (the “Trail Development Area” as shown in EXHIBIT B). In particular, upon either (1) initiation of construction for a public access trail extending easterly from Carter Park to the Property, or (2) initiation of construction of a public access trail extending westerly from unincorporated San Mateo County to the Property, the City agrees to commence to seek grant opportunities and partnerships with governmental agencies and non-profits to complete planning, engineering/design, and construction of a connecting public access trail on the Property. Upon receipt of grant funds and/or commitment of local funds and completion of all applicable requirements, including the California Environmental Quality Act, the City will diligently pursue completion of such trail and maintenance thereof. The City commits to make all efforts to open for public access a connecting trail no more than five (5) years from initiation of construction of an adjacent public access trail as described above. Further, the City will not undertake any development or other action within the Trail Development Area that would prevent future development of a connecting trail. Within thirty-six (36) months after recordation of this Memorandum of Agreements, or earlier sale of the Property, the City shall convey to POST or its designee a public access trail easement, benefitting the Property and adjacent properties on which connecting trails are expected to be constructed and which is intended to afford the public access rights to the trail for recreational purposes, subject to such restrictions and conditions as the City and POST may mutually agree. Such easement shall be located within one hundred (100) feet of existing riparian vegetation along Pilarcitos Creek.

**D. Collaboration re Land Use.** The City shall develop a plan for the use, development and operation of the Property. Said plan shall include the use of portions of the Property which are surplus to the primary municipal purposes of the City, and shall consider public uses including, but not limited to, passive open space, nature trails, and uses of the land that recognize and are consistent with the Property’s legacy use as agricultural land.

**E. Naming.** In recognition of the cooperative nature of POST's sale of the Property to City for public purposes, POST may propose to City special recognition/naming in honor of POST's donors for resources on the Property, including trails, clearings, overlooks and visitor facilities, if any. The City shall not unreasonably withhold its approval where such proposal satisfies the City's law or policy relating to naming of City-owned property.

## **2. Satisfaction or Cancellation of Obligations**

Each of the obligations under Section 1 shall terminate on the earlier to occur of: (a) satisfaction of the obligation in accordance with the terms thereof; and (b) ten (10) years after the recordation of this Memorandum of Agreements. Upon the satisfaction of the obligations or the termination of the specified period, whichever comes first, the obligations hereunder shall immediately and automatically terminate and be of no further force or effect, and shall be forever released and discharged from the Property; provided, however, the Parties shall promptly execute, deliver and record in the official records a notice of termination, confirming such satisfaction or termination.

## **3. Enforcement**

In the event of any breach of any of the obligations contained herein, POST shall endeavor immediately to remedy such breach by conference, conciliation, and persuasion. In the event the City fails to comply with the covenants described herein, POST shall give the City written notice of such failure which notice shall specify in detail all alleged failures to comply. The City shall have thirty (30) days after the City's receipt of such written notice from POST to so comply or such additional time as is reasonably necessary to comply. If the City fails to cure the alleged failures within the thirty (30) day period or such longer period as allowed hereunder, POST may prosecute any proceedings in law or in equity in case of any violation or attempt to violate any of the covenants contained herein.

## **4. Notice**

Whenever any Party desires or is required to give any notice, demand, or request with respect to this Memorandum of Agreements, each such communication shall be in writing and shall be deemed to have been validly served, given or delivered at the time stated below if (i) deposited in the United States mail, registered or certified and return receipt requested, with proper postage prepaid, or (ii) delivered by Federal Express or other reputable overnight messenger, courier or other delivery service, and addressed as follows:

If to Seller, to: Peninsula Open Space Trust  
222 High Street  
Palo Alto, CA 94301  
Attn: Walter T. Moore, President  
Telephone: (650) 854-7696

If to Buyer, to: City of Half Moon Bay  
501 Main Street  
Half Moon Bay, CA. 94019  
Attn: Bob Nisbet, City Manager  
Telephone: (650) 726-8270

Service of any such communication made only by United States mail shall be deemed complete on the

date of actual delivery as indicated by the addressee's registry or certification receipt or at the expiration of the third (3rd) business day after the date of mailing, whichever is earlier in time. Service made by overnight courier shall be deemed effective on the delivery date or attempted delivery date shown on the receipt. Either Party hereto may from time to time, by notice in writing served upon the other as aforesaid, designate a different mailing address or a different person to which such notices or demands are thereafter to be addressed or delivered. Nothing contained in this Agreement shall excuse either Party from giving oral or electronic mail notice to the other when prompt notification is appropriate, but any such notice given shall not satisfy the requirement of written notice as provided in this Agreement.

## **5. Recordation**

This Memorandum of Agreements shall become effective and binding upon its recordation in the Official Records.

## **6. Choice of Law**

The internal laws of the State of California, regardless of any choice of law principles, shall govern the validity of this Memorandum of Agreements, the construction of its terms and the interpretation of the rights and duties of the Parties. Any disputes regarding this Memorandum of Agreements shall be resolved in the Courts of San Mateo County, California.

## **7. Amendments and Waiver**

The Parties hereto may by mutual written agreement amend this Memorandum of Agreements in any respect. Any Party may in writing: (i) extend the time for the performance of any of the obligations of the other Party; (ii) waive any inaccuracies in representations and warranties made by the other Party contained in this Memorandum of Agreements or in any documents delivered pursuant hereto; (iii) waive compliance by the other Party with any of the covenants contained in this Memorandum of Agreements or the performance of any obligations of the other Party; or (iv) waive the fulfillment of any condition of the other Party that is precedent to the performance by such Party of any of its obligations under this Memorandum of Agreements. Any agreement on the part of any Party for any such amendment, extension or waiver must be in writing. No waiver of any term, provision or condition of this Memorandum of Agreements, whether by conduct or otherwise, in any one or more instances, shall be deemed to be, or be construed as, a further or continuing waiver of any such term, provision or condition or as a waiver of any other term, provision or condition of this Memorandum of Agreements.

## **8. Severability**

If any of the provisions of this Memorandum of Agreements are held to be void or unenforceable by or as a result of a determination of any court of competent jurisdiction, the decision of which is binding upon the Parties, the Parties agree that such determination shall not result in the nullity or unenforceability of the remaining portions of this Memorandum of Agreements. The Parties further agree to replace such void or unenforceable provisions which will achieve, to the extent possible, the economic, business and other purposes of the void or unenforceable provisions.

IN WITNESS WHEREOF, the Parties hereto have caused this Memorandum of Agreements to be executed by their duly authorized officers as of the day and year first above written.

PENINSULA OPEN SPACE TRUST,  
a California non-profit, public benefit

corporation

By: \_\_\_\_\_  
Walter T. Moore, President

CITY OF HALF MOON BAY

By: \_\_\_\_\_  
Bob Nisbet, City Manager

DRAFT

EXHIBIT A TO MEMORANDUM OF AGREEMENTS

Legal Description of Property

[see attached]

DRAFT

EXHIBIT B TO MEMORANDUM OF AGREEMENTS

Diagram of Trail Development Area

[see attached]

DRAFT

## ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA )  
 )  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public in and for said State

(SEAL)

## ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

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COUNTY OF \_\_\_\_\_ )

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I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public in and for said State

(SEAL)