



SPECIAL MEETING AGENDA

Date: 6/1/2016
Time: 5:30 p.m.
City Council Chambers
701 Laurel St., Menlo Park, CA 94025

- A. Call To Order**
- B. Roll Call**
- C. Pledge of Allegiance**
- D. Public Comment**

Under “Public Comment,” the public may address the City Council on any subject not listed on the agenda. Each speaker may address the City 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 City Council cannot act on items not listed on the agenda and, therefore, the City Council cannot respond to non-agenda issues brought up under Public Comment other than to provide general information.

E. Regular Business

- E1. Approve the estimated \$5.9 million budget and appropriate project funding for the Santa Cruz Avenue Sidewalk Project (Staff Report# 16-089-CC)
- E2. Approve the San Francisquito Creek Joint Powers Authority (SFCJPA) funding agreement amendment and appropriate funds (Staff Report# 16-086-CC)

F. Informational Items

- F1. Quarterly Financial Review of General Fund Operations as of March 31, 2016 (Staff Report# 16-090-CC)
- F2. Review of the City’s Investment Portfolio as of March 31, 2016 (Staff Report# 16-080-CC)
- F3. Quarterly report on City Council Work Plan (Staff Report# 16-091-CC)

G. City Manager’s Report

H. Councilmember Reports

I. 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 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 City 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 City Clerk's Office, 701 Laurel St., Menlo Park, CA 94025 during regular business hours.

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



STAFF REPORT

City Council

Meeting Date:

6/1/2016

Staff Report Number:

16-089-CC

Regular Business:

Approve a \$5.9 million budget and appropriate project funding for the Santa Cruz Avenue Sidewalk Project

Recommendation

Approve a \$5.9 million budget and appropriate project funding for the Santa Cruz Avenue Sidewalk Project.

Policy Issues

The City Council requested a review of the budget prior to completing construction drawings and going out to bid on the project. This item is included in the Council's adopted 2016 Work Plan to install sidewalks on Santa Cruz Avenue from Olive Street to Johnson Street. The proposal is consistent with General Plan Circulation Policy II-E-4: "The City shall incorporate appropriate pedestrian facilities, traffic control, and street lighting within street improvement projects to maintain or improve pedestrian safety. Furthermore, the City's Sidewalk Master Plan identified this segment as a high priority.

Background

The Santa Cruz Avenue Sidewalk Project has been identified in the City's Capital Improvement Plan since fiscal year (FY) 2007-08. On March 10, 2015, the Council approved a modified version of the preferred alternative for the project for further design and implementation. At the February 9, 2016 Council Study Session, staff provided an update to the City Council and presented several design considerations. At that study session Council directed staff to retain the proposed 46-foot wide street curb-to-curb width, retain the existing travel lane widths and include 5-foot bike lanes and 2-foot bike buffers along with 6 foot sidewalk widths, with certain exceptions for heritage trees and significant landscaping features.

Analysis

At the February 9, 2016 Study Session the City Council provided design direction to staff and requested staff provide an update on the issues listed below.

Provisions for Future Utility Undergrounding

Due to the expense and potential delay to the project, the City Council concurred with the staff recommendation not to incorporate undergrounding of the pole-mounted electrical distribution system within the Project limits. Council requested that staff study the feasibility of providing provisions for future undergrounding. On April 14, 2016, staff met with PG&E representatives to discuss the merits and eligibility of installing provisions for future undergrounding. PG&E confirmed that it would take almost as long to design and install the necessary infrastructure for future undergrounding as it would to design, construct and complete the undergrounding (approximately 4.5 years versus 5 years). Installing infrastructure for future undergrounding would not be eligible for Rule 20A funding. PG&E also cautioned staff regarding the possible risk of installing infrastructure that meets the current guidelines and codes but may be non-

compliant in the future. If this were to occur, the initial installation would need to be modified which would negate any benefit previously realized.

Based on the lack of a clearly defined benefit, staff does not intend to incorporate provisions for future undergrounding as part of this project. The design of the project would not preclude undergrounding in the future. The section of Santa Cruz Avenue between Arbor Road and University Drive will be considered as part of the future downtown utility undergrounding project.

46 foot versus 50 foot Curb-to-Curb Comparison

At the February 9, 2016 Council Study Session, staff presented a map for the 46 foot curb-to-curb design (Attachment A) which identifies properties that would have potential drainage issues. The City Council requested a similar map for an earlier proposal that would move the proposed curb two feet closer to the property lines for a total the curb-to-curb width of 50 feet (Attachment B) for comparison purposes. The major difference in cost between the 50 foot design versus the 46 foot is that the 46 foot design requires a more extensive drainage system and the need to reconstruct the transitions between the sidewalk and existing driveway to minimize vertical offsets. The following table represents the comparisons of number of drainage issues for a curb-to-curb width of 46 feet versus 50 feet.

	46 foot curb-to-curb	50 foot curb-to-curb
Acceptable	32	35
Moderate	14	12
Severe	8	0

Although potentially less expensive, the 50 foot design would require a significant amount of the existing landscaping within the public right-of-way be removed including large hedges and potentially some heritage trees, which would change the character of the roadway. The retention of the existing landscape was a key component of the design criteria that the Council established on March 10, 2015.

At the Study Session, there were also questions about reducing the curb to curb width to 44 feet by reducing the dimensions of travel lanes. Reducing the curb to curb width would further exacerbate the drainage issues due to the need to raise the height of the sidewalk given the relatively high crown of the roadway.

Increased Pedestrian Safety

Staff has incorporated into the project the replacement of the in-pavement lighted crosswalks at Cotton Street and San Mateo Drive with rectangular rapid flash beacons. The existing in-pavement lighted crosswalk are no longer manufactured, so staff is not able to replace them once they go out.

Staff met with Saint Raymond’s Church and School representatives to discuss the possibility of removing the mid-block pedestrian traffic signal due to the removal of on-street parking across from the street. In lieu of the signal, a rapid flash beacon could be installed at crosswalk at Arbor Road. Saint Raymond’s representatives expressed a strong preference to keep the pedestrian traffic signal. At this point, there are no plans to remove the pedestrian signal.

Provisions for Future Technology

Part of the direction staff received from the Study Session included assessing future technology needs and installing infrastructure now to meet those needs. By installing a conduit for future traffic signal monitoring and remote operating system, the City could take advantage of the proposed storm drainage improvements and avoid costly trench restoration in the future. The conduit would consist of a 3-inch pipe for future fiber

optic cables. In addition to the conduit, pullboxes would be installed every 400-feet and be located within the proposed sidewalk. Pullboxes can be installed now before the concrete sidewalk is poured thereby avoiding costly and disruptive installation in the future.

Special Drainage System

Where the ground elevation of the adjacent properties is lower than the proposed sidewalk elevation, the design and installation of a supplemental drainage system is required. This system consists of a drain inlet between the sidewalk and the property line, a service lateral to the street and a new storm drain line installed in the north side of the street. The new storm drain line will augment the existing storm drain line on the south side of the street and will accommodate stormwater flow from the adjacent properties. This new line will increase capacity of the system. In all, 23 properties will receive special design treatment to address potential drainage issues.

Community Engagement

The City embarked on an extensive community engagement process leading up to the March 10, 2015 Council action on the design criteria. Following the February 9, 2016, City Council study session, staff established a multiple step process to inform the property owners and residents of property specific design and construction details that minimize impacts while achieving overall objectives. The first step consisted of a project notification letter (Attachment C) that describes the project objectives, the City Council design criteria, a property specific notification which describes the impacts and improvements to each property and a diagram showing the extent of the improvements. The second step included a meeting with interested property owners and residents to discuss specific design details and answer any questions they may have about the impacts to their property. Staff sent out 64 notification letters. As of the publishing of this staff report, staff has met with or talked on the phone with representatives of six properties. The questions include where will the back of the sidewalk end, how far back should I trim my landscaping, can I move the new storm drain inlet, etc. Although some people still have fundamental questions about the proposed curb placement (one person would like the curb to curb width to be wider and another would like the curb to curb width narrower), staff was able to either clarify or resolve potential issues with minor refinements to the plans or staff believes any remaining potential issues are generally manageable.

Staff has also updated a project specific web page where we will update the public on the latest project developments including the latest plans and project schedules. Once construction begins, staff will include this project in the "Weekly Construction News" which will identify the potential traffic impacts.

Revised Estimate of Probable Construction Costs

At the February 9, 2016 City Council meeting staff provided a range of \$3-5 million as the estimated cost of the preferred option. This cost estimate was based on schematic plans, not detailed construction drawings. Based on the input received on February 9, 2016 City Council meeting, staff directed the engineering consultant to modify the conceptual design and develop more detailed construction plans. The consultant has developed the plans and provided an updated estimated cost of \$5.9 million. The following is a summary of increased new cost items or items that changed significantly based upon City Council direction and development of the construction drawings.

1. Provisions of future technology (3 inch conduit) to interconnect traffic signals;
2. New storm drain system along the northerly side of Santa Cruz Avenue to carry drainage that is blocked by the raised sidewalk;
3. Rapid flash beacons to improve safety and replace pavement lighted crosswalks;
4. Existing sidewalks are proposed to be removed in front of Saint Raymond's, corner of San Mateo Drive and a few properties near Arbor Road. This is being proposed in order to provide a consistent curb line for drainage, improve accessibility around utility poles and provide a continuous six foot

- sidewalk (existing sidewalks are five feet);
5. More extensive reconstruction of driveways in the right of way to provide a smoother transition from the new sidewalks, which are higher in many locations; and
 6. Repaving the entire bike lane and buffer on the north side of Santa Cruz Avenue instead of only patching the portion disrupted for the new drainage system in order to create a smooth and consistent surface for bicycles.

A summary of increased new cost items or items		
1	Provisions for future Technology (3" conduit)	\$534,000
2	Special property storm drainage system	\$1,035,000
3	Rectangular Rapid Flash Beacons	\$107,000
4	Replacing existing sidewalks to provide continuity	\$613,000
5	Conforms at driveways and back of sidewalks	\$274,000
6.	Bike lane paving over storm drain system	\$190,000
Total		\$2,753,000

Schedule

Staff tentatively plans to send the project out to bid this summer and bring the award of the construction contract to Council in September 2016.

Funding Options

The proposed project budget is \$5.9 million and, with only approximately \$1.1 million available for this project from prior City Council approvals, the proposed project requires an additional \$4.8 million in funding. In order to meet the funding need, staff has identified the following three options:

Option A

1. Appropriate \$1.0 million of fund balance from the Traffic Impact Fee Fund. This capital projects fund is projected to have fund balance of \$2.35 million as of June 30, 2016. In 2009, the City conducted a Traffic Impact Fee study to establish the fee and appropriate uses of the fee. As part of that study, sidewalks along Santa Cruz Avenue were included as an eligible use of monies received from the fee, but there are other projects such as the Caltrain Bicycle/Pedestrian Undercrossing, O'Brien Drive Sidewalks, and various intersection improvements identified in the study totaling millions of dollars.
2. Appropriate \$3.8 million of unassigned fund balance from the General Fund. The General Fund's unassigned fund balance is projected to be \$12.76 million as of June 30, 2016, and the proposed 2016-17 budget does not require use of fund balance to meet operational needs.

Option B

Appropriate \$4.8 million of unassigned fund balance from the General Fund. The General Fund's unassigned fund balance is projected to be \$12.7 million as of June 30, 2016, and the proposed 2016-17 budget does not require use of fund balance to meet operational needs.

Option C

Appropriate \$4.8 million of unassigned fund balance from the General Fund and then reimburse the General Fund for eligible capital project expenditures using proceeds from a future debt issuance. State and Federal regulations permit local agencies such as the City of Menlo Park to use the proceeds from a debt issuance for a capital project(s) to reimburse expenditures that occurred prior to the date of debt issuance. In order to

take advantage of this regulation, the City is required to adopt a reimbursement resolution which establishes its intent to seek reimbursement from bond proceeds for the specified project.

Current interest rate conditions make a compelling argument for use of debt financing for large capital improvements over a 20 to 30-year timeframe. A recent quote from the City's financial advisor revealed that the City could finance \$8 million in projects and, with the City's AAA credit rating, pay a 20-year fixed rate of 3.48%. At that interest rate, the annual debt service would be approximately \$608,000. It is important to note that interest rates fluctuate and the quote provided by the financial advisor is intended only to serve as a general reference when evaluating options available to the City. Final debt service will likely be different from the aforementioned quote.

If the Council desires to further explore the option of financing the Santa Cruz Avenue or other large capital projects, staff recommends directing the finance and audit committee to investigate various debt financing options for upcoming needs and present the City Council with a recommendation in August 2016. Following the committee's recommendation and the City Council's decision, the time required to issue debt ranges depending on the financing mechanism. Notwithstanding the time required to fully explore debt financing and issue debt, the City may use its own funds to break ground according to the schedule outlined in this report.

Additional considerations

While the use of the General Fund's unassigned fund balance for capital projects is at the City Council's discretion, staff anticipates several large dollar projects, in addition to Santa Cruz Sidewalks, that require attention in the next 18-months including:

- \$4.4 million for the Chrysler Stormwater Pump Station
- \$2.5 million for the Willow Road at US Highway 101 interchange
- \$0.8 million for the San Francisquito Creek JPA (additional funds may be required at a future date)

A draw against the General Fund's unassigned fund balance in the amount of \$12.5 million over the next 18-months will effectively deplete the unassigned fund balance which is not recommended. Approximately \$3 million of the unassigned fund balance is required to meet the City Council's current reserve policy, which requires a minimum of \$18 million for the Economic Stabilization Fund Reserve and Emergency Contingency Reserve, combined. Between the assigned fund balances for reserves (\$14.0 million) and the unassigned fund balance (\$12.7 million), the City maintains a position above minimum reserve levels that allow the City flexibility in funding some of the needed infrastructure improvements on the horizon. In order to fund all infrastructure improvements on the horizon, the City will need to identify funding sources and/or financing options that go beyond unassigned fund balance.

Impact on City Resources

As currently designed, the estimated budget needed to complete the project is \$5.9. Approximately \$1.1 is available leaving a remaining need of \$4.8 million. This staff report identifies options for the City Council to consider for funding the project.

Environmental Review

Environmental review is not necessary under the California Environmental Quality Act for this action item. Staff will return to the City Council for environmental clearance of the project as part of the award of the construction contract. This project would likely be categorically exempt.

Public Notice

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

Attachments

- A. 46 foot Curb-to-Curb Exhibit
- B. 50 foot Curb-to-Curb Exhibit
- C. Notification Letter sent to Property Owners on April 28, 2016

Report prepared by:
Michael Zimmermann, Senior Civil Engineer

Report reviewed by:
Justin Murphy, Public Works Director

ATTACHMENT A

- ACCEPTABLE -32
- MODERATE -14
- SEVERE -8
- EXISTING SIDEWALK

- Limit of Work



- Limit of Work



255 SHORELINE DR
SUITE 200
REDWOOD CITY, CA 94065
650-482-6398 (FAX)



**SANTA CRUZ AVE. SIDEWALK STUDY
SIDEWALK IMPROVEMENTS
46' CURB TO CURB PLAN ANALYSIS EXHIBIT**

Author	
Check	
Date: 10/17/16	
Scale: AS SHOWN	
Design: B	
Drawn: DP	
Approved: M	
Job No: 1610112	



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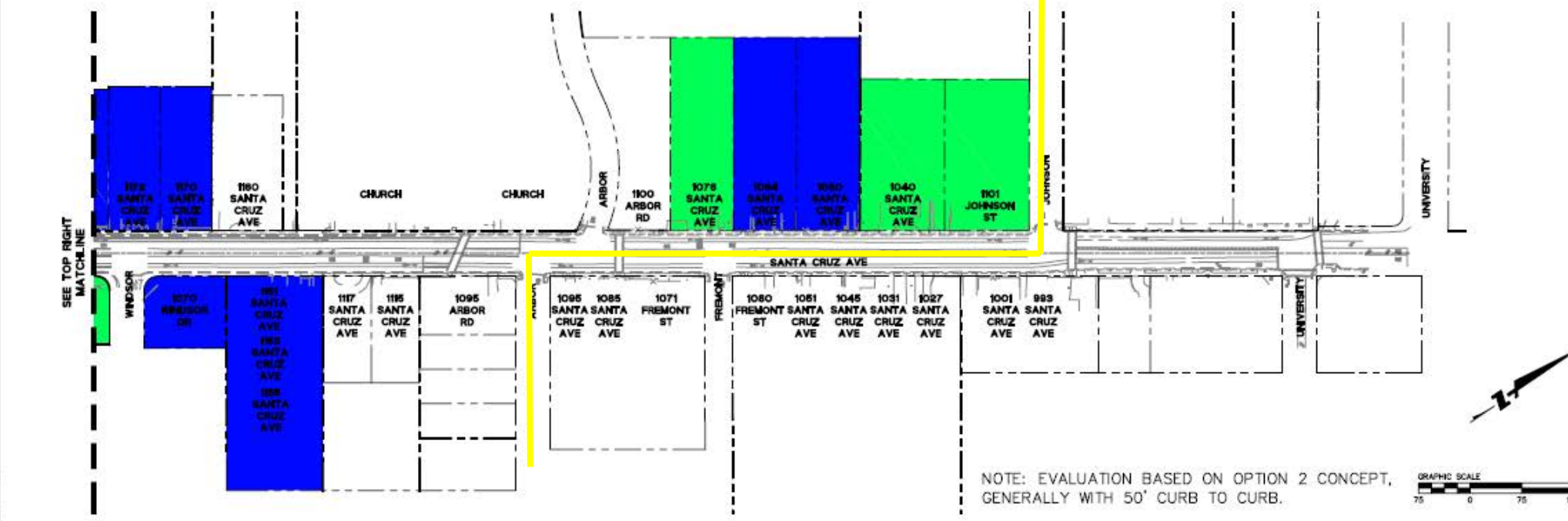
ATTACHMENT B

- ACCEPTABLE -35
- MODERATE -12
- SEVERE - 0
- EXISTING SIDEWALK

- Limit of Work



- Limit of Work



NOTE: EVALUATION BASED ON OPTION 2 CONCEPT, GENERALLY WITH 50' CURB TO CURB.



235 SHORELINE DR
SUITE 200
REDWOOD CITY, CA 94065
650-482-6300
650-482-6396 (FAX)

BKF
ENGINEERS (INCORPORATED) PLU

SANTA CRUZ AVE, SIDEWALK STUDY
SIDEWALK IMPROVEMENTS
50' CURB TO CURB PLAN ANALYSIS EXHIBIT
SAN MATEO COUNTY
CALIFORNIA
MENLO PARK

Revision	
No.	
Date: 10/07/16	
Drawn By: JAC	
Checked By: JAC	
Approved By: JAC	
Job No: 1610112	
Drawing Number:	

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Public Works



April 26, 2016

1100 COTTON ST

1100 COTTON ST
MENLO PARK, CA 94025**RE: Santa Cruz Avenue Sidewalk Project Update for
Property Owners on Santa Cruz Avenue**

This letter is to provide you with an update on the current Santa Cruz Avenue Sidewalk Project and the overall effects it may have on individual properties and on the street. Attached is a preliminary summary and a drawing showing the possible impacts the project may have along the front of your property. As the installation of the project moves closer, you will receive an update with a tentative project construction schedule. This information will also be made available at menlopark.org/SantaCruzSidewalks.

On March 10, 2015, the City Council approved the installation of sidewalks on Santa Cruz Avenue between Johnson Avenue and Olive Avenue. The following is a summary of the design criteria:

- Maintain the existing travel lane configuration and center lane.
- Eliminate on-street parking, but maintain parking on the south side of Santa Cruz between Fremont Park and Arbor Road.
- Install 6 foot sidewalks on both sides of street as long as the sidewalk does not impact heritage trees, large hedges, fences or other permanent improvements.
- Reduce sidewalk width to 5 feet, but not less than 4 feet, to reduce impacts to heritage trees.
- Improve existing sidewalks to meet accessibility (Americans with Disabilities Act [ADA]) requirements, where possible.
- Add a 2 foot wide painted bike buffer.

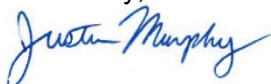
Following the City Council's approval of the preferred alternative, staff retained the consulting firm BKF to commence preliminary design of the project. In general, the project is expected to modify the City right-of-way

along Santa Cruz Avenue as follows:

- Sections of the sidewalk will need to be 5 feet to meet the design criteria.
- In areas where there is existing sidewalk, it will be removed and replaced with new sections to align with the new sidewalk.
- In the sections where a 6 foot sidewalk will be installed, the sidewalk will extend 6 inches beyond the existing valley gutter toward your property. However, to construct the sidewalk, a 2 foot section behind the valley gutter will need to be cleared of any landscaping/irrigation and hedges/bushes will need to be trimmed. Any landscaping in this area that you would like to retain to use elsewhere would need to be moved prior to the beginning of construction, which is targeted for later summer 2016.
- On the north side of the street, a 12 inch drainage pipe will need to be installed in some sections of the roadway to help with property drainage. Although access to the properties' driveways will be available during construction, this may cause some inconvenience. The City and our contractors will work to minimize the disruption.
- To provide additional drainage and minimize the impact to existing landscaping, some properties will have 8 inch, in-ground drains installed. If your property is anticipated to need such a drain, the approximate location and a photo of it is included in the attached plan.
- The driveways between the sidewalk and the property line along the project area will be replaced using concrete to provide adequate transitions. Any existing material, such as pavers or bricks, within the City right-of-way area will be salvaged and stored on the property where possible and if desired by the property owner.

The City realizes the effects the Santa Cruz Sidewalk Project may have on your property during the installation and construction and would like to work with each property owner to the extent that we can to make the impact as minimal as possible. Please feel free to contact Michael Zimmerman at (650) 330-6770, to answer any questions regarding the project or to discuss the possible impacts to the frontage of your property. The City Council is tentatively scheduled to receive an update on the Project on May 17, 2016. If you have any feedback, we would appreciate hearing from you before the meeting.

Sincerely,



Justin Murphy
Public Works Director

1100 COTTON ST

The following is a preliminary summary of the project and the possible impacts it may have on your property:

Project

Removing existing valley gutter and extending the existing sidewalk with a 6 foot wide sidewalk

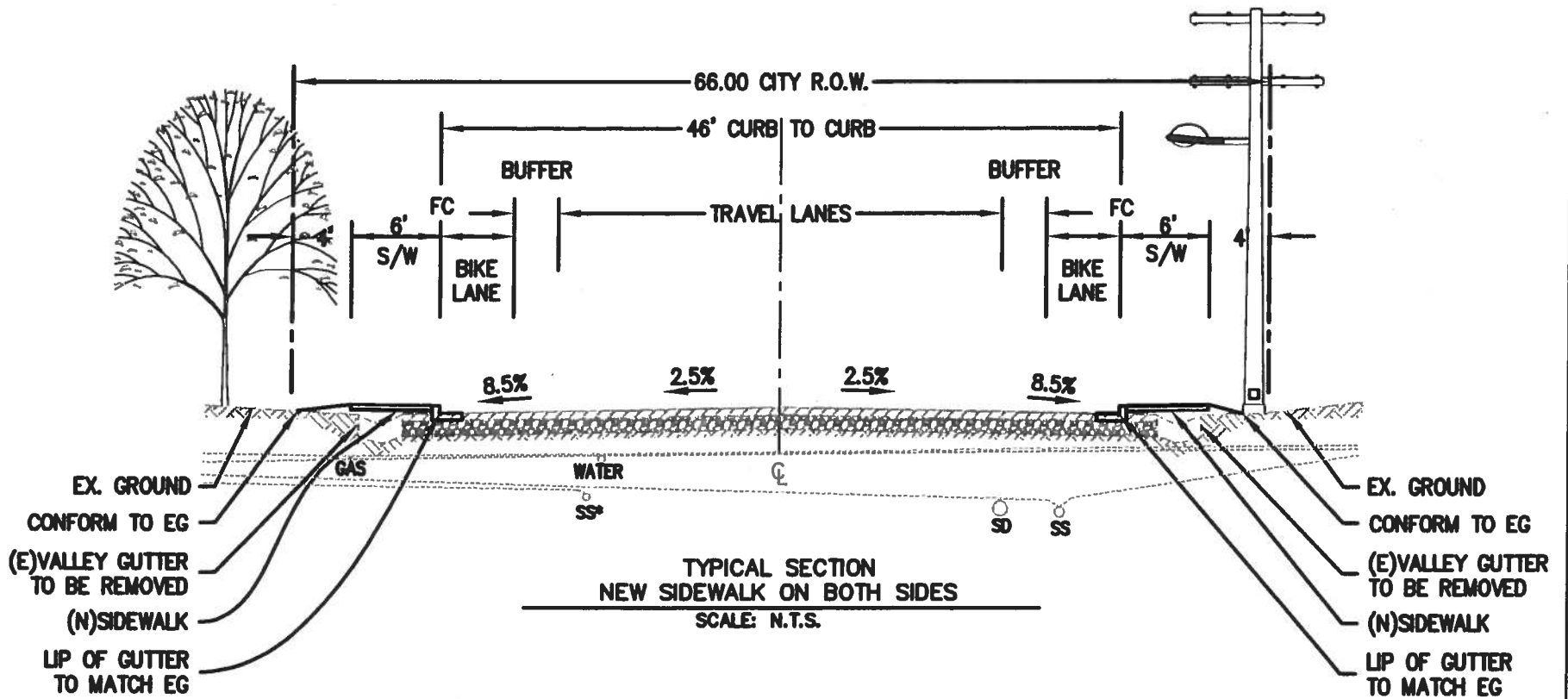
Impacts

- You will not need a 12 inch storm drain installed in front of your property
- A drain inlet will not be needed on the property, as drainage is not expected to be an issue
- It is anticipated that there will be no significant impact on your current landscaping
- Any walkways, monuments, stairs or mailboxes on the property should remain as they are.
- Your existing wall to remain
- Street signs will be relocated to the edge of the new sidewalk. The pedestrian signal will remain in place
- Existing PG&E pole will remain in place

(Please note: some of the impacts are only in the 2 foot clearing section needed behind the existing valley gutter for the sidewalk and construction)

As mentioned above, these are preliminary drawings. If you find any significant discrepancies between your property and the summary or drawing, please don't hesitate to let us know.

Map page 6



NOTE: CROSS SLOPES SHOWN REPRESENT GENERALIZATION OF SLOPES WITHIN PROJECT AREA
 * EAST OF ARBOR ONLY

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04-28-16
PULZ

COTTON ST

NOTE:
1) PRELIMINARY, NOT FOR CONSTRUCTION
2) AERIAL BACKGROUND PREDATES CURRENT STRIPING SHOWN

1100 COTTON ST

APN: 071044170

EXISTING JOINT POLE
PROTECT IN PLACE

EXISTING PEDESTRIAN SIGN ON
CONCRETE PAD
PROTECT IN PLACE

CONSTRUCTION ZONE

EXISTING WALL
TO REMAIN

EXISTING SIGN
PROTECT
IN PLACE

EDGE OF
EXISTING
VALLEY
GUTTER

EXISTING JOINT POLE
TO REMAIN

PROPERTY LINE 1.50'

NEW SIDEWALK

BACK OF NEW
SIDEWALK

NEW CURB & GUTTER

SANTA CRUZ AVE

255 SHORELINE DR
SUITE 200
REDWOOD CITY, CA 94065
650-482-6300
650-482-6399 (FAX)



SANTA CRUZ AVENUE
RECONSTRUCTION PLANS
INDIVIDUAL PROPERTY EXHIBITS

CALIFORNIA

SAN MATEO COUNTY

MENLO PARK

Date	No.	Revisions
Scale: AS SHOWN		
Design: BL		
Drawn: CH		
Approved: JM		
Job No: 201723		
Drawing Number:		

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STAFF REPORT

City Council

Meeting Date:

6/1/2016

Staff Report Number:

16-086-CC

Regular Business:

Approve San Francisquito Creek Joint Powers Authority (SFCJPA) Funding Agreement Amendment and Appropriate Funds

Recommendation

Staff recommends that City Council:

- 1) Authorize the City Manager to amend the 2014 funding agreement among the San Francisquito Creek Joint Powers Authority (SFCJPA) and its member agencies for the San Francisquito Creek Flood Reduction, Restoration, and Recreation San Francisco Bay to Highway 101 Project (S.F. Bay to Highway 101 Project) as shown in Attachment A;
- 2) Authorize the City Manager to make minor modifications to the funding agreement included as Attachment A that do not affect the funding amount; and
- 3) Appropriate \$800,000 from the General Fund Reserves to address the current funding shortfall for the project.

Policy Issues

The recommended appropriation of funds exceeds staff authorization and requires City Council approval. This S.F. Bay to Highway 101 Project is consistent with policies established in Chapter 12.42 of the Municipal Code, Flood Damage Prevention.

Background

The SFCJPA has been working on the development of projects focused on providing protection from the 100-year flood to the affected areas located in the San Francisquito Creek (Creek) watershed. The S.F. Bay to Highway 101 Project is the first of such projects and involves the widening of a section of the Creek along the Palo Alto Golf Course, the construction of new floodwalls and the excavation of the channel bottom in the downstream section. Once completed, the S.F. Bay to Highway 101 Project will alleviate flooding in areas of the cities of East Palo Alto and Palo Alto. By first addressing the downstream conditions, the SFJPA will be able to continue with the design of projects that focus on improving flood protection in the upstream sections of the watershed that affect the cities of Menlo Park, Palo Alto, and East Palo Alto. As part of the upstream improvements, the SFCJPA is currently analyzing the replacement of the Pope / Chaucer Street and Newell Road bridges, as well as the feasibility of modifications to the channel to increase the carrying capacity of the Creek. Once completed, the projects will improve flood protection and convey the 30-year flood event. Currently, the Creek conveys a 15-year event.

For the S.F. Bay to 101 Project, an Environmental Impact Report was certified by the SFCJPA Board of Directors in 2012 and final permits were obtained in February of 2016. The project was advertised for bidding in March of 2016 by the Santa Clara Valley Water District (SCVWD). A total of eight (8) bids were received on April 28, 2016, with the lowest amounting to \$29,026,800 (including a 10% contingency). The bid results were higher than the engineer's estimate of \$26,642,000. As a result, the total project costs,

which include construction management, mitigation, and other utility work in addition to the Creek construction work, increased to \$41,315,800. The project now has a funding shortfall of \$3,873,351.

Analysis

Since the formation of the SFCJPA in 1999, the City has supported efforts to address flood protection. Matching funds were appropriated by City Council and provided to the SFCJPA for the planning and design of the projects in 2013. On June 13, 2014, City Council authorized the City Manager to execute a funding agreement among the SFCJPA and its member agencies for the construction of the S.F. Bay to Highway 101 Project. The City executed this agreement on August 11, 2014, but made no commitment in funds with the exception of staff time required for coordination.

With the shortfall in funds, the SCVWD cannot award the contract to the selected bidder for the construction of the S.F. Bay to Highway 101 Project. The SCVWD requires that the full funding, in addition to the 10% contingency, be reserved prior to any contract approval. As a result, the member agencies have been asked to cover the associated shortfall and the City is being requested to provide \$800,000 in funds with payments spread over three years.

While no funds were appropriated for the S.F. Bay to Highway 101 Project, the City did commit \$500,000 in future funds for the Upstream of Highway 101 Project, which would include the replacement of the Pope / Chaucer Bridge. To cover the shortfall, staff is recommending that the future funds of \$500,000 for the Upstream of Highway 101 Project be used for the S.F. Bay to Highway 101 Project and that an additional \$300,000 be allocated for a total contribution of \$800,000. Similarly, other member agencies will be moving funds from the one project to the other and providing new funds, as shown in Table 1.

Table 1 – Proposed Funding for S.F. Bay to Highway 101 Project

Source of Funds	S.F. Bay to Highway 101 2014 Funds	Upstream of 101 Funds to be Moved to S.F. Bay to Highway 101 Project	Proposed Additional Funding	Total Funds
City of Menlo Park	\$0	\$500,000	\$300,000	\$800,000
City of Palo Alto	\$0	\$0	\$400,000	\$400,000
City of East Palo Alto	\$800,000	\$200,000	\$260,000	\$1,260,000
SMCFCD	\$800,000	\$700,000	\$560,000	\$2,060,000
SFCJPA	\$7,875,000	\$0	\$953,351	\$8,828,351
SCVWD	\$28,000,000	\$0	\$0	\$28,000,000
Total	\$37,475,000	\$1,400,000	\$2,473,351	\$41,348,351

Given the re-allocation of funds from the upstream work to downstream, the funding arrangements for the Upstream of Highway 101 Project will need to be revisited once the scope of work is better defined and updated cost estimates are prepared. The construction of the S.F. Bay to Highway 101 Project is the first critical step to improving the conditions for the communities located in the flood prone areas of the Creek watershed. Staff therefore recommends that City Council authorize the City Manager to amend the 2014 funding agreement for the S.F. Bay to Highway 101 Project and appropriate \$800,000 to address the current shortfall.



Impact on City Resources

The proposed action would result in the appropriation of \$800,000 from the General Fund Reserves.

Environmental Review

No environmental review on behalf of the City is required. As the lead agency, the SFCJPA certified the Final Environmental Impact Report (EIR) for the S.F. Bay to Highway 101 Project under the California Environmental Quality Act in October 2012. An addendum to the Final EIR was issued in March 2013 by the SFCJPA.

Public Notice

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

Attachments

- A. Amended Funding agreement
- B. 2014 Funding Agreement

Report prepared by:
Azalea Mitch, Senior Civil Engineer

Reviewed by:
Justin Murphy, Public Works Director

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**FIRST AMENDED AGREEMENT AMONG
THE SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY,
THE SANTA CLARA VALLEY WATER DISTRICT,
THE SAN MATEO COUNTY FLOOD CONTROL DISTRICT,
THE CITY OF PALO ALTO, THE CITY OF MENLO PARK, AND
THE CITY OF EAST PALO ALTO
FOR FUNDING CONSTRUCTION OF
THE SAN FRANCISQUITO CREEK FLOOD REDUCTION,
ECOSYSTEM RESTORATION, AND RECREATION PROJECT
SAN FRANCISCO BAY TO HIGHWAY 101**

This First Amended Agreement (“Agreement”) amends the terms and conditions of the original Agreement dated August 11, 2014, is made and entered into as of the date it is fully executed by and between the SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY (“Authority”), a California joint powers authority, the SANTA CLARA VALLEY WATER DISTRICT (“Water District”), a special district of the State of California, the San Mateo County Flood Control District, a special district of the State of California (“Flood District”), the CITY OF PALO ALTO (“Palo Alto”), the CITY OF EAST PALO ALTO (“East Palo Alto”), and the CITY OF MENLO PARK (“Menlo Park”), collectively referred to as “the Parties” or individually as “Party.” The effective date of this Agreement will be the last date that this Agreement is executed by the Parties.

The purpose of this Agreement is to define the roles and responsibilities of the Parties for funding construction and mitigation activities of the San Francisquito Creek Flood Reduction, Ecosystem Restoration, and Recreation Project, San Francisco Bay to Highway 101 (“Project”).

R E C I T A L S

- A. San Francisquito Creek (“Creek”) has a history of flooding the communities in and around East Palo Alto, Menlo Park and Palo Alto, most recently in December 2012, impacting residential properties adjacent to the Creek.
- B. Following the severe flood in February 1998, East Palo Alto, Menlo Park, and Palo Alto along with the Flood District and the Water District formed the Authority on May 18, 1999. These entities are all full members of the Authority. The Authority was authorized to represent its member agencies as the local sponsor for a U.S. Army Corps of Engineers’ (“USACE”) San Francisquito Creek flood control project on May 23, 2002.
- C. In March 2005 the USACE, working with the Authority, completed a reconnaissance study for the Creek. The reconnaissance study results indicated a Federal Interest in developing a flood control project for San Francisquito Creek. Therefore, the USACE has engaged in the feasibility study (“Study”) phase of the San Francisquito Creek Flood Damage Reduction and Ecosystem Restoration Project (“FDRER”) which requires a Feasibility Cost Share Agreement with a local sponsor.
- D. The Authority entered into a Feasibility Cost Share Agreement (“FCSA”) with the San Francisco District of the USACE for the Study on the Creek. The USACE, pursuant to the FCSA, is developing a project to evaluate flood protection and ecosystem restoration opportunities within the San Francisquito Creek Watershed in Santa Clara and San Mateo Counties. At the conclusion of the Study, the USACE will issue a Federally

Preferred Plan, which will detail the pre-design actions to be taken to complete the FDRER.

- E. The USACE's ability to complete the Study has been impacted by unanticipated delays due to federal funding constraints and USACE's processes.
- F. Due to the USACE's delay in completing the Feasibility Study and the Member Agencies' desire to begin addressing the risk of flooding in their jurisdictions, the Authority and Member Agency staff conducted a process of evaluating alternatives for an initial capital project and recommended a preferred alternative with conceptual design drawings to the Authority Board of Directors for consideration.
- G. On July 23, 2009, the Authority's Board of Directors unanimously approved the staff's recommended Project and authorized its Executive Director to pursue funding opportunities and to contract with qualified consultants to perform 1) planning and design services and 2) environmental impact assessment and planning for the Project.
- H. The Authority, the Water District, and the Flood District entered into an agreement on November 3, 2009 to fund the design and environmental documentation of the Project.
- I. The Authority hired a design engineering firm and an environmental consulting firm to prepare design documents and an Environmental Impact Report ("EIR") for the Project.
- J. On October 25, 2012, the final EIR was certified by the Authority. The Notice of Determination (NOD) was filed by the Authority with the County of Santa Clara, Office of the Clerk/Recorder and by the County of San Mateo Office of the Recorder, on July 30, 2013.
- K. In November 2012, the voters of Santa Clara County approved Measure B, the Water District's Safe, Clean Water special tax initiative which will provide significant funding toward the Project costs. The District will contribute approximately \$28 million toward Project costs from its Safe, Clean Water program and other sources.
- L. On January 9, 2013, the Authority entered into an agreement with the State of California, Department of Water Resources (DWR) for \$8 million in Proposition 1E (Prop 1E) grant funding from DWR's Stormwater Flood Management Program to be applied towards Project costs. Of the amount awarded, \$7,875,000 is available for reimbursement of Project costs.
- M. On January 13, 2016, DWR awarded \$1,044,351 in Proposition 84 (Prop 84) funds to the Project as part of the Association of Bay Area Governments Shoreline Resiliency/Sea Level Rise Proposal to be administered by the State Coastal Conservancy. Of the amount awarded, \$953,351 is available for reimbursement of Project costs.
- N. The Flood District will contribute \$2,060,000 toward Project costs. The Flood District's financial contribution will be in an amount equal to the combined financial contributions made by East Palo Alto and Menlo Park.
- O. The City of East Palo Alto will contribute \$1,260,000 towards Project costs.

- P. The City of Menlo Park will contribute \$800,000 towards Project costs.
- Q. The City of Palo Alto will contribute \$400,000 towards Project costs.
- R. The Project directly benefits the City of Menlo Park as its completion is necessary to accommodate future flood protection measures located in Menlo Park, upstream of the Project, which may be constructed in the future. In addition, Palo Alto is impacted by the Project because realignment of a portion of its municipal golf course is necessary to accommodate various flood protection construction elements of this Project.
- S. For the purpose of this Agreement, funding from Menlo Park, East Palo Alto, Palo Alto, the Flood District, the Authority, and any future funds from grants or other sources, contributed toward Project costs, shall be referred to as “Non Water District Funds.”
- T. On December 22, 2015, the Water District and the Authority entered into a Construction Management Agreement designating the Water District as the entity responsible for managing construction of the Project.
- U. The Parties desire to enter into this Agreement to provide for reimbursement of Water District expenditures towards construction of the Project from funding that may become available through Non Water District Funds.

NOW, THEREFORE, in consideration of the foregoing recitals, and the covenants and conditions in the paragraphs contained herein below, the Parties agree as follows:

PROVISIONS

1. Project Purposes

The Project’s purposes are to improve flood protection, restore the ecosystem, and provide recreational opportunities within the Project’s reach, with the following specific objectives: 1) protect properties and infrastructure between Highway 101 and the San Francisco Bay from San Francisquito Creek flows resulting from 100 year flood events in conjunction with a 100-year tide, including projected Sea Level Rise; 2) accommodate future flood protection measures upstream of the Project that may be constructed; 3) enhance habitat along the Project reach, particularly habitat for threatened and endangered species; 4) enhance recreational uses; and 5) minimize operational and maintenance requirements.

2. Identified Project Costs and Funding Amounts

Construction of the Project, including finalization of the design, is currently estimated to cost approximately \$41.32 million (Table 1), not including internal Project management costs incurred by the Water District or contingency costs for utility relocation expenses above the stated contract estimates.

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Table 1 Identified Project Costs		
Costs		Current
Palo Alto Golf Course mitigation		\$3,000,000
Other mitigation activities		\$300,000
Pacific Gas & Electric Company (without contingency)	Electric Relocation	\$1,267,000
	Gas Relocation	\$3,141,000
East Palo Alto Sanitary District (without contingency)	Sewer Relocation	\$848,000
East Palo Alto real estate acquisition		\$85,000
Construction Management (Hatch Mott MacDonald)		\$2,565,000
Construction Support Services (HDR)		\$853,000
Completed design services (HDR)		\$230,000
Construction contract with 10% contingency		\$29,026,800
Total Identified Project Costs		\$41,315,800

Based on the Total Identified Project Costs as stated in Table 1 above, the Parties agree to contribute the following amounts toward these costs (Table 2).

Table 2 Funding						
Funding Sources			Original Funding Agreement	Funds shifted from upstream project	Newly identified funding	Total contribution
Water District Funds			\$28,000,000	\$0	\$0	\$28,000,000
Non Water District Funds	Authority	Prop 1E Grant	\$7,875,000	\$0	\$0	\$7,875,000
		Prop 84 Grant	\$0	\$0	\$953,351	\$953,351
	Flood District		\$800,000	\$700,000	\$560,000	\$2,060,000
	East Palo Alto		\$800,000	\$200,000	\$260,000	\$1,260,000
	Menlo Park		\$0	\$500,000	\$300,000	\$800,000
Palo Alto		\$0	\$0	\$400,000	\$400,000	
Total Funding			\$37,475,000	\$1,400,000	\$2,473,351	\$41,348,351

3. Payment of Project Costs

- A. Through use of DWR Prop 1E and Prop 84 grant funds, along with agreements that provide additional funding to the Authority, including a cost sharing agreement whereby the Water District will fund the discrepancy between the available grant funding and anticipated expenses, the Authority agrees to pay the currently estimated Project costs as stated below. If the Authority receives additional grant or other funding for this project, such funds shall be applied first towards costs that are the responsibility of the Authority, itemized in paragraph #3. A. a) through g), with any remaining funds remitted to the Water District and applied toward Project Costs. The Authority will provide to the Water District documentation of all listed expenses incurred and paid for by the Authority.

- a) \$3,000,000 to the City of Palo Alto to mitigate for impacts to the City of Palo Alto Municipal Golf Course;
 - b) \$300,000 for other mitigation activities;
 - c) \$4,408,000 to Pacific Gas and Electric Company to relocate gas and electric transmission lines;
 - d) \$848,000 to the East Palo Alto Sanitary District to relocate a sewer line;
 - e) \$85,000 for property acquisition within East Palo Alto;
 - f) \$230,000 to HDR for completed design services; and
 - g) \$853,000 to HDR for construction support services.
- B. Flood District agrees to fund \$2,060,000 of Project costs, payable to the Water District during three consecutive years. The payments will be made as follows: \$800,000 (Year 1); \$630,000 (Year 2); and \$630,000 (Year 3). The Year 1 payment will be remitted to the Water District within 180 days after a construction contract is awarded. The Year 2 and Year 3 payments will be remitted to the Water District within 180 days of the beginning of each respective fiscal year.
- C. East Palo Alto agrees to fund \$1,260,000 of Project costs, payable to the Water District during three consecutive years. The payments will be made as follows: \$420,000 (Year 1); \$420,000 (Year 2); and \$420,000 (Year 3). The Year 1 payment will be remitted to the Water District within 180 days after a construction contract is awarded. The Year 2 and Year 3 payments will be remitted within 180 days of the beginning of each respective fiscal year.
- D. Menlo Park agrees to fund \$800,000 of Project costs, payable to the Water District during three consecutive years. The payments will be made as follows: \$300,000 (Year 1); \$250,000 (Year 2); and \$250,000 (Year 3). The Year 1 payment will be remitted to the Water District within 180 days after a construction contract is awarded. The Year 2 and Year 3 payments will be remitted within 180 days of the beginning of each respective fiscal year.
- E. Palo Alto agrees to fund \$400,000 of Project costs, payable to the Water District during three consecutive years. The payments will be made as follows: \$133,334 (Year 1); \$133,333 (Year 2); and \$133,333 (Year 3). The Year 1 payment will be remitted to the Water District within 180 days after a construction contract is awarded. The Year 2 and Year 3 payments will be remitted within 180 days of the beginning of each respective fiscal year.
- F. Through Water District funds and funds remitted to the Water District by Palo Alto, Flood District, East Palo Alto and Menlo Park, the Water District agrees to pay the currently estimated Project costs as stated below.
- a) \$2,565,000 for Construction Management Consultant; and
 - b) \$26,388,000 for construction contract and a separate encumbrance of 10% of the construction contract amount (\$2,638,800) for contingent expenses.

4. Unidentified Project Costs and/or Surplus Funds

- A. The Parties agree to apply any surplus funds toward unidentified Project costs which exceed the current estimated Identified Project Costs (Table 1). If there are

no surplus funds, the Parties agree to determine an appropriate cost sharing allocation to pay for any unidentified Project costs or costs which exceed the current estimated Identified Project Costs.

- B. If there are any surplus funds after paying all identified or unidentified Project costs, the Water District shall retain those funds which shall be reallocated toward construction of the San Francisquito Creek local-state-funding-only project, upstream of Highway 101.

5. Method and Timing of Transactions

- A. Water District shall prepare and submit quarterly invoice packages to the Authority. Water District's Quarterly invoice packages will include Project progress reports and all other documentation required by DWR and the State Coastal Conservancy sufficient to enable the Authority to submit subsequent funding requests to DWR for grant funding reimbursement.
- B. Authority shall submit a request for grant fund reimbursement to DWR and the State Coastal Conservancy within 15 days of receipt of invoice packages from Water District, provided all DWR and the State Coastal Conservancy-related invoicing requirements are met. To the extent funds are available, the Authority will pay for all costs itemized in paragraph #3. A. a) through g).
- C. Non Water District Funds contributed by Flood District, East Palo Alto, Menlo Park, and Palo Alto will be remitted to the Water District as set forth in paragraph #3, Payment of Project Costs, subparagraphs B.-E.

6. Indemnification

- A. In lieu of and notwithstanding the pro rata risk allocation, which might otherwise be imposed between the Parties pursuant to Government Code Section 895.6, the Parties agree that all losses or liabilities incurred by a Party shall not be shared pro rata but, instead, the Member Agencies agree that, pursuant to Government Code Section 895.4, each of the Parties hereto shall fully indemnify and hold each of the other Parties, their officers, board members, employees, and agents, harmless from any claim, expense or cost, damage or liability imposed for injury (as defined in Government Code Section 810.8) occurring by reason of the negligent acts or omissions or willful misconduct of the indemnifying Party, its officers, employees, or agents, under or in connection with or arising out of any work, authority, or jurisdiction delegated to such party under this Agreement. No Party, nor any officer, board member, or agent thereof shall be responsible for any damage or liability occurring by reason of the negligent acts or omissions or willful misconduct of the another party hereto, its officers, board members, employees, or agents, under or in connection with or arising out of any work, authority or jurisdiction delegated to such other Party under this Agreement. The obligations set forth in this paragraph will survive termination and expiration of this Agreement.
- B. In the event of concurrent intentional or unintentional misconduct, negligent acts or omissions by any one of the Parties (or each of their respective officers, directors and/or employees), then the liability for any and all claims for injuries or

damages to persons and/or property which arise out of each and any of their performance of the terms and conditions of this Agreement shall be apportioned according to the California law of comparative negligence. The Parties hereto are not jointly and severally liable on any liability, claim, or lawsuit.

- C. The Water District's construction contract will require the construction contractor to secure and maintain in full force and effect all times during construction of the Project and until the Project is accepted by the Parties, general liability and property damage insurance, business automobile insurance and such other insurance as the Parties deem appropriate, in forms and limits of liability acceptable to the Parties, naming Water District, Authority and each of its Member Agencies and their respective directors, council members, officers, employees and agents as additional insureds from and against all damages and claims, losses, liabilities, costs or expenses arising out of or in any way connected to the construction of the Project.
- D. The duties and obligations of paragraph #6. Indemnification, will survive and continue in full force and effect after the termination, completion, suspension, and expiration of this Agreement.

7. Retention of Records, Right to Monitor and Audit

Unless a longer period of time is required by law or federal or state grant funding agreements, the Parties shall maintain all financial records related to this Agreement and/or the Project for five (5) years after the Agreement expires or is terminated earlier pursuant to paragraph #9. Termination, of this Agreement. The records shall be subject to the examination and/or audit of either Party.

8. Agreement Term

This Agreement shall commence on the Effective Date and remain in place until the construction of the Project is completed and accepted by the Parties, or this Agreement is terminated earlier by the Parties in the manner authorized by paragraph #9. Termination.

9. Termination

- A. If any Party fails to perform any of its material obligations under this Agreement, in addition to all other remedies provided by law, any other Party may terminate this Agreement but only after giving written notice of the failure of performance to the Party committing the failure with a copy of such notice given to all other Parties. Such notice shall explain the alleged failure of performance and provide a reasonable opportunity for the failure to be cured which in no case will be less than 30 days. If the failure of performance is not satisfactorily cured within the cure period, the Agreement may be terminated upon the delivery of a written notice of termination to all of the Parties.
- B. A final notice of termination may be given only after completion of the notice and cure process described in paragraph #9.A. and only with the approval of the governing body of the Party terminating the Agreement.

- C. In event of termination, each Party shall deliver to all of the other Parties, upon request, copies of reports, documents, and other work performed by any Party under this Agreement. The cost of work performed under this Agreement to the date of termination shall be due and payable in accordance with the provisions of this Construction Funding Agreement to be executed by the Parties prior to Water District's commencement of the bid process for award of a construction contract for the Project.
- D. Notwithstanding the foregoing, after the Water District awards a construction contract for the Project, this Agreement may only be terminated by the mutual written agreement of all of the Parties as approved by the governing body of each Party or pursuant to a delegation of such authority.

10. Notices

Any notice or other communication required or permitted to be given hereunder shall not be effective unless it is given in writing and shall be delivered (a) in person, (b) by certified mail, postage prepaid, return receipt requested, or (c) by a commercial overnight courier that guarantees next day delivery and provides a receipt, and addressed to the parties at the addresses stated below, or at such other address as either party may hereafter notify the other parties in writing:

Authority: San Francisquito Creek Joint Powers Authority
 615-B Menlo Avenue
 Menlo Park, California 94025
 Attention: Len Materman, Executive Director
len@sfcjpa.org

Water District: Santa Clara Valley Water District
 5750 Almaden Expressway
 San Jose, California 95118
 Attention: Norma Camacho, Interim Chief Executive Officer
ncamacho@valleywater.org

Palo Alto City of Palo Alto
 250 Hamilton Avenue
 P.O. Box 10250
 Palo Alto, CA 94303
 Attention: James Keene, City Manager
james.keene@cityofpaloalto.org

East Palo Alto City of East Palo Alto
 2415 University Avenue
 East Palo Alto, CA 94303
 Attn: Carlos Martinez, City Manager
cmartinez@cityofepa.org

Menlo Park City of Menlo Park
701 Laurel Street
Menlo Park, CA 94025
Attention: Alex McIntyre, City Manager
admcintyre@menlopark.org

Flood Control District Department of Public Works
555 County Center, 5th Floor
Redwood City, CA 94063
Attention: James Porter, Director
jporter@smcgov.org

Service of any such notice or other communications so made shall be deemed effective on the day of actual delivery (whether accepted or refused) as evidenced by: a) confirmed in-person delivery by the addressee or other representative of the Party authorized to accept delivery on behalf of the addressee, b) as shown by the addressee's return receipt if by certified mail, or c) as confirmed by the courier service if by courier; provided, however, that if such actual delivery occurs after 5:00 p.m. (local time where received) or on a non-business day, then such notice or demand so made shall be deemed effective on the first business day immediately following the day of actual delivery. No communications via electronic mail shall be effective to give any notice, request, direction, demand, consent, waiver, approval or other communications hereunder.

11. Severability

In the event any portion of this Agreement is declared by any court of competent jurisdiction to be invalid, illegal or unenforceable, such portion shall be severed from this Agreement and the remaining parts hereof shall remain in full force and effect as fully as though such invalid, illegal or unenforceable portion had never been part of this Agreement.

12. Governing Law and Compliance with Laws

The parties agree that California law governs this Agreement. In the performance of this Agreement each Party will comply with all applicable laws, ordinances, codes and regulations of the federal, state, and applicable local government.

13. Venue

In the event that suit shall be brought by any party to this contract, the parties agree that venue shall be exclusively vested in the state courts of either the County of Santa Clara, or the County of San Mateo or where otherwise appropriate, exclusively in the United States District Court, Northern District of California.

14. Assignability and Subcontracting

Parties shall not assign this Agreement or any portion thereof to a third party or subcontract with a third party to provide services required under this Agreement without the prior written consent of the other parties. Any unauthorized attempt by any Party to so assign or transfer shall be void and of no effect. Notwithstanding the foregoing,

a Party may hire a consultant to fulfill its obligations as described above in paragraph #5. Method and Timing of Transactions.

15. Ownership of Materials

All reports, documents, or other materials developed or discovered by any Party or any other person engaged directly or indirectly by any Party to perform the services required hereunder shall be and remain the mutual property of Authority and Water District without restriction or limitation upon their use.

16. Entire Agreement

This First Amended Agreement constitutes the entire Agreement between the Parties with respect to the subject matter hereof and supersedes all prior offers and negotiations, oral and written, including but not limited to the original Agreement dated August 11, 2014. This First Amended Agreement may not be amended or modified in any respect whatsoever except by an instrument in writing signed by authorized representatives of all Parties.

17. Further Actions

The Authority and Water District agree to execute all instruments and documents, and to take all actions, as may be reasonably required to consummate the transactions contemplated by this Agreement.

18. Counterparts

This Agreement may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, taken together, shall be deemed to be one and the same instrument.

19. Non Waiver

A Party's waiver of any term, condition, or covenant, or breach of any term, condition or covenant will not be construed as a waiver of any other term, condition or covenant.

20. Third Parties

This Agreement is entered into only for the benefit of the Parties executing this Agreement and not for the benefit of any other individual, entity, or person.

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Signatures follow on next pages

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THE SANTA CLARA VALLEY WATER DISTRICT,
THE SAN MATEO COUNTY FLOOD CONTROL DISTRICT,
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SAN FRANCISCO BAY TO HIGHWAY 101**

IN WITNESS WHEREOF, the San Francisquito Creek Joint Powers Authority has executed this Funding Agreement as of the date and year stated below.

Each Party has executed a separate signature page.

APPROVED AS TO FORM:

San Francisquito Creek Joint Powers Authority

By: _____
Greg Stepanicich
SFCJPA General Counsel

By: _____
Len Materman
Executive Director

Date: _____

Date: _____

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IN WITNESS WHEREOF, the Santa Clara Valley Water District has executed this Funding Agreement as of the date and year stated below.

Each Party has executed a separate signature page.

APPROVED AS TO FORM: Santa Clara Valley Water District

By: _____
Leslie Orta
Senior Assistant District Counsel
Office of the District Counsel

By: _____
Barbara Keegan
Chair/Board of Directors

Date: _____

Date: _____

ATTEST: MICHELE L. KING, CMC

Clerk/Board of Directors

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IN WITNESS WHEREOF, the City of Palo Alto has executed this Funding Agreement as of the date and year stated below.

Each Party has executed a separate signature page.

APPROVED AS TO FORM:

City of Palo Alto

By: _____
Molly Stump
City Attorney

By: _____
James Keene
City Manager

Date: _____

Date: _____

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IN WITNESS WHEREOF, the City of East Palo Alto has executed this Funding Agreement as of the date and year stated below.

Each Party has executed a separate signature page.

APPROVED AS TO FORM:

City of East Palo Alto

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

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IN WITNESS WHEREOF, the City of Menlo Park has executed this Funding Agreement as of the date and year stated below.

Each Party has executed a separate signature page.

APPROVED AS TO FORM:

City of Menlo Park

By: _____
William L. McClure
City Attorney

By: _____
Alex D. McIntyre
City Manager

Date: _____

Date: _____

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IN WITNESS WHEREOF, the San Mateo Flood Control District has executed this Funding Agreement as of the date and year stated below.

Each Party has executed a separate signature page.

APPROVED AS TO FORM:

San Mateo County Flood Control District

By: _____
John Beiers
County Counsel

By: _____
Warren Slocum
President, Board of Supervisors, San Mateo

Date: _____

Date: _____

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The purpose of this Agreement is to define the roles and responsibilities of the Parties for funding construction of the San Francisquito Creek Flood Reduction, Ecosystem Restoration, and Recreation Project, San Francisco Bay to Highway 101 ("Project").

RECITALS

- A. San Francisquito Creek ("Creek") has a history of flooding the communities in and around East Palo Alto, Menlo Park and Palo Alto, most recently in December 2012, impacting residential properties adjacent to the Creek.
- B. Following the severe flood in February 1998, East Palo Alto, Menlo Park, and Palo Alto along with the Flood District and the Water District formed the Authority on May 18, 1999. These entities are all full members of the Authority. The Authority was authorized to represent its member agencies as the local sponsor for a U.S. Army Corps of Engineers' ("Corps") San Francisquito Creek flood control project on May 23, 2002.
- C. In March 2005 the Corps, working with the Authority, completed a reconnaissance study for the Creek. The reconnaissance study results indicated a Federal Interest in developing a flood control project for San Francisquito Creek. Therefore, the Corps has engaged in the feasibility study ("Study") phase of the San Francisquito Creek Flood Damage Reduction and Ecosystem Restoration Project ("FDRER") which requires a Feasibility Cost Share Agreement with a local sponsor.
- D. The Authority entered into a Feasibility Cost Share Agreement ("FCSA") with the San Francisco District of the Corps for the Study on the Creek. The Corps, pursuant to the FCSA, is developing a project to evaluate flood protection and ecosystem restoration opportunities within the San Francisquito Creek Watershed in Santa Clara and San Mateo Counties. At the conclusion of the Study, the Corps will issue a Federally

Preferred Plan, which will detail the pre-design actions to be taken to complete the FDRER.

- E. The Corps' ability to complete the Study has been impacted by unanticipated delays due to federal funding constraints and Corps' processes.
- F. Due to the Corp's delay in completing the Feasibility Study and the Member Agencies' desire to begin addressing the risk of flooding in their jurisdictions, the Authority and Member Agency staff conducted a process of evaluating alternatives for an initial capital project and recommended a preferred alternative with conceptual design drawings to the Authority Board of Directors for consideration.
- G. On July 23, 2009, the Authority's Board of Directors unanimously approved the staff's recommended Project and authorized its Executive Director to pursue funding opportunities and to contract with qualified consultants to perform 1) planning and design services and 2) environmental impact assessment and planning for the Project.
- H. The Authority, the Water District, and the Flood District entered into an agreement on November 3, 2009 to fund the design and environmental documentation of the Project.
- I. The Authority hired a design engineering firm and an environmental consulting firm to prepare design documents and an Environmental Impact Report ("EIR") for the Project.
- J. The final EIR was certified by the Authority on October 25, 2012. The Notice of Determination (NOD) was filed by the Authority with the County of Santa Clara, Office of the Clerk/Recorder and by the County of San Mateo Office of the Recorder, on July 30, 2013.
- K. East Palo Alto will contribute \$800,000 towards Project costs.
- L. In November 2012, the voters of Santa Clara County approved Measure B, the Water District's Safe, Clean Water initiative which will provide significant funding toward the Project costs. The District will contribute approximately \$28 million toward Project costs from its Safe, Clean Water program and other sources.
- M. On January 9, 2013, the Authority entered into an Agreement with the State of California, Department of Water Resources (DWR) for \$8 million in grant funding from DWR's Stormwater Flood Management Program to be applied towards Project costs.
- N. The Flood District will contribute \$800,000 toward Project costs. The Flood District's financial contribution will be in an amount equal to the financial contribution made by East Palo Alto.
- O. The City of Menlo Park and the City of Palo Alto are not financially contributing toward the Project costs, however, construction of the Project directly benefits the City of Menlo Park as its completion is necessary to accommodate future flood protection measures located in Menlo Park, upstream of the Project, which may be constructed in the future. In addition, Palo Alto is impacted by the Project because realignment of a portion of its municipal golf course may be necessary to accommodate various flood protection construction elements of this Project.

- P: For the purpose of this Agreement, funding from East Palo Alto, the Flood District, the Authority, and any future funds from other sources, contributed toward Project costs, shall be referred to as “Non Water District Funds.”
- Q. The Water District and the Authority intend to enter into a Construction Management Agreement designating the Water District as the entity responsible for managing construction of the Project.
- R. The Parties desire to enter into this Agreement to provide for reimbursement of Water District expenditures towards construction of the Project from funding that may become available through Non Water District Funds

NOW, THEREFORE, in consideration of the foregoing recitals, and the covenants and conditions in the sections contained herein below, the Parties agree as follows:

PROVISIONS

1. Project Purposes

The Project’s purposes are to improve flood protection, restore the ecosystem, and provide recreational opportunities within the Project’s reach, with the following specific objectives: 1) protect properties and infrastructure between Highway 101 and the San Francisco Bay from San Francisquito Creek flows resulting from 100 year flood events in conjunction with a 100-year tide, including projected Sea Level Rise; 2) accommodate future flood protection measures upstream of the Project that may be constructed; 3) enhance habitat along the Project reach, particularly habitat for threatened and endangered species; 4) enhance recreational uses; and 5) minimize operational and maintenance requirements.

2. Funding Amounts

Construction of the Project is currently estimated to cost approximately \$37.45 million. Based on this estimate, the Parties agree to contribute the following amounts toward these costs.

A. Non Water District Funds

1. The Authority will provide Project funding in the currently estimated amounts as stated below. The Authority will provide to the Water District documentation of all listed expenses incurred and paid for by the Authority.
 - a) \$3,000,000 to the City of Palo Alto to mitigate for impacts to the City of Palo Alto Municipal Golf Course;
 - b) \$50,000 for other mitigation activities;
 - c) \$2,700,000 to Pacific Gas and Electric Company to relocate gas and electric transmission lines;
 - d) \$400,000 to the East Palo Alto Sanitary District to relocate a sewer line;
 - e) \$100,000 for property acquisition within East Palo Alto;
 - f) \$150,000 DWR grant administration costs incurred by the Authority;

g) \$1,450,000 remaining balance of DWR grant funds after the Authority pays for all costs listed in a) – f) above. The remaining balance will be remitted to the Water District as partial reimbursement of its construction costs.

2. East Palo Alto: \$800,000.

3. Flood District: \$800,000 (matching East Palo Alto's contribution of \$800,000 currently identified from Non Water District Funds).

B. Water District Funds

The Water District will expend an amount not to exceed \$28,000,000 for expenditures incurred in constructing the Project.

3. Method and Timing of Transactions

A. Water District shall prepare and submit quarterly invoice packages to the Authority. Water District's Quarterly invoice packages will include Project progress reports and all other documentation required by DWR sufficient to enable the Authority to submit subsequent funding requests to DWR for grant funding reimbursement.

B. Authority shall submit a request for grant fund reimbursement to DWR within 15 days of receipt of invoice packages from Water District, provided all DWR-related invoicing requirements are met. To the extent funds are available after the Authority pays for all costs itemized in paragraph #2. A. a) through f) above, the Authority will issue payment to the Water District for costs of construction managed by the Water District within thirty days of receipt of grant funds from DWR.

C. Non Water District Funds contributed by East Palo Alto and the Flood District will be remitted to the Water District within one hundred and eighty days (180) after a construction contract is awarded by the Water District's Board of Directors.

4. Mutual Hold Harmless

Mutual Hold Harmless and Indemnification Obligations

A. In lieu of and notwithstanding the pro rata risk allocation, which might otherwise be imposed between the Parties pursuant to Government Code Section 895.6, the Parties agree that all losses or liabilities incurred by a Party shall not be shared pro rata but, instead, the Member Agencies agree that, pursuant to Government Code Section 895.4, each of the Parties hereto shall fully indemnify and hold each of the other Parties, their officers, board members, employees, and agents, harmless from any claim, expense or cost, damage or liability imposed for injury (as defined in Government Code Section 810.8) occurring by reason of the negligent acts or omissions or willful misconduct of the indemnifying Party, its officers, employees, or agents, under or in connection with or arising out of any work, authority, or jurisdiction delegated to such party under this Agreement. No Party, nor any officer, board member, or agent thereof shall be responsible for any damage or liability occurring by reason of the negligent acts or omissions or willful misconduct of the another party hereto, its officers,

board members, employees, or agents, under or in connection with or arising out of any work, authority or jurisdiction delegated to such other Party under this Agreement. The obligations set forth in this paragraph will survive termination and expiration of this Agreement.

- B. In the event of concurrent intentional or unintentional misconduct, negligent acts or omissions by any one of the Parties (or each of their respective officers, directors and/or employees), then the liability for any and all claims for injuries or damages to persons and/or property which arise out of each and any of their performance of the terms and conditions of this Agreement shall be apportioned according to the California law of comparative negligence. The Parties hereto are not jointly and severally liable on any liability, claim, or lawsuit.
- C. The construction contract and bid documents will require the construction contractor to agree to appropriate indemnity provisions allowable by law to protect the Parties, and to secure and maintain in full force and effect all times during construction of the Project and until the Project is accepted by the Parties, general liability and property damage insurance, business automobile insurance and such other insurance as the Parties deem appropriate, in forms and limits of liability acceptable to the Parties, naming Water District, Authority and each of its Member Agencies and their respective directors, council members, officers, employees and agents as additional insureds from and against all damages and claims, losses, liabilities, costs or expenses arising out of or in any way connected to the construction of the Project.
- D. The duties and obligations of this Section will survive and continue in full force and effect after the termination or expiration this Agreement.

5. Retention of Records, Right to Monitor and Audit

Unless a longer period of time is required by law or federal or state grant funding agreements, the Parties shall maintain all financial records related to this Agreement and/or the Project for five (5) years after the Agreement expires or is terminated earlier pursuant to Section 7 of this Agreement. The records shall be subject to the examination and/or audit of either Party:

6. Agreement Term

This Agreement shall commence on the Effective Date and remain in place until the construction of the Project is completed and accepted by the Parties, or this Agreement is terminated earlier by the Parties in the manner authorized by Section 7. Termination.

7. Termination

- A. If any Party fails to perform any of its material obligations under this Agreement, in addition to all other remedies provided by law, any other Party may terminate this Agreement but only after giving written notice of the failure of performance to the Party committing the failure with a copy of such notice given to all other Parties. Such notice shall explain the alleged failure of performance and provide a reasonable opportunity for the failure to be cured which in no case will be less

than 30 days. If the failure of performance is not satisfactorily cured within the cure period, the Agreement may be terminated upon the delivery of a written notice of termination to all of the Parties.

- B. A final notice of termination may be given only after completion of the notice and cure process described in Section 7.A. and only with the approval of the governing body of the Party terminating the Agreement.
- C. In event of termination, each Party shall deliver to all of the other Parties, upon request, copies of reports, documents, and other work performed by any Party under this Agreement. The cost of work performed under this Agreement to the date of termination shall be due and payable in accordance with the provisions of this Construction Funding Agreement to be executed by the Parties prior to Water District's commencement of the bid process for award of a construction contract for the Project.
- D. Notwithstanding the foregoing, after the Water District awards a construction contract for the Project, this Agreement may only be terminated by the mutual written agreement of all of the Parties approved by the governing body of each Party.
- E. The Chief Executive Officer of the Water District and the Executive Director of Authority are empowered to terminate this Agreement on behalf of their respective agencies in accordance with the provisions of this Agreement.

8. Notices

Any notice or other communication required or permitted to be given hereunder shall not be effective unless it is given in writing and shall be delivered (a) in person, (b) by certified mail, postage prepaid, return receipt requested, or (c) by a commercial overnight courier that guarantees next day delivery and provides a receipt, and addressed to the parties at the addresses stated below, or at such other address as either party may hereafter notify the other parties in writing:

Authority: San Francisquito Creek Joint Powers Authority
615-B Menlo Avenue
Menlo Park, California 94025
Attention: Len Materman, Executive Director
len@sfcjpa.org

Water District: Santa Clara Valley Water District
5750 Almaden Expressway
San Jose, California 95118
Attention: Beau Goldie, Chief Executive Officer
bgoldie@valleywater.org

Palo Alto City of Palo Alto
250 Hamilton Avenue
P.O. Box 10250

SFC San Francisco Bay to Highway 101
Construction Funding Agreement
May 23, 2014

Palo Alto, CA 94303
Attention: James Keene, City Manager
james.keene@cityofpaloalto.org

East Palo Alto
City of East Palo Alto
2415 University Avenue
East Palo Alto, CA 94303
Attn: Magda Gonzalez, City Manager
mgonzalez@cityofepa.org

Menlo Park
City of Menlo Park
701 Laurel Street
Menlo Park, CA 94025
Attention: Alex McIntyre, City Manager
admccintyre@menlopark.org

Flood Control District
Department of Public Works
555 County Center, 5th Floor
Redwood City, CA 94063
Attention: James Porter, Director
jporter@smcgov.org

Service of any such notice or other communications so made shall be deemed effective on the day of actual delivery (whether accepted or refused) as evidenced by:
a) confirmed in-person delivery by the addressee or other representative of the Party authorized to accept delivery on behalf of the addressee, b) as shown by the addressee's return receipt if by certified mail, or c) as confirmed by the courier service if by courier; provided, however, that if such actual delivery occurs after 5:00 p.m. (local time where received) or on a non-business day, then such notice or demand so made shall be deemed effective on the first business day immediately following the day of actual delivery. No communications via electronic mail shall be effective to give any notice, request, direction, demand, consent, waiver, approval or other communications hereunder.

9. Severability

In the event any portion of this Agreement is declared by any court of competent jurisdiction to be invalid, illegal or unenforceable, such portion shall be severed from this Agreement and the remaining parts hereof shall remain in full force and effect as fully as though such invalid, illegal or unenforceable portion had never been part of this Agreement.

10. Governing Law and Compliance with Laws

SFC San Francisco Bay to Highway 101
Construction Funding Agreement
May 23, 2014

The parties agree that California law governs this Agreement. In the performance of this Agreement each Party will comply with all applicable laws, ordinances, codes and regulations of the federal, state, and applicable local government.

11. Venue

In the event that suit shall be brought by any party to this contract, the parties agree that venue shall be exclusively vested in the state courts of either the County of Santa Clara, or the County of San Mateo or where otherwise appropriate, exclusively in the United States District Court, Northern District of California.

12. Assignability and Subcontracting

Parties shall not assign this Agreement or any portion thereof to a third party or subcontract with a third party to provide services required under this Agreement without the prior written consent of the other parties. Any unauthorized attempt by any Party to so assign or transfer shall be void and of no effect. Notwithstanding the foregoing, a Party may hire a consultant to fulfill its obligations under Section 3 of this Agreement.

13. Ownership of Materials

All reports, documents, or other materials developed or discovered by any Party or any other person engaged directly or indirectly by any Party to perform the services required hereunder shall be and remain the mutual property of Authority and Water District without restriction or limitation upon their use.

14. Entire Agreement

This Agreement constitutes the entire Agreement between the Authority and the Water District with respect to the subject matter hereof and supersedes all prior offers and negotiations, oral and written. This Agreement may not be amended or modified in any respect whatsoever except by an instrument in writing signed by authorized representatives of the Authority and Water District.

15. Further Actions

The Authority and Water District agree to execute all instruments and documents, and to take all actions, as may be reasonably required to consummate the transactions contemplated by this Agreement.

16. Counterparts

This Agreement may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, taken together, shall be deemed to be one and the same instrument.

17. Non Waiver

A Party's waiver of any term, condition, or covenant, or breach of any term, condition or covenant will not be construed as a waiver of any other term, condition or covenant.

18. Third Parties

This Agreement is entered into only for the benefit of the Parties executing this Agreement and not for the benefit of any other individual, entity, or person.

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**AGREEMENT AMONG THE SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY,
THE SANTA CLARA VALLEY WATER DISTRICT,
THE SAN MATEO COUNTY FLOOD CONTROL DISTRICT,
THE CITY OF PALO ALTO, THE CITY OF MENLO PARK, AND THE CITY OF EAST PALO
ALTO
FOR THE FUNDING OF CONSTRUCTION OF
THE SAN FRANCISQUITO CREEK FLOOD REDUCTION,
ECOSYSTEM RESTORATION, AND RECREATION PROJECT
SAN FRANCISCO BAY TO HIGHWAY 101**

IN WITNESS WHEREOF, the San Francisquito Creek Joint Powers Authority has executed this Funding Agreement as of the date and year stated below.

Each Party has executed a separate signature page.

APPROVED AS TO FORM:

San Francisquito Creek Joint Powers Authority

By: 
Greg Stepanicich
Title: SFCJPA General Counsel

By: 
Len Materman
Title: Executive Director

Date: 7/15/14

Date: 7/15/14

**AGREEMENT AMONG THE SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY,
THE SANTA CLARA VALLEY WATER DISTRICT,
THE SAN MATEO COUNTY FLOOD CONTROL DISTRICT,
THE CITY OF PALO ALTO, THE CITY OF MENLO PARK, AND THE CITY OF EAST PALO
ALTO
FOR THE FUNDING OF CONSTRUCTION OF
THE SAN FRANCISQUITO CREEK FLOOD REDUCTION,
ECOSYSTEM RESTORATION, AND RECREATION PROJECT
SAN FRANCISCO BAY TO HIGHWAY 101**

IN WITNESS WHEREOF, the Santa Clara Valley Water District has executed this Funding Agreement as of the date and year stated below.

Each Party has executed a separate signature page.

APPROVED AS TO FORM:

Santa Clara Valley Water District

By: Leslie Orta
Leslie Orta
Title: Senior Assistant District Counsel
Office of the District Counsel

By: Tony Estremera
Tony Estremera
Title: Chair/Board of Directors

Date: 5-27-14

Date: 6-10-14

ATTEST: MICHELE L. KING, CMC

Michele L. King
Clerk/Board of Directors

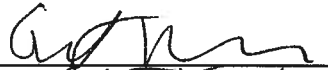
AGREEMENT AMONG THE SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY,
THE SANTA CLARA VALLEY WATER DISTRICT,
THE SAN MATEO COUNTY FLOOD CONTROL DISTRICT,
THE CITY OF PALO ALTO, THE CITY OF MENLO PARK, AND THE CITY OF EAST PALO
ALTO
FOR THE FUNDING OF CONSTRUCTION OF
THE SAN FRANCISQUITO CREEK FLOOD REDUCTION,
ECOSYSTEM RESTORATION, AND RECREATION PROJECT
SAN FRANCISCO BAY TO HIGHWAY 101


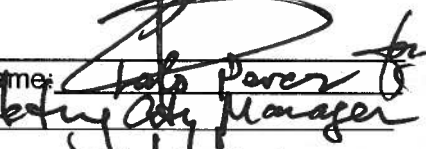
IN WITNESS WHEREOF, the City of Palo Alto has executed this Funding Agreement as of the date and year stated below.

Each Party has executed a separate signature page.

APPROVED AS TO FORM:

City of Palo Alto

By: 
Print Name: GARY KROLL
Title: San Mateo County Manager
Date: 6/4/14


By: 
Print Name: Gary Kroll
Title: Acting City Manager
Date: 6/11/14

**AGREEMENT AMONG THE SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY,
THE SANTA CLARA VALLEY WATER DISTRICT,
THE SAN MATEO COUNTY FLOOD CONTROL DISTRICT,
THE CITY OF PALO ALTO, THE CITY OF MENLO PARK, AND THE CITY OF EAST PALO
ALTO
FOR THE FUNDING OF CONSTRUCTION OF
THE SAN FRANCISQUITO CREEK FLOOD REDUCTION,
ECOSYSTEM RESTORATION, AND RECREATION PROJECT
SAN FRANCISCO BAY TO HIGHWAY 101**

IN WITNESS WHEREOF, the City of East Palo Alto has executed this Funding Agreement as of the date and year stated below.

Each Party has executed a separate signature page.

APPROVED AS TO FORM: City of East Palo Alto

By: 
John Nagel
City Attorney

Date: 7/29/14

By: 
Magda González
City Manager

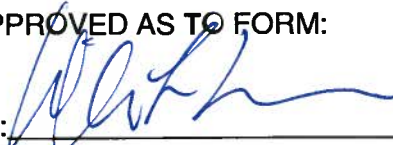
Date: 7-25-14

**AGREEMENT AMONG THE SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY,
THE SANTA CLARA VALLEY WATER DISTRICT,
THE SAN MATEO COUNTY FLOOD CONTROL DISTRICT,
THE CITY OF PALO ALTO, THE CITY OF MENLO PARK, AND THE CITY OF EAST PALO
ALTO
FOR THE FUNDING OF CONSTRUCTION OF
THE SAN FRANCISQUITO CREEK FLOOD REDUCTION,
ECOSYSTEM RESTORATION, AND RECREATION PROJECT
SAN FRANCISCO BAY TO HIGHWAY 101**

IN WITNESS WHEREOF, the City of Menlo Park has executed this Funding Agreement as of the date and year stated below.

Each Party has executed a separate signature page.

APPROVED AS TO FORM:


By: 

William L. McClure

Title: City Attorney

Date: 8/11/2014

City of Menlo Park

By: 

Alex D. McIntyre

Title: City Manager

Date: 8/11/2014


**AGREEMENT AMONG THE SAN FRANCISQUITO CREEK JOINT POWERS AUTHORITY,
THE SANTA CLARA VALLEY WATER DISTRICT,
THE SAN MATEO COUNTY FLOOD CONTROL DISTRICT,
THE CITY OF PALO ALTO, THE CITY OF MENLO PARK, AND THE CITY OF EAST PALO
ALTO
FOR THE FUNDING OF CONSTRUCTION OF
THE SAN FRANCISQUITO CREEK FLOOD REDUCTION,
ECOSYSTEM RESTORATION, AND RECREATION PROJECT
SAN FRANCISCO BAY TO HIGHWAY 101**

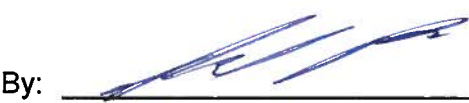
IN WITNESS WHEREOF, the San Mateo Flood Control District has executed this Funding Agreement as of the date and year stated below.

Each Party has executed a separate signature page.

APPROVED AS TO FORM:

San Mateo County Flood Control District

By: 
Print Name: Sh- Lewis
Title: County Counsel
Date: 6/13/14

By: 
Print Name: DAVE PINE
Title: PRESIDENT, BOARD OF SUPERVISORS, SAN MATEO COUNTY
Date: June 3, 2014

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STAFF REPORT

City Council

Meeting Date:

6/1/2016

Staff Report Number:

16-090-CC

Informational Item:

Quarterly Financial Review of General Fund
Operations as of March 31, 2016

Recommendation

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

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.

Background

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

Analysis

Overview

The report, which is included as Table 3, was developed to apprise Council of the year-to-date status of the General Fund. It provides year-to-date third quarter comparable data for fiscal years 2014-15 and 2015-16. Information included is intended to highlight some critical elements as well as provide explanations for significant differences. Budget adjustments that were approved by Council on March 15th as part of the mid-year review have been incorporated into this report. The report highlights that year-to-date actuals for fiscal year 2015-16 show a net revenue position of \$2,124,101. Based on the current trend, the General Fund's total net revenue is anticipated to end the year favorably.

Revenue

Table 1 below shows a summary of third quarter budget-to-actual revenues for fiscal years 2014-15 and 2015-16.

Table 1: Revenues						
Revenues	2014-15			2015-16		
	Adjusted Budget	Actual 3/31/2015	% of Budget	Adjusted Budget	Actual 3/31/2016	% of Budget
Property Tax	\$ 15,986,324	\$ 10,369,949	64.87%	\$ 17,241,813	\$ 12,135,691	70.39%
Charges For Services	8,012,908	5,906,638	73.71%	8,077,135	6,159,472	76.26%
Sales Tax	6,348,146	4,300,244	67.74%	5,202,594	3,054,848	58.72%
Licenses & Permits	4,880,128	4,448,231	91.15%	5,890,363	4,957,442	84.16%
Transient Occupancy Tax	4,549,694	2,230,548	49.03%	5,947,835	3,061,924	51.48%
Franchise Fees	1,863,110	637,165	34.20%	1,940,013	757,573	39.05%
Fines	1,319,980	938,920	71.13%	1,067,643	943,841	88.40%
Utility Users' Tax	1,129,632	804,037	71.18%	1,183,347	743,202	62.81%
Inter-Governmental Revenue	936,360	706,644	75.47%	864,541	860,103	99.49%
Rental Income	405,004	80,058	19.77%	655,598	170,354	25.98%
Interest Income	310,000	477,880	154.15%	473,000	358,695	75.83%
Operating Transfers In / Other Revenue Sources	440,155	333,316	75.73%	478,849	340,934	71.20%
Use of Assigned Fund Balance	1,865,712	0	0.00%	1,261,644	0	0.00%
Total Revenues:	\$ 48,047,153	\$ 31,233,631	65.01%	\$ 50,284,375	\$ 33,544,078	66.71%

Through the third quarter of fiscal year 2015-16, year-to-date General Fund revenues are slightly above \$33.5 million, which is a 7.4 percent increase over the same time period in 2014-15. This increase is driven by several major revenue sources, including property tax, transient occupancy tax, and franchise fees.

Property tax represents the largest source of General Fund revenue, and the budget was increased at mid-year to account for the City receiving a full share of Excess Educational Revenue Augmentation Fund (ERAF) revenue. Because of the uncertainty around this revenue source, only a 50% share was included in the adopted budget; however, the City learned in early 2016 that it would be receiving the full amount. Property taxes are up 17% over the same period of time compared to fiscal year 2014-15. Based on remittances through March 31st, property tax revenues are expected to meet or exceed adjusted budget estimates.

Charges for services are up 4.28 percent, or \$253,000, over the third quarter of fiscal year 2014-15 and are on track to meet the adjusted estimate total.

Sales tax is tracking below last fiscal year's amount through March 31st, as revenues are down 28% percent. This is partially attributed to the loss of general retail and transportation sales tax generating sources. Sales tax revenue, when compared to the prior fiscal year, is also decreasing due to the reduction in receipts of Triple Flip reimbursements from the state. Fiscal year 2015-16 will be the final year in which the city will be receiving Triple Flip reimbursements as the Economic Recovery Bonds associated with this program are due to expire in 2016.

Transient occupancy tax (TOT) revenues are up 37 percent over the same period from last fiscal year. The increase is mostly attributed to new hotel TOT revenues being reported for the fiscal year. Year-to-date revenues are trending correctly when compared to the adjusted budget. Although the report shows that only 51% of budgeted TOT has been recorded, revenues for the third quarter are recorded in April due to the timing of TOT receipts reported to the city from local hotels.

Utility Users Tax (UUT) is down 7.5 percent over the same period from last fiscal year. Market analysis has shown that this decrease is attributed to a decline in gas consumption due to a moderate winter, as well as lower gas prices which are due large gas reserves.

Expenditures

As expected, through the third quarter, General Fund operating expenditures are up \$615,000, or 2 percent, when compared to the previous year. This increase was accounted for in the annual budget process. In comparison to last fiscal year, expenditures are tracking slightly lower to budget this year (61.7% vs. 62.5%) through the third quarter, as shown in Table 2 below. These savings are partially attributed to lower personnel costs associated with the timing of filling vacant positions within the Public Works and Community Development departments. Further, five departments (Library, City Manager's Office, City Council, Administrative Services, and Debt Service) are tracking lower to budget in comparison to fiscal year 2014-15. Based on total expenditures through the third quarter, total General Fund operating expenditures are on track to be within the budgeted amounts for the fiscal year.

Table 2: Expenditures						
Departments	2014-15			2015-16		
	Adjusted Budget	Actual 3/31/2015	% of Budget	Adjusted Budget	Actual 3/31/2016	% of Budget
Police	15,388,291	10,824,384	70.34%	16,505,886	11,576,861	70.14%
Public Works	7,062,343	4,432,083	62.76%	8,854,871	5,477,343	61.86%
Community Services	7,826,081	5,318,700	67.96%	7,887,009	5,615,014	71.19%
Community Development	5,572,309	2,239,390	40.19%	5,140,492	2,311,494	44.97%
Administrative Services	3,853,462	2,393,848	62.12%	3,059,148	1,739,106	56.85%
Library	2,268,284	1,646,829	72.60%	2,576,568	1,587,043	61.60%
City Managers Office	2,321,797	1,384,509	59.63%	2,284,073	1,325,552	58.03%
City Attorney	362,990	233,017	64.19%	385,650	244,427	63.38%
City Council	395,479	346,155	87.53%	424,666	277,730	65.40%
Debt Service	4,248,200	1,986,150	46.75%	3,839,533	1,265,408	32.96%
Total Expenditures:	\$49,299,236	\$ 30,805,064	62.49%	\$ 50,957,897	\$ 31,419,977	61.66%

YTD General Fund Budget-to-Actuals

Table 3: YTD General Fund Budget to Actuals						
Revenues	2014-15			2015-16		
	Adjusted Budget	Actual 3/31/2015	% of Budget	Adjusted Budget	Actual 3/31/2016	% of Budget
REVENUES						
Property Tax	\$ 15,986,324	\$ 10,369,949	64.87%	\$ 17,241,813	\$ 12,135,691	70.39%
Charges For Services	8,012,908	5,906,638	73.71%	8,077,135	6,159,472	76.26%
Sales Tax	6,348,146	4,300,244	67.74%	5,202,594	3,054,848	58.72%
Licenses & Permits	4,880,128	4,448,231	91.15%	5,890,363	4,957,442	84.16%
Transient Occupancy Tax	4,549,694	2,230,548	49.03%	5,947,835	3,061,924	51.48%
Franchise Fees	1,863,110	637,165	34.20%	1,940,013	757,573	39.05%
Fines	1,319,980	938,920	71.13%	1,067,643	943,841	88.40%
Utility Users' Tax	1,129,632	804,037	71.18%	1,183,347	743,202	62.81%
Inter-Governmental Revenue	936,360	706,644	75.47%	864,541	860,103	99.49%
Rental Income	405,004	80,058	19.77%	655,598	170,354	25.98%
Interest Income	310,000	477,880	154.15%	473,000	358,695	75.83%
Operating Transfers In / Other Revenue Sources	440,155	333,316	75.73%	478,849	340,934	71.20%
Use of Assigned Fund Balance	1,865,712	0	0.00%	1,261,644	0	0.00%
Total Revenues:	\$ 48,047,153	\$ 31,233,631	65.01%	\$ 50,284,375	\$ 33,544,078	66.71%
EXPENDITURES						
Police	\$ 15,388,291	\$ 10,824,384	70.34%	\$ 16,505,886	\$ 11,576,861	70.14%
Public Works	7,062,343	4,432,083	62.76%	8,854,871	5,477,343	61.86%
Community Services	7,826,081	5,318,700	67.96%	7,887,009	5,615,014	71.19%
Community Development	5,572,309	2,239,390	40.19%	5,140,492	2,311,494	44.97%
Administrative Services	3,853,462	2,393,848	62.12%	3,059,148	1,739,106	56.85%
Library	2,268,284	1,646,829	72.60%	2,576,568	1,587,043	61.60%
City Managers Office	2,321,797	1,384,509	59.63%	2,284,073	1,325,552	58.03%
City Attorney	362,990	233,017	64.19%	385,650	244,427	63.38%
City Council	395,479	346,155	87.53%	424,666	277,730	65.40%
Debt Service	4,248,200	1,986,150	46.75%	3,839,533	1,265,408	32.96%
Total Expenditures:	\$ 49,299,236	\$ 30,805,064	62.49%	\$ 50,957,897	\$ 31,419,977	61.66%
NET REVENUE	\$ (1,252,083)	\$ 428,567		\$ (673,522)	\$ 2,124,101	

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:
Rosendo Rodriguez, Finance and Budget Manger



STAFF REPORT

City Council Meeting Date: 6/1/2016
Staff Report Number: 16-080-CC

Informational Item: Review of the City's Investment Portfolio as of March 31, 2016

Recommendation

This is an informational item and does not require City 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 safety, liquidity and yield.

Background

The City's investment policy requires a quarterly investment report to the City 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 City Council an update on the cash balances of the City's various funds.

Analysis

Investment Portfolio as of March 31, 2016

The historical (book) value of the City's total portfolio at the end of March was over \$101.3 million. The portfolio is comprised of all of the City's funds. Cash is invested in accordance with the City's Investment Policy, which strives to attain the highest yield obtainable following established criteria for safety and liquidity. The make-up of the portfolio can be seen in the Table 1:

Table 1: Recap of Securities Held			
Security	Historical Cost	Fair Value	% of Portfolio
LAIF (cash)	\$37,436,539	\$37,436,539	37.1%
Corporate Bonds	\$27,094,783	\$26,853,405	26.6%
Government Agencies	\$24,079,952	\$24,081,181	23.8%
Government Bonds	\$12,510,039	\$12,520,742	12.4%
Government Mortgage Backed	\$151,355	\$144,354	0.1%
Total	\$101,272,667	\$101,036,221	100.0%

The Local Agency Investment Fund (LAIF) is considered a safe investment as it provides the liquidity of a money market fund. The majority of the remaining securities are prudent and secure short-term investments (1-3 years), bearing a higher interest rate than LAIF and provide investment diversification.

As can be seen in Table 1, the fair value (market value) of the City’s securities was \$236,445 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. 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 in the U.S.

The final estimate of 2015 fourth quarter Gross Domestic Product (GDP) was revised upward to 1.4 percent from 1.0 percent. Strong consumer spending helped support the increase in GDP. Manufacturing also showed signs of growth in February.

The labor market continues its strong momentum as 242,000 jobs were added to the work force in February. The unemployment rate remained at 4.9 percent, but the underemployment rate dropped to 9.7 percent from 9.9 percent. The underemployment rate once again reached a post-recession low. Further strength in employment was reported in February as the labor force participation rate increased to 62.9 percent from 62.7 percent. Wages fell slightly on a month-over-month basis, but grew at a 2.2 percent rate on an annual basis.

Housing starts bounced back in February, growing 5.2 percent to an annualized rate of 1.1 million. Existing home sales however, decreased 7.1 percent to an annualized rate of 5.08 million.

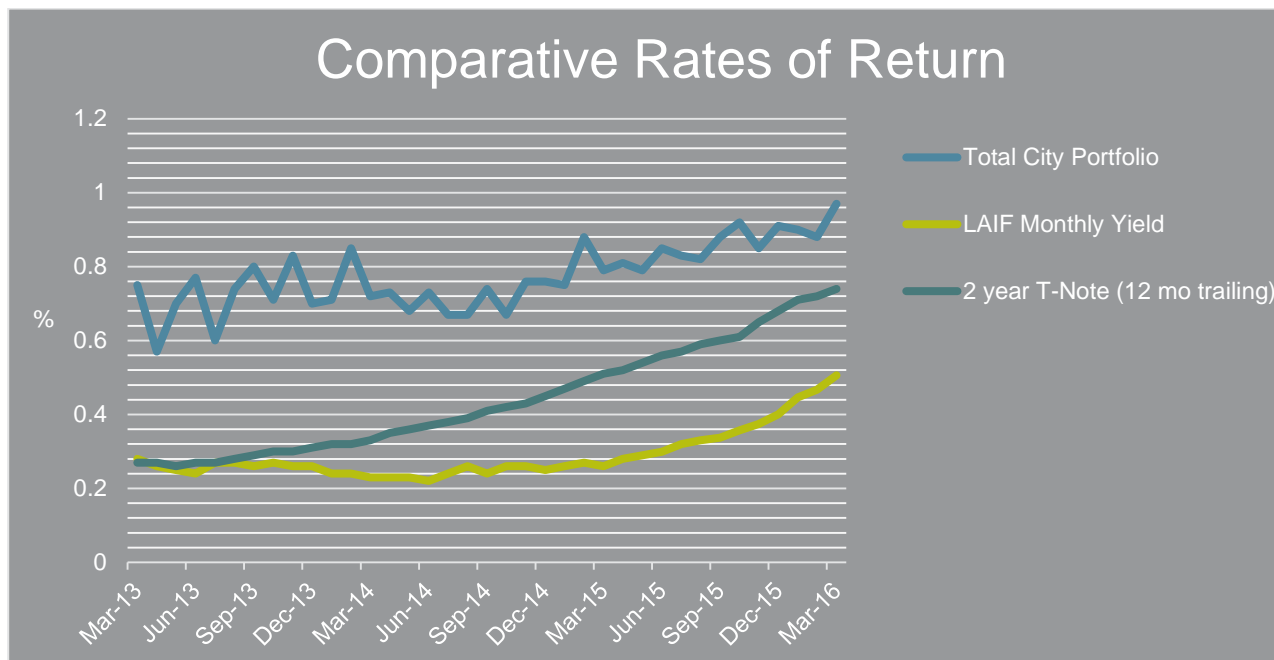
The Federal Open Market Committee (FOMC) voted to maintain the Fed funds target rate at 0.25 percent to 0.50 percent during the March 16th meeting. The FOMC also revised its 2016 outlook, and now expects to raise the Fed funds target rate twice this year. Following the December meeting, the Committee projected three to four interest rate movements in 2016.

Investment Yield

The annualized return on the City’s term portfolio as of March 31, 2016, was 0.97% net of fees. This quarter’s return was up slightly from the previous quarter which had a net return of 0.91%. The current quarter’s return is higher than both the 2-year Treasury note (12-month trailing) paying 0.74% and the rate of return earned through LAIF over the past quarter which was 0.46%.

Table 2: Investment Yield		
Term	December 31, 2015	March 31, 2016
3-month	0.16	0.2
6-month	0.48	0.38
2-year	1.05	0.72
5-year	1.76	1.21
10-year	2.27	1.77

As previously stated, approximately 37 percent of the portfolio resides in the City’s LAIF account, yielding 0.46 percent for the quarter ended March 31, 2016. While LAIF is a good investment option for funds needed for liquidity, the City’s investment of excess funds in other types of securities 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.



Fees paid to Insight Investment (totaling \$12,707 for the quarter ended March 31, 2016) are deducted from investment earnings before calculating the City’s net rate of return. Staff continues to work with the City’s investment advisors to meet the City’s investment objectives and rearrange the portfolio for maximum yield while providing safety for the principal amount.

Investment Transactions in the Fourth Quarter

During the first quarter of 2016, staff obtained guidance from the City’s investment advisors to make prudent investment decisions that follow the City’s investment policy. Table 3 below, includes all of the investment transactions that occurred during the first quarter of 2016.

Table 3: Matured Investments						
Date	Transaction	Description	Term	% Yield		Principal
1/15/2016	Purchase	FFCB		2.25	1.10	\$ 2,000,000
1/15/2016	Maturity	MERCK & CO INC		1.00	2.25	2,000,000
1/15/2016	Call	FHLMC Callable		4.25	6.00	25,627
2/16/2016	Call	FHLMC Callable		4.25	6.00	22,719
3/15/2016	Call	FHLMC Callable		4.25	6.00	\$ 25,914

Cash and Investments by Fund

Overall, the City's investment portfolio increased by nearly \$1.4 million in the first quarter of 2016. The following schedule, Table 4, lists the change in cash balance by fund type.

Table 4: Cash Balance				
Fund/Fund Type	Cash Balance as of 03/31/16	Cash Balance as of 12/31/15	Difference	% Change
General Fund	\$ 30,010,475	\$ 31,407,726	\$ (1,397,251)	-4.45%
Bayfront Park Maintenance Fund	472,158	489,028	(16,870)	-3.45%
Recreation -in-Lieu Fund	1,492,680	1,424,036	68,644	4.82%
Other Expendable Trust Funds	1,452,211	1,609,443	(157,232)	-9.77%
Transportation Impact Fee Fund	5,969,158	6,054,081	(84,923)	-1.40%
Garbage Service Fund	1,434,337	1,291,053	143,284	11.10%
Parking Permit Fund	3,959,385	3,646,191	313,194	8.59%
BMR Housing Fund	4,920,006	7,047,405	(2,127,399)	-30.19%
Measure A Funds	528,502	378,195	150,307	39.74%
Storm Water Management Fund	434,563	258,170	176,393	68.32%
Successor Agency Funds	4,753,595	2,845,724	1,907,871	67.04%
Measure T Funds	329,119	329,778	(659)	-0.20%
Other Special Revenue Funds	13,094,273	13,262,565	(168,292)	-1.27%
Capital Project Fund- General	15,282,282	13,109,354	2,172,928	16.58%
Water Operating & Capital	11,964,087	12,266,523	(302,436)	-2.47%
Debt Service Fund	1,018,570	676,365	342,205	50.59%
Internal Service Fund	4,157,337	3,760,073	397,264	10.57%
Total Portfolio of all Funds	\$ 101,272,739	\$ 99,855,710	\$ 1,417,029	1.42%

Cash and investment holdings in the General Fund decreased primarily due to the timing of property tax revenues, which are received in December and April of each year. The decrease is also partially attributed to the transfer of \$2.383 million out of the General Fund and into the General Capital Improvement Project Fund related to the fiscal year 2014-15 Operating Surplus. The BMR Housing Fund has a decrease of \$2.1 million in the first quarter of 2016, which is attributed to the partial funding of the Sequoia Belle Haven project for \$1,889,500 as well as for the purchase of a BMR unit on Willow Road for \$318,000. Additionally, Successor Agency Funds have an increase of \$1,908,000 relating to property tax revenues which will offset future bond obligations for the former Redevelopment Agency.

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.

Public Notice

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

Attachments

- A. Insight Investments reports for the period ended March 31, 2016.
- B. LAIF Quarterly report for the period ended March 31, 2016.

Staff Report #: 16-080-CC

Report prepared by:
Rosendo Rodriguez, Finance and Budget Manger

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ATTACHMENT A

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ANY FORM WITHOUT PRIOR WRITTEN APPROVAL

CITY OF MENLO PARK

March 2016

➤ A BNY MELLON COMPANYSM



ACTIVITY AND PERFORMANCE SUMMARY

For the period January 1, 2016 - March 31, 2016

<u>Amortized Cost Basis Activity Summary</u>		
Opening balance		63,581,465.39
Income received	217,134.49	
Total receipts		217,134.49
Participant withdrawals	(0.01)	
Total disbursements		(0.01)
Interportfolio transfers	(289,834.79)	
Total Interportfolio transfers		(289,834.79)
Realized gain (loss)		(1,303.27)
Total amortization expense		(51,860.65)
Total OID/MKT accretion income		5,403.27
Return of capital		0.00
Closing balance		63,461,004.43
Ending fair value		63,599,682.64
Unrealized gain (loss)		138,678.21

<u>Detail of Amortized Cost Basis Return</u>				
	Interest earned	Accretion (amortization)	Realized gain (loss)	Total income
Corporate Bonds	107,501.25	(37,321.71)	0.00	70,179.54
Government Agencies	68,881.95	(8,557.65)	0.00	60,324.30
Government Bonds	26,495.35	58.74	0.00	26,554.09
Government Mortgage Backed Securities	2,507.63	(636.76)	(1,303.27)	567.60
Total	205,386.18	(46,457.38)	(1,303.27)	157,625.53

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* Three month trailing
Fed Funds	0.20	0.13	0.09
Overnight Repo	0.25	0.17	0.11
Merrill Lynch 3m US Treas Bill	0.11	0.10	0.07
Merrill Lynch 6m US Treas Bill	0.20	0.16	0.09
ML 1 Year US Treasury Note	0.40	0.26	0.14
ML 2 Year US Treasury Note	0.74	0.42	0.21
ML 5 Year US Treasury Note	1.52	0.74	0.34

* rates reflected are cumulative

<u>Summary of Amortized Cost Basis Return for the Period</u>	
	Total portfolio
Interest earned	205,386.18
Accretion (amortization)	(46,457.38)
Realized gain (loss) on sales	(1,303.27)
Total income on portfolio	157,625.53
Average daily amortized cost	63,520,058.66
Period return (%)	0.25
YTD return (%)	0.25
Weighted average final maturity in days	521

ACTIVITY AND PERFORMANCE SUMMARY

For the period January 1, 2016 - March 31, 2016

<u>Fair Value Basis Activity Summary</u>		
Opening balance		63,374,205.59
Income received	217,134.49	
Total receipts		217,134.49
Participant withdrawals	(0.01)	
Total disbursements		(0.01)
Interportfolio transfers	(289,834.79)	
Total Interportfolio transfers		(289,834.79)
Unrealized gain (loss) on security movements		0.00
Return of capital		0.00
Change in fair value for the period		298,177.36
Ending fair value		63,599,682.64

<u>Detail of Fair Value Basis Return</u>			
	Interest earned	Change in fair value	Total income
Corporate Bonds	107,501.25	99,366.95	206,868.20
Government Agencies	68,881.95	143,295.00	212,176.95
Government Bonds	26,495.35	57,342.50	83,837.85
Government Mortgage Backed Securities	2,507.63	(1,827.09)	680.54
Total	205,386.18	298,177.36	503,563.54

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* Three month trailing
Fed Funds	0.20	0.13	0.09
Overnight Repo	0.25	0.17	0.11
Merrill Lynch 3m US Treas Bill	0.12	0.10	0.07
Merrill Lynch 6m US Treas Bill	0.39	0.22	0.22
ML 1 Year US Treasury Note	0.40	0.19	0.36
ML US Treasury 1-3	0.92	0.46	0.90
ML US Treasury 1-5	1.62	0.89	1.57

* rates reflected are cumulative

<u>Summary of Fair Value Basis Return for the Period</u>	
	Total portfolio
Interest earned	205,386.18
Change in fair value	298,177.36
Total income on portfolio	503,563.54
Average daily total value *	63,715,379.38
Period return (%)	0.79
YTD return (%)	0.79
Weighted average final maturity in days	521

* Total value equals market value and accrued interest

ADDITIONAL INFORMATION

As of March 31, 2016

In calculating ratings distributions and weighted average portfolio quality, Insight assigns U.S. Treasury and U.S. agency securities a quality rating based on the methodology used within the respective benchmark index. When Moodys, S&P and Fitch rate a security, Bank of America and Merrill Lynch indexes assign a simple weighted average statistic while Barclays indexes assign the median statistic. Insight assigns all other securities the lower of Moodys and S&P ratings.

You cannot invest in an index. The volatility of the benchmark may be materially different from that of the Composite. The benchmark is presented merely to show general trends in the market for the period and is not intended to imply that a clients account is benchmarked to the indices either in composition, volatility, or level of risk. An index has no expenses. Index data is provided for comparative purposes only. A variety of factors may cause an index to be an inaccurate benchmark.

The BofA Merrill Lynch 3 Mo US T-Bill index is an unmanaged market index of U.S. Treasury securities maturing in 90 days that assumes reinvestment of all income.

The BofA Merrill Lynch 6 Mo US T-Bill index measures the performance of Treasury bills with time to maturity of less than 6 months.

The BofA Merrill Lynch Current 1-Year US Treasury Index is a one-security index comprised of the most recently issued 1-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 1-year note must be auctioned on or before the third business day before the last business day of the month.

The BofA Merrill Lynch Current 3-Year US Treasury Index is a one-security index comprised of the most recently issued 3-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 3-year note must be auctioned on or before the third business day before the last business day of the month.

The BofA Merrill Lynch Current 5-Year US Treasury Index is a one-security index comprised of the most recently issued 5-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 5-year note must be auctioned on or before the third business day before the last business day of the month.

The BofA Merrill Lynch 1-3 US Year Treasury Index is an unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one year and less than three years.

The BofA Merrill Lynch 1-5 US Year Treasury Index is an unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one year and less than five years.

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BETTY T. YEE

California State Controller

LOCAL AGENCY INVESTMENT FUND
REMITTANCE ADVICE

Agency Name

CITY OF MENLO PARK

As of 04/15/2016, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 03/31/2016.

Earnings Ratio		.00001268659292168
Interest Rate		0.46%
Dollar Day Total	\$	3,593,303,229.56
Quarter End Principal Balance	\$	37,436,538.80
Quarterly Interest Earned	\$	45,586.78

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STAFF REPORT

City Council

Meeting Date: 6/1/2016

Staff Report Number: 16-091-CC

Informational Item: Update on 2016 City Council Work Plan

Recommendation

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

Policy Issues

It has been the City Council's policy to adopt its work plan annually. Any policy issues that may arise from the implementation of individual work plan items will be considered at that time.

Background

The City Council held a Special Meeting on January 29, 2016, at the Arrillaga Family Recreation Center to discuss and identify the work plan items for the year. The City Council approved the work plan on February 9, 2016, and staff used it to help craft the fiscal year 2016-17 proposed budget. The proposed budget is scheduled for discussion at two upcoming City Council meetings, a public hearing on June 7, 2016, and planned budget adoption June 21, 2016.

Analysis

The City Council work plan for 2016 includes 72 items, listed in the table (Attachment A). The list has been grouped into themes and priority levels to help categorize the items. The themes, in no specific order, include:

- Responding to the development needs of private residential and commercial property owners
- Realizing Menlo Park's vision of environmental leadership and sustainability
- Attracting thoughtful and innovative private investment to Menlo Park
- Providing high-quality resident enrichment, recreation, discovery and public safety services
- Maintaining and enhancing Menlo Park's municipal infrastructure and facilities
- Furthering efficiency in city service delivery models
- Improving Menlo Park's multimodal transportation system to move people and goods through Menlo Park more efficiently

This quarterly report includes status updates on individual work plan items.

Public Notice

Public Notification was achieved by posting the agenda, with the agenda items being listed, at least 72

Staff Report #: 16-091-CC

hours prior to the meeting.

Attachments

A. Status update for 2016 City Council Work Plan

Report prepared by:

Clay J. Curtin, Assistant to the City Manager

Responding to the development needs of private residential and commercial property owners				
Number	Source	Description	Lead Department	Update
Extremely Important				
1	WP	Complete the General Plan Update	Community Development	On schedule for final adoption of all documents in September/October 2016.
2	WP	Process complex development projects	Community Development	All projects previously listed as in construction are now complete with the exception of Anton Menlo, which has an extended construction period. All projects identified as undergoing building permit review have been issued permits and are under construction. Of the projects identified as being in the land use entitlement process, five have completed the land use entitlements, the applicant placed one on hold and the remaining three are at various stages of review.
Very Important				
3	WP	Implement Downtown/EI Camino Real Specific Plan biennial review	Community Development	City Council review is complete. Staff has developed an implementation plan for the directed changes and is working with a consultant on a proposal necessary to modify the text and graphics of the Specific Plan.

Realizing Menlo Park’s vision of environmental leadership and sustainability				
Number	Source	Description	Lead Department	Update
Important				
4	CIP	Community Zero Waste Policy Draft	City Manager’s Office	Request for proposals has been issued and responses are due June 3.
5	CIP WP	Install EV charging stations as part of the Climate Action Plan	City Manager’s Office	Four chargers at two locations should be complete by August 2016
6	WP	Update the Heritage Tree ordinance	City Manager’s Office	Request for proposal is planned for late summer 2016.

Attracting thoughtful and innovative private investment to Menlo Park				
Number	Source	Description	Lead Department	Update
Extremely Important				
7	WP	Implement Housing Element programs	City Manager's Office Community Development	Work on the programs is planned over the term of the Housing Element (2015-2023). Four programs were identified for 2015. One program has been completed (revisions to secondary dwelling unit ordinance) and others are in process (overnight parking restrictions in the R-4-S zoning district, 21 Elements Nexus Study and Modifications to BMR Program). The Nexus Study and BMR Program modifications will potentially be ready for final Council review/adoption by June 30, 2016.
Very Important				
8	WP	Expand downtown outdoor seating program	City Manager's Office	Ongoing; City Council approved the Santa Cruz Street Café designs and cost sharing plan May 24, 2016
Important				
9	WP	Implement the Economic Development Plan	City Manager's Office	Ongoing
10	CIP WP	Implement Downtown/EI Camino Real Specific Plan streetscape (paseo, parklets)	City Manager's Office Public Works	A new paseo location will be piloted starting at the June 15 downtown summer block party event.

Providing high-quality resident enrichment, recreation, discovery and public safety services				
Number	Source	Description	Lead Department	Update
Extremely Important				
11	WP	Create a community disaster preparedness partnership (MenloReady) with residents, businesses and schools utilizing the existing agreement with the Menlo Park Fire Protection District	Police	Continue to work with the fire district to address disaster preparedness, including a 5-year renewal of the local hazard mitigation plan (required for eligibility for State and Federal disaster relief funds)
12	WP	Complete the Belle Haven Pool facility analysis for year-round operations	Community Services	RFP is in development and should be going out to bid in June 2016. Work to commence in first quarter of FY 16-17.
Very Important				
13	WP	Complete the Belle Haven Action Plan Phase III implementation	Community Services	Final community survey in process
14	WP	Enhance Community special events	Community Services	Info item update to Council June 7, 2016
15	WP	Maintain City Council-approved cost recovery levels in all Community Services programs	Community Services	All programs at approved cost recovery level
16	CIP	Undertake a community process to rank potential projects for Measure T funding	Community Services	Now called <i>Parks and Recreation Master Plan Update</i> in 16-17 CIP (\$125,000). RFP in development
17	WP	Develop a Bedwell Bayfront Park operations / maintenance plan to enhance use, improve access and determine a sustainable funding source for ongoing maintenance	Community Services	Now called <i>Bedwell Bayfront Park Master Plan</i> in 16-17 CIP (\$200,000). RFP in development
Important				
18	WP	Develop an implementation plan for the Sister City and Friendship program	City Manager's Office	Committee members have been appointed and first meeting is planned for June 2016.

Maintaining and enhancing Menlo Park’s municipal infrastructure and facilities				
Number	Source	Description	Lead Department	Update
Extremely Important				
19	CIP	Complete Belle Haven Youth Center playground replacement	Community Services Public Works	Completed; ribbon cutting planned for mid-June.
20	CIP WP	Install bicycle and pedestrian improvements on Chilco Street	Public Works	Ongoing; Phase 1 improvements nearly complete, Phase 2 is under construction and Phase 3 is in design.
21	CIP	Maintain citywide sidewalk repair program	Public Works	Ongoing; completed this year’s sidewalk repair program
22	CIP	Maintain citywide street resurfacing program	Public Works	Ongoing; submitted updated pavement management report to MTC in April. Presently developing streets for 2017 Street Resurfacing Project
23	CIP WP	Improve Haven Avenue streetscape (bike lanes, complete sidewalk gaps, new pedestrian bridge over Atherton Channel) (grant funded)	Public Works	In design; completed review by Bicycle and Transportation commissions and City Council approved on-street parking removal. Completed environmental clearance and design is 65% complete. Next steps include completing 95% design and submitting the Caltrans encroachment permit application.
24	CIP	Adopt Urban Water Management Plan update	Public Works	Complete; City Council approved May 24, 2016.
25	CIP WP	Complete sidewalks on Santa Cruz Ave	Public Works	City Council review and approval of funding schedule planned for June 1, 2016. Plans are 60% complete.
26	CIP WP	Develop a water master plan	Public Works	Study is 40% complete
27		a. Add an additional emergency water well		Ongoing; City Council approval of environmental document scheduled for June 7, 2016
28		b. Develop a recycled water program		Ongoing as part of the water system master plan
29		c. Enter into an agreement with West Bay Sanitary District for the Sharon Heights Recycled Water Project		Complete; City Council approved May 3, 2016.

Very Important				
30	CIP	Repair and Upgrade the Bedwell Bayfront Park leachate collection system	Public Works	Project moved to 2017-18 following completion of Park Master Plan in 2016-17
31	CIP	Install Library landscaping	Public Works	Ongoing; design is underway.
32	CIP	Replace Police radio infrastructure	Public Works	Ongoing; Planning Commission review of police antennae scheduled for June 1. Plans and specifications are 30% complete.
33	CIP WP	Address downtown parking garage (prioritize location, develop design concepts, consider Oak Grove bike lanes)	Public Works	Study session is planned for early June 2016.
34	CIP	Enter into an agreement with Redwood City and the Salt Pond Restoration Project for the Bayfront Canal Bypass Project	Public Works	On hold; City Council received a status report May 24, 2016.
35	CIP	Design Pope/Chaucer bridge improvements	Public Works	Ongoing; waiting for the environmental document to be circulated later this year
Important				
36	CIP	Construct restroom at Jack Lyle Park	Public Works	Ongoing; next step is to coordinate with Peninsula Volunteers and Rosener House consultant regarding specific location and design
37	CIP	Replace Library interior wall fabric	Public Works	Project moved to 2017-18 following the completion of the Library Strategic Plan and Space Needs Study (#42).
38	CIP	Replace Nealon Park sports field sod and irrigation system	Public Works	City Council study session May 24, 2016
39	CIP	Address Nealon Park dog park	Public Works	City Council study session May 24, 2016
40	CIP	Replace Willow Oaks dog park and install restroom	Public Works	Ongoing; next step is to refine scope of work for each project.
41	CIP	Initiate Downtown utility undergrounding	Public Works	On hold; this will be coordinated with downtown parking structures (#33)
42	CIP	Complete library space needs study	Public Works	Ongoing; currently preparing a scope of work for the request for proposals

Furthering efficiency in city service delivery models				
Number	Source	Description	Lead Department	Update
Extremely Important				
43	WP	Complete the classification and compensation study and work with labor units to address the study's findings	Administrative Services	Ongoing
44	CIP WP	Complete the information technology master plan and:	Administrative Services	The consultant's draft report is under review
45		a. Implement key best practices		Ongoing
46		b. Launch a selection process for replacement of mission critical systems including an enterprise resource planning (ERP) business management system for the city including administrative and land development operations		Scheduled to begin following budget adoption
47		c. Identify and implement interim upgrades to existing business systems as a bridge to their replacement		Ongoing
48	WP	Complete a fee study for solid waste and water utilities	Administrative Services Public Works	Developing a scope of work for the study
49	CIP WP	Complete administration building space planning	Public Works	Ongoing; design is 90% complete. Bid process will begin in June 2016.
Very Important				
50	WP	Complete an updated cost allocation plan, user fee study for non-utility operations, and cost recovery models for non-development related services	Administrative Services	Developing a scope of work for the study
	WP	Implement recommendations from the department operational reviews:	Community Services Library	
51		Develop and implement strategic plans for the Library and Community Services departments		Community Services plan completed and being implemented. Library strategic plan is 75% complete now, with estimated completion in July.
52		Revise and update departmental policies and procedures in the Library and Community Services departments		Community Services policy updates complete. Library policy updates are ongoing and may be informed by results of the library strategic plan.
53		Develop and improve cooperative relationships with community stakeholders (school districts, community groups, etc.)		Ongoing

Important				
54	WP	Analysis and prioritization of alternative service delivery model goals, what outcome is desired (financial, service changes, etc.) and what metrics determine success	City Manager's Office	Ongoing
55	WP	Assess current staffing levels in the Administrative Services department, realign existing resources, and add resources where necessary to support the organization's current and future needs for technology, financial and human resources support	Administrative Services	Ongoing
56	WP	Improve community communications	City Manager's Office	Ongoing
57	WP	Initiate organizational study for development services utilizing industry best practices	City Manager's Office Community Development Public Works	Developing a scope of work for the study
58	WP	Initiate organizational study for Public Works maintenance services	City Manager's Office Public Works	Developing a scope of work for the study

Improving Menlo Park's multimodal transportation system to move people and goods through Menlo Park more efficiently

Number	Source	Description	Lead Department	Update
Extremely Important				
59	WP	Develop and implement transit improvements (study transit options including enhancements to existing shuttles and transportation management associations, install new shuttle stop signs and amenities)	Public Works	Ongoing; were awarded funds from SMCTA and C/CAG for expanded shuttle service in 2016-2017. Next steps are to finalize service enhancements and publicize route changes.
60	CIP WP	Study and prioritize Willow Road transportation improvement options	Public Works	Ongoing; initiated coordination discussions with Menlo Park Fire Protection District about desired improvements. Next steps to complete cost estimates and preliminary designs for options to be reviewed by City Council.
61	CIP WP	Work with Caltrans and regional funding partners to design and begin construction on 101/Willow Road interchange	Public Works	Ongoing; design completed. Collaborating with regional funding partners ongoing to secure remaining funds to advance to construction
62	CIP WP	Construct Citywide Bicycle and Pedestrian Visibility Project (add green colored pavement to existing high-use corridors at conflict points and downtown bike racks) (grant funded)	Public Works	In construction; awarded construction contract in February 2016, with anticipated construction starting in June 2016
63	CIP WP	Construct Menlo Park-Atherton Bike/Pedestrian Improvements Project (Valparaiso Avenue Safe Routes to School project) (grant funded)	Public Works	Project is currently out to bid with anticipated contract award June 7. Construction to start in summer 2016

64	CIP WP	Construct Menlo Park-East Palo Alto Connectivity Project (add Class III bike routes and sharrows to connecting streets and fill sidewalk gaps on O'Connor Street and Menalto Avenue) (grant funded)	Public Works	Project currently out to bid, anticipated contract award June 7. Construction anticipated summer 2016.
65	CIP WP	Prepare Project Study Report for Ravenswood Avenue/Caltrain Grade Separation Project (grant funded)	Public Works	Ongoing; awarded consultant contract in March 2016 and held the first community workshop May 2, 2016. Next step is to initiate preliminary engineering work.
66	CIP WP	Explore Dumbarton Rail Corridor activation / reuse	Public Works	Ongoing; the City is coordinating through the SamTrans-led Dumbarton Corridor Study. The first community workshop held in Menlo Park May 12, 2016.
67		Install bus shelters at the Senior Center and on Willow Road between U.S. 101 and Bayfront Expressway	Public Works	Ongoing; received preliminary list of potential locations from SamTrans and staff is reviewing feasibility
Very Important				
68	CIP WP	Coordinate with regional agencies on High Speed Rail project, including environmental review	Public Works	Ongoing; the High Speed Rail Authority initiated environmental review in May 2016. The City will prepare a comment letter in advance of the June 9, 2016, deadline.
69	CIP WP	Begin design and implement El Camino Real Corridor Study	Public Works	Ongoing; City Council acted May 3, 2016, to advance design and construction of east-west crossings and further evaluation of Alternative 2. North-south corridor improvements on hold pending further City Council direction.
70	CIP	Design and construct Sand Hill Road signal modification project	Public Works	In design; plans are 65% complete
71		Establish a crosswalk policy	Public Works	Ongoing; a draft policy is prepared and the Transportation Commission review is planned for July 2016 and City Council review in August 2016.
Important				
72	CIP WP	Work with Caltrain to complete Peninsula Corridor Electrification Project design review	Public Works	Ongoing; City Council authorized the City Manager to sign the agreement May 24, 2016.