



**CITY COUNCIL  
SPECIAL AND REGULAR MEETING AGENDA  
Tuesday, May 19, 2015 at 6:00 PM  
City Council Chambers  
701 Laurel Street, Menlo Park, CA 94025**

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**6:00 P.M. CLOSED SESSION (Administration Building, 1<sup>st</sup> Floor Conference Room)**

**Public Comment on these items 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 Service Employees International Union (SEIU), American Federation of State, County and Municipal Employees (AFSCME), Menlo Park Police Officers' Association (POA), Police Sergeants' 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, Labor Counsel Charles Sakai

**CL2.** Closed Session pursuant to Government Code Section §54957:  
City Manager Employment Contract

Attendee: City Attorney William McClure

**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**

**A1.** Proclamation recognizing Junior League of Palo Alto-Mid Peninsula

**A2.** Proclamation in celebration of Public Works Week, May 17 – 23, 2015

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

**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.** Quarterly financial review of General Fund Operations as of March 31, 2015 and approval of a reallocation of service charges between the Workers’ Compensation Fund and the General Liability Fund ([Staff report #15-077](#))
- D2.** Adopt a resolution authorizing the City Manager to execute an agreement with Turbo Data Systems, Inc. for police parking citation processing and adjudication services, for a five (5) year term expiring June 30, 2020 ([Staff report #15-078](#))
- D3.** Adopt a resolution to extend Chapter 16.79.045 of the Zoning Ordinance to allow the conversion of accessory buildings into secondary dwelling units for one year, expiring on June 13, 2016 ([Staff report #15-080](#))
- D4.** Authorize an agreement with West Yost Associates to develop the Water System Master Plan and appropriate \$387,220 from the Water Main Replacement Project Budget ([Staff report #15-079](#))
- D5.** Appropriate \$1.5 million from the Building Construction Impact Fee fund balance for the 2013-14 Resurfacing Project ([Staff report #15-086](#))
- D6.** Adopt a resolution of preliminary approval of the Engineer’s Report for the Menlo Park Landscaping District for fiscal year 2015-16; adopt a Resolution of Intent to order the levy and collection of assessments for the Menlo Park Landscaping District for fiscal year 2015-16; and set the date for the Public Hearing for June 16, 2015 ([Staff report #15-082](#))
- D7.** Adopt a resolution nominating the Menlo Park and East Palo Alto Baylands as a Priority Conservation Area (PCA) ([Staff report #15-085](#))
- D8.** Authorize the City Manager to sign an amended contract with Arnold Mammarella, Architecture + Consulting for contract planning services ([Staff report #15-084](#))

**E. PUBLIC HEARING – None**

**F. REGULAR BUSINESS**

- F1.** Consideration of approval of the terms of an agreement between the City of Menlo Park and the Menlo Park Police Sergeants’ Association ([Staff report #15-075](#))

**F2.** Approve mailing the Proposition 218 notification for Rate Structure Option 2 (Two Tiers) for the Menlo Park Municipal Water District's Proposed five-year water rates, including fixed meter charges, unmetered fire fixed charges, water consumption charges, water capital surcharges, and drought charges; and approve proposed water capacity charges not subject to Proposition 218 ([Staff report #15-087](#))

**F3.** Approve the draft 5-Year Capital Improvement Plan to be included in the proposed 2015-16 Budget ([Staff report #15-083](#))

**G. CITY MANAGER'S REPORT – None**

**H. WRITTEN COMMUNICATION – None**

**I. INFORMATIONAL ITEMS**

**I1.** Update on the Facebook Campus Expansion Project at 300-309 Constitution Drive ([Staff report #15-081](#))

**I2.** Review of the City's investment portfolio as of March 31, 2015 ([Staff report #15-074](#))

**J. COUNCILMEMBER REPORTS – None**

**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.

## ADJOURNMENT

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

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

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

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## FINANCE DEPARTMENT

Council Meeting Date: May 19, 2015

Staff Report #: 15-077

**CONSENT CALENDAR:**                    **Quarterly Financial Review of General Fund Operations as of March 31, 2015 and Approval of a Reallocation of Service Charges Between the Workers' Compensation Fund and the General Liability Fund**

### RECOMMENDATION

Staff recommends Council receive and file the quarterly financial review of General Fund operations report and approve the reallocation of service charges between the Workers' Compensation Fund and the General Liability Fund.

### POLICY ISSUES

The quarterly budget-to-actual report is presented to facilitate better understanding of General Fund operations and the overall state of the City's current fiscal affairs by the public and the Council. The reallocation of services charges between internal services funds partially mitigates a funding issue in the Workers' Compensation Fund.

### BACKGROUND

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

In some cases, issues arise in other funds that require Council attention and action. The City utilizes internal service funds to account for its workers' compensation and general liability expenses. Operating departments are charged based on claims and experience data, and those charges constitute the revenues that are utilized to fund the cost of both programs. Each year, the amount each fund charges the operating departments is reviewed and adjusted as needed. For the current fiscal year, the charge for workers' compensation was increased 50%, from \$500,000 to \$750,000, to take into consideration the results of an analysis done during fiscal year 2013/14 that indicated claims-related costs would be higher than anticipated in the Workers' Compensation Fund, leading to the expectation of a negative fund balance at the end of 2013/14.

## ANALYSIS

### Overview

The report included as Attachment A was developed to apprise Council of the year-to-date status of the General Fund. Information included in this staff report is intended to highlight some of the critical elements of Attachment A and supplement that information with explanations of significant differences between third quarter results from fiscal years 2014-15 and 2013-14.

The budget-to-actual comparison shown reflects actual transactions through the third quarter of each year as compared to the adjusted budget as it stood on March 31<sup>st</sup> of each year. Through the third quarter, the General Fund is on track to finish in better position than is reflected in the current budget. Estimates for the current fiscal year are being finalized and will be presented with the upcoming release of the proposed 2015-16 budget.

### Revenues

The table below shows a summary of third quarter budget-to-actual revenues for fiscal years 2014-15 and 2013-14:

	2014-15 Adjusted Budget 3/31/2015	Actual 3/31/2015	% of Budget	2013-14 Adjusted Budget 3/31/2014	Actual 3/31/2014	% of Budget
Property Tax	\$15,986,324	\$10,369,949	64.87%	\$14,715,000	\$9,150,548	62.19%
Charges for Services	8,012,908	5,906,638	73.71%	7,595,222	5,713,095	75.22%
Sales Tax	6,348,146	4,300,244	67.74%	6,136,400	4,375,767	71.31%
Licenses and Permits	4,880,128	4,460,325	91.40%	6,559,465	4,971,881	75.80%
Transient Occupancy Tax	4,549,694	2,230,548	49.03%	4,100,000	2,063,727	50.33%
Franchise Fees	1,863,110	637,165	34.20%	1,812,300	743,917	41.05%
Fines & Forfeitures	1,319,980	938,920	71.13%	1,149,980	828,319	72.03%
Utility Users' Tax	1,129,632	804,037	71.18%	1,135,000	753,706	66.41%
Intergovernmental Revenue	936,360	710,480	75.88%	841,717	629,312	74.77%
Rental Income	405,004	80,058	19.77%	367,712	72,590	19.74%
Interest Income	310,000	477,881	154.16%	260,000	570,996	219.61%
Operating Transfers In/ Other Revenue	440,155	333,317	75.73%	1,201,266	1,096,448	91.27%
Use of Assigned Fund Balance	1,865,712	481,225	25.79%	0	0	0.00%
<b>Total Revenues:</b>	<b>\$48,047,153</b>	<b>\$31,730,787</b>	<b>66.04%</b>	<b>\$45,874,062</b>	<b>\$30,970,306</b>	<b>67.51%</b>

Through the third quarter of fiscal year 2014-15, General Fund revenues are slightly above revenues received through the same time period last year; however, it is often difficult to compare total revenues year-over-year due to one-time revenues and the timing of when certain revenues are remitted. For the revenue sources that are remitted on a timely basis such that a year-over-year comparison of third quarter results is applicable, a brief discussion of the variances is discussed below.

Property tax receipts, which represent the largest source of General Fund revenue, are up 13.3% over last year. This revenue is tracking higher than expected through March 2015 due to a full share of Excess Educational Revenue Augmentation Fund (ERAF) being

received in January, as well as better than expected results related to the property transfer tax, which is primarily due to the sale of several large commercial properties.

Charges for services are up 3.4% over last fiscal year, which is primarily due to Public Works improvement plan check and associated fees.

Through three quarters, sales tax is down nearly 2% over last fiscal year, predominantly due to the loss of a large sales tax provider in 2014. This firm was a consistent top 25 sales tax generator, and its loss has had a material impact on this revenue source. Partially offsetting this loss was a reimbursement related to a shortfall in 2012-13 in the Triple Flip obligation from the State.

License and permit revenues are down approximately 10% over the third quarter results from last fiscal year; however, this revenue source is on pace to exceed the current adjusted budget. This decrease is primarily driven by lower building permit revenue. Last year, permit revenue was at unsustainably high levels due to a number of large projects, including the Facebook West project. A decrease was budgeted, and this year-over-year reduction does not indicate a slowdown in activity.

Transient occupancy tax (TOT) receipts reflected are for the second quarter only (December 31, 2014), since TOT is not paid to the City until the month following the close of each quarter (quarter ending March 31, 2015 is received at the end of April). Overall, TOT revenues are up over 8% over the same period from last fiscal year and will likely exceed the adjusted budget amount.

Intergovernmental revenue is up nearly 13% over the third quarter results from prior year. This is mostly due to the City receiving a one-time reimbursement for costs resulting from State mandates from 1994-2004. In addition, the State increased funding to support an additional room for full-day childcare services for 8 children at the Belle Haven Child Development Center.

While interest income appears to be down through the third quarter, that amount does not reflect cash earned on the City's investment portfolio and instead is the annual first quarter adjustment to reverse prior year unrealized gains/losses required for fiscal year-end reporting. Specifically, this transaction reverses the unrealized loss that had to be booked to close out fiscal year 2013-14. Additional information on investment earnings on the City's portfolio is included in a staff report on May 19<sup>th</sup>, 2015 Council agenda.

Use of assigned fund balance in the amount of \$1,865,713 is a combination of \$766,510 that has been assigned for development planning expenses and \$1,099,203 assigned for encumbrances that were budgeted in the prior year that will be expended in the current year. This total represents budgeted funds from 2013-14 that went unspent and closed to the General Fund's reserve balance, but were assigned for spending in the current fiscal year. At the end of the third quarter, \$481,225 in encumbrances has been expensed. It is important to note, however, that actual amount of assigned fund balance utilized this fiscal year will be determined by total revenues and total expenditures in the General Fund. To

the extent there is a surplus in the General Fund without utilizing assigned fund balance related to encumbrances from 2013-14, those funds will be returned to the reserve.

The operating transfers in/other revenue category is down significantly due to the City receiving its share of the sale proceeds (\$772,000) from the sale of the Hamilton Avenue property in 2013-14. Excluding this revenue, this category is tracking closely to the third quarter of the previous fiscal year.

**Expenditures**

Through the third quarter, General Fund operating expenditures are up \$2,274,330, or nearly 8 percent, over the previous year. A year-over-year increase in total expenditures was budgeted, as the current year’s operating budget as of the third quarter is 9 percent above the previous year’s operating budget. In comparison to last fiscal year, expenditures are tracking slightly lower to budget this year (63.81% vs. 64.44%) through the third quarter. However, while total expenditures for the current year are 63.81% of budget (through 75% of the fiscal year), due to the lag in when payroll expenditures get incorporated into the City’s general ledger, third quarter results shown in the table below only include payroll through mid-March. This is the case for both fiscal years, so the year-over-year comparison is still applicable.

	2014-15 Adjusted Budget 3/31/2015	Actual 3/31/2015	% of Budget	2013-14 Adjusted Budget 3/31/2014	Actual 3/31/2014	% of Budget
Police	15,423,291	10,824,384	70.18%	15,065,189	10,504,322	69.73%
Community Services	7,826,081	5,323,061	68.02%	7,720,025	5,257,490	68.10%
Public Works	7,062,343	4,432,083	62.76%	5,642,673	3,675,362	65.14%
Community Development	5,572,309	2,239,389	40.19%	4,614,041	2,101,040	45.54%
City Manager's Office	3,324,154	2,036,897	61.28%	1,938,508	1,024,215	52.84%
Library	2,268,284	1,646,829	72.60%	2,114,569	1,511,794	71.49%
Finance	1,656,825	1,046,686	63.17%	1,625,634	1,023,856	62.98%
Human Resources	1,159,280	707,069	60.99%	978,391	518,336	52.98%
City Council	395,479	346,155	87.53%	1,699,630	744,520	43.80%
City Attorney	362,990	233,016	64.19%	349,169	270,504	77.47%
Non-Departmental	3,248,200	1,986,150	61.15%	2,554,600	1,915,950	75.00%
<b>Total Expenditures:</b>	<b>\$48,299,236</b>	<b>\$30,821,719</b>	<b>63.81%</b>	<b>\$44,302,429</b>	<b>\$28,547,389</b>	<b>64.44%</b>

As demonstrated in the table above, four departments (Community Services, Public Works, Community Development, and City Attorney) are tracking lower to budget in comparison to fiscal year 2013-14. Based on total expenditures through the third quarter, total General Fund operating expenditures are on track to be within budgeted amounts for the fiscal year.

**Workers’ Compensation Fund**

Actual claims paid, as well as the actuarially-determined value of the future cost of existing claims, ended up being higher than the analysis anticipated in 2013-14 in the Workers’ Compensation Fund, leaving the fund with a negative balance of nearly \$450,000 at the end of the year. Fiscal year 2014-15 has turned out even worse from a claims and future claims payable perspective, and based on current projections, the Workers’ Compensation



Fund is expected to end the fiscal year with a negative fund balance of over \$1.4 million should no action be taken. The collection amount for 2015-16 has been increased to \$1 million in an effort to improve this fund's financial position; however, that is not expected to be able to completely mitigate this issue.

Conversely, experience in the General Liability Fund is much better than was initially anticipated, as expenses for this fiscal year are expected to be well below, nearly \$500,000, what was budgeted. This will further improve this fund's already solid financial position.

Based on the financial status of both funds, staff is recommending Council approve an adjustment to the allocation of service charges between the Workers' Compensation Fund and the General Liability Fund to shift \$488,000 in collections from the General Liability Fund to the Workers' Compensation Fund.

	<u>Workers' Comp Fund</u>	<u>General Liability Fund</u>	<u>Total</u>
Original Collections	\$750,000	\$900,000	\$1,650,000
Adjusted Collections	\$1,238,000	\$412,000	\$1,650,000

This particular action has no net fiscal impact, as it is just shifting the allocation of the total collection amount between the two funds. This action by itself is not expected to put the fund into a positive position at the end of fiscal year 2014-15. And while it is not imperative that action be taken immediately to get this fund into a positive position, it is prudent to ensure that the fund has adequate resources over the long term. As such, the final action staff is recommending is to evaluate the final fund position as the City closes the fiscal year and prepares its financial statements to determine what additional actions are necessary. One such potential action would be to transfer a portion of the General Fund surplus from 2014-15 to the Workers' Compensation Fund. The initial analysis indicates that a transfer in the amount of \$500,000 would put the fund in a much better position going forward, especially given the increase in the collections amount starting next fiscal year.

**IMPACT ON CITY RESOURCES**

There is no net fiscal impact of the recommendation to shift the allocation of internal services charges between the Workers' Compensation Fund and the General Liability Fund, as the total amount collected will still be \$1.65 million. Should an additional transfer from the General Fund be recommended based on the fund's final position, those funds would come from the General Fund's gross operating surplus and would not be available for other purposes.

**ENVIRONMENTAL REVIEW**

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

**PUBLIC NOTICE**

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

**ATTACHMENTS**

- A. Comparative General Fund Budget-to-Actual Report as of March 31, 2015

Report prepared by:  
*Drew Corbett*  
*Finance Director*

City of Menlo Park - General Fund  
 Budget-to-Actual Report, FY 2014-15  
 As of March 31, 2015

A	B	C	D	E	(E-C)/C	G	H	(H-G)/G	G/C	G/D	H/E
	Adjusted Budget as of 6/30/14	Audited Actual FY 2013-14	2013-14 Adjusted Budget 03/31/2014	2014-15 Adjusted Budget 03/31/2015	% Budget Change 03/31/14 to Un-Audited Actual FY 13-14	Actual YTD 03/31/2014	Actual YTD 03/31/2015	% Actual Change	% of Actual YTD 03/31/2014 to Audited Actual FY 13-14	% Actual-to-Budget 03/31/14	% Actual-to-Budget 03/31/15
Property Tax	\$14,715,000	\$15,156,065	\$14,715,000	\$15,986,324	5.48%	\$9,150,548	\$10,369,949	13.33%	60.38%	62.19%	64.87%
Charges for Services	7,595,222	7,681,433	7,595,222	8,012,908	4.32%	5,713,095	5,906,638	3.39%	74.38%	75.22%	73.71%
Sales Tax	6,136,400	6,444,292	6,136,400	6,348,146	-1.49%	4,375,767	4,300,244	-1.73%	67.90%	71.31%	67.74%
Licenses and Permits	6,559,465	5,782,225	6,559,465	4,880,128	-15.60%	4,971,881	4,460,325	-10.29%	85.99%	75.80%	91.40%
Transient Occupancy Tax	4,100,000	4,158,809	4,100,000	4,549,694	9.40%	2,063,727	2,230,548	8.08%	49.62%	50.33%	49.03%
Franchise Fees	1,812,300	1,841,851	1,812,300	1,863,110	1.15%	743,917	637,165	-14.35%	40.39%	41.05%	34.20%
Fines & Forfeitures	1,149,980	1,253,261	1,149,980	1,319,980	5.32%	828,319	938,920	13.35%	66.09%	72.03%	71.13%
Utility Users' Tax	1,135,000	1,157,653	1,135,000	1,129,632	-2.42%	753,706	804,037	6.68%	65.11%	66.41%	71.18%
Intergovernmental Revenue	841,717	888,131	841,717	936,360	5.43%	629,312	710,480	12.90%	70.86%	74.77%	75.88%
Rental Income	367,712	355,904	367,712	405,004	13.80%	72,590	80,058	10.29%	20.40%	19.74%	19.77%
Interest Income	260,000	328,658	260,000	310,000	-5.68%	570,996	477,881	-16.31%	173.74%	219.61%	154.16%
Operating Transfers In/ Other Revenue	1,201,266	1,237,838	1,201,266	440,155	-64.44%	1,096,448	333,317	-69.60%	88.58%	91.27%	75.73%
Use of Assigned Fund Balance	0	0	0	1,865,712	0.00%	0	481,225	0.00%	0.00%	0.00%	25.79%
<b>Total Revenues:</b>	<b>\$45,874,062</b>	<b>\$46,286,120</b>	<b>\$45,874,062</b>	<b>\$48,047,153</b>	<b>3.80%</b>	<b>\$30,970,306</b>	<b>\$31,730,787</b>	<b>2.46%</b>	<b>66.91%</b>	<b>67.51%</b>	<b>66.04%</b>
Police	15,065,189	14,284,054	15,065,189	15,423,291	7.98%	10,504,322	10,824,384	3.05%	73.54%	69.73%	70.18%
Community Services	7,720,025	7,480,372	7,720,025	7,826,081	4.62%	5,257,490	5,323,061	1.25%	70.28%	68.10%	68.02%
Public Works	5,642,673	5,183,204	5,642,673	7,062,343	36.25%	3,675,362	4,432,083	20.59%	70.91%	65.14%	62.76%
Community Development	4,614,041	3,765,303	4,614,041	5,572,309	47.99%	2,101,040	2,239,389	6.58%	55.80%	45.54%	40.19%
City Manager's Office	1,938,508	1,590,790	1,938,508	3,324,154	108.96%	1,024,215	2,036,897	98.87%	64.38%	52.84%	61.28%
Library	2,114,569	2,046,773	2,114,569	2,268,284	10.82%	1,511,794	1,646,829	8.93%	73.86%	71.49%	72.60%
Finance	1,625,634	1,478,364	1,625,634	1,656,825	12.07%	1,023,856	1,046,686	2.23%	69.26%	62.98%	63.17%
Human Resources	978,391	876,428	978,391	1,159,280	32.27%	518,336	707,069	36.41%	59.14%	52.98%	60.99%
City Council	1,699,630	1,032,141	1,699,630	395,479	-61.68%	744,520	346,155	-53.51%	72.13%	43.80%	87.53%
City Attorney's Office	349,169	380,496	349,169	362,990	-4.60%	270,504	233,016	-13.86%	71.09%	77.47%	64.19%
Operating Transfers Out	2,554,600	2,554,600	2,554,600	3,248,200	27.15%	1,915,950	1,986,150	3.66%	75.00%	75.00%	61.15%
<b>Total Expenditures:</b>	<b>\$44,302,429</b>	<b>\$40,672,525</b>	<b>\$44,302,429</b>	<b>\$48,299,236</b>	<b>18.75%</b>	<b>\$28,547,389</b>	<b>\$30,821,719</b>	<b>7.97%</b>	<b>70.19%</b>	<b>64.44%</b>	<b>63.81%</b>
<b>Preliminary addition/draw on General Fund Reserves</b>	<b>\$1,571,633</b>	<b>\$5,613,595</b>	<b>\$1,571,633</b>	<b>(\$252,083)</b>		<b>\$2,422,917</b>	<b>\$909,068</b>				

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## **POLICE DEPARTMENT**

**Council Meeting Date: May 19, 2015**

**Staff Report #: 15-078**

**CONSENT CALENDAR:**                    **Adopt a Resolution Authorizing the City Manager to Execute an Agreement with Turbo Data Systems, Inc. for Police Parking Citation Processing and Adjudication Services, for a Five (5) Year Term Expiring June 30, 2020.**

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### **RECOMMENDATION**

Adopt a resolution authorizing the City Manager to execute an Agreement with Turbo Data Systems, Inc. for police parking citation processing and adjudication services, for a five (5) year term expiring June 30, 2020.

### **POLICY ISSUES**

This agreement is in compliance with City and Police Department Policy and requirements to have an administrative system to process and adjudicate parking citations.

### **BACKGROUND**

In the late 1990's, California State law decriminalized parking citations and shortly thereafter the Superior Court transferred the responsibility for parking citation processing and collection to local agencies. Rather than form a joint powers agency, it was determined to be most efficient to issue a combined request for proposal (RFP) with the successful vendor entering into individual contracts with each agency and by combining the volume of all ticketing agencies and leveraging economies of scale, the County, cities and other agencies would receive the best processing rates and the highest levels of service. In 1999, the RFP was issued and Turbo Data Systems, Inc. was selected. A subsequent RFP was issued in 2006 and Turbo Data was again the vendor of choice. The City of Daly City was the lead agency for both RFP processes.

### **ANALYSIS**

One year ago, it was determined by the County agencies that an RFP process should be performed to ensure competitive pricing and best in industry standards. The County was selected as the lead agency and hired a consultant to assist in drafting the RFP and evaluating the responses. All of the agencies submitted letters of commitment to the RFP process, including agreement to reimburse the County for the consultant's time based on

their proportionate share of parking citation volume, provide statistical data where requested to facilitate RFP development, and execute a one-year contract extension with Turbo Data in order to allow adequate time to complete the RFP process. The RFP was issued on October 8, 2014 and advertised on the County’s Procurement Website. Seven vendors expressed interest and ultimately six submitted proposals. A subcommittee with representatives from the County and the cities of Belmont, Burlingame, Daly City, San Mateo and South San Francisco was formed to vet the proposals and interview the finalists. The proposals were graded on five criteria: 1) qualifications and experience, 2) proposed approach, 3) customer service, 4) thoroughness, and 5) pricing. In addition, all vendors had to demonstrate that they had no outstanding claims or violations, they were financially sound, and they comply with the County’s contractual requirements. Based on these criteria, the sub-committee advanced three vendors to the interview process: Data Ticket, Inc., Duncan Solutions, and Turbo Data.

It was determined, following the interview process and reference checks, that Turbo Data remained the best option for the County agencies. The subcommittee felt that the online services, reports and customer service provided by all three vendors were comparable. The subcommittee rated Turbo Data and Duncan Solutions as the strongest with regard to the handheld ticket writers, which was a major factor in the final determination by law enforcement. It is expected that all agencies in the County will save significantly based on the new pricing. For example, citation processing fees will be reduced from \$1.28 to \$0.50 per electronic citation, while hand-written citations will decline from \$1.35 to \$0.80 each. Overall, agencies are expected to realize sizable savings approaching 35-40% below current costs.

Services include citation processing and collection by mail, telephone or website, multiple reminder notices, placing of DMV holds, appeals and administrative adjudication services, and optional advanced collection efforts. In addition, agencies may opt to use the Turbo Data mobile ticket writers for parking and moving citations.

The contractor has assured compliance contract provisions that are required by City ordinance and administrative memoranda, including but not limited to insurance, hold harmless, non-discrimination and equal benefits.

**MENLO PARK PERFORMANCE MEASURES:**

<b>Measure</b>	<b>FY 2013-14 Actual</b>	<b>FY 2014-15 Projected</b>
Number of citations issued:	18,412	18,000

## **IMPACT ON CITY RESOURCES**

Costs for citation processing are anticipated to decline by approximately 35-40% overall while maintaining the same quality of service. Total fees paid to Turbo Data in FY 2013-14 were \$48,310. Based on FY 2013-14 activity, it is anticipated that the City will save 38.96% or approximately \$18,800 per year under the new agreement. The contract term will be for five (5) years with no increase in fees during that period other than direct pass-through of any postal rate increases.

## **ENVIRONMENTAL REVIEW**

Not Applicable.

## **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 For Parking Citation Processing
- B. Draft Agreement for Parking Citation Processing between the City and Turbo Data Systems, Inc.

Report prepared by:  
*Dave Bertini*  
*Police Commander*

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**RESOLUTION NO.**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK  
AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT WITH  
TURBO DATA SYSTEMS, INC. FOR COUNTY PARKING CITATION  
PROCESSING AND ADJUDICATION SERVICES, FOR A FIVE (5) YEAR  
TERM EXPIRING JUNE 30, 2020**

WHEREAS, a Countywide committee of involved local agencies issued a Request for Proposals for parking citation processing services; and

WHEREAS, seven vendors expressed interest and ultimately six vendors responded; and

WHEREAS, a sub-committee of representative local agencies thoroughly reviewed the six proposals received and determined that Turbo Data Systems, Inc. would best serve the City's needs; and

WHEREAS, both parties now wish to enter into an Agreement whereby Turbo Data Systems, Inc. will provide parking citation processing and adjudication services for a five-year period commencing July 1, 2015 until June 30, 2020 for services and fees as described in Exhibit A and Exhibit B of said Agreement; and

WHEREAS, this City Council has been presented with a form of such Agreement and has examined and approved same as to both form and content, and desires to enter into same.

NOW THEREFORE, BE IT RESOLVED, that the City Manager be, and is hereby authorized to, execute the Agreement with Turbo Data Systems, Inc. for and on behalf of the City of Menlo Park and the City Clerk shall attest the City Manager's signature thereto.

I, Pamela Aguilar, City Clerk of the City of Menlo Park, do hereby certify that the above and foregoing Resolution was duly and regularly passed and adopted at a meeting by said Council on the 19<sup>th</sup> day of May, 2015, 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 19th day of May, 2015

Pamela Aguilar  
City Clerk

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**AGREEMENT BETWEEN THE CITY OF MENLO PARK AND TURBO DATA SYSTEMS, INC.**

This Agreement is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between the City of Menlo Park, a political subdivision of the state of California, hereinafter called "City" or "Customer," and Turbo Data Systems, Inc., hereinafter called "Contractor."

\* \* \*

Whereas, pursuant to Section 31000 of the California Government Code, City may contract with independent contractors for the furnishing of such services to or for City or any Department thereof; and

Whereas, it is necessary and desirable that Contractor be retained for the purpose of parking citation processing and adjudication services.

**Now, therefore, it is agreed by the parties to this Agreement as follows:**

**1. Exhibits and Attachments**

The following exhibits and attachments are attached to this Agreement and incorporated into this Agreement by this reference:

- Exhibit A—Services
- Exhibit B—Payments and Rates
- Attachment I—§ 504 Compliance

**2. Services to be performed by Contractor**

In consideration of the payments set forth in this Agreement and in Exhibit B, Contractor shall perform services for City in accordance with the terms, conditions, and specifications set forth in this Agreement and in Exhibit A.

**3. Payments**

In consideration of the services provided by Contractor in accordance with all terms, conditions, and specifications set forth in this Agreement and in Exhibit A, City shall make payment to Contractor based on the rates and in the manner specified in Exhibit B. City reserves the right to withhold payment if City determines that the quantity or quality of the work performed is unacceptable. In no event shall City's total fiscal obligation under this Agreement exceed TWO HUNDRED THOUSAND DOLLARS (\$200,000). In the event that the City makes any advance payments, Contractor agrees to refund any amounts in excess of the amount owed by the City at the time of contract termination or expiration.

**4. Term**

Subject to compliance with all terms and conditions, the term of this Agreement shall be from July 1, 2015 through June 30, 2020.

**5. Termination; Availability of Funds**

This Agreement may be terminated by Contractor or by the Chief of Police or his/her designee at any time without a requirement of good cause upon thirty (30) days' advance written notice to the other party. Subject to availability of funding, Contractor shall be entitled to receive payment for work/services provided prior to termination of the Agreement. Such payment shall be that prorated portion of the full

payment determined by comparing the work/services actually completed to the work/services required by the Agreement.

City may terminate this Agreement or a portion of the services referenced in the Attachments and Exhibits based upon the unavailability of Federal, State, or City funds by providing written notice to Contractor as soon as is reasonably possible after City learns of said unavailability of outside funding.

**6. Contract Materials**

At the end of this Agreement, or in the event of termination, all finished or unfinished documents, data, studies, maps, photographs, reports, and other written materials (collectively referred to as “contract materials”) prepared by Contractor under this Agreement shall become the property of City and shall be promptly delivered to City. Upon termination, Contractor may make and retain a copy of such contract materials if permitted by law.

**7. Relationship of 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 City and that neither Contractor nor its employees acquire any of the rights, privileges, powers, or advantages of City employees.

**8. Hold Harmless**

**a. General Hold Harmless**

Contractor shall indemnify and save harmless City and its officers, agents, employees, and servants from all claims, suits, or actions of every name, kind, and description resulting from this Agreement, the performance of any work or services required of Contractor under this Agreement, or payments made pursuant to this Agreement brought for, or on account of, any of the following:

- (A) injuries to or death of any person, including Contractor or its employees/officers/agents;
- (B) damage to any property arising out of the acts or omissions or property damage by the contractor, its agents, employees, or subcontractors;
- (C) any sanctions, penalties, or claims of damages resulting from Contractor’s failure to comply, if applicable, with the requirements set forth in the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and all Federal regulations promulgated thereunder, as amended; or
- (D) any other loss or cost, including but not limited to that caused by the concurrent active or passive negligence of City and/or its officers, agents, employees, or servants. However, Contractor’s duty to indemnify and save harmless under this Section shall not apply to injuries or damage for which County has been found in a court of competent jurisdiction to be solely liable by reason of its own negligence or willful misconduct.

The duty of Contractor to indemnify and save harmless as set forth by this Section shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

**b. Intellectual Property Indemnification**

Contractor hereby certifies that it owns, controls, or licenses and retains all right, title, and interest in and to any intellectual property it uses in relation to this Agreement, including the design, look, feel, features, source code, content, and other technology relating to any part of the services it provides under this Agreement and including all related patents, inventions, trademarks, and copyrights, all applications therefor, and all trade names, service marks, know how, and trade secrets (collectively referred to as "IP Rights") except as otherwise noted by this Agreement. Contractor warrants that the services it provides under this Agreement do not infringe, violate, trespass, or constitute the unauthorized use or misappropriation of any IP Rights of any third party. Contractor shall defend, indemnify, and hold harmless County from and against all liabilities, costs, damages, losses, and expenses (including reasonable attorney fees) arising out of or related to any claim by a third party that the services provided under this Agreement infringe or violate any third-party's IP Rights provided any such right is enforceable in the United States. Contractor's duty to defend, indemnify, and hold harmless under this Section applies only provided that: (a) City notifies Contractor promptly in writing of any notice of any such third-party claim; (b) City cooperates with Contractor, at Contractor's expense, in all reasonable respects in connection with the investigation and defense of any such third-party claim; (c) Contractor retains sole control of the defense of any action on any such claim and all negotiations for its settlement or compromise (provided Contractor shall not have the right to settle any criminal action, suit, or proceeding without City's prior written consent, not to be unreasonably withheld, and provided further that any settlement permitted under this Section shall not impose any financial or other obligation on City, impair any right of City, or contain any stipulation, admission, or acknowledgement of wrongdoing on the part of City without City's prior written consent, not to be unreasonably withheld); and (d) should services under this Agreement become, or in Contractor's opinion be likely to become, the subject of such a claim, or in the event such a third party claim or threatened claim causes City's reasonable use of the services under this Agreement to be seriously endangered or disrupted, Contractor shall, at Contractor's option and expense, either: (i) procure for City the right to continue using the services without infringement or (ii) replace or modify the services so that they become non-infringing but remain functionally equivalent.

Notwithstanding anything in this Section to the contrary, Contractor will have no obligation or liability to City under this Section to the extent any otherwise covered claim is based upon: (a) any aspects of the services under this Agreement which have been modified by or for City (other than modification performed by, or at the direction of, Contractor) in such a way as to cause the alleged infringement at issue; and/or (b) any aspects of the services under this Agreement which have been used by City in a manner prohibited by this Agreement.

The duty of Contractor to indemnify and save harmless as set forth by this Section shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

**9. Assignability and Subcontracting**

Contractor shall not assign this Agreement or any portion of it to a third party or subcontract with a third party to provide services required by Contractor under this Agreement without the prior written consent of City. Any such assignment or subcontract without City's prior written consent shall give City the right to automatically and immediately terminate this Agreement without penalty or advance notice.

**10. Payment of Permits/Licenses**

Contractor bears responsibility to obtain any license, permit, or approval required from any agency for work/services to be performed under this Agreement at Contractor's own expense prior to commencement of said work/services. Failure to do so will result in forfeit of any right to compensation under this Agreement.

**11. Insurance**

**a. General Requirements**

Contractor shall not commence work or be required to commence work under this Agreement unless and until all insurance required under this Section has been obtained and such insurance has been approved by City's Risk Management, and Contractor shall use diligence to obtain such insurance and to obtain such approval. Contractor shall furnish City with certificates of insurance evidencing the required coverage, and there shall be a specific contractual liability endorsement extending Contractor's coverage to include the contractual liability assumed by Contractor pursuant to this Agreement. These certificates shall specify or be endorsed to provide that thirty (30) days' notice must be given, in writing, to City of any pending change in the limits of liability or of any cancellation or modification of the policy.

**b. Workers' Compensation and Employer's Liability Insurance**

Contractor shall have in effect during the entire term of this Agreement workers' compensation and employer's liability insurance providing full statutory coverage. In signing this Agreement, Contractor certifies, as required by Section 1861 of the California Labor Code, that (a) it is aware of the provisions of Section 3700 of the California Labor Code, which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of the Labor Code, and (b) it will comply with such provisions before commencing the performance of work under this Agreement.

**c. Liability Insurance**

Contractor shall take out and maintain during the term of this Agreement such bodily injury liability and property damage liability insurance as shall protect Contractor and all of its employees/officers/agents while performing work covered by this Agreement from any and all claims for damages for bodily injury, including accidental death, as well as any and all claims for property damage which may arise from Contractor's operations under this Agreement, whether such operations be by Contractor, any subcontractor, anyone directly or indirectly employed by either of them, or an agent of either of them. Such insurance shall be combined single limit bodily injury and property damage for each occurrence and shall not be less than the amounts specified below:

- Comprehensive General Liability...      \$1,000,000  
(Applies to all agreements)
- Motor Vehicle Liability Insurance...      \$1,000,000  
(To be checked if motor vehicle used in performing services)
- Professional Liability.....      \$1,000,000  
(To be checked if Contractor is a licensed professional)

City and its officers, agents, employees, and servants shall be named as additional insured on any such policies of insurance, which shall also contain a provision that (a) the insurance afforded thereby to City and its officers, agents, employees, and servants shall be primary insurance to the full limits of liability of the policy and (b) if the City or its officers, agents, employees, and servants have other insurance against the loss covered by such a policy, such other insurance shall be excess insurance only.

In the event of the breach of any provision of this Section, or in the event any notice is received which indicates any required insurance coverage will be diminished or canceled, City, at its option, may, notwithstanding any other provision of this Agreement to the contrary, immediately declare a material breach of this Agreement and suspend all further work and payment pursuant to this Agreement.

## **12. Compliance With Laws**

All services to be performed by Contractor pursuant to this Agreement shall be performed in accordance with all applicable Federal, State, City, and municipal laws, ordinances, and regulations, including but not limited to the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the Federal Regulations promulgated thereunder, as amended (if applicable), the Business Associate requirements set forth in Attachment H (if attached), the Americans with Disabilities Act of 1990, as amended, and Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination on the basis of disability in programs and activities receiving any Federal or City financial assistance. Such services shall also be performed in accordance with all applicable ordinances and regulations, including but not limited to appropriate licensure, certification regulations, provisions pertaining to confidentiality of records, and applicable quality assurance regulations. In the event of a conflict between the terms of this Agreement and any applicable State, Federal, City, or municipal law or regulation, the requirements of the applicable law or regulation will take precedence over the requirements set forth in this Agreement.

Contractor will timely and accurately complete, sign, and submit all necessary documentation of compliance.

## **13. Non-Discrimination and Other Requirements**

### **a. General Non-discrimination**

No person shall be denied any services provided pursuant to this Agreement (except as limited by the scope of services) on the grounds of race, color, national origin, ancestry, age, disability (physical or mental), sex, sexual orientation, gender identity, marital or domestic partner status, religion, political beliefs or affiliation, familial or parental status (including pregnancy), medical condition (cancer-related), military service, or genetic information.

### **b. Equal Employment Opportunity**

Contractor shall ensure equal employment opportunity based on objective standards of recruitment, classification, selection, promotion, compensation, performance evaluation, and management relations for all employees under this Agreement. Contractor's equal employment policies shall be made available to City upon request.

### **c. Section 504 of the Rehabilitation Act of 1973**

Contractor shall comply with Section 504 of the Rehabilitation Act of 1973, as amended, which provides that no otherwise qualified individual with a disability shall, solely by reason of a disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination in the performance of

any services this Agreement. This Section applies only to contractors who are providing services to members of the public under this Agreement.

**d. Discrimination Against Individuals with Disabilities**

The nondiscrimination requirements of 41 C.F.R. 60-741.5(a) are incorporated into this Agreement as if fully set forth here, and Contractor and any subcontractor shall abide by the requirements of 41 C.F.R. 60-741.5(a). This regulation prohibits discrimination against qualified individuals on the basis of disability and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities.

**e. History of Discrimination**

Contractor must check one of the two following options, and by executing this Agreement, Contractor certifies that the option selected is accurate:

- No finding of discrimination has been issued in the past 365 days against Contractor by the Equal Employment Opportunity Commission, Fair Employment and Housing Commission, or any other investigative entity.
- Finding(s) of discrimination have been issued against Contractor within the past 365 days by the Equal Employment Opportunity Commission, Fair Employment and Housing Commission, or other investigative entity. If this box is checked, Contractor shall provide City with a written explanation of the outcome(s) or remedy for the discrimination.

**f. Reporting; Violation of Non-discrimination Provisions**

Contractor shall report to the City Manager the filing in any court or with any administrative agency of any complaint or allegation of discrimination on any of the bases prohibited by this Section of the Agreement or Section 12, above. Such duty shall include reporting of the filing of any and all charges with the Equal Employment Opportunity Commission, the Fair Employment and Housing Commission, or any other entity charged with the investigation or adjudication of allegations covered by this subsection within 30 days of such filing, provided that within such 30 days such entity has not notified Contractor that such charges are dismissed or otherwise unfounded. Such notification shall include a general description of the circumstances involved and a general description of the kind of discrimination alleged (for example, gender-, sexual orientation-, religion-, or race-based discrimination).

Violation of the non-discrimination provisions of this Agreement shall be considered a breach of this Agreement and subject the Contractor to penalties, to be determined by the City Manager, including but not limited to the following:

- i. termination of this Agreement;
- ii. disqualification of the Contractor from being considered for or being awarded a City contract for a period of up to 3 years;
- iii. liquidated damages of \$2,500 per violation; and/or
- iv. imposition of other appropriate contractual and civil remedies and sanctions, as determined by the City Manager.

To effectuate the provisions of this Section, the City Manager shall have the authority to offset all or any portion of the amount described in this Section against amounts due to Contractor under this Agreement or any other agreement between Contractor and City.



**14. Retention of Records; Right to Monitor and Audit**

(a) Contractor shall maintain all required records relating to services provided under this Agreement for three (3) years after City makes final payment and all other pending matters are closed, and Contractor shall be subject to the examination and/or audit by City, a Federal grantor agency, and the State of California.

(b) Contractor shall comply with all program and fiscal reporting requirements set forth by applicable Federal, State, and local agencies and as required by City.

(c) Contractor agrees upon reasonable notice to provide to City, to any Federal or State department having monitoring or review authority, to City's authorized representative, and/or to any of their respective audit agencies access to and the right to examine all records and documents necessary to determine compliance with relevant Federal, State, and local statutes, rules, and regulations, to determine compliance with this Agreement, and to evaluate the quality, appropriateness, and timeliness of services performed.

**15. Merger Clause; Amendments**

This Agreement, including the Exhibits and Attachments attached to this Agreement and incorporated by reference, constitutes the sole Agreement of the parties to this Agreement and correctly states the rights, duties, and obligations of each party as of this document's date. In the event that any term, condition, provision, requirement, or specification set forth in the body of this Agreement conflicts with or is inconsistent with any term, condition, provision, requirement, or specification in any Exhibit and/or Attachment to this Agreement, the provisions of the body of the Agreement shall prevail. Any prior agreement, promises, negotiations, or representations between the parties not expressly stated in this document are not binding. All subsequent modifications or amendments shall be in writing and signed by the parties.

**16. Controlling Law; Venue**

The validity of this Agreement and of its terms, the rights and duties of the parties under this Agreement, the interpretation of this Agreement, the performance of this Agreement, and any other dispute of any nature arising out of this Agreement shall be governed by the laws of the State of California without regard to its choice of law or conflict of law rules. Any dispute arising out of this Agreement shall be venued either in the San Mateo County Superior Court or in the United States District Court for the Northern District of California.

**17. Notices**

Any notice, request, demand, or other communication required or permitted under this Agreement shall be deemed to be properly given when both: (1) transmitted via facsimile to the telephone number listed below or transmitted via email to the email address listed below; and (2) sent to the physical address listed below by either being deposited in the United States mail, postage prepaid, or deposited for overnight delivery, charges prepaid, with an established overnight courier that provides a tracking number showing confirmation of receipt.

In the case of City, to:

Name/Title: Alex McIntyre, City Manager  
Address: 701 Laurel Street, Menlo Park, CA. 94025  
Telephone: (650) 330-6610  
Email: admcintyre@menlopark.org

In the case of Contractor, to:

Name/Title: Roberta Rosen, President  
Address: 18302 Irvine Blvd, Ste. 200, Tustin, CA 92780-3464  
Telephone: 714-573-5757  
Facsimile: 714-573-0101  
Email: Roberta@turbodata.com

\* \* \*

In witness of and in agreement with this Agreement's terms, the parties, by their duly authorized representatives, affix their respective signatures:

City of Menlo Park:

\_\_\_\_\_

By: Alex McIntyre  
City Manager, City of Menlo Park

Date:

ATTEST:

\_\_\_\_\_

By: Pam Aguilar  
City Clerk, City of Menlo Park

Turbo Data Systems, Inc.

\_\_\_\_\_

By: Roberta Rosen, President, Turbo Data Systems, Inc.

Date:

## Exhibit A

In consideration of the payments set forth in Exhibit B, Contractor shall provide the following services:

### **Parking Citation Processing**

- A. **Basic Processing** – Contractor will enter manual citations and citation dispositions into Customer's database within 2 business days. The basic service includes database maintenance, daily system backups, toll-free phone number for the public, Interactive Voice Response System (IVRS) with customized recorded information and citation lookup capability, **pticket.com** web-based Inquiry System for the public with customized content, Contractor's Customer Service Representatives (9:00 am – 5:00 pm, Monday through Friday, excluding holidays) to speak with the public regarding parking citation issues, ongoing Client support, and documentation and training for use of the Contractor-provided online system. Contractor will process correction notices and notify each Customer of citations unable to be entered for any reason, (such as no violation code, unreadable license, etc.).
  
- B. **Hand held Ticket writer Interface** - Contractor will provide for automated import of electronic citations into Customer's database. Batch files will be uploaded immediately upon file transfer. Contractor will maintain and update the hot sheet or scofflaw files on a daily basis for Customer, identifying vehicles which have accumulated five (5) or more outstanding citations in the combined San Mateo County contract area to upload into their handheld ticket writers. Contractor will provide electronic reports on a monthly basis. Contractor will work with Customer to implement any changes required for handheld ticket writer equipment.
  
- C. **Customer Service and Toll-Free Telephone Number** – Contractor will provide a toll-free automated telephone number for inquiries and credit card payments. The toll-free telephone service will be available a minimum of 20 hours per day, 7 days per week for the 50 United States and Canada, with the exception of backup time sometime between the hours of midnight and 4:00 a.m. A customized recorded voice response system in English and Spanish will be available to provide information for each payor on how to pay and contest citations, registration violation information, and Customer address information. The automated telephone system will be capable of receiving a minimum of 20,000 incoming calls per month. Downtime for required maintenance will be between midnight and 4:00 a.m. The automated voice response system will be capable of providing real-time data regarding the citation issue date, amount due, delinquent date and total amount due for each license plate when multiple citations are outstanding. The system will provide information about appealed citations and the results of the appeal. Contractor Customer Service Representatives (CSRs) will be available Monday through Friday, 9:00 a.m. to 5:00 p.m., excluding Customer recognized holidays. CSRs will be available to provide instructions and information on general parking policies and procedures, and administrative adjudication procedures for the Customer. At least one CSR will be available for Spanish translation during regular business hours Monday through Friday. Calls will be answered in six rings or less. In order to assist CSRs with non-English speakers, AT&T's Language Line will be available at all times the CSRs are available and shall be employed to accomplish translations as required. The telephone system will provide up-to-date information on the status of a citation with the option to speak with a live representative during normal business hours. CSR's will provide customer service for the public in resolving parking citation questions of a non-judicial nature and research specific citation data when necessary. CSRs will be fully trained in all informational aspects of parking citation processing and related information specific to the Customer.

- D. **System and Document Storage** – Contractor will retain all citations paid or dismissed on the computer system for 3 years and then removed. Unpaid citations will be retained on the computer system for 5 years and then removed. Citation documents will be stored for 2 years from date of issue and then returned to Customer or shredded. Payment documents will be stored for 2 years from the date of payment and then returned to Customer or shredded.
- E. **Online Reporting** – Contractor will provide regular daily, weekly and monthly reports in a format as agreed upon. Additional reports will be provided at no additional cost for operating, production and audit functions. Reports will be made available online via a secure web page and be available for Customer access no later than the thirtieth (30th) day of the following month, except when February is the following month, in which case this information will be available by the last day of February.
- F. **DMV Interface for Registered Owner Name Retrieval** – Contractor will obtain names and addresses of registered owners of cited vehicles from California DMV using online or manual access to registered owner information from California DMV when necessary. Upon return of registered owner information from DMV, Contractor will validate vehicle make. Contractor will also review DMV “No Hit” list to ensure that license plate and state have been entered correctly.
- G. **Notice Processing** – Contractor will print the required Notice and mail to each registered owner whose name has been retrieved within 10 to 21 days after the citation has been issued. This includes second notices mailed for bounced checks, partial payments, and name or address changes. Contractor is required to send notices to lessees or renters of cited vehicles when provided with proof of a written lease or rental agreement. All postage, notice forms and envelopes will be provided by Contractor. All notices and letters will be formatted using custom #10 window envelopes with the Customer’s return address. The interior #9 return envelope will be customized with the Customer’s payment address. Drive Away Notices will be mailed by first class mail to registered owners of vehicles that drive away from the officer at citation issuance time as required by the California Vehicle Code. Notices are mailed no later than 15 days from the date of the original citation to the registered owner of the vehicle. Delinquent Notices generated will be mailed at least once a week by first class mail to registered owners. Returned check notices will be mailed by first class mail to individuals immediately upon notification from the Customer that a check has been returned for non-payment. These notices will state the amount of original penalty, delinquent amount, and the appropriate returned check fee. Partial Payment Notices will be sent by first class mail to those who do not pay the full penalty amount. The notice will indicate the amount that was paid and the remainder that is due. The Contractor will generate Reminder Notices for unpaid accounts at a time frame acceptable to the Customer. Contractor will communicate with violators in a timely manner by mail in response to correspondence such as incomplete registration, citation, or payment information.
- H. **Additional Notices**– Contractor will mail Other Correspondence as required for processing. Adjudication Letters will be mailed as required. DMV Hold Letters shall be mailed to registered owners on citations remaining open 18 months after a DMV Hold is placed.
- I. **DMV Interface for Placing Registration Holds** – Contractor will transmit a Notice of Delinquency to the California DMV for vehicles with California license plates after a Notice of Violation has been mailed to the registered owner and Contractor has not received notification that the citation has been cleared. This Notice of Delinquency will be transmitted to the California DMV within 2 business days after the date specified by the Customer to be the DMV Date.

- J. **DMV Interface for Releasing Registration Holds** – Contractor will transmit a Notice to the California DMV that a Notice of Delinquency has been cleared within 2 business days after Contractor has received notification of clearance.
- K. **DMV Interface for Monthly Payment File** – Contractor will receive payment files from DMV as available (currently monthly) and update DMV transactions into Customer’s database, providing reporting for reconciliation purposes.
- L. **Delivery Service** – Contractor will provide courier services to Customer on a pre-determined schedule as necessary for pickup and delivery of required documents.
- M. **Collection and Payment Processing** - Contractor will provide the following collection and payment processing services for Customer:
- Provide P. O. Box where payments, administrative review correspondence and other documents are mailed within San Mateo County
  - Courier pickup from P. O. Box daily
  - Open all mail
  - Enter and process payments received by mail within one (1) business day, including opening all mail received, entering suspense date, verifying payment amounts, updating computer system, and make daily bank deposits directly into an Agency assigned bank account
  - Process all correspondence within two (2) business days from the date of receipt
  - Sort and batch all correspondence by postmark date. Envelopes shall be kept on file with correspondence
  - Track rebilling on partial payments, non-payment of approved payment plans, checks returned for insufficient funds, vehicle change of ownership, re-entered citations for payment
  - File and store all source documents in an easily retrievable system
  - Respond to reasonable non-judicial public inquiries by phone or mail
  - Return questionable mail to Customer for decision
  - Provide reporting of bank deposits made for each Agency within one day following the deposit
  - Provide toll-free number for citizen inquiries
  - Provide reports for bank statement reconciliation
  - Provide monthly Paid Citation Distribution Report for Customer to pay surcharges
- N. **Out of State Citations** - Contractor will process citations for non-California license plates by entering the citation information into the system database and report them along with all other citations on the database with the standard reports. If they become delinquent, requests for registered owner information will be sent to the appropriate out-of-state DMV. The Notice of Intent will be generated to the registered owner and the fine amount requested. Contractor will incur all costs for out of state name retrieval, including out-of-state DMV fees and charges. Contractor will receive payment from Customer based on the amount of revenues collected from out-of-state citations after the Notice of Intent has been issued.
- O. **Public On-Line Access** – [www.pticket.com](http://www.pticket.com) - Contractor will supply a web site for public use allowing the receiver of a parking violation to enter the parking citation number or other identifying information in order to view parking citation data on line in real time. The website incorporates the highest level of data security and data privacy in the industry. Web-based data traffic, which includes names, addresses, parking ticket numbers or credit card numbers is encrypted using the highest level

of industry standard encryption. Public access will include access to current citation status, including status of contested citations, due dates, original fine amount, late charges, information on how to contest a citation, how to show proof of correction for correctable violations, how to submit claims of indigence prior to a hearing, and addresses for paying in person or by mail.

- P. **IVR and Web Payment Systems - Payment by Credit Card** - Through the Interactive Voice Response (IVR) System, and through the pticket.com web site, Contractor will accept credit card payments via Visa, MasterCard and Discover. The systems authorize each transaction while the caller is on the phone or online. Payees are given an authorization number or email confirmation to confirm their charge. The IVR system and the pticket.com web payment system both automatically update the citation database with the payment immediately. Credit Card monies will be paid to a Contractor bank account and reconciled monthly. Customer will receive a credit card postlog which shows in detail which citations were paid and for what amount, along with the deposit slip from the bank or the ACH deposit email showing that these funds have been deposited into the Customer's account. Should there be any charge backs to a merchant account, the funds are pulled directly from the Contractor master account and the citation will be reactivated, much like a bounced check. The violator will be sent a notice and will then proceed to DMV hold. Contractor will provide all services regarding reconciliation, reactivation of charge backs, etc. The Customer will not be involved in the daily processing.
- Q. **Administrative Adjudication Processing** - Contractor will provide for the processing of requests for contesting citations, allowing for Customer processing of administrative reviews, tracking and monitoring all relevant dates on an automated system, mailing timely notification to respondents regarding the status of their claims, and scheduling of administrative hearings. All Administrative Adjudication information entered into the system will be done in real time and linked to existing database information to ensure proper tracking of relevant dates, mailing names and addresses and other pertinent information. Administrative Review requests will be entered within 2 business days of receipt. Adjudication documents will be stored for 2 years from their activity date and then shredded. Contractor will notify Customer of citations that have been found Not Liable that need refunds, so the Customer can issue the refund. Contractor will schedule combined San Mateo County Hearings up to three (3) weeks in advance, according to citizen selection by location and day of week in one of the San Mateo County locations. Hearings may be scheduled manually if requested. Contractor will print and mail (by first class mail) customized hearing notification letters to Customer and respond to inquiries from Customer and the public regarding date of hearing, mailing date, location of hearing and directions to hearing location. Contractor will provide the capability to use customized text, such as liable reason codes, in letters for Customer and re-send letters should changes or reschedules occur. Contractor agrees to provide all information required under the Vehicle Code in a timely manner at no additional cost to the Customer should an appeal be made to the Superior Court.
- R. **Paperless Appeals (eAppealsPRO & Scanning)** – Contractor will provide online appeal capability for the public to appeal their citations online. Contractor will provide the scanning of all mailed-in appeal documents and electronic storage of those documents. Contractor will provide an online application to access the appeals, which will be searchable and sortable. Contractor will keep an electronic history of processed appeals for at least two years.
- S. **Independent Hearing Examiner Services** – Contractor will contract with Independent Third Party Hearing Examiners to provide fair and impartial hearings for Customer and the public. Contractor will provide a monthly report of hearing results by citation number. The Independent Third Party

Hearing Examiners will meet all training, education and other requirements specified in the California Vehicle Code which apply to the performance of administrative hearings.

- T. **Online Inquiry Access and Support for Customers' Staff** – Contractor will provide access to the parking citation database via a web page using a secure log-on procedure. Customer shall be provided access to their own database and inquiry-only access to databases for the other County Agencies. This access includes citation inquiry by citation number, license plate number, full or partial name and VIN (includes citation status, history status, administrative adjudication status, notes, etc.), the ability to enter and view NOTES, post dismissals/payments, view daily deposits made at Contractor's facility and view daily file transfers sent from the handheld ticket writer software and received at Contractor's facility. A "NOTES" feature will allow authorized personnel to easily enter comments for a particular citation or license plate to be viewed by other inquiry function users. Contractor's technical staff will provide support during normal business hours. Technical support will be provided for any communication or logon problems as well as immediate technical support when problems arise in the uploading, downloading and transferring of files.
- U. **ICS Collection Service – Special Collections** – Contractor will transfer outstanding citations (DMV No-Holds, DMV Transfer of Ownership Releases, Non-California plates, citations delinquent over 90 days) and any other citations deemed as delinquent citations by Customer into the ICS system on a weekly basis. Up to two collection letters will be mailed for each ICS account requesting payment. Delinquent accounts will be sent to a credit reporting agency on a weekly basis. Paid accounts will be reported to the credit reporting agency weekly. Payments will be processed daily and deposited to the Customer's regular citation processing bank account. The Contractor's Customer Service Center will handle all ICS related calls through a special toll-free number dedicated to ICS accounts. Monthly reporting will show all accounts moved to the ICS system and all payments received due to ICS efforts.
- V. **Franchise Tax Board Offset Program** – Contractor will combine citations by license number for total amount due, eliminate corporate names, retrieve SSN's by name from a 3rd party, combine accounts by SSN, mail required FTB letters in advance of placing accounts at FTB, process payments generated by the FTB process, receive phone calls generated by the FTB process, provide all systems and operational procedures required for the FTB process, and provide complete reporting and reconciliation for the FTB process. Customer will be required to complete required FTB paperwork and forms (with Contractor's assistance), establish a SWIFT account with the FTB, and provide whatever assistance may be required to work with the FTB regarding the FTB process.
- W. **Contract Requirements:**
- **Privacy and Security of Customer Data** - Contractor agrees to keep all Customer data private and secure and will not share, sell, or otherwise access the Customer data for reasons other than the normal processing of parking citations or as otherwise required by law.
  - **System Backups** - All systems will be backed up daily to insure safety of data in the event of a power outage or natural disaster. All backup data should be transferred and stored off-site for disaster recovery.
  - **Subcontracting** - No portion of the Agreement, other than the independent administrative hearings, shall be permitted to be subcontracted to another private or public agency without express written approval from the Customer. Contractor must disclose the nature of work being subcontracted, and the name of the private or public agency which shall perform the work.



- **Vehicle Code Compliance** - Contractor will comply with all requirements of the California Vehicle Code in regard to processing and adjudication of citation records sent by the issuing agency during the entire term of this Agreement, including extensions if any.
- **Right to Audit** – If Customer requests it, an auditor shall be hired to perform a financial and/or performance audit. The Customer making such request shall pay the cost of the audit upon the written approval of auditor’s cost.
- **Meeting Attendance** - Contractor will be available to attend Customer meetings as needed at Contractor’s own expense.
- **Transition to Next Contractor** - In the event of a future change of vendor, Contractor agrees to fully cooperate in any transition. This shall include but not be limited to provision of data in an acceptable electronic format, provision of information as requested by the Customer to facilitate a future RFP process, and assistance with any and all transition processes necessary to provide for uninterrupted services to the Customer.

#### **OPTIONAL SERVICES**

- X. **Provision of Hand-held Automated Ticketwriters – ticketPRO Magic** - Contractor will provide a smartphone and a printer for a fixed fee per month per unit, including all software, support, and a 4G data plan.
- Y. **Issuance and Processing of Moving Violations – ticketPRO Magic Traffic** - Contractor will provide a smartphone and a printer for a fixed fee per month per unit, including all software, support and a 4G data plan. Processing of Moving Violations includes getting the moving violation into a records management system, interfacing with Coplink, and transferring data to the Court.
- Z. **Provision of Automated and Manual Ticket Media** – Contractor will provide paper ticket stock for electronic and manual citations

## Exhibit B

In consideration of the services provided by Contractor described in Exhibit A and subject to the terms of the Agreement, City shall pay Contractor based on the following fee schedule and terms:

### 1. FEE SCHEDULE

#### **Parking Citation Processing:**

Electronic Citation Processing – per ticket	\$0.50
Manual Citation Processing – per ticket	\$0.80
Notice Processing – per notice	\$0.70
Administrative Adjudication - per appeal	\$1.50
Adjudication Letters – per letter	\$0.70
Administrative Hearings – per hearing	\$25
Out of State Processing - % of revenue collected	25%
Collections for Citations delinquent over 90 days (ICS)	25%
Franchise Tax Board process	30% of amount collected
Monthly Hand-held Ticket Writer Lease Includes printer, 4G data plan, Parking module <b>Samsung RugbyPRO phone and Datamax O'Neil MF Series (or equivalent)</b>	\$99 per month per unit
Deductible for Lost or Stolen Device	\$100/phone, \$600 printer
Electronic ticket media - custom (5,000 minimum order) envelope	\$0.25 includes citation and
Hand-written ticket media – custom (5,000 minimum) 25/book	\$0.30 4 part with envelope,

#### **Moving Violation Processing:**

Electronic Citation Processing – per ticket	\$1.00
Monthly Hand-held Ticket Writer Lease Includes printer, 4G data plan, Traffic module (includes Parking)	\$140 per month per unit
Moving violation electronic ticket media (5,000 minimum) <b>Samsung S5 Active phone and Datamax O'Neil MF Series (or equivalent)</b>	\$0.20

## ATTACHMENT I

### Assurance of Compliance with Section 504 of the Rehabilitation Act of 1973, as Amended

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The undersigned (hereinafter called "Contractor(s)") hereby agrees that it will comply with Section 504 of the Rehabilitation Act of 1973, as amended, all requirements imposed by the applicable DHHS regulation, and all guidelines and interpretations issued pursuant thereto.

The Contractor(s) gives/give this assurance in consideration of for the purpose of obtaining contracts after the date of this assurance. The Contractor(s) recognizes/recognize and agrees/agree that contracts will be extended in reliance on the representations and agreements made in this assurance. This assurance is binding on the Contractor(s), its successors, transferees, and assignees, and the person or persons whose signatures appear below are authorized to sign this assurance on behalf of the Contractor(s).

The Contractor(s): (Check a or b)

- a. Employs fewer than 15 persons.
- b. Employs 15 or more persons and, pursuant to section 84.7 (a) of the regulation (45 C.F.R. 84.7 (a), has designated the following person(s) to coordinate its efforts to comply with the DHHS regulation.

**Name of 504 Person:**

**Name of Contractor(s):**

**Street Address or P.O. Box:**

**City, State, Zip Code:**

I certify that the above information is complete and correct to the best of my knowledge

**Signature:**

**Title of Authorized Official:**

**Date:**

\*Exception: DHHS regulations state that: "If a recipient with fewer than 15 employees finds that, after consultation with a disabled person seeking its services, there is no method of complying with (the facility accessibility regulations) other than making a significant alteration in its existing facilities, the recipient may, as an alternative, refer the handicapped person to other providers of those services that are accessible."

Issued by County of San Mateo Contract Compliance Committee August 5, 2013

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## COMMUNITY DEVELOPMENT DEPARTMENT

Council Meeting Date: May 19, 2015

Staff Report #: 15-080

**CONSENT CALENDAR:**     **Adopt a Resolution to Extend Section 16.79.045 of the Zoning Ordinance to Allow the Conversion of Accessory Buildings into Secondary Dwelling Units for One Year, Expiring on June 13, 2016**

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### RECOMMENDATION

Staff recommends that the City Council adopt a resolution to extend Section 16.79.045 of the Zoning Ordinance to allow the conversion of accessory buildings meeting certain criteria into secondary dwelling units for one year, expiring on June 13, 2016.

### POLICY ISSUES

The adoption of the resolution to extend the provision to allow the conversion of accessory buildings into secondary dwelling units would support Program H4.F of the Housing Element. The resolution would extend what is already in place and not modify the criteria or review process.

### BACKGROUND

Following an extensive process, the City Council adopted the Housing Element for the 2015-2023 planning period on April 1, 2014. The Housing Element includes a number of goals, policies and programs to account for local changes in the housing market and to meet regional housing needs. Concurrent with the adoption of the Housing Element, the City Council also implemented a number of programs, including Program H4.F (Establish a Process and Standards to Allow the Conversion of Accessory Buildings and Structures to a Secondary Dwelling Unit).

On May 13, 2014, the City Council adopted Ordinance No. 1005 to amend the secondary dwelling unit chapter of the Zoning Ordinance. The modifications to the secondary dwelling unit chapter included the establishment of a process and standards to allow the potential conversion of accessory buildings into a secondary dwelling unit. The intent of the changes was to increase the housing stock by accounting for building that may effectively function like secondary dwelling units, but do not meet the minimum yard requirements. Proposed projects meeting specific criteria established in the ordinance could be reviewed through the administrative permit process, where the Community Development Director is authorized to make a decision after public notice.

The ordinance was adopted with a sunset clause, expiring on June 13, 2015. However, the ordinance includes a provision that allows the City Council to extend the effective date via resolution without further public hearings by the Planning Commission and City Council.

## **ANALYSIS**

Since the adoption of Ordinance No. 1004, the City has received three administrative permit applications for the conversion of legally-built accessory buildings into secondary dwelling units. The applications are in varying stages of the review process, and would continue to be reviewed even if the conversion process ceases. Although staff does not have formal statistics on the number of inquiries regarding the conversion process, staff has received a number of general inquiries, and believes that extension of the program for one year coupled with advertising of the program to the public would be beneficial to increase the number of units. Staff will then be able to evaluate the program on an annual basis.

On March 23, 2015, as part of the Housing Element Annual Report review, staff identified six potential housing-related, “clean-up” Zoning Ordinance amendments. One of the potential changes for consideration would be to the secondary dwelling unit conversion provision. Currently, Section 16.79.040(d) indicates that the accessory building must meet all of the development regulations of the secondary dwelling unit ordinance with the exception of minimum yards. Staff recognizes that other development factors, such as daylight plane and height, could also be potentially “grandfathered” to help facilitate the conversion process that might otherwise not qualify, deter applications, and/or limit the amount of structural work to an existing building. Staff intends to work on these Zoning Ordinance amendments during the 2015-16 fiscal year.

In order to extend the existing provisions before the June 13, 2015 deadline, staff recommends that the City Council adopt a resolution, included as Attachment A, to continue the secondary dwelling unit conversion program.

## **IMPACT ON CITY RESOURCES**

There are no impacts to City resources besides the preparation of the report. Subsequent staff time to review the applications will be covered by the administrative permit application fee per the Master Fee Schedule.

## **ENVIRONMENTAL REVIEW**

The 2015-2023 Housing Element and the Zoning Ordinance amendments associated with the implementation programs were subject to the California Environmental Quality Act (CEQA). A Negative Declaration, which was prepared on the basis of an initial study, was adopted on April 1, 2014 by resolution No. 6190. The proposed one year extension does not modify the standards or process outlined in the existing ordinance, and there would be

no new potential environmental impacts beyond what was considered in the adopted Negative Declaration.

### **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 pertaining to 16.79.045 of the Zoning Ordinance to allow the conversion of accessory buildings into secondary dwelling units

Report prepared by:  
*Deanna Chow*  
*Senior Planner*

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## RESOLUTION NO. \_\_\_\_\_

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK TO EXTEND CHAPTER 16.79.045 OF THE ZONING ORDINANCE TO ALLOW THE CONVERSION OF ACCESSORY BUILDINGS INTO SECONDARY DWELLING UNITS FOR ONE YEAR, EXPIRING ON JUNE 13, 2016**

WHEREAS, the City of Menlo Park (“City”) adopted its 2015-2023 Housing Element in April 2014 and in May 2014 amended its Zoning Ordinance to implement Housing Element programs, including modifications to the secondary dwelling units and accessory building and structures ordinances; and

WHEREAS, on May 13, 2014, the City Council adopted Ordinance No. 1005, which added Section 16.79.045 (Conversion of Accessory Buildings) to Chapter 16.79 (Secondary Dwelling Unit) of the Zoning Ordinance to allow the conversion of accessory buildings into secondary dwelling units, subject to meeting certain criteria; and

WHEREAS, the adoption of Ordinance No. 1005 supports Housing Program H4.F (Establish a Process and Standards to Allow the Conversion of Accessory Buildings and Structures to a Secondary Dwelling Unit) and is intended to increase the City’s housing stock by accounting for legally built accessory buildings that effectively function like secondary dwelling units, but do not meet the minimum yard requirements; and

WHEREAS, the City has received three administrative permit applications for the conversion of legally built accessory buildings into secondary dwelling units, which are in varying stages of the review process, and will be acted upon by the Community Development Director; and

WHEREAS, the conversion provision was set to sunset in its entirety on June 13, 2015, however allowed the City Council, by resolution, to extend the effective date without further public hearings by the Planning Commission and City Council; and

WHEREAS, on May 19, 2015, the City Council held a duly noticed public meeting on a one-year extension for the conversion of accessory buildings meeting certain criteria into secondary dwelling units through an administrative permit process, at which all interested persons had the opportunity to appear and comment; and

NOW THEREFORE, BE IT AND IT IS HEREBY RESOLVED by the City Council of the City Menlo Park that Section 16.79.045 of the Zoning Ordinance is hereby extended for a period of one year, and shall sunset in its entirety on June 13, 2016, for any administrative permit application not received by said date.

I, Pamela Aguilar, City Clerk of Menlo Park, do hereby certify that the above and foregoing Council Resolution was duly and regularly passed and adopted at a meeting by said Council on the 19<sup>th</sup> day of May, 2015, 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 \_\_\_ day of \_\_\_\_\_, 2015.

Pamela Aguilar, MMC  
City Clerk



## PUBLIC WORKS DEPARTMENT

Council Meeting Date: May 19, 2015

Staff Report #: 15-079

**CONSENT CALENDAR:**            **Authorize an Agreement with West Yost Associates to Develop the Water System Master Plan and Appropriate \$387,220 from the Water Main Replacement Project Budget**

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### RECOMMENDATION

Staff recommends that the City Council authorize the City Manager to enter into an agreement with West Yost Associates to develop the Water System Master Plan (WSMP) and to appropriate an additional \$387,220 from the Water Main Replacement Project to the Water System Master Plan budget.

### POLICY ISSUES

The cost of the contract requires City Council authorization and appropriation of \$387,220 from the Water Main Replacement Project.

### BACKGROUND

The City of Menlo Park Municipal Water District (MPMWD) provides water to approximately 16,000 customers through approximately 4,000 service connections. The remainder of the City receives water from the California Water Company, the O'Connor Tract Cooperative Water District, and the Palo Alto Park Mutual Water Company.

The MPMWD purchases 100% of its water from the San Francisco Public Utilities (SFPUC) through five turnouts. The system consists of an upper and lower zone, both of which vary in type of use, demand, storage, and pressure. The upper zone is geographically and hydraulically isolated from the lower zone. The water system consists of nearly 70 miles of distribution pipe ranging in size from 2-inches to 16-inches in diameter. In the upper zone, there is a pump station and two reservoirs with a combined storage of 5.5 million gallons. The pump station is currently being replaced, with the completion date targeted for September 2015.

In 2000, the MPMWD completed a Water System Evaluation which recommended capital improvements and a long-term maintenance plan for the water distribution system. However, this study was limited to a hydraulic analysis of the system and is now over 15 years old. As part of this year's goal setting, the City Council identified the development of a Water System Master Plan as a priority project for this upcoming year.

The Water System Master Plan scope of work incorporates the priority goals identified by the City Council.

## **ANALYSIS**

On December 12, 2015, staff sent Request for Qualifications (RFQ) to over twenty-five consulting firms. Of the eight submittals that were received, three consultants were asked to respond to a Request for Proposals (RFP), which was issued on February 3, 2015.

The scope of work presented in the Request for Proposals includes developing a comprehensive WSMP that enables the MPMWD to strategize future planning and budgeting efforts in order to maintain distribution reliability and efficiency under current demands, future growth, and emergency situations. As part of the WSMP, a 25 year capital improvement program for the water system will be developed as well as long-term maintenance and operational recommendations.

Staff reviewed each proposal and is recommending West Yost Associates for several reasons:

- West Yost's team has extensive experience preparing Water System Master Plans, including for other Bay Area Water agencies.
- West Yost's proposal included recommendations on the project approach that were based on the firm's findings from other pertinent projects. Their proposal highlighted their relevant experience, making them highly qualified to assess the MPMWD's water system.

The scope of services to develop the Water System Master Plan is shown in Attachment A. It includes presentations to staff, commissions, water user meetings, and the City Council. While this is an eighteen month effort, some of the tasks will be completed early in the process to address the City Council's priority goals. A summary of the scope of services is as follows:

- Water Reuse Alternatives – As part of this task, the Consultant will identify water reuse alternatives that could be implemented by the MPMWD to promote water efficiency. In particular, the consultant will identify the feasibility of implementing graywater systems and recycled water use options. This study will be completed in the early phase of the WSMP to address the City Council's goals;
- Mapping – The consultant will complete an inventory of the MPMWD's water distribution system, acquire global positioning data on all the valves and water meters, and update the existing GIS maps;
- System Evaluation – Based on the updated system conditions, the consultant will develop a hydraulic model, complete a system wide condition analysis, and provide a vulnerability and risk assessment of the water distribution system;
- Advanced Metering Infrastructure – Currently, water meters are read manually. The consultant will evaluate technological advances in the water distribution industry and provide recommendations for the implementation of smart water meters and an advanced communications network;

- Operations and Maintenance – In order to optimize the operational efficiency and reliability of the water distribution system, the Consultant will evaluate water quality requirements, monitoring and control deficiencies, water and energy efficiency, as well as emergency planning;
- Staffing Levels – As part of this task, the Consultant will conduct a comprehensive analysis of the MPMWD’s current operations, services, and organizational structure and assess the staffing level needs required for the MPMWD to provide safe and efficient services; and
- Short-term and Long-term Capital and Maintenance Improvement Recommendations – Based on the findings, the Consultant will develop and prioritize the recommended improvement projects, provide time adjusted project costs, and provide a schedule for the 5-year, 10-year, 20-year, and 25 year planning horizons.

The estimated schedule to complete the project is as follows:

July 2015 – February 2016            Conduct field surveys and map system  
July 2015 – September 2016        System assessment  
September 2016 – January 2017    Develop water master plan

## **IMPACT ON CITY RESOURCES**

The total estimated cost is \$887,220 and includes a 15% contingency. The cost breakdown per task for the Scope of Work is shown in Attachment B.

Scope of Work	\$667,147
15% Contingency	\$100,073
<u>Administration Costs</u>	<u>\$120,000</u>
Total	\$887,220

The existing WSMP Project has a budget of \$500,000 and an additional \$387,220 is required. The existing Water Main Replacement project has sufficient funds to cover the additional budget needed for the WSMP.

## **ENVIRONMENTAL REVIEW**

An 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. West Yost Scope of Services
- B. West Yost Project Budget

Report prepared by:  
*Azalea Mitch, P.E.*  
*Senior Civil Engineer*

# Basic Scope of Services

The basic scope of services for the WSMP includes eleven tasks. Tasks generally follow the tasks listed in the RFP. However, operating and maintenance tasks have been consolidated into a new task:

- Task 1.** Data Collection
- Task 2.** Water Distribution System Inventory
- Task 3.** Water Distribution System Hydraulic Modeling
- Task 4.** System Wide Condition Assessment
- Task 5.** Update Seismic Vulnerability Assessment
- Task 6.** Advanced Metering Infrastructure Evaluation/Smart Water Meters
- Task 7.** Water Reuse Alternatives Evaluation
- Task 8.** Operational and Maintenance Evaluation (RFP Task 8, 9 and 10)
- Task 9.** Develop Capital Improvement Program (RFP Task 8)
- Task 10.** Development of Water System Master Plan
- Task 11.** Project Management

Activities associated with each of these tasks are summarized in the following section.

## Task, Objective, and Approach to Work / Key Tasks and Deliverables

### Task 1 – Data Collection

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Obtain a thorough understanding of MPMWD’s water distribution system, including operating and maintenance practices and water quality monitoring, through site visits, document review and staff interviews.

**1.1 Document Review:** Collect and review existing documents regarding system facilities, operations and maintenance practices

**1.2 Site Visits:** Conduct site visit to interview key staff, visit key facilities and review records. Budgeting assumes site visits conducted over two days, paired with kickoff meeting. Site visits budgeted in Seismic Vulnerability and Operation & Maintenance tasks.

**1.3 Prepare Chapter:** Prepare draft Existing System chapter to document findings from the site visits and document review

**Task 1 Deliverables:** Meeting notes from site visits and interviews. Draft Existing System Chapter (electronic copy)

## Task 2 – Water System Inventory to Update GIS

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Update MPMWD's GIS through field inventory of water system assets, including pipelines, valves, service connections, hydrants and water meters.

For the field inventory, West Yost proposes to collect field data using hand-held GPS units, with sub-meter accuracy. This will provide the City with maps that are suitable for planning and for field location of water system utilities, but would not be suitable for water system design. West Yost will supplement field-collected data with review of as-built and other information to develop information on pipeline diameters, material and installation date. Historical resources such as Sanborn maps or other historical maps available from MPMWD may be used to supplement information from MPMWD as-builts.

**2.1 Base Maps and GeoDatabase:** Develop base maps from existing GIS to identify coverage and extent of system facilities. Develop geodatabase for collection of facilities information.

**2.2 Field Investigations:** Conduct field investigations to identify and record x, y and z location of water system facilities, including water valves, hydrants and water meters, and other visible water system features using hand-held GPS units. Budgeting assumes two teams of two will collect data, and each team will cover 2.5 miles per day. Two initial pilot areas will be identified to gather data in an area that is easy to collect data and an area that is difficult to collect data. Results from these pilot areas will be used to tailor the data collection program.

As part of GIS field investigation, inventory valves and meters. Budgeting assumes that meter covers will be opened to identify and record equipment information. Except for isolation valves at street intersections, valve covers will also be opened to record valve type and equipment information. Budgeting assumes 6,000 facilities will be reviewed, with 5 minutes per facility assumed to record information (62 days total).

As part of the field verification effort, photographic documentation will be collected for customer meters and hydrants. For meters, photographs will be taken to document the street address, location of the meter on the property, and the meter equipment. For hydrants, photographs will be taken to document the location and whether a hydrant shutoff valve is visible. Budgeting assumes that photo-documentation can be done within the time allotted for field verification for facilities, and assumes 4 hours per field day for data downloading and organization. Photos will be organized in folder format by block and service address, and provided in DVD format.

Budgeting for this task includes ODC's for mileage and incidental expenses during survey.

**2.3 Update GIS:** Update and rectify GIS based on field collected data. Develop attribute fields for new features added to GIS, in consultation with MPMWD

**2.4 Supplement with As-Built Data:** Review as-built maps where gaps exist and for new developments to identify pipeline materials, age and diameter to update GIS pipeline information. Budgeting assumes 120 hours of staff engineering time to review as-builts. This task will be performed prior to conducting field work.

**2.5 Meetings to Coordinate/Review Work:** Meetings with MPMWD staff to coordinate work, review maps. Three meetings assumed.

**2.6 Finalize Maps:** Finalize maps and incorporate MPMWD comments.



**Task 2 Deliverables:** Draft base maps in map book format for MPMWD review and comment. Electronic geodatabase with updated GIS files. DVD of photo inventory of water facility appurtenances will be provided for review and comment.

### Task 3 – Water System Hydraulic Modeling Evaluation

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Develop and use the hydraulic model to evaluate MPMWD's existing water system for existing and future demand conditions to identify deficiencies and recommend improvements.

MPMWD has requested a software survey. Based on West Yost's experience, West Yost recommends selection of Innowyze's InfoWater software at the project outset for the following reasons:

- The model runs within the ArcGIS environment and information can easily be exported to AutoCad through the use of shape files, or imported from SCADA to compare with model results
- The software is flexible and makes use of ArcGIS tools that will be useful for project analysis
- The software is typically less expensive and more flexible than similar competing projects. Most of West Yost's clients have standardized on this software.

West Yost also recommends re-building the hydraulic model from the updated GIS and from the current model. The current model uses the H2OMap software, another Innowyze product. Model information can easily be developed from the GIS and the current model.

West Yost will set up the hydraulic model with the different demand conditions identified in the RFP. For the system analysis, West Yost recommends focusing on maximum day plus fire and peak hour evaluations, which are the most stressed conditions under normal operations. West Yost will also evaluate emergency conditions identified.

**3.1 Water Demand Analysis:** Develop unit use factors from historical consumption data. Document historical production, consumption, and unaccounted for water. Meet with MPMWD planning to obtain land use information based on the General Plan update underway and growth projections. Prepare demand projections based on unit use factors, land use and growth information, maintaining consistency with MPMWD's UWMP. Estimate peak water use. Prepare chapter documenting historical water and demand projections.

**3.2 Develop Hydraulic Model:** Update the existing hydraulic model using the updated GIS and the existing hydraulic model as data sources. Allocate demands to the model using historical meter data. Calibrate the model using flow and pressure data collected from hydrant tests. Budgeting assumes that the pipeline network will be re-created from the updated GIS.

**3.3 Establish Master Plan Design Criteria:** Using MPMWD's previous water master plan, other system master plans and regulatory requirements, establish design criteria for determining system deficiencies

and sizing improvements for the water system. Review with Menlo Park Fire Protection District fire marshal to confirm suitable fire flow requirements for master planning.

**3.4 System Evaluation:** Evaluate the system for existing and future demand conditions. Improvements will be sized for a future scenario with a 25-year horizon. Near-term scenarios (10-year and 20-year) will be used to establish phasing of facilities. Assess pump station and storage capacity, and evaluate hydraulic conditions, including maximum day plus fire flow and peak hour demand conditions. Identify improvements. Prepare chapter describing results of evaluation. Budgeting assumes analysis of maximum day plus fire and peak hour evaluations for existing and 25-year conditions (4 scenarios), with intermediate evaluations (10-year and 20-year), as needed to establish timing.

**3.5 Emergency Evaluation:** Evaluate the system hydraulically under emergency conditions at future average day demand, including Lower Zone connections out of service, Upper Zone connections out of service, reservoirs out of service, Sharon Heights PS out of service. Use emergency wells and/or interconnections, as appropriate for each scenario. Incorporate results of the evaluation into the System Evaluation Chapter.

**3.6 Water Quality Evaluation:** Use the hydraulic model to evaluate water age under existing demand conditions and develop recommendations for changes to operational practices to improve water quality. Based on results of hydraulic and water quality evaluations, recommend system monitoring requirements. Incorporate results into the System Evaluation Chapter.

**3.7 System Schematic and Hydraulic Profile:** Prepare system hydraulic profile and schematic. Incorporate into the Existing System Chapter.

**3.8 Model Training:** Provide training manual and in-house training to MPMWD staff for use of the hydraulic model. Focus of training will be for MPMWD to evaluate development projects and perform operational analysis for optimizing system operation.

**Task 3 Deliverables:** Draft chapter on Water Demand Analysis. Draft chapter on Hydraulic Model Development. Draft chapter on Master Plan Design Criteria. Draft chapter on System Evaluation. Hydraulic profile and system schematic, for inclusion in Existing System chapter. Model training materials.

## Task 4 – System-wide Condition Assessment

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Conduct a system-wide condition assessment and develop pipeline replacement recommendations for MPMWD's long-term maintenance plan.

West Yost recommends that the condition assessment use information from the updated GIS, including pipeline materials and age, along with soils information and leak history to assess pipeline condition and develop recommendations for a replacement program and/or for specific areas to target for possible future field investigation. Much of MPMWD's system is Asbestos Cement (AC) pipeline. As part of this task, West Yost will also summarize findings from other ongoing studies of AC pipe, such as the Water Research Foundation study on AC pipe, in collaboration with East Bay Municipal Utility District.

**4.1 Compile and Analyze Condition Data:** Collect, review and digitize MPMWD pipeline maintenance information, including leak records and pipeline repair/maintenance records. Overlay on GIS maps from the updated MPMWD GIS. Analyze for trends, and to identify areas of focus.

**4.2. Recommend Improvements:** Based on findings from Task 4.1, develop recommendations for long-term renewal and replacement program needs. Program will be developed at a planning level, for capital budgeting. Recommendations will also include additional possible future investigations to refine renewal and replacement program recommendations. Document evaluation in Operations and Maintenance Evaluation chapter.

**Task 4 Deliverables:** Draft section for Operations and Maintenance chapter summarizing condition analysis and recommendations for renewal/replacement program.

## Task 5 – Update Seismic Vulnerability Assessment

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Update the Seismic Vulnerability Assessment and Provide a System-Wide Vulnerability and Risk Evaluation

West Yost proposes to prepare an addendum to the 2004 study, updating the evaluation for specific conditions that have changed since 2004. In particular, the addendum will summarize changes to San Francisco Public Utility Commission supply reliability resulting from the implementation of the Water System Improvement Program (WSIP) that seismically reinforced the SFPUC Regional Transmission System, and updating pipeline and facility damage estimates and recommended improvements.

**5.1 Review Documents:** Review background documents, and improvement plans for new facilities constructed since completion of the 2004 Seismic Vulnerability Assessment. Conduct site visit to review MPMWD facilities.

**5.2 Analyze Water System:** Update damage estimates for pipelines, and other water system facilities (pump station, tanks, wells) using updated GIS and U.S. Geological Survey hazard maps. Identify repair/reinforcement recommendations based on hazard analysis. Review status of existing program and develop recommendations based on analysis and program status.

**5.3 Document Findings:** Prepare addendum to 2004 Seismic Vulnerability Assessment that will be documented as an appendix in the Water Master Plan report. Findings of the study will be summarized in the System Evaluation chapter.

**Task 5 Deliverable:** Addendum to 2004 Seismic Vulnerability Study, for inclusion as an appendix in the Master Plan Report.

## Task 6 – Advanced Meter Infrastructure Evaluation

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Evaluate cost-effectiveness of implementing Advanced Metering Infrastructure

West Yost will provide a summary of options for Advanced Meter Reading (AMR) (drive-by meter reading) and Advanced Meter Infrastructure (AMI) (developing a two-way communication network between the utility and meters) and associated general costs for MPMWD’s consideration in developing an in-house meter reading program. West Yost will draw upon its experience assisting MPMWD of Woodland to implement a meter program, as well as the experience of other utilities in implementing AMR and AMI systems.

**6.1 Research AMR/AMI Options:** Through discussions with vendors and other utilities, develop information on the options available to MPMWD in developing an automated metering program. Summarize options for retrofit or replacement of water meters. Evaluate various data acquisition methods and communications technologies. Evaluate software requirements to process the data, and options to link the information with GIS or SCADA. Provide an overview of possible functions of AMI. Provide a comparison of available options and general costs for the different systems.

**6.2 Document Findings:** Prepare a technical memorandum summarizing results of the AMI evaluation for inclusion in the Master Plan Report as an appendix. Information will also be summarized in the Operations and Maintenance Evaluation chapter.

**Task 6 Deliverables:** Technical memorandum summarizing AMI options for MPMWD, and general costs, for inclusion as a technical appendix in the Master Plan Report.

## Task 7 – Water Supply and Re-use Evaluation

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In this task, West Yost will document MPMWD’s current sources of supply (SFPUC and emergency groundwater wells), and evaluate potential options for water re-use that could reduce potable water system requirements.

**7.1 Summarize Existing Supplies:** Summarize existing supply sources and historical use. MPMWD’s 2010 and upcoming 2015 Urban Water Management Plans will be used as source documents for the summary.

**7.2 Evaluate Graywater Use:** Evaluate the feasibility of implementing a graywater program that would result in reduced potable water consumption. Summarize the current state of regulations regarding gray water, programs implemented by other utilities, and potential program costs. Develop recommendations for MPMWD.

**7.3 Evaluate Recycled Water Use:** Evaluate recycled water use opportunities as a means of providing a supplemental water supply for MPMWD. Evaluate the feasibility of obtaining recycled water from the City of Redwood City, the City of Palo Alto and the West Bay Sanitary District. Identify potential uses for

recycled water, areas that could potentially be served, infrastructure requirements and associated infrastructure and other implementation costs.

**Task 7 Deliverables:** Draft Water Supply Chapter summarizing existing supplies, and graywater use and recycled water use evaluations.

## **Task 8 – Operating and Maintenance Evaluation (RFP Tasks 8, 9 and 10)**

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In this task, West Yost will evaluate operational and maintenance activities and develop recommendations for a long-term maintenance program and for optimizing water system operation. West Yost has grouped Task 8, 9 and 10, all of which have operating and maintenance elements.

**8.1 Staff Interviews:** Conduct staff interviews to gather and review information on existing scope of water system operations, services and organizational structure; maintenance programs and workflow, existing operating procedures, staffing levels, reports and record keeping, and existing issues and/or constraints.

**8.2 Long-term Maintenance Program Review:** Review existing maintenance program and develop recommendations for improvements to maintenance and management of water system assets. Gather information on the capabilities of the existing Public Works CMMS system (which the water department does not currently use). Develop preventative maintenance recommendations pertaining to the following asset areas: condition of pipes, valves, pumps, storage tanks, meters and hydrants; standardization of parts and materials; hydrant replacement and testing; pressure reducing valve maintenance; water meter repair and replacement; valve maintenance; and system flushing.

**8.3 Operations Program Review:** Review existing normal and emergency operational procedures for water system operations and develop recommendations to optimize system operations, with respect to water quality, energy efficiency and cost savings. Identify operational efficiency and reliability as it relates to: system water quality; monitoring and control; instrumentation (e.g. automated meter readings); energy efficiency; water efficiency; and emergency planning.

**8.4 Staffing Level Assessment:** Review MPMWD's ability to meet regulatory requirements, operate efficiently, provide proactive maintenance, respond to work orders and system failures, provide customer service, provide input and overview on water capital improvement projects and development projects and meet City Council requirements. As part of the assessment, West Yost will benchmark MPMWD's staffing with two to three other utilities of similar size.

**8.5 Operations and Maintenance Manual:** Prepare an electronic operating and maintenance manual for MPMWD staff that is searchable and includes pertinent section links, and that allows staff to make updates and modifications. The manual will include the following sections: description of water system; responsibilities of personnel; regulatory agency(s) and regulations; system operation and control; emergency operation and control; testing protocols; maintenance programs; spare parts, supplies and chemicals; records and reports.

**Task 8 Deliverables:** Draft Operations and Maintenance Evaluation Chapter summarizing results of findings and providing recommendations. Electronic operations and maintenance manual.

## Task 9 – Develop Capital Improvement Program (RFP Task 11)

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In this task, West Yost will use results from the System Evaluation and Operating and Maintenance Evaluation to prepare planning-level improvement descriptions and associated planning-level costs to develop a prioritized capital improvement program. Costs will be presented in current dollars, and time-adjusted dollars, based on the recommended capital improvement program implementation schedule.

**9.1 Develop Unit Costs for Improvements:** Develop planning-level unit costs based on information from other master plans, cost curves, past MPMWD projects, and recent bid results, if available. Include recommended contingencies and implementation multipliers.

**9.2 Develop Planning-level Project Descriptions and Costs:** Drawing from the various technical evaluations, develop a list of capital improvement projects, including project description, location, size and costs.

**9.3 Prioritize Improvements:** Prioritize projects for near-term (5 and 10-year) and long-term (20 and 25-year) time frames. Develop project implementation schedule, in current dollars and in time-adjusted dollars, based on anticipated implementation time-frame.

**Task 9 Deliverables:** Draft master plan appendix documenting planning level costs, contingencies and implementation multipliers to be used for developing capital improvement program. Draft master plan report summarizing prioritized capital improvement program.

## Task 10 - Prepare Master Plan Report (RFP Task 11)

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West Yost will prepare the Water System Master Plan Report. The report is intended to be a guiding document to address capital, operational and maintenance needs. West Yost proposes to submit results from technical evaluations as report sections for the Master Plan, for MPMWD review and comment. Under this task, West Yost will assemble chapters into a draft Water System Master Plan Report for MPMWD review. At the draft report stage, the document will be a familiar document, with no surprises.

**10.1 Prepare Report Outline:** Develop report outline. Outline will be developed early in the project, for MPMWD review and comment.

**10.2 Prepare Draft Master Plan Report:** Integrate MPMWD comments from previously submitted chapters that have been prepared as part of technical tasks into the appropriate chapters to develop the draft report. Meet with MPMWD to receive review comments on the draft report.

**10.3 Prepare Final Master Plan Report:** Prepare final report incorporating comments from the draft report review.

**Task 10 Deliverables:** Draft report outline (electronic copy); Draft Master Plan Report (five hard copies); Final Master Plan Report (five hard copies, electronic copy in PDF format).

## **Task 11 – Project Management and Meetings (RFP Task 12)**

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Use project management tools, including systems for tracking work progress and expenditures, proactive communications, and quality assurance and quality control to keep project on schedule and budget.

Meetings with the Fire District, City Planning are budgeted in Task 3. Meetings with MPMWD staff are budgeted in Task 7.

**11.1 Conduct Kickoff Meeting:** Conduct a kickoff workshop with MPMWD staff to review initial goals and priorities of the Project, present an up-to-date project schedule, and to conduct an in-depth review of the water system with engineering and operations staff to collect information on system operation, maintenance, adequate, areas of concern and known deficiencies.

**11.2 Hold Progress Check-Ins:** Conduct bi-weekly conference calls and as-needed face-to-face meetings (up to 4 assumed) to review project status, including work completed, work anticipated, identified problems/issues, outstanding issues to be resolved and action items.

**11.3 Presentations to City:** Present master plan findings to City staff, commissions, water user meetings and City Council. Budgeting assumes six presentations.

**11.4 Monthly Invoicing:** Prepare monthly invoices and progress reports.

**11.5 Perform Quality Assurance/Quality Control Reviews:** Provide internal quality assurance and quality control for each of the project deliverables prior to submitting to MPMWD. These reviews are budgeted as part of technical tasks.

**Task 11 Deliverables:** Meeting agendas and minutes from meetings and conference calls; monthly status reports, invoices and updated project schedule; copies of presentations.

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PROJECT:	P/V/P \$239 Duncan	P/V/P \$239 Goodwin	EM/SM/GM II \$228 Boissevain	EM/SM/GM II \$228 Drayer	EM/SM/GM II \$228 Mc Williams	SE/SS/SG II \$187 Kwong	SE/SS/SG II \$187 Estrada	SE/SS/SG II \$187 Day / Suroso	TS IV \$135 Fox	SE/SS/SG II \$187 Whatley	AE/AS/AG I \$158 Staff	ESG I \$128 Reimer	ESG I \$128	ADM IV \$109	Labor		Technology & Admin 6%	Sub. DBA DETAILED	Costs		
															Hours	Fee			Sub. w/ markup 10%	Other Direct	Total Costs
<b>Task 1</b>	<b>Data Collection</b>																				
1.01 Data collection and review			4				8			8	24				44	\$ 7,696	\$ 462			\$ 8,158	
1.02 Prepare draft Existing System chapter	2		4				8			24				2	40	\$ 6,896	\$ 414			\$ 7,310	
<b>Subtotal, Task 1 (hours)</b>	<b>2</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>48</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>84</b>						
<b>Subtotal, Task 1 (\$)</b>	<b>\$ 478</b>		<b>\$ 1,824</b>				<b>\$ 2,992</b>			<b>\$ 1,496</b>	<b>\$ 7,584</b>			<b>\$ 218</b>		<b>\$ 14,592</b>	<b>\$ 876</b>			<b>\$ 15,468</b>	
<b>Task 2</b>	<b>Water Distribution System Inventory</b>																				
2.01 Develop base maps and geodatabase			2				8	4				24	8		46	\$ 6,796	\$ 408			\$ 7,204	
2.02 Field investigation pilot			4					16			48		48		116	\$ 17,632	\$ 1,058			\$ 19,790	
2.03 Conduct field investigations			16				12	52			630		510	24	1244	\$ 183,052	\$ 10,983			\$ 198,435	
2.04 Update GIS modifications			8				40	4			20	160	20		252	\$ 36,252	\$ 2,175			\$ 38,427	
2.05 Supplement with As-Built Data			4				16						120		140	\$ 19,264	\$ 1,156			\$ 20,420	
2.06 Update maps with As-Built Data			4				16					100			120	\$ 16,704	\$ 1,002			\$ 19,106	
2.07 City meetings/updates			12				24								36	\$ 7,224	\$ 433			\$ 7,657	
2.08 Finalize maps based on City comments	2		4				8					24			38	\$ 5,958	\$ 357			\$ 6,315	
<b>Subtotal, Task 2 (hours)</b>	<b>2</b>	<b>0</b>	<b>54</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>124</b>	<b>76</b>	<b>0</b>	<b>0</b>	<b>698</b>	<b>308</b>	<b>706</b>	<b>24</b>	<b>1992</b>						
<b>Subtotal, Task 2 (\$)</b>	<b>\$ 478</b>		<b>\$ 12,312</b>				<b>\$ 23,188</b>	<b>\$ 14,212</b>			<b>\$ 110,284</b>	<b>\$ 39,424</b>	<b>\$ 90,368</b>	<b>\$ 2,616</b>		<b>\$ 292,882</b>	<b>\$ 17,573</b>			<b>\$ 6,900</b>	<b>\$ 317,355</b>
<b>Task 3</b>	<b>Water Distribution System Hydraulic Modeling</b>																				
3.01 Water Demand Analysis			8	32							64				104	\$ 19,232	\$ 1,154			\$ 20,386	
3.02 Develop Hydraulic Model			8				24				100				132	\$ 22,112	\$ 1,327			\$ 23,439	
3.03 Establish Master Plan Criteria			2				4				8				14	\$ 2,468	\$ 148			\$ 2,616	
3.04 System Evaluation			4				12				48				64	\$ 10,740	\$ 644			\$ 11,384	
3.05 Emergency Evaluation			2				8				24				34	\$ 5,744	\$ 345			\$ 6,089	
3.06 Water Quality Evaluation			2				4				8				14	\$ 2,468	\$ 148			\$ 2,616	
3.07 System Schematic and Hydraulic Profile			1				2				4				7	\$ 1,234	\$ 74			\$ 1,308	
3.08 Model Training			2				16				8				26	\$ 4,712	\$ 283			\$ 4,995	
3.09 Prepare draft chapter	2		4				12				24				42	\$ 7,426	\$ 446			\$ 7,872	
<b>Subtotal, Task 3 (hours)</b>	<b>2</b>	<b>0</b>	<b>33</b>	<b>32</b>	<b>0</b>	<b>82</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>288</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>437</b>						
<b>Subtotal, Task 3 (\$)</b>	<b>\$ 478</b>		<b>\$ 7,524</b>	<b>\$ 7,296</b>		<b>\$ 15,334</b>					<b>\$ 45,504</b>					<b>\$ 76,136</b>	<b>\$ 4,568</b>			<b>\$ 80,704</b>	
<b>Task 4</b>	<b>System Wide Condition Assessment</b>																				
4.01 Compile and Analyze Condition Data			8	4							40				52	\$ 9,144	\$ 549			\$ 9,693	
4.02 Recommend Improvements			8	4							8				20	\$ 4,088	\$ 245			\$ 4,333	
<b>Subtotal, Task 4 (hours)</b>	<b>0</b>	<b>16</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>48</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>72</b>						
<b>Subtotal, Task 4 (\$)</b>		<b>\$ 3,824</b>	<b>\$ 1,824</b>								<b>\$ 7,584</b>					<b>\$ 13,232</b>	<b>\$ 794</b>			<b>\$ 14,026</b>	
<b>Task 5</b>	<b>Update Seismic Vulnerability Assessment</b>																				
5.01 Review documents/ site visit			8												8	\$ 1,824	\$ 109	\$ 5,880	\$ 6,468	\$ 8,401	
5.02 Analyze Water System			4				8								12	\$ 2,408	\$ 144	\$ 19,830	\$ 21,813	\$ 24,365	
5.03 Prepare appendix documenting results	2		2												4	\$ 934	\$ 56	\$ 3,360	\$ 3,696	\$ 4,686	
<b>Subtotal, Task 5 (hours)</b>	<b>2</b>	<b>0</b>	<b>14</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24</b>						
<b>Subtotal, Task 5 (\$)</b>	<b>\$ 478</b>		<b>\$ 3,192</b>				<b>\$ 1,496</b>									<b>\$ 5,166</b>	<b>\$ 310</b>	<b>\$ 29,070</b>	<b>\$ 31,977</b>	<b>\$ 37,453</b>	
<b>Task 6</b>	<b>Advanced Metering Infrastructure Eval/Smart Water Meters</b>																				
6.01 Research AMR/AMI options			8					40							48	\$ 9,304	\$ 558			\$ 9,862	
6.02 Document findings			4					16							20	\$ 3,904	\$ 234			\$ 4,138	
<b>Subtotal, Task 6 (hours)</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>56</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>68</b>						
<b>Subtotal, Task 6 (\$)</b>			<b>\$ 2,736</b>					<b>\$ 10,472</b>								<b>\$ 13,208</b>	<b>\$ 792</b>			<b>\$ 14,000</b>	
<b>Task 7</b>	<b>Water Reuse Alternatives Eval</b>																				
7.01 Summarize Existing Supplies															0						
7.02 Evaluate Graywater			4	6							24				34	\$ 6,072	\$ 364			\$ 6,436	
7.03 Evaluate Recycled Water Use			2	16							60				78	\$ 13,584	\$ 815			\$ 14,399	
7.04 Prepare Draft Supply Chapter	2		4	8							24				38	\$ 7,006	\$ 420			\$ 7,426	
<b>Subtotal, Task 7 (hours)</b>	<b>2</b>	<b>0</b>	<b>10</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>108</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>150</b>						
<b>Subtotal, Task 7 (\$)</b>	<b>\$ 478</b>		<b>\$ 2,280</b>	<b>\$ 6,840</b>							<b>\$ 17,064</b>					<b>\$ 26,662</b>	<b>\$ 1,600</b>			<b>\$ 28,262</b>	

West Yost Associates	P/V/P \$239 Duncan	P/V/P \$239 Goodwin	EM/SM/GM II \$228 Boissevain	EM/SM/GM II \$228 Drayer	EM/SM/GM II \$228 Mc Williams	SE/SS/SG II \$187 Kwong	SE/SS/SG II \$187 Estrada	SE/SS/SG II \$187 Day / Suroso	TS IV \$135 Fox	SE/SS/SG II \$187 Whatley	AE/AS/AG I \$158 Staff	ESG I \$128 Reimer	ESG I \$128	ADM IV \$109	Labor		Technology & Admin 6%	Sub. DBA <b>DETAILED</b>	Costs		
															Hours	Fee			Sub. w/ markup 10%	Other Direct	Total Costs
<b>PROJECT:</b>																					
<b>Task 8</b>	<b>Operation and Maintenance Evaluation</b>																				
8.01 Staff Interviews			8							16					24	\$ 4,816	\$ 289			\$ 500	\$ 5,605
8.02 Long-term Maintenance Program Review			2						8	12					22	\$ 3,780	\$ 227				\$ 4,007
8.03 Operations Program Review			2						16	24					42	\$ 7,104	\$ 426				\$ 7,530
8.04 Staffing-Level Assessment			2						8	20					30	\$ 5,276	\$ 317				\$ 5,593
8.05 Operations and Maintenance Manual		8	8						16	120				24	176	\$ 30,952	\$ 1,857			\$ 100	\$ 32,909
<b>Subtotal, Task 8 (hours)</b>	<b>0</b>	<b>8</b>	<b>22</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>48</b>	<b>192</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24</b>	<b>294</b>						
<b>Subtotal, Task 8 (\$)</b>		<b>\$ 1,912</b>	<b>\$ 5,016</b>						<b>\$ 6,480</b>	<b>\$ 35,904</b>				<b>\$ 2,616</b>		<b>\$ 51,928</b>	<b>\$ 3,116</b>			<b>\$ 600</b>	<b>\$ 55,644</b>
<b>Task 9</b>	<b>Develop Capital Improvement Program</b>																				
9.01 Develop Unit Costs			4		4						16				24	\$ 4,352	\$ 261				\$ 4,613
9.02 Develop Project Descriptions and Costs			8								24				32	\$ 5,616	\$ 337				\$ 5,953
9.03 Prioritize Improvements			16								40				56	\$ 9,968	\$ 598				\$ 10,566
9.04 Operational Recommendations			2					2	8						12	\$ 2,222	\$ 133				\$ 2,355
9.05 Prepare draft chapter and appendix	2		4					2	8	16				2	34	\$ 5,902	\$ 354				\$ 6,256
<b>Subtotal, Task 9 (hours)</b>	<b>2</b>	<b>0</b>	<b>34</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>16</b>	<b>96</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>158</b>						
<b>Subtotal, Task 9 (\$)</b>	<b>\$ 478</b>		<b>\$ 7,752</b>		<b>\$ 912</b>				<b>\$ 540</b>	<b>\$ 2,992</b>	<b>\$ 15,168</b>			<b>\$ 218</b>		<b>\$ 28,060</b>	<b>\$ 1,684</b>				<b>\$ 29,744</b>
<b>Task 10</b>	<b>Development of Water System Master Plan</b>																				
10.01 Report Outline			2											1	3	\$ 565	\$ 34				\$ 599
10.02 Draft Water System Master Plan	6		16	8		24					40			8	102	\$ 18,586	\$ 1,115			\$ 500	\$ 20,201
10.03 Final Water System Master Plan			8	4		16					20			4	52	\$ 9,324	\$ 559			\$ 1,000	\$ 10,883
<b>Subtotal, Task 10 (hours)</b>	<b>6</b>	<b>0</b>	<b>26</b>	<b>12</b>	<b>0</b>	<b>40</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>60</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>157</b>						
<b>Subtotal, Task 10 (\$)</b>	<b>\$ 1,434</b>		<b>\$ 5,928</b>	<b>\$ 2,736</b>		<b>\$ 7,480</b>					<b>\$ 9,480</b>			<b>\$ 1,417</b>		<b>\$ 28,475</b>	<b>\$ 1,709</b>			<b>\$ 1,500</b>	<b>\$ 31,684</b>
<b>Task 11</b>	<b>Project Management</b>																				
11.01 Kickoff Meeting	4		8			4	4			2					22	\$ 4,650	\$ 279	\$ 840	\$ 924	\$ 400	\$ 6,253
11.02 Progress Check-ins			36			18	18		6	6					84	\$ 16,872	\$ 1,012				\$ 17,884
11.03 Presentations (six assumed)	8		48											6	62	\$ 13,510	\$ 811				\$ 14,321
11.04 Monthly Invoicing			18												18	\$ 4,104	\$ 246				\$ 4,350
11.05 QA/QC Reviews (budgeted in tech tasks)															0						
<b>Subtotal, Task 11 (hours)</b>	<b>12</b>	<b>0</b>	<b>110</b>	<b>0</b>	<b>0</b>	<b>22</b>	<b>22</b>	<b>0</b>	<b>6</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>186</b>						
<b>Subtotal, Task 11 (\$)</b>	<b>\$ 2,868</b>		<b>\$ 25,080</b>			<b>\$ 4,114</b>	<b>\$ 4,114</b>		<b>\$ 810</b>	<b>\$ 1,496</b>				<b>\$ 654</b>		<b>\$ 39,136</b>	<b>\$ 2,348</b>	<b>\$ 840</b>	<b>\$ 924</b>	<b>\$ 400</b>	<b>\$ 42,808</b>
<b>TOTAL (hours)</b>	<b>30</b>	<b>24</b>	<b>331</b>	<b>74</b>	<b>4</b>	<b>144</b>	<b>170</b>	<b>132</b>	<b>58</b>	<b>224</b>	<b>1,346</b>	<b>308</b>	<b>706</b>	<b>71</b>	<b>3,622</b>						
<b>TOTAL (\$)</b>	<b>\$ 7,170</b>	<b>\$ 5,736</b>	<b>\$ 75,468</b>	<b>\$ 16,872</b>	<b>\$ 912</b>	<b>\$ 26,928</b>	<b>\$ 31,790</b>	<b>\$ 24,684</b>	<b>\$ 7,830</b>	<b>\$ 41,888</b>	<b>\$ 212,668</b>	<b>\$ 39,424</b>	<b>\$ 90,368</b>	<b>\$ 7,739</b>		<b>\$ 589,477</b>	<b>\$ 35,369</b>	<b>\$ 29,910</b>	<b>\$ 32,901</b>	<b>\$ 9,400</b>	<b>\$ 667,147</b>





## **PUBLIC WORKS DEPARTMENT**

**Council Meeting Date: May 19, 2015**

**Staff Report #: 15-086**

**CONSENT CALENDAR:**                    **Appropriate \$1.5 Million from the Building Construction Impact Fee Fund Balance for the 2013-14 Street Resurfacing Project**

---

### **RECOMMENDATION**

Staff recommends City Council appropriate \$1.5 million from the Building Construction Impact Fee fund balance for the 2013-14 street resurfacing project, in lieu of the current funding from the General Fund CIP Fund.

### **POLICY ISSUES**

Fund appropriation in project budgets requires City Council approval.

### **BACKGROUND**

The 2013-14 street resurfacing project is scheduled for award this summer. The project was delayed in order to meet deadlines for a Federal Grant Funded street resurfacing project in 2013, which was completed in 2014.

### **ANALYSIS**

The current budget for the Street Resurfacing Project is \$3.3 million, of which \$1.5 million is from the General Fund CIP Fund. Staff is requesting to release the \$1.5 million from the General Fund CIP Fund and replace it with the Building Construction Impact Fee Funds. The Building Construction Impact Fee is charged to property development based on construction value. The fund balance of the Building Construction Impact Fee Fund has increased by over \$1.5 million last year, due to the growth in private development within the area and the current estimated fund balance is approximately \$4.0 million. The General Fund CIP Fund is not restricted in its use as the Building Construction Impact fund can only be used for maintenance of our streets.

### **IMPACT ON CITY RESOURCES**

There are sufficient funds in the Building Construction Impact Fee fund balance to cover the transfer of funds.

## **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.

## **PUBLIC NOTICE**

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

Report prepared by:

*Ruben Nino*

*Assistant Public Works Director*



## PUBLIC WORKS DEPARTMENT

Council Meeting Date: May 19, 2015

Staff Report #: 15-082

### CONSENT CALENDAR:

**Adopt a Resolution of Preliminary Approval of the Engineer's Report for the Menlo Park Landscaping District for Fiscal Year 2015-16; Adopt a Resolution of Intent to Order the Levy and Collection of Assessments for the Menlo Park Landscaping District for Fiscal Year 2015-16; and Set the Date for the Public Hearing for June 16, 2015**

---

### RECOMMENDATION

Staff recommends that the City Council:

1. Adopt a Resolution of preliminary approval of the Engineer's Report for the City of Menlo Park Landscaping District for Fiscal Year 2015-16, which proposes no increases to the tree and sidewalk assessments (Attachment A);
2. Adopt a Resolution of Intention to order the levy and collection of assessments for the City of Menlo Park Landscaping District for Fiscal Year 2015-16 pursuant to the Landscaping and Lighting Act of 1972 (Attachment B) and;
3. Set the date for the Public Hearing for June 16, 2015.

### POLICY ISSUES

If the City Council does not order the levy and collection of assessments, the impact on City resources would be \$758,982 (the total amount of the proposed tree and sidewalk assessments).

### BACKGROUND

The Landscaping Assessment District provides funding for the maintenance of street trees, street sweeping and sidewalks throughout Menlo Park.

### Tree Maintenance

Between 1960 and 1982, the City had a three-person tree crew to care for City parks, medians, and street trees. At that time, the tree crew trimmed trees as requested by residents. There was no specific, long-term plan to address tree maintenance. As the trees grew, it took considerably more time per tree to provide proper care and the City's one tree crew was unable to maintain all the trees in proper condition.

The voters approved Measure N in 1982 as an advisory measure to the City Council regarding formation of the City of Menlo Park Landscaping District. The District was formalized in 1983 to provide proper street-tree maintenance. Programmatic changes have occurred over the past 32 years to address new regulations and maintain the existing tree canopy. Proper care of the tree canopy continues to be identified as a priority by property owners, the Environmental Quality Commission and the Council.

In 1998, the City identified concerns that a significant number of City trees, of which over 80 percent were considered to be mature, would decline and fail at roughly the same time unless proactive measures were taken to stagger removal of the older trees with establishment of new, younger trees. In addition, the tree maintenance trimming and evaluation schedule had slipped from once every five years to once every seven years due to cost. The City proposed an increase in the District fees, which was approved per Proposition 218. The additional funds raised were used to bring back the tree trimming/evaluation schedule to once every five years. In addition, in 2008-09 a reforestation program was implemented with a portion of the District funds.

### **City Tree-Damaged Sidewalk Repair**

Prior to 1990, property owners and the City split the cost of repairing sidewalks damaged by City trees. The City entered into individual agreements with approximately 200 individual property owners each year to conduct these repairs. The annual cost was a financial burden to some residents on fixed incomes, and burdensome for the City to administer.

An assessment for the repair of sidewalks and parking strips was established in 1990 to make the program more cost-effective and less of a financial burden for property owners, and to streamline staff's processing of tree-damaged sidewalk repair. Staff has been able to address the tripping hazards through new technologies in sidewalk sawcutting, resulting in the sidewalk assessment only having been raised once since its establishment.

### **Street Sweeping**

Street sweeping is performed throughout the City for aesthetic, water quality and health reasons, as well as compliance with storm water regulations. Street sweeping work has been performed by contract services since 1992.

### **Engineer's Report Requirements**

For each fiscal year the assessments will be levied, the City Council must direct the preparation of an Engineer's Report, budgets, and proposed assessments. On January 23, 2015, the City Council adopted Resolution No. 6252 (*Attachment D*) describing the improvements and directing the preparation of an Engineer's Report for the Landscaping District for FY 2015-16. In addition, Council approved an agreement with SCI Consulting Group to prepare that report.

The Engineer's Report establishes the foundation and justification for the continued collection of the landscape assessments for FY 2015-16. SCI Consulting Group has reviewed the report in context with recent court decisions and legal requirements for

benefit assessments. The assessments proposed are fully compliant with recent court decisions and the requirements of Proposition 218.

The purpose of this staff report is to obtain Council’s preliminary approval of the Engineer’s Report, state the intention of the Council to order the levy and collection of assessments, provide preliminary approval of the assessment, and set a public hearing for June 16, 2015, regarding the proposed assessments.

**ANALYSIS**

**Approval of Engineer’s Report**

SCI Consulting Group has completed the preliminary Engineer’s Report (Attachment C) for the Landscaping District, which includes the District’s proposed FY 2015-16 budget. The budget covers tree maintenance, a portion of the cost of the City’s street sweeping program, and the sidewalk repair program. The report describes in detail the method used for apportioning the total assessment among properties within the District. This method involves identifying the benefit received by each property in relation to a single-family home (Single Family Equivalent or SFE).

Expenses for the program are covered by revenue from property tax assessments, non-assessment funds, and contributions from the City (primarily from the General Fund), and unspent funds from prior years.

**Program Budgets**

***Tree Maintenance Assessments***

Table I shows the proposed budget for street tree maintenance expenses and revenues for FY 2015-16.

<b>Table I Tree Maintenance Assessments Proposed FY 2015-16 Budget</b>	
<b>Projected Beginning Fund Balance</b>	<b>\$188,432</b>
<b>Estimated Revenues:</b>	
Tree Assessment Revenue	\$559,551
General Fund Contribution and other funds	<u>214,000</u>
	<b>\$773,551</b>
<b>Estimated Expenses:</b>	
Street Tree Maintenance	\$499,726
Debris Removal (Street Sweeping)	217,125
Administration & County Collection of Assessment Fees	<u>132,872</u>
	<b>\$849,723</b>
<b>Projected Ending Fund Balance</b>	<b>\$112,260</b>

The General Fund (159,000) and other funds (55,000) contribution towards tree maintenance will be \$214,000 for FY 2015-16. Proposition 218 stipulates that only the “special benefits” received by a parcel can be charged through an assessment district, with “general benefits” being funded by other sources. The Engineer’s Report determined that 75 percent of the benefits received are special benefits, and 25 percent are general benefits. The proposed General Fund and other non-assessment funds contribution of \$214,000 will meet the City’s remaining obligation.

<b>Table II Annual Tree Assessment Rates Proposed FY 2015-16 (no increase)</b>		
Property Type	Properties with Trees	Properties without Trees
Single-family	\$62.06 per Parcel	\$31.03 per Parcel
R-2 Zone, in use as single-family	\$62.06 per Parcel	\$31.03 per Parcel
Condominium/ Townhouse	\$55.85 per Unit \$279.27 max. per Project	\$27.93 per Unit \$139.64 max. per Project
Other Multi-family	\$49.65 per Unit \$248.24 max. per Project	\$24.82 per Unit \$124.12 max. per Project
Commercial	\$62.06 per 1/5 acre \$310.30 max. per Project	\$31.03 per 1/5 acre \$155.15 max. per Project
Industrial	\$62.06 per 1/5 acre \$310.30 max. per Project	\$31.03 per 1/5 acre \$155.15 max. per Project
Parks, Educational	\$62.06 per Parcel	\$31.03 per Parcel
Miscellaneous, Other	\$0.00 per Parcel	\$0.00 per Parcel

**Sidewalk Repair Assessments**

The Council authorizes sidewalk repair program funding in the amount of \$300,000 per year as part of the City’s capital improvement program. Table II shows the proposed budget for sidewalk, curb, gutter and parking strip repair and replacement expenses and revenues for FY 2015-16.

<b>Table III Sidewalk Repair Assessments Proposed FY 2015-16 Budget</b>	
<b>Projected Beginning Fund Balance</b>	<b>\$120,753</b>
<b>Estimated Revenues:</b>	
Sidewalk Assessment Revenue (no rate increase)	\$196,431
General Fund CIP Contribution for sidewalk repair	<u>120,000</u>
	<b>\$316,431</b>
<b>Estimated Expenses:</b>	
Sidewalk, Curb, Gutter, Parking Strip Repair/Replacement	\$300,000
Administration & County Collection of Assessment Fees	<u>20,433</u>
	<b>\$320,433</b>
<b>Projected Ending Fund Balance</b>	<b>\$116,751</b>



Recently, staff was able to address minor tripping hazards as part of the annual sidewalk repair program by implementing a horizontal sawcutting method of removal that leaves a smooth uniform surface. This approach reduces the need for complete concrete removal, better efficiency and budget control. Therefore, staff is not recommending any increase to the sidewalk repair assessments for FY 2015-16.

<b>Table IV</b>	
<b>Property Type</b>	<b>Annual Sidewalk Assessment Rates Proposed FY 2015-16 (no increase)</b>
<b>Properties with Improvements</b>	
Sidewalks, curbs, gutters	\$28.70 per Parcel
Parking strips and gutters	\$28.70 per Parcel
Curbs and/or gutters only	\$19.23 per Parcel
No improvements	\$9.47 per Parcel
Miscellaneous, Other	\$0.00 per Parcel
<b>Properties without Improvements</b>	
Parcels with or without improvements	\$9.47 per Parcel
Miscellaneous, Other	\$0.00 per Parcel

\* All assessment amounts are rounded to the penny.

**Assessment Process**

If the Council approves the attached resolutions, staff will publish legal notice of the assessment Public Hearing at least ten days prior to the hearing, which is tentatively scheduled for June 16, 2015. Once the assessments are confirmed and approved, the levies will be submitted to the County Auditor/Controller for inclusion onto the property tax roll for FY 2015-16.

Assessments are subject to an annual adjustment based on the Engineering News Record Construction Cost Index (CCI) for the San Francisco Bay Area. The maximum annual adjustment cannot exceed 3 percent. Any change in the CCI in excess of 3 percent is cumulatively reserved and can be used to increase the assessment rate in years in which the CCI is less than 3 percent. From December 2013 to December 2014 the CCI increased 0.15 percent.

The maximum authorized assessment rate for fiscal year 2015-16 (based on accumulated unused CCI increases excess reserves from prior years) are \$101.42 per single family equivalent (SFE) benefit unit for tree maintenance and \$45.28 per single family equivalent (SFE) benefit unit for sidewalk maintenance without another ballot proceedings. The estimated budget in the Engineer’s Report proposes assessments for fiscal year 2015-16 \$62.02 per SFE for tree maintenance and \$28.70 per SFE for sidewalk maintenance (same as FY 2014-15). Both amounts are less than the maximum authorized assessment rate.

## **IMPACT ON CITY RESOURCES**

Funding for the entire tree-maintenance, street sweeping and sidewalk-repair programs under the assessment district comes from a variety of sources, including the carryover of unspent funds from prior years, annual tax assessment revenues, and contributions from the General Fund. If the Council does not order the levy and collection of assessments, the impact on City resources would be \$758,982 (the total amount of the proposed tree and sidewalk assessments).

The current estimated fund balances for both the tree and sidewalk programs are sufficient to maintain current services levels through FY 2015-16.

## **ENVIRONMENTAL REVIEW**

An 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 of Preliminary Approval of the Engineer's Report
- B. Resolution of Intention to Order the Levy and Collection of Assessments
- C. Engineer's Report dated May 2015
- D. Resolution No. 6252

Report prepared by:  
*Eren Romero*  
*Business Manager*

*Ruben Niño*  
*Assistant Public Works Director*

**RESOLUTION NO.**

**RESOLUTION OF PRELIMINARY APPROVAL OF THE ENGINEER'S  
REPORT FOR THE CITY OF MENLO PARK LANDSCAPING DISTRICT  
FOR FISCAL YEAR 2015-16**

WHEREAS, on the twenty-seventh day of January, 2015, the Menlo Park City Council did adopt Resolution No. 6252, describing improvements and directing preparation of the Engineer's Report for the City of Menlo Park Landscaping District (District) for Fiscal Year 2015-16, pursuant to provisions of Article XIID of the California Constitution and the Landscaping and Lighting Act of 1972, in said City and did refer the proposed improvements to SCI Consulting Group and did therein direct SCI Consulting Group to prepare and file with the Clerk of said City a report, in writing, all as therein more particularly described, under and in accordance with Section 22565, *et. seq.*, of the Streets and Highways Code and Article XIID of the California Constitution; and

WHEREAS, said SCI Consulting Group prepared and filed with the City Clerk of said City a report in writing as called for in Resolution No. 6252 and under and pursuant to said Article and Act, which report has been presented to this Council for consideration; and

WHEREAS, said Council has duly considered said report and each and every part thereof, and finds that each and every part of said report is sufficient, and that neither said report, nor any part thereof, should be modified in any respect.

NOW, THEREFORE, BE IT RESOLVED THAT IT IS HEREBY FOUND, DETERMINED, and ORDERED, as follow:

1. That the plans and specifications for the existing improvements and the proposed new improvements to be made within the District contained in said report, be, and they are hereby, preliminarily approved;
2. That the Engineer's estimate of the itemized and total costs and expenses of said improvements, maintenance, and servicing thereof, and of the incidental expenses in connection therewith, contained in said report be, and each of them is hereby, preliminarily approved;
3. That the diagram showing the exterior boundaries of the District referred to and described in said Resolution No. 6252 and the lines and dimensions of each lot or parcel of land within said District as such lot or parcel of land is shown on the County Assessor's maps for the fiscal year to which the report applies, each of which lot or parcel of land has been given a separate number upon said diagram, as contained in said report be, and it is hereby, preliminarily approved;

4. That the proposed continued assessment of the total amount of the estimated costs and expenses of the proposed improvements upon the several lots or parcels of land in said District in proportion to the estimated benefits to be received by such lots or parcels, respectively, from said improvements including the maintenance or servicing, or both, thereof, and of the expenses incidental thereto, as contained in said report be, and they are hereby, preliminarily approved; and
5. That said report shall stand as the Engineer's Report for the purpose of all subsequent proceedings to be had pursuant to said Resolution No. 6252.

I, Pamela I. 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 nineteenth of May, 2015, 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 nineteenth of May, 2015.

Pamela I. Aguilar  
City Clerk

**RESOLUTION NO.**

**RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK TO ORDER THE CONTINUATION AND COLLECTION OF ASSESSMENTS FOR THE CITY OF MENLO PARK LANDSCAPING DISTRICT FOR FISCAL YEAR 2015-16 PURSUANT TO THE LANDSCAPING AND LIGHTING ACT OF 1972**

WHEREAS, pursuant to Resolution No. 6252 describing improvements and directing the preparation of the Engineer's Report for Fiscal Year 2015-16 for the City of Menlo Park Landscaping District, adopted on January 27, 2015, by the City Council of Menlo Park; and

WHEREAS pursuant to provisions of Article XIID of the California Constitution and the Landscaping and Lighting Act of 1972, SCI Consulting Group for said City has prepared and filed with the City Clerk of this City the written report called for under and in accordance with Section 22565, *et. seq.*, of the Streets and Highways Code and Article XIID of the California Constitution; and

WHEREAS, by said Resolution No. 6252, which said report has been submitted and preliminarily approved by this Council in accordance with said Article and Act.

NOW, THEREFORE, BE IT RESOLVED, THAT IT IS HEREBY FOUND, DETERMINED, and ORDERED, as follows:

1. In its opinion, the public interest and convenience require, and it is the intention of this Council, to order the continuation and collection of assessments for Fiscal Year 2015-16 pursuant to the provisions of Article XIID of the California Constitution and the Landscaping and Lighting Act of 1972, Part 2, Division 15 of the Streets and Highways Code of the State of California, for the construction or installation of the improvements, including the maintenance or servicing, or both, thereof, more particularly described in Exhibit A hereto attached and by reference incorporated herein;
2. The cost and expense of said improvements, including the maintenance or servicing, or both, thereof, are to be made chargeable upon the assessment district designated as "City of Menlo Park Landscaping District" (District) the exterior boundaries of which District are the composite and consolidated area as more particularly described on a map thereof on file in the office of the Clerk of said City, to which reference is hereby made for further particulars. Said map indicates by a boundary line the extent of the territory included in the District and the general location of said District;
3. Said Engineer's Report prepared by SCI Consulting Group, preliminarily approved by this Council, and on file with the Clerk of this City, is hereby referred to for a full and detailed description of the improvements, the boundaries of the

assessment district and the proposed assessments upon assessable lots and parcels of land within the District;

4. The authorized maximum assessment rates for the District include an annual adjustment by an amount equal to the annual change in the Engineering News Record Index, not to exceed 3.00 percent per year, plus any uncaptured excesses. Assessment rates for the tree and sidewalks assessments are not to increase during Fiscal Year 2015-16 over the Fiscal Year 2014-15 assessments. Including the authorized annual adjustment, the maximum authorized assessment rate for street tree maintenance for Fiscal Year 2015-16 is \$101.42 per single family equivalent benefit unit, and the assessment rate per single family equivalent benefit unit for Fiscal Year 2015-16 is \$62.06, which is the same rate as that levied in Fiscal Year 2014-15 and is less than the maximum authorized rate. Including the authorized annual adjustment, the maximum authorized assessment rate for sidewalk repairs for Fiscal Year 2015-16 is \$45.28 per single family equivalent benefit unit, and the proposed assessment rate per single family equivalent benefit unit to be continued to Fiscal Year 2015-16 is \$28.70, which is the same rate as that levied in Fiscal Year 2014-15 and is less than the maximum authorized rate;
5. Notice is hereby given that Tuesday, the sixteenth day of June, 2015, at the hour of 7:00 o'clock p.m., or as soon thereafter as the matter may be heard, in the regular meeting place of said Council, Council Chambers, Civic Center, 701 Laurel Street, Menlo Park, California, be, and the same are hereby appointed and fixed as the time and place for a Public Hearing by this Council on the question of the continuation and collection of the proposed assessment for the construction or installation of said improvements, including the maintenance and servicing, or both, thereof, and when and where it will consider all oral statements and all written protests made or filed by any interested person at or before the conclusion of said hearing, against said improvements, the boundaries of the assessment district and any zone therein, the proposed diagram or the proposed assessment, to the Engineer's estimate of the cost thereof, and when and where it will consider and finally act upon the Engineer's Report;
6. The Clerk of said City is hereby directed to give notice of said Public Hearing by causing a copy of this resolution to be published once in *The Daily News*, a newspaper circulated in said City, and by conspicuously posting a copy thereof upon the official bulletin board customarily used by the City for the posting of notices, said posting and publication to be had and completed at least ten (10) days prior to the date of public hearing specified herein; and
7. The Office of the Assistant Public Works Director of said City is hereby designated as the office to answer inquiries regarding any protest proceedings to be had herein, and may be contacted during regular office hours at the Civic

Center, 701 Laurel Street, Menlo Park, California, 94025, or by calling (650) 330-6740.

I, Pamela I. 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 nineteenth day of May, 2015, 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 nineteenth day of May, 2015.

Pamela I. Aguilar  
City Clerk

**Exhibit A**

**City of Menlo Park Landscaping District**

Maintaining and servicing of street trees, including the cost of repair, removal or replacement of all or any part thereof, providing for the life, growth, health, and beauty of landscaping, including cultivation, trimming, spraying, fertilizing, or treating for disease or injury, the removal of trimmings, rubbish, debris, and other solid waste, and water for the irrigation thereof, and the installation or construction, including the maintenance and servicing thereof, of curbs, gutters, sidewalks, and parking strips.





**CITY OF MENLO PARK**  
**LANDSCAPING ASSESSMENT DISTRICT**

**ENGINEER'S REPORT**

FISCAL YEAR 2015-16

MAY, 2015

PURSUANT TO THE LANDSCAPING AND LIGHTING ACT OF 1972 AND  
ARTICLE XIID OF THE CALIFORNIA CONSTITUTION

ENGINEER OF WORK:  
**SCI Consulting Group**  
4745 MANGELS BLVD.  
FAIRFIELD, CALIFORNIA 94534  
PHONE 707.430.4300  
FAX 707.430.4319  
WWW.SCI-CG.COM

**CITY OF MENLO PARK**

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**MENLO PARK CITY COUNCIL**

Mayor Catherine Carlton  
Mayor Pro Tem Richard Cline  
Council Member Kirsten Keith  
Council Member Ray Mueller  
Council Member Peter I. Ohtaki

**CITY MANAGER**

Alex D. McIntyre

**ASSISTANT PUBLIC WORKS DIRECTOR**

Ruben Niño

**CITY CLERK**

Pamela Aguilar

**CITY ATTORNEY**

Bill McClure

**ENGINEER OF WORK**

SCI Consulting Group  
Lead Assessment Engineer, John Bliss, M.Eng., P.E.

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## **INTRODUCTION**

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### **ASSESSMENT BACKGROUND**

Between 1960 and 1982, the City of Menlo Park had one three-person crew to care for approximately 9,000 City trees. As the trees grew, it took considerably more time per tree to provide proper care. Consequently one tree crew was unable to perform the necessary work to maintain all of the street trees in proper condition. The Landscape Assessment District was originally formed in 1983 for the purpose of levying annual special assessments in order to properly maintain street trees in the City of Menlo Park. Currently, there are approximately 11,000 street trees that are maintained by the assessments.

Prior to 1990, property owners and the City would split the cost of repairing sidewalks damaged by City trees. The City would annually enter into an agreement with approximately 200 individual property owners. The one-time cost was a financial burden to some residents on fixed incomes. In order to make the program more cost-effective and less of a financial burden for property owners, an assessment for repair of sidewalks/parking strips due to City street-tree related damages was established in 1990.

The increased cost of the necessary work made the assessment amounts levied in Fiscal Year 1997-98 insufficient for adequately maintaining the City's street trees, curbs, gutters and sidewalks. An increase in the assessments was required to provide funding for continued tree maintenance and sidewalk repairs. However, with the passage of Proposition 218 on November 6, 1996, assessments can only be raised after the City conducts an assessment ballot proceeding and the ballots submitted in opposition to the assessments do not exceed the ballots in favor of the assessments. (Each ballot is weighted by the amount of assessment for the property it represents.)

### **ASSESSMENT PROCESS**

In 1998, the City conducted an assessment ballot proceeding for increased tree maintenance and sidewalk repair assessments pursuant to the requirements of Article XIII D of the California Constitution (Proposition 218) and the Landscaping and Lighting Act of 1972. The proposed tree maintenance assessments for fiscal year 1998-99 were \$64.28 per single family equivalent unit and the proposed sidewalk repair assessments were \$28.70 per single family equivalent. The proposed maximum assessments also included an annual assessment cost escalator tied to the annual change in the Engineering News Record Construction Cost Index for the San Francisco Bay Area ("ENR Index"). These proposed assessments were supported by 73% of assessment ballots received from property owners (with each ballot weighted by the amount of assessments it represented). Therefore, on June 16, 1998 by its Resolution Number 4840-D, the City Council levied the new assessments.

### **ENGINEER'S REPORT AND CONTINUATION OF ASSESSMENTS**

In each subsequent year for which the assessments will be continued, the City Council must direct the preparation of an Engineer's Report, budgets and proposed assessments

for the upcoming fiscal year. After the Engineer's Report is completed, the City Council may preliminarily approve the Engineer's Report and proposed assessments and establish the date for a public hearing on the continuation of the assessments. This Report was prepared pursuant to the direction of the Council.

The maximum authorized assessment rate, as increased each year by the change in the ENR Index, is the maximum assessment rate that can be levied in the given fiscal year without approval from property owners in another assessment ballot proceeding. In fiscal year 1998-99, the assessments were levied at the maximum rate for that fiscal year. Since this first fiscal year after the ballot proceeding, the assessments have been levied below the maximum authorized rate.

From December 2013 to December 2014, the ENR Index increased 0.15 percent. The maximum amount assessments can be increased annually is the ENR Index plus any uncaptured excess reserved from prior years, to a maximum increase of up to 3%.

Based on accumulated excess reserves from prior years, the maximum authorized rates for fiscal year 2015-16 are \$101.42 for trees and \$45.28 for sidewalks without another ballot proceeding. (No additional ballot proceeding is required because the maximum authorized assessment rates, including the annual adjustments in these rates, were approved in the 1998 ballot proceeding. The actual rate levied in any given fiscal year can be revised up, with an annual maximum increase of 3%, or down, by any amount that does not cause the actual rates levied to exceed the maximum authorized assessment rates.)

The City reduced the assessment rate for tree maintenance in fiscal year 2000-01 and increased the assessment rate in fiscal years 2002-03, 2005-06 through 2009-10, and 2014-15. In other fiscal years it was not necessary to increase the rate, due to sufficient reserve funds carried forward from prior fiscal years, combined with general benefit contributions. For fiscal year 2015-16 the proposed assessments for tree maintenance are not proposed to increase from fiscal year 2014-15, and the assessments for sidewalk maintenance are still not proposed to increase. The proposed rates are \$62.06 per Single Family Equivalent (SFE) for tree maintenance and \$28.70 per SFE for sidewalk repairs.

If the Council approves this Engineer's Report and the continuation of the assessments by resolution, a notice of assessment levies must be published in a local newspaper at least 10 days prior to the date of the public hearing. The resolution preliminarily approving the Engineer's Report and establishing the date for a public hearing is used for this notice.

Following the minimum 10 day time period after publishing the notice, a public hearing is held for the purpose of allowing public testimony about the proposed continuation of the assessments. This hearing is currently scheduled for June 16, 2015. At this hearing, the Council will consider approval of a resolution confirming the continuation of the assessments for fiscal year 2015-16. If so confirmed and approved, the assessments will be submitted to the County Auditor/Controller for inclusion on the property tax roll for Fiscal Year 2015-16.

## **LEGAL ANALYSIS**

### **PROPOSITION 218**

This assessment is consistent with Proposition 218, The Right to Vote on Taxes Act, which was approved by the voters of California on November 6, 1996, and is now Article XIII C and XIID of the California Constitution. Proposition 218 provides for benefit assessments to be levied to fund the cost of providing services, improvements, as well as maintenance and operation expenses to a public improvement which benefits the assessed property.

Proposition 218 describes a number of important requirements, including a property-owner balloting, for the formation and continuation of assessments, and these requirements are satisfied by the process used to establish this assessment.

The original assessment existed prior to the passage of Proposition 218. Although the original assessment is also consistent with Proposition 218, the California judiciary has generally referred to pre-Proposition 218 assessments as "grandfathered assessments" and held them to a lower standard than post Proposition 218 assessments.

### **SILICON VALLEY TAXPAYERS ASSOCIATION, INC. v SANTA CLARA COUNTY OPEN SPACE AUTHORITY**

In July of 2008, the California Supreme Court issued its ruling on the Silicon Valley Taxpayers Association, Inc. v. Santa Clara County Open Space Authority ("SVTA vs. SCCOSA"). This ruling is the most significant court case in further legally clarifying the substantive assessment requirements of Proposition 218. Several of the most important elements of the ruling included further emphasis that:

- Benefit assessments are for special, not general, benefit
- The services and/or improvements funded by assessments must be clearly defined
- Special benefits are directly received by and provide a direct advantage to property in the assessment district

### **DAHMS V. DOWNTOWN POMONA PROPERTY**

On June 8, 2009, the 4<sup>th</sup> Court of Appeal amended its original opinion upholding a benefit assessment for property in the downtown area of the City of Pomona. On July 22, 2009, the California Supreme Court denied review. On this date, Dahms became good law and binding precedent for assessments. In Dahms the Court upheld an assessment that was 100% special benefit (i.e., 0% general benefit) on the rationale that the services and improvements funded by the assessments were directly provided to property in the assessment district. The Court also upheld discounts and exemptions from the assessment for certain properties.

#### **BONANDER V. TOWN OF TIBURON**

On December 31, 2009, the 1<sup>st</sup> District Court of Appeal overturned a benefit assessment approved by property owners to pay for placing overhead utility lines underground in an area of the Town of Tiburon. The Court invalidated the assessments on the grounds that the assessments had been apportioned to assessed property based in part on relative costs within sub-areas of the assessment district instead of proportional special benefits.

#### **BEUTZ V. COUNTY OF RIVERSIDE**

On May 26, 2010 the 4<sup>th</sup> District Court of Appeal issued a decision on the Steven Beutz v. County of Riverside ("Beutz") appeal. This decision overturned an assessment for park maintenance in Wildomar, California, primarily because the general benefits associated with improvements and services were not explicitly calculated, quantified and separated from the special benefits.

#### **GOLDEN HILL NEIGHBORHOOD ASSOCIATION V. CITY OF SAN DIEGO**

On September 22, 2011, the San Diego Court of Appeal issued a decision on the Golden Hill Neighborhood Association v. City of San Diego appeal. This decision overturned an assessment for street and landscaping maintenance in the Greater Golden Hill neighborhood of San Diego, California. The court described two primary reasons for its decision. First, like in *Beutz*, the court found the general benefits associated with services were not explicitly calculated, quantified and separated from the special benefits. Second, the court found that the City had failed to record the basis for the assessment on its own parcels.

#### **COMPLIANCE WITH CURRENT LAW**

This Engineer's Report is consistent with the requirements of Article XIIC and XIID of the California Constitution and with the *SVTA* decision because the Improvements to be funded are clearly defined; the Improvements are directly available to and will directly benefit property in the Assessment District; and the Improvements provide a direct advantage to property in the Assessment District that would not be received in absence of the Assessments.

This Engineer's Report is consistent with *Beutz*, *Dahms* and *Greater Golden Hill* because the Improvements will directly benefit property in the Assessment District and the general benefits have been explicitly calculated and quantified and excluded from the Assessments. The Engineer's Report is consistent with *Bonander* because the Assessments have been apportioned based on the overall cost of the Improvements and proportional special benefit to each property.



## **PLANS & SPECIFICATIONS**

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Following is a description of the Services that are provided for the benefit of property in the Assessment District. Prior to the residential development in Menlo Park, the Level of Service on these improvements was effectively zero. The formula below describes the relationship between the final level of improvements, the baseline level of service (pre-development) had the assessment not been instituted, and the enhanced level of improvements funded by the assessment.

<b>Final Level of Service</b>	<b>=</b>	<b>Baseline Level of Service (≈zero, pre-development)</b>	<b>+</b>	<b>Enhanced Level of Service</b>
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The City of Menlo Park maintains street trees, sidewalks, curbs, gutters, and parking strips throughout the City.

The proposed improvements to be undertaken by the City of Menlo Park and financed by the levy of the annual assessment provide special benefit to Assessor Parcels within the District as defined in the Method of Assessment herein. The said improvements consist of maintaining, trimming, disease treatment, and replacement of street trees; street sweeping to remove debris; and the repair and replacement of damaged sidewalks, curbs, gutters, and parking strips damaged by street trees throughout the City of Menlo Park.

## **METHOD OF ASSESSMENT**

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This section of the Engineer's Report includes an explanation of the benefits to be derived from the maintenance, repair, and replacement of street trees, sidewalks, curbs, gutters, and parking strips throughout the City, and the methodology used to apportion the total assessment to properties within the Landscaping Assessment District.

The Landscaping Assessment District consists of all Assessor Parcels within the boundaries of the City of Menlo Park as defined by the County of San Mateo tax code areas. The method used for apportioning the assessment is based upon the proportional special benefits to be derived by the properties in the Landscaping Assessment District over and above general benefits conferred on real property or to the public at large. The apportionment of special benefit is a two-step process: the first step is to identify the types of special benefit arising from the improvements and the second step is to allocate the assessments to property based on the estimated relative special benefit for each type of property.

### **DISCUSSION OF BENEFIT**

In summary, the assessments can only be levied based on the special benefit to properties. This benefit is received by property over and above any general benefits and such benefit is not based on any one property owner's use of the amenities or a property owner's specific demographic status. With reference to the requirements for assessment, Section 22573 of the Landscaping and Lighting Act of 1972 states:

*"The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements."*

Article XIID, Section 4 of the California Constitution has confirmed that assessments must be based on the special benefit to property:

*"No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."*

The following benefit categories summarize the types of special benefit to residential, commercial, industrial and other lots and parcels resulting from the installation, maintenance and servicing of landscaping and lighting improvements to be provided with the assessment proceeds. These categories of special benefit are derived from the statutes passed by the California Legislature and other studies which describe the types of special benefit received by property from maintenance and improvements such as those within by the District. These types of special benefit are summarized as follows:

- A. PROXIMITY TO IMPROVED LANDSCAPED AREAS WITHIN THE ASSESSMENT DISTRICT.
- B. ACCESS TO IMPROVED LANDSCAPED AREAS WITHIN THE ASSESSMENT DISTRICT.
- C. IMPROVED VIEWS WITHIN THE ASSESSMENT DISTRICT.
- D. ENHANCED ENVIRONMENT BECAUSE OF THE VIGOROUS STREET TREE PROGRAM FOR OWNERS OF PROPERTY IN THE LANDSCAPING ASSESSMENT DISTRICT.
- E. INCREASED SAFETY AGAINST TRIPPING AND OTHER HAZARDS CAUSED BY CRACKED OR DAMAGED SIDEWALKS, CURBS AND GUTTERS.
- F. ENHANCED DESIRABILITY OF THE PROPERTY.
- G. REDUCED LIABILITY FOR LANDSCAPE MAINTENANCE.

In this case, the recent the SVTA v. SCCOSA decision provides enhanced clarity to the definitions of special benefits to properties in three distinct areas:

- Proximity
- Expanded or improved access
- Views

The SVTA v. SCCOSA decision also clarifies that a special benefit is a service or improvement that provides a direct advantage to a parcel and that indirect or derivative advantages resulting from the overall public benefits from a service or improvement are general benefits. The SVTA v. SCCOSA decision also provides specific guidance that landscaping improvements are a direct advantage and special benefit to property that is proximate to landscaping that is improved by an assessment:

*The characterization of a benefit may depend on whether the parcel receives a direct advantage from the improvement (e.g. proximity to a park) or receives an indirect, derivative advantage resulting from the overall public benefits of the improvement (e.g. general enhancement of the district's property values).*

Proximity, improved access and views, in addition to the other special benefits listed above further strengthen the basis of these assessments.

## **BENEFIT FACTORS**

The special benefits from the Improvements are further detailed below:

### **PROXIMITY TO IMPROVED LANDSCAPED AREAS WITHIN THE ASSESSMENT DISTRICT**

Only the specific properties within close proximity to the Improvements are included in the Assessment District. Therefore, property in the Assessment District enjoys unique and valuable proximity and access to the Improvements that the public at large and property outside the Assessment District do not share.

In absence of the assessments, the Improvements would not be provided and the landscaping areas in the Assessment District would be degraded due to insufficient funding for maintenance, upkeep and repair. Therefore, the assessments provide Improvements that are over and above what otherwise would be provided. Improvements that are over and above what otherwise would be provided do not by themselves translate into special benefits, but when combined with the unique proximity and access enjoyed by parcels in the Assessment District, they provide a direct advantage and special benefit to property in the Assessment District.

#### **ACCESS TO IMPROVED LANDSCAPED AREAS WITHIN THE ASSESSMENT DISTRICT**

Since the parcels in the Assessment District are nearly the only parcels that enjoy close access to the Improvements, they directly benefit from the unique close access to improved landscaping areas that are provided by the Assessments. This is a direct advantage and special benefit to property in the Assessment District.

#### **IMPROVED VIEWS WITHIN THE ASSESSMENT DISTRICT**

The City, by maintaining these landscaped areas, provides improved views to properties in the Assessment District. The properties in the Assessment District enjoy close and unique proximity, access and views of the Improvements; therefore, the improved and protected views provided by the Assessments are another direct and tangible advantage that is uniquely conferred upon property in the Assessment District. The Landscaping Assessment District provides funding to maintain and protect these public resources and facilities of the City. For example, the assessments provide funding to trim and maintain the street trees to maintain them in a healthy condition. This benefits properties by maintaining and improving the public resources in the community.

In order to allocate the proposed assessments, the Engineer begins by identifying the types of special benefit arising from the maintenance, repair, and replacement of the aforementioned facilities and that would be provided to property within the District. These types of special benefit are as follows:

#### **ENHANCED ENVIRONMENT BECAUSE OF THE VIGOROUS STREET TREE PROGRAM FOR OWNERS OF PROPERTY IN THE LANDSCAPING ASSESSMENT DISTRICT.**

Residential properties benefit from the enhanced environment provided by a vigorous program to install and maintain the street trees at a level beyond that followed by other cities throughout the County. The increased use of street trees provides an atmosphere of beauty beyond the norm. The improvements to the trees will be available to residents and guests of properties within the District.

Non-residential properties also will benefit from these improvements in many ways. The use of street trees softens the environment making it more pleasant for employees during commute time and at breaks from their work. These improvements, therefore, enhance an employer's ability to attract and keep quality employees. The benefits to employers ultimately flow to the property because better employees improve the employment

prospects for companies and enhanced economic conditions benefit the property by making it more valuable.

**INCREASED SAFETY AGAINST TRIPPING AND OTHER HAZARDS CAUSED BY CRACKED OR DAMAGED SIDEWALKS, CURBS AND GUTTERS.**

An aggressive inspection program identifies hazardous conditions in sidewalks, curbs and gutters caused by street trees and allows for these conditions to be repaired on a timely basis. Timely repair of hazardous conditions greatly improves the overall safety of the environment, thereby providing for safer use of property.

**ENHANCED DESIRABILITY OF THE PROPERTY**

The assessments will provide funding to improve the City's street tree program, raising the quality to a more desired level, and to ensure that the sidewalks, curbs, and gutters remain operable, safe, clean and well maintained. Such improved and well-maintained facilities enhance the overall desirability of property. This is a benefit to residential, commercial and industrial properties.

**REDUCED LIABILITY FOR LANDSCAPE MAINTENANCE**

The assessments will reduce the liability for landscape maintenance to street trees and other improvements. This is a benefit to residential, commercial and industrial properties.

**GENERAL VS. SPECIAL BENEFIT**

Article XIII D of the Constitution specifies that only special benefits are assessable and that the City must separate the general benefits from the special benefits conferred on any parcel. The complete analysis of special benefits and their allocation are found elsewhere in this report. For the Landscaping Assessment District, the City has identified a general benefit and has separated it from the special assessments.

The City's maintenance of street trees and sidewalk facilities provides a general benefit to the community and to the general public to some degree. The measure of this general benefit is the enhancement of the environment and safety provided to the greater public at large. This general benefit can be measured by the proportionate amount of time that the City's sidewalks and street trees are used and enjoyed by the greater public at large<sup>1</sup>. It is reasonable to assume that approximately 1/4 or 25% of the usage and enjoyment of the improvements is by the greater public. Therefore, approximately 25% of the benefits conferred by the improvements are general in nature.

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<sup>1</sup> . The greater public at large is generally defined as those who are not residents, property owners, customers or employees within the City, and residents who do not live in close proximity to the improvements.

The City's total budget for maintenance and improvement of its trees and sidewalk facilities is \$1,149,722.73. Of this total budget amount, the City will contribute \$120,000 from sources other than the assessments for sidewalk repair and \$214,000 for street tree maintenance. These contributions by the City equate to approximately 29.1% of the total budget for maintenance, and when combined with the reserve funds carried forward from Fiscal Year the previous fiscal year, more than offset the cost of the general benefits resulting from the improvements.

In the 2009 Dahms case, the court upheld an assessment that was 100% special benefit on the rationale that the services funded by the assessments were directly provided within the assessment district. It is also important to note that the improvements and services funded by the assessments in Pomona are similar to the improvements and services funded by the Assessments described in this Engineer's Report and the Court found these improvements and services to be 100% special benefit. Also similar to the assessments in Pomona, the Assessments described in this Engineer's Report fund improvements and services directly provided within the Assessment District and every benefiting property in the Assessment District enjoys proximity and access to the Improvements. Therefore, Dahms establishes a basis for minimal or zero general benefits from the Assessments. However, in this Report, the general benefit is more conservatively estimated and described, and then budgeted so that it is funded by sources other than the Assessment.

#### **METHOD OF ASSESSMENT**

The second step in apportioning assessments is to determine the relative special benefit for each property. This process involves determining the relative benefit received by each property in relation to a single family home, or, in other words, on the basis of Single Family Equivalents (SFE). This SFE methodology is commonly used to distribute assessments in proportion to estimated special benefit and is generally recognized as providing the basis for a fair and appropriate distribution of assessments. For the purposes of this Engineer's Report, all properties are designated a SFE value, which is each property's relative benefit in relation to a single family home on one parcel. The "benchmark" property is the single family detached dwelling which is one Single Family Equivalent, or one SFE.

As stated previously, the special benefits derived from the assessments are conferred on property and are not based on a specific property owner's use of the improvements, on a specific property owner's occupancy of property, or the property owner's demographic status such as age or number of dependents. However, it is ultimately people who enjoy the special benefits described above, use and enjoy the City's trees and sidewalks, and control property values by placing a value on the special benefits to be provided by the improvements. In other words, the benefits derived to property are related the average number of people who could potentially live on, work at or otherwise could use a property, not how the property is currently used by the present owner. Therefore, the number of people who could or potentially live on, work at or otherwise use a property is an indicator of the relative level of benefit received by the property.

## ASSESSMENT APPORTIONMENT - STREET TREES

### PROPERTIES WITH STREET TREES

All improved residential properties that represent a single residential dwelling unit and have a street tree on or fronting the property are assigned 1.0 SFE. All single-family houses with tree(s) and those units in R-2 zones that are being used as single family dwellings (with trees) are included in this category.

Properties with more than one residential unit are designated as multi-family residential properties. These properties benefit from the improvements in proportion to the number of dwelling units that occupy each property and the relative number of people who reside in multi-family residential units compared to the average number of people who reside in a single-family home. The population density factors for the County of San Mateo are depicted below. The SFE factors for condominium, townhouse, and multi-family parcels, as derived from relative dwelling unit population density, are also shown below.

FIGURE 1 – RESIDENTIAL ASSESSMENT FACTORS

<i>Total Population</i>	<i>Occupied Households</i>	<i>Persons per Household</i>	<i>SFE Factor- Single Family Residential</i>	<i>SFE Factor- Condominium/ Townhouse</i>	<i>SFE Factor- Multi-Family Residential</i>
717,041	257,849	2.74	1.0	0.9	0.8

Source: 2003 Census, San Mateo County

The SFE factor for condominium, townhouse, and multi-family parcels is based on the ratio of average persons per household for the property type versus the average persons per household for a single family residential home. Multi-family units are assessed at 0.80 per unit up to a maximum of 4.0 SFE per parcel (maximum of 5 units multiplied by 0.80). Condominium and townhouse parcels are assessed at 0.90 per unit, up to a maximum of 4.5 SFEs per development (maximum of 5 units multiplied by 0.90).

SFE values for commercial and industrial land uses are based on the equivalence of special benefit on a land area basis between single-family residential property and the average commercial/industrial property. The average size of a parcel for a single-family home in the District is approximately 0.18 acres, and such single-family property has an SFE value of 1.0. Using the equivalence of benefit on a land area basis, improved commercial and industrial parcels of approximately 0.20 acres or less would also receive an SFE benefit factor of 1.0. Commercial and industrial parcels in excess of a fifth of an acre in size are assigned 1.0 SFE per 0.20 acre or portion thereof, and the maximum benefit factor for any commercial/industrial parcel is 5.0 SFE.

Vacant parcels are also benefited from the street tree improvement and maintenance program. An example of a benefit is enhancement of the visual appeal that will accrue to a

vacant parcel from the presence or proximity of the community's street trees based on its future potential use. Undeveloped property also benefits from the installation and maintenance of street trees, because if the property is developed during the year, the street trees will be available to the developed property. The relative benefit to vacant property is determined to be generally equal to the benefit to a single-family home property. Therefore, vacant property with street tree(s) are assessed 1 SFE.

#### **PROPERTIES WITHOUT STREET TREES**

The special benefit factors conferred on property can be defined by the benefits conferred to properties with and without street trees. The types of benefits conferred to all property in the community include protection of views, screening, and resource values and enhanced desirability of the property. A higher level of special benefits is conferred directly on parcels with street trees because these parcels obtain additional benefits from well-maintained, healthy trees fronting the property. The types of special benefits that are increased for properties with street trees include enhanced levels of safety, desirability, unique proximity, access and views of resources and facilities from healthy trees on the property. Therefore, individual properties without street trees but in close proximity to parcels with street trees receive a direct benefit from the street trees and should pay 50% of the rate for a similar property with street trees. Such properties are assigned an SFE benefit factor that is 50% of that for a similar property with street trees.

#### **ASSESSMENT APPORTIONMENT - SIDEWALK PROGRAM**

The benefits to property for sidewalks, curbs, gutters and parking strips are closely related to a parcel's proximity to these improvements and the parcel's proximity to street trees. Street trees are the most common cause of sidewalk problems. Therefore, the highest benefit from the proposed sidewalk improvements is to properties with street trees and sidewalks, curbs and gutters, or street trees and parking strips and gutters, because without the maintenance work, these improvements would degrade more quickly, which would affect the parcel's appearance and safety. It is estimated that 1/3 of the special benefits are conferred to property with street trees and sidewalks or parking strips. Another 1/3 of the special benefits are conferred to property with street trees and curbs and gutters. Special benefit factors are also conferred on property without street trees or adjoining sidewalk, curb, gutter and/or parking strip improvements that are in close proximity to these types of improvements. It is estimated that the remaining 1/3 of the special benefit factors from the Sidewalk Program are conferred to these parcels that are in close proximity to the improvements but that do not have improvements directly adjacent to their property.

Consequently, properties with street trees and sidewalks or parking strips and curbs and gutters or valley gutters are assigned a benefit factor of 1 SFE. Properties with street trees, curbs and gutters are assigned a benefit factor of 0.67 SFE. If there are street trees but no improvements along the frontage of a parcel, or no street trees on a parcel, its benefit is 1/3 or 0.33 SFE.



## **ASSESSMENT APPORTIONMENT - OTHER PROPERTIES**

Improved, publicly owned parcels that are used for residential, commercial or industrial purposes are assessed at the rates specified previously. Other improved public property; institutional property and properties used for educational purposes, typically generate employees on a less consistent basis than other non-residential parcels. Moreover, many of these parcels provide some degree of on-site amenities that serve to offset some of the benefits from the District. Therefore, these parcels, with or without street trees, receive minimal benefit and are assessed an SFE factor of 1 for street tree assessments and an SFE factor of 1 for sidewalks, curbs and gutter assessments.

All properties that are specially benefited have been assessed. Agricultural parcels without living units, public right-of-way parcels, well, reservoir or other water rights parcels, unimproved open space parcels, watershed parcels and common area parcels generally provide recreational, open space and/or scenic benefits to the community. As such, they tend to provide similar benefits as provided by the improvements in the District. Any benefits they would receive from the landscaping maintenance are generally offset by the equivalent benefits they provide. Moreover, these parcels typically do not generate employees, residents or customers. Such parcels are, therefore, not specially benefited and are not assessed.

## **APPEALS AND INTERPRETATION**

Any property owner who feels that the assessment levied on the subject property is in error as a result of incorrect information being used to apply the foregoing method of assessment, may file a written appeal with the Assistant Public Works Director of the City of Menlo Park or his or her designee. Any such appeal is limited to correction of an assessment during the then current or, if before July 1, the upcoming fiscal year. Upon the filing of any such appeal, the Assistant Public Works Director or his or her designee will promptly review the appeal and any information provided by the property owner. If the Assistant Public Works Director or his or her designee finds that the assessment should be modified, the appropriate changes shall be made to the assessment roll. If any such changes are approved after the assessment roll has been filed with the County of San Mateo for collection, the Assistant Public Works Director or his or her designee is authorized to refund to the property owner the amount of any approved reduction. Any dispute over the decision of the Assistant Public Works Director or his or her designee shall be referred to the City Council of the City of Menlo Park and the decision of the City Council of the City of Menlo Park shall be final.

**FIGURE 2 – TREE MAINTENANCE ASSESSMENTS**

<i>Property Type</i>	<i>2015-16 Assessment Rates</i>	
<b><i>Parcels with Trees</i></b>		
Single Family	\$62.06	(per Parcel)
R-2 Zone, in use as single family	\$62.06	(per Parcel)
Condominium/Townhouse	\$55.85	(per Unit, \$279.27 max. per Project)
Other Multi-family	\$49.65	(per Unit, \$248.24 max. per Project)
Commercial	\$62.06	(per 1/5 acre, \$310.30 max. per Project)
Industrial	\$62.06	(per 1/5 acre, \$310.30 max. per Project)
Parks, Educational	\$62.06	(per Parcel)
Miscellaneous, Other	\$0.00	(per Parcel)
<b><i>Parcels without Trees</i></b>		
Single Family	\$31.03	(per Parcel)
R-2 Zone, in use as single family	\$31.03	(per Parcel)
Condominium/Townhouse	\$27.93	(per Unit, \$139.64 max. per Project)
Other Multi-family	\$24.82	(per Unit, \$124.12 max. per Project)
Commercial	\$31.03	(per 1/5 acre, \$155.15 max.)
Industrial	\$31.03	(per 1/5 acre, \$155.15 max.)
Parks, Educational	\$31.03	(per Parcel)
Miscellaneous, Other	\$0.00	(per Parcel)

**FIGURE 3 – SIDEWALK, CURB, GUTTER, PARKING STRIP ASSESSMENTS**

<i>Property Type</i>	<i>2015-16 Assessment Rates</i>	
<b><i>Parcels with Trees</i></b>		
Sidewalks, curbs, gutters	\$28.70	(per Parcel)
Parking strips and gutters	\$28.70	(per Parcel)
Curbs and/or gutters only	\$19.23	(per Parcel)
No improvements	\$9.47	(per Parcel)
Miscellaneous, Other	\$0.00	(per Parcel)
<b><i>Parcels without Trees</i></b>		
Parcels with or without improvements	\$9.47	(per Parcel)
Miscellaneous, Other	\$0.00	(per Parcel)

Note: All total combined tree and sidewalk assessment amounts are rounded to the lower even penny.

**ASSESSMENT**

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WHEREAS, on January 20, 2015 the City Council of the City of Menlo Park, County of San Mateo, California, pursuant to the provisions of the Landscaping and Lighting Act of 1972 and Article XIID of the California Constitution (collectively "the Act"), adopted its Resolution Initiating Proceedings for the Levy of Assessments within the Landscaping Assessment District;

WHEREAS, said Resolution directed the undersigned Engineer of Work to prepare and file a report presenting an estimate of costs, a diagram for the assessment district and an assessment of the estimated costs of the improvements upon all assessable parcels within the assessment district, to which Resolution and the description of said proposed improvements therein contained, reference is hereby made for further particulars;

NOW, THEREFORE, the undersigned, by virtue of the power vested in me under said Act and the order of the City Council of said City of Menlo Park, hereby make the following assessment to cover the portion of the estimated cost of said improvements, and the costs and expenses incidental thereto to be paid by the assessment district.

The amount to be paid for said improvements and the expense incidental thereto, to be paid by the Landscaping Assessment District for the fiscal year 2015-16 is generally as follows:

**FIGURE 4 – SUMMARY COST ESTIMATE**

	<i>F.Y. 2015-16 Budget</i>
Street Tree Program	\$499,726
Street Sweeping	\$217,125
Sidewalk Program	\$300,000
Incidental Expenses	\$132,872
<b>TOTAL BUDGET</b>	<b>\$1,149,723</b>
Plus:	
Projected Fund Balance	\$249,444
Less:	
City Contribution for General Benefits	(\$334,000)
Contribution from Carry-Over Fund Balances	(\$309,185)
<b>NET AMOUNT TO ASSESSMENTS</b>	<b>\$755,982</b>

As required by the Act, an Assessment Diagram is hereto attached and made a part hereof showing the exterior boundaries of said Landscaping Assessment District. The distinctive number of each parcel or lot of land in the said Landscaping Assessment District is its Assessor Parcel Number appearing on the Assessment Roll.

And I do hereby assess and apportion said net amount of the cost and expenses of said improvements, including the costs and expenses incidental thereto, upon the parcels and lots of land within said Landscaping Assessment District, in accordance with the special benefits to be received by each parcel or lot, from the improvements, and more particularly set forth in the Cost Estimate and Method of Assessment hereto attached and by reference made a part hereof.

The assessment is made upon the parcels or lots of land within the Landscaping Assessment District in proportion to the special benefits to be received by the parcels or lots of land, from said improvements.

The assessment is subject to an annual adjustment tied to the Engineering News Record (ENR) Construction Cost Index for the San Francisco Bay Area, with a maximum annual adjustment not to exceed 3%. Any change in the ENR in excess of 3% shall be cumulatively reserved as the "Unused ENR" and shall be used to increase the maximum authorized assessment rate in years in which the ENR is less than 3%. The maximum authorized assessment rate is equal to the maximum assessment rate in the first fiscal year the assessment was levied adjusted annually by the minimum of 1) 3% or 2) the change in the ENR plus any Unused ENR as described above. The initial, maximum assessment rate balloted and established in Fiscal Year 1998-99 was \$64.28 per single family equivalent benefit unit for tree maintenance, and \$28.70 per single family equivalent benefit unit for sidewalk maintenance.

Based on the preceding annual adjustments, the maximum assessment rate for Fiscal Year 2014-15 was \$98.46 for tree maintenance and \$43.96 for Sidewalk maintenance. The change in the ENR from December 2013 to December 2014 was 0.15%. Therefore, the maximum authorized assessment rate for Fiscal Year 2015-16 has been increased by 3.00%, from \$98.46 to \$101.42 per single family equivalent benefit unit for tree maintenance, and from \$43.96 to \$45.28 per single family equivalent benefit unit for sidewalk maintenance. However, the estimate of cost and budget in this Engineer's Report proposes assessments for fiscal year 2015-16 at the rate of \$62.06 per single family equivalent benefit unit for tree maintenance, which is less than the maximum authorized assessment rate and is the same rate that was assessed in the previous fiscal year. The proposed assessment rate for fiscal year 2015-16 for sidewalk maintenance is \$28.70 per single family equivalent benefit unit, which is also less than the maximum authorized assessment rate and is also the same rate that was assessed in the previous fiscal year.

Property owners in the Assessment District, in an assessment ballot proceeding, approved the initial fiscal year benefit assessment for special benefits to their property including the ENR adjustment schedule. As a result, the assessment may continue to be levied annually and may be adjusted by up to the maximum annual ENR adjustment without any additional assessment ballot proceeding. In the event that in future years the assessments are levied at a rate less than the maximum authorized assessment rate, the assessment rate in a subsequent year may be increased up to the maximum authorized assessment rate without any additional assessment ballot proceeding.

Each parcel or lot of land is described in the Assessment Roll by reference to its parcel number as shown on the Assessor's Maps of the County of San Mateo for the fiscal year 2015-16. For a more particular description of said property, reference is hereby made to the deeds and maps on file and of record in the office of the County Recorder of said County.

I hereby place opposite the Assessor Parcel Number for each parcel or lot within the Assessment Roll, the amount of the assessment for the fiscal year 2015-16 for each parcel or lot of land within the said Landscaping Assessment District.

May 6, 2015

Engineer of Work

By \_\_\_\_\_  
John W. Bliss, License No. C52091

**FIGURE 5 – ENGINEER’S COST ESTIMATE, FISCAL YEAR 2015-16**

**CITY OF MENLO PARK LANDSCAPING ASSESSMENT DISTRICT  
ENGINEER’S COST ESTIMATE**

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A. Tree Maintenance		
Salaries & Benefits	\$333,983.09	
Operating Expense	\$32,783.00	
Fixed Assets & Capital Outlay	\$4,500.00	
Vehicle & Equipment Maintenance	\$18,200.00	
Professional Services (Tree Spraying, Tree Trimming, Misc.)	\$110,260.00	
Subtotal - Tree Maintenance		<u>\$499,726.09</u>
B. Debris Removal		
Salaries & Benefits	\$69,691.02	
Operating Expense	\$2,433.62	
Street Sweeping Contract	\$145,000.00	
Subtotal - Debris Removal		<u>\$217,124.64</u>
C. Sidewalk, Curb, Gutter, Parking Strip Repair/Replacement		
Construction Costs	\$264,000.00	
Design & Inspection	\$36,000.00	
Subtotal - S/W,C,G, & PS Repair/Replace		<u>\$300,000.00</u>
Subtotal Tree/Debris/Reforestation/Sidewalk		<u>\$1,016,850.73</u>
D. Incidentals		
Indirect Costs & Administration	\$117,872.00	
County Collection Fees	\$15,000.00	
Subtotal - Incidentals		<u>\$132,872.00</u>
<b>Total Cost</b>		<b><u>\$1,149,722.73</u></b>

Projected Fund Balance	\$249,444.07
Tree Maintenance Ending Fund Balance	(\$188,432.00)
Less General Fund Contribution	(\$214,000.00)
Sidewalk Fund Ending Balance	(\$120,753.00)
Less General Fund CIP Contribution to Sidewalk Fund	(\$120,000.00)
<b>Net to Assessment</b>	<b>\$755,981.80</b>

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Revenue

Single Family Equivalent Benefit Units - Trees		9,016.29
Single Family Equivalent Benefit Units - Sidewalks		6,844.28
	2015/16	2014/15
Assessment Rate for Tree Fund/ SFE	\$62.06	\$62.06
Assessment Rate for Sidewalk Fund/ SFE	\$28.70	\$28.70
Revenue for Tree Fund		\$559,550.96
Revenue for Sidewalk Fund		\$196,430.84
<b>Total Revenue *</b>		<b>\$755,981.79</b>

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\* Total revenue is slightly less than SFEs times the assessment rate because all combined assessments are rounded down to the even penny.

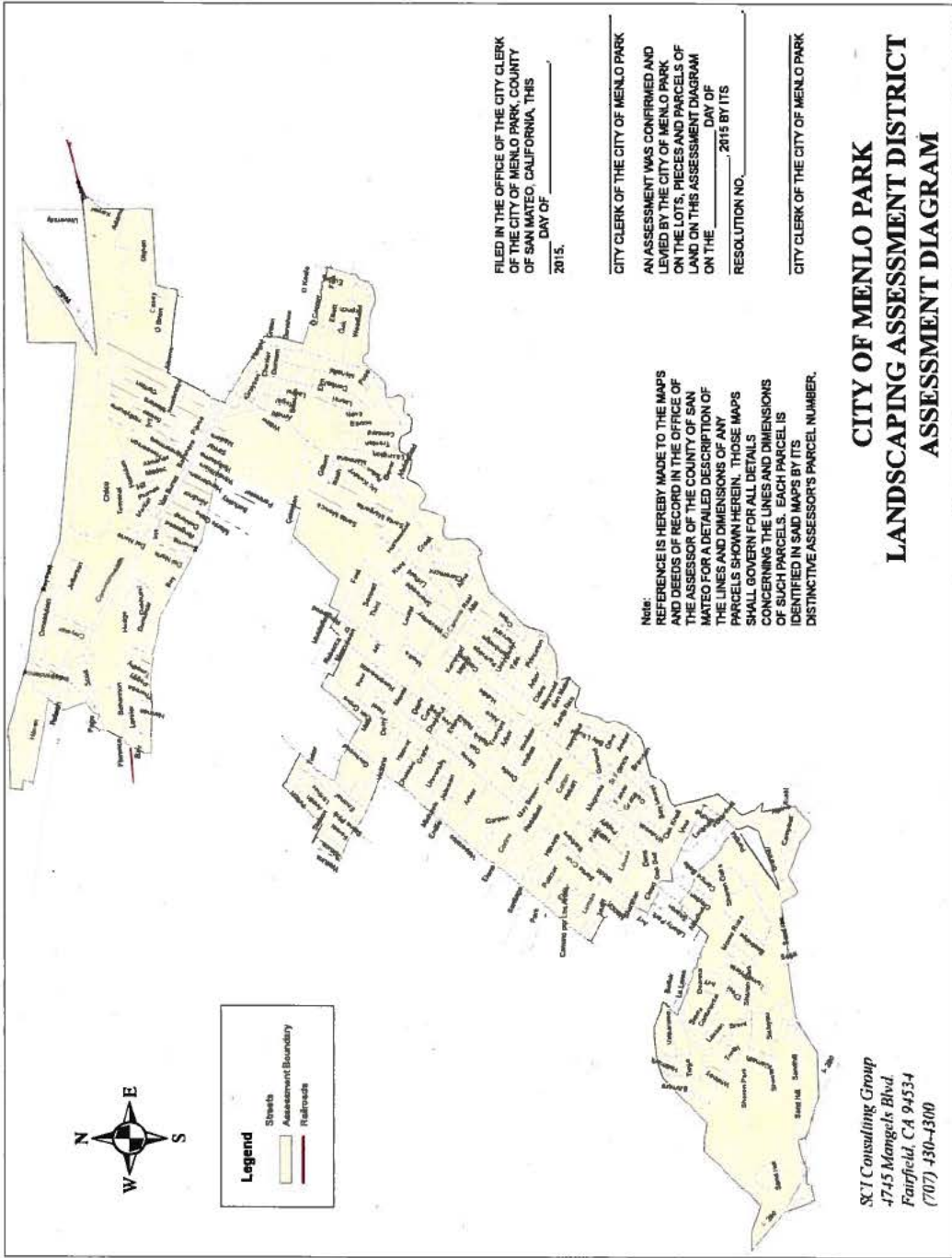
## **ASSESSMENT DIAGRAM**

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The Landscaping Assessment District includes all properties within the boundaries of the City of Menlo Park.

The boundaries of the Landscaping Assessment District are displayed on the following Assessment Diagram.





FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF MENLO PARK, COUNTY OF SAN MATEO, CALIFORNIA, THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2015.

CITY CLERK OF THE CITY OF MENLO PARK  
 AN ASSESSMENT WAS CONFIRMED AND LEVIED BY THE CITY OF MENLO PARK ON THE LOTS, PIECES AND PARCELS OF LAND ON THIS ASSESSMENT DIAGRAM ON THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 2015 BY ITS RESOLUTION NO. \_\_\_\_\_

CITY CLERK OF THE CITY OF MENLO PARK

**Note:**  
 REFERENCE IS HEREBY MADE TO THE MAPS AND DEEDS OF RECORD IN THE OFFICE OF THE ASSESSOR OF THE COUNTY OF SAN MATEO FOR A DETAILED DESCRIPTION OF THE LINES AND DIMENSIONS OF ANY PARCELS SHOWN HEREIN. THOSE MAPS SHALL GOVERN FOR ALL DETAILS CONCERNING THE LINES AND DIMENSIONS OF SUCH PARCELS. EACH PARCEL IS IDENTIFIED IN SAID MAPS BY ITS DISTINCTIVE ASSESSOR'S PARCEL NUMBER.

**CITY OF MENLO PARK  
 LANDSCAPING ASSESSMENT DIAGRAM**

SCL Consulting Group  
 4745 Mangel's Blvd.  
 Fairfield, CA 94534  
 (707) 430-4300

**APPENDIX A – ASSESSMENT ROLL, FY 2015-16**

Reference is hereby made to the Assessment Roll in and for the assessment proceedings on file in the office of the City Clerk of the City of Menlo Park, as the Assessment Roll is too voluminous to be bound with this Engineer's Report.

**RESOLUTION NO. 6252****RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK DESCRIBING IMPROVEMENTS AND DIRECTING PREPARATION OF THE ENGINEER'S REPORT FOR THE CITY OF MENLO PARK LANDSCAPE ASSESSMENT DISTRICT FOR FISCAL YEAR 2015-2016**

WHEREAS, in 1982, the Menlo Park citizens voted for Measure N, an advisory measure for the City to form an assessment district to care for the City's street tree infrastructure and the Menlo Park Landscape Assessment District was subsequently formed in 1983; and

WHEREAS, prior to 1990, property owners were responsible for all sidewalk and parking strip repair damaged by City street trees; and

WHEREAS, in 1990, an additional assessment was established and combined with the Landscape Assessment District to fund the repair of sidewalks and parking strips damaged by City trees; and

WHEREAS, in 1998-99, the City reauthorized the Landscape Assessment District through a mailed ballot, as required by Proposition 218.

NOW, THEREFORE, BE IT RESOLVED, as follows:

1. This Council did, pursuant to the provisions of the Landscaping and Lighting Act of 1972, Part 2, Division 15 of the Streets and Highways Code of the State of California, conduct proceedings for the formation of the City of Menlo Park Landscaping District and for the levy and collection of assessments for Fiscal Year 1983-1984, and did, on May 10, 1983, pursuant to proceedings duly had, adopt its Resolution No. 3417-F, A Resolution Overruling Protests and Ordering the Formation of an Assessment District and the Improvements and Confirming the Diagram and Assessment.
2. The public interest, convenience, and necessity require, and it is the intention of said Council to undertake proceedings for, the levy and collection of assessments upon the several lots or parcels of land in said District for the construction or installation of improvements, including the maintenance or servicing, or both, thereof for the Fiscal Year 2015-16.
3. The improvements to be constructed or installed include the maintenance and servicing of street trees, the cost of repair, removal, or replacement of all or any part thereof, providing for the life, growth, health and beauty of public landscaping, including cultivation, trimming, spraying, fertilizing, or treating for disease or injury, the removal of trimmings, rubbish, debris, and other solid waste, and water for the irrigation thereof, and the installation or construction, including the maintenance and servicing thereof, of curbs, gutters, sidewalks, and parking strips.

4. The costs and expenses of said improvements, including the maintenance or servicing, or both, thereof, are to be made chargeable upon said District, the exterior boundaries of which District are the composite and consolidated area as more particularly shown on a map (Exhibit A) thereof on file in the office of the Engineering Division of the City of Menlo Park to which reference is hereby made for further particulars. Said map indicates by a boundary line the extent of the territory included in said District and of any zone thereof and shall govern for all details as to the extent of the assessment district.
5. The Assessment Engineer is hereby directed to prepare and file with said Clerk a report, in writing, referring to the assessment district by its distinctive designation, specifying the fiscal year to which the report applies, and, with respect to that year, presenting the following:
  - a) Plans and specifications of the existing improvements and for proposed new improvements, if any, to be made within the assessment district or within any zone thereof;
  - b) An estimate of the costs of said proposed new improvements, if any, to be made, the costs of maintenance or servicing, or both, thereof, and of any existing improvements, together with the incidental expenses in connection therewith;
  - c) A diagram showing the exterior boundaries of the assessment district and of any zones within said district and the lines and dimensions of each lot or parcel of land within the district as such lot or parcel of land is shown on the County Assessor's map for the fiscal year to which the report applies, each of which lots or parcels of land shall be identified by a distinctive number or letter on said diagram; and
  - d) A proposed assessment of the total amount of the estimated costs and expenses of the proposed new improvements, including the maintenance or servicing, or both, thereof, and of any existing improvements upon the several lots or parcels of land in said district in proportion to the estimated benefits to be received by such lots or parcels of land respectively from said improvements, including the maintenance or servicing, or both, thereof, and of the expenses incidental thereto.
6. The Office of the Assistant Public Works Director of said City is hereby, designated as the office to answer inquiries regarding any protest proceedings to be had herein, and may be contacted during regular office hours at the Civic Center Administration Building, 701 Laurel Street, Menlo Park California 94025, or by calling (650) 330-6740.

I, Pamela Aguilar, City Clerk of The City 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 twenty-seventh day of January, 2015, by the following votes:

AYES: Carlton, Cline, Keith, Mueller, Ohtaki

NOES: None

ABSENT: None

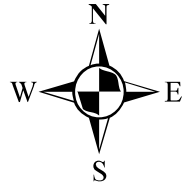
ABSTAIN: None

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Official Seal of said City on this twenty-seventh day of January, 2015.



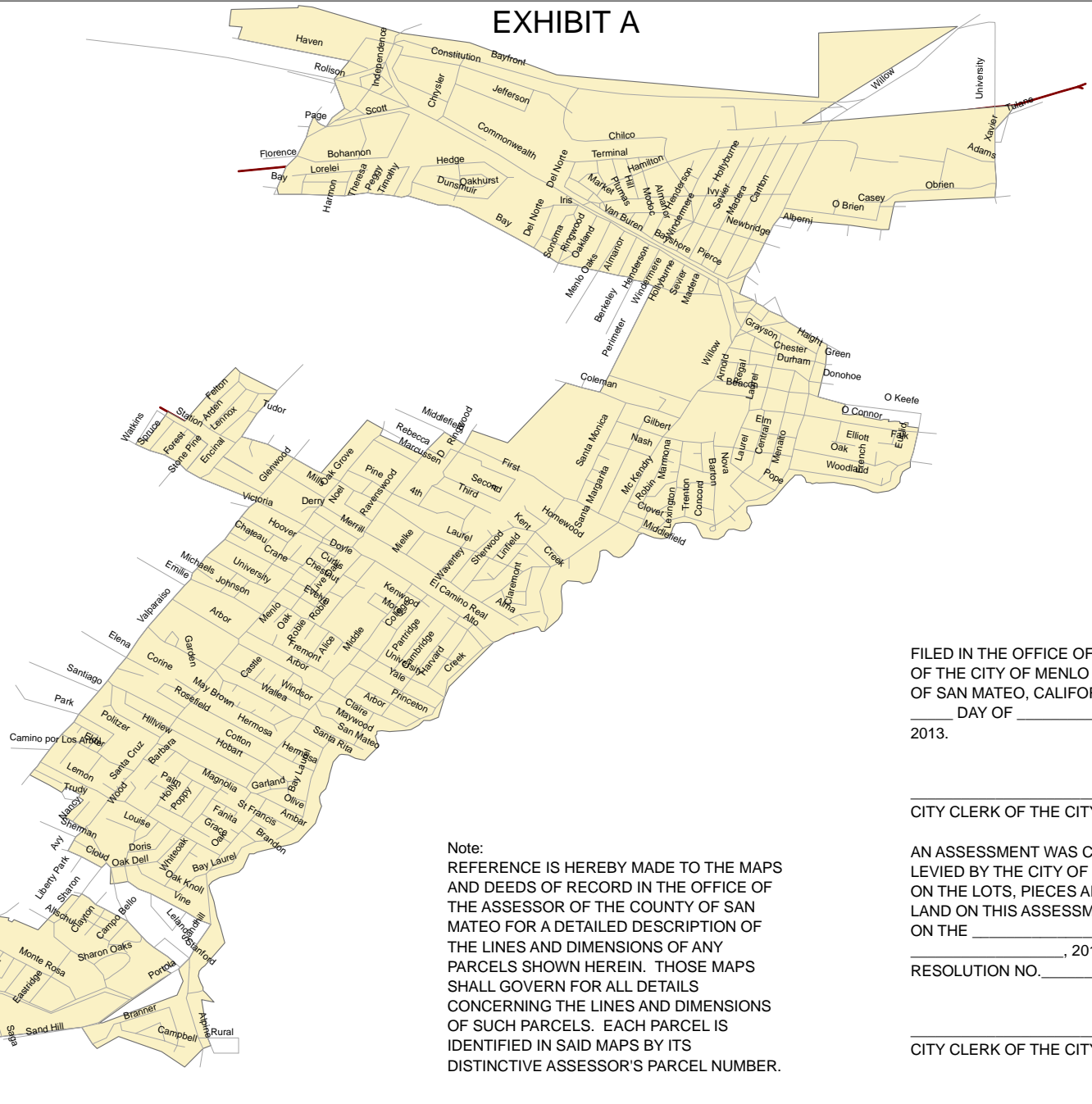
Pamela Aguilar  
City Clerk

EXHIBIT A



**Legend**

- Railroads
- Assessment Boundary
- Streets



FILED IN THE OFFICE OF THE CITY CLERK  
 OF THE CITY OF MENLO PARK, COUNTY  
 OF SAN MATEO, CALIFORNIA, THIS  
 \_\_\_\_\_ DAY OF \_\_\_\_\_,  
 2013.

\_\_\_\_\_  
 CITY CLERK OF THE CITY OF MENLO PARK

AN ASSESSMENT WAS CONFIRMED AND  
 LEVIED BY THE CITY OF MENLO PARK  
 ON THE LOTS, PIECES AND PARCELS OF  
 LAND ON THIS ASSESSMENT DIAGRAM  
 ON THE \_\_\_\_\_ DAY OF  
 \_\_\_\_\_, 2013 BY ITS  
 RESOLUTION NO. \_\_\_\_\_

\_\_\_\_\_  
 CITY CLERK OF THE CITY OF MENLO PARK

Note:  
 REFERENCE IS HEREBY MADE TO THE MAPS  
 AND DEEDS OF RECORD IN THE OFFICE OF  
 THE ASSESSOR OF THE COUNTY OF SAN  
 MATEO FOR A DETAILED DESCRIPTION OF  
 THE LINES AND DIMENSIONS OF ANY  
 PARCELS SHOWN HEREIN. THOSE MAPS  
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 CONCERNING THE LINES AND DIMENSIONS  
 OF SUCH PARCELS. EACH PARCEL IS  
 IDENTIFIED IN SAID MAPS BY ITS  
 DISTINCTIVE ASSESSOR'S PARCEL NUMBER.

**CITY OF MENLO PARK  
 LANDSCAPING ASSESSMENT DISTRICT  
 ASSESSMENT DIAGRAM**



## COMMUNITY DEVELOPMENT DEPARTMENT

Council Meeting Date: May 19, 2015

Staff Report #: 15-085

**CONSENT CALENDAR:**                    **Adoption of a Resolution Nominating the Menlo Park and East Palo Alto Baylands as a Priority Conservation Area (PCA)**

---

### RECOMMENDATION

Staff recommends that the City Council approve the attached resolution (Attachment A) nominating the Menlo Park and East Palo Alto Baylands as a Priority Conservation Area.

### POLICY ISSUES

The Priority Conservation Area (PCA) designations are designed to position areas for access to funding sources for enhancements to open space areas. A PCA does not carry regulatory requirements, nor does it impact a local jurisdiction's land use control.

### BACKGROUND

On January 27, 2015 and May 5, 2015, staff provided Council with information items regarding the Priority Conservation Area (PCA) Program and a potential application that staff intended to pursue. The staff reports are available through the following links. <http://www.menlopark.org/DocumentCenter/View/6351> and <http://www.menlopark.org/DocumentCenter/View/7073> More information about the PCA Program is available through the following link on the Association of Bay Area Governments (ABAG) website. <http://abag.ca.gov/priority/conservation/>

### ANALYSIS

The PCA program is a voluntary program for local jurisdictions, which includes Counties, Cities and Open Space Special Districts, to contribute to a list and mapping of regionally significant open space areas that have conservation, restoration, and/or recreation value. A PCA does not carry regulatory requirements, nor does it impact a local jurisdiction's land use control. There are currently 101 existing PCA's in the Bay Area.

Staff from Menlo Park, East Palo Alto, and the Midpeninsula Regional Open Space District have been collaborating on a joint application for over four months. Menlo Park offered to serve as the lead agency for the application since the greatest area of the PCA is within Menlo Park's jurisdiction. As the lead applicant, the City of Menlo Park issued notification

letters as required by the PCA program to the City of East Palo Alto and the Open Space District on February 19, 2015. In addition, staff has been coordinating with other property owners and stakeholders, namely the US Fish and Wildlife Service, which manages the Don Edwards San Francisco Bay National Wildlife Refuge, the South Bay Salt Pond Restoration Project, the San Francisquito Creek Joint Powers Authority (JPA), which is in the process of conducting a feasibility analysis for the SAFERBay levees, and Cargill, one of the few private property owners within the proposed boundary, in order to refine the proposed boundaries. The proposed boundary is included as Attachment B. In general, all of the various entities are supportive of the application.

Staff has received a letter of support from the US Fish and Wildlife Service (Attachment C) and anticipates receiving letters/resolutions of support from the City of East Palo Alto and the Midpeninsula Regional Open Space District. These pieces of correspondence will be submitted to ABAG as part of the application.

Staff has also prepared a map showing the proposed boundary overlaid on an aerial map to help provide additional context (Attachment D). The exclusions shown on the map are lands that are owned by other agencies, namely the San Francisco Public Utilities Commission, PG&E and the City of San Jose, for which staff did not feel there was sufficient time before the application deadline to coordinate with to determine their level of interest in being included as part of the designation. In the future, the boundaries could be amended to include these lands if the respective property owner expressed interest.

In its simplest form, a Priority Conservation Area would apply to lands that are not intended to be subject to urbanization (i.e., land not intended for the development of commercial buildings or housing units). The baylands area clearly meets this requirement given that the majority of the land is in public ownership and zoning for the land is FP (Flood Plain), which effectively does not allow new development. A Priority Conservation Area does not mean that lands would remain untouched, nor does it have any impact on the various regulatory authorities that are involved with sensitive lands near the Bay.

The Potential PCA Boundary area covers Bedwell Bayfront Park, the Ravenswood Salt Pond Restoration Area, the Don Edwards San Francisco Bay National Wildlife Refuge, the Ravenswood Open Space Preserve, and Cooley Landing. A common connector of many of these features is the existing/proposed Bay Trail. Menlo Park is already collaborating with the City of East Palo Alto and the Midpeninsula Regional Open Space District on closing a gap in the Bay Trail by connecting University Avenue to the Ravenswood Preserve. Specific to the City of Menlo Park, the PCA designation would expand funding opportunities for enhancing the current Bay Trail around Bedwell Bayfront Park and connections from the Belle Haven neighborhood to the Park, topics which have come up during the ConnectMenlo process.

The geographic area covered by the potential PCA includes a number of critical transportation facilities (e.g., Dumbarton Bridge and Dumbarton Rail), utilities (e.g., water, sewer, storm drain and electric facilities), and infrastructure issues (e.g., levees to address tidal flooding and sea level rise). Based on communication with ABAG staff, it is the City's



understanding that a PCA designation would not impede any efforts to maintain, enhance or construct these facilities. The draft resolution (Attachment A) includes recitals (or whereas statements) to clearly identify the fact that the proposed PCA designation should have no impact on future efforts to address infrastructure issues within the PCA boundary.

The program identifies four categories of PCAs that recognize the role of different kinds of PCAs in supporting the vitality of the region's natural systems, rural economy, and human health.

1. **Natural Landscapes** – Areas critical to the functioning of wildlife and plant habitats, aquatic ecosystems and the region's water supply and quality.
2. **Agricultural Lands** – Farmland, grazing land and timberland that support the region's agricultural economy and provide additional benefits such as habitat protection and carbon sequestration.
3. **Urban Greening** – Existing and potential green spaces in cities that increase habitat connectivity, improve community health, capture carbon emissions, and address stormwater.
4. **Regional Recreation** – Existing and potential regional parks, trails, and other publicly accessible recreation facilities.

Of these four categories, staff believes that Natural Landscapes and Regional Recreation would be the best candidates. Having more than one designation may increase eligibility for a broader array of future grant opportunities. The deadline for the application submittal is May 30, 2015 and requires the submittal of a resolution.

## **IMPACT ON CITY RESOURCES**

There is no fiscal impact related to the Priority Conservation Area program and application process. It will however position the City for future funding opportunities.

## **ENVIRONMENTAL REVIEW**

This action is not a project under the California Environmental Quality Act (CEQA), and no CEQA analysis is therefore 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. Draft Resolution
- B. Proposed Priority Conservation Area Map
- C. Letter of Support
- D. Aerial Map of Proposed Priority Conservation Area

Report prepared by:

*Justin Murphy*

*Assistant Community Development Director*

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK TO NOMINATE THE MENLO PARK AND EAST PALO ALTO BAYLANDS AS A PRIORITY CONSERVATION AREA**

WHEREAS, in 2014, the Association of Bay Area Governments requested nominations from local governments and special districts for Priority Conservation Areas pursuant to the Plan Bay Area multi-agency regional planning initiative; and

WHEREAS, Priority Conservation Areas are areas of regional significance which contain important agricultural, natural resource, watershed, historic, scenic, cultural, recreational, and/or ecological values and ecosystem functions deserving of conservation funding; and

WHEREAS, the City of Menlo Park is the nominating agency for the Menlo Park and East Palo Alto Baylands (Baylands) Priority Conservation Area, which includes the following:

1. Ravenswood Open Space Preserve, owned by the Midpeninsula Regional Open Space District; and
2. Don Edwards San Francisco Bay National Wildlife Refuge, owned by the Federal Government and managed by the U.S. Fish and Wildlife Service; and
3. Cooley Landing, owned by the City of East Palo Alto; and
4. Bedwell Bayfront Park, owned by the City of Menlo Park; and
5. Ravenswood Triangle (i.e., open space/wetland mitigation areas for the Dumbarton Bridge and Bayfront Expressway projects), owned by the State of California; and

WHEREAS, the City supports the designation of the regionally-significant Baylands as a Priority Conservation Area, which would make it eligible for crucial funding to continue to conserve and upgrade these areas for the community's benefit; and

WHEREAS, the City's nomination of the Priority Conservation Area does not commit the City to long-term management and maintenance of areas outside City-owned lands; and

WHEREAS, on February 19, 2015, the City of Menlo Park sent notification letters to the City of East Palo Alto and the Midpeninsula Regional Open Space District and the City received no objections to the nominations; and

WHEREAS, the City received a Resolution of Support from the Midpeninsula Regional Open Space District and letters of support from U.S. Fish and Wildlife Service and the City of East Palo Alto; and

WHEREAS, the South Bay Salt Pond Restoration Project is pursuing the next phase of Salt Pond Restoration efforts for Ravenswood Ponds (R3, R4, R5 and S5) and contemplates future phases of restoration of Ponds (R1 and R2) within the proposed PCA boundary; and

WHEREAS, the San Francisquito Creek Joint Powers Authority is pursuing the SAFER Bay (Strategy to Advance Flood protection, Ecosystems and Recreation along the Bay) Project to address tidal flooding, restore habitat and enhance recreational opportunities within the proposed PCA boundary; and

WHEREAS, the City of Menlo Park's Bedwell Bayfront Park is a former landfill requiring the need to properly address methane capture; and

WHEREAS, the area designated for the PCA includes or is immediately adjacent to critical infrastructure and utilities for the region including Dumbarton Bridge, State Route 84 (Bayfront Expressway), the Ravenswood PG&E electric substation, the San Francisco Public Utility Commission (SFPUC) Bay Division Pipeline of the Hetch Hetchy Water System; and

WHEREAS, City of Menlo Park understands that a PCA designation does not affect any use or rights to land and does not affect the City's local control nor its ability to pursue necessary infrastructure improvements; and

WHEREAS, on May 19, 2015, the City Council held a duly noticed public meeting on the PCA nomination, at which all interested persons had the opportunity to appear and comment; and

WHEREAS, the City Council finds that nominating the PCA is not a project under the California Environmental Quality Act (CEQA).

NOW THEREFORE, BE IT AND IT IS HEREBY RESOLVED by the City Council of the City Menlo Park as follows:

1. The City nominates the Menlo Park and East Palo Alto Baylands as shown in Exhibit A as a Priority Conservation Area under the categories of Regional Recreation and Natural Landscapes.
2. The City Manager is authorized to execute any and all other documents necessary or appropriate to submit an application for the nominated Priority Conservation Area to the Association of Bay Area Governments.

I, Pamela Aguilar, City Clerk of Menlo Park, do hereby certify that the above and foregoing Council Resolution was duly and regularly passed and adopted at a meeting by said Council on the 19<sup>th</sup> day of May, 2015, 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 \_\_\_ day of \_\_\_\_\_, 2015.

Pamela Aguilar, MMC  
City Clerk

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# Proposed Priority Conservation Area Within Menlo Park and East Palo Alto

ATTACHMENT B



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United States Department of the Interior  
 U.S. FISH AND WILDLIFE SERVICE  
 San Francisco Bay National Wildlife Refuge Complex  
 1 Marshlands Road  
 Fremont, California 94555



May 15, 2015

Alex D. McIntyre  
 City Manager,  
 City of Menlo Park  
 701 Laurel Street  
 Menlo Park, CA 94025

SUBJECT: Letter of Support to Designate the Baylands of Menlo Park and East Palo Alto and Ravenswood Open Space Preserve a Priority Conservation Area

Dear Mr. McIntyre:

The Don Edwards San Francisco Bay National Wildlife Refuge supports the City of Menlo Park's effort to designate the Baylands of Menlo Park and East Palo Alto and the Ravenswood Open Space Preserve as a Priority Conservation Area. Because the proposed area contains a mix of both natural resources and human infrastructure (e.g., transportation lines, utilities), we believe the proposed area is a good candidate for the following categories under the Priority Conservation Area (PCA) designation: Regional Recreation and Natural Landscapes.

Further, we believe the proposed PCA contains significant conservation value. These lands were previously identified by the U.S. Fish and Wildlife Service for inclusion within the Approved Acquisition Boundary for the Don Edwards San Francisco Bay National Wildlife Refuge because they offer important benefits to fish and wildlife resources. The approved acquisition boundary encompasses both public and private land, but does not imply that all private parcels within the boundary are targeted for our acquisition; however, the Service may seek opportunities to acquire interest in certain lands within this boundary through fee title acquisition, donation, or conservation easements. Designation of the area as a PCA would facilitate support for the conservation and restoration of these lands, whether by the Service or other stakeholder groups, especially as the Bay Area becomes increasingly urbanized. The proposed area can also serve as an important local interface for urban dwellers to experience the outdoors.

We urge you to approve the PCA nomination of the Baylands of Menlo Park and East Palo Alto and the Ravenswood Open Space Preserve. Thank you for considering our letter of support. Please keep us informed of the PCA process, especially any other assistance we can provide. If you have questions regarding our comments, please contact Winnie Chan, Refuge Planner, at 510-792-0222.

Sincerely,

Acting for  
 Anne Morkill  
 Refuge Complex Manager

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## COMMUNITY DEVELOPMENT DEPARTMENT

Council Meeting Date: May 19, 2015

Staff Report #: 15-084

**CONSENT CALENDAR: Authorize the City Manager to Sign an Amended Contract with Arnold Mammarella, Architecture + Consulting for Contract Planning Services**

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### RECOMMENDATION

Staff recommends that the Council authorize the City Manager to sign an amended contract with Arnold Mammarella, Architecture + Consulting (Arnold Mammarella) for contract planning services, not to exceed \$200,000.

### POLICY ISSUES

The Community Development Department is currently using two contract planning firms, Arnold Mammarella and the Metropolitan Planning Group (M-Group) to supplement staffing in the Planning Division. An increase in the amount of the contract with Arnold Mammarella would allow for the continuation of the timely processing of development projects.

### BACKGROUND

At its meeting of February 12, 2013, the City Council reviewed and acted on a proposal to augment staffing levels in the Community Development and Public Works Departments in response to an unprecedented level of development interest and complexity. Among other actions, the Council authorized a Request for Proposal (RFP) process to retain appropriate contract services.

Subsequent to this action and specific to contract planning services, the Community Development Department included funds for contract services in the FY 2013-14 budget and contracted with the M-Group for planning services in October 2013 for a not to exceed amount of \$50,000 under the City Manager's Authority. In December 2013, the Council authorized an increase in the contract amount not to exceed \$300,000. In April 2014, as interest in development continued to grow, the Department contracted with a second firm, Arnold Mammarella, for a not to exceed amount of \$50,000 under the City Manager's Authority. This amount was increased to \$56,000 in April 2015. It is estimated that this amount will be fully expended by May 2015.

## **ANALYSIS**

Arnold Mammarella is currently providing three contract planners to supplement the work of the Planning Division. All three contractors work on a part time schedule, and are assisting on a variety of projects including the Mid-Peninsula Housing proposal on Willow Road, 133 Encinal Avenue residential proposal, Alma Station office proposal, 1300 El Camino Real mixed use proposal, 1400 El Camino Real hotel proposal, 1295 El Camino Real mixed use proposal, and 650-660 Live Oak Avenue mixed use proposal, as well as smaller single-family residential proposals.

Given the continuing need for contract services to ensure that projects in the pipeline can be processed in a timely manner, staff is requesting that the Council authorize the City Manager to sign an amended agreement with Arnold Mammarella for a not to exceed budget of \$200,000. Both the current FY 2014-15 budget and proposed FY 2015-16 budget have sufficient funds for the contract increase for Arnold Mammarella as well as the continued use of the M-Group under its existing contract. Staff recognizes that the Department may have a reduced need for contract services once new positions are able to be filled and new hires fully trained. As such, the continuing need for contract planning services will be evaluated with future budget cycles.

## **IMPACT ON CITY RESOURCES**

The FY 2014-15 budget and proposed 2015-16 budget for planning contract services is sufficient to fully cover the proposed increase in the Arnold Mammarella contract as well as the continuation of the M-Group contract. In general, expenditures for development related costs are fully recovered through fees charged to project applicants.

## **ENVIRONMENTAL REVIEW**

This action would not be considered a project under the California Environmental Quality Act (CEQA), and no CEQA analysis if therefore 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**

None

Report prepared by:  
*Arlinda Heineck*  
*Community Development Director*



## HUMAN RESOURCES DEPARTMENT

Council Meeting Date: May 19, 2015

Staff Report #: 15-075

**REGULAR BUSINESS:**                    **Consideration of Approval of the Terms of an Agreement between the City of Menlo Park and the Menlo Park Police Sergeants' Association**

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### RECOMMENDATION

Staff recommends the approval of the terms of a collective bargaining agreement between the City of Menlo Park and the Menlo Park Police Sergeants' Association (PSA), and authorizing the City Manager to execute a Memorandum of Understanding (MOU) with a term of May 8, 2015 through June 30, 2016.

### 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.

### BACKGROUND

On August 19, 2014, in accordance with 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.

The Menlo Park Police Department staff includes eight supervising sergeants represented by the Police Sergeants' Association (PSA). The City's and the PSA's negotiation teams commenced negotiations on September 11, 2014. The parties met approximately ten times and reached a Tentative Agreement (TA) on May 4, 2015. The PSA notified the City that the TA was ratified by the membership on May 5, 2015.

## **ANALYSIS**

A complete copy of the Tentative Agreement is attached. The Tentative Agreement is for a full MOU, between the City and PSA. The following is a summary of key provisions and/or changes from the previous MOU.

**Term/Expiration**                      May 8, 2015 – June 30, 2016

**Pay Rates and Practices**                      In recognition of the considerable healthcare cost increase paid by employees in this representation unit beginning in January 2015, current bargaining unit employees who participate in health care plans offered by the City will receive a one-time payment equivalent to the increase in City contributions towards monthly healthcare premiums for the 2015 plan year, rounded to the nearest dollar (i.e., their additional out-of-pocket cost for medical premiums).

**Uniform Allowance**                      As soon as practicable, in lieu of annual uniform allowance payments, payments shall be made in the amount of Forty Dollars (\$40.00) per biweekly pay period. If an eligible employee is on unpaid leave for a period of one (1) full pay period or more, the employee will not receive uniform allowance pay for that period.

**Cafeteria Plan**                              Effective May 8, 2015, each active employee shall be allocated an amount to be used to purchase qualified healthcare benefits. The amount shall be allocated to each active employee according to the health benefits selected, as follows:

- \$2,085.56 per month - family coverage
- \$1,604.28 per month - two person coverage
- \$802.14 per month - single person coverage
- \$349.00 per month - no coverage

The active employee will be responsible for any remaining premium in excess of the allocated amount.

**Training Offset Hours**                              Sergeants 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. The hours shall be used to fill in for the remainder of a shift where voluntary training was provided. These hours may only be used in conjunction with supplementing time off for voluntary training.



## **IMPACT ON CITY RESOURCES**

This Tentative Agreement results in an ongoing fiscal impact to the City of approximately \$30,000 annually as well as a one-time budgetary impact to the City of approximately \$7,500 for the term of the Agreement. Sufficient funding is available in the City's Fiscal Year 2014-15 Adopted Budget for this cost.

## **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/PSA Successor Memorandum of Understanding

Report prepared by:

*Gina Donnelly*

*Human Resources Director*

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**MEMORANDUM OF UNDERSTANDING**  
**BETWEEN**  
**THE MENLO PARK POLICE SERGEANTS**  
**ASSOCIATION**  
**AND**  
**THE CITY OF MENLO PARK**



**July 1, 2013**~~**May 8, 2015**~~ to ~~**June 30**~~**June 30, 2014****2016**

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## PREAMBLE

This Memorandum of Understanding is reached between the City of Menlo Park (“City”) and the Menlo Park Police Sergeants’ Association (“PSA”), representing the classification of Sergeant within the City’s Police Department. The parties have reached this Memorandum of Understanding following meeting and conferring in good faith as required under Government Code Sections, 3500, et seq. Existing practices and/or benefits which are not referenced in this Memorandum and which are subject to the meet and confer process shall continue without change unless modified subject to the meet and confer process.

The parties agree as follows:

## ARTICLE 1: TERM

The term of this Memorandum shall be ~~July 1, 2013~~ May 8, 2015 to ~~June 30, 2014~~ June 30, 2016.

## ARTICLE 2: PAY RATES AND PRACTICES

### 2.1 Salary Schedule

The salary schedule for employees 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.

### 2.2 One Time Payment

In recognition of the considerable healthcare cost increase paid by employees in this representation unit beginning in January 2015, current bargaining unit employees who participate in health care plans offered by the City will receive a one-time payment equivalent to the increase in City contributions towards monthly healthcare premiums for the 2015 plan year, rounded to the nearest dollar (i.e., their additional out-of-pocket cost for medical premiums). For example, if the City Council adopts the agreement in time for the May premiums, a bargaining unit member who participates in the City’s Kaiser health care plan at the Family level will receive a one-time payment of \$704 (\$176 each for January, February, March, and April of 2015); and a bargaining unit member who participates in the City’s Anthem Traditional HMO health care plan at the Family level will receive a one-time payment of \$ 1,616 (\$404 each for January, February, March, and April of 2015).

The one-time payments shall be included in the paycheck for the first full pay period following ratification of this Agreement by the membership and approval by City Council.

2.23 POST Incentive

Unit members who possess a Peace Officer Standards and Training (POST) intermediate certificate shall receive a five percent (5%) premium in accordance with the current practice.

Unit members who possess a Peace Officer Standards and Training (POST) advanced certificate shall receive a ten percent (10%) premium in accordance with the current practice.

2.34 Overtime

Overtime will be applied in accordance with the Fair Labor Standards Act.

2.45 Call Back Pay

Employees who are called back after leaving work at the end of a normal shift shall be entitled to a minimum of four (4) hours pay at the rate of time and one-half (1-1/2); exception: court pay is three (3) hours minimum.

2.56 Management Benefit Package

Each represented member will be reimbursed up to Two Thousand Dollars (\$2,000.00) per fiscal year for the following:

- (a) Civic and professional association memberships and their related programs
- (b) Conference participation and travel expense
- (c) Professional subscriptions
- (d) Physical fitness programs as directed by a physician
- (e) 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 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 course. To qualify for tuition reimbursement, coursework must be approved by the Chief of Police or his or her designee prior to the first day of class. Said approval shall be based only on the criteria in this paragraph. 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 as defined under the Internal Revenue Code.

(f) Optical expenses not reimbursed by any other source

(g) Child Care expenses:

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.

(h) Employee and dependent excess coverage for medical, dental, optical and orthodontia

(i) City Recreation Programs:

The City will reimburse the unit members for fees paid for unit members and/or their dependents to participate in the City's Recreation Department programs.

Reimbursements 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.

Expenditures under (a), (b), (c), and (e) above must be job related and approved by the City.

Monies not spent while this document is in force may be rolled over into the following term for a period not to exceed twelve months ~~or applied to one of the City sponsored deferred compensation plans, at the employee's option.~~ Excess funds may not be received in cash.



The City reserves the right to freely administer this Section and may disallow future claims that do not strictly conform to these sections, e.g., cellular phones or phone bills.

| 2.67 Uniform Allowance

All unit members shall receive the sum of One Thousand Forty Dollars (\$1,040.00) per year to be used for the purchase and maintenance of uniforms. Said amounts shall be paid on the twenty-fifth pay period. The City will pay the initial cost of a class A uniform for all unit members.

As soon as practicable, payment shall be made in the amount of Forty Dollars (\$40.00) per biweekly pay period. If an eligible employee is on unpaid leave for a period of one (1) full pay period or more, the employee will not receive uniform allowance pay for that period.

| 2.78 General Leave Cashout

An employee may cash out General Leave in accordance with the General Leave Cashout Policy.

| 2.89 Compensatory Time

An employee may accumulate a maximum of three hundred (300) hours of compensatory time. Once an employee has reached the limits of compensatory time in this section he/she shall receive cash at the overtime rate for all overtime worked.

Any employee who has an excess of three hundred (300) hours of compensatory time on the books will not be allowed to accrue further compensatory time until the balance falls below the three hundred (300) hours maximum.

Compensatory time in excess of the maximum allowed in the Memorandum of Understanding shall be cashed out.

Upon termination, all unused compensatory time shall be paid off at the final rate of pay received by the employee.

| 2.910 Continuing Benefits

The City will pay the increased cost of existing benefits, except as specifically provided herein.

| 2.4011 Bilingual Differential

2.4011.1 Any position 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.

2.4011.2 The Human Resources Department, on the basis of a proficiency test developed and administered by the City, shall determine eligibility for the bilingual pay differential.

2.4011.3 Bilingual skills shall not be a condition of employment except for employees who are hired specifically with that requirement. If an employee is hired under this provision, that requirement shall be included in the initial employment letter.

2.4011.4 The City retains the right to discontinue the bilingual differential, provided the City gives the exclusive representative ten (10) days written notice prior to such revocation, in order to allow the opportunity for the parties to meet and confer.

2.4011.5 No employee shall be required to use bilingual skills that is not compensated under this section.

Any employee who is reassigned to another position within this bargaining unit, and was receiving the bilingual differential at the time of appointment, shall have their need for bilingual skills reviewed by the Chief of Police. If the Chief of Police determines that bilingual skills in the position are required, the differential shall continue, otherwise, the bilingual differential will be discontinued.

#### 2.412 On-Call Pay

Sergeants assigned to the detective unit who are placed in an on-call status shall be compensated for each day or portion thereof on normal days off that she/he is on-call at the rate of fifty dollars (\$50.00) per twenty-four (24) hour period. Sergeants assigned to the detective unit who are on-call and fail to respond when called may be subject to disciplinary action.

#### 2.4213 Vehicle Allowance

Sergeants assigned to the detective unit, who are assigned to use their personally owned vehicle 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.

#### 2.4314 Night Shift Differential

For employees 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 employees assigned to a night shift, and shall not apply to employees filling open shifts or otherwise assigned to nights on a temporary basis. For the purposes of this section, a temporary assignment shall be defined as one consecutive pay period or less.

#### 2.1415 Longevity Pay

Employees who have achieved levels of continuous service in a full time sworn police position 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:

2.1415.1 The first pay period after completing seven (7) years of service: two percent (2.00%) calculated upon base pay.

2.1415.2 The first pay period after completing eleven (11) years of service: four percent (4.00%) calculated upon base pay.

2.1415.3 The first pay period after completing fifteen (15) years of service: six percent (6.00%) calculated upon base pay.

2.1415.4 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 employee is eight percent (8.00%).

#### 2.16 Working Out of Classification

Upon specific written assignment by the Police Chief or or his/her designated representative, an employee may be required to perform the duties of a position in a higher classification. Such assignments shall be made to existing authorized positions that are not actively occupied due to the temporary absence of the regularly appointed employee. Any Sergeant working out of classification shall be paid five percent (5%) above their current rate of pay. Such pay shall be paid for the hours the duties are actually assigned and performed in the higher classification.

### ARTICLE 3: LEAVE PROVISIONS

### 3.1 Leave of Absence Without Pay

- 3.1.1 Leaves of absence without pay may be granted in cases of personal emergency or when such absences would not be contrary to the best interests of the City. Leaves denied in the best interests of the City shall be taken as soon as possible after the interests of the City are met. The member shall be notified of the effective date of the rescheduled leave.
- 3.1.2 Requests for leave of absence without pay must be submitted in written form to the Police Chief. The Chief may grant a unit member a leave of absence without pay for a period not less than four weeks nor more than one (1) year, during which time no benefits and no seniority will accrue. Approval shall be in writing and a copy filed with the Human Resources Department.
- 3.1.3 Upon expiration of a regularly approved leave, or within five (5) working days after notice to return to duty, the employee shall be reinstated in the same or an equivalent position to that held at the time the leave was granted. Failure on the part of an employee to report promptly at the expiration of the leave, or within five (5) working days after notice to report for duty shall be treated as an automatic resignation from City service unless the Chief determines that extenuating circumstances exist to excuse that absence. However, any unapproved absence may be cause for disciplinary action.
- 3.1.5 Merit pay raises and performance review dates shall be extended by the amount of the leave without pay taken.

### 3.2 Long Term Disability

- 3.2.1 Should any non-work related illness or injury extend beyond thirty (30) working days, the City will ~~insure~~ ensure 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. 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.

### 3.3 Jury Duty and Subpoenas - Not Related to Official Duties

3.3.1 An employee 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 leave with pay from his/her assigned duties until released by the court, provided the employee 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.

3.3.2 When an employee 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 employee 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.

### 3.4 Military Leave

3.4.1 Military leave of absence shall be granted and compensated in accordance with Military and Veterans Code Sections 389 and 395 et seq. Employees 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.

### 3.5 Bereavement Leave

3.5.1 An employee shall be allowed leave with 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 employee. Employees may use General Leave for bereavement purposes for relations not included above provided such leave is approved in advance by the Chief of Police.

### 3.6 Workers' Compensation

3.6.1 Sworn personnel shall be granted leave with pay for a disability caused by illness or injury arising out of and in the course of his/her employment, in accordance with Section 4850 of the Labor Code of the State of California.

### 3.7 Training Offset Hours

3.7.1 Sergeants 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 pay period one (1) of each payroll calendar 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, the employee may use four (4)

hours of training offset time to complete their 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.

3.7.2 Training Offset Hours do not accrue. Any Training Offset Hours not used by the date of separation for employees separating during the year, or by the end of the last pay period in the payroll calendar year for other employees, shall not be paid out nor carried over to subsequent years. Training offset hours may not be cashed out or used for any purpose other than stated above. ~~During paid leaves of absence an employee may elect to use accrued General Leave, subject to supervisory approval.~~

#### ARTICLE 4: GENERAL LEAVE PROGRAM

##### 4.1 General Leave Program

Accrual of General Leave is as follows:

1 - 5 years	216 hours
6 - 10 years	230 hours
11 - 15 years	256 hours
16 - 20 years	280 hours
20 + years	296 hours

Actual accrual is biweekly prorated from the above table. The maximum number of hours which may be accrued is One Thousand Four Hundred (1,400) hours of general leave.

4.1.1 Upon separation from City service accrued general leave up to the maximum may be converted to cash. The amount shall be calculated on the base hourly rate of the employee multiplied by the number of hours converted. Upon retirement from City employment an employee hired on or before June 30, 2004 may convert any accrued general leave not converted to cash to retirement health insurance credits at the rate of one (1) unit for every eight (8) hours of accumulated general leave with any remainder being rounded to the next higher credit.

Qualified employees hired on or before June 30, 2004 who have at least twenty (20) years of service with the City may elect to have their accrued general 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. If this election is made, the retirement health credit calculated shall not exceed the highest HMO health plan premium as may be in effect at such

time such credit is applied. Election shall be made at the time of retirement. There is no change in the current policy of retirement health insurance credits and “frozen sick leave”.

Reimbursement of premiums to retirees shall be in the same manner as currently done since 1990. The method of reimbursement is detailed in Appendix CB.

- 4.1.2 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.
- 4.1.3 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.
- 4.2 Transfer of Leave for Catastrophic Illness. Transfer of leave for catastrophic illness is designed to assist employees who have exhausted 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 Human Resources Department will discuss with the PSA or their designated representative an appropriate method of soliciting contributions from coworkers. The contributions shall be submitted to the Human Resources Department and Human the Resources Department will process the contribution list in the order established. Any officer shall be allowed to contribute a maximum of eighty (80) hours of leave from their accrued management 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 management 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 employee 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.

## ARTICLE 5: NO SMOKING AREAS

City owned vehicles used by unit members shall be considered offices and designated as no smoking areas.

## ARTICLE 6: BENEFIT PROGRAMS

### 6.1 Cafeteria Plan

6.1.1 Each active 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).

6.1.2 Each active employee shall be allocated an amount, inclusive of the City contribution specified in Section 6.1.1, to be used to purchase qualified benefits as described in this Section. The amount shall be allocated to each active employee 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

The active employee will be responsible for any remaining premium in excess of the allocated amount.

6.1.3 Effective May 8, 2015, each active employee shall be allocated an amount, inclusive of the City contribution specified in Section 6.1.1, to be used to purchase qualified benefits as described in this Section. The amount shall be allocated to each active employee according to the health benefits selected, as follows:

<u>\$2,085.56 per month</u>	<u>-</u>	<u>family coverage</u>
<u>\$1,604.28 per month</u>	<u>-</u>	<u>two person coverage</u>
<u>\$802.14 per month</u>	<u>-</u>	<u>single person coverage</u>
<u>\$349.00 per month</u>	<u>-</u>	<u>no coverage</u>

The active employee will be responsible for any remaining premium in excess of the allocated amount.

6.1.34 Each active employee may use his/her allocated amount for any benefits permitted by law and provided for in the FSA plan document.;

a. ~~PEMHCA health insurance coverage;~~



- ~~b. any personal medical, dental and vision care expenses not covered by the City's plans, including but not limited to deductibles, copayments, medication and medical equipment;~~
- ~~c. supplemental life insurance through the City's supplemental life carrier up to the maximum amount allowed by the carrier;~~
- ~~d. child care expenses not otherwise reimbursed by the City; and~~
- ~~e. contributions to a City offered deferred compensation plan.~~

~~6.1.4 If any active employee spends less than the total of his/her allocated amount above the minimum employer contribution in 6.1.1, then the active employee will be entitled to the unused amount in cash as taxable income, subject to appropriate tax withholding.~~

6.1.5 Each employee must enroll in an available PEMHCA health insurance plan or demonstrate that he/she has health insurance coverage equivalent to the PEMHCA plan in order to receive ~~cash back under Section 6.1.4~~the amount identified as "no coverage."

~~6.1.6 Surplus funds remaining at the end of the year will revert to the City's General Fund.~~

~~6.1.7 Employees 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 PEMHCA. 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.~~

~~6.1.8 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 employees and retirees is not equivalent to that provided under PEMHCA, then the City shall meet and confer with the Union prior to contracting with the alternate provider, consortia or group.—~~

## 6.2 Dental Insurance

6.2.1 The City shall provide dental insurance to employees and eligible dependents the month following an employee's date of hire or promotion in accordance with the City's Evidence of Coverage document.~~The City shall contribute One Hundred-~~

Thirty Five Dollars (\$135.00) per unit member per month into the City's dental and vision fund for the PSA bargaining unit.

~~6.2.2 For purposes of dental and vision reimbursement, claims periods shall run from January 1 to June 30 and from July 1 to December 31. Employees shall be reimbursed for up to a maximum of eight hundred ten dollars (\$810) per claim period for employee and all dependents. Any employee and/or their dependents or qualified domestic partners may utilize the dental fund for dental, orthodontia or vision care expenses.~~

~~6.2.3 On presentation of the appropriate City Reimbursement Form accompanied by appropriate receipts, employees will be reimbursed for dental, orthodontia or vision care expenses not covered by other insurance plans or other reimbursement plans. Such reimbursement requests shall be processed at least every two (2) months.~~

~~Reimbursement requests, or portions thereof, that exceed the maximum entitlement listed in Section 6.2.2 for the claim period shall be accepted and held until the end of the claim period and paid in accordance with the provisions of Section 6.2.4.~~

~~6.2.4 Reimbursement requests exceeding the maximum entitlement listed in section 6.2.2 shall be paid with any funds remaining in the plan, in the following order:~~

~~(a) employee claims paid on a pro rata basis up to one thousand five hundred dollars (\$1,500);~~

~~(b) dependent or domestic partner claims paid on a pro rata basis up to nine hundred dollars (\$900).~~

~~Any excess remaining in the fund after payment of claims shall be rolled over to the following claims period.~~

~~6.2.5 The final filing date for dental claims shall be ten (10) days after the end of the claims filing period during which the dental expenses were incurred.~~

~~6.2.6 The plan description shall be as set forth in Appendix B.~~

~~6.2.7 The City and PSA agree to discuss alternatives to the City operated dental program that result in no increased cost to the City. The implementation of such alternative dental plan shall be accomplished through the meet and confer process. However, no changes to the current City operated dental program shall occur prior to the expiration of this agreement unless by mutual agreement.~~

~~6.2.8 Domestic partner benefits may be taxable to the employee, and the benefit will be administered in accordance with State and Federal Tax regulations.~~

ARTICLE 7: HOLIDAYS

7.1 Except as otherwise provided, employees 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 Day	Fourth Thursday in November
Day after Thanksgiving	Fourth Friday in November
Christmas Day	December 25

One full day either December 24 or December 31

7.1.1 Designation of which one full day on either December 24 or December 31 is taken off shall be made by the Police Chief, considering the needs of the service and the officer's desires.

7.1.2 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 falls 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 holiday.

7.1.3 Work on a Fixed Holiday. Any employee required to work on a fixed holiday and in addition to regular hours (e.g., on his or her regular day off) shall be paid time and one-half for such work in addition to his or her holiday pay. Work on a fixed holiday beyond the number of hours in a-the regular shift being worked on the holiday shall be compensated at double time. [For example, an employee in a special assignment working on a holiday will be entitled to double time after ten (10) hours; an employee working overtime on patrol on a holiday will be entitled to double time after twelve (12) hours.] Holiday pay shall be reported in accordance with PERS requirements.

7.1.4 An employee who is scheduled to work on a holiday, and who does not work due to illness or injury for which they would otherwise be eligible for sick leave, shall be entitled to eight (8) hours of holiday pay and shall use general leave, or other

appropriate paid/unpaid leave to make up any difference between the holiday and his or her regularly scheduled shift. An employee will not be paid for more than his or her regular day's pay for any holiday when he or she does not work due to illness or injury.

## ARTICLE 8: RETIREMENT PROGRAMS

### 8.1 Retirement Plan

Retirement benefits for employees hired prior to November 20, 2011 shall be those established by the Public Employees' Retirement System (PERS) for Local Safety Members 3% at age 50 Formula, highest single year.

For employees hired on or after November 20, 2011, who are not new members as defined by PERS, retirement benefits shall be those established by the Public Employees' Retirement System (PERS) for Local Safety Members 3% at age 55 formula, highest three years.

For 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 the Public Employees' Retirement System (PERS) for Local Safety Members 2.7% at age 57 formula, highest three years.

### 8.2 Optional Provisions

8.2.1 1959 Survivor Allowance as set forth in Section 6 of Chapter 9 of the Public Employees' Retirement Law, commencing with Section 21570 of the Government Code, shall be provided.

8.2.2 Third Level of 1959 Survivor Benefits, as provided under Government Code Section 21573, shall be included.

### 8.3 City's Contribution to Retirement

8.3.1 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.

8.3.2 ~~Effective with the pay period beginning July 3, 2011, Classic employees shall contribute three percent (3.00%) toward the employer's contribution to the Public Employees' Retirement System. (Employee Paid City Contribution). The amount shall be taken as an after tax deduction from the employee's paycheck each payroll period.~~

8.3.3 ~~To the extent permitted by law, the Employee Paid City Contribution~~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 PSA 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 Employee Paid City Contribution~~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.

8.3.4 The parties understand that the Employee Paid City Contribution is a payment towards the Normal Cost of Retirement Benefits pursuant to Government Code Section 20516.5.

#### 8.4 Employee's Contribution to Retirement System

8.4.1 The full employees' contribution shall be deducted from the unit member's pay by the City and forwarded to the Public Employees' Retirement System in accordance with the rules and regulations governing such contributions.

8.4.2 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 as a pre-tax deduction from the employees' paycheck each payroll period.

The City has implemented Employer Pick-up, Internal Revenue Code 414 (h) (2) on the employee's contribution to the Public Employees' Retirement System.

#### 8.5 Honorary Retirement

8.5.1 Upon separation, an 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.

8.5.2 An employee shall be given a retirement badge and identification card.

8.5.3 The same requirements for a concealed weapons permit shall apply as for any other applicant. A concealed weapons permit shall not be automatically approved.

8.5.4 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 9: WORKING CONDITIONS

### 9.1 Alternative Work Schedules

The Chief of Police shall determine the appropriate regular or alternative work schedules of the Department and the various divisions, sections and details based upon the feasibility or operational needs. The Chief of Police may modify schedules to drop an alternative work schedule and revert to a regular eight (8) hour schedule except that any resulting schedule different from a five (5) days on, two (2) days off will be subject to the meet and confer process.

Alternative work schedules may be administered under the 7(k) work period provisions of the Fair Labor Standards Act.

#### 9.1.1 4/10 Work Schedule

A 4/10 work schedule is defined as ten (10) hours per day worked, four (4) days per calendar week.

### 9.2 Adjustment to Schedule

Unit members regularly assigned to midnight shift may request an adjustment to their schedule provided the employee is required to conduct authorized department business following the employee's shift; there is no cost to the City; and permission is obtained in advance from the employee's supervisor.

### 9.3 Layoffs

Layoffs shall be made in reverse order of seniority. The employee with the least length of service shall be laid off first. For purposes of this Section, length of service shall include all time served in the Sergeant classification or any other classification equivalent to or higher than the rank of Sergeant.

### 9.4 Training

Officers who are normally assigned to an alternative work schedule shall revert to a five day, eight hour shift for any training that requires attendance at class for a consecutive five day period.

### 9.5 Donning and Doffing of Uniforms

It is acknowledged and understood by the City and the PSA that the donning and doffing of uniforms and related safety equipment may be performed at home or other locations outside of the Police Department.

## ARTICLE 10: GRIEVANCE PROCEDURE

### 10.1 Definitions

- 10.1.1 A “grievance” is an alleged violation, misinterpretation or misapplication of the provisions of this Memorandum of Understanding or policy and/or procedure manuals affecting the working conditions of the unit members covered by this Agreement
- 10.1.2 A “Disciplinary appeal” is an appeal from a disciplinary action of a Letter of Reprimand or higher, against a unit member covered by this Memorandum of Understanding.
- 10.1.3 A “grievant” is any unit member adversely affected by an alleged violation of the specific provision of this Memorandum, or the Union.
- 10.1.4 A “day” is any day in which the administrative offices of the City of Menlo Park are open for regularly scheduled business.

### 10.2 General Provisions

- 10.2.1 Until final disposition of a grievance, the grievant shall comply with the directions of the grievant's immediate supervisor.
- 10.2.2 All documents dealing with the processing of a grievance shall be filed separately from the personnel files of the participants.
- 10.2.4 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 PSA.
- 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.
- 10.2.5 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.
- 10.2.6 Any employee may at any time present grievances to the City and have such grievances adjusted without the intervention of PSA, 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 the 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 PSA.

10.2.7 As an alternative to the formal grievance procedure, the City and the PSA may mutually agree to meet and attempt to informally resolve issues involving contract interpretations and other matters affecting the relationship between the City and the PSA. A grievance must be presented within the timelines set forth in Article 10.3. However, once the parties mutually agree to informally resolve problems, the formal grievance timelines are tolled pending the informal resolution process. If, in an attempt to informally resolve issues, the parties discuss matters that are not otherwise subject to the grievance procedure, such matters shall not be eligible to be grieved under the grievance provisions of this MOU. Either party may terminate the informal process at any time and the parties will revert to the formal grievance procedure.

### 10.3 Grievance Procedure (for grievances as defined in 10.1.1)

#### 10.3.1 Level I - Immediate Supervisor

10.3.1.1 Any employee 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 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 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 unit member and the immediate supervisor.

#### 10.3.2 Level II - Chief of Police

10.3.2.1 If the grievance is not 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.

10.3.2.2 The Chief of Police or designee shall communicate the decision to the grievant in writing within ten (10) days after receiving the grievance. If the Chief of Police or designee does not respond within the time limits, the grievant may appeal to the next level.

10.3.2.3 Within the above time limits either party may request a personal conference.

### 10.3.3 Level III - Appeal to City Manager

10.3.3.1 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 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 10.2.3 of this Agreement shall be submitted in the form of written declarations executed under penalty of perjury.

10.3.3.2 The City Manager or designee shall communicate the decision in writing to the grievant within ten (10) days. If the City Manager or designee does not respond within the time limits provided, the grievant may appeal to the next level.

### 10.3.4 Level IV - Binding Arbitration

10.3.4.1 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 PSA for arbitration of the dispute. Within twenty (20) days of the grievant's receipt of the decision at Level III, the PSA shall inform the City of its intent as to whether or not the grievance will be arbitrated. The PSA and the City shall attempt to agree upon an arbitrator. If no agreement can be reached, they shall request that the State Mediation and Conciliation Service supply a panel of five names of persons experienced in hearing grievances in cities and who are members of the National Academy of Arbitrators (NAA). Each party shall alternately strike a name until only one remains. The remaining panel member shall be the arbitrator. The order of the striking shall be determined by lot.

10.3.4.2 If either the City or the PSA so requests, a separate arbitrator shall be selected to hear the merits of any issues raised regarding the arbitrability of a grievance. No hearing on the merits of the grievance will be

conducted until the issue of arbitrability has been decided. The process to be used in selecting an arbitrator shall be as set forth in 10.3.4.1.

- 10.3.4.3 The arbitrator shall conduct and complete the hearing on the grievance, within sixty (60) days of the date of PSA'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.
- 10.3.4.4 The City and PSA 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.
- 10.3.4.5 The award of the arbitrator shall be final and binding.
- 10.3.4.6 The fees and expenses of the arbitrator (including the cost of any list of arbitrators requested pursuant to Section 10.3.4.1) shall be shared equally by the City and PSA.

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. By mutual agreement, the cost of the services of such court reporter shall be shared equally by the parties. However, each party shall be responsible for the cost of transcripts that they order.

- 10.3.4.7 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.

#### 10.4 Disciplinary Appeals

- 10.4.1 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.
- 10.4.2 A “disciplinary appeal” is a formal written appeal of a Notice of Disciplinary Action (post-Skelly) of 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.
- 10.4.3 Persons on probationary status (entry-level or promotional) may not appeal under this agreement rejection on probation.
- 10.4.4 Letters of Reprimand may be appealed under this section only to the City Manager level (Section 10.4.6.)
- 10.4.5 Any appeal to any punitive disciplinary action (as defined in Section 10.1.2) shall be presented in writing to the City Manager within ten (10) days after receipt of the Notice of Disciplinary Action. 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 and have that response included in his or her personnel file.
- 10.4.6 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 PSA for arbitration of the dispute. Within twenty (20) days of the City Manager's decision, the PSA shall inform the City of its intent as to whether or not the disciplinary matter will be arbitrated. The PSA must be the party taking the matter to arbitration.

10.4.7 The parties shall attempt to agree to the selection of an arbitrator and may agree to strike names from a list provided by an outside agency such as the State Mediation and Conciliation Service or JAMS. However, in the event that the City and the PSA cannot agree upon the selection of an arbitrator within twenty one (21) days from the date that the PSA has notified the City of its intent to proceed to Arbitration, either party may request the Superior Court of the County of San Mateo to appoint an arbitrator who shall be a retired judge of the Superior Court.

10.4.8 The City and PSA 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.

10.4.9 The fees and expenses of the arbitrator (including the cost of any list of arbitrators) shall be shared equally by the City and PSA. 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. By mutual agreement, the cost of the services of such court reporter shall be shared equally by the parties. However, each party shall be responsible for the cost of transcripts that they order.

10.4.10 Nothing herein constitutes a waiver of City or employee rights otherwise granted by law.

## ARTICLE 11: RECOGNITION

The Menlo Park Police Sergeant's Association (PSA) is the exclusive recognized organization representing employees in the classification of Police Sergeant in their employer-employee relations with the City of Menlo Park, and PSA has been certified by the City of Menlo Park as the duly recognized employee organization of said employees. PSA requires proper and advance notification on all matters that fall into the meet and confer process.

## ARTICLE 12: FULL UNDERSTANDING MODIFICATION AND WAIVER

- 12.1 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.
- 12.2 No practice or benefit provided by this Memorandum of Understanding shall be modified without the mutual agreement of the City and PSA.

#### ARTICLE 13: SEPARABILITY

- 13.1 If a court of competent jurisdiction finally determines that any provisions of this Memorandum is invalid and unenforceable, such provisions shall be separable, and the remaining provisions of the Memorandum shall remain in full force and effect.

#### ARTICLE 14: LABOR MANAGEMENT COMMITTEE

Effective for the term of this agreement, The City and PSA 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 PSA 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 15: EFFECT OF AGREEMENT

This Memorandum of Understanding sets forth the full and complete understanding between the parties hereto with respect to all subject matters addressed herein.

Dated \_\_\_\_\_

City of Menlo Park

Menlo Park Police Sergeant's Association

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Appendix A

Salary Schedule for Classified Police Sergeants  
July 1, 2013 through June 30, ~~2014~~2016

Step	Annual	Monthly	Bi-Weekly	Hourly
A	\$108,146.50	\$9,012.21	\$4,159.48	\$51.9935
B	\$113,553.82	\$9,462.82	\$4,367.45	\$54.5932
C	\$119,231.51	\$9,935.96	\$4,585.83	\$57.3228
D	\$125,193.09	\$10,432.76	\$4,815.12	\$60.1890
E	\$131,452.74	\$10,954.40	\$5,055.87	\$63.1984

## Appendix B

### DENTAL PLAN

#### ELIGIBLE UNIT MEMBERS

Newly hired unit members are eligible to participate in the plan following six months of continuous employment.

#### DEPENDENTS

Dependents will be covered according to Section 6.2.

Dependents shall be defined under this program as the unit member's spouse and his/her children up to the age to 26 provided they are more than 50% dependent upon the unit member for support.

#### MAXIMUM COVERAGE

For each six-month period reimbursements shall be limited to the maximum coverage as stated in Section 6.2. 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 unit member'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. The forms should be returned to Personnel 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.

#### TERMINATION OF INSURANCE

When the unit member 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 unit member 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



PSA

Dental Plan

Page 2

- ~~—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~~
- ~~—Orthodontic care, treatment, services and supplies~~
- ~~—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~~
  - ~~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~~
  - ~~e) 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 Workman's 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~~
- ~~— 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 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 unit member was not insured under the plan~~
- ~~— 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 unit member 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~~

### FORMS PROCEDURE

- ~~1. Obtain dental forms from the Personnel Division.~~
- ~~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 also need to sign the form. Please return the form to the Personnel Division.~~

## Appendix C

### Administration of Retirement Health Credits for Retirees

Nothing herein shall be deemed a change to the current practice of reimbursing retirees for retiree health premiums. This Appendix is intended to detail the existing practice.

The intent of the retiree health insurance credit program is to reimburse employees for the cost of retiree health premiums up to the amount to which they are entitled. It is not to provide an additional cash benefit to retirees over and above the cost of the premium. Should the current procedures that are administered through PEMHCA health and the Public Employees' Retirement System change, the intent shall remain as stated above.

#### Current Practice

Upon retirement, eligible employees may choose to convert all or any portion of their general leave balance up to the maximum to retirement health insurance credits at the rate they are eligible to receive as specified in Section 4.2. Retirees may elect single coverage, double coverage or family coverage in accordance with Sections 4.5 and 4.6.

PERS will deduct the premium for the health insurance plan selected by the retiree through PEMHCA health from their monthly pension warrant, less the minimum employer contribution, which is billed separately to the City.

The City will reimburse the retiree for the amount they are eligible to receive. The amount they are eligible to receive does not include the minimum employer contribution because it is not deducted from the retiree's pension warrant. In no event will the amount reimbursed exceed the cost of the premium to the retiree less the minimum employer contribution.

All reimbursements made to the retiree are subject to Federal and State taxes and shall be reported as income as required by law.

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**CITY OF MENLO PARK  
AND  
MENLO PARK POLICE SERGEANTS' ASSOCIATION  
SUPPLEMENTAL AGREEMENT ON  
HEALTH AND DENTAL BENEFITS**

This Supplemental Agreement amends the terms and conditions of employment contained in the 2013-14 Memorandum of Understanding ("MOU") between the City of Menlo Park ("City") and Menlo Park Police Sergeants' Association ("PSA"). Any MOU term not specifically referenced in this Agreement will remain in full force and effect.

This Agreement is considered tentative and shall not be considered final or binding until ratified by the PSA 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.

**ARTICLE 6: BENEFIT PROGRAMS**

Amend Section 6.1 as follows:

**6.1 Cafeteria Plan**

6.1.1 ~~The Each active employee and retiree shall receive a City~~ **shall make a direct** contribution equal to the minimum employer contribution for agencies participating in the Public Employees Medical and Hospital Care Act (PEMHCA) **on behalf of each active employee and qualified retiree.**

6.1.2 **In addition, the City shall make a contribution to the flexible spending account ("FSA") on behalf of each** ~~Each active employee shall be allocated an~~ **in an** amount which, **together with the minimum PEMCHA contribution in Section 6.1.1 equals the following,** ~~inclusive of the City contribution specified in Section 6.1.1, to be used to purchase qualified benefits as described in this Section. The amount shall be allocated to each active employee 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

**[EXAMPLE: If the PEMHCA minimum contribution is \$119, then the City shall make an FSA contribution of \$1562.50 per month for family coverage,**

**1177.55 per month for two person coverage, and \$529.26 per month for single coverage.]**

**Employees who waive coverage will be entitled to \$154.68 per month—no coverage**

The active employee will be responsible for any remaining premium in excess of the allocated amount.

**The City contributions listed above represent the contribution rates as of the effective date of this supplemental agreement. The parties are in negotiations over a successor MOU and both parties understand and agree that the contribution rates are a subject of those negotiations and may change as a result of those negotiaitons.**

- 6.1.3 Each active employee may use his/her allocated amount for **any benefits provided for in the FSA plan document.:**
- a. ~~PEMHCA health insurance coverage;~~
  - b. ~~any personal medical, dental and vision care expenses not covered by the City's plans, including but not limited to deductibles, copayments, medication and medical equipment;~~
  - c. ~~supplemental life insurance through the City's supplemental life carrier up to the maximum amount allowed by the carrier;~~
  - d. ~~child care expenses not otherwise reimbursed by the City; and~~
  - e. ~~contributions to a City offered deferred compensation plan.~~
- ~~6.1.4 If any active employee spends less than the total of his/her allocated amount above the minimum employer contribution in 6.1.1, then the active employee will be entitled to the unused amount in cash as taxable income, subject to appropriate tax withholding.~~
- ~~6.1.5 Each employee must enroll in an available PEMHCA health insurance plan or demonstrate that he/she has health insurance coverage equivalent to the PEMHCA plan in order to receive cash back under Section 6.1.4.~~
- ~~6.1.6 Surplus funds remaining at the end of the year will revert to the City's General Fund.~~
- 6.1.7 Employees 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 PEMHCA. 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.

- 6.1.8 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 employees and retirees is not equivalent to that provided under PEMHCA, then the City shall meet and confer with the Union prior to contracting with the alternate provider, consortia or group.

6.2 DENTAL INSURANCE

**Replace Entire Section with the following:**

- 6.2.1 The City shall pay the full cost for Dental Insurance administered by Delta Dental or an equivalent third party administrator up to the annual maximums described in the summary plan description.
- 6.2.2 Dental Benefits will be provided as described in the summary plan description.
- 6.2.3 The parties understand that all City employees must agree to participate in the plan administered by Delta Dental coverage and that, in the event Delta Dental will not provide coverage to the City (for example, if another bargaining unit fails to agree), the parties will continue to negotiate over dental insurance benefits and any payments under the reimbursement plan described in the 2013-14 MOU will require mutual agreement.

**ARTICLE 2: PAY RATES AND PRACTICES**

Amend Section 2.5 as follows:

Each represented member will be reimbursed up to Two Thousand Dollars (\$2,000.00) per fiscal year for the following:

. . .

Monies not spent while this document is in force may be rolled over into the following term for a period not to exceed twelve months ~~or applied to one of the City sponsored deferred compensation plans, at the employee's option~~. Excess funds may not be received in cash.

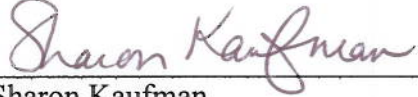
The City reserves the right to freely administer this Section and may disallow future claims that do not strictly conform to these sections, e.g., cellular phones or phone bills.

FOR THE CITY:

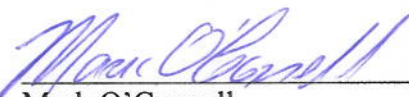
FOR THE PSA:

  
\_\_\_\_\_  
Gina Donnelly  
Human Resources Director

12/01/14  
Date

  
\_\_\_\_\_  
Sharon Kaufman  
PSA President

12-1-14  
Date

  
\_\_\_\_\_  
Mark O'Connell  
PSA Negotiator

12-1-14  
Date



**CITY OF MENLO PARK  
AND  
MENLO PARK POLICE SERGEANTS' 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 Sergeants' Association ("PSA").

This Agreement is considered tentative and shall not be considered final or binding until ratified by the PSA 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 PSA:

  
\_\_\_\_\_  
Gina Donnelly  
Human Resources Director

05/04/15  
Date

  
\_\_\_\_\_  
Sharon Kaufman  
PSA President

5-5-15  
Date

**CITY OF MENLO PARK  
AND  
MENLO PARK POLICE SERGEANTS' ASSOCIATION  
TENTATIVE AGREEMENT**

Term/Expiration:

- May 8, 2015 - June 30, 2016

Pay Rates and Practices:

- Please see attached (revised 03/31/15)

Night Shift Differential:

- Clarification of temporary assignments

Working Out of Class:

- Please see attached (revised 12/17/14)

Uniform Allowance:

- Please see attached

Cafeteria Plan:

- Please see attached (revised 05/04/15)

Retirement Programs:

- Clarification of employee paid City contribution

Training Offset Hours:

- Please see attached

Holidays:

- Please see attached (revised 05/04/15)

Side Letters:

- On-Call pay for Court or District Attorney Directed Standby
- Dental Plan/Management Benefit

**SIDE LETTER AGREEMENT  
BETWEEN  
CITY OF MENLO PARK  
AND  
MENLO PARK POLICE SERGEANTS' ASSOCIATION (PSA)**

**Purpose**

To supplement Article 2, Pay Rates and Practices, of the current Memorandum of Understanding (MOU) between the parties in order to provide additional compensation for Court or District Attorney directed standby duty.

**Background**

The parties acknowledge and agree that the expired MOU between the parties states the following in regards to On-Call Pay:

2.11 On-Call Pay

Sergeants assigned to the detective unit who are placed in an on-call status shall be compensated for each day or portion thereof on normal days off that she/he is on-call at the rate of fifty dollars (\$50.00) per twenty-four (24) hour period. Sergeants assigned to the detective unit who are on-call and fail to respond when called may be subject to disciplinary action.

**Agreement**

2.11.1 On-Call Pay for Court or District Attorney Directed Standby

Sergeants required to be available by phone as directed by the Court or a representative of the District Attorney's Office on normal days off, inclusive of any City observed holiday, 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 or Police Commander to be on said standby. This section shall not apply if the employee is eligible for pay under Section 2.11. 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 or Police Commander to receive permission to remain on on-call status for the additional time.

**Term & Expiration**

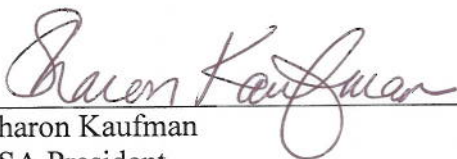
This Agreement shall be effective September 2, 2014, and shall expire June 30, 2015.

FOR THE CITY:

  
\_\_\_\_\_  
Gina Donnelly  
Human Resources Director

09/23/14  
\_\_\_\_\_  
Date

FOR THE UNION:

  
\_\_\_\_\_  
Sharon Kaufman  
PSA President

9/23/2014  
\_\_\_\_\_  
Date

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## PUBLIC WORKS DEPARTMENT

Council Meeting Date: May 19, 2015

Staff Report #: 15-087

### REGULAR BUSINESS:

**Approve Mailing the Proposition 218 Notification for Rate Structure Option 2 (Two Tiers) for the Menlo Park Municipal Water District's Proposed Five-Year Water Rates, including Fixed Meter Charges, Unmetered Fire Fixed Charges, Water Consumption Charges, Water Capital Surcharges, and Drought Charges; and Approve Proposed Water Capacity Charges Not Subject to Proposition 218**

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### RECOMMENDATION

Staff recommends that the City Council approve mailing the Proposition 218 notification for Rate Structure Option 2 (two tiers) for the Menlo Park Municipal Water District's proposed five-year water rates which includes:

1. Increasing monthly fixed meter charges by aligning the meter capacity ratios to be consistent with American Water Works Association (AWWA) standards, and setting the fixed meter charges to recover 20% of total rate revenues.
2. Adjusting unmetered fire fixed charges to equal 18% of the potable fixed meter charges to be consistent with AWWA standards.
3. Increasing water consumption charges as follows: Tier 1 (0 – 6 ccf) would be \$4.51 per ccf the first year to fully recover the cost of wholesale water plus the BAWSCA bond surcharges, and then increase 5.4% for years two through five; Tier 2 (> 6 ccf) would be \$4.64 per ccf the first year and then increase 14.5% for years two through five.
4. Increasing water capital surcharges 24% annually for the next five years to fully fund MPMWD's capital improvements.
5. Adding a drought surcharge based on the Water Shortage Contingency Plan stage of action.

Staff also recommends the City Council approve proposed water capacity charges not subject to Proposition 218.

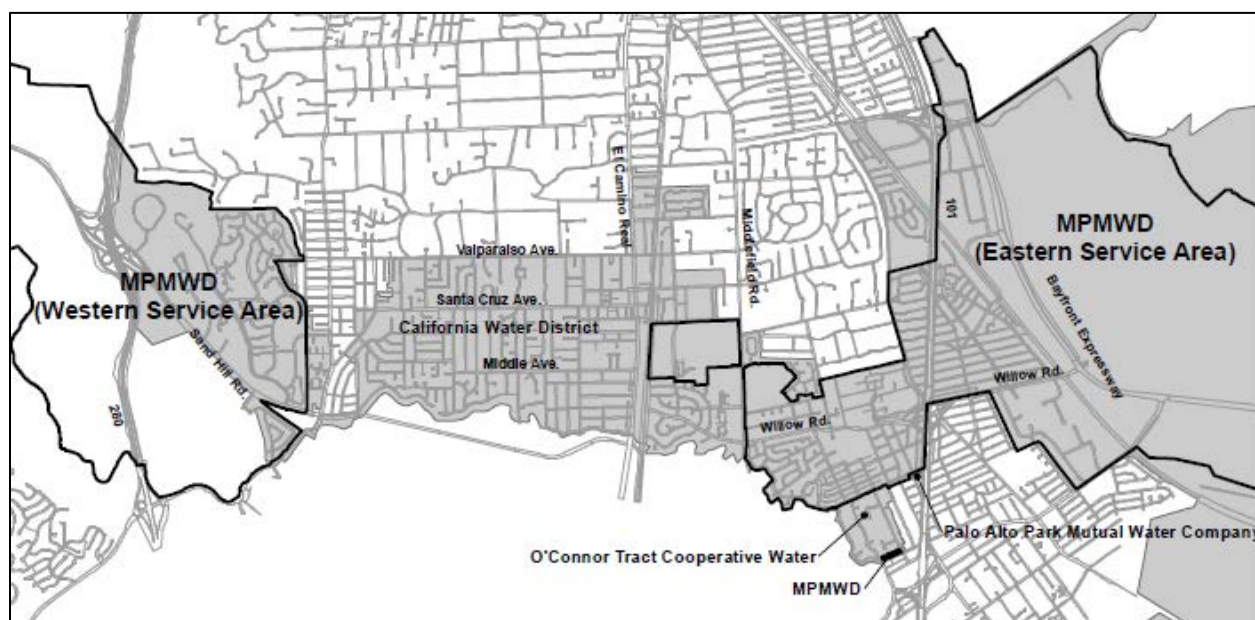
## POLICY ISSUES

The City Council acts as the Menlo Park Municipal Water District Board to set water rates.

## BACKGROUND

The City of Menlo Park operates and maintains the Menlo Park Municipal Water District (MPMWD) distribution system, supplying water to approximately 4,300 homes and businesses in the eastern and western service areas as shown in Figure 1. The MPMWD currently contracts with Global Water for water meter reading and billing.

**Figure 1**  
**Menlo Park Municipal Water District Service Areas**



The MPMWD is a self-supporting enterprise where revenues from water sales finance operations and capital needs. The last comprehensive rate study occurred in FY 2009-10. In May 2010, Council approved a five-year rate program with uniform annual increases of 16.5% per year. The last increase of this program went into effect on July 1, 2014.

### **SFPUC Wholesale Water Rates**

The MPMWD purchases 100% of its water from the San Francisco Public Utilities Commission (SFPUC) which delivers water from the San Francisco Regional Water System (RWS). The SFPUC has substantially increased wholesale water rates to support a \$4.3 billion capital improvement program to upgrade, repair, and replace the RWS. Over the last 5 years, SFPUC wholesale water costs have doubled including a 20% increase for 2014-15. SFPUC recently announced it will increase its wholesale water rates by 28% starting July 1, 2015. MPMWD's wholesale water costs are projected to account for about 63% of total annual expenditures in the current fiscal year. As in the 2010 water rate study, one of the primary drivers in the rate study is the

need to meet large increases in wholesale water cost from SFPUC over the next five years. SFPUC estimates that its wholesale water costs will increase nearly 61% over the next five years.

**Current Water Rates**

The MPMWD monthly water rates consist of three elements. Table 1 shows current water rates. A typical single family home uses about 14 ccf (centum cubic feet) of water per month and is billed \$70.49.

1. **Fixed Meter Charge** – All customers are charged a monthly fixed charge based on meter size.
2. **Water Consumption Charge** – The four-tiered water consumption charges increase as water use increases. Currently, the first tier is set at approximately 75% of the SFPUC wholesale cost of water.
3. **Water Capital Surcharge** – The capital surcharge is a separate consumption charged based on monthly usage to fund water capital improvements.

**Table 1  
Current Water Rates**

Meter Size	Monthly Meter Charge	Tiers, ccf	Consumption Charge, per ccf	Capital Surcharge, per ccf
5/8" and 3/4"	\$16.84	0-5	\$2.69	\$0.51
1"	\$26.94	6 – 10	\$3.38	
1 1/2"	\$55.57	11 – 25	\$4.04	
2"	\$89.26	> 25	\$5.39	
3"	\$163.35			
4"	\$252.61			
6"	\$560.81			
8"	\$1,244.54			
10"	\$2,761.91			

In November 2014, the City retained Bartle Wells Associates (BWA) to complete a comprehensive five-year water rate study. *Attachment A* is BWA's Water Rate Study 2015, Draft Final Report. Major objectives of the study included:

- Ensure the continued financial health and stability of the City's water enterprise;
- Develop a five-year projection of operating and capital revenue requirements for the water utility;
- Recommend rates that meet these revenue requirements;
- Recommend alternative water rate structures to recover the full cost of providing service;
- Develop water shortage or drought rates;
- Update water capacity charges for new development; and,

- Maintain equity among all users and ensure compliance with all legal requirements such as Proposition 218.

### **Recent Court Ruling on Tiered Water Rates**

In the recent court case *Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano*, the court ruled that tiered water rates must be supported by actual cost of service calculations with identifiable, incremental costs correlating to each tier. The Court invalidated the specific rates that were presented in the case. In the case, the Court concluded that the administrative record did not provide sufficient support for each of the tier breakpoints or for the proportionate allocation of system-wide costs. Because the water service provider failed to carry its burden the Court held that the rate structure at issue failed to comply with Proposition 218.

It is important to note that the decision has not invalidated tiered rate structures in general. Proposition 218 places the burden of proving the constitutionality of a challenged rate structure on the water service provider.

### **ANALYSIS**

BWA completed their evaluation of the water enterprise fund, and made the following key observations:

- Water Capital fund balance is being used to balance the operating budget.
- There are approximately \$3.5 million in capital reserves.
- The MPMWD's average monthly residential bill (14 ccf, \$70.49) is in the lower range compared to other regional agencies.
- The MPMWD is 100% dependent on SFPUC water. SFPUC plans to increase its wholesale water rates by 28% starting July 1, 2015. SFPUC also estimates that wholesale water rates will increase 61% in five years. MPMWD water purchases account for nearly 63% of all operating expenditures.
- The MPMWD plans to implement almost \$6.9 million in capital improvement projects over the next five years. Major projects include emergency supply wells, water main replacements, and automated meters.
- The State is in its fourth year of drought, and the MPMWD is in Stage 2 of its Water Shortage Contingency Plan which calls for up to a 20% reduction in consumption.

### **Water Fund Overview**

The water fund consists of two components: Operations and Capital. For the last ten years, the City has utilized the operations and capital funds to balance each other to maintain a positive cash flow. The 2010 water rate analysis projected water sales for the next five years that would enable the City to reach a positive cash flow for both operations and capital separately. Unfortunately, that did not occur, and for the past five years, the capital cash flow has been covering the operating deficit. This deficit is due in part to the on average 11% less than anticipated water sales annually over the last five years and other factors such as the recession, drought, conservation efforts and the BAWSCA Bond Surcharge further described below. Without water rate



increases, MPMWD will not recover its cost of providing service, which will result in a negative cash flow.

### **BAWSCA Bond Surcharge**

The Bay Area Water Supply and Conservation Agency (BAWSCA) issued revenue bonds to prepay the capital debt that the BAWSCA agencies owed SFPUC. The bond surcharges are a fixed amount adopted by the BASWCA Board each fiscal year, and are collected as a separate line item in the bill MPMWD receives from SFPUC each month. The bond surcharge reflects the actual percentage of water purchased in 2013/14 and expenses incurred by BAWSCA in administering the bonds. For 2015/16, MPMWD's BAWSCA bond surcharge will be approximately \$615,000. In Table 4 of BWA's Water Rate Study 2015, Draft Final Report (Attachment A), BWA estimates the bond surcharge equates to \$0.46 per ccf. This bond surcharge is included in the rate options that follow.

### **Water Consumption Charge – Rate Structure Options**

BWA evaluated several rate structures, and Table 2 lists the two options that staff believes are most feasible. The options differ by the number of tiers and rate per volume of water purchased that will achieve the following:

- Recover MPMWD's full cost of providing water service,
- Meet the same revenue target,
- 3% increase in operating costs, and 4% increase in utility and personnel costs,
- Operating fund self-sufficiency by FY 2019-20, and
- Maintain the same revenue generated by customer category.

Option 1 is a single uniform tier for all customers so all water use is billed at the same rate per unit, or ccf. This rate structure provides a conservative incentive since customers have to pay for each unit of water use. Uniform block rates are commonly applied to a broad customer base with different water needs, such as commercial and multi-family classes. Advantages are they are easy to understand and administer and they garner the least complaints from water users. Disadvantages are it does not provide clear price signals to conserve and low water users will see higher bill impacts than those with moderate to high levels of use. The first year the rate would be \$4.75 per ccf for all customer classes and would recover the cost of wholesale water plus the BAWSCA bond surcharge, and then increase 13% annually for years two through five. Table 2 summarizes these five-year proposed rates.

Option 2 is a two-tier rate structure for all customers with Tier 1 including the first six units of water (0 – 6 ccf) and Tier 2 including all water use over 6 ccf. The advantage is simplicity, especially for larger customers with water use in Tier 4. The disadvantage is that low water users will see higher cost impacts than those with moderate to high levels of use. The first year Tier 1 would be \$4.51 per ccf for the first 6 ccfs for all customer classes and would recover the cost of wholesale water plus the BAWSCA bond surcharges, and then increase 5.4% for years two through five. The first year Tier 2 would be \$4.64 per ccf for usage above 6 ccfs for all customer classes and then

increase 14.5% for years two through five. Table 2 summarizes these five-year proposed rates.

The tier breakpoints are designed to provide a reasonable amount of water for efficient indoor and outdoor water use for a typical single family residential household. The inclining tiered rate structure reflects the proportionate increase in costs associated with additional demand placed on the system and provides more conservation incentive as customers use more water. BWA’s Water Rate Study 2015, Draft Final Report (Attachment A) provides additional details.

- ◆ Tier 1 (0 – 6 ccf) includes the first six ccf of monthly water use which is the minimum efficient domestic (indoor) water use for 2.5 person household based on 55 gallons per capita per day.
- ◆ Tier 2 (Over 6 ccf) includes all consumption over 6 ccf for all other uses.

**Table 2  
Comparison of Optional Rate Structures**

Options	Tier Breakdown	All Customers, \$ per ccf				
		2015/16	2016/17	2017/18	2018/19	2019/20
1 Uniform	All usage *	\$4.75	\$5.35	\$6.02	\$6.84	\$7.70
2 Two Tiers	0 – 6 ccf *	\$4.51	\$4.75	\$5.01	\$5.28	\$5.57
	Over 6 ccf	\$4.64	\$5.32	\$6.09	\$6.97	\$7.98

\*Note: Tier 1 at least as much as SFPUC wholesale rate plus BAWSCA bond surcharge (\$0.46/ccf).

Appendices E through H in BWA’s Water Rate Study 2015, Draft Final Report (Attachment A) provide sample bill impacts for each of these options for various customer categories.

**Fixed Meter Charges**

All customers are charged a monthly fixed charged based on meter size regardless of water consumption. The American Water Works Association (AWWA) established capacity ratios that provide a basis for charging customers proportionally to the capacity that is reserved for them in the water system based on their meter size. For example, a 2-inch meter has 5.3 times the capacity equivalency of a customer with a 5/8-inch or ¾-inch meter. The current meter capacity ratios for 3-inch meters and larger are not aligned with the meter capacities recommended by AWWA. Staff is recommending updating the meter ratios for meters 3-inch meters and larger, and setting the fixed meter charges to recover 20% of total rate revenues as shown in Table 3.

**Table 3**  
**Proposed Fixed Meter Charges**

Option	Meter Size, Inches	All Customers					
		Current 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
All Options	5/8	\$16.84	\$17.93	\$20.08	\$22.49	\$25.19	\$28.21
	3/4	\$16.84	\$17.93	\$20.08	\$22.49	\$25.19	\$28.21
	1	\$26.94	\$29.88	\$33.47	\$37.49	\$41.99	\$47.03
	1-1/2	\$55.57	\$59.77	\$66.94	\$74.97	\$83.97	\$94.05
	2	\$89.26	\$95.63	\$107.10	\$119.95	\$134.34	\$150.46
	3	\$163.35	\$179.30	\$200.82	\$224.92	\$251.91	\$282.14
	4	\$252.61	\$299.43	\$335.36	\$375.60	\$420.67	\$471.15
	6	\$560.81	\$597.67	\$669.39	\$749.72	\$839.69	\$940.45
	8	\$1,244.54	\$956.27	\$1,071.02	\$1,199.54	\$1,343.48	\$1,504.70
10	\$2,761.91	\$1,374.63	\$1,539.59	\$1,724.34	\$1,931.26	\$2,163.01	

For unmetered fire services, which are used solely as standby service for private fire protection, the City charges a separate monthly fixed charge based on service size. The AWWA recommends that 18% of system expenses are allocated to fire protection, and therefore, the monthly charge should be set at 18% of the potable fixed meter charges. Staff is recommending that unmetered fire fixed charges be adjusted to equal 18% of the potable fixed meter charges as shown in Table 4.

**Table 4**  
**Proposed Unmetered Fire Fixed Charges**

Option	Meter Size, Inches	All Customers, \$					
		Current 2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
All Options	1-1/2	\$4.00	\$10.76	\$12.05	\$13.49	\$15.11	\$16.93
	2	\$5.00	\$17.21	\$19.28	\$21.59	\$24.18	\$27.08
	3	\$7.00	\$32.27	\$36.15	\$40.49	\$45.34	\$50.79
	4	\$9.00	\$53.90	\$60.36	\$67.61	\$75.72	\$84.81
	6	\$13.00	\$107.58	\$120.49	\$134.95	\$151.14	\$169.28
	8	\$17.00	\$172.13	\$192.78	\$215.92	\$241.83	\$270.85
	10	\$22.00	\$247.43	\$277.13	\$310.38	\$347.63	\$389.34
12	\$28.00	\$462.59	\$518.10	\$580.28	\$649.91	\$727.90	

Note: Unmetered fire charges set to 18% of proposed fixed meter charges (Table 3).

### **Water Capital Surcharges**

The City's 5-year Capital Improvement Plan (CIP) lists several water system maintenance and improvement projects that will benefit MPMWD customers. The City anticipates spending about \$6.9 million for water system projects over the next 5 years to repair and rehabilitate aging water mains, and build needed capital improvements such as the emergency water supply well project. A volume surcharge is the most equitable way of financing water facilities because it is based on demand. Revenues from the charge are separated from other water system revenues and are used to fund capital improvement projects.

The capital surcharge was established in 1990 to fund capital improvements on a pay-as-you-go basis. Since 2010, it has been increased annually according to the Bay Area’s Engineering News Record – Construction Cost Index (ENR-CCI) to keep pace with rising construction costs. It is currently \$0.51 per ccf. Staff is recommending that the capital surcharge increase 24% annually for the next five years to fully fund MPMWD’s infrastructure needs (see Table 5).

**Table 5  
Proposed Water Capital Surcharges**

Option	Current 2014/15 \$ per ccf	All Customers. \$ per ccf				
		2015/16	2016/17	2017/18	2018/19	2019/20
All Options	\$0.51	\$0.63	\$0.78	\$0.97	\$1.21	\$1.50

**Drought Surcharge**

Drought surcharges are designed to recover lost revenue due to decreased levels of consumption and to pay for additional expenses related to the drought. MPMWD recognizes that ratepayers are already doing their part to conserve, therefore, applying a drought surcharge to the amount of water used gives customers the increased ability to control a portion of their water bills. The emergency drought surcharge would be an additional separate consumption charge levied on all usage and would only be charged as long as MPMWD is implementing Stage 2 or above in the Water Shortage Contingency Plan.

BWA developed drought surcharges for each rate structure option to be used in conjunction with Stages 2 through 5 of the MPMWD’s Water Shortage Contingency Plan (WSCP) that was adopted by City Council in November 2014. The drought surcharge is dependent on the WSCP stage of action, which year in the five-year rates, and the Rate Structure Option. Staff is recommending the drought surcharge ranges shown in Table 6 for the first year through the fifth year. For example, as MPMWD is currently in Stage 2 of the WSCP, if MPMWD is implementing Rate Structure Option 2 (two tiers), the first year the drought surcharge would be \$0.29 per ccf and the fifth year it would be \$0.85 per ccf, with years two through four in between those amounts.

**Table 6  
Proposed Drought Surcharges**

Options	Tier Breakdown	Drought Surcharge, \$ per ccf				
		Water Shortage Contingency Plan, Nov 2014				
		Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
			Up to 20% Goal	Up to 30% Goal	Up to 40% Goal	Up to 50% Goal
1 Uniform	All usage	None	\$0.31 to \$0.79	\$0.57 to \$1.38	\$0.90 to \$2.17	\$1.37 to \$3.28
2 Two- Tiers			\$0.29 to \$0.85	\$0.52 to \$1.48	\$0.82 to \$2.32	\$1.25 to \$3.50

**Water Capacity Charge**

The water capacity charge is calculated such that new connections “buy-in” for their proportional share of capacity needs in existing and planned water system facilities and assets serving the utility, known as the System Buy-In Approach. MPMWD originally developed the charge in the 2005 rate study, and since then, they have been adjusted annually according to the Bay Area’s Engineering News Record – Construction Cost Index (ENR-CCI) to keep pace with rising construction costs. MPMWD collects these charges during the construction period as new customers begin to use the water facilities. Staff is recommending that MPMWD establish water capacity charges based on the System Buy-In Approach the first year and increase the water capacity charges annually thereafter by the ENR-CCI as shown in Table 7. The proposed charges will place MPMWD in the middle range compared to other regional water agencies surveyed.

Water capacity charges are not subject to Proposition 218 requirements. If the City Council adopts these charges, at the July 21, 2015 public hearing, staff will include these charges as part of the resolution to adopt new water rates.

**Table 7  
Proposed Water Capacity Charges**

Meter Size, Inches	Current 2014/15	New Construction & Meter Size Upgrades				
		2015/16	2016/17	2017/18	2018/19	2019/20
5/8	\$2,706	\$4,852	Increased annually by the ENR-CCI			
3/4	\$2,706	\$4,852				
1	\$4,328	\$8,087				
1-1/2	\$8,935	\$16,173				
2	\$14,348	\$25,877				
3	\$26,247	\$48,520				
4	\$40,595	\$81,028				
6	\$90,124	\$161,733				

Note: Charges for larger sizes based on ratio of size to 5/8” – 3/4” meters

**Proposition 218 Noticing Requirements**

Article XIII(D) of the California State Constitution, also known as Proposition 218, requires that prior to adopting a property-related fee change (including water rates) the MPMWD must notify affected property owners. The City must mail a notice to every property owner served by MPMWD showing the maximum proposed rate, the rate structure, and the time, date, and place for the public hearing. This process allows property owners an opportunity to submit written protests to the proposed rates. Before new rates can become effective, the Proposition 218 notice must be mailed and water customers must be given at least 45 days to respond prior to a City Council public hearing to adopt new rates. Rates cannot be adopted if more than 50% of property owners submit protests.

Assembly Bill 3030, signed into law in September 2008, allows public utility providers to adopt a schedule for inflation and wholesale rate pass-throughs provided they do not

apply for more than five-years without a new protest hearing, and that the utility provider gives 30 days written notice to ratepayers each time a pass-through is implemented. The Proposition 218 notice will include language to enable the MPMWD to pass-through SFPUC's wholesale rate increases if they exceed the maximum rate noticed and other regulatory charges or fees that may arise during the five-year period.

### **Next Steps**

End-May 2015	Mail Proposition 218 notice to all MPMWD property owners.
July 21, 2015	Public hearing to hear protests and to adopt a resolution setting new rates for the next five years
Aug/Sept 2015	New rates become effective, and then are adjusted annually for the next five years on July 1st.

### **IMPACT ON CITY RESOURCES**

The City Council's decision on water rates will impact the sufficiency of the operating reserve and the capital reserve. If reserves are not adequate, a loan from the General Fund may be required to finance future repairs, improvements or purchases.

### **ENVIRONMENTAL REVIEW**

An 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. Bartle Wells Associate's Water Rate Study 2015, Draft Final Report, May 13, 2015

Report prepared by:  
*Pam Lowe, P.E.*  
*Senior Civil Engineer*



# **CITY OF MENLO PARK**

## **Water Rate Study 2015**

**Draft Report— May 12, 2015**



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# 1 INTRODUCTION

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Bartle Wells Associates (BWA) was retained by the City of Menlo Park (City) Municipal Water District (MPMWD) in December 2014 to complete a comprehensive water rate study. The primary objective of the study is to recommend water rates which ensure the continued financial health and stability of the City's water enterprise, while minimizing the impact of any proposed rates changes on customers. In addition to water rates, BWA developed emergency water shortage rates and updated the City's water capacity charges.

The major objectives of the study include:

- Ensuring the continued financial health and stability of the City's water enterprise;
- Developing a ten-year projection of operating and capital revenue requirements for the water utility;
- Recommending rates which meet these revenue requirements;
- Recommending alternative water rate structures to recover the full cost of providing service;
- Developing water shortage or drought rates;
- Updating water capacity charges for new development; and,
- Maintaining equity among all users of the system and ensure compliance with all legal requirements such as Proposition 218.

The City last conducted a water rate study in 2010 which recommended a five-year rate program with uniform annual increases of 16.5% per year. The last increase of this program went into effect on July 1, 2014.

As with the 2010 study, the need to meet large increases in wholesale water cost from San Francisco Public Utilities Commission (SFPUC) over the next five years is one of the primary drivers in the rate study. These wholesale water cost increases are currently projected to increase nearly 61% percent over the next five years. In addition to providing for a stable revenue source to meet continued cost of operations, the City must also continue to repair and rehabilitate aging water mains, and build needed capital improvements such as the emergency water supply well project. These capital improvement costs are expected to total \$5.9 million over the next five years.

#

## 1.1 Current Water Rates

The City bills water service on a monthly basis. Table 1 shows the current and historical rates since 2009/10. The current water rates includes 3 components:

- 1. Fixed Charge:** All customers, residential and non-residential, are charged the same fixed charges based on their meter size. The fixed charge is levied regardless of water consumption and recognizes that even when a customer does not use any water, the City incurs fixed costs in connection with maintaining the ability or readiness to serve each connection.

Meter size is used as a proxy for the estimated demand that each customer can place on the water system. A significant portion of a water system's design and in turn, the utility's operating and capital costs are related to meeting capacity requirements. The City's base meter size is either a 5/8" or 3/4" meter. Larger meters are charged based on their estimated capacity represented by meter ratios recommended by the American Water Works Association (AWWA). The AWWA has established a set of capacity ratios using the maximum safe flow of various sizes of meters relative to the base or smallest meter size. These meter capacity ratios provide a basis for charging customers proportional to the capacity that is reserved for them in the water system. Meter ratios are discussed further in Section 6.1.1.

Fixed charges currently are designed to recover the City's fixed expenses and generate about 20% of total water rate revenues. Fixed costs include staffing, customer service, system maintenance, and repairs.

- 2. Water Consumption Charge:** All customer classes are billed according to a four-tiered inclining rate structure in which the cost per unit of water increases through the various tiers as customers use more water. A hundred cubic feet (ccf) unit of water is equal to 748 gallons of water. The first tier is set at approximately 75% of the City's wholesale cost of water to allow for additional conservation in the higher tiers.

The water consumption charges are intended to recover costs that vary based on the amount of water consumed and currently generate 80% of total water rate revenues. Variable expenses include utilities, chemicals, and water purchases.

- 3. Water Capital Surcharge:** The capital surcharge is a separate consumption charge billed based on monthly usage. The surcharge was established in 1990 to fund capital improvement projects on a pay-as-you-go basis. Since 2010, the capital surcharge has been increased annually by the change in the Engineering News Record – Construction Cost Index (ENR-CCI) for the Bay Area to keep pace with rising costs of construction. The capital

surcharge currently generates about \$700,000 in annual revenue for projects. By comparison, average annual capital needs are projected at \$1.37 million per year through 2019/20.

Table 1: Historical and Current Water Rates  
City of Menlo Park Municipal Water District  
Water Rate Study 2015

		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>FIXED CHARGE</b>							
<u>Meter Size</u>	<u>Meter Ratios (1)</u>						
5/8"	1.0	\$7.84	\$9.14	\$10.65	\$12.41	\$14.46	\$16.84
3/4"	1.0	\$7.84	\$9.14	\$10.65	\$12.41	\$14.46	\$16.84
1"	1.6	\$12.54	\$14.61	\$17.03	\$19.85	\$23.12	\$26.94
1-1/2"	3.3	\$25.87	\$30.15	\$35.14	\$40.95	\$47.70	\$55.57
2"	5.3	\$41.55	\$48.42	\$56.43	\$65.77	\$76.62	\$89.26
3"	9.7	\$76.04	\$88.62	\$103.27	\$120.36	\$140.21	\$163.35
4"	15.0	\$117.59	\$137.04	\$159.71	\$186.12	\$216.83	\$252.61
6"	33.3	\$261.06	\$304.24	\$354.56	\$413.20	\$481.38	\$560.81
8"	73.9	\$579.34	\$675.16	\$786.83	\$916.98	\$1,068.28	\$1,244.54
10"	164.0	\$1,285.68	\$1,498.33	\$1,746.16	\$2,034.97	\$2,370.74	\$2,761.91
<b>WATER CONSUMPTION (Per ccf) (2)</b>							
Tier 1	0 - 5 ccf	\$1.25	\$1.46	\$1.70	\$1.98	\$2.30	\$2.69
Tier 2	6 - 10 ccf	\$1.57	\$1.83	\$2.13	\$2.48	\$2.90	\$3.38
Tier 3	11 - 25 ccf	\$1.88	\$2.19	\$2.55	\$2.98	\$3.47	\$4.04
Tier 4	>25 ccf	\$2.51	\$2.93	\$3.41	\$3.97	\$4.63	\$5.39
<b>WATER CAPITAL SURCHARGE (3)</b>							
Per ccf		\$0.35	\$0.41	\$0.43	\$0.47	\$0.48	\$0.51
1 - Meter ratios represent the capacity of each meter size							
2 - 1 ccf = 100 cubic feet or 748 gallons							
3 - Annually adjusted based on the Construction Cost Index (CCI) Engineering News Record (ENR) for the Bay Area							

## 2 RATE SETTING LEGISLATION & PRINCIPLES

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### 2.1 Constitutional Rate Requirements

The California Constitution includes two key articles that directly govern or impact the City's water rates: Article 10 and Article 13D. The water rates developed in this Water Rate Study 2015 were designed to comply with both of these constitutional mandates as well as various provisions of the California Water Code and Government Code that support and add further guidance for implementing these constitutional requirements. In accordance with the constitutional provisions, the proposed rates are designed to a) recover the City's cost of providing water service; b) allocate costs in proportion to the cost for serving each customer class; and c) promote conservation and discourage waste.

#### **Article 10, Section 2**

Article 10, Section 2 of the California Constitution was established by voter-approval in 1976 and requires public agencies to maximize the beneficial use of water, prevent waste, and encourage conservation. Section 2 states that:

*It is hereby declared that because of the conditions prevailing in this State the general welfare requires that the water resources of the State be put to beneficial use to the fullest extent of which they are capable, and that the waste or unreasonable use or unreasonable method of use of water be prevented, and that the conservation of such waters is to be exercised with a view to the reasonable and beneficial use thereof in the interest of the people and for the public welfare.*

#### **Article 13D, Section 6 (Proposition 218)**

Proposition 218 was adopted by California voters in 1996 and added Articles 13C and 13D to the California Constitution. Article 13D, Section 6 governs property-related charges, which the California Supreme Court subsequently ruled includes ongoing utility service charges such as water, sewer, and garbage rates. Article 13D, Section 6 establishes a) procedural requirements for imposing or increasing property-related charges, and b) substantive requirements for those charges. Article 13D also requires voter approval for new or increased property-related charges but exempts from this voting requirement rates for water, sewer, and garbage service.

The substantive requirements of Article 13D, Section 6 require the City's water rates to meet the following conditions:

- 1) Revenues derived from the fee or charge shall not exceed the funds required to provide the property related service.
- 2) Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed.
- 3) The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.
- 4) No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question.
- 5) No fee or charge may be imposed for general governmental services, such as police or fire services, where the service is available to the public at large in substantially the same manner as it is to property owners.

A subsequent appellate court decision in 2011 further clarified that agencies must demonstrate, satisfactory to a court's independent judgment, that property-related fees and charges meet the substantive requirements of Section 6 (3b). This rate study provides that justification. The water rates derived in this report are based on a cost-of-service methodology that fairly apportions costs to all customers.

## **2.2 Use of Industry Standard Rate-Making Principles**

The rates developed in this Water Rate Study 2015 use a straightforward methodology to establish an equitable system of fixed and variable charges that recover the cost of providing service and fairly apportion costs to each rate component. The rates were developed using cost-based principles and methodologies for establishing water rates, charges, and fees contained and discussed in the AWWA M1 Manual. In developing water rates, it is important to know that there is no "one-size-fits-all" approach for establishing cost-based water rates, "the (M1 Manual) is aimed at outlining the basic elements involved in water rates and suggesting alternative rules of procedure for formulating rates, thus permitting the exercise of judgment and preference to meet local conditions and requirements."<sup>1</sup>

In reviewing the City's water rates and finances, BWA used the following criteria in developing our recommendations:

---

<sup>1</sup> AWWA Manual M1 Manual, Principles of Water Rates, Fees, and Charges, Sixth Edition, 2012, page 5.

1. *Revenue Sufficiency:* Rates should recover the annual cost of service and provide revenue stability.
2. *Rate Impact:* While rates are calculated to generate sufficient revenue to cover operating and capital costs, they should be designed to minimize, as much as possible, the impacts on ratepayers.
3. *Equitable:* Rates should be fairly allocated among all customer classes based on their estimated demand characteristics. Each user class only pays its proportionate share.
4. *Practical:* Rates should be simple in form and, therefore, adaptable to changing conditions, easy to administer and easy to understand.
5. *Provide Incentive:* Rates provide price signals which serve as indicators to conserve water and to produce wastewater efficiently.



## **3 WATER UTILITY OVERVIEW**

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### **3.1 Water System Overview**

The City of Menlo Park is a general law city incorporated in 1927 with a current population of roughly 33,000. The City's municipal water department is responsible for maintenance, operation, and repair of the City's water distribution system. The water department's service area is not coterminous with the City's boundaries. The City provides water service to more than 16,000 customers, just under half the City's population, serving the Sharon Heights area and portions of the City north of El Camino Real. The remainder of the City is served by three other water purveyors: the O'Connor Tract Cooperative Water District, Palo Alto Park Mutual Water Company, and the California Water Service (Bear Gulch District).

The MPMWD purchases 100% of its water from the SFPUC which delivers water from the San Francisco Regional Water System (RWS). On average, 85% of RWS water comes from the Tuolumne River watershed and 15% comes from local watersheds in the East Bay and Peninsula. The MPMWD has two reservoirs in the western service area for pressurizing the system and emergency storage; however the eastern service area does not have emergency storage or a dedicated secondary water supply. The City is currently designing an emergency well as part of the Emergency Water Supply project, which will be constructed at the Corporation Yard, to provide a backup supply to the eastern service area. The project goal is to construct approximately 3 to 4 wells in order to provide about 3,000 gpm (gallons per minute) to meet average-day potable water needs.

The City is a member of the Bay Area Water Supply and Conservation Agency (BAWSCA), which represents the collective interests of agencies that purchase wholesale water from the SFPUC. Created on May 27, 2003, BAWSCA is governed by a 26-member Board of Directors representing the 24 cities and water districts that are member agencies of BAWSCA and two private utilities in Alameda, Santa Clara and San Mateo counties that purchase water on a wholesale basis from the San Francisco regional water system.

### **3.2 Water Customers**

The water utility currently has approximately 4,195 metered water accounts and 134 private fire accounts. Table 2 summarizes the number of current accounts by meter size and customer class. Approximately 81% of customers are single family dwellings, 14% are commercial/industrial/irrigation/public agency accounts, and 5% are multi-family residential

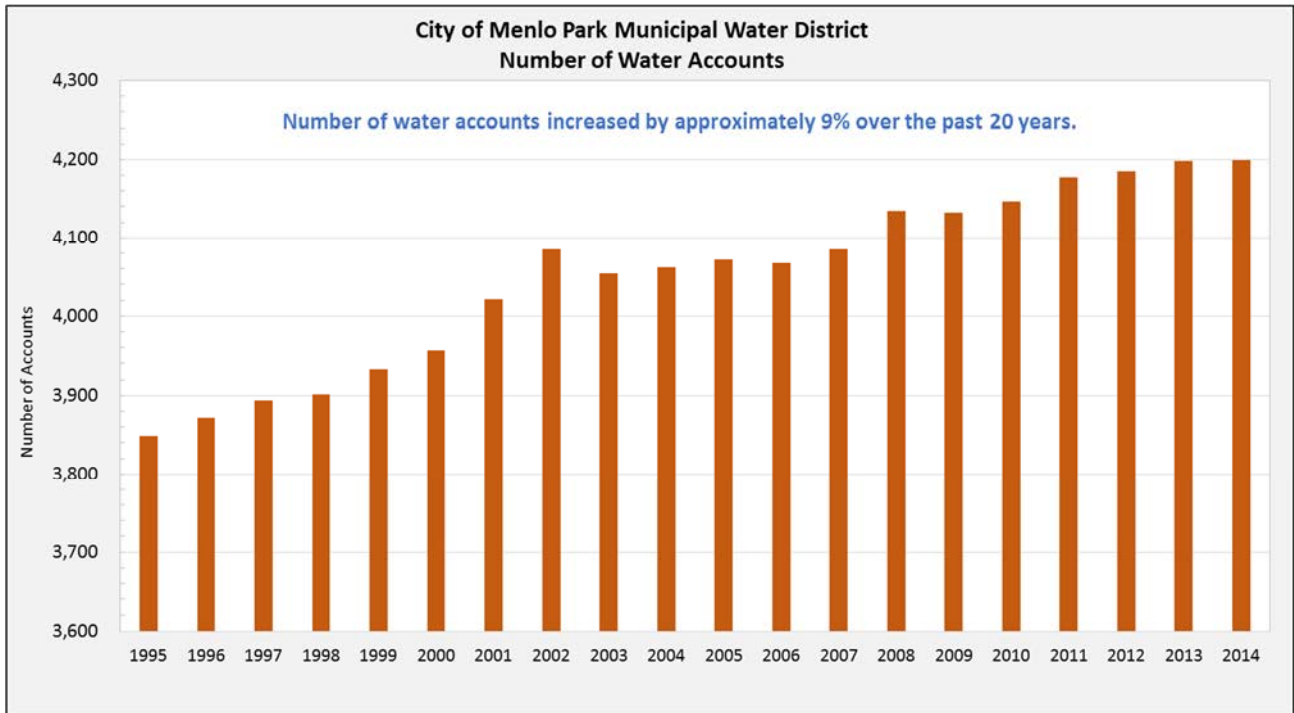
accounts. Since 1995, the water enterprise has seen a 9% increase growth in water customer accounts as shown on Figure 1. Due to planned developments, the City expects between 0.5% to 1% annual growth over the next 10 years.

Table 2: Current Water Customers  
 City of Menlo Park Municipal Water District  
 Water Rate Study 2015

Meter Size	Single Family	Multi-Family	Commercial	Industrial	Irrigation	Public Agency	Total	% of Total	Meter Ratio (1)	Total Equivalent Dwelling Units	Private Fire Meters
5/8"	2,756	112	65	55	16	1	3,005	72%	1.0	3,005	0
3/4"	2	0	0	0	0	0	2	0%	1.0	2	0
1"	617	54	31	41	24	7	774	18%	1.6	1,238	0
1-1/2"	10	4	15	59	35	4	127	3%	3.3	419	0
2"	5	26	50	76	51	19	227	5%	5.3	1,203	2
3"	0	9	11	9	4	2	35	1%	9.7	340	2
4"	0	5	2	1	1	2	11	0%	15.0	165	17
6"	0	0	1	4	0	0	5	0%	33.3	167	86
8"	0	0	2	3	0	2	7	0%	73.9	517	23
10"	0	0	1	1	0	0	2	0%	164.0	328	1
12"	0	0	0	0	0	0	0	0%		0	2
Total	3,390	210	178	249	131	37	4,195	100%		7,384	133
% of Total	81%	5%	4%	6%	3%	1%	100%				3%

1 - Meter ratios represent the capacity of each meter size

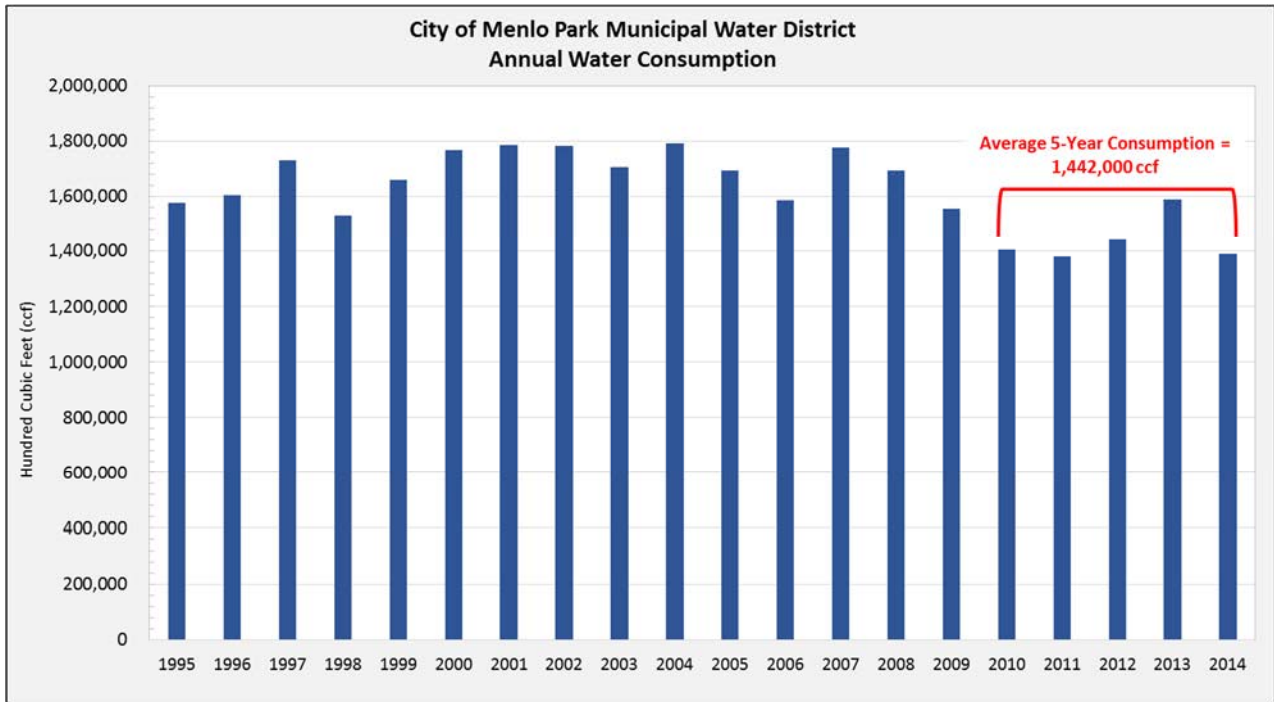
Figure 1: Historical Water Accounts



### 3.3 Water Consumption

Figure 2 illustrates historical water consumption for the past 20 years. Compared to prior years, water consumption has declined since 2010, although the City did see an increase in 2013. Total consumption for 2014/15 is estimated at 1,390,000 ccf based on actual 2014 calendar year usage. To meet State-mandated reductions, future consumption for 2015/16 through 2019/20 is anticipated at 1,344,000 ccf. The City anticipates that current conservation efforts will be offset due to growth. Therefore, consumption levels are projected to remain level for the next five years.

Figure 2. Historical Water Consumption



In April, the governor issued Executive Order B-29-15, imposing restrictions to achieve a 25% statewide reduction in potable urban water usage. This is the first time in the State’s history that mandatory conservation of potable urban use has been declared. The State Water Board released a proposed regulatory framework for all urban water suppliers that allocated the conservation savings across nine tiers of increasing levels of residential water use to reach the statewide 25% reduction mandate. The MPMWD is in Tier 4, calling for a 16% decrease in use from the base year of 2013. According to the April 28, 2015 estimates from the State, the City has already achieved a 27% reduction in total water production. The State Water Resources Control Plan adopted these new regulations in May 2015.

Figure 3 depicts total water consumption by customer class. Single family residential users consume about 35% of all water in the City, and multi-family represent 10% of all consumption. Non-residential customers (commercial, industrial, land/irrigation, and public facility) account for more than half or 55% of total use.

Figure 3. Water Consumption by Customer Class

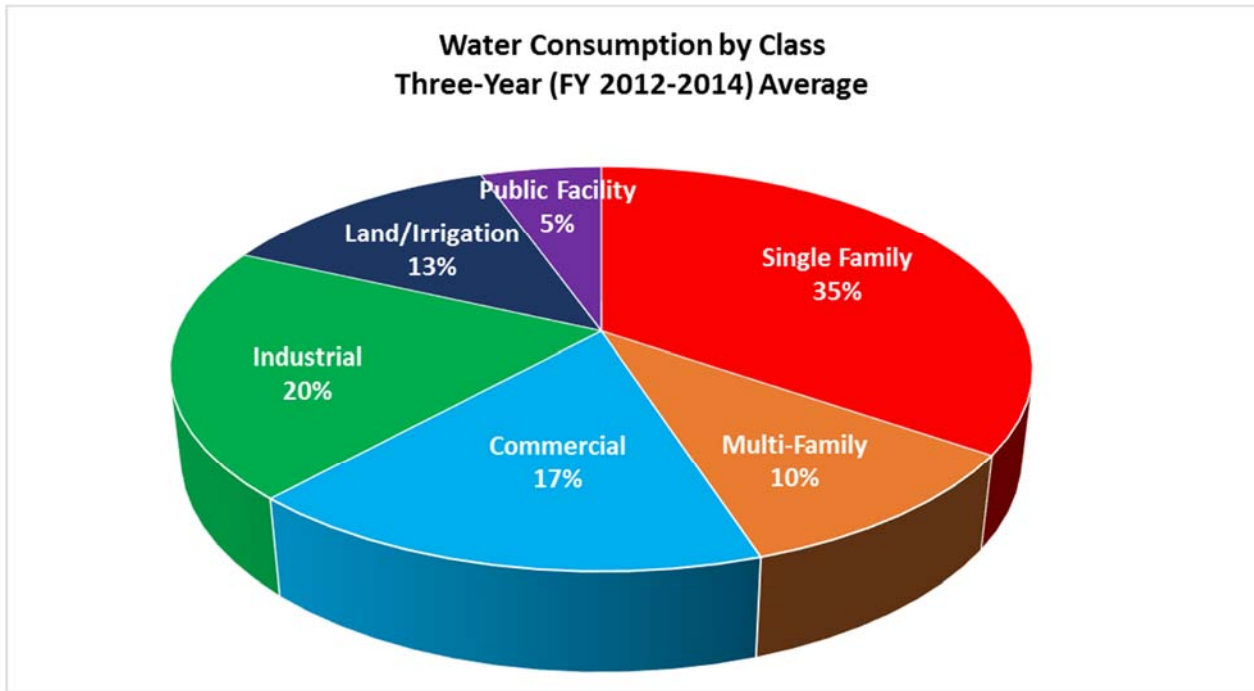
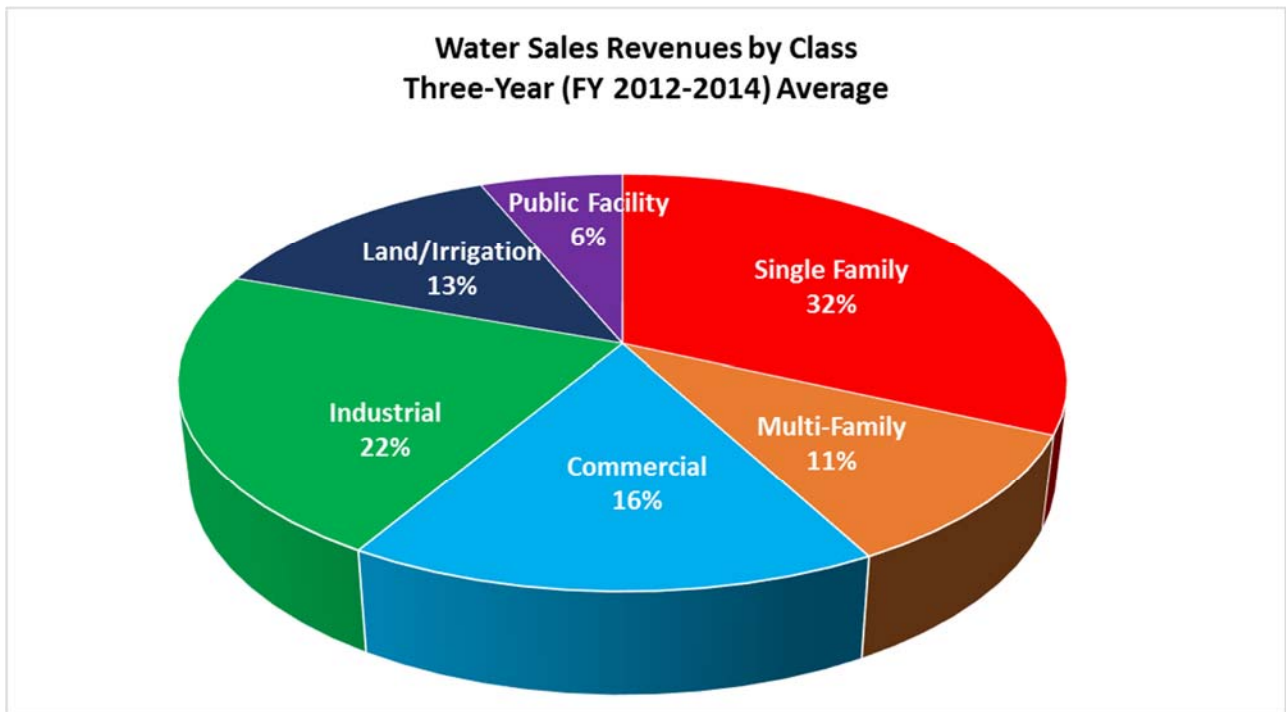


Figure 4 below details a summary of total revenues by customer class. It shows the percentage of total water utility revenues generated by each customer class (including both fixed service charges and consumption charges). Importantly, when compared to Figure 3, Water Consumption by Customer Class, the percentages of revenue recovery closely match those of water use. The single family residential customer class uses 35% of all water and generates 32% of revenues. Non-residential customers (commercial, industrial, land/irrigation, and public facility) use about 55% of total water and generate 48% of total water revenues. This relationship suggests a strong cost of service nexus between the existing rate structure and the operations of the utility.

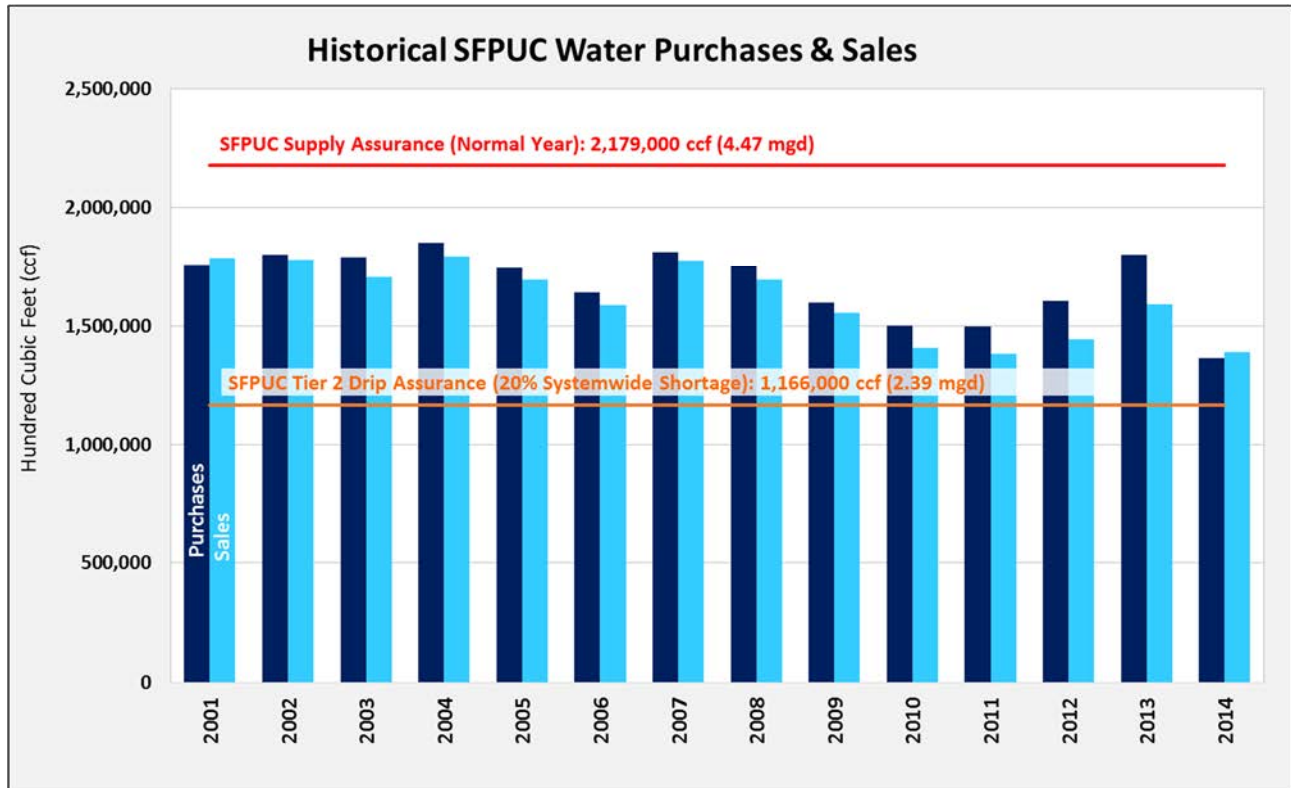
Figure 4. Water Sales Revenues by Class



### 3.4 Wholesale Water Purchases

The City purchases all of its water supply from the SFPUC. The City's annual Individual Supply Guarantee (ISG) from the SFPUC is 4.465 MGD (or approximately 2,174,600 ccf per year). Since 2001, the City has on average purchased 1,680,000 ccf per year, roughly 77% of the annual supply assurance. For 2014, the City purchased 1,364,000 ccf of water, equivalent to 63% of the annual supply assurance. Figure 5 shows a comparison of water purchases and water sales for the past 14 years.

Figure 5: Total Water Purchases and Water Sales



### 3.5 SFPUC Water Shortage Allocation Plan

In June 2009, the City entered into an agreement with SFPUC to purchase wholesale water. The agreement includes SFPUC’s Water Shortage Allocation Plan which specifies how water will be allocated among the City and the other wholesale customers during a drought. The Tier 1 Plan describes how water is allocated between the City of San Francisco (to be delivered to its retail customers) and the wholesale customers collectively. The Tier 2 Plan (also called the Drought Implementation Plan (DRIP)) details how the wholesale customers’ collective allocation is divided among the wholesale customers. The Tier 2 DRIP Plan only applies to system-wide water shortages of 20% or less. The plan takes into consideration each agency’s 3-year average winter use and their respective SFPUC supply assurance in order to determine each agency’s allotment. BAWSCA manages the DRIP, and they have developed a model to calculate allotments for each agency in the event that SFPUC declares a water-shortage. In the latest draft calculations for a system-wide shortage of 20%, Menlo Park’s allotment is estimated at 2.39 mgd (2,134 AFY). If the SFPUC declares a shortage, the actual amount of water available to the City and the other wholesale customers would be determined at that time based upon projected demands and the total amount of water available system-wide.

## **4 WATER FINANCES AND RATES**

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### **4.1 Water Financial Overview**

Bartle Wells Associates conducted an independent evaluation of water enterprise finances. Key observations include:

- The water enterprise is currently operating in a deficit. Operating revenues from water rates do not currently meet operating expenses. The operating deficit for 2014/15 is projected at nearly \$3 million.
- The water enterprise currently does not have any operating fund reserves but does have approximately \$3.5 million capital reserves.
- The City's average monthly residential water bill (5/8" or 3/4" meter, 14 ccf) is in the lower range compared to other regional agencies.
- The City currently relies on imported water from the SFPUC for nearly all of the community's water supply. The SFPUC has substantially increased wholesale water rates in recent years to support a \$4.3 billion capital improvement program to upgrade and to repair and replace the Hetch Hetchy regional water system, resulting in substantial wholesale rate increases. SFPUC recently announced it will increase its wholesale water rate by 28% starting July 1, 2015. Water purchases account for nearly 63% of all operating expenditures.
- Nearly \$17.9 million in infrastructure improvements are planned through 2024/25. Major projects include automated meters, emergency supply wells, and SCADA upgrades. Roughly \$6.9 million of projects are planned over the next five years (2015/16 through 2019/20).
- The State is in the fourth year of severe drought. The City is in Stage 2 of the Water Shortage Contingency Plan which calls for up to a 20% reduction in consumption.

### **4.2 Historical Financial Performance**

As an enterprise fund, the water utility relies on revenues generated from water rates and must be adequate to fund the total cost of providing water service. However, the water enterprise is currently not covering its annual operating and capital costs. Revenues are not sufficient to pay for annual expenses, resulting in an operating deficit.

As mentioned previously, the City last completed a comprehensive rate study in 2010. The recommended rate program, adopted in 2010, increased rates 16.5% annually for the last five fiscal years. These increases were based, in part, on projected changes in the SFPUC wholesale



rates. The rate program assumed a total wholesale rate increase through 2014/15 of about 69%. Actual wholesale water rates have increased nearly 77%.

Table 3 summarizes the financial performance of the water utility since 2011/12 based on the City's Comprehensive Annual Financial Reports (CAFRs). For 2014/15, the water fund deficit is projected at more than \$1.5 million as a result of lower than anticipated annual water sales. The 2010 Water Rate Study assumed much higher levels of consumption for 2009/10 through 2014/15. By comparison, actual water sales for the six-year period have been on average 11% less than projected in the 2010 study. The reduction in overall consumption can be attributed to several factors including the recession, weather, significant conservation efforts, and the drought. Without water rate increases, the water utility will not recover its cost of providing service and the deficit will continue to grow.

Table 3: Historical Revenue and Expenses  
City of Menlo Park Municipal Water District  
Water Rate Study 2015

	Actuals (1)			Budget
	2011/12	2012/13	2013/14	2014/15
<b>WATER OPERATING FUND - FUND 861</b>				
<b>Revenues</b>				
<u>Water Sales (2)</u>	<u>\$5,059,416</u>	<u>\$5,937,059</u>	<u>\$6,994,297</u>	<u>\$7,092,000</u>
Total Operating Revenues	\$5,059,416	\$5,937,059	\$6,994,297	\$7,092,000
<b>Expenses (3)</b>				
550 - Services	430,447	389,715	457,700	642,500
Personnel	786,899	629,003	745,143	810,605
<u>Operating</u>	<u>5,076,462</u>	<u>5,439,915</u>	<u>5,822,730</u>	<u>6,716,319</u>
Total Operating Expenses	6,293,808	6,458,633	7,025,573	8,169,424
<b>NET OPERATING REVENUES</b>	<b>(1,234,392)</b>	<b>(521,574)</b>	<b>(31,276)</b>	<b>(1,077,424)</b>
<b>WATER CAPITAL FUND - FUND 855</b>				
<b>Revenues</b>				
Capital Facility Surcharge (4)	660,506	675,404	1,025,624	708,000
Water Capacity Charges	30,737	20,684	26,698	1,000,000
<u>Interest Income</u>	<u>103,480</u>	<u>(8,799)</u>	<u>117,849</u>	<u>26,000</u>
Total Capital Revenues	794,723	687,289	1,170,171	1,734,000
<b>Expenses</b>				
550 - Services	433,046	325,498	441,136	559,880
Personnel	176,680	323,218	292,368	403,496
<u>Operating (5)</u>	<u>1,543,445</u>	<u>885,712</u>	<u>1,594,897</u>	<u>1,208,606</u>
Total Capital Expenses	2,153,171	1,534,428	2,328,401	2,171,982
<b>NET CAPITAL REVENUES</b>	<b>(1,358,448)</b>	<b>(847,139)</b>	<b>(1,158,230)</b>	<b>(437,982)</b>
1 - Source: City of Menlo Park Comprehensive Annual Financial Reports 2 - Revenues for 2014/15 is \$7.8M including capital surcharges based on Pam's 1/28/15 email. 3 - Source: Water Fund Expenditures 2012-2014 4 - Capital Facility Surcharge revenue for 2013/14 includes connection fee revenue that was miscoded. 5 - For 2014/15, includes \$950,000 in capital projects				

### **4.3 Financial Challenges/Key Drivers of Rate Increases**

Going forward, the City's water enterprise is facing a number of financial challenges that will require the City to raise its water rates over the next decade. Key drivers of future rate increases are summarized as follows.

#### **4.3.1 Wholesale Water Rate Increases**

The City has and continues to face substantial increases in the cost of wholesale water supply from the SFPUC. Wholesale water costs, including the BAWSCA surcharge, are projected to account for about 63% of total annual expenditures in the current fiscal year.

SFPUC wholesale water rates have been increasing substantially in recent years due to the funding requirements of a \$4.3 billion upgrade and rehabilitation of the Hetch Hetchy regional water system. SFPUC rates more than doubled over the past 5 years including a 20% increase for 2014/15. SFPUC rates are projected to increase nearly 61% through 2019/20. Figure 6 shows historical and projected SFPUC wholesale water rates.

In February 2013, BAWSCA issued bonds to prepay its member agencies' share of outstanding capital costs owed to the SFPUC in order to achieve savings. Annual debt service costs for the BAWSCA bonds are allocated to the member agencies based on their share of total SFPUC wholesale water deliveries from the prior fiscal year. The BAWSCA surcharge replaces the prior capital recovery component of the SFPUC's wholesale water rates and results in a lower overall charge per unit of wholesale water.

Figure 6: Historical and Projected Wholesale Water Rates

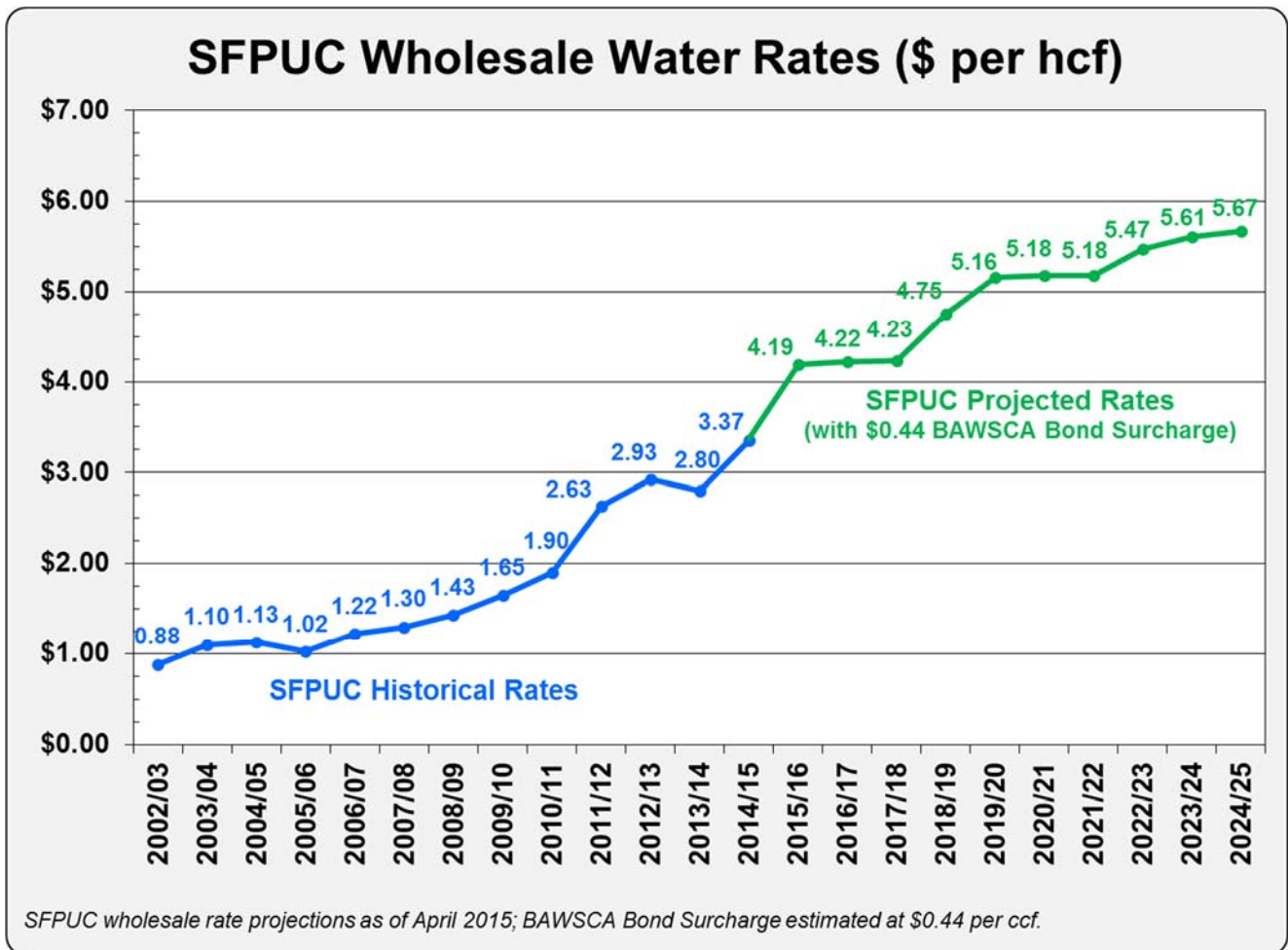


Table 4 shows the projected cost of wholesale water based on the projected wholesale rates, assumed levels of water loss, and projected future water demand. Due to continued conservation efforts and reduction in water sales, total water consumption for 2014/15 is projected at 1,390,000 ccf. Total consumption for 2015/16 is estimated at 1,344,000 ccf, equivalent to a 3% decrease from the current year. Over the next five years, the decrease in use due to mandated conservation is anticipated to be offset by annual growth. As such, the projections assume that consumption levels will remain level through 2019/20.

Table 4: Projected Wholesale Water Purchases  
 City of Menlo Park Municipal Water District  
 Water Rate Study 2015

	Budget	Rate Study				
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
<b>SFPUC WHOLESAL COST OF WATER</b>						
Metered Water Consumption (ccf) (1)	1,803,742	1,344,000	1,344,000	1,344,000	1,344,000	1,344,000
Water Loss (ccf) (2)	<u>144,000</u>	<u>108,000</u>	<u>108,000</u>	<u>108,000</u>	<u>108,000</u>	<u>108,000</u>
Total Wholesale Water Demand	1,947,742	1,452,000	1,452,000	1,452,000	1,452,000	1,452,000
% Change		-3.3%	0.0%	0.0%	0.0%	0.0%
Total Water Purchases (ccf) (3)	1,947,742	1,452,000	1,452,000	1,452,000	1,452,000	1,452,000
Estim. Price of Water - SFPUC (\$ per ccf) (4)	<b>\$2.93</b>	<b>\$3.75</b>	<b>\$3.78</b>	<b>\$3.79</b>	<b>\$4.31</b>	<b>\$4.72</b>
% Change		28.0%	0.8%	0.3%	13.7%	9.5%
Total Estimated Water Purchase Cost	\$5,284,963	\$5,445,000	\$5,488,560	\$5,503,080	\$6,258,120	\$6,853,440
% Change		24%	1%	0%	14%	10%
<b>BAWSCA SURCHARGE</b>						
Estim. BAWSCA Surcharge (\$ per ccf) (5)	<b>\$0.34</b>	<b>\$0.46</b>	<b>\$0.46</b>	<b>\$0.46</b>	<b>\$0.46</b>	<b>\$0.46</b>
Total BAWSCA Surcharge Cost	\$615,037	\$615,000	\$615,000	\$615,000	\$615,000	\$615,000
<b>TOTAL SFPUC COST</b>						
Estim. Total Wholesale Cost (\$ per ccf)	<b>\$3.27</b>	<b>\$4.21</b>	<b>\$4.24</b>	<b>\$4.25</b>	<b>\$4.77</b>	<b>\$5.18</b>
Total SFPUC Expenses	\$5,900,000	\$6,060,000	\$6,103,560	\$6,118,080	\$6,873,120	\$7,468,440
1 - Estimated 2015/16 based on CY2014 consumption. 2 - Assumes 8% water loss from 2010 Water Rate Study 3 - Includes water purchases from SFPUC and East Palo Alto. Assumes 4,000 ccf of annual water purchases from East Palo Alto 4 - Draft SFPUC wholesale rate projections as of April 2015. 5 - BAWSCA surcharge estimated at \$0.46 (\$615,037/1,344,000).						

### 4.3.2 Operating Deficit and Fund Reserves

Without rate increases, the water enterprise will continue to operate in a deficit. Moreover, the water utility does not have any cash in the operating fund reserve. The 2010 rate study recommended an operating reserve fund target equivalent to 4 months of operating expenses in addition to a \$1 million capital reserve. The recommended water fund reserve targets are in line with industry standards. Maintaining a prudent minimal level of fund reserves provides a financial cushion for dealing with unanticipated expenses, revenue shortfalls, and non-catastrophic emergency capital repairs. The fund reserve targets will escalate over time as the water utility's

expenses gradually increase in future years. It is acceptable if reserves fall below the target on a temporary basis, provided action is taken to achieve the target over the longer run.

### 4.3.3 Capital Improvements / Aging Infrastructure

The City’s long-term capital improvement program (CIP) includes \$17.9 million of water system improvements through 2024/25. As shown on Table 5, approximately \$6.9 million in projects are planned over the next five years through 2019/20. The City anticipates funding the conversion to automatic meter reading (AMR meters) over the next 10 years at an estimated cost of \$6.5 million. The AMR meters will result in increased meter reading efficiencies. Other major projects include the ongoing rehabilitation and replacement of the aging water distribution system and an emergency well for a backup water supply. A projection of capital projects through 2024/25 is included in Appendix A.

Table 5: Water Capital Improvement Plan  
City of Menlo Park Municipal Water District  
Water Rate Study 2015

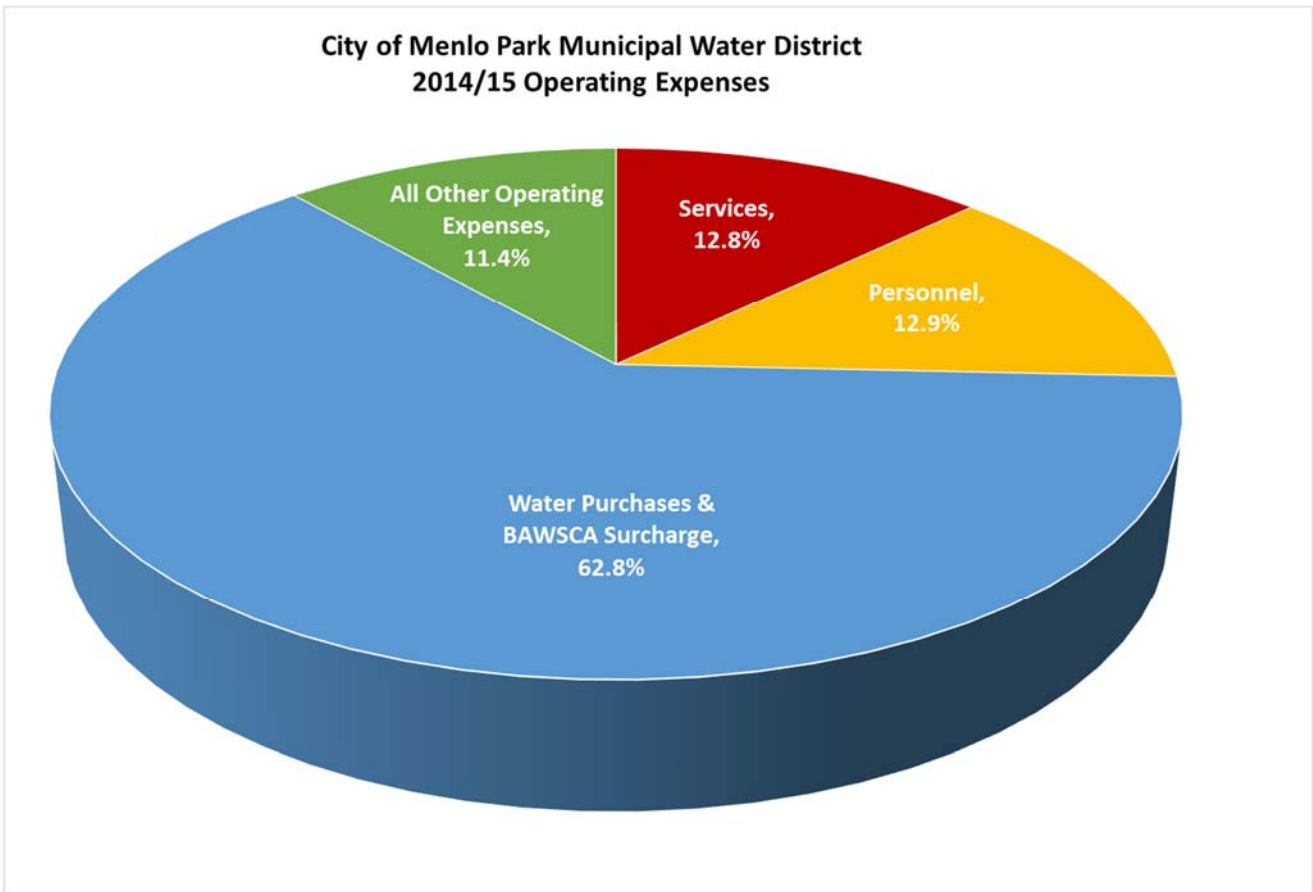
Project	Year	1	2	3	4	5	6	Years 2 - 6
	Budget	Rate Study						FY 2016 - 20
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20		Total
Reroof Reservoir #2	\$300,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Urban Water Management Plan	100,000	25,000	0	0	0	140,000		165,000
Water Rate Study	50,000	25,000	0	0	0	80,000		105,000
Water System Master Plan	500,000	0	0	0	0	0	0	0
Automated Water Meter Reading	0	0	500,000	1,200,000	1,200,000	1,200,000		4,100,000
SCADA Upgrade	0	0	0	0	0	0	0	0
Recycled Water Project	0	0	0	0	0	0	0	0
Emergency Water Supply Project (Well #3)	0	0	0	0	0	0	0	0
Sharon Heights Pump Station	0	0	0	0	0	0	0	0
Water Main Replacements	0	0	300,000	2,200,000	0	0		2,500,000
<b>Total Water CIP</b>	<b>950,000</b>	<b>50,000</b>	<b>800,000</b>	<b>3,400,000</b>	<b>1,200,000</b>	<b>1,420,000</b>		<b>6,870,000</b>

Source: CIP Projections for Rate Study, 2/12/15. Updated 5/11/15.

### 4.3.4 Ongoing Operating Cost Inflation

In addition to water purchases, the City faces ongoing operating cost inflation due to annual increases in a range of expenses including utilities, maintenance, insurance, services, as well as the cost of personnel, benefits, etc. Figure 7 shows a breakdown of operating expenses for 2014/15.

Figure 7: Operating Expenses



Services, personnel, and utility costs are escalated by 4% each year as shown on Table 6. All other expenses are projected to increase by 3% annually. In general, operating cost inflation for water utilities has historically been significantly higher than the Consumer Price Index (CPI) for consumer goods and services. Water utility operating expenses are expected to increase from \$9.4 million in the current budget year to \$11.9 million by 2019/20. A ten-year projection of operating expenses is included in Appendix B.

Table 6: Water Operating Expenses  
 City of Menlo Park Municipal Water District  
 Water Rate Study 2015

Operating Expense (1)	Budget 2014/15	Escalation Factor	Rate Study				
			2015/16	2016/17	2017/18	2018/19	2019/20
Services	\$1,202,380	4.0%	\$1,250,000	\$1,300,000	\$1,352,000	\$1,406,000	\$1,462,000
Personnel	1,214,101	4.0%	1,263,000	1,314,000	1,367,000	1,422,000	1,479,000
530 - Operating Expense	280,040	3.0%	288,000	297,000	306,000	315,000	324,000
540 - Utilities							
SFPUC Water Purchases (2)	5,317,727	varies	5,445,000	5,489,000	5,503,000	6,258,000	6,853,000
BAWSCA Surcharge (2)	582,273	varies	615,000	615,000	615,000	615,000	615,000
<u>Other Utilities</u>	<u>107,150</u>	4.0%	<u>111,000</u>	<u>115,000</u>	<u>120,000</u>	<u>125,000</u>	<u>130,000</u>
Subtotal Utilities	6,007,150		6,171,000	6,219,000	6,238,000	6,998,000	7,598,000
560 - Fixed Assets & Capital Outlay	394,394	3.0%	406,000	418,000	431,000	444,000	457,000
570 - Travel	7,800	3.0%	8,000	8,000	8,000	8,000	8,000
580 - Repairs & Maintenance	96,500	3.0%	99,000	102,000	105,000	108,000	111,000
<u>590 - Special Projects Expenditures (3)</u>	<u>189,041</u>	3.0%	<u>195,000</u>	<u>201,000</u>	<u>207,000</u>	<u>213,000</u>	<u>219,000</u>
Total Operating Expenses	9,391,406		9,680,000	9,859,000	10,014,000	10,914,000	11,658,000
% Change			3.1%	1.8%	1.6%	9.0%	6.8%

1 - Source: Public Works Department Budget Adopted FY 2014/15 Budget

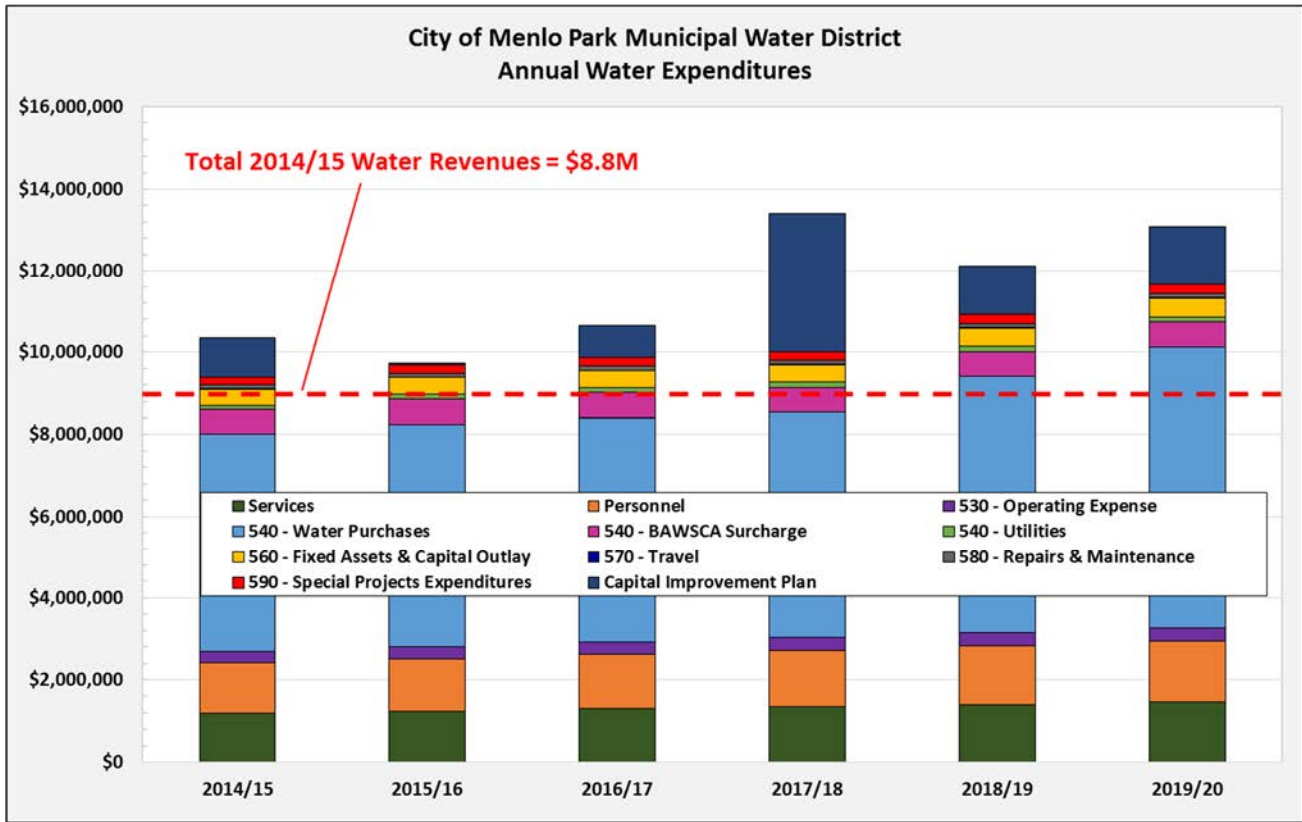
2 - Table 4

3 - Includes the transfer to the General Fund

The following chart shows a 5-year breakdown of projected water enterprise expenses. As shown on Figure 8, near-term rate increases are needed to keep revenues in line with projected expenditures and support balanced budgets and prudent minimum levels of fund reserves.



Figure 8: Projected Water Operating and Capital Expenses



## 5 REVENUE REQUIREMENTS

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### 5.1 Cash Flow Projection

BWA developed ten-year cash flow projections to determine annual revenue requirements and required rate adjustments. The projections incorporate the latest information available as well as a number of reasonable and slightly conservative assumptions. Rate increases are phased in to eliminate the operating deficit and to meet reserve fund targets by 2019/20. Key assumptions include:

#### Revenues

- The first rate adjustment is proposed to take effect on August 1, 2015. Rate increases thereafter are proposed to be effective on July 1 of each year through 2019/20.
- Slow to moderate growth is projected over the next 5 years. The projections include growth of 0.5% per year through 2017/18. Beginning in 2018/19 and continuing thereafter, 1.0% annual growth is assumed based on staff projections.
- The interest earning rate on reserve funds is estimated at 0.75% each year beginning in 2014/15 and gradually increases to 2%.
- Water rate revenues based on the 2014/15 budget and account for projected rate increases and growth.
- Water capacity charges are estimated at \$1 million each year through 2019/20.
- Fixed charges recover 20% of total utility costs, and consumption charges recover 80% of total expenses.
- The capital surcharge will be increased gradually to fully fund \$6.9 million in capital projects through 2019/20.

#### Expenses

- Financial projections are based on the 2014/15 budget.
- Operating costs are projected to escalate at the annual rate of 3% for planning purposes. Personnel and utility costs are escalated by 4% each year.
- SFPUC wholesale rate estimates are based on the SFPUC rate projections as of April 2015. The BAWSCA bond surcharge is estimated at \$0.46 per ccf.
- Total consumption for 2014/15 is projected at 1,390,000 ccf. Consumption for 2015/16 through 2019/20 is estimated at 1,344,000 ccf to meet State-mandated conservation targets.

As shown on Table 7, the recommended annual rate increases are 12% each year for the next five years beginning in 2015/16 to meet reserve fund targets and to eliminate the operating deficit by 2019/20. The cash flow projections show estimates of future rate increases for planning purposes only. Appendix C includes a ten year cash flow projection through 2024/25.

Table 7: Cash Flow Projection  
 City of Menlo Park Municipal Water District  
 Water Rate Study 2015

	Budget	Rate Study				
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Revenue Adjustment</b>		<b>12.0%</b>	<b>12.0%</b>	<b>12.0%</b>	<b>12.0%</b>	<b>12.0%</b>
Water Capital Surcharge (1)	\$0.51	\$0.63	\$0.78	\$0.97	\$1.21	\$1.50
Customer Growth Rate		0.5%	0.5%	0.5%	1.0%	1.0%
Interest Earnings Rate	0.75%	0.75%	1.0%	1.0%	1.5%	1.5%
Annual Change in Water Sales		-3.31%	0.0%	0.0%	0.0%	0.0%
Total Water Sales (ccf)	1,390,000	1,344,000	1,344,000	1,344,000	1,344,000	1,344,000
SFPUC Water Supply (ccf) + 8%	1,501,000	1,452,000	1,452,000	1,452,000	1,452,000	1,452,000
<b>BEGINNING FUND BALANCE</b>						
Operation - Fund 861	\$0	(\$2,299,406)	(\$4,174,606)	(\$5,248,606)	(\$5,374,606)	(\$5,103,606)
Capital - Fund 855	3,528,464	4,312,464	6,144,410	7,459,342	6,441,218	7,958,745
Total Beginning Water Fund Balance	3,528,464	2,013,058	1,969,804	2,210,736	1,066,612	2,855,139
<b>Revenues with July 1 Effective Date</b>		7,983,000	8,986,000	10,115,000	11,442,000	12,943,000
<b>Effective Date of Rate Increase</b>		9/01/15	7/01/16	7/01/17	7/01/18	7/01/19
<b>OPERATION - FUND 861</b>						
<b>Operating Revenues</b>						
Water Sales Revenues (2)	7,092,000	7,804,800	8,785,000	9,888,000	11,185,000	12,652,000
Interest	0	0	0	0	0	0
Total Operating Revenues	7,092,000	7,804,800	8,785,000	9,888,000	11,185,000	12,652,000
<b>Operating Expenses</b>						
Services	1,202,380	1,250,000	1,300,000	1,352,000	1,406,000	1,462,000
Personnel	1,214,101	1,263,000	1,314,000	1,367,000	1,422,000	1,479,000
530 - Operating Expense	280,040	288,000	297,000	306,000	315,000	324,000
540 - SFPUC Water Purchases	5,317,727	5,445,000	5,489,000	5,503,000	6,258,000	6,853,000
540 - BAWSCA Surcharge	582,273	615,000	615,000	615,000	615,000	615,000
540 - Utilities	107,150	111,000	115,000	120,000	125,000	130,000
560 - Fixed Assets & Capital Outlay	394,394	406,000	418,000	431,000	444,000	457,000
570 - Travel	7,800	8,000	8,000	8,000	8,000	8,000
580 - Repairs & Maintenance	96,500	99,000	102,000	105,000	108,000	111,000
590 - Special Projects Expenditures	189,041	195,000	201,000	207,000	213,000	219,000
Total Operating Expenses	9,391,406	9,680,000	9,859,000	10,014,000	10,914,000	11,658,000
<b>CAPITAL - FUND 855</b>						
<b>Capital Revenues</b>						
Water Capital Surcharge (1)	708,000	849,946	1,053,933	1,306,876	1,620,527	2,009,453
Water Capacity Charges	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Interest	26,000	32,000	61,000	75,000	97,000	119,000
Total Capital Revenues	1,734,000	1,881,946	2,114,933	2,381,876	2,717,527	3,128,453
<b>Capital Expense</b>						
Capital Improvement Plan	950,000	50,000	800,000	3,400,000	1,200,000	1,420,000
Total Capital Expenses	950,000	50,000	800,000	3,400,000	1,200,000	1,420,000
<b>NET REVENUES</b>						
Net Revenues - Operating Fund	(2,299,406)	(1,875,200)	(1,074,000)	(126,000)	271,000	994,000
Net Revenues - Capital Fund	784,000	1,831,946	1,314,933	(1,018,124)	1,517,527	1,708,453
TOTAL NET REVENUES	(1,515,406)	(43,254)	240,933	(1,144,124)	1,788,527	2,702,453
<b>ENDING FUND BALANCE</b>						
Operation - Fund 861	(2,299,406)	(4,174,606)	(5,248,606)	(5,374,606)	(5,103,606)	(4,109,606)
Capital - Fund 855	4,312,464	6,144,410	7,459,342	6,441,218	7,958,745	9,667,198
Total Ending Water Fund Balance	2,013,058	1,969,804	2,210,736	1,066,612	2,855,139	5,557,592
<b>Reserve Fund Target</b>						
Operating Reserve	3,130,000	3,227,000	3,286,000	3,338,000	3,638,000	3,886,000
Emergency Capital Reserve Target	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total Water Fund Reserve Target (3)	4,130,000	4,227,000	4,286,000	4,338,000	4,638,000	4,886,000
1 - Escalated by 24% annually						
2 - Water sales revenues adjusted for Sept 1, 2015 effective date. Future rate increases will be effective July 1 beginning in 2016/17.						
3 - Operating Fund Target = 4 months O&M expenses + Capital Fund Target = \$1M. Recommendation from the 2010 Water Rate Study.						

## 5.2 Cost of Service: Fixed vs. Variable Cost Recovery

Water utilities have used a wide range of approaches or perspectives for allocating and recovering their costs for providing service, and these costs are most commonly recovered from a combination of fixed and variable charges. The percentage of revenues derived from the fixed and variable charges varies for each agency and should be proportional to each system's expenditures and must not exceed the cost of providing service. A higher level of fixed charges provides better revenue stability and less dependence on consumption sales. On the other hand, higher dependence on volumetric revenues provides a better conservation incentive.

Public agencies have used a wide range of approaches or perspectives for allocating and recovering costs, and industry practices provide flexibility regarding the actual percentages collected from fixed vs. variable rates. Depending on perspective, the same costs can reasonably be allocated 100% to fixed revenue recovery, 100% to variable rate recovery, or to some combination of the two. Many of the water utility's costs are fixed costs that do not vary by water consumption, such as salaries, benefits, and costs for building and maintaining infrastructure. However, a portion of these fixed costs can reasonably be apportioned to variable, usage-based rate recovery in recognition that a portion of these fixed costs are related to the volumetric water use. For example, a share of the fixed cost of salaries related to water production can reasonably be recovered from usage-based charges as these costs are incurred to provide water supply to meet customer demand.

While there is no single correct approach, BWA believes that costs should be allocated within a reasonable range that reflects both a) underlying cost causation, to the extent such causation can reasonably be determined or estimated, and b) the policy preferences of the agency in cases where a range of reasonable approaches can be justified.

Table 8 shows a breakdown of the water utility's operating and capital expenditures based on input from City staff. Costs are allocated based on a 5-year average (FY2015 through 2020) of projected expenses. As shown, water purchases is the utility's largest expense. Based on these cost allocations, water rates will be designed to recover 20% of rate revenues from the monthly fixed charges and 80% of rate revenues from the consumption charges.

Table 8: Fixed Rate & Variable Rate Revenue Recovery  
City of Menlo Park Municipal Water District  
Water Rate Study 2015

	Projected 5-Year Avg (1)	Cost Recovery %		Cost Recovery \$	
		Fixed	Variable	Fixed	Variable
<b>WATER UTILITY EXPENSES</b>					
<b>Operating &amp; Maintenance</b>					
Services	\$1,354,000	40%	60%	\$541,600	\$812,400
Personnel	\$1,369,000	40%	60%	\$547,600	\$821,400
530 - Operating Expense	\$306,000	30%	70%	\$91,800	\$214,200
540 - Water Purchases	\$5,909,600	10%	90%	\$590,960	\$5,318,640
540 - BAWSCA Surcharges	\$615,000	10%	90%	\$61,500	\$553,500
540 - Utilities	\$120,200	10%	90%	\$12,020	\$108,180
560 - Fixed Assets & Capital Outlay	\$431,200	30%	70%	\$129,360	\$301,840
570 - Travel	\$8,000	80%	20%	\$6,400	\$1,600
580 - Repairs & Maintenance	\$105,000	30%	70%	\$31,500	\$73,500
<u>590 - Special Projects Expenditures</u>	<u>\$207,000</u>	<u>20%</u>	<u>80%</u>	<u>\$41,400</u>	<u>\$165,600</u>
Subtotal	\$10,425,000	20%	80%	\$2,054,140	\$8,370,860
<b>Capital Improvement Plan</b>					
Capital Projects	\$1,374,000	40%	60%	\$549,600	\$824,400
<b>Total Water System Expenses</b>	<b>\$11,799,000</b>	<b>22%</b>	<b>78%</b>	<b>\$2,603,740</b>	<b>\$9,195,260</b>
<b>NET FUNDING REQUIREMENT</b>					
Total Expenses	\$11,799,000	22%	78%	\$2,603,740	\$9,195,260
<u>Less Capital Surcharge Revenue (2)</u>	<u>(\$1,368,147)</u>	<u>40%</u>	<u>60%</u>	<u>(\$547,259)</u>	<u>(\$820,888)</u>
Net Funding Requirement from Water Rates	\$10,430,853	20%	80%	\$2,056,481	\$8,374,372
1 - Based on five year average of expenses 2015/16 through 2019/20					
2 - Based on five year average of 2015/16 through 2019/20 assuming the Capital Surcharge is increased 24% each year.					

## 6 WATER RATE DESIGN AND STRUCTURE

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The final step of the water rate study process is the design of water rates to generate the level of revenues needed to meet annual revenue requirements. The evaluation of rate structure alternatives takes into account both the level of rate increases and the structure of the rates. The level of increases refers to the amount of revenue to be collected from a specific rate design. The rate structure refers to the way in which the revenues are collected from the customers. The rate development principles and methodology used to develop rates are based on the AWWA M1 Manual and comply with Article X and XIID of the California Constitution.

### 6.1 Fixed Charge Recommendation

As discussed in the previous section, fixed charges recover 20% of water rate revenues. The proposed fixed meter charges are designed to recover costs from each meter proportion to meter capacity and the associated demand placed on the water system by each meter size.

#### 6.1.1 Adjust Meter Capacity Ratios for Meters 3" and Larger

The most common method to levy fixed charges is by meter size. The ratio at which the meter charge increases is typically a function of either meter investment (estimated cost) or the meter's safe operating capacity. The AWWA has established a set of capacity ratios using the maximum safe flow of various meter sizes relative to the base meter (either a 5/8" or 3/4" meter which are the City's smallest meters). Many agencies use the AWWA ratios as a basis for setting their fixed rates and, in doing so, charge customers proportional to the capacity that is reserved for them in the public water system.

These capacity-based meter ratios are widely used in California rate setting and are consistent with meter ratios adopted by the California Public Utility Commission for private water companies. Larger meters have the ability to place a greater demand on the water system and are therefore, charged based on that potential demand. For example, based on the AWWA meter capacity ratios, a customer that has a 2" meter has 5.33 times the capacity equivalency of a customer with a 5/8" or a 3/4" meter. (A 2" meter has a safe operating capacity of 160 gallons per minute (gpm) compared to a 3/4" meter which has a safe operating capacity of 30 gpm).

The current meter capacity ratios for meters 3" and larger are not aligned with the meter capacities recommended by the AWWA. BWA recommends updating the meter ratios for meters 3" and larger as shown on the table below. The re-alignment will adjust the fixed charges so that

each meter size will be charged based on their proportional impact on the system. A total of 55 accounts with meters 3" and larger will be impacted by the proposed meter ratios, representing approximately 1% of all meters. (The meter ratio for 6" meters will not change). Table 9 shows the current and proposed meter ratios.

Table 9: Current and Proposed Meter Capacity Ratios  
 City of Menlo Park Municipal Water District  
 Water Rate Study 2015

Meter Size	Number of Meters	CURRENT		PROPOSED		
		Meter Ratios	Fixed Charges	Proposed Meter Ratios	Safe Max Operating Capacity (gpm) (1)	Current Fixed Charges based on New Meter Ratios (2)
5/8"	3,005	1.0	\$16.84	1.00	30	\$16.84
3/4"	2	1.0	\$16.84	1.00	30	\$16.84
1"	774	1.6	\$26.94	1.67	50	\$28.07
1-1/2"	127	3.3	\$55.57	3.33	100	\$56.13
2"	227	5.3	\$89.26	5.33	160	\$89.81
3"	35	9.7	\$163.35	10.00	320	\$168.40
4"	11	15.0	\$252.61	16.70	500	\$281.23
6"	5	33.3	\$560.81	33.33	1000	\$561.33
8"	7	73.9	\$1,244.54	53.33	1600	\$898.13
10"	2	164.0	\$2,761.91	76.67	2300	\$1,291.07
12"	0			143.33	4300	\$2,413.73
	4,195					

1 - Source: AWWA's M1 Manual, Principles of Water Rates, Fees, and Charges, Sixth Edition, 2012, Table B-1  
 2 - Shown for illustrative purposes only

### 6.1.2 Fixed Rate Derivation

The fixed meter charge is designed to recover costs from each meter proportional to meter capacity and the associated demand placed on the water system by each meter size. The fixed charges are calculated by multiplying a) the annual revenue requirement from Table 7 by b) the percentage of costs allocated for fixed charge revenue recovery from Table 8. This funding target is then divided by c) the current total number of meter equivalents to determine d) the fixed charge per meter equivalent. This meter equivalent represents the capacity of a base 5/8" or 3/4" meter. The fixed charges for larger meters are determined by multiplying the base charge by the corresponding proposed meter equivalent ratios as detailed in Table 9. Table 10 shows the rate derivation for the proposed fixed charges.



Table 10: Fixed Rate Calculation  
 City of Menlo Park Municipal Water District  
 Water Rate Study 2015

	Current 2014/15	Proposed					
		2015/16	2016/17	2017/18	2018/19	2019/20	
<b>FIXED CHARGE REVENUE RECOVERY</b>							
Rate Increase %		12.0%	12.0%	12.0%	12.0%	12.0%	
Total Revenue Requirement (from Cash Flow)		\$7,983,000	\$8,986,000	\$10,115,000	\$11,442,000	\$12,943,000	
Fixed Charges	20%	\$1,596,600	\$1,797,200	\$2,023,000	\$2,288,400	\$2,588,600	
Variable Charges	80%	\$6,386,400	\$7,188,800	\$8,092,000	\$9,153,600	\$10,354,400	
Total	100%	\$7,983,000	\$8,986,000	\$10,115,000	\$11,442,000	\$12,943,000	
<b>FIXED RATE DERIVATION</b>							
Fixed Charge Revenue Recovery		\$1,596,600	\$1,797,200	\$2,023,000	\$2,288,400	\$2,588,600	
Total Meter Equivalents	7,384	7,421	7,458	7,495	7,570	7,646	
% Growth		0.5%	0.5%	0.5%	1.0%	1.0%	
Monthly Rate per 5/8" or 3/4" Meter		\$17.93	\$20.08	\$22.49	\$25.19	\$28.21	
% Change			12.0%	12.0%	12.0%	12.0%	
<b>PROPOSED FIXED CHARGES</b>							
<u>Meter Size</u>	<u>Meter Ratio</u>	<u>Current Rates</u>					
5/8"	1.0	\$16.84	\$17.93	\$20.08	\$22.49	\$25.19	\$28.21
3/4"	1.0	\$16.84	\$17.93	\$20.08	\$22.49	\$25.19	\$28.21
1"	1.7	\$26.94	\$29.88	\$33.47	\$37.49	\$41.99	\$47.03
1-1/2"	3.3	\$55.57	\$59.77	\$66.94	\$74.97	\$83.97	\$94.05
2"	5.3	\$89.26	\$95.63	\$107.10	\$119.95	\$134.34	\$150.46
3"	10.0	\$163.35	\$179.30	\$200.82	\$224.92	\$251.91	\$282.14
4"	16.7	\$252.61	\$299.43	\$335.36	\$375.60	\$420.67	\$471.15
6"	33.3	\$560.81	\$597.67	\$669.39	\$749.72	\$839.69	\$940.45
8"	53.3	\$1,244.54	\$956.27	\$1,071.02	\$1,199.54	\$1,343.48	\$1,504.70
10"	76.7	\$2,761.91	\$1,374.63	\$1,539.59	\$1,724.34	\$1,931.26	\$2,163.01

## 6.2 Consumption Charge Options

Consumption or variable charges recover system costs that vary based on consumption. These charges may also be labeled volumetric charges, usage rates, consumption charges, block rates, commodity rates, etc. Regardless of the name, all variable charges are based upon metered water consumption and levied on a per-unit cost. Conservation is most effectively encouraged through the variable rate component. Some common variable rate structures that promote conservation

pricing include uniform block, inclining block rates, water budget or allocation based rates, and seasonal block rates.

### **Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano**

In the recent court case *Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano*, the court ruled that tiered water rates must be supported by actual cost of service calculations with identifiable, incremental costs correlating to each tier. It is important to note that the decision has not invalidated tiered rate structures in general. The Court invalidated the specific rates that were presented in the case. Proposition 218 places the burden of proving the constitutionality of a challenged rate structure on the water service provider. In the case, the Court concluded that the administrative record did not provide sufficient support for each of the tier breakpoints or for the proportionate allocation of system-wide costs. Because the water service provider failed to carry its burden the Court held that the rate structure at issue failed to comply with Proposition 218.

### **6.2.1 Discussion of Current Four-Tiered Rate Structure**

The current consumption rate structure is comprised of four inclining tiers in which the cost per unit of water increases through the various tiers as customers use more water. Compared to a uniform rate, this rate structure usually provides increased conservation incentive, particularly on high water use, while helping to minimize rate increases on customers with low water use. Inclining block rates are most commonly applied to single family residential customers because their consumption as a class is, on average, homogenous, and typical usage patterns can be estimated based on industry statistics. The current tier breakpoints are designed to provide a reasonable amount of water for efficient indoor and outdoor water use for a typical single family residential household and are based on the following:

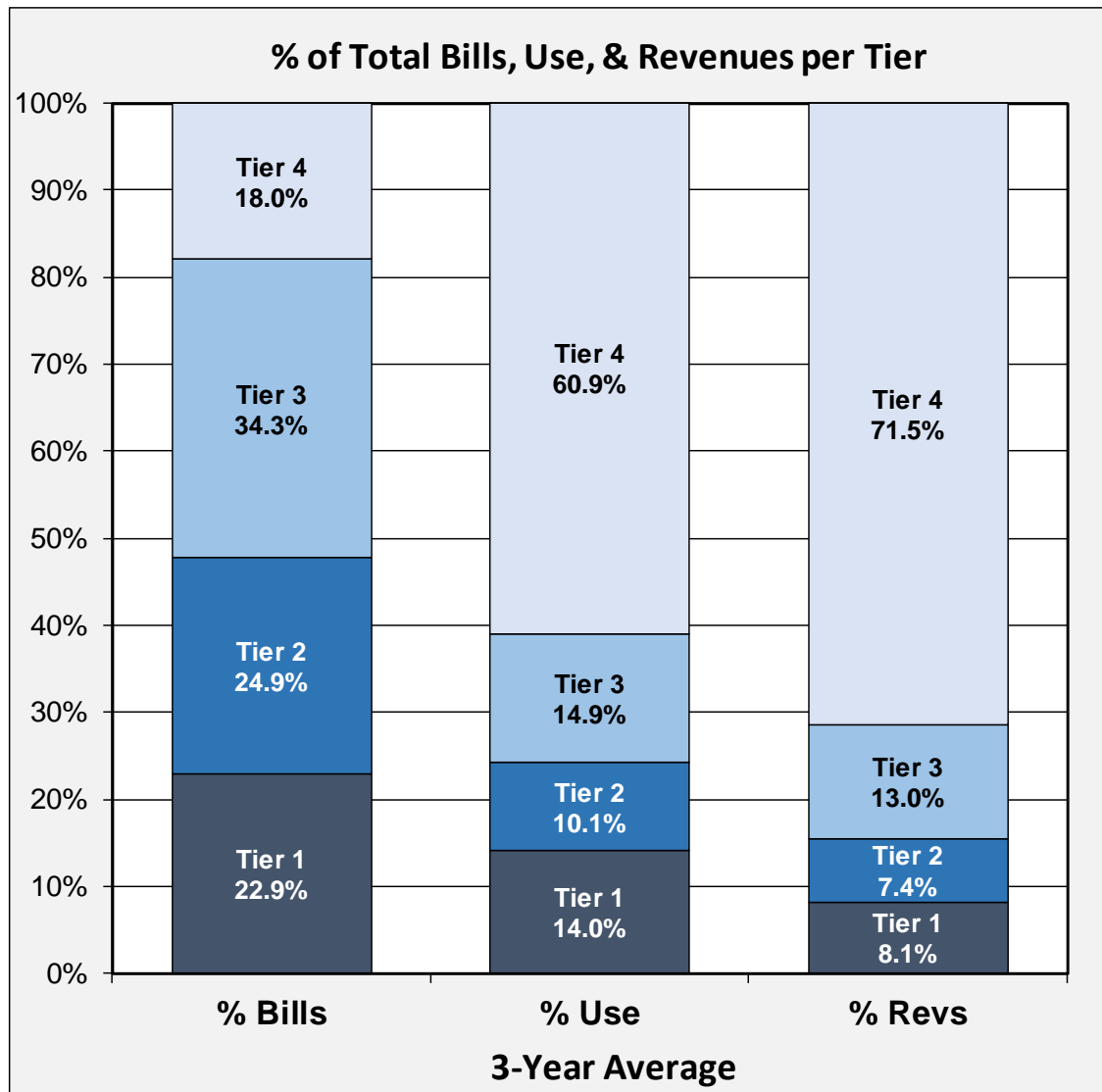
- Tier 1 (0 – 5 ccf) includes the first five ccf of monthly water use which is estimated domestic (indoor) water use for 2 person household based on 60-65 gallons per capita per day.
- Tier 2 (6 – 10 ccf) includes water use from 6 ccf through 10 ccf which is equivalent to domestic (indoor) consumption for four people based on 60-65 gallons per capita per day.
- Tier 3 (11 – 25 ccf) includes water use from 11 ccf through 25 ccf to provide additional water for outdoor landscaping
- Tier 4 (Over 25 ccf) includes all consumption over 25 ccf for all other uses.

The major disadvantage of the existing rate structure is that the tiers apply equally to all customer classes. This means that a single family home gets the same tier structure as a large industrial customer. The current breakpoints do not have a strong correlation to the multi-family,

commercial, and other non-residential classes, given that the consumption patterns of these other customer classes vary widely. Because the tiers are set in line with the water usage of a typical single family home, the tiers are less relevant (and arguably less equitable) to a user that consumes large quantities of water. Figure 9 illustrate the average distribution of bills, water sales, and consumption revenue for each tier for the past three fiscal years (2011/12 through 2013/14). As shown, the majority of water, nearly 61%, of all water is sold in Tier 4.

Figure 9. Current Rate Structure: Distribution of Bills, Consumption, and Revenues by Tier

Total Consumption (Three-Year Average for FY2012-14)							
		Bills Ending in Tier		Water Use in Tier (hcf)		Revenue in Tier	
		#	%	ccf	%	\$	%
Tier 1	0 - 5	10,388	22.9%	209,607	14.0%	\$417,005	8.1%
Tier 2	6 - 10	11,300	24.9%	151,028	10.1%	\$377,828	7.4%
Tier 3	11 - 25	15,583	34.3%	222,229	14.9%	\$665,862	13.0%
Tier 4	> 25	<u>8,163</u>	<u>18.0%</u>	<u>909,465</u>	<u>60.9%</u>	<u>\$3,661,588</u>	<u>71.5%</u>
Total		45,434	100%	1,492,329	100%	\$5,122,283	100%



Another drawback of the current rate structure is that Tier 1 is currently set at roughly 75% of the wholesale cost of water. The primary reason for the pricing was to encourage more conservation and to allow for additional cost recovery in the higher tiers. However, MPMWD is currently not recovering its full cost of service.

At the direction of the City, BWA developed two consumption rate alternatives for discussion. The consumption rate recovers the water utility's cost for purchasing water as well as all other variable costs, representing 80% of total utility expenses. The proposed fixed charge for both options is the same and recovers 20% of total rate revenues. All two rate structures meet the same revenue target in a given year. In addition, each rate alternative is developed to maintain the same relative revenue generation by customer class. That is to say, the recovery of the cost of service of the utility will remain the same for all three options. However, for each option, the actual rate impacts within a customer class will vary based on consumption level.

### **6.2.2 Option 1: Uniform Tier**

Option 1 proposes a single uniform tier for all customers. Under a uniform block rate structure, all water use is billed at the same rate per unit. This rate structure provides a conservation incentive since customers have to pay for each unit of water use. Uniform block rates are commonly applied to a broad customer base with different water needs, such as commercial and multi-family classes. Unlike residential customers who are a relatively homogenous group that uses water for similar purposes (bathing, cooking, irrigation, etc.), commercial water use varies widely based on the type and size of business. As a result, the benefits of tiered rates are greatly diminished for non-residential customers and can result in unintended impacts such as high marginal rates for high-water-use businesses that have implemented substantial conservation measures.

The advantages of a uniform block rate structure are: 1) the simplicity of the rate structure and 2) the City will be recovering its full cost of purchasing water from all water sold. The disadvantages are that: 1) a single uniform tier does not provide clear price signals to conserve, and 2) low water users will see higher bill impacts than those with moderate to high levels of use. Actual impacts to each customer will vary based on consumption.

Table 11 shows the rate calculation for the uniform tier. The rate for the uniform tier is calculated by multiplying a) the annual revenue requirement from Table 7 by b) the percentage of costs allocated for variable charge revenue recovery from Table 8. This funding target is then divided by c) total yearly consumption to derive the consumption charge per ccf. The proposed uniform rate for 2015/16 is \$4.75 per ccf.

Table 11: Option 1 – Uniform Tier Rate Derivation  
 City of Menlo Park Municipal Water District  
 Water Rate Study 2015

	Current 2014/15	Proposed				
		2015/16	2016/17	2017/18	2018/19	2019/20
<b>VARIABLE (CONSUMPTION) CHARGE REVENUE RECOVERY</b>						
Rate Increase %		12.0%	12.0%	12.0%	12.0%	12.0%
Total Revenue Requirement (from Cash Flow)		\$7,983,000	\$8,986,000	\$10,115,000	\$11,442,000	\$12,943,000
Fixed	20%	\$1,596,600	\$1,797,200	\$2,023,000	\$2,288,400	\$2,588,600
Variable	80%	\$6,386,400	\$7,188,800	\$8,092,000	\$9,153,600	\$10,354,400
Total	100%	\$7,983,000	\$8,986,000	\$10,115,000	\$11,442,000	\$12,943,000
<b>UNIFORM TIER RATE DERIVATION</b>						
Total Consumption Charge Allocation		\$6,386,400	\$7,188,800	\$8,092,000	\$9,153,600	\$10,354,400
Total Annual Consumption (ccf)	1,390,000	1,344,000	1,344,000	1,344,000	1,344,000	1,344,000
% Change			0%	0%	0%	0%
<b>Uniform Rate per ccf</b>		<b>\$4.75</b>	<b>\$5.35</b>	<b>\$6.02</b>	<b>\$6.81</b>	<b>\$7.70</b>
% Change			12.6%	12.6%	13.1%	13.1%

Table 12 shows the proposed monthly fixed and consumption water rates for Option 1. Under Proposition 218, the rates shown below are the maximum rates that the MPMWD can enact each year. The MPMWD can adopt rates that are lower than those shown based upon an annual review of the water utility’s finances to ensure that revenues are in line with expenses.

Table 12: Option 1 (Uniform Tier) – Proposed Monthly Water Rates  
 City of Menlo Park Municipal Water District  
 Water Rate Study 2015

	Current	Proposed				
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
<b>FIXED CHARGE</b>						
<b>Meter Size</b>						
5/8"	\$16.84	\$17.93	\$20.08	\$22.49	\$25.19	\$28.21
3/4"	\$16.84	\$17.93	\$20.08	\$22.49	\$25.19	\$28.21
1"	\$26.94	\$29.88	\$33.47	\$37.49	\$41.99	\$47.03
1-1/2"	\$55.57	\$59.77	\$66.94	\$74.97	\$83.97	\$94.05
2"	\$89.26	\$95.63	\$107.10	\$119.95	\$134.34	\$150.46
3"	\$163.35	\$179.30	\$200.82	\$224.92	\$251.91	\$282.14
4"	\$252.61	\$299.43	\$335.36	\$375.60	\$420.67	\$471.15
6"	\$560.81	\$597.67	\$669.39	\$749.72	\$839.69	\$940.45
8"	\$1,244.54	\$956.27	\$1,071.02	\$1,199.54	\$1,343.48	\$1,504.70
10"	\$2,761.91	\$1,374.63	\$1,539.59	\$1,724.34	\$1,931.26	\$2,163.01
<b>WATER CONSUMPTION CHARGE OPTIONS</b>						
<b>OPTION 1: UNIFORM TIER</b>						
All Use per ccf		\$4.75	\$5.35	\$6.02	\$6.81	\$7.70

### 6.2.3 Option 2: Two Tiers – Tier 1 Based on Cost of SFPUC Water

Option 2 proposes a 2-tiered rate structure for all customers. To ensure that all water sold recovers the City’s cost for purchasing water, Tier 1 is based on the SFPUC’s wholesale cost of water. The proposed tier breakpoints are as follows:

- Tier 1 (0 – 6 ccf) includes the first six ccf of monthly water use which is estimated minimum efficient domestic (indoor) water use for a 2.52 person household based on 55 - 60 gallons per capita per day. (The average household size in the City is 2.52 from the 2010 US Census.)
- Tier 2 (Over 6 ccf) includes all water consumption over 6 ccf for all other use.

The advantage of a two-tiered rate structure is simplicity, especially for larger customers, whose current usage generally falls in Tier 4. The disadvantage of Option 3 is that low water users will

see higher bill impacts than those with moderate to high levels of use. Actual impacts to each customer will vary throughout the year based on consumption.

Figure 10 shows the percentage of bill and consumption by tier for the proposed 2 tiered rate structure in which 14% of all usage is projected to be sold in Tier 1 and 86% is estimated to be sold in Tier 2.



Figure 10. Option 2: Distribution of Bills and Consumption by Tier

Total Consumption (Three-Year Average for FY2012-14)					
		Bills Ending in Tier		Water Use in Tier (ccf)	
		#	%	hcf	%
Tier 1	0 - 6	12,953	28.5%	244,653	16.4%
Tier 2	> 6	<u>32,481</u>	<u>71.5%</u>	<u>1,247,676</u>	<u>83.6%</u>
Total		45,434	100.0%	1,492,329	100.0%

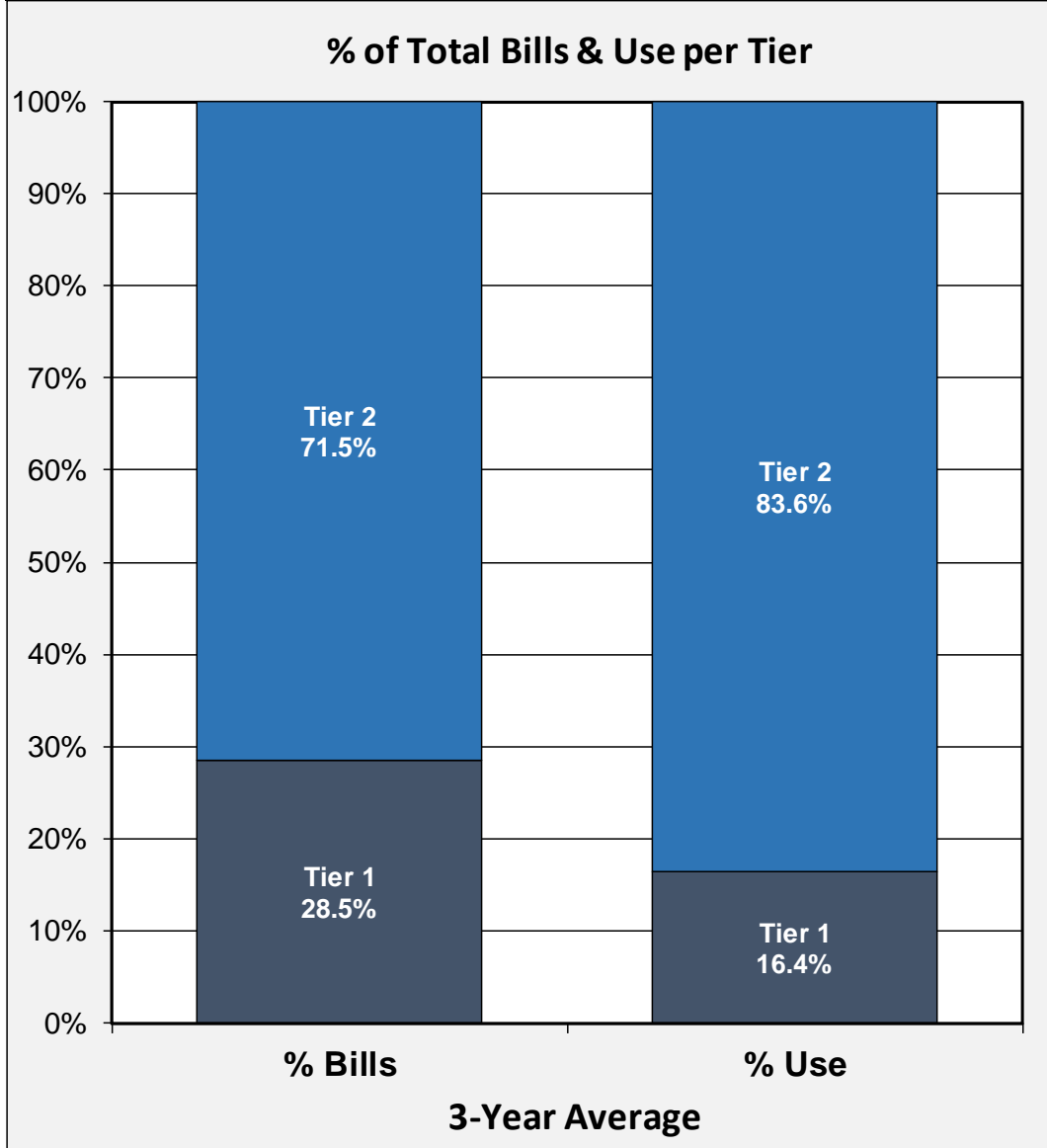


Table 13 calculates the proposed Tier 1 rate based on the City’s estimated cost for purchasing water as shown on Table 4. The Tier 1 rate is derived by dividing a) the annual cost for water purchases from Table 4 by b) total estimated yearly consumption also from Table 4. As shown below, the Tier 1 rate varies each year based on the SFPUC’s wholesale rate. To minimize rate spikes, the proposed Tier 1 rates are incrementally increased by the annual average of 5.4% each year.

Table 13: Option 2: Proposed Tier 1 Rate  
 City of Menlo Park Municipal Water District  
 Water Rate Study 2015

	Proposed					
	2015/16	2016/17	2017/18	2018/19	2019/20	
<b>TIER 1 RATE CALCULATION</b>						
Total Cost for Water Purchases (Table 4)	\$6,060,000	\$6,103,560	\$6,118,080	\$6,873,120	\$7,468,440	
Total Consumption (ccf) (Table 4)	1,344,000	1,344,000	1,344,000	1,344,000	1,344,000	
Tier 1 Calculated Rate	\$4.51	\$4.54	\$4.55	\$5.11	\$5.56	<i>Annual Avg</i>
% Change		0.7%	0.2%	12.3%	8.8%	<i>% Change</i>
<b>Proposed Tier 1 Rate Incrementally Increased</b>	<b>\$4.51</b>	<b>\$4.75</b>	<b>\$5.01</b>	<b>\$5.28</b>	<b>\$5.56</b>	
% Change		5.4%	5.4%	5.4%	5.4%	

The cost basis for Tier 2 is the water utility’s conservation expenses which are estimated at \$150,000 for 2015/16. Conservation costs include public outreach, staff and personnel, and rebate programs, such as the Lawn Be Gone program. These costs are allocated to the higher tiers to reduce demand particularly from high users and to improve supply reliability particularly during water shortage emergencies and periods of reduced supply assurance from the SFPUC. Tier 2 is calculated by dividing a) the water utility’s estimated conservation expenses of \$150,000 by b) the amount of consumption in Tier 2. The additional cost for conservation is \$0.13 which is added to the Tier 1 rate of \$4.49 for a Tier 2 rate of \$4.62. As detailed on Table 14, the proposed Tier 2 rates for the future years through 2019/20 are increased by 14.5% each year to meet annual revenue requirements.

Table 14: Option 3: Proposed Tier 2 Rate Derivation  
 City of Menlo Park Municipal Water District  
 Water Rate Study 2015

<b>TIER 2 RATE CALCULATION</b>					
Total Conservation Expenses	\$150,000				
Tier 2 Consumption (ccf)	1,128,960				
Additional Tier 2 Rate	\$0.13				
<b>PROPOSED CONSUMPTION RATES - TWO TIERS</b>					
<b>Tier 1: 0 - 6 ccf</b>	<b>\$4.51</b>	<b>\$4.75</b>	<b>\$5.01</b>	<b>\$5.28</b>	<b>\$5.57</b>
% Change		5.4%	5.4%	5.4%	5.4%
<b>Tier 2: Over 6 ccf (1)</b>	<b>\$4.64</b>	<b>\$5.32</b>	<b>\$6.09</b>	<b>\$6.97</b>	<b>\$7.98</b>
% Change		14.5%	14.5%	14.5%	14.5%
1 - Tier 1 rate + Additional Tier 2 rate					

Table 15 shows the proposed rates for Option 2. Tier 1 is based on the cost of SFPUC water and is increased annually by 5.4%. Tier 2 recovers conservation costs and is increased 14.5% each year beginning in 2016/17 through 2019/20. Under Proposition 218, the rates shown below are the maximum rates that the MPMWD can enact each year. The MPMWD can adopt rates that are lower than those shown based upon an annual review of the water utility’s finances to ensure that revenues are in line with expenses.

Table 15: Option 2 (Two Tiers) – Proposed Rates  
 City of Menlo Park Municipal Water District  
 Water Rate Study 2015

	Current	Proposed				
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
<b>FIXED CHARGE</b>						
<b>Meter Size</b>						
5/8"	\$16.84	\$17.93	\$20.08	\$22.49	\$25.19	\$28.21
3/4"	\$16.84	\$17.93	\$20.08	\$22.49	\$25.19	\$28.21
1"	\$26.94	\$29.88	\$33.47	\$37.49	\$41.99	\$47.03
1-1/2"	\$55.57	\$59.77	\$66.94	\$74.97	\$83.97	\$94.05
2"	\$89.26	\$95.63	\$107.10	\$119.95	\$134.34	\$150.46
3"	\$163.35	\$179.30	\$200.82	\$224.92	\$251.91	\$282.14
4"	\$252.61	\$299.43	\$335.36	\$375.60	\$420.67	\$471.15
6"	\$560.81	\$597.67	\$669.39	\$749.72	\$839.69	\$940.45
8"	\$1,244.54	\$956.27	\$1,071.02	\$1,199.54	\$1,343.48	\$1,504.70
10"	\$2,761.91	\$1,374.63	\$1,539.59	\$1,724.34	\$1,931.26	\$2,163.01
<b>WATER CONSUMPTION CHARGE OPTIONS</b>						
<b>OPTION 2: TWO TIERS</b>						
Tier 1: 0 - 6 ccf		\$4.51	\$4.75	\$5.01	\$5.28	\$5.57
Tier 2: Over 6 ccf		\$4.64	\$5.32	\$6.09	\$6.97	\$7.98

### 6.3 Rate Option Comparison

Table 16 compares the proposed water rates for Options 1 and 2. Both rate structures are designed to meet the same annual revenue requirements. Moreover, the fixed charges for each option is the same.

Table 16: Summary of Proposed Water Rates for Rate Options 1 and 2  
 City of Menlo Park Municipal Water District  
 Water Rate Study 2015

	Current 2014/15	Proposed				
		2015/16	2016/17	2017/18	2018/19	2019/20
<b>FIXED CHARGE</b>						
<u>Meter Size</u>						
5/8"	\$16.84	\$17.93	\$20.08	\$22.49	\$25.19	\$28.21
3/4"	\$16.84	\$17.93	\$20.08	\$22.49	\$25.19	\$28.21
1"	\$26.94	\$29.88	\$33.47	\$37.49	\$41.99	\$47.03
1-1/2"	\$55.57	\$59.77	\$66.94	\$74.97	\$83.97	\$94.05
2"	\$89.26	\$95.63	\$107.10	\$119.95	\$134.34	\$150.46
3"	\$163.35	\$179.30	\$200.82	\$224.92	\$251.91	\$282.14
4"	\$252.61	\$299.43	\$335.36	\$375.60	\$420.67	\$471.15
6"	\$560.81	\$597.67	\$669.39	\$749.72	\$839.69	\$940.45
8"	\$1,244.54	\$956.27	\$1,071.02	\$1,199.54	\$1,343.48	\$1,504.70
10"	\$2,761.91	\$1,374.63	\$1,539.59	\$1,724.34	\$1,931.26	\$2,163.01
<b>WATER CONSUMPTION CHARGE OPTIONS</b>						
<b>OPTION 1: UNIFORM TIER</b>						
All Use per ccf		\$4.75	\$5.35	\$6.02	\$6.81	\$7.70
<b>OPTION 2: TWO TIERS</b>						
Tier 1: 0 - 6 ccf		\$4.51	\$4.75	\$5.01	\$5.28	\$5.57
Tier 2: Over 6 ccf		\$4.64	\$5.32	\$6.09	\$6.97	\$7.98

## 6.4 Capital Surcharge

There are two primary methods for financing capital improvements; pay-as-you-go financing and debt financing (bonds or loans). The City has and will continue to fund its water capital projects on a pay-as-you-go basis through the capital surcharge. The capital surcharge was established in 1990 at \$0.35 per ccf. Prior to the last rate study, the capital surcharge had not been increased. The 2010 rate study recommended increasing the capital surcharge annually by the change in the ENR-CCI to keep pace with the costs of construction. For 2014/15, the capital surcharge is \$0.51 per ccf and is projected to generate approximately \$700,000 in funding for capital projects. However, total capital improvements for the year is estimated at \$950,000, resulting in a roughly \$241,000 shortfall.

Table 17 shows the proposed five year (2015/16 – 2019/20) CIP and the current capital surcharge increased annually by 3% as an estimate for the change in the ENR-CCI. When comparing the total five year CIP to the estimated revenue generated from the capital surcharge over the same period, the result is a \$3.1 million shortfall. To resolve the shortfall, BWA proposes to increase the capital surcharge by 24% each year through 2019/20 to fully fund the water utility's infrastructure needs. The increase in the capital surcharge will reduce the water utility's dependence on water capacity charges to fund capital projects. Water capacity charges are discussed in Section 8.

Table 17: Proposed Capital Surcharge  
 City of Menlo Park Municipal Water District  
 Water Rate Study 2015

Project	Budget	Projected					Five Year Total
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	
Total CIP	\$950,000	\$50,000	\$800,000	\$3,400,000	\$1,200,000	\$1,420,000	\$6,870,000
Projected Annual Water Use (ccf)	1,390,000	1,344,000	1,344,000	1,344,000	1,344,000	1,344,000	
<b>CURRENT WATER CAPITAL SURCHARGE</b>							
Capital Surcharge per ccf (1)	\$0.51	\$0.53	\$0.54	\$0.56	\$0.57	\$0.59	
% Change		3.0%	3.0%	3.0%	3.0%	3.0%	
Estimated Annual Capital Surcharge Revenue	\$708,900	\$706,003	\$727,183	\$748,999	\$771,469	\$794,613	\$3,748,267
Est. Annual Revenue Less Total CIP (Shortfall)							\$3,121,733
<b>PROPOSED WATER CAPITAL SURCHARGE</b>							
Capital Surcharge per ccf	\$0.51	\$0.63	\$0.78	\$0.97	\$1.21	\$1.50	
% Change		24.0%	24.0%	24.0%	24.0%	24.0%	
Estimated Annual Capital Surcharge Revenue		\$849,946	\$1,053,933	\$1,306,876	\$1,620,527	\$2,009,453	\$6,840,734
1 - Water Capital Surcharge is escalated by 3% beginning in 2015/16 as an estimate for the change in the ENR-CCI.							

## 6.5 Sample Bill Impacts

The following charts shows the impacts of projected water rates on a range of single family residential and commercial customer profiles for each of the three rate structure options. Note that water consumption, particularly for single family customers, typically varies due to seasonal variations in weather and/or other factors. Hence a single customer could face a range of impacts throughout the year. Sample bill impacts for typical monthly water bills for various customer categories are included in the Appendices E through H.

Figure 11. Bill Impact – Single Family Residential: Low User – 5/8” meter, 5 ccf

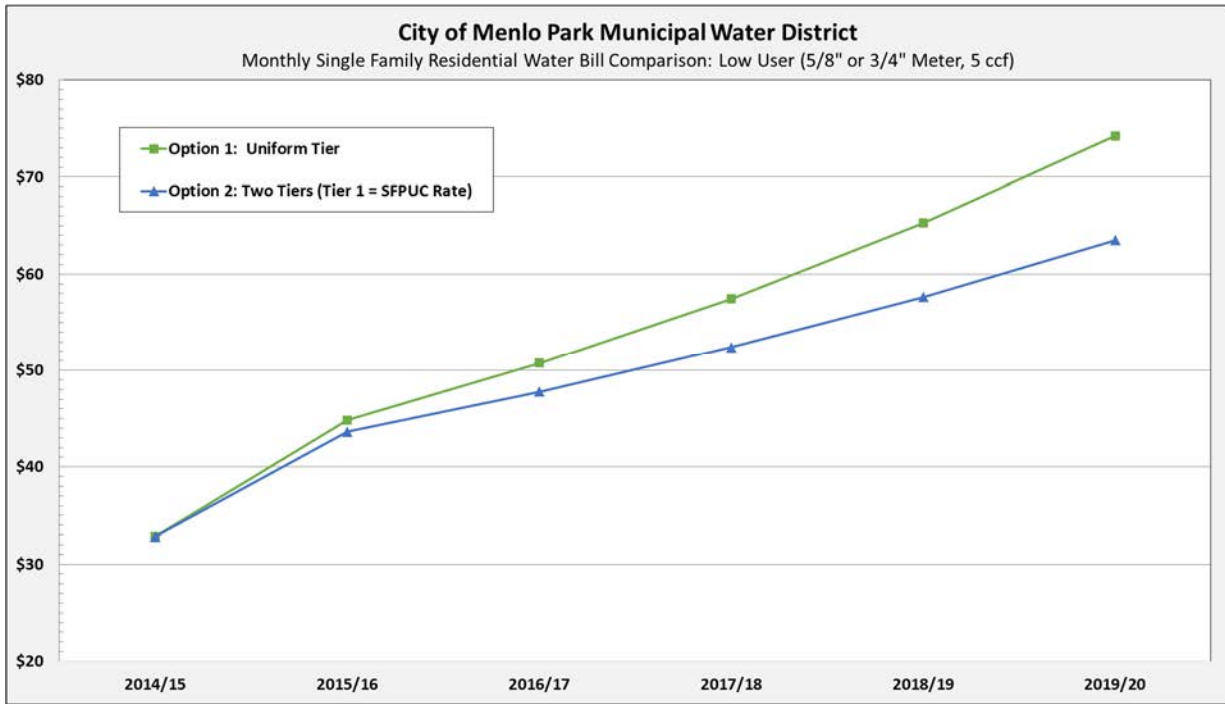


Figure 12. Bill Impact – Single Family Residential: Average User – 5/8” meter, 14 ccf

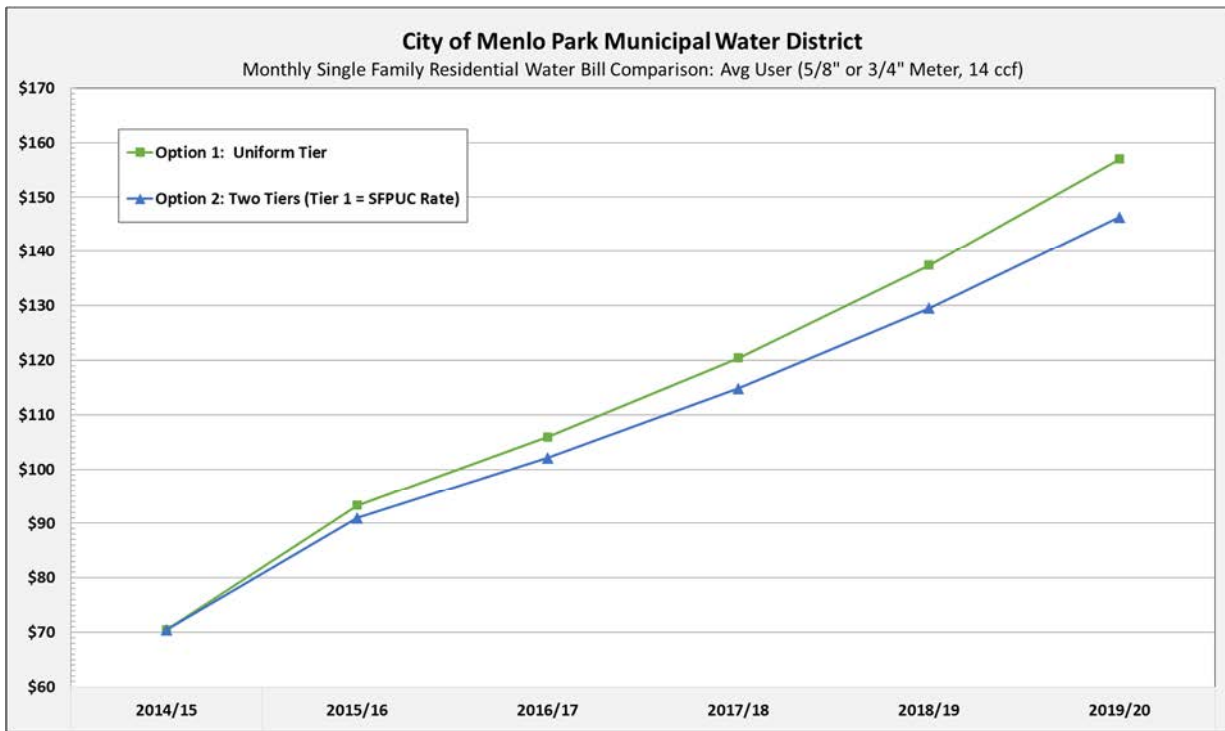




Figure 13. Bill Impact – Single Family Residential: Average User – 5/8” meter, 40 ccf

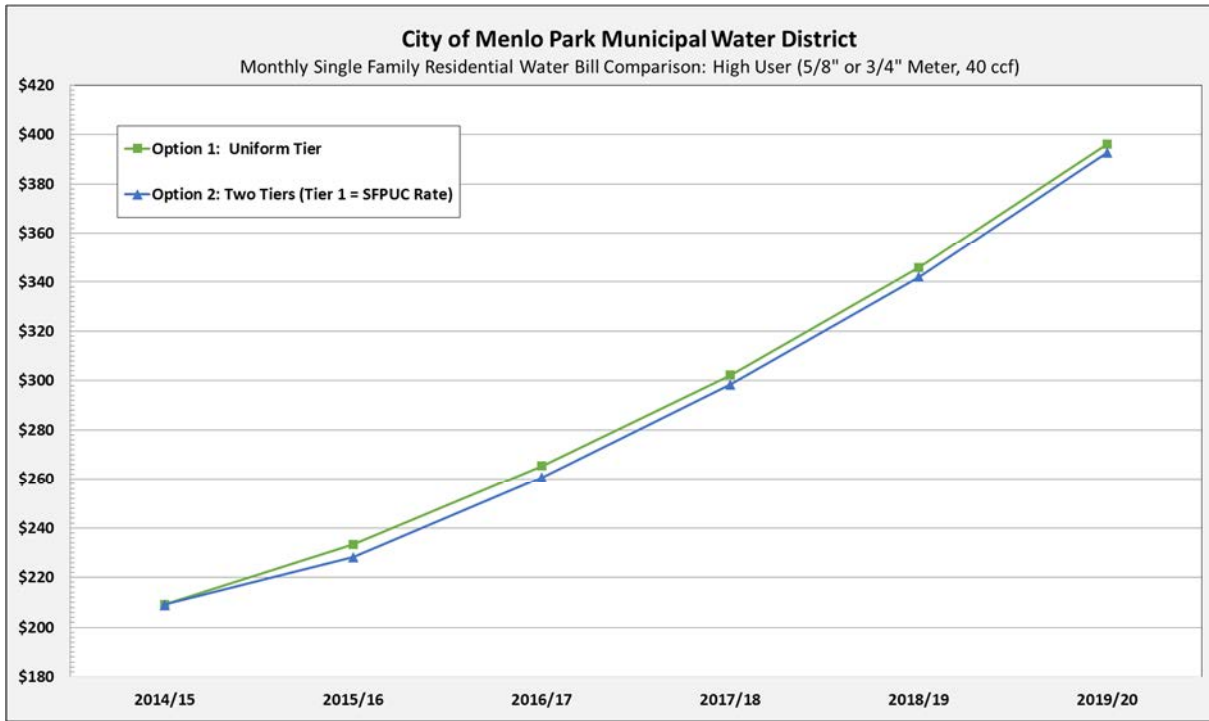


Figure 14. Bill Impact – Commercial: 1” meter, 75 ccf

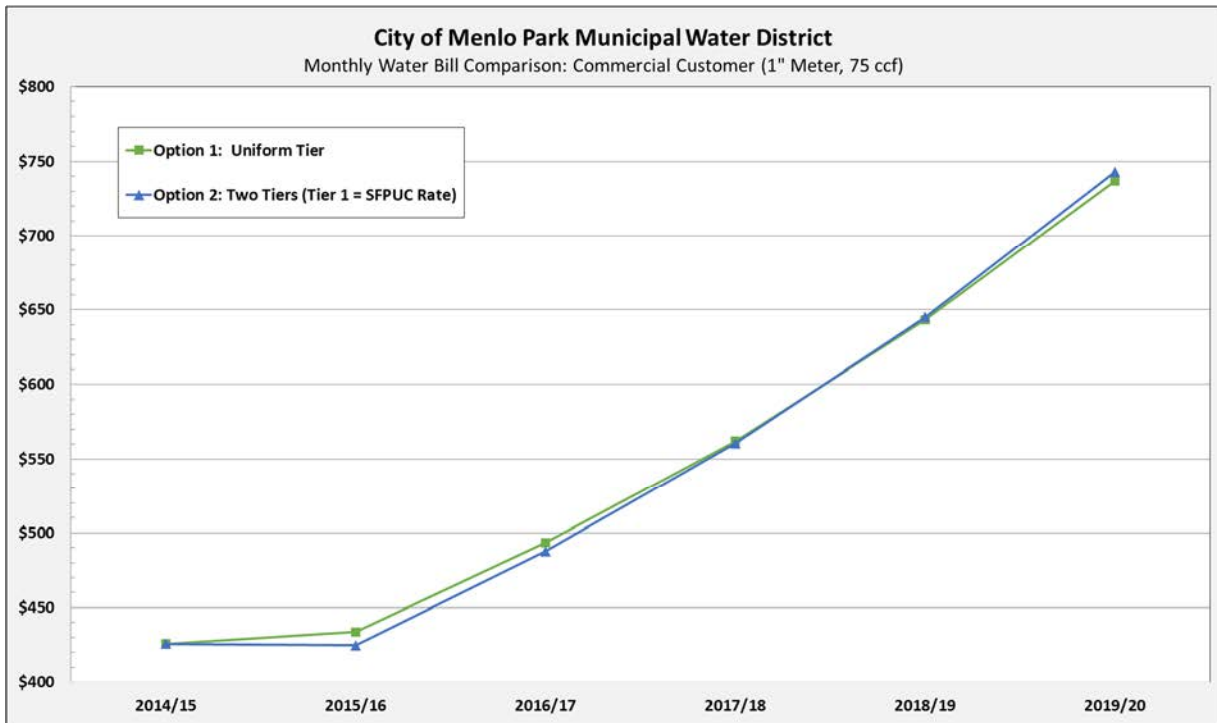


Figure 15. Bill Impact – Commercial: 2” meter, 200 ccf

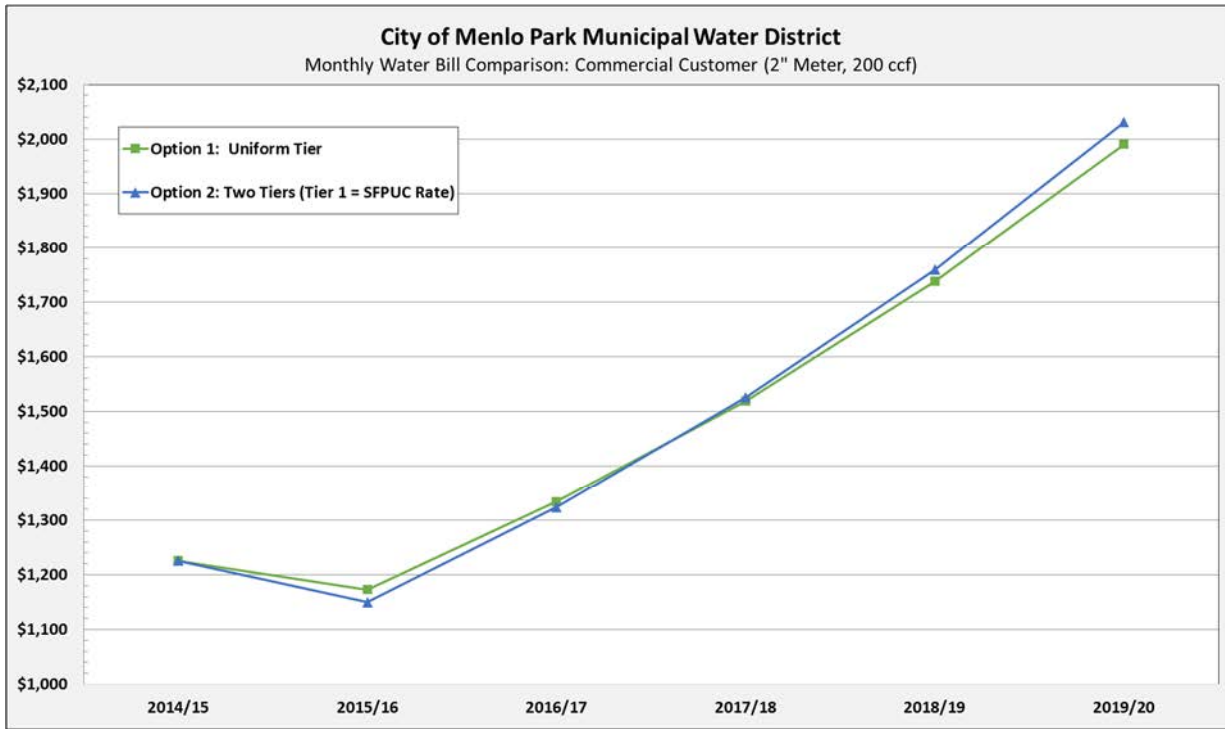
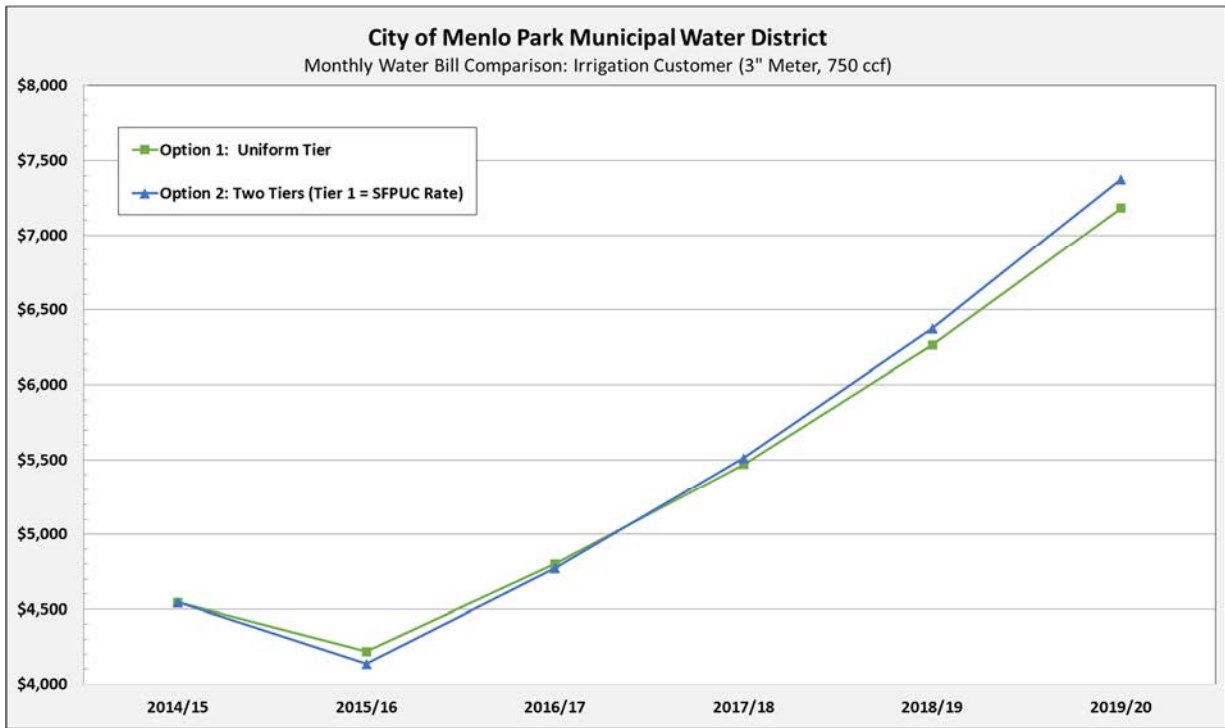


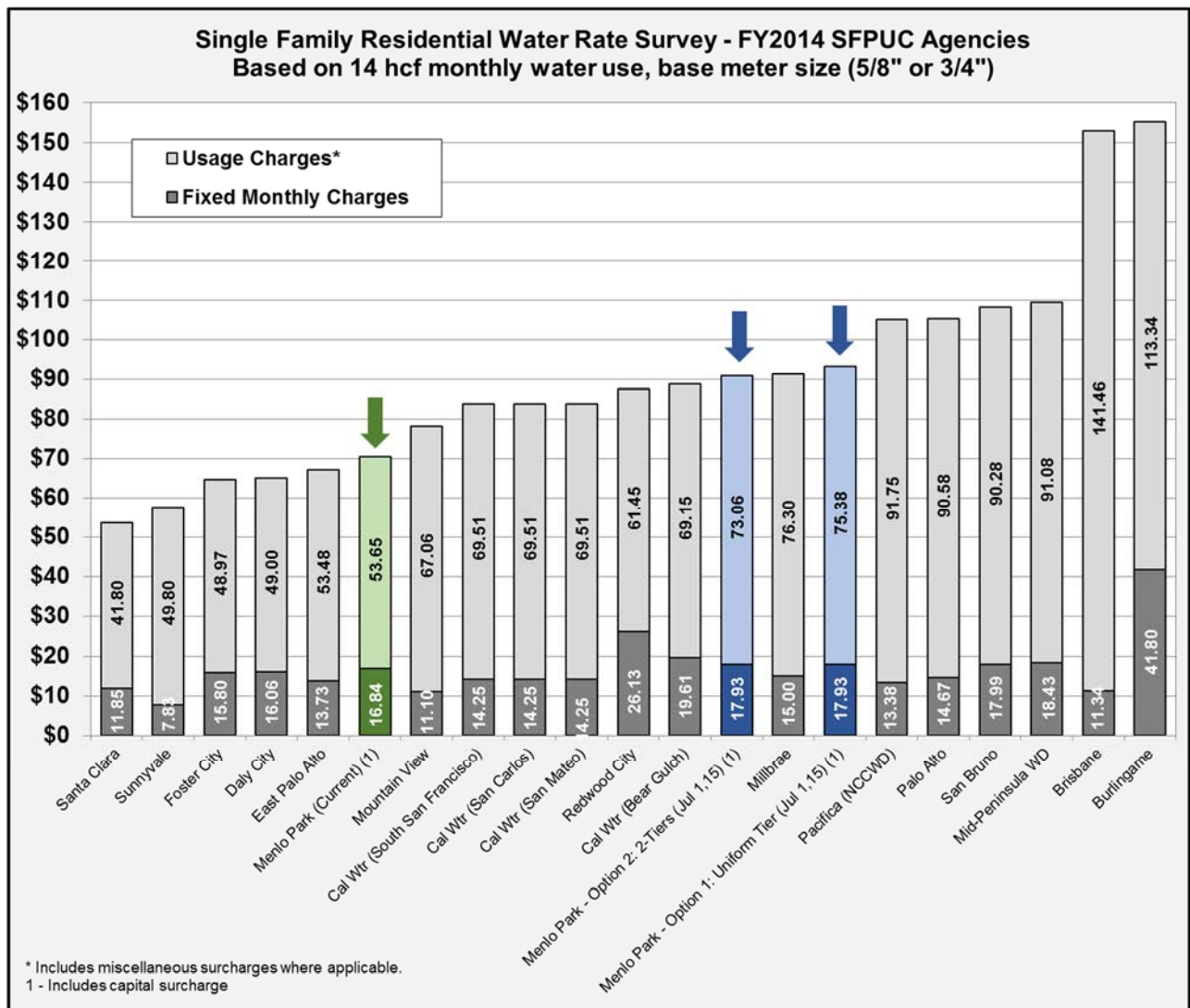
Figure 16. Bill Impact – Irrigation: 3” meter, 750 ccf



## 6.6 Regional Water Rate Survey

Figure 17 compares the City’s current rates to those of other regional agencies that purchase SFPUC wholesale water for a single family home using 14 ccf of water per month, the City’s average single family monthly consumption. The City’s average single family bill is in the lower-middle range compared to other regional agencies. The City’s water rates are expected to remain in this range as many other regional agencies are also facing financial pressures to raise rates in upcoming years.

Figure 17. Single Family Residential Water Rate Survey



## **6.7 Unmetered Fire Connection Charges**

For unmetered fire connections, the City charges a separate monthly fixed charge based on service size. These connections are used solely as standby service for private fire protection. Table 18 details the current number of fire meters, the fire meter equivalent ratios and current monthly charge which have not been updated since 1990. The City currently has 133 unmetered fire connections that generate approximately \$21,000 in annual revenue.

Table 18: Current Unmetered Fire Connection Charges  
 City of Menlo Park Municipal Water District  
 Water Rate Study 2015

Code	Meter Size	Number of Fire Meters	Fire Meter Equivalent Ratios	Current Fire Meter Monthly Charge
A	1-1/2"	0	1.0	\$4.00
B	2"	2	1.3	\$5.00
C	3"	2	1.8	\$7.00
D	4"	17	2.3	\$9.00
E	6"	86	3.3	\$13.00
F	8"	23	4.3	\$17.00
G	10"	1	5.5	\$22.00
H	12"	2	7.0	\$28.00
I	8" & 10"	0	9.8	\$39.00
Total		133		

Based on the size of the water utility, the AWWA recommends that 18% of system expenses are allocated to fire protection, and therefore, the monthly charge for unmetered fire protection should be set at 18% of the potable meter fixed charges on Table 10. The proposed monthly unmetered fire charges are shown on Table 19. The unmetered fire charges have also been updated to reflect proposed meter capacity ratios from Table 9.

Table 19: Proposed Monthly Unmetered Fire Connection Charges  
 City of Menlo Park Municipal Water District  
 Water Rate Study 2015

Meter Size	CURRENT	PROPOSED				
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
1-1/2"	\$4.00	\$10.76	\$12.05	\$13.49	\$15.11	\$16.93
2"	\$5.00	\$17.21	\$19.28	\$21.59	\$24.18	\$27.08
3"	\$7.00	\$32.27	\$36.15	\$40.49	\$45.34	\$50.79
4"	\$9.00	\$53.90	\$60.36	\$67.61	\$75.72	\$84.81
6"	\$13.00	\$107.58	\$120.49	\$134.95	\$151.14	\$169.28
8"	\$17.00	\$172.13	\$192.78	\$215.92	\$241.83	\$270.85
10"	\$22.00	\$247.43	\$277.13	\$310.38	\$347.63	\$389.34
12"	\$28.00	\$462.59	\$518.10	\$580.28	\$649.91	\$727.90

## 6.8 AB 3030 Pass Through Provision

Assembly Bill 3030 (Section 53756 of the California Government Code) was signed into law in September 2008 (effective January 1, 2009) giving water utilities that purchase wholesale water from another provider greater ability to “pass-through” increases in the cost of wholesale water to their ratepayers without going through new Proposition 218 protest proceedings. This legislation expressly allows public utility providers to adopt a schedule for both inflation and wholesale rate pass-throughs provided they do not apply for more than five-years without a new protest hearing, and that the utility provider gives 30 days written notice to ratepayers each time a pass-through is implemented.

In practice, this means that the City can adopt a rate schedule that allows it to directly “pass-through” changes in the SFPUC’s wholesale water rate and BAWSCA surcharge without having a new Prop 218 notification process and hearing. The proposed rates assume that the SFPUC will increase its wholesale water rates to \$4.72 per ccf on July 1, 2020. The MPMWD is proposing to pass-through any additional increases in SFPUC wholesale water rates above these projected rates. Such pass-throughs will be implemented by increasing the proposed Water Consumption Charges by the dollar increase in the SFPUC wholesale water rate per ccf in excess of \$4.72 per ccf. For example, if the SFPUC raises its wholesale water rate to \$4.82 per ccf on July 1, 2020, the City would be authorized to increase its Water Consumption Charges by \$0.10 per ccf from the levels proposed for each year.

The City will also calculate the equivalent charger per ccf each year to determine the annual BAWSCA surcharge. If the calculated BAWSCA surcharge is higher than the projected rates in this report, the additional charges will be added to the Water Consumption Charges. Prior to implementing a pass-through for SFPUC wholesale rates, the City will send notification to all customers at least 30 days prior to implementation.

## **7 DROUGHT SURCHARGE**

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### **7.1 Drought Surcharge Overview**

After nearly four consecutive years of below-normal rainfall, California is facing a severe drought. In April 2015, Governor Jerry Brown called for a mandatory State-wide 25% reduction in water use from 2013.

During times of drought, a water utility has two core objectives: 1) to reduce the amount of water customers consume, and 2) to maintain an adequate amount of revenue to continue operations while paying for extraordinary drought-related expenses. The two competing objectives work against each other because as less water is sold the more difficult it is to maintain adequate revenue to cover an agency's costs.

BWA recommends the MPMWD consider an emergency drought surcharge to promote financial stability during periods of reduced water sales. Drought surcharges are designed to recover lost revenue due to decreased levels of consumption and to pay for additional expenses related to the drought. The emergency drought surcharge would be an additional separate consumption charge levied on all usage. The City recognizes that ratepayers are already doing their part to conserve. Therefore, applying the drought surcharge to only the consumption charge component gives customers the increased ability to control a portion of their water bills. The surcharge would be charged on a temporary basis and will be phased out when the City determines that water supply conditions have returned to normal and water drought-related costs and revenue reductions have been recovered.

### **7.2 Water Shortage Contingency Plan**

The City developed a five-stage Water Shortage Contingency Plan as an amendment to the Final Urban Water Management Plan 2010 (2010 UWMP). The plan was amended in November 2014 to comply with the State Water Resources Control Board's (SWRCB) regulations requiring urban water suppliers to "implement all requirements and actions of the stage of its Water Shortage Contingency Plan that imposes mandatory restrictions on outdoor irrigation of ornamental landscapes or turf with potable water." As shown in Table 20, the plan includes voluntary and mandatory goals for reductions in water use, depending on the severity and anticipated duration of the drought. The City is currently in Stage 2 which calls for up to a 20% reduction in consumption.



Table 20: Water Shortage Contingency Plan: Rationing Stages to Address Water Supply Shortages  
 City of Menlo Park Municipal Water District  
 Water Rate Study 2015

Stage	Water Use Regulations	% Goal
1	<ul style="list-style-type: none"> <li>• Hoses must be equipped with a shut-off valve for washing vehicles, sidewalks, walkways, or buildings.</li> <li>• Broken or defective plumbing and irrigation systems must be repaired or replaced within a reasonable period.</li> <li>• Other measures as may be approved by Resolution of the City Council.</li> </ul>	NA
2	<ul style="list-style-type: none"> <li>• Continue with actions and measures from Stage 1, except where superseded by more stringent requirements.</li> <li>• Potable water shall not be used to water outdoor landscapes in a manner that causes runoff onto non-irrigated areas, walkways, roadways, parking lots, or other hard surfaces.</li> <li>• Potable water shall not be applied in any manner to any driveway or sidewalk, except when necessary to address immediate health or safety concerns.</li> <li>• Restaurants and other food service operations shall serve water to customers only upon request.</li> <li>• Use only re-circulated or recycled water to operate ornamental fountains.</li> <li>• Other measures as may be approved by Resolution of the City Council to achieve the overall percentage reduction</li> </ul>	Up to 20%
3	<ul style="list-style-type: none"> <li>• Continue with actions and measures from Stage 2, except where superseded by more stringent requirements.</li> <li>• Potable water shall not be used for street cleaning.</li> <li>• Limit outdoor irrigation to occur during specific hours, as determined by the Public Works Director, or his designee.</li> <li>• Other measures as may be approved by Resolution of the City Council to achieve the overall percentage reduction.</li> </ul>	Up to 30%
4	<ul style="list-style-type: none"> <li>• Continue with actions and measures from Stage 3, except where superseded by more stringent requirements.</li> <li>• No new landscaping shall be installed at new construction sites.</li> <li>• Limit outdoor irrigation to a set number of days per week, as determined by the Public Works Director, or his designee.</li> <li>• Other measures as may be approved by Resolution of the City Council to achieve the overall percentage reduction.</li> </ul>	Up to 40%

Stage	Water Use Regulations	% Goal
5	<ul style="list-style-type: none"> <li>• Continue with actions and measures from Stage 4, except where superseded by more stringent requirements.</li> <li>• Newly constructed pools, spas and hot tubs shall not be filled.</li> <li>• Existing irrigation systems shall not be expanded.</li> <li>• Turf irrigation is prohibited at all times.</li> <li>• Other measures as may be approved by Resolution of the City Council to achieve the overall percentage reduction.</li> </ul>	<b>Up to 50%</b>

### 7.3 Proposed Drought Surcharge

The following tables detail the proposed maximum drought surcharge for 2019/20 for Options 1 and 2. Drought surcharges have been developed for Stages 2 through 5 of the Water Shortage Contingency Plan. Stage 1 represents baseline usage for 2019/20 which is projected at 1,344,000 ccf. Annual consumption for Options 1 and 2. For Option 2, additional conservation is anticipated in Tier 2. Actual consumption may vary.

The total additional revenue requirement to be recovered from the drought surcharge includes: 1) revenues lost due to reduced consumption and 2) additional drought-related expenses. The revenue loss is derived by multiplying projected consumption for each stage by the 2019/20 consumption rates to estimate total revenue for each stage. The loss in revenue is then calculated by subtracting total revenue for each stage from the Stage 1 (baseline) revenues. The additional drought-related expenses are estimates based on staff input. The total additional revenue requirement is offset by a decrease in SFPUC wholesale water purchases as a result of the decrease in consumption. The drought surcharge for each stage is then derived by dividing the total additional revenue requirement by total estimated consumption for each stage.

Table 21: Option 1 (Uniform Tier) – Proposed 2019/20 Drought Surcharge  
 City of Menlo Park Municipal Water District  
 Water Rate Study 2015

	Stage 1: Baseline (2019/20)	Stage 2	Stage 3	Stage 4	Stage 5
<b>Required Water Reduction %</b>		<b>Up to 20%</b>	<b>Up to 30%</b>	<b>Up to 40%</b>	<b>Up to 50%</b>
<b>PROJECTED CONSUMPTION</b>					
Total Water Consumption (ccf)	1,344,000	1,075,200	940,800	806,400	672,000
Total Reduction in Water Consumption (ccf)		268,800	403,200	537,600	672,000
% Reduction from Stage 1/Base Year		-20%	-30%	-40%	-50%
<b>EST. 2019/20 CONSUMPTION RATES (Option 1)</b>					
Uniform Tier (All use per ccf)	<u>Jul 1, 2019</u> \$7.70	<u>Jul 1, 2019</u> \$7.70	<u>Jul 1, 2019</u> \$7.70	<u>Jul 1, 2019</u> \$7.70	<u>Jul 1, 2019</u> \$7.70
<b>PROJECTED REVENUE LOSS - 2019/20</b>					
Total Consumption Revenue	\$10,354,400	\$8,283,520	\$7,248,080	\$6,212,640	\$5,177,200
% Reduction from Stage 1/Base Year		-20%	-30%	-40%	-50%
Total Consumption Revenue Loss with Reduction		\$2,070,880	\$3,106,320	\$4,141,760	\$5,177,200
<b>REDUCED COST OF SFPUC WATER PURCHASES</b>					
Reduced Water Sales + 8% Water Losses		290,304	435,456	580,608	725,760
<u>SFPUC Wholesale Rate 2019/20</u>		<u>\$4.72</u>	<u>\$4.72</u>	<u>\$4.72</u>	<u>\$4.72</u>
Total Reduced Cost of SFPUC Water Purchases		(\$1,370,235)	(\$2,055,352)	(\$2,740,470)	(\$3,425,587)
<b>ADDITIONAL REVENUE REQUIREMENT</b>					
Consumption Revenue Loss with Reduction		\$2,070,880	\$3,106,320	\$4,141,760	\$5,177,200
Additional Drought-Related Expenses		\$150,000	\$250,000	\$350,000	\$450,000
<u>Less Reduction in SFPUC Water Purchases</u>		<u>(\$1,370,235)</u>	<u>(\$2,055,352)</u>	<u>(\$2,740,470)</u>	<u>(\$3,425,587)</u>
Total Add'l Revenue Requirement		\$850,645	\$1,300,968	\$1,751,290	\$2,201,613
<b>DROUGHT SURCHARGE (PER CCF)</b>		<b>\$0.79</b>	<b>\$1.38</b>	<b>\$2.17</b>	<b>\$3.28</b>

Table 22: Option 2 (Two Tiers) – Proposed 2019/20 Drought Surcharge  
 City of Menlo Park Municipal Water District  
 Water Rate Study 2015

	Stage 1: Baseline (2019/20)	Stage 2	Stage 3	Stage 4	Stage 5
<b>Required Water Reduction %</b>		<b>Up to 20%</b>	<b>Up to 30%</b>	<b>Up to 40%</b>	<b>Up to 50%</b>
<b>REDUCTION BY TIER</b>					
<u>All Customers</u>					
	<u>Weighting Factor</u>				
Tier 1	0 - 6 ccf 5%	-1%	-2%	-2%	-3%
Tier 2	Over 6 ccf 118%	-24%	-35%	-47%	-59%
<b>PROJECTED CONSUMPTION</b>					
<u>All Customers</u>					
	<u>% of Use in Tier</u>	<u>2019/20</u>	<u>2019/20</u>	<u>2019/20</u>	<u>2019/20</u>
Tier 1	0 - 6 ccf 16%	220,336	218,130	217,030	215,930
Tier 2	Over 6 ccf <u>84%</u>	<u>1,123,664</u>	<u>858,480</u>	<u>725,890</u>	<u>593,290</u>
Total Consumption (ccf)	100%	1,344,000	1,076,610	942,920	675,530
Total Reduction in Water Consumption (ccf)			267,390	401,080	668,470
<i>% Reduction from Stage 1/Base Year</i>			-20%	-30%	-50%
<b>EST. 2019/20 CONSUMPTION RATES (Option 2)</b>					
	<u>Jul 1, 2019</u>	<u>Jul 1, 2019</u>	<u>Jul 1, 2019</u>	<u>Jul 1, 2019</u>	<u>Jul 1, 2019</u>
Tier 1	0 - 6 ccf \$5.57	\$5.57	\$5.57	\$5.57	\$5.57
Tier 2	Over 6 ccf \$7.98	\$7.98	\$7.98	\$7.98	\$7.98
<b>PROJECTED REVENUE LOSS - 2019/20</b>					
<u>All Customers</u>					
Tier 1	0 - 6 ccf \$1,226,377	\$1,214,100	\$1,207,977	\$1,201,855	\$1,195,732
Tier 2	Over 6 ccf <u>\$8,966,947</u>	<u>\$6,850,752</u>	<u>\$5,792,671</u>	<u>\$4,734,511</u>	<u>\$3,676,430</u>
Total Consumption Revenue	\$10,193,324	\$8,064,852	\$7,000,648	\$5,936,365	\$4,872,162
<i>% Reduction from Stage 1/Base Year</i>		-21%	-31%	-42%	-52%
Consumption Revenue Loss with Reduction		\$2,128,472	\$3,192,676	\$4,256,959	\$5,321,162
<b>REDUCED COST OF SFPUC WATER PURCHASES</b>					
Reduced Water Sales + 8% Water Losses		288,781	433,166	577,562	721,948
<u>SFPUC Wholesale Rate 2019/20</u>		<u>\$4.72</u>	<u>\$4.72</u>	<u>\$4.72</u>	<u>\$4.72</u>
Total Reduced Cost of SFPUC Water Purchases		(\$1,363,047)	(\$2,044,545)	(\$2,726,095)	(\$3,407,593)
<b>ADDITIONAL REVENUE REQUIREMENT</b>					
Consumption Revenue Loss with Reduction		\$2,128,472	\$3,192,676	\$4,256,959	\$5,321,162
Additional Drought-Related Expenses		\$150,000	\$250,000	\$350,000	\$450,000
<u>Less Reduction in SFPUC Water Purchases</u>		<u>(\$1,363,047)</u>	<u>(\$2,044,545)</u>	<u>(\$2,726,095)</u>	<u>(\$3,407,593)</u>
Total Add'l Revenue Requirement		\$915,425	\$1,398,130	\$1,880,864	\$2,363,570
<b>DROUGHT SURCHARGE (PER CCF)</b>		<b>\$0.85</b>	<b>\$1.48</b>	<b>\$2.32</b>	<b>\$3.50</b>

An example calculation shown on Table 22 is as follows: For Stage 1, total 2019/20 consumption charge revenues based on 1,344,000 ccf of water is estimated at roughly \$10.2 million. With a Stage 3 30% reduction, total usage is estimated at 942,920 ccf, and consumption revenues are estimated at \$7.0 million, resulting in a revenue loss of about \$3.2 million. The total additional revenue requirement for Stage 3 is approximately \$1.4 million. Dividing the additional revenue requirement by projected consumption results in a drought surcharge of \$1.48 per ccf.

## 8 WATER CAPACITY CHARGES

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### 8.1 Government Code

Water and wastewater capacity charges are governed by Section 66013 of the California Government Code. This section of the Code defines a “capacity charge” to mean “a charge for public facilities in existence at the time a charge is imposed or charges for new public facilities to be acquired or constructed in the future that are of proportional benefit to the person or property being charged.” The Code distinguishes “capacity charges” from “connection fees” which are defined as fees for the physical facilities necessary to make a water or sewer connection, such as costs related to installation of meters and pipelines from a new building to a water or sewer main.

According to the Section 66013, a water or wastewater capacity charge “shall not exceed the estimated reasonable cost of providing the service for which the fee or charge is imposed” unless approved by a two-thirds vote. As such, the capacity charges calculated in this report represent the maximum charges that the District can levy. Section 66013 does not detail any specific methodology for calculating capacity charges.

Section 66013 also identifies various accounting requirements for capacity charge revenues, notably that such revenues cannot be co-mingled with other MPMWD revenues and must be used for the purpose for which the charge was imposed. Section 66016 of the Code identifies the procedural requirements for adopting or increasing water and wastewater capacity charges and Section 66022 summarizes the general process by which the charges can be legally challenged.

### 8.2 Current Water Capacity Charge

The City’s current capacity fee (defined as the “Water Capacity Charge”) is \$2,706 for the base 5/8” meter size. The charge was originally developed in the 2006 rate study where it was updated from \$325 per base meter (from FY1990 to FY2006) to \$2,520 in 2006/07, and thereafter increased annually based on the change in the ENR-CCI for the Bay Area. The water capacity charge was last reviewed in 2009/10 by BWA and it was determined that the City continue to increase the fee annually by the ENR-CCI. The City also levies a capacity charge for fire protection. The current fire protection capacity charge is \$1,000 for fire services with sprinklers and \$3,500 for fire services without sprinklers. The current water capacity charges by meter size are summarized in Table 23

Table 23: Current Water Capacity Charges  
 City of Menlo Park Municipal Water District  
 Water Rate Study 2015

Meter Size	Meter Ratio	2014/15
<b>WATER CAPACITY CHARGE</b>		
5/8"	1.0	\$2,706
3/4"	1.0	\$2,706
1"	1.6	\$4,328
1-1/2"	3.3	\$8,935
2"	5.3	\$14,348
3"	9.7	\$26,247
4"	15.0	\$40,595
6"	33.3	\$90,124
<i>Charges for largers sizes based on ratio fo size to 5/8" &amp; 3/4" meters</i>		
<b>CAPACITY CHARGE FOR FIRE SERVICES</b>		
Fire Services with Sprinklers		\$1,000
Fire Services without Sprinklers		\$3,500
1 - City of Menlo Park - Master Fee Schedule July 1, 2014. Capacity charges are updated annually by the change in the ENR index.		

### 8.3 Capacity Charge Methodology

BWA reviewed the City’s current capacity fee and recommends updating the charge based on the System Buy-In Approach. Under this approach, new connections “buy in” for their proportionate share of capacity needs in existing and planned water system facilities and assets serving the utility. The System Buy-In Approach is one of the most widely used and accepted approaches for calculating capacity charges, particularly for utilities with capacity in existing infrastructure available to serve growth.

The following table shows a summary of existing water system fixed assets along with the cost of each type of escalated into current dollars based on the change in the Engineering News-Record

(ENR) Construction Cost Index (20-Cities Average Index) from the acquisition date of each asset to February 2015. A complete list of City water assets and costs is included in Appendix B.

Table 24: Existing Water System Facilities and Assets  
 City of Menlo Park Municipal Water District  
 Water Rate Study 2015

Asset	Original Cost	ENR Adjusted Original Cost	Accumulated Depreciation	ENR-Adjusted Original Cost Escalated (1)
Land	\$1,066,454	\$7,271,099	\$0	\$7,271,099
Water Pipes	\$8,170,270	\$92,823,393	\$4,355,978	\$88,467,415
Buildings	\$4,159,460	\$9,602,901	\$1,713,100	\$7,889,801
Equipment	\$542,566	\$1,614,151	\$493,941	\$1,120,210
Total Water System Assets	\$13,938,750	\$111,311,544	\$6,563,018	\$104,748,525

Source: Menlo Park, Water Fixed Assets 3-6-15 and Depreciation Expense Report.

1 - Based on ENR-CCI 20-Cities Feb 2015

## 8.4 Water Demand Projections

Table 25 summarizes current and projected future water demand. Current demand is based on actual consumption for calendar year 2014. Future demand for 2035 is based on the 2010 UWMP which represents a reasonable estimate of demand that the existing water system will need to serve. This level of demand is used in the fee calculation as a reasonable estimate for the service capacity of the City’s existing water system.

Table 25: Water Demand Projections  
 City of Menlo Park Municipal Water District  
 Water Rate Study 2015

	Demand	
	Acre-Feet per Year (AFY)	Gallons per Day (gpd)
<b>Current (1)</b>	3,190	2,846,365
<b>Projected 2035 (2)</b>	3,630	3,238,510
<b># Increase</b>	440	392,145
<b>% Increase</b>	13.8%	13.8%

1 - Total consumption for calendar year 2014  
 2 - Table 3.9, Final Urban Water Management Plan 2010

### 8.5 Water Demand per Single Family Residence

Table 26 shows estimates of average daily water demand per single family residence from the 2010 UWMP and based on historical consumption data. As shown at the bottom of the table, the water capacity charge calculation uses a conservative (low) estimate of 200 gallons per day (gpd) of water demand per single family detached home.



Table 26: Water Demand per Single Family Residence  
 City of Menlo Park Municipal Water District  
 Water Rate Study 2015

<b>Water Demand per Single Family Residence</b>	
<b>Demand Estimates from Final Urban Water Management Plan 2010</b>	
Baseline Daily Water Use per Capita (gpcd)	262
2020 Urban Water Use Target - Method 3 (gpcd) (1)	124
Average Number of People per Dwelling Unit	2.52
Demand Estimate per Single Family Residence (gpd)	<b>312</b>
<b>Demand Estimates from Analysis of Historical Billing Data (gpd)</b>	
3-Year Historical Median Demand per Single Family Residence <i>Based on utility billing data from 2011/12 - 2013/14.</i>	<b>246</b>
<b>Demand Estimates Used for Capacity Charge Calculation (gpd)</b>	
Conservative estimate of average daily demand for a new single family detached home	<b>200</b>

1 - Table 3.4, Final Urban Water Management Plan 2010

## 8.6 Water Capacity Charge Calculation

Table 27 shows the calculation of the updated water capacity charge based on a System Buy-In Approach. To be reasonable, the charge only recovers 75% of the current ENR-adjusted valuation of existing water system assets and pipelines. These costs are divided by an estimate of the capacity of the existing water system based on the 2010 UWMP demand projections through 2035. The water capital facilities charge is calculated such that customers are paying for a proportional share of capacity in water system facilities.

The calculation results in an average unit cost of \$24.26 per gallon per day (gpd) of water demand. The updated water capital charge for a base meter (5/8" or 3/4" meter) is calculated at \$4,852 by multiplying the average unit cost by the capacity requirements of a typical new single family residence.

Table 27: Water Capacity Charge Calculation  
 City of Menlo Park Municipal Water District  
 Water Rate Study 2015

	<b>Total Cost / Total Capacity</b> <u>Existing Assets</u> Existing + Future Capacity
<b>TOTAL WATER SYSTEM COSTS</b>	
Water System Asset Valuation	\$104,748,525
<u>Water Capital Reserves</u>	<u>\$0</u>
Subtotal Costs for Fee Recovery	\$104,748,525
Cost Recovery % for Fee Calculation	75%
Total Costs for Fee Recovery	\$78,561,394
<b>WATER SYSTEM CAPACITY</b>	<u>Capacity</u>
UWMP 2035 Projected Demand (gpd)	3,238,510
<b>WATER CAPACITY FEE CALCULATION</b>	<u>Fee per Connection</u>
Costs for Fee Recovery	\$78,561,394
Divided by Number of Meter Equivalents	-
Divided by Capacity	3,238,510
Cost per gallon per day (gpd)	\$24.26
Estimated Demand per Single Family Residence (gpd) (1)	<u>200</u>
<b>Water Capacity Charge per Meter Equivalent</b>	<b>\$4,852</b>

## 8.7 Proposed Water Capacity Charges

The proposed water capacity charges for all meter sizes based on the updated meter ratios are shown on Table 28. BWA recommends that the MPMWD continue to increase the charge annually by the change in the ENR index.

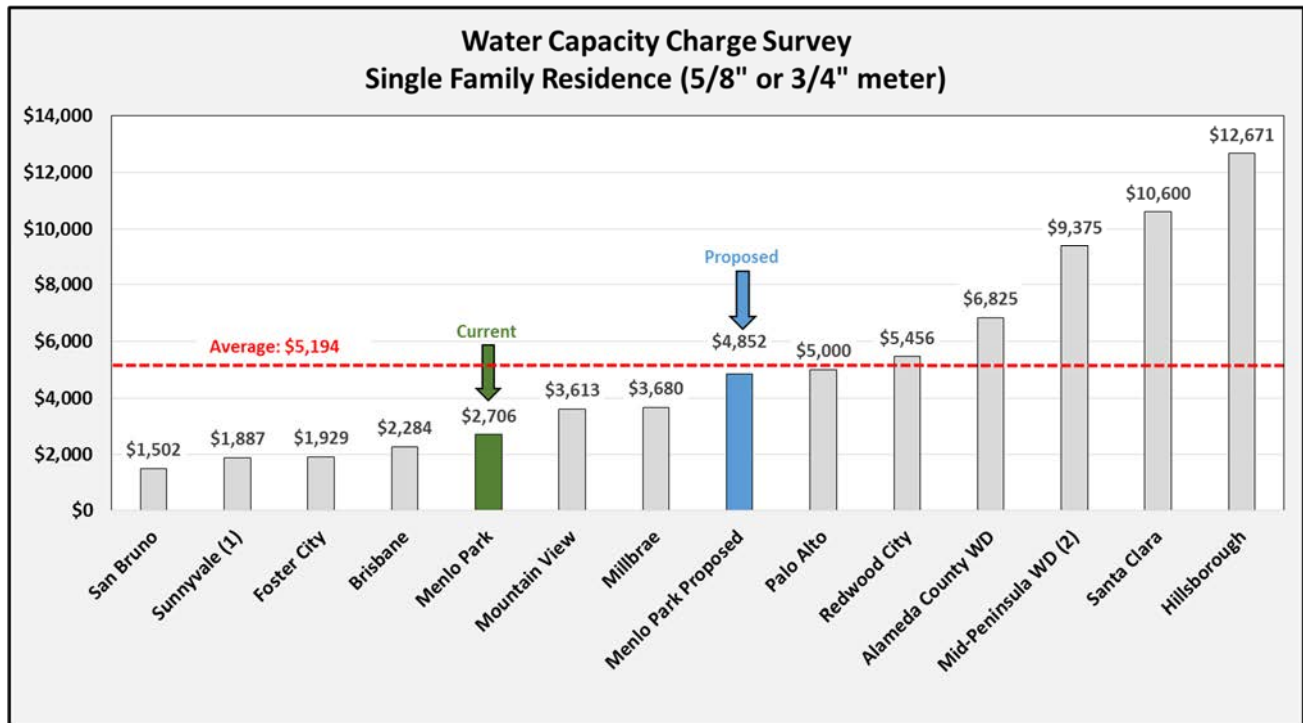
Table 28: Proposed Water Capacity Charges  
 City of Menlo Park Municipal Water District  
 Water Rate Study 2015

<b>PROPOSED WATER CAPACITY CHARGES</b>		
Current Water Capacity Charge for 5/8" & 3/4" Meters		\$2,706
Proposed Water Capacity Charge per Connection for 5/8" & 3/4" Meters		\$4,852
	<i>\$ Increase</i>	\$2,146
<b>PROPOSED WATER CAPACITY CHARGES</b>		
<u>Meter Size</u>	<u>Meter Ratio</u>	<u>Proposed Fee</u>
5/8"	1.0	\$4,852
3/4"	1.0	\$4,852
1"	1.7	\$8,087
1-1/2"	3.3	\$16,173
2"	5.3	\$25,877
3"	10.0	\$48,520
4"	16.7	\$81,028
6"	33.3	\$161,733

### 8.8 Water Capacity Fee Survey

The following chart compares water capacity charges for a new single family detached home for 13 regional agencies. The average water capacity charge is \$5,914. The chart includes the City's current and proposed capacity charges for a typical new residential connection. As shown on Figure 18, the proposed charge is in the middle range compared to the other regional water agencies surveyed.

Figure 18. Water Capacity Fee Survey



### 8.9 Proposed Fire Service Capacity Charges

The proposed fire service capacity charges are shown on Table 29. As per the AWWA, fire capacity charges are set at 18% of the water capacity charge for each corresponding meter size.

Table 29: Proposed Fire Service Capacity Charges  
 City of Menlo Park Municipal Water District  
 Water Rate Study 2015

Meter Size	Meter Ratio	Proposed Potable Water Capacity Charges	Proposed Fire Service Capacity Charges (18% of Potable Charge)
5/8"	1.0	\$4,852	\$873
3/4"	1.0	\$4,852	\$873
1"	1.6	\$8,087	\$1,456
1-1/2"	3.3	\$16,173	\$2,911
2"	5.3	\$25,877	\$4,658
3"	9.7	\$48,520	\$8,734
4"	15.0	\$81,028	\$14,585
6"	33.3	\$161,733	\$29,112

# **APPENDIX**

## **Water Rate Study Tables**

Appendix A. 10-Year Projection of Water Capital Improvement Projects

Project	Year	1	2	3	4	5	6	7	8	9	10	11	Years 2 - 6	Years 7 - 11	Years 2 - 11
	Budget	Rate Study					Extended Projection					FY 2016 - 20	FY 2020 - 25	Grand	
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Total	Total	Total	
Reroof Reservoir #2	\$300,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Urban Water Management Plan	100,000	25,000	0	0	0	140,000	0	0	0	0	175,000	165,000	175,000	340,000	
Water Rate Study	50,000	25,000	0	0	0	80,000	0	0	0	0	110,000	105,000	110,000	215,000	
Water System Master Plan	500,000	0	0	0	0	0	0	0	125,000	0	0	0	125,000	125,000	
Automated Water Meter Reading	0	0	500,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	0	0	0	4,100,000	2,400,000	6,500,000	
SCADA Upgrade	0	0	0	0	0	0	500,000	0	0	0	0	0	500,000	500,000	
Recycled Water Project	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Emergency Water Supply Project (Well #3)	0	0	0	0	0	0	0	0	3,000,000	0	0	0	3,000,000	3,000,000	
Sharon Heights Pump Station	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Water Main Replacements	0	0	300,000	2,200,000	0	0	2,200,000	0	300,000	2,200,000	0	2,500,000	4,700,000	7,200,000	
<b>Total Water CIP</b>	<b>950,000</b>	<b>50,000</b>	<b>800,000</b>	<b>3,400,000</b>	<b>1,200,000</b>	<b>1,420,000</b>	<b>3,900,000</b>	<b>1,200,000</b>	<b>3,425,000</b>	<b>2,200,000</b>	<b>285,000</b>	<b>6,870,000</b>	<b>11,010,000</b>	<b>17,880,000</b>	

Source: CIP Projections for Rate Study, 2/12/15. Updated 5/11/15.

Appendix B. 10-Year Projection of Water Operating Expenses

Operating Expense (1)	Budget 2014/15	Escalation Factor	Rate Study					Extended Projection				
			2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Services	\$1,202,380	4.0%	\$1,250,000	\$1,300,000	\$1,352,000	\$1,406,000	\$1,462,000	\$1,520,000	\$1,581,000	\$1,644,000	\$1,710,000	\$1,778,000
Personnel	1,214,101	4.0%	1,263,000	1,314,000	1,367,000	1,422,000	1,479,000	1,538,000	1,600,000	1,664,000	1,731,000	1,800,000
530 - Operating Expense	280,040	3.0%	288,000	297,000	306,000	315,000	324,000	334,000	344,000	354,000	365,000	376,000
540 - Utilities												
SFPUC Water Purchases (2)	5,317,727	varies	5,445,000	5,489,000	5,503,000	6,258,000	6,853,000	6,949,000	7,020,000	7,525,000	7,812,000	7,981,000
BAWSCA Surcharge (2)	582,273	varies	615,000	615,000	615,000	615,000	615,000	615,000	615,000	615,000	615,000	615,000
<u>Other Utilities</u>	<u>107,150</u>	4.0%	<u>111,000</u>	<u>115,000</u>	<u>120,000</u>	<u>125,000</u>	<u>130,000</u>	<u>135,000</u>	<u>140,000</u>	<u>146,000</u>	<u>152,000</u>	<u>158,000</u>
Subtotal Utilities	6,007,150		6,171,000	6,219,000	6,238,000	6,998,000	7,598,000	7,699,000	7,775,000	8,286,000	8,579,000	8,754,000
560 - Fixed Assets & Capital Outlay	394,394	3.0%	406,000	418,000	431,000	444,000	457,000	471,000	485,000	500,000	515,000	530,000
570 - Travel	7,800	3.0%	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
580 - Repairs & Maintenance	96,500	3.0%	99,000	102,000	105,000	108,000	111,000	114,000	117,000	121,000	125,000	129,000
<u>590 - Special Projects Expenditures (3)</u>	<u>189,041</u>	3.0%	<u>195,000</u>	<u>201,000</u>	<u>207,000</u>	<u>213,000</u>	<u>219,000</u>	<u>226,000</u>	<u>233,000</u>	<u>240,000</u>	<u>247,000</u>	<u>254,000</u>
Total Operating Expenses	9,391,406		9,680,000	9,859,000	10,014,000	10,914,000	11,658,000	11,910,000	12,143,000	12,817,000	13,280,000	13,629,000
% Change			3.1%	1.8%	1.6%	9.0%	6.8%	2.2%	2.0%	5.6%	3.6%	2.6%

1 - Source: Public Works Department Budget Adopted FY 2014/15 Budget  
2 - Table 4  
3 - Includes the transfer to the General Fund



## Appendix C. 10-Year Cash Flow Projection

	Budget 2014/15	Rate Study					Extended Projection				
		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
<b>Revenue Adjustment</b>		<b>12.0%</b>	<b>12.0%</b>	<b>12.0%</b>	<b>12.0%</b>	<b>12.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>
Water Capital Surcharge (1)	\$0.51	\$0.63	\$0.78	\$0.97	\$1.21	\$1.50	\$1.54	\$1.59	\$1.64	\$1.69	\$1.74
Customer Growth Rate		0.5%	0.5%	0.5%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Interest Earnings Rate	0.75%	0.75%	1.0%	1.0%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Annual Change in Water Sales		-3.31%	0.0%	0.0%	0.0%	0.0%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%
Total Water Sales (ccf)	1,390,000	1,344,000	1,344,000	1,344,000	1,344,000	1,344,000	1,357,000	1,371,000	1,385,000	1,399,000	1,413,000
SFPUC Water Supply (ccf) + 8%	1,501,000	1,452,000	1,452,000	1,452,000	1,452,000	1,452,000	1,466,000	1,481,000	1,496,000	1,511,000	1,526,000
<b>BEGINNING FUND BALANCE</b>											
Operation - Fund 861	\$0	(\$2,299,406)	(\$4,174,606)	(\$5,248,606)	(\$5,374,606)	(\$5,103,606)	(\$4,109,606)	(\$2,985,606)	(\$1,700,606)	(\$683,606)	\$288,394
Capital - Fund 855	<u>3,528,464</u>	<u>4,312,464</u>	<u>6,144,410</u>	<u>7,459,342</u>	<u>6,441,218</u>	<u>7,958,745</u>	<u>9,667,198</u>	<u>8,482,198</u>	<u>10,041,198</u>	<u>9,463,198</u>	<u>10,167,198</u>
Total Beginning Water Fund Balance	3,528,464	2,013,058	1,969,804	2,210,736	1,066,612	2,855,139	5,557,592	5,496,592	8,340,592	8,779,592	10,455,592
<b>Revenues with July 1 Effective Date</b>		7,983,000	8,986,000	10,115,000	11,442,000	12,943,000	13,334,000	13,737,000	14,152,000	14,579,000	15,019,000
<b>Effective Date of Rate Increase</b>		9/01/15	7/01/16	7/01/17	7/01/18	7/01/19	7/01/20	7/01/21	7/01/22	7/01/23	7/01/24
<b>OPERATION - FUND 861</b>											
<b>Operating Revenues</b>											
Water Sales Revenues (2)	7,092,000	7,804,800	8,785,000	9,888,000	11,185,000	12,652,000	13,034,000	13,428,000	13,834,000	14,252,000	14,682,000
Interest	0	0	0	0	0	0	0	0	0	0	2,000
Total Operating Revenues	7,092,000	7,804,800	8,785,000	9,888,000	11,185,000	12,652,000	13,034,000	13,428,000	13,834,000	14,252,000	14,684,000
<b>Operating Expenses</b>											
Services	1,202,380	1,250,000	1,300,000	1,352,000	1,406,000	1,462,000	1,520,000	1,581,000	1,644,000	1,710,000	1,778,000
Personnel	1,214,101	1,263,000	1,314,000	1,367,000	1,422,000	1,479,000	1,538,000	1,600,000	1,664,000	1,731,000	1,800,000
530 - Operating Expense	280,040	288,000	297,000	306,000	315,000	324,000	334,000	344,000	354,000	365,000	376,000
540 - SFPUC Water Purchases	5,317,727	5,445,000	5,489,000	5,503,000	6,258,000	6,853,000	6,949,000	7,020,000	7,525,000	7,812,000	7,981,000
540 - BAWSCA Surcharge	582,273	615,000	615,000	615,000	615,000	615,000	615,000	615,000	615,000	615,000	615,000
540 - Utilities	107,150	111,000	115,000	120,000	125,000	130,000	135,000	140,000	146,000	152,000	158,000
560 - Fixed Assets & Capital Outlay	394,394	406,000	418,000	431,000	444,000	457,000	471,000	485,000	500,000	515,000	530,000
570 - Travel	7,800	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
580 - Repairs & Maintenance	96,500	99,000	102,000	105,000	108,000	111,000	114,000	117,000	121,000	125,000	129,000
590 - Special Projects Expenditures	<u>189,041</u>	<u>195,000</u>	<u>201,000</u>	<u>207,000</u>	<u>213,000</u>	<u>219,000</u>	<u>226,000</u>	<u>233,000</u>	<u>240,000</u>	<u>247,000</u>	<u>254,000</u>
Total Operating Expenses	9,391,406	9,680,000	9,859,000	10,014,000	10,914,000	11,658,000	11,910,000	12,143,000	12,817,000	13,280,000	13,629,000
<b>CAPITAL - FUND 855</b>											
<b>Capital Revenues</b>											
Water Capital Surcharge (1)	708,000	849,946	1,053,933	1,306,876	1,620,527	2,009,453	2,070,000	2,132,000	2,196,000	2,262,000	2,330,000
Water Capacity Charges	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	500,000	500,000	500,000	500,000	500,000
Interest	<u>26,000</u>	<u>32,000</u>	<u>61,000</u>	<u>75,000</u>	<u>97,000</u>	<u>119,000</u>	<u>145,000</u>	<u>127,000</u>	<u>151,000</u>	<u>142,000</u>	<u>153,000</u>
Total Capital Revenues	1,734,000	1,881,946	2,114,933	2,381,876	2,717,527	3,128,453	2,715,000	2,759,000	2,847,000	2,904,000	2,983,000
<b>Capital Expense</b>											
Capital Improvement Plan	<u>950,000</u>	<u>50,000</u>	<u>800,000</u>	<u>3,400,000</u>	<u>1,200,000</u>	<u>1,420,000</u>	<u>3,900,000</u>	<u>1,200,000</u>	<u>3,425,000</u>	<u>2,200,000</u>	<u>285,000</u>
Total Capital Expenses	950,000	50,000	800,000	3,400,000	1,200,000	1,420,000	3,900,000	1,200,000	3,425,000	2,200,000	285,000
<b>NET REVENUES</b>											
Net Revenues - Operating Fund	(2,299,406)	(1,875,200)	(1,074,000)	(126,000)	271,000	994,000	1,124,000	1,285,000	1,017,000	972,000	1,055,000
Net Revenues - Capital Fund	<u>784,000</u>	<u>1,831,946</u>	<u>1,314,933</u>	<u>(1,018,124)</u>	<u>1,517,527</u>	<u>1,708,453</u>	<u>(1,185,000)</u>	<u>1,559,000</u>	<u>(578,000)</u>	<u>704,000</u>	<u>2,698,000</u>
TOTAL NET REVENUES	(1,515,406)	(43,254)	240,933	(1,144,124)	1,788,527	2,702,453	(61,000)	2,844,000	439,000	1,676,000	3,753,000
<b>ENDING FUND BALANCE</b>											
Operation - Fund 861	(2,299,406)	(4,174,606)	(5,248,606)	(5,374,606)	(5,103,606)	(4,109,606)	(2,985,606)	(1,700,606)	(683,606)	288,394	1,343,394
Capital - Fund 855	<u>4,312,464</u>	<u>6,144,410</u>	<u>7,459,342</u>	<u>6,441,218</u>	<u>7,958,745</u>	<u>9,667,198</u>	<u>8,482,198</u>	<u>10,041,198</u>	<u>9,463,198</u>	<u>10,167,198</u>	<u>12,865,198</u>
Total Ending Water Fund Balance	2,013,058	1,969,804	2,210,736	1,066,612	2,855,139	5,557,592	5,496,592	8,340,592	8,779,592	10,455,592	14,208,592
<b>Reserve Fund Target</b>											
Operating Reserve	3,130,000	3,227,000	3,286,000	3,338,000	3,638,000	3,886,000	3,970,000	4,048,000	4,272,000	4,427,000	4,543,000
Emergency Capital Reserve Target	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Total Water Fund Reserve Target (3)	4,130,000	4,227,000	4,286,000	4,338,000	4,638,000	4,886,000	4,970,000	5,048,000	5,272,000	5,427,000	5,543,000
Reserve Target Met?	no	no	no	no	no	yes	yes	yes	yes	yes	yes
1 - Escalated by 24% annually											
2 - Water sales revenues adjusted for Sept 1, 2015 effective date. Future rate increases will be effective July 1 beginning in 2016/17.											
3 - Operating Fund Target = 4 months O&M expenses + Capital Fund Target = \$1M. Recommendation from the 2010 Water Rate Study.											

Appendix D. Monthly Water Consumption and Peak Ratio for 2010 through 2014

Calendar Year	CONSUMPTION (CCF)													PEAK RATIO		
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	MAX	AVERAGE	MAX/AVG
2010	73,612	64,995	67,154	40,258	129,357	144,675	176,299	172,562	183,032	153,296	116,457	84,416	1,406,113	183,032	117,176	1.6
2011	62,010	66,131	76,262	73,335	125,671	138,952	161,302	173,465	178,116	117,975	115,772	92,163	1,381,154	178,116	115,096	1.5
2012	79,365	86,868	86,776	68,905	114,208	163,099	215,084	132,404	155,286	147,314	120,007	73,517	1,442,833	215,084	120,236	1.8
2013	56,070	65,860	82,542	93,266	151,491	168,433	223,563	210,643	132,059	194,478	104,195	107,330	1,589,930	223,563	132,494	1.7
2014	83,843	66,780	94,582	80,142	118,967	162,395	196,109	113,789	155,471	123,902	110,602	83,178	1,389,760	196,109	115,813	1.7

Five-Year Avg 1.7

Appendix E. Option 1: Uniform Tier – Sample Single Family Residential Bill Impacts

Option 1: Uniform Tier								
	Meter Size	Monthly Use (ccf)	Current 2014/15	Proposed				
				2015/16	2016/17	2017/18	2018/19	2019/20
<b>Low User</b>	5/8" or 3/4"	5						
Fixed Charge			\$16.84	\$17.93	\$20.08	\$22.49	\$25.19	\$28.21
Consumption Charge			\$13.45	\$23.76	\$26.74	\$30.10	\$34.05	\$38.52
<u>Capital Surcharge</u>			<u>\$2.55</u>	<u>\$3.16</u>	<u>\$3.92</u>	<u>\$4.86</u>	<u>\$6.03</u>	<u>\$7.48</u>
Total Bill			\$32.84	\$44.85	\$50.74	\$57.46	\$65.27	\$74.21
\$ Change				\$12.01	\$5.89	\$6.71	\$7.82	\$8.93
% Change				36.6%	13.1%	13.2%	13.6%	13.7%
<b>Average User</b>	5/8" or 3/4"	14						
Fixed Charge			\$16.84	\$17.93	\$20.08	\$22.49	\$25.19	\$28.21
Consumption Charge			\$46.51	\$66.53	\$74.88	\$84.29	\$95.35	\$107.86
<u>Capital Surcharge</u>			<u>\$7.14</u>	<u>\$8.85</u>	<u>\$10.98</u>	<u>\$13.61</u>	<u>\$16.88</u>	<u>\$20.93</u>
Total Bill			\$70.49	\$93.31	\$105.94	\$120.39	\$137.42	\$157.00
\$ Change				\$22.82	\$12.63	\$14.45	\$17.03	\$19.58
% Change				32.4%	13.5%	13.6%	14.1%	14.2%
<b>Above Average User</b>	5/8" or 3/4"	25						
Fixed Charge			\$16.84	\$17.93	\$20.08	\$22.49	\$25.19	\$28.21
Consumption Charge			\$90.95	\$118.79	\$133.72	\$150.52	\$170.27	\$192.60
<u>Capital Surcharge</u>			<u>\$12.75</u>	<u>\$15.81</u>	<u>\$19.60</u>	<u>\$24.31</u>	<u>\$30.14</u>	<u>\$37.38</u>
Total Bill			\$120.54	\$152.53	\$173.40	\$197.32	\$225.60	\$258.19
\$ Change				\$31.99	\$20.87	\$23.92	\$28.28	\$32.59
% Change				26.5%	13.7%	13.8%	14.3%	14.4%
<b>High User</b>	5/8" or 3/4"	40						
Fixed Charge			\$16.84	\$17.93	\$20.08	\$22.49	\$25.19	\$28.21
Consumption Charge			\$171.80	\$190.07	\$213.95	\$240.83	\$272.43	\$308.17
<u>Capital Surcharge</u>			<u>\$20.40</u>	<u>\$25.30</u>	<u>\$31.37</u>	<u>\$38.90</u>	<u>\$48.23</u>	<u>\$59.81</u>
Total Bill			\$209.04	\$233.30	\$265.40	\$302.22	\$345.85	\$396.18
\$ Change				\$24.26	\$32.10	\$36.82	\$43.63	\$50.33
% Change				11.6%	13.8%	13.9%	14.4%	14.6%

Appendix F. Option 1: Uniform Tier – Sample Commercial Bill Impacts

Option 1: Uniform Tier								
	Meter Size	Monthly Use (ccf)	Current	Proposed				
			2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Small Business</b>	5/8"	15						
Fixed Charge			\$16.84	\$17.93	\$20.08	\$22.49	\$25.19	\$28.21
Consumption Charge			\$50.55	\$71.28	\$80.23	\$90.31	\$102.16	\$115.56
<u>Capital Surcharge</u>			<u>\$7.65</u>	<u>\$9.49</u>	<u>\$11.76</u>	<u>\$14.59</u>	<u>\$18.09</u>	<u>\$22.43</u>
Total Bill			\$75.04	\$98.69	\$112.07	\$127.39	\$145.44	\$166.20
\$ Change				\$23.65	\$13.38	\$15.31	\$18.05	\$20.76
% Change				32%	14%	14%	14%	14%
<b>Moderate Use Restaurant</b>	1"	75						
Fixed Charge			\$26.94	\$29.88	\$33.47	\$37.49	\$41.99	\$47.03
Consumption Charge			\$360.45	\$356.38	\$401.16	\$451.56	\$510.80	\$577.81
<u>Capital Surcharge</u>			<u>\$38.25</u>	<u>\$47.43</u>	<u>\$58.81</u>	<u>\$72.93</u>	<u>\$90.43</u>	<u>\$112.13</u>
Total Bill			\$425.64	\$433.70	\$493.44	\$561.98	\$643.22	\$736.98
\$ Change				\$8.06	\$59.75	\$68.54	\$81.24	\$93.75
% Change				1.9%	13.8%	13.9%	14.5%	14.6%
<b>High Use Restaurant</b>	2"	200						
Fixed Charge			\$89.26	\$95.63	\$107.10	\$119.95	\$134.34	\$150.46
Consumption Charge			\$1,034.20	\$950.36	\$1,069.76	\$1,204.17	\$1,362.14	\$1,540.83
<u>Capital Surcharge</u>			<u>\$102.00</u>	<u>\$126.48</u>	<u>\$156.84</u>	<u>\$194.48</u>	<u>\$241.15</u>	<u>\$299.03</u>
Total Bill			\$1,225.46	\$1,172.46	\$1,333.70	\$1,518.59	\$1,737.63	\$1,990.32
\$ Change				(\$52.99)	\$161.23	\$184.90	\$219.04	\$252.69
% Change				-4.3%	13.8%	13.9%	14.4%	14.5%
<b>Large Irrigation</b>	3"	750						
Fixed Charge			\$163.35	\$179.30	\$200.82	\$224.92	\$251.91	\$282.14
Consumption Charge			\$3,998.70	\$3,563.84	\$4,011.61	\$4,515.63	\$5,108.04	\$5,778.13
<u>Capital Surcharge</u>			<u>\$382.50</u>	<u>\$474.30</u>	<u>\$588.13</u>	<u>\$729.28</u>	<u>\$904.31</u>	<u>\$1,121.35</u>
Total Bill			\$4,544.55	\$4,217.44	\$4,800.56	\$5,469.83	\$6,264.26	\$7,181.61
\$ Change				(\$327.11)	\$583.12	\$669.27	\$794.43	\$917.35
% Change				-7.2%	13.8%	13.9%	14.5%	14.6%
<b>Large Industrial</b>	6"	2,000						
Fixed Charge			\$560.81	\$597.67	\$669.39	\$749.72	\$839.69	\$940.45
Consumption Charge			\$10,736.20	\$9,503.57	\$10,697.62	\$12,041.67	\$13,621.43	\$15,408.33
<u>Capital Surcharge</u>			<u>\$1,020.00</u>	<u>\$1,264.80</u>	<u>\$1,568.35</u>	<u>\$1,944.76</u>	<u>\$2,411.50</u>	<u>\$2,990.26</u>
Total Bill			\$12,317.01	\$11,366.04	\$12,935.36	\$14,736.14	\$16,872.62	\$19,339.04
\$ Change				(\$950.97)	\$1,569.32	\$1,800.78	\$2,136.47	\$2,466.42
% Change				-7.7%	13.8%	13.9%	14.5%	14.6%

Appendix G. Option 2: Two Tiers – Sample Single Family Residential Bill Impacts

Option 2: Two Tiers									
	Meter Size	Monthly Use (ccf)	% of Bills	Current	Proposed				
				2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Low User</b>	5/8" or 3/4"	5	24.1%						
Fixed Charge				\$16.84	\$17.93	\$20.08	\$22.49	\$25.19	\$28.21
Consumption Charge				\$13.45	\$22.55	\$23.77	\$25.05	\$26.40	\$27.83
<u>Capital Surcharge</u>				<u>\$2.55</u>	<u>\$3.16</u>	<u>\$3.92</u>	<u>\$4.86</u>	<u>\$6.03</u>	<u>\$7.48</u>
Total Bill				\$32.84	\$43.64	\$47.77	\$52.40	\$57.62	\$63.52
\$ Change					\$10.80	\$4.13	\$4.63	\$5.22	\$5.89
% Change					32.9%	9.5%	9.7%	10.0%	10.2%
<b>Average User</b>	5/8" or 3/4"	14	27.1%						
Fixed Charge				\$16.84	\$17.93	\$20.08	\$22.49	\$25.19	\$28.21
Consumption Charge				\$46.51	\$64.20	\$71.05	\$78.76	\$87.44	\$97.24
<u>Capital Surcharge</u>				<u>\$7.14</u>	<u>\$8.85</u>	<u>\$10.98</u>	<u>\$13.61</u>	<u>\$16.88</u>	<u>\$20.93</u>
Total Bill				\$70.49	\$90.99	\$102.11	\$114.86	\$129.51	\$146.38
\$ Change					\$20.49	\$11.12	\$12.75	\$14.65	\$16.87
% Change					29.1%	12.2%	12.5%	12.8%	13.0%
<b>Above Average User</b>	5/8" or 3/4"	25	36.6%						
Fixed Charge				\$16.84	\$17.93	\$20.08	\$22.49	\$25.19	\$28.21
Consumption Charge				\$90.95	\$115.27	\$129.53	\$145.71	\$164.11	\$185.02
<u>Capital Surcharge</u>				<u>\$12.75</u>	<u>\$15.81</u>	<u>\$19.60</u>	<u>\$24.31</u>	<u>\$30.14</u>	<u>\$37.38</u>
Total Bill				\$120.54	\$149.01	\$169.21	\$192.51	\$219.44	\$250.61
\$ Change					\$28.47	\$20.20	\$23.30	\$26.93	\$31.17
% Change					23.6%	13.6%	13.8%	14.0%	14.2%
<b>High User</b>	5/8" or 3/4"	40	12.1%						
Fixed Charge				\$16.84	\$17.93	\$20.08	\$22.49	\$25.19	\$28.21
Consumption Charge				\$171.80	\$184.92	\$209.27	\$237.02	\$268.65	\$304.72
<u>Capital Surcharge</u>				<u>\$20.40</u>	<u>\$25.30</u>	<u>\$31.37</u>	<u>\$38.90</u>	<u>\$48.23</u>	<u>\$59.81</u>
Total Bill				\$209.04	\$228.14	\$260.72	\$298.40	\$342.07	\$392.73
\$ Change					\$19.10	\$32.57	\$37.69	\$43.67	\$50.67
% Change					9.1%	14.3%	14.5%	14.6%	14.8%

Appendix H. Option 2: Two Tiers – Sample Commercial Bill Impacts

Option 2: Two Tiers								
	Meter Size	Monthly Use (ccf)	Current 2014/15	Proposed				
				2015/16	2016/17	2017/18	2018/19	2019/20
<b>Small Business</b>	5/8"	15						
Fixed Charge			\$16.84	\$17.93	\$20.08	\$22.49	\$25.19	\$28.21
Consumption Charge			\$50.55	\$68.85	\$76.37	\$84.84	\$94.41	\$105.22
<u>Capital Surcharge</u>			<u>\$7.65</u>	<u>\$9.49</u>	<u>\$11.76</u>	<u>\$14.59</u>	<u>\$18.09</u>	<u>\$22.43</u>
Total Bill			\$75.04	\$96.26	\$108.21	\$121.92	\$137.69	\$155.85
\$ Change				\$21.22	\$11.95	\$13.71	\$15.77	\$18.17
% Change				28.3%	12.4%	12.7%	12.9%	13.2%
<b>Moderate Use Restaurant</b>	1"	75						
Fixed Charge			\$26.94	\$29.88	\$33.47	\$37.49	\$41.99	\$47.03
Consumption Charge			\$360.45	\$347.42	\$395.33	\$450.06	\$512.58	\$584.02
<u>Capital Surcharge</u>			<u>\$38.25</u>	<u>\$47.43</u>	<u>\$58.81</u>	<u>\$72.93</u>	<u>\$90.43</u>	<u>\$112.13</u>
Total Bill			\$425.64	\$424.73	\$487.61	\$560.48	\$645.00	\$743.19
\$ Change				(\$0.91)	\$62.88	\$72.86	\$84.53	\$98.18
% Change				-0.2%	14.8%	14.9%	15.1%	15.2%
<b>High Use Restaurant</b>	2"	200						
Fixed Charge			\$89.26	\$95.63	\$107.10	\$119.95	\$134.34	\$150.46
Consumption Charge			\$1,034.20	\$927.78	\$1,059.84	\$1,210.92	\$1,383.77	\$1,581.53
<u>Capital Surcharge</u>			<u>\$102.00</u>	<u>\$126.48</u>	<u>\$156.84</u>	<u>\$194.48</u>	<u>\$241.15</u>	<u>\$299.03</u>
Total Bill			\$1,225.46	\$1,149.88	\$1,323.78	\$1,525.35	\$1,759.26	\$2,031.02
\$ Change				(\$75.58)	\$173.89	\$201.57	\$233.91	\$271.76
% Change				-6.2%	15.1%	15.2%	15.3%	15.4%
<b>Large Irrigation</b>	3"	750						
Fixed Charge			\$163.35	\$179.30	\$200.82	\$224.92	\$251.91	\$282.14
Consumption Charge			\$3,998.70	\$3,481.35	\$3,983.69	\$4,558.72	\$5,217.00	\$5,970.59
<u>Capital Surcharge</u>			<u>\$382.50</u>	<u>\$474.30</u>	<u>\$588.13</u>	<u>\$729.28</u>	<u>\$904.31</u>	<u>\$1,121.35</u>
Total Bill			\$4,544.55	\$4,134.95	\$4,772.64	\$5,512.93	\$6,373.23	\$7,374.07
\$ Change				(\$409.60)	\$637.69	\$740.29	\$860.30	\$1,000.85
% Change				-9.0%	15.4%	15.5%	15.6%	15.7%
<b>Large Industrial</b>	6"	2,000						
Fixed Charge			\$560.81	\$597.67	\$669.39	\$749.72	\$839.69	\$940.45
Consumption Charge			\$10,736.20	\$9,284.93	\$10,628.79	\$12,167.37	\$13,928.90	\$15,945.71
<u>Capital Surcharge</u>			<u>\$1,020.00</u>	<u>\$1,264.80</u>	<u>\$1,568.35</u>	<u>\$1,944.76</u>	<u>\$2,411.50</u>	<u>\$2,990.26</u>
Total Bill			\$12,317.01	\$11,147.40	\$12,866.53	\$14,861.84	\$17,180.09	\$19,876.41
\$ Change				(\$1,169.61)	\$1,719.13	\$1,995.31	\$2,318.24	\$2,696.33
% Change				-9.5%	15.4%	15.5%	15.6%	15.7%



## PUBLIC WORKS DEPARTMENT

Council Meeting Date: May 19, 2015  
Staff Report #: 15-083

**REGULAR BUSINESS:**                    **Approve the Draft 5-Year Capital Improvement Plan to be Included in the Proposed 2015-16 Budget**

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### RECOMMENDATION

Staff recommends that Council approve the draft 5-year Capital Improvement Plan (CIP) including capital and other projects funded in fiscal year 2015-16, (Attachment A).

### POLICY ISSUES

Approving the draft 5-Year Capital Improvement Plan is part of the 2015-16 budget process. Council's approval of the schedule and planned funding, aids in the development of an accurate distribution of personnel time and costs between programs, projects and funds.

### BACKGROUND

#### Definition

A 5-Year Capital Improvement Plan (CIP) provides a useful long-term planning tool, increasing clarity regarding project status by distinguishing between funded projects, proposed projects, planned projects and unfunded projects. An additional purpose of the CIP is to ensure resources are available and optimally prioritized in each fiscal year. The CIP is intended to incorporate the City's investments in infrastructure development and maintenance (i.e. capital improvements), with comprehensive planning and other significant capital expenditures adding to, or strategically investing in, the City's asset inventory. Studies and capital expenditures less than \$25,000 are included in the operating budget instead of the CIP.

#### Process

The 2015-16 CIP process began in September of 2014, when departments submitted potential projects for review, analysis and prioritization into the 5 year rolling plan. Departmental comments and suggestions were considered in the development of the CIP, however the existing backlog of projects limited the number of changes and additions that could be included.

Commissions received the draft CIP in late November and were asked to gather and provide community input on the plan at their December and January meetings. Each Commission reviewed the 5-year plan and provided comments. Comments from the Commissions are included in Attachment C. Overall, the Commissions supported the proposed Plan and had some input which included suggestions for reassigning projects from the unfunded list to the active list, accelerating projects, and adding new and/or eliminating projects. Commission comments were evaluated, however similar to the departmental comments, the existing project backlog and the addition of new Council's goals, limited the changes and additions that could be included.

Both the 5 year CIP for fiscal years 2015-16 through 2019-20 and the City Manager's proposed budget for fiscal year 2015-16 will be presented to the Council on June 16<sup>th</sup> for the final approval and adoption.

## **ANALYSIS**

This report provides the Council with the draft CIP for 2015-20 which includes various time frame changes, inclusion of Council goals, and project description updates, (Attachment A). Proposed changes to this year's Plan are based on; the existing backlog of projects, staff resources, funding availability, public health and risk exposure, protection of infrastructure, and external requirements (such as State mandates). Staff has also added projects that the City Council prioritized as part of the January goals setting. Attachment B includes revisions to the previous Plan. Projects that cannot be completed within the current 5 year CIP based on available resources and funding are included in the ongoing index of unfunded projects included in the Plan.

### **Staffing and Scheduling Limitations:**

Over the past five years there have been significant impacts to the CIP schedule due to unexpected projects and unexpected staff vacancies, both of which are now impacting the current 5 year CIP schedule. In 2010-11 and 2011-12, the 5-year CIP experienced the unexpected introduction of the Arrillaga Recreation Center and Gymnasium projects, which created a back log that has continued to impact the current CIP schedule. Additionally, City Staff received notification from the Transportation Authority (TA) that there is a significant shortfall in funding of nearly \$65 million dollars for the Willow/101 Interchange project, which may create additional delays and/or challenges to the CIP. Also, in Fiscal Years 2013-14 and 2014-15, the Engineering CIP group experienced several staff vacancies which also directly impacted the CIP schedule. These factors have created a backlog of projects resulting in the need for project schedule adjustments and additional resources.

## **IMPACT ON CITY RESOURCES**

The early review and approval of the draft 2015-16 CIP provides guidance on the distribution of staff hours and other resources that will be dedicated to capital projects in the development of the City Manager's proposed 2015-16 budget.



## **ENVIRONMENTAL REVIEW**

The 5 year CIP is not subject to an environmental review, however individual projects within the CIP may require environmental review which will be included as part of those projects.

## **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. Five-Year Capital Improvement Plan
- B. Revisions from the Previous Year's CIP
- C. Commission Input Memorandum
- D. Project Schedules

*Report prepared by:  
Jesse T. Quirion  
Director of Public Works*

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Draft 5-Year  
**CAPITAL IMPROVEMENT**  
PLAN

# Capital Improvement Plan

## INTRODUCTION

This five-year Capital Improvement Plan (CIP) is the community's vision for short- and long-range development, maintenance, improvement and acquisition of infrastructure assets to benefit our residents, businesses, property owners and visitors. It provides a linkage between the General Plan, various master planning documents and budget, and provides a means for planning, scheduling and implementing capital and comprehensive planning projects over the next five years.

The CIP provides a long-term approach for prioritizing and selecting new projects in the City. Although the plan document is updated annually, it allows the reader to review projects planned over the full-year timeframe, and provides an overview of works in progress. The CIP is intended to incorporate the City's investments in infrastructure development and maintenance (i.e. capital improvements) with other significant capital expenditures that add to or strategically invest in the City's inventory of assets. Studies and capital expenditures of less than \$25,000 are not included in the CIP.

## PROCEDURES FOR DEVELOPING THE FIVE-YEAR CAPITAL IMPROVEMENT PLAN

Procedures for developing the five-year CIP aim to enhance the City's forecasting, project evaluation and community engagement processes by creating a resource "toolbox" to be used throughout the decision-making process. It is not intended to limit the ability to adjust programs, services and planned projects as unexpected needs, opportunities or impacts arise. With this in mind, the City Council, City Manager, CIP Committee and other participants observe these procedures and draw upon a variety of resources in order to effectively update and administer the plan.

## PROCEDURES FOR SUBMITTING AND AMENDING PROJECTS

Department managers initiate requests for new projects and modifications to or reprioritization of existing. These requests, along with supporting information, are sent to the Capital Improvement Plan committee in advance of the annual budget preparation.

Requests include estimated costs, benefits, risks with not completing the project/purchase, funding source(s), availability of funds, estimated timeframe and any anticipated impacts to previously approved projects.

## EVALUATION AND PRELIMINARY RANKING BY COMMITTEE

The CIP committee performs the initial evaluation and ranking of proposed projects. Committee membership includes the City Manager or his/her designee; directors of Community Development, Community Services, Finance and Public Works departments; the Maintenance and Engineering division managers and any other staff, as designated by the City Manager. The committee meets as needed, but not less than once each calendar year.

The committee furnishes copies of its preliminary project rankings to all department managers prior to review by city commissions and approval by the City Council.

## COMMUNITY INPUT

Annual update of the five-year CIP is an integral part of the budget process. Early development of the plan provides time for adequate review by the City's various commissions prior to the City Council's consideration and incorporation into the annual budget. The draft CIP is posted to the City's website to encourage public input during this review process. The public also has to comment on the plan through the review processes of the various commissions and during public meetings held prior to the adoption of the plan by the City Council.

# Capital Improvement Plan

## PRIORITIZATION CRITERIA

Projects are prioritized in accordance with evaluation criteria which include, but are not limited to:

- Capacity to deliver/impacts to other projects
- Public health and safety/risk exposure
- Protection of infrastructure
- Economic development
- Impacts on operating budgets
- External requirements
- Population served
- Community/commission support
- Relationship to adopted plans
- Cost/benefit
- Availability of financing

Projects that are not ranked high enough to be included in this five-year plan are recorded in an index of non-funded projects attached to the CIP.

## FUNDING PLANS FOR FIVE-YEAR CIP

Each year, the City Council approves the updated five-year CIP including all prioritized short- and long-term projects.

## PROJECT DEVELOPMENT AND SELECTION PROCESS

Projects proposed in the five-year CIP were derived from a variety of sources, including but not limited to, recommendations from the City's Infrastructure study (2007), master plans, City Council's annual goals getting regulatory obligations, the climate action plan (2009), and the FY 2009–14 redevelopment implementation plan (2009). Projects were analyzed and ranked by department heads and staff during the development of the draft plan.

Although not typically included as capital improvements, studies costing over \$25,000 are included in the CIP. Budget information relating to studies and capital expenditures less than \$25,000 are included in the operating budget.

This five-year CIP includes 33 new projects recommended for implementation commencing in FY 2015–16 and 36 additional projects recommended for funding in future fiscal years. Other projects that are not currently recommended are incorporated into the index of non-funded projects. The index also includes projects where grant funding is being sought but has not yet been awarded.

# Capital Improvement Plan

## PROPOSED PROJECTS

Several projects in this five-year CIP address ongoing infrastructure or facility maintenance needs and are programmed on an annual, bi-annual or periodic basis. Examples include street resurfacing and the sidewalk repair program.

New capital projects and projects involving infrastructure maintenance are identified. Projects approved in prior fiscal years that have not yet been completed are listed as well.

The table below lists total funding levels for project categories with corresponding percentages of the total funding.

## PROJECT FUNDING SOURCES

The proposed five-year CIP coordinates physical improvements with financial planning, allowing maximum benefits from available funding sources. It relies on funding from various sources, largely retained in the capital and special revenue funds, with uses that are usually restricted for specific purposes. Although an annual transfer from the General Fund to the City's General CIP Fund (approximately \$2.6 million) is part of the City's operating budget, this funding is intended solely for maintaining existing infrastructure in its current condition. The restricted funding sources shown in the table on the following page comprise the City's major project funding sources.

PROJECT CATEGORY	FUNDING FY 2015-16	PERCENT OF TOTAL CIP FY 2015-16
City Buildings	325,000	4%
Environment	100,000	1%
Parks & Recreation	1,500,000	17%
Stormwater	90,000	1%
Streets & Sidewalks	2,065,000	24%
Technology & Others	325,000	4%
Traffic & Transportation	4,262,260	49%
Water	50,000	1%
<b>TOTALS</b>	<b>\$8,717,260</b>	<b>100%</b>

# Capital Improvement Plan

## GENERAL PLAN CONSISTENCY

The projects listed in the five-year CIP are presented to the Planning Commission during a Public Hearing prior to forwarding the plan to the City Council. The Planning Commission must review the CIP in order to adopt a finding that it is consistent with the City's General Plan.

## ENVIRONMENTAL REVIEW

The development of the five-year plan is not a project, as defined in the California Environmental Quality Act (CEQA), and an environmental review is not required. Individual projects listed herein may be subject to CEQA and environmental reviews will be conducted at the appropriate time during implementation of those projects.

FUNDING SOURCES	USES	PRIMARY SOURCE OF FUNDS
Bedwell Bayfront Park Maintenance/Operations	Park maintenance	Interest earned on sinking fund.
Bedwell Bayfront Park Landfill	Landfill post-closure maintenance and repairs	Surcharge on solid waste collection fees paid by customers
Construction Impact Fee	Street resurfacing	Fee charged for property development based on construction value
Downtown Parking Permit	Parking lot maintenance and improvements	Annual and daily fees from permits issued to merchants for employee and customer parking
General CIP Fund	Capital projects	Funding for ongoing maintenance of current infrastructure is provided annually by the General Fund
Highway Users Tax	Street resurfacing, sidewalks	State gasoline taxes
Library Bond Fund (1990)	Library capital improvement	Bond issuance proceeds and interest earned
Measure A	Street resurfacing, bicycle lanes, Safe Routes to Schools	1/2 cent countywide sales tax
Measure T Bond	Recreation facilities, park improvements	2006 and 2009 bond proceeds and accumulated interest
Public Library Fund	Library projects and programs	State grants
Recreation In-lieu Fee	Recreation facilities, park and streetscape improvements	Fee charged for residential property development based on number of units and market value of land
Sidewalk Assessment	Sidewalk repairs	Annual property tax assessment, per parcel
Solid Waste Service Fund	Solid waste management and recycling programs and projects	Solid waste rates charged to residential and commercial accounts
Storm Drainage Connection Fees	Storm drainage capacity improvements	Fee charged for property development per lot, per unit, or per square foot of impervious area
Transportation Impact Fee	Intersection improvements, sidewalks, traffic signals, traffic calming, bicycle circulation, transit systems	Fee charged for property development at per unit or per square foot rates
Water Fund – Capital	Water distribution and storage	Surcharge per unit of water sold

# Five-year Plan Summary

CATEGORY	FUNDING SOURCE	BUDGET	PROJECTED				TOTAL
		2015-16	2016-17	2017-18	2018-19	2019-20	
<b>CITY BUILDINGS</b>							
Administration Building Conference Room Furniture Replacement	General Fund	—	—	—	200,000	—	\$200,000
Belle Haven Youth Center Improvements	General Fund	—	—	150,000	—	—	\$150,000
City Buildings (Minor)	General Fund	325,000	325,000	350,000	350,000	350,000	\$1,700,000
City Council Chambers Landscaping	General Fund	—	—	—	—	500,000	\$500,000
Kitchen Upgrade at Onetta Harris Community Center	General Fund	—	—	—	30,000	—	\$30,000
Library Furniture Replacement	General Fund	—	—	450,000	—	—	\$450,000
Main Library Interior Wall Fabric Replacement	General Fund	—	150,000	—	—	—	\$150,000
Menlo Children's Center Carpet Replacement	General Fund	—	—	60,000	—	—	\$60,000
Police Department Space Use Study	General Fund	—	—	40,000	—	—	\$40,000
Police Front Office Counter Remodel/Security Upgrade	General Fund	—	—	70,000	—	—	\$70,000
<b>TOTAL</b>		<b>\$325,000</b>	<b>\$415,000</b>	<b>\$1,120,000</b>	<b>\$580,000</b>	<b>\$850,000</b>	<b>\$3,350,000</b>
<b>ENVIRONMENTAL</b>							
Bedwell-Bayfront Park Gas Collection System Repair	Bedwell Landfill	—	—	100,000	—	—	\$100,000
Bedwell-Bayfront Park Leachate Collection System Replacement	Bedwell Landfill	—	—	1,000,000	—	—	\$1,000,000
Climate Action Plan Implementation	General Fund	100,000	100,000	100,000	100,000	100,000	\$500,000
Community Zero Waste Policy Draft	Solid Waste	—	50,000	—	—	—	\$50,000
<b>TOTAL</b>		<b>\$100,000</b>	<b>\$150,000</b>	<b>\$1,200,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$1,650,000</b>



# Five-year Plan Summary

CATEGORY	FUNDING SOURCE	BUDGET	PROJECTED				TOTAL
		2015-16	2016-17	2017-18	2018-19	2019-20	
<b>PARKS &amp; RECREATION</b>							
Bedwell-Bayfront Park Electrical Panel Upgrade	Bedwell Landfill	—	100,000	—	—	—	\$100,000
Bedwell-Bayfront Park Master Plan	Rec in Lieu	—	175,000	—	—	—	\$175,000
Belle Haven Pool Deck Lighting	Rec in Lieu	30,000	—	—	—	—	\$30,000
Belle Haven Youth Center Playground Replacement	Rec in Lieu	230,000	—	—	—	—	\$230,000
Burgess Pool Deck Repairs	General Fund	—	135,000	—	—	—	\$135,000
Burgess Sports Field	General Fund	—	—	—	250,000	—	\$250,000
Gate House Fence Replacement	General Fund	—	—	—	220,000	—	\$220,000
Gate House Landscaping	General Fund	—	—	—	—	470,000	\$470,000
Jack Lyle Park Restrooms - Construction	Rec in Lieu	40,000	200,000	—	—	—	\$240,000
La Entrada Baseball Field Renovation	General Fund	—	—	170,000	—	—	\$170,000
Library Landscaping	Rec in Lieu	200,000	—	—	—	—	\$200,000
Measure T Funds Evaluation/Project Ranking	Measure T	—	125,000	—	—	—	\$125,000
Nealon Park Sports Field Sod and Irrigation System Replacement	General Fund	250,000	—	—	—	—	\$250,000
Park Improvements (Minor)	General Fund	150,000	150,000	170,000	170,000	170,000	\$810,000
Park Pathways Repairs	General Fund	—	—	—	200,000	—	\$200,000
Playground Equipment Assesment & Replacement	TBD	TBD	—	—	—	—	TBD
Relocation of Dog Park at Nealon Park	Rec in Lieu	250,000	—	—	—	—	\$250,000
Restoration & Resurfacing of La Entrada & Willow Oak Tennis Courts	General Fund/ USTA Grant	—	—	—	—	200,000	\$200,000
Tennis Court Electronic Key Upgrade	General Fund	100,000	—	—	—	—	\$100,000
Willow Oaks Dog Park	Rec in Lieu	250,000	—	—	—	—	\$250,000
<b>TOTAL</b>		<b>\$1,500,000</b>	<b>\$855,000</b>	<b>\$340,000</b>	<b>\$840,000</b>	<b>\$840,000</b>	<b>\$4,405,000</b>

# Five-year Plan Summary

CATEGORY	FUNDING SOURCE	BUDGET	PROJECTED					TOTAL
		2015-16	2016-17	2017-18	2018-19	2019-20		
<b>STREETS &amp; SIDEWALKS</b>								
Chilco Street and Sidewalk Installation	Development Project Fees	50,000	—	—	—	—	\$50,000	
Civic Center Sidewalk Replacement and Irrigation System Upgrades	General Fund	—	—	—	400,000	—	\$400,000	
Downtown Parking Utility Underground	Downtown Parking/Rule 20A	—	4,150,000	—	—	—	\$4,150,000	
Downtown Streetscape Improvement Project (Specific Plan)	General Fund	115,000	165,000	110,000	—	—	\$390,000	
El Camino Real Median and Side Trees Irrigation System Upgrade	General Fund	—	—	85,000	—	—	\$85,000	
Parking Plaza 7 Renovations	Downtown Parking	—	—	—	200,000	—	\$200,000	
Santa Cruz Avenue Sidewalks Implementation	General Fund	1,000,000	—	—	—	—	\$1,000,000	
Sidewalk Repair Program	General Fund/ Sidewalk Assessment	300,000	300,000	300,000	300,000	300,000	\$1,500,000	
Street Resurfacing	Highway Users Tax/ Construction Impact Fees	600,000	5,500,000	600,000	6,000,000	—	\$12,700,000	
<b>TOTAL</b>		<b>\$2,065,000</b>	<b>\$10,115,000</b>	<b>\$1,095,000</b>	<b>\$6,900,000</b>	<b>\$300,000</b>	<b>\$20,475,000</b>	
<b>STORMWATER</b>								
Bay Levee Project	General Fund	90,000	90,000	—	—	—	\$180,000	
Chrysler Pump Station Improvements	General Fund/ Gas Tax	—	6,200,000	—	—	—	\$6,200,000	
Trash Capture Device Installation	General Fund	—	60,000	—	—	—	\$60,000	
Willow Place Bridge Abutment Repairs	General Fund	—	\$250,000	—	—	—	\$250,000	
<b>TOTAL</b>		<b>\$90,000</b>	<b>\$6,600,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>\$6,690,000</b>	

# Five-year Plan Summary

CATEGORY	FUNDING SOURCE	BUDGET	PROJECTED				TOTAL
		2015-16	2016-17	2017-18	2018-19	2019-20	
<b>TECHNOLOGY &amp; OTHERS</b>							
Cost of Service/Fee Study	General Fund	100,000	—	—	—	—	\$100,000
Radio Infrastructure Replacement	General Fund	100,000	—	—	—	—	\$100,000
Technology Master Plan and Implementation	General Fund	125,000	TBD	TBD	TBD	TBD	\$125,000
<b>TOTAL</b>		<b>325,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>\$325,000</b>
<b>TRAFFIC &amp; TRANSPORTATION</b>							
Caltrain Bike/Ped Undercrossing Design	TIF	—	—	500,000	—	—	\$500,000
Citywide Bicycle/Pedestrian Visibility	TIF/TDA Grant	487,000	—	—	—	—	\$487,000
Downtown Parking Structure Study	Downtown Parking	250,000	—	—	—	—	\$250,000
Dumbarton Rail Corridor Planning Support	TIF	150,000	—	—	—	—	\$150,000
Florence/Marsh and Bay/Marsh Signal Modification	TIF	—	—	—	345,000	—	\$345,000
Haven Avenue Streetscape Improvement	TIF/SMC Grant	700,000	—	—	—	—	\$700,000
High Speed Rail Coordination	General Fund	50,000	50,000	50,000	—	—	\$150,000
Menlo Park – Atherton Bike/Pedestrian Improvements Project	TIF/OBG Grant	900,260	—	—	—	—	\$900,260
Menlo Park – East Palo Alto Connectivity Project	TIF/SMC Grant	550,000	—	—	—	—	\$550,000
Pedestrian/Bicycle Master Plan Update	General Fund	—	—	—	250,000	—	\$250,000
Ravenswood Avenue Caltrain Grade Separation	TIF/Measure A Grant	750,000	—	—	—	—	\$750,000
Sand Hill Road Signal Modification Project	TIF	125,000	—	—	—	—	\$125,000
Transit Improvements	TIF	150,000	—	—	—	—	\$150,000
Willow Road Transportation Study	TIF	150,000	—	—	—	—	\$150,000
<b>TOTAL</b>		<b>\$ 4,262,260</b>	<b>\$50,000</b>	<b>\$550,000</b>	<b>\$ 595,000</b>	<b>—</b>	<b>\$ 5,457,260</b>

# Five-year Plan Summary

CATEGORY	FUNDING SOURCE	BUDGET	PROJECTED				TOTAL
		2015-16	2016-17	2017-18	2018-19	2019-20	
WATER							
Automated Water Meter Reading	Water	—	—	500,000	1,200,000	1,200,000	\$2,900,000
Emergency Water Supply Project (2nd Well)	Water	—	—	—	TBD	—	TBD
Urban Water Management Plan	Water	25,000	—	—	—	140,000	\$165,000
Water Rate Study	Water	25,000	—	—	—	80,000	\$105,000
Water Main Replacements	Water	—	300,000	2,200,000	—	—	\$2,500,000
<b>TOTAL</b>		<b>\$50,000</b>	<b>\$300,000</b>	<b>\$2,700,000</b>	<b>\$1,200,000</b>	<b>\$1,420,000</b>	<b>\$5,670,000</b>
<b>FISCAL YEAR TOTALS</b>		<b>\$ 8,717,260</b>		<b>\$7,005,000</b>	<b>\$10,215,000</b>	<b>\$3,510,000</b>	<b>\$48,022,260</b>



# Funded Projects

	FY 2015-16 BUDGET	FIVE-YEAR TOTAL BUDGET
<b>CITY BULIDINGS (MINOR)</b>		
City Buildings (Minor)	325,000	1,700,000
<b>ENVIRONMENT</b>		
Heritage Tree Ordinance Program Evaluation	100,000	500,000
<b>PARKS &amp; RECREATION</b>		
Belle Haven Pool Deck Lighting	30,000	30,000
Belle Haven Youth Center Playground Replacement	230,000	230,000
Jack Lyle Park Restrooms - Construction	40,000	240,000
Library Landscaping	200,000	200,000
Nealon Park Sports Field Sod and Irrigation System Replacement	250,000	250,000
Park Improvements (Minor)	150,000	810,000
Relocation of Dog Park at Nealon Park	250,000	250,000
Tennis Court Electronic Key Upgrade	100,000	100,000
Willow Oaks Dog Park Renovation	250,000	250,000
<b>STORMWATER</b>		
Bay Levee Project	90,000	180,000
<b>STREETS&amp;SIDEWALKS</b>		
Chilco Street and Sidewalk Installation	50,000	50,000
Downtown Streetscape Improvement Project (Specific Plan)	115,000	390,000
Santa Cruz Avenue Sidewalks Implementation	1,000,000	1,000,000
Sidewalk Repair Program	300,000	1,500,000
Street Resurfacing	600,000	12,700,00

	FY 2015-16 BUDGET	FIVE-YEAR TOTAL BUDGET
<b>TECHNOLOGY &amp; OTHERS</b>		
Cost of Service/Fee Study	100,000	100,000
Radio Infrastructure Replacement	100,000	100,000
Technology Master Plan and Implementation	125,000	125,000
<b>TRAFFIC &amp; TRANSPORTATION</b>		
Citywide Bicycle/Pedestrian Visibility	487,000	487,000
Downtown Parking Structure Study	250,000	250,000
Dumbarton Rail Corridor Planning Support	150,000	150,000
Haven Avenue Streetscape Improvement	700,000	700,000
High Speed Rail Coordination	50,000	150,000
Menlo Park-Atherton Bike/Pedestrian Improvements Project	900,260	900,260
Menlo Park-East Palo Alto Connectivity Project	550,000	550,000
Ravenswood Avenue Caltrain Grade Separation	750,000	750,000
Sand Hill Road Signal Modification Project	125,000	125,000
Transit Improvements	150,000	150,000
Willow Road Transportation Study	150,000	150,000
<b>WATER</b>		
Urban Water Management Plan	25,000	165,000
Water Rate Study	25,000	105,000
<b>TOTAL</b>	<b>\$8,717,260</b>	<b>\$25,337,260</b>

# City Buildings

## CITY BUILDINGS (MINOR)

This ongoing project was established in Fiscal Year 2004-05. Projects programmed on an annual basis include minor improvements that extend the useful life of systems and equipment in City Buildings.



FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
General Fund – CIP	325,000	325,000	350,000	350,000	350,000	1,700,000
Subtotal	325,000	325,000	350,000	350,000	350,000	1,700,000

# Environment

## CLIMATE ACTION PLAN IMPLEMENTATION

The City Council adopted a Climate Action Plan (CAP) in 2009. Following this, a supplemental assessment report was adopted in July 2011. The City also adopted a GHG reduction target of 27% below 2005 levels by 2020. Annually, the City completes a greenhouse gas inventory and adopts a five-year climate action plan strategy to assess progress towards the GHG reduction target. The purpose of this project is to provide an annual funding source to continue implementation of the CAP programs and strategies.



FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
General Fund CIP	100,000	100,000	100,000	100,000	100,000	\$500,000
Subtotal	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000



## BELLE HAVEN POOL DECK LIGHTING

This project involves the installation of pool deck lighting for the Belle Haven Pool. Prior to 2013, the Belle Haven Pool was operated seasonally during the summer months. Since the pool operation expansion in April 2013, the Belle Haven Pool has been operating 7 days a week which includes youth after school programming, a youth swim team, a youth water polo program that caters to youths 14 and under, a swim school that teaches water-babies to youths as well as adults with between 115-250 people depending on season and convenient lap swim that is available during the day and evening.



FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
Recreation In-Lieu	30,000	—	—	—	—	\$30,000
Subtotal	\$30,000	—	—	—	—	\$30,000

## BELLE HAVEN YOUTH CENTER PLAYGROUND REPLACEMENT

The Belle Haven Youth Center is located in the Belle Haven neighborhood. The Belle Haven After School and Camp Menlo programs operate at the Youth Center facility. Belle Haven Youth Center playground is outdated and doesn't meet current playground and ADA standards for the similar play structures.



FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
Recreation In-Lieu	205,000	—	—	—	—	\$205,000
San Mateo County Grant	25,000	—	—	—	—	\$25,000
Subtotal	\$230,000	—	—	—	—	\$230,000

# Parks & Recreation

## JACK LYLE PARK RESTROOM CONSTRUCTION

This project will involve engaging the neighboring community in developing a conceptual design, then constructing restrooms at Jack Lyle Park.



FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
Rec In Lieu	40,000	200,000	—	—	—	\$240,000
Subtotal	\$40,000	200,000	—	—	—	\$240,000

## LIBRARY LANDSCAPING

The project consists of replacing the landscaping and irrigation system around the library. The existing landscaping and irrigation system is in need of major upgrades and a portion of the system is over thirty years old.



FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
Rec In Lieu	200,000	—	—	—	—	\$200,000
Subtotal	\$200,000	—	—	—	—	\$200,000

## NEALON PARK SPORTS FIELD SOD AND IRRIGATION SYSTEM REPLACEMENT

The project will consist of removing the existing sod, adjusting the irrigation system and installing new sod. The field has had to annually be patched with new sod due to wear which has created irregular grades in the field. The existing field was built in 2002. The project will also add a new water connection to increase the water pressure at Nealon Softball field so that the irrigation system has full coverage.



FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
General Fund	250,000	—	—	—	—	\$250,000
Subtotal	\$250,000	—	—	—	—	\$250,000

## PARK IMPROVEMENTS (MINOR)

The project addresses minor improvements to parks, such as repairing fences, irrigation systems, play equipment, resodding portions of fields and adding sand and fibar to play equipment.



FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
General Fund-CIP	150,000	150,000	170,000	170,000	170,000	\$810,000
Subtotal	\$150,000	150,000	170,000	170,000	170,000	\$810,000

# Parks & Recreation

## RELOCATION OF DOG PARK AT NEALON PARK

This project will consist of re-locating the Nealon Park Dog Park from the baseball field to another area within Nealon Park.



FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
Rec In Lieu	250,000	—	—	—	—	\$250,000
Subtotal	\$250,000	—	—	—	—	\$250,000

## TENNIS COURT ELECTRONIC KEY UPGRADE

The Tennis Court Electronic Key Upgrade would include the installation of electronic access to five tennis courts sites: La Entrada, Nealon, Burgess, and Kelly Parks. Currently the tennis court system for entry is done through a traditional key lock/core method. Having electronic key access will allow: (1) completely update how tennis users access tennis courts; (2) reuse keycards instead of changing out keys/cores annually; (3) potentially update pricing structure to make it more user friendly (ie. Day, month, biannual, annual use, or charge per use); (4) discontinue use of the cores which are expensive and which are replaced often use to individuals jamming sticks in the locks; (5) keep track of who has accessed courts (and when) in the event of a disturbance; (6) have users always retain their same keycard that can be updated (as opposed to having users return their keys annually and losing expensive keys in the shuffle).



FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
General Fund-CIP	100,000	—	—	—	—	\$100,000
Subtotal	\$100,000	—	—	—	—	\$100,000

## WILLOW OAKS DOG PAK

This project will included a scoping and design phase in fiscal year 2014-15, then construction in fiscal year 2015-16 of upgrades and replacement at the Willow Oaks Dog Park.



FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
Recreation In-Lieu	250,000	—	—	—	—	\$250,000
Subtotal	\$250,000	—	—	—	—	\$250,000

# Stormwater

## BAY LEVEE PROJECT

A project team was selected, and project will start this year with Environmental Analysis, and Design. The Project's purposes are to provide evaluation, feasibility, alternatives analysis, design, and environmental documentation for coastal levee improvements that will improve flood protection, restore the ecosystem, and provide recreational opportunities within the project reach. The specific objectives of the Project include: 1) protect properties and infrastructure in the coastal floodplain within East Palo Alto and the City of Menlo Park between San Francisquito Creek and the Redwood City border resulting from a 100-year tide, including projected Sea Level Rise; 2) enhance habitat along the Project reach, particularly habitat for threatened and endangered species; 3) enhance recreational uses; and 4) minimize operational and maintenance requirements.



FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
General Fund-CIP	90,000	90,000	—	—	—	\$180,000
Subtotal	\$90,000	90,000	—	—	—	\$180,000

# Streets & Sidewalks

## CHILCO STREET AND SIDEWALK INSTALLATION

This project will involve engineering design and construction of landscaping, sidewalks, and bicycle facility improvements as identified during the Belle Haven Visioning/Implementation Plans and Connect Menlo General Plan Update process. The project would include landscaping, lighting, signing/stripping modifications, and pedestrian and bicycle facility improvements. The current funding shown for this project is anticipated to provide staff time for design support, and is funded from a contribution by the Sobrato Organization provided during the approvals of the Commonwealth Corporate Center Project. Future allocations would be necessary for construction.



FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
Development Project Fees	50,000	—	—	—	—	\$50,000
Subtotal	\$50,000	—	—	—	—	\$50,000

## DOWNTOWN STREETScape IMPROVEMENT PROJECT (SPECIFIC PLAN)

The project will consist of planning and implementation of improvements in the downtown area per the Specific Plan considering the Chestnut Paseo and Santa Cruz Avenue Sidewalk and the development of new streetscape plans. The project will be comprised of four components which will consist of meeting with Downtown businesses and customers for an early implementation of a pilot sidewalk widening project. The second component will include development of the pilot plans for implementation of other elements of the specific plan. The third component will be the implementation of the pilot plan and the fourth component will be development of a master plan for the downtown area.



FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
General Fund-CIP	115,000	165,000	110,000	—	—	390,000
Subtotal	\$115,000	\$165,000	\$110,000	—	—	\$390,000

# Streets & Sidewalks

## SANTA CRUZ AVENUE SIDEWALK IMPLEMENTATION

In March 2015, the City Council identified a preferred design concept for Santa Cruz Avenue between Johnson Street and Olive Street. This project will fund construction of sidewalks in this area.



FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
General Fund - CIP	1,000,000	—	—	—	—	\$1,000,000
Subtotal	\$1,000,000	—	—	—	—	\$1,000,000

## SIDEWALK REPAIR PROGRAM

This ongoing project consists of removing hazardous sidewalk offsets and replacing sidewalk sections that have been damaged by City tree roots in order to eliminate trip hazards.



FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
General Fund - CIP	120,000	120,000	120,000	120,000	120,000	\$600,000
Sidewalk Assessment	180,000	180,000	180,000	180,000	180,000	\$900,000
Subtotal	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$1,500,000

# Streets & Sidewalks

## STREET RESURFACING

This ongoing project will include the detailed design and selection of streets to be resurfaced throughout the City during Fiscal Year. This project will utilize the City's Pavement Management System (PMS) to assess the condition of existing streets and assist in the selection process.

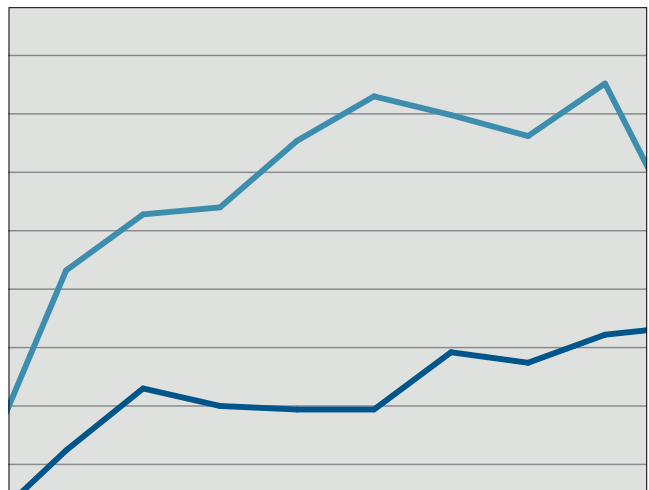


FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
Highway Users Tax	200,000	—	200,000	2,500,000	—	\$2,900,000
Construction Impact Fees	400,000	5,500,000	400,000	3,500,000	—	\$9,800,000
Subtotal	\$600,000	\$5,500,000	\$600,000	\$6,000,000	—	\$12,700,000

# Technology & Others

## COST OF SERVICE/FEE STUDY

Identifying the cost components of providing services in integral in the establishment of fees and cost recovery rates. A detailed cost study was last completed in 2008 and entailed the development of a cost allocation plan, overhead rate study, labor rate study, and a comprehensive fee and service charge study. The results of these studies led to the development of a cost recovery strategy and guided how fees were set in the Master Fee Schedule. In order for cost recovery levels to be maintained, the underlying studies must be periodically updated. This project will provide for a comprehensive update of the studies that were initially completed in 2008.



FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
General Fund	100,000	—	—	—	—	\$100,000
Subtotal	\$ 100,000	—	—	—	—	\$ 100,000



# Technology & Others

## RADIO INFRASTRUCTURE REPLACEMENT

The dispatch center utilizes an extensive network of radio equipment which has a useful lifespan of 10 to 15 years. If equipment is not replaced it can malfunction, leading to a loss of communication with police officers in the field. This would lead to an enhanced level of risk to officers and a decrease in service to the community. A multi-year replacement schedule was created in 2010 by the County which stipulates equipment to be replaced based on lifespan. All costs to install include labor.



FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
General Fund-CIP	100,000	—	—	—	—	\$100,000
Subtotal	\$100,000	—	—	—	—	\$100,000

## TECHNOLOGY MASTER PLAN AND IMPLEMENTATION

This project would provide an assessment of the existing technology tools in use within the organization currently; evaluate the need for replacement, and development recommendation as to best type of replacement in priority order. This work would be done together with a consultant, and representative City committee to enable a knowledgeable evaluation that would assist the City to avoid disruption caused by failures to the aging systems in use throughout the City. This project would be followed by requests to purchase or upgrade existing systems.



FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
General Fund – CIP	125,000	0	0	0	0	\$125,000
Subtotal	\$125,000	0	0	0	0	\$125,000

# Traffic & Transportation

## CITYWIDE BICYCLE AND PEDESTRIAN VISIBILITY PROJECT

The purpose of this project is to provide intersection and facility improvements to the City's bicycle and pedestrian infrastructure to close gaps in the existing multi-modal transportation system. This includes enhancements and upgrades to on-street bicycle facilities, intersection crossings, and crosswalks for bicyclists and pedestrians at multiple locations in the City:

- Add green-colored pavement to existing bike lanes on high-use corridors of Countywide significance at vehicle-bicycle interaction points (e.g., where right-turning motorists cross bicycle lanes) at highly traveled corridors. Protection of Infrastructure
- Install branded bicycle racks in the Downtown area, the area bounded by Oak Grove Avenue, Menlo Avenue, University Drive (North and South), and El Camino Real.



FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
TIF	139,140	—	—	—	—	\$139,140
TDA Article 3 Grant	347,860	—	—	—	—	\$347,860
Subtotal	\$487,000	—	—	—	—	\$487,000

## DOWNTOWN PARKING STRUCTURE STUDY

This project would build on the preliminary parking structure concepts prepared as part of the 2012 El Camino Real/Downtown Specific Plan. The Plan identified a potential parking structure on Parking Plazas 1, 2, and/or 3. The purpose of this project would be to prioritize the potential locations and identify a preferred location and design concept. Additionally, this project would develop a complementary Downtown Access and Public Space Plan based on the identified parking structure location, to identify and prioritize public space amenities, pedestrian and bicycle access routes and accommodations to improve Downtown access if a parking structure were to be pursued



FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
Downtown Parking Permits	250,000	—	—	—	—	\$250,000
Subtotal	\$250,000	—	—	—	—	\$250,000

# Traffic & Transportation

## DUMBARTON RAIL CORRIDOR PLANNING SUPPORT

This project would provide planning support for the Dumbarton Rail Corridor project within Menlo Park, including coordination with local and regional stakeholders, potential station planning, alternatives analysis, and exploration of project phasing opportunities. It would build on the land use and circulation planning work currently underway in the Connect Menlo General Plan Update.



FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
TIF	150,000	—	—	—	—	\$150,000
Subtotal	\$150,000	—	—	—	—	\$150,000

## HAVEN AVENUE STREETScape IMPROVEMENT

The Haven Avenue Streetscape Project will provide new bicycle and pedestrian facilities to Haven Avenue, connecting Menlo Park, San Mateo County and Redwood City residents and employees. The project area includes Haven Avenue, between Marsh Road and the San Mateo County border (where the existing bicycle lanes terminate). It provides a direct connection to the San Francisco Bay Trail, and will function as an interim gap closure of the Bay Trail between Bedwell-Bayfront Park and Seaport Avenue, better serving both commute and recreational needs.



- Adding Class II on-street bicycle lanes with horizontal buffers where roadway widths allow and green treatments in vehicle-bicycle interaction zones
- Closing sidewalk gaps
- Adding a new pedestrian and bicycle bridge over the Atherton Channel.
- Providing enhanced pedestrian crossing improvements to the Marsh Road-Haven Avenue-Bayfront Expressway intersection including: widened sidewalks, replacement of curb ramps to comply with current ADA standards, realigning the existing crosswalk on the northwest (Haven Ave.) leg of the intersection, and improving the existing median to provide a crossing refuge island.

FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
Measure A (SMCTA Grant)	170,000	—	—	—	—	\$170,000
Transportation Impact Fees	530,000	—	—	—	—	\$530,000
Subtotal	\$700,000	—	—	—	—	\$700,000

# Traffic & Transportation

## HIGH SPEED RAIL COORDINATION

The California High Speed Rail Bay Area to Central Valley route is being planned along the existing Caltrain tracks through the City of Menlo Park. This project involves City staff coordination with the Peninsula Cities Coalition, neighboring jurisdictions, the High Speed Rail Authority and elected officials to protect the City's interests during the planning and implementation stages of the California High Speed Rail project. Funding will be used for technical expertise and consulting support.



FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
TIF	50,000	50,000	50,000	—	—	\$150,000
Subtotal	\$50,000	\$50,000	\$50,000	—	—	\$150,000

## MENLO PARK-ATHERTON BIKE/PEDESTRIAN IMPROVEMENTS PROJECT

This project will improve the bicycle and pedestrian infrastructure on existing streets within Menlo Park and Atherton including Valparaiso Avenue-Glenwood Avenue, El Camino Real, and Middlefield Road. The improvements were identified through the Valparaiso Corridor Safe Routes to School Plan, adopted by the City of Menlo Park and review and supported by the Town of Atherton.

The project includes the following elements:

- Adding green paint to existing Class II on-street bicycle lanes on Valparaiso Avenue from Elder Avenue to El Camino Real and Glenwood Avenue from El Camino Real to Laurel Street
- Closing sidewalk gaps on the south side of Valparaiso Avenue between Elder Avenue and University Drive, adding a new pedestrian and bicycle bridge over the Atherton Channel.
- Adding two (2) in-roadway warning light crosswalk systems on Valparaiso Avenue at Elder Avenue and at Emilie Avenue
- Adding two (2) Speed Feedback display signs on Valparaiso Avenue near Elena Avenue and near Crane Street
- Adding audible pedestrian signals to six (6) traffic signals on El Camino Real at Valparaiso, Oak Grove Avenue, Ravenswood Avenue, Roble Avenue, Middle Avenue and Cambridge Avenue
- Remove and replace bicycle lane striping on Middlefield Road between Prior Lane and Oak Grove Avenue



FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
OBAG (CMAQ Grant)	797,000	—	—	—	—	\$ 797,000
TIF	103,260					\$103,260
Subtotal	\$900,260	—	—	—	—	\$ 900,260

# Traffic & Transportation

## MENLO PARK –EAST PALO ALTO CONNECTIVITY

The Project would improve the bicycle and pedestrian infrastructure across the Cities’ boundaries to better serve both communities. The project area is generally defined by the area bounded by Willow Road, US 101, University Avenue, and San Francisquito Creek. Specific elements of the proposed project include:

- Adding Class III bicycle routes and shared lane markings (“sharrows”):
  - Durham Street
  - Donohoe Avenue
  - Menalto Avenue
  - Gilbert Street
  - O’Connor Street
  - W. Bayshore Avenue
  - Manhattan Street
  - Woodland Avenue
  - Euclid Street
- Add missing sidewalk sections on O’Connor Street and Menalto Avenue



- Enhance the Willow Road/Gilbert Avenue intersection with bicycle and pedestrian accommodations:
  - Enhancing existing pedestrian crossings
  - Providing ADA-compliant curb ramps
  - Providing sharrows on the Gilbert Avenue approaches to the intersection to improve visibility and positioning of bicyclist.

FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
Measure A (SMCTA Grant)	395,000	—	—	—	—	\$ 395,000
TIF	155,000					155,000
Subtotal	\$550,000	—	—	—	—	\$550,000

## RAVENSWOOD AVENUE/CALTRAIN GRADE SEPARATION

The existing Ravenswood Avenue Caltrain crossing is a critical rail crossing within the Menlo Park corridor. It is within the Menlo Park El Camino Real/Downtown Specific Plan Area and falls within the City's Priority Development Area. The proposed project would expand on the 2003-2004 grade separation studies prepared by BKF Engineers and complete an in depth study of alternatives. The prior study identified six alternatives for Ravenswood Avenue; however, no alternative has been recommended as a preferred alternative. This project would refine the preliminary concepts previously identified in order to develop design concepts and seek community consensus around a preferred alternative.



FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
Measure A Grade Separation Program Grant	750,000	—	—	—	—	\$750,000
Subtotal	\$750,000	—	—	—	—	\$ 750,000

## SAND HILL ROAD SIGNAL MODIFICATION PROJECT

This project will upgrade the non-standard traffic and pedestrian signal equipment at Sand Hill/Saga Lane and Sand Hill/Sharon Park Drive to comply with the Manual on Uniform Traffic Control Devices standard.



FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
TIF	125,000	—	—	—	—	\$125,000
Subtotal	\$125,000	—	—	—	—	\$ 125,000

# Traffic & Transportation

## TRANSIT IMPROVEMENTS

The purpose of this project is to support development of transit options and improvements in Menlo Park. Opportunities to be evaluated and prioritized include: enhancements to the existing shuttle program, coordination with current and future SamTrans fixed-route service options, a transportation management association for the downtown and/or M2 areas, and bus stop amenities in Menlo Park.



FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
TIF	150,000	—	—	—	—	\$150,000
Subtotal	\$150,000	—	—	—	—	\$150,000

## WILLOW ROAD TRANSPORTATION STUDY

Travel time and congestion on Willow Road between Middlefield Road and Bayfront Expressway has increased significantly since 2013 as a result of regional traffic growth in the mid-Peninsula region. In 2008, the San Mateo City/County Association of Governments (C/CAG) completed the Gateway Corridor Study, which identified transportation improvements for Willow Road, University Avenue, and Bayfront Expressway and analyzed cost-benefits of each improvement. The proposed study would build on the C/CAG study and the City's current Connect Menlo General Plan Update to identify any short-term modifications and prioritize the long-term projects that the City can advocate for regionally to improve traffic conditions on Willow Road. Coordination with C/CAG, the City of Palo Alto and East Palo Alto, and Caltrans is an important aspect of this project.



FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
TIF	150,000	—	—	—	—	\$150,000
Subtotal	\$150,000	—	—	—	—	\$150,000



**URBAN WATER MANAGEMENT PLAN UPDATE**

The project will prepare an Urban Water Management Plan. The Project was partially funded in fiscal year 2014-15, funding for fiscal year 2015-16 will be utilized to complete the project.



FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
Water Fund – Capital	25,000	—	—	—	140,000	\$165,000
Subtotal	\$25,000	—	—	—	140,000	\$165,000

**WATER RATE STUDY**

The project will analyze the water operating budget and make recommendations for proposed water rates. The Project was partially funded in fiscal year 2014-15, funding for fiscal year 2015-16 will be utilized to complete the project



FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
Water Fund – Capital	25,000	0	0	0	80,000	\$105,000
Subtotal	\$25,000	0	0	0	80,000	\$105,000

# Projects Proposed for FY 2016–17 through FY 2019–20

CITY BUILDINGS		
Administration Building Conference Room Furniture Replacement	2018–19	The project would replace the chairs and tables in the conference rooms and public areas of the administration building that were purchased in 1999.
Belle Haven Youth Center Improvements	2017–18	The project is to replace the floor ceiling, and cabinets, as well as repaint the interior of the Belle Haven Youth Center.
City Council Chambers Landscaping	2019–20	The existing landscaping around the Council Chambers is the original from the 1970's. Major updating is needed to blend it with the existing water fall and existing the civic center landscaping.
Kitchen Upgrade at Onetta Harris Community Center	2018–19	The current kitchen is outdated and does not meet the needs of current renters. The renovation includes new counter tops, cabinets, sink, etc. The Onetta Harris Community Center has seen a significant increase in weekend rentals over the past two years. In addition, with the increase in weekday classes, a renovated kitchen may provide the opportunity for increased usage in the form of cooking-related classes.
Library Furniture Replacement	2017–18	The existing furniture is over 20 years old and the chairs and tables require consistent repairs due to heavy use. Also, the existing furniture fabric is difficult to clean. The project will replace furniture that will make it easier to maintain.
Main Library Interior Wall Fabric Replacement	2016–17	The project will replace the interior wall fabric of the main library. The interior wall finishes of the Library are starting to get worn and the seams are beginning to separate. This was installed in 1991.
Menlo Children's Center Carpet Replacement	2017–18	Due to the extensive use of the Menlo Children's Center facility and normal wear and tear, carpets need to be replaced. The existing carpets were installed when the building was remodeled in 2006.
Police Department Space Use Study	2016–17	The recent restructuring of the police department, creates the need for a space study to identify wasted office and storage space that may be utilized more efficiently.
Police Front Office Counter Remodel Security Upgrade	2017–18	Improved security at the police department was recommended along with the perimeter of the entire police department. This project would reconstruct the front counter to include ballistic glass between the public and staff.

# Projects Proposed for FY 2016–17 through FY 2019–20

ENVIRONMENT		
Bedwell Bayfront Park Gas Collection System Repair	2017–18	This project will address repairs that may be needed as part of routine maintenance to the gas collection system serving the former landfill at Bedwell Bayfront Park. Improvements that could increase methane capture will be implemented, reducing greenhouse gas emissions. This project will be scoped in more detail following completion of the Gas Collection System Improvements Study and Conceptual Design project.
Bedwell Bayfront Leachate Collection System Replacement	2016–17	This project will involve repairs and upgrades to the existing leachate collection system that the City is required to maintain at the former landfill site at Bedwell Bayfront Park.
Community Zero Waste Policy Draft	2016–17	This project was indentified in the Climate Action Plan’s five year strategy approved in July 2011. Landfilled waste emits methane that is twenty time more potent than carbon dioxide emissions that contribute to climate change. A zero waste policy would provide a road a road map for the city to follow to reduce landfilled waste through less waste generation and recycling. This project would include community engagement and a draft policy for the City Council to consider.

# Projects Proposed for FY 2016–17 through FY 2019–20

PARKS & RECREATION		
Bedwell Bayfront Park Master Plan	2016–17	The master plan will provide a long term vision and general development guide for the park and its facilities. The plan will describe how to best protect park resources, provide quality visitor experiences, manage visitor use, and will serve as a blueprint for future park development.
Bedwell Bayfront Park Electrical Panel Upgrade	2016-17	The Bedwell Bayfront Park on-site restrooms are in need of repair. The scope of the project will include electrical panel replacement, toilet replacement and sewer connection replacement to improve capacity and efficiency.
Gate House Fence Replacement	2018-19	Portions of the existing Gate House fence along Ravenswood Avenue need to be replaced. Due to its intricate details, and the need to match existing, the fence is expensive to replace.
Gate House Landscaping	2019–20	The project will landscape the area around the Gate House adjacent to the Menlo Children Center. The existing landscaping was original landscaping installed in the 1970 and needs to be updated to reflect the new the Civic Center landscaping.
La Entrada & Willows Oaks Tennis Courts Restoration & Resurfacing	2019–20	This project includes restoring and resurfacing two tennis courts at La Entrada and four courts at Willow Oaks Park. The project includes repairing cracks, color coating, and adding quick-start lines to all courts as well as the addition of lighting fixtures at Willow Oaks Park.
Burgess Pool Deck Repairs	2016–17	Pool chemicals are corrosive and erode the cement pool decks making the pool age significantly, impacting aesthetics, and increasing the risk of safety issues from slips and trips. This project would coat the entire 11,600 feet of pool deck surface with protective coating similar to what was used at Belle Haven Pool in 2011. This would ensure a longer life for the decks and avoid the need to replace the cement which would be a significantly higher cost.
Burgess Sport Field	2018-19	The project consists of replacing the existing turf, cleaning the drains and leveling the field. In addition remove a portion of the baseball field infield to increase the turf area to allow a large sports field. The existing field is 15 years old and typical sports field last ten years.
La Entrada Baseball Field Renovation	2016-17	The existing La Entrada baseball field has poor drainage and needs new sod. The project will regrade the outfield and install a drainage system and new irrigation systems and new sod.
Park Pathways Replacement	2016-17	The project consists of replacing damaged pathways at Market Place, Nealon, Sharon, and Stanford Hills Parks.
Relocation of Dog Park at Nealon Park	2017-18	This project would relocate the existing dog park from the baseball field to another area within Nealon Park.

# Projects Proposed for FY 2016–17 through FY 2019–20

STREETS & SIDEWALKS		
Civic Center Sidewalk Replacement and Irrigation System Upgrades	2018–19	Many areas of the Civic Center sidewalk network have been damaged over the years resulting in extensive cracking and uplifts. The project would replace sidewalks north of Burgess Field, between the recreation center, administration building, council chambers and library. Replacements would use thicker paving sections with reinforcing bars where necessary. In addition, the existing irrigation is a patch work due to several previous building replacement/remodel projects. This irrigation system upgrade will reduce the number of controllers and be connected to the City's weather station making it more water efficient.
Downtown Parking Utility Underground	2016–17	The City would begin the process to create an underground utility district in the downtown area. Alternatively, the project could be funded and managed by PG&E's Rule 20A program resulting in a 3-5 year implementation and a more expensive installation; however, no up-front capital expenditure by the City would be required.
El Camino Real Median and Side Trees Irrigation System Upgrades	2017–18	This project will replace the existing irrigation controllers on El Camino Real with a Rain Master Evolution II central irrigation system, which will improve water savings and reduce maintenance costs. The new irrigation system allows staff to control the system remotely and provides for automatic shut off at times of rain or breaks in the irrigation system.
Parking Plaza 7 Renovation	2018–19	This project provides construction of needed improvements at Parking Plaza 7 including landscaping, lighting, storm drainage and asphalt pavement rehabilitation. Work will be coordinated with the downtown parking utility underground project.
STORMWATER		
Chrysler Pump Station Improvements	2016–17	Improvements will include design and construction of upgrades to the aging equipment (may consist of pumps, motors, electrical system, heaters, fans, flap gates, generator).
Trash Capture Device Installation	2016–17	This project will install trash capture devices during next round of Municipal Regional Permit to reduce the amount of pollutants going into the Bay in anticipation of heightened trash capture device requirements.
Willow Place Bridge Abutments Repairs	2016–17	This project will repair damage to the bridge abutment from the December 2012 storm event. An initial study of repairs was completed. Next is design and construction.

# Projects Proposed for FY 2016–17 through FY 2019–20

TRAFFIC & TRANSPORTATION		
Caltrain Bike/Pedestrian Undercrossing Design	2017–18	This project will design the bike and pedestrian undercrossing envisioned under the Caltrain tracks between Ravenswood Avenue and Cambridge Avenue. A study and conceptual designs for an undercrossing were completed as part of the Caltrain Bike/Pedestrian project approved in fiscal year 2007-08. Completion of the planning phase was suspended pending completion of the El Camino Real/ Downtown Specific Plan and the High Speed Rail preliminary design.
Florence/Marsh and Bay/Marsh Signal Modification	2018–19	This project will improve the level of service and pedestrian safety at intersections and upgrade non-standard traffic signal equipment to comply with MUTCD standards.
Pedestrian/Bicycle Master Plan Update	2018–19	The current comprehensive bicycle development plan was completed in January of 2005 and lacks current bicycle treatments to include; green bike lanes and sharrows. Additionally, the existing plan has limited treatments for pedestrians and lacks the City’s approved initiatives. This project seeks to update the existing plan to include current treatments and serve as a baseline for treatments.
Sand Hill Road Signal Modification Project	2016–17	This project will upgrade the non-standard traffic and pedestrian signal equipment at Sand Hill/Saga Lane and Sand Hill/Sharon Park Drive to comply with MUTCD standard.
WATER		
Automated Water Meter Reading	2016–17	This project will involve selecting appropriate technology then installing the initial phase of automated meter reading infrastructure for the Menlo Park Municipal Water District.
Emergency Water Supply	2018–19	This project will involve the first phase of construction of up to three emergency standby wells to provide a secondary water supply to the Menlo Park Municipal Water District’s eastern service area. An emergency water supply would be needed in the event of an outage of the SFPUC Hetch Hetchy system. Final project costs will vary depending on land acquisitions costs and the final depth and size of the wells.
Water Main Replacements	2016–17	This recurring project involves replacement and improvements to the Menlo Park Municipal Water District’s distribution system. The locations of work are determined through maintenance records and as needed to support other major capital projects such as the emergency water supply project.

# Non-Funded Project Requests

STREETS & SIDEWALKS		
Haven Avenue Security Lighting	Estimated Cost: \$50,000 Source: Staff	The project consists of installing additional street lights along Haven Avenue to improve visibility and security.
Kelly Park Sound Wall	Estimated Cost: \$1,430,000 Source: Staff	The project would install a sound wall approximately 1,000 feet long between Highway 101 and the sports field at Kelly Park. Design of the project would determine the appropriate height, materials, and final location of the sound wall.
Marsh Road Section Median Islands Landscaping	Estimated Cost: \$35,000 Source: Staff	The project will upgrade the landscaping and irrigation system in the median island on Marsh Road between Bohannon Drive and Scott Drive. Marsh Road is a major entrance to the City and the existing landscaping needs to be rejuvenated to fit in with the new landscaping along the commercial properties adjacent to the median islands.
Parking Plaza 3 Renovation Design	Estimated Cost: \$200,000 Source: Staff	This project involves the redesign of Parking Plaza 3 to include safer vehicular access, improved lighting, improved stormwater treatment and rehabilitation of the existing asphalt. This project is part of the standard cycle of parking plaza renovations and will be coordinated with the Downtown Specific Plan prior to any improvements to the parking plaza.
Parking Management Plan	Estimated Cost: TBD Source: City Council	The project will evaluate parking impacts of the Chestnut Paseo and Market Place. This project will establish an advisory task force for downtown parking issues comprised of one council member, one transportation commission a member of the chamber of commerce, a business owner and a property owner.
Parking Plaza 8 Renovation	Estimated Cost: \$250,000 Source: Staff	This project consists of design of needed improvements at Parking Plaza 8 including landscaping, lighting, storm drainage and asphalt pavement rehabilitation. Work will be coordinated with downtown parking utility underground project.
Sidewalk Master Plan Implementation	Estimated Cost: TBD Source: Staff	This project will involve constructing new sidewalks in areas with priority needs as identified in the sidewalk master plan. Resident surveys will be conducted at high priority locations to assess the level of support prior to selecting specific sites.
Streetscape – Haven Avenue	Estimated Cost: \$550,000 Source: Staff	This project will involve conceptual design, engineering and construction of street resurfacing work, and will potentially involve landscaping, lighting or other improvements along Haven Avenue.

# Non-Funded Project Requests

## STREETS & SIDEWALKS

Parking Plaza 3 Renovation Design	Estimated Cost: \$200,000 Source: Staff	This project involves the redesign of Parking Plaza 3 to include safer vehicular access, improved lighting, improved stormwater treatment and rehabilitation of the existing asphalt. This project is part of the standard cycle of parking plaza renovations. This project will be coordinated with the Downtown Specific Plan prior to any improvements to the parking plaza.
Parking Plaza 8 Renovation	Estimated Cost: \$250,000 Source: Staff	This project consists of design of needed improvements at Parking Plaza 8 including landscaping, lighting, storm drainage and asphalt pavement rehabilitation. Work will be coordinated with downtown parking utility underground project.
Streetscape – O’Brien Drive	Estimated Cost: \$525,000 Source: Staff	This project will involve construction of street resurfacing work, and will potentially involve landscaping, lighting or other improvements along O’Brien Drive. A public outreach process will be conducted to identify needed improvements. Although this project was funded with RDA funds (\$25,000) in fiscal year 2010-11, (\$100,000) in fiscal year 2011-12 and additional funding (\$400,000) was planned for fiscal year 2013-14, work in this project did not start prior to the dissolution of the RDA.
Streetscape – Overall Resurfacing and Improvements	Estimated Cost: \$2,000,000 Source: Staff	This project will involve conceptual design, engineering and construction of street resurfacing work, and will potentially involve landscaping, lighting or other improvements along various streets.
Streetscape – Pierce Road	Estimated Cost: \$500,000 Source: Staff	This project will involve conceptual design, engineering and construction of street resurfacing work, and will potentially involve landscaping, lighting or other improvements along Pierce Road.
Underground Overhead Lines	Estimated Cost: TBD Source: Planning Commission	Establish and make an initial deposit for a utility (overhead electric and communication lines) underground fund throughout the City. The project could be considered if a Community Character Element is prepared as part of the General Plan Update.
Streetscape – Willow Road	Estimated Cost: \$330,000 Source: Staff	This project will involve conceptual design, engineering and construction of street resurfacing work, and will potentially involve landscaping, lighting or other improvements along Willow Road.



# Non-Funded Project Requests

CITY BUILDINGS		
Belle Haven Branch Library Feasibility Study	Estimated Cost: \$95,000 Source: Library Commission	Improving library services to Belle Haven is one of the Library's Commission main Work Plan objectives. The Commission has received consistent community feedback over the last two years about the need for more library services in Belle Haven. The addition of Facebook to the Belle Haven area further indicates that a feasibility study is necessary.
Belle Haven Pool House Building Remodel	Estimated Cost: \$400,000 Source: Staff	This project will consist of remodeling the men's and women's shower, bathroom and check-in area. The work will include replacing plumbing fixtures and remodeling the front façade of the pool house and relandscaping the front.
City Entry Signage on Willow and Marsh Roads	Estimated Cost: \$200,000 Source: Staff	These arterials are the two primary gateways into Menlo Park from the East Bay. Providing "Welcome to Menlo – Habitat for Innovation" signage identifies the entry point our City, positions the City as a friendly place to be, and furthers the City's brand as a desirable place to live, work and play.
City Gateway Signage	Estimated Cost: \$250,000 Source: City Council	The project will include installing gateway signage at four locations entering Menlo Park. The proposed locations are Sand Hill Road, Bayfront Expressway, and northbound and southbound El Camino Real. The proposed signage would be similar in style to the sign at Laurel Street and Burgess Drive and would include uplights.
Onetta Harris Community Center Installation of Additional Restroom	Estimated Cost: \$200,000 Source: Staff	The current restroom available for renters of the Onetta Harris Community Center multi-purpose room is inadequate for the current weekend and weeknight rental business at the community center, which has seen a substantial increase in rentals over the past two years. This proposal includes the renovation of the current restroom and the construction of a second restroom.

# Non-Funded Project Requests

## TRAFFIC & TRANSPORTATION

Bay Road Bike Lane Improvements	Estimated Cost: TBD Source: Bicycle Commission	This project would study the feasibility and implementation of moving the existing bike lane away from the trees on the Atherton side of Bay Road between Ringwood Avenue and Marsh Road. Staff has determined that the roadway width is too narrow to make the requested improvements for this project.
Bay Trail Extension	Estimated Cost: \$1–2 million Source: City Council	This project would provide the connection between existing portions of the Bay Trail located near the salt ponds and the Don Edwards San Francisco Bay National Wildlife Refuge and existing trails in East Palo Alto. Grant funding would be needed to match City or other funds. Improvements would include work to provide a crossing over San Francisco Public Utilities Commission (SFPUC) lands and railroad right of way.
Bicycle Parking Ordinance Feasibility Study	Estimated Cost: \$70,000 Source: Bicycle Commission	This project would investigate the potential to create an ordinance requiring bicycle parking facilities for all new development projects. The study would review similar ordinances from agencies in the Bay Area, assess the impacts to developers, and recommend an appropriate bicycle parking rate per 1000 square foot of new development. This project will be considered with the General Plan update and the M-2 Area Plan.
Bike Safety Event	Estimated Cost: \$18,000 Source: Bicycle Commission	This project would use the Street Smartz public education safety campaign program along with Safe Moves safety education classes to coordinate a bicycle and walking-to-school safety event. This project would work in conjunction with the Safe Routes to School programs for Encinal, Laurel, and Oak Knoll Elementary Schools.
Emergency Traffic Signal Equipment Stock	Estimated Cost: TBD Source: Staff	The City currently contracts out all traffic signal, streetlights and roadway safety component maintenance and emergency repair services. However, this contract cover repairs on an as needed basis and does not provide for the allocation of immediate replacement equipment. This has created a lag in repairing critical traffic signal and street lighting facilities which may pose as a risk to the health and safety of our citizens in the event of an emergency. The project seeks to provide a limited stock of critical equipment for the immediate repair of City facilities in the event of unexpected damage or failure.
Dumbarton Transit Station	Estimated Cost: \$1,000,000 Source: Staff	Funding will be used to add amenities to the planned transit station. The City Council has indicated a preferred for the transit station location on the Southwest corner of Willow Road and Hamilton Avenue. Funding is contingent on the expansion of transit systems serving the area and may consist of a new rail station or bus terminal.
Innovation Transportation Solutions	Estimated Cost: TBD Source: Planning Commission	Investigate a people mover system or other innovative technology for east/west connectivity, safe routes to schools, and crossing El Camino Real. The project will be considered as part of the Circulation Element update of the General Plan.

# Non-Funded Project Requests

TRAFFIC & TRANSPORTATION		
Laurel Upper School Safe Routes to School Plan	Estimated Cost: \$100,000 Source: Staff	The Laurel Upper School is a Menlo Park City School District elementary school planned on Elliott Drive to open for school year 2016-2017. This project is to identify suggested bicycling and walking routes as well as identify education, encouragement and enforcement programs to support walking and bicycling to the school. Emphasis on connecting routes between the existing Laurel Elementary School and the future Laurel Upper School would also be identified and evaluated as part of this plan. This project would build on the Menlo Park-East Palo Alto connectivity project identified for fiscal year 2015-2016.
Middle Avenue Bicycle Implementation	Estimated Cost: TBD Source: Staff	This project will implement the Middle Avenue Fehr & Peers 2012 Plan to include bicycle lanes.
Newbridge Street/Willow Road Traffic Circulation Improvements	Estimated Cost: \$100,000 Source: Staff	This project will evaluate the intersection of Newbridge Street and Willow Road for proposed improvements for better traffic circulation at the intersection.
Shuttle Expansion Study	Estimated Cost: \$125,000 Source: Transportation Commission	This study is to identify how the City shuttle services may be expanded to meet the needs and desires of residents and businesses. This study would not include specific school bus routes.
Study of Ordinance to Require Bike Parking in City Events	Estimated Cost: \$15,000 Source: Bicycle Commission	This project would investigate the potential to creation of an ordinance requiring bicycle parking facilities at all outdoor city events (such as block parties, art/wine festivals, 4th of July events, music in the park series, etc.). The city policy would provide bike parking facilities and publicize this option to participants. Outside groups using city or public facilities for public events (e.g. Chamber of Commerce) would also be required to provide these same services. The city ordinance shall have some means of recognizing or rewarding (by city certificate or resolution) those events which provide exceptional bicycle parking service.
Study – Shuttle Bus Expansion for Student- School-Busing Use	Estimated Cost: \$95,000 Source: Transportation Commission	This is a study to evaluate and analyze the use of City shuttle buses to pick up and drop off students at their schools, thereby reducing vehicular traffic. This could be subject to other regulations because of school specific bus requirements.
Wayfinding Signage Phase II	Estimated Cost: \$15,000 Source: Bicycle Commission	The first phase of the wayfinding bicycle signage in the Willows neighborhood was completed in 2009. The signs, attached to pre-existing sign posts, point to destinations such as the pedestrian bridge to Palo Alto, downtown, and Burgess Park. This is the next phase to this project as indicated in the bicycle development plan. This will include another neighborhood, an east/west cross-city route, and/or routes to schools.

# Non-Funded Project Requests

## TRAFFIC & TRANSPORTATION

Willow Oaks Park Path Realignment	Estimated Cost: \$18,000 Source: Bicycle Commission	This project would study the entrance to Willow Oaks Park at Elm Street to add a bike path adjacent to the driveway to East Palo Alto High School.
Willow Road Bike Lane Study	Estimated Cost: \$70,000 Source: Bicycle Commission	This project would study the area on Willow Road between O'Keefe and Bay Road to assess needs for bike lanes in both directions. (The 101/ Willow Road interchange is currently in the environmental review stage.)

# Non-Funded Project Requests

ENVIRONMENT		
Canopy Tree-Planting and Education Project	Estimated Cost: \$55,000 Source: Environmental Quality Commission & Green Ribbon Citizens Committee	Under City contract, Canopy, a local non-profit organization, would recruit and train volunteers to plant up to 100 trees along streets and in parks. Planting locations and trees will be provided by the City. Canopy will also conduct a public education program about urban forestry, including tree steward workshops, presentations to neighborhood groups, a tree walk, and printed and website information. Canopy will also advise the City on reforestation grant opportunities.
Home Remodels Energy Upgrades- Pilot Program	Estimated Cost: \$110,000 Source: Staff	This pilot program would provide free comprehensive home energy audits up to \$500 in energy rebates to 100 Menlo Park residents who are significantly remodeling their homes. The program targets homeowners who are already considering of home improvements and may be more inclined to make significant energy upgrades. The goal is to reduce greenhouse gas emissions through residential energy conservation. This project is a high ranking measure in the Climate Action Plan.
Requirement for Pharmacies to take back Pharmaceuticals Draft Ordinance	Estimated Cost: \$25,000 Source: Staff	A required take back program would increase disposal options for residents and avoid potentially disposing of these chemical in a landfill or sewer system. This project would include drafting an ordinance for city council consideration and the community engagement involved in preparing the ordinance for adoption.
Strategic Plan to Increase Local Food Production through Social Marketing, Education, and Community Garden Programs	Estimated Cost: \$600,000 Source: Staff	Part of the Climate Action Plan's five year strategy approved by Council in 2012 to be considered in 2017-2018. Develop a strategic plan that would increase local food production through education and/or social marketing programs, partnering with nonprofits, promoting locally grown and or organic food production and development of community gardens, school gardens, planting vegetables and/or fruit trees in city parks and/or other public easements, and promotion of farmer's markets . Consider an 'Eat Local Campaign' similar to Portland, Oregon program that promotes eating foods grown within a specific mile radius.
Suburban Park Streetlight Conversion	Estimated Cost: \$100,000 Source: Staff	Take streetlights in the Suburban Park area off the high-voltage PG&E system and convert to low-voltage parallel-wiring system.

# Non-Funded Project Requests

PARKS & RECREATION		
Belle Haven Pool House Remodel	Estimated Cost: \$500,000 Source: Staff	The project consists of redesigning the interior showers, locker and lobby areas and refinishing the floors and walls. The Belle Haven pool house shower, locker room and lobby are over 40 years old. Most of the equipment is original and requires retrofit parts discontinued due to the shower equipment.
Burgess Baby Pool Analysis/ Preliminary Design	Estimated Cost: \$200,000 Source: Staff	Increased demand for recreational pool space has grown since the major pool redesign in 2006. This project would evaluate the utility of the current baby pool to allow for a wide range of ages and more space of open recreation swimming time. Currently, the baby pool is only 1' 6" in depth, open May through September, and for only toddlers and their parents. The proposed project would evaluate the current capacity, investigate if an environmental analysis is required and look into a zero entry pool that increases to 3 1/2 depth. This would allow for a broader age range and more space.
Burgess Park Irrigation Well Evaluation	Estimated Cost: \$40,000 Source: Staff	The project consists of hiring a consultant to evaluate whether building an irrigation well for Burgess Park would be cost effective in the long term based upon the continued increase in water rates.
Flood Park Joint Use	Estimated Cost: TBD Source: City Council	This project would potentially involve the City obtaining a joint use agreement to improve and maintain sports fields at Flood Park, installing playing field improvements and operating it as a City park in order to increase playing field availability.
Willow Oaks Park Restrooms	Estimated Cost: \$240,000 Source: Parks and Recreation Commission	This project would involve the neighboring community in developing a conceptual design, then constructing restrooms at Willow Oaks Park.

# Non-Funded Project Requests

## COMPREHENSIVE PLANNING PROJECT & STUDIES

CEQA and FIA Guidelines	Estimated Cost: \$45,000 Source: City Council	This project involves the adoption of guidelines for the City's implementation of the California Environmental Quality Act and the City's preparation of Fiscal Impact Analysis. The project would involve an update of the City's Transportation Impact Analysis Guidelines while maintaining consistency with the current General Plan policies regarding the level of service at intersections while encouraging alternative modes of transportation.
Comprehensive Zoning Ordinance Update	Estimated Cost: \$1,500,000 Source: Staff	The last comprehensive update of the zoning ordinance occurred in 1967. Over the last 45 years, there have been 103 distinct amendments. The zoning ordinance is not user friendly and includes many inconsistencies and ambiguities which make it challenging for staff, let alone the public to use. An update of the zoning ordinance would be a key tool for implementing the vision, goals and policies of an updated General Plan. An update of the single-family residential zoning standards and review process would be included in this project.
Single Family Residential Design Guidelines	Estimated Cost: TBD Source: Planning Commission	This project would involve the creation of residential single-family zoning guidelines to provide a method for encouraging high quality design in new and expanded residences.
Single-Family Residential Zoning Ordinance Amendment	Estimated Cost: TBD Source: Planning Commission	This project would involve changes to residential single-family zoning requirements to create a more predictable and expeditious process for the construction of new and substantially expanded two-stories residences on substandard lots. The changes to the zoning ordinance would likely involve additional development requirements in lieu of the discretionary use permit process.

## STORMWATER

Atherton Channel Flood Abatement Construction	Estimated Cost: \$2,000,000 Source: Staff	This project will improve the drainage channel conditions in order to prevent systematic flooding from Atherton Channel that affects businesses along Haven Avenue. The design portion of this project received \$200,000 in funding in fiscal year 2010-11 and \$300,00 in fiscal year 2011-12.
Middlefield Road Storm Drainage Improvements Phase I & II	Estimated Cost: \$2,000,000 Source: Staff	This project involves design of a storm drainage system to address flooding on Middlefield Road from San Francisquito Creek to Ravenswood Avenue.

## TECHNOLOGY

Dark Fiber Installation Pilot Project	Estimated Cost: \$50,000 Source: Staff	Optical fiber is the preferred broadband access medium for companies seeking lab and office space in Silicon Valley. The Menlo Science & Technology Center already has limited deployment of this highly sought after capability. These funds will enable the City to initiate a planning effort to determine how the existing fiber network can be extended further in the City's industrial subareas.
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# Non-Funded Projects from Previously Approved Plans

## CITY WIDE STORM DRAINAGE STUDY (2003) Recommended Improvements

Projects that do not require new outfalls to San Francisquito Creek or Atherton Channel

LOCATION	DESCRIPTION	ESTIMATED COST (2003)
Magnolia Drive/ Stanford Court	Flooding occurs in the vicinity of Stanford Court as a result of undersized lines downstream on Magnolia Drive. Upsizing 530 feet of line from 12-inch diameter to 24-inch diameter will improve drainage through an upstream system that has been improved	\$123,000
Spruce Avenue	Flooding occurs at Spruce Avenue. Storm system does not have an inlet at Spruce Avenue with the railroad acting as a barrier to surface flows. Improve requires 250 feet of 24-inch storm drain, and an inlet at Spruce Avenue	80,000
Middlefield Road	A parallel storm drain is proposed along Middlefield Road. The storm drain would connect to a recently constructed 48-inch diameter outfall into San Francisquito Creek. The parallel storm drain is needed to relieve flooding that requires road closures of Middlefield Road, Ravenswood Avenue, and Oak Grove Avenue	4,633,000
Euclid Avenue	A significant drainage area flows to Euclid Avenue with no collection system. It is likely that the flooding could disrupt traffic during a major storm event	288,000
Middle Avenue	Middle Avenue is susceptible to flooding due to undersized facilities to the Creek and upstream flooding that overflows into the drainage area. 1,620 feet of 24-inch diameter line is proposed. Allows the removal of bubble-up storm drain catch basins. Provides backbone for draining Hobart Street, Cotton Street and Hermosa Way	373,000
Oak Grove Avenue	The proposed line relieves flows received along Oak Grove Avenue and discharges to the proposed Middlefield Avenue parallel storm drain	1,699,000
Frontage 101, Menalto Ave to Laurel Ave and Santa Monica Avenue	Proposes 830 feet of 24-inch diameter line to provide backbone for storm drain to Menalto Avenue; and 2,510 feet of 15-inch storm drain to reduce flows at intersections along Menalto Avenue	945,000
Harvard & Cornell	Harvard & Cornell - Proposes addition of valley gutter to eliminate localized ponding	10,000
Bay Laurel Drive Outfall	Connecting drainage system	26,000
Olive Street Outfall	Connecting drainage system	536,000
Arbor Road Outfall	Connecting drainage system	1,524,000
El Camino Real Outfall	Connecting drainage system	1,976,000
Alma Street Outfall	Connecting drainage system	208,000
Middlefield Road Outfall	Connecting drainage system	1,270,000
Highway 101 Outfalls	Connecting drainage system	1,400,000
Euclid Avenue Outfall	Connecting drainage system	275,000



# Non-Funded Projects from Previously Approved Plans

## CITY WIDE STORM DRAINAGE STUDY (2003) Recommended Improvements

Projects that require new outfalls and increase peak flows to San Francisquito Creek or Atherton Channel Recommended Improvement

LOCATION	DESCRIPTION	ESTIMATED COST (2003)
Middle Avenue	Replace and upsize the storm drain line on Arbor Road from the outfall to about 500 feet upstream at a cost of about \$850,000. Replace and upsize the storm drain line on Arbor Road to Middle Avenue for a cost of about \$980,000 and extending the system to Middle Avenue and San Mateo Drive.	2,310,000
Overland Flow	Overflows from the System G system are to System I. There can be a "domino effect," with these overflows continuing to El Camino Real.	900,000
Overland Flow	Overflows from the System I system are to El Camino Real. Currently, a portion of Middle Avenue does not have a storm drain. A storm drain would be provided to collect flows to improve collection into the Priority 1 storm drain line. Lines on Valparaiso Avenue, Santa Cruz Avenue and Arbor Drive are proposed to collect flows and convey flows to the Priority 1 system, thereby reducing the potential for overtopping to the El Camino Real system.	4,458,000
Ponding throughout the City	Improvements to correct nuisance ponding issues and are required throughout the City. The improvements are numerous and are required.	10,211,000
Alto Lane/El Camino Real	All overflows from upstream systems will be toward El Camino Real. It is likely that ponding first occurs on Alto Lane and excess flows are released to a 30-inch storm drain line to the Alma System prior to road closure for typical storm events. A major storm even could result in the closure of El Camino Real.	5,800,000
San Francisquito Creek Joint Powers Authority Improvements		TBD
Atherton Channel Improvement		TBD

# Non-Funded Projects from Previously Approved Plans

## EL CAMINO REAL /DOWNTOWN SPECIFIC PLAN

### (2012) Recommended Improvements

LOCATION	DESCRIPTION	ESTIMATED COST (2003)
Improve Pedestrian/Bicycle Amenities and Overall Street Character – Downtown and Station Area		
Santa Cruz Avenue (University Drive to El Camino Real)	Permanent streetscape improvements, on-street parking modifications, widened sidewalks, curb and gutter, furnishings, trees and landscape; central plaza	TBD
Santa Cruz Avenue (El Camino Real to train station)	Streetscape improvements; new sidewalks and connections across railroad tracks and to Menlo Center Plaza, trees, curb and gutter, furnishings; civic plaza with new surface, furnishings	TBD
El Camino Real	Streetscape improvements; sidewalk widening, street crossings; sidewalk trees, furnishings, landscape, pedestrian and bicycle linkage across railroad tracks at Middle Avenue	TBD
Chestnut Street South	Permanent street conversion to paseo and marketplace; streetscape enhancement	TBD
Chestnut Street North (Santa Cruz Avenue to Oak Grove Avenue)	Permanent pocket park; enhance pathways and crosswalk connections to proposed parking garages; widened and enhance sidewalk - west side leading to pocket park	TBD
Crane Street North (Santa Cruz Avenue to alley)	Permanent pocket park; enhance pathways and crosswalk connections to proposed parking garages; widened and enhance sidewalk - east side leading to pocket park	TBD
Rear of Santa Cruz Avenue Buildings (south side from University Drive to Doyle Street)	Pedestrian linkage; new sidewalk, furnishings, landscaping, modified parking	TBD
Oak Grove (Laurel Street to University Drive)	Street restriping to add bike lane and remove parking lane (north side)	TBD
Alma Street (Oak Grove Avenue to Ravenswood Avenue)	Streetscape improvements; wider sidewalks and connection to train station, trees, curb and gutter, furnishings - east side; modified parking and travel lanes small plaza at Civic Center	TBD
Future Class II/Minimum Class III	University Drive north of Santa Cruz Avenue to Valparaiso Avenue and south of Menlo Avenue to Middle Avenue	TBD
Bicycle Route	Crane street between Valparaiso Avenue and Menlo Avenue	TBD
Bicycle Route	Garwood Way from Encinal Avenue to Oak Grove Avenue	TBD
Bicycle Route	Alma Street between Oak Grove Avenue and Ravenswood Avenue	TBD

# Non-Funded Projects from Previously Approved Plans

LOCATION	DESCRIPTION	ESTIMATED COST (2003)
Improve and "Leverage" Existing Downtown Public Parking Plazas		
Parking Plazas 1, 2 and 3	Two Parking Garage	TBD
Parking Plazas 2 and 3	Pocket Park, new surface, amenities, furnishings, landscape	TBD
Parking Plazas 5	Flex space improvements; new surface, amenities, furnishings, landscape	TBD
Parking Plazas 6	Flex space improvements; new surface, amenities, furnishings, landscape	TBD
Parking Plaza 5 & 6	Enhance surface treatments	TBD
Improve Pedestrian/Bicycle Amenities and Overall Street Character – El Camino Real – and East/West Connectivity		
Railroad tracks at train station	Bike/pedestrian crossing at railroad tracks connecting Santa Cruz Avenue with Alma Street, depending on the final configuration for high speed rail; amenities, landscape	TBD
El Camino Real (north of Oak Grove Avenue and south of Menlo Avenue/Ravenswood Avenue)	Widened sidewalks; street trees; median improvements; furnishings	TBD
Railroad tracks at Middle Avenue (Stanford property)	Bike/pedestrian at railroad tracks connecting El Camino Real with Alma Street, depending on the final configuration for high speed rail; amenities, landscape	TBD
El Camino Real/Stanford Property (at Middle Avenue)	Publicly accessible open space; amenities, landscape	TBD
Bicycle Lanes	El Camino Real north of Encinal Avenue	TBD
Future Class II/Minimum Class III	El Camino Real south of Encinal Avenue to Palo Alto border	TBD
Future Class II/Minimum Class III	Menlo Avenue between University Drive and El Camino Real with additional striping modifications near the El Camino Real and Menlo Avenue intersection	TBD
Future Class II/Minimum Class III	Westbound Ravenswood Avenue between the railroad tracks and El Camino Real	TBD
Future Class II/Minimum Class III	Middle Avenue between University Drive and El Camino Real with additional striping modifications at the El Camino Real and Middle Avenue intersection	TBD

# Non-Funded Projects from Previously Approved Plans

## EL CAMINO REAL /DOWNTOWN SPECIFIC PLAN

### (2012) Recommended Improvements

LOCATION	DESCRIPTION	ESTIMATED COST (2003)
Improve Parking and Signage		
Sharrows - Signage	Sharrows, street configuration and safety to supplement pavement markings on Class III facilities. Sharrows are painted street markings that indicate where bicyclist should ride to avoid the "door zone" next to parked vehicles	TBD
Bicycle Parking	New major bicycle parking facilities in the proposed parking garages	TBD
Bicycle Racks	New bicycle racks in the plan area in new pocket parks, on the Chestnut Paseo, and along Santa Cruz Avenue	TBD
Wayfinding Signage	Bicycle way-finding signage in any future downtown signage plan	TBD

# Non-Funded Projects from Previously Approved Plans

## TRANSPORTATION IMPACT FEE STUDY (2009) Recommended Improvements

Bicycle Improvement Projects			
ROADWAY	FROM	TO	ESTIMATED COST
Bay Road	Berkeley Avenue	Willow Road	\$39,900
Middlefield	Willow Road	Palo Alto City Limits	\$7,000
Sand Hill Road eastbound	Westside of I-280 interchange	Eastside of I-280 interchange	\$32,900
Independence Connector	Constitution Drive	Marsh Road	\$120,000
Willow Road Connector	Hamilton	Bayfront Expy.	\$204,000
Marsh Road	Bay Road	Bayfront Expy.	\$51,100
Willow Road	Durham Street	Newbridge	\$37,100
El Camino Real	Encinal	Palo Alto City Limits	\$12,700
Bicycle/Pedestrian	Eastside Bayfront Expy. at Willow	Westside Bayfront Expy. At Willow	\$911,629
Caltrain Bicycle/Pedestrian Undercrossing	Eastside Caltrain tracks south of Ravenswood	Westside Caltrain tracks south of Ravenswood	\$3,646,518
Sidewalk Installation Projects			
ROADWAY	LIMITS		ESTIMATED COST
Willow Road	Bayfront Expressway to Hamilton Avenue		\$128,250
Hamilton Avenue/Court	Willow Road to end		\$280,500
O'Brien Drive	Willow Road to University Avenue		\$2,629,500
Bay Road	Willow Road to Van Buren Avenue		\$157,500
El Camino Real	Valparaiso Avenue to 500 feet north		\$75,000
Santa Cruz Avenue	Johnson to Avy Avenue		\$1,290,000
Santa Cruz Avenue	Avy Avenue to City Limits		\$630,000
Intersection Improvements			
INTERSECTION			ESTIMATED COST
University Drive & Santa Cruz Avenue			\$600,000
Laurel Street & Ravenswood Avenue			\$2,500,000
Middlefield Road & Ravenswood Avenue			\$1,520,000
Middlefield Road & Willow Road			\$1,700,000
Bohannon/Florence & Marsh Road			\$820,000
El Camino Real & Valparaiso/Glenwood			\$610,000
El Camino Real & Ravenswood Avenue			\$6,000,000
El Camino Real & Middle Avenue			\$1,820,000

# Non-Funded Projects from Previously Approved Plans

## TRANSPORTATION IMPACT FEE STUDY (2009) Recommended Improvements

Intersection Improvements	
INTERSECTION	ESTIMATED COST
Newbridge Street & Willow Road	\$2,100,000
Bayfront Expressway & Willow Road	\$470,000
Bayfront Expressway & University Avenue	\$2,500,000
Bayfront Expressway & Chrysler Drive	\$630,000

## WATER SYSTEM EVALUATION REPORT (2006) Recommended Improvements

DESCRIPTION	ESTIMATED COST
Reservoir and pump Station in Zone 1,4 or 5	TBD
Reservoir and pump Station in Zone 2	TBD
New pipeline supplying water from Zone 3 to lower elevation zones	TBD
New pipeline & pump station supplying water from lower elevation zones to Zone 3	TBD
New booster pump at Avy Ave in Zone 3 (CWC interconnect)	TBD
New parallel pipe from El Camino Real (B4) connections to Ivy Drive (B2, B3) connection to improve fire flow/pressure	TBD
New meter & pump station along Sharon Park Drive	TBD
Different inlet/outlet structures and pipelines at Sand Hill Reservoirs	TBD
Combination of items 3 or 4 and new reservoir at Sand Hill Road	TBD

# Non-Funded Projects from Previously Approved Plans

## COMPREHENSIVE BICYCLE DEVELOPMENT PLAN (2005) Recommended Bikeway System Improvements

NAME	START	END	ESTIMATED COST (2005)
<b>SHORT-TERM PROJECTS</b>			
<b>Class II Bike Lanes</b>			
O'Brien Drive	Willow	University	\$24,900
<b>Class III Bike Routes</b>			
Altschul Avenue	Avy	Sharon Road	\$800
Avy Avenue	Orange	Monte Rosa	\$2,100
Coleman Avenue	Willow	Ringwood	\$3,300
Hamilton Avenue	Market	Willow Road	\$4,250
Market Place	Highway 101 Bike/Ped Bridge	Hamilton	\$500
Monte Rosa Drive	Avy	Sand Hill Road	\$2,750
Oak Grove Avenue	Middlefield	University	\$9,000
Ringwood Avenue	Bay	Highway 101 Bike/Ped Bridge	\$1,250
San Mateo Drive	San Francisquito Creek	Wallea	\$1,400
San Mateo Drive	Wallea	Valparaiso	\$1,650
Santa Monica Avenue	Seminary	Coleman	\$750
Seminary Drive	Santa Monica	Middlefield	\$3,100
Sharon Road	Altschul	Sharon Park Drive	\$2,000
Sharon Park Drive	Sharon Road	Sand Hill Road	\$600
Wallea Drive	San Mateo Drive	San Mateo Drive	\$2,050
Woodland Avenue	Middlefield	Euclid	\$6,350
<b>Other Bicycle Projects</b>			
Wayfinding Signage Program	N/A	N/A	\$10,000
Short-Term Project Costs			\$91,000

# Non-Funded Projects from Previously Approved Plans

## COMPREHENSIVE BICYCLE DEVELOPMENT PLAN (2005) Recommended Bikeway System Improvements

NAME	START	END	ESTIMATED COST (2005)
<b>MID-TERM PROJECTS</b>			
<b>Class II Bike Lanes</b>			
El Camino	Watkins	Encinal	\$9,600
Middlefield	Willow	Palo Alto city limit	\$3,000
<b>Class III Bike Routes</b>			
Arbor	College	Bay Laurel	\$550
Bay Laurel Drive	Arbor	San Mateo	\$800
Berkeley Avenue	Coleman	Bay	\$2,150
College Avenue	University	Arbor	\$1,000
Constitution Drive	Chilco	Independence	\$3,350
Encinal Avenue	Garwood	El Camino Real	\$1,700
Menlo Avenue	University	El Camino Real	\$3,500
Merrill Street	Ravenswood	Oak Grove	\$950
Middle Avenue	Olive	El Camino Real	\$10,800
Oak Avenue	Olive	Sand Hill	\$3,250
Oakdell Drive	Santa Cruz	Olive	\$3,100
Olive Street	Oak	Oakdell	\$800
Ravenswood Avenue	El Camino Real	Noel	\$1,800
Santa Cruz Avenue	Orange Avenue	Sand Hill	\$4,300
University Drive	Valparaiso	College	\$4,000
Mid-Term Project Costs			\$85,850



# Non-Funded Projects from Previously Approved Plans

## COMPREHENSIVE BICYCLE DEVELOPMENT PLAN (2005) Recommended Bikeway System Improvements

NAME	START	END	ESTIMATED COST (2005)
<b>LONG-TERM PROJECTS</b>			
<b>Class I Bike Lanes</b>			
Independence Connector	Constitution Drive	Marsh Road	\$55,000
<b>Class II Bike Lanes</b>			
Marsh Road	Bay Road	Bayfront Expressway	\$21,900
Willow Road	Durham	Newbridge	\$15,900
<b>Class III Bike Routes</b>			
El Camino Real	Encinal	Palo Alto city limit	\$12,700
<b>Other Bicycle Projects</b>			
Caltrain Bicycle/Pedestrian Undercrossing	East side Caltrain tracks south of Ravenswood	West side of Caltrain tracks south of Ravenswood	\$3,000,000
Long-Term Project Costs			\$3,949,000
<b>TOTAL SYSTEM COST</b>			<b>\$4,125,850</b>

# 5-Year Plan Summary by Funding Source

## 5-YEAR PLAN SUMMARY BY FUNDING SOURCE

FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
<b>General Fund - CIP</b>						
Available Balance	2,987,321	3,896,265	277,265	1,126,265	2,908,265	
Revenues	3,555,944	2,700,000	2,800,000	4,100,000	3,000,000	
Operating Expenditures and Commitments	22,000	24,000	26,000	28,000	30,000	
<b>Recommended Projects</b>						
Administration Building Conference Room Furniture Replacement	—	—	—	200,000	—	\$200,000
Bay Levee Project	90,000	90,000	—	—	—	\$180,000
Belle Haven Youth Center Improvements	—	—	150,000	—	—	\$150,000
Burgess Pool Deck Repairs	—	135,000	—	—	—	\$135,000
Burgess Sports Field	—	—	—	250,000	—	\$250,000
Chrysler Pump Station Improvements	—	4,700,000	—	—	—	\$4,700,000
City Buildings (Minor)	325,000	325,000	350,000	350,000	350,000	\$1,700,000
City Council Chambers Landscaping	—	—	—	—	500,000	\$500,000
Civic Center Sidewalk Replacement and Irrigation System Upgrades	—	—	—	400,000	—	\$400,000
Climate Action Plan Implementation	100,000	100,000	100,000	100,000	100,000	\$500,000
Cost of Service/Fee Study	100,000	—	—	—	—	\$100,000
Downtown Streetscape Improvement Project (Specific Plan)	115,000	165,000	110,000	—	—	\$390,000
El Camino Real Median and Side Trees Irrigation System Upgrade	—	—	85,000	—	—	\$85,000
Gate House Fence Replacement	—	—	—	220,000	—	\$220,000
Gate House Landscaping	—	—	—	—	470,000	\$470,000
High Speed Rail Coordination	50,000	50,000	50,000	—	—	\$150,000
Nealon Park Sports Field Sod and Irrigation Replacement	250,000	—	—	—	—	\$250,000
Kitchen Upgrade at Onetta Harris Community Center	—	—	—	30,000	—	\$30,000

# 5-Year Plan Summary by Funding Source

FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
<b>Recommended Projects - Continued</b>						
La Entrada Baseballfield Renovation	—	—	170,000	—	—	\$170,000
La Entrada & Willow Oak tennis Courts Restoration & Oak Tennis Courts Restoration & Resurfacing	—	—	—	—	200,000	\$200,000
Library Furniture Replacement	—	—	450,000	—	—	\$450,000
Main Library Interior Wall Fabric Replacement	—	150,000	—	—	—	\$150,000
Menlo Children's Center Carpet Replacement	—	—	60,000	—	—	\$60,000
Park Improvements (Minor)	150,000	150,000	170,000	170,000	170,000	\$810,000
Park Pathways Repairs	—	—	—	200,000	—	\$200,000
Pedestrian/Bicycle Master Plan Update	—	—	—	250,000	—	\$250,000
Police Department Space Use Study	—	—	40,000	—	—	\$40,000
Police Front Office Counter Remodel/Security Upgrade	—	—	70,000	—	—	\$70,000
Radio Infrastructure Replacement	100,000	—	—	—	—	\$100,000
Santa Cruz Avenue Sidewalks Implementation	1,000,000	—	—	—	—	\$1,000,000
Sidewalk Repair Program	120,000	120,000	120,000	120,000	120,000	\$600,000
Technology Master Plan Project and Implementation	125,000	—	—	—	—	\$125,000
Tennis Court Electronic Key Upgrade	100,000	—	—	—	—	\$100,000
Trash Capture Device Installation	—	60,000	—	—	—	\$60,000
Willow Place Bridge Abutment Repairs	—	250,000	—	—	—	\$250,000
<b>Total</b>	<b>\$2,625,000</b>	<b>\$6,295,000</b>	<b>\$1,925,000</b>	<b>\$2,290,000</b>	<b>\$1,190,000</b>	<b>\$15,045,000</b>
Ending Fund Balance	3,896,265	277,265	1,126,265	2,908,265	3,968,265	

# 5-Year Plan Summary by Funding Source

FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
<b>Bedwell Bayfront Park Landfill</b>						
Available Balance	3,844,444	4,239,444	3,514,444	3,769,444	4,104,444	
Revenues	725,000	725,000	725,000	725,000	725,000	
Operating Expenditures and Commitments	330,000	350,000	370,000	390,000	410,000	
<b>Recommended Projects</b>						
Bedwell Bayfront Park Electrical Panel Upgrade	—	100,000	—	—	—	\$100,000
Bedwell Bayfront Park Gas Collection System Repair	—	—	100,000	—	—	\$100,000
Bedwell Bayfront Park Leachate Collection System Replacement	—	—	1,000,000	—	—	\$1,000,000
<b>Total</b>	<b>—</b>	<b>\$100,000</b>	<b>\$1,100,000</b>	<b>—</b>	<b>—</b>	<b>\$1,200,000</b>
Ending Fund Balance	4,239,444	4,514,444	3,769,444	4,104,444	4,419,444	

FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
<b>Construction Impact Fees</b>						
Available Balance	3,400,000	4,940,000	1,380,000	2,420,000	360,000	
Revenues	2,000,000	2,000,000	1,500,000	1,500,000	1,500,000	
Operating Expenditures and Commitments	60,000	60,000	60,000	60,000	60,000	
<b>Recommended Projects</b>						
Street Resurfacing	400,000	5,500,000	400,000	3,500,000	—	\$9,800,000
<b>Total</b>	<b>\$400,000</b>	<b>\$5,500,000</b>	<b>\$400,000</b>	<b>\$3,500,000</b>	<b>—</b>	<b>\$9,800,000</b>
Ending Fund Balance	4,940,000	1,380,000	2,420,000	360,000	1,800,000	

FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
<b>Highway Users Tax</b>						
Available Balance	1,645,996	2,145,996	1,834,996	1,845,996	45,996	
Revenues	700,000	700,000	700,000	700,000	700,000	
Operating Expenditures and Commitments	—	—	—	—	—	
<b>Recommended Projects</b>						
Chrysler Pump Station	—	1,500,000	—	—	—	\$1,500,000
Street Resurfacing	200,000	—	200,000	2,500,000	—	\$2,900,000
<b>Total</b>	<b>200,000</b>	<b>\$1,500,000</b>	<b>\$200,000</b>	<b>\$2,500,000</b>	<b>—</b>	<b>\$4,400,000</b>
Ending Fund Balance	2,145,996	1,345,996	1,845,996	45,996	745,996	

# 5-Year Plan Summary by Funding Source

FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
<b>Downtown Parking Permits</b>						
Available Balance	2,497,696	2,521,696	2,801,696	3,087,696	3,179,696	
Revenues	410,000	4,570,000	430,000	440,000	450,000	
Operating Expenditures and Commitments	136,000	140,000	144,000	148,000	152,000	
<b>Recommended Projects</b>						
Downtown Parking Utility Underground <sup>1</sup>	—	4,150,000	—	—	—	\$4,150,000
Downtown Parking Structure Study	250,000	—	—	—	—	\$250,000
Parking Plaza 7 Renovations	—	—	—	200,000	—	\$200,000
<b>Total</b>	<b>\$250,000</b>	<b>\$4,150,000</b>	<b>—</b>	<b>200,000</b>	<b>—</b>	<b>\$4,600,000</b>
Ending Fund Balance	2,521,696	2,801,696	3,087,696	3,179,696	3,477,696	

1. City to be reimbursed from PG&E with Rule 20A funds revenue shown in FY 2016-17.

FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
<b>Rec-in-Lieu Fund</b>						
Available Balance	1,441,443	766,443	961,443	991,443	1,291,443	
Revenues	325,000	300,000	300,000	300,000	300,000	
Operating Expenditures and Commitments	—	—	—	—	—	
<b>Recommended Projects</b>						
Bedwell Bayfront Park Master Plan	—	175,000	—	—	—	\$175,000
Belle Haven Pool Deck Lighting	30,000	—	—	—	—	\$30,000
Belle Haven Youth Center Playground Replacment <sup>1</sup>	230,000	—	—	—	—	\$230,000
Library Landscaping	200,000	—	—	—	—	\$ 200,000
Relocation of Dog Park at Nealon Park	250,000	—	—	—	—	\$250,000
Willow Oaks Dog Park Renovation	250,000	—	—	—	—	\$250,000
Jack Lyle Park Restrooms - Construction	40,000	200,000	—	—	—	\$240,000
<b>Total</b>	<b>\$1,000,000</b>	<b>\$375,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>\$1,375,000</b>
Ending Fund Balance	766,443	691,443	991,443	1,291,443	1,591,443	5,332,215

1. The City will receive \$25,000 from the San Mateo County for the Belle Haven Playground Replacement Project.

# 5-Year Plan Summary by Funding Source

FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
<b>Measure A</b>						
Available Balance	252,053	622,053	962,053	1,272,053	1,372,053	
Revenues	1,350,000	1,300,000	1,300,000	1,300,000	1,300,000	
Operating Expenditures and Commitments	930,000	960,000	990,000	1,200,000	1,230,000	
<b>Recommended Projects</b>						
Chilco Street and Sidewalk installation <sup>1</sup>	50,000	—	—	—	—	\$50,000
<b>Total</b>	<b>\$50,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>\$50,000</b>
Ending Fund Balance	622,053	962,053	1,272,053	1,372,053	1,442,053	

1. Funded by Development Project Fees

FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
<b>Measure T</b>						
Available Balance	325,848	343,848	8,238,848	8,259,848	8,281,848	
Revenues	18,000	8,020,000	21,000	22,000	23,000	
Operating Expenditures and Commitments	—	—	—	—	—	
<b>Recommended Projects</b>						
Measure T Funds Evaluation/Project Ranking	—	125,000	—	—	—	\$125,000
<b>Total</b>	<b>—</b>	<b>\$125,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>\$125,000</b>
Ending Fund Balance	434,848	8,238,848	8,259,848	8,281,848	8,304,848	

FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
<b>Sidewalk Assessment</b>						
Available Balance	90,252	85,252	88,252	90,252	100,252	
Revenues	195,000	200,000	205,000	210,000	215,000	
Operating Expenditures and Commitments	20,000	20,000	20,000	20,000	20,000	
<b>Recommended Projects</b>						
Sidewalk Repair Program	180,000	180,000	180,000	180,000	180,000	\$900,000
<b>Total</b>	<b>180,000</b>	<b>180,000</b>	<b>180,000</b>	<b>180,000</b>	<b>180,000</b>	<b>\$900,000</b>
Ending Fund Balance	85,252	80,252	90,252	100,252	155,252	

## 5-Year Plan Summary by Funding Source

FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
Solid Waste Service Fund						
Available Balance	970,366	887,366	793,366	787,366	819,366	
Revenues	300,000	350,000	400,000	450,000	500,000	
Operating Expenditures and Commitments	383,000	394,000	406,000	418,000	430,000	
Recommended Projects						
Community Zero Waste Policy Draft	—	50,000	—	—	—	\$50,000
Total	—	\$50,000	—	—	—	
Ending Fund Balance	887,366	793,366	787,366	819,366	889,366	

# 5-Year Plan Summary by Funding Source

FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
<b>Transportation Impact Fees</b>						
Available Balance <sup>1</sup>	2,087,957	1,615,557	1,615,557	1,770,557	2,270,557	
Revenues	3,489,860	500,000	500,000	500,000	500,000	
Operating Expenditures and Commitments	—	—	—	—	—	
<b>Recommended Projects</b>						
Citywide Bicycle/Pedestrian Visibility <sup>1</sup>	487,000	—	—	—	—	\$487,000
Caltrain Bike/Ped Undercrossing Design	—	—	500,000	—	—	\$500,000
Dumbarton Rail Corridor Planning Support	150,000	—	—	—	—	\$150,000
Haven Avenue Streetscape Improvement <sup>4</sup>	700,000	—	—	—	—	\$700,000
Florence/Marsh and Bay/Marsh Signal Modification	—	—	—	345,000	—	\$345,000
Menlo Park-East Palo Alto Connectivity Project <sup>3</sup>	550,000	—	—	—	—	\$550,000
Ravenswood Avenue Caltrain Grade Separation <sup>2</sup>	750,000	—	—	—	—	\$750,000
Sand Hill Road Signal Modification Project	125,000	—	—	—	—	\$125,000
Transit Improvements	150,000	—	—	—	—	\$150,000
Menlo Park-Atherton Bike/Pedestrian Improvements Project <sup>5</sup>	900,260	—	—	—	—	\$900,260
Willow Road Transportation Study	150,000	—	—	—	—	\$150,000
<b>Total</b>	<b>\$ 3,962,260</b>	<b>—</b>	<b>\$500,000</b>	<b>\$345,000</b>	<b>—</b>	<b>\$ 4,807,260</b>
Ending Fund Balance	1,615,557	2,115,557	2,115,557	2,270,557	2,270,557	

1. TDA grant of \$347,860 to be reimbursed for the citywide bicycle/ped visibility project

2. Measure A Grade Separation Program Grant of \$750,000

3. Measure A (SMCTA Grant): \$395,000 for the Menlo Park-East Palo Alto connectivity project

4. Measure A (SMCTA Grant): \$170,000 and Developer Contribution (bonded): \$530,000 for the Haven Avenue streetscape improvement

5. OBAG (CMAQ Grant) of \$797,000 for the Menlo Park-Atherton bike/pedestrian improvements project



## 5-Year Plan Summary by Funding Source

FUNDING SOURCE	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
<b>Water Fund - Capital</b>						
Available Balance	6,070,442	6,972,442	7,622,442	5,870,442	5,616,442	
Revenues	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	
Operating Expenditures and Commitments	48,000	50,000	52,000	54,000	56,000	
<b>Recommended Projects</b>						
Automated Water Meter Reading	—	—	500,000	1,200,000	1,200,000	\$2,900,000
Emergency Water Supply Project (2nd Well)	—	—	—	TBD	—	TBD
Urban Water Management Plan	25,000	—	—	—	140,000	\$165,000
Water Main Replacements	—	300,000	2,200,000	—	—	\$2,500,000
Water Rate Study	25,000	—	—	—	80,000	\$105,000
<b>Total</b>	<b>\$50,000</b>	<b>\$300,000</b>	<b>\$2,700,000</b>	<b>\$1,200,000</b>	<b>\$1,420,000</b>	<b>\$5,670,000</b>
Ending Fund Balance	6,972,442	7,622,442	5,870,442	5,616,442	5,140,442	
<b>FISCAL YEAR TOTALS</b>	<b>8,717,260</b>	<b>18,575,000</b>	<b>7,005,000</b>	<b>10,215,000</b>	<b>3,510,000</b>	<b>48,022,260</b>

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**REVISIONS TO THE PREVIOUS CIP**

**NEW PROJECTS:** New Projects were added in the interim years of the CIP to meet emerging community needs since the last 5-year plan was adopted in 2014. These include:

- Bedwell Bayfront Park Master Plan moved from the unfunded category to year 2016-17 (\$175,000).
- Belle Haven Youth Center Playground Replacement (\$230,000). Funding for this project will come from Rec in lieu fees and a \$25,000 grant from the San Mateo County.
- Citywide Bicycle/Pedestrian Visibility Project to provide intersection and facility improvements to the City's Bicycle and Pedestrian infrastructure (\$487,000).
- Chrysler Pump Station added in year 2016-17 to upgrade aging equipment (\$6,200,000).
- Climate Action Plan to continue program implementation (\$100,000).
- Cost of Service-Fee Study added in year 2015-16 to identify the cost components of providing services. This is an integral component in the establishment of fees and cost recovery rates Citywide (\$100,000).
- Design for Chilco Street and Sidewalk Installation project (\$50,000) was identified during the Belle Haven Visioning/Implementation Plans and the General Plan update process. The design for this project will be fully funded by developer fees.
- Downtown Parking Structure Study to build preliminary parking structure concepts and prioritize potential locations (\$250,000).
- Dumbarton Rail Corridor Study to provide planning support and coordination with local and regional stakeholders (\$150,000).
- Gatehouse Fence Replacement added in year 2018-19 to replace the existing historical fence along Ravenswood Avenue (\$220,000).
- Haven Avenue Streetscape Improvement to provide new bicycle and pedestrian facilities, connecting Menlo Park, San Mateo County and Redwood City residents and employees (\$700,000).
- Library landscaping partially funded in year 2014-15 an additional \$200,000 was added in year 2015-16 based on final design.
- Menlo Park – Atherton/Pedestrian Improvements to improve bicycle and pedestrian infrastructure on existing streets within Menlo Park and Atherton (\$900,260).
- Menlo Park – East Palo Alto Connectivity Project to improve the bicycle and pedestrian infrastructure across the Cities' boundaries (\$550,000).

- Ravenswood Avenue/Caltrain Grade Separation to complete a depth study of alternatives for the Ravenswood Avenue crossing (\$750,000).
- Santa Cruz Avenue Sidewalks to fund construction of sidewalks (\$1,000,000).
- Technology Master Plan and Implementation to provide an assessment of the existing technology tools within the organization (\$125,000).
- Transit improvements to support development of transit options and improvements in Menlo Park (\$150,000).
- Urban Water Management Plan Update to complete project funded fiscal year 14/15 (\$25,000).
- Water Rate Study to complete project funded fiscal year 14/15 (\$25,000).
- Willow Road Transportation Study would identify any short term modifications and prioritize long term projects (\$150,000).

**FIFTH YEAR (2019-20)** of the 5 year Plan had no projects in the prior version. Two projects were added based on identified need and review of the list of unfunded projects. These include:

- City Council Chambers Landscaping (\$500,000).
- Restoration & Resurfacing of La Entrada & Willow Oak Tennis Courts (\$200,000).

**TIME FRAME AND FUNDING CHANGES** Several projects were pushed back to later fiscal years or moved to earlier years from the time frames proposed in the previous CIP. In some cases, funding increased-decreased based on new information.

- Automated Water Meter Reading funding increased from \$120,000 to \$500,000.
- Bedwell Bayfront Park Electrical/Panel Upgrade from 2015-16 to 2016-17.
- El Camino Real Median and Side Trees Irrigation System upgrade moved from year 2015-16 to 2017-18.
- Florence -Marsh and Bay-Marsh Signal Modification from year 2015-16 to 2018-19.
- Jack Lyle Sports field sod Replacement changed to Nealon Park and included the irrigation system upgrade- Funding was also merged totaling \$250,000.
- Main Library Interior Wall Fabric Replacement moved from year 2015-16 to 2016-17.
- Police Front office Counter Remodel-Security Upgrade moved from year 2015-16 to 2017-18.
- Relocation of Dog Park at Nealon Park moved to year 2015-16 from 2017-18, funding increased from \$150,000 to \$250,000.

- Sand Hill Road Signal Modification Project from year 2017-18 to 2015-16 and funding decreased from \$250,000 to \$125,000. Some of this work has already been completed by existing contracts, therefore the total project cost as decreased.
- Street Resurfacing is being funded by highway user's tax and construction impact fees. The design year funding increased from \$230,000 to \$600,000 and in year 2015-16 construction decreased from \$6.7m to \$5.5m.
- Trash Capture Device Installation moved from year 2015-16 to 2016-17.

**PROJECTS ELIMINATED, MOVED TO OPERATING BUDGET OR ADDED TO NON-FUNDED CATEGORY:**

Due to limited funding or alternative funding availability, CIP Engineering staffing levels and more pressing community needs, a few projects have been removed from the plan.

- Alma Ravenswood Pedestrian -Bike Study was removed from the plan in year 2015-16 because the City received a grant from Samtrans to complete a full vehicle study to depress Ravenswood at the Caltrain tracks. This study will cover the pedestrian and bike components as well.
- Alternative Transportation Social Marketing Program was removed from the plan in year 2015-16 because staff is currently completing social media outreach and this project is no longer needed.
- Bike Sharing Program Cost Benefit Study was removed from the plan in year 2016-17 because this project can be completed by in-house staff with existing data available from the Bay Area Bikeshare program.
- City Car Sharing Program Study was removed from the plan in year 2017-18 because this project is on hold as we are monitoring other agencies and their car sharing programs.
- Corp Yard Storage Cover was removed from the plan because the project will be incorporated with the installation of the solar panels this fiscal year.
- Installation of Electric Plug in Recharging Station and Cost Benefit Analysis and Plan was removed from the plan in year 2015-16 because a grant was received to install EV chargers this fiscal year.
- Laurel Street-Ravenswood Signal Modification was removed from the plan in year 2015-16 because this work is in close proximity to the SRI campus modernization project which may affect the design of this intersection.
- Laurel Upper School Safe Routes to School Plan (100,000)
- Middlefield Road-Ravenswood Intersection Reconfiguration Study was removed from the plan in year 2016-17 because this work is in close proximity to the SRI campus modernization project which may affect the design of this intersection.
- Middlefield Road -Willow Road Intersection Reconfiguration Study was removed from the plan in year 2018-19 because this project was recently completed by Facebook.

- Requirement for Pharmacy to Take Back Pharmaceuticals Draft Ordinance was removed from the plan year 2015-16 and moved to unfunded section. There is currently a well-supported Senate Bill (SB 1014) for safe disposal medication management.
- Sand Hill Road Improvements (Addison -Wesley to I-280) was removed from the plan in year 2016-17 because the City received grant funds to complete a signal coordination project along this corridor which will complete this project.
- Sand Hill Road Pathway Repair was removed from the plan in Year 2015-16 because PG&E repaired the pathway while working on the pipeline replacement project on Sand Hill Road.
- Signal Interconnect Study was removed from the plan in year 2018-19 because the San Mateo County Smart Corridor project will cover this CIP item.
- Strategic Plan to Increase Local Food Production through Social marketing, Education was removed from the plan in year 2015-16 and placed in the unfunded section because the social media outreach is already occurring, therefore this project may no longer be needed.
- Storm Drain Improvements (project location has not yet been identified)
- The Middle Avenue Bicycle Lane Implementation (TBD)

**UPDATES TO THE UNFUNDED CATEGORY**

Appendix E.1 Non-Funded Project Requests the following changes were made:

*Streets & Sidewalks*

- Streetscape - Haven Avenue added sentence... This project is partially grant-funded, using matching funds from the development projects on Haven Avenue.
- Deleted Parking Management Plan

*Traffic & Transportation*

- Deleted Highway 84-Willow Bike-Ped Underpass Connections.
- Deleted Installation of Pedestrian Audible Signal on El Camino Real at Santa Cruz Avenue; project was completed.
- Deleted Study of Possible Improvements to Menlo Park's Free Shuttle Service; project similar to listed project Shuttle Expansion Study.

Appendix E.2 Non-Funded Projects from Previously Approved Plans. In the *Transportation Impact Fee Study (2009)* the following changes were made due to Developments in the area that covered listed improvements:

- Deleted Bayfront Expressway and Undercrossing
- Deleted Bayfront Expressway & Willow Road
- Deleted Bayfront Expressway & Marsh Road
- Deleted Bayfront Expressway Bicycle-Pedestrian Undercrossing East side Bayfront Expressway at Willow West side Bayfront Expressway at Willow \$750,000.
- Deleted Willow Road Connector Hamilton Bayfront Expressway \$93,500 – Covered by Shuttle Grants.



## TRANSPORTATION DIVISION

701 Laurel Street / Menlo Park, CA 94025-3483 / (650) 330-6770 / Fax (650) 327-5497

### MEMORANDUM

DATE: February 2, 2015

TO: Jesse Quirion, Public Works Director

FROM: Jonathan Weiner & Bill Kirsch, Bicycle Commission

**SUBJECT: Bicycle Commission Comments, FY2015-20 Capital Improvement Plan**

Bicycle infrastructure is increasingly important as a means to retain and attract business, reduce carbon emissions, improve health and increase quality of life for residents. We look forward to working with Council and city staff to help the city build a complete bicycle network that connects all areas of the city which can be used by expert and novice riders alike. The recommendations below are a first step toward that goal.

Recommend prioritization of the following:

- To provide safer bike passage and reduce car speeds along Ravenswood, restripe existing bicycle lanes on Ravenswood from approximately Laurel to Middlefield to reduce car lanes to 10 feet, expand the bicycle lane widths and provide a striped buffer.
- To create a critical east-west bike route across El Camino in the downtown area, implement bicycle lanes on Oak Grove as described in Fehr & Peers 2012 review, 2005 bike plan and Downtown Specific Plan
- To demonstrate a commitment to pedestrian and bike safety, accelerate design of Caltrain Bike/Ped undercrossing to 2015/16.
- To leverage potential funds for the most good, change focus of SRI easement negotiations away from separated path on SRI property to implementation of citywide bicycle network.
- To provide connectivity to neighborhood parks and schools and improve safety for all street users, implement Middle Ave Fehr & Peers 2012 plan for bicycle lanes by removing parking on one side of the street, which would allow bike lanes to be added on both sides.
- To guard the safety of the many high-school students, residents, and other bicyclists that use Menlo Ave. for daily transportation, implement Fehr & Peers 2012 plan for Menlo Ave. to accommodate bike traffic.

Recommend considering delaying downtown Utility Undergrounding, sidewalk repair and City Bldg (minor) expenses to allow for the above-listed projects to be implemented.



## ENVIRONMENTAL PROGRAMS

701 Laurel Street / Menlo Park, CA 94025-3483  
(650) 330-6740 / Fax (650) 327-5497

### MEMORANDUM

**DATE:** February 2, 2015

**TO:** Jesse Quirion, Director of Public Works

**FROM:** Heather Abrams, Environmental Programs Manager

**SUBJECT: Environmental Quality Commission (EQC) Capital Improvement Plan (CIP) Recommendations**

---

The EQC discussed the CIP at its December 2014 and January 2015 meetings. At the January meeting, the EQC appointed EQC members Mitch Slomiak and Kristin Kuntz-Duriseti to finalize the EQC's CIP recommendation letter, which is shown below. Please let me know if you have any questions regarding the EQC's recommendations.

Dear Council Members,

In proposing changes to Menlo Park's Five-Year Capital Improvement Plan (CIP), the Environmental Quality Commission considered recommendations that support the current, approved EQC Two-Year Work Plan as well as stated Council policy objectives to: 1) promote economic vigor, 2) update the General Plan to promote sustainability, 3) ease traffic congestion, and 4) achieve a 27% reduction in greenhouse gas emissions by 2020.

We note that four of our five Commission priorities in the current, approved Two-Year Work Plan appear to be adequately addressed by a combination of ongoing staff efforts and existing CIP projects. However, in reviewing our Climate Action priority we note that the path to achieving the community-wide greenhouse gas (GHG) reduction target of 27% by 2020 will require a greater level of staff effort, which must begin in the upcoming fiscal year.

As a reminder, staff estimated that continued implementation of existing federal and state regulations regarding transportation, energy generation, and energy efficiency will likely yield a 10% reduction in GHG by 2020. In order to attain the overall 27% GHG reduction target, the Menlo Park community, with City leadership, must launch initiatives that collectively reduce GHG another 17% on a sustained basis within the next 6 years in order to attain Council's goals for the community.

To attain and potentially exceed this 27%-by-2020 target, we see the City's primary role as providing "starter" resources in the form of staff and consulting time to scope the feasibility of projects, develop the action plan that maximizes success, and identify the resources necessary to implement the various initiatives, which the EQC has committed



to support. In conjunction with funding from state, federal, and private foundation grants, and in partnerships with organizations such as MenloSpark and local businesses, the City would be in a position subsequently to implement these projects. It is critically important that the City's GHG reductions projects are launched within the CIP over the next 2-3 years in order to meet the adopted greenhouse gas emission reduction target in a timely manner.

Our overall recommendation is to adopt a Climate Action Plan Project Launch initiative. As a multi-year line item in the CIP, Project Launch primarily will determine the feasibility of five CAP initiatives that have the potential to significantly reduce GHG in our community in the energy and transportation sectors (the two leading contributors to GHG emissions in Menlo Park) and leverage Menlo Park to secure public and/or private funding to implement. We believe that these strategies are promising in terms of the amount of emission reductions, community support, and potential for funding. In reviewing Menlo Park's most recent annual GHG emissions inventory it is apparent that a combination of any two or three of these appears to have the potential to achieve the additional 17% in reductions necessary to attain the 27% by 2020 target.

We recommend five scoping projects that are initiated on a rolling basis every six months, with the first study scheduled to begin in July 2015. Each study will have estimated 1-year duration and is estimated to cost \$50,000 each in consulting effort. Therefore, we request an annual budget of \$75,000 per year within the CIP beginning in the July 2105 fiscal year for the Climate Action Plan Project Launch.

The five studies that we propose are:

- Neighborhood Solar Rooftop Initiative Pilot Program. The goal is to put solar panels in underserved communities where the potential for community benefit, corporate sponsorship, and grant funding (e.g., through GRID alternatives) is greatest.
- Full-Scale Downtown Retail Energy Efficiency. The goal is to maximize utilization of existing PG&E energy efficiency programs and rebates for businesses in the Downtown/El Camino Real area. Menlo Park partners with PG&E and MenloSpark to reach out to every single retail business in the El Camino/Downtown area and educate them about the financial benefits of adopting the subset of PG&E's energy efficiency programs that are relevant to their circumstance. (When this was done by Keplers' Bookstore, a \$2,500 one-time investment in lighting fixture retrofits resulting in \$1,000 savings PER MONTH in perpetuity.) As a note, the City has begun partnering with San Mateo County for a similar initiative aimed at Belle Haven businesses.
- Develop the M2 industrial area into a Net Zero Energy District. The goal is to take advantage of the General Plan Update to position Menlo Park as a sustainability leader in zoning for the M2 industrial area that will meet the highest standards in terms of environmental responsibility and economic return, both of which are increasingly in demand as preferred commercial options. Following the lead of Seattle and other municipalities that have developed massive building energy efficiency programs in commercial districts, Menlo Park partners with MenloSpark and PG&E to reach out to all commercial building owners and leading edge service providers (architects, energy efficiency experts, TDM experts), to plan and implement the conversion of Menlo Park's "breadbasket" to a higher level of profitability and sustainability.

- Massive Shuttle and TDM Program for M-2 District. The goal is to make traffic management an integral part of zoning considerations both to improve the quality of life in Menlo Park and reduce the environmental impact of single-rider car trips. Major developers in the M-2 district are significantly concerned about the traffic impacts along Highway 101 and local arteries that will result from build-out of pending developments, not to mention additional development. Given the mutual concern between residents, businesses, and leading developers about local and regional traffic congestion, as well as the likely availability of public and private grants, existing support for a worker commuter shuttle program potentially could be implemented and extended to facilitate movement of residents along the length and breadth of Menlo Park, thereby reducing car travel from both sources (residents and commuters). Experience gained from this initiative could be expanded to comprehensive citywide TDM and TMA programs for business districts and neighborhoods, which is an increasingly popular and impactful solution to traffic concerns.
- Energy Upgrades for Homes. The goal is to leverage the City permitting process for new construction and renovations to disseminate information, support energy audits, and implement local code changes that will optimize adoption of cutting edge technologies in energy efficiency.

The EQC will supplement staff efforts to determine the appropriate prioritization of these plans and the scoping of the consulting effort. The intended result of each feasibility study is an action plan for successful adoption of each solution, including a clear identification of natural implementation partners, funding sources, and other needed resources. While it is possible that the City will need to consider funding the implementation of one or more of these plans at a later date, it is the intent that additional funding will be sourced privately rather than through future General Fund allocations.

As in prior years, we note that City Staff requests that proposed additions to the project list be paired with commensurate subtractions. As there are only 3 “Environment” projects within the existing CIP and these projects collectively address less than 2% of community-wide GHG emissions, we do not see any reasonable way to comply with this request. While the EQC could recommend that non-Environment projects be dropped from the CIP, such projects are largely outside of our purview, and we are not confident that our advice would be appropriate or of much value in these areas.

We are confident that our recommendation to include multi-year funding for the Climate Action Plan Project Launch will enable the City to move forward in a timely fashion to address an important goal set by this Council that will provide numerous benefits to Menlo Park in terms of economic vitality, improved quality of life, and reduction of traffic congestion, and secure Menlo Park’s position as a sustainability leader.

**From:** [Quirion, Jesse T](#)  
**To:** [Romero, Eren](#)  
**Subject:** Fwd: Draft 5-Year CIP  
**Date:** Monday, February 09, 2015 11:26:04 AM

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Jesse T. Quirion  
Director of Public Works  
City of Menlo Park  
E: [jtquirion@menlopark.org](mailto:jtquirion@menlopark.org)

Begin forwarded message:

**From:** Jacqueline Cebrian <[jsquared2k3@yahoo.com](mailto:jsquared2k3@yahoo.com)>  
**Date:** February 6, 2015 at 3:51:19 PM PST  
**To:** "Quirion, Jesse T" <[jtquirion@menlopark.org](mailto:jtquirion@menlopark.org)>  
**Cc:** "Holmer, Susan E" <[SEHolmer@menlopark.org](mailto:SEHolmer@menlopark.org)>  
**Subject: Re: Draft 5-Year CIP**  
**Reply-To:** Jacqueline Cebrian <[Jsquared2k3@yahoo.com](mailto:Jsquared2k3@yahoo.com)>

Jesse -

I should have sent these to Susan first so she could put them on letterhead and make them look nicer, but as I'm at the end of the week and the closing part of the day, I'm just cutting to the chase and sending them straight to you.

The library commission would like say how much we appreciate the budgeting for library landscaping. Some of the problems it alleviates are real public health and safety issues and of course enhanced curb appeal is great for everyone. Shouldn't the library be one of the most inviting places in the city?

We are also fully in support of replacing the interior fabric and other upgrades that the city has kept on the CIP plan for the out years. We look forward to the space needs study and are in the process of developing a community survey to find out what the current and anticipated future needs of city residents are which will be great for planning the 21st century library services citywide. As always, we appreciate the city's continued support of the important services our library provides to the city.

Thanks for your patience. Hopefully I didn't leave anything out. If I find something else I should have noted, I'll make sure to send it.

Jacqui Cebrian  
Chair, Library Commission

On Tuesday, February 3, 2015 12:51 PM, "Quirion, Jesse T" <[jtquirion@menlopark.org](mailto:jtquirion@menlopark.org)> wrote:

Jacqui,

Thank you for the email. If you can get them to us this week that would be great.

Jesse T. Quirion  
Director of Public Works  
City of Menlo Park  
E: [jtquirion@menlopark.org](mailto:jtquirion@menlopark.org)<<mailto:jtquirion@menlopark.org>>

On Feb 3, 2015, at 10:33 AM, J Cebrian  
<[jsquared2k3@yahoo.com](mailto:jsquared2k3@yahoo.com)<<mailto:jsquared2k3@yahoo.com>>> wrote:

Hi there-

My notes for the CIP response are at home. I meant to get to them last night, but was waylaid by trying to parent my way through headstrong girlhood defiance. I will get them turned in later this afternoon. I'm so sorry. I juggle too many things and dropped that one altogether.

Jacqui

Date: December 17, 2014  
To: Menlo Park City Council  
From: Kristin Cox, Parks and Recreation Commission Chair  
Parks and Recreation Commission  
Re: Parks and Recreation Commission Input and Recommendation on Draft  
Five –Year Capital Improvement Plan (CIP)

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## **Recommendation**

The Parks and Recreation Commission recommend that the City Council review and consider the Commission’s recommendations on the Draft Five-Year Capital Improvement Plan (CIP) for 2015-2020.

1. The restrooms at both Jack Lyle Park and Willow Oaks Park continue to be a high priority for the Commission. On their parks tour in July 2014, the Commission indicated that both of these parks need public restroom facilities given the high usage by residents and field user groups that serve youth sports programs.
2. The Commission is pleased that the community engagement process has begun for the Jack Lyle restroom project and would like to see this project fast-tracked as capacity in Public Works would allow.
3. The field condition and irrigation issues at Nealon Park Softball Field are a major concern for the Commission. Commission is supportive of relocating the existing dog park at Nealon Park to another location in the park if possible and timing the relocation along with the Sod Replacement project that is being proposed for Nealon in FY 2015-16. A new Dog Park with expanded hours and amenities is highly desirable while helping to preserve a highly used softball field by youth and adult field user groups.
4. The Commission recommends that the scheduled renovation of the Willow Oaks Dog Park be timed with the construction of a new Dog Park at Nealon. The Commission recommends some type of low profile lighting for the Willow Oaks Dog Park be included as amenity to the park.
5. Belle Haven Pool lighting project is a high priority given the increased usage of the pool year round by Menlo Swim and Sport and Brenda Villa’s Water Polo Teams.

Overall the Parks and Recreation Commission was satisfied with the proposed 5-Year CIP and would just like to see consideration given to the items listed above. Thank you for your consideration.

Kristin Cox, Commission Chair  
Parks and Recreation Commission

Date: February 2, 2015

To: Alex D. McIntyre, City Manager

From: Bianca Walser, Chair, Transportation Commission

Subject: Transportation Commission Comments on the FY 2015-20 Capital Improvement Plan

Based on our meetings of December 10, 2014 and January 14, 2015 and in response to your Memorandum of December 2, 2014, transmitted for Council's consideration are the Transportation Commission's comments on the FY 2015-20 Capital Improvement Plan (CIP).

The Transportation Commission did not vote to make any changes to the proposed CIP, but did have a number of comments regarding items in the unfunded section of the CIP.

The downtown parking structures were studied in depth as part of the Downtown Specific Plan, but the City's adoption of a Complete Streets policy had not been taken into account during that process. The Commission is interested in looking at ways to reduce demand for parking, as well as improving access to downtown for all modes of transportation, and the Commission agreed that the description of the item currently in the unfunded category be should adjusted to include a Complete Streets and multi-modal access aspect in the scope of the study.

Additionally, the commissioners agreed that construction of a bicycle and pedestrian underpass under the Caltrain tracks at Middle Ave should be considered a high priority project.

	2015		2016				2017				2018				2019				2020	
Identified Priorities	Quarters		Quarters				Quarters				Quarters				Quarters				Quarters	
	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2
<b>CITY BUILDINGS</b>																				
Admin Building Conference Room Furniture Replacement					0.20	0.20	0.20	0.20					0.15	0.15						
Administration Building Emergency Generator					0.20	0.20	0.20	0.20												
Administration Building Space Planning implementation (& Carpet Repl.)	0.13	0.13	0.13	0.13	0.13															
Automated Library Materials Return Area Renovation	0.15	0.15	0.15																	
Belle Haven Child Development Center Flooring Replacement					0.15	0.20	0.20	0.15												
Belle Haven Youth Center Improvements									0.15	0.20	0.20	0.20	0.20							
City Council Chambers Landscaping																	0.15	0.13	0.20	0.20
Facility Energy Retrofit					0.10	0.15	0.13	0.13	0.13	0.13										
Fire Plans and Equipment Replacement	0.10	0.10	0.10	0.15	0.15	0.15														
Kitchen Upgrade at Onetta Harris Community Center													0.15	0.20	0.20	0.20	0.20			
Library Furniture Replacement									0.15	0.15	0.15	0.25	0.25	0.25						
Library Space Needs Study				0.15	0.15	0.15	0.15	0.15	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25				
Main Library Interior Wall Fabric Replacement						0.13	0.13	0.13												
Menlo Childrens Center Carpet Replacement									0.15	0.15	0.15	0.13								
Police Front Office Counter Remodel/Security Upgrade									0.15	0.20	0.20	0.15	0.15							
Police Department Space Use Study									0.20	0.20	0.20	0.20	0.20	0.20		0.20	0.20	0.25	0.25	0.25
Water Conservations Upgrade for City Facilities	0.15	0.15	0.15	0.15																
<b>ENVIRONMENT</b>																				
Bedwell Bayfront Park Gas Collection System Improvements Study and Conceptual Design							0.25	0.25	0.25	0.25										
Bedwell Bayfront Park Gas Collection System Repair											0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Bedwell Bayfront Park Leachate Collection System Replacement									0.25	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Climate Action Plan	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Community Zero Waste Policy Draft							0.15	0.15	0.15	0.15										
Heritage Tree Ordinance Programs Evaluation			0.20	0.20	0.20	0.20	0.20	0.20												
Implement Strategic Plan to Improve Public Area Trash and Recycling			0.25	0.25	0.25															
Requirement for Pharmacy to Take back Pharmaceuticals Draft Ord.		0.20	0.20	0.20	0.20	0.20														
Sustainable/Green Building Standards					0.20	0.20	0.20	0.20												
<b>PARKS &amp; RECREATION</b>																				
Bedwell Bayfront Park Electrical Panel Upgrade					0.15	0.20	0.20	0.13	0.13											
Bedwell Bayfront Park Master Plan					0.35	0.35	0.35	0.35	0.35	0.25	0.25	0.25	0.25	0.20	0.20	0.20	0.20			
Belle Haven Pool Analysis and Audit	0.15	0.15	0.15	0.15	0.15	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20						
Belle Haven Pool Deck Lighting				0.20	0.20	0.20														
Belle Haven Youth Center Playground Replacement	0.15	0.20	0.20	0.15	0.15	0.15														
Burgess Pool Deck Repairs					0.15	0.20	0.20	0.20	0.20											
Burgess Sports Field													0.15	0.20	0.20	0.20	0.20	0.20		
Gate House Fence Replacement													0.15	0.15	0.15	0.15	0.15			
Gate House Landscaping																	0.13	0.15	0.15	0.15
Jack Lyle Memorial Park Restrooms - Construction			0.15	0.15	0.15	0.15	0.15	0.15	0.15											
La Entrada Baseball Field Renovation									0.15	0.20	0.20	0.20	0.20	0.20	0.20					
La Entrada & Willow Oaks Tennis Courts Restoration & Resurfacing																	0.13	0.15	0.15	0.13
Library Landscaping	0.15																			
Measure T Funds Evaluation/Project Ranking						0.10	0.10	0.10	0.10	0.10	0.20	0.20	0.20	0.20	0.20	0.20				
Nealon Park Dog Park Relocation	0.15	0.15	0.15	0.15	0.15	0.15	0.15													
Nealon Park Sports Field Sod and Irrigation System Replacement	0.15	0.15	0.15	0.15	0.15	0.15														
Park Pathways Repair (Replacement)													0.15	0.15	0.20	0.20	0.13	0.13		
Playground Equipment Assessment & Replacement		0.15	0.20	0.20	0.15															
Tennis Court Electronic Key Upgrade	0.13	0.13	0.13																	
Willow Oaks Dog Park (Renovation)		0.15	0.15	0.15	0.15	0.15	0.15	0.15												
<b>STORMWATER</b>																				
Atherton Channel Flood Abatement	0.05	0.05	0.05	0.05	0.05	0.05	0.10	0.10	0.10	0.10										
Bay Levee Project (Design)	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05										
Chrysler Pump Station Improvements	0.20	0.20	0.20	0.20	0.20	0.20	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.25	0.25	0.25				
Pope/Chaucer Bridge Replacement																				
Storm Drain Fee Study													0.50	0.50	0.50	0.50				
Trash Capture Device Installation					0.10	0.15	0.15	0.15	0.13	0.13										
Willow Place Bridge Abutment Repair					0.05	0.05	0.10	0.10	0.10	0.10	0.25	0.25	0.25	0.25	0.40	0.40	0.40	0.40		

	2015		2016			2017			2018			2019			2020					
Identified Priorities	Quarters		Quarters			Quarters			Quarters			Quarters			Quarters					
<b>STREETS &amp; SIDEWALKS</b>																				
Chilco Street and Sidewalk Installation	0.15	0.15	0.15	0.13	0.13	0.13	0.13	0.13												
Civic Center Sidewalk & Irrigation System Upgrades												0.15	0.20	0.20	0.15	0.15				
Downtown Parking Utility Underground					0.20	0.20	0.20	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.20	0.20	0.20	0.20	
Downtown Streetscape Improvement Project (Specific Plan)			0.20	0.20	0.20	0.20	0.20	0.20	0.25	0.25	0.25	0.25	0.30	0.30	0.30	0.30				
El Camino Real Median and Side Trees Irrigation System Upgrades												0.20	0.20	0.15	0.15	0.15				
Parking Plaza 7 Renovation (Design and Construction)															0.20	0.20	0.20	0.20	0.13	
Santa Cruz Avenue Sidewalks Implementation	0.13	0.25	0.25	0.25	0.25	0.25	0.25													
Sidewalk Repair Program (ANNUAL)	0.20	0.20	0.15	0.15	0.15	0.15	0.15	0.10	0.10	0.15	0.15	0.15	0.20	0.20	0.15	0.15	0.15	0.20	0.15	
Street Resurfacing (ANNUAL)	0.50	0.75	0.75	0.20	0.50	0.50	0.50	0.75	0.75	0.20	0.50	0.50	0.50	0.75	0.75	0.20	0.50	0.50	0.75	
<b>TRAFFIC &amp; TRANSPORTATION</b>																				
Caltrain Bike/Pedestrian Undercrossing Design									0.25	0.25	0.50	0.50	0.50	0.50	0.20	0.20	0.20	0.20		
Citywide Bicycle & Pedestrian Visibility Project	0.50	0.13	0.13																	
Downtown Parking Structure Study	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.30	0.30	0.30	0.30	0.40	0.40	0.40	0.40	0.40	0.40			
Dumbarton Rail Corridor Planning Support	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	
El Camino Real Corridor study & design implementation	0.25	0.25	0.25	0.13	0.13	0.13	0.13	0.13	0.13	0.13										
Expand Downtown outdoor seating pilot program	0.13	0.25	0.25	0.13	0.13	0.13	0.13													
Florence/Marsh & Bay/Marsh Signal Modification												0.20	0.20	0.25	0.25	0.25	0.15	0.15		
Haven Avenue Streetscape Improvements	0.25	0.25	0.25	0.13	0.13	0.13														
High Speed Rail Coordination	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	
Menlo Park - Atherton Bike/Pedestrian Improvements Project	0.13	0.13	0.13																	
Menlo Park East Palo Alto Connectivity Project	0.25	0.25	0.15	0.15	0.15															
Pedestrian/Bicycle Master Plan Update												0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.20	
Ravenswood Avenue/Caltrain Grade Separation Study	0.50	0.50	0.50	0.50	0.50	0.50	0.30	0.30	0.30	0.30	0.30	0.30	0.40	0.40	0.40	0.40	0.40	0.40	0.40	
Safe Routes to Encinal School Plan Implementation														0.25	0.15	0.15				
Sand Hill Road Signal Interconnect	0.50	0.13	0.13																	
Sand Hill Road Signal Modification Project		0.10																		
Transit Improvements (TMA)	0.15	0.15	0.15	0.15	0.15	0.15														
Willow Road Improvements at Newbridge and Bayfront Expressway	0.13	0.13	0.13																	
Willow Road Signal Interconnect	0.13	0.13																		
Willow Road Transportation Study	0.20	0.20	0.20	0.20	0.20	0.20	0.35	0.35	0.35	0.35	0.35	0.35	0.35							
101/Willow Road interchange - Caltrans improvements design & construction	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13						
<b>WATER</b>																				
Automated Water Meter Reading									0.13	0.13	0.13	0.13	0.30	0.30	0.30	0.30	0.30	0.30	0.30	
Develop a recycled water program			0.15	0.15	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30	0.30	0.30	0.25	0.25	0.25	0.25	0.25	
Emergency Water Supply (Well #1 & #2)	0.20	0.20	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.20	0.20	0.20	0.20	0.15	0.15	0.15	0.15			
Recycled water study for Sharon Heights Golf and Country Club and West Bay Sanitary District			0.10	0.10	0.10	0.10	0.10	0.10												
Re-roof Reservoir #2	0.15	0.15	0.15																	
Reservoirs #1 and #2 Mixers							0.15	0.15	0.15											
Urban Water Management Plan (Update)	0.20	0.20	0.20	0.20																
Water Main Replacements	0.30	0.20	0.20					0.15	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30	0.25	0.25	0.25	
Water Rate Study	0.30																	0.30	0.30	
Water System Master Plan	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.30	0.30	0.30	0.30	0.25	0.25	0.25	0.25				
<b>TECHNOLOGY &amp; OTHER</b>																				
Council Chambers Audio/Video, Mics and Voting Equipment	0.05	0.05	0.10	0.10	0.10	0.10														
General Plan Update (M-2 Plan)	0.50	0.50	0.50	0.50	0.50	0.50														
Radio Infrastructure Replacement (& Antenna)	0.13	0.13	0.13	0.13																
<b>STAFFING NEED BY CALENDAR YEAR</b>	2015		2016			2017			2018			2019			2020					
<b>Total</b>	9.16	9.57	10.34	8.65	10.15	9.96	9.46	8.83	9.38	8.32	9.36	9.64	10.68	10.21	9.01	8.01	7.45	6.82	5.21	4.17
<b>Staff Capacity (7.25 total FTE)</b>	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25	7.25
<b>Net Additional FTE's Needed</b>	1.91	2.32	3.09	1.40	2.90	2.71	2.21	1.58	2.13	1.07	2.11	2.39	3.43	2.96	1.76	0.76	0.20	-0.43	-2.05	-3.09
<b>Average Total Needed</b>	2.11		2.52			1.74			2.72			0.57			-2.57					

	<p><b>Proposed FY 15/16 Projects</b></p> <ul style="list-style-type: none"> <li>Planning/Land Use Entitlement</li> <li>Design/Plan Check</li> <li>Construction</li> </ul>		<p><b>Proposed FY 16-20 Projects</b></p> <ul style="list-style-type: none"> <li>Planning/Land Use Entitlement</li> <li>Design/Plan Check</li> <li>Construction</li> <li>Future CIP Project Identified by Study or Masterplan Design &amp; Construction</li> </ul>
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REVISED: 5/13/2015





## COMMUNITY DEVELOPMENT DEPARTMENT

Council Meeting Date: May 19, 2015

Staff Report #: 15-081

**INFORMATIONAL ITEM:**                    **Update on the Facebook Campus Expansion Project at 300-309 Constitution Drive**

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### RECOMMENDATION

This is an informational item and no action is required.

### POLICY ISSUES

The proposed project will ultimately require the Council to consider certain land use entitlements. Staff will be identifying policy issues during the Council's review of the project and public benefit related to the Development Agreement.

### BACKGROUND

The City is currently conducting the environmental review and processing the development application for the Facebook Campus Expansion Project. On March 31, Facebook, Inc. submitted an application for the proposed redevelopment of the former TE Connectivity Campus. The campus is located at 300-309 Constitution Drive, along Bayfront Expressway, between Chilco Street and the recently completed Building 20 (formerly identified as the Facebook West Campus). Select plan sheets from the current submittal are included as Attachment B. Previously, in December 2014, Facebook received Planning Commission approval of a use permit to convert an existing approximately 180,000 square foot warehouse and distribution building to offices and ancillary employee amenities, located at 300 Constitution Drive (Building 23), near the Constitution Drive entrance to the site, along Chilco Street. Facebook intends to begin construction on the Building 300 project in the near future.

The proposed Facebook Campus Expansion Project includes the demolition of nine of the ten existing buildings and the construction of two new office buildings, encompassing approximately 966,005 square feet (a net increase of approximately 130,167 square feet). The buildings would be constructed over surface parking that would contain approximately 3,886 parking spaces. The buildings would have a similar architectural style, height, and massing as Building 20. The application also includes the potential for a 200-room limited service hotel of approximately 174,800 square feet. The hotel is anticipated to be located near the corner of Chilco Street and Bayfront Expressway. The project would include publicly accessible open space and a new pedestrian/bicycle bridge over Bayfront

Expressway, providing a more direct connection from the campus and the Belle Haven neighborhood to the Bay Trail. The project would be constructed in phases, based on when the existing tenants (Pentair and TE Connectivity) vacate the property. The proposed project is consistent with the General Plan Land Use designation of Limited Industry. However, the proposed hotel would require a Zoning Ordinance text amendment to conditionally permit hotels in the M-2 Zoning District. In addition, the height of the proposed buildings would exceed the 35-foot height limit, and as such a rezone of the entire site from M-2 (General Industrial) to M-2-X (General Industrial, Conditional Development) plus approval of a Conditional Development Permit (CDP) would be required to allow the increase in height. The entitlement process for the Facebook Campus Expansion Project includes the following review and permit approvals:

- **Rezone from M-2 (General Industrial District) to M-2-X (General Industrial District, Conditional Development) and Conditional Development Permit:** to permit the proposal to diverge from standard M-2 zone requirements related to building height. In addition, in the M-2 zone, the construction of a new structure requires use permit approval. In this case, the CDP takes the place of the required use permit;
- **Zoning Ordinance Text Amendment:** to include hotels as conditional uses within the M-2 zoning district. The text amendment would be consistent with the Limited Industry Land Use Designation of the existing General Plan;
- **Development Agreement:** which results in the provision of overall benefits to the City and adequate development controls in exchange for vested rights for the Facebook Campus Expansion Project approvals;
- **Heritage Tree Removal Permits:** to permit the removal of heritage trees associated with the proposed project;
- **Below Market Rate Housing Agreement:** per the requirements of the City's Municipal Code, a Below Market Rate (BMR) Housing Agreement is required, which would help increase the affordable housing supply by requiring the applicant to provide monies for the BMR fund or by procuring off-site BMR units;
- **Lot Line Adjustment:** potentially to modify the location of two legal lots that comprise the project site and the adjacent lot for Building 20;
- **Environmental Review:** an Environmental Impact Report (EIR) will be prepared given the increase of approximately 150,000 square feet of gross floor area; and
- **Fiscal Impact Analysis (FIA):** is required to analyze the project's revenue and cost effects on the City and applicable outside agencies.

## ANALYSIS

To enable the project to move forward efficiently, the City Manager has authorized ICF Jones & Stokes (ICF) to prepare the first phase of the environmental review, which is within the City Manager's authorization limit of \$56,000 for individual purchase orders. With the agreement of the applicant, staff selected ICF because of the project managers' work on the previous EIR for the Facebook Campus Project. The first phase is anticipated to include the following tasks:

- 1) Kick-Off Meeting (with City staff, the applicant team, and ICF)
- 2) Draft Project Description Chapter
- 3) Notice of Preparation (NOP)
- 4) Initial Administrative Draft EIR Tasks
- 5) Project Management and Meetings

The cost for the second phase of the environmental review would exceed the City Manager's authorization limits. Therefore, staff has tentatively scheduled the June 16, 2015 meeting for the City Council's review and authorization of the proposed scope for the second phase of the environmental review.

As part of the first phase scope of work, ICF prepared a draft project schedule for the EIR and FIA. Utilizing ICF's draft schedule for the environmental review, staff is developing a preliminary draft schedule for the public outreach and development agreement negotiation, which will be included for the Council's review with the authorization request for the second phase of the environmental review. The anticipated schedule is relatively aggressive, targeting completion of land use entitlements for the Facebook Campus Expansion Project by the end of July 2016. The anticipated schedule reflects the opportunity to leverage work and public outreach already completed as part of the previous Facebook project review process, as well as part of the ConnectMenlo process. This project, as proposed, does not include a general plan amendment and therefore, can be processed concurrently with the ConnectMenlo General Plan update. However, the transportation study for the proposed project and the General Plan update will need to be highly coordinated to ensure consistency and address both near-term and long-term transportation needs and impacts of both projects. Staff is proposing to conduct a single, concurrent transportation analysis to evaluate the proposed project and the General Plan update. The City has combined analyses for previous projects, such as the Linfield Middlefield Willow Transportation Impact Analysis (TIA).

The Facebook Campus Expansion Project is anticipated to take approximately 14 months and would include multiple meetings of the City Council and various City commissions. It is anticipated that the Draft EIR would be released around February of 2016, and that the Final EIR, Final FIA, land use entitlements, and Development Agreement would be reviewed by the Council in the summer of 2016. The schedule of the proposed milestones and public meetings would generally be consistent with the Facebook Campus Project.

## **IMPACT ON CITY RESOURCES**

The applicant is required to pay planning permit fees, based on the City's Master Fee Schedule, to fully cover the cost of staff time spent on the review of the project. The applicant is also required to bear the cost of the associated environmental review and fiscal analysis. For the environmental review and fiscal analysis, the applicant deposits money with the City and the City pays the consultants. In addition, public benefits negotiated as part of the Development Agreement would serve to help offset any potential impacts of the Project.

## **ENVIRONMENTAL REVIEW**

An EIR is being prepared for the project.

## **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 has prepared a project page for the proposal, which is available at the following address: <http://menlopark.org/995/Facebook-Buildings-21-22>. This page provides up-to-date information about the project, allowing interested parties to stay informed of its progress. The “Notify Me!” feature of the City’s website allows users to subscribe to updates for the Greater M-2 Area, which sends email bulletins to users when this page and others within the M-2 Area are updated.

## **ATTACHMENTS**

- A. Project Location Map
- B. Project Plans (Select Sheets)

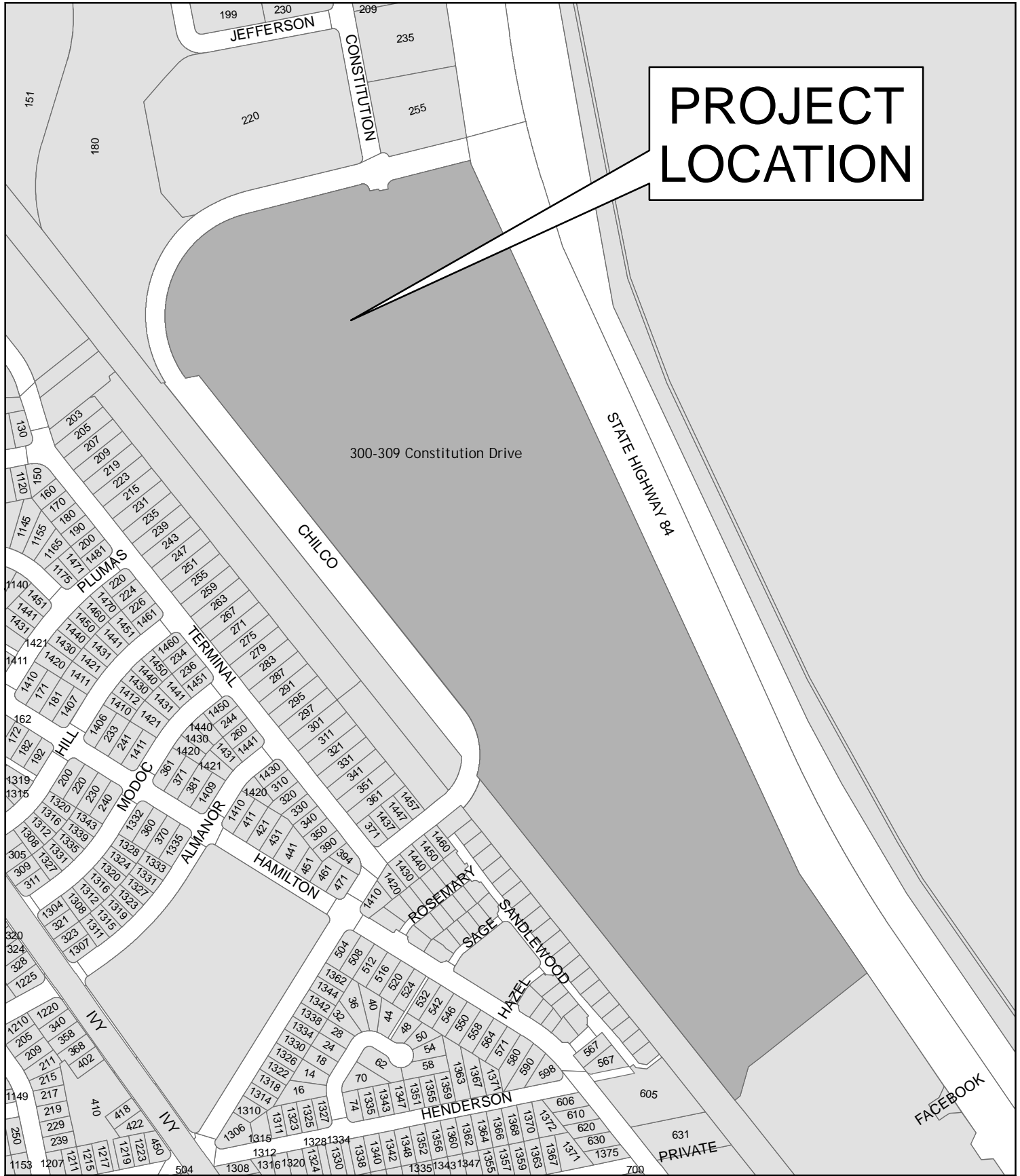
Report prepared by:

*Kyle Perata*

*Associate Planner*

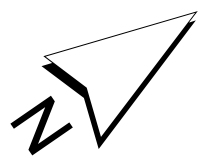
**PROJECT  
LOCATION**

300-309 Constitution Drive



**CITY OF MENLO PARK**  
 LOCATION MAP  
 300 CONSTITUTION DRIVE

DRAWN: KTP CHECKED: KTP DATE: 5/19/15 SCALE: 1" = 300' SHEET: 1



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**300-309**  
**CONSTITUTION DRIVE**

*FACEBOOK BUILDINGS 21 & 22*

*Prepared By:*  
*Gehry Partners, LLP*

*Development Application*  
*May 12, 2015*

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## PROJECT DESCRIPTION

### 301-309 CONSTITUTION DRIVE (FACEBOOK BUILDINGS 21 & 22)

#### I. INTRODUCTION

The proposed project involves the redevelopment of the existing 58 acre industrial site known as the TE Connectivity campus (formerly owned by Tyco Electronics Corporation (“TE”)) with two new office buildings and an event space. In addition, the proposed project would enhance open space and connectivity through the former TE campus site by providing an approximately five-acre publicly accessible green space and a new pedestrian and bicycle bridge over Bayfront Expressway connecting the Belle Haven neighborhood to Bayfront Bedwell Park and the Bay Trail. The project sponsor is also evaluating the feasibility of developing a new, limited-service hotel on the site, which is included in the application and reflected in the site plan. Hibiscus Properties, LLC (a wholly-owned subsidiary of Facebook, Inc. (“Facebook”)) is the project sponsor.

The site is located at 300 to 309 Constitution Ave within the City of Menlo Park. The site is bounded by Chilco Street to the west and the south (in part), Bayfront Expressway to the north, and Giant Properties, LLC’s (also a wholly-owned subsidiary of Facebook, Inc.) new Building 20 (formerly known as the West Campus) to the east. A portion of the site abuts the Dumbarton rail corridor to the south.

## II. PROJECT OBJECTIVES

The Project has been designed to meet the following objectives:

- Expand the Facebook campus in a responsible way within Menlo Park.
- Develop a highly connected campus that provides flexible work space.
- Minimize traffic and greenhouse gas emissions by providing multiple transportation options to employees.
- Use highly-sustainable design techniques to promote energy and water efficiency.
- Connect the campus to the community by including public open space.
- Create a pedestrian/bicycle-friendly environment that enhances connectivity between the Belle Haven neighborhood and Bedwell Bayfront Park and the Bay Trail.
- Rehabilitate an existing industrial site and remediate hazardous materials where appropriate.
- Provide new green spaces, and increase habitat and landscaped areas with native, drought-tolerant plant species.

## III. EXISTING CONDITIONS AND SITE HISTORY

The site was formerly owned by Tyco Electronics (TE), and comprises ten existing industrial and warehouse buildings comprising approximately 1,020,300 square feet, as well as 728,740 square feet of surface parking (1,690 spaces). TE (and its predecessor Raychem before it) used and continues to use the site primarily for industrial activities. Pentair Thermal Controls also leases one of the buildings on the site. The TE Site is zoned M-2 (General Industrial) and M-2-X under the City's General Plan and can be built out to approximately 1,142,968 square feet of office space under the allowable 0.45 FAR.

In December 2014, the Planning Commission approved a conditional use permit to convert an existing approximately 184,460 square foot warehouse building (inclusive of mezzanine space which is slated for removal) located on the southwestern portion of the site for office uses without adding any additional net new square footage. That building is located at 300 Constitution Drive and is known as Facebook Building 23. It will contain approximately 180,108 square feet of floor area upon occupancy. The renovation of Building 23 is expected to be completed in the first quarter of 2016.

## IV. PROPOSED PROJECT

### A. OFFICE AND HOTEL USES

The proposed project provides for the demolition of nine existing buildings (comprising approximately 835,838 square feet of floor area) and construction of two new office buildings containing approximately 985,719 square feet, resulting in a net new addition of approximately 149,881 square feet of space. Building 21 would contain approximately 523,226 square feet of office and event uses and be located on the eastern portion of the site. The event space would be utilized for internal Facebook events and have the capacity to hold up to 2,000 people. Building 21 would be constructed as the first phase of the project. Building 22 would involve approximately 453,417 square feet of office uses and be located on the western portion of the site. Building 22 would be constructed as the second phase. Maximum building heights would be capped at 75'. When combined with the office space located within Building 23, the total office use at the site will be 1,165,827 gross square feet at an FAR of 0.45 (2% of this square footage would be used for mechanical and other spaces that do not count as occupied floor area). Building coverage would be approximately 50%.

As part of a future phase, the proposed project also contemplates a 200 room limited service hotel that would be located in the northwest corner of the site. That hotel would include approximately 174,800 square feet, and bring the proposed development FAR to just under 0.55.

The proposed office buildings would be consistent with the existing General Plan and M-2 General Industrial Zoning District, which allows office uses at a FAR of up to 0.45. A rezoning would be required in order to exceed the maximum 35' height limit and accommodate the proposed hotel.

### B. DESIGN APPROACH

The proposed design for the new office buildings embodies a similar approach to the newly completed Building 20. Parking is proposed to be provided at grade, with the main office spaces elevated above on a second level and limited mezzanine spaces planned on level three. This approach is intended to address the flood constraints on this site, which is located within an A1 Flood zone.

Buildings 21 and 22 are designed as rectangular buildings oriented in an east/west direction. The façades will have large curtain wall areas with bird friendly glazing periodically interrupted by enclosed walls, with exterior elevated terraces extending off the main building envelope shape. The perimeter of the buildings will have exposed open stairways for exiting on the north and south façades. The interior of the buildings will have a large floor to floor space with ample daylight from skylights and exterior glazing. The interior spaces will be divided by groupings of conference rooms.

The proposed project is organized around a public open space and pedestrian and bicycle corridor that runs through the middle of the site. This will allow visual permeability from the Belle Haven community north to the Bay from multiple locations. The proposed project would also include construction of a new pedestrian and bicycle bridge over Bayfront Expressway to allow for safe and convenient access to the Bay Trail and Bedwell Bayfront Park from the Belle Haven neighborhood. The perimeter of the site will have a generous landscaped buffer that includes bicycle and pedestrian pathways separated from the vehicle access roads.

#### C. SUSTAINABILITY

The project would employ sustainability strategies similar to those used in the construction of Building 20 such as the use of native and drought tolerant plant species, the installations of energy and water efficient conservation systems, and the use of recycled materials. Bird-safe design principles would be utilized where appropriate. The project contemplates pursuit of LEED gold equivalency with respect to the construction and performance of Buildings 21 and 22. Green roof parks are also being considered for both of the new office buildings.

#### D. ACCESS, CIRCULATION, CONNECTIVITY, AND PARKING

Access to the site is proposed from Constitution Drive and a new signalized intersection along Bayfront Expressway at the mid-point of the site. The circulation plan for the proposed project is in the early stages of development, and more traffic analysis is required to refine these concepts. A vehicular connection on the east end of the site to Building 20 is also being contemplated.

The buildings will be connected to one another and to the existing Building 20 to maintain effective employee access. These connections are likely to take the form of open bridges and other architectural features.

On-site circulation is intended to support a highly-connected, pedestrian-oriented environment. Pedestrian and bicycle paths will connect the new office buildings on the site to Building 20, as well as Facebook's Buildings 10 through 19 located on the other side of the Bayfront Expressway (formerly known as the Facebook East Campus). Facebook is also exploring additional intra-campus connectivity methods to enhance circulation and intends to expand an existing on-campus bicycle share program. Through-campus circulation will be provided for buses and private vehicles. Emergency vehicle access will be provided along the outside perimeter of the office buildings with access to the public open space from the south, as well as a connection to Chilco Street near the existing fire station. These routes for the proposed project will also connect with the existing emergency vehicle access routes that serve Building 20, and may provide access to the surface parking proposed for the project. The frontage along Chilco Street would also be improved as part of the proposed project.

Facebook proposes to add 2,196 surface parking spaces including spaces for handicapped, electric vehicles, van pools, and other modes of transportation, which would bring the total number of parking spaces on the site (including those that serve the existing Building 23) to 3,886.

Facebook is also studying the feasibility of activating the existing Dumbarton rail corridor which abuts the site, while preserving the viability of commuter rail operations in the future. Potential uses could include a new pedestrian/bicycle pathway adjacent to the rail. Although the City of Menlo Park does not have jurisdiction over the Dumbarton rail corridor and any proposed reuse of the rail line would be analyzed as a separate project, Facebook desires to work with the appropriate public agencies and coordinate these studies concurrently with the processing of the proposed project.

#### E. TRANSPORTATION DEMAND MANAGEMENT

Facebook will continue to implement its aggressive and highly-effective transportation demand management program to minimize adverse effects to the community from traffic, and is exploring a number of alternatives to reduce peak hour employee trips (and particularly trips from single occupancy vehicles). An Environmental Impact Report will be prepared pursuant to the California Environmental Quality Act for the proposed project, and Facebook anticipates that additional traffic reducing measures will be incorporated into the required analysis of feasible alternatives and mitigation measures.

#### F. PHASING

The proposed project would be constructed in phases. Facebook anticipates applying for a conditional development permit to construct Building 21 first in order to meet its near-term needs. The proposed open space and pedestrian/bicycle bridge is presently anticipated to be constructed as part of this first phase. The second phase of development would involve Building 22, which due to existing leaseholds will follow thereafter. Facebook does not presently intend to apply for any permits in the near term for the western portion of the TE site (Building 22 and the hotel) but desires to propose a preliminary master plan for the entire TE site in conformance with the General Plan that permits the plan to be included in the environmental review.

#### V. PROJECT APPROVALS

Upon certification of the EIR, it is anticipated that the following approvals by the City would be required:

- **Zoning Ordinance Amendment.** A zoning ordinance amendment would be required in order to allow the development of a hotel and extend the M-2 zoning district's 35 foot height limit.
- **Conditional Development Permit.** A CDP would be required to establish development regulations, such as a new height limit.
- **Development Agreement (TBD).** Facebook may consider requesting a Development Agreement with the City to create vested rights in project approvals. If requested, the Development Agreement would require approval by the City Council.
- **Architectural Control.** Architectural Control approval would be required for design review of the specific development proposed for Buildings 21 and 22.
- **Lot Line Adjustment/Lot Merger/Parcel Map.** A lot line adjustment, lot merger or parcel map may be required.
- **Tree Removal Permit.** A tree removal permit would be required for each heritage tree proposed for removal.
- **Mitigation Monitoring Plan.** Approval of the mitigation measures identified in the EIR and the Mitigation Monitoring Plan would be required by the City Council.



301-309 CONSTITUTION DRIVE - DEVELOPMENT APPLICATION  
FACEBOOK BUILDINGS 21 & 22  
GEHRY PARTNERS, LLP  
MAY 12, 2015

AERIAL SITE VIEW LOOKING NORTH



RAVENSWOOD AREA OF THE SOUTH BAY  
SALT POND RESTORATION PROJECT

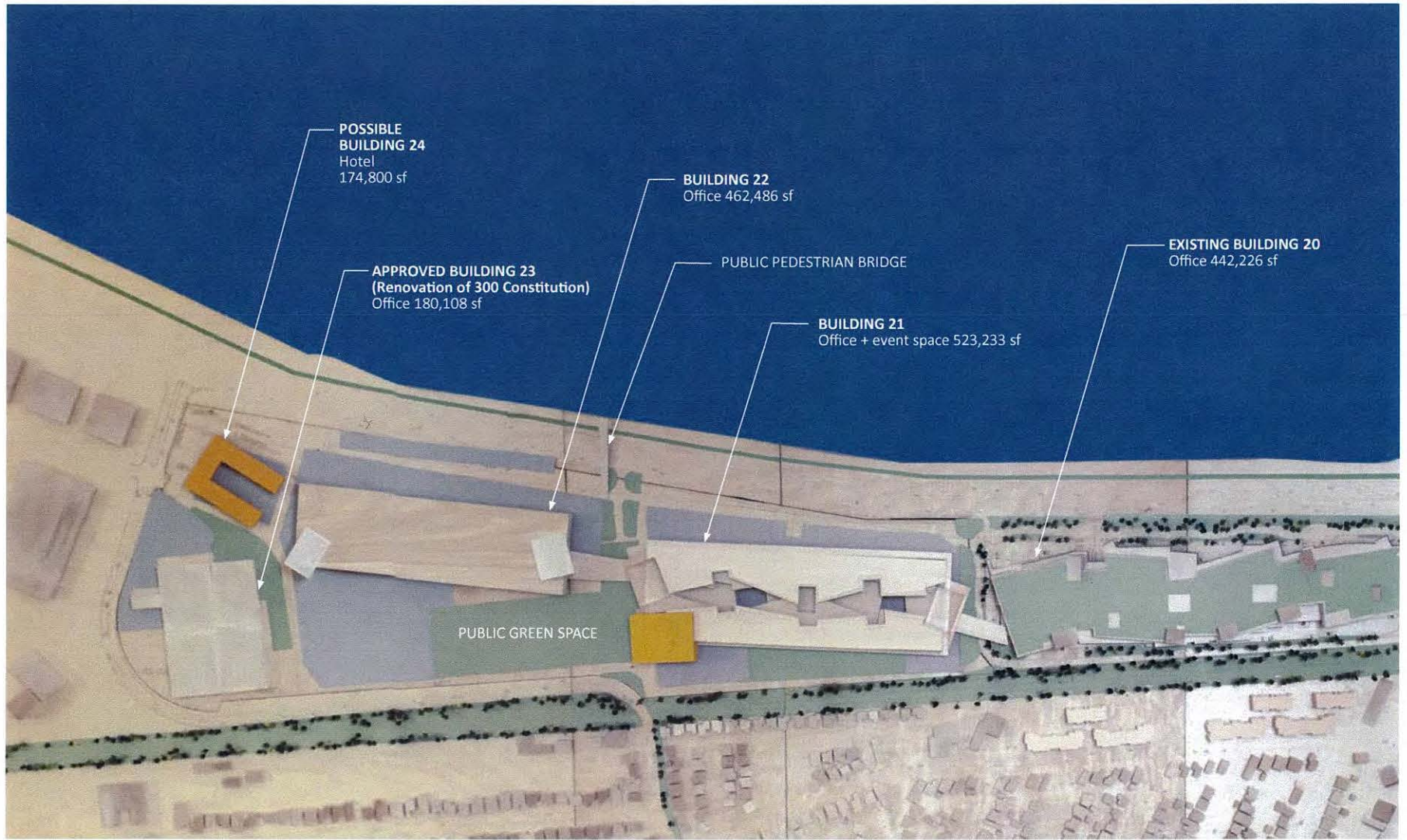
EAST  
CAMPUS

BELLE HAVEN

MENLO SCIENCE &  
TECHNOLOGY PARK

301-309 CONSTITUTION DRIVE - DEVELOPMENT APPLICATION  
FACEBOOK BUILDINGS 21 & 22  
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MAY 12, 2015

SITE OVERVIEW



301-309 CONSTITUTION DRIVE - DEVELOPMENT APPLICATION  
 FACEBOOK BUILDINGS 21 & 22  
 GEHRY PARTNERS, LLP  
 MAY 12, 2015

ANNOTATED SITE MODEL

**PRELIMINARY DATA SHEET**

<b>LOCATION:</b> 300-309 CONSTITUTION DRIVE, MENLO PARK, CALIFORNIA						
<b>EXISTING USE:</b> WAREHOUSE/OFFICE USE				<b>APPLICANT:</b> HIBISCUS PROPERTIES, LLC		
<b>PROPOSED USE:</b> OFFICE WITH AN OPTION FOR HOTEL				<b>PROPERTY OWNER(S):</b> HIBISCUS PROPERTIES, LLC		
<b>ZONING:</b> M2				<b>APPLICATION(S):</b> DEVELOPMENT APPLICATION		
<b>DEVELOPMENT STANDARDS</b>		<b>PROPOSED DEVELOPMENT</b>		<b>EXISTING PROJECT</b>		<b>M-2 ZONING ORDINANCE</b>
LOT AREA	2,539,928	SF	2,539,928	SF	NA	SF MIN
AVERAGE LOT WIDTH	3,100	FT	3,100	FT	NA	FT MIN
AVERAGE LOT DEPTH	820	FT	820	FT	NA	FT MIN
<b>SETBACKS</b>						
FRONT (NORTH)	60	FT	60	FT	20	FT
REAR (SOUTH)	21	FT	21	FT	0	FT
SIDE (WEST)	46	FT	46	FT	10	FT
SIDE (EAST)	72	FT	81	FT	10	FT
<b>BUILDING COVERAGE</b>						
COVERAGE: (INCLUDES BUILDING ENCLOSURE & EXTERIOR)	1,142,968	SF	823,365	SF	1,142,968	SF MAX
	45%		32%		45%	MAX
<b>FAR (FLOOR AREA RATIO) OFFICE USE</b>	45%		40%		45%	
<b>FAR (FLOOR AREA RATIO) OFFICE USE + HOTEL</b>	52%					
<b>BUILDING COVERAGE</b>						
EXISTING BUILDINGS 301-309 CONSTITUTION AVE	NA	GSF	835,838	GSF		
BUILDING 23 - 300 CONSTITUTION RENOVATION	180,108	GSF	184,438	GSF		
BUILDING 21 - OFFICE BUILDING	523,233	GSF	NA			
BUILDING 22 - OFFICE BUILDING	462,486	GSF	NA			
POSSIBLE BUILDING 24 - HOTEL	174,800	GSF	NA			
<b>TOTAL SQUARE FOOTAGE FOR BUILDINGS</b>	<b>1,340,627</b>	<b>GSF</b>	<b>1,020,276</b>	<b>GSF</b>		
<b>BUILDING HEIGHT</b>	75	FT	73	FT		
<b>PARKING</b>						
PARKING PROVIDED ON SITE	3,886	SPACES	1,690	SPACES		
CALCULATED BASIS FOR PARKING:	OFFICE SPACE: 1 SPACE /300 SF, HOTEL 1 SPACE /ROOM + EMPLOYEES					

FLOOD ZONE - AE  
 BASE FLOOD ELEVATION (BFE) 10.3' NAVD '88  
 ALL ELEVATIONS REFER TO NAVD '88





**EASEMENT INFORMATION**

- ① PG&E EASEMENT
- ② WATER LINE EASEMENT
- ③ SANITARY SEWER EASEMENT
- ④ ROADWAY EASEMENT

**LEGEND**

- PROPERTY LINE
- - - - - EASEMENT

**AREA**

58.31 ACRES

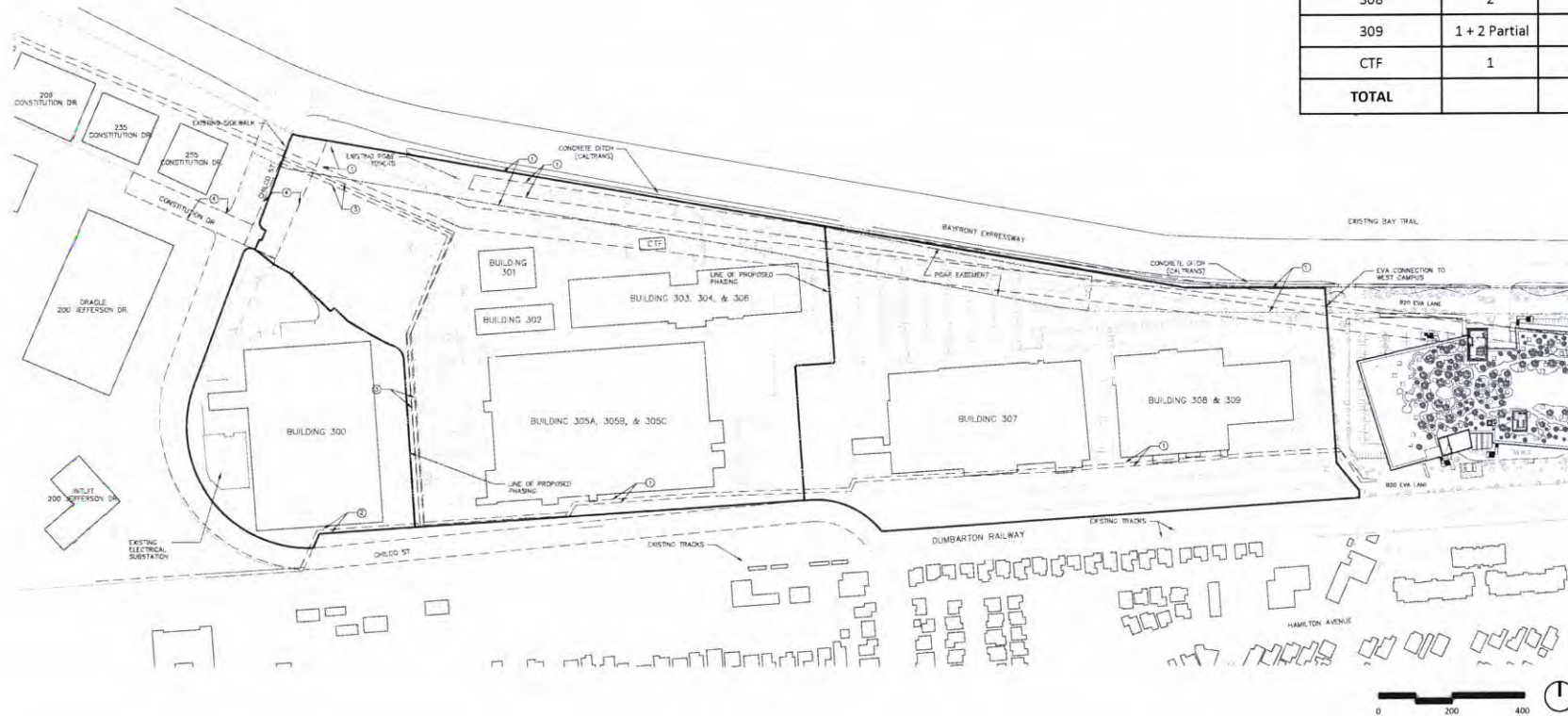
**EXISTING PARKING COUNT**

- COMPACT PARKING - 8
- MOTORCYCLE PARKING - 5
- SECURITY PARKING - 1
- SERVICE VEHICLES PARKING - 7
- HANDICAP PARKING - 29
- STANDARD PARKING - 1640
- TOTAL - 1690

**FLOOD ZONE**

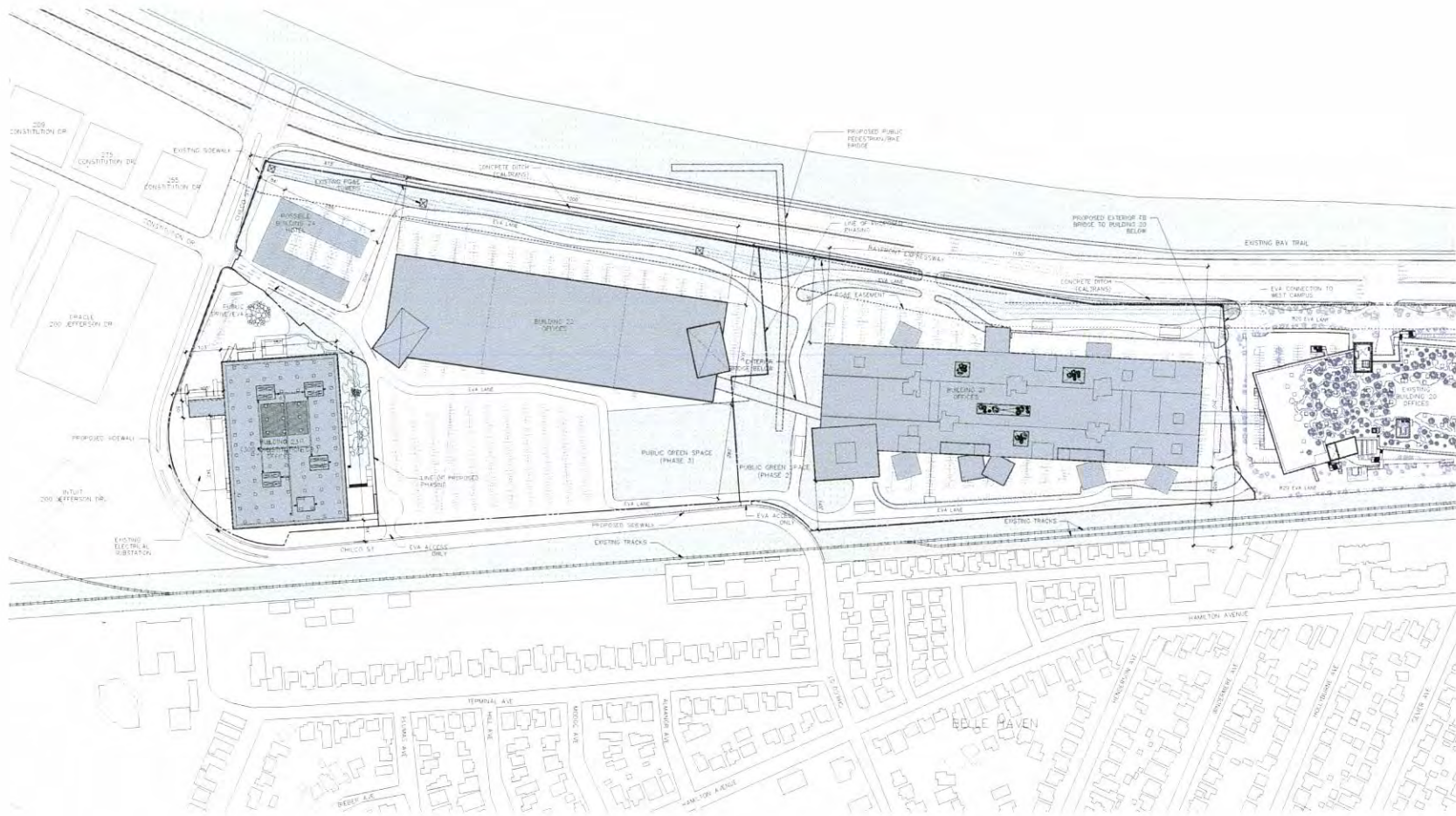
FEMA ZONE: AE  
 BASE FLOOD ELEVATION IS 10.3 FEET (NAVD 88)  
 \*PER FLOOD INSURANCE STUDY BY FEMA, OCTOBER 16, 2012

EXISTING SITE BUILDING AREAS		
BUILDING	# OF LEVELS	BUILDING SF
300	1 + 2 Partial	184,438
301	2	34,465
302	2	30,174
303 + 304 + 306	1	155,095
305A+305B+305C	1 + 2 Partial	289,718
307	1 + 2 Partial	156,414
308	2	120,029
309	1 + 2 Partial	47,708
CTF	1	2,235
<b>TOTAL</b>		<b>1,020,276</b>



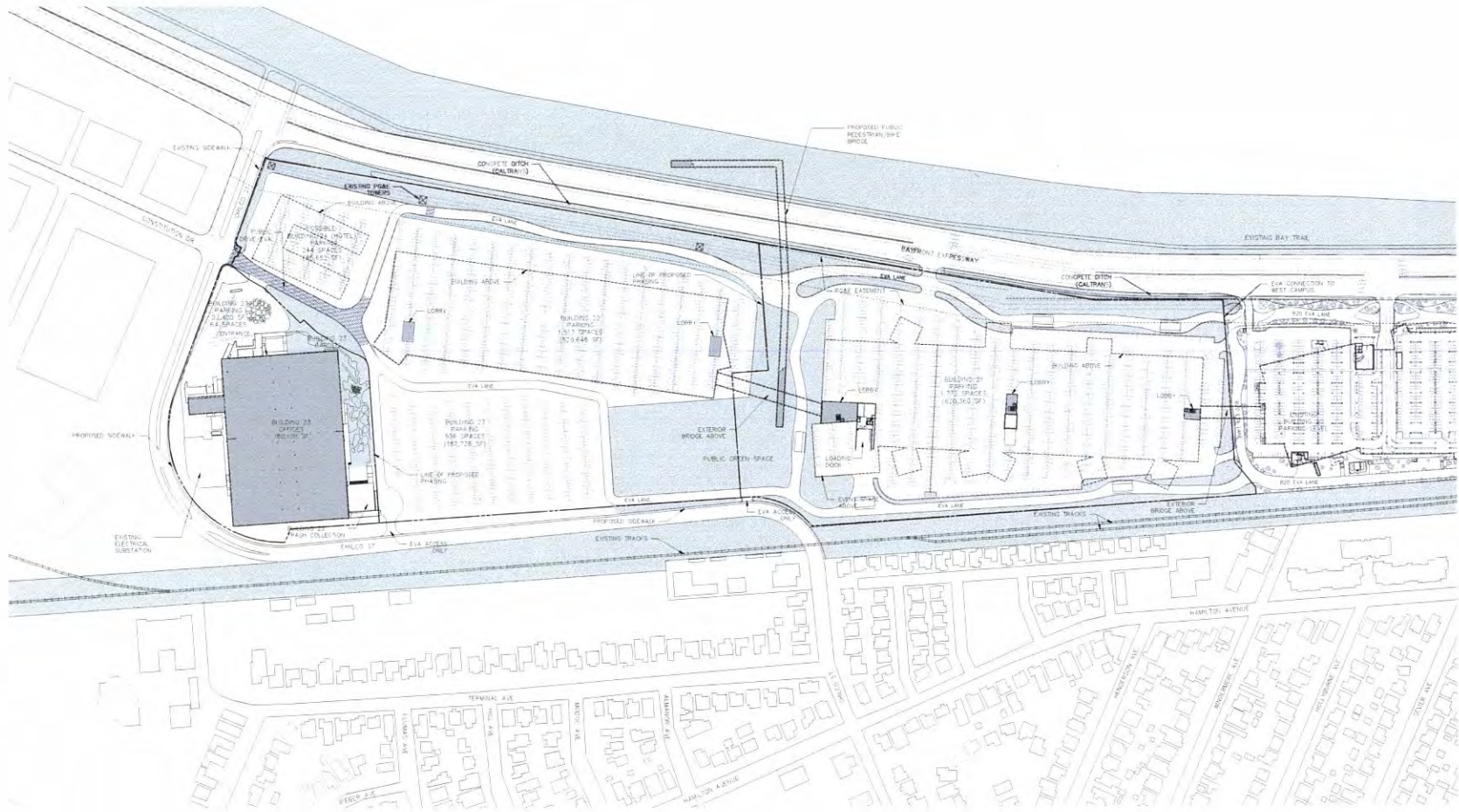
301-309 CONSTITUTION DRIVE - DEVELOPMENT APPLICATION  
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 MAY 12, 2015

EXISTING SITE PLAN



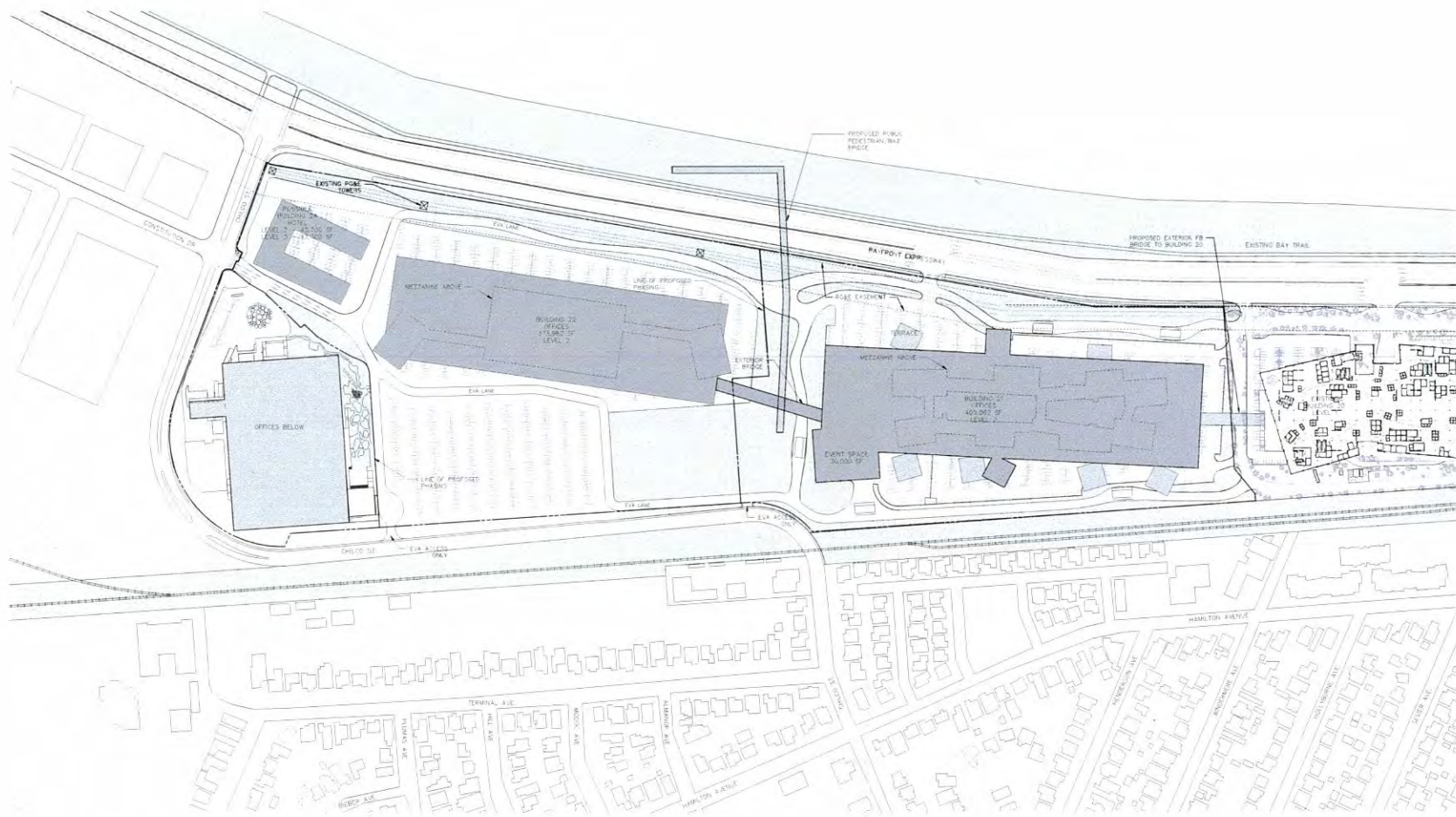
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PROPOSED SITE PLAN



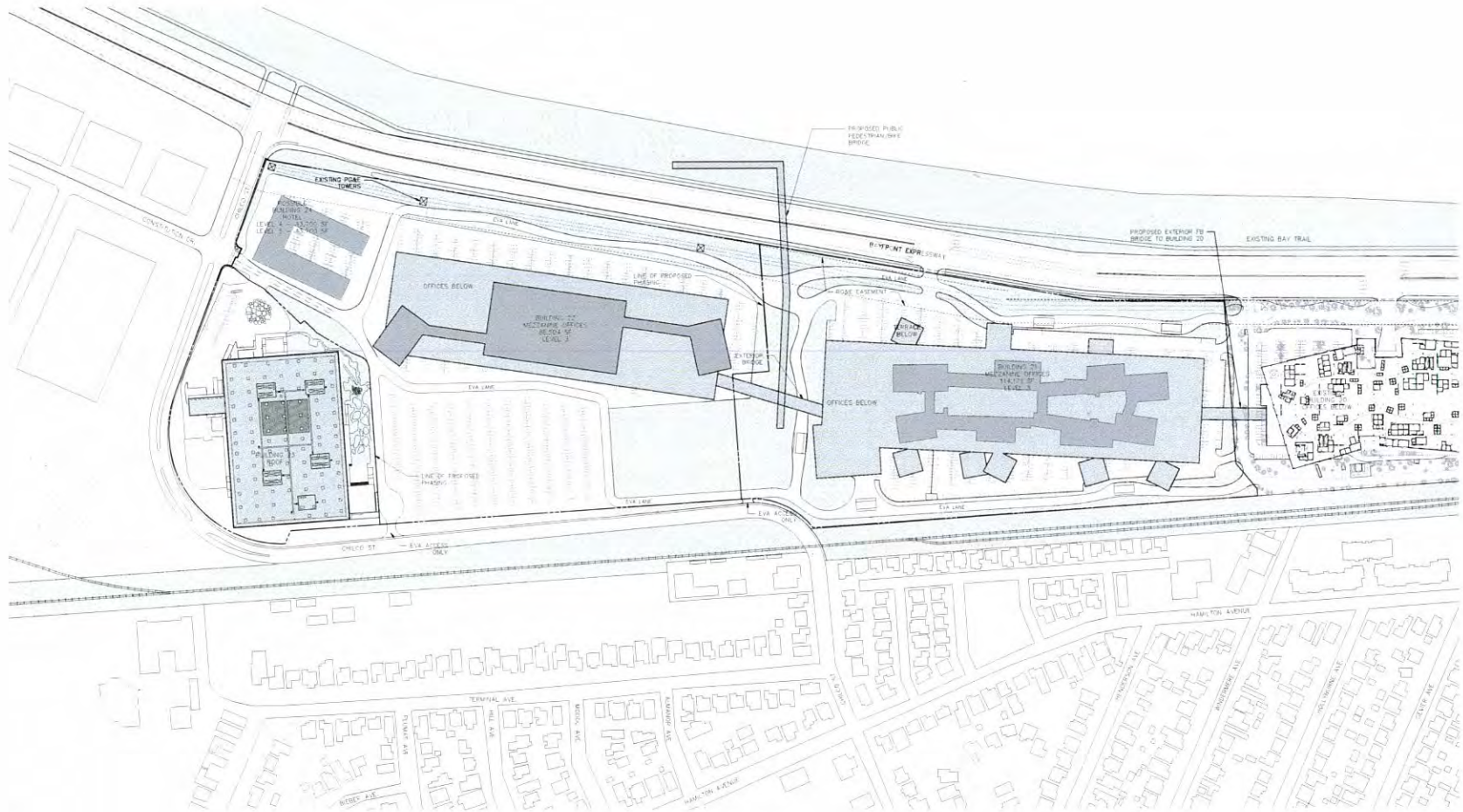
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PARKING LEVEL PLAN



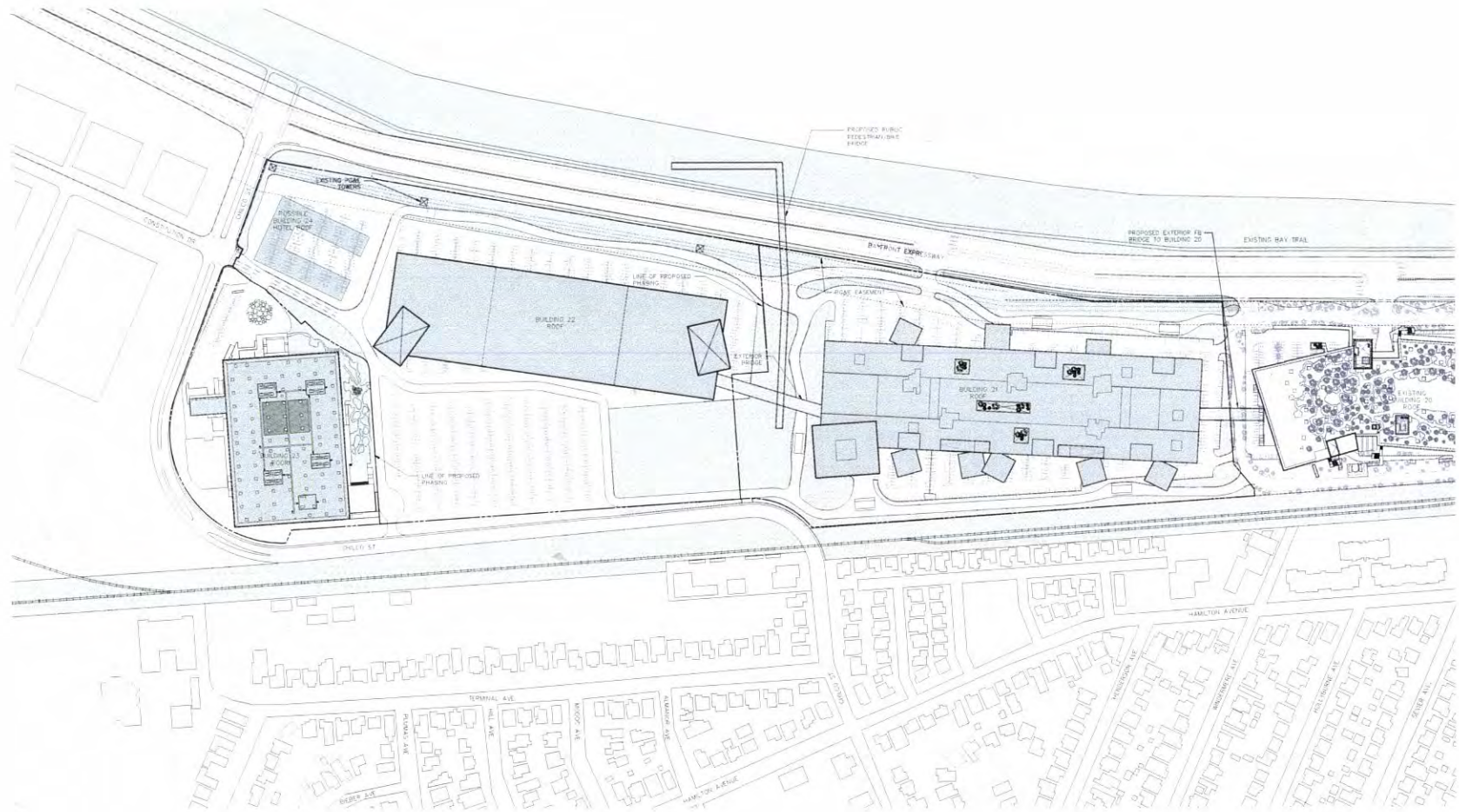
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LEVEL 02 OFFICE PLAN  
 LEVEL 02 - 03 HOTEL PLAN  
 15



301-309 CONSTITUTION DRIVE - DEVELOPMENT APPLICATION  
 FACEBOOK BUILDINGS 21 & 22  
 GEHRY PARTNERS, LLP  
 MAY 12, 2015

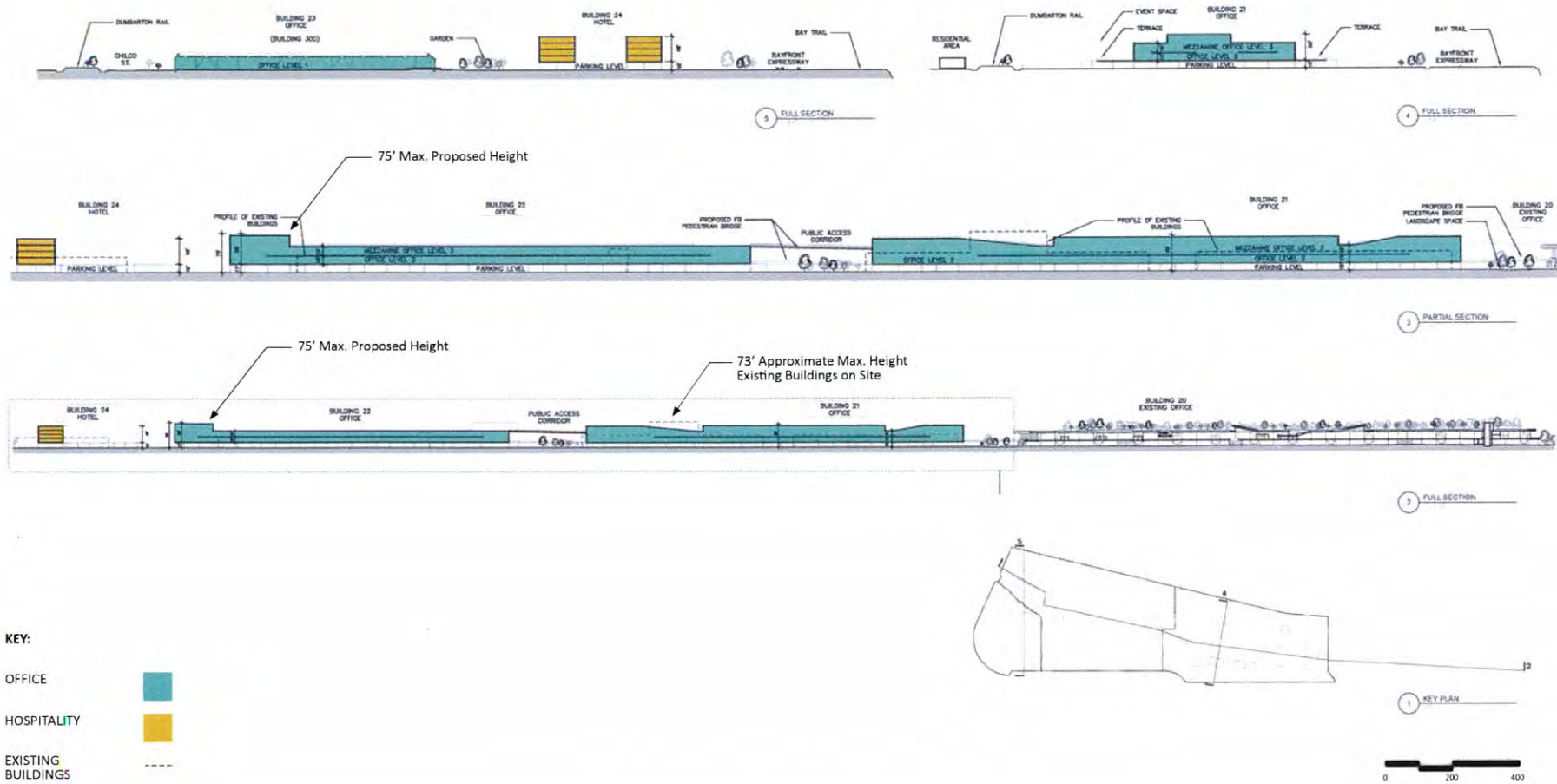
LEVEL 03 MEZZANINE PLAN  
 LEVEL 04 - 05 HOTEL PLAN



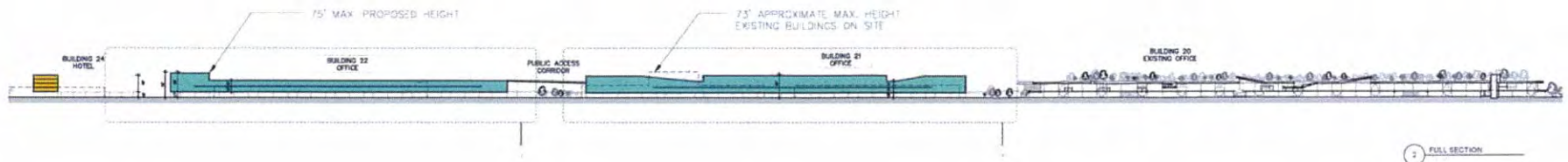
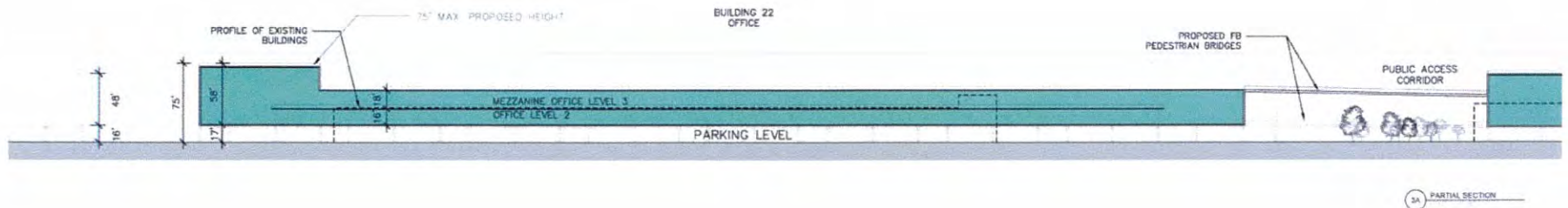
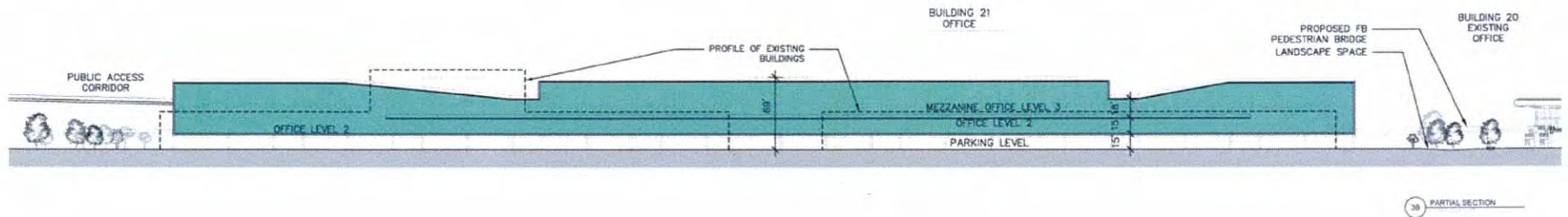
301-309 CONSTITUTION DRIVE - DEVELOPMENT APPLICATION  
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 MAY 12, 2015

ROOF PLAN

17

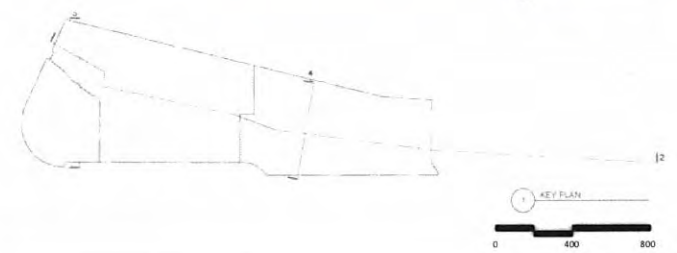






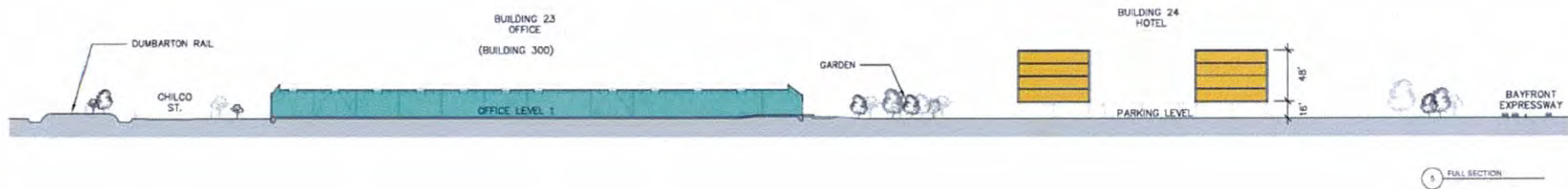
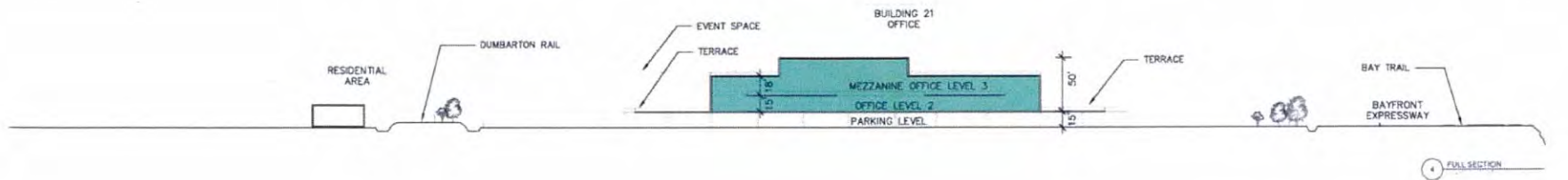
**KEY:**

- OFFICE
- HOSPITALITY
- EXISTING BUILDINGS



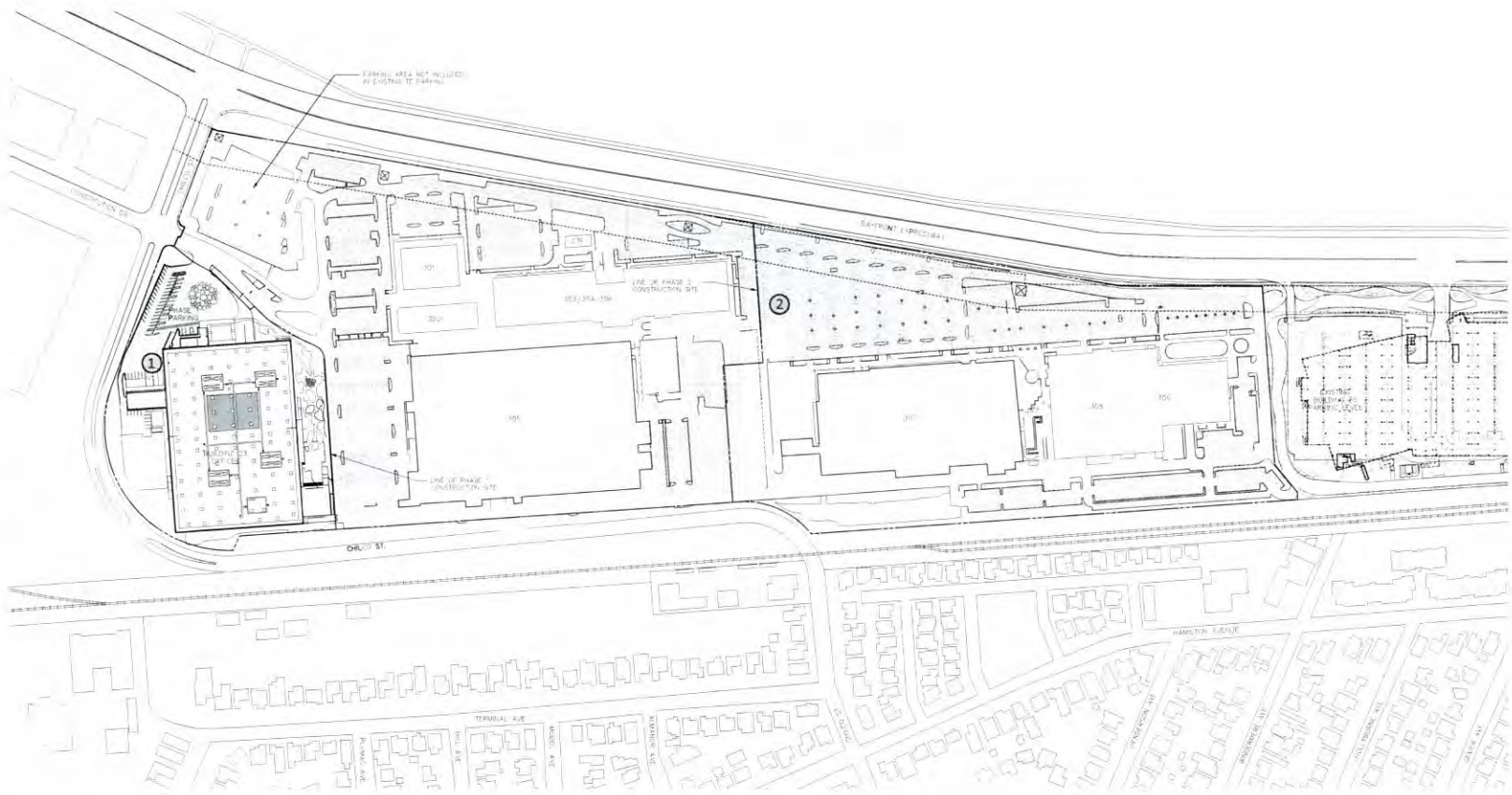
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 GEHRY PARTNERS, LLP  
 MAY 12, 2015

**SITE SECTIONS**



**KEY:**

- OFFICE
- HOSPITALITY
- EXISTING BUILDINGS

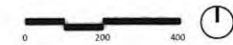


 EXISTING PARKING FOR BUILDING 23 AND T.E. TENANTS

	NUMBER OF SPACES
1. BUILDING 23 SITE	64
2. T.E. SITE EXISTING	1,626
<b>TOTAL</b>	<b>1,690</b>

**PHASE 1: BUILDING 23 RENOVATION COMPLETION PARKING**

The conditional use permit approved in December 2014 for Building 23 (Building 300) of Phase 1 allows Facebook to accommodate the employees of Building 23 by utilizing the current existing parking spaces on the site which are also shared by the tenants of existing buildings of the site. This is an interim condition until the remainder of the project site is developed.







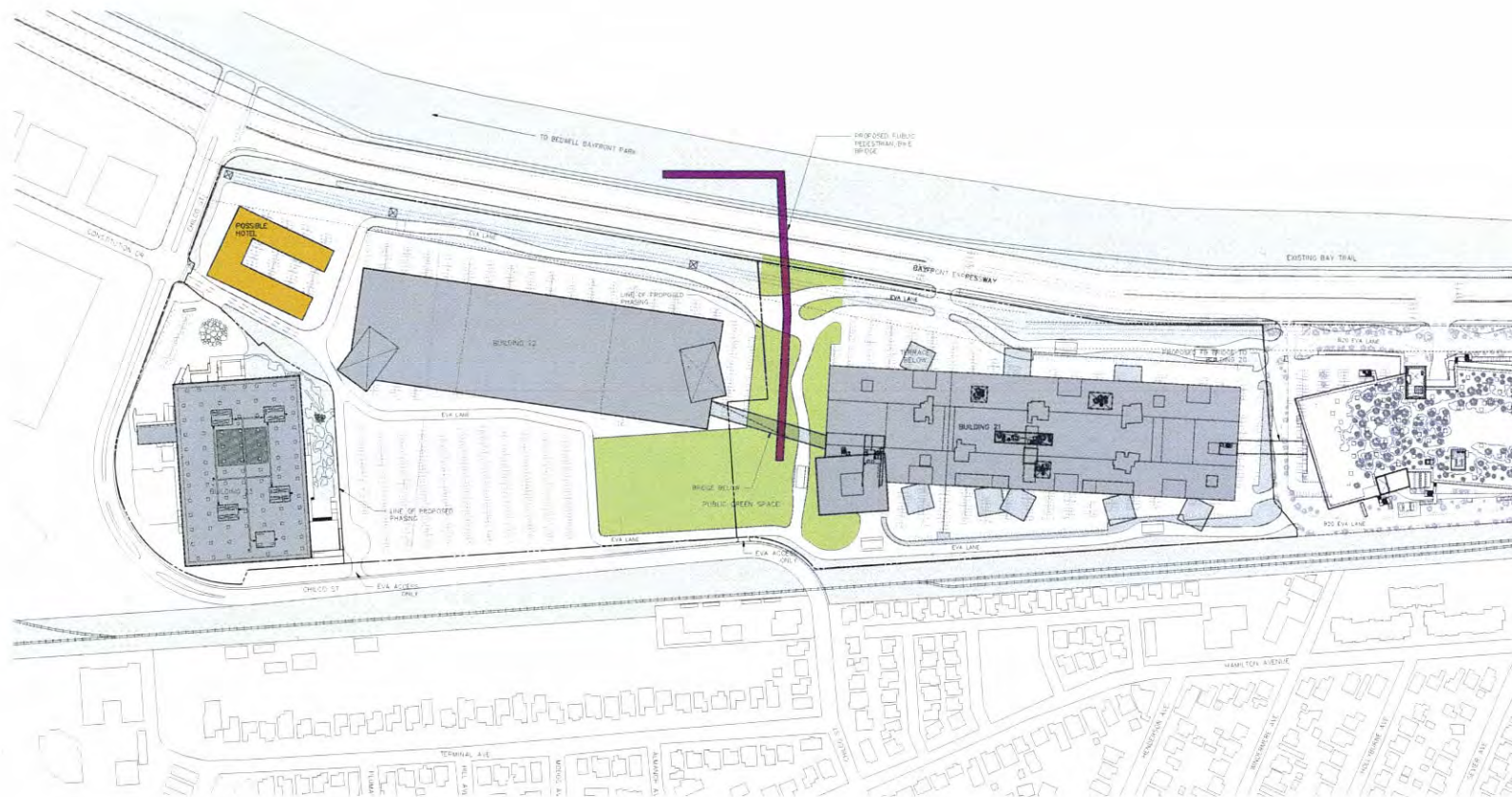
**PARKING FOR BUILDING 23 DURING PHASE 3 CONSTRUCTION**

	NUMBER OF SPACES
1 - BUILDING 23	64
2 - TEMPORARY BUILDING 23 PARKING	536
3 - BUILDING 21 SITE	1,772
<b>TOTAL</b>	<b>2,372</b>

**PHASE 3 - BUILDING 22 & HOTEL CONSTRUCTION PARKING**

During the construction of Phase 3, this site needs to accommodate the new building employees for Building 21 and Building 23 (Building 300). Phase 2 accommodates the code required parking spaces for the new office Building 21 square footage, a total of 1,772 spaces. This plan allocates a parking area for temporary parking of 536 spaces for Building 23 in a zone on the Phase 3 construction area. Phase 3, once completed, will accommodate the remaining code-required 536 parking spaces for Building 23 near the building.





**KEY:**

PUBLIC GREEN SPACE



HOSPITALITY



PUBLIC PEDESTRIAN / BIKE BRIDGE



USE
1 Public Green Space
2 Hotel 200 rooms
3 Public pedestrian / bike bridge



301-309 CONSTITUTION DRIVE - DEVELOPMENT APPLICATION  
 FACEBOOK BUILDINGS 21 & 22  
 GEHRY PARTNERS, LLP  
 MAY 12, 2015

PUBLIC AMENITIES DIAGRAM



## FINANCE DEPARTMENT

Council Meeting Date: May 19, 2015  
Staff Report #: 15-074

**INFORMATIONAL ITEM:**            **Review of the City's Investment Portfolio as of March 31, 2015**

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### RECOMMENDATION

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

### POLICY ISSUES

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

### BACKGROUND

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

### ANALYSIS

#### **Investment Portfolio as of March 31, 2015**

The historical (book) value of the City's total portfolio at the end of March was over \$99.8 million. The portfolio includes all the City's funds, and cash is invested in accordance with the City Council policy on investments using safety, liquidity and yield as selection criteria. The make-up of the portfolio can be seen in the following chart:

<b>Recap of Securities Held</b>			
Security	Historical Cost	Fair Value	% of Portfolio
LAIF (cash)	\$38,872,688	\$38,872,688	38.9%
U.S. Instrumentality	21,764,265	21,620,983	21.8%
U.S. Treasury	8,514,766	8,531,406	8.5%
Corporate Notes	28,148,482	28,025,166	28.1%
Commercial Paper	2,493,007	2,498,860	2.5%

The Local Agency Investment Fund (LAIF) is considered a safe investment and it provides the liquidity of a money market fund. The remaining securities are prudent and secure short-term investments (1-3 years), bearing a higher interest rate than LAIF and providing investment diversification.

As can be seen in the chart above, the fair value (market value) of the City's securities was over \$244,000 less than the historical cost at the end of March. This is referred to as an unrealized loss and is due to market values fluctuating from one period to another depending on the supply and demand for bonds and securities at a particular point in time. It is important to note that any unrealized loss or gain does not represent an actual cash transaction to the City, as the City generally holds securities to maturity to avoid market risk.

### **Current Market Conditions**

For the fourth quarter of 2014, the U.S. economy grew at a strong rate of 2.2%. This growth was mainly due to increase in consumer confidence with the economy and the improving job market. However, during the first quarter of 2015, the pace of growth in the economy slowed, as severe winter weather during this time period had a negative impact on the economy. During the first quarter, the unemployment rate dropped to 5.5%, as the number of jobs created increased by 239,000 in January and 265,000 in February. In addition, the inflation level has remained below 2 percent for the entire quarter. GDP growth, unemployment rate and the inflation rate are the three criteria the Federal Open Market Committee (FOMC) members use to judge the health of the economy. While the inflation rate is less than 2 percent, and the longer-term expectations of inflation remain stable, the federal funds rate will remain at its current level of 0 percent to 0.25 percent. The FOMC has adopted the approach of setting policy at each meeting based on the latest economic data. This approach, combined with the expectation of the above mentioned criteria remaining at current levels over the longer-term, means it is unlikely that the federal funds rate will increase in the near future.

### **Investment Yield**

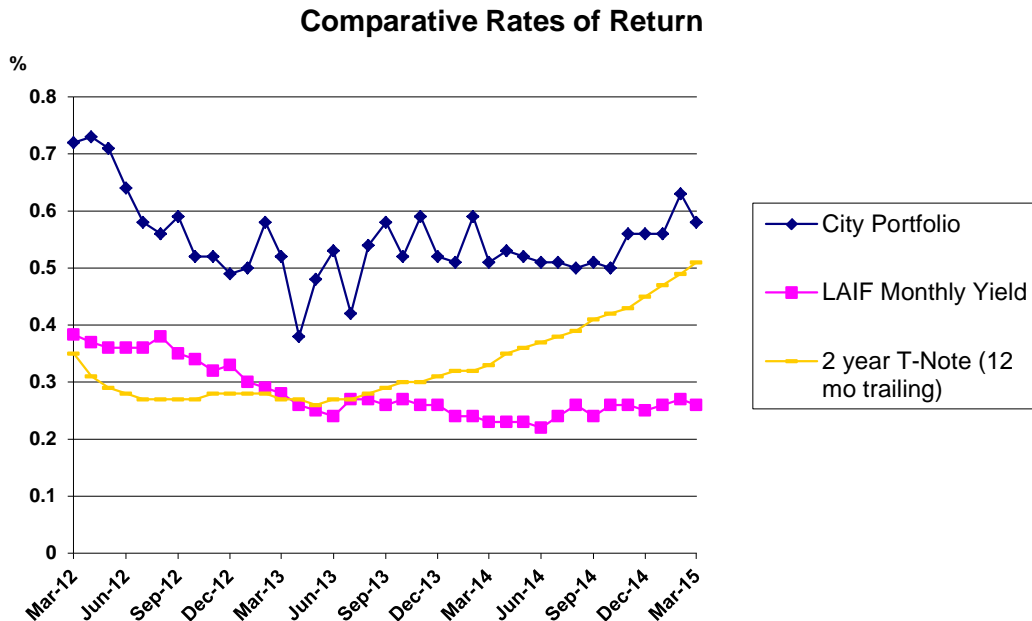
The annualized rate of return for the City's portfolio shown on the performance summary as of March 31, 2015, prepared by Cutwater, is 0.58 percent, net of fees. This rate of return is higher than the rate of the 2-year Treasury-Note (12-month trailing) of 0.51 percent and the rate of return earned through LAIF over the past quarter of 0.26 percent.

Over the first quarter of 2015, investment yields experienced decreases overall, with the exception of the 2-year and 5-year Treasuries. While the FOMC monetary policy of purchasing shorter-term securities has reduced the cost of longer-term borrowing, it has also caused the yields for two-year to five-year Treasuries to increase. The difference can be seen by the change in U.S. Treasuries rates:



Term	March 31, 2014	December 31, 2014	March 31, 2015
3-month	0.04	0.02	0.02
6-month	0.06	0.05	0.05
2-year	0.41	0.45	0.51
5-year	1.37	1.65	1.58
10-year	2.73	2.17	1.92
30-year	3.55	2.81	2.60

As previously stated, less than 39 percent of the portfolio resides in the City’s LAIF account, yielding 0.26 percent for the quarter ending March 31, 2015. While LAIF is a good investment option for funds needed for liquidity, the City’s investment of excess funds in U.S. Treasury, agency, corporate notes and commercial paper is made in an effort to enhance yields, as evidenced by the chart below, which shows the difference between the yield on the City’s portfolio and the LAIF monthly yield. As the yields for 2-year T-Notes have been steadily increasing over the last nine months, they have become more attractive investment opportunities for the City’s portfolio.



Fees paid to Cutwater (totaling \$12,122 for the quarter ended March 31, 2015) are deducted from investment earnings before calculating the City’s net rate of return. Staff continues to work with the City’s investment advisors to meet the City’s investment objectives and rearrange the portfolio for maximum yield while providing safety for the principal amount.

**Investment Transactions in the First Quarter**

Staff is continuing to purchase new investments as others are called or matured or as the City does not require as much liquidity. With the expectation that the federal funds rate will continue at its current level for an indefinite period, staff has been investing in some longer-term securities of over two years. This strategy creates a balance of short and longer-term securities so that staff will have funds available to invest when rates begin to rise while reducing the City’s exposure to interest rate risk.

Investments that matured, were called, or purchased during the period of January 1, 2015 through March 31, 2015 are shown in the schedule below:

Date	Transaction	Description	Term	% Yield	Principal
01/15/15	Maturity	Berkshire Hathaway	2.25 yrs	0.56	\$3,000,000
01/21/15	Purchase	Merck & Co	1.00 yr	0.43	\$2,000,000
01/21/15	Purchase	Caterpillar Financial	1.25 yrs	0.44	\$2,000,000
03/05/15	Maturity	PepsiCo	2.50 yrs	0.53	\$1,000,000
03/06/15	Purchase	Chevron	2.75 yrs	1.10	\$1,000,000
03/15/15	Maturity	Pfizer Inc	2.00 yrs	0.53	\$3,000,000
03/17/15	Purchase	Pfizer Inc	2.00 yrs	0.88	\$1,500,000
03/18/15	Purchase	John Deere Capital	2.00 yrs	0.91	\$1,500,000
03/22/15	Call	FHLB Callable	0.50 yrs	1.34	\$2,000,000
03/24/15	Purchase	T-Bill	2.50 yrs	0.79	\$1,000,000
03/26/15	Call	FHLMC Callable	0.25 yrs	0.80	\$1,000,000
03/26/15	Purchase	PepsiCo	2.50 yrs	0.98	\$1,000,000
03/30/15	Purchase	FHLMC Callable	2.00 yrs	0.75	\$1,500,000

The average number of days to maturity in the City’s portfolio decreased during the first quarter. The average number of days to maturity of the City’s portfolio as of March 31, 2015 was 330 days as compared to 441 days as of December 31, 2014. The decrease in the days to maturity is due to some long-term callable securities that were called well before their maturity dates. The average life of securities in LAIF’s portfolio as of March 31, 2015 was 191 days, which is indicative of LAIF’s preference for liquidity.

**Cash and Investments by Fund**

Overall, the City’s investment portfolio increased by over \$1.9 million in the first quarter of 2015. The schedule below lists the change in cash balance by fund type.

Fund/Fund Type	Cash Balance as of 03/31/15	Cash Balance as of 12/31/14	Difference	% Change
General Fund	27,827,925	28,343,274	(515,349)	-1.82%
Bayfront Park Maintenance Fund	553,203	573,338	(20,135)	-3.51%
Recreation -in-Lieu Fund	1,431,623	1,385,558	46,065	3.32%
Other Expendable Trust Funds	1,158,036	995,926	162,110	16.28%
Transportation Impact Fee Fund	5,581,401	4,667,418	913,983	19.58%
Garbage Service Fund	1,179,216	1,101,857	77,359	7.02%
Parking Permit Fund	3,601,721	3,426,085	175,636	5.13%
BMR Housing Fund	7,931,359	7,110,788	820,571	11.54%
Measure A Funds	589,708	662,356	(72,648)	-10.97%
Storm Water Management Fund	349,194	384,551	(35,357)	-9.19%
Successor Agency Funds	3,078,720	3,087,065	(8,345)	-0.27%
Measure T Funds	328,572	328,486	86	0.03%
Other Special Revenue Funds	14,243,848	13,778,857	464,991	3.37%
Capital Project Fund- General	12,991,799	12,707,666	284,133	2.24%
Water Operating & Capital	14,489,694	14,674,208	(184,514)	-1.26%
Debt Service Fund	1,252,008	1,532,241	(280,233)	-18.29%
Internal Service Fund	3,205,179	3,077,320	127,859	4.15%
<b>Total Portfolio of all Funds</b>	<b>99,793,207</b>	<b>97,836,994</b>	<b>1,956,213</b>	<b>2.00%</b>

Cash and investment holdings in the General Fund decreased due by normal operating costs and the timing remittances of its revenues. The City’s Debt Service Funds decreased because of the semi-annual interest payment due at the end of January 2015. In January, the Transportation Impact Fee Fund received over \$900,000 in developer payments, of which over \$655,000 came from Sobrato for the Marsh Road and Bayfront project. During the quarter, the BMR Housing Fund received over \$2.2 million in BMR fees, which included over \$1.85 million from Sobrato and \$382,500 from Laurel Oaks LP. These funds were offset by over \$1.4 million in loan withdrawal requests from Willow Housing LP. In Other Special Revenue Funds, the Construction Impact Fee Fund increased by \$350,000 from revenues related to new construction.

**IMPACT ON CITY RESOURCES**

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

**ENVIRONMENTAL REVIEW**

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

**PUBLIC NOTICE**

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

## **ATTACHMENTS**

- A. Cutwater Investment Reports (attachment) for the period of March 1, 2015 – March 31, 2015.

Report prepared by:  
*Geoffrey Buchheim*  
*Financial Services Manager*

**Cutwater Asset Management**  
1331 17th Street, Suite 602  
Denver, CO 80202  
**Tel: 303 860 1100**  
Fax: 303 860 0016

# CITY OF MENLO PARK

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Report for the period March 1, 2015 - March 31, 2015

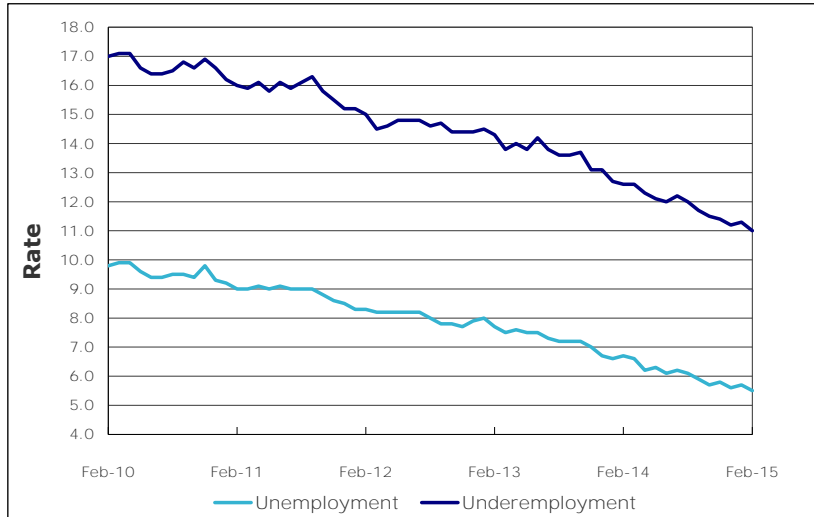
Please contact Accounting by calling the number above or email [camreports@cutwater.com](mailto:camreports@cutwater.com) with questions concerning this report.

( This report was prepared on April 9, 2015 )

## Fixed Income Market Review March 31, 2015

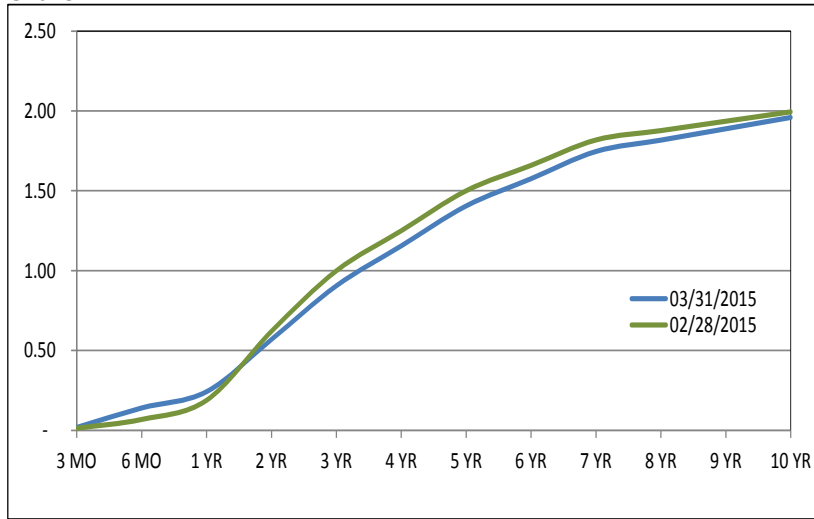
**Unemployment and Underemployment**  
02/2010 – 02/2015

**Chart 1**



**Treasury Yield Curves**  
02/28/2015 – 03/31/2015

**Chart 2**



**Economic Indicators & Monetary Policy** – Gross Domestic Product (GDP) for the fourth quarter of 2014 increased 2.2 percent, according to the final estimate, released in March. Contributing to the growth in fourth quarter GDP was consumer spending, which experienced its largest gain in eight years. Corporate profits declined during the fourth quarter, adding downward pressure to the American economy. The Institute for Supply Management (ISM) indices wavered in February, with the ISM manufacturing index falling to 52.9 from 53.5 and the non-manufacturing index increasing from 56.7 to 56.9.

The unemployment rate dropped to 5.5 percent in February as 295,000 new jobs were created. Job growth continues to be a source of strength for the American economy. Over the past twelve months the labor force has added roughly 3.1 million jobs and the unemployment rate has dropped from 6.6 percent to 5.5 percent. The underemployment rate has also improved, dropping from 12.6 percent to 11.0 percent since March, 2014 (See Chart 1).

The Producer Price Index (PPI) including food and energy decreased 0.5 percent on a month-over-month basis. The PPI including food and energy has now declined in each of the past four months, and six of the past seven. The core PPI, which excludes food and energy, dropped 0.5 percent on a month-over-month basis in February. On the consumer side, prices have begun to increase. The Consumer Price Indices including and excluding food and energy (CPI) increased 0.2 percent on a month-over-month basis in February. On a year-over-year basis, the CPI including food and energy remained unchanged, while the core CPI increased 1.7 percent.

New and existing home sales rebounded in February, increasing by 7.8 percent and 1.2 percent respectively, as a drop in mortgage rates incentivized many Americans to purchase homes. Mortgage applications also rose as a result of lower rates. Applications increased 9.5 percent for the week ending March 20 compared to a 3.9 percent decline during the previous week.

The Federal Open Market Committee (FOMC) met on March 17 and 18 and voted to maintain the Fed funds target rate at zero to 0.25 percent. The FOMC also stated that a rate increase during the April meeting was unlikely. However, the FOMC did not indicate the importance of patience in regards to a rate increase as it had in the past, which led to speculation that rates may rise this year.

**Yield Curve & Spreads** - At the end of March, the 3-month Treasury bill yielded 0.02 percent, the 6-month Treasury bill yielded 0.13 percent, the 2-year Treasury note yielded 0.56 percent, the 5-year Treasury note yielded 1.37 percent, and the 10-year Treasury note yielded 1.92 percent (See Chart 2).

Cutwater Asset Management

**Additional Information**  
**March 31, 2015**

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

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

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

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

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

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The information contained in this presentation comes from public sources which Cutwater Asset Management believes to be reliable. All opinions expressed in this document are solely those of Cutwater. A list of sources used for this document is available upon request.

**City of Menlo Park  
Activity and Performance Summary  
for the period March 1, 2015 - March 31, 2015**

**Amortized Cost Basis Activity Summary**

<b>Beginning Amortized Cost Value</b>	102,393,274.11
Additions	
Contributions	0.00
Interest Received	123,938.67
Accrued Interest Sold	2,986.11
Gain on Sales	2,317.45
<b>Total Additions</b>	<b>129,242.23</b>
Deductions	
Withdrawals	3,049,348.03
Fees Paid	4,030.33
Accrued Interest Purchased	14,299.54
Loss on Sales	0.00
<b>Total Deductions</b>	<b>(3,067,677.90)</b>
Accretion (Amortization) for the Period	(29,485.16)
<b>Ending Amortized Cost Value</b>	<b>99,425,353.28</b>
Ending Fair Value	99,549,102.31
Unrealized Gain (Loss)	123,749.03

**Detail of Amortized Cost Basis Return**

	Interest Earned	Accretion (Amortization)	Realized Gain (Loss)	Total Income
<b>Current Holdings</b>				
Cash and Equivalents	9,155.64	0.00	0.00	9,155.64
Commercial Paper	0.00	818.05	0.00	818.05
U.S. Treasury	5,584.31	(211.16)	0.00	5,373.15
U.S. Instrumentality	23,876.46	(7,656.79)	0.00	16,219.67
Corporate	34,546.07	(14,828.60)	0.00	19,717.47
<b>Sales and Maturities</b>				
U.S. Instrumentality	1,451.38	(2,065.34)	2,317.45	1,703.49
Corporate	6,325.00	(5,541.32)	0.00	783.68
<b>Total</b>	<b>80,938.86</b>	<b>(29,485.16)</b>	<b>2,317.45</b>	<b>53,771.15</b>

**Annualized Comparative Rates of Return**

	Twelve Month Trailing	Six Month Trailing	One Month
Fed Funds	0.10 %	0.11 %	0.11 %
Overnight Repo	0.11 %	0.13 %	0.18 %
3 Month T-Bill	0.02 %	0.01 %	0.02 %
6 Month T-Bill	0.05 %	0.06 %	0.08 %
1 Year T-Note	0.14 %	0.18 %	0.25 %
2 Year T-Note	0.51 %	0.55 %	0.64 %
5 Year T-Note	1.58 %	1.48 %	1.52 %

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

	Total Portfolio	Excl. Cash Eq.
Interest Earned	80,938.86	71,783.22
Accretion (Amortization)	(29,485.16)	(29,485.16)
Realized Gain (Loss) on Sales	<u>2,317.45</u>	<u>2,317.45</u>
Total Income on Portfolio	53,771.15	44,615.51
Average Daily Historical Cost	101,105,134.92	60,454,886.46
Annualized Return	0.63%	0.87%
Annualized Return Net of Fees	0.58%	0.79%
Annualized Return Year to Date Net of Fees	0.59%	0.80%
Weighted Average Effective Maturity in Days	330	539



**City of Menlo Park  
Activity and Performance Summary  
for the period March 1, 2015 - March 31, 2015**

**Fair Value Basis Activity Summary**

<b>Beginning Fair Value</b>	102,452,070.72
Additions	
Contributions	0.00
Interest Received	123,938.67
Accrued Interest Sold	2,986.11
<b>Total Additions</b>	126,924.78
Deductions	
Withdrawals	3,049,348.03
Fees Paid	4,030.33
Accrued Interest Purchased	14,299.54
<b>Total Deductions</b>	(3,067,677.90)
Change in Fair Value for the Period	37,784.71
<b>Ending Fair Value</b>	99,549,102.31

**Detail of Fair Value Basis Return**

	Interest Earned	Change in Fair Value	Total Income
<b>Current Holdings</b>			
Cash and Equivalents	9,155.64	0.00	9,155.64
Commercial Paper	0.00	585.00	585.00
U.S. Treasury	5,584.31	15,467.37	21,051.68
U.S. Instrumentality	23,876.46	38,159.71	62,036.17
Corporate	34,546.07	(11,665.77)	22,880.30
<b>Sales and Maturities</b>			
U.S. Instrumentality	1,451.38	(10.60)	1,440.78
Corporate	6,325.00	(4,751.00)	1,574.00
<b>Total</b>	<b>80,938.86</b>	<b>37,784.71</b>	<b>118,723.57</b>

**Annualized Comparative Rates of Return**

	Twelve Month Trailing	Six Month Trailing	One Month
Fed Funds	0.10 %	0.11 %	0.11 %
Overnight Repo	0.11 %	0.13 %	0.18 %
3 Month T-Bill	0.04 %	0.02 %	-0.01 %
6 Month T-Bill	0.12 %	0.13 %	0.08 %
1 Year T-Note	0.19 %	0.11 %	0.15 %
BAML 1-3 Yr Tsy Index	1.00 %	1.40 %	2.74 %
BAML 1-5 Yr Tsy Index	1.90 %	2.83 %	4.94 %

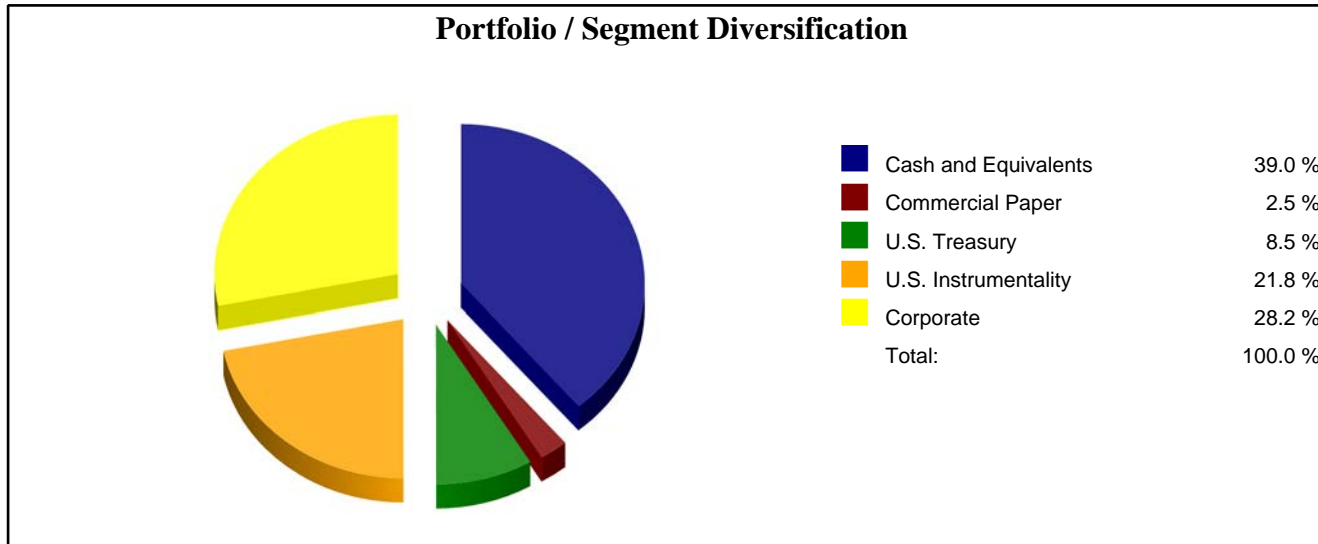
**Summary of Fair Value Basis Return for the Period**

	Total Portfolio	Excl. Cash Eq.
Interest Earned	80,938.86	71,783.22
Change in Fair Value	<u>37,784.71</u>	<u>37,784.71</u>
Total Income on Portfolio	118,723.57	109,567.93
Average Daily Historical Cost	101,105,134.92	60,454,886.46
Annualized Return	1.38%	2.13%
Annualized Return Net of Fees	1.34%	2.06%
Annualized Return Year to Date Net of Fees	1.50%	2.32%
Weighted Average Effective Maturity in Days	330	539

**City of Menlo Park  
Recap of Securities Held  
March 31, 2015**

	Historical Cost	Amortized Cost	Fair Value	Unrealized Gain (Loss)	Weighted Average Final Maturity (Days)	Weighted Average Effective Maturity (Days)	% Portfolio/Segment	Weighted Average Yield *	Weighted Average Market Duration (Years)
Cash and Equivalents	38,872,687.98	38,872,687.98	38,872,687.98	0.00	1	1	38.95	0.27	0.00
Commercial Paper	2,493,006.94	2,498,205.55	2,498,860.00	654.45	69	69	2.50	0.39	0.00
U.S. Treasury	8,514,765.64	8,497,271.41	8,531,405.50	34,134.09	744	744	8.53	0.81	2.02
U.S. Instrumentality	21,764,264.60	21,584,088.27	21,620,983.26	36,894.99	839	412	21.81	0.95	1.09
Corporate	28,148,481.85	27,973,100.07	28,025,165.57	52,065.50	619	617	28.21	0.95	1.65
<b>Total</b>	<b>99,793,207.01</b>	<b>99,425,353.28</b>	<b>99,549,102.31</b>	<b>123,749.03</b>	<b>423</b>	<b>330</b>	<b>100.00</b>	<b>0.66</b>	<b>0.88</b>

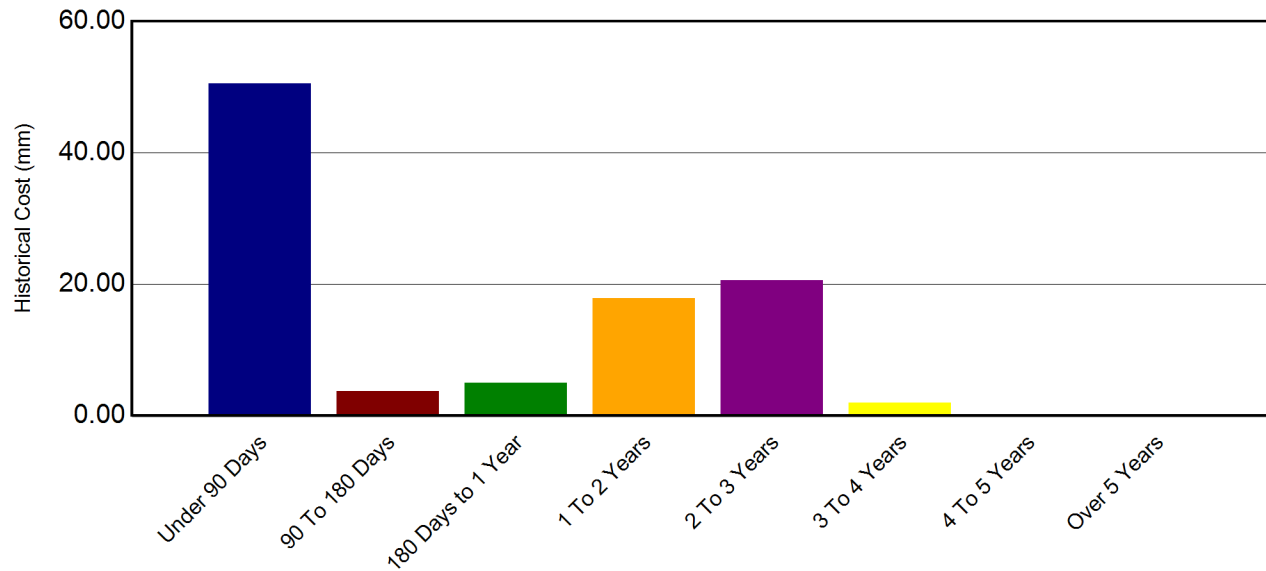
\* Weighted Average Yield is calculated on a "yield to worst" basis.



**City of Menlo Park**  
**Maturity Distribution of Securities Held**  
**March 31, 2015**

Maturity	Historical Cost	Percent
Under 90 Days	50,511,799.92	50.62 %
90 To 180 Days	3,760,006.85	3.77 %
180 Days to 1 Year	5,034,760.00	5.05 %
1 To 2 Years	17,902,241.88	17.94 %
2 To 3 Years	20,599,478.36	20.64 %
3 To 4 Years	1,984,920.00	1.99 %
4 To 5 Years	0.00	0.00 %
Over 5 Years	0.00	0.00 %
	<b>99,793,207.01</b>	<b>100.00 %</b>

**Maturity Distribution**



**City of Menlo Park  
Securities Held  
March 31, 2015**

CUSIP/ Description	Purchase Date	Rate/ Coupon	Maturity/ Call Date	Par Value/ Shares	Historical Cost/ Accrued Interest Purchased	Amortized Cost/ Accretion (Amortization)	Fair Value/ Change In Fair Value	Unrealized Gain (Loss)	Interest Received	Interest Earned	Total Accrued Interest	% Port Cost	Yield
<b>Cash and Equivalents</b>													
LAIF - City 98-19-22	03/31/15	0.266V		38,872,687.98	38,872,687.98	38,872,687.98	38,872,687.98	0.00	0.00	9,155.64	26,263.99	38.95	0.27
					0.00	0.00	0.00						
<b>TOTAL (Cash and Equivalents)</b>				38,872,687.98	38,872,687.98	38,872,687.98	38,872,687.98	0.00	0.00	9,155.64	26,263.99	38.95	
					0.00	0.00	0.00						
<b>Commercial Paper</b>													
06737JT88	09/16/14	0.000	06/08/15	2,500,000.00	2,493,006.94	2,498,205.55	2,498,860.00	654.45	0.00	0.00	0.00	2.50	0.39
Barclays US Funding					0.00	818.05	585.00						
<b>TOTAL (Commercial Paper)</b>				2,500,000.00	2,493,006.94	2,498,205.55	2,498,860.00	654.45	0.00	0.00	0.00	2.50	
					0.00	818.05	585.00						
<b>U.S. Treasury</b>													
912828QX1	08/25/11	1.500	07/31/16	1,000,000.00	1,022,968.75	1,006,207.43	1,014,609.00	8,401.57	0.00	1,284.53	2,486.19	1.03	1.02
T-Note					0.00	(395.13)	(235.00)						
912828WF3	08/15/14	0.625	11/15/16	1,000,000.00	1,000,312.50	1,000,225.55	1,002,578.00	2,352.45	0.00	535.22	2,365.33	1.00	0.61
T-Note					0.00	(11.77)	1,094.00						
912828SJ0	05/15/14	0.875	02/28/17	1,000,000.00	1,004,140.63	1,002,837.55	1,006,328.00	3,490.45	0.00	737.09	760.87	1.01	0.72
T-Note					0.00	(125.84)	1,562.00						
912828WH9	06/05/14	0.875	05/15/17	2,000,000.00	2,003,437.50	2,002,478.20	2,011,250.00	8,771.80	0.00	1,498.62	6,622.93	2.01	0.82
T-Note					0.00	(99.13)	4,062.00						
912828TB6	11/25/14	0.750	06/30/17	1,500,000.00	1,497,421.88	1,497,767.26	1,503,046.50	5,279.24	0.00	963.40	2,828.04	1.50	0.82
T-Note					0.00	84.30	3,984.00						
912828TG5	11/25/14	0.500	07/31/17	1,000,000.00	990,468.75	991,705.18	996,172.00	4,466.82	0.00	428.18	828.73	0.99	0.86
T-Note					0.00	301.80	3,594.00						
912828TS9	03/24/15	0.625	09/30/17	1,000,000.00	996,015.63	996,050.24	997,422.00	1,371.76	3,125.00	137.27	17.08	1.00	0.79
T-Note					0.00	34.61	1,406.37						
<b>TOTAL (U.S. Treasury)</b>				8,500,000.00	8,514,765.64	8,497,271.41	8,531,405.50	34,134.09	3,125.00	5,584.31	15,909.17	8.53	
					0.00	(211.16)	15,467.37						
<b>U.S. Instrumentality</b>													
3133XWNB1	09/28/11	2.875	06/12/15	1,500,000.00	1,606,845.00	1,505,685.76	1,508,166.00	2,480.24	0.00	3,593.75	13,057.29	1.61	0.92
FHLB					0.00	(2,448.04)	(3,244.50)						
3134G5HA6	Call	0.700	09/19/16	1,500,000.00	1,500,000.00	1,500,000.00	1,500,429.00	429.00	5,250.00	875.00	350.00	1.50	0.70
FHLMC			06/19/15		0.00	0.00	1,587.00						
3130A3Q23	Call	0.800	12/30/16	1,000,000.00	1,000,000.00	1,000,000.00	1,001,324.00	1,324.00	0.00	666.66	2,022.22	1.00	0.80
FHLB			06/30/15		0.00	0.00	1,722.00						

**City of Menlo Park  
Securities Held  
March 31, 2015**

CUSIP/ Description	Purchase Date	Rate/ Coupon	Maturity/ Call Date	Par Value/ Shares	Historical Cost/ Accrued Interest Purchased	Amortized Cost/ Accretion (Amortization)	Fair Value/ Change In Fair Value	Unrealized Gain (Loss)	Interest Received	Interest Earned	Total Accrued Interest	% Port Cost	Yield
31331XLG5 FFCB	06/06/14	4.875	01/17/17	1,000,000.00	1,107,670.00 0.00	1,073,994.97 (3,491.39)	1,076,134.00 (3,070.00)	2,139.03	0.00	4,062.50	10,020.83	1.11	0.71
3134G54B8 FHLMC	Call 05/15/14	0.900	02/15/17 05/15/15	1,000,000.00	1,000,000.00 0.00	1,000,000.00 0.00	1,000,751.00 616.00	751.00	0.00	750.00	3,400.00	1.00	0.90
3135GOVM2 FNMA	04/03/13	0.750	03/14/17	1,000,000.00	1,000,700.00 0.00	1,000,000.00 0.00	1,002,149.00 2,527.00	2,149.00	3,750.00	625.00	354.17	1.00	0.75
3134G6PG2 FHLMC	Call 03/30/15	0.750	03/30/17 09/30/15	1,000,000.00	1,000,000.00 0.00	1,000,000.00 0.00	1,000,079.00 79.00	79.00	0.00	20.83	20.83	1.00	0.75
3128MBFA0 FHLMC	01/23/13	6.000	04/01/17	508,210.03	540,449.60 0.00	523,623.45 (653.65)	525,804.26 (1,472.79)	2,180.81	2,541.05	2,541.05	2,541.05	0.54	2.31
3135G0PP2 FNMA	04/18/13	1.000	09/20/17	2,000,000.00	2,005,000.00 0.00	2,000,000.00 0.00	2,007,220.00 2,914.00	7,220.00	10,000.00	1,666.67	611.11	2.01	1.00
3130A3P73 FHLB	Call 12/26/14	0.800V	12/26/17 06/26/15	1,000,000.00	1,000,000.00 0.00	1,000,000.00 0.00	1,000,839.00 478.00	839.00	0.00	666.67	2,111.11	1.00	0.80
3130A3PF5 FHLB	Call 12/29/14	0.625V	12/29/17 12/29/15	2,000,000.00	1,999,000.00 0.00	1,999,084.85 28.28	2,003,550.00 524.00	4,465.15	0.00	1,041.66	3,194.44	2.00	1.30
3137EADN6 FHLMC	01/22/13	0.750	01/12/18	2,000,000.00	1,984,380.00 0.00	1,991,252.46 266.65	1,996,460.00 16,512.00	5,207.54	0.00	1,250.00	3,291.67	1.99	0.91
3137EADN6 FHLMC	02/15/13	0.750	01/12/18	2,000,000.00	1,980,960.00 0.00	1,989,194.38 329.38	1,996,460.00 16,512.00	7,265.62	0.00	1,250.00	3,291.67	1.99	0.95
3136G1KN8 FNMA	Call 05/03/13	1.500	04/24/18 04/24/15	2,000,000.00	2,039,260.00 0.00	2,001,252.40 (1,688.02)	2,001,396.00 (1,800.00)	143.60	0.00	2,500.00	13,083.33	2.04	0.50
3133EECV0 FFCB	Call 11/25/14	1.420	05/25/18 04/25/15	2,000,000.00	2,000,000.00 0.00	2,000,000.00 0.00	2,000,222.00 4,276.00	222.00	0.00	2,366.67	9,940.00	2.00	1.42
<b>TOTAL (U.S. Instrumentality)</b>				21,508,210.03	21,764,264.60 0.00	21,584,088.27 (7,656.79)	21,620,983.26 38,159.71	36,894.99	21,541.05	23,876.46	67,289.72	21.81	

**Corporate**

36962G5Z3 GE Capital	10/02/12	1.625	07/02/15	1,013,000.00	1,032,236.87 0.00	1,014,764.50 (594.56)	1,016,073.44 (1,266.25)	1,308.94	0.00	1,371.77	4,069.59	1.03	0.92
36962G4P6 GE Capital	09/21/12	1.000V	09/23/15	725,000.00	724,369.98 0.00	724,899.50 17.81	727,338.13 (499.52)	2,438.63	1,812.50	604.17	161.11	0.73	1.03
594918AG9 Microsoft	07/26/11	1.625	09/25/15	1,000,000.00	1,003,400.00 0.00	1,000,395.40 (69.25)	1,006,160.00 (1,867.00)	5,764.60	8,125.00	1,354.16	270.83	1.01	1.54
58933YAB1 MERCK & CO INC	01/21/15	2.250	01/15/16	2,000,000.00	2,035,760.00 750.00	2,028,787.30 (3,087.91)	2,028,434.00 (3,076.00)	(353.30)	0.00	3,750.00	9,500.00	2.04	0.43
14912L4S7 Caterpillar Financia	01/21/15	2.650	04/01/16	2,000,000.00	2,052,580.00 16,194.44	2,044,138.26 (3,738.48)	2,040,778.00 (2,682.00)	(3,360.26)	0.00	4,416.67	26,500.00	2.06	0.44

**City of Menlo Park  
Securities Held  
March 31, 2015**

CUSIP/ Description	Purchase Date	Rate/ Coupon	Maturity/ Call Date	Par Value/ Shares	Historical Cost/ Accrued Interest Purchased	Amortized Cost/ Accretion (Amortization)	Fair Value/ Change In Fair Value	Unrealized Gain (Loss)	Interest Received	Interest Earned	Total Accrued Interest	% Port Cost	Yield
38259PAC6 Google	10/16/12	2.125	05/19/16	1,000,000.00	1,053,370.00	1,016,853.68	1,019,313.00	2,459.32	0.00	1,770.84	7,791.67	1.06	0.62
					0.00	(1,262.00)	(987.00)						
459200GX3 IBM Corp	11/09/12	1.950	07/22/16	2,000,000.00	2,076,820.00	2,027,179.84	2,036,344.00	9,164.16	0.00	3,250.00	7,475.00	2.08	0.89
					0.00	(1,762.71)	(2,228.00)						
06050TLR1 Bank of America	10/09/14	1.125	11/14/16	2,000,000.00	2,000,120.00	2,000,092.78	2,002,088.00	1,995.22	0.00	1,875.00	8,562.50	2.00	1.12
					0.00	(4.85)	(134.00)						
89233P5S1 Toyota Motor Credit	04/15/14	2.050	01/12/17	1,000,000.00	1,031,090.00	1,020,210.05	1,021,229.00	1,018.95	0.00	1,708.33	4,498.61	1.03	0.90
					0.00	(960.91)	(1,400.00)						
084670BD9 Berkshire Hathaway	02/02/12	1.900	01/31/17	1,500,000.00	1,528,050.00	1,510,313.18	1,529,779.50	19,466.32	0.00	2,375.00	4,829.17	1.53	1.51
					0.00	(476.46)	(3,123.00)						
459200HC8 IBM Corp	01/07/14	1.250	02/06/17	1,500,000.00	1,509,975.00	1,505,997.40	1,514,200.50	8,203.10	0.00	1,562.50	2,864.58	1.51	1.03
					0.00	(274.62)	1,596.00						
24422ERN1 John Deere Capital C	03/18/15	1.400	03/15/17	1,500,000.00	1,514,445.00	1,514,167.21	1,515,153.00	985.79	0.00	758.33	933.33	1.52	0.91
					175.00	(277.79)	708.00						
36962G5W0 GE Capital	06/09/14	2.300	04/27/17	1,000,000.00	1,034,440.00	1,024,758.86	1,026,022.00	1,263.14	0.00	1,916.67	9,838.89	1.04	1.08
					0.00	(1,013.90)	(691.00)						
717081DJ9 Pfizer Inc	03/17/15	1.100	05/15/17	1,500,000.00	1,507,185.00	1,507,048.58	1,509,447.00	2,398.42	0.00	641.66	6,233.33	1.51	0.88
					5,591.67	(136.42)	2,262.00						
91159HHD5 US Bancorp	Call 06/04/14	1.650	05/15/17 04/15/17	2,000,000.00	2,032,160.00	2,022,905.54	2,027,444.00	4,538.46	0.00	2,750.00	12,466.67	2.04	1.08
					0.00	(953.12)	(582.00)						
88579YAE1 3M Company	12/19/12	1.000	06/26/17	2,000,000.00	2,014,560.00	2,007,209.41	2,004,458.00	(2,751.41)	0.00	1,666.67	5,277.78	2.02	0.84
					0.00	(273.55)	(1,542.00)						
713448CB2 PEPSICO Inc	03/26/15	1.250	08/13/17	1,000,000.00	1,006,400.00	1,006,355.91	1,004,421.00	(1,934.91)	0.00	173.61	1,666.67	1.01	0.98
					1,493.06	(44.09)	(1,979.00)						
166764AL4 Chevron Corp	03/06/15	1.345	11/15/17	1,000,000.00	1,006,600.00	1,006,425.79	1,008,153.00	1,727.21	0.00	934.03	4,969.03	1.01	1.10
					4,035.00	(174.21)	1,553.00						
037833AJ9 Apple Inc	05/20/13	1.000	05/03/18	2,000,000.00	1,984,920.00	1,990,596.88	1,988,330.00	(2,266.88)	0.00	1,666.66	8,222.22	1.99	1.16
					0.00	258.42	4,272.00						
<b>TOTAL (Corporate)</b>				<b>27,738,000.00</b>	<b>28,148,481.85</b>	<b>27,973,100.07</b>	<b>28,025,165.57</b>	<b>52,065.50</b>	<b>9,937.50</b>	<b>34,546.07</b>	<b>126,130.98</b>	<b>28.21</b>	
					<b>28,239.17</b>	<b>(14,828.60)</b>	<b>(11,665.77)</b>						

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**GRAND TOTAL** **99,118,898.01** **99,793,207.01** **99,425,353.28** **99,549,102.31** **123,749.03** **34,603.55** **73,162.48** **235,593.86** **100.00**  
**28,239.17** **(21,878.50)** **42,546.31**

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

**City of Menlo Park**  
**GASB 40 - Deposit and Investment Risk Disclosure**  
**March 31, 2015**

CUSIP	Type	Coupon	Maturity Date	Call Date	S&P Rating	Moody Rating	Par Value / Shares	Historical Cost	% Portfolio Hist Cost	Market Value	% Portfolio Mkt Value	Weighted Avg Mkt Dur (Yrs)
<b><u>LAIF</u></b>												
	Cash and Equivalents	0.266	01/30/3100		NR	NR	38,872,687.98	38,872,687.98	38.95	38,872,687.98	39.05	0.00
<b>ISSUER TOTAL</b>							38,872,687.98	38,872,687.98	38.95	38,872,687.98	39.05	0.00
<b><u>T-Note</u></b>												
912828QX1	U.S. Treasury	1.500	07/31/2016		AA+	Aaa	1,000,000.00	1,022,968.75	1.03	1,014,609.00	1.02	1.32
912828WF3	U.S. Treasury	0.625	11/15/2016		AA+	Aaa	1,000,000.00	1,000,312.50	1.00	1,002,578.00	1.01	1.61
912828SJ0	U.S. Treasury	0.875	02/28/2017		AA+	Aaa	1,000,000.00	1,004,140.63	1.01	1,006,328.00	1.01	1.90
912828WH9	U.S. Treasury	0.875	05/15/2017		AA+	Aaa	2,000,000.00	2,003,437.50	2.01	2,011,250.00	2.02	2.10
912828TB6	U.S. Treasury	0.750	06/30/2017		AA+	Aaa	1,500,000.00	1,497,421.88	1.50	1,503,046.50	1.51	2.23
912828TG5	U.S. Treasury	0.500	07/31/2017		AA+	Aaa	1,000,000.00	990,468.75	0.99	996,172.00	1.00	2.32
912828TS9	U.S. Treasury	0.625	09/30/2017		AA+	Aaa	1,000,000.00	996,015.63	1.00	997,422.00	1.00	2.48
<b>ISSUER TOTAL</b>							8,500,000.00	8,514,765.64	8.53	8,531,405.50	8.57	2.02
<b><u>FHLMC</u></b>												
3134G54B8	U.S. Instrumentality	0.900	02/15/2017	05/15/2015	AA+	Aaa	1,000,000.00	1,000,000.00	1.00	1,000,751.00	1.01	0.12
3134G5HA6	U.S. Instrumentality	0.700	09/19/2016	06/19/2015	AA+	Aaa	1,500,000.00	1,500,000.00	1.50	1,500,429.00	1.51	0.22
3134G6PG2	U.S. Instrumentality	0.750	03/30/2017	09/30/2015	AA+	Aaa	1,000,000.00	1,000,000.00	1.00	1,000,079.00	1.00	0.50
3128MBFA0	U.S. Instrumentality	6.000	04/01/2017		AA+	Aaa	508,210.03	540,449.60	0.54	525,804.26	0.53	1.06
3137EADN6	U.S. Instrumentality	0.750	01/12/2018		AA+	Aaa	4,000,000.00	3,965,340.00	3.97	3,992,920.00	4.01	2.74
<b>ISSUER TOTAL</b>							8,008,210.03	8,005,789.60	8.02	8,019,983.26	8.06	1.55
<b><u>FHLB</u></b>												
3133XWNB1	U.S. Instrumentality	2.875	06/12/2015		AA+	Aaa	1,500,000.00	1,606,845.00	1.61	1,508,166.00	1.51	0.20
3130A3P73	U.S. Instrumentality	0.800	12/26/2017	06/26/2015	AA+	Aaa	1,000,000.00	1,000,000.00	1.00	1,000,839.00	1.01	0.24
3130A3Q23	U.S. Instrumentality	0.800	12/30/2016	06/30/2015	AA+	Aaa	1,000,000.00	1,000,000.00	1.00	1,001,324.00	1.01	0.25
3130A3PF5	U.S. Instrumentality	0.625	12/29/2017	12/29/2015	AA+	Aaa	2,000,000.00	1,999,000.00	2.00	2,003,550.00	2.01	0.74
<b>ISSUER TOTAL</b>							5,500,000.00	5,605,845.00	5.62	5,513,879.00	5.54	0.41
<b><u>FNMA</u></b>												
3136G1KN8	U.S. Instrumentality	1.500	04/24/2018	04/24/2015	AA+	Aaa	2,000,000.00	2,039,260.00	2.04	2,001,396.00	2.01	0.06
3135G0VM2	U.S. Instrumentality	0.750	03/14/2017		AA+	Aaa	1,000,000.00	1,000,700.00	1.00	1,002,149.00	1.01	1.94
3135G0PP2	U.S. Instrumentality	1.000	09/20/2017		AA+	Aaa	2,000,000.00	2,005,000.00	2.01	2,007,220.00	2.02	2.43
<b>ISSUER TOTAL</b>							5,000,000.00	5,044,960.00	5.06	5,010,765.00	5.03	1.39

**City of Menlo Park**  
**GASB 40 - Deposit and Investment Risk Disclosure**  
**March 31, 2015**

CUSIP	Type	Coupon	Maturity Date	Call Date	S&P Rating	Moody Rating	Par Value / Shares	Historical Cost	% Portfolio Hist Cost	Market Value	% Portfolio Mkt Value	Weighted Avg Mkt Dur (Yrs)
<b>IBM Corp</b>												
459200GX3	Corporate	1.950	07/22/2016		AA-	Aa3	2,000,000.00	2,076,820.00	2.08	2,036,344.00	2.05	1.29
459200HC8	Corporate	1.250	02/06/2017		AA-	Aa3	1,500,000.00	1,509,975.00	1.51	1,514,200.50	1.52	1.82
<b>ISSUER TOTAL</b>							3,500,000.00	3,586,795.00	3.59	3,550,544.50	3.57	1.52
<b>FFCB</b>												
3133EECV0	U.S. Instrumentality	1.420	05/25/2018	04/25/2015	AA+	Aaa	2,000,000.00	2,000,000.00	2.00	2,000,222.00	2.01	0.07
31331XLG5	U.S. Instrumentality	4.875	01/17/2017		AA+	Aaa	1,000,000.00	1,107,670.00	1.11	1,076,134.00	1.08	1.72
<b>ISSUER TOTAL</b>							3,000,000.00	3,107,670.00	3.11	3,076,356.00	3.09	0.65
<b>GE Capital</b>												
36962G5Z3	Corporate	1.625	07/02/2015		AA+	A1	1,013,000.00	1,032,236.87	1.03	1,016,073.44	1.02	0.25
36962G4P6	Corporate	1.000	09/23/2015		AA+	A1	725,000.00	724,369.98	0.73	727,338.13	0.73	0.48
36962G5W0	Corporate	2.300	04/27/2017		AA+	A1	1,000,000.00	1,034,440.00	1.04	1,026,022.00	1.03	2.01
<b>ISSUER TOTAL</b>							2,738,000.00	2,791,046.85	2.80	2,769,433.57	2.78	0.96
<b>Barclays US Funding</b>												
06737JT88	Commercial Paper	0.000	06/08/2015		A-1	P-1	2,500,000.00	2,493,006.94	2.50	2,498,860.00	2.51	0.00
<b>ISSUER TOTAL</b>							2,500,000.00	2,493,006.94	2.50	2,498,860.00	2.51	0.00
<b>Caterpillar Financial</b>												
14912L4S7	Corporate	2.650	04/01/2016		A	A2	2,000,000.00	2,052,580.00	2.06	2,040,778.00	2.05	0.98
<b>ISSUER TOTAL</b>							2,000,000.00	2,052,580.00	2.06	2,040,778.00	2.05	0.98
<b>MERCK &amp; CO INC</b>												
58933YAB1	Corporate	2.250	01/15/2016		AA	A2	2,000,000.00	2,035,760.00	2.04	2,028,434.00	2.04	0.78
<b>ISSUER TOTAL</b>							2,000,000.00	2,035,760.00	2.04	2,028,434.00	2.04	0.78
<b>US Bancorp</b>												
91159HHD5	Corporate	1.650	05/15/2017	04/15/2017	A+	A1	2,000,000.00	2,032,160.00	2.04	2,027,444.00	2.04	1.99
<b>ISSUER TOTAL</b>							2,000,000.00	2,032,160.00	2.04	2,027,444.00	2.04	1.99
<b>3M Company</b>												
88579YAE1	Corporate	1.000	06/26/2017		AA-	Aa3	2,000,000.00	2,014,560.00	2.02	2,004,458.00	2.01	2.20
<b>ISSUER TOTAL</b>							2,000,000.00	2,014,560.00	2.02	2,004,458.00	2.01	2.20



**City of Menlo Park**  
**GASB 40 - Deposit and Investment Risk Disclosure**  
**March 31, 2015**

CUSIP	Type	Coupon	Maturity Date	Call Date	S&P Rating	Moody Rating	Par Value / Shares	Historical Cost	% Portfolio Hist Cost	Market Value	% Portfolio Mkt Value	Weighted Avg Mkt Dur (Yrs)
<b><u>Bank of America</u></b>												
06050TLR1	Corporate	1.125	11/14/2016		A	A2	2,000,000.00	2,000,120.00	2.00	2,002,088.00	2.01	1.59
<b>ISSUER TOTAL</b>							2,000,000.00	2,000,120.00	2.00	2,002,088.00	2.01	1.59
<b><u>Apple Inc</u></b>												
037833AJ9	Corporate	1.000	05/03/2018		AA+	Aa1	2,000,000.00	1,984,920.00	1.99	1,988,330.00	2.00	3.02
<b>ISSUER TOTAL</b>							2,000,000.00	1,984,920.00	1.99	1,988,330.00	2.00	3.02
<b><u>Berkshire Hathaway</u></b>												
084670BD9	Corporate	1.900	01/31/2017		AA	Aa2	1,500,000.00	1,528,050.00	1.53	1,529,779.50	1.54	1.80
<b>ISSUER TOTAL</b>							1,500,000.00	1,528,050.00	1.53	1,529,779.50	1.54	1.80
<b><u>John Deere Capital Corp</u></b>												
24422ERN1	Corporate	1.400	03/15/2017		A	A2	1,500,000.00	1,514,445.00	1.52	1,515,153.00	1.52	1.93
<b>ISSUER TOTAL</b>							1,500,000.00	1,514,445.00	1.52	1,515,153.00	1.52	1.93
<b><u>Pfizer Inc</u></b>												
717081DJ9	Corporate	1.100	05/15/2017		AA	A1	1,500,000.00	1,507,185.00	1.51	1,509,447.00	1.52	2.09
<b>ISSUER TOTAL</b>							1,500,000.00	1,507,185.00	1.51	1,509,447.00	1.52	2.09
<b><u>Toyota Motor Credit</u></b>												
89233P5S1	Corporate	2.050	01/12/2017		AA-	Aa3	1,000,000.00	1,031,090.00	1.03	1,021,229.00	1.03	1.74
<b>ISSUER TOTAL</b>							1,000,000.00	1,031,090.00	1.03	1,021,229.00	1.03	1.74
<b><u>Google</u></b>												
38259PAC6	Corporate	2.125	05/19/2016		AA	Aa2	1,000,000.00	1,053,370.00	1.06	1,019,313.00	1.02	1.12
<b>ISSUER TOTAL</b>							1,000,000.00	1,053,370.00	1.06	1,019,313.00	1.02	1.12
<b><u>Chevron Corp</u></b>												
166764AL4	Corporate	1.345	11/15/2017		AA	Aa1	1,000,000.00	1,006,600.00	1.01	1,008,153.00	1.01	2.56
<b>ISSUER TOTAL</b>							1,000,000.00	1,006,600.00	1.01	1,008,153.00	1.01	2.56

**City of Menlo Park**  
**GASB 40 - Deposit and Investment Risk Disclosure**  
**March 31, 2015**

CUSIP	Type	Coupon	Maturity Date	Call Date	S&P Rating	Moody Rating	Par Value / Shares	Historical Cost	% Portfolio Hist Cost	Market Value	% Portfolio Mkt Value	Weighted Avg Mkt Dur (Yrs)
<b><u>Microsoft</u></b>												
594918AG9	Corporate	1.625	09/25/2015		AAA	Aaa	1,000,000.00	1,003,400.00	1.01	1,006,160.00	1.01	0.48
<b>ISSUER TOTAL</b>							1,000,000.00	1,003,400.00	1.01	1,006,160.00	1.01	0.48
<b><u>PEPSICO Inc</u></b>												
713448CB2	Corporate	1.250	08/13/2017		A-	A1	1,000,000.00	1,006,400.00	1.01	1,004,421.00	1.01	2.32
<b>ISSUER TOTAL</b>							1,000,000.00	1,006,400.00	1.01	1,004,421.00	1.01	2.32
<b>GRAND TOTAL</b>							<b>99,118,898.01</b>	<b>99,793,207.01</b>	<b>100.00</b>	<b>99,549,102.31</b>	<b>100.00</b>	<b>0.88</b>

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

**City of Menlo Park  
Securities Purchased  
March 1, 2015 - March 31, 2015**

CUSIP/Description	Purchase Date	Rate/Coupon	Maturity/Call Date	Par Value/Shares	Unit Cost	Principal Cost	Accrued Interest Purchased	Yield
<b><u>U.S. Treasury</u></b>								
912828TS9 T-Note	03/24/2015	0.625	09/30/2017	1,000,000.00	99.602	996,015.63	3,004.81	0.79
<b>TOTAL (U.S. Treasury)</b>				1,000,000.00		996,015.63	3,004.81	
<b><u>U.S. Instrumentality</u></b>								
3134G6PG2 FHLMC	Call 03/30/2015	0.750	03/30/2017 09/30/2015	1,000,000.00	100.000	1,000,000.00	0.00	0.75
<b>TOTAL (U.S. Instrumentality)</b>				1,000,000.00		1,000,000.00	0.00	
<b><u>Corporate</u></b>								
166764AL4 Chevron Corp	03/06/2015	1.345	11/15/2017	1,000,000.00	100.660	1,006,600.00	4,035.00	1.10
717081DJ9 Pfizer Inc	03/17/2015	1.100	05/15/2017	1,500,000.00	100.479	1,507,185.00	5,591.67	0.88
24422ERN1 John Deere Capi	03/18/2015	1.400	03/15/2017	1,500,000.00	100.963	1,514,445.00	175.00	0.91
713448CB2 PEPSICO Inc	03/26/2015	1.250	08/13/2017	1,000,000.00	100.640	1,006,400.00	1,493.06	0.98
<b>TOTAL (Corporate)</b>				5,000,000.00		5,034,630.00	11,294.73	
<b>GRAND TOTAL</b>				<b>7,000,000.00</b>		<b>7,030,645.63</b>	<b>14,299.54</b>	

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

**City of Menlo Park**  
**Securities Sold and Matured**  
**March 1, 2015 - March 31, 2015**

CUSIP/ Description	Sale or Maturity Date	Rate/ Coupon	Maturity/ Call Date	Par Value/ Shares	Historical Cost	Amortized Cost at Sale or Maturity / Acct/ (Amort)	Sale/ Maturity Price	Fair Value at Sale or Maturity / Chg.In Fair Value	Realized Gain (Loss)	Accrued Interest Sold	Interest Received	Interest Earned	Yield
<b><u>Cash and Equivalents</u></b>													
LAIF - City 98-19-228	03/05/2015	0.266V		400,000.00	400,000.00	400,000.00	100.00	400,000.00	0.00	0.00	0.00	0.00	0.27
						0.00		0.00					
LAIF - City 98-19-228	03/11/2015	0.266V		1,000,000.00	1,000,000.00	1,000,000.00	100.00	1,000,000.00	0.00	0.00	0.00	0.00	0.27
						0.00		0.00					
LAIF - City 98-19-228	03/30/2015	0.266V		1,500,000.00	1,500,000.00	1,500,000.00	100.00	1,500,000.00	0.00	0.00	0.00	0.00	0.27
						0.00		0.00					
<b>TOTAL (Cash and Equivalents)</b>				<b>2,900,000.00</b>	<b>2,900,000.00</b>	<b>2,900,000.00</b>		<b>2,900,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	
						<b>0.00</b>		<b>0.00</b>					
<b><u>U.S. Instrumentality</u></b>													
3128MBFA0 FHLMC	03/01/2015	6.000	04/01/2017	67,023.75	71,275.57	67,023.75	100.00	67,023.75	0.00	0.00	335.12	0.00	2.31
						(2,118.96)		(2,514.60)					
3130A2XY7 FHLB	Call 03/22/2015	0.500V	09/22/2017 06/22/2015	2,000,000.00	1,997,500.00	1,997,912.86	100.00	2,000,000.00	2,087.14	0.00	5,000.00	583.33	0.50
						47.90		1,128.00					
3134G5UA1 FHLMC	03/26/2015	1.250	12/26/2017	1,000,000.00	999,750.00	999,769.69	100.00	1,000,000.00	230.31	2,986.11	0.00	868.05	1.26
						5.72		1,376.00					
<b>TOTAL (U.S. Instrumentality)</b>				<b>3,067,023.75</b>	<b>3,068,525.57</b>	<b>3,064,706.30</b>		<b>3,067,023.75</b>	<b>2,317.45</b>	<b>2,986.11</b>	<b>5,335.12</b>	<b>1,451.38</b>	
						<b>(2,065.34)</b>		<b>(10.60)</b>					
<b><u>Corporate</u></b>													
713448BX5 PEPSICO Inc	03/05/2015	0.750	03/05/2015	1,000,000.00	1,005,430.00	1,000,000.00	100.00	1,000,000.00	0.00	0.00	3,750.00	83.33	0.53
						(24.27)		(11.00)					
717081DA8 Pfizer Inc	03/15/2015	5.350	03/15/2015	3,000,000.00	3,272,700.00	3,000,000.00	100.00	3,000,000.00	0.00	0.00	80,250.00	6,241.67	0.53
						(5,517.05)		(4,740.00)					
<b>TOTAL (Corporate)</b>				<b>4,000,000.00</b>	<b>4,278,130.00</b>	<b>4,000,000.00</b>		<b>4,000,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>84,000.00</b>	<b>6,325.00</b>	
						<b>(5,541.32)</b>		<b>(4,751.00)</b>					
<b>GRAND TOTAL</b>				<b>9,967,023.75</b>	<b>10,246,655.57</b>	<b>9,964,706.30</b>		<b>9,967,023.75</b>	<b>2,317.45</b>	<b>2,986.11</b>	<b>89,335.12</b>	<b>7,776.38</b>	
						<b>(7,606.66)</b>		<b>(4,761.60)</b>					

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

Cutwater Asset Management

**City of Menlo Park  
Transaction Report  
for the period March 1, 2015 - March 31, 2015**

Date	CUSIP	Transaction	Sec Type	Description	Maturity	PAR Value/Shares	Principal	Interest	Transaction Total	Balance
03/01/2015	3128MBFA0	Paydown	INS	FHLMC	04/01/2017	67,023.75	67,023.75	2,876.17	69,899.92	69,899.92
03/02/2015		Maturity	CE	Int Receivable	03/02/2015	4,375.00	4,375.00	0.00	4,375.00	74,274.92
03/05/2015		Sold	CE	LAIF - City 98-19-22		400,000.00	400,000.00	0.00	400,000.00	474,274.92
03/05/2015	713448BX5	Interest	COR	PEPSICO Inc	03/05/2015	1,000,000.00	0.00	3,750.00	3,750.00	478,024.92
03/05/2015	713448BX5	Maturity	COR	PEPSICO Inc	03/05/2015	1,000,000.00	1,000,000.00	0.00	1,000,000.00	1,478,024.92
03/06/2015	166764AL4	Bought	COR	Chevron Corp	11/15/2017	1,000,000.00	1,006,600.00	4,035.00	(1,010,635.00)	467,389.92
03/11/2015		Sold	CE	LAIF - City 98-19-22		1,000,000.00	1,000,000.00	0.00	1,000,000.00	1,467,389.92
03/14/2015	3135G0VM2	Interest	INS	FNMA	03/14/2017	1,000,000.00	0.00	3,750.00	3,750.00	1,471,139.92
03/15/2015	717081DA8	Maturity	COR	Pfizer Inc	03/15/2015	3,000,000.00	3,000,000.00	0.00	3,000,000.00	4,471,139.92
03/15/2015	717081DA8	Interest	COR	Pfizer Inc	03/15/2015	3,000,000.00	0.00	80,250.00	80,250.00	4,551,389.92
03/17/2015	717081DJ9	Bought	COR	Pfizer Inc	05/15/2017	1,500,000.00	1,507,185.00	5,591.67	(1,512,776.67)	3,038,613.25
03/18/2015	24422ERN1	Bought	COR	John Deere Capital C	03/15/2017	1,500,000.00	1,514,445.00	175.00	(1,514,620.00)	1,523,993.25
03/19/2015	3134G5HA6	Interest	INS	FHLMC	09/19/2016	1,500,000.00	0.00	5,250.00	5,250.00	1,529,243.25
03/20/2015	3135G0PP2	Interest	INS	FNMA	09/20/2017	2,000,000.00	0.00	10,000.00	10,000.00	1,539,243.25
03/22/2015	3130A2XY7	Call	INS	FHLB	09/22/2017	2,000,000.00	2,000,000.00	0.00	2,000,000.00	3,539,243.25
03/22/2015	3130A2XY7	Interest	INS	FHLB	09/22/2017	2,000,000.00	0.00	5,000.00	5,000.00	3,544,243.25
03/23/2015	36962G4P6	Interest	COR	GE Capital	09/23/2015	725,000.00	0.00	1,812.50	1,812.50	3,546,055.75
03/24/2015	912828TS9	Bought	TSY	T-Note	09/30/2017	1,000,000.00	996,015.63	3,004.81	(999,020.44)	2,547,035.31
03/25/2015	594918AG9	Interest	COR	Microsoft	09/25/2015	1,000,000.00	0.00	8,125.00	8,125.00	2,555,160.31
03/26/2015	3134G5UA1	Call	INS	FHLMC	12/26/2017	1,000,000.00	1,000,000.00	2,986.11	1,002,986.11	3,558,146.42
03/26/2015	713448CB2	Bought	COR	PEPSICO Inc	08/13/2017	1,000,000.00	1,006,400.00	1,493.06	(1,007,893.06)	2,550,253.36
03/30/2015		Sold	CE	LAIF - City 98-19-22		1,500,000.00	1,500,000.00	0.00	1,500,000.00	4,050,253.36
03/30/2015	3134G6PG2	Bought	INS	FHLMC	03/30/2017	1,000,000.00	1,000,000.00	0.00	(1,000,000.00)	3,050,253.36
03/31/2015	912828TS9	Interest	TSY	T-Note	09/30/2017	1,000,000.00	0.00	3,125.00	3,125.00	3,053,378.36
<b>Portfolio Activity Total</b>									<b>3,053,378.36</b>	

<b>Net Contributions:</b>	<b>0.00</b>
<b>Net Withdrawals:</b>	<b>3,049,348.03</b>

<b>Fees Charged:</b>	<b>4,030.33</b>
<b>Fees Paid:</b>	<b>4,030.33</b>

**City of Menlo Park  
Securities Bid and Offer  
for the period 3/1/2015 - 3/31/2015**

Trans	Settle	Description	Call Date	Broker	Par Value	Discount	Price	YTM/YTC	Competitive Bids
BUY	03/06/2015	CVX 1.345 11/15/2017		RBC	1,000,000		100.660	1.10%	MS - COST 1.125% 12/15/17 @ 1.08% WSF - IBM 5.70% 9/14/17 @ 1.01%
BUY	03/17/2015	PFE 1.1 05/15/2017		RBC	1,500,000		100.479	.88%	WFS - APPL 1.05% 5/05/17 @ .80% MS - BRK 1.60% 5/15/17 @ .84%
BUY	03/18/2015	DE 1.4 03/15/2017		WELLS	1,500,000		100.963	.91%	RBC - PFE 5.45% 4/01/17 @ .87% MS - CSCO 1.1% 3/03/17 @ .78%
BUY	03/24/2015	T-Note .625 09/30/2017		RBC	1,000,000		99.602	.79%	MS - T .625% 9/30/17 @ .78% WFS - T .625% 9/30/17 @ .78%
BUY	03/26/2015	PEP 1.25 08/13/2017		RBC	1,000,000		100.640	.98%	WFS - DIS 6% 7/17/17 @ .93% MS - JNJ 5.55% 8/15/17 @ .86%
BUY	03/30/2015	FHLMC .75 03/30/2017	09/30/15	MOR	1,000,000		100.000	.75%/.75%	WFS - FHLMC .75% 3/30/17 @ .75% RBC - FHLB .85% 3/30/17 @ .74%

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

Date	Transaction	CUSIP	Description	Coupon	Maturity Date	Next Call Date	Par / Shares	Principal	Interest	Transaction Total
04/01/2015	Interest	14912L4S7	Caterpillar Financial	2.650	04/01/2016		2,000,000.00	0.00	26,500.00	26,500.00
04/15/2015	Estimated Paydown	3128MBFA0	FHLMC	6.000	04/01/2017		508,210.03	25,008.02	2,541.05	27,549.07
04/24/2015	Potential Call	3136G1KN8	FNMA	1.500	04/24/2018	04/24/2015	2,000,000.00	2,000,000.00	15,000.00	2,015,000.00
04/27/2015	Interest	36962G5W0	GE Capital	2.300	04/27/2017		1,000,000.00	0.00	11,500.00	11,500.00
05/03/2015	Interest	037833AJ9	Apple Inc	1.000	05/03/2018		2,000,000.00	0.00	10,000.00	10,000.00
05/14/2015	Interest	06050TLR1	Bank of America	1.125	11/14/2016		2,000,000.00	0.00	11,250.00	11,250.00
05/15/2015	Interest	717081DJ9	Pfizer Inc	1.100	05/15/2017		1,500,000.00	0.00	8,250.00	8,250.00
05/15/2015	Interest	912828WH9	T-Note	0.875	05/15/2017		2,000,000.00	0.00	8,750.00	8,750.00
05/15/2015	Potential Call	3134G54B8	FHLMC	0.900	02/15/2017	05/15/2015	1,000,000.00	1,000,000.00	4,500.00	1,004,500.00
05/15/2015	Estimated Paydown	3128MBFA0	FHLMC	6.000	04/01/2017		508,210.03	24,573.91	2,416.01	26,989.92
05/15/2015	Interest	166764AL4	Chevron Corp	1.345	11/15/2017		1,000,000.00	0.00	6,612.92	6,612.92
05/15/2015	Interest	912828WF3	T-Note	0.625	11/15/2016		1,000,000.00	0.00	3,125.00	3,125.00
05/15/2015	Interest	91159HHD5	US Bancorp	1.650	05/15/2017	04/15/2017	2,000,000.00	0.00	16,500.00	16,500.00

# END OF REPORTS

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Armonk, NY 10504  
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**Colorado Office**  
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For any questions concerning this report please contact accounting either by phone or email to [camreports@cutwater.com](mailto:camreports@cutwater.com).