Summary Title: Request for Policy Direction for Golf Course Renovation Project

Title: Request for Guidance for Negotiating the Final Terms of the Memorandum of Understanding between the San Francisquito Creek Joint Powers Authority (SFCJPA) and the City of Palo Alto Defining the Mitigation for the Impacts of the SFCJPA's Flood Control Project on the Palo Alto Municipal Golf Course and Athletic Center; Request for Endorsement of a Strategy for the Issuance of a Request for Proposals for the Fee-Based Stockpiling of Imported Soil; and Request for Endorsement of the Conceptual Financing Plan for the Golf Course Renovation Project

From: City Manager

Lead Department: Public Works

**Recommendation**

Staff recommends that the Finance Committee:

1. Provide guidance to the City Manager for negotiating the final terms of the Memorandum of Understanding (MOU) between the San Francisquito Creek Joint Powers Authority (SFCJPA) and the City of Palo Alto that defines mitigation for the impacts of the SFCJPA’s flood control project on the Palo Alto Municipal Golf Course (Attachment A);
2. Endorse staff’s proposed strategy to issue a Request for Proposals (RFP) for the fee-based stockpiling of imported soil at the Golf Course and Athletic Center parking area for use as fill material for the Golf Course Renovation Project and the SFCJPA Flood Control Project; and
3. Endorse the proposed conceptual financing plan for the Golf Course Renovation Project based on an assumed financial contribution of at least $3.1 million from the SFCJPA and the issuance of Certificates of Participation to cover the remaining project costs.
Executive Summary
The Golf Course Renovation Project is currently at the 60% design stage and the project consultant has produced the Administrative Draft Environmental Impact Report (EIR) for internal staff review. The project design documents are being reviewed by staff as well as various City boards and commissions. This staff report is being submitted to the Finance Committee to provide an overall project update and to seek Finance Committee endorsement of the draft mitigation agreement with the SFCJPA, a plan for the importation of a large quantity of soil material to the site, and the proposed project financing strategy.

Staff has worked closely with SFCJPA representatives over the past several months to define appropriate mitigation for the impacts of the SFCJPA’s Bay-to-Highway 101 Flood Control Project (SFCJPA’s Project) on the Golf Course. The attached draft MOU documents the mitigation terms negotiated with the SFCJPA to-date, as well as several logistical items pertaining to the concurrent construction of the flood control project and the Golf Course renovation. Staff requests that the Finance Committee provide guidance to the City Manager for negotiating the final terms of the MOU based on the tentative terms contained in the attached draft version (Attachment A).

Both the SFCJPA Project and the Golf Course Renovation Project will require a large quantity of imported soil material. For the SFCJPA’s project, soil will be needed to construct the new earthen flood control levees along the edge of the widened creek channel in Palo Alto and to raise the existing levees in East Palo Alto. Between the two projects, approximately 400,000 cubic yards of soil will need to be imported to the site. Staff and the design consultants for the two capital projects have developed a strategy to lower construction costs and reduce construction duration by importing the required soil material prior to the start of construction. Staff requests that the Finance Committee endorse staff’s proposed strategy to issue a RFP for the fee-based stockpiling of imported soil at the Golf Course and adjoining Athletic Center over-flow parking lot for use as fill material for the Golf Course Renovation Project and the SFCJPA Project.

Required funding needs for the construction phase of the Golf Course Renovation
Project are currently estimated by the architect to total approximately $7.4 million. Staff requests that the Finance Committee endorse the proposed conceptual financing plan for the Golf Course Renovation Project based on an assumed financial contribution of at least $3.1 million from the SFCJPA and the issuance of Certificates of Participation to cover the remaining project costs of $4.3 million. According to the original financial analyses provided by the National Golf Foundation, expected revenues after the Golf Course reconfiguration should be sufficient to meet annual debt service.

**Background**
The Palo Alto Municipal Golf Course was constructed in the mid-1950s on approximately 170 acres of flat former salt marsh and bay fill. The course was designed by the noted golf course architectural firm of William P. and William F. Bell of Pasadena, California. The 18-hole, par 72 course is a classic championship course that measures over 6,800 yards from the back tees. The course was constructed on a relatively flat site raised a few feet above the underlying, highly-saline salt marsh soils through the placement of imported fill material. The original clubhouse buildings were replaced with the current facilities in the mid 1970’s. Major course renovations, including the rebuilding of selected fairways, tees, and greens, a new drainage system and lift station, and a new irrigation system and pump station, were completed in 1998.

The potential for Golf Course modifications originated with the SFCJPA’s Bay-to-Highway 101 flood control project. The project, currently anticipated to start in April 2014, includes construction of new earthen levees that will encroach onto the footprint of the Golf Course and parts of the Athletic Center overflow parking lot. The revised levee alignment will necessitate the reconfiguration of golf holes 4, 12, 13, 14, 15, 16, and 17 in order to maintain an 18-hole course. Given the anticipated scale of the changes that would occur as a result of the levee project, the SFCJPA retained a professional golf course architect to design the course modifications. The SFCJPA hired Forrest Richardson & Associates to perform the design work, based on Richardson’s extensive experience working with high-saline turf conditions, past renovations on other Bell-designed courses, and his knowledge of successful golf course operations. Richardson also stood out from the other potential golf course architects through the merits of his innovative proposal that the renovated golf holes should integrate cohesively with the surrounding Baylands natural environment.
Over time, the City sought a more active role in the golf course renovation process. Community Services Department staff and the City Council identified the flood control project as an opportunity to reexamine the future of the Golf Course and to explore alternatives for providing supplemental City funding in order to undertake the renovation of the entire course. In addition, staff explored the feasibility of incorporating new athletic fields and other recreational uses into the renovated Golf Course. At the request of the City, the scope of Richardson's design work was expanded, eventually resulting in seven alternative design approaches for varying levels of Golf Course renovation. Throughout 2011 and the first half of 2012, various design alternatives were evaluated during public meetings with the Golf Advisory Committee, Parks and Recreation Commission, Finance Committee, and City Council, as well as at general public forums conducted by the Community Services Department.

On July 23, 2012, Council formally adopted the Finance Committee's recommendation for Golf Course Renovation “Plan G”, which includes a full renovation of the Golf Course as well as the set-aside of 10.5 acres to be carved from the Golf Course footprint for future recreation uses. On October 15, 2012, Council awarded a contract to Forrest Richardson & Associates to complete the design of a renovated Golf Course based on “Plan G”, prepare final bid documents (plans, specifications, and cost estimate) for the project, and prepare an EIR for the proposed Golf Course modifications, including a conceptual analysis of the future recreation area. The preliminary project funding plan was based on the premise that the SFCJPA would provide mitigation funding to the City to cover the cost of addressing their project's direct impacts to the Golf Course, with the City providing the balance of the funding through debt financing to be serviced by future Golf Course and playing field revenues.

**Discussion**
The Golf Course Renovation Project is currently at the 60% design stage, and the consultant has produced the administrative draft EIR for internal staff review. The project design documents are being reviewed by staff as well as various City boards and commissions. This report is being submitted to the Finance Committee to provide an overall project update and to seek Committee endorsement of the draft mitigation agreement with the SFCJPA, a plan for the importation of a large quantity of soil material to the site, and the proposed
project financing strategy.

**Project Update**
Now that Forrest Richardson has refined the “Plan G” conceptual plan, detailed plans have been developed for site grading and drainage; layout of greens, tees, and fairways; a completely new irrigation system; a replacement restroom building; a youth skill development area; as well as modifications to the driving range and practice areas.

The Golf Course is located within the Baylands, an environmentally sensitive area of the City with a special zoning designation in which development projects are required to be reviewed through a planning entitlement process known as Site and Design. Site and Design review is comprised of formal review by the Planning and Transportation Commission (PTC) and the Architectural Review Board (ARB), followed by City Council approval. The PTC and the ARB will review the project to ensure that it is consistent with the City’s Comprehensive Plan, Baylands Master Plan, and Baylands Design Guidelines, and that it is compatible with the environment and the surrounding land uses. Each of the advisory bodies makes a recommendation to the City Council as to whether or not the Council should grant final approval to the project’s Site and Design application.

Forrest Richardson has completed the preparation of the plans and related materials required for the Site and Design application. The site plan and related design documents included in the application package (Attachment B) are consistent with the “Plan G” layout adopted by the Council. The project Site and Design application is tentatively scheduled to undergo its first formal review by the PTC at its meeting on July 31, 2013. During the last week of March, staff submitted the project development drawings to the Golf Advisory Committee and the Parks and Recreation Commission in order to solicit their endorsement of the project prior to the start of the formal Site and Design review process. Both advisory bodies gave the draft project a positive review and endorsed the Site and Design application for submittal to the PTC and ARB.

As noted during the discussion and selection of Plan G, Forrest Richardson has designed the reconfigured Golf Course with a “Baylands” natural environment theme. The 2008 Palo Alto Baylands Master Plan advocates a “unification of the Baylands” and provides goals and policies intended to foster that design
unification. These include a focus on overall environmental quality, such as minimizing urban intrusion, fostering pedestrian and bicycle activities, preserving environmentally sensitive areas, and restoring diversity of native species. Facility-specific policies allow continuation of current use of the Golf Course and the Baylands Athletic Center.

The Golf Course Renovation Project would reconfigure all 18 holes of the Golf Course, a portion of the driving range and practice facility, and replace an outlying restroom facility, while retaining a regulation golf course with a par of 71. The reconfigured Golf Course would be designed with a Baylands theme that would incorporate or modify the existing low-lying areas into the Golf Course, reduce the area of managed or irrigated turf, and introduce areas of native grassland and wetland habitat.

The Project design has been developed to achieve the following objectives:

- A golf course that provides enhanced wildlife habitat, improved wetland areas, and a more interesting course that offers challenges for the experienced player and that can also be enjoyed by the beginner, while reducing water and pesticide use and maintenance labor.
- Expanded recreation areas to fill existing and projected sport’s needs.
- Integration of the Golf Course into the Baylands design theme.
- Mitigation for impacts on the Golf Course resulting from the SFCJPA’s Flood Reduction Project.
- Improve Golf Course playing conditions – turf, drainage and irrigation.

Following the designation of approximately 10.5 acres of the existing Golf Course for the future recreation facility, and the loss of 7.4 acres to be incorporated into a widened San Francisquito Creek, the resultant area of the reconfigured Golf Course will be approximately 156 acres. The existing driving range will be expanded to the north by approximately 8,000 square feet to accommodate six new driving stations. A new Youth Golf Skill Development Area, including elements designed to attract young people to the game of golf, will be established along Embarcadero Road south of the existing driving range. The Project will include new 6.5-foot-wide concrete golf cart paths, compacted decomposed granite footpaths at the practice putting green area, and compacted gravel
maintenance path connections between the concrete cart paths. The Project will also include a replacement 300-square foot restroom building located on the Golf Course.

The Project does not include any modifications to the existing parking lot, clubhouse/restaurant/pro shop complex, or maintenance facility. The reconfigured Golf Course will not result in a change to operational hours or number of contracted employees. The numbers of rounds of golf played per year, however, are expected to rise to 67,900 rounds by 2016 and 75,700 rounds by 2018. For reference, there were 65,000 rounds of golf played in 2012.

The Project will reduce the Golf Course managed turf area by 40 percent from 135 acres to 81 acres. New managed turf will include Creeping Bentgrass on the greens and salt-tolerant Paspalum (v. TE Platinum) at all other areas. During replacement, non-native plants and trees will be replaced with native grasses, and low-lying Baylands zones will be planted with indigenous halophyte plants (i.e., plants that survive in saline soil). The Golf Course will include three types of vegetated zones: managed turf area, non-turf native grass zones, and Baylands native zones. The Project will also include a dramatic increase in topographic variability throughout the course, including buffer mounds which will act as a visual and acoustical barrier between the Golf Course and the future recreation area. The buffer mounds will be 15 to 25 feet tall. Of the 844 trees on the existing Golf Course site, 150 trees are projected to remain and 694 trees are proposed to be removed. A total of 300 new trees, including a variety of 15 gallon and 24 to 36 inch boxed sizes, will be planted across the site. Trees will be replaced in accordance with the City of Palo Alto Tree Technical Manual and with recommendations from the City’s Urban Forester.

The Project will replace the existing Golf Course irrigation system with a new high-density polyethylene (HDPE) pipe system with limited metal components to eliminate corrosion and leaks. The sprinkler heads will be individually controlled and adjustable to provide full or part circle coverage. The Project will also include underground soil sensor units which will monitor soil moisture levels to prevent overwatering. Overall water usage for Golf Course irrigation is expected to be reduced by between 30 and 35 percent from current levels.

A new main entry sign is proposed along Embarcadero Road to replace the
existing sign. The proposed sign conforms to the Baylands Design Guidelines by utilizing weathered wood sign supports, rusted metal fittings, and an overall low profile (11.6 ft. in width by 4.25 ft. in height) with muted colors. Primary lettering will be internally lighted within reverse pan channel letters that cast a low-light halo back onto the primary background.

One of the latest additions to the Project’s design is a new Youth Golf Skill Development Area along Embarcadero Road south of the existing driving range. Design of this area is being coordinated with local non-profit organization ‘First Tee Silicon Valley (FTSV).’ Although this area is primarily intended to attract new young golfers, it will also accommodate other golfer groups, including seniors, men’s and women’s groups, and new player (lesson) groups. The area consists of three short holes measuring from 30 to 65 yards in length. At the far western end of this area will be a practice putting green with sand bunkers. Implementation of the Youth Golf Skill Development Area will require a management plan jointly administered by the City and FTSV to ensure that the area is safely utilized and fits golf programs approved by the City.

It is anticipated that the Golf Course will be closed for approximately 12-15 months during construction which is anticipated to begin in April 2014.

SFCJPA Financial Mitigation

Staff has worked closely with SFCJPA representatives over the past eighteen months to define appropriate mitigation for the impacts of the SFCJPA’s Bay-to-Highway 101 flood control project on the Golf Course. The attached draft MOU documents the mitigation terms negotiated with the SFCJPA to-date, as well as several logistical items pertaining to the concurrent construction of the flood control project and the Golf Course renovation. The following is a summary of the key elements contained in the MOU and presented for Finance Committee consideration:

- SFCJPA to pay the City a cash sum of at least $3.1 million dollars as consideration for the impacts of the SFJPA’s flood control project on the Golf Course. This figure represents the approximate construction cost to
reconfigure the Golf Course holes directly or indirectly impacted by the flood control improvements.

• SFCJPA mitigation to include the repair/replacement, resurfacing, and restriping of the Baylands Athletic Center parking lot as part of its flood control construction contract. The parking lot will be reduced in size as a result of the creek widening and used as a contractor staging area and access route during construction of the new levees and floodwalls. The required restoration work is intended to repair the pavement damage expected to occur as a result of construction traffic and correct existing parking lot drainage deficiencies. In addition, the parking lot will be restriped using a revised layout that increases the number of parking stalls.

• SFCJPA to prepare and submit to the City a detailed plan and scope of work for use of a portion of the Baylands Athletic Center as a construction contractor staging area. The staging area is to be located primarily in the gravel overflow parking area along the existing levee and situated in a manner that allows continued public use of the parking lot for Baylands Athletic Center events.

• SFCJPA and the City shall collaborate on a plan for the stockpiling of imported soil for use in construction of new flood control levees and for raising the grade of the Golf Course in accordance with the renovation project grading plan. The MOU specifies that the City will take the lead role in securing the soil and managing the placement of soil stockpiles on the Golf Course and overflow parking area of the Athletic Center. In exchange for oversight of the soil importation process, the City will be entitled to retain any revenues generated by the imported soil for the benefit of the Project.

• SFCJPA and the City shall coordinate the schedules for the construction of the flood control improvements and the Golf Course renovation project in order to minimize conflicts between the two projects. In order to avoid reducing the City’s Golf Course revenues, the SFCJPA agrees to refrain from
authorizing any flood control activities that would require closure of the Golf Course until at least April 1, 2014.

SFCJPA Executive Director Len Materman will be present at the Finance Committee meeting to discuss any remaining concerns with the draft MOU. Staff requests that the Finance Committee provide guidance to the City Manager for negotiating the final terms of the MOU based on the general terms contained in the attached draft version.

Soil Importation

Both the SFCJPA flood control project and the Golf Course renovation project will require a large quantity of imported soil material. For the SFCJPA’s Project, soil will be needed to construct the new earthen flood control levees along the edge of the widened creek channel in Palo Alto and to raise the existing levees in East Palo Alto. Imported soil will be used to raise the grade of the Golf Course between three and twenty feet in order to elevate the new turf and plantings above the existing low-lying, high-saline soil and to create a more diverse and interesting topography on the Golf Course. Between the two projects, approximately 400,000 cubic yards of soil will need to be imported to the site. Based on an average load size of 10 cubic yards, approximately 40,000 truck loads of soil will be needed for both projects.

Staff and the design consultants for the two capital projects have developed a strategy to lower construction costs and reduce construction duration by importing the required soil material prior to the start of construction of either project. Based on costs typically incurred by contractors looking to dispose of excess soil from excavation sites throughout the South Bay, staff anticipates being able to acquire the required volume of imported soil in a manner that will generate revenue for the City. Due to the high costs of hauling and disposing of soil and the shortage of Bay Area locations accepting soil, contractors are typically willing to pay to dispose of soil, particularly when the availability and location of the disposal site are well-suited to the contractor’s specific needs. The demand for soil disposal has created a market for soils brokers who match up contractors that have excess soil with contractors or other parties who need imported soil. Staff at the former Palo Alto Landfill contract with a soils broker to acquire the soil
needed to cap off the recently closed section of the landfill. The broker is paying the City a rate of $20 to $40 per truckload for the right to dispose of soil from various sources that they contract with. Soils brokers identify the sources of soil, arrange for testing to ensure that the soil has the physical characteristics that the recipient requires and is free of contamination, oversee the placement of the soil at the disposal site, and monitor truck traffic and soil spillage onto roadways. Based on the volume of soil needed for the SFCJPA’s flood control project and the Golf Course renovation project, staff anticipates that the City could potentially generate up to $1.4 million in revenue from the imported soil to be used to offset golf course construction costs. In addition, by providing the required amount of soil on-site to the contractors hired to construct the two projects rather than requiring them to locate their own off-site source for the material, the level of uncertainty for the contractors is reduced, resulting in lower overall construction costs for the City and the SFCJPA.

Staff has identified a location on the Golf Course that could accommodate a stockpile of up to 400,000 cubic yards of imported soil. Stockpiling at the site has received environmental clearance through the SFCJPA’s environmental impact report, certified in Fall 2012. In order to establish the stockpile site, several of the Golf Course holes would need to be relocated at a cost of approximately $25,000. This is the estimated cost for labor and materials for the relocation of two greens and three tees that will need to be built for the Golf Course to remain an 18-hole course. Other nearby golf courses that have gone through recent course construction work have experienced losses in green fee and cart rental revenue during their construction periods. The City of Sunnyvale Municipal Golf Course experienced a loss of approximately 7% in revenue during the four months they were rebuilding nine new tees. They attributed the losses to a combination of a loss of customers during construction, and fee discounting to compensate for the negative aspects of the construction activity.

In addition to the potential impact to revenue, there is a possibility of new revenue from the soil. Currently, the timing and impact is uncertain and the Department and the Office of Management and Budget are planning on addressing these impacts in future reports to Council if needed.
In the Fiscal Year 2014 Proposed Budget, staff has estimated a total of $1.3M in revenue losses from Fiscal Year 2013 Adopted Budget revenue targets. This is primarily due to the planned closure in April 2014 and the impact from other factors seen throughout Fiscal Year 2013 that will impact play activity prior to closure.

Staff requests that the Finance Committee endorse staff’s proposed strategy to issue a RFP for the fee-based stockpiling of imported soil at the Golf Course for use as fill material for the Golf Course Renovation Project and the SFCJPA Flood Control Project. Staff expects that the city will be able to charge for accepting soil, which would generate new revenue not currently included in the Fiscal Year 2014 Proposed Budget.

Potential new revenue as well as additional impacts to revenues will need to be addressed as staff receives definitive information. This can be done through additional reports to council and budget amendment ordinances.

**Project Financing Strategy**

Required funding needs for the construction phase of the Golf Course Renovation Project are currently estimated to total approximately $7.4 million. If the SFCJPA/City mitigation agreement is approved, the SFCJPA would contribute at least $3.1 million towards the Project, while the remaining $4.3 million would be financed through the issuance of certificates of participation to be paid back through Golf Course and athletic field revenues over a period of 20 years. The financial analysis prepared by the National Golf Foundation (NGF) and reviewed by the Finance Committee in March 2012 indicates that the redesigned and improved Golf Course will generate revenue sufficient to meet this obligation. Once the final project costs are determined, staff will analyze their impact on the original “Plan G” pro-forma developed by NGF. It should be noted that while the original pro-forma had adequate flexibility to absorb additional project costs and subsequently higher debt service, any significant falloff in rounds and fee assumptions by NGF in post-construction years could result in deficits for the Course. At staff’s request, NGF did conduct a sensitivity analysis to assess the financial impacts of lower rounds and fees. This analysis was discussed in a staff report to Council on July 23, 2012 (ID #2966 pp. 15-17). With a complete
renovation of the Golf Course, staff is optimistic that the number of rounds and level of fees assumed in NGF’s original Plan G pro forma can be obtained. During construction of the Golf Course, the City is expected to forego $1.3 Million in revenue. This loss is not covered by the SFCJPA and will be absorbed by the General Fund.

In addition to the direct construction costs, there will be additional construction support costs, including construction project management and Golf Course Architect construction support. Staff has included construction project management in the scope of the recently approved agreement with Golf Course maintenance service provider Valley Crest Golf. The cost for construction support to be provided by Forrest Richardson has been included in the current project cost estimate. Staff will return to Council with an amendment to the contract with Forrest Richardson for construction support services when a construction contract is to be awarded to the golf course builder.

Staff asked Forrest Richardson to summarize the financial assumptions that have changed since the last Council discussion of the Project in October 2012. Mr. Richardson’s memo provides updated information on construction costs, irrigation costs, youth development area, soil importation, along with options for how we will grow in the new golf course turf (Attachment C). The memo also discusses the potential for the City to generate revenue from the soil stockpiling operation and to receive grant/donation funding for the potential Youth Skill Development Area. The net result of the cumulative changes to the Project since October 2012 is a decrease of $200,000 in anticipated Project costs. Estimated Project costs will continue to be refined as the design and environmental review processes unfold. Final construction stage costs for the Project are expected to be between $7.4 million and $8.0 million. Staff will request construction funding for the Project in the proposed FY2014-2018 Capital Improvement Program budget.

Policy Implications

The Golf Course Renovation Project is consistent with Policy C-24 and Policy C-26 of the Comprehensive Plan, which encourage reinvestment in aging facilities to improve their usefulness and appearance and avoiding deferred maintenance of
City infrastructure; and maintaining and enhancing existing park facilities. This
Project also supports Policy N-10, which calls for the City to work with the Santa
Clara Valley Water District and other relevant regional agencies to enhance
riparian corridors and provide adequate flood control by use of low impact
restoration strategies.

In addition to the Comprehensive Plan, the 2008 Baylands Master Plan provides
area-specific policy direction on the Golf Course. The policy direction in Chapter 8
of the Plan is for continued use of the Golf Course and implementation of the Palo
Alto Municipal Golf Course Master Improvement Plan.

**Timeline**

The following is a summary of the key milestone dates for the Palo Alto Municipal
Golf Course Renovation Project:

- **January 22, 2013**  Notice of Preparation of EIR
- **February 13, 2013**  EIR Scoping Hearing
- **February 21, 2013**  Close of Public Scoping Period
- **Spring 2013**  Site and Design Review of Golf Course Renovation Project
- **June 2013**  Issuance of Draft EIR for public review (45-day review)
- **June 2013**  Relocation of Golf Course holes and initiation of soil stockpiling
- **December 2013**  Certification of Final EIR by Council
- **Spring 2014**  Start construction of Golf Course Renovation Project
  (Golf course will be closed for 12 – 15 months)
- **TBD**  Construction of Baylands Athletic Center Expansion Project

**Environmental Review**

This project is subject to the provisions of the California Environmental Quality
Act (CEQA). The City, acting as the CEQA Lead Agency, is preparing an EIR for the
proposed Palo Alto Municipal Golf Course Reconfiguration and Baylands Athletic
Center Expansion Project (Project). The City issued the Notice of Preparation
(NOP) announcing the start of the EIR process on January 22, 2013. The issuance
of the NOP started a 30-day scoping comment period, during which federal, state,
and local agencies and members of the public submitted suggestions to the City
regarding the scope and content of the Draft EIR’s environmental analysis of the
proposed Project. On February 13, the Planning and Transportation Commission
conducted a public scoping meeting, to provide an opportunity for Commissioners and members of the public to present formal EIR scoping comments. Comments were accepted through the end of the scoping period on February 21, 2013.

The EIR will address the following environmental issues relative to the Project: aesthetics, air quality, biological resources, cultural resources, geology and soils, greenhouse gas emissions, hazards and hazardous materials, hydrology and water quality, land use and planning, recreation, noise, population and housing, public services and utilities, and traffic and transportation, cumulative impacts, alternatives to the Project, and growth-inducing impacts. In order to ensure that the environmental review of the Baylands Athletic Center Expansion addresses the uses of the 10.5 acre site that may be selected in the future, the EIR analyzes the impacts of very intensive recreational use for the site: the installation of up to six new playing fields, potentially a gymnasium, and potentially a new parking area. These uses are not necessarily being proposed at this time, but are included in the EIR to maximize flexibility for future Council decisions regarding the site. The Golf Course Renovation Project design does not include a design for the 10.5 acre site.

The consultant released the Administrative Draft EIR for internal staff review on March 22, 2013.

Attachments:

- A - Draft Memorandum of Understanding Between the San Francisquito Creek Joint Powers Authority and the City of Palo Alto (PDF)
- B - Palo Alto Municipal Golf Course Renovation Project Site and Design Drawings (PDF)
- C - Project Update Memo from Golf Course Architect Forrest Richardson (PDF)
This Memorandum of Understanding (the “MOU”), dated as of ________________, 2013 (the “Effective Date”), is entered into by and between the SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY, a California joint exercise of powers public entity (the “Authority”), and the CITY OF PALO ALTO, a California chartered municipal corporation (the “City”), (individually, a “Party” and, collectively, the “Parties”), in reference to the following facts and circumstances:

RECITALS:

A. As of May 18, 1999, the cities of East Palo Alto, Menlo Park and Palo Alto, the San Mateo Flood Control District and the Santa Clara Valley Water District, acting in accordance with California Government Code Section 6500 et seq., signed the Joint Powers Agreement Creating The San Francisquito Creek Joint Powers Authority (the “Agreement”).

B. The Authority’s primary purpose is to establish policy relating to management of the San Francisquito Creek (the “Creek”), including, without limitation, promoting bank stabilization, performing channel clearing and creek maintenance, adopting flood control measures, preserving and enhancing the environment, and coordinating emergency response.

C. In October 2012, the Authority’s Board of Directors certified the final environmental impact report for the San Francisquito Creek Flood Reduction, Ecosystem Restoration, and Recreation Project San Francisco Bay to Highway 101 (the “Final EIR”) in connection with the proposed construction of flood reduction facilities along the Creek, from East Bayshore Road to the San Francisco Bay (the “Project”). As pertains to the Palo Alto Municipal Golf Course (the “Golf Course”), the Project will include the widening of the Creek by relocating the levee on the left bank of the Creek outboard from its existing location.

D. Under the Final EIR, Mitigation Measure REC-1 – Compensate the City of Palo Alto for the Conversion of 7.4 Acres of the Palo Alto Municipal Golf Course to Accommodate Project Features (“Mitigation Measure REC-1”), the Authority must compensate the City for the permanent incorporation of 7.4 acres of the Golf Course, in an amount equivalent to the City’s cost of reconfiguring the Golf Course. This would include the replacement of golf holes 12 through 15 within the Project’s footprint and the relocation of the other holes, so that the Golf Course can remain a revenue-sustainable, customer-satisfying, PGA-regulation 18-hole golf course.
DRAFT – NOT YET APPROVED

E. In order to implement Mitigation Measure REC-1, the Parties intend to enter into this MOU, by no later than thirty (30) days prior to the commencement of construction of the Project, as a mitigation measure to require the Authority to fund capital improvements at the Golf Course, provide for the disposition of and sharing of compensation received for imported soils to be used for the construction of the Project and/or modifications to the Golf Course, and establish a mutually-acceptable schedule for the coordination of construction activities by the Parties during the term of this MOU.

F. The Parties also intend to reach a general understanding regarding the use of a portion of the Palo Alto Baylands Athletic Center parking lot (the “Parking Lot”) as a construction staging area for both the Project and Golf Course projects as well as the use and disposition of the imported soils implicated by these construction projects.

AGREEMENT:

In consideration of Recitals A through F, inclusive, which are made a substantive part of this MOU, and the following covenants, terms, conditions and provisions of this MOU, the Parties agree:

SECTION 1. TERM; TERMINATION

1.1 The term of this MOU will commence as of the Effective Date, and shall continue for a term ending six (6) months after the Authority completes construction of the Project, or until _________, ____, whichever first occurs, unless the Parties agree otherwise, in writing.

1.2 This MOU may not be earlier terminated by a Party, except for cause due to a material default by the non-defaulting Party, which will give no less than ninety (90) days’ prior written notice to the defaulting Party.

1.2.1 For the purposes of this MOU, a “material default” includes:

(A) A failure to pay the Mitigation Fee and any other money required to be paid to a Party, if that failure is not remedied within five (5) days after written notice of default is provided by the non-defaulting Party.

(B) A failure to perform any material covenant or obligation set forth in this MOU, if that failure is not remedied within thirty (30) days after written notice of default is provided by the non-defaulting Party.

1.2.2 The non-defaulting Party will have an election of rights and remedies that are in addition to all other rights and remedies afforded at law or in equity.

SECTION 2. COMPENSATION TO CITY

2.1 The Authority shall pay to the City the sum of _____________ million dollars ($______.00) (the “Mitigation Fee”) as adequate and sufficient consideration to offset the
City’s costs of reconfiguring the Golf Course to maintain its Professional Golfers Association golf course accreditation. The Authority acknowledges and agrees that the City will provide consideration for this payment, as the completion of the Project will require the City to relinquish to the Authority its exclusive use of 7.4 acres of the Golf Course as a golf course and dedicated parkland, but would allow that acreage to continue to be dedicated and used as open space parkland, in order to accommodate the relocation of the levee on the left bank of the Creek. The Authority’s obligation to make this payment shall survive the termination of this MOU.

2.1.1 The Authority shall deposit the sum of the Mitigation Fee to an escrow account with Bank of America NT & SA or another financial institution selected by the City within _____ (__) days or ____ (__) months after the Effective Date or by __________________, whichever first occurs. A sample escrow agreement shall be attached to this MOU as Exhibit A.

2.2 Section 2.1 and 2.2.1 notwithstanding, as additional consideration to be paid to the City, the Authority at its sole cost and expense shall repair, resurface, and restripe the Parking Lot, in order to facilitate effective drainage at the Parking Lot and increase the number of parking stalls in anticipation of damage and excessive wear and tear to the Parking Lot, which may arise in connection with the Authority’s, its contractor’s and/or its subcontractors’ use of the Parking Lot as a staging area for their construction and construction-related vehicles and materials during the pendency of the Project.

2.2.1 As a mitigation measure for the anticipated loss of parking capacity caused by the Project, the Parking Lot reconstruction work shall consist of at least the following:

(A) The removal and replacement of failed base material beneath the Parking Lot surfacing and any underground utilities facilities that may be damaged by the Project-related construction work.

(B) Minor re-grading of the Parking Lot to eliminate low-lying areas and promote effective drainage of the Parking Lot.

(C) The resurfacing of the Parking Lot with a minimum of two (2) inches of asphalt concrete.

(D) The restriping of the Parking Lot to maximize the number of parking stalls within the existing parking lot footprint.

2.2.2 By not later than one (1) week prior to the commencement of construction of the Project, the Authority shall prepare and submit to the City for the City’s prior review and approval a detailed plan and scope of work pertaining to the use of a portion of the Parking Lot as a construction contractor staging area. The staging area shall be located primarily in the gravel overflow parking area and it shall be arranged and organized in a manner that would ensure minimal impact to the paved parking area and would enable the City to continue the general public’s usage of the Parking Lot for Baylands Athletic Center events.
DRAFT – NOT YET APPROVED

2.2.3 By not later than one (1) week prior to the substantial completion of construction for the Project, the Authority also shall prepare and submit to the City for the City’s prior review and approval a detailed plan and scope of work for the Parking Lot reconstruction.

SECTION 3. RIGHTS AND OBLIGATIONS REGARDING IMPORTED SOIL

3.1 The Parties acknowledge and agree that the Project and the Golf Course modifications to be undertaken by the City will require the importation of approximately 400,000 cubic yards of soil to be used for the construction of the Project’s levees and the implementation of the grading plan for the modified Golf Course.

3.1.1 The City will contract with a soils broker to obtain the required soil and stockpile it on the Golf Course in advance of the start of the construction of the Project and the Golf Course modifications.

3.1.2 The Authority shall provide to the City written notice by not less than _________ (__) days prior to the date of planned importation of soil (a) the specifications for the characteristics of the imported soil to be used for the Project’s levees and (b) the quantity of soil, measured in cubic yards, that the City must secure and stockpile for the Project. The City will administer the contract with the soils broker, use reasonable efforts to ensure that the imported soils meet the specifications established for the Project, and oversee the placement of the imported soils in temporary stockpiles. The soil to be used for the Project’s levees shall be segregated from the soil to be used for the Golf Course modifications.

3.2 The City will be entitled to payment from the soils broker for the right to dispose of soils at the Golf Course’s temporary stockpile site. The City shall be entitled to retain any revenues generated by the disposition of the soils to be used for the Project.

3.3 The City grants the Authority a right of ingress and egress to come on to and depart from the Golf Course to access and remove the stockpiled imported soil to be used in connection with the Project during the term of this MOU. The Authority at its sole cost and expense shall remove all of the imported soil, designated for use in connection with the Project, from the Golf Course in a timely manner.

SECTION 4. PROJECT COORDINATION

4.1 In the scheduling of the Project’s construction, the Authority will inform the City of the construction schedule, and the Parties shall use reasonable efforts to coordinate the Project’s construction schedule and the City’s Golf Course reconfiguration schedule. The City will close the Golf Course on or about April 1, 2014, or other later date, as noticed in writing to the Authority, in order to accommodate the Golf Course renovation project. The Authority shall not schedule any Project-related construction activities that would require closure of the Golf Course prior to April 1, 2014, or other later date, as specified above. The City may permit the Authority to engage in construction-related activities that are expected to have limited impacts to the Golf Course, including, but not limited to, the temporary stockpiling of imported soil and
the relocation of underground and overhead utilities, prior to April 1, 2014, or other later date, as specified above, provided that the Authority first provides the City with not less than ninety (90) day’s prior written notice prior to the commencement of such work.

SECTION 5. WAIVER; INDEMNITY

5.1 Except as provided under Section 5.2, and except to the extent caused by the negligence, willful misconduct or breach of this MOU by the City or its officials, officers, employees, agents or contractors, the Authority hereby waives all claims, liability and recourse against the City, including the right of contribution for loss or damage or injury to persons or damage to property arising from or in connection with or related to the Authority’s or its consultants, contractors or representatives’ negligent acts and omissions arising during the term of this MOU.

5.2 Subject to the limitations on liability, if any, set forth in this MOU, a Party will protect, indemnify, hold harmless and defend the other Party, its officials, officers, employees, contractors, subcontractors, representatives and agents, from and against any and all claims, losses, liability, demands, damages, costs, expenses or attorneys' fees, caused by or arising out of the Party’s negligent acts and omissions, or willful misconduct, in the performance or nonperformance of its obligations under this MOU. The preceding sentence notwithstanding, no personal liability will attach to any Party’s board member under this Section for any negligent action or inaction by that Party. In the event a Party is named as co-defendant in any action with the other Party, the other Party will notify, in writing, the Party, by calling to the attention of the Party’s attorney, such facts, and the other Party will undertake representation of the Party in such legal action(s), unless the Party undertakes to represent itself as a co-defendant in such legal action, in which event the other Party will pay to the Party's legal costs and expenses, including reasonable attorneys' fees.

5.3 The waiver by either Party of any breach or violation of any covenant, term, or condition of this MOU or of the provisions of the Palo Alto Municipal Code or other City law, rule or regulation, will not be deemed to be a waiver of any such covenant, term, condition, or provision or of any subsequent breach or violation of the same or any other covenant, term, condition, or provision. The subsequent acceptance by either Party of any consideration which may become due or payable hereunder will not be deemed to be a waiver of any preceding breach or violation by the other Party.

SECTION 6. ASSIGNMENT

6.1 Except as provided by law, neither Party may assign, transfer, or convey this MOU or any interest that it may have in this MOU without the other Party’s express consent or approval. Any attempted assignment by a Party without the required consent or approval of the other Party will be void and will confer no right, title, or interest in this MOU, or part thereof. In the event of an unauthorized assignment, at the option of the Party not making the assignment, this MOU may be terminated upon reasonable notice to the Party making the assignment.
SECTION 7.  INDEPENDENT CONTRACTOR

7.1  In the exercise of its rights and responsibilities under this MOU, each Party acts at all times as an independent contractor and not as an employee of the other Party. Nothing in this MOU will be construed to establish a partnership, joint venture, group, pool, syndicate or agency between or among the Parties. No provision contained herein will be construed as authorizing or empowering any Party to assume or create any obligation or responsibility whatsoever, express or implied, on behalf, or in the name of, the other Party in any manner, or to make any representation, warranty or commitment on behalf of the other Party. In no event will either Party be liable for (a) any loss incurred by the other Party in the course of its performance hereunder, or (b) any debts, obligations or liabilities of the other Party, whether due or to become due.

SECTION 8.  NOTICES

8.1  Any notice, request, consent or approval by a Party that is required by this MOU to be furnished, will be given, in writing, and delivered by personal service, the United States Postal Service, mailed, first class, postage prepaid, or by facsimile transmission, to the following:

To CITY:  City Clerk  
City of Palo Alto  
P.O. Box 10250  
Palo Alto, CA 94303-4303  
FAX: (650) 328-3631

Copy to:  Director, Community Services  
City of Palo Alto  
P.O. Box 10250  
Palo Alto, CA 94303  
FAX: (650) 321-5612

Copy to:  Office of the City Attorney  
City of Palo alto  
P.O. Box 10250  
Palo Alto, CA 94302  
FAX: (650) 329-2646

To AUTHORITY:  Executive Director  
San Francisquito Creek Joint Powers Authority  
615 B Menlo Avenue  
Menlo Park, CA 94025  
FAX: (650) ____________
SECTION 9. MISCELLANEOUS

9.1 This MOU will be governed by and construed in accordance with the laws of the State of California. The Parties will comply with all applicable federal, state and local laws in the exercise of their rights and the performance of their obligations under this MOU.

9.2 All covenants, terms, conditions, and provisions of this MOU, whether covenants or conditions, will be deemed to be both covenants and conditions.

9.3 This MOU represents the entire agreement between the Parties and supersedes all prior negotiations, representations and contracts, written or oral. This MOU may be amended by an instrument, in writing, signed by the Parties. This MOU may be executed in any number of counterparts, each of which will be an original, but all of which together will constitute one and the same instrument.

9.4 The Parties agree that the normal rule of construction to the effect that any ambiguity is to be resolved against the drafting party will not be employed in the interpretation of this MOU or any exhibit or amendment thereto.

9.6 In the event that an action is brought, the Parties agree that trial of such action will be vested exclusively in the state courts of California or in the United States District Court for the Northern District of California in the County of Santa Clara, State of California.

9.7 The prevailing Party in any action brought to enforce the provisions of this MOU may recover its reasonable costs and attorneys' fees expended in connection with that action.

9.8 If a court of competent jurisdiction finds or rules that any provision of this MOU or any exhibit or amendment thereto is void or unenforceable, the unaffected provisions of this MOU and any exhibit or amendment thereto will remain in full force and effect.

[space intentionally left blank]
IN WITNESS WHEREOF, the Parties by their duly authorized representatives have executed this MOU as of the Effective Date.

APPROVED AS TO FORM: SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY

_________________________  _________________________________
General Counsel                  Pat Burt
                                      Chair, Board of Directors

APPROVED:

____________________________
Len Materman
Executive Director

APPROVED AS TO FORM: CITY OF PALO ALTO

_________________________  _________________________________
Senior Asst. City Attorney          City Manager

APPROVED:

____________________________
Director of Administrative Services

____________________________
Director of Community Services

____________________________
Director of Public Works
DRAFT – NOT YET APPROVED

EXHIBIT A
ESCROW AGREEMENT
GOLF COURSE SITE PLAN

Native Area Conversion

CITY OF PALO ALTO PROJECT NO. PG-13003

Baylands Golf Club

Pal Alto Airport

EMBARCADERO RD.
GENG RD.
San Francisquito Creek

Golf Course Turf Area
66.7 Acres

Non-turf Native Grass Zones
43.8 Acres

“Baylands” Native Zones
12.13 Acres

Existing Turf Acreage: 135.00
New Turf Acreage: 81.7
(40% Reduction)
EXISTING TREES (INCLUDED IN PRESERVATION SCHEDULE)

- Blue Gum Eucalyptus | Eucalyptus globulus
- Stone Pine | Pinus pinea

NEW TREE VARIETIES (NON-TURF, NATIVE ZONES)

- Pacific Wax Myrtle | Myrica californica
- California Live Oak | Quercus agrifolia

NEW SMALL TREE & SHRUB VARIETIES (NON-TURF, NATIVE ZONES)

- California Coffeeberry | Rhamnus californicus
- Silver Bush Lupine | Lupinus albifrons
- California Wild Lilac | Ceanothus thrysiflorus
- Sticky Monkey Flower | Diplacus aurantiacus
- Coast Buckwheat | Eriogonum latifolium
**Primary Native Grass Mix** (Non-turf Zones)

- Diego Bent Grass | *Agrostis pallens*
- Blue Wild Rye | *Elymus glauces*
- Tufted Hairgrass | *Deschampsia caespitosa*
- Red Fescue | *Festuca rubra*
- Creeping Wild Rye | *Leymus triticoides*
- Purple Needlegrass | *Nassella pulchra*
- Look and Feel (mix)

**Halophytes** (Non-turf, Low-Lying "Baylands" Zones)

- Salt Bush | *Atriplex prostrata*
- Salt Grass | *Distichlis spicata*
- Sea Lavender | *Limonium carolinianum*
- Pickleweed | *Sarcocornia pacifica*
- Fleshly Jaumea | *Jaumea carnosa*
- Look and Feel (mix)
PRIMARY NATIVE GRASS ZONE
(Non-turf Areas)

BAYLANDS (LOWLANDS) ZONES
(Halophyte Planting Areas)

BUFFER MOUND ZONE
(Native Grass & California Live Oak)

PRIMARY CART TRAIL SYSTEM
(6.5 ft. width concrete)

Conceptual images shown.
PRIMARY IRRIGATION SYSTEM

Individually Controlled Sprinkler Heads (Decoder System Technology)

HDPE Pipe & Fittings (with limited metal components to reduce leaks)

INTEGRATED WEATHER MONITORING & CONTROL SYSTEM

On-course Weather Station

Main Control & Data System with Water Usage History

Remote Control Application

Efficiency Flow & Adjustable Sprinkler Heads (to full and part circle coverage)

SOIL SENSOR TECHNOLOGY

Soil Sensor Units (underground soil monitoring for moisture readings to prevent overwatering)

Wireless Broadcast Pods (to relay data to central control system and golf superintendent)
RESTROOM SIGNAGE (NTS)
(Wall mounted Grade 2 Braille Plaques at knob side; California ADA Compliant)

Refer to site plan for location within project limits
Refer to materials and colors board
GOLF COURSE SIGNAGE
On-Course Signage, Furnishings & Entry Signage
CITY OF PALO ALTO PROJECT NO. PG-13003

ON-COURSE SIGNAGE & FURNISHINGS (NTS)

ENTRY SIGNAGE (NTS)

Reverse Pan Channel Letters
with Back Halo Lighting (internal)
Mounted at 2”

Cast Metal Plaque
Powder Coated
Cabinet (6” +/-)

10’ Dia. Treated Pine
Pole Support

Steel Band Hardware

Individually Cut Metal Letters
(Two Faced Freestanding
Refer to Site Plan for Location)

10” Dia. Treated Pine
Pole Support

GOLFAUNA | BIOLOGICAL RESOURCE CONSULTANT

OBERKAMPER & ASSOC. | ENGINEERING
RUSS MITCHELL & ASSOC. | IRRIGATION DESIGN
FORREST RICHARDSON & ASSOC. | GOLF COURSE ARCHITECTS
DATE: April 2nd, 2013
TO: Joe Teresi, Rob De Geus
FROM: Forrest Richardson
REGARDING: Palo Alto Baylands Golf Contract No. PG-13003 — Budget Status (Golf Reconstruction)

This memo has been prepared at the request of City staff to present the latest estimated cost figures for the renovation of the Palo Alto Municipal Golf Course. In particular, the memo identifies the changes to the project scope and estimated project cost since the City Council endorsed the “Plan G” golf course layout on July 23, 2012.

Attached are our Probable Cost Estimates dated 3-19-12 (original Plan G cost estimate) and 12-17-12. The 12-17-12 cost estimate was prepared to coincide with the 60% plans/specs submission.

The most recent 12-17-12 Probable Cost Estimate total is summarized as follows:

- Hard Cost / Golf Reconstruction $ 6,641,470
- Project Management/Coordination During Const. 171,802
- Contingency (Approx. 7.5% [Amount held constant since Mar. 2012]) 528,376___________

$ 7,341,639

Aside from the fees to be charged for project management/coordination services (professional fees) to be rendered during the construction work, all soft costs (design fees, EIR, additional services, etc.) have been removed from the reconstruction (hard) cost estimate in the 12-17-12 Probable Cost Statement.

As we develop plans and specs beyond the 60% mark, we continue to get more information on costs. The following are areas we have identified where costs may change due to influences of the site, City requirements, schedule, soil importation and/or the EIR findings as of this date:

**SOIL IMPORTATION**

Original plans were to acquire soil (import) from Stanford University Medical Center or from projects within the Stanford campus development areas. This may still be a possibility. However, the current approach by the City is to acquire importation...
via a separate RFP process where soils would be stockpiled at the golf course with
the City to receive revenue for each load delivered. The RFP would open the opportunity
to a variety of contractor and broker entities.

The golf project requires 360,000 cubic yards of imported material, a quantity deter-
dined early on to create topographic interest, create views to the bay, add better soils to
the site and to allow buffering between the future recreation site and the golf course.

The 360,000 c.y. imported soil quantity has now been integrated into the prepared
grading plans. Under the original approach, the City may have received an in-kind
donation of recreation amenities (fields, etc.) in exchange for taking the soils from
Stanford. With that scenario, the soils imported would have been stockpiled and later
moved to where they are needed for reconstruction. This cost (relocation) was to have
been underwritten by the donor of the in-kind amenities with no cost to the City.

Regardless, the matter of imported soils has always been treated as a “net-zero”
implication to the budget. Either the City would receive more revenue than needed
to relocate the soils, or the imported soils and relocation would be performed by
others at no-cost to the City. (Note: The estimates for revenue to the City per cubic
yard (c.y.) have always exceeded the estimate to relocate stockpiled soils per cubic yard.)

Relocation of soils:

\[
\begin{align*}
360,000 \text{ c.y. imported} \\
- 40,000 \text{ c.y. left in place where imported} \\
320,000 \text{ c.y. Required to be relocated by the golf course contractor}
\end{align*}
\]

Under the RFP process where soils are imported prior to the golf course construction
contract being awarded, it will be necessary to shift the responsibility for relocating the
stockpiled soils to the golf course contractor once the golf work is underway. Our current
cost estimate for this relocation falls within a range of $2.00 to $4.00 per cubic yard,
or $640,000 to $1,280,000 to relocate 320,000 c.y. of material. This cost is anticipated
to be offset by the revenue collected by the City for importing the soils which appears
to be approximately $3.50/c.y.

Potential effects to the soil importation matter are the cost of fuel, soil availability and
any extra costs incurred by the City to carry out this process. At present we do not see
a change from the “net zero” budget implication. We encourage current efforts by the
City to work toward having the revenue received for soils exceed that of the relocation
cost. The following estimates show this potential:

Revenue to City for Imported Soils: $3.50/c.y. x 360,000 c.y. = $1,260,000

Est. Relocation Cost from Golf Contractor: $3.00/c.y. x 228,000 c.y. = $684,000

Potential Net Revenue to City: $576,000

*92,000 c.y. had been accounted for in the 12-17-12 current budget for relocation
and therefore lessens the estimated cost for relocation that now needs to be accommodated
in the budget (320,000 c.y. – 92,000 c.y. = 228,000 c.y.)
**SOD v. SPRIGGING (TURF AREA PLANTING)**

The current budget calls for 55 acres of sod with the balance of the turf areas (Approx. 30 ares) to be seeded and/or sprigged. Greens will be seeded. The residual areas will all be sprigged under the current approach.

Sod estimates in 2012 were 48.7¢ per square foot (installed) for Paspalum variety sod, the general variety of turf recommended for the work. The City has now determined that the “Platinum” variety of Paspalum is the best turf choice. This variety appears to still be within the budget for the 55 acres scheduled to be sodded.

The City may, depending on start dates and the duration of closure of the golf course, opt to sprig a higher ratio of the total turf area. The cost of sprigging is roughly 20% of the sodding cost. However, sprigging of Paspalum will be much slower to mature than most turf varieties and this could have serious implications to the ability of the City to re-open the golf course on time. Additionally, the decision to move forward with sod will likely require a purchase order from the City to have the sod grown prior to awarding a bid to a golf course contractor.

While there may be a savings potential with increased sprigging ratio, we do not recommend this approach unless further study of schedule and closure is performed.

**IRRIGATION SYSTEM**

City requirements for the irrigation system have resulted in nominal increases to the budget for the primary irrigation components and installation. Requirements include an increased level of control over irrigation rates and timing, type of components, system programming and the dual (freshwater and treated water) system that permits irrigation of most areas with effluent and greens with fresh water. The anticipated cost increase above the 12-17-12 estimate is $233,200 (a 15% increase for irrigation line items.)

City staff authorized additional services funding to integrate a replacement irrigation pump station into the reconstruction work. This optional cost, which had been anticipated by the City previously as a required course maintenance expense, is currently estimated at $220,000 and is now integrated into the reconstruction work project.

**IRRIGATION SUPPLY PIPELINE TO FUTURE RECREATION SITE AREA**

The routing for this irrigation line is now longer in order to not interfere with construction sequencing, and to provide the City flexibility in future design of the recreation area. The anticipated cost increase is $9,720.

**RESTROOM BUILDING**

City requirements for the restroom have added two features to the preliminary design; (1) automatic locking doors and (2) a secure storage facility for cleaning and servicing. The anticipated cost increase for these features is $11,550.
FUTURE RECREATION SITE (DRAINAGE)

The City has requested that a storm drainage pipe be installed for a future connection to dewater all or portions of the future recreation area west of Hole No. 10. This pipe is approximately 135 feet in length. The anticipated cost for this item is approximately $12,000.

PRACTICE RANGE EXPANSION

We anticipate a nominal increase in the cost to establish additional foot paths, replace the low barrier fence and install new landscaping in this area. The anticipated increase is $20,000 to achieve the desired expansion and provide for the safety of golfers using the expanded range tee area.

YOUTH AREA

Golf Course renovation plans now include a Youth Golf Area along Embarcadero Road. This area increases the turf area to be irrigated by approximately one acre and requires construction of 4 greens, tees, practice bunkers, paths, a view fence and two gates. The probable cost estimate for this work is approximately $190,000.

The City is pursuing grants to fund this area, including dialogue with the First Tee of Silicon Valley. There is also the possibility that golf course contractors may provide this amenity at no cost or low cost to the City as part of their construction bid in acknowledgment of the importance of expanding the level of youth participation in the sport of golf.

Independent of any grants received, the intent is to bid this area as an add-alternate to the base work so that the City has the option of removing this set of improvements from the reconstruction work if the cost of the work exceeds the available project budget.

SUMMARY

The cost to reconstruct the golf course, including all present requirements by the City as described above, is likely to increase cost by approximately $286,470 as compared to the 12-17-12 estimate.

Additional (optional) costs to replace the irrigation pump station and develop the Youth Golf Area will add an estimated additional $410,000 should these elements be opted by the City or, in the case of the Youth Golf Area, should that work be approved by the City and not offset by a grant or other in-kind donation.

In spite of the adjustments to the scope of work and the associated cost increases, once the potential revenue from soil importation and potential donations for the Youth Golf Area are considered, the estimated construction cost for the Golf Course Renovation Project is now lower than the $7,573,262 cost figure presented to the City Council when they endorsed Plan G on July 23, 2012.
The evolution of the project cost estimates from July 2012 to the present is summarized below:

**Probable Cost Estimates:**

<table>
<thead>
<tr>
<th></th>
<th>July 2012*</th>
<th>Dec. 2012</th>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hard Cost (Golf Reconstruction)</td>
<td>$6,873,084</td>
<td>$6,641,470</td>
<td>$6,927,940</td>
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<tr>
<td>Project Coord. During Const.</td>
<td>171,802</td>
<td>171,802</td>
<td>171,802</td>
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<tr>
<td>Pump Station Replacement</td>
<td>NIC</td>
<td>NIC</td>
<td>220,000**</td>
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<tr>
<td>Youth Golf Area</td>
<td>NIC</td>
<td>NIC</td>
<td>190,000**</td>
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<tr>
<td></td>
<td>$7,044,886</td>
<td>$6,813,272</td>
<td>$7,509,742</td>
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<tr>
<td>Contingency</td>
<td>528,376</td>
<td>528,367</td>
<td>528,367</td>
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<tr>
<td></td>
<td>$7,573,262*</td>
<td>$7,341,639</td>
<td>$8,038,109</td>
</tr>
</tbody>
</table>

* *July 2012 Probable Cost Statement included some amounts for soft costs associated with fees and environmental consulting.*

**Optional “add-alternate” line items (not a part of previous Probable Cost Statements)**

**Potential Savings:**

1. 50% In-kind Donation for Youth Area – (95,000)
2. Revenue from Soil Importation – (576,000)

**Comparison Totals:**

<table>
<thead>
<tr>
<th></th>
<th>July 2012*</th>
<th>Dec. 2012</th>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$7,573,262*</td>
<td>$7,341,639</td>
<td>$7,367,109</td>
</tr>
</tbody>
</table>

Factors such as the cost of fuel, labor rates, and implications imposed by the final EIR findings may have additional effects to the budget. At present we do not foresee any of these factors to equate to amounts that could not be accommodated within the established contingency.

The start date for the work will also have an effect on the budget. Variables will be realized with seasonal efficiencies and/or delays due to winter rains that may extend the duration of the construction and grow-in (maturation) process, thereby affecting the City’s schedule to re-open the golf course.

As we progress with preparation of plans beyond the 60% stage we recommend the following measures be continued by the City:

1. Look for potential in-kind underwriting for the new Youth Area
2. Continue efforts to secure imported soils at or above $3.50/c.y. in received revenue
3. Define a project start date that allows for the most efficient golf construction cycle and turf establishment — with the shortest possible construction duration
### Preliminary Probable Cost Estimate

**Palo Alto Golf Course Reconfiguration - Options A, D, F, & G**

<table>
<thead>
<tr>
<th>Note</th>
<th>Quantity</th>
<th>Units</th>
<th>Unit Cost</th>
<th>Total Cost</th>
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</thead>
<tbody>
<tr>
<td>Mobilization/Bond</td>
<td>10</td>
<td>LS</td>
<td>50,000</td>
<td>$2,500,000</td>
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<tr>
<td>Staking/Layout</td>
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<td>LS</td>
<td>50,000</td>
<td>$2,500,000</td>
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<tr>
<td>Demo &amp; Cart Paths</td>
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<td>50,000</td>
<td>$2,500,000</td>
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<tr>
<td>Demo Existing Features</td>
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<td>Tree Removal</td>
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<td>$3,000,000</td>
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<td>Strip Fencing, Gates &amp; Bury of Tel</td>
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**Total Project Cost:** $7,397,584

**Contingency (7.5%):** 530,456

**Total with Contingency:** $7,928,040

**Project Sub-Total:** $12,746,968

**Project Mgmt. (2.5%):** 323,674

**Project Mgmt. Cost:** $13,070,642

**Project Sub-Total:** $13,404,394

**Contingency (7.5%):** 952,328

**Project Total:** $14,356,722

**Total Project Cost:** $14,356,722

**Sub-Total:** $14,356,722

**Notes:**

1. Work Extends throughout golf site.
2. New area applies to Options D, F and G only; Option D shown as "Alternate Item" for future development.
3. Additional estimate to golf course area(s) covered by SFCJPA reconfiguration scope.

This estimate of probable construction costs is based on the current schematic designs developed which are not engineered or designed construction drawings. Costs to relocate or replace any existing public utilities or accommodate unknown permitting issues are not included. Golf course design fees over and above those to be covered by SFCJPA are shown for Options D, F and G. Alternate Items are estimated based on concurrent construction with base work scope. Other professional fees to be separately covered by SFCJPA and are not included in the cost estimate.

---

#### Option G Estimate with Optional Work

**Base Improvements:** $6,384,343

**Rebuild All Greens (+3):** 115,260

**Replace Restroom:** 95,000

**Replace All Fairway Turf:** 82,500

**Rebuild Putt. Grn. Area:** 180,000

**Project Sub-Total:** $7,073,262

**Contingency (7.5%):** 528,367

**Project Total:** $7,601,629

---

**Notes:**

- Bury exist paths/rabble areas
- Includes all course bunkers
- Baylands cut of 3' avg, short push, haul
- 4" sand trap upgrade
- w/bunker liner, sand cost at $70/tn
- Impact areas only

---

**Additional Alternates**

**Fairways, Roughs & Tees**

**Contingency (7.5%):** 528,367

**Project Sub-Total:** $7,601,629

---

**Alternate Items**

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<tr>
<th>Item</th>
<th>Area</th>
<th>Notes</th>
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<tr>
<td>Sand Traps</td>
<td>16.5 Acres</td>
<td>3500 CY 577,000</td>
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<tr>
<td>Pool Design and Placed</td>
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<td>Individual Sand Wells</td>
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<td>Add cost to Re-Build all Fairways with Peninsular</td>
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<td>3500 CY 677,000</td>
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<td>Add cost to replace, update balance of Irrigation system</td>
<td>16.5 Acres</td>
<td>3500 CY 677,000</td>
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<tr>
<td>Rebuild Putting Green Areas per Long Range Plan</td>
<td>16.5 Acres</td>
<td>3500 CY 677,000</td>
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**Total for all Alternate Items:** 3,250,000

**Total:** 3,250,000
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<tr>
<th>PLAN G</th>
<th>Palo Alto Golf Course Re-configuration</th>
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<td><strong>Current Probable Cost Estimate</strong></td>
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<td><strong>Quantity</strong></td>
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<td><strong>Construction Hard Cost Budget (Table Z below)</strong></td>
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<tr>
<td><strong>Difference (Savings)</strong></td>
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<tr>
<td><strong>Current Construction Estimate</strong></td>
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</table>
| **Project Management Costs** | | | | **2.5%**
| **Contingency 7.5%** | | | | **7.50%**
| **TOTAL CURRENT ESTIMATE** | | | | **7,341,639** |
Assumptions
All imported fill is placed on golf course by others, except the final topsoil layer is placed by GC Builder

Potential Additive Alternate Bid Items
- Kids Golf Area along Embarcadero
- New Pump Station
- Automatic Locking Doors at RR
- Aggregate sub-base under cart paths
- Soil Sensors
- RainBird/Toro alternate

| Budget items that are re-apportioned into the above hard costs from the original budget |
|---------------------------------|------|--------|
| Short Game Learning Area        | 1 LS | 165000 |
| Rebuild Additional Greens (on course) | 1 LS | 131,250 |
| Re-Sod All Fairways             | 1 LS | 82500  |
| Rebuild Existing Putting/Practice Area | 1 LS | 180000 |
| Athletic Field Area Rough Grade | 35000 CY | 3 | 105,000 |
| Athletic Field Area Shape, Temp Planting | 10.5 AC | 4400 | 46,200 |
| **Total**                       |      | **709,950** |

| Soft Cost Items removed from construction costs |
|-----------------------------------------------|------|--------|
| Additional GC Arch Fees                       | 9 Holes | 8000 | 72,000 |
| Additional Environmental Consulting           | 1 LS | 40000 |
| **Total**                                     |      | **112,000** |

**Table Z**

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<thead>
<tr>
<th>TOTAL ORIGINAL BUDGET</th>
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<td>Less Soft Cost Items Removed</td>
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