



## CITY COUNCIL SPECIAL AND REGULAR MEETING AGENDA

Tuesday, April 30, 2013

5:30 P.M.

701 Laurel Street, Menlo Park, CA 94025

City Council Chambers

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### 5:30 P.M. PLANNING COMMISSION INTERVIEW - 1<sup>st</sup> floor Council Conference Room, Administration Building

1. Interview applicant for one vacancy on the Planning Commission

### 5:45 P.M. CLOSED SESSION

#### Public Comment on this item will be taken prior to adjourning to Closed Session

**CL1.** Discussion with legal counsel pursuant to Government Code Section 54956.9(a) regarding existing litigation – 2 cases:

(1) Town of Atherton, et al. v. California High Speed Rail Authority  
*Superior Court of California, County of Sacramento, Case No. 34-2008-80000022 (Atherton 1)*

(2) Town of Atherton, et al. v. California High Speed Rail Authority  
*Superior Court of California, County of Sacramento, Case No. 34-2010-80000679 (Atherton 2)*

**CL2.** Closed Session pursuant to Government Code section 54957.6 to conference with labor negotiators regarding labor negotiations with the Police Officers Association (POA) and Police Management Association (PMA). Attendees: Alex McIntyre, City Manager, Starla Jerome-Robinson, Assistant City Manager, Bill McClure, City Attorney, Gina Donnelly, Human Resources Director, Robert Jonsen, Police Chief, Dave Bertini, Commander

### 7:00 P.M. REGULAR SESSION

**ROLL CALL** – Carlton, Cline, Keith, Ohtaki, Mueller

#### PLEDGE OF ALLEGIANCE

#### REPORT FROM CLOSED SESSION

#### ANNOUNCEMENTS

##### A. PRESENTATIONS AND PROCLAMATIONS

**A1.** Proclamation regarding West Nile Virus and Mosquito and Vector Control Awareness Week April 21-27, 2013 (*Attachment*)

**A2.** Presentation regarding Police Services by Steve Belcher (*Attachment*)

##### B. COMMISSION/COMMITTEE VACANCIES, APPOINTMENTS AND REPORTS

**B1.** Bicycle Commission quarterly report on status of their 2-year Work Plan

**B2.** Library Commission quarterly report on status of their 2-year Work Plan

- B3.** Consider appointment to fill one vacancy on the Planning Commission (*Staff report #13-068*)

## **STUDY SESSION**

- SS1.** Discussion of frontage improvement requirements for discretionary permits  
(*Staff report #13-071*)

### **C. PUBLIC COMMENT #1 (Limited to 30 minutes)**

Under "Public Comment #1", the public may address the Council on any subject not listed on the agenda and items listed under the Consent Calendar. Each speaker may address the Council once under Public Comment for a limit of three minutes. Please clearly state your name and address or political jurisdiction in which you live. The Council cannot act on items not listed on the agenda and, therefore, the Council cannot respond to non-agenda issues brought up under Public Comment other than to provide general information.

### **D. CONSENT CALENDAR**

- D1.** Adopt a resolution appropriating an additional \$20,000 from the General Fund CIP fund balance, awarding a construction contract for the Belle Haven Child Development Center Playground Improvement Project to Ross Construction in the amount of \$80,561.28, and authorizing a total budget of \$95,000 for construction, contingencies, inspection, and project management (*Staff report #13-070*)
- D2.** Approve a third amendment to the Purchase and Sale Agreement with Greenheart Land Company extending the escrow timeline for the sale of property owned by the former Menlo Park Redevelopment Agency located at 777-821 Hamilton Avenue due to delays in obtaining State Department of Finance approval for the sale (*Staff report #13-072*)

### **E. PUBLIC HEARINGS - None**

### **F. REGULAR BUSINESS**

- F1.** Consider state and federal legislative items, including decisions to support or oppose any such legislation, and items listed under Written Communication or Information Item: **None**

### **G. CITY MANAGER'S REPORT – None**

### **H. WRITTEN COMMUNICATION – None**

### **I. INFORMATIONAL ITEMS**

- I1.** Quarterly financial review of General Fund operations as of March 31, 2013  
(*Staff report #13-067*)
- I2.** Review of the City's investment portfolio as of March 31, 2013 (*Staff report #13-069*)

### **J. COUNCILMEMBER REPORTS**

### **K. PUBLIC COMMENT #2 (Limited to 30 minutes)**

Under "Public Comment #2", the public if unable to address the Council on non-agenda items during Public Comment #1, may do so at this time. Each person is limited to three minutes. Please clearly state your name and address or jurisdiction in which you live.

### **L. ADJOURNMENT**

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At every Regular Meeting of the City Council, in addition to the Public Comment period where the public shall have the right to address the City Council on the Consent Calendar and any matters of public interest not listed on the agenda, members of the public have the right to directly address the City Council on any item listed on the agenda at a time designated by the Mayor, either before or during the Council's consideration of the item.

At every Special Meeting of the City Council, members of the public have the right to directly address the City Council on any item listed on the agenda at a time designated by the Mayor, either before or during consideration of the item.

Any writing that is distributed to a majority of the City Council by any person in connection with an agenda item is a public record (subject to any exemption under the Public Records Act) and is available for inspection at the Office of the City Clerk, Menlo Park City Hall, 701 Laurel Street, Menlo Park, CA 94025 during regular business hours. Members of the public may send communications to members of the City Council via the City Council's e-mail address at [city.council@menlopark.org](mailto:city.council@menlopark.org). These communications are public records and can be viewed by any one by clicking on the following link: <http://ccin.menlopark.org>

City Council meetings are televised live on Government Access Television Cable TV Channel 26. Meetings are re-broadcast on Channel 26 on Thursdays and Saturdays at 11:00 a.m. A DVD of each meeting is available for check out at the Menlo Park Library. Live and archived video stream of Council meetings can be accessed at [http://menlopark.granicus.com/ViewPublisher.php?view\\_id=2](http://menlopark.granicus.com/ViewPublisher.php?view_id=2)

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# Proclamation

## WEST NILE VIRUS AND MOSQUITO AND VECTOR CONTROL AWARENESS WEEK APRIL 21 to 27, 2013

WHEREAS, West Nile virus is a mosquito-borne disease that can result in death or severe debilitation for humans, horses, birds, and wildlife; and

WHEREAS, in 2012, West Nile virus resulted in nineteen deaths in California residents, and sickened over 470 others in 31 countries; and

WHEREAS, adequately funded mosquito control, disease surveillance, and public awareness programs are the best ways to prevent outbreaks of West Nile virus; and

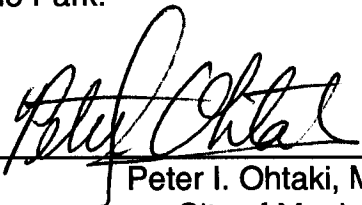
WHEREAS, mosquitoes continue to be a source of illness, death, and human suffering; and

WHEREAS, professional mosquito control based on scientific research has made great advances in reducing mosquitoes and the diseases they transmit; and

WHEREAS, the San Mateo County Mosquito and Vector Control District works with other public health agencies to reduce pesticide risks to humans, animals, and the environment while protecting human health; and

WHEREAS, West Nile Virus and Mosquito and Vector Control Awareness Week will increase the public's awareness of West Nile virus and of the importance of integrated management in controlling mosquitoes and other vectors in San Mateo County.

THEREFORE, be it resolved by the City of Menlo Park that the week of April 21 through April 27, 2013, be designated as West Nile Virus and Mosquito and Vector Control Awareness Week in the city of Menlo Park.

  
Peter I. Ohtaki, Mayor  
City of Menlo Park



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## Introduction, Background and Summary

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In November 2012, Belcher, Ehle, Medina & Associates contracted with the City of Menlo Park to complete an organizational review of the Menlo Park Police Department. The review was to include:

- A review of written documents
- Review and collect data
- Conduct management and supervisor interviews
- Review current business practices, including but not limited to:
  - Staffing levels and workload
  - Policing strategies
  - Deployment practices
  - Equipment & Technology
  - Work load indicators
  - Organizational structure
  - Internal controls, oversight and span of control

The review has been completed and as requested covered the department's organization, operations and service delivery to ensure it is operating efficiently; compared the department operations to best practices in the field, and made recommendations where appropriate.

Over an approximately 90 day period, all of the various components of the department were reviewed as well as a review of the department policies. The review included patrol ride-a longs, observing dispatch operations, and the interview of over forty people associated with the city hall staff, police staff, the district attorney's office, and the sheriff's office.

## Summary Conclusions

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In summary, I am pleased to report that the Menlo Park Police Department is meeting what is considered Best Practices in most areas of their department. No systemic issues of corruption, malfeasance or other inappropriate conduct were uncovered during the review.

There are a number of recommendations being made to improve the operations of the department's efficiencies, and/or service delivery to the public.



## Organizational Overview

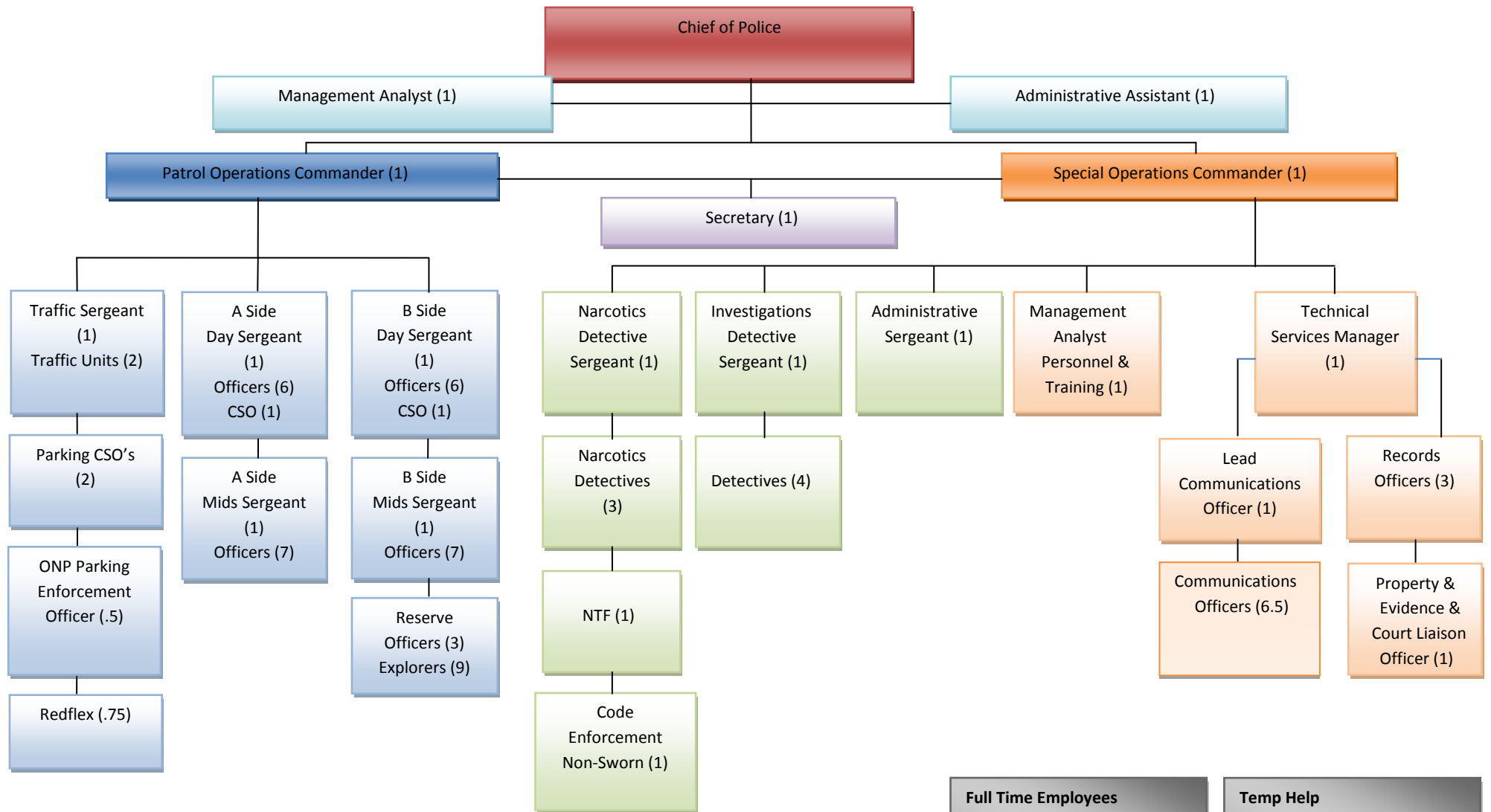
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The City of Menlo Park Police Department consist of 47 sworn positions, 22.75 non-sworn positions, three reserve officers and several per diem employees. The department is considered a full service municipal policing agency, operating 24 hours per day, seven days per week. The department serves the visitors and 32,413 residents in an area of approximately 17 square miles (9.8 miles in land area).

The 2012-2013 budget for the department is \$14,706,931. The administrative head of the department is the chief of police. The department is divided into two major divisions, the Operations Division and the Special Services (Support) Division with several operational sections or work groups in each division.

The department provides 24/7 patrol and dispatch services. The command structure is traditional and is similar to many other police agencies of similar size.

The following report contains comments, observations and recommendations on each operational unit and major area of the department. All of the items/areas are listed in alphabetical order for ease of locating an area or issue.



**Full Time Employees**  
 Sworn Employees – 47  
 Non-Sworn Employees – 22.75

**Temp Help**  
 Overnight Parking – .5  
 Code Enforcement – 1  
 Reserves – 3  
 Dispatch Perdiem – 6

## Recommendations Summary



Section	Recommendations
Accreditation	<ul style="list-style-type: none"> <li>• <b>Initiate accreditation process.</b></li> </ul>
Budget	<ul style="list-style-type: none"> <li>• <b>None</b></li> </ul>
Citizen/Community Academy	<ul style="list-style-type: none"> <li>• <b>As part of a broader, community policing philosophy, the department should implement a citizen/community academy.</b></li> </ul>
Community Policing and Crime Prevention	<ul style="list-style-type: none"> <li>• <b>Implement/adopt a formalized community policing program and philosophy. The process is more evolutionary and will take many months to transition from one service delivery method (call-driven response) to community policing which includes written goals, objectives and performance measurements.</b></li> <li>• <b>Include a formal crime prevention component in the Community Policing program.</b></li> </ul>
Community Survey	<ul style="list-style-type: none"> <li>• <b>Conduct a law enforcement specific survey to gather more in depth feedback from the community.</b></li> <li>• <b>Conduct a bi-annual survey using year one as the base line.</b></li> </ul>
Crime Analysis	<ul style="list-style-type: none"> <li>• <b>Assign a specific individual to the crime analysis function to assist with crime and accident reduction goal and objectives.</b></li> <li>• <b>Complete department wide training on the crime analysis program.</b></li> </ul>
Crime Scene Investigation	<ul style="list-style-type: none"> <li>• <b>Send one officer from each patrol team to the POST CSI training.</b></li> <li>• <b>Send all C.S.O.'s to CSI training.</b></li> </ul>
Dispatch and Communications	<ul style="list-style-type: none"> <li>• <b>Equipment – Replace as scheduled.</b></li> <li>• <b>Training – Update training manual.</b></li> <li>• <b>Explore options of providing contract dispatch services.</b></li> </ul>
Equipment and Technology – Technology	<ul style="list-style-type: none"> <li>• <b>Consider the purchase of an ALPR system.</b></li> <li>• <b>Install community cameras in high crime areas.</b></li> <li>• <b>Explore the options with the City of East Palo Alto to extend the coverage of the “Shot Caller” system which pinpoints the location of gunfire.</b></li> </ul>

Section	Recommendations
Equipment and Technology – Police Records System	<ul style="list-style-type: none"> <li>• Replace the computer hardware as scheduled.</li> </ul>
Equipment and Technology – Mobile Data Terminals	<ul style="list-style-type: none"> <li>• Survey areas where the mobile data system communications link is dropped and repair.</li> </ul>
Equipment and Technology – Mobile Video Cameras	<ul style="list-style-type: none"> <li>• Purchase mobile video cameras for the police vehicles.</li> <li>• Continue testing and purchase of body cams.</li> </ul>
Equipment and Technology – Radios	<ul style="list-style-type: none"> <li>• None (Continue moving forward on capital replacement program)</li> </ul>
Equipment and Technology – Patrol Vehicles	<ul style="list-style-type: none"> <li>• None</li> </ul>
Equipment and Technology - Weapons/Firearms	<ul style="list-style-type: none"> <li>• None</li> </ul>
Equipment and Technology – Less Lethal Weapons	<ul style="list-style-type: none"> <li>• Follow Grand Jury recommendations and authorize issuing of the Taser as an additional tool to protect officers, suspects and the general public.</li> </ul>
Facility – Door Entrance	<ul style="list-style-type: none"> <li>• Upgrade entry system as funding allows.</li> </ul>
Facility – Police Lobby	<ul style="list-style-type: none"> <li>• The records counter area should be remodeled to increase security.</li> <li>• An additional camera and audio capability be installed in the lobby.</li> </ul>
Facility – Exterior Fencing	<ul style="list-style-type: none"> <li>• Complete fencing project at the back of city hall.</li> </ul>
Facility- Security Cameras	<ul style="list-style-type: none"> <li>• Complete a thorough security review of all vulnerable locations in and around the police facility.</li> <li>• Upgrade and increase the number of cameras and add audio and recording capability where needed.</li> <li>• Consideration should also be given for the installation and monitoring of other city facilities. Panic alarms are now installed in some city hall locations. Panic alarms without audio and video capability are discouraged as it is almost impossible for dispatch or the police to measure the correct response.</li> </ul>
Facility –	<ul style="list-style-type: none"> <li>• Consider establishing a police substation in the City</li> </ul>

Section	Recommendations
Police Substation	<p>community center in the Belle Haven neighborhood.</p> <ul style="list-style-type: none"> <li>• Current Substation – The facility needs to receive a significant refurbishment including paint, signage, and video capability. Poll the users of the facility to see how the interior may be improved to increase use.</li> <li>• City Satellite Office – Keep this option open for future opportunities.</li> </ul>
Field Training Officer Program	<ul style="list-style-type: none"> <li>• Complete the updating of the FTO manual.</li> <li>• Include elements of community policing, department mission statement and US Constitution in the FTO program.</li> <li>• FTO’s meet annually as a group for training consistency and continuity.</li> </ul>
Internal Affairs	<ul style="list-style-type: none"> <li>• Purchase administrative software for the tracking of internal affairs complaints.</li> </ul>
Investigation (Detective) Section	<ul style="list-style-type: none"> <li>• The investigation (detective) section should formalize their operations procedures into an investigation (detective) section manual.</li> <li>• The practice of using private vehicles for detectives during work hours should be reviewed.</li> <li>• The detective unit should receive training on the department’s crime analysis software.</li> <li>• The NET should formalize their operating procedures into a NET manual.</li> <li>• Consideration should be given regarding the transferring of the code enforcement officer to the Operations Division to increase the interaction with patrol.</li> <li>• The staffing of the investigation section should be reviewed as part of an overall departmental staffing study.</li> <li>• Detectives should be assigned to attend patrol briefings on a regular basis.</li> </ul>
Jail  Jail (cont.)	<ul style="list-style-type: none"> <li>• The security camera should be upgraded in all areas of the jail facility; Sally Port, prisoner processing area and detention and interview areas.</li> <li>• The jail recording cameras should be automatically activated when the Sally Port door is opened &amp; closed. The cameras should have audio and video recording capability and be able to be monitored by police supervisors as well as dispatch.</li> <li>• An additional employee panic button should be installed to notify dispatch in case of an emergency (i.e., fight) occurs during the booking process.</li> </ul>
Other Law	<ul style="list-style-type: none"> <li>• The Special Operations Commander keep a list of all task force</li> </ul>

Section	Recommendations
<b>Enforcement and Mutual Aid</b>	<p>operations in one location that Menlo Park participates in and review this file annually with the Operations Commander and the Chief of Police to ensure that all operational agreements are current.</p> <ul style="list-style-type: none"> <li>• The chief should continue to work with the chief’s association on regional sharing opportunities.</li> </ul>
<b>Organizational Structure</b>	<ul style="list-style-type: none"> <li>• Review the command and organizational structure.</li> </ul>
<b>Patrol Operations</b>	<ul style="list-style-type: none"> <li>• Review the policy of shift scheduling by seniority.</li> <li>• Implement an overlap evening shift to align personnel resources with calls for service demands.</li> <li>• Consider shift deployment periods longer than four months.</li> <li>• Review the appointment of acting watch commanders and ensure that all acting watch commanders receive the same supervisory training as regular sergeants.</li> <li>• Long Term: Review the options of different patrol shift schedules.</li> </ul>
<b>Patrol Operations – Patrol Beats and Response Times</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>
<b>Police Officer Association (POA)</b>	<ul style="list-style-type: none"> <li>• The chief meet with the POA leadership on a consistent basis.</li> </ul>
<b>Performance Evaluations</b>	<ul style="list-style-type: none"> <li>• Consider goals, objectives and performance measurement in the evaluation process.</li> <li>• Include community policing goals and objectives in the evaluation process.</li> <li>• Consider the evaluation process as an opportunity to check required driver’s licenses and to review critical policies such as the harassment policy.</li> <li>• Require a mini-evaluation be completed during patrol shift change and placed in the officer’s operations file for use in the annual evaluation.</li> </ul>
<b>Personnel Backgrounds</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>
<b>Policy Manual</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>
<b>Property and Evidence</b>	<ul style="list-style-type: none"> <li>• Complete property manual.</li> <li>• Enclose/secure the weapons storage area in property.</li> <li>• Explore options for additional space for property prep area and storage.</li> <li>• Include the property section in the camera security plan.</li> <li>• Consider an outside audit of the property room.</li> </ul>

Section	Recommendations
<b>Records Section</b>	<ul style="list-style-type: none"> <li>• <b>Complete records training manual.</b></li> <li>• <b>Secure the Records lobby counter area.</b></li> <li>• <b>Add an additional security camera and audio capability in the records lobby.</b></li> <li>• <b>Continue to work with the district attorney’s office on technology improvements.</b></li> </ul>
<b>Recruitment</b>	<ul style="list-style-type: none"> <li>• <b>Update job classifications.</b></li> <li>• <b>Retain historical data on police recruitment.</b></li> <li>• <b>Consider “Best Practices” recruiting recommendations (police reserves, community service officers, volunteers and overfill positions).</b></li> </ul>
<b>Report Review</b>	<ul style="list-style-type: none"> <li>• <b>None</b></li> </ul>
<b>Staffing</b>	<ul style="list-style-type: none"> <li>• <b>None</b></li> </ul>
<b>Traffic</b>	<ul style="list-style-type: none"> <li>• <b>Increase the RedFlex operator’s hours to allow him to attend traffic court in place of the police traffic sergeant.</b></li> <li>• <b>The traffic sergeant should be tasked with the ongoing review of traffic collision data, meet with the city traffic engineer and fellow sergeants and set written goals and objectives for traffic collision reduction efforts and increased driving under the influence enforcement.</b></li> <li>• <b>The traffic sergeant should make periodic presentations at roll call briefings to emphasize the importance of directed traffic enforcement.</b></li> <li>• <b>Review the activity level of all parking officers.</b></li> <li>• <b>Transfer the first line appeal process from the traffic sergeant to a third party vendor.</b></li> </ul>
<b>Training</b>	<ul style="list-style-type: none"> <li>• <b>SLI participants meet with command staff and select projects to complete while attending the training that will, if practical, directly benefit the Menlo Park Police Department.</b></li> <li>• <b>Consider as part of the succession planning process, sending employees to the next higher level of training.</b></li> <li>• <b>The Training Unit maintain a suggested reading list applicable for the promotional testing process.</b></li> </ul>

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# ADMINISTRATIVE SERVICES DEPARTMENT

Council Meeting Date: April 30, 2013  
Staff Report #: 13-068

Agenda Item #: B-3

**COMMISSION REPORT:** Consider appointment to fill one vacancy on the Planning Commission

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## RECOMMENDATION

Staff recommends appointing an applicant to fill the vacancy on the Planning Commission.

## BACKGROUND

Staff has been recruiting for the vacant position by publishing press releases in the *Daily News* and posting notices on the City's website and City bulletin board.

There is one vacancy on the Planning Commission due to the expiring term of Jack O'Malley. The applicant selected will serve through April 30, 2017.

Applicants for the Planning Commission vacancy:

- Katherine Strehl (Currently on the Transportation Commission)

An interview is scheduled on April 30 for Ms. Strehl.

## ANALYSIS

Pursuant to City Council Policy CC-01-0004 (attachment A), commission members must be residents of the City of Menlo Park and serve for designated terms of four years, or through the completion of an unexpired term.

In addition, the Council's policy states that the selection/appointment process shall be conducted before the public at a regularly scheduled meeting of the City Council. Nominations will be made and a vote will be called for each nomination. Applicants receiving the highest number of affirmative votes from a majority of the Council present shall be appointed.

## IMPACT ON CITY RESOURCES

Staff support for selection of commissioners is included in the FY 2012-13 Budget.

## **POLICY ISSUES**

Council Policy CC-01-004 establishes the policies, procedures, roles and responsibilities for the City's appointed commissions and committees.

Currently the budget metrics set a goal of two applications for each appointment, which has been met with this recruitment.

## **ENVIRONMENTAL REVIEW**

The proposed action does not require environmental review.

## **PUBLIC NOTICE**

Public Notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting.

## **ATTACHMENTS**

- A. Excerpt from Council Policy CC-01-004, page 5
- B. Commission application

Report prepared by:  
Margaret S. Roberts, MMC  
City Clerk

Attachment B will not be available on-line, but is available for review at City Hall in the City Clerk's Office during standard City operating hours.

<b>City of Menlo Park</b>		City Council Policy
<b>Department</b> City Council  <b>Subject</b> Commissions/Committees Policies and Procedures and Roles and Responsibilities	<b>Page 5 of 10</b>	<b>Effective Date</b> 3-13-01
	<b>Approved by:</b> Motion by the City Council on 03-13-2001; Amended 09-18-2001; Amended 04-05-2011	<b>Procedure #</b> CC-01-0004

Application/Selection Process

1. The application process begins when a vacancy occurs due to term expiration, resignation, removal or death of a member.
2. The application period will normally run for a period of four weeks from the date the vacancy occurs. If there is more than one concurrent vacancy in a Commission, the application period may be extended. Applications are available from the City Clerk's office and on the City's website.
3. The City Clerk shall notify members whose terms are about to expire whether or not they would be eligible for reappointment. If reappointment is sought, an updated application will be required.
4. Applicants are required to complete and return the application form for each Commission/Committee they desire to serve on, along with any additional information they would like to transmit, by the established deadline. Applications sent by fax, email or submitted on-line are accepted; however, the form submitted must be signed.
5. After the deadline of receipt of applications, the City Clerk shall schedule the matter at the next available regular Council meeting. All applications received will be submitted and made a part of the Council agenda packet for their review and consideration. If there are no applications received by the deadline, the City Clerk will extend the application period for an indefinite period of time until sufficient applications are received.
6. Upon review of the applications received, the Council reserves the right to schedule or waive interviews, or to extend the application process in the event insufficient applications are received. In either case, the City Clerk will provide notification to the applicants of the decision of the Council.
7. If an interview is requested, the date and time will be designated by the City Council. Interviews are open to the public.
8. The selection/appointment process by the Council shall be conducted open to the public. Nominations will be made and a vote will be called for each nomination. Applicants receiving the highest number of affirmative votes from a majority of the Council present shall be appointed.
9. Following a Council appointment, the City Clerk shall notify successful and unsuccessful applicants accordingly, in writing. Appointees will receive copies of the City's Non-Discrimination and Sexual Harassment policies, and disclosure statements for those members who are required to file under State law as designated in the City's Conflict of Interest Code. Copies of the notification will also be distributed to support staff and the Commission/Committee Chair.
10. An orientation will be scheduled by support staff following an appointment (but before taking office) and a copy of this policy document will be provided at that time.

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# PUBLIC WORKS DEPARTMENT

Council Meeting Date: April 30, 2013  
Staff Report #: 13-071

Agenda Item #: SS-1

**STUDY SESSION:** Discussion of Frontage Improvement Requirements for Discretionary Permits

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## RECOMMENDATION

The purpose of this Study Session is to update the City Council on the process used for evaluating and determining the need for frontage improvements when processing discretionary permits (for example Use Permits and Architectural Control).

## BACKGROUND

When a property owner proposes new construction, reconstruction, or modifications to existing structures, it can trigger the need for a discretionary (Planning) permit from the City. These permits are processed by the Planning Division with most receiving final approval either administratively or by the Planning Commission. Unlike building permits which only require compliance with applicable building codes, the discretionary nature of these applications allows for requirements above and beyond the building permit process (such as the requirement for Architectural Review and frontage improvements). As a part of the discretionary permit review process, the Engineering Division of Public Works is included in the initial review of the project and the determination of project requirements and permit conditions.

The Engineering Division reviews the following aspects of the project: on-site grading and drainage; compliance with FEMA Floodplain requirements; compliance with NPDES Stormwater requirements; compliance with the Water Efficient Landscape Ordinance; and determines the need for any frontage improvements within the right-of-way. Frontage improvements include those facilities within the public right-of-way along the street frontage of the property, such as pavement, curb, gutter, sidewalk, street trees, etc. Depending on the scope and size of the project, the requirements for frontage improvements can range from minimal repairs to existing frontage improvements to the construction of new streets for proposed subdivisions, including dedication of public easements to accommodate improvements.

The requirement for the installation of frontage improvements is well established for large developments; major projects are not constructed without requiring the applicant to also construct the improvements necessary to allow for the safe and orderly flow of vehicular, bicycle, and pedestrian traffic along the project's frontage. These

requirements are consistent with and supported by the following goals in the current General Plan:

Goal II-E in the Circulation and Transportation Element of Menlo Park's General Plan is "to promote walking as a commute alternative and for short trips." The policies in support of this goal are as follows:

- Policy II-E-1: The City shall require all new development to incorporate safe and attractive pedestrian facilities onsite.
- Policy II-E-2: The City shall endeavor to maintain safe sidewalks and walkways where existing within the public right of way.
- Policy II-E-4: The City shall incorporate appropriate pedestrian facilities, traffic control, and street lighting within street improvement projects to maintain or improve pedestrian safety.
- Policy II-E-6: The City shall prepare a safe school route program to enhance the safety of school children who walk to school.

Additionally, the Circulation and Transportation Element of Menlo Park's General Plan contains the following policy that supports facilities for walking:

- Policy II-A-12: The City shall endeavor to provide for the safe, efficient, and equitable use of streets by pedestrians and bicyclists through good roadway design, maintenance, and effective traffic law enforcement.

Some recent Development projects conditioned to construct frontage improvements as part of the discretionary review process include:

- A new medical/dental office building at 1706 El Camino Real was required to reconstruct the existing frontage on El Camino Real and Buckthorn Way, including the installation of new sidewalk on Buckthorn Way where none had previously existed.
- An industrial project at 1035 O'Brien Drive, replacing an existing building with a new building, was required to reconstruct the existing frontage on O'Brien Drive and Kelly Court, including the installation of new sidewalk where none had previously existed.
- A two lot subdivision at 135-139 O'Connor Street was required to install new curb, gutter and sidewalk where none had previously existed.

As some relatively minor changes can require a discretionary permit, it has been the practice of the Engineering Division to only require frontage improvements for projects that involve new construction, reconstruction or major additions (defined as an increase of 500 square feet or more of floor area). However, as required by Municipal Code 13.08, all projects are required to repair any damaged frontage improvements.

Existing single-family homes present a unique situation as the requirement for a discretionary permit is driven primarily by the property's conformance with existing Zoning requirements. If the property is in conformance with the Zoning requirements, then the applicant can apply for a building permit without any discretionary review. The City's current practice is to only require frontage improvements of projects going through the discretionary process, but they are not required if the project only requires a building permit. This is similar to the Architectural Review that takes place with a discretionary permit, but is not required of a project that only requires a building permit.

When reviewing a discretionary permit related to one single-family residence, the evaluation of frontage improvements is generally limited to curb, gutter and sidewalk or valley gutter and parking strip improvements. If the frontage is unimproved, the typical requirement is to require the applicant to improve the frontage consistent with current standards. The applicant will then be required to show the construction of the frontage improvements on their building permit plans and complete construction of those frontage improvements before receiving final building permit signoff for the house.

Streets in the City typically fall within one of the following configurations. Illustrations of these different configurations can be viewed in Attachment A.

- 1) Paved streets with curb, gutter and either attached or detached sidewalk: The standard sidewalk width is five (5) feet and is installed either directly adjacent to the curb (attached) or some distance away from the curb (detached). Detached sidewalks leave room for trees and landscaping to provide a buffer between pedestrians and the vehicular traffic.
- 2) Paved streets with curb and gutter only: These streets are fully improved for vehicular use and provide proper drainage, but lack sidewalks. The existing street right-of-way can accommodate an attached or detached sidewalk, however sidewalk was never installed.
- 3) Paved streets with a valley gutter and parking strip: The valley gutter separates the street traffic from a paved parking strip, which is generally seven (7) feet in width. The parking strip also functions as a pedestrian pathway as these neighborhoods tend to have larger lots and are more rural in nature.
- 4) Paved streets with no curb, gutter, valley gutter or any other improvements on either side: These streets tend to serve only a smaller number of homes and are narrow in width. Frontage improvements are not typically required on these streets.

The requirement for frontage improvements is typically not an issue with most development projects. Land developers understand the requirement for frontage improvements and they factor these requirements and costs into their business model. However, the requirement for frontage improvements has become more of an issue with single family home owners that are required to go through the discretionary planning process. As the existing housing stock ages, the City is seeing an increase in the redevelopment of existing single-family homes, and this can be expected to continue for years to come. As many as half of these projects are required to go through the

discretionary planning process due to: substandard lot size; the applicant's request for a variance from the Zoning code; an existing non-conforming structure; and other conditions that prevent the homeowner from simply applying for a building permit to do their construction. As with the Architectural Review requirements, these projects are subject to a higher level of review and scrutiny as opposed to those projects that only require a building permit. In the case of frontage improvements, staff typically requires the installation of new curb, gutter and sidewalk where none exists (unless it is infeasible) or where existing improvements are in a substandard or damaged condition.

Some single-family homeowners object to this requirement of installing new sidewalk where none currently exists. In particular, the strongest objections come from those areas of the City where the existing street is fully improved with pavement, curb and gutter, but lacking sidewalk (street configuration 2. – "Paved streets with curb and gutter only"). As these properties redevelop, property owners are objecting to the requirement of installing new sidewalk.

City funding for frontage improvements is very limited, primarily focused on the construction of new sidewalk where none exists. In an effort to better focus the City's limited resources, the City Council approved the Sidewalk Master Plan on September 9, 2008. This study developed a Citywide Sidewalk Master Plan to improve safe routes to schools, pedestrian safety and walkable communities. The study identified gaps on arterial and collector streets and considered points of destination on local roads. The study established a ranking of street segments that have missing sidewalks. Although it does not address improvements constructed by Development projects, it does illustrate the changing nature of transportation policy by validating the need for pedestrian facilities. By requiring the property owners to construct their frontage improvements, the City can leverage its limited resources to build sidewalk in high priority areas.

## **ANALYSIS**

Frontage improvements exist to serve both the property fronting the improvements as well as the greater community. The requirement for new sidewalk is an issue facing almost every community, not just the City of Menlo Park. In an effort to better understand how Menlo Park's requirements for frontage improvements compare to those of surrounding jurisdictions, staff contacted representatives from other jurisdictions and obtained information about their respective requirements. The table below summarizes the information collected and includes the City of Menlo Park's current practice for comparison. More detailed information about the requirements of the other jurisdictions can be found in Attachment B:



Jurisdiction	City Ordinance Requiring Frontage Improvements	Frontage Improvements Required with Building Permit	Frontage Improvements Required with Discretionary Permit
City of Campbell	Yes	Yes	Yes
City of Cupertino	Yes	Yes	Yes
City of Fremont	Yes	Yes	Yes
City of East Palo Alto	Yes	Yes	Yes
<b>City of Menlo Park</b>	<b>No</b>	<b>No</b>	<b>Yes</b>
City of Milpitas	No	No	Yes
City of Mountain View	Yes	Yes	Yes
City of Palo Alto	No	No	Yes
City of Redwood City	Yes	Yes	Yes
City of Santa Clara	Yes	Yes	Yes
City of Sunnyvale	No	No	Yes

In reviewing the practices and ordinances of surrounding communities, it can be seen that Menlo Park’s existing practice is consistent with the requirements in place in other communities. Given that the current practice is to only apply these requirements to projects requiring discretionary review, the City’s requirements for frontage improvements are not as far reaching as other communities with an ordinance in place. While approximately half of single-family home projects in the City require a discretionary permit, the other half do not, and that creates a perception of inequality. It appears that the most objective means of requiring these improvements is with an ordinance that codifies the requirements and treats all projects equally. As seen by the different approaches taken by surrounding jurisdictions, there are many models for a frontage improvement ordinance that Menlo Park could modify to fit the needs of the community.

Just as with any activity, there are both pros and cons when discussing the installation of new sidewalk:

Pros

- Pedestrian Safety – Transportation studies continue to show that pedestrians are safer when physically separated from vehicular traffic.
- Public Health – The availability of sidewalk encourages residents to get out and walk for exercise and short errands.
- Protects ROW - Prevents construction of private improvements in the right-of-way that would obstruct future sidewalk improvements.

Cons

- Expense – Constructing new sidewalk costs approximately \$15 per square foot. If a lot is 100 feet wide, then a standard 5 foot wide sidewalk would cost approximately \$7,500 to construct.
- Character of Neighborhood – For many residents, adding sidewalk changes the character of the neighborhood from semi-rural to suburban.

Not to diminish the cons regarding the installation of new sidewalk, but it is difficult for any or all of the cons to outweigh the most significant of the pros – the increase in pedestrian safety. Being able to physically separate pedestrians from vehicular traffic is key in providing this protection.

The current practice of requiring existing single-family home projects to construct frontage improvements has resulted in objections by some of the property owners. While staff receives very few objections to the requirement for frontage improvements during the discretionary review process (approximately two objections were received during the last year), the Allied Arts Neighborhood recently put forward a petition requesting that their neighborhood not be required to have sidewalks. The primary concerns raised during the discretionary review process appear to be related to the current approach of building sidewalk one property at a time. Some object to building a segment of sidewalk that currently does not connect; while others see it as slowly changing the character of their neighborhood. It should be noted that many new single family homes are constructed for later sale by speculative builders. Many of these builders voluntarily construct frontage improvements as they see it as an important part of the finished product.

As mentioned previously in this report, street configuration 2. – “Paved streets with curb and gutter only” represents the majority of instances where property owners object to the installation of new sidewalk. It also represents the current configuration of many of the streets within the Allied Arts Neighborhood. While the existing public right-of-way can easily accommodate sidewalk, the property owners have only known their neighborhood configured without sidewalks. In most cases, the property owners have incorporated the ten feet (typical) of public right-of-way along their frontage into their front yard landscaping. When the requirement to install sidewalk is put forward, it can seem like a portion of their property is being taken away.

The most commonly cited reasons for objecting to the requirement for new sidewalk include:

- 1) Why should the property owner be responsible for the expense of building City sidewalk?
- 2) None of the neighboring properties have sidewalk, why should this project be required to build a sidewalk that doesn't currently connect?
- 3) Why is the property owner being asked to build new sidewalk when the neighboring property owner just built a new house and was not required to build sidewalk?
- 4) Installing sidewalk will degrade the character or remove the rural feeling of the neighborhood.
- 5) Sidewalk adds more impervious area and creates stormwater issues.

Staff responds as follows:

- 1) Section 13.08 of the Menlo Park Municipal Code requires property owners to maintain their frontage improvements and repair them as needed. Property owners are responsible for their frontage. When a property is significantly improved, it is our practice that the frontage be improved as well.
- 2) At some point the sidewalk will connect. The significant amount of single-family home redevelopment taking place will result in the construction of an extensive amount of new sidewalk. With limited funds available to the City for sidewalk projects, this will allow the City to focus limited resources on filling in the gaps.
- 3) Planning (discretionary) permits allow for additional requirements beyond building (ministerial) permits, similar to the Architectural Review required only of those projects going through the discretionary process.
- 4) Sidewalk significantly enhances pedestrian safety, and many residents find that sidewalk enhances the neighborhood by encouraging more of the residents to walk for exercise and short errands.
- 5) A detached sidewalk draining to a vegetated planting strip can minimize any stormwater issues.

Staff is concerned that by not constructing the sidewalk with the project, future encroachments into the right-of-way over time will create additional challenges and increased costs when the City brings forward a sidewalk project for the neighborhood. The Woodland Avenue sidewalk project was very challenging as the area that should have been kept free for sidewalk was utilized by many of the residents for significant landscaping, fences, mailboxes, etc. They thought it was either within their property boundaries, or that the City was never going to make use of it. Staff was forced to design around trees, structures and other encroachments, which increased the design and construction costs of the project. With future sidewalk projects, these issues will not exist for any properties that have already constructed their frontage improvements. In the long view, the impact to the property owner will be minimized and the cost to the City for future improvements will decrease.

In conclusion, the process for requiring frontage improvements is driven by the goals of the General Plan, together with the opportunities afforded by the discretionary review process. It is an effective means of ensuring that as properties are significantly improved, that they improve their street frontage to current standards as well. As the emphasis in transportation policy has shifted over the last 50 years from being automobile centric to including the needs of bicyclists and pedestrians, this opportunity greatly assists the City in leveraging its limited resources to provide pedestrian facilities to the community. While the current practice works well for those projects going through the discretionary review process, a more equitable solution could be to create an ordinance similar to those in place at surrounding jurisdictions that treats all projects the same regardless of whether they trigger a discretionary review.

The following questions could serve as a starting point for a discussion on the issue of requiring new sidewalk for existing single family homes:

- 1) Is it appropriate to require homeowners to fund the construction of new sidewalk along their frontage where none currently exists?
- 2) Should the practice of constructing new sidewalk one property at a time continue to be used? Should the presence of existing sidewalk on an adjacent neighbor's property be taken into account when making that decision?
- 3) Some builders voluntarily add the construction of frontage improvements to their building permit. How should that be handled?
- 4) Should the type of roadway (Arterial, Collector, and Neighborhood) be a factor in deciding if sidewalk should be required?

### **IMPACT ON CITY RESOURCES**

Currently, there are no staff resources planned for this effort. Based on City Council's direction additional resources may be required. If additional resources are required staff recommends that a new CIP project be added during the budget process.

### **POLICY ISSUES**

The sidewalk requirements for discretionary permits are consistent with policies established in Chapter 13.08 of the Menlo Park Municipal Code, 2009 Sidewalk Master Plan, Complete Streets Policy established with Resolution 6123, and the Circulation and Transportation Element of Menlo Park's General Plan Policies (II-A, II-B, and IIE) that promotes safe, efficient, and equitable use of streets by pedestrians, bicyclists.

### **ENVIRONMENTAL REVIEW**

This Council action is not subject to the California Environmental Quality Act.

### **PUBLIC NOTICE**

Public Notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting.

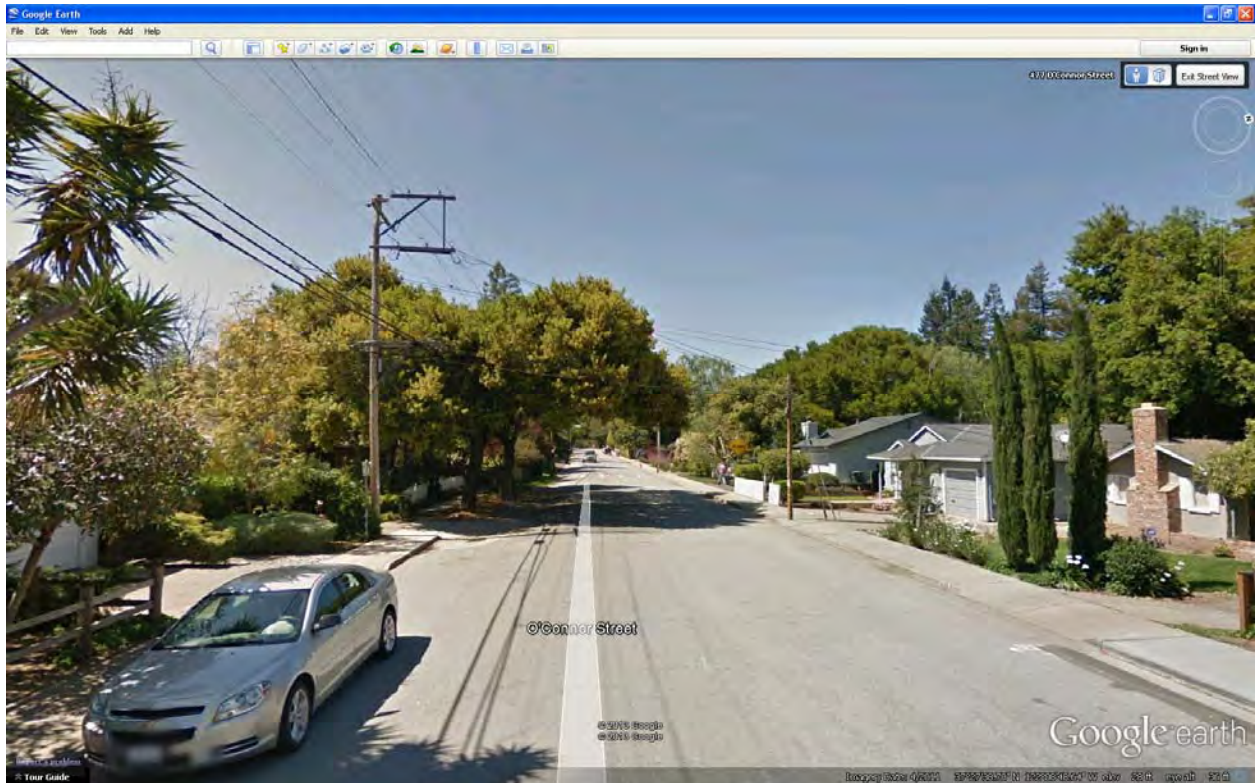
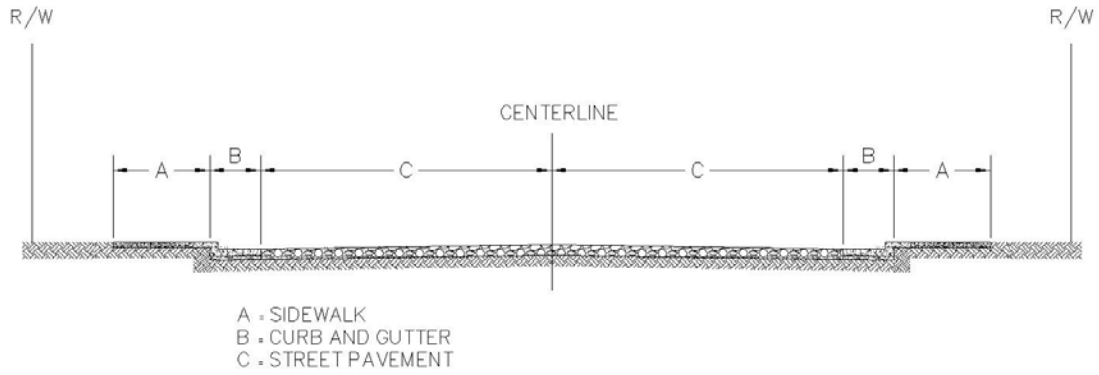
### **ATTACHMENTS**

- A. Illustrations of Different Street Configurations
- B. Frontage Improvement Requirements for Local Jurisdictions

Report prepared by:  
Roger K. Storz  
Senior Civil Engineer

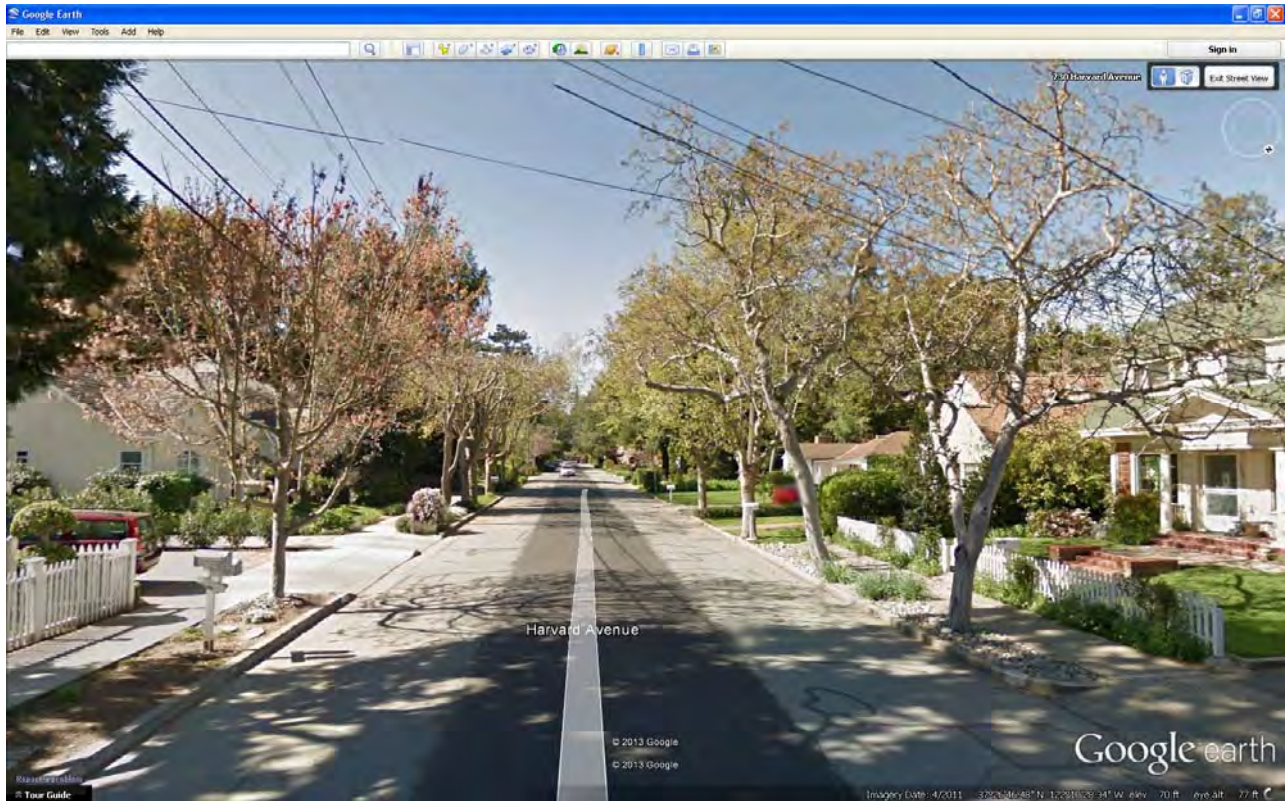
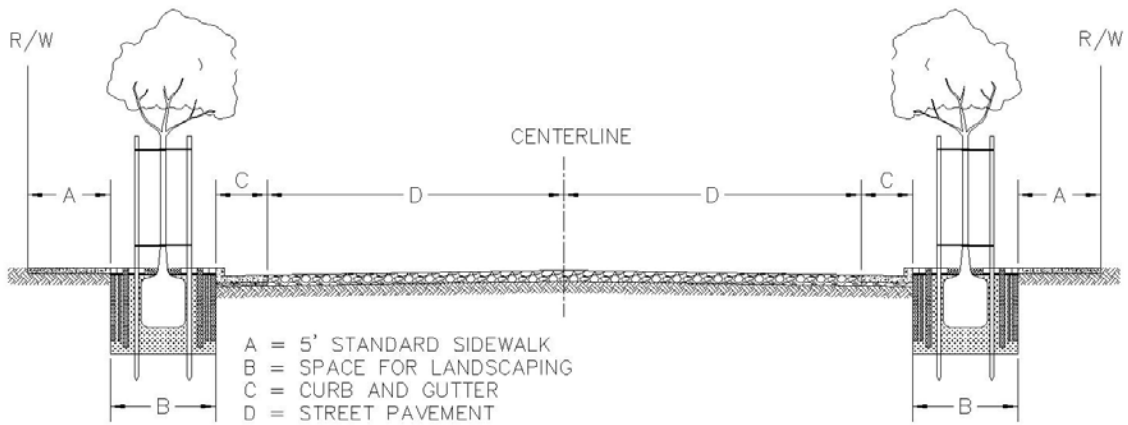
**Illustrations of Different Street Configurations**

1A. Paved streets with curb, gutter and attached sidewalk



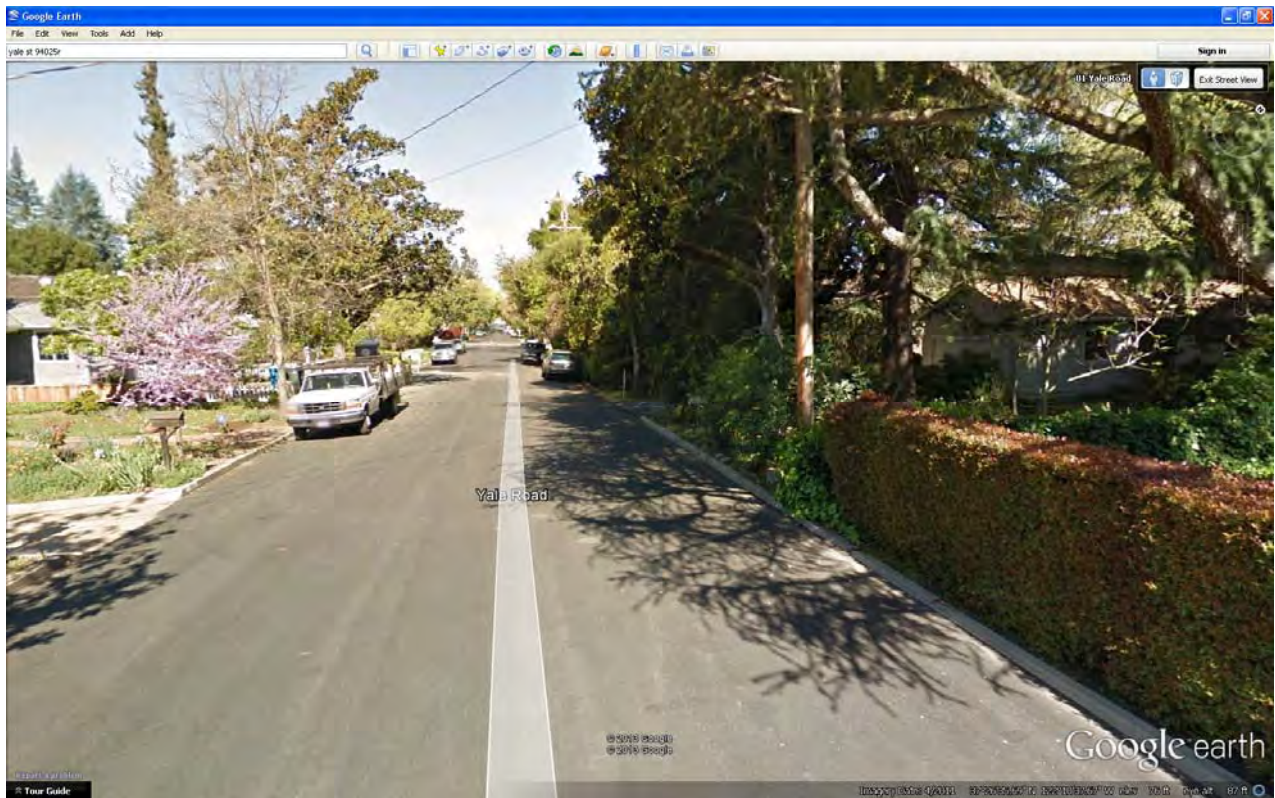
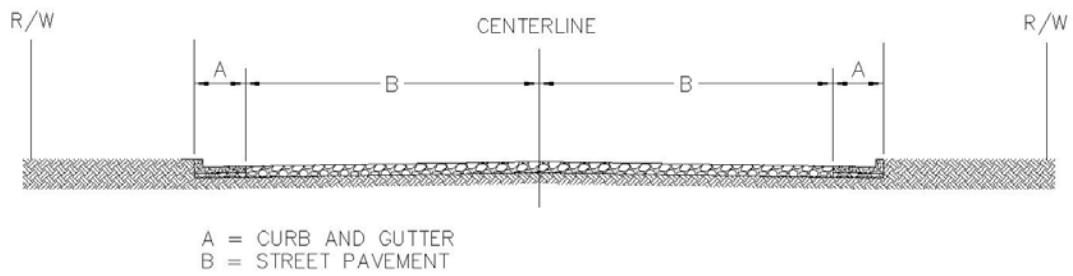
O'Connor Street – curb, gutter and attached sidewalk with some properties still missing sidewalk

1B. Paved streets with curb, gutter and detached sidewalk



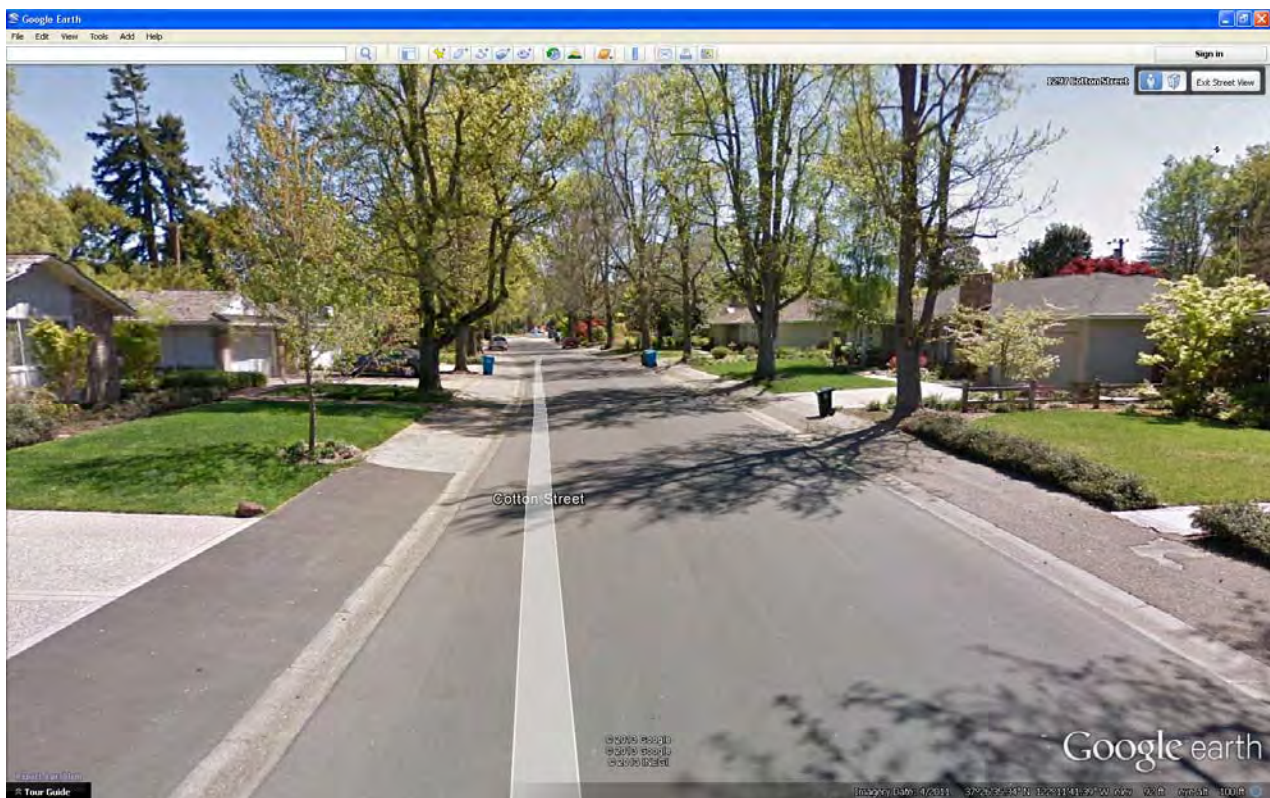
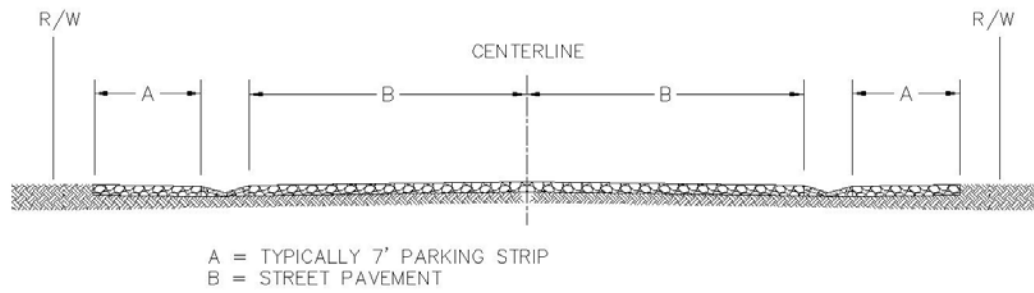
Harvard Avenue – curb, gutter and detached sidewalk with some properties still missing sidewalk

2. Paved streets with curb and gutter only



Yale Road – Fully improved street with curb and gutter, missing sidewalk on both sides

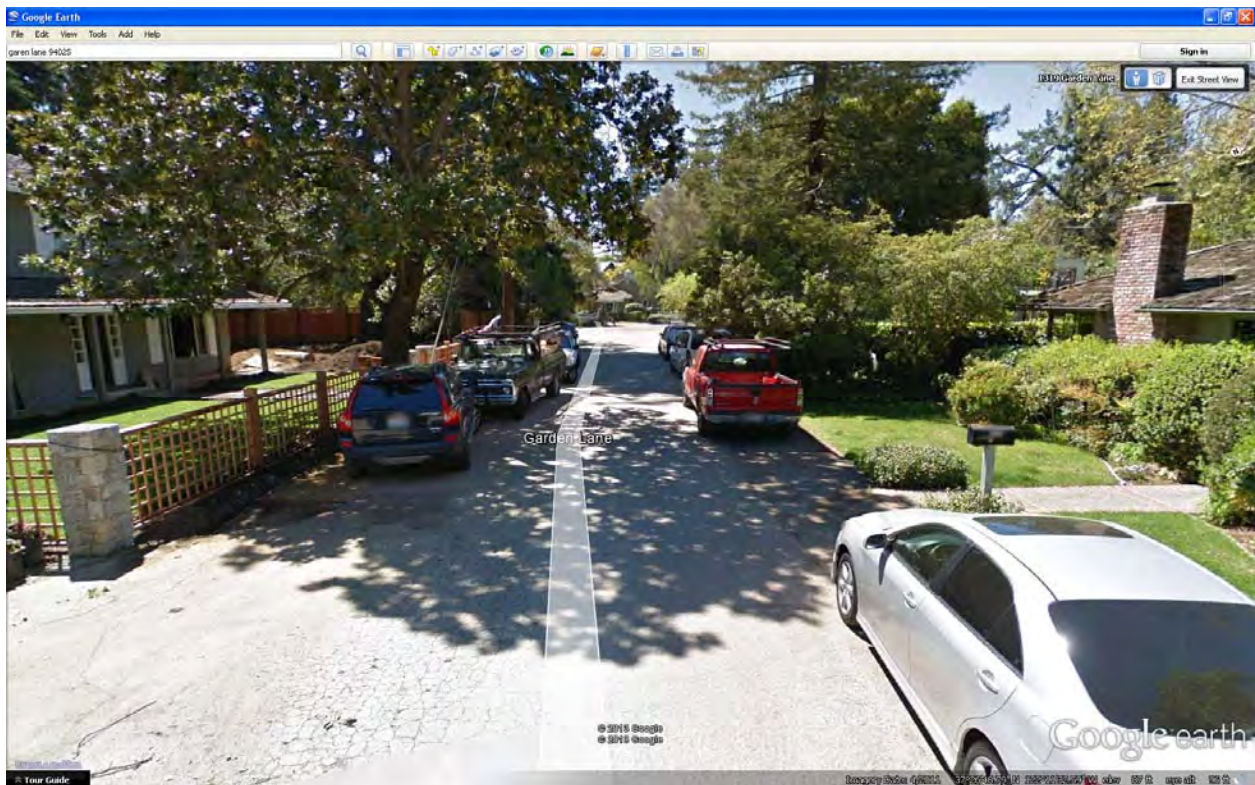
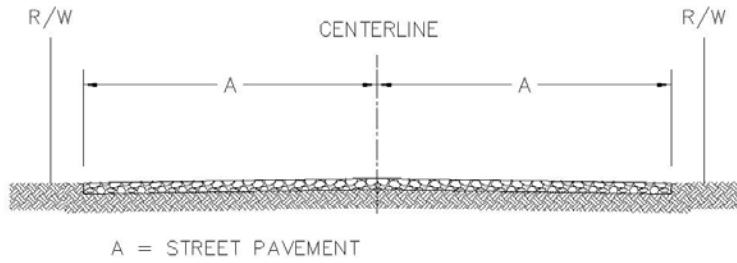
3. Paved streets with a valley gutter and parking strip



Cotton Street – valley gutter and AC parking strip (used also as a pedestrian walkway)



4. Paved streets with no curb, gutter, valley gutter or any other improvements on either side



Garden Lane – narrow street that would not be required to construct frontage improvements

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**Frontage Improvement Requirements for Local Jurisdictions**

City of Campbell – The City of Campbell has language in their Municipal Code (Section 11.24) requiring frontage improvements for any construction that increases the floor area of a structure by 50% or more within a 60 month period. They also offer a deferred street improvement agreement for cases where it is not practical to install the improvements at the time of on-site construction. This agreement can be called in at any time by the City, requiring the property owner to immediately begin construction of the frontage improvements.

City of Cupertino – The City of Cupertino has language in their Municipal Code (Section 14.04) requiring frontage improvements for any construction that increases the floor area of a structure by 25% or more within a 36 month period.

City of East Palo Alto – The City of East Palo Alto has Ordinance No. 241 requiring frontage improvements for any construction that increases the value of the structure by 50% or more.

City of Fremont – The City of Fremont has language in their Municipal Code (Section 12.10) requiring frontage improvements for any construction that increases the floor area of a structure by 25% or more within a 60 month period.

City of Milpitas – The City of Milpitas has a practice of requiring major (defined as a 50% increase in valuation) single family home additions / alterations / reconstructions that go through the discretionary approval process to either construct frontage improvements or pay the City an in-lieu fee for future construction. There are no frontage improvement requirements for single family home projects that only require a building permit.

City of Mountain View – The City of Mountain View has language in their Municipal Code (Section 27.54) requiring frontage improvements for any construction that increases the floor area of a structure by 600 square feet or more within a 60 month period. If the street does not have existing frontage improvements, the City requires the property owner to enter into an Assessment District Agreement with the City at the Building permit stage that commits the property owner to a cost sharing arrangement should the City pursue a City project for the street at a later date. This relieves the property owner from constructing the frontage improvements with the building permit, but obligates the property owner to fund future frontage improvements should they be deemed necessary.

City of Palo Alto – The City of Palo Alto does not have any Municipal Code requirements for frontage improvements for existing single family home projects. If a single family home project is required to go through the discretionary planning process, then frontage improvements will be required as a condition of the planning permit. There

are no frontage improvement requirements for single family home projects that only require a building permit.

City of Redwood City – The City of Redwood City has language in their Municipal Code (Section 18.14) requiring frontage improvements for any substantial construction (defined for residential projects as the addition of 1,000 square feet or more). Redwood City will only require construction of the frontage improvements if at least one of the adjacent properties has existing frontage improvements.

City of Santa Clara – The City of Santa Clara has language in their Municipal Code (Section 17.15 Appendix A Table III) requiring frontage improvements for any residential new construction, addition, or reconstruction that involves 800 or more square feet within a 36 month period.

City of Sunnyvale – The City of Sunnyvale does not have any Municipal Code requirements for frontage improvements for existing single family home projects. If a single family home project is required to go through the discretionary planning process, which very few projects are required to do, then frontage improvements will be required as a condition of the planning permit. There are no frontage improvement requirements for single family home projects that only require a building permit.

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# PUBLIC WORKS DEPARTMENT

Council Meeting Date: April 30, 2013  
Staff Report #: 13-070

Agenda Item #: D-1

**CONSENT CALENDAR: Adopt a Resolution Appropriating an Additional \$20,000 from the General Fund CIP Fund Balance, Awarding a Construction Contract for the Belle Haven Child Development Center Playground Improvement Project to Ross Construction in the Amount of \$80,561.28, and Authorizing a Total Budget of \$95,000 for Construction, Contingencies, Inspection, and Project Management**

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## RECOMMENDATION

Staff recommends that the City Council adopt a resolution appropriating an additional \$20,000 from the General Fund CIP Fund Balance, awarding a construction contract for the Belle Haven Child Development Center Playground Improvement Project to Ross Construction in the amount of \$80,561.28 and authorizing a total budget of \$95,000 for construction, contingencies, inspection, and project management.

## BACKGROUND

The Belle Haven Child Development Center provides developmental preschool programs for up to 96 three-to-five year old children in the Belle Haven neighborhood. As required by the City's contract with the State of California Department of Education, an outdoor play space that meets Americans with Disabilities Act (ADA) requirements must be maintained in order to meet the children's need for exercise, play and outdoor recreation.

When the new building opened in early 2001, a water feature was included in the rear play area. Later that same year it was removed due to maintenance issues and because it was not developmentally appropriate for small children. The water feature was replaced with sand in late 2001. In 2003, a small play structure was added to the sand area. Beginning in 2010, safety inspections reported issues with the playground including concerns that the wood surround surfaces are unsafe for children, the fall zones and the depth of the sand are not in compliance with current standards and the sand is being soiled by stray cats from the neighborhood.

This project includes the removal of the existing play structure and installation of a new play structure as shown in Attachment B as well as replacement of the sand with a combination fiber and rubber surface for the fall zone surfaces which meets current ADA requirements.

## ANALYSIS

Staff began standardizing the type of play equipment purchased as part of Measure T funding - Recreation Bond Measure. Staff has also chosen to standardize the play equipment supplier in order to minimize maintenance costs. Staff researched a variety

of play equipment structures and checked references with other cities who have used each of the different types of play equipment supplied by the standardized distributor. Based on this analysis, staff chose Landscape Structures because of the durability of their equipment and their responsiveness when replacing warranted parts. In addition, they sell a variety of play equipment. Ross Recreation Equipment is the regional supplier of landscape structures. Staff has worked with them over the last four months on developing a plan that meets the City's needs at the Belle Haven Child Development Center. The total cost to remove the existing play structure and install the new structure is \$80,561.28.

### **IMPACT ON CITY RESOURCES**

This construction contract includes play structures, shade structures, play surfaces and installation of all the equipment as well as staff costs for inspection and project management.

The following is a breakdown of estimated construction costs:

<b>Original Budget</b>	<b>\$75,000.00</b>
Construction contract	\$80,561.28
Contingency	\$ 7,438.72
Inspection and Project Management	<u>\$ 7,000.00</u>
<b>Total Construction Budget</b>	<b>\$95,000.00</b>
Net Additional Funds needed	\$20,000.00

Staff proposes to fund the difference with the General Fund CIP which has a balance of approximately \$5.8 million.

### **ENVIRONMENTAL REVIEW**

The project is exempt under State of California Environmental Quality Act Guidelines.

### **PUBLIC NOTICE**

Public Notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting.

### **ATTACHMENTS**

- A. Resolution
- B. Project schematic

Report prepared by:

Derek Schweigart  
Assistant Community Services Director

Ruben Niño  
Assistant Director of Public Works



**RESOLUTION NO.**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK APPROPRIATING AN ADDITIONAL \$20,000 FROM THE GENERAL FUND CIP FUND BALANCE, AWARDING A CONSTRUCTION CONTRACT FOR THE BELLE HAVEN CHILD DEVELOPMENT CENTER PLAYGROUND IMPROVEMENT PROJECT TO ROSS CONSTRUCTION IN THE AMOUNT OF \$80,561.28, AND AUTHORIZING A TOTAL BUDGET OF \$95,000 FOR CONSTRUCTION, CONTINGENCIES, INSPECTION, AND PROJECT MANAGEMENT**

WHEREAS, staff has chosen to standardize the play equipment supplier in order to minimize maintenance costs; and

WHEREAS, staff researched a variety of play equipment structures and checked references with other cities who have used each of the different types of play equipment supplied by the standardized distributor; and

WHEREAS, staff chose Landscape Structures for the Belle Haven Child Development Center Playground Improvement Project because of the durability of their equipment and their responsiveness when replacing warrantee parts; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Menlo Park that the City Council does hereby authorize appropriating an additional \$20,000 from the General Fund CIP fund balance for the Belle Haven Child Development Center Playground Improvement Project; and

BE IT FURTHER RESOLVED, that said City Council does hereby approve the project plans and specifications and award the project to Ross Construction and execute the necessary construction agreements for the Belle Haven Child Development Center Playground Improvement Project in an amount not to exceed \$80,561.28 and authorize a total budget of \$95,000 for construction, contingencies, inspection, and project management.

I, Margaret S. Roberts, City Clerk of the City of Menlo Park, do hereby certify that the above and foregoing Resolution was duly and regularly passed and adopted at a meeting by said Council on the thirtieth day of April, 2013, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Official Seal of said City on this thirtieth day of April, 2013.

Margaret S. Roberts, MMC  
City Clerk

Belle Haven CDC

Merle Park, CA October 1, 2012 62516-1-3R



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## **SUCCESSOR AGENCY**

To the Community Development Agency of the City of Menlo Park

**Council Meeting Date: April 30, 2013**  
**Staff Report #: 13-072**

**Agenda Item #: D-2**

**CONSENT CALENDAR: Approve a Third Amendment to the Purchase and Sale Agreement with Greenheart Land Company extending the escrow timeline for the sale of property owned by the former Menlo Park Redevelopment Agency located at 777-821 Hamilton Avenue due to delays in obtaining State Department of Finance approval for the sale**

---

### **RECOMMENDATION**

Successor agency staff recommends the City Council, acting as the Board of the Successor Agency of the former Menlo Park Community Development Agency, adopt a third amendment to the Purchase and Sale Agreement with Greenheart Land Company extending the escrow timeline for the sale of property owned by the former Redevelopment Agency located at 777-821 Hamilton Avenue due to the time needed to obtain State Department of Finance approval.

### **BACKGROUND**

The Oversight Board of the former Menlo Park Community Development Agency authorized City staff to negotiate a Purchase and Sale Agreement (PSA) for the sale of the Hamilton Avenue property for the sum of \$8 million by the Successor Agency to Greenheart Land Company in November of 2012. The City Council (Successor Agency Board) approved the PSA at their regular meeting on November 13, 2012 and the Oversight Board approved the sale at their November 26, 2012 meeting. Close of escrow is contingent upon approval of the sale by the State Department of Finance (DOF). The PSA provided that if the Agency did not obtain DOF approval by the middle of March, either party could terminate the Agreement. DOF has refused to process the Agency's request for approval until: it has approved the Agency's Due Diligence Report (DDR); it has reviewed a Long Range Property Management Plan for the Successor Agency and DOF has issued a completion letter. Due to delays on the part of the DOF, the Successor Agency and the Oversight Board previously approved an extension until April 30<sup>th</sup> to obtain DOF approval of the sale and approved a reduction in the sale price to \$7.650 million as a result of the Buyer's due diligence discovery of environmental contamination of the property.

The DOF issued a letter conditionally approving the Agency's DDR and disallowing certain items listed in the DDR. The Agency responded to the letter providing the DOF

with additional documentation supporting all of the items in the DDR and requested a “meet and confer” conference with DOF. City staff held a “meet and confer” conference call with the DOF on Wednesday, April 10, and feels confident all their questions were addressed. At that time the DOF indicated they had until April 27, 2013 to respond. The current PSA escrow expiration date is April 30, 2013. As of the deadline for Council agenda items on April 25, final approval from the DOF had not yet been received. The purpose of this extension for 60 days is to ensure that there is sufficient time to obtain approval of the DDR, submit the Long Range Property Management Plan (which was previously submitted), to obtain a completion letter from DOF and then obtain approval of the sale.

A meeting with the Oversight Board to approve this extension is also being scheduled in the near future to obtain their approval as well.

The proposed Third Amendment to PSA is included as Attachment A.

### **IMPACT**

The development of the Hamilton Avenue East site was initially intended to address housing development requirements under the Redevelopment Implementation Plan. With the dissolution of the redevelopment agency, disposition of these properties is mandated. The actions described in this report will result in the sale of the Hamilton Avenue East site for the sum of \$7.650 million to Greenheart Land Company LLC for a housing development, the proceeds of which will be forwarded to the County and distributed to the appropriate taxing agencies of the former CDA.

### **ENVIRONMENTAL REVIEW**

The disposition of the property to a private party is not a project under CEQA.

Report prepared by:  
William L. McClure  
City Attorney

**PUBLIC NOTICE:** Public Notification was achieved by posting the agenda, with this agenda item being listed, at least 10 days prior to the meeting.

### **ATTACHMENTS**

A: Proposed Third Amendment to Purchase and Sale Agreement

### Third Amendment to Purchase and Sale Agreement

This Third Amendment to Purchase and Sale Agreement ("**Third Amendment**") is made as of April 23, 2013 by and between the Successor Agency to the Community Development Agency of The City of Menlo Park, a California public entity organized and existing under the provisions of ABx1 26, enacted June 28, 2011 ("Redevelopment Dissolution Act") and AB 1484, enacted June 27, 2012 ("Budget Trailer Bill") ("**Seller**"), and Greenheart Land Company LLC, a California limited liability company ("**Buyer**") with respect to the following facts:

A. Buyer and Seller are parties to that certain Purchase and Sale Agreement dated November 14, 2012, amended by that certain First Amendment to Purchase and Sale Agreement dated January 14, 2013 and amended by that certain Second Amendment to Purchase and Sale Agreement dated February 26, 2013 (as amended, the "**Original Agreement**"), regarding the real property commonly known as 777, 785, 787, 791, 801, 811 and 821 Hamilton Avenue, Menlo Park, CA;

B. The parties desire to amend the Original Agreement as set forth herein. Capitalized terms not otherwise defined have the meaning given them in the Original Agreement. The Original Agreement, First Amendment, Second Amendment and this Third Amendment are referred to together as the "**Agreement.**"

NOW, THEREFORE, the parties agree as follows:

- 1. Conditions - Seller.** The parties acknowledge that this Agreement and the sale and transfer of the Property by Seller to Buyer remain subject to the approval of the California Department of Finance set forth in Section 6.2 of the Original Agreement. The Final Notice Date, as defined in that section 6.2, is hereby extended to July 1, 2013.
- 2. Effect of Amendment.** Except as set forth herein, the Original Agreement is in full force and effect without modification. In the event of any inconsistency between the provisions of this Third Amendment and the provisions of the Original Agreement, the provisions of this Third Amendment shall control.
- 3. Effective Date of Amendment.** This Third Amendment shall not be effective until approved by the Oversight Board and the City Council sitting as the Board of the Successor Agency, which approval shall be obtained no later than May 7, 2013, or the Agreement shall terminate. Execution of this Third Amendment by the Seller is contingent upon such approvals.
- 4. Counterparts.** This Third Amendment may be executed in any number of original counterparts, all of which evidence only one agreement, and only one of which need be provided for any purpose. The parties hereto contemplate that they may be executing counterparts of this Third Amendment transmitted by facsimile or email in PDF format and agree and intend that a signature by facsimile or email in PDF format shall bind the party so signing with the same effect as though the signature were an original signature.
- 5. Governing Law.** This Third Amendment shall be governed by, construed and enforced in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties have executed this Third Amendment effective as of the date set forth above.

**SELLER:**

Successor Agency to the Community  
Development Agency of The City of Menlo Park

**BUYER:**

Greenheart Land Company LLC, a California  
limited liability company

By: \_\_\_\_\_  
Alex D. McIntyre  
Executive

By: \_\_\_\_\_  
Scott Hassan  
Managing Member





# ADMINISTRATIVE SERVICES

Council Meeting Date: April 30, 2013  
Staff Report #: 13-067

Agenda Item # I-1

**INFORMATION ITEM: Quarterly Financial Review of General Fund Operations as of March 31, 2013**

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This is an information item and does not require Council action.

## BACKGROUND

In order to enhance public understanding and transparency in the City's fiscal communications, the City's Finance Committee has in recent years worked with staff to develop a periodic update to the Council of General Fund activity. The report format provides a quarterly review of General Fund operations of the fiscal year-to-date, allowing a comparison of the fund's revenues and expenditures with the budget and actual data of the prior year-to-date operations.

This report is the third quarterly financial update for the 2012-13 fiscal year. The report format provides a "snapshot" of General Fund activity on a cash basis. Governmental revenues are seasonal. Because the City's cash flows of revenues and expenditures are not evenly paced throughout the year, this report is useful only when presented in conjunction with the prior year data and accompanied by a thorough analysis of major deviations from the prior year. The City's overall revenue and expenditure estimate for the year end was discussed in detail in the Mid-Year Report at the March 26, 2013 Council meeting, followed by a discussion on April 2, of one time revenues to achieve Council goals.

During the 2012-13 fiscal year, approximately \$7.7 million in non-recurring revenues is anticipated. At the April 2, 2013 City Council meeting, in accordance with the draft Budget Principles and Council Goals, the Council approved the use of these one-time monies to fund Technology and Communications improvements (\$3,000,000), Comprehensive Planning projects (\$2,000,000) and to create a PERS reserve to help reduce volatility in future PERS increases. Staff is working on an analysis or model to provide a recommendation as to how much to set aside in the PERS reserve.

## ANALYSIS

### Overview

The quarterly report format developed to apprise Council of the year-to-date status of the General Fund is shown as Attachment A. Revenues are categorized in the familiar budgetary format, except that revenues from "Use of Money & Property" have been

broken down into the two components of “Interest Earnings” and “Rental Income”. Expenditures are shown by department.

The first two columns (labeled B & C) show the adjusted budget and the audited actual amounts of General Fund revenues and expenditures for the fiscal year ended June 30, 2012. The format then provides comparisons with the prior fiscal year: three columns of budgetary comparison, three columns of year-to-date comparison, and three columns of comparison to an entire year’s activity. These various perspectives are helpful because of the irregular cash flows associated with the City’s revenues.

It is important to note that the Actual YTD comparisons (columns G and H) shown compare actual transactions through the third quarter of each year as it stood on March 31<sup>st</sup> of each year. The Budget-to-Actual comparisons compare actual transactions of the third quarter of each year as compared to the *adjusted* budget as it stood on March 31<sup>st</sup>, including the carry-over encumbrances (outstanding expenditure commitments funded in the prior year’s budget) and all budget adjustments made year-to-date including mid year revisions. To the extent that General Fund operations do not vary greatly from year to year, this Budget-to-Actual *comparative* report provides a relatively simple update on the performance of revenues and the level of expenditures for the fiscal year-to-date.

### **Revenues**

It is clear from this analysis that several major General Fund revenue sources do not provide for even distribution of receipts throughout the year. In fact, revenues are only properly reported at year end via accruals from subsequent months. For example, Franchise Fees are paid mostly in the fourth quarter, Utility Users’ Taxes are received the month subsequent to the month they are collected, and Transient Occupancy Taxes (TOT) are not due until the month subsequent to the quarter in which they are assessed. In addition, although monthly allocations of sales taxes are received from the State, these are estimates based on unadjusted cash collections of the previous quarter. Due to the “triple flip”, these allocations only account for 75 percent of the City’s sales tax revenues; the remaining 25 percent is remitted in January and June. For all of these reasons, very few General Fund revenues are approximate to 75 percent of the years’ budgets, even though the City is three fourth way through the fiscal year.

As a percentage of budgeted revenues received as of March 31<sup>st</sup>, General Fund revenues are coming in at a slightly faster pace (69.08 percent of budget) than in the prior fiscal year’s 64.08 percent of budget. When compared with *actual* (audited) revenues that had been received this time last year (62.21 percent), revenues seem to be slightly ahead of target overall. However, this broad analysis incorporates many different revenue categories that vary (some significantly) from the prior year experience.

A total revenue increase (4.95 percent) is reflected in the current fiscal year’s budget, as most revenues were expected to rise with the improving economy when compared to 2011-12. However, noteworthy decreases were projected in the categories of Intergovernmental Revenue and Operating Transfer In. **Interest income** has become a less significant source of funds in the low-interest climate of recent years, and will

continue to decline before stabilizing toward 2014. Under **intergovernmental revenue** Actual Year to Date for 3/31/2013 includes an one-time revenue of \$1.26 million from the sale of Beechwood School. Excluding that there is a decrease in intergovernmental revenue from expiration of the San Carlos (dispatch) contract in November 2011 that should also be offset with decreased costs in that service area. A reduction in **operating transfer in** to the General Fund is the result of the dissolution of the Redevelopment Agency, which, prior to February 2012, contributed approximately \$300,000 annually to the General Fund for administrative overhead.

**Property tax revenues** are projected to be over 4.63 percent higher than in the prior fiscal year. However, thus far actual revenues in this category have exceeded the prior year amounts by 18.58 percent due to the receipt of one-time revenues that resulted from the disbursement of the prior Redevelopment Agency's uncommitted Housing fund balance (\$585,000). The City's share of the former Agency's Non-housing fund balance is anticipated to be approximately \$1.38 million. Revisions to the budget for these non-recurring revenues will be made toward the end of the fiscal year. Also propping up current year property taxes is the receipt of \$243,000 in residual revenues from the former Agency: once all funding of scheduled obligations and administrative fees have been paid, the County distributes remaining property tax increment to the area's various taxing agencies. This bi-annual distribution constitutes on-going property tax revenues and is included in the General Fund budget.

Property transfer taxes are stronger than anticipated – nearly 19 percent higher than in the previous fiscal year through February that reflects increased home sales and higher property values. However, other areas of property taxes (unsecured and supplemental taxes) are not performing as anticipated.

From cash-based transaction reports, Menlo Park **sales tax** revenues are actually coming in 2.5 percent higher than in the prior year, but State allocations are still being adjusted downward due to the decreased results of the prior year. Because 2011-12 sales tax revenues were \$265,000 under budget, a slight downward adjustment of \$50,000 was recommended and approved at mid-year.

The 13.15 percent increase forecasted for the City's **hotel tax (TOT)** revenues is largely the result of the increase in the TOT rate at midyear (10 percent to 12 as approved by voters in November 2012, effective January 1, 2013). Only the two quarters receipts (July 1- December 30) are reflected in this report. TOT revenues are up an average of 5.88 percent from the prior year at all of the City's hotel/motels, a result of improvement in the general economy.

**Utility Users Tax (UUT)** receipts are (2.08 percent) behind last year's pace. Although revenues from utilities other than Electric and Gas (Phone, Wireless, Water and Cable) increased an average of 14 percent when compared to the quarter ending March 31, 2012, revenues from the two larger utilities have declined approximately 17 percent when compared to the same period. The cause of the decreased revenues appears to be milder weather, and slightly lower natural gas rates. In addition, rebates issued to

commercial properties for energy conservation by utility companies reduce taxable base and thereby reducing the Utility Use Tax revenue. Because these rates were anticipated to increase in 2012-13, a \$15,000 downward adjustment was approved at midyear. **Franchise fee** revenues have decreased over the prior year, but this third quarter report primarily reflects garbage franchise fees received through February for each comparative year. Cable franchise fee in FY 2011-12 includes three quarters vs. two quarters in 2012-13 and it is projected to meet the budget at year end. However, over 40 percent of franchise fees are for Gas and Electric utilities, paid in April for the previous calendar year. PG&E estimates that franchise fees will be \$106,000 lower than the budget.

Revenues in the **Charges for Services** category are impressively outpacing the same period last year, although the (adopted budget) forecast calls for a decrease in this category. Recreation fees alone are up \$806,000 when compared to last year, as the Community Services Department continues to fully utilize the City-owned facilities for recreational programs. The Department is doing such a fine job in maximizing the use of these facilities that at times it is difficult to schedule a facility for administrative or other City functions. In addition, planning fee revenues are up \$37,000 (8.6 percent) when compared to the prior year as the volume of development application continues to rise. However, this increase was not anticipated in the current year's budget, and may be the result of inconsistent billing cycles creating cash flows that do not compare well with the prior year. The City's annual administrative fee for handling the assets of the former Redevelopment Agency (\$250,000) is also included in Charges for Services; this fee was not reflected in the prior fiscal year until June 2012.

**Licenses and Permit** revenues are much higher than for the same period last year, largely due to the annual revenue from the Facebook East Campus development (\$800,000), received in December. Building permit revenues have also increased over the prior year's third quarter by \$200,000 (nearly 17.4 percent). Business License receipts are lower by \$67,000 when compared to the same quarter last year. However, this decrease was expected, as last year's effort to match businesses with State's records of business activities was successful in yielding 400 new licenses for the prior three years.

The current year budget for **Intergovernmental Revenue** was decreased in anticipation of expiration of the dispatch services contract with the City of San Carlos. The entire effect of this expiration (\$235,000 in 2011-12) is reflected in this first half of the year. Also impacting this revenue category is lagging receipts from the State grant which funds the Belle Haven Child Development Center. In addition to a timing issue, the State has recently confirmed a reduction in the number of enrollment days that can be supported by the grant. A mid-year adjustment was approved to reduce the grant revenue anticipated by \$130,000.

Compared to the actual at the same quarter last year, revenues from fines are slightly lower. Although the red light cameras were not operational for several months starting in November, receipts on previous violations remained strong. Receipts for parking fines

were somewhat decreased, but no major changes to this budget category are anticipated.

### **Expenditures**

As previously noted, the budgets shown from both fiscal years are adjusted for commitments that were funded in the previous fiscal year, and offsetting budget revisions made year-to-date. The adjustments for prior year commitments are apparent in the increased budgetary shortfalls for each fiscal year (shown in columns D and E). Each fiscal year's expenditures include payroll costs incurred through the third week of December. Personnel expenditures comprise approximately 70.8 percent of the General Fund adjusted budget for 2012-13.

The actual YTD expenditures for the current fiscal year is 6.0 percent higher than the same period in 2011-12. In the current year, most departments are experiencing higher costs than in the same period last year. The variances in actual-expenditures-to-budget rates fluctuate with each department, based on personnel vacancies and the status of departmental program initiatives as compared with the previous year.

**Police Department** reflects a year-to-date increase in expenditures of 1.6 percent, partially due to the increase in General Fund budget needed due to the exclusion of redevelopment funding.

**Library Services Department** was experiencing vacancies during this time period last year, so expenditures are appropriately higher in the current fiscal year. In addition, operating expenses increased \$16,000, attributable to a higher volume of books and AV materials purchased during the first six months of the fiscal year (purchases were suspended while the Library implemented a RFID conversion project in May 2012).

Although **Public Works** expenditures have increased 10.8 percent from the prior year, personnel costs have decreased due to vacancies in positions such as Engineering Services Manager, Transportation Manager, Transportation Engineer and Environmental Programs Specialist; these positions are now filled or in the process of being filled. Operating costs in the Department have increased due to increased water rates, gasoline prices and maintenance repairs. In addition, expenses that were formerly funded by the Redevelopment Agency are included in the General Fund budget for this department, including the \$108,000 membership in the San Francisquito Creek Joint Powers Authority. Contract services in Public Works have also increased due to the use of contractual help during the vacancy of a Construction Inspector position (\$67,000) and increased use of contracted janitorial services budgeted in this department.

In the **Community Services Department**, personnel costs increased over the first two quarters in temporary help in July and August, particularly to staff the expanded gymnastic classes offered at the new Gymnastics Center (\$30,000). Similarly, contract services increased to provide other new programs that optimized the use of new facilities.

**Community Development Department** costs are down somewhat as a result of personnel costs moved to the Comprehensive Planning Services Fund for work on the Housing Element Update. Contract service increased \$126,000 for Plan Check services as demand in this area increases as projects increase. There is a decrease of \$44,000 for legal services associated with Facebook that occurred in the prior year.

**Administrative Services Department** costs are over 18 percent in the current year compared to the same period in prior year mainly due to positions like the Human Resources Director and Business Development Manager being vacant in the prior year. Also, some operating membership fees that were funded through the Redevelopment Agency funds are now funded by the General Fund.

Staff continues to monitor the budget to provide high-quality service to the community and keep the City Council informed of critical market and economic events in a timely manner.

## **POLICY ISSUES**

Although not as rigorous a review as the Mid-Year Report, in which all funds and budgets are scrutinized, this third quarter analysis can provide early indication of any significant change needed to the General Fund operating budget.

## **ENVIRONMENTAL REVIEW**

Environmental review is not required.

## **PUBLIC NOTICE**

Public Notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting.

## **ATTACHMENTS**

- A. Comparative General Fund Budget-at-Actual Report as of March 31, 2013

Report prepared by:  
Uma Chokkalingam  
Interim Finance Director

City of Menlo Park  
Budget-to-Actual Report, FY 2012-13  
As of March 31, 2013

ATTACHMENT A

A	B	C	D	E	(E-C)/C	G	H	(H-G)/G	G/C	G/D	H/E	Notes
	Adjusted Budget as of 6/30/12	Audited Actual FY 2011-12	2011-12 Adjusted Budget 3/31/2012	2012-13 Adjusted Budget 3/31/2013	% Budget Change 3/31/13 to Audited Actual FY 11-12	Actual YTD 3/31/2012	Actual YTD 3/31/2013	% Actual Change	% of Actual YTD 3/31/2012 to Audited Actual FY 11-12	% Actual-to-Budget 3/31/2012	% Actual-to-Budget 3/31/2013	
Property Tax	\$13,021,000	\$13,239,856	\$13,021,000	\$13,853,000	4.63%	\$7,603,647	\$9,016,671	18.58%	57.43%	58.40%	65.09%	1
Sales Tax	6,203,000	5,938,310	6,203,000	6,280,000	5.75%	3,869,965	3,802,175	-1.75%	65.17%	62.39%	60.54%	2
Transient Occupancy Tax	2,920,000	2,939,475	2,920,000	3,326,000	13.15%	1,428,872	1,512,843	5.88%	48.61%	48.93%	45.49%	3
Utility Users' Tax	1,135,900	1,080,435	1,135,900	1,165,499	7.87%	710,926	696,150	-2.08%	65.80%	62.59%	59.73%	
Franchise Fees	1,768,000	1,758,705	1,768,000	1,873,500	6.53%	792,383	713,532	-9.95%	45.05%	44.82%	38.09%	4
Charges for Services	6,243,141	6,743,126	6,030,515	7,080,246	5.00%	4,415,037	5,437,067	23.15%	65.47%	73.21%	76.79%	5
Licenses and Permits	3,371,465	3,685,556	3,371,465	4,326,465	17.39%	2,936,260	3,860,827	31.49%	79.67%	87.09%	89.24%	6
Interest Income	315,000	386,341	315,000	390,000	0.95%	123,869	306,436	147.39%	32.06%	-8.64%	78.57%	7
Rental Income	366,188	374,985	366,188	362,018	-3.46%	101,782	70,804	-30.44%	27.14%	27.80%	19.56%	8
Intergovernmental Revenue	1,140,552	1,158,010	1,140,552	838,130	-27.62%	960,389	527,273	-45.10%	82.93%	84.20%	62.91%	9
Fines & Forfeitures	980,000	1,067,327	980,000	991,400	-7.11%	789,782	752,611	-4.71%	74.00%	80.59%	75.91%	10
Operating Transfers In/ Other Revenue	589,559	606,176	589,559	420,123	-30.69%	517,235	1,559,920	201.59%	85.33%	87.73%	371.30%	11
<b>Total Revenues:</b>	<b>\$38,053,805</b>	<b>\$38,978,302</b>	<b>\$37,841,179</b>	<b>\$40,906,381</b>	<b>4.95%</b>	<b>\$24,250,147</b>	<b>\$28,256,309</b>	<b>16.52%</b>	<b>62.21%</b>	<b>64.08%</b>	<b>69.08%</b>	
Police	14,318,619	13,975,240	14,158,619	14,462,753	3.49%	10,101,181	10,262,209	1.59%	72.28%	71.34%	70.96%	12
Public Works	4,895,007	4,482,385	4,993,031	5,528,334	23.33%	3,272,907	3,626,925	10.82%	73.02%	65.55%	65.61%	13
Community Services	6,651,453	6,310,929	6,651,453	7,080,106	12.19%	4,418,719	4,824,649	9.19%	70.02%	66.43%	68.14%	14
Library	2,033,990	1,871,633	2,033,990	2,042,465	9.13%	1,379,728	1,455,527	5.49%	73.72%	67.83%	71.26%	
Community Development	3,490,954	3,383,568	3,507,601	3,197,249	-5.51%	2,004,158	1,951,870	-2.61%	59.23%	57.14%	61.05%	
Administrative Services	5,038,800	4,616,945	5,169,128	5,898,280	27.75%	3,172,090	3,751,400	18.26%	68.71%	61.37%	63.60%	
Operating Transfers Out	2,377,800	2,377,800	2,377,800	2,464,328	3.64%	1,783,350	1,848,156	3.63%	75.00%	75.00%	75.00%	
<b>Total Expenditures:</b>	<b>\$38,806,623</b>	<b>\$37,018,500</b>	<b>\$38,891,622</b>	<b>\$40,673,515</b>	<b>9.87%</b>	<b>\$26,132,133</b>	<b>\$27,720,736</b>	<b>6.08%</b>	<b>70.59%</b>	<b>67.19%</b>	<b>68.15%</b>	
Preliminary addition/draw on General Fund Reserves	<b>(\$752,818)</b>	<b>\$1,959,802</b>	<b>(\$1,050,443)</b>	<b>\$232,866</b>		<b>(\$1,881,986)</b>	<b>\$535,573</b>					
Carry-over encumbrances and Reappropriations from prior year subtracted from adjusted budget.	<b>\$419,900</b>		<b>\$419,900</b>	<b>\$272,551</b>		<b>\$0</b>	<b>\$1,836,027</b>	<b>One-Time Payment</b>				
Net addition to/draw on General Fund Reserves	<b>(\$332,918)</b>		<b>(\$630,543)</b>	<b>\$505,417</b>		<b>(\$1,881,986)</b>	<b>(\$1,300,454)</b>					
Net Operating Revenue	<b>(\$332,918)</b>		<b>(\$630,543)</b>	<b>\$505,417</b>								

NOTES: Notes must be considered for proper analysis of the data contained herein; refer to Quarterly Report dated April 30, 2013.

- (1) Property Tax Payment for RDA LMIHF DDR (\$584,795) is a one-time payment.
- (2) Sales Tax reflects payments from State (estimated) through March; Property Tax In-Leiu Sales Tax payment \$160,000 less than anticipated.
- (3) Transient Occupancy Tax rate increased from 10% to 12% on January 1, 2013.
- (4) Franchise Fees third quarter 2012-13 for Cable TV not yet received.
- (5) Charges for Services increase in recreation fees for contract classes and youth sports.
- (6) Business License receipts down \$92,000: prior year compliance program yielded approximately 400 new licenses for tax years 2009-2011. Includes \$800,000 Facebook payment per development agreement
- (7) Interest includes deferred interest on former City Manager's loan paid off in October 2012.
- (8) Rental Income decrease due to RDA dissolution.
- (9) Intergovernmental revenue decreased due to expiration of San Carlos dispatch contract, also State Grants decline for Belle Haven Child Care due to less enrollment days that can be supported by the grant
- (10) Fines and Forfeitures are down due to Caltrans repaving El Camino shutting down red light cameras for three months.
- (11) Operating Transfers In for RDA administrative overhead decrease due to RDA dissolution as of 2/1/12; includes one-time payment of Beechwood Property (\$1,251,232).
- (12) Police Narcotics Task Force costs previously charged to former redevelopment agency.
- (13) Public Works includes \$108,000 membership for the JPA San Francisquito Creek, previously funded in RDA.
- (14) Community Services expenditures increase due to increased classes at new facilities.

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# ADMINISTRATIVE SERVICES DEPARTMENT

Council Meeting Date: April 30, 2013  
Staff Report #: 13-069

Agenda Item #: I-2

**INFORMATIONAL ITEM:**            **Review of the City's Investment Portfolio as of March 31, 2013**

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## RECOMMENDATION

This is an information item and does not require Council action.

## BACKGROUND

The City's investment policy requires a quarterly investment report, which includes all financial investments of the City and provides information on the investment type, value and yield for all securities. The report also provides Council an update on the cash balances of the City's various funds.

## ANALYSIS

### **Investment Portfolio as of March 31, 2013**

Various reports are prepared monthly by Cutwater Asset Management, the City's investment advisory firm, and are attached to this staff report. The "Recap Of Securities Held" confirms that the historical (book) value of the total portfolio at the end of March was over \$92.8 million. The portfolio includes the General Fund, Water Fund, Special Revenue Funds, Successor Agency Funds, Capital Project Fund and Measure T General Obligation (GO) bond proceeds. Funds are invested in accordance with the City Council policy on investments using safety, liquidity and yield as selection criteria. Approximately \$50.9 million (54.8 percent) is invested in the State investment pool, the Local Agency Investment Fund (LAIF). LAIF is considered a safe investment and it provides the liquidity of a money market fund. Of the remaining \$41.9 million, \$15.2 million (16.4 percent) is invested in short-term Federal agency issues (U.S. Instrumentality), \$4 million (4.3 percent) in U.S. Treasury securities, \$20.2 million (21.8 percent) in medium-term corporate notes, and \$2.5 million (2.7 percent) in high-grade commercial paper. All the mentioned securities are prudent short-term investments, since they generally bear a higher interest rate than LAIF, provide investment diversification and remain secure investment instruments.

At the end of March, the fair value (market value) of the City's securities was over \$199,000 *higher* than the amortized historical cost which is referred to as an unrealized gain. This is a slight increase in the unrealized gain from the end of the previous quarter (\$178,000). Fair value fluctuates from one period to another depending on the supply and demand for bonds and securities at a particular point in time. Therefore, there is often a difference between the historical cost (the value at the time of purchase) and the fair value (the value of the same security at a specific date), creating an unrealized gain or loss. Since the City's portfolio is fairly short-term in nature and the City generally holds the securities to maturity in order to avoid market risk, the information on the unrealized gain is significant only for reporting at the end of the fiscal year.

### **Current Market Conditions**

The U.S. economy grew at a faster pace than anticipated during 2012. The real Gross Domestic Product (GDP) grew at an annual rate 0.4 percent during 2012. This compares favorably to the original estimate of growth at 0.1 percent. This is in spite of the government spending decline which consisted mostly of a reduction of 22.1 percent of the annual rate of military outlays, the biggest reduction since 1972.

Despite an increase during the last quarter of 2012, consumer spending fluctuated significantly during the first quarter of 2013. Consumer confidence declined in January following reports of a not very favorable holiday shopping season for retailers. In February, consumer confidence rebounded as more Americans held a positive view of the U.S. economy according to the Bloomberg Consumer Comfort Index. However, due to the recent sequester with the federal government budget, consumers became more pessimistic about the economic outlook in the U.S. and the Consumer Confidence Index dropped by 12 percent during March 2013. During the first quarter of 2013, the unemployment rate decreased slightly from 7.8 percent in December 2012 to 7.6 percent at the end of March 2013. There were 481,000 non-farm jobs added during this quarter. March saw an increase of only 88,000 jobs which is in contrast to 157,000 in January and 236,000 in February. Despite the increase in jobs, the unemployment rate is still too high to allow a further boost to economic growth. Until larger employment increases happen, the pace of U.S. economic recovery will continue to be slow and tenuous.

The Federal Open Market Committee (FOMC) met in January and March during the last quarter to discuss monetary policy. Even though the economy saw some improvement during 2012, the FOMC is concerned about downside risks to the economic outlook, such as the full effect of the recent federal government sequestering and the uncertainty in consumer spending. In light of the modest economic recovery, the FOMC is still determined that the federal funds rate remain at the current near-zero level at least through 2015. The FOMC anticipates this rate to be appropriate while the unemployment rate remains above 6.5 percent. It will continue purchasing additional agency mortgage-back securities at a pace of \$40 billion per month and longer-term

Treasury securities at a pace of \$45 billion per month. It is still anticipated that these actions will continue to put a downward pressure on longer-term interest rates, support mortgage markets, and help improve other financial conditions. Therefore, it is expected that the low yields on U.S. Treasuries and other safe investments will continue for at least the next two years. The FOMC meets again beginning on April 30<sup>th</sup>.

### **Investment Yield**

The annualized rate of return for the City's portfolio shown on the performance summary as of March 31, 2013, prepared by Cutwater, is 0.52 percent, net of fees. This rate of return is higher than the rate of the 2-year Treasury-Note (12-month trailing) of 0.27 percent and the rate of return earned through LAIF over the past quarter of 0.28 percent.

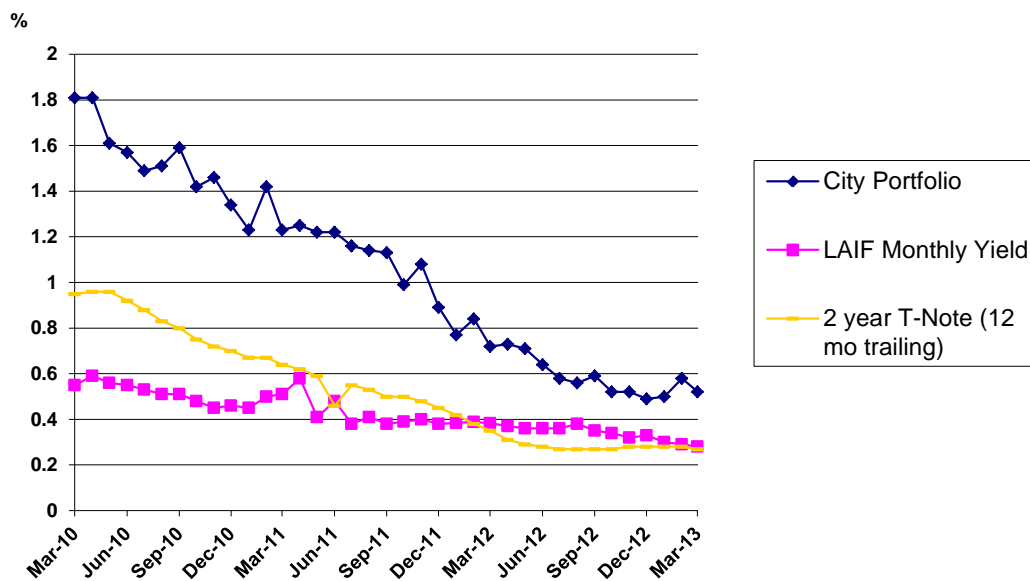
Over the first quarter of 2013, investment yields saw various changes for short-term bonds and long-term bonds. However, over the past year, longer-term securities of over 3 years have decreased due to, in part, the FOMC's continuing plan to purchase the longer-term securities. Therefore, investment opportunities in Treasuries continue to be unattractive and only bonds with durations of 5 years or more offer a higher yield than LAIF. The difference can be seen by the change in U.S. Treasuries rates:

<u>Term</u>	March 31,	December 31,	March 31,
	<u>2012</u>	<u>2012</u>	<u>2013</u>
3-month	0.07	0.04	0.07
6-month	0.13	0.11	0.10
2-year	0.33	0.28	0.24
5-year	1.04	0.72	0.76
10-year	2.21	1.76	1.85
30-year	3.34	2.95	3.10

As previously stated, almost 55 percent of the portfolio resides in the City's LAIF account yielding 0.28 percent for the quarter ending March 31, 2013. Since the City does not need all of its funds to be liquid, investments in U.S. Treasury, agency, corporate notes and commercial paper are made in an effort to enhance yields. The difference between the yields earned in the City's portfolio and those earned from LAIF have been decreasing significantly over the last four years. Since the City no longer holds any of the higher yielding investments purchased before 2009, the portfolio's yields will not be much higher than the yields earned from LAIF. Considering that the Fed's Fund rate will remain low at least through 2015, this trend will continue for some time.

The City's account with LAIF is still near the \$50 million maximum holding permitted by LAIF in a single agency account. The remaining amount of unencumbered fund balances of the former Community Development Agency (CDA) consists of the Non-Housing portion. Once the State Department of Finance approves the Due Diligence Report for the Non-housing funds, the City will transfer over \$11 million to the County Controller's Office, in the second quarter of 2013. Over the past quarter, the yields available with LAIF have become very close to those available on 2-year Treasuries. Staff has more flexibility in reinvesting excess funds however with fewer attractive opportunities of higher yields.

**Comparative Rates of Return**



Fees paid to Cutwater (totaling \$8,669 for the quarter ended March 31, 2013) are deducted from investment earnings before calculating the City's net rate of return. Staff continues to work with the City's investment advisors to meet the City's investment objectives and rearrange the portfolio for maximum yield.

**Investment Transactions in the First Quarter**

With the City's LAIF account continuing to be near the maximum holding amount permitted, staff has been trying to purchase new long-term investments as others are called or matured. Long-term securities carry higher yields and since the federal funds rate will continue at its current level through 2015, there will be minimal exposure to interest rate risk. In addition, the portfolio will benefit from the higher yields of the long-term investments then continually re-investing in lower yielding short-term ones. During the first quarter, the City re-invested \$6 million by purchasing agencies bonds. These

purchases were made to reinvest funds from \$8 million in securities that matured or were called during the period. The purchased securities offered slightly higher yields than those available with LAIF and T-Notes.

With longer-term purchases made to add some slightly-higher yielding instruments and support a higher weighted average duration of the total portfolio, the average number of days to maturity in the City's portfolio increased during the first quarter. The average number of days to maturity of the City's portfolio as of March 31, 2013 was 362 days as compared to 300 days as of December 31, 2012. The average life of securities in LAIF's portfolio as of March 31, 2013 was 213 days. There were \$6 million in investments that were called during the quarter, but no securities purchased during the quarter were callable. Callable investments provide a slightly higher yield because of the added risk of being called prior to maturity, however there were no attractive callable securities available during the first quarter. Of the \$14.9 million of agency bonds currently held in the City's portfolio, three are callable agency bonds with a par value of \$6 million.

Investments that matured, were called or purchased during the period of January 1, 2013 through March 31, 2013 are shown in the schedule below:

<u>Date</u>	<u>Transaction</u>	<u>Description</u>	<u>Term</u>	<u>% Yield</u>	<u>Principal</u>
01/16/13	Call	FNMA	0.50 yrs	0.65	\$2,500,000
01/16/13	Maturity	FHLB	0.75 yrs	0.23	\$2,000,000
01/22/13	Purchase	FHLMC	5.00 yrs	0.91	\$2,000,000
01/23/13	Purchase	FHLMC	4.25 yrs	2.95	\$1,916,138
01/30/13	Call	FNMA	0.50 yrs	0.35	\$2,000,000
02/15/13	Call	FNMA	1.00 yrs	0.50	\$2,000,000
02/15/13	Purchase	FHLMC	4.75 yrs	0.95	\$2,000,000

### **Cash and Investments by Fund**

Overall, the City's investment portfolio increased by over \$1.9 million in the first quarter of 2013. The schedule below lists the change in cash balance by fund type.

Fund/Fund Type	Cash Balance	Cash Balance	Difference	%
	as of 03/31/13	as of 12/31/12		Change
General Fund	22,060,603	20,233,899	1,826,704	9.03%
Bayfront Park Maintenance Fund	718,711	729,132	(10,421)	-1.43%
Recreation -in-Lieu Fund	1,103,340	565,469	537,871	95.12%
Other Expendable Trust Funds	930,330	1,003,950	(73,620)	-7.33%
Transportation Impact Fee Fund	2,995,999	2,839,574	156,425	5.51%
Garbage Service Fund	933,406	865,553	67,853	7.84%
Parking Permit Fund	2,944,115	2,913,035	31,080	1.07%
BMR Housing Fund	5,120,949	5,163,456	(42,507)	-0.82%
Measure A Funds	897,047	1,107,973	(210,926)	-19.04%
Storm Water Management Fund	185,303	225,775	(40,472)	-17.93%
Successor Agency Funds	14,813,994	14,857,505	(43,511)	-0.29%
Measure T Funds	290,609	295,314	(4,705)	-1.59%
Other Special Revenue Funds	9,369,112	9,118,234	250,878	2.75%
Capital Project Fund- General	11,314,971	11,265,144	49,827	0.44%
Water Operating & Capital	14,719,062	14,904,289	(185,227)	-1.24%
Debt Service Fund	1,092,657	1,452,729	(360,072)	-24.79%
Internal Service Fund	3,348,126	3,318,479	29,647	0.89%
Total Portfolio of all Funds	92,838,333	90,859,510	1,978,823	2.18%

Cash and investment holdings in the General Fund increased due to the receipt of over \$2.9 million in property tax revenue which consisted of over \$900,000 for the city's portion of the Low to Moderate Income Housing funds from the former redevelopment agency and over \$1.2 million in excess ERAF payment. In addition, the General Fund received over \$1.2 million in proceeds from the sale of the properties on Terminal Avenue. These funds and additional revenues received during the quarter were offset by normal operating expenses. The Recreation-in-Lieu Fund increased by a \$704,000 developer payment for the property at 389 El Camino Real.

The Measure A Fund decreased due to over \$150,000 in payments for the Safe Routes to Hillview School project. In Other Special Revenue Funds, the Highway Users Tax Fund increased due to higher gas tax revenues over the quarter by over \$85,000 and the Community Development Block Grant Fund cash balance increased from the repayment of two loans totaling over \$127,000. The funds from these loans were not paid out in additional loans during the quarter. The City's Debt Service Funds decreased because of the City's general obligation bonds interest payments were due on January 31, 2013.

## IMPACT ON CITY RESOURCES

Due to the liquidity of LAIF accounts, the City has more than sufficient funds available to meet its expenditure requirements for the next six months.

## **POLICY ISSUES**

The City and the Successor Agency funds are invested in full compliance with the City's Investment Policy and State Law, which emphasize the following criteria, in the order of importance: safety, liquidity and yield.

## **ENVIRONMENTAL REVIEW**

This report is not subject to the California Environmental Quality Act (CEQA).

## **PUBLIC NOTICE**

Public Notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting.

## **ATTACHMENTS**

- A. Cutwater Investment Reports (attachment) for the period of March 1, 2013 – March 31, 2013.

Report prepared by:  
Geoffrey Buchheim  
Financial Services Manager



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**Cutwater Asset Management**  
1900 Sixteenth Street, Suite 200  
Denver, CO 80202  
Tel: 303 860 1100  
Fax: 303 860 0016

## CITY OF MENLO PARK

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Report for the period March 1, 2013 - March 31, 2013

Please contact Accounting by calling the number above or email [camreports@cutwater.com](mailto:camreports@cutwater.com) with questions concerning this report.

( This report was prepared on April 5, 2013 )

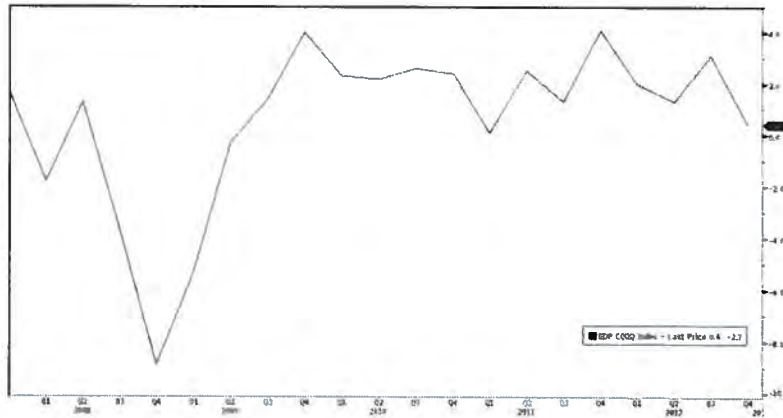


## Fixed Income Market Review March 31, 2013

### U.S. Gross Domestic Product

**Chart 1**

12/31/07 - 12/31/12



**Economic Indicators & Monetary Policy** – The U.S. economy grew at a faster rate than expected in the final quarter of 2012 as Gross Domestic Product (GDP) increased to a 0.4 percent annual rate (Chart 1). For 2012, the economy expanded by 2.2 percent year-over-year (YOY) after a 1.8 percent gain in 2011.

Household consumption last quarter increased at a 1.8 percent revised rate and added 1.5 percentage points to GDP. Business spending on equipment and software climbed at an 11.8 percent rate and added a 0.8 percentage point to growth. Government spending deducted 1.4 percentage points from growth due to a reduction in military outlays, its largest since 1972, and inventories subtracted 1.5 percentage points as stockpiles were rebuilt at a \$13.3 billion annual rate.

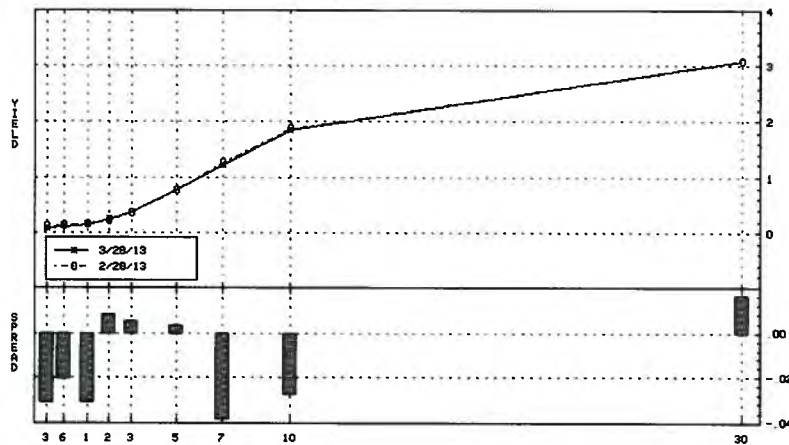
Consumer spending climbed in February by the greatest amount in five months with purchases rising by 0.7 percent after a 0.4 percent increase the prior month. Rising housing and stock prices are helping boost consumer wealth. The economy appears resilient even with the reinstatement of the higher payroll tax and automatic \$85 billion of government spending cuts (sequestration) that began on March 1<sup>st</sup>. Unemployment decreased in February to 7.7 percent from 7.9 percent the previous month, while Americans collecting unemployment insurance declined to 3.05 million in the week ending March 16<sup>th</sup>, the lowest level since 2008.

At its latest meeting on March 19<sup>th</sup>, the FOMC kept the federal funds target rate at a range of 0 to 0.25 percent and will continue its asset purchases. The benchmark rate will likely stay near zero as long as unemployment is above 6.5 percent and the inflation outlook is below 2.5 percent. Fed policy makers say that economic signs indicate a pickup in 2013 and recent business investment suggests “a return to moderate economic growth following a pause late last year.”

### Treasury Yield Curves

**Chart 2**

02/28/13 - 03/28/13



**Yield Curve & Spreads** – Treasury yields generally decreased in March due to the perceived effects of government spending cuts.

At the end of March, the 3-month Treasury bill yielded 0.07 percent, 6-month Treasury bill yielded 0.10 percent, 2-year Treasury yielded 0.24 percent, 5-year Treasury yielded 0.76 percent, 10-year Treasury yielded 1.85 percent, and the 30-year Treasury yielded 3.10 percent. (Chart 2)

## **Additional Information**

**March 31, 2013**

A current version of the investment adviser brochure for Cutwater Investor Services Corp., in the form of the Firm's ADV Part 2A, is available for your review. Please contact our Client Service Desk at 1-800-395-5505 or mail your request to:

Cutwater Investor Services Corp.  
Attention: Client Services  
113 King Street  
Armonk, NY 10504

A copy of the brochure will be sent to you either by mail or electronically at your option.

In addition, a copy of the most recent version of the Firm's complete Form ADV can be downloaded from the SEC website at [www.adviserinfo.sec.gov/](http://www.adviserinfo.sec.gov/).

**City of Menlo Park  
Activity and Performance Summary  
for the period March 1, 2013 - March 31, 2013**

**Amortized Cost Basis Activity Summary**

<b>Beginning Amortized Cost Value</b>	92,671,041.32
<b>Additions</b>	
Contributions	0.00
Interest Received	38,547.42
Accrued Interest Sold	0.00
Gain on Sales	0.00
<b>Total Additions</b>	38,547.42
<b>Deductions</b>	
Withdrawals	79,159.48
Fees Paid	2,856.53
Accrued Interest Purchased	0.00
Loss on Sales	0.00
<b>Total Deductions</b>	(82,016.01)
Accretion (Amortization) for the Period	(33,226.93)
<b>Ending Amortized Cost Value</b>	92,594,345.80
Ending Fair Value	92,793,532.45
Unrealized Gain (Loss)	199,186.65

**Detail of Amortized Cost Basis Return**

	Interest Earned	Accretion (Amortization)	Realized Gain (Loss)	Total Income
<b>Current Holdings</b>				
Cash and Equivalents	12,115.88	0.00	0.00	12,115.88
Commercial Paper	0.00	968.75	0.00	968.75
U.S. Treasury	2,990.18	(79.94)	0.00	2,910.24
U.S. Instrumentality	21,924.44	(5,770.74)	0.00	16,153.70
Corporate	39,821.19	(25,167.96)	0.00	14,653.23
<b>Sales and Maturities</b>				
U.S. Treasury	618.13	55.42	0.00	673.55
U.S. Instrumentality	0.00	(3,232.46)	0.00	(3,232.46)
<b>Total</b>	<b>77,469.82</b>	<b>(33,226.93)</b>	<b>0.00</b>	<b>44,242.89</b>

**Annualized Comparative Rates of Return**

	Twelve Month Trailing	Six Month Trailing	For the Month
Fed Funds	0.15 %	0.15 %	0.14 %
Overnight Repo	0.18 %	0.17 %	0.14 %
3 Month T-Bill	0.08 %	0.08 %	0.07 %
6 Month T-Bill	0.12 %	0.11 %	0.09 %
1 Year T-Note	0.17 %	0.16 %	0.14 %
2 Year T-Note	0.27 %	0.27 %	0.26 %
5 Year T-Note	0.74 %	0.75 %	0.81 %

**Summary of Amortized Cost Basis Return for the Period**

	Total Portfolio	Excl. Cash Eq.
Interest Earned	77,469.82	65,353.94
Accretion (Amortization)	(33,226.93)	(33,226.93)
Realized Gain (Loss) on Sales	0.00	0.00
Total Income on Portfolio	44,242.89	32,127.01
Average Daily Historical Cost	92,834,628.38	42,847,939.84
Annualized Return	0.56%	0.88%
Annualized Return Net of Fees	0.52%	0.80%
Annualized Return Year to Date Net of Fees	0.53%	0.80%
Weighted Average Effective Maturity in Days	362	801

**City of Menlo Park  
Activity and Performance Summary  
for the period March 1, 2013 - March 31, 2013**

**Fair Value Basis Activity Summary**

<b>Beginning Fair Value</b>	92,873,557.24
<b>Additions</b>	
Contributions	0.00
Interest Received	38,547.42
Accrued Interest Sold	0.00
<b>Total Additions</b>	38,547.42
<b>Deductions</b>	
Withdrawals	79,159.48
Fees Paid	2,856.53
Accrued Interest Purchased	0.00
<b>Total Deductions</b>	(82,016.01)
<b>Change in Fair Value for the Period</b>	(36,556.20)
<b>Ending Fair Value</b>	92,793,532.45

**Detail of Fair Value Basis Return**

	Interest Earned	Change in Fair Value	Total Income
<b>Current Holdings</b>			
Cash and Equivalents	12,115.88	0.00	12,115.88
Commercial Paper	0.00	575.00	575.00
U.S. Treasury	2,990.18	(1,562.00)	1,428.18
U.S. Instrumentality	21,924.44	(4,394.45)	17,529.99
Corporate	39,821.19	(27,238.23)	12,582.96
<b>Sales and Maturities</b>			
U.S. Treasury	618.13	(508.00)	110.13
U.S. Instrumentality	0.00	(3,428.52)	(3,428.52)
<b>Total</b>	<b>77,469.82</b>	<b>(36,556.20)</b>	<b>40,913.62</b>

**Annualized Comparative Rates of Return**

	Twelve Month Trailing	Six Month Trailing	For the Month
Fed Funds	0.15 %	0.15 %	0.14 %
Overnight Repo	0.18 %	0.17 %	0.14 %
3 Month T-Bill	0.14 %	0.13 %	0.19 %
6 Month T-Bill	0.21 %	0.21 %	0.28 %
1 Year T-Note	0.30 %	0.27 %	0.44 %
2 Year T-Note	0.45 %	0.27 %	0.19 %
5 Year T-Note	2.95 %	0.36 %	1.64 %

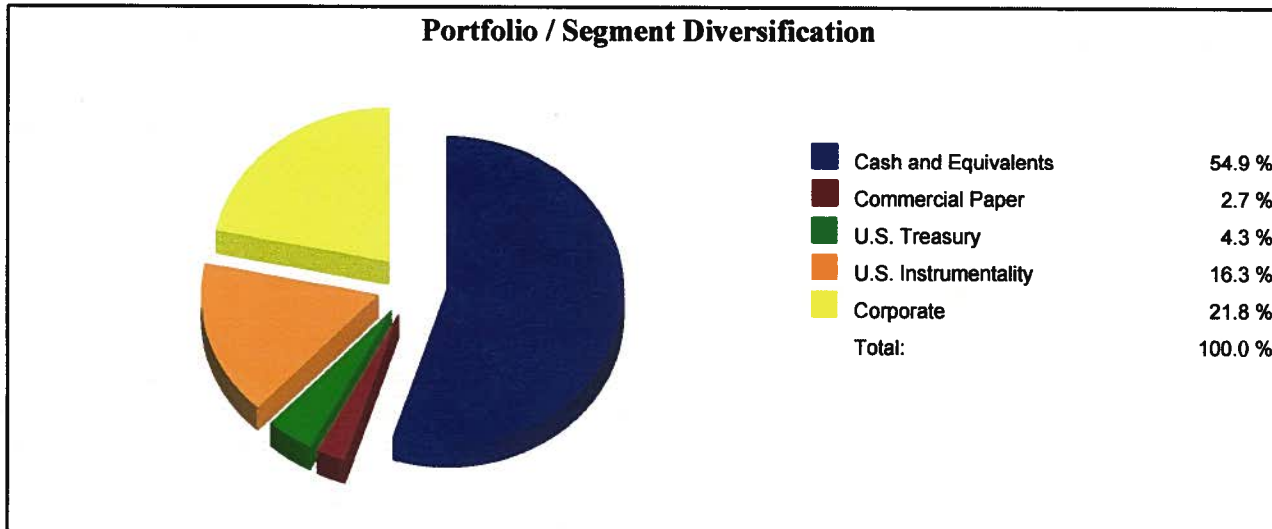
**Summary of Fair Value Basis Return for the Period**

	Total Portfolio	Excl. Cash Eq.
Interest Earned	77,469.82	65,353.94
Change in Fair Value	(36,556.20)	(36,556.20)
Total Income on Portfolio	40,913.62	28,797.74
Average Daily Historical Cost	92,834,628.38	42,847,939.84
Annualized Return	0.52%	0.79%
Annualized Return Net of Fees	0.48%	0.71%
Annualized Return Year to Date Net of Fees	0.62%	1.00%
Weighted Average Effective Maturity in Days	362	801

**City of Menlo Park  
Recap of Securities Held  
March 31, 2013**

	Historical Cost	Amortized Cost	Fair Value	Unrealized Gain (Loss)	Weighted Average Final Maturity (Days)	Weighted Average Effective Maturity (Days)	% Portfolio/Segment	Weighted Average Yield *	Weighted Average Market Duration (Years)
Cash and Equivalents	50,963,059.51	50,963,059.51	50,963,059.51	0.00	1	1	54.89	0.28	0.00
Commercial Paper	2,494,531.25	2,499,062.50	2,499,442.50	380.00	31	31	2.69	0.46	0.00
U.S. Treasury	4,011,796.88	4,013,570.68	4,048,008.00	34,437.32	564	564	4.32	0.85	1.53
U.S. Instrumentality	15,153,543.52	15,082,089.96	15,154,332.44	72,242.48	1,215	938	16.32	1.12	2.27
Corporate	20,215,401.85	20,036,563.15	20,128,690.00	92,126.85	841	841	21.77	0.91	2.24
<b>Total</b>	<b>92,838,333.01</b>	<b>92,594,345.80</b>	<b>92,793,532.45</b>	<b>199,186.65</b>	<b>407</b>	<b>362</b>	<b>100.00</b>	<b>0.58</b>	<b>0.92</b>

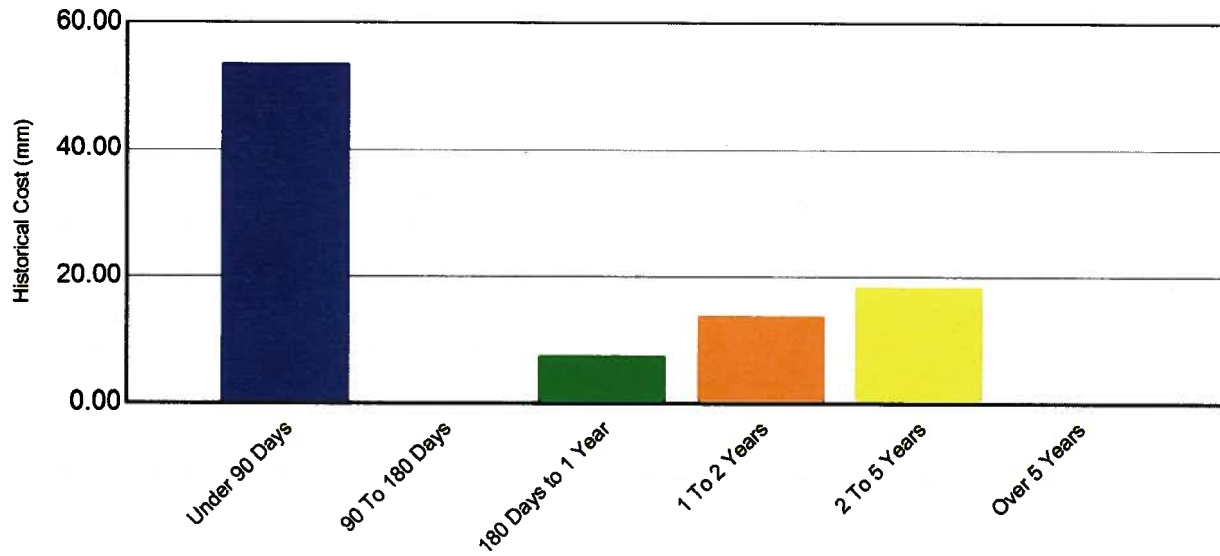
\* Weighted Average Yield is calculated on a "yield to worst" basis.



**City of Menlo Park  
Maturity Distribution of Securities Held  
March 31, 2013**

Maturity	Historical Cost	Percent
Under 90 Days	53,457,590.76	57.58 %
90 To 180 Days	0.00	0.00 %
180 Days to 1 Year	7,524,326.25	8.10 %
1 To 2 Years	13,790,761.88	14.85 %
2 To 5 Years	18,065,654.12	19.46 %
Over 5 Years	0.00	0.00 %
	<b>92,838,333.01</b>	<b>100.00 %</b>

**Maturity Distribution**



**City of Menlo Park  
Securities Held  
March 31, 2013**

CUSIP/ Description	Purchase Date	Rate/ Coupon	Maturity/ Call Date	Par Value/ Shares	Historical Cost/ Accrued Interest Purchased	Amortized Cost/ Accretion (Amortization)	Fair Value/ Change In Fair Value	Unrealized Gain (Loss)	Interest Received	Interest Earned	Total Accrued Interest	% Port Cost	Yield
<b>Cash and Equivalents</b>													
LAIF - City 98-19-22	03/31/13	0.286V		49,959,309.51	49,959,309.51 0.00	49,959,309.51 0.00	49,959,309.51 0.00	0.00	0.00	12,115.88	36,630.45	53.81	0.29
Int Receivable	03/31/13	0.000	04/01/13	3,750.00	3,750.00 0.00	3,750.00 0.00	3,750.00 0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pm Receivable	03/31/13	0.000	04/01/13	1,000,000.00	1,000,000.00 0.00	1,000,000.00 0.00	1,000,000.00 0.00	0.00	0.00	0.00	0.00	1.08	0.00
<b>TOTAL (Cash and Equivalents)</b>				50,963,059.51	50,963,059.51 0.00	50,963,059.51 0.00	50,963,059.51 0.00	0.00	0.00	12,115.88	36,630.45	54.89	
<b>Commercial Paper</b>													
4497W0S17	11/07/12	0.000	05/01/13	2,500,000.00	2,494,531.25 0.00	2,499,062.50 968.75	2,499,442.50 575.00	380.00	0.00	0.00	0.00	2.69	0.46
ING Funding													
<b>TOTAL (Commercial Paper)</b>				2,500,000.00	2,494,531.25 0.00	2,499,062.50 968.75	2,499,442.50 575.00	380.00	0.00	0.00	0.00	2.69	
<b>U.S. Treasury</b>													
912828PL8	12/15/10	0.750	12/15/13	2,000,000.00	1,985,781.25 0.00	1,996,652.89 402.18	2,008,438.00 (624.00)	11,785.11	0.00	1,277.47	4,409.34	2.14	0.99
T-Note													
912828RB8	08/25/11	0.500	08/15/14	1,000,000.00	1,003,046.88 0.00	1,001,405.60 (86.98)	1,004,023.00 (235.00)	2,617.40	0.00	428.18	621.55	1.08	0.40
T-Note													
912828QX1	08/25/11	1.500	07/31/16	1,000,000.00	1,022,968.75 0.00	1,015,512.19 (395.14)	1,035,547.00 (703.00)	20,034.81	0.00	1,284.53	2,486.19	1.10	1.02
T-Note													
<b>TOTAL (U.S. Treasury)</b>				4,000,000.00	4,011,796.88 0.00	4,013,570.68 (79.94)	4,048,008.00 (1,562.00)	34,437.32	0.00	2,990.18	7,517.08	4.32	
<b>U.S. Instrumentality</b>													
31398A3G5	09/28/11	1.500	09/08/14	1,500,000.00	1,535,565.00 0.00	1,517,352.81 (1,024.64)	1,523,634.00 (1,036.50)	6,281.19	11,250.00	1,875.00	1,437.50	1.65	0.69
FNMA													
3136G0K65	Call	06/05/12	06/04/15	2,000,000.00	2,001,400.00 0.00	2,000,823.87 (59.53)	2,005,664.00 594.00	4,840.13	0.00	1,041.67	4,062.50	2.16	0.59
FNMA													
3133XWNB1	09/28/11	2.875	06/12/15	1,500,000.00	1,606,845.00 0.00	1,563,333.10 (2,448.04)	1,582,728.00 (2,532.00)	19,394.90	0.00	3,593.75	13,057.29	1.73	0.92
FHLB													
3134G3MK3	Call	02/24/12	02/24/16	2,000,000.00	2,010,200.00 0.00	2,004,590.70 (432.56)	2,011,158.00 (578.00)	6,567.30	0.00	1,666.67	2,055.56	2.17	0.74
FHLMC													
3136FT3C1	Call	03/05/12	12/05/16	2,000,000.00	1,996,500.00 0.00	1,997,290.32 62.50	2,014,052.00 (504.00)	16,761.68	0.00	1,666.66	6,444.44	2.15	1.04
FNMA													

**City of Menlo Park  
Securities Held  
March 31, 2013**

CUSIP/ Description	Purchase Date	Rate/ Coupon	Maturity/ Call Date	Par Value/ Shares	Historical Cost/ Accrued Interest Purchased	Amortized Cost/ Accretion (Amortization)	Fair Value/ Change In Fair Value	Unrealized Gain (Loss)	Interest Received	Interest Earned	Total Accrued Interest	% Port Cost	Yield
3128MBA0 Freddie Mac	01/23/13	6.000	04/01/17	1,916,138.49	2,037,693.52 0.00	2,032,287.54 (2,464.49)	2,039,660.44 (2,285.95)	7,372.90	9,580.70	9,580.69	9,580.69	2.19	2.95
3137EADN6 FHLMC	01/22/13	0.750	01/12/18	2,000,000.00	1,984,380.00 416.67	1,984,973.49 266.64	1,988,718.00 974.00	3,744.51	0.00	1,250.00	3,291.67	2.14	0.91
3137EADN6 FHLMC	02/15/13	0.750	01/12/18	2,000,000.00	1,980,960.00 1,375.00	1,981,438.13 329.38	1,988,718.00 974.00	7,279.87	0.00	1,250.00	3,291.67	2.13	0.95
<b>TOTAL (U.S. Instrumentality)</b>				<b>14,916,138.49</b>	<b>15,153,543.52 1,791.67</b>	<b>15,082,089.96 (5,770.74)</b>	<b>15,154,332.44 (4,394.45)</b>	<b>72,242.48</b>	<b>20,830.70</b>	<b>21,924.44</b>	<b>43,221.32</b>	<b>16.32</b>	

**Corporate**

36962GX9 GE Capital	02/02/12	2.100	01/07/14	1,500,000.00	1,531,845.00 0.00	1,512,692.83 (1,400.28)	1,519,657.50 (2,698.50)	6,964.67	0.00	2,625.00	7,350.00	1.65	0.99
931142DA8 Wal-Mart	07/26/11	1.625	04/15/14	1,000,000.00	1,020,000.00 0.00	1,007,625.75 (623.75)	1,013,493.00 (767.00)	5,867.25	0.00	1,354.17	7,493.06	1.10	0.88
478160AX2 Johnson & Johnson	05/20/11	1.200	05/15/14	1,000,000.00	998,830.00 0.00	999,561.38 33.24	1,010,070.00 (556.00)	10,508.62	0.00	1,000.00	4,533.33	1.08	1.24
36962GX41 GE Capital	12/14/11	5.650	06/09/14	750,000.00	818,760.00 0.00	782,865.46 (2,347.54)	794,899.50 (3,708.75)	12,034.04	0.00	3,531.25	13,183.33	0.88	1.86
94974BET3 Wells Fargo	10/22/12	3.750	10/01/14	2,000,000.00	2,122,880.00 4,375.00	2,094,976.36 (5,372.75)	2,094,324.00 (6,432.00)	(652.36)	0.00	6,250.00	37,500.00	2.29	0.56
084664AT8 Berkshire Hathaway F	10/23/12	4.850	01/15/15	3,000,000.00	3,284,850.00 0.00	3,228,859.83 (10,848.09)	3,230,487.00 (11,061.00)	1,627.17	0.00	12,125.00	30,716.67	3.54	0.56
713448BX5 PEPSICO Inc	09/21/12	0.750	03/05/15	1,000,000.00	1,005,430.00 0.00	1,004,265.13 (188.08)	1,003,226.00 (289.00)	(1,039.13)	3,750.00	625.00	541.67	1.08	0.53
36962GSZ3 GE Capital	10/02/12	1.625	07/02/15	1,013,000.00	1,032,236.87 0.00	1,028,765.41 (594.56)	1,030,524.90 (319.10)	1,759.49	0.00	1,371.77	4,069.59	1.11	0.92
36962G4P6 GE Capital	09/21/12	1.000V	09/23/15	725,000.00	724,369.98 0.00	724,480.25 17.81	728,868.60 3,628.62	4,388.35	1,830.63	522.33	161.11	0.78	1.03
594918AG9 MICROSOFT CORP	07/26/11	1.625	09/25/15	1,000,000.00	1,003,400.00 0.00	1,002,026.15 (69.25)	1,027,768.00 (1,072.00)	25,741.85	8,125.00	1,354.16	270.83	1.08	1.54
38259PAC6 GOOGLE INC	10/16/12	2.125	05/19/16	1,000,000.00	1,053,370.00 0.00	1,046,571.53 (1,261.99)	1,043,975.00 (1,243.00)	(2,596.53)	0.00	1,770.84	7,791.67	1.13	0.62
459200GX3 IBM Corp	11/09/12	1.950	07/22/16	2,000,000.00	2,076,820.00 0.00	2,068,688.79 (1,762.71)	2,074,746.00 (2,760.00)	6,057.21	0.00	3,250.00	7,475.00	2.24	0.89
084670BD9 Berkshire Hathaway	02/02/12	1.900	01/31/17	1,500,000.00	1,528,050.00 0.00	1,521,533.18 (476.46)	1,547,956.50 (142.50)	26,423.32	0.00	2,375.00	4,829.17	1.65	1.51
88579YAE1	12/19/12	1.000	06/26/17	2,000,000.00	2,014,560.00	2,013,651.10	2,008,694.00	(4,957.10)	0.00	1,666.67	5,277.78	2.17	0.84



**City of Menlo Park  
Securities Held  
March 31, 2013**

CUSIP/ Description	Purchase Date	Rate/ Coupon	Maturity/ Call Date	Par Value/ Shares	Historical Cost/ Accrued Interest Purchased	Amortized Cost/ Accretion (Amortization)	Fair Value/ Change In Fair Value	Unrealized Gain (Loss)	Interest Received	Interest Earned	Total Accrued Interest	% Port Cost	Yield
3M Company					0.00	(273.55)	182.00						
<b>TOTAL (Corporate)</b>				<b>19,488,000.00</b>	<b>20,215,401.85</b>	<b>20,036,563.15</b>	<b>20,128,690.00</b>	<b>92,126.85</b>	<b>13,705.63</b>	<b>39,821.19</b>	<b>131,193.21</b>	<b>21.77</b>	
					4,375.00	(25,167.96)	(27,238.23)						
<b>GRAND TOTAL</b>				<b>91,867,198.00</b>	<b>92,838,333.01</b>	<b>92,594,345.80</b>	<b>92,793,532.45</b>	<b>199,186.65</b>	<b>34,536.33</b>	<b>76,851.69</b>	<b>218,562.06</b>	<b>100.00</b>	
					6,166.67	(30,049.89)	(32,619.68)						

V = variable rate, current rate shown, average rate for Cash & Equivalents

**City of Menlo Park**  
**GASB 40 - Deposit and Investment Risk Disclosure**  
**March 31, 2013**

CUSIP	Type	Coupon	Maturity Date	Call Date	S&P Rating	Moody Rating	Par Value / Shares	Historical Cost	% Portfolio Hist Cost	Market Value	% Portfolio Mkt Value	Weighted Avg Mkt Dur (Yrs)
<b>LAIF</b>												
	Cash and Equivalents	0.286	01/30/3100				49,959,309.51	49,959,309.51	53.81	49,959,309.51	53.84	0.00
<b>ISSUER TOTAL</b>							<b>49,959,309.51</b>	<b>49,959,309.51</b>	<b>53.81</b>	<b>49,959,309.51</b>	<b>53.84</b>	<b>0.00</b>
<b>FHLMC</b>												
3134G3MK3	U.S. Instrumentality	1.000	02/24/2016	02/24/2014	AA+	Aaa	2,000,000.00	2,010,200.00	2.17	2,011,158.00	2.17	0.90
3137EADN6	U.S. Instrumentality	0.750	01/12/2018		AA+	Aaa	4,000,000.00	3,965,340.00	4.27	3,977,436.00	4.29	4.68
<b>ISSUER TOTAL</b>							<b>6,000,000.00</b>	<b>5,975,540.00</b>	<b>6.44</b>	<b>5,988,594.00</b>	<b>6.45</b>	<b>3.41</b>
<b>FNMA</b>												
3136FT3C1	U.S. Instrumentality	1.000	12/05/2016	03/05/2014	AA+	Aaa	2,000,000.00	1,996,500.00	2.15	2,014,052.00	2.17	0.93
3136G0KG5	U.S. Instrumentality	0.625	06/04/2015	06/04/2014	AA+	Aaa	2,000,000.00	2,001,400.00	2.16	2,005,664.00	2.16	1.18
31398A3G5	U.S. Instrumentality	1.500	09/08/2014		AA+	Aaa	1,500,000.00	1,535,565.00	1.65	1,523,634.00	1.64	1.43
<b>ISSUER TOTAL</b>							<b>5,500,000.00</b>	<b>5,533,465.00</b>	<b>5.96</b>	<b>5,543,350.00</b>	<b>5.97</b>	<b>1.16</b>
<b>GE Capital</b>												
36962G4X9	Corporate	2.100	01/07/2014		AA+	A1	1,500,000.00	1,531,845.00	1.65	1,519,657.50	1.64	0.77
36962GX41	Corporate	5.650	06/09/2014		AA+	A1	750,000.00	818,760.00	0.88	794,899.50	0.86	1.15
36962G5Z3	Corporate	1.625	07/02/2015		AA+	A1	1,013,000.00	1,032,236.87	1.11	1,030,524.90	1.11	2.21
36962G4P6	Corporate	1.000	09/23/2015		AA+	A1	725,000.00	724,369.98	0.78	728,868.60	0.79	2.45
<b>ISSUER TOTAL</b>							<b>3,988,000.00</b>	<b>4,107,211.85</b>	<b>4.42</b>	<b>4,073,950.50</b>	<b>4.39</b>	<b>1.51</b>
<b>T-Note</b>												
912828PL8	U.S. Treasury	0.750	12/15/2013		AA+	Aaa	2,000,000.00	1,985,781.25	2.14	2,008,438.00	2.16	0.71
912828RB8	U.S. Treasury	0.500	08/15/2014		AA+	Aaa	1,000,000.00	1,003,046.88	1.08	1,004,023.00	1.08	1.38
912828QX1	U.S. Treasury	1.500	07/31/2016		AA+	Aaa	1,000,000.00	1,022,968.75	1.10	1,035,547.00	1.12	3.26
<b>ISSUER TOTAL</b>							<b>4,000,000.00</b>	<b>4,011,796.88</b>	<b>4.32</b>	<b>4,048,008.00</b>	<b>4.36</b>	<b>1.53</b>
<b>Berkshire Hathaway Finance Cor</b>												
084664AT8	Corporate	4.850	01/15/2015		AA+	Aa2	3,000,000.00	3,284,850.00	3.54	3,230,487.00	3.48	1.73
<b>ISSUER TOTAL</b>							<b>3,000,000.00</b>	<b>3,284,850.00</b>	<b>3.54</b>	<b>3,230,487.00</b>	<b>3.48</b>	<b>1.73</b>
<b>ING Funding</b>												
4497W0S17	Commercial Paper	0.000	05/01/2013		A-1	P-1	2,500,000.00	2,494,531.25	2.69	2,499,442.50	2.69	0.00
<b>ISSUER TOTAL</b>							<b>2,500,000.00</b>	<b>2,494,531.25</b>	<b>2.69</b>	<b>2,499,442.50</b>	<b>2.69</b>	<b>0.00</b>

**City of Menlo Park**  
**GASB 40 - Deposit and Investment Risk Disclosure**  
**March 31, 2013**

CUSIP	Type	Coupon	Maturity Date	Call Date	S&P Rating	Moody Rating	Par Value / Shares	Historical Cost	% Portfolio Hist Cost	Market Value	% Portfolio Mkt Value	Weighted Avg Mkt Dur (Yrs)
<b>Wells Fargo</b>												
94974BET3	Corporate	3.750	10/01/2014		A+	A2	2,000,000.00	2,122,880.00	2.29	2,094,324.00	2.26	1.45
<b>ISSUER TOTAL</b>							2,000,000.00	2,122,880.00	2.29	2,094,324.00	2.26	1.45
<b>IBM Corp</b>												
459200GX3	Corporate	1.950	07/22/2016		AA-	Aa3	2,000,000.00	2,076,820.00	2.24	2,074,746.00	2.24	3.21
<b>ISSUER TOTAL</b>							2,000,000.00	2,076,820.00	2.24	2,074,746.00	2.24	3.21
<b>Freddie Mac</b>												
3128MBFA0	U.S. Instrumentality	6.000	04/01/2017		AA+	Aaa	1,916,138.49	2,037,693.52	2.19	2,039,660.44	2.20	2.02
<b>ISSUER TOTAL</b>							1,916,138.49	2,037,693.52	2.19	2,039,660.44	2.20	2.02
<b>3M Company</b>												
88579YAE1	Corporate	1.000	06/26/2017		AA-	Aa2	2,000,000.00	2,014,560.00	2.17	2,008,694.00	2.16	4.14
<b>ISSUER TOTAL</b>							2,000,000.00	2,014,560.00	2.17	2,008,694.00	2.16	4.14
<b>FHLB</b>												
3133XWNB1	U.S. Instrumentality	2.875	06/12/2015		AA+	Aaa	1,500,000.00	1,606,845.00	1.73	1,582,728.00	1.71	2.13
<b>ISSUER TOTAL</b>							1,500,000.00	1,606,845.00	1.73	1,582,728.00	1.71	2.13
<b>Berkshire Hathaway</b>												
084670BD9	Corporate	1.900	01/31/2017		AA+	Aa2	1,500,000.00	1,528,050.00	1.65	1,547,956.50	1.67	3.69
<b>ISSUER TOTAL</b>							1,500,000.00	1,528,050.00	1.65	1,547,956.50	1.67	3.69
<b>GOOGLE INC</b>												
38259PAC6	Corporate	2.125	05/19/2016		AA	Aa2	1,000,000.00	1,053,370.00	1.13	1,043,975.00	1.13	3.03
<b>ISSUER TOTAL</b>							1,000,000.00	1,053,370.00	1.13	1,043,975.00	1.13	3.03
<b>MICROSOFT CORP</b>												
594918AG9	Corporate	1.625	09/25/2015		AAA	Aaa	1,000,000.00	1,003,400.00	1.08	1,027,768.00	1.11	2.45
<b>ISSUER TOTAL</b>							1,000,000.00	1,003,400.00	1.08	1,027,768.00	1.11	2.45

**City of Menlo Park**  
**GASB 40 - Deposit and Investment Risk Disclosure**  
**March 31, 2013**

CUSIP	Type	Coupon	Maturity Date	Call Date	S&P Rating	Moody Rating	Par Value / Shares	Historical Cost	% Portfolio Hist Cost	Market Value	% Portfolio Mkt Value	Weighted Avg Mkt Dur (Yrs)
<b>Wal-Mart</b>												
931142DA8	Corporate	1.625	04/15/2014		AA	Aa2	1,000,000.00	1,020,000.00	1.10	1,013,493.00	1.09	1.03
<b>ISSUER TOTAL</b>							1,000,000.00	1,020,000.00	1.10	1,013,493.00	1.09	1.03
<b>Johnson &amp; Johnson</b>												
478160AX2	Corporate	1.200	05/15/2014		AAA	Aaa	1,000,000.00	998,830.00	1.08	1,010,070.00	1.09	1.12
<b>ISSUER TOTAL</b>							1,000,000.00	998,830.00	1.08	1,010,070.00	1.09	1.12
<b>PEPSICO Inc</b>												
713448BX5	Corporate	0.750	03/05/2015		A-	Aa3	1,000,000.00	1,005,430.00	1.08	1,003,226.00	1.08	1.92
<b>ISSUER TOTAL</b>							1,000,000.00	1,005,430.00	1.08	1,003,226.00	1.08	1.92
<b>Prn Receivable</b>												
	Cash and Equivalents	0.000	04/01/2013				1,000,000.00	1,000,000.00	1.08	1,000,000.00	1.08	0.00
<b>ISSUER TOTAL</b>							1,000,000.00	1,000,000.00	1.08	1,000,000.00	1.08	0.00
<b>Int Receivable</b>												
	Cash and Equivalents	0.000	04/01/2013				3,750.00	3,750.00	0.00	3,750.00	0.00	0.00
<b>ISSUER TOTAL</b>							3,750.00	3,750.00	0.00	3,750.00	0.00	0.00

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<b>GRAND TOTAL</b>	<b>91,867,198.00</b>	<b>92,838,333.01</b>	<b>100.00</b>	<b>92,793,532.45</b>	<b>100.00</b>	<b>0.92</b>
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Highlighted totals are issuers representing 5.00% or more of the portfolio's market value

**City of Menlo Park  
Securities Purchased  
March 1, 2013 - March 31, 2013**

CUSIP/ Description	Purchase Date	Rate/Coupon	Maturity/ Call Date	Par Value/ Shares	Unit Cost	Principal Cost	Accrued Interest Purchased	Yield
<b>Cash and Equivalents</b>								
LAIF - City 98-19-228	03/13/2013	0.286V		980,000.00	100.000	980,000.00	0.00	0.29
<b>TOTAL (Cash and Equivalents)</b>				<b>980,000.00</b>		<b>980,000.00</b>	<b>0.00</b>	
<b>GRAND TOTAL</b>				<b>980,000.00</b>		<b>980,000.00</b>	<b>0.00</b>	

V = variable rate, current rate shown, average rate for Cash & Equivalents

**City of Menlo Park**  
**Securities Sold and Matured**  
**March 1, 2013 - March 31, 2013**

CUSIP/ Description	Sale or Maturity Date	Rate/ Coupon	Maturity/ Call Date	Par Value/ Shares	Historical Cost	Amortized Cost at Sale or Maturity / Accr/ (Amort)	Sale/ Maturity Price	Fair Value at Sale or Maturity / Chg.In Fair Value	Realized Gain (Loss)	Accrued Interest Sold	Interest Received	Interest Earned	Yield
<b>Cash and Equivalents</b>													
LAIF - City 98-19- 228	03/01/2013	0.286V		975,000.00	975,000.00	975,000.00	100.00	975,000.00	0.00	0.00	0.00	0.00	0.29
						0.00		0.00					
<b>TOTAL (Cash and Equivalents)</b>				975,000.00	975,000.00	975,000.00		975,000.00	0.00	0.00	0.00	0.00	
						0.00		0.00					
<b>U.S. Treasury</b>													
912828QL7 T-Note	03/31/2013	0.750	03/31/2013	1,000,000.00	998,671.88	1,000,000.00	100.00	1,000,000.00	0.00	0.00	3,750.00	618.13	0.82
						55.42		(508.00)					
<b>TOTAL (U.S. Treasury)</b>				1,000,000.00	998,671.88	1,000,000.00		1,000,000.00	0.00	0.00	3,750.00	618.13	
						55.42		(508.00)					
<b>U.S. Instrumentality</b>													
3128MBFA0 Freddie Mac	03/01/2013	6.000	04/01/2017	52,218.59	55,531.21	52,218.59	100.00	52,218.59	0.00	0.00	261.09	0.00	2.95
						(3,232.46)		(3,428.52)					
<b>TOTAL (U.S. Instrumentality)</b>				52,218.59	55,531.21	52,218.59		52,218.59	0.00	0.00	261.09	0.00	
						(3,232.46)		(3,428.52)					
<b>GRAND TOTAL</b>				2,027,218.59	2,029,203.09	2,027,218.59		2,027,218.59	0.00	0.00	4,011.09	618.13	
						(3,177.04)		(3,936.52)					

V = variable rate, current rate shown, average rate for Cash & Equivalents

**City of Menlo Park  
Transaction Report  
for the period March 1, 2013 - March 31, 2013**

Date	CUSIP	Transaction	Sec Type	Description	Maturity	PAR Value/Shares	Principal	Interest	Transaction Total	Balance
03/01/2013		Sold	CE	LAIF - City 98-19-22		975,000.00	975,000.00	0.00	975,000.00	975,000.00
03/01/2013	3128MBFA0	Paydown	INS	Freddie Mac	04/01/2017	52,218.59	52,218.59	9,841.79	62,060.38	1,037,060.38
03/05/2013	713448BX5	Interest	COR	PEPSICO Inc	03/05/2015	1,000,000.00	0.00	3,750.00	3,750.00	1,040,810.38
03/08/2013	31398A3G5	Interest	INS	FNMA	09/08/2014	1,500,000.00	0.00	11,250.00	11,250.00	1,052,060.38
03/13/2013		Bought	CE	LAIF - City 98-19-22		980,000.00	980,000.00	0.00	(980,000.00)	72,060.38
03/23/2013	36962G4P6	Interest	COR	GE Capital	09/23/2015	725,000.00	0.00	1,830.63	1,830.63	73,891.01
03/25/2013	594918AG9	Interest	COR	MICROSOFT CORP	09/25/2015	1,000,000.00	0.00	8,125.00	8,125.00	82,016.01
03/31/2013		Bought	CE	Prn Receivable	04/01/2013	1,000,000.00	1,000,000.00	0.00	(1,000,000.00)	(917,983.99)
03/31/2013		Bought	CE	Int Receivable	04/01/2013	3,750.00	3,750.00	0.00	(3,750.00)	(921,733.99)
03/31/2013	912828QL7	Maturity	TSY	T-Note	03/31/2013	1,000,000.00	1,000,000.00	0.00	1,000,000.00	78,266.01
03/31/2013	912828QL7	Interest	TSY	T-Note	03/31/2013	1,000,000.00	0.00	3,750.00	3,750.00	82,016.01
<b>Portfolio Activity Total</b>										<b>82,016.01</b>

<b>Net Contributions:</b>	<b>0.00</b>
<b>Net Withdrawals:</b>	<b>79,159.48</b>

<b>Fees Charged:</b>	<b>2,856.53</b>
<b>Fees Paid:</b>	<b>2,856.53</b>

**City of Menlo Park  
Securities Bid and Offer  
for the period 3/1/2013 - 3/31/2013**

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Trans	Settle	Description	Call Date	Broker	Par Value	Discount	Price	YTM/YTC	Competitive Bids	
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No Activity this period



**City of Menlo Park  
Upcoming Cash Activity  
for the next 45 days**

Date	Transaction	CUSIP	Description	Coupon	Maturity Date	Next Call Date	Par / Shares	Principal	Interest	Transaction Total
04/01/2013	Interest	94974BET3	Wells Fargo	3.750	10/01/2014		2,000,000.00	0.00	37,500.00	37,500.00
04/15/2013	Interest	931142DA8	Wal-Mart	1.625	04/15/2014		1,000,000.00	0.00	8,125.00	8,125.00
04/15/2013	Estimated Paydown	3128MBFA0	Freddie Mac	6.000	04/01/2017		1,916,138.49	34,217.08	9,580.69	43,797.77
05/01/2013	Maturity	4497W0S17	ING Funding	0.450	05/01/2013		2,500,000.00	2,500,000.00	0.00	2,500,000.00
05/15/2013	Interest	478160AX2	Johnson & Johnson	1.200	05/15/2014		1,000,000.00	0.00	6,000.00	6,000.00
05/15/2013	Estimated Paydown	3128MBFA0	Freddie Mac	6.000	04/01/2017		1,916,138.49	34,403.73	9,409.61	43,813.34

# END OF REPORTS



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For any questions concerning this report please contact accounting either by phone or email to [camreports@cutwater.com](mailto:camreports@cutwater.com).