



CITY COUNCIL SPECIAL AND REGULAR MEETING AGENDA

Tuesday, October 1, 2013
5:30 P.M.
701 Laurel Street, Menlo Park, CA 94025
City Council Chambers

5:30 P.M. CLOSED SESSION (1st floor Council Conference Room, Administration Building)

Public Comment on these items will be taken prior to adjourning to Closed Session

CL1. Closed Session pursuant to Government Code Section §54957 to conference with labor negotiators regarding labor negotiations with the American Federation of State, County and Municipal Employees (AFSCME)

Attendees: Alex McIntyre, City Manager, Starla Jerome-Robinson, Assistant City Manager, Bill McClure, City Attorney, Gina Donnelly, Human Resources Director, and Charles Sakai, Labor Attorney

7:00 P.M. REGULAR SESSION

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

PLEDGE OF ALLEGIANCE to be led by the 4-H and presentation

REPORT FROM CLOSED SESSION

ANNOUNCEMENTS

A. PRESENTATIONS AND PROCLAMATIONS

- A1. Presentation by Senator Jerry Hill regarding legislative updates on the State budget, education funding, High Speed Rail and other topics
- A2. Review Community Engagement Principles

B. COMMISSION/COMMITTEE VACANCIES, APPOINTMENTS AND REPORTS

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. Approve the City’s response to the Grand Jury report “San Mateo County Special Districts: Who is Really in Charge of the Taxpayers Money? The Mosquito District Embezzlement: Is it the Tip of the Iceberg?” and authorize the Mayor to sign and send the letter in response (*Staff report #13-162*)

D2. Accept minutes for the Council meeting of September 24, 2013 (*Attachment*)

E. PUBLIC HEARINGS – None

F. REGULAR BUSINESS

F1. Approve the Request for Proposal for the El Camino Real Lane Reconfiguration and Ravenswood Avenue Right Turn Lane Study (*Staff report #13-163*)

F2. Consideration of the formation of a Small Business Commission (*Staff report #13-164*)

F3. 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. November 2013 Council Meeting schedule (*Staff report #13-165*)

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

Agendas are posted in accordance with Government Code Section 54954.2(a) or Section 54956. Members of the public can view electronic agendas and staff reports by accessing the City website at <http://www.menlopark.org> and can receive e-mail notification of agenda and staff report postings by subscribing to the "Home Delivery" service on the City's homepage. Agendas and staff reports may also be obtained by contacting the City Clerk at (650) 330-6620. Copies of the entire packet are available at the library for viewing and copying. (Posted: 09/26/2013)

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. These communications are public records and can be viewed by any one by clicking on the following link: <http://ccin.menlopark.org>.

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OFFICE OF THE CITY MANAGER

Council Meeting Date: October 1, 2013
Staff Report #: 13-162

Agenda Item #: D-1

REGULAR BUSINESS: **Approve the City's Response to the Grand Jury Report "San Mateo County Special Districts: Who is Really in Charge of the Taxpayer's Money? The Mosquito District Embezzlement: Is it the Tip of the Iceberg?" and Authorize the Mayor to Sign and Send the Letter in Response**

RECOMMENDATION

Staff recommends that Council consider the attached response to the Grand Jury Report: "San Mateo County Special Districts: Who is Really in Charge of the Taxpayer's Money? The Mosquito District Embezzlement: Is it the Tip of the Iceberg?" and authorize the Mayor to sign and send the letter in response included as Attachment B.

BACKGROUND

San Mateo County has twenty-two (22) independent special districts, each being a distinct and legally separate entity from cities and the County, and they deliver special public services such as mosquito abatement, water management, recreational programming, and healthcare services. These special districts receive a significant portion of their operating funds from their portion of countywide property taxes and/or special assessments, and operate under the control and oversight of their own board of directors.

The San Mateo County Mosquito and Vector Control District encompasses all cities in the county as well as the unincorporated areas. It is governed by a 21-member board whose members consist of appointed representatives from the various cities and the County Board of Supervisors. The current City of Menlo Park representative is Ms. Valentina Cogoni, reappointed by the City Council in 2012.

On July 18, 2013, the San Mateo County Grand Jury filed a report with the San Mateo Superior Court regarding the San Mateo County Mosquito and Vector Control District embezzlement case, which occurred between 2009 and 2011. Pursuant to Penal Code section 933.05, the Superior Court requires that the City Council submit a response to the report's findings and recommendations no later than October 16, 2013, and that the response be approved by the City Council at a public meeting.

Staff has prepared the attached reply which is presented here for Council consideration and approval.

ANALYSIS

The City of Menlo Park is required to respond to all fourteen (14) Grand Jury findings, stating whether:

1. The City agrees with the finding;
2. The City disagrees wholly or partially with the finding, in which case the City shall specify the portion of the finding that is disputed and shall explain the reasons for the dispute.

In addition, the City is required to respond to two (2) Grand Jury recommendations pertaining to cities, stating whether:

1. The recommendation has been implemented, with a summary regarding the implemented action.
2. The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.
3. The recommendation requires further analysis, with an explanation and the scope and parameters of the analysis or study, and a time frame for the matter to be prepared for discussion by the officer or director of the agency or departing being investigated or reviewed, including the governing body of the public agency when applicable. The time frame shall not exceed six months from the date of publication of the Grand Jury report.
4. The recommendation will not be implemented because it is not warranted or reasonable, with an explanation therefore.

In the attached draft response to the Grand Jury report, the City states that, based on the information provided, it is in general agreement with the report's findings regarding such issues as lack of oversight of the District's finances and failure to follow proper hiring procedures. The City also states in its response that it agrees with the Grand Jury's two recommendations for City/Town Councils.

IMPACT ON CITY RESOURCES

There is no impact on City resources associated with this action.

POLICY ISSUES

There is no current City policy regarding this issue.

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. Copy of the Grand Jury Report and the Request for Response
- B. Draft City of Menlo Park Response Letter to Judge Livermore

Report prepared by:

Clay J. Curtin

Assistant to the City Manager

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Superior Court of California, County of San Mateo
Hall of Justice and Records
400 County Center
Redwood City, CA 94063-1655

JOHN C. FITTON
COURT EXECUTIVE OFFICER
CLERK & JURY COMMISSIONER

(650) 599-1210
FAX (650) 363-4698
www.sanmateocourt.org

July 18, 2013

RECEIVED

JUL 22 2013

City Council
City of Menlo Park
701 Laurel Street
Menlo Park, CA 94025

**City Clerk's Office
City of Menlo Park**

Re: Grand Jury Report: "San Mateo County Special Districts: Who is Really in Charge of the Taxpayer's Money?
The Mosquito District Embezzlement: Is it the Tip of the Iceberg?"

Dear Councilmembers:

The 2012-2013 Grand Jury filed a report on July 18, 2013 which contains findings and recommendations pertaining to your agency. Your agency must submit comments, within 90 days, to the Hon. Richard C. Livermore. Your agency's response is due no later than October 16, 2013. **Please note that the response should indicate that it was approved by your governing body at a public meeting.**

For all findings, your responding agency shall indicate one of the following:

1. The respondent agrees with the finding.
2. The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefore.

Additionally, as to each Grand Jury recommendation, your responding agency shall report one of the following actions:

1. The recommendation has been implemented, with a summary regarding the implemented action.
2. The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.
3. The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a time frame for the matter to be prepared for discussion by the officer or director of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This time frame shall not exceed six months from the date of publication of the Grand Jury report.
4. The recommendation will not be implemented because it is not warranted or reasonable, with an explanation therefore.

Please submit your responses in all of the following ways:

1. Responses to be placed on file with the Clerk of the Court by the Court Executive Office.
 - Prepare original on your agency's letterhead, indicate the date of the public meeting that your governing body approved the response address and mail to Judge Livermore.

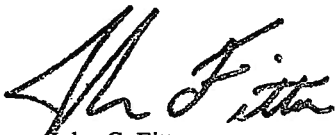
Hon. Richard C. Livermore
Judge of the Superior Court
c/o Charlene Kresevich
Hall of Justice
400 County Center; 2nd Floor
Redwood City, CA 94063-1655.

2. Responses to be placed at the Grand Jury website.
 - Copy response and send by e-mail to: grandjury@sanmateocourt.org. (Insert agency name if it is not indicated at the top of your response.)
3. Responses to be placed with the clerk of your agency.
 - File a copy of the response directly with the clerk of your agency. Do not send this copy to the Court.

For up to 45 days after the end of the term, the foreperson and the foreperson's designees are available to clarify the recommendations of the report. To reach the foreperson, please call the Grand Jury Clerk at (650) 599-1210.

If you have any questions regarding these procedures, please do not hesitate to contact Paul Okada, Chief Deputy County Counsel, at (650) 363-4761.

Very truly yours,



John C. Fitton
Court Executive Officer

JCF:ck
Enclosure

cc: Hon. Richard C. Livermore
Paul Okada

✓ Information Copy: City Manager



**SAN MATEO COUNTY SPECIAL DISTRICTS:
WHO IS REALLY IN CHARGE OF THE TAXPAYER'S MONEY?
The Mosquito District Embezzlement: Is it the Tip of the Iceberg?**

SUMMARY

San Mateo County (County) has 22 independent special districts. Common in counties throughout California, independent special districts are local governmental entities that are legally separate from counties and cities.¹ They deliver special public services such as mosquito abatement, water management, and health care, to name a few. Special districts receive a significant amount of their operating funds from their portion of countywide property taxes and/or special assessments. They wield considerable influence with little oversight other than their own board of directors. In many cases, these boards are responsible for multi-million dollar budgets.

The recent embezzlement case in the Mosquito and Vector Control Abatement District (District) involving hundreds of thousands of dollars prompted the 2012-2013 San Mateo County Civil Grand Jury (Grand Jury) to investigate what led to the embezzlement. Two employees, who oversaw financial matters for the District pleaded no contest to embezzlement charges and will be sentenced in the latter part of 2013.

The Grand Jury finds that the Board of Trustees (collectively, Board, and individually, Trustee) and the District's District Manager (Manager) share in responsibility for the lack of oversight that was instrumental in allowing the embezzlement to occur. The Grand Jury finds that the Manager and the Board's finance committee did not recognize red flags in financial reports that should have revealed the embezzlement far sooner.

The Grand Jury also finds that the insurance company's denial of the District's embezzlement loss claim is further evidence that there were inadequate management practices, insufficient accountability, and oversight of the District.

The Grand Jury finds that the District's internal financial controls were inadequate and that important policies and procedures were not followed. The Grand Jury also finds that the Board did an inadequate job of overseeing operations and that there were significant differences of opinion regarding the Manager's ability to manage the District.

The Grand Jury finds that Trustees are confused about their responsibilities, some feeling their only role is to make district policy, while others feeling they have more oversight responsibilities. The Grand Jury also finds that the issue of the dissolution of the District and transfer of its services to the County Environmental Health Department (CEHD) because of the District's poor management and the need for more operational efficiency and cost savings, merits further study even though the County's Local Agency Formation Commission (LAFCo) recently rejected the recommendation of its executive officer to do so. The Grand Jury further finds that

¹ For purposes of this report, the term "cities" includes "towns" and County government where the context so requires.

Cities do not give priority to having representation on the Board, which representation is an important component to the oversight of the District operations

The Grand Jury recommends that the Board require its Manager to follow the Policies and Procedures manual at all times and provide monthly financial reports to the Board.

The Grand Jury recommends that the Board emphasize the importance of its finance committee's role in ensuring that internal financial controls and policies are in place and are being followed. The Grand Jury recommends that the District hire a consultant to redesign the Manager's evaluation process to better assess job performance and to provide clarity and goal setting. The Grand Jury also recommends that the Board evaluate its policies and procedures on an annual basis and study a restructuring of the Board to better fulfill its oversight role.

The Grand Jury recommends that LAFCo continue to study the possible dissolution of the District and transfer of its services to the CEHD.

The Grand Jury recommends that cities give priority to having representation on the Board and, if unsuccessful in recruiting appointees, comply with Health & Safety Code section 2021 and appoint a council member in the interim. In addition, the Grand Jury recommends that cities require representatives to give their city councils regular updates on District's operations.

BACKGROUND

The District's budget is approximately \$6 million. It has an accumulated reserve of about \$5 million. Its funding comes from property taxes, parcel assessments, and a benefit assessment. It is governed by a Board composed of one member from each of the County's 20 cities plus County government. It employs a Manager to oversee its daily operations. Despite all of these "overseers," only one Trustee recognized a problem with an overage in operational expenses in 2011, thereby leading to the discovery of the embezzlement. After the discovery, only one city asked for a Grand Jury investigation.

The Grand Jury learned during interviews that the Manager did not follow normal employment vetting procedures when hiring the finance director accused of the embezzlement.

The LAFCo executive officer performed a Municipal Service Review and Sphere of Influence Review (Service Review) pursuant to Government Code Sections 56425 and 56430 following the alleged embezzlement. The report addressed public accountability and broadly examined district operations, fiscal health, opportunities for sharing resources, and governance alternatives. The study was not a financial audit and only identified measures the District has taken or could take to prevent such embezzlement events.²

Subsequent to the Service Review, the LAFCo executive officer recommended that the District be dissolved and incorporated into the CEHD, which might result in a cost savings. However, the LAFCo commissioners rejected the recommendation and deferred any further decision on the subject to a later review after the Manager completed a Performance Improvement Plan as

² June 12, 2012, LAFCo Municipal Service Review.

required by the District Board. However, LAFCo has taken no further action on the District matter.

It is important for County taxpayers to understand special district governance structure and the responsibility of special district boards with regard to such issues as embezzlement.

Concerns about special district management practices, accountability, and oversight were the impetus for a Grand Jury investigation.

METHODOLOGY

Documents

The Grand Jury reviewed the following documents:

- The LAFCo Service Review of the District, dated June 12, 2012
- The District's certified financial audits for fiscal years ending June 30, 2009, 2010, and 2011
- Letter of concern from a member city
- Documents from three former senior District employees including timelines of management judgments, financial invoices, and grievance letters to Trustees
- Personnel files of certain District employees
- Forensic audit performed in 2011 by C.G. Ulenberg, the District's regular auditor
- Correspondence regarding the Hartford Insurance claim
- Report issued by Dr. Peter Hughes, CPA, a consultant retained by the District to review its accounting policies.

Survey

- The Grand Jury sent a survey to all County independent special districts

Site Tours

- The Grand Jury toured the District's headquarters and laboratory located at 1351 Rollins Road, Burlingame.

Interviews

- The Grand Jury interviewed 13 individuals. Interviewees included representatives from the District and its Board; representatives from LAFCo and its Commission; former key

District employees; auditors; and County Counsel attorneys who have represented the District.

Subpoenas

- The Grand Jury's presiding judge issued five subpoenas in order to obtain information. (Relatedly, it is noted that the Board declined to waive its attorney client privilege with the County Counsel when the Grand Jury requested it to do so.)

DISCUSSION

District Embezzlement

The noticing by one Trustee in early 2011 of discrepancies between budgeted and actual expenditures led to the discovery of the embezzlement. This Trustee brought the information to the attention of the Manager and the other Trustees. In addition, annual certified audits by the District's outside accounting firm for fiscal years 2009 and 2010 identified significant deficiencies that went unresolved during the period of time in which the embezzlement took place. Examples of such deficiencies included the failure properly to record accounting transactions and petty cash management.

The District embezzlement was unique according to one qualified interviewee, because it involved the entire finance department, consisting of two employees. These two employees are no longer with the District, and the County District Attorney has charged them with embezzlement. The employees have pleaded no contest and are awaiting sentencing.

Prosecutors alleged that District funds were embezzled between 2009 and 2011 when the finance director and her assistant placed themselves at a higher pay rate, fraudulently took time off, contributed excessively to their deferred compensation funds, used credit cards for personal purchases, and electronically transferred money into personal accounts. The forensic audit (described below) showed more than \$635,000 missing but prosecutors charged them with embezzling only \$400,000 because they could not prove an actual loss of the greater amount³ The District's forensic auditor calculated the total loss resulting from the embezzlement to be \$796,781. (Appendix A.) This is the amount the District reported to its insurance company.

The annual certified audits of the District for fiscal years 2009 and 2010 suggested that there was a lack of sound management and fiscal responsibility. A subsequent forensic audit of the District listed "ten distinct loss activities that were executed against the District by 2 former employees...."⁴ These loss activities included incorrect pay calculations to employees, unauthorized and personal use of credit cards, and fraudulent reporting of time off for Family Medical Leave Act (FMLA). While taking FMLA, one employee served jail time for a previous embezzlement.

³ *End in sight for mosquito district case: Former finance chief expected to plead guilty on 10 charges related to embezzlement of public money*, March 22, 2013, Heather Murtagh - Daily Journal Staff.

⁴ See Appendix B.

After the allegations of embezzlement, some of the Trustees determined the Manager's skills were inadequate for the position.⁵ The Board hired an outside consultant to perform a review of the internal financial controls. Notwithstanding this state of affairs, the Trustees voted to extend the Manager's contract and paid the outside consultant to prepare a Performance Improvement Plan for the Manager to complete in an effort to avoid any further incidents.

The District's insurance company has declined to pay on its loss claim given the circumstances surrounding the embezzlement, The insurance company's outside legal counsel stated that the District "misrepresented" its computer controls and should have had systems in place to detect unusual activity. The District disputes this.⁶ The District has retained additional counsel to negotiate this matter.

The District indicated in its insurance application that no employee could control a process from the beginning to the end, e.g., request a check, approve a voucher, and sign the check. The District's internal controls required the Manager and a Board officer to approve requests for payment and to sign on checks.⁷ However, the finance department used signature stamps that seemed to by-pass this control. Attorneys for the District argue that "the insurance company was already aware of the lack of controls designed to prevent an embezzlement of this nature".⁸ It should be noted that insurance for these special districts frequently does not cover the costs for attorneys, audits, or other costs associated with embezzlement.

Embezzlement may be more prevalent in districts than has been revealed to date. For example, in addition to the District, employee fraud cases in the following County special or school districts have come to light in the last two years alone. Although three of the cases do not relate to special districts, the underlying problems, inadequate controls and oversight, are the same:

- Woodside Elementary School District
- Portola Valley School District
- Mid-Peninsula Water District (It should be noted that LAFCO's executive officer has also recommended that this district be dissolved.)
- San Mateo County Community College District

The District embezzlement case may be the *tip of the iceberg*. As one interviewee stated, with so many special districts in this county and counties throughout the Bay area and state, "embezzlements are not unusual," which is no comfort to the taxpayers. However, with sound internal financial controls and good management practices, the risk of embezzlement can be minimized.

⁵ Board Evaluations of the District Manager.

⁶ Letter dated April 11, 2012, from Meredith, Weinstein & Numbers, LLP pg 3 (See Appendix C).

⁷ *Ibid.*

⁸ *Ibid.*

District Operations

After extensive investigation, the Grand Jury learned of oversight shortcomings and management issues that include the following:

- Standard business practices, such as performing detailed background checks, were not followed in the hiring of the finance director accused of embezzling. As a result, the District hired an individual who was already under indictment in another embezzlement case.
- The Manager and the Board's finance committee did not recognize red flags in financial reports that could have revealed the embezzlement far sooner. Examples include the budget overage (ultimately noticed by a Trustee), lack of complete monthly financial packages as provided by the previous finance director, and discrepancies revealed in two years' annual audits. Board complaints to the Manager concerning financial reports were answered with the excuse that a new accounting system had been installed and that there were issues with the County Controllers staff.
- The Trustees' written evaluations of the Manager's performance revealed significant differences of opinion. Some Trustees gave the Manager high ratings while others expressed little confidence in the Manager's ability to manage the District. Others indicated they did not trust the Manager and felt the Manager was excessively controlling information provided to the Board.
- Internal financial controls in place at the time of the embezzlement were inadequately implemented. For example, controls required that both the Manager and a Board officer to sign checks issued by the finance department for payments. However, the finance department used signature stamps that seemed to by-pass this control.
- The Manager hired unlicensed and uninsured contractors to work on District facilities, a violation of District policies.
- Surplus vehicles were sold to employees and friends, a practice that the Grand Jury was informed has been discontinued.
- The issuance of Visa cards to employees for the purchase of materials led to abuse. The Visa cards had high limits and there was little oversight of their use. The finance director used a Visa card to pay her attorneys for a previous embezzlement case. Neither the Manager nor the Board's finance committee caught improper charges of up to \$15,000 placed on the card.
- There was an amendment to the District Policies and Procedures manual in 2007 that stated, "dismissal of the current District manager would require 90% of the Trustees' approval." The Grand Jury requested and received an updated version of the manual. The entire section 2160 titled "Separation from District Employment" is no longer in the current manual. It has been replaced by a new section 2160 titled "Salary and Benefit Survey." No further information was provided as to the reasons for this change.

The embezzlement incident was costly, with additional losses still being discovered. The loss submitted to the insurance company was over \$790,000 but does not include related costs such as attorney fees, consultants, and financial training.⁹ Some of the loss may be covered by insurance, but as of May 1, 2013, the insurance company has denied the claim citing misrepresentation of facts in the District's insurance application and the failure of the District to perform appropriate background checks.

Following the embezzlement and subsequent evaluation of the Manager, the Board chose to implement a Performance Improvement Plan in order to improve the Manager's financial management skills. The Board also extended the Manger's employment contract and increased the Manager's compensation.

Also after the embezzlement, a new consultant prepared eight recommendations to improve the district's internal financial controls. (See Appendix D, an excerpt of the consultant's report). The Grand Jury has been advised that these recommendations have been implemented. As a result, the financial system was rebuilt. An interviewee familiar with the consultant's review opined that the Manager had program skills but lacked the fiscal skills necessary for overseeing financial operations.

District Board

A 21-member Board governs the District. The voters elect other San Mateo County special district governing bodies, which differentiates them from the Board, whose members are selected by city councils. The District began covering the entire County in 2005. In this circumstance, the Health & Safety Code provides that cities may appoint a Trustee to the Board. The Trustees' direct responsibility is to the city councils that appointed them, not directly to the voters. The Health & Safety Code also states that the legislative intent is that members have experience, training, and education in fields that will assist in governing the district.¹⁰

One question raised during the investigation was whether a Board of 21 members could be effective. The Board president appoints members to the following standing committees: Finance, Policy, Strategic Planning, Environmental, and Manager Evaluation. One interviewee stated, "Authority may be dissipated when responsibility gets diffused over a large group." With a large board it can be difficult to have accountability for decisions made. A few Trustees expressed interest in studying another governance model that would reduce the size of the Board. Through document review and interviews, the Grand Jury learned that there are varying opinions regarding what Trustees believe to be their roles and responsibilities. Some Trustees feel their only role is to make policy, while others feel they have more oversight responsibility.

When a number of employees tried to approach Trustees to express concerns about the Manager, they were turned away for not following the chain of command. Relatedly, there was confusion about communications between staff and Trustees. In light of these communication issues, the Peninsula Vector Workers Association requested that the Trustees review and revise the District policies governing communication between staff and Trustees.

⁹ See Appendix A.

¹⁰ State Health Code section 2021.

The Grand Jury learned that Trustees requested financial information from the Manager during the embezzlement period but the request was not honored. The Trustees did not heed warnings from senior District employees about financial irregularities. The Trustees put total trust in the Manager to fulfill the mission of the District and seemed oblivious to the business operations and its problems.¹¹ Statements by Trustees in earlier reviews of the Manager showed confusion among the Trustees regarding the Manager's general performance capabilities. One Trustee told the Grand Jury that the evaluation process was inadequate and should be reviewed by a qualified human resources consultant.

LAFCo

Local agency formation commissions were established by the State of California in 1963 to oversee the formation, expansion, dissolution, and reorganization of all special districts. LAFCo is an independent seven-member commission with jurisdiction over the boundaries of the County's 20 cities, 22 independent special districts, and many of the 35 County-governed special districts. LAFCo is composed of two members of the County Board of Supervisors, two members of city councils, two board members of independent special districts, a public member, and four alternate members (County, city, special district, and public).

Local agency formation commissions oversee districts but have limited powers. The Cortese-Knox-Hertzberg Act of 2000 requires that they conduct Service Reviews every five years.¹² LAFCo's executive officer, with the help of a part-time administrative assistant, conducts the Service Reviews. LAFCo's current staffing level makes it difficult to conduct Service Reviews in a timely manner as required by law. The 2002-2003 Grand Jury recommended that the Board of Supervisors provide additional resources to LAFCo, but the recommendation has not been implemented.

Service Reviews provide the public with information about the special district including "[a]ccountability for community service needs, including governmental structure and operational efficiencies."¹³ They can also recommend whether a special district should be merged with another district or dissolved and services transferred to another agency. If LAFCo recommends that a district be dissolved or merged with another district, generally speaking, the approval of 75% of the voters in the special district is required. LAFCo's authority is thus limited. Recommendations made by LAFCo are usually the result of a Service Review.

Subsequent to the Service Review of the District, the LAFCo executive officer recommended that the District be dissolved and incorporated into the CEHD, which might result in a cost savings, from the sharing financial services, laboratories, and other facilities. It should also be noted that LAFCo's executive officer recommended dissolution of both special districts where embezzlements occurred, but the LAFCo Commissioners did not approve these recommendations.

¹¹ Grand Jury interview and evaluation document.

¹² LAFCo website.

¹³ Government Code Section 56430.

Cities' Responsibilities to the District

The District encompasses the entire County. Health & Safety Code Section 2021 states that the Board of Supervisors may appoint one person to the Board and the city councils of each city located in whole or in part within the District may appoint one person to the Board. Health & Safety Code Sections 2022(c) and (d), states:

- Applicants should be qualified in fields that will assist in governance of the district.
- Cities may appoint a councilmember to the Board if they are unable to find a qualified candidate.

The Board of Supervisors and city councils often suffer from a lack of applicants from which to select a representative. At the time of this report, the Town of Colma had no representation on the Board. This might be due in part to unsuccessful recruitment efforts. Although applicants may be conscientious and well meaning, they may not have the necessary skills or experience to sit on the Board. While all cities should have representation on the Board, it appears that providing representation is not a city priority.

During interviews, the Grand Jury learned that most cities do not mention the District on their websites, nor do they require their representatives to give regular updates to the city councils about the District's operations.

Survey of Independent Special Districts

The Grand Jury distributed a survey to all independent special districts to better understand the compensation for their board members and the amount of public funds for which they are responsible. The survey yielded the following information:

- Most districts have a 5 member elected board; a few have a 3 member elected board, while the District has a 21-member non-elected board.
- More than half of the board members are compensated from \$100 per month to \$600 per month. The District Board is paid \$100 per month
- More than half of the boards compensate members for workshop or conference events and some have medical and life insurance benefits. A few boards are not compensated at all. The District Board is also compensated for workshops or conferences events.
- The reserves of districts range from \$775,000 to \$47 million dollars. The District's reserves are \$5 million.

*It should be noted that not all districts responded to the survey request.*¹⁴

¹⁴ San Mateo County Grand Jury Special Districts Survey 2013.

FINDINGS

- F1. The Board and the Manager share in responsibility for the lack of oversight that was instrumental in allowing the embezzlement to occur.
- F2. The Manager and the Board's finance committee did not recognize red flags in the financial reports that could have revealed the embezzlement far sooner.
- F3. The insurance company's denial of the District's embezzlement loss claim reinforces the conclusion that there were inadequate management practices, insufficient accountability, and inadequate oversight of the District.
- F4. The District's Manager did not follow policies and procedures in the hiring of one of the employees subsequently charged with embezzlement.
- F5. The District did not have adequate internal financial controls in place to prevent the embezzlement or lead to its early discovery.
- F6. Trustees and senior District staff should receive monthly financial reports.
- F7. The Board in general and its finance committee in particular did an inadequate job of overseeing the District's operations.
- F8. The Board's evaluation of the Manager revealed significant differences in the levels of confidence in the Manager's ability to manage the District.
- F9. The District would benefit from a redesigned Manager evaluation process.
- F10. Trustees are confused about their responsibilities, some feeling their only role is to make district policy, while others feel they have more oversight responsibility.
- F11. Even though LAFCo Commissioners rejected the recommendation to dissolve the District and transfer its functions to the CEHD, this issue needs further evaluation.
- F12. Cost savings could possibly be achieved with a transfer of the District's functions to the CEHD.
- F13. LAFCo would benefit from additional resources to ensure Service Reviews, as mandated by state law, are performed in a timely fashion.
- F14. Not all cities appoint a representative to the Board in a timely fashion or select a qualified individual as stipulated in the Health Code.

RECOMMENDATIONS

The Grand Jury recommends that the *Board* do the following:

- R1. Instruct the Manager to follow the Policies and Procedures manual at all times.
- R2. Instruct the Manager to provide complete financial reports to the Board on a monthly basis.
- R3. Improve its oversight of the District through an improved governance structure and hold the Manager accountable for its operations.

- R4. Evaluate its Policies and Procedures manual on an annual basis and make the manual available to employees and the public.
- R5. Emphasize the importance of the finance committee's role in ensuring that internal controls and policies are in place and are being followed.
- R6. Hire a human resources consultant to redesign the Manager's evaluation process in order to better assess the Manager's job performance.
- R7. Clarify Trustees' roles and reinforce and discuss expectations of the position at an annual meeting.

The Grand Jury recommends that the *County Board of Supervisors* do the following:

- R8. Provide increased resources to LAFCo so it can meet state mandates with regard to Service Reviews.

The Grand Jury recommends that *LAFCo* do the following:

- R9. Further study the dissolution of the District and evaluate the cost savings that might result from transferring the function to the County Environmental Health Department.

The Grand Jury recommends that the *City/Town Councils* do the following:

- R10. Appoint a council member to the District Board if a representative cannot be found after vetting applicants.
- R11. Require regular reporting about the District's operations by their representative at a scheduled council meeting.

REQUEST FOR RESPONSES

Pursuant to Penal code section 933.05, the Grand Jury requests the following to respond to the foregoing Findings and Recommendations referring in each instance to the number thereof:

- District Board of Trustees
- County Board of Supervisors
- LAFCo
- City/Town Councils

The governing bodies indicated above should be aware that the comment or response of the governing body must be conducted subject to the notice, agenda and open meeting requirements of the Brown Act.

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code Section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Civil Grand Jury.

DISCLAIMER

This report is issued by the Grand Jury with the exception of one member who sits on the District Board. This individual was excluded from all parts of the Grand Jury's investigation and the making and acceptance of this report. This report is based on information from outside sources with none of the information being obtained from the excluded Grand Juror.

APPENDIX A



C. G. UHLENBERG LLP
 CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

November 17, 2011

Robert Gey
 District Manager
 San Mateo County Mosquito and Vector Control District
 1351 Rollins Road
 Burlingame, CA 94010

As described in our letter dated October 26, 2011, we were engaged by the San Mateo County Mosquito and Vector Control District (the "District") to perform a forensic accounting investigation. The nature of our procedures were limited, therefore, additional fraud not identified may exist. In that letter and in the report accompanying that letter, *Results of Forensic Investigation by C.G. Uhlenberg LLP*, we identified ten loss activities that were executed against the District by 2 former employees. The loss activities identified and the amount of loss calculated by our firm are as follows:

Description of Loss	Amount
1. Unauthorized Pay to Vika and Jo Ann	\$ 55,451.87
2. Incorrect pay calculation to employees	\$ 30,995.32
3. Fraudulent Deferred Compensation	\$ 15,480.00
4. Unauthorized and personal use of credit cards	\$ 335,432.00
5. Unauthorized and personal use of electronic fund transfers	\$ 183,364.62
6. 2 trucks removed from property	\$ 4,500.00
7. Unsupported checks cashed	\$ 1,149.33
8. Unsupported checks written to 3rd parties	\$ 8,591.14
9. Rebuild of the 2010/2011 Books	\$ 153,067.00
10. Fraudulent reporting of time off for FMLA	\$ 8,750.00
Total Losses Identified	\$ 796,781.28

This summary should be read in conjunction with our letter dated October 26, 2011 and the report accompanying that letter, *Results of Forensic Investigation by C.G. Uhlenberg LLP*.

Sincerely,

Jeffrey J. Ira, CPA

Attachment: Letter to District from C.G. Uhlenberg dated October 26, 2011



C. G. UHLENBERG LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

October 26, 2011

Robert Gray
District Manager
San Mateo County Mosquito and Vector Control District
1351 Rollins Road
Burlingame, CA 94010

We were engaged by the San Mateo County Mosquito and Vector Control District (the "District") to perform a forensic accounting investigation. The nature of our procedures are limited, therefore, additional fraud not identified in this report may exist. As a result of our investigation we identified ten distinct loss activities that were executed against the District by 2 former employees Jo Ann Dearman ("Jo Ann"), former Finance Director and Vika Sinipata ("Vika"), Accounting Supervisor. A "loss activity" is defined as a deliberate action by Jo Ann and/or Vika that resulted in monetary loss to the District.

The report describes each of loss activities identified by our firm during its investigation. They are listed as follows:

1. Unauthorized and excessive pay to Vika and Jo Ann – extra payments and incorrect pay rate
2. Incorrect pay calculation to employees
3. Fraudulent Deferred Compensation contributions – Vika and Jo Ann
4. Unauthorized and personal use of credit cards – Vika and Jo Ann
5. Unauthorized and personal use of electronic fund transfers (ACH) – Vika and Jo Ann
6. 2 Trucks removed from property (2/2011) – Jo Ann
7. Unsupported checks cashed - Jo Ann
8. Unsupported checks written to 3rd Parties for personal benefit
9. Rebuild of the 2010/2011 Books
10. Fraudulent reporting of time off for FMLA – Jo Ann

The dollar value and description of their actions that created these losses are described in attachment *Results of Forensic Accounting Investigation by C.G. Uhlenberg LLP*. We have prepared two copies of supporting documentation of the losses in two binders, which have already been provided to you. The descriptions of what is contained in those binders are included in the *Results of Forensic Accounting Investigation by C.G. Uhlenberg LLP*.

Per your request, we have provided some of the information contained in this report to the District Attorney's office. If you have any questions, please do not hesitate to contact me or Jennifer Derron.

Sincerely,

Jeffrey J. Ica, CPA

Attachments: *Results of Forensic Accounting Investigation by C.G. Uhlenberg LLP*

333 Twin Dolphin Drive, Suite 250 • Redwood City, CA 94065 • Phone (650) 802-8668 • Fax: (650) 802-0866

APPENDIX C

Meredith, Weinstein & Numbers, LLP

Attorneys at Law
115 Ward Street
Larkspur, California 94939

Telephone (415) 927-6920

Facsimile (415) 927-6929

April 11, 2013

Via E-mail and USPS

Gary J. Valeriano
Anderson, McPharlin & Connors LLP
444 South Flower Street, 31st Floor
Los Angeles, CA 90071-2901
Email: gjv@amclaw.com

Re: San Mateo County Mosquito and Vector Control District Employee Theft
Hartford Claim No.: 11392634
Your File No.: 0022-638

Dear Mr. Valeriano:

This will respond preliminarily to your letter dated March 5, 2013, in which you advise that Hartford has denied coverage in this matter. The District is both surprised and offended that after dragging this matter on for nearly two years, Hartford has chosen to avoid its responsibilities by denying coverage for the very misconduct that Hartford agreed to insure under policies for which Hartford received at least 8 years of premium! Hartford's "investigation" of this claim, including repeated requests for the same information it had already received, plainly demonstrates that Hartford has spent considerable resources looking for ways to avoid honoring its obligations, rather than assisting its insured in responding to this catastrophic loss. I will not review the chronology of events in this letter, but the correspondence over the past two years speaks for itself.

The District timely reported discovery of the scheme involving Seeney and Sinipata in June of 2011. There is no dispute that the loss is a covered loss under Section A.1.A of the Hartford policy. Seeney and Sinipata were "employees" who embezzled money from the District, causing a covered loss.

Hartford asserts that if the District had looked into Seeney's background prior to hiring her it would have discovered her criminal past. However, whether or not this is true, it is irrelevant. There was no requirement that the District check for past criminal activity. In fact, Section C of the application asks several questions about whether the District conducted pre-employment background checks, and the District answered "no" to each of them. Accordingly, the District's failure to conduct background checks does not support a denial of the claim, and Hartford's reference to background checks demonstrates Hartford's attempt to manufacture reasons for its denial.

Hartford also relies on Section F of the Policy, v void in any case of fraud by you as it relates to this Policy at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning ... This Policy The terms "You or any other insured" clearly refer to the named insureds only; here, the District is the named insured. The term is not defined to include misrepresentations by employees or agents of the District, and there is no evidence that the District intentionally concealed or misrepresented a material fact concerning the Policy. Any ambiguities as to who must engage in the misrepresentations will be construed against Hartford. "[A]n insurer who wishes to condition its contractual liability upon the insured's conformance with certain conduct must do so in clear, unambiguous language." *Holz Rubber Co., Inc. v. Am. Star Ins. Co.*, 14 Cal. 3d 45, 58 (1975).

In addition, the policy also provides coverage for the failure of an employee to faithfully perform his or her duties as prescribed by law, which results in loss of money or other property. *Endorsement 3*. If Sinipata's failure to faithfully and accurately complete the application for insurance resulted in loss for which the District would otherwise be entitled to coverage under this policy, then this loss itself would be covered under the Policy.

The 2010 policy was renewed for the same premium as the previous years. Hartford received its full premiums to insure against this very risk. Hartford has earned its premium for continuous coverage, and it would be inequitable to allow Hartford to forfeit the coverage because of the very theft it agreed to cover, simply because the perpetrator happened to be the same person that was assigned the administrative task of filling out the renewal application. See *Root v. American Equity Specialty Ins. Co.*, 130 Cal.App.4th 928 (2005).

As far as the District was concerned, the answers on the application for 2010 were correct. The District concealed nothing. If anyone else had filled out the application instead of Seenev or Sinipata, the answers undoubtedly would have been the same and there would be no issue as to misrepresentation or concealment. Furthermore, the answers on the 2010 renewal application were virtually the same as on the prior application; nothing material in the District's procedures had changed.

Neither Seenev nor Sinipata was authorized to access the signature plates without prior approval. The fact that they improperly accessed the plates, unbeknownst to anyone else in the District, was part of how they perpetrated their embezzlement scheme. Moreover, in Section E.2 of the 2010 application the District states that facsimile plates are used for signatures, but does not respond to the question of who can use them or how they are safeguarded. Hartford did not even follow up on this question and, accordingly, the information clearly was not material to Hartford's underwriting.

Hartford argues that the District misrepresented the computer controls, and or should have had systems in place to detect unusual activity. However, on both the 2010

and the prior application, the District answered "no" to the question at Section E.5, "are internal control systems designed so that no employee can control a process from beginning to end (e.g. request a check, approve a voucher and sign the check)?" Hartford did not follow up on this, either. Hartford was aware of the District's lack of control systems designed to prevent the exact type of scheme that Seaney and Sinipata were able to perpetrate. Accordingly, Hartford cannot prove that the District misrepresented the safeguards in place, or that this was material to the decision to issue the policy.

Hartford argues that Seaney's and Sinipata's knowledge of their own wrongdoing should be imputed to the District, based on principles of agency, and therefore it should be absolved from any coverage responsibility. However, knowledge is not imputed where the agent is acting on his own behalf and adversely to the interests of the principal. "While in general the knowledge of an agent which he is under a duty to disclose is to be imputed to the principal, it is well established that where the agent acts in his own interest or where the interest of the agent is adverse to his principal, the knowledge of the agent will not be imputed to the principal." *People v. Park*, 87 Cal. App. 3d 550, 566 (Cal. Ct. App. 1978) (citations omitted); see also *River Colony Estates Gen. P'ship v. Bayview Fin. Trading Group, Inc.*, 287 F. Supp. 2d 1213, 1227 (S.D. Cal. 2003) ("Courts, furthermore, will not impute an agent's actions to his or her principal when the agent's action is adverse to the principal.").

Hartford relies on *In re Payroll Express Corp.*, 186 F.3d 196 (2nd Cir. 1999), for the proposition that the insured, rather than the insurer, should bear the risk in such a situation. *Payroll Express* relies on New Jersey law for this finding, and is not in accordance with other jurisdictions that have addressed this issue. See, e.g., *Maryland Cas. Co. v. Tulsa Indus. Loan & Inv. Co.*, 63 F.2d 14, 16-17 (10th Cir. 1936); *Puget Sound Nat'l Bank v. St. Paul Fire & Marine Ins. Co.*, 32 Wash.App. 32, 645 P.2d 1122, 1126-28 (Wash.App. 1982); *Bancinsure, Inc. v. U.K. Bancorporation Inc./United Kentucky Bank of Pendleton County, Inc.*, 830 F. Supp. 2d 294, 301 (E.D. Ky. 2011); *Federal Deposit Ins. Corp. v. Lott*, 460 F.2d 82, 88 (5th Cir. 1972). But more importantly, *Payroll Express* is clearly distinguishable on the facts. There, the founder, President and CEO and his wife, who jointly owned 100% of the interest in the company were engaged in a long-standing embezzlement scheme prior to initially applying for the policies at issue. *Payroll Express Corp.*, 186 F.3d at 200.

Likewise, in *West American Finance Co. v. Pacific Indemnity Co.*, 17 Cal. App.2d 225 (1936), the individuals involved in the fraudulent scheme included the president and three other officers who jointly made up a majority of the board of directors and owned all the stock of the insured company. In effect, they were "taking out indemnity bonds insuring their own fidelity." *Id.* at 229. The Court made this a central focus of its decision to deny the company the benefits of the policy:

while this group of men were thus proceeding to fasten these losses on the corporation's shoulders they were at the same time, as the governing board of directors of the corporation, obtaining from the [insurer] fidelity

bonds insuring their own honesty for the very purpose of placing the corporation, and incidentally themselves as the owners of the majority of the vote controlling stock therein, in a position to recoup from the surety the losses which they were bringing about by their own wrongful acts.

Id. at 235. On these facts, the Court determined that the knowledge of the majority shareholders was imputed to the company. The Court refused to apply the adverse interest exception because it found that the officers were acting for the corporation in the transaction, even though they had an opposing personal interest. *Id.* at 236. The reason for this exception is obvious; where the officers control the corporation itself, their actions are deemed to be the actions of the corporation.

These cases are best explained by the "sole actor" exception to the adverse interests doctrine. "California courts have recognized a limited exception to the rule that the acts of an officer acting adversely to a company will not be attributed to it." *In re California TD Investments LLC*, 1:07-BK-13003-GM, 2013 WL 827718 (Bankr. C.D. Cal. Mar. 6, 2013); see also *Federal Deposit Ins. Corp. v. Lott*, 460 F.2d 82, 88 (5th Cir.1972). This doctrine is used to impute the "fraudulent conduct of an officer and sole-shareholder to the corporation in spite of the fact that his actions were adverse to it." *Id.* (citing *Peregrine Funding, Inc. v. Sheppard Mullin Richter & Hampton LLP*, 133 Cal. App. 4th 858, 879 (2005)); see also *Coit Drapery Cleaners, Inc. v. Sequoia Ins. Co.*, 14 Cal.App.4th 1595 (1993). This exception does not apply in the present case, however, because Seeney and Sinipata were not the District's decision makers: "Courts have declined to impute this exception, however, where it has not been established that all relevant decision makers for the corporation were engaged in the fraud." *Id.* (citing *Casey v. U.S. Bank Nat'l Ass'n*, 127 Cal.App.4th 1138, 1143 (2005)).

Here, the District decided to obtain insurance from Hartford long before hiring Seeney and Sinipata. Neither Seeney nor Sinipata were members of the board, let alone owners and/or sole representatives of the District. Seeney and Sinipata were in no position to directly benefit from the policy, and the District obtained no benefit from their alleged misrepresentations. If Seeney or Sinipata had not filled out the application, some other employee would have, with the same answers. The failure to disclose losses due to their own fraud on the application for insurance only prevented the District from discovering it sooner and timely reporting the loss under the prior policy, which neither Seeney nor Sinipata was involved in procuring.

Hartford has cited no cases dealing with an innocent corporation where an officer who did not have sole control of the company lied on a renewal application. On the other hand, in *Bancinsure, Inc. v. U.K. Bancorporation Inc./United Kentucky Bank of Pendleton County, Inc.*, 830 F. Supp. 2d 294 (E.D. Ky. 2011), the court was faced with this very scenario. The court reviewed the state of the law nationally, and found that "the few jurisdictions that have addressed this particular issue have handed down opposite results." *Id.* at 301. The court disagreed with *Payroll Express*, and held that the actions of a dishonest officer who lied on a renewal application to cover up her own misdeeds was not imputed to the insured, and therefore the policy was not rescindable. *Id.* The

Mr. Valeriano
April 11, 2013
Page 5 of 6

court found Wood "was acting adverse to [the insured's] interests when she lied on the renewal application. Had she been honest in completing the applications, [the insured] would have been able to submit a timely claim under the FIB [financial institution bond]. Thus, by lying on the application, [the insured] did not benefit in any way." *Id.* at 302. As in the current case, "had any other officer or director filled out the application, there would be no question that Wood's knowledge would not be imputed to [the insured] and the ... Policy would remain in effect. It would be unjust to rescind the policies now, simply because the [employee] happened to be the one who filled out the application." *Id.* at 305.

The same result was reached in *Puget Sound Nat'l Bank v. St. Paul Fire & Marine Ins. Co.*, 32 Wash. App. 32, 645 P.2d 1122 (Wash.Ct.App.1982). There the court held that the adverse interest exception applied, and even though the defalcating officer was a Director, he was not the "sole representative." The insured had a board of directors, at whose behest he filled out the application, and who had no knowledge of the director's wrongdoing. The Court found that concealment of his wrongdoing on the application "was not in the best interests" of the insured, and therefore their interests was adverse. *Id.* at 43; see also *Maryland Cas. Co. v. Tulsa Indust. Loan & Investment Co.*, 83 F.2d 14 (10th Cir.1936). In the present case, Seoney and Sinipata were not acting in the interest of the District and therefore their knowledge will not be imputed to defeat coverage.

Regardless of whether Hartford is able to convince a court that coverage under the 2010 policy was forfeited by the very fraud Hartford had agreed to insure, Hartford ignores the fact that when the fraud was committed, Hartford afforded coverage under its 2007 policy. Although the insured may not have "discovered" the theft during that policy period, because Hartford asserts that it would not have issued the 2010 policy but for the statements in the application, then a court certainly will find coverage under Hartford's earlier policy to avoid a forfeiture. "Forfeitures . . . are not favored; hence a contract, and conditions in a contract, will if possible be construed to avoid forfeiture. This is particularly true of insurance contracts." *O'Morrow v. Borad*, 27 Cal. 2d 794, 800-801 (1946) (citations omitted); see also *Root v. Am. Equity Specialty Ins. Co.*, 130 Cal. App. 4th 926, 948 (2005).

We appreciate Hartford's expressed willingness to continue discussing this matter. The District would be happy to meet for further discussion.

Very truly yours,



Barron L. Weinstein

BLW:ody

APPENDIX D

June 15, 2012

Mr. Robert Gay
District Manager
San Mateo County
Mosquito and Vector Control District
(SMCMVCD)
1351 Rollins Rd
Burlingame CA 94010

**Re: Assessment of SMCMVCD System of Internal Financial Controls and
Recommendations for Improvements**

Dear Mr. Gay,

At your request I have conducted an assessment of SMCMVCD's system of financial internal controls for payroll, cash disbursements, equipment disposal, petty cash and credit card usage. Included are eight findings and recommendations for your consideration regarding potential control concerns along with additional procedures that address the concerns identified, that if implemented, would enhance your controls.

Background

In response to an embezzlement scheme that was discovered in June 2011, the District contracted for and obtained an extensive forensic audit by C. G. Uhlenberg for the period February 2009 through June 2011. In addition to the audit, C. G. Uhlenberg rebuilt the District's financial records for the Fiscal Year July 2010 through June 2011 and recommended several internal financial control improvements.

In addition, the San Mateo County Counsel's Office performed an investigation of the position of District Manager's financial oversight during the period the fraud was perpetrated and recommended performance measures for the District Manager.

Based upon C. G. Uhlenberg's audit, it was assessed that the embezzlement scheme was a complex fraud that *"included elaborate efforts to cover up the embezzlement using falsified records presented to the District Manager and the Board of Trustees."*

In addition, it was assessed that the *"conspiracy between the alleged perpetrators was so elaborated and well concealed that it also was not detected in the District's annual audit processes."*

June 13, 2012

Mr. Robert Gay

Re: Assessment of SMCMVCD System of Internal Financial Controls and Recommendations for Improvements

Findings and Recommendations

Finding No. 1

The blank check stock while maintained in an office that is locked when no one is in attendance, is kept in an unlocked drawer.

Recommendation No. 1

Secure the blank check stock in a locked draw or safe. Unless immediately being used, the blank check stock should always be locked.

Finding No. 2

The blank check stock is not subject to periodic inventory counts to assure the entire supply is properly accounted for and tracked.

Currently the stock is enough for several months' worth of check writing. This fact presents an opportunity for an individual with access to blank check stock to steal blank checks that would not be used and therefore missed for months.

Recommendation No. 2

The District Manager along with the Financial Manager should periodically inventory the blank check stock and document their count for the record.

Finding No. 3

The Financial Manager and the Accounting Technician can individually access the blank check stock in the absence of the other.

This provides an opportunity for one to steal blank check stock in the absence of the other and thereby avoid detection. In the event of theft of this stock and the subsequent fraudulent use of it, this situation increases the difficulty of identifying the fraudster and potentially blemishes all individuals who would have access to the blank check stock.

Recommendation No. 3

Limit access to the locked blank check stock to the District Manager or no more than him and the Financial Manager.

June 13, 2013
Mr. Robert Gay
Re: Assessment of SMC&VCD System of Internal Financial Controls and Recommendations for Improvements

Finding No. 4

There is no established limit to the amount a District check can be cashed for with the bank. This situation enables a fraudster to steal a sizable amount of money in one theft and immediately flee, thereby effectively thwarting the extensive internal controls established to detect a theft.

Recommendation No. 4

Establish an upper threshold with the bank for cashing any checks without direct confirmation or advanced clearance.

Finding No. 5

While the bank statement is reconciled monthly, this control typically takes place five to six weeks after the first of the former month thereby potentially giving a fraudster that interval to abscond with the proceeds.

Recommendation No. 5

The Financial Manager should review the online banking statement weekly as an added precaution.

Finding No. 6

There does not appear to be an upper limit to the credit card usage. If accurate, this situation increases the potential of a large theft or misuse.

Recommendation No. 6

Review the thresholds of the credit cards and seek to limit its upper limit to fall within a range of the typical transactions.

June 15, 2012

Mr. Robert Gay

Re: Assessment of SMC/MVCD System of Internal Financial Controls and Recommendations for Improvements

Finding No. 7

The current practice is to issue a credit card to most staff. This situation increases the potential of misuse or fraud.

Recommendation No. 7

Evaluate the cost/vulnerabilities and business benefits of the issuance of credit cards and consider limiting their distribution. If the business needs justify the wide issuance of them the issue of upper limits and timely reconciliation's become even more important.

Finding No. 8

The District's new Internal Control Manual while a useful document, still remains a work in progress. It is important to have detailed desk procedures and clear and current policies readily available to management and staff. Well written and current policies and procedures serve as an essential quality assurance and check and balance internal control for any organization. They greatly facilitate the ability of management as well as the external auditors to conduct meaningful reviews and monitoring of the day-to-day business transactions.

Recommendation No. 8

Consider contracting with a firm that specializes in the preparation of business policies and procedures to ensure a timely, thorough and user/reviewer friendly manual.

Very truly yours,



Dr. Peter Hughes, Certified Fraud Examiner

ABOUT ORANGE COUNTY'S

Director of Internal Audit

Dr. Peter Hughes, CPA

CIA, CFE, CTP, CFF, CCEP

Dr. Hughes is a graduate of the highly selective UCLA Anderson Graduate School of Management's Corporate Board of Directors Oversight Program which qualifies him to serve as a board member on both a corporate or governmental entity. He also possesses a Ph.D., from Oregon State University, an MBA with an emphasis in Statistics from the University of California, Riverside, and a BA in Philosophy in Ethics and Political Philosophy from Pomona College in Claremont, California. Additionally, he is a Certified Public Accountant, Certified Corporate Compliance and Ethics Professional, an AICPA Certified Information Technology Professional, Certified Internal Auditor, a Certified Financial Forensic expert, an Institute of Internal Auditors' Accredited Peer Reviewer, a Certified Fraud Examiner and is trained in *Lateral and Creative Thinking techniques and methods*.

Along with his County internal auditing experience, Dr. Hughes has served as the Director of Internal Audit for three world-class organizations including the California Institute of Technology (Caltech), NASA's Jet Propulsion Laboratory (JPL) and the Oregon University System of Higher Education. Additionally, Dr. Hughes served as Acting Controller for Caltech and was a Divisional Director of General Accounting and Finance for a major subsidiary of Columbia Broadcasting System (CBS).

Dr. Hughes is recognized as a leading authority in improving the cost effectiveness and efficiencies of local governmental entities having designed and conducted over 100 Control Self Assessment and Process Improvement workshops involving 1500 participations that identified and implemented over 2000 improvements in County business processes. Dr. Hughes' use of *Lateral and Creative Thinking techniques* in combination with his business sense and humor made these workshops the most popular and effective in recent County history.

He also led in the design and implement of Strategic Business Plans having served as the co-lead for the first Strategic Plan for Orange County. In addition, he is also recognized as a leading authority in the development of investment guidelines for municipal and county investment pools having conducted over 50 compliance and financial audits of Orange County's \$7 billion investment pool and in the design of "Best Practice" Audit Oversight Committees (AOC) having been instrumental in the creation of Orange County's AOC which is considered as one of the most successful oversight committees of its kind in local government.

Under the direction of Dr. Hughes, the County of Orange Internal Audit Department was the recipient of the prestigious Institute of Internal Auditors ROC, the Recognition of Commitment to Professional Excellence, Quality Service and Outreach Award. In addition, his department web page received the Bronze Medal for its utility and transparency from the international Association of Local Governmental Auditors (ALGA). Dr. Hughes has led his internal audit department successfully through four Peer Reviews and has developed the department into a world class audit function, with each of his 15 auditors possessing a CPA and at least one other internationally recognized certification; a standard of excellence no other comparably sized county or city has achieved.

Dr. Hughes is a noted speaker at international conferences and is an Adjunct Professor of Accounting at California State University at Fullerton's renowned and accredited School of Accounting where he teaches an advance course in internal controls, audit and risk assessment.

Issued: July 18, 2013



Office of Mayor Peter I. Ohtaki

October 2, 2013

Hon. Richard C. Livermore
 Judge of the Superior Court
 c/o Charlene Kresevich
 Hall of Justice
 400 County Center, 2 Fl
 Redwood City, CA 94063-1655

Re: Response to Grand Jury Report: “San Mateo County Special Districts: Who is Really in Charge of the Taxpayer’s Money? The Mosquito Embezzlement: Is it the Tip of the Iceberg?”

Dear Judge Livermore:

As requested, the City of Menlo Park is providing responses to each of the fourteen findings presented by the Grand Jury in their report entitled, “San Mateo County Special Districts: Who is Really in Charge of the Taxpayer’s Money? The Mosquito Embezzlement: Is it the Tip of the Iceberg?” as well as the two recommendations pertaining to City/Town Councils.

FINDINGS:

F1. The Board and the Manager share responsibility for the lack of oversight that was instrumental in allowing embezzlement to occur.

City Response: The City of Menlo Park agrees with this finding based on the information provided by the Grand Jury in its report.

F2. The Manager and the Board’s finance committee did not recognize red flags in the financial reports that could have revealed the embezzlement far sooner.

City Response: The City of Menlo Park agrees with this finding based on the information provided by the Grand Jury in its report.

F3. The insurance company’s denial of the District’s embezzlement loss claim reinforces the conclusion that there were inadequate management practices, insufficient accountability, and inadequate oversight of the District.

City Response: The City of Menlo Park agrees with this finding based on the information provided by the Grand Jury in its report.

F4. The District's Manager did not follow policies and procedures in the hiring of one of the employees subsequently charged with embezzlement.

City Response: The City of Menlo Park agrees with this finding based on the information provided by the Grand Jury in its report.

F5. The District did not have adequate internal financial controls in place to prevent the embezzlement or lead to its early discovery.

City Response: The City of Menlo Park agrees with this finding based on the information provided by the Grand Jury in its report.

F6. Trustees and senior District staff should receive monthly financial reports.

City Response: The City of Menlo Park agrees with this finding based on the information provided by the Grand Jury in its report.

F7. The Board in general and its finance committee in particular did an inadequate job of overseeing the District's operations.

City Response: The City of Menlo Park agrees with this finding based on the information provided by the Grand Jury in its report.

F8. The Board's evaluation of the Manager revealed significant differences in the levels of confidence in the Manager's ability to manage the District.

City Response: The City of Menlo Park agrees with this finding based on the information provided by the Grand Jury in its report.

F9. The District would benefit from a redesigned Manager Evaluation process.

City Response: The City of Menlo Park agrees with this finding based on the information provided by the Grand Jury in its report.

F10. Trustees are confused about their responsibilities, some feeling their only role is to make district policy, while others feel they have more oversight responsibility.

City Response: The City of Menlo Park agrees with this finding based on the information provided by the Grand Jury in its report.

F11. Even though LAFCo Commissioners rejected the recommendation to dissolve the District and transfer its functions to the CEHD, this issue needs further evaluation.

City Response: The City of Menlo Park agrees with this finding based on the information provided by the Grand Jury in its report and based upon LAFCo's response to the Grand Jury which calls for more analysis.

F12. Cost savings could possibly be achieved with a transfer of the District's functions to the CEHD.

City Response: The City of Menlo Park does not have enough information to agree or disagree with this finding based solely upon the information provided by the Grand Jury in its report.

F13. LAFCo would benefit from additional resources to ensure Service Reviews, as mandated by state law, are performed in a timely fashion.

City Response: The City of Menlo Park does not have enough information to agree or disagree with this finding based solely upon the information provided by the Grand Jury in its report.

F14. Not all cities appoint a representative to the Board in a timely fashion or select a qualified individual as stipulated in the Health Code.

City Response: The City does not have enough information about the practices of other cities as it pertains to this finding to agree or disagree, based on the information provided by the Grand Jury in its report. The City of Menlo Park has appointed a qualified resident to serve as its representative.

RECOMMENDATIONS:

R10. Appoint a council member to the District Board if a representative cannot be found after vetting applicants.

City Response: The City of Menlo Park agrees with this recommendation and will implement it if it becomes necessary.

R11. Require regular reporting about the District's operations by their representative at a scheduled council meeting.

City Response: The City of Menlo Park agrees with this recommendation and has tentatively scheduled the City's representative to the District Board to make a presentation at a future Council meeting in November 2013. The City Council has also requested quarterly updates from its representative.

This letter of response to the Grand Jury report was reviewed and approved by the City Council at its regular meeting on Tuesday, October 1, 2013. Any questions about this response should be directed to Menlo Park City Manager, Alex McIntyre, at (650) 330-6610.

Sincerely,

Peter I. Ohtaki
Mayor

cc: Menlo Park City Council

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**CITY COUNCIL
SPECIAL AND REGULAR MEETING
DRAFT MINUTES**

Tuesday, September 24, 2013
6:00 P.M.
701 Laurel Street, Menlo Park, CA 94025
City Council Chambers

6:00 P.M. CLOSED SESSION

Mayor Ohtaki called the Closed Session to order at 6:00 p.m. with all members present.

Public Comment:

Nawied Amin spoke on the topic. ([Handout](#))

CL1. Closed Session pursuant to Government Code Section §54957:
Public Employee Performance Evaluation - City Manager

The Council adjourned to the Regular Session in the Council Chambers.

7:00 P.M. REGULAR SESSION

Mayor Ohtaki called the meeting at order at 7:11 p.m. with all members present.

Mayor Ohtaki led the pledge of allegiance.

REPORT FROM CLOSED SESSION

There is no reportable action from the Closed Session held earlier.

ANNOUNCEMENTS

Mayor Ohtaki announced that Item SS1, *Overview of the process for creating the work program for the General Plan*, will not be heard this evening and is continued to a future Council meeting to be determined. Due to two very recent resignations in the Planning Division, adjustments in the General Plan timeline will need to be considered before this item can be presented.

A. PRESENTATIONS AND PROCLAMATIONS

B. COMMISSION/COMMITTEE VACANCIES, APPOINTMENTS AND REPORTS

B1. Library Commission quarterly report on the status of their two-year Work Plan
Jacqueline Cebrian, Commission Chair, gave the report.

B2. Bike Commission quarterly report on the status of their two-year Work Plan
Greg Klingsporn, Commission Chair, gave the report.

C. PUBLIC COMMENT #1

- Charlie Golden announced an event, The Lighter Side of Brass, benefiting the Mid-Peninsula High School Performing Arts Center taking place on October 12th at 3pm at the First Congregational Church in Palo Alto.

- Dr. Gloria Hernandez, Ravenswood City School District Superintendent, spoke regarding the Community School Project and invited Council to attend press conferences being held on October 8th at Belle Haven and Willow Oaks schools.
- Cherie Zaslowsky expressed concerns regarding the General Plan.

D. CONSENT CALENDAR

- D1.** Authorize the Public Works Director to accept the work performed by C.F. Archibald Paving Inc. for the 2011-12 Street Resurfacing Project ([Staff report #13-154](#))
- D2.** Authorize the City Manager to execute agreements with the Peninsula Corridor Joint Powers Board for the operations and funding of the City's Shuttle Program for fiscal year 2013-2014 ([Staff Report #13-155](#))
- D3.** Reject the Bids Received for the El Camino Real Trees Phase III Project ([Staff report #13-156](#))
- D4.** Accept, file and direct staff to submit a Comment Letter for the Draft US 101/Willow Interchange Project Draft Environmental Document ([Staff report #13-156](#))
- D5.** Accept minutes for the Council meetings of August 20 and August 27, 2013 ([Attachment](#))

Councilmember Keith requested that Item D5, the August 20, 2013 minutes only, be pulled from the Consent Calendar for discussion.

ACTION: Motion/second (Keith/ Carlton) to approve Consent Calendar items D1-D4 and D5, the August 27, 2013 minutes only, passes unanimously.

On page 5, paragraph 4 of the August 20th minutes, Councilmember Keith requested that the words "and was provided a copy" be added to the end of the sentence "Councilmember Keith requested to see the indemnity agreement".

ACTION: Motion/second (Keith/Cline) to approve Consent Calendar item D5, the August 20, 2013 minutes, as amended passes unanimously.

E. PUBLIC HEARINGS – None

SS. STUDY SESSION

- SS1.** Overview of the process for creating the work program for the General Plan ([Staff report #13-160](#))

This item was continued to a future Council meeting to be determined.

F. REGULAR BUSINESS

- F1.** Award a contract for the Police Department to purchase equipment: surveillance cameras and automated license plate readers (ALPR) ([Staff report #13-159](#))

Chief Robert Jonsen introduced the item. Mike Sena, Director of the Northern California Regional Intelligence Center (NCRIC) and Brian Rodriguez, responded to Council questions regarding the automated license plate reader policy.

Commander Dave Bertini made a staff presentation regarding purchasing of the fixed surveillance cameras and automated license plate readers.

Public Comment:

- Nawied Amin requested Council delay approving the contract ([Handout](#))
- Cherie Zaslowsky expressed concerns regarding video surveillance

ACTION: Motion/second (Mueller/Cline) to approve a contract for the Police Department to purchase equipment, surveillance cameras and automated license plate readers, with the friendly amendment that the equipment only be deployed subject to the following conditions - introduction of a privacy ordinance, review and approval of the MOU with NCRIC, review of police department draft policies regarding the equipment, implementation of a six month retention period for the ALPR data not associated with a criminal investigation, and providing a six month update after deployment passes unanimously.

ACTION: Motion/second (Mueller/Carlton) to form a Council subcommittee to work with the City Attorney on drafting the privacy ordinance and appointing Mayor Pro Tem Mueller and Councilmember Keith to serve on the subcommittee passes unanimously.

F2. Approve a resolution modifying City Council Policy CC-01-0004: Commissions/Committees Policy and Procedures and Roles and Responsibilities, pertaining to the Housing Commission ([Staff report #13-158](#))

Staff presentation by Pat Carson, Executive Secretary to the City Manager and Housing Commission staff liaison.

ACTION: Motion/second (Cline/Carlton) to approve **Resolution 6169** modifying City Council Policy CC-01-0004: Commissions/Committees Policy and Procedures and Roles and Responsibilities pertaining to the Housing Commission, reducing the number of Housing Commissioners from seven to five, passes 4-1 (Mueller dissents).

F3. Discuss and approve scheduling an additional Council meeting in November 2013 to review and discuss the Specific Plan ([Attachment](#))

ACTION: Motion/second (Cline/Keith) to schedule an additional Council meeting on November 19, 2013 passes unanimously.

F4. Letter from Councilmember Kirsten Keith to the San Mateo County Supervisorial District Lines Adjustment Committee ([Staff report #13-161](#))

ACTION: Motion/second (Cline/Carlton) for the Council to prepare a letter in support of maintaining the City of Menlo Park in one supervisorial district passes unanimously.

F5. 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 – None

J. COUNCILMEMBER REPORTS

Mayor Ohtaki, and Councilmembers Carlton and Keith reported on attending the League of California Cities Annual Conference in Sacramento.

K. PUBLIC COMMENT #2

- Wynn Grcich spoke regarding fluoride BPA. ([Handout](#))

L. ADJOURNMENT at 10:15 p.m.

Pamela Aguilar
Acting City Clerk

DRAFT



PUBLIC WORKS DEPARTMENT

**Council Meeting Date: October 1, 2013
Staff Report #: 13-163**

Agenda Item #: F-1

REGULAR BUSINESS: **Approve the Request for Proposal for the El Camino Real Lane Reconfiguration and Ravenswood Avenue Right Turn Lane Study**

RECOMMENDATION

Staff recommends that the City Council approve the Request for Proposal (RFP) for the El Camino Real Lane Reconfiguration and Ravenswood Avenue Right Turn Lane Study.

BACKGROUND

The El Camino Real Lane Reconfiguration Study was approved as a project priority by Council and is included in the City's Capital Improvement Plan (CIP) for Fiscal Year (FY) 2013-2014. A related project, the El Camino Real/Ravenswood Avenue Northbound Right-Turn Lane Design, is also included in the City's CIP for FY 2013-2014 and therefore these two projects have been combined into one study/preliminary design.

The first step is to secure a consultant team to conduct the Study/Preliminary design. An RFP process is used, so potential consultants can provide informed proposals and staff can ensure a qualified team is selected.

ANALYSIS

The study/preliminary design will consider possible widening alternatives to allow for the addition of a bicycle lane or an additional through lane, for a total of three lanes in each direction between Sand Hill Road and Encinal Avenue. The purpose of this study is to identify potential reconfiguration alternatives, and evaluate the feasibility and potential impacts (adverse and beneficial) to improve multi-modal transportation along the corridor. Impacts to traffic, active transportation, safety, parking and aesthetics will be addressed as part of the evaluation. In summary, within the limited right-of-way available, this study will assess safety, efficiency and convenience trade-offs between motorists and bicyclists. The project will include an extensive community engagement component, including community workshops, web-based outreach, meetings with the Bicycle, Transportation and Planning Commissions and the City Council. Meetings with the Town of Atherton and City of Palo Alto Committee(s) and Commission(s) are also included.

Given the location of the El Camino Real/Ravenswood Avenue Northbound Right-Turn Lane Design project within the overall study corridor, the planning and design of this project was included as part of the El Camino Real Lane Reconfiguration Study. This will allow for the projects to be coordinated and, ultimately, the design of the El Camino Real/Ravenswood Avenue Northbound Right-Turn Lane to be compatible with the overall improvement plans for the El Camino Real corridor.

Staff worked with the two El Camino Real Lane Reconfiguration Study Subcommittees, one of the Bicycle Commission and one of the Transportation Commission, to develop the attached RFP. The RFP was also approved by the Bicycle and Transportation Commissions at their September 9, 2013 and September 11, 2013 meetings, respectively.

The RFP defines the project history, problem statement, project objectives, and gives (a list of conditions serving as a framework for stakeholders of the project that are not open for negotiation), as well as the core Scope of Work, Project Schedule, required proposal content and selection process details.

The key tasks included in the Scope of Work are as follows:

1. Project Management
2. Community Outreach
3. Data Collection and Review
4. Identify Performance Metrics
5. Existing Conditions
6. Develop Travel Demand Forecasts
7. 2030 No Project Analysis
8. Alternatives Analysis
9. El Camino Real/Ravenswood Avenue-Menlo Avenue Northbound Right-Turn Lane Improvement Plans, Specifications and Estimate (PS&E)
10. Environmental Review

If approved, the RFP will be sent to consultants in mid-October to solicit proposals. Interviews of the consultants will include the Bicycle and Transportation Commission sub-committees and would most likely be held in late November/early December with Council award of the contract to the consultant in early January 2014.

IMPACT ON CITY RESOURCES

Funding for the El Camino Real Lane Reconfiguration Study and Ravenswood Avenue/El Camino Real Northbound Right-Turn Lane Designs are included in the FY 2013-2014 CIP Budget. The amounts budgeted for these studies are \$200,000 and \$50,000, respectively, for the current fiscal year inclusive of consultant and staff time.

POLICY ISSUES

The recommendation does not represent a change to existing City policy.

ENVIRONMENTAL REVIEW

The El Camino Real Lane Reconfiguration Study is not a project under the current California Environmental Quality Act Guidelines. Modifications that are recommended as part of this study would require environmental review following the completion of the Study.

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. Draft Request for Proposal (RFP) for El Camino Real Lane Reconfiguration and Ravenswood Right Turn Lane Study

Report prepared by:
Nicole H. Nagaya, P.E.
Senior Transportation Engineer

Jesse Quirion
Transportation Manager

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**Draft Request for Proposal (RFP)
for
El Camino Real Lane Reconfiguration
and Ravenswood Right Turn Lane
Study**

Issued: October 16, 2013

Proposals Due: November 6, 2013

Background

Project History

El Camino Real is a key roadway connecting cities throughout San Francisco, San Mateo, and Santa Clara Counties, and provides a key transportation route through downtown Menlo Park. El Camino Real serves many local businesses fronting and adjacent to the street, and is one of few north-south thoroughfares in the City, providing connections for residents to jobs and services in Palo Alto, Mountain View, Los Altos, Atherton, Redwood City, and beyond.

El Camino Real also divides the City, with the downtown business district on the west side and the Civic Center, recreation facilities and library on the east side, and the Menlo Park City School District schools straddling both sides. This orientation requires frequent crossings by Menlo Park residents on a daily basis, and represents a challenging situation for pedestrians, bicyclists, and motorists making short trips to local destinations.

El Camino Real is designated State Route 82 and is owned by Caltrans within Menlo Park city limits (San Francisquito Creek to Encinal Avenue); however, the City of Menlo Park operates and maintains the traffic signals within the City. El Camino Real also serves numerous SamTrans, VTA and local shuttle transit services, and is one block west of the Caltrain corridor, with the Menlo Park station located near the intersection with Santa Cruz Avenue.

Today, El Camino in Menlo Park is six lanes wide from the southerly border with the City of Palo Alto, before narrowing to four lanes north of Ravenswood Avenue. The four lane section continues north to Spruce Avenue in the Town of Atherton. In the southbound direction, the four lane section begins at Valparaiso Avenue-Glenwood Avenue and continues south to Ravenswood Avenue, where it widens to a six-lane cross-section. El Camino Real is six lanes through the adjacent communities of Atherton, Palo Alto, Mountain View and Los Altos; it is four- to six-lanes in Redwood City.

The El Camino Real corridor and Downtown Menlo Park were recently re-envisioned through the City's El Camino Real/Downtown Specific Plan (Specific Plan), adopted by the Menlo Park City Council in June 2012. The Specific Plan provides the framework for redevelopment of many underutilized parcels in the Plan Area, and encourages transit-oriented, mixed-use and infill development. While maintaining the existing cross-section was assumed throughout the process, improvements to several intersections on El Camino Real and a comprehensive bicycle network were identified as part of the Specific Plan. Specifically, the Environmental Impact Report for the Specific Plan and other prior development projects identified the need for widening the northbound approach from El Camino Real to Ravenswood Avenue to add a right-turn lane, with conversion of the existing right-turn lane to a through lane. This modification is currently included in the City's Five-Year Capital Improvement Plan.¹ Since this improvement lies within the study area for this project, it will be evaluated and design developed as part of this study. The City's Transportation Impact Fee (TIF) Program also includes modifications at the El Camino Real intersections at Middle Avenue and Valparaiso Avenue-Glenwood Avenue that will be reviewed as part of this study, although preparation of full design plans for these improvements are not anticipated as part of this project.

As the Specific Plan Area has begun to redevelop, the community, the Bicycle, Transportation and Planning Commissions, and City Council have raised concerns about the functionality of El Camino Real to serve multi-modal transportation users safely and efficiently. Key issues raised have included:

- Occurrence of congested conditions and delay to motorists, transit vehicles, and emergency vehicles during peak commute hours;
- Ability to serve local traffic and connect local businesses, including provision of on-street parking;
- Safety of motorists, bicyclists, and pedestrians traveling along and across El Camino Real;
- Presents a barrier to vehicle, bicycle, and pedestrian traffic attempting to cross El Camino Real;
- Prevalence of motorists making u-turns at Cambridge Avenue
- Comfort of bicyclists traveling on El Camino Real, and bicyclists' need to access local destinations in the corridor; and
- Designation of El Camino Real as a Class II bike lane/minimum Class III bike route facility in the Specific Plan.

Problem Statement

El Camino Real as it currently exists does not adequately serve the Menlo Park community's need for safe and efficient multi-modal transportation and access to local destinations.

¹ Five-Year Capital Improvement Plan, FY 2013-18. Available: http://content.govdelivery.com/attachments/topic_files/CAMENLO/CAMENLO_191/2013/05/15/file_attachments/211148/5YR%2BCIP%2B13-18%2B-%2BFinal%2B05.13_211148.pdf

Project Objectives

Based on these issues, the City is embarking on a study to review potential transportation and safety improvements to El Camino Real. This study will consider possible widening alternatives to allow for the addition of a bicycle lane or an additional through lane, for a total of three lanes in each direction between Sand Hill Road and Encinal Avenue. The purpose of this study is to identify potential reconfiguration alternatives, and evaluate the feasibility and potential impacts (adverse and beneficial) of up to three (3) of these alternatives to improve multi-modal transportation along the corridor. Impacts to traffic, active transportation, safety, parking and aesthetics will be addressed as part of the evaluation. In summary, within the limited right-of-way available, this study will assess safety, efficiency and convenience trade-offs between motorists and bicyclists.

Givens

Serving as a framework for the stakeholders of this project are a list of conditions that are not open for negotiation:

- Infrastructure and streetscape modifications to El Camino Real between Sand Hill Road and Encinal Avenue will be evaluated as part of this study and, as necessary for connectivity, side-street approaches to El Camino Real within this area. Modifications to side-streets will be considered between the western side of the Caltrain tracks and the eastern side of Curtis Street-Hoover Street-Alto Lane.
- All proposed modifications should be consistent with the El Camino Real/Downtown Specific Plan.
- Only surface improvements will be considered (i.e., grade separation, such as tunneling, is prohibitively expensive for purposes of this study).
- Impacts (both beneficial and possibly adverse) to all modes of travel will be considered in this study.
- It is expected that Caltrans will continue ownership of El Camino Real in the reasonably foreseeable future; thus, ultimate design and implementation of modifications to El Camino Real will need to meet Caltrans requirements and standards. Caltrans representatives will be invited to participate as interested stakeholders as part of this process.

Scope of Work

The following is the project outline on a task-by-task basis that is intended to set the general framework for the study.

Task 1 – Project Management

Consultant will conduct a kick-off meeting with City staff to finalize the scope of work and schedule, and discuss issues such as the project goals, opportunities and constraints, information needs, roles and responsibilities, and expectations. Consultant should also describe their approach for ongoing project management approach over duration of this study.

Deliverables:

- Kick-off Meeting Agenda and Minutes
- Final Scope of Work and Schedule

Task 2 – Community Outreach

Consultant will develop a draft and final web-based overview survey to gain input from Menlo Park residents on their overall and specific concerns regarding circulation and safety within the study corridor. The survey will also include a link to the City's website, so residents can sign up to receive updates on the project and notification of future meetings. The consultant will tally the results of the survey to use during the project.

Consultant will prepare materials for and attend the following meetings:

- Up to six staff-level meetings
- Up to three Community Workshops
- Up to four adjacent community public hearings (such as Town of Atherton Transportation Committee, City of Palo Alto Planning and Transportation Commission and/or Bicycle Advisory Committee)
- Up to five Menlo Park Commission presentations (two Bicycle, two Transportation, and one Planning)
- Up to two Menlo Park City Council presentations
- Meeting with Caltrans to Review Report/Findings

It is anticipated the content reviewed at the meetings would include at least the following:

- Community Workshop #1: *Visioning and Performance Metrics*
- Community Workshop #2: *Existing Conditions and Alternatives Development*
- Bicycle Commission Meeting #1: *Existing Conditions and Alternatives Development*
- Transportation Commission Meeting #1: *Existing Conditions and Alternatives Development*
- City Council Meeting #1: *Existing Conditions and Alternatives Development*
- Community Workshop #3: *Draft Report*
- Bicycle Commission Meeting #2: *Draft Report*
- Transportation Commission Meeting #2: *Draft Report*
- City Council Meeting #2: *Draft Report*

Alternatively, the consultant may propose an alternative approach to community outreach meetings based on prior project experiences, as desired.

Additionally, the following tasks will require regular updates from the consultant:

- Project Web Site and Facebook page: Develop project web site and Facebook page to provide all relevant information about the project, including: staff reports, presentations, meeting materials, project schedule, and related documents. The consultant will provide the information and the City will upload the information and maintain the website.

- Newsletter: The consultant will develop a regular electronic newsletter to inform the community of the progress of the project. Email distribution will be handled directly by the City.

Deliverables:

- Draft and final survey for distribution by City staff
- Summary of survey results
- Agendas and minutes for staff-level meetings
- Agendas, presentations, notes from each Community Workshop
- Presentations for each Commission and Council meeting
- Materials for web site
- Monthly newsletters

Task 3 – Data Collection and Review

Consultant will review all relevant previous studies, including relevant historical traffic counts and other data, as summarized below, and identify locations and collect new traffic counts as needed:

- Review background studies and plans:
 - El Camino Real/Downtown Specific Plan
 - General Plan
 - Comprehensive Bicycle Development Plan Grand Boulevard Initiative
 - Transportation Impact Fee Final Report
- Confirm existing right-of-way and inventory existing curb widths and lane striping for each block
- Full survey of southeast corner of El Camino Real and Ravenswood Avenue (for use in Task 9)
- Compile previously collected traffic counts, and collect new data, as needed:
 - Intersection turning movement counts during peak periods (vehicles, heavy vehicles, buses, bicycles, pedestrians)
 - Average daily traffic vehicle classification counts
- Conduct travel time runs
- Inventory parking spaces by block face
- Inventory curb ramp and crosswalk locations, median islands
- Most recent 5-year collision data (vehicles, bicycles, and pedestrians)
- Bus routes and service frequency, stops, and ridership
- Conduct field observations, including intersection operations and queuing during each peak period; behavioral observations; and walking and bicycling the corridor
- Prepare summary of El Camino Real best practices, highlighting other Bay Area communities that have incorporated such practices along similar roadways

Deliverables:

- Data Request

- Cross-section and plan view of study area showing right-of-way, curb widths and lane striping
- Summary memo with findings from Task 3
- Relevant GIS layers developed by the consultant in ArcGIS format
- Summary of El Camino Real best practices, including photos and built examples

Task 4 – Identify Performance Metrics

Consultant will identify a draft list of performance metrics to be used to evaluate alternatives. The draft list should be reviewed with City staff and presented at the first Community Workshop. This list should include, at a minimum, for each mode, as follows:

- Vehicles:
 - Travel times
 - Queues
 - Intersection levels of service
 - Vehicle miles of travel and greenhouse gas emissions
- Bicycles:
 - Number of riders on and crossing El Camino Real
 - Evaluate Level of Stress² or Bicycle Level of Service (2010 Highway Capacity Manual)
 - Availability and suitability of parallel routes, such as Alma Street, Laurel Street, and Garwood Way
- Pedestrians:
 - Number of persons on and crossing El Camino Real
 - Assess pedestrian exposure (crossing distance/pedestrian volume vs. vehicle turn volumes)
 - Pedestrian delay at each intersection
- Transit:
 - Ridership
 - Travel time
 - Person delay
- Parking Impacts (number of spaces lost per block)
- Other metrics, if desired, to be determined by consultant to address Safety, Health, Economic Impact, Impacts to Railroad Crossings, Diversion to Parallel Routes, Aesthetics

Deliverables:

- Draft and Final Performance Metrics - Working Paper #1, including summary of feedback received at Community Workshop

Task 5 – Existing Conditions

Consultant will complete Existing Conditions analysis to establish baseline performance metrics, identify opportunity areas, and project constraints. Given level of congestion and queue spillback between the intersections in the study area, a micro-simulation traffic operations model should be prepared for both the morning and evening peak periods, calibrated to observed

² Mineta Transportation Institute (May 2012). *Low-Stress Bicycling and Network Connectivity*. Available: <http://transweb.sjsu.edu/PDFs/research/1005-low-stress-bicycling-network-connectivity.pdf>

Existing Conditions. The extents of the model area needed should be recommended by the consultant.

Using this calibrated micro-simulation model, the consultant will evaluate performance metrics by mode as identified in Task 4.

Consultant will assess project opportunity areas and constraints, including an assessment of key community origins and destinations and likely travel routes for different users, and document model calibration process and Existing Conditions in Working Paper #2. Present Existing Conditions during second Community Workshop and to Bicycle and Transportation Commissions and City Council.

Deliverables:

- Existing Conditions Working Paper (electronic copy)
- Community Workshop #2 materials and minutes
- Presentations to Bicycle and Transportation Commissions and City Council

Task 6 – Develop Travel Demand Forecasts

Using the San Mateo County/C/CAG Travel Demand Model, the consultant will review projected growth and develop travel demand forecasts for each analysis scenario. Analysis scenarios should include:

- Existing plus Project
- 2040 No Project
- 2040 Plus Project

Forecasts should be reasonably consistent with those published for recent development projects, which include traffic assignment for approved and pending projects and one percent per year annual growth. Under Existing and 2040 plus Project Conditions, the C/CAG model should be used to verify if the addition of a third through travel lane on El Camino Real would induce latent demand traffic growth. Consultant should recommend whether a separate set of demand forecasts should be used to quantify such latent demand.

Deliverables:

- Forecast Methods and Results - Working Paper #3 (electronic copy)

Task 7 – 2040 No Project Analysis

The consultant will prepare 2040 No Project Conditions analysis. Consultant will evaluate performance metrics identified in Task 4 for the 2040 No Project conditions using the calibrated micro-simulation models for each peak period.

Task 8 – Alternatives Analysis

Based on community input at the first workshop and Existing Conditions analyses, the consultant will identify preliminary concepts to improve multi-modal transportation along El Camino Real. These concepts may include, for example, infrastructure improvements (such as lane additions or striping changes, curb extensions as identified in the Downtown Specific Plan), operational improvements (such as signal coordination with the Caltrain crossings), or

connectivity improvements (such as, consistent with the Specific Plan, extension of Ravenswood Avenue bicycle lane from the Caltrain tracks to El Camino Real). The concepts should emphasize improvements for the existing public right-of-way, including available curb-to-curb width and sidewalk areas. While the City is considering possible grade separation of the Ravenswood Avenue crossing of the Caltrain tracks, it should not be assumed as part of this Study. Additionally, the TIF and prior studies have identified modifications to intersections on El Camino Real at Middle Avenue, Menlo Avenue-Ravenswood Avenue, and Valparaiso Avenue-Glenwood Avenue as follows:

- Middle Avenue:
 - Add a second northbound left-turn lane from El Camino Real to Middle Avenue and add receiving lane on Middle Avenue.
 - Add a southbound right-turn lane from El Camino Real to Middle Avenue
- Menlo Avenue-Ravenswood Avenue:
 - Widen the northbound El Camino Real approach to add a third through lane
 - Widen the southbound El Camino Real approach to add a second left-turn lane and restripe the existing right-turn lane to a shared through and right-turn lane
 - Widen eastbound Menlo Avenue approach to provide dedicated left-turn, through, and right-turn lanes
- Valparaiso Avenue-Glenwood Avenue:
 - Restripe the existing right-turn lane on northbound El Camino Real to a shared through and right-turn lane and add a third receiving lane
 - Widen the westbound Glenwood Avenue approach to add a dedicated right-turn lane

The feasibility of these modifications within the context of this Study should be evaluated as part of this task.

The improvement concepts will be refined to identify the top three (3) alternatives in the second community workshop, Bicycle and Transportation Commission meetings and City Council meeting. Then up to three (3) alternatives will be carried forward for detailed evaluation as part of this task:

- Addition of bicycle facility in both directions on El Camino Real between Sand Hill Road and Encinal Avenue
- Addition of a 3rd through lane in both directions on El Camino Real between Live Oak and Encinal Avenue
- Third alternative, to be determined

Consultant will evaluate the three (3) alternatives under the following scenarios:

- Existing plus Project
- 2040 plus Project

Consultant will prepare conceptual (30%) plans, to-scale, using AutoCAD 2010 based on the base right-of-way and existing facility inventory information collected and compiled in Task 3 for each alternative. Also prepare up to two (2) static photosimulations of each alternative.

Consultant will develop conceptual cost estimates for each alternative. Consultant will evaluate performance metrics identified in Task 4 for each alternative using the calibrated microsimulation models for each peak period. An assessment of key community origins and destinations and likely travel routes for different users under each scenario should be developed. Using the resulting microsimulation models, a video of the simulation for each alternative should be prepared for use in Community Outreach and public hearings.

Consultant will prepare draft and final Alternatives Analysis Report, incorporating prior final working papers. Results will be presented during Community Workshop #3, and to the Bicycle, Transportation and Planning Commissions for review and recommendation to the City Council for final approval.

Deliverables:

- Concept (30%) plans for each alternative, drawn to-scale in AutoCAD
- Alternatives Analysis Report (electronic copy)
- Community Workshop #3 materials and minutes
- Presentations to Bicycle, Transportation, and Planning Commissions and City Council

Task 9 – El Camino Real/Ravenswood Avenue-Menlo Avenue Northbound Right-Turn Lane Improvement Plans, Specifications and Estimate (PS&E)

Based on the 30% plans developed for the overall corridor in Task 8, the consultant will develop detailed design plans, specifications and cost estimate (PS&E) for the El Camino Real/Ravenswood Avenue-Menlo Avenue Northbound Right-Turn Lane improvement. The design should be consistent with the Final Alternatives Analysis Report adopted by the City Council in Task 8.

The plans and specifications must follow the most recently adopted City of Menlo Park and Caltrans standards and shall include all necessary requirements to construct the improvements in the public right-of-way, including but not limited to, grading and drainage improvements, utility relocations, traffic signal relocations/modifications, tree protection requirements, and signage and striping modifications. Consultant will submit copies of the plans, specifications and cost estimate at 60%, 90% and 100% complete. The City will review and provide comments to the Consultant to incorporate into the documents for each submittal. In addition, the plans and specifications will be submitted to Caltrans for an encroachment permit at the 90% submittal. The consultant will incorporate Caltrans comments into the 100% submittal. Upon final approval of the plans and specifications and Caltrans approval of the encroachment permit, consultant will submit signed copies of the plans and specifications to the City for bidding (print and electronic copies in AutoCAD and Microsoft Word for plans and specifications, respectively).

The consultant should also prepare a fee proposal to assist the City with construction support services, including responding to requests for information (RFIs) and preparing as-built construction drawings.

Task 10 – Environmental Review

Based on the alternative recommended in Task 8 as part of this study, some level of environmental review under the California Environmental Quality Act (CEQA) will be required. Therefore, all traffic analyses completed as part of Tasks 1 through 8 must be consistent with CEQA requirements and guidelines, as it will be used as the foundation for environmental review as part of this task.

The consultant will prepare, at a minimum, an Initial Study (IS) for the resulting project. The Initial Study shall review the project in relation to the El Camino Real/Downtown Specific Plan Program EIR, which was certified in June 2012. Based on the IS conclusions, the City will determine the appropriate level of environmental review. For purposes of this RFP, the consultant should prepare a preliminary scope and cost estimate for the following CEQA documents as optional tasks:

- Negative Declaration
- Mitigated Negative Declaration
- Environmental Impact Report

Project Schedule

It is anticipated that the project will adhere to the following preliminary schedule:

Request for Proposals (RFP) Issued	October 16, 2013
Questions on RFP Due	October 23, 2013 by 5:00 pm
Response to Questions Issued	October 28, 2013 by 5:00 pm
Responses to RFP Due	November 6, 2013 by 4:00 pm
Tentative Interview Dates, If Needed	Week of November 18 – 22, 2013
Contract Award	January 2014
Project Completion	June 2015

Proposal Content

The City is seeking a qualified consultant or consultant team to provide all of the services necessary to complete the El Camino Real Lane Reconfiguration and Ravenswood Northbound Right Turn Lane Study for the City of Menlo Park. The proposal must clearly demonstrate an understanding of the City’s goals and objectives for this project. The proposal shall including the items outlined in the sub-headings below. Please limit submissions to 30 pages, not including cover letter, references, or staff resumes.

1. Cover Letter

The consultant shall provide a letter introducing the firm and summarizing general qualifications and an executive summary of the specific approach to completing the study. This section should indicate the length of time for which the proposal remains effective (minimum of 60 days).

2. Work Program

The consultant shall submit a detailed plan for the services to be provided. Identify items and tasks that City Staff are expected to provide and/or complete.

3. Schedule

The consultant shall include in the proposal a preliminary project schedule that identifies milestones and completion dates by task from the beginning through formal review and adoption of the Study by the City Council. Initial project work should commence in January 2014 and is anticipated to last approximately 18 months.

4. Budget and Fees

The consultant shall provide a fee estimate, on a task-by-task basis including extra meetings costs if required. The proposal shall include a spreadsheet identifying personnel, hourly rates, and project responsibilities and estimated amount of time expected for each task, expressed in person-hours. The proposed budget is to be presented as not-to-exceed, with all overhead/expenses included in the figure. The consultant should outline the terms of payment, based on monthly billings to the City.

5. Public Meetings

The consultant will be required to attend and participate in meetings and/or public workshops with committees and policy makers as listed in other sections of the RFP. An hourly rate for additional meetings and presentations should be included in the proposal.

6. Key Personnel

The consultant shall provide the names of key personnel, their respective titles, experiences, and periods of services with the firm. Please clearly identify the primary contact for the proposal. If sub-consultants will be used, include details for these team members in this section.

7. Availability

The consultant shall provide a brief statement of the availability of key personnel of the firm to undertake the proposed project.

8. Qualifications

The consultant shall provide a list of related projects completed by the firm, along with relevant background information (*maximum of 10 examples*). For projects that were completed by a team of consultants, please clarify the specific contribution of you the firm.

9. References

The consultant shall provide the names and telephone numbers of three (3) persons whom the agency can call for references regarding the firm's past performance, preferably on similar projects.

Selection Process

Please submit eight (8) double-sided bound copies, (1) unbound, single-sided copy on standard-weight paper (no heavy weight paper or tabled dividers), and one (1) CD-R or USB

drive including a PDF copy of your full proposal at your earliest convenience, but no later than **November 6, 2013** at 4:00 p.m. to:

Nikki Nagaya, Senior Transportation Engineer
Transportation Division
City of Menlo Park
701 Laurel Street
Menlo Park, CA 94025

A Selection Advisory Committee comprised of City staff and members of the Bicycle and Transportation Commission will review the proposals received and select the most qualified firm(s) based on the following criteria:

1. Demonstrated ability to deliver creative options to street design, and to perform the specific tasks outlined in the Request for Proposal.
2. Qualifications of the specific individuals who will work on the project.
3. Amount of time key personnel will be involved in the project.
4. The specific method or techniques to be employed by the consultant on the project.
5. Reasonableness of the schedule to complete each task element and complete the project.
6. The overall cost of the proposal.

After the review of the proposals, staff will notify all consultants of their status in writing. Interviews of selected consultants by the Selection Advisory Committee will be scheduled thereafter, if necessary. It is anticipated interviews will be held the week of November 18th. Key members of each consultant project team should be present for the interview. A letter will be sent to each selected consultant team indicating the format of the interview and discussion topics along with the interview time, date and location.

The Selection Advisory Committee will rank the consultants after the interviews. City staff will negotiate the scope of work and final terms of agreement with the selected consultant.

The City of Menlo Park reserves the right to reject any of the proposals, to select more than one consultant, and/or accept that proposal or portion of a proposal which will, in its opinion, best serve the public interest.

Insurance Requirements

The consultant will be required to carry insurance coverage during the performance of the contract providing the following minimum limits:

Bodily injury including accidental death	\$1,000,000 per person
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Property damage and public liability (including coverage of vehicles used by the Consultant on or off the premises)	\$1,000,000 each person \$1,000,000 each accident \$1,000,000 property damage
Worker's Compensation Insurance	as required by California statutes
"Errors and Omissions" (Malpractice)	\$1,000,000

If you have any questions during the preparation of your proposal, please contact Nikki Nagaya, Senior Transportation Engineer at (650) 330-6770 or by email at nhnagaya@menlopark.org.

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OFFICE OF THE CITY MANAGER

Council Meeting Date: October 1, 2013
Staff Report #: 13-164

Agenda Item #: F-2

REGULAR BUSINESS: **Consideration of the Formation of a Small Business Commission**

RECOMMENDATION

Staff recommends that the City Council consider Vice Mayor Mueller's request to create a Small Business Commission.

BACKGROUND

A number of cities have commissions in order to allow for businesses to provide feedback on policy initiatives and approval processes that affect businesses. The San Carlos Economic Development Advisory Commission is one such example. The San Carlos Economic Development Advisory Commission (EDAC) is a nine-member advisory commission appointed by the City Council. The commission members include representatives of the business community in San Carlos and provide the City Council advice and recommendations on the City's economic development programs, goals and objectives. The Commission's goals include maintaining a successful business climate, ensuring a diverse job base, and providing an adequate range of housing for residents and employees of San Carlos businesses.

The Menlo Park Chamber of Commerce has expressed support for the concept of a Small Business Commission.

ANALYSIS

There are a number of impediments for a small business wishing to open in Menlo Park, including: the scarcity of space, cost of available space and Menlo Park's robust public approval process. Depending on lease terms and the scope of a project, the approval process can be time that a small business is paying rent and without receiving income.

Recently, staff has had success streamlining approvals with strategies that set separate necessary processes on parallel paths to minimize the overall length of processing time. However, Menlo Park's approval process remains to be perceived as more onerous than that of our peer cities. Should the City Council approve Vice Mayor Mueller's recommendations then the Small Business Commission could provide recommendations on additional streamlining measures.

If the Council provides direction to create the Commission, then general direction of the make-up of the Commission including residential requirements, number of members, and meeting frequency should be provided to staff. Staff would then create a draft update to the City's Commission policy and bring it back to Council for approval.

IMPACT ON CITY RESOURCES

The impact on City resources associated with this action will depend on a number of factors, such as the scope of the Commission's work plan, number of commissioners and meeting frequency. Staff is not prepared to make recommendations as to additional resources, but may return to the City Council should additional resources be necessary.

POLICY ISSUES

There is no current City policy regarding this issue.

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. Email from Vice Mayor Mueller regarding the creation of a Small Business Commission

Report prepared by:

Jim Cogan

Economic Development Manager

Cogan, Jim C

From: Mueller, Raymond
Sent: Friday, September 13, 2013 6:20 AM
To: Ohtaki, Peter I; Cogan, Jim C; McIntyre, Alex D; Almanac News 2; Bay Daily Post; Batti, Renee (Almanac External)
Subject: Agenda Item Request - Menlo Park Small Business Commission

Dear Mayor Ohtaki and Mr. McIntyre,

I am writing this letter to request that at our next regularly agendized City Council Meeting, an action item be added to the City Council's agenda, to consider the creation of a Small Business Commission.

I envision the Small Business Commission would be a standing Menlo Park Commission whose purpose would be the following:

1. To provide feedback to the City and City Council regarding the pressures, challenges, and difficulties that small business uniquely face in Menlo Park, and uniquely face in different parts of the City.
2. To advocate for small business-friendly improvements to Menlo Park policies and procedures.
3. To interact with the Menlo Park Economic Development Manager to serve as a resource for new businesses starting in, or businesses moving into Menlo Park.
4. Finally, the Commission would serve to provide analysis to the City Council, regarding policy matters being considered by the Council and those policies affect on the small business environment in Menlo Park.

Ideally, the Small Business Commission would include residents who are small business owners in Menlo Park from all areas of the City, a representative from the Chamber of Commerce, and any residents with a particular expertise in the subject area.

Menlo Park deserves vibrant, revitalized, and supported shopping and dining areas Downtown and throughout the City. I believe the Small Business Commission will serve as a valuable resource to serve that purpose. Our small business owners are working hard. Let's give them another line of support, and increase the communication pathways to our City, and the City Council.

Sincerely,
Ray Mueller

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ADMINISTRATIVE SERVICES DEPARTMENT

Council Meeting Date: October 1, 2013
Staff Report #: 13-165

Agenda Item #: I-1

INFORMATIONAL ITEM: **November 2013 Council Meeting Schedule**

RECOMMENDATION

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

BACKGROUND

At its regular meeting on September 24, 2013, the City Council approved scheduling an additional Council meeting on Tuesday, November 19, 2013.

Staff has determined that scheduling the Specific Plan item on November 12th will provide ample time for proper review and discussion of this topic. Regular City business will therefore be heard and conducted at the November 19th Council meeting.

IMPACT ON CITY RESOURCES

N/A

POLICY ISSUES

N/A

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. Updated 2013 Council Meeting Calendar

Report prepared by:
Pamela Aguilar
Acting City Clerk

2013 CITY COUNCIL MEETING SCHEDULE

Approved December 11, 2012

Updated January 3, 2013 - Adding February 4th and March 12th

Updated March 1, 2013 - Changing March 19th to March 26th

Updated April 1, 2013 - Adding April 9th

Updated September 24, 2013 - Adding November 19th

January

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May 7th at Belle Haven Senior Center

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COUNCIL MEETINGS	CITY HALL CLOSED	CITY HOLIDAYS
AB 1234 / BROWN ACT TRAINING	SPECIAL MEETING	STUDY SESSIONS WILL BE SCHEDULED AS NEEDED