



**CITY COUNCIL
SPECIAL AND REGULAR MEETING
AGENDA**

**Tuesday, December 16, 2014 at 6:00 PM
City Council Chambers
701 Laurel Street, Menlo Park, CA 94025**

6:00 P.M. CLOSED SESSION (1st floor Council Conference Room, Administration Building)

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

CL1. Closed Session pursuant to Government Code Section §54957.6 to conference with labor negotiators regarding labor negotiations with the Police Sergeant Association (PSA)

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

7:00 P.M. REGULAR SESSION

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

PLEDGE OF ALLEGIANCE

REPORT FROM CLOSED SESSION

ANNOUNCEMENTS

A. PRESENTATIONS AND PROCLAMATIONS

B. COMMISSION/COMMITTEE VACANCIES, APPOINTMENTS AND REPORTS

B1. Bicycle Commission quarterly report on the status of their 2 Year Work

B2. Environmental Quality Commission quarterly report on the status of their 2 Year Work

B3. Transportation Commission quarterly report on the status of their 2 Year Work

B4. Library Commission quarterly report on the status of their 2 Year Work

C. PUBLIC COMMENT #1

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.** Review the annual report on the status of the transportation impact, storm drainage, recreation in-lieu, and building construction road impact fees collected as of June 30, 2014, and make findings regarding funds collected but not expended ([Staff Report #14-201](#))
- D2.** Receive and file the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014 ([Staff Report #14-204](#))
- D3.** Adopt a resolution to become a member agency of CSAC Excess Insurance Authority ([Staff Report #14-213](#))
- D4.** Approve the annual report of the Below Market Rate (BMR) Housing Program, including the status of the BMR in-lieu fees collected as of June 30, 2014, in accordance with Government Code Section 66000 et. seq. and approve redesignation of the remaining Purchase Assistance Loan (PAL) funds and Habitat for Humanity funds to the 2015 Notice of Fund Availability (NOFA) process ([Staff Report #14-207](#))
- D5.** Adopt a resolution approving the City Council subcommittee recommendations regarding the 2014-15 Community Funding allocation ([Staff Report #14-205](#))
- D6.** Authorize the City Manager to enter into a contract with AV Consulting in amount not to exceed \$38,880 for facilitation, youth and family support, and community building in the Belle Haven neighborhood for October 2014 – June 30, 2015 ([Staff Report #14-206](#))
- D7.** Adopt a resolution authorizing the installation of “No Parking” Zone, on the north side of Santa Cruz Avenue, east of the St. Raymond’s School/Church driveway ([Staff Report #14-211](#))
- D8.** Authorize the City Manager to enter into an agreement with Cal-West Lighting & Signal Maintenance to provide maintenance services and authorize an option to renew the contract annually for up to four additional years ([Staff Report #14-209](#))
- D9.** Authorize the City Manager to enter into an agreement with Roberts & Brune Company to provide water parts and supplies and authorize the option to renew the contract annually for up to five years ([Staff Report #14-210](#))

D10. Authorize the City Manager to amend an agreement with Hello Housing and appropriate \$50,000 from the Below Market Rate Housing fund ([Staff Report #14-208](#))

D11. Accept Council minutes for the meetings of November 18 and December 2, 2014 ([Attachment](#))

E. PUBLIC HEARING – None

F. REGULAR BUSINESS

F1. Consider approval of the terms of an agreement between the City of Menlo Park and the Menlo Park Police Officers' Association ([Staff Report #14-202](#))

F2. Approve the annual City Council meeting calendar for 2015 ([Staff Report #14-215](#))

F3. Appoint City Council representatives and alternates to various regional agencies and as liaisons to City advisory bodies and Council subcommittees ([Staff Report #14-214](#))

F4. Discuss recommendations for various seats on regional boards to be voted on at the City Selection committee meeting on December 19, 2014 ([Staff Report #14-216](#))

F5. Accept the Guiding Principles for ConnectMenlo (General Plan and M-2 Area Zoning Update) ([Staff Report #14-218](#))

SS. STUDY SESSION

SS1. Review and provide general direction on the draft goals for the Economic Development Plan Update ([Staff Report #14-220](#))

G. CITY MANAGER'S REPORT – None

H. WRITTEN COMMUNICATION – None

I. INFORMATIONAL ITEMS

I1. Consider rescinding Menlo Park Municipal Code 2.04.120 regarding schedule of Council reorganization ([Staff Report #14-217](#))

I2. Update on the El Camino Real/Downtown Specific Plan Proportionate Cost-Sharing Program Study ([Staff Report #14-212](#))

I3. Status of the Capital Improvement Program ([Staff Report #14-219](#))

J. COUNCILMEMBER REPORTS

K. PUBLIC COMMENT #2

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/AgendaCenter> and can receive e-mail notification of agenda and staff report postings by subscribing to the [Notify Me](http://www.menlopark.org/notifyme) service on the City’s homepage at www.menlopark.org/notifyme. 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: 12/11/2014)

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://www.menlopark.org/streaming>.

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.



FINANCE DEPARTMENT

Council Meeting Date: December 16, 2014
Staff Report #: 14-201

CONSENT CALENDAR: **Review of the Annual Report on the Status of the Transportation Impact, Storm Drainage, Recreation In-Lieu, and Building Construction Road Impact Fees Collected as of June 30, 2014, and Make Findings Regarding Funds Collected but not Expended**

RECOMMENDATION

Staff recommends the City Council review the annual report on the status of the transportation impact, storm drainage, recreation in-lieu, and building construction road impact fees. Staff also recommends that Council make the following findings regarding funds collected but not expended:

1. Transportation impact fees, storm drainage fees, recreation in lieu fees, and building construction road impact fees are collected to mitigate direct and indirect impacts from development.
2. These funds are expended in a timely manner to fund continued improvements to public facilities related to the increased demand on the facilities resulting from development.
3. There is a reasonable relationship between these impact fees and their purpose.
4. These impact fees continue to be required to fund applicable improvements, and as such, these fees will continue to be collected and deposited into the appropriate funds for utilization solely for their intended purpose.

BACKGROUND

Cities and counties often charge fees on new development to fund public improvements to mitigate the impact of development activity. These fees are commonly known as development impact fees. In 1989, the State Legislature passed Assembly Bill 1600 (AB1600), which added Sections 66000 et seq. to the California Government Code, commonly known as the Mitigation Fee Act.

As required by law, these fees are segregated from the General Fund and accounted for in special revenue funds. Government Code Section 66001 requires that the City make available to the public information regarding development impact fees for each fund within 180 days after the end of each fiscal year:

- A brief description of the fee and the fund into which the fee was deposited;

- The amount of the fee;
- The associated fund's beginning and ending balances for the fiscal year;
- The total amount of fees collected and interest earned;
- Identification of each public improvement on which impact fees were expended and the amount of expenditure on each improvement, including the total percentage of the cost of the public improvement that was funded with impact fees;
- Identification of the approximate date by which construction of a public improvement will commence if the local agency determined that sufficient funds have been collected to complete financing on an incomplete public improvement and the public improvement remains incomplete (Attachment A); and
- A description of each interfund transfer or loan made from an account or fund.

Further, Government Code Section 66000 et. seq. also requires that findings describing the continuing need for impact fees be made every five years specifying the intended use of any unexpended impact fees, regardless of whether the fees are committed or uncommitted. Failure to make such findings subjects the City to going through a refunding procedure. This report meets the requirements to comply with the Mitigation Fee Act.

ANALYSIS

Transportation Impact Fees

Due to growth and development in San Mateo County and the City of Menlo Park, increased pressure has been put on the transportation system. Early in fiscal year 2009-10, the City concluded a transportation impact fee study, which enabled staff to recommend an update to the existing fees and create a more systematic way for applying the fees. As a result, a new fee structure was put in place effective December 6, 2009, with the passing of an ordinance that added Chapter 13.26 to the municipal code. This fee structure is listed below and is included in the 2014 City's Master Fee Schedule:

Land Use	Unit	2014 Fee Amount
Office	Sq.Ft.	\$4.19
Research and Development	Sq.Ft.	\$3.01
Manufacturing	Sq.Ft.	\$2.06
Warehousing	Sq.Ft.	\$0.90
Restaurant	Sq.Ft.	\$4.19
Retail	Sq.Ft.	\$4.19
Single Family	Units	\$2,841.12
Multi-Family	Units	\$1,743.88
Hotel	Sq.Ft.	\$1.65
Medical Office	Sq.Ft.	\$9.73

The City received \$1,350,662 in transportation impact fees in fiscal year 2013-14. In addition, there was \$141,009 in inter-governmental revenue received from San Mateo County and City/County Association of Governments for the Alpine Road bike

improvement and Willow Road improvements at Newbridge. The following table summarizes the activity for the Transportation Impact Fee Fund from fiscal year 2009-10 through 2013-14.

	2009-10	2010-11	2011-12	2012-13	2013-14
Funds that do not qualify for AB 1600 Calculation:					
Beginning balance	\$349,484	\$353,796	\$363,261	\$1,511,565	\$1,444,903
Interest earnings	4,312	9,465	178	(1,267)	11,519
Other Intergovernmental Revenue	0	0	0	120,000	141,009
Developer Fees	0	0	1,233,000	0	0
Expenditures	0	0	(84,874)	(185,395)	(178,670)
Total	\$353,796	\$363,261	\$1,511,565	\$1,444,903	\$1,418,761
Citywide Impact Fees:					
Beginning balance	319,345	217,968	1,487,136	1,257,980	1,218,644
Developer Fees	51,520	1,419,010	57,256	176,058	1,350,662
Interest earnings	4,645	12,395	24,697	(995)	15,270
Expenditures	(222,787)	(199,226)	(164,759)	(338,765)	(65,411)
Encumbrances - prior year	104,805	39,560	2,571	148,921	24,555
Encumbrances - current year	(39,560)	(2,571)	(148,921)	(24,555)	(349,089)
Ending Balance	\$217,968	\$1,487,136	\$1,257,980	\$1,218,644	\$2,194,631
Total Unencumbered Fund Balance	\$571,764	\$1,850,397	\$2,769,545	\$2,663,547	\$3,613,392

As shown, there are two fee categories within the Transportation Impact Fee Fund's balance:

- 1. Funds that do not qualify for Code Section 66001 Calculation:** This portion of the fund balance reflects funds that were collected prior to the 1989 effective date of the Mitigation Fee Act and are therefore not subject to it. In addition, fees negotiated as part of a development outside of Menlo Park's jurisdiction (but still creating transportation impacts) are not subject to the Act. This includes the Stanford Hospital and Lucille Packard payment of \$1,233,000 in fiscal year 2011-12, which was a part of their development agreement. These funds will be used for traffic improvement programs citywide. The corresponding interest income is allocated on the basis of the fund balance.
- 2. Citywide:** The citywide impact fees collected after the enactment of Code Section 66001 will be used for improvements and/or to mitigate traffic issues citywide.

Project expenditures paid from these impact fees amounted to \$142,785 in fiscal year 2013-14 and included the reconfiguration of the Willow Road/Veteran's Administration Hospital Entrance, Ringwood Ave bicycle/pedestrian overcrossing and the El Camino Real/Ravenswood northbound right turn lane. Fees in the amount of \$101,296 were utilized to support certain ongoing operations dedicated to managing transportation demand in the City. These operational costs were paid from the fees that do not qualify

for the AB 1600 calculation. The remaining unencumbered balance for the Transportation Impact Fee Fund as of June 30, 2014, was \$3,613,392.

The following table identifies specific expenditures of the Transportation Impact Fee Fund in 2013-14.

Transportation Impact Fees	Total Expended	Impact Fees Used	% of Total
<u>Project Expenditures:</u>			
Elder Ave/ Santa Cruz Ave Signal	154	154	100%
ECR/Ravenswood NB Right Turn Lane	7,696	7,696	100%
ECR Lane Reconfiguration Study	57,107	1,559	3%
Ringwood Ave Bicycle/Pedestrian Overcrossing	6,466	6,466	100%
Willow Road/VA Hospital Entrance	49,690	49,690	100%
Willow Road Improvement at Newbridge	77,220	77,220	100%
<u>Operating Expenditures:</u>			
Right-of-Way	666,238	34,907	5%
Development Services	645,290	59,419	9%
Safe Routes to Schools	61,298	2,913	5%
Neighborhood Traffic Management	53,796	4,057	8%
Total Expenditures:	\$1,624,955	\$244,081	15%

Storm Drainage Fees

The storm drainage fee, which commenced prior to 1989, is levied to mitigate City storm drainage impacts either directly or indirectly resulting from development projects. The fees are charged for property development as shown in the 2014 City's Master Fee Schedule:

Storm drainage connection fees

- Single family - per lot \$450.00
- Multiple family – per unit \$150.00
- Industrial and Commercial – per square foot of impervious area \$ 0.24

Storm drainage fees in the amount of \$4,495 were collected from developers in 2013-14. The following table captures the activities associated with storm drainage fees from fiscal year 2009-10 through 2013-14.

	2009-10	2010-11	2011-12	2012-13	2013-14
Storm Drainage Impact Fees:					
Beginning balance	\$253,843	\$258,670	\$184,451	\$188,015	\$101,114
Developer Fees	900	23,235	2,594	5,945	4,495
Interest Income/(Expense)	3,927	2,546	970	(94)	936
Expenditures	0	(100,000)	0	(80,973)	(1,503)
Encumbrances - prior year	0	0	0	0	11,779
Encumbrances - current year	0	0	0	(11,779)	(10,694)
Ending Balance	<u>\$258,670</u>	<u>\$184,451</u>	<u>\$188,015</u>	<u>\$101,114</u>	<u>\$106,127</u>
Total Unencumbered Fund Balance	\$258,670	\$184,451	\$188,015	\$101,114	\$106,127

The Storm Drainage Impact Fee Fund has provided for improvements that were identified in the Storm Drain Master Plan as high priority. When the preliminary design of the storm drainage system is complete, this revenue will contribute to the construction of a project in fiscal year 2015-16 that prevents flooding on Middlefield Road from the San Francisquito Creek. The total Storm Drainage Impact Fee Fund unencumbered balance available as of the end of fiscal year 2013-14 was \$106,127.

The following table identifies specific expenditures of the Storm Drainage Impact Fee Fund in 2013-14.

Storm Drainage Impact Fee Fund	Total Expended	Impact Fees Used	% of Total
<u>Project Expenditures:</u>			
Strom Drain Improvements and Cleaning	\$14,458	\$1,086	8%
Middlefield Road Storm Drain	\$417	\$417	100%
Total Expenditures:	\$14,875	\$1,503	10%

Recreation In-Lieu Fees

The recreation in-lieu fee, which commenced prior to 1989, is collected from developers to improve and expand recreation facilities in-lieu of providing new on-site facilities. The fee is charged on new residential development as shown in the 2014 City's Master Fee Schedule:

- Single Family (RE and R-1): 0.013
- Multiple Family Development (R-2, R-3, RLU and PD): 0.008
(Multiplied by number of units and by market value of acreage to be subdivided)

The amount of recreation in-lieu fees collected in 2013-14 totaled \$276,000 from two residential developments and two multi-family developments. The following table captures the activities associated with recreation in-lieu fees from fiscal year 2009-10 through 2013-14.

	2009-10	2010-11	2011-12	2012-13	2013-14
Recreation In-Lieu Impact Fees:					
Beginning balance	\$3,585,116	\$3,905,058	\$557,893	\$470,091	\$1,164,503
Developer Fees	256,000	89,847	212,000	896,000	276,000
Interest Income/(Expense)	61,379	28,151	(6,026)	(1,588)	9,373
Expenditures	(1,457)	(439,951)	(3,325,127)	(200,000)	(67,222)
Encumbrances - prior year	10,159	6,139	3,031,351	0	0
Encumbrances - current year	(6,139)	(3,031,351)	0	0	(56,147)
Ending Balance	\$3,905,058	\$557,893	\$470,091	\$1,164,503	\$1,326,507
Total Unencumbered Fund Balance	\$3,905,058	\$557,893	\$470,091	\$1,164,503	\$1,326,507

The outstanding unencumbered fund balance in the Recreation In-Lieu Fee fund at the end of fiscal year 2013-14 was \$1,326,507. The following table identifies specific expenditures of the Recreation In-Lieu Fee Fund, which consists of \$50,000 for Hillview School field renovation and \$17,222 for a portable concert stage trailer for recreation events.

Recreation In-Lieu Fee Fund	Total Expended	Impact Fees Used	% of Total
Project Expenditures:			
Hillview School Field Renovation	\$50,000	\$50,000	100%
Portable Concert Stage Trailer	74,447	17,222	23%
Total Expenditures:	\$124,447	\$67,222	54%

Building Construction Road Impact Fees

The building construction impact fee that took effect in November 2005 was adopted to recover the cost of repairing damage to streets caused by construction-related vehicle traffic. On August 5, 2008, Council adopted a resolution extending this fee beyond the three-year sunset provision initially established. The fee is charged on the value of the construction project as shown in the 2014 Master Fee Schedule:

- The fee amounts to 0.58 percent of a construction project's value.
- Residential alteration and repairs, as well as all projects under \$10,000, are exempt from the fee.

\$1,725,457 in building construction impact fees were collected in 2013-14 from approximately 500 construction projects. The following table captures the activities associated with building construction road impact fees from fiscal year 2009-10 through 2013-14.

	2009-10	2010-11	2011-12	2012-13	2013-14
Building Construction Road Impact Fees:					
Beginning balance	\$2,455,467	\$2,836,121	\$1,419,552	\$1,304,667	\$1,763,212
Developer Fees	357,162	534,041	680,152	691,793	1,725,457
Street Department Fees	0	0	2,800	0	0
Interest Income/(Expense)	46,918	21,275	15,921	(2,792)	16,069
Expenditures	(23,426)	(1,255,643)	(217,521)	(1,205,493)	(219,871)
Encumbrances - prior year	2,422	2,422	718,664	1,314,899	339,862
Encumbrances - current year	(2,422)	(718,664)	(1,314,901)	(339,862)	0
Ending Balance	<u>\$2,836,121</u>	<u>\$1,419,552</u>	<u>\$1,304,667</u>	<u>\$1,763,212</u>	<u>\$3,624,729</u>
Grand Total - Fund Balance	\$2,836,121	\$1,419,552	\$1,304,667	\$1,763,212	\$3,624,729

The City's Street Resurfacing Project and the Street Resurfacing of Federal Aid Route Resurfacing Project, were both funded in part with building construction impact fees. In addition, to maintain key services to the community, a portion of these funds were utilized to maintain medians, parking plazas, and 13 miles of right-of-way. The outstanding available balance in the Building Construction Road Impact Fees Fund as of the end of fiscal year 2013-14 was \$3,624,729.

Building Construction Road Impact Fee Fund	Total Expended	Impact Fees Used	% of Total
Project Expenditures:			
Street Resurfacing Project	\$1,711,531	\$147,861	9%
STPL Federal Aide Resurfacing	35,473	9,132	26%
Operating Expenditures:			
Street Maintenance	521,393	62,878	12%
Total Expenditures:	\$2,268,397	\$219,871	10%

IMPACT ON CITY RESOURCES

There is no impact on City resources resulting from this annual report, and this report meets the compliance requirements of the Mitigation Fee Act.

POLICY ISSUES

This report does not represent any change to existing City policy and affirms the City's intention to continue to charge these impact fees to fund projects and programs that mitigate the direct and indirect impact of development in the City of Menlo Park.

ENVIRONMENTAL REVIEW

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

PUBLIC NOTICE

Public notification to comply with the Mitigation Fee Act was achieved by posting the availability of the report 15 days prior to the meeting.

ATTACHMENTS

- A. Public Improvement Projects Related to the Mitigation Fee Act (AB1600) Five-Year Plan

Report prepared by:

Drew Corbett

Finance Director

Public Improvement Projects Related to the Mitigation Fee Act (AB1600)

Five-Year Plan

Projects	Funding Source	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Street Resurfacing	Building Construction Impact Fees	\$60,000	\$60,000	\$3,330,000	\$60,000	\$2,330,000	\$5,840,000
Belle Haven Pool Analysis	Rec-in-Lieu	\$100,000	\$0	\$0	\$0	\$0	\$100,000
Belle Haven Pool Deck Lighting	Rec-in-Lieu	\$0	\$30,000	\$0	\$0	\$0	\$30,000
Belle Haven Youth Center Playground Replacement	Rec-in-Lieu	\$0	TBD	\$0	\$0	\$0	\$0
Jack Lyle Park Restrooms Construction	Rec-in-Lieu	\$0	\$40,000	\$200,000	\$0	\$0	\$240,000
Playground Equipment Assessment & Replacement	Rec-in-Lieu	\$30,000	TBD	\$0	TBD	\$0	\$30,000
Relocation of Dog Park at Nealon Park	Rec-in-Lieu	\$0	\$0	\$0	\$25,000	\$125,000	\$150,000
Willow Oaks Dog Park Renovation	Rec-in-Lieu	\$50,000	\$250,000	\$0	\$0	\$0	\$300,000
Caltrain Bike/Ped Undercrossing Design	Transportation Impact Fee	\$0	\$0	\$0	\$500,000	\$0	\$500,000
El Camino Real/Ravenswood NB Right Turn Lane Design and Construction	Transportation Impact Fee	\$1,020,000	\$0	\$0	\$0	\$0	\$1,020,000
Laurel St/Ravenswood Signal Modification	Transportation Impact Fee	\$0	\$195,000	\$0	\$0	\$0	\$195,000
Sand Hill Road Signal Interconnect	Transportation Impact Fee	\$1,495,000	\$0	\$0	\$0	\$0	\$1,495,000
Sand Hill Road Signal Modification Project	Transportation Impact Fee	\$0	\$0	\$0	\$250,000	\$0	\$250,000

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FINANCE DEPARTMENT

Council Meeting Date: December 16, 2014
Staff Report #: 14-204

CONSENT CALENDAR: **Receive and File the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2014**

RECOMMENDATION

Staff recommends that the City Council receive and file the Comprehensive Annual Financial Report (CAFR) for fiscal year 2013-14.

BACKGROUND

Following the close of each fiscal year, the City's external auditors conduct an audit of the City's financial records and assist in the compilation of the Comprehensive Annual Financial Report (CAFR). The paramount objective of general purpose external financial reporting is accountability. The goal of a financial statement audit is to provide users with a reasonable assurance from an independent source that the information presented in the statements is reliable. The audit for the fiscal year ended June 30, 2014, was recently completed.

On October 21, 2014, Council received an informational staff report entitled, Financial Review of Unaudited General Fund Operations as of June 30, 2014. In that report, the unaudited results indicated that the General Fund's reserve balance would increase by \$5.6 million over the previous year as a result of operations. This increase has been confirmed by the audit, and the General Fund ended fiscal year 2013-14 with a total fund balance of nearly \$28 million.

ANALYSIS

The 2013-14 fiscal year audit is the first annual audit performed by the City's new external auditors, Badawi and Associates, Certified Public Accountants. Badawi and Associates was awarded a four-year contract, with an option to extend for up to two years, for external auditing services on March 18, 2014 (staff report 14-045) based on the result of a competitive request for proposals process.

External auditors conduct their audits in accordance with generally accepted auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The standards require that the

auditors plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. On a sample basis, they examine evidence supporting the amounts and disclosures in the financial statements. The audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation.

The auditor's opinion is presented as the first item in the financial section of the CAFR. Badawi and Associates rendered an unqualified opinion on the City's fiscal year 2013-14 financial statements, which is the optimal result of the independent audit. In accordance with Government Auditing Standards, the auditors also identify any deficiencies in internal control over financial reporting and provide recommendations to City management on correcting these deficiencies. The report on internal control is included as Attachment B.

Each year, the City participates in the CAFR award program administered by the Governmental Finance Officers Association (GFOA). The City has been successful in obtaining the award each fiscal year beginning in 1989-90. Staff intends to submit the City's fiscal year 2013-14 CAFR to the GFOA program and is confident that the report will again merit the GFOA Certificate of Achievement for Excellence in Financial Reporting.

General Fund Status

General Fund highlights for the 2013-14 fiscal year are summarized in the Management's Discussion and Analysis (MD&A) section of the CAFR. The audit of the City's financial results for the General Fund produced no adjustments from the unaudited results presented to Council on October 21st (staff report #14-183). Overall, the General Fund finished fiscal year 2013-14 with a gross operating surplus of \$5.6 million and an ending fund balance of nearly \$28 million. It is important to note, however, that nearly \$770,000 of the gross operating surplus has been assigned for development purposes to be utilized in fiscal year 2014-15, and another \$1.1 million has been assigned for encumbrances from fiscal year 2013-14 that have been added to the fiscal year 2014-15 adjusted budget. Factoring in those two items, the General Fund's net operating surplus in fiscal year 2013-14 was approximately \$3.7 million. The fiscal year 2014-15 budget included an updated estimate of how fiscal year 2013-14 was expected to finish. That estimate anticipated a \$1.8 million net operating surplus. The difference in net operating surplus between the final estimate for 2013-14 and the audited final results is almost entirely the result of expenditure savings being greater than anticipated.

The majority of this expenditure savings came in the form of compensation savings, which was predominantly driven by vacancies in budgeted positions. As was highlighted in the October 21st staff report on the unaudited financial results, these compensation savings underscore the challenge the City currently faces with respect to providing services. While budgetary resources are available to provide most services at the desired level, the City has not been able to staff itself appropriately to actually

provide the services at that level. In some cases, this has led to some relatively modest service-level impacts (i.e. delays in building inspections and implementing the climate action plan); however, in other cases, it exposes the City to some risk, such as when Police Department special assignments like the Narcotics Enforcement Team are disrupted because patrol teams are working at minimum or below minimum staffing. Going forward, filling budgeted vacancies will continue to be a high priority to help ensure services are provided at the desired level. To the extent these budgeted positions are able to be filled, the budget-to-actual expenditure variance in the current fiscal year should be less pronounced than it was in fiscal year 2013-14.

Of the General Fund's nearly \$28 million fund balance, \$6 million is set aside for emergency contingencies, \$8 million is set aside to mitigate the effects of major economic uncertainties, and \$1.9 million is set aside for strategic pension funding opportunities. All three of these reserves comply with the City's recently amended General Fund Reserve Policy (staff report #14-173), the purpose of which is to limit the use of General Fund balances to address unanticipated, one-time needs or opportunities. This policy also sets a goal fund balance range of 43-55 percent of General Fund expenditures. As of June 30, 2014, the City's unrestricted General Fund balance equaled 66.2 percent of the fund's total expenditures for the fiscal year, which puts this fund balance outside of the goal range. This will be partially mitigated by the \$1.9 million in assigned fund balance that will be used for 2014-15 spending commitments.

Further, when the Finance and Audit Committee met on October 23rd to review the unaudited year-end results, a proposal was made to increase the total amount of net surplus contributed to the new strategic pension funding reserve to \$3 million. Per the recently adopted policy, 25% of the net operating surplus, or \$930,000, was added to the \$1 million already in this reserve, leaving this reserve with an ending balance of \$1,930,000 as of June 30, 2014. This proposal would increase the amount in this reserve to \$4 million by utilizing an additional \$2,070,000 of the net surplus that closed the fiscal year as unassigned fund balance. Prior to making a formal recommendation to City Council to take this action, however, the Finance and Audit Committee plans on reviewing the results of the most recent pension actuarial studies from CalPERS. This review is expected to occur in early 2015.

Other Funds

In addition to the General Fund, the City's basic financial statements also cover the City's other funds. Funds that meet the criteria to be reported as "major funds" are reported individually, while funds that do not meet the "major fund" criteria are presented in aggregate in the basic financial statements. Financial information for the non-major funds is, however, included in the CAFR in the Supplementary Information section of the document. This staff report highlights the status of several funds as of the close of fiscal year 2013-14, and a more thorough discussion is included in the MD&A.

The General Capital Improvement Projects Fund had total expenditures of \$3.5 million in fiscal year 2013-14, which included work on major projects such as street resurfacing,

downtown irrigation replacement, and improvements to City buildings. This fund's balance as of the end of the fiscal year was \$13.1 million, and these funds will be utilized on existing projects. Other notable changes in the governmental funds include an increase to the balance in the Highway Users Tax (nearly \$600,000), Transportation Impact Fees (nearly \$1.3 million), and Construction Impact Fees (over \$1.5 million) funds. Similar to the Capital Improvement Projects Fund, these funds are utilized for large capital and infrastructure projects, and as such, fluctuations in fund balance year-over-year are not uncommon as revenues are accumulated over several years to fund major projects.

The City of Menlo Park maintains an enterprise fund to account for the activities of the Menlo Park Municipal Water District. The fund, separated between operating and capital activities, is self-sustaining, as the sale of water to customers generates the revenue needed to fully support the operating and capital needs of the district. Overall, the Water Fund experienced a nearly \$1.1 million increase in net position in fiscal year 2013-14, which is the result of operating activities. This fund is discussed in more detail in the MD&A.

The City's four Internal Service Funds (ISFs) are utilized to report activities that provide insurance services and vehicle replacement to support the City's various programs and functions. The net position reported in these funds decreased by approximately \$103,000 in fiscal year 2013-14. The City's Workers' Compensation Insurance Fund incurred the only operating loss, as charges to the departments fell short of the actuarially determined costs of current and past claims of the fund, which pushed the fund into a negative net position as of the close of 2013-14. This was anticipated based on outstanding claims, and charges to departments in 2014-15 have been increased to mitigate this and improve the fund's net position. Additionally, it is important to note that the claims payable reported in the financial statements reflects the value of the outstanding claims, but not necessarily the actual amount of funds that will be used to settle and/or close claims, which is expected to be less than the outstanding value. Further, the operating loss in this fund was largely offset by operating gains in the other three internal services funds, the largest of which was in General Liability Fund.

IMPACT ON CITY RESOURCES

Acceptance of the City's CAFR has no direct impact on City resources. However, obtaining an unqualified opinion from the auditor is an important independent verification and validation of the City's financial management practices and a prerequisite to receiving the GFOA award. An award-winning CAFR contributes to the City's excellent bond rating.

POLICY ISSUES

The acceptance of the City's Comprehensive Annual Financial Report does not represent any changes to existing City policies.

ENVIRONMENTAL REVIEW

Environmental review is not required.

PUBLIC NOTICE

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

ATTACHMENTS

- A. Fiscal Year 2013-14 Comprehensive Annual Financial Report
- B. Independent Auditor's Report on Internal Control Over Financial Reporting

Report prepared by:
Drew Corbett
Finance Director

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CITY OF
MENLO PARK, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended June 30, 2014



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2014



CITY OF MENLO PARK, CALIFORNIA

PREPARED BY
THE FINANCE DEPARTMENT

Drew Corbett
Finance Director

Geoffrey Buchheim
Financial Services Manager

This report is printed on recycled paper.

City of Menlo Park
For the year ended June 30, 2014

Table of Contents

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	i
Organization Chart.....	x
Principal Officials of the City of Menlo Park, California	xi
Certificate of Achievement for Excellence in Financial Reporting - Government Finance Officers Association.....	xii
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report.....	1
Management Discussion and Analysis	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	23
Statement of Activities and Changes in Net Position.....	24
Fund Financial Statements:	
<i>Governmental Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds.....	31
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.....	32
Statement of Revenues, Expenditures and Changes Fund Balances	33
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position	34
<i>Proprietary Fund Financial Statements:</i>	
Statement of Net Position	36
Statement of Revenues, Expenses and Changes in Fund Net Position.....	37
Statement of Cash Flows.....	38
<i>Fiduciary Fund Financial Statements:</i>	
Combining State of Fiduciary Net Position	40
Statement of Changes in Fiduciary Net Position.....	41

City of Menlo Park
For the year ended June 30, 2014

Table of Contents, Continued

	<u>Page</u>
<u>FINANCIAL SECTION, Continued</u>	
Notes to Basic Financial Statements	43
Required Supplementary Information:	
Budgetary Principles	88
Budgetary Comparison Schedule:	
General Fund	89
Below Market Rate Housing Special Revenue Fund	90
Housing Special Revenue Fund	91
Schedule of Funding Progress – Public Employees Retirement System	92
Supplementary Information:	
Major Governmental Funds Budgetary Comparison Schedule	
General Capital Improvement Projects Fund	97
<i>Non-Major Governmental Funds:</i>	
Combining Fund Statements and Schedules:	
Combining Balance Sheet	102
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	108
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Highway Users Tax Special Revenue Fund	113
Federal Revenue Sharing Special Revenue Fund	114
Landscape Tree Assessment Special Revenue Fund	115
Sidewalk Assessment Special Revenue Fund	116
Landfill Post-Closure Special Revenue Fund	117
County Transportation Tax Special Revenue Fund	118
Public Library Special Revenue Fund	119
Literacy Grant Special Revenue Fund	120
Narcotic Seizure Special Revenue Fund	121
Transportation Impact Fees Special Revenue Fund	122
Downtown Parking Permits Special Revenue Fund	123
Storm Drainage Fees Special Revenue Fund	124
Solid Waste Service Special Revenue Fund	125
Bay Area Air Quality Management Special Revenue Fund	126

City of Menlo Park
For the year ended June 30, 2014

Table of Contents, Continued

	<u>Page</u>
<u>FINANCIAL SECTION, Continued</u>	
Storm Water Management (NPDES) Special Revenue Fund	127
Peninsula Partnership Special Revenue Fund.....	128
Supplemental Law Enforcement Special Revenue Fund.....	129
Construction Impact Fees Special Revenue Fund.....	130
Bedwell Bayfront Park Maintenance Special Revenue Fund	131
Recreation In-Lieu Special Revenue Fund	132
Sharon Hills Park Special Revenue Fund	133
Vintage Oaks Landscape Special Revenue Fund	134
Community Development Block Grant Special Revenue Fund	135
Miscellaneous Trust Special Revenue Fund	136
Library Bond Debt Service Fund.....	137
Recreation GO Bond 2002 Debt Service Fund	138
Library Addition Capital Projects Fund.....	139
Measure T 2002 GO Bond Capital Projects Fund.....	140
 <i>Enterprise Funds:</i>	
Combining Schedule of Net Position.....	142
Combining Schedule of Revenues, Expenses and Changes in Fund Net Position	143
Combining Schedule of Cash Flows	144
 <i>Internal Service Funds:</i>	
Combining Schedule of Net Position.....	148
Combining Schedule of Revenues, Expenses and Changes in Fund Net Position	149
Combining Schedule of Cash Flows	150
 <i>Agency Fund:</i>	
Combining Statement of Net Position.....	152
Combining Statement of Changes in Net Position	153
 <i>Private-Purpose Trust Fund – Successor Agency;</i>	
Combining Schedule of Net Position.....	154
Combining Statement of Changes in Fiduciary Net Position	155

City of Menlo Park
For the year ended June 30, 2014

Table of Contents, Continued

	<u>Page</u>
<u>STATISTICAL SECTION (UNAUDITED)</u>	
Net Position by Component.....	158
Changes in Net Position - Last Ten Fiscal Years	160
Fund Balances - Governmental Funds - Last Ten Fiscal Years	162
Changes in Fund Balances - Governmental Funds - Last Ten Fiscal Years.....	164
General Government Revenues by Source - Last Ten Fiscal Years	166
General Government Taxes Detail - Last Ten Fiscal Years	168
Assessed Valuation, Tax Rate and Tax Levies - Last Ten Fiscal Years	169
Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years	170
Principal Property Taxpayers	171
Property Tax Levies and Collections	172
Ratio of Outstanding Debt by Type - Last Ten Fiscal Years.....	173
Direct and Overlapping Debt	174
Legal Debt Margin Information - Last Ten Fiscal Years	175
Demographic and Economic Statistics	176
Principal Employers	177
Full Time Equivalent City Employees by Function	178
Operating Indicators by Demand and Level of Service by Function/Program	180
Capital Asset Statistics by Function.....	182
Capital Asset and Infrastructure Statistics by Activities.....	184
Water Sold by Type of Customer - Last Ten Fiscal Years	186
Water Service Rates	187
Miscellaneous Statistics	188

INTRODUCTORY SECTION



701 Laurel Street, Menlo Park, CA 94025-3483
www.menlopark.org

December 16, 2014

Honorable Mayor
Members of the City Council
and Residents of Menlo Park

Comprehensive Annual Financial Report

We are pleased to submit the comprehensive annual financial report for the City of Menlo Park, California (the City) for the fiscal year ended June 30, 2014. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the data is accurate in all material respects and is reported fairly and honestly. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities are included.

The comprehensive annual financial report (CAFR) is presented in three major sections that provide introductory, financial, and statistical information about the City. The introductory section includes this transmittal letter, the City's organizational chart, and a list of the City's principal officials. The financial section includes the independent auditor's report, basic financial statements, notes to basic financial statements, required supplementary information, and supplementary information on non-major funds. The statistical section, which is unaudited, includes selected financial and demographic information.

The notes to the financial statements are provided in the financial section and are considered essential to fair presentation and adequate disclosure. The notes include the summary of significant accounting policies for the City and other necessary disclosures of important matters relating to the financial position of the City. The notes are treated as an integral part of the financial statements and should be read in conjunction with them.

Generally accepted accounting principles (GAAP) require that management provide a narrative of introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter complements the MD&A and should be read in conjunction with it. The City of Menlo Park's MD&A can be found in the financial section of this document, immediately following the report of the independent auditors.

Background

The City of Menlo Park is located in San Mateo County, midway between the cities of San Francisco and San Jose. It is an area of comparatively high property values and is a vital part of the region commonly referred to as the Silicon Valley. One of its noteworthy neighbors is Stanford University. Because of the number of venture capital firms and the amount of venture capital invested through local companies, the City is often referred to as the “Capital of Venture Capital”.

The City maintains a healthy balance of residential, commercial, and industrial uses. Residential home prices are still among the highest in the area, reflecting the desirability of living in the community. Now home to the headquarters of social networking giant Facebook, other major companies that have facilities in Menlo Park include the Rosewood Hotel, TE Corporation (formerly Tyco), E*Trade Financial, SRI International, and Sunset Publishing. Menlo Park is also home to the Western Region Headquarters of the United States Geological Survey, a major Veterans Administration medical facility, and the U.S. Department of Energy-funded SLAC National Accelerator Laboratory.

Reporting Entity

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the City of Menlo Park, as legally defined), as well as any applicable component units. Component units are legally separate entities for which the primary government is financially accountable. Prior to the dissolution of the Community Development Agency on January 31, 2012, it was reported as a blended component unit of the primary government. Activities of the Successor Agency acting on behalf of the former Community Development Agency are now reported as a Private-Purpose Trust Fund as of the financial statements for the fiscal year ended June 30, 2012.

The City of Menlo Park provides a varied range of services, including police protection, public works (engineering, streets, parks, building and vehicle maintenance), water distribution and maintenance, transportation services, community services (recreation, child care, and senior services), community development (planning, zoning, and building inspection), code and parking enforcement, library services, housing, and general administration (finance, human resources, economic development, information technology, legal, and city clerk services). Fire protection services are provided by the Menlo Park Fire Protection District, an entity separate and distinct from the City. Sanitary sewer services are also provided by a special district, the West Bay Sanitary Sewer District.

Economic Condition and Outlook

With total tax revenues up 2% in 2013-14 over 2012-13, the City's financial condition remains on solid ground. From the depths of the Great Recession, the City's tax revenues (property, sales transient occupancy, and utility users') have fully recovered and now stand well above pre-recession levels. This recovery, which has been aided by an increase to the transient occupancy tax rate and the introduction of the utility users' tax, has been more robust than originally anticipated. This has allowed the General Fund to maintain service levels, continue to appropriately fund infrastructure maintenance, make substantial progress in addressing unfunded pension and retiree medical liabilities, and absorb expenditures that were previously funded with redevelopment tax increment. These efforts were also aided by the City negotiating wage and benefit concessions with its employees, which helped ensure operating expenditures were well-aligned with the sustainable revenue base.

While the City's financial condition is enviable, the reliance on tax revenues, which can be volatile, means it must remain vigilant in managing its costs, monitoring its environment, and maintaining financial flexibility. In fact, shortly after the recommended 2014-15 budget was completed, the City learned of the imminent departure of a major sales tax provider. This revenue loss will be evaluated in context of the City's entire financial picture as it gets to the midpoint of the 2014-15 fiscal year. And while it expected that the City will be able to absorb this loss without having to take any material mitigating actions, it does serve to underscore the challenge the City faces in meeting and maintaining desired service levels with a volatile revenue base.

Despite this setback, the City's financial outlook remains sound. Property values remain high, and with a number of large-scale development projects in process, the outlook for future growth in this area is strong. Being the General Fund's largest revenue source, at 32% of the total, a healthy property tax base is essential for continued sustainability. One ongoing threat to the property tax base is the seemingly annual consternation about whether the City will continue to receive excess educational revenue augmentation funds (ERAF). San Mateo County is one of three counties in the State of California where the amount generated from the ERAF shift of local property tax exceeds the amount required to meet funding levels for the schools, which leads to those excess funds being redistributed back to the taxing entities. With such a unique circumstance, this revenue source is under scrutiny at the state level, leaving applicable local agencies to determine how to handle the uncertainty in their financial forecasts. To be conservative, the City of Menlo Park's 10-year forecast reflects receiving 50% of this revenue through 2016-17 before it drops off completely in 2017-18. This is a highly speculative assumption that simply serves to keep this uncertainty squarely in our sights as we move forward.

As always, staff will continue to monitor the long-term budget situation, keep the City Council informed of critical economic events, and be proactive in developing plans to

promote the City and maintain its financial health. Various revenue options will continue to be explored, along with alternative service delivery models, further operational review, and aggressive pursuit of available federal, state, and local funding.

Major Initiatives

FOR THE YEAR: The strength in the economy has resulted in a continued interest in development projects and increased business opportunities, which has subsequently created an overall rise in demand for City services. While budgetary resources are available to support this increase in demand, the City has found it challenging to staff itself at a level that adequately supports the service demand given the lack of supply and heavy competition for key positions, particularly those needed to support development-related activities. Despite this challenge, the City undertook a number of key initiatives and accomplished many of its goals during the reporting period. As always, the primary focus continued to be on addressing Council's priorities and providing the services and programs that make Menlo Park unique.

The **Administrative Services Department** continued to evolve its organizational structure to best serve other City departments, the Council, and the community. This included effectively disbanding the Administrative Services Department and creating the new departments of the City Manager's Office, Finance, and Human Resources. These new departments were first introduced in the fiscal year 2014-15 budget, which was completely restructured during 2013-14 to support the new organizational structure and the department/division presentation of budgetary information.

In addition to the major restructuring undertaken by the former Administrative Services Department, there were a number of other significant initiatives and accomplishments for the fiscal year ended June 30, 2014. Technology initiatives were the focus of the City Manager's Office, as the City's website was completely redesigned to improve information access and efficiency, a new web-based public records request system was launched, and the City's telephone system was replaced with a Voice Over Internet Protocol system. Finance and Human Resources also focused on technological improvements, as efforts continued to implement a comprehensive human resources information system and payroll system, with significant progress made on both in 2013-14. On the payroll side, the transition from the outdated desktop application to the cloud-based solution was completed, and the implementation of the new interface from the payroll system to the City's financial system was on its final stages as the year came to an end. Human Resources finalized the implementation of its comprehensive information system, which allows it to effectively manage the benefits program along with other key employee management-related functions.

The **Community Development Department** had three focused priorities during 2013-14. The first was an update to the Housing Element for the 2015-2023 planning period, which was completed, approved by the City Council, and certified by the State in April 2014. The certification by the State meant that the City was the first jurisdiction in the

San Francisco Bay Area to complete the updated Housing Element. The second priority was embarking on a multi-year long-range planning effort to update the Land Use and Circulation Elements of the General Plan, with a focus on the eastern area of the City known as the M-2 zoning area. The work was initiated early in 2013-14 and is expected to take approximately two years to complete. The third priority was managing the significant level of development activity in the City. Major development projects either completed or under construction during the fiscal year included the approximately 433,000 square foot Facebook West Campus, conversion of a senior residential facility into a Marriott Residence Inn, several office and residential developments, and the renovation and expansion of Beechwood School. In addition, there were a number of projects that were under review for building permits and/or land use entitlements, including the 260,000 square foot Commonwealth Corporate Center, the 394-unit Anton Menlo project on Haven Avenue, a 195-unit apartment project on Hamilton Avenue, a 146-unit apartment project on Haven Avenue, and the renovation of the SRI International campus. A vibrant economy, adoption of the updated 2007-2014 Housing Element, and adoption of the 2012 El Camino Real/Downtown Specific Plan have been major factors driving the high level of activity, which is expected to continue for several years.

The **Community Services Department** continued improving business operations across the department in order to better align cost recovery with City Council policy guidelines. Results have been impressive, as all 14 distinct program areas now meet Council's established cost recovery levels. Total cost recovery department-wide reached an all-time high of 82%. Overall demand for services remained extremely high in 2013-14, with over 1.75 million participant hours in recreation and social services programs.

Other highlights for the year included transitioning the Belle Haven neighborhood visioning process into the implementation stage in the form of an action plan focused on community safety and relationship building; opening the Belle Haven pool year round; receiving awards for excellence from the California Parks and Recreation Society for both the Arrillaga Gymnasium and the Arrillaga Recreation Center; and achieving record-breaking attendance at the Department's seven city-wide special events.

The **Library** continued to work on upgrading its core technology to improve its service delivery and operational efficiency. These technology improvements included upgrading the online circulation and cataloging systems, which makes them more scalable for future growth; substantially increasing internet bandwidth in both the main and the branch libraries, which accommodates the growing use of streaming media by library patrons; and upgrading the computers used by library patrons to increase security and limit vulnerability to external viruses. In addition to the technology upgrades, the Library also continued to expand its non-English language collections. This included growing the Mandarin and Spanish juvenile collections by 10% and 15%, respectively, over the past year.

The **Police Department** continued to undergo significant change and make substantive progress in meeting its goals in 2013-14, with new technology being one of the main advancements in its crime-prevention arsenal. In response to an increase in violent crime in 2012, and with input of community members and the City Council, the police department purchased neighborhood surveillance cameras and Automated License Plate Readers (ALPR). These devices were installed and became operational in 2014. This new technology, coupled with the hard work and dedication of the staff in the Police Department, in partnership with the community, has assisted in dramatically lowering the rate of violent crime throughout the City. Other new technology initiatives included the utilization of body-worn cameras for every patrol officer, along with a one-year deployment and assessment of Taser devices for a limited number of trained officers.

The City was also able to take advantage of a partnership with Facebook to open a Neighborhood Service Center & Substation in the Belle Haven neighborhood in 2014. Additionally, Facebook partnered with the Police Department to fund a full-time Community Safety Officer, whose main focus is on juvenile truancy and diversion, as well as community safety issues. In an effort to address the high rate of traffic crashes within the City, the Police Department was also able to fully staff the traffic unit with one motorcycle officer currently deployed and another one awaiting training.

During 2013-14, the **Public Works Department** completed a number of capital improvement projects, including the Street Resurfacing, Sidewalk Trip Hazard Removal Phase 2, Traffic Signal Modification at the Intersection of Sand Hill Road and Branner Drive, Citywide Sidewalk Repair, Downtown Beautification, Oak Grove Avenue and Merrill Street Intersection In-Pavement Lighted Crosswalk, and Uninterruptible Power Supply System for the Administration Building.

The Department continues to look for alternative service delivery models to contribute to the maintenance of a sustainable operating budget for the City. During the reporting period, this included contracting out the median and right-of way landscape maintenance services. In addition to alternative service models, Public Works also focused its efforts on environmental-related projects that will save the City money and reduce the City's carbon footprint. A few of these efforts included an energy retrofit project on City facilities that will significantly increase energy efficiency, and the evaluation of a power purchase agreement to have solar rooftop panels installed on certain City facilities.

Maintenance of the City's infrastructure also continues to be a high priority. The CIP Fund, as reflected in the 5-Year Capital Improvement Plan (CIP), has become the funding tool for long-range planning projects, information systems upgrades, and new or replacement facilities. In 2013-14, the Department continued to have staffing challenges within the CIP group, which affects the capacity for completion of approved projects. Going forward staff is looking for alternate ways to complete planned projects by utilizing outside engineering firms as needed.

FOR THE FUTURE: **Financial Planning and Fiscal Policies**

Maintaining a sustainable City budget is a top priority for Menlo Park. The City has, for many years, strived to record and report all expenses in the proper fiscal year, avoid unintended subsidization of non-essential programs with tax revenues, resist the creation of future liabilities, and initiate funding of long-term liabilities that currently exist. Such long-term financial planning efforts are essential to the City's prudent financial management and are particularly powerful when combined with sound financial policies.

Rating agencies recognize the City's financial strength and policies when assigning excellent ratings to Menlo Park general obligation bond issuances. The City continues to focus strategically on appropriate funding strategies, for not only current operations and top-ranked priority capital improvement projects, but also to cover long-term ongoing expenses. To that end, the operating budget includes annual funding for large infrastructure maintenance projects and ongoing retiree medical benefit obligations. In addition, all funds are regularly evaluated in terms of ongoing sustainability to avoid any future burden on the General Fund.

Menlo Park strives to maintain fiscal policies that will provide guidance on preserving its sound financial standing in the long term. Several years ago, a General Fund Reserve Policy was finalized, incorporating requirements of Governmental Accounting Standards Board (GASB Statement No. 54). The policy outlines the City Council's formal commitment of amounts of fund balance to be set aside specifically for emergency (\$6 million) and economic contingencies (\$8 million). The total goal range for the City's unrestricted fund balance is 43 to 55 percent of General Fund expenditures. As of June 30, 2014, the unrestricted fund balance of \$26.9 million represents approximately 66 percent of General Fund expenditures for the 2013-14 fiscal year. Excluding the nearly \$2 million in assigned fund balance that will be utilized in 2014-15 for existing commitments, the unrestricted fund balance still sits at over 61 percent of expenditures, which is outside of the goal range. It is expected that during the 2014-15 reporting period portions of unrestricted fund balance may be utilized for non-recurring needs, which will bring this portion of fund balance within, or closer to, the goal range.

Further solidifying the City's sound financial policies was Council's action in 2013-14 to establish the Strategic Pension Funding Reserve, which was established as a committed reserve, and fund it with \$1 million from previously unassigned reserve funds. Subsequently, a utilization policy for this fund, along with a mechanism for future funding, was established after the close of this reporting period.

Although reserves are available to provide temporary financing for extraordinary events such as an economic recession, the City must continue to distinguish between operating structural deficits and deficits resulting from temporary downturns in the economy. This will be essential in the current reporting period, as the City found out

late in 2013-14 that it would be losing a major sales tax provider. As such, baseline expenditures may need to be recalibrated if revenue growth in other areas does not close that gap. Ensuring this situation is properly evaluated and the City acts accordingly to maintain structural balance will be critical to maintaining the City's long-term fiscal health. Infrastructure maintenance, comprehensive planning activities, technology upgrades, and storm water programs, in addition to standard City operations, are all part of a comprehensive and sustainable fiscal plan for the City and must be considered as limited resources are allocated.

The City administration is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected and that adequate accounting data are compiled to prepare financial statements in conformity with generally accepted accounting principles. In addition, the City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual budget approved by the City's governing body. The City also maintains sound financial management through an encumbrance accounting system demonstrated by the statements and schedules included in the financial section of this report.

In addition, the City has established certain fiscal policies defining its long-term financial objectives. For example, the Cost Recovery/Subsidization Policy minimizes the unintentional subsidization of certain services by the General Fund, allowing general tax dollars to be available for greater public benefit. The City also maintains an Investment Policy, reviewed annually, defining (by limiting the types of investments permitted and providing guidelines for duration and diversification) the level of risk that is appropriate in the City's portfolio.

The City will continue to follow established cash management, accounting, budgetary, and risk management policies and processes essential to the City's long-term fiscal health. In addition, the strategic direction provided in the 5-Year Capital Improvement Plan and the General Plan will be used in the City's efforts to maintain a sustainable budget for the future.

Other Information

Statistical Section. Issued in May 2004, the Governmental Accounting Standards Board (GASB) Statement No. 44, *Economic Condition Reporting: the Statistical Section*, significantly changed the content and presentation of information reported in the statistical section of a comprehensive annual financial report. The new statistical section structure was developed to assist the reader in understanding financial trends, assessing the City's revenue capacity, gauging the affordability of outstanding debt, and understanding the environment in which the City's financial activities take place. Operating information is included to help the reader understand how the data in the City's financial report relate to services the City provides. Over time, the intent is to accumulate meaningful trend information useful in assessing performance.

Independent Audit. State statutes require an annual audit of the City's financial systems by independent certified public accountants. The accounting firm of Badawi and Associates, Certified Public Accountants was selected by the City for this purpose. The auditor's report and *unqualified* opinion on the general purpose financial statements and combining and individual fund statements is included in the financial section of this report.

Awards and Acknowledgments. The GFOA of the United States has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2013. In order to be awarded this Certificate, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, and satisfy both generally accepted accounting principles and applicable legal requirements. The award is valid for a period of one year. We believe our current report continues to meet the Certificate of Achievement Program's requirements.

Timely and efficient accounting practices, in coordination with the City's independent auditors, were essential in producing this annual document. Geoffrey Buchheim, the City's Financial Services Manager, bears the primary responsibility for overseeing the fiscal year-end close and coordinating the annual audit process. His diligent work, as well as the overall contributions from the entire Finance Department, was instrumental in ensuring the successful completion of this document.

The City Council's continued support in fiscal matters, especially in the maintenance of a long-term, sustainable financial vision, is essential and sincerely appreciated. The financial health of our City is a direct result of their vigilant fiduciary stewardship.

Respectfully submitted,



Alex D. McIntyre
City Manager

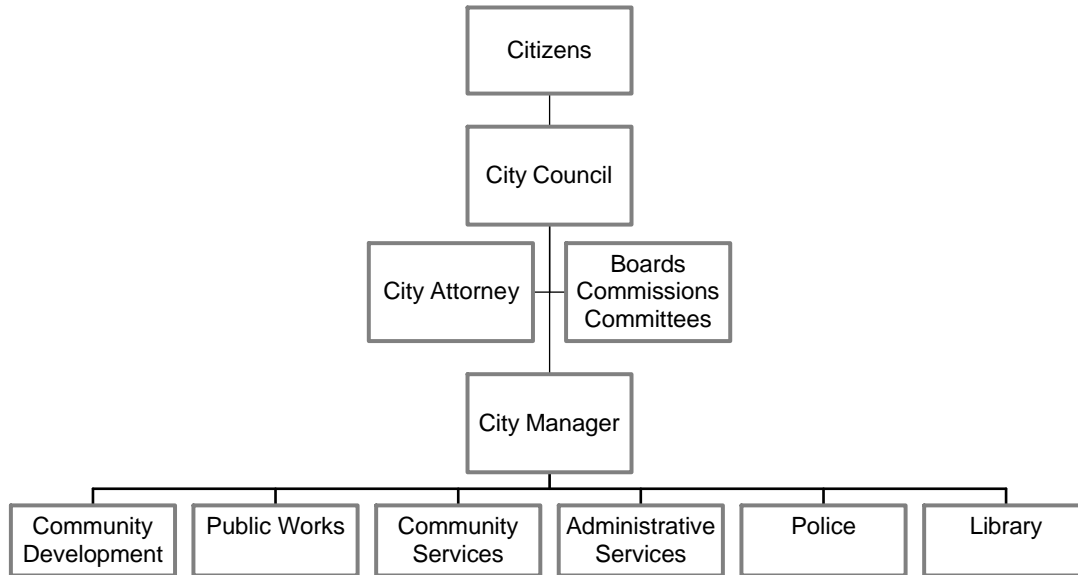


Drew Corbett
Finance Director

CITY OF MENLO PARK, CALIFORNIA

ORGANIZATIONAL CHART

JUNE 30, 2014



CITY OF MENLO PARK, CALIFORNIA

LIST OF CITY OFFICIALS

JUNE 30, 2014

CITY COUNCIL

Ray Mueller, Mayor

Catherine Carlton, Mayor Pro Tem

Richard Cline, Councilmember

Peter Ohtaki, Councilmember

Kirsten Keith, Councilmember

ADMINISTRATION AND DEPARTMENT HEADS

City Attorney William McClure

City Manager Alex D. McIntyre

Assistant City Manager Starla Jerome-Robinson

Administrative Services:

Human Resources Director Gina Donnelly

Finance Director Drew Corbett

City Clerk Pam Aguilar

Community Services Director Cherise Brandell

Police Chief Robert Jonsen

Library Director Susan Holmer

Developmental Services:

Director of Community Development Arlinda Heineck

Interim Director of Public Works Jesse Quirion



Government Finance Officers Association

**Certificate of
Achievement
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Reporting**

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**City of Menlo Park
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
of the City of Menlo Park
Menlo Park, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Menlo Park, California (City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Honorable Mayor and Members of the City Council
of the City of Menlo Park
Menlo Park, California
Page 2

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress for pension and other postemployment benefit plans and budgetary comparison information on pages 5 to 18 and 82 to 86 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules on pages 91 to 151, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparison schedules on pages 91 to 151 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Honorable Mayor and Members of the City Council
of the City of Menlo Park
Menlo Park, California
Page 3

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi and Associates
Certified Public Accountants
Oakland, California
December 8, 2014

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701 Laurel Street, Menlo Park, CA 94025-3483
www.menlopark.org

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2014

This Management's Discussion and Analysis (MD&A) of the City of Menlo Park's financial performance provides a narrative overview of the City's financial activities for the fiscal year ended June 30, 2014. The MD&A is an objective and easily readable analysis when read in conjunction with the accompanying transmittal letter and the basic financial statements.

FINANCIAL HIGHLIGHTS

Government-Wide Highlights:

Net Position - The assets of the City exceeded its liabilities and deferred inflows of resources at fiscal year ending June 30, 2014 by \$448,302,988. Of this amount, \$59,991,386 was reported as "unrestricted net position" and may be used to meet ongoing obligations.

Changes in Net Position - The City's total net position increased by \$8,208,849 in fiscal year 2013-14. Net position of governmental activities increased by \$7,147,177, which is due in large part to an increase in cash and investments. Net position of the business-type activities increased by \$1,061,672, reflecting the year's net income for the Menlo Park Municipal Water District.

Long-Term Debt:

The City's total bonded debt obligations decreased by \$618,813 during fiscal year 2013-14 due to the scheduled annual payment of principal balances of outstanding debt. The largest principal payment (\$380,000) was made on the 1996 General Obligation Refunding Bonds, leaving a remaining balance of \$835,000 as of June 30, 2014.

Fund Highlights:

Governmental Funds - Fund Balances - As of the close of fiscal year 2013-14, the City's governmental funds reported a combined ending fund balance of \$79,827,799. This is a \$10,040,865 increase from the prior year, which is primarily the result of an increase in total assets, predominantly in the form of cash and investments. The City's General Fund increased \$5,613,595, with revenues/transfers in/extraordinary gains of \$46,286,120 and expenditures/transfers out of \$40,672,525 million. This includes the annual transfer of over \$2.3 million to support infrastructure maintenance in the Capital Improvement Projects Fund. The surplus is credited primarily to accelerated recovery of many of the General Fund's major revenue sources, as well as expenditures coming in below budgeted amounts. General Fund revenues and expenditures for the reporting period will be discussed in more detail later in the MD&A.

Of the total fund balances, nearly \$1.1 million is categorized as "nonspendable", largely representing amounts associated with loans and notes receivable. In establishing and subsequently modifying its General Fund Reserve Policy, the City Council has set aside \$16.2 million as "committed" fund balance. Of that amount, \$6 million is committed for emergency contingencies, \$8 million is

committed for economic stabilization, and \$1.9 million is for strategic pension funding. Most of the remaining funds are restricted within special revenue funds for specific purposes, capital improvement projects, or debt service. Governmental fund balances that are categorized as “unassigned fund balance” totaled \$6,312,916 and is predominantly reported in the City’s General Fund.

City Highlights:

The City remained on solid financial ground in 2013-14, as evidenced by the continued growth in a number of the City’s major revenue sources. This growth, which was above what had been originally anticipated, has enabled the City to maintain, and in some cases enhance, service levels; appropriately fund infrastructure; continue to address unfunded pension and retiree medical liabilities; and grow fund balance, particularly in the General Fund. In 2013-14, this included committing \$1 million of previously unassigned fund balance to a strategic pension funding reserve; providing enhanced services to the community by having more events and amenities, particularly downtown; and opening the Neighborhood Service Center in the Belle Haven Neighborhood.

Total governmental fund revenues for 2013-14, as presented in the Fund Financial Statements, were up \$2.7 million over 2012-13, and this gain was driven by the General Fund, which had revenues, excluding transfers and extraordinary gains, that were up nearly \$3 million. The largest year-over-year gain in General Fund revenues was for licensing and permitting, which was up \$1.3 million and reflects the significant development activity currently underway in the City of Menlo Park. Other significant year-over-year gains included a nearly \$700,000 increase in transient occupancy tax and a nearly \$600,000 gain in charges for services, which was predominantly due to higher utilization of City facilities such as the various recreation buildings.

Governmental fund expenditures, excluding transfers and extraordinary, dropped approximately \$900,000 in 2013-14. This was predominantly due to reduced spending in the Below Market Rate Housing Special Revenue Fund, as well as in a number of the non-major governmental funds. General Fund expenditures were up approximately \$1.25 million year-over-year, driven by increases in the public safety, culture and recreation, and general government categories.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City’s basic financial statements, which are comprised of three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities and Changes in Net Position

The Statement of Net Position and the Statement of Activities and Changes in Net Position include information about the City as a whole and about its activities. These statements include *all* assets, deferred outflows of resources (if applicable), liabilities, and deferred inflows of resources (if applicable) of the City using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's overall *net position* and changes in that net position year-over-year. Net position is defined as the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, and this is one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net position are an indicator of whether its *financial health* is improving or deteriorating. Other factors to consider are changes in the City's property tax base and the condition of the City's roads.

In the Statement of Net Position and the Statement of Activities and Changes in Net Position, City activities are separated as follows:

Governmental activities—Most of the City's basic services are reported in this category, including the General Government, Public Safety, Public Works, Culture and Recreation (including library services) and Community Development. Property and sales taxes, user fees, interest income, franchise fees, and state and federal grants finance these activities.

Business-type activities—The City charges a fee to customers to cover the cost of water distribution services, including a surcharge for future capital improvements as necessary. The City's water system activities are the only activities reported in this category.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental funds—Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation schedule following each governmental fund financial statement.

Proprietary funds—When the City charges customers for the services it provides—whether to outside customers (enterprise funds) or to other units of the City (internal service funds)—these services are generally reported in proprietary funds. The City's Water Fund is the single enterprise fund that accounts for the business-type activities reported in the government-wide statements. Four internal service funds account for administrative activities that are provided to other funds and departments on a cost-reimbursement basis. These are included as governmental activities in the government-wide statements. Together, these proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position. In addition, a statement of cash flows is provided.

Fiduciary funds - The City is the trustee, or *fiduciary*, for certain funds held in a trustee or agency on behalf of individuals, private organizations, other governments, and/or other funds. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Position. These activities are

excluded from the City's other financial statements because the City cannot use these funds' assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Financial Statements

The notes provide additional information essential to a full understanding of the data in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information providing a budgetary comparison statement for the General Fund and all major funds. It also includes a schedule of funding for the employee pension plan.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Statement of Net Position combines and consolidates government funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. Program expenses by function, general revenues by major source, excess and/or deficiency of revenues over expenses before contributions to fund principal, special and extraordinary items, and total assets are presented in the Statement of Activities and Changes in Net Position. Both statements are condensed below for purposes of this analysis.

City of Menlo Park's Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Current Assets	\$84,247,586	\$73,518,146	\$15,612,189	\$15,383,944	\$99,859,775	\$88,902,090
Noncurrent Assets	10,978,093	12,084,072	-	-	10,978,093	12,084,072
Capital Assets	364,517,640	368,067,145	11,005,746	10,079,682	375,523,386	378,146,827
Total Assets	459,743,319	453,669,363	26,617,935	25,463,626	486,361,254	479,132,989
Current Liabilities	8,376,214	8,751,166	913,139	814,639	9,289,353	9,565,805
Noncurrent Liabilities	27,943,530	29,441,799	25,383	31,246	27,968,913	29,473,045
Total Liabilities	36,319,744	38,192,965	938,522	845,885	37,258,266	39,038,850
Deferred Inflows of Resources	800,000	-	-	-	800,000	-
Net Investments in Capital Assets	344,119,674	347,050,366	11,005,746	10,079,682	355,125,420	357,130,048
Restricted	17,973,519	17,839,466	15,212,663	15,273,688	33,186,182	33,113,154
Unrestricted	60,530,382	50,586,566	(538,996)	(735,629)	59,991,386	49,850,937
Total Net Position	\$422,623,575	\$415,476,398	\$25,679,413	\$24,617,741	\$448,302,988	\$440,094,139

The City's programs for governmental activities include General Government, Public Safety, Public Works, Culture and Recreation, and Community Development. The programs for the business-type activities consist of water services provided by the Menlo Park Municipal Water District.

As noted earlier, the City as a whole has net position of \$448,302,988. The largest portion of the City's net position (approximately 79 percent) reflects its investment in capital assets (e.g., land, buildings, equipment, improvements, construction in progress, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position (8 percent) represents resources that are subject to external restrictions on how they may be utilized. The remaining balance of unrestricted net assets (13 percent) may be used to meet the government's ongoing obligation to citizens and creditors.

Total net position of the City increased \$8,208,849 in the fiscal year ended June 30, 2014. This was primarily related to an increase in in the City's cash position, particularly in the governmental activities.

City of Menlo Park's Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Revenues:						
Program Revenues:						
Charges for Services	\$20,482,484	\$19,197,987	\$8,046,619	\$6,633,147	\$28,529,103	\$25,831,134
Operating Grants and Contributions	1,438,966	1,644,022	-	-	1,438,966	1,644,022
Capital Grants and Contributions	2,341,476	2,353,049	-	-	2,341,476	2,353,049
General Revenue:						
Property Taxes	15,156,065	15,731,889	-	-	15,156,065	15,731,889
Sales Taxes	6,444,292	6,043,870	-	-	6,444,292	6,043,870
Transient Occupancy Taxes	4,158,809	3,468,256	-	-	4,158,809	3,468,256
Other Taxes	4,946,135	4,556,371	-	-	4,946,135	4,556,371
Investment Earnings	982,640	647,963	117,849	(8,799)	1,100,489	639,164
Gain on Sale of Assets	264	524,774	-	-	264	524,774
Miscellaneous	1,222,100	130,627	-	-	1,222,100	130,627
Total Revenues	57,173,231	54,298,808	8,164,468	6,624,348	65,337,699	60,923,156
Expenses:						
General Government	8,057,304	6,332,057	-	-	8,057,304	6,332,057
Public Safety	14,237,536	14,080,936	-	-	14,237,536	14,080,936
Public Works	11,638,045	10,920,198	-	-	11,638,045	10,920,198
Culture and Recreation	11,400,791	11,077,343	-	-	11,400,791	11,077,343
Community Development	4,384,310	4,240,784	-	-	4,384,310	4,240,784
Interest on Long-term Debt	1,219,698	1,229,193	-	-	1,219,698	1,229,193
Water Operations	-	-	6,916,915	6,299,614	6,916,915	6,299,614
Total Expenses	50,937,684	47,880,511	6,916,915	6,299,614	57,854,599	54,180,125
Inc/Dec in Net Position before Transfers	6,235,547	6,418,297	1,247,553	324,734	7,483,100	6,743,031
Extraordinary gain (loss)	771,822	-	-	-	771,822	-
Transfers	185,881	181,525	(185,881)	(181,525)	-	-
Changes in Net Position	7,193,250	6,599,822	1,061,672	143,209	8,254,922	6,743,031
Net Position - Beginning of the Year	415,476,398	409,083,063	24,617,741	24,474,532	440,094,139	433,557,595
Prior Period Adjustment	(46,073)	(206,487)	-	-	(46,073)	(206,487)
Net Position - End of the Year	\$422,623,575	\$415,476,398	\$25,679,413	\$24,617,741	\$448,302,988	\$440,094,139

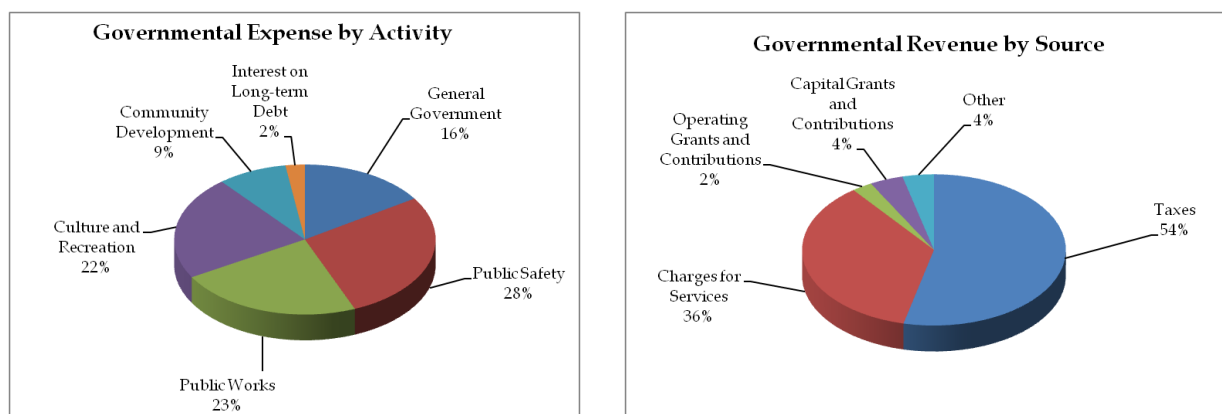
Governmental Activities

Total governmental activities increased the City of Menlo Park's net position by \$7,147,177, as revenues closed the year well above expenses, which is similar to how the 2012-13 fiscal year closed. Both revenues and expenses were up in 2013-14 over 2012-13, with revenues increasing by \$2,874,423 and expenses increasing by \$3,057,173. Program and general revenues increased in a number of categories, however, charges for services and transient occupancy tax had the largest year-over-year growth. Increases in expenses also occurred in a number of operational areas, with General Government and Culture and Recreation seeing the most significant year-over-year growth.

The increases in both revenues and expenses are a reflection of the strong economic conditions under which the City is currently operating. Factoring out one-time occurrences, tax revenues, particularly property tax and transient occupancy tax, are on a growth trend. Further, Citywide development activity and increased demand for Community Services programs has driven an increase in service charge revenues. This increased demand also has had an impact on the expense side, as the increase

in service charge revenue has resulted in an increase in actual services being provided.

The following charts of expenses and sources of funding for the City's various governmental activities have been derived from the Statement of Activities and Changes in Net Position. The first pie chart reflects expenses incurred in each area as a percentage of the total expense of governmental activities (\$50,937,684 in fiscal year 2013-14). The second pie chart reflects the sources of funding available to cover the expenses of the governmental activities (\$57,173,231 in fiscal year 2013-14). After applying program revenues (charges for services, grants, and contributions) to the cost of governmental activity programs, remaining expenses must be funded out of the City's general revenues - primarily taxes and investment earnings. Areas with the highest program revenues (i.e., Public Works, Culture and Recreation, and Community Development) are able to offset relatively more costs than activities that have fewer opportunities to derive program revenues (such as Public Safety). In total, program revenues covered nearly 48 percent of governmental activity expenses in fiscal year 2013-14, which is on par with fiscal year 2012-13 (48 percent) and below fiscal year 2011-12 (51 percent).



Business Type Activities

The final net position for business-type activities in 2013-14 was \$25,679,413. Total program revenues for business-type activities (operation of the Menlo Park Municipal Water District) were \$8,046,619, which consisted solely of charges for services related to water usage and capital surcharge fees. Total expenses for the business-type activities were \$6,916,915 during 2013-14, nearly all of which were related to water operations. Overall net position increased by \$1,061,672 in 2013-14, which considers the \$1,129,704 operating surplus discussed above, \$117,849 in interest income, and \$185,881 in net transfers out for administrative overhead charges.

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

Major Fund Balances - Governmental Funds

A key function of fund accounting is to segregate resources. In order to reduce frustration when different individual funds are combined for financial reporting purposes and because it is common for governments to have too many funds to include information on each individual fund within the basic financial statements, Major Fund reporting was implemented with Government Accounting Standards Board (GASB) Statement 34. Each major individual fund is required to be presented separately and all non-major governmental funds to be aggregated into a single other governmental

fund category. The General Fund is always considered a major fund. The criteria to determine what other funds must be reported as a major fund are:

- Ten percent criterion. An individual fund reports at least 10 percent of any of the following: a) total governmental fund assets, b) total governmental fund liabilities, c) total governmental fund revenues, or d) total governmental fund expenditures.
- Five percent criterion. An individual governmental fund reports at least 5 percent of the total for both governmental and enterprise funds of any one of the items for which it met the 10 percent criterion.

There are four major funds in the Governmental Funds category. Below is a table with a comparison of the fund balance for each of these four funds between 2012-13 and 2013-14, as well as a consolidated comparison of all of the non-major governmental funds for the same time period.

<u>Governmental Fund Balances</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Increase (Decrease) From 2012-13</u>
General Fund	\$ 27,991,243	\$ 22,377,648	5,613,595
Housing Fund	496,458	320,347	176,111
Below Market Rate Housing Fund	11,751,143	10,629,904	1,121,239
General Capital Improvement Project Fund	13,148,534	13,978,152	(829,618)
Other Governmental Funds	26,440,421	22,480,883	3,959,538
TOTAL	<u>\$ 79,827,799</u>	<u>\$ 69,786,934</u>	<u>\$ 10,040,865</u>

General Fund Balance

As noted, the General Fund is always one of the major governmental funds and is the primary operating fund of the City. Most City services are accounted for in the General Fund, including most public safety, public works, parks and community services, library, planning and community development, and general government.

At the end of the 2013-14 reporting period, the fund balance of the City's General Fund was \$27,991,243, an increase of \$5,613,595 from the prior year. The significant rise in fund balance (25 percent) was due to continued strong growth for a number of the City's revenue sources, as well as expenditures falling below expectations. It is important to note that approximately \$1.9 million of this increase in the General Fund's fund balance represents assigned fund balance for expenditure commitments from 2013-13 that will carry forward into 2014-15. With that said, total General Fund expenditures finished \$3.6 million lower than final budget amounts, which was predominantly the result of personnel cost savings throughout the operating departments. This significant expenditure savings highlights a challenge the City is currently facing in which it has the budgetary resources to provide services at the desired level, but it has been unable to staff itself at a level to actually meet the budgeted service level. Addressing this challenge will be a priority for the City in the 2014-15 reporting period.

Although \$1.1 million of the fund balance was categorized as "nonspendable", the City's recently-amended General Fund Reserve Policy sets aside ("committed") \$6 million for emergency contingencies, \$8 million to mitigate the effects of major economic uncertainties, and \$1.9 million for

strategic pension funding opportunities. Based on the updated reserve policy, the pension-related reserve is slated to grow when the General Fund achieves a net operating surplus in a given year. The reserve policy affirms the Council's desire to limit use of General Fund balances to address unanticipated, one-time needs or opportunities, and establishes a goal range for the City's unrestricted fund balance (including commitments and assignments of fund balance) of 43-55 percent of General Fund expenditures. As of June 30, 2014, the City's General Fund unrestricted fund balance equaled 66.2 percent of the fund's total expenditures, including transfers, for the year and puts this fund balance outside the goal range. This will be partially mitigated by the \$1.9 million in assigned fund balance that will be used for 2014-15 spending commitments. Further, it is expected that during the 2014-15 reporting period, portions of unrestricted fund balance may be appropriated for non-recurring needs, which will also bring this portion of fund balance closer to the goal range.

Below Market Rate Housing Fund Balance

The Below Market Rate Housing Fund became a major fund for financial statement purposes starting in fiscal year 2011-12, based on the assets of the fund relative to the City's total governmental fund assets. The BMR Housing Program was established in 1987 to increase the housing supply for people who live and/or work in Menlo Park and have limited income per the limits established by San Mateo County. The program requires the provision of BMR units or in-lieu fees for certain development projects. State law requires that all BMR in-lieu fees be committed to affordable housing development within five years of collection. During the 2013-14 fiscal year, the fund had revenue that included \$81,277 of BMR in-lieu fees, \$69,082 in interest on outstanding loans, and \$45,735 in interest earnings on fund balance. The fund had expenditures of \$155,522 for the overall administration of the BMR program and for maintenance and rehabilitation work on various properties.

Housing Fund

As Successor Agency for both housing and non-housing activities of the former redevelopment agency, the City transferred all loans of the former CDA Housing Fund to the City's own, newly established Housing Fund in 2011-12. In previous years, the CDA Housing Fund had received twenty percent of all the tax increment revenues of the former Agency to advance low- and moderate-income housing programs in the area. Per dissolution law, all future tax increment revenues will go to the County, and any unencumbered funds of the former agency will be distributed to other taxing agencies once recognized obligations have been paid. Therefore, the current Housing Fund exists to account for the housing loans of the former Agency. Net revenues from loan payments may go back to the fund to provide further loans or to other qualifying housing programs. The Housing Fund is considered a major fund for financial statement purposes based on the relative amount of liabilities in the fund; however, activity in the fund was limited in 2013-14, with only \$2,022 expended for program administration and \$171,562 in revenue from loan repayments.

General Capital Improvement Project Fund Balance

The General Capital Improvement Project Fund is also a major fund for financial statement purposes, based on the relative amount of assets in the fund. In 2013-14, fund expenditures were nearly \$3.5 million and included work on major projects such as street resurfacing, downtown irrigation replacement, and improvements to City buildings. Total fund balance decreased \$829,618 from 2012-13 but still remains relatively high, at \$13,148,534. It is not unusual for this particular fund to accumulate reserves because of the nature of the fund itself. Major capital and infrastructure projects, such as street resurfacing, require significant capital outlays and are most cost effective when done in large segments. To stabilize the impact on the General Fund, which funds many of these projects, annual transfers are made and reserves are accumulated to then be appropriated as large-scale projects are scheduled to begin.

Other Governmental Funds Balances

At the end of the 2013-14 fiscal year, the total fund balance of the City's 28 non-major governmental funds was \$26,440,421. This represents a significant (18%) increase in fund balance year-over-year, which is discussed in more detail below.

The fund balances consist of 24 special revenue funds, 2 debt service funds, and 2 capital projects funds. Within the special revenue funds, fourteen fund balances increased over the course of the fiscal year, while ten experienced a drop. The largest fund balance increases were with the Highway Users Tax (\$570,917), Transportation Impact Fees (\$1,274,378), and Construction Impact Fees (\$1,521,654) Funds. All three of these funds are utilized to fund large capital and infrastructure projects, and as such, large fluctuations in fund balance year-over-year are not uncommon as revenues can accumulate over several years to ensure adequate funding for large projects. The County Transportation Tax Fund had the largest decrease in fund balance (\$408,190) which was primarily the result of \$456,740 in capital outlay expenditures.

Proprietary Funds

Proprietary Funds are comprised of enterprise funds and internal service funds. The City has one enterprise operation, which is the Water Fund. An enterprise fund accounts for activities that are financed and operated in a manner similar to private business enterprises. The Menlo Park Municipal Water District (MPMWD) is a self-supporting enterprise in which the sale of water to customers generates the revenue needed to support the operations and capital needs of the district.

The Water Fund accounts for water supplied to the approximately 4,000 customers of the MPMWD. The net position of the fund at June 30, 2014 was \$25,679,413, an increase of \$1,061,672 from the prior fiscal year. This overall increase was the result of net income of \$1,122,697 in the Water Operating Fund, and a \$61,025 net loss in the Water Capital Fund.

Reserve funding policies established in 2006 were revised in 2010, with the City adopting a 16.5 percent annual increase in water meter and consumption block rates through fiscal year 2013-14 based on projected increases in the cost of water. The Water Fund Reserve Policy anticipated the need for transfers/loans from the capital fund to maintain the operating fund during this period of water rate increases. The total transfer amount in 2013-14 from the capital fund to the operating fund was \$1,125,633. Further, a capital surcharge was established in 1990 to fund major water capital projects; the surcharge netted the Water Capital Fund \$1,025,624 in fiscal year 2013-14.

The City uses internal service funds to account for four major administrative activities: Workers' Compensation Insurance, General Liability Insurance, Retiree Medical Benefits, and Vehicle Replacement. Separation of these programs from the General Fund allows for better tracking and allocation of the costs associated with these "overhead" activities and provides a mechanism for funding those costs in the year incurred. The Vehicle Replacement Fund collected "charges for services" of \$250,750 in 2013-14 from the departments and programs that utilize the assets being replaced to provide for the cost of anticipated vehicle purchases. Departmental charges received in the Workers' Compensation Insurance Fund in the amount of \$500,035 were not sufficient to meet the actuarially determined costs of current and past claims charged to the funds, as evidenced by the net loss (604,813) reported in this fund for the fiscal year. This pushed this fund into a negative net position as of the close of 2013-14, which was anticipated based on outstanding claims and departmental charges. Charges to departments have been increased in fiscal year 2014-15 to mitigate

this, and it is also important to note that the claims payable reported in the financial statements reflects the value of outstanding claims, but not necessarily the actual amount of funds that will be spent to settle and/or close claims, which is expected to be less than the outstanding value. The General Liability Fund's collections and interest income exceeded its overall expenses by \$371,565, which positively impacted its net position as of June 30, 2014.

The Retiree Medical Benefits Fund was created in 2008-09 for the sole purpose of providing contributions to the California Employers Retiree Benefits Trust (CERBT), the funding vehicle for the City's long-term obligations under its retiree medical benefits program. \$9.2 million was sufficient to fund the accumulated liability of these benefits in fiscal year 2007-08. Going forward, the amount of the contributions are generated as a percentage-of-payroll charge, actuarially calculated to reflect full funding of the normal (annual) cost of these benefits. In fiscal year 2013-14 these costs were \$670,636, while collections and interest earnings yielded \$688,587, which resulted in net income of \$17,951. Charges to operating departments to fund the Retiree Medical Benefits Fund are adjusted each year to cover the anticipated cost for providing ongoing retiree medical benefits.

Fiduciary Operations

Fiduciary Fund Financial Statements are presented in the Basic Financial Statements separately from the Government-Wide Financial Statements. Prior to 2011-12, the City's only fiduciary funds were agency funds, used to account for certain assets held on behalf of others. As the City's role is purely custodial in these cases, all assets reported in the agency funds are offset by a liability to the party on whose behalf they are held. Total assets of the agency funds held by the City decreased from \$587,278 to \$320,258, which was due largely to the reduction in refundable deposits held for current development projects and a reduced cash balance for the fiduciary funds.

A new private-purpose trust fund was established in 2011-12 to account for the activities related to the dissolution of the former Community Development Agency of the City of Menlo Park. As previously discussed, the former redevelopment agency was eliminated by State law as of February 1, 2012. All assets and obligations (including long-term debt) of the former agency were transferred to the City, as Successor Agency, as of that date. Housing loans are reported as assets in that governmental fund, but all other assets and liabilities are held in trust capacity in a fiduciary fund. Unlike agency funds, trust funds report an "income statement". As such, the activity of the Successor Agency Trust from 2013-14 is reported in the Statement of Changes in Fiduciary Net Position. Because the transferred debt exceeded the transferred assets of the former agency when this trust was established, the fund ended the 2011-12 fiscal year with a net position of (\$26,844,414). Continued disposition of assets of the former community development agency in led to extraordinary losses in the amount of (\$17,149,614) in 2012-13 and (\$7,373,173) in 2013-14. As of June 30, 2014, the fund's net position was (\$43,839,627). It is important to note, however, that because the net negative position is primarily a function of long-term liabilities (debt service), which will be paid by future property tax revenues in the former redevelopment project area, there is no impact on the primary government's current or future financial position.

DEBT ADMINISTRATION

As of June 30, 2014, the City's debt obligations were comprised of General Obligation Bonds. These bonds include the City of Menlo Park General Obligation Refunding Bonds, Series 1996, a bond funding used to finance the 1990 Library Improvement Project. The balance of these bonds at June 30, 2014 was \$835,000. The bonds are paid from special assessments to property owners within the City. In addition, the City has two outstanding issuances of "Measure T" bonds, approved by voters in

2001, to finance certain parks and recreation improvements. The balance of the original 2002 General Obligation Bonds issuance (\$11,165,000) was refinanced through a direct placement sale of 2012 General Obligation Bonds in January 2012. The refinancing allowed for lower interest rates, which will provide debt service savings of nearly \$2.5 million over the remaining life of the original obligation. The balance of these bonds at June 30, 2014 was \$9,310,000. The second issuance of these "Measure T" bonds was sold on July 1, 2009, adding \$10,440,000 to the amount of bonds outstanding. At June 30, 2014, the outstanding balance of these bonds was \$10,255,000. Of this 2009 issuance, \$895,000 is outstanding on Series A tax exempt bonds. The remaining \$9,360,000 is the principal outstanding on Series B taxable Build America Bonds (BABs). The decision to include BABs in the 2009 financing allowed the City to generate an additional \$1,049,000 over the tax exempt bonds.

In May 2006, the City's Community Development Agency issued Tax Allocation Refunding Bonds in a par amount of \$72,430,000 for the purpose of refunding at lower interest rates outstanding Series 1996 and Series 2000 Tax Allocation Bonds. These bonds had been issued to finance capital projects of benefit to the Las Pulgas Community Development Project Area. With the dissolution of redevelopment agencies in 2012, this bonded debt is no longer reported in the Government Wide Financial Statements. These obligations are included in Fiduciary Fund Financial Statements.

Additional information on the City's long-term debt can be found in Note 6 of this report.

As disclosed in the Notes to Basic Financial Statements, a liability has been recorded to reflect the City's obligation to provide post-closure care of the landfill at Bayfront Park. Although the City has established a revenue stream to fund landfill post-closure care, governmental accounting standards require the calculation and recording of the liability associated with this activity. The liability is included in the reporting of the City's long-term debt, at an estimated \$5,139,145 at June 30, 2014.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2014 amounts to \$375,523,386, net of accumulated depreciation of \$95,095,041. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the City such as roads, bridges, streets and sidewalks, drainage systems, lighting systems and similar items. The City's investment in capital assets for the current fiscal year decreased by \$2,623,441 from the prior year as a result of capital asset additions of \$4,478,158 offset with depreciation charges (\$6,135,896) and net retirements of assets (\$965,703). Detailed information on the City's capital assets can be found in Note 5 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

The 2013-14 fiscal year adopted budget for the General Fund reflected a slight operating surplus, as revenue estimates (\$42,549,849), inclusive of transfers in, were greater than adopted appropriations (\$42,347,338), inclusive of transfers out, by \$202,511. The adopted expenditure budget was increased over the course of the fiscal year to include purchase orders and other commitments from the prior year, as well as any other Council-approved budget adjustments. The final adjusted budget amount was \$44,302,429. As the fiscal year progressed, revenue estimates were also adjusted to reflect more

current information. Final adjusted revenue estimates for 2013-14 were \$45,874,062, which resulted an estimated General Fund operating surplus of \$1,571,633.

Overall, the General Fund closed the 2013-14 fiscal year with an operating surplus of \$5,613,595. This was predominantly the result of revenues coming in slightly higher than expected and significant savings in operating expenditures, both of which are discussed further below.

General Fund Revenues

The General Fund experienced year-over-year revenue growth for the fourth consecutive year. Overall, revenues, including transfers and asset sales, totaled \$46,286,120, which was a \$2,826,285 (6.5 percent) increase over 2012-13. Sales tax, transient occupancy tax, licenses and permits, and charges for services led the way, accounting for the vast majority of the revenue growth. Sales tax revenues continued the slow recovery from the recession but were bolstered by several significant non-recurring transactions, while transient occupancy tax revenues benefitted from a full year of the 12% tax rate, as well as a strong economic climate that resulted in high room and occupancy rates at the City's hotels. Licenses and permits were up significantly due to the heavy development activity currently underway in the City, and charges for services were up primarily due to higher utilization of City facilities, particularly the recreation buildings. Only one revenue source was down year-over-year, and that was property tax. This was the result of a large one-time revenue received in 2012-13. Overall, growth in assessed valuations, which drives property tax revenues, has remained strong.

General Fund Expenditures

Total General Fund expenditures, including transfers out, totaled \$40,672,525 and were 4% lower in 2013-14 than they were in 2012-13. This is due to a one-time \$2.7 million transfer to the Capital Improvement Projects Fund made in 2012-13 that inflated expenditures for that year. Excluding that one-time transfer, General Fund expenditures were up \$1,006,630 million, or 2.5 percent. This increase was the result of departmental operations, and the largest year-over-year increases were in Public Safety, Community Services, and Administrative Services. These increases were due to a variety of factors, including vacant positions being filled and greater demand for Community Services programs, the latter of which also generated additional revenue.

While overall expenditures, excluding the one-time transfer, were up over 2012-13, total expenditures were lower than budgeted amounts by \$3.6 million. This is entirely the result of operating savings in each of the departments, about 60% of which was in the form of compensation savings. While these operational savings enhanced the City's net position for the fiscal year ended June 30, 2014, the inability to staff itself at budgeted levels has resulted in the slight degradation of some service levels. Getting staffing at a level commensurate with the budgeted service levels will be an area of focus in the 2014-15 reporting period.

ECONOMIC CONDITION AND OUTLOOK

The City's financial condition remains on solid ground. Fueled by a local economy, specifically the Silicon Valley economy, that has added jobs at a greater rate than the state and the rest of the nation, Menlo Park's tax revenues are well above pre-recession levels. Property tax, which is the General Fund's largest revenue source, is poised for continued strong growth in the near term, as high demand for residential property, as well as significant commercial development activity, is expected to increase assessed valuations and grow the revenue base. With that said, the continued uncertainty around excess Education Revenue Augmentation Fund (ERAF) revenues could impact the forecast going forward. The current forecast projects a 50% share of ERAF through 2016-17 before dropping

off completely the following year. This highly speculative assumption serves to keep this issue in focus without requiring immediate corrective action. Sales tax – the General Fund’s second largest tax revenue source – continues its relatively slow recovery from the recession. With several significant non-recurring transactions in 2013-14, as well as the sales tax generated from the construction of the Facebook West Campus, current revenues are above what is believed to be the sustainable baseline. As such, projections going forward have sales tax actually declining two years out to account for the unique activity currently underway, before beginning to see growth again in 2016-17. Sales tax also remains highly volatile due to the significant business-to-business activity that drives this revenue source, as well as the concentration of tax-generating activity amongst a relatively small number of firms. In fact, the City learned shortly after the completion of the 2014-15 recommended budget that a large sales tax generator would be departing the City. The impact of this and any potential mitigating actions will be addressed as part of the annual mid-year update, which will occur early in 2015. Transient occupancy tax, the General Fund’s third largest tax source, continues to perform well, with strong room and occupancy rates being buoyed by an increase in the tax rate from 10% to 12%, which occurred in January 2013. While the growth in transient occupancy rates that the City has seen over the past two years is not expected to continue at such a high level, the forecast does call for modest revenue growth going forward.

The driving force behind the City’s positive outlook for its major tax revenues is rooted in development activity very recently completed, currently under construction, or in the permitting process. Some of these projects include 433,000 square foot Facebook West Campus, a new hotel, over 700 multi-family residential units, and the 260,000 square foot Commonwealth Corporate Center. Additionally, the Downtown/El Camino Real Specific Plan has prompted interest in the replacement of existing buildings on El Camino Real – current and former auto dealerships – with a new mixed-use development consisting of offices, housing, and retail.

Going forward, the City of Menlo Park is on solid financial footing. With strong recovery continuing for many of its major revenues sources and a reset expenditure baseline that incorporates the cost containment strategies implemented in response to the recession, including compensation concessions from employees, the City’s budget is structurally balanced with a forecast of modest surpluses over the next several years. What’s most impressive, however, is that all of this has been achieved while also setting aside funds for critical one-time needs such as technology upgrades and comprehensive planning efforts, continuing to appropriately fund the maintenance of the City’s infrastructure, providing modest compensation increases to employees, and maintaining extremely healthy reserves.

While in an enviable financial position, the City cannot rest on its laurels and must continue to focus its efforts on priority fiscal initiatives such as adequate funding of infrastructure, careful comprehensive planning, and optimization of business and residential development opportunities. Further, as new long-term needs are identified, the appropriate resources to meet those needs must also be identified. And finally, the City must maintain financial flexibility to ensure it is able to quickly respond to the inevitable fluctuations in the economy and the volatility of its major revenue sources.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City’s finances and to show the City’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Menlo Park Finance Department, 701 Laurel Street, Menlo Park, California 94025.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Menlo Park
Statement of Net Position
June 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 80,776,816	\$ 14,459,791	\$ 95,236,607
Receivables:			
Accounts	2,265,773	1,121,572	3,387,345
Interest	177,113	30,696	207,809
Due from other governments	834,165	-	834,165
Deposits and prepaid items	193,719	130	193,849
Total current assets	<u>84,247,586</u>	<u>15,612,189</u>	<u>99,859,775</u>
Noncurrent assets:			
Notes receivable	10,978,093	-	10,978,093
Capital assets			
Non-depreciable	234,109,977	4,503,075	238,613,052
Depreciable, net	130,407,663	6,502,671	136,910,334
Total capital asset	<u>364,517,640</u>	<u>11,005,746</u>	<u>375,523,386</u>
Total noncurrent assets	<u>375,495,733</u>	<u>11,005,746</u>	<u>386,501,479</u>
Total assets	<u>459,743,319</u>	<u>26,617,935</u>	<u>486,361,254</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,987,754	730,855	2,718,609
Accrued payroll	1,268,783	53,829	1,322,612
Interest payable	448,306	-	448,306
Deposits	1,012,595	110,961	1,123,556
Unearned revenue	671,256	-	671,256
Claims payable due within one year	703,356	-	703,356
Compensated absences due within one year	924,632	17,494	942,126
Landfill postclosure care due within one year	355,719	-	355,719
Long-term debt due within one year	1,003,813	-	1,003,813
Total current liabilities	<u>8,376,214</u>	<u>913,139</u>	<u>9,289,353</u>
Noncurrent liabilities:			
Net OPEB liability	(9,263)	-	(9,263)
Claims payable due in more than one year	2,433,790	-	2,433,790
Compensated absences due in more than one year	1,341,424	25,383	1,366,807
Landfill postclosure care due in more than one year	4,783,426	-	4,783,426
Long-term debt due in more than one year	19,394,153	-	19,394,153
Total noncurrent liabilities	<u>27,943,530</u>	<u>25,383</u>	<u>27,968,913</u>
Total liabilities	<u>36,319,744</u>	<u>938,522</u>	<u>37,258,266</u>
DEFERRED INFLOWS OF RESOURCES			
In-lieu agreement payments	800,000	-	800,000
Total deferred inflows of resources	<u>800,000</u>	<u>-</u>	<u>800,000</u>
NET POSITION			
Net investment in capital assets	344,119,674	11,005,746	355,125,420
Restricted for:			
Capital projects	13,601,651	15,212,663	28,814,314
Debt service	2,133,308	-	2,133,308
Special projects	2,238,560	-	2,238,560
Unrestricted	60,530,382	(538,996)	59,991,386
Total net position	<u>\$ 422,623,575</u>	<u>\$ 25,679,413</u>	<u>\$ 448,302,988</u>

See accompanying Notes to Basic Financial Statements.

City of Menlo Park
Statement of Activities and Changes in Net Position
For the year ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 8,057,304	\$ 3,011,181	\$ 628	\$ -	\$ 3,011,809
Public safety	14,237,536	2,031,899	109,649	-	2,141,548
Public works	11,638,045	6,189,576	530,639	298,676	7,018,891
Culture and recreation	11,400,791	3,782,550	798,050	2,042,800	6,623,400
Community development	4,384,310	5,467,278	-	-	5,467,278
Interest on long-term debt	1,219,698	-	-	-	-
Total governmental activities	50,937,684	20,482,484	1,438,966	2,341,476	24,262,926
Business-type activities:					
Water	6,916,915	8,046,619	-	-	8,046,619
Total business-type activities	6,916,915	8,046,619	-	-	8,046,619
Total primary government	\$ 57,854,599	\$ 28,529,103	\$ 1,438,966	\$ 2,341,476	\$ 32,309,545

General Revenues:

Taxes:

- Property taxes
- Sales taxes
- Motor vehicle fee taxes
- Transient occupancy taxes
- Franchise taxes
- Other taxes

Total taxes

Investment earnings

Gain on the sale of capital assets

Miscellaneous

Transfers

Total general revenues and transfers

Extraordinary gain(loss)

Change in net position

Net position - beginning of year, as previously reported

Prior period adjustment (Note 22)

Net position - end of year

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (5,045,495)	\$ -	\$ (5,045,495)
(12,095,988)	-	(12,095,988)
(4,619,154)	-	(4,619,154)
(4,777,391)	-	(4,777,391)
1,082,968	-	1,082,968
(1,219,698)	-	(1,219,698)
<u>(26,674,758)</u>	<u>-</u>	<u>(26,674,758)</u>
-	1,129,704	1,129,704
-	1,129,704	1,129,704
<u>(26,674,758)</u>	<u>1,129,704</u>	<u>(25,545,054)</u>
15,156,065	-	15,156,065
6,444,292	-	6,444,292
19,633	-	19,633
4,158,809	-	4,158,809
1,924,237	-	1,924,237
3,002,265	-	3,002,265
<u>30,705,301</u>	<u>-</u>	<u>30,705,301</u>
982,640	117,849	1,100,489
264	-	264
1,222,100	-	1,222,100
185,881	(185,881)	-
<u>33,096,186</u>	<u>(68,032)</u>	<u>33,028,154</u>
771,822	-	771,822
7,193,250	1,061,672	8,254,922
415,476,398	24,617,741	440,094,139
(46,073)	-	(46,073)
<u>\$ 422,623,575</u>	<u>\$ 25,679,413</u>	<u>\$ 448,302,988</u>

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund - Accounts for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes such activities as police, planning, engineering, public works operations and maintenance, and legal and administrative services.

Below Market Rate Housing Fund - Utilized to account for fees collected from developers of 10 or more residential units, which are used to develop below market rate housing units through down payment assistance loans. In addition, it is utilized to account for fees collected from commercial and industrial developers, which are used to expand the stock of low and moderate income houses for people who work in the City.

Housing Special Revenue Fund - Established to service the low to moderate income housing loans created by the former Community Development Agency. The loans were transferred to this fund upon the dissolution of the Agency.

General Capital Improvement Project Fund - Utilizes an annual City General Fund transfer to provide adequate funding for maintenance of the City's current infrastructure.

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**City of Menlo Park
Balance Sheet
Governmental Funds
June 30, 2014**

	Major Funds					
	General Fund	Below Market Rate Housing Special Revenue Fund	Housing Special Revenue Fund	General Capital Improvement Project Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments	\$ 29,086,917	\$ 7,972,431	\$ 361,505	\$ 13,304,725	\$ 26,402,320	\$ 77,127,898
Restricted cash and investments	-	-	-	-	-	-
Receivables:						
Accounts	1,894,453	41,511	-	6,879	316,079	2,258,922
Interest	102,220	16,847	-	-	50,294	169,361
Notes	1,040,000	3,730,554	5,324,833	-	882,706	10,978,093
Due from other governments	607,535	-	-	-	226,630	834,165
Deposits and prepaid items	36,587	-	-	-	565	37,152
Due from other funds	93,026	-	-	-	1,486	94,512
Real estate held for resale	-	-	-	-	-	-
Total assets	\$ 32,860,738	\$ 11,761,343	\$ 5,686,338	\$ 13,311,604	\$ 27,880,080	\$ 91,500,103
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,327,740	\$ 10,200	\$ 313	\$ 123,830	\$ 386,045	\$ 1,848,128
Accrued payroll and related liabilities	1,142,906	-	-	39,240	82,198	1,264,344
Due to other funds	-	-	-	-	3,710	3,710
Deposits	927,593	-	-	-	85,000	1,012,593
Unearned revenue	671,256	-	-	-	-	671,256
Total liabilities	4,069,495	10,200	313	163,070	556,953	4,800,031
Deferred Inflows of Resources						
In-lieu agreement payments	800,000	-	-	-	-	800,000
Housing loans	-	-	5,189,567	-	882,706	6,072,273
Total deferred inflows of resources	800,000	-	5,189,567	-	882,706	6,872,273
Fund Balances:						
Nonspendable	1,076,587	-	-	-	565	1,077,152
Restricted	-	11,751,143	496,458	-	9,457,228	21,704,829
Committed	16,240,000	-	-	-	14,350,759	30,590,759
Assigned	4,307,634	-	-	13,148,534	2,685,975	20,142,143
Unassigned	6,367,022	-	-	-	(54,106)	6,312,916
Total fund balances	27,991,243	11,751,143	496,458	13,148,534	26,440,421	79,827,799
Total liabilities, deferred inflows of resources, and fund balances	\$ 32,860,738	\$ 11,761,343	\$ 5,686,338	\$ 13,311,604	\$ 27,880,080	\$ 91,500,103

See accompanying Notes to Basic Financial Statements.

City of Menlo Park
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2014

Total Fund Balances - Total Governmental Funds \$ 79,827,799

Amounts reported for Governmental Activities in the Statement of Net Position were different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet.

Non-depreciable (net of real estate held for resale in special revenue funds)	234,109,977
Depreciable (net of internal service fund capital assets of \$3,335,423)	215,598,635
Accumulated depreciation/amortization (net of internal service fund of \$2,818,719)	(85,707,676)

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the Governmental Funds Balance Sheet. (448,306)

Net OPEB liabilities are not due and payable in the current period, and therefore are not recorded in the governmental funds 9,263

Deferred inflows of resources recorded in Governmental Fund Financial Statements in the amount of \$6,072,273, resulting from activities in which revenues were earned but funds were not available are reclassified as revenues in the Government-Wide Financial Statements. 6,072,273

Landfill postclosure care costs do not require current financial resources and are not reported as a liability in the Governmental Fund Financials Statements. (5,139,145)

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet. The compensated absences is net of the internal service funds in the amount of \$4,052 short-term, and \$5,879 long-term.

Long-term liabilities - due within one year:	
Compensated absences payable	(920,579)
Long-term debt	(1,003,813)
Long-term liabilities - due in more than one year:	
Compensated absences payable	(1,335,545)
Long-term debt	(19,394,153)

Internal service funds are used to charge the costs of risk management, other post employment benefits and vehicle replacement to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Government-Wide Statement of Net Position. 954,845

Net Position of Governmental Activities \$ 422,623,575

See accompanying Notes to Basic Financial Statements.

City of Menlo Park
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2014

	Major Funds					Total Governmental Funds
	General Fund	Below Market Rate Housing Special Revenue Fund	Housing Special Revenue Fund	General Capital Improvement Project Fund	Non-Major Governmental Funds	
REVENUES:						
Taxes:						
Secured property taxes	\$ 14,081,491	\$ -	\$ -	\$ -	\$ -	\$ 14,081,491
Unsecured property taxes	384,686	-	-	-	-	384,686
Other property taxes	689,888	-	-	-	-	689,888
Sales taxes	6,444,292	-	-	-	-	6,444,292
Other taxes	7,158,313	-	-	82,386	1,844,612	9,085,311
Special assessments	-	-	-	-	3,131,099	3,131,099
Licenses and permits	5,782,225	-	-	-	440,350	6,222,575
Fines and forfeitures	1,253,261	-	-	-	-	1,253,261
Use of money and property	684,561	114,817	6,571	-	149,868	955,817
Intergovernmental	888,131	-	-	131,132	738,011	1,757,274
Charges for services	7,681,433	81,277	171,562	90,172	5,288,043	13,312,487
Other	26,356	-	-	-	115,078	141,434
Total revenues	45,074,637	196,094	178,133	303,690	11,707,061	57,459,615
EXPENDITURES:						
Current:						
General government	5,560,887	-	-	-	6,746	5,567,633
Public safety	14,144,949	-	-	-	49,708	14,194,657
Public works	4,967,899	-	-	-	3,162,852	8,130,751
Culture and recreation	9,127,797	-	-	-	203,077	9,330,874
Community development	3,749,480	-	-	-	499,472	4,248,952
Urban development and housing	38,941	92,560	2,022	-	-	133,523
Capital outlay	527,972	62,962	-	3,473,308	1,935,633	5,999,875
Debt service:						
Principal	-	-	-	-	620,000	620,000
Interest and fiscal charges	-	-	-	-	1,230,855	1,230,855
Total expenditures	38,117,925	155,522	2,022	3,473,308	7,708,343	49,457,120
REVENUES OVER (UNDER) EXPENDITURES	6,956,712	40,572	176,111	(3,169,618)	3,998,718	8,002,495
OTHER FINANCING SOURCES (USES):						
Transfers in	439,661	-	-	2,340,000	214,600	2,994,261
Transfers out	(2,554,600)	-	-	-	(253,780)	(2,808,380)
Proceeds from sale of assets	-	1,080,667	-	-	-	1,080,667
Total other financing sources (uses)	(2,114,939)	1,080,667	-	2,340,000	(39,180)	1,266,548
Extraordinary gain(loss)	771,822	-	-	-	-	771,822
Net change in fund balances	5,613,595	1,121,239	176,111	(829,618)	3,959,538	10,040,865
FUND BALANCES:						
Beginning of year, as previously reported	22,377,648	10,629,904	320,347	13,978,152	22,480,883	69,786,934
End of year	<u>\$ 27,991,243</u>	<u>\$ 11,751,143</u>	<u>\$ 496,458</u>	<u>\$ 13,148,534</u>	<u>\$ 26,440,421</u>	<u>\$ 79,827,799</u>

See accompanying Notes to Basic Financial Statements.

City of Menlo Park

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position For the year ended June 30, 2014

Net Change in Fund Balances - Total Governmental Funds	\$	10,040,865
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Amounts reported for governmental activities in the Statement of Activities were different because:

Governmental Funds reported acquisition of capital assets as expenditures in various functions and in capital outlay. However, in the Government-Wide Statement of Activities and Changes in Net Position, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period. This amount is net of changes recorded in the internal service funds of \$(229,255) .

3,123,270

Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the Governmental Funds. This amount is net of depreciation expense of \$142,167 recorded in the internal service funds.

(5,794,160)

Loss on the disposal of capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, it was not reported as expenditures in the Governmental Funds.

(965,667)

Revenues that have not met the revenue recognition criteria in the Fund Financial Statements are recognized as revenue in the Government-Wide Financial Statements. This amount represents the change in unearned revenue from the prior year.

(70,681)

Expenses to accrue for long-term compensated absences and OPEB liability (asset) is reported in the Government-Wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources. Therefore, these expenses are not reported in the Governmental Funds.

Change in compensated absences	(431,238)
Net change in OPEB asset	119,733

Bond proceeds provided current financial resources to Governmental Funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Repayment of bond principal was an expenditure in Governmental Funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Assets.

Long-term debt repayments	620,000
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Proceeds and premiums/discounts on issuance of debt are recorded as revenues/expenditures in the Fund Financial Statements. In the Government-Wide Financial Statements, these costs are capitalized and reported as long-term debt and the premium/discounts are amortized over the life of the debt.

(1,187)

Expenses for landfill postclosure costs are expenditures in the Governmental Fund Financial Statements but reduce the liability in the Government-Wide Financial Statements.

643,036

Interest expense on long-term debt was reported in the Government-Wide Statement of Activities and Changes in Net Position, but it did not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in the Governmental Funds. The following amount represents the change in accrued interest from the prior year.

12,344

Internal service funds are used to charge the costs of risk management, other post employment benefits and vehicle replacements to individual funds. The net revenue of the internal service funds is reported with governmental activities.

(103,065)

Change in Net Position of Governmental Activities	\$	7,193,250
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See accompanying Notes to Basic Financial Statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

Proprietary funds are used to account for activities that are financed and operated in a manner similar to private business enterprises. The City Council has determined that the cost of providing the following services to both internal and external customers be recovered primarily through user charges.

Enterprise Fund - Established to account for the financing of goods or services provided to external users. The water distribution operations of the Menlo Park Municipal Water District are the only enterprise activities of the City.

Internal Service Funds - These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

City of Menlo Park
Statement of Net Position
Proprietary Funds
June 30, 2014

	Major Enterprise Fund Water Fund	Governmental Activities Internal Service Funds
ASSETS		
Current assets:		
Cash and investments	\$ 14,459,791	\$ 3,648,918
Receivables:		
Accounts	1,121,572	6,851
Interest	30,696	7,750
Deposits and prepaid expenses	130	156,567
Total current assets	<u>15,612,189</u>	<u>3,820,086</u>
Capital assets:		
Non-depreciable	4,503,075	-
Depreciable, net	6,502,671	516,704
Total capital assets	<u>11,005,746</u>	<u>516,704</u>
Total assets	<u>26,617,935</u>	<u>4,336,790</u>
LIABILITIES		
Current liabilities:		
Accounts payable	730,855	139,626
Accrued payroll	53,829	4,439
Deposits	110,961	-
Due to other funds	-	90,802
Claims payable, due within one year	-	703,356
Compensated absences, due within one year	17,494	4,053
Total current liabilities	<u>913,139</u>	<u>942,276</u>
Noncurrent liabilities:		
Claims payable, due in more than one year	-	2,433,790
Compensated absences, due in more than one year	25,383	5,879
Total noncurrent liabilities	<u>25,383</u>	<u>2,439,669</u>
Total liabilities	<u>938,522</u>	<u>3,381,945</u>
NET POSITION		
Net investment in capital assets	11,005,746	516,704
Restricted for:		
Capital projects	15,212,663	-
Unrestricted	(538,996)	438,141
Total net position	<u>\$ 25,679,413</u>	<u>\$ 954,845</u>

See accompanying Notes to Basic Financial Statements.

City of Menlo Park
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2014

	Major Enterprise Fund Water Fund	Governmental Activities Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ 8,019,921	\$ 2,384,173
Connection fees	26,698	-
Total operating revenues	8,046,619	2,384,173
OPERATING EXPENSES:		
Cost of sales and services	6,308,574	-
Personnel services	-	123,358
General and administrative	408,772	189,113
Insurance	-	2,059,687
Depreciation	199,569	142,167
Total operating expenses	6,916,915	2,514,325
OPERATING INCOME (LOSS)	1,129,704	(130,152)
NONOPERATING REVENUES (EXPENSES):		
Interest income	117,849	26,823
Gain on sale of equipment	-	264
Total nonoperating revenues	117,849	27,087
INCOME (LOSS) BEFORE OPERATING TRANSFERS	1,247,553	(103,065)
TRANSFERS:		
Transfers out	(185,881)	-
Total transfers	(185,881)	-
Net income (loss)	1,061,672	(103,065)
NET POSITION:		
Beginning of year	24,617,741	1,057,910
End of year	\$ 25,679,413	\$ 954,845

See accompanying Notes to Basic Financial Statements.

City of Menlo Park
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2014

	Major Enterprise Fund	Governmental Activities
	Water Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers/other funds	\$ 7,613,458	\$ 2,438,288
Cash payment to suppliers	(5,596,532)	(2,179,531)
Cash payments for general and administrative	(753,549)	-
Cash paid to employees	-	(48,609)
Net cash provided (used) by operating activities	1,263,377	210,148
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers to other funds	(185,881)	-
Contributions	-	(17,638)
Net cash provided (used) by noncapital financing activities	(185,881)	(17,638)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(1,125,633)	(229,255)
Proceeds from disposal of capital assets	-	300
Net cash provided (used) by capital and related financing activities	(1,125,633)	(228,955)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	142,924	29,417
Net cash provided (used) by investing activities	142,924	29,417
Net increase (decrease) in cash and cash equivalents	94,787	(7,028)
CASH AND CASH EQUIVALENTS:		
Beginning of year	14,365,004	3,655,946
End of year	\$ 14,459,791	\$ 3,648,918
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 1,129,704	\$ (130,152)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	199,569	142,167
Changes in current assets and liabilities:		
Accounts receivable	(127,005)	36,160
Prepaid expenses	-	(544)
Accounts payable	(51,477)	76,588
Accrued payroll	23,884	(551)
Insurance claim payable	-	82,434
Compensated absences	(9,905)	4,046
Deposits	98,607	-
Total adjustments	133,673	340,300
Net cash provided (used) by operating activities	\$ 1,263,377	\$ 210,148

See accompanying Notes to Basic Financial Statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

Agency Funds are custodial in nature and do not involve measurements of results of operations. They are used to account for assets held in an agency capacity for others and therefore cannot be used to support the City's programs.

City of Menlo Park
Statement of Fiduciary Net Position
June 30, 2014

	<u>Total Successor Agency Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Current assets:		
Cash and investments:		
Held with City	\$ 3,103,697	\$ 31,785
Held with trustees	10,691,742	-
Prepays	-	342,290
Accounts receivable	-	652
Total assets	<u>\$ 13,795,439</u>	<u>\$ 374,727</u>
DEFERRED OUTFLOWS OF RESOURCES		
Interest rate swap	10,322,626	-
Deferred loss of refunding	2,176,116	-
	<u>12,498,742</u>	<u>-</u>
LIABILITIES		
Liabilities:		
Accounts payable	\$ 16,545	\$ -
Interest payable	189,770	-
Deposits	108,891	374,727
Long-term debt:		
Derivative instrument liability (Note 6C)	10,322,626	-
Due within one year	2,091,528	-
Due in more than one year	57,404,448	-
Total liabilities	<u>\$ 70,133,808</u>	<u>\$ 374,727</u>
NET POSITION		
Held in trust for private purpose	<u>(43,839,627)</u>	<u>-</u>
Total net position	<u>\$ (43,839,627)</u>	<u>\$ -</u>

City of Menlo Park
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund - Successor Agency
For the Period Ending June 30, 2014

	<u>Total Successor Agency Funds</u>
Additions:	
Property taxes	\$ 6,484,737
Investment earnings	116,202
Other	1,678,196
Total additions	<u>8,279,135</u>
Deductions:	
Program expenses of former redevelopment agency	19,205
Interest and fiscal agency expenses of former redevelopment agency	4,192,647
Total deductions	<u>4,211,852</u>
Extraordinary gain(loss)	<u>(7,373,173)</u>
Change in net position	<u>(3,305,890)</u>
Net position - beginning of the year	<u>(41,333,002)</u>
Prior period adjustments	799,265
Net position - end of the year	<u>\$ (43,839,627)</u>

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City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Menlo Park (City) was incorporated under the General Laws of the State of California and enjoys all the rights and privileges pertaining to such "General Law" cities. The City uses the City Council/Manager form of government. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

The criteria used in determining the scope of the reporting entity are based on the provisions of Governmental Accounting Statements No. 61, *The Financial Reporting Entity*. The City is the primary government unit based on the foundation of a separately elected governing board that is elected by the citizens in a general public election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The City is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

As of June 30, 2014, the City did not include component units, because as of February 1, 2012, the Community Development Agency was dissolved through State Assembly Bill 1X 26, which dissolved redevelopment agencies throughout the State of California. The activity of the former Community Development Agency was reported in the City's financial statements for the shortened period of July 1, 2012 through January 31, 2012. Subsequent to that, all remaining assets were transferred to the Successor Agency of the former Community Development Agency. The Successor Agency is reported in the City's financial statements as a fiduciary private-purpose trust fund.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The City Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental and business-type activities for the City, the primary government, accompanied by a total column. Fiduciary activities of the City are not included in these statements.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Reporting Entity, Continued

These Government-Wide Financial Statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets, deferred outflows of resources, liabilities (including capital assets and related infrastructure assets and long-term liabilities), and deferred inflows of resources are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position.

Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. However, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Advances to/from other funds
- Transfers in/out

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) under Governmental Accounting Statements No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30 ,1989 FASB and AICPA Pronouncements*.

B. Basis of Accounting and Measurement Focus

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net

position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented the following major funds:

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus

General Fund - Accounts for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes such activities as police, planning, engineering, public works operations and maintenance, library, recreational programs and legal and administrative services.

Below Market Rate Housing Fund - Utilized to account for fees collected from developers of 10 or more residential units, which are used to develop below market rate housing units through down payment assistance loans. In addition, it is utilized to account for fees collected from commercial and industrial developers, which are used to expand the stock of low and moderate income houses for people who work in the City.

Housing Special Revenue Fund - Established to service the low and moderate income housing loans created by the former Community Development Agency. The loans were transferred to this fund upon dissolution of the Agency.

General Capital Improvement Project Fund - Utilizes General Fund transfers to provide adequate funding for the maintenance of the City's existing infrastructure and other non-recurring initiatives.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current position. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except those revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Unearned revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the deferred revenue is removed from the balance sheet and revenue is recognized.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Change in Net Position, and a Statement of Cash Flows for all proprietary funds.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

There are two types of proprietary funds: enterprise funds and internal service funds. The City accounts for the activities of the Menlo Park Municipal Water District as its only enterprise fund. As such, the fund comprises the only business-type activities reported in the City-wide financial statements. Activities of the City’s Workers’ Compensation, General Liability, Retiree Medical Benefit and Vehicle Replacement programs are accounted for in four separate internal service funds. These activities are included in the City-wide financial statements as governmental activities.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Fiduciary Net Position. The City’s fiduciary funds represent agency funds, which are custodial in nature and do not involve measurement of results of operations. The agency funds are accounted for using the accrual basis of accounting. Agency funds are used to account for Refundable Deposits, Cash Bonds Payable and the Payroll Revolving.

The City also maintains fiduciary funds (private-purpose trust funds) for the Successor Agency to the former Community Development Agency. Private-purpose trust funds include a Statement of Net Position and a Statement of Changes in Fiduciary Net Position.

C. Use of Restricted and Unrestricted Net Position

When an expense is incurred for purposes for which both the restricted and unrestricted portions of net position are available, the City’s policy is to apply restricted portion of net position first.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Cash and Investments

The City pools cash resources from all funds in order to facilitate the management of cash. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk

In addition, other disclosures are specified including the use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at the time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested a portion of the pooled funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to the changes in interest rates.

Cash equivalents are considered amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the City and are presented as "Cash and Investments" in the accompanying Basic Financial Statements.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated capital assets are valued at their estimated fair market value on the date donated. City policy has set the capitalization threshold for reporting capital assets at \$5,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings	40 years
Other improvements	40 years
Equipment	3-15 years
Infrastructure	15-50 years

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with GASB Statement No. 34, the City has included all infrastructure into the current Basic Financial Statements.

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include streets, sewer, and park lands. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

Interest accrued during capital assets construction, if any, is capitalized for the business-type and proprietary funds as part of the asset cost.

For all infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. The City commissioned an appraisal of City owned infrastructure and property as of June 30, 2002. This appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Original costs were developed in one of three ways: (1) historical records; (2) standard unit costs appropriate for the construction/acquisition date; or (3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

F. Real Estate Held for Resale

Real property held for resale is carried at the lower of cost or estimated net realizable value.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Long-Term Obligations

In the Government-Wide Financial Statements, the long-term obligations are reported as liabilities in the appropriate funds.

The Fund Financial Statements do not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

H. Net Position and Fund Equity

In the Government-Wide Financial Statements, net position is classified in the following categories:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted- This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted- This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted."

Fund Financial Statements

In the Fund Financial Statements, fund balances are in classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in the governmental funds. Fund balances are classified in the following categories:

Nonspendable - Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted - Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed - Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body through council resolutions, etc., and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City.

Assigned - Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Net Position and Fund Equity, Continued

of decision making or by a committee or official designated for the purpose. The City Council has given the authorization to the City Manager to assign any net fund resources.

Unassigned - This category is for any balances that have no restrictions placed upon them.

In June 2011, the City Council updated the fund balance policy for net position and fund equity. Due to the nature of the restrictions of Nonspendable and Restricted fund balances, the policy focuses on financial reporting of unrestricted fund balance, or the last three categories listed above. As the highest level of decision-making authority, City Council may commit fund balances for specific purposes pursuant to constraints imposed by formal actions taken, such as an ordinance or resolution. The policy delegates the authority to assign fund balance amounts to be used for specific purposes to the City Manager for the purpose of reporting these amounts in the annual financial statements. Restricted fund balances will be expended before unrestricted fund balances when expenditures are incurred for purposes for which both are available. Unrestricted fund balances will be exhausted in the order of assigned, unassigned and committed when expenditures are incurred for which any of these fund balances are available.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

J. Compensated Absences

City employees have vested interests in varying levels of vacation, sick leave, and compensatory time. If compensated absences are not used by the employee during the term of employment, compensation is payable to the employee at the time of retirement or termination. Such compensation is calculated at the employees' then prevalent rate at the time of retirement or termination. Whereas vacation and compensatory time is compensated at 100% of accumulated hours, sick leave is accrued and compensated only at retirement at 15% of accumulated hours. On termination, only accrued vacation and compensatory time is compensated, not sick leave. The liabilities for compensated absences of the governmental activities are recorded in the Government-Wide Financial Statements. However, the General Fund is liable for 90% of the total city-wide compensated absence liability. The liabilities of compensated absences of proprietary funds are recorded as liabilities in the appropriate proprietary fund and in the business-type activities in the Government-Wide Financial Statements. The liabilities of compensated absences in the governmental funds are reported in those funds only if there is an unused reimbursable leave still outstanding following an employee's resignation or retirement as of June 30, 2014.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. *Compensated Absences, Continued*

A recap of the maximum accruals by bargaining unit is as follows:

<u>Bargaining Unit</u>	<u>Vacation</u>	<u>Sick Leave</u>
SEIU	336 hours	1,440 hours
AFSCME	336 hours	1,440 hours
POA	424 hours	1,500 hours
PMA	1,400 hours combined	
Administration	1,200 hours combined	

K. *Property Taxes*

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas. Accordingly, the City accrues only those taxes which are receivable from the County of San Mateo (County) within sixty days after year-end.

Lien Date	March 1
Levy Date	July 1
Due Date	November 1 and February 1
Collection	December 10 and April 10

Property taxes levied are recorded as revenue when received, in the fiscal year of levy, because of the adoption of the "alternate method of property tax distribution," known as the Teeter Plan, by the City and the County. The Teeter Plan authorizes the Auditor/Controller of the County to allocate 100% of the secured property taxes billed, but not yet paid.

L. *Interfund Balances/Internal Balances*

Advances to and advances from other funds represent interfund loans in the fund financial statements. Advances between funds are offset by a fund balance reservation or by unearned revenue in the applicable governmental funds to indicate that they are not available financial resources. Any unpaid interest due to lack of funds in the borrowing fund increases the principal owed and is reported in the lending fund as unearned revenue. All other outstanding balances between funds are reported as due to and due from other funds. These are generally repaid within the following fiscal year. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. New Pronouncements

For the fiscal year ending June 30, 2014, the City has implemented the following Governmental Accounts Standards Board (GASB) Statement:

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65"), is effective for consolidated financial statements for periods beginning after December 31, 2012. GASB 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, this statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. The City restated beginning net position as part of implementation of this standard.

GASB Statement No. 66, *Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62* – The objective of this statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. There was no effect on net position as part of the implementation of this standard.

GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25* – The object of this statement is to improve financial reporting by state and local governmental pension plans. There was no effect on net position as part of the implementation of this standard.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* – The objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. There was no effect on net position as a part of the implementation of this standard.

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* ("GASB 68") - The primary objective of GASB 68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. GASB 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. Governments will have to enhance note disclosures and schedules of required supplementary information. GASB 68 is effective for fiscal year June 30, 2015. The City is currently evaluating the impact of adopting this GASB Standard.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. New Pronouncements, continued

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* - This statement establishes account and financial reporting standards related to government combinations and disposals of government operations.

GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to Measurement Date - an Amendment of GASB Statement No. 68* - The objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68.

2. CASH AND INVESTMENTS

The City maintains a cash and investment pool for all funds. Certain restricted funds, which are held and invested by independent outside custodians through contractual agreements, are not pooled. These restricted funds are reported as cash with fiscal agents.

Investment income earned on pooled cash and investments (including realized and unrealized gains and losses) is allocated monthly to the various funds based on monthly cash balances. Investment income from cash and investments with fiscal agents is credited directly to the related funds.

The investments made by the City Treasurer are limited to those allowable under State statutes as incorporated into the City's Investment Policy, which is adopted annually and is more conservative than that allowed by State statute.

Under provisions of this policy, the City is authorized to invest in the following types of investments:

- Certificates of Deposit
- Bankers Acceptances
- Commercial Papers
- Repurchase Agreements
- Government Agency Securities
- Treasury Bills and Notes
- Medium Term Notes
- Money Market Funds
- State of California Local Agency Investment Fund

A. Authorized Investments

The City will not invest in securities maturing more than five years from the date of purchase, unless the Council has by resolution granted authority to make such an investment at least three months prior to the date of investment.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

2. CASH AND INVESTMENTS, Continued

A. Authorized Investments, continued

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, requires that the City’s investments be carried at fair market value instead of cost. Accordingly, the City adjusts the carrying value of its investments to reflect their fair value at each fiscal year-end, and the effects of these adjustments are included in income for that fiscal year. Changes in fair value in the fiscal year ended June 30, 2014 from the fiscal year ended June 30, 2013, amounted to a decrease of \$147,575.

B. Deposits

At June 30, 2014, the carrying amount of the City’s deposits was \$1,119,944 and the bank balances were \$2,287,134. The total bank balance was covered by federal depository insurance or by collateral held by the City’s agent in the City’s name. In addition, the City has \$145,000 deposited with the Bay Cities Joint Powers Insurance Authority.

All pooled certificates of deposit and bank balances are entirely insured or collateralized. The California Government Code requires California banks and savings and loan associations to secure an agency’s deposits by pledging government securities as collateral. The market value of the pledged securities must equal at least 110% of an agency’s deposits. California law also allows financial institutions to secure local agency deposits by pledging first trust deed mortgage notes having a value of 150% of a local agency’s deposits. The City may waive collateral requirements for deposits which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

C. Risks Disclosures

The following is a summary of pooled cash and investments, including cash and investments with fiscal agent at June 30, 2014.

	Government-Wide Statement of Net Position			Fund Financials	
	Governmental Activities	Business-Type Activities	Total	Fiduciary Funds	
				Statement of Net Position	Total
Cash and investments	\$ 80,776,816	\$ 14,459,791	\$ 95,236,607	\$ 3,135,482	\$ 98,372,089
Restricted cash and investments	\$ -	\$ -	\$ -	\$ 10,691,742	\$ 10,691,742

Restricted cash and investments held by fiscal agent in the City’s debt service funds are restricted for the payment of principal and interest on general obligation and tax refunding bonds.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

2. CASH AND INVESTMENTS, Continued

C. Risks Disclosures, Continued

As of June 30, 2014, the City had the following cash and investments and maturities:

Investment Type	Fair Value	1 year or less	1-2 years	2-3 years	3-4 years	4-5 years
Deposits	\$ 1,119,944	\$ 1,119,944	\$ -	\$ -	\$ -	\$ -
Petty cash	7,332	7,332	-	-	-	-
Securities of U.S. Government:						
U.S. Treasury T-notes	5,027,227	1,000,508	-	4,026,719	-	-
U.S. instrumentality	17,007,446	3,042,060	-	6,032,840	7,932,546	-
Local Agency Investments Funds	42,072,062	42,072,062	-	-	-	-
Commercial paper	6,994,641	6,994,641	-	-	-	-
Corporate notes	26,143,436	9,197,557	3,802,631	11,187,577	1,955,672	-
Total	\$ 98,372,089	\$ 63,434,104	\$ 3,802,631	\$ 21,247,136	\$ 9,888,218	\$ -

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs. At June 30, 2014, the City's pooled cash and investments had the following maturities:

<u>Maturity</u>	<u>Percentage of Investment</u>
Less than one year	64%
One to two years	4%
Two to three years	22%
Three to four years	10%

Credit Risk: It is the City's policy that commercial paper have a rating of "A-1" or higher by a nationally recognized statistical rating organization (NRSRO) and with a maturity date not exceeding 270 days from the date of purchase. Medium-term notes, with a final maturity not exceeding four years from the date of purchase, must have a rating of AA or the equivalent by a NRSRO. Medium-term notes with a final maturity exceeding four years from the date of purchase shall be rated at least AAA or the equivalent by a NRSRO at the time of purchase. According to the City's investment policy, the aggregate investment in medium-term notes will not exceed 30% of the City's total portfolio. The Local Agency Investment Fund (LAIF), administered by the State of California, has a separate investment policy, governed by Government Code Sections 16480-16481.2, that provides credit standards for its investments.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

2. CASH AND INVESTMENTS, Continued

C. Risks Disclosures, Continued

Issuer	Type	Ratings	
		Standard & Poor's	Moody's
FNMA	U.S. Instrumentality	AA+	Aaa
FHLMC	U.S. Instrumentality	AA+	Aaa
U.S. Treasury	T-Note	AA+	Aaa
Berkshire Hathaway	Corporate bond	AA	Aa2
ING Funding	Commercial Paper	A-1	P-1
IBM Corp	Corporate bond	AA-	Aa3
FHLB	U.S. Instrumentality	AA+	Aaa
Pfizer Inc	Corporate bond	AA	A1
GE Capital	Corporate bond	AA+	A1
Barclays US Funding	Commercial Paper	A-1	P-1
US Bancorp	Corporate bond	A+	A1
Well Fargo	Corporate bond	A+	A2
3M Company	Corporate bond	AA-	Aa2
Apple Inc	Corporate bond	AA+	Aa1
FFCB	U.S. Instrumentality	AA+	Aaa
Google Inc	Corporate bond	AA	Aa2
Toyota Motor Credit	Corporate bond	AA-	Aa3
Microsoft	Corporate bond	AAA	Aaa
PEPSICO Inc	Corporate bond	A-	A1

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All securities, with the exception of the money market funds and LAIF, are held by a third-party custodian (Union Bank of California Trust Division). Union Bank is a registered member of the Federal Reserve Bank. The securities held by Union Bank are in street name, and an account number assigned to the City identifies ownership.

D. External Investment Pool

The City's investments with LAIF at June 30, 2014, included a small portion of the pooled funds invested in Structured Notes and Asset-Backed Securities. These investments may include the following:

Structured Notes – debt securities (other than asset-back securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities – generally mortgage-backed securities which entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

As of June 30, 2014, the City had \$42,059,497 invested in LAIF, which had invested 1.86% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines fair value of its

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

2. CASH AND INVESTMENTS, Continued

D. External Investment Pool, Continued

investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. The City valued its investments in LAIF as of June 30, 2014, by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate amortized cost by total aggregate fair value. Accordingly, as of June 30, 2014, the City's investment in LAIF at fair value amounted to \$42,072,062 using a LAIF fair value factor of 1.00029875.

E. Successor Agency Pooled Cash and Investments

Cash and investments consisted of \$3,103,697 at June 30, 2014. The Agency pools cash from all sources and all funds with the City so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time. Restricted cash and investments amounted to \$10,691,742. These are funds held by fiscal agents to service outstanding bonds of the former Community Development Agency.

3. RECEIVABLES

A. Accounts Receivable

As of June 30, 2014, accounts receivable consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Taxes:			
Occupancy taxes	\$ 1,176,728	\$ -	\$ 1,176,728
Utility taxes	90,676	-	90,676
Total taxes	1,267,404	-	\$ 1,267,404
Franchise fees	136,780	-	136,780
Rental income	33,000	-	33,000
General government charges	21,251	-	21,251
Public works charges	170,420	-	170,420
Community development fees	375,270	-	375,270
Recreation programs	44,906	-	44,906
Water service fees	-	1,121,572	1,121,572
Parking fines	33,964	-	33,964
Shuttle program revenues	141,267	-	141,267
Housing fees	41,511	-	41,511
Total accounts receivable	\$ 2,265,773	\$ 1,121,572	\$ 3,387,345

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

3. RECEIVABLES, continued

A. Notes Receivable

As of June 30, 2014, notes receivable consisted of the following:

	Notes Receivable
Major Funds:	
General Fund	\$ 1,040,000
Below Market Rate Housing	3,730,554
Housing Fund	5,324,833
Total major funds	<u>10,095,387</u>
Other Governmental Funds:	
Community Development Block Grant	798,299
Emergency repair loan (ERL)	84,407
Total special revenue funds	<u>882,706</u>
Total notes receivable	<u><u>\$ 10,978,093</u></u>

City Manager Housing

As part of the employment agreement with the City Manager, effective March 2012, the City Council has authorized a loan evidenced by a note totaling \$990,000 in order to assist in the purchase of residential real estate property. The note is secured by a deed of trust on the property. The note bears an interest rate of 3.5% per annum, or, at the option of the City Manager, he may pay 2% per annum interest only, and 1.5% per annum would be deferred until the ultimate sale of the property or payment of the loan. The note is due and payable within 24 months of termination of employment or within 12 months if he no longer resides in the property. Effective January 1, 2014, City Council reduced the interest rate payable to 3% per annum and authorized an additional loan of up to \$360,000 for remodeling/renovation of his home with an interest rate of 2.5%. The outstanding balance of the notes at June 30, 2014, was \$1,040,000.

Community Development Block Grant

The City administers home improvement loans to seniors and very low income residents using Community Development Block Grant (CDBG) funds. The program provides for no or very low interest loans, which are secured by deeds of trust. Although payments for some loans are amortized over an established schedule, some loans allow for deferred payment of accrued interest and principal until the property changes ownership. Repayments received from outstanding loans are used to make additional housing rehabilitation loans. Outstanding loans at June 30, 2014, were \$798,299. Since the funds have not been legally vested with the City as of June 30, 2014, these funds are reported as unearned revenue.

Housing Fund

With the dissolution of the Menlo Park Community Development Agency (Agency) as of February 1, 2012, the City has assumed all the loans from the Agency.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

3. RECEIVABLES, Continued

B. Notes Receivable, Continued

The City assumed a loan the Agency made to Peninsula Habitat for Humanity for purchase of two mini-park lots as sites to develop two single-family houses for very low-income homeowners. Loan repayment is structured as a zero interest note with a twenty-year term. The outstanding balance at June 30, 2014, was \$16,250.

The City also assumed a loan the Agency made to Mid-Peninsula Housing Coalition for the purchase of a five-unit apartment building for very low-income households. The loan carried a 3% simple interest rate per annum, with payments made from residual receipts of the property. The remaining balance of the loan was paid on July 30, 2013, which included the principal amount of \$89,749 and interest in the amount of \$222.

The City has housing rehabilitation loans to six eligible participants. Loans bear no or very low interest and are not due until the property changes ownership. The outstanding balance of these loans at June 30, 2014, was \$418,155.

Gateway – In June 1987, the Agency issued \$8,605,000 of multifamily housing revenue bonds for Menlo Gateway, Inc., a California nonprofit public benefit corporation, to fund a mortgage loan for paying the costs of acquisition and rehabilitation of a 130-unit multifamily housing project known as The Gateway, designed for occupancy by persons eligible for assistance under Section 8 of the United States Housing Act of 1937. The bonds had interest rates ranging from 5.75% to 8.25%, with payments which were to be made semi-annually on June 1 and December 1 through 2028. The bonds were payable solely from and were secured by a pledge of payments and other amounts due to the Menlo Gateway Inc. The bonds did not constitute a debt or liability of the Agency of the City and, therefore, were not reflected in the financial statements. In addition, the City did not act in any capacity in making debt service payments.

On October 28, 2002, the Agency made a loan to Menlo Gateway, Inc. to refinance Menlo Gateway's debt in the amount of \$4,022,157. The loan bears a compounded interest rate of 3% per annum. The payment is secured by the Deed of Trust. The final payment is due on February 15, 2043. The outstanding balance as of June 30, 2014, was \$4,890,428. Menlo Gateway is to make annual payments on the loan as defined in the promissory note.

Total Housing Fund loans at June 30, 2014, amounted to \$5,324,833.

Below Market Rate Housing

The City uses Below Market Rate Housing Reserve funds to provide residents and employees who work in Menlo Park with second mortgage loans to purchase their first home in Menlo Park. These "PAL" loans are amortized over 30 years, and are currently restricted to purchasers of Below Market Rate.

Housing units, which are income and price restricted housing units produced through the City's Below Market Rate Housing program. Outstanding loans at June 30, 2014, were \$3,730,554.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

3. RECEIVABLES, Continued

B. Notes Receivable, Continued

Emergency Repair Loan (ERL)

The Emergency Repair Loan (ERL) Program is designed to assist lower income households with minor emergency repairs to their home. The revolving loan program was originally funded by a Federal Revenue Sharing Grant. The maximum loan amount is \$10,000 at 3% interest per annum, with a loan term of either 5, 10, or 15 years. Outstanding loans at June 30, 2014, were \$84,407.

4. UNEARNED REVENUE

A. Government-Wide Financial Statements

Unearned revenues in the Government-Wide Financial Statements represent amounts for which revenues have not been earned. At June 30, 2014, unearned revenues in the Government-Wide Financial Statements were as follows:

	Governmental Activities
Recreation summer programs	\$ 494,502
Library donations	43,107
Percent for art deferred	8,647
Successor Agency administration fee	125,000
Total	\$ 671,256

B. Fund Financial Statements

At June 30, 2014, the following unearned revenues were recorded in the Fund Financial Statements because either the revenues had not been earned or the funds were not available to finance expenditures of the current period:

Governmental Funds:

	General Fund
Recreation Summer Programs	\$ 494,502
Library donations	43,107
Percent for art deferred	8,647
Successor Agency administration	125,000
Total	\$ 671,256

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

5. CAPITAL ASSETS

A. Government-Wide Financial Statements

The following is a summary of capital assets for governmental activities:

	Balance June 30, 2013	Additions	Retirements	Reclassifications	Adjustments	Balance June 30, 2014
Governmental Activities:						
Capital assets, not being depreciated/amortized:						
Land	\$ 199,256,305	\$ -	\$ -	\$ -	\$ -	\$ 199,256,305
Land improvements	32,900,109	-	-	-	-	32,900,109
Construction in progress	2,537,004	937,849	(654,715)	(866,575)	-	1,953,563
Total capital assets, not being depreciated/amortized	<u>234,693,418</u>	<u>937,849</u>	<u>(654,715)</u>	<u>(866,575)</u>	<u>-</u>	<u>234,109,977</u>
Capital assets, being depreciated/amortized:						
Buildings	76,762,760	231,528	-	28,159	-	77,022,447
Shared use facilities	2,600,000	-	-	-	-	2,600,000
Equipment	7,064,784	633,545	(369,262)	-	-	7,329,067
Other improvements	16,370,783	947,031	-	6,991	-	17,324,805
Infrastructure	113,871,991	602,572	(648,249)	831,425	-	114,657,739
Total capital assets, being depreciated/amortized	<u>216,670,318</u>	<u>2,414,676</u>	<u>(1,017,511)</u>	<u>866,575</u>	<u>-</u>	<u>218,934,058</u>
<i>Less accumulated depreciation/amortization for:</i>						
Buildings	(16,749,572)	(1,563,729)	-	-	-	(18,313,301)
Shared use facilities	(364,000)	(104,000)	-	-	-	(468,000)
Equipment	(5,652,888)	(387,064)	366,208	-	-	(5,673,744)
Other improvements	(5,349,830)	(798,545)	-	-	-	(6,148,375)
Infrastructure	(55,180,301)	(3,082,989)	340,315	-	-	(57,922,975)
Total accumulated depreciation/ amortization	<u>(83,296,591)</u>	<u>(5,936,327)</u>	<u>706,523</u>	<u>-</u>	<u>-</u>	<u>(88,526,395)</u>
Total capital assets, being depreciated/amortized, net	<u>133,373,727</u>	<u>(3,521,651)</u>	<u>(310,988)</u>	<u>866,575</u>	<u>-</u>	<u>130,407,663</u>
Governmental activities capital assets, net	<u><u>\$ 368,067,145</u></u>	<u><u>\$ (2,583,802)</u></u>	<u><u>\$ (965,703)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 364,517,640</u></u>

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

5. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

Depreciation expense was charged to the various governmental activities as follows:

General government	\$ 619,438
Public safety	166,742
Public works	3,156,637
Culture and recreation	1,991,243
Community development	<u>2,267</u>
Total depreciation expense - governmental departments	<u><u>\$ 5,936,327</u></u>

The following is a summary of capital assets for business-type activities:

	Balance June 30, 2013	Additions	Retirements	Reclassifications	Adjustments	Balance June 30, 2014
Business Activities:						
Capital assets, not being depreciated:						
Land	\$ 1,066,454	\$ -	\$ -	\$ -	\$ -	\$ 1,066,454
Land improvements	-	-				-
Construction in progress	2,310,988	1,125,633	-	-	-	3,436,621
Total capital assets, not being depreciated	<u>3,377,442</u>	<u>1,125,633</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,503,075</u>
Capital assets, being depreciated:						
Buildings	4,159,460	-			-	4,159,460
Equipment	542,565	-	(2,242)	-	-	540,323
Other improvements	-	-	-	-	-	-
Infrastructure	8,371,534	-	-	-	-	8,371,534
Total capital assets, being depreciated	<u>13,073,559</u>	<u>-</u>	<u>(2,242)</u>	<u>-</u>	<u>-</u>	<u>13,071,317</u>
<i>Less accumulated depreciation for:</i>						
Buildings	(1,629,911)	(83,189)	-	-	-	(1,713,100)
Equipment	(481,876)	(11,884)	2,242	-	-	(491,518)
Other improvements	-	-	-	-	-	-
Infrastructure	(4,259,532)	(104,496)	-	-	-	(4,364,028)
Total accumulated depreciation	<u>(6,371,319)</u>	<u>(199,569)</u>	<u>2,242</u>	<u>-</u>	<u>-</u>	<u>(6,568,646)</u>
Total capital assets, being depreciated, net	<u>6,702,240</u>	<u>(199,569)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,502,671</u>
Business activities capital assets, net	<u><u>\$ 10,079,682</u></u>	<u><u>\$ 926,064</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11,005,746</u></u>

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

5. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

Depreciation expense for all proprietary funds was \$199,569 for the year ended June 30, 2014, which was recorded in the City's water business-type activity.

B. Successor Agency Capital Assets

The following is a summary of capital assets for fiduciary activities:

	Balance June 30, 2013	Additions	Retirements	Adjustments	Balance June 30, 2014
Fiduciary Activities:					
Capital assets, not being depreciated/amortized:					
Land	\$ 5,694,977	\$ -	\$ (5,694,977)	\$ -	\$ -
Construction in progress	-	-	-	-	-
Total capital assets, not being depreciated/amortized	5,694,977	-	(5,694,977)	-	-
Fiduciary activities capital assets, net	\$ 5,694,977	\$ -	\$ (5,694,977)	\$ -	-

On August 30, 2013, the Successor Agency sold the remaining capital assets held by the former Community Development Agency and remitted the proceeds to the County. The capital assets consisted of a 2.2 acre tract of land held that was to be used for low to moderate income housing.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

6. LONG-TERM DEBT

A. Long-Term Obligations

Summary of changes in long-term debt transactions for the year ended June 30, 2014 was as follows:

	Balance July 1, 2013	Additions	Deletions	Adjustments	Balance June 30, 2014	Due within one year
<u>Governmental Activities</u>						
1996 General Obligation Refunding Bonds	\$ 1,215,000	\$ -	\$ (380,000)		\$ 835,000	\$ 405,000
2009A General Obligation Bonds	955,000	-	(60,000)	-	895,000	65,000
2009B General Obligation Bonds	9,360,000	-	-	-	9,360,000	-
Premium on 2009 General Obligation Bonds	64,975	-	(2,499)	-	62,476	2,499
2012 General Obligation Refunding Bonds	9,490,000	-	(180,000)	-	9,310,000	535,000
Discount on 2012 General Obligation Bonds	(68,196)	-	3,686	-	(64,510)	(3,686)
Total governmental activities	<u>\$ 21,016,779</u>	<u>\$ -</u>	<u>\$ (618,813)</u>	<u>\$ -</u>	<u>\$ 20,397,966</u>	<u>\$ 1,003,813</u>
	Balance July 1, 2012	Adjustments (A)	Additions	Deletions	Balance June 30, 2013	Due within one year
<u>Fiduciary Activities</u>						
2006 Las Pulgas Project Tax Allocation Bonds	\$ 61,755,000	-	\$ -	\$ (2,030,000)	\$ 59,725,000	\$ 2,105,000
Discount on 2006 Las Pulgas Project Tax Allocation Bonds	(242,496)	-	-	13,472	(229,024)	(13,472)
Total fiduciary activities	<u>\$ 61,512,504</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,016,528)</u>	<u>\$ 59,495,976</u>	<u>\$ 2,091,528</u>

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

6. LONG-TERM DEBT, Continued

A. Long-Term Obligations, Continued

1996 General Obligation Refunding Bonds

During fiscal year 1995-96, the City issued \$4,630,000 of 1996 General Obligation Refunding Bonds to fund certain library improvement projects. The bonds bear interest rates between 3.75% and 5.0% annually between June 30, 2000 and August 1, 2015. The bonds mature on August 1 of each year from 1996 to 2015 in amounts ranging from \$40,000 to \$430,000. Interest is payable semi-annually on February 1 and August 1 of each year. The bonds are paid from special assessments to property owners within the City.

Outstanding bonds maturing on or before August 1, 2008, are subject to optional redemption prior to maturity at the option of the City, in whole or in part, at any time, from any available source of funds thereof at redemption prices of 100 percent of the principal amount, plus accrued interest to the date fixed for redemption.

The annual debt service requirements to maturity for the 1996 General Obligation Refunding Bonds Outstanding at June 30, 2014, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	405,000	31,625	436,625
2016	430,000	10,750	440,750
Total	\$ 835,000	\$ 42,375	\$ 877,375

2009 General Obligation Bonds

On July 1, 2009, the City issued a second series of the “Measure T” General Obligation bonds in the amount of \$10,440,000. The financing was used to fund new recreation facilities, specifically, a new gymnasium and new gymnastic center on the Burgess campus. The decision to include Build America Bonds (BABs) in the financing allowed the City to generate an additional \$1,049,000 over the tax exempt bonds. The overall “total issuance cost” for the series was 4.638%.

The Series A (Tax Exempt) Bonds totaled \$1,080,000; the (serial) bonds bear an annual interest of 5% and mature annually from 2010 to 2024 on August 1 in amounts ranging from \$10,000 to \$100,000.

The Series B (Taxable Build America) Bonds totaled \$9,360,000; the (term) bonds bear an annual interest at rates between 6.82% and 7.02% and mature annually from 2025 to 2039 on August 1 in amounts ranging from \$110,000 to \$1,355,000.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

6. LONG-TERM DEBT, Continued

A. Long-Term Obligations, Continued

The 2009 General Obligation Bonds maturing on or before August 1, 2019 are not subject to redemption prior to their stated maturities. The bonds maturing in each year beginning August 1, 2020, are subject to redemption prior to maturity, at the option of the City, from any source of available funds, as a whole or in part on any date on or after August 1, 2019, at a redemption price equal to the principal amount of the Bonds called, together with interest accrued to the date of redemption. If less than all of the bonds are called for redemption, the bonds will be redeemed in inverse order of maturities, and if less than all of the bonds of any given maturity are called for redemption, the portions of such bonds of a given maturity to be redeemed shall be determined by lot.

The annual debt service requirements to maturity for the 2009 General Obligation Bonds outstanding at June 30, 2014, were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	65,000	698,435	763,435
2016	65,000	695,185	760,185
2017	70,000	691,935	761,935
2018	75,000	688,435	763,435
2019	75,000	684,685	759,685
2020-2024	445,000	3,362,425	3,807,425
2025-2029	565,000	3,227,731	3,792,731
2030-2034	1,595,000	3,017,030	4,612,030
2035-2039	5,945,000	1,765,179	7,710,179
2040-2040	1,355,000	95,121	1,450,121
Total	\$ 10,255,000	\$ 14,926,161	\$ 25,181,161

2012 General Obligation Bonds

In January 2012, the City of Menlo Park issued General Obligation Bonds in a par amount of \$9,830,000 for the purpose of refunding at lower interest rates the City's outstanding Series 2002 General Obligation Bonds. The bonds bear an interest rate of 3.75% annually between January 2012 and August 1, 2032. The bonds mature on August 1 of each year starting in 2013 and ending 2032 in amounts ranging from \$180,000 to \$640,000. No amount of the bonds are to mature before August 1, 2012. Interest is paid semi-annually on February 1 and August 1 of each year. The bonds are paid from special assessments to property owners within the City.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

6. LONG-TERM DEBT, Continued

A. Long-Term Obligations, Continued

The annual debt service requirements to maturity for the 2012 General Obligation Bonds outstanding at June 30, 2014, were as follows:

Year Ending June 30,	Principal	Interest	Total
2015	535,000	349,125	884,125
2016	555,000	329,063	884,063
2017	355,000	308,250	663,250
2018	365,000	294,938	659,938
2019	380,000	281,250	661,250
2020-2024	2,135,000	1,181,063	3,316,063
2025-2029	2,565,000	749,063	3,314,063
2030-2033	2,420,000	231,188	2,651,188
Total	\$ 9,310,000	\$ 3,723,939	\$ 13,033,939

B. Prior Years' Defeased Obligations

1996 and 2000 Tax Allocation Bonds

During fiscal year 2005-06, the City's former Community Development Agency issued \$72,430,000 of 2006 Tax Allocation Refunding Bonds to refund and defease the Agency's outstanding principal of \$25,515,000 of the 1996 Tax Allocation Refunding Bonds and the outstanding principal of \$43,215,000 of the 2000 Tax Allocation Refunding Bonds. Both the 1996 and 2000 series bonds have been 100% defeased and the liability has been removed from the long-term debt.

The refundings were undertaken to reduce total debt service payments over the next 25 years and to obtain an estimated net savings of over \$5,122,000 over the life of the bonds.

2002 General Obligation Bonds

As noted previously, the City issued \$13,245,000 of the 2002 General Obligation Bonds known as "Measure T" bonds. This financing was used to fund various parks and recreation projects in the City. The bonds bear annual interest at rates between 4.50% and 5.75%, with interest payments made semi-annually on February 1 and August 1. In January 2012, the City issued \$9,830,000 in 2012 General Obligation Bonds for the purpose of refunding the 2002 General Obligation bonds, and the 2002 General Obligation Bonds have been 100% defeased and the liability has been removed from long-term debt. Additionally, the City placed \$1,460,000 into escrow. Future debt service payments were reduced by \$2,349,066 with a present value savings of \$999,288.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

6. LONG-TERM DEBT, Continued

C. Fiduciary Fund Long Term Obligations

2006 Las Pulgas Project Tax Allocation Bonds

In May 2006, the former Community Development Agency of the City of Menlo Park, now the Successor Agency, issued Tax Allocation Refunding Bonds in a par amount of \$72,430,000 for the purpose of refunding at lower interest rates the Agency's outstanding Series 1996 and Series 2000 Tax Allocation Bonds. As such, the Series 2006 is the only outstanding bond issuance funding redevelopment activities of benefit to the former Agency's Las Pulgas Community Development Project Area. The bonds are repayable from the former Agency's tax revenues, including a portion of its housing set-aside tax increment revenues. In addition, pass-through payments to other local taxing agencies were subordinated to payment of debt service on the Bonds. Principal payments are due annually on January 1st of each year.

The 2006 Bonds were issued as variable rate bonds, with interest calculated monthly. The rate fluctuates according to market conditions. In order to protect against the potential of rising interest rates associated with the Bonds and to maximize refunding savings, the Agency entered into a pay-fixed, receive variable interest rate swap. The terms, fair value and credit risk of the swap agreement are disclosed below. The only amounts recorded in the basic financial statements are the net interest receipts, the value of the swap agreement at June 30, 2014, expenditures resulting from the swap agreement and the deferred outflow of resources related to the swap agreement.

Terms:

Former Community Development Agency of the City of Menlo Park Swap Portfolio						
Bond Issue	Initial Notional Amount	Counter-party	Fixed Rate Paid	Variable Rate Received	Swap Termination Date	Counterparty Credit Ratings Moody's/S&P/Fitch
Tax Allocation Refunding Series 2006	\$72,430,000	Piper Jaffray with guarantee from Morgan Stanley Capital Services	6.632 %	63.5% of 1-month LIBOR + 0.15%	01/01/2031	Aa3/A+/AA-

In connection with the issuance of the refunding bonds, the Agency elected to enter into a floating-to-fixed interest rate swap, creating a synthetic fixed-rate debt for the Agency. The bonds annual interest rate of 6.632% includes the 3.794% base swap rate plus the 2.75% liquidity fee plus the 0.0875% remarketing fee.

Fair Value: At June 30, 2014, the swap had a negative fair value of (\$10,322,626). Because the coupons on the Agency's variable rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the LIBOR swap yield curve are the market's best estimate of future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps. Valuations based on other models or different assumptions may yield different results.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

6. LONG-TERM DEBT, Continued

C. Fiduciary Fund Long Term Obligations, Continued

Credit Risk: As of June 30, 2014, the Agency was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the Agency would be exposed to credit risk in the amount of the derivative's fair value.

The swap agreement contains specific collateral requirements that are in effect for the Agency and the counterparties, which would require collateralization of the fair value of the swap should credit ratings fall below the applicable thresholds. As a result of the downgrade of the Agency's bond insurer early in 2008, the swap payments associated with the Series 2006 bonds are now guaranteed by a direct-pay letter of credit with State Street Bank and Trust Co. Inc. The original Ambac insurance is also intact. Cross-default provisions allow a nondefaulting party to accelerate and terminate all outstanding transactions and to net the transactions' fair values into a single sum to be owed by or owed to the nondefaulting party.

Basis Risk: The interest rates on the Agency's variable rate bonds are expected to be equivalent, but not necessarily equal to the variable rate payments received from the counterparty on the swap. To the extent these variable payments differ, the Agency is exposed to basis risk.

In particular, the swap exposes the City to tax risk, should an imbalance develop between LIBOR (a taxable index) and the variable rate paid on the bonds. For example, if a reduction in the benefits of the tax exemption for municipal bonds were to occur, resulting in a convergence of these rates, the expected cost savings of the swap may not be realized.

Termination Risk: The agency may terminate the swap if the counterparty fails to perform under the terms of the swap agreement. If the swap were to be terminated, the associated variable rate bonds would no longer carry a synthetic fixed interest rate. Also, if at the time of termination the swap has a negative fair value, the Agency would be liable to the counterparty for a payment equal to the swap's fair value.

The annual debt service requirements to mature the Series 2006 Community Development Agency Tax Allocation Refunding Bonds outstanding at June 30, 2014, were as follows:

Year Ending June 30,	Principal	Swap Interest	Letter of Credit 2%	Remarketing Fee 0.0875%	Total
2015	2,105,000	2,265,966	1,228,610	52,259	5,651,835
2016	2,190,000	2,186,103	1,185,307	50,418	5,611,828
2017	2,785,000	2,103,014	1,140,257	48,501	6,076,772
2018	2,895,000	1,997,351	1,082,966	46,064	6,021,381
2019	3,010,000	1,887,515	1,023,413	43,531	5,964,459
2020-2024	16,960,000	7,625,750	4,134,690	175,871	28,896,311
2025-2029	20,445,000	4,157,276	2,254,080	95,878	26,952,234
2030-2031	9,335,000	534,575	289,847	12,329	10,171,751
Total	\$ 59,725,000	\$ 22,757,550	\$ 12,339,170	\$ 524,851	\$ 95,346,571

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

6. LONG-TERM DEBT, Continued

C. Fiduciary Fund Long Term Obligations, Continued

The issuance of the 2006 Las Pulgas Tax Allocation Bonds included a discount of \$336,800. This amount was recorded as expenditures in the fund financial statements but was capitalized in the government-wide financials statements and recorded as a reduction of long-term debt. The discount will be amortized over the life of the debt. The amortization recorded in fiscal year 2014 was a total of \$13,472 was recorded in the Successor Agency trust fund for the period ending June 30, 2014.

In connection with the issuance of the 2006 Las Pulgas Tax Allocation Bonds, the City recorded a deferral on refunding of debt which is reported as a deferred outflow of resources. This deferral was in connection with interest payments made to the escrow agent for future payments of interest. The total amount deferred was \$3,200,172, which will be amortized over the life of the bond. The amortization recorded in fiscal year 2014 was a total of \$128,007 which was recorded in the Successor Agency trust fund for the period ending June 30, 2014.

Event Disclosure: On April 23, 2008, the Agency remarketed its outstanding Series 2006 Bonds, substituting the preexisting State Street line of credit for a State Street direct-pay letter of credit. This letter of credit effectively “wrapped” around the preexisting Ambac Assurance Corporation bond insurance policy, providing additional credit enhancement on the Bonds. The Ambac policy remains in effect, but is secondary to the State Street letter of credit. The Bonds remained otherwise unchanged, continuing as before as daily reset variable rated demand bonds (VRDBs). The swap associated with the Bonds, entered into with Piper Jaffray at the original issuance of the Bonds, remains in effect.

7. COMPENSATED ABSENCES

Compensated absences at June 30, 2014, were as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Estimated Due Within One Year	Estimated Due in More than One Year
Governmental Activities	\$ 1,830,772	\$ 1,636,851	\$ (1,201,567)	\$ 2,266,056	\$ 924,632	\$ 1,341,424
Business-Type Activities	52,783	30,096	(40,002)	42,877	17,494	25,383
Total compensated absences	<u>\$ 1,883,555</u>	<u>\$ 1,666,947</u>	<u>\$ (1,241,569)</u>	<u>\$ 2,308,933</u>	<u>\$ 942,126</u>	<u>\$ 1,366,807</u>

As stated before, the General Fund contributes to over 90% of the compensated absences liability for the governmental activities.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

8. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The City participates in pooled insurance programs offered by the Bay Cities Joint Powers Insurance Authority (BCJPIA) for losses in excess of specific program deductibles. The purpose of the pool is to provide certain levels of liability coverage, claims administration, and loss control support to member Cities. The bylaws of the BCJPIA, the risk coverage agreement, and an associated memorandum of coverage govern the rights and responsibilities of the BCJPIA's 19 members. Each member chooses its self-insured liability retention levels. Each member has a vote in approving the pool's self-insured retention level, in setting the coverage limits, in establishing the level of pool reserves and in approving the premium allocation methodology used for setting the premiums for each member.

Complete financial statements for the BCJPIA may be obtained from the offices of Bickmore Risk Services & Consulting at the following address:

Bay Cities Joint Powers Insurance Authority
 1750 Creekside Oaks Drive, Suite 200
 Sacramento, CA 95833

The City's Liability program has a per claim deductible of \$250,000 and a policy limit of \$29,000,000. The Employment Practices program has a per claim deductible of \$250,000 and a policy limit of \$1,000,000. The Property and Fire program has a per claim deductible of \$10,000 and a policy limit of replacement value.

The City's Workers' Compensation program has a per claim deductible of \$350,000 and through the Authority, pooled coverage and reinsurance up to statutory limits.

Claims for long-term disability are covered by standard insurance.

Estimated reserves for all claims are recorded in internal service funds. No claim settlement has exceeded the coverage amounts in place for any of the years shown. The amount of claims due in one year from June 30, 2014, is estimated to total \$703,356.

Changes in the balances of the City's claims liabilities during the years ended June 30, 2014, 2013, and 2012 were as follows:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments for Current and Prior Years	End of Year Liability
2011-2012	\$ 2,123,439	\$ 865,749	\$ (451,068)	\$ 2,538,120
2012-2013	2,538,120	1,064,707	(548,115)	3,054,712
2013-2014	3,054,712	1,031,210	(948,776)	3,137,146

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

9. INTERFUND TRANSACTIONS

Interfund receivables and payables at June 30, 2014, were as follows:

Due To / From Other Funds

Interfund due to/due from represent short term loans owed for purposed of covering short term negative cash positions and will be repaid when fund revenues are received. The composition of due to/from other funds as of June 30, 2014, is as follows:

Due to other funds	General Fund	Non-Major Funds	Total
Governmental Activities:			
Non-Major Funds	\$ 93,025	\$ 1,486	\$ 94,511
TOTAL	\$ 93,025	\$ 1,486	\$ 94,511

All Due To/From Other Funds were established as of June 30, 2014, to cover short-term negative cash balances.

Interfund Transfers

Interfund transfers for the year ended June 30, 2014, were as follows:

		Transfers In			
		Governmental Activities			
		General Fund	Capital Improvement - General Fund	Non-Major Funds	Total
Transfers Out	Governmental Activities				
	General Fund		2,340,000	214,600	2,554,600
	Non-Major Funds	253,780			253,780
	Business-Type Activities				
	Water Fund - Operating	185,881			185,881
	TOTAL	439,661	2,340,000	214,600	2,994,261

The most significant transaction was a transfer of \$2,340,000 from the General Fund to the General Capital Improvement Project fund for infrastructure improvements.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

10. Fund Balance

In the fund financial statements, governmental funds report restriction of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. The various committed and assigned balances are established by actions of the City Council and Management and can be increased, reduced or eliminated by similar actions. The following are the classifications that were implemented according to GASB 54 at June 30, 2014:

	General Fund	Below Market Rate Housing Special Revenue	Housing Fund Special Revenue	General Capital Improvement Project Fund	Non-Major Governmental Funds	Total
Nonspendable:						
Deposits and prepaid items	\$ 36,587	\$ -	\$ -	\$ -	\$ 565	\$ 37,152
Notes receivable	1,040,000	-	-	-	-	1,040,000
Total nonspendable	1,076,587	-	-	-	565	1,077,152
Restricted to:						
Housing	-	11,751,143	496,458	-	678,756	12,926,357
Transportation	-	-	-	-	521,485	521,485
Streets and sidewalks	-	-	-	-	2,751,098	2,751,098
City trees	-	-	-	-	288,028	288,028
Public safety	-	-	-	-	45,869	45,869
Solid waste	-	-	-	-	3,647,684	3,647,684
Stormwater	-	-	-	-	325,682	325,682
Other purposed	-	-	-	-	1,198,626	1,198,626
Total restricted	-	11,751,143	496,458	-	9,457,228	21,704,829
Committed to:						
Streets, sidewalks and parkin	-	-	-	-	6,853,645	6,853,645
Stormdrains	-	-	-	-	3,730,856	3,730,856
Solid waste	-	-	-	-	1,062,322	1,062,322
Leisure and cultural activities	-	-	-	-	2,432,829	2,432,829
Landscape maintenance	-	-	-	-	72,441	72,441
Public safety	-	-	-	-	752	752
Community development	-	-	-	-	197,914	197,914
Loans	310,000	-	-	-	-	310,000
Strategic pension funding	1,930,000	-	-	-	-	1,930,000
Emergency contingency	6,000,000	-	-	-	-	6,000,000
Economic stablization	8,000,000	-	-	-	-	8,000,000
Total committed	16,240,000	-	-	-	14,350,759	30,590,759
Assigned to:						
Infrastructure maintenance	2,433,600	-	-	-	-	2,433,600
Community development	767,000	-	-	-	-	767,000
Capital projects	-	-	-	13,148,534	453,117	13,601,651
Leisure and cultural activities	-	-	-	-	99,550	99,550
Debt service	-	-	-	-	2,133,308	2,133,308
Other purposes	1,107,034	-	-	-	-	1,107,034
Total assigned	4,307,634	-	-	13,148,534	2,685,975	20,142,143
Unassigned	6,367,022	-	-	-	(54,106)	6,312,916
Total Fund Balance	\$ 27,991,243	\$ 11,751,143	\$ 496,458	\$ 13,148,534	\$ 26,440,421	\$ 79,827,799

Nonspendable Amounts - represents amounts that cannot be spent or appropriated because they are not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

10. Fund Balance, Continued

Restricted Amounts - includes amounts that can be spent only for specific purposes stipulated by external sources, constitutionally or through enabling legislation. Restrictions may be effectively changed or lifted only by the consent of the resource provider.

Committed Amounts - represent amounts that are only to be used for specific purposes pursuant to the constraints imposed by formal action of the City Council. The committed amounts cannot be used for any other purposes unless the Council removes or changes the specified use by taking the same action it used to previously commit those amounts.

The emergency contingency and economic stabilization fund balance amounts in this category, which are considered stabilization arrangements under GASB 54, were established by resolution of the City Council in 2011 as part of the creation of a formal policy on fund balance in the General Fund. The emergency contingency balance as of June 30, 2014 remains at its originally established amount of \$6,000,000; however, the City Council may increase or decrease this amount as it deems necessary. The goal for this portion of fund balance is to provide an amount equivalent to 15-20 percent of the General Fund's annual operating budget. These funds can only be used if there is a declaration of a state or federal state of emergency or a local emergency as defined in the Menlo Park Municipal Code Section 2.44.010. The economic stabilization balance as of June 30, 2014 remains at its originally established amount of \$8,000,000. Like the emergency contingency balance, this amount can be increased or decreased by the City Council. The goal for this portion of fund balance is to provide an amount equivalent to 20-25 percent of the General Fund's annual operating budget. Council approval is required before expending any portion of this fund balance, and access to these funds is reserved for economic emergency situations such as unplanned major events like a catastrophic disaster requiring expenditures that exceed the amount of the emergency contingency reserve; budgeted revenue being taken over by another entity; or a drop in projected/actual revenue of more than five percent of the General Fund's adopted revenue budget.

Assigned Amounts - represents funds that are constrained by the City's intent to be used for a specific purpose that are neither restricted nor committed. Intent is expressed by the City Council or City Manager, to which the City Council has delegated the authority through a resolution, to assign amounts to be used for specific purposes.

Pursuant to the authority delegated by City Council, the City Manager determines the amount of assigned fund balances. This can include, but not limited to, such items as encumbrances and constrained amounts when it is the City's intent to use proceeds or collections for specific purposes, and residual fund balances, if any, of special revenue, capital projects, and debt service funds which have not been restricted or committed.

Unassigned amounts - represents the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. In other governmental funds, if expenditures exceed amounts restricted, committed, or assigned, the negative amount is reflected as negative unassigned fund balance.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

11. NET POSITION

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net Investment in Capital Assets: This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted: This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted: This category represents net position of the City, not restricted for any other purpose.

12. OTHER FUND DISCLOSURES

Expenditures over Appropriations

The following funds had an excess of expenditures over appropriations:

Major:	
Housing Fund	\$ 2,022
Non-Major:	
Special Revenue Funds:	
Narcotic Seizure Fund	\$ 3,149
Peninsula Partnership Fund	14,138
Recreation In-Lieu Fund	17,222
Miscellaneous Trust Funds	259,024

The Housing Fund experienced additional rehabilitation loan expenses during the fiscal year due to the dissolution of the former Community Development Agency, exceeding the fund’s budget by \$2,022.

The Narcotic Seizure Fund experienced additional expenses with the purchase of new equipment, exceeding the fund’s budget by \$3,149.

The Peninsula Partnership Special Revenue Fund exceeded appropriations by \$14,138 due to additional services to be provided that were required by the grantor later in the fiscal year. These costs and future costs will be offset by the General Fund as the Peninsula Partnership fund will be closed next fiscal year.

The Recreation In-Lieu Fund exceeded appropriations by \$17,222 due to a capital improvement project that was started earlier than anticipated.

In the Miscellaneous Trust Special Revenue Funds, the EIR Fees Fund exceeded appropriations due to increased construction activity requiring an environmental impact review of \$259,024. The costs for these reports are funded by deposits made to the City by the business or resident performing the construction.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

13. PUBLIC EMPLOYEE RETIREMENT SYSTEM

Plan Description

The City contributes to the California Public Employee Retirement System (PERS). The miscellaneous employees of the City are part of an agent multiple-employer defined benefit pension plan. The safety employees are part of a cost-sharing multiple-employer defined benefit plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. Copies of PERS' annual financial report may be obtained from their executive office at 400 P Street, Sacramento, CA 95814.

Funding Policy

Participants are required to contribute 6.25%, 7%, or 8% for miscellaneous and 9% or 11.5% for safety employees of their annual covered salary. The City is required to contribute at an actuarially determined rate; the current rate is 17.702% for miscellaneous employees, and 26.149% for safety employees, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost

For the fiscal year ended June 30, 2014, the City's annual pension cost of \$3,440,255 for PERS was equal to the City's required and actual contribution. The required contribution was determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions were as follows:

	Miscellaneous	Safety
Valuation date	June 30, 2011	June 30, 2011
Actuarial cost method	Entry age Normal Cost Method	Entry age Normal Cost Method
Amortization method	Level Percent of Payroll	Level Percent of Payroll
Average remaining period	18 years as of the valuation date	21 years as of the valuation date
Asset valuation method	15 year smoothed market	15 year smoothed market
Actuarial assumptions:		
Investment rate of return	7.50% (net of administrative expenses)	7.50% (net of administrative expenses)
Projected salary increases	3.30% to 14.20% depending on age, service, and type of employment	3.30% to 14.20% depending on age, service, and type of employment
Inflation	2.75%	2.75%
Payroll growth	3.00%	3.00%
Individual salary growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and annual production growth of 0.25%.	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and annual production growth of 0.25%.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

13. PUBLIC EMPLOYEE RETIREMENT SYSTEM, Continued

The following is the three-year trend information for both safety and miscellaneous employees:

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	\$ 3,350,411	100%	\$ -
June 30, 2013	3,356,213	100%	-
June 30, 2014	3,440,255	100%	-

Funded Status of Plan – Miscellaneous Employees

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Normal Accrued Liability	Unfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded (Overfunded) Liability as a Percentage of Covered Payroll
2013	\$ 73,962,941	\$ 95,424,029	\$ 21,461,088	77.5%	\$ 12,890,765	166.5%

** Additional information regarding the funded status of the miscellaneous employees' retirement plan can be found in the Required Supplementary Information Section.

Funded Status of Plan – Safety Employees

The City's retirement plan for safety employees is a part of the CalPERS risk pool for cities and other government entities that have less than 100 active members. Actuarial valuations performed included other participants within the same risk pool. Therefore, standalone information of the schedule of the funding progress for the City's safety employees is no longer available nor disclosed.

14. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The City sponsors and administers a single-employer defined benefit postemployment healthcare plan (the Plan) to provide healthcare insurance benefits to eligible retired employees and their dependents. Benefit provisions are established and may be amended by the City.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

14. OTHER POST-EMPLOYMENT BENEFITS, Continued

The City participates in the CalPERS healthcare program (PEMHCA) and allows retirees to continue participation in the medical insurance program after retirement. The following summarizes the retiree healthcare benefits:

PEMHCA Minimum: The City pays the PEMHCA minimum required employer contribution for retirees participating in PEMHCA towards the retiree monthly premium.

Retiree Health Benefit Credits (RHBC): Employees can convert unused sick or general leave balance (up to a maximum) to RHBC at retirement. The City pays retiree medical or dental coverage based on RHBC. Sick leave hour accrual and RHBC conversion rates vary by bargaining unit and service.

Implied Subsidy: An implied subsidy generally exists when retiree premiums are based on blended active and retiree experience. In May 2014, the American Academy of Actuaries released a new version of Actuarial Standard of Practice No. 6 (ASOP No. 6). The revised ASOP No. 6 requires the implied subsidy to be valued for community plans such as PEMHCA. This is mandatory for all valuations with measurement dates on or after March 31, 2015. Since PEMHCA is a community rated plan for the City, no implied subsidy is valued for the PEMHCA plan.

Funding Policy

The City pre-funds the Plan through CalPERS OPEB Trust (CERBT) by contributing the City's Annual Required Contribution (ARC) every year. For fiscal year 2013-14, the City contributed \$665,733, including \$566,643 in benefit payments and a \$99,090 deposit to CERBT. The City's ARC was \$548,000 for fiscal year 2013-14.

CERBT is a tax qualified irrevocable trust, organized under Internal Revenue Code (IRC) Section 115, established to pre-fund OPEB as described in GASB Statement 45. The CERBT issues a publicly available financial report that included financial statements and required supplementary information for the City, not individualizing, but in aggregate with the other CERBT participants. That report may be obtained by contacting CalPERS.

Annual Other Postemployment Benefit Cost and Net Obligation

The City's annual OPEB cost is calculated based on the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

14. OTHER POST-EMPLOYMENT BENEFITS, Continued

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the City's net OPEB obligation/(asset).

Annual required contribution	\$ 548,000
Interest on net OPEB obligation	8,000
Adjustment to annual required contribution	<u>(10,000)</u>
Annual OPEB cost (expense)	546,000
Contributions made	(99,090)
Benefit payments	<u>(566,643)</u>
Increase (decrease) in net OPEB obligation	(119,733)
Net OPEB obligation - beginning of year	<u>110,470</u>
Net OPEB obligation/(asset) - end of year	<u><u>\$ (9,263)</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net post-employment healthcare plan obligation were as follows:

Fiscal Year Ended June 30,	OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB (Obligation) Asset
2012	\$ 719,000	77%	\$ 4,947
2013	741,000	86%	110,470
2014	546,000	122%	(9,263)

Funded Status

The funded status of the plan as of June 30, 2013, was as follows:

	<u>Total</u>
Actuarial Accrued Liability (AAL)	\$ 13,155,000
Actuarial Value of Plan Assets	<u>13,861,000</u>
Unfunded Actuarial Accrued Liability (UAAL)	(706,000)
Funded Ratio (Actuarial value of plan assets/AAL)	105.4%
Covered Payroll (active plan members)	\$ 16,970,000
UAAL as a Percentage of Covered Payroll	-4.20%

A valuation of the City's OPEB obligation must be performed every other year. The City's most recent valuation was prepared with data as of June 30, 2013. Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

14. OTHER POST-EMPLOYMENT BENEFITS, Continued

past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each evaluation and the historical pattern of sharing of benefit costs between employer and plan members to that point.

In the June 30, 2013 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 7.25% investment rate of return (net of administrative expenses), a 3.0% general inflation increase, and annual pre-Medicare eligible healthcare cost trend rates for medical of 8.0% in 2015 (actual 2014 premium rates were used) decreasing to 5.0% over six years. The post-Medicare eligible healthcare trend stated 0.3% higher for 2015. Sick leave accrual, benefit conversion rates, and maximum conversion amounts all assumed fixed in the future. Salary scale and demographic assumptions for withdrawal, mortality, disability, and retirement rates were based on CalPERS 1997-2011 Experience Study with fully generational Scale AA applied to post-retirement mortality. Actuarial value of assets was based on 5-year smoothed market value.

An initial UAAL was paid off in 2007-08. Actuarial methods and assumption changes and experience and contribution gains and losses were amortized over a 15-year closed period, all as a level percentage of payroll.

15. LANDFILL POST-CLOSURE CARE

The City owns and maintains a closed, municipal, non-hazardous solid waste landfill known as the Marsh Road Landfill. Landfill operations began at the site in 1957 through a Joint Exercise of Powers Agreement initiated by San Mateo County. In 1968, the City took responsibility for the landfill and its eventual post-closure maintenance. The landfill ceased the receipt of wastes in May of 1984. In 1995, the construction of Bayfront Park was completed, incorporating required features such as a gas recovery and leachate control system.

State and Federal laws and regulations require that the City perform certain maintenance and monitoring functions at the landfill site at Bayfront Park through the year 2025. These same regulations require the City to make annual contributions and/or provide an alternative funding mechanism to finance closure and post-closure care costs. In January 2003, the City Council approved a plan for a 5.4% surcharge on solid waste collection fees, increasing at a rate of 0.2% per year, in order to cover these costs. The surcharge is currently 7.2 percent.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

15. LANDFILL POST-CLOSURE CARE, Continued

The City’s outstanding future post-closure care costs were estimated at \$5,139,145 at June 30, 2014. This estimate is based upon the present value of future cash flows associated with the landfill site’s post-closure costs, discounted using the City’s projected return on investment. The amount of fund balance within the Landfill Special Revenue Fund is not sufficient to cover such a liability, though the revenue stream provided by the solid waste collection surcharge and all post-closure costs will be accounted for in this fund. The City has recorded the post-closure cost liability as part of governmental activities in the government-wide financial statements.

The City will fund on-going post-closure costs with a combination of revenues from the surcharge and interest earnings. However, if these revenues are inadequate or additional post-closure care requirements are determined (due to changes in technology, applicable laws or regulations, for example), these costs may need to be covered by additional garbage surcharges or from future tax revenue. The following is the activity for landfill post closure care for fiscal year 2014:

	Balance July 1, 2013	Deletions	Balance June 30, 2014	Due within one year	Due in more than one year
Governmental Activities	\$ 5,782,181	\$ (643,036)	\$ 5,139,145	\$ 355,719	\$ 4,783,426

16. COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF MENLO PARK

The former Community Development Agency of the City of Menlo Park (Agency) was established in 1981 with the adoption of the Las Pulgas Community Development Plan (1981 Plan). Since 1981, the Agency has implemented numerous programs to improve housing in the project area. During the fiscal year 2011-12, the Agency was dissolved in accordance to State Assembly Bill 1X26. All assets of the Agency were transferred to the Successor Agency private-purpose trust fund. More information on the Successor Agency can be found in Note 18.

17. SUCCESSOR AGENCY TRUST FOR THE FORMER COMMUNITY DEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1x 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Menlo Park that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets of the former redevelopment agency until they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 6043.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

**17. SUCCESSOR AGENCY TRUST FOR THE FORMER COMMUNITY DEVELOPMENT AGENCY,
Continued**

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011), all redevelopment agencies in the State of California were dissolved and ceased to operate as legal entities as of February 1, 2012.

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

During fiscal year 2013-14, the Successor Agency liquidated the last remaining assets of the former Community Development Agency. The assets consisted of land held by the former redevelopment agency that was recorded at \$5,694,977. The Successor Agency received \$7,373,173 for the sale of the land resulting in a gain on the sale of property in the amount of \$1,678,196. The entire proceeds were remitted to the County to be distributed among the affected taxing districts. The remittance of these assets as of June 30, 2014, was reported in the private-purpose trust fund as an extraordinary loss.

As of June 30, 2014, all of the assets of the former Community Development Agency have been liquidated and distributed among the affected taxing districts. The Successor Agency's remaining responsibility is for the maintenance of the former agency's debt, which consists of the 2006 Las Pulgas Project Tax Allocation Bonds. More information on these bonds can be found in Section C of Note 6.

18. CONTINGENCIES

The City participates in a number of Federal, State, and County programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grantor program regulations, the City may be required to reimburse the grantor government. As of June 30, 2014, some amounts of grant expenditures have not been audited, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any individual governmental funds or the overall financial condition of the City.

19. LITIGATION

The City is a defendant in a number of lawsuits which have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty. In the opinion of the City Attorney, most of these actions, when finally adjudicated, will not have a material adverse effect on the financial condition of the City.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

20. ENCUMBRANCES/COMMITMENTS

The City had various commitments totaling \$2,806,099 as of June 30, 2014. The most significant commitments are for plan check services and environmental impact reviews for new developments of the capital improvement projects which include but are not limited to city buildings maintenance, street resurfacing projects, and traffic congestion projects. All commitments are evidenced by contractual agreements with contractors. The encumbrances listed by fund are as follows:

Major:	
General Fund	\$ 1,099,202
General Capital Improvement Fund	503,519
Non-Major Funds	<u>1,203,378</u>
Total	<u><u>\$ 2,806,099</u></u>

21. JOINT VENTURES

General

The City of Menlo Park participates in joint ventures through Joint Powers Authorities (JPAs) established under the Joint Exercise of Powers Act of the State of California. Obligations and liabilities of the JPAs are not those of the City.

San Francisquito Creek

The San Francisquito Creek Joint Powers Authority (SFCJPA) was created in May 1999 as a joint powers authority by the City of Menlo Park, the City of Palo Alto, the City of East Palo Alto, the Santa Clara Valley Water District and the San Mateo Flood Control District. The Authority's board is comprised of one director appointed by each of these member entities, and is a legally separate and fiscally independent entity.

The Authority was formed to manage the joint contribution of services and provide policy direction on issues of mutual concern related to the San Francisquito Creek, including bank stabilization, channel clearing and other creek maintenance, planning of flood control measures, preserving environmental values and instream uses and emergency response coordination. The SFCJPA and U.S. Army Corps of Engineers are presently working together with the area's Congressional delegation to secure Federal funding for studies needed to identify a comprehensive flood management and ecosystem restoration project within the Creek watershed.

In the fiscal year ended June 30, 2014, each member entity contributed \$118,000 to cover Authority administrative costs for the year.

Complete financial statements for the SFCJPA may be obtained from their offices at the following address:

San Francisquito Creek Joint Powers Authority
 1231 Hoover Street
 Menlo Park, CA 94025

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

21. JOINT VENTURES, Continued

South Bayside Waste Management Authority

The City of Menlo Park is one of twelve members of the South Bayside Waste Management Authority (SBWMA). The SBWMA was formed in October 1999 for the purpose of joint ownership, financing and administration of solid waste transfer and recycling facilities; and the planning, administration management review, monitoring, enforcement and reporting of solid waste, recyclable material and plant material collection activities within the Authority's service area.

The Authority is controlled by a twelve member board consisting of one representative from each member entity. None of the SBWMA member entities exercise specific control over the budgeting and financing of the Authority's activities beyond their representation of the board.

Through the operation of franchise agreements with each member, Recology San Mateo County (Recology) collects fees charged for the use of the Authority's facilities and remits them to the Authority. Pursuant to an operations agreement with the Authority effective through December 31, 2020, Recology operates the facilities and is paid compensation based on costs, a provision for profit and incentives for cost savings and performance.

Complete financial statement for the SBWMA may be obtained from their offices at the following address:

South Bayside Management Authority
610 Elm Street, Suite 202
San Carlos, CA 94070

22. NEGATIVE FUND BALANCE

As of June 30, 2014, the Peninsula Partnership Grant Fund has a negative fund balance of \$45,730. The grant funding for this program was no longer available but expenditures were not reduced. This program will be discontinued and the fund will be made inactive during the 2014-15 fiscal year. Any negative fund balance remaining will be funded by the General Fund. The Literacy Grants Fund has a negative fund balance of \$8,376. The grant funding from the State was reduced late in the fiscal year while the City was committed to make expenditures. The shortfall will be made up in subsequent fiscal years. The Workers Compensation Internal Service Fund had a negative \$444,364 fund balance at 6/30/2014. This was mainly due to increased insurance claims and estimated claims liability at 6/30/2014. The City has increased the amount paid by departments by 50% to cover the negative fund balance. The estimated claims liability, however, does not involve cash, cannot be estimated during budget preparation, and the entire amount would most likely not be paid out as it is considered a worst-case scenario. The Other Post Employment Benefits fund had a negative \$72,778 fund balance at 6/30/2014. The City has changed its procedure for charging departments to ensure collecting the entire amount needed as well as increased the percentage charged to eliminate the negative fund balance in the following fiscal year.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

23. PRIOR PERIOD ADJUSTMENT

The City recorded a prior period adjustments totaling \$46,073, to decrease the beginning governmental activities net position. This adjustment was made in accordance with GASB 65 to write off the cost of issuance that was previously being amortized for the 2009 General Obligation bonds.

The City as Successor Agency recorded prior period adjustments in the amount of \$799,265 in the private purpose trust funds. One adjustment, in the amount of \$1,146,789, was made in accordance to GASB 65 to write off the cost of issuance that was previously being amortized for the 2006 Tax Allocation Refunding Bonds. The other adjustment was the \$1,946,054 payment from the County for June 2013 which should have been recorded as revenue in the previous fiscal year.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Menlo Park
Required Supplementary Information
For the year ended June 30, 2014

BUDGETARY PRINCIPLES

The City followed these procedures in establishing the budgetary data reflected in the General Purpose Financial Statements:

1. City Council identifies the priority projects/programs for the budget at a study session with public input. The City Council annually adopts the budget for the ensuing fiscal year generally prior to July 1.
2. The City Manager is authorized to transfer budgetary amounts within a single fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
3. Legally adopted budgets and formal budgetary integration is employed as a management control device during the year for the general fund, special revenue funds, debt service funds, and capital projects funds. Proprietary funds and Agency funds are not budgeted.
4. Budgets for the general, special revenue and capital projects funds are adopted on a basis consistent with GAAP.
5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2014, based on the calculations by City Management, proceeds of taxes did not exceed the appropriations limit.
6. Budgeted revenue amounts represent the original budget modified by adjustments authorized during the year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year which were contingent upon new or additional revenue sources and reappropriated amounts for prior year encumbrances. The City Manager must approve adjustments to departmental budgets; however, management may amend the budgeted amounts within departmental expenditure classifications.
7. Appropriations lapse at the end of the fiscal year and then are rebudgeted for the coming year.
8. Budgeted appropriations for the various governmental funds become effective each July 1. The City Council may amend the budget during the fiscal year. The legal level of budgetary control has been established at the fund level. Appropriations generally lapse at the end of the fiscal year to the extent they have not been expended or encumbered.

Encumbrances

Under encumbrance accounting, purchase orders, contracts and other commitments for expenditures are recorded to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary accounting. Since encumbrances do not yet constitute expenditures or liabilities, encumbrances outstanding at year-end are reported as an assignment of fund balances.

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2014

Budgetary Comparison Schedule, General Fund

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES:				
Taxes:				
Secured property taxes	\$ 12,875,000	\$ 13,635,000	\$ 14,081,491	\$ 446,491
Unsecured property taxes	400,000	400,000	384,686	(15,314)
Other property taxes	680,000	680,000	689,888	9,888
Sales taxes	6,431,400	6,136,400	6,444,292	307,892
Other taxes	6,639,920	7,047,300	7,158,313	111,013
Licenses and permits	4,459,465	6,559,465	5,782,225	(777,240)
Fines and forfeitures	1,319,980	1,149,980	1,253,261	103,281
Use of money and property	777,712	627,712	684,561	56,849
Intergovernmental	741,704	841,717	888,131	46,414
Charges for services	7,795,222	7,595,222	7,681,433	86,211
Other	31,050	802,872	26,356	(776,516)
Total revenues	42,151,453	45,475,668	45,074,637	(401,031)
EXPENDITURES:				
Current:				
General government	6,664,269	6,841,734	5,560,887	1,280,847
Public safety	14,871,562	14,912,106	14,144,949	767,157
Public works	5,474,597	5,474,597	4,967,899	506,698
Culture and recreation	9,274,126	9,321,555	9,127,797	193,758
Community development	3,495,590	4,595,590	3,749,480	846,110
Urban development and housing	7,098	12,633	38,941	(26,308)
Capital outlay	393,530	589,614	527,972	61,642
Total expenditures	40,180,772	41,747,829	38,117,925	3,629,904
REVENUES OVER (UNDER) EXPENDITURES	1,970,681	3,727,839	6,956,712	3,228,873
OTHER FINANCING SOURCES (USES):				
Transfers in	398,394	398,394	439,661	41,267
Transfers out	(2,554,600)	(2,554,600)	(2,554,600)	-
Total other financing sources (uses)	(2,156,206)	(2,156,206)	(2,114,939)	41,267
Extraordinary gain(loss)	-	-	771,822	771,822
Net change in fund balance	\$ (185,525)	\$ 1,571,633	5,613,595	\$ 4,041,962
FUND BALANCE:				
Beginning of year			22,377,648	
End of year			<u>\$ 27,991,243</u>	

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2014

Budgetary Comparison Schedule, Below Market Rate Housing Special Revenue Fund

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Use of money and property	\$ 40,000	\$ 40,000	\$ 114,817	\$ 74,817
Charges for services	365,000	365,000	81,277	(283,723)
Total revenues	405,000	405,000	196,094	(208,906)
EXPENDITURES:				
Current:				
Urban development and housing	107,479	127,479	92,560	34,919
Capital outlay	37,775	37,775	62,962	(25,187)
Total expenditures	145,254	165,254	155,522	9,732
REVENUES OVER (UNDER) EXPENDITURES	259,746	239,746	40,572	(199,174)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of assets	-	-	1,080,667	1,080,667
Total other financing sources (uses)	-	-	1,080,667	1,080,667
Net change in fund balance	\$ 259,746	\$ 239,746	1,121,239	\$ 881,493
FUND BALANCE:				
Beginning of year			10,629,904	
End of year			\$ 11,751,143	

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2014

Budgetary Comparison Schedule, Housing Special Revenue Fund

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 6,571	\$ 6,571
Charges for services	-	-	171,562	171,562
Total revenues	-	-	178,133	178,133
EXPENDITURES:				
Current:				
Urban development and housing	-	-	2,022	(2,022)
Total expenditures	-	-	2,022	(2,022)
REVENUES OVER (UNDER) EXPENDITURES	-	-	176,111	176,111
Net change in fund balance	\$ -	\$ -	176,111	\$ 176,111
FUND BALANCE:				
Beginning of year			320,347	
End of year			\$ 496,458	

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2014

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

SCHEDULE OF FUNDING PROGRESS

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Miscellaneous Employees

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Unfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded (Overfunded) Liability as a Percentage of Covered Payroll
2011	73,863,432	85,715,937	11,852,505	86.2%	13,490,012	87.9%
2012	78,392,509	90,386,805	11,994,296	86.7%	12,847,225	93.4%
2013	73,962,941	95,424,029	21,461,088	77.5%	12,890,765	166.5%

Safety Employees

The City's retirement plan for safety employees is a part of the CalPERS risk pool for cities and other government entities that have less than 100 active members. Actuarial valuations performed included other participants within the same risk pool. Therefore, standalone information of the schedule of the funding progress for the City's safety employees is no longer available or disclosed.

B. OTHER POST EMPLOYMENT BENEFITS (OPEB)

In order to comply with GASB Statement 45, an actuarial valuation of the City's OPEB obligations must be performed every other year. The City's most recent valuation was prepared with data as of June 30, 2013.

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Unfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded (Overfunded) Liability as a Percentage of Covered Payroll
1/1/2010	\$ 10,324,000	\$ 9,862,000	\$ (462,000)	104.7%	\$ 18,863,000	-2.4%
6/30/2011	\$ 11,891,000	\$ 11,873,000	\$ (18,000)	100.2%	\$ 18,752,000	-0.1%
6/30/2013	\$ 13,861,000	\$ 13,155,000	\$ (706,000)	105.4%	\$ 16,970,000	-4.2%

SUPPLEMENTARY INFORMATION

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MAJOR GOVERNMENTAL FUNDS BUDGETARY SCHEDULES

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City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

General Capital Improvement Capital Projects Fund

For the year ended June 30, 2014

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Other taxes	\$ -	\$ -	\$ 82,386	\$ 82,386
Intergovernmental	-	-	131,132	131,132
Charges for services	100,000	158,795	90,172	(68,623)
Total revenues	<u>100,000</u>	<u>158,795</u>	<u>303,690</u>	<u>144,895</u>
EXPENDITURES:				
Capital outlay	15,745,516	16,844,694	3,473,308	13,371,386
Total expenditures	<u>15,745,516</u>	<u>16,844,694</u>	<u>3,473,308</u>	<u>13,371,386</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(15,645,516)</u>	<u>(16,685,899)</u>	<u>(3,169,618)</u>	<u>13,516,281</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	2,340,000	2,340,000	2,340,000	-
Total other financing sources (uses)	<u>2,340,000</u>	<u>2,340,000</u>	<u>2,340,000</u>	<u>-</u>
Net change in fund balance	<u>\$ (13,305,516)</u>	<u>\$ (14,345,899)</u>	<u>(829,618)</u>	<u>\$ 13,516,281</u>
FUND BALANCE:				
Beginning of year			13,978,152	
End of year			<u>\$ 13,148,534</u>	

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NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds:

Highway Users Tax Fund - Established to receive and expend the City's allocation of the State Gasoline taxes.

Federal Revenue Sharing Fund - Established to account for Federal Revenue Sharing money used to make emergency repair loans to lower income owners of single-family owner-occupied properties.

Landscape/Tree Assessment Fund - Established to account for property tax assessments collected under the Landscaping and Lighting Act of 1972 utilized for maintaining of City street trees.

Sidewalk Assessment Fund - Established to account for property tax assessments collected under the Landscaping and Lighting Act of 1972 utilized for repair and replacement of hazardous sidewalks and curbs.

Landfill Post-Closure Fund - Established to receive and expend increased solid waste surcharges and other revenues to cover the post-closure costs of the Marsh Road landfill at the Bayfront Park.

County Transportation Tax Fund - Established to account for the City's portion of the County-wide 1/2 cent sales tax used for City transportation purposes.

Public Library Fund - Established to provide supplementary funds to public libraries and to encourage local jurisdictions to maintain local support for their libraries.

Literacy Grants Fund - Established to provide literacy services to adult learners.

Narcotic Seizure Fund - Established to account for money seized in arrests for drug law violations used to purchase law enforcement equipment and supplies.

Transportation Impact Fees Fund - Established to account for traffic improvement fees charged to developers and used to mitigate City traffic problems that result either directly or indirectly from the development.

Downtown Parking Permits Fund - Established to provide adequate parking within the Central Business District.

Storm Drainage Fees Fund - Established to account for storm drainage fees used to mitigate City storm drainage problems either directly or indirectly resulting from the development.

Solid Waste Service Fund - Utilized to provide a City-wide garbage pickup service in order to keep health standards high for the single-family residences.

Bay Area Air Quality Management Fund (AB 434) - Established to account for City's share of surcharge funds from motor vehicle registration fees to be used for implementing eligible transportation programs.

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds, Continued:

Storm Water Management Fund - Established to account for the local requirements delineated in the Storm Water Management Plan, funded by a City-wide fee per parcel.

Peninsula Partnership Grant Fund - Established to account for federal grants used to improve the quality of life for children and their families in the Belle Haven neighborhood.

Supplemental Law Enforcement Services Fund - Established to account for funds received from Supplemental Law Enforcement Services Fund (SLESF) monies under AB3229 used to provide front line law enforcement services.

Local Law Enforcement Block Grant Fund - Established to account for funds received from Bureau of Justice Assistance used to reduce crime and improve public safety.

Construction Impact Fee Fund - Established to account for developer fees paid to mitigate pavement damage due to heavy construction activity.

Bedwell Bayfront Park Maintenance Fund - Utilized to account for prior year fees residing in the fund balance that were charged to the public for trash hauled to the City landfill site. The interest earned on these fees are used to maintain the Bedwell Bayfront Park built on the site.

Recreation In-Lieu Fund - Established to account for developer fees paid in-lieu of new recreation facilities. The funds are used to improve and expand recreation facilities.

Sharon Hills Park Fund - Established to account for a developer payment to be used for maintenance of Sharon Hills Park.

Vintage Oaks Landscape Fund - Established to account for a developer payment to be used for maintenance of the perimeter landscaping of the Vintage Oaks subdivision.

Community Development Block Grant Special Revenue Fund - Established in 1981 to account for Federal Housing and Community Development Block Grant funds utilized for single family housing rehabilitation and related administration.

Miscellaneous Trust Fund - Includes donations given to the City for certain programs within Library, Recreational and Public Safety services and deposits held by the City for environmental impact reports on small individual property developments

Debt Service Fund:

Debt service funds are established to account for the accumulation and disbursement of monies to comply with the interest and redemption requirements of the Library Bond and the 2002 Recreation GO Bond Obligations as well as the retirement of the former Community Development Agency's Series 2006 Refunding bonds.

NON-MAJOR GOVERNMENTAL FUNDS

Capital Projects Funds:

Library Addition Fund - Established to account for proceeds of the 1990 Library Improvements Bond Issue used to construct improvements to the existing Library.

Measure T 2002 GO Bond - Established to account for the proceeds of the 2002 Measure T Recreation Improvements Bond Issue used to construct improvements to the City's parks and recreation facilities.

Capital Improvement General Fund - Utilizes an annual City General Fund transfer to provide adequate funding for maintenance of the City's existing infrastructure.

City of Menlo Park
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2014

	Special Revenue				
	Highway Users Tax	Federal Revenue Sharing	Landscape/ Tree Assessment	Sidewalk Assessment	Landfill Post-Closure
ASSETS					
Cash and investments	\$ 2,613,453	\$ 45,444	\$ 395,539	\$ 169,054	\$ 3,676,644
Restricted cash and investments	-	-	-	-	-
Receivables:					
Accounts	-	-	7,618	-	61,909
Interest	5,523	96	-	-	7,770
Notes	-	84,407	-	-	-
Due from other governments	-	-	2,300	-	-
Deposits and prepaid items	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	\$ 2,618,976	\$ 129,947	\$ 405,457	\$ 169,054	\$ 3,746,323
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 88	\$ -	\$ 10,543	\$ 473	\$ 25,287
Accrued payroll and related liabilities	1,284	-	11,725	160	1,599
Due to other funds	-	-	-	-	-
Deposits	-	-	-	-	-
Total liabilities	1,372	-	22,268	633	26,886
Deferred inflows of resources					
Housing loans	-	84,407	-	-	-
Total deferred inflows of resources	-	84,407	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	2,617,604	45,540	383,189	168,421	3,719,437
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	2,617,604	45,540	383,189	168,421	3,719,437
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,618,976	\$ 129,947	\$ 405,457	\$ 169,054	\$ 3,746,323

(Continued)

Special Revenue

County	Transportation Tax	Public Library	Literacy Grants	Narcotic Seizure	Transportation Impact Fees	Downtown Parking Permits	Storm Drainage Fees	Solid Waste Service
	\$ 665,354	\$ 98,064	\$ 75	\$ 45,891	\$ 3,975,455	\$ 3,251,270	\$ 116,574	\$ 1,040,379
	-	-	-	-	-	-	-	-
	157,727	-	-	-	26,014	-	-	25,000
	1,415	-	-	-	8,404	6,861	246	2,104
	-	-	-	-	-	-	-	-
	90,923	-	-	-	-	-	-	8,840
	565	-	-	-	-	-	-	-
	-	1,486	-	-	-	-	-	-
	<u>\$ 915,984</u>	<u>\$ 99,550</u>	<u>\$ 75</u>	<u>\$ 45,891</u>	<u>\$ 4,009,873</u>	<u>\$ 3,258,131</u>	<u>\$ 116,820</u>	<u>\$ 1,076,323</u>
	\$ 170,193	\$ -	\$ 5	\$ 22	\$ 349	\$ 13,825	\$ -	\$ 2,573
	30,087	-	6,960	-	7,043	-	-	8,890
	-	-	1,486	-	-	-	-	-
	45,000	-	-	-	40,000	-	-	-
	<u>245,280</u>	<u>-</u>	<u>8,451</u>	<u>22</u>	<u>47,392</u>	<u>13,825</u>	<u>-</u>	<u>11,463</u>
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	565	-	-	-	-	-	-	-
	670,139	-	-	45,869	349,089	4,053	10,694	2,538
	-	-	-	-	3,613,392	3,240,253	106,126	1,062,322
	-	99,550	-	-	-	-	-	-
	-	-	(8,376)	-	-	-	-	-
	<u>670,704</u>	<u>99,550</u>	<u>(8,376)</u>	<u>45,869</u>	<u>3,962,481</u>	<u>3,244,306</u>	<u>116,820</u>	<u>1,064,860</u>
	<u>\$ 915,984</u>	<u>\$ 99,550</u>	<u>\$ 75</u>	<u>\$ 45,891</u>	<u>\$ 4,009,873</u>	<u>\$ 3,258,131</u>	<u>\$ 116,820</u>	<u>\$ 1,076,323</u>

(Continued)

City of Menlo Park
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2014

	Special Revenue				
	Bay Area Air Quality Management	Storm Water Management	Peninsula Partnership Grant	Supplemental Law Enforcement Service	Construction Impact Fees
ASSETS					
Cash and investments	\$ 2,588	\$ 338,109	\$ (43,506)	\$ 52,629	\$ 3,621,917
Restricted cash and investments	-	-	-	-	-
Receivables:					
Accounts	-	-	-	-	-
Interest	5	-	-	111	7,657
Notes	-	-	-	-	-
Due from other governments	-	5,200	-	8,267	-
Deposits and prepaid items	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	\$ 2,593	\$ 343,309	\$ (43,506)	\$ 61,007	\$ 3,629,574
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 3,513	\$ -	\$ 35,822	\$ 3,920
Accrued payroll and related liabilities	-	11,114	-	-	924
Due to other funds	-	-	2,224	-	-
Deposits	-	-	-	-	-
Total liabilities	-	14,627	2,224	35,822	4,844
Deferred inflows of resources					
Housing loans	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	2,593	328,682	-	25,185	-
Committed	-	-	-	-	3,624,730
Assigned	-	-	-	-	-
Unassigned	-	-	(45,730)	-	-
Total fund balances	2,593	328,682	(45,730)	25,185	3,624,730
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,593	\$ 343,309	\$ (43,506)	\$ 61,007	\$ 3,629,574

(Continued)

Special Revenue						Debt Service	
Bedwell Bayfront Park Maintenance	Recreation In-Lieu	Sharon Hills Park	Vintage Oaks Landscape	Community Development Block Grant	Miscellaneous Trust	Library GO Bond 1990	Recreation GO Bond 2002
\$ 615,260	\$ 1,381,159	\$ 68,453	\$ 73,053	\$ 701,978	\$ 1,064,636	\$ 823,922	\$ 1,194,022
-	-	-	-	-	-	-	-
475	-	-	-	-	-	-	-
1,300	2,919	145	154	-	443	1,741	2,523
-	-	-	-	798,299	-	-	-
-	-	-	-	-	-	850	110,250
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 617,035</u>	<u>\$ 1,384,078</u>	<u>\$ 68,598</u>	<u>\$ 73,207</u>	<u>\$ 1,500,277</u>	<u>\$ 1,065,079</u>	<u>\$ 826,513</u>	<u>\$ 1,306,795</u>
\$ 4,240	\$ 1,422	\$ -	\$ 766	\$ 1,662	\$ 111,342	\$ -	\$ -
536	-	-	-	-	1,876	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>4,776</u>	<u>1,422</u>	<u>-</u>	<u>766</u>	<u>1,662</u>	<u>113,218</u>	<u>-</u>	<u>-</u>
-	-	-	-	798,299	-	-	-
-	-	-	-	798,299	-	-	-
-	-	-	-	-	-	-	-
12,500	56,147	-	-	700,316	315,232	-	-
599,759	1,326,509	68,598	72,441	-	636,629	-	-
-	-	-	-	-	-	826,513	1,306,795
-	-	-	-	-	-	-	-
<u>612,259</u>	<u>1,382,656</u>	<u>68,598</u>	<u>72,441</u>	<u>700,316</u>	<u>951,861</u>	<u>826,513</u>	<u>1,306,795</u>
<u>\$ 617,035</u>	<u>\$ 1,384,078</u>	<u>\$ 68,598</u>	<u>\$ 73,207</u>	<u>\$ 1,500,277</u>	<u>\$ 1,065,079</u>	<u>\$ 826,513</u>	<u>\$ 1,306,795</u>

(Continued)

City of Menlo Park
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2014

	Capital Projects		Total Non-Major Governmental Funds
	Library Addition	Measure T 2002 GO Bond	
ASSETS			
Cash and investments	\$ 127,096	\$ 287,808	\$ 26,402,320
Restricted cash and investments	-	-	-
Receivables:			
Accounts	-	37,336	316,079
Interest	269	608	50,294
Notes	-	-	882,706
Due from other governments	-	-	226,630
Deposits and prepaid items	-	-	565
Due from other funds	-	-	1,486
Total assets	\$ 127,365	\$ 325,752	\$ 27,880,080
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 386,045
Accrued payroll and related liabilities	-	-	82,198
Due to other funds	-	-	3,710
Deposits	-	-	85,000
Total liabilities	-	-	556,953
Deferred inflows of resources			
Housing loans	-	-	882,706
Total deferred inflows of resources	-	-	882,706
Fund Balances:			
Nonspendable	-	-	565
Restricted	-	-	9,457,228
Committed	-	-	14,350,759
Assigned	127,365	325,752	2,685,975
Unassigned	-	-	(54,106)
Total fund balances	127,365	325,752	26,440,421
Total liabilities, deferred inflows of resources, and fund balances	\$ 127,365	\$ 325,752	\$ 27,880,080

(Concluded)

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City of Menlo Park
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2014

	Special Revenue				
	Highway Users Tax	Federal Revenue Sharing	Landscape/ Tree Assessment	Sidewalk Assessment	Landfill Post-Closure
REVENUES:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	1,006,294	-	-	-	-
Special assessments	-	-	518,946	225,060	-
Licenses and permits	-	-	-	-	-
Use of money and property	13,991	1,024	-	-	27,916
Intergovernmental	-	-	7,618	-	-
Charges for services	510	662	2,300	-	741,665
Other	-	-	-	-	-
Total revenues	1,020,795	1,686	528,864	225,060	769,581
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	64,817	-	543,626	14,799	235,690
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Urban development and housing	-	-	-	-	-
Capital outlay	343,793	-	1,937	335,374	407,396
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Cost of issuance	-	-	-	-	-
Total expenditures	408,610	-	545,563	350,173	643,086
REVENUES OVER (UNDER) EXPENDITURES	612,185	1,686	(16,699)	(125,113)	126,495
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	159,600	-	-
Transfers out	(41,268)	-	(64,777)	(19,459)	(8,089)
Proceeds from sale of fixed assets	-	-	-	-	-
Bond proceeds	-	-	-	-	-
Bond issuance cost	-	-	-	-	-
Payment to bond escrow account	-	-	-	-	-
Discount on issuance of bonds	-	-	-	-	-
Total other financing sources (uses)	(41,268)	-	94,823	(19,459)	(8,089)
Extraordinary gain (loss)	-	-	-	-	-
Net change in fund balances	570,917	1,686	78,124	(144,572)	118,406
FUND BALANCES:					
Beginning of year	2,046,687	43,854	305,065	312,993	3,601,031
End of year	\$ 2,617,604	\$ 45,540	\$ 383,189	\$ 168,421	\$ 3,719,437

(Continued)

Special Revenue

County Transportation Tax	Public Library	Literacy Grants	Narcotic Seizure	Transportation Impact Fees	Downtown Parking Permits	Storm Drainage Fees	Solid Waste Service
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
838,318	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	440,350	-	-
8,076	-	-	-	26,789	22,783	936	6,790
485,716	-	10,000	-	141,008	-	-	8,840
42,325	-	-	18,041	1,350,662	32	4,494	395,058
-	-	58,460	-	-	-	-	47,420
<u>1,374,435</u>	<u>-</u>	<u>68,460</u>	<u>18,041</u>	<u>1,518,459</u>	<u>463,165</u>	<u>5,430</u>	<u>458,108</u>
-	-	-	-	-	-	-	6,746
-	-	-	13,149	-	7,294	-	-
1,325,885	-	-	-	238,602	113,596	-	281,218
-	1,189	127,353	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
456,740	-	-	-	5,479	7,307	1,503	900
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,782,625</u>	<u>1,189</u>	<u>127,353</u>	<u>13,149</u>	<u>244,081</u>	<u>128,197</u>	<u>1,503</u>	<u>288,864</u>
<u>(408,190)</u>	<u>(1,189)</u>	<u>(58,893)</u>	<u>4,892</u>	<u>1,274,378</u>	<u>334,968</u>	<u>3,927</u>	<u>169,244</u>
-	-	55,000	-	-	-	-	-
-	-	-	-	-	(25,898)	-	(43,651)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>55,000</u>	<u>-</u>	<u>-</u>	<u>(25,898)</u>	<u>-</u>	<u>(43,651)</u>
-	-	-	-	-	-	-	-
<u>(408,190)</u>	<u>(1,189)</u>	<u>(3,893)</u>	<u>4,892</u>	<u>1,274,378</u>	<u>309,070</u>	<u>3,927</u>	<u>125,593</u>
1,078,894	100,739	(4,483)	40,977	2,688,103	2,935,236	112,893	939,267
<u>\$ 670,704</u>	<u>\$ 99,550</u>	<u>\$ (8,376)</u>	<u>\$ 45,869</u>	<u>\$ 3,962,481</u>	<u>\$ 3,244,306</u>	<u>\$ 116,820</u>	<u>\$ 1,064,860</u>

(Continued)

City of Menlo Park
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds, Continued
For the year ended June 30, 2014

	Special Revenue				
	Bay Area Air Quality Management	Storm Water Management (NPDES)	Peninsula Partnership	Supplemental Law Enforcement Services	Construction Impact Fee
REVENUES:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-
Special assessments	-	344,293	-	-	-
Licenses and permits	-	-	-	-	-
Use of money and property	(5)	-	-	133	16,069
Intergovernmental	-	-	1,990	82,839	-
Charges for services	-	2,560	-	-	1,725,457
Other	-	-	-	-	-
Total revenues	(5)	346,853	1,990	82,972	1,741,526
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	29,265	-
Public works	-	248,622	-	-	-
Culture and recreation	-	-	16,040	-	-
Community development	-	-	-	-	-
Urban development and housing	-	-	-	-	-
Capital outlay	-	172	-	78,556	219,872
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Cost of issuance	-	-	-	-	-
Total expenditures	-	248,794	16,040	107,821	219,872
REVENUES OVER (UNDER) EXPENDITURES	(5)	98,059	(14,050)	(24,849)	1,521,654
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	(36,954)	-	-	-
Proceeds from sale of assets	-	-	-	-	-
Bond proceeds	-	-	-	-	-
Bond issuance cost	-	-	-	-	-
Payment to bond escrow account	-	-	-	-	-
Discount on issuance of bonds	-	-	-	-	-
Total other financing sources (uses)	-	(36,954)	-	-	-
Extraordinary gain (loss)	-	-	-	-	-
Net change in fund balances	(5)	61,105	(14,050)	(24,849)	1,521,654
FUND BALANCES:					
Beginning of year	2,598	267,577	(31,680)	50,034	2,103,076
End of year	\$ 2,593	\$ 328,682	\$ (45,730)	\$ 25,185	\$ 3,624,730

(Continued)

Special Revenue						Debt Service	
Bedwell Bayfront Park Maintenance	Recreation In-Lieu	Sharon Hills Park	Vintage Oaks Landscape	Community Development Block Grant	Miscellaneous Trust	Library GO Bond 1990	Recreation GO Bond 2002
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	341,382	1,701,418
-	-	-	-	-	-	-	-
5,566	9,374	695	600	-	1,998	4,604	(745)
-	-	-	-	-	-	-	-
475	276,000	-	-	30	690,436	-	-
-	-	-	-	-	9,198	-	-
<u>6,041</u>	<u>285,374</u>	<u>695</u>	<u>600</u>	<u>30</u>	<u>701,632</u>	<u>345,986</u>	<u>1,700,673</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
71,536	-	11,645	12,816	-	-	-	-
-	-	-	-	-	52,645	550	5,300
-	-	-	-	-	499,472	-	-
-	-	-	-	-	-	-	-
5,407	67,222	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	380,000	240,000
-	-	-	-	-	-	51,250	1,179,605
-	-	-	-	-	-	-	-
<u>76,943</u>	<u>67,222</u>	<u>11,645</u>	<u>12,816</u>	<u>-</u>	<u>552,117</u>	<u>431,800</u>	<u>1,424,905</u>
<u>(70,902)</u>	<u>218,152</u>	<u>(10,950)</u>	<u>(12,216)</u>	<u>30</u>	<u>149,515</u>	<u>(85,814)</u>	<u>275,768</u>
-	-	-	-	-	-	-	-
(12,984)	-	-	-	-	(700)	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(12,984)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(700)</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
<u>(83,886)</u>	<u>218,152</u>	<u>(10,950)</u>	<u>(12,216)</u>	<u>30</u>	<u>148,815</u>	<u>(85,814)</u>	<u>275,768</u>
696,145	1,164,504	79,548	84,657	700,286	803,046	912,327	1,031,027
<u>\$ 612,259</u>	<u>\$ 1,382,656</u>	<u>\$ 68,598</u>	<u>\$ 72,441</u>	<u>\$ 700,316</u>	<u>\$ 951,861</u>	<u>\$ 826,513</u>	<u>\$ 1,306,795</u>

(Continued)

City of Menlo Park
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds, Continued
For the year ended June 30, 2014

	Capital Projects		Total Non-Major Governmental Funds
	Library Addition	Measure T 2002 GO Bond	
REVENUES:			
Property taxes	\$ -	\$ -	\$ -
Other taxes	-	-	1,844,612
Special assessments	-	-	3,131,099
Licenses and permits	-	-	440,350
Use of money and property	996	2,278	149,868
Intergovernmental	-	-	738,011
Charges for services	-	37,336	5,288,043
Other	-	-	115,078
Total revenues	996	39,614	11,707,061
EXPENDITURES:			
Current:			
General government	-	-	6,746
Public safety	-	-	49,708
Public works	-	-	3,162,852
Culture and recreation	-	-	203,077
Community development	-	-	499,472
Urban development and housing	-	-	-
Capital outlay	-	3,975	1,935,633
Debt service:			
Principal	-	-	620,000
Interest	-	-	1,230,855
Cost of issuance	-	-	-
Total expenditures	-	3,975	7,708,343
REVENUES OVER (UNDER) EXPENDITURES	996	35,639	3,998,718
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	214,600
Transfers out	-	-	(253,780)
Proceeds from sale of fixed assets	-	-	-
Bond proceeds	-	-	-
Bond issuance cost	-	-	-
Payment to bond escrow account	-	-	-
Discount on issuance of bonds	-	-	-
Total other financing sources (uses)	-	-	(39,180)
Extraordinary gain (loss)	-	-	-
Net change in fund balances	996	35,639	3,959,538
FUND BALANCES:			
Beginning of year	126,369	290,113	22,480,883
End of year	\$ 127,365	\$ 325,752	\$ 26,440,421

(Concluded)

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Highway Users Tax Special Revenue Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 913,000	\$ 913,000	\$ 1,006,294	\$ 93,294
Use of money and property	4,500	4,500	13,991	9,491
Intergovernmental	-	-	-	-
Charges for services	-	-	510	510
Total revenues	<u>917,500</u>	<u>917,500</u>	<u>1,020,795</u>	<u>103,295</u>
EXPENDITURES:				
Current:				
Public works	355,746	355,746	64,817	290,929
Capital outlay	1,839,109	1,839,109	343,793	1,495,316
Total expenditures	<u>2,194,855</u>	<u>2,194,855</u>	<u>408,610</u>	<u>1,786,245</u>
REVENUES OVER (UNDER) EXPENDITURES	(1,277,355)	(1,277,355)	612,185	(1,889,540)
OTHER FINANCING SOURCES (USES):				
Transfers out			(41,268)	(41,268)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(41,268)</u>	<u>(41,268)</u>
Net change in fund balance	<u>\$ (1,277,355)</u>	<u>\$ (1,277,355)</u>	570,917	<u>\$ 1,848,272</u>
FUND BALANCE:				
Beginning of year			2,046,687	
End of year			<u>\$ 2,617,604</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Federal Revenue Sharing Special Revenue Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 500	\$ 500	\$ 1,024	\$ 524
Charges for services			662	662
Total revenues	500	500	1,686	1,186
EXPENDITURES:				
Current:				
Urban development and housing	2,800	2,800	-	2,800
Total expenditures	2,800	2,800	-	2,800
Net change in fund balance	\$ (2,300)	\$ (2,300)	1,686	\$ 3,986
FUND BALANCE:				
Beginning of year			43,854	
End of year			\$ 45,540	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Landscape Tree Assessment Special Revenue Fund For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$ 547,502	\$ 547,502	\$ 518,946	\$ (28,556)
Intergovernmental	-	-	7,618	7,618
Charges for services	3,300	3,300	2,300	(1,000)
Total revenues	550,802	550,802	528,864	(21,938)
EXPENDITURES:				
Current:				
Public works	723,461	723,461	543,626	179,835
Capital outlay	5,000	5,000	1,937	3,063
Total expenditures	728,461	728,461	545,563	182,898
REVENUES OVER (UNDER) EXPENDITURES	(177,659)	(177,659)	(16,699)	(160,960)
OTHER FINANCING SOURCES (USES):				
Transfers in	159,600	159,600	159,600	-
Transfers out	(64,777)	(64,777)	(64,777)	-
Total other financing sources (uses)	94,823	94,823	94,823	-
Net change in fund balance	\$ (82,836)	\$ (82,836)	78,124	\$ 160,960
FUND BALANCE:				
Beginning of year			305,065	
End of year			\$ 383,189	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Sidewalk Assessment Special Revenue Fund For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$ 196,336	\$ 196,336	\$ 225,060	\$ 28,724
Total revenues	<u>196,336</u>	<u>196,336</u>	<u>225,060</u>	<u>28,724</u>
EXPENDITURES:				
Current:				
Public works	205,041	205,041	14,799	190,242
Capital outlay	218,940	218,940	335,374	(116,434)
Total expenditures	<u>423,981</u>	<u>423,981</u>	<u>350,173</u>	<u>73,808</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(227,645)</u>	<u>(227,645)</u>	<u>(125,113)</u>	<u>(45,084)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(19,459)	(19,459)	(19,459)	-
Total other financing sources (uses)	<u>(19,459)</u>	<u>(19,459)</u>	<u>(19,459)</u>	<u>-</u>
Net change in fund balance	<u>\$ (247,104)</u>	<u>\$ (247,104)</u>	<u>(144,572)</u>	<u>\$ 102,532</u>
FUND BALANCE:				
Beginning of year			<u>312,993</u>	
End of year			<u>\$ 168,421</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Landfill Post-Closure Special Revenue Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 7,000	\$ 7,000	\$ 27,916	\$ 20,916
Charges for services	725,000	725,000	741,665	16,665
Total revenues	732,000	732,000	769,581	37,581
EXPENDITURES:				
Current:				
Public works	463,664	463,664	235,690	227,974
Capital outlay	639,637	639,637	407,396	232,241
Total expenditures	1,103,301	1,103,301	643,086	460,215
REVENUES OVER (UNDER) EXPENDITURES	(371,301)	(371,301)	126,495	(422,634)
OTHER FINANCING SOURCES (USES):				
Transfers out	(8,089)	(8,089)	(8,089)	-
Total other financing sources (uses)	(8,089)	(8,089)	(8,089)	-
Net change in fund balance	\$ (363,212)	\$ (363,212)	118,406	481,618
FUND BALANCE:				
Beginning of year			3,601,031	
End of year			\$ 3,719,437	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

County Transportation Tax Special Revenue Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 812,000	\$ 812,000	\$ 838,318	\$ 26,318
Use of money and property	2,000	2,000	8,076	6,076
Intergovernmental	747,334	747,334	485,716	(261,618)
Charges for services	45,000	45,000	42,325	(2,675)
Total revenues	<u>1,606,334</u>	<u>1,606,334</u>	<u>1,374,435</u>	<u>(231,899)</u>
EXPENDITURES:				
Current:				
Public works	1,782,458	1,782,458	1,325,885	456,573
Capital outlay	1,378,507	1,378,507	456,740	921,767
Total expenditures	<u>3,160,965</u>	<u>3,160,965</u>	<u>1,782,625</u>	<u>1,378,340</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,554,631)</u>	<u>(1,554,631)</u>	<u>(408,190)</u>	<u>(1,146,441)</u>
Net change in fund balance	<u>\$ (1,554,631)</u>	<u>\$ (1,554,631)</u>	<u>(408,190)</u>	<u>\$ 1,146,441</u>
FUND BALANCE:				
Beginning of year			1,078,894	
End of year			<u>\$ 670,704</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Public Library Special Revenue Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Current:				
Culture and recreation	34,856	34,856	1,189	33,667
Total expenditures	<u>34,856</u>	<u>34,856</u>	<u>1,189</u>	<u>33,667</u>
Net change in fund balance	<u>\$ (34,856)</u>	<u>\$ (34,856)</u>	(1,189)	<u>\$ (33,667)</u>
FUND BALANCE:				
Beginning of year			100,739	
End of year			<u>\$ 99,550</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Literacy Grant Special Revenue Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 31,000	\$ 31,000	\$ 10,000	\$ (21,000)
Other	102,000	102,000	58,460	(43,540)
Total revenues	133,000	133,000	68,460	(64,540)
EXPENDITURES:				
Current:				
Culture and recreation	174,504	174,504	127,353	47,151
Total expenditures	174,504	174,504	127,353	47,151
REVENUES OVER (UNDER) EXPENDITURES	(41,504)	(41,504)	(58,893)	(17,389)
OTHER FINANCING SOURCES (USES):				
Transfers in	55,000	55,000	55,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	55,000	55,000	55,000	-
Net change in fund balance	\$ 13,496	\$ 13,496	(3,893)	\$ (17,389)
FUND BALANCE:				
Beginning of year			(4,483)	
End of year			<u>(8,376)</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Narcotic Seizure Special Revenue Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for current services	\$ -	\$ -	\$ 18,041	\$ 18,041
Total revenues	<u>-</u>	<u>-</u>	<u>18,041</u>	<u>18,041</u>
EXPENDITURES:				
Current:				
Public safety	10,000	10,000	13,149	(3,149)
Capital outlay	-	-	-	-
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>13,149</u>	<u>(3,149)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(10,000)</u>	<u>(10,000)</u>	<u>4,892</u>	<u>21,190</u>
Net change in fund balance	<u>\$ (10,000)</u>	<u>\$ (10,000)</u>	<u>4,892</u>	<u>\$ 14,892</u>
FUND BALANCE:				
Beginning of year			<u>40,977</u>	
End of year			<u>\$ 45,869</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Transportation Impact Fees Special Revenue Fund For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 7,000	\$ 7,000	\$ 26,789	\$ 19,789
Intergovernmental	900,000	900,000	141,008	(758,992)
Charges for services	1,500,000	1,500,000	1,350,662	(149,338)
Total revenues	2,407,000	2,407,000	1,518,459	(888,541)
EXPENDITURES:				
Current:				
Public works	326,538	486,538	238,602	247,936
Capital outlay	923,254	1,045,054	5,479	1,039,575
Total expenditures	1,249,792	1,531,592	244,081	1,287,511
Net change in fund balance	\$ 1,157,208	\$ 875,408	1,274,378	\$ 398,970
FUND BALANCE:				
Beginning of year			2,688,103	
End of year			\$ 3,962,481	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Downtown Parking Permits Special Revenue Fund For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses and permits	\$ 375,000	\$ 375,000	\$ 440,350	\$ 65,350
Use of money and property	7,000	7,000	22,783	15,783
Charges for services	-	-	32	32
Total revenues	382,000	382,000	463,165	81,165
EXPENDITURES:				
Current:				
Public safety	21,400	21,400	7,294	14,106
Public works	90,604	90,604	113,596	(22,992)
Capital outlay	1,019,473	1,019,473	7,307	1,012,166
Total expenditures	1,131,477	1,131,477	128,197	1,003,280
REVENUES OVER (UNDER) EXPENDITURES	(749,477)	(749,477)	334,968	(922,115)
OTHER FINANCING SOURCES (USES):				
Transfers out	(25,898)	(25,898)	(25,898)	-
Total other financing sources (uses)	(25,898)	(25,898)	(25,898)	-
Net change in fund balance	\$ (775,375)	\$ (775,375)	309,070	\$ 1,084,445
FUND BALANCE:				
Beginning of year			2,935,236	
End of year			\$ 3,244,306	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Storm Drainage Fees Special Revenue Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 500	\$ 500	\$ 936	\$ 436
Charges for services	5,000	5,000	4,494	(506)
Total revenues	5,500	5,500	5,430	(70)
EXPENDITURES:				
Public works	19,027	19,027	-	19,027
Capital outlay	-	-	1,503	(1,503)
Total expenditures	19,027	19,027	1,503	17,524
Net change in fund balance	\$ (13,527)	\$ (13,527)	3,927	\$ 17,454
FUND BALANCE:				
Beginning of year			112,893	
End of year			\$ 116,820	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Solid Waste Service Special Revenue Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 2,000	\$ 2,000	\$ 6,790	\$ 4,790
Intergovernmental	8,753	8,753	8,840	87
Charges for services	240,000	240,000	395,058	155,058
Other	-	-	47,420	47,420
Total revenues	250,753	250,753	458,108	207,355
EXPENDITURES:				
Current:				
General government	16,172	16,172	6,746	9,426
Public works	341,328	341,328	281,218	60,110
Capital outlay	-	-	900	(900)
Total expenditures	357,500	357,500	288,864	68,636
REVENUES OVER (UNDER) EXPENDITURES	(106,747)	(106,747)	169,244	138,719
OTHER FINANCING SOURCES (USES):				
Transfers out	(43,651)	(43,651)	(43,651)	-
Total other financing sources (uses)	(43,651)	(43,651)	(43,651)	-
Net change in fund balance	\$ (150,398)	\$ (150,398)	125,593	\$ 275,991
FUND BALANCE:				
Beginning of year			939,267	
End of year			\$ 1,064,860	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Bay Area Air Quality Management Special Revenue Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ (5)	\$ (5)
Total revenues	<u>-</u>	<u>-</u>	<u>(5)</u>	<u>(5)</u>
EXPENDITURES:				
Current:				
Public works	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(5)</u>	<u>\$ (5)</u>
FUND BALANCE:				
Beginning of year			<u>2,598</u>	
End of year			<u>\$ 2,593</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Storm Water Management (NPDES) Special Revenue Fund For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$ 329,000	\$ 329,000	\$ 344,293	\$ 15,293
Charges for services	5,000	5,000	2,560	(2,440)
Total revenues	334,000	334,000	346,853	12,853
EXPENDITURES:				
Current:				
Public works	321,975	321,975	248,622	73,353
Capital outlay	-	-	172	(172)
Total expenditures	321,975	321,975	248,794	73,181
REVENUES OVER (UNDER) EXPENDITURES	12,025	12,025	98,059	86,034
OTHER FINANCING SOURCES (USES):				
Transfers out	(36,954)	(36,954)	(36,954)	-
Total other financing sources (uses)	(36,954)	(36,954)	(36,954)	-
Net change in fund balance	\$ (24,929)	\$ (24,929)	61,105	\$ 86,034
FUND BALANCE:				
Beginning of year			267,577	
End of year			\$ 328,682	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Peninsula Partnership Special Revenue Fund For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 1,990	\$ 1,990
Total revenues	<u>-</u>	<u>-</u>	<u>1,990</u>	<u>1,990</u>
EXPENDITURES:				
Current:				
Culture and recreation	1,902	1,902	16,040	(14,138)
Capital outlay	-	-	-	-
Total expenditures	<u>1,902</u>	<u>1,902</u>	<u>16,040</u>	<u>(14,138)</u>
Net change in fund balance	<u>\$ (1,902)</u>	<u>\$ (1,902)</u>	<u>(14,050)</u>	<u>\$ (12,148)</u>
FUND BALANCE:				
Beginning of year			<u>(31,680)</u>	
End of year			<u>\$ (45,730)</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Supplemental Law Enforcement Services Special Revenue Fund For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 200	\$ 200	\$ 133	\$ (67)
Intergovernmental	100,000	100,000	82,839	(17,161)
Total revenues	100,200	100,200	82,972	(17,228)
EXPENDITURES:				
Current:				
Public safety	29,000	29,000	29,265	(265)
Capital outlay	77,187	94,814	78,556	16,258
Total expenditures	106,187	123,814	107,821	15,993
Net change in fund balance	\$ (5,987)	\$ (23,614)	(24,849)	\$ (1,235)
FUND BALANCE:				
Beginning of year			50,034	
End of year			\$ 25,185	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Construction Impact Fees Special Revenue Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 5,000	\$ 5,000	16,069	\$ 11,069
Charges for services	1,000,000	1,000,000	1,725,457	725,457
Total revenues	1,005,000	1,005,000	1,741,526	736,526
EXPENDITURES:				
Current:				
Public works	73,092	73,092	-	73,092
Capital outlay	1,315,414	1,315,414	219,872	1,095,542
Total expenditures	1,388,506	1,388,506	219,872	1,168,634
Net change in fund balance	\$ 2,393,506	\$ 2,393,506	1,521,654	\$ (871,852)
FUND BALANCE:				
Beginning of year			2,103,076	
End of year			\$ 3,624,730	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Bedwell Bayfront Park Maintenance Special Revenue Fund For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 2,000	\$ 2,000	\$ 5,566	\$ 3,566
Charges for services	-	-	475	475
Total revenues	2,000	2,000	6,041	4,041
EXPENDITURES:				
Current:				
Public works	111,418	111,418	71,536	39,882
Capital outlay	5,000	5,000	5,407	(407)
Total expenditures	116,418	116,418	76,943	39,475
REVENUES OVER (UNDER) EXPENDITURES	(114,418)	(114,418)	(70,902)	(35,434)
OTHER FINANCING SOURCES (USES):				
Transfers out	(12,984)	(12,984)	(12,984)	-
Total other financing sources (uses)	(12,984)	(12,984)	(12,984)	-
Net change in fund balance	\$ (127,402)	\$ (127,402)	(83,886)	\$ 43,516
FUND BALANCE:				
Beginning of year			696,145	
End of year			<u>\$ 612,259</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Recreation In-Lieu Special Revenue Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,500	\$ 1,500	\$ 9,374	\$ 7,874
Charges for services	250,000	250,000	276,000	26,000
Total revenues	251,500	251,500	285,374	33,874
EXPENDITURES:				
Capital outlay	50,000	50,000	67,222	(17,222)
Total expenditures	50,000	50,000	67,222	(17,222)
REVENUES OVER (UNDER) EXPENDITURES	201,500	201,500	218,152	51,096
Net change in fund balance	\$ 251,500	\$ 251,500	218,152	\$ (33,348)
FUND BALANCE:				
Beginning of year			1,164,504	
End of year			\$ 1,382,656	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Sharon Hills Park Special Revenue Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 400	\$ 400	\$ 695	\$ 295
Total revenues	400	400	695	295
EXPENDITURES:				
Current:				
Public works	13,000	13,000	11,645	1,355
Total expenditures	13,000	13,000	11,645	1,355
Net change in fund balance	\$ (12,600)	\$ (12,600)	(10,950)	\$ 1,650
FUND BALANCE:				
Beginning of year			79,548	
End of year			\$ 68,598	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Vintage Oaks Landscape Special Revenue Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 300	\$ 300	\$ 600	\$ 300
Total revenues	300	300	600	300
EXPENDITURES:				
Current:				
Public works	19,840	19,840	12,816	7,024
Total expenditures	19,840	19,840	12,816	7,024
Net change in fund balance	\$ (19,540)	\$ (19,540)	(12,216)	\$ 7,324
FUND BALANCE:				
Beginning of year			84,657	
End of year			\$ 72,441	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Community Development Block Grant Special Revenue Fund

For the year ended June 30, 2014

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Use of money and property	\$ 18,500	\$ 18,500	\$ -	\$ (18,500)
Charges for services	(18,500)	(18,500)	30	18,530
Total revenues	<u>-</u>	<u>-</u>	<u>30</u>	<u>30</u>
EXPENDITURES:				
Current:				
Urban development and housing	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	30	<u>\$ 30</u>
FUND BALANCE:				
Beginning of year			<u>700,286</u>	
End of year			<u>\$ 700,316</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Miscellaneous Trust Special Revenue Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 1,998	\$ 1,998
Charges for services	-	-	690,436	690,436
Other	2,000	2,000	9,198	7,198
Total revenues	2,000	2,000	701,632	699,632
EXPENDITURES:				
Current:				
Culture and recreation	102,923	102,923	52,645	50,278
Community development	181,170	181,170	499,472	(318,302)
Capital outlay	9,000	9,000	-	9,000
Total expenditures	293,093	293,093	552,117	(259,024)
REVENUES OVER (UNDER) EXPENDITURES	(291,093)	(291,093)	149,515	440,608
OTHER FINANCING SOURCES (USES):				
Transfers out	(700)	(700)	(700)	-
Total other financing sources (uses)	(700)	(700)	(700)	-
Net change in fund balance	\$ (291,793)	\$ (291,793)	148,815	\$ 440,608
FUND BALANCE:				
Beginning of year			803,046	
End of year			\$ 951,861	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Library Bond Debt Service Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$ 429,700	\$ 429,700	\$ 341,382	\$ (88,318)
Use of money and property	2,000	2,000	4,604	2,604
Total revenues	431,700	431,700	345,986	(85,714)
EXPENDITURES:				
Cultural and recreation	450	450	550	(100)
Debt service:				
Principal	380,000	380,000	380,000	-
Interest	51,250	51,250	51,250	-
Total expenditures	431,700	431,700	431,800	(100)
Net change in fund balance	\$ -	\$ -	(85,814)	\$ (85,814)
FUND BALANCE:				
Beginning of year			912,327	
End of year			\$ 826,513	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Recreation GO Bond 2002 Debt Service Fund For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$ 842,630	\$ 842,630	\$ 1,701,418	\$ 858,788
Use of money and property	1,500	1,500	(745)	(2,245)
Total revenues	844,130	844,130	1,700,673	856,543
EXPENDITURES:				
Culture and recreation	5,900	5,900	5,300	600
Debt service:				
Principal	570,000	570,000	240,000	330,000
Interest	836,957	836,957	1,179,605	(342,648)
Total expenditures	1,412,857	1,412,857	1,424,905	(12,048)
REVENUES OVER (UNDER) EXPENDITURES	(568,727)	(568,727)	275,768	868,591
OTHER FINANCING SOURCES (USES):				
Payment to bond escrow account	-	(1,460,000)	-	(1,460,000)
Total other financing sources (uses)	-	(1,460,000)	-	(1,460,000)
Net change in fund balance	\$ (568,727)	\$ (2,028,727)	275,768	\$ 2,304,495
FUND BALANCE:				
Beginning of year			1,031,027	
End of year			<u>\$ 1,306,795</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Library Addition Capital Projects Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 500	\$ 500	\$ 996	\$ 496
Total revenues	500	500	996	496
EXPENDITURES:				
Current				
Capital outlay	122,595	122,595	-	122,595
Total expenditures	122,595	122,595	-	122,595
REVENUES OVER (UNDER) EXPENDITURES	(122,095)	(122,095)	996	123,091
Net change in fund balance	\$ (122,095)	\$ (122,095)	996	\$ 123,091
FUND BALANCE:				
Beginning of year			126,369	
End of year			\$ 127,365	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Measure T 2002 GO Bond Capital Projects Fund For the year ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 2,000	\$ 2,000	\$ 2,278	\$ 278
Charges for services	-	-	37,336	37,336
Total revenues	2,000	2,000	39,614	37,614
EXPENDITURES:				
Capital outlay	69,039	59,771	3,975	55,796
Total expenditures	69,039	59,771	3,975	55,796
REVENUES OVER (UNDER) EXPENDITURES	(67,039)	(57,771)	35,639	(18,182)
Net change in fund balance	\$ (67,039)	\$ (57,771)	35,639	\$ 93,410
FUND BALANCE:				
Beginning of year			290,113	
End of year			\$ 325,752	

ENTERPRISE FUNDS

Water Operations Fund - Established to account for the water distributions operations of the Menlo Park Municipal Water District.

Water Capital Improvement Fund - Accounts for the proceeds of the capital surcharge from water operations and is utilized for construction improvements of the water infrastructure.

City of Menlo Park
Combining Schedule of Net Position
Enterprise Funds
June 30, 2014

	Water Operating Fund	Water Capital Improvement Fund	Total Water Funds
ASSETS			
Current assets:			
Cash and investments	\$ 984	\$ 14,458,807	\$ 14,459,791
Receivables:			
Accounts	1,020,985	100,587	1,121,572
Interest	345	30,351	30,696
Deposits and prepaid expenses	130	-	130
Due from other funds	-	858,326	858,326
Total current assets	1,022,444	15,448,071	16,470,515
Capital assets:			
Non-depreciable	4,503,075	-	4,503,075
Depreciable, net	6,502,671	-	6,502,671
Total capital assets	11,005,746	-	11,005,746
Total assets	12,028,190	15,448,071	27,476,261
LIABILITIES			
Current liabilities:			
Accounts payable	522,460	208,395	730,855
Accrued payroll	35,356	18,473	53,829
Deposits	110,961	-	110,961
Compensated absences	14,010	3,484	17,494
Due to other funds	858,326	-	858,326
Total current liabilities	1,541,113	230,352	1,771,465
Noncurrent liabilities:			
Compensated absences	20,327	5,056	25,383
Total noncurrent liabilities	20,327	5,056	25,383
Total liabilities	1,561,440	235,408	1,796,848
NET POSITION			
Invested in capital assets, net of related debt	11,005,746	-	11,005,746
Restricted for:			
Capital projects	-	15,212,663	15,212,663
Unrestricted	(538,996)	-	(538,996)
Total net position	\$ 10,466,750	\$ 15,212,663	\$ 25,679,413

City of Menlo Park
Combining Schedule of Revenues, Expenses and Changes in Fund Net Position
Enterprise Funds
For the year ended June 30, 2014

	Water Operating Fund	Water Capital Improvement Fund	Total Water Funds
OPERATING REVENUES:			
Water sales	\$ 6,994,297	\$ 1,025,624	\$ 8,019,921
Connection fees	26,698	-	26,698
Total operating revenues	7,020,995	1,025,624	8,046,619
OPERATING EXPENSES:			
Cost of sales and services	6,231,351	77,223	6,308,574
General and administrative	408,772	-	408,772
Depreciation	199,569	-	199,569
Total operating expenses	6,839,692	77,223	6,916,915
OPERATING INCOME (LOSS)	181,303	948,401	1,129,704
NONOPERATING REVENUES (EXPENSES):			
Interest income	1,642	116,207	117,849
Total nonoperating revenues	1,642	116,207	117,849
INCOME (LOSS) BEFORE TRANSFERS	182,945	1,064,608	1,247,553
TRANSFERS:			
Transfers in	1,125,633	-	1,125,633
Transfers out	(185,881)	(1,125,633)	(1,311,514)
Total transfers	939,752	(1,125,633)	(185,881)
Net income (loss)	1,122,697	(61,025)	1,061,672
NET POSITION:			
Beginning of year	9,344,053	15,273,688	24,617,741
End of year	\$ 10,466,750	\$ 15,212,663	\$ 25,679,413

City of Menlo Park
Combining Schedule of Cash Flows
Enterprise Funds
For the year ended June 30, 2014

	Water Operating Fund	Water Capital Improvement Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers/other funds	\$ 6,531,422	\$ 1,082,036
Cash payment to suppliers	(5,596,532)	-
Cash payments for general and administrative	(749,473)	(4,076)
Net cash provided (used) by operating activities	185,417	1,077,960
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers out	(185,881)	-
Net cash provided (used) by noncapital financing activities	(185,881)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	-	(1,125,633)
Net cash provided (used) by capital and related financing activities	-	(1,125,633)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	1,298	141,626
Net cash provided (used) by investing activities	1,298	141,626
Net increase (decrease) in cash and cash equivalents	834	93,953
CASH AND CASH EQUIVALENTS:		
Beginning of year	150	14,364,854
End of year	\$ 984	\$ 14,458,807
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 181,303	\$ 948,401
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	199,569	-
Changes in current assets and liabilities:		
Accounts receivable	(208,834)	81,829
Accounts payable	(94,209)	42,732
Accrued payroll	13,313	10,571
Compensated absences	(4,332)	(5,573)
Deposits	98,607	-
Total adjustments	4,114	129,559
Net cash provided (used) by operating activities	\$ 185,417	\$ 1,077,960

=====

Total
Water Funds

7,613,458
(5,596,532)
(753,549)
1,263,377

(185,881)
(185,881)

(1,125,633)
(1,125,633)

142,924
142,924

94,787

14,365,004
\$ 14,459,791

\$ 1,129,704

199,569

(127,005)

(51,477)

23,884

(9,905)

98,607

133,673
\$ 1,263,377

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INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Workers' Compensation Insurance Fund - This fund accounts for the administration of the City's self-insured Workers' Compensation Insurance Program.

Liability Fire Insurance Fund - This fund accounts for the administration of the City's General Liability Insurance program.

Other Post Employment Benefits - This fund accounts for the financial administration of funding from all City departments for retiree medical benefits as these benefits are earned.

Vehicle Replacement Fund - This fund accounts for the replacement of vehicles and equipment used by various City departments.

City of Menlo Park
Combining Statement of Net Position
Internal Service Funds
June 30, 2014

	Workers' Compensation Insurance	General Liability Insurance	Other Post Employment Benefits	Vehicle Replacement	Total
ASSETS					
Current assets:					
Cash, cash equivalents and investments	\$ 2,301,530	\$ 973,522	\$ -	\$ 373,866	\$ 3,648,918
Receivables:					
Accounts	-	-	6,851	-	6,851
Interest	4,865	2,058	37	790	7,750
Deposits and prepaid items	95,000	50,000	11,567	-	156,567
Total current assets	2,401,395	1,025,580	18,455	374,656	3,820,086
Capital assets:					
Depreciable, net	-	-	-	516,704	516,704
Total capital assets	-	-	-	516,704	516,704
Total assets	2,401,395	1,025,580	18,455	891,360	4,336,790
LIABILITIES AND NET ASSETS					
Liabilities:					
Current liabilities:					
Accounts payable	125,563	13,632	431	-	139,626
Accrued payroll	3,379	1,060	-	-	4,439
Due to other funds	-	-	90,802	-	90,802
Claims payable, due within one year	612,318	91,038	-	-	703,356
Compensated absences payable, due within one year	3,656	397	-	-	4,053
Total current liabilities	744,916	106,127	91,233	-	942,276
Claims payable, due in more than one year	2,095,539	338,251	-	-	2,433,790
Compensated absences payable, due in more than one year	5,304	575	-	-	5,879
Total liabilities	2,845,759	444,953	91,233	-	3,381,945
Net Position:					
Invested in capital assets, net of related debt	-	-	-	516,704	516,704
Unrestricted	(444,364)	580,627	(72,778)	374,656	438,141
Total net position	\$ (444,364)	\$ 580,627	\$ (72,778)	\$ 891,360	\$ 954,845

City of Menlo Park
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the year ended June 30, 2014

	Workers' Compensation Insurance	General Liability Insurance	Other Post Employment Benefits	Vehicle Replacement	Total
OPERATING REVENUES:					
Charges for services	\$ 500,035	\$ 945,268	\$ 688,120	\$ 250,750	\$ 2,384,173
Total operating revenues	500,035	945,268	688,120	250,750	2,384,173
OPERATING EXPENSES:					
Personnel services	94,208	29,150	-	-	123,358
General and administrative	30,434	54,686	103,993	-	189,113
Insurance	1,000,810	492,234	566,643	-	2,059,687
Depreciation	-	-	-	142,167	142,167
Total operating expenses	1,125,452	576,070	670,636	142,167	2,514,325
OPERATING INCOME (LOSS)	(625,417)	369,198	17,484	108,583	(130,152)
NONOPERATING REVENUES (EXPENSES):					
Interest and investment earnings	20,604	2,367	467	3,385	26,823
Gain (loss) on sale of equipment	-	-	-	264	264
Total nonoperating revenues (expenses)	20,604	2,367	467	3,649	27,087
NET INCOME (LOSS)	(604,813)	371,565	17,951	112,232	(103,065)
NET POSITION:					
Beginning of the year	160,449	209,062	(90,729)	779,128	1,057,910
End of the year	\$ (444,364)	\$ 580,627	\$ (72,778)	\$ 891,360	\$ 954,845

City of Menlo Park
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2014

	Workers' Compensation Insurance	General Liability Insurance	Other Post Employment Benefits	Vehicle Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from other funds including cash deposits	\$ 504,817	\$ 962,877	\$ 687,966	\$ 282,628	\$ 2,438,288
Cash paid to suppliers	(871,001)	(637,771)	(670,759)	-	(2,179,531)
Cash paid to employees	(19,707)	(28,902)	-	-	(48,609)
Net cash provided (used) by operating activities	(385,891)	296,204	17,207	282,628	210,148
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Contributions	-	-	(17,638)	-	(17,638)
Net cash provided (used) by noncapital financing activities	-	-	(17,638)	-	(17,638)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from disposal of equipment	-	-	-	300	300
Acquisition and construction of capital assets	-	-	-	(229,255)	(229,255)
Net cash provided (used) by capital and related financing activities	-	-	-	(228,955)	(228,955)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment earnings received (paid)	23,283	2,612	431	3,091	29,417
Net cash provided (used) by investing activities	23,283	2,612	431	3,091	29,417
Net increase (decrease) in cash cash and cash equivalents	(362,608)	298,816	-	56,764	(7,028)
Cash, cash equivalents, and investments at beginning of year	2,664,138	674,706	-	317,102	3,655,946
Cash, cash equivalents, and investments at end of year	\$ 2,301,530	\$ 973,522	\$ -	\$ 373,866	\$ 3,648,918

City of Menlo Park
Combining Statement of Cash Flows, Continued
Internal Service Funds
For the year ended June 30, 2014

	Workers' Compensation Insurance	General Liability Insurance	Other Post Employment Benefits	Vehicle Replacement	Total
RECONCILIATION OF OPERATING					
INCOME (LOSS) TO NET CASH PROVIDED					
(USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (625,417)	\$ 369,198	\$ 17,484	\$ 108,583	\$ (130,152)
Depreciation	-	-	-	142,167	142,167
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Accounts receivable	4,228	245	(191)	31,878	36,160
Prepaid expenses	-	-	(544)	-	(544)
Accounts payable	83,848	(7,718)	458	-	76,588
Payroll liabilities	(799)	248	-	-	(551)
Insurance claim payable	148,041	(65,607)	-	-	82,434
Compensated absence payable	4,208	(162)	-	-	4,046
Total adjustments	239,526	(72,994)	(277)	174,045	340,300
Net cash provided (used) by operating activities	\$ (385,891)	\$ 296,204	\$ 17,207	\$ 282,628	\$ 210,148

City of Menlo Park
Combining Statement of Net Position
Agency Funds
June 30, 2014

	Refundable Deposits	Cash Bonds Payable	Payroll Revolving	Total Agency Funds
ASSETS				
Cash and investments	\$ 373,827	\$ 900	\$ (342,942)	\$ 31,785
Accounts receivable	-	-	652	652
Prepays	-	-	342,290	342,290
Total assets	<u>\$ 373,827</u>	<u>\$ 900</u>	<u>\$ -</u>	<u>\$ 374,727</u>
LIABILITIES				
Deposits	<u>\$ 373,827</u>	<u>\$ 900</u>	<u>\$ -</u>	<u>\$ 374,727</u>
Total liabilities	<u>\$ 373,827</u>	<u>\$ 900</u>	<u>\$ -</u>	<u>\$ 374,727</u>

City of Menlo Park
Combining Statement of Changes in Net Position
Agency Funds
For the year ended June 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<u>Refundable Deposits</u>				
Assets:				
Cash and investments	\$ 444,044	\$ 210,648	\$ (280,865)	\$ 373,827
Liabilities:				
Accounts payable	\$ 3,000	\$ 277,865	\$ (280,865)	\$ -
Deposits	441,044	207,648	(274,865)	373,827
Total liabilities	\$ 444,044	\$ 485,513	\$ (555,730)	\$ 373,827
<u>Cash Bonds Payable</u>				
Assets:				
Cash and investments	\$ 900	\$ -	\$ -	\$ 900
Liabilities:				
Deposits	\$ 900	\$ -	\$ -	\$ 900
<u>Payroll Revolving</u>				
Assets:				
Cash and investments	\$ (131,818)	\$ 3,696,256	\$ (3,907,380)	\$ (342,942)
Accounts receivable	-	652	-	652
Prepays	274,152	342,290	(274,152)	342,290
Total assets	\$ 142,334	\$ 4,039,198	\$ (4,181,532)	\$ -
Liabilities:				
Accounts payable	\$ 142,334	\$ 18,281,671	\$ (18,424,005)	\$ -
<u>Total Agency Funds</u>				
Assets:				
Cash and investments	\$ 313,126	\$ 3,906,904	\$ (4,188,245)	\$ 31,785
Prepays	274,152	342,290	(274,152)	342,290
	\$ 587,278	\$ 4,249,194	\$ (4,462,397)	\$ 374,075
Liabilities:				
Accounts payable	\$ 145,334	\$ 18,559,536	\$ (18,704,870)	\$ -
Deposits	441,944	207,648	(274,865)	374,727
Total liabilities	\$ 587,278	\$ 18,767,184	\$ (18,979,735)	\$ 374,727

City of Menlo Park
Combining Schedule of Net Position
Private-Purpose Trust Fund - Successor Agency
June 30, 2014

	Redevelopment Obligation Retirement Fund	Redevelopment Dissolution Fund	Total Successor Agency Funds
ASSETS			
Current assets:			
Cash and investments:			
Held with City	\$ 3,103,687	\$ 10	\$ 3,103,697
Held with trustees	10,691,742	-	10,691,742
Total assets	13,795,429	10	13,795,439
DEFERRED OUTFLOWS OF RESOURCES			
Interest rate swap instrument	10,322,626	-	10,322,626
Deferred loss of refunding	2,176,116	-	2,176,116
Total deferred outflows of resources	12,498,742	-	12,498,742
LIABILITIES			
Liabilities:			
Accounts payable	16,545	-	16,545
Interest payable	189,770	-	189,770
Deposits	108,891	-	108,891
Long-term debt:			
Other long-term debt (Note 6)	10,322,626	-	10,322,626
Due within one year	2,091,528	-	2,091,528
Due in more than one year	57,404,448	-	57,404,448
Total liabilities	70,133,808	-	70,133,808
NET POSITION			
Held in trust for other governments	(43,839,637)	10	(43,839,627)
Total net position	\$ (43,839,637)	\$ 10	\$ (43,839,627)

City of Menlo Park
Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund - Successor Agency
For the year ended June 30, 2014

	Redevelopment Obligation Retirement Fund	Redevelopment Dissolution Fund	Total Successor Agency
Additions:			
Property taxes	\$ 6,484,737	\$ -	\$ 6,484,737
Investment earnings	116,200	2	116,202
Other	-	1,678,196	1,678,196
Total additions	6,600,937	1,678,198	8,279,135
Deductions:			
Program expenses of former redevelopment agency	19,205	-	19,205
Interest and fiscal agency expenses of former redevelopment agency	4,192,647	-	4,192,647
Total deductions	4,211,852	-	4,211,852
Extraordinary gain(loss)	-	(7,373,173)	(7,373,173)
Change in net position	2,389,085	(5,694,975)	(3,305,890)
Net position - beginning of the year	(47,027,987)	5,694,985	(41,333,002)
Prior period adjustment	799,265	-	799,265
net position - end of the year	\$ (43,839,637)	\$ 10	\$ (43,839,627)

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Statistical Section

Fiscal Year 2013-2014

- Unaudited -

This part of the City of Menlo Park's comprehensive annual financial report presents detailed information as a context to aid in understanding of the information in the financial statements, note disclosures, and required supplementary information regarding the City's overall financial health.

Financial Trend

Schedule #

These schedules contain trend information to help the readers understand how the City of Menlo Park's financial performance and well-being have changed over time.

Net Position by Component	1
Changes in Net Position	2
Fund Balances-Governmental Funds	3
Changes in Fund Balances-Governmental Funds	4

Revenue Capacity

These schedules contain information to help the readers assess the City of Menlo Park's most significant local revenue resource, property taxes.

Governmental Funds by Source	5
Governmental Funds Taxes by Type	6
Assessed Valuation, Tax Rates, and Tax Levies	7

Debt Capacity

These schedules present information to help the readers assess the affordability of the City of Menlo Park's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Direct and Overlapping Property Tax Rates	8
Principal Property Tax Payers	9
Property Tax Levies and Collections	10
Ratios of Outstanding Debt by Type	11
Direct and Overlapping Debt	12
Legal Debt Service Margin Informations	13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the readers understand the environment within which the City's financial activities take place.

Demographic and Economic Statistics	14
Principal Employers	15
Full Time Equivalent City Employees by Function	16

Operating Information

These schedules contain service and infrastructure data to help the readers understand how the information in the City's financial reports relate to the services the City provides and the activities it performs.

Operating Indicators by Demand and Level of Service by Function/Program	17
Capital Asset Statistics by Function	18
Capital Asset and Infrastructure Statistics by Activities	19
Water Sold by Type of Customer	20
Water Service Rates	21
Miscellaneous Statistics	22

Net Position by Component

Financial Trend:
Schedule 1

June 30, 2014

Fiscal Year Ending June 30, ____

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Government Activities</u>										
Investment in Capital Assets, Net of Related Debt	\$ 276,025,463	\$ 266,250,790	\$ 260,060,574	\$ 265,272,383	\$ 261,153,596	\$ 259,274,758	\$ 279,942,360	\$ 345,357,433	\$ 347,050,366	\$ 344,119,674
Restricted for:										
Capital Projects	37,452,612	16,297,615	17,102,064	20,378,994	18,207,379	19,717,874	14,582,060	9,432,413	14,394,634	13,601,651
Debt Service	1,287,410	8,366,348	10,581,505	10,759,071	12,184,002	12,630,096	12,662,667	2,225,873	1,943,354	2,133,308
Community Development	-	6,187,396	5,866,768	6,160,144	6,140,612	6,265,677	-	-	-	-
Special Projects	2,094,806	4,647,861	809,974	1,034,326	1,203,583	5,857,506	9,176,084	2,842,844	1,501,478	2,238,560
Total Restricted - Government Activities	40,834,828	35,499,220	34,360,311	38,332,535	37,735,576	44,471,153	36,420,811	14,501,130	17,839,466	17,973,519
Total Unrestricted - Government Activities	47,350,857	51,292,783	71,773,633	66,120,512	74,932,478	69,032,234	61,310,616	49,224,495	50,586,566	60,530,382
Total Government Activities	\$ 364,211,148	\$ 353,042,793	\$ 366,194,518	\$ 369,725,430	\$ 373,821,650	\$ 372,778,145	\$ 377,673,787	\$ 409,083,058	\$ 415,476,398	\$ 422,623,575
<u>Business-Type Activities</u>										
Related Debt	\$ 7,119,922	\$ 7,440,931	\$ 7,391,343	\$ 7,532,369	\$ 7,620,626	\$ 7,790,683	\$ 8,536,711	\$ 9,524,216	\$ 10,079,682	\$ 11,005,746
Restricted for:										
Capital Projects	9,743,217	10,653,717	11,851,559	15,383,875	16,518,953	16,944,216	16,771,000	15,381,845	15,273,688	15,212,663
Special Projects	-	-	-	-	-	-	-	-	-	-
Total Restricted - Business-Type Activities	9,743,217	10,653,717	11,851,559	15,383,875	16,518,953	16,944,216	16,771,000	15,381,845	15,273,688	15,212,663
Total Unrestricted - Business-Type Activities	4,541,177	4,067,282	3,710,223	1,216,854	776,214	144,088	(397,806)	(431,529)	(735,629)	(538,996)
Total Business-Type Activities	\$ 21,404,316	\$ 22,161,930	\$ 22,953,125	\$ 24,133,098	\$ 24,915,793	\$ 24,878,987	\$ 24,909,905	\$ 24,474,532	\$ 24,617,741	\$ 25,679,413

Source: City of Menlo Park

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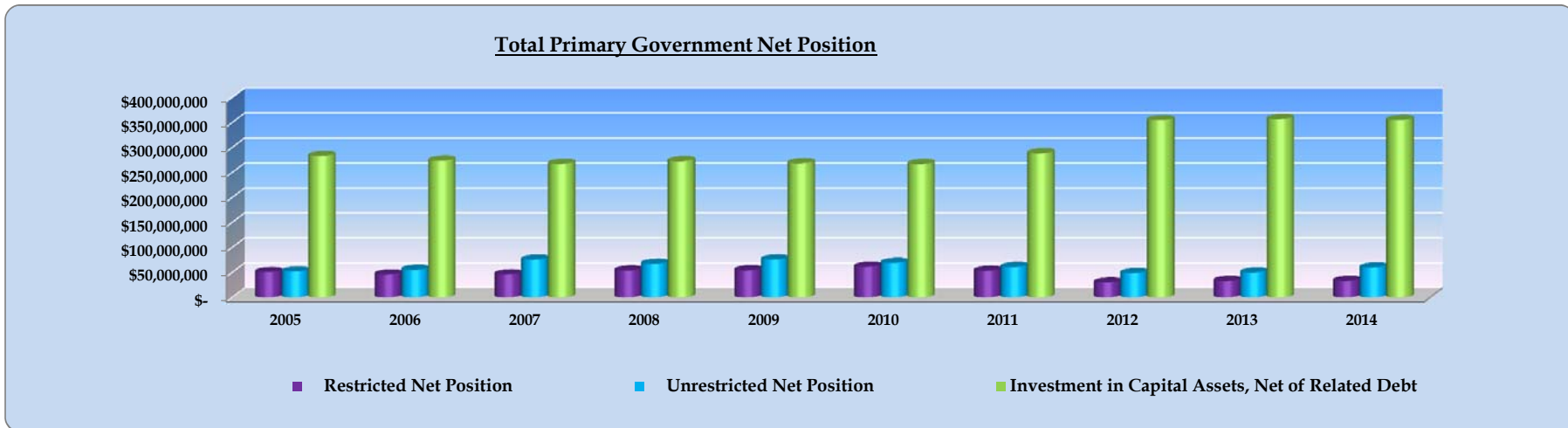
Net Position by Component

Financial Trend:
Schedule 1

June 30, 2014

Fiscal Year Ending June 30, ____

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Primary Government</u>										
Investment in Capital Assets, Net of Related Debt	\$ 283,145,385	\$ 273,691,721	\$ 267,451,917	\$ 272,804,752	\$ 268,774,222	\$ 267,065,441	\$ 288,479,071	\$ 354,881,649	\$ 357,130,048	\$ 355,125,420
Unrestricted Net Position	51,892,034	55,360,065	75,483,856	67,337,366	75,708,692	69,176,322	60,912,810	48,792,966	49,850,937	59,991,386
Investment in Capital Assets & Unrestricted Net Position	335,037,419	329,051,786	342,935,773	340,142,118	344,482,914	336,241,763	349,391,881	403,674,615	406,980,985	415,116,806
Restricted Net Position	50,578,045	46,152,937	46,211,870	53,716,410	54,254,529	61,415,369	53,191,811	29,882,975	33,113,154	33,186,182
Total Primary Government Net Position	<u>\$ 385,615,464</u>	<u>\$ 375,204,723</u>	<u>\$ 389,147,643</u>	<u>\$ 393,858,528</u>	<u>\$ 398,737,443</u>	<u>\$ 397,657,132</u>	<u>\$ 402,583,692</u>	<u>\$ 433,557,590</u>	<u>\$ 440,094,139</u>	<u>\$ 448,302,988</u>
% of Change - from Prior Year	-1.9%	-2.7%	3.7%	1.2%	1.2%	-0.3%	1.2%	7.7%	1.5%	1.9%



Source: City of Menlo Park

Changes in Net Position
June 30, 2014

Financial Trend:
Schedule 2

	Fiscal Year Ending June 30, ____									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Primary Government-Program Revenues										
Governmental Activities										
Charges for Services										
General Government	\$ 4,486,715	\$ 4,649,505	\$ 3,676,393	\$ 3,539,934	\$ 3,123,825	\$ 3,145,514	\$ 2,878,920	\$ 2,830,591	\$ 3,125,908	\$ 3,011,181
Public Safety	1,240,807	1,086,348	1,241,847	5,154,247	1,390,649	1,505,640	1,830,534	1,609,755	1,579,674	2,031,899
Public Works	3,391,517	3,609,732	6,541,634	3,837,839	2,753,607	2,922,929	4,109,836	3,650,442	6,924,069	6,189,576
Culture and Recreation	2,835,631	2,949,807	3,291,723	3,345,055	3,323,877	3,434,135	3,077,788	3,679,129	3,873,165	3,782,550
Community Development	2,377,251	3,897,805	6,170,024	3,952,454	4,145,205	2,122,221	3,408,895	4,994,156	3,695,171	5,467,278
Operating Grants and Contributions	1,712,952	1,681,505	3,251,025	2,369,502	2,428,500	2,557,313	2,185,417	2,729,866	1,644,022	1,438,966
Capital Grants and Contributions (1)	686,540	268,468	520,156	1,030,839	2,569,003	2,549,779	12,342,612	6,922,360	2,353,049	2,341,476
Total Governmental Activities-Program Revenues	16,731,413	18,143,170	24,692,802	23,229,870	19,734,666	18,237,531	29,834,002	26,416,299	23,195,058	24,262,926
Business-Type Activities										
Charges for Services										
Capital Grants and Contributions	3,305,954	3,567,919	3,881,115	4,483,145	4,352,147	4,258,917	4,935,649	5,750,659	6,633,147	8,046,619
Capital Grants and Contributions	462,525	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	3,768,479	3,567,919	3,881,115	4,483,145	4,352,147	4,258,917	4,935,649	5,750,659	6,633,147	8,046,619
Total Primary Government-Program Revenues	20,499,892	21,711,089	28,573,917	27,713,015	24,086,813	22,496,448	34,769,651	32,166,958	29,828,205	32,309,545
General Revenues & Other Changes in Net Position										
Governmental Activities										
Taxes										
Property Taxes (2)	17,755,873	19,621,262	20,634,276	23,292,838	24,213,136	23,753,592	23,936,578	13,239,856	15,731,889	15,156,065
Sales Taxes	6,057,460	6,503,635	6,799,561	7,676,943	6,865,152	5,499,244	5,988,055	5,938,310	6,043,870	6,444,292
Transient Occupancy Tax	1,101,929	1,237,697	1,375,914	1,474,119	1,351,578	2,074,486	2,453,981	2,939,475	3,468,256	4,158,809
Other Taxes	3,259,064	2,022,174	2,267,911	3,262,586	3,953,097	3,960,714	4,490,992	4,607,758	4,556,371	4,946,135
Total Taxes	28,174,326	29,384,768	31,077,662	35,706,486	36,382,963	35,288,036	36,869,606	26,725,399	29,800,386	30,705,301
Investment Earnings	2,239,123	3,482,982	5,175,930	6,076,112	4,645,732	2,085,808	1,431,440	1,133,432	647,963	982,640
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-	-	-	-	547,749	264
Miscellaneous	77,106	212,819	372,534	706,444	193,370	30,125	235,145	255,185	107,652	1,222,100
Transfers	216,700	227,700	238,700	184,711	198,814	160,814	165,639	170,605	181,525	185,881
Extraordinary gain (3),(4)	-	-	-	-	-	-	-	28,170,332	-	771,822
Total Governmental Activities - General Revenues	30,707,255	33,308,269	36,864,826	42,673,753	41,420,879	37,564,783	38,701,830	56,454,953	31,285,275	33,868,008
Business-type Activities										
Investment Earnings										
Miscellaneous	333,040	498,773	750,700	957,071	667,230	242,433	135,619	103,480	(8,799)	117,849
Transfers	(216,700)	(227,700)	(238,700)	(184,711)	(198,814)	(160,814)	(165,639)	(170,605)	(181,525)	(185,881)
Total Business-Type Activities - General Revenues	116,340	271,073	512,000	772,704	478,416	82,554	(30,020)	(73,078)	(190,324)	(68,032)
Total Primary Government-Program Revenues, General Revenues & Other Changes in Net Position	51,323,487	55,290,431	65,950,743	71,159,472	65,986,108	60,143,785	73,441,461	88,548,833	60,923,156	66,109,521

Source: City of Menlo Park

Notes:

- (1) In fiscal year 2010-11 and 2011-2012, capital contributions include construction of Arrillaga Family Gym, Recreation Center, and Gymnastics Center.
- (2) In fiscal year 2005-06, Property tax in lieu of Motor Vehicle License fees was reclassified to Property Taxes.
- (3) In fiscal year 2011-12, extraordinary gain was due to dissolution of the Community Development Agency.
- (4) In fiscal year 2013-14 extraordinary gain was due to the sale of the Hamilton Ave property.

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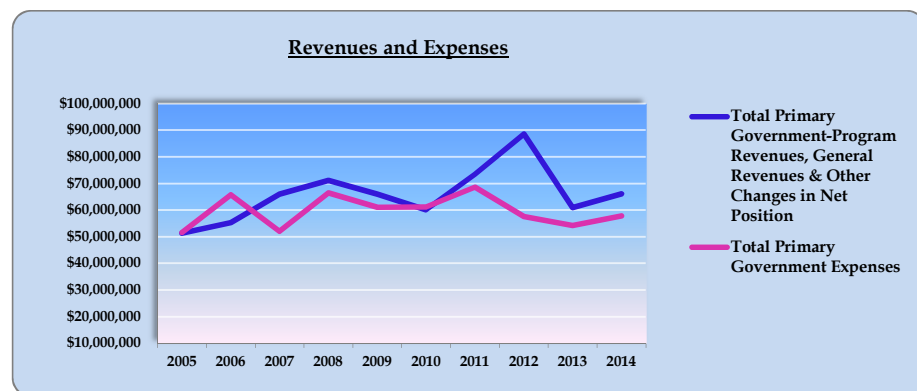
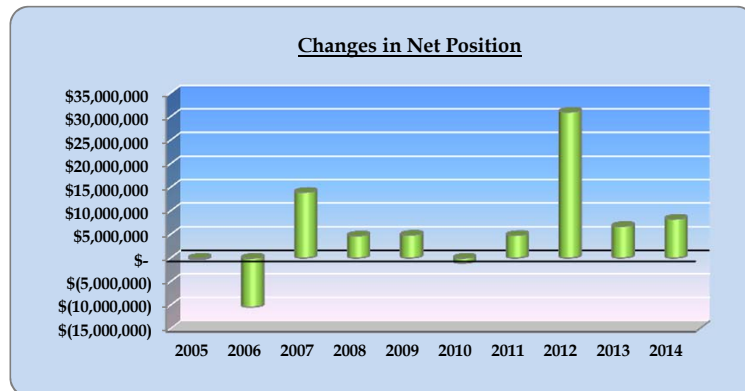
Changes in Net Position
June 30, 2014

Financial Trend:
Schedule 2

	Fiscal Year Ending June 30, ____									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities										
General Government	7,322,997	7,761,696	6,857,574	8,145,031	6,507,831	6,353,156	8,845,324	7,386,399	6,332,057	8,057,304
Public Safety (4)	9,196,468	9,092,996	11,191,323	15,763,116	13,755,857	13,605,071	20,707,475	14,248,362	14,080,936	14,237,536
Public Works	11,040,198	10,275,029	9,723,201	12,332,849	10,717,616	10,635,694	10,789,784	10,809,670	10,920,198	11,638,045
Culture and Recreation	7,547,337	7,781,549	8,647,013	11,276,226	9,723,210	9,616,046	9,461,866	9,860,317	11,077,343	11,400,791
Community Development (5)	8,721,659	23,179,192	6,916,391	9,817,989	12,644,222	12,615,612	9,470,060	6,186,002	4,240,784	4,384,310
Interest on Long-Term Debt	4,602,336	4,529,332	5,070,401	5,037,500	3,710,590	4,020,241	4,481,135	2,971,231	1,229,193	1,219,698
Total Governmental Activities Expenses	48,430,995	62,619,794	48,405,903	62,372,711	57,059,325	56,845,819	63,755,644	51,461,981	47,880,511	50,937,684
Business-Type Activities										
Water	3,187,578	3,081,378	3,601,919	4,075,876	4,047,868	4,378,277	4,874,711	6,112,954	6,299,614	6,916,915
Total Business-Type Activities Expenses	3,187,578	3,081,378	3,601,919	4,075,876	4,047,868	4,378,277	4,874,711	6,112,954	6,299,614	6,916,915
Total Primary Government Expenses	51,618,573	65,701,172	52,007,822	66,448,587	61,107,193	61,224,096	68,630,355	57,574,935	54,180,125	57,854,599
Net Revenue (Expenses)										
Governmental Activities	(31,699,582)	(44,476,624)	(23,713,101)	(39,142,841)	(37,324,659)	(38,608,288)	(33,921,642)	(25,045,682)	(24,685,453)	(26,674,758)
Business-type Activities	580,901	486,541	279,196	407,269	304,279	(119,360)	60,938	(362,295)	333,533	1,129,704
Total Net Revenue (Expenses)	(31,118,681)	(43,990,083)	(23,433,905)	(38,735,572)	(37,020,380)	(38,727,648)	(33,860,704)	(25,407,977)	(24,351,920)	(25,545,054)
Changes in Net Position										
Governmental Activities	(992,327)	(11,168,355)	13,151,725	3,530,912	4,096,220	(1,043,505)	4,780,188	31,409,271	6,599,822	7,193,250
Business-type Activities	697,241	757,614	791,196	1,179,973	782,695	(36,806)	30,918	(435,373)	143,209	1,061,672
Changes in Net Position	\$ (295,086)	\$ (10,410,741)	\$ 13,942,921	\$ 4,710,885	\$ 4,878,915	\$ (1,080,311)	\$ 4,811,106	\$ 30,973,898	\$ 6,743,031	\$ 8,254,922

Notes:

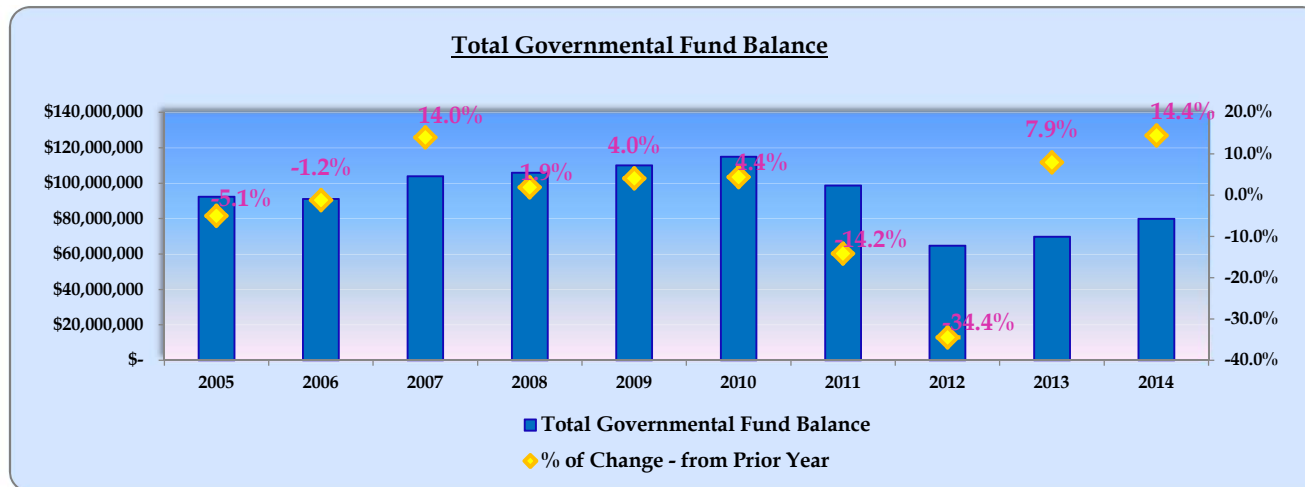
- (4) In fiscal year 2010-11, City paid off a \$ 7.1 million pension liability for safety employees.
- (5) Includes fiscal year 2005-06 transfer of Hamilton Avenue housing and park site from the Community Development Agency of the City to the developers.



Fund Balances - Governmental Funds
Last Ten Fiscal Years

Financial Trends:
Schedule 3

	Fiscal Year Ending June 30, __									
	2005	2006	2007	2008	2009	2010	2011 *	2012	2013	2014
<u>General Fund</u>										
Nonspendable	\$ 1,487,329	\$ 1,503,411	\$ 202,244	\$ -	\$ 1,529,495	\$ 1,196,456	\$ 1,435,026	\$ 2,227,593	\$ 1,005,376	\$ 1,076,587
Committed	5,106,483	5,865,122	3,000,000	3,000,000	3,000,000	3,000,000	14,000,000	14,000,000	14,000,000	16,240,000
Assigned	3,158,044	3,130,894	2,934,623	3,278,658	3,034,172	2,999,575	2,592,173	3,494,188	2,728,033	4,307,634
Unassigned	<u>22,054,356</u>	<u>25,001,249</u>	<u>29,521,304</u>	<u>21,003,074</u>	<u>19,144,493</u>	<u>18,231,011</u>	<u>1,578,736</u>	<u>1,776,214</u>	<u>4,644,239</u>	<u>6,367,022</u>
General Fund Balance	31,806,212	35,500,676	35,658,171	27,281,732	26,708,160	25,427,042	19,605,935	21,497,995	22,377,648	27,991,243
<u>Other Governmental Funds</u>										
Nonspendable	2,686,585	6,187,396	6,186,018	6,160,144	6,140,612	2,554,413	2,475,807	4,233,517	4,907,442	565
Restricted	1,287,410	8,366,348	10,581,508	10,759,071	12,184,002	12,630,096	76,633,611	38,934,347	42,501,844	21,704,829
Committed	500,000	500,000	-	-	-	-	-	-	-	14,350,759
Assigned	56,509,986	42,674,483	52,333,571	61,727,238	65,056,016	74,302,453	-	-	-	15,834,509
Unassigned	<u>(500,245)</u>	<u>(2,080,256)</u>	<u>(880,527)</u>	<u>(94,386)</u>	<u>-</u>	<u>-</u>	<u>(105,083)</u>	<u>-</u>	<u>-</u>	<u>(54,106)</u>
Total Other Governmental Fund Balance	60,483,736	55,647,971	68,220,570	78,552,067	83,380,630	89,486,962	79,004,335	43,167,864	47,409,286	51,836,556
Total Governmental Fund Balance	<u>\$ 92,289,948</u>	<u>\$ 91,148,647</u>	<u>\$ 103,878,741</u>	<u>\$ 105,833,799</u>	<u>\$ 110,088,790</u>	<u>\$ 114,914,004</u>	<u>\$ 98,610,270</u>	<u>\$ 64,665,859</u>	<u>\$ 69,786,934</u>	<u>\$ 79,827,799</u>
% of Change - from Prior Year	-5.1%	-1.2%	14.0%	1.9%	4.0%	4.4%	-14.2%	-34.4%	7.9%	14.4%

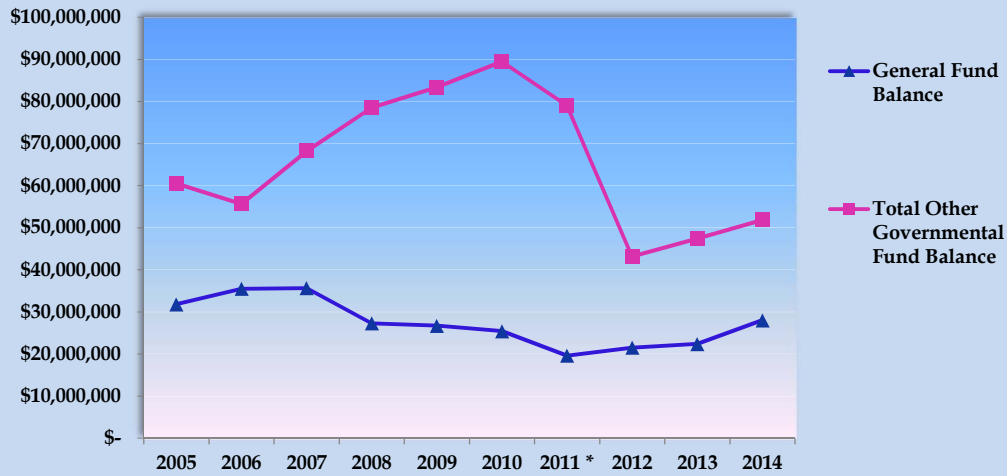


Source: City of Menlo Park

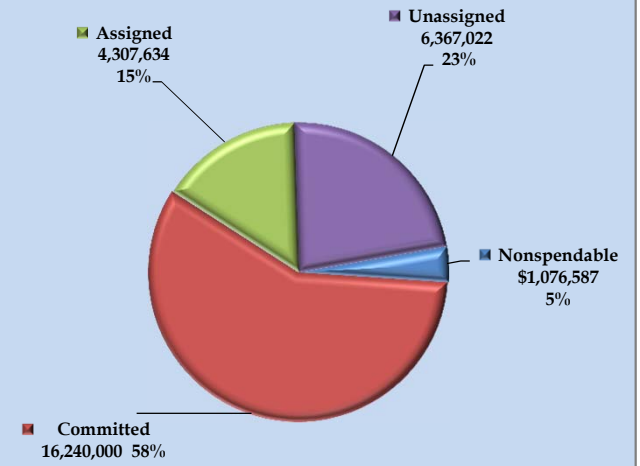
* GASB 54 "Fund Balance Reporting and Governmental Fund Type Definitions" implemented in 2010-11.

(Continued)

General Fund and Other Governmental Fund Balances



General Fund Balance - June 30, 2014



Source: City of Menlo Park

Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years

Financial Trends:
Schedule 4

	Fiscal Year Ending June 30, _____									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues										
Taxes										
Secured property taxes	\$ 15,771,442	\$ 17,573,221	\$ 18,597,314	\$ 21,081,671	\$ 22,050,255	\$ 21,912,423	\$ 21,810,655	\$ 12,258,233	\$ 14,854,925	\$ 14,081,491
Unsecured property taxes	1,378,158	1,330,885	1,337,681	1,752,345	1,817,213	1,422,317	1,577,479	404,916	351,099	384,686
Other property taxes	606,274	717,157	699,280	458,822	345,670	418,851	548,444	576,707	525,865	689,888
Sales taxes	6,057,460	6,503,635	6,799,561	7,676,943	6,865,152	5,499,244	5,988,055	5,938,310	6,043,870	6,444,292
Other Taxes(1)	3,521,874	3,761,949	4,664,247	5,878,652	5,214,176	5,940,486	6,774,780	7,530,245	8,007,960	9,085,311
Special assessments	2,362,435	2,433,635	2,537,408	2,661,078	2,894,276	2,824,098	2,818,829	2,862,076	2,831,235	3,131,099
Licenses and permits	2,917,357	3,432,745	3,657,542	4,376,750	3,208,028	3,069,990	3,586,374	4,093,978	4,845,041	6,222,575
Fines and forfeitures	832,897	792,005	897,568	951,145	1,105,836	1,028,825	953,194	1,067,328	998,259	1,253,261
Use of money and property	2,656,739	3,482,982	5,542,009	6,162,279	4,528,617	1,918,576	1,406,100	1,102,320	594,476	955,817
Intergovernmental	4,176,319	2,691,439	2,750,760	3,533,679	3,180,550	3,219,749	2,547,164	2,325,236	2,276,829	1,757,274
Charges for services	6,873,012	8,047,145	13,884,432	10,713,906	10,221,426	8,738,183	10,486,567	11,943,461	13,225,264	13,312,487
Other Revenues	77,106	212,817	372,534	702,342	186,473	334,959	234,550	270,567	202,137	141,434
Total Revenues	<u>47,231,073</u>	<u>50,979,615</u>	<u>61,740,336</u>	<u>65,949,612</u>	<u>61,617,672</u>	<u>56,327,701</u>	<u>58,732,191</u>	<u>50,373,377</u>	<u>54,756,960</u>	<u>57,459,615</u>
Expenditures										
Current										
General Government	6,154,281	6,652,130	5,938,008	6,168,001	6,372,271	6,442,817	6,209,988	4,545,864	5,204,412	5,567,633
Public Safety(2)	9,078,447	8,929,677	11,212,320	12,476,614	13,371,606	13,532,394	20,568,030	13,978,279	13,831,018	14,194,657
Public Works	7,218,664	7,750,882	7,387,498	7,774,129	7,991,160	7,768,455	7,929,428	7,886,059	8,174,802	8,130,751
Culture and Recreation	7,195,048	7,303,573	7,813,935	8,359,386	8,669,415	8,570,915	8,286,639	8,287,074	9,014,947	9,330,874
Rehabilitation Loans	190,050	400,100	-	-	-	-	-	-	-	-
Community Development	3,780,494	4,088,283	3,233,905	4,325,628	4,533,291	4,354,345	4,061,407	5,560,374	3,937,710	4,248,952
Urban Development and Housing	4,722,358	4,544,265	3,439,609	4,101,470	4,236,426	7,312,083	5,399,919	614,951	286,699	133,523
Capital Outlay	8,346,574	10,260,993	2,989,734	4,545,565	6,405,132	8,314,011	16,030,908	10,215,010	7,904,805	5,999,875
Debt Service										
Principal(3)	1,770,000	1,855,000	475,000	2,115,000	2,215,000	2,305,000	2,420,000	2,570,000	760,000	620,000
Interest and Fiscal Charges(4)	4,614,326	6,224,963	3,768,661	4,868,947	3,540,575	3,581,456	4,295,839	4,254,712	1,255,585	1,230,855
Total Expenditures	<u>53,070,242</u>	<u>58,009,866</u>	<u>46,258,670</u>	<u>54,734,740</u>	<u>57,334,876</u>	<u>62,181,476</u>	<u>75,202,158</u>	<u>57,912,323</u>	<u>50,369,978</u>	<u>49,457,120</u>
Revenues over (under) Expenditures	<u>(5,839,169)</u>	<u>(7,030,251)</u>	<u>15,481,666</u>	<u>11,214,872</u>	<u>4,282,796</u>	<u>(5,853,775)</u>	<u>(16,469,967)</u>	<u>(7,538,946)</u>	<u>4,386,982</u>	<u>8,002,495</u>

Source: City of Menlo Park

Notes:

- (1) Other Taxes include Franchise & Occupancy, Utility Users, Highway Users and County Transportation taxes.
- (2) In fiscal year 2010-11, the large increase was due to paying off the PERS safety side fund.
- (3) Principal payment due on the 2006 Las Pulgas Tax Allocation Refunding Bonds on January 1, 2008.
- (4) Interest and Fiscal Charges include cost of issuance and bond insurance.

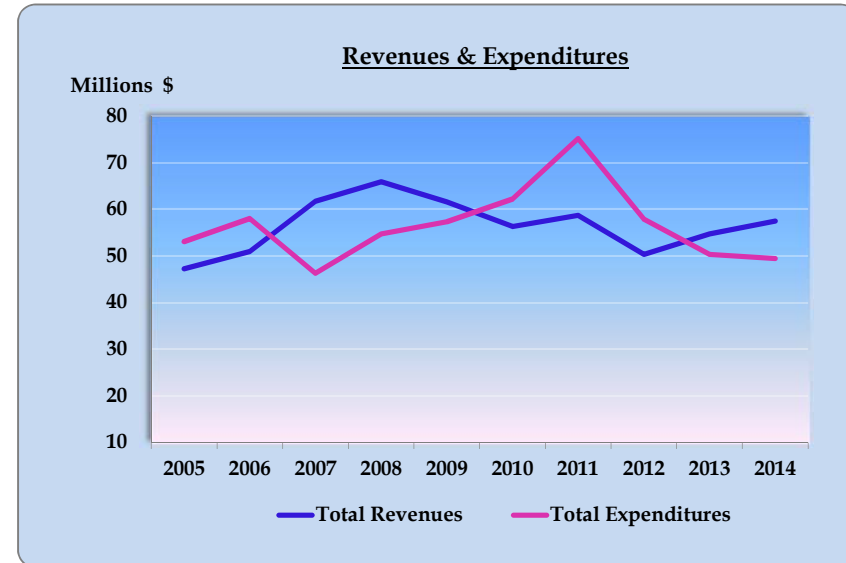
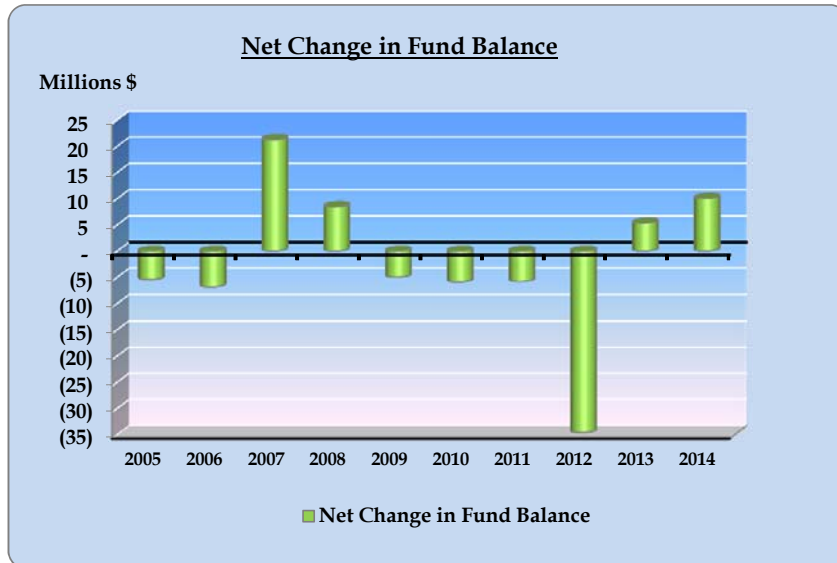
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Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years

Financial Trends:
Schedule 4

	Fiscal Year Ending June 30, ____									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Other Financing Sources (Uses)										
Transfer In	3,443,703	2,831,593	16,376,591	7,551,944	10,799,042	7,159,491	7,297,500	9,722,425	6,091,632	2,994,261
Transfer Out	(3,227,003)	(2,614,893)	(16,148,891)	(10,586,019)	(20,058,856)	(7,188,677)	(7,136,686)	(9,551,820)	(5,910,107)	(2,808,380)
Proceeds from Sale of Fixed/Capital Assets	196,131	15,633	3,985,446	282,503	-	1,381	3,204	-	766,855	1,080,667
Proceeds from Debt Issuance	-	-	72,430,000	-	-	-	10,440,000	9,830,000	-	-
Payment to Escrow Agent	-	-	(70,525,172)	-	-	-	-	(11,166,467)	-	-
Discount on Issuance of Debt	-	-	(336,800)	-	-	-	74,971	(73,725)	-	-
Total Other Financing Sources (Uses)	412,831	232,333	5,781,174	(2,751,572)	(9,259,814)	(27,805)	10,678,989	(1,239,587)	948,380	1,266,548
Extraordinary gain(loss)(6),(7)	-	-	-	-	-	-	-	(25,814,163)	-	771,822
Net Change in Fund Balance	\$ (5,426,338)	\$ (6,797,918)	\$ 21,262,840	\$ 8,463,300	\$ (4,977,018)	\$ (5,881,580)	\$ (5,790,978)	\$ (34,592,696)	\$ 5,335,362	\$ 10,040,865
% of Change	-16.7%	25.3%	-412.8%	-60.2%	-158.8%	18.2%	-1.5%	497.4%	-115.4%	88.2%

Debt Service as Percentage of Non-Capital Expenditures	14.3%	16.9%	9.8%	13.9%	11.3%	10.9%	11.3%	14.3%	4.7%	4.3%
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Source: City of Menlo Park

(6) In fiscal year 2011-12, the extraordinary gain was due to dissolution of the Community Development Agency

(7) In fiscal year 2013-14, the extraordinary gain was due to sale of the Hamilton Ave. property

Governmental Funds Revenues by Source ⁽¹⁾
Last Ten Fiscal Years

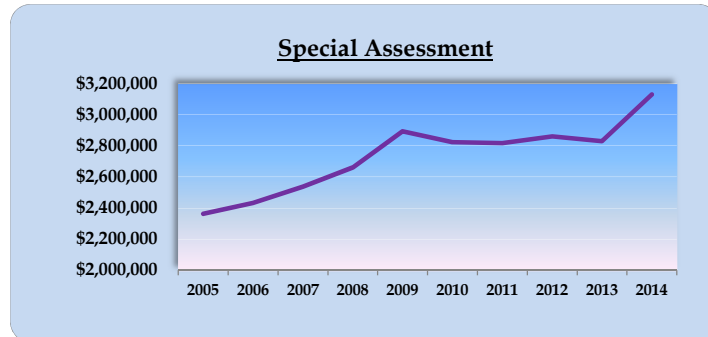
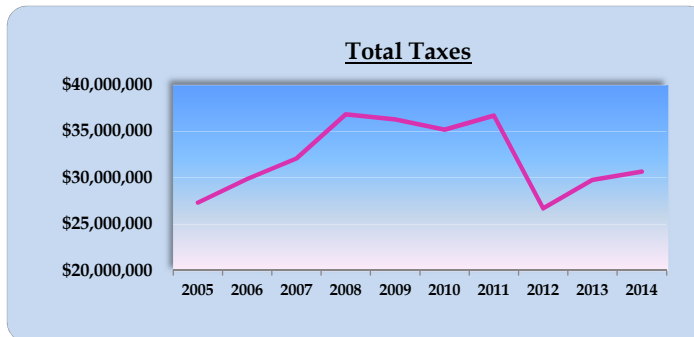
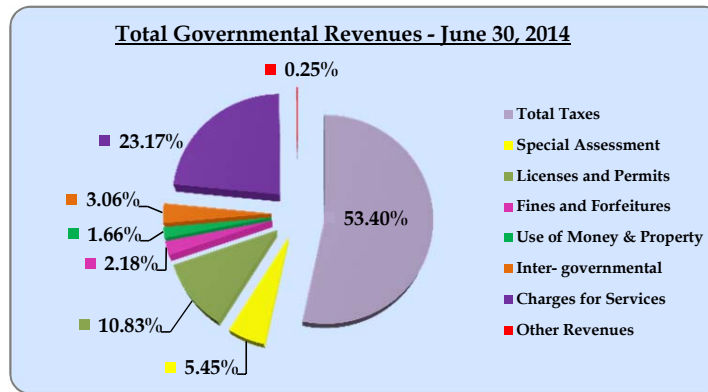
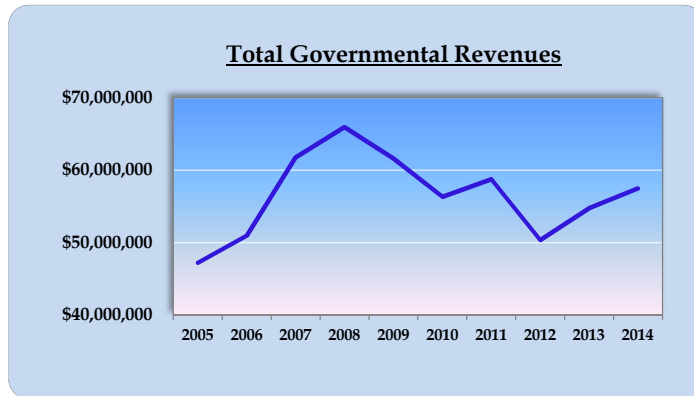
Revenue Capacity:
Schedule 5

Fiscal Year Ending June 30	Total Taxes	Special Assessment	Licenses and Permits	Fines and Forfeitures	Use of Money & Property	Inter- governmental	Charges for Services	Other Revenues	Total Governmental Revenues
2005	\$ 27,335,208	\$ 2,362,435	\$ 2,917,357	\$ 832,897	\$ 2,656,739	\$ 4,176,319	\$ 6,873,012	\$ 77,106	\$ 47,231,073
2006	29,886,847 (2)	2,433,635	3,432,745	792,005	3,482,982	2,691,439	8,047,145	212,817	50,979,615
2007	32,098,083	2,537,408	3,657,542	897,568	5,542,009	2,750,760	13,884,432	372,534	61,740,336
2008	36,848,433	2,661,078	4,376,750	951,145	6,162,279	3,533,679	10,713,906	702,342	65,949,612
2009	36,292,466	2,894,276	3,208,028	1,105,836	4,528,617	3,180,550	10,221,426	186,473	61,617,672
2010	35,193,321	2,824,098	3,069,990	1,028,825	1,918,576	3,219,749	8,738,183	334,959	56,327,701
2011	36,699,413	2,818,829	3,586,374	953,194	1,406,100	2,547,164	10,486,567	234,550	58,732,191
2012	26,708,411	2,862,076	4,093,978	1,067,328	1,102,320	2,325,236	11,943,461	270,567	50,373,377
2013	29,783,719	2,831,235	4,845,041	998,259	594,476	2,276,829	13,225,264	202,137	54,756,960
2014	30,685,668	3,131,099	6,222,575	1,253,261	955,817	1,757,274	13,312,487	141,434	57,459,615

Source: City of Menlo Park

⁽¹⁾ General governmental revenues by source consist of the following City funds: General, Special Revenue, Debt Service, Capital Projects and Expendable Trusts.

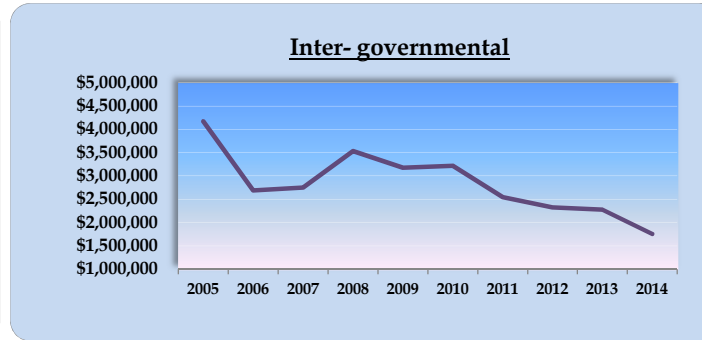
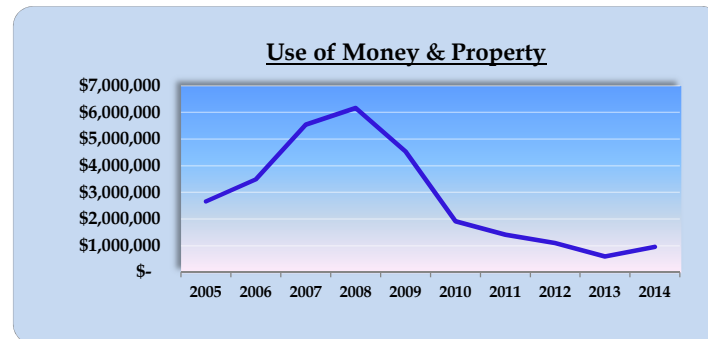
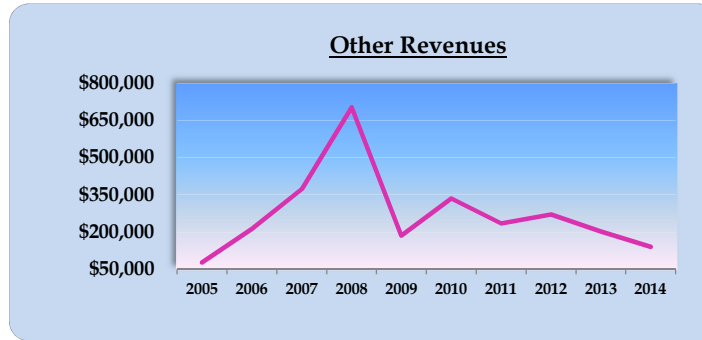
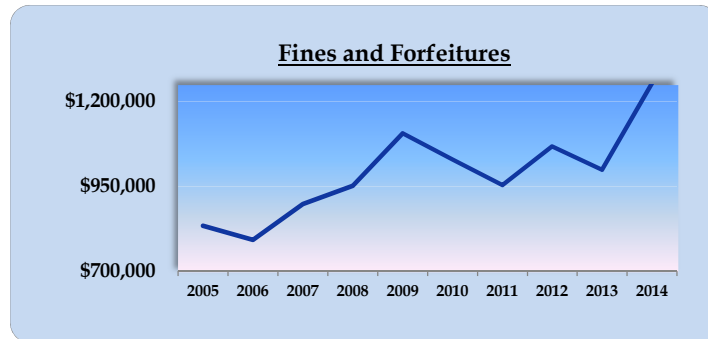
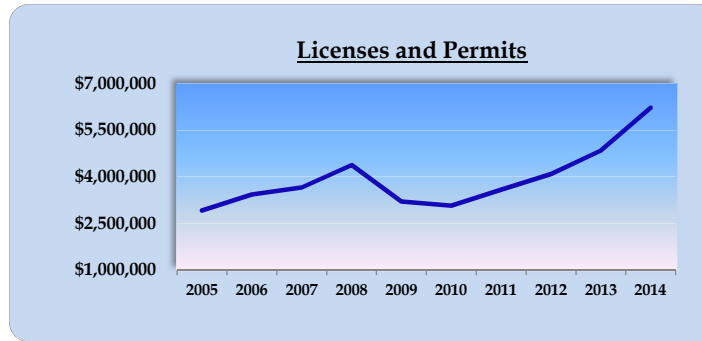
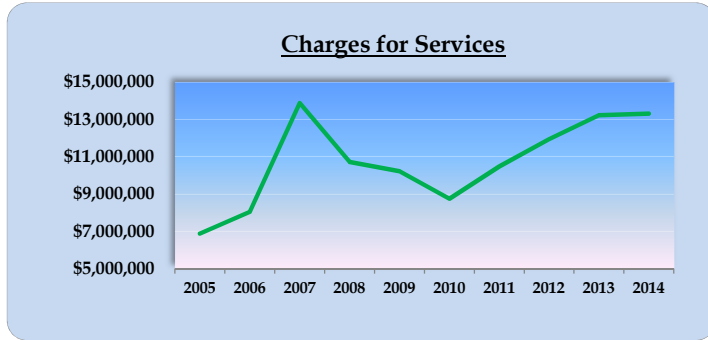
⁽²⁾ In fiscal year 2006, Property Taxes in lieu of Motor Vehicle License Fees were reclassified from Intergovernmental to Property Taxes.



(Continued)

Governmental Funds Revenues by Source ⁽¹⁾
Last Ten Fiscal Years

Revenue Capacity:
Schedule 5



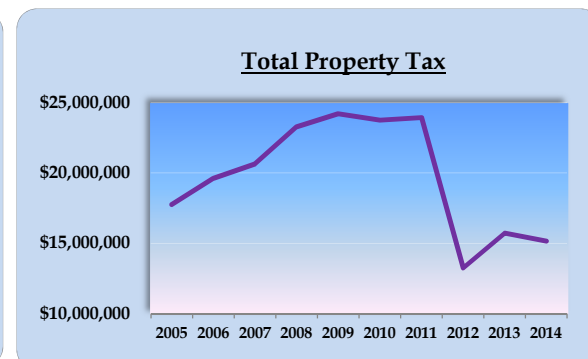
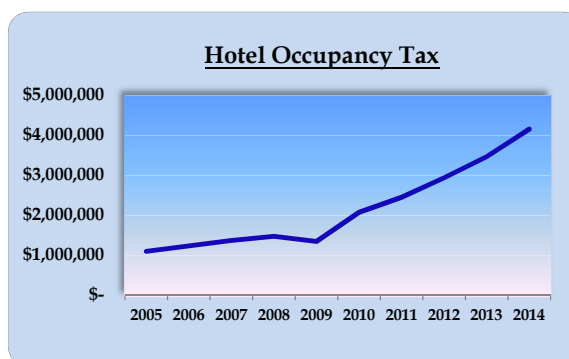
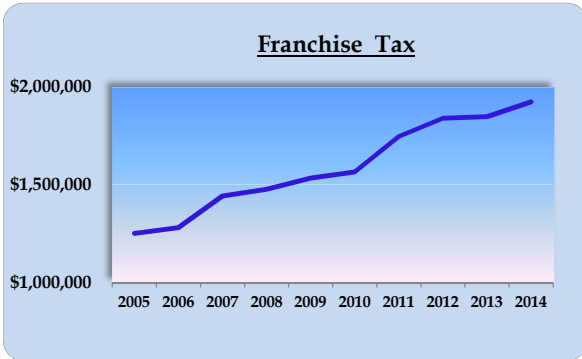
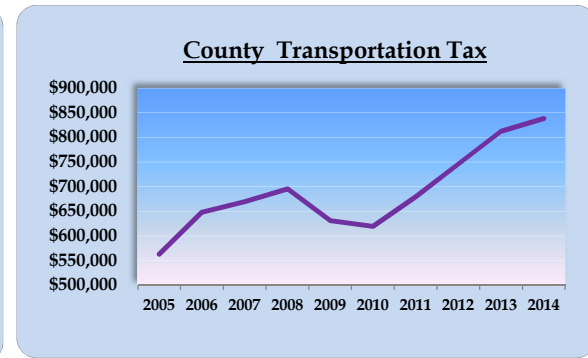
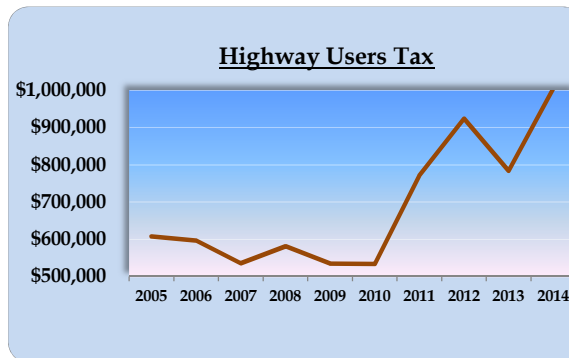
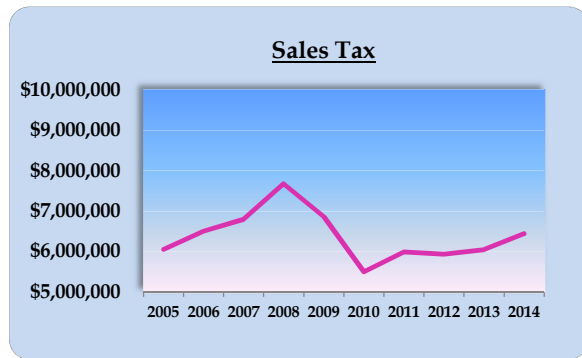
Source: City of Menlo Park

Governmental Funds by Type
Last Ten Fiscal Years

Revenue Capacity:
Schedule 6

Fiscal Year Ending June 30	Highway		County	Franchise	Hotel Occupancy	Utility	Property Tax				Total	Total Governmental Funds
	Sales Tax	Users Tax	Transportation Tax	Tax	Tax	Users Tax (1)	Secured	Unsecured	Transfer Tax	Other	Property Tax	
2005	\$ 6,057,460	\$ 606,867	\$ 562,472	\$ 1,250,605	\$ 1,101,930	\$ -	\$ 15,771,442	\$ 1,378,158	\$ 541,765	\$ 64,509	\$ 17,755,874	\$ 27,335,208
2006	6,503,635	595,607	647,938	1,280,707	1,237,697	-	17,573,221	1,330,885	579,473	137,684	19,621,263	29,886,847
2007	6,799,561	534,699	669,280	1,442,686	1,375,914	641,668	18,597,314	1,337,681	588,158	111,122	20,634,275	32,098,083
2008	7,676,943	580,220	695,066	1,477,768	1,474,119	1,651,479	21,081,671	1,752,345	386,206	72,616	23,292,838	36,848,433
2009	6,865,152	533,784	630,996	1,535,223	1,351,578	1,162,595	22,050,255	1,817,213	278,290	67,380	24,213,138	36,292,466
2010	5,499,244	533,444	618,996	1,565,106	2,074,486	1,148,454	21,912,423	1,422,317	329,368	89,483	23,753,591	35,193,321
2011	5,988,055	770,967	679,286	1,747,605	2,453,981	1,122,940	21,810,655	1,577,479	457,701	90,743	23,936,578	36,699,412
2012	5,938,310	923,796	746,187	1,840,351	2,939,475	1,080,436	12,258,233	404,916	501,161	75,546	13,239,856	26,708,411
2013	6,043,870	783,719	812,249	1,848,480	3,468,256	1,095,256	14,854,925	351,099	460,683	65,182	15,731,889	29,783,719
2014	6,444,292	1,006,294	838,318	1,924,237	4,158,809	1,157,653	14,081,491	384,686	627,644	62,244	15,156,065	30,685,668

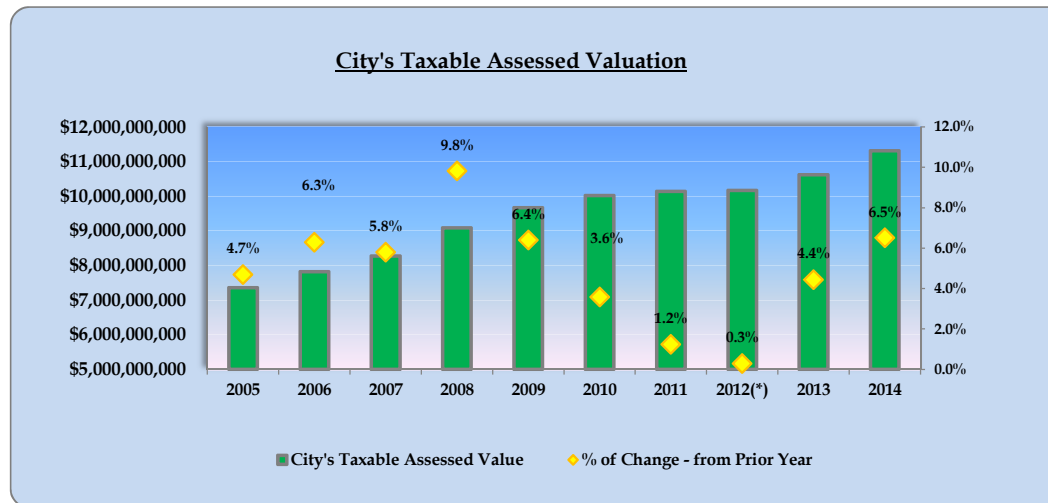
Source: City of Menlo Park and County of San Mateo
(1) City implemented Utility Users Tax in April 2007



Assessed Valuation, Tax Rates, and Tax Levies
Last Ten Fiscal Years

Revenue Capacity:
Schedule 7

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Secured</u>	<u>Unsecured</u>	<u>Less</u> <u>Exemptions</u>	<u>City's Taxable</u> <u>Assessed Value</u>	<u>% of Change -</u> <u>from Prior Year</u>
2005	\$ 6,920,718,474	\$ 605,826,607	\$ (168,363,050)	\$ 7,358,182,031	4.7%
2006	7,377,433,642	628,446,311	(185,070,530)	7,820,809,423	6.3%
2007	7,919,201,296	544,875,879	(189,778,409)	8,274,298,766	5.8%
2008	8,613,253,093	684,419,419	(210,102,184)	9,087,570,328	9.8%
2009	9,144,410,123	745,589,266	(220,706,897)	9,669,292,492	6.4%
2010	9,525,325,520	733,413,542	(242,215,879)	10,016,523,183	3.6%
2011	9,632,437,282	741,119,897	(234,843,253)	10,140,348,118	1.2%
2012(*)	9,701,542,385	712,158,100	(244,456,426)	10,169,244,059	0.3%
2013	10,059,424,137	819,698,175	(258,752,495)	10,620,369,817	4.4%
2014	10,793,653,677	809,314,081	(291,016,106)	11,311,951,652	6.5%



Source: County of San Mateo

Notes:

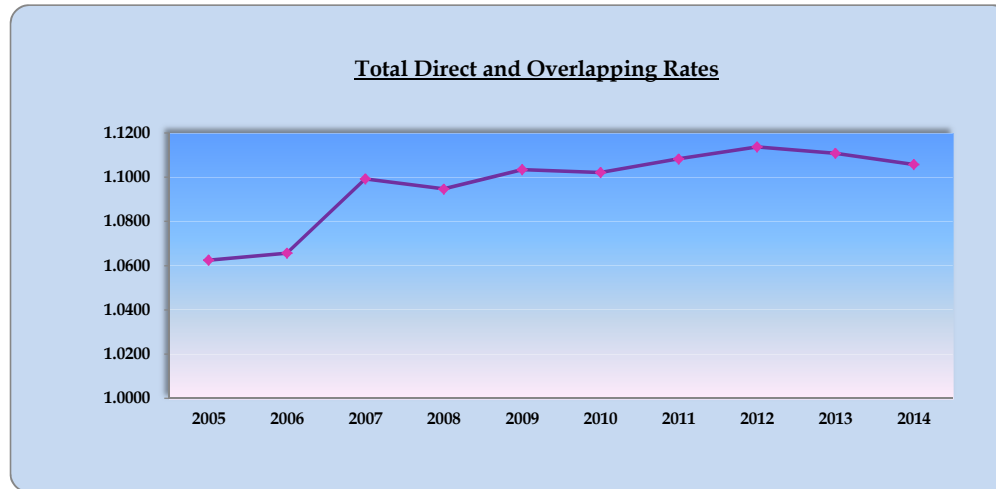
In 1978, the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

(*) Redevelopment Agency was transferred to Successor Agency due to dissolution

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Debt Capacity:
Schedule 8

(Per \$1,000 Assessed Valuation)	Fiscal Year Ending June 30, ____									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
City Direct Rates (1)	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024
Overlapping Rates (2)										
San Mateo County	0.9976	0.9976	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Menlo Park Elementary	0.0233	0.0209	0.0416	0.0384	0.0399	0.0390	0.0410	0.0413	0.0402	0.0381
San Mateo Junior College	0.0065	0.0065	0.0184	0.0171	0.0165	0.0182	0.0193	0.0199	0.0194	0.0194
Menlo Park Debt Service	0.0056	0.0052	0.0052	0.0047	0.0048	0.0046	0.0042	0.0041	0.0038	0.0026
Menlo Park Parks & Rec Bond	0.0131	0.0132	0.0132	0.0140	0.0141	0.0127	0.0127	0.0126	0.0118	0.0144
Sequoia Union High School District	<u>0.0164</u>	<u>0.0223</u>	<u>0.0208</u>	<u>0.0205</u>	<u>0.0282</u>	<u>0.0277</u>	<u>0.0311</u>	<u>0.0358</u>	<u>0.0356</u>	<u>0.0313</u>
Total Overlapping Rates	<u>1.0625</u>	<u>1.0657</u>	<u>1.0992</u>	<u>1.0947</u>	<u>1.1035</u>	<u>1.1022</u>	<u>1.1083</u>	<u>1.1137</u>	<u>1.1108</u>	<u>1.1058</u>
Total Direct and Overlapping Rates	<u>1.0649</u>	<u>1.0681</u>	<u>1.1016</u>	<u>1.0971</u>	<u>1.1059</u>	<u>1.1046</u>	<u>1.1107</u>	<u>1.1161</u>	<u>1.1132</u>	<u>1.1082</u>
% of Change - from Prior Year	-0.5%	0.3%	3.1%	-0.4%	0.8%	-0.1%	0.6%	0.5%	-0.3%	-0.4%



Source:

(1) County of San Mateo, Property Taxes

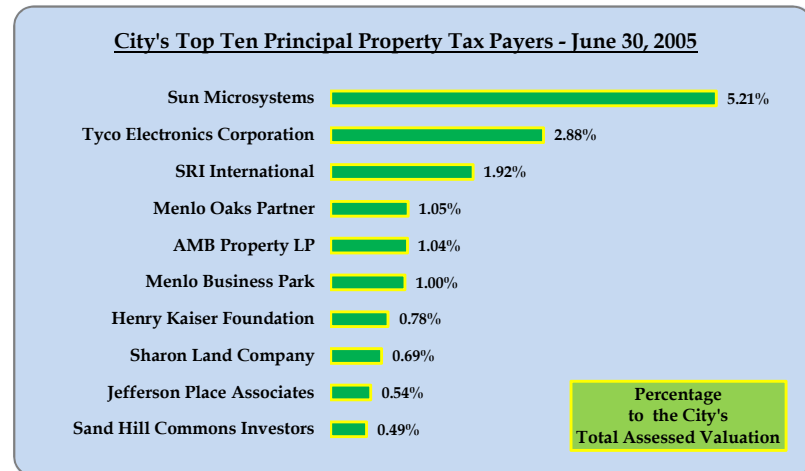
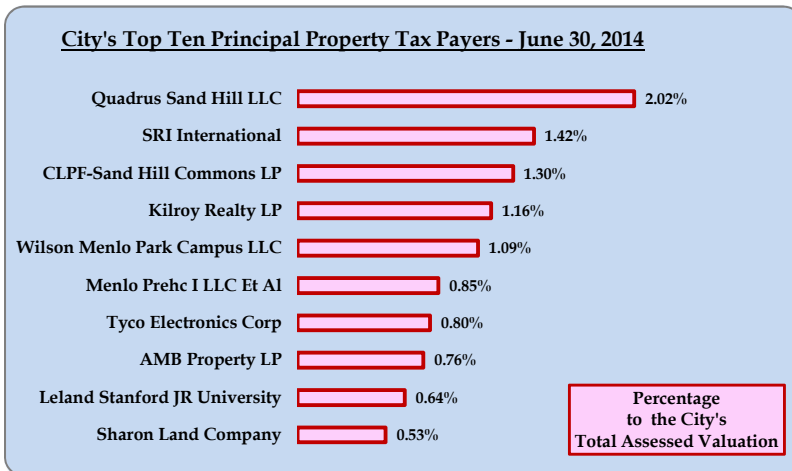
(2) County of San Mateo, Tax Rate Book, Code 08-004

Principal Property Tax Payers
Current Fiscal Year and Ten Years Prior

Debt Capacity:
Schedule 9

FY 2013-2014				
Property Owner	Rank	Taxable Assessed		Ratio to Total City's Assessed Valuation
		Value		
Quadrus Sand Hill LLC	1	\$ 228,980,894		2.02%
SRI International	2	160,904,907		1.42%
CLPF-Sand Hill Commons LP	3	146,595,724		1.30%
Kilroy Realty LP	4	131,628,416		1.16%
Wilson Menlo Park Campus LLC	5	122,827,619		1.09%
Menlo Prehc I LLC Et Al	6	95,849,230		0.85%
Tyco Electronics Corp	7	90,167,340		0.80%
AMB Property LP	8	85,641,357		0.76%
Leland Stanford JR University	9	72,888,002		0.64%
Sharon Land Company	10	59,926,202		0.53%
Total Top 10 Taxpayers' Totals		\$ 1,195,409,691		10.57%
City's Total Assessed Valuation		\$ 11,311,951,652		100%

FY 2004-2005				
Property Owner	Rank	Taxable Assessed		Ratio to Total City's Assessed Valuation
		Value		
Sun Microsystems	1	\$ 383,591,524		5.21%
Tyco Electronics Corporation	2	211,771,958		2.88%
SRI International	3	141,612,177		1.92%
Menlo Oaks Partner	4	77,129,798		1.05%
AMB Property LP	5	76,452,399		1.04%
Menlo Business Park	6	73,896,134		1.00%
Henry Kaiser Foundation	7	57,192,756		0.78%
Sharon Land Company	8	50,595,125		0.69%
Jefferson Place Associates	9	39,900,000		0.54%
Sand Hill Commons Investors	10	35,723,135		0.49%
Total Top 10 Taxpayers' Totals		\$ 1,147,865,006		15.60%
City's Total Assessed Valuation		\$ 7,359,278,793		100%



Source:
San Mateo County Tax Roll
California Municipal Statistics Inc

Property Tax Levies and Collections
Last Ten Fiscal Years

Debt Capacity:
Schedule 10

<u>Fiscal Year Ending June 30</u>	<u>Property Tax Levies</u>	<u>Property Tax Collections</u>	<u>Percentage of Collections</u>	<u>Subsequent Year Collections</u>	<u>Total Collections</u>	<u>Percentage of Collections</u>
2005	\$ 17,755,874	\$ 17,755,874	100.00%	-	\$ 17,755,874	100%
2006	19,621,263	19,621,263	100.00%	-	19,621,263	100%
2007	20,634,275	20,634,275	100.00%	-	20,634,275	100%
2008	23,292,838	23,292,838	100.00%	-	23,292,838	100%
2009	24,213,138	24,213,138	100.00%	-	24,213,138	100%
2010	23,753,591	23,753,591	100.00%	-	23,753,591	100%
2011	23,936,578	23,936,578	100.00%	-	23,936,578	100%
2012 (*)	13,239,856	13,239,856	100.00%	-	13,239,856	100%
2013(**)	15,731,889	15,731,889	100.00%	-	15,731,889	100%
2014	15,156,065	15,156,065	100.00%	-	15,156,065	100%



Source:

County of San Mateo, Estimated Property Tax Revenue and Estimated Tax Increment Revenue

City of Menlo Park

Notes:

(*) In prior years, property tax levies included property tax increment from their former Community Development Agencies.

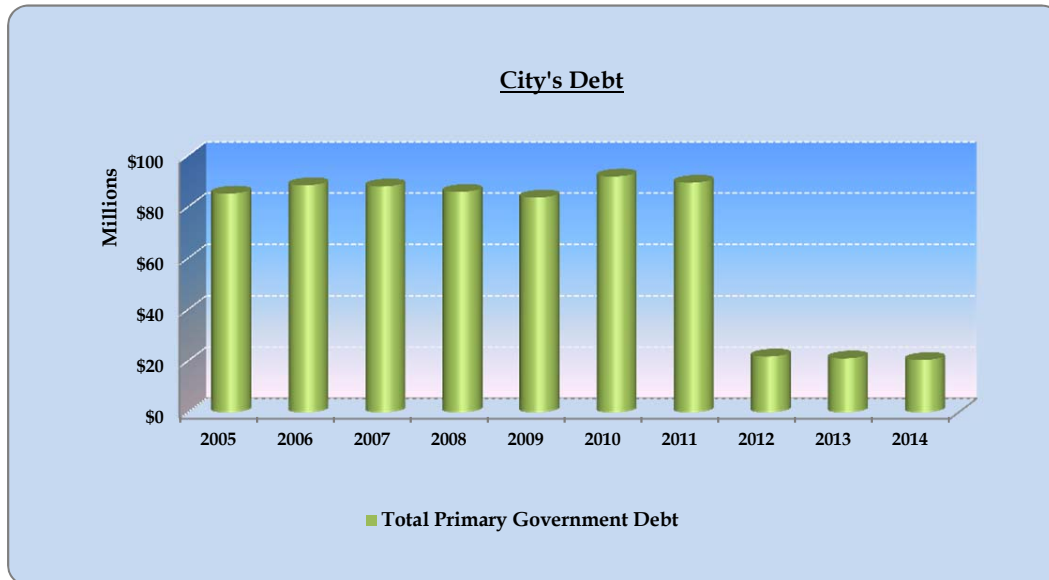
The last year of such tax increment received was in 2010-11.

(**) One time property tax increase due to dissolution of the Redevelopment Area.

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Debt Capacity:
Schedule 11

Fiscal Year Ending June 30	General Obligation Bonds ⁽¹⁾	Tax Allocation Bonds ⁽⁴⁾	Total Primary Government Debt	Percentage of Personal Income ⁽⁷⁾	Outstanding Debt Per Capita ⁽⁸⁾	Outstanding Debt to Taxable Assessed Value
2005	\$ 16,500,000	\$ 68,730,000	\$ 85,230,000	4.02%	\$ 2,781	1.16%
2006	16,050,000	72,430,000 ⁽⁵⁾	88,480,000	3.94%	2,877	1.13%
2007	15,575,000	72,430,000	88,005,000	4.02%	2,826	1.06%
2008	15,070,000	70,820,000	85,890,000	4.17%	2,728	0.95%
2009	14,535,000	69,140,000	83,675,000	3.94%	2,626	0.87%
2010	24,487,472 ⁽²⁾	67,395,000	91,882,472	4.10%	2,853	0.92%
2011	23,874,973	65,585,000	89,459,973	not available	2,760	0.88%
2012	21,775,595 ⁽³⁾	- ⁽⁶⁾	21,775,595	not available	672	0.21%
2013	21,016,779	-	21,016,779	not available	639	0.20%
2014	20,397,966	-	20,397,966	not available	617	0.18%



Source: City of Menlo Park

Notes:

- (1) General Obligation Bonds consists of 1996, 2002, 2009 General Obligation Bonds
- (2) The City issued \$10,440,000 in 2009 General Obligation Bonds
- (3) General Obligation Bonds consists of 1996, 2009, & 2012 General Obligation Bonds
- (4) Tax Allocation Bonds consists of 2006 Las Pulgas Project Tax Allocation Bonds
- (5) The 1996 & 2000 Tax Allocation Bonds were refinanced with 2006 Refunding Bonds
- (6) In fiscal year 2011-12 former Community Redevelopment Agency was dissolved and all debts transferred
- (7) County of San Mateo's personal income per capita
- (8) U.S. Census Bureau, Quickfacts.Census.gov, Population

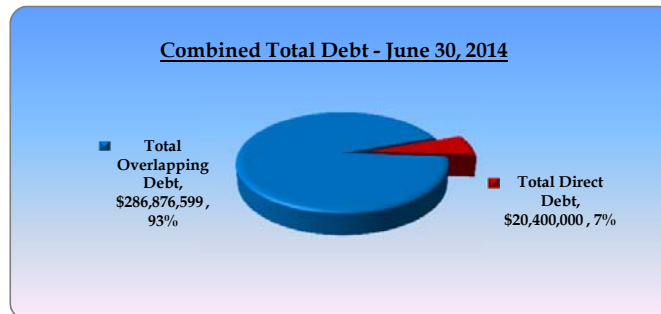
Direct and Overlapping Debt
June 30, 2014

Debt Capacity:
Schedule 12

Fiscal year 2013-14

City Assessed Valuation ⁽¹⁾ \$ 11,353,101,942

	Outstanding Debt 6/30/2014	Percentage Applicable ⁽¹⁾	Estimated Share of Overlapping Debt	Ratio to City's Assessed Valuation
Direct and Overlapping Tax and Assessment Debt				
San Mateo Community College District	\$ 563,069,994	7.231%	\$ 40,715,591	0.36%
Sequoia Union High School District	328,635,000	17.385%	57,133,195	0.50%
Las Lomas School District	13,824,346	35.353%	4,887,321	0.04%
Menlo Park City School District	116,853,747	61.130%	71,432,696	0.63%
Ravenswood School District	9,303,246	41.325%	3,844,566	0.03%
Redwood City School District	40,102,854	2.290%	918,355	0.01%
City of Menlo Park	20,400,000	100%	20,400,000	0.18%
Total Direct and Overlapping tax and Assessment Debt			\$ 199,331,724	1.76%
Overlapping General Fund Debt				
San Mateo County General Fund Obligations	\$ 473,769,816	7.231%	\$ 34,258,295	0.30%
San Mateo County Board of Education Certificates of Participation	10,950,000	7.231%	791,795	0.01%
Redwood City School District General Fund Obligations	662,071	2.290%	15,161	0.00%
Midpeninsula Regional Park District Certificates of Participation	133,209,717	5.866%	7,814,082	0.07%
Menlo Park Fire Protection District Certification of Participation	11,515,000	46.379%	5,340,542	0.05%
Total Overlapping General Fund Debt			\$ 48,219,875	0.42%
Overlapping Tax Increment Debt - Successor Agency	59,725,000	100%	\$ 59,725,000	0.53%
Total Direct Debt			\$ 20,400,000	0.18%
Total Overlapping Debt			\$ 286,876,599	2.53%
Combined Total Debt (2)			\$ 307,276,599	2.71%



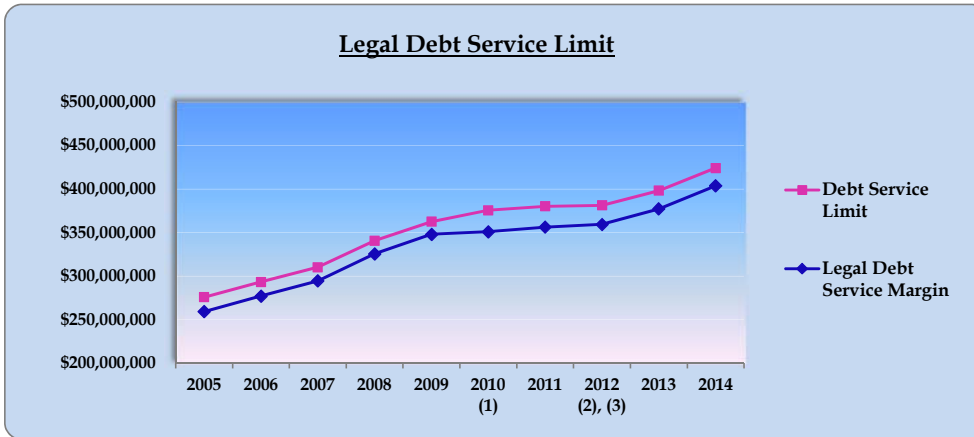
Source: California Municipal Statistics, Inc.

(1) The percentage of overlapping debt applicable to the City is estimated using taxable assessed property value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Legal Debt Service Margin Information
Last Ten Fiscal Years

	Fiscal year ending June 30, ____									
	2005	2006	2007	2008	2009	2010 (1)	2011	2012 (2), (3)	2013	2014
City's Taxable Assessed Valuation	\$ 7,358,182,031	\$ 7,820,809,423	\$ 8,274,298,766	\$ 9,087,570,328	\$ 9,669,292,492	\$ 10,016,523,183	\$ 10,140,348,118	\$ 10,169,244,059	\$ 10,620,369,817	\$ 11,311,951,652
Conversion Percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted Assessed Valuation	1,839,545,508	1,955,202,356	2,068,574,692	2,271,892,582	2,417,323,123	2,504,130,796	2,535,087,030	2,542,311,015	2,655,092,454	2,827,987,913
Debt Service Limit Percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt Service Limit	275,931,826	293,280,353	310,286,204	340,783,887	362,598,468	375,619,619	380,263,054	381,346,652	398,263,868	424,198,187
Less:										
General Obligation Bonds	16,500,000	16,050,000	15,575,000	15,070,000	14,535,000	24,487,472	23,874,973	21,775,595	21,016,779	20,397,966
Legal Debt Service Margin	\$ 259,431,826	\$ 277,230,353	\$ 294,711,204	\$ 325,713,887	\$ 348,063,468	\$ 351,132,147	\$ 356,388,081	\$ 359,571,057	\$ 377,247,089	\$ 403,800,221
Legal Debt Service Margin as a Percentage of Debt Service Limit	94.0%	94.5%	95.0%	95.6%	96.0%	93.5%	93.7%	94.3%	94.7%	95.2%



Source: County of San Mateo, Assessed Valuation Reports

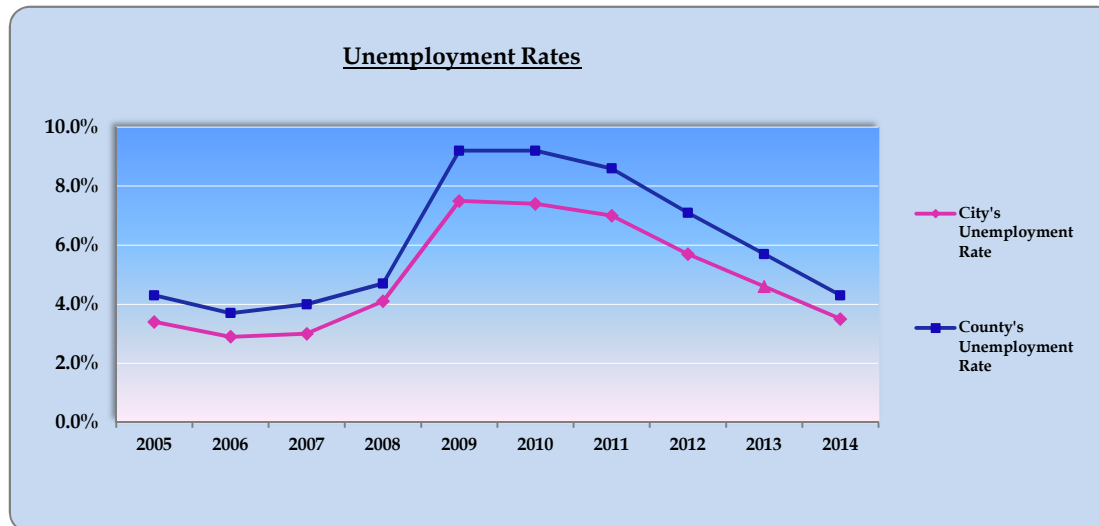
Notes:

- (1) The City issued 2009 General Obligation Bonds
- (2) The City refinanced 2002 Bonds with issuance of 2012 General Obligation Bonds
- (3) Community Development Agency was transferred to Successor Agency

Demographic and Economic Statistics
Last Ten Fiscal Years

Demographic and
Economic
Information:
Schedule 14

<u>Calendar Year</u>	<u>Population</u>	<u>City's Unemployment Rate</u>	<u>County's Unemployment Rate</u>	<u>Personal Income Per Capita</u>	<u>K-12 Public School Enrollments</u>
2005	30,648	3.4%	4.3%	\$ 63,115	4,120
2006	30,750	2.9%	3.7%	69,107	4,124
2007	31,146	3.0%	4.0%	72,941	4,177
2008	31,490	4.1%	4.7%	70,211	4,297
2009	31,865	7.5%	9.2%	65,414	4,498
2010	32,206	7.4%	9.2%	66,629	4,477
2011	32,412	7.0%	8.6%	69,577	4,678
2012	32,412	5.7%	7.1%	not available	4,719
2013	32,881	4.6%	5.7%	not available	4,835
2014	33,071	3.5%	4.3%	67,072	4,976



Source:

U.S. Census Bureau, Quickfacts.Census.gov, Population 2012 Estimate

U.S. Department of Commerce, bea.gov, CA1-3 Personal Income Summary, County of San Mateo Per capita personal income 2008-2012

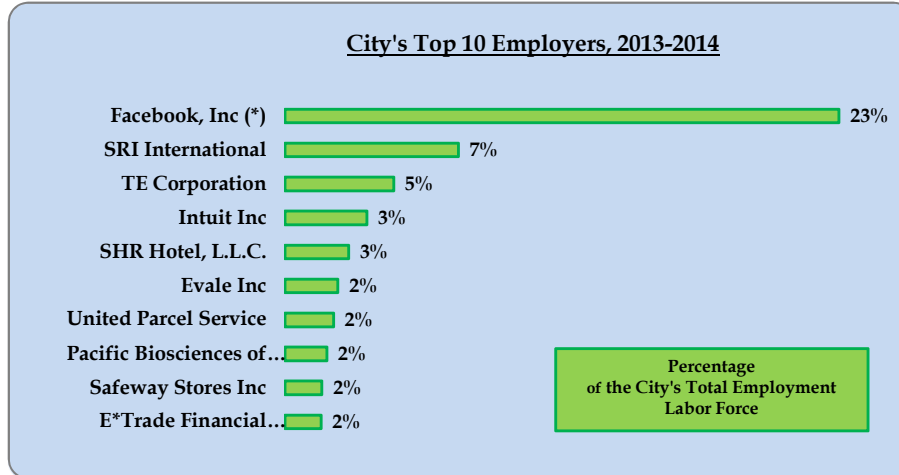
California Department of Education, Data Quest/Enrollment over time, school year 2011-12 Menlo Park Elementary Schools K-12 and Menlo Atherton High School

California Labor Market Information, EDD, labormarketinfo.edd.ca.gov, August 2014

Principal Employers
Current Fiscal Year and Ten Years Prior

Demographic
Economic
Information:
Schedule 15

<u>City's Principal Employers</u>	<u>2013-2014</u>			<u>2004-2005</u>	
	<u>Rank</u>	<u>Total Employees</u>	<u>Percentage of Total City's Labor Force</u>	<u>Total Employees</u>	<u>Percentage of Total City's Labor Force</u>
Facebook, Inc (*)	1	3957	23%	n/a	n/a
SRI International	2	1239	7%	1,250	8%
TE Corporation	3	776	5%	1,040	7%
Intuit Inc	4	585	3%	n/a	n/a
SHR Hotel, L.L.C.	5	454	3%	n/a	n/a
Evale Inc	6	378	2%	47	0%
United Parcel Service	7	348	2%	n/a	n/a
Pacific Biosciences of California	8	300	2%	17	0%
Safeway Stores Inc	9	264	2%	232	2%
E*Trade Financial Corporation	10	259	2%	201	1%
Top 10 Employers		8,560	51%	2,787	18%
Total Employment of the City's Labor Force		16,900	100%	15,300	100%



Source:

City of Menlo Park, Finance, Business License, calendar year, non-profit organizations' data is not available

State of California, Employment Development Department, Labor Force Report, Unemployment Rates/Labor Force, June 2004, 2013

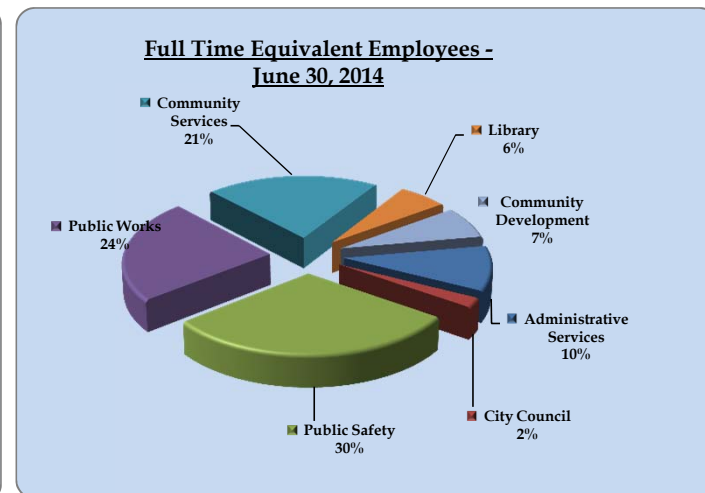
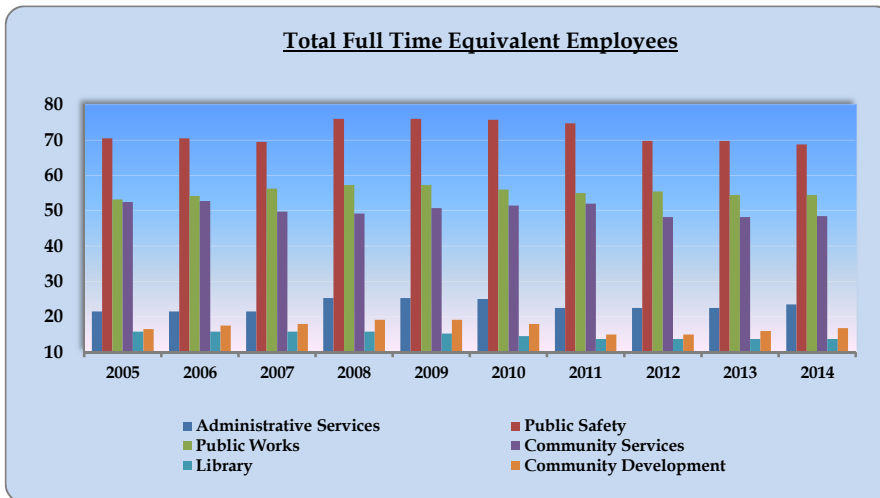
Notes:

(*) Moved to Menlo Park in 2012

n/a Not Available

Full Time Equivalent City Employees by Function
Last Ten Fiscal Years

<u>FTE by Department</u>	Fiscal year ending June 30, ____									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Administrative Services	21.50	21.50	21.50	25.35	25.35	25.00	22.50	22.50	22.50	23.50
City Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Public Safety	70.50	70.50	69.50	76.00	76.00	75.75	74.75	69.75 ⁽¹⁾	69.75	68.75
Public Works	53.25	54.25	56.25	57.25	57.25	56.00	55.00	55.50	54.50	54.50
Community Services	52.50	52.75	49.75	49.25	50.75	51.50	52.00	48.25 ⁽²⁾	48.25	48.50
Library	15.75	15.75	15.75	15.75	15.25	14.50	13.75	13.75	13.75	13.75
Community Development	16.50	17.50	18.00	19.15	19.15	18.00	15.00	15.00	16.00	16.75
Total Full Time Equivalent Employees	235.00	237.25	235.75	247.75	248.75	245.75	238.00	229.75	229.75	230.75



Source: City of Menlo Park, Human Resources

Remarks:

⁽¹⁾ Reduction of 5.0 FTE includes the loss of the San Carlos dispatch contract, which resulted in the elimination of 4 FTE's for dispatch

⁽²⁾ Reduction of 3.0 FTE Housing Division during fiscal year 2011-12

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Operating Indicators by Demand Level of Service, by Function/Program
Last Ten Fiscal Years

Operating Information:
Schedule 17

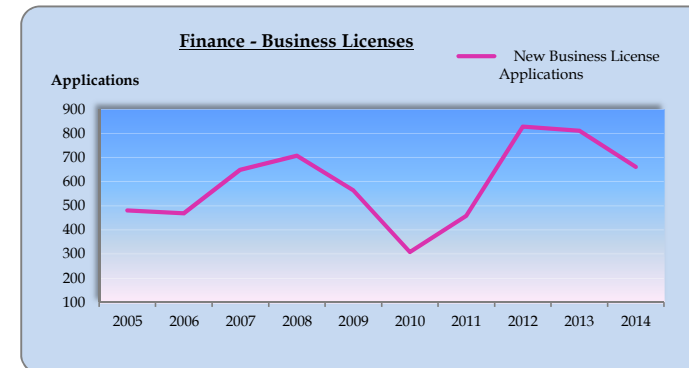
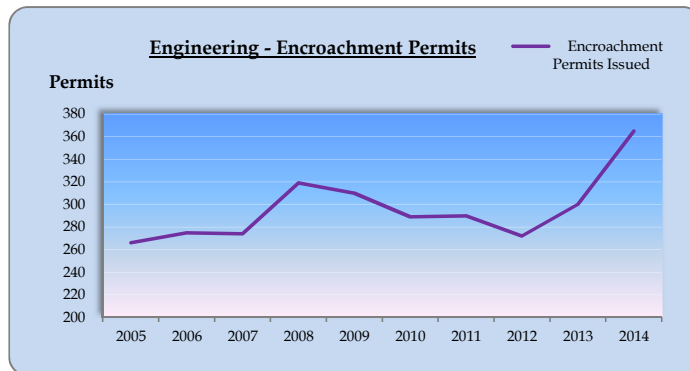
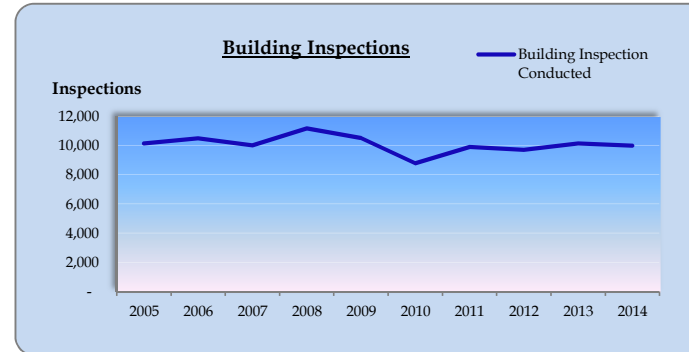
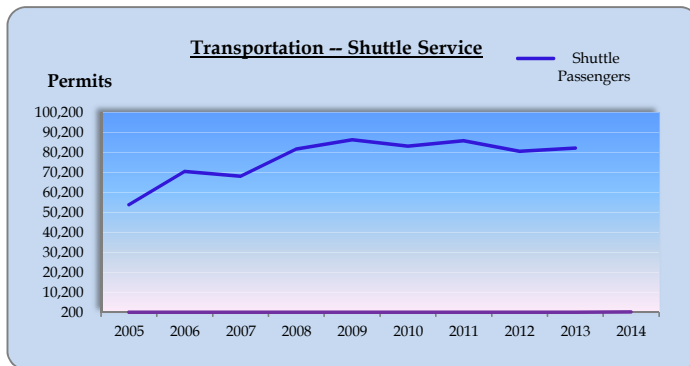
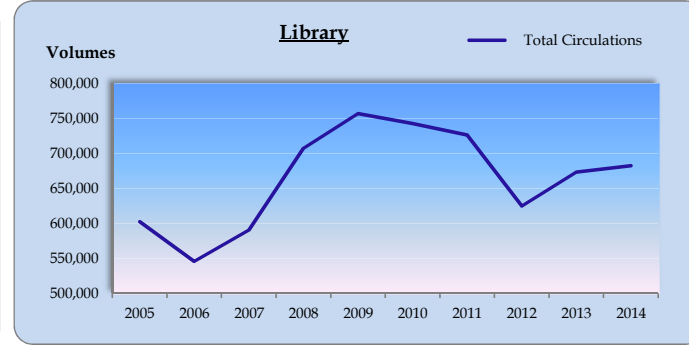
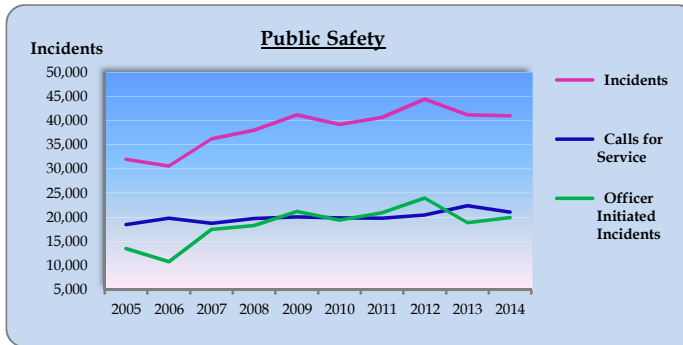
		Fiscal Year Ending June 30, _____									
<u>FUNCTION/PROGRAM</u>		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Public Safety	Incidents	31,977	30,597	36,206	37,997	41,200	39,217	40,675	44,405	41,206	40,964
	Calls for Service	18,467	19,806	18,721	19,736	20,015	19,840	19,752	20,469	22,383	21,021
	Officer Initiated Incidents	13,510	10,791	17,485	18,261	21,185	19,377	20,923	23,936	18,823	19,943
Public Works	Transportation:										
	Shuttle Passengers(1)	71,963	53,978	70,712	68,201	81,837	86,503	83,246	86,004	80,774	82,420
	Engineering:										
	Encroachment Permits Issued	266	275	274	319	310	289	290	272	300	365
Culture and Recreation	Parks and recreation:										
	Number of Activity Hours Provided (2)	9,649	9,571	21,902	119,674	37,869	48,270	37,964	1,662,457	2,403,979	3,095,612 (5)
	Number of Recreational Activities Participants (3)	20,033	39,987	42,424	237,968	61,514	64,762	88,032	706,830	931,490	1,119,365 (6)
	Library:										
	Books Volumes held	136,590	143,351	142,735	149,927	151,650	146,429	146,356	150,017	157,155	165,118
	Video/DVD held	11,650	12,569	11,092	15,148	14,989	13,688	14,262	14,728	13,348	16,704
	Books Volumes added	9,153	4,992	9,587	7,613	15,162	9,826	9,587	9,239	11,183	10,966
Total Circulations	602,548	545,764	590,261	707,073	756,808	742,555	726,189	624,699	672,967	682,381	
Community Development	Building Permits Issued:										
	Residential Buildings - Count	761	824	745	787	652	667	733	655	728	717
	Residential -Value (\$1000s)	44,819	55,404	70,643	84,006	51,761	42,033	49,618	44,545	64,932	65,386
	Commercial Buildings - Count	161	155	185	170	187	160	202	231	229	180
	Commercial -Value (\$1000s)	24,425	44,428	112,118	73,820	42,435	32,419	46,756	78,055	61,201	238,585
	Accessory Buildings - Count	84	107	99	99	74	87	85	73	100	91
	Accessory -Value (\$1000s)	4,552	1,062	1,290	2,337	1,039	1,188	1,812	1,925	1,876	3,752
	Building Inspection Conducted	10,159	10,522	10,036	11,197	10,532	8,797	9,928	9,733	10,171	10,004
	Housing and Redevelopment:										
	Below Market Rate - Units sold	0	0	8	16	5	2	2	2	1	4
	Below Market Rate - Units resold	0	1	2	0	0	1	3	3	0	2
	Housing Rehabilitation - New loans	3	5	0	0	5	0	0	0	0	0
	Housing Rehab Loans - Cumulative \$	2,129,896	2,205,021	1,744,741	1,459,047	1,440,877	1,340,433	1,312,380	1,210,372	960,179	917,315
	Housing Rehab Homes - Cumulative Count	64	58	47	41	41	36	33	32	28	26
	RDA - Housing Rehabilitation - New loans (4)	-	-	-	-	-	4	3	0	0	0
RDA - Housing Rehab Loans - Cumulative \$	-	-	-	-	-	193,000	347,785	337,285	328,676	299,139	
Count	-	-	-	-	-	4	7	7	7	7	
Administrative Services	Finance:										
	New Business License Applications	481	469	649	708	564	308	458	829	811	661

Source: City of Menlo Park

Note:

- (1) Public demand of the free shuttles was increased in 2006-07 as a result of frequent promotions of the free service by the City of Menlo Park Transportation Department and the participating companies who promote commute alternatives in peak hours.
- (2) Increased programming in rooms previously used for child care at Burgess and new programs at the Onetta Harris Community Center. The method of calculation may vary from previously submitted information.
- (3) Park and Recreation: Differences in department programming from year to year result in substantial variances in some totals.
- (4) Redevelopment Agency-Housing Rehabilitation Program started in fiscal year 2009-2010 and ended in January 2012
- (5) During fiscal year 2011-12, Activity Hour was changed to count every hour each participant in a program or using City service
- (6) During fiscal year 2011-12, Activity Participant was changed to count each visit

(Continued)



Source: City of Menlo Park

Capital Asset Statistics by Function
Last Ten Fiscal Years

Operating Information:
Schedule 18

<u>Function</u>	<u>Facility</u>	<u>Fiscal Year Ending June 30, _____</u>									
		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Government	Civic Center-Administration	1	1	1	1	1	1	1	1	1	1
	Public Safety	Police Stations	2	2	2	2	2	2	2	2	2
Public Works	Streets (miles)	101	101	101	101	101	101	101	100	100	100
	Streetlights	1718	1718	1718	1718	1718	1719	2233	2233	2233	2233
	Traffic Signals	22	22	22	22	22	22	22	22	22	22
	Water:										
	- Daily average introduced into system (1,000 gallons)	3363	3363	3556	3805	3337	2582	2868	2947	2995	3020
	- Capacity per day (millions of gallons)	4	3	4	4	3	3	3	3	3	3
	- Water storage (millions of gallons)	6	6	6	6	6	6	6	6	6	6
- Water lines (miles)	55	55	55	55	59	59	59	59	59	59	
Parks and Recreation	Child Care Centers	5	5	5	5	6	6	6	3	3	3
	Recreation Center	1	1	1	1	1	1	1	1	1	1
	Library	2	2	2	2	2	2	2	2	2	2
	Parks	13	13	13	13	14	14	14	14	14	14
	Community Centers	2	2	2	2	2	2	2	2	2	2
	Senior Center	2	2	2	2	2	2	2	1	1	1
	Gymnasium	2	2	2	2	2	2	2	2	2	2
	Gymnastics Center	1	1	1	1	1	1	1	1	1	1
	Pools (locations)	2	2	2	2	2	2	2	2	2	2
	Medical Clinic	1	1	1	1	1	1	1	1	1	1
	Gate House	1	1	1	1	1	1	1	1	1	1
	Dog Park Areas	n/a	n/a	n/a	2	2	2	2	2	2	2

Source: City of Menlo Park

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Capital Asset and Infrastructure Statistics by Activities
Last Ten Fiscal Years

Operating Information:
Schedule 19

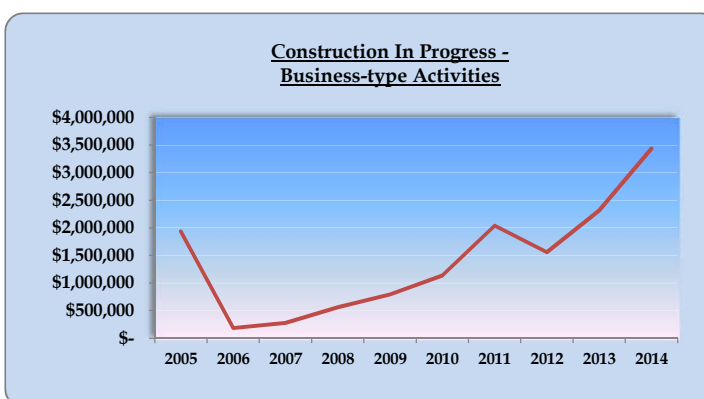
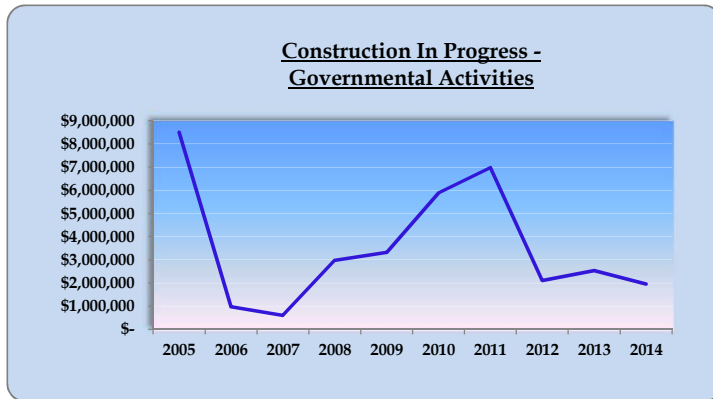
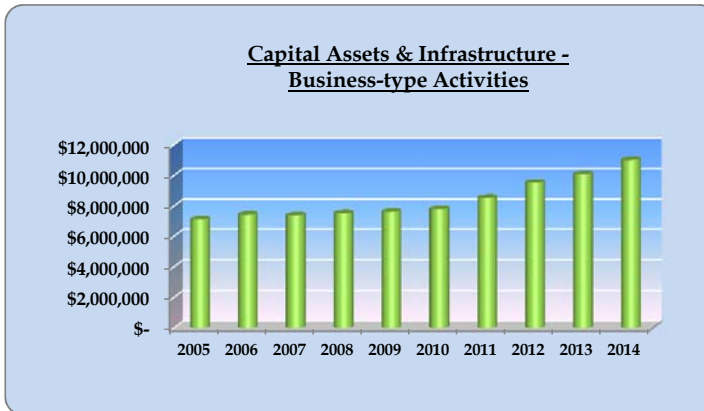
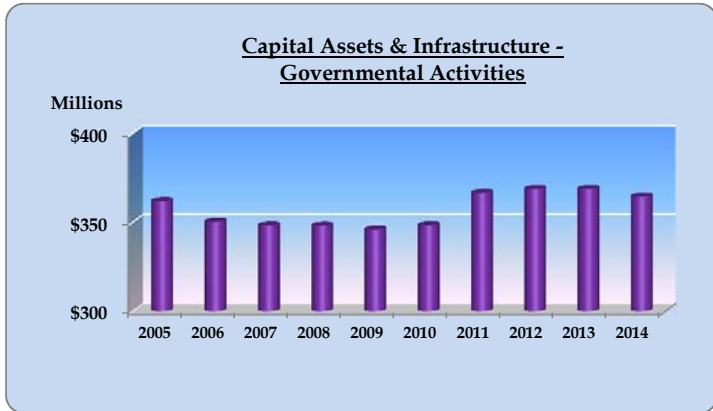
Fiscal Year	Non-Depreciable					Depreciable							Combined Total
	Land	Real Estate	Construction	Total	Share Use	Other	Less: Accumulated	Total	Total				
	Ending Land	Improvement	Held for Sale	in Progress	Non-Depreciable	Buildings	Facilities	Equipment		Improvements	Infrastructure	Depreciation	
2005	\$ 221,534,267	\$ 32,900,109	\$ -	\$ 8,501,684	\$ 262,936,060	\$39,974,278	\$ -	\$ 6,035,756	\$ 5,509,784	\$ 102,932,198	\$ (55,468,475)	\$ 98,983,541	\$361,919,601
2006	205,232,510	32,900,109	-	968,145	239,100,764	46,658,887	-	6,201,377	12,081,605	103,885,147	(57,765,455)	111,061,561	350,162,325
2007	204,949,233	32,900,109	-	600,561	238,449,903	46,933,785	-	5,912,705	12,717,853	105,533,229	(61,481,901)	109,615,671	348,065,574
2008	204,949,233	32,900,109	-	2,971,197	240,820,539	46,933,785	-	6,162,913	12,782,089	106,952,666	(65,743,622)	107,087,831	347,908,370
2009	204,949,233	32,900,109	-	3,318,133	241,167,475	46,933,785	-	6,383,215	12,792,366	107,911,764	(69,349,289)	104,671,841	345,839,316
2010	204,949,233	32,900,109	446,725	5,889,419	244,185,486	47,218,382	2,600,000	6,384,363	12,792,366	108,730,291	(73,724,714)	104,000,688	348,186,174
2011	204,949,233	32,900,109	648,285	6,979,308	245,476,935	65,959,147	2,600,000	6,464,074	12,878,068	109,994,804	(76,800,272)	121,095,821	366,572,756
2012	199,254,256	32,900,109	1,643,404	2,112,344	235,910,113	76,591,580	2,600,000	6,929,594	16,259,990	110,974,228	(80,489,073)	132,866,319	368,776,432
2013	199,256,305	32,900,109	733,597	2,537,004	235,427,015	76,762,760	2,600,000	7,064,784	16,370,783	113,871,991	(83,296,591)	133,373,727	368,800,742
2014	199,256,305	32,900,109	-	1,953,563	234,109,977	77,022,447	2,600,000	7,329,067	173,248,051	114,657,739	(88,526,395)	130,407,663	364,517,640
2005	\$ 1,066,454	\$ -	\$ -	\$ 1,936,034	\$ 3,002,488	\$ 3,945,489	\$ -	\$ 585,643	\$ -	\$ 4,874,739	\$ (5,288,437)	\$ 4,117,434	\$ 7,119,922
2006	1,066,454	-	-	183,225	1,249,679	4,141,695	-	589,093	-	6,812,639	(5,352,175)	6,191,252	7,440,931
2007	1,066,454	-	-	277,361	1,343,815	4,165,957	-	589,093	-	6,812,639	(5,520,161)	6,047,528	7,391,343
2008	1,066,454	-	-	561,544	1,627,998	4,159,460	-	621,809	-	6,812,639	(5,689,537)	5,904,371	7,532,369
2009	1,066,454	-	-	793,183	1,859,637	4,159,460	-	566,303	-	6,812,639	(5,777,412)	5,760,990	7,620,627
2010	1,066,454	-	-	1,133,544	2,199,998	4,159,460	-	569,755	-	6,812,639	(5,951,168)	5,590,686	7,790,684
2011	1,066,454	-	-	2,041,278	3,107,732	4,159,460	-	503,003	-	6,812,639	(6,046,123)	5,428,979	8,536,711
2012	1,066,454	-	-	1,555,026	2,621,480	4,159,460	-	542,565	-	8,371,534	(6,170,823)	6,902,736	9,524,216
2013	1,066,454	-	-	2,310,988	3,377,442	4,159,460	-	542,565	-	8,371,534	(6,371,319)	6,702,240	10,079,682
2014	1,066,454	-	-	3,436,621	4,503,075	4,159,460	-	540,323	-	8,371,534	(6,568,646)	6,502,671	11,005,746

Source: City of Menlo Park

(Continued)

Capital Asset and Infrastructure Statistics by Activities
Last Ten Fiscal Years

Operating Information:
Schedule 19



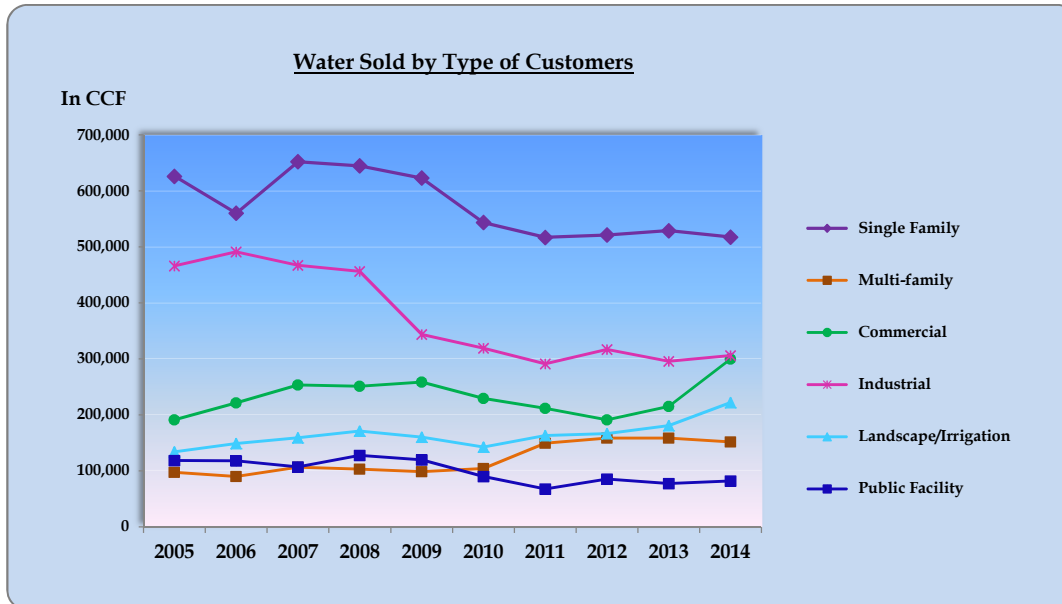
Source: City of Menlo Park

Water Sold by Type of Customer
Last Ten Fiscal Years

Operating Information:
Schedule 20

(in CCF)

<u>Type of Customer</u>	<u>Fiscal year ending June 30, ____</u>										<u>10-year Trend</u>
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	
Single Family	626,255	560,166	652,204	644,785	623,012	543,758	516,958	521,341	529,161	517,640	
Multi-family	97,178	89,682	106,339	103,263	98,672	104,032	149,228	158,342	158,386	151,865	
Commercial	190,834	221,551	253,596	251,400	258,675	229,159	211,796	190,988	215,162	299,597	
Industrial	466,153	491,050	467,379	456,315	343,516	319,117	291,137	316,857	295,864	305,787	
Landscape/Irrigation	134,150	148,601	159,097	170,846	160,021	142,781	163,080	166,262	181,100	221,816	
Public Facility	118,424	117,785	107,003	127,811	119,814	89,655	67,389	85,474	77,494	81,762	
Total Water Sold - CCF	1,632,994	1,628,835	1,745,618	1,754,420	1,603,710	1,428,502	1,399,588	1,439,264	1,457,167	1,578,467	
Direct Rate(*)	\$ 6.15	\$ 6.15	\$ 6.85	\$ 7.61	\$ 8.48	\$ 9.44	\$ 11.01	\$ 12.78	\$ 14.86	\$ 17.24	



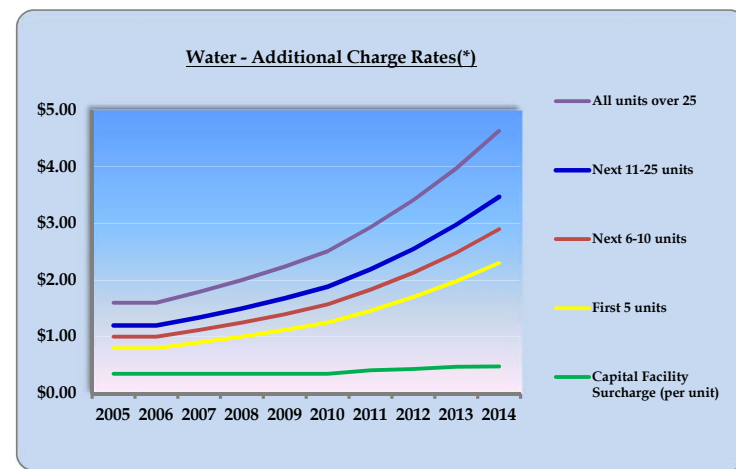
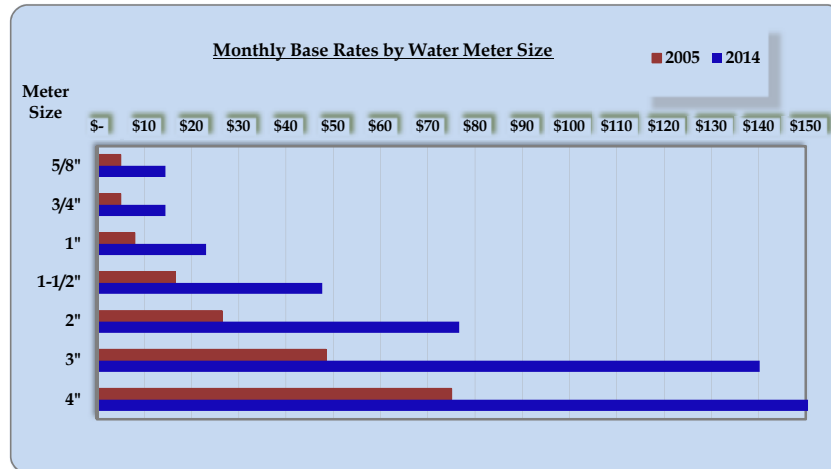
Source: California Water Service Company, City of Menlo Park

Notes: 1 unit is 748 gallons

*Rate based on a minimum monthly service charge based on size of meter plus a charge for water consumed plus a surcharge per unit

Water Service Rates
Last Ten Fiscal Years

Monthly Base Rate by Meter Size	Fiscal Year Ending June 30, ____									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
5/8"	5.00	5.00	5.60	6.26	7.01	7.84	9.14	10.65	12.41	14.46
3/4"	5.00	5.00	5.60	6.26	7.01	7.84	9.14	10.65	12.41	14.46
1"	8.00	8.00	8.95	10.02	11.21	12.54	14.61	17.03	19.85	23.12
1-1/2"	16.50	16.50	18.46	20.66	23.12	25.87	30.15	35.14	40.95	47.70
2"	26.50	26.50	29.65	33.18	37.13	41.55	48.42	56.43	65.77	76.62
3"	48.50	48.50	54.27	60.73	67.96	76.04	88.62	103.27	120.36	140.21
4"	75.00	75.00	83.93	93.91	105.09	117.59	137.04	159.71	186.12	216.83
6"	166.50	166.50	186.31	208.48	233.29	261.06	304.24	354.56	413.20	481.38
8"	369.50	369.50	413.47	462.67	517.73	579.34	675.16	786.83	916.98	1,068.28
10"	820.00	820.00	917.58	1,026.77	1,148.96	1,285.68	1,498.33	1,746.16	2,034.97	2,370.74
Additional charges (*)										
First 5 units	0.80	0.80	0.90	1.00	1.12	1.25	1.46	1.70	1.98	2.30
Next 6-10 units	1.00	1.00	1.12	1.25	1.40	1.57	1.83	2.13	2.48	2.90
Next 11-25 units	1.20	1.20	1.34	1.50	1.68	1.88	2.19	2.55	2.98	3.47
All units over 25	1.60	1.60	1.79	2.00	2.24	2.51	2.93	3.41	3.97	4.63
Capital Facility Surcharge (per unit)	0.35	0.35	0.35	0.35	0.35	0.35	0.41	0.43	0.47	0.48



Source: City of Menlo Park, Master Fee Schedules

Notes: (*) Additional charge is based on monthly meter readings, one unit is 748 gallons.

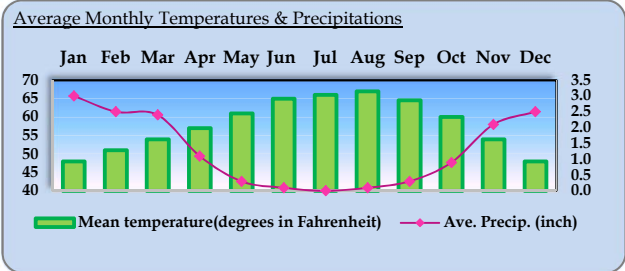
The Menlo Park Municipal Water District charges an excess-use rate above normal demand.

Miscellaneous Statistics

June 30, 2014

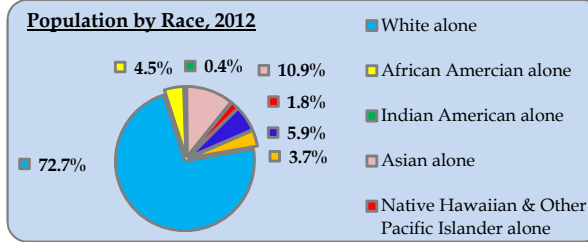
Operating Information:
Schedule 22

Date of Incorporation	November 23, 1927
Form of Government	Council / Manager
City Council Members	5
City Commissions	10
Arts, Bicycle, Environmental Quality, Finance & Audit, Housing, Las Pulgas, Library, Parks & Recreation, Planning, & Transportation	
Latitude, Longitude	37.45 N, 122.18 W
Elevation	60 feet
Land Area in square miles, 2010	10.1
Sunny Days a year	265
Average Annual Rainfall	15.71"



Demographic Profile

Population, 2012 Estimate	32,881
People per square miles, 2010	3,247
Male Persons, 2012	47.1%
Female Persons, 2012	52.9%
Median age (years), 2012	38.7



Social Characteristics

<i>Percentage Speak English only</i>	
Age 5 - 17	16.6%
Age 18-64	67.0%
Age 65+	16.4%
<i>Percentage Speak a language other than English:</i>	
Age 5 - 17	19.1%
Age 18-64	70.0%
Age 65+	10.9%
<i>Education Attainment -Population 25 years and over</i>	
Less than high school graduate	8.0%
High school graduate or equivalent	8.3%
Some college or associate's degree	14.4%
Bachelor's degree	32.4%
Graduate or professional degree	36.8%
<i>Marital Status</i>	
Never married	31.4%
Now married - except separated	52.2%
Divorced or separated	11.7%
Widowed	4.8%
<i>Citizenship Status</i>	
Native, 5 years and over	74.1%
Foreign-born, 5 years and over	25.9%
Naturalized U.S. citizen	10.4%
Not a U.S. citizen	15.6%
<i>Poverty Status in the past 12 months, 2012</i>	
Below poverty level	6.6%
At or above poverty level	93.4%

Housing Characteristics

Total housing units	13,209
Occupied housing units	12,554
Homeownership rate	56.3%
Housing units in multi-unit structures	36.7%
Median value of owner-occupied homes	\$ 1,000,001
Foreign born persons	23.9%

Schools

Preschools	16
Public schools, K-12	6
Private schools, K-12	9
Charter schools	2
Adult education institutions	2
Colleges, public & private	3

Utilities and other services:

Water Services	4
Sewer Service	1
Refuse Removal & Recycling Service	1
Gas & Electricity Service	1
Police protection, stations	2
Menlo Park Fire District, stations	7
Hospitals/Medical Clinics	3
Health Support	4
U. S. Post Offices, branches	2

Local attractions, culture & recreation

Allied Arts Guild	
Menlo Atherton Performance Arts Center	
Stanford Linear Accelerator Center (SLAC)	
Sunset Publishing Corporation	
United States Geological Survey (USGS)	
Movie theater, the Guild	1
Clubs/Organizations	13
Places of worship	22

Source: Menlo Park Chamber of Commerce, City of Menlo Park
 CountryStudies.us/united-states/weather/california/menlo-park.htm
 U.S. Census Bureau, 2010 Demographic Profile Data , ACS Demographic & Housing Estimates 2008-2012

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**AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

To the Honorable Mayor and Members of the City Council
of the City of Menlo Park
Menlo Park, CA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Menlo Park, California (City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City's basic financial statements and have issued our report thereon dated December 8, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as 2014-001 and 2014-002 that we consider to be significant deficiencies.

To the Honorable Mayor and Members of the City Council
of the City of Menlo Park
Menlo Park, CA

Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Badawi and Associates
Certified Public Accountants
Oakland, California
December 8, 2014

**City of Menlo Park
Schedule of Findings and Questioned Costs
For the year ended June 30, 2014**

FINDINGS - FINANCIAL STATEMENTS AUDIT

2014-001. Restatement of Previously Issued Financial Statements

Criteria:

The City is responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America.

Condition:

The City has restated its previously issued financial statements to properly account for the payment from the County for June 2013 which should have been recorded as revenue in the previous fiscal year.

Cause:

The City's internal controls over financial reporting did not identify the misstatements in a timely manner resulting in the restatement.

Context and Effect:

The City's previously issued financial statements were not fairly stated in conformity with accounting principles generally accepted in the United States of America.

Recommendation:

We recommend that the City enhance its internal control over financial reporting to ensure complete and accurate financial reporting. The City can accomplish this by expanding its year-end closing procedures to ensure that all non-routine and nonsystematic transactions were accounted for, the appropriate accounting standards were applied, and transactions were accounted for in the proper period.

Management Response:

The payment in question is related to funds the City's Successor Agency receives from the County to meet recognized obligations of its former Community Development Agency. This activity occurs in the private-purpose trust that was established for this purpose and did not impact General Fund operations. In this instance, funds received in June of 2013 were to be utilized for recognized obligations in fiscal year 2013-14. As such, they were accounted for as unearned revenues in the fiscal year 2012-13 financial statements. However, because of the nature of the revenue source, property tax, the payment should have been recognized as revenue in 2012-13 because accounting principles call for property tax revenues to be recognized as such in the year of the levy, which in this case was fiscal year 2012-13. Management has adjusted its processes going forward to ensure similar payments from the County are applied to the correct fiscal year.

City of Menlo Park
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2014

FINDINGS - FINANCIAL STATEMENTS AUDIT, Continued

2014-002. Review of Service Organization Services - Utility Services

Criteria:

The City is responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America.

Condition:

The City contracts with Global Water to oversee the billing and accounts receivable functions of the City's water activities. The City's finance department uses the reports provided by Global Water to record transactions relevant to utility billing and collections in the City's general ledger, however we noted during our audit that the reports from Global Water included a very large account that was not a customer of the City. An adjustment was needed to correct the utilities receivable balance and remove this account.

Cause:

There is a deficiency in the design over the City's internal controls over services provided by Global Water.

Context and Effect:

The City's general ledger was overstated by the amount of this large account that did not belong to the City.

Recommendation:

We recommend that the City enhance its internal controls over the services provided by Global Water to ensure the accuracy and completeness of information provide by Global Water and used in the City's general ledger.

Management Response:

Management agrees with the auditor's recommendation to enhance its internal controls over the services provided by Global Water. Subsequent to this finding, processes have been put in place to monitor reports from Global Water in a more timely fashion and investigate the source of large receivables that are over 120 days old to ensure they are accounted for properly. Further, an "allowance for doubtful accounts" will be utilized going forward to acknowledge that certain delinquent accounts will not likely ever be paid. This will ensure that the City's related receivables are not overstated.



HUMAN RESOURCES DEPARTMENT

Council Meeting Date: December 16, 2014
Staff Report #: 14-213

CONSENT CALENDAR: **Adopt a Resolution to Become a Member Agency of CSAC Excess Insurance Authority**

RECOMMENDATION

Staff recommends the Council adopt a resolution authorizing the City of Menlo Park to become a member of the CSAC Excess Insurance Authority (EIA).

BACKGROUND

Currently, the City is self-funded and self-administered for dental benefits provided to City employees and Councilmembers. In an effort to control cost and improve efficiencies, staff researched a variety of avenues to restructure the administration of dental benefits.

ANALYSIS

The CSAC Excess Insurance Authority (EIA) is a risk sharing pool of California public agencies. EIA offers comprehensive coverage programs, resources, and supporting services designed to assist member agencies in effectively administering their insurance and self-insurance programs.

By becoming a member of the CSAC EIA, the City will receive the negotiated rates for in-network dentists providing services, which is on average a 30% savings over current costs. In addition, the transition from self-administered to a third party administrator (TPA) will effectively outsource a time and paper-intensive process currently administered by Human Resources and Finance Department staff while providing more efficient access to dental care for employees.

IMPACT ON CITY RESOURCES

This action does not result in any direct financial impact to the City in the 2014-2015 fiscal year. Over time, being a part of CSAC is anticipated to reduce expenses; however, this will not be confirmed until actual expenditures based upon experience are known.

POLICY ISSUES

This recommendation aligns with the City's goals to continue fiscal prudence and strategic planning to manage the cost of providing services.

ENVIRONMENTAL REVIEW

No environmental review is 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:
Gina Donnelly
Human Resources Director

RESOLUTION NO.: _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK
TO JOIN CSAC EXCESS INSURANCE AUTHORITY (EIA)**

WHEREAS, Article 1, Chapter 5, Division 7, Title 1 of the California Government Code (Section 6500 et seq.) permits two or more public agencies by agreement to exercise jointly powers common to the contracting parties; and

WHEREAS, the City of Menlo Park desires to join together with the members of the CSAC Excess Insurance Authority (Authority) for the purpose of jointly funding and/or establishing excess and other insurance programs as determined; and

WHEREAS, the Authority has determined that it is necessary for each member of the Authority to delegate to a person[s] or position[s] authority to act on the member's behalf in matters relating to the member and the Authority.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Menlo Park that said City Council does hereby approve becoming a member of the CSAC Excess Insurance Authority, authorizes execution of the CSAC Excess Insurance Authority Joint Powers Agreement, and except as to actions that must be approved by the City Council, the City Manager or Assistant City Manager is hereby appointed to act in all matters relating to the member and the Authority.

I, Pamela Aguilar, City Clerk of the City of Menlo Park, do hereby certify that the foregoing resolution was approved at a regular meeting of the City Council held on the sixteenth day of December, 2014, and adopted 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 sixteenth day of December, 2014.

Pamela Aguilar
City Clerk

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COMMUNITY SERVICES DEPARTMENT

Council Meeting Date: December 16, 2014
Staff Report #: 14-207

CONSENT CALENDAR:

Approve the Annual Report of the Below Market Rate (BMR) Housing Program, including the Status of the BMR In-Lieu Fees Collected as of June 30, 2014, in Accordance with Government Code Section 66000 et.seq. and Approve Redesignation of the remaining Purchase Assistance Loan (PAL) funds and Habitat for Humanity funds to the 2015 Notice of Fund Availability (NOFA) Process

RECOMMENDATION

Staff recommends that the City Council approve the Below Market Rate (BMR) Housing Program Annual Report for fiscal year 2013-14, and make the following findings regarding the unexpended BMR fees:

1. The City has unexpended funds held for more than five years for programs/projects intended to provide affordable housing through the BMR Program;
2. The purpose of the BMR Housing Fund is to develop BMR housing for persons who live and/or work in the City of Menlo Park and have very low, low or moderate incomes and there exists a continuing need for the program given the extremely high cost of living in Menlo Park;
3. There is a reasonable relationship between the BMR Housing Program fee and its purpose; and
4. Housing and new commercial developments are anticipated that will provide housing or financing of approved uses of the BMR Fund within a reasonable time.

Staff also recommends that the City Council redesignate the remaining Purchase Assistance Loan program funds and the \$650,000 previously reserved for Habitat for Humanity to the upcoming NOFA process.

BACKGROUND

The BMR Housing Program requires an annual report on the City's activities focused on production of affordable housing. The annual report is prepared in conjunction with the

annual audit of the BMR Housing Fund. This annual report addresses activities during the 2013-14 fiscal year.

Additionally, the BMR in-lieu fees qualify as development impact fees under California Government Code Sections 66000 through 66003. As required by law, these fees are segregated from the General Fund and accounted for as special revenue funds. Government Code Section 66001 requires that the City make available to the public information regarding development impact fees for each fund within 180 days after the end of each fiscal year. This report meets that requirement.

Government Code Section 66000 et. seq. also requires that findings describing the continuing need for the BMR in-lieu fees be made annually if a jurisdiction has had possession of a developer fee for five or more years and has not expended the money. If the findings are not made, the City must refund the fees collected. As described in the Analysis section of this report, the City has committed the fees held for five or more years but has not yet fully expended the money; therefore, the required findings must be made in order to retain the fees.

ANALYSIS

BMR Housing Program

The BMR Housing Program was established in 1987 to increase the housing supply for people who live and/or work in Menlo Park and have very low, low, or moderate incomes as defined by income limits set by San Mateo County. The primary objective of the program is to create actual housing units rather than generate a capital fund. Currently, all owner-occupied residential developments of five or more units are required to provide a BMR unit. If that is not feasible, developers of five to nine unit projects are required to pay an in-lieu fee that is deposited into the BMR Housing Fund. Residential developments of 10 to 19 units are required to provide 10 percent of the housing at below market rates. Development projects of 20 units or more are required to provide 15 percent of the housing at below market rates. If the number of BMR units required includes a fraction of a unit, the developer must either provide a whole BMR housing unit or make a prorata in-lieu payment.

The BMR Housing Program also applies to new commercial developments of 10,000 square feet or more that generate employment opportunities. The 2013-14 in-lieu fees to mitigate the demand for affordable housing were \$14.92 per square foot of net new gross floor area for most commercial uses and \$8.10 per square foot of net new gross floor area for defined uses that generate fewer employees. Collected in-lieu fees are deposited into the BMR Housing Fund. The fee is adjusted annually on July 1.

In order to ensure the current in-lieu fee is appropriate, the City partnered with other San Mateo County jurisdictions to issue a Request for Proposal (RFP) for the preparation of affordable housing fee nexus and feasibility studies. Participation in this

process helps the City comply with Housing Element program H4.D, which calls for the preparation of an updated nexus study, and will ensure compliance with the State Mitigation Fee Act (AB1600 – Government Code Section 66001 through 66003). The City last prepared a nexus study in 2001. A draft of the nexus report is anticipated in early 2015.

Developers who build five or more housing units enter into BMR Agreements with the City concerning the BMR units’ location, size and other details, including deed restrictions to preserve the BMR units’ affordability. There were no BMR units approved in FY2013-14, but there were the following commercial linkage fees paid:

Commercial Development	Total Fee Paid
307 Constitution	\$ 5,265
20 Kelly Court	\$ 74,382
TOTAL	\$ 79,647

Attachment G provides a list of all BMR units generated through the history of the program.

In order to make corrections to reflect management of the BMR program by a contractor rather than City staff and to clarify certain points, Council approved minor changes to the BMR Guidelines in May, 2014, including: excluding elderly parents living in the homes of wait list applicants from the home owner education requirement; deleting text that might appear to prohibit use of BMR funds for administrative costs of the program; specifying that BMR funds may be used for administrative costs of the program; and clarifying that the source of income guidelines are those used by the California Department of Housing and Community Development.

BMR Housing Fund

The BMR Housing Fund has a variety of Council-approved uses, all of which are designed to increase or maintain the housing supply for people who live and/or work in Menlo Park and have very low, low, or moderate incomes.

Current BMR Fund Balance

At the end of fiscal year 2013-14, the BMR Housing Fund had total assets of \$11,761,343 including \$1,881,507 in PAL loans receivable, \$16,847 in interest receivable, and \$7,972,431 in cash. A Below Market Rate Housing Fund Balance Sheet is included in this report as Attachment A.

At the end of fiscal year 2013-14, the BMR Housing Fund had a total fund balance of \$11,751,143. This includes \$2,600,493 designated for PAL loans, \$3,860,000 designated for the CORE housing project at the Veterans Affairs Center on Willow Road, 3,200,000 designated for the MidPen 2013-14 NOFA project and \$3,090,650

available for a future NOFA. Total liabilities included an accounts payable balance of \$10,200. The fund balance is also shown on Attachment A. Major uses and substantive changes to the Fund during the 2013-14 fiscal year are described below:

Purchase Assistance Loan Program

On April 26, 2005, the City Council approved a resolution reserving \$3.5 million of the BMR Housing Fund for use in the Purchase Assistance Loan (PAL) program, which would supplement the \$982,000 already dedicated to the program. This brought the total amount dedicated to the PAL program to \$4.482 million as a beginning loan fund. Since the creation of the PAL program, almost 90 loans have been made toward purchases of BMR homes and market rate units. This fund currently has a designated and available balance of approximately \$2.6 million.

Under the PAL program, purchase assistance has previously been given to qualifying low- and moderate-income first-time homebuyers purchasing homes in the City of Menlo Park. The maximum loan was \$75,000, or 20 percent of the home purchase price, whichever was less. The program imposed a 3.5% interest rate. There have been 89 PAL loans made since its inception in fiscal year 1990-91 (Attachment H). In the current reporting period, no new PAL loans were made.

Given the availability of other first-time buyer programs provided through the County and private lenders and the elimination of the City's Housing Division, staff had recommended in July 2013 the elimination of the City's PAL program and allocating those funds to the development of more affordable units through the notice of availability of funds (NOFA) process (described below). Staff suggests that Council officially approve the redesignation of the remaining PAL funds to the NOFA process with approval of this report this year.

The City's existing PAL loans are currently managed through a contract with HELLO Housing, a housing non-profit created in 2005 with experience in a range of housing services in partnership with local governments across the Bay Area. This contract is funded from the BMR program at an annual cost of approximately \$16,000 (varies depending upon number of loans that are more than 90 days past due).

Grant to Habitat for Humanity

In FY 2008-09, City Council approved funding of \$500,000 for Habitat for Humanity's Neighborhood Revitalization Program (NRP), providing \$100,000 per home for up to five foreclosure purchases. These homes were rehabilitated and sold to buyers selected from the City's BMR wait list. On February 10, 2010, Council approved funding of an additional \$625,000 to Habitat for five homes at \$125,000 per home. Habitat closed on the fifth home in this second allocation in early February, 2012. On February 13, 2012, Council approved a third allocation of \$650,000 for five more homes (\$130,000 each), bringing the total allocated to Habitat to \$1,775,000. Habitat has not

yet purchased a home with the third grant as current market conditions have made homes in the neighborhood unaffordable for this program. Habitat has endorsed the City's plan to eliminate the NRP designation and, while they have not yet identified any new opportunities in Menlo Park, they indicate interest in participating in future NOFAs should they include receptivity to affordable homeownership and not strictly affordable rental. Attachment A, the BMR Reserve Balance Sheet, no longer indicates a designation for Habitat and these funds have been transferred into the designation for the 2015-16 NOFA.

City Neighborhood Stabilization Program

Council also approved \$2 million in FY 2008-09 at the height of the housing crisis for a City-run Neighborhood Stabilization Program (NSP) to purchase and rehabilitate foreclosed homes for resale to BMR wait list households. Two homes were purchased and rehabilitated through the program. These homes were completed in the spring of 2012 and one was sold to an eligible family on the BMR waiting list during the 2012-13 fiscal year. The second home was sold during the 2013-14 fiscal year.

CORE Development at the Menlo Park Veterans Affairs Facility

In May of 2013, Council conditionally approved a loan of \$2.5 million to CORE Affordable Housing Development from the BMR fund for a 60-unit affordable project at the Veterans Affairs facility on Willow Road. Since that date, costs for the project were more clearly defined and Council approved a \$2.86 million loan to CORE in January of 2014. The loan closed and all funds were committed on or about December 1, 2014. The loan will be funded next calendar year and will appear as a loan receivable in next year's report.

2014 NOFA

Subsequent to the adoption of the Housing Element, and as a final requirement of the lawsuit brought against the City, staff had advertised the availability of BMR funds for development of affordable housing units through a Notice of Funding Availability, or NOFA. Approximately \$3.2 million in Below Market Rate housing funds was made available under this NOFA to support the acquisition, rehabilitation or new construction of housing that will provide long term affordability. The funding is intended to fill the financing gap between the projected total development costs and other available funding sources.

Qualified non-profit affordable housing developers meeting the NOFA qualifications and demonstrating their ability to design, build, and manage affordable housing were encouraged to submit proposals by November 4, 2013.

A single proposal was received from MidPen Housing to develop 90 units of new construction affordable senior housing in the 1200 block of Willow Road. Council originally reviewed this proposal on May 6, 2014 and supported approval of the award of \$3.2 million to MidPen. On September 9, 2014 Council adopted a Resolution affirming the City's financial commitment to MidPen Housing and authorized the

renegotiation of terms of the MidPen's existing \$4.02 million loan from 1987. Council's final approval of the conditions of the loan and closing on the loan are anticipated in 2015.

2015 NOFA

Staff anticipates issuing a second NOFA in the summer of 2015, making available the approximately \$6 million designated for this purpose that will also include anticipated fees from the Sobrato and Facebook developments. Several changes in the process are anticipated to be recommended by staff when Council approves the NOFA document in the late spring, including relaxing the requirement that eligible developers complete at least three prior projects (this requirement kept Peninsula Volunteers from applying last year, for example). Staff also plans to emphasize the potential for property owners to partner with developers, given the interest in affordable housing projects by Mt. Olive Church and Habitat for Humanity, for example.

St. Anton

The St. Anton's development is a 394-unit, multi-family residential development located at 3639 Haven Avenue. The development will include 22 units targeted to very low include households in compliance with State Density bonus law. In addition to these affordable units, the St. Anton's development also accommodates Facebook's Below Market Rate (BMR) obligation to provide 15 affordable residential units established as part of the City's approval of the Facebook West Campus. The 15 unit will be targeted to low income households. The expected completion date of the development, including the 37 affordable units, is spring of 2016.

389 El Camino Real

In February 2014, three new BMR units became available in the Artisan project at 389 El Camino Real. The units included one 2 bedroom, 2.5 bath, 1,107 square foot unit that sold for \$204,300; one 3 bedroom, 3 bath, 1,307 square foot unit for \$251,500; and one 3 bedroom, 3.5 bath, 1,465 square foot at \$251,500. These units were all sold to eligible families on the BMR wait list and occupied by April, 2014.

Verification of Meeting State Requirements

Attachments B, C, and D illustrate that the City of Menlo Park has dedicated sufficient BMR Funds for development of low- and moderate-income housing to meet the State requirement for collection of BMR fees. The State requires that BMR funds held for five years or more (excluding interest earned) must be designated to affordable housing programs or projects. In fiscal year 2013-14, the City of Menlo Park met this State requirement. At the end of fiscal year 2013-14, the City had collected a total of \$9,599,825 in fees paid, excluding interest earned. Of this, \$5,975,451 had been held for five years or more. At this same time, the City had committed a total of \$8,332,000 for the development of low- and moderate-income housing through the PAL, NOFA, and Habitat NRP, satisfying the State requirement (see Attachment C). It is anticipated that

all funds will be committed or expended within the required timeframe given the receipt of a viable response to the NOFA.

Although the funds have been committed, but not been fully expended, the City Council is required to make a finding that the City continues to need the BMR fund to further BMR development for persons who live and/or work in Menlo Park and that these funds are necessary for that purpose. Without this finding, the fees would need to be returned to the developers.

BMR Residential Program Needs

Through a contract with Hello Housing, the City maintains a waiting list of persons who are interested in and eligible to occupy BMR housing units. To be eligible for the BMR Waiting List, persons must have low or moderate household incomes and must currently live or work in Menlo Park. The City's BMR Waiting List currently shows 103 households. Several dozen BMR Waiting List applications are received every year both for rental and purchase of BMR units. Attachment E provides additional details about the BMR Waiting List.

At the end of the reporting period, the program had 65 BMR housing units located throughout the city. As shown in Attachment G, three new units were occupied in this reporting period. There was one resale during this reporting period.

IMPACT ON CITY RESOURCES

The BMR Housing Fund is a special revenue fund separate from the General Fund. Activities funded in the BMR Housing Program are independent of, but may be used with, other funds, such as State, Federal or private funding sources. There is no impact on City resources resulting from this Annual Report.

State law requires that all BMR in-lieu fees be committed to affordable housing development within five years of collection. In fiscal year 2013-14, this requirement has been met for the City of Menlo Park's BMR Housing Fund. At the end of fiscal year 2013-14, \$5,691,143 in BMR funds had been committed to affordable housing development. This amount includes funding committed to the PAL Program for first-time homebuyers (\$2,600,493) and the Notice of Funding Availability (\$3,090,650) as shown in Attachments A, B, C and D. Although the funds collected have been committed, because the funds have not been fully expended, adoption of findings describing the continuing need for the funds will eliminate the need to refund fees to developers. Other funds, such as the \$3.2 million for the MidPen project, and the \$2.86 million for the CORE project, will be held in the BMR Fund until loan closure occurs.

POLICY ISSUES

The BMR Annual Report was prepared as required in accordance with the BMR Housing Program Guidelines and State requirements related to developer impact fees.

ENVIRONMENTAL REVIEW

The BMR Housing Program Annual Report is not a project under current California Environmental Quality Act Guidelines.

PUBLIC NOTICE

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

ATTACHMENTS

- A. Below Market Rate Housing Fund Balance Sheet
- B. Total BMR Funds Held 5+ Years vs. Total BMR Funds Committed to Projects and Programs Per Fiscal Year 02/03 – 14/15
- C. BMR Reserve Fees and Fund Commitment Summary
- D. BMR Reserve Fees and Fund Commitment
- E. Status Report-BMR Housing Program Waiting List
- F. BMR Housing Agreements
- G. Inventory of Occupied BMR Units
- H. PAL Accounting

Report prepared by:
Cherise Brandell
Community Services Director

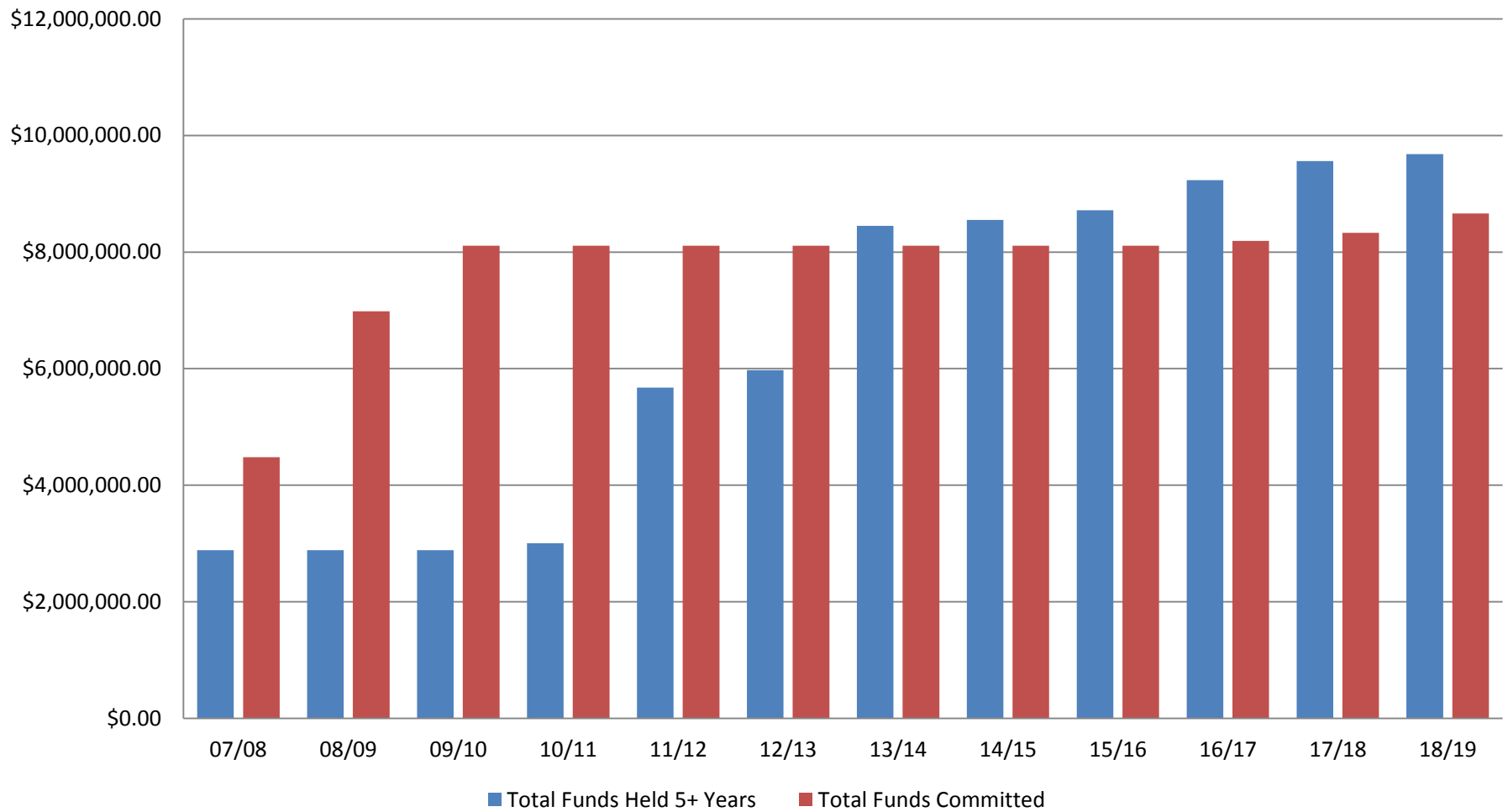
Drew Corbett
Finance Director

**BELOW MARKET RATE HOUSING RESERVE
BALANCE SHEET
6/30/13 AND 6/30/14**

	6/30/2013	6/30/2014
ASSETS		
BMR Housing Reserve Cash	5,949,007	7,972,431
BMR Accounts Receivable	0	41,511
BMR Interest Receivable	20,304	16,847
PAL Loans Receivable	2,092,562	1,881,507
HIP Housing Development Loan Receivable	1,849,047	1,849,047
Real Estate Held for Resale	733,597	-
TOTAL ASSETS	10,644,517	11,761,343
LIABILITIES		
Accounts Payable	14,613	10,200
TOTAL LIABILITIES	14,613	10,200
FUND BALANCE		
Designated for PAL Loans	2,389,438	2,600,493
Designated for CORE Housing	2,860,000	2,860,000
Designated for Notice of Funding Availability (NOFA) MidPen	-	3,200,000
Available for Notice of Funding Availability (NOFA) 2015-16	5,380,466	3,090,650
TOTAL FUND BALANCE	10,629,904	11,751,143
TOTAL LIABILITIES AND FUND BALANCE	10,644,517	11,761,343

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Total BMR Funds Held 5+ Years vs. Total BMR Funds Committed Per Fiscal Year 07/08 - 18/19



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BMR Reserve Fees and Fund Commitment Summary
Fiscal Year 2013-2014

I. Fees Paid to Date

Total Fees Held 5 or More Years as of Fiscal Year 2013-2014:	\$8,451,663	
Fees paid (per annum)	6/14-6/15	\$102,000
Reaching 5+ years in:	6/15-6/16	\$165,168
	6/16-6/17	\$515,720
	6/17-6/18	\$365,274
	6/18-6/19	\$79,647
Fees Paid Through 6/30/14:		\$9,679,472
Interest Earned Through 6/30/14 on Paid Fees:		\$3,407,528
Total Fees Paid + Interest Earned Through 6/30/14 =		\$13,087,001
Total Expenditures Through 6/30/14:		-\$1,335,858
Total BMR Fund Balance (rounded) as of 6/30/14 =		\$11,751,143
<u>II. Committed and Designated Funds in FY 2013-2014</u>		
PAL Loan Funds (Committed):		\$2,600,493
Core Housing		\$2,860,000
Notice of Funding Availability (NOFA) Mid-Pen		\$3,200,000
Total Funds Committed as of 6/30/14 =		\$8,660,493
Accounts Payable/Liabilities		\$10,200
Available for Notice of Funding Availability (NOFA) for 2015-2016:		\$3,090,650
Total BMR Fund Balance as of 6/30/14 =		\$11,751,143
Total Liabilities and BMR Fund Balance as of 6/30/14 =		\$11,761,343

Note: Fees paid and fees held include miscellaneous fee payments for years 1989-1999. Total miscellaneous fee payments equal \$3,826.97. Miscellaneous fees are not required to be included in the Fees Held 5+ Years vs. Funds Committed requirement and are included in this report for accounting purposes only.

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**BMR Reserve Fees and Fund Commitment
Annual Report 2013-14**

Fee Payments and Interest Earned per Year					Total Funds Held 5 or More Years vs. Total Funds Committed		
Fiscal Year	Fees Paid Per Year	Total Fees Paid To Date	Interest Earned Per Year	Fees + Interest To Date	5 Year Commitment Date for Fees Paid	*Total Funds Held 5 or More Years as of Commitment Date	Total Funds Committed as of Commitment Date
<i>Balance Carryover 88/89-89/90</i>	441,430.89	441,430.89	51,705.70	493,136.59			
1990-1991	9,004.26	450,435.15	35,735.22	537,876.07	1995-1996	450,435.15	832,000
1991-1992	5,180.00	455,615.15	29,846.88	572,902.95	1996-1997	455,615.15	832,000
1992-1993	-	455,615.15	-	572,902.95	1997-1998	455,615.15	2,782,000
1993-1994	662,448.40	1,118,063.55	59,522.30	1,294,873.65	1998-1999	1,118,063.55	2,932,000
1994-1995	872,076.80	1,990,140.35	115,252.86	2,282,203.31	1999-2000	1,990,140.35	2,932,000
1995-1996	14,265.00	2,004,405.35	120,352.23	2,416,820.54	2000-2001	2,004,405.35	3,482,000
1996-1997	227,977.66	2,232,383.01	138,744.83	2,783,543.03	2001-2002	2,232,383.01	3,782,000
1997-1998	308,157.01	2,540,540.02	169,307.66	3,261,007.70	2002-2003	2,540,540.02	3,782,000
1998-1999	164,573.25	2,705,113.27	170,809.00	3,596,389.95	2003-2004	2,705,113.27	3,785,061
1999-2000	89,300.04	2,794,413.31	192,902.01	3,878,592.00	2004-2005	2,794,413.31	4,482,000
2000-2001	89,112.36	2,883,525.67	267,906.54	4,235,610.90	2005-2006	2,883,525.67	4,482,000
2001-2002	-	2,883,525.67	185,907.22	4,421,518.12	2006-2007	2,883,525.67	4,482,000
2002-2003	-	2,883,525.67	129,772.02	4,551,290.14	2007-2008	2,883,525.67	4,482,000
2003-2004	-	2,883,525.67	47,072.18	4,598,362.32	2008-2009	2,883,525.67	6,983,909
2004-2005	-	2,883,525.67	94,648.47	4,693,010.79	2009-2010	2,883,525.67	8,107,000
2005-2006	123,705.52	3,007,231.19	144,410.00	4,961,126.31	2010-2011	3,007,231.19	8,107,000
2006-2007	2,668,170.50	5,675,401.69	253,842.00	7,883,138.81	2011-2012	5,675,401.69	8,107,000
2007-2008	300,050.00	5,975,451.69	395,933.30	8,579,122.11	2012-2013	5,975,451.69	8,107,000
2008-2009	2,476,211.80	8,451,663.49	348,457.00	11,403,790.91	2013-2014	8,451,663.49	8,107,000
2009-2010	102,000.00	8,553,663.49	123,558.00	11,629,348.91	2014-2015	8,553,663.49	8,107,000
2010-2011	165,168.00	8,718,831.49	79,220.00	11,873,736.91	2015-2016	8,718,831.49	8,107,000
2011-2012	515,720.00	9,234,551.49	53,399.00	12,442,855.91	2016-2017	9,234,551.49	8,189,815
2012-2013	365,274.00	9,599,825.49	65,659.00	12,873,788.91	2017-2018	9,599,825.49	8,332,000
2013-2014	79,647.00	9,679,472.49	133,565.00	13,087,000.91	2018-2019	9,679,472.49	8,660,493
Total (all years)	9,679,472.49	9,679,472.49	3,407,528.42	13,087,000.91			
<i>*Includes only fees paid. Interest earned is not required to be included in the Funds Held 5+ Years vs. Funds Committed requirement.</i>							
Notes regarding the "Fees Paid" columns and the column "Total Funds Held 5 or More Years as of Commitment Date":							
<i>"Fees Paid" columns include miscellaneous fee payments for years 1989-1999. Total miscellaneous fee payments equal \$3,826.97</i>							
<i>"Total Funds Held 5 or More Years..." reflects/includes these miscellaneous fee payments. Miscellaneous fees are not required to be included in the Funds Held 5+ Years vs. Funds Committed requirement and are included in this report for accounting purposes only.</i>							
Note regarding "Fees + Interest To Date" for 2013-2014: The total of \$13,087,001 minus total expenditures equals a final fund balance of \$11,751,143							

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STATUS REPORT
CITY OF MENLO PARK
BELOW MARKET RATE HOUSING PROGRAM WAITING LIST
NOVEMBER 24, 2014

Total households on BMR Waiting List	118
>Total households on list that <u>only</u> want to OWN	31
>Total households on list that <u>only</u> want to RENT	23
>Total households on list that want to OWN or RENT	64

Cities of Residence

Menlo Park	89
Redwood City	3
East Palo Alto, Sunnyvale	9
Mountain View, San Mateo	5
Newark	2
Berkeley, Campbell, Dublin, Fremont, Los Altos, Newark, Orangevale, San Carlos, San Jose, Santa Clara and Woodside	10

Places of Work

43 households have a worker/workers in Menlo Park.
17 households live and have a worker/workers in Menlo Park.
46 households live in Menlo Park but work elsewhere.

Household Size Information

Household Size	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8+</u>
Number of Households	34	33	22	16	8	3	1	1

Households with Children

Children	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
Number of Households	63	29	16	6	3	0	1

Number of Workers in the Household

Workers	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>
Number of Households	10	76	30	2

Single Heads of Household (One Adult with Dependent Child/Children) = 17

Households with a Person Confined to a Wheelchair = 1

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City of Menlo Park
BMR Agreements Approved by City Council for Residential Developments
Since Inception of the BMR Program in 1987
Through June 30, 2014

Development	Date Agreement Approved by City Council	Number of BMR Units Approved and Occupied	Number of BMR Units Approved But <u>Not Yet</u> Occupied
2160 Santa Cruz (Pacific Hill)	June 22, 1995	2	
600 Willow Rd. (Pacific Parc)	September 18, 1996	2	
Vintage Oaks	Phase I – May 15, 1996 Phase II – Dec. 24, 1996 Phase III – Dec. 24, 1996	14	
Classics Communities	May 19, 1998	3	
20 Willow Rd. (Park Lane)	June 28, 1998	4	
Menlo Square	December 7, 2000	3	
1050-60 Pine St.	August 30, 2005	1	
966-1002 Willow	September 20, 2005	2	
507-555 Hamilton (Hamilton Park)	October 25, 2005	20	
1944-48 Menalto	March 13, 2006		1
110-175 Linfield (Morgan Lane)	March 21, 2006	8	
1460 El Camino Real (Beltramo's)	August 1, 2006* (for 3 BMR units) *Amended on January 11, 2011 (for 1 BMR unit + in lieu fees + profit sharing of revenues)	0	1
75 Willow Road (Lane Woods)	November 14, 2006	2	
1382 Hollyburne (NSP Program)	January 12, 2010	1	
1441 Almanor (NSP Program)	September 14, 2010	1	
389 El Camino Real	July 31, 2012	3	
3605-3639 Haven Avenue (St. Anton)	October 7, 2013 (Rental units only)	0	15
TOTALS =		66	17

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City of Menlo Park
Below Market Rate Housing Program
Inventory of Occupied BMR Units
As of June 30, 2014

<u>Development</u>	<u>Location (Street Only)</u>	<u>Initial Date of Sale</u>	<u>Initial Sale Price</u>	<u># BR/BA</u>
Pacific Hill	BMR #1 Santa Cruz Ave	5/29/96	\$150,820	2/1.0
Pacific Hill	BMR #2 Santa Cruz Ave*	1/23/96	\$135,490	1/1.0
Pacific Parc	BMR #1 Willow Road	4/2/1996	\$192,780	3/2.5
Pacific Parc	BMR #2 Willow Road	8/27/96	\$182,888	2/2.5
Vintage Oaks	BMR #1 Gloria Circle	12/18/96	\$217,895	3/2.5
Vintage Oaks	BMR #2 Gloria Circle	1/28/97	\$217,895	3/2.5
Vintage Oaks	BMR #3 Gloria Circle*	4/11/97	\$217,895	3/2.5
Vintage Oaks	BMR #4 Gloria Circle	3/21/97	\$217,895	3/2.5
Vintage Oaks	BMR #5 Seminary Drive	9/26/97	\$232,630	3/2.5
Vintage Oaks	BMR #6 Seminary Drive	9/26/97	\$232,630	3/2.5
Vintage Oaks	BMR #7 Seminary Drive	11/26/97	\$232,630	3/2.5
Vintage Oaks	BMR #8 Seminary Drive*	11/25/97	\$232,630	3/2.5
Vintage Oaks	BMR #9 Santa Monica*	12/10/97	\$232,630	3/2.5
Vintage Oaks	BMR #10 Santa Monica	12/9/97	\$232,630	3/2.5
Vintage Oaks	BMR #11 Hanna Way	7/22/98	\$251,990	3/2.5
Vintage Oaks	BMR #12 Hanna Way	7/22/98	\$251,990	3/2.5
Vintage Oaks	BMR #13 Riordan Place	8/28/98	\$251,990	3/2.5
Vintage Oaks	BMR #14 Riordan Place*	8/28/98	\$251,990	3/2.5
Park Lane	BMR #1 Willow Road	1/6/99	\$205,630	1/1.0
Park Lane	BMR #2 Willow Road*	2/12/99	\$253,500	3/2.0
Park Lane	BMR #3 Willow Road	2/24/99	\$234,390	2/2.0
Park Lane	BMR #4 Willow Road*	3/16/99	\$234,390	2/2.0
Classics at Burgess Park	BMR #1 Barron Street	3/1/99	\$264,900	3/2.5
Classics at Burgess Park	BMR #2 Barron Street	4/6/99	\$264,900	3/2.5
Classics at Burgess Park	BMR #3 Hopkins Street	4/22/99	\$286,530	4/2.5
Menlo Square	BMR #1 Merrill Street	9/4/02	\$257,290	3/2.0
Menlo Square	BMR #2 Merrill Street	1/23/03	\$223,520	2/2.0
Menlo Square	BMR #3 Merrill Street*	3/2/04	\$190,540	1/1.0
Hamilton Avenue Park	BMR #1 Sandlewood Street*	5/11/07	\$331,150	3/2.5
Hamilton Avenue Park	BMR #2 Sandlewood Street	5/11/07	\$331,150	3/2.5
Hamilton Avenue Park	BMR #3 Sandlewood Street	5/18/07	\$375,270	4/2.5
Hamilton Avenue Park	BMR #4 Sandlewood Street	5/17/07	\$331,150	3/2.5
Hamilton Avenue Park	BMR #5 Sandlewood Street	5/22/07	\$331,150	3/2.5
Hamilton Avenue Park	BMR #6 Sandlewood Street	5/25/07	\$375,270	4/2.5
Hamilton Avenue Park	BMR #7 Sandlewood Street	5/31/07	\$331,150	3/2.5
Hamilton Avenue Park	BMR #8 Sandlewood Street	6/12/07	\$331,150	3/2.5
Hamilton Avenue Park	BMR #9 Sandlewood Street	7/17/07	\$331,150	3/2.5
Hamilton Avenue Park	BMR #10 Sandlewood Street	9/28/07	\$331,150	3/2.5
Hamilton Avenue Park	BMR #11 Rosemary Street	7/17/07	\$331,150	3/2.5
Hamilton Avenue Park	BMR #12 Rosemary Street	7/17/07	\$375,270	4/2.5

**City of Menlo Park
Below Market Rate Housing Program
Inventory of Occupied BMR Units
As of June 30, 2014**

<u>Development</u>	<u>Location (Street Only)</u>	<u>Initial Date of Sale</u>	<u>Initial Sale Price</u>	<u># BR/BA</u>
Hamilton Avenue Park	BMR #13 Rosemary Street	7/27/07	\$331,150	3/2.5
Hamilton Avenue Park	BMR #14 Rosemary Street	8/14/07	\$375,270	4/2.5
Hamilton Avenue Park	BMR #15 Rosemary Street	8/17/07	\$331,150	3/2.5
Hamilton Avenue Park	BMR #16 Sage Street*	9/11/07	\$331,150	3/2.5
Hamilton Avenue Park	BMR #17 Sage Street	9/11/07	\$331,150	3/2.5
Hamilton Avenue Park	BMR #18 Hamilton Avenue	9/28/07	\$375,270	4/2.5
Hamilton Avenue Park	BMR #19 Hamilton Avenue	10/4/07	\$331,150	3/2.5
Hamilton Avenue Park	BMR #20 Ginger Street	10/4/07	\$331,150	3/2.5
Morgan Lane	BMR #1 Linfield Drive	4/29/08	\$273,600	3/2.5
Morgan Lane	BMR #2 Linfield Drive	4/29/08	\$273,600	3/2.5
Willow Road	BMR #1 Heritage Place	5/9/08	\$277,084	3/2.5
Willow Road	BMR #2 Heritage Place	5/15/08	\$277,084	3/2.5
Morgan Lane	BMR #3 Morgan Lane	9/12/08	\$273,600	3/2.5
Morgan Lane	BMR #4 Morgan Lane	12/16/08	\$273,600	3/2.5
Morgan Lane	BMR #5 Ballard Lane	12/18/08	\$273,600	3/2.5
Lane Woods	BMR #1 Paulson Circle	10/21/08	\$272,000	3/2.5
Lane Woods	BMR #2 Paulson Circle	3/27/09	\$313,000	4/2.5
Morgan Lane	BMR #6 Morandi Lane	7/29/09	\$273,600	3/2.5
Pine Court	BMR #1 Pine Street	9/3/09	\$270,058	2/1.5
Morgan Lane	BMR #7 Homewood Place	5/12/11	\$273,600	3/2.5
Morgan Lane	BMR #8 Linfield Drive	6/9/11	\$273,600	3/2.5
NSP Program	BMR #1 Almanor Street	4/30/13	\$295,000	4/2.0
NSP Program	BMR #2 Hollyburne Avenue	1/17/14	\$255,000	3/1.0
Artisan	BMR #1 Artisan Way	6/10/14	\$250,900	3/3.0
Artisan	BMR #2 Artisan Way	6/13/14	\$203,600	2/2.5
Artisan	BMR #3 Artisan Way	6/26/14	\$250,900	3/3.5

**Unit was later resold (see Resales, below)*

RESALES

Vintage Oaks	BMR #9 Santa Monica	1/28/99	\$239,353	3/2.5
Vintage Oaks	BMR #8 Seminary Drive	12/24/99	\$243,642	3/2.5
Vintage Oaks	BMR #3 Gloria Circle	6/29/00	\$252,000	3/2.5
Pacific Hill	BMR #2 Santa Cruz Ave	4/1/04	\$151,685	1/1.0
Park Lane	BMR #2 Willow Road (Note 1)	12/16/05	\$280,570	3/2.0
Park Lane	BMR #4 Willow Rd.	10/10/06	\$258,100	2/2.0
Park Lane	BMR #2 Willow Road	10/12/06	\$283,640	3/2.0
Vintage Oaks	BMR #14 Riordan Place	12/8/09	\$281,810	3/2.5
Menlo Square	BMR #3 Merrill Street	7/16/10	\$190,540	1/1.0

**City of Menlo Park
Below Market Rate Housing Program
Inventory of Occupied BMR Units
As of June 30, 2014**

<u>Development</u>	<u>Location (Street Only)</u>	<u>Initial Date of Sale</u>	<u>Initial Sale Price</u>	<u># BR/BA</u>
Hamilton Avenue Park	BMR #1 Sandlewood Street	7/16/10	\$335,460	3/2.5
Pacific Hill	BMR #2 Santa Cruz Ave	10/14/10	\$158,764	1/1.0
Hamilton Avenue Park	BMR #16 Sage Street*	1/14/14	\$345,955	3/2.5

Note 1: Unit was purchased by City and resold to someone on the BMR Waiting List

Total Number of Occupied BMR Units = 66

Total Number of BMR Units Resold = 12

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CITY OF MENLO PARK - PAL ACCOUNTING				
PAL LOAN ACTIVITY				
DATE	SOURCE	CASH	LOANS	HSG 832-199
				\$0.00
2003-2004	New Loans #48, #49, #50, #51, #52, #53	(\$368,445.00)	\$368,445.00	
2003-2004	Loans Principal Paid	\$25,496.16	(\$25,496.16)	
2003-2004	Paidoff Loans #42, #34, #46	\$126,974.20	(\$126,974.20)	
6/30/2004		\$92,742.81	\$889,257.19	\$889,257.19
				\$0.00
6/30/2005	PAL Ln Allocation-transf fr BMR reserve	\$3,500,000.00		
2004-2005	New Loans	\$0.00	\$0.00	
2004-2005	Loans Principal Paid	\$8,881.91	(\$8,881.91)	
2004-2005	Paid Off Loans	\$0.00	\$0.00	
6/30/2005		\$3,601,624.72	\$880,375.28	\$880,375.28
				\$0.00
9/30/2005	PAL Ln Allocation-transf fr BMR reserve	\$0.00		
2005-2006	New Loans #36A	(\$52,270.00)	\$52,270.00	
2005-2006	Loans Principal Paid	\$9,516.86	(\$9,516.86)	
2005-2006	Paid Off Loans #53, #12, #48, #36	\$204,218.13	(\$204,218.13)	
6/30/2006		\$3,763,089.71	\$718,910.29	\$718,910.29
				\$0.00
2006-2007	New Loans #54, 55, 57, 59, 62, 65, 66, 67	(\$532,770.00)	\$532,770.00	
2006-2007	Loans Principal Paid	\$11,236.49	(\$11,236.49)	
2006-2007	Paid Off Loans #40, #47, #52	\$180,217.18	(\$180,217.18)	
6/30/2007		\$3,421,773.38	\$1,060,226.62	\$1,060,226.62
				\$0.00
2007-2008	New Loans #56, 58, 60, 61, 63, 64, 68, 69, 70, 71, 72, 73, 74	(\$825,080.00)	\$825,080.00	
2007-2008	Loans Principal Paid	\$9,975.20	(\$9,975.20)	
2007-2008	Paid Off Loans #28 & #43	\$51,600.42	(\$51,600.42)	
6/30/2008		\$2,658,269.00	\$1,823,731.00	\$1,823,731.00
				\$0.00
2008-2009	New Loans #75, 76, 77, 78 & 79	(\$281,160.00)	\$281,160.00	
2008-2009	Loans Principal Paid	\$6,272.75	(\$6,272.75)	
2008-2009	Paid Off Loans #30 & #32	\$52,058.97	(\$52,058.97)	
6/30/2009		\$2,435,440.72	\$2,046,559.28	\$2,046,559.28
				\$0.00
2009-2010	New Loans #80, 81, 82 Plus Modification to Loan #56	(\$187,989.80)	\$187,989.80	
2009-2010	Loans Principal Paid	\$6,734.41	(\$6,734.41)	
2009-2010	Paid Off Loan #44	\$71,818.96	(\$71,818.96)	
6/30/2010		\$2,326,004.29	\$2,155,995.71	\$2,155,995.71
				\$0.00
2010-2011	New Loans #83, #84, #85, #86, #87, #88	(\$303,392.00)	\$303,392.00	
2010-2011	Loans Principal Paid	\$4,364.78	(\$4,364.78)	
2010-2011	Paid Off Loans #17, #31, #49, #50, #51, #66	\$241,974.31	(\$241,974.31)	
6/30/2011		\$2,268,951.38	\$2,213,048.62	\$2,213,048.62
				\$0.00
2011-2012	New Loans #89	(\$71,800.00)	\$71,800.00	
2011-2012	Loans Principal Paid	\$5,817.97	(\$5,817.97)	
2011-2012	Paid Off Loans	\$0.00	\$0.00	
6/30/2012		\$2,202,969.35	\$2,279,030.65	\$2,279,030.65
				\$0.00
2012-2013	New Loans #90	(\$75,000.00)	\$75,000.00	
2012-2013	Loans Principal Paid	\$9,563.75	(\$9,563.75)	
2012-2013	Paid Off Loans	\$251,905.10	(\$251,905.10)	
6/30/2013		\$2,389,438.20	\$2,092,561.80	\$2,092,561.80
				\$0.00
2013-2014	New Loans	\$0.00	\$0.00	
2013-2014	Loans Principal Paid	\$27,505.04	(\$27,505.04)	
2013-2014	Paid Off Loans -# 79, #81	\$117,320.00	(\$117,320.00)	
2013-2014	Write Off Loan- # 60	\$66,230.00	(\$66,230.00)	
6/30/2014		\$2,600,493.24	\$1,881,506.76	\$1,881,506.76
				\$0.00
SUMMARY				
	Total PAL Loan Allocation	\$4,482,000.00		
	Total Loans Funded		\$4,209,986.80	
	Loans Paid Off / Written Off		(\$2,061,535.25)	
	Total Monthly Loan Principal Paid		(\$266,944.79)	
	Total Loans Receivable	(\$1,881,506.76)	\$1,881,506.76	HSG 832-199
	Funds Available for Loans:	\$2,600,493.24		

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COMMUNITY SERVICES DEPARTMENT

Council Meeting Date: December 16, 2014
Staff Report #: 14-205

CONSENT CALENDAR: **Adopt a Resolution Approving the City Council Subcommittee Recommendations Regarding the 2014-15 Community Funding Allocation**

RECOMMENDATION

The Council Community Funding Subcommittee recommends that the City Council adopt a resolution (Attachment A) approving the proposed 2014-15 Community Funding allocation in the amount of \$154,000.

BACKGROUND

The City of Menlo Park adopted a formal policy in 1996 (see “Community Funding Program Guidelines” Attachment B) to respond to community needs and leverage City funds in response to the human service needs of Menlo Park residents.

The policy guidelines stipulate that eligible programs must address a verified community need and have a significant Menlo Park client base. Priority service areas include emergency assistance for those who are homeless or low-income; assistance to the disabled; help for seniors to be independent; senior daycare support; youth services including recreational and summer academic support; crisis and family counseling; and substance abuse prevention. Applicants must maintain accounting records with an independent audit at least once every two years.

Each fiscal year, according to the policy, no more than 1.7 percent of General Fund property tax revenue may be allocated to the Community Funding Program. This ceiling would amount to slightly under \$250,000 for the 2014-15 fiscal year. The General Fund budget for 2014-15 includes \$154,000 for eligible community programs selected for funding, consistent with the amount awarded last year. In addition, the City has previously funded several non-profit housing programs each year that are now included in the community funding program budget. The Subcommittee is recommending \$154,000 worth of funding awards for this year, given the outstanding needs in the community and the City’s strong financial picture.

This year, the City provided notice of the grant program to agencies that received funding in prior years as well as additional organizations referred by Council members and staff. Eighteen agencies responded with requests totaling \$262,000. Two

agencies that received funding in the past chose not to submit applications this year. The applicant agencies provide services such as counseling, crisis intervention, employment assistance, shelter, hospice services, community health, risk reduction education, youth and senior services. All agencies that applied for funding this year were allocated at least \$500. The largest grant, \$30,000, was to Star Vista for youth counseling services at Menlo Atherton High School. An application from the MidPeninsula Media Center was not approved for funding from the Community Funding Program as the City funds the Media Center in other ways.

ANALYSIS

On December 11, 2012, the City Council appointed Council Members Keith and Carlton as the Community Funding Subcommittee for fiscal years 2013-14 and 2014-15. The Subcommittee is charged with evaluating the funding requests and making recommendations to the full Council as to the allocation of the funds budgeted for the community funding program.

The Subcommittee reviewed the weighted criteria established to assess the applications against factors such as: verified program results; impact on the Menlo Park community; percentage of total budget spent on administrative overhead; receipt of City funding in previous years; community need for the program; unduplicated service or, if duplicated, evidence of collaboration; and alignment with Council goals. Assessment criteria are included with the application packet each year in order to support more complete applications.

The table below outlines funding allocations approved by Council in FY 2013-14, requests for fiscal year 2014-15, and the Subcommittee recommendation.

	2013-14 allocation	2014-15 request	2014-15 recommended
Belle Haven Community Develop. Fund	5,000	0 ¹	0
Boys and Girls Club of the Peninsula	16,500	30,000	16,500
Community Overcoming Relationship Abuse	5,000	5,000	5,000
Family Connections	9,000	15,000	9,000
HIP Housing	20,000	20,000	17,500
Inn Vision Shelter Network	18,500	20,000	17,500
Legal Aid San Mateo County	0	5,000	3,500
Mt. Olive Crime Prevention Drugs Educ.	9,500	0	0
My New Red Shoes	0	5,000	1000
Nuestra Casa	4,000	5,000	4,000
Ombudsman Services of San Mateo Co.	500	2,000	500
Pathways Hospice Foundation	7,000	10,000	7,000
Peninsula Volunteers, Inc	14,500	20,000	14,500
Ravenswood Education Foundation	7,000	20,000	7,000
Rebuilding Together	4,500	25,000	5,000
Service League of San Mateo County	3,000	3,000	3,000
Star Vista	30,000	45,000	30,000
Vista Center for the Blind	7000	10,000	7,000
Youth Community Service	5,500	12,000	6,000
Total	\$171,000	\$252,000	\$154,000

1. Council has approved continued funding of the Belle Haven Mini Grant Program for a second year through the Belle Haven Community Development Fund in FY 2014-15 at \$25,000.
2. Yellow highlights indicate non-profits previously funded through RDA Housing funds.
3. MidPeninsula Media Center previously funded in Community Engagement budget at \$10,000 not recommended for funding.

IMPACT ON CITY RESOURCES

The FY 2014-15 adopted budget includes an appropriation of \$154,000, adequate to fund the Subcommittee's recommendations.

POLICY ISSUES

The Subcommittee's recommendation is consistent with the Council's current Community Funding Program Policy, and well within the allowance for allocation up to 1.7 percent of property tax revenue.

Council Members Keith and Carlton both made known their affiliations with some of the applicant organizations as a part of the decision process, including Council Member

Keith being on the Legal Aid Luncheon Fundraising Committee, volunteering at Peninsula Volunteers, member of the Service League and CORA advisory Board. Mayor Carlton serves on the Vista Center Project Committee.

ENVIRONMENTAL REVIEW

Environmental Review is not required.

PUBLIC NOTICE

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

ATTACHMENTS

- A. Resolution
- B. Council Policy on Community Funding

Report prepared by:
Cherise Brandell
Community Services Director

RESOLUTION NO.

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO
PARK APPROVING THE COUNCIL SUBCOMMITTEE
RECOMMENDATIONS REGARDING ALLOCATION OF 2014-15
COMMUNITY FUNDING**

The City of Menlo Park, acting by and through its City Council, having considered and been fully advised in the matter and good cause appearing therefore.

BE IT AND IT IS HEREBY RESOLVED by the City Council of the City of Menlo Park that the City Council does hereby approve the City Council Subcommittee recommendations regarding the allocation of 2014-15 community funding in the amount of \$154,000, as more particularly set forth in the Staff Report presented to the City Council on December 16, 2014.

I, Pamela Aguilar, City Clerk of the City of Menlo Park, do hereby certify that the foregoing resolution was approved at a regular meeting of the City Council held on the sixteenth day of December, 2014, and adopted 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 sixteenth day of December, 2014.

Pamela Aguilar
City Clerk

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City of Menlo Park**COUNCIL POLICY**

Department	Page 1 of 2	Effective Date: June 4, 1996
Finance	Approved by: City Council On June 4, 1996	Procedure # FIN-01-1996
Subject		
Community Funding Program Guidelines		

PURPOSE

To provide guidelines for the award of monetary support to local non-profit agencies whose programs respond to the human service needs of Menlo Park residents. This funding is not intended for use as the sole support of any agency. All recipients of financial assistance grants enter into a contractual agreement with the City detailing the specific objectives to be accomplished as a result of the grant.

POLICY**1. GOALS AND PHILOSOPHY**

The City of Menlo Park recognizes that:

- 1.1 the availability of basic human service programs is a key determining factor in the overall quality of life of Menlo Park residents;
- 1.2 the most cost-effective and efficient manner to insure that these services are available to local residents is through the development of agreements with existing non-profit agencies;
- 1.3 contractual agreements with non-profit agencies allow the City to influence the human service programs offered to Menlo Park residents; and
- 1.4 financial assistance grants demonstrate the City's support of the activities of specific non-profits and make it possible for these agencies to leverage additional funds which will benefit local residents.

2. ELIGIBILITY

- 2.1 All applicants must be formally incorporated non-profit entities and must be tax exempt (under Section 501(c)(3) of the IRS Code, and Section 2370(d) of the California Revenue and Taxation Code).
- 2.2 All applicants must be agencies based in Menlo Park or agencies which provide services throughout the County of San Mateo who can demonstrate a significant Menlo Park client base.
- 2.3 All applications must provide a service that is not a duplication of an existing public sector program, OR if the service is duplicated, the applicant must show why it is not an unnecessary duplication of service.
- 2.4 All applicants shall maintain accounting records which are in accordance with generally accepted accounting practices. The agency must have an independent audit performed at least once every two years.
- 2.5 The agency must have bylaws which define the organization's purposes and functions, its organization and the duties, authority and responsibilities of its governing body and officers.

Department	Page 2 of 2	Effective Date: June 4, 1996
Finance	Approved by:	Procedure #
Subject	City Council On June 4, 1996	FIN-01-1996
Community Funding Program Guidelines		

- 2.6 Governance of the agency should be vested in a responsible and active board which meets at least quarterly and establishes and enforces policies. The board should be large enough and so structured to be representative of the community it serves. It should have a specific written plan for rotation or other arrangements to provide for new members.
- 2.7 The agency must provide for adequate administration of the program to insure delivery of the services. The agency must provide that it has a written job description for each staff position and an organizational chart approved by the board. One individual should be designated as the full time director of the agency.
- 2.8 No less than 85% of City funds granted must be used for direct services as opposed to administrative costs.
- 2.9 City grants can represent no more that 20% of an applicant's total operating budget.
- 2.10 All recipients agree to actively participate in City efforts to coordinate and to improve human services within the City.
- 2.11 The program described must respond to a verified community need as defined by the City Council:
 - DISABLED** emphasizes support of programs that will allow the disabled to actively participate in their community and maintain independence from institutional support.
 - EMERGENCY ASSISTANCE AND LOW INCOME SUPPORT** emphasizes support of programs that can meet emergency needs for people in crisis such as victims of homelessness, rape, and domestic violence and the basic needs such as food, etc., for low income residents.
 - SENIORS** emphasizes support of programs which serve predominantly low income, frail and minority seniors; and those programs which make it possible for seniors to continue to be independent and active community participants.
 - YOUTH** emphasizes support of delinquency prevention services including recreation; crisis and family counseling; substance abuse prevention; child care and acculturation of ethnic minorities.

PROCEDURE

Any agency requesting financial assistance must complete the required application and submit it to the Finance Department. The City Council subcommittee is responsible for reviewing all proposals and submitting recommendations for funding to the City Council.

FUNDING

Grants are funded by the General Fund. Each fiscal year, no more than 1.7 % of general fund property tax will be allocated to the Community Funding Program.



COMMUNITY SERVICES DEPARTMENT

Council Meeting Date: December 16, 2014
Staff Report #: 14-206

CONSENT CALENDAR: Authorize the City Manager to Enter Into a Contract With AV Consulting in an Amount Not to Exceed \$38,880 for Facilitation, Youth and Family Support, and Community Building in the Belle Haven Neighborhood for October 2014 – June 30, 2015.

RECOMMENDATION

Staff recommends that the Council authorize the City Manager to enter into a contract with AV Consulting in an amount not to exceed \$38,880 for Facilitation, Youth and Family Support, and Community Building in the Belle Haven Neighborhood for October 1, 2014 – June 30, 2015.

BACKGROUND

On August 20, 2013, the City Council received and approved the Belle Haven Action Plan including proposed next steps. The next steps focused on supporting resident action teams and stakeholders, developing and strengthening resident capacity to achieve short and long term goals, building infrastructure for continued engagement and support, as well as addressing some of the particular action items where resources and strategies may be more easily identified. Following Council approval of the Action Plan, Requests for Proposals (RFPs) were developed and bids were sought. Two RFPs addressed the early stages of work in the Neighborhood Action Plan that included Belle Haven Action Team Support and Community Capacity Building and Youth and Neighborhood Engagement. One of the consultants selected for this scope of work was with AV Consulting (Alejandro Vilchez), which focused on outreach and support of community action teams, neighborhood community building and leadership development as well as support for youth development and diversion.

AV Consulting began its work with City staff and residents in February 2014 addressing many of the high priority outcomes identified in the Action Plan. Much progress has been made toward achieving these outcomes over the past 9 months, summarized in a presentation to Council at their meeting on August 26, 2014. At that meeting, staff indicated additional contracts would need to be approved for both AV Consulting and PCRC as the second year's work would put the total contracted amount above the City

Manager's approval limit of \$56,200. Council approved the additional contract with PCRC on October 7, 2014.

ANALYSIS

This segment of the Belle Haven Action Plan implementation contract with AV Consulting is proposed to not exceed \$38,880 for nine months through the end of the 2014-15 fiscal year. Previous contracts with AV Consulting for January 1, 2014 - June 30, 2014 for \$35,600 and for July 9, 2014 through August 31, 2014 for \$7500 have been approved by the City Manager. This contract brings the total for services provided by AV Consulting to \$81,980 for 18 months and requires Council approval.

IMPACT ON CITY RESOURCES

The City Council approved and allocated \$130,500 for FY 2013-14 and \$122,500 for FY 2014-15 toward the Belle Haven Neighborhood Action Plan implementation. On October 7, Council approved an additional \$26,000 from Police and Community Services Departments' projected savings to support Restorative Justice activities. There is sufficient funding allocated to cover the current scope of work for AV Consulting which is included in Attachment A.

POLICY ISSUES

Supporting Belle Haven residents and businesses in improving the Belle Haven area is consistent with existing Council policies and goals.

ENVIRONMENTAL REVIEW

The neighborhood visioning and action plan process is not a project under 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. AV Consulting Proposed Scope of Work – Action Team Support and Community Capacity Building

Report prepared by:
Derek Schweigart
Community Services Manager

AGREEMENT WITH INDEPENDENT CONTRACTOR

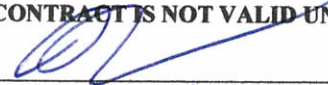


Contractor Name and Address
 Alejandro Vilchez dba A V Consulting
 1149 Howard Ave.
 Menlo Park, CA 94025
 Tel 650 544-7850

Contractor: Upon completion of work or agreed-upon work periods,
 mail invoice to:
 Department: Community Services Department
 Attention: Derek Schweigart
 701 Laurel Street
 Menlo Park, CA 94025

It is agreed between the City of Menlo Park, California, and Contractor as follows:

1. Services to be performed by Contractor. In consideration of the payments hereinafter set forth, Contractor shall perform services for City in accordance with terms, conditions and specifications set forth herein and in Exhibit "A" attached hereto for the City of Menlo Park.
2. Contract Term. The term of this agreement shall be from **October 1, 2014** through **June 30, 2015** as outlined in Exhibit A.
3. Payments. In consideration of the services rendered in accordance with all terms, conditions and specifications set forth herein. City shall make payment to Contractor in the manner specified herein and in Exhibit "A." The City reserves the right to withhold payment if the City determines that the quantity or quality of the work performed is unacceptable. In no event shall total payment for services under this agreement exceed **\$38,880**.
4. Relationship of the Parties. Contractor agrees and understands that the work/services performed under this agreement are performed as an Independent Contractor and not as an employee of the City and that Contractor acquires none of the rights, privileges, powers or advantages of City employees.
5. Hold Harmless. Contractor agrees to indemnify and defend City, its employees, and agents, from any and all claims, damages, and liability in any way occasioned by or arising out of the contractor's negligent performance of this agreement.
6. Non-assignability. Contractor shall not assign this Agreement or any portion thereof to a third party without the prior written consent of City, and any attempted assignment without such prior written consent in violation of this Section shall automatically terminate this Agreement.
7. Termination of Agreement. The City may, at any time after ten days from execution of Agreement, terminate this Agreement, in whole or in part, for the convenience of City, by giving written notice specifying the effective date and scope of such termination. In the event of termination, all finished or unfinished documents, data, studies, maps, photographs, reports, and materials (hereinafter referred to as materials) prepared by Contractor under this Agreement shall become the property of the City and shall be promptly delivered to the City. Upon termination, the Contractor may make and retain a copy of such materials. Contractor shall be entitled to receive payment for work/services provided prior to termination of the Agreement. Such payment shall be that portion of the full payment, which is determined by comparing the work/services completed to the work/services required by the Agreement.
8. Worker's Compensation Insurance. Contractor agrees and understands that the City does not provide Worker's Compensation Insurance to, or on behalf of, the Contractor for the work/services performed, but that said taxes are the sole responsibility of the undersigned.
9. Payment of Permits/Licenses. Contractor shall obtain any license, permit, or approval if necessary from any agency whatsoever for the work/services to be performed, at his/her own expense, prior to commencement of said work/services or forfeit any right to compensation under this Agreement.
10. Non-Discrimination. No person shall illegally be excluded from participation in, denied the benefits of, or be subjected to discrimination under this Agreement on account of their race, sex, color, national origin, religion, age, or disability. Contractor shall ensure full equal employment opportunity for all employees under this Agreement.
11. Retention of Records. Contractor shall maintain all required records for three years after the City makes final payment and all other pending matters are closed, and shall be subject to the examination and /or audit of the City, a federal agency, and the state of California.
12. Merger Clause. This Agreement, including Exhibit "A" attached hereto and incorporated herein by reference, constitutes the sole Agreement of the parties hereto and correctly states the rights, duties, and obligations of each party as of this document's date. The attached outcomes and measures are subject to change as more information becomes available the neighborhood and may be amended based on agreement of both parties. Any prior agreement, promises, negotiations, or representations between the parties not expressly stated in this document are not binding. All subsequent modifications shall be in writing and signed by the City. In the event of a conflict between the terms, conditions, or specifications set forth herein and those in Exhibit "A" attached hereto, the terms, conditions, or specifications set forth herein shall prevail.

THIS CONTRACT IS NOT VALID UNLESS SIGNED BY BOTH PARTIES

 _____ Alejandro Vilchez, dba A V Consulting	9/30/2014 _____ Date	 _____ Derek Schweigart, Community Services Manager	9/30/14 _____ Date
565-91-9119 _____ Contractor's Tax I.D. Number or Social Security Number	 _____ Alex McIntyre, City Manager		10/2/14 _____ Date

Contractor - Please complete the following:

Are you or is your firm a Disadvantaged Business Enterprise (DBE)? Yes ___ No ___

A DBE is a firm that is at least 51% owned and controlled by a minority person, including a woman [regardless of her race or ethnicity]

If yes, please check the appropriate DBE category: Latino ___ Asian & Pacific Islanders ___ African American ___ Woman ___

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The Belle Haven **Community Connector** is responsible for bridging the interests of the City of Menlo Park and the Belle Haven Community as it relates to the Belle Haven Youth and Neighborhood Engagement priority as set forth in the recent Visioning Process. The Belle Haven Community Connector will act as a “utility” support to the Community Services Department and work in partnership with other program and city departments in an effort to better serve the Belle Haven community. Reporting to the City of Menlo Park Designee, the Community Connector will focus on the following areas; *Community Engagement, Resource and Referral, Neighborhood Safety* as described in the following scope of work:

Area of Focus	Strategy	Outcome	Measurement	Timeline / Deliverables
Community Engagement & Support				avg hours per week 5-7
	Support communication between City and Belle Haven community related to neighborhood activity / opportunities and or incidents	Community Garden Community workshops / forums and meetings Newsletter and electronic correspondence	Increase of NextDoor use by BH residents by 10% Residents report positive /satisfactory in receiving city information # of residents attending meetings # of newsletter distributions	Oct 2014 - June 2015
	Provide consultation and coordination, BH residents groups and activities i.e. mini-grants program	Strengthened infrastructure of mini-grants group regarding communication with partners, general community. Broader awareness of mini-	BHCDF increase it’s board members BHCDF increases # of applications received by 10% BHCF increases the quality of	Oct 2014- June 2015

		grants program opportunities to BH residents	proposals received	
	Consultation to city leadership and department representatives on emerging issues / needs directly impacting the BH neighborhood	Positive working relationships with BH community partners i.e. residents, non-profits, etc. , faith groups, community groups, businesses Support city staff when engaging residents who may be unfamiliar with city protocols and procedures due to language and cultural barriers	Residents and department staff report working collaborations via mini-grants programs, actions team and other projects Residents report an increase of communication between city staff and BH neighborhood regarding activities and critical incidents Meeting agendas and follow-up action items will be documented and submitted to the City	
Resource, Referral & Network Development	Strategy	Outcome	Measurements	Timeline / Deliverable Avg 4-6 hours per week
	Initialize development of BH merchants and small business Network	BH merchants will meet to discuss issues relevant to business development, safety and potential city partnerships Mapping of BH residents who use BH businesses	Increase in communication amongst BH Merchants Increase in communication between BH merchants and city officials Minimum of 5 merchants interested in creating BH Merchant Assoc.	Two meetings by June 2015 February 2015 (mapping)

Exhibit A

	Develop a clearing house of information to be utilized by BH community; residents, businesses and visitors	Community kiosk and virtual distribution and access Disseminate Community info	Residents report an 10% increase of communication between city and BH neighborhood regarding activities, events and critical	Emailing list on a bi-monthly basis & maintain during project Kiosk placement by June, 2015.
	Develop strategy for development of Belle Haven Community Council	A coordinated approach and unified voice of BH stakeholder groups	A minimum of five organized groups interested in creating BH Community Council	One meeting by June, 2015
Neighborhood / Public Safety	Strategy	Outcome	Measurements	Timeline / Deliverable Avg 3-5 hours per week
	Support and advise coordination of resident led groups i.e. Neighborhood Watch and Public Safety Action Team	Awareness and Dissemination of “troubleshooting guide” to BH community Alignment of group’s efforts towards city public safety goals Consultation regarding neighborhood issues related to blight, crime and safety	10% increase of resident awareness of resources available relevant to public safety and blight reduction 10% increased of resident participation in groups such as NW, Public Safety, etc.	Monthly until June 2015
	Support and advise coordination of Youth Diversion	Program staff are versed on best practices and approaches for referrals made	10% increased awareness of Youth Diversion Program by residents, local schools and other	Monthly until 2015

		Program staff are connected with local resources	community stakeholders	
	Support for BH critical incidents involving youth violence, shootings and others situations as they arise	Relevant and accurate information provided to the community	# of contacts made by public safety stakeholders to CC role	As needed

**Project Budget
October 1, 2014 - June 30, 2015 (9 months)**

Consultant (Community Connector) Fee \$60.00/hr

\$60.00/hr @ 72hrs / month x 9 months = \$38,880
(avg 18.00 hrs / week)

Consultant Service Description:

All facilitation, coordination, training, consultation, translations, planning, correspondence (phone & electronic) and all related follow up to, and with, Belle Haven community stakeholders; i.e. residents, city officials and representatives, businesses, schools, non-profits and community based groups/organizations



PUBLIC WORKS DEPARTMENT

Council Meeting Date: December 16, 2014

Staff Report #: 14-211

CONSENT CALENDAR: **Adopt a Resolution Authorizing the Installation of “No Parking” Zone, on the North Side of Santa Cruz Avenue, East of the St. Raymond’s School/Church Driveway**

RECOMMENDATION

Staff recommends that the City Council adopt a resolution (Attachment A) authorizing the installation of a “No Parking” zone, approximately 55 feet in length, on the north side of Santa Cruz Avenue, east of the St. Raymond’s School/Church Driveway, in accordance with Attachment B.

BACKGROUND

Santa Cruz Avenue is designated as a minor arterial in the City of the Menlo Park’s Circulation Element of the General Plan. Santa Cruz Avenue, in the vicinity of St. Raymond’s School/Church:

- Has two through lanes, one lane for each direction, and a middle two-way left turn lane.
- Has Class 2 bike lanes on both of its north and south sides.
- Carries a peak hour AM traffic volume between 8:00 and 9:00 of approximately 1,300 vehicles.
- Has a prima facie speed limit, being a school zone, of 25 mph.
- Has a mid-block crosswalk in front of St. Raymond’s Church, controlled by a pedestrian traffic signal.
- Allows on-street parking on both of its north and south sides.

The City received a letter from St. Raymond’s School requesting the City to consider the removal of on-street parking in front of St. Raymond’s church due to obstructed view for drivers stopped at the St. Raymond’s School/Church driveway and turning left or right onto Santa Cruz Avenue, created by vehicles parked adjacent to this driveway. A copy of this letter is attached as Attachment C.

ANALYSIS

In response to St. Raymond’s School’s request and to determine the extent of the “No Parking” zone, staff conducted a field investigation at the St. Raymond’s School/Church

driveway and developed a sight triangle diagram in accordance with the American Association of State Highway Transportation Officials (AASHTO) “A Policy on Geometric Design of Highways and Streets.”

Based on the sight triangle diagram, shown as Attachment B, to meet the required stopping sight distance for a 25 mph speed limit on Santa Cruz Avenue, approximately 55 feet of on-street parking, east of the St. Raymond’s School/Church driveway, needs to be removed. Based on staff’s field investigation, the proposed parking removal of approximately three vehicles would not adversely impact the parking needs of St. Raymond’s School/Church or the adjacent residences. St. Raymond’s School/Church has ample parking in the back of its property. Residents would still have parking access in front of their properties. The proposed parking removal would improve the drivers’ view of school children that are biking from the east towards Hillview School.

On November 12, 2014, at the Transportation Commission meeting, based on the above, staff recommended to the Transportation Commission to recommend to the City Council the approval of installing this “No Parking” zone. The Transportation Commission unanimously passed a motion to approve staff’s recommendation with two commissioners absent, with an amendment for staff and St. Raymond’s School to collect data on how many drivers make left and right turns at the driveway before and after installation of this “No Parking” zone. The reason for the data collection was to determine the impact of the proposed “No Parking” zone on the number of drivers making the left turn from the driveway to Santa Cruz Avenue. At the meeting, two residents expressed their concern that the proposed “No Parking” zone would increase the number of drivers making the left turns at the driveway to Santa Cruz Avenue and would exacerbate already congested access to their driveways.

Public outreach for the November 12, 2014 Transportation Commission meeting was achieved by sending meeting notification flyers to residences/businesses on Santa Cruz Avenue between Fremont Street and San Mateo Drive.

As requested by staff, St. Raymond’s School collected the following Before “No Parking” zone installation data at its driveway. This data will be compared to the data that will be collected if the proposed “No Parking” zone is approved by the City Council and subsequently installed in front of St. Raymond’s Church.

Date/Time	No. of Vehicles Turning Left	No. of Vehicles Turning Right
November 19, 2014 @2:45 p.m.	48	59
November 20, 2014 @7:45 a.m.	51	51
November 24, 2014 @7:45 a.m.	43	46
November 24, 2014 @ 2:45 p.m.	46	49
Average morning pattern	49%	51%
Average afternoon pattern	47%	53%

IMPACT ON CITY RESOURCES

This “No Parking” zone installation, if approved by the City Council, would not financially impact the City. The City typically charges the property owners for “No Parking” zone installation, either red paint or signs and posts, adjacent to private streets or private driveways. In this case, for the installation of 55 feet of red curb at \$10.00 per foot, St. Raymond’s School would be charged \$550.

POLICY ISSUES

This “No Parking” zone installation is consistent with several policies in the 1994 City General Plan Circulation and Transportation Element, which seeks to maintain a circulation system using the Roadway Classification System that will provide for a safe and efficient movement of people and goods throughout Menlo Park for residential and commercial purposes.

ENVIRONMENTAL REVIEW

This “No Parking” zone is categorically exempt under Class I of the current State of California Environmental Quality Act Guidelines. Class 1 allows for minor alterations of existing facilities, including existing highways and streets, sidewalks, gutters, bicycle and pedestrian access, and similar facilities as long as there is negligible or no expansion of use.

PUBLIC NOTICE

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

ATTACHMENTS

- A. Resolution
- B. Sight Triangle Diagram at the St. Raymond’s Church/School Driveway on Santa Cruz Avenue Including Proposed 55’ of “No Parking” Zone
- C. St. Raymond’s School Request Letter

Report prepared by:
René Baile
Transportation Engineer

Nikki Nagaya
Interim Transportation Manager

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RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK
AUTHORIZING THE INSTALLATION OF "NO PARKING" ZONE ON THE
NORTH SIDE OF SANTA CRUZ AVENUE, JUST EAST OF THE ST.
RAYMOND'S SCHOOL/CHURCH DRIVEWAY

WHEREAS, staff received a letter from St. Raymond's School requesting the City to consider the removal of on-street parking in front of St. Raymond's Church due to obstructed view for drivers stopped at the St. Raymond's School/Church driveway and turning left or right onto Santa Cruz Avenue, created by vehicles parked adjacent to this driveway;

WHEREAS, at the November 12, 2014 Transportation Commission meeting, the commission heard this request from St. Raymond's School and staff's recommendation after consideration of this request and ultimately, unanimously passed a motion to support staff's recommendation for the installation of "No Parking" zone, approximately 55 feet in length, on the north side of Santa Cruz Avenue, just east of the St. Raymond's School/Church driveway, with the amendment for staff and St. Raymond's School to collect data on how many drivers make left and right turns at the driveway before and after installation of this "No Parking" zone; and,

WHEREAS, the City of Menlo Park, acting by and through its City Council, having considered and been fully advised in the matter and good cause appearing therefore.

NOW, THEREFORE, BE IT RESOLVED, the City Council of Menlo Park does hereby authorize the installation of "No Parking" zone, approximately 55 feet in length, on the north side of Santa Cruz Avenue, just east of the St. Raymond's School/Church driveway.

I, Pam 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 16th day of December, 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 16th day of December, 2014.

Pamela Aguilar
City Clerk

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SIGHT TRIANGLE AT THE ST. RAYMOND'S CHURCH/SCHOOL DRIVEWAY (LEFT TURN FROM STOP AT DRIVEWAY)



- PROPOSED RED CURB INSTALLATION, APPROXIMATELY 55' IN LENGTH
- SIGHT TRIANGLE FOR 25 MPH SCHOOL ZONE SPEED ON SANTA CRUZ AVENUE

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October 2, 2014

To Whom It May Concern:

Please allow this letter to serve as a formal request for the curb located directly in front of St. Raymond Church on Santa Cruz Avenue to be painted red. This request is a direct response to an ongoing and observed safety issue which involves cars exiting St. Raymond Church and School onto Santa Cruz Avenue.

The issue: Cars parked along the curb on Santa Cruz Avenue in front of St. Raymond Church between the parish walkway and the parish and school exit block the view of exiting drivers. This obstructed view for drivers results in two pronounced safety implications: First, near collisions between cars blindly exiting onto Santa Cruz and into through traffic. Secondly, severe incidents involving exiting vehicles, bikers and pedestrians.

As a community parish and school serving families in Menlo Park, the danger associated with this blind exit must be addressed swiftly and with corrective action. Painting the curb red will only impact parking for St. Raymond Church and School, not the local neighborhood. We believe strongly that the safety advantages far outweigh the loss of a few parking spots.

We ask that you consider this request favorably so that we can begin the process of improving safety for our local community.

Please feel free to contact me with any questions.

Gratefully,

A handwritten signature in black ink, appearing to read "Tara Rolle", with a stylized flourish at the end.

Tara Rolle, Ed.D.

Principal, St. Raymond School

drtrolle@straymond.org | 650.322.2312

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PUBLIC WORKS DEPARTMENT

Council Meeting Date: December 16, 2014
Staff Report #: 14-209

CONSENT CALENDAR: **Authorize the City Manager to Enter into an Agreement with Cal-West Lighting & Signal Maintenance to Provide Maintenance Services and Authorize an Option to Renew the Contract Annually for up to Four Additional Years**

RECOMMENDATION

Staff recommends that the City Council authorize the City Manager to enter into an agreement with Cal-West Lighting & Signal Maintenance (Cal-West) to provide maintenance services for streetlights, traffic signal lightings, in-pavement lighted crosswalks, radar speed feedback signs, pay parking machines, and other City equipment and authorize an option to renew the contract annually for up to four additional years.

BACKGROUND

The City currently maintains 22 traffic signals (including one pedestrian traffic signal), two radar speed feedback signs, ten in-pavement lighted crosswalk systems, and approximately 2,300 streetlights on public streets and within Civic Center/Burgess Park. These facilities must be maintained in a safe and efficient manner to ensure the proper operation of the City's transportation system.

Since the award of the last Signal & Lighting Maintenance Program contract, the City has assumed the maintenance or installed several new electrical systems:

- Decorative streetlights on Santa Cruz Avenue
- Holiday tree lights in the downtown area
- City parks' pathway lighting
- Six pay parking machines

These maintenance services are proposed be added to this Signal & Lighting Maintenance Program contract to streamline the number of contractors servicing lighting and traffic electrical equipment within the City.

ANALYSIS

Cal-West has been the City's Traffic Signal Maintenance and Streetlight Maintenance contractor since October 1, 2011. Contingent on Cal-West's performance, the City currently has the option to renew Cal-West's contract annually for up to four additional years, or until fiscal year 2015-16. However, due to the significant changes in the scope of work mentioned above and to obtain competitive cost proposals for the additional tasks, a Request for Proposals (RFP) was prepared to solicit proposals from electrical contractors to provide maintenance services.

Scope of Services

In general, maintenance activities for streetlights, traffic signals and lighting, in-pavement lighted crosswalks, radar speed feedback signs, pay parking machines, and other City equipment are divided into three categories: preventive maintenance, scheduled repairs, and unscheduled emergency response work ("extra work").

- Preventive maintenance activities are routine, comprehensive maintenance activities performed on a pre-set schedule to reduce the incidence of outages and malfunctions, reduce complaints, and extend the useful life of the equipment.
- Scheduled repair maintenance activities include repair or replacement of equipment and components that have failed, deteriorated, or malfunctioned from normal operation.
- Unscheduled and emergency response work are maintenance operations not covered by preventive maintenance or scheduled repairs and could entail repair of damages resulting from traffic collisions, Acts of God (i.e., excessive winds, rain, floods, earthquakes, etc.), vandalism, and unexpected construction impacts (roadway excavation and roadway failures).

Contractor Selection

On October 29, 2014, staff released the RFP to five electrical contractors. On November 19, 2014, the City received proposals from each of the five electrical contractors. Staff reviewed the proposals from these electrical contractors and ranked the five proposals using the following criteria:

- Demonstrated ability to deliver services and perform the tasks in the RFP in a timely manner.
- Qualifications of key personnel and team members.
- Amount of time key personnel will be involved.
- Contractor's past experiences/references with providing services required in the RFP.
- Contractor's approach and understanding of scope of work.
- Cost proposal.

Based on the above ranking criteria, Cal-West was selected. Subsequently, staff reviewed and checked the references for the work of Cal-West and is satisfied with the quality and responsiveness of this contractor.

Upon expiration of this contract, Staff may elect to renew the contract for up to four additional years. The contract may increase up to a maximum of 5% per year based on the Construction Cost Index for the San Francisco Bay Area in the Engineering News Record as defined in the contract specifications.

IMPACT ON CITY RESOURCES

The cost of the routine maintenance service, scheduled repair maintenance, and unscheduled and emergency response work for 12 months is approximately \$100,000.

Street Lights	36,000
Traffic signals and Lighting	40,000
Radar Speed Feedback Signs	2,000
Pay Parking Machines	6,000
Holiday Lights	6,000
In-Pavement Lighted Crosswalks	<u>10,000</u>

Total Cost for 12 months of Maintenance: \$100,000

The fiscal year 2014-15 budget, for the Traffic Signal Maintenance Program, funded by Measure A, and Streetlight Maintenance Program, funded by General Fund, has \$127,210 for these maintenance services. This contract will not exceed this budgeted amount in the current fiscal year, nor will it exceed the budget amount in subsequent fiscal years.

POLICY ISSUES

The City's traffic signal and streetlight maintenance and repair activities are in line with several policies in the 1994 General Plan Circulation and Transportation Element. These policies seek to maintain a circulation system using the Roadway Classification System that will provide for the safe and efficient movement of people and goods throughout Menlo Park for residential and commercial purposes.

ENVIRONMENTAL REVIEW

The City's traffic signal and streetlight repair and maintenance activities are categorically exempt under Class 1 of the current California Quality Act Guidelines.

PUBLIC NOTICE

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

ATTACHMENTS

A. None

Report prepared by:

René Baile

Transportation Engineer

Nikki Nagaya

Interim Transportation Manager



PUBLIC WORKS DEPARTMENT

Council Meeting Date: December 16, 2014
Staff Report #: 14-210

CONSENT CALENDAR: Authorize the City Manager to Enter into an Agreement with Roberts & Brune Company to Provide Water Parts and Supplies and Authorize the Option to Renew the Contract Annually for up to Five Years

RECOMMENDATION

Staff recommends that the City Council authorize the City Manager to enter into an agreement with Roberts & Brune Company (R&B) to provide water parts and supplies and authorize the option to renew the contract annually for up to five years.

BACKGROUND

Staff has standardized water parts and supplies for the City's water system. This helps expedite emergency repairs and general maintenance of the water system by being able to identify which part needs to be replaced and having it readily available at the Corporation Yard or with the supplier. This has improved the City's efficiency and reduced storage needs by not having to purchase different types of equipment and tools from a variety of manufacturers.

The major supplies and parts purchased for the City's water system include fire hydrants, valves, couplings, and clamps. Parts for a fire hydrant can cost up to \$4,000 and couplings and clamps for a typical water break cost approximately \$2,500. On average, the City will repair 30-40 breaks a year, with half the breaks occurring during non-working hours. In addition, staff replaces 10-15 fire hydrants annually.

Staff anticipates this year exceeding the City Manager's current purchasing authority limit in the purchase of parts and supplies from R&B for maintenance of the City's water system. This is due to the increase in price for parts, as well as staff being proactive in replacing old fire hydrants and valves and maintaining an inventory of supplies and parts in the event of an emergency.

ANALYSIS

On November 5, 2014, staff sent out a Request for Quotes (RFQ) to four different water supply and parts vendors. The RFQ contained a sample of the main parts and supplies that the City purchases. The RFQ required vendors to be able to open the store for

emergencies and be located within a fifteen mile radius of the City. This is critical for emergencies to minimize down time.

Two of the vendors responded to the RFQ, with one being an incomplete quote. R&B was the only vendor who submitted a complete quote. Staff is requesting authority to spend up to the budgeted amount in the water program operating budget to purchase parts and supplies from R&B. The annual purchases in aggregate from R&B are expected to exceed the City Manager's purchasing authority limit.

IMPACT ON CITY RESOURCES

There are sufficient funds available in the water operating budget to execute this agreement. This fiscal year \$93,500 is budgeted for fire hydrants and other maintenance and repairs, and the contract will not exceed this amount in 2014-15, and will not exceed budgeted amount in subsequent fiscal years.

POLICY ISSUES

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

ENVIRONMENTAL REVIEW

The project is categorically exempt under Class I of the current State of California Environmental Quality Act Guidelines, which allows minor alterations and replacement of existing facilities.

ATTACHMENTS

None.

Report prepared by:
Carlos Castro
Water Supervisor

Brian Henry
Public Works Superintendent



OFFICE OF THE CITY MANAGER

Council Meeting Date: December 16, 2014
Staff Report #: 14-208

CONSENT CALENDAR: **Authorize the City Manager to Amend an Agreement with Hello Housing and Appropriate \$50,000 from the Below Market Rate Housing fund**

RECOMMENDATION

Staff recommends the Council appropriate \$50,000 from the Below Market Rate fund and authorizes use of “Hello Housing” for management and construction assistance for the units on Willow Road in an amount not to exceed \$50,000.

BACKGROUND

Hello Housing currently administers the Community Development Block Grant loans, the Purchase Assistance Loans, and the Below Market Rate (BMR) acquisition loans on behalf of the City. The cost of the contract is based on time and materials but is estimated at \$35,000 annually.

In October, the City purchased four housing units on Willow Road with Below Market Rate funds to provide interim housing and land bank the property with the intent of improving traffic circulation in the next few years as the Highway 101/Willow Road Interchange is updated.

At least until that construction is underway on the Interchange, the City will use the units to rent to eligible tenants in the BMR program. Two units are currently occupied, and two are vacant. Before renting the unoccupied units out, some improvements required by the Building Code and some maintenance work needs to be accomplished to improve the livability of the units. With the elimination of the Housing Staff in 2012, staff is unable to perform the work internally, and therefore needs to contract out the work.

ANALYSIS

The Building Official recently performed an inspection of the units with a representative from Hello Housing. A brief description of the work that will be needed has been compiled by the Building Official and is attached as Attachment A

Hello Housing has the expertise and capacity to perform the work, and has demonstrated proficiency and efficiency in all of contracted work to date. The estimate for the work is approximately \$35,000 to \$50,000. Adding this additional work to Hello Housings’ existing contract would exceed the City Manager’s signature authority which

is limited to \$56,000. Typically we would have an accurate estimate from the contractor but that estimate is not available yet, but should be available prior to the City Council meeting.

Further, neither the acquisition of the property or the improvements to the property were anticipated when the 14/15 budget was adopted, so an appropriation of \$50,000 is being requested. This amount is an estimate but requesting the appropriation and authorization at the Council's next meeting would delay completion of the work by at least a month since the City Council's next meeting is scheduled for January 13, 2014. The goal is to complete the work as soon as possible to make the units available to eligible individuals/families.

IMPACT ON CITY RESOURCES

The original contract was \$35,000 and due to the staff's efforts to expedite the work on the units, we only have estimates available as the staff report is being prepared, of an additional \$35,000 to \$50,000 which will be needed to complete the construction and maintenance work required to improve the livability of the units and bring them up to code.

POLICY ISSUES

Although the scope of this work will be different than the original contract, since the additional work will be with the same business entity Council authority is required due to the cumulative cost. Further, the acquisition of the two duplexes and improvements was not anticipated, or included in the original 14/15 proposed budget, so the Council must also appropriate funds from the BMR fund.

ENVIRONMENTAL REVIEW

No environmental review is 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. Brief Description of Needed Maintenance and Code Updates

Report prepared by:
Starla Jerome-Robinson
Assistant City Manager

1175/1177 Willow Rd Recommended Improvements

1175A (Front Unit):

General improvements:

- Patch and repaint interior walls throughout
- Repair minor dry rot conditions found on the exterior and/or interior
- Remove and replace existing carpet or sand and seal existing wood floor
- Install missing closet doors and hardware
- Repair damage to exterior doors and replace door hardware
- Install a new electrical receptacle covers where damaged or missing
- Replace door hardware where damaged or missing
- Replace damaged or missing light fixtures
- Verify there is a code compliant flu for the wall heater (looks relatively new but we do not have record of a permit for the installation)
- Clean wall heater

Kitchen:

- Reface existing cabinets or sand and paint
- Install a below cabinet venting hood/ replace exhaust fan in kitchen
- Install GFCI receptacles in kitchen

Bathroom:

- Install GFCI receptacles in bathroom
- Replace damaged vinyl flooring in bathroom and address any water damage to the subfloor
- Water proof bathtub and sink
- Install new towel bars, toilet paper dispenser and medicine cabinet

Life Safety:

- Reroute flu for water heater (too close to combustible cabinet)
- Reroute T & P from water to exterior
- Replace bedroom windows with egress compliant windows
- Replace all ungrounded outlets with GFCI outlet
- Install smoke/carbon monoxide detector

1177B (Rear Unit):

General improvements:

- Patch and repaint interior walls throughout
- Repair minor dry rot conditions found on the exterior and/or interior
- Sand and seal existing wood floor or cover with carpet
- Install missing closet doors and hardware
- Repair damage to exterior doors and replace door hardware
- Install a new electrical receptacle covers where damaged or missing

- Replace door hardware where damaged or missing
- Replace damaged or missing light fixtures
- Clean wall heater or replace if it does not work
- Verify there is a code compliant flu for the wall heater

Kitchen:

- Reface existing cabinets or sand and paint
- Install a below cabinet venting hood/ replace exhaust fan in kitchen
- Install GFCI receptacles in kitchen

Bathroom:

- Install GFCI receptacles in bathroom
- Replace damaged vinyl flooring in bathroom and address any water damage to the subfloor
- Water proof bathtub and sink
- Install new towel bars, toilet paper dispenser and medicine cabinet

Life Safety:

- Reroute flu for water heater (does not appear to have a flu at this time)
- Reroute T & P from water to exterior
- Replace bedroom window with egress compliant window
- Replace all ungrounded outlets with GFCI outlet
- Install smoke/carbon monoxide detector



**CITY COUNCIL
SPECIAL MEETING **DRAFT** MINUTES**

**Tuesday, November 18, 2014 at 6:00 PM
City Council Chambers
701 Laurel Street, Menlo Park, CA 94025**

6:00 P.M. REGULAR SESSION

Mayor Mueller called the meeting to order at 6:10 p.m. Councilmember Ohtaki participated via Skype from Embassy Suites, 4400 S. Rural Road Tempe, Arizona. Councilmember Cline was absent.

Mayor Mueller led the pledge of allegiance.

A. PRESENTATIONS AND PROCLAMATIONS

Assistant City Manager Starla Jerome-Robinson introduced items A1-A3.

- A1.** Presentation by Andy Belknap of Management Partners regarding the Administrative Services review ([presentation](#))

Public Comment:

- Mickie Winkler inquired about administrative staffing levels for non-management positions and how the City compares to similar jurisdictions

In response, Mr. Belknap stated that Menlo Park falls into the same range as other similar jurisdictions with the exception of IT where the city is understaffed.

- A2.** Presentation by Nancy Kaiser of Municipal Resource Management regarding the Library review ([presentation](#)) ([handout](#))

At 6:54 p.m., Mayor Mueller called **Item A5** out of order.

- A5.** Proclamation recognizing Shay Patel and Alley Oops Kids
Shay Patel accepted the proclamation and provided a brief background regarding Alley Oops Kids ([proclamation](#))

- A3.** Presentation by Nancy Kaiser of Municipal Resource Management regarding the Community Services review ([presentation](#)) ([handout](#))

- A4.** Presentation by Charlie Knox of PlaceWorks regarding the ConnectMenlo Guiding Principles and approach for creating Land Use alternatives for consideration at upcoming community workshop ([presentation](#))

Public Comment:

- Elias Blawie spoke regarding this item being on the agenda as a Presentation rather than under Regular Business; he also addressed retail, private funding and traffic
- Planning Commissioner John Kadvany spoke regarding the guiding principles

City Manager McIntyre responded that a joint meeting of the City Council and Planning Commission is scheduled for December 9, 2014 where this topic will be discussed in further detail. No action will be taken tonight. This presentation is to prepare the Council.

A5. Proclamation recognizing Shay Patel and Alley Oops Kids
This item was called earlier in the meeting.

At this point, Interim Public Works Director Jesse Quirion introduced the City's new Environmental Programs Manager Heather Abrams.

B. COMMISSION/COMMITTEE VACANCIES, APPOINTMENTS AND REPORTS

B1. Parks & Recreation Commission quarterly report on the status of their 2 Year Work Plan
([Attachment](#))

Commissioner Thomas Stanwood gave a brief report on the following goals and efforts: (1) working with local businesses to offer classes and advice to job seekers in the Belle Haven neighborhood (2) promoting the arts in Menlo Park through an arts exhibition (3) parks visits and (4) non-resident fees

C. PUBLIC COMMENT #1

- Morris Brown spoke regarding materials the City Manager released to the press ([see handout](#))
- Elias Blawie spoke regarding of cost of Consent Calendar item D2 and the timing of Public Comment
- Kristin Duriseti spoke regarding Consent Calendar item D4 and asked Council to add aquifer recharge to the resolution

D. CONSENT CALENDAR

Mayor Pro Tem Carlton requested Item D4 be pulled for further discussion.

D1. Authorize the City Manager to amend an agreement with MRG for additional assistance
([Staff report # 14-191](#))

D2. Award of contracts to various vendors for a total of \$381,274 for the purchase of ten vehicles, one ADA compliant senior transit bus and one electric motorcycle including purchase and installation of equipment for each vehicle ([Staff report # 14-196](#))

D3. Approve the proposed Library Landscaping Schematic plans ([Staff report # 14-189](#))

D4. Adopt **Resolution 6239** in support of sustainable groundwater management in the San Francisquito Creek area ([Staff report # 14-188](#))

D5. Increase budget for the Lawn Be Gone rebate program for commercial and multifamily accounts ([Staff report # 14-194](#))

D6. Accept City Council minutes for the meetings of August 19, 2014 and October 1, 7, 21, and 29, 2014 ([Attachment](#))

ACTION: Motion and second (Keith/Ohtaki) to approve Items D1-D3, D5-D6 on the Consent Calendar passes 4-0-1 (Cline absent)

In response Council questions, staff stated that groundwater recharge includes aquifer recharge, the language in the resolution was pulled from the General Plan policy, and that groundwater management will be addressed at a later time.

ACTION: Motion and second (Keith/Carlton) to approve Item D4, *adopt Resolution 6239 in support of sustainable groundwater management in the San Francisquito Creek area*, passes 4-0-1 (Cline absent)

PUBLIC HEARING

E1. Adopt a resolution amending the Menlo Park Municipal Water District's 2010 Urban Water Management Plan's Water Shortage Contingency Plan; and adopt a resolution implementing Stage 2 of the amended Water Shortage Contingency Plan
([Staff report # 14-187](#))

Interim Public Works Director Jesse Quirion gave a brief presentation.

Mayor Mueller opened the Public Hearing. There was no public comment.

Motion and second (Keith/Carlton) to close the Public Hearing passes 4-0-1 (Cline absent).

ACTION: Motion and second (Keith/Carlton) to adopt **Resolution 6240** amending the Menlo Park Municipal Water District's 2010 Urban Water Management Plan's Water Shortage Contingency Plan; and adopt **Resolution 6241** implementing Stage 2 of the amended Water Shortage Contingency Plan passes 4-0-1 (Cline absent).

E. REGULAR BUSINESS

F1. Consider a resolution ratifying the Menlo Park Fire Protection District's ordinance for the adoption of Local Amendments to the 2013 California Fire Code
([Staff report # 14-197](#))

Assistant Community Development Director Ron La France introduced the item. John Johnston of the Menlo Park Fire Protection District made brief comments and was available for questions.

Public Comment:

- Henry Riggs spoke regarding the cost of fire sprinkler installation, adjusting thresholds and emergency vehicle access
- Ben Eiref shared his concerns regarding the impact of the fire sprinkler installation guidelines

There was consensus to continue this item to a later date in order for staff and Council liaisons to meet with the Fire District to discuss and provide recommendations prior to the District adopting the ordinance.

F. CITY MANAGER'S REPORT – None

G. WRITTEN COMMUNICATION – None

H. INFORMATIONAL ITEMS

I1. Dedication of Hamilton Avenue between Willow Road and Chilco Street as a Memorial Corridor in the name of Dr. Hattie L. Bostic ([Staff report # 14-195](#))

Pastor Bostic was present to acknowledge the dedication.

12. Quarterly report of data captured by automated license plate readers (ALPR) for the period beginning July 1, 2014 through October 1, 2014 ([Staff report # 14-190](#))

13. Quarterly Financial Review of General Fund Operations as of September 30, 2014
([Staff report # 14-192](#))

14. Review of the City's Investment Portfolio as of September 30, 2014
([Staff report # 14-193](#))

I. COUNCILMEMBER REPORTS

Mayor Mueller stated that the City of Palo Alto approved naming of the bike bridge after Mike Harding.

J. PUBLIC COMMENT #2 - None

K. ADJOURNMENT at 10:21 p.m.

Pamela Aguilar
City Clerk



CITY COUNCIL REGULAR MEETING **DRAFT** MINUTES

Tuesday, December 02, 2014 at 7:00 PM
City Council Chambers
701 Laurel Street, Menlo Park, CA 94025

7:00 P.M. REGULAR SESSION

Mayor Pro Tem Carlton called the meeting to order at 7:12 p.m. All members were present. Mayor Mueller appeared via video link from Estanplaza Berrini Hotel, 853 Brooklin Novo, Sao Paulo, Brazil.

Mayor Pro Tem Carlton led the pledge of allegiance.

ANNOUNCEMENTS

Mayor Pro Tem Carlton recognized the regional and local officials who were present.

A. PUBLIC COMMENT #1

- Wynn Grcich spoke regarding fluoridation and fracking
- Michael Francois spoke regarding fluoridation and viruses and commented on the good conduct of the Menlo Park Police Department

B. REGULAR BUSINESS

B1. Approve a resolution declaring the results of the November 4, 2014, General Municipal Election ([Staff report 14-198](#))

City Clerk Pamela Aguilar gave a brief report on the results of the election.

ACTION: Motion and second (Keith/Ohtaki) to approve **Resolution 6242** declaring the results of the November 4, 2014 General Municipal Election passes unanimously.

B2. Swearing-in of Councilmembers

City Clerk Pamela Aguilar administered the oath of office to Councilmembers Ohtaki, Keith and Cline for full four-year terms on the City Council expiring December 2018.

B3. Selection of Mayor and Mayor Pro Tempore for 2015 ([Staff report 14-199](#))

Mayor Pro Tem Carlton turned the meeting over to City Clerk Aguilar who opened the floor for nominations for Mayor.

Mayor Mueller nominated Mayor Pro Tem Carlton. There being no other nominations, Catherine Carlton is declared Mayor. The meeting is turned back over to Mayor Carlton.

Mayor Carlton made brief remarks and thanked those who supported her.

Public Comment

- Jeremy Dennis of Assemblymember Rich Gordon's office congratulated Mayor Carlton and Councilmembers Ohtaki, Keith and Cline and thanked outgoing Mayor Mueller for his service.
- Georgia Scott presented Mayor Carlton with a gavel that belonged to her grandfather who previously served as a mayor.

Mayor Carlton opened the floor for nominations for Mayor Pro Tem.

Councilmember Mueller nominated Councilmember Cline. There being no other nominations, by acclamation Councilmember Cline is declared Mayor Pro Tem.

B4. Proclamation recognizing outgoing Mayor Ray Mueller

Mayor Carlton read the proclamation and displayed the plaque for outgoing mayor Mueller.

Outgoing mayor Mueller made brief remarks. Each Councilmember acknowledged outgoing Mayor Mueller and thanked him for his work as mayor during his term.

Councilmember Keith gave a brief report regarding the work of BAWSCA during the current drought.

C. **ADJOURNMENT** at 8:05 p.m. – Reception at the Arrillaga Family Recreation Center, Cypress Room

Pamela Aguilar
City Clerk



HUMAN RESOURCES DEPARTMENT

Council Meeting Date: December 16, 2014
Staff Report #: 14-202

REGULAR BUSINESS: **Consideration of Approval of the Terms of an Agreement between the City of Menlo Park and the Menlo Park Police Officers' Association**

RECOMMENDATION

Adopt a resolution to approve the terms of a collective bargaining agreement between the City of Menlo Park and the Menlo Park Police Officers' Association (POA), and authorize the City Manager to execute a Memorandum of Understanding (MOU) with a term of December 17, 2014 through June 30, 2015.

BACKGROUND

On April 2, 2013, in accordance with City Council's Public Input and Outreach Regarding Labor Negotiations policy, a staff report was placed on the Council agenda providing an opportunity for public comment prior to the commencement of labor negotiations. The staff report provided a summary of background information related to labor negotiations, a summary of bargaining unit information, personnel cost information, and the methodology used to determine a competitive and appropriate compensation package.

At the request of City Council, a special meeting was held to provide a second opportunity for public input and comment on April 23, 2013.

The Menlo Park Police Department staff includes 37 police officers represented by the Police Officers' Association (POA). The City's and the POA's negotiation teams commenced negotiations on April 17, 2013. The parties met approximately 15 times and reached a Tentative Agreement (TA) on November 3, 2014. The POA notified the City that the TA was ratified by the membership on November 19, 2014.

ANALYSIS

A complete copy of the Tentative Agreement is attached. The Tentative Agreement is for a full MOU, between the City and POA. The following is a summary of key provisions and/or changes from the previous MOU.

Term/Expiration	December 17, 2014 – June 30, 2015
Grievance Procedure	Revisions to clarify and streamline the existing grievance procedures utilized to resolve disputes over alleged violations, misinterpretations or misapplications of the MOU or policy/procedure manuals affecting the working conditions of Police Officers.
Disciplinary Appeals	New section bifurcating the existing discipline appeal process from the grievance procedure and amending the process by which an arbitrator is selected to include the use of five (5) arbitrators from which to determine the designated arbitrator.
Pay Rates and Practices	All current Officers shall receive a one-time bonus of nine hundred Dollars (\$900.) Said bonus payment shall be distributed to current active officers the first pay date subsequent to the first full pay period after ratification of this Agreement by the membership and approval by City Council.
Retirement	<p>Incorporation of State mandated pension reforms under the Public Employees' Pension Reform Act (PEPRA).</p> <p>Effective as soon as practicable and after July 1, 2013, the employee three percent (3.00%) contribution toward the employer's contribution to the Public Employees' Retirement System (PERS) shall be taken as a pre-tax deduction from the employees' paycheck each payroll period. The City and POA agree that the three percent (3%) will continue past the expiration of the MOU. If for any reason the City is precluded from making the three percent (3%) deduction or the deduction cannot be made on a pre-tax basis, the parties agree to meet and confer regarding ways to cure the defect.</p>

IMPACT ON CITY RESOURCES

This Tentative Agreement results in a one-time budgetary impact to the City of approximately \$33,000 for the term of the Agreement. Sufficient funding is available in the City's Fiscal Year 2014-15 Adopted Budget for this cost.

POLICY ISSUES

This recommendation aligns with the City's goals to continue fiscal prudence and strategic planning for the potential increased costs of providing services to the businesses, residents and visitors of Menlo Park.

ENVIRONMENTAL REVIEW

No environmental review is 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. Tentative Agreement City/POA Successor Memorandum of Understanding

Report prepared by:

Gina Donnelly

Human Resources Director

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**CITY OF MENLO PARK
AND
MENLO PARK POLICE OFFICERS' ASSOCIATION
TENTATIVE AGREEMENT**

This Agreement is on an overall settlement on the terms of a successor Memorandum of Understanding between the City of Menlo Park ("City") and Menlo Park Police Officers' Association ("POA").

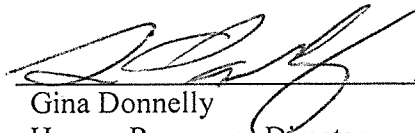
This Agreement is considered tentative and shall not be considered final or binding until ratified by the POA Membership and approved by City Council.

This document sets forth the full agreements of the parties reached during these negotiations. Anything that is not included in this Agreement is not part of the Tentative Agreement.

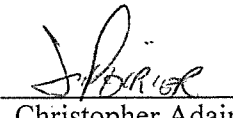
The parties understand that in the event either party rejects this Agreement, each party reserves the right to modify, amend and/or add proposals.

FOR THE CITY:

FOR THE POA:


Gina Donnelly
Human Resources Director

11/01/14
Date


Christopher Adair
POA President

11/3/14
Date

**CITY OF MENLO PARK
AND
MENLO PARK POLICE OFFICERS' ASSOCIATION
TENTATIVE AGREEMENT**

Summary of package proposal:

Expiration

- June 30, 2015

Discipline Appeals

- Modify current language (revised 10/22/14)

Pay Rates and Practices

- One-Time Bonus Payment
- New article regarding Specialty Assignments

Various language changes/clean-up

Tentative Agreements

- Long Term Disability
- Labor Management Committee
- Personnel Actions
- Retirement Benefits
- Leave Provisions
- Uniform Allowance, Safety Equipment & Training
- Vacations

MEMORANDUM OF UNDERSTANDING
BETWEEN THE
MENLO PARK POLICE OFFICERS' ASSOCIATION
AND
THE CITY OF MENLO PARK



July 1, ~~2011~~TBD through June 30, ~~2013~~2015

PREAMBLE

This Memorandum of Understanding is entered into pursuant to the provisions of Section 3500 et seq. of the Government Code of the State of California.

The parties have met and conferred in good faith regarding wages, hours and other terms and conditions of employment for the employees in said representation unit, and have freely exchanged information, opinions and proposals and have reached agreement on all matters relating to the employment conditions and employer-employee relations of such employees.

This Memorandum of Understanding shall be presented to the City Council of the City of Menlo Park as the joint recommendation of the undersigned parties for the period commencing ~~July 1, 2011~~TBD and ending June 30, ~~2013~~ 2015.

ARTICLE 1: RECOGNITION

1.1 Union Recognition

The Menlo Park Police Officers' Association ("P.O.A.") is the exclusive recognized employee organization representing employees in the classification of Police Officer in their employer-employee relations with the City of Menlo Park, and the P.O.A. has been certified by the City of Menlo Park as the duly recognized employee organization for said employees.

1.2 City Recognition

The City Manager or designee shall be the representative of the City of Menlo Park ("City") in employer-employee relations.

ARTICLE 2: P.O.A. RIGHTS

2.1 Dues Deduction

The City shall deduct P.O.A. membership dues or insurance fees and any other mutually agreed upon payroll deduction from the biweekly pay of member officers. The dues deduction must be authorized in writing by the officer on an authorization card acceptable to the City and the P.O.A. The City shall remit the deducted dues and other fees to the P.O.A. as soon as possible after deduction.

The P.O.A. shall indemnify and hold harmless the City from any damage, liability, cost, or attorneys' fees in the event of any action in which the City is named as a party, which action involves the implementation or maintenance of dues deduction, the use of dues after deduction, negligence of the P.O.A. regarding said dues or any similar claim.

2.2 Use of City Facilities

According to the current practice, the P.O.A. may continue to the use of City facilities for meetings of police officers.

2.3 No Strike

During the term of this Memorandum, represented officers shall not engage in any concerted refusal to perform assigned services for the City. "Concerted refusal" as used herein refers to a strike, a sick out, a slow down, a speed up, the honoring of a picket line around City facilities and/or any action by bargaining unit employees that interferes with the full performance of City services by City employees. Nothing herein shall preclude represented officers from engaging in off-duty informational picketing that does not interfere with City operations. City agrees not to lock out represented officers during the term of this Memorandum.

ARTICLE 3: MANAGEMENT RIGHTS

3.1 The City hereby retains and reserves unto itself, without limitation, all powers, rights, authority, duties and responsibilities conferred upon and vested in it by the laws of the Constitution of the State of California, and of the United States, including but not limiting the generality of the foregoing, the right:

- 3.1.1 To set standards and levels of service;
- 3.1.2 To determine the procedures and standards of selection for employment;
- 3.1.3 To assign work to and direct its employees;
- 3.1.4 To determine the methods and means to relieve its employees from duty because of lack of funds or other lawful reasons;
- 3.1.5 To determine the methods, means and numbers and kinds of personnel by which City operations are to be conducted, including the right to contract or subcontract bargaining unit work provided that the City will meet and confer in advance on the impact of subcontracting on workload and safety and any other matter within the scope of representation;
- 3.1.6 To determine methods of financing;
- 3.1.7 To determine size and composition of the work force and allocate and assign work by which the City operations are to be conducted;

- 3.1.8 To determine and change the number of locations, relocations and types of operations, processes and materials to be used in carrying out all City functions;
 - 3.1.9 To make all decisions relating to merit, necessity or organization of City service;
 - 3.1.10 To discharge, suspend, demote, reprimand, or otherwise discipline employees for just cause in accordance with applicable laws;
 - 3.1.11 To establish employees performance standards including, but not limited to, quality and standards, and to require compliance therewith;
 - 3.1.12 To take necessary actions to carry out its mission in emergencies; and
 - 3.1.13 To exercise complete control and discretion over its organization and the technology of performing its work.
- 3.2 The exercise of the foregoing powers, rights, authority, duties, and responsibilities by the City, the adoption of policies, rules, regulations and practices in furtherance thereof, and the use of judgment and discretion in connection therewith shall be limited only by the specific and express terms of this Memorandum and then only to the extent such specific and express terms hereof are in conformance with the Constitution and laws of the United States and the Constitution and laws of the State of California.
- 3.3 The exercise by the City through its Council and management representatives of its rights hereunder shall not in any way, directly or indirectly, be subject to any grievance procedure nor subject to meeting and conferring.
- 3.4 Nothing herein shall be deemed as a waiver by the Police Officer's Association or its Members of rights granted under Meyers-Milias-Brown Act (Government Code Sections 3500-3511, as amended) or the Police Officer's Bill of Rights.

ARTICLE 4: NON DISCRIMINATION

- 4.1 The City agrees that there shall be no discrimination against any officer in regard to any of the terms and conditions of employment on account of that officer's P.O.A. membership or non-membership or legitimate P.O.A. activities under this Agreement.

ARTICLE 5: HOLIDAYS

5.1 Except as otherwise provided, officers within the representation unit shall have the following fixed holidays with pay:

New Year's Day	January 1
Martin Luther King Day	Third Monday in January
Lincoln's Birthday	February 12
Washington's Birthday	Third Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4
Labor Day	First Monday in September
Admission Day	September 9
Veterans Day	November 11
Thanksgiving	Fourth Thursday in November
Day after Thanksgiving	Fourth Friday in November
Christmas Day	December 25

One full day either December 24 or December 31

5.1.1 Designation of which one full day on either December 24 or December 31 is taken off shall be made by the ~~officer's department head~~ Chief of Police, considering the needs of the service and the officer's desires.

5.1.2 In the event that any of the aforementioned days, except December 24 or 31, falls on a Sunday, the following Monday shall be considered a holiday. In the event that any of the aforementioned days fall on a Saturday, the preceding Friday shall be considered a holiday. In the event that December 24 and 31 fall on a Sunday, then the preceding Friday will be designated for purposes of the full day holiday.

5.1.3 Work on a Fixed Holiday. Any employee required to work on a fixed holiday and in addition to regular hours shall be paid time and one-half for such work in addition to his/her holiday pay. Work on a fixed holiday beyond the number of hours in a regular shift shall be compensated at double time.

ARTICLE 6: LEAVE PROVISIONS

6.1 Sick Leave

6.1.1 Each employee shall accrue sick leave each month at a rate of eight (8) hours per month.

- 6.1.2 Sick leave shall cease to accrue when an employee's accrual reaches the limit of one thousand five hundred hours (1,500) hours.
- 6.1.3 Employees hired by the City prior to July 1, 2011 may, upon retirement from City employment convert up to one thousand two hundred (1,200) hours of his or her total sick leave accrual to Retirement Health Insurance Credits.
- 6.1.4 City shall have the right and obligation to monitor the operation of sick leave and take appropriate action to insure that benefits are paid only for actual illness and injury. However, an employee may utilize up to six months' accrual of sick leave per year to care for an immediate family member who is ill or injured.
- 6.1.5 As provided in the City's presently existing Personnel Rules, the City shall have the right to require medical proof of illness or injury and to take appropriate disciplinary action in those cases where abuse has occurred.
- 6.1.6 Compensation for Accumulated Sick Leave

- 6.1.6.1 Resignation

A resigning officer hired by the City prior to July 1, 2011, who has fifteen (15) or more years of continuous service shall receive compensation for up to fifteen percent (15%) of his/her accumulated sick leave balance, up to a maximum limit of one thousand two hundred (1,200) hours. Such compensation shall be based on the officer's rate of pay on his/her last day paid service to the City.

- 6.1.6.2 Retirement

An officer hired by the City prior to July 1, 2011, who retires under PERS may select one (1) of the following options as compensation for accumulated sick leave, up to a maximum limit of one thousand two hundred (1,200) hours:

- 6.1.6.2.1 Twenty percent (20%) of his/her accumulated sick leave balance, based on the officer's rate of pay on his/her last day of paid service to the City; or

- 6.1.6.2.2 One month of paid health insurance for each unit of retirement health credit. At the time of retirement, the accrued sick leave balance may be converted to retirement health credits at the rate of one (1) unit for every eight (8) hours of

accumulated sick leave with any remainder being rounded to the next higher credit; or

6.1.6.2.3 Cash compensation for twenty percent (20%) of accumulated sick leave based on the officer's rate of pay on his/her last day of paid service to the City, with the balance of accumulated sick leave converted to retirement health credits at the rate of one (1) unit for every eight (8) hours of accumulated sick leave and any remainder being rounded to the next higher credit. A unit of retirement health credit is equal to one month of paid health insurance.

6.1.6.2.4 Sick Leave Credit. At retirement, any unused sick leave you have may be converted to additional retirement service credit. (The additional service will not change your age at retirement.) You will receive credit for all unused sick leave certified by the Personnel Officer. It takes 125 days or 1000 hours of sick leave to receive half (0.5) a year of service credit with PERS. If the credit is indicated and verified on your retirement application, it is added to the first retirement check. If not, an adjustment is calculated after your retirement date and paid retroactively to you by PERS. To receive sick leave credit, your retirement date must be within 120 days of the date of separation from employment.

Officers hired by the City on or after July 1, 2011 are only eligible to convert their sick leave balance to additional service credit at retirement in accordance with 6.1.6.2.4 above.

6.1.7 Any officer who qualifies for retirement health credit conversion and chooses the option of converting their accumulated sick leave balance to retirement health credits under 6.1.6.2.2 or 6.1.6.2.3 that has at least twenty (20) years of service with the City may elect to have their accrued sick leave balance converted to retirement health credits at the rate of one (1) unit for every six (6) hours of accumulated sick leave with any remainder being rounded to the next higher credit. The retirement health credit calculated pursuant to this Section 6.1.7 shall not exceed the highest HMO health plan premium as may be in effect at the time such credit is applied. The election pursuant to this Section 6.1.7 shall be made at the time of retirement.

- 6.1.8 Double Coverage. Workers who qualify for the retirement health credit conversion may elect double coverage at the rate of two (2) units for every month of paid health insurance.
- 6.1.9 Family Coverage. Workers who qualify for the retirement health credit conversion may elect family coverage at the rate of three (3) units for every month of paid health insurance.
- 6.1.10 Transfer of Sick Leave for Catastrophic Illness. Transfer of sick leave for catastrophic illness is designed to assist officers who have exhausted sick leave due to a catastrophic illness, injury or condition of the worker. This policy allows other workers to make voluntary grants of time to that worker so that he/she can remain in a paid status for a longer period of time, thus partially ameliorating the financial impact of the illness, injury or condition.

A catastrophic illness is defined as an illness which has been diagnosed by a competent physician, requiring an extended period of treatment or recuperation, and which has a significant risk to life or life expectancy. Confirmation of the condition and prognosis by a health care provider chosen by the City may be required.

The Personnel Division will discuss with the POA or their designated representative an appropriate method of soliciting contributions from coworkers. The contributions shall be submitted to the Personnel Division and Personnel will process the contribution list in the order established. Any officer shall be allowed to contribute a maximum of eighty (80) hours of sick leave from their accrued sick leave balance to another full-time or permanent part-time worker in the City who is suffering from a catastrophic illness and has exhausted his or her own sick leave, provided, however, they have maintained a positive sick leave balance of forty (40) hours or more following the donation. Once the contribution is made it cannot be rescinded.

Upon return to work, an officer may bank any remaining hours that have been contributed up to a maximum of forty (40) hours. If the contribution list has not been exhausted, the contributing workers will be notified that their contribution was not required and the balance restored.

| 6.2 Long Term Disability (TA'd 06/20/13)

- 6.2.1 Should any non-work related illness or injury extend beyond thirty (30) working days, the City will insure continued payment to the worker at 66.67 percent of salary, up to a maximum as provided in the long term disability policy. The amounts paid shall be less any payments received from either workers' compensation or retirement. During the first year of disability and so long as no retirement determination has been made by the City, the worker will be entitled to continued City paid health insurance, AD&D, dental and life

insurance benefits, ~~and to the accrual of vacation time.~~ At the end of 365 calendar days from the date of illness or injury or unless previously retired, should the worker not be able to return to work, the worker will be permitted to continue to participate in City paid health insurance, AD&D, and dental and life insurance benefits. ~~However, the employee will be required to pay 100% of any premium. would officially cease being an employee and receive no further entitlements beyond the 66.67 percent requirement as provided in this Section 6.2.~~

6.3 Personal Business Leave

- 6.3.1 An officer shall be entitled to a maximum of three (3) days per year for Personal Business Leave without loss of pay. Such leave shall be deducted from accrued sick leave.
- 6.3.2 Personal Business is defined as business of urgent and compelling importance which cannot be taken care of outside of normal working hours and which is not covered under other leave provisions of this Memorandum of Understanding.
- 6.3.3 An officer must secure advance permission from the Police Chief for all Personal Business Leave as defined above, and shall normally notify the Police Chief two (2) days before taking this leave, unless an emergency exists which prohibits the officer from providing such advance notice.

6.4 Leave Without Pay

- 6.4.1 Leaves of absence without pay may be granted in cases of personal emergency or when such absences would not be contrary to the best interest of the City.
- 6.4.2 Requests for leaves of absence without pay must be written and submitted to the ~~department head and Personnel Officer~~ Chief of Police. The ~~Personnel Officer~~ Chief of Police may grant a permanent officer leave of absence without pay for a period not to exceed one (1) year, during which time no benefits and no seniority credit will accrue. Approval shall be in writing and a copy filed with the ~~Personnel~~ Human Resources Department. Upon expiration of a regularly approved leave, or within five (5) working days after notice to return to duty, the officer shall be reinstated in the position held at the time the leave was granted. Failure on the part of an officer on leave to report promptly at its expiration, or within three (3) working days after notice to report to duty, may be cause for disciplinary action.
- 6.4.3 If an officer is on an extended leave without pay, the City agrees it will not condition the return on the passing of a polygraph examination and will limit any other examination for fitness to the last thirty (30) days of said leave.

6.4.4 ~~During unpaid leaves of absence, the officer may elect to use accrued vacation time.~~

6.5 Jury Duty and Subpoenas - Not Related to Official Duties

6.5.1 An officer required to report for jury duty or to answer a subpoena as a witness, provided the witness has no financial interest in the outcome of the case, shall be granted a leave of absence with pay from his/her assigned duties until released by the court, provided the officer remits to the City all fees received from such duties other than mileage or subsistence allowances within thirty (30) days from the termination of jury service.

6.5.2 When an officer returns to complete a regular shift following time served on jury duty or as a witness, such time falling within work shift shall be considered as time worked for purposes of shift completion and overtime computation. In determining whether or not an officer shall return to his/her regular shift following performance of the duties above, reasonable consideration shall be given to such factors as travel time and a period of rest.

6.6 Military Leave

Military leave of absence shall be granted and compensated in accordance with Military and Veterans Code Sections 389 and 395 et seq. Officers entitled to military leave shall give the appointing power an opportunity, within the limits of military regulations, to determine when such leave shall be taken.

6.7 Bereavement Leave

An officer shall be allowed regular pay for not more than three (3) working days when absent because a death has occurred in the immediate family. For purpose of bereavement leave, members of the immediate family shall be limited to mother, father, child, sibling, mother-in-law, father-in-law, brother-in-law, sister-in-law, grandchild, grandmother, grandfather, spouse, domestic partner, or dependent of the officer. Officers may use personal leave for bereavement purposes for relations not included above provided such leave is approved in advance by the Chief of Police.

~~6.8 Maternity Leave of Absence Without Pay~~

~~6.8.1 Maternity leave of absence without pay or benefits may be granted upon request to non-disabled probationary and permanent female officers for that period of time necessary for the officer to prepare for and recover from the effects of childbirth.~~

~~6.8.2 Maternity leave shall be granted when the following conditions have been met:~~

~~6.8.2.1 The officer shall notify her department head in writing accompanied by her physician's certificate of pregnancy as soon as possible after pregnancy has definitely been determined, but no later than ninety (90) days prior to tentative date on which the~~

leave is to begin. Such notice shall include the tentative dates on which the leave shall begin and end.

~~6.8.2.2~~ Within thirty (30) days of the beginning of the maternity leave, the officer shall submit to the Personnel Officer the specific date she intends to begin the leave, accompanied by her physician's written statement attesting to the officer's ability to continue performing the full schedule of her duties and responsibilities. She shall continue on active duty until the specific date providing she performs the full duties and responsibilities of her position and furnishes additional health statements from her physician upon reasonable request.

~~6.8.2.3~~ Prior to the establishment of a specific date for return to duty, the officer shall submit to the Personnel Officer a notice of intention to return to duty, accompanied by her physician's statement certifying that the officer is medically qualified to assume full duties and responsibilities.

~~6.8.2.4~~ The Personnel Officer or his/her designee may designate the specific beginning and ending dates to meet the needs of the officer and the City.

~~6.8.3~~ The officer on leave shall be returned to an equivalent position within her classification.

~~6.8.4~~ A maternity leave, absent physical disability, is granted without pay for the duration of the leave. The officer may elect to continue medical and dental insurance coverage for up to one (1) year during this leave at her own expense.

6.9 Leave for Pregnancy Disability

~~6.9.1~~ Officers who are working are entitled to use personal illness and injury leave for disabilities caused or contributed to by pregnancy, miscarriage, childbirth, and recovery therefrom on the same terms and conditions governing leaves of absence for other illness or medical disability. Such leave shall not be used for childcare, child rearing, or preparation for childbearing, but shall be limited to those disabilities as set forth above. The length of such disability leave, including the date on which the leave shall commence and the date on which the duties are to be resumed, shall be determined by the officer and officer's physician; however, the Personnel Officer may require a verification of the extent of disability through a physical examination of the officer by a physician appointed by the City at City expense.

~~6.9.2~~ Should the disability set forth in Section 6.9.1 above, continue for more than thirty (30) working days, the City will compensate the disabled officer at 66.67 percent of salary, after the 30th working day, up to the maximum as provided in the long term disability policy.

~~6.9.3~~ Officers are entitled to leave without pay or other benefits for disabilities because of pregnancy, miscarriage, childbirth, or recovery therefrom when sick leave had been exhausted. The date on which the officer shall resume duties shall be determined by the officer on leave and the officer's physician; however, the Personnel Officer may require a verification of the extent of disability through a physical examination of the unit member by a physician appointed by the City.

~~6.9.4~~ The officer on leave for pregnancy disability shall be entitled to return to a sworn position equivalent to the position held at the time the leave was granted.

~~6.10~~ Parental Leave

~~An officer/parent of either sex may be granted a leave of absence without pay for the purpose of fulfilling parenting responsibilities during the period of one (1) year following the filing of application for adoption and actual arrival of child in the home. Such leave to be for a maximum period of six months.~~

6.11 Miscellaneous Leave Provisions

6.11.1 Leaves of absence without pay which exceed four (4) weeks and are for leaves other than military, or job related disability shall not be included in determining seniority.

6.11.2 At the conclusion of a leave of absence an officer shall be returned to an equivalent position within his/her classification.

6.11.3 For any unpaid leave of absence the officer may elect to continue insurance coverage for up to the duration of his/her leave of absence at his/her own expense.

6.11.4 For any paid leave of absence, all benefits continue to accrue.

6.11.5 The ~~Personnel Officer and City Manger~~ or his/her designee will designate the specific beginning and ending dates to meet the needs of the work and the City, which shall not exceed one unpaid year.

- 6.11.6 At the specified date for return to duty from unpaid leave, if the officer has been disabled, the officer's notice of intention to return to duty shall be accompanied by a physician's statement certifying that the officer is medically qualified to assume full duties and responsibilities. If an officer is not medically qualified to assume full duties, on the date specified in 6.11.5, he/she shall be granted a leave accumulated in accordance with section 6.1.1 and Labor Code Section 4850 but shall not be entitled to any other benefits.
- 6.11.7 At the conclusion of a leave of absence for any disability the officer may be required to submit a physician's statement certifying that he/she is medically qualified to resume work.
- 6.11.8 Leaves shall not be unreasonably denied.
- 6.11.9 All provisions of this Article shall be administered in conformance with the Family and Medical Leave Act and the California Family Rights Act.

6.12 Educational Leave/Tuition Reimbursement/Child Care/Recreation

- 6.12.1 The City shall contribute Five Hundred Dollars (\$500.00) per authorized full time unit position annually on July 1st of each fiscal year to an educational leave/tuition reimbursement/child care/recreation fund for unit members. Each officer shall be eligible to use up to Two Thousand Dollars (\$2,000) per year for items covered under this section while a balance remains in the fund. Any fund balance remaining at the end of the fiscal year shall be applied on a proportionate basis to claims in excess of the Two Thousand Dollars (\$2,000) per officer limit, up to a maximum of Five Thousand Dollars (\$5,000) per officer. Claims for funds in excess of the Two Thousand Dollar (\$2,000) limit shall be submitted no later than July 15 following the close of the fiscal year so that the proportionate amounts can be calculated and disbursed. All claims must be approved in advance by the ~~Division Commander~~Chief of Police, and must qualify under applicable IRS code sections.
- 6.12.2 Officers may request an advance of funds subject to the approval of the ~~Division Commander~~Chief of Police, who will consult with the ~~Personnel Officer~~City Manager. Advances may be granted for tuition, books and other curriculum fees in exchange for a repayment agreement in the event advances are not supported or courses are not satisfactorily completed as indicated by a grade of "C" or better. The officer may not elect to take a "pass-fail" grade if the letter system of grading is offered. In appropriate circumstances with advanced approval of the ~~Division Commander~~Chief of Police, an officer may elect to take a "pass-fail" grade or obtain a Certification of Completion.
- 6.12.3 All officers assigned by the City to attend meetings, workshops, or conventions shall have their dues and reasonable expenses paid by the City and shall be allowed to attend such workshops, meeting and conventions on

paid City time. Such required educational functions shall be reimbursed from departmental training funds and shall not be counted against the officer's allowance or taken from the annual tuition reimbursement/child care/recreation fund.

- 6.12.4 Tuition Reimbursement: To qualify for educational reimbursement, the education must maintain or improve the employee's skills in performing his or her job, or be necessary to meet the express requirements of the City or the requirements of applicable law. The education to which the reimbursement relates must not be part of a program qualifying employees for another trade or businesses; or be necessary to meet the minimum educational requirements for employment. Permissible educational expenses are refresher courses, courses dealing with current developments, academic or vocational courses as well as the travel expenses allocated with the courses.
- 6.12.5 Course work intended to meet the entry level requirements for any positions in the City is not reimbursable. Graduate course work in the pursuit of related graduate professional programs and which enhance the skills of the employee are reimbursable to the extent allowed under Section 127 of the Internal Revenue Code.
- 6.12.6 Recreation: Reimbursement for participation may be made if the reimbursements qualify as "no-additional-cost" services under section 132(b) of the Internal Revenue Code and that to qualify as "no-additional-cost" services the reimbursements must be only for classes in which the employees participate on a space available basis. Under section 132(f)(2) of the Code, spouses and dependent children may also participate in City-sponsored recreation programs and activities on a space available basis.
- 6.12.7 Child Care: The annual amount submitted for reimbursement cannot exceed the income of the lower paid spouse. The reimbursement request must be for employment-related expenses for the care of one or more dependents who are under age 13 and entitled to a dependent deduction under Internal Revenue Code section 151(e) or a dependent who is physically or mentally incapable of caring for himself or herself.
- 6.12.8 Payments must not have been made to a child under the age of 19 years or to a person claimed as a dependent. If the services are provided by a dependent care center, the center must comply with all state and local laws and must provide care for more than six individuals (other than a resident). Note: The use of the dependent care provision is guided by a written plan document required by the Internal Revenue Service.
- 6.12.9 The maximum accrual in the fund shall not exceed two times the annual fund amount.

~~6.13 Psychological Fitness for Duty Examinations (TA'd 12/12/13)~~

~~The City and P.O.A. acknowledge that it is in the best interests of the City and the members of the P.O.A. to have a defined and objective procedure for determining the psychological fitness for duty of any of the members of the P.O.A. Therefore, the parties agree to the following procedure for purposes of determining the psychological fitness for duty for unit members:~~

~~6.13.1 In the event that the Chief of Police, or his or her designee, determines that good cause exists to evaluate a member's psychological fitness for duty, a referral shall be made to a practicing and licensed psychiatrist or psychologist having experience conducting psychological/psychiatric examinations for peace officers or peace officer candidates. The City and P.O.A. shall work together to establish and maintain a list of qualified psychiatrists and psychologists. The parties shall review the list every six months. Said evaluation shall be made in writing directed only to the professional conducting the examination, and shall identify the officer's duties and responsibilities as well as any specific areas of concern underlying the referral. The decision to send a member for a fitness for duty examination shall be at the discretion of the Chief of Police or his or her designee. However, in identifying areas of concern, the Chief of Police, or his or her designee, shall consider only those matters which are relevant to the ability of the member to perform his or her duties. At the time of the initial referral, the bargaining unit member or the P.O.A. shall make a tentative appointment with a second qualified practitioner for examination pursuant to Section 6.13.4.~~

~~6.13.2 All communications between the member and psychologist or psychiatrist shall be deemed confidential and shall not be disclosed to the City unless a written waiver has been executed by the member. However, the psychologist or psychiatrist shall advise the Chief of Police, or his or her designee, whether the member is, or is not, fit for duty and the basis for that determination.~~

~~6.13.3 In the event that the psychologist or psychiatrist selected by the Chief of Police, or his or her designee, renders an opinion ("first opinion") that the member is psychologically unfit to perform his or her duties, the member shall have the right (at his or her own expense) to have an independent professional, with qualifications as identified above, perform a second evaluation and render an opinion ("second opinion") as to the member's psychological fitness for duty. The member shall be permitted up to ten (10) working days of paid administrative leave for purposes of procuring the second opinion. If the second opinion requires more than that time for completion, the employee may use discretionary paid leave or unpaid leave.~~

~~6.13.4~~ In the event that the second opinion determines that the member is not fit for duty, the City may then take any further action it deems appropriate including, but not limited to, declaring the member temporarily or permanently unfit for duty. Such a member shall have no right to appeal the finding of the first opinion. In the event that the second opinion of the professional retained by the member concludes that the member is able to psychologically perform the duties of a peace officer, the Chief of Police, or his or her designee, shall consider those finding and recommendations, and may return the member to full duty.

~~6.13.5~~ In the event that (a) the second opinion finds the employee fit for duty; and (b) the Chief of Police, or his or her designee, declines to return the member to full duty, the parties shall mutually select a third licensed psychologist or psychiatrist to conduct an independent examination ("third opinion"). The third professional shall consider the evaluations of both the first and the second opinions as well as his or her own evaluation of the member and render a final determination of the member's psychological fitness for duty. Should the finding of the third professional conclude that the member is not psychologically fit for duty, the City may then take any further action it deems appropriate including, but not limited to, declaring the member temporarily or permanently unfit for duty. The costs and fees charged by the third professional shall be shared by the parties equally.

~~6.13.6~~ The parties acknowledge that the member's psychological condition is a confidential matter and shall not be disclosed unless the member has signed a written authorization waiving his or her confidentiality and privacy rights relative to the psychological fitness for duty issues.

~~6.13.7~~ The parties acknowledge that the decision to send an officer for a fitness for duty examination is an exercise of rights under Government Code Section 1031 and shall not be subject to the grievance procedure.

6.146.13 Training Offset

Officers who work a patrol shift as part of a 4/12 work schedule shall be provided with a bank of twenty-four (24) hours for training offset, credited on the first pay period of each fiscal year. The hours shall be used to fill in for the remainder of a shift where voluntary training was provided (e.g., if an employee attends an eight (8) hour day of training, he or she may use four (4) hours of training offset time to complete his or her twelve (12) hour shift. Eight (8) hours training plus four (4) hours training offset = twelve (12) hour shift). These hours may only be used in conjunction with supplementing time off for voluntary training. Employees may carry a maximum of forty-eight (48) hours of training offset in their bank.

Training offset hours may not be cashed out, paid out on separation or used for any purpose other than stated above.

ARTICLE 7: WORK SCHEDULE

The Chief of Police shall determine the appropriate regular or alternative work schedules for the Department and the various divisions, sections and details based upon feasibility or operational needs. The Chief of Police will meet and confer with P.O.A. prior to making any changes to existing work schedules.

7.1 4/10 Work Schedule

A 4/10 work schedule is defined as ten (10) hours per day worked, four (4) days per calendar week. If used during the term of this Memorandum of Understanding, it shall be subject to the following conditions:

- 7.1.1 The "4/10" schedule shall apply to police officers assigned to traffic, detectives, crime prevention or special assignments with the approval of the Chief of Police.
- 7.1.2 In the event the City elects to change the scheduling of days off or starting times for the shifts, the City shall provide at least thirty (30) days' advance written notice and an opportunity for the P.O.A. to meet and confer on such proposed change.
- 7.1.3 In the event that staffing level falls to a point where a "4/10" schedule is no longer feasible, or operational needs of the department are not consistent with the "4/10" schedule, the City agrees to consult with P.O.A. prior to changing to an alternative work schedule.
- 7.1.4 If the City determines significant adverse impact of the "4/10" schedule because of increased sick leave, or increased overtime, or insufficiency in staffing levels, the City reserves the right to change to an eight (8) hours per day schedule.
- 7.1.5 The parties agree that provisions in the Personnel Rules and other City rules and regulations may be modified, expressly or impliedly, as they apply to those represented employees working the "4/10" schedule.
- ~~7.1.6 Nothing herein shall prevent the City from making temporary schedule changes to address bona fide emergencies that may arise during the term of this Agreement. An "emergency" is an unanticipated or unforeseen event or occurrence beyond the control of the City or the Police Department which requires prompt and immediate law enforcement response to prevent injury or damage to life, person, or property.~~
- 7.1.7 The 4/10 schedule shall revert to a five day, eight hour shift for any training that requires attendance at class for a consecutive five day period.

7.2 4/12 Work Schedule

A 4/12 work schedule is defined as a series of twelve (12) hours per day worked in four consecutive days followed by four consecutive days off. The maximum assignment may total 168 hours in a twenty-eight (28) day cycle, however a regular schedule may be developed that incorporates shorter shift(s) within the four on/four off pattern to reduce the regular paid time to 160 hours. If utilized, the schedule is subject to the following:

- 7.2.1 The 4/12 schedule shall apply to police officers assigned to general patrol and shall not apply to detectives, traffic, code enforcement or special assignments without the approval of the Chief of Police.
- 7.2.2 In the event the City elects to change the scheduling of days off or starting times for the shifts, the City shall provide at least thirty (30) days notice and an opportunity for the P.O.A. to meet and confer on such proposed changes.
- 7.2.3 The parties agree that provisions in the Personnel Rules and other City rules and regulations may be modified, expressly or implicitly, as they apply to those represented employees working the 4/12 schedule.
- 7.2.4 Nothing herein shall prevent the City from making temporary changes to address bona fide non-staffing emergencies that may arise during the term of this Agreement.

7.3 Job Sharing

The City shall consider requests for job sharing. Job sharing is defined as an arrangement between two full-time regular sworn officers who share the responsibilities of one position. Each employee agrees to relinquish his/her full-time status (40 hours a week) and work half-time (20 hours a week). The opportunity for a job sharing arrangement will depend on the operational and staffing needs of the department at the time of the request. Job sharing arrangements shall be developed in accord with the "Job Share Program Policy".

7.4 Shift Change

The scheduled shift change dates shall take place on the first day of a twenty eight (28) day payroll cycle occurring closest to June 1, October 1 and February 1.

Further, the shift bid and vacation request process shall be as follows:

- 7.4.1 Shift bid will take place one month into the rotation. Two consecutive shift rotations will be bid at one time. Notice will be provided to the officers two weeks prior to the designated day when the shift bid will occur.

- 7.4.2 On the designated shift bid day, officers will be assigned a fifteen minute time slot, by seniority, in which to call or come in to make their bid. Two phone numbers will be provided in which to call in. If the time allotted expires, that officer will be moved to the next available time slot at the bottom of the seniority list. If an officer is going to be out of the area, and unable to call in during their allotted times, a “proxy” bid will be allowed. The scheduling supervisor must be notified in advance who will be responsible for calling in the “proxy” bid prior to the designated shift bid day.
- 7.4.3 Requests for guarantee vacation during the rotation periods will also be taken by seniority on the day of shift bid. No single vacation day request will be accepted during the following dates: May 5, July 4, and January 1. However, if these dates fall within an officer’s approved week request, it shall be granted.
- 7.4.4 Each employee will have the ability to choose (1) less than one week vacation pick except those listed above, as long as it falls within their total fiscal year accrual of vacation. Employees signing up for less than one week vacation will prevent any other employee, on the same team, from having the ability to sign up for vacation during that same week due to our current time off policy, unless requested days do not conflict. The week for the purposes of this section will be Sunday through Saturday.
- 7.4.5 Prior to each shift bid process, special attention will be given to the department’s specialty assignment list. If an officer is due to rotate out of their assignment during the rotation period for which the bid process is occurring, adherence to MPPD Policy 1029 – Rotational Assignments will be followed. The officer “will be extended to the next shift rotation date with approval of the ~~special operations commander~~Chief of Police”.
- 7.4.6 The scheduling Sergeant will be present on the designated shift bid day to monitor all time slots, patrol shift slots and vacation requests.
- 7.4.7 This section shall not apply to probationary employees, permanent employees whose assignments do not require shift changes, Acting Watch Commander, Field Training Officer and Canine Officer assignments.
- 7.4.8 Employees assigned to Field Training Officer, Acting Watch Commander, and Canine assignments will bid by seniority for those assignments in slots designated by the Department (e.g., a canine officer may bid only for canine slots). The Chief may reassign employees in these assignments based on operational need at any time.
- 7.4.9 The Chief of Police reserves the right to implement an individual rotating schedule in lieu of a team schedule.

7.5 Schedule Changes for Individual Officers

The Department may change individual officer schedules with five (5) calendar days' notice. Any officer whose schedule is changed with less than five (5) calendar days' notice will be paid overtime for the first four (4) hours of the new schedule. This section shall not apply to (a) emergency situations; (b) probationary employees; (c) voluntary schedule changes; (d) schedule changes for training; or (e) schedule changes for employees in Field Training Officer, Canine, and Acting Watch Commander assignments.

7.6 Nothing herein shall prevent the City from making temporary schedule changes to address bona fide emergencies that may arise during the term of this Agreement. An "emergency" is an unanticipated or unforeseen event or occurrence beyond the control of the City or the Police Department which requires prompt and immediate law enforcement response to prevent injury or damage to life, person, or property.

ARTICLE 8: GRIEVANCE PROCEDURE

8.1 Definitions

8.1.1 A "grievance" is ~~defined as:~~

~~8.1.1.1 An alleged violation, misinterpretation or misapplication of the provisions of this Memorandum of Understanding, Personnel Rules, or other City ordinances, resolutions, policy and/or procedure manuals affecting the working conditions of the officers covered by this Agreement; or~~

~~8.1.1.2 A "Disciplinary appeal" is an appeal from a disciplinary action of any kind a Letter of Reprimand of higher against an officer covered by this Memorandum of Understanding.~~

~~8.1.2 A "disciplinary grievance" is a formal written objection or challenge to any punitive disciplinary action including dismissal, demotion, suspension, reduction in salary, written reprimand, or transfer for purposes of punishment. However, letters of reprimand are not subject to the arbitration provisions of this procedure. Any reduction in pay for change in assignment which occurs in the course of regular rotation and is not punitive shall not be subject to this grievance procedure.~~

8.1.3 A "grievant" is any officer adversely affected by an alleged violation of the specific provision of this Memorandum, or the Union.

8.1.4 A "day" is any day in which the administrative offices of the City of Menlo Park are open for regularly scheduled business.

8.2 General Provisions

- 8.2.1 Until final disposition of a grievance, the grievant shall comply with the directions of the grievant's immediate supervisor.
- 8.2.2 All documents dealing with the processing of a grievance shall be filed separately from the personnel files of the participants.
- 8.2.3 Time limits for appeal provided at any level of this procedure shall begin the first day following receipt of the written decision by the grievant and/or the P.O.A.

Failure of the grievant to adhere to the time deadlines shall mean that the grievant is satisfied with the previous decision and waives the right to further appeal. The grievant and the City may extend any time deadline by mutual agreement.

- 8.2.4 Every effort will be made to schedule meetings for the processing of grievances at time which will not interfere with the regular work schedule of the participants. If any grievance meeting or hearing must be scheduled during duty hours, any employee required by either party to participate as a witness or grievant in such meeting or hearing shall be released from regular duties without loss of pay for a reasonable amount of time.
- 8.2.5 Any ~~unit member~~ officer may at any time present grievances to the City and have such grievances adjusted without the intervention of the P.O.A., as long as the adjustment is reached prior to arbitration and the adjustment is not inconsistent with the terms of the Memorandum: provided that the City shall not agree to resolution of the grievance until the Association has received a copy of the grievance and the proposed resolution and has been given the opportunity to file a response. Upon request of the grievant, the grievant may be represented at any stage of the grievance procedure by a representative of the P.O.A.

~~8.2.6 This grievance procedure shall be the sole and exclusive procedure for processing objections or challenges to punitive disciplinary actions and shall satisfy all administrative appeal rights afforded by the Public Safety Officers Procedural Bill of Rights Act, Government Code Sections 3300, et seq.~~

8.3 Grievance Procedure (for grievances as defined in 8.1.1)

8.3.1 Level I - ~~Informal Resolution~~ Immediate Supervisor

- 8.3.1.1 Any ~~unit member~~ officer who believes he/she has a grievance which is an alleged violation of the specific provisions of this Memorandum of Understanding shall present the grievance

orally to the immediate supervisor within ten (10) days after the grievant knew, or reasonable should have known, of the circumstances which form the basis for the grievance. Failure to do so will render the grievance null and void. The immediate supervisor shall hold discussions and attempt to resolve the matter within ten (10) days after the presentation of the grievance. It is the intent of this informal meeting that at least one personal conference be held between the aggrieved employee and the immediate supervisor.

~~8.3.1.2 Any unit member who believes he/she has a grievance which is an objection or challenge to any punitive disciplinary action shall present the grievance orally to the Supervising Lieutenant within ten (10) days after the grievant knew, or reasonably should have known, of the circumstances which form the basis for the grievance. Failure to do so will render the grievance null and void. The Supervising Lieutenant shall hold discussions and attempt to resolve the matter within ten (10) days after the presentation of the grievance. It is the intent of this informal meeting that at least one personal conference be held between the aggrieved employee and the Supervising Lieutenant.~~

8.3.2 ~~Level II - Formal Written Grievance~~ Chief of Police

8.3.2.1 If the grievance is not ~~settled during the informal conference~~ resolved at Level I and the grievant wishes to press the matter, the grievant shall present the grievance in writing on the appropriate form to the Chief of Police within ten (10) days after the oral decision of the immediate supervisor. The written information shall include: (a) A description of the specific grounds of the grievance, including names, dates, and places necessary for a complete understanding of the grievance; (b) A listing of the provisions of this agreement which are alleged to have been violated; (c) A listing of the reasons why the immediate supervisor's proposed resolution of the problem is unacceptable; and (d) A listing of specific actions requested of the City which will remedy the grievance.

8.3.2.2 The Chief of Police shall communicate the decision to the grievant in writing within ten (10) days after receiving the grievance. If the Chief of Police does not respond within the time limits, the grievant may appeal to the next level.

8.3.2.3 Within the above time limits either party may request a personal conference.

8.3.3 Level III - Appeal to ~~Personnel Officer~~the City Manager

8.3.3.1 If the grievant is not satisfied with the decision at Level II, the grievant may within ten (10) days of the receipt of the decision at Level II appeal the decision on the appropriate form to the ~~Personnel Officer~~City Manager. This statement shall include a clear, concise statement of the reasons for the appeal. ~~Evidence offered in support of a disciplinary grievance filed pursuant to Article 8.2.3 of this Agreement shall be submitted in the form of written declarations executed under penalty of perjury.~~

8.3.3.2 The ~~Personnel Officer~~City Manager or ~~deisnee~~ shall communicate the decision to the grievant within ten (10) days. If the ~~Personnel Officer~~City Manager or ~~designee~~ does not respond within the time limits provided, the grievant may appeal to the next level.

8.3.4 Level IV - Binding Arbitration

8.3.4.1 If the grievant is not satisfied with the decision at Level III, the grievant may within ten (10) days of the receipt of the decision submit a request in writing to the P.O.A. for arbitration of the dispute. Within twenty (20) days of the grievant's receipt of the decision at Level III, the P.O.A. shall inform the City of its intent as to whether or not the grievance will be arbitrated. The POA and the the City shall attempt to reach a mutual agreement on an arbitrator. If no agreement can be reached, the parties shall jointly submit to the California State Mediation and Conciliation Service a request for the submission to representatives of the parties of a list containing the names of seven (7) Arbitrators who confirm their availability to hold and complete the arbitration hearing within sixty (60) days and who are members of the National Academy of Arbitrators (NAA). Upon receipt of the lists, the parties shall alternately strike names from the list, and the name which remains shall be the designated Arbitrator.

8.3.4.2 The arbitrator shall conduct and complete the hearing on the grievance, within sixty (60) days of the date of the P.O.A.'s request for arbitration. The parties may mutually agree to extend that timeline. The parties shall file their post-hearing briefs within thirty (30) days of the close of the hearing and the arbitrator shall render a decision on the issue or issues submitted within thirty (30) days of the submission of the briefs. If the parties cannot agree upon a submission agreement, the arbitrator

shall determine the issues by referring to the written grievance and the answers thereto at each step.

8.3.4.3 The City and P.O.A. agree that the jurisdiction and authority of the arbitrator so selected and the opinions the arbitrator expresses will be confined exclusively to the interpretation of the express provision or provisions of this Agreement at issue between the parties. The arbitrator shall have no authority to add to, subtract from, alter, amend, or modify any provisions of this Agreement or the written ordinances, resolutions, rules, regulations and procedures of the City, nor shall he/she impose any limitations or obligations not specifically provided for under the terms of this Agreement. The Arbitrator shall be without power of authority to make any decision that requires the City or management to do an act prohibited by law.

~~8.3.4.4 In the event that this grievance procedure is used to challenge punitive disciplinary actions as provided in Article 8.2.6 above, the City and P.O.A. agree that the arbitrator shall prepare a written decision containing findings of fact, determinations, of issues and a disposition either affirming, modifying or overruling the punitive disciplinary action being appealed. The parties expressly agree that the arbitrator may only order as remedies those personnel actions which the City may lawfully impose.~~

8.3.4.5 The award of the arbitrator shall be final and binding.

8.3.4.6 The fees and expenses of the arbitrator (including the cost of any list of arbitrators pursuant to Section 8.3.4.1) shall be shared equally by the City and P.O.A.

All other expenses shall be borne by the party incurring them, and neither party shall be responsible for the expense of witnesses called by the other. Either party may request a certified court reporter to record the entire arbitration hearing. The cost of the services of such court reporter shall be shared equally by the parties.

8.3.4.7 By filing a grievance and processing it beyond Level III, the grievant expressly waives any right to statutory remedies or to the exercise of any legal process other than as provided by this grievance/arbitration procedure. The processing of a grievance beyond Level III shall constitute an express election on the part of the grievant that the grievance/arbitration procedure is the chosen forum for resolving the issues contained in the

grievance, and that the grievant will not resort to any other forum or procedure for resolution or review of the issues. The parties do not intend by the provisions of this paragraph to preclude the enforcement of any arbitration award in any court of competent jurisdiction.

8.4 Disciplinary Appeals

8.4.1 This procedure shall be the sole and exclusive procedure for processing appeals to disciplinary actions and shall satisfy all administrative appeal rights afforded by the Public Safety Officers Procedural Bill of Rights Act, Government Code Sections 3300, et seq.

8.4.2 A "disciplinary appeal" is a formal written appeal to any punitive disciplinary action including dismissal, demotion, suspension, reduction in salary, letters of reprimand, or transfer for purposes of punishment. However, letters of reprimand are not subject to the arbitration provisions of this procedure. This procedure also shall not apply to the rejection or termination of at will employees, including those in probationary status. Any reduction in pay for change in assignment which occurs in the course of regular rotation and is not punitive shall not be subject to this procedure.

8.4.3 Nothing herein constitutes a waiver of rights of employees otherwise granted by law.

8.4.3 Persons on probationary status (entry-level or promotional) may not appeal under this agreement rejection on probation.

8.4.4 Letters of Reprimand may be appealed under this section only to Level III-City Manager level.

8.4.5 An employee challenging a suspension, demotion or dismissal shall begin at Level III for this process.

8.4.6 Any officer who believes he/she has an appeal to any punitive disciplinary action (as defined in Section 8.1.2) shall present the appeal in writing to the City Manager within ten (10) days after receipt of the Notice of Discipline. Failure to do so will be deemed a waiver of any appeal. The City Manager or designee shall hold a meeting to hear the appeal within ten (10) days after the presentation of the appeal and shall issue a decision on the appeal within ten (10) days after the presentation of the appeal. For Letters of reprimand, the City Manager's decision shall be final. However the employee may write a response to the Letter of Reprimand and have that response included in his or her personnel file.

8.4.7 For appeals from dismissal, demotion, suspension, reduction in salary, or transfers for purposes of punishment, if the employee is not satisfied with the decision of the City Manager, the employee may, within ten (10) days of the receipt of the decision, submit a request in writing to the P.O.A. for arbitration of the dispute. Within twenty (20) days of the City Manager's decision, the P.O.A. shall inform the City of its intent as to whether or not the discipline will be arbitrated. The POA must be the party taking the matter to arbitration.

8.4.8 The parties shall attempt to agree to the selection of an arbitrator. However, in the event that the City and the POA cannot agree upon the selection of an arbitrator within twenty one (21) calendar days from the date that the POA has notified the City of its intent to proceed to Arbitration, the following procedure shall be followed:

8.4.8.1 The following list of five (5) arbitrators shall be used for determining the arbitrator. The parties shall alternately strike names from the list, and the name that remains shall be the designated arbitrator. In the event the selected arbitrator is unable to schedule the arbitration hearing within ninety (90) calendar days, the parties shall use the arbitrator whose name was most previously struck from the list and will continue up the list in the inverse order of striking (i.e., last struck first) until reaching the name of an arbitrator able to schedule the arbitration hearing within ninety (90) calendar days:

1. Alexander Cohn
2. Joseph Grodin
3. Carol Ann Vandrillo
4. John Wormuth
5. John LaRocco

8.4.9 The City and P.O.A. agree that the arbitrator shall prepare a written decision containing findings of fact, determinations, of issues and a disposition either affirming, modifying or overruling the disciplinary action being appealed. The parties expressly agree that the arbitrator may only order as remedies those personnel actions which the City may lawfully impose.

8.4.10 An arbitration award under this section shall be subject to a petition to confirm, correct, or vacate pursuant to Code of Civil Procedure 1285 seq. In addition to the grounds set forth in 1286.2(a), a petition to vacate may be premised on errors of law extrinsic to the terms of the agreement.

8.4.11 The fees and expenses of the arbitrator (including the cost of any list of arbitrators) shall be shared equally by the City and P.O.A. All other expenses shall be borne by the party incurring them, and neither party shall be responsible for the expense of witnesses called by the other. Either party may

request a certified court reporter to record the entire arbitration hearing. The cost of the services of such court reporter shall be shared equally by the parties.

8.4.12 The award of the arbitrator shall be final and binding.

ARTICLE 9: OUTSIDE EMPLOYMENT

A unit member shall not engage in any employment, activity or enterprise for compensation which is inconsistent, incompatible, in conflict with, or inimical to his/her duties as an employee of the City, or with the duties, functions, or responsibilities of the City. All outside employment activity shall be governed by Section 1040 of the Police Department Manual.

ARTICLE 10: LAYOFFS, RESIGNATION, AND TRANSFER

10.1 Layoffs

- 10.1.1 The City Council retains authority to abolish positions, organize and reorganize City departments and determine organizational needs. In the event that the City eliminates a particular position or reduces the number of positions within a City department in a particular classification and the layoff of any employee in the department shall result therefrom, layoffs in the department shall be made in accordance with this Article.
- 10.1.2 All probationary employees in a particular classification shall be laid off before any regular employee in the classification.
- 10.1.3 Except as otherwise provided, layoffs shall be made in reverse order of seniority. The employees with the least time served in a classification shall be laid off first, with ensuing layoffs occurring in reverse order of length of service in the classification. If two employees have served the same time in the classification, then, as between those two employees, the layoff shall be based on total time of service with the City including any contiguous service as a contract employee. If total time of service with the City is the same, then, as between those two employees, the layoff shall be based on performance ratings, and the need of the department, as determined by the department head.
- 10.1.4 Length of service shall be determined by computing total continuous service starting from the first day of service as a probationary employee in a classification, or, if necessary, the first day of service as a probationary employee with the city. Up to three months a year spent on active military leave and job related education leave shall be included. For employees

working less than full time, hours shall be converted into eight hour days for purpose of determining the length of service. Length of service in a classification shall include length of service in higher classification.

- 10.1.5 Regular employees subject to layoff, including regular employees on probation following reclassification, reinstatement, transfer, promotion, or demotion, shall be entitled to displace a less senior employee from a position in a lower classification in the same department so long as the employees were at one time members of the bargaining unit whose members were displaced. Any employee displaced under this subsection is an employee subject to layoff and is entitled to all the rights provided by the Rule, including the right to displace another employee. For any employee retreating within the department, seniority shall be computed as length of service in the classification to which the employee is retreating, plus any time served in any previously held higher classification in the department.
- 10.1.6 The names of all laid off employees shall be placed on a re-employment list for a period of three years following layoff for the position from which the former employee was laid off. Former employees on such list shall have employment preference over persons on eligibility lists. The former employee with the most seniority on this list shall be entitled to preference over other former employees on the list, provided that the position is filled within three years of the former employee's layoff and the former employee accepts the position, and reports to the ~~Personnel Officer~~ City Manager within ten calendar days after notice is mailed to the former employee's last known address.
- 10.1.7 Former employees appointed from a re-employment eligibility list shall be restored to all rights accrued at the time of layoff, including rate of vacation accrual and seniority, unless compensation therefor has been received prior to re-employment. Severance pay, if any, shall not be repaid.
- 10.1.8 Regular employees who are laid off, including regular employees on probation following reclassification, reinstatement, transfer, promotion, or demotion, shall be entitled to two weeks severance pay. Employees designated for layoff shall be given at least fifteen calendar days written notice.
- 10.1.9 No employee shall have greater or lesser seniority or other rights under this Article by virtue of representation by a particular union or lack of representation by any union.

10.2 Resignation

An employee wishing to resign in good standing from the competitive service shall file with the ~~department head~~ Chief of Police at least two weeks before leaving the service,

a written resignation stating the effective date and reasons for leaving. The resignation shall be forwarded to the ~~Personnel Officer~~City Manager with a statement by the ~~department head~~Chief of Police as to the resigned employee's service performance and other pertinent information concerning the cause for resignation. Failure to give proper notice of resignation shall be entered on the service record of the employee and may be cause for denying future employment by the city. Officers who have resigned will be allowed to rescind the resignation within seventy-two (72) hours of the original submittal by delivering written notice of recision to the ~~Personnel Officer~~City Manager or to the watch commander if City hall is closed.

10.3 Reinstatement After Resignation

With the approval of the ~~Personnel Officer~~ City Manager, an employee who has resigned with a good record may be reinstated within two years to his former position, if vacant, or to a vacant position in the same classification. Reinstatement is discretionary with the ~~Personnel Officer~~ City Manager and not a matter of right. The re-employment eligibility list for laid off employees shall have preference over reinstatement under this Article. An employee reinstated under this Article shall be a probationary employee.

10.4 Transfer

In the discretion of the ~~Personnel Officer~~ City Manager an employee may be transferred from one position to another position in the same classification. In the discretion of the ~~Personnel Officer~~ City Manager, an employee who is being laid off may be transferred to a vacant position in the same or lower classification, in order to provide for employment upon layoff. No employee shall be transferred to a position for which the employee does not possess the minimum qualifications.

ARTICLE 11: VACATIONS

11.1 Vacations

Each officer shall be entitled to an annual paid vacation, accrued as follows:

Less than three (3) years of service - ninety-six (96) hours per year

Three (3) years of service through five (5) years of service - one hundred twelve (112) hours per year

Six (6) years of service through ten (10) years of service - one hundred thirty-six (136) hours per year

Eleven (11) years of service through fifteen (15) years of service - one hundred fifty-two (152) hours per year

Over fifteen (15) years of service - one hundred seventy-six (176) hours per year

11.2 Effect of Probationary Period

~~Vacations may be taken after the first six (6) months of employment and after the field training program have been successfully completed; however, t~~ The probationary period counts for purposes of vacation accrual.

11.3 Maximum Accrual

Vacation may be accrued up a maximum of four hundred forty (440) hours. After reaching said maximum, the officer must take time off or accrual will be frozen. ~~When accrual approaches the limit, the officer will be notified. If the City cannot grant vacation leave so as to keep accrual below the limit, with the approval of the Personnel Officer, accrual may continue for up to six (6) more months.~~

11.4 Scheduling

The Police Chief shall determine the vacation schedule considering the needs of the service and the officer's desires.

11.5 Payment on Separation or Leave

Accrued vacation time up to the maximums described in Section 11.3 above shall be paid to an officer permanently separated from City service, ~~or, at the request of the officer, when granted a leave of absence.~~

11.6 Cashout of Vacation Accrual (TA'd 12/12/13)

~~An eOfficers may cash out accrued Vacation in accordance with the Vacation Cashout Policy up to one hundred twenty (120) hours of vacation per fiscal year when an officer schedules four (4) or more consecutive days of vacation. Any cashout request must be submitted to the Personnel Department two weeks in advance of the desired cashout date.~~

ARTICLE 12: PERSONNEL ACTIONS

12.1 Probation

Lateral appointments to a position in this bargaining unit, who come from another police agency without a break in service and who have obtained a POST basic certificate, shall be subject to a probationary period of twelve (12) months.

All other appointments to a position in this bargaining unit shall be subject to a probationary period of eighteen (18) months.

12.2 Unsatisfactory Probation of Promoted Employee

A regular employee who is rejected for a position to which the employee has been promoted shall be placed as a regular employee in the highest position meeting the following requirements:

- (a) the employee formerly held such position as a regular employee;
- (b) the employee was not discharged or demoted from such position;
- (c) the employee did not resign from such position, or if so, was reinstated to it;
- (d) the position is in existence at the time of termination of the probationary period;
- (e) the employee has greater seniority than the employee holding such position.

Any employee displaced under this Article is an employee subject to layoff and is entitled to all rights provided by Article 9.1, including the right to displace another employee.

12.3 Discharge, Demotion, Suspension, and Reprimand

12.3.1 Grounds

- 12.3.1.1 Employees may be discharged, demoted, suspended, or reprimanded for just cause, including but not limited to:
 - 12.3.1.1.1 Employee's failure or inability to perform duties required by management for the particular position or to conform to required policies of the City.
 - 12.3.1.1.2 Employee's breach of discipline, violation of legal obligations to the Employer, or dishonesty.
 - 12.3.1.1.3 Misrepresentation to the Employer, including any false statement or non-disclosure of a material fact, or any actual or attempted deception.
 - 12.3.1.1.4 Conviction of a felony that is job related.
 - 12.3.1.1.5 Failure to report to work for a period of three consecutive working days and to communicate satisfactory reasons for not reporting to work.

12.3.2 Discharge and Demotion

- 12.3.2.1 The ~~department head~~ Chief of Police may recommend an employee be discharged or demoted for any of the reasons specified in Article 12.3.1 of this Rule. The employee shall be given a written statement of the reasons for the proposed demotion or discharge unless the employee files a written waiver thereof. No discharge or demotion shall become effective until:

(a) the employee fails to pursue appeal proceedings as hereafter provided, or

(b) the ~~Personnel Officer~~ City Manager or designee has approved the discharge or demotion following a meeting with the employee as hereafter provided.

12.3.3 Suspension (TA'd 12/12/13)

12.3.3.1 The Chief of Police may suspend an employee without pay for disciplinary reasons for a period not exceeding three (3) days of actual time. ~~Except in cases of emergency, the employee must be given a written statement of the reasons for any suspension before it is effective.~~

~~12.3.3.2 The Personnel Officer may suspend an employee with pay whenever a department head recommends that the employee be discharged. The period of suspension shall continue until the employee is in fact discharged or the Personnel Officer has decided not to discharge the employee. The Personnel Officer may suspend an employee without pay for a period of up to six (6) months in lieu of discharge.~~

~~12.3.3.3 The Personnel Officer may suspend an employee with pay during such reasonable period as is necessary to investigate charges which, if true, would justify discharge of the employee.~~

12.3.4 Formal Reprimands (TA'd 12/12/13)

12.3.4.1 A Formal Reprimand is a written ~~warning notification~~ to an employee of the ~~existence of grounds for misconduct and/or sub-performance, discipline.~~ Reprimands shall not be subject to the arbitration provisions of Article 8, ~~Grievance Procedure~~ Disciplinary Appeals.

12.3.4.2 An employee who has received a formal reprimand and has completed twenty-four (24) months of work without further disciplinary action may request said formal reprimand be removed from the employee's personnel file. Formal reprimands removed from an employee's personnel file shall not be relied upon for any future disciplinary action, unless the pending disciplinary action is for similar misconduct and/or sub-performance.

12.4 Personnel Files (TA'd 12/12/13)

In any disciplinary action the City may not rely upon any previous ~~written warnings, notice of suspension or demotion~~formal disciplinary action, or written evaluation not contained in said file, ~~as justification for any personnel action which adversely affects the officer in question.~~ ~~The City~~ but may rely on ~~oral verbal or written~~ warnings not made a part of the file, ~~and~~ issued within the preceding ~~six~~twelve (12)(6) months.

~~In the event an officer who has received written warnings or reprimands has completed thirty six (36) months of work without further disciplinary action, his/her prior disciplinary record of similar instances shall no longer be relied upon in any determination which in any manner affects his/her employment status and such disciplinary record shall be sealed.~~

~~In cases where an officer is suspended or demoted and such discipline is sustained, a record of such action shall be kept in the personnel file and any such documentation supporting such action shall be kept in a separate file in the Personnel Office~~Human Resources Department.

12.5 Internal Affairs Investigations (TA'd 12/12/13)

Except when internal affairs investigations are assigned to a person(s) from an outside agency, all investigations shall be conducted by sworn officers of the Menlo Park Police Department, who shall be superior in rank to the officer(s) interviewed (except for ~~sexual harassment~~alleged violations of the City's Anti-Harassment/Non-Discrimination policy investigations which may be conducted by ~~the Personnel Office~~Human Resources staff).

12.6 Citizen Complaint Investigations (TA'd 12/12/13)

In conducting Internal Affairs Investigations, the City shall comply with Penal Code Section 832.5 and Menlo Park Police Department Policy 1020 – Personnel Complaint Procedure. When conducting such investigations, the City agrees to provide ~~bargaining unit members~~sworn employees with the rights accorded them in Government Code Sections 3300, et seq.

12.7 Contract and Temporary Officers

12.7.1 The use of contract officers shall be eliminated.

12.7.2 Use of temporary officers shall not be used to circumvent the eligibility lists for appointment.

12.7.3 All budgeted positions shall be filled from the eligibility list.

12.7.4 Any contract officer who has not completed the service required for P.O.S.T. certification at the time this Agreement is executed shall be permitted to complete such service. At that time, the officer's contract shall end.

ARTICLE 13: PAY RATES AND PRACTICES

13.1 Salary Schedule

The salary schedule for officers in the representation unit shall be as set forth in Appendix "A" to this Agreement.

There shall be no adjustment to the salary schedule during the term of this Agreement.

13.2 One-Time Bonus

All current active officers shall receive a one-time bonus of Nine Hundred Dollars (\$900.) Said bonus payment shall be distributed to current active officers the first pay date subsequent to the first full pay period after ratification of this Agreement by the membership and approval by City Council.

| 13.23 Step Increases

Merit advances from the first salary step to the second salary step shall be granted at six (6) months intervals and between second and subsequent steps at one (1) year intervals if the affected officer has demonstrated continued competent service. Officers who are hired in at Steps B, C or D, or are promoted and placed at Steps B, C or D will be eligible for their next step increase in six (6) months. For the purpose of determining step time requirements, time will commence on the first day of the month coinciding with or following entrance onto a salary step. Step increases shall be effective on the first day of the payroll period in which the time requirements have been met.

| 13.34 Bilingual Differential

| 13.34.1 Officers who are assigned to job duties requiring bilingual skills are eligible to receive Seventy-Five (\$75.00) each pay period for the use of bilingual skills in job duties arising during the normal course of work.

| 13.34.2 Eligibility for the bilingual pay differential shall be determined by the ~~Personnel Officer~~ Human Resources Department on the basis of a proficiency test developed and administered by the City. Any officer who does not pass such a proficiency test shall be allowed to take the CHP conversational test, and if the officer passes the CHP test, the officer shall thereafter receive the bilingual differential. Notwithstanding the above, any officer called upon by the Chief, or the Chief's designee, frequently over a period of at least several months, to use a language other than Spanish shall be eligible for the bilingual differential upon passing a proficiency test for such language administered by the ~~Personnel Officer~~ Human Resources Department, as above.

| 13.34.3 Bilingual skills shall not be a condition of employment except for officers who are hired specifically with that requirement. If an officer is hired under this provision, that requirement shall be included in the initial appointment letter.

| 13.34.4 No employee shall be required to use bilingual skills who is not compensated under this section.

| 13.45 Call Back Pay

Officers who are called back after leaving work at the end of either a normal shift or hold over period shall be entitled to a minimum of four (4) hours of pay at the rate of time and one-half (1-1/2).

| 13.56 Off-Duty Training

The City will make every reasonable effort to schedule training on-duty. If training is required for an employee who is off-duty, the City agrees to provide a minimum of two (2) hours at time and one-half (1-1/2).

| 13.67 Off-Duty Court Appearances

Any represented employee required to appear in Court during off-duty hours, shall receive a minimum of three (3) hours pay at time and one-half (1-1/2). Any represented employee required to appear on a day they are not scheduled to work or after working a graveyard shift that ends in the morning of the day of the court appearance shall receive a minimum of four (4) hours pay at time and one-half (1-1/2).

| 13.78 Working Out of Classification

Any officer who with supervisory approval works in Sergeant classification shall be paid for working out of classification at the rate of the lowest step within the range of the higher classification, or at five percent (5%) above the current rate of pay, whichever is higher. Such pay rate shall be paid for the hours duties are actually assigned and performed in the higher classification.

| 13.89 Overtime and Compensatory Time

| 13.89.1 Officers on a forty (40) hour assignment shall be paid overtime at the rate of time and one-half (1-1/2) their regular rate of pay for all hours worked in excess of forty (40) hours in a single workweek. Officers who work a patrol schedule under a 7(k) work period as allowed under the Fair Labor Standards Act shall receive overtime for all hours worked in excess of one hundred sixty (160) hours in a 28 day work period. Hours worked shall include all hours for which the officer is in a paid status including paid leave time.

| 13.89.2 Overtime may be assigned on a required basis or requested by an officer and approved by the Police Department. At the option of the officer, overtime shall be paid or accumulated and taken as compensatory time.

| 13.89.3 Compensatory Time. An officer may accumulate a maximum of two hundred (200) hours of compensatory time. Compensatory time may be used when the services of an officer are not needed for the efficient functioning of the department, and must be approved in advance by the Police Chief or designee. Once an officer has reached the limits of compensatory time in this section he/she shall receive cash at the overtime rate for all overtime worked.

Upon termination, all unused compensatory time shall be paid off at the final rate of pay received by the officer, or the average regular rate received during the last three (3) years of the officer's employment, whichever is higher.

| 13.910 On-Call Status for Detectives

Detectives placed in an on-call status shall be compensated for each day, or portion thereof, that he or she is on-call at the rate of forty dollars (\$40.00) per twenty-four (24) hour period. Detectives who are on-call and fail to respond when called may be subject to disciplinary action.

| 13.101 Daylight Savings Time

For any shift that works during the night that clocks are moved forward one hour or back one hour in connection with Daylight Savings Time, officers will coordinate with their supervisors reporting an hour earlier or an hour later than their regular shift starting time so that hours worked shall be those of a regular shift.

| 13.112 On-Call Status for Court or District Attorney Directed Standby

Any represented employee required to be available by phone as directed by the Court or a representative of the District Attorney's Office shall be entitled to receive pay at straight time for all time required to remain on-call, provided, however, that the employee has received permission in advance from the Chief of Police, Police Commander or Watch Commander to be on said standby. This section shall not apply if the employee is eligible for pay under Section 13.6. Initial approval shall be for a maximum of four hours. If additional time is required by the District Attorney's Office, the officer shall call in to the Chief of Police, Police Commander or Watch Commander to receive permission to remain on on-call status for the additional time.

| 13.1213 POST Incentive

Police officers who have received their POST Intermediate certificate shall receive a five percent (5.00%) POST incentive premium calculated upon their base pay, in accordance with the current practice.

Police officers who have received their POST Advanced certificate shall receive a ten percent (10.00%) POST incentive premium calculated upon their base pay, in accordance with the current practice.

While the City may assist the officer in determining POST certificate eligibility, the officer shall be responsible for submitting the proper paperwork in a timely fashion. POST incentive pay shall be effective on the first pay period in which the submittal by the employee has been accepted by the City. There shall be no retroactivity because the employee failed to file for either the intermediate or advanced certificate.

| 13.1314 Canine Pay

~~13.13.1 Canine Handler shall be considered a competitive specialty assignment and each employee assigned to such duties shall be paid at Range 41.0 during each biweekly period of such assignment, in recognition of the additional specialized and continuing training requirements associated with such duties.~~

| 13.1314.21 Each Canine Handler assigned to the duty of caring for, feeding and supervising police dogs, shall receive seven (7) hours of overtime each biweekly pay period at time and one-half of the employees pay rate. Such additional compensation shall not be paid for any two (2) consecutive biweekly periods during which such additional duty is not performed by the employee, whether for the reason that the dog assigned to such employee is boarded at the kennel at City expense or otherwise.

| 13.1314.32 The additional compensation provided for in Section 13.13.2-1 is calculated to equal one-half (1/2) hour per day care of the police dog and granted in recognition of the personal investment, duties and responsibilities of the K-9 assignment including the time spent by the unit employee while off duty in the care and maintenance of the assigned canine. The additional compensation is based on the expected additional work required for the care of the dog, given the work historically required for such care. This extra compensation is not to be considered premium pay. Any additional time beyond the biweekly limit of seven (7) hours stated above shall require approval in advance by the ~~Division Commander~~ Chief of Police or designee. The City shall pay costs associated with the "Initial Basic Training of Handler and K-9" when an officer is assigned for canine duty. The City agrees to meet and confer with the POA over any modifications to this provision made necessary by changes in FLSA requirements prior to implementation.

| 13.1415 Employee Vehicle Use Agreement

Officers assigned to detectives, who are assigned to use their personally owned vehicles for City use, shall receive a monthly automobile allowance of five hundred dollars (\$500.00). The automobile allowance shall cover all costs of operating the vehicle for City use, including but not limited to, maintenance, insurance and fuel.

| 13.1516 Night Shift Differential

For officers assigned to patrol, the City shall pay a shift differential of two percent (2.00%) for regular assignment to night shift. The shift differential shall not be paid on any regularly assigned schedule worked which includes day or swing shift.

Shift differential shall only be paid to officers assigned to a night shift, and shall not apply to officers filling open shifts or otherwise assigned to nights on a temporary basis.

13.1617 Longevity Pay

Effective July 4, 2010, ~~unit members~~employees who have achieved levels of continuous service time as a full time sworn police officer with the City of Menlo Park, and who have received annual performance reviews with overall ratings of “meets standards” or above shall be eligible to receive the following:

13.1617.1 The first pay period after completing seven (7) years of service: two percent (2.00%) calculated upon base pay.

13.1617.2 The first pay period after completing eleven (11) years of service: four percent (4.00%) calculated upon base pay.

13.1617.3 The first pay period after completing fifteen (15) years of service: six percent (6.00%) calculated upon base pay.

13.1617.4 The first pay period after completing twenty (20) years of service: eight percent (8.00%) calculated upon base pay.

The maximum longevity pay that may be received by an officer is eight percent (8.00%).

13.18 Specialty Assignment Pay

Specialized assignments of Police Officers shall be governed by the Menlo Park Police Department Policy Manual Section 1029. Officers regularly occupying a special assignment, as approved by the Chief of Police, shall receive five percent (5%) Specialty Pay, calculated upon base pay, for each biweekly period of said assignment.

ARTICLE 14: RETIREMENT BENEFITS

14.1 Retirement Plan

Retirement benefits for employees hired prior to July 1, 2011 shall be those established by the Public Employees’ Retirement System (PERS) for Local Safety Members 3% at age 50 Formula, highest single year.

Effective as soon as practicable Employees hired on or after November 20, 2011, who are not new members as defined by PERS, retirement benefits for new employees hired by the City shall be those established by the Public Employees’ Retirement System (PERS) for Local Safety Members 3% at age 55 Formula, highest three years.

New employees, as defined by the Public Employees Retirement System (PERS) hired on or after January 1, 2013, retirement benefits shall be those established by PERS for Local Safety Members 2.7% at age 57 formula, highest three years.

14.2 Optional Provisions

14.2.1 1959 Survivor Allowance as set forth in Article 6 of Chapter 9 of the Public Employees' Retirement Law (commencing with Section 21380 of the Government Code) shall be provided. Section 21573 (Third Level of 1959 Survivor Benefits) shall be included.

14.3 City's Contribution to Retirement (TA'd 12/12/13)

14.3.1 The City shall pay the rate prescribed by the Public Employees' Retirement System for employer contributions to the Public Employees' Retirement System in accordance with the rules and regulations governing such employer contributions.

14.3.2 Effective with the pay period beginning July 3, 2011, employee shall contribute three percent (3.00%) toward the employer's contribution to the Public Employees' Retirement System. The amount shall be taken as an after tax deduction from the employee's paycheck each payroll period.

14.3.3 Effective as soon as practicable and after July 1, 2013, the employee three percent (3.00%) contribution toward the employer's contribution to the Public Employees' Retirement System (PERS) shall be taken as a pre-tax deduction from the employees' paycheck each payroll period. The City and POA agree, that the three percent (3%) will continue past the expiration of the MOU. If for any reason the City is precluded from making the three percent (3%) deduction or the deduction cannot be made on a pre-tax basis the parties agree to meet and confer regarding ways to cure the defect.

14.4 Officer's Contribution to Retirement System

The full ~~unit member's~~employee contribution shall be deducted from the ~~unit member~~employee's pay by the City and forwarded to the Public Employees' Retirement System in accordance with the rules and regulations governing such contributions.

~~The City will implement Employer Pick-up, Internal Revenue Code 414 (h) (2) on the employee's contribution to the Public Employees' Retirement System.~~

New employees, as defined by the Public Employees' Retirement System (PERS), hired on or after January 1, 2013, shall make a member contribution of 50% of the Normal Cost of the benefit.

14.5 Retiree Return to Work

A retiree may return to work upon the mutual agreement of the City and the retiree. The City agrees not to condition such retiree on passing a polygraph examination.

14.6 Honorary Retirement

Upon separation, an ~~unit member~~ employee who leaves the service of the Menlo Park Police Department shall be considered retired provided the unit member has fifteen (15) years of service with the department and is in good standing at the time of departure.

A unit member shall be given a retirement badge and identification card.

A concealed weapons permit shall be granted pursuant to Penal Code Sections 12027 and 12027.1.

Retirement under this section shall be honorary and shall not involve any payment or benefit to the unit member or liability on the part of the City.

ARTICLE 15: UNIFORM ALLOWANCE, SAFETY EQUIPMENT, AND TRAINING

15.1 Uniform Allowance

Officers shall be paid an annual uniform allowance of One Thousand Forty Dollars (\$1,040.00) annually on the twenty-fifth pay period of the year to be used for the purchase and maintenance of uniforms.

The City shall pay the cost of providing one class A uniforms for all officers during the officer's employment with the City.

Normal attire for patrol officers shall be a distinctive police uniform. Officers shall have the option of wearing either boots or shoes as part of the normal duty uniform. Motorcycle officers shall have the option of wearing a leather jacket.

15.2 Donning and Doffing of Uniforms (TA'd 12/12/13)

It is acknowledged and understood by the City and the POA that the donning and doffing of uniforms and related safety equipment may be performed at home or other location outside of the Police Department.

ARTICLE 16: DAMAGED PROPERTY OF POLICE OFFICERS

16.1 In accordance with Police Department policy 5.5.7 "Use of Authorized Personal Equipment", any officer may be reimbursed for the costs of replacing or repairing property, such as eyeglasses, dentures, watches, or articles of clothing necessarily worn or carried when such items are damaged in the line of duty, without fault of the officer.

- 16.2 Luxury items such as jewelry, watches over fifty dollars (\$50.00) in value, and other non-required items will not be covered by this section.
- 16.3 Before the allowance or payment is made, the officer shall file a claim with the department. There shall be attached to said claim all receipts showing the monies expended by the claimant for the repair or replacement of said property.
- 16.4 The department shall reserve the right to refer any claim, which is excessive or does not meet the previously stated criteria, to the normal City claim procedure.

ARTICLE 17: BENEFIT PROGRAMS

17.1 Cafeteria Plans

- 17.1.1 Each active ~~and each retired~~ employee and retiree shall receive a City contribution equal to the minimum employer contribution for agencies participating in the Public Employees Medical and Hospital Care Act (PEMHCA).
- 17.1.2 Each active employee shall be allocated an amount, inclusive of the City contribution specified in Section 17.1.1 to be used to purchase qualified benefits as described in this Section. The amount shall be allocated to each worker according to the health benefits selected, as follows:

\$1,681.50 per month	family coverage
\$1,296.55 per month	two-person coverage
\$648.26 per month	single person coverage
\$154.68 per month	no coverage

- 17.1.3 Each officer may use his/her allocated amount for:
- (a) PEMHCA health insurance premiums
 - (b) long term disability insurance
 - (c) any personal medical, dental and vision care expenses not covered by the City's plans, including but not limited to deductibles, co-payments, medication and medical equipment
 - (d) reimbursement for individual long term disability (LTD) policy premiums paid by employees
 - (e) supplemental life insurance through the City's carrier
 - (f) contributions to a City offered deferred compensation plan
- 17.1.4 If any employee expends less than the total of his/her allocated amount above the minimum employer contribution contained in 17.1.1, then such employee shall be entitled to the unused amount in cash as taxable income, subject to appropriate tax withholding.
- 17.1.5 Each employee must enroll in an available PEMHCA health insurance plan or demonstrate that he or she has health insurance coverage equivalent to the PEMHCA plan in order to receive cash back under Section 17.1.4.
- 17.1.6 Officers who wish to have domestic partners covered under the cafeteria plan may do so after filing the "Declaration of Domestic Partnership" form with the California Secretary of State and complying with any other requirements necessary to qualify for domestic partner health benefits under the CalPERS health program. It is understood that the premiums and benefits provided as a result of covering domestic partners may be taxable, and that the City will administer the program in accordance with State and Federal Tax regulations.
- 17.1.7 The parties share an interest in addressing the increase in the cost of PEMHCA benefits. To that end, the parties agree that the City may contract with different health benefit providers, consortia, or groups to provide health coverage that is equivalent to that provided under PEMHCA.

If either the benefits provided or the rate structure in place between active and retired employees is not equivalent to that provided under PEMHCA, then the City shall meet and confer with the Union prior to contracting with the alternative provider, consortia or group. ~~However, P.O.A. shall have the option to remain in the PEMHCA program.~~

- 17.1.8 ~~During the term of this Agreement, upon request by P.O.A., the parties agree to meet and discuss the current status of Health Savings Accounts (HSA). The discussions are intended to be informational and exploratory, and such participation does not bind the City to additional expenditures or the P.O.A. to voluntary deductions.~~

17.2 Dental Insurance

17.2.1 The City agrees to pay One Hundred Fifteen Dollars (\$115.00) per officer per month to the self insured dental and vision plan.

For purposes of dental reimbursement, the dental claims periods shall run from January 1 to June 30 and from July 1 to December 31.

17.2.2 The maximum reimbursement shall not exceed One Thousand Five Hundred Dollars (\$1,500.00) for a ~~unit member~~ employee and Nine Hundred Dollars (\$900.00) for an ~~unit member~~ employee's dependent or qualified domestic partner per claim period.

17.2.3 On presentation of the City's Dental and Vision Reimbursement forms accompanied by appropriate receipts, officers will be reimbursed for dental and vision care expenses not covered by other insurance plans up to the maximums set forth in Section 17.2.2 above. Officer reimbursement requests shall be processed upon receipt. At the midpoint between each claims period, officers may submit dependent or domestic partner reimbursement requests and the City will pay fifty percent (50%) of such request. The balance of any dependent or domestic partner adjustments will be made at the end of the normal claims period, provided funds are available. If the quarterly payments result in the fund having a negative balance, the negative amount will be adjusted during the next claims period. In that case, the parties will meet and discuss ways of eliminating future negative balances.

17.2.4 The final filing date for dental claims shall be thirty (30) days after the end of the claims filing period during which the dental expenses were incurred.

17.2.5 Any amounts unused in the dental fund at the end of a fiscal year shall be added to the following year's total, provided, however, the maximum in the fund shall never exceed the current and the prior year's total City contribution.

17.2.6 An officer and/or their dependents or qualified domestic partners may utilize the dental fund for dental, orthodontia or vision care expenses. Domestic partner benefits may be taxable to the employee, and the benefit will be administered in accordance with State and Federal Tax regulations.

17.2.7 The City agrees to meet and confer with the P.O.A. over a third party dental plan. If the parties agree to a change from the existing self insured dental plan, the maximum City contribution toward plan premiums will not exceed the amounts specified in Section 17.2.1.

ARTICLE 18: FULL UNDERSTANDING MODIFICATION AND WAIVER

- 18.1 This Memorandum of Understanding sets forth a full and entire understanding of the parties regarding the matters set forth herein, and any and all prior or existing Memoranda of Understanding, understandings and agreements regarding the matters set forth herein, whether formal or informal, are hereby superseded and terminated in their entirety.
- 18.2 No practice or benefit provided by this Memorandum of Understanding shall be modified without the mutual agreement of the City and P.O.A.
- 18.3 To the extent that any of the following topics are not covered by this Memorandum of Understanding but are within the scope of representation under the Meyers-Milias-Brown Act (Government Code Sections 3500 et seq.), subject to the right of P.O.A. to meet and confer over such changes, the City reserves the right to implement changes therein, in accordance with applicable law:
- 18.3.1 The impact of a change in practice or procedure necessitated by a change in the statutory or decisional law;
 - 18.3.2 A change in practices or procedures regarding promotion of bargaining unit employees;
 - 18.3.3 A change in practices or procedures regarding evaluation of bargaining unit employees;
 - 18.3.4 A change in practice or procedures for assignment or transfer of bargaining unit employees;
 - 18.3.5 Any matter which poses an unanticipated fiscal or operational problem for the City, including but not limited to, a reduction in forecast income from the State or tax revenues;
 - 18.3.6 Any unforeseen matter of an immediate nature which seriously threatens the public safety or the safety of officers, including adoption and implementation of policies addressing vehicular pursuits and use of force by officers.
- 18.4 Except as provided in 18.3, existing practices and/or benefits not covered by the Memorandum of Understanding but within the scope of representation under the Meyers-Milias-Brown Act (Government Code Section 3500 et seq.), shall continue without change during the term of this agreement unless modified by mutual agreement of the parties.
- 18.5 The P.O.A. reserves the right to meet and confer if the City proposes a change in any of the matters listed in 18.3. Except for such reservation, the P.O.A. on behalf of the

employees in its bargaining unit, expressly waives the right to meet and confer during the term of this agreement.

- 18.6 In agreeing to the language contained in this section, the City does not waive its right to seek further changes in this section, including the right to propose its elimination, upon expiration of this agreement. The P.O.A. does not waive its right to oppose any further changes in this section.

ARTICLE 19: SEPARABILTY

If a court of competent jurisdiction finally determines that any provision of this Memorandum is invalid and unenforceable, such provision shall be separable, and the remaining provisions of the Memorandum shall remain in full force and effect.

ARTICLE 20: LABOR MANAGEMENT COMMITTEE (TA'd 06/20/13)

Effective for the term of this agreement, The City and POA agree to the establishment of a Labor Management Committee (LMC) to serve as an advisory committee and to facilitate employee education and involvement in issues regarding CalPERS retirement benefits, including but not limited to, potential future costs increases and the impacts of said cost increases to the financial stability of the City.

The City and the POA shall each select their own representatives and in equal number, with no more than three (3) on each side. Each side is encouraged to propose issues for discussion, and the committee will jointly set priorities. Decision making within this forum will be by consensus. The LMC will set up regular meetings to occur not less than once per quarter and a means for calling additional meetings to handle issues on an ad hoc basis.

The LMC is not authorized to meet and confer or create contractual obligations nor are they to change the MOU to authorize any practice in conflict with existing contracts or rules.

ARTICLE 2021: TERM OF AGREEMENT

- 20.1 This Agreement shall remain in full force and effect up to and including June 30, ~~2013~~2015.

The terms of this Agreement shall be effective upon the adoption of this Agreement by the City Council except as otherwise provided by specific articles of this Agreement.

Dated _____

City of Menlo Park

Menlo Park Police Officers' Association

SALARY SCHEDULE FOR CLASSIFIED POLICE OFFICERS THROUGH JUNE 30, 2015

Step	Annual	Monthly	Bi-Weekly	Hourly
A	\$89,677.95	\$7,473.15	\$3,449.15	\$43.1144
B	\$94,161.81	\$7,846.80	\$3,621.61	\$45.2701
C	\$98,869.89	\$8,239.14	\$3,802.69	\$47.5336
D	\$103,813.42	\$8,651.10	\$3,992.82	\$49.9103
E	\$109,004.06	\$9,083.65	\$4,192.46	\$52.4058

CITY OF MENLO PARK
DENTAL PLAN

ELIGIBLE EMPLOYEES:

Newly hired employees are eligible to participate in the plan following six months of continuous employment.

DEPENDENTS:

Dependents will be covered by the plan only if there should be sufficient funds to pay 100% of allowable employee claims.

Dependents shall be defined under this program as the employee's spouse and his/her children up to the age to 26.

MAXIMUM COVERAGE:

For each six-month period reimbursements shall be limited to the maximum coverage as stated in Section 17.2. Payments on claims will be based upon standard fees as determined by the dental committee.

REQUEST FOR REIMBURSEMENT:

A City of Menlo Park Dental Reimbursement Form must be completed by the employee's dentist indicating the type of service before the claim will be approved for reimbursement by the City. These forms are available through the ~~Personnel Division~~ Human Resources Department. Forms should be returned to ~~Personnel~~ Human Resources at the completion of treatment. An accepted and properly completed request for reimbursement form will be eligible for prorated reimbursement within the six-month period in which the work was performed. The six-month periods run from January 1 through June 30 and July 1 through December 31.

Employees will have thirty days beyond the close of the six month period to submit their claims for reimbursement. Claims submitted after the thirty day period will be considered for reimbursement in the subsequent claim period. Claims submitted one hundred eighty days or more after the six month claims period in which the work was incurred will not be paid.

<i>Example</i>	<i>Claims Period</i>	<i>Submitted</i>	<i>Claims Period Paid</i>
Work done 9/15/06	7/1/06-12/31/06	9/15/06-1/30/07	7/1/06-12/31/06
Work done 9/15/06	7/1/06-12/31/06	1/31/07-6/30/07	1/1/07-6/30/07
Work done 9/15/06	7/1/06-12/31/06	7/1/07-Beyond	Not Paid

TERMINATION OF INSURANCE:

When the employee terminates with the City, his/her dental insurance ceases. Any outstanding claims up to the date of termination will be considered for payment as long as the employee has worked three of the six months in the reimbursement period.

COVERAGE

- Routine office visits and oral examinations, but not including more than one such examination of the same Covered Person in any six-month period.
- Fluoride or other prophylaxis treatments
- Dental X-Rays
- Extraction
- Teeth cleaning
- Oral surgery, including excision of impacted teeth
- Crown, bridges, except as specified under "exclusions and limitations"
- Anesthetics administered in connection with oral surgery or other covered dental services
- Fillings
- Treatment of periodontal and other diseases of the gums and tissues of the mouth
- Endodontic treatment, including root canal therapy
- Initial installation of full or partial dentures or fixed bridgework to replace one or more natural teeth extracted while insured
- Replacement of an existing partial or full removable denture or fixed bridgework to replace extracted natural teeth; but only if evidence satisfactory to the City is presented that:
 - a) The replacement or addition of teeth is required to replace one or more additional natural teeth extracted while insured under the plan; or

COVERAGE, continued

- b) The existing denture or bridgework was installed at least 5 years prior to its replacement and that the existing denture or bridgework cannot be made serviceable; or
 - c) The existing denture is an immediate temporary denture and replacement by a permanent denture is required, and takes place within 12 months from the date of installation of the temporary denture
- Repair or recementing of crowns, inlays and fixed bridgework
 - Repair or relining of dentures
 - Other covered charges as determined by the Dental Committee

EXCLUSIONS AND LIMITATIONS

Covered dental expenses will not include charges:

- For any dental work covered under a Major Medical Expense Plan
- Incurred because of an accidental bodily injury which arises out of or in the course of employment, or a sickness entitling to the insured to benefits under the Workers' Compensation Act or similar legislation
- Incurred in a Veteran's Hospital by the hospital or by a dentist employed by the hospital
- Which are primarily for cosmetic purposes and has no therapeutic value
- Incurred for the replacement of a lost or stolen prosthetic device or bridgework
- Incurred as a result or act of war, declared or undeclared
- Incurred for orthodontic care, treatment, services and supplies - Effective July 1, 1992, an officer may utilize the dental fund for dental, orthodontia or vision care expenses.
- Incurred for the initial installation of dentures and bridgework when such charges are incurred for replacement of congenitally missing teeth, or for replacement of natural teeth all of which were lost when the employee was not insured under the plan

Exclusions and Limitations, continued

- For space maintainers
- Incurred as a result of a need for prosthetic devices including bridges and crowns and the fitting thereof which were ordered while the employee was not insured under the plan, or which were delivered after termination of insurance
- Not found to be valid upon verification with the dentist rendering the service

HOW IT WORKS

The City of Menlo Park has agreed to contribute to a dental fund a monthly amount per employee. Accumulated funds will be used to reimburse employees for dental expenses they have incurred during a particular six-month period.

Example: If the fund contribution during the six-month period exceeds the claims received

7-1-2008	Fund	Claims
to	<u>Contribution</u>	<u>Received</u>
12-31-2008	\$6,000	\$4,000

then the employee will be reimbursed 100% of his dental bill and his dependents' coverage will be as follows:

Remaining	Claims
in	<u>Received</u>
<u>Fund</u>	
\$2,000	\$6,000

then the employee will be reimbursed 33 1/3 % of the total bill for his dependents.

Example: If the fund contribution does not exceed the claims received

7-1-2008	Fund	Claims
to	<u>Contribution</u>	<u>Received</u>
12-31-2008	\$6,000	\$7,500

then the employee will be reimbursed 80% of his total dental bills and would not be reimbursed for any of his dependents' bills.

In both examples above, the amount and nature of claims by an employee and his dependents will be subject to limitations covered in the plan outline.

FORMS PROCEDURE

1. Obtain dental forms from the ~~Personnel Division~~Human Resources Department.
2. Submit the form to your dentist for his completion.
3. At the completion of your dental work or near the end of the reimbursement period, sign the form for that work which has been completed. Your dentist will sign the form and send it to the ~~Personnel Division~~Human Resources Department.

CITY PROPOSAL: Article 6.2 - Long Term Disability

6.2 Long Term Disability

6.2.1 Should any non-work related illness or injury extend beyond thirty (30) working days, the City will insure continued payment to the worker at 66.67 percent of salary, up to a maximum as provided in the long term disability policy. The amounts paid shall be less any payments received from either workers' compensation or retirement. During the first year of disability and so long as no retirement determination has been made by the City, the worker will be entitled to continued City paid health insurance, AD&D, and dental and life insurance benefits, and to the accrual of vacation time. At the end of 365 calendar days from the date of illness or injury or unless previously retired, should the worker not be able to return to work, the worker will be permitted to continue to participate in City paid health insurance, AD&D, and dental and life insurance benefits. However, the employee will be required to pay 100% of any premium, would officially cease being an employee and receive no further entitlements beyond the 66.67 percent requirement as provided in this Section 6.2.

T/A
6/20/13
David E. Topf
for
MPPOA

TA
06/20/13
[Signature]
for City

CITY PROPOSAL: Labor Management Committee

ARTICLE XX: LABOR MANAGEMENT COMMITTEE

Effective July 2013, The City and POA agree to the establishment of a Labor Management Committee (LMC) to serve as an advisory committee and to facilitate employee education and involvement in issues regarding CalPERS retirement benefits, including but not limited to, potential future cost increases and the impacts of said cost increases to the financial stability of the City.

The City and the POA shall each select their own representatives and in equal number, with no more than three (3) on each side. Each side is encouraged to propose issues for discussion, and the committee will jointly set priorities. Decision making within this forum will be by consensus. The LMC will set up regular meetings to occur not less than once per quarter and a means for calling additional meetings to handle issues on an ad hoc basis.

The LMC is not authorized to meet and confer or create contractual obligations nor are they to change the MOU to authorize any practice in conflict with existing contracts or rules.

T/A
6/20/13
David E. Torg
for
MPPAA

TA
06/20/13
[Signature]
for City

TENTATIVE AGREEMENT-ARTICLE 12: PERSONNEL ACTIONS

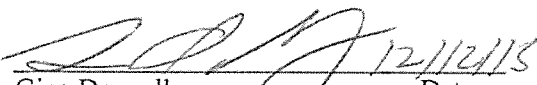
This document sets forth the full agreement of the parties reached during these negotiations. Anything that is not included in this Agreement is not part of this Tentative Agreement.

This Agreement is considered tentative and shall not be considered final or binding until ratified by the POA Membership and approved by City Council.

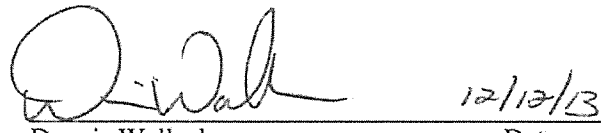
The parties understand that in the event either party rejects this Agreement, each party reserves the right to modify, amend and/or add proposals.

FOR CITY:

FOR POA:


Gina Donnelly
Human Resources Director

Date


Dennis Wallach
POA Labor Negotiator

Date

12.3.3 Suspension

12.3.3.1 The Chief of Police may suspend an employee without pay for disciplinary reasons for a period not exceeding three (3) days of actual time. ~~Except in cases of emergency, the employee must be given a written statement of the reasons for any suspension before it is effective.~~

~~12.3.3.2 The Personnel Officer may suspend an employee with pay whenever a department head recommends that the employee be discharged. The period of suspension shall continue until the employee is in fact discharged or the Personnel Officer has decided not to discharge the employee. The Personnel Officer may suspend an employee without pay for a period of up to six (6) months in lieu of discharge.~~

~~12.3.3.3 The Personnel Officer may suspend an employee with pay during such reasonable period as is necessary to investigate charges which, if true, would justify discharge of the employee.~~

12.3.4 Formal Reprimands

12.3.4.1 A ~~Formal~~ ~~Reprimand~~ is a written ~~warning notification~~ to an employee of the ~~existence of grounds for misconduct and/or sub-performance, discipline.~~ Reprimands shall not be subject to the arbitration provisions of Article 8, ~~Grievance Procedure~~ Disciplinary Appeals.

12.3.4.2 ~~An employee who has received a formal reprimand and has completed twenty-four (24) months of work without further disciplinary action may request said formal reprimand be removed from the employee's personnel file. Formal reprimands removed from an employee's personnel file shall not be relied upon for any future disciplinary action, unless the pending disciplinary action is for similar misconduct and/or sub-performance.~~

12.4 Personnel Files

In any disciplinary action the City may not rely upon any previous ~~written warnings, notice of suspension or demotion~~ formal disciplinary action, or written evaluation not contained in said file ~~except as otherwise provided in this MOU, as justification for any personnel action which adversely affects the officer in question.~~ The City ~~but~~ may rely on ~~oral verbal or written~~ warnings not made a part of the file ~~and~~ issued within the preceding ~~six twelve (12)~~ (6) months.

~~In the event an officer who has received written warnings or reprimands has completed thirty-six (36) months of work without further disciplinary action, his/her prior disciplinary record of similar instances shall no longer be relied upon in any determination which in any manner affects his/her employment status and such disciplinary record shall be sealed.~~

~~In cases where an officer is suspended or demoted and such discipline is sustained, a record of such action shall be kept in the personnel file and any such documentation supporting such action shall be kept in a separate file in the Personnel Office~~ Human Resources Department.

12.5 Internal Affairs Investigations

Except when internal affairs investigations are assigned to a person(s) from an outside agency, all investigations shall be conducted by sworn officers of the Menlo Park Police

Department, who shall be superior in rank to the officer(s) interviewed (except for ~~sexual harassment~~ alleged violations of the City's Anti-Harassment/Non-Discrimination policy investigations which may be conducted by the ~~Personnel Office~~ Human Resources staff).

12.6 Citizen Complaint Investigations

In conducting Internal Affairs Investigations, the City shall comply with Penal Code Section 832.5 and Menlo Park Police Department Policy 1020 – Personnel Complaint Procedure. When conducting such investigations, the City agrees to provide ~~bargaining unit members~~ sworn employees with the rights accorded them in Government Code Sections 3300, et seq.


TENTATIVE AGREEMENT-ARTICLE 14: RETIREMENT BENEFITS

This document sets forth the full agreement of the parties reached during these negotiations. Anything that is not included in this Agreement is not part of this Tentative Agreement.

This Agreement is considered tentative and shall not be considered final or binding until ratified by the POA Membership and approved by City Council.

The parties understand that in the event either party rejects this Agreement, each party reserves the right to modify, amend and/or add proposals.

FOR CITY:


Gina Donnelly
Human Resources Director

12/12/13
Date

FOR POA:


Dennis Wallach
POA Labor Negotiator

12/12/13
Date

14.1 Retirement Plan

Retirement benefits for employees hired prior to July 1, 2011 shall be those established by the Public Employees' Retirement System (PERS) for Local Safety Members 3% at age 50 Formula, highest single year.

~~Effective as soon as practicable Employees hired on or after November 20, 2011, who are not new members as defined by PERS, retirement benefits for new employees hired by the City shall be those established by the Public Employees' Retirement System (PERS) for Local Safety Members 3% at age 55 Formula, highest three years.~~

New employees, as defined by the Public Employees Retirement System (PERS) hired on or after January 1, 2013, retirement benefits shall be those established by PERS for Local Safety Members 2.7% at age 57 formula, highest three years.

14.2 Optional Provisions

14.2.1 1959 Survivor Allowance as set forth in Article 6 of Chapter 9 of the Public Employees' Retirement Law (commencing with Section 21380 of the Government Code) shall be provided. Section 21573 (Third Level of 1959 Survivor Benefits) shall be included.

14.3 City's Contribution to Retirement

14.3.1 The City shall pay the rate prescribed by the Public Employees' Retirement System for employer contributions to the Public Employees' Retirement System in accordance with the rules and regulations governing such employer contributions.

14.3.2 Effective with the pay period beginning July 3, 2011, employee shall contribute three percent (3.00%) toward the employer's contribution to the Public Employees' Retirement System. The amount shall be taken as an after tax deduction from the employee's paycheck each payroll period.

14.3.3 Effective as soon as practicable and after July 1, 2013, the employee three percent (3.00%) contribution toward the employer's contribution to the Public Employees' Retirement System (PERS) shall be taken as a pre-tax deduction from the employees' paycheck each payroll period. The City and POA agree, that the three percent (3%) will continue past the expiration of the MOU. If for any reason the City is precluded from making the three percent (3%) deduction or the deduction cannot be made on a pre-tax basis the parties agree to meet and confer regarding ways to cure the defect.

14.4 Officer's Contribution to Retirement System

The full ~~unit member's~~ employee contribution shall be deducted from the ~~unit member's~~ employee's pay by the City and forwarded to the Public Employees' Retirement System in accordance with the rules and regulations governing such contributions.

~~The City will implement Employer Pick-up, Internal Revenue Code 414 (h) (2) on the employee's contribution to the Public Employees' Retirement System.~~

New employees, as defined by the Public Employees' Retirement System (PERS), hired on or after January 1, 2013, shall make a member contribution of 50% of the Normal Cost of the benefit.

14.5 Retiree Return to Work

A retiree may return to work upon the mutual agreement of the City and the retiree. The City agrees not to condition such retiree on passing a polygraph examination.

14.6 Honorary Retirement

Upon separation, an ~~unit member~~ employee who leaves the service of the Menlo Park Police Department shall be considered retired provided the unit member has fifteen (15) years of service with the department and is in good standing at the time of departure.

A unit member shall be given a retirement badge and identification card.

A concealed weapons permit shall be granted pursuant to Penal Code Sections 12027 and 12027.1.

Retirement under this section shall be honorary and shall not involve any payment or benefit to the unit member or liability on the part of the City.

TENTATIVE AGREEMENT-ARTICLE 6: LEAVE PROVISIONS

This document sets forth the full agreement of the parties reached during these negotiations. Anything that is not included in this Agreement is not part of this Tentative Agreement.

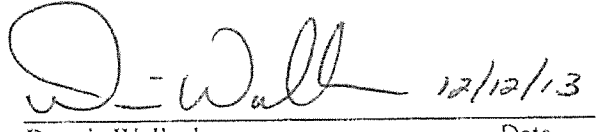
This Agreement is considered tentative and shall not be considered final or binding until ratified by the POA Membership and approved by City Council.

The parties understand that in the event either party rejects this Agreement, each party reserves the right to modify, amend and/or add proposals.

FOR CITY:

FOR POA:


Gina Donnelly
Human Resources Director
Date 12/12/13


Dennis Wallach
POA Labor Negotiator
Date 12/12/13

6.13 Psychological Fitness for Duty Examinations

~~The City and P.O.A. acknowledge that it is in the best interests of the City and the members of the P.O.A. to have a defined and objective procedure for determining the psychological fitness for duty of any of the members of the P.O.A. Therefore, the parties agree to the following procedure for purposes of determining the psychological fitness for duty for unit members:~~

~~6.13.1 In the event that the Chief of Police, or his or her designee, determines that good cause exists to evaluate a member's psychological fitness for duty, a referral shall be made to a practicing and licensed psychiatrist or psychologist having experience conducting psychological/psychiatric examinations for peace officers or peace officer candidates. The City and P.O.A. shall work together to establish and maintain a list of qualified psychiatrists and psychologists. The parties shall review the list every six months. Said evaluation shall be made in writing directed only to the professional conducting the examination, and shall identify the officer's duties and responsibilities as well as any specific areas of concern underlying the referral. The decision to send a member for a fitness for duty examination shall be at the discretion of the Chief of Police or his or her designee. However, in identifying areas of concern, the Chief of Police, or his or her designee, shall~~

~~consider only those matters which are relevant to the ability of the member to perform his or her duties. At the time of the initial referral, the bargaining unit member or the P.O.A. shall make a tentative appointment with a second qualified practitioner for examination pursuant to Section 6.13.4.~~

- ~~6.13.2 All communications between the member and psychologist or psychiatrist shall be deemed confidential and shall not be disclosed to the City unless a written waiver has been executed by the member. However, the psychologist or psychiatrist shall advise the Chief of Police, or his or her designee, whether the member is, or is not, fit for duty and the basis for that determination.~~
- ~~6.13.3 In the event that the psychologist or psychiatrist selected by the Chief of Police, or his or her designee, renders an opinion ("first opinion") that the member is psychologically unfit to perform his or her duties, the member shall have the right (at his or her own expense) to have an independent professional, with qualifications as identified above, perform a second evaluation and render an opinion ("second opinion") as to the member's psychological fitness for duty. The member shall be permitted up to ten (10) working days of paid administrative leave for purposes of procuring the second opinion. If the second opinion requires more than that time for completion, the employee may use discretionary paid leave or unpaid leave.~~
- ~~6.13.4 In the event that the second opinion determines that the member is not fit for duty, the City may then take any further action it deems appropriate including, but not limited to, declaring the member temporarily or permanently unfit for duty. Such a member shall have no right to appeal the finding of the first opinion. In the event that the second opinion of the professional retained by the member concludes that the member is able to psychologically perform the duties of a peace officer, the Chief of Police, or his or her designee, shall consider those finding and recommendations, and may return the member to full duty.~~
- ~~6.13.5 In the event that (a) the second opinion finds the employee fit for duty; and (b) the Chief of Police, or his or her designee, declines to return the member to full duty, the parties shall mutually select a third licensed psychologist or psychiatrist to conduct an independent examination ("third opinion"). The third professional shall consider the evaluations of both the first and the~~

~~second opinions as well as his or her own evaluation of the member and render a final determination of the member's psychological fitness for duty. Should the finding of the third professional conclude that the member is not psychologically fit for duty, the City may then take any further action it deems appropriate including, but not limited to, declaring the member temporarily or permanently unfit for duty. The costs and fees charged by the third professional shall be shared by the parties equally.~~

~~6.13.6 The parties acknowledge that the member's psychological condition is a confidential matter and shall not be disclosed unless the member has signed a written authorization waiving his or her confidentiality and privacy rights relative to the psychological fitness for duty issues.~~

~~6.13.7 The parties acknowledge that the decision to send an officer for a fitness for duty examination is an exercise of rights under Government Code Section 4031 and shall not be subject to the grievance procedure.~~

TENTATIVE AGREEMENT-ARTICLE 15: UNIFORM ALLOWANCE, SAFETY EQUIPMENT AND TRAINING

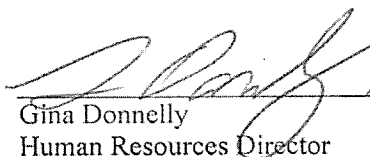
This document sets forth the full agreement of the parties reached during these negotiations. Anything that is not included in this Agreement is not part of this Tentative Agreement.


This Agreement is considered tentative and shall not be considered final or binding until ratified by the POA Membership and approved by City Council.

The parties understand that in the event either party rejects this Agreement, each party reserves the right to modify, amend and/or add proposals.

FOR CITY:

FOR POA:

 12/12/13
Gina Donnelly Date
Human Resources Director

 12/12/13
Dennis Wallach Date
POA Labor Negotiator

15.2 Donning and Doffing of Uniforms

It is acknowledged and understood by the City and the POA that the donning and doffing of uniforms and related safety equipment may be performed at home or other location outside of the Police Department.

TENTATIVE AGREEMENT-ARTICLE 11: VACATIONS

This document sets forth the full agreement of the parties reached during these negotiations. Anything that is not included in this Agreement is not part of this Tentative Agreement.

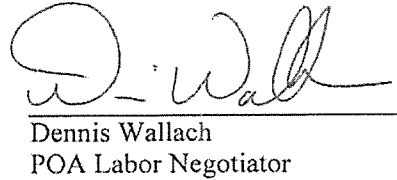
This Agreement is considered tentative and shall not be considered final or binding until ratified by the POA Membership and approved by City Council.

The parties understand that in the event either party rejects this Agreement, each party reserves the right to modify, amend and/or add proposals.

FOR CITY:

FOR POA:

 12/12/13
Gina Donnelly Date
Human Resources Director

 12/12/13
Dennis Wallach Date
POA Labor Negotiator

11.6 Cashout of Vacation Accrual

~~An Officers may cash out accrued Vacation in accordance with the Vacation Cashout Policy up to one hundred twenty (120) hours of vacation per fiseal year when an officer schedules four (4) or more consecutive days of vacation. Any cashout request must be submitted to the Personnel Department two weeks in advance of the desired cashout date.~~



OFFICE OF THE CITY MANAGER

Council Meeting Date: December 16, 2014
Staff Report #: 14-215

REGULAR BUSINESS: **Approve the Annual City Council Meeting Schedule for 2015**

RECOMMENDATION

Staff recommends Council review, discuss, and approve an annual meeting schedule for 2015 (Attachment A).

BACKGROUND

The purpose of the annual City Council meeting schedule is to provide Council, staff and the public advance notice of meeting dates. The meeting schedule has typically been approved by Council at a regular meeting in December.

ANALYSIS

Staff is proposing a meeting schedule for 2015 similar to previous years with meetings held twice a month on either the first and third, or second and fourth, Tuesday. The proposed dates have been scheduled taking into consideration City holidays, school holidays, and Council conferences (Attachment B). Also included in the calendar are significant events requiring Council participation such as the Council goal setting session, and the State of the City and Commission Appreciation events.

Once a meeting schedule is approved by the City Council, the schedule will be used by staff to create a tentative calendar to identify when items will likely be considered by the Council. It is important to note that the tentative calendar is a fluid document that serves as an ongoing reference guide, and that items are frequently moved and meetings are sometimes cancelled or added.

The calendar does not currently include study sessions. Typically study sessions are used for single topic issues of great community interest. In order to provide opportunities for study sessions, the Council is requested to keep Tuesday evenings free, so that meetings, including study sessions, can be scheduled as the need arises.

This more structured schedule may also require scheduling closed sessions before the next regularly scheduled Council meeting. Such closed sessions will comply with all noticing requirements and will be dependent on the availability of the full City Council.

IMPACT ON CITY RESOURCES

N/A

POLICY ISSUES

The proposed action conforms with current practice.

ENVIRONMENTAL REVIEW

The proposed action does not require environmental review.

PUBLIC NOTICE

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

ATTACHMENTS

- A. Proposed 2015 Meeting Schedule
- B. City holidays, school holidays and conference schedules

Report prepared by:
Pamela Aguilar
City Clerk

DRAFT 2015 CITY COUNCIL MEETING SCHEDULE

Approved Month, DD, YYYY

January

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26**	27	28	29	30	31

*1/14-16 LCC & 1/28-30 LCC
**Goal Setting Meeting

February

S	M	T	W	T	F	S
1	2	3*	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

*Joint Council & PC Study Session

March

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

April

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

May

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12*	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

*Commission Training

June

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12*	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

*6/12 Last day of school & 6/24-26 LCC Forum

July

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

August

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17*	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

*School begins

September

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

*9/27-30 ICMA & 9/30-10/2 LCC

October

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15*	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

*State of the City

November

S	M	T	W	T	F	S
1	2	3*	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

*Election Day

December

S	M	T	W	T	F	S
		1*	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

*Reorganization

COUNCIL MEETINGS

CITY HALL CLOSED FRIDAYS

MP SCHOOLS CLOSED

CONFERENCES

CITY HOLIDAYS

JEWISH HOLIDAYS

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**SCHOOL HOLIDAY / VACATION DATES,
CITY HOLIDAYS, JEWISH HOLIDAYS, COUNCIL & CM CONFERENCES**

January:

1	New Year's Day
1-5	Menlo Park City School District Winter Break
1-2	Las Lomas School District Winter Break
1-2	Portola Valley School District Winter Break
1-2	Woodside School District Winter Break
1-2	Ravenswood City School District Winter Break
1-2	Sequoia Union High School District Winter Break
14-16	League of California Cities New Mayor and Councilmember Academy
19	Martin Luther King, Jr. Holiday
28-30	League of California Cities City Manager Department Meeting

February:

13	Ravenswood City School District No School
13	Sequoia Union High School District No School
16	Ravenswood City School District No School
16	Sequoia Union High School District No School
17	President's Day
13-20	Portola Valley School District Mid-winter Break
16-20	Menlo Park City School District President's Day—February Break
16-20	Las Lomas Elementary School District Holiday/Vacation
16-20	Woodside School District President's Week

March:

4-5	Jewish Holiday - Purim
30-31	Ravenswood City School District Spring Break

April:

1-3 Ravenswood City School District Spring Break
3-11 Jewish Holiday - Passover
6-10 Woodside School District Spring Break
17-24 Portola Valley School District Spring Break
20-24 Menlo Park City School District Spring Break
20-24 Las Lomitas School District Spring Break
20-24 Sequoia Union High School District Spring Break

May:

22 Ravenswood City School District No School
25 Memorial Day

June:

5 Ravenswood City School District No School
10-12 Last Day of School (multiple schools)
24-26 League of California Cities Mayors and Council Members Executive Forum

July:

3 Independence Day (observed)

August:

17 First Week of School (multiple schools)

September:

7 Labor Day
13-15 Jewish Holiday – Rosh Hashanah
22-23 Jewish Holiday – Yom Kippur
27-30 ICMA Annual Conference
28-29 Jewish Holiday – Sukkot
30 League of California Cities Annual Conference

October:

- 1-2 League of California Cities Annual Conference
- 4-6 Jewish Holiday – Shemini Atzeret & Shimchat Torah
- 12 No school Columbus Day (multiple schools)

November:

- 11 Veterans Day
- 26 Thanksgiving Day

December:

- 6-14 Jewish Holiday – Chanukah
- 21-31 Assumed Holiday break for schools
- 24 Christmas Eve
- 25 Christmas
- 31 New Year's Eve

CITY HALL CLOSED FRIDAYS

CITY HOLIDAYS

CONFERENCES

MP SCHOOLS CLOSED

JEWISH HOLIDAYS

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OFFICE OF THE CITY MANAGER

Council Meeting Date: December 16, 2014
Staff Report 14-214

REGULAR BUSINESS: **Appoint City Council Representatives and Alternates to Various Regional Agencies and as Liaisons to City Advisory Bodies and Council Subcommittees**

RECOMMENDATION

Staff recommends that the City Council make its appointments to the various regional agencies, as liaisons to each of the City Commissions and advisory bodies and as members of Council subcommittees. Attachment A is a full roster of all current Council appointments for 2014.

BACKGROUND

Regional Assignments

Each year, after the reorganization of the City Council, the Council appoints its members to represent the city on certain committees with outside regional agencies. A list of those agencies, including a brief description of each agency's purpose and respective meeting schedule is provided as Attachment B.

Mayor Assignments

Certain agencies and regional or local (sub)committees require the Mayor of each member City to serve as its respective representative and/or voting delegate, and sometimes the Mayor Pro Tem serves as the alternate.

Those agencies are outlined as follows:

- Association of Bay Area Governments (ABAG) – Mayor serves as representative
- League of California Cities – Mayor serves as voting delegate at the Annual Conference and for the Peninsula Division
- Council of Cities City Selection Committee – Mayor serves as representative and voting delegate
- Menlo Park School District Subcommittee – Mayor and Mayor Pro Tem have historically been assigned to this committee

Commission Liaisons

Members of the Council are assigned to serve in a liaison capacity with one or more city commissions. The purpose of the liaison assignment is to facilitate communication between the City Council and the advisory body. The liaison also helps to increase the Council's familiarity with the membership, programs and issues of the advisory body. In

fulfilling their liaison assignment, members may elect to attend commission meetings periodically to observe the activities of the advisory body or simply maintain communication with the commission chair on a regular basis. The list of city commissions and their meeting schedules are provided as Attachment C.

Council Subcommittees

Council has established subcommittees which assist in preparing policy alternatives and implications for Council deliberation.

These subcommittees are as follows:

- Community Grant Funding
- Emergency Operations
- Rail Committee
- Menlo Park Fire District
- Menlo Park City School District
- Economic Development
- International Friendship Agreements and/or Sister City Agreements
- Stanford Parcel Negotiation

The City Council may wish to add to or delete from the existing list of subcommittees, depending on workload and relevancy.

Ad Hoc Committees/Groups

Ad hoc bodies are created by Council for a specific purpose. The Council currently has one Ad Hoc body, the SRI Development Agreement Committee.

IMPACT ON CITY RESOURCES

There is no impact on City resources associated with this action outside of any associated membership dues, meeting related expenses, and/or staff assistance required and budgeted.

POLICY ISSUES

The proposed action is consistent with City Policy.

ENVIRONMENTAL REVIEW

The proposed action does not require environmental review.

PUBLIC NOTICE

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

ATTACHMENTS

- A. Complete List of 2014/Current Council Assignments
- B. Roster of regional agencies with information and meeting schedules
- C. Roster of Commissions and meeting schedules

Report prepared by:
Pamela Aguilar
City Clerk

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CITY COUNCIL APPOINTMENTS TO OUTSIDE AGENCIES 2014		
NAME OF REGIONAL COMMITTEE	REGULAR	ALTERNATE
Airport Community Roundtable	Rich Cline	Peter Ohtaki
Association of Bay Area Governments (ABAG)	Mayor	Peter Ohtaki
Caltrain Modernization Local Policy Group	Rich Cline	Kirsten Keith
City/County Association of Governments of San Mateo County (C/CAG)	Kirsten Keith	Ray Mueller
County of Santa Clara Community Resources Group for Stanford University	Kirsten Keith	Peter Ohtaki
Dumbarton Rail Policy Committee	Kirsten Keith	Rich Cline
Emergency Services Council (San Mateo County JPA)	Ray Mueller	Catherine Carlton
Facebook Community Fund	Kirsten Keith - Expires April 2015	
Grand Boulevard Task Force	Kirsten Keith	Peter Ohtaki
League of California Cities (Peninsula Division)	Kirsten Keith	Catherine Carlton
Menlo Park Chamber of Commerce / City Liaison Position	Ray Mueller	Catherine Carlton
Peninsula Cities Consortium (PCC)	Rich Cline	Kirsten Keith
2020 Peninsula Gateway Corridor Study Policy Committee	Catherine Carlton	Ray Mueller
San Francisquito Joint Powers Authority	Kirsten Keith	Catherine Carlton
San Mateo Council of Cities	Mayor	Vice Mayor and then by Council seniority
South Bayside Waste Management Authority Joint Powers Authority	Catherine Carlton	Peter Ohtaki
LEAGUE OF CALIFORNIA CITIES ANNUAL CONFERENCE		
Voting Delegate	Mayor	
Voting Alternate	Mayor Pro Tem, then each Councilmember by seniority	
COUNCIL OF CITIES - CITY SELECTION COMMITTEE		
Voting Delegate	Mayor	
Voting Alternate	Mayor Pro Tem, then each Councilmember by seniority	

ROSTER OF ASSIGNMENTS 2014

CITY COUNCIL LIAISONS TO THE CITY'S ADVISORY BODIES		
Bicycle Commission	Kirsten Keith	Not Needed
Environmental Quality Commission	Catherine Carlton	Not Needed
Finance and Audit Committee	Catherine Carlton 1 YEAR; expires December 2015	Ray Mueller 2 YEARS; expires December 2014
General Plan Advisory Committee	Ray Mueller	Peter Ohtaki
Housing Commission	Peter Ohtaki	Not Needed
Library Commission	Ray Mueller	Not Needed
Parks and Recreation Commission	Rich Cline	Not Needed
Planning Commission	Ray Mueller	Not Needed
Transportation Commission	Ray Mueller	Not Needed
CITY COUNCIL SUB-COMMITTEES		
Community Grant Funding - Typically meets in October and/or November if needed	Catherine Carlton	Kirsten Keith
Emergency Operations	Catherine Carlton	Peter Ohtaki
Rail Committee (Meets as needed)	Rich Cline	Kirsten Keith
Menlo Park Fire District (Meets as needed)	Peter Ohtaki	Catherine Carlton
Menlo Park School Districts (Liaisons)	Mayor	Mayor Pro Tem
Economic Development (Meets as needed)	Ray Mueller	Peter Ohtaki
International Friendship Agreements and/or Sister City Agreements subcommittee	Ray Mueller	Catherine Carlton
Stanford Parcel Negotiation Subcommittee	Ray Mueller	Kirsten Keith
AD HOC COMMITTEES		
Housing Steering Committee	Peter Ohtaki	Rich Cline
SRI Development Agreement	Kirsten Keith	Catherine Carlton

ATTACHMENT B

CITY COUNCIL APPOINTMENTS TO OUTSIDE AGENCIES
(Approved on December 17, 2014)

Name: Airport Community Roundtable

Description: Eighteen cities, the operator of San Francisco International Airport (SFO) the City and County of San Francisco and the County of San Mateo comprise the Roundtable, a voluntary public forum established in 1981 for the discussion and implementation of noise mitigation strategies at SFO.

Current Representative and Alternate
Rich Cline, Representative
Peter Ohtaki, Alternate

Frequency of meetings
First Wednesday of February, May, September and November at 7:00 p.m.

Membership Cost: \$1,500 **Website:** www.sforoundtable.org

Name: Association of Bay Area Governments (ABAG)

Description: The Association of Bay Area Governments is comprised of the 100 cities in the nine counties and is one of the more than 560 regional planning agencies across the nation working in areas such as land use, housing, environmental quality and economic development.

Current Representative and Alternate (Usually the Mayor)
Ray Mueller, Representative

Frequency of meetings
Generally, the General Assembly meets twice a year, usually in April and October.

Membership Cost: \$5,014 **Website:** www.abag.ca.gov

Name: Caltrain Modernization Local Policy Group

Description: The Caltrain Modernization Program will electrify and upgrade the performance, operating efficiency, capacity, safety and reliability of Caltrain's commuter rail service. The Caltrain Modernization Program is scheduled to be operational by 2019.

Current Representative and Alternate
Richard Cline, Representative
Kirsten Keith, Alternate

Frequency of meetings
Monthly

Membership Cost: \$0
Website: <http://www.caltrain.com/projectsplans/CaltrainModernization.html>

Name: County of Santa Clara Community Resources Group for Stanford University

Description: The Stanford University Community Resource Group (CRG) is composed of 8-12 members. This group serves as a mechanism for information exchange and perspectives on Stanford development issues. Members are appointed by the County Planning Director in consultation with the District 5 Supervisor.

Current Representative and Alternate

Kirsten Keith, Representative
Peter Ohtaki, Alternate

Frequency of meetings

March, June, September and December

Membership Cost: \$0

Name: Dumbarton Rail Policy Committee

Description: The Dumbarton Rail Corridor Project will extend commuter rail service cross the South Bay between the Peninsula and the East Bay. When the service starts in 2012, the rail corridor will link Caltrain, the Altamont Express, Amtrak's Capitol Corridor and BART, as well as East Bay bus systems, at a multi-modal transit center in Union City.

Current Representative and Alternate

Kirsten Keith, Representative
Rich Cline, Alternate

Frequency of meetings

Approximately every quarter on Tuesday afternoons

Membership Cost: \$0

Website: www.smcta.com/Dumbarton_Rail/information.asp

Name: Emergency Services Council (San Mateo County Joint Powers Authority)

Description: Oversees the emergency planning, training and exercises in the various cities and reviews and recommends policies, programs and plans for adoption.

Current Representative and Alternate

Ray Mueller, Representative
Catherine Carlton, Alternate

Frequency of meetings

Meets on a quarterly basis on Thursdays from 5:00 – 7:00 p.m.

Membership Cost: \$0

Name: Facebook Community Fund

Description: Philanthropic Ventures Foundation, a 501(c)(3) public charity, was founded in 1991 to try new approaches to creative grantmaking and to maximize the impact of the philanthropic dollar. We are proud of our 23 years of responsiveness to the community and our contributions to the philanthropic sector.

Current Representative and Alternate
Kirsten Keith

Frequency of meetings: As scheduled

Website: <http://www.venturesfoundation.org/programs/community-initiatives/facebook>

Name: Grand Boulevard Task Force

Description: The Grand Boulevard is a collaboration of 29 cities, counties, local and regional agencies united to improve the performance, safety and aesthetics of El Camino Real. Starting at the northern Daly City city limit (Where it is names Mission Street) and ending near the Diridon Caltrain Station in central San Jose (Where it is named The Alameda), the initiative brings together for the first time all of the agencies having responsibility for the condition, use and performance of the street.

Current Representative and Alternate
Kirsten Keith, Representative
Peter Ohtaki, Alternate

Frequency of meetings
Quarterly

Membership Cost: \$0 **Website:** <http://grandboulevard.net/>

Name: League of California Cities (Peninsula Division)

Description: Comprised of the 36 San Francisco to Gilroy, division members work together through the League to identify priorities on issues that impact on the quality of life in our communities, our region and our state.

Current Representative and Alternate (Usually the Mayor)
Kirsten Keith, Representative
Catherine Carlton, Alternate

Frequency of meetings
The Peninsula Division holds four (4) meetings a year, with an occasional special meeting as warranted. Division dinners are open to all division members.

Membership Cost: \$100 **Website:** <http://www.cacities.org/index.jsp>

Name: Menlo Park Chamber of Commerce / City Liaison Position

Description: The purpose of the Menlo Park Chamber of Commerce is to create an atmosphere in which business prospers and the community thrives.

Current Representative and Alternate

Ray Mueller, Representative
Catherine Carlton, Alternate

Frequency of meetings

Third Thursday of the month from 7:30 – 9:30 a.m. The exceptions are the July and November meetings – July is the last Thursday and November is a planning session meeting on a Friday from 8:00 a.m. – 5:00 p.m.

Membership Cost: \$1,843

Website: menloparkchamber.com

Name: Peninsula Cities Consortium

Description: Cities along the Peninsula have joined together to provide input into the process of reviewing and constructing the high speed rail project between San Francisco and San Jose. Although each city faces unique and specific location challenges, all Peninsula cities share many similar concerns and the strong underlying belief that particular care must be taken to integrate high speed rail into the living fabric of the Peninsula.

Current Representatives

Rich Cline, Representative
Kirsten Keith, Alternate

Frequency of meetings

Every two weeks

Membership Cost: \$0

Website: peninsularail.com

Name: 2020 Peninsula Gateway Corridor Study Policy Committee

Description: The City/County Association of Governments (C/CAG), together with the Santa Clara Valley Transportation Authority (VTA), and the San Mateo County Transportation Authority (SMCTA), are sponsoring a study to identify potential roadway-related solutions that can reduce traffic congestion in the study area.

Current Representative and Alternate

Catherine Carlton, Representative
Ray Mueller, Alternate

Frequency of meetings

Approximately every two months at Menlo Park City Hall at 2:00 p.m.

Membership Cost: \$0

Name: San Francisquito Creek Joint Powers Authority (JPA)

Description: The San Francisquito Creek JPA is an agency empowered to protect and maintain the 14-mile San Francisquito Creek and its 45 square-mile watershed and address concerns regarding flooding and environmental preservation.

Current Representative and Alternate

Keith Keith, Representative
Catherine Carlton, Alternate

Frequency of meetings

Fourth Thursday of each month at 6:00 p.m. in the Menlo Park Council Chambers.

Membership Cost: \$98,664

Website: <http://sfcjpa.org/>

Name: San Mateo Council of Cities

Description: The San Mateo County elected officials meet once a month to discuss issues of interest and usually a speaker is part of the program.

Current Representative and Alternate (Bylaws require the Mayor to be the voting member however, all Councilmembers are welcome to attend)

Ray Mueller, Representative

Frequency of meetings

Usually meets on a Friday towards the end of the month.

Membership Cost: \$0

Name: South Bayside Waste Management Authority Joint Powers Authority

Description: RethinkWaste is a joint powers authority of twelve public agencies in San Mateo County, California and is a leader in the delivery of innovative waste reduction and recycling programs. Together we can rethink waste in ways that are simple, smart and green!

Current Representative and Alternate

Catherine Carlton, Representative
Peter Ohtaki, Alternate

Frequency of meetings

Fourth Thursday of every month

Membership Cost:

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City Council Liaisons to the City's Advisory Bodies**(Approved at the 12/17/2014 Council Meeting)**

- **Bicycle Commission – Kirsten Keith**
Meeting schedule: Meetings are the 2nd Monday of every month at 7:00 p.m. in the City Council Conference Room (Fish Bowl).
- **Environmental Quality Commission – Catherine Carlton**
Meeting schedule: Meetings are the 4th Wednesdays of every month at 6:30 p.m. in City Council Conference Room (Fish Bowl).
- **Finance and Audit Committee –Ray Mueller and Catherine Carlton**
The Council Members are considered members of the Commission and not liaisons.
Meeting schedule: Quarterly and as needed.
- **Housing Commission – Peter Ohtaki**
Meeting schedule: Meetings are the first Wednesday of every month at 5:30 p.m. in the City Council Conference Room (Fish Bowl).
- **Library Commission – Ray Mueller**
Meeting schedule: Meets the 2nd Monday of every month at 6:30 p.m. in the Menlo Park Library, lower level conference room, 800 Alma Street (on the corner of Alma and Ravenswood).
- **Parks and Recreation Commission – Rich Cline**
Meeting schedule: Meetings are held the 4th Wednesday of every month at 6:30 p.m. at the Arrillaga Family Recreation Center. Note: This meeting is held quarterly at the Onetta Harris Community Center.
- **Planning Commission – Ray Mueller**
Meeting schedule: The Planning Commission's regular meetings are scheduled twice a month on Mondays at 7:00 p.m. in the Council Chambers. The Planning Commission Study Meetings are scheduled as needed and can be added to a regular meeting date or on an additional Monday.
- **Transportation Commission – Ray Mueller**
Meeting schedule: Meetings are held the 2nd Wednesday of every month at 7:00 p.m. in the Council Chambers.

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OFFICE OF THE CITY MANAGER

Council Meeting Date: December 16, 2014
Staff Report #: 14-216

REGULAR BUSINESS: **Discuss Recommendations for Various Seats on Regional Boards to Be Voted on at the City Selection Committee Meeting of December 19, 2014**

RECOMMENDATION

Staff recommends the City Council discuss the applicants to the various vacant regional seats in order to provide the Mayor with guidance for voting at the next City Selection Committee meeting scheduled for December 19, 2014.

BACKGROUND

The City Selection Committee meeting will take place on December 19, 2104. According to Council of Cities bylaws, the Mayor is designated as the voting member for each city. Following past practice, this item is on the agenda in order to provide input to the Mayor for voting purposes.

There are nine regional seats that will become vacant through the San Mateo County Council of Cities. Under consideration are the following:

- 1) Selection of one (1) Council Member to serve on the Bay Area Air Quality Management District (BAAQMD) representing Cities fulfilling Carol Klatt's term through December 2015.
 - i. Mayor David Canepa, City of Daly City, is seeking appointment*
 - ii. Councilmember Kirsten Keith, City of Menlo Park, is seeking appointment*
 - iii. Councilmember Liza Normandy, City of S. San Francisco, is seeking appointment*

Please note that Councilmember Keith and Councilmember Normandy's letters of interest were not included in the City Selection Committee agenda packet, but are provided as Attachment B of the staff report.

- 2) Selection of one (1) Council Member to serve on the San Mateo County Transit District (SamTrans) representing Central Cities for a term of four (4) years beginning January 1, 2015 through December 31, 2018
 - i. Mayor Wayne Lee, City of Millbrae, is seeking appointment*
 - ii. Councilmember Charles Stone, City of Belmont, is seeking appointment*

- 3) Selection of one (1) Council Member to serve on the San Mateo County Transit District (SamTrans) representing Northern Cities for a term of four (4) years beginning January 1, 2015 through December 31, 2018
 - i. *Mayor Karyl Matsumoto, City of South San Francisco, is seeking appointment*
- 4) Selection of one (1) Council Member to serve on the Peninsula Corridor Joint Powers Board representing Cities from among the three Councilmembers on the SamTrans Board. There is no term length.
 - i. *Mayor Jeffrey Gee, City of Redwood City, is seeking appointment*
- 5) Selection of one (1) Council Member to serve on the San Mateo County Transportation Authority (SMCTA) representing Central Cities for a term of two (2) years beginning January 1, 2015 through December 31, 2016
 - i. *Vice Mayor Terry Nagel, City of Burlingame, is seeking appointment*
 - ii. *Councilmember David Lim, City of San Mateo, is seeking appointment*
- 6) Selection of one (1) Council Member to serve on the San Mateo County Transportation Authority (SMCTA) representing Southern Cities for a term of two (2) years beginning January 1, 2015 through December 31, 2016
 - i. *Vice Mayor Rosanne Foust, City of Redwood City, is seeking appointment*
- 7) Selection of one (1) Council Member to serve on the San Mateo County Transportation Authority (SMCTA) representing Cities-at-Large fulfilling Half Moon Bay Councilmember Naomi Patridge's term through December 31, 2015
 - i. *Mayor Mary Ann Nihart, City of Pacifica, is seeking appointment*
- 8) Election of a Chairperson to the City Selection Committee for 2015
(Note: Candidates must be a current Mayor or Council Member)
 - i. *Councilmember Elizabeth Lewis, Town of Atherton, is seeking appointment*
- 9) Election of a Vice Chairperson to the City Selection Committee for 2015
(Note: Candidates must be a current Mayor or Council Member)
 - i. *Councilmember Marie Chuang, Town of Hillsborough, is seeking appointment*

Letters of interest were due to the City Selection Committee by 3:00 p.m. on Thursday December 4, 2014. The full City Selection Committee agenda packet, including letters of interest, is provided as Attachment A of the staff report.

IMPACT ON CITY RESOURCES

N/A

POLICY ISSUES

The proposed action is consistent with current practices.

ENVIRONMENTAL REVIEW

The proposed action does not require environmental review.

PUBLIC NOTICE

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

ATTACHMENTS

- A. San Mateo County City Selection agenda packet
- B. Letters of Interest from Councilmember Kirsten Keith and Councilmember Liza Normandy

Report prepared by:
Pamela Aguilar
City Clerk

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SAN MATEO COUNTY

CITY SELECTION COMMITTEE

Mary Ann Nihart, Chairperson
Elizabeth Lewis, Vice Chairperson

Mina Lim, Acting Secretary
400 County Center
Redwood City, 94063
650-363-4124

TO: MAYORS OF SAN MATEO COUNTY
FROM: MINA LIM, ACTING SECRETARY
SUBJECT: MEETING OF THE CITY SELECTION COMMITTEE
DATE: DECEMBER 19, 2014

Mayor Mary Ann Nihart, Chairperson of the San Mateo County City Selection Committee, has called for a meeting of the Committee at 6:15 p.m. on Friday, December 19, 2014, at the Colma Fire Station, 50 Reiner Street, Colma, 94014.

Please arrive on time

- 1) Roll Call
- 2) Approval of the minutes for the meeting of April 25, 2014
- 3) Selection of one (1) Council Member to serve on the Bay Area Air Quality Management District (BAAQMD) representing **Cities** fulfilling Daly City Council Member Carol Klatt's term through December 31, 2015
 - i. *Mayor David Canepa, City of Daly City, is seeking appointment*
- 4) Selection of one (1) Council Member to serve on the San Mateo County Transit District (SamTrans) representing **Central Cities (Eligible cities: Belmont, Burlingame, Foster City, Half Moon Bay, Hillsborough, Millbrae and San Mateo)** for a term of four (4) years beginning January 1, 2015 through December 31, 2018
 - i. *Mayor Wayne Lee, City of Millbrae, is seeking appointment*
 - ii. *Council Member Charles Stone, City of Belmont, is seeking appointment*
- 5) Selection of one (1) Council Member to serve on the San Mateo County Transit District (SamTrans) representing **Northern Cities (Eligible cities: Brisbane, Colma, Daly City, Pacifica, San Bruno and South San Francisco)** for a term of four (4) years beginning January 1, 2015 through December 31, 2018
 - i. *Mayor Karyl Matsumoto, City of South San Francisco, is seeking appointment*
- 6) Selection of one (1) Council Member to serve on the Peninsula Corridor Joint Powers Board (CalTrain) representing **Cities (All cities are eligible)** from among the three Council Members on the San Mateo County Transit District (SamTrans) Board – there is no term length

- i. *Mayor Jeffrey Gee, City of Redwood City, is seeking appointment*
- 7) Selection of one (1) Council Member to serve on the San Mateo County Transportation Authority (SMCTA) representing **Central Cities (Eligible cities: Belmont, Burlingame, Foster City, Half Moon Bay, Hillsborough, Millbrae and San Mateo)** for a term of two (2) years beginning January 1, 2015 through December 31, 2016
 - i. *Vice-Mayor Terry Nagel, City of Burlingame, is seeking appointment*
 - ii. *Council Member David Lim, City of San Mateo, is seeking appointment*
- 8) Selection of one (1) Council Member to serve on the San Mateo County Transportation Authority (SMCTA) representing **Southern Cities (Eligible cities: Atherton, East Palo Alto, Menlo Park, Portola Valley, Redwood City, San Carlos and Woodside)** for a term of two (2) years beginning January 1, 2015 through December 31, 2016
 - i. *Vice Mayor Rosanne Foust, City of Redwood City, is seeking appointment*
- 9) Selection of one (1) Council Member to serve on the San Mateo County Transportation Authority (SMCTA) representing **Cities-At-Large (All cities are eligible)** fulfilling Half Moon Bay Council Member Naomi Patridge’s term through December 31, 2015.
 - i. *Mayor Mary Ann Nihart, City of Pacifica, is seeking appointment*
- 10) Election of a Chairperson to the City Selection Committee for 2015
(Note: Candidates must be a current Mayor or Council Member)
 - i. *Council Member Elizabeth Lewis, Town of Atherton, is seeking appointment*
- 11) Election of a Vice Chairperson to the City Selection Committee for 2015
(Note: Candidates must be a current Mayor or Council Member)
 - i. *Council Member Marie Chuang, Town of Hillsborough, is seeking appointment*
- 12) Oral Communications
(Any subject not on the agenda may be presented at this time. These topics cannot be acted upon or discussed, but may be agendized for a later meeting date.)

If you have any questions or require additional information, contact Mina Lim at (650) 363-4124.

SAN MATEO COUNTY CITY SELECTION COMMITTEE

Mary Ann Nihart, Chairperson
Elizabeth Lewis, Vice Chairperson

Becky Romero, Secretary
400 County Center
Redwood City, 94063
650-363-1802

TO: MAYORS OF SAN MATEO COUNTY
FROM: REBECCA ROMERO, SECRETARY
SUBJECT: MEETING OF THE CITY SELECTION COMMITTEE
DATE: APRIL 25, 2014

Mayor Mary Ann Nihart, Chairperson of the San Mateo County City Selection Committee, called for a meeting of the Committee at 6:30 p.m. on Friday, April 25, 2014 at Sam’s Chowder House, 4210 N. Cabrillo Highway, Half Moon Bay, 94019

- 1) Roll Call – The meeting was called to order at 6:28 p.m.; the following cities were present: Atherton, Brisbane, Burlingame, Colma, Daly City, Foster City, Half Moon Bay, Hillsborough, Menlo Park, Millbrae, Pacifica, Portola Valley, Redwood City, San Mateo, South San Francisco and Woodside
- 2) Approval of the minutes for the meeting of January 24, 2014

MOTION: Redwood City / SECOND: Foster City

- 3) Selection of one (1) Council Member to serve on the Local Agency Formation Commission (LAFCo) representing *Cities*, term begins the first Monday, May 2014

Mayor Cary Wiest, Atherton	Council Member Allan Alifano, Half Moon Bay	Council Member Mike O’Neill, Pacifica
	Appointed	
Atherton	Brisbane	Pacifica
Millbrae	Burlingame	
Woodside	Colma	
	Daly City	
	Foster City	
	Half Moon Bay	
	Hillsborough	
	Menlo Park	
	Portola Valley	
	Redwood City	
	San Carlos	
	San Mateo	
	South San Francisco	

- 4) Oral Communications – None

The meeting was adjourned at 6:42 p.m.



OFFICE OF THE MAYOR CITY OF DALY CITY

333 - 90TH STREET
DALY CITY, CA 94015-1895
(650) 991-8125

December 2, 2014

Re: City Selection Committee Appointment: Bay Area Air Quality Management District (BAAQMD)
City Representative for San Mateo County

Honorable Mayor and City Council Members:

I am writing to request your consideration and support for my appointment as the San Mateo County representative to the Bay Area Air Quality Management District Board of Directors, replacing my colleague Vice Mayor Carol Klatt who is retiring. I would like to continue her legacy of serving Daly City and the residents of San Mateo County at the Air District.

The BAAQMD has made a significant impact on improved air quality in the Bay Area since it was created 50 years ago to address emissions in the region. This has resulted in large part to the Air District's controls on open burning and industrial sources, as well as state requirements for cleaner automobiles and fuels. But managing air quality in the region requires constant effort and vigilance. I would like to be part of developing policies and adopting regulations necessary to meet the challenges facing our region, including ever-increasing population, and traffic growth, as well as the continual evolution of industrial technologies which seriously impact air quality and the public's health. As the current Vice Chair of the San Mateo County Transportation Authority (TA) and Daly City's representative to C/CAG, I see my appointment to the BAAQMD Board as an opportunity to further ensure the effective alignment of the goals and strategies among these agencies for the benefit of our County.

While serving on the C/CAG Board and the TA, I have worked with elected officials from across the County who represent diverse interests, but who are committed to working collaboratively for the betterment of San Mateo County residents. Our policy initiatives on these Boards in the areas of Traffic Congestion Management, Transportation for Clean Air and Climate Protection have set a standard for other regional governing bodies to emulate. In the same manner that I have worked to build consensus around difficult policy questions and decisions on C/CAG and the TA, if elected to the BAAQMD Board of Directors, I will forge collaborative working relations with other Board Members to ensure the continued leadership and success of the Air District in addressing the most urgent air quality issues we have in San Mateo County and the greater Bay Area.

Thank you for your consideration of my appointment to the Bay Area Air Quality Management District Board. I look forward to serving the cities of San Mateo County by working to protect public health, air quality and the global climate. Please do not hesitate to contact me at (650) 991-8125 if you have questions or need additional information.

Sincerely,

David J. Canepa
Mayor



City of Belmont

One Twin Pines Lane, Suite 340, Belmont, CA 94002
(650) 595-7408 • Fax (650) 637-2982
www.belmont.gov

October 31, 2014

Mary Ann Nihart, Chair
San Mateo County Council of Cities
C/O Mina Lim
County Manager's Office/Board of Supervisors
400 County Center
Redwood City, CA. 94063

RE: SamTrans Appointment

Honorable Mayors and Council Members:

I am writing to indicate my strong interest in the Central Cities opening on the San Mateo County Transit District (SamTrans) board.

As many of you know, I was born and raised in San Mateo County. I have spent substantial portions of my life living in Daly City, San Bruno, San Mateo, and Belmont. As a boy, growing up in San Bruno, I used SamTrans busses to get from my home on the hill to Tanforan Mall and San Bruno Park. Later, as a teen in San Mateo, I used SamTrans busses to get to and from middle and high school. It would be an honor to serve the community and the system that has given me so much.

After graduating from Hillsdale High School, I spent four years studying Political Science, Psychology, and Law & Society at UC San Diego (where I was awarded Provost's Honors). I immediately entered the workforce after receiving my B.A. degree and spent two years working in the commercial equipment leasing industry. Later, I entered Santa Clara Law School from which I graduated with a law degree. During law school, I served as a law clerk for the San Mateo County District Attorney's Office. After passing the California State Bar Exam, I worked as a litigation attorney at the Redwood City firm Roger, Scott, & Helmer. I remained with the firm until it closed in 2011. Soon thereafter, I opened my own small private practice which I continue to operate today.

Though I was only recently elected to the Belmont City Council, I am proud to be part of a council that has already achieved many meaningful accomplishments. In our first year, we have made substantial progress on updating our General Plan (which was last updated in 1982), turning the vision of a true Belmont downtown into a reality, updating restrictive zoning ordinances which discourage residential additions and remodels, improving our relationship with both public and private schools, finalizing a corridor study for our Ralston Avenue Corridor, obtaining police officer worn cameras, increasing transparency and engagement, and many, many other issues. Perhaps one of the things I am most proud of is our council's decision to adopt a code of ethics and conduct which has helped bring a culture of civility and respect to our council and boards.

As a Council member, I serve on the 2+2+2 BRSSD/Belmont/Redwood City ad hoc committee, ReThink Waste (SBWMA) Board, San Mateo County Library JPA, CMEQ (Congestion Management and Environmental Quality) CCAG subcommittee, CCAG (alternate,) Belmont-San Carlos Fire Dept JPA alternate, Caltrain Modernization Local Policy Maker Group, Four Corners ad hoc Committee, San Mateo County Emergency Service Council (alternate) and HEART (alternate.) I also serve as one of two liaisons with the Belmont Chamber of Commerce. In the recent past, Belmont has not had the best reputation for engaging and working well with the larger county community and with other cities. I am extremely proud to be part of a change in that culture.

It is in that spirit that I submit my name for consideration for the SamTrans Board. Substantial time has passed since Belmont has had a position on a county-wide transportation-related board. As part of a council that has made working well with each other and with other communities a priority, I feel the timing is perfect.

This is an exciting time for SamTrans; one filled with challenges and opportunities. Increasing ridership and decreasing annual debt service are important goals. Finding solutions for communities that need different types of bus service will be a key factor in reaching these goals. I want to work with my fellow board members, staff and other cities to revolutionize the way east-west service is handled on the mid-Peninsula while ensuring that core rider communities like Daly City and East Palo Alto continue to get the service they need. I want to make sure SamTrans adapts to meet the needs of our growing senior population and provides our aging population with smart transit solutions to and from our burgeoning downtown areas.

Much like the overall population, SamTrans employees are also "graying." The average age of a SamTrans employee is 50.7 and 31% of the workforce will be eligible for retirement in five years. Attracting new employees will be crucial to SamTrans' success. I want to work with other board members and staff to create and implement innovative strategies to recruit and retain dynamic new employees as older employees retire.

Perhaps most importantly, SamTrans is poised to hire a new General Manager to help guide the agency through this important time. The hiring of a dynamic, creative, and competent GM will set the stage for success.

Thank you for taking the time to read this letter. I respectfully request your support.

Best,



Charles Stone
Councilmember City of Belmont

C: Belmont City Council



City of Millbrae
621 Magnolia Avenue, Millbrae, CA 94030

WAYNE LEE
Mayor

November 24, 2014

Re: Letter of Interest – SamTrans Board of Directors for Central Cities

Dear Esteemed Colleagues, Honorable Mayors and Council Members:

I respectfully request your support and appointment to the opening of the Central Cities representative position on the SamTrans Board of Directors.

As the first born of an immigrant family, we depended upon public transit for our living, education. I grew up in Pacifica and SamTrans afforded me as a young person to travel around the Bay Area to college. Public transit opened the world to me and my family.

The San Mateo County Transit District is the administrative body for the principal public transit and transportation programs in San Mateo County: SamTrans bus service including Redi-Wheels and RediCoast para-transit service, Caltrain commuter rail and the San Mateo County Transportation Authority.

SamTrans provides essential services to thousands of people who cannot afford owning, operating, and parking a car. SamTrans is essential and an integral part to the success of the economy – the spinning drive shaft that delivers the power to the economy.

SamTrans challenges remain: high costs to the user and operations, minimal services to coastal and residential areas, and lackluster competitive plans for future ridership.

The City of Millbrae is the home of the largest transportation hub west of the Mississippi. This transit center also serves as a convenient transfer hub for corporations north and south of the center. Large events in San Francisco bus participants to and from the Millbrae Station. Millbrae uniquely observes these developments and makes plans that will affect the future of the transportation in the region.

Regional and local experience:

- Mayor 2014;
- Millbrae City Council since 2011;
- Millbrae Planning Commission 2006-2011 (two times chairman);
- Board Member Peninsula Congestion Management Relief;
- Appointed - Metropolitan Transportation Minority Advisory committee;
- Bay Area Air Quality Management District - 19 years, interacting with State and multi-agencies in multiple Bay Area counties and State;

- Representative on ABAG (2012-Present) & Alternate on the Board of Directors;
- Economic Development Subcommittee Technology Subcommittee, Parks and Recreation Commission Liaison, Fire Merger Delegate;
- Board of Directors Lions Club, Leos Adviser, Community Organizer, PTA President;
- Worked on the approval of the largest increase of affordable housing in the City's history;
- Founding President of the Millbrae Education Foundation;
- Founding President of the Millbrae Dog Park.

I will bring my years of experience as a rider, planner, and policy expert to make SamTrans user friendly, effective and efficient.

I would be honored to have your vote on December 19, 2014. Thank you for your consideration. Please call me if you need any further information (650) 307-5220.

Sincerely,

A handwritten signature in cursive script that reads "Wayne J. Lee".

Wayne J. Lee
Mayor, City of Millbrae



CITY COUNCIL 2014

KARYL MATSUMOTO, MAYOR
RICHARD A. GARBARINO, VICE MAYOR
MARK ADDIEGO, COUNCILMEMBER
PRADEEP GUPTA, PH.D., COUNCILMEMBER
LIZA NORMANDY, COUNCILMEMBER

MIKE FUTRELL, CITY MANAGER

OFFICE OF THE MAYOR

December 1, 2014

Honorable Mayors and City Council Members:

I am running for re-election to the San Mateo County Transportation District (SamTrans) Board of Directors representing the northern cities and would very much appreciate your support. I have had the privilege of serving in this capacity for two terms and during this time I have worked diligently to represent the interests of all San Mateo County cities and to better understand the complex issues associated with providing cost effective and efficient public transportation.

As you are aware, public transportation is integral to San Mateo County's future well-being and economic success and like other transportation agencies it is underfunded and confronts budgetary shortfalls. I am committed to working toward a sustainable, integrated and multimodal transportation system.

During my tenure on the Board, I have served as its Chair and chaired several of its standing committees. I chaired the Board's Advisory Committee for the 2013 SamTrans Service Plan. This year-long effort was guided by a simple premise – Do more of what works, less of what doesn't, and try new things. The goal was a foundation for immediate and long-term growth and financial stability for the bus system within budget constraints. After years of declining ridership, ridership is up and climbing!

SamTrans just completed its 2015-2019 Strategic Plan. I am currently SamTrans' representative on the Transportation Authority (TA) Board and its Chair. The TA, too, just completed its 2015-2019 Strategic Plan. Over the years, the way we live has changed substantially due in part to impacts of growth, transportation, environment and living patterns. These Plans identify issues, set priorities and goals need to make to meet the challenges in the next five years.

I truly like being a part of SamTrans and being able to affect constructive change, and if re-elected, I will continue to provide informed representation. As you know, I am not hesitant to ask questions or make difficult decisions.

Thank you for your consideration.

Respectfully,

Karyl Matsumoto
Mayor

cc: Mike Futrell, City Manager
South San Francisco City Council

Mayor Jeffrey Gee
Vice Mayor Rosanne S. Foust

Council Members
Alicia C. Aguirre
Ian Bain
Diane Howard
Barbara Pierce
John D. Seybert



1017 MIDDLEFIELD ROAD
Redwood City, California 94063
Telephone (650) 780-7220
FAX (650) 261-9102
www.redwoodcity.org

November 20, 2014

Re: City Selection Committee
Peninsula Corridor Joint Powers Board Appointment

Honorable Mayors, Council Members and Designees:

I am writing to express my interest in being appointed to the SamTrans position on the Peninsula Corridor Joint Powers Board (Caltrain JPB) at the December 19, 2014 Council of Cities meeting in Colma.

I would be honored to serve the 20 cities and towns, and the county on this critical regional transportation board. I would use my unique combination of experience as an elected official, appointed official, and capital project construction management professional to ensure the following goals:

- Coordination and transparency with all public agencies in San Mateo County;
- Recruitment of the best possible new CEO;
- Advocate for regional cooperation, while also advocating for San Mateo County;
- Careful implementation of the Caltrain Modernization Project, and ensuring the needs of San Mateo County communities are equally considered and protected in the implementation of this project;
- Ensure the responsible investment of public funds and the proper project delivery methods are utilized to minimize construction impacts and resolve issues quickly and effectively throughout the Caltrain Modernization Project;
- Collaboration with all public agencies to identify and address the unique opportunities and priorities which exist in communities along the Caltrain corridor.

As the only contiguous mass transit transportation corridor between the housing and employment centers in Santa Clara, San Mateo, and San Francisco counties, Caltrain is a vital alternative to automobile travel. Equally important is the role Caltrain plays in reducing traffic congestion on the highways and roadways in San Mateo County, and the significant resulting quality of life and air quality benefits for our residents.

In the past ten years, Caltrain ridership has increased from an average weekday ridership of 27,000 in 2004, to over 61,000 riders a day in 2014. With the financial investment of \$1.5 billion being made to electrify and modernize Caltrain, the vision is to double ridership to as many as 170,000 by 2021. With the Environmental Impact Report process coming to a close, increased attention by elected leaders on the JPB will need to be turned to the Capital Improvement Program. The JPB must ensure the best combination of experience, expertise, common sense solutions, careful oversight, and informed decision-making is taking place.

As a prior member and Chair of the San Francisco Airport Community Roundtable, the current Chair of Commute.org, and the current Chairman of the Board of SamTrans, I have demonstrated my ability to lead and advocate for our communities – acknowledging our differences and celebrating our common needs and goals. My demonstrated participation as a board member, combined with my elected and professional experience, capabilities, focus and work ethic will enable me to address the issues at hand, and continue to make a difference for our future.

Thank you for your consideration and for your support.

Very truly yours,



Jeffrey Gee, Mayor
City of Redwood City

C: Vice Mayor. Rosanne Foust
Members, City Council, City of Redwood City
Mina Lim, Secretary, City Selection Committee



December 1, 2014

Dear Colleagues,

I am writing to ask for your support for selection as the Central County Cities representative to the San Mateo County Transportation Authority (TA) for 2015-2017.

As you all know, the Transportation Authority is responsible for funding *Measure A* funds countywide. With a budget of \$68.2 million for FY2015, these funds help secure safe and reliable transportation in our communities. I am committed to helping make sure these funds are allocated equitably and fairly throughout all our communities to address the continuing need for infrastructure improvements, grade separations, access to rural and coastal areas, and better bicycle and pedestrian access.

In my five years on the San Mateo City Council, I have stood for open and transparent communication, working collaboratively, and preaching fiscal prudence. I do all my own homework, and am accessible 24/7 on my cell phone to anyone who needs to talk to me. I will bring these same skill sets to my work on the Transportation Authority.

As the Transportation Authority seeks a new Executive Director and works on finalizing a new five year strategic plan, it is crucial to have dynamic leadership to manage transportation issues in our community. I pledge to bring the same energy and enthusiasm to my role as a Board Member of the Transportation Authority as I have to my role as a City Councilmember.

I can be reached on my cell phone at (415) 290-4044 if you would like to meet to discuss any issues or ask me any questions.

I humbly ask for your support.

Sincerely,

David Lim
San Mateo City Council
dlim@cityofsanmateo.org
Cell: (415) 290-4044



MICHAEL BROWNRIGG, MAYOR
TERRY NAGEL, VICE MAYOR
ANN KEIGHRAN
RICARDO ORTIZ
JOHN ROOT

The City of Burlingame

CITY HALL, 501 PRIMROSE ROAD
BURLINGAME, CALIFORNIA 94010-3997

TEL: (650) 558-7200
FAX: (650) 566-9282
www.burlingame.org

November 13, 2014

Dear Colleague:

I am writing to seek your support for my re-election as the Central Counties representative to the San Mateo County Transportation Authority (TA) at the December 19 meeting of the San Mateo County Council of Cities.

Like you, I believe that transportation is one of the most critical issues facing our county. I am committed to continuing to work with local cities to create the best transportation plan possible for the Peninsula – not just trains running north and south but also the east-west connections that are badly needed. As Caltrain becomes electrified, I firmly believe we must work together to make sure this enhanced service integrates seamlessly into our communities.

As a member of the TA since January 2010, I have focused on expanding transportation options, making sure our finances are prudently invested and inviting sustainable solutions for transit issues. I have consistently asked the TA staff to notify all cities of funding opportunities. Earlier this year, I offered to give transportation updates to all City Councils in the Central County, and I gave reports in three cities. In addition, I have advocated for more shuttles, bike and pedestrian trails, electric charging stations, car sharing, pre-tax benefits for commuters taking public transportation and using social media to incentivize commuters to travel during off-peak hours (as Singapore has successfully done).

I welcome your ideas for improving transportation, and I would greatly appreciate your support for my re-election to the Transportation Authority on the evening of December 19. Thank you for your consideration.

Best regards,

Terry Nagel
Vice Mayor, Burlingame
tnagel@burlingame.org
(650) 347-3576

Mayor Jeffrey Gee
Vice Mayor Rosanne S. Foust
Council Members
Alicia C. Aguirre
Ian Bain
Diane Howard
Barbara Pierce
John D. Seybert



City Hall
1017 Middlefield Road
Redwood City, CA 94063

Voice: (650) 780-7220
fax: (650) 261-9102
mail@redwoodcity.org
www.redwoodcity.org

December 2, 2014

Re: City Selection Committee
Transportation Authority (TA) – Southern Cities Reappointment

Honorable Mayors, Council Members and Designees:

Serving on the Transportation Authority (TA) has meant the privilege of working directly on addressing the entire county's transportation and transit needs, looking for ways to improve the network, expand on services, continue to support other critical services and to try new, innovative approaches. My goal has been to serve the whole county with fairness and equity.

My hope is to continue these efforts and I am writing to ask for your support for my reappointment to the Southern Cities seat for the TA at the San Mateo County Council of Cities meeting on December 19th.

One hallmark of the TA is the leveraging of the county's tax revenues to obtain matches in federal and state funds that more than double the financial reach of the Authority. Here are just a few projects that highlight the effective use of these funds.

The recently completed \$147 million San Bruno Grade Separation Project which elevated the Caltrain tracks above three existing at-grade street crossings at San Bruno, San Mateo and Angus avenues. This has improved safety for both motorists and pedestrians, and it will reduce traffic congestion to and from Highway 101 in the City of San Bruno.

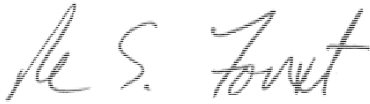
The 101/Broadway project which broke ground last September will improve traffic around the interchange, accommodate future traffic increases at adjacent intersections, improve operations at the southbound US 101 ramps and increase bicyclist and pedestrian access. The estimated project cost of \$75.2 million will be jointly funded by San Mateo County Transportation Authority's Measure A funds, state transportation funds, and the City of Burlingame.

Lastly, thirty percent of the sales tax revenue generated by the reauthorized Measure A is allocated to transit projects which include funding for Caltrain, accessible services including para-transit and local shuttles.

The TA is where we put into motion our hopes and desires for a transportation and transit network that builds for the future, where new ideas can be tried, and our infrastructure is sustained and improved. Bridges are being rebuilt, roads improved and traffic congestion reduced.

Thank you for your consideration.

Best Regards,

A handwritten signature in black ink that reads "Rosanne Foust". The signature is written in a cursive, flowing style.

Rosanne Foust
Vice Mayor
City of Redwood City

C: Members, City Council, City of Redwood City
Ms. Mina Lim, Secretary, City Selection Committee



Scenic Pacifica
Incorporated Nov. 22, 1957

CITY OF PACIFICA

170 Santa Maria Avenue • Pacifica, California 94044-2506
www.cityofpacifica.org

MAYOR
Mary Ann Nihart

MAYOR PRO TEM
Karen Ervin

COUNCIL
Sue Digre
Mike O'Neill
Len Stone

November 18, 2014

Dear Colleagues:

I am seeking your support for election as the At-Large representative to the San Mateo County Transportation Authority (TA) to finish the term held by Naomi Patridge, Councilmember in Half Moon Bay, that ends December 2015. The election will be held during the December 19th meeting of the San Mateo County City Selection Committee at 6 p.m. prior to the Council of Cities' Holiday gathering in Colma.

As funding and other resources remain limited and aging infrastructure needs continue to increase, it is essential for all of us to seek creative, sustainable solutions to transportation needs in San Mateo County. History has shown that we do best when we pool our resources and work together. Improvements in our north/south transportation corridors such as the electrification of Caltrain require our continued attention but balancing the needs of all of our residents must also include strong connections to support east-west service, reaching our bayside and coastal communities. Working together, we can create a more seamless transportation system that preserves the beauty of San Mateo County and enhances mobility for all of our citizens.

As Chair of the City and County Association of Governments, I am humbled and honored to work with council members from each of our cities and representatives from the County. We are one of the few counties to have such a body that excels in collaboration and cooperation to maximize the effectiveness of our tax dollars. Our cross jurisdictional work is reflected in "awarding winning projects", such as 21 Elements, and regionally recognized projects, such as the Smart Corridor and Grand Boulevard Priority Development projects in which transportation is integral. I learned much about the unique needs of each of our communities as part of my involvement with C/CAG. I wish to continue this work as a member of the San Mateo County Transportation Authority.

I look forward to hearing from each of you, and would be grateful for your support in my election to the At-Large seat for the Transportation Authority. Thank you for considering me for this important opportunity to serve our regional community.

All my best,

Mary Ann Nihart

Mayor, City of Pacifica

nihartm@ci.pacificaca.us

(650) 784-9141



Town of Atherton
Office of the City Clerk

91 Ashfield Road
Atherton, California 94027
650-752-0529
Fax 650-688-6528

November 24, 2014

Re: Interest in serving as Chair of the City Selection Committee

Honorable Mayors, Council Members and Designees,

I will be honored to serve as the Chair of the City Selection Committee for the upcoming term of 2015.

In 2013 I was elected to serve as Secretary/Treasurer of the City Selection Committee and most recently in 2014 as the Vice Chair.

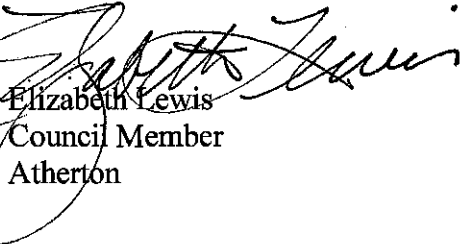
The experience has been, and is, very rewarding for me. Working with other elected officials throughout San Mateo County is an honor and a privilege. I feel blessed to be part of such a close-knit group.

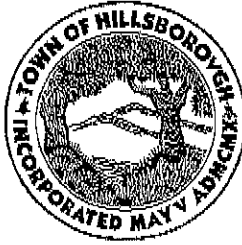
Please consider me as the City Selection Committee Chair for 2015.

Thank you for your support.

Sincerely,

TOWN OF ATHERTON


Elizabeth Lewis
Council Member
Atherton



TOWN OF HILLSBOROUGH

1600 FLORIBUNDA AVENUE

HILLSBOROUGH

CALIFORNIA

94010-6418

December 1, 2014

Re: Interest in serving as Vice Chair of the City Selection Committee

Honorable Mayors, Council Members and Designees:

I am writing to ask for your support for selection as the Vice Chair of the City Selection Committee. I will be honored to serve as the Vice Chair for the upcoming term of 2015.

I have served as the Treasurer/Secretary for the City Selection Committee in 2014. It has been a pleasure to work side by side with Chair Mary Ann Nihart and Vice Chair Elizabeth Lewis this year. The collaboration among the cities and elected officials in San Mateo County continues to flourish and strengthen through monthly meetings, timely topic discussions and speakers. I look forward to continue to serve on this committee as the Vice Chair in this coming year.

Thank you for your consideration and support.

Sincerely,

Marie Chuang
Hillsborough City Council
mchuang@hillsborough.net



Office of the City Council

December 10, 2014

Re: City Selection Committee Appointment to the Bay Area Air Quality Management District (BAAQMD) City Representative for San Mateo County

Honorable Mayors and Council Members:

I am writing to you for your consideration and vote for my appointment to the Bay Area Air Quality Management District (BAAQMD) Board of Directors as the City Representative for San Mateo County.

The BAAQMD vision statement is "A healthy breathing environment for every Bay Area resident." Their mission statement is to protect public health, air quality and the global climate. These are crucially important quality of life issues for all of us and they are issues that must be addressed on an ongoing, open and transparent basis. We are so fortunate to have this agency that was the first regional air pollution control agency in the country when it was established in 1955.

As a mother, hiker, backpacker, mountain climber, cyclist, member of many environmental organizations, including Committee for Green Foothills, the work of the BAAQMD is of primary importance to me. I would like to help BAAQMD pursue emission reductions through traditional programs and newer initiatives to address the issues of climate change, particulate matter and diesel exhaust in our communities.

As the Vice-Chair of C/CAG, it has been an honor to work with so many of you around our great County. As you know, C/CAG works on issues that affect our quality of life in general, including transportation, air quality, stormwater runoff, airport/land use compatibility planning, hazardous waste, solid waste and recycling issues.

As the Chair of the San Francisquito Creek Joint Powers Authority, we are also addressing climate change, stormwater runoff and other similar issues while we pursue a major flood control project on the creek. As President of the Peninsula Division of the League of California Cities, it is always a pleasure to work collaboratively with you on common issues.

As a Director of the Bay Area Water Supply and Conservation Agency, I work with elected officials from around the nine Bay Area Counties to ensure a reliable water supply of high quality water at a fair price. Air and water quality go hand in hand and it would be an honor to represent San Mateo County on the BAAQMD.

*701 Laurel Street - Menlo Park, CA 94025
Phone: (650) 330-6610 - Fax: (650) 328-7935*

I appreciate your consideration for my appointment to the Bay Area Air Quality Management District Board. Menlo Park welcomes the opportunity to participate in a way that benefits the entire county in a way that many other cities around the county already do.

If you have any questions, please feel free to contact me at 650-796-1009 or at kkeith@menlopark.org. I look forward to speaking with you and would appreciate your vote.

Best Regards,



Kirsten Keith
Menlo Park City Council Member



OFFICE OF THE CITY COUNCIL

December 10, 2014

Dear Colleagues,

I am writing to respectfully request your support for my appointment to the Bay Area Air Quality Management District (BAAQMD) Board of Directors to represent San Mateo County cities.

The Air District has evolved into a significant regional agency with broad oversight over stationary sources of air pollution in the nine Bay Area counties. In addition, the Air district continues to explore new efforts and leverage emerging tools to maintain air quality through programs such as the Commuter Benefit Program enacted by the State Legislature requiring Bay Area employers with 50 or more full-time employees to register and offer commuter benefits to their employees. These include incentives for employees to take transit, vanpool, carpool, bicycle and walk rather than drive alone to work.

Such programs are particularly important in our communities as many large employers continue to locate in San Mateo County. While our county's economic success is most welcome it must be balanced against infrastructure needs and the environmental consequences of such success.

As a member of the Air District Board I will be a strong advocate for the environment as well as a partner for our businesses. The Air District can play a significant role in protecting public health while working with business and consumers to find mutually beneficial approaches.

I have worked to approach dynamic policy issues from such a perspective in my decade in elected public office including my service on the South San Francisco City Council and my previous two terms on the South San Francisco Unified School District Board of Trustees.

My current council committee assignments include alternative on the board of Commute.org (formerly Peninsula traffic Congestion Relief Alliance) which manages and develops programs to encourage use of alternative transit. My service on the board of Commute.org is intimately related to a component function of the Air District -- experience that will serve me well if appointed.

Identifying new and innovative solutions to congestion and the consequent pollution is urgent now as San Mateo County is experiencing a period of tremendous economic growth. While the continuation of that growth should be guarded well we must also be cognizant of the fact that the potential resulting air pollution will have significant health impacts.

As your representative I will work to ensure that the Air District applies the best science as well as thoughtful analyses to design and focus effective air pollution mitigation measures.

In addition, I will advocate for robust community outreach and engagement as the Air Direct undertakes regulatory efforts and to help our communities understand the impacts of air pollution and what tools are available to all of us to reduce the pollution we produce in our daily lives.

I thank you for your consideration and I respectfully ask for your support.

Please feel free to contact me at (650) 291- 4752 or via liza.normandy@ssf.net should you have any questions.

Sincerely,



Liza Normandy
Councilmember
City of South San Francisco



COMMUNITY DEVELOPMENT DEPARTMENT

Council Meeting Date: December 16, 2014
Staff Report #: 14-218

REGULAR BUSINESS: Accept the Guiding Principles for ConnectMenlo (General Plan and M-2 Area Zoning Update)

RECOMMENDATION

Staff recommends that the City Council accept the draft Guiding Principles for ConnectMenlo (General Plan and M-2 Area Zoning Update) as shown in Attachment A.

ANALYSIS

On December 9, 2014, the City Council and Planning Commission held a joint study session on the Guiding Principles and the approach to the community workshop and on-line survey regarding land use alternatives.

The Council and Commission discussed each principle and provided feedback. Attached is staff's understanding of the consensus amongst the Council and Commission. Attachment A is a clean version and Attachment B is a redline version (~~strikeout~~ and underline).

If the Council or any community members have additional edits to suggest, please email them to connectmenlo@menlopark.org prior to the Council meeting.

The Guiding Principles as acted upon by the City Council on December 16, 2014 will be used as part of the upcoming community workshop on Land Use Alternatives on Thursday, December 18 at 7 p.m. at the Senior Center located at 110 Terminal Avenue. After the workshop, an online survey to gather community input will run until mid-January. On Thursday, January 8, an Open House will be held at the Neighborhood Service Center at 871 Hamilton Avenue at 6:30 p.m. to build upon the workshop and encourage participation during the survey period.

IMPACT ON CITY RESOURCES

The General Plan Update scope of services and budget was approved by the City Council on June 17, 2014.

POLICY ISSUES

The General Plan and M-2 Zoning update process will consider a number of policy issues. The Guiding Principles will be considered when preparing the goals, policies and programs for the General Plan land use and circulation elements and associated updates to the Zoning Ordinance.

ENVIRONMENTAL REVIEW

The General Plan and M-2 Zoning update is subject to the California Environmental Quality Act (CEQA) and an Environmental Impact Report (EIR) will be prepared at the appropriate time in the process. The acceptance of the Guiding Principles is not a project under 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. In addition, the City sent an email update to subscribers of the General Plan Update project page. This page provides 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. The page is currently available at the following location: www.menlopark.org/connectmenlo.

ATTACHMENTS

- A. Draft Guiding Principles – clean version
- B. Draft Guiding Principles – redline version

Report prepared by:
Deanna Chow
Senior Planner

Report reviewed by:
Justin Murphy
Assistant Community Development Director



DRAFT GUIDING PRINCIPLES (As of 12/11/14)

These Guiding Principles describe the kind of place that community members want Menlo Park to be. City representatives and community members developed them in a collaborative public process for consideration in guiding growth and preserving the city's unique features over the next 20 years. Future change in Menlo Park will involve a careful balance of benefits and impacts, as charted in the General Plan goals, policies, and programs. While growth is planned to occur generally between US 101 and the Bay, these aspirational Principles have community-wide application, including protecting the character of residential neighborhoods and expanding transportation options.

Citywide Equity

Menlo Park neighborhoods share the benefits and impacts of local growth and enjoy equal access to quality services, education, public open space, housing that complements local job opportunities with affordability that limits displacement of current residents, and convenient daily shopping such as grocery stores and pharmacies.

Healthy Community

Everyone in Menlo Park can safely walk or bike to fresh food, medical services, employment, recreational facilities, and other daily destinations; land owners and occupants take pride in the appearance of property; Menlo Park achieves code compliance and prioritizes improvements that promote safety and healthy living; and the entire city is well-served by emergency services and community policing.

Corporate Contribution

In exchange for added development potential, construction projects provide physical benefits in the adjacent neighborhood (such as Belle Haven for growth north of US 101), including jobs, housing, schools, libraries, neighborhood retail, childcare, public open space, , high speed internet access, and transportation choices.

Youth Support and Education Excellence

Menlo Park children and young adults have equal access to excellent childcare, education, meaningful employment opportunities, and useful training, including internship opportunities at local companies.

Great Transportation Options

Menlo Park provides thoroughly-connected, safe and convenient transportation, adequate emergency vehicle access, and multiple options for people traveling by foot, bicycle, shuttle, bus, car, and train, including daily service along the Dumbarton Rail Corridor.

Complete Neighborhoods and Commercial Corridors

Menlo Park neighborhoods are complete communities, featuring well integrated and designed development along vibrant commercial corridors with a live-work-play mix of community-focused businesses that conveniently serve adjacent neighborhoods while respecting their residential character.

Accessible Open Space and Recreation

Menlo Park provides safe and convenient access to an ample amount of local and regional parks and a range of public open space types, recreational facilities, trails, and enhancements to wetlands and the Bay.

Competitive and Innovative Business Destination

Menlo Park embraces emerging technologies, local intelligence, and entrepreneurship, and welcomes development that will grow and attract successful companies and innovators that generate local economic activity and tax revenue for the entire community.

Sustainable Environmental Planning

Menlo Park is a leader in efforts to address climate change, adapt to sea-level rise, protect natural and built resources, conserve energy, manage water, utilize renewable energy and promote green building.

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DRAFT GUIDING PRINCIPLES
(As of 12/11/14)

~~A guiding principle is a statement that describes the kind of place community members want Menlo Park to be. These statements are intended to guide growth in Menlo Park through 2035 while preserving unique features of the community. Developed by community members and City officials during a collaborative public process, the principles are intended to be overarching themes acknowledging that potential change is planned to occur generally between US 101 and the Bay. What that change is and how to balance the change will be part of the goals, policies and programs discussion during the next phase of the General Plan process. Although some principles are geographically focused, they will have community-wide impact, particularly with respect to supporting the character of residential neighborhoods and seeking to improve transportation options.~~

These Guiding Principles describe the kind of place that community members want Menlo Park to be. City representatives and community members developed them in a collaborative public process for consideration in guiding growth and preserving the city's unique features over the next 20 years. Future change in Menlo Park will involve a careful balance of benefits and impacts, as charted in the General Plan goals, policies, and programs. While growth is planned to occur generally between US 101 and the Bay, these aspirational Principles have community-wide application, including protecting the character of residential neighborhoods and expanding transportation options.

Citywide Equity

Menlo Park neighborhoods share the benefits and impacts of local growth and enjoy equal access to quality services, education, public open space, ~~a range of housing in balance with that complements~~ local job opportunities ~~that offers with~~ affordability ~~to that limits~~ displacement of current residents, and convenient daily shopping such as grocery stores and pharmacies.

Healthy Community

Everyone in Menlo Park can safely walk or bike to fresh food, medical services, employment, recreational facilities, and other daily destinations; land owners and occupants take pride in the appearance of property; ~~the City enforces codes Menlo Park achieves code compliance~~ and prioritizes improvements that promote safety and healthy living; and the entire city is well-served by emergency services and community policing.

Corporate Contribution

In exchange for added development potential, ~~construction projects in the M-2 Area provides~~ physical benefits in ~~Belle Haven the adjacent neighborhood (such as Belle Haven for growth north of US 101),~~ including jobs, housing, schools, libraries, neighborhood retail, childcare, public open space, ~~telecommunications,~~ high speed internet access, and transportation choices.

Youth Support and Education ~~Equality~~ Excellence

All Menlo Park children and young adults have equal access to ~~high-quality-excellent~~ childcare, education, meaningful employment opportunities, and useful training, including internship opportunities at local companies.

Multi-Modal Access Great Transportation Options

Menlo Park provides thoroughly-connected, safe and convenient transportation, adequate emergency vehicle access, and multiple options for people traveling by foot, bicycle, shuttle, bus, car, and train, including daily service along the Dumbarton Rail Corridor.

Complete Neighborhoods and Commercial Corridors

Menlo Park's neighborhoods are complete communities, featuring well integrated and designed development ~~and along~~ vibrant commercial ~~areas-corridors~~ with a live-work-play mix of community-focused businesses that conveniently serve adjacent neighborhoods while respecting their residential character.

Accessible Open Space and Recreation

Menlo Park provides safe and convenient access to an ample amount of local and regional parks and a range of public open space types, recreational facilities, trails, and enhancements to wetlands and the Bay.

Competitive and Innovative Business Destination

Menlo Park embraces emerging technologies, local intelligence, and entrepreneurship, and welcomes development ~~to that will~~ grow and attract successful companies and innovators that generate local economic activity and tax revenue for the entire community.

Sustainable Environmental Planning

Menlo Park ~~supports regional collaborative~~ is a leader in efforts ~~and employs best practices~~ to address climate change, adapt to sea-level rise, protect natural and built resources, ~~and promote~~ conserve energy, manage water conservation, ~~and utilize~~ renewable energy and promote green building.



OFFICE OF THE CITY MANAGER

Council Meeting Date: December 16, 2014
Staff Report #: 14-220

STUDY SESSION: **Review and Provide General Direction on the draft goals for the Economic Development Plan Update**

RECOMMENDATION

Staff recommends that the City Council provide general direction on the draft goals of the Economic Development Plan.

BACKGROUND

While the nation has shifted from a manufacturing based to an innovation based economy, Menlo Park's land use, transportation and economic strategies have not followed suit. As a result, Menlo Park is losing ground compared to neighboring cities, and the residents are missing out on the benefits of the innovation economy for the community. To address this, City Council directed staff to update the Economic Development Plan to make Menlo Park more competitive in the regional and global economy.

Up Urban Inc., the consultant selected to assist with the Economic Development Plan, expanded on the Economic Trends Report in the Comparative Economic Advantage Study (CEAS) (Attachment A). The CEAS analyzes Menlo Park's existing economic conditions in comparison to other Bay Area cities, characterizes the role Menlo Park plays in the regional economy, identifies areas where Menlo Park could improve in order to become more competitive, and examines how other cities are attempting to capture the value of development in their community.

On November 14, 2014 the Economic Development Plan Stakeholder Group met to discuss the findings of the CEAS and to brainstorm Plan goals. The results of this brainstorming session were used by UP in their drafting of an Economic Development Plan that was presented to the Stakeholder group on December 9, 2014. This meeting was open to the public. The Goals (Attachment B) will be revised based on public input and City Council direction.

ANALYSIS

The Economic Development Plan Update follows a three phase process:

1. Existing Conditions: Because the economy changed drastically since the last Business Development Plan was amended in 2010, BAE Urban Economic conducted an Economic Trends Report to better understand the existing economic conditions.
2. Economic Development Plan: Upon completion, the Economic Development Plan will consist of a (1) Comparative Economic Advantage Study (CEAS) and (2) economic development goals. (3) A list of Implementation strategies, which will need further refinement.
3. Implementation Strategies: Following approval of the plan and direction on which implementation strategies to develop further, staff will return with a schedule for development and implementing those strategies. The City Council Economic Development Subcommittee and Stakeholder group will participate in guiding UP's work on developing these strategies and actions. Separating the Implementation Strategies from the Plan allows the City to be more responsive to the market because, while the City's goals are long term, the strategies to achieve them will evolve with the changing economy.

Staff intends to return to the City Council with a draft plan along with a menu of possible implementation strategies in January.

IMPACT ON CITY RESOURCES

None

POLICY ISSUES

Updating the Economic Development Plan is consistent with the City Council's goals and will help position the City to capture benefit from future development.

ENVIRONMENTAL REVIEW

The Economic Development Plan is not a project under 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 Economic Advantage Study
- B. Draft Economic Development Plan Goals

Report prepared by:

Jim Cogan

Economic Development Manager

MENLO PARK
COMPARATIVE ECONOMIC
ADVANTAGE STUDY
NOVEMBER 2014

01	EXECUTIVE SUMMARY	5
02	FINDINGS	9
	PART I	11
	PART II	16
03	APPENDIX	19
	MAPS	20
	TABLES	24
	CASE STUDIES	36
	SOURCES	39

01

**EXECUTIVE
SUMMARY**

01 EXECUTIVE SUMMARY

What is the purpose of this study?

This comparative study is the foundation for the next phase of UP's work for Menlo Park, the preparation of a draft Economic Development Plan. Accordingly, this study does not propose goals, objectives and policies, but instead identifies Menlo Park's comparative economic advantages, opportunities and constraints. Once the Economic Development Plan Stakeholder Group has reviewed and commented on this draft study, UP will finalize it and begin work on the Economic Development Plan (the Plan). It is important to emphasize that UP's work on the Plan must be guided by the Advisory Group's direction on the City's values and goals. While UP is capable of drafting a smart strategy to pursue value-based goals, the City first needs to clarify its values and goals in light of the economic opportunities highlighted in this report. We believe that this two-step process—and informed conversation—will result in the best possible Economic Development Plan.

Key conclusions from the study:

- With one of the most educated populations in the Bay Area, highest average household incomes, and largest share of local workforce employed in the innovation sector, Menlo Park is an extraordinary beneficiary of the regional innovation economy.
- With some of the lowest office vacancy rates and highest monthly rents in the region, Menlo Park is well positioned to capture greater public benefit by leveraging its unique regional real estate advantage.
- However, the good luck of being situated at the center of one of the world's most

dynamic innovation clusters can also lead to complacency in regard to planning for future economic success.

- Menlo Park is failing to capture many of the economic multipliers that innovation sector jobs can bring to local economic development.
- More specifically, Menlo Park is missing out on retail businesses, jobs and their associated sales tax revenue and public amenity value. It has one of the lowest retail per office job ratios in our peer review group, very low retail vacancy rates and very low per capita sales tax revenue.
- A growing share of innovation jobs, tech employers and venture capital are moving to walkable, compact and transit-oriented urban centers like San Francisco. The now-aging millennial generation has a strong preference for these same walkable urban places.
- Menlo Park has one of the lowest Walk Scores of its peer group, reflecting its relatively low density, automobile orientation, and poor walking access and proximity to resident and employee-serving amenities like retail and professional services.
- For Menlo Park to remain economically competitive and resilient over the next 25 years, it needs support land use and development plans that encourage denser, walkable mixed-use neighborhoods in transit-rich locations.
- Menlo Park could also capture a larger portion of retail and service businesses and jobs if it pursues progressive land use and urban design policies that encourage such growth.

- Policies that support walkable urbanism are also great economic development strategy. Such policies simultaneously enhance livability and public health for families while generating higher sales tax revenue and long-term economic competitiveness and resiliency.
- Many Bay Area cities have adopted land use plans that encourage walkable urbanism around fixed transit with the express intention of capturing innovation sector jobs.
- Menlo Park needs to view better connections to regional transit as a vital tool for the City's long-term economic development.

02

FINDINGS

PART I 11

PART II 16

02 FINDINGS

Part I compares Menlo Park to a broad list of cities in the Bay Area based on their basic demographics and how well these cities are currently capturing the benefits of the regional innovation economy.

Part II explores whether Menlo Park is well positioned to capture the future benefits of the regional innovation economy by comparing it to smaller peer group in regards to tax revenue, land use, office space capacity, and transit services.

All tables and maps cited in the findings are located in the Appendix. A set of case studies summarizing successful upzoning and placemaking efforts has also been included to demonstrate the array of strategies being employed by various cities across the region.

Part I Comparison Group: Part I of the study looked at a list of cities 22 in the Bay Area that are likely to create innovation sector jobs in the medium term. Innovation sector jobs are important to Menlo Park because they generate significant economic multiplier effects on the local economy. The comparison cities were chosen based on three criteria:

- (1) they already have clusters of innovation-economy jobs;
- (2) many residents are in their twenties and thirties; and
- (3) they are walkable¹.

Comparison Group Cities:

Alameda	Palo Alto
Berkeley	Redwood City
Brisbane	Richmond
Burlingame	San Bruno
Cupertino	San Carlos
Daly City	San Francisco
Emeryville	San Jose
Foster City	San Mateo
Fremont	Santa Clara
Mountain View	South San Francisco
Oakland	Sunnyvale

¹ The cities chosen have significant clusters of jobs in NAICS sectors 51 and 54; have a 12% or greater share of population between 20 and 34; and have a Walk Score from walkscore.com of at least 40.

Part I Findings

High Degree of Regional Integration: Menlo Park's economy is tightly integrated into the larger Bay Area economy. Like many cities in the region, the majority of workers in Menlo Park commute from outside the city, and the majority of Menlo Park residents travel to other Bay Area cities to work. These commuters follow the transportation network. They come south from San Francisco and other points on the Peninsula; north from San Jose and Sunnyvale; and across the bridges from Hayward and Fremont. Menlo Park residents travel to the same cities to work (Maps 1 & 2).

Low Population, but Average Demographics:

When considering the importance of innovation sector jobs, it is important to look at local demographics because many start-ups rely on the talent of young people (and their willingness to take risks) to fuel early growth. Compared to its peers, Menlo Park has fewer people aged 20-35 than most of the other cities (Table 1). That difference shrinks when we measure resident between 20 and 35 as a share of total population, but Menlo Park still has a lower share of young workers than many other cities. When we look at other age groups, Menlo Park is not an outlier – the share of residents under 20, between 35 and 55, and over 55 are average for the peer group (Tables 2-5).

High Average Household Income: At \$109,209, Menlo Park enjoys one of the highest average household incomes among the comparison group (Table 6).

High Educational Attainment: Menlo Park has a higher share of residents with a bachelor's degree or higher than nearly all the other cities in the comparison group (Table 7), and also has a higher share of residents with graduate or professional degrees (Table 8). A hallmark of the innovation-economy is a well-educated workforce.

A large share of Menlo Park's employment is in the innovation sector, but these jobs are only a small share of the all Bay Area innovation jobs: Menlo Park's cluster of innovation sector jobs is not among the biggest in the Bay Area, but it's not small either (See Table 9). It's in a "third tier" behind giants like San Francisco and San Jose, and behind medium-large clusters like Palo Alto, Mountain View and Sunnyvale. At the same time, Menlo Park is very conveniently located to access to many neighboring clusters of innovation-economy jobs, like Palo Alto, Mountain View, and Sunnyvale.

Although Silicon Valley remains the world leader in fostering tech startups and innovation sector jobs, a significant portion of the innovation economy is shifting to large cities nearby. San Francisco now attracts more venture capital investment than Silicon Valley, and it holds the headquarters of Twitter, Yelp, Pinterest, Uber, Lyft, Dropbox, Salesforce, Instagram, BitTorrent, Zynga and BitTorrent. Technology companies are engaged in fierce competition for the most skilled workers, and these workers are increasingly interested in living in cities.

This trend does not pose an immediate threat to Menlo Park, as tech employment in the City is currently strong (See Table 10). Menlo Park has a higher percentage of jobs in the innovation sector than most other cities. However, the City should be considering its place in a future where technology

companies increasingly seek downtown locations with an energetic and walkable urban environment.

Menlo Park is failing to capture its retail and service sector potential: Menlo Park lacks retail services in many neighborhoods, which inconveniences City residents. It also leads many highly-paid workers in the City to spend their money in Palo Alto, Redwood City, or San Francisco instead of spending it in Menlo Park. This reduces sales tax revenues. Menlo Park now hosts a considerable number of innovation-economy employees, but many of these employees likely spend their money in Redwood City, San Francisco, and Berkeley because of the lack of retail. One solution would be to densify employment centers in Menlo Park. Research has shown that as employment density increases employees have more opportunities to shop near their workplace, if land use regulations allow it.²

At the same time, the May 2014 *Economic Trends Report* found that little vacant retail space remains in the City.³ This suggests that increasing retail services will require crafting land use policies to permit more retail. It will also require an effort to generate a more lively and walkable urban atmosphere in the City center. More people walking and biking on downtown streets – and more people living downtown – will support a more lively retail district. Consider the most successful shopping districts in the region – places like Palo Alto, Redwood City, and San Francisco. They don't just have stores – they have a busy, exciting atmosphere that comes from having more people on the street. In each of these locations, medium-density and high-density housing in central locations has played a key role in establishing thriving retail centers (See Case Studies for examples of successful retail districts in the region). Of course, it would be

² Chatman, D. G. (2002). The Influence of Workplace Land Use and Commute Mode Choice on Mileage Traveled for Personal Commercial Purposes. Presented at the TRB 2003 Annual Meeting, Transportation Research Board.

³ BAE Urban Economics. (2014). Menlo Park Economic Development Strategic Plan Phase 1: Economic Trends Report.

One reason that the innovation sector is important for the local economy is that it has a higher multiplier effect. This is because local economies are interconnected through a complex web of transactions. Each new worker helps support local jobs by going to restaurants, shopping at the grocery store, getting car repairs, visiting the dentist, and so on. The company that hires a new worker also pushes more money into the local economy in various ways, from buying office supplies to engaging the services of outside professionals like lawyers and consultants, or even yoga instructors.

These are called **multiplier effects** – and innovation-economy jobs have higher multiplier effects than most jobs. Berkeley economist Enrico Moretti has estimated that each new high-tech job in a metropolitan area leads to the creation of five more jobs outside of the high tech sector. A multiplier is a number showing how changes (jobs, earnings, or sales) in one sector will propagate to other sector in a regional economy. For example, a jobs multiplier of 3 means that a change of 100 jobs in that sector would lead to a total change of 300 jobs ($3 \times 100 = 300$) in the larger regional economy. This 300 includes the original 100 jobs, meaning the additional change is 200. As Moretti emphasizes in his book *The New Geography of Jobs*,

With only a fraction of the jobs, the innovation sector generates a disproportionate number of additional local jobs and therefore profoundly shapes the local economy. A healthy traded sector¹ benefits the local economy directly, as it generates well-paid jobs, and indirectly as it creates additional jobs in the non-traded sector.

What is truly remarkable is that this indirect effect to the local economy is much larger than the direct effect... for each new high-tech job in a

metropolitan area, five additional local jobs are created outside of high tech in the long run.

[And] it gets even more interesting. These five jobs benefit a diverse set of workers. Two of the jobs created by the multiplier effect are professional jobs — doctors and lawyers — while the other three benefit workers in nonprofessional occupations — waiters and store clerks. Take Apple, for example. It employs 12,000 workers in Cupertino. Through the multiplier effect, however, the company generates more than 60,000 additional service jobs in the entire metropolitan area, of which 36,000 are unskilled and 24,000 are skilled. Incredibly, this means that the main effect of Apple on the region's employment is on jobs outside of high tech.

However, these multiplier benefits are not necessarily captured in Menlo Park. They are regional: they are likely to cluster nearby, but nearby could be in the next town or ten miles away. Partly, this depends on where the new innovation sector workers end up spending their high wages – and this depends on what shopping or service offerings are available in each city. A new tech workers' money is likely to be spent wherever they find the largest, most vibrant most convenient and, perhaps, most walkable concentrations of shops and services.

These regional shopping destinations are likely to be downtown neighborhoods that are mixed-use and medium-density to high-density, with access to transportation services. It is no accident that these high-amenity urban neighborhoods are increasingly attracting Millennials and tech startups.

¹A traded sector is one that sells to outsiders, bringing in outside money into the region, while a non-traded sector is one that serves the residents of the region.

misguided for Menlo Park to try to become any of these communities. However, the City can use the experience of these local examples to develop its own template for success.

A Low Retail to Office Jobs Ratio: So how is Menlo Park doing when it comes to capturing the local economic benefits from tech economy growth? There is no simple way to measure this, but one way is to count how many retail jobs there are for every office job.

Menlo Park has fewer retail jobs per office job than most of the cities in the comparison group (See Table 11). Measured in this way, it seems like Menlo Park may be leaving some benefits of the tech economy on the table for neighboring cities to capture. It's important to note, however, that two cities that have similar ratios of retail jobs to office jobs are not necessarily similar in other ways. A city could have a high ratio because it has a lot of retail jobs – or it could have a high ratio because, while it has a moderate number of retail jobs, it doesn't have many office jobs.

It might be time to turn Facebook inside out: In Silicon Valley, many tech companies try to make their workplaces more comfortable and inviting by offering goods and services that their employees can take advantage of without leaving the office. Facebook has installed a 9-restaurant food court, a candy shop, a bicycle repair shop, a video arcade, and a barbershop.

It is important to keep in mind how this affects the local economy. On an average street in Menlo Park, a collection of shops like this would feel a lot like a real “main street,” which would likely attract nearby residents and non-Facebook employees, driving greater sales and creating employment opportunities—extending the multipliers outward. In sum, turning the campus “inside out” would likely generate greater positive externalities⁴ than

⁴ A positive externality exists when an individual or firm making a decision does not receive the full benefit of the decision. The benefit to the individual or firm is less than the

closing the doors and recycling existing wages in a closed system. Instead these services are currently “internalized” on a closed campus, which in turn reduces the need of employees to seek services in the surrounding neighborhood.

Walkability, Accessibility, and Livability Reinforce Economic Competitiveness and Resiliency in the Innovation Economy:

Measuring a neighborhood's relative level of “walkable urbanism” is difficult. In this study we assess walkable urbanism by using Walk Scores. This is a score between 0 and 100 developed by Walk Score, a company that promotes alternative transportation modes. A Walk Score is a good predictor of things like retail store concentration and density of transportation options – things that contribute to the overall convenience and appeal of a given neighborhood.

Menlo Park's Walk Score is lower than the comparison group average (see Table 12). Why is this important? One benefit of walkable neighborhoods is that they have higher property values and more economic activity. A 2012 study of neighborhoods in Washington, D.C. found that walkable neighborhoods have higher home sales prices, higher rents, and higher retail sales.⁵

Walkable neighborhoods also promote health. A 2014 survey conducted in six major U.S. cities found that people who moved to a neighborhood with a higher Walk Score walked more and reduced their body mass index.⁶

Researchers and market analysts believe that homes in dense urban areas with access to good

benefit to society. Thus when a positive externality exists in an unregulated market, the marginal benefit curve (the demand curve) of the individual making the decision is less than the marginal benefit curve to society. With positive externalities, less is produced and consumed than the socially optimal level. This dilemma may, among other factors, be the reason that Facebook hasn't expanded its retail and service offerings outward into Menlo Park.

⁵ Leinberger, C. B., & Alfonzo, M. (2012, May). Walk this Way: The Economic Promise of Walkable Places in Metropolitan Washington, D.C. Retrieved November 13, 2014, from <http://www.brookings.edu/research/papers/2012/05/25-walkable-places-leinberger>

⁶ Hirsch, J. A., Diez Roux, A. V., Moore, K. A., Evenson, K. R., & Rodriguez, D.A. (2014). Change in walking and body mass index following residential relocation: the multi-ethnic study of atherosclerosis. *American Journal of Public Health*, 104(3), e49–56.

transportation and shops command higher prices, and that demand for them is rising. Homes in urban areas command a price premium of 15%.⁷ An analysis of home prices during the turbulent period from 2007 to 2012 found that homes in urban neighborhoods maintained their value better than suburban homes.⁸ Surveys have found an unmet demand for homes in urban neighborhoods: many people living in the suburbs, particularly young people, would prefer to move to more central locations with better transportation.⁹ (Of course, this just confirms what apartment prices tell us: housing is expensive in these neighborhoods because demand for it is high.)

Due to the business advantages of locating in walkable urban neighborhoods, commercial real estate there commands higher prices.¹⁰ Companies are drawn to urban locations to better know their customers and to attract well-educated employees, who prefer to live in cities. Even the technology industries that were born in Silicon Valley have begun shifting to San Francisco, which now holds the headquarters of Uber, Lyft, Salesforce, Twitter, Instagram, Pinterest, BitTorrent, Zynga, Reddit and Yelp. San Francisco now attracts more venture capital investment than Silicon Valley.¹¹

⁷ Song, Y., & Knaap, G.-J. (2003). New urbanism and housing values: a disaggregate assessment. *Journal of Urban Economics*, 54(2), 218–238.

⁸ Gillen, K. (2012). The Correlates of Housing Price Changes with Geography, Density, Design and Use: Evidence from Philadelphia. Congress for the New Urbanism. Retrieved from <http://www.ssti.us/2012/11/the-correlates-of-housing-price-changes-with-geography-density-design-and-use-evidence-from-philadelphia-congress-for-the-new-urbanism-2012/>

⁹ RSG. (2014). Who's on Board 2014: Mobility Attitudes Survey. Transit Center. National Association of Realtors. (2013). NAR 2013 Community Preference Survey.

¹⁰ Pivo, G., & Fisher, J. D. (2011). The Walkability Premium in Commercial Real Estate Investments. *Real Estate Economics*, 39(2), 185–219.

¹¹ Florida, R. (2014). *Startup City: The Urban Shift in Venture Capital and High Technology*. Toronto: Martin Prosperity Institute.

HOW IS THE WALK SCORE CALCULATED?

The most important element is **proximity to amenities** – the places people travel to reach. Examples include shops, schools, offices, and parks. Neighborhoods with shorter walks to nearby amenities have a higher Walk Score.

Another element is **population density**. Some trips simply go from one home to another. Where homes are closer together, it is easier to walk between them. Higher population density is also associated with other qualities that make walking easier, like good transit services.

Another element is the **design of streets and blocks**. It is more difficult to walk where blocks are longer and streets have curves and dead ends, because pedestrians are often forced to take longer indirect routes. Neighborhoods with shorter blocks and more frequent intersections allow pedestrians to choose more direct routes. These neighborhoods have higher Walk Scores.

Researchers have investigated whether Walk Scores are actually a good assessment of a neighborhood's walkability. They found that people in neighborhoods with higher Walk Scores are more likely to walk to destinations, and spend more time each week walking¹.

¹ Hirsch, J. A., Moore, K. A., Evenson, K. R., Rodriguez, D. A., & Diez Roux, A. V. (2013). Walk Score® and Transit Score® and walking in the multi-ethnic study of atherosclerosis. *American Journal of Preventive Medicine*, 45(2), 158–166.

Part II Overview

The Comparison Group: Here we narrow our focus, and compare Menlo Park to a shorter list of ten Bay Area cities. These cities are not necessarily similar to Menlo Park, except in the sense that they are all attractive places for innovation sector businesses to locate. These communities compete with Menlo Park to capture local multiplier jobs and economic activity. By analyzing tax revenue, land use, office space capacity, and transit services we get a sense of Menlo Park’s current climate and overall fitness to capture future economic benefit in comparison to these peer cities. They are:

Burlingame	Pleasanton
Emeryville	Redwood City
Foster City	San Francisco
Mountain View	San Mateo
Palo Alto	Walnut Creek

Part II Findings

Menlo Park needs more compact, walkable mixed-use urbanism: As we’ve discussed, the positive “spillovers” from new jobs and economic growth are likely to be captured in cities with vibrant mixed-use retail centers. This raises the issue of land use policies – the zoning rules that determine where retail uses, as well as offices and homes, are allowed to locate. The positive spillovers are likely to be captured in areas where land use regulations permit mixed uses at medium- to high-density. Good data about municipal land use is hard to get. One way that land use can be evaluated is by comparing the amount of commercial and industrial building space that is available in each city, and in this case we used information published by the real estate company Colliers International (Table 13) which shows a good mix of office and industrial/Research & Development available in Menlo Park.

Another way to compare how cities use land is to measure their capacity for further housing

development. In California, cities are required to estimate future housing development capacity in the housing element of their general plan (Table 14). Menlo Park has fulfilled 40% of its housing capacity, which is more than many other cities in the peer group, but still suggests room for growth.

Taken together, these two indicators suggest Menlo Park is primed for considerable compact mixed-use development at greater densities than its historic norm. Menlo Park is missing out on positive “spillovers” from new jobs and economic growth. Around the Bay Area, cities are making plans to capture coming growth. Cities from Walnut Creek to Redwood City to San Jose are making ambitious changes to land use policy, building walkable neighborhoods with excellent transportation, and hoping to attract well-educated young people and innovative entrepreneurs. (See Case Studies for examples of cities increasing density and focusing on urban design to capture the benefits of the innovation economy).

Menlo Park has succeeded in the past because it offered exactly the sort of places that innovative companies wanted to be. It needs to consider its place in a future where more companies are looking for walkable, vibrant and urban neighborhoods.

Menlo Park is missing out on tax revenue: Most city governments take in much of their revenue from three major taxes: property tax, sales and use tax, and hotel tax (also called transient occupancy tax). Looking at these revenues is a quick way to get a sense of the local economy.

Sales tax revenues in Menlo Park are among the lowest in the peer group, due to Menlo Park’s relatively low concentration of retail business. On a per capita basis, Menlo Park sinks even further, receiving only \$18,601 per residents in sales (Table 15). This reinforces the reality that while Menlo Park is positioned in a tightly integrated regional economy, it’s missing out on its share of the benefit because of

a low concentration of retail business. The *right* kind of office (medium density, mixed-use) would create new retail needs which would in turn capture more tax revenue.

Menlo Park has lower property tax revenues than many of the cities in the peer group. This may seem strange, since homes in Menlo Park are fairly expensive. However, they are primarily single-family residences; property values are significantly higher in cities with densely developed office and residential buildings.

Hotel tax revenues in Menlo Park are near the middle of the peer group. These revenues are higher in cities with large or numerous hotels. (Tables 16 & 17)

Menlo Park has highly valuable office space and extraordinary demand for more: Menlo Park has a little more than 5 million square feet of office space (See Table 18). To put that in perspective, San Francisco – which hosts the largest concentration of office space in the region – has about 89 million square feet. Palo Alto has about 10 million square feet of office space, and Mountain View has about 4 million square feet.

Menlo Park's office space generates more money per square foot than anywhere else in the Bay Area. Monthly office rents are \$6.77 per square foot (Table 19). And only 5.7% of office space is vacant – nearly the lowest vacancy rate in the Bay Area (Table 20 & 21).

Taken together, these indicators suggest that Menlo Park enjoys a highly valuable office market with room to grow to increase its share of benefit in the innovation economy.

Menlo Park ranks low on access to regional transit: With the exception of Foster City, all cities in the peer group have some level of fixed-route transit service – commuter trains or light rail (Map 3). Based on this data, we can estimate the distance to the nearest fixed-route transit station from the centroid (geographic center) of each census block group in the

peer group cities. By weighting these distances by each block group's population, we can estimate the average distance to a fixed-route transit station among all residents in each city (Map 4). By this measure, Menlo Park falls low on the list for transit proximity.

This highlights the importance of location and transportation. When a business looks for a location, good transportation options – and the variety of goods and services that come with it – are a selling point. It is no coincidence that the cities with thriving innovation sectors nearly all have access to high-quality public transportation.

The San Francisco Peninsula has traditionally dominated the Silicon Valley innovation economy. However, recently more tech companies have begun to locate in San Francisco. This may indicate that the growing importance of urban amenities, including high-quality transit service.

If that is the case, then East Bay and South Bay communities with BART service, like Oakland, Fremont, and (in the near future) San Jose, may have significant potential for innovation-sector growth, while cities like Menlo Park must depend on CalTrain to connect them to the regional economy. Transit systems don't evolve overnight, however in order to be a competitive player in the regional economy, Menlo Park must view better connections to regional transit as a vital tool for the City's long-term economic development.

03

APPENDIX

CASE STUDIES 21

MAPS 24

TABLES 28

SOURCES 40

CASE STUDIES

Warm Springs Station, Fremont

The Warm Springs/South Fremont Community Plan, approved in July 2014, charts a development path for nearly 900 acres of land with 10 different planning areas, each with distinct land use plans that mix various uses. For each of these zones, the plan establishes a minimum building intensity (FAR) by use, with the goal of providing flexibility for development over time while maintaining a diversity of uses (See Table). In addition to minimum FAR, Jobs Factor and Minimum and Maximum Site Area to help reach regional goals for housing and employment.

TAKE AWAY: This ambitious plan allows for a mix of residential, office, industrial and retail uses in the area, previously been zoned for heavy industrial use. Rather than focusing on maximum FAR, Warm Springs sets a minimum building intensity paired with rigorous form-based guidelines, to ensure new development is filling in at an intensity and form that matches their vision for the area: an innovation district offering a unique opportunity for inventive, flexible development of new and expanding businesses interwoven with areas for living, learning and commerce.

Total Site Area	
900 acres	
Intensity/FAR	
Use:	Min. FAR
Industrial	0.35
Research & Development	0.5
Office & Convention	1.5
Hotel	1.5
Retail & Entertainment	2000 SF/acre
Project Targets	
Min. Gross Floor Area	11,521,526 SF
Min. Dwelling Units	2,700
Total Jobs	20,000
Public Open Spce	4 acres

Bay Meadows, San Mateo

The first Bay Meadows Specific Plan (Phase I), adopted in 1997, contemplated two specific parcels near the 101/Hillsdale Blvd. exit for redevelopment. Along with other design guidelines, the plan set an FAR for .5 and 1.34 FAR for each parcel with the goal of creating a mixed-use, walkable and bikeable “gateway identity” to the City of San Mateo. The Phase II Specific Plan Amendment, adopted in 2005, took even greater advantage of the existing and expanding CalTrain commuter rail line linking San Francisco to San Jose and Gilroy. The proximity to the new express train station provided a unique opportunity for Phase II to advance the mixed- use principles initiated in Phase I. Along with other extensive design guidelines, a maximum FAR of 2.0 and 50 du/acre was approved for mixed-use parcels and residential parcels respectively, with the combined goal of creating a compact, walkable, transit-oriented community.

TAKE AWAY: After nearly two-decades of planning, Bay Meadows is currently coming to life. It’s an excellent example of a city successfully master planning a walkable, mixed use district near transit. Once fully developed, the 83 acre Bay Meadows will boast 1,250 residential units, over 750,000 square feet of office space, 150,000 square feet of retail, and nearly 15 acres of public space.

Total Site Area	
83 acres	
Intensity/FAR	
Phase	Max. FAR
Phase I	.5-1.34
Phase II	2 and 50 DU/acre
Project Targets	
Residential	1,250 DU
Office	750000 SF
Retail	150,000 SF
Public Space	15 acres

Downtown Redwood City

Redwood City's Downtown Precise Plan (DTPP), adopted in 2011 (amended in 2013), established height limits in 6 zones and a Maximum Allowable Development (MAD) guidelines for the DTPP Area as a whole (183 acres). The MAD restricts residential development to 2,500 net new dwelling units, office development to 500,000 net new square feet of gross floor area, retail development to 100,000 net new square feet of gross floor area, and lodging development to 200 net new guest rooms. The DTPP places no limit on dwelling units per acre (du/ac) and floor area ratio (FAR) on a site-by-site basis. Instead, intensity of development is guided by the form-based codes that establish design guidelines, the MAD, and height limits by zone, ranging from 3-12 stories.

Total Site Area	
183 acres	
Intensity/FAR	
6 height zones 3-12 stories	
Project Targets	
MAD	Amount
Residential	2,500 DU
Office	500,000 SF
Retail	100,000 SF
Lodging	200 DU

TAKE AWAY: With this comprehensive plan, Redwood City has approached downtown revitalization from the perspective of establishing an overall “mold” for future development and released a limited amount of developable square footage at this time to fill it. The plan has brought a flood of new development to Redwood City, so much so that the MAD limit for office has already been reached. Redwood City is now in the position to release additional square footage to fill their “mold” at the rate that they wish.

North San Jose

The North San José Urban Design Guidelines set ambitious goals for transforming the neighborhood into a more walkable and urban setting. The guidelines call for higher-density residential and commercial development; a more active public realm that encourages walking and biking; and a diverse mix of uses that provide places for living, working, shopping, recreation, and education. These goals required major changes to density and height requirements. Buildings in the neighborhood core were given a height minimum of 4 stories (1.2 effective FAR), although this was subsequently reduced to 3 stories (.8 effective FAR) based on feedback from developers. Height maximums were set at 120 to 250 feet. The plan allows for 26.7M SF office/industrial, new 32,000 homes and 1.7M SF of commercial.

Total Site Area	
4,795 acres	
Intensity/FAR	
<i>Core Area FAR was recently reduced from 1.2 to .8, height maximums are 120-250 ft.</i>	
Project Targets	
Office/Industrial	26.7M SF
Commercial	1.7M SF
Residential	32,000 homes

TAKE AWAY: San José is actively seeking to capture more employment and economic activity in North San Jose to balance the City's high concentration of housing. Effective FAR was recently reduced at the urging of developers, suggesting the city's appetite for change may be outpacing developers' ability to build profitable projects.

Walnut Creek: Locust Street / Mt. Diablo Boulevard Specific Plan

For many years, Walnut Creek has focused planning efforts on restoring its historic downtown and creating a walkable urban core with strong connections to the BART station. To City leaders, a dense and walkable downtown was seen as an economic development strategy – a way to weather the decline of auto dealerships and the hollowing out of downtown retail.

TAKE AWAY: The strategy has produced dramatic results. An area once dominated by parking lots, wide streets and auto dealerships has been redeveloped with dense housing, offices, parking structures, and pedestrian-oriented retail. Rapid commercial and residential development continues, putting Walnut Creek well along the transition to a vibrant and walkable center.

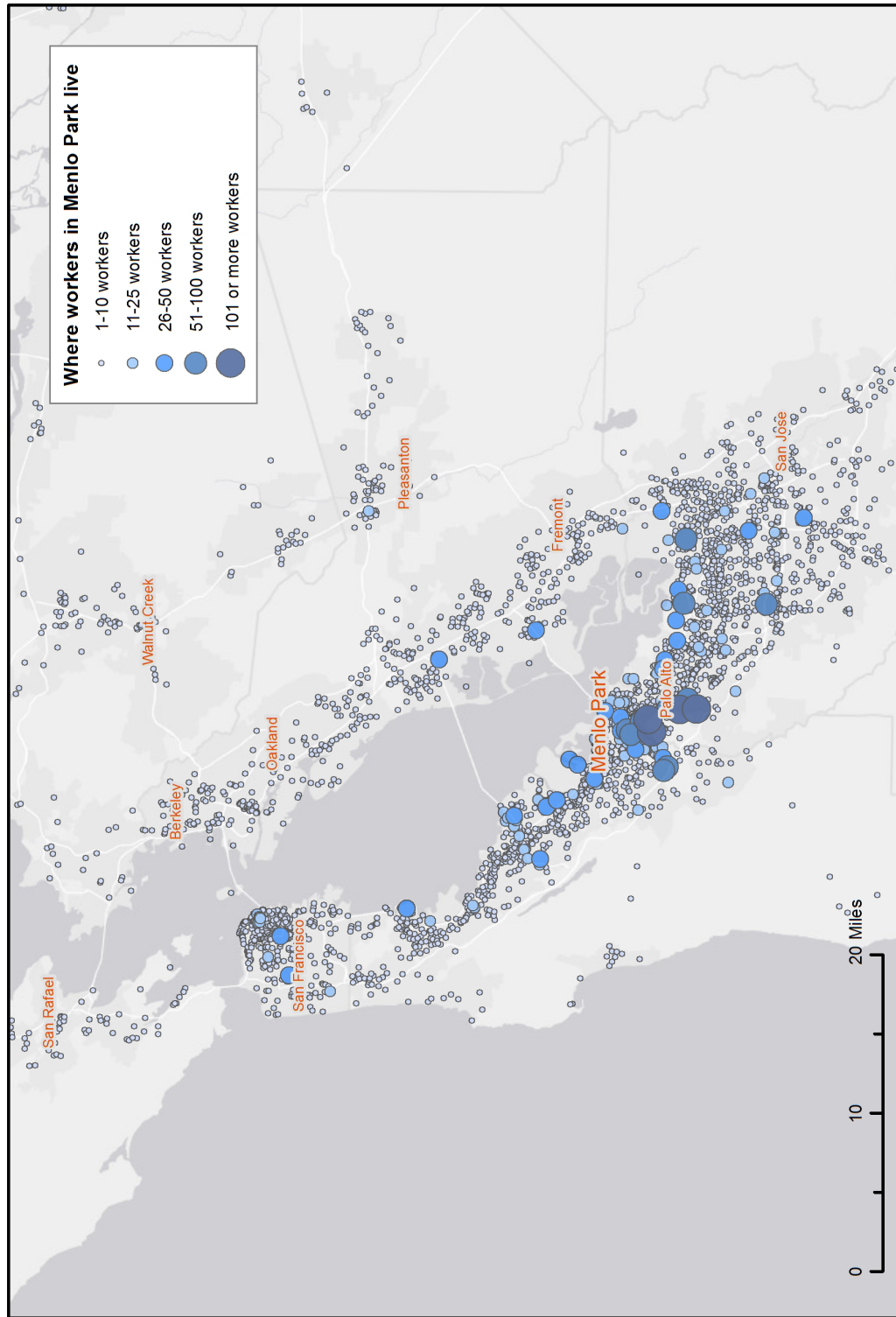
Fourth Street, Berkeley

In the 1960s, a local redevelopment agency was established to create an industrial park in Berkeley's Fourth Street neighborhood. Homes were demolished and moved, but industrial businesses did not come. After letting the land lie fallow for more than 15 years, the City abandoned its plans and allowed Abrams/Millikan & Kent, a small design-build firm, to build the Building Design Center, a small retail center selling home improvement supplies. The Fourth Street Grill came shortly after, and from this nucleus a shopping neighborhood began to grow.

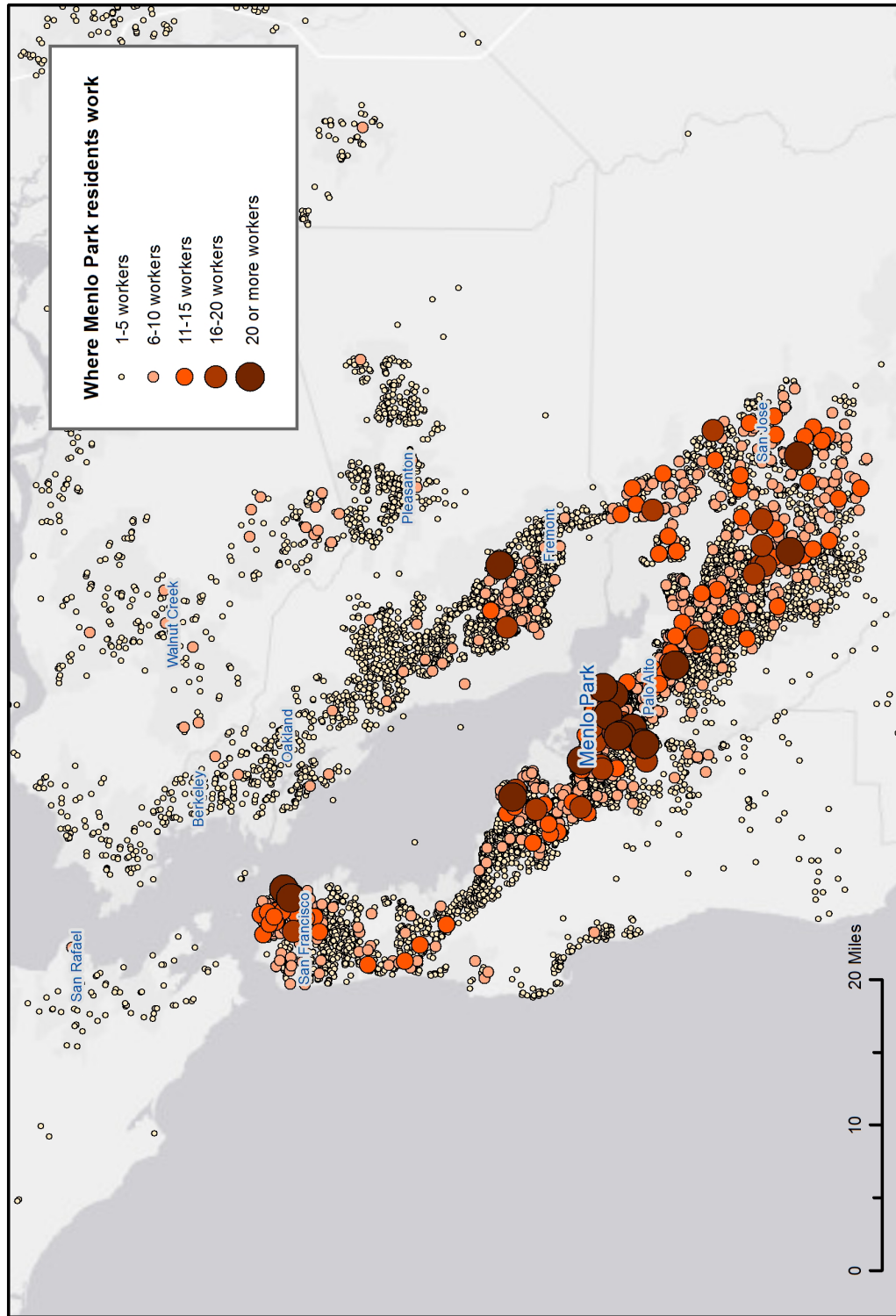
TAKE AWAY: Today Fourth Street is a vibrant shopping district that attracts visitors from throughout the Bay Area. The history of the neighborhood holds an interesting lesson for local government: not all good neighborhoods are planned. Sometimes all you need to do is get out of the way.

MAPS

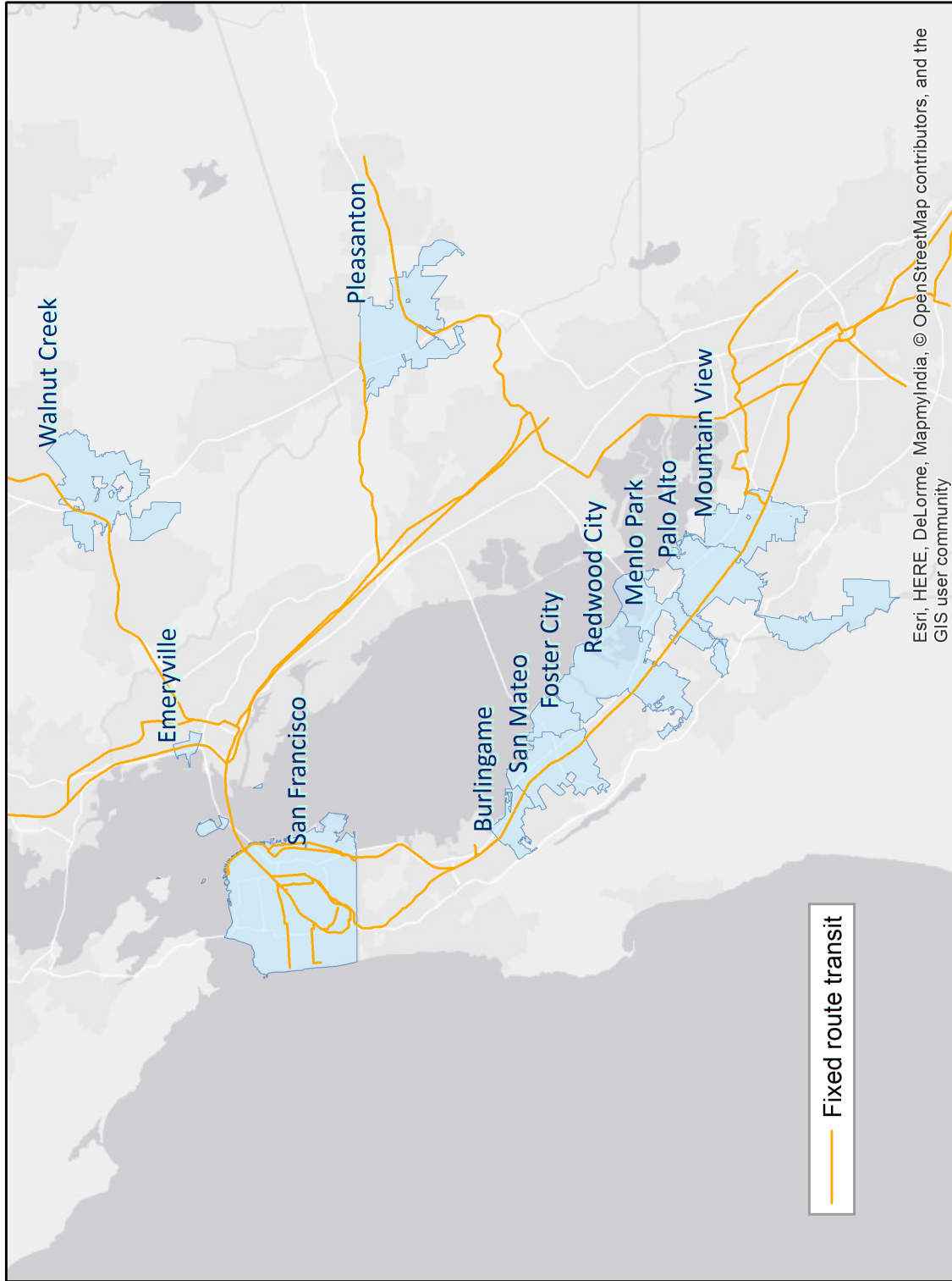
Map 1. Where workers in Menlo Park live



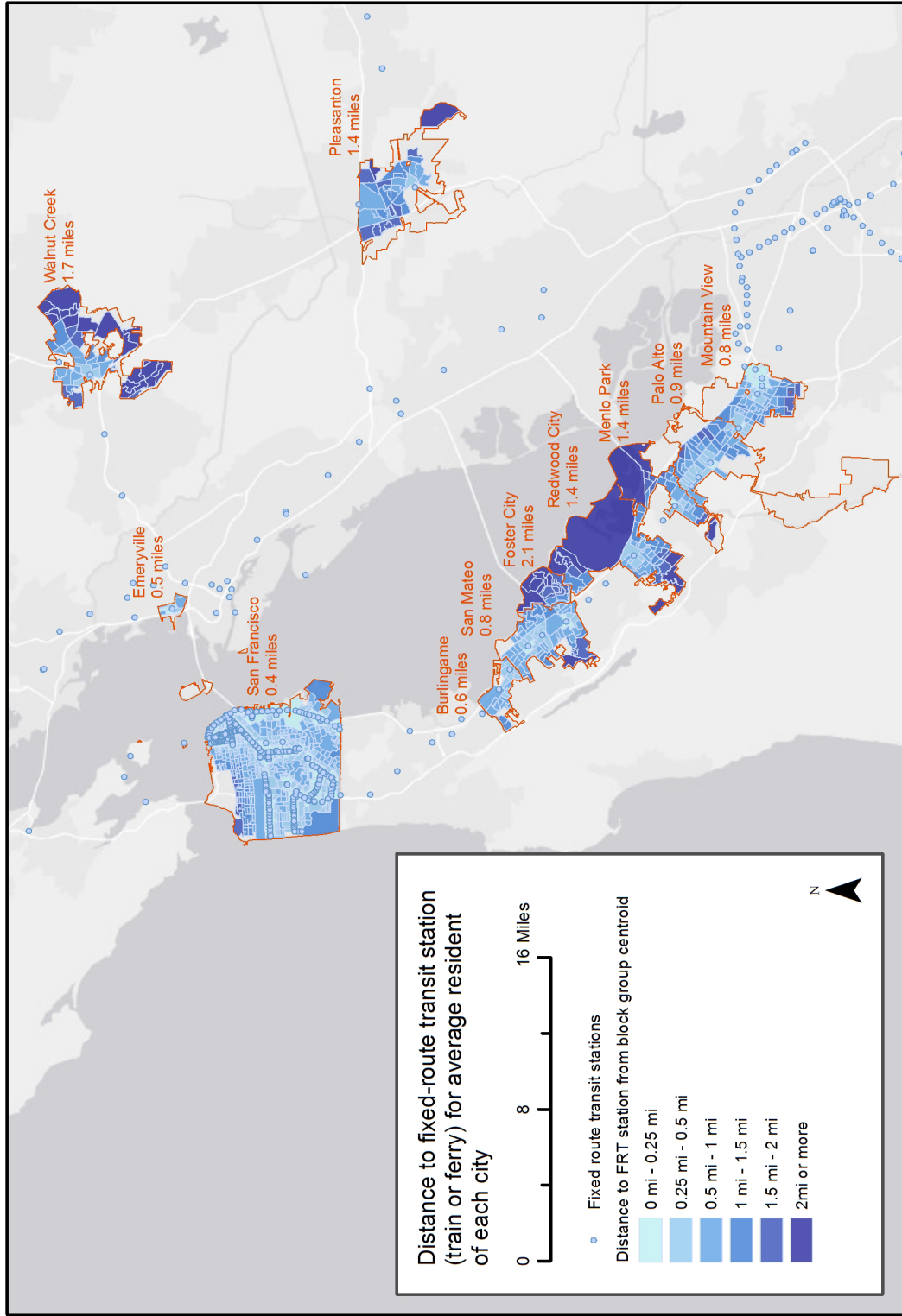
Map 2. Where Menlo Park residents work



Map 3. Fixed Route Transit



Map 4. Average Distance to Fixed Route Transit



TABLES

Table 1. Residents 20-35

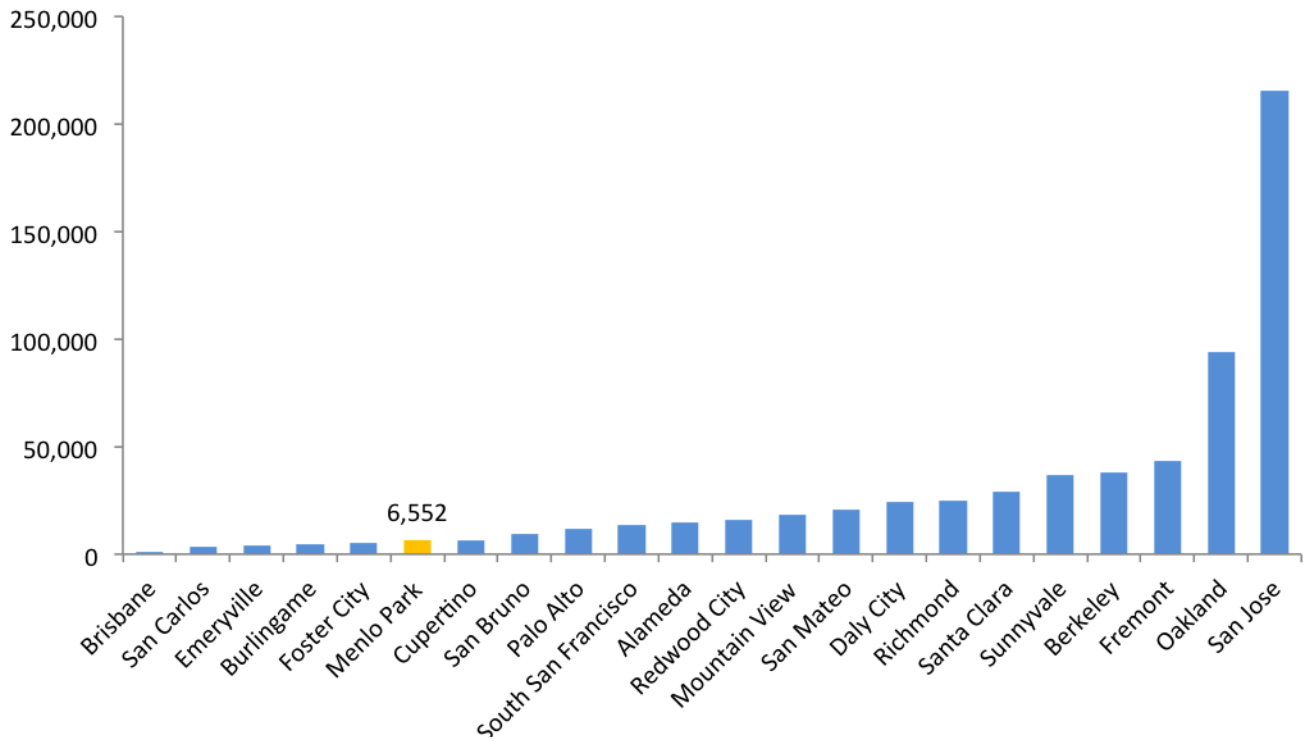


Table 2. % residents under 20

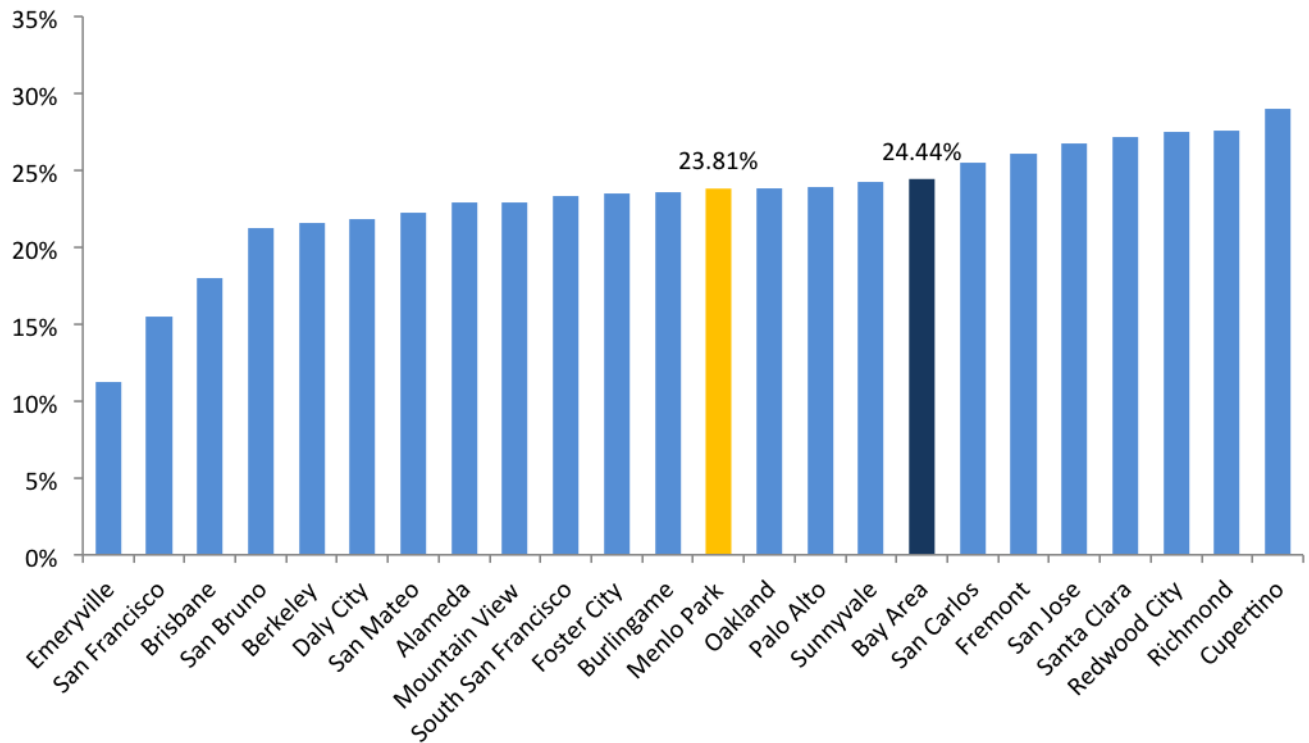


Table 3. % residents 20-35

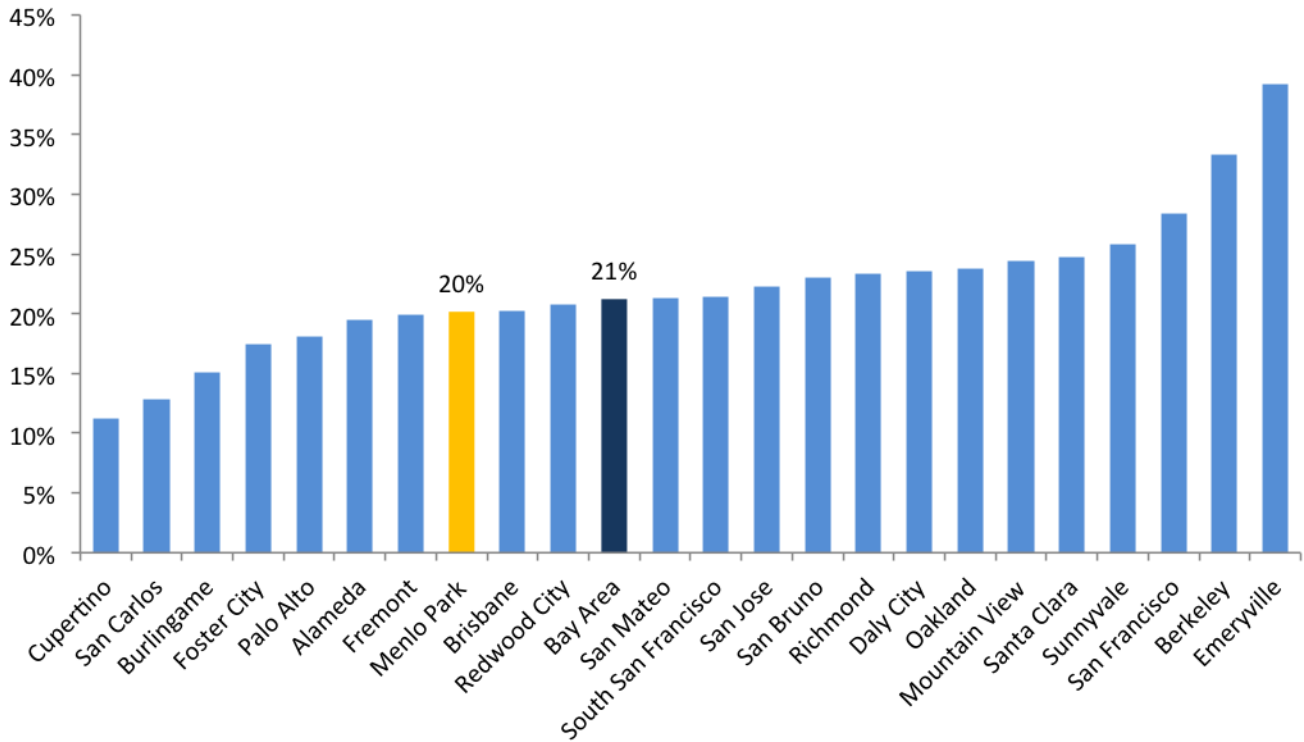


Table 4. % residents 35-55

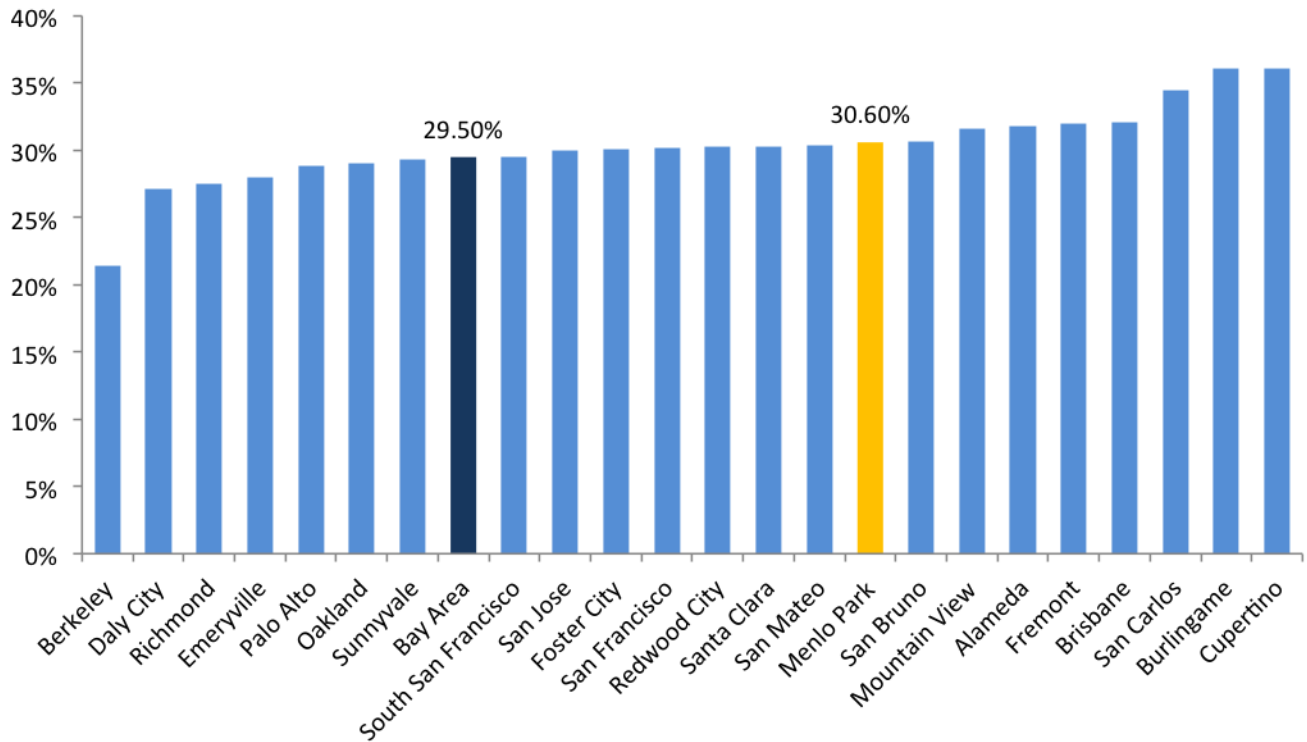


Table 5. % residents 55 and over

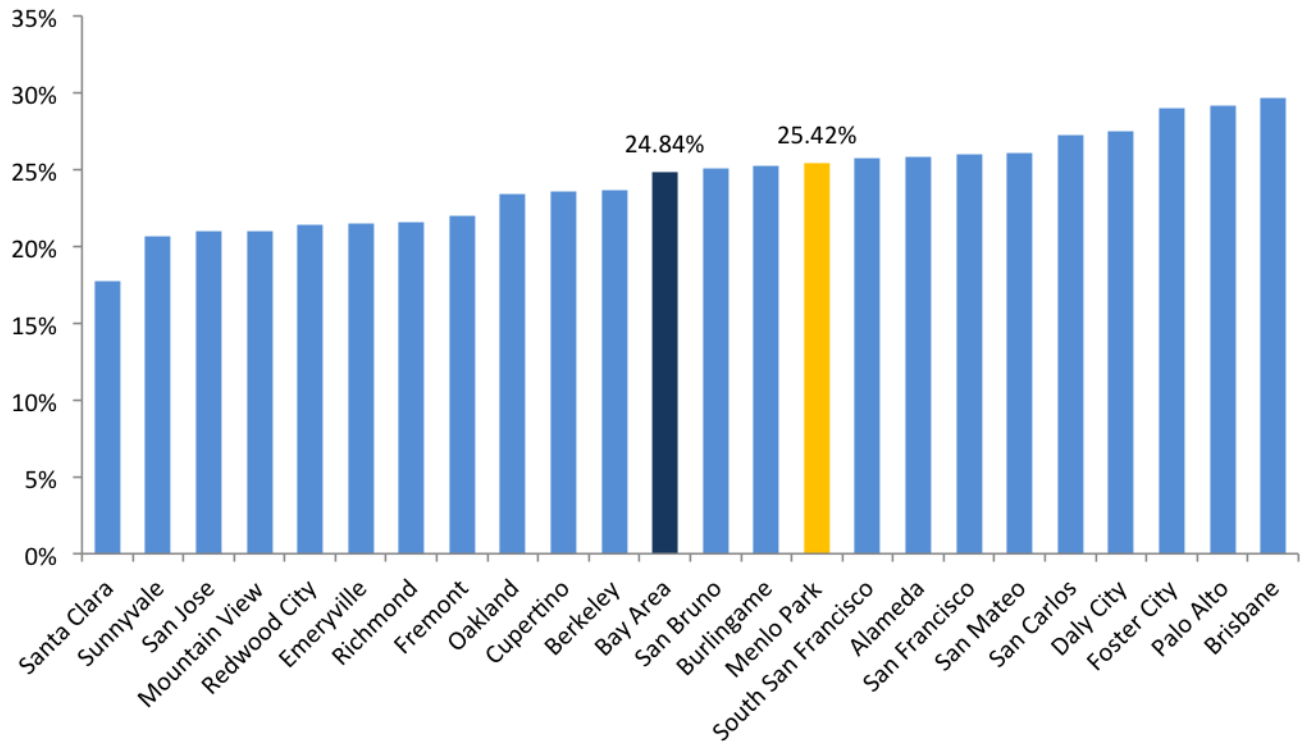


Table 6. Median household income

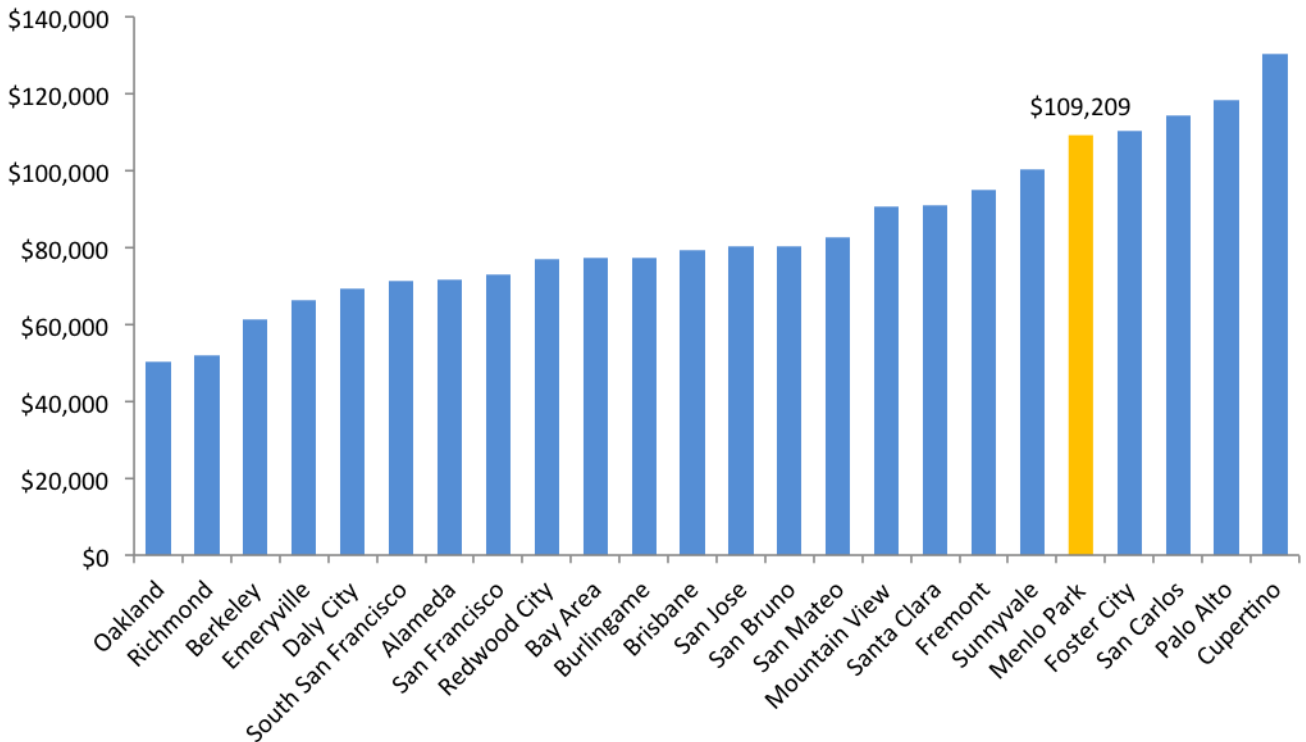


Table 7.
Percent of residents that have a bachelor's degree or higher

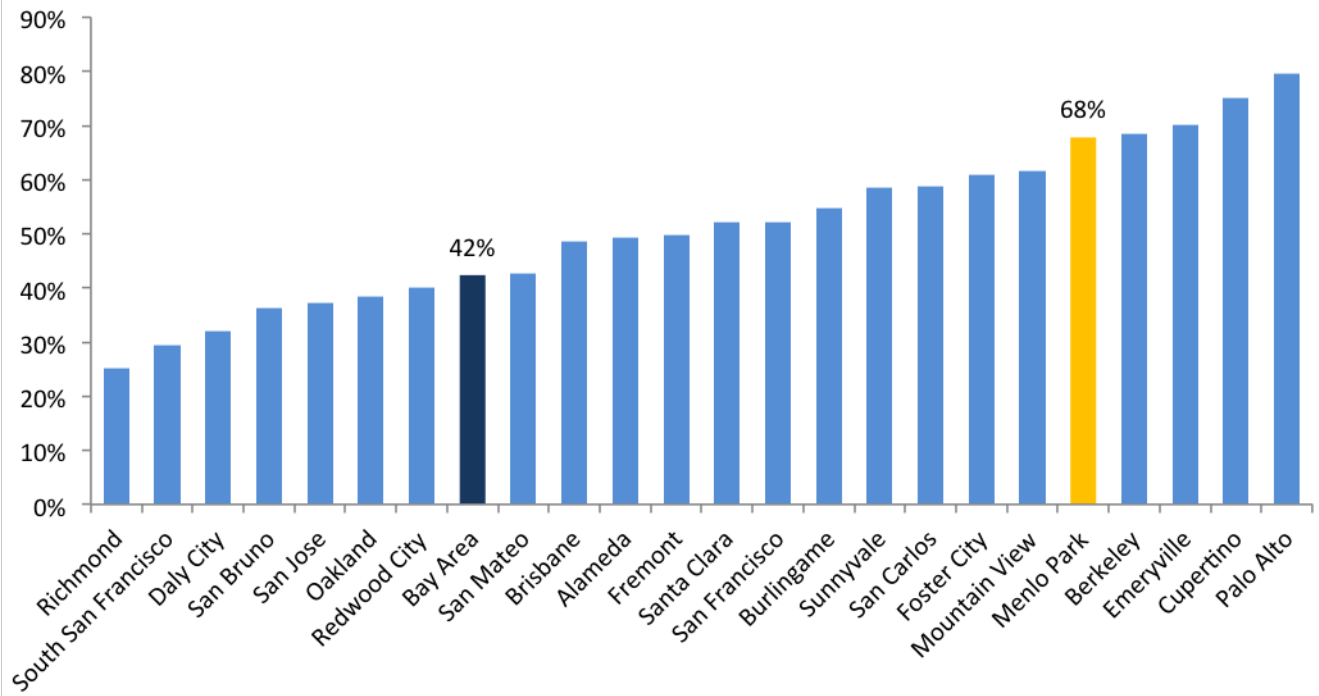


Table 8.
Graduate or professional degrees per 1,000 residents

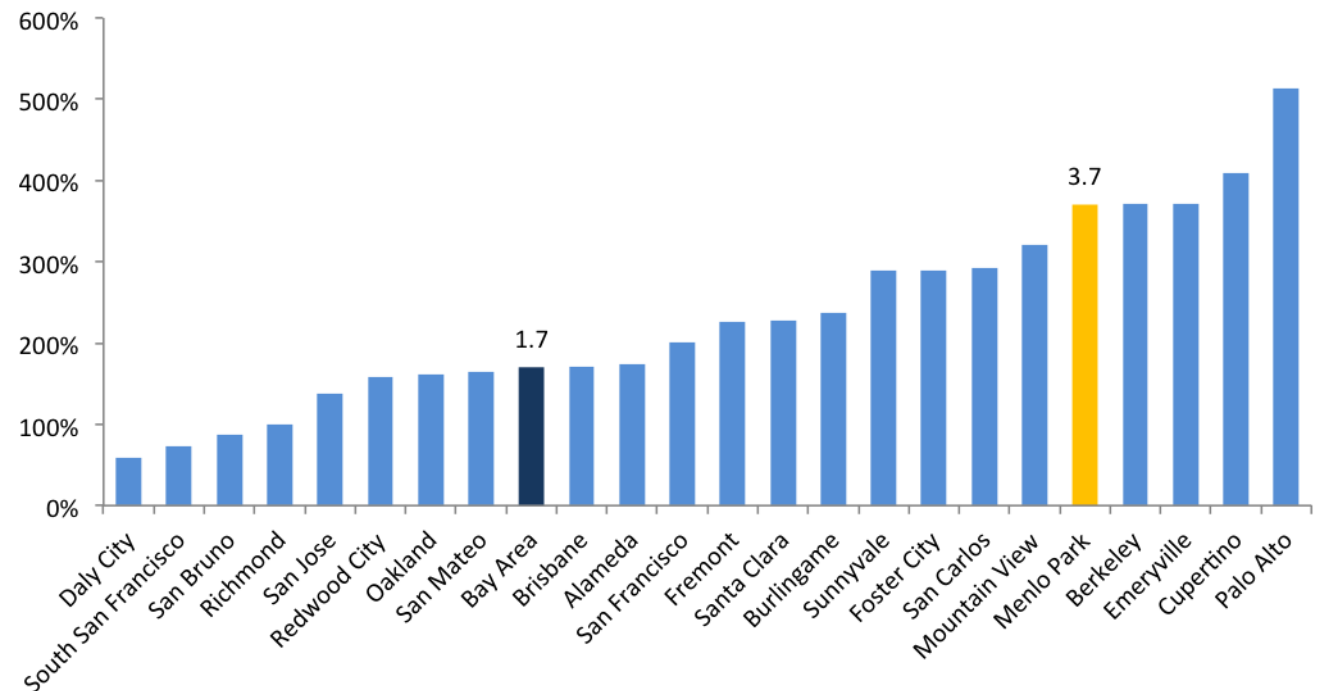


Table 9. Innovation-economy jobs

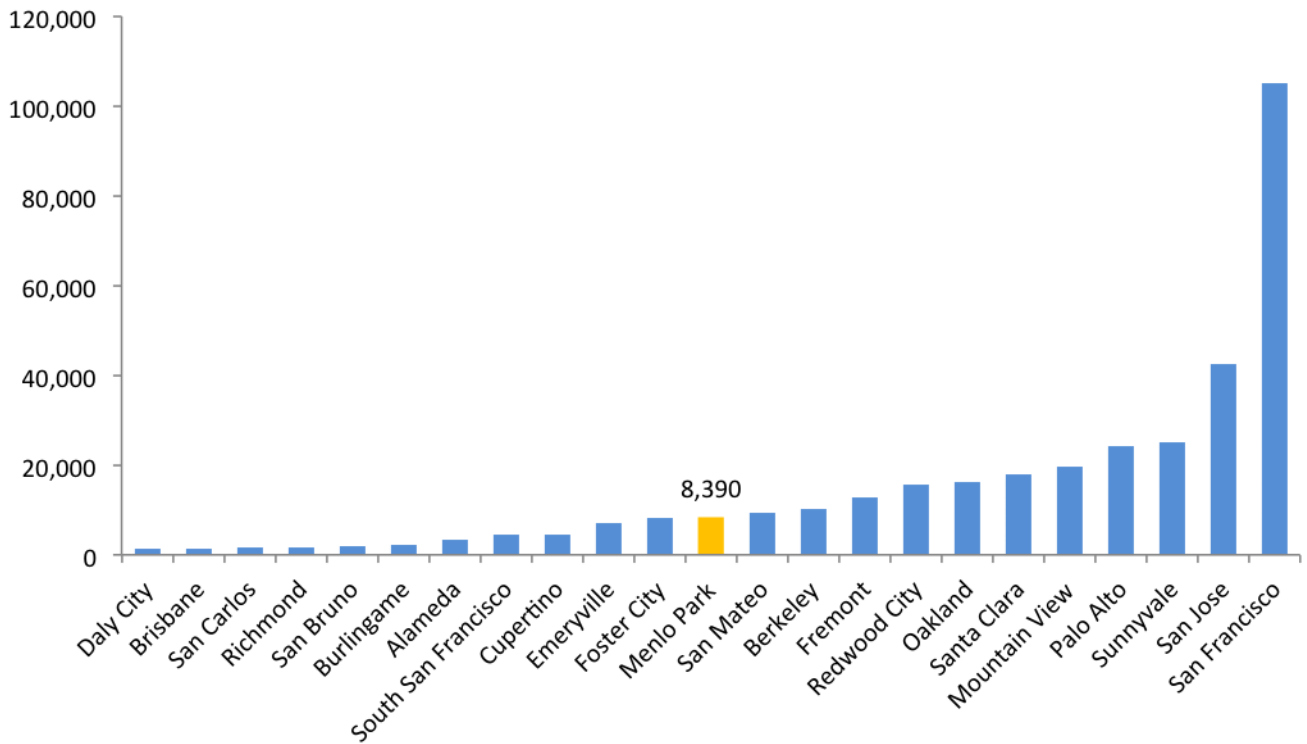


Table 10. Share of employment in innovation-economy jobs

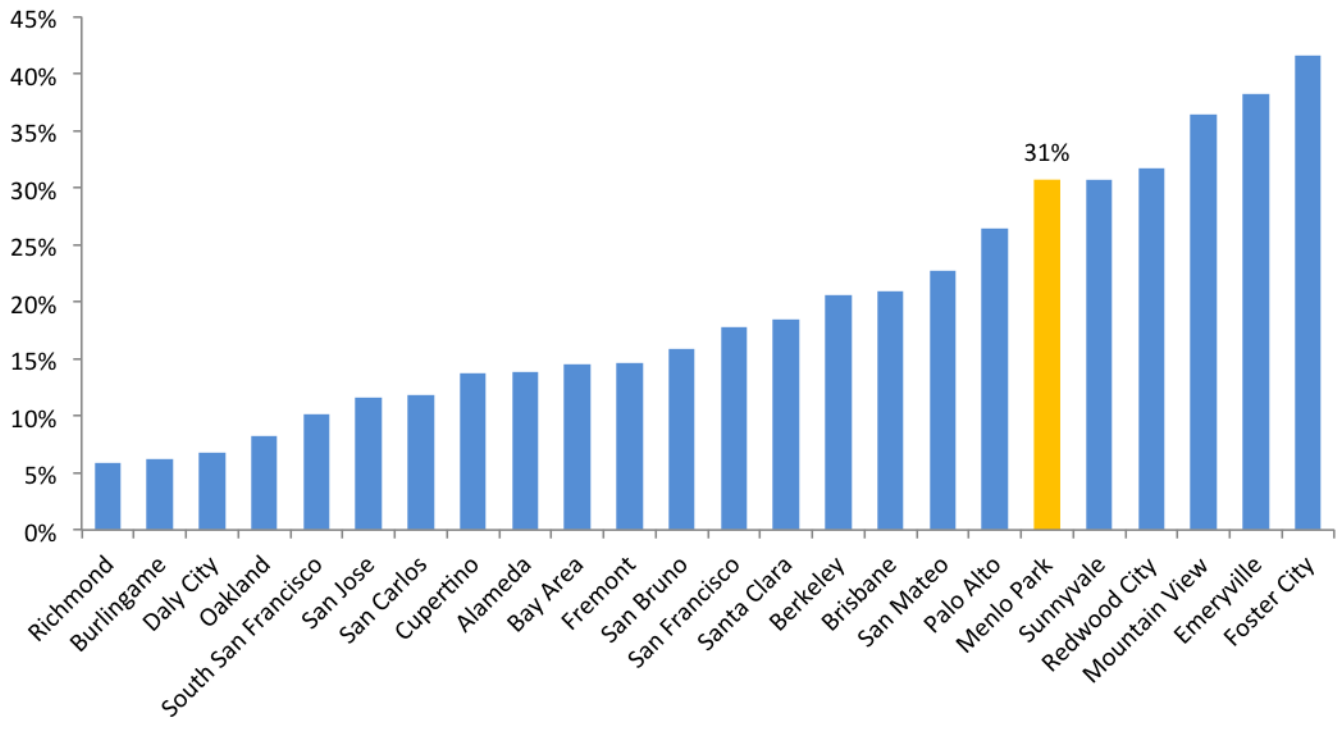


Table 11. Retail jobs per office job

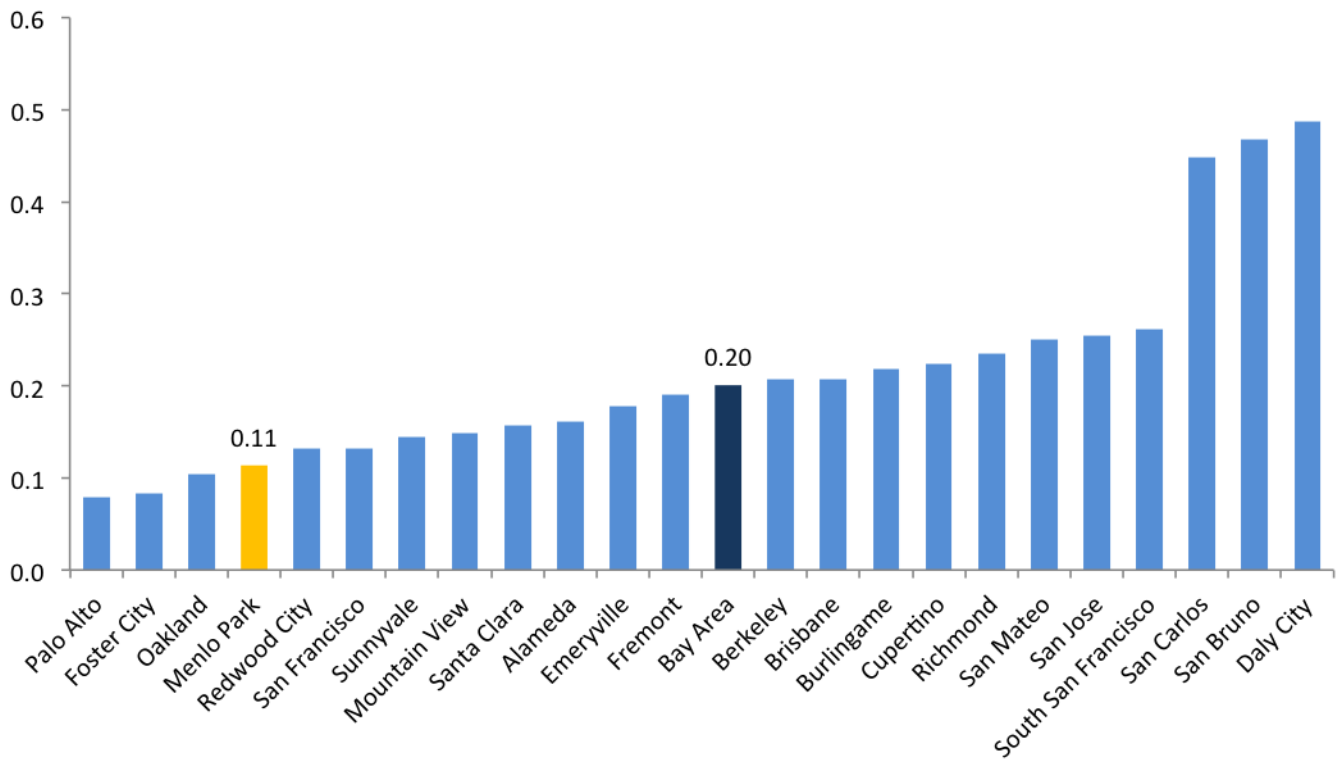


Table 12. Walk score

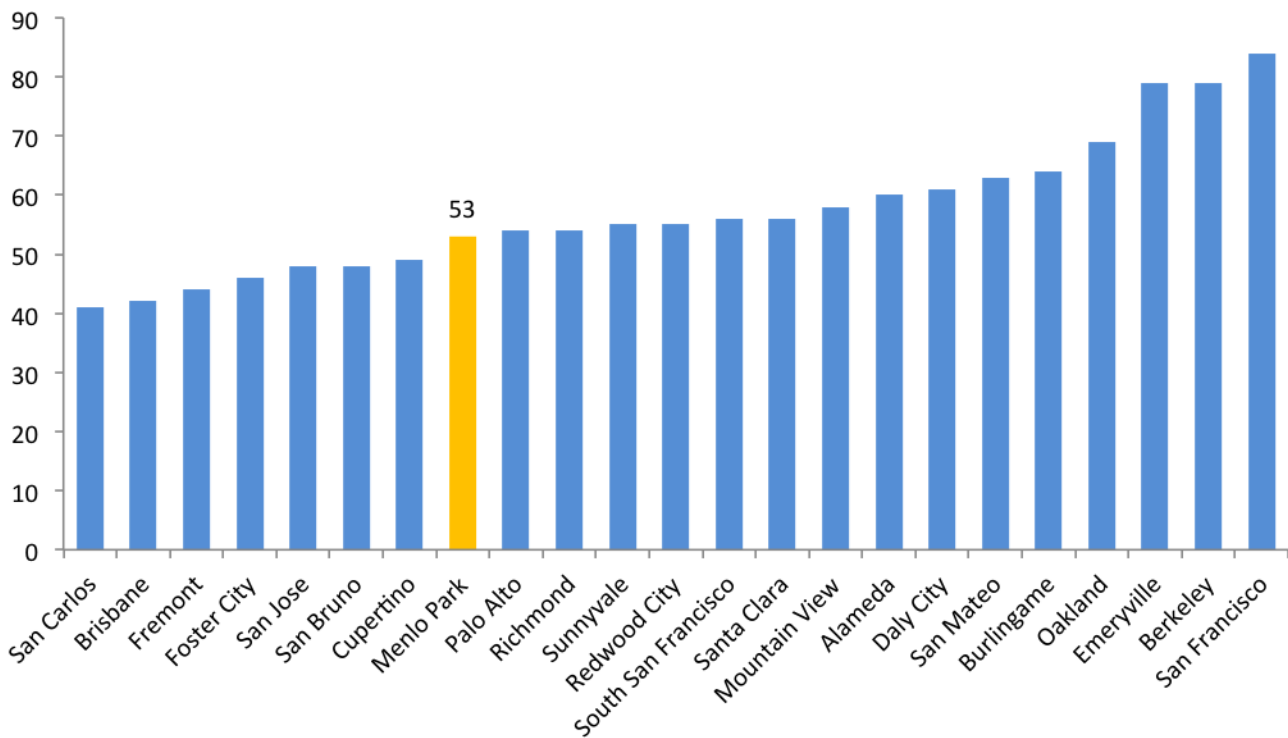


Table 13. Non-residential land uses in sqft.

	Office	Industrial + R&D	Total
San Francisco	89,213,545	*	89,213,545
Palo Alto	9,774,654	13,260,030	23,034,684
Mountain View	4,218,743	15,265,681	19,484,424
Redwood City	9,391,589	6,561,280	15,952,869
Pleasanton	12,724,161	2,738,660	15,462,821
Menlo Park	5,048,584	6,570,314	11,618,898
San Mateo	7,257,627	**	7,257,627
Walnut Creek	6,441,160	304,664	6,745,824
Burlingame	1,812,627	4,744,432	6,557,059
Emeryville	4,351,436	*	4,351,436
Foster City	3,267,375	**	3,267,375

* Data not provided. ** Data provided only in aggregate with other cities.

Source: Colliers International.

Table 14. Projected housing capacity

	Estimated capacity	Development pipeline
San Francisco	73,728	50,200
Palo Alto	3,468	1,837
Mountain View	2,271	892
Redwood City	3,243	1,302
Pleasanton	1,752	826
Menlo Park	3,333	1,347
San Mateo	1,486	201
Walnut Creek	1,427	472
Burlingame	1,402	472
Emeryville	4,491	378
Foster City	1,854	834

Estimated capacity is based on current zoning and identified¹ opportunity sites.

Development pipeline includes homes that have been approved for² development and those already under construction.

Sources:

- City of San Francisco, 2011. *Housing Element Part I: Data and Needs Analysis*
- City of Emeryville, 2014. *Housing Element 2015-2023 [draft]*
- City of Mountain View, 2006. *Housing Element 2007-2014*
- City of Pleasanton, 2014. *Housing Element: September 2014 Draft*
- City of Foster City, 2014. *Housing Element: 2015-2023 Planning Period*
- City of Redwood City, 2014. *2015-2023 Housing Element Public Hearing Draft*
- City of Burlingame, 2014. *2015-2023 Housing Element Public Review Draft*
- City of Menlo Park, 2014. *2015-2023 Housing Element*
- City of Palo Alto, 2014. *2015-2023 Housing Element Administrative Draft*
- City of San Mateo, 2009. *2009 Housing Element*
- City of Walnut Creek, 2009. *2009-2014 Housing Element*

15. Sales per capita

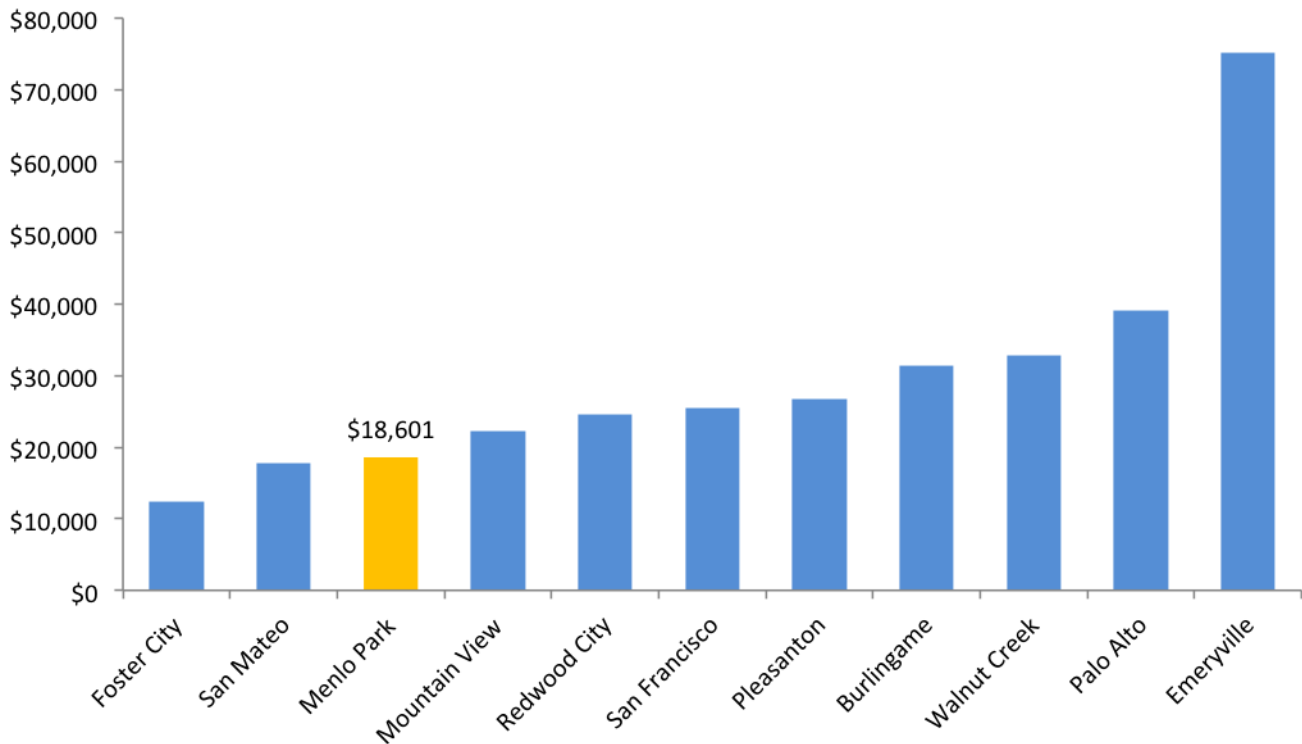


Table 16. Revenues per capita

	Property tax	Sales tax	Hotel tax	Transfer tax	Total in these categories
San Francisco	\$1,736	\$255	\$293	\$341	\$2,625
Emeryville	\$863	\$752	\$492	*	\$2,107
Mountain View	\$776	\$222	\$62	*	\$1,060
Pleasanton	\$685	\$268	*	*	\$953
Foster City	\$626	\$123	\$65	\$10	\$824
Redwood City	\$494	\$247	\$58	\$8	\$806
Burlingame	\$492	\$314	\$623	\$2	\$1,431
Menlo Park	\$484	\$186	\$107	*	\$777
Palo Alto	\$438	\$391	\$165	\$104	\$1,098
San Mateo	\$318	\$222	\$54	\$64	\$657
Walnut Creek	\$242	\$329	\$26	*	\$597

* Data not provided.

Sources: Comprehensive Annual Financial Reports (CAFRs) from each listed city.

Table 17. Tax rates and revenues

	Property tax		Sales tax		Hotel tax		Transfer tax	
	Rate	Revenue	Rate	Revenue	Rate	Revenue	Rate**	Revenue
San Francisco	*	\$1,415,068,000	8.75%	\$208,025,000	14.00%	\$238,782,000	\$5.00 - \$25.00	\$278,163,000
Emeryville	*	\$8,600,000	9.00%	\$7,500,000	12.00%	\$4,900,000	\$12.00	
Mountain View	*	\$58,515,000	8.75%	\$16,744,000	10.00%	\$4,668,000	\$4.40	
Pleasanton	*	\$48,900,000	9.00%	\$19,100,000	8.00%		\$1.10	
Foster City	*	\$19,566,168	9.00%	\$3,848,768	9.50%	\$2,015,909	\$1.10	\$315,962
Redwood City	*	\$38,484,044	9.00%	\$19,240,290	12.00%	\$4,526,424	\$1.10	\$599,316
Burlingame	*	\$14,390,000	9.00%	\$9,200,000	12.00%	\$18,240,000	\$1.10	\$49,724
Menlo Park	*	\$15,731,889	9.00%	\$6,043,870	12.00%	\$3,468,256	\$1.10	
Palo Alto	*	\$28,700,000	8.75%	\$25,600,000	14.00%	\$10,800,000	\$4.40	\$6,800,000
San Mateo	*	\$31,287,521	9.25%	\$21,821,391	10.00%	\$5,326,759	\$6.10	\$6,307,133
Walnut Creek	*	\$15,700,000	8.50%	\$21,400,000	8.50%	\$1,700,000	\$1.10	

* Property tax rates vary in different neighborhoods within each city; however, property tax is broadly set at 1%, plus any voter-approved tax increases in local jurisdictions.

** Transfer tax rates are per \$1,000 assessed value. Transfer tax revenues are shared with counties.

Sources: City and County of San Francisco Office of the Controller, City of Emeryville, City of Mountain View, City of Pleasanton, City of Redwood City, Ballotpedia (Foster City, Menlo Park, Palo Alto), City of San Mateo, CA State Board of Equalization (sales tax rates), californiacityfinance.com (transfer tax rates).

Table 18. Net office space (square feet)

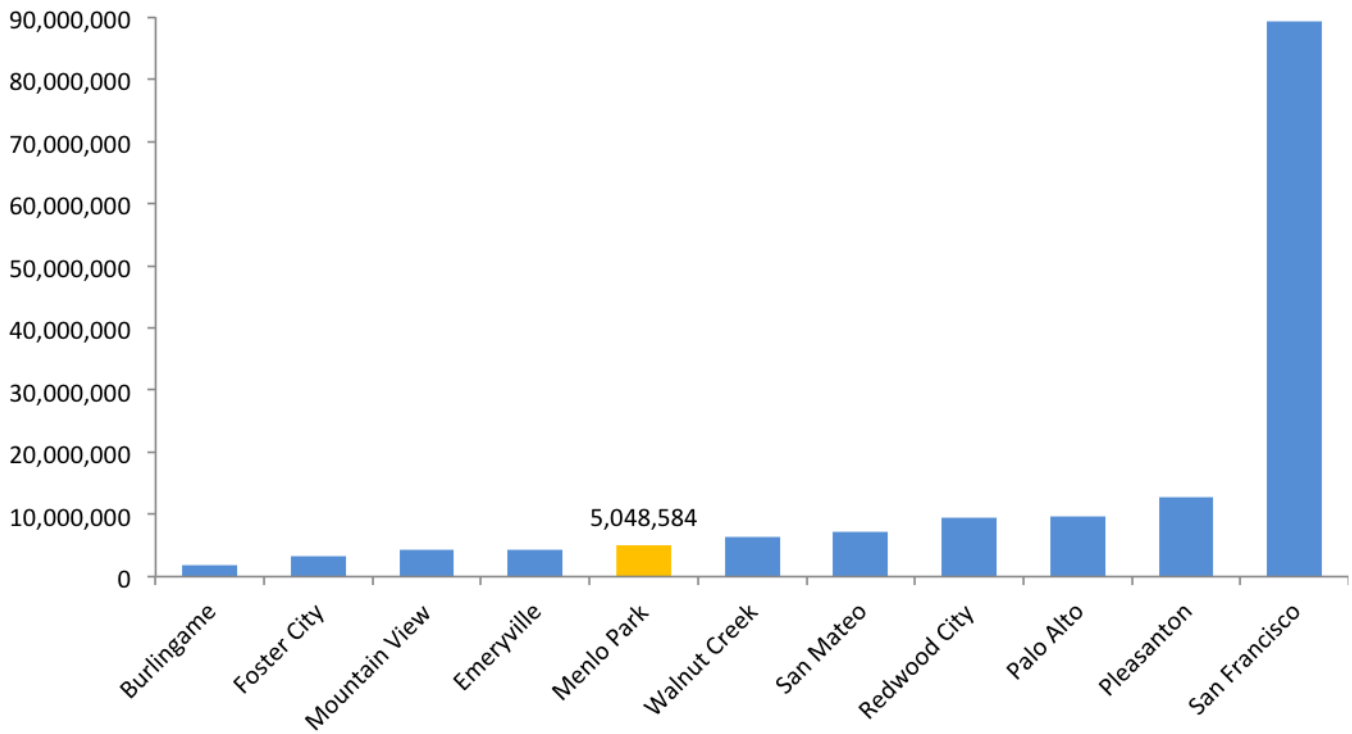


Table 19. Vacant office space (square feet)

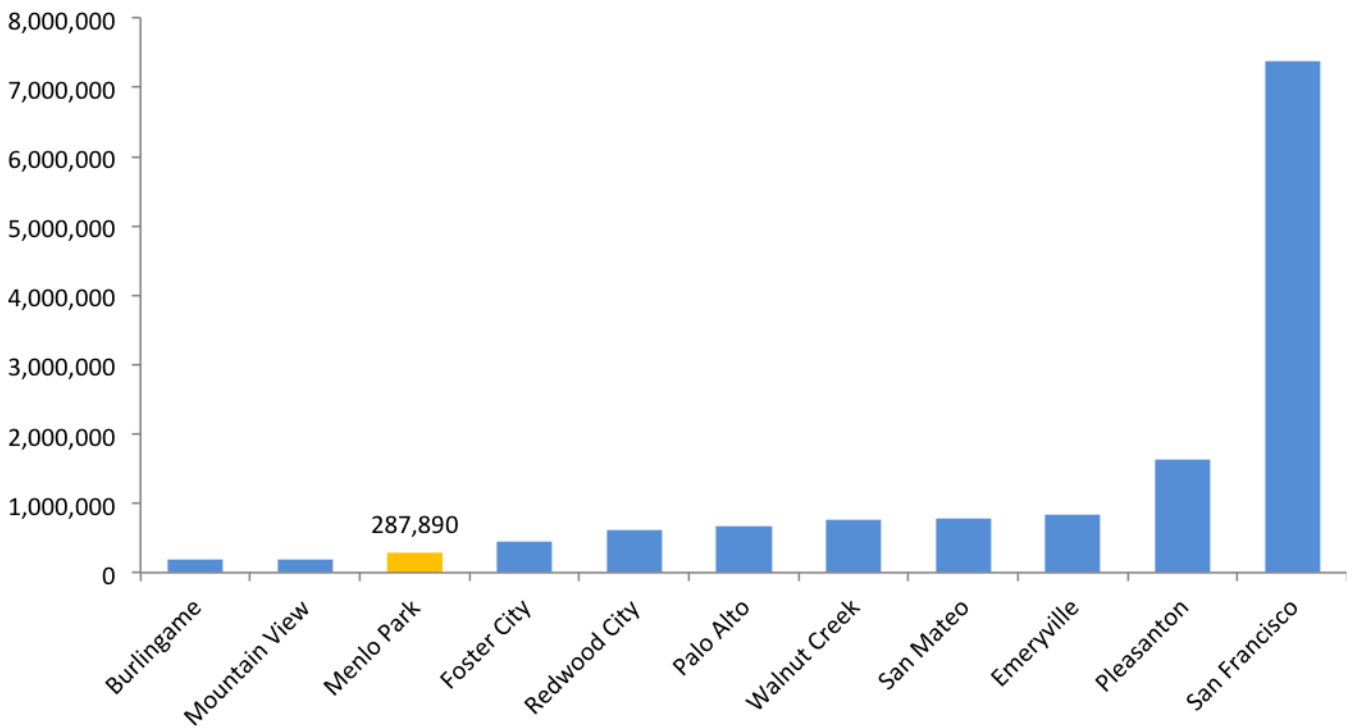


Table 20. Office vacancy rate

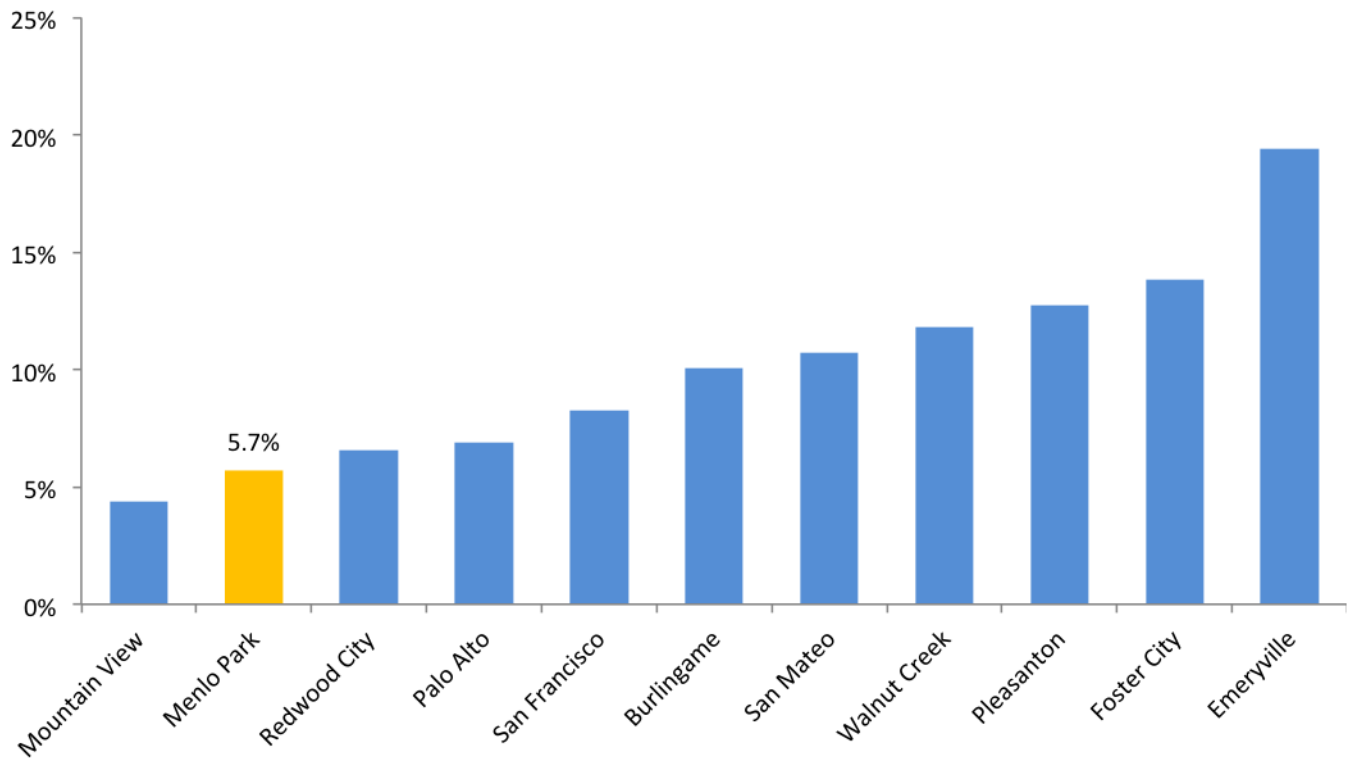
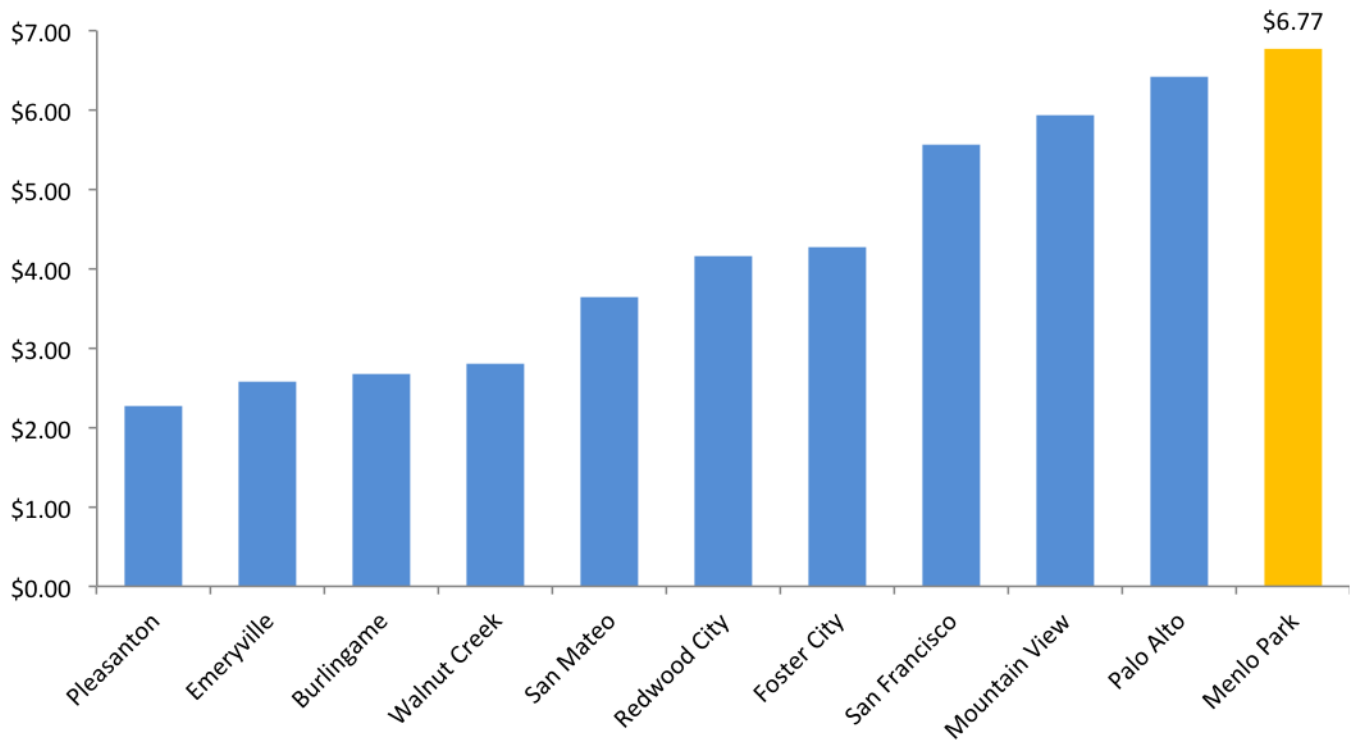


Table 21. Average monthly office rent per sqft.



SOURCES

City and County of San Francisco

City of Emeryville

City of Mountain View

City of Pleasanton

City of Foster City

City of Redwood City

City of Burlingame

City of Menlo Park

City of Palo Alto

City of San Mateo

City of Walnut Creek

Ballotpedia

Californiacityfinance.com

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- . LEHD Origin-Destination Employment Statistics: California Workplace Area Characteristics, 2011. U.S. Census Bureau's Center for Economic Studies, 2013. Print.
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Prepared by:



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MENLO PARK

ECONOMIC DEVELOPMENT GOALS

Introduction

Situated at the center of one of the world's most dynamic innovation clusters, Menlo Park is already an extraordinary beneficiary of the regional economy. A large percentage of its highly educated and affluent resident population and its employee base work in the innovation sector. At the same time, Menlo Park is failing to capture many of the potential positive benefits that the innovation sector could bring to the local economy, in the form of a more diverse range of retail, recreational and cultural services and jobs, greater public amenities and revenues, a higher quality of life, and, ultimately, a broader array of job opportunities beyond technology and innovation.

For Menlo Park to capture more of the potential positive benefits of the innovation sector, it must support policies that encourage denser, walkable, mixed use neighborhoods, ideally in transit-oriented locations. To this end, the Advisory Group has defined the following economic development goals that build on the opportunities identified in the Comparative Economic Advantage Study.

1. Set a Goal & Restore the Sales Tax Base

For decades, the El Camino Real was home to many car dealerships that produced a large, reliable sales tax base for the city. In recent years, these dealerships have moved out of Menlo Park, taking tax revenue elsewhere and leaving vacancies. Identifying and cultivating a new, reliable sales tax base will ensure Menlo Park's long-term economic health.

2. Increase Walkability by Adding Amenities to Select Residential Areas

By increasing amenities in residential areas, Menlo Park can increase walkability and reduce car trips. The goal is to increase walkability, and adding more neighborhood-serving retail is a strategy to get there.

3. Capture the Economic Potential of "Pass-Through" Traffic

An estimated 80% of east Menlo Park's daily traffic is "pass-through" – trips by individuals with no planned destination in Menlo Park. By offering better reasons to stop and spend time and money in Menlo Park, ideally through walkable and amenity rich retail and entertainment clusters, the City could increase its capture of the economic wealth of the larger region without adding vehicle traffic.

4. Activate the East Side

Menlo Park's Belle Haven neighborhood lacks many resident-serving amenities, but it also holds some of the best economic and real estate development opportunities for Menlo Park. Many Belle Haven residents support a vision for development that could bring greater urban vitality, including adding a movie theater, supermarket, and other amenities that could improve their neighborhood but also give reasons for residents from west Menlo Park to visit east Menlo Park.

5. "Leverage Opportunities in the M2"

Menlo Park's M2 zone is ripe for transformative

development. If the city is strategic about how they develop this land, they will gain much more than just increased property taxes—they can create a whole, new walkable and amenity rich neighborhood that will incubate new businesses and generate funding for new public parks and plazas.

6. Increase Transit Options that Integrate Menlo Park into the Region

Transit is a regional dilemma, and Menlo Park cannot solve the problems on its own. At the same time, Menlo Park can make tactical improvements in cooperation with local businesses like Facebook and with neighboring cities, like Redwood City, to enhance its connection to regional transit.

7. Identify Foci for Land Use Change

It's unrealistic to expect all of Menlo Park to become an amenity rich "walkable" neighborhood. Instead, Menlo Park should identify a small subset of locations that are best situated for increased walkable urbanism.

8. Enhance Cultural/Arts Offerings

Actively promoting arts and culture as an economic development strategy.

9. Preserve Housing Affordability and Income Diversity Wherever Possible

Economic diversity is a crucial component of economically vibrant and resilient communities. Preserving housing affordability for a range of incomes should be a priority of Menlo Park.

10. Consider Where the Market is Headed, Instead of Where it is now

Highly amenitized, mixed-use neighborhoods of moderate density are the new suburban model.

Menlo Park must focus on the needs of the innovation sector employers and employees now and over the next 25 years in order to capture the benefits of that sector, for the benefits of its residents.

11. Attend to the Details, Learn from the Best

Menlo Park must not lose sight of the "small stuff," which make up overall quality of life in Menlo Park. While the City should focus on big moves for economic development, it must also maintain focus on everyday services that create a good quality of life for its residents.

12. Rethink Parking/Access in Downtown

Menlo Park's parking replacement requirements for residential development in the downtown are inadvertently limiting development that could enhance its potential vibrancy as a mixed-use urban village. Further, Menlo Park owns the surface parking lots in its downtown, which represent a tremendous development opportunity for the city.



OFFICE OF THE CITY MANAGER

Council Meeting Date: December 16, 2014
Staff Report #: 14-217

INFORMATIONAL ITEM: **Consider Rescinding Menlo Park Municipal Code 2.04.120 Regarding Schedule of Council Reorganization**

RECOMMENDATION

This is an informational item only and does not require Council action at this time.

BACKGROUND

The Menlo Park Municipal Code 2.04.120 states that the City Council shall meet on the first Tuesday of December of each year and choose one of its members as Mayor and one as Mayor Pro Tempore.

The City of Menlo Park holds a General Municipal Election on even numbered years. Under California Elections Code 10262, the County Elections office is provided 28 days to certify and present the results of a consolidated election to the local governing body. SB 29 (Correa) is a bill that will extend the deadline from 28 days to 30 days. Given that Election Day falls on the first Tuesday of November each year, the 30-day deadline for the County to certify election results would fall within the first week of December.

In order to allow flexibility in scheduling the Council reorganization meeting each December, staff will request the City Council to consider rescinding the ordinance setting the date for Mayor and Mayor Pro Tem selection. Instead, staff will propose that mayoral selection be held within 10 days of receiving the certified election results from the County, either at the next regularly scheduled meeting of the Council or at a special meeting called for this purpose.

Staff expects to bring this item to Council for introduction and adoption in January 2015.

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. Menlo Park Municipal Code 2.04.120
- B. SB 29 (Correa) Vote By Mail Ballots and Election Result Statements

Report prepared by:
Pamela Aguilar
City Clerk

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ORDINANCE
No. 800

AN ORDINANCE OF THE CITY OF MENLO PARK
REGARDING APPOINTMENT OF THE MAYOR

The City Council of the City of Menlo Park does ordain as follows:

SECTION 1. Section 2.04.120 of the Menlo Park Municipal Code is amended to read as follows:

"The City Council shall meet on the first Tuesday of December of each year and choose one of its number as mayor and one as mayor pro tempore."

SECTION 2. This Ordinance shall be published once within 15 days of its adoption in the Menlo Atherton Recorder, a newspaper of general circulation, printed, published, and circulated in the City of Menlo Park, and shall take effect thirty days after its passage and adoption.

INTRODUCED on the 18th day of July, 1989.

PASSED AND ADOPTED as an Ordinance of the City of Menlo Park at a regular meeting of said Council on the 1st day of August, 1989, by the following vote:

AYES:	Councilmembers:	GRANT, JONES, LA FETRA, MORRIS, SORENSEN.
NOES:	Councilmembers:	NONE.
ABSENT:	Councilmembers:	NONE.
ABSTAIN:	Councilmembers:	NONE.

APPROVED:

JAN LAFETRA
Jan La Fetra, Mayor of the
City of Menlo Park

ATTEST:

Jaye M. Carr
Jaye M. Carr
City Clerk

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Summary

(1) Existing law makes the vote by mail ballot available to any registered voter, including military or overseas voters. Existing law requires that those vote by mail ballots, including those vote by mail ballots cast by military or overseas voters, be received by the elections officials from whom they were obtained or by the precinct boards before the polls close on election day in order to be counted.

Existing law authorizes certain local, special, or consolidated elections to be conducted wholly by mail, so long as specified conditions are satisfied. Existing law requires ballots cast in these vote by mail elections to be returned to the elections official from whom they were obtained no later than 8 p.m. on election day.

This bill would, notwithstanding the above provisions, provide that any vote by mail ballot, including any vote by mail ballot cast by a military or overseas voter, is timely cast if it is received by the voter's elections official via the United States Postal Service or a bona fide private mail delivery company no later than 3 days after election day, and either the ballot is postmarked on or before election day or is time stamped or date stamped by a bona fide private mail delivery company on or before election day or, if the ballot has no postmark, a postmark with no date, or an illegible postmark, the vote by mail ballot identification envelope is date stamped by the elections official upon receipt and is signed and dated by the voter on or before election day.

Because the bill would expand the duties of local elections officials, it would impose a state-mandated local program.

(2) Existing law permits any jurisdiction in which vote by mail ballots are cast to begin processing vote by mail ballot return envelopes 29 days prior to election, and authorizes any jurisdiction having the necessary computer capability to start processing vote by mail ballots 7 business days prior to the election.

This bill would instead authorize any jurisdiction having the necessary computer capability to start processing vote by mail ballots 10 business days prior to the election.

(3) Existing law requires the elections official to prepare a certified statement of the results of the election and submit it to the governing body within 28 days of the election, except for specified elections.

This bill would instead require the elections official to submit the certified statement of the results of the election to the governing body within 30 days of the election.

(4) This bill would incorporate additional changes to Section 15101 of the Elections Code proposed by AB 2530, to be operative only if AB 2530 and this bill are both chaptered and become effective January 1, 2015, and this bill is chaptered last.

(5) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

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PUBLIC WORKS DEPARTMENT

Council Meeting Date: November 18, 2014
Staff Report #: 14-212

INFORMATIONAL ITEM: **Update on the El Camino Real/Downtown Specific Plan Proportionate Cost-Sharing Program Study**

RECOMMENDATION

This is an informational item that does not require Council action at this time.

BACKGROUND

Transportation infrastructure modifications are needed to accommodate the existing local and regional traffic, as well as new travel demands generated by redevelopment projects in the Downtown Specific Plan area. To fund these infrastructure modifications, the City uses three general funding sources:

1. Local funds – General, San Mateo County Measure A, Gas taxes.
2. Grant funds – Federal, State, and Regional sources.
3. Contributions from new developments.

State Government Code Sections 66000 through 66008 (also known as Assembly Bill (AB) 1600) outlines the process local agencies can take to allocate a portion of the cost for new transportation infrastructure to new development projects. In October 2009, the City Council adopted a Transportation Impact Fee (TIF) Program. The improvements identified in the City's TIF are often identified as mitigation measures for significant transportation impacts in environmental clearance documents for development projects. Either construction of the improvements or payment of the TIF can mitigate transportation impacts. However, frequently, development projects trigger additional mitigation measures beyond those currently in the adopted TIF program. Construction of these additional improvements is then imposed on individual development projects as mitigation measures where required by the City's Transportation Impact Analysis Guidelines.

In June 2012, the City Council adopted the El Camino Real/Downtown Specific Plan (Specific Plan) and certified the associated program-level Environmental Impact Report (EIR). The EIR prepared for the Specific Plan outlined transportation mitigation measures associated with the increased land use development anticipated under the Plan. Some of these measures were previously identified in the 2009 TIF Program and are identified in the EIR as such. However, transportation mitigation measures at eight locations beyond those included in the TIF Program are also identified in the EIR. The EIR requires new development in the Specific Plan area to pay a proportional share of

the cost for these mitigation measures. The City must establish a mechanism to proportion the cost of the infrastructure between existing traffic and future growth attributable to the Specific Plan area to collect funds towards the mitigation measures as a condition of the new development. To do this, the *El Camino Real/Downtown Specific Plan Proportionate Cost-Sharing Program Study* (Attachment A) was prepared.

ANALYSIS

The *El Camino Real/Downtown Specific Plan Proportionate Cost-Sharing Program Study* summarizes the improvements identified in the Specific Plan EIR, provides a conceptual-level construction cost for each, and calculates a proportional cost-share to be attributed to new development within the Specific Plan area. Public improvements identified as part of the Specific Plan (e.g., plazas, pedestrian improvements, paseos, etc.) are not included in this *Proportionate Cost-Sharing Program Study*, since they are not measures identified to reduce or eliminate impacts of the Specific Plan, but defined as elements of the Specific Plan itself. The cost of these public improvements would be borne by the City, negotiated through public benefits, or funded via regional, state, or federal grant programs. The *Study* does not require that all the improvements in the Specific Plan be constructed. A summary of the *Study* methods are outlined below.

Methods

In summary, the following method is used to determine and allocate the cost of the transportation mitigation measures (in 2014 Dollars) in the Study:

1. Determine cost of each improvement (=A).
2. Determine the proportion of traffic that is attributable to new development in the Specific Plan area (=B%).
3. Determine the proportional cost of each improvement attributable to new development in the Specific Plan area ($C = A \times B$).
4. Determine the anticipated amount of added traffic from new development in the Specific Plan Area [D, in vehicle trips during evening peak commute hour].
5. Develop cost-sharing rate that can be readily applied to each new development in the Specific Plan area [$E = C/D$, in 2014 US Dollars per vehicle trip].

Table 1 summarizes the locations and improvements identified in the Study, as well as the anticipated cost for design and construction. For the eight (8) improvements, the total cost is estimated to be nearly \$3,500,000.

As shown in Table 1, the proportion of cost of the improvements allocated to new development ranges from four to 27 percent at any given intersection based on the amount of added traffic during the evening commute peak hour. This method is consistent with that used in the 2009 Citywide TIF. The proportional cost of each improvement is listed in Table 1. Based on the allocation, it is expected that the City could recoup approximately \$476,000 of the cost of these improvements, or 13.7 percent.

Table 1: Summary of Transportation Improvements and Cost Allocation

Intersection (Specific Plan EIR Identification Number)	Jurisdiction	Improvement Description	Total Cost¹ [A]	Percent Traffic from Specific Plan New Development² [B]	Proportional Cost Allocated to Specific Plan New Development³ [C = A x B]
University Drive (north)/ Santa Cruz Avenue (#17)	Menlo Park	<ul style="list-style-type: none"> • Signalize • Interconnect with University Drive (south)/Santa Cruz Avenue 	\$379,300	27%	\$102,400
Middlefield Road/ Marsh Road (#18)	Atherton	<ul style="list-style-type: none"> • Add 2nd left-turn lane from Marsh to Middlefield • Add 2nd receiving lane on south leg of Middlefield Road 	\$925,000	4%	\$37,000
Middlefield Road/ Glenwood Avenue- Linden Avenue (#20)	Atherton	<ul style="list-style-type: none"> • Signalize 	\$405,900	9%	\$36,500
Middlefield Road/ Linfield Drive (#24)	Menlo Park	<ul style="list-style-type: none"> • Signalize 	\$377,200	26%	\$98,100
Coleman Avenue/ Willow Road (#27)	Menlo Park	<ul style="list-style-type: none"> • Restripe southbound approach of Coleman to left-turn only lane and shared through/right-turn lanes 	\$32,600	10%	\$3,300
Durham Street/ Willow Road (#28)	Menlo Park	<ul style="list-style-type: none"> • Add southbound left-turn lane • Change signal phasing on Durham Street-Veterans Hospital approaches 	\$150,000 ⁴	10%	\$15,000

Intersection (Specific Plan EIR Identification Number)	Jurisdiction	Improvement Description	Total Cost¹ [A]	Percent Traffic from Specific Plan New Development² [B]	Proportional Cost Allocated to Specific Plan New Development³ [C = A x B]
Bay Road/ Willow Road (#29)	Caltrans	<ul style="list-style-type: none"> • Add 2nd southbound left-turn lane from Bay to Willow • Add crosswalk across Willow on east leg 	\$642,000	8%	\$51,400
Orange Avenue/ Santa Cruz Avenue- Avy Avenue (#33)	Menlo Park	<ul style="list-style-type: none"> • Signalize 	\$555,400	19%	\$105,500
Total			\$3,467,400 [A]	--	\$476,600 [C]
<p>Notes:</p> <p>1 Total cost includes estimate of construction costs (pavement/widening, right-of-way acquisition, traffic signal modifications), plus design, survey, construction management/administration, and contingencies.</p> <p>2 At each intersection, the amount of traffic growth that is generated by new development within the Specific Plan area during the PM peak hour divided by the total amount of traffic growth estimated in 2030 in the Specific Plan EIR.</p> <p>3 Proportion of the total cost attributable to new development in the Specific Plan area during the PM peak hour, based on Note 2 above.</p> <p>4 This work was already under construction at the time the Study was being prepared. Therefore, the cost borne by the City was already known and is reflected in the Study.</p>					

The final step in the methodology is to determine a proportional cost rate that can be readily applied to each new development in the Specific Plan area. The 2009 Citywide TIF is based on PM peak hour trips (i.e., a cost per trip), thus, a similar method was used for this Study. The Specific Plan EIR estimated 1,319 evening commute peak hour trips [D] to be generated by new development in the Specific Plan area.

Thus, the proportional cost for transportation mitigation measures attributable to new development in the Specific Plan area was calculated to be \$361.33 per evening commute peak trip [E = C/D, or \$476,600 divided by 1,319 trips].

Next Steps

The City Council's action to certify the Final Environmental Impact Report and adopt the Mitigation and Monitoring Program for the Specific Plan in June 2012 established the legal nexus, or basis, to establish this program. However, adoption of the *Proportionate Cost-Sharing Study* by the City Council would be needed at a future meeting to establish the cost rates summarized above.

While this program would not be considered a development impact fee pursuant to Government Code 66000 through 66008, staff is proposing to notice property owners consistent with such a fee to ensure the proposal is available for public review and comment. Staff anticipates mailing notices to property owners in the Specific Plan Area in January 2015, and to return to City Council in February 2015 to consider adoption of the *Study*.

If City Council moves forward with adoption of this proportional cost program, it would be collected for all new development projects within the Specific Plan area, effective 60 days after Council adoption.

IMPACT ON CITY RESOURCES

The total study budget included \$15,000 for consultant costs. The study was funded in part by the Marriott Residence Inn at 555 Glenwood Avenue, the first project to pursue approvals under the Specific Plan. The remainder was funded by the Transportation Impact Fee fund.

If adopted, the study would establish a cost-sharing mechanism for the City to receive revenue dedicated to transportation improvements within the Specific Plan area from new developments. The new fee would not cover the full cost of the improvements and some improvements would potentially require additional funding to implement. This funding could include other City funding sources, regional funds, federal sources, and grants.

POLICY ISSUES

The Study is consistent with General Plan Policy II-A-8:

“New development shall be restricted or required to implement mitigation measures in order to maintain the levels of service and travel speeds specified in Policies II-A-1 through II-A-3.”

ENVIRONMENTAL REVIEW

This *Proportional Cost-Sharing Study* is not considered a project under the California Environmental Quality Act. Individual improvements identified in the study will be required to undergo the applicable environmental review process prior to implementation.

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. El Camino Real/Downtown Specific Plan Proportionate Cost-Sharing Program Study

Report prepared by:
Nicole H. Nagaya, P.E.
Interim Transportation Manager



Proportionate Cost Sharing Program Study



Prepared for the
City of Menlo Park



Submitted by

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August 14, 2014

Table of Contents

	Page
Executive Summary	1
Introduction	2
Vehicle Trip Generation.....	4
Construction Cost Estimates.....	5
Conclusions.....	9
Study Participants and References.....	10
 Tables	
1 Study Intersections.....	3
2 Construction Cost Summary.....	7
3 Fair Share Allocation to New Development.....	7
 Appendix	
A Intersection Concept Sketches	

Executive Summary

The City of Menlo Park adopted a Transportation Impact Fee Program in October 2009. The Program contained a variety of road widening or improvement projects at various locations in the City that are necessary to support expected traffic growth. Subsequent to the Transportation Impact Fee, the *El Camino Real/Downtown Specific Plan* was adopted after an environmental review was completed in 2012. This study included a list of several roadway and intersection improvement measures recommended to mitigate environmental impacts associated with the El Camino Real/Downtown Specific Plan. These measures were intended to supplement the projects included in the 2009 Transportation Impact Fee Program.

Based on the required mitigation measures in the El Camino Real/Downtown Specific Plan and its Environmental Impact Report, each new development or redevelopment project is required to make a proportional share contribution towards each improvement. This report summarizes the improvements identified in the environmental impact study and provides conceptual level construction costs for each. Finally, a proportional cost share per trip has been calculated using the following method: the costs were proportioned to new development, and the resulting proportioned cost is divided by the number of net new vehicle trips associated with the El Camino Real/Downtown Specific Plan.

Introduction

Introduction

This report presents a list of improvement projects that were recommended in the *Menlo Park El Camino Real/Downtown Specific Plan Final Environmental Impact Report (Specific Plan FEIR, City of Menlo Park, June 2012)*, and estimates of construction costs for the projects. The costs developed for this report and the total number of net new vehicle trips reported in the Specific Plan FEIR has been used to calculate the proportional cost share per trip that will be applied to new developments in the Specific Plan area, generally including properties along El Camino Real in Menlo Park plus properties in the downtown area. The downtown area includes properties fronting Oak Grove, Santa Cruz, and Menlo Avenues from University Avenue on the west to the Caltrain station on the east.

Background

The City of Menlo Park adopted a Transportation Impact Fee (TIF) Program in October 2009. This program was the result of a Citywide analysis of traffic generated by potential developments and the street and intersection improvements that would be required to support traffic generated by those developments. It resulted in a traffic impact fee to be assessed as part of the approval requirements for new developments in the City. A copy of the full report can be found online at: http://service.govdelivery.com/docs/CAMENLO/CAMENLO_101/CAMENLO_101_20090921_en.pdf. The fee is adjusted annually based on the change in construction costs for the San Francisco Bay Area from the Engineering News Record (ENR).

In 2012, the City certified the Final Environmental Impact Report (FEIR) for the El Camino Real/Downtown Specific Plan that identified required mitigation measures including street and intersection improvements needed to support the expected growth in the downtown and along El Camino Real. The *Specific Plan FEIR* is available at: http://www.menlopark.org/departments/pln/ecrd/eir/feir/Menlo%20Park%20Specific%20Plan%20FEIR_Vol1.pdf

While some of the mitigation measures are already included in the City's TIF Program, several are not listed in the TIF. Thus, the City requested preparation of this study to determine the proportion of the costs of these mitigation measures, not currently listed in the TIF, attributable to new development in the Plan area. This resulting "fair-share" proportional cost would be allocated to each new development project within the Plan area to offset the cost burden borne by the City for additional transportation infrastructure needed to support development under the Specific Plan.

Project Profile

The list of eight projects, as reported in the *Specific Plan FEIR*, is summarized in Table I. Concept sketches were developed for seven of the eight study intersections to serve as the basis for estimating construction costs for this report. The concept sketches are presented in Appendix A. No concept sketches are included for one of the intersections because the modifications have already been implemented. For these two intersections, the City's share of the cost is already known and the amount is included in the total cost for those intersections in lieu of a new estimated amount.

**Table I
Study Intersections**

Study Intersection (Jurisdiction)	FEIR Intersection #	Proposed Modification
University Dr N/Santa Cruz Ave (Menlo Park)	17	<ul style="list-style-type: none"> • Signalize and interconnect with University Dr S/ Santa Cruz Ave
Middlefield Rd/Marsh Rd (Atherton)	18	<ul style="list-style-type: none"> • Add 2nd WB left-turn lane and a second receiving lane on the southern leg of the intersections
Middlefield Rd/Glenwood Ave-Linden Ave (Atherton)	20	<ul style="list-style-type: none"> • Signalize intersection
Middlefield Rd/Linfield Dr (Menlo Park)	24	<ul style="list-style-type: none"> • Signalize intersection
Coleman Ave/Willow Rd (Menlo Park)	27	<ul style="list-style-type: none"> • Restripe SB approach to left-turn only and shared through/right-turn lanes
Durham St/Willow Rd (Menlo Park)	28	<ul style="list-style-type: none"> • Add SB left-turn lane • Change NB and SB signal phasing from permitted to protected left-turn movements
Bay Rd/Willow Rd (Caltrans)	29	<ul style="list-style-type: none"> • Add second SB left-turn lane • Add crosswalk on east leg
Orange Ave/Santa Cruz Ave-Avy Ave (Menlo Park)	33	<ul style="list-style-type: none"> • Signalize intersection

Notes: NB = Northbound; SB = Southbound; EB = Eastbound; WB = Westbound

Source: *Menlo Park El Camino Real/Downtown Specific Plan Final Environmental Impact Report*, City of Menlo Park, 2012

Vehicle Trip Generation

The vehicle trip generation used for this analysis was taken from Table 4.13-6 of the *Menlo Park El Camino Real/Downtown Specific Plan Final Environmental Impact Report (Specific Plan FEIR)*, which shows a total net addition of 1,319 p.m. peak hour trips. Projected p.m. peak hour trips were used to conform to the methodology used in the City's 2009 Transportation Impact Fee program.

These trips are expected to be generated from a combination of the proposed land uses identified in the Specific Plan and Environmental Impact Report. The total of 1,319 net-new p.m. peak hour trips was used to calculate the proportional cost share per trip.

Construction Cost Estimates

Methodology

Descriptions of the recommended modifications at each study intersection (see Table I for list) were obtained from the *Specific Plan FEIR*. Concept sketches were drawn for seven of the eight study intersections with enough detail to estimate quantities of typical construction bid items. These sketches are provided in Appendix A. At the eighth intersection the work is already under construction and the actual cost borne by the City is known.

In many cases, supporting calculations were also performed to determine the needed length of left turn pockets or transition areas. Construction bid prices from recent City of Menlo Park projects were applied to the quantities of work measured from the concept sketches to determine total costs for each intersection.

Intersection Descriptions

University Drive North/Santa Cruz Avenue

The recommended modifications at the University Drive North/Santa Cruz Avenue intersection include a new traffic signal along with interconnection to the existing traffic signal at the University Drive (S)/Santa Cruz Avenue intersection. Lengthening right-turn pockets is also included for the southbound right turn (lengthen to 150 feet) and the eastbound right turn (lengthen to 500 feet). A sketch of the installation is shown in Figure A-1.

Middlefield Road/Marsh Road

The Middlefield Road/Marsh Road intersection is another location with overlapping improvements. The intersection is located within the Town of Atherton. The *Specific Plan FEIR* includes a recommendation to widen the westbound approach on Marsh Road to add a second left-turn lane; however, implementation and timing of such modifications would be led by the Town of Atherton, since they have jurisdiction over this location.

This additional lane would in turn require widening of the southbound departure leg on Middlefield Road to provide two receiving lanes for traffic from Marsh Road. On the westbound Marsh Road approach, the left-turn storage must be increased from the existing 250 feet to a minimum of 500 feet for each lane. To provide this widening would require removal of at least 15 mature trees on the north side of Marsh Road, which, as noted above, would be at the discretion of the Town of Atherton. A concept sketch of the modifications is shown in Figure A-2.

Middlefield Road/Glenwood Avenue-Linden Avenue

A new traffic signal is the recommended modification at Middlefield Road/Glenwood Avenue-Linden Avenue, which is located within the Town of Atherton. A sketch of the traffic signal is shown in Figure A-3.

Middlefield Road/Linfield Drive

For the intersection of Middlefield Road/Linfield Drive intersection, the recommended improvement is also a new traffic signal. A sketch of the traffic signal is shown in Figure A-4.

Coleman Avenue/Willow Road

The improvement recommended for Coleman Avenue/Willow Road includes a roadway striping modification to provide an exclusive right-turn lane on the southbound Coleman Avenue approach. It would also require red curbs to prohibit parking on each side of Coleman Avenue for 210 feet north of Willow Road, as shown in Figure A-5. The new red curbs would result in loss of about 20 parking spaces.

Durham Street/Willow Road

The recommended modification at the Durham Street/Willow Road intersection is currently under construction (as of May 2014), led by the Veteran's Administration (VA). The City's portion of the cost has been established as \$150,000. The City's cost attributed to these improvements is less than if it were to be pursued without the VA; thus, this represents a cost savings over assuming implementation fully led by the City.

Bay Road/Willow Road

For the intersection of Bay Road/Willow Road the improvements recommended include widening of the north leg of the intersection to provide a second southbound left-turn lane from Bay Road onto Willow Road. It was assumed for purposes of this report that the widening would be completed on the east side of Bay Road along the frontage of the auto service business. The widening would likely require relocation of existing overhead electric lines to an underground utility trench.

Further, a new crosswalk is to be provided on the east leg of the intersection, with traffic signal modifications required to accommodate the crosswalk. A Class II bicycle lane is also shown on the westbound approach in anticipation of bicycle lanes to be added as part of the proposed US-101/Willow Road interchange upgrade project. A sketch of the modifications is shown in Figure A-6.

Orange Avenue/Santa Cruz Avenue-Avy Avenue

A traffic signal is recommended for the Orange Avenue/Santa Cruz Avenue-Avy Avenue intersection. A sketch of the traffic signal is shown in Figure A-7.

Estimated Construction Costs

Quantities of construction work items were developed from the concept sketches provided in Appendix A. Unit prices from recent construction bids received by the City of Menlo Park, supplemented with unit prices from data for other traffic signal and striping work, were applied to the quantities to estimate item prices. Miscellaneous work, staff charges, and contingencies were estimated using a percentage of the construction cost, and using the same percentage values as were used in the 2009 TIF Program. The results are summarized in Table 2.

**Table 2
Construction Cost Summary**

Study Intersection	Traffic Signal Modification	Pavement Widening/ Other	Right-of-Way Acquisition	Subtotal
University Dr N/Santa Cruz Ave	\$144,000	\$61,000	\$0	\$205,000
Middlefield Rd/Marsh Rd	\$200,000	\$300,000	\$0	\$500,000
Middlefield Rd/Glenwood Ave-Linden Ave	\$198,100	\$21,300	\$0	\$219,400
Middlefield Rd/Linfield Dr	\$203,900	\$0	\$0	\$203,900
Coleman Ave/Willow Rd	\$6,000	\$11,600	\$0	\$17,600
Durham St/Willow Rd				\$150,000
Bay Rd/Willow Rd	\$99,500	\$120,100	\$105,800	\$325,400
Orange Ave/Santa Cruz Ave-Avy Ave	\$246,000	\$54,200	\$0	\$300,200
Total Estimated Costs	\$1,097,500	\$568,200	\$105,800	\$1,921,500

Table 3 shows the effect of the following add-on cost categories:

- Construction mobilization at 5 percent
- Design at 10 percent
- Surveys (for right-of-way acquisition)
- Contract administration and construction management at 10 percent each
- Contingencies at 30 percent

The table also shows the "fair share" percent calculated as the p.m. peak hour from the Specific Plan trips divided by total traffic volume.

**Table 3
Fair Share Allocation to New Development**

Study Intersection	Construction Cost Total	Additional Costs	% PM Peak Hour Traffic	Fair Share Cost
University Dr N/Santa Cruz Ave	\$205,000	\$174,300	27	\$102,400
Middlefield Rd/Marsh Rd	\$500,000	\$425,000	4	\$37,000
Middlefield Rd/Glenwood Ave-Linden Ave	\$219,400	\$186,500	9	\$36,500
Middlefield Rd/Linfield Dr	\$203,900	\$173,300	26	\$98,100
Coleman Ave/Willow Rd	\$17,600	\$15,000	10	\$3,300
Durham St/Willow Rd	\$150,000	-	10	\$15,000
Bay Rd/Willow Rd	\$325,400	\$316,600	8	\$51,400
Orange Ave/Santa Cruz Ave-Avy Ave	\$300,200	\$255,200	19	\$105,500
Total Estimated Cost	\$1,921,500	\$1,545,900		\$476,600

Calculation of Proportional Cost Share

The total cost of the recommended improvements is \$3,432,200. The percent of new trips at each intersection was applied to the construction cost estimate, resulting in a total of \$476,600. Divided by the 1,319 net new trips, the resulting proportional cost share per trip is \$361.33.

Conclusions

Conclusions

- After adoption of the El Camino Real/Downtown Specific Plan and certification of its Environmental Impact Report, the City of Menlo Park requested preparation of this *Proportionate Cost Sharing Program Study* to determine the proportion of the costs of these mitigation measures, not currently listed in the TIF, attributable to new development in the Plan area.
- The ten improvement projects associated solely with the El Camino Real/Downtown Specific Plan are expected to cost approximately \$3,467,400 to accommodate the estimated 1,319 p.m. peak hour trips. The “fair share” proportional cost allocated to each new development project within the Plan area, to offset the cost burden borne by the City, is \$476,600.
- The proportionate cost share was calculated to be \$361.33 per p.m. peak hour trip.

Study Participants and References

Study Participants

Principal in Charge: Mark E. Spencer, TE
Traffic Engineer: Steve Fitzsimons, PE, TE
Assistant Engineer: Lauren Davini, EIT
Editing/Formatting: Angela McCoy
Quality Control: Dalene J. Whitlock, PE, PTOE

References

Final Report: City of Menlo Park Transportation Impact Fee Study, TJKM, 2009
Menlo Park El Camino Real and Downtown Specific Plan Final Environmental Impact Report, ESA, 2012
Staff Report #09-135: Waiver of Reading and Adoption of an Ordinance Establishing a Transportation Impact Fee for the City of Menlo Park and Approval of a Resolution Setting the Transportation Impact Fee Rates, City of Menlo Park Public Works Department, Council Meeting Date: October 6, 2009

Communications

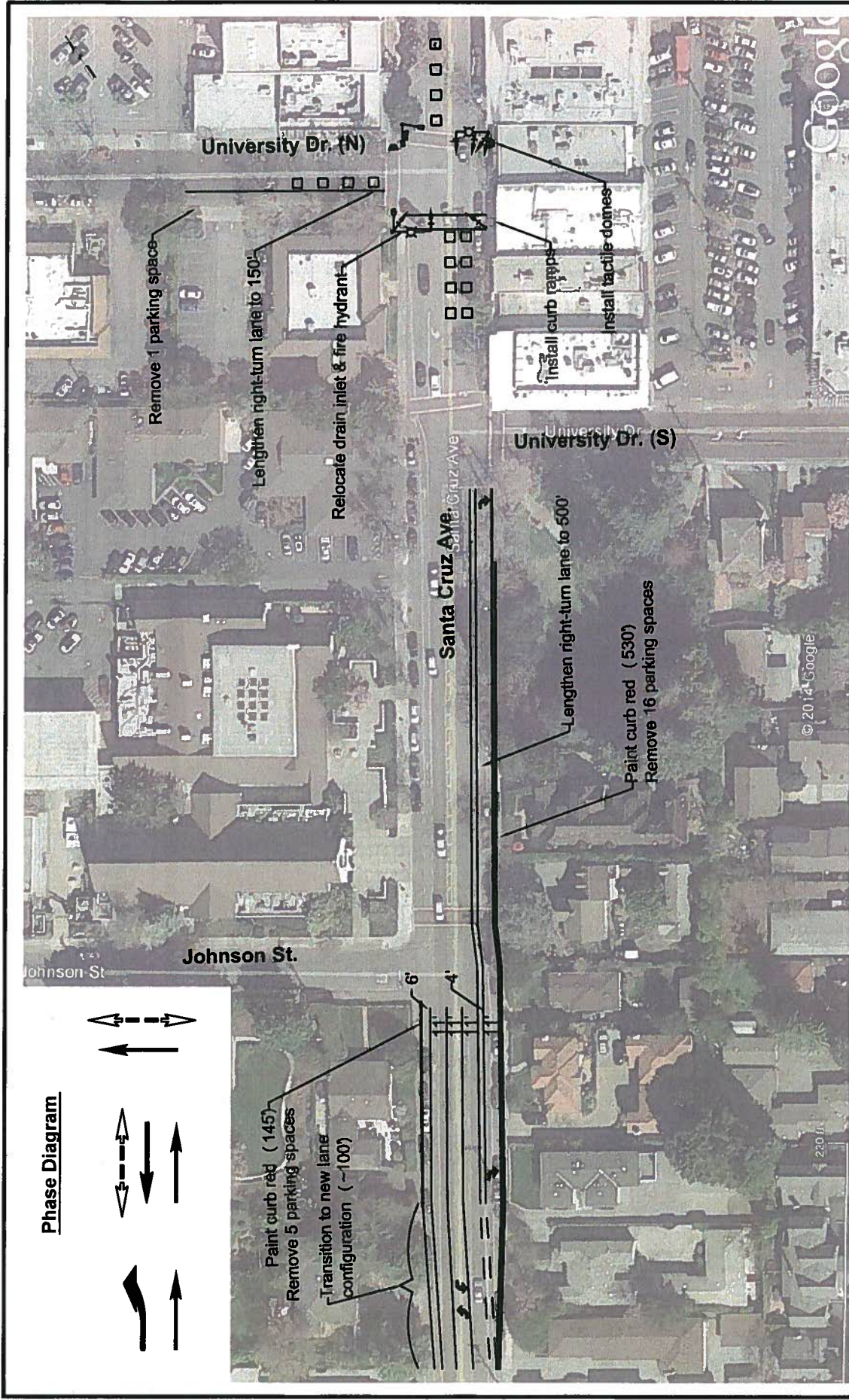
E-mail communications with Nicole Nagaya, Senior Transportation Engineer, Menlo Park, dated July 22, March 10, March 6, March 4, and February 25, 2014

MPA902



Appendix A

Intersection Concept Sketches



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DESIGN: SF	DATE: 7/8/14
SHEET 1 of 7	JOB NO. MPA902

Menlo Park TIF Intersection

Figure A-1. Santa Cruz Ave. & University Dr.

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 Santa Rosa, CA
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Menlo Park TIF Intersection

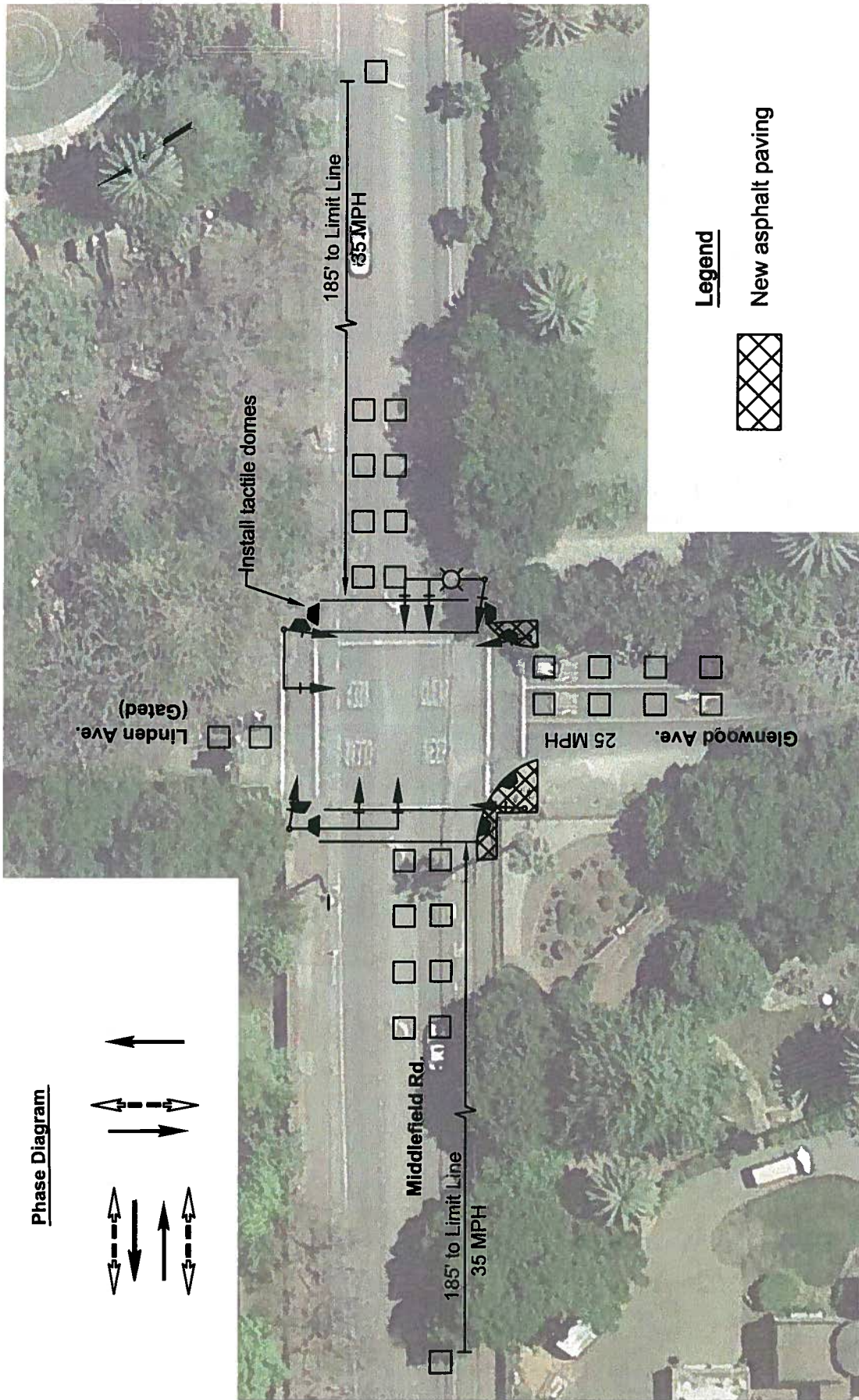
Figure A-2. Middlefield Ave. & Marsh Rd.

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DESIGN: SF	DATE: 7/8/14
SHEET 2 of 7	JOB NO. MPA902

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Transportation, Inc**
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Phase Diagram



Legend



New asphalt paving

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DESIGN: SF	DATE: 7/8/14
SHEET 3 of 7	JOB NO. MPA902

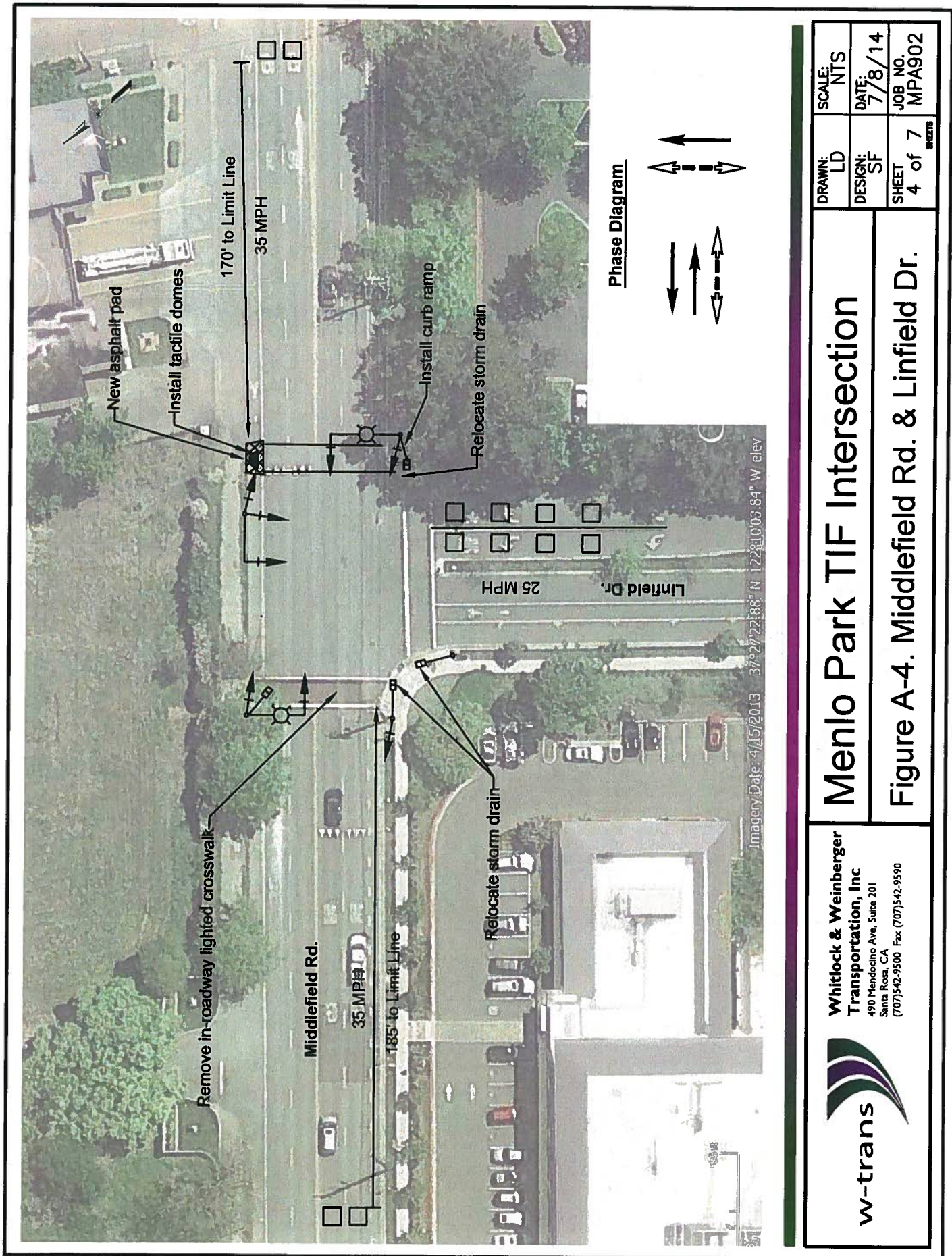
Menlo Park TIF Intersection

Figure A-3. Middlefield Rd. & Glenwood Ave.

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w-trans



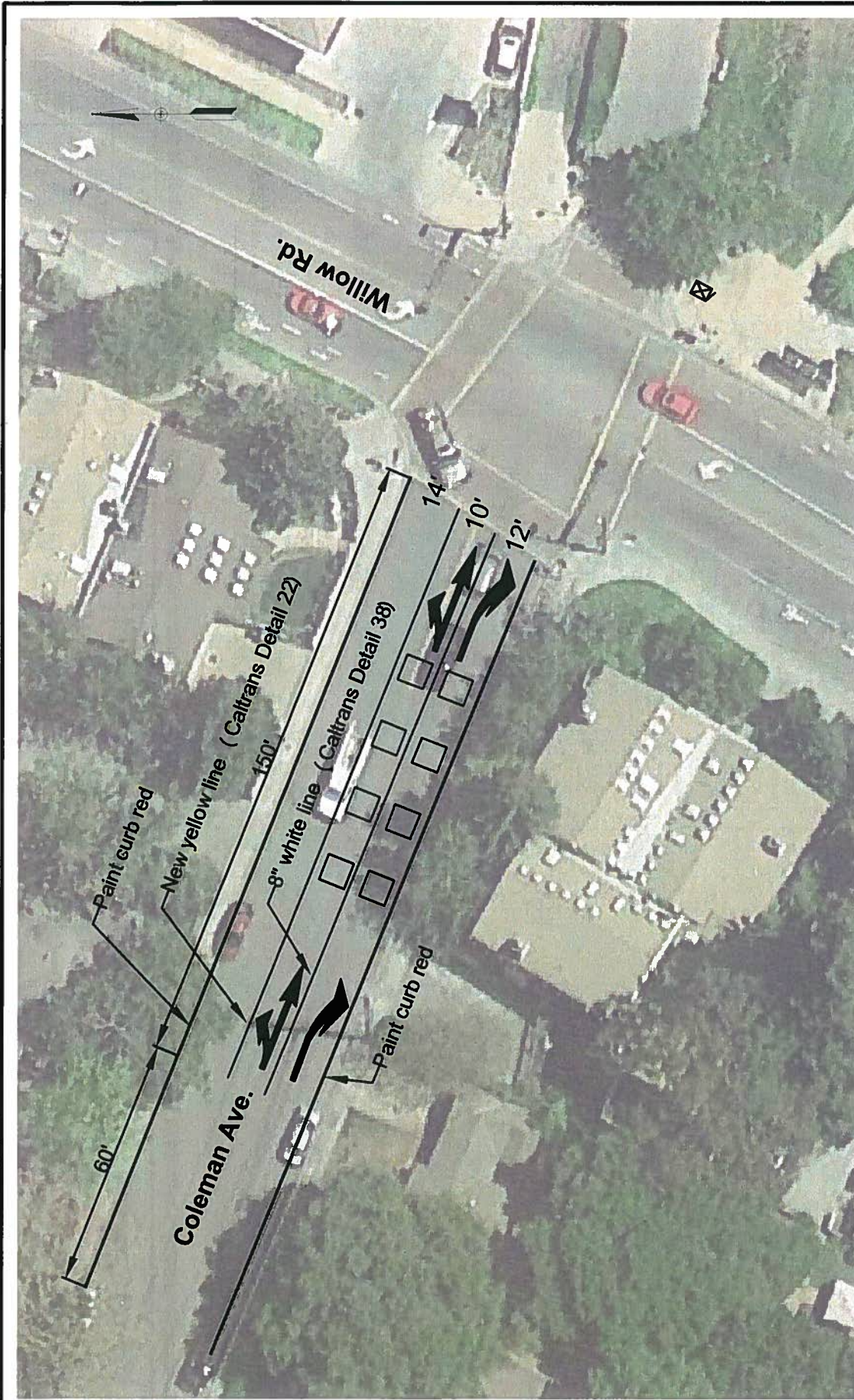
Menlo Park TIF Intersection

Figure A-4. Middlefield Rd. & Linfield Dr.

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DATE:	7/8/14
JOB NO:	MPA902
SHEET	4 of 7
SECTORS	

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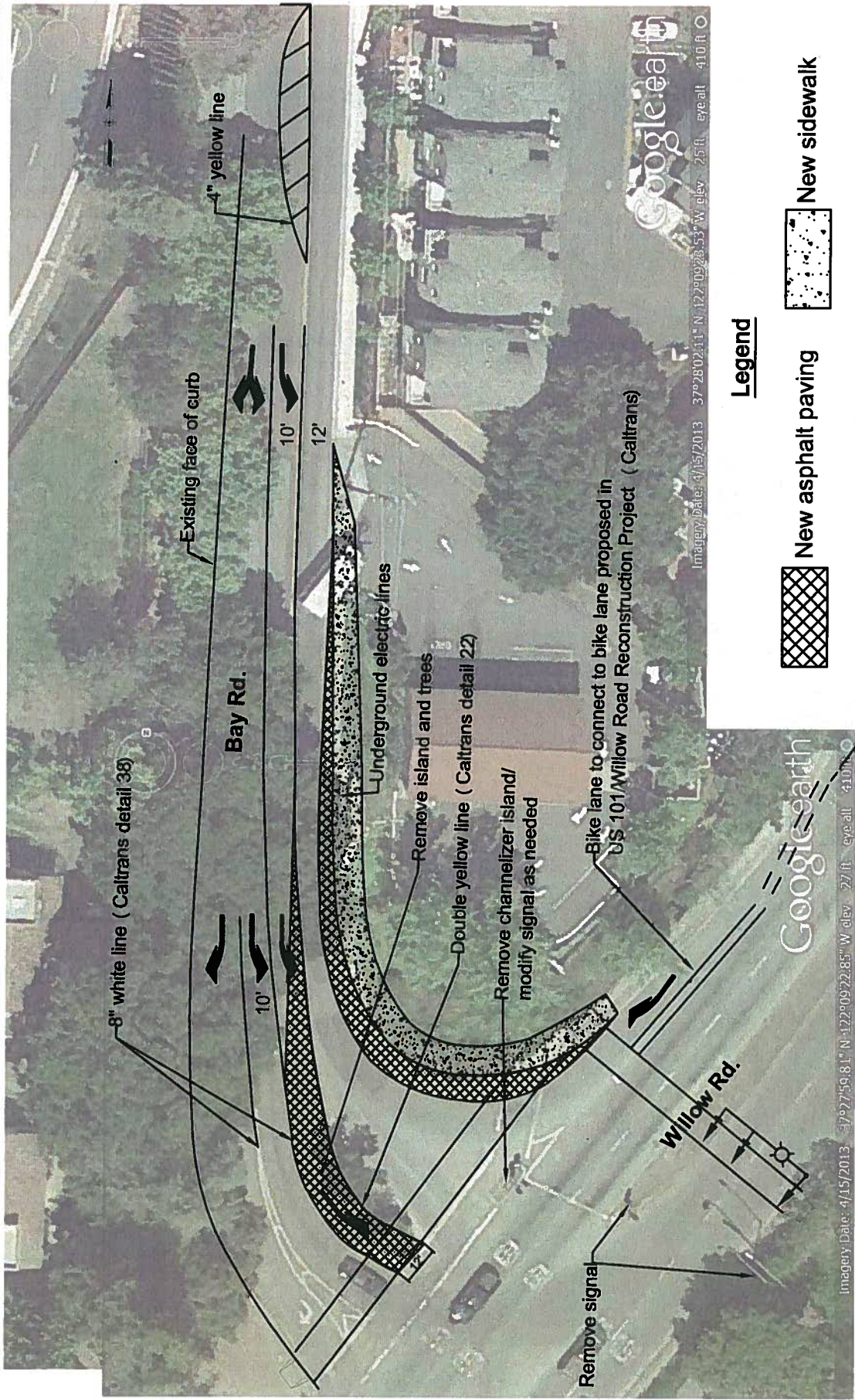
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SHEET 5 of 7	JOB NO. MPA902

Menlo Park TIF Intersection

Figure A-5. Willow Rd. & Coleman Ave.

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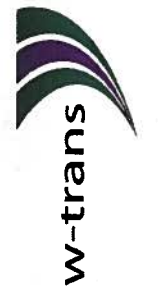


- Legend**
-  New asphalt paving
 -  New sidewalk

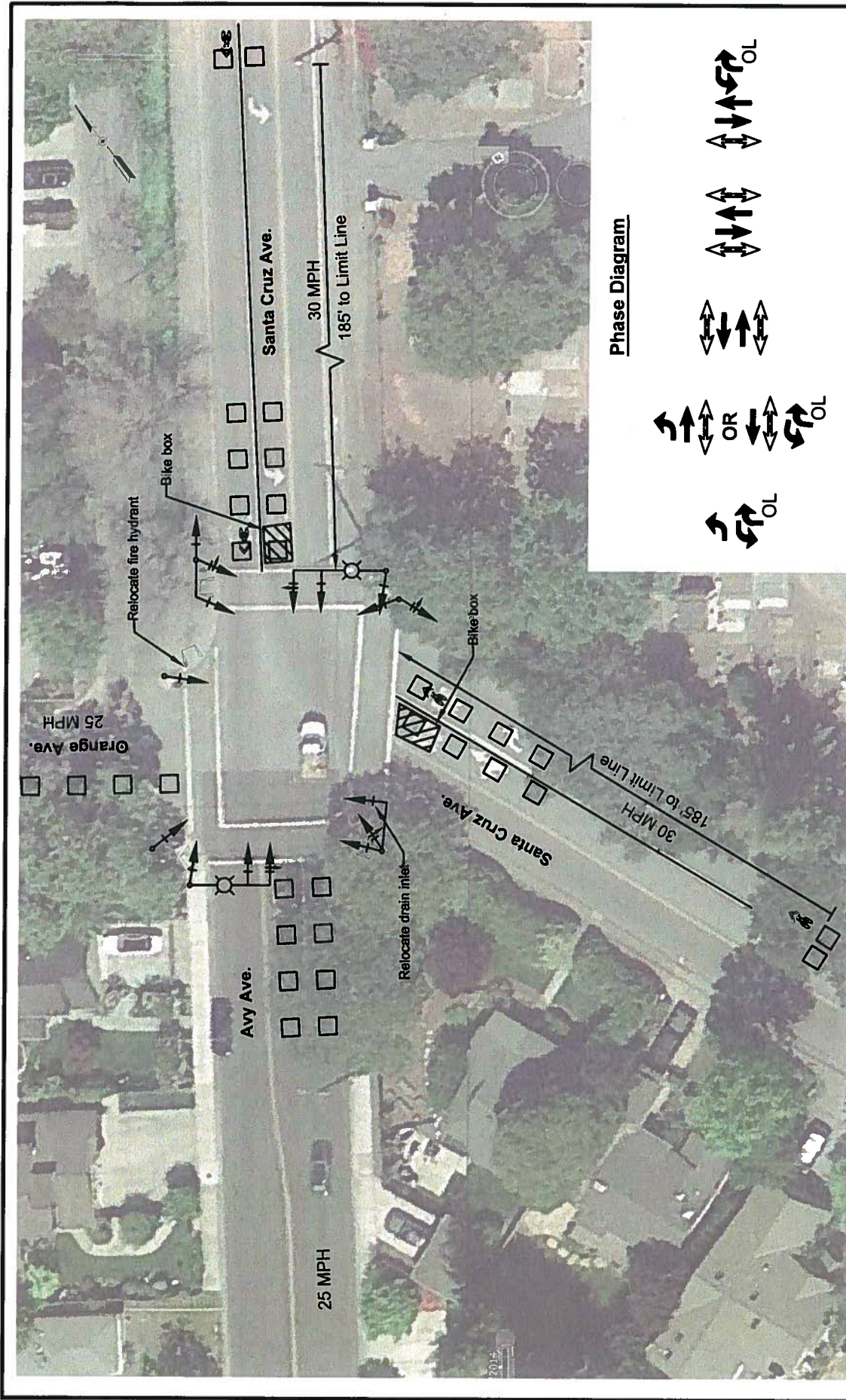
Menlo Park TIF Intersection

Figure A-6. Bay Rd. & Willow Rd.

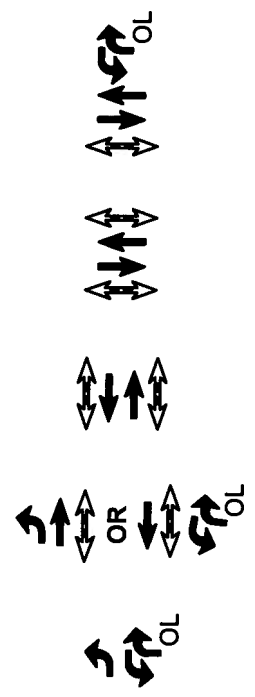
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SHEET 6 of 7	JOB NO. MPA902



Phase Diagram



Menlo Park TIF Intersection

Figure A-7. Santa Cruz Ave. & Avy Ave.

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SHEET 7 of 7 SHEETS	JOB NO. MPA902



PUBLIC WORKS DEPARTMENT

Council Meeting Date: December 16, 2014
Staff Report #: 14-219

INFORMATIONAL ITEM: Status of the Capital Improvement Program

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

BACKGROUND

As a part of the annual budget development process, the City updates its Five-Year Capital Improvement Plan (CIP). The Plan represents short- and long-range public investment in infrastructure development, maintenance, improvement and acquisition. The CIP provides a link between the City's Infrastructure Master Plan, various master planning documents, and various budgets and funding sources, and provides a means for planning, scheduling, funding and implementing capital and comprehensive planning projects. Typically, a capital project is defined as a project costing more than \$25,000.

Projects included in the CIP are recommended by the City's Commissions, Council and staff and are prioritized according to evaluation criteria that include (but are not limited to):

- public health and safety/risk exposure;
- protection of existing infrastructure;
- economic development and redevelopment;
- impacts on operating budgets;
- external requirements (such as state and county regulations and mandates);
- population served;
- community/Commission support;
- cost benefit;
- relationship to adopted plans;
- availability of financing; and
- staff capacity to deliver the project.

Over the past few years, staff capacity has been a serious limiting factor to the Plan's implementation with roll over projects being carried forward dating back to the early 2000's. In the last fiscal year, the Public Work's Engineering CIP Team was impacted by the vacancy of two positions (Engineering Services Manager and

Senior Civil Engineer) which comprises about 50% of the team and well over 50% of the staff capacity. These vacancies coupled with the extensive back log of roll over projects have affected the CIP schedules for many of the City's projects.

ANALYSIS

Workload

This year the Engineering CIP team began the year with 30 new CIP projects for the 2014/2015 fiscal year totaling nearly \$7 million dollars' worth of projects and an additional 51 roll over projects from the years past, totaling nearly \$33 million dollars' worth of projects that were not completed from previous years' CIP's.

Below please find a breakdown of the current status of the 81 new and roll over projects within the current year's CIP:

Project Status	Number of Projects
Completed this fiscal year	15
Under Construction	6
Design Phase	10
Planning Phase	32
On-Hold	9
Have not yet started	9
Total:	81

With consideration for the lack of staff and work load staff capacity within the CIP team, the team has made great progress in keeping the program moving forward, however there is still a significant backlog of projects and the CIP list will only continue to grow for next fiscal year. The CIP team expects to end this fiscal year having completed a total of 27 of the 81 projects from the current fiscal year and roll over projects; however we are also in the process of completing next years' 5 year CIP which could add another 23 projects to the list.

Project Examples

To provide some context around the staff time involved with a CIP project we have selected two standard projects; one which would be considered a standard engineering project and one which involves a greater level of engineering design and review.

Standard Engineering Project:

The Santa Cruz Sidewalk project was scoped to include engineering design alternatives for the construction of sidewalks to enhance pedestrian safety. The project was scoped with well-defined boundaries, on a walking route to schools and downtown and with adequate City owned right of way. However, due to the community engagement process needed for this type of project, a straight forward sidewalk design project has

been on the CIP books for 7 years and has gone through 6 project managers due to staff turnover. It is expected that this project will be completed within the next 2 years contingent upon community engagement and staff retention.

Detailed Engineering Project:

The Sharon Heights Pump Station Project was scoped to include a complete detailed design and the replacement of the aging pump. The project required the approval and submittal of applications to 6 different agencies (Fire Department, San Mateo County Environmental Health for Hazardous Materials, State Department of Public Health, BAAQMD, CA EPA). The project also required community engagement process (multiple public notifications, neighborhood meetings and public hearings). It also required negotiations with the Homeowner Association to approve conceptual temporary location of the pump. Due to changing regulations, City policies and Council priorities the project faced numerous delays which extended the timelines for the project. Staff also discovered unknown underground conditions which required additional surveys. This project has been in the books for 6 years and has gone through 19 staff members including consultants. It is expected to be completed by the Fall 2015.

Staffing Levels

The CIP design/project management team is currently composed of 3 staff members (1) Assistant Engineer, (1) Associate Engineer, and (1) Senior Civil Engineer (vacant), and previously (1) Engineering Services Manager which is vacant and has been rolled into the duties of the Assistant Public Works Director.

These vacancies and the transition of new staff members into these positions have affected the CIP schedules for many of the City Projects. Over the past 6 months, the Department has unsuccessfully attempted the hiring for the vacant positions and is currently working to have the Senior Civil Engineer position filled as soon as possible. Some of the reasons for failed recruitments have been the City's noncompetitive salaries in comparison to other nearby agencies, and cost of living in Menlo Park which results in longer commutes.

Even when these positions are filled, there will still be a transition/training period before they are fully up to speed. The Department has looked into alternative service methods including contracting out some of the duties, however these positions are difficult to fully contract out as they manage projects and manage other contracted staff and contractors for design and construction. Additionally, the Department has been reviewing resumes of engineers from our list of contract engineering firms to supplement the CIP team with in-house consultant staff in the interim.

Consultants

In addition to in house staff members and/or in house consulting engineers, staff has increased the use of consultants and generally, consultants have helped in the completion of many projects. However, consultant's hourly rates can easily deplete a project's budget if not monitored constantly. Senior Engineer Consultants hourly rates can range from \$175 to \$200 per hour compared to a full time in house Senior Civil

Engineer which ranges from \$67 to \$80 per hour. Additionally, consultants are not always as familiar with the community and or the projects and therefore the community engagement process is not always as thorough as it would be with in house staff. A good example of this would be the Santa Cruz sidewalks project or the restrooms at Jack Lyle park which both require knowledge and experience in the community as well as being able to understand the community engagement process.

The Department continues to look for alternate methods to implement projects. Staff is working to document workflows and evaluate ways to reduce issues and streamline working on projects. This process may include consideration of the appropriate staffing levels or consultant services to increase the overall efficiency of the system with the unknown variability in the number of projects active at a particular time. Currently, staffing levels and other resources limit the City's ability to implement funded projects.

IMPACT ON CITY RESOURCES

Transmittal of project updates has no direct impact on City resources. Due to the number of projects currently in the Capital Improvement Plan and additional projects from grant funding, private development, and outside agencies such as Caltrain (High Speed Rail), additional resources may be required to complete these projects.

POLICY ISSUES

No policy issues are raised in this report.

ENVIRONMENTAL REVIEW

As an information report, environmental review is not required.

PUBLIC NOTICE

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

ATTACHMENTS

- A. Public Works Department Project Composite

Report prepared by:

Jesse T. Quirion

Interim Public Works Director

Public Works Department
Project Composite

ATTACHMENT A

Project Name	2014												2015											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Retractable Lights Installation at Gymnastics												Completed												
City Buildings (Minor) 2013-14												Completed												
Housing Element				Completed																				
Gas Flare at Bedwell Bayfront												Completed												
Park Improvements (Minor) 2013-14												Completed												
Middlefield Road Storm Drain												Completed												
Storm Drain Improvements 2012-13	Completed																							
Sidewalk Repair Program 2012-13	Completed																							
Street Resurfacing Design 2012-13	Completed																							
El Camino Tree Planting												Completed												
Sidewalk Repair Program 2013-14		Completed																						
Sand Hill Road Pathway Repair												Completed												
City Website Upgrade					Completed																			
Sand Hill Road/Branner Signal Mast Arm Construction		Completed																						
Oak Grove/Merrill Intersection Lighted Crosswalk												Completed												
Belle Haven and Burgess Pool VFD Upgrades																								
Storm Drain Improvements 2014-15																								
Street Resurfacing Project Construction 2013-14 (FED. AID)																								
Sharon Heights Pump Station Design and Construction																								
Water Main Replacement Design and Construction Project 2012-13																								
VA/Willow Road Traffic Signal Project																								
Administration Building Emergency Generator																								
Automated Library Materials Return Area Renovation																								
Administration & Library Chillers																								
Building Solar Panels																								
Electrical Vehicle Chargers																								
Sidewalk Repair Program 2014-15																								
Street Resurfacing 2014-15																								
Willow Road Signal Interconnect																								
Willow Road Improvements at Newbridge and Bayfront Expressway																								
Reservoir Re-roofing																								
Belle Haven Child Development Center Flooring Replacement																								
City Buildings (Minor) 2014-15																								
Fire Plans and Equipment Replacement																								
Retractable Lights Installation Gym																								
Implement Strategic Plan to Improve Public Area Trash and Recycling Citywide																								
Park Improvements (Minor) 2014-15																								
Playground Equipment Assessment & Replacement																								
Willow Oaks Dog Park Renovation																								
Overnight Parking App																								
Water Conservations Upgrade for City Facilities																								
Sustainable/Green Building Standards																								
Storm Drain Improvements 2013-14																								
Santa Cruz Avenue Sidewalks Improvements Design and Construction																								
Sidewalk Master Plan Implementation																								
Parking Plaza 7 Renovation Design and Construction																								
Improved Infrastructure for the Delivery of Electronics Library Services-Study Website																								
Technology Master Plan and Implementation (Permits Scanning, Financial System)																								
Reservoirs #1 and #2 Mixers																								
City Administration Space Remodel/ Admin Carpet																								
Facility Energy Retrofit																								
Council Chambers Audio/Video, Mics and Voting Equipment																								
Library Space Needs Study																								
General Plan Update (M-2 Plan)																								
Energy Efficiency/Renewable Energy Program for Residential and Commercial Sector Master Plan																								
Bedwell Bayfront Park Gas Collection System improvements study and Conceptual Design																								
Preliminary Design of Restroom Facilities at Jack Lyle Memorial Park and Willows Oaks Park																								
Library Landscaping																								
Heritage Tree Ordinance Programs Evaluation																								
Belle Haven Pool Analysis and Audit																								
Atherton Channel Flood Abatement																								
Pope/Chaucer Bridge Replacement																								
Bay Levee Design Project																								
Chrysler Pump Station Improvements																								
Willow Place Bridge Abutments																								
Storm Drain Fee Study																								
Santa Cruz Avenue Sidewalk Preliminary Design Phase																								
Utility Undergrounding Study of City Parking Plazas																								
Downtown Parking Utility Underground																								
Downtown Streetscape Improvement Project Specific Plan																								
Radio Infrastructure Replacement and Antenna																								
El Camino Real/Ravenswood NB Right Turn Lane																								
El Camino Real Lane Reconfiguration Alternatives Study																								
High Speed Rail Coordination																								
Willow 101 Interchange																								
Safe Routes to Encinal School Plan Implementation																								
Sand Hill Road Signal Interconnect																								
Emergency Water Supply																								
Urban Water Management Plan																								
Water Rate Study																								
Water System Master Plan																								

LEGEND
■ Planning/Study Phase
■ Design Phase
■ Construction Phase
■ On Hold

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