



CITY COUNCIL SPECIAL AND REGULAR MEETING AGENDA

Tuesday, February 11, 2014
7:00 P.M.
701 Laurel Street, Menlo Park, CA 94025
City Council Chambers

7:00 P.M. REGULAR SESSION

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

PLEDGE OF ALLEGIANCE

ANNOUNCEMENTS

A. PRESENTATIONS AND PROCLAMATIONS

A1. Proclamation recognizing the Friends of the Library

B. COMMISSION/COMMITTEE VACANCIES, APPOINTMENTS AND REPORTS - None

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

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

D. CONSENT CALENDAR

D1. Adopt a resolution authorizing the Mayor to execute the First Amended Joint Exercise of Powers Agreement for the San Mateo Operational Area Emergency Services Organization ([Staff report #14-025](#))

D2. Authorize the Public Works Director to accept the work performed by W. Bradley Electric, Inc., for the traffic signal modification at the intersection of Sand Hill Road and Branner Drive ([Staff report #14-021](#))

D3. Adopt a resolution authorizing the City Manager to execute an updated Maintenance Agreement with the State of California for the Ringwood Pedestrian Overcrossing ([Staff report #14-020](#))

D4. Authorize the City Manager to submit supplemental revisions on the Draft Housing Element to the State Department of Housing and Community Development ([Staff report #14-024](#))

D5. Accept Council minutes for the meeting of January 28, 2013 and accept Errata to correct minutes for the meeting of June 4, 2013 ([Attachment](#))

E. PUBLIC HEARINGS – None

F. REGULAR BUSINESS

- F1.** Consideration to rename the San Mateo Drive Bike Bridge in Honor of Mike Harding ([Staff report #14-026](#))
- F2.** Authorize staff to proceed with the Preparation of the Request for Proposal (RFP) for consultant services for the General Plan update and M-2 Area Zoning Update ([Staff report #14-028](#))

G. CITY MANAGER'S REPORT – None

H. WRITTEN COMMUNICATION – None

I. INFORMATIONAL ITEMS

- I1.** Economic Development Quarterly Update ([Staff report #14-027](#))
- I2.** Quarterly Financial Review of General Fund Operations as of December 31, 2013 ([Staff report #14-023](#))
- I3.** Review of the City's investment portfolio as of December 31, 2013 ([Staff report #14-022](#))

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: 02/6/2014)

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>.

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

Persons with disabilities, who require auxiliary aids or services in attending or participating in City Council meetings, may call the City Clerk's Office at (650) 330-6620.



OFFICE OF THE CITY MANAGER

Council Meeting Date: February 11, 2014
Staff Report #: 14-025

Agenda Item #: D-1

CONSENT CALENDAR: **Adopt a resolution authorizing the Mayor to execute the First Amended Joint Exercise of Powers Agreement for the San Mateo Operational Area Emergency Services Organization**

RECOMMENDATION

Staff recommends that the City Council adopt a resolution authorizing the Mayor to execute the First Amended Joint Exercise of Powers Agreement for the San Mateo Operational Area Emergency Services Organization.

BACKGROUND

Multi-agency and multi-jurisdictional responses to emergencies in California are required by the California Emergency Services Act (ESA) to use the Standardized Emergency Management System (SEMS). In addition, local government entities must use SEMS in order to be eligible for any reimbursement of response-related costs under the state's disaster assistance programs.

Local government is one of the five response levels within the Standardized Emergency Management System. The basic role of a local government is to manage and coordinate the overall emergency response and recovery activities within its jurisdiction. The next level is the Operational Area, which consists of a county and all political subdivisions within the county boundary.

Over 30 years ago, San Mateo County cities and towns, and the County of San Mateo decided to manage the San Mateo County Operational Area (SMCOA) through a Joint Powers Agreement (JPA) that established the San Mateo Operational Area Emergency Services Organization and outlined the operational structure of and funding formula for the SMCOA. The SMCOA is governed by the Emergency Services Council (ESC), which is made up of one representative from each City Council and one representative from the County Board of Supervisors.

ANALYSIS

In January 2013, at the direction of the ESC, a working group made up of emergency management professionals from multiple agencies within San Mateo County was

formed and met several times over the past six months to draft a new JPA Agreement to replace the one adopted in 1997.

The focus of the group was to:

- Modernize the agreement to include relevant language and address the issue of compliance with the Standardized Emergency Management System (SEMS, California) and the National Incident Management Systems (NIMS), which was agreed to by the County and all participating cities.
- Outline the overarching responsibilities for the ESC and define the roles of the participants.

During the review and revision process, it was determined that:

- The original JPA document is not properly on file with the California Secretary of State, which is required under the Government Code.
- No Conflict of Interest Code has been adopted by the Authority and no Form 700s have been filed by Authority members representing their position on this particular Board.

Substantive Changes to the proposed First Amended JPA Agreement include:

- The document has been revised in a format that is consistent with other Joint Powers Agreements.
- Recitals have been added to provide clear explanation of the mission of the ESC.
- Definitions have been updated to reflect current language used in the provision of emergency services and homeland security prevention, protection, response and recovery.
- Minimum recommended training requirements for Authority members have been added to include ICS 100, 700 and 402, which will ensure an understanding of the NIMS compliance obligations as well as provide a background in basic emergency management.
- Specific responsibilities of the Council have been added to include designation of a person or persons to participate in the Emergency Services Association meetings and activities (staff level participant).
- Non-voting member participants have been updated to include representatives from:
 - American Red Cross
 - San Mateo County Police and Fire Chiefs Association

- Water Districts
 - Sanitary Districts
 - Harbor Districts
 - Port Authority
 - Transit Districts
 - Pacific Gas and Electric Company
 - San Mateo County Office of Education
 - Hospital Consortium
-
- The Advisory Committee has been expanded to include a Board Member from the Emergency Managers Association to allow for coordination and collaboration with the operations and planning staff.
 - The Director of Emergency Services role has been re-defined to include the role of Grant Program Administrator in addition to the previous responsibilities.
 - A general provisions section has been added to further define the purpose and member/partner participation of the Authority.
 - Emergency Preparedness and planning metrics have been added to the agreement to provide defined common preparedness responsibilities for all jurisdictions.
 - Basic training and exercise requirements have been included to provide guidance to ensure NIMS compliance for all participants.
 - A section has been added to provide specific explanation of the expectation of participation by cities, as well as consequences for non-participation.
 - The responsibilities of both local coordinators (city/jurisdiction staff) and Op Area coordinators (County staff) have been spelled out.
 - More detail has been added regarding the financial obligation should a member withdraw.
 - Regular review and revision dates have been included to ensure compliance with established guidelines such as NIMS.

The draft document was presented to the County Police Chiefs, Fire Chiefs, City Managers and legal counsel as appropriate, as well as the County Emergency Managers Association. The Conflict of Interest Code was reviewed by the County Counsel. All feedback received was incorporated into the final agreement. The Office of Emergency Services (OES) is now requesting that participating agencies in San Mateo County each provide this document to their respective governing bodies and obtain approval in order to formally execute the document effective March 31, 2014.

IMPACT ON CITY RESOURCES

There is no fiscal impact to this action and there have been no changes to the funding formula.

POLICY ISSUES

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

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. 1997 Joint Exercise of Powers Agreement for the San Mateo Operational Area Emergency Services Organization
- B. 2014 Proposed First Amended Joint Exercise of Powers Agreement for the San Mateo Operational Area Emergency Services Organization
- C. Resolution

Report prepared by:
Clay J. Curtin
Assistant to the City Manager

SAN MATEO COUNTY OPERATIONAL AREA JOINT POWERS AGREEMENT



REVISION as of 3 APRIL 1997

AGREEMENT CONTENTS

PURPOSE 1

A Definitions 2

B Establishment of the Emergency Services Organization 4

C San Mateo Operational Area Emergency Services Council 5

D Participating Partners 7

E Managers' Advisory Committee 8

F Area Emergency Services Coordinator 9

G Mutual Responsibilities 11

H Budget and Cost-Sharing 12

I Insurance 15

J Effectiveness 16

K Termination 16

L Supersession 17

ATTACHMENT A - List of Parties

EMERGENCY SERVICES AGREEMENT
SAN MATEO OPERATIONAL AREA
EMERGENCY SERVICES ORGANIZATION

PURPOSE

The County of San Mateo (hereinafter referred to as "the county") and the incorporated cities (hereinafter referred to as "the city" or "the cities" as required by the context) within the county which have signed and are parties to this agreement are listed in Exhibit A (which is attached and incorporated by this reference). The county and the cities desire to establish a unified emergency organization (hereby designated as the **SAN MATEO OPERATIONAL AREA EMERGENCY SERVICES ORGANIZATION** and hereinafter referred to as "the Emergency Services Organization") for the purpose of preparing and carrying out, pursuant to the California Disaster and Civil Defense Master Mutual Aid Agreement previously adopted by the county and the cities and the Standardized Emergency Management System (SEMS), coordinated plans for the protection of persons and property in the event of a disaster, and to jointly purchase, maintain, and operate certain communications systems and a hazardous materials emergency response program:

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the county and the cities agree as follows:

A. DEFINITIONS

1. "Emergency Services" shall mean the preparation for and the carrying out of all emergency functions to prevent, minimize, and repair injury and damage resulting from disasters.
2. "Disaster" shall mean actual or threatened enemy attack, sabotage, extraordinary fire, flood, storm, epidemic, riot, earthquake, or other similar public calamity, with the exception of any condition resulting from a labor controversy.
3. "State of War Emergency" means the condition which exists immediately, with or without a proclamation thereof by the governor, whenever this state or nation is attacked by an enemy of the United States, or upon receipt by the state of a warning from the federal government indicating that such an enemy attack is probable or imminent.
4. "State of Emergency" means the duly proclaimed existence of conditions of disaster or extreme peril to the safety of persons and property within the state caused by such conditions as air pollution, fire, flood, storm, epidemic, riot, drought, sudden and severe energy shortage, plant or animal infestation or disease, or earthquake or other conditions, other than conditions resulting from a labor controversy or conditions causing a "state of war emergency," which conditions, by reason of their magnitude, are or are likely to be beyond the control of the services, personnel, equipment, and facilities of any single county, city and county, or city

and require the combined forces of mutual aid region or regions to combat, or with respect to regulated energy utilities, a sudden and severe energy shortage requires extraordinary measures beyond the authority vested in the California Public Utilities Commission.

5. "Local Emergency" means the duly proclaimed existence of conditions of disaster or of extreme peril to the safety of persons and property within the territorial limits of a county, city and county, or city, caused by such conditions as air pollution, fire, flood, storm, epidemic, riot, drought, sudden and severe energy shortage, plant or animal infestation or disease, or earthquake or other conditions, other than conditions resulting from a labor controversy, which conditions are or are likely to be beyond the control of the services, personnel, equipment, and facilities of that political subdivision and require the combined forces of other subdivisions to combat, or with respect to regulated energy utilities, a sudden and severe energy shortage requires extraordinary measures beyond the authority vested in the California Public Utilities Commission.
6. A "mutual aid region" is a subdivision of the state emergency services organization, established to facilitate the coordination of mutual aid and other emergency operations within an area of the state consisting of two or more county operational areas.

7. The "Operational Area" is an intermediate level of the state emergency services organization, consisting of the county and all political subdivisions within the county area. In a state of war emergency the operational area shall serve as a link in the system of communications and coordination between the state's emergency operating centers and the operating centers of the political subdivisions comprising the operational area.
8. The "Standardized Emergency Management System (SEMS)" (Government Code Section 8607) is a set of requirements for local, regional, and state emergency response agencies. SEMS requires the use of the Incident Command System, multi-agency or inter-agency coordination, operational areas, and established mutual aid systems. This agreement provides the basis for SEMS in San Mateo County. It establishes a mutual aid operational area that coordinates inter-agency planning and response. The Incident Command System was adopted by the Operational Area and all its parties in 1988.

B. ESTABLISHMENT OF THE EMERGENCY SERVICES ORGANIZATION

1. The parties hereby create an entity to be known as the San Mateo Operational Area Emergency Services Organization for coordinated disaster mitigation, preparedness, response and recovery plans and activities to reduce life and property loss in the event of emergencies and disasters in the County and cities.

2. The Organization shall be an entity which is separate from the parties to this agreement and shall be responsible for the administration and implementation of this agreement and its purposes. Except as provided herein, the debts, liabilities, and obligations of the Emergency Services Organization shall be the debts, liabilities, and obligations of the entity and not the debts, liabilities, and/or obligations of the parties to this agreement.

3. The Emergency Services Organization may purchase, lease, own, or dispose of property and equipment, and make and enter contracts, as may be required to meet the purposes of this agreement. It may employ agents and employees, operate works and improvements, sue and be sued in its own name, and invest surplus funds. Upon termination of this agreement, title to all property acquired by the Area Emergency Services Organization or with any funds of the Area Emergency Services Organization shall remain with the county for use on a county-wide basis. Surplus funds will be returned to each party in proportion to the contributions made.

C. SAN MATEO OPERATIONAL AREA EMERGENCY SERVICES COUNCIL

1. San Mateo Operational Area Emergency Services Council is hereby designated as the governing body of the Area Emergency Services Organization.

2. The members of the Area Emergency Services Council will include:
 - a. A member of the board of supervisors, who shall be designated by the board of supervisors.
 - b. The mayor of each city or, in the case of his/her inability to attend, an alternate for said mayor from the city council. (In some cases, due to local considerations, it may be more expedient for a city council to designate a member of the city council other than the mayor to be its regular member. Only the mayor or other regular city council member or, in case of their inability to attend, an alternate council member, shall enjoy full membership and the right to vote in the proceedings of the Area Emergency Services Council.)
3. The chair of the Area Emergency Services Council shall be the representative from the board of supervisors unless a majority of the Area Emergency Services Council vote to select one of their members to be the chair and an alternate vice-chair shall be selected by the Area Emergency Services Council from its membership.
4. It shall be the duty of the Area Emergency Services Council and it is hereby empowered to review and recommend for adoption by the board of supervisors and the city council of each of the cities, such emergency plans, programs and agreements, in addition to the basic

agreements hereinafter contained, as are necessary to carry out the purposes of the Emergency Services Organization.

5. It shall also be the duty of the Area Emergency Services Council to approve an annual budget in an amount necessary to carry out the purposes of the Emergency Services Organization. Immediately upon review of the budget, the Area Emergency Services Council shall recommend the budget to the governing body of the county and each of the cities for the purpose of securing from each of them appropriations in accord with each party's obligations as set forth in Paragraph H and hereinafter provided.
6. The Area Emergency Services Council shall meet upon the call of the chair or in his or her absence from the area, or inability to call such a meeting, upon the call of the vice-chair or the alternate in numerical succession. It shall meet at least quarterly.

D. PARTICIPATING PARTNERS

In order to meet the coordination requirements of Government Code §8607 (the Standardized Emergency Management System) and to insure cooperative emergency planning and response, the following may be invited to attend, as non-voting members, all regular and special meetings of the Area Emergency Services Council, participate in the development of plans and training programs, and otherwise assist in supporting the implementation of this agreement:

1. A representative of the American Red Cross to be appointed by the chair with the approval of the Area Emergency Services Council.
2. Such representatives of the local school districts, clergy, industry, or other private organizations as may be appointed by the chair with the approval of the Area Emergency Services Council in each instance.
3. One representative each from the San Mateo County Fire Chiefs Association and the San Mateo County Police Chiefs Association as may be appointed by the chair with the approval of the Area Emergency Services Council.
4. One representative for water districts.
5. One representative for sanitary districts.
6. One representative of the Harbor District.
7. One representative of the Transit District.
8. One representative each from Pacific Gas and Electric Company and Pacific Bell.

E. MANAGERS' ADVISORY COMMITTEE OF THE AREA EMERGENCY SERVICES COUNCIL

1. There is hereby created a Managers' Advisory Committee of the Area Emergency Services Council, hereinafter referred to as the advisory committee. The advisory committee reviews and makes recommendations to the Area Emergency Services Council on budgets, projects, workplans, and other policy issues that come before the council.

2. The advisory committee shall consist of:
 - a. The county manager and four (4) individuals selected by the Area Emergency Services Council from among the city managers and city administrators of the cities.
 - b. The Area Emergency Services Coordinator, as hereinafter established, who shall act as Secretary, ex-officio.
3. It shall be the duty of the advisory committee and it is hereby empowered, within such guidelines as may be established by the Area Emergency Services Council, to study, resolve and recommend on such matters as may be assigned by the chair or the Area Emergency Services Council, to review budget and operational performance of the Area Office of Emergency Services, and to promote city/county cooperative planning.
4. The members of the administrative committee, with the exception of the Area Emergency Services Coordinator, shall serve without compensation.
5. The advisory committee shall meet at least quarterly.

F. AREA EMERGENCY SERVICES COORDINATOR

1. The Sheriff or his designate shall be the Area Emergency Services Coordinator. The Area Emergency Services Coordinator will be responsible for the on-going operation and administration of the Area Emergency

Services office and will also be responsible for achievement of the purposes of the Emergency Services Organization, including:

- a. Emergency Response - coordination and planning during any emergency in accordance with adopted emergency plans.
 - b. Plans and Operations - preparation, development, coordination, and integration of unified area-wide emergency plans for adoption by the Area Emergency Services Council.
 - c. Communications - development and maintenance of an area-wide emergency communications service, including public warning.
 - d. Public Education and Information - direction of an area-wide public education and information program.
 - e. Recruitment and Training - coordination and assistance in the recruitment and training of emergency personnel.
 - f. General Administration - coordination and assistance in the procurement and inventory of emergency equipment; federal matching funds and surplus property; and management of maintenance and distribution of area-wide inventories of vital supplies and equipment.
2. The Area Emergency Services Coordinator shall be furnished with such staff as is necessary, and authorized by the Area Emergency Services Council, to carry out the above duties.

3. The Area Emergency Services staff shall be civil service employees of the County of San Mateo and shall be appointed by the Sheriff. Necessary personnel, administrative, fiscal and logistic support shall be furnished by the county subject to reimbursement by the Area Emergency Services Organization as hereinafter provided.

G. MUTUAL RESPONSIBILITIES

1. The county and cities shall be parties to this agreement and members of the Area Emergency Services Organization and contribute to the maintenance of the Organization through the funding mechanism described below in Paragraph H.
2. The county and cities shall each accept primary responsibility for the development within its respective jurisdiction of disaster plans which shall be compatible with and complementary to the area-wide emergency plans and organization, formulated pursuant to this agreement and pursuant to the California Disaster and Civil Defense Mutual Aid Agreement.
3. It is agreed that the Organization designates the County Controller as Controller of the San Mateo Operational Area Emergency Services Organization. The duties of the Controller shall include regular audits and those other duties set forth in Government Code section 6500 et seq., Joint Exercise of Powers.

4. It is further agreed that the Organization designates the County Treasurer as Treasurer, who shall be the depository and have custody of all the money and property of the San Mateo Operational Area Emergency Services Organization from whatever source. The duties of the Treasurer shall include preparation of financial reports required by law, and those other duties set forth in the Government Code section 6500 et seq., Joint Exercise of Powers.
5. Staff members of the Emergency Services Organization shall be hired under the civil services rules of the County of San Mateo, and shall be employees of the County of San Mateo.
6. Those officers of the Emergency Services Organization who have charge of, handle, or have access to any property of the entity shall be designated by the Area Emergency Services Council, and shall file an official bond in an amount to be fixed by the contracting parties.
7. The Emergency Services Organization shall operate and exercise its powers under the laws, policies and procedures governing the County of San Mateo.

E. BUDGET AND COST-SHARING

In consideration of the mutual promises herein contained it is hereby agreed that the cost of maintaining the Area Emergency Services Organization will be shared as described below.

1. From the total amount of the annual budget there shall be deducted estimated revenue from federal "matching funds", state grants, and other service revenues.
2. The balance of the annual budget remaining after anticipated revenues have been deducted shall be paid as follows:
 - a. The county shall pay 50% of the remaining balance.
 - b. The cities shall pay the remaining 50% of the remaining balance, apportioned in accordance with the following formula:
 - (1) One half of said 50% to be apportioned by people units or population.
 - (a) total population of all member cities divided into one-half of the total of the cities' share of the budget equals a factor in cents
 - (b) population of each member city times the factor in cents equals the share for each city
 - (2) The remaining one-half of said 50% to be apportioned on the basis of assessed valuation as follows:
 - (a) total assessed value of real and personal property in all member cities divided into one-half of the total of the cities' share of the budget equals a factor in mils

- (b) assessed value of real and personal property of each member city times the factor in mills equals the share for each city
4. a. For the purpose of this agreement the total assessed valuation of real and personal property in all contracting cities shall be the most recent such total maintained by the office of the County Assessor.
- b. The figures used for population in each city shall be determined by a method and from a source that is mutually acceptable to the majority of members.
5. It is understood and agreed that the financial obligations incurred by the county and the member cities under the provisions of this agreement will be incurred annually, subject to the limitation that the county and the cities are financially able to make funds available.
6. If the members representing 25% or more of the county's population do not approve the budget in any fiscal year, the proposed budget will be referred back to the Area Emergency Services Coordinator and the administrative committee for revision and recommendation. If no resolution can be reached by the committee, the members may proceed to adopt budgets that provide those services they deem necessary for adequate emergency services protection as a whole, but any member shall be financially responsible for that portion of the budget unilaterally adopted. Any member which does not meet its

financial commitment under an adopted budget will lose its voting status and such other privileges of membership as the Area Emergency Services Council shall determine.

7. It is further agreed that any excess in federal or state funds in any year shall be credited to the following year's budget, and any deficit added to the following year's budget.

I. INSURANCE

1. The County shall add the Emergency Services Organization to its existing excess liability insurance coverage and shall maintain such coverage in full force and effect during the life of the Agreement. Said excess liability insurance coverage has a \$250,000 self-insured retention by the County. Unless the Area Emergency Services Council decides otherwise, County shall provide for the defense of any claims or litigation within the \$250,000 self-insured retention. Legal representation by the County will ordinarily be provided by the County Counsel.
2. Any out-of-pocket expense or loss, by way of judgment or settlement, arising out of the operation of this Agreement, within the limits of the County's \$250,000 self-insured retention shall be shared by the parties in accordance with the formula set forth in Paragraph G.

J. EFFECTIVENESS

This agreement shall be effective upon its execution by all member cities and the Board of Supervisors. It is effective as to new members upon adoption and approval by the Area Emergency Services Council and by new member's legislative body. This agreement shall continue in effect until terminated as provided herein.

K. TERMINATION

1. This agreement may be terminated as to any of the parties by written notice given by such party to all other parties which notice shall be given at least 120 days prior to the commencement of the fiscal year in which it is to take effect. For the purpose of such notice a fiscal year is defined as July 1 of a calendar year through June 30 of the succeeding calendar year.
Any former or prospective member may enter or re-enter the organization by petition to the Area Emergency Services Council by its governing body, and majority approval of the petition by the Area Emergency Services Council. Upon approval, the new member must agree in writing to all terms of this agreement.
2. This agreement shall terminate effective upon a vote of the Area Emergency Services Council by the County and by at least eleven (11) cities representing the majority of the population of the County.

L. SUPERSESSION

It is mutually understood and agreed by the parties hereto that this agreement supersedes the existing similar agreement and amendments thereto.

ATTACHMENT A

SIGNATORIES	RESOLUTION NUMBER	DATE OF ADOPTION
Atherton	97-15	June 26, 1997
Belmont	8114	August 12, 1997
Brisbane	97-24	May 27, 1997
Burlingame	40-97	May 19, 1997
Colma	97-33	June 11, 1997
Daly City	98-89	May 11, 1998
East Palo Alto	1372	June 16, 1997
Foster City	97-63	June 16, 1997
Half Moon Bay	Minute Action	May 20, 1997
Hillsborough	97-10	June 9, 1997
Menlo Park	4815	June 17, 1997
Millbrae	97-63	June 10, 1997
Pacifica	43-97	August 11, 1997
Portola Valley	1576-1997	May 11, 1997
Redwood City	13282	February 9, 1998
San Bruno	97-30	June 23, 1997
San Carlos	1998-29	February 23, 1998
San Mateo	60	April 3, 1997
South San Francisco	81-97	June 9, 1997
Woodside	6077	March 24, 1998
County of San Mateo		

**First Amended
Joint Exercise of Powers Agreement
San Mateo Operational Area Emergency Services Organization**

This Agreement which supersedes in its entirety the San Mateo County Operational Area Joint Powers Agreement as revised on the 3rd day of April, 1997, which established the San Mateo Operational Area Emergency Services Organization, pursuant to the provisions of the Joint Exercise of Powers Act (Title 1, Division 7, Article 1, 6500 et seq. of the California Govt. Code), is by and between the County of San Mateo and those cities and towns within the County of San Mateo and other identified partners who become signatories to this agreement, and relates to the joint exercise of powers among the signatories hereto.

RECITALS

Whereas the Members want to establish a unified emergency services organization; and,

Whereas the Members agree that the purpose of this organization will be to operate pursuant to Presidential Directive 5, the National Response Framework, National Incident Management System (NIMS), Presidential Directive 8, the National Preparedness Goal and California's Standardized Emergency Management System (SEMS) and local adopted Emergency Operations Plans and Annexes; and,

Whereas the Members agree that the participants within this organization will include all local governments within the geographic area of the County, special districts, unincorporated areas, and participating non-governmental entities; and,

Whereas the Members agree that the collective goal is to provide coordinated plans for the protection of persons and property based on the four phases of emergency management, prevention, protection, response, and recovery; and,

Whereas the Members agree to provide support for certain communications systems, to include the Regional Public Alerting and Notification Systems, such as SMC Alert and TENS, as well as other Situational Awareness Tools; and

Whereas the Members are committed to cooperatively addressing the challenges of sustaining and managing a hazardous materials emergency response program; and,

Whereas the Members have the authority to enter into this Agreement under the Joint Exercise of Powers Act, California Government Code Section 6500 *et seq.* (the "Act").

NOW, THEREFORE, in consideration of the recitals and mutual obligations of the Members as herein contained, the Members agree as follows:

Article I - GENERAL PROVISIONS

1.01 Purpose.

This Agreement creates an entity to exercise the powers shared in common by its Members to engage in local and regional cooperative planning, coordination and delivery of services. As part of this Agreement purpose, Members seek to meet or enhance the current Emergency Response Planning and Management Capabilities within the Operational Area. Further, Members seek to support existing regional Public Information and Notification systems, and to continue to support

the regional hazardous materials emergency response program. Such purposes are to be accomplished and the Members' common powers exercised as set forth in this Agreement.

1.02 Creation of Authority.

Pursuant to the Joint Exercise of Powers Act, the Members hereby create a public entity to be known as the "San Mateo Operational Area Emergency Services Authority" (the "Authority"). The Authority shall be a public entity separate and apart from the Members. The geographic jurisdiction of the Authority is all territory within the geographic boundaries of the Members; however the Authority may undertake any action outside those geographic boundaries as is necessary and incidental to accomplishing its purpose.

1.03 Membership in the Authority.

Membership in the Authority is limited to public entities, as defined by the Joint Exercise of Powers Act, located or operating in San Mateo County that have approved and executed this Agreement, and contributed resources of any kind toward establishing and supporting the Authority (including, but not limited to financial, personnel, equipment, or other resources), as approved by the Council

1.04 Participating Members/Partners in the Authority. Participation in the Authority is to ensure cooperative emergency planning and response, all participating members and partners are expected to attend all regular and special meetings of the Area Emergency Services Council, agree to active participation by their jurisdictions in the development of plans and training programs, drills, exercises and training opportunities, and otherwise assist in supporting the implementation of this agreement. Each member jurisdiction shall identify and designate at the beginning of each fiscal year, a local coordinator for regular participation in San Mateo County Emergency Managers Association Meetings and all other activities. Should the identified Coordinator change at any time during the year, the member jurisdiction shall notify the Director of Emergency Services within 30 days. If a member jurisdiction participates in a protection district contract relationship for the provision of emergency services, they are still required to name a local coordinator who will assure the continuity of communication between the member agency, the County Office of Emergency Services and the Emergency Services Council.

Article II- COMMON TERMINOLOGY

2.1 All-Hazards: "Grouping classification encompassing all conditions, environmental or manmade, that have the potential to cause injury, or death; damage to or loss of equipment, infrastructure services, or property; or alternately causing functional degradation to societal, economic or environmental aspects. Annotation: All hazards preparedness ensures that if a disaster occurs, people are ready to get through it safely, and respond to it effectively. FEMA began development of an Integrated Emergency Management System with an all-hazards approach that included 'direction, control and warning systems which are common to the full range of emergencies from small isolated events to the ultimate emergency – war.'" (DHS, *Lexicon*, October 23, 2007, p. 1)

2.2 Catastrophe: An event in which a society incurs, or is threatened to incur, such losses to persons and/or property that the entire society is affected and extraordinary resources and skills are required, some of which must come from other nations.

2.3 Community Emergency Response Team (CERT): "Community Emergency Response Team" (CERT) training is one way for citizens to prepare for an emergency. CERT training is designed to prepare people to help themselves, their families and their neighbors in the event of a catastrophic disaster. Because emergency services personnel may not be able to help everyone immediately, residents can make a difference by using

the training obtained in the CERT course to save lives and protect property.” (DHS, *National Response Framework* (Comment Draft). DHS, September 10, 2007, p. 18)

2.4 Command: “Command comprises the IC [Incident Commander] and the Command Staff. Command staff positions are established to assign responsibility for key activities not specifically identified in the General Staff functional elements. These positions may include the Public Information Officer (PIO), Safety Officer (SO), and Liaison Officer (LNO), in addition to various others, as required and assigned by the IC.” (DHS, *NIMS*, 2004, p. 13)

2.5 Emergency: Any incident, whether natural or manmade, that requires responsive action to protect life or property. Under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, an emergency means any occasion or instance for which, in the determination of the President, federal assistance is needed to supplement state and local efforts and capabilities to save lives and to protect property and public health and safety or to lessen or avert the threat of a catastrophe in any part of the United States.

2.6 Emergency Management: As subset of incident management, the coordination and integration of all activities necessary to build, sustain and improve the capability to prepare for, protect against, respond to, recover from or mitigate against threatened or actual natural disasters, acts of terrorism or other manmade disasters.

2.7 Emergency Operations Center (EOC): The physical location at which the coordination of information and resources to support incident management (on-scene operations) activities normally takes place. An EOC may be a temporary facility or may be located in a more central or permanently established facility, perhaps at a higher level of organization within a jurisdiction. EOCs may be organized by major functional disciplines (e.g., fire, law enforcement and medical services), by jurisdiction (e.g., federal, state, regional, tribal, city, county) or some combination thereof.

2.8 Incident: An occurrence or event, natural or manmade, which requires a response to protect life or property. Incidents can, for example, include major disasters, emergencies, terrorist attacks, terrorist threats, civil unrest, wild land and urban fires, floods, hazardous materials spills, nuclear accidents, aircraft accidents, earthquakes, hurricanes, tornadoes, tropical storms, tsunamis, war-related disasters, public health and medical emergencies and other occurrences requiring an emergency response.

2.9 Incident Command System (ICS): A standardized on-scene emergency management construct specifically designed to provide for the adoption of an integrated organizational structure that reflects the complexity and demands of single or multiple incidents, without being hindered by jurisdictional boundaries. ICS is a management system designed to enable effective incident management by integrating a combination of facilities, equipment, personnel, procedures and communications operating within a common organizational structure, designed to aid in the management of resources during incidents. It is used for all kinds of emergencies and is applicable to small as well as large and complex incidents. ICS is used by various jurisdictions and functional agencies, both public and private, to organize field-level incident management operations.

2.10 Local Emergency: The duly proclaimed existence of conditions of disaster or extreme peril to the safety of persons and property within territorial limits of a county, city and county, or city caused by such conditions as fire, flood, storm, epidemic, riot, drought, sudden and severe energy shortage, plant or animal infestation or disease, earthquake, tsunami or other conditions which are likely to be beyond the control of the services, personnel, equipment and facilities of that local political subdivision to combat.

2.11 Local Government: A county, municipality, city, town, township, local public authority, school district, special district, intrastate district, council of governments (regardless of whether the council of governments is incorporated as a nonprofit corporation under state law), regional or interstate government entity or agency or instrumentality of a local government; an Indian tribe or authorized tribal entity, or in Alaska a Native Village or Alaska Regional Native Corporation; a rural community, unincorporated town or village or other public entity. See Section 2 (10), Homeland Security Act of 2002, P.L. 107–296, 116 Stat. 2135 (2002).

2.12 Mitigation: Activities providing a critical foundation in the effort to reduce the loss of life and property from natural and/or human-caused disasters by avoiding or lessening the impact of a disaster and providing value to the public by creating safer communities. Mitigation seeks to fix the cycle of disaster damage, reconstruction, and repeated damage. These activities or actions, in most cases, will have a long-term sustained effect.

2.13 National Incident Management System (NIMS): System that provides a proactive approach guiding government agencies at all levels, the private sector and nongovernmental organizations to work seamlessly to prepare for, prevent, respond to, recover from, and mitigate the effects of incidents, regardless of cause, size, location or complexity, in order to reduce the loss of life or property and harm to the environment.

2.14 National Response Framework: This document establishes a comprehensive, national, all-hazards approach to domestic incident response. It serves as a guide to enable responders at all levels of government and beyond to provide a unified national response to a disaster. It defines the key principles, roles, and structures that organize the way U.S. jurisdictions plan and respond.

2.15 Operational Area: An intermediate level of the state emergency services organization, consisting of the County and all political subdivisions within the county area. In a state of emergency, the operational area shall serve as a link in the system of communications and coordination between the political subdivisions comprising the operational area and the Regional or State Emergency Operations Center.

2.16 Preparedness: Actions that involve a combination of planning, resources, training, exercising and organizing to build, sustain and improve operational capabilities. Preparedness is the process of identifying the personnel, training and equipment needed for a wide range of potential incidents and developing jurisdiction-specific plans for delivering capabilities when needed for an incident.

2.17 Recovery: The development, coordination and execution of service- and site-restoration plans; the reconstitution of government operations and services; individual, private-sector, nongovernmental and public-assistance programs to provide housing and to promote restoration; long-term care and treatment of affected persons; additional measures for social, political, environmental and economic restoration; evaluation of the incident to identify lessons learned; post incident reporting and development of initiatives to mitigate the effects of future incidents.

2.18 Resources: Personnel and major items of equipment, supplies and facilities available or potentially available for assignment to incident operations and for which status is maintained. Under the National Incident Management System, resources are described by kind and type and may be used in operational support or supervisory capacities at an incident or at an emergency operations center.

2.19 Response: Immediate actions to save and sustain lives, protect property and the environment, and meet basic human needs. Response also includes the execution of plans and actions to support short-term recovery.

2.20 Standardized Emergency Management System: The Standardized Emergency Management System (SEMS) is the cornerstone of California's emergency response system and the fundamental structure for the response phase of emergency management. SEMS is required by the California Emergency Services Act (ESA) for managing multiagency and multijurisdictional responses to emergencies in California. The system unifies all elements of California's emergency management community into a single integrated system and standardizes key elements. SEMS incorporates the use of the Incident Command System (ICS), California Disaster and Civil Defense Master Mutual Aid Agreement (MMAA), the Operational (OA) Area concept and multiagency or inter-agency coordination. State agencies are required to use SEMS and local government entities must use SEMS in order to be eligible for any reimbursement of response-related costs under the state's disaster assistance programs.

Article III - Authority of Members.

3.01 Composition of the Council

The Authority shall be administered by the Emergency Services Council (the "Council") consisting of the following:

- a) A member of the San Mateo County Board of Supervisors, who shall be designated by the Supervisors.
- b) The Mayor of each City or, in the case of his/her inability to attend, an alternate may be selected by the City from the City Council to represent the jurisdiction.
- c) The Chair of the Emergency Services Council shall be the representative from the Board of Supervisors unless a majority of the Council vote to select another of their members to be the chair and an alternate vice-chair shall be selected by the Council by the membership.

3.02 Minimum Recommended Training Requirements

To ensure NIMS Compliance among the Authority the following training curriculum is being proposed.

- a) ICS-100: Introduction to ICS or equivalent
- b) FEMA IS 700.a: NIMS An Introduction
- c) ICS-402: Incident Command System (ICS) Overview for Executives/Senior Officials(G402)

3.03 General Purpose of the Joint Powers Authority.

The general purpose of the Authority is to:

- a) Provide structure for administrative and fiscal oversight;
- b) Identify and pursue funding sources;
- c) Set policy;
- d) Maximize the utilization of available resources; and
- e) Oversee all Committee activities.

3.04 Specific Responsibilities of the Authority.

The specific responsibilities of the Authority shall be as follows:

- a) To review and recommend adoption by the Board of Supervisors and City Councils of each City, Emergency Plans, programs and agreements, in addition to the basic agreements as determined necessary to carry out the purpose of the Emergency Services Organization.
- b) To approve an annual budget in an amount necessary to carry out the purposes of the Emergency Services Organization. Upon review and approval of the annual budget by the Authority, each member shall recommend the budget to the governing body of

the county and each of the cities for the purpose of securing from each of the appropriations in accord with each party's identified allocation.

3.05 Meetings of the Authority.

- a) Regular Meetings. The Authority shall approve a schedule for its regular meetings provided, however, that the Authority shall hold at least one regular meeting quarterly. The Authority shall fix the date, hour and location of regular meetings by resolution and the Secretary shall transmit a copy of the resolution to each Member.
- b) Special Meetings. Special meetings of the Authority may be called by the Chair.
- c) Call, Notice and Conduct of Meetings. All meetings of the Authority, including without limitation, regular, adjourned regular and special meetings, shall be noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act, California Government Code section 54950 *et seq.* As soon as practicable, but no later than the time of posting, the Secretary shall provide notice and the agenda to each Member.

3.06 Minutes.

The Secretary shall cause to be kept minutes of the meetings of the Council and shall, as soon as practicable after each meeting, cause a copy of the minutes to be made available to each the Chair, the Members and other interested parties upon request. The audio recording of all meetings will be posted on the SMC OES Website.

The written minutes shall consist of a summary of the information provided to and any actions taken by the Authority.

3.07 Voting.

All voting power of the Authority shall reside in the Council. Each Member shall have one vote. An alternate member may participate and vote in the proceedings of the Authority only in the absence of that alternate's member. No absentee ballot or proxy is permitted.

3.08 Quorum; Required Votes; Approvals.

A majority of the Members (shall be one more than half) shall constitute a quorum of the Council for the transaction of business. The affirmative votes of a quorum of the Members shall be required to take any action by the Authority.

Article IV – PARTICIPATING PARTNERS, EMPLOYEES AND ADVISORY COMMITTEES

4.01 Participating Partners.

In order to ensure cooperative emergency planning and response, the following may be invited to attend, as non-voting members, all regular and special meetings of the Area Emergency Services Council, participate in the development of plans and training programs, and otherwise assist in supporting the implementation of this agreement:

- a) A representative of the American Red Cross to be appointed by the Chair with the approval of the Council.
- b) One representative each from the San Mateo County Fire Chiefs Association and the San Mateo County Police Chiefs Association as may be appointed by the Chair with approval of the Council.
- c) One representative for Water Districts as may be appointed by the Chair with approval of the Council.
- d) One representative for Sanitary Districts as may be appointed by the Chair with approval of the Council.
- e) One representative for Harbor District as may be appointed by the Chair with approval of the Council.

- f) One representative for the Port Authority as may be appointed by the Chair with approval of the Council.
- g) One representative for Transit District as may be appointed by the Chair with approval of the Council.
- h) One representative for Pacific, Gas and Electric Company as may be appointed by the Chair with approval of the Council.
- i) One representative for the Office of Education as may be appointed by the Chair with approval of the Council.
- j) One representative for the Hospital Consortium as may be appointed by the Chair with approval of the Council.
- k) One representative for the EMS Agency as may be appointed by the Chair with approval of the Council.
- l) One representative for the San Mateo Emergency Managers Association as may be appointed by the Chair with approval of the Council.

Should other interested parties be identified for participation, the Authority shall consider a written request for participation and may be appointed by the Chair with approval of the Council.

4.02 Treasurer.

The Treasurer and Tax Collector of the County of San Mateo shall be the Treasurer of the Authority.

The Treasurer shall be the depository, shall have custody of the accounts, funds and money of the Authority from whatever source, and shall have the duties and obligations set forth in the Joint Exercise of Powers Act. There shall be a strict accountability of all funds and report of all receipts and disbursements.

4.03 Auditor.

The Controller of the County of San Mateo shall be the Auditor of the Authority.

The Auditor shall perform the functions of auditor for the Authority and shall make or cause an independent annual audit of the accounts and records of the Authority by a certified public accountant, in compliance with the requirements of the Joint Exercise of Powers Act and generally accepted auditing standards.

4.04 Legal Counsel.

The San Mateo County Counsel shall be the legal counsel for the Authority. To the extent permitted by the Joint Exercise of Powers Act, the Authority may change, by resolution, the Legal Counsel of the Authority.

4.05 Secretary to the Authority.

The San Mateo County Office of Emergency Services shall provide a Secretary and administrative support to the Authority.

4.06 Other Employees.

The Authority shall have the power by resolution to appoint and employ such other officers, employees, consultants and independent contractors as may be necessary to carry-out the purpose of this Agreement. Those Officers of the Authority who have charge of, handle or have access to any property of the entity shall be designated by the Authority and shall file a bond in an amount to be fixed by the contracting parties.

4.07 Administrative Committee.

The Authority shall establish the Administrative Committee.

- a) The Administrative Committee shall consist of the County Manager, 4 City Manager/Administrators selected from among the city managers and city administrators of the participating cities, and a Board Member of the San Mateo County Emergency Management Association.
- b) The Administrative Committee shall be representative of the identified Zones within the County, to include North, Central, South and County. All participants shall be indentified at the beginning of each fiscal year. (June meeting)
- c) The Director of Emergency Services, as herein after established, who shall act as the Secretary, ex-officio.

The Administrative Committee reviews and makes recommendations to the Area Emergency Services Council on budgets, projects, work plans, training and exercise, collaborative planning efforts, and other policy issues that come before the Council.

4.08 Director of Emergency Services.

The Sheriff or his/her designee shall be the Director of Emergency Services. The Director will be responsible for the on-going operation and administration of the Area Office of Emergency Services including:

- a) Emergency Response- coordination and planning during any regional emergency in accordance with adopted emergency plans.
- b) Plans and Operations- preparation, development, coordination, and integration of compatible and complimentary unified area wide emergency plans for approval by the State of California and adoption by the Council.
- c) Communications- coordination, development and maintenance of an area-wide emergency communications service, including public alert and warning, and other situational awareness tools.
- d) Public Education and Information- coordination and support of an area-wide public education and information program.
- e) Training and Exercise- coordination and assistance in the training and exercising of all County employees identified as Disaster Service Workers, as defined by Sect. 3100CGC and volunteers. The member cities will be responsible for the training and exercise of their identified employees; however OES will provide needed support as requested.
- f) Grant Program Administration- coordination and assistance with designated emergency coordinators within the Operational Area in the securing and distribution of grant funds for regional emergency management initiatives and program support.
- g) General Administration- coordination and assistance in the procurement and inventory of emergency equipment, management of, maintenance and distribution of area-wide inventories of vital supplies and equipment.

The Director of Emergency Services shall be furnished with staff as is necessary, and authorized by the Council, to carry out the identified duties. The Director of Emergency Services is not the EOC Director unless the circumstances dictate so.

The Area Emergency Services Staff shall be civil service employees of the County of San Mateo and shall be appointed by the Sheriff. Necessary personnel, administrative, fiscal and logistic support shall be furnished by the County subject to reimbursement by the Emergency Services Council.

Article V – MUTUAL RESPONSIBILITIES

5.01 Emergency Preparedness and Planning Standards- The county and cities shall each accept primary responsibility for the readiness within their respective jurisdictions and development of disaster preparedness plans which shall be compatible with and complimentary to the area-wide emergency planning and organization, formulated pursuant to this agreement.

As such, the following common preparedness responsibilities and basic measurement standards to insure a comparable level of readiness among all of the jurisdictions has been developed to include:

- a) Adopt an Emergency Operations Plan and Annexes, review and update no less than every three years
- b) Have a Local Hazard Mitigation Plan, internally reviewed annually and provide updates as required, and approved by FEMA. (Currently no less than every five years)
- c) Participate in the Op Area Multi-Year Training/Exercise Planning
- d) Use NIMCAST to report Readiness (a self assessment tool from Homeland Security)
- e) Adopt use of the Homeland Security Exercise and Evaluation Program
- f) Participate in Meetings and activities including the Emergency Managers Association
- g) Participate in Training and Exercises
- h) Prepare and maintain necessary plans and agreements to facilitate emergency sheltering

Each member of the Council shall report on the Standards annually at the September meeting to ensure all efforts towards compliance are being made.

5.02 Training and Exercise- A Training and Exercise Plan is a means to establishing a standard of readiness and initiates a basic knowledge and capability skill set. Full participation by JPA Member Emergency Managers and other Op Area stakeholders is important to developing a multi-year training program. An annual planning workshop is facilitated to put the plan together and accommodates the needs of the stakeholders. Full commitment and participation by the JPA Member Agencies and participating partners will also be expected in the annual exercise, in some capacity, to ensure the preparedness level of our Operation Area. Further, Members agree to support the NIMS compliance of each of their jurisdictions.

5.03-Local Coordinator Responsibilities- As all Members have joined this Authority with a commitment to engage in local and regional cooperative planning, coordination and delivery of services. Each jurisdiction will provide local support of the emergency management effort through staff with primary or secondary responsibilities that will include but are not limited to the following:

- a) Management/Coordination of the Local Emergency Operations Center (EOC) – (functional and support services)
- b) Provide liaison support to the Emergency Operations Center (EOC) Director or his/her designee in emergency or disaster situations.
- c) Participate with a Planning and Exercise Design Team as well as complete a 3-5 year Training and Exercise Program that is HSEEP compliant.
- d) Training various department personnel to establish and operate a department Operating Center (D.O.C.)
- e) Oversee the preparation and prepare and modify elements of the local Emergency Operations Plan and Disaster Recovery Plan to ensure compatibility with the Operational Area Emergency Operations Plan and Annexes.
- f) Develop relationships with representatives of local departments, public and private support and relief agencies, business, educational, homeowners' and other groups regarding emergency services; prepare specialized plans designed to meet the needs of various sections of the community.
- g) Prepare and disseminate training materials to ensure effective response in a disaster situation;
- h) Develop, train and maintain a Community Emergency Response Team (CERT) system

- i) Develop relationships with representatives of state and federal agencies; review legislation, regulations and other documentation to ensure that the City is in compliance with such regulations and avails itself of all financial and other resources.
- j) Respond to the Emergency Operations Center when it is activated; ensures that appropriate documents are available at the center and provides liaison and coordinative support as required.

5.04 Operational Area Coordinator Responsibilities- In addition to the roles and responsibilities identified in Section 4.08, The Director of Emergency Services will provide staff in direct support of the Local Coordinators. These Operational Area Coordinators are not intended to replace local staff as they do not have the required authority within local jurisdictions to operate as the primary coordinators. They will however provide the following services which include but are not limited to:

- a) Develop, review and update emergency operations plans.
- b) Develop, review and update detailed standard operating procedures, checklists and resource documents.
- c) Compile data and prepare program papers and progress reports for the jurisdictions served.
- d) Compile and review jurisdictional data in support of the annual Standards Review.
- e) Support a Planning and Exercise Design Team as well as complete a 3-5 year Training and Exercise Program that is HSEEP compliant.
- f) Act as information, education and/or resource officer for the jurisdictions served.
- g) Speak to civic groups, clubs, and organizations to promote emergency services programs encouraging public understanding and support.
- h) Work cooperatively with other office staff on area-wide projects and in training programs.

5.05 Supplemental Operations Support – In an effort to provide advanced training and to support emergency mutual aid during localized disasters/events, the Director of Emergency Services (Director) will pilot an Emergency Management Support Team (EMST). The desired end state of the EMST is to have a group of trained individuals who can support, not supplant or replace, local city/county EOC staff during isolated incidents. The recruitment, training and exercise schedule for EMST will be determined by the Director. Participation in and support of the EMST is completely voluntary by the Members; however, only those Members who participate in the EMST to the satisfaction of the Director will be entitled to receive no-cost support of the EMST upon request. In general, the number of participants on the EMST from Members will be based on population as follows:

Member population	Member staff on EMST
Under 25,000	1-2
25,000-100,000	2-3
100,000-250,000	3-5

Participation in the EMST does not guarantee a Member agency support during an incident; the Director will be responsible for evaluating the size/complexity of the incident and determining whether or not EMST members will be deployed.

Article VI – BUDGET and COST-SHARING

In consideration of the mutual promises herein contained it is hereby agreed that the cost of maintaining the Area Emergency Services Organization will be shared as described below.

- a) From the total amount of the annual budget there shall be deducted estimated revenue from federal “matching funds”, state grants, and other service revenues.
- b) The balance of the annual budget remaining after anticipated revenues have been deducted shall be paid as follows:
 1. The county shall pay 50% of the remaining balance.
 2. The cities shall pay the remaining 50% of the balance, apportioned in accordance with the following formula:
 - i. One half of said 50% to be apportioned by people units or population.
 - a) Total population of all member cities divided into one-half of the total of the cities share of the budget equals a factor in cents.
 - b) Population of each member city times the factor in cents equals the share for each city.
 - ii. The remaining one-half of said 50% to be apportioned on the basis of assessed valuation as follows:
 - a) Total assessed value of real and personal property in all member cities divided into one-half of the total of the cities share of the budget equals a factor in mils
 - b) Assessed value of real and personal property of each member city times the factor in mils equals the share for each city
- c) For the purpose of this agreement the total assessed valuation of real and personal property in all contracting cities shall be the most recent such total maintained by the offices of the County Assessor.
- d) The figures used for population in each city shall be determined by a method and from a source that is mutually acceptable to the majority of members.
- e) It is understood and agreed that the financial obligations incurred by the county and the member cities under the provisions of this agreement will be incurred annually, subject to the limitation that the county and cities are financially able to make funds available.
- f) If the members representing 25% or more of the county’s population do not approve the budget in any fiscal year, the proposed budget will be referred back to the Area Emergency Services Coordinator and the Administrative Committee for revision and recommendation. If no resolution can be reached by the committee, the members may proceed to adopt budgets that provide those services they deem necessary for adequate emergency services protection as a whole, but any member shall be financially responsible for that portion of the budget unilaterally adopted. Any member which does not meet its financial commitment under an adopted budget will lose its voting status and such other privileges of membership as the Council shall determine.

Article VII-INSURANCE

- a) The County shall add the Emergency Services Organization to its existing excess liability insurance coverage and shall maintain such coverage in full force and effect during the life of the agreement. **Said excess liability insurance coverage has a \$250,000 self-insured retention by the County.** Unless the Area Emergency Services Council decides otherwise, County shall provide for the defense of any claims or litigation within the \$250,000 self-insured retention. Legal representation by the County will ordinarily be provided by the County Counsel.
- b) Any out of pocket expense or loss, by way of judgment or settlement, arising out of the operation of this Agreement, within the limits of the County’s \$250,000 self-insured retention shall be shared by the parties in accordance with the formula as described in Article VI (b).

Article VIII- EFFECTIVENESS

This agreement shall be effective upon its execution by all member cities and the Board of Supervisors. It is effective as to new members upon adoption and approval by the Area Emergency Services Council and by the new member's legislative body. This agreement shall continue in effect until terminated as provided herein.

Article IX - WITHDRAWAL AND TERMINATION

9.01 Withdrawal by Members.

- a) This agreement may be terminated as to any of the parties by written notice given by such party to all other parties which notice shall be given at least 120 days prior to the commencement of the fiscal year in which it is to take effect. For the purpose of such notice a fiscal year is defined as July 1 of a calendar year through June 30 of the succeeding calendar year.
- b) Any former or prospective member may enter or re-enter the organization by petition to the Area Emergency Services Council by its governing body, and majority approval of the petition by the Area Emergency Services Council. Upon approval, the new member must agree in writing to all terms of this agreement.
- c) Should a jurisdiction withdraw after the start of a fiscal year, they will be responsible for the contribution as per the formula and no refund will be owed.
- d) Should a member give required notice, the contribution of that city funding will be divided equally by formula among the remaining cities.

9.02 Termination of Authority and Disposition of Authority Assets.

This agreement shall terminate effective upon a vote of the Area Emergency Services Council by the County and by at least eleven (11) cities representing the majority of the population of the County. Upon termination of this agreement, title to all property acquired by the Area Emergency Services Organization or with any funds of the Area Emergency Services Organization shall remain with the County for use on a county wide basis. Surplus funds will be returned to each party in proportion to the contribution made.

Article X - MISCELLANEOUS PROVISIONS

10.01 Notices.

It shall be the responsibility of the Director of Emergency Services or his/her designee to ensure all notices are provided to members and posted in compliance with the legal requirements of the JPA.

10.02 Amendment.

This Document will be reviewed for content no less than every five years.

10.03 Severability.

If any one or more of the terms, provisions, promises, covenants, or conditions of this Agreement were, to any extent, adjudged invalid, unenforceable, void, or voidable for any reason whatsoever by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants, and conditions of this Agreement shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

10.04 Successors.

This Agreement shall be binding upon and shall inure to the benefit of the successors of each Member.

10.05 Assignment.

No Member shall assign any rights or obligations under this Agreement without the prior written consent of the Authority.

10.06 Governing Law.

This Agreement is made and to be performed in the State of California, and as such California substantive and procedural law shall apply. Venue for any litigation under this Agreement shall be in the County of San Mateo.

10.07 Headings.

The section headings herein are for convenience only and are not to be construed as modifying or governing the language of this Agreement.

10.08 Counterparts.

This Agreement may be executed in counterparts.

10.09 No Third Party Beneficiaries.

This Agreement and the obligations hereunder are not intended to benefit any party other than the Authority and its Members, except as expressly provided otherwise herein. No entity that is not a signatory to this Agreement shall have any rights or causes of action against any party to this Agreement as a result of that party's performance or non-performance under this Agreement, except as expressly provided otherwise herein.

10.10 Filing of Notice of Agreement.

Within 30 days after the Effective Date, the Secretary shall cause to be filed with the Secretary of State the notice of Agreement required by the Act. Within 30 days after any amendment to this Agreement, the Secretary shall file the amendment with the Secretary of State.

10.11 Conflict of Interest Code.

The Authority shall adopt a conflict of interest code as required by law.

10.12 Indemnification.

The Authority shall defend, indemnify and hold harmless each Member (and each Member's officers, agents, and employees) from any and all liability, including but not limited to claims, losses, suits, injuries, damages, costs and expenses (including attorney's fees), arising from or as a result of any acts, errors or omissions of the Authority or its officers, agents or employees.

Each Member shall defend, indemnify and hold harmless the other Members (and their officers, agents, and employees) from any and all liability, including but not limited to claims, losses, suits, injuries, damages, costs and expenses (including attorney's fees), arising from or as a result of any acts, errors or omissions of that party or its officers, agents or employees.

10.13 Dispute Resolution/Legal Proceedings.

Disputes regarding the interpretation or application of any provision of this Agreement shall, to the extent reasonably feasible, be resolved through good faith negotiations between the Members and/or the Authority.

10.14 Confirmation of Jurisdictional Authority.

By signing this Agreement, the participating partners retain all authority granted to them by the State and/or their respective Charters. The powers and/or authority granted pursuant to this Agreement shall in no way serve to limit or restrict an individual partner's jurisdictional authority.

IN WITNESS WHEREOF, each Member has caused this Agreement to be executed and attested by its proper officers thereunto duly authorized, its official seals to be hereto affixed, as follows:

THIS PAGE INTENTIONALLY LEFT BLANK

RESOLUTION NO.

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
MENLO PARK APPROVING THE FIRST AMENDED
JOINT EXERCISE OF POWERS AGREEMENT FOR THE
SAN MATEO OPERATIONAL AREA EMERGENCY
SERVICES ORGANIZATION.**

WHEREAS, the twenty cities located within the San Mateo Operational Area have entered into a Joint Powers Agreement (“JPA”) in order to provide Emergency Services countywide; and

WHEREAS, the existing JPA agreement from 1997 is outdated and in need of revision to adequately address the dramatic changes to the Homeland Security and Emergency Services field that have occurred since 2001; and

WHEREAS, the First Amendment has been updated to reflect the current relationships between the County of San Mateo, participating cities, and other partners to provide a clear understanding of the responsibilities of the Emergency Services Council and the Emergency Coordinators within the County, participating cities, and other partner agencies/jurisdictions; and

WHEREAS, the First Amendment includes relevant language that complies with the Standardized Emergency Management System (SEMS, California) and the National Incident Management Systems (NIMS, Federal) that outline the overarching responsibilities for the Emergency Services Council and define roles of the cities.

NOW, THEREFORE, BE IT RESOLVED that the City Council of Menlo Park hereby approves the First Amended Joint Exercise of Powers Agreement for the San Mateo Operational Area Emergency Services Organization and authorizes the Mayor to execute the agreement.

I, Pamela Aguilar, City Clerk of Menlo Park, do hereby certify that the above and foregoing Council Resolution was duly and regularly passed and adopted at a meeting by said Council on the eleventh day of February, 2014, by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Official Seal of said City on this eleventh day of February, 2014.

Pamela Aguilar
City Clerk

THIS PAGE INTENTIONALLY LEFT BLANK



PUBLIC WORKS DEPARTMENT

**Council Meeting Date: February 11, 2014
Staff Report #: 14-021**

Agenda Item #: D-2

CONSENT CALENDAR: **Authorize the Public Works Director to Accept the Work Performed by W. Bradley Electric, Inc., for the Traffic Signal Modification at the Intersection of Sand Hill Road and Branner Drive**

RECOMMENDATION

Authorize the Public Works Director to accept the work performed by W. Bradley Electric, Inc., for the Traffic Signal Modification at the Intersection of Sand Hill Road and Branner Drive.

BACKGROUND

On June 11, 2013, the City Council awarded a contract for the Traffic Signal Modification at the Intersection of Sand Hill Road and Branner Drive to W. Bradley Electric, Inc. The project consisted of mobilization and traffic control, removing a traffic signal pole and mast arm including its signal heads and foundation, furnishing and installing new traffic signal poles, constructing new foundations for the new traffic signal poles, furnishing and installing new 12” traffic signal heads with 12” LED lamps, furnishing and installing new pedestrian pushbuttons, furnishing and installing LED pedestrian countdown signal heads, furnishing and installing new conductors and conduits, replacing 8” traffic signal heads with 12” traffic signal heads, and doing all appurtenant work in place and ready to go.

ANALYSIS

The work for the Traffic Signal Modification at the Intersection of Sand Hill Road and Branner Drive. The project has been completed in accordance with the plans and specifications. A notice of completion will be filed accordingly. The project was completed within the approved project budget.

Contractor: W. Bradley Electric, Inc.
 90 Hill Road
 Novato, CA 94945

IMPACT ON CITY RESOURCES

Construction Contract Budget

Construction Contract	\$ 61,000
Contingency	\$ 6,100
Total Construction Budget	\$ 67,100

Construction Expenditures

Construction Contract	\$ 67,100
Construction Contract Expenditures	\$ 61,480
Balance Remaining	\$ 5,620

POLICY ISSUES

There are no policy issues associated with this action. The one-year construction warranty period starts upon City's acceptance

ENVIRONMENTAL REVIEW

The project is categorically exempt under Class I of the current State of California Environmental Quality Act Guidelines.

PUBLIC NOTICE

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

ATTACHMENTS

None

Report prepared by:
René Baile
Transportation Engineer

Jesse T. Quirion
Transportation Manager



PUBLIC WORKS DEPARTMENT

Council Meeting Date: February 11, 2014
Staff Report #: 14-020

Agenda Item #: D-3

CONSENT CALENDAR: **Adopt a Resolution Authorizing the City Manager to Execute an Updated Maintenance Agreement with the State of California for the Ringwood Pedestrian Overcrossing**

RECOMMENDATION

Staff recommends that the City Council adopt a Resolution authorizing the City Manager to execute an updated Maintenance Agreement with the State of California for the Ringwood Pedestrian Overcrossing.

BACKGROUND

On April 17, 1958, the City of Menlo Park entered into a Freeway Maintenance Agreement with the State of California to maintain the Ringwood Pedestrian Overcrossing. This agreement obligated the City to maintain the overcrossing in its entirety, with the only exception being if the structure was damaged by freeway vehicular traffic.

On December 18, 2007, the City Council accepted the California Department of Transportation's plan to replace the aging Ringwood Pedestrian Overcrossing.

During 2008, 2009, and 2010, public outreach was conducted to solicit neighborhood input and develop the final design of the new Ringwood Pedestrian Overcrossing. On August 23, 2011, the City Council approved the transfer of right-of-way to the State of California to facilitate the construction of the new Ringwood Pedestrian Overcrossing. Construction of the new Ringwood Pedestrian Overcrossing was substantially completed in 2012, with some outstanding construction items resolved in 2013.

ANALYSIS

The existing Freeway Maintenance Agreement between the City of Menlo Park and the State of California for the Ringwood Pedestrian Overcrossing effectively places all maintenance responsibility onto the City. During the process of replacing the overcrossing, City staff has been working with State staff to secure an updated Maintenance Agreement with terms more favorable to the City. State staff has agreed to modify maintenance responsibility for the Ringwood Pedestrian Overcrossing as follows:

- The State of California will maintain, at State's expense, the entire structure of the pedestrian overcrossing.

- The City of Menlo Park, at City's expense, will maintain the deck surfacing and all portions of the structure above the bridge and ramp deck. The above deck portions include, but are not limited to, chain link railing, lighting installations, all traffic service facilities provided for the benefit or control of pedestrian-traffic such as guide and regulatory signs, bollards and striping, and debris and graffiti removal. The City will not be responsible for any maintenance that requires access from the Freeway.
- For the area between the soundwall and frontage roads, the City of Menlo Park shall be responsible for maintenance of the sidewalk, any plantings or other types of roadside development, and removal of graffiti from the surface of the Ringwood Pedestrian Overcrossing structure and the City side of the soundwall.

While the City will continue to be responsible for the appearance (graffiti and debris removal, landscaping, signage) and day-to-day functionality of the facility, the City will no longer be responsible for the structural integrity of the overcrossing.

IMPACT ON CITY RESOURCES

As the 1958 Freeway Maintenance Agreement between the City of Menlo Park and the State of California obligates the City to fully maintain the Ringwood Pedestrian Overcrossing, the reduction in the scope of maintenance of this updated agreement will have a positive impact on City resources.

POLICY ISSUES

The revisions proposed to the existing maintenance agreement support existing City policies.

ENVIRONMENTAL REVIEW

Environmental review was completed for the project in 2008 by the State of California. Separate environmental review for the maintenance agreement 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. Resolution

Report prepared by:
Roger K. Storz
Senior Civil Engineer

RESOLUTION NO.

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO
PARK AUTHORIZING THE CITY MANAGER TO EXECUTE AN
UPDATED MAINTENANCE AGREEMENT WITH THE STATE OF
CALIFORNIA FOR MAINTENANCE OF THE RINGWOOD
PEDESTRIAN OVERCROSSING**

WHEREAS, on December 18, 2007, at Caltrans' request, the City Council voted to support having the Ringwood Pedestrian Overcrossing re-constructed as part of the Caltrans' Highway 101 Auxiliary Lane Expansion Project; and

WHEREAS, on August 23, 2011, the City Council approved the transfer of right-of-way to the State of California to facilitate the construction of the new Ringwood Pedestrian Overcrossing; and

WHEREAS, construction of the new Ringwood Pedestrian Overcrossing is now complete; and

WHEREAS, the State has requested the City to enter into an updated Maintenance Agreement for maintenance of the Ringwood Pedestrian Overcrossing.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Menlo Park that said Council does hereby authorize and direct the City Manager to execute an updated Maintenance Agreement with the State of California for maintenance of the reconstructed Ringwood Pedestrian Overcrossing.

I, Pamela Aguilar, City Clerk of the City of Menlo Park, do hereby certify that the above and foregoing Resolution was duly and regularly passed and adopted at a meeting by said Council on this eleventh day of February, 2014, by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Official Seal of said City on this eleventh day of February, 2014.

Pamela Aguilar
City Clerk

THIS PAGE INTENTIONALLY LEFT BLANK



COMMUNITY DEVELOPMENT DEPARTMENT

Council Meeting Date: February 11, 2014
Staff Report #: 14-024

Agenda Item #: D-4

CONSENT CALENDAR: Authorize the City Manager to Submit Supplemental Revisions on the Draft Housing Element to the State Department of Housing and Community Development

RECOMMENDATION

Staff recommends that the City Council authorize the City Manager to submit supplemental revisions to the Draft Housing Element to the State Department of Housing and Community Development as shown in Attachment A.

BACKGROUND

Housing Element Update

Following the City Council's December 10, 2013 review and comment on the Preliminary Draft Housing Element, staff incorporated comments and prepared the Draft Housing Element. On December 12, 2013, the City of Menlo Park submitted its Draft Housing Element to the State Department of Housing and Community Development (HCD). This commenced a 60-day review period by the State. The [draft](#) is available on the Housing Element [project page](#) and hard copies are available for review at the Community Development Department and the Main Library.

Members of the public are welcome to submit comments in writing with a deadline of Monday, February 10, 2014 at 5:00 p.m. Comments may be submitted by email (athome@menlopark.org), letter (Community Development Department, 701 Laurel Street, Menlo Park CA 94025), or fax (650-327-1653). Based on this feedback, staff will prepare a Final Draft of the Housing Element for consideration by the Housing Commission, Planning Commission and ultimately the City Council in the Spring of 2014.

ANALYSIS

Revisions

At its January 28, 2014 meeting, the City Council authorized the City Manager to submit [revisions to the Draft Housing Element](#) to address feedback staff received from State

HCD. The revisions were submitted to HCD on January 29 and subsequently, staff has been in communication with HCD staff on a few additional items that need to be addressed to meet the statues of California Government Code in order to achieve State certification.

As such, staff has prepared Supplemental Revisions to the Draft Housing Element to serve as an addendum to the January 28, 2014 revisions to the December 12, 2013 submittal. HCD has indicated that if the City submits the revisions following the February 11 City Council meeting, then HCD would consider this material as part of its formal comment letter that it will provide to the City by mid February 2014. By addressing some of these more technical aspects at this stage, it will enable the City to better focus on the larger policy issues related to the zoning ordinance amendments.

The Supplemental Revisions to the Draft Housing Element is included as Attachment A. HCD's comments pertain to two items, including 1) clearly defining affordable housing within specific implementation programs and 2) providing additional analysis regarding realistic capacity for non-vacant and non-residential sites. These changes provide additional technical detail, but do not affect the general policy direction.

Schedule Update

The City has met all of the milestones in the Council approved work program to date. A summary of the remaining meetings and milestones are as follows:

- **2/10/14:** Planning Commission study session on secondary dwelling unit and accessory building/structure Zoning Ordinance Amendment (continued from 1/27/14)
- **2/12/14 (revised):** Release of Negative Declaration
- **2/25/14:** Council action on a water service priority policy for affordable housing
- **2/27/14:** Housing Element Steering Committee (if needed)
- **3/5/14:** Housing Commission recommendation
- **3/17/14:** Planning Commission recommendation
- **4/1/14:** Council action on the Negative Declaration, Housing Element, and introduction of Zoning Ordinance Amendments
- **4/29/14:** Council action on adoption of Zoning Ordinance amendments

IMPACT ON CITY RESOURCES

The work program requires both staff resources dedicated to the project, as well consultant services. The Council budgeted \$100,000 for Fiscal Year 2012-13 for the Housing Element Update, and this funding has been carried over to Fiscal Year 2013-14. In addition, funding is available for implementation of programs for the 2007-2014 Housing Element from the previously approved budget.

POLICY ISSUES

The Housing Element update and implementation of programs consider a number of policy issues including how to address zoning for the homeless and transitional and supportive housing for compliance with SB2 and the conversion of accessory structures into secondary dwelling units.

ENVIRONMENTAL REVIEW

The Housing Element update and the Zoning Ordinance amendments associated with the implementation programs are subject to the California Environmental Quality Act (CEQA). Without the need for rezoning for high density housing, the preparation and issuance of an initial study and negative declaration would be appropriate. The City prepared drafts of the documents for review by the Planning Commission and City Council in November and December 2013, respectively. The City is in the process of preparing final versions of the documents with an anticipated release in February 2014 for a formal public comment period.

PUBLIC NOTICE

Public notification consisted of publishing a notice in the local newspaper. In addition, the City has prepared a project page for the project, which is available at the following address: <http://www.menlopark.org/athome>. This page provides up-to-date information about the project, allowing interested parties to stay informed of its progress. The page allows users to sign up for automatic email bulletins, notifying them when content is updated and meetings are scheduled.

ATTACHMENTS

- A. Supplemental Revisions to the Draft Housing Element

Report prepared by:

Deanna Chow
Senior Planner

Justin Murphy
Development Services Manager

THIS PAGE INTENTIONALLY LEFT BLANK



SUPPLEMENTAL REVISIONS

City of Menlo Park Draft Housing Element (Dated December 12, 2013)
Prepared for the February 11, 2014 Menlo Park City Council Meeting

Note: Text shown in *italics* reflects comments from the California Department of Housing and Community Development (HCD). Text shown in underline reflects proposed changes from the December 12, 2013 Draft Housing Element and January 28, 2014 Revisions.

Pages 27-50

Clarify Use of the Term "Affordable Housing": The housing element includes several programs, including, but not limited to Programs H1.A, H1.H, H2.A, H4.B, and H4.H, that refer to "affordable housing." The programs should clarify that "affordable housing" means housing affordable to extremely low-, very low-, low-, and moderate-income households.

Modification to Page 27:

Modify Program H1.A to clarify affordable housing, as follows:

- H1.A **Establish City Staff Work Priorities for Implementing Housing Element Programs.** As part of the annual review of the Housing (see Program H1.B), establish work priorities to implement the Housing Element related to community outreach, awareness and input on housing concerns and striving to ensure that all City publications, including the City's Activity Guide, include information on housing programs. City staff work priorities specific to the Housing Element include:
- a. Conduct the annual review of the Housing Element.
 - b. Review options for funding housing affordable to extremely low-, very low-, low- and moderate-income households.
 - c. Make recommendations to City Commissions on strategies for housing opportunity sites and for funding.
 - d. Provide follow-up on housing opportunity sites and funding based on directions provided by the City Council, including working with the community and implementing Housing Element programs.
 - e. Conduct community outreach and provide community information materials through an open and non-advocacy process.
 - f. Engage property owners in identifying opportunities for the construction of housing affordable to extremely low-, very low-, low- and moderate-income households.

- g. Pursue unique opportunities where the City can participate in the construction of affordable housing, either on City-owned sites, or through funding or regulatory means.
- h. Develop ongoing and annual outreach and coordination with non-profit housing developers and affordable housing advocates.
- i. Continue to participate in ongoing regional activities related to housing, including participation in ongoing efforts as part of the Countywide 21 Elements effort.

Responsibility: City Commissions; Planning Division; City Manager; City Council
Financing: General Fund
Objectives: Establish staff priorities for implementing Housing Element programs.
Timeframe: Participate in ongoing regional planning activities throughout the Housing Element planning period and develop a work program as part of the annual review of the Housing Element (see Program H1.B).

Modification to Page 31:

Modify Program H1.H to clarify affordable housing, as follows:

H1.H Utilize the City's Below Market Rate (BMR) Housing Fund. The City will administer and no longer than every two years advertise the availability of funds in the Below Market Rate (BMR) Housing Fund as it applies to residential, commercial and industrial development projects.

Responsibility: City Commissions; Planning Division; City Attorney; City Manager; City Council
Financing: Below Market Rate Housing Fund and General Fund
Objectives: Accumulate and distribute funds for housing affordable housing to extremely low-, very low-, low- and moderate-income households.
Timeframe: Ongoing

Modification to Page 47:

Modify Program H4.B to clarify affordable housing, as follows:

H4.B Implement Inclusionary Housing Regulations. Continue to administer the Below Market Rate (BMR) Housing Program for Commercial and Industrial Developments and the Below Market Rate (BMR) Housing Program for Residential Developments.

Responsibility: Planning Division; City Attorney; City Commissions; City Council
Financing: General Fund
Objectives: Implement requirements to assist in providing housing affordable to extremely low-, very low-, low- and moderate-income households ~~housing opportunities~~ in Menlo Park.
Timeframe: Ongoing

Modification to Pages 49-50:

Modify Program H4.H to clarify affordable housing, as follows:

H4.H Work with Non-Profits and Property Owners on Housing Opportunity Sites. Work with non-profits and property owners to seek opportunities for an affordable housing development. Undertake the following actions on sites zoned R-4-S and/or AHO to encourage development of multi-family-housing affordable housing to extremely low-, very low-, low- and moderate-income households:

- a. Work closely with non-profit housing developers and property owners to identify housing development opportunities, issues and needs.
- b. On larger sites with multiple properties the City will strive to identify opportunities for parcel consolidation to ensure a minimum density of 20 units/acre is achieved and integrated site planning occurs by (1) identifying sites where common ownership occurs, (2) contacting property owners of contiguous vacant and underutilized sites, (3) conducting outreach to affordable housing developers, and (4) offering the incentives contained in the R-4-S and AHO zoning to promote lot consolidation.
- c. Undertake community outreach as part of the rezoning and, as appropriate, in coordination with the potential developer and property owner.
- d. Use the affordable housing overlay zone (when adopted — see Program H4.C) to incentivize housing affordable housing to extremely low-, very low-, low- and moderate-income households and lot consolidation on specific sites.
- e. Complete site-planning studies, continue community outreach, and undertake regulatory approvals in coordination with the development application.
- f. Facilitate development through regulatory incentives, including the establishment of housing as a “permitted use,” the reduction or waiver of City fees, enable the processing of affordable housing development proposals to, as best as possible, fit with the varied financing requirements for the housing affordable to extremely low-, very low-, low- and moderate-income households units, use of affordable housing funds, implementation of other Housing Element Programs, and other assistance by City Planning staff in development review.
- g. Target sites in Downtown and surrounding infill areas and, especially properties where lot consolidation is possible and provide incentives for lot consolidation and property redevelopment with housing.
- h. Investigate the potential for development of new housing on underutilized commercial and industrial sites, including the creation of residential overlay zoning, to allow for residential development in selected, underutilized industrial areas.
- i. Establish specific mechanisms to expedite processing of permits for housing projects that include on-site residential units affordable to persons of lower or moderate income. This may include granting priority in scheduling such proposals for public review and priority in plan check and subsequent issuance of building permits.
- j. Encourage the use of funding techniques such as mortgage revenue bonds, mortgage credit certificates, and low-income housing tax credits to facilitate the development of

housing affordable housing to extremely low-, very low-, low- and moderate-income households.

Responsibility: City Commissions; Planning Division; City Attorney; City Council

Financing: General Fund

Objectives: Identify incentives and procedures to facilitate development of housing affordable housing to extremely low-, very low-, low-, and moderate-income households on higher density housing sites.

Timeframe: Ongoing

Page 113

Description of Realistic Capacity for Non-Vacant and Non-Residential Sites: Describe the methodology used to estimate the realistic capacity, particularly for the non-vacant and non-residential sites within the planning period. For example, an updated description of realistic capacity from the 4th cycle housing element, page 109 of the prior element, could be used.

Modification to Page 113:

Expand the analysis under Composite of Housing Element Approach to Housing Sites on page 113 to address realistic capacity for non-vacant and non-residential sites, to read as follows:

“The sites analysis must cover potential zoning, environmental, infrastructure and other potential development constraints to determine whether there are barriers to development. The Housing Element must also establish a realistic development potential under current zoning. Higher density sites covered under the El Camino Real/Downtown Specific Plan have appropriate zoning, as do higher density sites located outside of the downtown area that are now zoned R-4-S and R-4-S (AHO). Infill opportunities around the Downtown also have zoning to enable development of higher density housing. The El Camino Real/Downtown Specific Plan sites and sites located in the infill area around the downtown are listed in Appendix A of the Housing Element. These areas provide the opportunity for up to 750 units of higher density housing to be built. The Specific Plan area is limited to a 680-unit cap on additional development, but bonuses would apply to individual sites as they are proposed. However, the overall development potential of 680 additional housing units under the Specific Plan cannot be exceeded without additional environmental review.

The minimum density in the R-4-S zone is 20 units/acre. The Haven Avenue sites, Hamilton Avenue sites and the two MidPen Housing Gateway Apartments sites comprise a total of 27.94 acres and would result in a minimum of 559 units. By including the VA site (60 units), the minimum total number of units is 619 units, which still enables the City to provide adequate sites for lower income housing consistent with the City’s Regional Housing Needs Allocation.

The sites rezoned previously to R-4-S are all relatively flat and have minimal development constraints. There has also been a significant degree of property owner and developer interest in the development of multifamily housing on these sites. Overall market trends, such as significant recent increases in rents and local job growth, have created a high demand for housing on these sites. The Haven Avenue sites include current uses such as outside storage, warehousing,

mulching, etc. that would not impede redevelopment of the site to residential use. There is an active development proposal for development of approximately 10 acres of the Haven Avenue sites. The Hamilton Avenue sites are in much the same condition, with sites either being vacant or having light industrial uses. There is one parcel included with the Hamilton Avenue sites that contains 8 residential units (Mt. Olive). Lot consolidation is preferred by the City to achieve more coordinated site planning. The Hamilton Avenue sites are also located near to the Facebook campus.

The MidPen and VA sites are different from Haven Avenue and Hamilton Avenue due to ownership and site conditions. Even though the MidPen sites are developed with multifamily residential uses, the owner (MidPen) is seeking funding to redevelop the site at a higher density. All of the units proposed would be affordable to lower income households. For the VA/Core site, the VA has selected Core Affordable Housing, which is pursuing a development for very low income veterans.

The map in Appendix A shows a composite of the City's approach to providing adequate sites for a variety of housing types and needs. Specifically, these include sites rezoned for higher density housing, lots around the downtown area that have additional development potential, second units and the El Camino Real/Downtown Specific Plan area. At least 50% of the City's lower income need must be accommodated on sites designated for residential use with only ancillary commercial or other uses to support the development and reduce trips. Following the composite map are pages showing higher density housing sites located outside of the El Camino Real/Downtown Specific Plan and the surrounding infill areas.

Appendix A also lists all the separate properties for the VA site, MidPen sites, Haven Avenue sites and Hamilton Avenue sites by Assessor's Parcel Number (APN) and provides information on current uses, zoning, development potential, etc. From a planning standpoint, the base density shown in the table below should be considered the realistic development potential for these sites. The table shows development under the base zoning and development under State Density Bonus Law and, for the Haven Avenue and MidPen sites, development under the Affordable Housing Overlay zone."

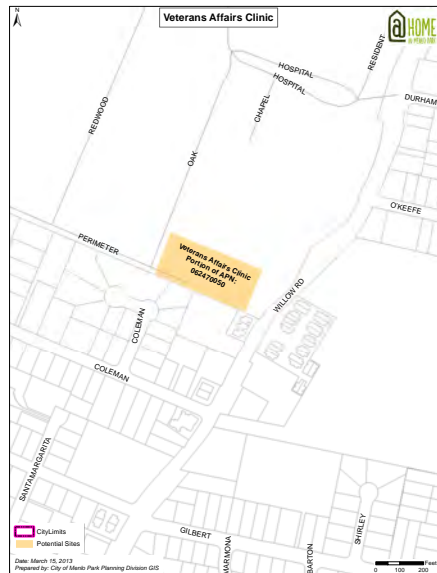
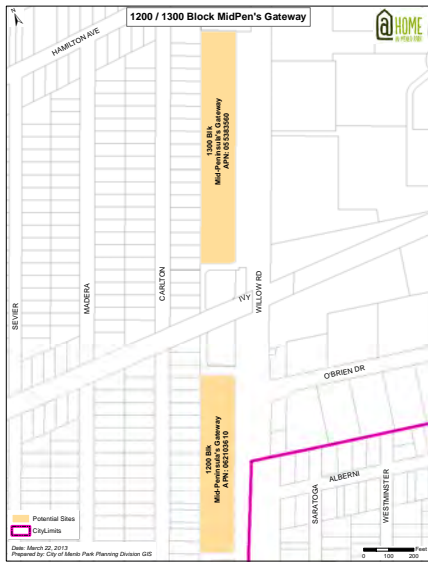
Modification to Appendix A:

Add maps showing higher density housing sites located outside of the El Camino Real/Downtown Specific Plan and the surrounding infill areas to supplement added language on page 113 regarding realistic capacity for non-vacant and non-residential sites.

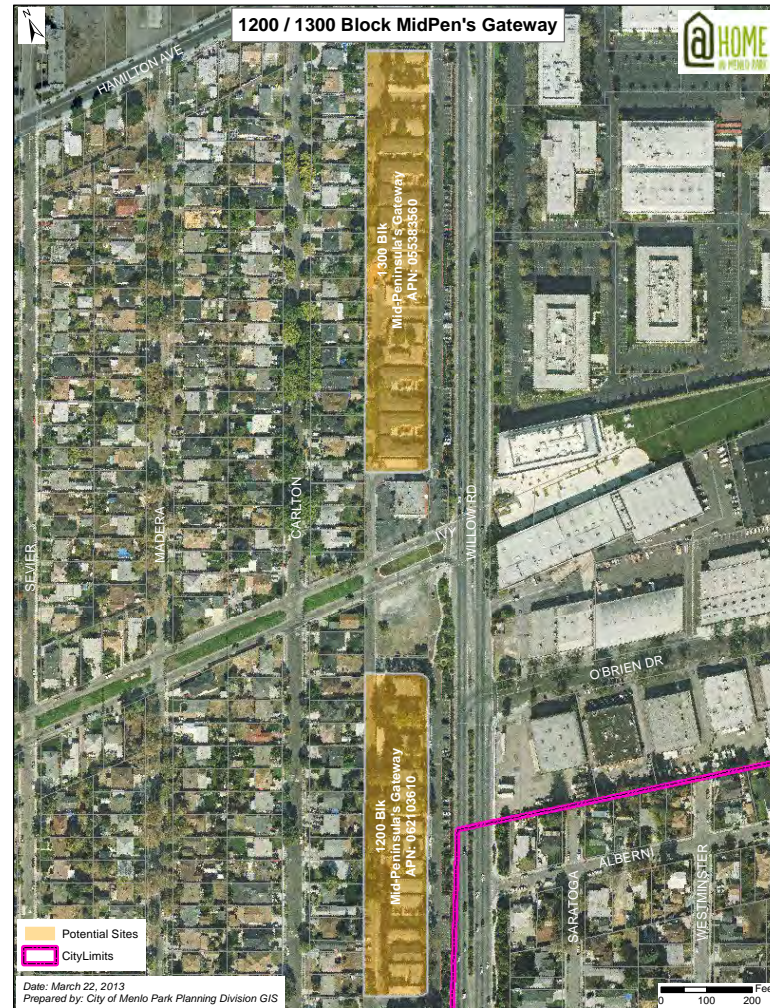
THIS PAGE INTENTIONALLY LEFT BLANK

Sites Rezoned for Higher Density Housing

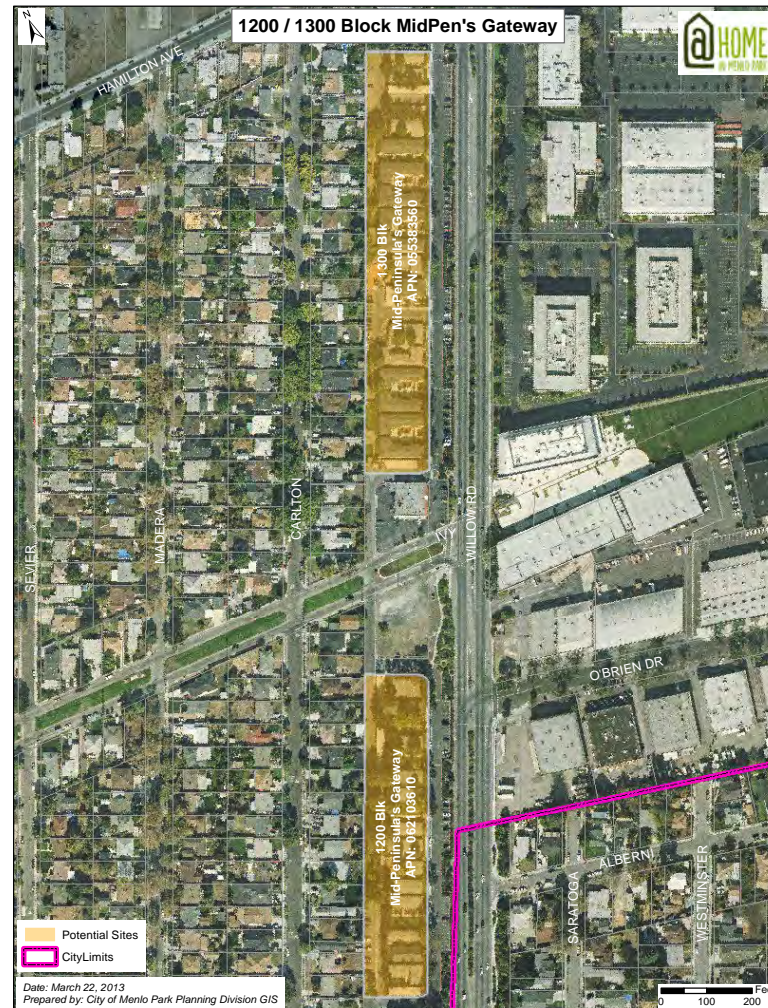
Site Name	Address	Zoning	General Plan Designation	Existing Uses	Lot Area (Sq. Ft.)	Lot Area (Acres)	DU per Acre	Total Allowable DU	Existing DU	Net Potential DU
MidPen's Gateway Apartments	1200 block of Willow Road	R3	Medium Density Residential	Multifamily Residential	98,686	2.27	40	90	48	42
MidPen's Gateway Apartments	1300 block of Willow Road	R3	Medium Density Residential	Multifamily Residential	129,427	2.97	40	118	82	36
Hamilton Avenue East	700-800 blocks of Hamilton Avenue	M1	Limited Industry	Light Industrial and Vacant	313,505	7.20	30	216	0	216
Veterans Affairs Clinic	700 block of Willow Road	PF	Public Facilities	Hospital	81,239	2.01	32	60	0	60
Haven Avenue	3600 block of Haven Avenue	M2	Limited Industry	Light Manufacturing, Storage, and Vacant	674,999	15.50	35	540	0	540
Total										894



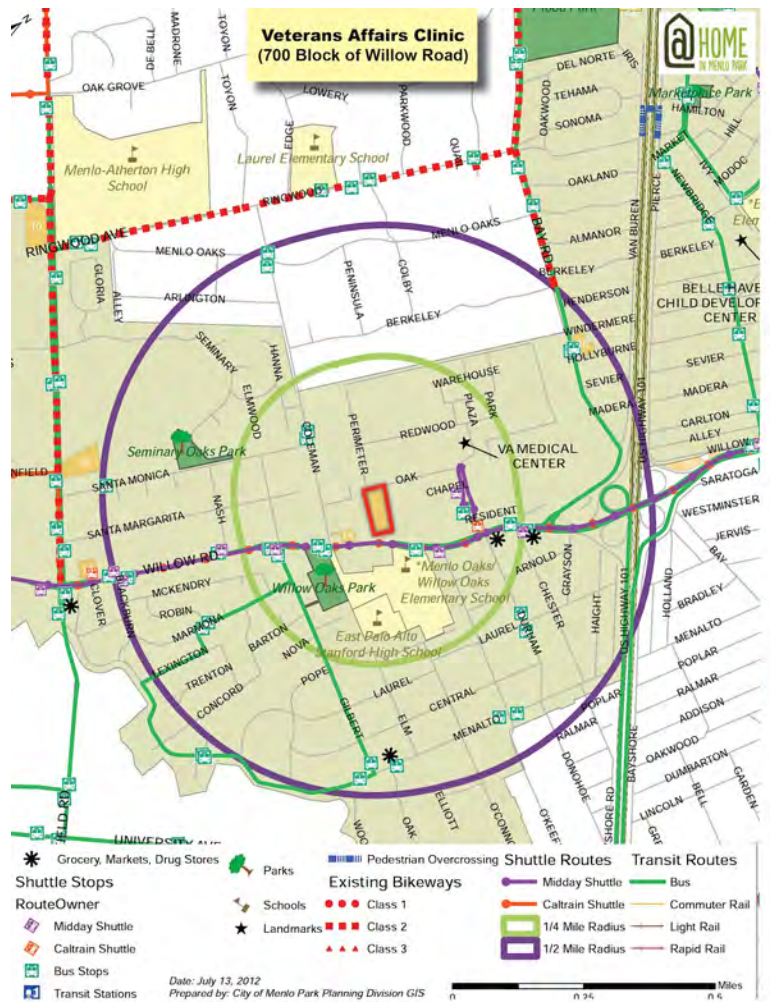
MidPen's Gateway Apartments (1200 Block of Willow Road)



MidPen's Gateway Apartments (1300 Block of Willow Road)



Veterans Affairs Clinic



Hamilton Avenue East



Haven Avenue





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

**Tuesday, January 28, 2014
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)

CL1. Closed Session pursuant to Government Code Section §54957 to conference with labor negotiators regarding labor negotiations with the Police Officers Association (POA) and Service Employees International Union (SEIU)

REPORT FROM CLOSED SESSION

There was no reportable action as the closed session scheduled at 5:30 p.m. was cancelled.

ANNOUNCEMENTS – None

Mayor Mueller called the Study Session to order at 6:20 p.m. Councilmembers Carlton, Keith and Ohtaki, were present. Councilmember Cline was absent.

6:15 P.M. STUDY SESSION (Council Chambers)

SS1. Study Session to review options for appellate procedures in peace officer discipline cases ([Staff report #14-017](#)) ([presentation](#))

Human Resources Director Gina Donnelly introduced the item.

Jeff Sloane of Renne Sloan Holtzman & Sakai, LLP and Michael Rains of Rains, Lucia & Stern gave a presentation regarding the Public Safety Officers Bill of Rights (PSOBR), basic requirements for appeals from punitive action, range of options for appeals from punitive action under PSOBR and the pros and cons of binding arbitration for public safety officers.

Public Comment:

- Sean Howell of Mastagni Holstedt Amik Miller & Johnson, counsel for the Police Officers Association (POA), spoke regarding retired judges as arbitrators, the cost of arbitration and protection against due process violations.

7:00 P.M. REGULAR SESSION

Mayor Mueller led the pledge of allegiance.

A. PRESENTATIONS AND PROCLAMATIONS

A1. Proclamation recognizing Hillview Middle School Principal Erik Burmeister ([Attachment](#)) Erik Buremeister accepted the proclamation, thanked the teachers on his staff and stated that it is an honor to serve the community.

A2. Proclamation recognizing Menlo Park City School District Board Member Laura Rich ([Attachment](#))

Laura Rich accepted the proclamation and stated that it has been a pleasure to serve the community and that the schools are in great shape for the future.

A3. Proclamation for Retirement of Canine Officer Gert ([Attachment](#))

Police Officer Steve Knoff accepted the proclamation and spoke regarding this bond with Gert through the years.

A4. Joint presentation by Menlo Park School District and Public Works Department regarding new school on the O'Connor site in the Willows neighborhood ([School District presentation](#)) ([Public Works presentation](#))

At 7:41 p.m., Councilmember Keith recused herself from considering this item because she resides within 500 feet of the subject location and exited the Council chambers.

Menlo Park School District Superintendent Maurice Geyesels and School Board Member Amhad Sheikholeslami gave a presentation regarding benefits of the new school, planning and work schedule, school design plans and access design options.

Staff presentation given by Chip Taylor regarding the City's role in the process, trip comparison and traffic impact information, existing and improving access and connectivity.

Public Comment:

- Noel Berghout made a brief presentation and spoke regarding safety issues ([powerpoint](#))
- Bob Arabian made a brief presentation and spoke regarding design considerations ([powerpoint](#))
- Todd Brahana spoke regarding traffic mitigation and safety issues, fairness and design
- Chuck Bernstein spoke regarding the changing traffic patterns, the Willows neighborhood character and against access to the school through Oak Court
- Carrie Farrell spoke regarding traffic and parking, and the amount of time to walk or bike to school
- Judith Jones spoke regarding condensed peak time traffic and safety
- Shu Rosenthal spoke regarding parking
- Brenda Kinaan stated to keep the street safe for pedestrians and bicyclists

At 9:55 p.m. this item concluded and Councilmember Keith returned to the Council chambers.

B. COMMISSION/COMMITTEE VACANCIES, APPOINTMENTS AND REPORTS

B1. Consider applicants for appointment to fill two vacancies on the Parks and Recreation Commission ([Staff report #14-013](#))

ACTION: Councilmember Keith nominated James Cebrian and Christopher Harris. Mayor Pro Tem Carlton nominated Thomas Stanwood.

ACTION: With a majority of votes (Carlton, Keith, Mueller and Ohtaki) James Cebrian is reappointed to a term expiring April 30, 2017.

ACTION: With a majority of votes (Keith, Mueller and Ohtaki) Christopher Harris is appointed to a term expiring April 30, 2017.

C. PUBLIC COMMENT #1

- Kim Rubin made a brief presentation regarding train noise ([powerpoint](#))
- Omar Chatty spoke regarding extending BART

D. CONSENT CALENDAR

- D1.** Authorize the City Manager to submit revisions to the Draft Housing Element to the State Department of Housing and Community Development ([Staff report #14-015](#))
- D2.** Initiate the Menlo Park Landscape Assessment District proceedings for fiscal year 2014-15 and adopt a resolution describing the improvements and direct preparation of the Engineer's Report ([Staff report #14-009](#))
- D3.** Approve a budget appropriation in the amount of \$76,362 from the General Fund balance; award a construction contract for the El Camino Real Trees Phase III Project to Del Conte Landscaping, Inc. in the amount of \$225,362 and authorize a total budget of \$285,362 for construction, contingencies, and project management ([Staff report #14-010](#))
- D4.** Approve a budget appropriation in the amount of \$130,000 from the Transportation Impact Fee fund balance and authorize the City Manager to enter into an agreement with Whitlock & Weinberger Transportation, Inc. Consultant to develop the El Camino Real Corridor Study in the amount of \$459,713 ([Staff report #14-012](#))
- D5.** Accept minutes for the Council meetings of November 19, 2013 and January 14, 2014 ([Attachment](#))

ACTION: Motion and second (Ohtaki/Keith) to approve all the items on the Consent Calendar passes 4-0-1 (Cline absent)

E. PUBLIC HEARINGS – None

F. REGULAR BUSINESS

- F1.** Review and approve an agreement for Emergency Preparedness Services between the City of Menlo Park and the Menlo Park Fire District ([Staff report #14-016](#))
Staff presentation by Commander Dave Bertini

ACTION: Motion and second (Keith/Ohtaki) to approve an agreement for Emergency Preparedness Services between the City of Menlo Park and the Menlo Park Fire District passes 4-0-1 (Cline absent)

- F2.** Request by Mayor Pro Tem Carlton to reconsider approval of the logo update and development of graphic standards from the January 14, 2014 Council meeting
(Note: Council will not discuss the merits of the item. If reconsideration is approved, the item will be agendaized for a future meeting)

ACTION: Motion and second (Ohtaki/Mueller) to reconsider approval of the logo update and development of graphic standards from the January 14, 2014 Council meeting and agendaize for a future meeting. The motion fails (2-2-1; Keith and Carlton dissent, Cline absent).

G. CITY MANAGER'S REPORT – None

H. WRITTEN COMMUNICATION – None

I. INFORMATIONAL ITEMS

No staff presentations.

I1. 2013 Commissions Attendance Report ([Staff report #14-014](#))

Mayor Pro Tem Carlton stated that consistent attendance is important and supports removing Commissioners who fall below the attendance threshold.

I2. Guidelines for use of traffic modeling software in Transportation Impact Analyses (TIAs) ([Staff report #14-011](#))

J. COUNCILMEMBER REPORTS

J1. Clarification of C/CAG assignment

There was consensus that Councilmember Keith will remain the C/CAG representative for 2014 and Mayor Mueller will remain the alternate and that Mayor Mueller will assume the representative position in 2015.

Councilmember Keith reported on SFCJPA and flood walls. She stated there will be a meeting on January 29th to gather public feedback regarding replacement of the Chaucer bridge.

K. PUBLIC COMMENT #2

There was no public comment.

L. ADJOURNMENT at 10:55 p.m.

City Council Meeting
February 11, 2014

At the request of staff, and after reviewing the recording of the June 4, 2013 Council meeting, staff recommends Council approve the Errata to the June 4, 2013 Council minutes.

ERRATA

To June 4, 2013 Council meeting minutes
to correct clerical error in original minutes

F. REGULAR BUSINESS

F1. Adopt a twenty-seven percent community-wide greenhouse gas emissions reduction target (*Staff report #13-089*)(presentation)
Staff presentation by Environmental Programs Specialist Vanessa Marcadejas.

Public Comment:

- Patricia Boyle spoke in support of adopting target
- Scott Marshall spoke in support of adopting target
- Chris DeCardy spoke in support of adopting target
- Gary Hedden spoke in support of adopting target
- Mitch Slomiak spoke in support of adopting target
- Adina Levin spoke in support of adopting target

ACTION: Motion and second (Cline/Keith) to adopt a twenty-**seven** percent community-wide greenhouse gas emissions reduction target for 2020 and rename the alternative transportation social marketing program to the greenhouse gas emissions target fund passes 4-1 (Ohtaki dissents).

Respectfully submitted,

Pamela Aguilar
City Clerk

THIS PAGE INTENTIONALLY LEFT BLANK



OFFICE OF THE CITY MANAGER

Council Meeting Date: February 11, 2014
Staff Report #: 14-026

Agenda Item #: F-1

CONSENT CALENDAR: **Consideration to Rename the San Mateo Drive
Bike Bridge in Honor of Mike Harding**

RECOMMENDATION

Staff recommends that the City Council consider a request to rename the San Mateo Drive Bike Bridge in honor of Mike Harding, and if approved, direct staff to contact and work with the City of Palo Alto to obtain its concurrence.

BACKGROUND

At the January 14, 2014, City Council meeting, former mayor Steve Schmidt requested that the City Council consider renaming the San Mateo Drive bike bridge in honor of longtime resident and former commissioner, Mike Harding. Since the initial request, the City has also been contacted by Transportation Commissioner Adina Levin (although she was not representing the Commission), Silicon Valley Bicycle Coalition and numerous Menlo Park residents, many of whom live on San Mateo Drive to support honoring Mr. Harding by renaming the Bridge.

The bike bridge is jointly owned and maintained by the cities of Menlo Park and Palo Alto according to an agreement dated May 25, 1976.

On the Menlo Park side of the bridge, the City of Menlo Park has right of way to the centerline of the creek. On the Palo Alto side, the underlining land is owned by Stanford to the center line of San Francisquito Creek, however the land is within the Palo Alto city limits and Stanford has provided Palo Alto an easement to construct and maintain the bridge. Stanford has also given Palo Alto an 8-foot floating pedestrian/bike easement from Sand Hill Road to the bridge with Stanford agreeing to maintain the pedestrian/ bike path.

ANALYSIS

The City Council does have a policy for the naming and/or changing names of facilities. The policy was adopted in February 1986 and last reviewed in January 1997, with no changes made at that time.

Due to the shared ownership of the bike bridge, it is important to note that renaming the entire bridge (in both directions) would require the additional approval of the City of Palo Alto.

Due to the recent nature of the request, staff has not yet been able to conduct a complete analysis of the estimated costs, consult with staff from the City of Palo Alto, or fully research and record the totality of Mr. Harding's contributions to the community. This work will continue based on the outcome of the City Council's discussion and direction.

IMPACT ON CITY RESOURCES

Fiscal impacts to rename the bridge would include installing signage and updating existing reference materials. These costs are unknown at this time, but would likely be minimal and could be absorbed into the existing budget.

POLICY ISSUES

As the existing policy was previously adopted by the City Council, the City Council alone has the ability to affirm, modify, or waive the policy in part or in its entirety. In the last several years, the City Council has approved the recommendation of the Parks and Recreation Commission to waive aspects of the naming policy in order to name the new Arrillaga facilities after the John Arrillaga family, due to the major donations from Mr. Arrillaga that funded their construction.

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. City Council Policy for Naming and/or Changing the Name of Facilities
- B. Jurisdictional map of the existing San Mateo Drive Bike Bridge

Report prepared by:
Clay Curtin
Assistant to the City Manager

City of Menlo Park			City Council Policy
Department City Council Subject Naming and/or Changing the Name of Facilities	Page 1 of 1	Effective Date February 25, 1986	
	Approved by	Procedure # CC-86-	
	<small>Department Head</small>		
	<small>City Manager</small>		

PURPOSE AND SCOPE

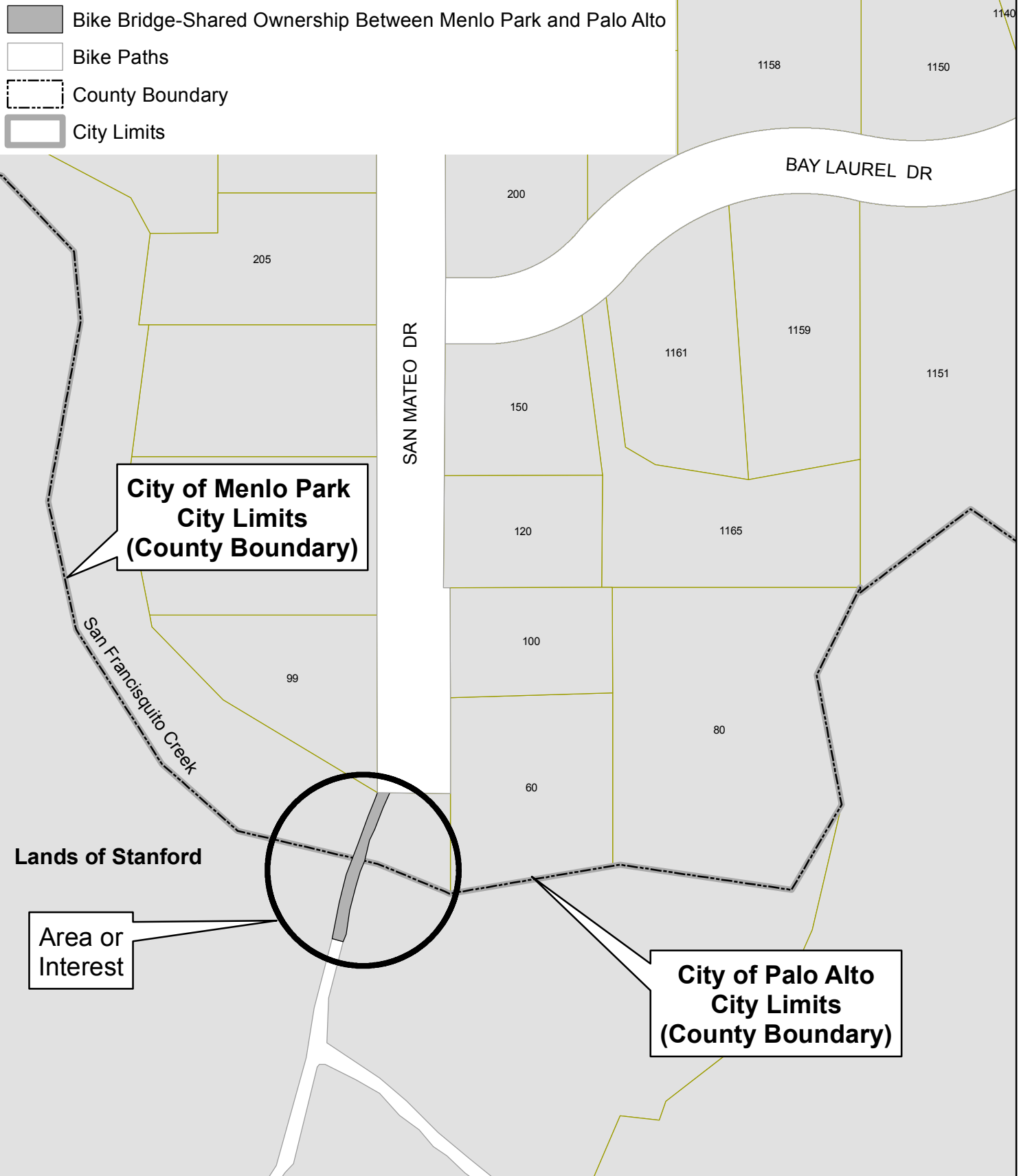
From time to time the City has the opportunity to name a new facility, or is requested to change the name of a previously designated park, playground, building or other unit under the City's jurisdiction.

In order to formalize the City's consideration of these requests, and to provide better guidelines to the public, the City does hereby adopt the following policy guidelines for the naming of facilities.

1. It shall be the policy of the City not to change the name of any existing recreation and park facility, particularly one whose name has City or national significance, unless there is the most extraordinary circumstances of City or National interest and no other new facility can so be designated.
2. The existing place names within Menlo Park shall be deemed to have historic significance to the City. The City will modify existing names only with the greatest reluctance and only to commemorate a person or persons who have made major, overriding contributions to the City and whose distinctions are as yet unrecognized.
3. The Park and Recreation Commission, after considering inputs from the community, will recommend to the City Council names for new parks, playgrounds, athletic fields, paths, tennis courts, flower beds, buildings and miscellaneous facilities. The naming will recognize:
A deceased person (no sooner than five years after death, ethnic or other national or community groups not yet honored in some fashion, who have made significant contributions to the City and/or the Park and Recreation and have not been previously honored in a meaningful way by the City.
4. It shall be the policy of the City generally to encourage plaques commemorating donations including tree memorials, horticultural collections or plant materials.
5. Where appropriate to the facility, the City encourages the donation of memorial benches.
6. At those facilities having recreation buildings, the City from time to time may authorize placing of a memorial plaque inside a building when that facility is closely identified with a person or group, but the policy of the City is to retain the historic name of the facility.
7. For other than naming a new facility, it is the policy of the City to take no action until at least six months from the receipt of a suggested name change or the adoption of these policies.

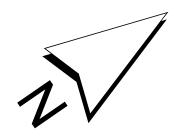
(Council took a look at this policy again on Jan. 27, 1998 with no changes)

THIS PAGE INTENTIONALLY LEFT BLANK



CITY OF MENLO PARK
 LOCATION MAP
 SAN MATEO DRIVE BIKE BRIDGE

DATE: 2/6/14 SCALE: 1" = 200' SHEET: 1



THIS PAGE INTENTIONALLY LEFT BLANK



COMMUNITY DEVELOPMENT DEPARTMENT

Council Meeting Date: February 11, 2014
Staff Report #: 14-028

Agenda Item #: F-2

REGULAR BUSINESS: Authorize Staff to Proceed with the Preparation of the Request for Proposal (RFP) for Consultant Services for the General Plan Update and M-2 Area Zoning Update

RECOMMENDATION

Staff recommends the Council consider the staff report, presentation and public comment and authorize staff to proceed with the preparation of the request for proposal (RFP) for consultant services for the General Plan Update and M-2 Area Zoning Update.

BACKGROUND

On December 17, 2013, the City Council conducted a study session on the scope of work for the General Plan Update. The Council provided general comments, including general support for a focused update of the M-2 Area, and expressed an interest in hearing feedback from stakeholders and the Commissions before providing formal direction in February 2014. Staff conducted the outreach in January and early February 2014. A summary of the feedback is included in the Analysis section below.

On January 14, 2014, the City Council appointed Mayor Mueller and Council Member Ohtaki to the General Plan Update Subcommittee. The Subcommittee would meet as necessary to provide guidance to staff either as an ad hoc committee or as part of a larger advisory body that may be formed later in the process.

ANALYSIS

Outreach Summaries

Commissions

Staff conducted outreach with the six City Commissions with some role in the physical development of the City. Staff made the same presentation at each meeting using the presentation given at the December 17, 2013 Council meeting as the template.

The minutes of the meetings are not yet available. Each Commission expressed an interest in the topic, asked questions, and provided individual comments. The following summarizes the collective input from each Commission.

Transportation Commission (1/8/14): The Transportation Commission made the following motion that passed unanimously:

Recommend to City Council to include the Circulation Element in the General Plan Update and that the City do a thorough job of examining and updating its transportation policies so as to achieve the City's goals for the environment, quality of life , and economic development.

Bicycle Commission (1/13/14): The Bicycle Commission expressed general agreement for a citywide, multi-modal approach to transportation, improving east/west connectivity, and support for involvement of the Bicycle Commission if an advisory committee is formed.

Parks and Recreation Commission (1/22/14): Based on general consensus, the Parks and Recreation Commission expressed an interest in being involved in the process as it related to the following:

Explore opportunities for enhanced connections to recreational opportunities (e.g., Bedwell Bayfront Park and the Bay Trail) for employees in the M-2 Area and nearby residents through a cohesive and coordinated transportation system.

Environmental Quality Commission (1/22/14): The Environmental Quality Commission formed an ad hoc group comprised of three Commissioners (Chair, Outgoing Vice Chair and Incoming Vice Chair) to formulate a recommendation on behalf of the entire Commission based on the dialogue at the meeting and related to the following topics, which are core to the Commission's mission: sustainability, water (source, use, conservation, etc.), climate (both mitigation and adaptation), and hazardous material use. The group's recommendation will be presented at the February 11 Council meeting.

Planning Commission (1/27/14): The Planning Commission provided individual comments as summarized in Attachment C, and then communicated the following based on general consensus:

Recommend that the City Council establish guidelines for considering potential project-specific General Plan Amendments that may come forward during the General Plan Update process.

Commissioners Kadvany and Riggs would be willing to serve on a consultant selection committee if one were formed similar to the El Camino Real/Downtown planning process with the understanding that

Commissioner Riggs' term is up at the end of April 2014 and would potentially serve as an ex officio member.

Housing Commission (2/5/14): The Housing Commission voted unanimously to provide the following feedback to the City Council:

Explore the possibility of including some level of affordable housing as part of any residential rezonings considered as part of the General Plan Update.

M-2 Property Owners

Staff met with the following five property owners that control approximately two-thirds of the land in the M-2 Area through a series of individual meetings: Bohannon, Facebook, Prologis, TE, and Tarlton/Menlo Business Park. Two of the entities have representation on the Menlo Park Chamber of Commerce Board of Directors. All of the property owners expressed an interest in the update and a willingness to engage in the process. A summary of individual comments is included as Attachment D. In order to provide context for some of the property owner comments regarding thresholds based on floor area, Attachment E provides a snapshot of estimated building sizes in the M-2 Area on a parcel-by-parcel basis.

Additional Outreach

As part of the Belle Haven Neighborhood meeting scheduled for February 13, 2014, staff is scheduled to present on the General Plan update topic. Staff intends to reach out to additional nearby residential neighborhoods, such as Lorelei Manor and Suburban Park. As part of the Circulation Element Update, there will be a need to conduct Citywide outreach, which will occur at a later point in time.

Initial Givens for the General Plan Update

On December 17, 2013, staff provided the following a set of "givens" or principles that would guide the overall development of the General Plan Update:

- Community outreach and engagement will be an integral and robust component of the process to develop the plan;
- Focus will be given to the M-2 (General Industrial) zoning district, especially the evolutions of the area and the appropriateness of land uses, intensity of uses, development standards, project review procedures, and use of hazardous materials;
- Throughout development of the General Plan Update, pursue opportunities to establish goals and policies that will support streamlining of the development review process where appropriate;
- Inclusion of new concepts and strategies to address emerging needs, including Greenhouse Gas Reduction, Sea Level Rise, Complete Streets, and Transportation Management Associations;
- Land use and traffic projections for potential growth would be to the Year 2040 for general consistency with other local and regional plans; (e.g., Urban Water

Management Plan, City/Council Association of Governments (C/CAG) Traffic Model, etc.);

- Development of the General Plan will be informed by an Environmental Impact Report and a Fiscal Impact Analysis; and
- General Plan will comply with State law.

RFP Parameters

Staff intends to consider both the individual comments and collective feedback in preparing the RFP. In addition to the givens above, staff will prepare the RFP with the following parameters in mind unless directed otherwise by the City Council:

- The Circulation Element update would be Citywide, but the focus would be east of El Camino Real.
- The General Plan would comply with the Complete Street Act of 2008.
- Potential changes to measuring transportation impacts (Vehicle Level of Service vs. Multi-Modal Level of Service) and the City's roadway classification systems (arterials, collectors, etc., as shown in Attachment A) should be considered.
- Material/substantive changes to the Land Use Element would be limited to M-2 Area for this phase of the General Plan Update.
- Increased intensities in the M-2 Area (as shown in Attachment B) in terms of Floor Area Ratios (FAR) and opportunities for a mix of land use in select locations would be considered through the process with the criteria to be established through the process. (This statement is in lieu of choosing one of the 3 options for the "Extent of M-2 Area Changes" presented on December 17, 2013).
- Zoning Ordinance Amendments applicable to the M-2 Area would be considered concurrently with the General Plan Update, and would include potential changes to the process for reviewing the use and storage of hazardous materials.
- Themes of sustainability, integration, connection should be pursued and environmental circumstances should be considered prior to preparation of the Environmental Impact Report.
- The Open Space/Conservation, Noise and Safety Elements would be updated as needed for consistency or another compelling reason.
- The Housing Element would only be updated if needed for consistency.
- The "stretch" goal is to complete adoption of the General Plan Update and Zoning Ordinance Amendments two years after award of contract with the understanding that this may result in impacts to other City projects.
- The City is interested in partnering with a consultant team that is knowledgeable in best practices, has a proven track record, is innovative and creative, and is tuned into the needs of the community.

In addition, staff would recommend that the RFP include consideration of an optional element. Although not part of the short term focus, consideration should be given to the potential creation of a Community Character Element as a policy document to incorporate community issues such as aesthetics, residential design guidelines, potential historic resources, various type of frontage improvements (i.e., sidewalks vs. parking strips), street tree canopies, overhead utility lines, neighborhood serving retail, etc. The

character would be examined on a neighborhood-by-neighborhood basis to understand existing conditions and trends. These various topics reflect topics that have been raised in various forums including the Capital Improvement Plan. By including this concept in the RFP, there may be potential efficiencies in terms of data gathering and preparation of the Environmental Impact Report.

Staff intends to present a work program/RFP, which incorporates input from the outreach to date, for Council consideration at the February 25, 2014 City Council meeting. The work program will include a recommendation or options related to community outreach and the potential formation of an outreach and oversight committee, steering committee, task force or some other type of advisory body. In addition, staff intends to recommend a process and timeline for screening the proposals and selecting the consultant team.

If there is any other specific consideration that Council would like staff to consider as part of the RFP preparation, Council should provide that feedback at the meeting.

Other Emerging Considerations

Priority Development Areas

Established by the Association of Bay Area Governments (ABAG), Priority Development Areas (PDAs) are locally designated areas within existing communities that have been identified and approved by local cities or counties for future growth. These areas are typically accessible to transit, jobs, shopping and other services. The boundaries of the El Camino Real/Downtown Specific Plan are currently a PDA. This status provides the City with benefits when competing for regional grants. ABAG has recently issued guidelines for adding, removing or changing PDAs and Priority Conservation Areas (PCAs). The M-2 Area may be a candidate for a new PDA. The General Plan Update would provide an avenue to consider the pros and cons of submitting an application, which ultimately requires adoption of a City Council resolution. Staff intends to evaluate this possibility unless directed otherwise by the City Council.

Complete Streets and Grant Funding

To receive funding through the current One Bay Area Grant (OBAG) program, a jurisdiction must have: 1) either updated its General Plan to comply with the "Complete Streets" Act of 2008 or adopted a "Complete Streets" Resolution; and, 2) have a certified Housing Element. For future funding cycles, the Metropolitan Transportation Commission (MTC) has provided preliminary guidance that jurisdictions will need to have updated its General Plan to comply with the "Complete Streets" Act of 2008 by January 31, 2015, the deadline for the next round (5th Cycle) of Housing Element updates for the Bay Area. The City intends to update the General Plan to comply with the Complete Streets requirements as part of the General Plan update, but the work would not be completed in time. Staff is in the process of exploring alternative ways to comply, lobbying to extend the deadline for cities that are in progress, or exploring alternative work plans to pursue the Complete Streets amendment prior to and discreet from the other General Plan update. Staff will keep the Council apprised of the situation as necessary.

IMPACT ON CITY RESOURCES

The proposed work program would require both staff resources dedicated to the project, as well consultant services. The Council has budgeted \$2,000,000 for Fiscal Year 2013-14 for the General Plan Update for consultant assistance and staff time. A total of 3.5 full-time equivalent staff from Community Development and Public Works is allocated to the General Plan Update and the Housing Element. Dependent on the scope of the work program, additional funding may be necessary in future years. Similar to the El Camino Real/Downtown Specific Plan, staff will explore options for a potential fee that could be imposed as a way to reimburse the City for the expenditure related to a specific geographic area.

POLICY ISSUES

The General Plan update process will consider a number of policy issues.

ENVIRONMENTAL REVIEW

The General Plan update is subject to CEQA and an EIR will be prepared at the appropriate time in the process.

PUBLIC NOTICE

Public notification was achieved by posting the agenda, at least 72 hours prior to the meeting, with this agenda item being listed. In addition, the City sent an email update to subscribers of the General Plan Update project pages. This page will provide up-to-date information about the project, allowing interested parties to stay informed of its progress and allow users to sign up for automatic email bulletins, notifying them when content is updated or meetings are scheduled.

ATTACHMENTS

- A. Circulation Map
- B. Proposed M-2 Area Plan Boundary Map
- C. Draft Planning Commission Summary
- D. M-2 Property Owner Summary
- E. M-2 Building Sizes (Gross Square Footage per Property)

Report Prepared by:

Justin Murphy

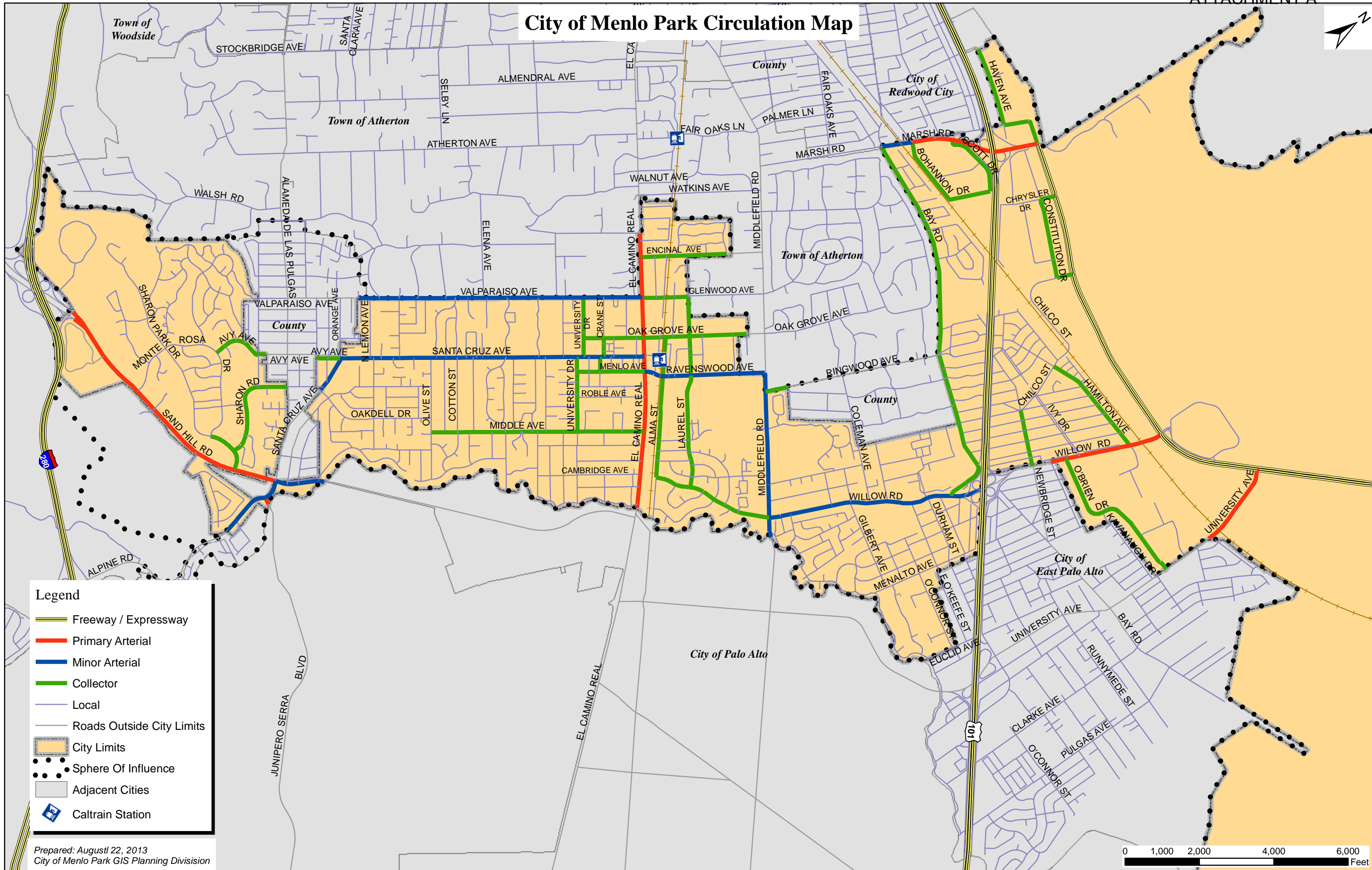
Development Services Manager

Report Reviewed by:

Arlinda Heineck

Community Development Director

City of Menlo Park Circulation Map



Legend

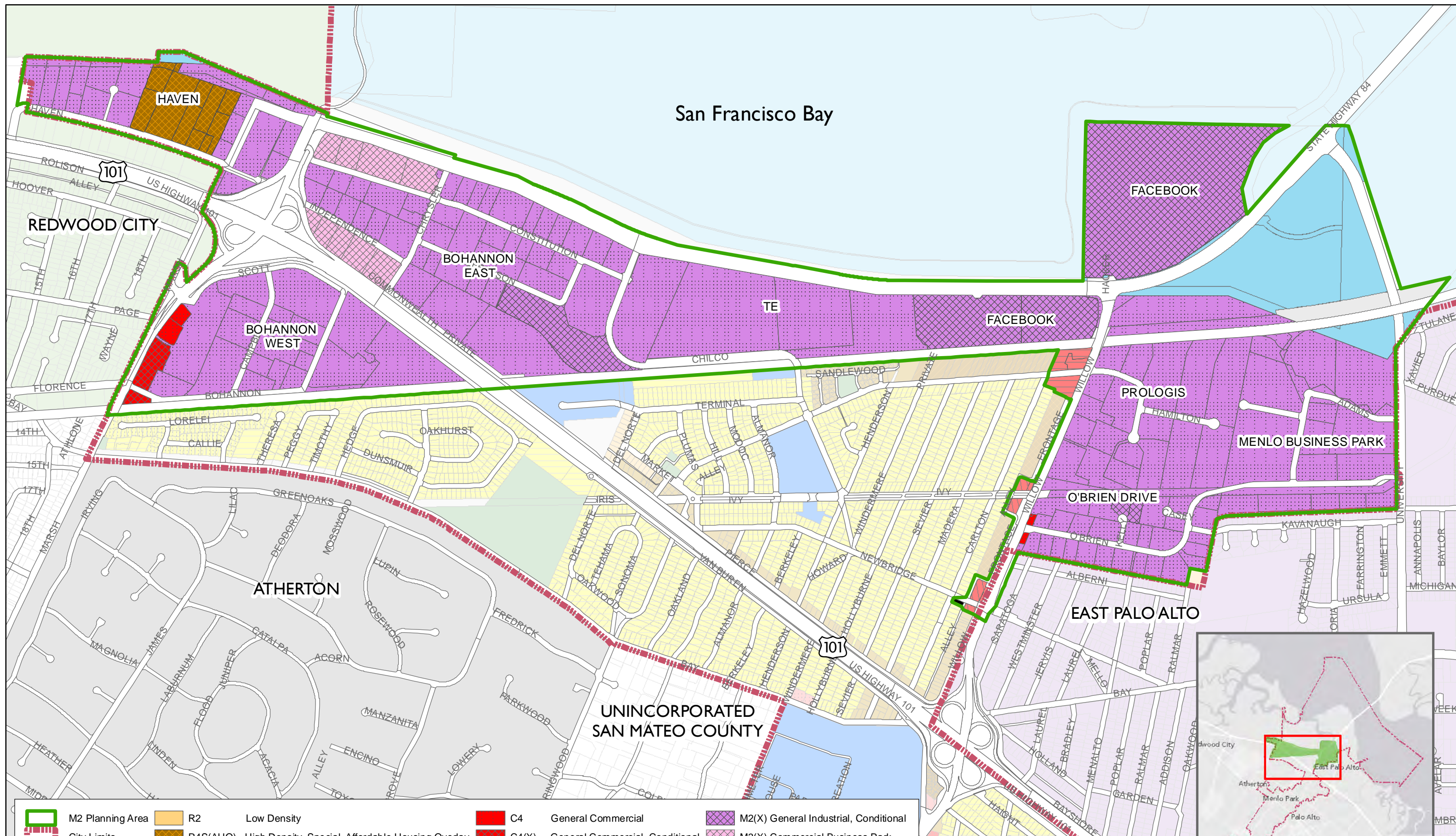
- Freeway / Expressway
- Primary Arterial
- Minor Arterial
- Collector
- Local
- Roads Outside City Limits
- City Limits
- Sphere Of Influence
- Adjacent Cities
- Caltrain Station

Prepared: August 22, 2013
 City of Menlo Park GIS Planning Division

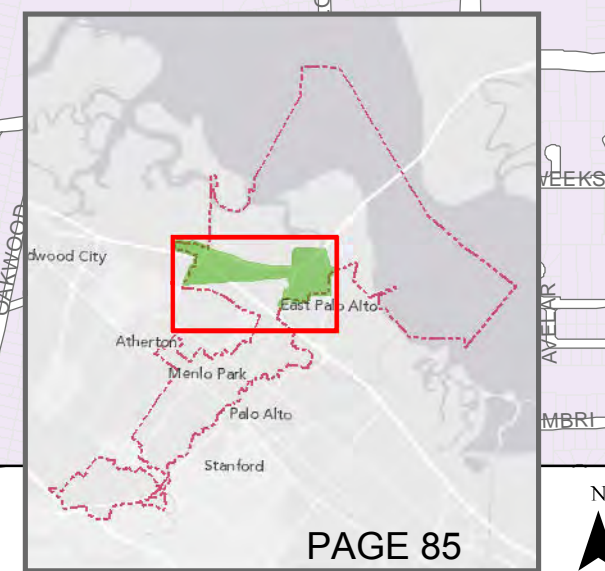
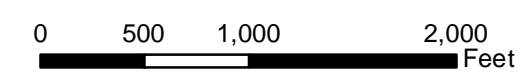


THIS PAGE INTENTIONALLY LEFT BLANK

M-2 Planning Area



	M2 Planning Area		R2 Low Density		C4 General Commercial		M2(X) General Industrial, Conditional
	City Limits		R4S(AHO) High Density, Special, Affordable Housing Overlay		C4(X) General Commercial, Conditional		M3(X) Commercial Business Park
			C2S Neighborhood Commercial, Special		M2 General Industrial		



THIS PAGE INTENTIONALLY LEFT BLANK



DRAFT
PLANNING COMMISSION SUMMARY
of Agenda Item E1

Regular Meeting
January 27, 2014 at 7:00 p.m.
City Council Chambers
701 Laurel Street, Menlo Park, CA 94025

- E1. General Plan Update/City of Menlo Park:** Overview of the Proposed General Plan Update and Discuss and Potentially Provide Comments to the City Council on the Scope of Work.

The Commission listened to the staff presentation, accepted public comment from one speaker, asked questions, and provided comments including the following:

- Include the Lorelei Manor and Suburban Park neighborhoods in the targeted outreach similar to the Belle Haven neighborhood.
- Articulate the City's vision for the use of the Dumbarton Rail Corridor.
- Clarify the term "Complete Streets", clarify whether it is already embodied in the existing General Plan, and clarify whether it is a given for inclusion as part of the Update.
- Examine the regional market trends and economic pressures on the M-2 Area and be clear about whether the City intends to change the zoning to be less restrictive (e.g., requiring fewer conditional use permits).
- Focus on what it is the City is attempting to accomplish through a potential change to the Roadway Classification System and not simply renaming streets.
- Consider the comments of the public speaker related to sustainable policies; connections with recreational opportunities (e.g., Bay Trail) and regional improvement plans (e.g., Salt Pond Restoration, SAFER Bay); and sea level rise.
- Draw a more direct connection between the relationship of impacts and benefits, with an emphasis on real benefits clearly outweighing impacts.
- Investigate a people mover system or other innovative transportation technology.
- Explore the introduction of other uses in the M-2 Area in order to reduce the potential number of new trips.
- Avoid introducing new residential uses in the M-2 Area that would be subject to flooding.
- Create rules that align with categorical exemptions from the California Environmental Quality Act (CEQA) in order to achieve streamlining.
- Clarify early in the process if the City's goal is to pursue enhancements to the economic development potential of the M-2 area so that subsequent decisions align with that goal.
- Consider community and civic aesthetics in various City decisions related to public spaces and private property.
- Explore self-mitigation of environmental impacts as a concept.
- Seek out opportunities for pilot projects or testing ideas during the General Plan Update process.
- Pursue new ways to reach out and communicate with people, especially those that do not attend traditional meetings.

The Commission also discussed the topic of residential design guidelines. Individual Commissioners expressed varying opinions about whether or not residential design guidelines should be considered as part of this phase of the General Plan Update, but at a minimum the Commission agreed to continue work by the Commission subcommittee as identified at the August 19, 2013 meeting. At that meeting, the Commission discussed the development of residential

design guidelines for use by staff when working with applicants and the Commission in the review of development proposals for single-family homes on substandard lots. After development of guidelines and a period of use, the Commission would consider expanding how the guidelines could be used on a broader scale.

Finally, the Commission communicated the following based on general consensus:

- Recommend that the City Council establish guidelines for considering potential project-specific General Plan Amendments that may come forward during the General Plan Update process.
- Commissioners Kadvany and Riggs would be willing to serve on a consultant selection committee if one were formed similar to the El Camino Real/Downtown planning process with the understanding that Commissioner Riggs' term is up at the end of April 2014 and would potentially serve as an ex officio member.

Summary of Feedback from Outreach with Major M-2 Property Owners February 2014

- Clarify early in the process whether or not the City is interested in intensification of development above the current General Plan standards as an incentive for certain types of uses and benefits to the City.
- Differentiate review processes based on project types and increase the thresholds for use permit reviews. For example, differentiate between existing buildings and new buildings. Increase the threshold size from 10,000 square feet to 25,000 square feet or 50,000 square feet as the trigger for review.
- Allow greater flexibility for a building to evolve over time and change use, especially for buildings under a certain floor area threshold. (This flexibility would assist with incubator/co-working spaces).
- Narrow the universe of projects that require Environmental Impact Reports (EIRs).
- Use parking as a tool for regulating the intensity of the use of a site (consideration of minimum and maximum requirement, on-street parking restrictions, etc.)
- Provide avenues for flexibility through “planned development” zoning.
- Study the regional pipeline of development between Highway 92 in San Mateo and Highway 85 in Mountain View.
- Continue to pursue a potential transit station near the intersection of Willow Road and the Dumbarton Rail Right-of-Way near Hamilton Avenue and explore alternative uses of the rail corridor for transportation and recreational purposes.
- Explore the possibility of increased building heights under existing floor area ratios (FARs) provided there is adequate separation from single-family residential uses.
- Ensure that the process is structured for success in terms of roles for property owners, business owners, residents, other stakeholders, staff, and consultants.
- Some properties are better suited for certain uses based on location for reasons of visibility and pass-by trips along a high volume roadway, proximity to the freeway interchange or potential transit station, separation from single-family residential, and compatibility with existing land use patterns.
- Opportunities for collaboration and cooperation across various property owners in terms of transportation solutions should be explored.
- Pursue opportunities to improve bicycle and pedestrian amenities and safety.
- Retail services are important to employees, as well as nearby residents, but the key is financial feasibility.
- High density residential, as part of mixed-use developments in certain locations, may be attractive to meeting demand for housing for the local workforce.
- Recognize the intellectual property generated by Stanford University and the fact that many company executives reside in Menlo Park or immediately surrounding communities.
- Consider ways of granting FAR bonuses in exchange for certain commitments that would benefit the City.
- Study the trip equivalent concept and ways of creating incentives for robust Transportation Demand Management (TDM) programs.
- Offices are a complimentary use to other uses such as life sciences in terms of the need for financial, legal, marketing and administrative support functions.
- Explore the concept of Transfer of Development Rights within the M-2 area.

THIS PAGE INTENTIONALLY LEFT BLANK

M-2 Planning Area Gross Square Footage



Gross Square Footage

- Less than 25,000
- 25,000 to 49,999
- 50,000 to 74,999
- 75,000 to 99,999
- 100,000 or Greater
- Building Footprints
- M2 Planning Area
- City Limits

M-2 Planning Area Gross Square Footage



Gross Square Footage

- Less than 25,000
- 25,000 to 49,999
- 50,000 to 74,999
- 75,000 to 99,999
- 100,000 or Greater
- Building Footprints
- M2 Planning Area
- City Limits



Office of Economic Development

Quarterly Update Q1 2014



CITY OF
MENLO PARK

IN THIS ISSUE:

- The Economic Haps 'Round Town
- Economic Forecast: Sunny with a Slight Chance of Rain
- Sales Tax Report
- Vacancy Report
- Economic Development Study Session

February 2014

The Economic Haps 'Round Town

Tarlton's Capital Infusion



One of Tarlton Inc.'s properties in Menlo Park, located at 1490 O'Brien Drive Photo courtesy of Tarlton Properties Inc.

Once the home of Silicon Valley giant Cisco Systems, [Tarlton Properties Inc.'s](#) Menlo Business Park has played an integral role in the development of Menlo Park's economy. Now one of the premier locations for life sciences, Tarlton Properties continues to be critical for Menlo Park, housing a number of our top producing sales tax generators. According to a recent article in the [Silicon Valley Business Journal](#), written by Nathan Donato-Weinstein, the future of Menlo Business Park is bright thanks in part to an investment from Principal Real Estate Investors. The article references John Tarlton's rare understanding of the needs of life sciences companies and rarer ability to meet those needs.

RESOURCES:

[Menlo Park Office of Economic Development](#)

[Menlo Park Community Development](#)

[Menlo Park Chamber of Commerce](#)

[Silicon Valley Economic Development Alliance \(SVEDA\)](#)

TOP 25 SALES TAX GENERATORS:

- [Acclarent](#)
- [Automatic Rain Company](#)
- [Beltramos Wine & Liquor](#)
- [Chevron Service Stations](#)
- [Chevron Service Stations](#)
- [CVS Pharmacy](#)
- [DM Figley Company](#)
- [Draegers Supermarkets](#)
- [Flegel's Home Furnishings](#)
- [Forte Bio](#)
- [OfficeMax](#)
- [Pacific Biosciences](#)
- [Safeway Stores](#)
- [Sand Hill Resort & Hotel](#)
- [Sharon Heights Golf Country Club](#)
- [Shell Service Stations](#)
- [Shell Service Stations](#)
- [Shell Service Stations](#)
- [Staples Office Superstore](#)
- [Stanford Park Hotel and Restaurant](#)
- [Tesla Motors](#)
- [Trader Joe's](#)
- [Triplepoint Capital](#)
- [Walgreen's Drug Stores](#)
- [Willow Cove Service Stations](#)

Off The Grid

2014 jumped off to a tasty start with the Planning Commission's approval of a proposal from food truck event company, [Off The Grid \(OTG\)](#). OTG organizes food truck markets that have become a huge draw for cities around the Bay Area and a bellwether of how hip your town is. OTG will be kicking off their weekly Wednesday evening markets on February 19th. They told the Planning Commission that they expect 500-1000 patrons, and will partner with existing downtown retailers to introduce their target demographic to all the other great offerings in Menlo Park.



OTG food truck market at Fort Mason Center in San Francisco. Photo courtesy of Off The Grid

Borrone Market Bar

Speaking of great offerings, the much anticipated Borrone Market Bar will be opening in in the next few weeks. Now you will be able to stop after work and bring home an order of your favorite Borrone delights. According to their promotional material, the Market Bar, located right next to the Café, will *"feature a rotisserie, house-made focaccia, full family meals, fresh pasta and pastries for our guests to take to their favorite table. The "Bar Eatery" side is a casual space where you can enjoy a classic Italian cocktail, an oyster, a bowl of ravioli, or savory meats while soaking in the atmosphere: a little of the old world mixed with a dash of the new."*

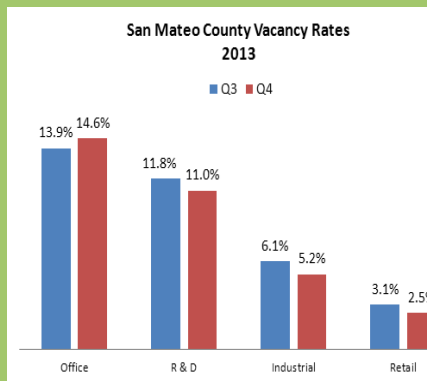
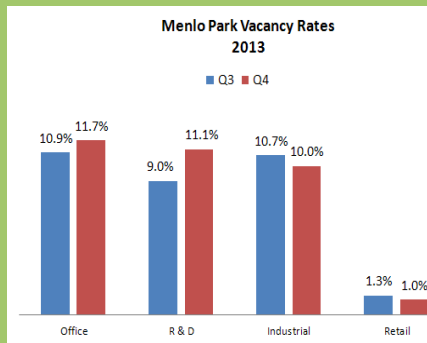


BBC

On February 10, 2014, the Planning Commission will review exterior improvements associated with a new restaurant at 1090 El Camino Real (commonly known as the British Bankers Club). Having served as Menlo Park's first official City Hall, the original two-story commercial building (constructed in 1925) is a historically significant structure. The applicant, Rob Fischer, is proposing exterior improvements as part of the proposed restaurant use, which would include removing an existing arbor in the plaza shared with Menlo Center, relocating the main entry from El

VACANCY REPORT:

Retail real-estate in the Bay Area is bursting at the seams to keep pace with the region's strengthening economy. According to [Terranomics](#), Menlo Park's Q4 Retail vacancy remains low at 1% compared to 1.3% in Q3 2013 and 2.7% in Q4 2012. Menlo Park's low Retail vacancy rate tracks with San Mateo County's Q4 2013 2.7% vacancy rate; however, overall growth county-wide remains slow due to the lack of large-scale development. Most of the regions' vacancy is Class C, resulting in demand for new or redeveloped high end product as retailers continue to look for free standing or mixed use locations.



Vacancy Date Source: Terranomics and [Cassidy/Turley](#)

While Office vacancy in Menlo Park currently stands at 11.7%, up from last quarter's 10.9%, this is still well below the County's vacancy rate of 14.6%. According to Cassidy/Turley's Q4 2013 Office Snapshot, there is 2.1 million square feet of existing demand for office space in San Mateo County, and 133

Camino Real to Santa Cruz Avenue, installing a new canopy at the main entry, adding a new exterior staircase on the Santa Cruz Avenue frontage, and constructing a new rooftop deck at the rear of the existing building. The proposed restaurant would include outdoor seating on the ground floor in the plaza, as well as on the rooftop deck. A historic resource evaluation was prepared for the project, and the proposed modifications would not have any significant impacts to the building's historic status. The new restaurant is a permitted use and does not require additional review after it goes before the Planning Commission.

BFD

In case you missed Elena Kadvan's [December 27th article](#) in *The Almanac* about Bradley Ogden's proposal for the former Gambardella's at 1165 Merrill St, Ogden's Bradley's Fine Diner (BFD) is targeting a spring opening. The article quotes Ogden as saying BFD "will be my Midwestern approach to my California style of food. Food that is inspired throughout my decades of cooking with the new veil of my son Bryan and the new age techniques and everything from wood burning suckling pig cassoulet to a whole roasted pork rack, to grilled trout, to homemade sausages with little stews, charcuterie plate with cheese. And there will be some fresh pizzas out of the oven to great salads and sandwiches, especially at lunchtime. Really fresh, fresh approach and everything from scratch and made in-house. We want a bar crowd, you know oysters, a fun place to hang out."



If you haven't already started following [Peninsula Foodist](#), I recommend you do. It will keep you in the know about all of the gourmet fare around town.

Sales Tax Report

Menlo Park's most recent sales tax collection reports continue to provide cautious optimism that the local economy is stabilizing. As seen in the Annualized Change in Sales Tax Cash Receipts figure below, sales tax collections for Q3 of 2013 are nearly 20% higher than Q3 for 2012; however, this increase is attributed entirely to non-recurring taxable sales. When these non-recurring taxable sales are removed from the equation, Menlo Park's sales tax collection remains relatively even compared to Q2 2013.

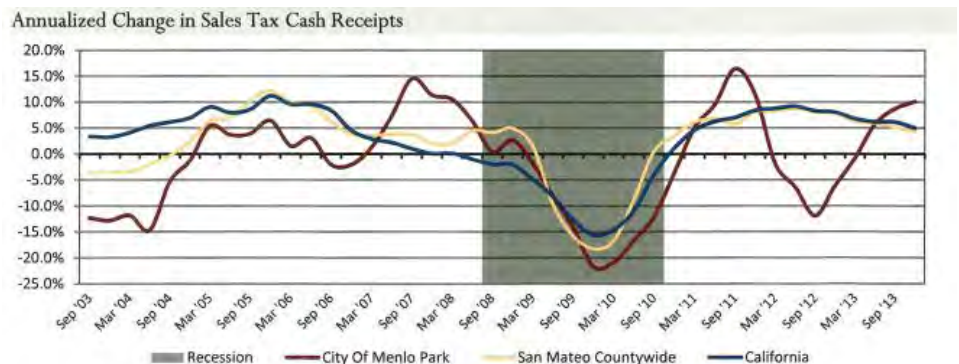


Figure courtesy of [Muni Services](#)

potential tenants in the marketplace. Many of these tenants are looking for downtown, creative spaces under 5,000 square feet and located near public transit.

Menlo Park's R&D market ended the year with a vacancy rate of 11.1%, which though up from Q3's 9.0%, is right on track with the County's 11.0%. Overall, the R&D market is strong in San Mateo County. This past year the county saw the largest total occupancy growth since 2008, while Menlo Park benefited from 78,000 square feet of positive growth.

Menlo Park's Industrial vacancy rate lowered slightly to 10.0% in Q4, down from 10.7% in Q3. Although this is higher than the County's Q4 5.2% vacancy rate, much of it can be attributed to properties in the process of being redeveloped.

Economic Forecast: Sunny with a Slight Chance of Rain

Sunny

They say that economic forecasts exist to make weather forecasts look accurate. That said, 2014 is predicted to be a big jobs year and if our development activity is any indication, that is true for Menlo Park. With 1 million square feet of employment space in the pipeline and a demand for retail space due to our 1.3% vacancy rate, Menlo Park is poised to have a great year.

According to economic trend reports, Menlo Park is well situated between two of the strongest markets in the nation in terms of job growth, development and investment opportunities. According to the [Urban Land Institute's \(ULI\) *Emerging Trends in Real Estate 2014* report](#), for the second year in a row San Francisco is the strongest real-estate market, while San Jose ranks 3rd. This strong real-estate market is driven, in part, by job growth in industries such as energy, technology, health care, and biological research, which are traditionally magnets for commercial real estate investments. According to the [California Association for Local Economic Development \(CALED\)](#), while 2/3rds of California's markets are experiencing double-digit unemployment rates, the strongest job growth in the state is in the San Francisco Bay Area.



Signs in Menlo Park (literally) of job growth

Emerging Trends in Real Estate 2014 identifies meeting the needs of Generation Y (born between 1979 and 1995) as the single most dominant trend now, and for years to come. Gen Y is the most urban, transient and multi-cultural generation. They prefer less living/working space, more collaborative "we and me" space, and greater access to multi-modal transportation and recreation. All sectors of the real-estate market are adapting to meet the needs of Gen Y. Retailers are rolling out smaller, more urban locations to efficiently serve city dwellers. Multi-family real-estate is providing less space per unit, and increasing common space. Office and R&D space is being reconfigured for more collaboration and smaller square footage per worker. Even Industrial real-estate is being driven by Gen Y, as customer increasingly demand shorter delivery time for online retail.



Tenant improvements underway at 3573 Haven Ave. to create smaller, collaborative R&D suites. For more information contact [Greg DeLong at CBRE](#)



Construction underway at Anton Menlo, a 400 unit multi-family housing development geared towards Gen Y. The project includes collaborative spaces such as a pool, roof top deck, yoga room and iCafe. For more information read the [Silicon Valley Business Journal's](#) recent article on the project.

But during the *Emerging Trends in Real Estate 2014* Silicon Valley Conference, a panel of the Silicon Valley's leading real-estate executives noted, it all boils down to transportation and affordability. Can the Silicon Valley provide jobs, affordable housing and amenities within ½ mile of mass transit, and will Gen Y be able to afford the lifestyle they are demanding? The answer to these questions will determine the sustainability of Gen Y's influence over the market for years to come.

CONTACT US:

Jim Cogan

Economic Development Manager

Phone: (650) 330-6614

Email: jccogan@menlopark.org

Web:
http://www.menlopark.org/doing_business.html



[Follow the City of Menlo Park on Twitter](#)



[Send OED an Email](#)

Slight Chance of Rain

A number of national retailers posted lower than expected numbers for the 4th quarter of 2013. In addition, the Institute for Supply Management Index (ISM) dropped 5.2 points to 51.3 in January from 56.5 in December.

These indicators have inspired twice as many opinions as there are experts to offer them. But generally speaking, January is always soft, there was a lot of snow back East and I think Jupiter was in opposition. We all know how that can affect spending. The good news is that ISM levels higher than 50 signal expansion, while levels below 50 signal contraction. So you can remain cautiously optimistic and, please, shop Menlo Park.

Economic Development Study Session

There is a City Council Economic Development Study Session scheduled for February 25th. The City Council has prioritized Economic Development efforts to ensure that the City is actively attracting and seeking to retain businesses in Menlo Park. The Council will be reviewing an economic trends and opportunities report and providing staff with input on a range of topics all geared toward helping Menlo Park be a place where successful businesses locate and thrive.

If you are interested in providing input on the an economic trends and opportunities report please fill out a short survey at www.menloparkbizsurvey.com and as always please feel free to call me at (650)330-6614 or email me at JCCogan@menlopark.org.



ADMINISTRATIVE SERVICES DEPARTMENT

Council Meeting Date: February 11, 2014
Staff Report #: 14-023

Agenda Item #: I-2

INFORMATIONAL ITEM: Quarterly Financial Review of General Fund Operations as of December 31, 2013

RECOMMENDATION

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

BACKGROUND

In order to provide timely information to Council and the public, the City's Finance Department prepares a quarterly report on General Fund operations. The report provides a review of General Fund revenues and expenditures for the most recently completed quarter of the current fiscal year. These results are presented alongside results from the same time period for the previous year, with material differences being explained in the appropriate section of the staff report.

ANALYSIS

Overview

The report itself, which is included as Attachment A, was developed to apprise Council of the year-to-date status of the General Fund. Information included in this staff report is intended to highlight some of the critical elements of Attachment A and supplement that information with explanations of significant differences between second quarter results from fiscal years 2013-14 and 2012-13.

It is important to note that the budget-to-actual comparisons shown reflect actual transactions through the second quarter of each year as compared to the adjusted budget as it stood on December 31st of each year. The one major budget revision typically recorded in the first quarter of each year is the carry-over of expenditure commitments funded in the prior year's budget, also known as encumbrances. In the current fiscal year, \$388,033 in commitments has been carried forward.

In addition, throughout the first two quarters, Council approved revisions to the General Fund budget to include license plate readers and surveillance cameras for the Police Department, additional funding for non-profit agencies, and additional contract services for the many planning and building projects currently underway. In total, nearly \$1.7 million has been added to the expenditure appropriation this year, including the

\$388,033 in encumbrances from the previous fiscal year. \$1.1 million of this amount has been offset by increases to development permitting revenues. A review of other General Fund revenues is currently underway as a part of the preparation for the mid-year report. That report will include revised revenue projections, as well as an update on the expected year-end position of the General Fund.

To the extent that General Fund operations do not vary greatly from year to year, this Budget-to-Actual *comparative* report provides a relatively simple update on the performance of revenues and the level of expenditures for the fiscal year-to-date.

Revenues

The table below shows a summary of second quarter budget-to-actual revenues for fiscal years 2013-14 and 2012-13:

	2013-14 Adopted Budget 12/31/2013	2013-14 Adjusted Budget 12/31/2013	Actual 12/31/2013	% of Budget	2012-13 Adjusted Budget 12/31/2012	Actual 12/31/2012	% of Budget
Property Tax	\$13,955,000	\$13,955,000	\$6,519,957	46.72%	\$13,658,000	\$6,152,172	45.04%
Sales Tax	6,331,400	6,331,400	2,864,126	45.24%	6,330,000	2,685,305	42.42%
Transient Occupancy Tax	3,743,000	3,743,000	1,057,430	28.25%	3,326,000	805,004	24.20%
Utility Users' Tax	1,184,620	1,184,620	442,915	37.39%	1,180,500	389,873	33.03%
Franchise Fees	1,812,300	1,812,300	256,712	14.16%	1,873,500	321,663	17.17%
Charges for Services	7,795,222	7,795,222	3,854,256	49.44%	6,370,600	3,620,466	56.83%
Licenses and Permits	4,459,465	5,559,465	3,316,477	59.65%	4,266,465	2,035,115	47.70%
Interest Income	410,000	410,000	431,121	105.15%	390,000	134,278	34.43%
Rental Income	367,712	367,712	44,197	12.02%	380,018	43,530	11.45%
Intergovernmental Revenue	741,704	794,288	341,095	42.94%	911,263	324,956	35.66%
Fines & Forfeitures	1,319,980	1,319,980	490,789	37.18%	1,085,200	496,024	45.71%
Operating Transfers In/ Other Revenue	429,444	429,444	986,992	229.83%	418,123	208,585	49.89%
Total Revenues:	\$42,549,847	\$43,702,431	\$20,606,067	47.15%	\$40,189,669	\$17,216,971	42.84%

Through the second quarter of fiscal year 2013-14, General Fund revenues are \$20.6 million, a 19.7 percent increase over the same time period in 2012-13. This increase is driven predominantly by one-time revenues (\$772,000 sale of property proceeds from the Hamilton Avenue sale), and increased building activity for various projects within Menlo Park such as Anton Menlo, a 394-unit apartment complex, and the Facebook West campus.

Property tax receipts, which represent the largest source of General Fund revenue source, are up six percent over last fiscal year and are tracking to expectations. This category consists of all property tax revenues, including the secured tax, unsecured tax, property transfer tax, and supplemental tax.

Sales tax is also above last fiscal year's amount through December 31st, although due to timing of sales tax remittances, this quarter's report only reflects actual sales activity through September.

Transient occupancy tax (TOT) receipts reflected in this report are for the first quarter only (September 30, 2013), since TOT is not paid to the City until the month *following* the close of each quarter (quarter ending December 31, 2013 is received at the end January). Overall, TOT revenues are up 31 percent over the same period from last fiscal year. This is largely the result of the 20 percent increase in the TOT rate (10 percent to 12 percent effective January 1, 2013), as well as strong occupancy and room rates, reflecting the continued improvement in the economy.

Charges for services are up 6.5 percent over the second quarter of fiscal year 2012-13, which was expected based on the high level activity in the Community Services. The majority of the \$234,000 increase is the result of recreation fee revenues (up \$144,000), facility rentals (up \$62,000), and child care fees (up \$27,000).

License and permit revenues are up significantly, 63 percent, over the second quarter of fiscal year 2012-13. This increase is driven by building permits, which are up over \$1,285,000. These increased revenues are largely offset by increased expenditures in this area.

While interest income appears to be up significantly in the second quarter, this is due to an adjustment to reverse the prior year's "unrealized loss" required for fiscal year-end reporting. As of December 31, 2013, the annualized rate of return for the City's portfolio is 0.52 percent, net of fees. This is a 0.03 percent increase from same period last year. Additional information on the City's investment portfolio is included in staff report #14-022, which is also on the February 11, 2014 Council agenda.

The final item of note is in the Operating Transfers In/Other Revenue category. Revenues are up significantly in this area due to the City receiving its share of the sale proceeds (\$772,000) from the sale of the Hamilton Avenue property. Excluding that revenue, this category is tracking closely to the second quarter of the previous fiscal year.

Expenditures

As expected, through the second quarter General Fund operating expenditures are up \$457,000, or 2.5 percent, over the previous year. A year-over-year increase in total expenditures was budgeted, as the current year's operating budget as of the second quarter is 9.5 percent above the previous year's operating budget. In fact, in comparison to last fiscal year, expenditures are tracking slightly lower to budget this year (41.9% vs. 44.7%) through the second quarter. It is important to note, however, that while total expenditures for the current year are only 41.9 percent of budget (through 50% of the fiscal year), due to the lag in when payroll expenditures get incorporated into the City's general ledger, second quarter results shown in the table below only include payroll through mid-December. This is the case for both fiscal years, so the year-over-year comparison is still applicable.

	2013-14 Adopted Budget 12/31/2013	2013-14 Adjusted Budget 12/31/2013	Actual 12/31/2013	% of Budget	2012-13 Adjusted Budget 12/31/2012	Actual 12/31/2012	% of Budget
Police	14,860,547	15,065,189	6,880,296	45.67%	14,707,833	6,797,605	46.22%
Public Works	5,550,916	5,566,311	2,424,622	43.56%	5,311,333	2,429,258	45.74%
Community Services	7,309,436	7,334,119	3,284,589	44.79%	7,080,558	3,073,648	43.41%
Library	2,109,769	2,109,769	1,033,759	49.00%	2,042,465	971,539	47.57%
Community Development	3,369,769	4,614,041	1,305,165	28.29%	2,987,249	1,144,697	38.32%
Administrative Services	6,682,574	6,784,609	2,255,656	33.25%	5,608,113	2,355,063	41.99%
Operating Transfers Out	2,464,328	2,554,600	1,277,300	50.00%	2,464,328	1,232,164	50.00%
Total Expenditures:	\$42,347,339	\$44,028,638	\$18,461,387	41.93%	\$40,201,879	\$18,003,974	44.78%

As demonstrated in the table above, four departments (Police, Public Works, Community Development and Administrative Services) are tracking lower to budget in comparison to fiscal year 2012-13. Based on total expenditures through the second quarter, total General Fund operating expenditures are on track to be within budgeted amounts for the fiscal year.

IMPACT ON CITY RESOURCES

There is no impact on City resources.

POLICY ISSUES

The quarterly budget-to-actual report is presented to facilitate better understanding of General Fund operations and the overall state of the City's current fiscal affairs by the public and the Council.

ENVIRONMENTAL REVIEW

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

PUBLIC NOTICE

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

ATTACHMENTS

- A. Comparative General Fund Budget-to-Actual Report as of December 31, 2013

Report prepared by:
Drew Corbett
 Finance Director

City of Menlo Park - General Fund
Budget-to-Actual Report, FY 2013-14
As of December 31, 2013

A	B	C	D	E	(E-C)/C	G	H	(H-G)/G	G/C	G/D	H/E	Notes
	Adjusted Budget as of 6/30/13	Audited Actual FY 2012-13	2012-13 Budget 12/31/2012	2013-14 Budget 12/31/2013	% Budget Change 12/31/13 to Audited Actual FY 12-13	Actual YTD 12/31/2012	Actual YTD 12/31/2013	% Actual Change	% of Actual YTD 12/31/2012 to Audited Actual FY 12-13	% Actual-to- Budget 12/31/2012	% Actual-to- Budget 12/31/2013	
Property Tax	\$13,853,000	\$15,731,889	\$13,658,000	\$13,955,000	-11.29%	\$6,152,172	\$6,519,957	5.98%	39.11%	45.04%	46.72%	
Sales Tax	6,280,000	6,043,870	6,330,000	6,331,400	4.76%	2,685,305	2,864,126	6.66%	44.43%	42.42%	45.24%	
Transient Occupancy Tax	3,326,000	3,468,256	3,326,000	3,743,000	7.92%	805,004	1,057,430	31.36%	23.21%	24.20%	28.25%	
Utility Users' Tax	1,165,499	1,095,256	1,180,500	1,184,620	8.16%	389,873	442,915	13.60%	35.60%	33.03%	37.39%	
Franchise Fees	1,873,500	1,765,216	1,873,500	1,812,300	2.67%	321,663	256,712	-20.19%	18.22%	17.17%	14.16%	(1)
Charges for Services	7,080,246	7,088,405	6,370,600	7,795,222	9.97%	3,620,466	3,854,256	6.46%	51.08%	56.83%	49.44%	
Licenses and Permits	4,326,465	4,447,630	4,266,465	5,559,465	25.00%	2,035,115	3,316,477	62.96%	45.76%	47.70%	59.65%	
Interest Income	390,000	221,974	390,000	410,000	84.71%	134,278	431,121	221.07%	60.49%	19.44%	105.15%	
Rental Income	362,018	346,076	380,018	367,712	6.25%	43,530	44,197	1.53%	12.58%	11.45%	12.02%	
Intergovernmental Revenue	838,130	866,288	911,263	794,288	-8.31%	324,956	341,095	4.97%	37.51%	35.66%	42.94%	
Fines & Forfeitures	991,400	998,259	1,085,200	1,319,980	32.23%	496,024	490,789	-1.06%	49.69%	45.71%	37.18%	
Operating Transfers In/ Other Revenue	420,123	1,178,628	418,123	429,444	-63.56%	208,585	986,992	373.18%	17.70%	49.89%	229.83%	(2)
Total Revenues:	\$40,906,381	\$43,251,747	\$40,189,669	\$43,702,431	1.04%	\$17,216,971	\$20,606,067	19.68%	39.81%	42.84%	47.15%	
Police	14,462,753	13,808,138	14,707,833	15,065,189	9.10%	6,797,604	6,880,296	1.22%	49.23%	46.22%	45.67%	
Public Works	5,535,335	5,100,295	5,311,333	5,566,311	9.14%	2,429,259	2,424,622	-0.19%	47.63%	45.74%	43.56%	
Community Services	7,079,105	6,810,375	7,080,558	7,334,119	7.69%	3,073,648	3,284,589	6.86%	45.13%	43.41%	44.79%	
Library	2,042,465	2,011,143	2,042,465	2,109,769	4.90%	971,539	1,033,760	6.40%	48.31%	47.57%	49.00%	
Community Development	3,197,249	2,774,032	2,987,249	4,614,041	66.33%	1,144,697	1,305,165	14.02%	41.26%	38.32%	28.29%	
Administrative Services	5,898,280	5,314,808	5,608,113	6,784,609	27.65%	2,355,063	2,255,655	-4.22%	44.31%	41.99%	33.25%	
Operating Transfers Out	6,252,894	6,404,637	2,464,328	2,554,600	-60.11%	1,232,164	1,277,300	3.66%	19.24%	50.00%	50.00%	
Total Expenditures:	\$44,468,081	\$42,223,428	\$40,201,879	\$44,028,637	4.28%	\$18,003,974	\$18,461,387	2.54%	42.64%	44.78%	41.93%	
Preliminary addition/draw on General Fund Reserves	(\$3,561,700)	\$1,028,319	(\$12,210)	(\$326,206)		(\$787,003)	\$2,144,680					
Carry-over encumbrances and Reappropriations from prior year subtracted from adjusted budget.	272,551		272,551	388,033								
Net addition to/draw on General Fund Reserves	(\$3,289,149)		\$260,341	\$61,827								
Net Operating Revenue	(\$3,289,149)		\$260,341	\$61,827								

NOTES:

(1) Franchise fees receipts reflect timing issues of when received; prior year first quarter cable franchise fees received in December 2012, have not received first quarter by December 2013.

(2) Operating Transfers In/Other Revenue includes sale of Hamilton Ave property (\$772,000).

THIS PAGE INTENTIONALLY LEFT BLANK



ADMINISTRATIVE SERVICES DEPARTMENT

Council Meeting Date: February 11, 2014

Staff Report #: 14-022

Agenda Item #: I-3

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

RECOMMENDATION

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

BACKGROUND

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

ANALYSIS

Investment Portfolio as of December 31, 2013

Various reports are prepared monthly by Cutwater Asset Management, the City's investment advisory firm, and are attached to this staff report. The "Recap Of Securities Held" confirms that the historical (book) value of the total portfolio at the end of December was almost \$90.6 million. The portfolio includes the General Fund, Water Fund, Special Revenue Funds, Successor Agency Funds, Capital Projects Fund, and funds for debt service obligations. Funds are invested in accordance with the City Council policy on investments using safety, liquidity and yield as selection criteria. Approximately \$36.7 million (40.5 percent) is invested in the State investment pool, the Local Agency Investment Fund (LAIF). LAIF is considered a safe investment and it provides the liquidity of a money market fund. Of the remaining \$53.9 million, \$21.3 million (23.5 percent) is invested in short-term Federal agency issues (U.S. Instrumentality), \$2 million (2.2 percent) is in U.S. Treasury securities, \$25.5 million (28.2 percent) is in medium-term corporate notes, and almost \$5.1 million (5.6 percent) is in commercial paper. All the mentioned securities are prudent short-term investments, since they generally bear a higher interest rate than LAIF, provide investment diversification, and remain secure investment instruments.

At the end of December, the fair value (market value) of the City's securities was over \$156,210 less than the amortized historical cost, which is referred to as an unrealized loss. This is an increase from the end of the previous quarter's unrealized loss of \$130,696. Fair value fluctuates from one period to another depending on the supply and demand for bonds and securities at a particular point in time. Therefore, there is often a difference between the historical cost (the value at the time of purchase) and the fair value (the value of the same security at a specific date), creating an unrealized gain or loss. Since the City's portfolio is fairly short-term in nature and the City generally holds the securities to maturity in order to avoid market risk, the information on the unrealized gains or losses is reported in the Comprehensive Annual Financial Report but does not represent an actual cash loss to the City.

Current Market Conditions

The U.S. economy continues to grow at a steady pace. With the partial government shutdown in early October, consumer confidence dropped to its lowest level in two years, which slowed the growth of the U.S. economy significantly. However, consumer confidence improved over the rest of the quarter with households benefitting from lower gasoline prices and higher home values. The most recent available information shows the real Gross Domestic Product (GDP) increased at an annual rate 4.1 percent during the third quarter of 2013. This compares favorably against the 2.5 percent GDP growth recorded in the second quarter of the year. The increase of the GDP during the third quarter was due, in part, to increases in private inventory investment, personal consumption expenditures, exports, and fixed investments.

The Federal Open Market Committee (FOMC) met in October, December, and January to discuss monetary policy. The U.S. economy saw significant improvement during the latter portion the fourth quarter of 2013, with the inflation outlook remaining below 2.5 percent and the unemployment rate dropping to 6.7 percent. Encouraged by the modest economic recovery, the FOMC has reduced its pace of asset purchases from \$85 billion per month to \$65 billion per month, with the possibility of further measured reductions decided upon at future meetings. However, over the past several months, the FOMC still feels it is appropriate for the federal funds rate to remain at the current near-zero level. The FOMC anticipates this rate will continue for a considerable time after the unemployment rate reaches the threshold of 6.5 percent. These actions are anticipated to continue to put downward pressure on longer-term interest rates, support mortgage markets, and help improve other financial conditions. The FOMC will continue to monitor the market and will discuss appropriate policy actions when it meets again beginning on March 18th.

Investment Yield

The annualized rate of return for the City's portfolio shown on the performance summary as of December 31, 2013, prepared by Cutwater, is 0.52 percent, net of fees. This rate of return is higher than the rate of the 2-year Treasury-Note (12-month trailing)

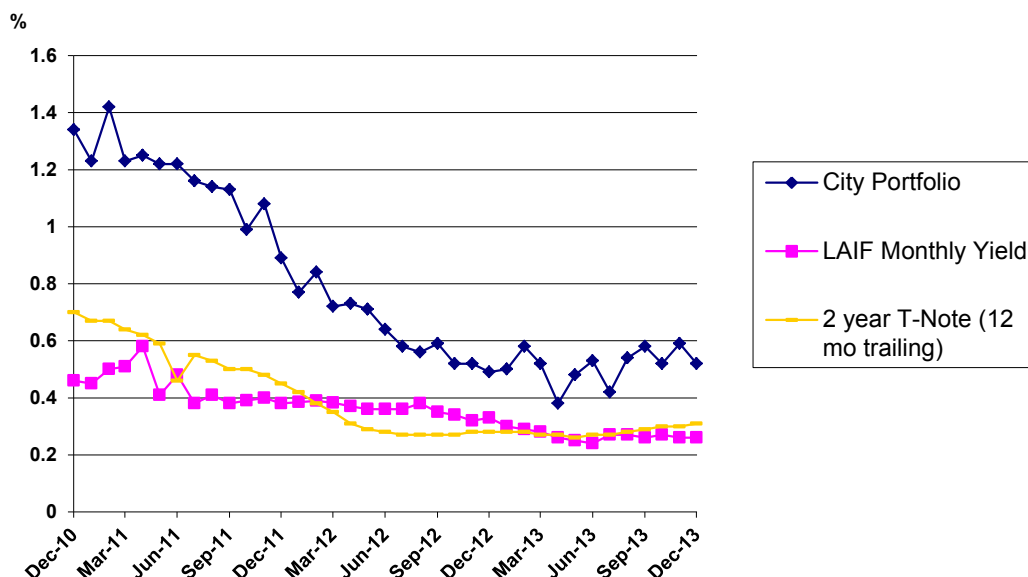
of 0.31 percent and the rate of return earned through LAIF over the past quarter of 0.26 percent.

Over the fourth quarter of 2013, investment yields increased for short-term and long-term bonds. The same is true over the past year as interest rates increased, with only a small reduction in rates for short-term securities. The increase is due to the strengthening of the U.S. economy and the decision of the FOMC to taper its monthly asset purchase. While investment opportunities in long-term Treasuries have improved compared to last year, they continue to be unattractive compared to agency securities and corporate bonds.

Treasury Yields			
Term	December 31, 2012	September 30, 2013	December 31, 2013
3-month	0.04	0.01	0.07
6-month	0.11	0.03	0.09
2-year	0.28	0.32	0.31
5-year	0.72	1.38	1.74
10-year	1.76	2.61	3.03
30-year	2.95	3.69	3.97

As previously stated, almost 40.5 percent of the portfolio resides in the City's LAIF account, yielding 0.26 percent for the quarter ending December 31, 2013. Since the City does not need all of its funds to be liquid, investments in U.S. Treasury, agency, corporate notes, and commercial paper are made in an effort to enhance yields. The difference between the yields earned in the City's portfolio and those earned from LAIF have been more constant over the last year. The City's ability to earn a higher yield than LAIF is due to the priorities of the investment portfolios. Since 2009, LAIF's highest priority has been liquidity while the City's priorities have been safety (protection of the principal) and yield. More liquid securities tend to have lower rates of return.

Comparative Rates of Return



Fees paid to Cutwater (totaling \$9,891 for the quarter ended December 31, 2013) are deducted from investment earnings before calculating the City’s net rate of return. Staff continues to work with the City’s investment advisors to meet the City’s investment objectives and rearrange the portfolio for maximum yield while providing safety for the principal amount.

Investment Transactions in the Fourth Quarter

Staff, with the assistance of Cutwater, continues to evaluate the purchase of new investments as others are called or matured, if the City does not require the liquidity. During the fourth quarter, staff re-invested funds from a Treasury bill that matured and invested additional funds in commercial paper. These additional funds were available as the result of the City receiving its first property tax revenues in December. Because extra liquidity was not necessary, staff invested the funds in short-term securities. In order to maximize yield while minimizing risk, staff evaluates all available investment opportunities. With interest rates expected to remain at their current low level until 2015, purchasing short-term securities is a prudent investment to position the City to capitalize when interest rates do begin to rise. With that said, once rates start increasing, they are expected to do so only incrementally over a period of time. Therefore, utilizing some available funds to purchase longer term investments of 2 to 3 years, which offer higher current interest rates, will provide the City with higher yields without creating significant interest rate risk.

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

Date	Transaction	Description	Term	% Yield	Principal
12/16/2013	Maturity	T-Note	3.0 yrs	0.99	\$2,000,000
12/19/2013	Purchase	FHLB Callable	3.5 yrs	0.98	\$2,000,000
12/20/2013	Purchase	Barclays Commercial Paper	0.50 yrs	0.38	\$2,500,000
12/20/2013	Purchase	Soc Gen Bank Commercial Paper	0.50 yrs	0.36	\$2,500,000

The average number of days to maturity in the City’s portfolio decreased during the fourth quarter. The average number of days to maturity of the City’s portfolio as of December 31, 2013 was 430 days as compared to 480 days as of September 30, 2013. The average life of securities in LAIF’s portfolio as of December 31, 2013 was 209 days.

Cash and Investments by Fund

Overall, the City’s investment portfolio increased by over \$7 million in the fourth quarter of 2013. The schedule below lists the change in cash balance by fund type.

Fund/Fund Type	Cash Balance as of 12/31/13	Cash Balance as of 09/30/13	Difference	% Change
General Fund	22,427,383	19,832,551	2,594,832	13.08%
Bayfront Park Maintenance Fund	651,828	674,168	(22,340)	-3.31%
Recreation -in-Lieu Fund	1,318,624	1,365,467	(46,843)	-3.43%
Other Expendable Trust Funds	1,363,420	1,426,516	(63,096)	-4.42%
Transportation Impact Fee Fund	4,047,994	4,015,041	32,953	0.82%
Garbage Service Fund	942,209	948,596	(6,387)	-0.67%
Parking Permit Fund	3,233,353	2,949,874	283,479	9.61%
BMR Housing Fund	7,396,120	5,967,281	1,428,839	23.94%
Measure A Funds	957,490	982,863	(25,373)	-2.58%
Storm Water Management Fund	278,369	212,384	65,985	31.07%
Successor Agency Funds	2,418,251	2,594,729	(176,478)	-6.80%
Measure T Funds	288,976	288,292	684	0.24%
Other Special Revenue Funds	11,457,938	10,134,130	1,323,808	13.06%
Capital Project Fund- General	13,231,334	13,316,775	(85,441)	-0.64%
Water Operating & Capital	15,469,931	15,111,479	358,452	2.37%
Debt Service Fund	1,454,303	425,987	1,028,316	241.40%
Internal Service Fund	3,615,871	3,282,860	333,011	10.14%
Total Portfolio of all Funds	90,553,394	83,528,993	7,024,401	8.41%

Cash and investment holdings in the General Fund increased by property tax revenues, received in December, and were partially offset by normal operating expenditures. In October 2013, a BMR unit on Riordan Avenue was sold, resulting in an over \$1.2 million increase in the BMR Housing Fund. In Other Special Revenue Funds, the Construction Impact Fee Fund increased by over \$1.1 million for construction fees paid during the quarter. The largest payment was \$870,000 in October from Facebook for its West Campus project.

The City's Municipal Water Funds increased due to the collection of water service fees, which are offset by normal operating costs. Water fees continue to be higher during the fourth quarter of the year due to the recent dry months, which require more water usage for landscaping needs. The City's Debt Service Funds increased from the tax levies on property taxes received in December. The next semi-annual debt service payment on interest for the City's general obligation bonds was due on January 31, 2014. The increase in the Internal Service Funds is due to collection of internal services charges from departments offset by normal operating costs, plus a one-time dividend payment from Bay Cities Joint Powers Insurance Authority of over \$45,000 in December.

IMPACT ON CITY RESOURCES

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

POLICY ISSUES

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

ENVIRONMENTAL REVIEW

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

PUBLIC NOTICE

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

ATTACHMENTS

- A. Cutwater Investment Reports for the period of December 1, 2013 – December 31, 2013

Report prepared by:
Geoffrey Buchheim
Financial Services Manager



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

CITY OF MENLO PARK

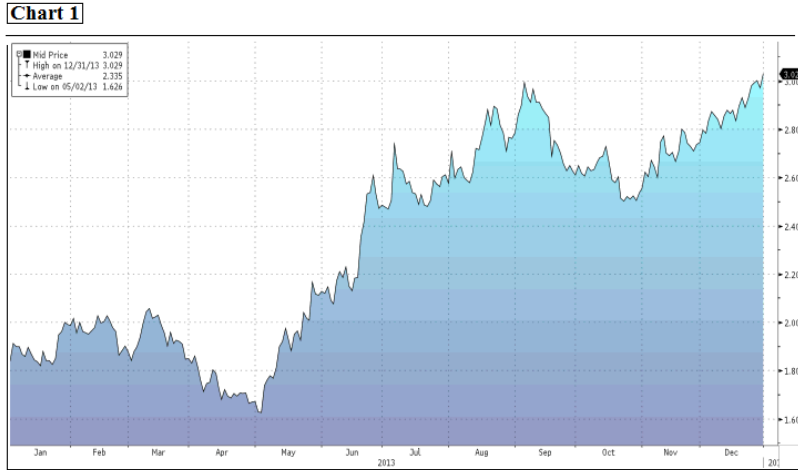
Report for the period December 1, 2013 - December 31, 2013

Please contact Accounting by calling the number above or email camreports@cutwater.com with questions concerning this report.

(This report was prepared on January 7, 2014)

Fixed Income Market Review December 31, 2013

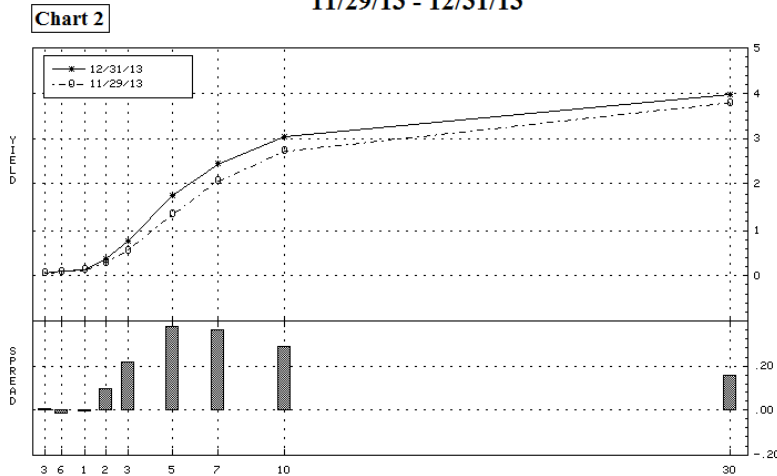
U.S. 10-Year Treasury Yield 01/01/13 - 12/31/13



Economic Indicators & Monetary Policy – Purchases of new homes exceeded expectations in November and sales in October were revised higher to show the strongest annual pace since July 2008.¹ Existing home sales fell 4.3 percent in November to an annual pace of 4.9 million properties sold compared to an expected 5.1 million units.² Housing demand remains relatively strong despite rising mortgage rates in 2013 that corresponded with the increase in long-term Treasury yields-i.e., 10-year Treasury. (See Chart 1)

U.S. retail sales climbed 0.7 percent in November, the largest increase in five months. Sales in October were revised higher to show a monthly increase of 0.6 percent. It appears that consumer spending is rebounding from the rather lackluster pace during the third quarter.³ Durable goods orders increased 3.5 percent in November compared to consensus estimates of 2.0 percent. Excluding demand for transportation equipment, orders were up 1.2 percent, the biggest advance in six months.⁴ Consumer confidence continues to improve with households benefiting from falling gasoline prices and more wealth due to higher stock prices and home values. The employment situation has also improved, making shoppers feel more comfortable spending money during the holiday shopping season.

Treasury Yield Curves 11/29/13 - 12/31/13



At the December 17th/18th Federal Open Market Committee (FOMC) meeting, policy-makers kept the federal funds target rate at a range of zero to 0.25 percent. At this meeting, the Federal Reserve (the Fed) also “decided to modestly reduce the pace of its asset purchases” from \$85 billion per month to \$75 billion in January. In addition, it “will likely reduce the pace of asset purchases in further measured steps at future meetings.” The Fed will continue to monitor labor market conditions and inflation. The FOMC stated that “it will likely be appropriate to maintain the current target range for the federal funds rate well past the time that the unemployment rate declines below 6 ½ percent, especially if projected inflation continues to run below the Committee’s 2 percent longer-run goal.”⁵

Yield Curve & Spreads – U.S. Treasury yields increased in December as a result of the U.S. economy showing strength and the Fed’s decision to start tapering its monthly asset purchases in January.

At the end of December, the 3-month Treasury bill yielded 0.07 percent, 6-month Treasury bill yielded 0.09 percent, 2-year Treasury note yielded 0.38 percent, 5-year Treasury note yielded 1.74 percent, 10-year Treasury note yielded 3.03 percent, and the 30-year Treasury yielded 3.97 percent. (See Chart 2)

Additional Information
December 31, 2013

The opinions expressed above are those of Cutwater Asset Management and are subject to change without notice. All statistics represent month-end figures unless otherwise noted.

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

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

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

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

¹ "Sales of New Homes in U.S. Exceeded Forecasts in November." Bloomberg Finance LP. December 24, 2013

² "Leading Index Gain Signals U.S. Strengthening." Bloomberg Finance LP. December 19, 2013

³ U.S. Adjusted Retail & Food Services Sales for November 2013. December 12, 2013 release.

⁴ U.S. Durable Goods New Orders for November 2013. December 24, 2013 release.

⁵ "Press Release", Federal Open Market Committee statement dated December 18, 2013.

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

Amortized Cost Basis Activity Summary

Beginning Amortized Cost Value		85,037,922.68
Additions		
Contributions	4,838,292.04	
Interest Received	84,230.33	
Accrued Interest Sold	0.00	
Gain on Sales	0.00	
Total Additions		4,922,522.37
Deductions		
Withdrawals	0.00	
Fees Paid	3,367.44	
Accrued Interest Purchased	0.00	
Loss on Sales	0.00	
Total Deductions		(3,367.44)
Accretion (Amortization) for the Period		(46,787.02)
Ending Amortized Cost Value		89,910,290.59
Ending Fair Value		89,754,079.73
Unrealized Gain (Loss)		(156,210.86)

Detail of Amortized Cost Basis Return

	Interest Earned	Accretion (Amortization)	Realized Gain (Loss)	Total Income
Current Holdings				
Cash and Equivalents	8,208.18	0.00	0.00	8,208.18
Commercial Paper	0.00	600.00	0.00	600.00
U.S. Treasury	1,684.78	(482.11)	0.00	1,202.67
U.S. Instrumentality	23,041.97	(6,480.64)	0.00	16,561.33
Corporate	54,944.69	(37,125.87)	0.00	17,818.82
Sales and Maturities				
U.S. Treasury	573.77	181.63	0.00	755.40
U.S. Instrumentality	0.00	(3,480.03)	0.00	(3,480.03)
Total	88,453.39	(46,787.02)	0.00	41,666.37

Annualized Comparative Rates of Return

	Twelve Month Trailing	Six Month Trailing	For the Month
Fed Funds	0.11 %	0.09 %	0.08 %
Overnight Repo	0.08 %	0.06 %	0.05 %
3 Month T-Bill	0.05 %	0.04 %	0.05 %
6 Month T-Bill	0.07 %	0.06 %	0.07 %
1 Year T-Note	0.13 %	0.12 %	0.13 %
2 Year T-Note	0.31 %	0.35 %	0.34 %
5 Year T-Note	1.17 %	1.47 %	1.58 %

Summary of Amortized Cost Basis Return for the Period

	Total Portfolio	Excl. Cash Eq.
Interest Earned	88,453.39	80,245.21
Accretion (Amortization)	(46,787.02)	(46,787.02)
Realized Gain (Loss) on Sales	<u>0.00</u>	<u>0.00</u>
Total Income on Portfolio	41,666.37	33,458.19
Average Daily Historical Cost	87,231,668.14	50,511,552.67
Annualized Return	0.56%	0.78%
Annualized Return Net of Fees	0.52%	0.70%
Annualized Return Year to Date Net of Fees	0.51%	0.73%
Weighted Average Effective Maturity in Days	430	723

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

Fair Value Basis Activity Summary

Beginning Fair Value		85,030,948.05
Additions		
Contributions	4,838,292.04	
Interest Received	84,230.33	
Accrued Interest Sold	0.00	
Total Additions		4,922,522.37
Deductions		
Withdrawals	0.00	
Fees Paid	3,367.44	
Accrued Interest Purchased	0.00	
Total Deductions		(3,367.44)
Change in Fair Value for the Period		(196,023.25)
Ending Fair Value		89,754,079.73

Detail of Fair Value Basis Return

	Interest Earned	Change in Fair Value	Total Income
Current Holdings			
Cash and Equivalents	8,208.18	0.00	8,208.18
Commercial Paper	0.00	738.61	738.61
U.S. Treasury	1,684.78	(4,766.00)	(3,081.22)
U.S. Instrumentality	23,041.97	(109,337.73)	(86,295.76)
Corporate	54,944.69	(78,403.84)	(23,459.15)
Sales and Maturities			
U.S. Treasury	573.77	(390.00)	183.77
U.S. Instrumentality	0.00	(3,864.29)	(3,864.29)
Total	88,453.39	(196,023.25)	(107,569.86)

Annualized Comparative Rates of Return

	Twelve Month Trailing	Six Month Trailing	For the Month
Fed Funds	0.11 %	0.09 %	0.08 %
Overnight Repo	0.08 %	0.06 %	0.05 %
3 Month T-Bill	0.09 %	0.10 %	0.12 %
6 Month T-Bill	0.16 %	0.16 %	0.35 %
1 Year T-Note	0.25 %	0.30 %	0.24 %
2 Year T-Note	0.29 %	0.58 %	-1.30 %
5 Year T-Note	-2.45 %	-0.40 %	-17.43 %

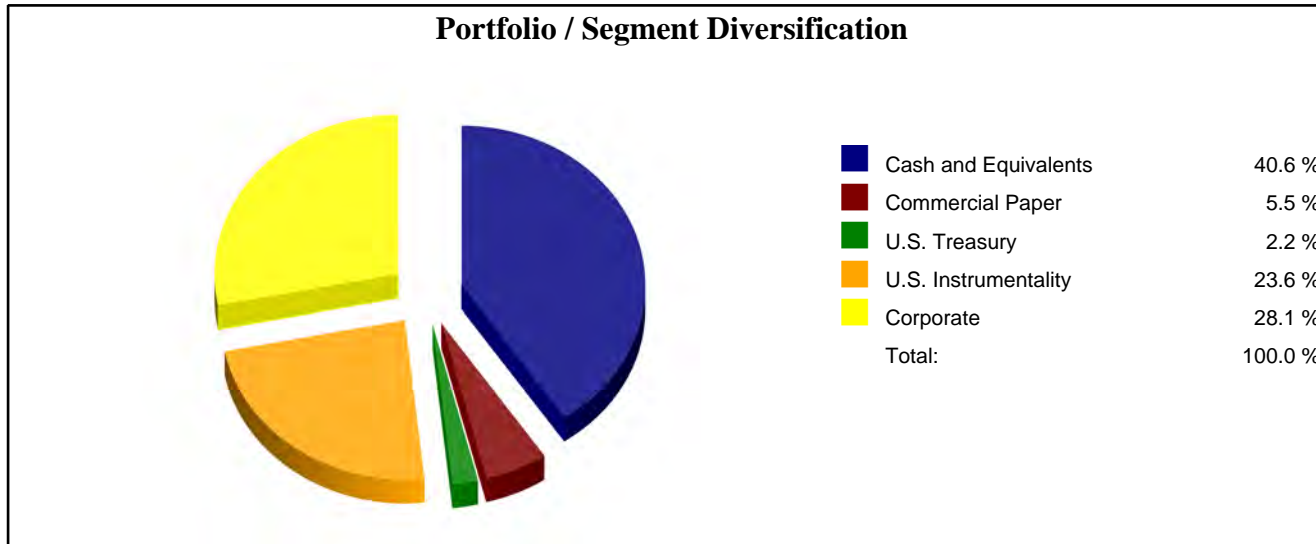
Summary of Fair Value Basis Return for the Period

	Total Portfolio	Excl. Cash Eq.
Interest Earned	88,453.39	80,245.21
Change in Fair Value	<u>(196,023.25)</u>	<u>(196,023.25)</u>
Total Income on Portfolio	(107,569.86)	(115,778.04)
Average Daily Historical Cost	87,231,668.14	50,511,552.67
Annualized Return	(1.45%)	(2.70%)
Annualized Return Net of Fees	(1.50%)	(2.78%)
Annualized Return Year to Date Net of Fees	0.14%	0.03%
Weighted Average Effective Maturity in Days	430	723

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

	Historical Cost	Amortized Cost	Fair Value	Unrealized Gain (Loss)	Weighted Average Final Maturity (Days)	Weighted Average Effective Maturity (Days)	% Portfolio/Segment	Weighted Average Yield *	Weighted Average Market Duration (Years)
Cash and Equivalents	36,720,115.47	36,720,115.47	36,720,115.47	0.00	1	1	40.55	0.26	0.00
Commercial Paper	4,989,076.39	4,989,676.39	4,989,815.00	138.61	206	206	5.51	0.37	0.00
U.S. Treasury	2,026,015.63	2,012,641.04	2,025,078.00	12,436.96	589	589	2.24	0.71	1.58
U.S. Instrumentality	21,345,165.06	21,215,149.77	21,073,113.95	(142,035.82)	1,072	969	23.57	0.91	2.51
Corporate	25,473,021.85	24,972,707.92	24,945,957.31	(26,750.61)	629	629	28.13	0.88	1.68
Total	90,553,394.40	89,910,290.59	89,754,079.73	(156,210.86)	455	430	100.00	0.60	1.10

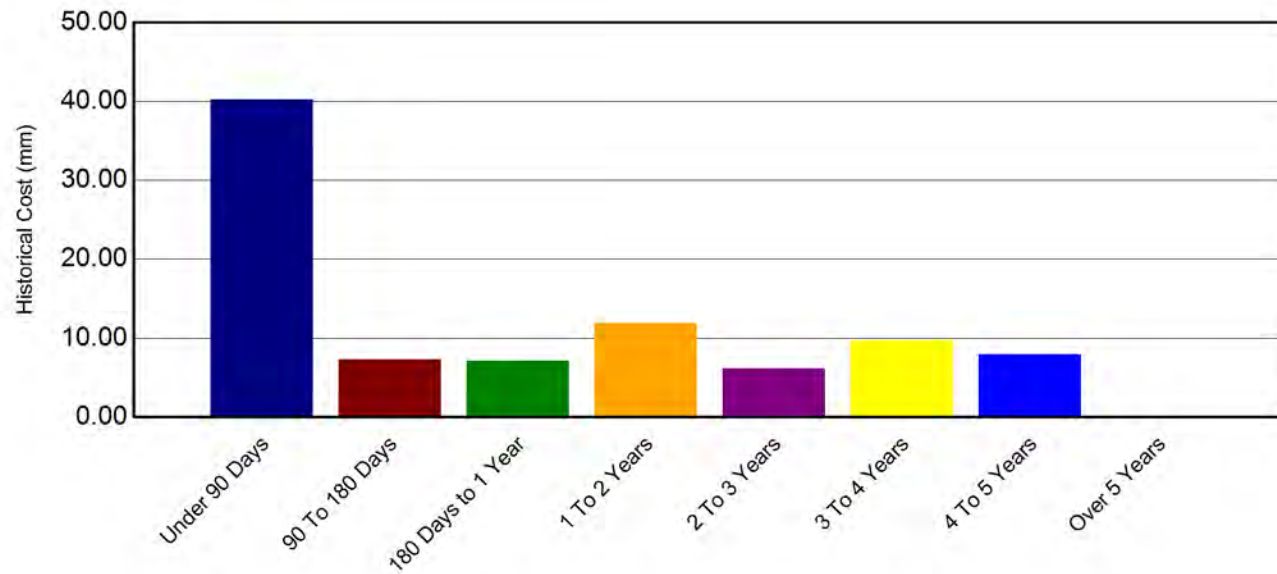
* Weighted Average Yield is calculated on a "yield to worst" basis.



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

Maturity	Historical Cost	Percent
Under 90 Days	40,262,160.47	44.46 %
90 To 180 Days	7,335,003.89	8.10 %
180 Days to 1 Year	7,154,554.38	7.90 %
1 To 2 Years	11,929,831.85	13.17 %
2 To 3 Years	6,149,658.75	6.79 %
3 To 4 Years	9,732,665.06	10.75 %
4 To 5 Years	7,989,520.00	8.82 %
Over 5 Years	0.00	0.00 %
	90,553,394.40	100.00 %

Maturity Distribution



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

CUSIP/ Description	Purchase Date	Rate/ Coupon	Maturity/ Call Date	Par Value/ Shares	Historical Cost/ Accrued Interest Purchased	Amortized Cost/ Accretion (Amortization)	Fair Value/ Change In Fair Value	Unrealized Gain (Loss)	Interest Received	Interest Earned	Total Accrued Interest	% Port Cost	Yield
Cash and Equivalents													
LAIF - City 98-19-22	12/31/13	0.263V		36,720,115.47	36,720,115.47	36,720,115.47	36,720,115.47	0.00	0.00	8,208.18	23,758.71	40.55	0.26
					0.00	0.00	0.00						
TOTAL (Cash and Equivalents)				36,720,115.47	36,720,115.47	36,720,115.47	36,720,115.47	0.00	0.00	8,208.18	23,758.71	40.55	
					0.00	0.00	0.00						
Commercial Paper													
83365SF24	12/20/13	0.000	06/02/14	2,500,000.00	2,496,013.89	2,496,305.56	2,496,992.50	686.94	0.00	0.00	0.00	2.76	0.36
Societe Generale NA					0.00	291.67	978.61						
06737JJG1	12/20/13	0.000	09/16/14	2,500,000.00	2,493,062.50	2,493,370.83	2,492,822.50	(548.33)	0.00	0.00	0.00	2.75	0.38
Barclays US Funding					0.00	308.33	(240.00)						
TOTAL (Commercial Paper)				5,000,000.00	4,989,076.39	4,989,676.39	4,989,815.00	138.61	0.00	0.00	0.00	5.51	
					0.00	600.00	738.61						
U.S. Treasury													
912828RB8	08/25/11	0.500	08/15/14	1,000,000.00	1,003,046.88	1,000,634.07	1,002,344.00	1,709.93	0.00	421.20	1,888.59	1.11	0.40
T-Note					0.00	(86.97)	(78.00)						
912828QX1	08/25/11	1.500	07/31/16	1,000,000.00	1,022,968.75	1,012,006.97	1,022,734.00	10,727.03	0.00	1,263.58	6,277.17	1.13	1.02
T-Note					0.00	(395.14)	(4,688.00)						
TOTAL (U.S. Treasury)				2,000,000.00	2,026,015.63	2,012,641.04	2,025,078.00	12,436.96	0.00	1,684.78	8,165.76	2.24	
					0.00	(482.11)	(4,766.00)						
U.S. Instrumentality													
31398A3G5	09/28/11	1.500	09/08/14	1,500,000.00	1,535,565.00	1,508,263.24	1,513,695.00	5,431.76	0.00	1,875.00	7,062.50	1.70	0.69
FNMA					0.00	(1,024.65)	(1,548.00)						
3136G0KG5	Call	06/05/12	0.625	06/04/15	2,000,000.00	2,001,400.00	2,002,680.00	2,384.25	6,250.00	1,041.67	937.50	2.21	0.59
FNMA					0.00	(59.53)	(442.00)						
3133XWNB1	09/28/11	2.875	06/12/15	1,500,000.00	1,606,845.00	1,541,616.64	1,555,104.00	13,487.36	21,562.50	3,593.75	2,276.04	1.77	0.92
FHLB					0.00	(2,448.04)	(4,275.00)						
3134G3MK3	Call	02/24/12	1.000	02/24/16	2,000,000.00	2,010,200.00	2,002,024.00	1,270.51	0.00	1,666.67	7,055.56	2.22	0.74
FHLMC					0.00	(432.56)	(1,110.00)						
3136FT3C1	Call	03/05/12	1.000	12/05/16	2,000,000.00	1,996,500.00	1,996,036.00	(1,808.76)	10,000.00	1,666.66	1,444.44	2.20	1.04
FNMA					0.00	62.50	(6,340.00)						
3135G0VM2	Call	04/03/13	0.750	03/14/17	1,000,000.00	1,000,700.00	988,450.00	(11,696.09)	0.00	625.00	2,229.17	1.11	0.68
FNMA					0.00	(62.90)	(5,699.00)						
3128MBFA0	01/23/13	6.000	04/01/17	1,114,644.78	1,185,355.06	1,169,492.65	1,174,770.95	5,278.30	5,573.22	5,573.22	5,573.22	1.31	2.31
FHLMC					0.00	(1,433.63)	(2,369.73)						

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

CUSIP/ Description	Purchase Date	Rate/ Coupon	Maturity/ Call Date	Par Value/ Shares	Historical Cost/ Accrued Interest Purchased	Amortized Cost/ Accretion (Amortization)	Fair Value/ Change In Fair Value	Unrealized Gain (Loss)	Interest Received	Interest Earned	Total Accrued Interest	% Port Cost	Yield
3130A0GF1 FHLB	Call	12/19/13	0.500V 06/19/17 09/19/14	2,000,000.00	1,999,000.00 0.00	1,999,010.17 10.17	1,989,258.00 (9,742.00)	(9,752.17)	0.00	333.33	333.33	2.21	0.98
3135G0PP2 FNMA	04/18/13	1.000	09/20/17	2,000,000.00	2,005,000.00 0.00	2,000,000.00 0.00	1,974,376.00 (21,704.00)	(25,624.00)	0.00	1,666.67	5,611.11	2.21	1.00
3137EADN6 FHLMC	01/22/13	0.750	01/12/18	2,000,000.00	1,984,380.00 0.00	1,987,338.85 266.64	1,945,766.00 (17,014.00)	(41,572.85)	0.00	1,250.00	7,041.67	2.19	0.91
3137EADN6 FHLMC	02/15/13	0.750	01/12/18	2,000,000.00	1,980,960.00 0.00	1,984,360.00 329.37	1,945,766.00 (17,014.00)	(38,594.00)	0.00	1,250.00	7,041.67	2.19	0.95
3136G1KN8 FNMA	Call	05/03/13	1.500 04/24/18 04/24/15	2,000,000.00	2,039,260.00 0.00	2,026,028.13 (1,688.01)	1,985,188.00 (22,080.00)	(40,840.13)	0.00	2,500.00	5,583.33	2.25	0.50
TOTAL (U.S. Instrumentality)				21,114,644.78	21,345,165.06 0.00	21,215,149.77 (6,480.64)	21,073,113.95 (109,337.73)	(142,035.82)	43,385.72	23,041.97	52,189.54	23.57	

Corporate

36962G4X9 GE Capital	02/02/12	2.100	01/07/14	1,500,000.00	1,531,845.00 0.00	1,500,271.02 (1,400.28)	1,500,285.00 (2,247.00)	13.98	0.00	2,625.00	15,225.00	1.69	0.99
931142DA8 Wal-Mart	07/26/11	1.625	04/15/14	1,000,000.00	1,020,000.00 0.00	1,002,092.56 (623.74)	1,004,051.00 (1,413.00)	1,958.44	0.00	1,354.17	3,430.56	1.13	0.88
478160AX2 Johnson & Johnson	05/20/11	1.200	05/15/14	1,000,000.00	998,830.00 0.00	999,856.30 33.25	1,002,986.00 (842.00)	3,129.70	0.00	1,000.00	1,533.33	1.10	1.24
36962GX41 GE Capital	12/14/11	5.650	06/09/14	750,000.00	818,760.00 0.00	762,040.57 (2,347.54)	766,982.25 (3,714.00)	4,941.68	21,187.50	3,531.25	2,589.58	0.90	1.86
94974BET3 Wells Fargo	10/22/12	3.750	10/01/14	2,000,000.00	2,122,880.00 0.00	2,047,314.87 (5,372.75)	2,050,952.00 (4,088.00)	3,637.13	0.00	6,250.00	18,750.00	2.34	0.56
084664AT8 Berkshire Hathaway	10/23/12	4.850	01/15/15	3,000,000.00	3,284,850.00 0.00	3,132,626.72 (10,848.10)	3,140,157.00 (7,623.00)	7,530.28	0.00	12,125.00	67,091.67	3.63	0.56
713448BX5 PEPSICO Inc	09/21/12	0.750	03/05/15	1,000,000.00	1,005,430.00 0.00	1,002,596.69 (188.08)	1,002,522.00 (1,564.00)	(74.69)	0.00	625.00	2,416.67	1.11	0.53
717081DA8 Pfizer Inc	04/22/13	5.350	03/15/15	3,000,000.00	3,272,700.00 0.00	3,172,604.91 (12,216.33)	3,169,959.00 (15,009.00)	(2,645.91)	0.00	13,375.00	47,258.33	3.61	0.53
36962G5Z3 GE Capital	10/02/12	1.625	07/02/15	1,013,000.00	1,032,236.87 0.00	1,023,491.09 (594.56)	1,029,462.26 705.04	5,971.17	0.00	1,371.77	8,184.90	1.14	0.92
36962G4P6 GE Capital	09/21/12	1.000V	09/23/15	725,000.00	724,369.98 0.00	724,638.18 17.80	728,645.30 (286.38)	4,007.12	1,812.50	604.17	161.11	0.80	1.03
594918AG9 Microsoft	07/26/11	1.625	09/25/15	1,000,000.00	1,003,400.00 0.00	1,001,411.83 (69.25)	1,020,828.00 (2,453.00)	19,416.17	0.00	1,354.16	4,333.33	1.11	1.54
38259PAC6 Google	10/16/12	2.125	05/19/16	1,000,000.00	1,053,370.00 0.00	1,035,376.45 (1,261.99)	1,033,129.00 (3,592.00)	(2,247.45)	0.00	1,770.84	2,479.17	1.16	0.62

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

CUSIP/ Description	Purchase Date	Rate/ Coupon	Maturity/ Call Date	Par Value/ Shares	Historical Cost/ Accrued Interest Purchased	Amortized Cost/ Accretion (Amortization)	Fair Value/ Change In Fair Value	Unrealized Gain (Loss)	Interest Received	Interest Earned	Total Accrued Interest	% Port Cost	Yield
459200GX3 IBM Corp	11/09/12	1.950	07/22/16	2,000,000.00	2,076,820.00	2,053,051.86	2,054,556.00	1,504.14	0.00	3,250.00	17,225.00	2.29	0.89
084670BD9 Berkshire Hathaway	02/02/12	1.900	01/31/17	1,500,000.00	1,528,050.00	1,517,306.47	1,533,994.50	16,688.03	0.00	2,375.00	11,954.17	1.69	1.51
88579YAE1 3M Company	12/19/12	1.000	06/26/17	2,000,000.00	2,014,560.00	2,011,224.44	1,974,494.00	(36,730.44)	10,000.00	1,666.67	277.78	2.22	0.84
037833AJ9 Apple Inc	05/20/13	1.000	05/03/18	2,000,000.00	1,984,920.00	1,986,803.96	1,932,954.00	(53,849.96)	0.00	1,666.66	3,222.22	2.19	1.16
TOTAL (Corporate)				24,488,000.00	25,473,021.85	24,972,707.92	24,945,957.31	(26,750.61)	33,000.00	54,944.69	206,132.82	28.13	

GRAND TOTAL				89,322,760.25	90,553,394.40	89,910,290.59	89,754,079.73	(156,210.86)	76,385.72	87,879.62	290,246.83	100.00	
					0.00	(43,488.62)	(191,768.96)						

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

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

CUSIP	Type	Coupon	Maturity Date	Call Date	S&P Rating	Moody Rating	Par Value / Shares	Historical Cost	% Portfolio Hist Cost	Market Value	% Portfolio Mkt Value	Weighted Avg Mkt Dur (Yrs)
<u>LAIF</u>												
	Cash and Equivalents	0.263	01/30/3100				36,720,115.47	36,720,115.47	40.55	36,720,115.47	40.91	0.00
ISSUER TOTAL							36,720,115.47	36,720,115.47	40.55	36,720,115.47	40.91	0.00
<u>FNMA</u>												
3136G0KG5	U.S. Instrumentality	0.625	06/04/2015	06/04/2014	AA+	Aaa	2,000,000.00	2,001,400.00	2.21	2,002,680.00	2.23	0.42
31398A3G5	U.S. Instrumentality	1.500	09/08/2014		AA+	Aaa	1,500,000.00	1,535,565.00	1.70	1,513,695.00	1.69	0.68
3136FT3C1	U.S. Instrumentality	1.000	12/05/2016	03/05/2014	AA+	Aaa	2,000,000.00	1,996,500.00	2.20	1,996,036.00	2.22	2.88
3135G0VM2	U.S. Instrumentality	0.750	03/14/2017	03/14/2014	AA+	Aaa	1,000,000.00	1,000,700.00	1.11	988,450.00	1.10	3.15
3135G0PP2	U.S. Instrumentality	1.000	09/20/2017		AA+	Aaa	2,000,000.00	2,005,000.00	2.21	1,974,376.00	2.20	3.63
3136G1KN8	U.S. Instrumentality	1.500	04/24/2018	04/24/2015	AA+	Aaa	2,000,000.00	2,039,260.00	2.25	1,985,188.00	2.21	4.15
ISSUER TOTAL							10,500,000.00	10,578,425.00	11.68	10,460,425.00	11.65	2.50
<u>FHLMC</u>												
3134G3MK3	U.S. Instrumentality	1.000	02/24/2016	02/24/2014	AA+	Aaa	2,000,000.00	2,010,200.00	2.22	2,002,024.00	2.23	0.15
3128MBFA0	U.S. Instrumentality	6.000	04/01/2017		AA+	Aaa	1,114,644.78	1,185,355.06	1.31	1,174,770.95	1.31	1.66
3137EADN6	U.S. Instrumentality	0.750	01/12/2018		AA+	Aaa	4,000,000.00	3,965,340.00	4.38	3,891,532.00	4.34	3.93
ISSUER TOTAL							7,114,644.78	7,160,895.06	7.91	7,068,326.95	7.88	2.48
<u>Berkshire Hathaway</u>												
084664AT8	Corporate	4.850	01/15/2015		AA	Aa2	3,000,000.00	3,284,850.00	3.63	3,140,157.00	3.50	1.00
084670BD9	Corporate	1.900	01/31/2017		AA	Aa2	1,500,000.00	1,528,050.00	1.69	1,533,994.50	1.71	2.97
ISSUER TOTAL							4,500,000.00	4,812,900.00	5.31	4,674,151.50	5.21	1.65
<u>GE Capital</u>												
36962G4X9	Corporate	2.100	01/07/2014		AA+	A1	1,500,000.00	1,531,845.00	1.69	1,500,285.00	1.67	0.02
36962GX41	Corporate	5.650	06/09/2014		AA+	A1	750,000.00	818,760.00	0.90	766,982.25	0.85	0.44
36962G5Z3	Corporate	1.625	07/02/2015		AA+	A1	1,013,000.00	1,032,236.87	1.14	1,029,462.26	1.15	1.48
36962G4P6	Corporate	1.000	09/23/2015		AA+	A1	725,000.00	724,369.98	0.80	728,645.30	0.81	1.71
ISSUER TOTAL							3,988,000.00	4,107,211.85	4.54	4,025,374.81	4.48	0.78
<u>FHLB</u>												
3133XWNB1	U.S. Instrumentality	2.875	06/12/2015		AA+	Aaa	1,500,000.00	1,606,845.00	1.77	1,555,104.00	1.73	1.42
3130A0GF1	U.S. Instrumentality	0.500	06/19/2017	09/19/2014	AA+	Aaa	2,000,000.00	1,999,000.00	2.21	1,989,258.00	2.22	3.41
ISSUER TOTAL							3,500,000.00	3,605,845.00	3.98	3,544,362.00	3.95	2.54

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

CUSIP	Type	Coupon	Maturity Date	Call Date	S&P Rating	Moody Rating	Par Value / Shares	Historical Cost	% Portfolio Hist Cost	Market Value	% Portfolio Mkt Value	Weighted Avg Mkt Dur (Yrs)
<u>Pfizer Inc</u>												
717081DA8	Corporate	5.350	03/15/2015		AA	A1	3,000,000.00	3,272,700.00	3.61	3,169,959.00	3.53	1.16
ISSUER TOTAL							3,000,000.00	3,272,700.00	3.61	3,169,959.00	3.53	1.16
<u>Societe Generale NA</u>												
83365SF24	Commercial Paper	0.000	06/02/2014		A-1	P-1	2,500,000.00	2,496,013.89	2.76	2,496,992.50	2.78	0.00
ISSUER TOTAL							2,500,000.00	2,496,013.89	2.76	2,496,992.50	2.78	0.00
<u>Barclays US Funding</u>												
06737JJG1	Commercial Paper	0.000	09/16/2014		A-1	P-1	2,500,000.00	2,493,062.50	2.75	2,492,822.50	2.78	0.00
ISSUER TOTAL							2,500,000.00	2,493,062.50	2.75	2,492,822.50	2.78	0.00
<u>IBM Corp</u>												
459200GX3	Corporate	1.950	07/22/2016		AA-	Aa3	2,000,000.00	2,076,820.00	2.29	2,054,556.00	2.29	2.48
ISSUER TOTAL							2,000,000.00	2,076,820.00	2.29	2,054,556.00	2.29	2.48
<u>Wells Fargo</u>												
94974BET3	Corporate	3.750	10/01/2014		A+	A2	2,000,000.00	2,122,880.00	2.34	2,050,952.00	2.29	0.74
ISSUER TOTAL							2,000,000.00	2,122,880.00	2.34	2,050,952.00	2.29	0.74
<u>T-Note</u>												
912828RB8	U.S. Treasury	0.500	08/15/2014		AA+	Aaa	1,000,000.00	1,003,046.88	1.11	1,002,344.00	1.12	0.62
912828QX1	U.S. Treasury	1.500	07/31/2016		AA+	Aaa	1,000,000.00	1,022,968.75	1.13	1,022,734.00	1.14	2.52
ISSUER TOTAL							2,000,000.00	2,026,015.63	2.24	2,025,078.00	2.26	1.58
<u>3M Company</u>												
88579YAE1	Corporate	1.000	06/26/2017		AA-	Aa2	2,000,000.00	2,014,560.00	2.22	1,974,494.00	2.20	3.41
ISSUER TOTAL							2,000,000.00	2,014,560.00	2.22	1,974,494.00	2.20	3.41
<u>Apple Inc</u>												
037833AJ9	Corporate	1.000	05/03/2018		AA+	Aa1	2,000,000.00	1,984,920.00	2.19	1,932,954.00	2.15	4.21
ISSUER TOTAL							2,000,000.00	1,984,920.00	2.19	1,932,954.00	2.15	4.21

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

CUSIP	Type	Coupon	Maturity Date	Call Date	S&P Rating	Moody Rating	Par Value / Shares	Historical Cost	% Portfolio Hist Cost	Market Value	% Portfolio Mkt Value	Weighted Avg Mkt Dur (Yrs)
<u>Google</u>												
38259PAC6	Corporate	2.125	05/19/2016		AA	Aa2	1,000,000.00	1,053,370.00	1.16	1,033,129.00	1.15	2.32
ISSUER TOTAL							1,000,000.00	1,053,370.00	1.16	1,033,129.00	1.15	2.32
<u>Microsoft</u>												
594918AG9	Corporate	1.625	09/25/2015		AAA	Aaa	1,000,000.00	1,003,400.00	1.11	1,020,828.00	1.14	1.71
ISSUER TOTAL							1,000,000.00	1,003,400.00	1.11	1,020,828.00	1.14	1.71
<u>Wal-Mart</u>												
931142DA8	Corporate	1.625	04/15/2014		AA	Aa2	1,000,000.00	1,020,000.00	1.13	1,004,051.00	1.12	0.29
ISSUER TOTAL							1,000,000.00	1,020,000.00	1.13	1,004,051.00	1.12	0.29
<u>Johnson & Johnson</u>												
478160AX2	Corporate	1.200	05/15/2014		AAA	Aaa	1,000,000.00	998,830.00	1.10	1,002,986.00	1.12	0.37
ISSUER TOTAL							1,000,000.00	998,830.00	1.10	1,002,986.00	1.12	0.37
<u>PEPSICO Inc</u>												
713448BX5	Corporate	0.750	03/05/2015		A-	A1	1,000,000.00	1,005,430.00	1.11	1,002,522.00	1.12	1.17
ISSUER TOTAL							1,000,000.00	1,005,430.00	1.11	1,002,522.00	1.12	1.17

GRAND TOTAL **89,322,760.25 90,553,394.40 100.00 89,754,079.73 100.00 1.09**

Highlighted totals are issuers representing 5.00% or more of the portfolio's market value

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

CUSIP/Description	Purchase Date	Rate/Coupon	Maturity/Call Date	Par Value/Shares	Unit Cost	Principal Cost	Accrued Interest Purchased	Yield
<u>Commercial Paper</u>								
06737JJG1 Barclays US Fun	12/20/2013	0.000	09/16/2014	2,500,000.00	99.723	2,493,062.50	0.00	0.38
83365SF24 Societe General	12/20/2013	0.000	06/02/2014	2,500,000.00	99.841	2,496,013.89	0.00	0.36
TOTAL (Commercial Paper)				5,000,000.00		4,989,076.39	0.00	
<u>U.S. Instrumentality</u>								
3130A0GF1 FHLB	Call 12/19/2013	0.500V	06/19/2017 09/19/2014	2,000,000.00	99.950	1,999,000.00	0.00	0.98
TOTAL (U.S. Instrumentality)				2,000,000.00		1,999,000.00	0.00	
GRAND TOTAL				7,000,000.00		6,988,076.39	0.00	

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

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

CUSIP/ Description	Sale or Maturity Date	Rate/ Coupon	Maturity/ Call Date	Par Value/ Shares	Historical Cost	Amortized Cost at Sale or Maturity / Acct/ (Amort)	Sale/ Maturity Price	Fair Value at Sale or Maturity / Chg.In Fair Value	Realized Gain (Loss)	Accrued Interest Sold	Interest Received	Interest Earned	Yield
<u>U.S. Treasury</u>													
912828PL8	12/15/2013	0.750	12/15/2013	2,000,000.00	1,985,781.25	2,000,000.00	100.00	2,000,000.00	0.00	0.00	7,500.00	573.77	0.99
T-Note						181.63		(390.00)					
TOTAL (U.S. Treasury)				2,000,000.00	1,985,781.25	2,000,000.00		2,000,000.00	0.00	0.00	7,500.00	573.77	
						181.63		(390.00)					
<u>U.S. Instrumentality</u>													
3128MBFA0	12/01/2013	6.000	04/01/2017	68,921.46	73,293.66	68,921.46	100.00	68,921.46	0.00	0.00	344.61	0.00	2.31
FHLMC						(3,480.03)		(3,864.29)					
TOTAL (U.S. Instrumentality)				68,921.46	73,293.66	68,921.46		68,921.46	0.00	0.00	344.61	0.00	
						(3,480.03)		(3,864.29)					
GRAND TOTAL				2,068,921.46	2,059,074.91	2,068,921.46		2,068,921.46	0.00	0.00	7,844.61	573.77	
						(3,298.40)		(4,254.29)					

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

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

Date	CUSIP	Transaction	Sec Type	Description	Maturity	PAR Value/Shares	Principal	Interest	Transaction Total	Balance
12/01/2013	3128MBFA0	Paydown	INS	FHLMC	04/01/2017	68,921.46	68,921.46	5,917.83	74,839.29	74,839.29
12/04/2013	3136GOKG5	Interest	INS	FNMA	06/04/2015	2,000,000.00	0.00	6,250.00	6,250.00	81,089.29
12/05/2013	3136FT3C1	Interest	INS	FNMA	12/05/2016	2,000,000.00	0.00	10,000.00	10,000.00	91,089.29
12/09/2013	36962GX41	Interest	COR	GE Capital	06/09/2014	750,000.00	0.00	21,187.50	21,187.50	112,276.79
12/12/2013	3133XWNB1	Interest	INS	FHLB	06/12/2015	1,500,000.00	0.00	21,562.50	21,562.50	133,839.29
12/15/2013	912828PL8	Maturity	TSY	T-Note	12/15/2013	2,000,000.00	2,000,000.00	0.00	2,000,000.00	2,133,839.29
12/15/2013	912828PL8	Interest	TSY	T-Note	12/15/2013	2,000,000.00	0.00	7,500.00	7,500.00	2,141,339.29
12/19/2013	3130A0GF1	Bought	INS	FHLB	06/19/2017	2,000,000.00	1,999,000.00	0.00	(1,999,000.00)	142,339.29
12/20/2013	06737JJG1	Bought	CP	Barclays US Funding	09/16/2014	2,500,000.00	2,493,062.50	0.00	(2,493,062.50)	(2,350,723.21)
12/20/2013	83365SF24	Bought	CP	Societe Generale NA	06/02/2014	2,500,000.00	2,496,013.89	0.00	(2,496,013.89)	(4,846,737.10)
12/23/2013	36962G4P6	Interest	COR	GE Capital	09/23/2015	725,000.00	0.00	1,812.50	1,812.50	(4,844,924.60)
12/26/2013	88579YAE1	Interest	COR	3M Company	06/26/2017	2,000,000.00	0.00	10,000.00	10,000.00	(4,834,924.60)
Portfolio Activity Total									(4,834,924.60)	

Net Contributions:	4,838,292.04
Net Withdrawals:	0.00

Fees Charged:	3,367.44
Fees Paid:	3,367.44

**City of Menlo Park
Securities Bid and Offer
for the period 12/1/2013 - 12/31/2013**

Trans	Settle	Description	Call Date	Broker	Par Value	Discount	Price	YTM/YTC	Competitive Bids
BUY	12/19/2013	FHLB .5 06/19/2017		RBC	2,000,000		99.950	Q : "1079	CIT - FHLMC 7/28/17 .96% YTM WSF - FNMA 7/13/17 .94% YTM
BUY	12/20/2013	BCSFUN 0 09/16/2014		BARCP	2,500,000	0.370	99.723	6:	WSF - RABO BANK 8/21/2014 @ .26% BAML - TORONTO DOM 9/15/2014 @ .29%
BUY	12/20/2013	SOCNAM 0 06/02/2014		BAR	2,500,000	0.350	99.841	68	JPM - JPM CP 6/02/14 @ .25% WSF - HSBC 6/13/2014 @ .22%

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

Date	Transaction	CUSIP	Description	Coupon	Maturity Date	Next Call Date	Par / Shares	Principal	Interest	Transaction Total
01/02/2014	Interest	36962G5Z3	GE Capital	1.625	07/02/2015		1,013,000.00	0.00	8,230.63	8,230.63
01/07/2014	Maturity	36962G4X9	GE Capital	2.100	01/07/2014		1,500,000.00	1,500,000.00	15,750.00	1,515,750.00
01/12/2014	Interest	3137EADN6	FHLMC	0.750	01/12/2018		2,000,000.00	0.00	7,500.00	7,500.00
01/12/2014	Interest	3137EADN6	FHLMC	0.750	01/12/2018		2,000,000.00	0.00	7,500.00	7,500.00
01/15/2014	Estimated Paydown	3128MBFA0	FHLMC	6.000	04/01/2017		1,114,644.78	38,329.96	5,573.22	43,903.18
01/15/2014	Interest	084664AT8	Berkshire Hathaway	4.850	01/15/2015		3,000,000.00	0.00	72,750.00	72,750.00
01/22/2014	Interest	459200GX3	IBM Corp	1.950	07/22/2016		2,000,000.00	0.00	19,500.00	19,500.00
01/31/2014	Interest	912828QX1	T-Note	1.500	07/31/2016		1,000,000.00	0.00	7,500.00	7,500.00
01/31/2014	Interest	084670BD9	Berkshire Hathaway	1.900	01/31/2017		1,500,000.00	0.00	14,250.00	14,250.00

END OF REPORTS



New York Office
113 King Street
Armonk, NY 10504
Tel: 866 766 3030
Fax: 914 765 3030

Colorado Office
1900 Sixteenth Street, Suite 200
Denver, CO 80202
Tel: 303 860 1100
Fax: 303 860 0016

For any questions concerning this report please contact accounting either by phone or email to camreports@cutwater.com.

THIS PAGE INTENTIONALLY LEFT BLANK