



SPECIAL AND REGULAR MEETING AGENDA

Date: 2/7/2017
Time: 5:30 p.m.
City Council Chambers
701 Laurel St., Menlo Park, CA 94025

**Councilmember Ohtaki will participate by teleconference from the following location:
The Mirage Hotel, 3400 South Las Vegas Blvd., Las Vegas, NV**

5:30 p.m. Closed Session (City Hall Administration Building, 1st floor conference room)

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

CL1. Closed Session pursuant to Government Code Section §54957.6 to confer with labor negotiators regarding current labor negotiations with Service Employees International Union (SEIU), American Federation of State, County and Municipal Employees (AFSCME) and the Menlo Park Police Sergeants' Association (PSA), the Menlo Park Police Officers' Association (POA)

Attendees: City Manager Alex McIntyre, Administrative Services Director Nick Pegueros, Human Resources Manager Lenka Diaz, City Attorney Bill McClure, Labor Counsel Charles Sakai

CL2. Closed session conference with legal counsel pursuant to Government Code section 54956.9 (d)(1) regarding existing litigation: 1 case - City of East Palo Alto v. City of Menlo Park et al., San Mateo County Superior Court Case No. 16CIV03062

7:00 p.m. Regular Session

A. Call To Order

B. Roll Call

C. Pledge of Allegiance

D. Report from Closed Session

E. Presentation

E1. Proclamation recognizing Black History Month

F. Study Session

F1. Information Technology Master Plan (Staff Report# 17-036-CC)

- F2. Provide feedback on the Ravenswood Avenue Railroad Crossing study alternatives (Staff Report# 17-034-CC)

G. 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.

H. Consent Calendar

- H1. Waive the reading and adopt zoning ordinance amendments relating to Child Day Care Homes and Centers (Staff Report# 17-029-CC)
- H2. Waive the reading and adopt zoning ordinance amendments related to Secondary Dwelling Units (Staff Report# 17-030-CC)
- H3. Waive reading and adopt an ordinance approving the Development Agreement for the 1300 El Camino Real Project (Staff Report# 17-028-CC)
- H4. Authorize the City Manager to enter into consultant agreements for the Bedwell Bayfront Park Master Plan project (Staff Report# 17-031-CC)
- H5. Adopt a resolution authorizing application to the San Mateo County Community Development Block Grant (CDBG) Program for projects in the Belle Haven neighborhood for the 2017-18 grant cycle (Staff Report# 17-027-CC)
- H6. Adopt a resolution in collaboration with the Cities of Mountain View, Palo Alto and Redwood City directing staff to participate in sub-regional planning on bike routes (Staff Report# 17-032-CC)
- H7. Approve minutes for the City Council meetings of January 10, 24 and 27, 2017

I. Regular Business

- I1. Consider a resolution ratifying the Menlo Park Fire Protection District’s ordinance for the adoption of the local amendments to the 2016 California Fire Code (Staff Report# 17-033-CC)
- I2. Approve the 2017 City Council work plan, budget principles and City Council procedures manual (Staff Report # 17-035-CC)
- I3. Receive the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016 (Staff Report # 17-037-CC)

- I4. Receive a report and hear public comment on upcoming negotiations with the American Federation of State, County, and Municipal Employees Local 829 (AFSCME); Menlo Park Police Officers' Association (POA); Menlo Park Police Sergeants Association (PSA); and Local 521 Service Employees International Union, CTW, CLC (SEIU) on successor agreements to current agreements expiring June 30, 2017 (Staff Report# 17-025-CC)

J. City Manager's Report

K. Councilmember Reports

L. 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 Commission on any item listed on the agenda at a time designated by the Chair, 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 Chair, either before or during consideration of the item.

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STAFF REPORT

City Council Meeting Date: 2/7/2016
Staff Report Number: 17-036-CC

Study Session: Information Technology Master Plan

Recommendation

It is recommended that the City Council include the Information Technology Master Plan initiatives in the upcoming and subsequent Capital Improvement Program budgets or otherwise provide direction.

Policy Issues

The Information Technology Master Plan (ITMP) fulfills a portion of City Council Work Plan item number 44

Background

On the council meeting dated January 10, 2017, an informational item (I-3) was included in the Council agenda pertaining to the Information Technology Master Plan study (**Attachment A**). In that staff report, a summary was provided in regards to the historical and current state of the City’s technology posture. As a result of the ITMP study conducted by the consultants, ClientFirst, a five year technology roadmap was developed containing 110 key technology initiatives and an approximation of their capital costs. This staff report includes a further explanation of the additional resources required in order to move forward with the successful execution of the five year plan, as well as staff’s recommended approach of the plan’s execution.

Analysis

As covered in the January 10th information item, the City’s information technology infrastructure and applications are in need of significant attention and investment. The City’s main business system applications range in functionality from obsolete to adequate as follows:

Major Application	Status
Police CAD/RMS	Adequate
Land management (permitting)	Obsolete
Geographic Information Systems (GIS)	Limited
Recreation management	Not optimal
Finance, human resources, payroll	Obsolete
Document management & archiving	Obsolete

To address the challenge of upgrading the City’s information technology, the City retained ClientFirst to facilitate and compile a comprehensive Information Technology Master Plan (ITMP) which is included as **Attachment B**. In that report, the consultant outlines a number of initiatives geared at remedying the City’s historically low investment in technology efforts. The report has been updated to include benefit costs in the staffing initiatives which were previously omitted. Additionally, the report now includes the IT Master Plan Capital Budget, following page 38, which was previously omitted.

Impact on City Resources

The ITMP is a study session item. The City has already set aside \$3 million for technology initiatives.

Environmental Review

Environmental review is not required.

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. Staff Report Dated January 10, 2017
- B. Revised Report of Information Technology Master Planning

Report prepared by:

Gene Garces, Information Technology Manager

Approved by:

Nick Pegueros, Administrative Services Director



STAFF REPORT

City Council

Meeting Date: 1/10/2017
Staff Report Number: 17-007-CC

Informational Item: Information Technology Master Plan

Recommendation

This is an information item and does not require City Council action. A formal presentation as well as request for direction will be presented to the City Council at their meeting on February 7, 2017.

Policy Issues

The Information Technology Master Plan (ITMP) fulfills a portion of City Council Work Plan item number 44.

Background

Faced with the daunting task of replacing several mission critical technology systems that are either at the end of their useful lives or cannot provide user-friendly interfaces, the City Council's 2015 and 2016 Work Plan identified an extremely important need to develop a comprehensive Information Technology Master Plan (ITMP). The purpose of an ITMP is to serve as a multi-year road map for development, implementation and utilization of technology in a coordinated effort organization-wide. The City contracted with ClientFirst Consulting Group, LLC in August 2015 and staff has worked with the consultant over the past 18-months to develop the attached ITMP. Completion of the ITMP marks a significant milestone for the City since it has not had this type of structured plan in the past for what are arguably the most critical tools necessary to deliver modern and efficient public services.

Analysis

The following discussion is intended identify three critical considerations as one reviews the ITMP. A more detailed analysis of the plan's content as well as a recommendation on next steps will be provided to the City Council at their meeting on February 7th. When reviewing the plan, the reader is encouraged to consider the following:

1. **The City's current technology systems are in critical condition and action over the next five years is required to deliver modern and efficient public services.** As contained in the attachments to this cover memo, the ITMP identifies 110 strategic initiatives that address the dire condition of the City's current technology systems. Of the 110 initiatives, ClientFirst recommends twelve initiatives as top priority. Top priority initiatives include technology backbone investments that are largely considered prerequisites to successful implementation of other initiatives. Top priorities also include application recommendations to replace critical business systems including a new Enterprise Resource Planning (ERP) system which provides information systems for financial, human resources, planning and building operations. Additional applications recommended for replacement are the City's electronic content (city records) management system and the parks and recreation registration system.

In their assessment of the City's IT systems, ClientFirst observed that the City's current business systems have resulted in significant inefficiency. Regular everyday tasks that may appear simple on the surface are cumbersome. Tasks such as running financial reports or retrieving records from the City's document management system are extremely time consuming. In fact, the City's financial systems are so cumbersome that some operating departments have created their own financial records and databases to provide for their management needs. This duplication of effort is an inefficient use of the City's resources but cannot be resolved unless the City prioritizes technology investment and staff training.

ClientFirst's assessment also observed that current business systems are inadequate to facilitate self-service processing of certain tasks. Internally, the City continues to use a paper timecard system which relies on multiple longhand calculations by multiple employees to ensure that staff members are properly compensated for hours worked. A self-service online timecard system would significantly reduce the duplicative effort currently expended on the bi-weekly payroll processing. Externally, the City's planning and building system is at the end of its useful life and is no longer supported by the software vendor. As a consequence, online self-service tasks such as pulling certain simple building permits are not possible at present time. Both of these examples are ripe for improvement through the implementation of modern software applications but will only succeed if the City prioritizes technology investment and staff training.

2. **Effective implementation of new technologies requires a substantial commitment of time and both financial and human resources.** The ITMP documents many opportunities for the City to modernize its operations. Technologies, however, are only as good as the implementation effort and the organization's commitment to continuous training and process improvement. A case in point is the annual production of the City's budget and financial statements. As annual processes, many aspects of the budget and financial statement preparation are prime for automation. In fact, the City's current systems have significant capacity to accommodate automation that streamline production of these documents. Unfortunately, the City's past implementation and ongoing maintenance of the financial management systems did not make use of built-in efficiencies. In place of automation, cumbersome manual processes concentrated in two key employees prevailed for over a decade. When those two key employees left the City in 2015-16, the Administrative Services Department's ability to produce the budget and the financial statements was significantly impaired. With proper resources dedicated to the financial management systems' implementation, ongoing upkeep and staff training, the loss of key employees would not have encumbered the city's financial operations. As the organization moves forward with the ITMP, it is critical that all departments have the resources necessary to focus on high quality technology implementations, ongoing training, and regular process improvement. In addition to resources, departments must make a commitment to develop and own their core business systems and not rely on the IT support staff to build or maintain department specific technologies. Without such ownership and a sustained multi-year commitment, the initiatives outlined in the ITMP may not be a good use of public resources.
3. **Implementation of the certain aspects of the ITMP is already underway due to business necessity.** In 2015, the City Council acknowledged the significant need for technology investments and transferred \$3 million from the General Fund to the General Capital Improvement Projects Fund. This transfer has allowed staff to move forward with smaller initiatives that are necessary to maintain business operations. The Administrative Services Department has begun work on top priorities such as the network redesign and improvements to the IT server room. Additionally, the department is in the process of implementing an online timecard and human resource management system to streamline payroll processing. Finally, the department has undertaken a significant upgrade to the

City's financial reporting system that will provide unprecedented access to the City's financial records for both internal users and the public at large.

As an information item, the City Council is not being asked to make any decisions at its January 10th meeting. Rather, given the size of the report, the information is being transmitted in advance of the staff's presentation on February 7th so that the Council has the opportunity to review the document and make any requests for clarification from staff over the next three weeks. At the Council's February 7th meeting, staff will be accompanied by ClientFirst and will present a proposed roadmap for the next five years and discussion of the required funding to move forward. The action item on February 7th will be a request for Council direction about whether to include major ITMP initiatives in the upcoming and subsequent Capital Improvement Program budgets.

Impact on City Resources

The ITMP is an informational item. As a multi-year planning document, it should be noted that the total price tag of all General Fund initiatives is approximately \$7.25 million, \$3.0 million of which the City Council has already earmarked for technology improvements. According to ClientFirst, the City of Menlo Park's ITMP budgetary requirement, \$7.25 million, is in the middle of comparably sized municipalities taking into account that Menlo Park is not the only municipality to have deferred investments in IT staff, equipment, and application software.

The funds are not required all in the first year but will be necessary as individual components of the ITMP come before the City Council for award of contract on items that exceed the City Manager's signing authority. Given the time required to complete the requisite needs assessment and subsequent Request for Proposals process, it is unlikely that an award of contract will be presented to the City Council in the next six to nine months.

Environmental Review

Environmental review is not required.

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. Report of Information Technology Master Planning
- B. Information Technology Master Plan Appendix: IT Initiatives
- C. IT Master Plan Report: Implementation Resource Requirements Matrix

Report prepared by:
Nick Pegueros, Administrative Services Director

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Report for

Information Technology Master Planning

February 1, 2017

REVISED



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Engagement Purpose and Background

Information Technology Master Plan Objective

The objective of the Master Plan included developing and articulating a vision for the effective use of technology to support the work of the City, identifying strategies for developing and implementing technology initiatives, and highlighting the cost benefits of doing so.

As a result of the need to go beyond IT strategies and have the Plan include specific tactical and actionable IT initiatives, the terminology changed. The term “IT Strategic Planning” gave way to a new term called “IT Master Planning”. The IT Master Plan deliverables included strategies, as well as tactical and actionable IT initiatives.

We created a well-documented plan to guide the IT Team over the next five years in planning, procuring, implementing, and managing current and future technology investments and resources related to Information Technology Services provided to the City. The plan is the result of a thorough analysis of the following:

- Existing hardware and network infrastructure, staffing, funding, applications, business systems, projects, processes, telecommunications, training, and other investments and resources currently in use by the City
- Interviews and workshops involving all levels of the City’s staff, including the Management Team, end-users, and other stakeholders, recognizing limited staff availability
- Identification and prioritization of projects that the IT staff should undertake over the next five years
- Identification of needs to accommodate current and future technology requirements, such as data storage and management, legal requirements, security requirements, etc.

Deliverables

The Master Plan includes:

- Project Purpose and Background
- Methodology for implementation and maintenance of the Master Plan
- Current Information Technology Environment Summary
- Key Benchmarking Metrics
- Strategies, Goals, and Objectives
- IT Vision and Principles
- IT Initiatives (Projects) by priority
- Top Priority Initiatives
- Moving Forward
- Timelines
- IT Plan Budgets





Methodology and Approach

We utilized a five-phase methodology on which we base our IT Master Planning projects. This served as the cornerstone of the project, allowing the collaborative process to shape and develop our recommendations and approach, enabling us to tailor each step to fit the City's unique specifications. We worked in partnership with the City to improve the IT environment so it can better meet the needs of staff and constituents.





Current Information Technology Environment Summary

Summary IT Environment

City of Menlo Park IT Environment Summary City Hall	
IT Staff (Full-time Equivalent - FTE)	5
City Employees (FTE)	250
User Log-Ins	350+
PC's	385+
Public Safety Mobile Computers	30+
Laptops	30+
Mobile Devices (e.g., Tablets, Smart Phones, Cell phones, etc.)	20+
Telephones	275+
Cellular/Smart Phones	25+
Physical Servers	22+
Virtual Servers	85
Network Devices	75+
Platforms	Windows, RedHat Linux
Databases	MS SQL, MS Access
Citywide software applications/modules	Approx. 136
Avg. Reported Help Desk Tickets per Week	50
Closed 24 Hours	n/a
Closed 48 Hours	n/a
Closed 72 Hours	n/a
Average Resolution Time	n/a
Average Open after 7 Days	7

City management and staff have done an exceptional job of maintaining information technology systems with the limited financial and staff resources available. The IT Manager and staff deserve credit for how well the current IT environment has functioned. Operating on the existing situation is a testament to the patience of IT Management and staff.

Although the organization has gotten by with limited expenditures, a significant portion of the IT infrastructure and some of the enterprise business applications, which are the backbone of departmental operations and citizen services, are out of date, end of life, underutilized, and behind peer municipalities. Continuing with outdated systems and undertrained employees is a significantly less than the optimal approach. It takes more recurring staff time (and therefore labor cost) to make up for the lack of up-to-date IT systems that are common in other municipal governments.

Over the last few years, citizens have begun demanding more efficient interaction, online transactions, and more transparent information availability. The City will not be able to manage these changes without updating, improving the management, and better utilizing enterprise business applications and the IT infrastructure that supports them.



Key Statistics and Metrics

The following analysis provides feedback on three key measurements regarding IT operations:

IT Budgeting/Expenditures	IT Spending vs. Operating Fund Budgets and Users
IT Staffing Resources	Overall IT Staffing vs. Key Equipment Counts
IT Capital Replacement Schedules	IT Equipment Replacement Schedules

These measurements provide an indication of issues that may affect the organization’s IT effectiveness as it relates to providing IT support of systems and application solutions.

IT Spending versus Operating Budgets provides an overall indication of whether the IT function receives a sufficient level of organizational resources to provide the necessary services. Underfunding over time typically reduces IT’s ability to respond to requests, reduces system availability, and negatively impacts organization-wide productivity.

IT Staffing Levels Versus Key Equipment Counts (e.g., servers, PCs, and total number of logins) are often a reflection of IT staff productivity. With current up-to-date technology and the proper productivity tools, an individual IT staff member can support more users, reducing overall costs.

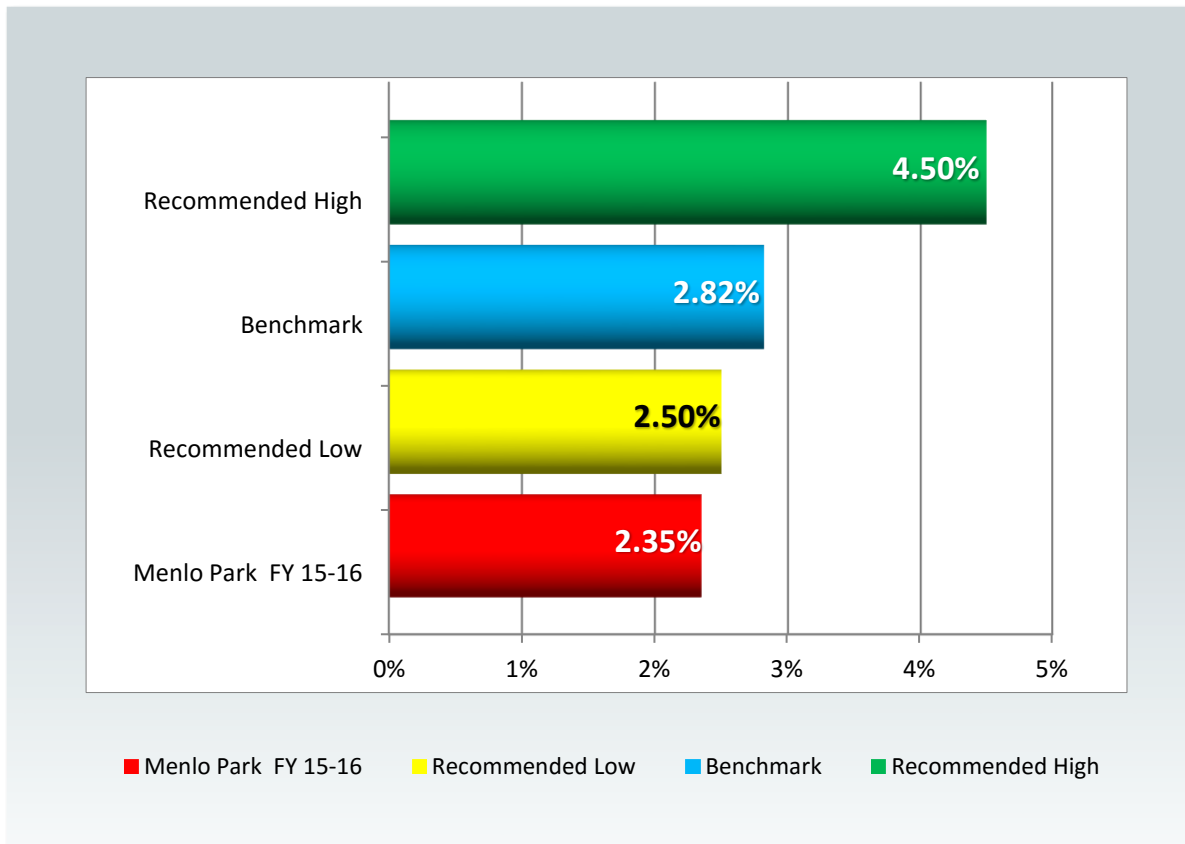
Capital Equipment Replacement is an important measure of the ability of hardware to adequately support the ongoing vendor changes to application software. These changes often require additional resources and hardware that are more robust. Slow capital replacement cycles can result in increased downtime and slower system response times, overall.



IT Spending versus Operating Fund Budgets

The following table depicts Menlo Park’s *IT Spending versus Recommended Best Practices* and a municipal benchmark of 34 agencies.

Menlo Park FY 15-16	Recommended Low	Benchmark	Recommended High
2.35%	2.5%	2.82%	4.5%



The 2015/2016 adopted budget for the general fund was \$48,168,045, and the IT expenditure budgets total for the same period was \$ 1,132,313. The municipal spending benchmark range from the survey was between 1% and 8%, with an average of 2.82%. The percentage of IT expenditures versus operations budgets at Menlo Park is below the recommended low and the average benchmark for other municipalities. The 2015/2016 budget period is the first year of the City’s establishing an IT Internal Service Fund and therefore past years for IT expenditures were not consistently reliable to represent and provide historical spending trends.

Overall, it represents recognizable underspending versus industry standards for IT infrastructure and overall information technology solutions and support. The result of this underspend has been an IT infrastructure that is obsolete in places, and a portfolio of application systems that include many aging and underutilized departmental applications. A greater level of funding would bring IT infrastructure up to date and improve the departmental applications tools resulting in increased productivity throughout the City, and greater citizen transactions, service access, and interactions through the City’s website.

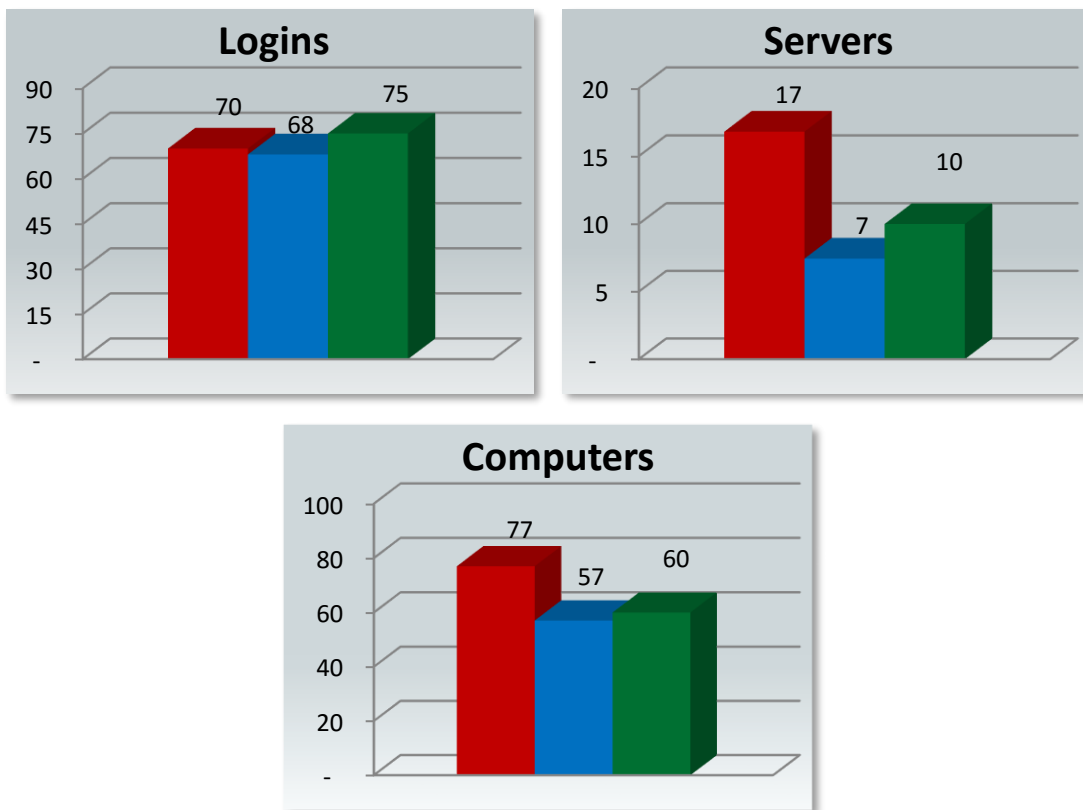


IT Staffing Ratios

The following table depicts Menlo Park’s *IT Staffing Ratios* for logins and equipment versus a municipality benchmark of 47 similar agencies. These are commonly used measures in the industry to validate staffing levels. As the number of individuals served and the amount of equipment increases, staffing levels should also increase.

	City of Menlo Park	Municipality Benchmark	Recommended Best Practice
Logins	70	68	75
Servers	17	7	10
Computers	77	57	60

In this comparison, the City’s IT staff support more user logins and significantly more computers and servers than their peers and than advised by recommended best practices. This confirms the findings in the report that describes IT staff training required and additional IT staff necessary to support and secure the citywide IT environment as well as the City’s user community.





Equipment Replacement

The following table represents *IT Equipment Replacement Recommended Best Practices* and a municipal benchmark of 39 agencies.

	City of Menlo Park	Municipal Benchmark	Recommended Best Practices
Laptops	4	4	4
PCs	4	4	5
Servers	5	5	5

Note: Above items are replacement cycles in years.

The City's current policy is in line with hardware replacement best practices. Although a four-year replacement cycle for PCs is preferred, many of our clients have moved to a five-year replacement plan, due to reduced capital funding.

We would recommend limited use of laptops as loaners for Internet browsing or as training stations after four years of productive life, in order to avoid additional expenditures.



IT Strategies, Goals, and Objectives

The strategies for leveraging and maximizing information system utilization in delivering City services are listed below. Within each strategy, we have listed initial goals and objectives for the City. We have translated those goals and objectives into specific initiatives in the Appendix of the report. Additionally outlined later in the report are the budgetary costs for each initiative, resource requirements, implementation time frame and, if appropriate, the next steps toward implementation.

Improve Staff Productivity

Goals and Objectives

- Introduce application management best practices.
 - ◆ Improve departmental ownership of applications.
 - ◆ Identify key roles and responsibilities for core business applications.
 - ◆ Increase user application training.
 - ◆ Provide key departmental personnel with report writer training.
- Conduct process reviews and document application feature/function requirements to identify automation and opportunities to streamline processes and reduce duplication, including:
 - ◆ Find areas for automating existing manual processes.
 - ◆ Perform processes within core application systems and eliminate side-bar spreadsheet work and other shadow systems.
 - ◆ Fully implement reporting capabilities to ensure output that supports better business decisions and measurement of performance goals (performance measures or KPIs).
- Utilizing return-on-investment (ROI) principles, identify areas for improvement, and use ROI principles to justify additional applications to improve productivity and service.
- When justified, move to next-generation mobile computing (tablets and laptops).
- Provide the public and citizen online information and self-service capabilities, reducing staff phone time and counter activity.
- Implement dual monitors for staff productivity gains.
- Use sustainability planning strategies to improve and maintain high network speed, network reliability, and full citywide access.



Implement IT Staffing Improvements

Goals and Objectives

- Add Enterprise Applications Support Specialist position to assist with the following:
 - ◆ Selection and implementation of current generation software applications
 - ◆ Improvement of business processes to leverage new technology and increase efficiency
- Add Network/Systems Engineer to assist with network management, design, and security
- Develop a training plan for each existing staff member.

Select and Implement a New Enterprise Resource Planning (ERP) System

Goals and Objectives

- Follow a system selection best practices approach to select an ERP system to replace the following core application systems:
 - ◆ Cayenta (Financials)
 - ◆ ADP (HR and Payroll)
 - ◆ Tidemark (Community Development)
 - ◆ HdL (Licensing)
- This process should include the following:
 - ◆ Assess and define needs.
 - ◆ Develop an RFP based on the needs assessment and defined needs.
 - ◆ Analyze and determine short-list.
 - ◆ Conduct detailed tailored demonstrations.
 - ◆ Perform reference checks.
 - ◆ Conduct site visits.
 - ◆ Select finalist.
 - ◆ Conduct due diligence and contract review and negotiation.
- Implement per best practices with Project Management Office, utilizing PMI (project Management Institute) standards.

Move Towards a Citywide GIS/Geospatial Application Perspective

Goals and Objectives

- Move to a centralized GIS environment, and consolidate existing GIS system activity.
- Provide to GIS/Mapping presentation to the public on the City's website.
- Include geospatial requirements as specifications for all future software application acquisitions.
- Create a GIS Master Plan to identify GIS priorities and resource requirements.
- Move to a more collaborative model for collecting and updating GIS data with Web- and mobile-based GIS applications.



Ensure IT Governance and IT Best Practices

Goals and Objectives

- Adopt a Best Practices approach to software selection and management.
 - ◆ Improve application analysis and reporting capabilities within the departments.
- Create and maintain project inventory.
- Utilize project management principles for larger projects.
 - ◆ Become date and project-schedule driven.
- Finalize documentation.
 - ◆ Create standard operating procedures.

Implement IT Governance Best Practices through IT Steering Committee

Goals and Objectives

- Formalize an IT Steering Committee and Governance mechanism.
 - ◆ Review Help Desk metrics and identify training needs.
 - ◆ Monitor and review IT Initiatives.
 - ◆ Develop and review standards and policies.
 - ◆ Collaborate on projects and initiatives.
 - ◆ Act as a sounding board for management and staff.

Maximize Utilization of Application Systems

Goals and Objectives

- Utilize software selection best practices for all new application procurements.
- Follow implementation project management best practices.
- Maintain a complete Application and User License Inventory.
- Plan for and fund adequate user training and support.
- Train key users so they can fulfill their roles without extensive work-arounds and unnecessary reconciliations.
- Implement application management best practices, including:
 - ◆ Fund an Application Support Specialist (Business Analyst) to support the applications and the associated application users in the business departments.
 - ◆ Create a culture of departmental enterprise application ownership for ERP system and any other core departmental applications.
- Commit all levels, from management to line staff, to taking responsibility for adapting and improving processes, and integrate them with core application software applications.



Improve Application Management and Support

Goals and Objectives

- Improve departmental ownership of applications.
- Identify key roles and responsibilities for core business applications.
 - ◆ Process Owners
 - ◆ Application Champions
 - ◆ Application/Business Process Analysis
 - ◆ Ad Hoc Report Writers
- Add Business Analyst (Application Support Specialist) skill sets.
- Improve application analysis and reporting capabilities within the business departments and/or the IT Division.
- Perform process reviews and document specific feature/function requirements for inclusion in RFPs when procuring new applications.
- Create and maintain Application and User License Inventory.
- Follow software selection best practices for new software acquisitions.
- Follow implementation project management best practices.
- Create standard operating procedures.
- Utilize industry subject-matter experts (SMEs) for large, complex projects.

Strengthen Infrastructure Resilience and Disaster Recovery Capabilities

Goals and Objectives

- Identify high-priority systems and recovery time frames.
- Expand virtual servers to reduce server count and increase failover.
- Consider implementation of redundant Internet connections with automatic failover.
- Finalize disaster recovery capabilities and plan.
- Exercise plan annually.

Expand Citizen Communication and Online Customer Service

Goals and Objectives

- Increase online transaction capabilities.
- Implement an integrated Citizen Request Management (CRM) system.
- Onlines Planning Application and Electronic Plan submittals.
- Implement Online Permits.
- Implement Online Permit Inspection Requests and Scheduling.
- Implement Online Code Enforcement Complaints.
- Implement Online Licensing Renewals.
- Implement Online Park and Recreation Program Registration and Payment.



Improve IT Operational Efficiencies

Goals and Objectives

- Implement Help Desk software to effectively log calls and track/measure service levels.
- Develop metrics for the measure of IT service levels and measurement of IT performance.
 - ◆ Report on these metrics regularly.
- Analyze and track infrastructure performance and application response time.
- Implement an IT Services Portfolio and project management capabilities.
 - ◆ As a part of the IT Services Portfolio, work with the IT Steering Committee to reach agreement on reasonable service levels for Help Desk support.
 - ◆ Review responsibilities for services provided by IT to validate their necessity.
- Utilize these and other Operational Tools to report on the success of IT to the IT Steering Committee.

Modernize IT Infrastructure and Create Uptime Metrics

Goals and Objectives

- Insure that space planning and computer equipment room meets standards for space, access, etc.
- Implement the following initiatives as included in the plan:
 - ◆ Network Redesign
 - ◆ Core Switch Replacement
 - ◆ Power Distribution (UPSs and PDUs)
- Improve resiliency and uptime of infrastructure.
 - ◆ Design infrastructure to include cost-effective redundancies to reduce downtime.
 - ◆ Create and track uptime metrics.

Implement Best Practices for Procurement and Project Management

Goals and Objectives

- Procure large or complex equipment and services through a competitive process.
 - ◆ Conduct an initial design phase for use during competitive bidding.
- Utilize best practices project management techniques for the implementation of larger, complex projects.
 - ◆ Develop a project planning expertise and utilize project planning techniques to report on project progress to management and the IT Steering Committee.
 - ◆ Integrate project management with management of the IT Services Portfolio and Project Inventory.



Information Technology (IT) Principles

Vision / Mission Statement

The City of Menlo Park is dedicated to providing the highest quality technology-based services in the most cost-effective manner to deliver services effectively and efficiently on a sustained basis in a manner that reflects the organization's dedication to excellent customer service. The City will ensure that its information systems are maintained in a secure environment, capable of supporting technology advancements made by the City, and will exist in an integrated environment that fosters an open, collaborative, and unifying culture. Information Technology is committed to the values of:

1. **Reliability**
 2. **Professionalism and Integrity**
 3. **Efficiency and Effectiveness**
 4. **Innovation**
 5. **Excellence**
 6. **Collaboration and Teamwork**
- Given **Finite IT Resources**, the City will focus these resources on the most productive and cost-effective projects.
 - City departments will agree on a **Collaborative Long-Term IT Vision and Strategies**, which requires active participation in setting IT priorities through an IT Committee made up of department leadership.
 - City will strive to **Maximize Utilization of Existing Systems** and prior investments in application software, as well as to expand functionality and seek enhancements to existing applications.
 - City is committed to ensuring **Sufficient Staff Training and Application Software Knowledge** of existing vendor systems.
 - **Department Ownership** is fundamental to achieving maximum return-on-investment of applications. Departments recognize the importance of assuming responsibility for managing and implementing their specific core business applications, with the support of IT staff. City departments are committed to taking responsibility for adapting and improving processes to best integrate them with the application software.
 - The City will develop an **IT Services Portfolio** so that all interested parties and stakeholders understand the IT Division's roles and responsibilities in servicing the City overall.



IT Initiative Summaries

Introduction

IT Master Planning is a process to assess, research, prioritize, budget, and plan future information technology initiatives. Some of the following initiatives are ready for approval and implementation, while others require further assessment and research before the City can make a final determination as to priority, resource requirements, and cost-benefit.

Productivity Improvement – Many of the following initiatives will have a direct impact on overall productivity within the organization. Some of these initiatives will significantly impact specific processes, reducing staff time required to complete a certain process, while others will ease or speed delivery of services to City residents.

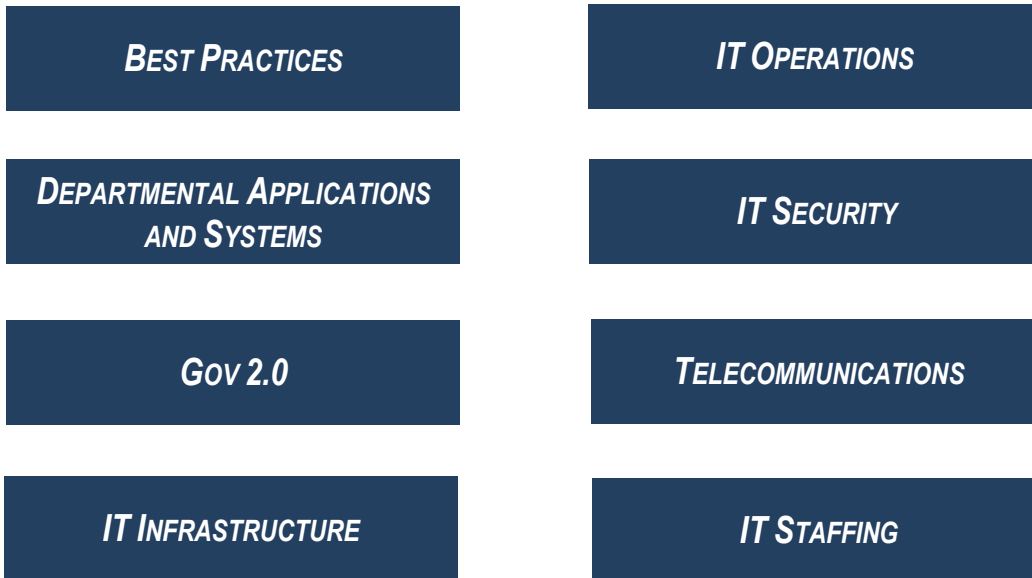


Cost Savings – Many of the initiatives outlined herein will have direct or indirect cost savings when implemented. Extensive return-on-investment (ROI) calculations are not within the scope of this report. An ROI Considerations discussion is included in the *Appendix* of the report.



IT Initiative Categories

The master planning process resulted in 110 initiatives. Combined, there are hundreds of findings and recommendations. *CLIENTFIRST* classified the major findings and recommendations into eight categories, including:





Best Practices

A best practice is a method that consistently provides results greater than those achieved with other methods. *CLIENTFIRST* believes the following best practices will enhance the City’s ability to select, procure, and maintain more effective technology solutions in the future, as well as improve the overall productivity of staff.



The IT Initiatives addressed within this category, explained in greater depth in the *Appendix*, include:

IT Initiative	Description
Return-on-Investment Considerations	Overview showing how to understand ROI opportunities in the City through various technology investments
IT Governance	Utilizing an ongoing IT Steering Committee to drive technology education, policies, and the implementation of the IT Master Plan over the next five years
COBIT	Technology framework to ensure alignment of IT with the environment through the adoption of best practices, metrics, and oversight
ITIL	Technology framework intended to assist organizations with IT service strategy and IT operations
Applications Management Best Practices	Establishing roles and responsibilities for IT Division, departments, and users to improve overall utilization of software assets maintained by the City
Applications and User Licensing Inventory	Determining existing software applications and resources in use by City staff
User Training and Support	Improving ongoing user training to maximize system utilization and gain productivity and efficiencies
Training Room	Maintaining a room for testing applications that are being implemented or for staff to improve existing competencies
Software Selection Best Practices	Following best practices needs assessments, evaluation, and procurement when considering new or replacement software solutions
Project Planning and Implementation Best Practices	Implementing a best-practices approach for project planning, implementation, and management
Maintaining Software Updates	Maintaining software updates for all applications and operating systems for all users in a timely manner
IT Project and Services Portfolio	Developing a portfolio of City Applications and IT Division services and standards, and communications to all management and staff which can be used to delineate roles and responsibilities between departments and IT, as well as set proper expectations
Sustainability Planning	Providing a more practical or realistic way to determine and plan for the ongoing operational system needs and expenses of major technology systems
Cloud Computing	Utilizing IT services or equipment that are not internal but available through the Internet
Centralized Land and Parcel Management	Consolidating Land/Parcel information for improved accuracy and data retrieval and consistency of address and parcel information across all software applications



Departmental Applications and Systems

The Applications/Systems category includes initiatives primarily related to department business applications identified during the needs assessment process. Many of these initiatives and recommendations can have a significant impact on overall productivity, enhanced communications, and information sharing, improved constituent service, improved transparency, and in many cases, cost efficiencies.

The IT Initiatives addressed within this category, which are explained in greater depth in the *Appendix*, include:

IT Initiative	Description
Enterprise Resource Planning (ERP) Replacement	Replacement of existing system and adoption of newer technologies to significantly improve City operations and customer service. Common Application suites for ERP systems include: <ul style="list-style-type: none"> • Financial Management • People Management (e.g., HR, Payroll, Time Keeping) • Land Management/Community Development • Work Order/Maintenance Management • Citizen Request Management
Project and Grant Accounting	Utilizing Project and Grant Accounting modules
Contract Management	Utilizing software to manage contract lifecycles
Cashiering Needs Assessment and Replacement	Assessing each department's cashiering needs to determine optimal cashiering processes and solutions
Work Orders/Maintenance and Asset Management System	Automating of work order and asset management functionalities
Fleet Management	Automating fleet management with software
Land Management System Replacement	Replacing existing system and adopting newer technologies to significantly improve City operations and customer service. Modules commonly offered in a Land Management application include: <ul style="list-style-type: none"> • Project Planning / Zoning • Permits • Inspections • Code Enforcement • Business Licensing • Parcel / Address Management
Electronic Plan Submittals and Reviews	Receipts and reviews of electronic architectural plans related to City permitting and planning processes
Human Resources System Improvement or Replacement	Robust Human Resources system improvements or a replacement of existing solutions
Employee Self-Service	Explore employee self-service needs and options
Time, Attendance, and Accruals Tracking	Automating and improving employee time and attendance processes
Performance-Evaluation Software	Automating staff reviews based on individual performance
Applicant Processing	Improving applicant processing capabilities in order to reduce staff efforts



IT Initiative	Description
Training and Certification Management Software	Training Management Software for improved management and reporting of staff training and ongoing requirements
Staff Scheduling System	Automating personnel scheduling through the use of a technology solution
Project and Construction Management	Project and Construction Management Software to provide automation in planning, scheduling, monitoring, controlling, and reporting on City projects
Parks and Recreation Software Replacement (eGov)	Replacement of current Parks and Recreation software in order to gain more efficiencies and obtain more functionality
Citywide Facilities Scheduling/Events Calendar	Benefits of a Citywide facilities scheduling and Events calendar
Childcare Management System	Utilizing a solution that provides childcare capabilities
Electronic Content Management System (ECMS) Replacement	Replacing current system with one that provides advanced document and content management features that include, but are not limited to, managing records, managing record retentions, document capturing, storage and retrieval, workflow automation, FOIA request management, and providing electronic forms and application capabilities with routing and approvals (many of these systems also offer integrated Agenda and Legislative Management for Council meeting automation and managing resolutions and ordinances)
Agenda Creation and Management Software	Obtaining an agenda management solution to improve access to information for all departments involved in the agenda process
Legislative Management	Using legislative management software for managing and tracking resolutions and ordinances
Granicus Media Management Assessment (Replacement)	Replacement of Council/Board meeting media management system to allow for more capabilities at a more affordable cost
Large-File Sharing Tool	Consolidation of applications being used for sharing of files that are too large for sharing via email
Video Capture and Editing (Video Events and Other)	Migrating to a single video capturing and editing environment
Photo Management and Storage Software	Professional-quality software that stores, manages, and retrieves the extensive photo archives from various City departments
Publishing Software Consolidation	Consolidation to a comprehensive all-in-one publishing software solution, versus multiple vendors and programs
Real-Time Utility Usage Access (Automatic Meter Reading-AMR)	Realtime utility meter reading information that can also be shared online for customers to monitor their usage more frequently or potentially in real time
Website Improvements	Addition of features to the website to improve customer service and streamline departmental website content management



IT Initiative	Description
Notifications System (Push/Social Media/Text)	Using a single tool for simultaneously notifying City residents and staff about important information, events, status updates, or emergencies
Develop GIS Master Plan	Developing a Master Plan and business case for GIS implementation and investment on a citywide basis
Department-Centric / GIS Self-Service	Ability for departments to access and utilize Web mapping or GIS applications to perform ad hoc inquiries and for customized citizen access
RIMS (CAD/RMS) Gap Analysis and Application Maximization	Performing gap analysis to identify functionalities not implemented but available in the existing RIMS system
Alarm Tracking and Billing Software	Automating processes currently being performed manually for Alarm permitting and billing
Ticket Writer Software Replacement (Duncan to TDS)	Continuing migration to the new TDS system
Officer Radio Transmission Identification	Automatic identification of officers when they make transmissions using their personal radios
Replace MDC's with RIMS Mobile/GIS System	Considerations for moving to the RIMS new MDC GIS mobile system
Tow Company Billing System	Automated tow billing software
FirstNet Preparation Planning	Continue efforts for current implementation of FirstNet





Other Application and Departmental Systems Initiatives

IT Initiative	Description
Police Audiovisual Format Conversion Tool	Conversion of third-party surveillance systems to a common file format.
Panic Button	Use of panic buttons in more City facilities
Penal Code/Vehicle Code Reference Software	Digital penal code/vehicle code software on computer desktops
Portable Wireless Camera for Surveillance	Portable wireless camera for surveillance
Wireless PA Radio PA/Sound System	High-quality wireless radio system for events
Instant Messaging	Instant messaging capabilities internally and with the public
PA Announcements	Automatic PA announcements in the Library
Parking Sensors and Management	Reduction of traffic congestion by implementing parking space sensors and electronic signage
Constituent Satisfaction Surveys	Allow the public to complete satisfaction surveys
Laptop Borrowing Program	System that manages public borrowing of laptops
Library Subscription Provider Statistics	Analytics program for improved and quicker decisions regarding Library subscription providers
HVAC Zonal Climate Control System	Improved HVAC management



Gov 2.0 (E-Government)

Gov 2.0 is a growing body of shared knowledge regarding the utilization of new technologies in combination with creativity, information sharing, and the collaborative process to better serve and interact with the public. The principles of Gov 2.0 include:

- Principle 1** - Serve as the primary source of reliable, accurate, and timely City information, delivered to the customer on his/her platform of choice.
- Principle 2** - Maintain a real-time, interactive, and user-centered website that offers easy access to public information and online services.
- Principle 3** - Offer opportunities for online civic engagement and social collaboration.



The possible benefits of developing such communication methods go beyond just simple release of information. The advantages include:

- Increased efficiency and cost reduction for public services offered electronically
- Allowance of greater government transparency
- Better-informed and more involved public
- More collaborative efforts between the City and the public
- Faster and more convenient access, promoting public satisfaction and approval



The IT Initiatives addressed within this category, which are explained in greater depth in the *Appendix*, include:

IT Initiative	Description
Citizen Request Management (CRM)	Implement an integrated CRM system to track various requests initiated by citizens online or over the phone, including automated internal routing and status reporting
Online Payments, Transactions, and Services	Provide citizens with 24/7 online transaction capabilities.
Video/Web Conferencing	Need to accommodate video conferencing capabilities in City meeting facilities/conference rooms
Council Chambers Audiovisual Systems	Improve Council Chambers room audiovisual maintenance capabilities.
Conference Room Audiovisual	Improve and standardize audiovisual capabilities for all City conference rooms.
Social Media Policy and Procedures	Develop a strategy for implementation, management, and utilization of social media in a secured, controlled and standardized manner.
Mobile Computing	Increasing productivity by adding remote computing capabilities for staff in various departments
Newsletter	Need to streamline newsletter signups and distribution
Dual Monitors	Improve staff productivity by allowing an additional workstation monitor for certain users – studies show significant return on investment resulting from dual monitor implementations



IT Infrastructure

CLIENTFIRST conducted a detailed IT infrastructure assessment, including the network, servers, equipment, inside/outside cable plant, and other communication infrastructures.

The IT Initiatives addressed for this category, which are explained in greater depth in the *Appendix*, include:

IT Initiative	Description
IT Computer Room and Teledata Closet Improvements	Enhanced computer room to meet industry standard best practices
Wireless Network	Upgraded wireless network devices and improve public-facing wireless
Internet Bandwidth	Increased Internet bandwidth capacity
Electronic Mail (Exchange)	Recommended improvements to the current Microsoft Exchange platform
Enhanced Internet Security and Connectivity (DMZ)	Improvements to the existing DMZ for internal and external network security
Remote Access Upgrade	Improved remote access to SCADA systems for certain staff members
Network Redesign	Redesign of core network for improved performance, management, and elimination of single points of failure
Core Switch Replacement	Replacement of core switches that are not adequate for the City's current and future needs
Power Distribution	Procurement of additional power distribution units for better control and monitoring of power to particular network devices
Virtual Server Migration	Continued upgrading of existing virtual server environment
Storage Area Network (SAN) Upgrade	Procurement of additional iSCSI-based SAN for failover and redundancy (replication), which include instituting Storage Tiering to improve performance of core data and applications
Technology Support for the EOC	Upgrading equipment and technology to support use of EOC in a large-scale emergency
Redundant CAD/RMS System	Redundant, secondary server in case the primary server fails
Computer Upgrades (Windows XP & Office)	Considerations for upgrading to more current version of Microsoft's operating system
Video Camera and Surveillance System (Citywide Standard)	Assessment of the City's multiple camera systems and opportunities for improvement
Secure Managed Access (Wireless/Keyless Security)	Assessment of the City's access and control requirements and potential for using a single, citywide system



IT Operations

IT operations are the daily support and maintenance of all IT infrastructure and user support. These include the processes and procedures used by IT staff to maintain the network, applications, and workstations. Initiatives related to IT operations are often focused on productivity improvements and implementing IT best practices.

The IT Initiatives addressed for this category, which are explained in greater depth in the *Appendix*, include:

IT Initiative	Description
Help Desk Ticketing System	Implementation of a citywide Help Desk ticketing system and to establish IT response time metrics
Mobile Device Management	Implementation of a Mobile Device Management software to track, control, and manage all mobile devices
Network Management Tools (Alerts/Alarms)	Implementation of network monitoring, alerts, and alarms to provide early warnings for potential problems and improve IT response times
IT Support Metrics	Development of Help Desk ticket response time and resolution goals, based on urgency, and track response metrics by team member
Desktop Management	Imaging tool to deploy, install, and manage basic application packages on computers
IT Automation Tools (Patch Management)	Software to automate installation of application and security patches
IT Policies and Procedures	Revision of IT policies for passwords, encryption, data usage, new hire and termination procedures, backup procedures, Web filtering, social media, etc.
IT Procurement Practices	Using objective best practice procedures for procuring IT investments to ensure independent specifications and best cost/value is obtained for the City
IT Cost Recovery (IT Budget Allocations)	Developing an IT cost recovery model to allocate IT costs fairly, using holistic review and measurable to ensure use of services are charged proportionately

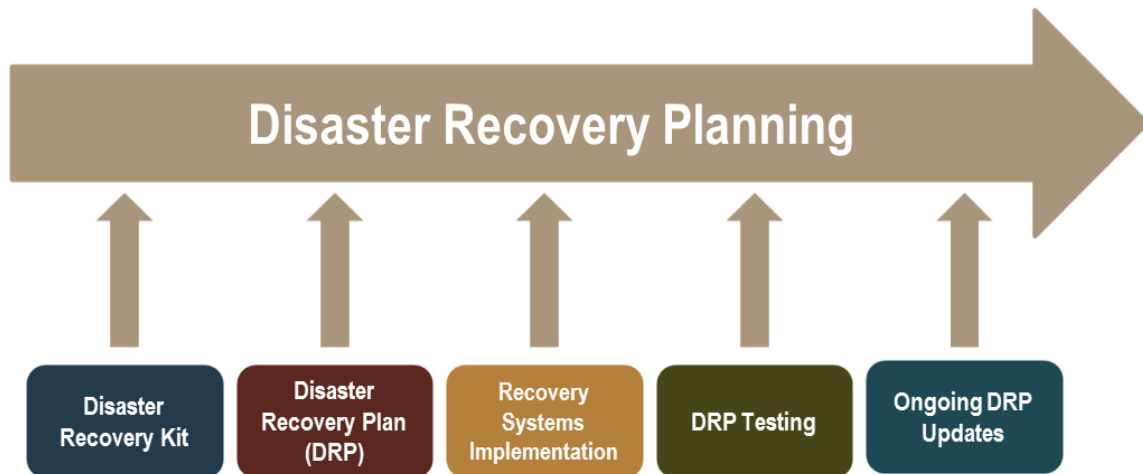




IT Security

IT Security refers to all security systems and practices, including Disaster Recovery, used to protect City systems and data.

IT Initiative	Description
Disaster Recovery Planning	Developing capabilities to survive a major failure or catastrophic event involving IT resources and facilities
Backups	Improving maintenance and security for routine back up procedures
IT Security Assessment	Implementing improvements to network security
PCI Compliance	Standards and laws that govern payment processing for public and City security (mainly enabling secure card transactions)
Records and Data Retention	Policies and procedures for disposal/destruction of electronic records and data
Two-Factor Authentication	Implementation of user verification methods as an additional security layer to user logins (i.e., “something you have, plus something you own”).
SCADA Security	Comprehensive auditing of SCADA systems and installation of firewalls between networks





Telecommunications

IT Initiative	Description
Phone System Redundancy	Implementation of additional digital telephone connections to protect against single points of failure

IT Staffing

IT Initiative	Description
IT Staffing	Assessment of current staff size, additional staffing needs, and potential solutions
Enterprise Applications Support Specialist	Ability for IT Division operations to provide application/business analyst roles and skill sets



Top Priority Initiatives

The following are a list of the Top Priority Initiatives that have been determined. The City has made note of these as the initiatives from this plan that should be kept in the forefront during the future implementation of this IT Master Plan.

It should be noted that these initiatives are prioritized, denoted by “TP” (Top Priority) in the *IT Master Plan Capital Budget* that is included as part of this IT Master Plan.

It should also be noted that these “Top Priority Initiatives” are not ranked in any particular order. The City is contemplating such a ranking prior to beginning the implementation of the IT Master Plan.

IT Initiative	Initiative Number	Why on the Top Priority List?
Applications Management Best Practices	5	The City has not had in place, nor followed consistently, any policies, processes, or best practices for the selection and implementation of application software. As a result, there is a significant amount of software duplication. There also is a gap in IT for the support of software applications. Best practices can manage software acquisitions, and Application Management talent (Business Systems Analysts) can help ensure effective implementations and adequate software management to realize a return on investment.
Centralized Land and Parcel Management	15	This is heavily related to GIS and the need for the City to develop a GIS Master Plan (see initiative 46). The core to City operations are land, parcels, and addresses. The existing fragmentation and lack of integration between applications has resulted in separate addresses in multiple systems that are the same but are not structured or spelled the same, making it impossible to report on addresses across all City environments. This initiative will establish GIS as the master address for all applications to use to ensure all addresses and parcels are synchronized in all of the City’s applications.
ERP System Replacement	16	This is the core system for the entire City. The existing Cayenta, Tidemark, HdL, and ADP ADG systems have aged and/or no longer meet the needs of the City. Other ancillary systems and shadow systems have been acquired or developed that do not interface/integrate and would not be necessary with the implementation of a new ERP system. The ERP system is the set of core applications that are used to operate all of the City’s most common operations. It is critical to update the City’s ERP environment and to keep it up to date into the future.



IT Initiative	Initiative Number	Why on the Top Priority List?
Land Management System Replacement (To be executed as part of the ERP initiative)	22	The City currently uses Tidemark as their main system for Planning, Permits, Inspections, and Code Enforcement. The existing system has aged, no longer meets the City's needs, and is not integrated with the rest of the City's applications.
Human Resource System Improvement or Replacement (To be executed as part of the ERP initiative)	24	The City is currently contracting with ADP for payroll and HR. The system has been difficult to maintain, and there have been difficulties in implementing time keeping and time clocks. The ADP system is hosted at ADP facilities and the City pays a high annual fee for these systems. Replacement of this system with new payroll and HR applications as part of the new ERP system would provide better capabilities and full integration with the rest of the ERP system at a much lower annual cost.
Parks and Recreation Software Replacement (eGov)	32	The Parks and Recreation Department is a revenue-producing department in the City. The system in use for managing operations and collecting revenues is a system called eGov, which has worked for the City up to this point. However, eGov is not a park and recreation system, and it cannot fully meet the needs of the City and of the park and recreation patrons in the long term.
Electronic Content Management System (ECMS) Replacement	35	Electronic Content Management Systems (ECMS) are enterprise systems that help store and retrieve documents, images, video, audio, and much more. Other modules within the ECMS system include Agenda Management, Legislative Management, and the ability to integrate with media management and the City's Website. The trend to utilize ECMS within cities is prevalent and should be of high consideration for the City.
Develop GIS Master Plan	46	GIS and spatial maps are the future and will drive many of the City's operations moving forward. GIS and maps also provide a visual interface for citizens to access services and information. Having a citywide approach to GIS will set the City on a course to meet these geospatial and mapping needs in the future.



IT Initiative	Initiative Number	Why on the Top Priority List?
IT Computer Room and Teledata Closet Improvements	76	<p>As part of the City’s existing space planning efforts plans have been made to move the existing IT computer room and Teledata equipment. It was determined that the existing plan for movement lacks the proper requirements, including:</p> <ul style="list-style-type: none"> • Improper clearance behind the computer racks (requirement is for 36 inches and City plan is for 24 inches) • Server racks located directly beneath sprinkler systems, placing them at risk for water damage • Some equipment not connected to properly grounded lines, and some not connected to generator • Lack of locally controlled HVAC service • No environmental monitors in computer room <p>The City should seriously consider locating and establishing the proper environment for its computer room and teledata closet.</p>
Network Redesign	82	<p>The City’s network is the highway for communication and the infrastructure upon which all applications and tools reside and data travels. Without a solid network design for MANs, WANs, and LANs, the investment in application software tools will not be realized.</p>
IT Policies and Procedures	98	<p>The IT Manager expressed the need to allocate resources to this endeavor to ensure proper documents for day-to-day operations, but to also ensure that document is in place, in case of any turnover in staff resources.</p>
IT Staffing	109	<p>The talent to properly maintain the City’s IT infrastructure and the City’s application systems environment is critical to ensuring that IT investments provide the level of productivity and return expected. The alignment, positions, and training recommended will ensure this is accomplished.</p>

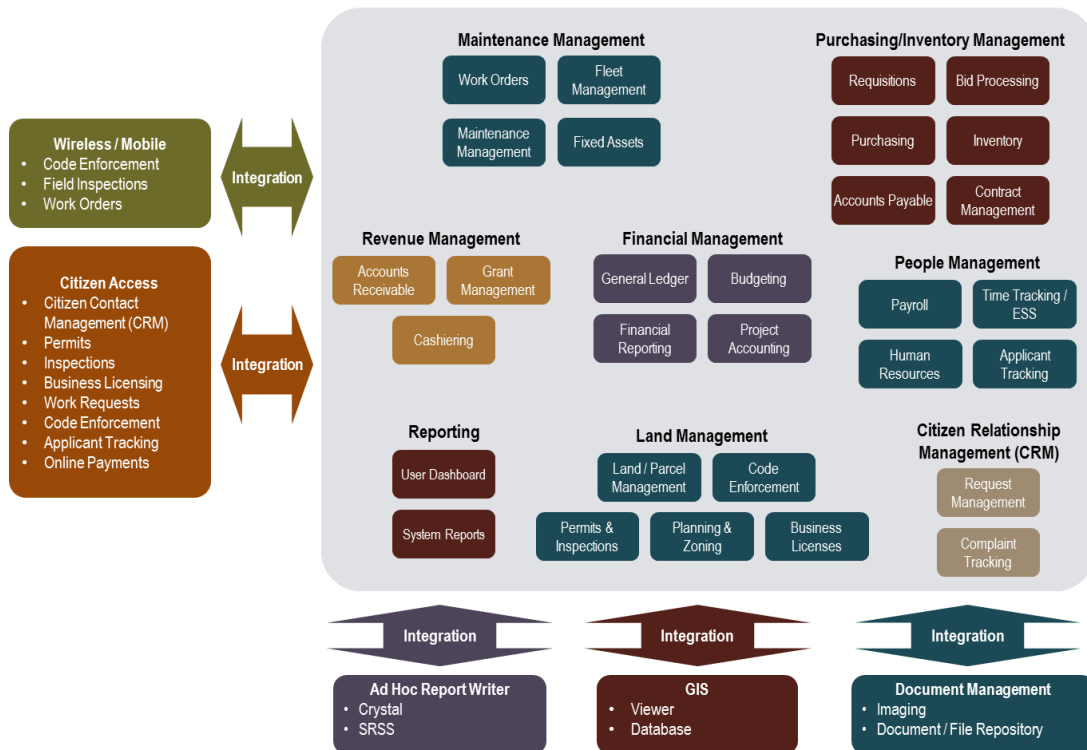


Benefits of Modern ERP Software

An *Enterprise Resource Planning (ERP) System* automates and integrates many core, citywide functions into a single solution, while automating manual processes and providing a central location of information and reporting. An enterprise system allows collaboration and sharing of information between divisions, departments, and citizens to provide a transparent and efficient government operation. The benefits of an enterprise system are numerous and include:

- Built-in integrations between Land, Work, Financial, and People Management application suites
- Newer technology platform (processing, capacity advantages)
- Real-time notifications/queues
- Task tracking
- Real-time access to information
- Elimination of duplicate data entry
- Improved data integrity
- Centralized location and customer account maintenance
- Reliable information
- Workflow capabilities
- Centralized cash receipt capabilities
- Efficient revenue collection
- Reduced operating costs
- Improved internal communication
- Foundation for future improvement
- Potential reduction in annual maintenance and support fees
- Improved online information for citizens to access

Example Enterprise Applications Overview



Financial and People Management

The *financial management suite* is a suite of an enterprise system that encompasses the financial tasks and processes performed to ensure all organization-wide activity is properly accounted for and accurately reported to local, state, and federal agencies. Benefits of a financial management suite include:

- Quick generation of financial reports
- More efficient budgeting processes
- Real-time access to available budget and funding
- Better spending controls for departments and projects
- Management of grants and funding sources
- Real-time inquiries into capital improvement project progress

The *people management suite* manages the organization's workforce and provides automation to the human resources, payroll, time keeping, and applicant tracking functions. Employee self-service is also available to allow employees the flexibility in retrieving their information at their convenience. Benefits of a people management suite include:

- Paperless personnel forms
- One-time data entry
- Tracking or misplacement of employee paper files
- Incorporation of employee self-service (ESS)
- Integration between time keeping, payroll, HR, and financial management
- Quick and reliable reporting to federal and state agencies
- Improved employee satisfaction
- Automated Time Entry Approvals and Payroll Calculations
- Minimal steps between processing payroll and issuing direct deposits and checks

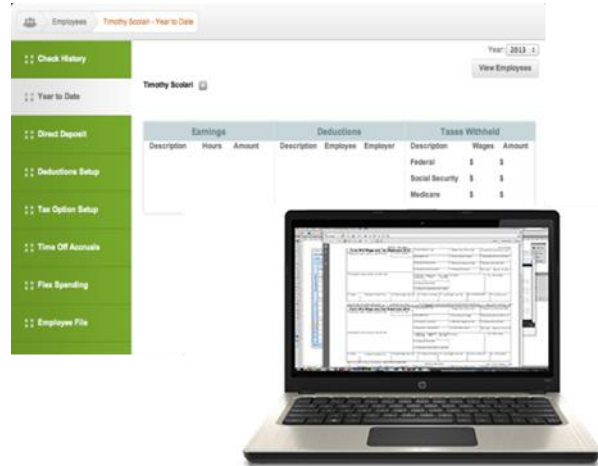




Employee Self-Service

Employee self-service (ESS) empowers employees to provide, change, and retrieve their personal information through an online employee portal, thereby reducing the manual interaction required with the Human Resources Department. ESS offers an online option for employees to access and manage information for themselves:

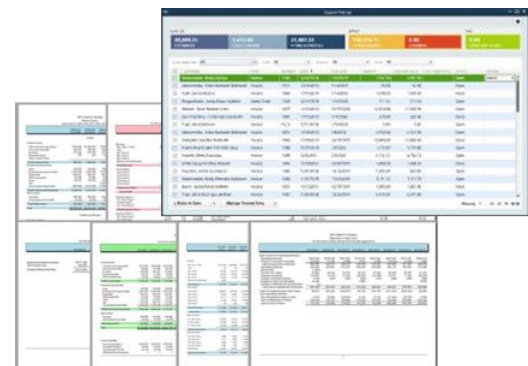
- Address changes
- Tax allowances changes
- Open enrollment benefits
- Dependent changes
- Leave/vacation accrual balances
- Electronic paystub copies
- Year-end W-2s
- Populating and retrieving time sheets
- Time requests
- Tax forms
- Many other forms and applications



Reporting

The number one problem that is commonly seen when utilizing disjointed applications is the extensive time users dedicate to the consolidation of information for reporting purposes. Enterprise systems allow information to be quickly retrieved from a single source with numerous readily available reports. Users are also able to create their own reports without requiring them to be technical experts. This allows staff to spend more time studying analytics rather than manually assembling reports. Benefits of improved reporting include:

- Aggregated data across divisions, departments, and organization
- Improved data accuracy and reduced human error
- Intuitive report creation capabilities
- Board-ready reports
- Sharing of created reports
- Elimination of labor-intensive report creation



Individual User Dashboards

Dashboards form part of a user's home page and display reports, key indicators, and other metrics regarding day-to-day operations, activities, and historical trends. Benefits of dashboards include:

- Quick links for immediate access to required tasks and approvals
- Easy modification of dashboards for each user's preference
- Automated generation of dashboard information
- Transformation of data into visual information
- Easy-to-understand graphics
- Real-time analysis
- Drill-down access to activity detail





Mobile Computing

Mobile computing provides the flexibility to operate a more mobile and productive workforce. An enterprise system can allow staff to utilize applications while in the field in order to perform their job functions while away from their office. Common benefits of mobile computing include:

- Completion of work while in the field
- Real-time access to information
- Inspection results in the field
- Receipt of notifications and job assignments
- Reduced travel to and from office locations
- Map routing based on location of activities
- Retrieval of mapping information
- Management of code enforcement cases in field



Online Citizen Access

Online citizen access enables a more transparent government by providing the public with 24/7 access to real-time information for inquiries and payment processing. This empowers residents to retrieve online information that is pertinent to each individual, and for them to take further actions, which improves customer relations by eliminating the need to be physically present at City Hall. The following are examples of online citizen access transactions:

- Online permit applications
- Submit and access plan review comments
- Online payments
- Submit complaints
- Submit citizen requests
- Submit inspection requests
- Access to inspection results
- GIS maps (zoning, voting cities, etc.)



Citizen Request Management

A *citizen request management system* is used to track, manage, and resolve citizen concerns and requests in a timely manner by automatically routing citizen requests to the appropriate department. It also provides the citizen with the flexibility to submit and track their complaints through the Web or a mobile phone application.

Common benefits of a citizen request management system include:

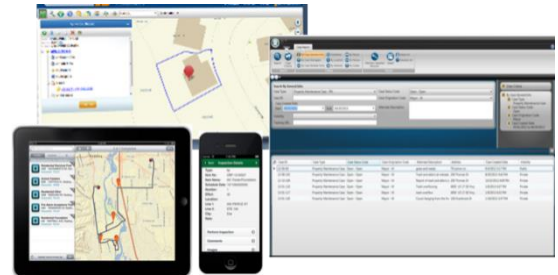
- Ability for citizens to submit requests 24/7 through a phone application or the website
- Automatic assignment and routing of requests, by type, to appropriate department(s) or staff
- Ability for citizens to view current request status
- Conversion of requests to work orders
- Ability to include photos and geolocation of a request
- More effective and efficient processes
- Improved transparency and citizen relationships



Land Management

The Land Management system is one of the suites that are offered by enterprise application systems and manages the creation, issuance, and tracking of community development activities related to planning and zoning, permitting, building inspections, licensing, and code enforcement. Benefits associated with the utilization of the application include:

- More automated permit processing from application through permit issuance
- Automatic routing for permits requiring reviews and approvals
- Single electronic file for all permit applications and documents
- More automated tracking of reviews, inspections, and fees by permit and development projects
- Tracking of timelines, tasks, and required group reviews
- Viewing all project and permit information at a glance
- Readily accessible planning and zoning records
- Automatic generation of case documentation
- Centralized current and historical parcel information



GIS Integration

Enterprise systems offer real-time integration to *geographic information systems (GIS)* in order to display land-use, zoning, and infrastructure layers on a map, as well as parcel, permit, inspection, code enforcement, and work order activity that resides within the enterprise system. Benefits of *GIS integration* include:

- Viewing system activity on a map (e.g., active projects, permits, cases, etc.)
- Map routing of work orders, service request, and daily inspections
- Displaying locations of infrastructure assets
- Generating asset condition analysis
- Ability to overlay multiple map layers
- Integration to website for resident inquiries



Maintenance/Work Order Management

Another suite of an enterprise system is the *maintenance/work order management system*, which provides automation in managing the maintenance and day-to-day operations related to infrastructure assets, buildings, facilities, and fleet vehicles, while being able to capture and report on the labor, equipment usage, and materials costs associated with a work order and preventative maintenance. System benefits include:

- Electronic routing of citizen requests
- Centralized task and maintenance management
- Completion of work orders from the field
- Streamlined public works operations
- Retrieval of historical work order information and costs
- Quicker work order completion times
- Improved decisionmaking through access to real-time information
- Viewing of asset and activity trends visually through GIS mapping capabilities
- Better replacement planning and forecasting
- Enhancement of staff productivity
- Improved compliance with regulatory standards
- Improved safety and risk management



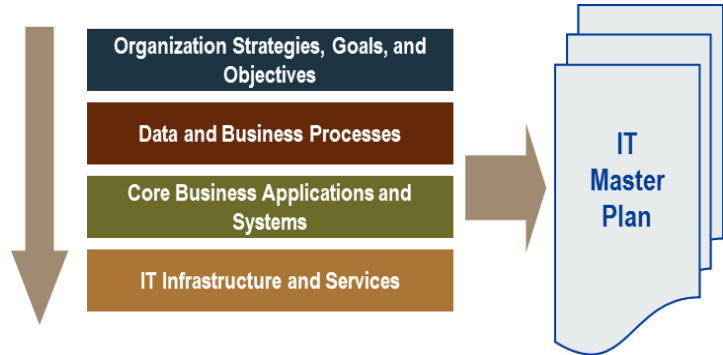


Conclusion

Moving Forward

Moving forward, over the next 18 to 24 months, the focus of Information Technology should be on infrastructure upgrades as well as training and increasing IT support staff to meet the needs of 21st Century technology. Software application improvements should also be considered, and the City should proceed after a ranking and sequencing the Top Priority initiatives identified in the Plan. While some

software applications improvements are possible during this time, major software system utilization improvements and replacement system implementations must follow the initial focus on infrastructure. IT must work to position itself in the following ways:



IT Infrastructure – Follow best practices in performing the Computer Room Relocation, the Network Redesign, and the core Switch Replacement.

IT Staffing – The IT function does not have the staffing and training to update and maintain the existing City infrastructure primarily regarding the City’s network. The City is also focusing IT management on the maintenance and support of the existing core software applications. The addition of a Enterprise Applications Support Specialist will provide long-term benefits and increase application utilization and organizational productivity. The Network/Systems Engineer will provide needed resources to improve and maintain network management, design, and security.

Application Utilization – City departments want to improve their core business processes and fully utilize their applications. The City should work to encourage a sense of application ownership and continuous improvement by the departments. Improved application utilization is one of the most effective ways to increase staff productivity and customer service.

ERP Replacement – The entire effort to select and implement a new ERP solution to replace existing Cayenta and other core systems will logistically require two years. The City needs to ensure that all its applications needs have been identified and that appropriate funding has been budgeted for a replacement ERP by conducting a comprehensive needs assessment and developing a Request for Proposals (RFP). Additionally, because *the City has not conducted this type and complexity of project with these specific business analysis, documentation, and negotiation requirements, the City should obtain assistance from a municipal ERP Applications Subject-Matter Expert (SME).*

Governance – The formation of the internal IT Steering Committee will foster cooperation and collaboration in setting priorities and executing multi-department initiatives. Over the long run, the IT Steering Committee will oversee and maintain the execution and occasional modification of this plan.

We expect the projects outlined in this report to result in improved productivity and customer service, as well as improved sustainability.

Third-party Subject-Matter Experts (SMEs) will be helpful for projects that are (1) high priorities, (2) beyond the scope of City skill sets, and/or (3) lacking internal resource availability.



Additionally, we recommend that action plans be developed by the departments and IT for all active, short-term initiatives. The action plans should include all identified needs, recommended solutions, responsible individuals, and target due dates. These action plans can ensure that all needs are being addressed and/or that a decision has been made not to pursue an initiative. These action plans will also prove beneficial to annual resource and budget planning requirements.

The City should review and update the plan annually, using an abbreviated version of the master planning methodology. In this way, the plan will be a vehicle to continuously guide the information technology activities of the City. The annual IT Master Plan update should be synchronized with the City's annual budget process, so the City's IT Plan initiative costs can be properly represented in the City's annual budget.

Benefits

The completed plan should not be viewed as static, but rather as a dynamic tool that is revised and updated as business conditions and requirements change. If the planning function is not an ongoing process, certain objectives and benefits will not be realized, because the objectives themselves may change as the organization and its environment evolves.

Major benefits that are (or should be) realized through the implementation of this IT Master Plan include:

- Increased collaboration and communication between the departments and IT
- Transformation of the organization's overall understanding, knowledge, and stewardship of information technology
- Clear direction for IT operations and IT projects for the next five years, focused on meeting the organization's needs
- Citywide department consensus and understanding of all IT Initiatives and their priorities
- Foundational process and methodology for evaluation of project investments and analyzing business case justification

Immediate Next Steps

It is recommended that the IT Steering Committee begin work by reviewing the plan and priorities, including the ranking and sequencing of the "Top Priority" initiatives. Next, assign lead and participatory resources to these Top Priority IT initiatives and also to all other high-priority IT initiatives. This should include the finalization of target due dates for immediate next steps of those initiatives. Initiative leaders should then report status updates for active initiatives to the IT Steering Committee as part of each agenda.

Major issues for each initiative should be discussed among the Committee and/or sub-committees for general feedback, collaboration, and lessons learned, as many of the IT/application initiatives cross-departmental boundaries.

In order to improve the culture of application utilization, management, and support, it is also recommended that a series of training seminars be developed for all key department stakeholders and all enterprise business application users throughout the organization. This is an effective way to maintain momentum and kick off the tremendous change that is to occur in improving operations and constituent services.



IT Master Plan Capital Budget

The IT Master Plan budget on the following pages is NOT an entirely new set of spending requirements. The plan encapsulates all information technology issues and needs of all departments in the City. Some projects, initiatives are normally funded by departments themselves, some initiatives already have capital reserves set aside and others are part of normal annual IT budgeting.

IT Master Plan Capital Budget
Project / Initiative Budget Estimates



Initiative #	IT Initiative	Comments	Priority	Budget Range		Dept(s)	Funding Source(s)	Current 2016 Fiscal Year	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	Outlying Yrs (Capital Expend)
				Low	High									
Best Practices														
1	Return-on-Investment Considerations	Providing tools and staff training, including working on several project examples.	H	\$ 5,000	\$ 10,000	All Departments			\$ 5,000					
2	IT Governance	Assist in establishing a Steering Committee with roles and responsibilities. Educational Seminar for Steering Committee Members and providing tools and next steps. Possibly facilitating first several months of Steering Committee meetings.	H	\$ 5,000	\$ 15,000	All Departments			\$ 10,000					
3	COBIT	Standards	H	n/a	n/a	All Departments			n/a	n/a	n/a	n/a	n/a	
4	ITIL	Standards	H	n/a	n/a	All Departments			n/a	n/a	n/a	n/a	n/a	
5	Applications Management Best Practices	Providing tools and staff training. Establishing roles and responsibilities for enterprise applications.	TP	\$ 7,500	\$ 15,000	All Departments			\$ 10,000					
6	Applications and User Licensing Inventory	Providing tools and staff training	H	\$ 1,000	\$ 5,000	All Departments			\$ 5,000					
7	User Training and Support	Annual Recurring	H	\$ 25,000	\$ 75,000	All Departments			\$ 25,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	
8	Training Room	Computers and equipment	M	\$ 10,000	\$ 15,000	All Departments			\$ 12,000					
9	Software Selection Best Practices	Standard methodology and practices	H	n/a	n/a	All Departments			n/a	n/a	n/a	n/a	n/a	
10	Project Planning and Implementation Best Practices	Providing tools and staff training	H	\$ 1,000	\$ 5,000	All Departments			\$ 5,000					
11	Maintaining Software Updates	Standards	H	n/a	n/a	All Departments			n/a	n/a	n/a	n/a	n/a	
12	IT Project and Services Portfolio	Documenting IT Department roles and responsibilities for all services including SLA for business application support	H	\$ 1,000	\$ 25,000	IT & Finance			\$ 15,000					
13	Sustainability Planning	Providing tools and staff training	H	\$ 5,000	\$ 15,000	All Departments				\$ 10,000				
14	Cloud Computing	Standards	H	n/a	n/a	IT & All Departments			n/a	n/a	n/a	n/a	n/a	
15	Centralized Land and Parcel Management	Included in developing GIS Master Plan Initiative	TP	See below	See below	All Departments			see below	see below	see below	see below	see below	
Applications and Departmental Systems														
16	Enterprise Resource Planning (ERP) Replacement	Includes the indented initiatives below:	TP	\$ 1,000,000	\$ 2,000,000	All Departments			\$ 85,000	\$ 1,000,000	\$ 500,000	\$ 250,000		
17	Project and Grant Accounting	Included in ERP initiative	TP	Included with ERP		All Departments								
18	Contract Management	Included in ERP initiative	TP	Included with ERP		All Departments								
19	Cashiering Needs Assessment and Replacement	Included in ERP initiative	TP	Included with ERP		All Departments								
20	Work Orders/Maintenance and Asset Management System	Included in ERP initiative	TP	Included with ERP		All Departments								
21	Fleet Management	Included in ERP initiative	TP	Included with ERP		All Departments								
22	Land Management System Replacement	Included in ERP initiative	TP	Included with ERP		All Departments								
23	Electronic Plan Submittals and Reviews	Included in ERP initiative	TP	Included with ERP		All Departments								
24	Human Resources System Improvement or Replacement	Included in ERP initiative	TP	Included with ERP		All Departments								
25	Employee Self-Service	Included in ERP initiative	TP	Included with ERP		All Departments								
26	Time, Attendance, and Accruals Tracking	Included in ERP initiative	TP	Included with ERP		All Departments								
27	Performance-Evaluation Software	Included in ERP initiative	TP	Included with ERP		All Departments								
28	Applicant Processing	Included in ERP initiative	TP	Included with ERP		All Departments								
29	Training and Certification Management Software	Included in ERP initiative	TP	Included with ERP		All Departments								
30	Staff Scheduling System	Included in ERP initiative	TP	Included with ERP		All Departments								
31	Project and Construction Management	Software & Implementation	H	\$ 50,000	\$ 200,000	City Manager, HR, Public Works, Finance				\$ 80,000				
32	Parks and Recreation Software Replacement (eGov)	Will follow the ERP initiative and will include the indented initiatives below:	TP	\$ 150,000	\$ 400,000	Comm Serv, Finance				\$ 75,000	\$ 150,000	\$ 100,000		
33	Citywide Facilities Scheduling/Events Calendar	Will coincide with the implementation of the new Parks & Recreation System	TP	Included Park & Rec System										
34	Childcare Management System	Will coincide with the implementation of the new Parks & Recreation System	TP	Included Park & Rec System										
35	Electronic Content Management System (ECMS) Replacement	Includes the indented initiatives below:	TP	\$ 250,000	\$ 1,000,000	All Departments				\$ 75,000	\$ 200,000	\$ 75,000	\$ 75,000	
36	Agenda Creation and Management Software	Included in ECMS initiative	H	Included with ECMS System										
37	Legislative Management	Included in ECMS initiative	H	Included with ECMS System										

Initiative #	IT Initiative	Comments	Priority	Budget Range		Dept(s)	Funding Source(s)	Current 2016 Fiscal Year	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	Outlying Yrs (Capital Expend)
				Low	High									
38	Granicus Media Management Assessment (Replacement)	Included in ECMS initiative	M	Included with ECMS System										
39	Large-File Sharing Tool	Could Use "OneDrive" from Office 365 (however how do we exchange outside of organization)	M	\$ 2,500	\$ 7,500	City Manager, Comm Dev, HR, Public Works				\$ 2,500	\$ 1,500			
40	Video Capture and Editing (Video Events and Other)	Investigate the opportunity to use ECMS capabilities	L	\$ 35,000	\$ 85,000	City Manager, Comm Serv, Library						\$ 45,000		
41	Photo Management and Storage Software	Investigate the opportunity to use ECMS capabilities	L	\$ 20,000	\$ 50,000	Comm Serv						\$ 30,000		
42	Publishing Software Consolidation	Move to a single software tool as a City standard	L	\$ 10,000	\$ 15,000	City Manager, Comm Serv, HR, Library							\$ 15,000	
43	Real-Time Utility Usage (Automatic Meter Reading-AMR)	AMR systems can run from \$2M - \$7M for a City the size of Menlo Park. The costs shown are for the first two (2) years of the project. Costs will extend into the next 5 year planning cycle.	L	\$ 2,000,000	\$ 5,000,000	Public Works, Finance								\$ 2,500,000
44	Website Improvements	Services from outside resource to assist the City	M	\$ 35,000	\$ 50,000	All Departments			\$ 20,000	\$ 15,000				
45	Notifications System (Push/Social Media/Text)	City standard tool to manage all City notification needs (emergency & non-emergency). Annual prescription per year.	H	Annual Subscription Based		All Departments			\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	
46	Develop GIS Master Plan	GIS Master Plan Development including centralized parcel & address recommendations	TP	\$ 60,000	\$ 80,000	All Departments		\$ 40,000	\$ 20,000					
47	Department-Centric / GIS Self-Service	Outside Resource to assist in building application and train Depts on independent use	H	\$ 30,000	\$ 50,000	Comm Dev, Library, Public Works		\$ 15,000	\$ 30,000					
48	RIMS (CAD/RMS) Gap Analysis and Application Maximization	Outside Resource to provide assistance in gap analysis and plan to close gap	M	\$ 40,000	\$ 75,000	Police			\$ 40,000	\$ 20,000				
49	Alarm Tracking and Billing Software	In progress	L			Police								
50	Ticket Writer Software Replacement (Duncan to TDS)	In progress	L			Police								
51	Officer Radio Transmission Identification		L			Police								
52	Replace MDC's with RIMS Mobile/GIS System		M			Police								
53	Tow Company Billing System	Software & Implementation	L	\$ 2,500	\$ 7,500	Police					\$ 2,500	\$ 15,000		
54	FirstNet Preparation Planning	Operational/Preparation Costs	M	\$ 1,500	\$ 3,000	Police				\$ 1,500	\$ 1,000			
Other Application and Departmental Systems Initiatives (Initiatives below)														
55	Police Audiovisual Format Conversion Tool		M	\$ 1,000	\$ 1,500	Police			\$ 1,000	\$ 500				
56	Panic Button	Include with City Hall remodel and space planning (on PD's project list)	H	\$ 1,000	\$ 2,000	Police		\$ 1,500	\$ 500					
57	Penal Code/Vehicle Code Reference Software	investigating if the RIMS Replace MDC's GIS Initiative includes Penal Code Reference	M	See above	See above	Police		See above	See above	See above	See above	See above	See above	
58	Portable Wireless Camera for Surveillance	Two portable Cameras, with compatibility for body storage environment	M	\$ 1,000	\$ 2,000	Police				\$ 1,000	\$ 1,000			
59	Wireless PA Radio PA/Sound System	PA system for outdoor events music, MC activities, etc.	M	\$ 3,000	\$ 5,000	Comm Serv				\$ 3,000	\$ 1,000			
60	Instant Messaging	Include with Office 365, cost for Skype for Business	L	Annual Subscription Based		All Departments					\$ 12,000	\$ 12,000	\$ 12,000	
61	PA Announcements	Important to the Library. Cost is based on adding PA capabilities through existing phone system	L	\$ 10,000	\$ 20,000	Library			\$ 20,000					
62	Parking Sensors and Management	Sensor based Parking Management Systems with mobile phone access can cost from \$1M - \$5M for a City with city owned parking the size of Menlo Park. The costs shown are for the first year (year 1 only) of the project. Costs will extend into the next 5 year planning cycle.	L	\$ 1,000,000	\$ 5,000,000	Comm Serv								\$ 1,500,000
63	Constituent Satisfaction Surveys	Investigate if CivicPlus has this capability. Use CivicSend module of CivicPlus	M	\$ 5,000	\$ 10,000	City Manager, Comm Serv, Comm Dev				\$ 10,000				
64	Laptop Borrowing Program	Acquisition of 3-5 laptops with carrying cases	L	\$ 4,000	\$ 6,000	Library					\$ 3,000	\$ 2,000		
65	Library Subscription Provider Statistics	Outside Resource to help with the reporting necessary for gathering/assembling statistics	M	\$ 5,000	\$ 10,000	Library				\$ 4,000	\$ 3,000			
66	HVAC Zonal Climate Control System	Remote access by staff of Library HVAC monitoring and control	L	\$ 8,000	\$ 12,000	Library					\$ 6,000	\$ 3,000		
Gov 2.0														
67	Citizen Request Management (CRM)	Considering module from the ERP/Land Management Initiative	M	See above	See above	All Departments		See Above	See Above	See Above	See Above	See Above	See Above	
68	Online Payments, Transactions, and Services	See ERP	H	See above	See above	All Departments		See Above	See Above	See Above	See Above	See Above	See Above	
69	Video/Web Conferencing	City to Investigate Office 365 using Skype for Business. Linked and Dependent on Network Redesign. Annual Subscription for video/web conferencing from City conference rooms.	L	Annual Subscription Based		All Departments				\$ 1,800	\$ 3,600	\$ 6,000		
70	Council Chambers Audiovisual Systems	In progress	L	\$ 15,000	\$ 30,000	City Manager, City Council, Departments		\$ 20,000						

IT Master Plan Capital Budget
Project / Initiative Budget Estimates



Initiative #	IT Initiative	Comments	Priority	Budget Range		Dept(s)	Funding Source(s)	Current 2016 Fiscal Year	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	Outlying Yrs (Capital Expend)
				Low	High									
71	Conference Room Audiovisual	In progress. Linked and Dependent on Network Redesign. Annual Subscription for video/web conferencing from City conference rooms. Cost based on 5 conference rooms at \$5,000 - \$7,500 per room.	L	\$ 25,000	\$ 40,000	All Departments		\$ 30,000						
72	Social Media Policy and Procedures	This needs to include Risk Management and City Attorney. Cost is for outside resource to assist in the development of policies and procedures.	H	\$ 2,500	\$ 7,500	All Departments			\$ 7,500					
73	Mobile Computing	See Work Orders, Land Management and ERP	H	See above	See above	Comm Serv, Comm Dev, Public Works			See Above	See Above	See Above	See Above	See Above	
74	Newsletter	Considering using CivicPlus CivicSend capabilities - See Website Improvements above	L	See above	See above	All Departments, Citizens, the Public			See above	See above	See above	See above	See above	
75	Dual Monitors	Part of replacement policy, cost effective and high ROI	M	n/a	n/a	All Departments			n/a	n/a	n/a	n/a	n/a	
IT Infrastructure														
76	IT Computer Room and Teledata Closet Improvements	Computer rack spacing from wall insufficient, no fire suppression	TP	\$ 150,000	\$ 250,000	IT			\$ 220,000					
77	Wireless Network	Two generations behind,	H	\$ 100,000	\$ 150,000	All Departments			\$ 158,400					
78	Internet Bandwidth	Sufficient today	L	\$ 50,000	\$ 100,000	All Departments					\$ 94,600	\$ 24,000	\$ 24,000	
79	Electronic Mail (Exchange)	Build out DAG for Exchange, need Archive & Records Retention	H	\$ 10,000	\$ 15,000	All Departments			\$ 30,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	
80	Enhanced Internet Security and Connectivity (DMZ)	Improved filtering subscription, staff to complete SFTP	H	\$ 1,500	\$ 2,500	IT			\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	
81	Remote Access Upgrade	Remote access for staff	H	\$ 10,000	\$ 20,000	All Departments			\$ 20,000					
82	Network Redesign	Resiliency, firewalls to separate PD & SCADA	TP	\$ 200,000	\$ 400,000	All Departments			\$ 275,000	\$ 100,000				
83	Core Switch Replacement	Core switch replacement (current to be re-allocated)	H	\$ 100,000	\$ 150,000	All Departments			\$ 220,000					
84	Power Distribution	Do in conjunction with computer room remodel	M	\$ 5,000	\$ 7,500	IT			\$ 15,000	\$ 7,500				
85	Virtual Server Migration	Vmware & OS Licensing Upgrades, Vmotion and additional servers	M	\$ 50,000	\$ 125,000	All Departments			\$ 101,200	\$ 50,000				
86	Storage Area Network (SAN) Upgrade	Replacement SANs - Administration first,	M	\$ 75,000	\$ 125,000	All Departments			\$ 163,240	\$ 100,000		\$ 50,000		
87	Technology Support for the EOC	Video display & wireless upgrade	M	\$ 25,000	\$ 60,000	IT, EOC			\$ 5,000	\$ 25,000	\$ 25,000			
88	Redundant CAD/RMS System	Backup virtual instance in separate computer room	M	\$ 25,000	\$ 25,000	IT, Police					\$ 25,000			
89	Computer Upgrades (Windows XP & Office)	Windows XP Cleanup & Consistent version of Office	H	\$ 27,000	\$ 27,000	All Departments			\$ 30,000					
90	Video Camera and Surveillance System (Citywide Standard)	Initially, centralized management system, then expand	M	\$ 200,000	\$ 400,000	IT, Police			\$ 115,000	\$ 50,000	\$ 50,000	\$ 25,000	\$ 25,000	
91	Secure Managed Access (Wireless/Keyless Security)	Consolidate two systems into one & expand card reader	M	\$ 25,000	\$ 75,000	IT, Police				\$ 50,000	\$ 25,000			
IT Operations														
92	Help Desk Ticketing System	Spiceworks will be sufficient	H	\$ -	\$ 6,000	All Departments			\$ 6,000					
93	Mobile Device Management	MAS360 integrates with Spiceworks	M	\$ 2,500	\$ 7,500	All Departments				\$ 5,000				
94	Network Management Tools (Alerts/Alarms)		M	\$ 25,000	\$ 50,000	IT				\$ 25,000	\$ 25,000			
95	IT Support Metrics		M	\$ -	\$ 6,000	All Departments				\$ 6,000				
96	Desktop Management	Desktop patch management	H	\$ 15,000	\$ 25,000	All Departments			\$ 11,000	\$ 6,000				
97	IT Automation Tools (Patch Management)	Expand patch management to servers & network equipment	M	\$ -	\$ 6,000	All Departments				\$ 6,000				
98	IT Policies and Procedures		TP	\$ 5,000	\$ 7,800	IT			\$ 7,800					
99	IT Procurement Practices		M	n/a	n/a	IT			n/a	n/a	n/a	n/a	n/a	
100	IT Cost Recovery (IT Budget Allocations)		M	n/a	n/a	IT, City Manager, Finance			n/a	n/a	n/a	n/a	n/a	
IT Security														
101	Disaster Recovery Planning		M	\$ 10,000	\$ 25,000	All Departments					\$ 15,000			
102	Backups	Move to disk to disk to cloud	H	\$ 50,000	\$ 100,000	IT			\$ 75,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	
103	IT Security Assessment		M	\$ -	\$ 25,000	All Departments					\$ 25,000			
104	PCI Compliance		M	\$ 10,000	\$ 25,000	Finance, All Departments					\$ 10,000	\$ 15,000		
105	Records and Data Retention		M	\$ 15,000	\$ 20,000	All Departments						\$ 18,000		
106	Two-Factor Authentication	Vendors - PD	H	\$ 12,000	\$ 18,000	IT, Police			\$ 15,000					
107	SCADA Security	Firewall are above	H	\$ 5,000	\$ 15,000	IT, Pub Works			\$ 11,000					

IT Master Plan Capital Budget
Project / Initiative Budget Estimates



Initiative #	IT Initiative	Comments	Priority	Budget Range		Dept(s)	Funding Source(s)	Current 2016 Fiscal Year	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	Outlying Yrs (Capital Expend)
				Low	High									
Telecommunications														
108	Phone System Redundancy		M	\$ 25,000	\$ 50,000	All Departments			\$ 35,000	\$ 2,000	\$ 2,000	\$ 2,000		
IT Staffing														
109	Network/Systems Engineer		TP	\$ 140,000	\$ 224,000	IT		\$ 182,000	\$ 187,460	\$ 193,084	\$ 198,876	\$ 204,843		
110	Enterprise Applications Support Specialist		H	\$ 126,000	\$ 161,000	IT, All Departments		\$ 140,000	\$ 144,200	\$ 148,526	\$ 152,982	\$ 157,571		
								\$ 50,000	\$ 2,039,140	\$ 2,378,810	\$ 1,651,010	\$ 1,111,957	\$ 632,914	\$ 4,000,000



Appendix – IT Master Plan Initiatives

The following section contains the *IT Master Plan Initiatives Workshop* documentation in its entirety.

Information Technology Master Plan

Appendix: IT Initiatives

February 1, 2017



Client Locations
Coast-to-Coast

Practice Locations
California
Illinois
Minnesota
North Carolina

800.806.3080
www.clientfirstcg.com



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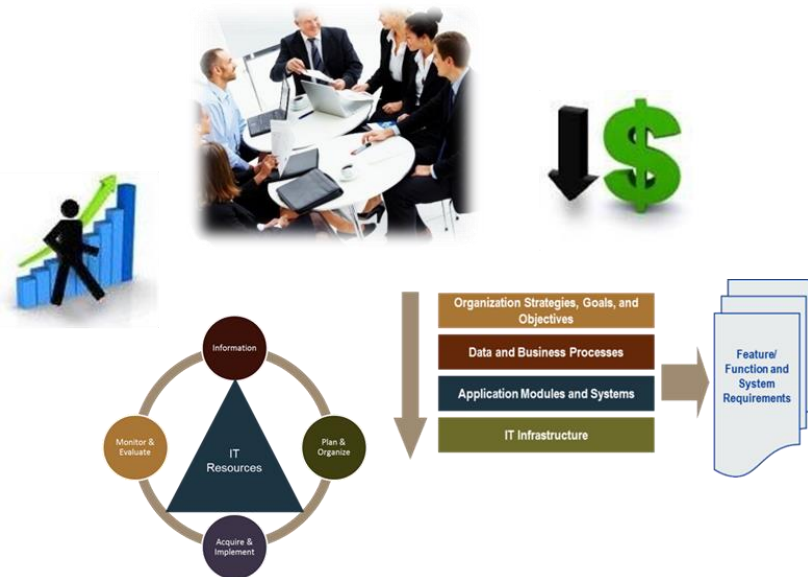
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Best Practices are methods that consistently provide results greater than those achieved with other methods. We believe that the following best practices will enhance the City’s ability to select, procure, and maintain solutions that are more effective in the future, as well as improve overall productivity of staff.

1. Return-on-Investment Considerations
2. IT Governance
3. COBIT
4. ITIL
5. Applications Management Best Practices
6. Applications and User Licensing Inventory
7. User Training and Support
8. Training Room
9. Software Selection Best Practices
10. Project Planning and Implementation Best Practices
11. Maintaining Software Updates
12. IT Project and Services Portfolio
13. Sustainability Planning
14. Cloud Computing
15. Centralized Land and Parcel Management





1. Return-on-Investment Considerations

IT Infrastructure, Operations, and Support

Limiting the number of software and technology vendors supporting City functions will decrease IT infrastructure, operational costs, and support costs in the medium-to-long term. The following is a list of technology areas impacted when determining the number of applications necessary to support and maintain an organization's core business solutions:

- **Hardware** – Servers required to house the applications
- **Software** – Additional software, such as key operational software applications, and the number of different database tools required to support core applications
- **Licensing** – Increased licensing due to an increased number of vendor applications and various associated database tools
- **Business Continuity** – Increased Disaster Recovery Planning effort, testing, and recovery complexity to support multiple-vendor applications
- **Support Costs** – IT support costs for hardware and software as vendor application volumes increase
- **Operation Costs** – Increased training for employees to meet expertise requirements as more vendor applications and different database tools are introduced

Further analysis outside of the scope of this project would be required to determine specific potential cost savings.

Departmental Labor Costs

Many organizations do not adequately understand the impact that improved automation—and the resulting reduction in manual processes and shadow systems—will have when considering implementation of new systems or conducting process improvement analysis. Most productivity analyses show that, over time, labor cost savings far exceed the cost of reasonable automation efforts. The savings associated with the avoidance of one new hire or the elimination of a position due to natural attrition may be \$40,000 to \$70,000 or more per year (including total payroll, taxes, benefits, and other costs). The life of some new systems should be over ten years, making the savings from the avoidance of just one new hire and/or elimination of vacant positions the equivalent of \$400,000 to \$700,000 over ten years. Ten years should be the minimum expected life cycle for major/large applications systems.

Return-on-Investment (ROI) for Applications Systems

Improved utilization of applications systems can result in immediate and sustained savings in time spent performing specific tasks or processes. These individual improvements do not always equate to immediate, “hard” savings. They may result in intangible benefits to the City, the population that the City serves, or cumulative savings from reduced long-term personnel needs.

User Training and Support

Applications software is continually evolving. Improvements and enhancements are made yearly. Maintaining staff efficiency and improving productivity over time requires ongoing training of all staff. Users are typically not trained on all aspects or capabilities of particular software applications or other technology-based tools during initial implementation. Therefore, it is important for the organization to develop methodologies to carry out functionality use, reporting, and training requirements in order to utilize the City's important technological assets to their fullest potential over time.



Calculation Examples

Whenever possible, we recommend that staff calculate tangible and intangible benefits when requesting approval for a project. The following calculations can be utilized in those efforts. We believe in being conservative and practical. Exhaustive ROI studies should not be necessary. Focusing on a limited number of reasonable examples, as outlined here, should normally be sufficient to provide adequate justification for strategic projects.

Labor Efficiency Savings = **Labor Hours Saved X Gross Hourly Rate**

Tangible Labor Cost Savings = **New hire avoidance, elimination of position through attrition, consolidation of work load and positions, etc.**

Hard Cost Savings

- Hardware
- Software
- Maintenance
- Inventory Reductions



Intangible Benefits

- Increasing Levels of Service
- Improved Service to Public Users
- Safety
- Transparency
- Improved Public Communication
- Improved Employee Communication and Satisfaction
- IT Planning and Improvements



Return-on-Investment (ROI) Considerations

A study conducted by Macquarie University¹ discovered the following:

- Overall ROI in IT projects is around 30%.
- The projects that deliver at least some benefits should be about 52.5%.
- Successful IT projects can have an ROI of around 400%.

¹ Macquarie University, 2006.

2. IT Governance

Findings and Observations

The City requires cooperative technology to meet its goals. The Information Technology Master Plan implementation provides a great opportunity for City departments to collaborate on future technology use and applications.

IT Governance

Traditionally, key IT decisions are made by IT professionals and a select few organization managers. This does not always ensure the most effective benefit to all stakeholders (all departments and constituents). IT governance can provide a collaborative forum for major decisions, planning, internal communication, and department/staff training regarding such matters. IT governance is committed to the stewardship of IT resources on behalf of the stakeholders who demand a benefit and/or return on the investment.

IT Steering Committee

The IT Steering Committee is a group of employees and managers from a variety of departments and disciplines that provide long-term direction and oversight for an organization's IT resources. This committee can provide a stabilizing influence and focus for development of organizational concepts and planning. Some of the responsibilities the group may carry out include:



- Identifying and developing of technology initiatives
- Prioritizing initiatives
- Monitoring and reviewing initiatives
- Project management of IT Master Plan implementation
- Providing a forum for lessons learned during implementation of technology projects
- Providing an initial review process of technology-related projects requested by individual departments
- Reviewing and providing feedback on long-term unresolved Help Desk issues
- Developing and reviewing standards and policies
- Updating standards and policies as changes occur in the organization and technology
- Helping to achieve support across the organization
- Reviewing Help Desk statistics, issues, and long-term unresolved needs
- Acting as a sounding board for management and staff

Implementation of IT Governance can be an effective forum for departments to become more knowledgeable about technology and how it can be used effectively to enhance customer service and create efficiencies throughout the City's business process environments.

Recommendations

Assemble and formally implement an IT Steering Committee, including an IT Steering Committee Charter, to discuss technologies and recommend priorities, assist in policy development, communicate with department staff, and manage, as well as oversee the implementation of the IT Master Plan.

It is recommended that the City consider engaging *CLIENTFIRST* to review the IT Steering Committee Charter in order to make specific recommendations and to assist in conducting a Steering Committee Development Workshop, including make-up of Steering Committee



members and structure, as well as review Steering Committee roles and responsibilities. As part of the same engagement, *CLIENTFIRST* would also conduct a workshop to cover and educate on Steering Committee best practices.

Utilize the IT Steering Committee as the initial forum for the IT Division and other Departments to propose/present new technology-related projects to ensure best practices are followed and applied to the review, selection, approval, procurement, implementation (project management), and ongoing technology maintenance.

The IT Governance strategy and implementation of an IT Steering Committee can be an effective forum for departments to become more knowledgeable about technology and how technology can be used effectively to enhance customer service and create efficiencies throughout the City's business-process environments.

Benefits

- More transparency, responsibility, and accountability
- Prioritization of initiatives
- Improved compliance and consistency
- Enhanced communication and collaboration
- Higher degree of business and technology alignment
- Widespread personal and professional growth

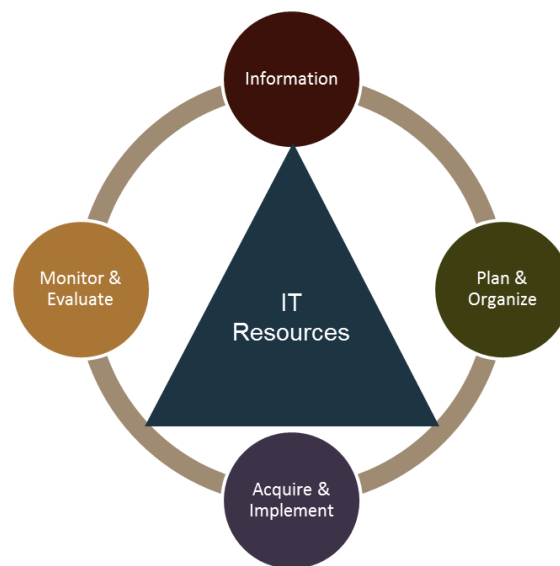
Next Steps

- Determine potential IT Steering Committee members who are:
 - ◆ Interested in participating on the Steering Committee
 - ◆ Have the ability to speak for Department Head
- Develop and implement an IT Steering Committee focused on:
 - ◆ Determining priorities, based on limited IT resources
 - ◆ Annual IT budget review and prioritization
 - ◆ IT policy reviews
 - ◆ New project reviews and feedback
 - ◆ Lessons learned from ongoing projects
- Determine representation of all departments on the Steering Committee for regular IT communication, ongoing education, and continued collaboration.
- Assign a lead and/or sub-committee for all IT Master Plan initiatives.
- Monitor and discuss active/in-process IT Master plan initiatives at each Committee meeting.
- Form sub-committees, as appropriate.

3. COBIT

Control Objectives for Information and related Technology, also known as COBIT, helps to ensure alignment of IT with the environment through the adoption of incentives, metrics, and oversight. IT governance is the responsibility of executives and the Board of Directors, and consists of the leadership and organizational structures and processes that ensure that the enterprise's IT sustains and extends the organization's strategies and objectives. For IT to be successful in delivering, management should put an internal control system or framework in place. The COBIT control framework contributes to these needs by:

- Making a link to the organization's requirements
- Organizing IT activities into a generally accepted process model
- Identifying the major IT resources to be leveraged
- Defining the management control objectives to be considered



The orientation of COBIT consists of linking organizational goals to IT goals, providing metrics and maturity models to measure their achievement, and identifying the associated responsibilities of organization and IT process owners. The benefits of implementing COBIT as a governance framework over IT include:

- Better alignment, based on an organizational focus
- A view of what IT does that is understandable by management
- Clear ownership and responsibilities, based on process orientation
- General acceptability with third parties and regulators
- Shared understanding among all stakeholders, based on a common language

COBIT is an IT governance framework and supporting toolset that allows managers to bridge the gap between control requirements, technical issues, and business risks. COBIT enables clear policy development and best practices for IT control throughout organizations. COBIT emphasizes regulatory compliance, helps organizations to increase the value attained from IT, enables alignment, and simplifies implementation². *CLIENTFIRST* utilizes the concepts from COBIT throughout its IT Planning process.

² www.isaca.org – COBIT, 2009.

Staff Feedback

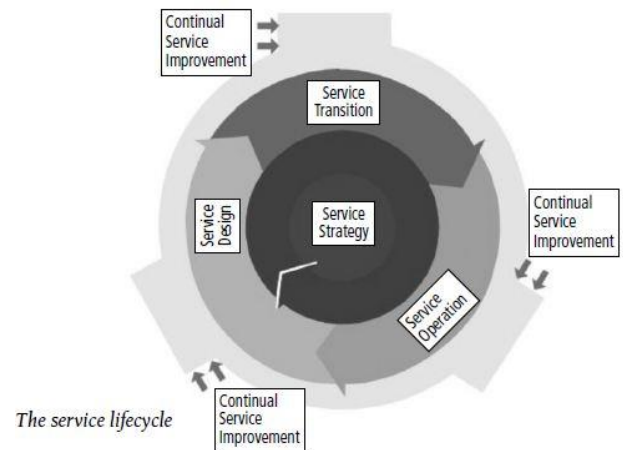
- IT – IT has had challenges with COBIT especially when it comes to citywide planning of best practices framework. Organizational requirements often are not defined or audited.

Benefits

- Reduction in unplanned work
- Increase in number of successful changes
- Improved operations management
- Secure sharing of infrastructure and asset information
- Increased anticipation and management of technology upgrades
- Reduction in total cost of ownership

4. ITIL

This lifecycle approach to IT organization results in strategies that align service management with business strategy, structures IT services to meet the real business environment, and builds a support model for the day-to-day procedures needed to support business objectives. Through an understanding of Information Technology Infrastructure Library (ITIL) and how it relates to IT operational environments, *CLIENTFIRST* can identify the strategy and resources needed to accomplish the business objectives based on the current structure of the IT Division.



ITIL provides a common framework understood by suppliers, clients, vendors, and businesses through a set of global standards. *CLIENTFIRST* utilizes these concepts for service delivery throughout its IT planning process to provide a sound approach to support IT initiatives³. ITIL is a framework intended to assist organizations with the alignment of IT operations with business objectives through an IT service strategy of continuous realignment. ITIL is considered a best-practice approach to IT service delivery that can be molded to fit all organizational structures. ITIL v3 groups IT service into four (4) categories: Strategy, Design, Transition, and Operation. *CLIENTFIRST* recommends that all IT Managers obtain at least foundational certification in ITIL.

Benefits

- Reduction in unplanned work
- Increase in number of successful changes
- Improved operations management
- Secure sharing of infrastructure and asset information
- Increased anticipation and management of technology upgrades
- Reduced recovery times
- Reduction in total cost of ownership
- Improved alignment of technology with business requirements and needs

³ www.itil-officialsite.com – ITIL, 2009.



5. Applications Management Best Practices

Findings and Observations

The City utilizes over 136 different software applications or modules throughout all departments. Major systems include:

Application Functionality	Vendor
Financial/Accounting Management	Cayenta
Personnel Management	ADP Workforce Now
Land Management	Tidemark
Work Orders/Maintenance and Asset Management	None
Public Safety CAD/RMS	RIMS
Electronic Document and Records Management	ApplicationXtender
Geographic Information System (GIS)	Esri

A more comprehensive example listing of City applications is included below.

Note: This is not an official inventory.

- 3SI Technological
- Adobe
 - ◆ Acrobat Reader
 - ◆ Acrobat XI Pro
 - ◆ Creative Suite/Cloud
 - ◆ Illustrator
 - ◆ InDesign
 - ◆ Photoshop
 - ◆ Premiere
- ADP Workforce Now
 - ◆ Employee Benefits Tracking
 - ◆ Human Resources
 - ◆ Payroll
 - ◆ Performance Evaluations
 - ◆ Time Tracking
- Alco-Sensor IV
- ALLDATA Online
- Apple iTunes
- ApplicationXtender
- ArborAccess
- BaseCamp
- BEC System
- Box.com
- Cal Photo
- CalOpps
- CalPERS
- Cayenta
 - ◆ Accounts Payable
- ◆ Ad Hoc Reporting
- ◆ Financial Reporting
- ◆ General Ledger
- ◆ Requisitions and Purchasing
- CCIN
- CDMIS
- Cellebrite
- Citrix work order system
- CivicPlus
 - ◆ Calendar
 - ◆ Intranet
 - ◆ Subscriber Notifications
 - ◆ Website Content Management
- CNIPS
- Comcate
- Cummins INSITE
- Digital Watchdog
- Direct Connect
- DOJ
- Dropbox
- Duncan Systems
 - ◆ Autocite
 - ◆ Autoissue
- eGov
 - ◆ Class Registrations
 - ◆ Email Marketing
 - ◆ Reporting
- ◆ Room Rentals
- ENERCALC
- Esri
 - ◆ ArcCatalog
 - ◆ ArcMap
- Eventbrite
- Evernote
- Facebook
- Fill & Sign PDF Forms
- Firefox
- Ford Diagnostic Solutions
- Geocortex viewer for Silverlight
- Google Chrome
- Google Earth
- Google Maps
- Gov QA
- Granicus
- HdL Prime
- Hub Manager
- Innovative Sierra
- Insight e-Tools
- MAC Final Cut Pro
- Microsoft
 - ◆ Access
 - ◆ Excel
 - ◆ Internet Explorer
 - ◆ Outlook
 - ◆ Paint
 - ◆ PowerPoint



- ◆ Project
- ◆ Publisher
- ◆ Skype
- ◆ SQL Server
- ◆ Word
- MP GIS
- Musco Control-Link
- Open Budget
- Paypal
- PBT Group TEAMS
- Phoenix
- Print Wizard
- QuickReg
- QwikRegister
- Rain Master, Evolution II
- RD Client
- Redflex Traffic Systems
- RIMS
 - ◆ CAD
 - ◆ CLETS
 - ◆ Digital Imaging
 - ◆ E911
 - ◆ Mapping
- ◆ Mobiles
- ◆ Property
- ◆ Reports
- ◆ RMS
- ◆ Training
- Ron Turley and Associates (RTA)
- Sage
- SAM
- SCADA Wonderware
- ShoreTel Communicator
- Signage Manager
- SketchUp
- SmugMug
- SonicWALL / VPN
- SonicWALL
- SS-Verification Dept. Homeland Security
- SurveyMonkey
- Team Sideline
- TeleStaff
 - ◆ Comp Time
 - ◆ Scheduling
 - ◆ Shift Bidding
- ◆ Shift Swaps
- ◆ Vacations
- TextMe
- Tidemark
 - ◆ Code Enforcement
 - ◆ Mobile Inspections (TES/TIM)
 - ◆ Parcel/Address Management
 - ◆ Permits
- TM1
- Training Information Management Systems (TIMS)
- Trimble Field Service Management
- Turbo Data Systems
 - ◆ eAppeals
 - ◆ ticketPRO
- Verifone Omni 3730
- Viewu
- Virtual Merchant
- West Coast Arborist mobile app
- XC2

Many City software applications, modules, and systems are underutilized, resulting in loss of productivity due to manual processes, inefficient workarounds, and inefficient or unnecessary reconciliations. Additional user training is needed for many software applications (see *User Training and Support* initiative). The City does not have sufficient resources to document practices and procedures, develop needs for applications systems, prioritize needs, evaluate solutions, and identify sufficient implementation and ongoing management and support resources for these solutions. Additionally, the City has insufficient effective IT resources to ensure quality applications utilization, increase department process improvements, and gain significant efficiencies in labor throughout the organization.

Gaining greater utilization of the existing application modules is vital to significant increases in productivity by staff throughout the City. The ability to accomplish this is difficult because of limited resources and the diversity of applications providers in use.



Future Applications Management Best Practices

The City can benefit greatly by changing traditional applications management practices. Use of the following recommendations can lead to improved functionality, use, and increased overall productivity.

Future Applications Roles and Responsibilities

Applications support and management roles and responsibilities will have to be identified and assigned to departments' operational applications and modules. We recommend starting with:

- ERP (Finance and Accounting)
- Personnel Management
- Permitting
- Contact Management
- ECMS
- Work Orders/Maintenance and Asset Management
- CAD/RMS and Citations

		Financial Management					
	General Ledger	Budgeting	Bank Reconciliation	Project Accounting	Purchasing and Requisitions	Accounts Payable	Accounts Receivable
PO	John	Robbie	Thomas	Lorrie	Debbie	Robert	Evan
SI	John	Robbie	Denise	Thomas	Sherry	Pat	John
AA	John	Robbie	Denise	Thomas	William	Robert	Robert
AW	Jody	Robbie	Thomas	Lorrie	Debbie	Pat	Jerry
IR	Rich	Rich	Rich	Rich	Rich	Pat	Rich
FL	John	Robbie	Thomas	Lorrie	Debbie	Robert	Evan
FI	John	Robbie	Thomas	Lorrie	Debbie	Robert	Evan
SI	Jody	Rich	Denise	Thomas	Sherry	Pat	Robert
AW	John	Robbie	Thomas	Lorrie	William	Robert	Jerry
SI	Jody	Rich	Denise	Thomas	Sherry	Pat	Robert
IR	Rich	Rich	Rich	Rich	William	Pat	Jerry

Identification and assignment will help the City spot capable resources to fulfill the roles and responsibilities for Applications Management Best Practices in the future.

Process Owner

- Staff “resident expert” who is responsible for a given departmental process or function
- May also be responsible for oversight and delivery of the daily, weekly, monthly, and annual processes that the application or module is utilized to fulfill
- Primarily makes final decisions on process policies, procedures, and deliverables for their area of expertise
- Stays current with the applicable industry best practices, technology, and applications capabilities
- Stays current with existing applications vendors’ capabilities, offerings, and enhancements

Application Champion

- An expert on a specific application or module
- Possesses greatest knowledge of application or module
- Lead trainer or support person for other staff that utilizes application or module
- Usually has formal training and is responsible for application configuration setup and changes on an ongoing basis
- Often trained to provide ad hoc report writing capabilities for the application or module
- Stays current with the applicable industry best practices, technology, and application capabilities
- Stays current with existing application vendors’ capabilities, offerings, and enhancements

Business Process and Application Analyst

- Assigned to work with process owners, application champions, report writers, and users
- Reviews business processes, current utilization of application, manual processes, and shadow systems (i.e., spreadsheets and other databases) in an effort to increase automation, improve efficiencies, and increase utilization of the core business application
- Assists in the development of user, application, and process requirements
- Assists in developing and documenting standard operating procedures (SOPs)

Note: An Application Analyst may be a person already fulfilling one or more of the above roles.



Ad Hoc Report Writer

- Aptitude to develop ad hoc reports using vendors' report writing tools, which may include third-party tools such as Crystal Reports, Cognos, or Microsoft SQL Server Reporting Services (SRSS)
- Assigned as the “go-to” person for ad hoc reports that other users cannot quickly generate on their own

IT roles and responsibilities should be defined by application module. Consider taking the following actions:

- Identify role of IT for a given application or module (primarily server and network support).
- Departments are to take as much responsibility as possible for applications management of modules utilized by their primary business-process functions, as the IT Division does not currently and will never have all the resources to fulfill all applications management support and maintenance roles for the entire organization.

Please note that the organization may not have an identified resource in some instances, and that some applications may not require certain roles. It is also likely that, in some instances, the same person(s) will fulfill more than one role for a given application/module.

Business Department Application Training

As applications software changes and grows in complexity, training staff to use software properly becomes more critical. We believe that a renewed emphasis on targeted staff training on the City's applications software will pay off significantly in increased staff effectiveness and productivity. An inventory of high-priority training is essential to achieve expected productivity. The City can identify and assess future training needs for all applications and users upon completion of an application/user matrix (see *Applications and User Licensing Inventory* initiative).

Staff Feedback

- HR – ADP's performance evaluation software is licensed but not implemented

Recommendations

- Departments should be encouraged to become more responsible for changes to application setup and configurations with assistance from IT. If department personnel are unable to make these changes, training should be provided.
- Training department personnel to perform their own simple report writing (basic listings and extracts in tabular form) is challenging, but beneficial. More complex reporting often requires specific understanding of database structures in the application. There is currently very limited capacity to provide such support from IT.
- Consider adding more specialized application/business analyst personnel and database administration to the IT Division to provide increased and improved applications support to departmental users for departmental business applications (e.g., ERP, Personnel Management, Permitting, ECMS, CAD/RMS, Work Orders/Maintenance Management etc.)
- Over time, we believe that applications utilization by departments will improve if applications sponsors (Process Owners and Application Champions) take a more active role in monitoring upcoming functionality improvements from new software releases that will benefit the City. In addition, it would be helpful if applications sponsors and sponsoring departments monitored and discussed applications usage with other peer organizations and entities to gather information and potential productivity improvements that could be incorporated into the City's systems.



- Specifically assign a process owner, application champions, primary business analysts, applications administrators (setup and configuration responsibility), and ad hoc report writers for each application or module.
- Key assignments should encompass responsibility for understanding industry best practices and solutions or processes available, and taking the lead in continually assessing and inventorying needs.
- Inventory current and future feature/function, reporting, training, and support gaps, and maintain improvement needs lists

Benefits

- Increased use of applications features resulting in higher return on software investment
- Higher degree of user independence and less reliability and cost for vendor assistance
- Identification of applications user roles and responsibilities
- Improved efficiencies and productivity
- Improved customer service

Next Steps

- Each department should complete Application/User Matrices for current and future applications usage and applications management roles, and IT Steering Committee should review completed matrices.
- Identify process owner(s) for each module, or insert “N/A” if not applicable.
- Identify application champion(s) for each module.
- Identify application analyst(s) for each module, or insert “N/A” if not applicable.
- Identify ad hoc report writers, or insert “N/A” if not applicable.
- Differentiate (e.g., by color shading, annotations, etc.) if individuals are expected to assume roles in future with additional training.
- Define IT Division roles and responsibilities for all applications or modules.



6. Applications and User Licensing Inventory

Findings and Observations

A citywide *applications and user inventory* can be helpful in understanding/confirming licensing compliance, over/under seat license needs, and identifying training and user roles mentioned in the *Applications Management Best Practices* initiative.

# of Full User (Head/Ministry)	Financial Management							Law Enforcement							Public Works & Environmental						
	General	Budgeting	Financial and Accounts	Accounts	Financial	Collaboration	Reporting	Police	Fire	Public Works	Environmental	Public Works	Environmental	Public Works	Environmental	Public Works	Environmental				
1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1				
2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2				
3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3				
4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4				
5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5				
6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6				
7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7				
8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8				
9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9				
10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10				

Recommendations

- Create an inventory of all organization software applications/modules currently in use, as needed. This is necessary for multiple initiatives/projects and developing and budgeting a multi-year user training budget.
- Identify all current user license holders, as well as those that need additional licenses.
- Determine which users that don't have a valid need for a license and determine if these licenses can be transferred to other users.
- Identify user's roles as "F" (Full), "I" (Inquiry), or "R" (Reporting Only).
- Recommend differentiating between current/licensed and non-current/non-licensed users, so that budgeting can be addressed for additional user-license requirements.
- Determine software applications that can be run centrally from a server or shared computer for infrequent users.
- Obtain ongoing sustainability cost estimates.
- Consider development of an IT Applications Support Portfolio to document departmental ownership and IT Division service-level agreements (SLAs).

Benefits

- Assurance that investment in licenses are matched to users truly in need
- Assurance that investment of licenses match the organization's software needs
- Better ability to identify potential integration requirements
- Ability to obtain proper support and reference information for licensed software
- Ability to better schedule and conduct training for staff, based on software usage
- Better, well-informed decision making for applications acquisitions or maintenance cancellations
- Potential reduction in applications license and maintenance fees by cancelling applications no longer in use
- Mitigation of legal risk from use of non-licensed software

7. User Training and Support

Software systems are tools utilized to conduct business operations. Like other tools (e.g., phones, audiovisual equipment, backhoes, plotters, equipment, etc.), gaining greater utilization of these tools through sufficient training and installation of other available software modules (tools) is key to significant increases in productivity and greater efficiency, as well as achieving cost savings in many areas.



Findings and Observations

- Software applications that are underutilized will gain significant increases in staff productivity if more training were provided.
- A complete inventory of all applications and/or modules by department and user does not currently exist.
- This list can be helpful in understanding and confirming licensing compliance, over/under seat license requirements, and identifying training needs and user-responsibility roles, as discussed in the *Applications Management Best Practices* initiative.
- Examples of requested training are included below.

Staff Feedback

- CMO – Need training on Photoshop
- CMO – Need training on Basic GIS
- CMO – Need training on Granicus
- CMO – Need training for staff on new technologies
- Comm. Dev. – Need training on Microsoft Office (Word/Excel/PowerPoint)
- Comm. Dev. – Need training on Tidemark (+ any successor permitting system)
- Comm. Dev. – Need training on Adobe Acrobat
- Comm. Dev. – Need training on SQL Server/other database systems
- Comm. Dev. – Need training on updating menlopark.org website
- Comm. Dev. – Need training on Social media/other new communications methods
- Comm. Dev. – Need training on existing scanning equipment
- Comm. Serv. – Need training on eGov
- Comm. Serv. – Need training on branding standards
- Comm. Serv. – Need training on website use
- Comm. Serv. – Need training on MS Office applications
- Comm. Serv. – Need training on graphic design
- Comm. Serv. – Need training on Adobe Creative Suite
- Comm. Serv. – Need training on financial applications
- Finance – Need beginner and advanced Microsoft Office (Word, Excel, PowerPoint) training
- Finance – Need citywide Cayenta training
- HR – Need training on ADP
- HR – Need training on Cayenta
- HR – Need training on CalPERS
- Library – Need training on Cayenta
- Library – Need training on Outlook (e.g., calendar functions, mass email importing/sending, etc.)
- Library – Need training on ADP portal
- Library – Need training on phone basics (e.g., transfer, pickup, park/unpark, forwarding calls)

- Library – Need training on intranet searches
- Library – Need training on marketing form request procedure/details
- Police – Dispatchers need true training in the use of Blackboard
- Police – Need Adobe Design Studio training
- Police – Need training on Excel
- Police – Need training on Portable Wireless Camera system
- Police – Need training on 3SI technology for GPS tracking purposes
- Police – Need training on Training Information Management Systems (TIMS) to track department inventory specifically in regards to weapons
- Police – Need training on Windows Explorer
- Police – Need training on Word
- Police – Need training on Excel
- PW – Need training on ApplicationXtender
- PW – Need training on AutoCAD
- PW – Need training on Comcate functions
- PW – Need training on Internal Web-based GIS
- PW – Need training on Tidemark

Return-on-Investment (ROI) Consideration

- In a study conducted by Nucleus Research, an organization drove productivity gains of up to 50% through ongoing, successful user trainings⁴.

Recommendations

- Complete the Applications/User Matrices by department and user.
- Identify all current user license holders, as well as those that need additional licenses.
 - ◆ Conduct a survey, by user, to determine what training would be helpful and to determine actual need and planned attendees. This should be driven by department managers to elicit participation when training is made available.
- Identify approximately 500 square feet of space for use as a Training Room (See *Training Room* initiative).
 - ◆ Optimum configuration would be twelve PCs and two printers for hands-on training.
- Determine strategies for accomplishing training needs:
 - ◆ Self-learning aids
 - ◆ Internal classes (internal or external trainers)
 - ◆ On-site vendor training
 - ◆ Lunch-and-learns
 - ◆ Go-to Application Champions
 - ◆ Training opportunities at software vendor annual user conferences
- Create a repository of basic “how to” training aids and other training information (e.g., videos, past class information, etc.)
- Consider procuring a screen capture video solution to assist with developing internal video training aids.



⁴ Nucleus Research, 2010.



- Current and future needs can be evaluated and prioritized through a combination of mechanisms, including the IT governance function.
- Consider class attendance as a factor in performance evaluations. This can be accomplished by having department management involved and agreeing to which classes each employee would benefit from.
- Consider efforts to reduce and/or limit the total number of software vendors and databases whenever possible. This will reduce and limit overall cost-of-ownership, support requirements, training, and reporting needs, and improve overall integration capabilities.

Benefits

- Improved operations management
- Improved utilization and efficiency of software applications
- Activation and use of existing functionality that is currently unknown, but important to the City
- Review and activation of new functionality provided in future applications software releases
- Increased information sharing
- Better identification of training needs
- Increase training alternatives
- Improved software administration (fewer staff required to service user community)

8. Training Room

A *Training Room* serves as a great opportunity for staff to become familiar with applications or expand on their current skills. It serves as a best practice to promote professional growth and continued improvement through increased utilization of existing or future organization applications to be released to staff. A dedicated Training Room is also a requirement for all major software implementation projects.



Findings and Observations

- The City has existing conference and meeting rooms that are multi-use that are often used for training.
- The City will benefit from a full-time Training Room in order to successfully complete the projects outlined in this plan.

Staff feedback

- CMO – Need a configurable classroom for training staff on systems
- Comm. Serv. – Need City-supported computer labs with latest hardware and software

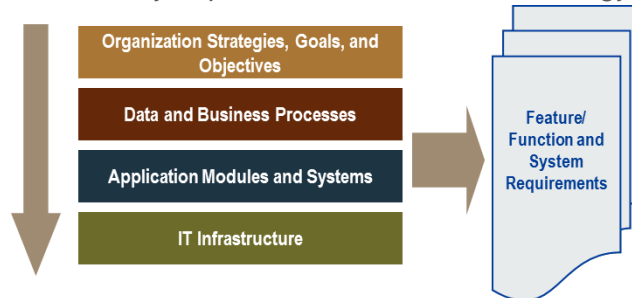
Recommendations

- The organization should maintain a Training Room for testing applications that are being implemented or for staff to improve upon existing competencies.
- Identify approximately 500 square feet of space for use as a Training Room
- With so many applications in use, a permanent Training Room will be needed if the organization implements ongoing user training, refresher training, and meet other training needs, as well as support applications management best practices.
- A minimum of twelve computers/workstations should be maintained in a room that provides adequate individual space for each workstation.
- Virtual Desktop (VDI) technology is often used for Training Room computers.
- Utilizing the recommended City VDI infrastructure will allow the City to place older PCs in the Training Room.
- Computers can also be used as a lab or resolution environment for staff experiencing extensive computer difficulties or those waiting for a computer replacement.

9. Software Selection Best Practices

Findings and Observations

Selecting the right system and technology is more critical today than ever before, because the efficiency and effectiveness of the organization is directly dependent on its use of technology and information systems. Organizations are realizing they must take greater advantage of automation and technology to ensure a better position to meet growing constituent and public demands. Additionally, many agencies must provide better service to their constituents, users, and the general public, while coping with greater budget constraints.



Return-on-Investment Consideration

While new software solutions can transform certain operations, processes, and constituent services, consider these facts:

- Without proper preparation, planning, and a methodology for selection and implementation, organizations face many problems and risks, including:
 - ◆ Spending hundreds of thousands—and, potentially, millions—of dollars more than necessary in total cost of ownership
 - ◆ Failed or prolonged implementation
 - ◆ Implementation of systems that still do not meet the organization’s functional needs
 - ◆ Low productivity
 - ◆ Poor contract negotiation position
 - ◆ Lack of and/or reduced integration between other software systems
- Organizations typically fall short of their implementation goals due to one or more of the following factors:
 - ◆ Insufficiently defining system objectives and requirements
 - ◆ Failing to adequately involve both management and users
 - ◆ Underestimating the costs and effort required
 - ◆ Failing to adequately plan for expansion
 - ◆ Failing to properly evaluate software



STARTLING STATISTICS:

- Only 32% of projects are on time, within budget, deliver all required features and functions, and achieve measurable business and stakeholder benefits.
- Approximately 44% of projects are “challenged” (late, over budget, and/or have less than the required features and functions).
- 69% of project failures are due to a lack of and/or improper implementation of project management methodologies.
- Nearly 40% of those surveyed said that a “lack of employee buy-in and executive support” was the biggest challenge facing a successful implementation.
- A recent customer survey shows that enterprise implementation projects:
 - Have only a 7% chance of on-time implementation.
 - Will likely cost more than estimated.
 - Will likely deliver unsatisfying results (only 21% will realize half or more of expected benefits).
- In a past study of local government enterprise implementations published in *Government Finance Review*, it was found that the average project was 176% over budget and 243% beyond the planned implementation timeline.



- In order for key software systems to be implemented properly and for the organization to reap the full benefits, the organization should utilize a structured analysis and selection methodology. A structured approach to selection and implementation results in significant benefits, including:
 - ♦ Reduced risk of a failed or prolonged implementation
 - ♦ Lower total cost of ownership
 - ♦ Independent and objective analysis of potential alternatives
 - ♦ Well-defined objectives and requirements
 - ♦ An education process for the organization
 - ♦ Selection of technology that meets the organization’s short- and long-term objectives and requirements
 - ♦ Effective contract negotiation through well-prepared and documented needs
 - ♦ Overall project time savings
 - ♦ Improved implementation readiness

Staff Feedback

- CMO – We don’t always follow a method that leads to the selection of the right software
- CMO – We often have departments go off and buy software that another department already has

Recommendations

- Utilize best practice selection methodology when evaluating new software solutions (see example work plan below).
- Consider third-party consults when selecting or improving complex or highly specialized solutions.
- Ensure process reviews are completed and detailed feature/function specifications are documented as part of the RFP (see example below).
- Ensure detailed feature/function specifications are utilized with test scripts before going live on new applications implementations.
- Include all stakeholders in each software evaluation and implementation project.
- Ensure detailed feature/function specifications are utilized in post-implementation reviews and ongoing training (see example work plan pages below).

Benefits

- Reduction in hardware/software requirements
- Reduction in preparation time for deployments
- Better identification of integration requirements
- Reduced license fees
- Increased utilization of applications systems
- More effective due diligence
- Increased staff buy-in, consensus, and morale
- Improved decision making (selecting software that is the best fit for your needs)
- Improved implementation results (time, costs, and results)



Feature Number	Feature / Function / Capability	Standard - Current	Standard - Next	Report Writer	3rd-Party Application	Custom Modification	Not Available	No Response	Comments
Requisitions / Purchasing									
4.000 VENDOR MAINTENANCE GENERAL FEATURES									
4.020	VENDOR – ADDRESSES - Provide for multiple addresses per vendor (must support non-USA addresses) with a minimum of four addresses and five lines each.						1		
4.028	VENDOR APPROVAL - Ability for departments to setup a temporary vendor with only purchasing to approve new vendors.						1		
4.035	ON-LINE REQUISITION/PO APPROVAL - Provide functionality online to route requisitions or purchase orders to appropriate users (or their backup user) with notifications for their approval or disapproval. Allow entry of disapproval notes and ability to restart the approval process if required.	1							
4.036	ON-LINE TRACKING OF APPROVED REQUISITIONS - Ability to use online query for all purchase requisitions that are awaiting the user's approval.	1							
4.041 ENCUMBRANCE ACCOUNTING									
4.042	ENCUMBRANCE ACCOUNTING - Provide all procedural functions of an encumbrance system including verification of budget availability before accepting invoice, requisition and purchase order transactions.	1							
4.046 PURCHASE REQUISITIONS									
4.047	FORMAL BID FUNCTIONALLY - Provide formal bidding functionality and process, which ties with both purchased requisitions and purchase order functions.		1						Future release
4.050	BUDGET / PURCHASE LIMIT CONTROLS - Provide security controls to either allow or disallow amounts to be entered that exceed budget amounts.	1							System either start workflow process, or not route items that exceed budget amount
4.052	RECURRING REQUISITIONS - Allow recording, reporting, retrieval, and editing of recurring requisitions.					1			
4.054	ELECTRONIC REQUISITIONING - Provide the ability to generate electronic requisitions by multiple end-users.	1							
4.099	DEPRECIABLE ASSET - Ability to code items as depreciable assets.	1							This is available at the PO level
4.107 PURCHASE ORDER PROCESSING									
4.109	PURCHASE ORDER GENERATION - Allow items to be split from requisitions to multiple purchase orders.				1				
4.140	PURCHASE ORDER – THRESHOLD AMOUNT - Ability to set a limit (cumulative) for a single vendor in a year for purchases.	1							yearly limit tracked via misc user defined field
4.158	CONTRACT EXPIRATION ALERT - The system should provide a warning or block payments if a contract's insurance has expired.	1							Information is available via drill down
4.160	APPROVALS - Ability for an approval to be routed to multiple approvers, via workflow rules, where either approver, but not both, is not required.	1							
4.194	PURCHASE ORDER COMMITMENT REPORTING - Generate a purchase order commitment report reflecting the dollar amount of anticipated deliveries by vendor.	1							
4.198 INTEGRATION									
4.198	INTEGRATION - ACCOUNTS PAYABLE - Provide for automatic transfer of purchasing information to Accounts Payable (e.g., vendor, address, amount, purchase order number, etc.)	1							
4.199	INTEGRATION - BUDGET - Provide capability to validate funds availability for Requisition and Purchase Order transactions. Allow override capability.	1							
4.202	INTEGRATION - GENERAL LEDGER - Ability to download purchasing card transaction file (.txt) to post transaction detail to General Ledger by general ledger account code. Note: each transaction is associated with a specific general ledger account number in the text file.								standard P-Card integration is available via import into Accounts Payable
4.203	INTEGRATION - PROJECT ACCOUNTING - Purchase Order transactions coded to Projects must integrate with Project Accounting and/or Work Order Management systems.								



Step	Software System Selection Work Plan
Phase 1 – Needs Assessment and Recommendations	
1	Kick-Off and Project Team Development – Hold a formal Kick-Off Meeting, and then work with the Project Manager to finalize the makeup of the selection Project Team and document required roles and responsibilities. Include representatives from all key stakeholder groups.
IT Infrastructure and Staffing Readiness Review	
2	IT Information Meetings and Interviews – Conduct information-gathering activities focused on the ability of the existing IT staff and infrastructure to support the needs of the organization and to review the readiness to implement and support the platform that will be required for the new software system, including:
	IT Network and Infrastructure
	Storage and Backups
	Servers, Server Applications, and Management
	IT Security
	Disaster Recovery
	Desktop Environment
	Printers
3	Documentation – Document information and summarize the required preparation initiatives, findings, and recommendations.
4	IT Assessment Memo – Prepare a memo assessing gap and readiness of IT infrastructure to support the organization's general needs and to support the introduction of the new software system. The memo is to include the following:
	General readiness of IT to support the organization's needs and support the introduction of a new software
	IT Initiatives with findings and recommendations, including the following scope:
	IT Environment and Infrastructure
	IT Applications Support Staffing Structure
Business Department Needs Assessment Interviews	
5	Business Process Review and Feature/Function Analysis – Meet with the identified personnel by functional area and software modules to review existing manual and automated systems and operations, including any custom-developed work-around systems/processes. Include a cross-section of all user types in each needs assessment workshop.
6	System Requirements Documentation – Document information gathered during interview process and develop feature/function requirement specifications specific to your organization.
Phase 2 – RFP Development	
7	Preliminary Vendor Research, Communication, and Coordination – Research vendor community to identify qualified vendors meeting the organization's system and services requirements, and communicate with potential vendors. Vendors do not respond to all RFP's, so pre-communication is helpful to obtain proposals that are in the organization's best interest to consider.
8	Develop Request for Proposal (RFP) with Electronic Response Forms – Prepare a Request for Proposal (RFP) document and work with the organization to make adjustments and revisions, as well as ensure it complies with the organization's purchasing guidelines and is distributed per policy (assumes development of a single RFP document). RFP should include, but will not necessarily be limited to, the following:



Step	Software System Selection Work Plan
	Comprehensive list of functions/requirements with prioritization
	Cost, including purchase or other financial payment plan options
	Required technical specifications
	Installation costs
	Migration from existing to new system (cost and timeline)
	Training cost and training schedule
	New system hardware/network/system software requirements
Phase 3 – Vendor Evaluation and Demonstration Management	
9	Facilitate RFP Response Activities – Facilitate pre-proposal activities, including: Manage vendor questions and answers during established proposal response timelines.
10	Proposal Evaluation – Analyze and evaluate proposal responses. Provide an initial Summary Vendor Comparison Worksheet that provides side-by-side comparison of key system evaluation requirements, including feature/function compliance statistics.
11	Analysis Results Workshop to Determine Vendor Finalists (Short List) – Conduct a collaborative review workshop with a key stakeholder committee and determine which vendors are to be short-listed.
12	Develop Demonstration Documents – Prepare an agenda and sample demonstration scripts for vendor demonstrations to be sent to vendor finalists for their advance preparation. Also, prepare vendor demonstration evaluation forms for use by selection committee members during demonstration sessions.
13	Reference Check Form Preparation – Prepare form to be used by project team members during finalist reference checks/calls.
14	Schedule and Facilitate Vendor Demonstrations – Schedule demonstration dates and facilitate initial vendor demonstrations to ensure that pertinent requirements are addressed (estimate three vendors at X days each).
15	Develop Site-Visit Documents – Prepare an agenda for each vendor site visit and a site visit evaluation form for organization selection committee members to complete during each visit.
16	Post Demonstration/Visit/Reference Check Due Diligence and Follow-Up – Track follow-up issues and conduct comprehensive due diligence. This may include additional demonstrations, Q&A facilitation, reference checking, and site-visit assistance, etc.
17	Finalist Selection – Conduct a meeting with the organization selection committee to facilitate discussion and finalize the vendor selection.
18	Review Selected Vendor's IT Requirements – Review the IT (server, workstation, network, etc.) requirements provided in the selected vendor's proposal, and prepare a memo outlining observations and recommendations for IT.
Phase 4 – Contract Review and Negotiation Assistance	
19	Implementation Plan Review – Review implementation plans, project management office, resource requirements, and timelines.
20	Implementation Team Organization – Establish Implementation Project Team based upon PMI and COBIT Project Management Office (PMO) principles and applications management best practices.
21	Contract Review and Negotiation Assistance – Conduct contract reviews and negotiations with an SME and legal representation.

10. Project Planning and Implementation Best Practices

Findings and Observations

A best practices approach should be followed for all significant implementation projects. The complexity and risk determine the actual level of due diligence that should be performed. The following is an outline of project planning and implementation best practices:

Determine Scope of Work – Work with all stakeholders to determine what needs to be accomplished.

Design – For larger, more complex projects, the design effort may become a separate project. For smaller projects, design is integrated into budgeting.

Specifications – Make sure an appropriate level of vendor-agnostic specifications are included with procurement requests that reduces ambiguity and provides better comparisons between vendors.

Collaborate – Include input and requirements of all stakeholder groups to ensure all requirements are included in specifications and all stakeholders buy-in to the final solution. IT Steering Committee should review as part of the Committee’s role and responsibilities.

Develop Budget – Project budgets include hardware, software, and consulting/SME costs. Consulting costs are estimated by outlining the various work steps and estimating the hours required to complete them.

Gain Sign-Off – Once the budget is complete, review the scope of work and costs with the project sponsor and gain their approval before continuing, including consent by the IT Steering Committee.

Create Project Plan – Based on all stakeholder needs, delivery dates, and the tasks to be completed, develop a project plan and estimated implementation date.

Outline Communication Plan – Outline the process for communicating implementation dates, improvements, and training to appropriate staff members.

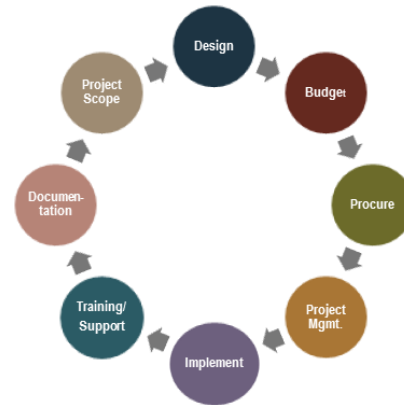
Document Other Plans – Other plans may include training, testing, contingency, and back-out. These plans are developed on an as-needed basis.

Configure and Implement – Utilizing planning methodologies and technical expertise, configure the necessary system components, and implement the solution with the least possible impact to staff and productivity. The IT Steering Committee should receive status reports on the progress of the implementation, including whether the project is on time and on budget, whether user needs are being met, and that vendors are following through with their contractual obligations.

Post-Implementation Review – Complete a post-implementation review with successes, lessons learned, and any loose ends requiring vendor assistance. Report the results of the IT Steering Committee.

Post-Implementation Support – All implementations that affect multiple users require on-site, post-implementation support to eliminate remote response times.

Documentation – Develop any necessary procedures and update documentation as part of the project.





Recommendations

- Develop a project portfolio for all IT and software-related projects.
- Follow planning and implementation best practices.
- Review all major active and upcoming projects during IT Steering Committee meetings.
- Obtain services of third-party project managers/subject-matter experts, as appropriate and/or cost beneficial.

Benefits

- Prioritization of projects
- Reduced periods between transitions
- Increased information-sharing capabilities
- Enhanced communication and consensus
- Increased anticipation and management of technology upgrades
- Improved analysis and planning
- Increased departmental collaboration
- Measurement and tracking of results/outcomes

11. Maintaining Software Updates

Findings and Observations

- Best practice for the maintenance of applications software is to maintain a minimum of N-1 (current major release or the one prior).
 - ◆ Software vendors often only support the current release and the one prior.
 - ◆ Falling further behind often creates upgrade scenarios with several intermediate steps, risking additional problems, and potentially makes upgrades more expensive and time-consuming.

Staff Feedback

- Comm. Dev. – IT is required for updates/upgrades of simple software/applications
- Comm. Serv. – A number of staff are operating on old versions of Office software, email etc.
- HR – Would like access to update/upgrade simple software/applications without needing to wait for IT. (Adobe, Java, etc.)
- HR – Are at least 4 versions behind on ADP
- Library – Would like access to update/upgrade simple software/applications without needing to wait for IT. (Adobe, Java, etc.)

Recommendations

- The City's normal practice is to maintain software updates as recommended.
- Maintain consistent updates across all users.
 - ◆ Utilize the inventory created in the *Applications and User Licensing Inventory* initiative to understand version issues.
 - ◆ Complete implementation of previously purchased patch management software to provide software updates across the City for desktop software updates to provide consistency and automation. Includes software updates in sustainability and replacement planning.
- Provide appropriate user training with each release.



12. IT Project and Services Portfolio

An *IT Support Services Portfolio* is a complete list of IT projects and services provided to City staff and the public. The support services portfolio outlines IT responsibilities for each service and any service-level agreements for those services (e.g., 24/7 support required, disaster recovery priorities, user-access permissions, report writing for certain software modules, server uptime requirements, etc.) Applications support, partially addressed in the *Applications Management Best Practices* initiative, is only one aspect of the complete portfolio. Other IT services include projects, Help Desk, data network, telephone systems, IT security, etc.

Recommendations

- We recommend the IT Division create an IT Projects and Services Portfolio to effectively communicate and set expectations for all users regarding what support services IT provides and communicate service-level standards.
- Utilize results of IT Master Plan as the basis for a five-year project portfolio and budget.
- Utilize the *Applications Management Best Practices*, *Applications and User Licensing Inventory*, and *User Training and Support* initiatives as a basis to complete the services portfolio.

13. Sustainability Planning

Findings and Observations

Sustainability Planning is the process of mapping the acquisition, maintenance, upgrade, improvements, training, and eventual replacement for major applications systems over a long-term period (i.e., five to ten years). Sustainability Planning helps in two significant ways:

1. Reducing the significant periodic spikes in capital expenditures of large software solutions
2. Scheduling upgrades and replacements of departmental business applications systems in a convenient and timely manner

The growing practice of Sustainability Planning provides a more practical or realistic way to determine and plan for the ongoing operational needs of all departments.

Because software applications are the primary technology tools of the operational departments, in order to increase productivity and efficiencies, improve customer service and transparency, and take advantage of technology improvements, the City can benefit from the implementation of sustainability planning versus the more limited practice of replacement planning.

Recommendations

- Develop a sustainability plan for IT software applications.
 - ◆ Microsoft licenses should be replaced N-1 (i.e., every other version).
 - ◆ Larger core applications (e.g., Financials, Land Management, Work Order Management, Recreation, etc.) benefit most from sustainability planning, because these should only be replaced every 10-15 years, if procured and managed properly.
- Investigate and track annual maintenance and support, and upgrade costs for all major systems to determine if the cost structure is sustainable. If the cost structure is not sustainable, consider alternatives and priorities over the next five-year period.



Benefits

- Increased long-term investment through scalability
- Reduced maintenance expenses
- Increased trust in systems
- Reduced risk and liability
- Reduction in total cost of ownership
- Avoidance of unforeseen upgrades
- Informed purchase timing
- Software lifecycle evaluation

14. Cloud Computing

Cloud computing can be described as IT services or equipment that are not internal, but available through the Internet. This can range from having a server hosted in an organization or facility other than the local organization, accessing information from a portable device, procession requests from the field, subscribing to an Internet-based software solution per a subscription model, etc. The benefits of cloud computing allow individuals to collaborate and remain centralized, regardless of location.

Cloud computing is one the most prominent discussions among current trends in IT. Significant benefits can be achieved, including security, disaster recovery, and cost savings. However, cloud-computing options for many systems are still not cost-effective or the most secure approach.

Findings and Observations

- The organization has already utilized some forms of cloud computing.
- Several infrastructure improvements will be required for the organization to be able to fully utilize cloud-based systems.

Staff Feedback

- FIN – Need to evaluate on ROI
- OPS – Any discussion of cloud computing should take into account the realities of our work environment, which is that a significant number of staff are frequently not connected to any networks, Internet, etc. and should be able to do their work on stand-alone computers when necessary.

Recommendations

- Before moving any significant applications to the cloud, the City should:
 - ◆ Upgrade the local area network (LAN)
 - ◆ Geographically separate Internet provider services
 - ◆ Move to most current version of Active Directory
- Cloud-computing options should be considered for future projects.
- Cost/benefit should be the overriding factor for most final decisions.



15. Centralized Land and Parcel Management

Centralized Parcel data is important for consistent organization-wide parcel and address data for all departments to utilize. The updating and sharing of a central database is essential in allowing departments to operate more efficiently moving forward and in retrieving historical records.

Findings and Observations

- The City uses multiple geo-based applications, such as Utility Billing, Work Orders, Permits, Code Enforcement, Planning (future), Business Licenses, GIS, etc.
- The address/parcel information is not synchronized; no formal process is in place to update parcel and address information from the County.
- The City could realize significant productivity gains and improved accuracy by using a common, centralized parcel/address database to populate any new or changed information.
- Although City staff have access to GIS software (Esri ArcGIS for Desktop), and sometimes access to basic GIS layers, the City does not have a citywide GIS system that provides a base level of functionality to support the land and parcel management process.

Staff Feedback

- Comm. Dev. – There is no citywide parcel/address master

Recommendations

- Utilize the GIS database for master address/parcel records (see *Develop GIS Master Plan* initiative).
- Select a future software system that offers both a master address/location and parcel management database (if applicable).
 - ◆ System should allow for regular updates and synchronization with the GIS.
 - ◆ Master addresses/locations should be shared across all geo-based applications.
- All updates of information from external and internal sources should first be done through the GIS. Then, updates to other systems would be done using the GIS master information.
- Strict control of who is authorized to make updates of this information should be enforced, and typically limited only to GIS data editors.
- Geo-based applications should be configured so that users select valid addresses, not type in free-form addresses, for each transaction.

Benefits

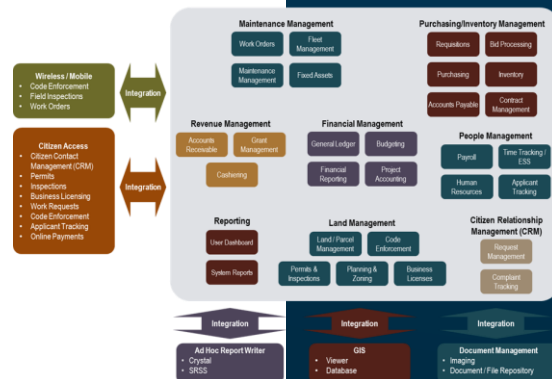
- Improved data integrity (i.e., consistent organization-wide parcel and address data)
- Connectivity with City/County parcel systems
- Improved review and planning
- Better GIS layer reporting
- Increased staff efficiency by reducing data entry into multiple land-based systems
- Ability to allow access to this information, via the Web to the public

The *Departmental Applications and Systems* category includes IT Initiatives that are primarily department business applications-related and were identified during the needs assessment process. Many of these initiatives and recommendations can have a significant impact on overall productivity, enhanced communications and information sharing, improved constituent service, improved transparency, and, in some cases, cost savings.

Departmental Applications and Systems

16. Enterprise Resource Planning (ERP) Replacement
17. Project and Grant Accounting
18. Contract Management
19. Cashiering Needs Assessment and Replacement
20. Work Orders/Maintenance and Asset Management System
21. Fleet Management
22. Land Management System Replacement
23. Electronic Plan Submittals and Reviews
24. Human Resources System Improvement or Replacement
25. Employee Self-Service
26. Time, Attendance, and Accruals Tracking
27. Performance-Evaluation Software
28. Applicant Processing
29. Training and Certification Management Software
30. Staff Scheduling System
31. Project and Construction Management
32. Parks and Recreation Software Replacement (eGov)
33. Citywide Facilities Scheduling/Events Calendar
34. Childcare Management System
35. Electronic Content Management System (ECMS) Replacement
36. Agenda Creation and Management Software
37. Legislative Management
38. Granicus Media Management Assessment (Replacement)
39. Large-File Sharing Tool
40. Video Capture and Editing (Video Events and Other)
41. Photo Management and Storage Software
42. Publishing Software Consolidation
43. Real-Time Utility Usage (Automatic Meter Reading-AMR)
44. Website Improvements
45. Notifications System (Push/Social Media/Text)
46. Develop GIS Master Plan
47. Department-Centric / GIS Self-Service
48. RIMS (CAD/RMS) Gap Analysis and Application Maximization
49. Alarm Tracking and Billing Software
50. Ticket Writer Software Replacement (Duncan to TDS)
51. Officer Radio Transmission Identification
52. Replace MDC's with RIMS Mobile/GIS System
53. Tow Company Billing System
54. FirstNet Preparation Planning
55. Police Audiovisual Format Conversion Tool
56. Panic Button
57. Penal Code/Vehicle Code Reference Software
58. Portable Wireless Camera for Surveillance
59. Wireless PA Radio PA/Sound System
60. Instant Messaging
61. PA Announcements
62. Parking Sensors and Management
63. Constituent Satisfaction Surveys
64. Laptop Borrowing Program
65. Library Subscription Provider Statistics
66. HVAC Zonal Climate Control System

Example Enterprise Applications Overview

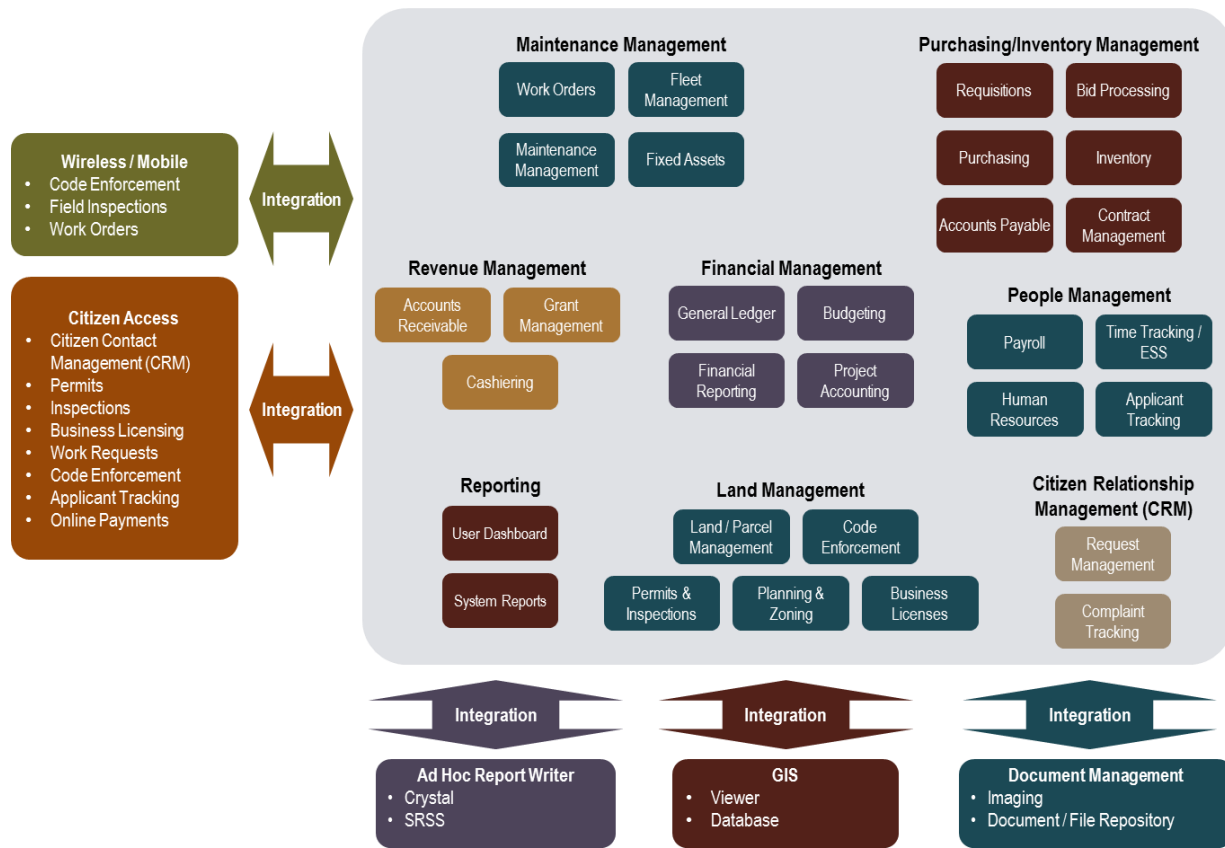




16. Enterprise Resource Planning (ERP) Replacement

Enterprise Resource Planning (ERP) is an organization-wide software solution that allows integration among various departments and their respective functions. The result is a centralized system of communication, data storage, and operations management. Improvements to ERP solutions bring about processes that multiple departments can benefit from. Common municipal-related ERP applications modules include accounting, financial reporting, payroll, human resources, planning and permitting, and work orders. The following graphic shows a typical municipal ERP environment.

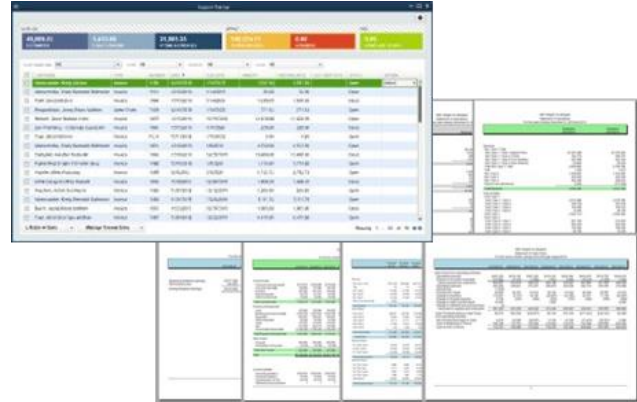
Example Enterprise Applications Overview





Findings and Observations

Currently, the City utilizes multiple software vendors to support its enterprise applications requirements, including Cayenta for core financials, and ADP Workforce Now for payroll and limited HR operations. ADG and many of the other existing systems are outdated, lacking adequate integration, reasonable reporting capabilities, commonly utilized functionality found in other municipalities, and require excessive manual workaround and reconciliations. ADP is also not meeting the City’s expectations and carries significant annual costs. All departments noted unmet reporting needs, feature/functional requirements deficiencies, and an overall need for systems improvements and additional software modules.



The City is missing opportunities for labor savings (thousands of labor hours per year), improved customer service due to lack of integrated solutions with sufficient training, and functionality to meet internal operational and customer needs.

Departments have a strong interest in newly available features and enhancements that a more modern ERP solution can provide. Gaining greater utilization in enterprise applications software modules through installation of a new ERP system is key to significant increases in citywide productivity and efficiencies. The table below represents current and potential future ERP applications.

The City currently uses at least seven different vendors to provide its ERP needs. The primary solutions, Cayenta (GL, AP, Requisitions, and Purchasing), TM1 (Budgeting), Sage (Fixed Assets), ADP (SaaS environment for Payroll and HR), Quickregister (Cash Receipting), Tidemark Advantage (Permitting, Code Enforcement and Parcel Mgmt), and HdL (Business Licensing), with many of these being older-generation systems that lack key functionality available in more current technology. The Cayenta system is over ten years old, it was recently updated to version 7.7 which makes it more current, but a newer/better system would improve operations. The Community Development Systems, including Tidemark and HdL, are due for replacements, with Tidemark being at its end of life. Additional improvements or replacement should also be considered for the work order systems (Comcate).

The following is a table that shows the City’s major suites that are usually included in an ERP system. The table also depicts what prominent municipal ERP systems typically offer.

ERP Applications and Vendors	Currently Owned	Implemented	Potential Modules in Single-Vendor Solution
<i>Financial Management</i>			
Cayenta			
General Ledger	Yes	Yes	Yes
Accounts Payable	Yes	Yes	Yes
Requisitions and Purchasing	Yes	Yes	Yes
Financial Reporting	Yes	Yes	Yes
Ad Hoc Reporting	Yes	Yes	Yes



ERP Applications and Vendors	Currently Owned	Implemented	Potential Modules in Single-Vendor Solution
Sage			
Fixed Assets	Yes	Yes	Yes
Quickregister			
Cash Receipting	Yes	Yes	Yes
TM1			
Budgeting	Yes	Yes	Yes
Modules Not In Use Or Not Available			
Project Accounting (Job Costing)			Yes
Accounts Receivable			Yes
Contract Management			Some
Investment/Cash Management			Some
Vendor Self-Service			Some
People Management			
ADP Workforce Now			
Payroll	Yes	Yes	Yes
Human Resources	Yes	Yes	Yes
Time Tracking	Yes	Yes	Yes
Employee Benefits Tracking	Yes	Yes	Yes
Performance Evaluations	Yes	No	Yes
CalOpps			
Applicant Tracking	Yes	Yes	Yes
Online Applicant Tracking	No	No	Yes
Modules Not In Use Or Not Available			
Personnel Budgeting			Yes
Employee Self-Service			Yes
Profile Management			Yes
Personnel Action Forms			Some
Leave Requests			Some
Open Enrollment			Some
Family Medical Leave Act (FMLA)			Yes
Workers Compensation			Yes
American Care Act (ACA) Compliance			Yes
CIS / Utility Billing (Outsourced to Global Water FANTHOM)			
Customer Information Management			Yes
Utility Billing			Yes
Service Orders			Yes
Meter/Backflow Management			Yes



ERP Applications and Vendors	Currently Owned	Implemented	Potential Modules in Single-Vendor Solution
<i>Work Orders / Asset Management / Fleet Management</i>			
SeeClickFix, Comcate			
Work Requests	Yes	Yes	Yes
GovQA, C-C-I-N, Direct Connect			
Citizen Request Mgmt (CRM)	Yes	Yes	Yes
Ron Turley Associates (RTA)			
Fleet Management	Yes	Yes	Some
Modules Not In Use Or Not Available			
Work Orders/Preventative Maintenance			Yes
Asset Management			Most
Inventory Management			Yes
Mobile Work Orders			Some
<i>Land Management (Development Services)</i>			
Tidemark Advantage			
Permits	Yes	Yes	Yes
Code Enforcement	Yes	Yes	Yes
Parcel/Address Management	Yes	Yes	Yes
HdL			
Business Licenses	Yes	Yes	Yes
TES/TIM			
Mobile Inspections	Yes	Yes	Yes
Modules Not In Use Or Not Available			
Planning Projects and Zoning			Yes
Inspections			Yes
Cash Receipting			Yes
GIS Viewer			Yes
Mobile Code Enforcement			Yes
Online Services			Yes
Planning Projects			Yes
Permitting			Yes
Inspections Scheduling/Requests			Yes
Business Licensing			Yes
Payments			Yes



Staff Feedback

- CMO – C-C-I-N is a system developed in-house for the public to send messages addressed to the City Council
- CMO – C-C-I-N is not helpful and needs to be replaced
- CMO – Check requisitions is a time intensive and paper-based process
- CMO – Current budget documents provided are not useful
- CMO – Form 700 reporting for compliance with FPPC rules for elected and appointed officials and contractors
- CMO – GovQA is a portal used by public to submit a public records request
- CMO – GovQA provides some automated workflows and allows for management of requests to ensure compliance with legal requirements
- CMO – Manually processing time cards
- CMO – Need online planning and building portal for the public to view and monitor projects
- CMO – Need project management resource tracking of people, time, facilities, budget, etc.
- CMO – Need the ability to track project expenditures and available budgets in real time
- CMO – Need to automate the budgeting process
- CMO – Using Direct Connect to capture public complaints; complaints are then routed to staff email addresses.
- CMO – Would like electronic signatures for contracts in order to avoid back and forth movement of contract documents
- Comm. Dev. – Ability to create annual Department of Finance Building Report
- Comm. Dev. – Ability to notify a customer when Plan Checker review has been completed
- Comm. Dev. – Ability to provide better estimates to applicants of “typical” total case costs
- Comm. Dev. – Ability to receive reminders of pending permit expirations (e.g., Limited Term Project Approvals)
- Comm. Dev. – Ability to report and monitor projects approved/built under pending General Plan
- Comm. Dev. – Ability to report on maximum allowable development status (e.g., El Camino Real/Downtown Specific Plan)
- Comm. Dev. – Ability to report on residences and non-residential square feet approved for/under development (e.g., Joint Venture Silicon Valley Land Use Survey)
- Comm. Dev. – Ability to report on various one-off permitting requests (pipeline projects, approvals, etc.)
- Comm. Dev. – Could use self-service stations at Building/Planning counter to allow customers to retrieve basic parcel information
- Comm. Dev. – Could use self-service stations to allow customers to start applying for permits
- Comm. Dev. – Current project invoicing procedures are very manual and have a number of opportunities for human error
- Comm. Dev. – Current timecards procedures are very manual and have a number of opportunities for human error
- Comm. Dev. – Department has a digital camera for site visit photos, but many staff members just use their cell phone camera
- Comm. Dev. – Digitized paper needs to link with parcel/permitting system(s)
- Comm. Dev. – Generally, link disparate parcel information systems (Tidemark, GIS, building permit scans, business licenses, etc.) so that multiple programs don’t have to be opened to get basic information



- Comm. Dev. – Generate various project-related letters (30-day review, actions, etc.) to automatically pull in relevant project-specific information (contact info, project number, description) and combine that with standard conditions/disclaimers and project-specific guidance
- Comm. Dev. – Have a Microsoft Access database of historical building permit and inspections data
- Comm. Dev. – Have a script that runs monthly to retrieve County Assessor parcels and compare them with Tidemark
- Comm. Dev. – Inspection requests can be made by calling the building department between the hours of 8 and 8:30 AM
- Comm. Dev. – Labor-intensive routings/task assignments to other staff members
- Comm. Dev. – Need fee calculations to be automatically calculated
- Comm. Dev. – Need a better system for holds (e.g., stop work notifications, business license required, open code enforcement case on property, etc.)
- Comm. Dev. – Need a Housing Element Annual Report for number of units (by type/income category) with issued building permits
- Comm. Dev. – Need automatic tiered actions
- Comm. Dev. – Need employee task tracking
- Comm. Dev. – Need online inspection scheduling
- Comm. Dev. – Need to allow for online status checking of applications
- Comm. Dev. – Need to include building coverage in Parcel database enhancements
- Comm. Dev. – Need to include calculated zoning parameters (FAL/FAR in Parcel database enhancements)
- Comm. Dev. – Need to include easements in Parcel database enhancements
- Comm. Dev. – Need to include homeowners associations in Parcel database enhancements
- Comm. Dev. – Need to include R-3 infill density in Parcel database enhancements
- Comm. Dev. – Need to include substandard lots in Parcel database enhancements
- Comm. Dev. – Need to streamline public meeting notice mailings; currently export Excel list of addresses, clean up duplicates/errors, creating Word notice, copy project description from Tidemark, change planner contact info, link Word and Excel files through mail merge, print, and mail notices
- Comm. Dev. – Not all records were successfully converted into Tidemark, when it originally went live in 1999
- Comm. Dev. – Payments are taken directly in QwikRegister and then manually entered Tidemark (double entry)
- Comm. Dev. – Permit records searches are convoluted under current system
- Comm. Dev. – Police uses Tidemark for code enforcement
- Comm. Dev. – Tidemark is on an old and unsupported version
- Comm. Dev. – Tidemark permitting system is extremely out-of-date and in need of replacement.
- Comm. Dev. – Using Excel for analysis/calculations (e.g., calculating floor area/building coverage maximums)
- Comm. Dev. – Using Excel for building inspector appointment scheduling
- Comm. Dev. – Using Excel for creating/editing public notice address lists
- Comm. Dev. – Using Excel for project schedules
- Comm. Dev. – Using Excel for project tracking timesheets
- Comm. Dev. – Using Tidemark for Building/Planning permit tracking, parcel data access/maintenance, and reports
- Comm. Dev. – Would be great to link automatically to County parcel GIS system (without having to retype address)
- Comm. Dev. – Would like to take simple permits online



- Comm. Serv. – Call or email Finance to see whether a requisition was approved
- Comm. Serv. – Cayenta is not user-friendly
- Comm. Serv. – Could use time clocks on computers
- Comm. Serv. – Information in Cayenta is not real-time
- Comm. Serv. – It's a challenge to provide grant reports on time
- Comm. Serv. – Need automated time cards
- Comm. Serv. – Need Grant Reporting Procedures
- Comm. Serv. – Need to streamline and automate check requests, purchase orders, and bid waivers
- Comm. Serv. – Only the Library is using time clocks
- Comm. Serv. – Using Cognos' TM1 by IBM for budget creating and reporting
- Comm. Serv. – Using Comcate for customer response management
- Comm. Serv. – Using Excel to manage budgets
- Comm. Serv. – Using Excel to track requisitions
- Comm. Serv. – Using Open Budget to provide community access to City financial information
- Comm. Serv. – Using Outlook to schedule work orders
- Finance – ADP is unable to allow supervisors to view their staff's timecards
- Finance – Bank Reconciliations are done in Excel spreadsheets
- Finance – Finance forwards CAL-card statements to the departments for them manually assign GL accounts to each item
- Finance – Goods receipts are not electronic
- Finance – Have been discussing the replacement of the existing financial system
- Finance – A new/better financial system would provide benefits and improve collaboration opportunities
- Finance – Paper requisitions are routed and signed
- Finance – Projects and grants are currently part of the GL accounts structure
- Finance – Purchase orders are produced in Excel or Word
- Finance – This year's CAFR statement will be processed by outside auditors
- Finance – Using HdL for Business License applications and renewals
- Finance – Using Sage for fixed-asset management
- HR – ADP appears to have FMLA, but it has not been activated
- HR – ADP can track certifications and degrees
- HR – ADP's performance evaluation software is licensed, but not implemented
- HR – Applicant tracking processes are manual
- HR – Are at least four versions behind on ADP
- HR – Are not satisfied with the existing version of ADP
- HR – CalPERS does not tie into HR
- HR – Existing Version of ADP lacks OSHA, works compensation, ACA, and leave management capabilities
- HR – Have an Access database with data prior to ADP implementation
- HR – Have been using ADP for at least 15 years
- HR – Manually processing open enrollment
- HR – Need a system to automatically notify IT and Finance of terminated employee access
- HR – Need automated time sheets
- HR – Need better tracking and reporting of leaves
- HR – Need better tracking of employee on-boarding
- HR – Need more efficient ways of preparing third-party reports (e.g., state controller, EEO, OSHA, PRA Salary Report, etc.)
- HR – Need to comply with America Care Act (ACA)



- HR – Need to provide employees with self-service capabilities (e.g., tax changes, address changes, access to paystubs, etc.)
- HR – Need to use a system and not spreadsheets for position control tracking
- HR – Payments to third-party vendors are either paid manually or via EFT
- HR – Using ADP for human resources and payroll capabilities
- HR – Using Excel for OSHA tracking/logs and to create OSHA 300 report
- HR – Using Excel for tracking Health Enrollments by employee, plan, unions, etc.
- HR – Using Excel for tracking retiree health credits
- Library – Doing paper time sheets in addition to clock-ins
- Library – Currently have to manually keep track of hours worked for each temp employee so we do not go over pay period/annual limit.
- Library – Monthly reports received from finance are typically a month after the fact
- Library – Need an ADP mobile app
- Library – Need PC/device timeclock entry for ADP (e.g., sick, vacation, adjustments, etc.)
- Library – Need real-time tracking of purchases placed/received
- Library – Need the ability to track temp time that was spent on a project (e.g., summer reading program)
- Library – There is one time clock at the library
- Library – Using Volgistics to track volunteer hours
- Police – Doing duplicate entries into both Tidemark and RIMS
- Police – Currently not taking parking payments online
- Police – Manually processing and tracking purchasing forms
- Police – Multiple staff are reviewing and approving paper times cards
- Police – Need annual parking permit renewals for downtown parking
- Police – Need annual parking permit renewals for overnight parking permits
- Police – Telestaff works well for both scheduling and time cards
- Police – Use Tidemark code enforcement capabilities
- Police – Using Telestaff for shift bidding, comp time, vacations, and shift swaps
- PW (Engineering) – Files need to be shared and stored based on address
- PW (Engineering) – Need a permit system upgrade
- PW (Engineering) – Need a traffic sign and signal inventory
- PW (Engineering) – Need automated time cards
- PW (Engineering) – Need better management and reporting of storm water permit
- PW (Engineering) – Need better reporting of Capital Improvement Projects
- PW (Engineering) – Need current and accurate accounting and invoice data
- PW (Engineering) – Need to automate inspection requests
- PW (Engineering) – Need to automate the creation of notices, comment letters, etc.
- PW (Engineering) – Need to automated Lawn Be Gone program
- PW (Engineering) – Need to become compliant with online permits for solar panel (AB 2188)
- PW (Engineering) – Need to offer online truck permits
- PW (Engineering) – Should accept permits online
- PW (Engineering) – Storm water permits are tracked in Excel
- PW (Maint) – Contract out major fleet work
- PW (Maint) – Contracted work is also captured
- PW (Maint) – Could benefit from paperless timesheets, given that the majority of the Maintenance Division is out in the field all day
- PW (Maint) – Creating internal and external work orders for tree maintenance/trimming
- PW (Maint) – Have two bays, one mechanic, and one supervisor
- PW (Maint) – Have had Ron Turley and Associates (RTA) Fleet Management System for over 10 years



- PW (Maint) – Looking at SeeClickFix for processing service requests
- PW (Maint) – Manage the City's and Westbay Sanitary District's fleet
- PW (Maint) – Not using RTA to its full potential
- PW (Maint) – PW bills the Westbay Sanitary district for labor and parts; cost of parts includes a 15% markup
- PW (Maint) – The Trees supervisor uses a tablet to update the tree inventory (Arbor Access)
- PW (Maint) – Using Comcate for service requests
- PW (Maint) – Water team has a tablet and laptops to access service requests
- PW (Maint) – Work orders for trees are created in Arbor Access
- PW (Maint) – Would like to start tracking costs associated with work orders

Recommendations

- Replacing the current outdated, multi-vendor software applications environment with a modern, fully integrated ERP solution.
- Ensure that the City has identified all its applications needs, and that appropriate funding has been budgeted for a replacement ERP by conducting a comprehensive needs assessment and developing a Request for Proposal (RFP).
- The needs assessment process should provide an inventory of current and future functionality requirements by application and department. The process can also be used to inventory all reporting requirements, as well as integration/interface requirements between other applications, such as CRM, ECMS, website, GIS, etc.
- The needs assessment should also include a business process review for each module, including reviewing manual processes and shadow systems, such as spreadsheets, to determine automation improvements that will result in labor efficiencies.
- Through the RFP process, potential ERP software vendors will be asked to respond with their capabilities and compliance with City-specific requirements.
- Select new ERP software vendor according to the *Software Selection Best Practices* initiative.
- Follow implementation project management best practices according to the *Project Planning and Implementation Best Practices* initiative.

Note: *City IT staff have not conducted this type of project with these specific business process analysis, documentation, and negotiation requirements. It is highly recommended that the City consider obtaining consulting services from a municipal ERP Applications Subject Matter Expert (SME) to perform the business process reviews, needs assessment, RFP development process, and contract negotiations process.*

Benefits

- Free up thousands of labor hours per year
- Faster invoicing and purchasing
- Identification of integration requirements
- Centralized access to information
- Elimination of information silos
- Improved streamlined processes
- Improved operational consistency, efficiency, and accuracy
- Improved online access to information
- Improved financial reporting
- Improved utilization and realization of ERP investment
- Potential reduction in ERP annual maintenance and support fees

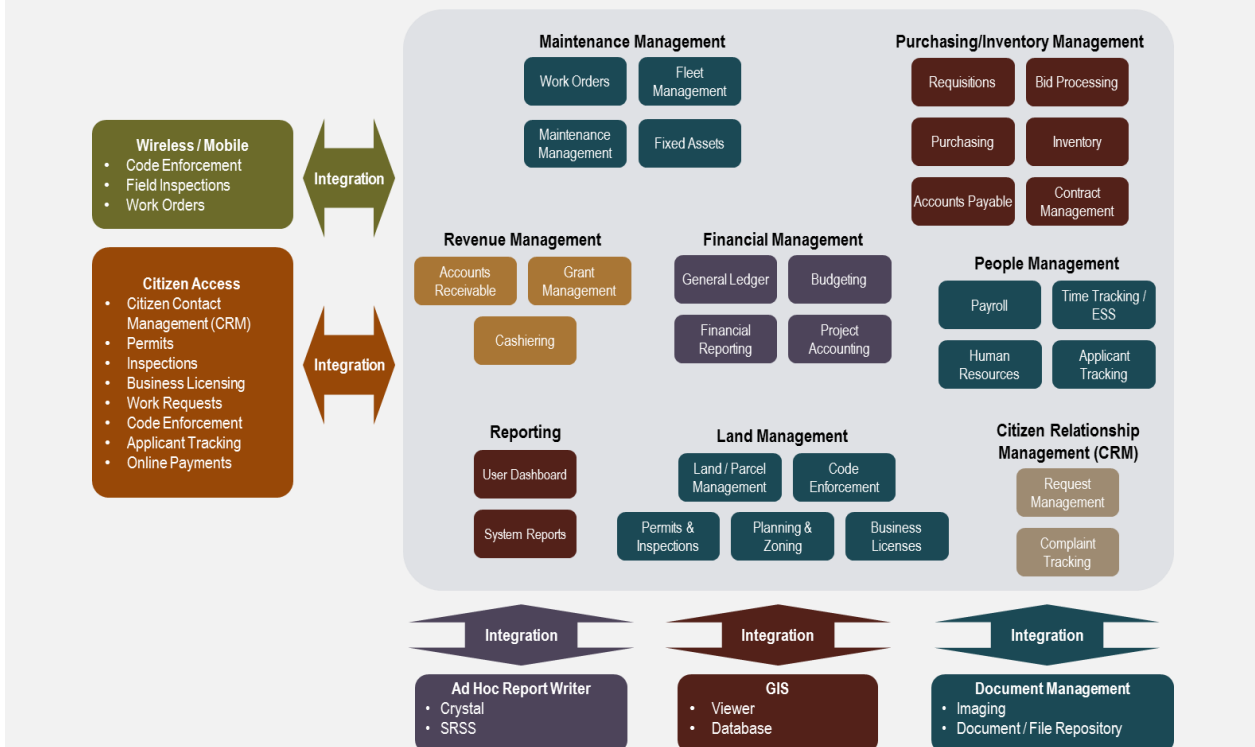


Benefits of Modern ERP Software

An *Enterprise Resource Planning (ERP)* System automates and integrates many core, City-wide functions into a single solution, while automating manual processes and providing a central location of information and reporting. An enterprise system allows collaboration and sharing of information between divisions, departments, and citizens to provide a transparent and efficient government operation. The benefits of an enterprise system are numerous and include:

- Built-in integrations between Land, Work, Financial, and People Management application suites
- Newer technology platform (processing, capacity advantages)
- Real-time notifications/queues
- Task tracking
- Real-time access to information
- Elimination of duplicate data entry
- Improved data integrity
- Centralized location and customer account maintenance
- Reliable information
- Workflow capabilities
- Centralized cash receipt capabilities
- Efficient revenue collection
- Reduced operating costs
- Improved internal communication
- Foundation for future improvement
- Potential reduction in annual maintenance and support fees
- Improved online information for citizens to access

Example Enterprise Applications Overview



Financial and People Management

The *financial management suite* is a suite of an enterprise system that encompasses the financial tasks and processes performed to ensure all organization-wide activity is properly accounted for and accurately reported to local, state, and federal agencies. Benefits of a financial management suite include:

- Quick generation of financial reports
- More efficient budgeting processes
- Real-time access to available budget and funding
- Better spending controls for departments and projects
- Management of grants and funding sources
- Real-time inquiries into capital improvement project progress

The *people management suite* manages the organization's workforce and provides automation to the human resources, payroll, time keeping, and applicant tracking functions. Employee self-service is also available to allow employees the flexibility in retrieving their information at their convenience. Benefits of a People Management suite include:

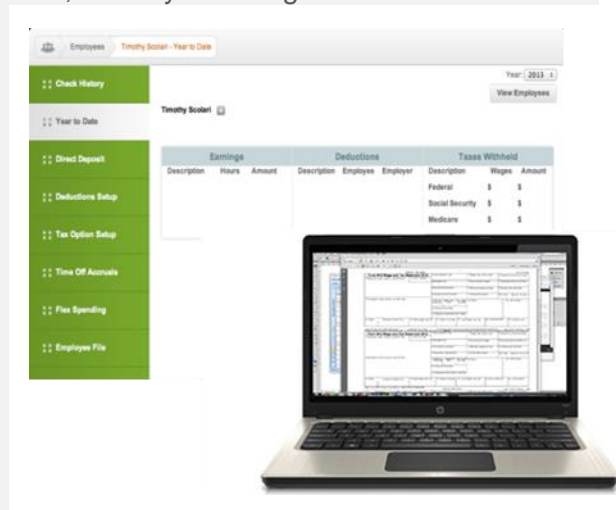
- Paperless personnel forms
- One-time data entry
- Tracking or misplacement of employee paper files
- Incorporation of Employee Self-Service (ESS)
- Integration between time keeping, payroll, HR, and financial management
- Quick and reliable reporting to federal and state agencies
- Improved employee satisfaction
- Automated Time Entry Approvals and Payroll Calculations
- Minimal steps between processing payroll and issuing direct deposits and checks



Employee Self-Service

Employee self-service (ESS) empowers employees to provide, change, and retrieve their personal information through an online employee portal, thereby reducing the manual interaction required with the Human Resources Department. Employee Self-Service offers an online option for employees to access and manage information for themselves:

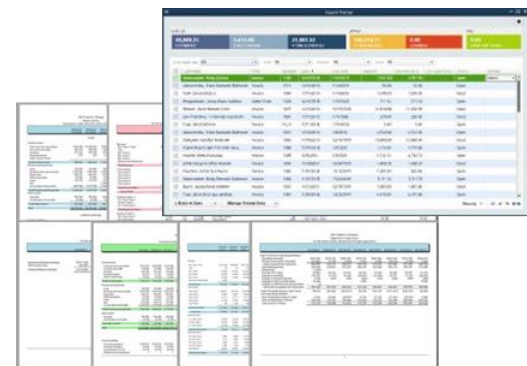
- Address changes
- Tax allowances changes
- Open enrollment benefits
- Dependent changes
- Leave/vacation accrual balances
- Electronic paystub copies
- Year-end W2s
- Populating and retrieving time sheets
- Time requests
- Tax forms
- Many other forms and applications



Reporting

The number one problem that is commonly seen when utilizing disjointed applications is the extensive time users dedicate to the consolidation of information for reporting purposes. Enterprise systems allow information to be quickly retrieved from a single source with numerous readily available reports. Users are also able to create their own reports without requiring them to be technical experts. This allows staff to spend more time studying analytics rather than manually assembling reports. Benefits of improved reporting include:

- Aggregated data across divisions, departments, and organization
- Improved data accuracy and reduced human error
- Intuitive report creation capabilities
- Board-ready reports
- Sharing of created reports
- Elimination of labor-intensive report creation



Individual User Dashboards

Dashboards form part of a user's home page and display reports, key indicators, and other metrics regarding day-to-day operations, activities, and historical trends. Benefits of dashboards include:

- Quick links for immediate access to required tasks and approvals
- Easy modification of dashboards for each user's preference
- Automated generation of dashboard information
- Transformation of data into visual information
- Easy-to-understand graphics
- Real-time analysis
- Drill-down access to activity detail



Mobile Computing

Mobile computing provides the flexibility to operate a more mobile and productive workforce. An enterprise system can allow staff to utilize applications while in the field in order to perform their job functions while away from their office. Common benefits of mobile computing include:

- Completion of work while in the field
- Real-time access to information
- Inspection results in the field
- Receipt of notifications and job assignments
- Reduced travel to and from office locations
- Map routing based on location of activities
- Retrieval of mapping information
- Management of code enforcement cases in field



Online Citizen Access

Online citizen access enables a more transparent government by providing the public with 24/7 access to real-time information for inquiries and payment processing. This empowers residents to retrieve online information that is pertinent to each individual, and for them to take further actions, which improves customer relations by eliminating the need to be physically present at City Hall. The following are examples of online citizen access transactions:

- Online permit applications
- Submit and access plan review comments
- Online payments
- Submit complaints
- Submit citizen requests
- Submit inspection requests
- Access to inspections results
- GIS maps (zoning, voting cities, etc.)



Citizen Request Management

A *citizen request management system* is used to track, manage, and resolve citizen concerns and requests in a timely manner by automatically routing citizen requests to the appropriate department. It also provides the citizen with the flexibility to submit and track their complaints through the Web or a mobile phone application. Common benefits of a citizen request management system include:

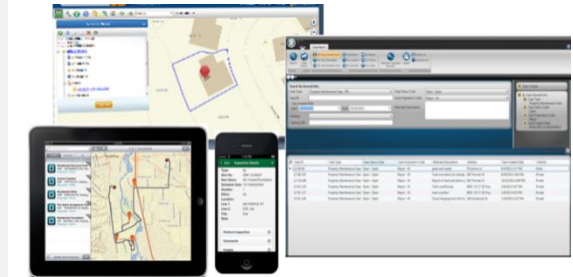
- Ability for citizens to submit requests 24/7 through a phone application or the website
- Automatic assignment and routing of requests, by type, to appropriate department(s) or staff
- Ability for citizens to view current request status
- Conversion of requests to work orders
- Ability to include photos and geolocation of a request
- More effective and efficient processes
- Improved transparency and citizen relationships



Land Management

The Land Management system is one of the suites that are offered by enterprise application systems and manages the creation, issuance, and tracking of community development activities related to planning and zoning, permitting, building inspections, licensing, and code enforcement. Benefits associated with the utilization of the application include:

- More automated permit processing from application through permit issuance
- Automatic routing for permits requiring reviews and approvals
- Single electronic file for all permit applications and documents
- More automated tracking of reviews, inspections, and fees by permit and development projects
- Tracking of timelines, tasks, and required group reviews
- Viewing all project and permit information at a glance
- Readily accessible planning and zoning records
- Automatic generation of case documentation
- Centralized current and historical parcel information



GIS Integration

Enterprise systems offer real-time integration to *geographic information systems (GIS)* in order to display land-use, zoning, and infrastructure layers on a map, as well as parcel, permit, inspection, code enforcement, and work order activity that resides within the enterprise system. Benefits of *GIS integration* include:

- Viewing system activity on a map (e.g., active projects, permits, cases, etc.)
- Map routing of work orders, service request, and daily inspections
- Displaying locations of infrastructure assets
- Generating asset condition analysis
- Ability to overlay multiple map layers
- Integration to website for resident inquiries



Maintenance/Work Order Management

Another suite of an enterprise system is the *maintenance/work order management system*, which provides automation in managing the maintenance and day-to-day operations related to infrastructure assets, buildings, facilities, and fleet vehicles, while being able to capture and report on the labor, equipment usage, and materials costs associated with a work order and preventative maintenance. System benefits include:

- Electronic routing of citizen requests
- Centralized task and maintenance management
- Completion of work orders from the field
- Streamlined public works operations
- Retrieval of historical work order information and costs
- Quicker work order completion times
- Improved decision making through access to real-time information
- Viewing of asset and activity trends visually through GIS mapping capabilities
- Better replacement planning and forecasting
- Enhancement of staff productivity
- Improved compliance with regulatory standards
- Improved safety and risk management





17. Project and Grant Accounting

Findings and Observations

The City has expressed the need to improve tracking of projects and grants. The project accounting capabilities in Cayenta are not being used and related tracking of data and information is occurring manually, in spreadsheets.

Although not complete, the list below provides some examples of the City's grant and project tracking and accounting needs:

- Improvement of cost reporting for all projects and grants
- Consultant expense tracking
- Tracking of staff time and labor costs by project and/or task
- Projects/portfolio tracking, schedule/progress tracking, and prioritization
- General Fund projects tracking and prioritization
- Tracking and reporting of costs by project/grant category
- Integration with existing finance and budget system

Project accounting applications also provide a method for multi-year tracking of budgets and expenditures for grants. Project and grant applications examples include grant programs, special programs, capital improvements, etc. Grant and project detail can be recorded in the General Fund, as well as all other funds (special projects, grants, programs, etc.) Individual Grants can be created and tracked through the entire grant process, from application through conversion to a project. Project and Grant Accounting is a subsidiary module of General Ledger and is distributed separately.

Because Project and Grant Accounting is a subsidiary ledger to the General Ledger, account transaction flows can be mapped and created, allowing the City to process transactions (requisitions/POs, invoices, payments, and even payroll) within the accounting system once, and have the information post to the General Ledger and the appropriate project/grant ledger(s). Projects and grants can also have their own start and end dates that do not need to coincide with the organization's fiscal/budget year, but the system can report on the project and grant schedule or provide reports that follow the fiscal/budget year.

The key to a successful Project and Grant Accounting system is the information that can be stored, tracked, processed, and used for reporting, including but not limited to:

- Project Definitions – Start Date, Estimated Completion Date, Percent Complete, Funding Sources, Project Managers, Statuses
- Project Phases – Projects can be divided into phases, tasks, and sub-tasks to track activities at a high level or down to a detailed level
- Grant Tracking – Grants can be tracked from the application process through completion, along with the ability to track matching funds, grant specifications, conditions, and grant use, as well as reimbursement amounts
- Project Creation from Grant – Some systems allow the creation directly from a grant
- Granters/Grantees - Track grantees, sub-grantors, and sub-grantees
- Matching Funds – Track matching funds from other organizations
- Funding Sources – Track funding sources, including grant and grantor information
- Reimbursement Rules – Create rates and rules for reimbursement billing and indirect costing
- Bill Calculation – Calculate and bill for reimbursements, including indirect costs
- Drill-Downs to Information – Drill-down with connection to Next Year Budget and Work Orders for a project, etc.



- Milestone Dates/Triggers – Define Milestones/Key dates that trigger alerts or action to allow for tracking of meetings, payment, and work schedules tied to meeting goals
- Alert Distribution – Alerts often include the ability to create business rules for initiating actions or to alert appropriate staff
- Inquiry Details – Inquire into detailed activities posted to a particular project or grant. This can include:
 - ◆ Purchasing
 - ◆ Payables
 - ◆ Payroll
 - ◆ Receipts
 - ◆ General Ledger
- Auto-Posting – Many systems allow the ability to pick a project and use the system’s auto-posting utility (from purchase order, invoice entry, payroll, timekeeping, etc.)
- Project Summary Query – Most systems allow for the summary display of any project (filtered by data from: Last Year, Current Year, and Project Life):
 - ◆ Budget, Expended
 - ◆ Pre-Encumbered
 - ◆ Encumbered
 - ◆ Available
 - ◆ Estimated Revenue
 - ◆ Actual Revenue
- Expense Reporting – Report by period and category of expense (i.e., labor, materials, overhead, and other user-defined categories)



A Case Study

The following is a summary of a project and grant accounting system implementation recently completed by a county in the Midwest (hereafter called “County”). It is provided as an example of the potential benefits the City may achieve through the implementation of Project and Grant Accounting.

The Situation

Grant accounting is challenging for many government and quasi-governmental agencies because of the report flexibility required for fiscal year, calendar year, project schedule, ever-changing reporting requirements, and the complex environment of project accounting. Over many years, the County maintained two accounting systems, one for their organizational General Ledger and the other for project and grant accounting. With this record-keeping method, data was difficult to reconcile for auditing, reporting, and for querying real-time project and grant budget and expenditure information. Faced with federal and state reporting requirements covering 60 departments, the Deputy Auditor and Auditor team spent numerous hours pulling and reconciling data from the two systems on a daily basis. This resulted in lengthy auditing time, data entry errors, delayed access to grant data and too much time spent on double entry. Without an integrated accounting system, the County faced an accounting headache “that led to spending many hours with auditors to explain what General Ledger accounts went into what grant cost categories,” per the words of the Deputy Auditor. Ready for a change, the County sought a solution.

Actions Taken

The County turned to their existing ERP vendor to determine if they offered a solution. Their ERP vendor offered a Project and Grant Accounting sub-module to the General Ledger that the County already had in operation and had used successfully for several years. The County conducted a detailed needs assessment and investigated, as well as analyzed, numerous vendor options, including the option from their existing ERP vendor. The final decision was to acquire the system from their existing vendor. The high-level goal was for the new Project and Grant Accounting system to provide an optional method for multi-year tracking of budgets, expenditures, and revenues for County projects and grants. By creating separate subsidiary project ledgers in the Project and Grant Accounting module, the County would be able to track the entire project/grant process, from application (if grant-based) through conversion to a project, alongside their regular General Ledger accounting. The County’s plan was to test the project ledgers in the Project and Grant Accounting module in a single department. The Deputy Auditor and her team worked with the department’s Grant Coordinator to set up the project ledgers specifically for grant reporting requirements, using the system’s master tables for projects grants and accounts. Using the project master, the team created account strings to identify each project. Each account string was set up, per the cost categories required for the project/grant and to the employees’ time and pay records in County’s employee payroll master.

The Department Coordinator tested the new setup utilizing requisition entry, invoice entry, employee self-service, and time entry. By the end of the first quarter, they confirmed the success of their project and grant ledgers’ ability to maintain their projects/grants within the new system. The department was able to eliminate the need for dual entry from having to maintain separate accounting and project/grant systems. Following the success of this test, the Deputy Auditor and the project team worked to roll out Project and Grant Accounting system throughout all the necessary County departments. The Deputy Auditor stated that, “Once the project account strings were established, the departments were able to process their requisitions, invoices, and payroll within our ERP system one time and have the information post to the General Ledger and the Project Ledger automatically.”



Results

The Deputy Auditor stated that the greatest benefit was the time saved and the information available. “The implementation [of Project and Grant Accounting] saved the grant clerks five percent of their time per year, which freed them up for other work. The time saved was due to the elimination of the dual system environment and the associated dual entry, required reconciliation, and the resulting corrections from the reconciliation process. The Project/Grant Ledger has saved time with the grant auditors because the auditors can see the detail in the grant cost categories without having to make repeated inquiries to the Auditor’s office for verification.”

Through the implementation of the new Project and Grant Accounting system, the County was able to realize a number of benefits, including, but not limited to:

- Real-time access to project/grant budgets across all activities, including payroll and invoicing
- Accurate reporting for auditors and federal and state agencies
- Live updated budget information for processing requisitions or invoices
- Easy preparation of Schedule of Federal Award Expenditures
- Reduced data entry errors and time
- Departmental control over own projects and grants
- Project central access for grant administrators, giving query capability to view all information

Implementing Project and Grant Accounting gave the County a multi-level, single vendor solution for all their project/grant management requirements, from the department level to the auditor’s office. Departments and the County, as a whole, benefited and experienced positive results.

Staff Feedback

- CMO – Need the ability to track project expenditures and available budgets in real time
- CMO – need project management resource tracking of people, time, facilities, budget, etc.
- Comm. Dev. – Need employee task tracking
- Comm. Serv. – Need Grant Reporting Procedures
- Comm. Serv. – It’s a challenge to provide grant reports on time
- Finance – Projects and grants are currently part of the GL accounts structure
- Library – Need the ability to track temp time that was spent on a project (e.g., summer reading program)
- PW – Need better reporting of Capital Improvement Projects

Recommendations

- Conduct a process review and needs assessment identifying required feature/function capabilities.
- Review applicable manual processes and shadow systems, such as spreadsheets or databases to determine automation improvements that will result in labor efficiencies.
- Prioritize, implement changes, and provide sufficient training to all applicable users.
- Implement project and grant accounting in conjunction with the *Enterprise Resource Planning (ERP) Replacement* initiative.



18. Contract Management

A *contract management system* is a software module for managing the entire contract management lifecycle process, including contract development, negotiation, approval, and renewal. Typical contract management systems include features that allow an organization to maintain information on contract approval processes, responsible parties, and key contacts. Systems also include automated alert reminders for events such as contract expirations, required financial obligations, or anticipated receipts tied to a contract.

Findings and Observations

- The City is currently using Contract Advantage - Great Minds Software for its contract management system.
- Contract management software is available as a standalone software system or sometimes as part of an overall ERP solution.

Staff Feedback

- CMO – Would like electronic signatures for contracts in order to avoid back-and-forth movement of contract documents
- Finance – Would like to be able to track the contract through its term

Recommendations

- Identify business needs and objectives for contract management software according to the *Software Selection Best Practices* initiative.
- Consider budgeting for inclusion of a contract management module as part of a new ERP solution (see *Enterprise Resource Planning (ERP) Replacement* initiative).

19. Cashiering Needs Assessment and Replacement

Cashiering solutions provide convenient payment methods that enable reconciliations that are more accurate and have automated cashiering processes and centralized customer information. Benefits of integrated cashiering software include time reductions in manual processing, updating, and sharing daily payment activities.



The City is predominantly using QwikRegister. The City is not currently using the cashiering capabilities from Cayenta. Balancing is done in QwikRegister, but is manually entered into other systems like Cayenta, Tidemark, the Sierra Library system, etc. The City's current approach is a break from the more common practice of using the integrated cashiering module provided by the ERP system vendor. Diversion from this practice does make sense, however, when taking payments for permits, Parks and Recreation, etc., in order to use cashiering capabilities in these systems so they can be tied to customer accounts and activity, and then quickly exported and electronically uploaded to the central ERP system.



Staff Feedback

- Comm. Dev. – Payments are taken directly in QwikRegister and then manually entered into Tidemark (double entry)
- Comm. Serv. – Would like to take credit card payments at remote locations
- Library – Use QwikRegister to keep track of cash receipts from patrons at Library front desk
- Library – Need to update or replacement QwikRegister cash register software, which operates on Windows 7+
- Library – Would like credit card payment ability for non-Library account purchases (Friends of the Library books, promotional products, exam proctoring, etc.)
- Library – Credit card payments are taken directly in the Sierra Library system, and then manually entered QwikRegister (double entry)
- Police – Use QwikRegister to take payments for permits and releases
- Police – Dispatch takes in cash, credit card, and checks for miscellaneous fees after business hours, often requiring them to leave 911 unattended
- Police – Dispatchers currently write out a receipt in a receipt book
- Police – Need to consider easier ways for dispatch to take payments (i.e., iPad with a credit card reader)
- Police – QwikRegister software for the Records Division should be replaced
- Police – The vendor for QwikRegister is no longer in business
- Police – QwikRegister will usually freeze one computer, leaving staff with only one computer to work with while handling large volumes of customers at the counter

Recommendations

- Conduct a review of all cash receipting procedures, identifying manual processes and other improvements that can provide efficiencies and improved customer service.
- Because nearly all ERP solutions incorporate a cashiering module, the City should consider combining this effort with the *Enterprise Resource Planning (ERP) Replacement* initiative.
- Consider utilizing a third-party SME for an assessment process and RFP process.
- Some department-specific applications, such as VSI RecTrac, the Land Management system, and others, will need to interface with the organization's primary cashiering system or general ledger.

Benefits

- Centralized activity and reporting
- Consistency between locations
- Reduction of double entries and manual reconciliations
- Better recordkeeping
- Adherence to accounting procedures and principles, thereby mitigating risk



20. Work Orders/Maintenance and Asset Management System

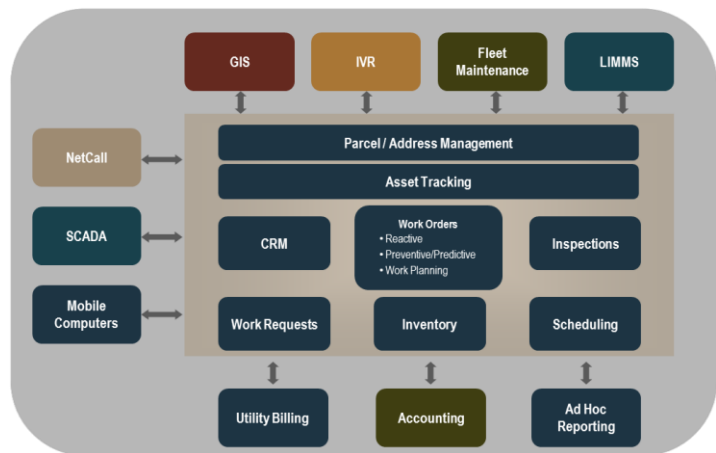
Maintenance and management of the City structures, streets, sidewalks, parks, trails, bridges, drainage, and culverts, etc., are managed mostly via manual processes on paper and MS Excel spreadsheets. The City does not currently have a comprehensive *work order/maintenance management system* for their infrastructure assets, but does use some other applications such as Global Water FATHOM Citrix system for water and Arbor Access with West Coast Arborists mobile app for trees.



The following is a list of typical maintenance and asset management software system functionalities. It is not intended to be all-inclusive, exclusive, or organized by specific software modules.

Maintenance and Asset Management Functionalities

- Work Requests
- Inspections and Condition Assessment
- Work Orders
- Preventative and Predictive Maintenance
- Facilities Maintenance
- Asset Tracking
- Warehouse Inventory
- Parcel/Location Management
- GIS Integration
- Report Writing
- Budget Forecasts



Staff Feedback

- CMO – CCIN is not helpful and needs to be replaced
- CMO – GovQA is a portal used by public to submit a public records request
- CMO – GovQA provides some automated workflows and allows for management of requests to ensure compliance with legal requirements
- CMO – Using Direct Connect to capture public complaints, which are routed to staff email addresses
- Comm. Serv. – Using Comcate for customer response management
- Comm. Serv. – Using Outlook to schedule work orders
- PW – Contracted work is also captured
- PW – Creating internal and external work orders for tree maintenance/trimming
- PW – Looking at SeeClickFix for processing service requests
- PW – Need a traffic sign and signal inventory
- PW – Not using RTA to its full potential
- PW – The trees supervisor uses a tablet to update the tree inventory (Arbor Access)
- PW – Using Comcate for service requests
- PW – Water team has a tablet and laptops to access service requests
- PW – Work orders for trees are created in Arbor Access
- PW – Would like to start tracking costs associated with work orders



Recommendations

- Conduct a work order/maintenance and asset management system needs assessment identifying required feature/function capabilities.
- Review applicable manual processes and shadow systems, such as spreadsheets, to determine automation improvements that will result in labor efficiencies.
- Apply the results of the needs assessment to research options and solicit quotes for a work order/maintenance and asset management system.
- Many ERP system vendors offer work order functionality, the City should consider including these capabilities as part of the *Enterprise Resource Planning (ERP) Replacement* initiative.
- Follow best practices according to the *Software Selection Best Practices* initiative to select the appropriate system.
- Consider utilizing a third-party SME for an assessment process and RFP process in conjunction with the *Enterprise Resource Planning (ERP) Replacement* initiative.

Benefits

- Significantly greater workflow efficiencies within Maintenance Management, Work Orders, and Infrastructure Asset Tracking
- Reduced time and effort to provision services
- Improved inspections
- Increased staff and citizen satisfaction
- Improved performance tracking, reporting, and measurement
- Reduced stressors and workload due to improved automation and reduction in manual processes
- Reduced risk of institutional knowledge reliant on highly manual processes leaving the organization due to staff turnover or retirement
- Improved project management and reporting

21. Fleet Management

Fleet management software (FMS) provides the ability to perform tasks in the management of any or all aspects relating to the City's vehicle and equipment fleet. Fleet management, at a high level, encompasses all vehicle/equipment operations, from acquisition, through maintenance and life-cycle replacement analysis, to final disposal.

Findings and Observations

- The City is currently using Ron Turley and Associates (RTA) software and the Fleet Manager spends a good deal of time updating and managing fleet and equipment manually with spreadsheets and generic desktop software.
- Fleet includes vehicles and numerous types of rolling stock (vehicles) and equipment.
- Due to the large number and types of equipment, the City wants to ensure that any new system assists not only with vehicle maintenance, but also meets their needs in maintaining and managing such equipment.
- The City also maintains the fleet for the West Bay Sanitary District, which includes 24 vehicles—mostly heavy duty trucks. The City charges the District for Parts at 15% and charges an hourly fee for labor. Public Works does recap all parts, hours, etc., and sends out an invoice. Payment for invoices are sent by the West Bay Sanitary District directly to Finance for processing.
- There is a desire for any new fleet system to have the ability to generate or convert the work orders into an invoice for West Bay Sanitary District.



Staff Feedback

- PW – Contracts out major/large fleet work and also contract out for painting, body work, and smog testing
- PW – Contracted work is also captured now, PW would like this contracted work to be tracked in any new fleet management system
- PW – Have two bays, one mechanic, and one supervisor
- PW – Have had Ron Turley and Associates (RTA) fleet management system for over ten years
- PW – Manage the City's and Westbay Sanitary's fleet
- PW – Not using RTA to its full potential

Recommendations

- Complete a review and a needs assessment of the City's fleet maintenance requirements and document the results.
- Apply the results of the needs assessment to research options and solicit quotes for fleet management software solutions.
- Follow best practices according to the *Software Selection Best Practices* initiative, to select the appropriate system.
- Because some work order/maintenance management solutions also incorporate fleet management, the City should consider combining these efforts (see *Work Orders/Maintenance and Asset Management System* initiative and also the *Enterprise Resource Planning (ERP) Replacement* initiative).

Benefits

- Reduced vehicle and equipment ownership costs
- Extended useful life of vehicles and equipment
- Improved life-cycle cost analysis and replacement decision making
- Increased equipment availability
- Increased warranty recovery
- Optimized inventory levels
- Improved labor productivity
- Enhanced the satisfaction of the people that use the vehicles and equipment
- Ensured regulatory compliance for vehicle management, maintenance, and parts inventory management



22. Land Management System Replacement

Findings and Observations

A typical land management suite of applications includes:

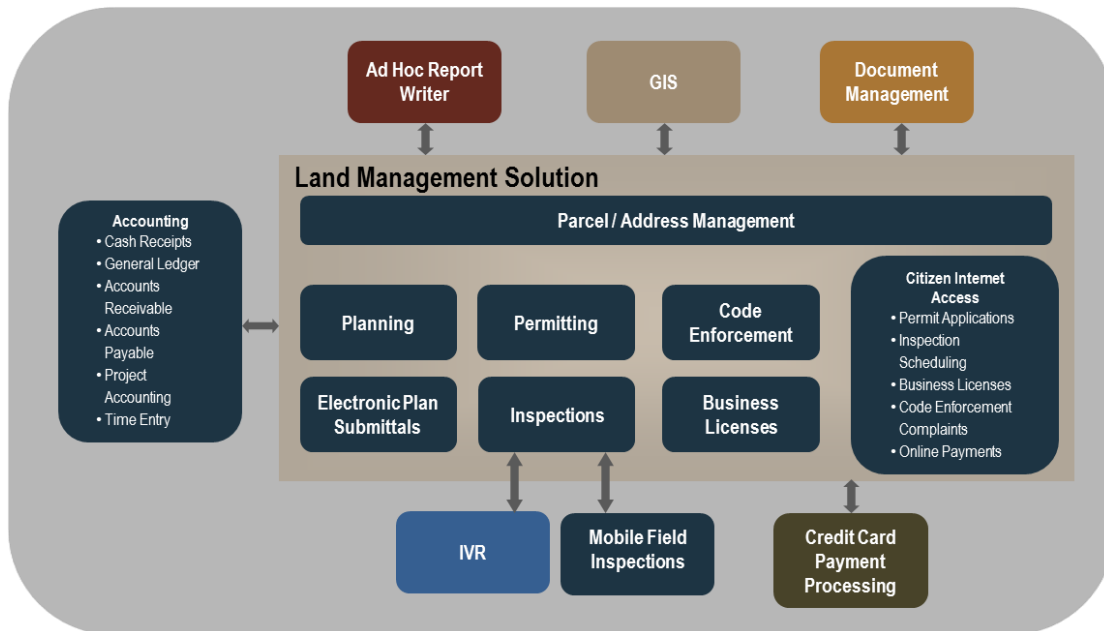
- Development Planning and Zoning
- Permitting
- Inspections
- Code Enforcement
- Recurring Revenue and Business Tax (Licensing)
- Parcel/Address Management

License #	Number	Type	Tax Year	Classification	Status
Default	CLB-0000-2014	Commercial Business License	2014	General	Active
Application Number	CLB-0000-2014	Commercial Business License	2013	General	Active
File Date	CLB-0000-2013	Commercial Business License	2013	General	Active

The City should expect significant productivity gains with a fully implemented, integrated land management application solution.

Business licensing (business tax) and recurring billing/revenue is typically included in a land management suite, due to the connection to a common address and parcel database, as well integration to permitting and code enforcement. Automation of licensing/tax applications reduces paperwork, staff processing time, and increases citizen satisfaction by providing them the ability to submit, renew, pay, and print business licenses online at their convenience.

The following illustration and table shows typical modules available in land management systems.





Current Applications and Vendors	Currently Owned	Implemented	Potential Modules in Single Vendor Solution
<i>Land Management (Development Services)</i>			
Tidemark Advantage			
Permits	Yes	Yes	Yes
Code Enforcement	Yes	Yes	Yes
Parcel/Address Management	Yes	Yes	Yes
HdL			
Business Licenses	Yes	Yes	Yes
TES/TIM			
Mobile Inspections	Yes	Yes	Yes
Modules Not in Use or Not Available			
Planning Projects and Zoning			Yes
Inspections			Yes
Cash Receipting			Yes
GIS Viewer			Yes
Mobile Code Enforcement			Yes
Online Services			Yes
Planning Projects			Yes
Permitting			Yes
Inspections Scheduling/Requests			Yes
Business Licensing			Yes
Payments			Yes

Staff Feedback

- CMO – Need online planning and building portal for the public to view and monitor projects
- CMO – Interested in metrics and key performance indicator reporting for land management projects
- Comm. Dev. – Using Tidemark for Building/Planning permit tracking, parcel data access/maintenance, and reports
- Comm. Dev. – Using Excel for analysis/calculations (e.g., calculating floor area/building coverage maximums)
- Comm. Dev. – Using Excel for project tracking timesheets
- Comm. Dev. – Using Excel for project schedules
- Comm. Dev. – Using Excel for creating/editing public notice address lists
- Comm. Dev. – Using Excel for building inspector appointment scheduling
- Comm. Dev. – Have a Microsoft Access database of historical building permit and inspections data
- Comm. Dev. – Need to allow for online status checking of applications
- Comm. Dev. – Need online inspection scheduling
- Comm. Dev. – Need fee calculations to be automatically calculated
- Comm. Dev. – Need automatic tiered actions



- Comm. Dev. – Need a better system for holds (e.g., stop work notifications, business license required, open code enforcement case on property, etc.)
- Comm. Dev. – Digitized paper needs to link with parcel/permitting system(s)
- Comm. Dev. – Need to streamline public meeting notice mailings; currently export Excel list of addresses, clean up duplicates/errors, creating Word notice, copy project description from Tidemark, change planner contact info, link Word and Excel files through mail merge, print, and mail notices
- Comm. Dev. – Need to include calculated zoning parameters (FAL/FAR in parcel database enhancements)
- Comm. Dev. – Need to include building coverage in parcel database enhancements
- Comm. Dev. – Need to include R-3 infill density in parcel database enhancements
- Comm. Dev. – Need to include substandard lots in parcel database enhancements
- Comm. Dev. – Need to include homeowners’ associations in parcel database enhancements
- Comm. Dev. – Need to include easements in parcel database enhancements
- Comm. Dev. – Generally link disparate parcel information systems (Tidemark, GIS, building permit scans, business licenses, etc.) so that multiple programs don’t have to be opened to get basic information
- Comm. Dev. – Permit records searches are convoluted under current system
- Comm. Dev. – Would be great to link automatically to County parcel GIS system (without having to retype address)
- Comm. Dev. – Labor-intensive routings/task assignments to other staff members
- Comm. Dev. – Generate various project-related letters (30-day review, actions, etc.) to automatically pull in relevant project-specific information (contact info, project number description) and combine that with standard conditions/disclaimers and project-specific guidance
- Comm. Dev. – Could use self-service stations at Building/Planning counter to allow customers to retrieve basic parcel information
- Comm. Dev. – Could use self-service stations to allow customers to start applying for permits
- Comm. Dev. – Ability to notify a customer when Plan Checker review has been completed
- Comm. Dev. – Need a Housing Element Annual Report for number of units (by type/income category) with issued building permits
- Comm. Dev. – Ability to report on maximum allowable development status (e.g., El Camino Real/Downtown Specific Plan)
- Comm. Dev. – Ability to report on residences and non-residential square feet approved for/under development (e.g., Joint Venture Silicon Valley Land Use Survey)
- Comm. Dev. – Ability to create annual Department of Finance Building Report
- Comm. Dev. – Ability to report on various one-off permitting requests (pipeline projects, approvals, etc.)
- Comm. Dev. – Ability to report and monitor projects approved/built under pending General Plan
- Comm. Dev. – Ability to receive reminders pending expirations permits expirations (e.g., Limited Term Project Approvals)
- Comm. Dev. – Ability to provide better estimates to applicants of “typical” total case costs
- Comm. Dev. – department has a digital camera for site visit photos, but many staff members just use their cell phone camera
- Comm. Dev. – Tidemark permitting system is extremely out-of-date and in need of replacement
- Comm. Dev. – Police uses Tidemark for code enforcement
- Comm. Dev. – Tidemark is on an old and unsupported version

- Comm. Dev. – Have a script that runs monthly to retrieve counter assessor parcels and compare them with Tidemark
- Comm. Dev. – Not all records were successfully converted into Tidemark, when it originally went live in 1999
- Comm. Dev. – Payments are taken directly in QwikRegister and then manually entered into Tidemark (double entry)
- Comm. Dev. – Inspection requests can be made by calling the building department between the hours of 8 and 8:30 AM
- Comm. Dev. – Would like to take simple permits online
- Finance – Using HdL for business license applications and renewals
- Police – Need annual parking permit renewals for overnight parking permits
- Police – Currently not taking parking payments online
- Police – Need annual parking permit renewals for downtown parking
- Police – Use Tidemark code enforcement capabilities
- Police – Are doing duplicate entries into both Tidemark and RIMS
- PW – Files need to be shared and stored based on address
- PW – Need a permit system upgrade
- PW – Need better management and reporting of storm water permit
- PW – Need to automate inspection requests
- PW – Need to automate the creation of notices, comment letters, etc.
- PW – Need to automate Lawn Be Gone program
- PW – Need to offer online truck permits
- PW – Should accept permits online
- PW – Storm water permits are tracked in Excel

Recommendations

- Replace the Tidemark and HdL software environment and start by conducting a land management system needs assessment. Identify additional functionality requirements, additional modules needed, and GIS integration requirements.
- The existing Tidemark system is an old version and assistance from an outside contract consultant is necessary to keep the system in operation. Tidemark was acquired by Accela and the next move is to Accela's newest product and a migration away from Tidemark.
- Review applicable manual processes and shadow systems, such as spreadsheets, to determine automation improvements that will result in labor efficiencies.
- Consider implementation of a land management system as part of the new ERP purchase and implementation.
- Consider adding a Development Services Technology Fee to permits that require inspections. Many cities utilize this strategy to improve customer service through technology improvements.
- Select new software vendor according to the *Software Selection Best Practices* initiative.



Benefits

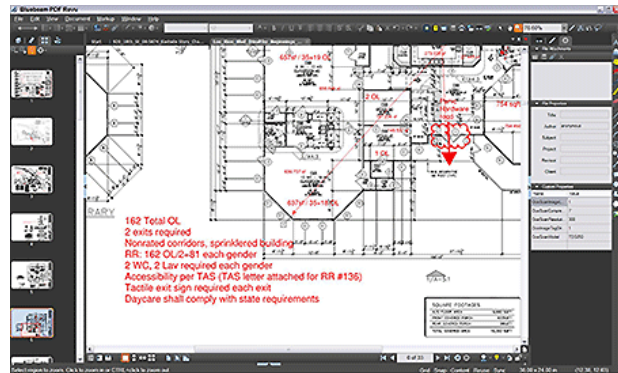
- Significantly greater workflow efficiencies
- Reduced stressors and workload due to improved automation and reduction in manual processes
- Reduced risk of institutional knowledge, leaving the City due to staff turnover or retirement
- Improved project and permit tracking and reporting
- Ability to result inspections and code violations in the field with mobile computing
- Automated time tracking and workload tracking of billable and non-billable hours
- Online citizen access capabilities
 - ◆ Improve community relations through 24-hour citizen access
 - ◆ Ability to automate inspection scheduling online
 - ◆ Eliminate time-consuming "status check" phone calls
 - ◆ Ability to apply and pay for permits online
 - ◆ Instant inspection result retrievals by contractors and applicants

23. Electronic Plan Submittals and Reviews

Electronic plan reviews for development and architectural plans related to City permitting and planning processes can be submitted, reviewed, and marked-up electronically. Electronic plans can result in a reduction of lost plans and physical storage requirements while enhancing sharing, collecting, storing, and retrieving of plans during the process and through retention periods.

Findings and Observations

- Community Development would like to consider and evaluate utilizing electronic plan submittal and review processing.
- Multiple solutions are available, including purchased and online hosted solutions.
- Online solutions may be purchased in a traditional manner or paid on a per page/project/permit basis.



Staff Feedback

- Comm. Dev. – Interest in new electronic plan check programs
- Comm. Dev. – Scanning is a somewhat cumbersome/manual process
- Comm. Dev. – City offices are being reconfigured for additional hiring, which may impact our current paper file cabinets
- Comm. Dev. – Currently request copies of plans to be shared among the reviewing departments
- Comm. Dev. – Uncertain about using electronic markups quite yet

Recommendations

- Explore solution options and capabilities.
- Consider cost-benefit of available solutions.
- Consider the selection and implementation of electronic plan review software along with the land management system or as part of the new ERP purchase and implementation. See *Enterprise Resource Planning (ERP) Replacement and Land Management System Replacement* initiatives
- Select new software vendor according to the *Software Selection Best Practices* initiative.

24. Human Resources System Improvement or Replacement

Findings and Observations

A *human resources information system (HRIS)* contains numerous Human Resources-related functions within a single solution, while also providing accurate and secure access of employee information. An HRIS typically includes the following capabilities:

- Employee Internal/External Training
- Professional Development
- Certifications and Licenses
- EEO Reporting
- OSHA Reporting
- HIPAA Reporting
- Insurance and COBRA Reporting
- Emergency Medical Information
- Workers' Compensation
- FMLA Benefit Payments
- Benefits Administration
- Seniority Tracking
- Retiree Tracking
- Terminations
- Employee Grievance Tracking
- Position Control
- Applicant Tracking
- Organizational Chart Generation
- Wage/Promotion/Disciplinary History
- Performance Evaluations
- Leave Requests
- Compensation Reporting
- “What If” Scenarios
- Labor Negotiation Tools
- Merit/Step Increases
- Tuition Reimbursement
- Travel Management
- Employee Surveys

These solutions also have integration with payroll processing and employee self-service (ESS) portals to provide employees the ability to retrieve their information in real time, 24/7.

The City is in the need of a reliable and capable HRIS through a replacement system that can be provided as part of an integrated ERP system.

The City’s existing HR (and Payroll) system is provided in a SaaS (software as a service), fee-based environment, with ADP using the ADP Workforce Now system. The recurring fees are high, and ADP has had issues with a low level of implementation success, reliability, and ongoing support. Integration with financials, payroll, and other citywide systems also prove challenging and costly. Analysis will need to be completed, but original estimates are that an HR replacement system that would be delivered as part of a citywide ERP System (see *Enterprise Resource Planning (ERP) Replacement* initiative), would carry lower costs, and higher levels of functionality and integration.



Staff Feedback

- CMO – Manually processing time cards
- Comm. Dev. – Current time cards procedures are very manual and have a number of opportunities for human error
- Comm. Dev. – Need employee task tracking
- Comm. Serv. – Could use time clocks on computers
- Comm. Serv. – Need automated time cards
- Comm. Serv. – Only the Library is using time clocks
- Comm. Serv. – Using Excel to track staff trainings
- Finance – ADP is unable to allow supervisors to view their staff's timecards
- HR – ADP appears to have FMLA, but it has not been activated
- HR – ADP can track certifications and degrees



- HR – ADP's performance evaluation software is licensed but not implemented
- HR – Applicant tracking processes are manual
- HR – Are at least four versions behind on ADP
- HR – Are not satisfied with the existing version of ADP
- HR – CalOpps provide basic applicant tracking functionality
- HR – CalPERS does not tie into HR
- HR – Existing version of ADP lacks OSHA, works compensation, ACA, and leave management capabilities
- HR – Have an Access database with data prior to ADP implementation
- HR – Have been using ADP for at least 15 years
- HR – Manually processing open enrollment
- HR – Need a system to automatically notify IT and Finance of terminated employee access
- HR – Need automated time sheets
- HR – Need better tracking and reporting of leaves
- HR – Need better tracking of employee on-boarding
- HR – Need better Performance Management tracking, metrics, and training/development plans
- HR – Performance evaluation tracking is done in Excel
- HR – Need more efficient ways of preparing third-party reports (e.g., State Controller, EEO, OSHA, PRA Salary Report, etc.)
- HR – Need to comply with America Care Act (ACA)
- HR – Need to provide employees with self-service capabilities (e.g., tax changes, address changes, access to paystubs, etc.)
- HR – Need to use a system and not spreadsheets for position-control tracking
- HR – Payments to third-party vendors are either paid manually or via EFT
- HR – Using ADP for human resources and payroll capabilities
- HR – Using Excel for OSHA tracking/logs and to create OSHA 300 report
- HR – Using Excel for tracking health enrollments by employee, plan, unions, etc.
- HR – Using Excel for tracking retiree health credits
- Library – Doing paper time sheets in addition to clock-ins
- Library – Could use a Kiosk PC for all Library staff to access/manage ADP accounts
- Library – Currently have to manually keep track of hours worked for each temp employee so we do not go over pay period/annual limit
- Library – Need an ADP mobile app
- Library – Need PC/device timeclock entry for ADP (e.g., sick, vacation, adjustments, etc.)
- Library – There is one time clock at the Library
- Library – Using Volgistic to track volunteer hours
- Police – Multiple staff are reviewing and approving paper time cards
- Police – Telestaff works well for both scheduling and time cards
- Police – Use PBT Group TEAMS for online training and evaluation, audit, and management; this includes the field training program and daily observation reports
- Police – Using Telestaff for shift bidding, comp time, vacations, and shift swaps
- PW – Could benefit from paperless time sheets given that the majority of the maintenance division is out in the field all day
- PW – Need automated time cards



Recommendations

- Conduct a comprehensive process review and develop feature/function requirements for all HRIS needs.
- Follow best practices according to the *Software Selection Best Practices* initiative.
- Consider utilizing a third-party SME for an assessment process and RFP process in conjunction with the *Enterprise Resource Planning (ERP) Replacement* initiative.

25. Employee Self-Service

Findings and Observations

Employee self-service (ESS) systems often empower employees to maintain and retrieve personal information such as benefits, leave accruals, electronic paystubs, and year-end W-2s, all while requiring minimal effort from the Human Resources department. Sometimes, there are additional features that provide automated leave requests, pay calculators, and changes to personal allowances.

Some services are provided by the ADP system, but more services are desired by the City and full benefit of ESS has not been realized due to the problems with ADP and the ADP software implementation.



Staff Feedback

- HR – Need to provide employees with self-service capabilities (e.g., tax changes, address changes, access to paystubs, etc.)
- Library – Could use a Kiosk PC for all Library staff to access/manage ADP accounts
- Library – Need an ADP mobile app

Recommendations

- Review and document the City's ESS feature/function requirements.
- Explore best option for ESS between future time and attendance or ERP Solution.
- Follow *Software Selection Best Practices* initiative in selecting the best option.
- Consider utilizing a third-party SME for an assessment process and RFP process in conjunction with the *Enterprise Resource Planning (ERP) Replacement* initiative.

26. Time, Attendance, and Accruals Tracking

Findings and Observations

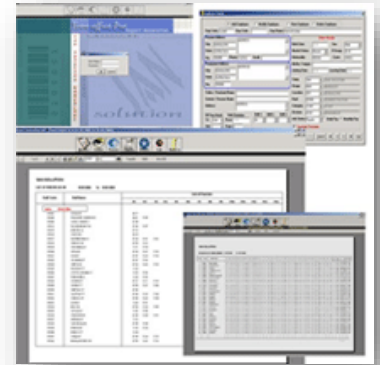
The tracking, recording, and storing of employee time and attendance information is a significant undertaking. A manual system with repeated entry and review steps often leads to inaccurate reporting, payroll discrepancies, and lost data. Automated time management systems can provide:

- Single-occurrence data entry, with integration to time clock equipment as needed
- Standardized employment rules and implementation
- Centralized database for electronic review of records
- Consistent enforcement of vacation and sick policies, FLSA requirements, and union rules
- Web- and server-based options
- Integration with other functions, such as accounting and/or payroll
- Automated calculations based on user parameters

Such systems:

- Reduce duplicate efforts, thereby saving valuable time and resources
- Decrease inaccuracies and human error
- Improve management of vacations, sick leave, and other absences

The City is currently working to implement the ADP system for this functionality. The Library has been the test department for this project. The implementation is behind schedule, there are still unresolved problems, and there are concerns that ADP may not succeed in fully completing the implementation. As a result, most departments are using paper time cards/sheets or spreadsheets.



Return-on-Investment (ROI) Consideration

In a software selection study conducted by Nucleus Research, an organization that transitioned to an automated time-entry system saw a return on investment within six months and an overall return of 225% of their initial investment.⁵

Staff Feedback

- CMO – Manually processing time cards
- Comm. Dev. – Need employee task tracking
- Comm. Dev. – Current time card procedures are very manual and have a number of opportunities for human error
- Comm. Serv. – Need automated time cards
- Comm. Serv. – Could use time clocks on computers
- Comm. Serv. – Only the Library is using time clocks
- Finance – ADP is unable to allow supervisors to view their staff's time cards
- HR – Need automated time sheets
- Library – Need PC/device time clock entry for ADP (e.g., sick, vacation, adjustments, etc.)
- Library – There is one time clock at the Library
- Library – Doing paper time sheets in addition to clock-ins

⁵ "ROI Case Study: Kronos Workforce Timekeeper Anonymous Healthcare Organization", Nucleus Research 2003.

- Police – Telestaff works well for both scheduling and time cards
- Police – Multiple staff are reviewing and approving paper times cards
- Police PW – Could benefit from paperless time sheets, given that the majority of the maintenance division is out in the field all day
- PW – Need automated time cards

Recommendations

- Conduct a comprehensive process review, and develop feature/function requirements for all time keeping, attendance, and accrual tracking needs.
- Follow best practices according to the *Software Selection Best Practices* initiative.
- Consider utilizing a third-party SME for an assessment process and RFP process in conjunction with the *Enterprise Resource Planning (ERP) Replacement* initiative.

Benefits

- Consistent and standardized organization-wide timesheet system
- Reduced manual processes
- Increased processing volume
- Reduced data entry errors
- Reduced payroll processing time (from improved processes, policies, and practices)
- Single automated interface to ERP system

27. Performance-Evaluation Software

Findings and Observations

Performance-evaluation software automates staff reviews based on individual and departmental performance. This allows the ability to measure the skill sets of the workforce and plan expenditures accordingly with the internal resources available, build succession plans for continuity purposes, reduce numerous manually intensive reviews, and identify areas for improvement.

Human Resources' performance evaluation processes for non-management personnel is a manual process, using Microsoft Excel spreadsheets.



Staff Feedback

- HR – Need better performance-management tracking, metrics, and training/development plans
- HR – Performance-evaluation tracking is done in Excel

Recommendations

- Conduct a comprehensive process review, and develop feature/function requirements for all performance evaluation needs, including departmental online workflow (notifications, routing and approvals).
- The City should include the above described review and requirement development as part of the needs assessment and feature/function specifications identified in the *Human Resources System Improvement or Replacement* initiative.
- Follow best practices according to the *Software Selection Best Practices* initiative.



- Consider utilizing a third-party SME for an assessment process and RFP process in conjunction with the *Enterprise Resource Planning (ERP) Replacement* initiative.

Benefits

- Access to employee information
- Scheduling and maintenance of employee training
- Employee job feedback
- Staff incentives and rewards
- Facilitation of communication
- Recognition and rewards of good performance
- Consistent formula for establishing, tracking, and measuring performance for evaluation reviews

28. Applicant Processing

Most human resource departments are busy managing a constant stream of employment applications. Due to this volume of activity and the importance of a controlled process to acquire important human resources, there is a need to automate the hiring process from the moment an application arrives, all the way through the hiring and onboarding process.

Applicant tracking allows customization of online applications, so applicants provide all necessary information. When applicants apply, they can also attach resumes and transcripts that are immediately accessible by the HR Department. Thereafter, the software allows you to mass-activate/inactivate applicants, view or report individual or group applications, and construct personnel records once an applicant has been hired. Often, additional workflow capabilities are offered to include the departments needing candidates so that they can be engaged in the process. Online capabilities for applicants are also an integral part of the process within these application tracking systems.

Findings and Observations

- The City primarily uses a manual process for applicant tracking and notification.
- HR also uses CalOpps to post jobs and for some applicant tracking.

Staff Feedback

- HR – Applicant tracking processes are manual
- HR – Need better tracking of employee on-boarding using integration to HR and Payroll
- HR – CalOpps provide basic applicant tracking functionality

Recommendations

- Consider conducting a comprehensive process review and needs assessment, including departmental supervisors and managers to verify and identify the City's applicant processing needs.
- The City should include the above described review and requirement development as part of the needs assessment and feature/function specifications identified in the *Human Resources System Improvement or Replacement* initiative.
- Follow best practices according to the *Software Selection Best Practices* initiative.
- Consider utilizing a third-party SME for an assessment process and RFP process in conjunction with the *Enterprise Resource Planning (ERP) Replacement* initiative.



Benefits

- Automated process that tracks candidates and maintains the necessary documentation
- System that provides a smooth interface for candidates to apply and determine status
- Increased efficiencies through workflow and automation with the elimination of manual process and shadow systems
- Time savings and elimination of duplicate entry from integration with HR and Payroll systems

29. Training and Certification Management Software

Training and certification management software tracks training, certifications, skill sets, and more. It ensures that continual education and training is completed in a timely manner in order to ensure compliance with recertification requirements. These systems have the following features:

- Centralized employee training, qualifications, and license data
- Automatic notification for upcoming and overdue training
- Instantly viewable training metrics on dashboards and reports
- Aid in preparation for audits and in meeting compliance requirements
- Tracking of exam results

Findings and Observations

- There are some systems in use at the City (e.g., Police Department).
- Commonly, however, these requirements are being tracked by departments and Human Resources using Excel spreadsheets.

Staff Feedback

- Police – Use PBT Group TEAMS for online training and evaluation, audit, and management, including the field training program and daily observation reports
- Comm. Serv. – Using Excel to track staff trainings

Recommendations

- Stand-alone, third-party training and certification management and tracking software is available. However, these capabilities are also available in HRIS systems or in HRIS modules within an ERP system (See *Enterprise Resource Planning (ERP) Replacement* initiative).
- The City should include the above functionality as part of the needs assessment and feature/function specifications identified in the *Human Resources System Improvement or Replacement* initiative and/or in the *Enterprise Resource Planning (ERP) Replacement* initiative.



30. Staff Scheduling System

Findings and Observations

Various departments have identified a need for scheduling employees, such as Police, Library, and Community Services. The Police Department is currently operating with Telestaff software to meet their scheduling needs.

Staff Feedback

- Comm. Serv. – Would like a staff/volunteer scheduling software that includes text message notifications, sign ups, etc.
- Library – Are manually creating volunteer schedules
- Library – Using Volgistics to track volunteer hours
- Police – Telestaff works well for both scheduling and time cards
- Police – Using Telestaff for shift bidding, comp time, vacations, and shift swaps

Recommendations

- Survey departments to determine which have needs for a scheduling tool. Review applicable manual processes and shadow systems, such as spreadsheets, with each of these identified departments to determine scheduling automation improvements that will result in efficiencies.
- The above recommendation is supported by the example of the Library and Community Services, identifying a need and requesting scheduling software to assist in managing the schedule for their staff and for volunteers. The spreadsheet and calendars being used do not meet the Library's needs.
- The City should investigate and determine if expanding the Police Department licenses and use of Telestaff to include other departments will meet their needs, rather than acquiring and adding another scheduling solution with the same functionality.
- If Telestaff is not a viable option for other departments, investigate other Scheduling options that would include integration with the City's Time and Attendance Tracking solution (see *Time, Attendance, and Accruals Tracking* initiative).
- Follow *Software Selection Best Practices* methodology for any new software.

Benefits

- Better tracking and scheduling of required City staff and volunteer staff
- Reduced overlapping shifts
- Reduced overtime
- Elimination of paper forms
- Accurate personnel deployment
- Better management/supervisory reporting of staff hours, shifts, etc.
- Elimination of scheduling systems from several different vendors and benefits of potential integration with Time Keeping/Attendance

31. Project and Construction Management

Project and construction management software typically includes:

- Management and tracking of construction projects
- Documenting project and contract progress
- Initiates or notifies of milestone completions for contractor payments
- Communication and interfaces to central financial systems including grant and project accounting

Many of these government-based construction software systems are now offered in a service-oriented, cloud-based product. Many also offer field-based access and usage for inspections and tracking in the field.



Findings and Observations

- Project Managers are using different methods in managing their projects, some of which include manual processes, Microsoft Project, Excel and Access, as well as other planning systems, like BaseCamp and Trello.
- Tracking costs, schedules, scope, and task completion for projects is challenging with existing methods and the various systems being used.
- Project information is not readily accessible by multiple staff in real time.

Staff Feedback

- CMO – Need the ability to track project expenditures and available budgets in real-time
- CMO – Need project management software
- Comm. Serv. – Using Microsoft Project to track projects and project tasks
- HR – Using BaseCamp for project tracking
- PW – Using Excel to manage CIPs
- PW – Using MS Project
- PW – Using Tom's Planner project management software
- PW – Using Trello project management software

Recommendations

- Complete a review and needs assessment of City's project and construction management requirements and document the results. This should be a single system that all departments and divisions within the City can use in a cooperative fashion.
- Apply the results of the needs assessment to research options and solicit quotes for the project and construction management software solutions. Examples include:
 - ♦ PM Web
 - ♦ e-Builder
 - ♦ CapitalSoft
 - ♦ Aurigo
 - ♦ Primavera
 - ♦ Systemates
 - ♦ FieldManager
 - ♦ Projectmates
 - ♦ and others
- Follow best practices according to the *Software Selection Best Practices* initiative, to select the appropriate system.
- Ensure that integration between the new system and Project and Grant Accounting software in the ERP System.
- Consider utilizing a third-party SME or consulting firm for the needs assessment, process review, and feature/function development.



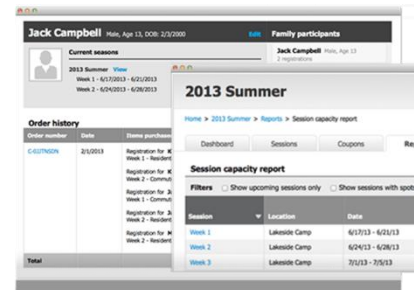
Benefits

- Shared project information
- Ease of project reporting
- Scheduling and resource management
- Increased efficiency in managing multiple projects
- Integration with Project and Grant Accounting within the citywide ERP system

32. Parks and Recreation Software Replacement (eGov)

Findings and Observations

The City currently uses the eGov software solution as their parks and recreation system. The City has been relatively satisfied with the system but feel they have outgrown its capabilities. eGov is not a full-featured park and recreation system and the Community Services feels it is time to replace eGov with a Park and Recreation system that could also assist with Day Care and Senior Center requirements. Additionally, there is a high degree of potential labor efficiencies to be gained through a comprehensive new system. Depending on the vendor, a Parks and Recreation enterprise solution may include:



- Activity Registration
- Facility Reservation
- Membership Management
- League Management
- Marketing
- Child Care Management
- Pass Management
- Senior Activity/events Management
- Point of Sale
- Equipment/Site Rentals
- Court Reservations
- Locker Rentals
- Trip Booking
- Incident Processing
- Personal Trainer Scheduling
- Golf Course Management
- Maintenance Inspections and Results
- Job/Task Maintenance Scheduling
- Planning, Budgeting, and Depreciation
- General Ledger
- Accounts Payable
- Purchase Orders
- Time Management/Scheduling
- Payroll Accounting
- Annual Registrations
- Program Management
- Facility and Hourly Care Reservations
- Coach and Provider Lending
- Touch-Tone Tee-Time Reservations
- Touch-Tone Area/Equipment Rentals
- Golf Membership Database
- Point-of-Sale Cash Register
- Food and Beverage Sales
- Tee-Time Reservations
- Tournament Management
- Donor Management
- Volunteer Management

Staff Feedback

- Comm. Serv. – Using Access to track waitlists
- Comm. Serv. – Use Team Sideline for sports league management and scheduling
- Comm. Serv. – Use eGov for class registrations, room rentals, finance reports, customer management, participant contact database management, and email marketing
- Comm. Serv. – Use Eventbrite for ticket sales and marketing
- Comm. Serv. – Would like to consider a customer mobile app for processing payments
- Comm. Serv. – Would like real-time text messaging capabilities (e.g., cancelled classes, emergencies, reminders, etc.)
- Comm. Serv. – Currently send notifications through eGov registration software



- Comm. Serv. – Would like to provide customers with e-Coupons
- Comm. Serv. – Need modern registration software
- Comm. Serv. – Would like staff/volunteer scheduling software that includes text message notifications, sign ups, etc.
- Comm. Serv. – Need ability for staff to access electronic participant medical info, parent contact, waivers, etc., on iPad or similar
- Comm. Serv. – Need online childcare enrollment capabilities
- Comm. Serv. – Need childcare immunizations and medications reporting
- Comm. Serv. – Looking for the possibility of procuring and new registration software suite within the next two years
- Comm. Serv. – Also looking into new membership software
- Comm. Serv. – Was a pilot customer for eGov
- Comm. Serv. – Have had eGov for eight years
- Comm. Serv. – Online payments are not automatically interfaced to eGov
- Comm. Serv. – eGov reporting is cumbersome
- Comm. Serv. – Prorations and refunds are manual
- Comm. Serv. – Taking student attendances in NoHo and eGov (double entry)
- Comm. Serv. – Considering monthly dues as opposed to drop-in membership
- Comm. Serv. – Would like vending machines and point of sale at facilities
- Finance – Have been discussing the replacement of the Activity registration and rental system (Community Services)

Recommendations

- Complete a review and a needs assessment of the City's fleet maintenance requirements and document the results.
- Apply the results of the needs assessment to research options and solicit quotes for child care management software solutions.
- Follow best practices according to the *Software Selection Best Practices* initiative, to select the appropriate system.
- Consider utilizing a third-party SME for an assessment process and RFP process.

Note: Pricing and functionality vary by hundreds of percent.

- Keep in mind that a more expensive system with more automation can save significant manual labor, thereby potentially saving more than the system's entire cost over a few years. Proper evaluation and due diligence is necessary to determine total cost of ownership over a ten-year period and to maximize automation, cost accounting, online services, implementation success, and customer service improvements.

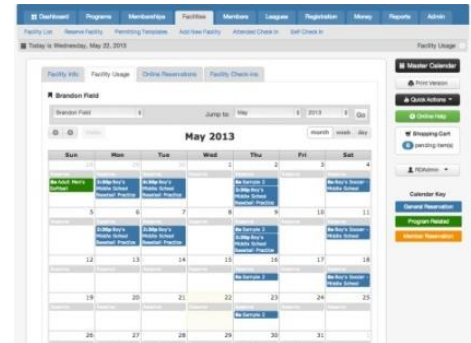
Benefits

- Improved customer service
- Improved software application utilization
- Improved reporting, resulting in better management decision making

33. Citywide Facilities Scheduling/Events Calendar

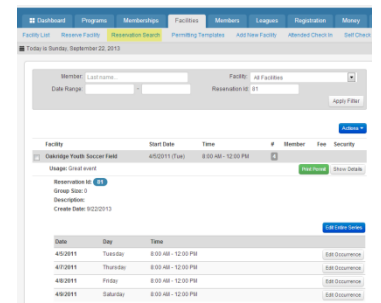
Reservation software improves the process of making reservations for facilities and activities, while providing customers with exceptional service, and staff with fewer tasks to manually perform. The following are capabilities can be found in facility and activity reservation solutions:

- Scheduling
- Calendaring
- Resource and Equipment Management
- Citizen Relationship Management
- Event Management
- Online Reservations
- Online Waivers
- Online Payments
- Automated Alerts and Notifications



Findings and Observations

- The City does not have a centralized facilities/events calendar. This makes it difficult to have a common place to see events and avoid conflicts.
- The City also does not have a centralized method for scheduling facilities including conference rooms, physical equipment, and other resources that need to be scheduled in addition to or in connection with the facility.
- Some permit information also needs to be accessible to customers and field staff



Staff Feedback

- Comm. Dev. – Using Outlook for meeting reservations
- Comm. Serv. – Using Outlook to schedule conference rooms
- Library – Need an internal staff calendar for City department events, closures, maintenance, etc.

Recommendations

- Third-party facility scheduling and activity reservation systems are available. A number of parks and recreation systems offer facility scheduling to various degrees, with some being able to schedule equipment, as well as facilities (i.e., reserving computer, projector, screen, etc., for remote presentations). These systems often provide abilities to take reservation deposits and take or invoice payments, if needed.
- These systems also allow online reservations with credit card payments.
- Complete a review and a needs assessment of City's facility reservation and scheduling and activities requirements and document the results.
- Apply the results of the needs assessment to research options and solicit quotes. The City should consider using the Facilities/Events Scheduling module within the *Parks and Recreation Software Replacement (eGov)* initiative, and use the modules citywide.
- Follow best practices according to the *Software Selection Best Practices* initiative, to select the appropriate system.





Benefits

- Prevent conflicting and/or duplicate reservations
- Increase facility and equipment usage
- Faster processing of reservations
- Map out facilities for individual reservations
- Improved customer service
- Ease of reporting

34. Childcare Management System

Findings and Observations

There are a number of *childcare management systems* available. They meet the management and operational needs of a day care center, but they also assist with meeting state requirements and providing the necessary state reporting.

Community Services has stressed a need for these capabilities and have expressed the fact that eGov and other tools currently being used do not meet the existing or future needs. Community Services currently provides child care services at three centers.

It should be noted that several park and recreations systems include child care modules that do an effective job meeting many or all the the needs Community Services has expressed.

Staff Feedback

- Comm. Serv. – Need automated parent/child sign-in and -out
- Comm. Serv. – Need online childcare enrollment capabilities
- Comm. Serv. – Need childcare immunizations and medications reporting
- Comm. Serv. – Provide childcare services at three centers

Recommendations

- Complete a review and a needs assessment of the City's fleet maintenance requirements and document the results.
- Apply the results of the needs assessment to research options and solicit quotes for child care management software solutions.
- Follow best practices according to the *Software Selection Best Practices* initiative, to select the appropriate system.
- Because some park and recreation management solutions also incorporate child care modules, the City should consider combining these efforts (see *Parks and Recreation Software Replacement (eGov)* initiative).
- Consider utilizing a third-party SME for an assessment process and RFP process.

35. Electronic Content Management System (ECMS) Replacement

An *electronic content management system (ECMS)*, also referred to as an *electronic document management system (EDMS)*, can be utilized for much more than document scanning, document storage, and records retention management.

Additional uses include:

- Enterprise records management, including retention management
- Integrated document/process workflow management, including internal request management, and routing and distribution (accounts payable, accounts receivable, human resources, project tracking, etc.)
- Forms management
- Project/process collaboration
- Meeting minutes management
- Meeting agenda management
- Legislative management
- Media management, including synchronized meeting video streaming
- Web publication/posting for all above items, if desired
- Web access to ECMS, locally and remotely



Findings and Observations

- The City is currently using ApplicationXtender and shared drives to manage documents and other files or content.
- The City uses ApplicationXtender as the centralized, citywide ECMS solution. However, due to the shortcomings of ApplicationXtender, many departments limit their use.



If the City were to consider a more modern ECMS solution with advanced functionality, additional benefits would be gained, including:

Compliance – Improved and more efficient ability to comply with increasing volume and complexity of regulations and retention requirements

Security – Improved physical abilities and accessibility security

Workflow Capabilities – Electronic capture, routing, and approvals of manual paper processes

Improved Efficiency – Increased productivity through automation of manual processes and time reduction in retrieving and sharing information

Reduced Costs – Reduced costs of printing, paper, storage space, and labor

Reduced Carbon Footprint – Minimized paper waste

Improved Transparency – Increased citizen access to information via the Web, including full automation of some documents immediately upon creation without additional processing or labor

Disaster Recovery – Protection of vital records through storage redundancy



Return-on-Investment (ROI) Considerations

- A study conducted by Coopers and Lybrand found the following:
 - ◆ The average document is copied 19 times in its life.
 - ◆ 90% of documents that are handled in an office are merely passed along or shuffled through.
 - ◆ Costs to manage a single document:
 - \$20 to file a document
 - \$120 to find a misplaced document
 - \$220 to replace a lost document
 - ◆ 7.5% of all documents become lost.
 - An office that generates 200 documents a week will lose 15 of them, costing a total \$3,300.
 - ◆ 3% of all documents are misfiled.
 - An office generating 200 documents a week will misfile six of them, costing the company \$720.
- A feasibility study by the North Dakota Information Technology Department regarding ECMS technology found the following:
 - ◆ An organization that scans 600 documents per day can have the following benefits upon implementing an ECMS:
 - An ROI payback period of 15 months
 - Gained productivity of almost \$114,375
 - Subsequent annual savings of \$110,295
 - An overall three-year benefit impact of \$531,990
 - Save \$36,556 in annual costs when compared to manually storing and managing documents
- A study conducted by Prescient Digital Media found that an ECMS saves employees between 50-60% in time searching for documents.

Staff Feedback

- CMO – Clerk uploads agenda packets and meeting minutes to the website
- CMO – Granicus is the secondary online meeting agenda packet posting site
- CMO – ApplicationXtender is the organization-wide document management
- CMO – ApplicationXtender is used to scan and store resolutions and legal documents
- CMO – ApplicationXtender often contains multiple copies of the same document due to other departments scanning same documents
- CMO – City Manager’s Office and Building/Planning also use ApplicationXtender
- Comm. Dev. – Using ApplicationXtender document manager for scanning of Building Division records, City Clerk files, and limited Planning Division records
- Comm. Dev. – Need improved document management
- Comm. Dev. – Need to digitize paper files
- Comm. Dev. – Digitizing of paper files should include labels/tags and OCR (optical character recognition) so that information is searchable
- Comm. Dev. – Digitized paper needs to link with parcel/permitting system(s)
- Comm. Dev. – Scanning is a somewhat cumbersome/manual process
- Comm. Dev. – Archiving/tagging of photos from cell phone cameras is inconsistent



- Comm. Dev. – City offices are being reconfigured for additional hiring, which may impact our current paper file cabinets
- Comm. Dev. – ApplicationXtender Document Manager is pretty universally regarded as bad
- Comm. Serv. – Using Adobe Acrobat for PDF forms
- Comm. Serv. – Using both Box and Dropbox for document storing and sharing
- Comm. Serv. – Currently storing videos on a network drive; drive capacity is determined and enforced by IT
- HR – Using Box for internal document management
- HR – Using Dropbox for external document management
- Library – Need to remove outdated documents from shared drives
- PW – Future document storage capabilities need to be considered

Recommendations

- Consider conducting a needs assessment and process review with all departments to gain an understanding of how the system should work and what configurations, training, etc., would improve staff's ability to utilize an ECMS system to its fullest, provide more transparency to citizens, and what other departmental applications integration would help improve the departments' business processes.
- Follow a software selection best practices approach to build an RFP, apply the needs assessment results, and identify a vendor that meets citywide needs.
- ECMS implementations on an organization-wide basis are commonly under-scoped and under-funded, leaving municipalities with limited benefits.
- ECMS implementations on a citywide basis are commonly spread over several fiscal years
- Review ECMS implementations in other local/regional municipalities that use it in a similar manner as intended by the City.
- Any solution considered should include integrated modules for agenda management, legislative management, and media management.

Benefits

- Automated workflow and routing
- Reduction in paperwork and related costs
- Online document retention and archiving
- Improved version and authorization control
- Improved public records access
- Increased information-sharing capabilities
- Ability to provide Web posting and public access to residents
- Integration with agenda management/legislative management/media management

36. Agenda Creation and Management Software

Automated agenda management systems provide access to information for all departments involved in the agenda process, and are sometimes offered as a stand-alone module or as part of an enterprise content management system (ECMS), (see *Electronic Content Management System (ECMS) Replacement* initiative). Staff members submit proposed agenda items online, and supporting documentation or packets can be attached, where they can be automatically routed for approval through pre-configured workflows. Approvers can receive email notifications with links to items awaiting review. The system administrator or other responsible parties add items to meetings, then prepare agendas, finalize packets, and publish them. Agenda content is available online throughout the process and is easily accessible to those with a role in the process.



In many instances, agenda management is also integrated with media management systems to stream and record video and audio information, time stamp it, and tie it to the correlating meeting agenda. Then, there is the ability to push/publish agendas, minutes, and media to the City's website.

Findings and Observations

- The City's agenda processes are currently semi-annual in nature; agendas, agenda packets and meeting minutes are uploaded to the City's website.
- There are no workflows for routing and revisions of packets during the preparations process, nor are there ticklers and notifications for due dates.
- There is a duplicate secondary posting on the Granicus site
- The City has considered and recognized the productivity, efficiency, and improved timelines that are possible with an automated agenda management solution.

Staff Feedback

- CMO – Clerk uploads agenda packets and meeting minutes to the website
- CMO – Granicus is the secondary online meeting agenda packet posting site
- CMO – Need to automate staff report creation and approvals
- CMO – Interested in Granicus' iLegislate for agenda packet accessibility from an iPad
- Comm. Serv. – Using Word to create staff reports
- PW – Need a better process for managing City Council report prep and reviews

Recommendations

- Conduct a comprehensive needs assessment, and process review, and document needs, including the development of detailed feature/function requirements for a new system.
- Apply the needs and feature/function requirements from the process review to solicit proposals and evaluate system options from various vendors.
- Follow best practices according to the *Software Selection Best Practices* initiative in order to select an appropriate system.



- It can be advantageous to coordinate the purchase and selection of an agenda management system with the selection of a new ECMS, because it includes the ability to ensure that the solution is integrated with the ECMS system. Many ECMS vendors have agenda management system partners that have built-in integration with their system and integration with media management (see *Electronic Content Management System (ECMS) Replacement* and *Granicus Media Management Assessment (Replacement)* initiatives).
- Consider utilizing a third-party SME or consulting firm for the needs assessment, process review, and feature/function development.

Benefits

- Time savings in manually disseminating and routing documents for review
- Paper costs savings by disseminating and routing electronically
- Easy archival and retrieval
- View agenda items and related materials in real time
- Provides public online access to agendas, minutes, and potentially audio/video

37. Legislative Management

Findings and Observations

Legislative management and reporting is the capability to manage legislative activities, including resolutions, ordinances, ordinance numbers, dates, and related actions, that are captured in real-time and retained to enable inquiry and reporting. In a manual environment, this legislative information, such as ordinances, is often entered numerous times. When automated, it only needs to be entered a single time.

Staff Feedback

- CMO – Need legislative management software for managing and tracking resolutions and ordinances

Recommendations

- Conduct a needs assessment and process review, and document needs.
- Apply the needs and feature/function requirements from the process review to solicit proposals and evaluate legislative management system options from various vendors.
- Follow best practices according to the *Software Selection Best Practices* initiative, to select the appropriate system.
- Ensure that the media management system selected can be integrated with the agenda creation and management system, as well as the citywide ECMS system (see *Electronic Content Management System (ECMS) Replacement* and *Agenda Creation and Management Software* initiatives).
- Consider utilizing a third-party SME or consulting firm for the needs assessment, process review, and feature/function development.

38. Granicus Media Management Assessment (Replacement)

Findings and Observations

Governments and quasi-governmental entities all have councils, boards, commissions, supervisory committees, etc. These board meetings require agendas, minutes, and recordings management. Recording technology has expanded to include the capturing of audio and video during these meetings. As a result of capturing these recordings, some open-access laws now require access to this media by the public. Media Management systems provide the ability to broadcast and manage media.

Media management systems:

- Give citizens and the public convenient access to live and archived streaming through the website
- Reduce public inquiries with searchable, self-service access online
- Import agendas and synchronize indexed video to eliminate hours of work
- Manage and distribute unlimited meetings and events (all completely automated)
- Reach a broader public audience
- Integrate closed captions with video
- Help the organization understand and measure public participation with video analytics



The City has expressed the need to perform live and post-meeting Web video streaming of Board meetings. The City has also expressed the need to manage historical meetings and offer the ability of the public to view/stream these past meetings online.

Staff Feedback

- CMO – Granicus is used primarily to provide Web streaming of City Council meetings
- CMO – Not using Granicus for agenda management, only voting and streaming capabilities

Recommendations

- Conduct a needs assessment and process review, and document needs, including the development of detailed feature/function requirements for a Council/Board meeting media management system.
- Apply the needs and feature/function requirements from the process review to solicit proposals and evaluate media management system options from various vendors.
- Follow best practices according to the *Software Selection Best Practices* initiative, to select the appropriate system.
- Ensure that the media management system selected can be integrated with agenda creation and management system, as well as the citywide ECMS system (see *Electronic Content Management System (ECMS) Replacement* and *Agenda Creation and Management Software* initiatives).
- Consider utilizing a third-party SME or consulting firm for the needs assessment, process review, and feature/function development.



Benefits

- **Reporting and Metrics** – Use system reporting and metrics to monitor the public engagement level, mobile usage, page visits, etc.
- **Event Management** – Schedule events to broadcast live or record from any video source (camera, cable TV, tape).
- **Archive and Publish** – Archived files automatically transfer to internal and external storage and can be automatically published to the organization’s website.
- **Streaming** – Leverage a media server for public streaming.
- **Integration with Agendas and Minutes** – Import agendas and synchronize indexed videos during meetings and, afterward, produce a public record on the website with the agenda linked to the video.
- **Anywhere and Anytime Access** – The public and staff can watch live streaming broadcasts or play archived videos through the website. Viewers can jump to desired topics through index points to review only the information or agenda items that are important to them.
- **Public Searching** – Public can find what they want through a searchable public record on the website. All meeting audio, video, minutes, and agendas can be integrated together.
- **Notifications** – The public can subscribe to the agenda, or to a particular search, to receive notifications when new content is available.

39. Large-File Sharing Tool

Large-file sharing is often necessary when email systems or other sharing methods have size restrictions.

Findings and Observations

- The City is using a number of large-file sharing tools
- With various tools being used, there is a lack of consistency and limited management control
- Several departments expressed a desire for standardized use of a single, common tool across the organization.

Staff Feedback

- CMO – Using Box cloud storage for sharing of extremely large files (e.g., public records request, staff reports, presentations, etc.)
- Comm. Dev. – Box.com and Dropbox primarily for applicant/consultant interactions
- Comm. Serv. – Use both Box and Dropbox for document storing and sharing
- HR – Using Box for internal document management
- HR – Using Dropbox for external document management
- PW – IT grants and then removes file-transfer access
- PW – Using Box.com and Dropbox for online file transfer



Recommendations

- Migrate all City users to a single, secure large-file transfer solution
- SharePoint Online (part of Office 365) is a potential option
- Complete a review and needs assessment of the City's large-file sharing needs.
- Follow best practices according to the *Software Selection Best Practices* initiative, to select the appropriate solution.
- Ensure that this solution operates in a secure, supported environment, managed by the City's IT Division.

Benefits

- Use of a single, standardized system
- Improved support by City and IT Division
- Consistency and uniformity

40. Video Capture and Editing (Video Events and Other)

Findings and Observations

- The City uses several video-capturing systems and cameras.
- There is a desire to have a Citywide video capture and editing environment for consistency and the ability to store and save video for promotion, historical, and other purposes.

Staff Feedback

- CMO – Need video equipment which can be used from the field (e.g., recruitment videos, entertainment, events, etc.)
- Comm. Serv. – Need video editing software for special events
- Library – Use Adobe Premiere Elements 8 to edit video clips for Library events

Recommendations

- Migrate all City users to a single, video capturing and editing environment.
- Ensure that the video and editing environment is compatible with the results from the *Electronic Content Management System (ECMS) Replacement* initiative, the *Granicus Media Management Assessment (Replacement)* initiative, and the *Photo Management and Storage Software* initiative.
- SharePoint Online (part of Office 365) is a potential option.
- Complete a review and a needs assessment of City's video capturing and editing needs.
- Follow best practices according to the *Software Selection Best Practices* initiative, to select the appropriate solution.

Benefits

- Use of a single, standardized system
- Integration throughout the organization with ECMS, Agenda Management, Media Management, etc.
- Compatibility and consistency

41. Photo Management and Storage Software

Photo management and storage software (also referred to as *photo library management*) is a robust way to store, retrieve, and manage photos, not to be confused with personal photo storage tools such as Apple iCloud, Amazon, Dropbox, Flickr Google+, or OneDrive. The key words are “robust” and “enterprise”. Photo management and storage software at a commercial level is analogous to an enterprise ECMS, as described herein.

Enterprise photo management systems, unlike document management solutions, are optimized and designed specifically for digital images and include all the capabilities required to management and operate a centralized and well-organized image collection.

Capabilities also include, but are not limited, to the following:

- Enterprise photo management, including retention management
- Centralized storage of photos, their associated data (indexes) and their organization within the database
- Security and user permissions with each group or department of users being restricted to assigned areas of the database, including the ability to control rights to perform specific operations/functions within those areas
- Web server plug-ins that provide secure, read-only access to assigned portions of the image collection over the Web or for integration with organization-wide or specific departmental software applications
- Ability to interact with various photo capture systems, including timed-based field cameras
- Ability to review, manage, analyze groups of photos, and save composite collections
- Secured database management to prevent photo loss and the ability to find a specific or group of images from a large collection
- Ability to catalog and store data on any number of specimens, species, etc.
- Full database-oriented reporting capabilities, enabling search access to the organization’s entire photo collection/library

Findings and Observations

- The City is storing a very large number of photos from various departments and operations, including automated field based cameras, field work photos, maintenance management photos, historical and personal-interest photos, promotional photos, etc.
- There is no enterprise or citywide storage of photos, with many stored at the project, functional, division, or department levels.
- The City needs the ability to have an enterprise system that would provide consistency, ability to share and collaborate, and better integration of these photos into operations or operation software applications.
- No formal City processes or polices for the management, back-up, and potential recovery of these photos has yet been developed and documented.



Staff Feedback

- Comm. Serv. – Use SmugMug for photo storage and sharing
- Comm. Serv. – Adobe Photoshop for image management



Recommendations

- Complete a review and a needs assessment of City’s photo management requirements and document the results.
- Apply the results of the needs assessment to research options and solicit quotes for photo management system solutions.
- Follow best practices according to the *Software Selection Best Practices* initiative, to select the appropriate system.
- Consider utilizing a third-party SME or consulting firm for the needs assessment, process review, and feature/function development.

42. Publishing Software Consolidation

Findings and Observations

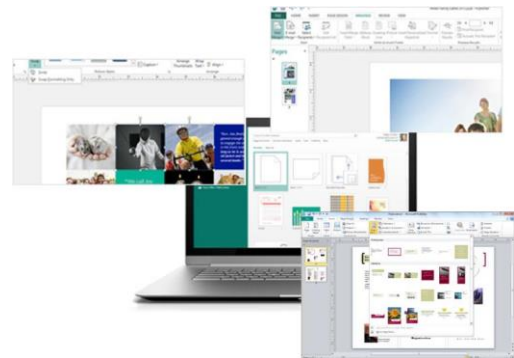
The City uses a myriad of different tools to meet their desktop publishing needs. The following table lists the software being used by each department to create published materials and make content changes:

Application	CD	CMO	Comm. Serv.	Finance	HR	Library	Police	PW
Adobe Acrobat Reader	Various Departments							
Adobe Acrobat XI Pro					x			
Adobe Creative Suite/Cloud	x							
Adobe Illustrator			x					
Adobe InDesign			x					
Adobe Photoshop			x			x		
Adobe Premier			x					
MS Publisher			x		x	x		

Having such a broad number of different publishing tools within the organization presents challenges in consistency, training and knowledge, compatibility, sharing, and collaboration. A single publishing tool can minimize these challenges and turn them into benefits.

Staff Feedback

- Comm. Serv. – Using MS publisher for flyers, newsletters, calendars, and menus
- Comm. Serv. – Using Adobe InDesign to create activity guides, flyers, marketing materials, branding marketing
- Comm. Serv. – Position dedicated for activity brochure creation is currently vacant
- HR – Using MS Publisher for marking documents
- Library – Using publisher to create brochures/pamphlets





Recommendations

- Consider consolidating to a comprehensive all-in-one citywide solution to replace the functionality included in the software solutions now in use and listed in the table above. Doing so, may provide cost benefits and the ability to share training and knowledge. Examples include Ubuntu Studio, Adobe Creative Cloud, Corel, and others.
- Consider a review and assessment of the publishing software needs across the organization for all individual users' needs to determine the best solution that will meet the goal of a single solution for the entire City.
- Apply the results of the needs assessment to research options and solicit quotes for publishing solutions.
- Follow best practices according to the *Software Selection Best Practices* initiative, to select the appropriate system.

Benefits

- More consistency in application utilization
- Improved institutional knowledge by sharing training and internal application support
- Increased compatibility, sharing, and collaboration

43. Real-Time Utility Usage (Automatic Meter Reading-AMR)

Findings and Observations

Not to be confused with a complete utility billing system, *online, real-time utility usage access* is the ability to capture utility usage through the meter environment at frequent intervals, or in real-time, and having data available on billing documentation and online for residential and commercial users.

Staff Feedback

- PW – City owns the meters and handhelds, but Fathom performs the meter reads
- PW – Contract with Fathom for utility meter reading and billing
- PW – Could use automated meter-reading software
- PW – Residents need access to their own water usage in real time

Recommendations

- Implement an automatic meter reading (AMR) system that can be read in real time continuously or on a frequent cycle (e.g., hourly)
- Complete a review and a needs assessment of City's meter reading requirements.
- Consider the integration needs between a new AMR and the utility billing system.
- Ensure that there will be public-user Web access so that customers can monitor up-to-date usage.
- Follow best practices according to the *Software Selection Best Practices* initiative, to select the appropriate system.
- Consider utilizing a third-party SME or consulting firm for the needs assessment and feature/function development.

Benefits

- Elimination of manual meter reading
- Access for the public to monitor usage in near real-time
- Increased conservation



44. Website Improvements

Findings and Observations

Municipal websites have become informational portals so that citizens can quickly access information and conduct transactions without having to call City staff or go to City Hall. Additionally, interactive functionality is available 24/7.

- The City's website is developed and hosted by CivicPlus, a website development company that focuses on city and county governments.

Return-on-Investment (ROI) Consideration

A study conducted by Aaron Marcus and Associates, Inc. discovered the following⁶:

- More than 83% of Internet users are likely to leave a Web site if they feel they have to make too many clicks to find what they are looking for.
- Once a system is in development, correcting a problem costs ten times as much as fixing the same problem in design.
- The average user interface has as many as 40 flaws. Correcting the easiest 20 of these yields an average improvement in usability of 50%.

Staff Feedback

- CMO – Using Civic Plus to manage the website
- CMO – Certain items on the website are not easily visible (e.g., agenda packets, links, etc.)
- CMO – Would like for the public to complete satisfaction surveys
- CMO – Are considering CivicPlus for potential survey capabilities
- Library – Need to correct broken links on the website
- Library – Need Web statistics for yearly report to CA State Library and to make decisions about content on Library site

Recommendations

- In coordination with the *Website Improvements* initiative, develop a citywide needs assessment of CMS update and administration issues.
- Identify user training requirements.
- Work with the vendor to address issues with CMS updates and identify additional training needs.
- Manage improvements according to the *Project Planning and Implementation Best Practices* initiative.
- Offer regular training to keep staff skills fresh and to ensure they have the ability to keep website content current.

Benefits

- Reduced resident in-person visits
- Improved public records access
- Increased information-sharing capabilities
- 24/7 availability
- Improved resident-user experiences
- Increased resident interaction and transaction capabilities

⁶ Aaron Marcus and Associates, 2004



45. Notifications System (Push/Social Media/Text)

Findings and Observations

Outbound communication systems, such as Reverse 911, have gone through a significant transformation in the last five years. There are many more system providers, and pricing has come down significantly. Enhanced emergency notification systems can also integrate with severe weather warning systems, emails, texts, RSS feeds, etc. These systems can be used for non-emergency mass notifications as well. Examples include: street closures, interruptions in water service, major organization events, etc. Additionally, an increasing number of school districts are using this technology for frequent mass communications to parents.

Staff Feedback

- Comm. Serv. – Would like real-time text messaging capabilities (e.g., cancelled classes, emergencies, reminders, etc.)
- Comm. Serv. – Currently send notifications through eGov registration software
- Library – Need an automated system for importing/sending patrons “email blasts”
- Library – Would like to use “email blasts” to subscribers for special information/events
- Library – Could use Hootsuite to manage all social media accounts
- Police – We utilize Nixle, which also alerts Twitter and Facebook
- Police – Nixle is user-friendly
- Police – We also use Blackboard and Nextdoor for mass, outbound communications
- Police – Would like the capability to combine all of these resources so that we only have to log onto one program, send the message, and be done

Recommendations

- Research options and for a single tool to manage the notification needs and desires of the entire organizations.
- Select new software or tool vendor according to the *Software Selection Best Practices* initiative.
- Consider including emails, texts, and RSS feeds for more than just mass emergency notifications (e.g., street closures, street cleaning, special events, etc.)
- Consider utilizing various applications and utility bills to collect citizens' communication preferences (e.g., mail, email, text, website, opt in or out for specific types of communications, such as public safety, emergency, community events, general info, etc.)
- Determine costs of greater usage. Costs are usually measured per contact, but some vendors have gone to an annual-subscription model based on agency population.
- Consider integration with Severe Weather Warning System, automating certain emergency notifications.

Benefits

- Increased community outreach
- Improved public relations
- Increased citizen engagement
- Easier management with time savings if a single notification tool can be identified and implemented



46. Develop GIS Master Plan

Geographic information systems (GIS) are becoming a critical citywide component to any municipality. They provide a geographical map or picture to constituents and city staff to interact with City services or for City staff to deliver service. GIS is a system that manages and displays digital maps with various features and functionalities. GIS stores the shape of individual map features (a street segment or a parcel of land) along with descriptive information (often called feature “attributes”). In a GIS map of streets, the shape of each segment is stored along with the street name. The segment can be located, queried, or labeled using that name. A parcel of land will be linked to one or more tax records which can identify the owner, valuation, use, or many other attributes. Layers of information can also be stored and selectively displayed, including utilities and other services (water, sewer, gas, electric, telephony, data, etc.)

The development of a Geographic Information System (GIS) Master Plan is a detailed and comprehensive process. Geography and GIS services play a role in nearly every decision the City makes. Choosing sites, assets maintenance, planning distribution networks, responding to emergencies, or redrawing boundaries—all of these issues involve questions of geography. A GIS Master Plan would set forth procedures and methods used to determine where the City envisions going with GIS in the future, which will include, but not be limited to:

- Improvements to the GIS enterprise
- Evaluating potential data sources and data needs
- Evaluating hardware and software solutions
- Updating the GIS database
- Developing additional GIS applications
- Staffing requirements
- Prioritized resource requirements
- Planning for the long-term maintenance of the GIS system and the data
- Development of a GIS-specific budget tied to the various elements or initiatives within the GIS Master Plan

Findings and Observations

Due to the extensive demands the various departments are requiring from the GIS Division, there needs to be a more comprehensive study for the City’s GIS needs. There is a tremendous role for GIS within the organization, and a detailed study is needed to address and plan for future growth.

Staff Feedback

- CMO – Need general GIS accessibility for an economic development perspective
- Comm. Dev. – Ability to automate exports to Open Data Portal
- Comm. Dev. – City already has a GIS consultant (Lynx Technologies), who is responsive and helpful; most needs can be met with their assistance
- Comm. Dev. – Need to upgrade internal GIS site from Silverlight to HTML5
- Comm. Dev. – Have a public GIS site that allows users to access parcel information (i.e. zoning City, size, flood zone, etc.)
- Comm. Dev. – Have an Open Data Portal that allows advanced users to access building permit records and GIS files
- Comm. Serv. – Would like to use GIS to track customer locations
- Comm. Serv. – Would like to see a visual depiction of residents and non-residents with boundaries



- Police – We are pretty satisfied with our GIS data
- Police – Need new GIS capabilities for Police MDTs
- Police – Esri works great for dispatchers, but not for mobiles
- PW – Current GIS environment is based on Silverlight, which is being phased out
- PW – GIS data infrastructure needs to be considered
- PW – Have a GIS management consultant (Lynx's Technologies) located in Capitola
- PW – Have ArcGIS SDE version 10.3
- PW – HTML5 will help us pave the way to upgrading the public-facing Web GIS
- PW – Interested in collaborating with other agencies for regional GIS data
- PW – Need a traffic sign and signal inventory
- PW – Need to transition to a HTML5-based environment
- PW – Need upgraded aerial imagery
- PW – Sidewalks, trees, and streetlights are in GIS
- PW – This is the first municipal job where there isn't a GIS team or dedicated person
- PW – Water System is not in GIS

Recommendations

- Develop a comprehensive GIS Master Plan utilizing independent subject-matter expertise.
- The Master Plan should include but not be limited to:
 - ◆ Improvements to the GIS Enterprise
 - ◆ Evaluating potential data sources and data needs
 - ◆ Evaluating hardware and software solutions
 - ◆ Establish the database and cartographic standards of the City
 - ◆ Updating the GIS database
 - ◆ Developing additional GIS applications
 - ◆ Staffing requirements
 - ◆ Training requirements
 - ◆ Benefits to the public using GIS as the entry point to online services
 - ◆ Prioritized resource requirements
 - ◆ Planning for the long-term maintenance of the GIS system and the data
 - ◆ Development of a GIS-specific budget tied to the various elements or initiatives within the GIS Master Plan

47. Department-Centric / GIS Self-Service

Web mapping applications allow for interactive viewing and sharing critical geospatial information within the City and also to present to the public over the Internet. Web applications are easy to use and can be accessed by staff or constituents via Web browser, without the requirement for specialized GIS software to be installed on the user's device. Additionally, these types of apps take less time for staff training. GIS Web applications can also allow end-users to pan, zoom, search, and interact with the most current data. Web applications make it easier to create, update, and maintain departmental data.



This approach can also allow some staff within departments to maintain their own data with support from the GIS Division using Web mapping concepts.

Findings and Observations

The City currently does not deploy any department-centric GIS applications for end-user self-service. This has resulted in a backlog of departmental needs.

It should be noted that not all requests can be served by Web applications, but including Web applications in the information delivery model will serve the City well and will help alleviate the backlog of needs expressed by departments. This will allow various departments to expediently access more robust spatial data to assist with their everyday decision making.

Staff Feedback

- Comm. Dev. – Ability to easily create location map/land use map/etc. using Web GIS system
- Library – Could use a map of Library patrons by address
- Library – Could use a map of cardholders within the City of Menlo Park
- Library – Could use a map of registered event attendees visiting from within the Bay Area
- PW – Need to work on our internal mapping application

Recommendations

- The City should build departmental central Web applications, using the ArcGIS Server configuration that is determined from the outcome of the *Develop GIS Master Plan* initiative and through the introduction of ArcGIS Online.
- Provide adequate training for staff on these tools and applications.
- Hire an outside consultant to build these applications for the department, in order to free GIS staff to focus on other critical GIS tasks.
- Assess common GIS data needs of most third-party consultants and develop a self-service system for project managers to deliver spatial data to and obtain spatial data from consultants.
- Central Web mapping applications should have the ability to create customized maps that meet the database and cartographic standards of the City.
- Investigate third-party, off-the-shelf (OTS) software solutions to streamline the creation of Web maps.

48. RIMS (CAD/RMS) Gap Analysis and Application Maximization

Integrated *computer-aided dispatch (CAD)* and *records management systems (RMS)* enable public safety and law enforcement to centralize public safety incident information, preserve data integrity, and enhance operational efficiency. Personnel within the department use this integrated environment to quickly capture, record, update, share, and access critical incident and public safety data.

Common functionality of CAD/RMS systems include:

- Computer-Aided Dispatch
- Records Management
- Mobile Data Computing
- Field Reporting
- Property/Evidence with Bar Coding
- Personnel/Training
- Crime Analysis
- Investigations
- Intelligence/Suspect Tracking
- Mapping

Findings and Observations

- The City was one of the early adopters of the Sun Ridge System, called RIMS.
- The City has been pleased with the RIMS system, but is concerned that they may not be using all the available capabilities, maximizing their usage of and return on investment with the system.

Staff Feedback

- Police – Need RIMS accessibility on department-issued cellular phones
- Police – Using RIMS CAD/RMS



Recommendations

- Work with Sun Ridge to review the City's usage of RIMS and develop a gap analysis report identifying the functionality in RIMS and the City's current adoption of that functionality.
- After completing the gap analysis report, work with Sun Ridge on a plan to close the identified gaps. The plan should include a listing of all gaps to be closed, a summary of the process required to close each gap, identification of any costs, and finally a timeline for the entire gap closure project.

Benefits

- Full access and use of CAD and RMS system, along with access to the full functionality and capabilities of those systems
- Improved application and use of technologies, with elimination of manual processing and redundant data entry
- Elimination of a majority of the paper reports and forms
- Better management of resources
- Better reporting and information for management and decision making
- Improved integration between all technologies
- Improved tools for dispatch and for officers in the field
- Improved public safety

49. Alarm Tracking and Billing Software

Alarm tracking and billing software is designed for police departments, fire departments, and other government organizations that have a need to monitor and record alarms and assess fees for multiple occurrences of false alarm runs. These systems are designed to work with police dispatch, RMS/CAD/911 systems, and typically have an export capability for uploading to the municipality's central financial system.



Benefits

- Allows registration of alarm systems
- Imports false alarm data from Computer-Aided Dispatch (CAD) systems
- Prints warning letters and invoices
- Exports to municipal financial systems are possible to streamline invoice and collection processes
- Allows alarm owners to register and pay online with credit cards

Findings and Observations

- The City currently uses the alarm billing capability within the existing Sun Ridge RIMS RMS/CAD system.
- The City believes that RIMS has a module to allow for online payment and account access.
- The City would like to expand the alarm billing system to allow for online access and payment.

Return-on-Investment Considerations

- A study conducted by Fidesic Corporation found that by using electronic invoicing and payment, organizations can cut the labor required to send an invoice and process a payment by almost 50%⁷.
- Sizable annual revenues from alarm and false alarm billing have been recognized by other municipalities in the City's regional area.

Staff Feedback

- Police – Would be great to allow customers to both view and pay for their alarm permits online
- Police – Alarm billing is somewhat automated in RIMS, however, there is a module that would allow online payments and account access

Recommendations

- Investigate availability of an RIMS-based online alarm billing payment module.
- Estimate approximate savings from payment timeline reduction, manual processing, paper savings, and reduction in phone call inquiries.
- Implement the online payment module as recommended by Sun Ridge.
- Follow applications implementation best practices.

⁷ Fidesic Corporation study, 2002

50. Ticket Writer Software Replacement (Duncan to TDS)

Findings and Observations

Many cities struggle with parking management in heavy traffic areas such as downtown, event locations, and other complexes. A network-enabled *parking management system* (parking permits) provides centralized monitoring and control. A wireless parking meter solution can alleviate parking-related issues by increasing operational efficiencies, improving traffic flow, and increasing revenue capture for the City.

A number of these ticketing systems also have the capability to ticket or cite for other violations including moving violations.

The City is currently in the process of migrating to a new system called TDS TICKETPRO and away from the older ticketing system from Duncan Solutions. The new system also allows for a true adjudication process, including payment and also a vehicle for appeals.



Staff Feedback

- Police – Use Excel to record permits (i.e., parking) and releases, and then enter into Duncan Solutions
- Police – Need online automated parking permitting system
- Police – The citation issuing software for Patrol is an outdated system
- Police – There are other programs (TICKETPRO) that download “live time” and are easier to use and more functional
- Police – Parking is currently working with a new software for parking ticket citations (TDS' TICKETPRO)
- Police – The current handhelds are not downloaded on a regular basis by officers, and with the new system, we will not have the issue of missing citations
- Police – Using Turbo Data System's Ticket Pro for online parking citations
- Police – Using Turbo Data System's (TDS) Appeals module for online parking citation appeals
- Police – Were using Duncan Solutions' Autocite and Autoissue for moving violation tickets, now replaced by TDS TICKETPRO
- Police – Need new ticket-writing hardware

Recommendations

- Continue the migration process to the new TDS system.
- Follow the methodology outlined in the *Project Planning and Implementation Best Practices* initiative.
- Following the conclusion of the implementation use the methodology outlined in the *Applications Management Best Practices* initiative.

Benefits

Key benefits of automated parking meters include:

- Flexibility to impose different parking fees at different times of day
- Remote monitoring on the functional status of parking meters, decreasing down-time and minimizing revenue loss



- Improved efficiencies and revenue capture from real-time information accessible to parking enforcement personnel on expired meters
- Convenient payment options: cash, credit cards, debit cards, cell phones, payment over the Internet, and prepaid parking cards

51. Officer Radio Transmission Identification

Findings and Observations

Officer radio transmission identification functionality allows tracking in the radio and CAD system that provides automatic identification of officers with radio transmissions. This is done using the officer's unique identifying code in his personal radio.

Staff Feedback

- Police – Atherton PD has the ability to see which officer last transmitted on the radio
- Police – It is a great officer safety tool and could allow us to welfare check an officer that didn't answer his radio
- Police – From what I understand, it's a software program or application that they log into at the beginning of their shift and then it keeps a log of every transmission

Recommendations

- The City should investigate the ability to apply this technology to their existing radio and CAD system. The Atherton Police Department could provide information that would be helpful in researching this option.
- Follow best practices according to the *Software Selection Best Practices* initiative, to determine costs from vendors and select the appropriate system and system options.

Benefits

- Officer security/status
- Ability to well-check an officer

52. Replace MDC's with RIMS Mobile/GIS System

Findings and Observations

The existing mobile data terminal/mobile digital computer (MDT/MDC) environment is aging. The MDT/MDC has become critical to an officer's ability to be safe and productive in the field. These systems should be kept current and replaced prior to end-of-life.

Staff Feedback

- Police – Current MDT/MDC system is at past its age
- Police – The RIMS RMS/CAD system has a new MDC GIS system that the PD should move to

Recommendations

- The City should investigate the ability to move to the RIMS new MDC GIS mobile system
- Follow best practices according to the *Software Selection Best Practices* initiative, to determine costs from RIMS and clearly understand the implementation needs.

Benefits

- GIS/Graphical capabilities in the vehicle
- Efficiency in access to law enforcement information



53. Tow Company Billing System

Staff Feedback

- Police – Should automate monthly tow billings
- Police – Would be great to allow tow companies to make online payments or over-the-phone payments
- Police – Currently, tow companies pay by check or in-person via credit card payments
- Police – Delinquent tow billing invoices are difficult to track
- Police – Have a total of twelve towing companies, each one with a three-year contract

Recommendations

- The City should investigate Tow billing software options
- Consulting with other Police Departments in the region to determine what systems they use and learn their pros and cons would also be helpful.
- Follow best practices according to the *Software Selection Best Practices* initiative, to determine costs from vendors and select the appropriate system and system options.

Benefits

- Efficiencies in reducing manual processes
- Ability to allow online payments and payments with credit and debit cards
- Reduction in call inquiries
- Better able to manage the relationships with the towing companies.

54. FirstNet Preparation Planning

Findings and Observations

This is a project that is currently in process. *FirstNet* is the short name for “First Responder Network Authority”. Even though it is a project in process, it is important to stay current. This initiative establishes guidelines to track FirstNet progress and ensure the City is ready for implementation.

Staff Feedback

- Police – On February 22, 2012, the “Middle Class Tax Relief and Job Creation Act” created FirstNet, which gives FirstNet the duty to build, operate, and maintain the first high-speed, nationwide wireless broadband network dedicated to public safety entities
- Police – FirstNet will provide a single interoperable platform for public safety communications
- Police – Public safety personnel using the FirstNet network will be able to share applications, access databases, and provide better-informed responses to incidents through integrated communications
- Police – The costs for FirstNet services and devices hasn’t been determined, but it will be a factor for each city to consider



Recommendations

- This initiative should be kept on the IT Division’s projects list, even though it is currently in process.
- The Police Department and a resource from the IT Division should work together to track this and document timelines, required technology, impact on the City’s network infrastructure, and resources that may be needed for implementation when the time comes to proceed.
- The City’s IT Steering Committee should be kept up-to-date on progress with this program at least every 6 months, and also when events warrant an update to the committee.

Other Initiatives

Initiative	Staff Feedback	Recommendation
55. Police Audiovisual Format Conversion Tool	<ul style="list-style-type: none"> • Police – Need the ability to convert audiovisual data received from third-party surveillance systems to a common format • Police – Use Honestech to convert audio cassettes to digital files 	<ul style="list-style-type: none"> • There are a number of conversion tools available. • A small needs assessment document should be prepared to document needs, who will use the tool and where this video conversion environment will be setup. • Quotes should be obtained using <i>Software Selection Best Practices</i> initiative. Quote requests should include the hardware and software specifications the vendor requires to operate the tool in an efficient manner.
56. Panic Button	<ul style="list-style-type: none"> • Comm. Serv. – Could use a panic button for all facilities 	<ul style="list-style-type: none"> • This capability is available. • If the City would like to proceed it would be best to incorporate this into the process identified in the <i>Secure Managed Access</i> initiative.
57. Penal Code/Vehicle Code Reference Software	<ul style="list-style-type: none"> • Police – Would be great if there was a digital penal code/vehicle code software on computer desktops and MDTs 	<ul style="list-style-type: none"> • This software is readily available. • The Police Department should verify if the new RIMS MDC GIS System as described in the <i>Replace MDC’s with RIMS Mobile/GIS System</i> initiative includes code reference software.



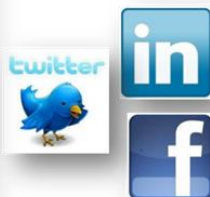
Initiative	Staff Feedback	Recommendation
<p>58. Portable Wireless Camera for Surveillance</p>	<ul style="list-style-type: none"> • Police – Are only using body cameras (no squad cams) • Police – Could use portable wireless camera for surveillance (e.g., investigations) 	<ul style="list-style-type: none"> • This would be similar to a fixed camera, but would be configured in a portable fashion so it can be taken to nearly any location. This should be compatible with the <i>Video Camera and Surveillance System (Citywide Standard)</i> initiative.
<p>59. Wireless PA Radio PA/Sound System</p>	<ul style="list-style-type: none"> • Comm. Serv. – Could use a high-quality wireless radio system for events 	<ul style="list-style-type: none"> • This is an option for a radio PA system at events. This would allow the broadcast of speakers, music etc. to the event attendees. • The specific needs for this system should be discussed so that a viable configuration can be determined • This should be configured in a portable fashion so it is mobile enough to take to different City venues and setup quickly.
<p>60. Instant Messaging</p>	<ul style="list-style-type: none"> • Comm. Serv. – Instant messaging between employees/computers would be nice • Comm. Serv. – Instant messaging and text messaging with our customers would be beneficial • HR – Using Skype for instant messaging 	<ul style="list-style-type: none"> • There are numerous options available for this. • Options for instant messaging can be configured with Exchange Server/Outlook. • Skype for Business is also available with instant messaging capabilities under Office 365. • Cost and options should be investigated and a standard chosen and installed.
<p>61. PA Announcements</p>	<ul style="list-style-type: none"> • Library – Need automatic PA announcements inside of library when near closing 	<ul style="list-style-type: none"> • Various options exist for this capability. • Phone system PA functionality is also an option.
<p>62. Parking Sensors and Management</p>	<ul style="list-style-type: none"> • Comm. Serv. – Parking space sensors and electronic signage would help to reduce traffic congestion and citizen frustration 	<ul style="list-style-type: none"> • This is a variation of traffic control and traffic communications systems. • If the City has a traffic management system, they should investigate if that system can accommodate parking sensors to communicate parking availability etc.



Initiative	Staff Feedback	Recommendation
63. Constituent Satisfaction Surveys	<ul style="list-style-type: none"> • CMO – Would like for the public to complete satisfaction surveys • CMO – Are considering Civic Plus for potential survey capabilities • Comm. Dev. – Would be helpful to have a program to solicit feedback from groups that don't typically come to Commission/Council meetings • Comm. Serv. – Using Survey Monkey class evaluations and needs assessments • Comm. Serv. – Would like the option for the public to complete on-site surveys with iPads 	<ul style="list-style-type: none"> • Some Customer Relationship Management systems have this capability. • The City should also investigate if their citizen request management system would have this capability. • The key to results for this is a very affective survey gathering and reporting capability to capture the necessary data and perform the necessary analysis.
64. Laptop Borrowing Program	<ul style="list-style-type: none"> • Library – Need a system to manage borrowing of laptops by the public 	<ul style="list-style-type: none"> • Laptop configurations should be assembled with a laptop bag. • These laptop configurations should be compatible with the environment described in the <i>Conference Room Audiovisual</i> initiative.
65. Library Subscription Provider Statistics	<ul style="list-style-type: none"> • Library – We receive usage statistics from several of our subscription database providers, and having software to compile these uses would help us make subscription and promotional decisions 	<ul style="list-style-type: none"> • There are a number of analytics programs available. • The Library should identify their needs and investigate tools that could meet these needs. • Quotes should be received and the City should determine if similar needs exist in other departments, so others may share in license costs.
66. HVAC Zonal Climate Control System	<ul style="list-style-type: none"> • Library – Library staff needs control of HVAC temperature; regular hours for public works employees often does not overlap with Library open hours 	<ul style="list-style-type: none"> • Research vendors and request a cost-benefit analysis. • Follow best practices according to the <i>Software Selection Best Practices</i> initiative, to select the appropriate system.

Gov 2.0 (E-government) is the concept of using new technologies in combination with creativity, information sharing, and the collaborative process to better serve and interact with the public.

- 67. Citizen Request Management (CRM)
- 68. Online Payments, Transactions, and Services
- 69. Video/Web Conferencing
- 70. Council Chambers Audiovisual Systems
- 71. Conference Room Audiovisual
- 72. Social Media Policy and Procedures
- 73. Mobile Computing
- 74. Newsletter
- 75. Dual Monitors



With the advent of computer technologies, the world is experiencing an unprecedented explosion in communications options.

The principles of Gov 2.0 include:



- Principle:** Serve as the primary source of reliable, accurate, and timely organization information delivered to the customer on their platform of choice.
- Principle 2:** Maintain a real-time, interactive, and user-centered website that offers easy access to public information and online services.
- Principle 3:** Offer opportunities for online civic engagement and social collaboration.

Some examples of Gov 2.0 technologies include:

- **Online Transactions** – Applications, registrations, requests, and payment processing are some of the 24/7 examples being employed.
- **Online Information Requests and Queries** – As more transparency is demanded and Freedom of Information Act (FOIA) requests increase, common types of documents are readily available through query or menu on the website, which creates efficiencies for organization staff and constituents.
- **CRM (Citizen Request Management)** – Online citizen request tracking includes automated internal routing, status reporting, etc.
- **311** – 311 is a service available in some communities around the country as a non-emergency, general information phone number to a citizen service center. These centers typically centralize the inquiry and response of general and/or routine questions from citizens and customers.
- **Bloggng** – This is a Web-based process (Web logging) that allows regular posting of commentary, news, events, and other materials in a more casual and interactive manner. Visitors may leave comments or communicate with each other through the blog.
- **Podcasting** – Digital media files utilizing audio, Web protocols, and a media player are released on a regular schedule and often downloaded through a Web-based subscription.
- **RSS** – *Really Simple Syndication (RSS)* is a group of formats used to publish works such as blog entries, news headlines, and media files, in a standardized format. This allows publishers to automatically "feed" their entries to a syndicated audience, often used with podcasting.
- **Social Media** – Ranging from blogs (WordPress, LiveJournal, Tumblr) and social and/or professional networking (Facebook, Twitter, LinkedIn, MySpace) to virtual worlds where people can interact in real time (Second Life), social media is, by far, the fastest-growing form of interactive communication. Andreas Kaplan and Michael Haenlein define social media as "a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of user-generated content."⁸
- **Wikis** – A *wiki* is a website that allows collaborative creation and editing of Web pages to produce a simplified exchange of information.



⁸Kaplan, Andreas M., Michael Haenlein (2010). "Users of the World, Unite! The Challenges and Opportunities of Social Media". Business Horizons 53 (1): 59-68. doi:10.1016/j.bushor.2009.09.003. ISSN 0007-6813. Retrieved 2010-09-15.



The possible benefits of developing such communication methods go beyond simple release of information. Among the advantages are the following:

- Increased efficiency and cost reduction for public services offered electronically
- Allowance of greater government transparency
- Better-informed and involved public
- More collaborative efforts between the organization and the public
- Faster and more convenient access, which promotes public approval

67. Citizen Request Management (CRM)

Findings and Observations

Citizen request management solutions are used to receive, track, and manage all types of requests and complaints. These solutions can categorize requests, prompt for typical information required, assign and route information to specific staff or departments, track the status, and fulfill overall reporting requirements for more effective handling and response. The primary objective is to ensure all inquiries, requests, and complaints are captured when received, routed to the proper resource, and responded to or resolved in a timely manner, ensuring that the loop is closed on each and every contact. An ideal CRM functionality includes:

- Citizen responsiveness (requests captured and completed, responses provided to citizens, including when and how resolved)
- Prompt request routing (departments/persons)
- History (complaints, requests, timeliness of responses, who completed, how resolved, cost analysis)
- Interdepartmental resource linking
- Managing resources
- Benchmarking and performance-based measurements
- Planning and budgeting
- GIS integration
- Online customer surveys



The City currently uses CCIN, Comcate, GovQA and Direct Connect. The desire by nearly all departments is to move forward with a single CRM system that can deliver all the same functionality that is being performed by the four applications described.

Staff Feedback

- CMO – GovQA is a portal used by public to submit a public records request
- CMO – GovQA provides some automated workflows and allows for management of requests to ensure compliance with legal requirements
- CMO – C-C-I-N is an in-house developed system for the public to send messages addressed to the City Council
- CMO – Using Direct Connect to capture public complaints, which are then routed to staff email addresses
- CMO – C-C-I-N is not helpful and needs to be replaced
- Comm. Serv. – Using Comcate for customer-response management



Recommendations

- Select new software vendor according to the *Software Selection Best Practices* initiative.
- Consider CRM modules from future back-end operational systems, such as Work Orders/Maintenance Management, Land Management, or the existing CivicPlus system, before considering other third-party vendors that require integration with other operational systems within the City.

Benefits

- Increased customer satisfaction
- Centrally managed information
- Less time manually managing and monitoring
- Increased use of features
- Improved access to information

68. Online Payments, Transactions, and Services

A variety of online payments can be accepted through numerous alternatives, one being the organization's website. The result will be increased efficiencies due to reduced labor and easy, digital retrieval of information for both customers and organization staff. Online payments also provide citizens with 24/7 transaction capabilities and the convenience of not having to involve staff or go to City offices.

The City currently accepts the following types of payments and transactions online:

- Activity registrations
- Donations
- Permit applications (forms)
- Public requests (email)
- Event registrations



Other example online payments could include, but would not be limited to:

- Permit applications and fees
- Camping fees and payments
- Miscellaneous receivables
- Miscellaneous permits
- Parking tickets/citations and status inquiries
- Citizen requests and status inquiries
- Activity registrations
- Facilities reservations
- Donations
- Volunteer applications
- Job postings and online application submittals
- GIS map inquiries
- Official online records requests (e.g., agendas, minutes, documents, etc.)

Staff Feedback

- CMO – Collect fees
- CMO – Collect donations online



- CMO – Collect sponsorships online
- CMO – Need online planning and building portal for the public to view and monitor projects
- Comm. Dev. – Are not taking any planning or permitting payments online
- Comm. Dev. – Need to allow for online status checking of applications
- Comm. Dev. – Need online inspection scheduling
- Comm. Dev. – Would like to take simple permits online
- Comm. Serv. – Use Eventbrite for ticket sales
- Comm. Serv. – Using Open Budget to provide community access to City financial information
- Comm. Serv. – Using Virtual Merchant for credit card payment processing
- Comm. Serv. – Using PayPal for credit card payment processing
- Comm. Serv. – Would like to consider a customer mobile app for processing payments
- Comm. Serv. – Online payments are not automatically interfaced to eGov
- Comm. Serv. – Need online childcare enrollment capabilities
- Finance – Taking online payments for class/activity registrations
- Finance – Taking online payments for facility rental reservations
- Finance – Taking online payments for business license registrations and renewals
- Library – Would like credit card payment ability for non-Library account purchases (Friends of the Library books, promotional products, exam proctoring, etc.)
- Police – Alarm billing is somewhat automated in RIMS; however, there is a module that would allow online payments and account access
- Police – Would be great to allow customers to both view and pay for their alarm permits online
- Police – Currently not taking parking payments online
- Police – Provide a public database of investigations that is Web-based for people to search
- Police – Would be great to allow customers to both view and pay for their alarm permits online
- Police – Need online automated parking permitting system
- Police – Would be great to allow tow companies to make online payments or over-the-phone payments
- PW – Need to become compliant with online permits for solar panel (AB 2188)
- PW – Need to offer online truck permits
- PW – Should accept payments online
- PW – Should accept permits online

Recommendations

- Conduct a citywide needs assessment to determine all useful online payment types that could be implemented to improve constituent service.
- Conduct cost-benefit and prioritization analysis.
- Select other software payment vendors according to the *Software Selection Best Practices* initiative.
- Consider existing core business applications options, such as ERP, parks and recreation software, permit management, ticket/citation management, among others, before new, third-party solutions, in order to eliminate requirements to integrate new solutions with back-end operational systems.
- Manage improvements according to the *Project Planning and Implementation Best Practices* initiative.



Benefits

- More accurate and consistent information
- Timely and reduced reconciliation
- Increased awareness of citizen self-service
- Reduced over-the-counter time for transactions
- Increased staff and citizen satisfaction

69. Video/Web Conferencing

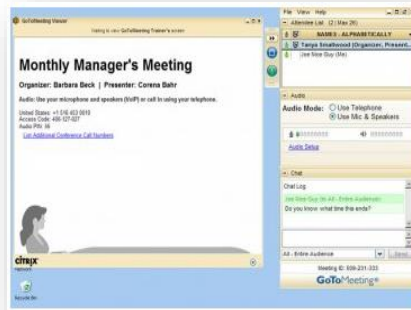
More users want a user-friendly approach to teleconferencing in the future. Web conferencing is being used more and more instead of face-to-face meetings and group training. Common Web conferencing capabilities also include:

- One-to-many
- Conference room meetings with video conferencing
- From an office or home site
- Classroom
- Conference room presentations
- Group meetings
- Simultaneously training multiple users in multiple locations with video and audio sharing of all locations

A few vendor examples including WebEx include:

GoToMeeting

- Screen sharing
- Application sharing
- Remote control
- Annotations
- Teleconferencing
- Web chat
- Recording



WebEx

- Presentation upload
- Screen sharing
- Application sharing
- Remote control
- Annotations
- Teleconferencing
- Web chat
- Recording



Office 365 – Skype for Business

- Presentation upload
- Screen sharing
- Application sharing
- Remote control
- Annotations
- Teleconferencing
- Web chat
- Recording



Staff Feedback

- CMO – Are using Google Hangout or Skype for Web meetings
- CMO – Would like to use Web conferencing capabilities
- CMO – Would like to provide a camera to council members for them to participate on council meetings remotely
- Comm. Dev. – Use Skype for remote meetings and interviews
- Comm. Dev. – Customer recently mentioned to Building Dept. another city that does video conferencing (FaceTime, e.g.) for appointments
- Library – Need video conferencing
- PW – Need a conference call solution

Recommendations

- Review current needs and number of users for each department.
- Research most cost-effective solutions for the organization.
- If the City migrates to Microsoft Office 365, consider its solution before other third-party vendors.
- Determine best overall solution, required users, and alternative costs.
- Conference rooms should be configured to support Web conferencing (see Conference Room Audiovisual initiative).

Benefits

- Reduced transportation costs
- Meeting recording and storage capabilities
- Effective remote control features
- Enhanced group training capabilities



70. Council Chambers Audiovisual Systems

Findings and Observations

- Council chambers audiovisual and lighting are older, but still functional.
- IT Division staff are responsible for Council meeting cable TV feeds.
- IT staff support Council meeting start to validate that systems are working appropriately.
- Agenda management software, which may also include a separate module for developing meeting minutes, is not currently utilized.

Staff Feedback

- CMO – Need new audiovisual equipment for Council Chambers
- CMO – Need support for Council Chambers technology

Recommendations

- Consider outsourcing the production of City Council meetings, captioning, and post-production to a third-party vendor that specializes in public meeting broadcasting.
 - ◆ Can include online real-time streaming of the broadcast of Council Meetings and other public meetings, if desired.
- Design and develop an RFP for replacement of audiovisual equipment and lighting systems in Council Chambers.
- Utilize PEG fund balance and PEG fees over time to keep improvements budget-neutral, if possible.

Benefits

- Improved production quality of City Council meetings and other public meetings held in the Council Chambers
- Increased availability of IT staff for core technology projects and staff support
- Improved government transparency

71. Conference Room Audiovisual

Conference room audiovisual tools are used to enhance meetings, which include projectors, video conferencing software, smart boards, and other technology aids.

Findings and Observations

- Currently, conference rooms lack 21st century audiovisual capabilities.
 - ◆ As portable devices proliferate, demand for audiovisual capabilities will increase.
 - ◆ Wall-mounted monitors can provide very cost-effective audiovisual capabilities in smaller conference rooms.
 - ◆ Projectors are a good choice for larger rooms that will require a larger screen for full audience viewing.



Staff Feedback

- CMO – Need technology available to staff in conference rooms (smart boards)
- Library – Professional-level AV equipment for meetings/presentations/webinars in staff meeting room and downstairs conference/event room
- Library – Need audio system for downstairs event/conference room
- Library – Need standard audiovisual equipment in conference rooms
- PW – Smart boards needed in conference rooms, with password-protected access to City drives to hold effective meetings

Recommendations

- Each conference room should have nearly the same configuration.
- Similarities in configuration across all rooms allow for employees to go to any conference room and be familiar enough to quickly setup to conduct meetings with all the required technologies.
- A standard AV design will be provided by *CLIENTFIRST* that will include monitors, projectors, audio, and Web/video conferencing connectivity with necessary cameras, etc.
- To control costs, a plan can be provided to update conference rooms over several years as the budget allows.



72. Social Media Policy and Procedures

Findings and Observations

A Social Media Policy is a code of conduct that provides guidelines for departments and individual employees who create a social media presence and post content on that presence or on the Internet, either as part of their responsibilities or as a private person. Setting clear expectations for departments and employees can positively affect the organization's image within the community, as well as avoid embarrassment and legal liabilities.

Staff Feedback

- CMO – Have a public communication team comprised of staff from multiple departments; the team meets every Tuesday at 2 PM
- CMO – Need policies and procedures for social media
- Comm. Serv. – We need a marketing/social media person dedicated to support website updates and social media
- Comm. Serv. – Have a social media framework, but only a draft of a policy has been created
- Comm. Serv. – Each department has their own Facebook page, and even within departments there are multiple Facebook pages (e.g., aquatics, special events, etc.)
- Comm. Serv. – Decision was never clearly stated on having a single Facebook account for the City
- Finance – Social Media policy is from 2012 and is outdated
- Finance – Authorization is technically required before creating a social media account
- Finance – Need different protocols by type of communication (e.g., marketing, events, etc.)
- Library – We need info/template/guidelines/direction regarding what content is expected/allowed
- Library – Library has a Facebook, Twitter, and Instagram account
- Police – When there is a critical call that the public needs to be made aware of, dispatch is required to go on social media and send an alert; this is often very difficult for dispatch to do since they are doing other tasks that are of higher priority
- Police – Using Facebook, Instagram, and Twitter

Recommendations

- Typical social media policy determines:
 - ◆ What Departments are allowed to establish a social media presence and on what social media services (e.g., Facebook, Twitter, etc.)
 - ◆ Sets guidelines on what type of information can be posted and what information can be feed
 - ◆ Sets guidelines on personnel who can be responsible for social media establishment and maintenance at the department level and levels of departmental management review
- If two-way blog posts are allowed, most municipalities monitor them every day.
- Software products that automatically update several social media outlets from the webpage are readily available and should be used to realize efficiencies.
- Consider potential social media integration opportunities with the organization's websites.
- Provide approval to employ a limited number of named social media sites subject to review by IT Committee and approved by management.
- Provide tutorial for employees who use social media to promote organization events and information.

Benefits

- Increased community involvement
- Improved public records access
- Enhanced communication
- Improved public relations
- Fulfillment of public expectations
- Increased promotion of business growth
- Mitigation of risk through education of staff on policy and practices

73. Mobile Computing

Findings and Observations

The 21st century has brought an increasing demand for time and resources. Because of the need for maintenance personnel, inspectors, code officers, general field employees, and other employees to work in the field or offsite, *mobile computing* technology relieves bottlenecks in obtaining information and producing reports necessary to perform their functions and meet these demands. By providing field and remote workers with the necessary equipment and software, they are able to:



- Interact with necessary applications and databases in real time
- View data or enter data in the field
- Interact with GPS and field devices
- Review, change, or request inspection and maintenance scheduling
- Remotely submit inspection and maintenance reports
- Respond quickly to requests and questions from the public

Such off-site capabilities offer:

- The ability to break the bonds of office facilities to complete work in the field
- Increased productivity and improved time management
- Centralized data that can be monitored in real time
- Improved accuracy and reporting
- Reduced paperwork and elimination of need to reenter data upon returning to the office

This is primarily a hardware and secure-wireless networking challenge, as software applications that use browser technology require no additional software. For software programs that are not browser-based, we recommend virtual desktop technology.

- Demand for remote access will continue to grow as staff becomes more portable.
- Access to mobile applications for smart phones and tablets will be a portion of remote access demand.
- The other major demand segment will continue to be remote access from laptops and desktops.

Some software solutions that are designed for specific field operations, such as maintenance work and inspections, may have smart applications (downloaded from an app store) or native-written mobile device modules. These software modules generally have less functionality than the full applications that are accessible from laptops or Toughbooks. One major advantage of these types of modules, however, is store-n-go technology, which allows a user to continue working on a record, even if they are disconnected from a cellular or Wi-Fi connection. Once



the user is back in range with the cellular or Wi-Fi signal, the store-n-go capability recognizes the reconnection and updates the information in the background. Store-n-go functionality becomes even more critical if the jurisdictional/geographical service area does not have full cellular or Wi-Fi coverage. It should be noted that virtual desktop technology does not have Store-n-go functionality.

Return-on-Investment (ROI) Consideration

The Center for Digital Government (CDG) reports that one agency's wireless laptop-based inspection solution helped its land management division increase the number of daily inspections. Another agency used laptops and electronic inspections to increase inspector efficiency by 30 percent, saving the agency approximately \$500,000.

A pilot mobility program in San Diego County helped the Land Use and Environment Group (LUEG) save \$130,000. Inspectors that participated in the project used mobile devices connected via a mobile VPN and were 31 percent more productive than before. They completed more inspections each day, and the agency was able to use less office space and fewer telephone landlines.

Staff Feedback

- CMO – Need video equipment which can be used from the field (e.g., recruitment videos, entertainment, events, etc.)
- Comm. Dev. – Have a tablet that links field building inspector activities/notes with Tidemark cases
- Comm. Dev. – Some planners have iPads, which is helpful, but which may not be used as fully as they could be
- Comm. Dev. – Interest in using Apple devices, but inconsistent IT support, currently
- Comm. Dev. – Some building staffers use City flip phones, which are fairly outdated
- Comm. Serv. – Would like the option for the public to complete on-site surveys with iPads
- Finance – Have an outdated mobile device policy and equipment
- PW – Could use tablets for Water Department and Transportation (GIS-based asset management)
- PW – Need laptops to promote flexibility and efficiency given reduced work space

Recommendations

- Determine and inventory mobile/field computer needs by specific staff and department including the full-use and mobile applications needed in the field or for required remote access. These inventories should also be categorized based on the level of productivity and public service gains/benefits.
- Follow recommendations for mobile hardware recommended and supported by existing and future core business department applications, such as inspections, work orders/maintenance management, and any other applications that involve field-based activity.
- Implement a mobile device management (MDM) solution early in the deployment cycle and integrate the MDM with inventory and Help Desk functionality.

Benefits

- Improved operations management
- Secure sharing of information
- Enhanced communication
- A more mobile and productive workforce
- Faster, well-informed decision making
- Real-time access to information from the field
- Increased ability for team members to communicate/collaborate from separate locations

74. Newsletter

Findings and Observations

The Village currently prepares hard copy newsletters. Staff would like to explore more efficient software to create the newsletter and distribute and also make it available electronically. Other Cities that have conducted public focus groups have found that many residents would prefer an emailed newsletter or an emailed link to a Web-based newsletter, instead of receiving hard copies. Some households prefer multiple options. However, providing the newsletter via the Web for those that prefer such can enhance resident communication and reduce costs of printing and postage.



Focus Group Feedback

Results from a Recent Focus Group at a similar Municipality

- Would like newsletter in email format
- Would like online newsletter with link from email message
- Would like links to video meeting agenda items or other information embedded in the online newsletter
- Want to opt for the electronic newsletter and stop receiving the mailed version. Will save City money
- Prefer communication feeds electronically (e.g., email alerts)
- Prefer mailed newsletter
- I prefer electronic; my wife prefers mail
- Some studies show 80% of population prefers electronic communication, including senior citizens
- We're ok with being mass subscribed via email to all categories, as long as opt-out or unsubscribe is easy to do
- Need ability to sign-up for communication methods and content type
- Different people like different types of communication. Use them all.
- Need to maintain communication preferences for more than one person per household (e.g., spouses may have different needs and interests, multiple email and mobile numbers)

Staff Feedback

- CMO – Previously used iContact to generate quarterly newsletters
- CMO – Are considering Civic Plus for potential newsletter capabilities
- Comm. Serv. – Position dedicated for creation of newsletters is currently vacant



Recommendations

- Devise additional methods for residents to sign up for various types of communication methods and begin gathering emails and cell phone numbers with permission from citizens.
- Consider establishing a Web-based version of the City/community newsletter that can be emailed with a Web link, but also printed and mailed.

75. Dual Monitors

Findings and Observations

Utilizing dual monitors for many users can significantly increase the speed of completion for certain computer tasks, thereby increasing overall employee productivity. Some studies have shown increased overall productivity of 20-30% for office staff and up to 50% and 74% for certain computer tasks. These studies demonstrate a return-on-investment multiple times the cost of the additional monitor when calculating the efficiency savings with gross hourly labor costs.

- The majority of staff use single-monitor systems
- Studies show dual monitor systems are approximately 20% more productive
- Our experience has been that staff requires 30 days to understand how to use the technology for productivity improvement.

Return-on-Investment (ROI) Considerations

- A Microsoft productivity study concluded that adding an extra monitor can boost productivity by 9% to 50%.⁹
- A study conducted by the University of Utah found that dual monitors helped users complete tasks as much as 52% faster.¹⁰

Staff Feedback

- Comm. Dev. – Double monitors may be helpful for our department, as we are often looking at one document (plans, reports) while writing a comment letter

Recommendations

- Staff to prioritize potential dual monitor implementations.
- Implement as PCs are replaced, or more quickly, if demand requires.

Benefits

- Improved staff productivity return on investment (multitasking)
- Enhanced ability to compare work
- More efficient sharing of data between applications
- Compatibility with both laptops and computers

⁹ "4 Studies which Show that Using a Second Monitor Can Boost Productivity", Core Communication 11 Dec. 2010, 4 Apr. 2013, < <http://www.corecommunication.ca/4-studies-which-show-that-using-a-second-monitor-can-boost-productivity/> >.

¹⁰ Core Communication, 11 Dec. 2010.

IT Infrastructure refers to networks, servers, equipment, inside/outside cable plant, and other communications infrastructure.

76. IT Computer Room and Teledata Closet Improvements
77. Wireless Network
78. Internet Bandwidth
79. Electronic Mail (Exchange)
80. Enhanced Internet Security and Connectivity (DMZ)
81. Remote Access Upgrade
82. Network Redesign
83. Core Switch Replacement
84. Power Distribution
85. Virtual Server Migration
86. Storage Area Network (SAN) Upgrade
87. Technology Support for the EOC
88. Redundant CAD/RMS System
89. Computer Upgrades (Windows XP & Office)
90. Video Camera and Surveillance System (Citywide Standard)
91. Secure Managed Access (Wireless/Keyless Security)



76. IT Computer Room and Teledata Closet Improvements

Findings and Observations

- Clearance behind the computer racks is 24 inches, less than best practice of 36 inches.
- There is a sprinkler located directly above the server racks.
- Some power is connected to UPS systems; other power outlets are connected to directly to generator power.
- There are no environmental monitors in the computer room.
- Grounding is not available.
- There is a single HVAC unit in the main computer room.

Recommendations

- When remodeling the space, consider installing new cabinets utilizing best-practices and moving equipment from current racks to new cabinets.
- Add a second HVAC unit in the main computer room.
- Add additional UPS and Power Distribution Units to better manage electricity.
- Increase the use of best practices cable management techniques to decrease inter-cabinet cabling.
- Add environmental monitors for temperature and humidity alarm capabilities.
- Add building ground and ground bar to the computer room.
- For fire suppression, consider:
 - ◆ Two-stage sprinklers that remove water from the room and provide additional time to avert accidental sprinkler activation.
 - ◆ Installation for an FM 200 or similar clean, fire suppression system.



Benefits

- Improved productivity for IT Staff as a result of more space and better organization
- Increased environmental monitoring of temperature conditions
- Reduced application and network crashes
- Improved service assurance (uptime and reduced risk)

77. Wireless Network

Findings and Observations

- City utilizes Cisco and Meraki wireless for Wireless LAN (in-building wireless).
 - ◆ The City has a central wireless controller.
 - ◆ The wireless access points will be nearly two generations behind by the time this report is published.
- Cloud-based control of wireless is becoming the new standard.
 - ◆ Cloud-based wireless controller would eliminate the need for a controller and reduce support costs.
- Demand for public Wi-Fi in open spaces will continue to increase.
- The City does not currently utilize a wireless “splash page” outlining terms of use.



Recommendations

- When refreshing the wireless infrastructure, develop an open RFP and evaluate cloud strategies from multiple vendors.
- Add a “splash page” to the guest wireless sign-on process.

Benefits

- Improved wireless speeds
- Reduced complexity
- Increased security
- Expanded coverage

78. Internet Bandwidth

Increased Internet bandwidth and high availability are becoming increasingly important to organizations for daily functionality. This allows for additional resources to become available during peak Internet usage and provide for resiliency when disasters occur that may affect primary Internet connections that are no longer accessible.

Findings and Observations

- Internet bandwidth is adequate.
- The City maintains two Internet connections through high-availability firewalls.

Recommendations

- Additional Internet bandwidth will be required as the City increases the use of cloud-based systems.
- Increased Internet costs has been included in recommended Five-Year Budget.

Benefits

- Improved performance
- Increased Internet uptime
- Increased resiliency, providing increased cloud-based applications and services uptime
- Reduced risk and liability
- Disaster Recovery safeguard

79. Electronic Mail (Exchange)

Findings and Observations

- Exchange 2007 is the electronic mail platform of the City.
 - ◆ Exchange 2007 is two generations behind.
- The City does not have an email archiving solution.
 - ◆ An email records retention policy is currently not enforced.

Recommendations

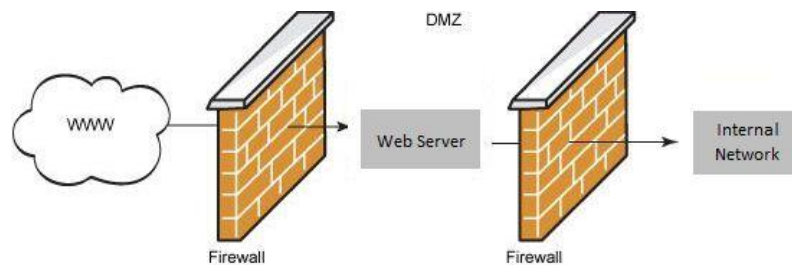
- Upgrade to Exchange 2013. and move to redundant database groups (DAG) as a part of the upgrade process.
- Investigate and select an email archiving solution.
- Develop an Email Records Retention Policy, and implement automatic retention guidelines in support of the policy.

Benefits

- Reduced time managing email
- Reduced time on public records requests
- Improved stability of environment and higher availability of email-based services

80. Enhanced Internet Security and Connectivity (DMZ)

A *Demilitarized Zone* (DMZ) is the area of a network that is accessible to the public. This area is separate from an internal network that is used only by internal staff. DMZs are utilized to maintain online services used by the public, such as viewing the website or online applications (i.e., license renewals, online permitting, online utility billing information, online payment transactions, applications, and other online public inquiries).



Findings and Observations

- The existing DMZ is robust.
- City firewalls are configured in a High-Availability Pair.
- Some internal services utilize the DMZ.
- Additional security measures are outlined in an earlier Security Assessment.

Recommendations

- Develop security policy, including a section outlining external to internal connection security.
- Create a Secure File Transfer Protocol (SFTP) capability within the DMZ.
- Add intrusion detection and prevention mechanisms to the firewalls or Internet connection.
- Improve proxy and filtering capabilities in the DMZ.

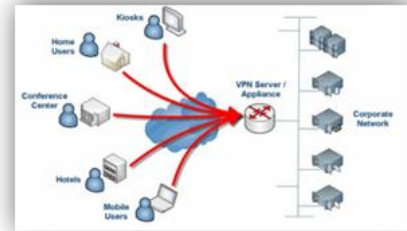
Benefits

- Improved security and management.
- Proper segmentation of publicly accessible resources for external to internal network connections.

81. Remote Access Upgrade

Findings and Observations

- The City provides remote access through the Sonic Wall firewall.
- Demand for remote access will continue to grow, especially for staff with significant out-of-office computing needs.
 - ◆ Access to mobile applications for smart phones and tablets will also be part of increased remote-access demand.
- Two-factor authentication is now required for certain Police Department remote access
- Two-factor authentication is Best Practice for remote access to SCADA systems
- Two-factor authentication will become the standard for remote access to all sensitive computer systems in coming years.



Staff Feedback

- A two-factor authentication project is underway for Police MDCs.

Recommendations

- Expand the two-factor authentication project to include remote SCADA access and remote network access for the IT staff.

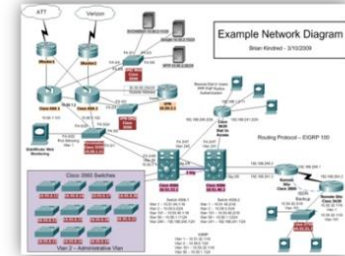
Benefits

- Increased mobility for the current workforce
- Increase security

82. Network Redesign

Findings and Observations

- Current network topology contains single points of failure for core connectivity.
- Bottlenecks exist in the network, resulting in poor performance and reliability.
- Not all devices within the core network were designed with core network functionality in mind.
- Network was not built with future growth in mind, and is limited.
- Network IP addressing and segmentation improvements could further increase security and performance.
- The Police Department is segmented from the City administrative network.
- The SCADA network is segmented from the City administrative network.



Recommendations

- Redesign the core network to increase speeds a minimum of ten times.
 - ◆ Create a resilient core network that eliminates single points of failure.
- Review Virtual LAN (VLAN) network segmentation and revise per current best practices.
- Monitor and collect performance metrics on network availability and viability.
- Consider implementing firewalls between the City administrative network, and the Police and SCADA networks.

Benefits

- Improved network performance speed and reliability
- Reduced support costs
- Full redundancy across sites
- Increased security



83. Core Switch Replacement

Findings and Observations

- Core switches interconnect all City Hall servers and the network.
 - ◆ Existing core switches are not adequate for the City's current and future needs.
 - ◆ The core network triangle utilizes dissimilar devices, limiting resiliency.
- Existing core switches have limited ability to support current bandwidth requirements.
- Physical redundancy is limited.
- Additional network segmentation within the core switching environment will improve performance.

Recommendations

- Upgrade core network switch to resilient Cisco 4500 Series model or higher.
- Implement redundant core switching capabilities.
- Increase support for core switching infrastructure to 24 x 7.

Benefits

- Unified network platform, improving functionality and reducing potential compatibility issues
- Centralized management and visibility into network

84. Power Distribution

Findings and Observations

- Some computer room electric power utilizes UPS systems, while other servers are plugged directly into generator driven-power outlets.
 - ◆ Generators have been known to create power spikes and brown-outs that decrease the life of attached equipment.
- Power distribution units (PDUs) are used within the computer rooms of most organizations to control and monitor power to particular network devices such as servers and switches.
- PDUs can extend the life of network hardware by utilizing power more efficiently.
- PDUs can be used to monitor and remotely control power distribution to computer infrastructure equipment.
- The City utilizes PDUs on a limited basis within the main computer room.
- The PDU units that are in place are not advanced enough to support Best Practices monitoring and management functions.

Recommendations

- Budget for additional UPS capabilities as a part of the data center remodeling project.
- Budget for and implement PDUs within the City Hall and Police Department computer rooms.
- Consider procuring network management software for the UPS.
- Create battery and PDU replacement cycle.

Benefits

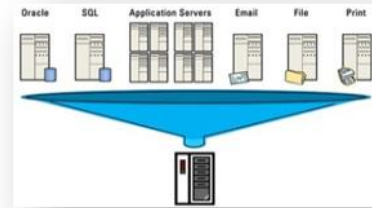
- Improved support for electronic devices
- Improved management and monitoring capabilities
- Longer-lasting equipment
- Reduce cost in replacement of failed hardware

85. Virtual Server Migration

Hardware virtualization refers to the creation of a virtual machine(s) that acts like a real computer with an operating system. Software executed on a virtual machine is separated from the underlying hardware resources. Virtualization enables servers to be easier to implement and less costly to own and manage.

Findings and Observations

- Server virtualization has been limited.
 - ◆ IT staff is actively working to virtualize servers.
- There are many legacy servers in productions which are two or three generations behind.
- A capital replacement plan does not exist.



Recommendations

- Create a capital replacement plan for existing servers.
- Continue to virtualize servers.
- Utilize advanced virtualization management to increase server resiliency.
- Establish active Simple Network Management Protocol (SNMP) monitoring and logging.
- Enable additional features on virtual environment:
 - ◆ Fault Tolerance
 - ◆ Network Interface Bonding
 - ◆ DR and Failover Services

Benefits

- Reduced data center space needs
- Reduced power requirements
- Improved failover and reliability

86. Storage Area Network (SAN) Upgrade

Storage area networks (SANs), or the use of shared storage using a data communications infrastructure, provide several unique benefits over direct attached storage, including easier scalability, centralized management, and increased disk utilization. SANs became increasingly popular with the advent of the Fibre Channel (FC) standard in 1994. The IP SCSI (iSCSI) storage networking protocol was standardized in 2004 and is generally considered to be easier to manage and less expensive than Fibre Channel, but does not perform as well.

Findings and Observations

- The City has HP (formerly Left Hand) SAN that utilizes iSCSI Internet Protocol (IP)-based networking for storage management.
 - ◆ These SANs are several generations old and are no longer considered industry leaders.
- When compared to Fibre Channel SAN, the advantages of iSCSI SAN outweigh its disadvantages, especially in the relatively small data center environment that the City operates.
- Virtualization and the creation of “snapshots” of servers for rapid restoration have increased storage needs dramatically.
- Moving to Exchange 2013 with additional database redundancy will further increase storage needs.
- As the use of photos and videos to document activities and inspections increases, storage needs will continue to grow.
- We typical plan disk growth at 20%, compounded annually.



Recommendations

- Utilize a Best Practices procurement methodology to purchase additional disk storage.
- Integrate the procurement with a backup system upgrade to include:
 - ◆ Backups to disk
 - ◆ Cloud-based backup
 - ◆ Disaster recovery capabilities based on cloud-based backup.
- Procure an additional iSCSI-based SAN for failover and redundancy (replication).
- Institute Storage Tiering to improve the performance of core data and applications.

Benefits

- Increased performance and enhanced reliability
- Reduction in recurring costs for maintenance and expansion
- Improved backups
- Cloud-based disaster recovery capabilities



87. Technology Support for the EOC

Findings and Observations

- City's Emergency Operations Center (EOC) does not have sufficient technology to function optimally in large-scale emergency. Existing technology includes:
 - ◆ Voice-over-Internet Protocol (VoIP) phones
 - ◆ Cable TV and a large, flat-panel TV/Monitor
 - ◆ Limited wireless network
 - ◆ Available backup Internet
 - ◆ ePrint for mobile devices

Recommendations

- Add additional wireless capabilities to provide high-speed support for up to 20 individuals or 60 total devices.
- Conduct a study of EOC needs, and provide budget for recommended improvements accordingly.
- Audiovisual improvements:
 - ◆ Multiple monitors and monitor control systems
 - ◆ Workstation display systems
 - GIS mapping capabilities housed within the room
 - Ability to switch traffic displays onto monitors in EOC
- Consider adding Smart Board display technology.

Benefits

- Alignment with Disaster Recovery Plan
- Support for Incident Command System
- Event Information Tracking
- Coordinated support for emergency responders
- Basis for communication to the public during local incidents and for recovery activity

88. Redundant CAD/RMS System

Findings and Observations

- A Radius & ISP Management Server (RIMS) server is the platform for the Computer-Aided Dispatch (CAD) and Records Management Systems (RMS) that support the City's Public Safety departments.
- The City has only one RIMS server in place for the City's CAD/RMS environment. A redundant, secondary server, in a physically separate location, is a best practice to provide critical public safety applications functionality in the event of a failure of the primary server.

Recommendations

- Budget for the purchase and implementation of a secondary RIMS server and associated network systems, and make arrangements for the installation of this server in a separate location.
 - ◆ Test failover to the second server on a regular basis.



89. Computer Upgrades (Windows XP & Office)

Findings and Observations

- On April 8, 2014, Microsoft ended support for the Windows XP desktop operating system.
- The City has approximately 27 XP desktop computers.
- The City does not utilize an imaging platform to distribute applications to desktops
- An imaging platform to distribute applications to desktops is not currently utilized.
- One department mentioned that some desktop computers had different versions of Microsoft Office installed.

Recommendations

- Finalize an inventory of desktops and laptops to determine age, model, and operating system of all systems, focusing on identifying the number of computers running Windows XP.
- PCs and laptops running Windows XP should have their operating system upgraded to Windows 7 or 8.1, or be replaced with a new computer.
- Windows 8.1 has recently become a viable alternative to Windows 7, although Windows 10 will allow many organizations to skip Windows 8 altogether.
- Evaluate and procure a desktop imaging system.
 - ♦ Acronis has become our standard recommendation.
- Inventory all desktop and laptops and determine upgrade path to a consistent version of Microsoft Office across the organization.
- Staff to prioritize potential dual-monitor implementations.
- All new PCs should be purchased with the ability to natively connect two monitors.

Staff Feedback

- Comm. Dev. – IT responsiveness to service requests generally good
- Comm. Serv. – IT does a good job being responsive
- Finance – IT is very responsive to our department's needs
- Finance – The number one issue is anything involving ADP
- Police – IT is very responsive to service requests and emergency situations
- Police – Currently do not have issues with IT; their response time to service requests and support/maintenance are always timely
- PW – IT is super responsive and helpful



90. Video Camera and Surveillance System (Citywide Standard)

Findings and Observations

Actively monitored security camera surveillance systems can be an effective security tool and criminal deterrent. One study by the Urban Institute determined that the savings and benefits of fewer incidents and crimes outweighed the cost of video surveillance systems. The study also found that Police, Parks and Recreation, Code Enforcement, policymakers, and others involved in facility/property oversight, largely viewed security/surveillance/monitoring cameras as a useful tool for managing behavior, preventing crimes, aiding in response, assisting in arrests, and supporting investigations and prosecutions. Video Monitoring has also been found to have significant value in large, open spaces that are difficult to cover with existing personnel but can be more easily covered and monitored with video technology.

Video Monitoring can be applied, but not limited to:

- Graffiti abatement
- Monitoring specific public areas, facilities, buildings, parking lots, parks, etc.
- Monitoring access or gated sites for in/out traffic, including license plate reader technology
- Use as evidence in criminal prosecutions or potential claims and litigation

Note: California Local Government Records Management guidelines require retention of public safety surveillance video images for a minimum of the current year, plus an additional 13 months.

The City has a number of camera systems and types of various ages. The desire is to standardize across the City for both Police and other City departments' needs, including the centralization of the citywide video system management, including a replacement plan to keep the system up to date and consistent.

- The City currently utilizes multiple video surveillance systems.
 - ◆ These existing systems are proprietary.
 - ◆ Due to the proprietary nature of these systems, they cannot be monitored or managed from a single console.
- There are requests for additional video surveillance cameras from multiple departments, in addition to the Police Department.

Staff Feedback

- Comm. Serv. – Need security cameras for all facilities
- Comm. Serv. – Using Security cameras at MCC, MHCCDC, OHCC locations
- Library – Need a security camera system inside/outside Library that is accessible/viewable by Library staff and police
- Police – currently we have three different camera systems in dispatch that are to be monitored by the dispatchers. The first is a very old 15+ year-old system that monitors 16 cameras, except some of the cameras do not work. The second is for 4 cameras located in the Belle Haven area, and can be accessed through Milestone. The third is accessed through Pivot, and these cameras monitor the Police lobby.
- Police – Cameras need to be combined so that access is through one platform.
- Police – A new monitor should be added to each dispatch position so that we can have the cameras up and in view at all times.
- Police – Accessing audio and video files from various surveillance systems provided to us for crime investigation
- Police – Desire Milestone to be the standard platform for all cameras
- Police – Cameras store 30 days of recordings
- Police – There is no onsite data storage of camera recordings—all stored on cameras



Recommendations

- Costs for all cameras used for general monitoring, surveillance, and security need to include local video storage and Internet access. This needs to be investigated and costs determined.
- Police and other City personnel should analyze the City’s geographic jurisdictional area to determine what locations would benefit from this video technology and determine where cameras should be placed.
- Continuous access to real-time video with interactive voice from location cameras may be costly. Real-time video with voice integration should be analyzed for cost-benefit.
- A video surveillance design RFP process should be considered to select a video surveillance vendor for the City to upgrade this critical equipment.
- Eventual selection, purchase, and implementation of an IP-based network video recording (NVR) system should be considered that allows for storage and retention of video images that meets the needs of all the departments, but also meets California Local Government Records Management guidelines for the Police Department.
- Management systems such as Avigilon and ONSSI that are “open” management platforms and can support multiple camera vendors should be considered in order to reduce potential interoperability issues.
- Video monitoring should be considered as a multi-year project. A multi-year project and timeline would allow for proper planning and a rollout of the technology in a prioritized fashion over several fiscal years.

91. Secure Managed Access (Wireless/Keyless Security)

Managed access control and security, or keyless entry, is an effective way for the City to manage security and access to various buildings, facilities, or other controlled locations. Secured access control systems allow the City to track and restrict who can access facilities where and when.

This limits security risks and allows for the management of access by employees and for the public. Many municipalities are moving to a single, organization-wide system to manage security and access to facilities.

Findings and Observations

- The City has two separate security systems of keyed and wireless security systems for buildings, facilities, and external locations.
- Systems are a mix of physical and controlled.
- Many departments have suggested and are open to a centrally managed, citywide system for security and access, if it can accommodate everyone and also provide access to constituents enrolled in services or programs.



Staff Feedback

- Comm. Dev. – Consider possibility of using building swipe cards/key entry as automatic
- Comm. Serv. – Would like to provide customers and staff with wireless keys/keyless access to tennis courts
- Library – Need card-swiping ID cards for access to secure areas, rather than using multiple keys on a key chain
- Police – Need a better way to manage and secure City facilities and locations
- Police – Our security system for the City needs to be replaced/combined and/or significantly improved.
- Police – Currently we have two separate security systems; the first monitors the City facilities; this system is manually operated, is old and monitors burglary and fire alarms; the second security system is over 15 years old and is called Velocity; there is one computer, one monitor that is shared by the room; this system operates the doors and gates for the City buildings, opening, locking etc.; it also shows door alarms
- Police – The Velocity system is old and, quite frankly, ignored because the alarms sound all day long from people coming and going
- Police – When an alarm is received the dispatcher has to get up and manually silence the system; then they have to print out the alarm screen; they then create an incident in RIMS to look up the code that has been printed; there are a variety of codes that have different meanings
- Police – The dispatcher will enter the incident into RIMS and dispatch the appropriate person
- Police – Any new system should be citywide and integrated with the RIMS CAD/RMS system

Recommendations

- Complete a review and a needs assessment of City's facility access and control requirements and document the results. This should be a single, citywide system that all departments and divisions within the City are covered under in a cooperative fashion.
- Access should also allow extending to constituents and others as appropriate (e.g., Community Services for tennis court access).
- Follow best practices according to the *Software Selection Best Practices* initiative, to select the appropriate system.
- Ensure that integration between the new system and other systems (e.g., Police RIMS system, the new Parks and Recreation system, and potentially others).
- Consider utilizing a third-party SME or consulting firm for the needs assessment and feature/function development.

Benefits

- Improved maintenance and less time
- Mechanical locks and keys replaced with electronic locks, badges or cards and readers.
- Eliminated expense of re-keying or changing locks for employee separations
- Employees and others are less likely to set off false alarms
- Automatic regulation of access reduces need for onsite security personnel
- Allows for more efficient temporary access by outside personnel, like visitors or vendors
- If integrated with the Police RIMS system, aids more timely response to alarms
- Decreases liability and risk from greater access control

IT Operations refers to the daily support and maintenance of all IT infrastructure and user support.

- 92. Help Desk Ticketing System
- 93. Mobile Device Management
- 94. Network Management Tools (Alerts/Alarms)
- 95. IT Support Metrics
- 96. Desktop Management
- 97. IT Automation Tools (Patch Management)
- 98. IT Policies and Procedures
- 99. IT Procurement Practices
- 100. IT Cost Recovery (IT Budget Allocations)





92. Help Desk Ticketing System

Help Desk systems provide an easy way for users to submit requests. IT Staff can assign tickets. The automated electronic, mail-based communications included in Help Desk systems can allow users to track the progress of their tickets as IT Staff updates the status. Help Desk systems prevent item from “falling through the cracks” by logging all requests. Another key benefit of Help Desk ticketing systems is metrics related to the number of requests submitted, resolved, and remaining open.

Findings and Observations

- The City does not currently have a robust Help Desk system.

Recommendations

- A Help Desk ticketing system should be utilized to track staff productivity and service.
- Metrics related to meeting Help Desk service levels should be developed and tracked on a weekly and monthly basis.
- Each month, summaries of Help Desk tickets opened and closed should be presented to the IT Steering Committee.
 - ♦ IT Steering Committee members should be prepared to discuss any Help Desk issues or festering problems during the monthly meeting.

Benefits

- Central ticketing system
- Availability to many users
- Increased resolution rates
- Support for all devices
- Improved user communication, experiences, and satisfaction
- Better diagnostics and problem identification

93. Mobile Device Management

Mobile Device Management (MDM) is software that allows management, distribution, usage, and maintenance of laptops, tablets, and smart phones. Additional features allow configurations to be done on devices to discourage wrongful use and reduce individual device maintenance.

Findings and Observations

- MDM provides the ability to see and control all mobile devices entering the enterprise, whether they are provided by the City or are part of a Bring Your Own Device (BYOD) program.
- The IT Division currently supports approximately thirty (30) mobile devices, including laptops, smart phones, and tablets.



Recommendations

- Research, pilot, and select Mobile Device Management software.
 - ◆ Products that integrate with the Help Desk system or inventory system should be given top priority in any evaluation.

Benefits

- Improved staff efficiency and mobility
- Support for all devices
- Less time manually managing and monitoring
- Increased use of remote access
- Easier distribution of software



94. Network Management Tools (Alerts/Alarms)

Network management is the general term used for the activities, procedures, and tools that relate to the operation, administration, provisioning, and maintenance of computer network systems, effectively keeping the network up and running smoothly, while also monitoring the system to quickly identify potential problems.

Findings and Observations

- The City uses an open source network management tool.
 - ◆ Open source tools often require more staff time to support than purchased products
- The City does not currently maintain a baseline of bandwidth utilization.
 - ◆ This baseline is very valuable in justifying bandwidth upgrades.
 - ◆ Bandwidth utilization is also a critical component in troubleshooting slow response times.
- IT does not use a comprehensive tool for monitoring alerts and analysis of performance data from routers, switches, servers, and other SNMP-enabled devices.
 - ◆ Some alerts and alarms are precursors to failure.
 - ◆ Others provide IT with early notification of failures.
 - ◆ Monitoring can provide IT 24-hour notification to problems, even if users are not present.
- Network management software can also provide availability metrics for IT applications.
- In many cases, will notify IT of problems before user community notices.
 - ◆ Moves IT from reactive to a more proactive posture.

Recommendations

- Procure and implement a network management system that can provide alerts and alarms across the enterprise (i.e., Solarwinds, What's-up Gold, etc.)
- Provide for the development of baseline bandwidth and usage measurements.
- Create alerts and alarms to notify staff before a failure.
- Provide justification for bandwidth and/or performance upgrades.
- Develop a matrix of triggers for various devices (e.g., server disk space, bandwidth utilization percentage, etc.)
- Implement matrix values and adjust.
- Develop bandwidth utilization baseline over time.
- Develop availability metrics for applications and systems.

Benefits

- Less time manually managing and monitoring
- Increased utilization
- Increased resource access
- Centralized access to multiple applications and platforms
- Early warning capability, allowing for intervention and incident avoidance

Network Management

- Network Device Monitoring
- Performance Monitoring
- Bandwidth Monitoring
- Firewall Management
- Router/Switch Management
- Proactive Monitoring
- Threshold Customizations
- Altering
- Network Interface Stats



95. IT Support Metrics

Findings and Observations

- Three full-time and one part-time IT Staff are employed by the City.
 - ◆ The part-time IT Technician resolves the majority of City administration IT-related issues when available.
 - ◆ One of the full-time staff members spends the majority of time supporting Police Department needs.
- IT does not track any metrics related to Help Desk ticket response or resolution times.
- IT does not have Help Desk ticket response-time or resolution-time goals.
 - ◆ These goals are usually proposed by IT and agreed to by the departments.

Recommendations

- Develop Help Desk ticket response-time and resolution-time goals based on urgency.
 - ◆ Track and report on these goals during IT Steering Committee meetings.

Priority	Response time	Resolution time
Urgent (multiple staff members unable to function)	2 hours	75% resolved in less than 4 hours
High Priority (single system down or critical function unavailable)	4 business hours	75% resolved in less than 8 hours
Medium Priority (a single program or function does not work)	8 business hours	75% resolved in less than 16 business hours
Low Priority (issue reduces productivity, but work-around exists)	16 business hours	75% resolved in less than 1 week

- Track number of tickets assigned, priority, response time, and resolution time by team member.



96. Desktop Management

The concept of *desktop management* refers to the comprehensive approach of managing all computers within an organization, including laptops and other devices. Tasks include installing and maintaining hardware and software, setting up spam filters, and providing user permissions. As security-related tasks have increased over the years, desktop management is also providing more patch management (code changes), corrections against viruses and spyware, and controlling greynet applications (programs installed without permission).

A *desktop management (DM) interface* is a framework for managing and keeping track of the hardware and software components of an organization's computers.

Findings and Observations

- A desktop management system is not currently being utilized.
 - ◆ Over time, desktop management will become less important as the City moves to Virtual Desktops.
- Centralized patch management and distribution is not implemented.
 - ◆ Centralized patch management can reduce Internet bandwidth utilization significantly.
- Staff members are utilizing manual and redundant processes to maintain the desktop environment, which is very time consuming and inefficient.
- The City has utilized GFI Languard, but the license has expired.

Recommendations

- Implement Windows Server Update Services (WSUS) while evaluating enterprise desktop management products.
- Implement an inexpensive desktop management solution to provide patching for products other than Microsoft:
 - ◆ Reenabling GFI Patch Management be the easiest course of action/
- Standardizing hardware and software platforms provides the following:
 - ◆ Reduced spyware infections
 - ◆ 30% reduction in Internet bandwidth usage
 - ◆ Reports summarizing PCs that are not updated
 - ◆ Increases distribution of antivirus updates
 - ◆ Reduced time spent managing virus protection



97. IT Automation Tools (Patch Management)

Findings and Observations

- Patches and security updates are performed manually.
- Patches are not pushed to a “sand box”, including PCs from various departments.
- Staff does not currently have access to patch management forums.
- Without a comprehensive patch management solution in place, individual servers, PCs, and laptops may not receive important security updates, which exposes the City to security risks.
- Server patches occur periodically, but not on a regular schedule.
 - ◆ With a staff of three, dedicating off-hours time to server patching is difficult.

Recommendations

- IT staff should evaluate and purchase a patch management solution such as GFI LanGuard or Microsoft Systems Center for desktops and servers.
- Create a Best Practices patch deployment methodology that includes a small subset of desktop deployments to verify patch performance before full deployment.
- Solarwinds or What’s Up Gold can perform the same services for patch and configuration management on network equipment.

98. IT Policies and Procedures

Findings and Observations

The City IT Division has a number of IT policies documented. The City expressed the desire to expand and tighten policies. They also want to ensure policies are in place to ensure that the organization is protected.

Recommendations

- Revise and create a limited number of IT policies and procedures, including, but not limited to, the following:
 - ◆ Encryption Policy
 - ◆ Data Usage
 - ◆ Security Awareness Training Policy
 - ◆ Web Filter Exceptions
 - ◆ Electronic Information and Email Retention Policy (currently in draft form)
 - ◆ Computer Security Incident Response Policy
- Utilize the IT Steering Committee to review policies and procedures and facilitate communication throughout the organization.



99. IT Procurement Practices

Findings and Observations

The City has a small degree of technology-oriented procurement practices in place. These procurement practices should be expanded to include more detail and address different procurement types, including:

- Commodity Systems
- Complex Systems
- Highly Complex or Expensive Systems

Oversight of the procurement process by IT and the Steering Committee should also be included as a practice.

Staff Feedback

- Finance – Lack of fully centralized mobile device billing, equipment purchasing, account management

Recommendations

- For commodity systems where several vendors provide very similar products, if three quotes are required by City policy, the City should consider creating an open RFP that does not specify a product manufacturer, but provides vendors with specifications that must be met.
 - ◆ Encourages increased vendor participation
 - ◆ Increases vendor participation, which often results in lower pricing and better products
- For complex systems, the City should consider procuring installation services from the vendor supplying hardware and software, or other third-party implementers.
 - ◆ “Complex systems” are defined as those costing more than \$50,000 or requiring more than 80 hours of third-party implementation assistance
 - ◆ Reduces chance of finger-pointing for poor design, damaged product, or poor installation
- For highly complex or expensive systems, the City should consider including all components in the RFP: final design, installation, construction, testing, conversion, post-implementation support, and knowledge transfer.
 - ◆ Includes procurement of complex systems that may cross budget years because of cost considerations
 - ◆ All components should be practically considered and integrated
- For oversight, before approval of purchase of a complex system or a system requiring three bids. The IT Steering Committee should review any complex or highly complex system procurement and Finance/Purchasing should require the following of the IT Division:
 - ◆ A diagram of the system
 - ◆ High-level implementation plan (can be one page of bullet points)
 - ◆ A bill of material that includes all components, list price, quantity, discounted price, and ongoing maintenance
 - ◆ Costs associated with final design, installation, any construction, testing, conversion, post-implementation support, and knowledge transfer
 - ◆ A vendor cost matrix and assurances that all responses are truly comparable
 - ◆ A written recommendation

In general, the City should follow best practices for IT hardware and software replacement and procurements.



100. IT Cost Recovery (IT Budget Allocations)

The IT Division's role and execution of operational best practice is that of an internal support function to all departments and City system users and, in some instances, the City's constituents and the public. The departments, users, constituents, and the public are the customers of the IT Division.

IT Cost Recovery is the concept of funding the IT Division budget from all other departments based upon various metrics utilization and services provided. Examples could include number of users, computers, servers, network devices, phones, and time estimates for supporting specialized systems and applications.

In this way, IT Division costs can be spread equitably among departments, and the organization can gain a true understanding of the costs required to support the technology infrastructure and support services in order to make better management decisions.

Findings and Observations

- Some IT software costs, including maintenance and support costs are in Departmental budgets, not the IT budget.
- The IT function has developed an IT Cost Recovery mechanism, creating an Internal Service Fund.
 - ◆ The current cost recovery mechanism seems rather complicated.
 - ◆ The current City management has not reviewed the mechanism.

Recommendations

- Consider moving all IT-related costs to the IT budget to allow reporting and comparisons to peers related to IT spending.
- Review the existing IT Cost Recovery model:
 - ◆ Conduct a holistic review
 - ◆ Focus on creating a simple and transparent cost recovery mechanism
 - ◆ Assure that departments using services are charged proportionately
 - ◆ Assure that all project costs are attributed to the projects
 - ◆ Explore potential ways to track actual time spent at some levels
 - ◆ Communicate the cost recovery method and results to the departments during the next budget cycle

IT Security refers to all security systems and practices, including disaster recovery, to protect systems and data.

- 101. Disaster Recovery Planning
- 102. Backups
- 103. IT Security Assessment
- 104. PCI Compliance
- 105. Records and Data Retention
- 106. Two-Factor Authentication
- 107. SCADA Security





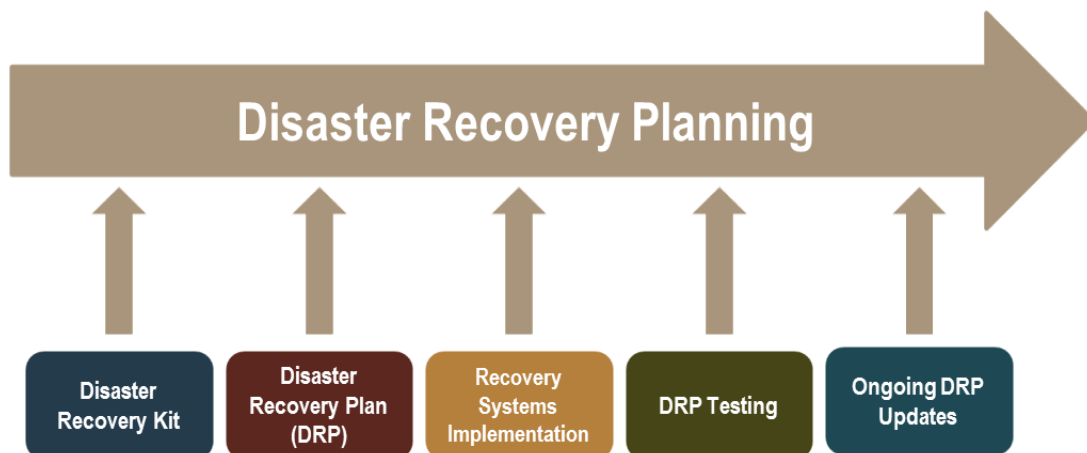
101. Disaster Recovery Planning

Findings and Observations

- A Disaster Recovery plan is not currently implemented.
- Based on a tour of City facilities, a good candidate was not found for a secondary data center for disaster recovery planning.
- Service Level Agreements (SLAs) are not in place for applications recovery in the event of a disaster.

Recommendations

- Develop a Disaster Recovery Plan and strategy.
- Consider two disaster recovery scenarios when developing strategies:
 - ◆ Loss of main computer room
 - ◆ Major disaster eliminating all area communications, the Administrative Offices, and IT infrastructure
- Consider cloud-based disaster recovery for non-public safety systems.
- Work with another city that uses RIMS CAD/RMS, and potentially enter into an agreement for mutual disaster recovery.
- Evaluate applications portfolio and determine the SLA for each application for restoration.
- Develop strategies for restoration of high-priority applications.
 - ◆ Begin to implement, based on strategy and application priority.
 - ◆ Test portions of plan each year.



Benefits

- Emergency preparedness compliance
- Improved communication
- Awareness of procedures
- Better diagnostics and problem identification
- Reduced risk and liability
- Faster, well-informed decision making
- Identification of business-critical functions
- Decreased recovery times and exposure to system failures
- Awareness of immediate actions

102. Backups

Findings and Observations

- The City utilizes Symantec Backup Exec 2012.
- Backups are made to tape and are taken off-site weekly.
- Backup media is not encrypted.
- The City does not have sufficient equipment to test a full system restoration.

Recommendations

- Encrypt all backup media.
- When procuring additional disk space, move to disk-based, on-site backup and cloud-based off-site backup for non-public safety data.
- For public safety data, investigate sister community or State secure backup locations.
- Add system time to all backup jobs.
- When possible, test full system restoration.
 - ◆ Test full restoration of a major database or system every six months, at a minimum.



103. IT Security Assessment

An IT Security Assessment was conducted over the summer of 2015. The focus of the IT Security Assessment is on the security of the IT infrastructure, based on penetration testing and other network investigation tools.

Findings and Observations

- The IT Security Assessment did not address policy or procedural issues
- Many of the issues identified by the IT Security Assessment have been mitigated
- Additional spending on security tools and operational safeguards will be required
- The City does not have a central system log or activity log storage and management solution
- The City does not maintain an Active Directory change management audit trail

Recommendations

- Utilize best practices for network security as a part of the network redesign.
- Implement other changes, as specified, to improve security.
- Redesign and implement IT security as a part of the Active Directory upgrade implementation.
- Procure a solution to provide centralized system logging and activity login.
- Procure a solution to provide Active Directory related audit trails.
- Develop security policies and procedures.
- Upon completion of the above recommendations, conduct a more global third-party IT Security Assessment.

Benefits

- Improved performance and efficiency
- Meets compliance requirements and industry best practices



104. PCI Compliance

Payment Card Industry (PCI) compliance can reduce credit card transaction fees by complying with the Payment Card Industry Data Security Standard (PCI-DSS) for credit and debit card transactions. The major card brands (Visa, MasterCard, American Express, Discover, and JCB) issued the PCI-DSS in an effort to enhance the protections in place against the theft of cardholder data and require all merchants and service providers who store, process, or transmit payment card information to comply with its provisions.

Findings and Observations

- Credit cards are accepted as a form of payment at the City.
- Credit card transactions are cloud-based.

Recommendations

- All payment card data should be separated from the City's data network.
- Budget for and conduct a PCI Assessment.
- Interim measures:
 - ◆ Ensure all payment card machines are PCI-compliant and only display the last four digits of a credit card number.
 - ◆ As a point of policy, prohibit emailing of credit card or personal identifying information (PII).
 - ◆ As a part of policy, prohibit storing credit card numbers either on paper or electronically.
 - ◆ Inventory all forms and ensure that none contain credit card numbers.



105. Records and Data Retention

Findings and Observations

- Electronic records retention durations should mirror paper electronic records and data retention durations.
 - ◆ As with paper records, timely destruction is important.
- A policy for email retention is not in place.
 - ◆ Emails are moved to archive folders after 90 days, due to space constraints.
- Records retention is not applied to backups.

Recommendations

- Inventory all forms of electronic records storage at the City.
- Implement an email archiving solution and migrate existing archive folders to the archive appliance.
- Develop procedures for electronic records retention for the various record types.
 - ◆ Implement procedure for records retention and subsequent destruction of electronic records.



106. Two-Factor Authentication

The need for both increased information sharing and access to government data networks creates new requirements to certify confidence in the identity of the individuals accessing information. To meet these new requirements, many agencies at all levels of government are using a strategy known as “advanced authentication” or “two-factor authentication”. This approach supplements traditional username and password authentication with alternative forms of verification based on a user’s physical characteristics (such as a fingerprint) or an object in the user’s possession (such as a smart card or a token).

Findings and Observations

- Two-factor authentication is a network protection strategy based on the principle of defense-in-depth.
- Two-factor authentication is not currently implemented.
- Federal Bureau of Investigation (FBI) systems Criminal Justice Information Services (CJIS) Security Policy (Version 5.2) requires advanced authentication methods for remote access to all systems that contain Criminal Justice Information (CJI) beginning September 30, 2014.
- The CJIS mandate includes access to data from City police vehicles or any location that cannot be determined physically.
- Other systems that the City maintains that should use advanced authentication for remote access include electric, water, and wastewater utility supervisory control and data acquisition (SCADA), HVAC/building control systems, and IT system administration.

Recommendations

- Budget for and implement two-factor authentication for remote access to SCADA systems and for IT staff remote network access.

Benefits

- Enhanced security and compliance.

107. SCADA Security

Findings and Observations

- Remote access to the water utility supervisory control and data acquisition (SCADA) system is possible through the City network.
- Best practice requires two-factor authentication for remote access to SCADA.
- Best practice requires a firewall between an administrative network and a SCADA network.

Recommendations

- Conduct a thorough, comprehensive, and professional security audit of all SCADA systems, using guidelines provided by the U.S. Department of Energy and utilizing software such as the Cyber Security Evaluation Tool (CSET).
- Implement firewalls between all SCADA networks and the administrative network.
- Implement two-factor authentication (i.e., something you have, plus something you own) when providing remote access to SCADA.

Telecommunication is an important tool for local government entities. It enables the ability to communicate effectively with constituents and deliver high standards of service.

Telecommunication is also a key element in teamwork, allowing employees to collaborate easily from wherever they are located.

108. Phone System Redundancy





108. Phone System Redundancy

Findings and Observations

- The City's digital access to the Public Switched Telephone Network (PSTN) for its phone system is through Primary Rate Interface (PRI) connections.
- All City PRIs come in to City Hall to a single network switch, which creates a single point of failure for the phone system.

Recommendations

- As part of the redesign of the MAN and LANs, and implementation of the new converged network, implement additional PRIs connected at another City building on the MAN.

IT Staffing can be one of the most important and critical areas of business management, especially in view of the impact IT decisions can have on the organization's productivity, budget, morale, and overall success.

109. IT Staffing

110. Enterprise Applications Support
Specialist





109. IT Staffing

Findings and Observations

- Current IT Staff includes an Information Technology Manager, three technician positions, and a management analyst.
- Staff are doing an adequate job of providing day-to-day support and essential maintenance for IT systems.
- Staff training has been limited in recent years.
- It is very difficult to retain quality staff in Silicon Valley.
- The IT Manager is a hands-on position and provides all senior-level expertise for the organization.
- Overall staff and third-party expenditures will be higher over the next three years, because many infrastructure components must be upgraded and systems replaced.

Recommendations

- Develop training plans for IT staff (including the Manager)
 - ◆ Include one week of off-site training for each individual each year.
 - ◆ Microsoft server administration training is the recommended priority for the organization.
 - ◆ We believe that project management training is important for IT management personnel.
- Base IT Support needs will require the addition of the following staff:
 - ◆ A Enterprise Applications Support Specialist position for end-user support of the City's software applications
 - ◆ A Network/Systems Engineer position to augment network design, management, and security
- We recommend that the City develop a relationship with a third party who has strong expertise in enterprise systems implementation projects.

Benefits

- Increased institutional knowledge
- More completed projects
- More effective projects
- Increased anticipation and management of technology upgrades



110. Enterprise Applications Support Specialist

Findings and Observations

Local government agencies are increasingly understanding the direct correlation of effective applications utilization, organizational efficiency, and productivity gains. As described throughout this document, increasing applications utilization is key for the organization to do more with the same labor resources. Additionally, institutional knowledge too often leaves the organizations, through retirements and other employment separations, due to many processes and procedures being inadequately automated. Typically, agency goals of improved transparency and constituent services are also accomplished through various software programs that automate and streamline processes.

Most organizations have a blend of application/business analyst skill sets within the business departments and the IT department. However, we have yet to encounter a mid-sized agency with adequate resources to meet the organization's needs.

In order to meet these needs, IT departments are beginning to transform their overall department structures (over time) to take on more responsibility in hiring, training, retaining, and managing applications support services. This trend is being made possible, in some measure, by the streamlining of typical IT department operations through productivity and monitoring tools.

Typical applications support staff proactively handles: Help Desk needs related to business department applications, business process analysis, applications training, applications setup and configurations, ad hoc report writing, and database administration.

It is not unusual to designate applications support staff for the following major applications systems:

- ERP (Accounting, Finance, and People Management)
- Maintenance Management (Work Orders and Asset Management)
- ECMS (Electronic Content Management)
- Personnel Management
- Permitting
- Contact Management
- CAD/RMS & Citations

Staff Feedback

- HR – Need a system to automatically notify IT of terminated employees

Recommendations

- In the future, the organization should consider adding an application/business analyst position(s) to the IT Division to provide better support to department software programs that are the backbone of organization operations.
- Develop an Information Services Portfolio documenting IT roles and responsibilities related to all organization applications.
- Departmental staff should be provided with additional training in applications systems and report writing.
- Below is an example job description for an Application Support Specialist.



Enterprise Applications Support Specialist (SAMPLE)

Description

Under general direction, coordinate and manage activities related to the support, deployment, configuration, and usage of departmental applications systems. This includes assistance with applications system selection, implementation, project coordination, management of interfaces, applications setup and configurations, business process reviews, and custom reporting.

This individual will apply technical, communication, analytical, and problem-solving skills to the analysis of business processes for business applications software systems in order to improve productivity and efficiency in the organization's departments.

The position will be responsible for providing expert troubleshooting, resolution, and reporting on business applications issues.

Functional areas this individual will support may include finance, human resources, public works, building and safety, public safety, and water utility applications, as well as other associated functions.

Other related duties may be required, as assigned.

Duties

- Assist department subject-matter experts in the resolution of enterprise applications software-related Help Desk tickets.
- Work closely with department managers, division leads, and applications users, to document and/or design/redesign effective business processes and associated business applications, including projects that require effective implementation or reimplementation.
- Make recommendations on improvements to business processes and applications, with the goal of delivering enhanced service and outcomes (e.g., faster permit processing times, automating current manual or inefficient processes, etc.)
- Manage software improvements for various departments. These activities include procurement recommendations (e.g., cost-benefit analyses, software configuration and implementation/re-implementation, etc.); collaboration in testing configurations with personnel of affected departments; communication with internal customers, network and server administrators, and vendors to ensure that applications systems are being utilized to their full potential.
- Provide project coordination and oversight of multiple applications system projects.
- Assist with research of applications software products and services and coordinate feasibility studies for applications, software, and system products under consideration for purchase, and provide findings.
- Develop and deploy standards, methodologies, and best practices for applications deployment, business process improvement, applications interfaces, and report writing. Document procedures, applications interfaces, service-level agreements, and other methodologies related to applications systems.
- Collaborate in the testing of applications, and communicate with network and server administrators, vendors, and software developers to ensure quality assurance and fulfillment of contractual obligations.
- Develop, implement, and disseminate information on best practices for information technology and applications support.
- Compile and maintain an inventory of all applications software and system assets and their corresponding contracts and agreements, documenting system configurations and change management.



- Coordinate training, including oversight of training materials and user procedures and training curriculum; facilitate training sessions as necessary. Develop and maintain user documentation, implementation, and maintenance plans.
- Oversee the maintenance, support, and upgrade of existing software applications and systems; coordinate and communicate upgrades, enhancements and changes with vendors and internal customers.
- Maintain a secure information technology environment for software applications. Oversee applications security administration, update processes and schedules, notifying users of any potential service interruptions.
- Participate in integration, initialization, and interfacing between multiple systems, either through in-house or outsourced development, when required.
- Analyze technical literature for systems, and provide explanations understandable to end-users, often in the form of user manuals or training materials.
- Perform related duties as assigned.

Qualifications

The following generally describes the knowledge, ability, and education required to successfully perform the job duties.

Knowledge

- Windows operating systems and applications, including MS Office, MS SQL, Outlook, and other applications software
- Government business processes and the systems that support them; agency business systems may include: Financials, time keeping, utility billing, human resources, payroll, asset control systems, inventory, work orders, police dispatch, police records management, land management, building permits, utility billing, and citizen request management, among others
- Current technology goals, objectives, and technological trends
- Database knowledge, including a working understanding of MS SQL, SQL queries, report writing, applications interfaces, and data import/export methodologies
- Principles of project management, including training and vendor management
- Office procedures, methods, and equipment, including computers and applicable software applications such as word processing, spreadsheets, and databases.
- Principles and practices of applications system development, evolution, and product life cycles, including sustainability planning for applications systems
- Applications system security principles and best practices for ongoing system security, including related concepts of user applications roles/passwords, single sign-on, and Active Directory

Abilities

- Understand, plan, and coordinate business applications systems implementations and upgrades.
- Review and assist in evaluating the work of professional and support staff.
- Gather and document business requirements and processes.
- Communicate ideas, directions, and requirements clearly and concisely, both orally and in writing.
- Understand and communicate ideas in a technical, but user-friendly language.
- Perform duties appropriate to classified system privileges. Maintain professional handling of and protection of confidential and secure information.



- Commit to the highest standards of moral and business ethics, including organizational values.
- Work in a team environment, understanding the customer service and supplier model and how it is used in an internal support environment.
- Prepare clear and concise reports, including metrics, service-level agreement summaries, test plans, cases, and test scripts.
- Interpret and explain agency policies and procedures.
- Manage projects in a timely manner.
- Work with information system users under challenging conditions and short deadlines.
- Set priorities based on value to the organization.
- Operate office equipment, including computers and related word processing, presentation, spreadsheet, and database applications.
- Foster communications between the user community, project management, contractors, and all levels of management.

Education and Experience

Any combination of education and experience that would likely provide the required knowledge and abilities qualifies a candidate for the position. Typical education, training, and experience may include:

Education/Training

- Bachelor's degree from an accredited college or university, with major course work in computer science, information technology, business administration, etc.

Experience

- Three years as a business or systems analyst, supporting a broad range of departmental applications systems, including business process improvement, and applications administration, implementation, and upgrades
- Five years of general IT support or IT analysis (or similar) for a medium-sized organization supporting Microsoft applications
- One to three years in coordination and/or project management of applications implementation or upgrades.

IT Master Plan Report
Implementation Resource Requirements Matrix



NOTE: Resource Type = Assessment, Design/Specification, Procurement, SME, Project Management, etc.

Initiative #	Initiative Name	Fiscal Year	Subject-Matter Expert/Project Management				Budget	Overall IT Master Plan Budget					Third-Party Role & Responsibility	
			Staff	Supplemental Staff	Third-Party	Third-Party Optional		Third-Party Assistance	FYE 2017	FYE 2018	FYE 2019	FYE 2020		FYE 2021
Best Practices														
1	Return-on-Investment Considerations	2017				X	\$5,000	\$ 5,000						Hands-on workshop focused on ROI analysis for a limited number of projects and training staff how to conduct these types of analysis.
2	IT Governance	2017			X		\$10,000	\$ 10,000						IT Steering Committee training, to provide assistance in the creation and ongoing function of an IT Governance model. Includes all sample documentation types and facilitation/assistance for 6-12 months.
3	COBIT							n/a	n/a	n/a	n/a	n/a		
4	ITIL							n/a	n/a	n/a	n/a	n/a		
5	Applications Management Best Practices	2017			X		\$5,000	\$ 10,000						Workshop/training and assistance in identifying software module roles and responsibilities for major application systems, as well as assistance in developing a pro-active IT Dept. Appl. Support methodology and tools for tracking and management of departmental application support needs.
6	Applications and User Licensing Inventory	2017				X	\$5,000	\$ 5,000						Assistance in assessment of needs and planning.
7	User Training and Support	2017-21			X		\$50,000	\$ 25,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000		Assistance in assessment of needs and planning.
8	Training Room	2017	X					\$ 12,000						
9	Software Selection Best Practices							n/a	n/a	n/a	n/a	n/a		
10	Project Planning and Implementation Best Practices	2017				X	\$5,000	\$ 5,000						
11	Maintaining Software Updates							n/a	n/a	n/a	n/a	n/a		
12	IT Project and Services Portfolio	2017				X	\$15,000	\$ 15,000						Developing and documenting IT Dept. roles and responsibilities for all systems and create service-level agreements for user-support, per ITIL Best Practice.
13	Sustainability Planning	2018				X	\$5,000		\$ 10,000					Joint effort with City playing the predominant role and the 3rd Party assisting with the structure, components and mapping of sustainability processes.
14	Cloud Computing							n/a	n/a	n/a	n/a	n/a		
15	Centralized Land and Parcel Management							see below	see below	see below	see below	see below		
Applications & Departmental Systems														
16	Enterprise Resource Planning (ERP) Replacement	2017-20	X	X	X		\$450,000	\$ 85,000	\$ 1,000,000	\$ 500,000	\$ 250,000			Needs Assessment with requirements (Features/Functions), Business case to move from Cayenta, ADP, Lucy Tidemark, HdL and other existing system to a new ERP, vendor research, RFP development, proposal analysis, demonstration management, shortlist and finalist workshops, contract negotiations assistance. Implementation Project Management and Support.
17	Project and Grant Accounting		X		X		Included with ERP (Init #16)							Included with ERP (Init #16)
18	Contract Management		X		X		Included with ERP (Init #16)							Included with ERP (Init #16)
19	Cashiering Needs Assessment and Replacement		X		X		Included with ERP (Init #16)							Included with ERP (Init #16)
20	Work Orders/Maintenance and Asset Management System			X	X		Included with ERP (Init #16)							Included with ERP (Init #16)
21	Fleet Management		X		X		Included with ERP (Init #16)							Included with ERP (Init #16)
22	Land Management System Replacement			X	X		Included with ERP (Init #16)							Included with ERP (Init #16)
23	Electronic Plan Submittals and Reviews		X		X		Included with ERP (Init #16)							Included with ERP (Init #16)
24	Human Resources System Improvement or Replacement			X	X		Included with ERP (Init #16)							Included with ERP (Init #16)

IT Master Plan Report
Implementation Resource Requirements Matrix



Initiative #	Initiative Name	Fiscal Year	Subject-Matter Expert/Project Management				Budget	Overall IT Master Plan Budget					Third-Party Role & Responsibility		
			Staff	Supplemental Staff	Third-Party	Third-Party Optional	Third-Party Assistance	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021		Outlying Yrs (Capital Expend)	
25	Employee Self-Service		X		X		Included with ERP (Init #16)								Included with ERP (Init #16)
26	Time, Attendance, and Accruals Tracking			X	X		Included with ERP (Init #16)								Included with ERP (Init #16)
27	Performance-Evaluation Software		X		X		Included with ERP (Init #16)								Included with ERP (Init #16)
28	Applicant Processing		X		X		Included with ERP (Init #16)								Included with ERP (Init #16)
29	Training and Certification Management Software		X		X		Included with ERP (Init #16)								Included with ERP (Init #16)
30	Staff Scheduling System			X	X		\$5,000								Needs assessment along with tools and assistance to complete a process to select and implement a Citywide scheduling system
31	Project and Construction Management	2018	X						\$ 80,000						
32	Parks and Recreation Software Replacement (eGov)	2018-20			X		\$65,000		\$ 75,000	\$ 150,000	\$ 100,000				Needs Assessment with requirements (Features/Functions), Business case to move from eGov, vendor research, RFP development, proposal analysis, demonstration management, shortlist and finalist workshops, contract negotiations assistance. Implementation Project Management Oversight and Assistance and Support.
33	Citywide Facilities Scheduling/Events Calendar		X												
34	Childcare Management System		X												
35	Electronic Content Management System (ECMS) Replacement	2018-21			X		\$75,000		\$ 75,000	\$ 200,000	\$ 75,000	\$ 75,000			Needs assessment of future EDMS and related components, including Legislative/Agenda Management, Media Management (potential replacement of Granicus), and integration with new ERP system and other critical City systems. vendor research, RFP development, proposal analysis, demonstration management, shortlist and finalist workshops, contract negotiations assistance. Implementation Project Management Oversight.
36	Agenda Creation and Management Software		X		X		Included with ECMS (Init #35)								Included with ECMS (Init #35)
37	Legislative Management		X		X		Included with ECMS (Init #35)								Included with ECMS (Init #35)
38	Granicus Media Management Assessment (Replacement)		X		X		Included with ECMS (Init #35)								Included with ECMS (Init #35)
39	Large-File Sharing Tool	2019-20	X							\$ 2,500	\$ 1,500				
40	Video Capture and Editing (Video Events and Other)	2020	X								\$ 45,000				
41	Photo Management and Storage Software	2020	X								\$ 30,000				
42	Publishing Software Consolidation	2021	X									\$ 15,000			
43	Real-Time Utility Usage (Automatic Meter Reading-AMR)	2020-21												\$2,500,000	
44	Website Improvements	2018-19			X		\$35,000		\$ 20,000	\$ 15,000					
45	Notifications System (Push/Social Media/Text)	2018-21	X						\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000			
46	Develop GIS Master Plan	2017-18			X		\$60,000	\$ 40,000	\$ 20,000						
47	Department-Centric / GIS Self-Service		X					\$ 15,000	\$ 30,000						
48	RIMS (CAD/RMS) Gap Analysis and Application Maximization	2018-29			X		\$60,000		\$ 40,000	\$ 20,000					
49	Alarm Tracking and Billing Software		X												
50	Ticket Writer Software Replacement (Duncan to TDS)		X												
51	Officer Radio Transmission Identification		X												
52	Replace MDC's with RIMS Mobile/GIS System		X												
53	Tow Company Billing System	2020-21	X								\$ 2,500	\$ 15,000			

IT Master Plan Report
Implementation Resource Requirements Matrix



Initiative #	Initiative Name	Fiscal Year	Subject-Matter Expert/Project Management				Budget	Overall IT Master Plan Budget					Third-Party Role & Responsibility	
			Staff	Supplemental Staff	Third-Party	Third-Party Optional		Third-Party Assistance	FYE 2017	FYE 2018	FYE 2019	FYE 2020		FYE 2021
54	FirstNet Preparation Planning	2019-20	X							\$ 1,500	\$ 1,000			
Other Applications and Departmental Systems														
55	Police Audiovisual Format Conversion Tool	2018-19	X						\$ 1,000	\$ 500				
56	Panic Button	2017-18	X					\$ 1,500	\$ 500					
57	Penal Code/Vehicle Code Reference Software		X					See above	See above	See above	See above	See above		
58	Portable Wireless Camera for Surveillance	2019-20	X							\$ 1,000	\$ 1,000			
59	Wireless PA Radio PA/Sound System	2019-20	X							\$ 3,000	\$ 1,000			
60	Instant Messaging	2019-21	X							\$ 12,000	\$ 12,000	\$ 12,000		
61	PA Announcements	2018	X						\$ 20,000					
62	Parking Sensors and Management	2021											\$1,500,000	
63	Constituent Satisfaction Surveys	2019				X	\$5,000			\$ 10,000				
64	Laptop Borrowing Program	2020-21	X								\$ 3,000	\$ 2,000		
65	Library Subscription Provider Statistics	2019-20	X							\$ 4,000	\$ 3,000			
66	HVAC Zonal Climate Control System	2020-21	X								\$ 6,000	\$ 3,000		
Gov 2.0														
67	Citizen Request Management (CRM)		X	X	X		Included with ERP & Land Management (Inits #16 & #22)	See Above	See Above	See Above	See Above	See Above		Included with ERP & Land Management (Inits #16 & #22)
68	Online Payments, Transactions, and Services		X					See Above	See Above	See Above	See Above	See Above		
69	Video/Web Conferencing	2019-21	X							\$ 1,800	\$ 3,600	\$ 6,000		
70	Council Chambers Audiovisual Systems		X											
71	Conference Room Audiovisual		X											
72	Social Media Policy and Procedures	2017	X					\$ 7,500						
73	Mobile Computing		X					See Above	See Above	See Above	See Above	See Above		
74	Newsletter		X					See above	See above	See above	See above	See above		
75	Dual Monitors		X					n/a	n/a	n/a	n/a	n/a		
IT Infrastructure														
76	IT Computer Room and Teledata Closet Improvements	2017			X		\$50,000	\$ 220,000						
77	Wireless Network	2017				X	\$25,000	\$ 158,400						
78	Internet Bandwidth	2019-21	X							\$ 94,600	\$ 24,000	\$ 24,000		
79	Electronic Mail (Exchange)	2017-21				X	\$15,000	\$ 30,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	
80	Enhanced Internet Security and Connectivity (DMZ)	2017-21	X					\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500		
81	Remote Access Upgrade	2017				X	\$10,000	\$ 20,000						
82	Network Redesign	2017-18				X	\$40,000	\$ 275,000	\$ 100,000					
83	Core Switch Replacement	2017				X	\$25,000	\$ 220,000						
84	Power Distribution	2017-18	X					\$ 15,000	\$ 7,500					
85	Virtual Server Migration	2017-18				X	\$40,000	\$ 101,200	\$ 50,000					
86	Storage Area Network (SAN) Upgrade	2017-18, -20				X	\$25,000	\$ 163,240	\$ 100,000		\$ 50,000			
87	Technology Support for the EOC	2017-19	X					\$ 5,000	\$ 25,000	\$ 25,000				
88	Redundant CAD/RMS System	2019	X							\$ 25,000				
89	Computer Upgrades (Windows XP & Office)	2017		X			\$12,500	\$ 30,000						
90	Video Camera and Surveillance System (Citywide Standard)	2017-21				X	\$35,000	\$ 115,000	\$ 50,000	\$ 50,000	\$ 25,000	\$ 25,000		
91	Secure Managed Access (Wireless/Keyless Security)	2018-19				X	\$15,000		\$ 50,000	\$ 25,000				

IT Master Plan Report
Implementation Resource Requirements Matrix



Initiative #	Initiative Name	Fiscal Year	Subject-Matter Expert/Project Management				Budget	Overall IT Master Plan Budget						Third-Party Role & Responsibility
			Staff	Supplemental Staff	Third-Party	Third-Party Optional	Third-Party Assistance	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	Outlying Yrs (Capital Expend)	
IT Operations														
92	Help Desk Ticketing System	2017				X	\$6,000	\$ 6,000						
93	Mobile Device Management	2018				X	\$5,000		\$ 5,000					
94	Network Management Tools (Alerts/Alarms)	2018-19				X	\$15,000		\$ 25,000	\$ 25,000				
95	IT Support Metrics	2018				X	\$6,000		\$ 6,000					
96	Desktop Management	2017-18				X	\$6,000	\$ 11,000	\$ 6,000					
97	IT Automation Tools (Patch Management)	2018				X	\$6,000		\$ 6,000					
98	IT Policies and Procedures	2017				X	\$7,800	\$ 7,800						
99	IT Procurement Practices							n/a	n/a	n/a	n/a	n/a		
100	IT Cost Recovery (IT Budget Allocations)							n/a	n/a	n/a	n/a	n/a		
IT Security														
101	Disaster Recovery Planning	2019				X	\$15,000			\$ 15,000				
102	Backups	2017-21				X	\$25,000	\$ 75,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000		
103	IT Security Assessment	2019			X		\$25,000			\$ 25,000				
104	PCI Compliance	2019-20			X		\$10,000			\$ 10,000	\$ 15,000			
105	Records and Data Retention	2020			X		\$18,000				\$ 18,000			
106	Two-Factor Authentication	2017	X					\$ 15,000						
107	SCADA Security	2017	X					\$ 11,000						
Telecommunications														
108	Phone System Redundancy	2018-21	X						\$ 35,000	\$ 2,000	\$ 2,000	\$ 2,000		
IT Staffing														
109	Network/Systems Engineer	2017-21						\$ 182,000	\$ 187,460	\$ 193,084	\$ 198,876	\$ 204,843		
110	Enterprise Applications Support Specialist	2017-21						\$ 140,000	\$ 144,200	\$ 148,526	\$ 152,982	\$ 157,571		
								\$1,292,300	\$2,039,140	\$2,378,610	\$1,651,010	\$1,111,957	\$632,914	\$4,000,000
Other														
	Appl. Support Methodology & Training				X				\$5 - 7,500					Can be included at no cost as part of the IT Governance and Applications Best Practices Engagement

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STAFF REPORT

City Council

Meeting Date:

2/7/2017

Staff Report Number:

17-034-CC

Study Session:

**Provide feedback on the Ravenswood Avenue
Railroad Crossing study alternatives**

Recommendation

Staff requests that the City Council provide feedback on the Ravenswood Avenue Railroad Crossing study alternatives (Project) in advance of the final community workshop, especially related to the following items:

- Choose one hybrid alternative to advance with the underpass alternative to next community workshop
- Identify the preferred station configuration
- Identify the approach for considering a potential passing (third) track

Staff anticipates returning to the City Council later this year for selection of a preferred alternative.

Policy Issues

The Project is prioritized in the 2017 City Council Work Plan under consideration on February 7, 2017. The Project is consistent with the City's Rail Policy and with the 2016 General Plan goals to increase mobility options to reduce traffic congestion and greenhouse gas emissions; increase safety; improve Menlo Park's overall health, wellness, and quality of life through transportation enhancements; support local and regional transit that is efficient, frequent, convenient, and safe; provide a range of transportation choices for the Menlo Park community; and to promote the safe use of bicycles as a commute alternative and for recreation.

Background

On August 5, 2013, the San Mateo County Transportation Authority (SMCTA) issued a call for projects for the Measure A Grade Separation Program. In response to the call for projects, the City of Menlo Park (City) requested \$750,000 in Measure A funds for the Project. On November 14, 2013, SMCTA programmed funds from the Measure A Grade Separation Program for the Project.

The Project was included in the City's Capital Improvement Plan (CIP) for Fiscal Year (FY) 2015-16. The Project seeks to advance the previous work on potential grade separations along the Caltrain railroad tracks within the City to increase safety of all modes of travel. The scope of the Project includes evaluation of the current two preferred alternatives, the Ravenswood Avenue underpass alternative and the hybrid (partially lowered roadway and partially raised railroad tracks) alternative, per direction at the City Council meeting on May 5, 2015. Prior studies evaluated six total alternatives that were refined to the two alternatives that are under consideration with this Project. Alternatives were refined based on various factors including feasibility to construct within City limits, impacts to adjacent properties, construction costs, construction impacts and community feedback.

After consulting with the City Council Rail Subcommittee on December 14, 2015, staff issued a Request for Proposals for this Project. On January 21, 2016, three consultant teams submitted proposals. A panel of

City and Caltrain staff reviewed the proposals and identified the most qualified teams to invite for interviews. On February 4, 2016, City and Caltrain staff interviewed two consultant teams and selected AECOM as the most qualified team. They were determined to be the most qualified based upon their expertise in similar railroad grade separation Project Study Reports (PSR) and Community Engagement. The highest ranked consultant team for the Project, AECOM, was awarded the Project. On March 15, 2016, City Council approved award of the contract and work on the study commenced.

Analysis

The scope of work for the Project consists of data collection and review; community engagement; identification and evaluation of grade separation conceptual designs; and preparation of draft and final PSR and preliminary design plans (15 percent level of completion). The community engagement process includes at least three community outreach meetings, seven Council and/or Commission meetings, three-dimensional graphic renderings and/or video simulations, and extensive communications with the various stakeholders. The Project goals are to reduce traffic congestion through grade separation of rail traffic from other modes, maintain local access and circulation as much as feasible, and improve safety at the railroad crossing, with the priority on the Ravenswood Avenue location. The Project would allow the City Council to identify a recommended alternative and identify future studies, permits, potential funding sources and other special requirements that will be required to advance the grade separation to the environmental phase.

The Project team began evaluating the two options currently being considered: the Ravenswood Avenue underpass alternative and the hybrid (partially lowered roadway and partially raised railroad tracks) alternative. As part of this evaluation, two variations of the hybrid alternative were developed. The three alternatives currently being considered are illustrated in Attachments A, B and C and are described below. All three alternatives provide safety and traffic circulation benefits by grade separating at Ravenswood Avenue, the at-grade crossing with the highest traffic volumes of all types of modes. Additionally, all three enhance bicycle and pedestrian facilities in the vicinity of the Ravenswood Avenue and Alma Street intersection.

Construction cost estimates will be a factor in determining a preferred alternative and will be evaluated and presented as part of the next steps. The direction received will allow the Project team to develop these cost estimates when the Project is brought to the City Council again later this year.

Alternative A: Ravenswood Avenue Underpass

Under this alternative, the rail tracks would remain at the existing elevation and Ravenswood Avenue would be lowered to run under the railroad tracks.

Opportunities of this alternative include:

- A grade separation at the highest priority crossing location;
- No change in the visual impacts throughout the Caltrain corridor in the City;
- A grade separation of Alma Street to improve north/south connectivity, restoring the through movement on Alma Street;
- Minimal impact to the railroad alignment and operations; and
- The least amount of construction impacts compared to other alternatives.

The constraints of this alternative include:

- Limitations on types of future grade separations at other Caltrain crossings;

- Elimination of access from Ravenswood Avenue to Alma Street;
- Restriction of access from Ravenswood Avenue to Alma Lane and Merrill Street;
- The greatest impacts to Ravenswood Avenue due to the deep excavation required;
- The steepest roadway slopes; and
- Limited sidewalk access.

Alternative B: Hybrid with two grade separated crossings

Under this alternative, grade separations would be constructed at Ravenswood and Oak Grove Avenues. The rail tracks would be raised approximately 14 feet from the existing elevation at Ravenswood Avenue and approximately 6 feet at Oak Grove Avenue. Ravenswood Avenue would be lowered approximately 8 feet and Oak Grove approximately 15 feet at the railroad tracks. A maximum rail elevation of approximately 17 feet from existing grade would occur across from the Library and Arrillaga Family Gymnasium parking lot.

The opportunities presented with this alternative include:

- Grade separations at the two Caltrain track crossings with highest multi-modal traffic volumes;
- The ability to maintain access between Ravenswood Avenue and Alma Street, Alma Lane, and Merrill Street;
- The least impact to the elevation of Ravenswood Avenue compared to other alternatives; and
- The ability to potentially restore all movements at the intersection of Ravenswood Avenue and Alma Street.

The constraints of this alternative include:

- The highest railroad elevation of the alternatives (approximately 17 feet above existing elevation adjacent to Library and Arrillaga Family Gymnasium);
- Additional street and driveway access impacts at Oak Grove Avenue at Alma Street, Merrill Street and Derry Lane; and
- A steeper roadway slope at Oak Grove Avenue than Alternative C.

Alternative C: Hybrid with three grade separated crossings

Under this alternative, grade separations would be constructed at Ravenswood, Oak Grove and Glenwood Avenues and the railroad profile elevation would be generally flatter than Alternative B. The rail tracks would be raised approximately 10 feet at Ravenswood and Oak Grove Avenues and approximately 15 feet at Glenwood Avenue. Ravenswood Avenue would be lowered approximately 12 feet, Oak Grove Avenue approximately 11 feet and Glenwood Avenue approximately 5 feet at the railroad tracks. A maximum rail elevation of approximately 10 feet from existing grade would occur from Ravenswood Avenue to Oak Grove Avenue including the station area.

The opportunities presented with this alternative include:

- Grade separating three of the four crossings along this rail corridor;
- Maintaining access along Ravenswood Avenue at Alma Street, Alma Lane and Merrill Street;
- Less severe impacts to access at Oak Grove Avenue than Alternative B;
- Lower maximum rail elevation than Alternative B; and
- The ability to potentially restore full access at the intersection of Ravenswood Avenue and Alma Street.

The constraints of this alternative include:

- The highest number of access impacts of the alternatives and
- An elevated railroad for the longest stretch compared to the other alternatives.



Community Engagement

On May 2, 2016, the first Community Meeting was held at the Arrillaga Family Recreation Center. The meeting's purpose was to hear from the community about their preferences and concerns prior to the start of the preliminary engineering. The Project team gave a presentation to orient attendees to the purpose of the Project, existing conditions, and information regarding railroad crossing options and potential aesthetic treatments. The presentation also illustrated the two options currently being studied: the Ravenswood Avenue underpass alternative and the hybrid (partially lowered roadway and partially raised railroad tracks) alternative. The questions, comments and feedback from this meeting are documented in a meeting summary and posted on the Project web page (www.menlopark.org/ravenswood).

On October 4, 2016, the second Community Meeting was held at the Menlo Church Social Hall in downtown Menlo Park. The purpose of this meeting was to present the three preliminary alternatives described above and receive additional feedback on preferences and concerns. Other items on which community feedback was requested included aesthetics, in-bound or out-bound loading platforms at the station, bicycle and pedestrian access paths, critical street and driveway access points, preferences on Ravenswood Avenue/Alma Street intersection configuration, and preferred number of grade separations. The presentation and exhibits and a summary of input received at this meeting are posted on the Project web page.

Other community outreach performed to date as part of this study include:

- Informational presentation by staff at Parks and Recreation Commission, May 25, 2016
- Informational presentation by staff at Library Commission, June 13, 2016
- Meeting with Fire District and Police Department representatives, September 27, 2016
- Presentation to Chamber of Commerce, Business and Transportation Issues Committee meeting, September 29, 2016
- Transportation Commission Regular Business Item, November 9, 2016
- Bicycle Commission Regular Business Item, November 14, 2016
- Planning Commission Regular Business Item, December 5, 2016
- On-going meetings with individual stakeholders and adjacent property and business owners

Upcoming community outreach to occur later in 2017 includes:

- Third Community Meeting
- Bicycle Commission update
- Transportation Commission update
- Planning Commission update
- Meeting with Fire District and Police Department representatives
- On-going meetings with individual stakeholders including local schools and adjacent property and business owners
- City Council

The Project team has compiled the feedback received and summarized common themes below. A matrix comparing the alternatives is attached as Attachment D.

- Rail/Vehicle Conflict
- East/West Connectivity
- Pedestrian/Bicycle Access
- Horn Noise Impacts
- Alma St/Ravenswood Ave Connectivity
- Visual Impacts
- Property/Driveway Impacts and Disruption During Construction

- Order of Magnitude Cost
- Traffic Operations

City Council Direction

The Project scope initially included analysis of two alternatives, an underpass and a hybrid, however as the Project team began analysis of the hybrid option, two variations materialized as follows:

- Alternative B that grade separates two crossings with a higher maximum rail elevation and
- Alternative C that grade separates three crossings with a lower maximum rail elevation.

Staff is requesting that the City Council, after considering community, Commission and Council feedback received to date, chose a hybrid option to advance to the third community workshop along with the underpass option.

The requirements of the grant state that the City must evaluate an alternative that would accommodate a third passing track. Preliminary evaluations have determined that the third passing track would likely require the City to provide additional right-of-way along the station to accommodate a third track, station platforms, and required clearances. Given the current status and anticipated schedule of the California High Speed Rail Project and uncertainty regarding the need for a passing track in this location, staff recommends that the Ravenswood Avenue Railroad Crossing Project be advanced with two tracks and a center-loading station platform, with a future ability to add a passing track to the east side (Alma Street side) of the station and structures. This approach would preserve the City's ability to negotiate right-of-way needs at a later date, once the California High Speed Rail Authority has determined the preferred alignment for the San Francisco to San Jose section. Additionally, the Ravenswood Avenue Railroad Crossing project could proceed while reducing the need for additional construction if the need for a passing track advances.

Staff requests the City Council provide direction on the following items:

- Choose one hybrid alternative to advance with the underpass alternative to next community workshop
- Identify the preferred station configuration
- Identify the approach for considering a potential passing (third) track

Next Steps

Upon receipt of direction from City Council, the Project team will incorporate the feedback and direction into the designs of the alternatives. Construction impact evaluations, construction cost estimates, and economic impact evaluations will be developed and the updated alternatives will be presented at a third Community Meeting as well as to the Transportation, Bicycle and Planning Commissions. Individual stakeholder outreach will continue throughout this process. The feedback received from all parties will be summarized before returning to the City Council for selection of a preferred alternative later in 2017 to advance the Project to environmental studies and final design.

Impact on City Resources

The Project was included in the CIP for FY 2015-16, with a total budget in the amount of \$750,000. Through the Measure A Grade Separation Program, the SMCTA will reimburse the City up to \$750,000 for the Project. Including contingency and staff time, the total approved budget is \$825,000. Staff resources are available to complete the existing scope.

Environmental Review

The results of this phase of the Project will identify required environmental reviews and studies required to advance the Project. Environmental reviews and studies will be completed as part of the next phase of work, not as part of this scope.

Public Notice

Public Notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting. Additionally, an email was sent on February 1, 2017 to the project interest list notifying them of the City Council meeting.

Attachments

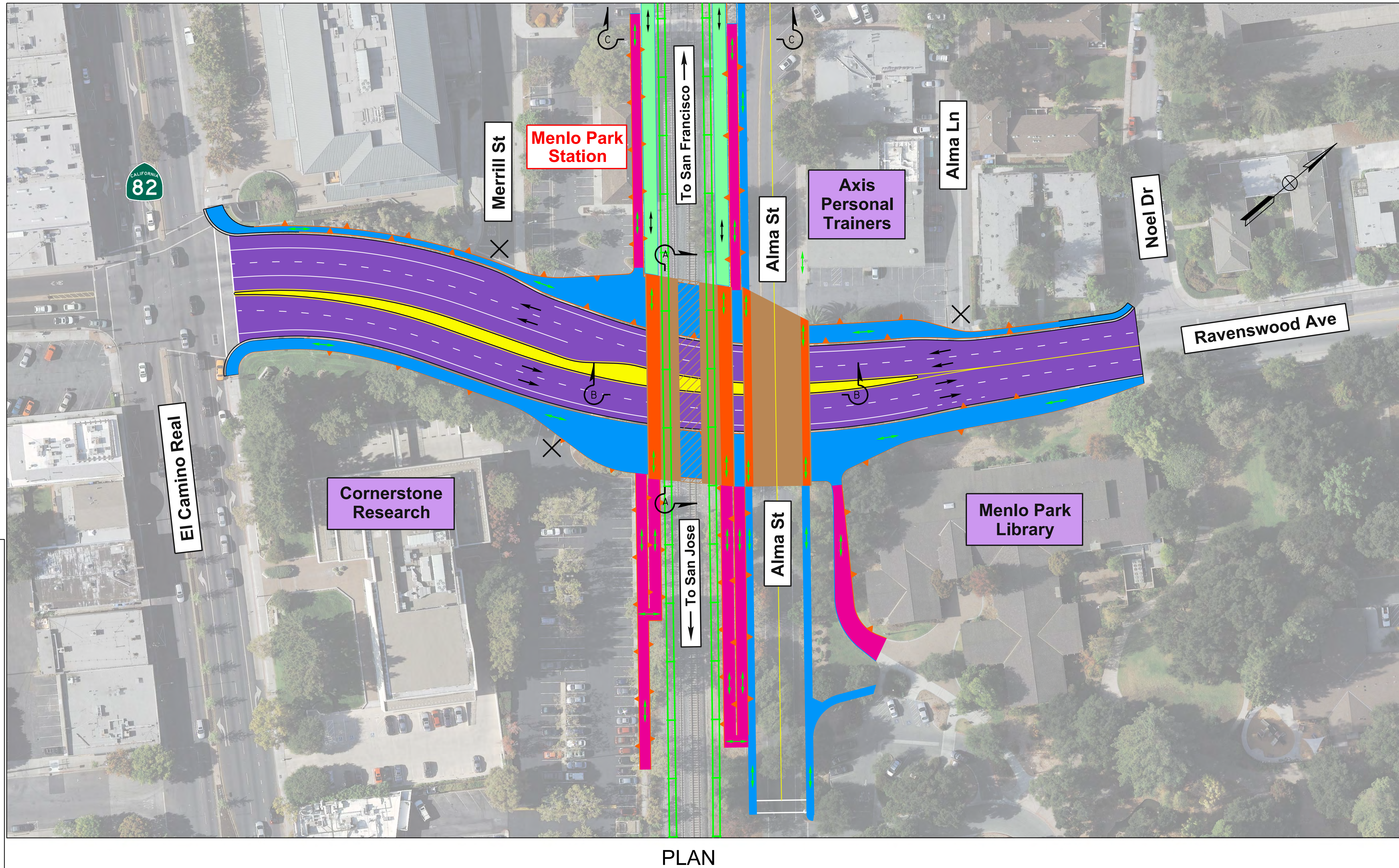
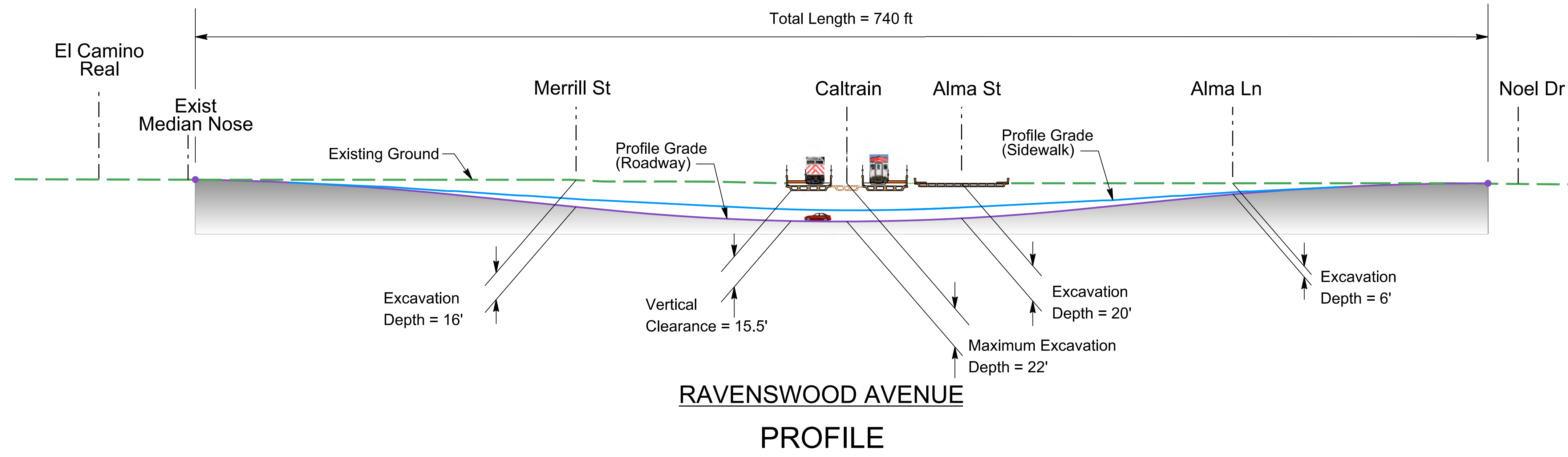
- A-1. Alternative A, Plan & Profile – Ravenswood Avenue
- A-2. Alternative A, Photo Simulation Looking East along Ravenswood
- B-1. Alternative B, Plan & Profile – Ravenswood Avenue
- B-2. Alternative B, Plan & Profile – Oak Grove Avenue
- B-3. Alternative B, Photo Simulation Looking East along Ravenswood
- C-1. Alternative C, Plan & Profile – Ravenswood Avenue
- C-2. Alternative C, Plan & Profile – Oak Grove Avenue
- C-3. Alternative C, Plan & Profile – Glenwood Avenue
- C-4. Alternative C, Photo Simulation Looking East along Ravenswood
- D. Alternatives Comparison Matrix

Report prepared by:

Angela R. Obeso, Associate Transportation Engineer

Report reviewed by:

Nicole H. Nagaya, Assistant Public Works Director



- LEGEND:**
- Track
 - Retaining Wall
 - Structure
 - Future Track Structure
 - Driveway Access
 - Limits of Roadway Modifications
 - Median / Curbed Island
 - Sidewalk Modifications
 - Sidewalk on Structure
 - Station Platform
 - Pedestrian Ramps (ADA Compliant)
 - Access Modification or Restriction

Plan & Profile - Ravenswood Avenue (Alternative A)

0ft 40 80 ft
PRELIMINARY
 FOR DISCUSSION PURPOSES ONLY
 October 4, 2016

**ALTERNATIVE A: UNDERPASS
(RAVENSWOOD ONLY)**

**Ravenswood Avenue
Railroad Crossing
Project**

**MENLO PARK
RAILROAD CROSSING**

**SAN MATEO COUNTY
Transportation
Authority**

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ALTERNATIVE A: UNDERPASS
(RAVENSWOOD ONLY)

Alternative A

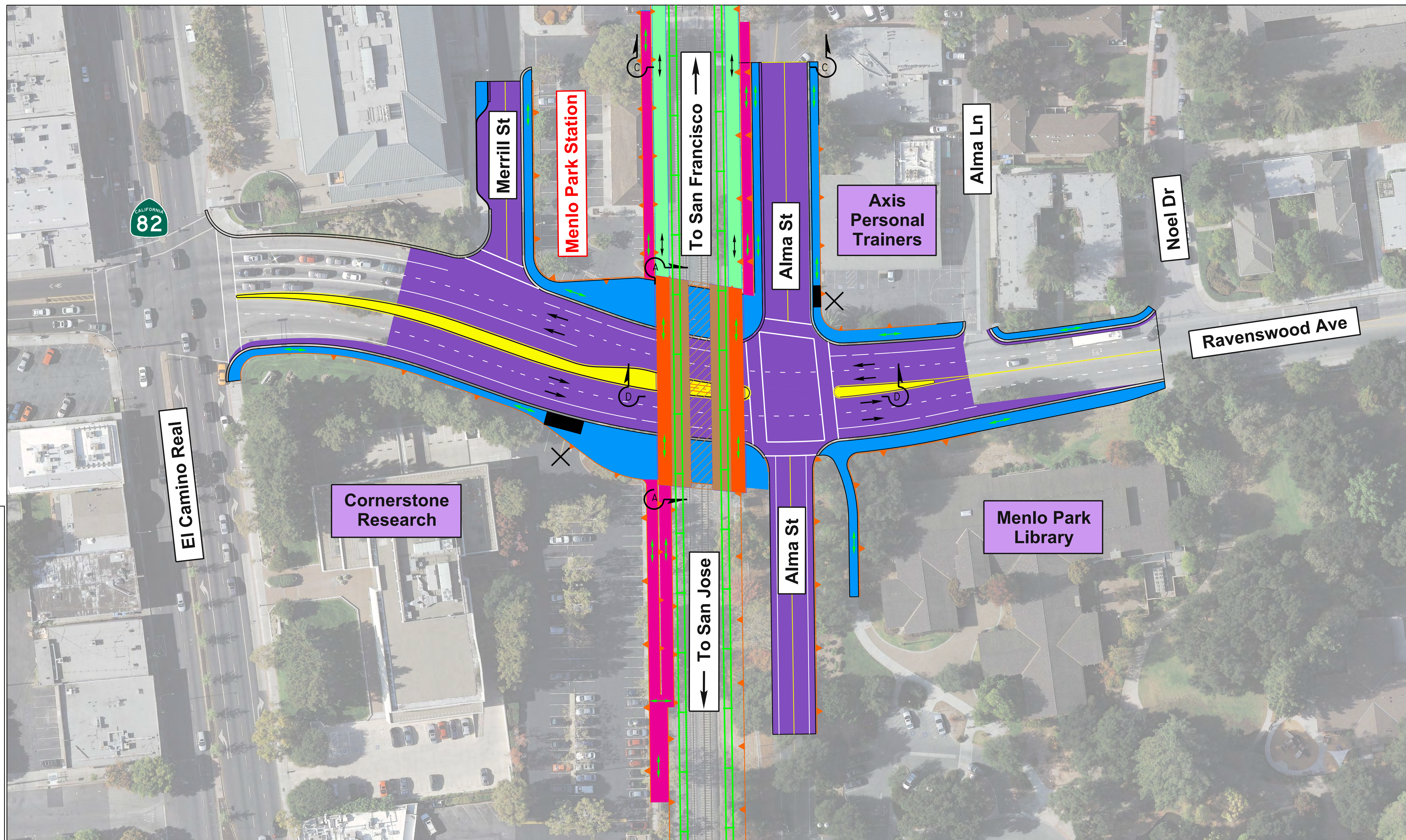
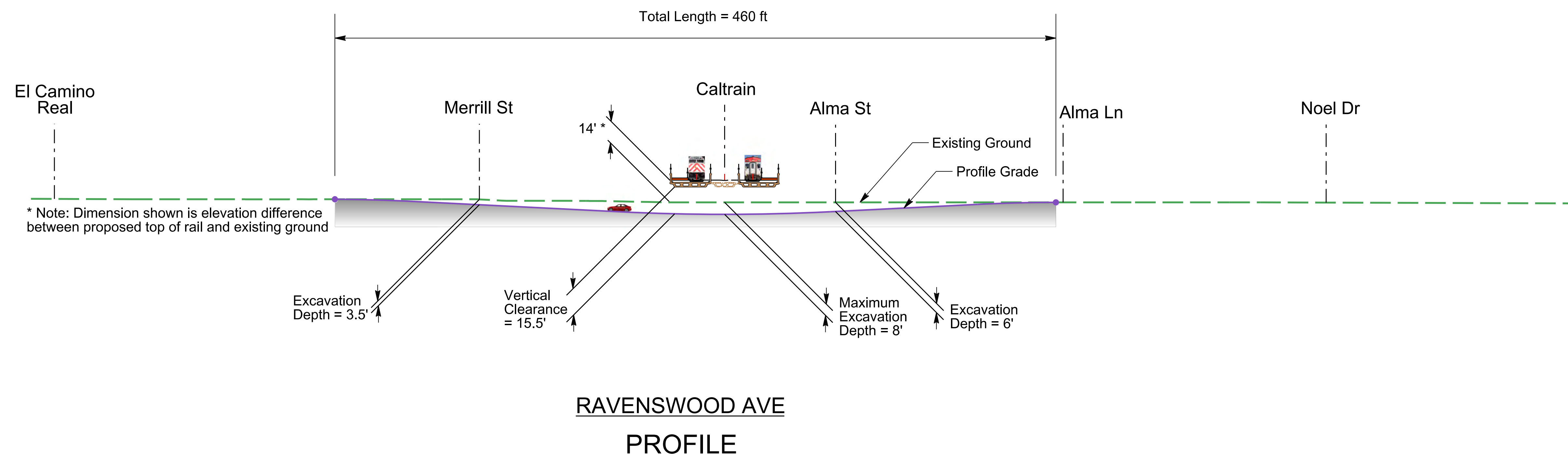
Photo Simulation Looking East along Ravenswood




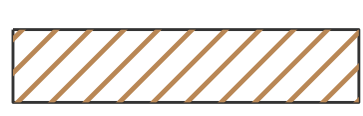










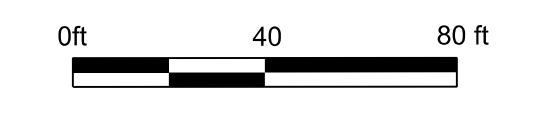
Ravenswood Avenue Railroad Crossing Project



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- LEGEND:**
-  Track
 -  Retaining Wall
 -  Structure
 -  Future Track Structure
 -  Driveway Access
 -  Limits of Roadway Modifications
 -  Median / Curbed Island
 -  Sidewalk Modifications
 -  Sidewalk on Structure
 -  Station Platform
 -  Pedestrian Ramps (ADA Compliant)
 -  Access Modification or Restriction



PRELIMINARY
FOR DISCUSSION PURPOSES ONLY
October 4, 2016

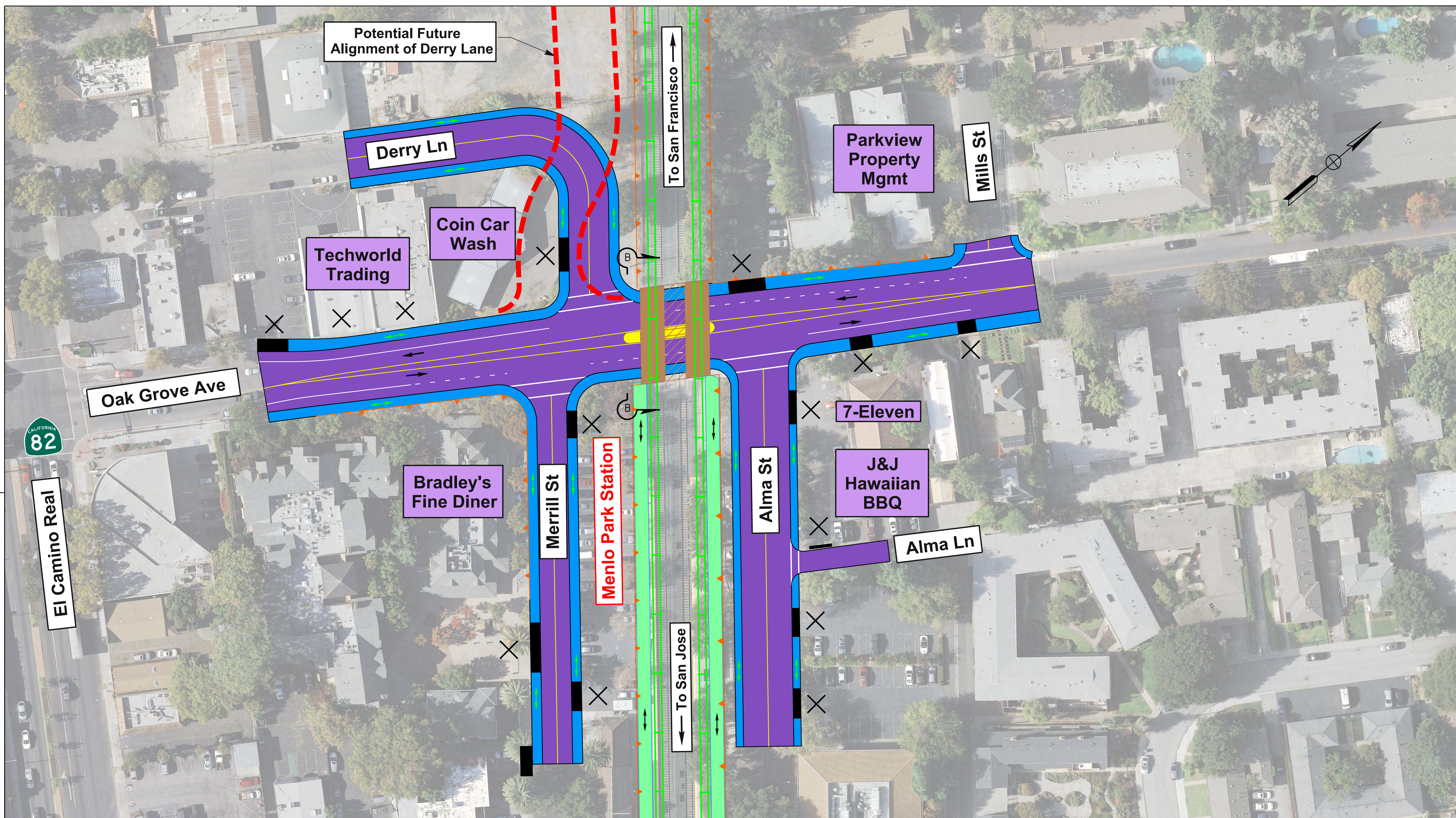
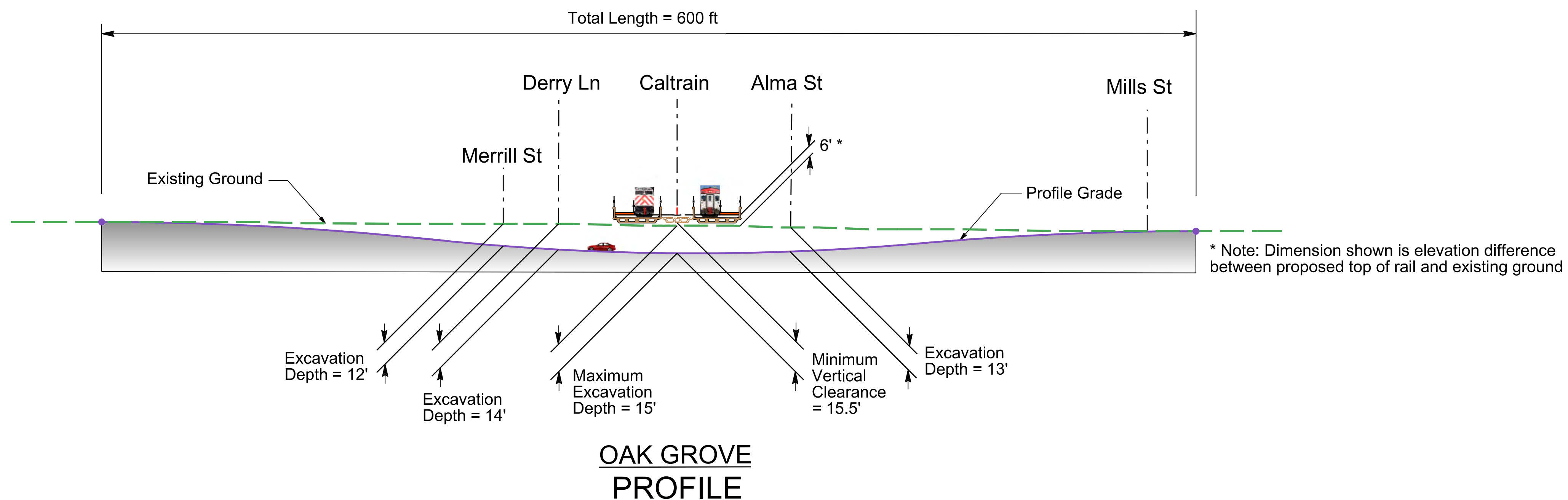
Plan & Profile - Ravenswood Avenue (Alternative B)



**Ravenswood Avenue
Railroad Crossing
Project**



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- LEGEND:**
- Track
 - Retaining Wall
 - Structure
 - Future Track Structure
 - Driveway Access
 - Limits of Roadway Modifications
 - Median / Curbed Island
 - Sidewalk Modifications
 - Sidewalk on Structure
 - Station Platform
 - Pedestrian Ramps (ADA Compliant)
 - Access Modification or Restriction

Plan & Profile - Oak Grove Avenue (Alternative B)

0ft 40 80 ft

PRELIMINARY
FOR DISCUSSION PURPOSES ONLY
October 4, 2016



**Ravenswood Avenue
Railroad Crossing
Project**



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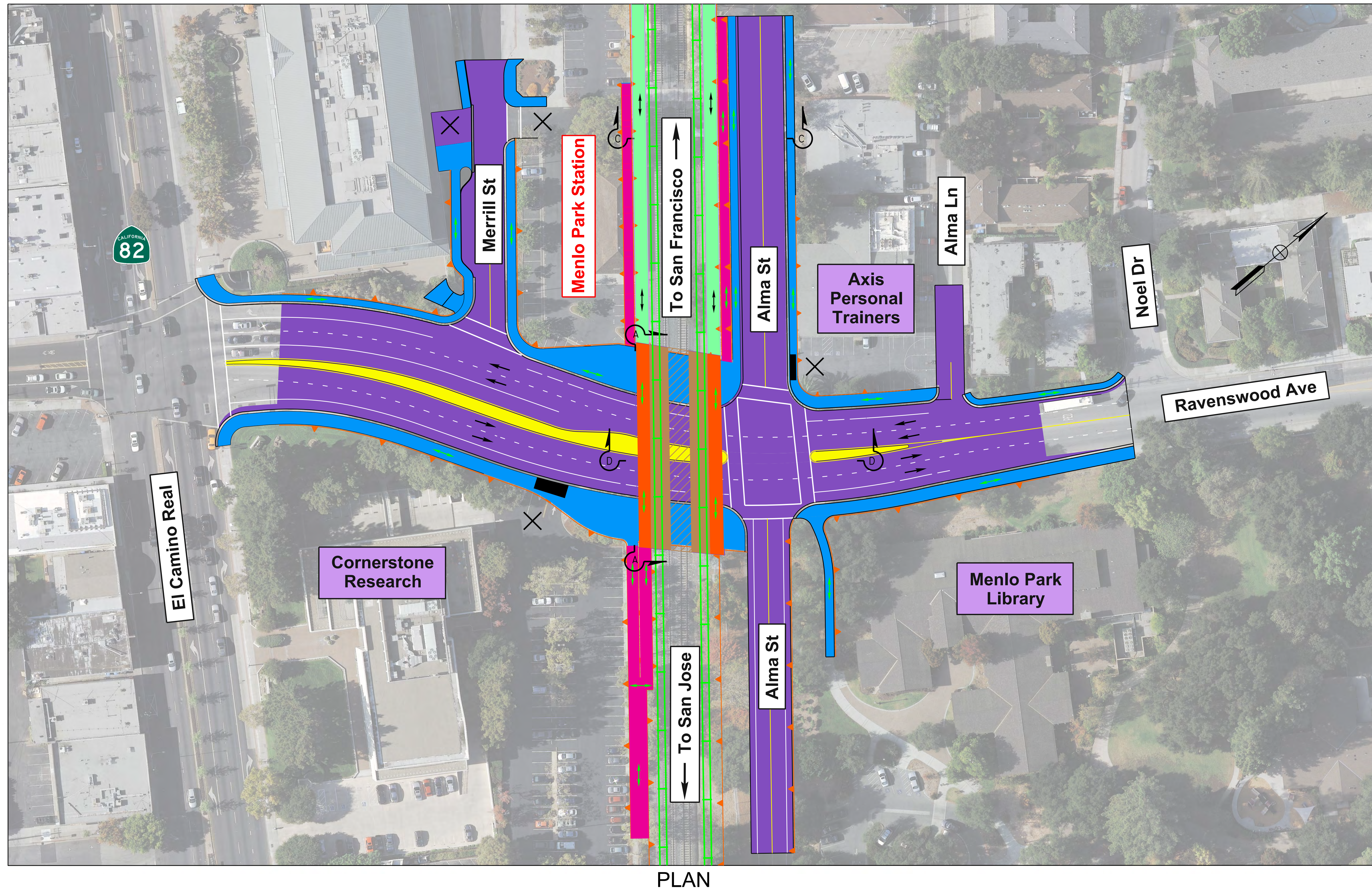
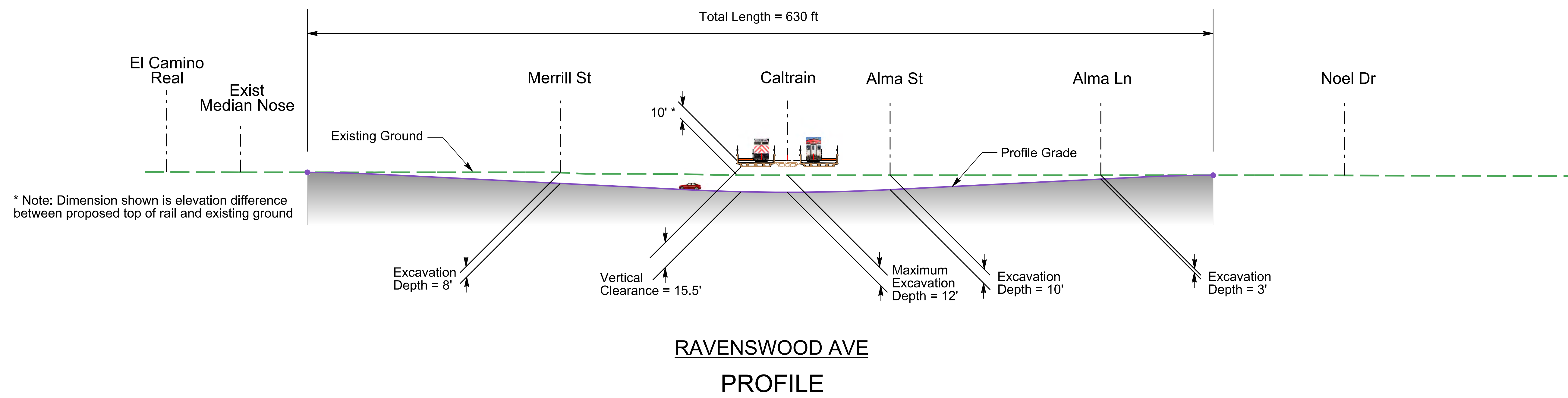
Alternative B

Photo Simulation Looking East along Ravenswood



Ravenswood Avenue Railroad Crossing Project

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- LEGEND:**
- Track
 - Retaining Wall
 - Structure
 - Future Track Structure
 - Driveway Access
 - Limits of Roadway Modifications
 - Median / Curbed Island
 - Sidewalk Modifications
 - Sidewalk on Structure
 - Station Platform
 - Pedestrian Ramps (ADA Compliant)
 - Access Modification or Restriction

Plan & Profile - Ravenswood Avenue (Alternative C)

0ft 40ft 80ft

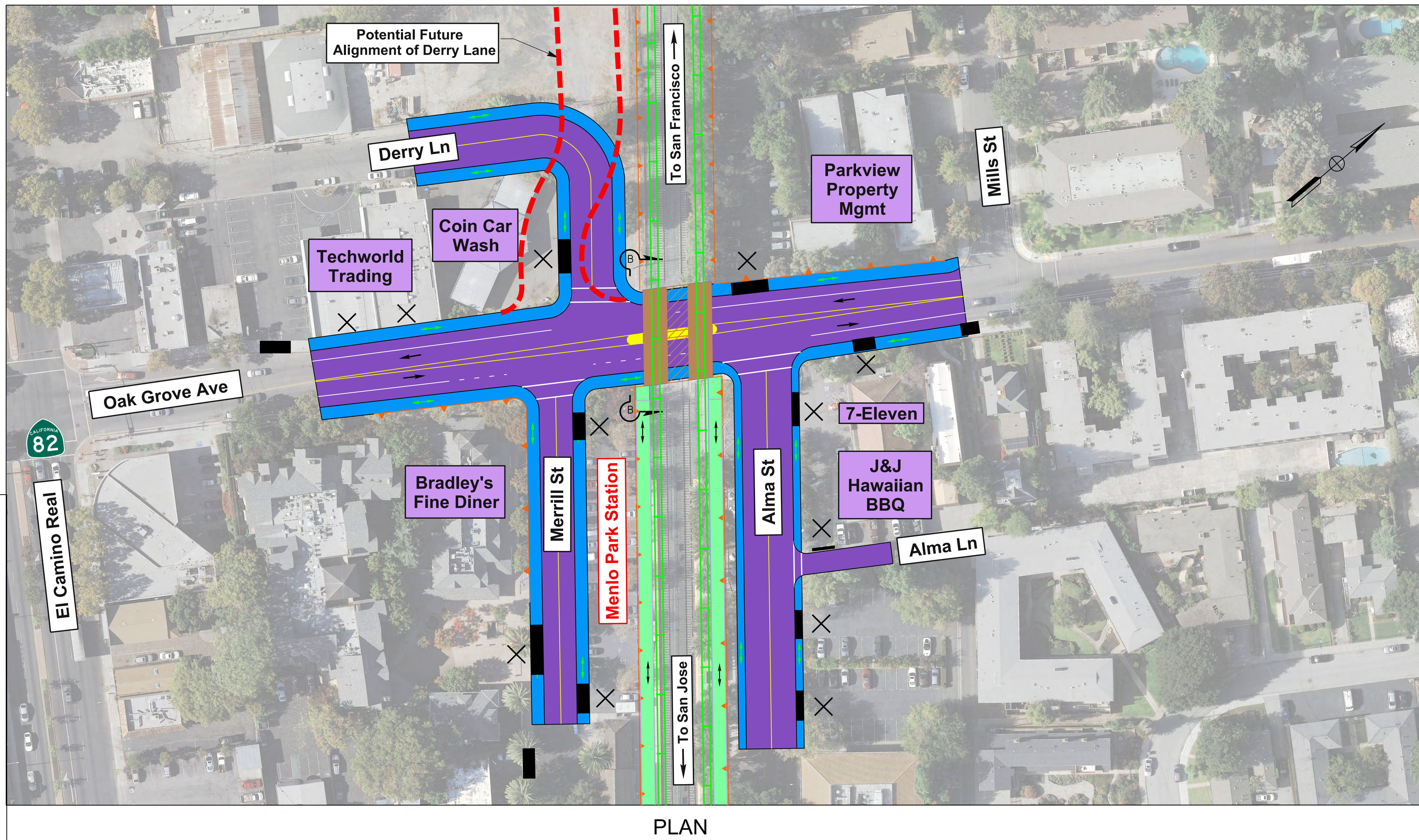
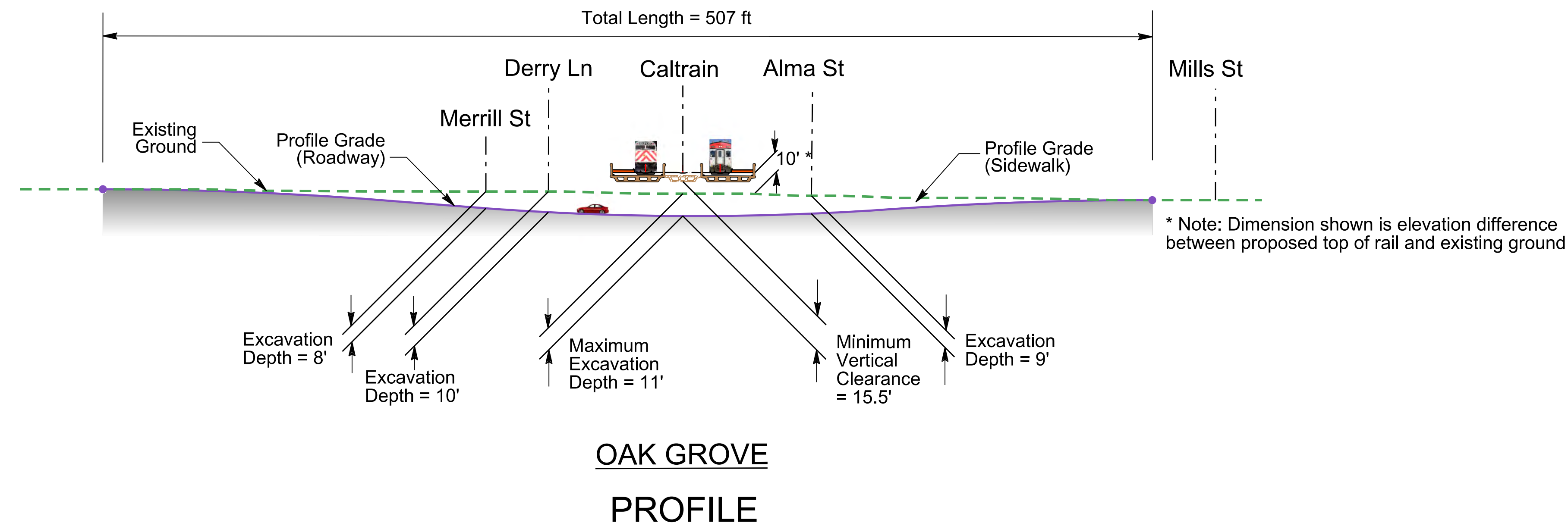
PRELIMINARY
FOR DISCUSSION PURPOSES ONLY
October 4, 2016






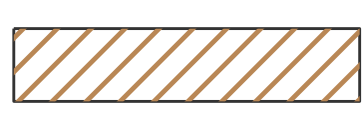








**Ravenswood Avenue
Railroad Crossing
Project**

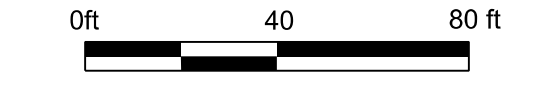


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Plan & Profile - Oak Grove Avenue (Alternative C)

- LEGEND:**
-  Track
 -  Retaining Wall
 -  Structure
 -  Future Track Structure
 -  Driveway Access
 -  Limits of Roadway Modifications
 -  Median / Curbed Island
 -  Sidewalk Modifications
 -  Sidewalk on Structure
 -  Station Platform
 -  Pedestrian Ramps (ADA Compliant)
 -  Access Modification or Restriction



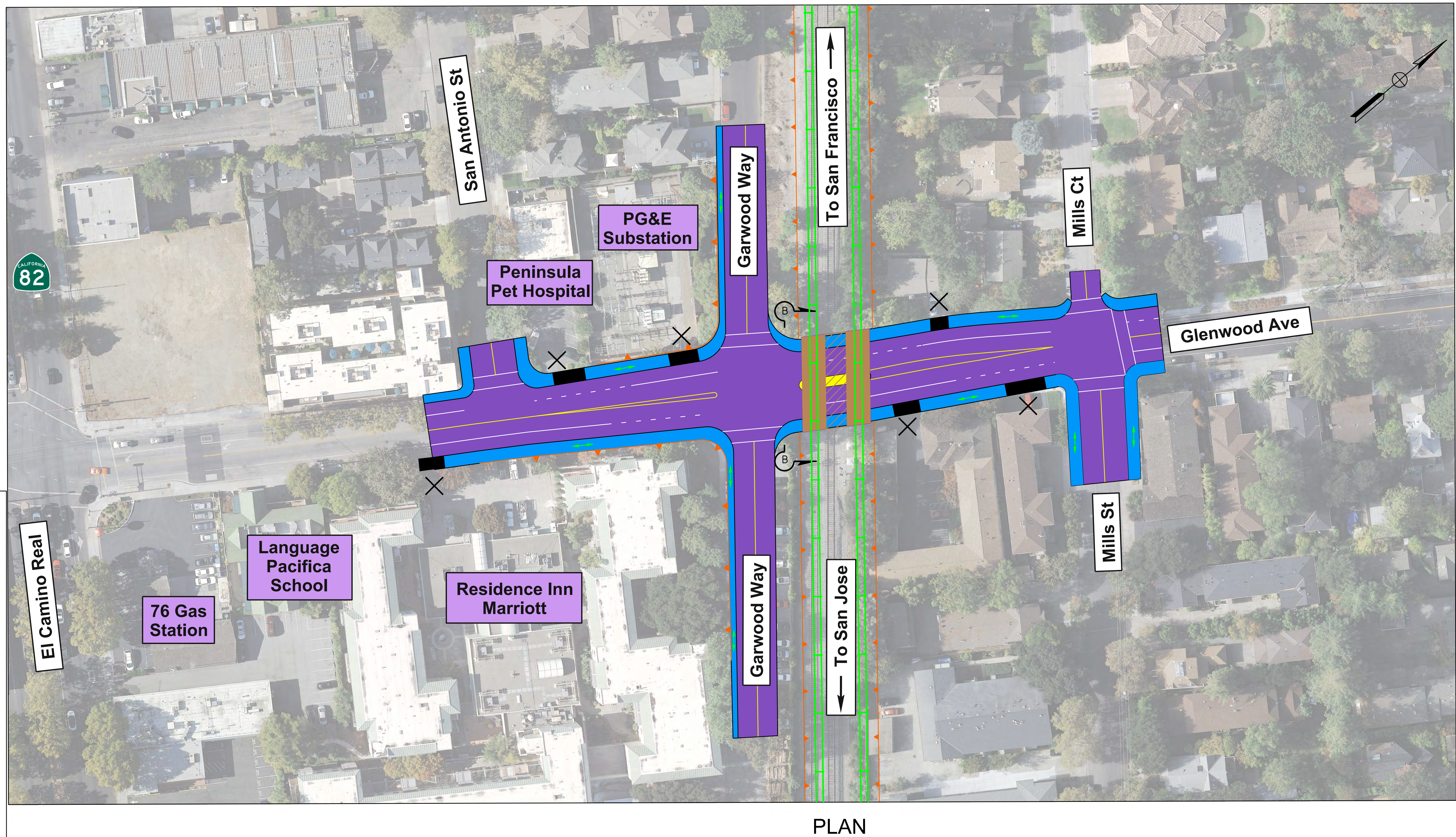
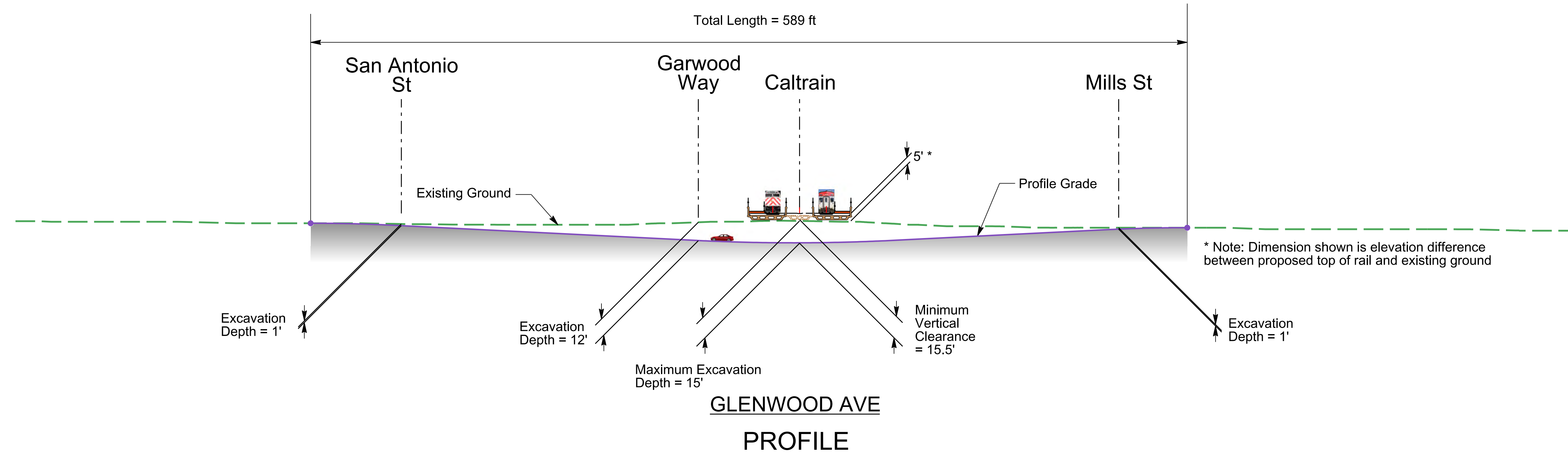
PRELIMINARY
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October 4, 2016






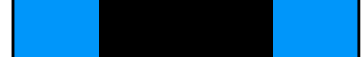








**Ravenswood Avenue
Railroad Crossing
Project**



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- LEGEND:**
-  Track
 -  Retaining Wall
 -  Structure
 -  Future Track Structure
 -  Driveway Access
 -  Limits of Roadway Modifications
 -  Median / Curbed Island
 -  Sidewalk Modifications
 -  Sidewalk on Structure
 -  Station Platform
 -  Pedestrian Ramps (ADA Compliant)
 -  Access Modification or Restriction

Plan & Profile - Glenwood Avenue (Alternative C)

PRELIMINARY
FOR DISCUSSION PURPOSES ONLY
October 4, 2016



**Ravenswood Avenue
Railroad Crossing
Project**



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Simulation Looking East along Ravenswood



Ravenswood Avenue Railroad Crossing Project

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Alternatives Comparison

- Color coded rating system
- Ratings based on qualitative assessment and quantitative assessment



Ravenswood Avenue Railroad Crossing Project

Alternatives Matrix

	A	B	C
Alternatives →	 <p>ALTERNATIVE A: UNDERPASS (RAVENSWOOD ONLY)</p>	 <p>ALTERNATIVE B: HYBRID (RAVENSWOOD & OAK GROVE)</p>	 <p>ALTERNATIVE C: HYBRID (RAVENSWOOD, OAK GROVE, & GLENWOOD)</p>
Reduced Potential Rail/Vehicle Conflict	Light Blue	Medium Blue	Dark Blue
East/West Connectivity	Light Blue	Medium Blue	Dark Blue
Ped/Bike Access	Light Blue	Medium Blue	Dark Blue
Horn Noise	Light Blue	Medium Blue	Dark Blue
Alma St/Ravenswood Ave Connectivity	Red	Light Blue	Light Blue
Visual	Light Orange	Orange	Light Orange
Property/Driveway Impacts	Light Orange	Orange	Red
Disruption During Construction	Light Orange	Orange	Red
Order of Magnitude Cost	Light Orange	Orange	Red
Traffic Operations	Orange	Light Blue	Medium Blue

Improvement



Impact

Ravenswood Avenue Railroad Crossing Project





STAFF REPORT

City Council

Meeting Date:

2/7/2017

Staff Report Number:

17-029-CC

Consent Calendar:

Waive the reading and adopt zoning ordinance amendments relating to Child Day Care Homes and Centers

Recommendation

Staff recommends that the City Council waive the full reading of and adopt an Ordinance Amending Chapters 16.04 and 16.08 of the Menlo Park Municipal Code (Attachment A), in order to make City regulations consistent with applicable California law regarding child day care homes and centers.

Policy Issues

The proposed Zoning Ordinance Amendments would ensure that the Municipal Code would be in compliance with relevant State regulations.

Background

At the January 24, 2017 City Council meeting, the Council voted 5-0 to introduce an Ordinance Amending Chapters 16.04 and 16.08 of the Menlo Park Municipal Code, relating to child day care homes and centers. The Council did not make any changes to the proposed Ordinance.

Analysis

Attachment A is the draft proposed ordinance. The proposed ordinance amendments would do the following:

1. Add a definition of "Child day care center;"
2. Amend the definition of "Child day care home;" and
3. Amend the regulations and conditions related to child day care homes.

Per standard requirements for Ordinances, the draft Ordinance was introduced at the January 24, 2017 City Council meeting. Since an Ordinance requires both a first and second reading, the proposed Ordinance is before the City Council again for the second reading and adoption.

Impact on City Resources

This consistency update is being accommodated within the existing budgets of the Planning Division and City Attorney, and is not expected to otherwise affect City resources. The ongoing operations of child care homes and centers are not anticipated to materially affect City resources differently than residential uses. For the processing of new applications: small day care homes are fully exempt from all fees per State law; large day care homes would be subject to standard business license and home occupation fees, as well as

any new processing fees established by the City; and child care centers would be required to pay use permit fees that recover all City costs, and if approved would also be subject to standard business license and home occupation fees.

Environmental Review

The proposed ordinance amendment is not subject to the provisions of the California Environmental Quality Act ("CEQA") because the activity is not a project as defined by Section 15378 of the CEQA Guidelines. The proposed ordinance amendments have no potential for resulting in physical change to the environment either directly or indirectly.

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. Draft Ordinance of the City Council of the City of Menlo Park Adding Section 16.04.164 [Child Day Care Center] and Amending Section 16.04.165 [Child Day Care Home] of Chapter 16.04 [Definitions] and Amending Section 16.08.085 [Child Day Care Homes] of Chapter 16.08 [Districts Established-General Regulations] of Title 16 [Zoning] of the Menlo Park Municipal Code

Report prepared by:

Thomas Rogers, Principal Planner

Jennifer A. Bregante Beyers and William L. McClure, City Attorney's Office

ORDINANCE NUMBER _____

ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MENLO PARK ADDING SECTION 16.04.164 [CHILD DAY CARE CENTER] AND AMENDING SECTION 16.04.165 [CHILD DAY CARE HOME] OF CHAPTER 16.04 [DEFINITIONS] AND AMENDING SECTION 16.08.085 [CHILD DAY CARE HOMES] OF CHAPTER 16.08 [DISTRICTS ESTABLISHED-GENERAL REGULATIONS] OF TITLE 16 [ZONING] OF THE MENLO PARK MUNICIPAL CODE.

The City Council of the City Menlo Park does hereby ordain as follows:

SECTION 1. FINDINGS AND DETERMINATIONS.

- A. Reasonable control and regulations of activities related to the health, welfare, and safety of children in child care is necessary.
- B. Under California law, family day care homes operated under the standards of state law constitute accessory uses of residentially zoned and occupied properties and do not fundamentally alter the nature of the underlying residential uses.
- C. Family day care homes draw clients and vehicles to their sites during a limited time of day and do not require the attendance of a large number of employees and equipment.
- D. It is determined that the Municipal Code relating to child day care facilities must be amended to provide clarity and comply with California law, while providing standards that are necessary to protect persons in or attending child care facilities or other types of child care arrangements.

SECTION 2. AMENDMENT OF CODE. Section 16.04.164 [Child Day Care Centers] of Chapter 16.04 [Definitions] is hereby added to Title 16 [Zoning] as follows:

Section 16.04.164 Child Day Care Center.

“Child day care center” means any child care facility other than a large child day care home or small child day care home as defined by Section 16.04.165.

SECTION 3. AMENDMENT OF CODE. Section 16.04.165 [Child day care home] of Chapter 16.04 [Definitions] of Title 16 [Zoning] is hereby amended in its entirety as follows:

Section 16.04.165 Child day care home.

"Child day care home" means both a “small child day care home” and a “large child day care home” as further defined herein. A “small child day care home” means a private single family residence licensed by the appropriate state or county agency for the day care or instruction of no more than six children, or up to eight children without an additional adult attendant, if all of the following conditions are met: (1) at least one child

is enrolled in and attending a kindergarten or elementary school and a second child is at least six years of age; (2) no more than two infants are cared for during any time when more than six children are cared for; (3) the licensee notifies each parent that the facility is caring for two additional school-age children and that there may be up to seven or eight children in the home at one time; and (4) the licensee obtains the written consent of the property owner when the family day care home is operated on property that is leased or rented. A “large child day care home” means a private single family residence licensed by the appropriate state or county agency for the day care or instruction of no more than twelve children, or up to fourteen children, if all of the following conditions are met: (1) at least one child is enrolled in and attending a kindergarten or elementary school and a second child is at least six years of age; (2) no more than three infants are cared for during any time when more than twelve children are cared for; (3) the licensee notifies each parent that the facility is caring for two additional school-age children and that there may be up to thirteen or fourteen children in the home at one time; and (4) the licensee obtains the written consent of the property owner when the family day care home is operated on property that is leased or rented.

SECTION 4. AMENDMENT OF CODE. Section 16.08.085 [Child day care homes] of Chapter 16.08 [Districts Established-General Regulations] of Title 16 [Zoning] is hereby amended in its entirety as follows:

- (1) A small child day care home, as the same is defined in this title, may be a home occupation and as such is a permitted use in a legal dwelling unit in any residential district.
- (2) A large child day care home, as the same is defined in this title, requires a permit. A person who desires to obtain a permit for a large child day care home (“Applicant”) must follow the process described below in order to use their home as a large child day care home:
 - (A) The City must provide notice of the proposed use to adjoining property owners within a one hundred (100) foot radius of the exterior parcel boundaries of the large child day care home. Notice shall be given not less than ten (10) calendar days prior to the date on which the decision will be made on the application.
 - (B) A public hearing is required if one is requested by the Applicant or any other affected party.
 - (C) If a public hearing is not required, the Community Development Director, or his/her designee, shall approve a permit for a large child day care home if the property on which the proposed large child day care home is located and Applicant comply with all of the following conditions and standards:
 - a. The Applicant must possess a current and valid Large Family Child Care Home license from the State of California, Department of Social Services. The City’s permit shall not become effective until such time as the State license is obtained. If said license is suspended or revoked by the State for any reason, the City’s permit for a large child day care home shall immediately be suspended or revoked to the same extent.

- b. The Applicant must reside at the Property and the use must be clearly incidental and secondary to the use of the Property for residential purposes.
- c. The Property is not bordered on more than one (1) side by a child day care home or child day care center.
- d. The Property is not located adjacent to a business that uses, sells or stores significant amounts of hazardous materials or creates high noise levels or fumes.
- e. Residences with sole access from major arterial and/or collector streets must provide an off-street drop-off/pick-up area. The residential driveway may be used as the drop-off/pick-up area, provided such use does not cause a backup of vehicles on the street.
- f. The large child day care home operation shall not result in cars blocking neighbors' driveways or backing up traffic on the street.
- g. Provisions have been made to provide, at a minimum, one (1) off-street parking space per employee of driving age not living at the residence. The residential driveway is acceptable if the parking space will not conflict with any required child drop-off/pick-up area and does not block the public sidewalk or right-of-way.
- h. The Applicant must comply with all applicable regulations of the Fire Marshall regarding health and safety requirements.
- i. Any permanently installed playground apparatus (swings, jungle gym, etc.) shall conform to setback requirements for accessory structures in that particular residential zoning district.
- j. Outdoor playtime shall be limited to the hours from 9:00 a.m. to 7:00 p.m.
- k. Outdoor play areas shall be set back at least five (5) feet from adjoining residential dwellings and enclosed with a minimum six (6) foot fence. A six (6) foot wood or masonry fence is required along the boundaries with residential uses.
- l. A minimum of seventy-five (75) square feet of outdoor space for each child over two years old that is not located in any required front or street side yard. This area must be either owned or leased by the Applicant and cannot be shared with any other property owners unless written permission is granted by the other property owners. This requirement may be waived if the Applicant can demonstrate that there is a public park, school or other public area open within five hundred feet of the child day care home.
- m. Hours of operation shall be limited to the hours of 6:00 a.m. and 7:00 p.m., Monday through Friday. Additional hours may be allowed subject to approval of a use permit.

- n. The Community Development Director or designee may consider and specify other reasonable conditions that relate to parking, traffic, noise, and spacing and concentrations of Large Child Day Care Homes that might otherwise have an adverse effect on adjacent properties.
- (D) If a public hearing is requested, the Community Development Director or his or her designee shall give notice to residents and property owners within 300 feet of the proposed Large Child Day Care Home and shall conduct a public hearing. The decision of the Community Development Director or his or her designee shall be limited to and based on the criteria set forth in Section 2C above.
- (E) The Applicant or other affected person may appeal the decision of the Community Development Director or his or her designee to the Planning Commission within fifteen (15) days from the date of the notice of decision in accordance with the Chapter on appeals, provided, that the criteria for upholding or denying decision of the Community Development Director or his or her designee shall be limited to and based on the criteria set forth in Section 2C above.

SECTION 5. SEVERABILITY. If any section of this ordinance, or part hereof, is held by a court of competent jurisdiction in a final judicial action to be void, voidable or unenforceable, such section, or part hereof, shall be deemed severable from the remaining sections of this ordinance and shall in no way affect the validity of the remaining sections hereof.

SECTION 6. CALIFORNIA ENVIRONMENTAL QUALITY ACT DETERMINATION. The City Council hereby finds that this ordinance is not subject to the provisions of the California Environmental Quality Act (“CEQA”) because the activity is not a project as defined by Section 15378 of the CEQA Guidelines. The ordinance has no potential for resulting in physical change to the environment either directly or indirectly.

SECTION 7. EFFECTIVE DATE AND PUBLISHING. This ordinance shall take effect 30 days after adoption. The City Clerk shall cause publication of the ordinance within 15 days after passage in a newspaper of general circulation published and circulated in the city or, if none, the posting in at least three public places in the city. Within 15 days after the adoption of the ordinance amendment, a summary of the amendment shall be published with the names of the council members voting for and against the amendment.

INTRODUCED on the twenty-fourth day of January, 2017.

PASSED AND ADOPTED as an ordinance of the City of Menlo Park at a regular meeting of said Council on the seventh day of February, 2017, by the following vote:

AYES: Councilmembers:
 NOES: Councilmembers:

ABSENT: Councilmembers:
ABSTAIN: Councilmembers:

APPROVED:

Kirsten Keith
Mayor

ATTEST:

Pamela Aguilar, City Clerk

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STAFF REPORT

City Council Meeting Date: 2/7/2017
Staff Report Number: 17-030-CC

Consent Calendar: Waive the reading and adopt zoning ordinance amendments relating to Secondary Dwelling Units

Recommendation

Staff recommends that the City Council waive the full reading of and adopt an Ordinance Amending Chapters 16.04 and 16.79 of the Menlo Park Municipal Code (Attachment A) in order to make City regulations consistent with applicable California law regarding secondary dwelling units.

Policy Issues

The proposed Zoning Ordinance Amendments would ensure that the Municipal Code would be in compliance with relevant State regulations. The amendments would also support Housing Element Policy H4.11, which encourages the development of secondary dwelling units.

Background

At the January 24, 2017 City Council meeting, the Council voted 5-0 to introduce an Ordinance Amending Chapters 16.04 and 16.79 of the Menlo Park Municipal Code, relating to secondary dwelling units. The amendments address requirements of Assembly Bill 2299 (AB 2299) and Senate Bill 1069 (SB 1069), passed in the 2015-2016 State legislative session. The Council's January 24 action included one revision, removing a staff-suggested limit on short-term rentals.

Analysis

The proposed amendments (Attachment A) would do the following:

1. Amend the definition of Secondary Dwelling Unit to coordinate with the State law definition amendment to Accessory Dwelling Unit, to include specific definitions for "Attached Secondary Dwelling Units," and "Detached Secondary Dwelling Units."
2. Amend the Secondary Dwelling Unit regulations and conditions to comply with the State law requirements.
3. Include a Secondary Dwelling Unit application review process that complies with State law.

Per standard requirements for Ordinances, the draft Ordinance was introduced at the January 24, 2017 City Council meeting. Since an Ordinance requires both a first and second reading, the proposed Ordinance is before the City Council again for the second reading and adoption. The attached Ordinance reflects the Council's direction on January 24 to eliminate the proposed short-term rental limit. The proposed Ordinance would remain consistent with State law.

Impact on City Resources

This consistency update is being accommodated within the existing budgets of the Planning Division and City Attorney, and is not expected to otherwise affect City resources. Secondary dwelling unit building permits will remain subject to existing fees that were established to cover City costs and address impacts.

Environmental Review

The proposed ordinance amendment is not subject to the provisions of the California Environmental Quality Act ("CEQA") because the activity is not a project as defined by Section 15378 of the CEQA Guidelines. The proposed ordinance amendments have no potential for resulting in physical change to the environment either directly or indirectly.

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. Draft Ordinance of the City Council of the City of Menlo Park Amending Section 16.04.295 [Definition of Dwelling Unit, Secondary] and Amending and Restating Chapter 16.79 [Secondary Dwelling Units] of Title 16 [Zoning] of the Menlo Park Municipal Code to Conform to Changes in State Law

Report prepared by:

Thomas Rogers, Principal Planner

Jennifer A. Bregante Beyers and William L. McClure, City Attorney's Office

ORDINANCE NUMBER _____

ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MENLO PARK AMENDING SECTION 16.04.295 [DEFINITION OF DWELLING UNIT, SECONDARY] AND AMENDING AND RESTATING CHAPTER 16.79 [SECONDARY DWELLING UNITS] OF TITLE 16 [ZONING] OF THE MENLO PARK MUNICIPAL CODE TO CONFORM TO CHANGES IN STATE LAW

The City Council of the City Menlo Park does hereby ordain as follows:

SECTION 1. FINDINGS AND DETERMINATIONS.

- A. There is an increased need for housing in the San Francisco Bay Area as more than two million new residents will be added by 2040.
- B. Secondary units (also called in-law units or accessory dwelling units) are well-suited as an infill strategy for low-density residential areas because they offer hidden density, housing units not readily apparent from the street and are relatively less objectionable to neighbors.
- C. Recognizing the potential for secondary units as a housing strategy, California has passed several laws to lower local regulatory barriers to construction, which includes a requirement that each City have a ministerial process for approving secondary units.
- D. The most recent California legislation (AB 2299 and SB 1069) was passed as a means to streamline current statewide regulations as well as encourage the building of new secondary units to create more housing options.
- E. In order to fully comply with the most recent California legislation, the City of Menlo Park must amend its Zoning Ordinance.
- F. The City Council of the City of Menlo Park finds and declares an amendment to Chapters 16.04 [Definitions] and 16.79. [Secondary Dwelling Units] is necessary for the above reasons.

SECTION 2. AMENDMENT OF CODE. Section 16.04.295 [Dwelling unit, secondary] of Chapter 16.04 [Definitions] of Title 16 [Zoning] is hereby amended in its entirety as follows:

16.04.295 Dwelling unit, secondary.

A "secondary dwelling unit" (which is referred to as an "accessory dwelling unit" in State law) means a dwelling unit on a residential lot which provides complete independent living facilities for one or more persons, and shall include permanent provisions for living, sleeping, eating, cooking, and sanitation independent of the main dwelling existing on the residential lot. For purposes of a secondary dwelling unit, permanent provisions for eating and cooking include the following: (1) permanent range, (2)

counters, (3) refrigerator, and (4) sink. There are two (2) types of secondary dwelling units: (1) units attached to the existing dwelling, including units located within the living area of an existing dwelling unit (“Attached Secondary Dwelling Units”); and (2) units detached from the existing dwelling unit and located on the same lot as the existing dwelling unit (“Detached Secondary Dwelling Units”).

SECTION 3. AMENDMENT OF CODE. Chapter 16.79 [Secondary Dwelling Units] of Title 16 [Zoning] is hereby amended in its entirety as follows:

Sections:

<u>16.79.010</u>	Purpose.
<u>16.79.020</u>	Permitted use.
<u>16.79.030</u>	Conditional use.
<u>16.79.040</u>	Development regulations.
<u>16.79.045</u>	Conversion of accessory buildings.
<u>16.79.050</u>	Mitigation monitoring.
<u>16.79.060</u>	Application review and approval process.

16.79.010 Purpose.

The purpose of this chapter is to provide for the creation of secondary dwelling units in single-family residential zones and to set forth criteria and regulations of those secondary dwelling units.

16.79.020 Permitted use.

Secondary dwelling units as defined in Section 16.04.295 are a permitted use in the City’s single-family residential zoning districts for residential use that is consistent with the City’s general plan and the specific zone for the lot on which the secondary dwelling unit is to be located. Secondary dwelling units must comply with the development standards applicable to the single-family zoning district in which the lot is located, including, but not limited to parking, height, setback, lot coverage, landscape, architectural review, maximum size, and to other standards that prevent adverse impacts on any real property that is listed in the California Register of Historic Places, except as otherwise provided elsewhere in this Chapter 16.79.

16.79.030 Conditional use.

Secondary dwelling units that require modification to the development regulations set forth in this Chapter, except for items (3) density and (4) subdivision, are conditionally permitted in the single-family residential zoning districts, subject to the use permit requirements of Chapter 16.82.

16.79.040 Development and use regulations.

Secondary dwelling units are permitted within single-family residential zones, subject to the following standards, restrictions and regulations. Development and use regulations for secondary dwelling units are as follows:

- (1) Minimum lot area: six thousand (6,000) square feet.
- (2) Primary Residence.

- (A) A single-family residence must be located on the lot.
 - (B) The secondary dwelling unit may not be sold separately from the primary residence.
- (3) Density. No more than one (1) secondary dwelling unit may be allowed on any one lot.
- (4) Subdivision. A lot having a secondary dwelling unit may not be subdivided in a manner that would allow for the main dwelling and secondary dwelling unit to be located on separate lots that do not meet the minimum lot area, width and/or depth required by the single-family zoning district in which the lot is located.
- (5) Minimum Yards.
- (A) Attached Secondary Dwelling Units shall comply with all minimum yard requirements for the main dwelling established by the single-family zoning district in which the lot is located;
 - (B) Detached Secondary Dwelling Units shall comply with all minimum yard requirements for the main dwelling established by the single-family zoning district in which the lot is located, with the exception that the minimum rear yard is ten (10) feet. Furthermore, the interior side and rear yards may be reduced to five (5) feet, subject to written approval of the owner(s) of the contiguous property abutting the portion of the encroaching structure. If the contiguous interior side or rear property line is an alley, the minimum setback is five (5) feet. If a secondary dwelling unit is constructed above an existing detached garage, the side and rear yard setback is five (5) feet. The provisions of Section 16.62.020 (1) shall not apply to a Detached Secondary Dwelling Unit.
- (6) Unit Size.
- (A) Detached Secondary Dwelling Units shall not exceed six hundred forty (640) square feet, except buildings complying with all aspects of the disabled access requirements for kitchens, bathrooms, and accessible routes established in the California Building Code for adaptable residential dwelling units shall have a maximum square footage of seven hundred (700) square feet.
 - (B) Attached Secondary Dwelling Units shall not exceed fifty percent (50%) of the existing living area, with a maximum increase in floor area of six hundred forty (640) square feet, except buildings complying with all aspects of the disabled access requirements for kitchens, bathrooms, and accessible routes established in the California Building Code for adaptable residential dwelling units shall have a maximum square footage of seven hundred (700) square feet.
 - (C) All secondary dwelling units shall be limited to studio or one (1) bedroom units and one (1) bathroom.
 - (D) No passage way shall be required in conjunction with the construction of a secondary dwelling unit.

- (E) Secondary dwelling units shall count towards the total floor area for the lot, and the entire floor area of all buildings may not exceed the permitted Floor Area Limit (FAL) established by the single-family zoning district in which the lot is located.
- (7) Building Coverage. Secondary dwelling units shall count towards the total building coverage for the lot, and the entire building coverage of all buildings may not exceed the permitted building coverage established by the single-family zoning district in which the lot is located.
- (8) Height. The maximum permitted height of a secondary dwelling unit is the same as the maximum permitted height for the single-family zoning district in which the lot is located, except that in no instance shall the maximum total height for any detached secondary dwelling unit exceed seventeen (17) feet.
- (9) Daylight Plane. A daylight plane shall begin at a horizontal line nine (9) feet, six (6) inches above the average natural grade at a line three (3) feet from the side property lines and shall slope inwards at a forty-five (45) degree angle. There are no permitted intrusions into the daylight plane. "Average natural grade" means the average of the highest and lowest points of the natural grade of the portion of the lot directly below a line three (3) feet from the side property lines.
- (10) Parking. One (1) off-street parking space is required, except as provided in Section 11 (Parking Exceptions) below, in addition to the required parking for the main dwelling unit, that may be provided in the following configurations and areas in addition to the areas allowed for the main dwelling:
 - (A) In tandem, meaning one (1) car located directly behind another car, including a single-car driveway leading to two (2) required parking spaces for the main dwelling;
 - (B) Within required interior side yards;
 - (C) Within required front yards if no more than five hundred (500) square feet of the required front yard are paved for motor vehicle use (inclusive of the main residence driveway and parking areas) and a minimum setback of eighteen (18) inches from the side property lines is maintained.

The required off-street parking can be provided in either a covered or uncovered space, but all covered parking shall comply with the setback requirements of the main dwelling, if the parking is attached, or the accessory building regulations, if the parking is detached.
- (11) Parking Exceptions. The off-street parking requirement of Section (10) Parking, does not apply to the following secondary dwelling units:
 - (A) Secondary dwelling units located within one-half mile of public transit as determined by the community development director.
 - (B) Secondary dwelling units located within an architecturally and historically significant historic district.

- (C) Existing secondary dwelling units that were permitted without additional parking.
 - (D) When on-street parking permits are required but not offered to the occupant of the secondary dwelling unit.
 - (E) When a car share vehicle is located within one block of the secondary dwelling unit as determined by the community development director.
- (12) Consistency. All secondary dwelling units shall comply with all applicable development regulations for the single-family zoning district in which the lot is located and building code requirements set forth in Title 12, Buildings and Construction, unless otherwise specifically provided for in this section.
- (13) Aesthetics. The secondary dwelling unit shall have colors, materials, textures and architecture similar to the main dwelling.
- (14) Tenancy. Either the main dwelling or the secondary dwelling unit shall be occupied by the property owner when both units are occupied as dwelling units. If a property owner does not occupy one of the dwelling units, the property owner may apply for a non-tenancy status for a term of one (1) year through a registration process established by the community development director. To be eligible for the registration process, a property owner must have lived at the subject property for a minimum of two (2) years of the previous five (5) years from the date of application. The property owner may renew the registration annually, not to exceed four (4) years in total, subject to the review and approval of the community development director, pursuant to the following criteria and process established by the community development director.
- (A) The application for the registration and renewal(s) shall be accompanied by a fee, set by the city council.
 - (B) The application for registration and renewal shall state the reason for the request and provide supporting documentation. The registration shall be approved for any of the following reasons: (i) temporary job relocation, with the intent to return, (ii) relocation for school (e.g., mid-year career change), and (iii) physically unable to live in the house.
 - (C) The application shall provide a property management plan that includes the name and contact information to address issues or concerns about the use of the property should they arise. The plan should also include information about parking, including (i) a site plan with the parking layout for the property, (ii) how parking will be assigned between tenants, and (iii) an action plan that demonstrates how parking issues will be resolved effectively and efficiently between tenants if tandem parking is provided.
 - (D) A use permit is required for non-tenancy status longer than four (4) years or for waiver of the requirement that the owner reside in the unit for not less than two (2) of the previous five (5) years prior to the date of application or for a reason other than those stated in subsection (11)(B) of this section.

16.79.045 Conversion of accessory buildings.

- (1) An accessory building may be eligible to convert into a secondary dwelling unit, subject to meeting criteria as outlined in subsection (2) of this section and approval through the process outlined in Section 16.79.060. No additional off-street parking shall be required to convert an accessory building into a secondary dwelling unit.
- (2) Eligibility. The following criteria must be met in order to be eligible for the conversion of an accessory building:
 - (A) The accessory building must have received building permits and commenced construction prior to January 1, 2017. Other supporting documentation to show the building was legally built may be substituted for a building permit subject to review by the community development director.
 - (B) The accessory building must be upgraded to meet the building code requirements based on the change of occupancy at the time of the conversion.
 - (C) The accessory building must meet all of the development regulations of Section 16.79.040, with the exception of items (5) minimum yards, (8) height, and (9) daylight plane.
- (3) All or any portion of an accessory building that meets the eligibility criteria as provided in this section may be demolished and reconstructed to meet the building code requirements based on the change of occupancy at the time of conversion. The secondary dwelling unit that replaces the accessory building may retain the setbacks and the footprint of the legally constructed accessory building. The existing setbacks and footprint of the accessory building must be evidenced by valid building permits or other supporting documentation subject to review by the community development director. Nothing in this section shall be deemed to authorize the expansion of the footprint or reduction of the setbacks beyond that evidenced by a valid building permit or other supporting documentation subject to review by the community development director or to allow the continuation of any other nonconformity.

16.79.050 Mitigation monitoring.

All second unit development shall comply, at a minimum, with the mitigation monitoring and report program (MMRP) established through Resolution No. 6149 associated with the Housing Element Update, General Plan Consistency Update, and Zoning Ordinance Amendments Environmental Assessment prepared for the Housing Element adopted on May 21, 2013.

16.79.060 Application Review and Approval Process.

Each development of a secondary dwelling unit requires review for compliance with this Chapter 16.79 as part of the building permit review process for the creation of a secondary dwelling unit.

- (1) Application. Concurrent with the submittal of a complete building permit application for the secondary dwelling unit, the secondary dwelling unit checklist, which demonstrates compliance with all of the secondary dwelling unit development regulations, shall be submitted. The application shall include plans showing the details of the proposed secondary dwelling unit per submittal guidelines established by the community development director.
- (2) Compliance Determination. The community development director or his or her designee shall make a determination of compliance prior to issuance of the building permit for the secondary dwelling unit. The determination of the community development director is final and not subject to appeal.
- (3) All applications for secondary dwelling units that meet and comply with the requirements under this Chapter shall be approved without discretionary review or a hearing within one-hundred twenty (120) days after receipt of a substantially complete application. The application shall be denied if the proposed secondary dwelling unit does not comply with all applicable requirements of this Chapter or it may be conditionally approved subject to conditions that will bring the proposed secondary dwelling unit into compliance with this Chapter.

SECTION 4. SEVERABILITY. If any section of this ordinance, or part hereof, is held by a court of competent jurisdiction in a final judicial action to be void, voidable or unenforceable, such section, or part hereof, shall be deemed severable from the remaining sections of this ordinance and shall in no way affect the validity of the remaining sections hereof.

SECTION 5. CALIFORNIA ENVIRONMENTAL QUALITY ACT DETERMINATION. The City Council hereby finds that this ordinance is not subject to the provisions of the California Environmental Quality Act (“CEQA”) because the activity is not a project as defined by Section 15378 of the CEQA Guidelines. The ordinance has no potential for resulting in physical change to the environment either directly or indirectly.

SECTION 6. EFFECTIVE DATE AND PUBLISHING. This ordinance shall take effect 30 days after adoption. The City Clerk shall cause publication of the ordinance within 15 days after passage in a newspaper of general circulation published and circulated in the city or, if none, the posting in at least three public places in the city. Within 15 days after the adoption of the ordinance amendment, a summary of the amendment shall be published with the names of the council members voting for and against the amendment.

INTRODUCED on the twenty-fourth day of January, 2017.

PASSED AND ADOPTED as an ordinance of the City of Menlo Park at a regular meeting of said Council on the seventh day of February, 2017, by the following vote:

AYES: Councilmembers:
 NOES: Councilmembers:

ABSENT: Councilmembers:
ABSTAIN: Councilmembers:

APPROVED:

Kirsten Keith
Mayor

ATTEST:

Pamela Aguilar
City Clerk



STAFF REPORT

City Council

Meeting Date: 2/7/2017
Staff Report Number: 17-028-CC

Consent Calendar: **Waive the Reading and Adopt an Ordinance
Approving the Development Agreement for the 1300
El Camino Real Project**

Recommendation

Staff recommends that the City Council waive the full reading of and adopt an Ordinance Approving the Development Agreement for the 1300 El Camino Real Project (also known as “Station 1300”), as outlined in Attachment A.

Policy Issues

The recommended action is consistent with the City Council’s actions and approvals on the 1300 El Camino Real Project at its meeting of January 24, 2017 and would serve to complete the approval process of the Project.

Background

At the January 24, 2017 City Council meeting, the Council took the following actions associated with the 1300 El Camino Real Project:

1. Adopt a Resolution of the City Council of the City of Menlo Park Adopting Findings Required by the California Environmental Quality Act, Including a Statement of Overriding Considerations, Approving a Mitigation Monitoring and Reporting Program, and Certifying the Final Infill Environmental Impact Report for the 1300 El Camino Real Project, Located at 1258-1300 El Camino Real, 550-580 Oak Grove Avenue, and 540-570 Derry Lane
2. Adopt a Resolution of the City Council of the City of Menlo Park Approving Findings and Conditions for the Architectural Control, Use Permit, and Tentative Map for the 1300 El Camino Real Project located at 1258-1300 El Camino Real, 550-580 Oak Grove Avenue, and 540-570 Derry Lane
3. Adopt a Resolution of the City Council of the City of Menlo Park Ordering the Vacation and Abandonment of Derry Lane, Public Right-of-Way and Public Utility Easements Within the Property at 1258-1300 El Camino Real, 550-580 Oak Grove Avenue, and 540-570 Derry Lane
4. Adopt a Resolution of the City Council of the City of Menlo Park Approving the Heritage Tree Removal Permits for the 1300 El Camino Real Project, located at 1258-1300 El Camino Real, 550-580 Oak Grove Avenue, and 540-570 Derry Lane
5. Adopt a Resolution Approving a Below Market Rate Housing Agreement with Real Social Good Investments, LLC for the 1300 El Camino Real Project, located at 1258-1300 El Camino Real, 550-580 Oak Grove Avenue, and 540-570 Derry Lane
6. Introduce an Ordinance of the City Council of the City of Menlo Park Approving the Development Agreement with Real Social Good Investments, LLC for the 1300 El Camino Real Project, located at 1258-1300 El Camino Real, 550-580 Oak Grove Avenue, and 540-570 Derry Lane

The resolutions became effective immediately with the Council's action.

Analysis

In addition to the adopted resolutions, the project includes an Ordinance to approve the Development Agreement between the City and the Applicant for the provision of public benefits in exchange for vested rights. The City Council voted 5-0 to introduce the above mentioned Ordinance at the January 24, 2017 meeting, with no changes. Since an Ordinance requires both a first and second reading, the proposed Ordinance is before the City Council again for the second reading and adoption.

Impact on City Resources

The project sponsor is required to pay Planning, Building and Public Works permit fees, based on the City's Master Fee Schedule, to fully cover the cost of staff time spent on the review of the project. In addition, the proposed development would be subject to payment of Transportation Impact Fee (TIF), Specific Plan Transportation Infrastructure Proportionate Cost-Sharing Fee, and the El Camino Real/Downtown Specific Plan Preparation Fee. These required fees were established to account for projects' proportionate obligations. The project would also include a \$2,100,000 cash contribution, which could be used for public improvements in the Specific Plan area.

Environmental Review

On January 24, 2017, the City Council adopted a resolution that certified the EIR, made the CEQA findings, adopted the Statement of Overriding Considerations, and adopted the Mitigated Monitoring and Reporting Program.

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. Draft Ordinance Approving the Development Agreement

Report prepared by:
Thomas Rogers, Principal Planner

Report reviewed by:
Arlinda Heineck, Community Development Director

ORDINANCE NO. ____

**ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MENLO PARK
APPROVING THE DEVELOPMENT AGREEMENT WITH REAL SOCIAL
GOOD INVESTMENTS, LLC FOR THE PROPERTY LOCATED AT 1258-
1300 EL CAMINO REAL, 550-580 OAK GROVE AVENUE, AND 540-570
DERRY LANE**

The City Council of the City of Menlo Park does hereby ORDAIN as follows:

SECTION 1. This Ordinance is adopted under the authority of Government Code Section 65864 *et seq.* and pursuant to the provisions of City Resolution No. 4159, which establishes procedures and requirements for the consideration of developments within the City of Menlo Park (“City”). This Ordinance incorporates by reference that Development Agreement, Station 1300 Project (1258-1300 El Camino Real, 550-580 Oak Grove Avenue, and 540-570 Derry Lane, Menlo Park, CA) (the “Development Agreement”) by and between the City and Real Social Good Investments, LLC (“Applicant”) attached hereto as Exhibit A and incorporated herein by this reference.

SECTION 2. The City, as lead agency, prepared an Infill Environmental Impact Report (“EIR”) pursuant to the California Environmental Quality Act (“CEQA”) that examined the environmental impacts of the redevelopment of the property at 1258-1300 El Camino Real, 550-580 Oak Grove Avenue, and 540-570 Derry Lane (the “Property”). On January 24, 2017, by Resolution No. _____, the City Council certified the EIR, made certain findings, and adopted a Mitigation Monitoring and Reporting Plan, which Resolution together with the EIR are incorporated herein by reference. The City Council finds that the Development Agreement is within the scope of the EIR.

SECTION 3. As required by Resolution No. 4159, the Planning Commission reviewed the Development Agreement at a duly and properly noticed public hearing held on December 12, 2016 and recommended that the City Council adopt this ordinance. As part of its recommendation to the City Council, the Planning Commission determined that the Development Agreement is consistent with the objectives, policies, general land uses and programs specified in the General Plan and the El Camino Real/Downtown Specific Plan; is compatible with the uses authorized in and the regulations prescribed for the SP-ECR/D land use district in which the Property is located; is in conformity with public convenience, general welfare and good land use practice; will not be detrimental to the health, safety and general welfare of the City or the region surrounding the City; and will not adversely affect the orderly development of property or the preservation of property values within the City.

SECTION 4. The City Council held a duly and properly noticed public hearing on the Development Agreement on January 24, 2017. The City Council finds that the following are the relevant facts concerning the Development Agreement:

1. The General Plan land use designation for the Property is El Camino Real/Downtown Specific Plan and the zoning for the Property is SP-ECR/D (El Camino Real/Downtown Specific Plan).

2. The Applicant proposes a unified development on the Property consisting of approximately 6.40 acres (278,812 square feet).
3. The Applicant proposes to demolish the existing buildings on-site and redevelop the Property with the subsequent construction of two office buildings and one residential building, both with community-serving uses located on the ground floor, with a total floor area of approximately 420,000 square feet. An underground parking garage and small surface lot would include approximately 1,000 spaces (the "Project").

SECTION 5. As required by Section 302 of Resolution No. 4159 and based on an analysis of the facts set forth above, the staff report to the City Council, the presentation to the Council, supporting documents, and public testimony, the City Council hereby adopts the following as its findings:

1. The Development Agreement is consistent with the objectives, policies, general land uses and programs specified in the General Plan and the El Camino Real/Downtown Specific Plan.
2. The Development Agreement is compatible with the uses authorized in and the regulations prescribed for the SP-ECR/D land use district in which the Property is located.
3. The Development Agreement is in conformity with public convenience, general welfare and good land use practices.
4. The Development Agreement will not be detrimental to the health, safety and general welfare of the City or the region surrounding the City.
5. The Development Agreement will not adversely affect the orderly development of property or the preservation of property values within the City.
6. The Development Agreement will promote and encourage the development of the Project by providing a greater degree of certainty with respect thereto.
7. The Development Agreement will result in the provision of public benefits by the Applicant, including, but not limited to, financial commitments.

SECTION 6. Based upon the above findings of fact, the Development Agreement for the Project is hereby approved. The City Council hereby authorizes the Mayor to execute the Development Agreement and all documents required to implement the Development Agreement on behalf of the City.

SECTION 7. No later than ten days after this ordinance is effective and has been executed by all parties, the City Clerk shall record with the San Mateo County Recorder a copy of the Development Agreement, as required by Government Code Section 65868.5.

SECTION 8. If any section of this ordinance, or part hereof, is held by a court of competent jurisdiction in a final judicial action to be void, voidable or enforceable, such section, or part hereof, shall be deemed severable from the remaining sections of this ordinance and shall in no way affect the validity of the remaining sections hereof.

SECTION 9. The ordinance shall take effect 30 days after its passage and adoption. Within 15 days of its adoption, the ordinance shall be posted in three public places within the City, and the ordinance, or a summary of the ordinance prepared by the City Attorney, shall be published in a local newspaper used to publish official notices for the City prior to the effective date.

INTRODUCED on the twenty-fourth day of January, 2017.

PASSED AND ADOPTED as an ordinance of the City of Menlo Park at a regular meeting of said Council on the seventh day of February, 2017, by the following vote:

AYES:	Councilmembers:
NOES:	Councilmembers:
ABSENT:	Councilmembers:
ABSTAIN:	Councilmembers:

APPROVED:

Kirsten Keith
Mayor

ATTEST:

Pamela Aguilar, City Clerk

This document is recorded for the benefit of the City of Menlo Park and is entitled to be recorded free of charge in accordance with Sections 6103 and 27383 of the Government Code.

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:
City of Menlo Park
Attn: City Clerk
701 Laurel Street
Menlo Park, CA 94025

DEVELOPMENT AGREEMENT

STATION 1300 PROJECT
(1258 - 1300 EL CAMINO REAL, 550 – 580 OAK GROVE AVENUE, AND
540 – 570 DERRY LANE, MENLO PARK, CA)

SEPARATE PAGE, PURSUANT TO GOVT. CODE 27361.6

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DEVELOPMENT AGREEMENT

STATION 1300 PROJECT
(1258 - 1300 EL CAMINO REAL, 550 – 580 OAK GROVE AVENUE, AND
540 – 570 DERRY LANE, MENLO PARK, CA)

THIS DEVELOPMENT AGREEMENT ("**Agreement**") is made and entered into as of this ___ day of _____, 2017, by and between the City of Menlo Park, a municipal corporation of the State of California ("**City**") and: Landings Investments, LLC, a California limited liability company ("**Landings**"), Bayfront Investments, LLC, a California limited liability company ("**Bayfront**"), and Real Social Good Investments, LLC, a California limited liability company ("**Real Social Good**") (Landings, Bayfront, and Real Social Good are, collectively, "**Owner**"), pursuant to the authority of California Government Code Sections 65864-65869.5 and City Resolution No. 4159.

RECITALS

This Agreement is entered into on the basis of the following facts, understandings and intentions of the City and Owner:

A. To strengthen the public planning process, encourage private participation in comprehensive planning and reduce the economic risk of development, the Legislature of the State of California adopted Government Code Sections 65864-65869.5 authorizing the City to enter into development agreements in connection with the development of real property within its jurisdiction by qualified applicants with a requisite legal or equitable interest in the real property which is the subject of such development agreements.

B. As authorized by Government Code Section 65865(c), the City has adopted Resolution No. 4159 establishing the procedures and requirements for the consideration of development agreements within the City.

C. Owner owns those certain parcels of real property collectively and commonly known as Station 1300 in the City of Menlo Park, California ("**Property**") as shown on Exhibit A attached hereto and being more particularly described in Exhibit B attached hereto.

D. Owner intends to demolish all existing structures on the Property and to construct the Project (as defined in this Agreement) on the Property in accordance with the Project Approvals and any other Approvals. As part of the Project Approvals, Owner obtained a public benefit bonus consisting of: (1) a height increase from 38 feet to 48 feet; and (2) an increase in floor area ratio from 1.1 to 1.5, thus allowing the construction of an additional 112,108 sq. ft. of office and residential space (the "**Public Benefit Bonus**") in consideration for the substantial public benefits proposed by the Owner and contained in this Agreement.

F. The City examined the environmental effects of the Project (as defined in this Agreement) in an Infill Environmental Impact Report ("**EIR**") prepared pursuant to the California Environmental Quality Act ("**CEQA**"). On January 24, 2017 the City Council of the City reviewed and certified the EIR.

G. The City has determined that the Project is a development for which a development agreement is appropriate. A development agreement will eliminate uncertainty in the City's land use planning for, and secure orderly development of, the Project and otherwise achieve the goals and purposes for which Resolution No. 4159 was enacted by City. The Project will generate the public benefits described in this Agreement, along with other fees for the City. Owner will incur substantial costs in order to comply with the conditions of the Approvals and otherwise in connection with the development of the Project. In exchange for the public benefits and other benefits to the City and the public, Owner desires to receive vested rights, including, without limitation, legal assurances that the City will grant permits and approvals required for the development, occupancy and use of the Property and the Project, including the Public Benefit Bonus, in accordance with the Existing City Laws (as defined in this Agreement), subject to the terms and conditions contained in this Agreement. In order to effectuate these purposes, the City and Owner desire to enter into this Agreement.

H. On December 12, 2016, after conducting a duly noticed public hearing pursuant to Resolution No. 4159, the Planning Commission of the City recommended that the City Council approve this Agreement, based on the following findings and determinations: that this Agreement: (1) is consistent with the objectives, policies, general land uses and programs specified in the General Plan (as defined in this Agreement); (2) is compatible with the uses authorized in and the regulations prescribed for the land use district in which the Property is located; (3) conforms with public convenience, general welfare and good land use practices; (4) will not be detrimental to the health, safety and general welfare of the City or the region surrounding the City; (5) will not adversely affect the orderly development of property or the preservation of property values within the City; and (6) will promote and encourage the development of the Project by providing a greater degree of certainty with respect thereto.

I. Thereafter, on January 24, 2017 the City Council held a duly noticed public hearing on this Agreement pursuant to Resolution No. 4159. The City Council made the same findings and determinations as the Planning Commission. On that same date, the City Council made the decision to approve this Agreement by introducing Ordinance No. 1032 ("**Enacting Ordinance**"). A second reading was conducted on the Enacting Ordinance on February 7, 2017, on which date the City Council adopted the Enacting Ordinance, making the Enacting Ordinance effective on March 9, 2017.

NOW, THEREFORE, pursuant to the authority contained in Government Code Sections 65864-65869.5 and Resolution No. 4159, and in consideration of the mutual covenants and promises of the City and Owner herein contained, the City and Owner agree as follows:

1. Definitions. Each reference in this Agreement to any of the following terms shall have the meaning set forth below for each such term. Certain other terms shall have the meaning set forth for such term in this Agreement.

1.1 Approvals. Any and all permits or approvals of any kind or character required under the City Laws in order to authorize and entitle Owner to complete the Project and to develop and occupy the Property in accordance with the terms of the Project including, but not limited to, the items described in the Project Approvals (as defined in this Agreement).

1.2 City Laws. The ordinances, resolutions, codes, rules, regulations and official policies of the City governing the permitted uses of land, density, design, and improvement applicable to the development of the Property. Specifically, but without limiting the generality of the foregoing, the City Laws shall include the General Plan and the City's Zoning Ordinance.

1.3 City Manager. The City Manager or his or her designee as designated in writing from time to time. Owner may rely on the authority of the designee of the City Manager.

1.4 City Wide. Any City Law, Fee or other matter that is generally applicable to one or more kinds or types of development or use of property wherever located in the City or that is applicable only within the area included in the Menlo Park El Camino Real/Downtown Specific Plan. A City Law, Fee or other matter shall not be City Wide if, despite its stated scope, it applies only to the Property or to one or more parcels located within the Property, or if the relevant requirements are stated in such a way that they apply only to all or a portion of the Project.

1.5 Community Development Director. The City's Community Development Director or his or her designee.

1.6 Conditions. All conditions, dedications, reservation requirements, obligations for on- or off-site improvements, services, other monetary or non-monetary requirements and other conditions of approval imposed, charged by or called for by the City in connection with the development of or construction on real property under the Existing City Laws, whether such conditions constitute public improvements, mitigation measures in connection with environmental review of any project, or impositions made under applicable City Laws.

1.7 Default. As to Owner, the failure of Owner to comply substantially and in good faith with any obligations of Owner under this Agreement; and as to the City, the failure of the City to comply substantially and in good faith with any obligations of City under this Agreement; any such failure by Owner or the City shall be subject to cure as provided in this Agreement. Bayfront, Landings, and Real Social Good are jointly and severally responsible for all obligations of Owner under this Agreement; and a failure by any one of them to comply substantially and in good faith with any obligations of Owner under this Agreement shall constitute a Default of Owner.

1.8 Effective Date. The effective date of the Enacting Ordinance pursuant to Government Code Section 65867.5, as specified in Recital I of this Agreement.

1.9 Existing City Laws. The City Laws in effect as of the Effective Date.

1.10 General Plan. Collectively, the General Plan for the City, including all elements as adopted by the City Council on November 29, 2016.

1.11 Impact Fees. The monetary amount charged by the City or equivalent in-kind obligation in connection with a development project for the purpose of defraying all or a portion of the cost of mitigating the impacts of the development project or development of the public facilities related to the development project, including any "fee" as that term is defined by Government Code Section 66000(b) and including any fees included in the MMRP.

1.12 Laws. The laws and Constitution of the State of California, the laws and Constitution of the United States and any state or federal codes, statutes, executive mandates or court decisions thereunder. The term "Laws" shall exclude City Laws.

1.13 Mitigation Measures. The mitigation measures applicable to the Project, developed as part of the EIR process and required to be implemented through the MMRP.

1.14 MMRP. The Mitigation Monitoring and Reporting Plan adopted as part of the Project Approvals and applicable to the Project.

1.15 Mortgage. Any mortgage, deed of trust or similar security instrument encumbering the Property, any portion thereof or any interest therein.

1.16 Mortgagee. With respect to any Mortgage, any mortgagee or beneficiary thereunder.

1.17 Party. Each of the City and Owner and their respective successors, assigns and transferees (collectively, "Parties").

1.18 Processing Fee. A fee imposed by the City upon the submission of an application or request for a permit or Approval, which is intended to cover only the estimated cost to the City of processing such application or request and/or issuing such permit or Approval and which is applicable to similar projects on a City Wide basis, including but not limited to building permit plan check and inspection fees, public works, engineering and transportation plan check and inspection fees, subdivision map application, review and processing fees, fees related to the review, processing and enforcement of the MMRP, and fees related to other staff time and attorney's time incurred to review and process applications, permits and/or Approvals; provided such fees are not duplicative of or assessed on the same basis as any Impact Fees.

1.19 Project. The uses of the Property, the site plan for the Property and the Vested Elements (as defined in Section 3.1), as authorized by or embodied within the Project Approvals and the actions that are required pursuant to the Project Approvals. Specifically, the Project includes the demolition of the existing structures on the Property and the construction of new buildings including office, retail, and residential uses, an underground parking garage, and certain onsite and offsite improvements as more particularly described in the Project Approvals.

1.20 Project Approvals. The following approvals for the Project granted, issued and/or enacted by the City as of the date of this Agreement, as amended, modified or updated from time to time: (a) this Agreement; (b) the statement of overriding considerations and adoption of the MMRP and other actions in connection with environmental review of the Project; (c) Architectural Control, including approving a public benefit bonus; (d) Tentative Map; (e) Use Permit; (f) Heritage Tree Removal Permits; and (g) Below Market Rate (BMR) Housing Agreement.

1.21 Resolution No. 4159. City Resolution No. 4159 entitled "Resolution of the City Council of the City of Menlo Park Adopting Regulations Establishing Procedures and Requirements for Development Agreements" adopted by the City Council of the City of Menlo Park on January 9, 1990.

1.22 Substantially Complete Building Permit Application. Owner's completed or substantially completed application for a building permit for the underground parking garage to be built as part of the Project as reasonably determined by the City's Building Official applied in a manner consistent with City's standard practices in effect at the time of building permit submittal, accompanied by (i) payment of all Processing Fees and other fees required to be submitted with such application and (ii) plans/required submittals for all associated on-site and off-site improvements associated with such structure, as required by the Project Approvals. For the remaining elements of the Project, including without limitation the residential building and the two office buildings, a Substantially Complete Building Permit Application shall mean Owner's completed or substantially completed application for a building permit as reasonably determined by the City's Building Official applied in a manner consistent with the City's standard practices in effect at the time of building permit submittal accompanied by (i) payment of all Processing Fees and other fees to be submitted with such application and (ii) plans/required submittals for all associated on-site and off-site improvements.

2. Effective Date; Term.

2.1 Effective Date. This Agreement shall be dated and the rights and obligations of the Parties hereunder shall be effective as of the Effective Date. Not later than ten (10) days after the Effective Date, the City and Owner shall execute and acknowledge this Agreement, and the City shall cause this Agreement to be recorded in the Official Records of the County of San Mateo, State of California as provided for in Government Code Section 65868.5. However, the failure to record this Agreement

within the time period provided for in Government Code Section 65868.5 shall not affect its validity or enforceability among the Parties.

2.2 Term. This Agreement shall terminate ten (10) years from the Effective Date (the "**Term**"), unless earlier terminated under Sections 9, 11, or 16 of this Agreement or extended by mutual written agreement under Section 10.1.

2.3 Expiration of Term. Except as otherwise provided in this Agreement or any of the Approvals, upon the expiration of the Term of this Agreement: (a) this Agreement, and the rights and obligations of the Parties under this Agreement, shall terminate; and (b) Owner shall thereafter comply with the provisions of the City Laws and Approvals then in effect or thereafter enacted and applicable to the Property and/or the Project, except that the expiration of the Term of this Agreement shall not affect any rights of Owner that are or would be vested under City Laws in the absence of this Agreement or any other rights arising from Approvals granted or issued by the City for the construction or development of all or any portion of the Project.

3. General Development of the Project.

3.1 Project. Owner shall have the vested right to develop and occupy the Property in accordance with the terms and conditions of this Agreement and the Project Approvals, and any additional Approvals for the Project and/or the Property obtained by Owner, as the same may be amended from time to time upon application by Owner; and City shall have the right to control development of the Property in accordance with the Approvals for the Project and/or the Property and the provisions of this Agreement, so long as this Agreement remains effective. Except as otherwise specified herein, until the expiration or earlier termination of this Agreement, this Agreement, the Approvals and the Existing City Laws shall control the overall development, use and occupancy of the Property, and all improvements and appurtenances in connection therewith, including, without limitation, the density and intensity of use ("**Vested Elements**"), and all Mitigation Measures and Conditions required or imposed in connection with the Project Approvals in order to minimize or eliminate environmental impacts of the Project.

3.2 Subsequent Projects. The City agrees that as long as Owner develops and occupies the Project in accordance with the terms of this Agreement, Owner's right to develop and occupy the Property shall not be diminished despite the impact of future development in the City on public facilities, including, without limitation, City streets, water systems, sewer systems, utilities, traffic signals, sidewalks, curbs, gutters, parks and other City owned public facilities that may benefit the Property and other properties in the City.

3.3 Other Governmental Permits. Owner or City (whichever is appropriate) shall apply for such other permits and approvals from governmental or quasi-governmental agencies other than the City having jurisdiction over the Project (e.g. the California Department of Transportation) as may be required for the development of or provision of services to the Project; provided, however, that City shall

not apply for any such permits or approvals without Owner's prior written approval. The City shall use its best efforts to promptly and diligently cooperate, at no cost to the City, with Owner in its endeavors to obtain such permits and approvals and, from time to time at the request of Owner, shall proceed with due diligence and in good faith to negotiate and/or enter into binding agreements with any such entity in order to assure the availability of such permits and approvals or services. All such applications, approvals, agreements, and permits shall be obtained at Owner's cost and expense, including payment of City staff time in accordance with standard practices, and Owner shall indemnify City for any liabilities imposed on City arising out of or resulting from such applications, permits, agreements and/or approvals. The indemnifications set forth in this Section 3.3 shall survive the termination or expiration of this Agreement. To the extent allowed by applicable Laws, Owner shall be a party or third party beneficiary to any such agreement between City and such agencies and shall be entitled to enforce the rights of Owner or the City thereunder and/or the duties and obligations of the parties thereto.

3.4 Vesting. The Parties acknowledge and agree that this Agreement vests Owner's rights to develop the Project in accordance with the terms of this Agreement and the provisions of state law concerning development agreements.

3.5 Fees. Notwithstanding any other provision of this Agreement, and notwithstanding the provisions of Section 3.1, at the time any Approvals are applied for, the City may charge Processing Fees to Owner for land use approvals, building permits, encroachment permits, subdivision maps, and other similar permits and approvals which are in force and effect on a City Wide basis at the time Owner submits an application for those permits. The Project shall additionally be subject to all other taxes, assessments, and fees imposed by the City which are in force and effect on a City Wide basis and imposed on taxpayers, land, or Approvals, except that Impact Fees shall be imposed as provided in Section 3.6.

3.6 Impact Fees.

(a) The City shall not impose any new Impact Fees, including Impact Fees to provide affordable housing, on the Project provided that: (i) a Substantially Complete Building Permit Application is submitted to the City for the underground parking garage within three years of the Effective Date; and (ii) a building permit for the underground parking garage is issued within three years and six months of the Effective Date. Notwithstanding the foregoing, the City may impose increases in existing Impact Fees on the Project that are in force and effect on a City Wide basis at the time Owner submits an application for or receives an Approval that is subject to such increases in existing Impact Fees. As specified in Section 10.1, the time limits in this Section 3.6(a) may not be extended unless approved by the City Council and confirmed by the mutual written agreement of the City and Owner.

(b) The Owner may receive up to two one year extensions of the period in which new Impact Fees may not be imposed on the Project by paying to the City the following: (i) ten percent (10%) of the amount of the new Impact Fee that would

otherwise be imposed on the Project for the first one year extension; and (ii) an additional twenty percent (20%) of the amount of the new Impact Fee that would otherwise be imposed on the Project for the second one year extension. In determining the amount of any affordable housing Impact Fee that would otherwise be imposed on the Project, the City shall provide a credit for the Affordable Housing described in Section 7.4 as provided in the ordinance or resolution establishing the affordable housing Impact Fee.

3.7 Effect of Agreement. This Agreement, the Project Approvals and all plans and specifications upon which such Project Approvals are based (as the same may be modified from time to time in accordance with the terms of the Project Approvals), shall constitute a part of the Enacting Ordinance, as if incorporated by reference therein in full.

3.8 Review and Processing of Approvals. The City shall accept, review and shall use its best efforts to expeditiously process Owner's applications and requests for Approvals in connection with the Project in good faith and in a manner which complies with and is consistent with the Project Approvals and this Agreement. The City shall approve any application or request for an Approval which complies and is consistent with the Project Approvals. Owner shall provide the City with the Processing Fees, applications, documents, plans, materials and other information necessary for the City to carry out its review and processing obligations. Owner shall submit all applications and requests for Approvals in the manner required under applicable City Laws in effect as of the time of such submittal. The Parties shall cooperate with each other and shall use diligent, good faith efforts to cause the expeditious review, processing, and issuance of the approvals and permits for the development and occupation of the Project in accordance with the Project Approvals.

4. Specific Criteria Applicable to the Project.

4.1 Applicable Laws and Standards. Notwithstanding any change in any Existing City Law, including, but not limited to any change by means of ordinance, resolution, initiative, referendum, policy or moratorium, and except as otherwise expressly provided in this Agreement, the laws and policies applicable to the Property are and shall be as set forth in Existing City Laws (regardless of future changes in Existing City Laws by the City) and the Project Approvals. Owner shall also have the vested right to develop and occupy or to cause the Property to be developed and occupied in accordance with the Vested Elements; provided that the City may apply and enforce the California Building Standards Code as amended and adopted by the City (including the Mechanical Code, Electrical Code and Plumbing Code) and the California Fire Code as amended and adopted by the City and/or the Menlo Park Fire Protection District, as such codes may be in effect at the time Owner submits a Substantially Complete Building Permit Application for the underground parking garage, provided that: (a) Owner submits Substantially Complete Building Permit Applications for the remaining buildings in the Project within one year of the submittal of the Substantially Complete Building Permit Application for the underground parking garage; and (b) a building permit is issued for the underground parking garage and each subsequent

permit within 360 days of the submittal of a Substantially Complete Building Permit Application for that permit. Without limiting the generality of the foregoing, except as otherwise expressly provided in this Agreement, during the Term of this Agreement, the City shall not, without the prior written consent of Owner: (a) apply to the Project any new or amended ordinance, resolution, rule, regulation, requirement or official policy that is inconsistent with any Existing City Laws or Approvals and that would have the effect of delaying, preventing, adversely affecting or imposing any new or additional condition with respect to the Project; or (b) apply to the Project or any portion thereof any new or amended ordinance, resolution, rule, regulation, requirement or official policy that requires additional discretionary review or approval for the proposed development, use and/or occupancy of the Project.

4.2 Application of New City Laws. Nothing herein shall prevent the City from applying to the Property new City Laws that are not inconsistent or in conflict with the Existing City Laws or the intent, purposes or any of the terms, standards or conditions of this Agreement, and which do not affect the Vested Elements or impose any other conditions on the Project that are inconsistent with this Agreement or the intent of this Agreement. Any action or proceeding of the City that has any of the following effects on the Project shall be considered in conflict with this Agreement and the Existing City Laws:

- (a) Limiting or reducing the density or intensity of use of the Property;
- (b) Limiting grading or other improvements on the Property in a manner that is inconsistent with or more restrictive than the limitations included in the Project Approvals; or
- (c) Applying to the Project or the Property any law, regulation, or rule restricting or affecting a use or activity otherwise allowed by the Project Approvals.

The above list of actions is not intended to be comprehensive, but is illustrative of the types of actions that would conflict with this Agreement and the Existing City Laws. Prior to the adoption of any new City Law, including without limitation any change in the City's affordable housing rules or policies, City shall, upon Owner's request, confer as to whether such new City Law would be considered in conflict with this Agreement and Existing City Laws.

4.3 Timing. Without limiting the foregoing, no moratorium or other limitation affecting the development and occupancy of the Project or the rate, timing or sequencing thereof shall apply to the Project.

4.4 Subsequent Environmental Review. The Parties acknowledge and agree that the EIR contains a thorough environmental analysis of the Project and the Project alternatives, and specifies the feasible Mitigation Measures available to eliminate or reduce to an acceptable level the environmental impacts of the Project. The Parties further acknowledge and agree that the EIR provides an adequate

environmental analysis for the City's decisions to authorize Owner to proceed with the Project as embodied in the Project Approvals and this Agreement and subsequent development of the Project during the Term of this Agreement. The Mitigation Measures imposed are appropriate for the implementation of proper planning goals and objectives and the formulation of Project conditions of approval. In view of the foregoing, the City agrees that the City will not require another or additional environmental impact report or environmental review for any subsequent Approvals implementing the Project to the extent that is consistent with the California Environmental Quality Act. Owner shall defend, indemnify and hold the City harmless from any costs or liabilities incurred by the City in connection with any litigation seeking to compel the City to perform additional environmental review of any subsequent Approvals.

4.5 Easements; Improvements. The City shall cooperate with Owner in connection with any arrangements for abandoning existing easements and facilities and the relocation thereof or creation of any new easements within the Property necessary or appropriate in connection with the development of the Project. If any such easement is owned by the City or an agency of the City, the City or such agency shall, at the request of Owner, take such action and execute such documents as may be reasonably necessary in order to abandon and relocate such easement(s) as necessary or appropriate in connection with the development of the Project in accordance with the Project Approvals. All on-site and off-site improvements required to be constructed by Owner pursuant to this Agreement, including those set forth in the Project Approvals, shall be constructed by Owner.

5. Condition Precedent. Owner's obligations under Sections 6 and 7 inclusive are expressly conditioned on the City's issuance of a building permit for the underground parking garage to be built as part of the Project. This condition shall be referred to as the "**Condition Precedent**".

6. One Time Public Benefit; Downtown Public Amenity Fund. Prior to issuance of any building permit for the underground parking garage, Owner shall make a payment of One Million Fifty Thousand Dollars (\$1,050,000) to the City for deposit into the Downtown Public Amenity Fund. Prior to City sign off on any building permit allowing occupancy of office, retail, or residential space, Owner shall make a second payment of One Million Fifty Thousand Dollars (\$1,050,000) to the City for deposit into the Downtown Public Amenity Fund.

7. On-Going Public Benefits.

7.1 Dog Park. The Project shall incorporate a fenced dog park located as shown on Exhibit A attached hereto that shall be open to the public consistent with the public use agreement attached to this Agreement as Exhibit C (the "**Public Use Agreement**"). Prior to City sign off on any building permit allowing occupancy of office, retail, or residential space in the Project, the Public Use Agreement shall be recorded against the Property. Construction of the dog park shall be completed substantially in conformance with the Project Approvals and all other applicable state and local building codes, development standards, and ordinances prior to City sign off of the building

permit allowing occupancy of any residential unit in the Project. The Public Use Agreement may be amended from time to time by mutual agreement of the City and the Owner, and any amendment to the Public Use Agreement shall automatically be deemed to be incorporated into this Agreement without any further requirement to amend this Agreement.

7.2 Sales Tax Guarantee.

(a) For the Term of this Agreement, and commencing two (2) years after occupancy is allowed in the final office or residential building, Owner agrees to pay to the City the positive difference, if any, obtained by subtracting: (i) the sales tax revenues the City actually received from the entire Property (including sales tax generated by office space tenants) for the previous fiscal year (measured from July 1 to June 30) from: (ii) the amount of Eighty-Three Thousand Seven Hundred Dollars (\$83,700) (the "**Sales Tax Guarantee**").

(b) Commencing one year after the Effective Date, the amount of the Sales Tax Guarantee shall be increased once every twelve months based on the annual percentage increase in the Consumer Price Index, All Items (CPI-U), San Francisco-Oakland-San Jose, on June 30 of each year.

(c) In the first year that the Project is subject to the Sales Tax Guarantee, Owner shall pay to the City the positive difference, if any, obtained by subtracting: (i) the sales tax revenues the City actually received from the Property for the previous fiscal year (measured from July 1 to June 30) from: (ii) the amount of the Sales Tax Guarantee prorated for the period in which occupancy was approved. (As an example, if occupancy is approved on October 1, 2019, then no Sales Tax Guarantee would be due from October 1, 2019 to October 1, 2021, and the first calculation of the Sales Tax Guarantee would occur for the period from October 1, 2021 to June 30, 2022. The sales tax actually received from the Property from July 1, 2021 to June 30, 2022 would be subtracted from the Sales Tax Guarantee prorated over a nine month period rather than a twelve month period to determine any amount owed to the City.)

7.3 Marketing to Incubator/Accelerator/Co-Working Tenants. For the Term of this Agreement, Owner shall make a good faith effort to implement the plan shown in Exhibit D attached hereto (the "**Incubator Marketing Plan**") and market the office space within the Project to incubator, accelerator, and co-working tenants. Notwithstanding this provision, Owner shall have no obligation to implement the Incubator Marketing Plan if all of the office space in the Project is leased to a single tenant, nor shall Owner have any obligation to implement the Marketing Plan during periods when the office space in the buildings is ninety-five percent (95%) leased for at least one year in the future.

7.4 Affordable Housing. Concurrently with the recordation of this Agreement, Owner and City shall execute and record a Below Market Rate (BMR) Housing Agreement in the form attached as Exhibit E ("**BMR Housing Agreement**"), which shall provide, among other things, for: (a) the provision of a total of twenty (20)

affordable units in the Project, fourteen (14) to be occupied exclusively by, and rented to, households of low income and six (6) to be occupied exclusively by, and rented to, households of moderate income ("**Affordable Units**"), as further described in the BMR Housing Agreement; (b) a concurrent term for all Affordable Units of fifty-five (55) years from the date of City sign off of the final building permit allowing occupancy of all planned residential space in the Project; and (c) subordination permitted only as provided in Section 405 of the BMR Agreement. Owner further acknowledges, under Civil Code Sections 1954.52(b) and 1954.53(a)(2), that it has agreed to limit rents in the Affordable Units in consideration for the City's agreements to enter into a Development Agreement for the Project and for the City's approval of this Agreement and provision of the Public Benefit Bonus, as described in the BMR Housing Agreement. Owner hereby agrees that any Affordable Units provided pursuant to this Agreement are not subject to Civil Code Section 1954.52(a) or any other provision of the Costa-Hawkins Act inconsistent with controls on rents, and further agrees that any limitations on rents imposed on the Affordable Units are in conformance with the Costa-Hawkins Act.

8. Indemnity. Owner shall indemnify, defend and hold harmless City, and its elective and appointive boards, commissions, officers, agents, contractors, and employees (collectively, "**City Indemnified Parties**") from any and all claims, causes of action, damages, costs or expenses (including reasonable attorneys' fees) arising out of or in connection with, or caused on account of, the development and occupancy of the Project, any Approval with respect thereto, or claims for injury or death to persons, or damage to property, as a result of the operations of Owner or its employees, agents, contractors, representatives or tenants with respect to the Project (collectively, "**Owner Claims**"); provided, however, that Owner shall have no liability under this Section 8 for Owner Claims arising from the gross negligence or willful misconduct of any City Indemnified Party, or for Claims arising from, or that are alleged to arise from, the repair or maintenance by the City of any improvements that have been offered for dedication by Owner and accepted by the City.

9. Periodic Review for Compliance.

9.1 Annual Review. The City shall, at least every twelve (12) months during the Term of this Agreement, review the extent of Owner's good faith compliance with the terms of this Agreement pursuant to Government Code § 65865.1 and Resolution No. 4159. Notice of such annual review shall be provided by the City's Community Development Director to Owner not less than thirty (30) days prior to the date of the hearing by the Planning Commission on Owner's good faith compliance with this Agreement and shall to the extent required by law include the statement that any review may result in amendment or termination of this Agreement. Owner shall demonstrate good faith compliance with this Agreement. At the conclusion of the review, the Planning Commission shall determine on the basis of substantial evidence whether the Owner has complied in good faith with the terms and conditions of this Agreement. The decision of the Planning Commission may be appealed to the City Council within ten (10) days of its decision. A finding by the Planning Commission or City Council, as applicable, of good faith compliance with the terms of this Agreement shall conclusively determine the issue up to and including the date of such review.

Bayfront, Landings, and Real Social Good are jointly and severally responsible for all obligations of Owner under this Agreement; and a failure by any one of them to comply in good faith with any obligations of Owner under this Agreement shall constitute a Default of Owner.

9.2 Non-Compliance. If the Planning Commission (if its finding is not appealed) or City Council finds that Owner has not complied in good faith with the terms and conditions of this Agreement, the City shall provide written notice to Owner describing: (a) such failure and that such failure constitutes a Default; (b) the actions, if any, required by Owner to cure such Default; and (c) the time period within which such Default must be cured. If the Default can be cured, Owner shall have a minimum of thirty (30) days after the date of such notice to cure such Default, or in the event that such Default cannot be cured within such thirty (30) day period, if Owner shall commence within such thirty (30) day time period the actions necessary to cure such Default and shall be diligently proceeding to complete such actions necessary to cure such Default, Owner shall have such additional time period as may be required by Owner within which to cure such Default.

9.3 Failure to Cure Default. If Owner fails to cure a Default within the time periods set forth above, the City Council may amend or terminate this Agreement as provided below.

9.4 Proceeding Upon Amendment or Termination. If, upon a finding under Section 9.2 of this Agreement and the expiration of the cure period specified in such Section 9.2 without the Owner having cured a Default, the City determines to proceed with amendment or termination of this Agreement, the City shall give written notice to Owner of its intention so to do. The notice shall be given at least thirty (30) days before the scheduled hearing and shall contain:

- (a) The time and place of the hearing;
- (b) A statement that the City proposes to terminate or to amend this Agreement; and
- (c) Such other information as is reasonably necessary to inform Owner of the nature of the proceeding.

9.5 Hearings on Amendment or Termination. At the time and place set for the hearing on amendment or termination, Owner shall be given an opportunity to be heard, and Owner shall be required to demonstrate good faith compliance with the terms and conditions of this Agreement. If the City Council finds, based upon substantial evidence, that Owner has not complied in good faith with the terms or conditions of this Agreement, the City Council may terminate this Agreement or, with Owner's agreement to amend rather than terminate, amend this Agreement and impose such conditions as are reasonably necessary to protect the interests of the City. Bayfront, Landings, and Real Social Good are jointly and severally responsible for all obligations of Owner under this Agreement; and a failure by any one of them to comply substantially and in good

faith with any obligations of Owner under this Agreement shall constitute a Default of Owner. The decision of the City Council shall be final, subject to judicial review pursuant to Section 1094.5 of the California Code of Civil Procedure.

9.6 Effect on Transferees. If Owner has transferred a partial interest in the Property to another party so that title to the Property is held by Owner and additional parties or different parties, the City shall conduct one annual review applicable to all parties with a partial interest in the Property and the entirety of the Property. If the City Council terminates or amends this Agreement based upon any such annual review and the determination that any party with a partial interest in the Property has not complied in good faith with the terms and conditions of this Agreement, such action shall be effective as to all parties with a partial interest in the Property and to the entirety of the Property.

10. Permitted Delays; Subsequent Laws.

10.1 Extension of Times of Performance. In addition to any specific provisions of this Agreement, the performance by any Party of its obligations under this Agreement shall not be deemed to be in Default, and the time for performance of such obligation shall be extended; where delays or failures to perform are due to war, insurrection, strikes, lockouts, riots, floods, earthquakes, fire, casualties, acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, restrictions imposed by governmental or quasi-governmental entities other than the City, unusually severe weather, acts of another Party, acts or the failure to act of any public or governmental agency or entity (except that acts or the failure to act of the City shall not excuse the City's performance) or any other causes beyond the reasonable control, or without the fault, of the Party claiming an extension of time to perform. An extension of time for any such cause shall only be for the period of the enforced delay, which period shall commence to run from the time of the commencement of the cause of the delay. If a delay occurs, the Party asserting the delay shall use reasonable efforts to notify promptly the other Parties of the delay. If, however, notice by the Party claiming such extension is sent to the other Party more than thirty (30) days after the commencement of the cause of the delay, the period shall commence to run as of only thirty (30) days prior to the giving of such notice. The time period for performance under this Agreement may also be extended in writing by the joint agreement of the City and Owner. Litigation attacking the validity of the EIR, the Project Approvals and/or the Project shall also be deemed to create an excusable delay under this Section 10.1, but only to the extent such litigation causes a delay and the Party asserting the delay complies with the notice and other provisions regarding delay set forth hereinabove. Notwithstanding this Section 10.1, in no event shall the Term of this Agreement as set forth in Section 2.2 or the time limits set forth in Section 3.6 be extended by any such delay without approval of the City Council and the mutual written agreement of the City and Owner.

10.2 Superseded by Subsequent Laws. If any Law made or enacted after the date of this Agreement prevents or precludes compliance with one or more provisions of this Agreement, then the provisions of this Agreement shall, to the extent

feasible, be modified or suspended as may be necessary to comply with such new Law. Immediately after enactment of any such new Law, the Parties shall meet and confer reasonably and in good faith to determine the feasibility of any such modification or suspension based on the effect such modification or suspension would have on the purposes and intent of this Agreement. If such modification or suspension is infeasible in Owner's reasonable business judgment, then Owner shall have the right to terminate this Agreement by written notice to the City. Owner shall also have the right to challenge the new Law preventing compliance with the terms of this Agreement, and in the event such challenge is successful, this Agreement shall remain unmodified and in full force and effect. Notwithstanding the preceding, nothing herein shall permit the City to enact Laws that conflict with the terms of this Agreement.

11. Termination.

11.1 City's Right to Terminate. The City shall have the right to terminate this Agreement only under the following circumstances:

The City Council has determined that Owner is not in good faith compliance with the terms of this Agreement, and this Default remains uncured, all as set forth in Section 9 of this Agreement.

11.2 Owner's Right to Terminate. Owner shall have the right to terminate this Agreement only if both of the following occur:

(a) In the notice to the City terminating this Agreement, Owner either (i) requests City in writing to rescind the Project Approvals, including the Public Benefit Bonus; or (ii) City has approved alternative public benefits in consideration for the Public Benefit Bonus; and

(b) One of the following has occurred:

(1) Owner has determined that the City is in Default, has given the City notice of such Default and the City has not cured such Default within thirty (30) days following receipt of such notice, or if the Default cannot reasonably be cured within such thirty (30) day period, the City has not commenced to cure such Default within thirty (30) days following receipt of such notice and is not diligently proceeding to cure such Default; or

(2) Owner is unable to complete the Project because of supersedure by a subsequent Law or court action, as set forth in Sections 10.2 and 16 of this Agreement; or

(3) Owner determines in its business judgment that it does not desire to proceed with the construction of the Project.

11.3 Mutual Agreement. This Agreement may be terminated upon the mutual written agreement of the Parties.

11.4 Effect of Termination. If this Agreement is terminated pursuant to this Section 11, such termination shall not affect any condition or obligation due to the City from Owner and arising prior to the date of termination.

11.5 Recordation of Termination. In the event of a termination, the City and Owner agree to cooperate with each other in executing and acknowledging a Memorandum of Termination to record in the Official Records of San Mateo County within thirty (30) days following the effective date of such termination.

12. Remedies.

12.1 No Damages. City and Owner acknowledge that the purpose of this Agreement is to carry out the Parties' objectives as set forth in the recitals. City and Owner agree that to determine a sum of money which would adequately compensate either Party for choices they have made which would be foreclosed should the Property not be developed as contemplated by this Agreement is not possible and that damages would not be an adequate remedy. Therefore, City and Owner agree that in no event shall a Party, or its boards, commissions, officers, agents, or employees, be liable in damages for an Default under this Agreement. This exclusion on damages shall not preclude actions by a Party to enforce payments of monies or fees due or the performance of obligations requiring the expenditures of money under the terms of this Agreement.

12.2 Remedies Cumulative. In the event of a breach of this Agreement, the only remedies available to the non-breaching Party shall be: (a) suit for specific performance to remedy a specific breach; (b) suits for declaratory or injunctive relief; (c) suit for mandamus under Code of Civil Procedure Section 1085, or special writ; and (d) termination or cancellation of this Agreement. While Owner is in Default under this Agreement, City shall not be obligated to issue any permit or grant any Approval until Owner cures the Default. All of these remedies shall be cumulative and not exclusive of one another, and the exercise of any one or more of these remedies shall not constitute a waiver or election with respect to any other available remedy.

12.3 Parties' Agreement. In connection with the foregoing provisions, each Party acknowledges, warrants and represents that it has been fully informed with respect to, and represented by counsel of such Party's choice in connection with, the rights and remedies of such Party hereunder and the waivers herein contained, and after such advice and consultation has presently and actually intended, with full knowledge of such Party's rights and remedies otherwise available at law or in equity, to waive and relinquish such rights and remedies to the extent specified herein, and to rely to the extent herein specified solely on the remedies provided for herein with respect to any breach of this Agreement by the other Party. The provisions of this Section 12 shall survive and remain in effect following the expiration of the Term or termination or cancellation of this Agreement.

13. Waiver. Failure by a Party to insist upon the strict performance of any of the provisions of this Agreement by the other Party, irrespective of the length of time for which such failure continues, shall not constitute a waiver of such Party's right to demand strict compliance by such other Party in the future. No waiver by a Party of a Default shall be effective or binding upon such Party unless made in writing by such Party, and no such waiver shall be implied from any omission by a Party to take any action with respect to such Default. No express written waiver of any Default shall affect any other Default, or cover any other period of time, other than any Default and/or period of time specified in such express waiver.

14. Attorneys' Fees. If a Party brings an action or proceeding (including, without limitation, any cross-complaint, counterclaim, or third-party claim) against another Party by reason of a Default, or otherwise to enforce rights or obligations arising out of this Agreement, the prevailing Party in such action or proceeding shall be entitled to recover from the other Party its costs and expenses of such action or proceeding, including reasonable attorneys' fees and costs, and costs of such action or proceeding, which shall be payable whether such action or proceeding is prosecuted to judgment. "**Prevailing Party**" within the meaning of this Section 14 shall include, without limitation, a Party who dismisses an action for recovery hereunder in exchange for payment of the sums allegedly due, performance of the covenants allegedly breached, or consideration substantially equal to the relief sought in the action.

15. Limitations on Actions. The City and Owner hereby renounce the existence of any third party beneficiary of this Agreement and agree that nothing contained herein shall be construed as giving any other person or entity third party beneficiary status. If any action or proceeding is instituted by any third party challenging the validity of any provisions of this Agreement, or any action or decision taken or made hereunder, the Parties shall cooperate in defending such action or proceeding.

16. Owner's Right of Termination; Indemnity. If any court action or proceeding is brought by any third party to challenge the EIR, the Project Approvals and/or the Project, or any portion thereof, and without regard to whether Owner is a party to or real party in interest in such action or proceeding, or this Agreement is the subject of a referendum petition submitted to the City, then Owner shall have the right to terminate this Agreement upon thirty (30) days' notice in writing to City, given at any time during the pendency of such action, proceeding, or referendum, or within ninety (90) days after the final determination therein (including any appeals), irrespective of the nature of such final determination, provided that, either: (a) in the notice to the City, Owner requests City in writing to rescind the Project Approvals, including the Public Benefit Bonus; or (b) City has approved alternative public benefits in consideration for the Public Benefit Bonus. If Owner elects not to terminate this Agreement, any such action, proceeding, or referendum shall constitute a permitted delay under Section 10.1 of this Agreement. Owner shall pay the City's cost and expense, including attorneys' fees and staff time incurred by the City in defending any such action or participating in the defense of such action, including any court action or proceeding involving a referendum petition regarding this Agreement, and shall indemnify the City from any award of attorneys' fees awarded to the party challenging this Agreement, the Project Approvals or any

other permit or Approval or attorneys' fees awarded to a third party related to a referendum petition. The defense and indemnity provisions of this Section 16 shall survive Owner's election to terminate this Agreement. Notwithstanding anything to the contrary herein, Owner shall retain the right to terminate this Agreement pursuant to this Section 16 even after: (a) it has vacated the Property; and (b) its other rights and obligations under this Agreement have terminated.

17. Estoppel Certificate. Any Party may, at any time, and from time to time, deliver written notice to the other Party requesting such other Party certify in writing, to the knowledge of the certifying Party: (a) that this Agreement is in full force and effect and a binding obligation of the Parties; (b) that this Agreement has not been amended or modified either orally or in writing, and if so amended, identifying the amendments; (c) that the requesting Party is not in Default in the performance of its obligations under this Agreement, or if the requesting Party is in Default, the nature and amount of any such Defaults; (d) that the requesting Party has been found to be in compliance with this Agreement, and the date of the last determination of such compliance; and (e) as to such other matters concerning this Agreement as the requesting Party shall reasonably request. A Party receiving a request hereunder shall execute and return such certificate within thirty (30) days following the receipt thereof. The City Manager shall have the right to execute any certificate requested by Owner hereunder. The City acknowledges that a certificate may be relied upon by transferees and Mortgagees.

18. Mortgagee Protection; Certain Rights of Cure.

18.1 Mortgagee Protection. This Agreement shall be superior and senior to any lien placed upon the Property, or any portion thereof, after the date of recordation of this Agreement in the San Mateo County, California Official Records, including the lien of any Mortgage. Notwithstanding the foregoing, no breach hereof shall defeat, render invalid, diminish or impair the lien of any Mortgage, and subject to Section 18 of this Agreement, all of the terms and conditions contained in this Agreement shall be binding upon and effective against any person (including any Mortgagee) who acquires title to the Property, or any portion thereof, by foreclosure, trustee's sale, deed in lieu of foreclosure or otherwise, and the benefits hereof will inure to the benefit of such party.

18.2 Mortgagee Not Obligated. Notwithstanding the provisions of Section 18.1 above, no Mortgagee or other purchaser in foreclosure or grantee under a deed in lieu of foreclosure, and no transferee of such Mortgagee, purchaser or grantee shall: (a) have any obligation or duty under this Agreement to construct, or to complete the construction of, improvements, to guarantee such construction or completion or to perform any other monetary or nonmonetary obligations of Owner under this Agreement; and (b) be liable for any Default of Owner under this Agreement; provided, however, that a Mortgagee or any such purchaser, grantee or transferee shall not be entitled to use the Property in the manner permitted by this Agreement and the Project Approvals unless it complies with the terms and provisions of this Agreement applicable to Owner.

18.3 Notice of Default to Mortgagee; Right of Mortgagee to Cure. If the City receives notice from a Mortgagee requesting a copy of any notice of Default given Owner hereunder and specifying the address for service thereof, then City shall deliver to such Mortgagee, concurrently with service thereon to Owner, any notice of a Default or determination of noncompliance given to Owner. Each Mortgagee shall have the right (but not the obligation) for a period of ninety (90) days after the receipt of such notice from City to cure or remedy, or to commence to cure or remedy, the Default claimed or the areas of noncompliance set forth in the City's notice. If the Default or such noncompliance is of a nature which can only be remedied or cured by such Mortgagee upon obtaining possession of the Property, or any portion thereof, such Mortgagee may seek to obtain possession with diligence and continuity through a receiver, by foreclosure or otherwise, and may thereafter remedy or cure the Default or noncompliance within ninety (90) days after obtaining possession of the Property or such portion thereof. If any such Default or noncompliance cannot, with reasonable diligence, be remedied or cured within the applicable ninety (90) day period, then such Mortgagee shall have such additional time as may be reasonably necessary to remedy or cure such Default or noncompliance if such Mortgagee commences a cure during the applicable ninety (90) day period, and thereafter diligently pursues such cure to completion.

19. Assignment, Transfer, Financing.

19.1 Owner's Right to Assign. Subject to the terms of this Agreement, Owner shall have the right to transfer, sell and/or assign Owner's rights and obligations under this Agreement in conjunction with the transfer, sale or assignment of all or a partial interest in the Property. If the transferred interest consists of less than Owner's entire Property, or less than Owner's entire title to or interest in the Property, Owner shall have the right to transfer, sell, and/or assign to the transferee only those of Owner's rights and obligations under this Agreement that are allocable or attributable to the transferred property. Any transferee shall assume in writing the obligations of Owner under this Agreement and the Project Approvals relating to the transferred property and arising or accruing from and after the effective date of such transfer, sale or assignment. Owner shall notify City within ten (10) days of any such transfer, sale, or assignment.

19.2 Financing. Notwithstanding Section 19.1 of this Agreement, Mortgages, sales and lease-backs and/or other forms of conveyance required for any reasonable method of financing requiring a security arrangement with respect to the development of the Property are permitted without the need for the lender to assume in writing the obligations of Owner under this Agreement and the Project Approvals. Further, no foreclosure, conveyance in lieu of foreclosure or other conveyance or transfer in satisfaction of indebtedness made in connection with any such financing shall require any further consent of the City, regardless of when such conveyance is made, and no such transferee will be required to assume any obligations of Owner under this Agreement.

19.3 Release upon Transfer of Property. Upon Owner's sale, transfer and/or assignment of all of Owner's rights and obligations under this Agreement in

accordance with this Section 19, Owner shall be released from Owner's obligations pursuant to this Agreement which arise or accrue subsequent to the effective date of the transfer, sale and/or assignment, provided that Owner has provided notice to the City as required by Section 19.1.

20. Covenants Run With the Land. All of the provisions, agreements, rights, powers, standards, terms, covenants and obligations contained in this Agreement shall constitute covenants that shall run with the land comprising the Property, and the burdens and benefits of this Agreement shall be binding upon, and shall insure to the benefit of, each of the Parties and their respective heirs, successors, assignees, devisees, administrators, representatives and lessees, except as otherwise expressly provided in this Agreement.

21. Amendment.

21.1 Amendment or Cancellation. Except as otherwise provided in this Agreement, this Agreement may be cancelled, modified or amended only by mutual consent of the Parties in writing, and then only in the manner provided for in Government Code Section 65868 and Article 7 of Resolution No. 4159. Any amendment to this Agreement which does not relate to the Term of this Agreement, the Vested Elements or the Conditions relating to the Project shall require the giving of notice pursuant to Government Code Section 65867, as specified by Section 65868 thereof, but shall not require a public hearing before the Parties may make such amendment.

21.2 Recordation. Any amendment, termination or cancellation of this Agreement shall be recorded by the City Clerk not later than ten (10) days after the effective date thereof or of the action effecting such amendment, termination or cancellation; provided, however, a failure of the City Clerk to record such amendment, termination or cancellation shall not affect the validity of such matter.

22. Notices. Any notice shall be in writing and given by delivering the notice in person or by sending the notice by registered or certified mail, express mail, return receipt requested, with postage prepaid, or by overnight courier to the Party's mailing address. The respective mailing addresses of the Parties are, until changed as hereinafter provided, the following:

City: City of Menlo Park
701 Laurel Street
Menlo Park, CA 94025
Attention: City Manager

With a
copy to: City of Menlo Park
701 Laurel Street
Menlo Park, CA 94025
Attention: City Attorney

Owner: Landings Investments, LLC
Bayfront Investments, LLC
Real Social Good Investments. LLC
c/o Greenheart Land Company LLC
621 High Street
Palo Alto, CA 94301

With a copy to: Greenheart Land Company
P.O. Box 7775 #45700
San Francisco, CA 94120-7775

Arent Fox LLP
52 Second Street, 21st Floor
San Francisco, CA 94105-3470
Attention: Steve Atkinson

A Party may change its mailing address at any time by giving to the other Party ten (10) days' notice of such change in the manner provided for in this Section 22. All notices under this Agreement shall be deemed given, received, made or communicated on the date personal delivery is effected, or if mailed, on the delivery date or attempted delivery date shown on the return receipt.

23. Miscellaneous.

23.1 Negation of Partnership. The Parties specifically acknowledge that the Project is a private development, that no Party is acting as the agent of the other in any respect hereunder and that each Party is an independent contracting entity with respect to the terms, covenants and conditions contained in this Agreement. None of the terms or provisions of this Agreement shall be deemed to create a partnership between or among the Parties in the businesses of Owner, the affairs of the City, or otherwise, nor shall it cause them to be considered joint venturers or members of any joint enterprise.

23.2 Consents. Unless otherwise provided herein, whenever approval, consent or satisfaction (herein collectively referred to as an "approval") is required of a Party pursuant to this Agreement, such approval shall not be unreasonably withheld or delayed. If a Party shall not approve, the reasons therefor shall be stated in reasonable detail in writing. The approval by a Party to or of any act or request by the other Party shall not be deemed to waive or render unnecessary approval to or of any similar or subsequent acts or requests.

23.3 Approvals Independent. All Approvals which may be granted pursuant to this Agreement, and all Approvals or other land use approvals which have been or may be issued or granted by the City with respect to the Property, constitute independent actions and approvals by the City. If any provisions of this Agreement or the application of any provision of this Agreement to a particular situation is held by a court of competent jurisdiction to be invalid or unenforceable, or if the City terminates

this Agreement for any reason, such invalidity, unenforceability or termination of this Agreement or any part hereof shall not affect the validity or effectiveness of any Approvals or other land use approvals.

23.4 Severability. Invalidation of any of the provisions contained in this Agreement, or of the application thereof to any person, by judgment or court order, shall in no way affect any of the other provisions hereof or the application thereof to any other person or circumstance and the same shall remain in full force and effect, unless enforcement of this Agreement as so invalidated would be unreasonable or grossly inequitable under all the circumstances or would frustrate the purposes of this Agreement. Notwithstanding the preceding, this Section 23.4 is subject to the terms of Section 10.2.

23.5 Exhibits. The Exhibits referred to herein are deemed incorporated into this Agreement in their entirety.

23.6 Entire Agreement. This written Agreement and the Project Approvals contain all the representations and the entire agreement between the Parties with respect to the subject matter hereof. Except as otherwise specified in this Agreement and the Project Approvals, any prior correspondence, memoranda, agreements, warranties or representations are superseded in total by this Agreement.

23.7 Construction of Agreement. The provisions of this Agreement shall be construed as a whole according to their common meaning and not strictly for or against any Party in order to achieve the objectives and purpose of the Parties. The captions preceding the text of each Section and Subsection are included only for convenience of reference and shall be disregarded in the construction and interpretation of this Agreement. Wherever required by the context, the singular shall include the plural and vice versa, and the masculine gender shall include the feminine or neuter genders, or vice versa. All references to "person" shall include, without limitation, any and all corporations, partnerships, limited liability companies or other legal entities.

23.8 Further Assurances; Covenant to Sign Documents. Each Party covenants, on behalf of itself and its successors, heirs and assigns, to take all actions and do all things, and to execute, with acknowledgment or affidavit if required, any and all documents and writings that may be necessary or proper to achieve the purposes and objectives of this Agreement.

23.9 Governing Law. This Agreement, and the rights and obligations of the Parties, shall be governed by and interpreted in accordance with the laws of the State of California. Venue shall be San Mateo County Superior Court.

23.10 Construction. This Agreement has been reviewed and revised by legal counsel for Owner and City, and no presumption or rule that ambiguities shall be construed against the drafting Party shall apply to the interpretation or enforcement of this Agreement.

23.11 Time. Time is of the essence of this Agreement and of each and every term and condition hereof. In particular, City agrees to act in a timely fashion in accepting, processing, checking and approving all maps, documents, plans, permit applications and any other matters requiring City's review or approval relating to the Project or Property.

24. Counterparts. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed an original, but all of which when taken together shall constitute but one Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

CITY:

CITY OF MENLO PARK, a municipal corporation of the State of California

By: _____
Kirsten Keith, Mayor

Date: _____

ATTEST:

Pamela Aguilar, City Clerk

Date: _____

APPROVED AS TO FORM:

By: _____
City Attorney

Date: _____

OWNER:

BAYFRONT INVESTMENTS, LLC, a California limited liability company

By: _____
Scott W. Hassan, Managing Member

Date: _____

LANDINGS INVESTMENTS, LLC, a California
limited liability company

By: _____
Scott W. Hassan, Managing Member

Date: _____

REAL SOCIAL GOOD INVESTMENTS LLC, a
California limited liability company

By: _____
Scott W. Hassan, Managing Member

Date: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF SAN MATEO)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF SAN MATEO)

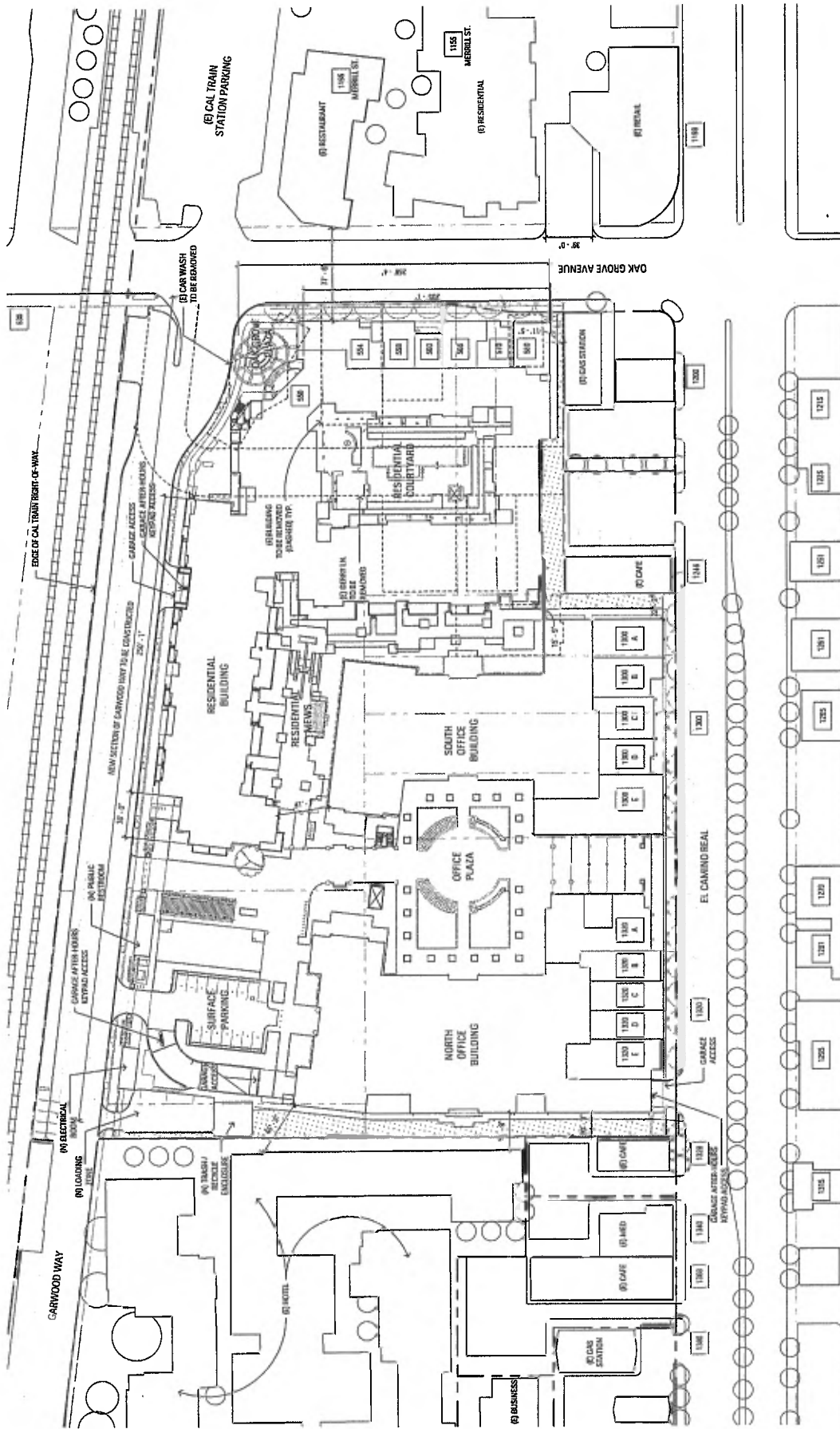
On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

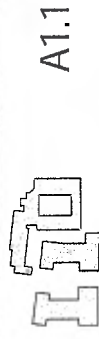
Name: _____
Notary Public

EXHIBIT A
SITE PLAN OF PROPERTY



Area Plan - 1300 El Camino Real

1300 EL CAMINO REAL



DATE NORTH
PLAN NORTH
12/1/2016
SCALE 1" = 40'

12060

12/1/2016

BAR architects
901 Battery Street, Suite 300 | San Francisco, CA 94111 415 293 5700 | www.bararch.com

STATION 1300

EXHIBIT B

LEGAL DESCRIPTION OF PROPERTY

Real property in the City of Menlo Park, County of San Mateo, State of California,
described as follows:

EXHIBIT B

LEGAL DESCRIPTION OF PROPERTY

Real property in the City of Menlo Park, County of San Mateo, State of California, described as follows:

Property Owned by Landings Investments, LLC

PORTION OF LOT 186, AS SHOWN ON THAT CERTAIN MAP ENTITLED, "PLAT OF THE LANDS OF THE MENLO PARK VILLA ASSOCIATION, SOUTHERN PORTION OF PULGAS RANCHO, SAN MATEO COUNTY", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY, ON SEPTEMBER 14, 1863, IN BOOK "C" OF MAPS, AT PAGE 6, AND COPIED INTO BOOK 2 OF MAPS, AT PAGE 40, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTHEASTERLY LINE OF EL CAMINO REAL, FORMERLY KNOWN AS THE COUNTY ROAD, DISTANT THEREON 243 FEET, 10 INCHES NORTHWESTERLY FROM ITS INTERSECTION WITH THE NORTHWESTERLY LINE OF OAK GROVE AVENUE; THENCE NORTHWESTERLY ALONG SAID NORTHEASTERLY LINE OF EL CAMINO REAL, 50 FEET; THENCE AT RIGHT ANGLES NORTHEASTERLY, 257 FEET, 7-1/2 INCHES TO THE LANDS, NOW OR FORMERLY, OF MARTIN KUCK; THENCE AT RIGHT ANGLES SOUTHEASTERLY, ALONG SAID KUCK'S LAND, 50 FEET; THENCE AT RIGHT ANGLES SOUTHWESTERLY, 257 FEET 7-1/2 INCHES, MORE OR LESS, TO THE POINT OF BEGINNING.

Property Owned by Bayfront Investments, LLC

PARCEL ONE:

LOTS 1, 2, 3 AND 4, AS DESIGNATED ON THAT CERTAIN MAP ENTITLED, "MAP OF THE SUBDIVISION OF PART OF THE O'KEEFE TRACT AT MENLO PARK, SAN MATEO COUNTY, CALIFORNIA", WHICH MAP WAS FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA ON JULY 30, 1887 IN BOOK 6 OF MISCELLANEOUS RECORDS AT PAGE 197; AND COPIED INTO BOOK "C" OF MAPS AT PAGE 29; AND PORTIONS OF LOTS 184 AND 185 AS SHOWN ON THAT CERTAIN MAP ENTITLED, "PLAT OF LANDS OF THE MENLO PARK VILLA ASSOCIATION, SOUTHERN PORTION OF PULGAS RANCHO, SAN MATEO COUNTY", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO ON SEPTEMBER 14, 1863, IN BOOK "C" OF MAPS AT PAGE 6 AND COPIED INTO BOOK 2 OF MAPS AT PAGE 40, BEING MORE PARTICULARLY DESCRIBED AS A WHOLE AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE NORTHEASTERLY LINE OF EL CAMINO REAL WITH THE DIVIDING LINE BETWEEN LOTS 4 AND 5 OF SAID ABOVE MENTIONED O'KEEFE TRACT; AND RUNNING THENCE FROM SAID POINT OF BEGINNING ALONG SAID NORTHEASTERLY LINE OF EL CAMINO REAL, SOUTH 58° 30' EAST 251.60 FEET; MORE OR LESS, TO THE SOUTHEASTERLY LINE OF LANDS CONVEYED TO MENLO PARK SCHOOL DISTRICT BY DEED DATED SEPTEMBER 19, 1924 AND RECORDED OCTOBER 10, 1924, IN BOOK 136 OF OFFICIAL RECORDS OF

SAN MATEO COUNTY AT PAGE 241; THENCE AT RIGHT ANGLES NORTHEASTERLY AND ALONG SAID SOUTHEASTERLY LINE 257 FEET 7 1/2 INCHES TO THE SOUTHWESTERLY LINE OF THE LANDS FORMERLY OF KUCK (NOW DERRY); THENCE NORTHWESTERLY ALONG SAID SOUTHWESTERLY LINE OF 43 FEET TO THE MOST WESTERLY CORNER THEREOF; THENCE CONTINUING NORTHWESTERLY AND PARALLEL WITH THE NORTHEASTERLY LINE OF EL CAMINO REAL, 208.60 FEET, MORE OR LESS, TO THE NORTHEASTERLY PROLONGATION OF THE DIVIDING LINE BETWEEN LOTS 4 AND 5 OF SAID O'KEEFE TRACT; THENCE SOUTHWESTERLY ALONG SAID PROLONGATION AND CONTINUING ALONG SAID DIVIDING LINE BETWEEN SAID LOTS 4 AND 5 FOR A DISTANCE OF 257 FEET 7 1/2 INCHES, MORE OR LESS, TO THE POINT OF BEGINNING.

PARCEL TWO:

PORTIONS OF LOTS 184 AND 185 AS DESIGNATED ON THAT CERTAIN MAP ENTITLED "PLAT OF THE LANDS OF THE MENLO PARK VILLA ASSOCIATION, SOUTHERN PORTION OF PULGAS RANCHO, SAN MATEO COUNTY", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY ON SEPTEMBER 14, 1836 IN BOOK "C" OF MAPS AT PAGE 6 AND COPIED INTO BOOK 2 OF MAPS AT PAGE 40, DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE SOUTHWESTERLY LINE OF THE 40 FOOT RIGHT OF WAY AS DESCRIBED IN GRANT FROM MENLO PARK SCHOOL DISTRICT TO CITY AND COUNTY OF SAN FRANCISCO, A MUNICIPAL CORPORATION, DATED FEBRUARY 19, 1938 AND RECORDED AUGUST 6, 1938 IN BOOK 798 OF OFFICIAL RECORDS OF SAN MATEO COUNTY AT PAGE 337 WITH THE SOUTHEASTERLY LINE OF THAT CERTAIN 1.92 ACRE TRACT DESCRIBED IN DEED FROM MICHAEL O'KEEFE TO THE MENLO PARK SCHOOL DISTRICT DATED JULY 28, 1892 AND RECORDED DECEMBER 31, 1892 IN BOOK 61 OF DEEDS AT PAGE 523; THENCE FROM SAID POINT OF BEGINNING SOUTHWESTERLY ALONG THE SOUTHEASTERLY LINE OF SAID 1.92 ACRE TRACT FOR A DISTANCE OF 191 FEET, MORE OR LESS, TO AN ANGLE POINT IN THE DIVIDING LINE BETWEEN SAID SCHOOL LANDS AND LANDS FORMERLY OF KUCK (NOW DERRY); THENCE NORTHWESTERLY AND PARALLEL WITH THE NORTHEASTERLY LINE OF EL CAMINO REAL, 180 FEET; THENCE NORTHEASTERLY AND PARALLEL WITH THE FIRST ABOVE DESCRIBED COURSE (BEING THE DIVIDING LINE BETWEEN THE LANDS OF DERRY AND SAID SCHOOL PROPERTY) FOR A DISTANCE OF 212 FEET, MORE OR LESS, TO THE SOUTHWESTERLY LINE OF SAID 40 FOOT RIGHT OF WAY; THENCE SOUTHEASTERLY ALONG SAID SOUTHWESTERLY LINE OF 181.19 FEET TO THE POINT OF BEGINNING.

PARCEL THREE:

A PORTION OF LOTS 185 AND 186, AS DESIGNATED ON THAT CERTAIN MAP ENTITLED "PLAT OF THE LANDS OF THE MENLO PARK VILLA ASSOCIATION, SOUTHERN PORTION OF PULGAS RANCHO, SAN MATEO COUNTY, CALIFORNIA", WHICH MAP WAS FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA ON SEPTEMBER 14, 1863, IN BOOK "C" OF MAPS AT PAGE 6 AND COPIED INTO BOOK 2 OF MAPS AT PAGE 40, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTHEASTERLY LINE OF EL CAMINO REAL, FORMERLY KNOWN AS COUNTY ROAD, DISTANT THEREON 393 FEET 10 INCHES NORTHWESTERLY FROM THE NORTHWESTERLY LINE OF OAK GROVE AVENUE;

THENCE NORTHWESTERLY, ALONG SAID LINE OF EL CAMINO REAL, 50 FEET 10 INCHES TO THE SOUTHEASTERLY LINE OF LAND CONVEYED BY DEED FROM HELEN M. RUSSELL, ET VIR, TO MENLO PARK SCHOOL DISTRICT, DATED SEPTEMBER 19, 1924 AND RECORDED OCTOBER 10, 1924 IN BOOK 136 OF OFFICIAL RECORDS AT PAGE 241, RECORDS OF SAN MATEO COUNTY, CALIFORNIA; THENCE AT RIGHT ANGLES NORTHEASTERLY, ALONG SAID LINE OF LAND SO CONVEYED TO MENLO PARK SCHOOL DISTRICT, 257 FEET 7 1/2 INCHES TO THE SOUTHWESTERLY LINE OF LANDS OF KUCK; THENCE AT RIGHT ANGLES SOUTHEASTERLY ALONG SAID LINE OF LAND OF KUCK, 50 FEET 10 INCHES; THENCE AT RIGHT ANGLES, SOUTHWESTERLY 257 FEET 7 1/2 INCHES TO THE POINT OF BEGINNING.

PARCEL FOUR:

A PORTION OF LOT 186, AS DESIGNATED ON THAT CERTAIN MAP ENTITLED, "PLAT OF THE LANDS OF THE MENLO PARK VILLA ASSOCIATION, SOUTHERN PORTION OF PULGAS RANCHO, SAN MATEO COUNTY, CALIFORNIA", WHICH MAP WAS FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA ON SEPTEMBER 14, 1863 IN BOOK "C" OF MAPS AT PAGE 6 AND COPIED INTO BOOK 2 OF MAPS AT PAGE 40, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTHEASTERLY LINE OF EL CAMINO REAL, FORMERLY KNOWN AS COUNTY ROAD, DISTANT THEREON 343 FEET 10 INCHES NORTHWESTERLY FROM ITS INTERSECTION WITH THE NORTHWESTERLY LINE OF OAK GROVE AVENUE; THENCE NORTHWESTERLY ALONG SAID NORTHEASTERLY LINE OF EL CAMINO REAL, 50 FEET TO THE SOUTHEASTERLY LINE OF LANDS CONVEYED TO A.B. SCHIRMER AND WIFE, BY DEED DATED AND RECORDED MAY 4, 1939 IN BOOK 842 OF OFFICIAL RECORDS AT PAGE 125, RECORDS OF SAN MATEO COUNTY, CALIFORNIA; THENCE AT A RIGHT ANGLES NORTHEASTERLY, ALONG SAID SOUTHEASTERLY LINE, 257 FEET 7 1/2 INCHES TO THE LANDS, NOW OR FORMERLY OF MARTIN KUCK; THENCE AT RIGHT ANGLES SOUTHEASTERLY, ALONG SAID KUCK'S LAND, 50 FEET AND THENCE AT RIGHT ANGLES, SOUTHWESTERLY 257 FEET 7 1/2 INCHES TO THE POINT OF BEGINNING.

PARCEL FIVE:

PORTION OF LOT 186, AS DESIGNATED ON THAT CERTAIN MAP ENTITLED, "PLAT OF THE LANDS OF THE MENLO PARK VILLA ASSOCIATION, SOUTHERN PORTION OF PULGAS RANCHO, SAN MATEO COUNTY, CALIFORNIA", WHICH MAP WAS FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA ON SEPTEMBER 14, 1863 IN BOOK "C" OF LANDS AT PAGE 6 AND COPIED IN BOOK 2 OF MAPS AT PAGE 40, DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT IN THE COUNTY ROAD LEADING FROM SAN FRANCISCO TO SAN JOSE 293 FEET 10 INCHES WESTERLY FROM THE JUNCTION OF OAK GROVE AVENUE WITH THE SAID COUNTY ROAD; THENCE RUNNING NORTHWESTERLY ALONG THE NORTHERLY SIDE OF SAID COUNTY ROAD, 50 FEET; THENCE NORTHEASTERLY AT RIGHT ANGLES, 257 FEET; THENCE SOUTHEASTERLY AT RIGHT ANGLES, ALONG THE LINE KNOWN AS THE D. & M. KUCKS LAND, 50 FEET; THENCE SOUTHWESTERLY AT RIGHT ANGLES, 257 FEET, MORE OR LESS, TO THE COUNTY ROAD AND PLACE OF BEGINNING. SAID LAND BEING SITUATE AT MENLO PARK,

COUNTY OF SAN MATEO, STATE OF CALIFORNIA, AND BEING A PART OF THE BRICELAND TRACT.

PARCEL SIX:

BEGINNING AT THE MOST NORTHERLY CORNER OF THE LANDS DESCRIBED AS PARCEL ONE IN THAT CERTAIN DEED FROM SHEPARD CADILLAC-PONTIAC CO. TO SHEPARD INVESTMENT COMPANY, RECORDED FEBRUARY 14, 1968, BOOK 5431 OFFICIAL RECORDS, PAGE 315; THENCE FROM SAID POINT OF BEGINNING, ALONG THE NORTHEASTERLY PROLONGATION OF THE NORTHWESTERLY LINE OF SAID LAST MENTIONED LANDS NORTHEASTERLY TO THE SOUTHWESTERLY BOUNDARY LINE OF THE LANDS CONVEYED TO THE CITY OF MENLO PARK BY DEED RECORDED FEBRUARY 28, 1966, BOOK 5118, OFFICIAL RECORDS, PAGE 247; THENCE ALONG SAID LAST MENTIONED SOUTHWESTERLY BOUNDARY LINE SOUTH 51° 58' EAST 30 FEET, MORE OR LESS, TO THE NORTHWESTERLY LINE OF THE LANDS DESCRIBED AS PARCEL TWO IN THE ABOVE MENTIONED DEED TO SHEPARD INVESTMENT COMPANY; THENCE ALONG SAID LAST MENTIONED NORTHWESTERLY LINE SOUTHWESTERLY 212 FEET, MORE OR LESS, TO THE NORTHEASTERLY LINE OF THE LANDS DESCRIBED AS PARCEL ONE IN SAID LAST MENTIONED DEED; THENCE ALONG SAID LAST MENTIONED NORTHEASTERLY LINE, NORTHWESTERLY 28.60 FEET, MORE OR LESS TO THE POINT OF BEGINNING, AND BEING A PORTION OF PARCEL TWO TO THE PARCEL MAP FILED MARCH 26, 1970, BOOK 9 OF PARCEL MAPS, PAGE 42, SAN MATEO COUNTY RECORDS.

NOTE: PARCELS THREE, FOUR AND FIVE ABOVE INCLUDE THE LAND SHOWN AS PARCEL A IN THE PARCEL MAP FILED NOVEMBER 4, 1968, BOOK 6 OF PARCEL MAPS, PAGE 40, SAN MATEO COUNTY RECORDS.

APN: 061-430-450 (Affects Parcel One through Five); 061-430-420 (Affects Parcel Six)
JPN: 061-43-430-40A; 061-43-430-41A and 061-43-430-42A

Property Owned by Real Social Good Investments, LLC

PARCEL ONE:

A PORTION OF LOTS 186 AND 187 AS SHOWN ON THAT CERTAIN MAP ENTITLED "PLAT OF THE LANDS OF MENLO PARK VILLA ASSOCIATION, SOUTHERN PORTION OF PULGAS RANCHO – SAN MATEO COUNTY" FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY OF OCTOBER 14, 1863, IN BOOK "C" OF ORIGINAL MAPS AT PAGE 6 AND COPIED INTO BOOK 2 OF MAPS AT PAGE 40, DESCRIBED VIZ:

BEGINNING AT A POINT ON THE NORTHWESTERLY LINE OF OAK GROVE AVENUE DISTANT THEREON 92 FEET NORTHEASTERLY FROM THE NORTHEASTERLY LINE OF EL CAMINO REAL, FORMERLY KNOWN AS COUNTY ROAD; THENCE NORTHEASTERLY ALONG SAID LINE OF OAK GROVE AVENUE, 56 FEET, 6 INCHES, MORE OR LESS, TO A POINT ON SAID LINE OF OAK GROVE AVENUE, 148 FEET, 6 INCHES, NORTHEAST OF SAID EL CAMINO REAL, FORMERLY KNOWN AS COUNTY ROAD, SAID POINT BEING THE MOST SOUTHERLY CORNER OF PROPERTY CONVEYED BY DEED FROM BERNARD GORMAN TO WILLIAM CASEY, DATED MARCH 7, 1874, AND RECORDED MARCH 7, 1874 IN BOOK 22 OF DEEDS AT PAGE 388; THENCE AT RIGHT ANGLES NORTHWESTERLY AND ALONG THE SOUTHWESTERLY BOUNDARY OF PROPERTY SO CONVEYED TO

CASEY, 243 FEET, 10 INCHES; THENCE AT RIGHT ANGLES SOUTHWESTERLY 56 FEET, 6 INCHES, MORE OR LESS, TO A LINE 92 FEET NORTHEASTERLY FROM THE NORTHEASTERLY LINE OF SAID EL CAMINO REAL, FORMERLY COUNTY ROAD; THENCE AT RIGHT ANGLES SOUTHEASTERLY ALONG SAID LINE, 243 FEET, 10 INCHES TO THE POINT OF BEGINNING.

PARCEL TWO:

A PORTION OF LOTS NUMBERED 186 AND 187 AS SHOWN ON THAT CERTAIN MAP ENTITLED "PLAT OF LANDS OF THE MENLO PARK VILLA ASSOCIATION SOUTHERN PORTION OF PULGAS RANCHO – SAN MATEO COUNTY" FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY ON SEPTEMBER 14, 1863, IN BOOK "C" OF ORIGINAL MAPS AT PAGE 6, AND COPIED INTO BOOK 2 OF MAPS AT PAGE 40, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTHWESTERLY LINE OF OAK GROVE AVENUE DISTANT THEREON 148 FEET, 6 INCHES, FROM THE NORTHEASTERLY LINE OF EL CAMINO REAL, FORMERLY CALLED COUNTY ROAD; SAID POINT OF BEGINNING BEING THE MOST EASTERLY CORNER OF PROPERTY CONVEYED TO EDWARD J. DERRY AND WIFE BY DEED RECORDED NOVEMBER 20, 1942; THENCE RUNNING NORTHWESTERLY AT RIGHT ANGLES TO SAID LINE OF OAK GROVE AVENUE AND ALONG THE NORTHEASTERLY LINE OF SAID PROPERTY CONVEYED TO DERRY 245 FEET, 5 INCHES; THENCE RUNNING AT RIGHT ANGLES NORTHEASTERLY 32 FEET, 6 INCHES TO THE SOUTHWESTERLY LINE OF LANDS NOW OR FORMERLY OWNED BY BERTHA KNEK ET AL; THENCE RUNNING AT RIGHT ANGLES SOUTHEASTERLY AND ALONG SAID LINE OF LANDS OF KNEK 243 FEET, 5 INCHES TO SAID NORTHWESTERLY LINE OF OAK GROVE AVENUE; THENCE RUNNING SOUTHWESTERLY AND ALONG SAID LINE OF OAK GROVE AVENUE TO THE POINT OF BEGINNING.

PARCEL THREE:

BEGINNING AT THE POINT OF INTERSECTION OF THE NORTHWESTERLY LINE OF OAK GROVE AVENUE, AS SAME APPEARS ON THE MAP ENTITLED "FLAT OF THE LANDS OF THE MENLO PARK VILLA ASSOCIATION", FILED IN THE OFFICE OF THE RECORDER OF SAN MATEO COUNTY ON SEPTEMBER 14, 1863 IN BOOK "C" OF MAPS AT PAGE 6 AND A COPY ENTERED IN BOOK 2 OF MAPS AT PAGE 40, WITH THE SOUTHWESTERLY LINE OF THE RIGHT OF WAY OF THE SOUTHERN PACIFIC RAILROAD COMPANY; RUNNING THENCE NORTHWESTERLY, ALONG SAID RIGHT OF WAY LINE, A DISTANCE OF 491.98 FEET, MORE OR LESS, TO THE MOST EASTERLY CORNER OF THE LANDS OF THE MENLO PARK ELEMENTARY SCHOOL DISTRICT; THENCE ALONG THE SOUTHEASTERLY LINE OF LAST MENTIONED PROPERTY, IN A SOUTHWESTERLY DIRECTION, A DISTANCE OF 251 FEET 5-1/2 INCHES TO A POINT THEREON, WHICH IS 257 FEET 7-1/2 INCHES NORTHEASTERLY, MEASURED AT A RIGHT ANGLE, FROM THE NORTHEASTERLY LINE OF EL CAMINO REAL; THENCE SOUTHEASTERLY PARALLEL WITH SAID LINE OF EL CAMINO REAL, A DISTANCE OF 243 FEET 10 INCHES, TO A POINT WHICH IS DISTANT 243 FEET 10 INCHES NORTHWESTERLY, MEASURED AT A RIGHT ANGLE, FROM THE NORTHEASTERLY LINE OF OAK GROVE AVENUE; THENCE SOUTHWESTERLY, PARALLEL WITH SAID LINE OF OAK GROVE AVENUE, A DISTANCE OF 75.62 FEET, MORE OR LESS, TO THE MOST NORTHERLY CORNER OF THE LANDS

NOW OR FORMERLY OF CASEY; THENCE SOUTHEASTERLY, ALONG THE NORTHEASTERLY LINE OF SAID LANDS OF CASEY, A DISTANCE OF 243 FEET 10 INCHES TO THE NORTHEASTERLY LINE OF OAK GROVE AVENUE AND THENCE NORTHEASTERLY, ALONG SAID LINE, 272.33 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM: PARCEL 2, AS SHOWN ON THAT CERTAIN PARCEL MAP ENTITLED "PARCEL MAP BEING A PORTION OF LOT 187, MENLO PARK VILLA ASSOCIATION", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY, STATE OF CALIFORNIA, ON MAY 28, 1968 IN BOOK 5 OF PARCEL MAPS AT PAGE 32.

EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE CITY OF MENLO PARK PURSUANT TO DEED RECORDED AUGUST 24, 1987, DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE NORTHWESTERLY LINE OF OAK GROVE AVENUE WITH THE NORTHEASTERLY LINE OF THE LANDS CONVEYED TO GENERAL PETROLEUM CORPORATION OF CALIFORNIA, A CORPORATION BY DEED RECORDED MARCH 15, 1940 IN VOLUME 883 AT PAGE 345, OFFICIAL RECORDS OF SAN MATEO COUNTY; THENCE ALONG SAID NORTHEASTERLY LINE, N. 58° 11' 00" W., 8.00 FEET; THENCE N. 31° 49' 00" E., 38.00 FEET; THENCE N. 39° 10' 09" E., 62.51 FEET TO THE MOST SOUTHERLY CORNER OF PARCEL 3 AS SHOWN ON THAT CERTAIN PARCEL MAP FILED MAY 23, 1968 IN VOLUME 5 OF PARCEL MAPS AT PAGE 32 IN THE OFFICE OF THE RECORDER OF SAN MATEO COUNTY, SAID CORNER BEING ON THE NORTHWESTERLY LINE OF OAK GROVE AVENUE; THENCE ALONG LAST SAID LINE S. 31° 49' 00" W., 100.00 FEET TO THE POINT OF COMMENCEMENT.

PARCEL FOUR:

PARCEL 2, AS SHOWN ON THAT CERTAIN PARCEL MAP ENTITLED "PARCEL MAP BEING A PORTION OF LOT 187, MENLO PARK VILLA ASSOCIATION", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY, STATE OF CALIFORNIA, ON MAY 28, 1968 IN BOOK 5 OF PARCEL MAPS AT PAGE 32.

APN: 061-430-200 (Affects A PORTION OF PARCEL THREE);
061-430-210 (Affects A PORTION OF PARCEL THREE);
061-430-220 (Affects PORTIONS OF PARCELS ONE AND TWO);
061-430-230 (Affects A PORTION OF PARCEL ONE);
061-430-310 (Affects PARCEL FOUR);
061-430-320 (Affects A PORTION OF PARCEL THREE);
061-430-380 (Affects A PORTION OF PARCEL THREE) and

061-430-460 (Affects PORTION OF PARCELS ONE, TWO AND THREE)

JPN No's:

061-043-430-20A; 061-043-430-21A; 061-043-430-22A; 061-043-430-23A; 061-043-430-31A;
061-043-430-32A; 061-043-430-38A and 061-043-430-04A

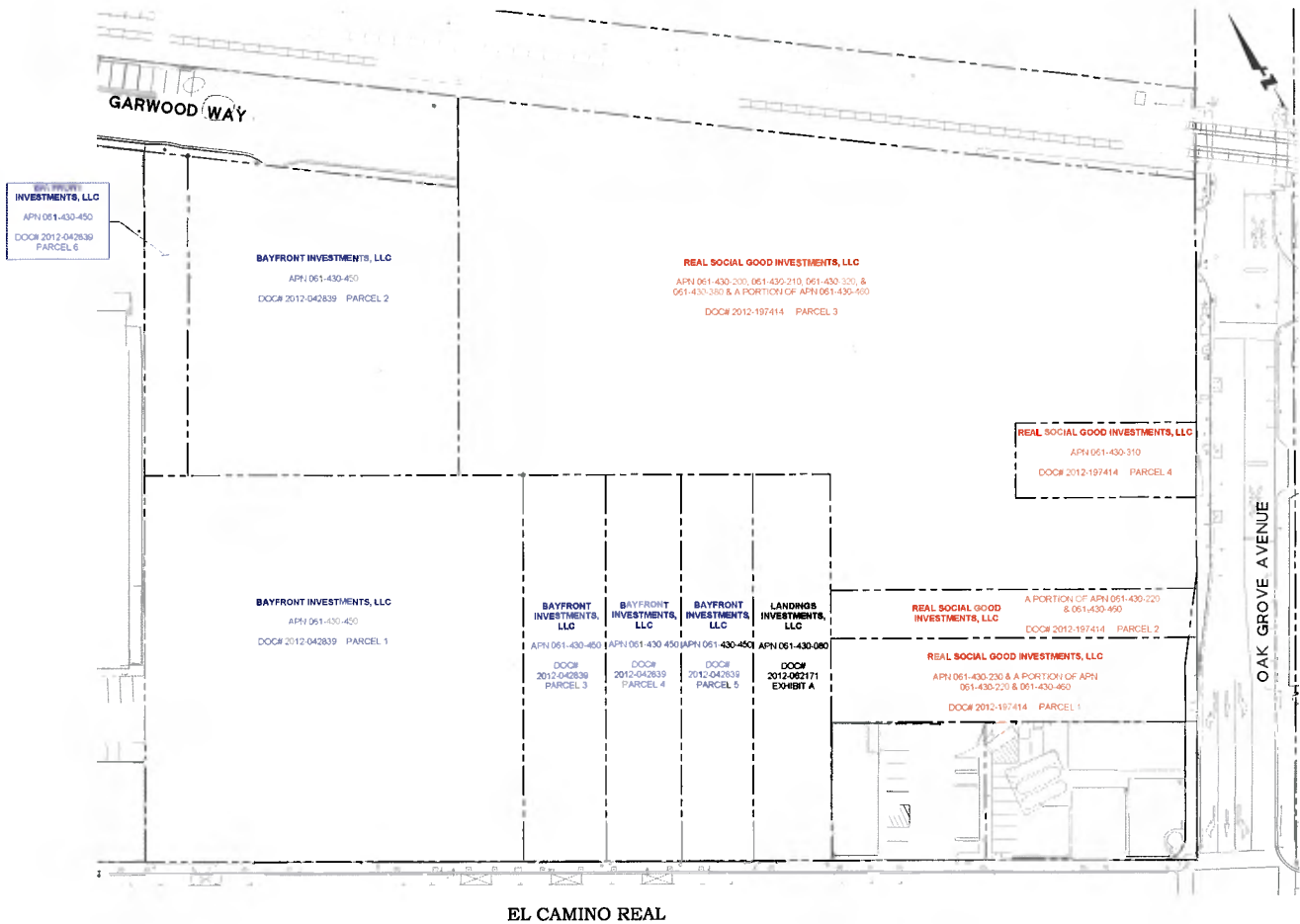


EXHIBIT C

PUBLIC USE AGREEMENT

This document is recorded for the benefit of the City of Menlo Park and is entitled to be recorded free of charge in accordance with Sections 6103 and 27383 of the Government Code.

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:
City of Menlo Park
Attn: City Clerk
701 Laurel Street
Menlo Park, CA 94025

Space above this line for Recorder's Use Only

PUBLIC USE AGREEMENT

STATION 1300 PROJECT

**(1258 - 1300 EL CAMINO REAL, 550 – 580 OAK GROVE AVENUE, AND
540 – 570 DERRY LANE, MENLO PARK, CA)**

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Exhibits:

- Exhibit A: Legal Description
- Exhibit B: Site Plan of Project Showing Dog Park

PUBLIC USE AGREEMENT

THIS PUBLIC USE AGREEMENT (the "Agreement") is made and entered into on the ____ day of _____, 2017, by and between the **CITY OF MENLO PARK**, a California municipal corporation ("City"), and **REAL SOCIAL GOOD INVESTMENTS, LLC**, a California limited liability company ("Owner") (individually a "Party" and collectively the "Parties"), with reference to the following facts:

RECITALS

A. Owner is the fee owner of those certain parcels of real property collectively and commonly known as Station 1300 in the City of Menlo Park, California ("**Property**") as more particularly described in Exhibit A attached hereto.

B. The Parties have entered into a Development Agreement ("**Development Agreement**"), effective _____ and recorded on _____ in the Official Records of San Mateo County as Instrument No. _____, to facilitate development of the Property subject to certain terms and conditions. Owner intends to demolish all existing structures on the Property and to construct the Project on the Property, as defined in the Development Agreement (the "**Project**"). All capitalized terms not otherwise defined in this Agreement have the meaning ascribed to them in the Development Agreement.

C. As a material consideration for the long term assurances, vested rights, and other City obligations provided by the Development Agreement and as a material inducement to City to enter into the Development Agreement and to receive a public benefit bonus consisting of: (1) a height increase from 38 feet to 48 feet; and (2) an increase in floor area ratio from 1.1 to 1.5, thus allowing the construction of an additional 112,108 sq. ft. of office and residential space (the "**Public Benefit Bonus**"), Owner offered and agreed to provide certain public benefits to the City as specified in the Development Agreement.

D. Section 7.1 of the Development Agreement specifies that the Project will incorporate a fenced "**Dog Park**" as shown on Exhibit B attached hereto that shall be open to the public consistent with this Agreement. Through this Agreement, the Parties desire to memorialize the terms under which the Owner will make the Dog Park available for public use.

NOW, THEREFORE, with reference to the foregoing recitals and in consideration of the mutual promises, obligations and covenants herein contained, City and Owner agree as follows:

AGREEMENT

The introductory paragraph and the Recitals are hereby incorporated into this Agreement as if hereinafter fully and completely rewritten.

**ARTICLE I
CONSTRUCTION OF DOG PARK**

Construction of the Dog Park shall be completed substantially in conformance with the Project Approvals and all other applicable state and local building codes, development standards, and ordinances prior to City sign off of the building permit allowing occupancy of any residential unit in the Project.

**ARTICLE II
PUBLIC USE OF DOG PARK**

2.1 Public Use of Dog Park.

2.1.1 The Owner hereby agrees to permit members of the public to utilize the Dog Park and to enter the Property for that purpose seven days a week from 8:00 am to 8:00 pm. No charge shall be made for such use.

2.1.2 Members of the public utilizing the Dog Park shall comply with all applicable federal, state, county and local laws, rules, and regulations and all reasonable rules and regulations for use of the Dog Park adopted by the Owner in consultation with the City under Section 2.1.3 below.

2.1.3 At least ninety (90) days prior to the public's first use of the Dog Park, the Parties shall meet and confer to approve written, detailed rules and regulations for use of the Dog Park by the public. If City and Owner do not agree on the rules and regulations for use of the Dog Park, the Owner shall have the final authority to adopt reasonable rules and regulations, so long as those rules and regulations do not discriminate between members of the public, and residents or tenants of the Project.

2.2 Maintenance.

Owner shall be responsible for the maintenance, repair and replacement, at its sole cost, of the facilities comprising the Project, including the Dog Park, which Owner shall keep in a good, safe and usable condition, in good repair, and in compliance with all applicable federal, state, county, and local ordinances. Members of the public may be required to remove litter and other objects brought onto the Property and to place dog feces in approved receptacles. Owner may also require members of the public to reimburse Owner for the actual cost of repairing damage done to the Dog Park caused by use of the Property, excluding damage attributed to ordinary wear and tear.

**ARTICLE III
AMENDMENT OR TERMINATION OF AGREEMENT**

3.1 Amendment or Termination.

The Parties may mutually agree to amend or terminate this Agreement in whole or in part. As provided in Section 7.1 of the Development Agreement, any amendment to this Agreement shall automatically be deemed to be incorporated into the Development Agreement. This Agreement shall survive the termination or cancellation of the Development Agreement.

3.2 Requirement for a Writing; Amendments.

No amendment to or termination of this Agreement or any provision hereof shall be effective for any purpose unless specifically set forth in a writing that refers expressly to this Agreement and is signed by duly authorized representatives of the Parties. Where this Agreement requires an approval or consent of the City, such approval may be given on behalf of the City by the City Manager or his or her designee. The City Manager or his or her designee is hereby authorized to take such actions as may be necessary or appropriate to implement this Agreement, including without limitation the execution of such documents

or agreements as may be contemplated by this Agreement and approval of amendments which do not substantially change the uses or restrictions hereunder, or substantially add to the costs of the City.

ARTICLE IV DEFAULT AND REMEDIES

4.1 Default.

A Party's violation of any material term of this Agreement or failure by any Party to perform any material obligation of this Agreement shall constitute a default ("**Default**"), if the violation continues for a period of thirty (30) days after written notice thereof to the defaulting Party without the defaulting Party curing such breach, or if such breach cannot reasonably be cured within such thirty (30) day period, commencing the cure of such breach within such thirty (30) day period and thereafter diligently proceeding to cure such breach within ninety (90) days, unless a longer period is granted by the City. A Default under this Agreement shall be a Default under the Development Agreement.

4.2 Remedies for Default; Notice and Procedure.

The remedies for Default under this Agreement shall be limited to those contained in Section 12 of the Development Agreement.

4.3 No Waiver.

Any failures or delays by a Party in asserting any of its rights and remedies as to any Default shall not operate as a waiver of any Default or of any such rights or remedies. Delays by a Party in asserting any of its rights and remedies, irrespective of the length of the delay, shall not deprive the Party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies, nor constitute a waiver of such Party's right to demand strict compliance by such other Party in the future. No waiver by a Party of a Default shall be effective or binding upon such Party unless made in writing by such Party, and no such waiver shall be implied from any omission by a Party to take any action with respect to such Default.

ARTICLE V ESTOPPEL CERTIFICATE

Either Party may, at any time, and from time to time, deliver written notice to the other Party requesting such Party to certify in writing that, to the knowledge of the certifying Party: (a) this Agreement is in full force and effect and is a binding obligation of the Parties; (b) this Agreement has not been amended or modified or, if so amended or modified, identifying the amendments or modifications; and (c) the requesting Party is not in Default in the performance of its obligations under this Agreement, or if in Default, to describe the nature of any Defaults. The Party receiving a request under this Article V shall execute and return the certificate within thirty (30) days following receipt of the request. The City Manager shall be authorized to execute any certificate requested by Owner.

**ARTICLE VI
AGREEMENT RUNNING WITH THE LAND**

The City and Owner hereby declare their express intent that the covenants and restrictions set forth in this Agreement shall apply to and bind Owner and its heirs, executors, administrators, successors, transferees, and assignees having or acquiring any right, title or interest in or to any part of the Property and shall run with and burden the Property. Until all or portions of the Property are expressly released from the burdens of this Agreement, each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof shall be held conclusively to have been executed, delivered, and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed or other instrument. In the event of foreclosure or transfer by deed-in-lieu of all or any portion of the Property, title to all or any portion of the Property shall be taken subject to this Agreement. Owner acknowledges that compliance with this Agreement is a land use requirement and a requirement of the Development Agreement, and that no event of foreclosure or trustee's sale may remove these requirements from the Property. Whenever the term "Owner" is used in this Agreement, such term shall include any other permitted successors and assigns as herein provided.

**ARTICLE VII
NOTICES**

Any notice requirement set forth herein shall be deemed to be satisfied three (3) days after mailing of the notice first-class United States certified mail, postage prepaid, or by personal delivery, addressed to the appropriate Party as follows:

Owner: Real Social Good Investments, LLC
621 High Street
Palo Alto, CA 94301
Attention: Robert M. Burke

With a copy to:

Greenheart Land Company
P.O. Box 7775 #45700
San Francisco, CA 94120-7775

Arent Fox LLP
55 2nd Street, 21st Floor
San Francisco, CA 94105
Attention: Steve Atkinson

City: City of Menlo Park
701 Laurel Street
Menlo Park, California 94025-3483
Attention: City Manager

With a copy to:

City of Menlo Park

701 Laurel Street
Menlo Park, California 94025-3483
Attention: City Attorney

Such addresses may be changed by notice to the other Party given in the same manner as provided above.

ARTICLE VIII MISCELLANEOUS

8.1 Partial Invalidity.

If any provision of this Agreement shall be declared invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired.

8.2 Applicable Law/Venue.

This Agreement and other instruments given pursuant hereto shall be construed in accordance with and be governed by the laws of the State of California. Any references herein to particular statutes or regulations shall be deemed to refer to successor statutes or regulations, or amendments thereto. The venue for any action shall be the County of San Mateo.

8.3 Further Assurances.

Each Party covenants, on behalf of itself and its successors, heirs, and assigns, to take all actions and do all things, and to execute, with acknowledgment or affidavit if required, any and all documents and writings that may be necessary or proper to achieve the purposes and objectives of this Agreement.

8.4 Nondiscrimination.

Owner covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, ancestry, or national origin in the use of the Dog Park in furtherance of this Agreement. The foregoing covenant shall run with the land.

8.5 Headings.

Section headings in this Agreement are for convenience only and are not intended to be used in interpreting or construing the terms, covenants, or conditions of this Agreement.

8.6 Agreement is Entire Understanding.

This Agreement is executed in one original, which constitutes the entire understanding and agreement of the Parties with respect to the subject matter hereof. Except as otherwise specified in this Agreement, any prior correspondence, memoranda, agreements, warranties, or representations are superseded in total by this Agreement.

8.7 Interpretation.

Each Party to this Agreement has had an opportunity to review the Agreement, confer with legal counsel regarding the meaning of the Agreement, and negotiate revisions to the Agreement. Accordingly, neither Party shall rely upon Civil Code Section 1654 in order to interpret any uncertainty in the meaning of the Agreement.

8.8 Intended Beneficiaries.

The City is the intended beneficiary of this Agreement, and shall have the sole and exclusive power to enforce this Agreement. It is intended that the City may enforce this Agreement in order to qualify the Project for the Public Benefit Bonus, and to implement the provisions of the Development Agreement. No other person or persons, other than the City and the Owner and their assigns and successors, shall have any right of action hereon.

8.9 Recordation of Termination.

Upon termination of this Agreement, a written statement acknowledging such termination shall be executed by Owner and City and shall be recorded by City in the Official Records of San Mateo County, California.

8.10 Signature Pages; Execution in Counterparts.

For convenience, the signatures of the Parties to this Agreement may be executed and acknowledged on separate pages in counterparts which, when attached to this Agreement, shall constitute this as one complete Agreement.

IN WITNESS HEREOF, the Parties have executed this Agreement as of the Effective Date.

CITY:

CITY OF MENLO PARK,
a municipal corporation

By: _____
Alex D. McIntyre, City Manager

Dated: _____

OWNER:

REAL SOCIAL GOOD INVESTMENTS, LLC

By: _____

Name: _____

Its: _____

Dated: _____

ATTEST:

By: _____
_____, City Clerk

Dated: _____

APPROVED AS TO FORM:

By: _____
City Attorney

Dated: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

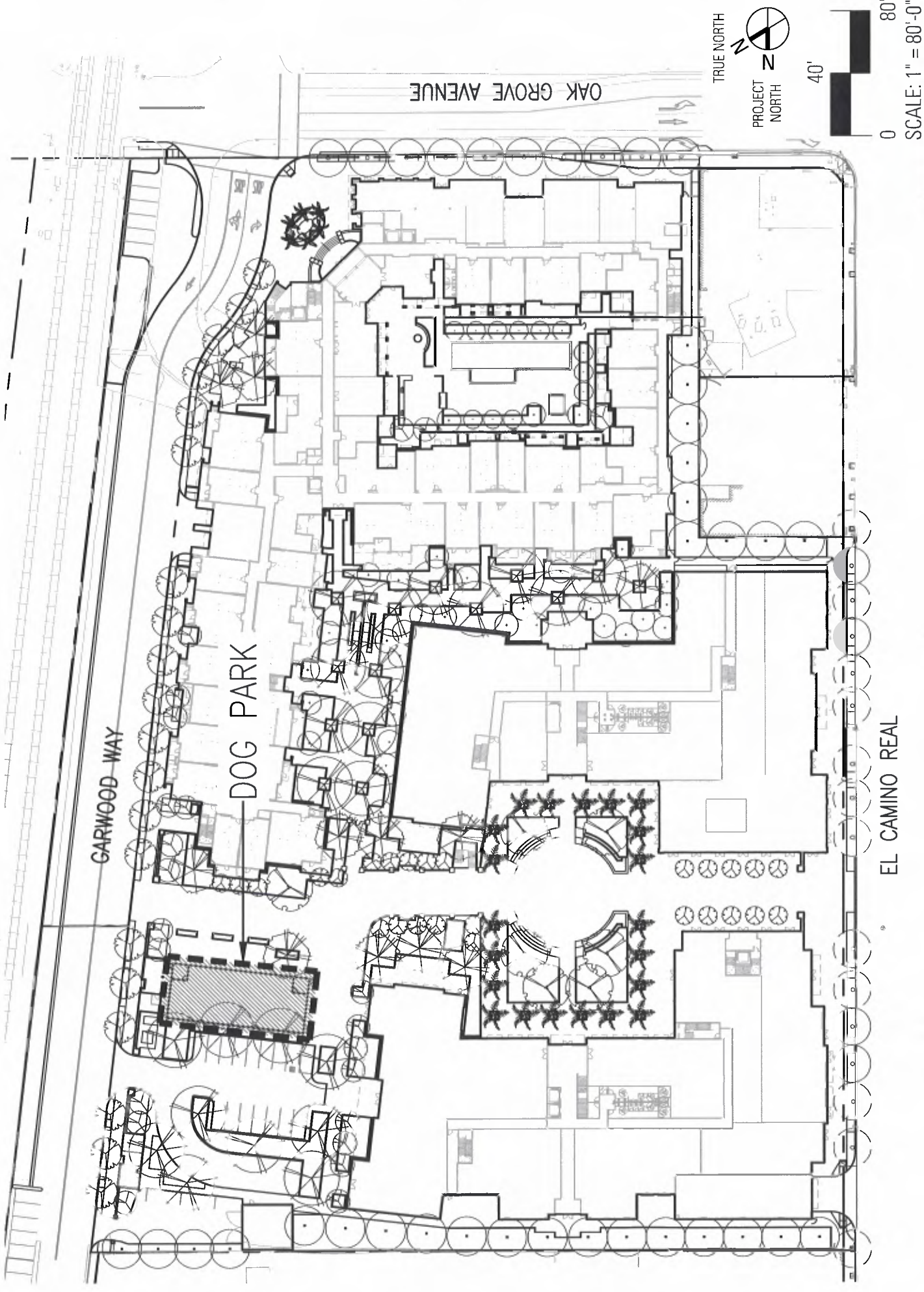
Name: _____
Notary Public

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

EXHIBIT B

SITE PLAN OF PROJECT SHOWING DOG PARK



OAK GROVE AVENUE

GARWOOD WAY

DOG PARK

EL CAMINO REAL



EXHIBIT D

INCUBATOR MARKETING PLAN

Station 1300 Incubator/Co-working Office Strategic Marketing Plan

Goal:

Attract early stage companies into Station 1300 to help these companies grow within Menlo Park.

Development Attributes:

Station 1300 development incorporates a complete Live/Work/Play environment by combining state of the art flexible office environment with on-site apartments and retail space for restaurants and other necessary uses. Station 1300 will create a true 24/7 work environment that appeals to small growth companies.

Offices—The two approximately 100,000 SF office buildings have the flexibility to have tenants ranging from 3,000 SF to 100,000 SF. The dimensions of building are ideal for an open office format and co-working environment that appeals to small growing companies that need flexibility.

Outdoor Space—The ½ acre Plaza between the two buildings creates the perfect environment for an outdoor work environment for companies that prefer to give their employees the ability to work outside in the Menlo Park moderate climate. In addition, there is an amphitheater in the Plaza that is ideal for company meetings, outside speakers as well as company events.

Location—With Caltrain about 1,000 feet away, a SamTrans bus stop on the El Camino, a Marguerite – Stanford Shuttle stop, secure bike storage with 8 showers and changing rooms along with Zip Car spaces; Station 1300 is in the ideal location to accommodate company employees who prefer to commute via public transit or by walking/biking.

General Marketing Strategy:

Greenheart will engage a commercial real estate company to market all of the office space. That company will be directed to create a focused marketing program to identify early stage companies as well as incubator type entities. In addition, Greenheart will market directly within its incubator network (e.g. Boot-Up World in Menlo Park located in a Greenheart owned building). The strategy will be comprised of the elements described below.

Station 1300
Incubator/Co-working Office Strategic Marketing Plan

Marketing & Awareness Strategy:

Identify Target Companies—Create a dynamic database of small growing companies located in the MV to Redwood City area. This would entail the following:

1. *Track Venture Capital Company Funding*—Focus on Angel Investors and early VC interactions by using industry contacts and our Investor contacts
2. *Contact Small Incubator & Co-working spaces*—Contact those who provide incubator/co-working space throughout the Bay Area to make known the expansion potential at Station 1300.
3. *Stanford University*—With the close proximity of Stanford University, Station 1300 would be a logical location to house emerging companies ready to move off campus.

Create and Implement Social Media Outreach Program—Social media is important tool used by early growth companies, its founders and employees in their everyday life. Most of these companies use social media for their own marketing of products or services.

Develop Highly Focused Marketing Materials—Besides its intrinsic attributes, Station 1300 is proximate to the infrastructure required by startups (e.g., Venture Capital firms, IP attorneys, and engineers). Marketing materials directed at the early stage high growth company sector will be used in both social media (as outlined above) as well as in more traditional marketing methods.

Strategic Marketing to Real Estate Leasing Agents—A vast majority of workspace leases are done by commercial real estate agents. Even in early stage companies, the founder or venture capital company has a relationship with a real estate agent who locates and negotiates the lease for the workspace. These agents are significant source of lease deals, especially in a company's second or third move up work location. Greenheart's agents will market the work space to these agents to be sure they know and understand the features and advantages to locating their early stage high growth client at this location.

Station 1300
Incubator/Co-working Office Strategic Marketing Plan

Action Items:

Within 3 months after issuance of a building permit for any office building, Greenheart shall provide the following to the City for review and reasonable approval by the Community Development Director and Housing and Economic Development Manager within 30 calendar days after submission:

1. Confirmation that Greenheart has engaged a commercial real estate company to market the incubator portion of the office space
2. Initial Target Companies list
3. Social Media Outreach Program
4. Highly Focused Marketing Materials

Owner shall provide quarterly reports to the Housing and Economic Development manager regarding current incubator marketing efforts and tenants, unless the office space is ninety-five percent leased one year in the future.

EXHIBIT E

BMR HOUSING AGREEMENT

This document is recorded for the benefit of the City of Menlo Park and is entitled to be recorded free of charge in accordance with Sections 6103 and 27383 of the Government Code.

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:
City of Menlo Park
Attn: City Clerk
701 Laurel Street
Menlo Park, CA 94025

AFFORDABLE HOUSING AGREEMENT

AND

DECLARATION OF RESTRICTIVE COVENANTS

STATION 1300 PROJECT

THIS AFFORDABLE HOUSING AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS ("Agreement") is entered into as of _____, 2017, by and between the **CITY OF MENLO PARK**, a California municipal corporation ("**City**"), and: **LANDINGS INVESTMENTS, LLC**, a California limited liability company ("**Landings**"), **BAYFRONT INVESTMENTS, LLC**, a California limited liability company ("**Bayfront**"), and **REAL SOCIAL GOOD INVESTMENTS, LLC**, a California limited liability company ("**Real Social Good**") (Landings, Bayfront, and Real Social Good are, collectively, "**Owner**") (individually a "**Party**" and collectively the "**Parties**"), with reference to the following facts:

RECITALS

A. Owner is the owner of those certain parcels of real property collectively and commonly known as Station 1300 in the City of Menlo Park, California ("**Property**") as more particularly described in Exhibit A attached hereto.

B. The Parties have entered into a Development Agreement ("**Development Agreement**"), effective _____, of even date herewith, to facilitate development of the Property subject to certain terms and conditions. Owner intends to demolish all existing structures on the Property and to construct the Project on the Property, as defined in the

Development Agreement (the “**Project**”). All capitalized terms not otherwise defined in this Agreement have the meaning ascribed to them in the Development Agreement.

C. As a material consideration for the long term assurances, vested rights, and other City obligations provided by the Development Agreement and as a material inducement to City to enter into the Development Agreement and to receive a public benefit bonus consisting of (1) a height increase from 38 feet to 48 feet; and (2) an increase in floor area ratio from 1.1 to 1.5, thus allowing the construction of an additional 112,108 sq. ft. of office and residential space (the “**Public Benefit Bonus**”), Owner offered and agreed to certain terms as specified in the Development Agreement. Section 7.4 of the Development Agreement specifies that the Project shall include fourteen (14) units to be occupied exclusively by, and rented to, qualified Low Income Households, as defined below (the “**Low Income Units**”); and six (6) units to be occupied exclusively by, and rented to, qualified Moderate Income Households, as defined below (the “**Moderate Income Units**”); and specifies further that the Parties shall enter into and record this Agreement for the benefit of the City. This Agreement further ensures that the Project will comply with the City’s Municipal Code Chapter 16.96 and the City’s BMR Housing Program Guidelines as adopted by the City Council of Menlo Park, and amended from time to time and, as in effect as of the date of this Agreement, attached hereto as Exhibit B (“**Guidelines**”). The Low Income Units and the Moderate Income Units together are the “**BMR Units.**”

NOW, THEREFORE, the Parties hereto agree as follows. The recitals are incorporated into this Agreement by this reference.

100. **CONSTRUCTION OF THE IMPROVEMENTS.**

101. **Construction of the Property.** The Owner agrees to construct the Project in accordance with the City Municipal Code, the Development Agreement, the Guidelines, and all other applicable state and local building codes, development standards, ordinances and zoning codes. No portion of any residential building may be approved for occupancy unless the percentage of BMR Units approved for occupancy in that portion of the building is equivalent to the percentage of BMR Units in the entire building. (For instance, if 11 percent of the units in the entire building will be BMR Units, then 11 percent of the units approved for occupancy must be BMR Units.)

102. **City and Other Governmental Permits.** Before commencement of the Project, the Owner shall secure or cause its contractor to secure any and all permits which may be required by the City or any other governmental agency affected by such construction, including without limitation building permits. The Owner shall pay all necessary fees and timely submit to the City final drawings with final corrections to obtain such permits; the staff of the City will, without incurring liability or expense therefore, process applications in the ordinary course of business for the issuance of building permits and certificates of occupancy for construction that meets the requirements of the City Code, and all other applicable laws and regulations.

103. **Compliance with Laws.** The Owner shall carry out the acquisition, design, construction and operation of the Project in conformity with all applicable laws, including all applicable state labor standards, City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the City Municipal Code, to the extent that these laws, codes, and standards are consistent with the provisions of the Development Agreement. The Owner shall also ensure that the Project is constructed and operated in compliance with all applicable disabled and handicapped access requirements, including without limitation the Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, and the Unruh Civil Rights Act, Civil Code Section 51, *et seq.*

200. **OPERATION OF HOUSING**

201. (a) **BMR Units.** The BMR Units shall be of a quality comparable to all of the other rental units in the Project. The BMR Units shall be one and two bedroom units initially distributed within the Project in accordance with the schedule set forth in Exhibit C. Thereafter, the location of the individual BMR Units may float to account for the Next Available Unit Requirement set forth below and as otherwise necessary for the smooth and professional maintenance of the Project, provided that the location of BMR Units shall be equitably distributed throughout the Project and the City's Director of Community Development ("**Director**") shall be notified of any change or relocation of BMR Units.

201. (b) **Low Income Units.** As described in Recital C above, the Owner agrees to make available, restrict occupancy to, and lease not less than fourteen (14) of the rental units on the Property exclusively to Low Income Households at Affordable Low Income Rent, as defined below. For purposes of this Agreement, "**Low Income Households**" shall mean those households with incomes that do not exceed the low income limits for San Mateo County, adjusted for household size, as set forth in the Guidelines, and as established and amended from time to time in accordance with the low income limits for San Mateo County established by the State of California in the California Code of Regulations, Title 25, Section 6932 or successor provision ("**Low Income Limits**"). A qualified Low Income Household shall continue to qualify unless at the time of recertification, for two consecutive years, the household's income exceeds the Low Income Limits, then the tenant shall not longer be qualified. Upon the Owner's determination that any such household is no longer so qualified, the unit shall no longer be deemed a Low Income Unit, and the Owner shall make the next available unit, which is comparable in terms of size, features and number of bedrooms, a Low Income Unit ("**Next Available Unit Requirement**") and take such other actions, including as specified in Section 11.1.7 of the Guidelines, as may be necessary to ensure that the total required number of units are rented to Low Income Households. The Owner shall notify the City annually if Owner substitutes a different unit for one of the designated Low Income Units pursuant to this paragraph.

201. (c) **Moderate Income Units.** As described in Recital C. above, the Owner agrees to make available, restrict occupancy to, and lease not less than six (6) of the rental units on the Property exclusively to Moderate Income Households at Affordable Moderate Income Rent, as defined below. For purposes of this Agreement, “**Moderate Income Households**” shall mean those households with incomes that do not exceed moderate income limits for San Mateo County (one hundred twenty percent (120%) of median income), adjusted for household size, as set forth in the Guidelines, and as established and amended from time to time in accordance with the low income limits for San Mateo County established by the State of California in the California Code of Regulations, Title 25, Section 6932 or successor provision (“**Moderate Income Limits**”). A qualified Moderate Income Household shall continue to qualify unless at the time of recertification for two consecutive years, the household’s income exceeds the Moderate Income Limits, then that tenant shall no longer be qualified. Upon the Owner’s determination that any such household is no longer so qualified, the unit shall no longer be deemed a Moderate Income Unit, and the Owner shall comply with the Next Available Unit Requirement and take such other actions, including as specified in Section 11.1.7 of the Guidelines, as may be necessary to ensure that the total required number of units are rented to Moderate Income Households. The Owner shall notify the City annually if Owner substitutes a different unit for one of the designated Moderate Income Units pursuant to this paragraph.

201. (d) **Income Certification.** On or before July 1 of each year, commencing with the calendar year that the first unit in the Project is rented to a tenant, and annually thereafter, the Owner shall obtain from each household occupying a BMR Unit and submit to the City a completed income computation and certification form, which shall certify that the income of the household is truthfully set forth in the income certification form, in the form attached hereto as Exhibit D unless a different form is specified by the City or proposed by Owner and approved by the Director. The Owner shall certify that each household leasing a BMR Unit meets the income and eligibility restrictions for the BMR Unit.

202. (a) **Affordable Rent, Low Income.** The maximum Monthly Rent chargeable for the Low Income Units and actually paid by a Low Income Household shall be thirty percent (30%) of the Low Income Limits, adjusted for assumed household size of two persons in a one-bedroom Low Income Unit and three persons in a two-bedroom Low-Income Unit (the “**Affordable Low Income Rent**”).

202. (b) **Affordable Rent, Moderate Income.** The maximum Monthly Rent chargeable for the Moderate Income Units and actually paid by a Moderate Income Household shall be thirty percent (30%) of the median income for San Mateo County, as set forth in the Guidelines, and as established and amended from time to time by the State of California in the California Code of Regulations, Title 25, Section 6932 or successor provision, adjusted for assumed household size of two persons in a one-bedroom Moderate Income Unit, (the “**Affordable Moderate Income Rent**”).

202. **(c) Monthly Rent.** For purposes of this Agreement, “**Monthly Rent**” means the total of monthly payments actually made by the household for (a) use and occupancy of each BMR Unit and land and facilities associated therewith, (b) any separately charged fees or service charges mandatorily assessed by the Owner which are required of all tenants, other than security deposits, (c) a reasonable allowance for an adequate level of service of utilities not included in (a) or (b) above, and which are not paid directly by the Owner, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuels, but not including telephone service, cable, and internet service, and (d) possessory interest, taxes or other fees or charges assessed for use of the land and facilities associated therewith by a public or private entity other than Owner. A sample utility allowance schedule prepared by San Mateo County as of the date of this Agreement is attached as Exhibit E.

203. **Lease Requirements.** At least ninety (90) days prior to occupancy of any residential space in the Project, the Owner shall submit a standard lease form for approval by the Director. The City shall reasonably approve such lease form upon finding that such lease form is consistent with this Agreement and contains all of the provisions required by the Guidelines. The Owner shall enter into a written lease, in the form approved by the City, with each new tenant of a BMR Unit upon such tenant’s rental of the BMR Unit. Each lease shall be for an initial term of not less than one year, and shall not contain any of the provisions which are prohibited by the Guidelines.

204. **Selection of Tenants.** Each BMR Unit shall be leased to tenant(s) selected by the Owner who meet all of the requirements provided herein, and, to the extent permitted by law, with priority given to those eligible households who either live or work in the City of Menlo Park. The City may, from time to time, provide to the Owner names of persons who have expressed interest in renting BMR Units for the purposes of adding such interested persons to Owner’s waiting list to be processed in accordance with Owner’s customary policies. The Owner shall not refuse to lease to a holder of a certificate or a rental voucher under the Section 8 program or other tenant-based assistance program, who is otherwise qualified to be a tenant in accordance with the approved tenant selection criteria.

205. **Maintenance.** The Owner shall maintain or cause to be maintained the interior and exterior of the Property in a decent, safe and sanitary manner, and consistent with the standard of maintenance of first class multifamily apartment projects within San Mateo County, California of the age of the Property improvements. If at any time Owner fails to maintain the Property in accordance with this Agreement and such condition is not corrected within five (5) days after written notice from the City with respect to graffiti, debris, waste material, and general maintenance, or thirty (30) days after written notice from the City with respect to landscaping and building improvements (or such longer time in accordance with Section 301 of this Agreement), then the City, in addition to whatever remedy it may have at law or at equity, shall have the right to enter upon the applicable portion of the Property and perform all acts and work necessary to protect, maintain, and preserve the Property, and to attach a lien upon the Property, or to assess the Property, in the amount of the expenditures arising from such acts and work of

protection, maintenance, and preservation by the City and/or costs of such cure, including a reasonable administrative charge, which amount shall be promptly paid by Owner to the City upon demand.

206. **Monitoring and Recordkeeping.** Throughout the Affordability Period, as defined below, Owner shall comply with all applicable recordkeeping and monitoring requirements set forth in the Guidelines and shall annually complete and submit to City by July 1st a Certification of Continuing Program Compliance in a form approved by the City. Representatives of the City shall be entitled to enter the Property, upon at least twenty-four (24) hour notice, to monitor compliance with this Agreement, to inspect the records of the Project with respect to the BMR Units, and to conduct, or cause to be conducted, an independent audit or inspection of such records. The Owner agrees to cooperate with the City in making the Property available for such inspection or audit. If for any reason the City is unable to obtain the Owner's consent to such an inspection or audit, the Owner understands and agrees that the City may obtain at Owner's expense an administrative inspection warrant or other appropriate legal order to obtain access to and search the Property. Owner agrees to maintain records in businesslike manner, and to maintain such records for the Affordability Period.

207. **Non-Discrimination Covenants.** Owner covenants by and for itself, its successors and assigns, and all persons claiming under or through them that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, sex, marital status, familial status, disability, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall Owner itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property.

208. **Agreement to Limitation on Rents.** The Owner hereby covenants that the City's grant of the Public Benefit Bonus and agreement to enter into a Development Agreement for the Project are forms of assistance specified in Chapter 4.3 (commencing with Section 65915) of Division 1 of Title 7 of the Government Code. The Owner further covenants that it has agreed to limit Monthly Rent in the BMR Units in consideration for the City's grant of the Public Benefit Bonus and agreement to enter into a Development Agreement for the Project under Civil Code Sections 1954.52(b) and 1954.53(a)(2). The Owner hereby agrees that any BMR Units provided pursuant to this Agreement are not subject to Civil Code Section 1954.52(a) or any other provision of the Costa-Hawkins Act inconsistent with controls on rents and further agrees that any limitations on Monthly Rent imposed on the BMR Units are in conformance with the Costa-Hawkins Act.

209. **Term of Agreement.** The Property shall be subject to the requirements of this Agreement from the date of recordation of this Agreement until the fifty-fifth (55th) anniversary of the date of the City's signoff of the final building permit permitting occupancy of all planned residential space in the Project. The duration of this requirement shall be known as the "**Affordability Period.**"

210. **Expiration of Affordability Period; Release of Property from Agreement.** Prior to the expiration of the Affordability Period, Owner shall provide all notifications required by Government Code Sections 65863.10 and 65863.11 or successor provisions and any other notification required by any state, federal, or local law. In addition, at least six (6) months prior to the expiration of the Affordability Period, the Owner shall provide a notice by first-class mail, postage prepaid, to all tenants in the BMR Units. The notice shall contain (a) the anticipated date of the expiration of the Affordability Period and (b) any anticipated Monthly Rent increase upon the expiration of the Affordability Period. The Owner shall file a copy of the above-described notice with the City Manager. Upon the expiration of the Affordability Period for all BMR Units, City shall execute and record a release of the Project, the Property, and each unit in the Project from the burdens of this Agreement within thirty (30) days following written notice from the Owner, if at the time the Owner is in compliance with all terms of this Agreement, including without limitation the provisions of this section regarding notice of the expiration of the Affordability Period.

300. **DEFAULT AND REMEDIES**

301. **Events of Default.** The following shall constitute an “Event of Default” by Owner under this Agreement: there shall be a material breach of any condition, covenant, warranty, promise or representation contained in this Agreement and such breach shall continue for a period of thirty (30) days after written notice thereof to the defaulting Party without the defaulting Party curing such breach, or if such breach cannot reasonably be cured within such thirty (30) day period, commencing the cure of such breach within such thirty (30) day period and thereafter diligently proceeding to cure such breach within ninety (90) days, unless a longer period is granted by the City; provided, however, that if a different period or notice requirement is specified for any particular breach under any other paragraph of Article 300 of this Agreement, the specific provision shall control.

302. **Remedies.** The occurrence of any Event of Default under Section 301 shall give the non-defaulting Party the right to proceed with an action in equity to require the defaulting Party to specifically perform its obligations and covenants under this Agreement or to enjoin acts or things which may be unlawful or in violation of the provisions of this Agreement, and the right to terminate this Agreement. Any Event of Default under this Agreement shall constitute a Default under the Development Agreement.

303. **Obligations Personal to Owner.** The liability of the Owner under this Agreement to any person or entity is limited to the Owner’s interest in the Project, and the City and any other such persons and entities shall look exclusively thereto for the satisfaction of obligations arising out of this Agreement or any other agreement securing the obligations of the Owner under this Agreement. From and after the date of this Agreement, no deficiency or other personal judgment, nor any order or decree of specific performance (other than pertaining to this Agreement, any agreement pertaining to any Project or any other agreement securing the Owner’s obligations under this Agreement),

shall be rendered against the Owner, the assets of the Owner (other than the Owner's interest in the Project), its partners, members, successors, transferees or assigns and each of their respective officers, directors, employees, partners, agents, heirs and personal representatives, as the case may be, in any action or proceeding arising out of this Agreement or any agreement securing the obligations of the Owner under this Agreement, or any judgment, order or decree rendered pursuant to any such action or proceeding. No subsequent owner of the Project shall be liable or obligated for the breach or default of any obligations of the Owner under this Agreement on the part of any prior Owner. Such obligations are personal to the person who was the Owner at the time the default or breach was alleged to have occurred and such person shall remain liable for any and all damages occasioned thereby even after such person ceases to be the Owner. Each Owner shall comply with and be fully liable for all obligations of an "owner" hereunder during its period of ownership. Notwithstanding the above, Bayfront, Landings, and Real Social Good are jointly and severally responsible for all obligations of Owner under this Agreement; and a failure by any one of them to comply substantially and in good faith with any obligations of Owner under this Agreement shall constitute an Event of Default of Owner.

304. **Force Majeure.** Subject to the Party's compliance with the notice requirements as set forth below, performance by either Party hereunder shall not be deemed to be in default, and all performance and other dates specified in this Agreement shall be extended, where delays or defaults are due to causes beyond the control and without the fault of the Party claiming an extension of time to perform, which may include, without limitation, the following: war, insurrection, strikes, lockouts, riots, floods, earthquakes, fires, assaults, acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, lack of transportation, governmental restrictions or priority, litigation, unusually severe weather, inability to secure necessary labor, materials or tools, acts or omissions of the other Party, or acts or failures to act of any public or governmental entity (except that the City's acts or failure to act shall not excuse performance of the City hereunder). An extension of the time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the Party claiming such extension is sent to the other Party within thirty (30) days of the commencement of the cause.

305. **Attorneys' Fees.** In addition to any other remedies provided hereunder or available pursuant to law, if either Party brings an action or proceeding to enforce, protect or establish any right or remedy hereunder, the prevailing Party shall be entitled to recover from the other Party its costs of suit and reasonable attorneys' fees.

306. **Remedies Cumulative.** No right, power, or remedy given by the terms of this Agreement is intended to be exclusive of any other right, power, or remedy; and each and every such right, power, or remedy shall be cumulative and in addition to every other right, power, or remedy given by the terms of any such instrument, or by any statute or otherwise.

307. **Waiver of Terms and Conditions.** The City may, in its sole discretion, waive in writing any of the terms and conditions of this Agreement. Waivers of any covenant, term, or condition contained herein shall not be construed as a waiver of any subsequent breach of the same covenant, term, or condition.

308. **Non-Liability of City Officials and Employees.** No member, official, employee or agent of the City shall be personally liable to the Owner or any occupant of any BMR Unit, or any successor in interest, in the event of any default or breach by the City or failure to enforce any provision hereof, or for any amount which may become due to the Owner or its successors, or on any obligations under the terms of this Agreement.

400. **GENERAL PROVISIONS**

401. **Guidelines.** This Agreement incorporates by reference the provisions of Sections 1, 2, 3, 4.1.2, 5.1, 5.2, 5.3, 7.1, 7.2.1, 7.2.3, 7.2.4, 7.2.5, 11.1.1 and 11.1.2 (applicable to the Low Income Units only), 11.1.3 through 11.1.8, 13.6, and 13.7 of the Guidelines as of the date of this Agreement and any successor sections as the Guidelines may be amended from time to time and expresses the entire obligations and duties of Owner with respect to the Owner's obligations under the Guidelines. No other requirements or obligations under the Guidelines shall apply to Owner except as expressly provided for in this Agreement. In the event of any conflict or ambiguity between this Agreement, the requirements of state and federal fair housing laws and the Guidelines, the terms and conditions of this Agreement and the requirements of state and federal fair housing laws shall control.

402. **Time.** Time is of the essence in this Agreement.

403. **Notices.** Any notice requirement set forth herein shall be deemed to be satisfied three (3) days after mailing of the notice first-class United States certified mail, postage prepaid, or by personal delivery, addressed to the appropriate Party as follows:

Owner: Landings Investments, LLC
Bayfront Investments, LLC
Real Social Good Investments, LLC
621 High Street
Palo Alto, CA 94301
Attention: Robert M. Burke

With a copy to:
Greenheart Land Company
P.O. Box 7775 #45700
San Francisco, CA 94120-7775

Arent Fox LLP
55 2nd Street, 21st Floor
San Francisco, CA 94105
Attention: Steve Atkinson

City: City of Menlo Park
701 Laurel Street
Menlo Park, California 94025-3483
Attention: City Manager

With a copy to:
City of Menlo Park
701 Laurel Street
Menlo Park, California 94025-3483
Attention: City Attorney

Such addresses may be changed by notice to the other Party given in the same manner as provided above.

404. **Covenants Running with the Land; Successors and Assigns.** The City and Owner hereby declare their express intent that the covenants and restrictions set forth in this Agreement shall apply to and bind Owner and its heirs, executors, administrators, successors, transferees, and assignees having or acquiring any right, title or interest in or to any part of the Property and shall run with and burden the Property. Until all or portions of the Property are expressly released from the burdens of this Agreement, each and every contract, deed or other instrument hereafter executed covering or conveying the Property or any portion thereof shall be held conclusively to have been executed, delivered, and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed or other instrument. In the event of foreclosure or transfer by deed-in-lieu of all or any portion of the Property, title to all or any portion of the Property shall be taken subject to this Agreement. Owner acknowledges that compliance with this Agreement is a land use requirement and a requirement of the Development Agreement, and that no event of foreclosure or trustee's sale may remove these requirements from the Property. Whenever the term "Owner" is used in this Agreement, such term shall include any other permitted successors and assigns as herein provided.

405. **Subordination.** At Owner's request, this Agreement may be subordinated to liens, including a deed of trust (in each case a "Senior Loan"), which secure the financing used to acquire, construct, operate, or refinance the Project, but only if all of the following conditions are satisfied:

(a) The Owner shall submit to the City an appraisal of the Property, completed or updated within 90 days of the proposed closing of the Senior Loan, demonstrating that the amount of all proposed Senior Loans does not exceed eighty percent (80%) of the appraised fair market value of the Property.

(b) The proposed lender of the Senior Loan (the "Senior Lender") must not be an Affiliated Party. For the purposes of this Section, an "Affiliated Party" is any corporation, limited liability company, partnership, or other entity which is controlling of,

or controlled by, or under common control with the Owner, and “control,” for purposes of this definition, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity, whether through the ownership of voting securities, by contract, or otherwise. The terms “controlling” and “controlled” have the meanings correlative to “control.”

(c) Any subordination agreement shall provide that the BMR Units described in this Agreement unconditionally shall continue to be provided as required by the Development Agreement and Section 404 of this Agreement, provided that any successor in interest to Owner as owner of the Property claiming through the foreclosure or sale under any deed of trust shall not be liable for any violations of the BMR agreement which occurred prior to such successor taking title. In addition, any subordination agreement shall provide that such successor shall, within 90 days after taking title to the Property, execute a new BMR agreement approved by the City and consistent with the provisions of this Agreement, evidencing the obligation to continue to provide the BMR Units.

(d) No subordination agreement may limit the effect of this Agreement before a foreclosure, nor require consent of the Senior Lender or assignee to exercise of any remedies by the City under this Agreement or the Development Agreement;

(e) The subordination described in this Section 405 may be effective only during the original term of the loan of the Senior Lender and not during any extension of its term or refinancing, unless otherwise approved in writing by the City Manager, which approval shall not be unreasonably withheld or delayed, provided that the conditions in this Section 405 are met.

(f) Owner shall submit adequate documentation to City so that City may determine that a proposed Senior Loan conforms with the provisions of this Section 405. Upon a determination by the City Manager that the conditions in this Section 405 have been satisfied, the City Manager is authorized to execute the approved subordination agreement.

406. **Intended Beneficiaries.** The City is the intended beneficiary of this Agreement, and shall have the sole and exclusive power to enforce this Agreement. It is intended that the City may enforce this Agreement in order to satisfy its obligations to improve, increase and preserve affordable housing within the City, as required by the Guidelines, and to provide that a certain percentage of new housing is made available at affordable housing cost to persons and families of low and moderate income, as required by the Guidelines, to qualify the Project for the Public Benefit Bonus, and to implement the provisions of the Development Agreement. No other person or persons, other than the City and the Owner and their assigns and successors, shall have any right of action hereon.

407. **Partial Invalidity.** If any provision of this Agreement shall be declared invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired.

408. **Governing Law.** This Agreement and other instruments given pursuant hereto shall be construed in accordance with and be governed by the laws of the State of California. Any references herein to particular statutes or regulations shall be deemed to refer to successor statutes or regulations, or amendments thereto. The venue for any action shall be the County of San Mateo.

409. **Each Party's Role in Drafting the Agreement.** Each Party to this Agreement has had an opportunity to review the Agreement, confer with legal counsel regarding the meaning of the Agreement, and negotiate revisions to the Agreement. Accordingly, neither Party shall rely upon Civil Code Section 1654 in order to interpret any uncertainty in the meaning of the Agreement.

410. **Amendment.** This Agreement may not be changed orally, but only by agreement in writing signed by Owner and the City.

411. **Approvals.** Where an approval or submission is required under this Agreement, such approval or submission shall be valid for purposes of this Agreement only if made in writing. Where this Agreement requires an approval or consent of the City, such approval may be given on behalf of the City by the City Manager or his or her designee. The City Manager or his or her designee is hereby authorized to take such actions as may be necessary or appropriate to implement this Agreement, including without limitation the execution of such documents or agreements as may be contemplated by this Agreement and amendments which do not substantially change the uses or restrictions hereunder, or substantially add to the costs of the City hereunder.

IN WITNESS WHEREOF, the Parties hereto have executed this Affordable Housing Agreement as of the date and year set forth above.

OWNER:

BAYFRONT INVESTMENTS, LLC, a California limited liability company

By: _____
Scott W. Hassan, Managing Member

Date: _____

LANDINGS INVESTMENTS, LLC, a California limited liability company

By: _____
Scott W. Hassan, Managing Member

Date: _____

REAL SOCIAL GOOD INVESTMENTS, LLC, a California limited liability company

By: _____
Scott W. Hassan, Managing Member

Date: _____

CITY:

CITY OF MENLO PARK, a California municipal corporation

By: _____
Alex D. McIntyre, City Manager

Date: _____

List of Exhibits

Exhibit A: Property Description

Exhibit B: Below Market Rate Housing Program Guidelines

Exhibit C: Initial Distribution of BMR Units

Exhibit D: Compliance Forms and Certifications

Exhibit E: Sample Utility Allowance

Exhibit A

Property Description

Real property in the City of Menlo Park, County of San Mateo, State of California, described as follows:

Property Owned by Landings Investments, LLC

PORTION OF LOT 186, AS SHOWN ON THAT CERTAIN MAP ENTITLED, "PLAT OF THE LANDS OF THE MENLO PARK VILLA ASSOCIATION, SOUTHERN PORTION OF PULGAS RANCHO, SAN MATEO COUNTY", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY, ON SEPTEMBER 14, 1863, IN BOOK "C" OF MAPS, AT PAGE 6, AND COPIED INTO BOOK 2 OF MAPS, AT PAGE 40, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTHEASTERLY LINE OF EL CAMINO REAL, FORMERLY KNOWN AS THE COUNTY ROAD, DISTANT THEREON 243 FEET, 10 INCHES NORTHWESTERLY FROM ITS INTERSECTION WITH THE NORTHWESTERLY LINE OF OAK GROVE AVENUE; THENCE NORTHWESTERLY ALONG SAID NORTHEASTERLY LINE OF EL CAMINO REAL, 50 FEET; THENCE AT RIGHT ANGLES NORTHEASTERLY, 257 FEET, 7-1/2 INCHES TO THE LANDS, NOW OR FORMERLY, OF MARTIN KUCK; THENCE AT RIGHT ANGLES SOUTHEASTERLY, ALONG SAID KUCK'S LAND, 50 FEET; THENCE AT RIGHT ANGLES SOUTHWESTERLY, 257 FEET 7-1/2 INCHES, MORE OR LESS, TO THE POINT OF BEGINNING.

Property Owned by Bayfront Investments, LLC

PARCEL ONE:

LOTS 1, 2, 3 AND 4, AS DESIGNATED ON THAT CERTAIN MAP ENTITLED, "MAP OF THE SUBDIVISION OF PART OF THE O'KEEFE TRACT AT MENLO PARK, SAN MATEO COUNTY, CALIFORNIA", WHICH MAP WAS FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA ON JULY 30, 1887 IN BOOK 6 OF MISCELLANEOUS RECORDS AT PAGE 197; AND COPIED INTO BOOK "C" OF MAPS AT PAGE 29; AND PORTIONS OF LOTS 184 AND 185 AS SHOWN ON THAT CERTAIN MAP ENTITLED, "PLAT OF LANDS OF THE MENLO PARK VILLA ASSOCIATION, SOUTHERN PORTION OF PULGAS RANCHO, SAN MATEO COUNTY", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO ON SEPTEMBER 14, 1863, IN BOOK "C" OF MAPS AT PAGE 6 AND COPIED INTO BOOK 2 OF MAPS AT PAGE 40, BEING MORE PARTICULARLY DESCRIBED AS A WHOLE AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE NORTHEASTERLY LINE OF EL CAMINO REAL WITH THE DIVIDING LINE BETWEEN LOTS 4 AND 5 OF SAID ABOVE MENTIONED O'KEEFE TRACT; AND RUNNING THENCE FROM SAID POINT OF BEGINNING ALONG SAID NORTHEASTERLY LINE OF EL CAMINO REAL, SOUTH 58° 30'

EAST 251.60 FEET; MORE OR LESS, TO THE SOUTHEASTERLY LINE OF LANDS CONVEYED TO MENLO PARK SCHOOL DISTRICT BY DEED DATED SEPTEMBER 19, 1924 AND RECORDED OCTOBER 10, 1924, IN BOOK 136 OF OFFICIAL RECORDS OF SAN MATEO COUNTY AT PAGE 241; THENCE AT RIGHT ANGLES NORTHEASTERLY AND ALONG SAID SOUTHEASTERLY LINE 257 FEET 7 1/2 INCHES TO THE SOUTHWESTERLY LINE OF THE LANDS FORMERLY OF KUCK (NOW DERRY); THENCE NORTHWESTERLY ALONG SAID SOUTHWESTERLY LINE OF 43 FEET TO THE MOST WESTERLY CORNER THEREOF; THENCE CONTINUING NORTHWESTERLY AND PARALLEL WITH THE NORTHEASTERLY LINE OF EL CAMINO REAL, 208.60 FEET, MORE OR LESS, TO THE NORTHEASTERLY PROLONGATION OF THE DIVIDING LINE BETWEEN LOTS 4 AND 5 OF SAID O'KEEFE TRACT; THENCE SOUTHWESTERLY ALONG SAID PROLONGATION AND CONTINUING ALONG SAID DIVIDING LINE BETWEEN SAID LOTS 4 AND 5 FOR A DISTANCE OF 257 FEET 7 1/2 INCHES, MORE OR LESS, TO THE POINT OF BEGINNING.

PARCEL TWO:

PORTIONS OF LOTS 184 AND 185 AS DESIGNATED ON THAT CERTAIN MAP ENTITLED "PLAT OF THE LANDS OF THE MENLO PARK VILLA ASSOCIATION, SOUTHERN PORTION OF PULGAS RANCHO, SAN MATEO COUNTY", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY ON SEPTEMBER 14, 1836 IN BOOK "C" OF MAPS AT PAGE 6 AND COPIED INTO BOOK 2 OF MAPS AT PAGE 40, DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE SOUTHWESTERLY LINE OF THE 40 FOOT RIGHT OF WAY AS DESCRIBED IN GRANT FROM MENLO PARK SCHOOL DISTRICT TO CITY AND COUNTY OF SAN FRANCISCO, A MUNICIPAL CORPORATION, DATED FEBRUARY 19, 1938 AND RECORDED AUGUST 6, 1938 IN BOOK 798 OF OFFICIAL RECORDS OF SAN MATEO COUNTY AT PAGE 337 WITH THE SOUTHEASTERLY LINE OF THAT CERTAIN 1.92 ACRE TRACT DESCRIBED IN DEED FROM MICHAEL O'KEEFE TO THE MENLO PARK SCHOOL DISTRICT DATED JULY 28, 1892 AND RECORDED DECEMBER 31, 1892 IN BOOK 61 OF DEEDS AT PAGE 523; THENCE FROM SAID POINT OF BEGINNING SOUTHWESTERLY ALONG THE SOUTHEASTERLY LINE OF SAID 1.92 ACRE TRACT FOR A DISTANCE OF 191 FEET, MORE OR LESS, TO AN ANGLE POINT IN THE DIVIDING LINE BETWEEN SAID SCHOOL LANDS AND LANDS FORMERLY OF KUCK (NOW DERRY); THENCE NORTHWESTERLY AND PARALLEL WITH THE NORTHEASTERLY LINE OF EL CAMINO REAL, 180 FEET; THENCE NORTHEASTERLY AND PARALLEL WITH THE FIRST ABOVE DESCRIBED COURSE (BEING THE DIVIDING LINE BETWEEN THE LANDS OF DERRY AND SAID SCHOOL PROPERTY) FOR A DISTANCE OF 212 FEET, MORE OR LESS, TO THE SOUTHWESTERLY LINE OF SAID 40 FOOT RIGHT OF WAY; THENCE SOUTHEASTERLY ALONG SAID SOUTHWESTERLY LINE OF 181.19 FEET TO THE POINT OF BEGINNING.

PARCEL THREE:

A PORTION OF LOTS 185 AND 186, AS DESIGNATED ON THAT CERTAIN MAP ENTITLED "PLAT OF THE LANDS OF THE MENLO PARK VILLA ASSOCIATION, SOUTHERN PORTION OF PULGAS RANCHO, SAN MATEO COUNTY, CALIFORNIA", WHICH MAP WAS FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA ON SEPTEMBER 14, 1863, IN BOOK "C" OF MAPS AT PAGE 6 AND COPIED INTO BOOK 2 OF MAPS AT PAGE 40, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTHEASTERLY LINE OF EL CAMINO REAL, FORMERLY KNOWN AS COUNTY ROAD, DISTANT THEREON 393 FEET 10 INCHES NORTHWESTERLY FROM THE NORTHWESTERLY LINE OF OAK GROVE AVENUE; THENCE NORTHWESTERLY, ALONG SAID LINE OF EL CAMINO REAL, 50 FEET 10 INCHES TO THE SOUTHEASTERLY LINE OF LAND CONVEYED BY DEED FROM HELEN M. RUSSELL, ET VIR, TO MENLO PARK SCHOOL DISTRICT, DATED SEPTEMBER 19, 1924 AND RECORDED OCTOBER 10, 1924 IN BOOK 136 OF OFFICIAL RECORDS AT PAGE 241, RECORDS OF SAN MATEO COUNTY, CALIFORNIA; THENCE AT RIGHT ANGLES NORTHEASTERLY, ALONG SAID LINE OF LAND SO CONVEYED TO MENLO PARK SCHOOL DISTRICT, 257 FEET 7 1/2 INCHES TO THE SOUTHWESTERLY LINE OF LANDS OF KUCK; THENCE AT RIGHT ANGLES SOUTHEASTERLY ALONG SAID LINE OF LAND OF KUCK, 50 FEET 10 INCHES; THENCE AT RIGHT ANGLES, SOUTHWESTERLY 257 FEET 7 1/2 INCHES TO THE POINT OF BEGINNING.

PARCEL FOUR:

A PORTION OF LOT 186, AS DESIGNATED ON THAT CERTAIN MAP ENTITLED, "PLAT OF THE LANDS OF THE MENLO PARK VILLA ASSOCIATION, SOUTHERN PORTION OF PULGAS RANCHO, SAN MATEO COUNTY, CALIFORNIA", WHICH MAP WAS FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA ON SEPTEMBER 14, 1863 IN BOOK "C" OF MAPS AT PAGE 6 AND COPIED INTO BOOK 2 OF MAPS AT PAGE 40, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTHEASTERLY LINE OF EL CAMINO REAL, FORMERLY KNOWN AS COUNTY ROAD, DISTANT THEREON 343 FEET 10 INCHES NORTHWESTERLY FROM ITS INTERSECTION WITH THE NORTHWESTERLY LINE OF OAK GROVE AVENUE; THENCE NORTHWESTERLY ALONG SAID NORTHEASTERLY LINE OF EL CAMINO REAL, 50 FEET TO THE SOUTHEASTERLY LINE OF LANDS CONVEYED TO A.B. SCHIRMER AND WIFE, BY DEED DATED AND RECORDED MAY 4, 1939 IN BOOK 842 OF OFFICIAL RECORDS AT PAGE 125, RECORDS OF SAN MATEO COUNTY, CALIFORNIA; THENCE AT A RIGHT ANGLES NORTHEASTERLY, ALONG SAID SOUTHEASTERLY LINE, 257 FEET 7 1/2 INCHES TO THE LANDS, NOW OR FORMERLY OF MARTIN KUCK; THENCE AT RIGHT ANGLES SOUTHEASTERLY, ALONG SAID KUCK'S LAND, 50 FEET AND THENCE AT RIGHT ANGLES, SOUTHWESTERLY 257 FEET 7 1/2 INCHES TO THE POINT OF BEGINNING.

PARCEL FIVE:

PORTION OF LOT 186, AS DESIGNATED ON THAT CERTAIN MAP ENTITLED, "PLAT OF THE LANDS OF THE MENLO PARK VILLA ASSOCIATION, SOUTHERN PORTION OF PULGAS RANCHO, SAN MATEO COUNTY, CALIFORNIA", WHICH MAP WAS FILED IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA ON SEPTEMBER 14, 1863 IN BOOK "C" OF LANDS AT PAGE 6 AND COPIED IN BOOK 2 OF MAPS AT PAGE 40, DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT IN THE COUNTY ROAD LEADING FROM SAN FRANCISCO TO SAN JOSE 293 FEET 10 INCHES WESTERLY FROM THE JUNCTION OF OAK GROVE AVENUE WITH THE SAID COUNTY ROAD; THENCE RUNNING NORTHWESTERLY ALONG THE NORTHERLY SIDE OF SAID COUNTY ROAD, 50 FEET; THENCE NORTHEASTERLY AT RIGHT ANGLES, 257 FEET; THENCE SOUTHEASTERLY AT RIGHT ANGLES, ALONG THE LINE KNOWN AS THE D. & M. KUCKS LAND, 50 FEET; THENCE

SOUTHWESTERLY AT RIGHT ANGLES, 257 FEET, MORE OR LESS, TO THE COUNTY ROAD AND PLACE OF BEGINNING. SAID LAND BEING SITUATE AT MENLO PARK, COUNTY OF SAN MATEO, STATE OF CALIFORNIA, AND BEING A PART OF THE BRICELAND TRACT.

PARCEL SIX:

BEGINNING AT THE MOST NORTHERLY CORNER OF THE LANDS DESCRIBED AS PARCEL ONE IN THAT CERTAIN DEED FROM SHEPARD CADILLAC-PONTIAC CO. TO SHEPARD INVESTMENT COMPANY, RECORDED FEBRUARY 14, 1968, BOOK 5431 OFFICIAL RECORDS, PAGE 315; THENCE FROM SAID POINT OF BEGINNING, ALONG THE NORTHEASTERLY PROLONGATION OF THE NORTHWESTERLY LINE OF SAID LAST MENTIONED LANDS NORTHEASTERLY TO THE SOUTHWESTERLY BOUNDARY LINE OF THE LANDS CONVEYED TO THE CITY OF MENLO PARK BY DEED RECORDED FEBRUARY 28, 1966, BOOK 5118, OFFICIAL RECORDS, PAGE 247; THENCE ALONG SAID LAST MENTIONED SOUTHWESTERLY BOUNDARY LINE SOUTH 51° 58' EAST 30 FEET, MORE OR LESS, TO THE NORTHWESTERLY LINE OF THE LANDS DESCRIBED AS PARCEL TWO IN THE ABOVE MENTIONED DEED TO SHEPARD INVESTMENT COMPANY; THENCE ALONG SAID LAST MENTIONED NORTHWESTERLY LINE SOUTHWESTERLY 212 FEET, MORE OR LESS, TO THE NORTHEASTERLY LINE OF THE LANDS DESCRIBED AS PARCEL ONE IN SAID LAST MENTIONED DEED; THENCE ALONG SAID LAST MENTIONED NORTHEASTERLY LINE, NORTHWESTERLY 28.60 FEET, MORE OR LESS TO THE POINT OF BEGINNING, AND BEING A PORTION OF PARCEL TWO TO THE PARCEL MAP FILED MARCH 26, 1970, BOOK 9 OF PARCEL MAPS, PAGE 42, SAN MATEO COUNTY RECORDS.

NOTE: PARCELS THREE, FOUR AND FIVE ABOVE INCLUDE THE LAND SHOWN AS PARCEL A IN THE PARCEL MAP FILED NOVEMBER 4, 1968, BOOK 6 OF PARCEL MAPS, PAGE 40, SAN MATEO COUNTY RECORDS.

APN: 061-430-450 (Affects Parcel One through Five); 061-430-420 (Affects Parcel Six)
JPN: 061-43-430-40A; 061-43-430-41A and 061-43-430-42A

Property Owned by Real Social Good Investments, LLC

PARCEL ONE:

A PORTION OF LOTS 186 AND 187 AS SHOWN ON THAT CERTAIN MAP ENTITLED "PLAT OF THE LANDS OF MENLO PARK VILLA ASSOCIATION, SOUTHERN PORTION OF PULGAS RANCHO – SAN MATEO COUNTY" FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY OF OCTOBER 14, 1863, IN BOOK "C" OF ORIGINAL MAPS AT PAGE 6 AND COPIED INTO BOOK 2 OF MAPS AT PAGE 40, DESCRIBED VIZ:

BEGINNING AT A POINT ON THE NORTHWESTERLY LINE OF OAK GROVE AVENUE DISTANT THEREON 92 FEET NORTHEASTERLY FROM THE NORTHEASTERLY LINE OF EL CAMINO REAL, FORMERLY KNOWN AS COUNTY ROAD; THENCE NORTHEASTERLY ALONG SAID LINE OF OAK GROVE AVENUE, 56 FEET, 6 INCHES, MORE OR LESS, TO A POINT ON SAID LINE OF OAK GROVE AVENUE, 148 FEET, 6 INCHES, NORTHEAST OF SAID EL CAMINO REAL, FORMERLY KNOWN AS COUNTY ROAD, SAID POINT BEING THE MOST SOUTHERLY CORNER OF PROPERTY CONVEYED BY DEED FROM BERNARD GORMAN TO WILLIAM CASEY, DATED MARCH 7, 1874, AND

RECORDED MARCH 7, 1874 IN BOOK 22 OF DEEDS AT PAGE 388; THENCE AT RIGHT ANGLES NORTHWESTERLY AND ALONG THE SOUTHWESTERLY BOUNDARY OF PROPERTY SO CONVEYED TO CASEY, 243 FEET, 10 INCHES; THENCE AT RIGHT ANGLES SOUTHWESTERLY 56 FEET, 6 INCHES, MORE OR LESS, TO A LINE 92 FEET NORTHEASTERLY FROM THE NORTHEASTERLY LINE OF SAID EL CAMINO REAL, FORMERLY COUNTY ROAD; THENCE AT RIGHT ANGLES SOUTHEASTERLY ALONG SAID LINE, 243 FEET, 10 INCHES TO THE POINT OF BEGINNING.

PARCEL TWO:

A PORTION OF LOTS NUMBERED 186 AND 187 AS SHOWN ON THAT CERTAIN MAP ENTITLED "PLAT OF LANDS OF THE MENLO PARK VILLA ASSOCIATION SOUTHERN PORTION OF PULGAS RANCHO – SAN MATEO COUNTY" FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY ON SEPTEMBER 14, 1863, IN BOOK "C" OF ORIGINAL MAPS AT PAGE 6, AND COPIED INTO BOOK 2 OF MAPS AT PAGE 40, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTHWESTERLY LINE OF OAK GROVE AVENUE DISTANT THEREON 148 FEET, 6 INCHES, FROM THE NORTHEASTERLY LINE OF EL CAMINO REAL, FORMERLY CALLED COUNTY ROAD; SAID POINT OF BEGINNING BEING THE MOST EASTERLY CORNER OF PROPERTY CONVEYED TO EDWARD J. DERRY AND WIFE BY DEED RECORDED NOVEMBER 20, 1942; THENCE RUNNING NORTHWESTERLY AT RIGHT ANGLES TO SAID LINE OF OAK GROVE AVENUE AND ALONG THE NORTHEASTERLY LINE OF SAID PROPERTY CONVEYED TO DERRY 245 FEET, 5 INCHES; THENCE RUNNING AT RIGHT ANGLES NORTHEASTERLY 32 FEET, 6 INCHES TO THE SOUTHWESTERLY LINE OF LANDS NOW OR FORMERLY OWNED BY BERTHA KNEK ET AL; THENCE RUNNING AT RIGHT ANGLES SOUTHEASTERLY AND ALONG SAID LINE OF LANDS OF KNEK 243 FEET, 5 INCHES TO SAID NORTHWESTERLY LINE OF OAK GROVE AVENUE; THENCE RUNNING SOUTHWESTERLY AND ALONG SAID LINE OF OAK GROVE AVENUE TO THE POINT OF BEGINNING.

PARCEL THREE:

BEGINNING AT THE POINT OF INTERSECTION OF THE NORTHWESTERLY LINE OF OAK GROVE AVENUE, AS SAME APPEARS ON THE MAP ENTITLED "FLAT OF THE LANDS OF THE MENLO PARK VILLA ASSOCIATION", FILED IN THE OFFICE OF THE RECORDER OF SAN MATEO COUNTY ON SEPTEMBER 14, 1863 IN BOOK "C" OF MAPS AT PAGE 6 AND A COPY ENTERED IN BOOK 2 OF MAPS AT PAGE 40, WITH THE SOUTHWESTERLY LINE OF THE RIGHT OF WAY OF THE SOUTHERN PACIFIC RAILROAD COMPANY; RUNNING THENCE NORTHWESTERLY, ALONG SAID RIGHT OF WAY LINE, A DISTANCE OF 491.98 FEET, MORE OR LESS, TO THE MOST EASTERLY CORNER OF THE LANDS OF THE MENLO PARK ELEMENTARY SCHOOL DISTRICT; THENCE ALONG THE SOUTHEASTERLY LINE OF LAST MENTIONED PROPERTY, IN A SOUTHWESTERLY DIRECTION, A DISTANCE OF 251 FEET 5-1/2 INCHES TO A POINT THEREON, WHICH IS 257 FEET 7-1/2 INCHES NORTHEASTERLY, MEASURED AT A RIGHT ANGLE, FROM THE NORTHEASTERLY LINE OF EL CAMINO REAL; THENCE SOUTHEASTERLY PARALLEL WITH SAID LINE OF EL CAMINO REAL, A DISTANCE OF 243 FEET 10 INCHES, TO A POINT WHICH IS DISTANT 243 FEET 10 INCHES NORTHWESTERLY, MEASURED AT A RIGHT ANGLE, FROM THE NORTHEASTERLY LINE OF OAK GROVE AVENUE; THENCE

SOUTHWESTERLY, PARALLEL WITH SAID LINE OF OAK GROVE AVENUE, A DISTANCE OF 75.62 FEET, MORE OR LESS, TO THE MOST NORTHERLY CORNER OF THE LANDS NOW OR FORMERLY OF CASEY; THENCE SOUTHEASTERLY, ALONG THE NORTHEASTERLY LINE OF SAID LANDS OF CASEY, A DISTANCE OF 243 FEET 10 INCHES TO THE NORTHEASTERLY LINE OF OAK GROVE AVENUE AND THENCE NORTHEASTERLY, ALONG SAID LINE, 272.33 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM: PARCEL 2, AS SHOWN ON THAT CERTAIN PARCEL MAP ENTITLED "PARCEL MAP BEING A PORTION OF LOT 187, MENLO PARK VILLA ASSOCIATION", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY, STATE OF CALIFORNIA, ON MAY 28, 1968 IN BOOK 5 OF PARCEL MAPS AT PAGE 32.

EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE CITY OF MENLO PARK PURSUANT TO DEED RECORDED AUGUST 24, 1987, DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE NORTHWESTERLY LINE OF OAK GROVE AVENUE WITH THE NORTHEASTERLY LINE OF THE LANDS CONVEYED TO GENERAL PETROLEUM CORPORATION OF CALIFORNIA, A CORPORATION BY DEED RECORDED MARCH 15, 1940 IN VOLUME 883 AT PAGE 345, OFFICIAL RECORDS OF SAN MATEO COUNTY; THENCE ALONG SAID NORTHEASTERLY LINE, N. 58° 11' 00" W., 8.00 FEET; THENCE N. 31° 49' 00" E., 38.00 FEET; THENCE N. 39° 10' 09" E., 62.51 FEET TO THE MOST SOUTHERLY CORNER OF PARCEL 3 AS SHOWN ON THAT CERTAIN PARCEL MAP FILED MAY 23, 1968 IN VOLUME 5 OF PARCEL MAPS AT PAGE 32 IN THE OFFICE OF THE RECORDER OF SAN MATEO COUNTY, SAID CORNER BEING ON THE NORTHWESTERLY LINE OF OAK GROVE AVENUE; THENCE ALONG LAST SAID LINE S. 31° 49' 00" W., 100.00 FEET TO THE POINT OF COMMENCEMENT.

PARCEL FOUR:

PARCEL 2, AS SHOWN ON THAT CERTAIN PARCEL MAP ENTITLED "PARCEL MAP BEING A PORTION OF LOT 187, MENLO PARK VILLA ASSOCIATION", FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN MATEO COUNTY, STATE OF CALIFORNIA, ON MAY 28, 1968 IN BOOK 5 OF PARCEL MAPS AT PAGE 32.

APN: 061-430-200 (Affects A PORTION OF PARCEL THREE);
061-430-210 (Affects A PORTION OF PARCEL THREE);
061-430-220 (Affects PORTIONS OF PARCELS ONE AND TWO);
061-430-230 (Affects A PORTION OF PARCEL ONE);
061-430-310 (Affects PARCEL FOUR);
061-430-320 (Affects A PORTION OF PARCEL THREE);
061-430-380 (Affects A PORTION OF PARCEL THREE) and

061-430-460 (Affects PORTION OF PARCELS ONE, TWO AND THREE)

JPN No's:

061-043-430-20A; 061-043-430-21A; 061-043-430-22A; 061-043-430-23A; 061-043-430-31A;
061-043-430-32A; 061-043-430-38A and 061-043-430-04A

Exhibit B
Below Market Rate Housing Program Guidelines

B-1

Exhibit C

Initial Distribution of BMR Units

	Low Income Units	Moderate Income Units
Small One-Bedroom Units	8 Units # 219, 223, 231, 262, 319, 323, 331, 362	6 Units # 209, 225, 260, 309, 325, 360
Large One-Bedroom Units	3 Units # 226, 248, 348	
Two-Bedroom Units	3 Units # 200, 224, 300	
TOTAL	14	6

Exhibit D
Compliance Forms and Certifications

D-1

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1/18/2017

Exhibit E
Sample Utility Allowance

E-1



STAFF REPORT

City Council

Meeting Date:

2/7/2017

Staff Report Number:

17-031-CC

Consent Calendar:

Authorize the City Manager to enter into consultant agreements for the Bedwell Bayfront Park Master Plan project

Recommendation

Staff recommends that the City Council authorize the City Manager to:

1. Enter into an agreement with Callander Associates Landscape Architecture for the development of the Bedwell Bayfront Park (BBP) Master Plan and appropriate an additional \$58,111 from the undesignated fund balance of the General Fund for a total approved budget of \$258,111 to cover consultant costs and staff time for the project, and
2. Enter into an agreement with CB&I Environmental & Infrastructure, Inc. (CB&I) for the development of a Technical Evaluation of the Bedwell Bayfront Park Master Plan and appropriate \$65,995 from the Landfill Fund for the project.

Policy Issues

The Project is consistent with City policies and 2016 Menlo Park City Council Work Plan item No. 17 – Develop a Bedwell Bayfront Park operations and maintenance plan to enhance use, improve access and determine sustainable funding sources for ongoing maintenance.

Background

BBP is the City's largest park and the City's only open space on the San Francisco Bay. Consisting of 160 acres, the Park's trails and hills provide great views of the refuge and South Bay. Its hilly terrain, specifically designed for passive recreation, now serves as a landmark high point along the edge of the Bay.

Originally a sanitary landfill, construction of BBP on the site began in 1982 and was completed in 1995. Currently, the park is designed as a passive open space with minimal improvements, including bike/pedestrian trails and restrooms. Users enjoy "passive-recreation" through activities that include hiking, running, bicycling, dog walking, bird watching, kite flying and photography.

As reflected consistently in various documents over the years, park usage guidelines include:

1. Preserve the natural amenities of the open space land;
2. Conserve soil, vegetation, water and wildlife;
3. Exclude intensive uses or uses that could degrade the site or adjacent sites;
4. Encourage the following:
 - a. Viewing and interpretation of the natural environment;
 - b. Passive recreation activities such as hiking, running, cycling, dog-walking, photography, bird watching and similar day recreation use; and
 - c. Landscape or wildlife restoration and enhancement programs.

In conjunction with the construction of the park, gas recovery and leachate control projects were also built to ensure that the closed landfill met all regulatory requirements at the time of the installation. The landfill gas recovery system consists of a well field that includes 72 gas extraction wells, a network of pipes embedded just beneath the surface of the landfill cap that collect the gas and a flare that combusts the gas that is collected. The leachate system consists of 9 wells and 16 extraction sumps installed along the perimeter of the landfill for the extraction of the leachate that forms due to the decomposition of the solid waste. The systems are operated to meet regulations set by the Bay Area Air Quality Management District and the Regional Water Quality Control Board.

The park has seen a significant increase in usage over the years and the recreational interests and needs of the users have changed. Through various public forums, the City has learned that there is a desire for docent-led educational programs and tours, as well as spaces for interpretive displays and exhibits throughout the park. Among other ideas presented was a desire to improve access and connectivity to the water in the Bay for non-motorized small boats such as canoes, kayaks or sailboards similar to the floating dock at the Palo Alto Baylands Nature Preserve. In response to these needs, the 2016 City Council workplan included Item No. 17 - Develop a Bedwell Bayfront Park operations and maintenance plan to enhance use, improve access and determine sustainable funding sources for ongoing maintenance.

Analysis

Staff issued the BBP Master Plan Request for Proposals (RFP) on November 4, 2016. The scope of work presented in the RFP includes developing a Master Plan that provides a long-term vision and general development guide for the park and its facilities, including how to protect its resources, improve amenities to enhance the park user experience, manage visitor use, plan for future park enhancements and develop a financing plan to pay for maintenance and the capital cost of the park. The Master Plan shall recommend improvements for the next 25 years.

The BBP Master Plan proposed scope of work consists of:

- Thorough park site investigation and analysis of opportunities and constraints;
- Development of a stakeholder coordination and community engagement plan that includes the potential formation of a steering committee to assist with identification of user needs and interests;
- Evaluation of Americans with Disabilities Act design compliance;
- Development of recommendations for park improvements based on the assessment of the existing conditions, opportunities for improving the site to meet future needs and the goals and objectives of the study;
- Funding analysis that includes an assessment of potential funding sources for the implementation of the proposed improvements;
- Presentations to the Parks and Recreation and Environmental Quality Commissions and City Council.

A panel of staff members reviewed the 9 proposals that were received and invited the 4 most qualified consultants to interview for the project. Interviews were conducted by staff and one member of the Parks and Recreation Commission on January 4 and January 10, 2017. Callander Associates Landscape Architecture was selected as the most qualified consultant based upon their expertise in similar projects and their understanding and approach to the project scope.

In conjunction with the BBP Master Plan RFP, staff issued a Request for Quotes to CB&I for the development of the BBP Master Plan – Technical Evaluation. The primary objective of the Technical Evaluation is to ensure that the proposed improvements developed in the Master Plan are consistent with the operation and maintenance needs of the former landfill. CB&I will work with Callander Associates.

Landscape Architecture through the development of the Master Plan. In addition, CB&I will identify the regulatory and industry standard practices for similar park operations in former landfills; evaluate the park’s potable water and fire protection systems; and develop a feasibility study for the beneficial reuse of the landfill gas that is currently flared. The findings of the Technical Evaluation will be incorporated in the BBP Master Plan.

The BBP Master Plan is expected to be completed by November 2017. The project will allow review of plan alternatives by the Parks and Recreation Commission and the City Council, as well as any constraints, recommended improvements and funding strategies which will result in a master plan that is implementable for the future.

Impact on City Resources

The total estimated cost for the BBP Master Plan, inclusive of a 10% contingency and administrative costs, is \$258,111. In Fiscal Year 2016-17, \$200,000 was approved as part of the Capital Improvement Budget. The budget estimate, however, did not include staff management or a contingency. An appropriation of \$58,111 from the undesignated fund balance of the General Fund is being requested as part of the overall project budget.

The total estimated cost for the BBP Technical Evaluation, inclusive of a 10% contingency and administrative costs, is \$65,995. The request is to appropriate the total project cost from the BBP Landfill Fund.

Bedwell Bayfront Park Master Plan Project Budget		
	Master Plan	Technical Evaluation
Scope of Work	\$203,737	\$49,995
Contingency (10%)	\$20,374	\$5,000
Administration Costs	\$34,000	\$11,000
Total	\$258,111	\$65,995

Environmental Review

The project is categorically exempt under Class 6 of the current State of California Environmental Quality Act Guidelines, which allows for information collection, research and resource evaluation activities as part of a study leading to an action which a public agency has not yet approved, adopted, or funded. The results of the project will identify environmental reviews and studies required to advance the project.

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. BBP Master Plan Consultant Scope of Work and Fee
- B. BBP Technical Evaluation Consultant Scope of Work and Fee

Report prepared by:
Derek Schweigart
Assistant Community Services Director

Azalea Mitch
Senior Civil Engineer

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EXHIBIT A SCOPE OF SERVICES

This scope of services is based on our project understanding and experience in projects of this type. We remain flexible throughout, knowing that all the requirements of the project cannot be known today. We welcome the opportunity to work with you to modify the scope as warranted. Items shown in ***boldface italics*** are deliverables.

1.0 PROJECT INITIATION

- 1.01 **Start-up Meeting:** Meet with City staff and others as assembled by the City to discuss the project. Present the project background information and lead a discussion on various topics including: site history, project stakeholders, schedule, process, initial site considerations and other topics. Gather comments, prepare a ***meeting summary*** (including a listing of follow up tasks and responsible parties) and distribute it to the meeting attendees.
- 1.02 **Project Stakeholder Interviews:** As part of the initial start-up meeting, Economic Planning Systems (EPS) will lead a discussion with department representatives to better understand current funding sources and financing mechanisms. As appropriate, EPS will reach out independently to specific individuals not in attendance.
- 1.03 **Landfill Coordination:** As part of the start-up meeting, Hailey & Aldrich will meet with City staff and landfill consultant CB&I Environmental & Infrastructure, Inc. to review the gas collection and leachate assessments, developing landfill improvement plans, and discuss coordination of the two projects.
- 1.04 **CEQA Background Review:** Biotic Resources Group (BRG) will review existing documents and relevant background materials relating to CEQA checklist items. Existing data previously prepared for the project area will be used to the greatest extent feasible. The City's General Plan and other documents pertinent to the park site will be reviewed for the CEQA checklist. Requirements for a Categorical or Statutory Exemption under the CEQA guidelines will be reviewed.
- 1.05 **Site Investigation:** To combine *site observations* with *site document compilation*. *Site observations* to include visiting the site to note both the physical character of site and use patterns at various times. Site observations to be conducted with a site map in hand to allow for documentation of features and uses by specific location. *Site documentation* to consist of a review and assembly of site record information as available from City archives and other sources.

- 1.06 **Biological Site Investigation:** BRG will conduct a site visit to document existing resources on the site, including potentially sensitive biological areas.
- 1.07 **Site Mapping:** Supplement existing topographic survey plan (prepared under the Bedwell Park Fields Study project) with site record information and prepare a site map combining the relevant features into a digital file. File will be reproducible at different scales to facilitate general and site specific plan development.
- 1.08 **Steering Committee Formation and Outreach Plan:** Identify project stakeholders and prepare *contacts list*. Develop a *public outreach plan* including notification protocols and visioning process to be employed for the duration of the project. All plans and presentation materials to be prepared will have both English and Spanish text. PowerPoint presentations will be English only and Spanish translator services will be provided at community events. Craft a *Mission Statement* that embodies the project's goals, 'spirit' and working relationships. Identify the level and purpose of community engagement, set project parameters (define the negotiable and non-negotiable), and identify outreach methods (attendance at community event like the weekly Farmer's Market to get the word out).
- 1.09 **Unmanned Aircraft Systems (UAS) Review:** As part of the master planning process review available information and previous research provided by the City. At each of the community and stakeholder meetings continue to document input. In addition, research what other similar communities are doing regarding UAS policy. Document findings and present at future presentations of the draft master plan to the Parks and Recreation Commission and City Council in order to provide those groups with information to make an informed decision about policy.
- 1.10 **Opportunities and Constraints Plan:** Prepare *opportunities and constraints plan* to show: existing site conditions, jurisdictional overlays (BCDC, etc.), educational opportunities, potential amenities (seating, kiosks, expanded parking), wildlife viewing areas, circulation and wayfinding, and other elements. As part of the plan make refinements to the previously developed slope diagram (2006 planning effort) and analyze the existing pathway system as it relates to ADA compliance and enhancements.
- 1.11 **Funding Options Matrix:** EPS will develop a matrix of potential funding sources and financing mechanisms. The list of funding sources will include the name of the funding source, a general description, challenges to implementation in general, and the unique issues of relevance to implementation as part of the Project.

This *funding matrix* will be based on prior EPS work, discussions with staff of the relevant departments and agencies, and additional research and analysis.

- 1.12 **Staff Meeting:** Meet with City staff to preview the materials to be shared and identify changes/additions/deletions to the various documents.
- 1.13 **Steering Committee Meeting #1:** Meet with the members of the Steering Committee to review the master planning process, goals and objectives, and solicit input. Prepare written *summary memo*.
- 1.14 **Community Meeting #1 Materials:** Prepare materials for upcoming community open house including refinements to the opportunities and constraints plan, *goals and objectives exhibit, process exhibit, program images board, PowerPoint presentation, graphic meeting announcement* (printing and mailing by city), *sign in sheets*, and *project surveys*.
- 1.15 **Community Meeting #1 (Open House):** Present the above at a single community meeting to be held on-site or at an agreed upon central location. This and future meetings will be an open house format, held on a weekend, and over a period of four hours to allow community members a greater flexibility in attendance. Comments would be documented in a *meeting summary* to be posted to the City's website.

2.0 PLAN DEVELOPMENT

- 2.01 **Staff Meeting:** Follow up with staff and discuss next steps.
- 2.02 **Master Plan Alternatives:** Prepare two rendered *plans* showing alternative developments of the park. Prepare *estimates of probable construction and operating costs*, with detailed line items of various park elements for each. Prepare an *outline* summarizing items to be addressed by the design guidelines.
- 2.03 **Refined Funding Matrix:** Building upon earlier work and incorporating feedback from the affected stakeholders, EPS will refine the menu of potential funding sources and financing mechanisms to reflect the most viable options. High-level and relative capacity estimates of each funding source will be refined so as to be able to appropriately align specific improvements to specific funding sources. EPS will identify specific feasibility challenges if necessary.
- 2.04 **Staff Review:** Present the alternatives and supporting information in a meeting with City staff. Identify any revisions to the exhibits and confirm the format of the next public meeting.
- 2.05 **Steering Committee Meeting #2:** Meet with the members of the Steering Committee to present alternative plans.
- 2.06 **Community Meeting #2:** Facilitate a second Open House style public meeting. Identify the preferred park elements.

2. 07 **Draft CEQA Checklist:** BRG will review the preferred park elements to identify potentially significant impacts. The environmental setting will be based on review of existing reports, maps, and information derived during site investigations. If significant impacts are identified, we will confer with the city on possible revisions to avoid or reduce the impact to less-than-significant or to meet requirements for CEQA exemption.

The *draft CEQA checklist* will use a format provided by the City, or a format provided by the consultant and approved by the City. For each item in the checklist that is not checked as "No Impact", an explanation will be provided to support if the impact is "significant" or "less than significant". The CEQA checklist/review will be prepared based on the draft master plans, the current General Plan, other existing studies and documents, and site visits conducted in this scope.

2. 08 **Staff Meeting:** Review the community input with City staff and develop an action plan for moving forward.
2. 09 **Interagency Meeting:** Coordinate and conduct a single interagency meeting with BRT in attendance to review project background and alternative designs in order to obtain feedback on the viability of each option from the regulatory agency perspective. Coordinate with City staff to identify agencies and contact information, coordinate invitations, prepare and send package of relevant documents prepared to date, facilitate meeting, and prepare a *written summary* of comments and discussion from the meeting.
2. 10 **Draft Master Plan:** Prepare a draft master plan consisting of:
- **Park Master Plan:** Prepare a single park master plan incorporating input received to date and showing preferred park elements.
 - **Cost Estimates:** Prepare an estimate of probable construction costs and an estimate of operating costs reflecting the draft plan.
 - **Funding and Financing Strategy Plan:** EPS will prepare a draft funding and financing plan for inclusion in the Master Plan. This plan will include a description of the funding analysis and funding mechanisms selected and an action plan. Feasibility considerations will be refined and updated. The action plan will recommend funding sources to be adopted and/or amended and any necessary accompanying actions.
 - **Phased Implementation Plan:** Show recommended phasing to better align costs with the potential availability and timing of identified funding. The phasing plan will be based on 5, 15, and 25 year time frames.
 - **Plan Details:** Prepare up to three (3) plan enlargements and two (2) elevations/cross sections to better depict the spatial arrangement of the improvements.
 - **Final CEQA Checklist:** Update the CEQA checklist to reflect the potential impacts associated with the draft master plan.

- **Design Guidelines:** Develop guidelines to address the implementation of each park element. Task includes preparation of an updated *park user map*/ information brochure, consistent with the City's branding standards.
- **Operations and Maintenance Plan:** Collaborate with City staff in identifying and quantifying the tasks and level of effort associated with the operations and maintenance of the facility.

2. 11 **Staff Meeting:** Present the Draft Master Plan to City staff and solicit input.

2. 12 **Master Plan Revisions:** Take the input of the Steering Committee and staff and revise the documents.

3.0 PLAN ADOPTION

3.01 **Community Meeting #3/P&R Commission:** Facilitate a third public meeting to present the Master Plan to the public and to the Parks & Recreation Commission.

3.02 **Staff Meeting:** Meet with staff to review the input of the public and Commission and identify plan changes to be made before assembling the draft Master Plan Report and presenting to Council.

3.03 **Master Plan refinements:** Make the revisions as agreed upon in the meeting and assemble into a draft report format.

3.04 **Council Presentation:** Present to Council.

3.05 **Final Master Plan:** Prepare a Final Master Plan report to incorporate the input provided by Council.

4.0 NOT USED

5.0 OPTIONAL SERVICES

5.01 **Community Meeting #4:** Facilitate a fourth Open House style public meeting if requested by the city to further refine the park master plan.

5.02 **Traffic Analysis:** If requested by the city, Hexagon Transportation shall review existing available traffic counts, reports, and analyses provided by the city for the Marsh Road/Bayfront Expressway intersection and provide recommendations for enhancing the intersection and park entrance road lane configuration to mitigate potential traffic conflicts and congestion. Task also includes review of parking demand and recommendations for parking enhancements.

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Callander Associates Landscape Architecture

January 20, 2017

**Compensation Summary
Bedwell Bayfront Park Master Plan Project****Overall**

Based on the attached "Scope of Services" prepared by Callander Associates and subconsultants, we have prepared the following summary of compensation. Callander Associates Landscape Architecture, Inc. will be the prime consultant on the project with the following subconsultants:

Economic Planning Systems (EPS)	<i>financing strategist</i>	Haley & Aldrich (HA)	<i>landfill geotechnical engineer</i>
Biotic Resources Group (BRG)	<i>environmental consultant</i>	Manti Henriquez (MH)	<i>Spanish translator</i>
Hexagon Transportation (HEX)	<i>traffic engineer</i>		

Fees - Basic Services

task	CA	EPS	MH	HA	BRG	HEX	Totals
1.0 project initiation	\$31,270	\$11,970	\$1,200	\$3,084	\$7,900	\$0	\$55,424
2.0 plan development	\$74,930	\$18,050	\$800	\$1,576	\$1,568	\$0	\$96,924
3.0 plan adoption	\$23,261	\$4,740	\$0	\$0	\$0	\$0	\$28,001
reimbursable expenses (allowance)	\$9,300	\$300	\$0	\$110	\$350	\$0	\$10,060
Subtotal (fees and expenses)	\$138,761	\$35,060	\$2,000	\$4,770	\$9,818	\$0	\$190,409

Total Not to Exceed Compensation (Basic Services)**\$190,409****Fees - Optional Services**

task	CA	EPS	MH	HA	BRG	HEX	Totals
5.01 community meeting #4	\$5,828	\$0	\$0	\$0	\$0	\$0	\$5,828
5.02 traffic analysis	\$0	\$0	\$0	\$0	\$0	\$6,000	\$6,000
reimbursable expenses (allowance)	\$1,500	\$0	\$0	\$0	\$0	\$0	\$1,500
Subtotal (fees and expenses)	\$7,328	\$0	\$0	\$0	\$0	\$6,000	\$13,328

Total Not to Exceed Compensation (Optional Services)**\$13,328**

All reimbursable expenses, including the communication and insurance surcharge noted on the attached Standard Schedule of Compensation dated 2017 (San Jose), would be invoiced as a separate line item. These costs will be itemized on our invoice and compared monthly with the total allowance to assist you in monitoring these costs.



STAFF REPORT

City Council

Meeting Date:

2/7/2017

Staff Report Number:

17-027-CC

Consent Calendar:

Adopt a resolution authorizing application to the San Mateo County Community Development Block Grant (CDBG) Program for projects in the Belle Haven neighborhood for the 2017-18 grant cycle

Recommendation

Staff recommends the Council approve the resolution authorizing application to San Mateo County for CDBG funds for eligible programs in the Belle Haven neighborhood.

Policy Issues

Applying for and receiving grant funding is consistent with existing Council policy.

Background

The Community Development Block Grant Program provides annual grants on a formula basis to entitled cities and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low-income persons. The Federal Department of Housing and Urban Development (HUD) awards grants to grantees to carry out a wide range of community development activities directed toward revitalizing neighborhoods, economic development, and providing improved community facilities and services. Although Menlo Park by itself does not qualify as an entitlement community due to the community's high income levels, the Belle Haven neighborhood is considered a "presumed benefit" area and eligible for funding for public services, minor home repair / micro enterprise development, housing projects and public facilities.

Analysis

CDBG grant dollars in San Mateo County are limited and competitive given the number of agencies needing funds for services to low income residents. City staff believe there may be Capital Improvement projects in the CIP in the City's Belle Haven neighborhood that may successfully compete for funding in the Public Facilities category. One project that staff has identified in the City's 5-Year CIP Budget in FY 2017-18 includes the Belle Haven Youth Center Improvements which include such things as replacement of flooring, cabinets, ceiling, windows and interior paint.

Previous CIP projects that received CDBG funding include the Belle Haven Youth Center playground and the Belle Haven Child Development Center remodel project.

Impact on City Resources

Minimum grant amounts are \$25,000 under the CDBG guidelines. Staff is submitting a \$50,000 grant request to the County which it feels is obtainable given the limited funding the County makes available for this category. Acceptance of grant funds for repairs and maintenance to public facilities would allow City General Fund dollars to be used for other priorities.

Environmental Review

Environmental review is not required for this project.

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. Resolution

Report prepared by:
Derek Schweigart
Assistant Community Services Director

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK TO AUTHORIZE APPLICATION TO THE SAN MATEO COUNTY FY 2017-18 COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM FOR ELIGIBLE PROJECTS IN THE BELLE HAVEN NEIGHBORHOOD OF MENLO PARK.

WHEREAS, each year the federal Department of Housing and Urban Development (HUD) makes funding available to low income communities for public services, housing, public facilities and minor home repair through the Community Development Block Grant Program (CDBG); and

WHEREAS, the County of San Mateo administers these funds for cities that are not classified as Entitlement communities (such as Menlo Park); and

WHEREAS, Menlo Park's Belle Haven neighborhood is one of three "presumed benefit" communities in San Mateo County according to CDBG guidelines; and

WHEREAS, the City of Menlo Park desires to utilize all available resources to support improvements to quality of life in Belle Haven, including improving public facilities and supporting minor home repair which are eligible for CDBG funding; and

WHEREAS, the deadline for application is January 27, 2017 and the applications requires City Council authorization;

NOW, THEREFORE, BE IT RESOLVED, that the City hereby authorizes the City Manager to apply for CDBG funding for eligible projects and implement those projects in accordance with grant requirements if funding is awarded.

The above and foregoing resolution was duly and regularly passed and adopted at a meeting by the City Council of the City of Menlo Park on the seventh day of February, 2017 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Official Seal of said City on this seventh day of February, 2017

Pamela Aguilar, CMC
City Clerk



STAFF REPORT

City Council
Meeting Date: 2/7/2017
Staff Report Number: 17-032-CC

Consent Calendar: **Adopt a resolution in collaboration with the Cities of Mountain View, Palo Alto and Redwood City directing staff to participate in sub-regional planning on bike routes**

Recommendation

Staff recommends the City Council adopt a resolution (Attachment A) of support endorsing a collaborative effort with the Cities of Mountain View, Palo Alto and Redwood City to identify and plan for a safe and accessible north-south bicycle route for travel across and between these mid-Peninsula communities.

Policy Issues

The proposed resolution is consistent with the City's 2016 Circulation Element that includes goals to (1) provide safe, efficient circulation system that promotes a healthy, safe, and active community and quality of life throughout Menlo Park and (2) increase accessibility for and use of streets by pedestrians, bicyclists, and transit riders. Additionally, policies to support coordination with neighboring jurisdictions to implement regional transportation improvements are consistent with this effort.

Background

After several discussions regarding transportation and mobility challenges common to the mid-Peninsula region, on May 2, 2016, the city managers of Menlo Park, Mountain View, Palo Alto and Redwood City and senior leadership at Stanford University committed to work collaboratively on transportation solutions to improve walkability, enhance the bicycle network, address first- and last-mile challenges associated with using transit, advocate for enhanced Caltrain service, and improve traffic signal coordination and other "smart" approaches for travel on major arterials crossing the mid-Peninsula. One focus area identified by the group is to enhance bicycle networks and infrastructure with the goal of creating an interconnected, regional bicycle network.

Analysis

Given the ease of implementation, the low cost relative to other transportation projects, and the potential to make significant improvements in a short time, upgrading bicycle infrastructure in the mid-Peninsula makes practical sense. For this reason, the Managers Mobility Partnership has been discussing the need for a north-south bicycle corridor traversing the four cities. In Menlo Park, this route is expected to be located on an existing bike route between El Camino Real and Middlefield Road to connect to key destinations and include only potential minor stripping, sign or signal modifications. To document this commitment, each city is seeking City Council approval of a resolution authorizing staff to do the following:

1. Carry out a short-term project to delineate existing North-South routes more effectively, with common signage across the four cities, and improvements made where there are gaps and difficulties for the cyclist.
2. Initiate a longer-term creative process to identify new, more linear and more continuous north-south route(s). The resolution kicks off a planning process for a high-quality, secure bicycle facility, one that is safe for use by cyclists from age 8 to age 80.
3. Coordinate with Partnership communities on a thorough, systematic, and broad-based community engagement process to identify the route(s).

The City Councils of Mountain View, Palo Alto and Redwood City have each approved the resolution as attached at meetings in January 2017.

Staff anticipates using community engagement channels to be initiated for the Transportation Master Plan in the coming year to seek community input on a potential route. Outreach and planning would be coordinated with immediate neighbors, including the Town of Atherton, San Mateo County, and East Palo Alto, as well as Partnership cities. This coordination is critical to developing a corridor that would allow residents to seamlessly and safely traverse jurisdictional boundaries. Proposed designs that result from these engagement efforts would be developed with the input and review of the Bicycle Commission and would ultimately return to the City Council for approval.

Impact on City Resources

Designating an existing north-south bicycle route and exploring longer-term projects would be accomplished within existing staff resources and funding through related ongoing projects. Decision making on designating a route and funding any significant capital improvement would be at the Council's discretion at a future date.

Environmental Review

The adoption of this resolution is not a project under the California Environmental Quality Act. Any specific projects that result from this process would be reviewed for potential environmental impacts as those projects are defined.

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. Resolution

Report prepared by:
Nicole H. Nagaya, Assistant Public Works Director

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK, IN COLLABORATION WITH THE CITIES OF MOUNTAIN VIEW, PALO ALTO AND REDWOOD CITY, PROVIDING DIRECTION TO PARTICIPATE IN SUB-REGIONAL PLANNING ON BIKE ROUTES

WHEREAS, the cities of Menlo Park, Mountain View, Palo Alto and Redwood City face transportation and mobility challenges in their communities in the wake of regional population growth and economic expansion; and

WHEREAS, the managers of these four cities have agreed to work jointly to address these challenges, through the Managers' Mobility Partnership; and

WHEREAS, enhancing the bicycle network and associated infrastructure is a crucial component of comprehensive transportation planning; and

WHEREAS, biking collisions disproportionately affect disadvantaged people in our region; and

WHEREAS, increasing the number of bicycle commuters is a shared goal of the four cities in the Managers Mobility Partnership; and

WHEREAS, an interconnected regional network of bicycle routes is necessary to increase the number of people who choose to bicycle as a form of transportation.

NOW, THEREFORE, BE IT RESOLVED, the City Council of Menlo Park does hereby:

SECTION 1. City of Menlo Park will begin a collaborative process of identifying a high-quality, safe, north-south Mid-Peninsula bicycle corridor which traverses the four partner cities of the Managers' Mobility Partnership.

SECTION 2. Each city will engage in its own public outreach process and coordinate closely with the other Partnership cities to articulate the route for that north-south bicycle corridor.

SECTION 3. The bicycle corridor will be one that is:

- a. Suitable for riders of all ages and abilities;
- b. Direct, and serves as an artery linking the partner cities;
- c. Identified by suitable signage;
- d. Provides access to downtown areas, job centers, and other intense land uses.

SECTION 4. In the short term, the cities will collaborate to address gaps, enhance signage, and explore other improvements to the existing bicycle network between communities.

I, Pamela Aguilar, City Clerk of Menlo Park, do hereby certify that the above and foregoing Council Resolution was duly and regularly passed and adopted at a meeting by said Council on the seventh day of February, 2017, by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Official Seal of said City on this seventh day of February, 2017.

Pamela Aguilar, CMC
City Clerk



SPECIAL AND REGULAR MEETING MINUTES - Draft

Date: 1/10/2017
Time: 6:00 p.m.
City Council Chambers
701 Laurel St., Menlo Park, CA 94025

6:00 P.M. Closed Session (City Hall Administration Building, 1st floor Council conference room)

Mayor Keith called the closed session to order at 6:05 p.m. Councilmember Mueller appear via telephone from Norfolk, Virginia. Councilmember Cline was absent.

There was no public comment.

- CL1.** Closed session conference with legal counsel pursuant to Government Code section 54956.9 (d)(1) regarding existing litigation: 1 case - City of East Palo Alto v. City of Menlo Park et al., San Mateo County Superior Court Case No. 16CIV03062

7:00 P.M. Regular Session

A. Call To Order

Mayor Keith called the meeting to order at 7:14 p.m.

B. Roll Call

Present: Carlton, Keith, Mueller, Ohtaki
Absent: Cline
Staff: City Manager Alex McIntyre, City Attorney Bill McClure, City Clerk Pamela Aguilar

C. Pledge of Allegiance

Mayor Keith led the pledge of allegiance.

D. Report from Closed Session

There was no reportable action from the closed session.

E. Joint Study Session with Housing Commission

- E1.** Discuss and provide general direction regarding further actions that the City Council would like taken to address residential displacement ([Staff Report # 17-008-CC](#))([Presentation](#))

Housing and Economic Development Manager Jim Cogan introduced the item and made a brief presentation. Housing Commission Chair Michele Tate and Commissioner Julianna Dodick were present.

The following panel made a joint presentation and responded to Council questions:

- Jessica Mullin, Sustainability Program Manager, County of San Mateo
- Evvy Stivers, Executive Director, Housing Leadership Council of San Mateo
- Keith Ogden, Senior Attorney, Housing and Economic Advancement Programs, Community Legal Services of East Palo Alto
- Joshua Howard, Executive Director, California Apartment Association, Tri-Counties

Public Comment:

- Jessica Epstein, Silicon Valley Association of Realtors, spoke regarding implementation and education of any housing policies that are adopted
- Penelope Huang, spoke regarding MLS data as it relates to displacement ([Handout](#))
- Adina Levin spoke regarding the housing market as it relates to Menlo Park's economic and social viability and about affordable housing sites and parking
- Pamela Jones spoke regarding refinancing and about fully activating the Housing Commission
- Nevada Merriman spoke regarding single family displacement in the Belle Haven neighborhood
- Cecilia Taylor spoke regarding support for the Housing Commission, jobs-housing balance, slow down large construction until housing crisis is managed, increase BMR housing to thirty percent

ACTION: Council discussed and gave direction on the following: reduced parking requirements, home sharing, subletting rooms in BMR homes, maintaining displaced residents on the BMR eligibility list, mandatory non-binding mediation, rental relocation assistance, a displacement fund, Home for All resolution, an Air BNB policy, an anti-retaliation ordinance, first hire program, rental housing best practices, and secondary dwelling units ([Attachment](#))

F. Public Comment

- Mitchell Hartnett spoke regarding the Mountain View Working Scholars Program

G. Consent Calendar

- G1. Transmittal of the Annual Report on the status of the transportation impact, storm drainage, recreation in-lieu, below market rate housing in-lieu and building construction road impact fees collected as of June 30, 2016 ([Staff Report # 17-001-CC](#))
- G2. Initiate the Menlo Park Landscape Assessment District proceedings for fiscal year 2017-18 and adopt a resolution describing the improvements and directing preparation of the Engineer's Report ([Staff Report # 17-002-CC](#))
- G3. Adopt a resolution accepting dedication of a Public Access Easement (PAE) from 1010-1026 Alma Street applicant ([Staff Report # 17-003-CC](#))
- G4. Approve minutes for the City Council meetings of November 15, December 6 and December 13, 2016 ([Attachment](#))

ACTION: Motion and second to approve all items on the Consent Calendar passes 4-0, Councilmember Carlton abstained on the November 15th City Council meeting minutes as she was not present at that meeting. (Councilmember Cline was absent)

H. Regular Business

- H1. Appoint City Council representatives and alternates to various regional agencies, to City Council subcommittees and as liaisons to City Council advisory bodies ([Staff Report # 17-004-CC](#))

This item was continued to the next Council meeting.

I. Informational Items

- I1. Review of the City's investment portfolio as of September 30, 2016 ([Staff Report # 17-005-CC](#))
- I2. Quarterly financial review of General Fund operations as of December 31, 2016 ([Staff Report # 17-006-CC](#))

Mayor Keith highlighted that revenues, property taxes, sales tax revenue and transient occupancy taxes, and are up from the same period last year.

- I3. Information Technology Master Plan update ([Staff Report # 17-007-CC](#))

Councilmember Ohtaki inquired regarding pros and cons of an enterprise solution versus a cloud based solution, cyber security, making online permitting a priority and looking at software from different department categories.

J. City Manager's Report

There was no report.

K. Councilmember Reports

There were no reports.

L. Adjournment

Mayor Keith adjourned the meeting at 10:25 p.m.

Pamela Aguilar, CMC
City Clerk

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REGULAR MEETING MINUTES - DRAFT

Date: 1/24/2017
Time: 7:00 p.m.
City Council Chambers
701 Laurel St., Menlo Park, CA 94025

7:00 P.M. Regular Session

A. Call To Order

Mayor Keith called the meeting to order at 7:06 p.m.

B. Roll Call

Present: Carlton, Cline, Keith, Mueller, Ohtaki
Absent: None
Staff: City Manager Alex McIntyre, Assistant City Attorney Leigh Prince, City Clerk Pamela Aguilar

C. Pledge of Allegiance

Mayor Keith led the pledge of allegiance.

D. Presentations and Proclamations

D1. Certificate of recognition to Menlo Park child chess champion Shawnak Shivakumar ([Certificate](#))

Shawnak was present to receive his certificate.

D2. Proclamation recognizing 100 Anniversary of the Rotary International Foundation ([Proclamation](#))

Police Commander and Assistant Governor to Rotary District 5150 Dave Bertini and Menlo Park Rotary President Maya Sewald accepted the proclamation. A short video of the Rotary Club's work was presented.

D3. Proclamation recognizing Sustainability Manager Heather Abrams ([Proclamation](#))

Ms. Abrams was present to receive her proclamation.

E. Commissioner Report

E1. Transportation Commission update to Council on 2-year work plan

Commission Chair Philip Mazzara presented the report to Council.

E2. Bicycle Commission update to Council on 2-year work plan



Commission Chair Cindy Welton presented the report to Council.

F. Public Comment

- Judy Adams spoke regarding keeping the Menlo Park Guild Theater
- Martha Morey spoke regarding the need for a downtown parking garage
- David Mooring spoke regarding the 827 Santa Cruz Avenue outdoor structure and expressed safety concerns and the impact on the value of his nearby properties ([Handout](#))
- Jen Wolosin, Parents for Safe Routes, spoke regarding prioritizing and funding safe routes to schools ([Handout](#))
- Katherine Strehl spoke regarding traffic on Middlefield and Willow and the impact on the Willows neighborhood
- Lisa Owens and Allen Fish, Raptors Are The Solution, spoke regarding the Owl Wise Leader Award and presented the City Council with a bird box
- Mary Gilles spoke regarding traffic, an electric bus system, and tunneling El Camino Real
- Gary Lauder spoke regarding the Willow/101 Interchange Project ([Handout](#))
- Laurie Sobel spoke regarding safe routes to schools

G. Consent Calendar

Mayor Keith announced that any items pulled from the Consent Calendar would be heard at the end of the agenda. Items G1, G2, G6 and G8 were pulled from the Consent Calendar.

- G1. Approve the Transportation Commission 2-year work plan goals for years 2016-2018 ([Staff Report #17-011-CC](#))

Public Comment:

- Henry Riggs spoke regarding the Transportation and Bicycle Commissions on whether the work is supporting the City Council

- G2. Approve the Bicycle Commission 2-year work plan goals for years 2016-2018 ([Staff Report #17-010-CC](#))

Public Comment:

- Dr. Thomas Weiser, Lucille Packard Children's Center, spoke regarding trauma center data of children struck by cars

- G3. Authorize the Public Works Director to accept the work performed by W. Bradley Electric, Inc. for the Sand Hill Road Traffic Signal Interconnect Project ([Staff Report #17-012-CC](#))

- G4. Adopt **Resolution 6363** to relocate the stop signs on Hamilton Avenue at the Hollyburne Avenue and Madera Avenue intersections to the Windermere Avenue and Sevier Avenue intersections and to reduce the speed limit on Hamilton Avenue between Willow Road and Chilco Street from 30 mph to 25 mph ([Staff Report # 17-017-CC](#))

- G5. Adopt **Resolution 6364** to approve installation of a No Parking zone on Chilco Street between Dumbarton Railroad tracks and Hamilton Avenue ([Staff Report# 17-014-CC](#))

- G6. Adopt a resolution authorizing the filing of an application to receive \$619,000 for 2018-19 Santa Cruz and Middle Avenues Rehabilitation Project ([Staff Report #17-016-CC](#))

- G7. Adopt **Resolution 6365** accepting the right-of-way dedication of a portion of land along the property frontage of 161 Constitution Drive for the Menlo Gateway Project ([Staff Report #17-018-CC](#))
- G8. Accept the 2016 commissions attendance report and approve an update to the commission attendance policy ([Staff Report #17-009-CC](#))

Public Comment:

- Allan Bedwell, Environmental Quality Commissioner, spoke regarding the EQC's attendance report and asked that a full audit be conducted of the report.

- G9. Request City Council approve funding for Resiliency Immersion Training for Police Department Personnel and appropriate \$59,000 from the general fund balance ([Staff Report #17-019-CC](#))

Regarding Item G9, Mayor Keith expressed her support for the training that the Police Department will participate in. Councilmember Mueller stated that in speaking with Police Chief Jonson, the cost for the selected training location would be more economical than holding it locally.

ACTION: Motion and second (Ohtaki/Cline) to approve all items on the Consent Calendar except G1, G2, G6, G8 passes unanimously.

H. Public Hearing

At this time, Mayor Keith called item H3 out of order. City Attorney Leigh Prince recused herself from hearing this item due to a conflict of interest that her business office is in proximity of the property that is the subject of this item. Special Counsel Barbara Kautz is present.

- H3. Consider the Planning Commission's recommendation to approve the Final EIR, architectural control, Development Agreement, tentative map, use permit, heritage tree removal permits, and Below Market Rate (BMR) housing agreement for the 1300 El Camino Real (Station 1300) Project ([Staff Report #17-021-CC](#)) ([Staff Presentation](#)) ([Applicant Presentation](#))

Principal Planner Thomas Rogers made a presentation. Also present are the City's CEQA consultants Erin Efner of ICF International and Mark Spencer of W Trans.

The following made a presentation for the applicant Greenheart:
Steve Pierce and Bob Burke, David Israel of BAR Architects and Bruce Jett of JETT Landscape Architecture + Design

Mayor Keith opened the public hearing.

Public Comment:

- Amanda Montez, Silicon Valley Leadership Group, spoke in support of the project ([Handout](#))
- Patrick Lane, Stanford Park Hotel, spoke regarding his past experience with the vacant lot on this property and supports vibrancy in this area through this project
- Nina Rizzo, TransForm, stated that this project meets green trip certification standards
- Patrick Peegri-O'Day, Greenbelt Alliance, spoke in support for the project
- David Roise spoke in opposition to the project
- Mary Gilles spoke in support of the project
- Rachele Trigueros, Bay Area Council, spoke in support of the project

- Fred Kriebel spoke in support of the project
- Frank Wasko, Clean Coalition, expressed approval of the project design and supports the project
- Katie Ferrick, former Planning Commissioner, spoke in support of the project
- Ryan Patterson, Facebook, spoke in support of the project and the vitality and amenities it will bring
- Erica Rippe, Center for Creative Land Recycling, spoke in support of the project
- David Wright spoke in support of the project
- Jon Moeller thanked the Council for its work and spoke in support of the project
- Scott Marshall, EQC Commissioner, spoke regarding the need to work together to preserve heritage trees when developing similar projects in the future
- Howard Crittenden provided a history of the project site and supports the project
- Skip Hilton spoke in support of the project and its amenities and sustainability
- Fran Dehn, Chamber of Commerce, spoke in support of the project and the vitality it will bring to the area
- Cindy Welton spoke in support of the project
- Gary Lauder spoke regarding traffic impacts and mitigation measures

ACTION: Motion and second (Cline/Ohtaki) to close the Public Hearing. By acclamation, Mayor Keith closed the public hearing.

Staff and the applicants responded to Council questions and discussion ensued regarding travel lanes and parking on Oak Grove Avenue, selecting appropriate retail options, properly utilizing the public spaces, BMR housing preference, and vehicular access.

ACTION: Motion and second (Ohtaki/Cline) to approve the following staff recommendations passes unanimously:

Environmental Review

Adopt **Resolution 6368** of the City Council of the City of Menlo Park Adopting Findings Required by the California Environmental Quality Act, Including a Statement of Overriding Considerations, Approving a Mitigation Monitoring and Reporting Program, and Certifying the Final Infill Environmental Impact Report for the 1300 El Camino Real Project, Located at 1258-1300 El Camino Real, 550-580 Oak Grove Avenue, and 540-570 Derry Lane

Architectural Control, Use Permit, and Tentative Map

Adopt **Resolution 6369** of the City Council of the City of Menlo Park Approving Findings and Conditions for the Architectural Control, Use Permit, and Tentative Map for the 1300 El Camino Real Project located at 1258-1300 El Camino Real, 550-580 Oak Grove Avenue, and 540-570 Derry Lane

Adopt **Resolution 6370** of the City Council of the City of Menlo Park Ordering the Vacation and Abandonment of Derry Lane, Public Right-of-Way and Public Utility Easements Within the Property at 1258-1300 El Camino Real, 550-580 Oak Grove Avenue, and 540-570 Derry Lane

Heritage Tree Removal Permits

Adopt **Resolution 6371** of the City Council of the City of Menlo Park Approving the Heritage Tree Removal Permits for the 1300 El Camino Real Project, located at 1258-1300 El Camino Real, 550-580 Oak Grove Avenue, and 540-570 Derry Lane

Below Market Rate (BMR) Housing Agreement

Adopt **Resolution 6372** Approving a Below Market Rate Housing Agreement with Real Social Good Investments, LLC for the 1300 El Camino Real Project, located at 1258-1300 El Camino Real, 550-580 Oak Grove Avenue, and 540-570 Derry Lane

Development Agreement

Introduce an Ordinance of the City Council of the City of Menlo Park Approving the Development Agreement with Real Social Good Investments, LLC for for the 1300 El Camino Real Project, located at 1258-1300 El Camino Real

At this time, Mayor Keith called Regular Business item I1 out of order.

I. Regular Business

- I1. Review and consider adopting a resolution affirming Menlo Park's commitment to a diverse, supportive, inclusive and protective community; review and consider introducing an ordinance adding Chapter 2.58, National Registry Participation Prohibited, to the Menlo Park Municipal Code; and review and consider alternatives ([Staff Report # 17-24-CC](#))

City Attorney Leigh Prince introduced the item.

Public Comment:

- Jennifer Mazzon spoke in support of adopting a Sanctuary City ordinance
- Marisol Tiznado spoke in support of Menlo Park being a Sanctuary City
- Sue Kayton read a letter from Menlo-Atherton student Isaac in support of a Sanctuary City ordinance
- Cheryl Milles shared her story and spoke in support of Menlo Park being a Sanctuary City
- Patrick Daly spoke in support of adopting a Sanctuary City ordinance
- Nina Wouk read a letter from Marilyn Reed and spoke in support of Menlo Park being a Sanctuary City
- Gwyn Murray spoke in support of immigrants and of adopting a Sanctuary City ordinance
- Amado Tiznado spoke in support of Menlo Park being a Sanctuary City
- Chad Raphael stated that the current government should not be allowed to
- Betty Achinstein stated that we should not allow the current government to make unwise decisions using the threat of defunding
- John Boyle encouraged the Council to consider the timing of making a decision on this item and to defer action
- Hannah Rosenfeld spoke in support of adopting a Sanctuary City ordinance
- Jason Primuth spoke in support of Menlo Park being a Sanctuary City
- Fran Dehn spoke in support of an inclusive community
- Tricia Barr spoke in support of adopting a Sanctuary City ordinance

Police Commander Dave Bertini responded to Council questions regarding policy, procedures and protections when making arrests.

ACTION: Motion and second to (Carlton/Keith) adopt **Resolution 6367** affirming Menlo Park's commitment to a diverse, supportive, inclusive and protective community with a modification to add the word 'sexism' in the first whereas paragraph passes unanimously.

There was consensus by the City Council to request that the City Attorney bring back the non-registry and sanctuary city ordinances within the next 90 days and monitor actions at the federal level.

At this time, Mayor Keith resumed with the remainder of the agenda.

G. Consent Calendar

Council considered the items that were previously pulled from the Consent Calendar.

- G1. Approve the Transportation Commission 2-year work plan goals for years 2016-2018

Councilmember Mueller requested the following two items be added to the Transportation Commission work plan: (1) look at cut-through traffic in the Willows neighborhood (2) look at safe routes to school on Encinal and Nativity

By acclamation, the City Council will discuss this item after the goal setting meeting on January 27.

- G2. Approve the Bicycle Commission 2-year work plan goals for years 2016-2018

ACTION: By acclamation, the Bicycle Commission 2-year work plan goals for years 2016-18 are approved

- G6. Adopt a resolution authorizing the filing of an application to receive \$619,000 for 2018-19 Santa Cruz and Middle Avenues Rehabilitation Project

Councilmembers Cline, Mueller and Ohtaki are recused from this item due to a conflict of interest because their residences are within 500 feet from the subject location. In this instance a straw poll was taken to determine which councilmember will participate in the vote on this item. Councilmember Cline was selected.

ACTION: Motion and second (Carlton/Cline) to adopt **Resolution 6366** authorizing the filing of an application to receive \$619,000 for 2018-19 Santa Cruz and Middle Avenues Rehabilitation Project passes with 3 affirmative votes by Mayor Keith and Councilmembers Cline and Carlton; Mayor Pro Tem Ohtaki and Councilmember Mueller are recused.

- G8. Accept the 2016 commissions attendance report and approve an update to the commission attendance policy

By acclamation, the City Council directed the City Clerk to review the report for discrepancies and bring the report back for approval at a future Council meeting.

H. Public Hearing

- H1. Consider the Planning Commission's recommendation to approve zoning ordinance amendments relating to child day care homes and centers ([Staff Report #17-013-CC](#))

Principal Planner Thomas Rogers introduced the item.

Mayor Keith opened the Public Hearing. There was no public comment.

ACTION: Motion and second (Ohtaki/Carlton) to close the Public Hearing. By acclamation, Mayor Keith closed the Public Hearing.

ACTION: Motion and second (Cline/Carlton) to approve and ordinance amendment relating to the child day care homes and centers passes unanimously.

- H2. Consider the Planning Commission's recommendation to approve zoning ordinance amendments relating to secondary dwelling units ([Staff Report #17-015-CC](#))

Principal Planner Thomas Rogers introduced the item.

Mayor Keith opened the Public Hearing. There was no public comment.

ACTION: Motion and second (Cline/Ohtaki) to close the Public Hearing. By acclamation, Mayor Keith closed the Public Hearing.

ACTION: Motion and second (Carlton/Ohtaki) to approve and ordinance amendment relating to the secondary dwelling units with the edit that the prohibition not mandated regarding 30 day tenancy be deleted passes unanimously.

I. Regular Business

- I2. Appoint City Council representatives and alternates to various regional agencies, to City Council subcommittees, and as liaisons to City Council advisory bodies; Provide direction regarding open seats to be voted on at the January 27, 2017 City Selection meeting ([Staff Report #17-004-CC](#))([Attachment](#))

ACTION: Council discussed and made its regional and local appointments. ([Attachment](#))

Council recommended the following candidates for the open regional seats to be voted on by the City Selection Committee at its meeting on January 27:

Association of Bay Area Governments (ABAG) – Councilmember Catherine Mahanpour of Foster City
Housing Endowment and Regional Trust (HEART) – Mayor Charles Bronitsky of Foster City

J. Informational Items

- J1. Update on 2016 City Council goals and City Council 2017 work plan preparation ([Staff Report # 17-23-CC](#))
- J2. General Plan Implementation Update ([Staff Report #17-020-CC](#))
- J3. Informational update on potential for the City of Menlo Park to join commute.org ([Staff Report # 17-022-CC](#))

K. Councilmember Reports

The Council briefly discussed the Willow/Hwy101 overpass project in regards to signage and queue jumping. There was consensus to allow staff to communicate with Caltrans regarding any issues with the project.

L. City Manager's Report

There was no report.

M. Adjournment

Mayor Keith adjourned the meeting at 12:50 a.m. on Wednesday, January 25, 2017.

Pamela Aguilar, CMC
City Clerk



SPECIAL MEETING MINUTES – Draft

Date: 1/27/2017
Time: 1:00 p.m.
Arrillaga Family Recreation Center, Oak Room
700 Alma St., Menlo Park, CA 94025

1:00 p.m. Special Meeting

A. Call To Order

Mayor Keith called the meeting to order at 1:06 p.m.

B. Roll Call

Present: Carlton, Cline (arrived at 1:17 p.m.), Keith, Mueller, Ohtaki
Absent: None
Staff: City Manager Alex McIntyre, Assistant City Attorney Leigh Prince, City Clerk Pamela Aguilar

Management Staff Present: Assistant City Manager Chip Taylor, Administrative Services Director Nick Pegueros, Police Chief Bob Jonsen, Public Works Director Justin Murphy, Assistant Public Works Director Nikki Nagaya, Community Development Director Arlinda Heineck, Community Services Director Cherise Brandell, Library Services Director Susan Holmer, Housing and Economic Development Manager Jim Cogan, Commander Dave Bertini, Commander Tony Dixon, Assistant Public Works Director Ruben Nino, Assistant Community Development Director Ron La France, Assistant Community Services Director Derek Schweigart, Assistant Library Services Director Nick Szegda, Public Works Superintendent Brian Henry, Budget and Finance Manager Rosendo Rodriguez, Human Resources Director Lenka Diaz, Assistant to the City Manager Clay Curtin

C. Public Comment

- Philip Mazzara spoke regarding safe routes to school
- Jim Lewis spoke regarding recommendations for a 10 point program ([Handout](#))
- Jen Wolosin, Parents for Safe Routes, spoke regarding safe routes to school
- Andrew Barnes spoke regarding safe routes to school
- Fran Dehn, Chamber of Commerce, spoke regarding parking

City Manager Alex McIntyre outlined the agenda for the meeting ([Presentation](#))

The City Council and staff shared the projects they are most proud of from 2016 and what they most want to accomplish in 2017.

Administrative Services Director Nick Pegueros gave a presentation regarding the City's financial health.

D. Regular Business

D1. Discuss and prepare City Council 2017 work plan ([Staff Report# 17-026-CC](#))

The City Council reviewed and discussed the projects listed on the work plan.

E. Adjournment

Mayor Keith adjourned the meeting at 5:20 p.m.

Pamela Aguilar, CMC
City Clerk



STAFF REPORT

City Council
Meeting Date: 2/7/2017
Staff Report Number: 17-033-CC

Regular Business: Consider a resolution ratifying the Menlo Park Fire Protection District's ordinance for the adoption of and local amendments to the 2016 California Fire Code

Recommendation

Staff recommends Council adopt the resolution accepting the 2016 Fire Prevention Code with one modification to delete all references to the Menlo Park Fire Prevention District's (Fire District) Policy Manual.

Policy Issues

The ratification of the Fire District's 2016 Fire Prevention Code will maintain the provisions first ratified in 2013, with the exception of a lessening of requirements for existing buildings and other minor changes. The Council should consider the health and safety benefits associated with the sprinkler requirements balanced with the added impacts to individual project applicants in making its decision.

Background

The California Building Standards Code (California Code of Regulations, Title 24, Parts 1, 2, 2.5, 3, 4, 5, 6, 8, 9, 10, 11, & 12) is published in its entirety every three years and is applicable to all buildings that submit an application for a building permit during its effective period. The Building Standards Code incorporates regulations applicable to disciplines of the construction industry including building, electrical, mechanical, plumbing, and fire prevention. The 2016 triennial edition of the California Building Standards Code, including adopted local amendments, became effective on January 1, 2017 and all applications for building permits submitted after that date have been subject to the Code.

The Fire District serves the communities of Atherton, East Palo Alto, Menlo Park and portions of unincorporated San Mateo County and is responsible for the enforcement of the 2016 California Fire Code (CFC which is Part 9 of the Building Standards Code). Since the Fire District is independent from the communities it serves, the Fire District is subject to Section 13869.7 (c) of the California Health and Safety Code (H&S Code) and Section 1.11.2.3.3 of the 2016 CFC. These sections state:

No ordinance adopted by the district shall be effective until ratification by the city, county, or city and county where the ordinance will apply.

Additionally, Section 1.11.2.3.3 allows a jurisdiction to ratify, modify or deny the Fire District's ordinance. Any modification or denial must be accompanied with a written statement describing the reasons for modification or denial.

The Fire District has adopted the 2016 California Fire Code with local amendments. The Fire Code and local amendments serve as the Fire District's Fire Prevention Code. The Fire District is requesting that the City Council adopt a resolution accepting the Fire Prevention Code, including local amendments, for the purposes of enforcement within Menlo Park. The resolution with the 2016 Fire Prevention Code attached as an exhibit is Attachment A. The 2016 Fire Prevention Code maintains many of the same provisions as were adopted with the 2013 Code, as well as lessens some fire sprinkler requirements in order to focus on substantial renovation projects

The 2016 Fire Prevention Code has not yet been ratified by the other jurisdictions the Fire District serves however it is being presented to the East Palo Alto City Council for consideration on February 7, 2017 and the Atherton Town Council on March 15, 2017. It has not been scheduled for consideration by San Mateo County.

Previous Council Ratification

On January 27, 2015 the Council ratified the Fire District's local amendments to the 2013 California Fire Code. The Fire District's ordinance adopted the entire California Fire Code (CFC) as adopted by the State, all sections and appendices that were either not adopted or were partially adopted by the State, and amended selected sections to help meet the Fire District's operational needs.

The primary focus of Council's discussion during the ratification process was the fiscal impact to residents and businesses due to the Fire District's local amendments pertaining to the installation of automatic fire sprinklers. Council requested that follow-up information be provided to Council to help inform their decision for the upcoming Fire District's request to ratify their local amendments to the 2016 CFC. The Council requested the following information.

1. The number of homes that were affected by the Ordinance
2. The cost of the residential remodel
3. The cost of the fire sprinklers
4. The percentage of the cost for fire sprinklers vs. the cost of the remodel
5. Fire District incentives for installation of fire sprinklers

The Fire District has prepared a report providing this information which is included as Attachment B.

Analysis

The Fire District's 2016 Fire Prevention Code will adopt the entire California Fire Code (CFC) as adopted by the State, and amend selected sections to help meet the Fire District's operational needs. The ratification of the 2016 Fire Prevention Code by City Council will make all of the provisions of the Code enforceable within Menlo Park. Currently, only the provisions of the 2016 CFC as adopted by the State are enforceable.

The two provisions of the 2016 Fire Prevention Code which would most directly impact building and roadway construction in Menlo Park are the sections that address automatic fire sprinkler systems and the inclusion of a District Policy Manual by reference. These sections are discussed in more detail below.

Ordinance Requirements for Automatic Fire Sprinkler Systems

Fire sprinkler requirements are addressed differently depending on the type of land use and whether the proposed project is "new construction" or an "expansion/renovation" of an existing building. Specifically, for new single-family homes, the State adopted the California Residential Code (CRC) which has required fire sprinklers since 2010. For this reason, the 2016 CFC and the Fire Prevention Code do not address new

single-family homes, and instead focus on new and existing buildings other than single-family homes and existing single-family homes.

Newly Constructed Buildings (Other than Single-Family Homes)

The 2016 CFC establishes provisions for where fire protection systems such as fire sprinklers are required. These provisions apply to the design, installation, inspection, operation, testing, and maintenance of all fire protection systems. The 2016 CFC fire sprinkler requirements are based on a variety of factors related to occupancy type and building square footage, where more hazardous uses and conditions have more restrictive triggers for fire sprinklers.

The 2013 Fire Prevention Code included more restrictive fire sprinkler requirements than the CFC, including the installation of fire sprinklers in all new buildings greater than 1,000 square feet except new single family homes and duplexes and in any mercantile occupancy displaying upholstered furniture, as well as in new buildings that included a basement exceeding 250 square feet. No changes to these existing requirements are proposed in the 2016 Fire Prevention Code.

The fire sprinkler requirements that were included in the 2013 Fire Prevention Code and that are being carried forward in the 2016 Code have the potential to increase construction costs above the CFC for new buildings due primarily to the need for enhanced water lines and back flow prevention devices and the installation of the sprinkler system. The added costs are generally able to be included in the budgeting for the initial construction and generally provide more flexibility in the use of the building over time. Staff has received no complaints or concerns regarding the costs since the ratification of the 2013 Fire Prevention Code.

Existing Buildings (All Types Including Single-Family Homes)

The 2016 CFC establishes fire sprinkler requirements for two types of existing buildings: (1) existing buildings where cellulose nitrate film or pyroxylin plastics are manufactured, stored, or handled in quantities exceeding 100 pounds; or (2) when occupancies that give 24-hour care provides for five or more persons who are incapable of self-preservation or classified as non-ambulatory or bedridden. The 2016 CRC does not otherwise require the installation of fire sprinklers in an existing building.

The 2013 Fire Prevention Code established three criteria to determine when the installation of fire sprinklers is required in existing buildings, including single-family homes:

1. In buildings larger than 1,000 square feet when the accrued square footage of alterations and/or additions exceed 50 percent of the gross floor area of the building over a ten year period;
2. A change in the use or occupancy that would result in an increased fire hazard or risk; and
3. In new 250 square foot basements constructed below existing buildings

The 2016 Fire Prevention Code has been revised to reduce the requirements to more clearly focus on large scale renovations. The 2016 Code removes the accrued square footage requirement and increases the percentage of allowable area of alterations and/or additions in single family homes from 50 percent to 75 percent. The requirement for existing non-single-family homes remains at 50 percent.

The 2013 Fire Prevention Code established a prohibition on automatic fire sprinkler systems that only protect a portion of a building, however also allowed for an exception to the prohibition to allow for a partial fire sprinkler system when different tenant spaces in the same building are occupied and the installation of a fire sprinkler system might disrupt business. The 2016 Code maintains both the prohibition and a modified exception requiring that the fire sprinkler system be installed in the entire building in a maximum of five

years. This exception allows for a reasonable time frame for the completion of sprinkler installations and puts into code what has been a standing policy intended to support the business community.

Deletion of Policy Manual

The 2016 Fire Prevention Code includes references to the Fire District's Policy Manual that serves as supplemental instructions and interpretations to the Fire Prevention Code. The Policy Manual (Attachment C) provides supplemental specification for fire apparatus access roads, fire sprinklers, fire air replenishing systems, public assemblies and events and water supply that the 2016 CFC does not address.

The Fire District's 2013 Fire Prevention Code that was ratified by the City Council contained language establishing standards for fire apparatus access roads including provisions for traffic calming devices and traffic signal control devices. The Fire District has elected to move these provisions to the Policy Manual. Additionally, the 2013 Fire Prevention Code adopted all sections and appendices of the 2013 California Fire Code including sections and appendices that were not adopted by the State. As an example, Appendix L, which addresses firefighter air replenishing system (FARS), was not adopted by the State but was adopted as part of the 2013 Fire Prevention Code. FARS are building-installed air replenishment systems that allow firefighters to refill their air tanks inside a structure during a fire or any emergency where air quality is compromised. While preparing the 2016 Fire Prevention Code, the Fire District has determined that the provisions of Appendix L are more restrictive than necessary for development in the District. They have elected to write their own guidelines that are more applicable and less restrictive and which are now part of the Policy Manual.

The inclusion of the Policy Manual as a reference document in the 2016 Fire Prevention Code codifies these requirements making them enforceable. The provisions addressing traffic calming devices specified in the 2016 Policy Manual are not consistent with the traffic calming provisions in the Fire District's 2013 Fire Prevention Code. Specifically, the 2013 Fire Prevention Code included the following:

Special consideration shall be given to the use of traffic calming devices and their impacts to emergency response vehicles on Fire District primary response routes.

This has been deleted from the 2016 Policy Manual. This sentence was arrived at after considerable deliberation between staff and the Fire District in 2014. It constituted an agreement that the City would work with the Fire District to install traffic calming devices that did not adversely affect the Fire District's need for safe and efficient travel without ceding the final authority over the public right of way to the Fire District. This language was deleted in the 2016 Policy Manual which, in essence giving control over the right-of-way to the District.

The Fire District has been very clear that it does not want nor is requesting to have authority over the public rights of way; however, the absence of this language in the 2016 Fire Prevention Code allows the Fire District final authority over the installation of traffic calming devices on designated fire apparatus primary response routes. For this reason, staff is recommending Council ratify the 2016 Fire Prevention Code with the deletion of Section 101.6 Policy Manual and all associated references. The deletion of the Policy Manual does not prevent the Fire District from continuing its current use as guidelines for development. The Fire District is supportive of this deletion.

Other Proposed Amendments

The Fire District's proposed ordinance includes a number of other provisions that are primarily of interest to the Fire District's operations. They are briefly described below. City staff is in agreement with the various provisions.

Administrative Amendments (CFC Chapter 1, Division II)

The regulations found in Chapter 1, Division II are administrative in nature and the adoption of these regulations are needed because the State does not have authority to prescribe how a jurisdiction operates administratively. Examples of the administrative provisions are the authority to charge fees, make inspections, and issue Stop Work Orders. The three amendments to this chapter amount to the insertion of the Fire District's name into the section addressing violations, reference to their fee schedule related to the issuance of permits, and Stop Work Orders.

Definition Amendments (CFC Chapter 2)

Chapter 2 establishes definitions of terms used throughout the CFC as adopted by the State. The Fire District proposes amendments to this chapter to add three definitions that do not appear in the 2016 CFC, which are:

- Driveway;
- Gross Floor Area;
- Partial sprinkler system;
- Response route; and
- Substantial alteration.

The codification of these terms and definitions makes them the legal definition for the purposes of the enforcement of the 2016 CFC and local amendments.

Fireworks

Section 320 has been added to support the City's ban on fireworks. The Fire District collects fireworks annually from the Police Department or drop offs from the public and store them until the State Fire Marshall's office collects them. The addition of the section formally establishes authority to take this action.

Planning and Preparedness Amendments (CFC Chapter 4)

Chapter 4 establishes provisions for emergency planning and preparedness. The State did not adopt all of the sections in this chapter. The 2016 Fire Prevention Code amends the section relating to the making of false reports. The amendment defines what constitutes a false report and references the Fire District's fee associated with their response to a false report.

Premises Identification Amendments (CFC Chapter 5)

Section 505 establishes requirements for premises identification and was not adopted by the State. The 2016 Fire Prevention Code amends this section. The adoption and amendments to this section establish standards for things such as the size, lighting, and location of building addresses.

Flammable and Combustible Materials Amendments (CFC Chapters 57)

The 2016 CFC Chapter 57 establishes requirements for the prevention, control, and mitigation of dangerous conditions associated with flammable and combustible liquids, flammable cryogenic fluids, and liquefied petroleum gases. The Fire District has added a section establishing regulations for on-demand mobile fueling operations. An on-demand mobile fueling operation is a vehicle that has a large chassis-mounted fuel tank or containers of up to 1,200 gallons intended to refuel other vehicles. While these mobile fueling operation are not yet wide spread the Fire District is establishing standards as a preventative measure in the event that some of the businesses in their district want to offer this to their employees as an amenity. It should be noted that the State Fire Marshall is considering adding similar provisions in the 2019 CFC.

Impact on City Resources

The adoption of the current State codes and proposed local amendments will not result in any direct costs to the City.

Environmental Review

The adoption of the proposed ordinance is not a project that has the potential for causing a significant effect on the environment and therefore is not subject to review under the California Environmental Quality Act (CEQA).

Public Notice

Public Notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting, posting a notice at the City Hall Development Service Counter, and notification by email to interested individuals.

Attachments

- A. Resolution to Ratify the Menlo Park Fire Protection District Ordinance Number 39-2016
- B. Report of Statistical Findings of Automatic Fire Sprinkler Installation After One Year of Enactment
- C. 2016 Policy Manual

Report prepared by:

Ron La France

Assistant Community Development Director/Building

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK RATIFYING THE MENLO PARK FIRE PROTECTION DISTRICT ORDINANCE ADOPTING AMENDMENTS TO THE 2016 CALIFORNIA FIRE CODE WITH MODIFICATIONS

The City of Menlo Park makes the following findings:

1. In 2016 the State of California adopted the 2016 California Fire Code.
2. State law allows fire districts and cities to adopt amendments to the California Fire Code based on local conditions.
3. The Menlo Park Fire Protection District staff and the City of Menlo Park Building, Public Works, and Planning staff worked collaboratively on proposed amendments to the 2016 California Fire Code.
4. The District introduced an ordinance amending the 2016 California Fire Code requirements on October 18, 2016, conducted a second reading and adopted the ordinance, Ordinance No. 39-2016, a copy of which is attached, on December 20, 2016.
5. The Ordinance includes references to and adoption of a "Policy Manual" created by the District, some of which provisions are not consistent with ordinances and policies of the City of Menlo Park.
6. The City desires to ratify Ordinance No.39-2016 so that it applies to the City, subject to deleting references to the Policy Manual.

NOW, THEREFORE, the City of Menlo Park, acting by and through its City Council, having considered and been fully advised in the matter and good cause appearing therefore,

BE IT AND IT IS HEREBY RESOLVED by the City Council of the City of Menlo Park that the City Council hereby ratifies Ordinance No. 39-2016 which amends the 2016 California Fire Code, provided that all references in the Ordinance to the Menlo Park Fire Protection District Policy Manual are hereby deleted and shall not be binding upon or applicable to the City, or projects in the City. Ordinance No. 39-2016 as modified herein shall apply to building permit submittals made after March 7, 2017.

I, Pamela I. Aguilar, City Clerk of the City of Menlo Park, do hereby certify that the above and foregoing Council Resolution was duly and regularly passed and adopted by the City Council of the City of Menlo Park at a meeting held by said Council on the Seventh day of February, 2017 by the following votes:

AYES:	Councilmembers:
NOES:	Councilmembers:
ABSENT:	Councilmembers:
ABSTAIN:	Councilmembers:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Official Seal of the City of Menlo Park on this Seventh day of February, 2017.

APPROVED:

Kirsten Keith
Mayor

ATTEST:

Pamela Aguilar, City Clerk

**MENLO PARK FIRE PROTECTION DISTRICT
ORDINANCE NO. 39-2016
DISTRICT FIRE PREVENTION CODE
For the City of Menlo Park**

**AN ORDINANCE OF THE MENLO PARK FIRE PROTECTION DISTRICT ADOPTING
THE 2015 EDITION OF THE INTERNATIONAL FIRE CODE WITH THE 2016
CALIFORNIA FIRE CODE AND LOCAL AMENDMENTS**

WHEREAS, pursuant to Title 24 of the California Code of Regulations, also known as the California Building Standards Code (“CBSC”) and California Health and Safety Code Section 13869 *et seq.*, a fire protection district may adopt a fire prevention code by reference and may also, when reasonably necessary due to local climatic, geological or topographical conditions, establish more stringent local building standards relating to fire and safety than those set forth in the CBSC; and

WHEREAS, the Menlo Park Fire Protection District (the “District”) now desires to adopt by ordinance an amended and restated District Fire Prevention Code that makes local amendments to the 2015 Edition of the International Fire Code with California Amendments, and

WHEREAS, this Ordinance was introduced and was adopted after the holding of a public hearing pursuant to California Health and Safety Code Section 13869.7 and California Government Code Section 50022.3.

NOW, THEREFORE, the Board of Directors of the Menlo Park Fire Protection District ordains as follows:

SECTION 1: Local Climatic Geological and Topographical Conditions

Pursuant to Section 17958.5 and 17958.7 of the State of California Health and Safety Code, the Board of Directors of the Menlo Park Fire District finds that the below changes or modifications are needed and are reasonably necessary because of certain local climatic, geological and topographic conditions as follows:

Finding 1: Climatic

The District, on average, experiences an annual rainfall of 19.7 inches. This rainfall can be expected between October and April of each year. However, during the summer months there is little, if any measurable precipitation. During this dry period the temperatures are usually between 70 – 95 F degrees with light to gusty westerly winds. These drying winds, combined with the natural and imported vegetation which is dominant throughout the area, create a hazardous fuel condition that can cause extensive encroaching into these wooded and grass covered areas where wind-driven fires can have severe consequences. This has been demonstrated in a number of like climatic areas within the State of California and the western United States.

Because of variable weather patterns, normal rainfall cannot always be relied upon. This can result in water rationing and water allocation programs, as demonstrated in past drought patterns. Water shortages may also be expected in the future due to limited water storage capabilities and increased consumption. The District is bounded by San Francisco Bay on the east and the foothills of the Santa Cruz Coastal Range of mountains on the west. This setting allows for strong gusty winds to blow through the Fire District. These winds are a common occurrence each afternoon during summer months. Wind increases a fire's ability to spread and has been attributed to the rapid spread of both vegetation and structure fires. Automatic fire sprinkler protection as required in buildings specified in Chapter 9 of the Fire Code and the local requirements and standards of Menlo Park Fire Protection District would significantly reduce the fire's ability to spread rapidly, especially when the jurisdiction is affected by the typical wind patterns.

Finding 2: Geologic and Geographic:

A. Geographic Location. The District is located at the southeastern most part of San Mateo County.

B. Seismic Location. The District is situated on alluvial soils between San Francisco Bay and the San Andreas Fault zones. The location makes it particularly vulnerable to damage to taller and older structures caused by seismic events. The relatively young geological processes that have created the San Francisco Bay Area are still active today. Seismically, the District sits between two active earthquake faults, the San Andreas fault and the Hayward/Calaveras fault, and numerous potentially active faults. A majority of the District's land surface is in the high-to-moderate seismic hazard zones, as established by the U.S. Geological Survey.

C. Seismic and Fire Hazards: Fires following an earthquake have the potential of causing greater loss of life and damage than the earthquake itself. A significant portion of the District's residential, commercial and industrial structures are located in seismic risk zones. Should a significant seismic event occur, fire suppression resources would have to be prioritized to mitigate the greatest threat, and may not be available for every structural fire. In such an event, individual structures should be equipped to help in mitigation of the risk of damage.

Other variables could aggravate the situation: (i) the extent of damage to the water system; (ii) the extent of isolation due to bridge and/or freeway overpass collapse; (iii) the extent of roadway damage and/or amount of debris blocking the roadways; (iv) climatic conditions (hot, dry weather with high winds); (v) time of day will influence the amount of traffic on roadways and could intensify the risk to life during normal business hours; and; (vi) the availability of timely mutual aid or military assistance.

D. Waterways. The Fire District's south and east boundary lines are waterways, the south side being the San Francisquito Creek, and the east side being the San Francisco Bay. Both waterways are influenced by tides. The San Francisquito Creek is fed from Searsville Dam, located along the Jasper Ridge, and also collects water from storm drains along its drainage pathway. The creek finally empties into San Francisco Bay, and is therefore influenced

by tidal activity. During periods of heavy rainfall in combination with high tides in the Bay, San Francisquito Creek has overflowed its banks, causing floods in both East Palo Alto and Menlo Park. The floods have hampered fire apparatus making a timely response to emergencies and providing needed service to the community. Proper roadway widths as defined in Chapter 5 of the Fire Code and the minimum roadway standards established by Menlo Park Fire District can provide fire apparatus with accessibility while helping to divert excess water flow during rainy seasons.

E. Transportation. The District is dissected by a major state highway (El Camino Real) and two major interstate freeways (I-280 and U.S. 101). However, the interconnecting road system is significantly less well developed. These conditions are likely to affect response times of fire suppression personnel and apparatus during periods of heavy traffic or conditions of major emergencies.

The Fire District is also split in half by an active railway that serves commuters during daylight hours and transports freight in the evening. There are seven railroad crossings that allow fire apparatus to cross from one side of the Fire District to the other. The railroad limits the Fire District's ability to not only make a timely response to an emergency, but also hampers our ability to provide a safe number of fire fighters to the scene of an emergency to begin operations that are compliant with Cal-OSHA Safety Regulations. Again, a structure's ability to control a fire or emergency condition with fire sprinkler protection, would play a key role in reducing losses.

A single toll bridge connects the Fire District with a substantial workforce that resides in Alameda County. This single point source connection significantly adds to traffic congestion through the jurisdiction during commute hours. With alternative work schedules, commute hours may last from 5:00 am through 7:00 pm, with significant traffic backups also noted during the lunch hour.

F. Soil Conditions. The District lies near the southern end of San Francisco Bay and is built atop the alluvial deposits that surround the margins of the Bay. The alluvium was created by the flooding of the many streams emptying into the San Francisco Bay depression, and from intermittent sea water inundation occurring over the last two or three million years. The areas closest to the Bay are overlain by unconsolidated fine silty clay, known as Bay Mud which varies in thickness from a few feet to as much as 30 feet. Generally, the older more stable alluvium is to the south and the younger less stable material is to the north. Bedrock lies beneath the area at depths generally 300 feet or more. The predominant soils patterns actuate the adverse effects on structures that may be expected from major seismic events.

G. Building Design. Many of the older and taller buildings are of designs which greatly limit accessibility by District resources. This includes large narrow parcels that have been subdivided into "flag-lots" on narrow residential streets.

The infrastructure that supports these buildings is old and not in compliance with current Codes. Some water mains in residential areas deliver water supplies that do not meet fire flow requirements required by Appendix B of the Fire Code. Some fire hydrant locations in both

residential and commercial do not meet distance requirements of Appendix C of the Fire Code. This will not only hamper fire suppression operations, but limits building design. When water supplies must be altered to accommodate new construction, Menlo Park Fire District Standards on Underground Water Piping and the Standard on Water Supplies attempt to work with the existing infrastructure to accommodate the needs of fire fighters.

Residential properties in the Fire District consist primarily of one-acre or smaller parcels, flag lots and single and multi-family infill developments. Common to the larger parcels is the development of additional residential or in-law type occupancies for which fire department access is difficult based on existing driveway configurations for the original single-family parcels. Flag lots, for example, typically have driveways in excess of 150 feet, with narrow access, necessitating additional requirements, which the Fire District has added to Section 503, by creating Standards for driveways and private roadways that includes minimum driveway widths, fire apparatus turnaround specifications, and minimum vertical clearances. Areas in the District have older narrow roads, less than 20 feet wide and unimproved sidewalks or gutters, and allow parking on both sides. Parking is a regional issue which plagues the streets causing streets to be narrow allowing only one vehicle to pass. Regional traffic has increased causing neighborhoods to be flooded with increased pass through traffic, reducing alternative emergency response routes. Neighborhoods are increasing traffic control measure installations which also increase emergency response times. Additionally, fire department response times are increased due to gated access roads, a lack of street or address illumination, and existing vegetation barriers. Section 505.1 provides minimum standards for addresses on buildings and now requires new buildings to have illuminated addressing. However, neighborhood street lighting continues to be an issue.

Proper roadway widths as required by Chapter 5 of the Fire Code, along with minimum Menlo Park Fire District Standards would allow fire apparatus to set up fire suppression operations and access both driveways that extend greater than 150 feet, and private roadways serving minor developments.

With the aging infrastructure, many water supplies do not meet current fire flow requirements. When redevelopment occurs, compliance to Fire Code Section 507 in addition to Menlo Park Fire District Standards on Water Supplies and on Underground (Piping) Standards is required. The Water Supply Standard provides for the type and size of the approved fire hydrant, its location in relationship to “flag-lots”, and placement of “blue-dots” to indicate their placement.

Due to the close proximity to San Francisco Bay, salt content in the soil is highly corrosive. Menlo Park Fire District’s Underground Standards provides requirements for underground piping of both fire hydrant installations as well as underground piping for automatic fire sprinkler system.

Finding 3: Topographical

The District’s topographic conditions are closely associated with the geological /geographical element. With the elevation changes within the District, development has

followed the path of least resistance, creating a meandering pattern. This circumstance does not lend itself to a good systematic street and road layout, which would promote easy traffic flow. It has, in fact, resulted in few major cross-town thoroughfares that tend to be heavily congested, primarily during commute hours and seasonal periods of the year. This creates barriers that reduce the response time of fire equipment and other emergency services.

The topography of the District is also challenged by major development patterns. Employment areas are located adjacent to and throughout the jurisdiction. The people who work in these areas have added to the traffic congestion in the District thereby reducing the District's response time capabilities.

Inherent delays caused by these traffic patterns make it necessary to mitigate these problems with greater requirements for built-in automatic fire protection systems, noted in Section 903 of the Fire Code, along with local requirements and standards. In addition, the Fire District has added Fire Alarm maintenance requirements, specifically UL Certification noted in Section 907, to reduce false alarms and insure system reliability.

Finding 4

The climatic conditions along the Peninsula affect the acceleration, intensity and size of a fire within the jurisdiction. Times of little or no rainfall, low humidity, and high temperatures have created extremely hazardous fire conditions, particularly as they relate to roof fires and conflagrations. The winds experienced in the Fire District can have a tremendous impact upon structure fires by carrying sparks and burning brands to other structures, thus spreading the fire and causing conflagrations. In building fires, winds can literally force the fire back into the structure, creating a blow torch effect, in addition to preventing the natural and cross ventilation efforts of firefighters. In 1997, a fire at Green Oaks School in East Palo Alto resulted in a multi-million dollar loss. The fire's unusually rapid spread was attributed to wind conditions occurring at the time of the fire. Other fires within the jurisdiction's housing tracts have also experienced unusually rapid spread due to the gusty winds that occur daily off the San Francisco Bay.

Finding 5

By the use of automatic early fire detection and suppression systems, the Fire District will have the ability to curb losses of life and property attributed to the local climate's influence on fires. With the use of an early, automatic fire suppression system, major fire losses can be controlled. For example, in 1989, a flammable liquid fire occurred at Romic Environmental Services, a former chemical recycling company that was located at the south end of the Fire District. The area suspected as the point of the fire's origin was an open-air, unsprinklered building subject to wind conditions. The fire grew rapidly. It was finally brought under control several hours after discovery, with the assistance of neighboring fire departments and resulted in a multi-million dollar loss of property, equipment and product. Two years later, after the area had been rebuilt and retrofitted with an automatic fire sprinkler system, another fire occurred at the same location. This fire was contained to a single piece of equipment and was controlled by one fire crew.

Finding 6

The geological conditions experienced within the Fire District increase the magnitude, exposure and accessibility to fire events. For example, a fire following an earthquake has the potential of causing greater loss of life and damage than the earthquake itself. Hazardous materials, particularly toxic gases, could pose the greatest threat to the largest number of people, should a significant seismic event occur. Fire protection resources would have to be prioritized to mitigate the greatest threat, and may likely be unavailable for smaller single-family dwelling or smaller business occupancy fires. Other variable conditions could include damage to the water system, freeway overpass collapse, roadways blocked by debris, and time of day, which could affect traffic patterns during or after the event.

In 1989 a 7.0 magnitude earthquake struck the San Francisco Bay Area via the San Andres Fault. For three hours following the event, firefighters from Menlo Park Fire District responded to over 100 incidents per hour. Though during this event, losses in the Fire District due to fire were minimal, however other neighboring jurisdictions were not as lucky. Had automatic fire sprinkler protection been a requirement at the time, it could have assisted firefighters in setting their priorities and assisting those citizens who needed emergency services the most.

Finding 7

Heavy traffic congestion on city streets already acts as a barrier to the timely response of fire equipment and emergency services. Continued growth, both residential and commercial from both inside and outside the Fire District will only serve to continue the traffic problem. In the event of an accident or other emergency at certain key point intersections, portions of the Fire District could be isolated or response times could be sufficiently slowed, thus increasing the risk of substantial injury and damage.

A year long time study of response times for fire apparatus indicates significant increases in response to emergencies during the commute hours of 6:00 am to 10:00 am and again from 3:00 pm to 7:00 pm. In conjunction with the increased response time, fire losses also showed the same pattern of higher losses for fires starting during commute hours. From 2003 to 2012, the Fire District experienced 22 structural fires where the property loss was greater than \$300,000. From 2013 to July 2016, 40% of dollar loss occurred during commute traffic time. \$2,561,485 dollar loss of \$6,389,086 during this time, indicating significant losses that could be directly attributed to typical traffic congestion experienced within the Fire District.

If fire apparatus is hindered in their response, automatic fire sprinkler protection will help. According to IFSTA Training Manuals, the temperature inside a structure can go from ambient to an excess of 1,000F within the first ten minutes of a fire. Delay of fire apparatus will only allow the fire to grow, thus making efforts to suppress the fire more difficult. Additionally, the ability to perform an effective rescue is diminished if fire fighters are delayed in their response. With the automatic fire sprinkler protection in place, the fire should be held to a controllable level, allowing the ability of citizens to escape from the burning structure, as well as allowing firefighters to contain the fire in a safe manner, in its beginning stages.

Finding 8

It is due to these climatic, geographical and topographical conditions that the Fire District supports the need for structures within the jurisdiction to at least be capable of initial fire suppression capacity.

Finding 9

For the above reasons, taken individually and cumulatively, that the Board of Directors of the Menlo Park Fire Protection District finds there to be building and fire hazards particular to the jurisdiction that require the increased fire protection detailed as set forth in this Ordinance.

SECTION 2: Title, Enforcement & Recordkeeping

This set of regulations, including provisions adopted and incorporated by reference, shall be known as the "District Fire Prevention Code" of the Menlo Park Fire Protection District ("the District") and may be cited as such. It is also referred to as the "Fire Code" in these regulations.

- a) No section of the Fire Prevention Code shall impose a mandatory duty of enforcement on the Fire District, or on any officer, official, agent, employee, board, or commission thereof. Instead, if any section purports to impose a mandatory duty of enforcement, said section shall be deemed to invest the Fire District, and the appropriate officer, official, agent, employee, board, council, or commission with discretion to enforce the section, or not to enforce it.
- b) A copy of the Fire Prevention Code, as defined herein, shall be kept on file in the office of the Clerk of the Board.

SECTION 3- Authority

The District Fire Prevention Code is adopted pursuant to the Fire Protection District Act of 1987 (California Health and Safety Code Sections 13800 *et seq.*) and in particular the following provisions of that Act:

- Section 13861(h), which empowers the District to adopt ordinances;
- Section 13861(i), which empowers the District to establish and enforce rules and regulations for the administration, operation and maintenance of the governmental services which it is authorized to provide;
- Section 13862, which empowers the District to provide certain governmental services including fire protection services;
- Section 13869, which empowers the District to adopt a fire prevention code by reference; Section 13870, which empowers the District's authorized representatives to order correction or elimination of fire and life hazards;
- Section 13871(b), which provides that failure to correct or eliminate a fire or life hazard after a duly issued order is a misdemeanor;
- Section 13872, which empowers the District's authorized representatives to issue citations for certain violations;

- Section 13873, which provides that the District's employees shall have the powers of peace officers while engaged in the prevention and suppression of fires and the preservation of life and property; and,
- Sections 13916, 13917, 13918 and 13919, which, among other things, empower the District's Board of Directors to charge a fee to cover the cost of any services, which the District provides and the cost of enforcing any regulation for which a fee is charged.

SECTION 4- Adoption by Reference

The 2016 California Fire Code (California Code of Regulations, Title 24, Part 9), (the “CFC”) which adopts by reference the 2015 edition of the International Fire Code (“IFC”) with necessary State amendments, which prescribes regulations governing conditions to life and property from fire or explosion through building standards and non-building standards, is adopted by reference and incorporated into the District Fire Prevention Code, including Chapter 1, Division II, Chapters 3 and 5, Appendix B through E, and Appendix H, except to the extent portions of the CFC may be added, deleted, modified or amended by Paragraph 5 (Local Amendments) of this Code.

SECTION 5- Authority and Duties of the Bureau of Fire Prevention and Life Safety

The International Fire Code and the California Fire Code, including International Fire Code Standards as adopted and amended herein, shall be enforced by the Menlo Park Fire Protection District and managed by the Bureau of Fire Prevention and Life Safety, and shall operate under the direction of the Fire Chief and the Fire Marshal of the Menlo Park Fire Protection District. Both Fire Officers shall be known as the Fire Code Officials.

Definitions

1. Whenever the word “jurisdiction” is used in the International/California Fire Code, and Fire Code Standards, it is in reference to the jurisdictional boundaries of the Menlo Park Fire Protection District.
2. The party responsible for the enforcement of the International/California Fire Code and Fire Code Standards under the direction of the Fire Chief of the Menlo Park Fire Protection District shall be the Fire Marshal who shall be the Fire Code Official of the Bureau of Fire Prevention and Life Safety.

SECTION 6- Local Amendments, Modifications and Deletions to the CFC

Based upon the findings of the Board of Directors of the Menlo Park Fire Protection District regarding local climatic, topographical, and geological conditions, the following sections and/or subsections of the California Fire Code and the International Fire Code are amended or modified as set forth in this section. If a section is not referenced below, it remains unchanged.

SECTION 101.1 Title is *amended* to read as follows:

101.1 Title. These regulations shall be known as the 2016 CALIFORNIA FIRE CODE, and with amendments adopted by the Menlo Park Fire Protection District, will be referred to herein as the “CODE,” and/or the “FIRE PREVENTION CODE.”

SECTION 101.6 Policy Manual is *added* to read as follows:

101.6 Policy Manual. The Bureau of Fire Prevention and Life Safety Policy Manual (“Policy Manual”) shall serve as a supplemental instruction and interpretation manual for the Fire Prevention Code. The Policy Manual may be amended from time to time by the Fire Marshal.

SECTION 105.6 Required operational permits is *amended* to read as follows:

105.6.17 Flammable and combustible liquids. An operational permit is required:

1. To use or operate a pipeline for the transportation within facilities of flammable or *combustible liquids*. This requirement shall not apply to the off-site transportation in pipelines regulated by the Department of Transportation (DOTn) nor does it apply to piping systems.
2. To store, handle or use Class I liquids in excess of 5 gallons (19 L) in a building or in excess of 10 gallons (37.9 L) outside of a building, except that a permit is not required for the following:
 - 2.1. The storage or use of Class I liquids in the fuel tank of a motor vehicle, aircraft, motorboat, mobile power plant or mobile heating plant, unless such storage, in the opinion of the *fire code official*, would cause an unsafe condition.
 - 2.2. The storage or use of paints, oils, varnishes or similar flammable mixtures where such liquids are stored for maintenance, painting or similar purposes for a period of not more than 30 days.
3. To store, handle or use Class II or Class IIIA liquids in excess of 25 gallons (95 L) in a building or in excess of 60 gallons (227 L) outside a building, except for fuel oil used in connection with oil-burning equipment.
4. To store, handle or use Class IIIB liquids in tanks or portable tanks for fueling motor vehicles at motor fuel-dispensing facilities or where connected to fuel-burning equipment.

Exception: Fuel oil and used motor oil used for space heating or water heating.

5. To remove Class I or II liquids from an underground storage tank used for fueling motor vehicles by any means other than the *approved*, stationary on-site pumps normally used for dispensing purposes.

6. To operate tank vehicles, equipment, tanks, plants, terminals, wells, fuel-dispensing stations, refineries, distilleries and similar facilities where flammable and *combustible liquids* are produced, processed, transported, stored, dispensed or used.
7. To place temporarily out of service (for more than 90 days) an underground, protected above-ground or above-ground flammable or *combustible liquid* tank.
8. To change the type of contents stored in a flammable or *combustible liquid* tank to a material that poses a greater hazard than that for which the tank was designed and constructed.
9. To manufacture, process, blend or refine flammable or *combustible liquids*.
10. To engage in the dispensing of liquid fuels into the fuel tanks of motor vehicles at commercial, industrial, governmental or manufacturing establishments in accordance with Section 5706.5.4 or to engage in on-demand mobile fueling operations in accordance with Section 5707.
11. To utilize a site for the dispensing of liquid fuels from tank vehicles into the fuel tanks of motor vehicles, marine craft and other special equipment at commercial, industrial, governmental or manufacturing establishments in accordance with Section 5706.5.4 or, where required by the *fire code official*, to utilize a site for on-demand mobile fueling operations in accordance with Section 5707.

Commenter's Reason:

This Public Comment is designed to regulate on-demand mobile fueling operations, vehicles and equipment by authorizing the fire code official to permit operations and individual sites. This Public Comment provides a code compliant path for on-demand mobile fueling and provides the fire code official the explicit authority to regulate such operations while leaving current mobile fleet fueling requirements unchanged. On-demand mobile fueling is an emerging industry that has had significant consumer demand both nationally and internationally. The practice is already occurring—both regulated and unregulated—and codification in the national code is imperative to ensure safe, consistent regulation of the operation. This Public Comment was developed by the California State Fire Marshal's Office Mobile Fueling Task Force – IFC

The following subsections are *added* to **SECTION 105.6 Required operational permits** as follows:

105.6.50 Mobile fueling operators

105.6.51 Mobile fueling sites

SECTION 108.1 Board of Appeals is *amended* to read as follows:

108.1 Board of Appeals. All decisions and rulings of the Fire Code Officials are final and any appeals shall be made through the legal process.

SECTION 112 Service Utilities is *added* to read as follows:

112.1 Authority to disconnect service utilities. The fire code official shall have the authority to authorize disconnection of utility service to the building, structure or system in order to safely execute emergency operations or to eliminate an immediate hazard. The fire code official shall notify the serving utility and, where possible, the owner or the owner's authorized agent and the occupant of the building, structure or service system of the decision to disconnect prior to taking such action. If not notified prior to disconnection, then the owner, the owner's authorized agent or occupant of the building, structure or service system shall be notified in writing as soon as practical thereafter.

Section 113 Fees and Special Requirements is *amended* to read as follows:

113.1 The fees for the permits and other services shall be established by resolution of the Menlo Park Fire Protection District Fire Board Fee Schedule ("Fee Schedule"). The fee shall be set to cover the cost of the Fire District to review and inspect the intended activities, operations or functions.

Exception: Fees may be waived at the discretion of the Fire Chief for applicants for a given permit when the work or event to be conducted is for the Town of Atherton, City of East Palo Alto, City of Menlo Park or County of San Mateo.

113.1.2 All fire permits and fire construction permits shall have a set number of inspections per permit as set forth by the Fee Schedule. Additional inspections and additional re-inspections will be billed at an hourly rate consistent with the Fee Schedule.

113.1.3 "After Hours" inspections shall be billed at a rate of one and one-half time the normal hourly rate. "After hours" inspections will be billed at a rate of four hours minimum. "After hours" inspections are defined as follows: Inspections conducted Monday – Friday, prior to 6am and after 6pm, Saturday and Sunday and observed holidays.

113.1.4 Application for "event" type permits (i.e: Pyrotechnic, Tents, Carnivals and Fairs, etc.) shall be submitted 14 days prior to the event date. Applications submitted within 13 days prior to the event date shall be charged double the regular permit rate as established by the Fee Schedule.

SECTION 202 General Definitions are amended to *add* the following:

All Weather Driving Surface. A roadway designed to carry the imposed weight loads of fire apparatus complete with all underground utilities, curbs, gutters, and a minimum surface finish of one layer of asphalt or concrete or road pavers.

Driveway. Access road from the public way to a structure that is used for public or private vehicular access, including fire and emergency apparatus.

Floor Area, Gross. The floor area within the inside perimeter of the *exterior walls* of the building under consideration, exclusive of vent shafts and courts, without deduction for corridors, stairways, closets, the thickness of interior walls, columns or other features. The floor area of a building, or portion thereof, not provided with surrounding *exterior walls* shall be the usable area under the horizontal projection of the roof or floor above. The gross floor area shall not include shafts with no openings or interior courts. For residential occupancies, square footage does not include an attached garage (U Occupancy) or attached carport.

Areas to be included in the square footage calculation include:

- a) Garages or carports if under a habitable space, or covers egress per NFPA 13D 8.6.6
- b) New attached garage
- c) All additions
- d) Total square footage of any room that received alterations or additions. Removing sheetrock exposing structural framing or any change to structural in a room involves the total square footage of that room.

Existing square footage may be obtained from the San Mateo County Tax Assessor's Office or may be submitted by a licensed architect.

Jurisdiction. Jurisdiction shall mean the territorial boundaries of the Menlo Park Fire Protection District. In that case "Jurisdiction" would mean, as appropriate, the County of San Mateo, the City of East Palo Alto, the City of Menlo Park and the Town of Atherton. The Fire District's map book shall be adopted by reference to indicate the territorial boundaries of the Menlo Park Fire Protection District.

Except where in the code the term "jurisdiction" is used in a context which implies the ability to exercise governmental powers, such as "the authority having jurisdiction," then in that context "jurisdiction" shall mean the particular public agency authorized to and exercising that governmental power.

Substantial Alteration. The renovation of any structure and/or which combined with any additions to the structure, affects a *gross floor area* which exceeds fifty percent (50%) of the existing floor area of the structure. This may include but is not limited to :

- a) Removal of electricity to the building or structure.
- b) Removal of water supply and /or sanitation to the building or structure
- c) Removal of exterior walls and/or roof assembly

When any structural changes are made to the building, such as walls, columns, beams or girders, floor or ceiling joists and covering, roof rafters, roof diaphragms, foundations, piles or retaining walls or similar components, the floor area of all room affected by the changes shall be

included in computing floor areas for purposes of applying this definition. This definition does not apply to the replacement and upgrading of residential roof coverings.

SECTION 320 Fireworks is *added* to read as follows:

320.1 General. The manufacture, storage, sale, possession, handle or use of all fireworks as defined in Section 202, is prohibited.

320.2 Seizure. The Chief shall seize, remove or cause to be removed at the expense of the owner all stocks of fireworks offered or exposed for sale, stored or held in violation of this code.

SECTION 401.8 Interference with fire department operations is *added* to read as follows:

401.8 Interference with fire department operations. It shall be unlawful to interfere with, attempt to interfere with, conspire to interfere with, obstruct or restrict the mobility of or block the path of travel of a fire department emergency vehicle in any way, or to interfere with, attempt to interfere with, conspire to interfere with, obstruct or hamper any fire department operation.

SECTION 403.12 Special requirements for public safety is *added* to read as follows:

403.12 Special requirements for public safety. Special requirements for public safety shall be in accordance with Sections 403.12.1 through 403.12.3.3.

403.12.1 Fire watch personnel. Where, in the opinion of the fire code official, it is essential for public safety in a place of assembly or any other place where people congregate, because of the number of persons, or the nature of the performance, exhibition, display, contest or activity, the owner, agent or lessee shall provide one or more fire watch personnel, as required and approved. Fire watch personnel shall comply with Sections 403.12.1.1 and 403.12.1.2.

403.12.1.1 Duty times. Fire watch personnel shall remain on duty while places requiring a fire watch are open to the public, or when an activity requiring a fire watch is being conducted.

403.12.1.2 Duties. On duty fire watch personnel shall have the following responsibilities:

1. Keep diligent watch for fires, obstructions to means of egress and other hazards.
2. Take prompt measures for remediation of hazards and extinguishment of fires that occur.
3. Take prompt measures to assist in the evacuation of the public from structures.

SECTION 503.1.1 BUILDINGS AND FACILITIES is *amended* to read as follows:

503.1.1 Buildings and Facilities. Every building and facility shall be accessible to Fire Department apparatus by way of all-weather access roadways prior to combustible construction. The fire apparatus access roads shall comply with the requirements of this section and extend

within 150' of all portions of the facility and all portions of the exterior walls of the first story of the building as measured by an approved route around the exterior of the building or facility. The access road shall have a minimum unobstructed width of 20' and shall be required to have a minimum 'first lift' of pavement applied which shall support the imposed load of a fire apparatus. The developer shall be required to provide the Fire Chief with a site plan showing the location, width, grades, and cross section of the proposed access roads to be used during construction. Permits shall not be issued and combustible construction shall not be allowed on the site until this site plan is reviewed and approved and stamped by the Fire Department.

Exceptions:

1. The Fire Chief is authorized to increase the dimension of 150 feet where any of the following conditions occur:
 - 1.1. The building is equipped throughout with an approved automatic sprinkler system installed in accordance with Section 903.3.1.1, 903.3.1.2 or 903.3.1.3.
 - 1.2. Fire apparatus access roads cannot be installed because of location on property, topography, waterways, nonnegotiable grades or other similar conditions, and an approved alternative means of fire protection is provided.
 - 1.3. There are not more than two Group R-3 or Group U occupancies.
2. Where approved by the Fire Chief, fire apparatus access roads shall be permitted to be exempted or modified for solar photovoltaic power generation facilities.

SECTION 503.1 is *amended* to read as followed:

503.1 Where required. Fire apparatus access roads shall be provided and maintained in accordance with Sections 503.1.1 through 503.1.3 and according to Menlo Park Fire District Fire District Policy Manual.

503.1.1.2 is *added* to read as follows: Nothing in the California Fire Code shall prevent the Town or City from designating or maintaining a street as a "Fire Lane" which does not meet the requirements of a fire apparatus access road under the California Fire Code.

SECTION 505.1 Address Identification is *amended* to read as follows:

505.1 Address Identification. New and existing buildings shall have approved address numbers, building numbers or approved building identification placed in a position that is plainly legible and visible from the street or road fronting the property. These numbers shall contrast with their background. Address numbers shall be Arabic numerals or alphabet letters. Said numbers shall be either internally or externally illuminated in all new construction. Numbers shall be as follows:

1. Minimum of one-half inch (1/2") stroke by eight inches (8") high.
2. When the structure is more than fifty (50) feet from the street or fire apparatus access, a minimum of one inch (1") stroke by twelve inches (12") high is required.

SECTION 505.1.1 Multi-Tenant Buildings is *added* to read as follows:

505.1.1 Multi -Tenant Buildings. Numbers or letters shall be designated on all occupancies within a building. Size shall be one-half inch (1/2") stroke by four inches (4") high and on a contrasting background. Directional address numbers or letters shall be provided. Said addresses or numbers shall be posted at a height no greater than 5 feet, 6 inches (5' 6") above the finished floor and shall be either internally or externally illuminated in all new construction.

SECTION 505.1.2 Rear Addressing is *added* to read as follows:

505.1.2 Rear Addressing. When required by the fire code official, approved numbers or addresses shall be placed on all new and existing buildings in such a position as to be plainly visible and legible from the fire apparatus road at the back of a property or where rear parking lots or alleys provide an acceptable vehicular access. Number stroke and size shall comply with 505.1.

SECTION 506.1 Where required is *amended* to read as follows:

506.1 Where required. Where access to or within a structure or an area is restricted because of secured openings or where immediate access is necessary for life-saving or fire-fighting purposes, the fire code official is authorized to require a key box to be installed in an approved location. The key box shall be of an approved type listed in accordance with UL 1037, and shall contain keys to gain necessary access as required by the fire code official. Where a new gate or barrier is installed on a fire access roadway, the fire department shall have emergency access. Gates or barriers shall have a Knox® key switch.

SECTION 506.1.1.1 Key Box contents requirements is *added* to read as follows:

506.1.1.1 Key box contents requirements. The keys provided shall be a master key to all spaces including multi-tenant spaces. Additional keys shall be included for card access, elevator control, fire alarm control panels, and fire sprinkler control valve access.

Exceptions:

- a) Multi-tenant spaces which provide a key box for each tenant and installed per Section 506.1.
- b) Electronic card keys and codes may not be utilized as a substitute for manual keys.

SECTION 903 Automatic Sprinkler Systems is *amended* as follows:

903.2 Where required. Approved automatic fire sprinkler systems in new buildings and structures shall be provided in all Group A, B, E, F, S, and U Occupancies greater than 1,000 square feet and in locations described in subsections 903.2.2, 903.2.5, 903.2.6, 903.2.8, 903.2.11, 903.2.12. Sections and Subsections of 903.2.1, 903.2.3, 903.2.4, 903.2.7 and 903.2.9, 903.2.10 of Chapter 9 of the code are deleted in their entirety.

Approved automatic fire sprinkler system in existing buildings and structures shall be provided as described in section 903.6.

Exceptions: Independent solar carports or structures, non-combustible carports or shade structures.

903.2.7 Group M. Automatic fire sprinkler systems shall be provided throughout buildings containing a Group M occupancy with a fire area greater than 1,000 square feet and any Group M occupancy used for the display and sale of upholstered furniture.

903.2.11 Specific building areas and hazards. In all occupancies an *automatic sprinkler system* shall be installed for building design or hazards in the locations set forth in sections 903.2.11.1 through 903.2.11.6.

903.2.11.1 Stories and basements without openings. Automatic sprinkler systems shall be installed in every building where the basement fire area exceeds 250 square feet.

Automatic sprinkler systems shall be installed in every story of all buildings where the floor area exceeds 1000 square feet and where the following type of exterior wall opening is not provided.

Openings entirely above the adjoining ground level totaling at least 20 square feet (1.86 m²) in each 50 linear feet (15 240 mm), or fraction thereof, of exterior wall in the story on at least one side.

903.3.1.2 NFPA 13R sprinkler systems. Where in the code a NFPA 13R sprinkler system is allowed, a NFPA 13 sprinkler system shall be used.

903.3.3 Obstructed locations. Automatic sprinklers shall be installed with due regard to obstructions that will delay activation or obstruct the water distribution pattern. Automatic fire sprinklers shall be installed in or under covered kiosks, displays, booths, concession stands, laboratory fume hoods, bio safety cabinets that use flammable liquids in processes, or equipment that exceeds 4 feet (1219 mm) in width. Not less than a 3-foot (914 mm) clearance shall be maintained between automatic sprinklers and the top of piles of combustible fibers. Sprinklers shall be provided in all areas including combustible or noncombustible concealed spaces, 6 inches or more.

Exceptions:

- a) Combustible or noncombustible concealed spaces if the building owner and the fire code official agree in writing that combustible or noncombustible concealed spaces, 6 inch or less are unlikely to change in the future.
- b) Kitchen equipment under exhaust hoods protected with a fire-extinguishing system in accordance with Section 904.

903.3.10 Partial Systems in new buildings or structures. Automatic fire sprinkler systems that only protect a portion of the building shall not be allowed.

903.6 Where required in existing buildings and structures. An *automatic sprinkler system* shall be provided in existing buildings and structures where required in Chapter 11 or when improvements are conducted in accordance with this section.

903.6.1 Where required due to improvements to buildings and structures. The provisions of this section are intended to provide a reasonable degree of fire safety in existing structures by requiring installation of an automatic fire-extinguishing system.

903.6.1.1 Where Required. All existing buildings and structures, regardless of type of occupancy or area, shall be provided with an automatic fire sprinkler system when any of the following conditions occur:

(A) Where the *gross floor area* of a proposed alteration, addition, or combination of alterations and additions and the *gross floor area* of any alterations, additions, or combination of alterations and additions exceeds 50% of the existing *gross floor area* of the building or 75% of the existing *gross floor area* of the building for R-3 occupancies.

Exception: Buildings or structures less than 1,000 square feet.

(B) When a change in occupancy classification, as defined within the Building Code, results in an increased fire hazard or risk due to business operations and/or number of occupants permitted in the building.

(C) When an existing occupancy constructs a basement that is 250 square feet or larger, a fire sprinkler system shall be provided throughout the basement and the rest of the building or structure.

903.6.1.2 Partial Systems in existing buildings and structures. Automatic fire sprinkler systems that only protect a portion of the building shall not be allowed.

Exception: A phased installation of an automatic fire sprinkler system may be allowed as an alternate materials and method application, as prescribed in Section 104.9, when different tenant spaces in the same building are occupied, and the installation of a fire sprinkler system may disrupt business. Not to exceed five (5) years for final completion.

907 Fire Alarm and Detection Systems is *amended* to read as follows:

907.7 Acceptance tests and completion. Upon completion of the installation, the fire alarm system and all fire alarm components shall be tested in accordance with NFPA 72. Fire alarms systems in commercial structures shall obtain a UL Certificate for the system prior to final inspection.

907.9 Where required in existing buildings and structures. An *approved* fire alarm system shall be provided in existing buildings and structures where required in Chapter 11. When an

alteration to any existing building or structure requires an upgrade or new fire alarm system, multiple fire alarm systems shall be approved by the fire code official.

SECTION 901.6.2.2 RECORDS REPORTING is *added* to read as follows:

901.6.2.2 Records Reporting. Fire detection, alarm and extinguishing systems, shall be maintained in an operative condition at all times, and shall be replaced or repaired where defective. Non-required fire protection systems and equipment shall be inspected, tested, and maintained or removed. All inspection, testing and maintenance reports shall be forwarded to the Fire Department using electronic media. No paper (hard copy) reports shall be permitted.

SECTION 5707 ON-DEMAND MOBILE FUELING OPERATIONS is *added* to read as follows:

5707.1 General. On-demand mobile fueling operations that dispense Class I, II, and III liquids into the fuel tanks of motor vehicles shall comply with Sections 5707.1 through 5707.6.3.

Exception: Fueling from an *approved* portable container in cases of an emergency or for personal use.

5707.1.1 Approval required. Mobile fueling operations shall not be conducted without first obtaining a *permit* and approval from the *fire code official*. Mobile fueling operations shall occur only at *approved* locations.

5707.2 Mobile fueling vehicle. An on-demand mobile fueling vehicle shall be one of the following:

1. A vehicle that has chassis-mounted *tank s* or *containers* where the aggregate cargo capacity does not exceed 1200 gallons (4592 L). A mobile fueling vehicle with a mounted *tank* in excess of 110 gallons (415 L) shall comply with the requirements of Section 5706.6, Section 5707, and NFPA 385.
2. A vehicle that carries a maximum of 60 gallons (227 L) of motor fuel in metal *safety cans listed* in accordance with UL 30 or other *approved* metal *containers* each not to exceed 5 gallons (19 L) in capacity. *Containers* shall be secured to the mobile
3. fueling vehicle except when in use. The mobile fueling vehicle shall comply with the requirements of all local, state and federal requirements. The mobile fueling vehicle and its equipment shall be maintained in good repair.

5707.3 Required documents. Documents developed to comply with Sections 5707.3.1 through 5707.3.3 shall be updated as necessary by the owner of the mobile fueling operation and shall be maintained in compliance with Section 107.3.

5707.3.1 Safety and emergency response plan. Mobile fueling operators shall have an *approved* written safety and emergency response plan that establishes policies and procedures for fire safety, spill prevention and control, personnel training and compliance with other applicable requirements of this code.

5707.3.2 Training records. Mobile fueling vehicles shall be operated only by designated personnel who are trained on proper fueling procedures and the safety and emergency response plan. Training records of operators shall be maintained.

5707.3.3 Site plan. Where required by the *fire code official*, a site plan shall be developed for each location at which mobile fueling occurs. The site plan shall be in sufficient detail to indicate: all buildings, structures, *lot lines*, property lines, and appurtenances on site and their use or function; all uses adjacent to the *lot lines* of the site; fueling locations, the locations of all storm drain openings, and adjacent waterways or wetlands; information regarding slope, natural drainage, curbing, impounding and how a spill will be retained upon the site property; and the scale of the site plan.

5707.4 Mobile fueling areas. Mobile fueling shall not occur on public streets, *public ways*, or inside *buildings*. Fueling on the roof level of parking structures or other *buildings* is prohibited.

5707.4.1 Separation. Mobile fueling shall not take place within 25 feet (7620 mm) of *buildings*, property lines, or combustible storage.

Exception: The *fire code official* shall be authorized to decrease the separation distance for dispensing from metal *safety cans* or other *approved* metal *containers* in accordance with Section 5707.2.

When dispensing operations occur within 15 feet (4572 mm) of a storm drain, an *approved* storm drain cover or an *approved* equivalent method that will prevent any fuel from reaching the drain shall be used.

5707.4.2 Sources of ignition. Smoking, open flames, and other sources of ignition shall be prohibited within 25 feet (7620 mm) of fuel dispensing activities. Signs prohibiting smoking or open flames within 25 feet (7620 mm) of the vehicle or the point of fueling shall be prominently posted on the mobile fueling vehicle. The engines of vehicles being fueled shall be shut off during fueling.

5707.5 Equipment. Mobile fueling equipment shall comply with Sections 5707.5.1 through 5707.5.4.

5707.5.1 Dispensing hoses and nozzles. Where equipped, the dispensing hose shall not exceed 50 feet (15 240 mm) in length. The dispensing nozzles and hoses shall be of an *approved* and *listed* type.

5707.5.2 Fuel limit. Mobile fueling vehicles shall be equipped with a *fuel limit switch* set to a maximum of 30 gallons (116 L) and a nozzle or other *approved* device that, when activated, immediately causes flow of fuel from the mobile fueling vehicle to cease.

5707.5.3 Fire extinguisher. An *approved* portable fire extinguisher complying with Section 906 with a minimum rating of 40-B:C shall be provided on the mobile fueling vehicle with signage clearly indicating its location.

5707.5.4 Spill kit. Mobile fueling vehicles shall contain a minimum 5 gallon (19 L) spill kit of an *approved* type.

5707.6 Operations. Mobile fueling vehicles shall be constantly attended during fueling operations with brakes set and warning lights in operation. Mobile fueling vehicles shall not obstruct emergency vehicle access roads.

5707.6.1 Dispensing hose. Where equipped, mobile fueling vehicles shall be positioned in a manner to preclude traffic from driving over the dispensing hose. The dispensing hose shall be properly placed on an *approved* reel or in an *approved* compartment prior to moving the mobile fueling vehicle.

5707.6.2 Drip control. Operators shall place a drip pan or an absorbent pillow under the nozzle to catch drips and under each fuel fill opening prior to and during dispensing operations.

5707.6.3 Spill reporting. Spills shall be reported in accordance with Section 5003.3.1.

Appendix L – Requirements for Firefighter Air Replenishment Systems is *added* as follows: For buildings more than 10 stories in height, shall install Firefighter Air Replenishment System per Menlo Park Fire Protection District Policy Manual.

SECTION 7: DATE OF EFFECT:

This ordinance shall take effect and be in full force on January 1, 2017.

SECTION 8: PUBLIC POSTING:

This ordinance shall be posted at the following three public places (1) Front Door of the Menlo Park Fire Protection District; (2) Bulletin Board in Front of the Classroom at the Menlo Park Fire Protections District; (3) Menlo Park Fire District Website, and published pursuant to law

2710491.1

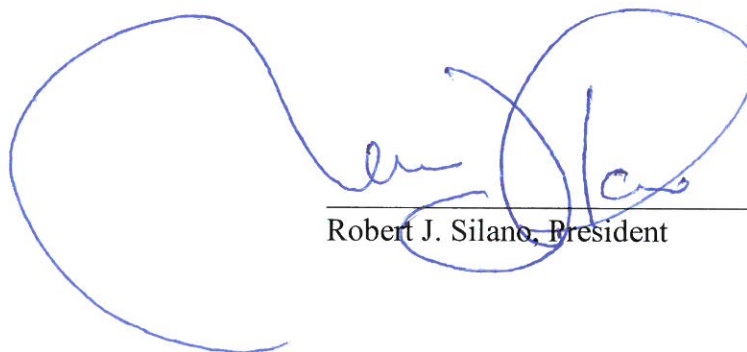
PASSED AND ADOPTED as an Ordinance of the Menlo Park Fire Protection District at a Regular Meeting thereof held on the 20th of December, 2016.

AYES: SILANO, IANSON, BERNSTEIN, AND KIRALY

NOES: NONE

ABSENT: CARPENTER

ABSTAIN: NONE



Robert J. Silano, President

ATTESTED:



Michelle Radcliffe, Clerk of the Board

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Downtown Menlo Park Commercial Building Projects 2015-2016

1. El Camino Real (500-1100)
 - 1090 – existing sprinkler TI
 - 1029 – existing sprinkler TI
 - 989 – 28% renovation-no sprinklers
 - 525 – existing sprinkler TI
 - 515 – existing sprinkler TI

5 total submitted for review

0 requiring new fire sprinkler system

2. Oak Grove Ave. (600-800)
 - 640 – existing sprinkler TI
 - 700 – new fire station, new fire sprinkler system
 - 705 – 12% renovation-no sprinklers
 - 718 – exterior remodel, no sprinklers
 - 855 – existing sprinkler TI

5 total submitted for review

1 requiring new fire sprinkler system

3. Santa Cruz Ave. (600-800)
 - 604 – existing sprinkler TI
 - 605 – 33% renovation-no sprinklers
 - 693 – existing sprinkler TI
 - 814 – 66% renovation-no sprinklers
 - 816 – 32% renovation-no sprinklers
 - 877 – new fire sprinkler system-was required back in 2007 but enforced in 2016
 - 889 – existing sprinkler TI
 - 899 – existing sprinkler TI

8 total submitted for review

1 requiring new fire sprinkler system

4. Live Oak Ave. (600-800)
 - 650 – new fire sprinkler system, new office/multi-family/garage

1 total submitted for review

1 requiring new fire sprinkler system

5. Doyle St.
 - 1050 – existing sprinkler TI

1 total submitted for review

0 requiring new fire sprinkler system

6. Chestnut St.
 - 1149 – existing sprinkler TI
 - 1158 – existing sprinkler TI

2 total submitted for review

0 requiring new fire sprinkler system

7. Crane St. (900-1100)
 - 1110 – 3% renovation-no sprinklers

1 total submitted for review

0 requiring new fire sprinkler system

MENLO PARK FIRE PROTECTION DISTRICT

Following the Adoption of MPFPD Ordinance 36A and 36B, and Ratification by the City of Menlo Park, a new fire sprinkler Ordinance was enforceable in the City of Menlo Park beginning January 2015. Upon direction from City Council, the following is a report of the statistics, findings, and commentary following one year of enacting, to aid in providing direction for the 2016 Code adoption process.

*City of Menlo Park
Residential Fire
Sprinkler Ordinance
one year Statistics*

On January 27, 2015, the City of Menlo Park City Council ratified the Menlo Park Fire Protection District Ordinance 36A and Ordinance 36B amending the CA Fire Code. This was accomplished by multiple meetings and collaborative work with City of Menlo Park Building, Public Works, and Planning. The result was the replacement of a 1984 Ordinance that was becoming a financial burden for commercial remodels. A business friendly fire sprinkler requirement was put in to place as well as a residential sprinkler requirement for substantial home remodels.

The fire sprinkler requirement on residential projects requires substantial remodels of 75% addition and/or improvement requires the installation of residential fire sprinklers. This currently has a cumulative time frame of 5 years from date of Ordinance ratification.

The City Council requested that after one year of implementation, that follow-up information be provided, so that an informed Council could make decisions for the 2016 Menlo Park Fire District CA Fire Code Ordinance ratification process as it would apply to the City of Menlo Park.

The Council requested the following information.

- 1- The number of homes that were affected by the Ordinance.
- 2- The cost of the residential remodel
- 3- The cost of the fire sprinklers
- 4- The percentage of the cost for fire sprinklers vs. the cost of the remodel
- 5- Fire District incentives for installation of fire sprinklers
- 6- Fire sprinkler activations

At the time of this report, a total of 31 homes were required to install residential fire sprinklers due to substantial home remodels exceeding 75% of the existing square footage. This is approximately one fourth of the total submissions. In fact, the size of the remodels were evenly spread out when compared from 0-24%, 25%-49%, 50% - 74%, and 75% or greater.

The cost of the entire remodel ranged from \$176,000 - \$685,000. This number was taken from the Building Department submittals at the City of Menlo Park.

The cost of the fire sprinkler installation ranged from \$3000 - \$13,200. The average was a total of 2.1% of the remodel cost. This data was received from the fire sprinkler contractor that performed the installation work.

When comparing the cost of fire sprinklers to the cost of the remodel, the result is relative to rational thought. The percentage of the sprinklers reduces as the cost of the remodel goes up. Therefore, the burden of cost reduces as the size of the addition and remodel increases. However, sprinkler design preferences for the customer will always affect the final cost, just like choosing flooring options based on price and preference.

During this time, the Fire District has received no complaints or dealt with any issues with the enforcement of the fire sprinkler Ordinance. Since the rest of San Mateo County has had similar Ordinances in place for 10 or more years, the construction community has accepted this practice. This includes Atherton, East Palo Alto and unincorporated San Mateo County who have had 50% addition remodel Ordinances in place since 2004.

Residential fire sprinkler activations during the past year include a save in Atherton where residential sprinklers prevented an exterior BBQ fire from spreading to the interior of the home. The second fire was inside a multi-unit complex in East Palo Alto, which contained a kitchen fire to a single unit. The press release is attached at the end of the report.

The result of fire sprinklers impact will be seen over time as more homes are sprinklered. The primary impact is saving lives. The secondary impacts are saving property, reduced insurance claims, reduced infrastructure costs which includes water savings, and less impact to City services.

The last item requested was incentives to encourage residential fire sprinkler installation. The Fire District will be prepared to bring options and solutions later in the year as we present the 2016 CA Fire Code adoption and fee schedule update to the Fire District Board and City Councils.

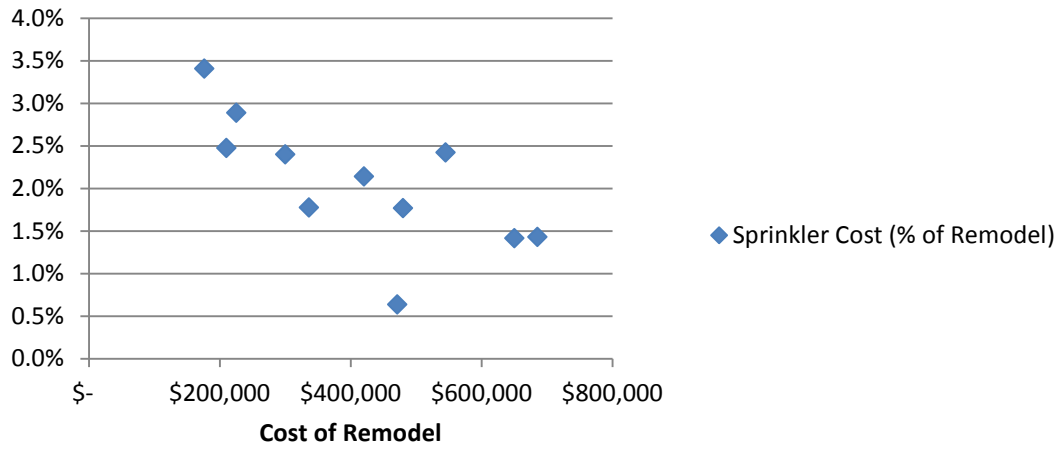
The Menlo Park Fire Protection District is happy to present this report showing a successful implementation of the Ordinance within the City of Menlo Park staff and look forward to continued positive results.

Cost of Remodel	Cost of Sprinklers	Sprinkler Cost (% of Remodel)
\$ 685,000	\$ 9,800	1.4%
\$ 650,000	\$ 9,200	1.4%
\$ 544,740	\$ 13,200	2.4%
\$ 480,000	\$ 8,500	1.8%
\$ 470,800	\$ 3,000	0.6%
\$ 420,000	\$ 9,000	2.1%
\$ 336,000	\$ 5,970	1.8%
\$ 300,000	\$ 7,200	2.4%
\$ 225,000	\$ 6,500	2.9%
\$ 210,000	\$ 5,200	2.5%
\$ 176,000	\$ 6,000	3.4%
Average Sprinkler Cost:		2.1%

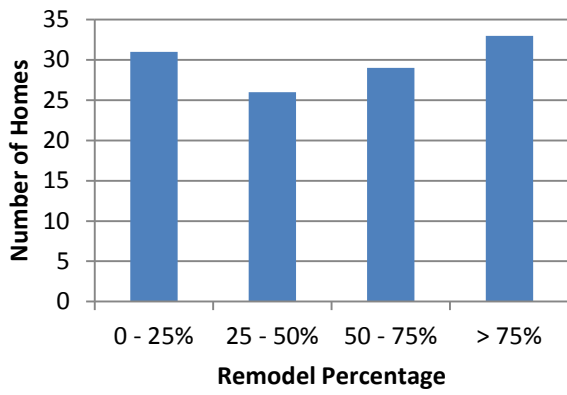
This data was collected from the City of Menlo Park Building Department and sprinkler contractors. The addresses have not been shared in order to protect homeowners' privacy.

Remodel Percentage	Number of Homes
0 - 25%	31
25 - 50%	26
50 - 75%	29
> 75%	33

Sprinkler Cost (% of Remodel)



Menlo Park Residential Remodel Stats





PRESSRELEASE

Menlo Park Fire Protection District 170 Middlefield Rd Menlo Park, CA 94025 650-688-8400 Fax: 650-323-9129

For Immediate Release

Date: December 15, 2015

Contact: Jon Johnston

Phone: 650-688-8431

Second Residential Fire Sprinkler Save in Two Weeks in Menlo Park Fire Protection District.

Jon Johnston, Fire Marshal with the Menlo Park Fire Protection District is happy to announce two successful fire sprinkler activations and structure saves. Through proactive sprinkler legislation in East Palo Alto and Atherton, one multi-family residence and one single family residence received minor damage by keeping fires small, limiting damage and possibly saving lives.

On December 6, 2015, Engine 2 responded to 1982 West Bayshore in East Palo Alto to a three story multi-family complex with a kitchen fire in a second floor unit. After the tenant attempted to unsuccessfully use a fire extinguisher, a residential fire sprinkler activated and contained the fire. Fire department personnel arrived and finished extinguishing the fire. A cardboard box was

left on a stove top. When the stove top was accidentally turned on, the box was ignited. No one was injured and the fire damage was contained to the unit with some water damage to the unit below. The loss was far less than had a fire been allowed to continue to grow without the residential sprinkler activation.

On December 14, 2015, Engine 4 responded to a residential fire at 5am involving a covered outdoor kitchen area at 1 Kilroy Way in Atherton. A BBQ was unintentionally left on which heated and started a fire to adjoining cabinets and materials. An exterior residential sprinkler head activated and contained the fire, preventing the fire from spreading to the residence. Fire department personnel responded, suppressed the fire and eliminated the hazard. The residents are able to stay in their home due to the sprinkler activating and preventing the spread of fire to their home. No one was injured.

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Menlo Park Fire Protection District

Bureau of Fire and Life Safety

170 Middlefield Rd.

Menlo Park, CA 94025

650-688-8425

Bureau of Fire Prevention and Life Safety

SECTION 101.6

POLICY MANUAL

This manual shall serve as a supplemental instruction and interpretation manual for the Fire Prevention Code.

Updated 1-1-2017

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*Fire Department Access
Information Packet*



100 Years of Service

*Menlo Park Fire Protection District
Bureau of Fire Prevention and Life Safety*

MENLO PARK FIRE PROTECTION DISTRICT

GUIDELINE FOR PRIVATE ROADS AND DRIVEWAYS

Includes requirements for Gates, Turnarounds & Turnouts

SCOPE. This guideline provides the minimum requirements necessary for Driveways of any length with Gates, Driveways exceeding 150 feet in length, and Private Roads of any distance. In addition to the requirements set forth within this guideline, Private Roads or Driveways shall also comply with the 2016 California Fire Code (CFC), Chapter 5 and Appendix D.

When necessary, these guidelines may be modified to ensure adequate access for fire apparatus and public safety. Some factors that may contribute to modifications include walls, cliffs along roads or driveways, angle of approach or departure, grade/slope, and the likelihood of future obstructions.

DEFINITIONS

AASHTO HB-17: American Association of State Highway and Transportation Officials, the 17th edition *Standard for Highway Bridges*.

ALL WEATHER ROAD: A road or driveway constructed of asphalt, concrete, or other approved driving surface capable of supporting the imposed load of fire apparatus weighing at least 80,000 pounds (34,050 kg).

PRIVATE ROAD: An access road that is outside the boundaries of the properties being served and/or serving 3 or more dwelling units.

GATES

The design for all gates across driveways and private roads shall be approved by the Fire District. Gates shall comply with all of the following criteria:

1. A minimum clear, unobstructed width of not less than 16 feet shall be provided.
2. Gates shall be of the swinging or sliding type.
3. Gates may have electric opening devices, but shall allow manual operation by one person.

4. Gate components shall be maintained in an operative condition at all times and replaced or repaired when defective.

5. All locking devices shall provide for Fire District access. Electric gates shall have a Knox® override key switch installed. Please see Menlo Park Fire District Guideline on Key Box Installations for details on Knox® override switches.

6. Manual opening gates shall not be locked with a padlock or chain and padlock unless they are capable of being opened by means of forcible entry tools, a Knox® Pad Lock is used, or when a Knox® Key Box containing the key(s) to the lock is installed at the gate location.

7. Locking device specifications shall be submitted to the Menlo Park Fire District for approval by the fire code official.

DRIVEWAYS – For Single Family Residential Only

Driveway Specifications. Driveways shall extend to within 150 feet of all portions of the facility and all portions of the exterior walls of the first story of the building. Driveways shall provide a minimum unobstructed width of 16 feet (4877 mm) and a minimum unobstructed height of 13 feet 6 inches (4115 mm). Driveways in excess of 150 feet (45 720 mm) in length shall be provided with turnarounds. Driveways in excess of 500 feet (152,400 mm) in length and less than 20 feet (6096 mm) in width shall be provided with turnouts in addition to turnarounds.

Fire Sprinkler Allowance. When the most remote single family residence is provided with automatic fire sprinkler protection and is less than 3600 square feet, the driveway distance may be measured from the edge of the street to the face of the structure.

Turnarounds. Driveway turnarounds shall have inside turning radii of not less than 30 feet (9144 mm) and an outside turning radii of not less than 45 feet (13 716 mm). Driveways that connect with a road or roads at more than one point may be considered as having a turnaround if all changes of direction meet the radii requirements for driveway turnarounds.

Driveways exceeding 1 mile in length shall be provided with approved turnaround areas at ½ mile intervals.

Turnouts. Driveway turnouts shall be an all-weather road surface at least 10 feet (3048 mm) wide and 30 feet (9144 mm) long. Driveway turnouts shall be located every 500 feet or at the midpoint if the road is 1,000 feet or less.

PRIVATE ROADWAYS

Roadway Specifications. Private roadways serving 3 or more residential occupancies shall be all-weather roads with a minimum width of 20 feet (6096 mm) and a clear height of 13 feet 6 inches (4115 mm). Roadways shall be designed to accommodate the weight of fire apparatus and the minimum turning radii of 36 feet for fire apparatus. Dead-end roads in excess of 150 feet (45 720 mm) in length shall be provided with turnarounds as specified by CFC Appendix D, Table D103.4. Access roads exceeding 1 mile in length shall be provided with approved turnaround areas at ½ mile intervals.

Marking of roads. All road identification signs and supports shall be of noncombustible materials. Signs shall have minimum 4-inch-high (102 mm) reflective letters with 1/2 inch (12.7 mm) stroke on a contrasting 6-inch-high (152 mm) sign. Road identification signage shall be mounted at a height of 7 feet (2134 mm) from the road surface to the bottom of the sign.

Marking of Fire Protection Equipment. Fire protection equipment and fire hydrants shall be clearly identified accordance with the Menlo Park Fire District Guideline, “Water Supplies and Fire Hydrants.” On-site fire hydrants shall not be obstructed.

Cul-de-sacs, Curves, and 90° Turns. Cul-de-sacs, curves, and 90° turns shall be in accordance with CFC Appendix D. No obstructions are allowed within the cul-de-sac, such as trees, planters, islands etc.

GENERAL REQUIREMENTS

Surface. All the items in this standard shall meet the requirements for an all weather road.

Landscape. Landscaping shall not interfere with the required fire apparatus access.

Parking. Parking (or any other obstruction) will not be allowed on any of the items in this standard, unless additional space is provided and approved.

Fire Lane Signs. Installation and placement of signs and markings and designating fire lanes shall be in accordance with Menlo Park Fire Protection District Guideline for “Designation and Marking of Fire Lanes.”

Easements. Access improvements (roads, turnarounds and turnouts) that cross property lines shall be recorded with the San Mateo County Tax Assessors Office.

Bridges and elevated surfaces. Where a bridge or an elevated surface is part of the private roadway or driveway, the bridge shall be constructed and maintained in accordance with AASHTO HB-17 and CFC Chapter 5 Section 503.2.6.

Address markers. All buildings shall have a permanently posted address, which shall be placed at each driveway entrance and be visible from both directions of travel along the road. Permanent addresses on new construction and substantial remodels shall be internally or externally illuminated from dusk to dawn. Addresses shall be posted at the beginning of construction and shall be maintained thereafter. The address shall be visible and legible from the road on which the address is located. Address signs along one-way roads shall be visible from both the intended direction of travel and the opposite direction.

Where multiple addresses are required at a single driveway, they shall be mounted on a single post, and additional signs shall be posted at locations where driveways divide.

Where a roadway provides access solely to a single commercial or industrial business, the address sign shall be placed at the nearest road intersection providing access to that site.

Grades. The gradient for private roadways and driveways shall not exceed 10%. Turnarounds and cul-de-sacs shall not have a grade greater than 5% in any direction. Turnouts, curves, and 90° turns shall not have a grade greater than allowed for the road they are on. Transitions between grade changes shall not exceed 5% and shall not interfere with the angle of approach, angle of departure or high centering of fire apparatus.

Timing of Installation. Access roadways and water supply, including the items required by this guideline, shall be provided prior to and kept in place during the time of construction.

PLAN CHECKS

Plan check. Two copies of a clear accurate site plan, with scale shown, are required for plan review. Plans shall include fire hydrant location(s) with the submittal. When

approved, one copy will be kept by the Bureau of Fire Prevention and Life Safety and “Job Copy” will be returned to the applicant. Final approval is subject to an onsite inspection.

**MENLO PARK FIRE PROTECTION DISTRICT
GUIDELINE FOR DESIGNATION AND MARKING OF FIRE LANES**

Scope. This guideline provides standard requirements for the installation and placement of signs and markings designating “fire lanes” when required by the Menlo Park Fire Protection District to provide adequate fire apparatus access. Sign requirements include fire lanes and access roads on both private residential developments and private commercial and industrial properties. Also included in this guideline are requirements for painting curbs and designated areas without curbing.

**FIRE LANE SIGNS
FIRE LANES AND ACCESS ROADS ON
PRIVATE RESIDENTIAL DEVELOPMENTS**

OPTION #1 – “NO PARKING” Signs

Sign “A” Requirements:

Signs marking fire lanes are to be spaced so they can be easily read from one sign to another, but in no case shall the signs be more than 100 feet apart.

Signs are to face on-coming vehicular traffic.

All curbs and adjoining fire lanes or posted areas must be painted red and labeled in white, “NO PARKING FIRE LANE.”

All curbs and signs are to be maintained by the property owner

All areas posted under Option #1 are to use sign “A”

All signs must conform to Menlo Park Fire Protection District Guidelines.

OPTION #2 – “ENTRANCE” Signs

Sign “B” Requirements:

One (1) sign is required at all points of entry to properties with marked parking stalls.

Signs are to face on-coming vehicular traffic

All curbs adjoining fire lanes or posted areas are required to be painted red and labeled in white, “NO PARKING FIRE LANE.”

All curbs and signs are to be maintained by the property owner.

All signs must conform to Menlo Park Fire Protection District Guidelines

**FIRE LANE SIGNS
FIRE LANE AND ACCESS ROADS ON
PRIVATE COMMERCIAL AND INDUSTRIAL PROPERTY**

OPTION #1 – “NO PARKING” Signs

Sign “A” Requirements:

Signs are required within three (3) feet of each end of curbed area and spaced a maximum of fifty (50) feet apart thereafter.

In addition, one (1) sign is required for each island adjacent to a fire lane or access road if the road width is less than 26 feet.

Signs are to face on-coming vehicular traffic.

All curbs and signs are to be maintained by the property owner.

All signs must conform to Menlo Park Fire Protection District Guidelines.

OPTION #2 – “ENTRANCE “ Signs

Sign “B” Requirements:

One (1) sign is required at all points of entry to properties with marked parking stalls.

Signs are to face on-coming vehicular traffic

All curbs adjoining fire lanes or posted areas are required to be painted red.

All curbs and signs are to be maintained by the property owner.

All signs must conform to Menlo Park Fire Protection District Guidelines

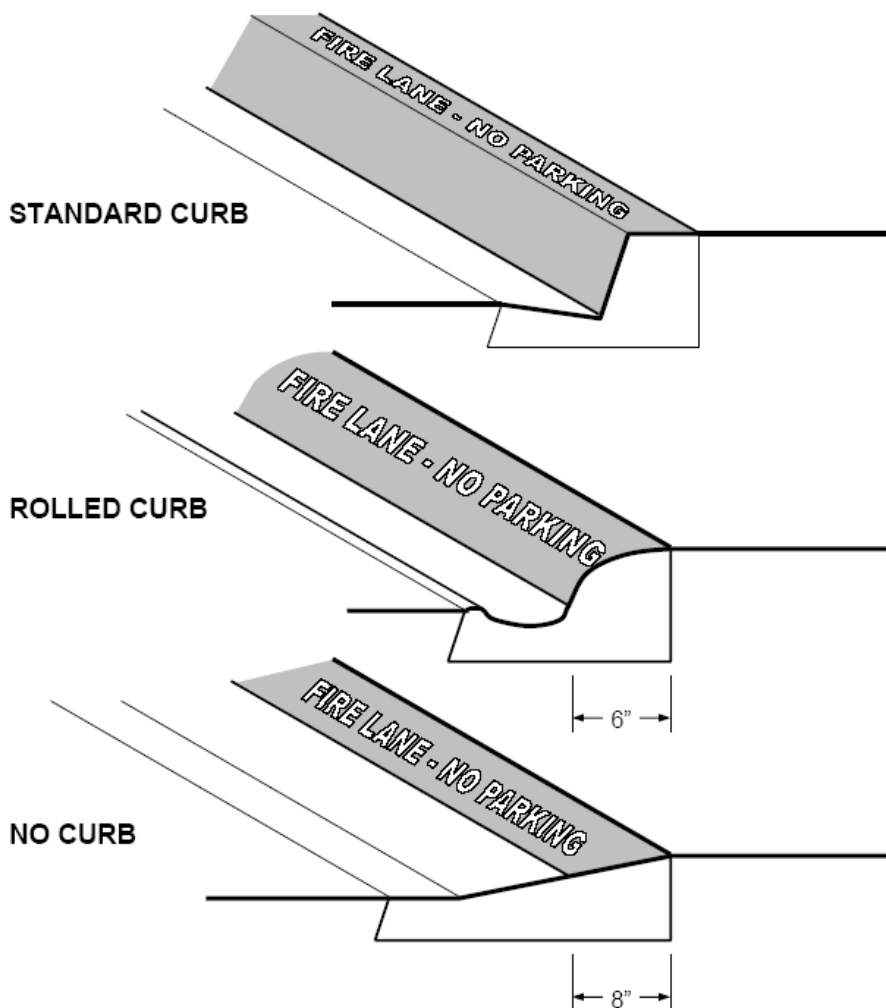
Enforcement

California Vehicle Code Section 22500.1 - Fire lanes; parking violations; and signs:

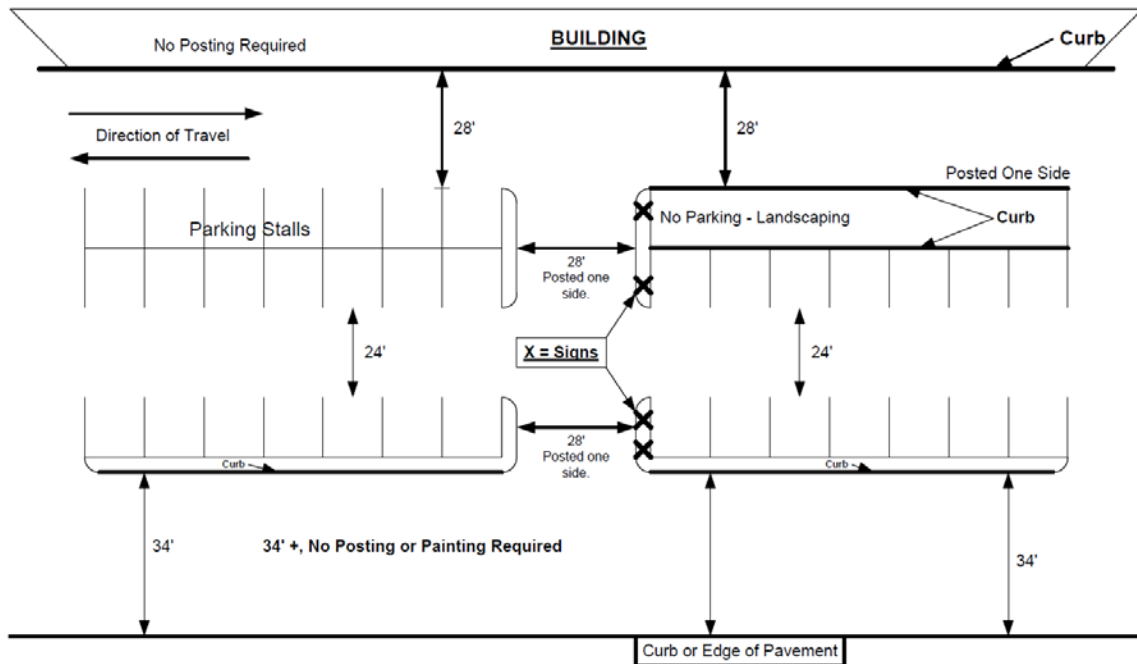
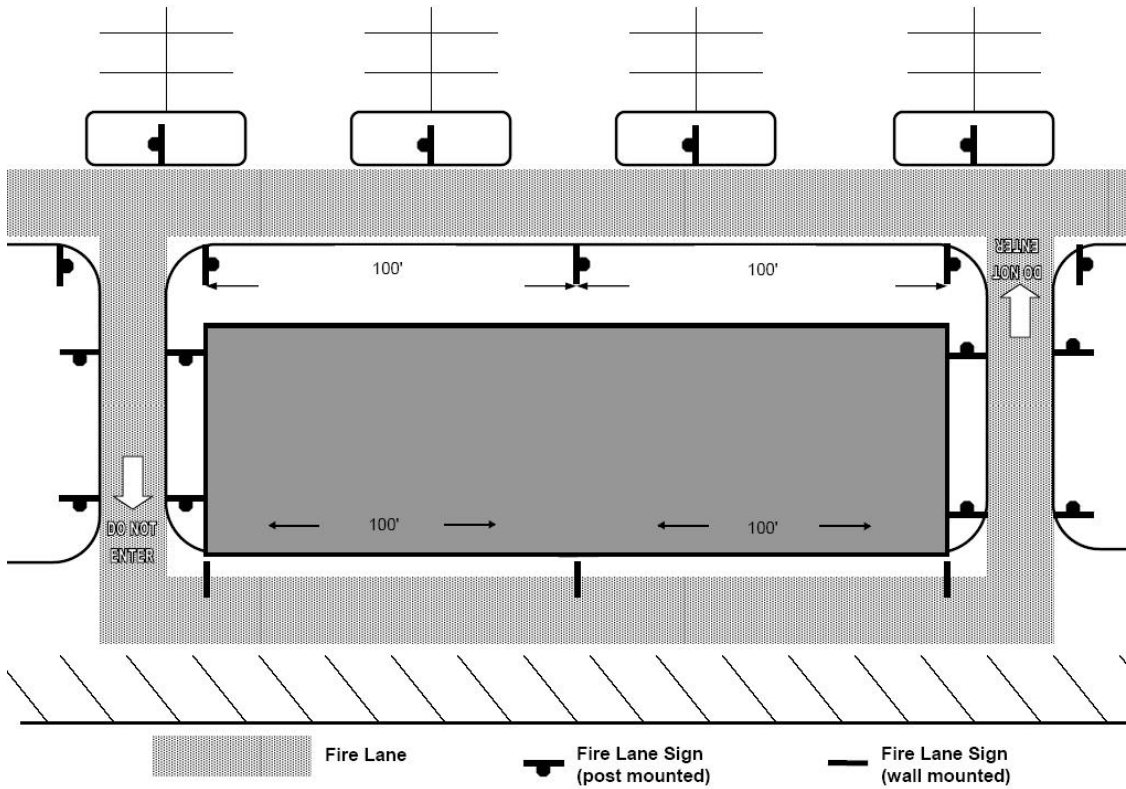
In addition to Section 22500, no person shall stop, park or leave standing any vehicle, whether attended or unattended, except when necessary to avoid conflict with other traffic or in compliance with the directions of a peace officer or official traffic control device along the edge of any highway, at any curb, or in any location in a publicly or privately owned or operated off-street parking facility, designated as a fire lane by the fire department or fire district with jurisdiction over the area in which the place is located.

The designation shall be indicated by (1) a sign posted immediately adjacent to, and visible from, the designated place clearly stating in letters not less than one inch in height that the place is a fire lane, (2) by outlining or painting the place in red and, in contrasting color marking the place with the words "FIRE LANE", which are clearly visible from a vehicle or (3) by red curb or red paint on the edge of the roadway upon which is clearly marked the words "FIRE LANE".

Fire Lane Identification – Red Curbs

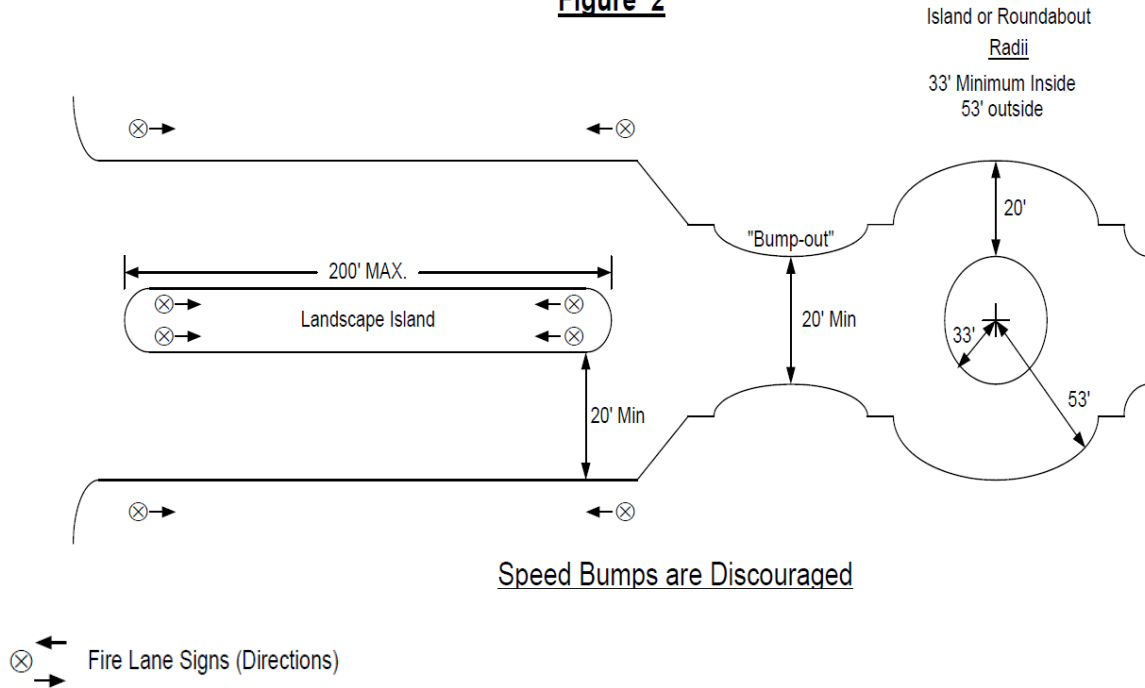


Fire Lane No Parking Sign Locations



Traffic Calming Devices Exaggerated

Figure 2



Fire Lane Post Installation

(12' x 18')

A. Height of the sign: 7' in sidewalk or pedestrian areas, 5' in all other areas.

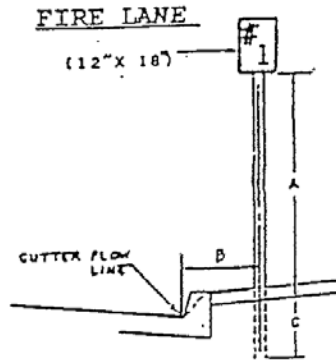
B. Distance from front of curb: 18" with standard curb, 24" with rolled curb, to center of post.

C. Depth of sign base: 24" minimum embedment.

NOTE: Signs may be mounted to an existing post or on a building that is no more than 24" from curb or edge of road surface.

FIRE LANE SIGN POST INSTALLATION

This Standard defines the Menlo Park Fire Protection District minimum requirements for the installation of fire lane signpost installations.



POST INSTALLATION – Sign #1

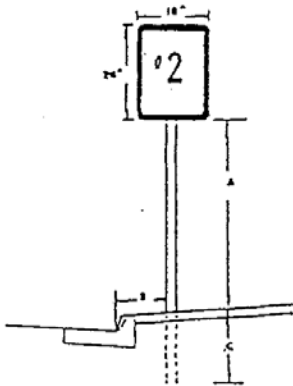
- A = 7' in sidewalk or pedestrian areas
5' in all other areas
- B = 18" with standard curb
24" with rolled curb to center of post
- C = 24" minimum embedment

NOTE: Signs may be mounted on existing posts or buildings, if post or building is no more than 24" from curb or edge of road surface.

SIGN AND POST INSTALLATION – sign #2

- A = 7' in sidewalk or pedestrian area
3' in all other areas
- B = 18" standard curb
24" rolled curb
- C = 24" minimum embedment

NOTE: Signs may be mounted on entrance gates, buildings, or existing posts if the above are within 24" of the curb or edge of road surface.



**MENLO PARK FIRE PROTECTION DISTRICT
APPROVED FIRE LANE SIGNS**

The following signs are approved by the Menlo Park Fire Protection District for fire lanes and access roads on private commercial and industrial properties:



FIRE LANE SIGN "A"

12" X 18"
Red Letters on White
Not Reflectorized
.063 Gauge



ENTRANCE SIGN "B"

18" X 24"
Red Letters on White
Not Reflectorized
.80 Gauge

NOTE: All information on signs must appear as shown.



TOWING OF VEHICLES FROM FIRE LANES ON PRIVATE PROPERTY BY THE PROPERTY OWNER

The owner of a private property containing a fire lane may have a vehicle towed from a fire lane on their property. The owner of the property usually contracts with a private towing company in advance. The following are the requirements for a property owner to tow a vehicle from a fire lane on his/her property.

1. Signs must be in place before an owner may tow. The signs must be displayed in plain view at all entrances to the property.
 - The sign must be not less than 12x18 inches in size.
 - Lettering must not be less than one inch in height.
 - Signs must clearly state that stopping in a fire lane is prohibited.
 - The sign must indicate that vehicles will be removed at the owner's expense.
 - The sign must contain the telephone number of the local traffic law enforcement agency.
 - The sign must contain the name and telephone number of each towing company that is party to a written agreement with the property owner.
2. The California Vehicle Code, Section 22658, requires the owner of the property to notify the local traffic law enforcement agency within one hour of towing.
3. Fire lanes shall be marked according to California Vehicle Code Section 22500.1, as indicated above.
4. Owners of private property may post NO PARKING signs for various reasons other than a fire lane and have vehicles removed. Refer to the California Vehicle Code, Section 22658.

MENLO PARK FIRE PROTECTION DISTRICT

GUIDELINE FOR THE INSTALLATION OF TRAFFIC CALMING DEVICES

Scope. When allowed by the fire code official, the installation of any traffic calming device shall be in accordance with Federal, State, and County guidelines and the requirements set forth in this Standard.

Traffic Calming Devices

Plans for traffic calming devices must be submitted for the Department's review and approval. We support the design of safe streets and the need for devices intended to slow traffic, i.e., islands, roundabouts, and bump outs; however, we discourage the use of speed humps. In most cases, traffic calming devices can be designed within our minimum requirements.

Emergency Response Issues with speed humps:

- Concern over jarring of emergency rescue vehicles
- Approximate delay of between 3 and 5 seconds per hump for fire trucks and up to 10 seconds for ambulances with patients

Locations. Traffic calming devices shall not be allowed on designated fire apparatus primary response routes, see www.menlofire.org for current Primary Response Route map. When approved by the fire code official, traffic calming devices shall be installed in accordance with the following Federal Highway Administration guidelines:

1. Traffic calming devices may only be installed on residential streets. They shall not be used on major roads, bus routes, or primary emergency response routes.
2. Speed humps shall not be placed mid-block or at intersections.
3. Traffic calming devices shall not be located on grades greater than 8 percent.
4. The maximum height of a speed hump shall not exceed 3.5 inches.
5. In accordance with San Mateo County Policy, speed humps shall not be placed on streets where posted speed limits are 30 miles per hour or more.

Installation of traffic calming devices. When allowed by the fire code official, traffic calming devices such as roundabouts or other devices that are meant to disrupt the

normal flow of traffic, such devices shall be installed in a manner that does not obstruct the required width of a fire lane as specified by Section 503.2.1 of the California Fire Code and 503.4.1.

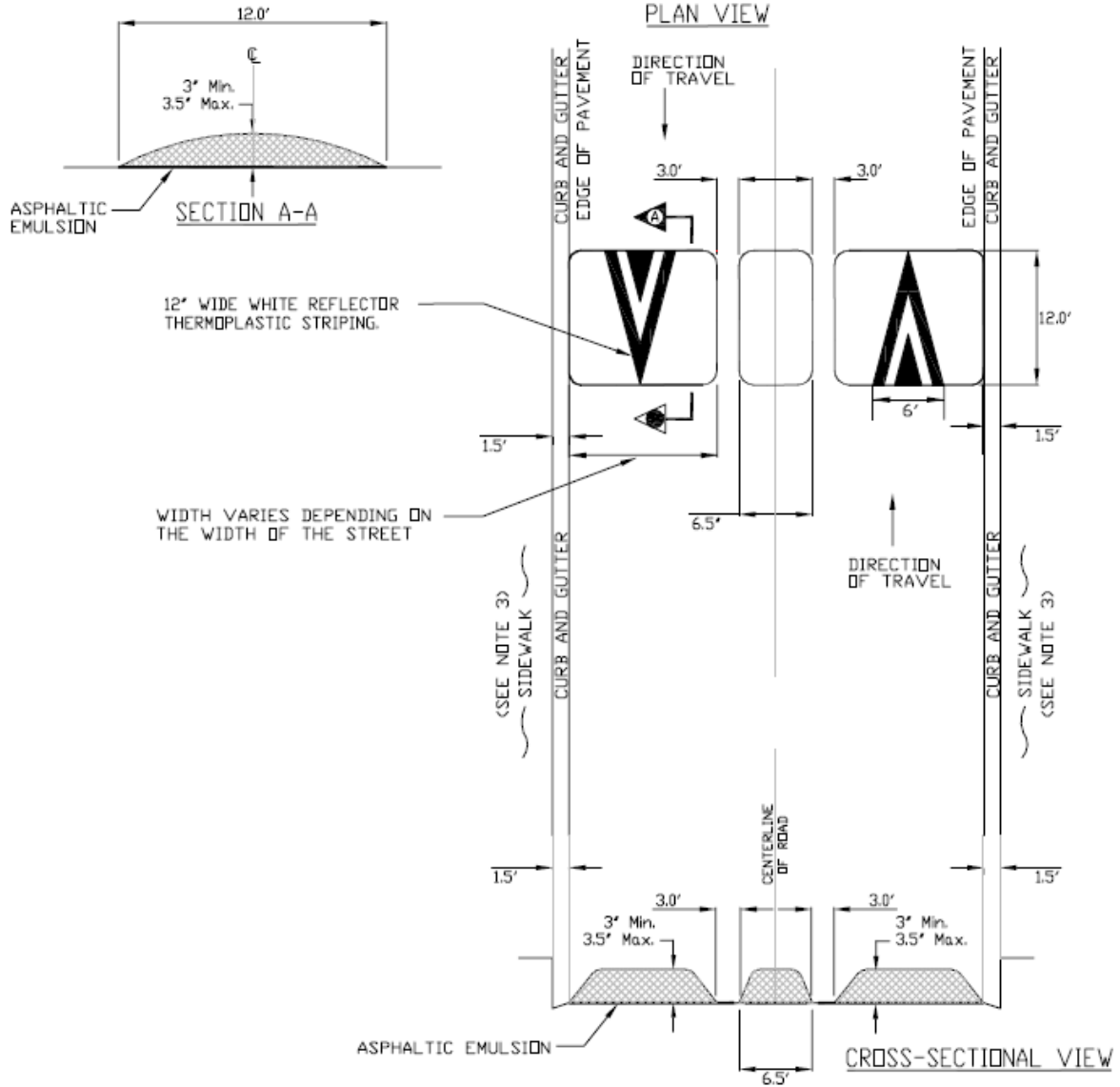
Installation of speed humps. When approved by the fire code official, speed humps may be installed in accordance with the Federal Highway Administration *Manual on Uniform Traffic Control Devices* or the San Mateo County Department of Public Works traffic humps drawing.

SAN MATEO COUNTY DEPARTMENT
OF
PUBLIC WORKS

REDWOOD CITY
CALIFORNIA

DRAWN BY: EPC
CHECK BY: LE
APPROVED BY: LE

SCALE: NONE
DATE: 11/04
REVISED: _____

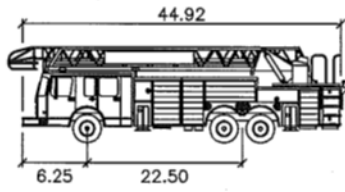


TYPICAL CONSTRUCTION DETAIL: SPEED LUMP

NOT TO SCALE

NOTES:

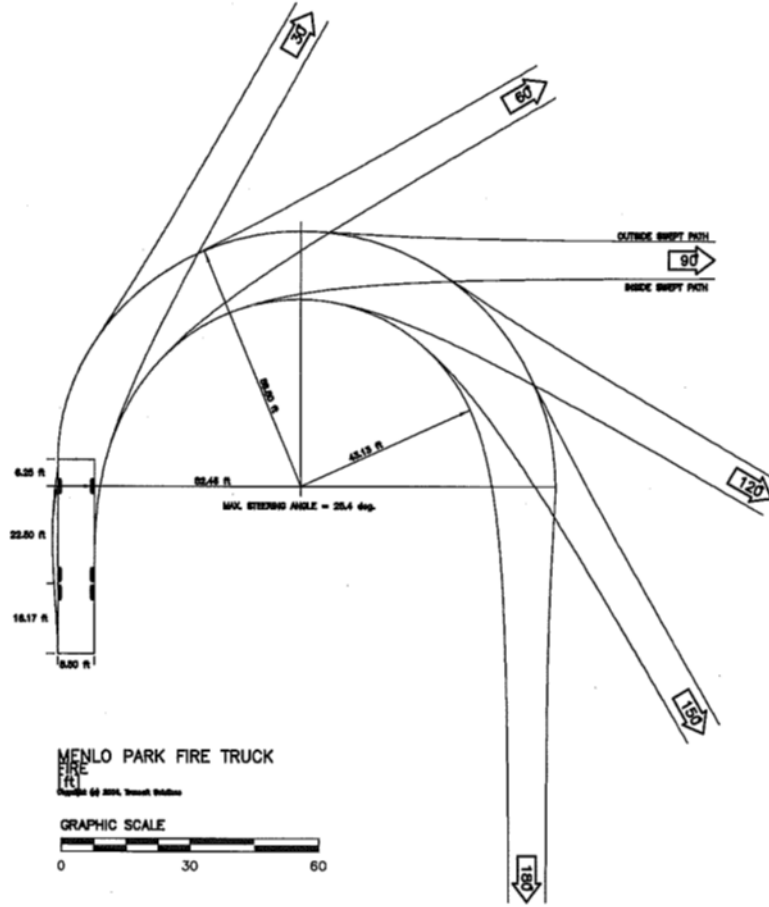
1. SPEED HUMP STRIPING MAY BE ELIMINATED, AT THE DIRECTION OF THE ENGINEER.



MENLO PARK FIRE TRUCK

- Width : 8.50
- Track : 8.50
- Lock to Lock Time : 6.00
- Steering Angle : 25.40

NOTE: PROFILE IS NOT TO SCALE



MENLO PARK FIRE TRUCK

Model of 2004 Freightliner



*Fire Alarm and Detection Systems
Information Packet*



100 Years of Service

*Menlo Park Fire Protection District
Bureau of Fire Prevention and Life Safety*

MENLO PARK FIRE PROTECTION DISTRICT

GUIDELINE FOR THE INSTALLATION OF FIRE ALARM AND DETECTION SYSTEMS

SCOPE: This guideline applies to the design and installation of automatic fire alarm systems in all buildings and structures except one and two-family dwellings, manufactured homes, and

public schools. This guideline is to be used in conjunction with the latest State Fire Marshal adopted version of NFPA 72, the 2016 California Fire Code, the Menlo Park Fire Protection District Ordinance, and other applicable national standards including manufacturer recommendations.

1. SYSTEM DESIGN AND INSTALLATION

All individuals and companies who intend to engage in the installation or alteration of fire alarm or monitoring systems are subject to the requirements of this standard.

Plans for a fire alarm or monitoring system are required to be designed by a Registered Professional Engineer (Electrical, Mechanical, or Fire Protection), licensed by the State of California, Board of Professional Engineers. All copies of the plans shall be stamped and signed by the licensed individuals. A C-10 Licensed Contractor shall only design systems that the firm has a contract to install.

The fire alarm or monitoring system needs to be installed by an individual who holds a State of California C-10 Contractor's License.

2. GENERAL REQUIREMENTS

A. In accordance with Menlo Park Fire District Ordinance, Section 907.7, fire alarms systems in new commercial structures shall obtain a UL Certificate for the system prior to final inspection.

B. All systems shall be fully addressable to Central Station.

C. The Remote annunciator shall be located at the main entrance to the building, or other location approved by the fire code official.

D. A durable map shall be provided at the Remote Annunciator indicating the location of the Fire Alarm Control Panel.

E. The instructions to silence and reset the Fire Alarm shall be located at the Fire Alarm Control Panel.

3. PLAN SUBMITTAL PROCEDURE

Menlo Park Fire District requires a Fire District Plan Check Application accompanied by a minimum of two sets of plans, State Fire Marshal equipment lists, battery calculation sheet, and the appropriate fees (See Menlo Park Fire District Fee Schedule). All fees shall be paid at the time of plan submittal. Plans will be checked and when approved, will be stamped, signed and dated. The Fire District will retain one set of the plans. One copy of the Fire District stamped plans and the original Fire District Permit Card shall be maintained on the job site.

Modifications/changes to existing plan may require an additional plan check by the Fire District. Excessive field changes will require re-submittal of plans along with additional plan check fees.

4. PLAN SUBMITTAL INFORMATION

I. Title or Cover sheet shall include:

- A. Address of alarm installation
- B. Phone number of alarm installation location
- C. Contact person at alarm installation location
- D. Occupancy classification of the building or area
- E. Whether or not the building is sprinklered
- F. Name, address and phone number for person designing the system
- G. What codes or standards the system is designed to (i.e., NFPA 72)
- H. Name, address and phone number and license number of the installing contractor.

II. Equipment List to include:

- A. Manufacturer's name and model number for each device
- B. Quantities of each type of device
- C. Description of each device (i.e., heat detector, ionization detector, duct detector, control unit, etc.)
- D. California State Fire Marshal's listing number and listing sheet with renewal number.
- E. Mounting requirements (wall, ceiling, flush, etc.)
- F. Symbols to be used on drawings, along with legend
- G. Manufacturer's cut sheet should be included

III. Drawings:

- A. Drawings and attachments should be clearly labeled and legible
- B. Stick on dots or similar materials are not acceptable
- C. Submit at least two copies of all drawings and attachments.
- D. Contact the Building Department regarding any additional permits required
- E. All drawings must be to scale, and scale clearly indicated.

Floor plans are required to show:

- 1. Device(s) location
- 2. Type of device(s)
- 3. Control(s) location
- 4. Conduit connection and size
 - a. Surface mounted installation
 - b. Semi-flush mounted installation
 - c. Flush mounted installation
- 5. Type and size of wire or cable
- 6. Exterior mounted device, Weatherproof

Point to Point system wiring diagram showing:

- 1. Interconnection of identified devices and controls

2. Type of power feed to the control panel
3. External connection of modules in control panel

Alarm Circuit load consumption of furthest alarm circuits on drawing showing:

1. Quantity of bells on furthest circuit and current consumption
2. Length of furthest circuit and resistance of wire

Fire Alarm System Riser Diagram

IV. Attachment to Drawings:

Battery calculation sheet showing:

1. Standby power consumption of all current drawing devices times the required by minimum requirements of NFPA
 - a. Power consumption of control panel modules
 - b. Power consumption of all devices on standby, including door holder, relays, etc.

2. Alarm power consumption of all current drawing devices, multiply the minutes required by minimum requirements of NFPA
 - a. Add power consumption of all operating signals, lights, relays, etc.
 - b. Omit power consumption of door holders, etc.
 - c. Formula format for battery calculation.

Sequence of operating instructions:

1. Step by step instruction for the operation of each type of initiating device in the system including reset.

Sequence of test inspection operating instructions:

1. Identify monitoring company
2. Identify what auxiliary function switches or devices are to be disconnected before testing is to be started.
3. Selection of operation of at least one type of device in each initiating circuit as outlined in "Sequence of Operation".
4. What functions are to take place upon operation of selected device.
5. Identification of equipment supplier and installer.

State Fire Marshal's listing sheets for each device or component

5. INSPECTION AND TESTING PROCEDURE

- A. The fire alarm system and all new fire alarm components shall be tested in accordance with NFPA 72.
- B. A sheet shall be provided to the Fire Inspector indicating that a 100% pretest through the Central Station has occurred, and that the fire alarm system functions correctly and passed the pretest.
- C. A copy of the Record of Completion and Fire Alarm Certificate shall be presented to the Fire Inspector.

- D. The building may not be occupied prior to testing of the fire alarm system by the Bureau of Fire Prevention and Life Safety.

6. SCHEDULING INSPECTIONS

- A. The inspection fee that is paid at the time of plan submittal will provide for one field inspection to complete the project. For projects requiring additional inspections, requests will not be accepted unless additional fees are paid prior to scheduling an inspection.
- B. It is the responsibility of the installing contractor/owner to be on the job site during the inspection with original approved plans and the original permit card. Failure to do so will result in the cancellation of the inspection. Cancelled inspections will be counted as one inspection.
- C. Inspection requests can only be taken from the installing contractor.
- D. Contact Fire District Inspectors at least two business days prior for scheduling an inspection. Call the inspector of record indicated on the permit card.
- E. Inspection times are approximate and may vary because of delays at previous inspections or emergency response by Fire District personnel. Please allow time on either side of the inspection time for the inspector to arrive.

Commercial Fire Sprinkler Information Packet



*Menlo Park Fire Protection District
Bureau of Fire and Life Safety*

**MENLO PARK FIRE PROTECTION DISTRICT
GUIDELINE FOR THE INSTALLATION OF FIRE SPRINKLER SYSTEMS**

SCOPE: This guideline applies to the design and installation of automatic fire sprinkler systems in all buildings and structures except one and two-family dwellings and manufactured homes. This guideline is intended to be used in conjunction with the latest State Fire Marshal adopted version of NFPA 13, the 2016 California Fire Code, the 2016 California Building Code, the Menlo Park Fire Protection District Ordinance, and other applicable national standards including manufacturer recommendations.

1. SYSTEM DESIGN AND INSTALLATION

All individuals and companies who intend to engage in the installation or alteration of fire sprinkler systems are subject to the requirements of this standard.

Plans for a fire sprinkler system shall be designed by a State of California C-16 Licensed Contractor or by a Registered Professional Engineer (Civil, Mechanical, or Fire Protection), licensed by the State of California, Board of Professional Engineers. All copies of the plans shall be stamped and signed by the licensed individuals. A C-16 Licensed Contractor shall only design systems that the firm has a contract to install.

The fire sprinkler system shall be installed by an individual who holds a State of California C-16 Contractor's License.

2. GENERAL REQUIREMENTS

- A. When alterations of the existing light hazard sprinkler system exceeds 50% of the compartmented area, the existing fire sprinklers shall use quick response sprinklers, if the sprinklers are spaced at light hazard in accordance with NFPA 13.
- B. Sprinkler system water flow alarm and valve tamper switches are required to be supervised by an approved central station for systems with more than 20 sprinklers. Shell buildings and tenant areas will not receive a final inspection until the sprinkler alarm supervision is complete and in service.
- C. An exterior door is required to provide direct access to an interior fire sprinkler riser.
- D. When any building or structure or portion thereof undergoes an alteration, the portion of the fire sprinkler system in the alteration shall be upgraded to current codes and standards. This shall include but not be limited to the upgrading of seismic joints, sway bracing, fasteners and hangers.
- E. CPVC Piping shall not be allowed for any NFPA 13 fire sprinkler system.
Exception: When approved by the Fire Code Official, CPVC piping may be used in a NFPA 13 fire sprinkler system for residential portions of occupancies.

3. WATER SUPPLIES AND HYDRAULIC CALCULATIONS

- A. For single story buildings or structures with an interior height of up to 18 feet as measured from the finished floor to the underside of ceiling, the minimum sprinkler design shall be 0.18 gpm over the most remote 3,000 sq. ft. area plus 500 gpm hose stream included at the base of the riser. For buildings or structures with an interior height of over 18 feet from finished floor to the underside of the ceiling, the minimum sprinkler design shall be 0.33 gpm over the most remote 3,000 sq. ft. area plus 500 gpm for hose streams included at the base of the riser. With written

approval from the fire code official, schools, churches and similar occupancies which have few hazards and are unlikely to change may use lesser sprinkler design densities allowed by NFPA 13 and Chapter 9 of the Fire Code.

- B. Sprinkler design shall be adequate for all anticipated high hazard situations such as high piled combustible storage, plastic storage 6 ft. or higher, flammable liquids and other special hazards.
- C. The original sprinkler design for the building shall be maintained during all tenant improvements and other changes. One sprinkler may be added per plugged outlet included in the original sprinkler calculations. All other additional sprinklers are to be added from cross mains and feed mains unless the system is recalculated to verify that the additional sprinklers are acceptable.
- D. **NFPA 13 Section 11.2.3.3.3, Room Design Method**, shall be omitted. The design for any existing light hazard sprinklered occupancy shall be not less than 0.1gpm over the most remote 1,500 sq. ft. area.
- E. The following information shall be contained in the hydraulic calculations.
 - a. Calculations must conform to manufacturer's specifications.
 - b. "K" factors for all sprinklers.
 - c. "C" values for the type of pipe used.
 - d. A pump curve or city supply curve, where the total demand point is clearly plotted.
 - e. A 10% reduction in the available water pressure shall be included in all calculations
- F. When water storage tanks are required, each tank shall have a connection to a supply source to refill the tank automatically.

4. SYSTEM COMPONENTS

- A. In addition to system components required by NFPA 13, all systems shall also include the following:
 - 1. An approved rubber faced check valve located on the on the riser.
 - 2. All valves shall have an all-weather sign affixed to them, which indicates their purpose. The Fire Department Connection (FDC) shall be posted with the address of the building it services.

3. In addition to the requirements of California Fire Code Section 903.3.8, floor control valves shall be provided for each floor of any building or structure two or more stories in height.
4. Check valves shall be provided on each floor of any building or structures.

5. PLAN SUBMITTAL PROCEDURE

Menlo Park Fire District requires a Fire District Plan Check Application accompanied by two sets of plans, hydraulic calculations, a current fire flow test report, and the appropriate fees (See Menlo Park Fire District Fee Schedule). All fees shall be paid at the time of plan submittal.

Plans will be checked and if approved, will be stamped, signed and dated. The Fire District will retain one set. One copy of the Fire District **original** stamped plans and the **original** Fire District Permit Card shall be maintained on the job site.

Modifications/changes to existing plan will require an additional plan check by the Fire District. Excessive field changes may require re-submittal of plans along with additional plan check fees.

6. PLAN SUBMITTAL INFORMATION

- A. Sprinkler plans and calculations shall be submitted with all the information required by the latest approved edition of NFPA 13, INCLUDING ALL DETAILS FOR HANGERS, and EARTHQUAKE SWAY BRACING AND FASTENERS. The sprinkler system will not receive a final inspection unless and until the installation is in accordance with the approved plans, and the placard with the design information has been provided on the riser. NFPA 13-6.1, CFC 901.2
- B. To speed up the plan check process and to avoid the possibility of returning the plans for corrections, please use the following checklist, prior to submittal, to insure that the appropriate information is included on the working sprinkler drawings:
 1. Name of owner and/or occupant
 2. Location of project, including street, number, and city.
 3. Name of sprinkler installer, address, phone number, type of license and license number.
 4. Total number of square feet.
 5. Point of compass.

6. All plans must be to scale or dimension. The scale shall be no smaller than 1/8 inch=1 foot.
7. Plot plan showing tank, pump, structures, underground pipe size and type, point of supply connections, depth of bury, type and size of any valves or meters.
8. Piping plan showing tank, pump, and structure elevations as they relate to each other.
9. Full height cross-section showing building construction types, vaulted, and beamed ceiling locations.
10. Water tank details including size and type of construction (Where applicable).
11. Detailed hydraulic calculations (See item 3 above).
12. Sprinkler head spacing.
13. Show clearly all unsprinklered areas.
14. Indicate manufacturer, style, model, orifice size, and "K" factor of each sprinkler used.
15. Indicate the type and size of pipe.
16. Provide hanger details.
17. Indicate type of fitting used.
18. Use of each room.
19. Location of heat sources.
20. Water flow information including:
 - Flow location
 - Static pressure, psi
 - Residual pressure, psi
 - Flow, gpm
 - Date
 - Time
 - Test conducted by or information supplied by_____.

C. The following notes shall be completed and placed verbatim on the working sprinkler plans:

1. This fire sprinkler system shall be designed and installed in accordance with NFPA 13 and Menlo Park Fire District Standards.
2. Only listed and approved devices shall be installed in this system.

3. Only new, listed sprinklers shall be employed in the installation of this sprinkler system.
5. All piping shall be provided with hangers and shall be supported per code and manufacturer's specifications.
6. All piping shall be hung from structural members.
7. Underground mains and lead-in connections shall be flushed before connection is made to sprinkler piping. The flush shall take place in the presence of Fire District Inspectors. See also Section 7-E below.
8. This fire sprinkler system shall be tested and inspected at both rough and final inspections, prior to occupancy being granted. Call two working days in advance to schedule all inspections.

7. INSPECTION AND TESTING PROCEDURE

- A. Welded piping connections shall be inspected before installation.
- B. The sprinkler system shall be field tested and inspected at the rough plumbing stage (i.e. exposed pipe and fitting stage) by the Fire Prevention Division. All new systems shall be hydrostatically tested (not pneumatic) for leakage at 200psi. For existing systems, when 20 sprinkler heads or more are added, a hydrostatic test of 50psi over normal water pressure shall be required.
- C. Riser detail showing system split, pressure gauge, check valve, main control valve, relief valve (where applicable), main drain valve.
- D. Indicate the manufacturer, model, type, and pump curve of the booster pump (where applicable).
- E. All systems shall have an underground flush completed at time of hydrostatic test prior to connecting the underground to the overhead piping.
- F. The sprinkler system and all of the related components shall be tested and inspected by the Fire Prevention Division at the final inspection stage, prior to occupancy being granted.
- G. At least two spare sprinklers of each type, temperature rating, and orifice size used in the system and a sprinkler wrench shall be provided and located at the system riser.
- H. A 5 Year Service Test sticker shall be placed on the riser at the time the sprinkler system is put in service or at the time of final inspection if the system is put in service before final inspection.

8. SCHEDULING INSPECTIONS

- A. The inspection fee that is paid at the time of plan submittal will provide three inspections to complete the project (one weld inspection, one rough-in, and one final inspection). For projects that exceed this limit, inspection requests will not be accepted unless additional fees are paid prior to scheduling an inspection.

- B. It is the responsibility of the installing contractor/owner to be on the job site during the inspection with **original** approved plans and the **original** permit card. Failure to do so will result in the cancellation of the inspection. Cancelled inspections will be counted as one inspection.
- C. Inspection requests can only be taken from the installing contractor.
- D. Contact Fire District Inspectors at least two business days prior to inspection for scheduling an inspection. Call the inspector of record indicated on the permit card.
- E. Inspection times are approximate and may vary because of delays at previous inspections or emergency response by Fire District personnel. Please allow time on either side of the inspection time for the inspector to arrive.

*Residential Fire Sprinkler
Information Packet*



100 Years of Service

*Menlo Park Fire Protection District
Bureau of Fire Prevention and Life Safety*

MENLO PARK FIRE PROTECTION DISTRICT

GUIDELINE FOR INSTALLATION OF RESIDENTIAL FIRE SPRINKLERS

SCOPE: This guideline applies to the design and installation of automatic fire sprinkler systems in one and two-family dwellings and manufactured homes. This guideline is meant to be used in conjunction with NFPA 13D, Installation of Sprinkler Systems in One and Two-Family Dwellings and Manufactured Homes, the California Fire Code, the California Building Code, the California Residential Code, the Menlo Park Fire Protection District Ordinance, and other applicable national standings including manufacturer recommendation.

1. SYSTEM DESIGN AND INSTALLER REQUIREMENTS

All individuals and companies who intend to engage in the installation or alteration of fire sprinkler systems in one and two family dwelling are subject to these requirements.

Plans for a fire sprinkler system shall be designed by a State of California C-16 Licensed Contractor or by a Registered Professional Engineer (Civil, Mechanical, or Fire Protection), licensed by the State of California, Board of Professional Engineers. All copies of the plans shall be stamped and signed by the licensed professionals. A C-16 Licensed Contractor shall only design systems that the firm has a contract to install.

The fire sprinkler system shall be installed by an individual who holds a State of California C-16 Contractor's License or, by an owner-builder provided the individual owns the dwelling.

2. PLAN SUBMITTAL

Procedure

Menlo Park Fire District requires a Fire District Plan Check Application accompanied by two sets of plans, hydraulic calculations, and the appropriate fees (See Menlo Park Fire District Fee Schedule). All fees shall be paid at the time of plan submittal.

Plans will be checked and if approved, will be stamped, signed and dated by Fire District officials. The Fire District will retain one set of plans. One copy of the **original** approved plans and the **original** Fire District Permit Card shall be maintained on the job site.

Modifications and changes to the existing plan will require an additional plan check by Menlo Park Fire District along with additional plan check fees.

Plan Submittal Information

Systems shall be designed and calculated in accordance with NFPA 13-D Chapter 8 “Systems Design.”

1. To speed up the plan check process and to avoid the possibility of returning the plans for corrections, please use the following checklist, prior to submittal, to insure that the appropriate information is included on the working sprinkler drawings:

- a. Name of owner and/or occupant
- b. Location of project, including street, number, and city.
- c. Name of sprinkler installer, address, phone number, type of license and license number.
- d. Total number of square feet.
- e. Point of compass.
- f. All plans must be to scale or dimension. The scale shall be no smaller than 1/8 inch=1 foot.
- g. Plot plan showing tank, pump, structures, underground pipe size and type, point of supply connections, depth of bury, type and size of any valves or meters.
- h. Piping plan showing tank, pump, and structure elevations as they relate to each other.
- i. Full height cross-section showing building construction types, vaulted, and beamed ceiling locations.
- j. Water tank details including size and type of construction (where applicable).
- k. Detailed hydraulic calculations (See item 2 below).
- l. Sprinkler head spacing.
- m. Show clearly all unsprinklered areas.
- n. Indicate manufacturer, style, model, orifice size, and “K” factor of each sprinkler used.
- o. Indicate the type and size of pipe.
- p. Hanger details.
- q. Indicate type of fitting used.
- r. Use of each room.
- s. Location of heat sources.
- t. Local water purveyor requirements and approval of design if required
- u. Water flow information including:
 - Flow location
 - Static pressure, psi
 - Residual pressure, psi
 - Flow, gpm
 - Date
 - Time
 - Test conducted by or information supplied by_____.

2. The following information shall be contained in the hydraulic calculations.

- a. Calculations must conform to manufacturer’s specifications.
- b. “K” factors for all sprinklers.

- c. "C" values for the type of pipe used.
- d. A pump curve or city supply curve, where the total demand point is clearly plotted.
- e. A 10% reduction in the available water pressure shall be included in all calculations.
- f. Provide a 5 gpm domestic demand at the base of the riser in the calculations.

3. WATER SUPPLY

Design Calculations

Automatic fire sprinkler protection shall be designed as follows:

Square footage of structure Design Calculation

Less than 3600 sq. ft.	2 Head Calculation
3600 sq. ft. or larger	4 Head Calculation

Automatic Booster Pump

1. When the domestic water supply is deficient or a water tank is being used to supply the automatic sprinkler system, an automatic booster pump may be required to maintain the required pressure at the minimum gallons per minute.
2. The pump must be automatically activated upon system demand.
3. The pump must be of self-priming type.
4. The pump shall be installed on the main water line prior to the domestic and fire split.
5. A bypass shall be designed and installed around the pump to ensure street pressure is maintained in event of pump failure.

Water Storage Tanks

1. When a water storage tank is required, the tank(s) shall have a connection to a supply source to refill the tank automatically.

4. GENERAL REQUIREMENTS

Automatic sprinkler systems installed in one and two-family dwellings shall be installed throughout the dwelling in accordance with NFPA 13D. Additional requirements for NFPA 13D sprinkler systems shall include:

1. Automatic fire sprinkler protection shall extend to attached garages and basements. Fire sprinkler protection may extend to accessory structures within 20 feet of the main structure and may also be required to extend to other structures that are located further than 150 feet from fire apparatus access. See CFC Section 503.1.1 .
2. Pilot sprinkler heads shall be installed in attic spaces that are more than 30 inches in depth. Pilot sprinklers shall be placed every 30 feet on center.
3. Automatic fire sprinklers shall be included in all bathrooms.
4. Automatic fire sprinklers shall be provided under stairways unless enclosed and filled with insulation.
5. The main drain shall be a minimum ½ inch.
6. The main control valve shall be of indicating type.
7. The exterior fire bell shall be placed in the same area as the water supply control valve
8. Only listed and approved devices shall be installed in this system.
9. All piping shall be provided with hangers and shall be supported per code and manufacturer's specifications. All piping shall be hung from structural members.
10. Underground mains and lead in connections shall be installed in accordance with requirements of the California Plumbing Code.
11. Where system piping or pumps are located in areas subject to freezing, steps shall be taken to protect system integrity; this may include, but is not limited to, heating and/or installation of insulation.
12. All sprinkler systems shall have a single supply main serving both the automatic sprinkler system and the domestic system. See Diagram 1
13. Fire bell shall be located in the area of the main control valve or per inspector requirements.
14. Requirements of the local water purveyor shall be followed and included on plans for submittal.

15. No wires shall be allowed to touch fire sprinkler piping due to pipe degradation.
16. Passive purge, backflow prevention and reduced pressure devices shall be approved by the local water purveyor for your system design.

5. SYSTEM COMPONENTS

1. An approved rubber faced check valve shall be located on the system side of the main control valve.
2. All valves shall have an all-weather sign affixed to them, which indicate their purpose.
3. For systems with normal operating pressure in excess of 100 psi, a listed pressure relief valve shall be installed on the riser.

Sprinklers

1. Only new listed residential fire sprinklers shall be used.

Pressure Gauge

1. A listed pressure gauge shall be installed and maintained on the sprinkler system riser. The pressure gauge shall be installed on the system side of the check valve.

Piping

1. Approved plastic pipe may be used when installed in accordance with the manufacturers listing where installed in attics. Adequate insulation shall be provided on the attic side of the piping to avoid exposure of the piping to temperatures in excess of its rated temperature.
2. Insulation, include spray application insulation mixtures, shall be compatible with piping materials in accordance with manufactures specifications.

3. CPVC Piping:

CPVC Sprinkler sprig ups in attic space or where CPVC piping is exposed to the temperatures below 40 degrees F, or above 120 degrees F shall require the pipe to be protected against freezing by insulating coverings, frost proof casings, listed heat tracing systems, or other reliable means capable of maintaining minimum temperatures so listed within.

- a. Method of insulating CPVC piping vertical piping to sprig ups or change in elevation in attic space shall be inspected at time of Rough Inspection. MPFD permits insulation wrap properly sized for vertical section of piping in attic or exterior pipe.
- b. Installation criteria for installing insulation in unheated attic areas to follow the guidelines of the insulation manufacturer. **Per NFPA 13D Section 9.1.1 & Figures 9.1.1(a)**

through 9.1.1(e), and/or Exhibit 1.9.1 (note; method of piping anchoring will impact insulation cover).

- c. CPVC piping shall be installed by persons who have been certified by the manufacturer for installation of CPVC piping.
- d. Primers and glues shall be listed and approved for use with CPVC piping in systems using CPVC pipe.

System Activation

- 1. Upon activation of the fire sprinkler system, an interior alarm shall be provided capable of being heard in all sleeping rooms. Smoke alarms shall not act as an interior sounder for water flow unless the smoke alarm is listed and approved for such application.
- 2. The exterior fire bell shall be placed in the same area as the water supply control valve.

6. MANUFACTURED HOMES AND MULTI-UNIT MANUFACTURED HOUSING WITH TWO DWELLING UNITS

A. The Department of Housing and Community Development is responsible for plan approval, in-plant inspection, testing and installation of fire sprinkler systems installed in new manufactured housing units and multi-unit manufactured housing with two dwelling units for sale in California. Prior to shipment of a home containing a fire sprinkler system, the factory is required to affix a “Fire Sprinkler System Information and Installer Certification” label inside the unit that provides detailed information for the on-site installer and homeowner use. The label is required to be affixed on an inside wall or door of the water heater compartment.

B. The installation of a fire sprinkler system in an existing manufactured home or multi-unit manufactured home with two dwelling units requires prior design approval from the Department of Housing and Community Development and inspection approval of the installation prior to the installer covering the piping material with finished wall or ceiling materials. Only the occupant homeowner or a fire protection contractor holding a valid C-16 license may install a fire sprinkler system in an existing manufactured home or multi-unit manufactured home with two dwelling units. Menlo Park Fire Protection District is responsible for plan check, and the General Requirements noted above in Section 4.

7. TESTING PROCEDURE

- 1. The sprinkler system shall be field tested and inspected at the rough plumbing stage (i.e. exposed pipe and fitting stage) by the Bureau of Fire Prevention and Life Safety. All systems

shall be hydrostatically tested (not pneumatic) for leakage for not less than a two hour time period at 200 psi..

2. The riser shall show the system split (domestic and fire sprinkler piping), pressure gage, check valve, main control valve, relief valve (where applicable), main drain, and domestic shut-off valve.

3. The sprinkler system and all of the related components shall be tested and inspected by the Bureau of Fire Prevention and Life Safety at the final inspection stage, prior to occupancy being granted.

8. SCHEDULING INSPECTIONS

1. The inspection fee that is paid at the time of plan submittal will provide you with two inspections to complete the project (one rough-in to verify piping installation and ability to hold water pressure and one final inspection when the home is ready for occupancy). For projects that exceed this limit, inspection requests will not be accepted unless additional fees are paid prior to scheduling an inspection.

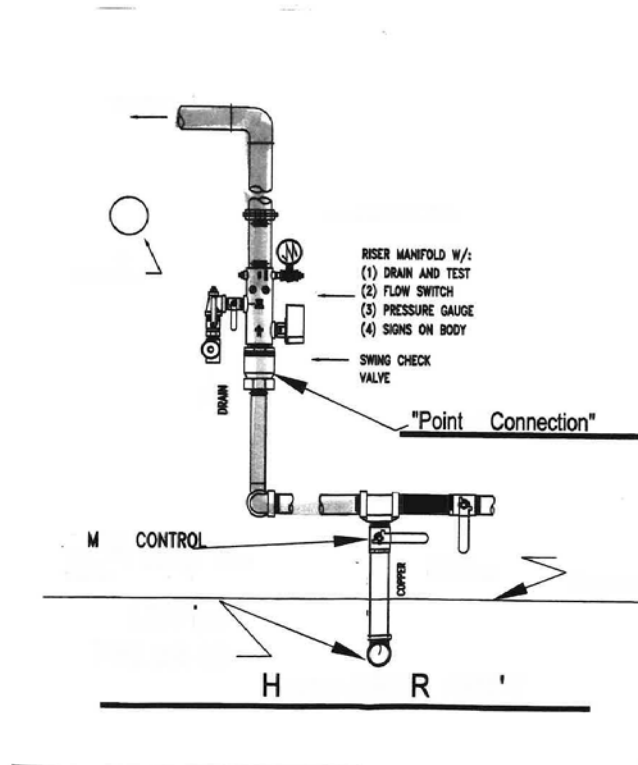
2. It is the responsibility of the installing contractor/owner to be on the job site during the inspection with approved plans and the original permit card. Failure to do so will result in the cancellation of the inspection. Cancelled inspections will be counted as one inspection.

3. Inspection requests can only be taken from the installing contractor/owner.

4. When scheduling an inspection, please contact Fire District Inspectors at least two business days in advance. Call the inspector of record indicated on the Permit Card.

5. Inspection times are approximate and may vary because of delays at previous inspections or emergency response by Fire District personnel. Please allow one hour on either side of the inspection for the inspector to arrive.

Diagram 1:



*Emergency Radio Communication
Information Packet*



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EMERGENCY RESPONDER RADIO SYSTEM FREQUENCY REQUIREMENTS

Display	RX FREQ	RX CTCSS	TX FREQ	TX CTCSS	NOTES
FIRE					
CONTROL 1A	153.89000	114.8	159.07500	107.2	South Dispatch
COMMAND 11	154.37000	114.8	156.01500	123.0	South Command
TAC 15	154.04000	118.8	154.04000	118.8	South Tactical
TAC 16	154.01000	110.9	154.01000	110.9	South Tactical
TAC 17	155.40000	141.3	155.40000	141.3	South Tactical
COMMAND 51	151.47500	167.9	159.01500	167.9	County Command
VFIRE 26	154.30250	156.7	154.30250	156.7	Stand by TAC
Repeated Channels					
Easter Cross Site	N 37.46328	W -122.26303			
POLICE					
Atherton PD	489.0875	162.2	492.0875	162.2	Police Dispatch
East Palo Alto PD	488.38.75	114.8	491.3875	114.8	Police Dispatch
Menlo Park PD	488.3375	152.2	491.3375	152.2	Police Dispatch
ALL PD					
TAC 2	488.7125	114.8	491.7125	114.8	Police Secondary
TAC 3	488.5375	114.8	491.5375	114.8	Police Tactical
Green/CWMA	488.8875	114.8	491.8875	114.8	County Wide Mutual Aid
SHERIFF/EMS	TRUNKED	SYSTEM			
700 MHz system range	770.03125	To	773.48125	Downlink base	To portable
	795.03125	To	798.48125	Uplink Portable	To base
400 County Center	N 37.48825	W -122.23047			

*On the Fire VHF system, listed the simplex channels so that they can be set up as uplink only. We require all the repeated frequencies to be in the BDA system. The simplex frequencies need only uplink preferred, but not required.

MENLO PARK FIRE PROTECTION DISTRICT STANDARD **Emergency Responder Radio Signal Amplification Systems**

The Menlo Park Fire District follows the current edition of the CA Fire Code Section 510 for adherence for the permit issuance, installation, acceptance and maintenance of Emergency Responder Radio Coverage.

CFC SECTION 510 **EMERGENCY RESPONDER RADIO COVERAGE**

510.1 Emergency responder radio coverage in new buildings.

All new buildings shall have approved radio coverage for emergency responders within the building based upon the existing coverage levels of the public safety communication systems of the jurisdiction at the exterior of the building. This section shall not require improvement of the existing public safety communication systems.

Exceptions:

1. Where approved by the building official and the fire code official, a wired communication system in accordance with Section 907.2.13.2 shall be permitted to be installed or maintained in lieu of an approved radio coverage system.
2. Where it is determined by the fire code official that the radio coverage system is not needed.
3. In facilities where emergency responder radio coverage is required and such systems, components or equipment required could have a negative impact on the normal operations of that facility, the fire code official shall have the authority to accept an automatically activated emergency responder radio coverage system.

510.2 Emergency responder radio coverage in existing buildings. Existing buildings shall be provided with approved radio coverage for emergency responders as required in Chapter 11.

510.3 Permit required. A construction permit for the installation of or modification to emergency responder radio coverage systems and related equipment is required as specified in Section 105.7.5. Maintenance performed in accordance with this code is not considered a modification and does not require a permit.

510.4 Technical requirements. Systems, components, and equipment required to provide emergency responder radio coverage system shall comply with Sections 510.4.1 through 510.4.2.5.

510.4.1 Radio signal strength. The building shall be considered to have acceptable emergency responder radio coverage when signal strength measurements in 95 percent of all areas on each floor of the building meet the signal strength requirements in Sections 510.4.1.1 and 510.4.1.2.

510.4.1.1 Minimum signal strength into the building. A minimum signal strength of -95 dBm shall be receivable within the building.

510.4.1.2 Minimum signal strength out of the building. A minimum signal strength of -95 dBm shall be received by the agency's radio system when transmitted from within the building.

510.4.2 System design. The emergency responder radio coverage system shall be designed in accordance with Sections 510.4.2.1 through 510.4.2.5.

510.4.2.1 Amplification systems allowed. Buildings and structures which cannot support the required level of radio coverage shall be equipped with a radiating cable system, a distributed antenna system with Federal Communications Commission (FCC)-certified signal boosters, or other system approved by the fire code official in order to achieve the required adequate radio coverage.

510.4.2.2 Technical criteria. The fire code official shall maintain a document providing the specific technical information and requirements for the emergency responder radio coverage system. This document shall contain, but not be limited to, the various frequencies required, the location of radio sites, effective radiated power of radio sites, and other supporting technical information.

510.4.2.3 Secondary power. Emergency responder radio coverage systems shall be provided with an approved secondary source of power. The secondary power supply shall be capable of operating the emergency responder radio coverage system for a period of at least 24 hours. When primary power is lost, the power supply to the emergency responder radio coverage system shall automatically transfer to the secondary power supply.

510.4.2.4 Signal booster requirements. If used, signal boosters shall meet the following requirements:

1. All signal booster components shall be contained in a National Electrical Manufacturer's Association (NEMA) 4-type waterproof cabinet.
2. Battery systems used for the emergency power source shall be contained in a NEMA 4-type waterproof cabinet.
3. The signal booster system and battery system shall be electrically supervised and monitored by a supervisory service, or when approved by the fire code official, shall sound an audible signal at a constantly attended location.
4. Equipment shall have FCC certification prior to installation.

510.4.2.5 Additional frequencies and change of frequencies. The emergency responder radio coverage system shall be capable of modification or expansion in the event frequency changes are required by the FCC or additional frequencies are made available by the FCC.

510.5 Installation requirements. The installation of the public safety radio coverage system shall be in accordance with Sections 510.5.1 through 510.5.4.

510.5.1 Approval prior to installation. Amplification systems capable of operating on frequencies licensed to any public safety agency by the FCC shall not be installed without prior coordination and approval of the fire code official.

510.5.2 Minimum qualifications of personnel. The minimum qualifications of the system designer and lead installation personnel shall include:

1. A valid FCC-issued general radio operators license; and
2. Certification of in-building system training issued by a nationally recognized organization, school or a certificate issued by the manufacturer of the equipment being installed. These qualifications shall not be required where demonstration of adequate skills and experience satisfactory to the fire code official is provided.

510.5.3 Acceptance test procedure. When an emergency responder radio coverage system is required, and upon completion of installation, the building owner shall have the radio system tested to ensure that two-way coverage on each floor of the building is a minimum of 90 percent. The test procedure shall be conducted as follows:

1. Each floor of the building shall be divided into a grid of 20 approximately equal test areas.
2. The test shall be conducted using a calibrated portable radio of the latest brand and model used by the agency talking through the agency's radio communications system.
3. Failure of a maximum of two nonadjacent test areas shall not result in failure of the test.
4. In the event that three of the test areas fail the test, in order to be more statistically accurate, the floor shall be permitted to be divided into 40 equal test areas. Failure of a maximum of four nonadjacent test areas shall not result in failure of the test. If the system fails the 40-area test, the system shall be altered to meet the 90 percent coverage requirement.
5. A test location approximately in the center of each test area shall be selected for the test, with the radio enabled to verify two-way communications to and from the outside of the building through the public agency's radio communications system. Once the test location has been selected, that location shall represent the entire test area. Failure in the selected test location shall be considered failure of that test area. Additional test locations shall not be permitted.
6. The gain values of all amplifiers shall be measured and the test measurement results shall be kept on file with the building owner so that the measurements can be verified during annual tests. In the event that the measurement results become lost, the building *owner* shall be required to rerun the acceptance test to reestablish the gain values.
7. As part of the installation a spectrum analyzer or other suitable test equipment shall be utilized to ensure spurious oscillations are not being generated by the subject signal booster. This test shall be conducted at time of installation and subsequent annual inspections.

510.5.4 FCC compliance. The emergency responder radio coverage system installation and components shall also comply with all applicable federal regulations including, but not limited to, FCC 47 CFR Part 90.219.

510.6 Maintenance. The emergency responder radio coverage system shall be maintained operational at all times in accordance with Sections 510.6.1 through 510.6.3.

510.6.1 Testing and proof of compliance. The emergency responder radio coverage system shall be inspected and tested annually or whenever structural changes occur including additions or remodels that could materially change the original field performance tests. Testing shall consist of the following:

1. In-building coverage test as described in Section 510.5.3.
2. Signal boosters shall be tested to ensure that the gain is the same as it was upon initial installation and acceptance.
3. Backup batteries and power supplies shall be tested under load of a period of one hour to verify that they will properly operate during an actual power outage. If within the 1-hour test period the battery exhibits symptoms of failure, the test shall be extended for additional 1-hour periods until the integrity of the battery can be determined.
4. All other active components shall be checked to verify operation within the manufacturer's specifications.
5. At the conclusion of the testing, a report, which shall verify compliance with Section 510.5.3, shall be submitted to the fire code official.

510.6.2 Additional frequencies. The building owner shall modify or expand the emergency responder radio coverage system at their expense in the event frequency

changes are required by the FCC or additional frequencies are made available by the FCC. Prior approval of a public safety radio coverage system on previous frequencies does not exempt this section.

510.6.3 Field testing. Agency personnel shall have the right to enter onto the property at any reasonable time to conduct field testing to verify the required level of radio coverage.

*Piped Air SCBA Refilling System
Information Packet*



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Bureau of Fire and Life Safety*

Piped Air SCBA Refilling System Standard

PURPOSE: This Standard applies to all new high-rise buildings as defined by the California Building Code and new underground transportation and pedestrian tunnels exceeding 300 feet in length, except as provided below, when the building permit application is submitted after the effective date of this bulletin.

SCOPE: This specification describes the minimum requirements for the design, fabrication, engineering, installation, testing and maintenance of the Piped Air SCBA Refilling System.

NOTE: Any materials specified by a trade mark or product name within this specification necessary to design, fabricate, test, maintain and use the equipment described and regulated by this standard or code, may be substituted with a like product provided it meets or exceeds those specifications and be in accordance with nationally recognized and accepted standards, principals and tests.

1. Description

The SCBA Piped Air Refilling System is a permanently installed, self-contained high pressure air system with remote filling stations, supply standpipe and equipment/materials to isolate, interconnect and allow the remote filling of high pressure SCBA (Self Contained Breathing Apparatus) air bottles (6,000 psi) within the building/structure or accessory areas. Provisions shall be made to allow the Air Support Vehicle to interconnect directly to the system, allowing a continuous supply of air from the vehicle to the installed system. A high pressure air maintenance tank shall be installed in such a manner as to keep constant air pressure on the entire installed system to prevent any contamination of the air within the system while in a static state.

The air supply from the Air Support Vehicle shall be able to be isolated from the on-site air pressure maintenance tank and be diverted directly to the main air piping riser by means of check valve(s), and a two way selector valve allowing the air to be supplied directly to the remote fill cabinets.

The building shall be equipped with floor landing filling station(s) installed in each fire department equipment storage room. Each filling station shall have the capability of manually being isolated from the remainder of system by means of valves and check valves should a leak failure occur from the filling station.

An additional valve shall be placed within the main riser allowing the individual isolation of all piping and filling stations above a leak or failure of the main piping riser.

2. SAFETY

This system shall be designed to provide a reliable, clean air source within the building/structure via the installed piping and associated equipment and materials for fire department personnel to refill SCBA bottles and perform firefighting, rescue or other type of incident requiring self-contained breathing apparatus. Nothing within the content of this specification shall be reduced in quality in any manner including but not limited to: materials, equipment, installation, design, testing, maintenance or construction. All portions of the system shall be designed to meet manufacture's specifications.

3. COMPONENTS (General overview)

Every installed system shall have installed a minimum:

- A. Street level inlet control fill station
- B. Building piping and associated components
- C. Filling control station cabinet (every 3 floors)
- D. High pressure maintenance tank
- E. Low pressure air switch
- F. All associated valves,
- G. Gauges (0-7,500 psi oil filled)
- H. Check valves
- I. Isolation valves

4. PRESSURE RATING

All components of the SCBA air refilling system shall be constructed of materials and equipment tested and certified for a minimum working pressure of 6000 P.S.I.

5. DESIGN ENGINEER

The complete system shall be designed by a current State of California licensed mechanical engineer. The engineers license stamp and signature shall be provided on all submitted plans. (wet stamp)

6. CONTRACTOR QUALIFICATIONS

The air replenishment system shall be installed by a California licensed C-36 contractor.

7. CODES AND STANDARDS

This system shall be installed in accordance with this standard and all applicable codes and nationally recognized standards for high pressure breathing air systems. If/when a requirement within this standard is not specific, then, the requirement/standard which is more specific shall apply. The following codes/standards shall apply but not be limited to:

- A. Chapter 53 of the 2013 Edition of the California Fire Code.
- B. Compressed Gas Association, Inc., Pamphlet CGA-G-7.1 Commodity Specification for Air.
- C. 2013 Edition of NFPA 1989 for Breathing Air Quality for Firefighter and Emergency Services Respiratory Protection.
- D. 2013 Edition of NFPA 1981 for Open-Circuit Self-Contained Breathing Apparatus (SCBA) for Emergency Services
- E. ANSI and ASTM standards may be used which are specific to high pressure breathing air systems

8. PLAN SUBMITTAL:

The Menlo Park Fire Protection District and the associated Building Department shall be provided with plans for review and approval. The plans shall provide the minimum information:

- A. Manufactures technical product data and installation data for all equipment, product and materials used.
- B. All piping, fittings, valves, gauges, hangers/supports and fasteners.
- C. System calculations to support the minimum required filling specification at the uppermost remote filling station plus a minimum 25% safety factor.
- D. All technical data sheets and U.L. or nationally recognized listing agency for the products submitted for installation.
- E. Codes and standards to which the systems has been designed

Installation of the system shall not commence until plans have been submitted and approved and a permit issued by the authority having jurisdiction.

9. CERTIFICATE OF INSTALLATION:

A letter shall be submitted by the installer and engineer to the Menlo Park Fire Protection District at the completion of the installation, to certify that all portions of the Piped Air System have been designed, installed, tested and inspected by the installer and is proper working order and free of defects.

- A. System shall be accepted with a final inspection and system test by Menlo Park Fire District Inspector.

10. RECORD DRAWINGS:

At the completion of the installation, a complete set of revisions shall be provided to the following:

- A. The Menlo Park Fire Protection District
- B. The building owner

NOTE: Any changes to the originally approved plans shall be submitted to the building department and fire department for approval prior to the change being made to the system.

11. TRAINING:

The installer/contractor shall provide to the Menlo Park Fire Protection District no less than 6 (six) hours of on-site training divided onto 3 separate and equal sessions for the use and operation of the system. Scheduling of the training shall be coordinated through the Menlo Park Fire Protection District. A final shall not be granted for the installation of the system until the training has been completed.

12. MAINTENANCE:

The building owner and/or authorized agent shall provide for the regular testing and maintenance of the piping and air quality of the system. This may be performed by a State of California licensed mechanical engineer and be in accordance with the 2013 Edition of NFPA 1989 for air quality, and the 2013 edition of NFPA 1500. The system components shall be examined to ensure it is leak free and free of damage.

SYSTEM COMPONENTS

13. MATERIALS OF CONSTRUCTION

A. All materials used in the construction of the system shall be rated for a minimum working pressure of 6000 p.s.i. and shall be built to manufacturer's specifications. The internal surface of all components shall be free of all contaminants so that the air within the system meets all provisions of breathing air.

B. All materials with openings such as piping shall be shipped and remain sealed with approved caps until installed. Any/all piping, materials or equipment found not to be suitably protected will not be used or installed, or properly cleaned in an approved manner prior to installation. Any materials installed which have not been properly protected and installed will require the entire system to be properly cleaned and certified by an independent contractor that the system is free of contamination.

C. Should cleaning of the piping or other components be necessary, at no time shall an organic solvent be used.

14. PIPING:

A. All piping shall be stainless corrosion resistant steel suitable for breathing air. All piping shall be welded except for the connection to the air filling cabinet. Welding shall not produce contaminants within the piping and be maintained cleaned as necessary.

B. All mechanical fittings when approved to join piping shall be listed for the minimum working pressure and listed for compatibility to the materials being joined. All piping shall be sized to provide the minimum SCBA filling time at the top most filling cabinet.

C. All piping shall be protected by a minimum listed 2 hour fire resistive construction and protected from physical damage. Piping below 6 feet from the finished floor shall be physically protected in a manner which will not allow any person to access the piping.

D. Any time the piping must pass through a fire rated wall or solid material, it shall be protected by a sleeve at least 3 times the diameter of the piping and properly filled with a listed fire stop material.

E. All piping shall be permanently labeled to identify its content and working pressure. Identification shall be placed at no less than 20 foot intervals or as is necessary to clearly identify whether in plain view or hidden from view, ie. such as within the cavity of a wall.

G. The SCBA system piping shall not share any penetration, opening or raceway with any other system or equipment.

15. FIRE DEPARTMENT EXTERIOR FILL RISER INLET

A. A remote fill inlet shall be provided on the exterior of the building to the main riser and maintenance pressure tank. The filling inlet and associated parts shall be located in a locked, weather tight cabinet. Access to this connection shall not be obstructed in any manner and the location shall be approved by the fire department prior to installation.

B. When the location of this fill inlet is not possible to be located on the building, the inlet may be at a remote location as approved by the fire department. All piping shall be installed in a protected raceway or conduit to the building

C. The panel cabinet door shall be of solid construction and be permanently labeled, "Fire Department Air Connection". All lettering shall be a minimum 3 inch in height with ½ inch stroke block letters. The lettering shall be of contrasting color from the enclosure door.

D. Keys to the cabinet shall be provided in a KNOX box installed within 10 feet of the cabinet

E) The following items shall be provided within the inlet fill cabinet:

1. Male inlet fitting (compatible with fire department equipment)
2. Inlet pressure gauge
3. System pressure gauge
4. Bleed valve
5. Safety whip attachment device

16. ON-SITE PRESSURE MAINTENANCE TANK

A. The on-site maintenance tank shall be listed for breathing air and be protected from back flow by means of a check valve on the supply inlet and discharge side of the system piping. All pressure tanks and related equipment and materials shall be installed within a room of no less than 2 hour fire rated construction and accessible directly from the exterior of the building.

B. No other equipment or storage not associated with this equipment will be stored in the room. The room shall be of sufficient size to permit the installation/removal and maintenance of the pressure maintenance tank and associated equipment.

C. An electronic low pressure switch shall be installed on the discharge side of the system and interconnected to the main fire alarm panel to indicate a supervisory signal when the pressure has dropped below 1000 psi within the system.

17. REMOTE FILLING CABINETS

A. All remote filling cabinets shall be listed by a recognized testing laboratory for the filling of high pressure air SCBA air bottles.

B. Each cabinet shall allow 2 (two) SCBA bottles to be accommodated simultaneously and the control valves, pressure gauges for each bottle filling compartment

C. Each cabinet shall be able to fill two 5,500 psi, 45 cubic foot SCBA bottles simultaneously.

D. Filling time for two tanks simultaneously shall take no more than two minutes with two filling stations being used simultaneously.

18. ACCEPTANCE TEST PROCEDURES

A. Pre-inspect all components for proper assembly.

B. Isolate the maintenance storage tank by closing all necessary isolation valves.

C. Verify that the emergency shut-off valves (isolation valves) at each fill station on each floor are closed.

D. Pressurize the entire system with oil free, breathing grade air or nitrogen to a pressure of 7,500 psi for a minimum of two hours. During this time, verification will be made by monitoring gauges placed at every outlet of the system. Any leak detected shall be documented and a copy of the report shall be submitted to the installer/contractor and the fire department.

E. After the system has satisfactorily passed the pneumatic pressure test and determined to be free of leaks/defects, the system shall be retested in the following manner:

1. Re-pressurize the entire system to 5,500 psi.
2. Close the main supply valve
3. Disconnect the test gas source

The entire system shall remain leak free for a minimum of 24 hours.

19. FINAL TESTING

Final testing shall be accomplished in the following manner:

A. Place a sign at the fill station inlet and each filling cabinet to read: **DO NOT USE. AIR PURITY ANALYSIS TESTING IN PROGRESS. DO NOT FILL OR USE ANY AIR FROM THIS STATION.**

B. The signs shall be a minimum of 8 1/2 X 11 inches in size with lettering in bold font a minimum 2 inch in height and 3/8 inch stroke.

C. Pneumatically fill the entire system to 1000 psi.

D. Calibrate and adjust the air pressure monitoring switch to the low pressure alarm point of 1000 psi.

E. Fill the entire system to the normal operating pressure of 2,500 psi.

F. A minimum of two air samples shall be taken from two separate filling stations and submitted to an independent certified gas analysis laboratory to verify the system cleanliness, and that the air meets or exceeds the minimum standard for breathing air for self-contained breathing air apparatus. This report shall be returned to the authority having jurisdiction in writing from the testing laboratory.

G. When the testing results are satisfactory, the signs shall be removed from the main filling inlet and all filling cabinets and the system put into full and normal operation.

H. A fire department fire prevention officer shall be present during all testing.

20. Maintenance

A. The S.C.B.A. Refilling system shall be inspected annually and certified by the installer and/or licensed mechanical engineer specializing in high pressure breathing air systems to be in proper working condition and free of defects. All components of the system shall be included in the inspection.

B. Air samples shall be taken at least quarterly to ensure the stored air meets or exceeds Grade "D" breathing air. A copy of the report shall be submitted to the Fire department.

C. It is the intent that the requirement for "certification" as mentioned above is not to "certify" the SCBA breathing air system every year as if it were a newly installed system.

D. Should the system need repair and or modification, then a re-certification will be necessary as if the system was newly installed and described in the this standard.

A Fire Department SCBA refilling system installed in accordance with this standard shall be properly inspected, tested and maintained in accordance with this standard to provide at least the same level of performance and protection as designed. The owner shall be responsible for maintaining the system and keeping the system in good working order.

*Public Assemblages and Events
Information Packet*



100 Years of Service

*Menlo Park Fire Protection District
Bureau of Fire Prevention and Life Safety*

SCOPE. This guideline is meant to apply to all carnivals, fairs, public events and trade shows, including but not limited to annual or weekend events. The guideline is meant to work together with applicable sections of the 2016 California Fire Code.

1. APPLICATION

Information Required. Amusement buildings, Carnivals and Fairs require Fire District Permits in accordance with California Fire Code Section 105.6. The applicant is required to fill out a Menlo Park Fire District Plan Check Application Form, and submit proper Permit Fees, before a permit may be processed. In addition, the applicant is required to provide a sketch indicating the arrangement of event. Typically a sketch will include the following:

- Location of event access point
- Location of event staff on site
- First aid stations if provided
- Road closure points and K-Rail placement
- Fire Lane and fire hydrant locations
- Layout of midway
- Location of vending booths
- Locations of food service booths or food trucks
- Locations of power sources or generation of fuel supply of needed.
- Location of portable fire extinguishers.

2. GENERAL REQUIREMENTS. Copies of these permit requirements shall be provided to vendors and participants of the event. Inform vendors and participants that the Fire District will be conducting inspections to determine compliance with requirements contained herein.

Vehicle Protection. At locations where normal city streets are closed off for the event, or at any other location that may be adjacent to normal vehicle traffic, it is highly suggested that K-Rail type vehicle protection be placed between the event and vehicle traffic.

Emergency Vehicle Access. The layout of the event and/or midway shall provide a minimum of 20 feet clearance between rows of booths, exhibits, or any other types of displays or structures that are part of the event for emergency vehicle access. A clear space of not less than 15 feet shall be maintained to provide access to fire hydrants both inside and outside the event.

Electrical Equipment. Electrical equipment and installations shall comply with the California Electric Code.

Internal Combustion Power Sources. Fuel tanks shall be of adequate capacity to permit uninterrupted operation during normal operating hours. Refueling shall be conducted only when the ride or appliance is not in use. Internal combustion power sources shall be isolated from contact with the public.

Fire Extinguishers. Fire extinguishers shall be provided in accordance with Section 4 below.

Waste Accumulation. Combustible waste materials shall be removed regularly throughout the event.

Compressed Gases. Compressed gas cylinders shall be secured in an upright position and away from cooking operations, rides, or any other operations that may damage the cylinder or expose cylinders to excessive heat.

Decorative Materials. All decorative materials used for the event shall be inherently fire resistive, or may be treated by the owner with a State Fire Marshal approved fire retardant chemical (empty can and dated sales receipt may serve as proof).

Booths or Exhibits. Booths or exhibits shall be adequately roped, braced and anchored to withstand the elements of weather against collapsing. Booths or exhibits shall be a minimum of 10 ft. from any permanent structure. Vehicles required for the operation of the event shall be parked a minimum of 20 ft. from booths or exhibits.

Tents, Canopies and Temporary Membrane Structures. Tents and air supported temporary membrane structures in excess of 400 square feet require additional safety measures as specified by the California Fire Code.

3. COOKING REQUIREMENTS

Openings in Booths or Exhibits. Booths or exhibits utilized for cooking shall be provided with openings containing a minimum of 30 sq ft each on 2 opposing sides of the booth/exhibit to prevent the accumulation of carbon monoxide produced by cooking processes.

Separation Distances. Cooking booths, mobile food trucks or exhibits shall be separated from non-cooking booths or exhibits by 10 feet and shall not be located within 10 feet of amusement rides, devices, or buildings.

Floor Materials. It is highly suggested that flooring materials used within festival cooking booths/exhibits, and under all equipment, shall be non-combustible or fire retardant treated.

Cooking Surfaces. All cooking surfaces shall be cleaned regularly to reduce accumulations of grease.

Cooking Equipment. All cooking equipment shall be approved for its intended use. A minimum of 18 inches clearance shall be provided between cooking appliances and any booths, exhibits, structures or combustible materials. **Menlo Park Fire District encourages the use of noncombustible materials in booths or exhibits used for cooking purposes.**

Portable Stoves. Coleman (style) stoves or equivalent may be used only with approved fuel and the following requirements:

The fueling or refueling of stoves or cooking appliances in booths/exhibits is

prohibited

The storage of fuel in booths/exhibits is prohibited.

The use of gasoline or kerosene is prohibited

Butane or Propane Equipment. Butane or propane equipment shall conform to the following requirements:

Fuel tanks for butane or propane cooking appliances shall be limited in size to 10 gallon water capacity.

Fuel tanks shall be located outside the booth/exhibit. Tanks are prohibited inside booths/exhibits.

Fuel tanks shall be protected from damage and secured in an upright position.

Storage of tanks shall not exceed two, 15 gallon water capacity tanks for each cooking appliance.

All tanks shall have an approved shut off valve.

All appliances shall have a fuel control and shut off valve.

Fuel supply shall be shut off at the tank when not in use.

Hoses and connections shall be approved for use with the appliance and type of fuel used.

All connections shall be tested. Vendors/exhibitors shall provide a spray bottle of soapy water.

Charcoal or Wood Barbecue Cooking. Charcoal/Wood barbecue cooking shall be in accordance with the following requirements:

Charcoal/Wood Barbecue cooking is prohibited inside booths/exhibits.

Only commercially sold charcoal fuel may be used.

Charcoal/Wood barbecues cooking shall be performed only in an area away from public access and shall be located in a minimum of 10 feet from any booth/exhibit with a minimum of 10 feet from any permanent structure.

Only commercially sold charcoal lighter fluid or electric starters may be used: gasoline and kerosene are prohibited.

Deep Fat Frying and Flambé Cooking. Deep Fat Fry/Flambé Cooking shall be in accordance with the following requirements:

Deep frying shall be defined as any cooking operation or process whereby the product floats or is submerged in hot oil during the cooking process.

Flambé cooking shall be defined as any cooking operation whereby the product is prepared by applying a flammable or combustible liquid onto a cooking surface

and igniting it.

The cooking area shall not be accessible to the public

Deep Fat/Flambé Cooking operations shall be located outside booths, exhibits and tents and shall be no closer than 18 inches from combustible materials.

A minimum 18 inches clearance shall be provided between deep fat frying appliances/woks and open flame stoves.

4. FIRE EXTINGUISHERS

Locations. Portable Fire Extinguishers shall be located every 150 feet, with not more than 75 feet travel distance to a fire extinguisher. Depending on the distribution of cooking booths, exhibits, or the carnival midway, fire extinguishers provided in cooking areas may be used to meet this requirement. Internal combustion power sources, cooking booths, and cooking exhibits shall all have their own fire extinguishers.

Mounting Fire Extinguishers. It is highly suggested that fire extinguishers be mounted adjacent to the exit from booths or exhibits and secured so that they will not fall over. Fire extinguishers must be visible and accessible.

Type of Fire Extinguisher

Extinguishers shall be a minimum 2A10BC rated. Each cooking booth or cooking exhibit using deep fat cooking oil shall be provided with at least one “Wet Chemical” Type K fire extinguisher.

Fire Extinguisher Maintenance. Fire extinguishers shall have been serviced within the last year and be provided with an attached service tag.

IF THE EVENT IS EXPECTED TO DRAW MORE THAN 1,000 PEOPLE, THE FOLLOWING ADDITIONAL ITEMS WILL BE REQUIRED:

5. CROWD MANAGERS

Trained crowd managers shall be provided for events where more than 1,000 persons are expected to congregate. The minimum number of crowd managers shall be established at a ratio of one crowd manager to every 250 persons. CFC 403.3

6. FIRE EVACUATION PLANS

Fire evacuation plans shall be in accordance with the following:

1. Emergency egress or escape routes and whether evacuation of the building is to be complete or, where *approved*, by selected floors or areas only.
2. Procedures for employees who must remain to operate critical equipment before evacuating.
3. Procedures for assisted rescue for *persons* unable to use the general *means of egress* unassisted.
4. Procedures for accounting for employees and occupants after evacuation has

been completed.

5. Identification and assignment of personnel responsible for rescue or emergency medical aid.

6. The preferred and any alternative means of notifying occupants of a fire or emergency.

7. The preferred and any alternative means of reporting fires and other emergencies to the fire department or designated emergency response organization.

8. Identification and assignment of personnel who can be contacted for further information or explanation of duties under the plan.

9. A description of the emergency voice/alarm communication system alert tone and preprogrammed voice messages, where provided.

7. FIRE SAFETY PLANS

Fire safety plans shall include the following:

1. The procedure for reporting a fire or other emergency.

2. The life safety strategy and procedures for notifying, relocating or evacuating occupants, including occupants who need assistance.

3. Site plans indicating the following:

3.1. The occupancy assembly point.

3.2. The locations of fire hydrants.

3.3. The normal routes of fire department vehicle access.

4. Floor plans identifying the locations of the following:

4.1. Exits.

4.2. Primary evacuation routes.

4.3. Secondary evacuation routes.

4.4. Accessible egress routes.

4.5. Areas of refuge.

4.6. Exterior areas for assisted rescue.

4.7. Manual fire alarm boxes.

4.8. Portable fire extinguishers.

4.9. Occupant-use hose stations.

4.10. Fire alarm annunciators and controls.

5. A list of major fire hazards associated with the normal use and occupancy of the premises, including maintenance and housekeeping procedures.

6. Identification and assignment of personnel responsible for maintenance of systems and equipment installed to prevent or control fires.

7. Identification and assignment of personnel responsible for maintenance, housekeeping and controlling fuel hazard sources.

Water Supply Guidelines
Information Packet



100 Years of Service

Menlo Park Fire Protection District
Bureau of Fire Prevention and Life Safety

MENLO PARK FIRE PROTECTION DISTRICT

UNDERGROUND GUIDELINES

SCOPE: This standard applies to the design and installation of underground fire piping for automatic fire sprinkler systems and fire hydrant connections. Underground fire piping systems shall be in accordance with NFPA 24 and this Menlo Park Fire Protection District Standard. All individuals and companies who intend to engage in the installation or alteration of underground fire piping systems are subject to the requirements of this standard

RESPONSIBILITY

The underground fire piping system shall be installed by an individual holding a Class A or C-16 State of California Contractor's License. A Licensed Contractor shall only design systems that the firm has a contract to install.

GENERAL REQUIREMENTS

Pipe & Fitting Protection

Menlo Park Fire District requires additional pipe protection throughout the jurisdiction. All metallic pipes and fittings shall be Epoxy Coated, Polyethylene Encased. All bolts, nuts, tie rods, etc. for all portions of the underground mains shall be 316 stainless steel. The transition from underground main to the sprinkler riser shall have a dielectric flange connection. Complete details shall be shown on the plan drawings.

Tracer Wire

Tracer Wire shall be required on all underground fire lines and to be minimum 10 A.W.G.

Cover - Depth

The depth of covering shall be measured from top of pipe to finished grade.

Under areas of vehicular traffic - 3 feet minimum

Under landscaping and walkways - 2 ½ feet minimum

Under railroad tracks - 4 feet minimum (See railroad specs)

Backfill

Backfill materials shall contain no ashes, cinders, debris, organic matter, or other corrosive materials. Rock shall not be placed in trenches.

Valves

Fire Department Valves shall be of an indicating type.

Fire Department Connection (FDC)

The FDC shall be located 2 – 3 feet back from walkways or curbs and shall indicate the address of the building it supports.

The FDC shall be visible from street and properly identified.

FDC's shall be located within 50 feet of a fire hydrant.

The centerline of FDC shall be between 36 – 44 inches from finished grade.

The FDC shall remain clear of obstructions and remain accessible.

The FDC shall have 1- 5" Storz Quick connection and 2 – 2 ½" connections minimum based upon design criteria. (See sample picture)

Fire Hydrants

Fire hydrants shall be installed with a minimum 6" pipe, supplied by a minimum 8" supply line.

All fire hydrants shall be wet barrel type with one 4 ½" connection and two 2 ½" connections.

Blue Dots shall be installed off center of drive isle to indicate hydrant location.

All private fire hydrants shall be painted red.

TESTING PROCEDURE

In accordance with NFPA 24, a 200 psi pressure test is required for a minimum of 2 hours.

All thrust blocks and joints to be exposed at time of inspection.

Menlo Park Fire District Inspectors shall witness the flush of underground piping. Six inch piping shall require a minimum of three 2 ½" hoses for the flush, Eight inch piping shall require a minimum of four 2 ½" hoses for the flush,

A final inspection is required with all corrections completed

PLANS SUBMITTAL PROCEDURE

- A. Submit a Menlo Park Fire District Plan Review Application, two sets of plans, and the appropriate fees (See Menlo Park Fire District Fee Schedule). All fees shall be paid at the time of plan submittal.
- B. Plans will be checked and if approved, will be stamped, signed and dated. The Fire District will retain one set.
- C. One copy of the **original** Fire District stamped plans and the **original** permit card shall be maintained on the job site.
- D. All modifications/changes to existing systems require a plan check and inspection by the Fire District.
- E. Excessive field changes may require re-submittal of plans along with additional plan check fees.

SCHEDULING INSPECTIONS

- A. The inspection fee that is paid at the time of plan submittal will provide you with two inspections to complete the project (one rough inspection and one final inspection). For projects that exceed this limit, inspection requests will not be accepted unless additional fees are paid prior to scheduling an inspection.
- B. It is the responsibility of the installing contractor to be on the job site during the inspection with approved plans and the original permit card. Failure to do so will result in the cancellation of the inspection. Cancelled inspections will be counted as one inspection.
- C. Inspection requests can only be taken from the installing contractor.
- D. Contact Fire District Inspectors at least two business days prior to inspection for scheduling an inspection. Call the inspector of record indicated on the permit card.
- E. Inspection times are approximate and may vary because of delays at previous inspections or emergency response by Fire District personnel. Please allow time on either side of the inspection time for the inspector to arrive.

MENLO PARK FIRE PROTECTION DISTRICT GUIDELINE

WATER SUPPLIES, FIRE HYDRANTS

SCOPE: This Standard applies to the installation of both public and private water supplies and fire hydrants. Installation, placement, and fire flow requirements for fire hydrants shall be in accordance with this Standard, the 2013 California Fire Code, the currently adopted version of NFPA 24 by the California State Fire Marshal, and Nationally Recognized Standards and Manufacturer's Recommendations.

DEFINITIONS

ACCESS POINT: An approved access is required for all new buildings and shall reach to a point (Access Point) within 150 feet of all exterior areas of each building. See also the 2013 California Fire Code, Appendix B.

OCCUPANCY TYPE: The purpose for which a building or part thereof is used or intended to be used.

ON-SITE HYDRANT: Fire hydrants that are located within the property line and are usually privately owned and maintained. However, there are instances where on-site hydrants are publicly owned and maintained by a water purveyor.

PUBLIC HYDRANT: Fire hydrant installed and maintained by the local water purveyor.

TYPE OF CONSTRUCTION: The framework and construction of a building or structure, such as Type I, Noncombustible to Type V Combustible, as classified in one of five construction types defined by the California Building Code.

WATER PURVEYOR: A public utility, a mutual water company, a governmental body, or other entity, owning and operating a water system and holding a valid permit from the State or County Health Department to purvey water.

GENERAL REQUIREMENTS

TIMING OF INSTALLATION:

Fire hydrants and required access roads shall be provided prior to the time of construction.

Installation

Fire hydrants shall be visible and accessible from a required access road. A fire hydrant shall be substantially supported. Fire hydrant installation details shall be in accordance

with NFPA 24 and local water purveyor standards. Roadway turnouts not less than 26 feet wide and 20 feet in length shall be required along the roadway at fire hydrant locations.

Underground Supply Piping

After the hydrant location plans are approved, the engineered underground supply piping plans, with hydrants shown at the approved locations, are required to be plan checked and approved prior to installation as follows:

Public Hydrants.

- Underground plans are reviewed and approved by the local water purveyor and Menlo Park Fire District. The installation is inspected by the water purveyor.

On-Site Hydrants.

- Engineered underground plans are reviewed and approved by the Fire Prevention Division. The installation is inspected by Menlo Park Fire District.

Painting

Public hydrants shall follow local water purveyor standards.
On-Site Fire hydrants shall be painted red.

Reflective Pavement Markers

Prior to occupancy of any structure, blue reflective hydrant location markers shall be placed on the access roads in accordance with Fire District standards. If the final asphalt cap is not in place at the time final occupancy is desired, the hydrant markers shall still be installed and replaced when the final asphalt cap is completed. See drawing marked "TYPICAL HYDRANT MARKER LOCATION."

Hydrant Type and Size

All new hydrants shall be a minimum 6 inch wet barrel fire hydrant. The hydrant outlets shall be National Standard Thread, NST and shall have one 4 ½ inch and two 2 ½ inch.

Minimum Flow per Hydrant/Required Fire Flow

The required fire flow is based on the 2016 California Fire Code Appendix B.

Number of Hydrants.

The number of hydrants is based on use/occupancy type, required fire flow, distance and access considerations. See 2016 California Fire Code Appendix C.

Changes/Relocations.

Fire hydrants shall be installed at the locations approved by the Fire Prevention Division. Any changes or relocation of fire hydrants from the approved hydrant location on the plan shall be approved by the Fire Prevention Division prior to installation or relocation.

Out of Service Fire Hydrants

When fire hydrants are for any reason, nonoperational, they shall be covered with black plastic bags and the bags shall be secured in place.

SCHOOLS

Public Schools

California Fire Code Appendix BB and CC shall be used to determine distance/spacing, and number of hydrants. The State Fire Marshal (SFM) requires the Division of State Architect (DSA) to request water and access requirements and approval from the local jurisdiction.

Private Schools

California Fire Code Appendix B and C shall be used to determine distance/spacing, and number of hydrants.

FIRE HYDRANT LOCATION PLAN CHECK

A fire hydrant location plan check is required for all projects where new buildings or additions to buildings are proposed. See also Section 3 of this Standard for general guidance. The following information must be provided:

- a) A Menlo Park Fire District Plan Review application
- b) Two (2) copies of a scaled site/plot plan.
- c) Show existing and proposed hydrant locations. Indicate size of hydrant(s), number and size of outlets (i.e. 6" wet barrel with one 4" and two 2 ½" outlets).
- d) Show streets, driveways, access roads (including parking lots), gates and all structures existing and proposed.

By checking the plans submitted and guided by the 2016 California Fire Code Appendix B and Appendix C, Nationally Recognized Standards such as NFPA 24, and this Local Guideline, the Fire Prevention Division will be able to verify the number of hydrants, their size, placement, location and required flow. This information will be indicated on the approved hydrant location plans. Once approved, one copy will be kept for the Fire Prevention file and the other returned to the applicant. Final approval is subject to on-site inspection.

GENERAL GUIDELINES FOR FIRE HYDRANT PLACEMENT

A. NOTES:

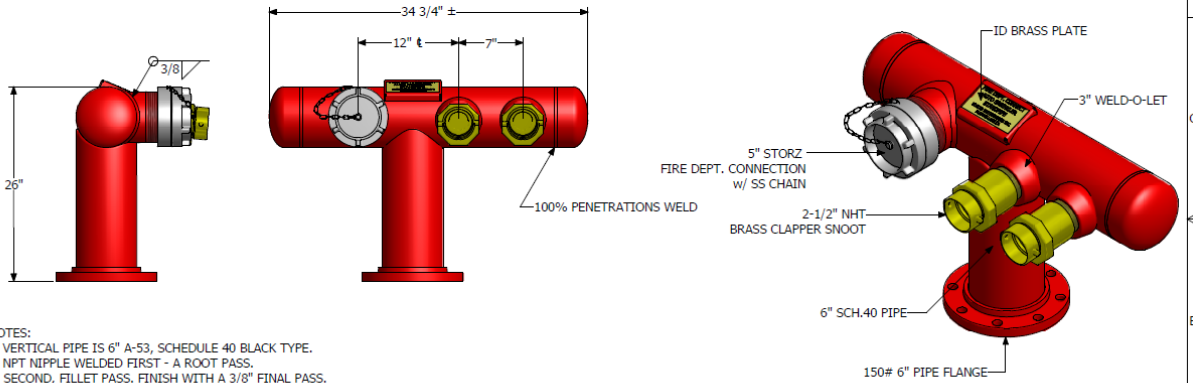
Hydrants shall have a concrete pad.

1. Consult local Building & Safety for permit requirements for walls.
2. Bollards may be required.
3. Location of front bollards shall be adjusted to provide clearance for outlets, and shall have approval of the Fire Prevention Division.
4. Start at the entrance (s) to the project under review.
5. Use existing hydrants if within the allowable distance based upon the type of project. (Existing hydrants may need to be upgraded) If not sure about existing hydrants, do a site inspection first.
6. Flag lots may present a problem. Hydrant location is critical and must be verified by the Bureau of Fire Prevention and Life Safety.
7. If there is no on-site access required from the street, measure from the closest point on the street (nearest the structure) to the hydrant in the path of travel.
8. Do not place along sharp bends in access road/driveway.
9. When locating on a corner, place the hydrant 5-10 feet past the BCR (beginning curb return).
10. Do not place in the bulb of a cul-de-sac.

11. Place on the right side of the street if possible, based upon the normal response from the first-in fire station.
12. Place on property lines between lots.
13. If driveways are shown, try to place where there is the least impact to on-street parking.
14. Keep 25-50 feet from any building if possible.
15. Try to place where the road/driveway is level.
16. If there is a slope behind the hydrant, require a retaining wall 3 feet back.
17. Require concrete pads around hydrants.
18. Watch grade level, walls and obstructions, anywhere you are considering placing a hydrant.
19. Any changes in location of fire hydrants shall be approved by the Fire Prevention Bureau prior to installation.
20. Fire hydrants and water lines must be in the water purveyor's easement or within easements to the property owners that will benefit from the hydrant.
21. Make sure you denote the hydrant type, size and number of outlets on the approved hydrant location plans.

Fire Department Connection Diagram as minimum design requirements.

5" STORZ FIRE DEPARTMENT CONNECTION w/ BRASS CLAPPER SNOOTS



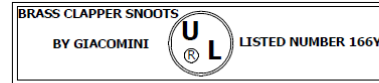
NOTES:

1. VERTICAL PIPE IS 6" A-53, SCHEDULE 40 BLACK TYPE.
2. NPT NIPPLE WELDED FIRST - A ROOT PASS.
SECOND, FILLET PASS. FINISH WITH A 3/8" FINAL PASS.
3. PIPE CAPS AND PIPE TO PIPE CONNECTION TO BE 100% PENETRATION.
4. WELDING TYPE: SEMI-AUTOMATIC NR 211 INNER SHIELD WIRE PER SECTION 9 ASME CODE.
5. 150# SLIP ON RAISED FACE FLANGE WELDED INSIDE W/ 1/4" FILLET AND EXTERIOR TO HAVE 3/8" FILLET WELD.
6. 5" STORZ FIRE DEPT. CONNECTION W/ HARD COATED ALUMINUM ADAPTER W/ STORZ INLET, FEMALE NPT OUTLET.
HARD COATED ALUMINUM STORZ CAP W/ SS CHAIN ATTACHMENT.
7. CORROSION PROTECTION ACHIEVED THROUGH WHITE METAL GARNET BLAST W/ 5 TO 7 MILS OF RED BAKED POWDER FINISH.
8. ALL WELDING IS DONE PER AWS D1.1 SECTION 3 FCAW PROCESS.
9. NOT RECOMMENDED FOR WET SYSTEM.
10. UL APPROVED BRASS CLAPPER SNOOTS

[1] ABOVE UL INFORMATION IS FOR "BRASS CLAPPER SNOOTS" ONLY

CAT#: PW/ FDC-226 STR2

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*** CB: R.V. 03/06/2015 REV.01

TYPICAL HYDRANT MARKER LOCATION

Figure 1

TWO LANE STREET

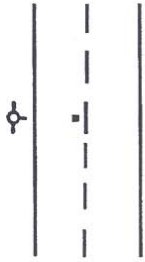


Figure 3

TWO LANE STREET
AT INTERSECTION

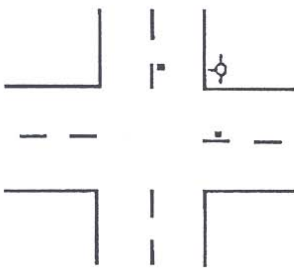


Figure 5

MULTI-LANE STREET WITH
TURN LANE

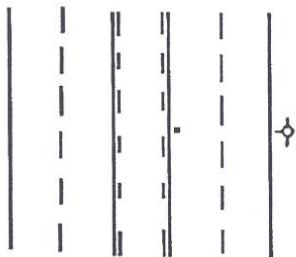


Figure 2

MULTI-LANE STREET

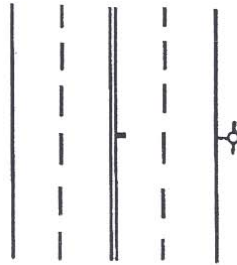


Figure 4

FOUR LANE STREET WITH TURN LANE
AT INTERSECTION

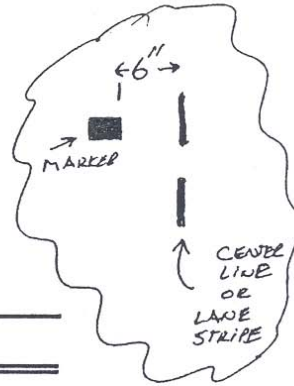
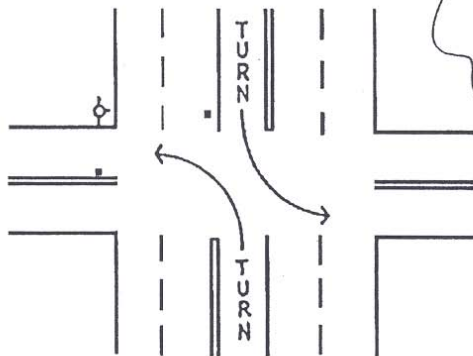
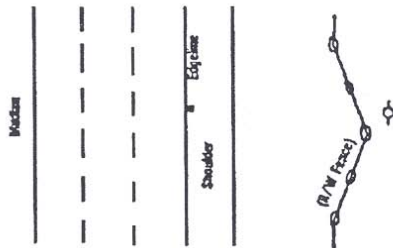


Figure 6

FREEWAYS AND EXPRESSWAYS



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STAFF REPORT

City Council

Meeting Date:

2/7/2017

Staff Report Number:

17-035-CC

Regular Business:

Approve the 2017 City Council work plan, budget principles and City Council procedures manual

Recommendation

It is recommended that the City Council approve the:

- a) 2017 City Council work plan;
- b) Budget Principles; and
- c) City Council procedures manual

Policy Issues

It has been the City Council's policy to annually adopt its Work Plan, Budget Principles and Procedures Manual. Any specific policy issues that may arise from the implementation of the individual work plan items will be considered at that time.

Background

The City Council adopts its work plan at the beginning of the year. Many of these items are typically not funded until the adoption of the budget late in June. At the January 27, 2017, City Council special meeting, the City Council was provided with an update on the work plan items for 2016. Many of the items on the work plan for 2016 are ongoing and included for 2017.

Analysis

2017 Work Plan

The City Council work plan for 2017 includes 53 items, some of which include multiple components. Staff has also been working on a significant number of the City Council-approved Capital Improvement Plan (CIP) projects. Some of the CIP projects overlap with the approved work plan items. A list of work plan items, CIP projects and other projects within the City was discussed at the January 27 meeting and the list has since been updated based on City Council direction (Attachment A).

The Work Plan has been grouped into themes and priority levels to help categorize the items. The themes are as follows in no specific order:

- Improving Menlo Park's multimodal transportation system to more efficiently move people and goods through Menlo Park
- Responding to the development needs of private residential and commercial property owners
- Realizing Menlo Park's vision of environmental leadership and sustainability
- Maintaining and enhancing Menlo Park's municipal infrastructure and facilities

- Attracting thoughtful and innovative private investment to Menlo Park
- Furthering efficiency in city service delivery models
- Providing high-quality resident enrichment, recreation and discovery

Staff was particularly attentive to the Project Descriptions and Key Milestones used to revise some of the work plan items to keep expectations in check. Those items that were adjusted include:

- Single-Family Residential Requirements and Guidelines (#5);
- Downtown Streetscape Improvement Project (Specific Plan) (#9);
- Downtown Parking Structure and Mix of Uses Design Contest (#10);
- Parks and Recreation Facilities Master Plan Update (#12);
- Library Landscaping (#24); and
- Transportation Master Plan (#44).

There were seven new items separately introduced by individual Council members that are not currently on the proposed work plan. The items were solely introduced and if pursued need a concurrence of the council and substitution for another work plan item. The seven items include:

Public Works

- Initiate Citywide Safe Routes to School Program
- Form a Complete Streets Commission
- Develop a “Welcome to Menlo Park” Monument Sign program
- Design and build a Burgess Park Snack Shack

Community Services

- Establish an Arts Commission

Community Development

- Draft a Soft Story Retrofit Ordinance

City Manager’s Office/Economic Development

- Create a Façade Improvement/Awning Program

Should the Council opt to include one or more of the above items, staff will need clarity around just what is expected in the process and outcome of each selected initiative.

Budget Principles

This Work Plan process creates the foundation for the preparation of the fiscal year 2017-18 budget and is further framed with the Budget Principles established by the City Council. The Budget Principles remain unchanged from last year and are included as Attachment B.

Council Procedures Manual

The City Council is also being asked to approve its City Council procedures manual (Attachment C) which helps guide both City Council and staff protocol. While no changes were introduced to the Procedures Manual, Council agreed to the following working agreements:

1. Being more responsive to staff requests for feedback as it relates to calendaring and requests for information; and

2. Being more explicit from the dais when consensus is sought.

Impact on City Resources

There will be a financial impact. Some items listed are in the current FY: 2016-17 budget while other items listed will require future funding through the budget process.

Environmental Review

N/A

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. Draft 2017 City Council work plan
- B. City Council budget principles
- C. City Council procedures manual

Report prepared by:
Alicia Nightengale-Sofos, Senior Management Analyst

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City of Menlo Park
2017 Draft City Council Work Plan

January 27, 2017

Council Goal Setting Workbook Overview

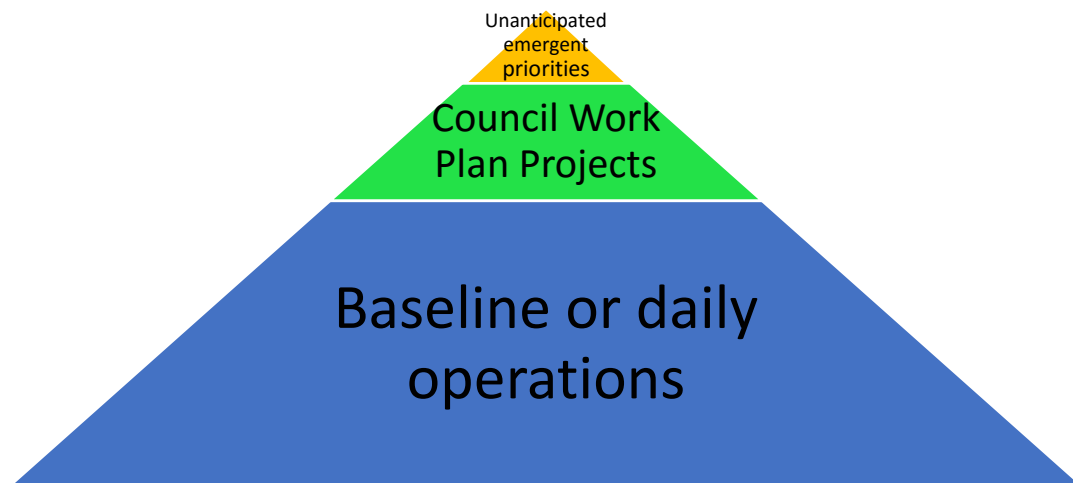
Council members and staff have previously set goals in order to better align Council priorities, staff's work plans, commission's work plans and, ultimately, the City budget. The product of the goal setting process that has evolved over the past several years is a detailed work plan that lists high level themes, specific projects, project sources, the lead department and the status of the item.

The draft work plan covers a roughly 18 month period beginning in February with work plan adoption, with many items commencing work in July following the budget adoption. This year's work plan includes a field to indicate those items that are progressing or will progress over multiple years.

In reviewing the draft work plan and considering which projects to prioritize, staff suggests Council consider differentiation of elements of overall staff capacity into three categories:

- Baseline work
- Work plan projects
- Unanticipated new priorities.

John Nalbandian, local government management expert and professor of Public Administration at the University of Kansas, says roughly 80% of staff capacity should be allocated to ongoing operations and "daily" work (baseline), 15% to priority work plan projects and 5% for unanticipated and emergent priorities. For purposes of this draft work



plan, staff has not only removed completed items, but has reassigned items that, although they began as projects in the previous work plan, are now considered "baseline work". For example, development projects were considered a project when staff capacity did not exist to complete them and now, given Council approved additions to staffing levels, can be considered part of normal operations. This implies that Council will be focusing their work at the goal setting session on prioritizing 15% of staff's total capacity.

This doesn't mean that other, non-prioritized projects are not doable, just that they will be addressed as staff capacity permits. Council is encouraged to propose projects and initiatives that are achievable given the current capacity and demand for services, and to engage in a realistic prioritization of the projects.

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Responding to the development needs of private residential and commercial property owners.....5

- Address Housing Element Implementation Programs
- Implement Downtown/El Camino Real Specific Plan Biennial Review
- Enhanced Housing Program
- Stanford University 2018 General Use Permit Review
- Single Family Residential Requirements and Guidelines

Realizing Menlo Park’s vision of environmental leadership and sustainability.....11

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**Responding to the development needs of private residential
and commercial property owners.**

Extremely Important

1. Address Housing Element Implementation Programs

New or Existing	Lead Department
New	Community Development

Project Description
The Housing Element includes a number of Implementation Programs, each with a specific timeline for completion. The City is required to report annually to the State on the progress of the Programs.

Key Milestones
<p>The following three implementation programs are targeted for completion in 2017. Where appropriate, the work on the Implementation Programs will be coordinated with other housing initiatives and goals:</p> <ul style="list-style-type: none"> • (a) Amend the Zoning Ordinance to be consistent with State law and limit the loss of existing residential units or the conversion of existing units to commercial space (Program H2.C) • (b) Amend the Zoning Ordinance to modify R-2 zoning to tie floor area to dwelling units to minimize underutilization of R-2 zoned lots and maximize unit potential, unless unique features of a site prohibit additional units being constructed (Program H2.C) • (c) Adopt an Anti-Discrimination Ordinance to prohibit discrimination based on the source of a person's income or the use of rental subsidies, including Section 8 and other rental programs (Program H1.G).

Other department involvement	Multi-Year
City Manager's Office, City Attorney	No

Funding source	State Mandate
General Fund	Yes

Very Important

**2. Implement Downtown/EI Camino Real Specific Plan
Biennial Review**

New or Existing	Lead Department
Existing	Community Development

Project Description
Complete the implementation of the changes to the Specific Plan directed by the Council during the 2015 biennial review.

Key Milestones
The project is being conducted in two phases. Phase 1, consisting of text and graphic changes related to setbacks, sidewalk widths, hotel incentives and parking, and TDM programs among others will be completed in 2017. Phase 2, which includes more extensive research, environmental review and policy changes is expected to be completed in 2018. The directed changes require consultant assistance.

Other department involvement	Multi-Year
Public Works, City Manager's Office, City Attorney	Yes

Funding source	State Mandate
General Fund	No

3. Enhanced Housing Program

New or Existing	Lead Department
New	City Manager's Office

Project Description
<p>This project is a response to the City Council's direction at the January 10th City Council Study Session on responding to residential displacement. The Council gave direction for staff to increase the Housing Commission meeting frequency from quarterly to monthly. In addition, the Council referred 15 policies and projects to the Commission for their recommendation on prioritization. This is likely to be a significant increase in workload and will result in a need for additional resources. Some of this policy work overlaps or is related to the implementation programs for the approved 2015-2023 Housing Element.</p>

Key Milestones
<p>Draft agendas, staff reports and attend monthly Housing Commission meetings. Work with Housing Commission to present prioritized list of actions to Council. Present recommended actions to Housing Commission and Council for items the Council prioritizes for 2017. Conduct public outreach on any new requirements or programs.</p>

Other department involvement	Multi-Year
Administrative Services, Community Development, Public Works, City Attorney	Yes

Funding source	State Mandate
General Fund and BMR Fund	No

Important

4. Stanford University 2018 General Use Permit Review

New or Existing	Lead Department
New	Public Works

Project Description
Stanford University has initiated an update to its General Use Permit, originally adopted in 2000 to guide campus development, through Santa Clara County. Key elements proposed for the 2018 General Use Permit include completion of the development (academic and academic support space, housing, and parking) authorized by the 2000 General Use Permit; construction of new academic and academic support uses; construction of new housing units for students, faculty and staff; creation of parking supply reserve; and construction of new child care centers and facilities. City staff would track the project's progress through the County review process, and review the draft environmental review documents, with emphasis on the transportation analysis and proposed mitigation measures. The draft environmental documents are anticipated to be released as early as mid-2017 with project approval by Santa Clara County targeted for late 2017 to 2018.

Key Milestones
Key milestones for 2017 are anticipated to include tracking the project, attending public meetings, and preparing comments on the Notice of Preparation and draft environmental documents. The schedule for this project is dependent on an outside agency.

Other department involvement	Multi-Year
Community Development, City Manager's Office, City Attorney	Yes

Funding source	State Mandate
General Fund	Yes

5. Single Family Residential Requirements and Guidelines

New or Existing	Lead Department
New	Community Development

Project Description
This project would update the Zoning Ordinance requirements for single-family residential developments as well as develop new design guidelines to create a more predictable and expeditious process while providing a method for encouraging high-quality design in new and expanded residences.

Key Milestones
Key milestones for 2017 include the development of project goals and a work program through the Planning Commission and City Council and obtaining consultant assistance.

Other department involvement	Multi-Year
City Attorney	Yes

Funding source	State Mandate
General Fund	No

**Realizing Menlo Park's vision of environmental leadership
and sustainability.**

Extremely Important

6. Green Infrastructure Plan

New or Existing	Lead Department
New	Public Works

Project Description
<p>As part of the new stormwater municipal regional permit, the City is required to develop a Green Infrastructure Plan that identifies areas throughout the watershed that can be disconnected from the storm system to reduce storm runoff and improve water quality. The regulations expect this effort to span four years. During the first year, or Phase 1 of this project, the City will be required to develop and approve the framework. Prioritization and mapping of potential areas for green infrastructure will be required during the second year. As part of this effort, the study will require an assessment of the land uses in the watershed and a hydraulic evaluation of the City's existing stormwater system. In the third and fourth years, the plan is to be finalized and submitted to the State for approval.</p>

Key Milestones
<p>The milestone for 2017 will be approval of the work plan for the Green Infrastructure Plan, and future implementation phases will follow.</p>

Other department involvement	Multi-Year
N/A	Yes

Funding source	State Mandate
Storm Drainage	Yes

Important

7. Community Zero Waste Plan

New or Existing	Lead Department
Existing	City Manager's Office

Project Description
Develop a plan of action, including program descriptions, milestones and estimated costs to bring the Menlo Park community closer to zero waste and thus reduce Greenhouse Gas (GHG) emissions.

Key Milestones
The plan will be completed.

Other department involvement	Multi-Year
Administrative Services, Community Development, Public Works	No

Funding source	State Mandate
CalRecycle, CIP	No

8. Update the Heritage Tree Ordinance

New or Existing	Lead Department
Existing	City Manager's Office

Project Description
Update the City's current Heritage Tree Ordinance.

Key Milestones
The consultant will be selected, community outreach, and commission meetings will commence.

Other department involvement	Multi-Year
Community Development, Public Works, City Attorney	Yes

Funding source	State Mandate
CIP	No

**Attracting thoughtful and innovative private investment
to Menlo Park.**

Extremely Important

9. Downtown Streetscape Improvement Project (Specific Plan)

New or Existing	Lead Department
Existing	Public Works

Project Description
<p>The project will consist of planning and implementing improvements in the downtown area per the Specific Plan considering the street café program, Chestnut Paseo and Santa Cruz Avenue Sidewalk and the development of new streetscape plans. The first phase of the project includes installation street cafes at up to six locations and installation of the Chestnut Paseo. Both projects includes coordination with property owners and businesses, design and construction work. The street cafes will be completed at the end of January and the evaluation of the Paseo will begin. Later phases of this project may be added in future years for the downtown Santa Cruz Avenue Sidewalk improvements and development of new streetscape plans.</p>

Key Milestones
<p>Key milestones for 2017 are anticipated to include completion of the first round of street cafés and evaluation of the Paseo at a Council study session in order to determine whether to construct a permanent Paseo and at what location (i.e., Chestnut Street or Curtis Street).</p>

Other department involvement	Multi-Year
City Manager's Office	Yes

Funding source	State Mandate
Merchants contribution/GF	No

10. Downtown Parking Structure and Mix of Uses Design Contest

New or Existing	Lead Department
Existing	City Manager's Office

Project Description
The City has been approached by Facebook to assist with our effort to design a parking development for one or a number of our downtown parking plazas. They would like to help facilitate a design competition. It is staff's desire to coordinate this effort with the biennial review of the El Camino Real/Downtown Specific Plan in the event that revisions are necessary to accommodate a project that receives Council and community support.

Key Milestones
Confirm City's legal rights to develop on parking plazas 1-3. Present proposed contest to Council. Conduct outreach for project submissions. Facilitate evaluation of submitted projects, ensuring that at least one of the options is a single-use parking garage. Present a final proposal to Council (It may be necessary for this process to extend into 2018, based on community input.)

Other department involvement	Multi-Year
Public Works, Community Development	Yes

Funding source	State Mandate
Parking	No

Providing high-quality resident enrichment, recreation, and discovery.

Extremely Important

11. Belle Haven Pool Analysis and Audit

New or Existing	Lead Department
Existing	Public Works

Project Description
This project is analyzing the current and future use of the Belle Haven Pool. The Study would include a review of the pump house and pool for ADA and current building code requirements in order to maximize the pool use. The Belle Haven Pool has traditionally been a seasonal pool only operating during the summer months. The pool has seen increased demand and usage as a result of the expanded programming. The current pool infrastructure is not likely to support the long term impacts of a year round operation.

Key Milestones
The milestone for 2017 is completion of the study.

Other department involvement	Multi-Year
Community Services	No

Funding source	State Mandate
Rec in lieu	No

Very Important

12. Parks and Recreation Facilities Master Plan Update

New or Existing	Lead Department
Existing	Community Services

Project Description
This project will consist of community engagement activities to determine community facilities needs in order to update the Parks and Recreation Master Plan (1999) and eventually establish priorities for a potential third phase of Measure T bonds in fiscal year 2017-18.

Key Milestones
Milestones for 2017 include: development of RFQ; release of scope of work and RFP; Council approval of consultant contract; analysis of existing conditions, opportunities and constraints completed; some community engagement will have begun.

Other department involvement	Multi-Year
Administrative Services, City Manager's Office, Public Works, Library	Yes

Funding source	State Mandate
General Capital Improvement	No

13. Bedwell Bayfront Park Master Plan

New or Existing	Lead Department
Existing	Community Services

Project Description
The master plan will provide a long-term vision and general development guide for the park and its facilities, including how to protect park resources, provide quality visitor experiences, manage visitor use and plan for future park development. The plan will also identify infrastructure needs related to the methane gas and leachate collection systems and other issues associated with managing the closed landfill.

Key Milestones
The milestone for 2017 would be development of the plan and Council approval.

Other department involvement	Multi-Year
Public Works, Community Development	Yes

Funding source	State Mandate
Bedwell/ Rec in Lieu	No

14. Park Playground Equipment

New or Existing	Lead Department
New	Public Works

Project Description
<p>A comprehensive Playground Safety Inspection Report was completed for each of the City's playgrounds in 2015. The findings of the report were used to prioritize the City's playground replacement schedule, with the first three being Burgess Park, Nealon Park, and Willow Oaks Park. Along with meeting the updated California Safety Standards, the new playgrounds may incorporate theme-based educational and interactive components.</p>

Key Milestones
<p>Key milestones anticipated for 2017 include identification of the first park (likely to be Nealon Park), determination of the proposed equipment, and going out to bid.</p>

Other department involvement	Multi-Year
Community Services	Yes

Funding source	State Mandate
General Fund	Yes

Important

15. Jack Lyle Park Restroom

New or Existing	Lead Department
Existing	Public Works

Project Description
This project will involve engaging the neighborhood in developing a conceptual design, then constructing restroom.

Key Milestones
Key milestones anticipated for 2017 include completing the construction drawings, obtaining the building permit, going out to bid, awarding the construction contract, and constructing the restroom.

Other department involvement	Multi-Year
Community Services	No

Funding source	State Mandate
Rec in lieu	No

16. Library Space Needs Study

New or Existing	Lead Department
Existing	Public Works

Project Description
The Library Spaces Needs Study will help to determine how the building can be modified and updated to best accommodate changes to library services for the next twenty years. The goal will be to use the existing space to create greater flexibility, capacity and efficiency. There may also be a need to expand parts of the building to accommodate programs, such as those for children and teens, that have grown substantially. The library needs increased connectivity and spaces for quiet study and group work. The main library, originally constructed in 1957, was expanded in 1968 and 1992, and has internal load bearing walls and substructures that complicate internal remodeling.

Key Milestones
The Space Needs Study should be completed in 2017.

Other department involvement	Multi-Year
Library	No

Funding source	State Mandate
Library Foundation donation/ General Fund	No

17. Willow Oaks Park Improvements

New or Existing	Lead Department
Existing	Public Works

Project Description
This project includes improvements to Willow Oaks Park, including the reconstruction of the dog park and the construction of a new restroom facility. Public meetings are scheduled for February 9 and 11. Depending on the feedback received, milestones for the year will be established.

Key Milestones
Key milestones for 2017 are anticipated to include completing the community engagement process, designing the improvements and going out to bid.

Other department involvement	Multi-Year
Community Services, Community Development	No

Funding source	State Mandate
Rec in lieu	No

Maintaining and enhancing Menlo Park's municipal infrastructure and facilities.

Extremely Important

18. Water System Master Plan

New or Existing	Lead Department
Existing	Public Works

Project Description
The Water System Master Plan will provide a guide for operations and maintenance standards and prioritizing future investments in the water distribution system. The Plan should be completed and ready for acceptance by the Council in 2017.

Key Milestones
Key milestones for 2017 are anticipated to include presenting components of the plan phases, such as staffing options for operations and maintenance, and ultimately Council acceptance of the entire Plan.

Other department involvement	Multi-Year
Administrative Services, City Attorney	No

Funding source	State Mandate
Water	No

19. Sidewalks on Santa Cruz Ave

New or Existing	Lead Department
Existing	Public Works

Project Description
This project will install sidewalks and associated storm drain improvements on Santa Cruz Avenue from Johnson Street and Olive Street. The City has selected a contractor who is ready to begin construction upon Calwater's completion of its water main replacement project.

Key Milestones
Construction of the sidewalks should be completed in 2017.

Other department involvement	Multi-Year
N/A	No

Funding source	State Mandate
General Fund/TIF	No

20. Trash Capture Device Installation

New or Existing	Lead Department
New	Public Works

Project Description
This project will install trash capture devices in storm drain inlets as required by the Municipal Regional Permit to reduce the amount of pollutants going into the Bay from high trash generating areas.

Key Milestones
The devices should be installed by summer 2017.

Other department involvement	Multi-Year
N/A	No

Funding source	State Mandate
General Fund	Yes

21. Administration Building Emergency Generator

New or Existing	Lead Department
New	Public Works

Project Description
The project will replace the existing emergency generator at the administration building that provides emergency power to the administration building when power from PG&E is temporarily lost. The existing generator is over 25 years old and supports the operation of the police dispatch 911 system and other essential City services during an emergency.

Key Milestones
The project is out bid and construction should be completed in 2017.

Other department involvement	Multi-Year
N/A	No

Funding source	State Mandate
General Fund	Yes

22. Chrysler Pump Station Improvements

New or Existing	Lead Department
New	Public Works

Project Description
The Chrysler Pump Station in Bohannon Park is over 50 years old and at the end of its useful life. This project involves the complete replacement of this critical stormwater pump and is being coordinated with the Menlo Gateway project.

Key Milestones
Key milestones anticipated for 2017 include completing the design and going out to bid.

Other department involvement	Multi-Year
Community Development	Yes

Funding source	State Mandate
Gas Tax/General Fund	No

23. Emergency Water Supply

New or Existing	Lead Department
Existing	Public Works

Project Description
This project will involve the first phase of construction of up to three emergency wells to provide a secondary water supply to the Menlo Park Municipal Water District eastern service area.

Key Milestones
The first well at the Corporation Yard is scheduled for completion by the end of 2017. For the second well, staff is evaluating different sites and plans to make a recommendation on the proposed well to the City Council in the summer of 2017.

Other department involvement	Multi-Year
N/A	Yes

Funding source	State Mandate
Water	Yes

Very Important

24. Library Landscaping

New or Existing	Lead Department
Existing	Public Works

Project Description
The project consists of replacing the landscaping and irrigation system around the Library. The existing landscaping and irrigation system is in need of major upgrades and a portion of the system is over thirty years old. The full landscaping around the Library will be delayed until the outcome of the Library space needs is completed.

Key Milestones
A smaller landscaping project between the main public entrance and the staff/service entrance will be completed by the fall of 2017. Additional improvements for 2017 include the installation of additional outdoor tables.

Other department involvement	Multi-Year
Library	Yes

Funding source	State Mandate
Rec in lieu and General Fund CIP	No

25. Arrillaga Family Recreation Center HVAC System Upgrade

New or Existing	Lead Department
New	Public Works

Project Description
When the Arrillaga Family Recreation Center was remodeled in 2011, a new HVAC system was installed that cooled/heated solely outside air as opposed to a more traditional recirculating system similar to those in many residential homes. The advantage of an HVAC system configured to pull air from the outside was cost and time savings during the renovation project. The decision at the time, however, came at the expense of energy efficiency and has resulted in extreme wear and tear on the cooling condensers due wide fluctuations in temperature experienced outside when compared to relatively constant indoor temperatures. This project will evaluate options to reduce the energy to control temperatures in the Recreation Center with a more efficient HVAC system and install the improvements.

Key Milestones
Key milestones anticipated for 2017 including system design and going out to bid.

Other department involvement	Multi-Year
Community Services	No

Funding source	State Mandate
General Fund	No

26. Belle Haven Child Development Center Kitchen and Bathroom Remodel

New or Existing	Lead Department
New	Public Works

Project Description
This project will remodel bathrooms and classroom kitchens by removing and replacing toilets with more child friendly ones, removing and replacing counter tops, sinks, faucets with hand held sprayer, air gaps for dishwasher, better shelving, carpet and vinyl floors and remodeling the kitchen and bathrooms.

Key Milestones
Key milestones for 2017 are anticipated to include preparing the applicable plans and specifications, obtaining any applicable permits, hiring the contractors, and completion of construction.

Other department involvement	Multi-Year
Community Services	No

Funding source	State Mandate
General Fund and Grant	Yes

27. Burgess Pool Capital Improvements

New or Existing	Lead Department
New	Public Works

Project Description
As part of the lease negotiation for the Burgess Pool, the City and the operator are identifying specific improvements to the aquatics facility to protect the asset. A capital replacement schedule will be used to identify specific improvements over the next five years. Upon completion of the lease negotiations, the milestones will be identified.

Key Milestones
Key milestones for 2017 will be determined upon completion of the lease negotiations.

Other department involvement	Multi-Year
Community Services	Yes

Funding source	State Mandate
General Fund	No

28. San Francisquito Creek Upstream of 101 Flood Protection Project

New or Existing	Lead Department
Existing	Public Works

Project Description
The San Francisquito Creek Joint Powers Authority is pursuing a potential project to provide flood protection, ecosystem restoration and recreation upstream of Highway 101. The project is being designed to protect communities from a flood event similar to the one that occurred in 1998. One potential component, could include modifications to the Pope Street/Chaucer Street bridge.

Key Milestones
Key milestones of 2017 are anticipated to include tracking the project, attending public meetings, and preparing comments on the draft environmental impact report, which is currently targeted for release in September 2017 for a 60-day review period.

Other department involvement	Multi-Year
N/A	Yes

Funding source	State Mandate
General Fund	Yes

Important

29. Nealon Park Sports Field Sod and Irrigation System Replacement

New or Existing	Lead Department
Existing	Public Works

Project Description
The project will consist of removing the existing sod, adjusting the irrigation system and installing new sod. The existing field, dating from 2002, has had to annually be patched with new sod due to wear which has created irregular grades in the field. The project will also add a new booster pump to increase the water pressure at Nealon Softball field so that the irrigation system has full coverage.

Key Milestones
The completion of the project is targeted for 2017.

Other department involvement	Multi-Year
Community Services	No

Funding source	State Mandate
General Fund	No

30. Gatehouse Fence Replacement

New or Existing	Lead Department
New	Public Works

Project Description
Portions of the existing Gatehouse fence along Ravenswood Avenue are rotting and in need of repair. Given the historic nature of the adjacent Gatehouse, great care is needed in replacing the fence.

Key Milestones
The milestone for 2017 is preparing the design details and going out to bid.

Other department involvement	Multi-Year
Community Development	Yes

Funding source	State Mandate
General Fund	No

31. Facilities Maintenance Master Plan

New or Existing	Lead Department
New	Public Works

Project Description
This project will create an asset management system for preserving existing City facilities in order to pursue proactive, preventative maintenance instead of reacting to failures of building components, which often necessitates more expensive emergency repairs.

Key Milestones
The milestone for 2017 would be the selection of a consultant to prepare the report.

Other department involvement	Multi-Year
Community Services	Yes

Funding source	State Mandate
General Fund	No

32. Reservoir Reroof and Mixers

New or Existing	Lead Department
New	Public Works

Project Description
The project involves re-constructing the roof of one of two water reservoirs serving the Menlo Park Municipal Water District customers. The project also consists of installing two submersible mixers in each of reservoirs to maximize turnover of the water and maintain the quality of the water in the tanks.

Key Milestones
The project is going out to bid and scheduled to be completed in 2017.

Other department involvement	Multi-Year
N/A	No

Funding source	State Mandate
Water	No

Furthering efficiency in city service delivery models.

Extremely Important

33. Complete an updated cost allocation plan, user fee study for non-utility operations, and cost recovery models for services

New or Existing	Lead Department
Existing	Administrative Services

Project Description
<p>The user fee study and cost allocation plan will establish the maximum defensible fees that the City may charge for services provide to the public. Once complete, staff will present the study as well as a recommendation to City Council in accordance with the City Council's adopted cost recovery plan.</p> <p>The City has selected the vendor to complete the study and staff is currently working to finalize the professional services agreement.</p>

Key Milestones
The City Council will receive the report in May/June 2017 and any fee changes approved by the City Council will go into effect approximately 60 days following final City Council action.

Other department involvement	Multi-Year
Administrative Services, Community Services, Police, Public Works, Community Development, Library, City Manager’s Office, City Attorney	No

Funding source	State Mandate
General Fund	Yes

34. City Hall Remodel Project

New or Existing	Lead Department
Existing	Public Works

Project Description
The project consists of remodeling the 1st and 2nd floors of the Administration Building to create efficiencies and accommodate additional staff. This requires re-designing the 1st and 2nd floors of the Administration Building to improve existing work stations and increase the number of work stations.

Key Milestones
Key milestones for 2017 are anticipated to include completion of construction.

Other department involvement	Multi-Year
Administrative Services, Community Development	No

Funding source	State Mandate
General Fund	No

35. Complete a fee study for solid waste services

New or Existing	Lead Department
Existing	City Manager's Office

Project Description
Review and revise solid waste rate structure to reflect current case law, service needs, and revenue requirements

Key Milestones
The fee study will be completed.

Other department involvement	Multi-Year
Administrative Services, City Attorney	No

Funding source	State Mandate
Solid waste fund	No

Very Important

36. Information Technology Master Plan implementation

New or Existing	Lead Department
Existing	Administrative Services

Project Description
In 2017, the Administrative Services Department staff will work with user departments to coordinate delivery of the multi-year Information Technology Master Plan.

Key Milestones
<ol style="list-style-type: none"> 1. Recruit new staff and contractors to implement the ITMP recommended wireless network, network redesign, core switch replacement, virtual server migration, and storage area network upgrades. 2. Establish an 2017-18 ITMP implementation team comprised of existing staff and other outside consultants as necessary; identify backfill resources as necessary. 3. Launch implementation of the application upgrades as determined by resources available (e.g. budget, available staff capacity, etc.). 4. Provide project updates to the City Council on the ITMP implementation project in August and January.

Other department involvement	Multi-Year
ALL	Yes

Funding source	State Mandate
IT Capital Fund	No

37. Development of a Citywide Communications Program

New or Existing	Lead Department
Existing	City Manager's Office

Project Description
Develop, fund and staff a comprehensive and modern communications program with the primary goal of communicating City matters to the public. This effort might be through the use of news media, social media and other communications tools.

Key Milestones
Hire a consultant, Develop a plan, Fund the plan.

Other department involvement	Multi-Year
Administrative Services, Community Development, Community Services, Library, Police, Public Works	Yes

Funding source	State Mandate
Primarily General Fund and other funds where allowable.	No

Important

38. Organizational study for Public Works maintenance services

New or Existing	Lead Department
Existing	City Manager's Office

Project Description
The organization study will review the current maintenance processes, document their current form and propose improvements. The review process will use industry standard practices as appropriate to provide a better understanding of how the current processes could be improved. The review will incorporate other studies that have been completing or are in process such as the Water System Master Plan to provide data for the review. The review will include all the maintenance functions performed by the City.

Key Milestones
The study will be completed.

Other department involvement	Multi-Year
Public Works	No

Funding source	State Mandate
General Fund	No

39. Organizational study for Development Services

New or Existing	Lead Department
Existing	City Manager's Office

Project Description
The organization study will review the current development review process, document its current form and propose improvements. The review process will use industry standard practices as appropriate to provide a better understanding of how the current process could be improved. The review will include the functions in planning, building, transportation and engineering.

Key Milestones
Consultant will be selected, background and review will commence.

Other department involvement	Multi-Year
City Manager's Office, Community Development, Public Works, City Attorney	Yes

Funding source	State Mandate
General Fund	No

40. Community Services Strategic Plan Implementation

New or Existing	Lead Department
Existing	Community Services

Project Description
In 2016, the Community Services Department completed a 5-year strategic plan designed to support increased participation and program cost-recovery goals while implementing needs assessments to guide future department services.

Key Milestones
2017 milestones include: Complete a community needs analysis determining need for after school programs including age groups, services, partnerships and efficiencies to meet changing community needs; Complete a community needs analysis determining opportunities for new/additional programs expanding participation at Onetta Harris Community Center, Senior Center and Belle Haven Youth Center.

Other department involvement	Multi-Year
N/A	No

Funding source	State Mandate
General Fund	No

41. Federal and State Lobbying Initiative

New or Existing	Lead Department
New	City Manager's Office

Project Description
As the City's need for large scale regional infrastructure improvements particularly in the area of transportation/transit, the City needs a consistent voice in Sacramento as well as in Washington, DC.

Key Milestones
Develop legislative platform, and hire lobbyist.

Other department involvement	Multi-Year
Public Works	Yes

Funding source	State Mandate
Primarily General Fund and other restricted funds as allowable.	No

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

Extremely Important

42. Haven Avenue Streetscape Improvement

New or Existing	Lead Department
Existing	Public Works

Project Description
The Haven Avenue Streetscape Project will provide new bicycle and pedestrian facilities to Haven Avenue, connecting Menlo Park, San Mateo County and Redwood City residents and employees. The project area includes Haven Avenue, between Marsh Road and the San Mateo County border (where the existing bicycle lanes terminate). It provides a direct connection to the San Francisco Bay Trail, and will function as an interim gap closure of the Bay Trail between Bedwell-Bayfront Park and Seaport Avenue, better serving both commute and recreational needs.

Key Milestones
Key milestones for 2017 are anticipated to include 1) completing the work in the City right-of-way (between the San Mateo County line and the bridge over the Atherton Channel) following completion of the Anton Menlo apartments and 2) obtaining an encroachment permit for work within Caltrans right-of-way.

Other department involvement	Multi-Year
N/A	Yes

Funding source	State Mandate
Measure A Grant/TIF/Developer	Yes

43. Willow/101 Interchange

New or Existing	Lead Department
Existing	Public Works

Project Description
<p>Reconstruction of the US 101/Willow Interchange is anticipated to begin in early 2017 and last approximately 2 years. Caltrans will lead construction efforts. City role will be to support the project through construction by assisting with communication efforts on construction impacts, traffic controls, and detours; provide local coordination, required permit review for local street impacts; and provide inspection of construction within City right-of-way.</p>

Key Milestones
<p>Key milestones for 2017 are anticipated to include responding to ongoing construction issues as they arise. The schedule for this project is dependent on an outside agency.</p>

Other department involvement	Multi-Year
Community Development, Police, City Manager's Office	Yes

Funding source	State Mandate
TA for Construction/General Fund for Staff Time	Yes

44. Transportation Master Plan

New or Existing	Lead Department
Existing	Public Works

Project Description
<p>The ConnectMenlo Circulation Element includes a number of forthcoming transportation-related programs, including those to encourage multi-modal transportation, provide opportunities for active transportation to encourage health and wellness, minimize cut-through traffic on residential streets, and consider changes to the transportation impact metrics the City uses to evaluate development proposals. The highest priority transportation-related program is the development of a Transportation Master Plan and updates to the Transportation Impact Fee (TIF) program.</p> <p>Transportation challenges, including multi-modal safety, traffic congestion, neighborhood quality of life, and regional coordination are significant concerns to the City of Menlo Park. A Transportation Master Plan would provide a bridge between the policy framework adopted within the Circulation Element and project-level efforts to modify the transportation network within Menlo Park. Broadly, it provides the ability to identify appropriate projects to enhance the transportation network, conduct community engagement to ensure such projects meet the communities' goals and values, and prioritize projects based on need for implementation. The Transportation Master Plan, when completed, would provide a detailed vision, set goals and performance metrics for network performance, and outline an implementation strategy for both improvements to be implemented locally and for local contributions towards regional improvements. Following development of the Master Plan, the TIF program update would provide a mechanism to modernize the City's fee program to collect funds towards construction of the improvements identified and prioritized in the Master Plan.</p> <p>The Transportation Master Plan, however, is not designed to identify project-level, specific solutions to individual neighborhood cut-through traffic concerns, specific Safe Routes to School infrastructure plans, or provide detailed engineering designs of the improvements that will be identified in the Plan. These efforts would be prioritized in the Plan for future work efforts.</p>

Key Milestones
Key milestones anticipated to be completed in 2017 include finalizing scope of work, awarding a consultant contract, initiating community engagement, and developing draft list of projects for consideration.

Other department involvement	Multi-Year
City Manager's Office, Community Development	Yes

Funding source	State Mandate
General Fund	No

45. Transit Improvements

New or Existing	Lead Department
Existing	Public Works

Project Description
<p>The purpose of this project is to support development of transit options and improvements in Menlo Park. Opportunities to be evaluated and prioritized include: enhancements to the existing shuttle program, coordination with SamTrans' current and future fixed-route service options, a transportation management association for the downtown and/or M2 areas, and bus stop amenities in Menlo Park.</p>

Key Milestones
<p>Key milestones for 2017 are anticipated to include beginning service for revised shuttle routes, initiating Transportation Management Association (TMA) study, and installing new bus stop amenities (new, redesigned signs and shelters in Belle Haven).</p>

Other department involvement	Multi-Year
Community Development, City Manager'	Yes

Funding source	State Mandate
TIF	No

46. Chilco Street Scape and Sidewalk Installation

New or Existing	Lead Department
Existing	Public Works

Project Description
<p>This project will involve engineering design and construction of landscaping, sidewalks, and bicycle facility improvements as identified during the Belle Haven Visioning/Implementation Plans and Connect Menlo General Plan Update process. The project would include landscaping, lighting, signing/striping modifications, and pedestrian and bicycle facility improvements. The current funding shown for this project is anticipated to provide staff time for design support, and is funded from a contribution by the Sobrato Organization provided during the approvals of the Commonwealth Corporate Center Project. Construction of the improvements would be completed by Facebook, as required within the Development Agreement for the Facebook Campus Expansion Project.</p>

Key Milestones
<p>Key milestones for 2017 include finalizing the concept plans for all phases, final design plans for Phases 3a, 3b, and 4a, and beginning construction of Phases 3a and 3b.</p>

Other department involvement	Multi-Year
Community Development	Yes

Funding source	State Mandate
Developer	No

Very Important

47. High Speed Rail Coordination & Environmental Review

New or Existing	Lead Department
Existing	Public Works

Project Description
The California High Speed Rail Bay Area to Central Valley route is being planned along the existing Caltrain tracks through the City of Menlo Park. This project involves City staff coordination with the Peninsula Cities Coalition, neighboring jurisdictions, the High Speed Rail Authority and elected officials to protect the City’s interests during the planning and implementation stages of the California High Speed Rail project. Funding will be used for technical expertise and consulting support.

Key Milestones
Key milestones for 2017 include authorization of a reimbursement agreement with the High Speed Rail Authority and participating in expected environmental review milestones for the San Francisco-San Jose project section.

Other department involvement	Multi-Year
Community Development, City Manager's Office, City Attorney (Outside Counsel)	Yes

Funding source	State Mandate
General Fund	Yes

48. Oak Grove, University, Crane Bicycle Improvement Project

New or Existing	Lead Department
New	Public Works

Project Description
This project would construct the approved one-year pilot of the Oak Grove, University, Crane Bicycle Improvement Project.

Key Milestones
Key milestones for 2017 are anticipated to include finalizing design plans, awarding a construction contract, construction, finalizing trial metrics to be evaluated, and collecting before and after data.

Other department involvement	Multi-Year
N/A	No

Funding source	State Mandate
General Fund	No

49. Ravenswood Avenue/Caltrain Grade Separation Study

New or Existing	Lead Department
Existing	Public Works

Project Description
The existing Ravenswood Avenue at-grade crossing of Caltrain is a critical rail crossing within the Menlo Park corridor. This crossing is within the Menlo Park El Camino Real/Downtown Specific Plan Area, and falls within the City's Priority Development Area. The proposed project, the Ravenswood Avenue Grade Separation Project Study Report (PSR), would expand on the 2003-2004 Grade Separation Studies prepared by BKF Engineers on behalf of the City, and complete an in depth study of alternatives for the Ravenswood Avenue crossing. The prior study identified six alternatives for Ravenswood Avenue; however, no alternative has been recommended as a preferred alternative. This PSR would refine the preliminary concepts identified in the prior study in order to develop design concepts and gain community consensus around a preferred alternative.

Key Milestones
Key milestones for 2017 are anticipated to include completion of the final PSR and identification of a preferred alternative for grade separation at Ravenswood Avenue.

Other department involvement	Multi-Year
Community Development, City Manager's Office, Library, Community Services, Police	No

Funding source	State Mandate
Measure A Grant	No

50. Laurel Upper School Safe Routes to School Plan

New or Existing	Lead Department
New	Public Works

Project Description
This project would develop a Safe Routes to School Plan for the Laurel Upper School.

Key Milestones
Key milestones anticipated in 2017 include awarding a consultant contract to prepare the Plan, conducting data collection and existing conditions analysis, and beginning community engagement on potential improvements.

Other department involvement	Multi-Year
Police	Yes

Funding source	State Mandate
General Fund	No

51. Middle Avenue Caltrain Crossing Study

New or Existing	Lead Department
New	Public Works

Project Description
<p>This project will provide a grade separated crossing through the Caltrain railway to create a pedestrian and bicycle connection and bridge the gap between east and west Menlo Park. The crossing will be located near Middle Avenue, connecting Alma Street near Burgess Park to El Camino Real at the proposed open space plaza as identified in the El Camino Real/Downtown Specific Plan. This crossing would improve connectivity for neighborhoods on both sides of the Caltrain tracks with city amenities, schools and access to public transit and downtown Menlo Park. The project would expand on the undercrossing study completed in fiscal year 2007-08 where the preferred Middle Avenue crossing location was selected. This project would develop preliminary design alternatives, seek community feedback around a preferred alternative and complete environmental clearance.</p>

Key Milestones
<p>Key milestones anticipated in 2017 include awarding a consultant contract, conducting community engagement on potential alternatives, and developing preliminary designs for potential alternatives.</p>

Other department involvement	Multi-Year
Community Development	Yes

Funding source	State Mandate
Measure A/TIF	No

Important

52. El Camino Real Corridor Study

New or Existing	Lead Department
Existing	Public Works

Project Description
This project consists of a traffic study to determine the level of service at the intersections on El Camino Real when a bicycle lane or a third through lane is added for both the northbound and southbound directions between Encinal Avenue and Live Oak. The study also evaluated impacts of removing the on-street parking on El Camino Real, business (parking) effects, safety and aesthetics.

Key Milestones
Key milestones for 2017 are anticipated to include submitting encroachment permit applications to Caltrans for the east-west crossing improvements and completing the additional analysis requested by the City Council for northbound traffic conditions.

Other department involvement	Multi-Year
N/A	Yes

Funding source	State Mandate
Measure A	No

53. Middlefield Rd/Ravenswood and Ringwood Avenues Traffic Signals Modification

New or Existing	Lead Department
New	Public Works

Project Description
This project would modify the existing traffic signals on Middlefield Road at Ravenswood Avenue and Ringwood Avenue to improve bicycle and pedestrian safety and accessibility. A new traffic signal phase and signal equipment will be added to allow Menlo-Atherton High School students to cross Middlefield Road at Ravenswood Avenue to proceed directly west onto Ravenswood Avenue. This project would also evaluate the potential removal of the triangular median island on the southwest corner of Middlefield Road/Ravenswood Avenue.

Key Milestones
Key milestones anticipated for 2017 include finalizing scope of planned improvements.

Other department involvement	Multi-Year
N/A	Yes

Funding source	State Mandate
TIF	No

CITY OF MENLO PARK BUDGET PRINCIPLES

The City Council-approved budget principles guide the development of the proposed budget each year. These principles, which were first introduced for fiscal year 2013-14 and refined annual since, call for the City to:

- Promote the City's long-term fiscal sustainability through strategic investments in programs, services and infrastructure.
- Enhance and maintain baseline city services and infrastructure to positively affect the quality of life in Menlo Park.
- Align and adjust staff capacity to implement the City Council adopted initiatives and strategies and to meet current demands for service.
- Invest in staff development and new technologies that drive efficiency and productivity.
- Actively pursue revenue enhancement opportunities and strive to achieve full cost recovery for all fee-based services, except where the City Council sees a clear public interest in providing a subsidy.
- Continue to refine the budget document to enhance the public's access to the City's financial information while also providing for proper internal controls over the city's resources.
- Monitor and report on changes in CalPERS retirement plan liabilities and include those changes in the City's 10-year financial plan.
- Develop an employee vacancy factor assumption and discuss that assumption in the context of the long-term financial forecast.
- Evaluate one-time revenues for highest and best investment and recognize the benefit of leveraging near term investments for long-term gains in financial sustainability and/or quality of life.

Revised January 29, 2016

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Procedures Manual Menlo Park City Council

CITY OF MENLO PARK
Mission Statement

It is the mission of the City government to ensure that Menlo Park is a desirable and vibrant community in which to live and do business, and to respond to the values and priorities of the residents so as to provide for the community's current and future needs.

Explicitly, the City fulfills its function by:

- Addressing the needs of the residents through the City Council, the appointed commissions, and the City staff.
- Providing easy and open access to information and encouraging dialogue, enabling residents to actively engage in civic life.
- Providing for the safety of its residents, businesses, and visitors.
- Providing timely and responsive service.
- Providing special assistance to those in need.
- Functioning effectively, efficiently and with accountability.
- Creating a positive and desirable workplace environment for City employees.
- Managing change for the betterment of the City.
- Creating and maintaining a viable revenue stream and providing for the unpredictable nature of our economy.
- Implementing and maintaining City infrastructure, facilities, and programs.
- Formulating sound environmental policies.
- Recognizing and supporting the City's diverse neighborhoods and population.
- Acting as a responsible member of the greater region.

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Introduction

The Menlo Park City Council establishes policies and priorities for the community and is responsible for the fiscal health of a public corporation.

Purpose of the Procedures Manual

City of Menlo Park staff prepared a procedures manual to assist the City Council by documenting currently accepted practices. Through agreement of the City Council and staff to be bound by these practices, the effective administration of City Council affairs is greatly enhanced. While attempting not to be overly restrictive, procedures are established so that expectations and practices can be clearly articulated to guide Council Members in their actions. It is anticipated that this Procedures Manual will be reviewed by each two-year City Council and may be revised from time to time.

Overview of City Documents

This procedures manual provides a summary of important aspects of City Council activities. However, it cannot incorporate all material and information necessary for undertaking the business of a city council. Many other laws, policies, plans and documents exist which bind the City Council to certain courses of action and practices. A summary of some of the most notable documents that establish City Council direction is provided below.

Municipal Code: The Municipal Code contains local laws and regulations adopted by ordinances. The administrative chapter of the code addresses the role of the City Council, Mayor and Mayor Pro Tempore. It also describes the organization of City Council meetings and responsibilities as well as the appointment of certain city staff positions and advisory commissions. In addition to these administrative matters, the Municipal Code contains a variety of laws. The municipal code is available on the City's website.

California Government Code: The State Government Code contains many requirements for the operation of city government. Many of these requirements are also replicated within the municipal code to ensure there is broad awareness of such requirements. Menlo Park is a "General Law" city, which means it is organized in accordance with provisions of the State Government Code. Also described within the government code is the Council-City Manager form of government. Basically, this form of government prescribes that a city council's role is to establish policies and priorities, while the role of the City Manager is to oversee the operations of the city government.

Annual Budget: The City's annual budget provides a description of city services and the resources used to provide services. The document contains both a broad overview of the budget as well as descriptions of programs and services organized for convenience by lead department. The City operates on a July 1 through June 30 fiscal year.

General Plan: The General Plan is a legal document, required by state law, which serves as the city of Menlo Park's "constitution" for development and the use of its land. It is a comprehensive, long-term document, detailing proposals for the physical development of the city, and of any land outside its boundaries but within its designated "sphere of influence."

Orientation of New Council Members

It is important that members of the Council have an understanding of the full range of services and programs provided by the organization. As new members join the City Council, the City Clerk coordinates with department heads to provide tours of City facilities and meetings with key staff.

Menlo Park City Council: Powers and Responsibilities

City Council Generally

The powers of a city council in California to establish policy are quite broad. Essentially, councils may undertake any action related to city affairs other than those forbidden or preempted by state or federal law. Specifically, *the Council shall have the power, in the name of the city, to do and perform all acts and things appropriate to a municipal corporation and the general welfare of its inhabitants and which are not specifically forbidden by the Constitution and laws of the State of California (California Government Code section).*

It is important to note that the Council acts as a body. No member has any extraordinary powers beyond those of other members. While the Mayor and Mayor Pro Tem have some additional ceremonial and administrative responsibilities as described below, in the establishment of policies, voting and in other significant areas, all members are equal. It is also important to note that policy is established by at least a majority vote of the Council. While individual members may disagree with decisions of the majority, a decision of the majority does bind the Council to a course of action. In turn, it is staff's responsibility to ensure the policy of the Council is upheld. Actions of staff to pursue the policy direction established by a majority of Council do not reflect any bias against Council members who held a minority opinion on an issue.

The City Council has occasionally debated whether it should take positions of a broader nature or limit itself to purely municipal functions. Historically, Menlo Park City Councils have chosen to not take positions on issues outside of their immediate authority to effect. The propensity of the City Council to involve itself in such issues reflects the personalities and outlooks of the members who make up the two-year Council sessions.

Limitations are imposed on a Council member's ability to serve on appointed boards of the city. State law expresses that no member of the Council shall serve as a voting member of any city board, committee, or commission, whether composed of citizen volunteers, city employees, or a combination of both. This is not construed as prohibiting members of the Council from serving on committees or subcommittees of the Council itself, or of agencies representing other levels of government. In fact, Council members often participate and provide leadership in regional and state programs and meetings. Council members are strongly encouraged to report to the Council on matters discussed at subcommittees and other regional or state board/agency/group activities in which they have been involved.

Role of Mayor & Mayor Pro Tempore

Mayor: As reflected in the Municipal Code, the Mayor is to preside at all meetings of the City Council and perform such other duties consistent with the office as may be imposed by the Council or by vote of the people. The Mayor does not possess any power of veto. As presiding officer of the Council, the Mayor is to faithfully communicate the will of the

Council majority in matters of policy. The Mayor is also recognized as the official head of the city for all ceremonial purposes.

The Mayor, unless unavailable, shall sign all ordinances, and other documents that have been adopted by the City Council and require an official signature; except when the City Manager has been authorized by Council action to sign documents. In the event the Mayor is unavailable, the Mayor Pro Tempore's signature may be used.

Traditionally, the Mayor has also been assigned by the City Council to consult and coordinate with the City Manager in the development of agendas for meetings of the City Council. The scope of such review focuses on the timing of business items and the volume of business that can be considered at any one meeting. Such review does not allow for a unilateral unlimited delay of items to be considered by the Council or the introduction of new items not otherwise part of the Council's identified priorities or staff's work plan. Should any significant disagreement arise regarding the scheduling of items, these matters are to be resolved by the full City Council. The staff maintains a "tentative" Council Calendar that programs when matters will likely be considered at future meetings.

Mayor Pro Tempore: The City Council has specified that the Mayor Pro Tempore shall perform the duties of the Mayor during the Mayor's absence. The Mayor Pro Tempore shall serve in this capacity at the pleasure of the City Council.

Appointment of City Manager, City Attorney

The City Council appoints two positions within the city organization: the City Manager and City Attorney. Both positions serve at the will of the City Council. The City Manager is an employee of the City and has an employment agreement that specifies certain terms of employment including an annual evaluation by the City Council. The City Manager is responsible for all other personnel appointments within the City. The current City Attorney is a part-time employee, and a partner in a local law firm that has served the City for many years.

Role in Disaster

The City Council has some special, extraordinary powers in the case of a disaster. Some meeting restrictions and expenditure controls are eased in such extreme situations. In critical situations the Council may be directed by the City Manager/Emergency Services Director to assemble in the City's Emergency Operations Center (EOC), located within the Police Department, to provide policy guidance and to receive information in an emergency. Should the City Council not be available during an emergency, state law specifies a hierarchy of others who may serve in place of the City Council. The most likely scenario is that the County Board of Supervisors would serve in the place of the Council.

The City Council also has the responsibility to declare a local emergency. Emergency proclamations are normally made when there is an actual incident or threat of disaster or extreme peril to the safety of persons and property caused by natural or man-made situations. The local proclamation is the first step toward a State and Federal declaration which would then activate eligible State and Federal disaster relief programs to provide financial relief to both local government and the public.

Appointment of Advisory Bodies

The city has a number of standing advisory bodies. City Council Policy #CC-01-004, Commissions/Committees Policies and Procedures and Role, contains guidelines on the appointment, roles and responsibilities of the various Commissions. These procedures apply to all appointments and reappointments to standing advisory bodies.

In addition, resident committees and task forces are occasionally appointed by the City Council to address issues of interest. A task force or other ad hoc body is a body created by Council for a specific task. Council subcommittees, when used, are to help the Council do its job. Committees ordinarily will assist the Council by preparing policy alternatives and implications for Council deliberation. Council subcommittees will normally not have direct dealings with staff operations. Council subcommittees may not speak or act for the Council. Subcommittees will be used sparingly and ordinarily in an ad hoc capacity. This policy applies to any group that is formed by Council action, whether or not it is called a subcommittee. Unless otherwise stated, a subcommittee ceases to exist as soon as its task is complete. The Council may assign, and specify the role of, one or two Council Members to the task force (if more, it becomes a defacto Council meeting). Unless otherwise specified, Council Members have all the rights, and only the rights, of ordinary citizens with respect to task forces and other ad hoc bodies.

Note that both appointed advisory bodies and ad hoc committees are usually subject to the open meetings laws commonly known as the Brown Act.

Council Relationship with Advisory Bodies

The City Council has determined that Council Members should not lobby commissioners for particular votes. However, Council Members may attend meetings as residents and request that commissioners consider certain issues during their deliberations or in unusual instances as Council Members to reflect the views of the Council as a body.

Council Members choosing to attend commission or committee meetings should be sensitive to the fact that they are not participating members of the body. Council Members have the rights, and only the rights, of ordinary citizens with respect to Commissions – including the right to write to and speak to the Commission during public comment periods.

Role of Commission Liaison

Members of the Council are assigned to serve in a liaison capacity with one or more city commissions. The purpose of the liaison assignment is to facilitate communication between the City Council and the advisory body. The liaison also helps to increase the Council's familiarity with the membership, programs and issues of the advisory body. In fulfilling their liaison assignment, members may elect to attend commission meetings periodically to observe the activities of the advisory body or simply maintain communication with the commission chair on a regular basis.

Members should be sensitive to the fact that they are not participating members of the commission, but are there rather to create a linkage between the City Council and commission. In interacting with commissions, Council Members are to reflect the views

of the Council as a body. Being a Commission liaison bestows no special right with respect to Commission business.

Typically, assignments to commission liaison positions are made at the beginning of a Council term in December. The Mayor will ask Council members which liaison assignments they desire and will submit recommendations to the full Council regarding the various committees, boards, and commissions which City Council Members will represent as a liaison. In the rare instance where more than one Council Member wishes to be the appointed liaison to a particular commission, a vote of the Council will be taken to confirm appointments.

City Council Meetings

General Procedures

By resolution, the City Council has adopted a modified version of Roberts Rules of Order.

Presiding Officer: The Mayor is the presiding officer and acts as chair at Council meetings. In the absence or incapacity of the Mayor, the Mayor Pro Tempore serves as presiding officer.

Seating arrangement of the Council: The Mayor Pro Tempore is seated immediately next to the Mayor. The Mayor, with the approval of individual Council members, shall establish the seating arrangement for regular Council meetings.

Quorum: Three-fifths of the Council members constitute a quorum for the transaction of business.

Meeting Schedule

The Council approves and follows an annual calendar that reflects its priorities and coincides with the budgeting process, beginning at the start of the calendar year. A Capital Improvement Plan is reviewed in February for the following fiscal year, in order to reflect the commitment of resources required. Other Council priorities are overlaid on the calendar as time permits.

Regular meetings are usually held in the Council Chambers, 701 Laurel Street, on Tuesdays at 7 pm, with study sessions and closed sessions generally being convened earlier, as needed, or at the end of the meeting at the conclusion of public business.

On occasion, the Council meeting will be held in alternative locations such as the Senior Center. No Council meeting will typically be held in the event that a regular meeting of the Council falls on a legal holiday or the day after a holiday. Other meetings throughout the year may be cancelled as well. Council Members should inform the City Manager's secretary as soon as possible if they intend to be out of town on a set meeting date. On occasion, arrangements may be made in order for Council Members to remotely participate in Council meetings by telephone conference call when out of town.

Special Meetings

Special meetings may be called by the Mayor or by three members of the City Council. Written notice must be given to the City Council and to the media 24 hours prior to a special meeting. No business other than that officially noticed may be discussed.

Public Comment: At all regular and special meetings, public comments must be permitted before or during consideration of any agenda item. Public comment is appropriate on any matter within the jurisdiction of the City Council.

Meeting Notices and Minutes: Notice requirements of the Brown Act are complied with for all meetings; minutes of the meeting are taken by the City Clerk or designee and made available for public inspection.

Development of Agenda

The City Council adopts a yearly meeting calendar identifying meeting dates and cancellations to aid members and staff with planning and scheduling. A medium-range “tentative” Council calendar that reflects an estimate of when various items will be scheduled over the next few weeks is available on the City’s website. A copy of the draft agenda is transmitted to the Mayor for review on the Monday one-week prior to the meeting. Staff is required to submit reports for a Tuesday Council meeting to the City Clerk by noon on the Thursday of the week preceding the meeting. All agenda materials are available on Thursday evening before the Tuesday Council meeting. Website posting includes a tentative Council calendar that shows Council meeting dates and planned agenda items 3-5 weeks in advance.

Given this agenda development schedule, it is usually extremely difficult when Council requests at a Tuesday meeting that a report be prepared for consideration the following meeting. For this reason, it will usually require at least one week for the preparation of a report requested by the City Council. Complex reports, of course, will require more time to prepare, and an estimated time of completion can be provided to the City Council. The ability to schedule new agenda items depends on the nature of the item itself, other agenda subjects that are already scheduled and the amount of time available.

Placing Items on Agenda

City Council: A Council Member may request an item be considered on a future agenda and, upon agreement of a majority of Council, staff will prepare a staff report if formal Council action is required. Council Members may make this request verbally during a meeting or may submit written requests. Normally, the process involves two steps: initial consideration of the request by the full Council at the soonest possible regularly scheduled meeting; and, if a majority agrees, the matter is then scheduled for further consideration on an upcoming meeting agenda.

Members of the public: A member of the public may request that an item be placed on a future agenda during public comment or through other communication with Council Members. Upon approval of a majority of Council, the item will be agendized and a staff report may be prepared. The City Manager will inform the Council of the potential impact the request will have on established priorities or staff workload and seek approval by the City Council before authorizing the work or scheduling the item as appropriate.

Emergency and Non-Agendized items: Emergency and non-agendized items may be added to an agenda only in accordance with state law. Emergency items are only those matters affecting public health or safety such as work stoppages, disasters and other severe emergencies. Adding an emergency item requires a majority vote. Emergency items are very rare. More likely, after the agenda is posted an item arises that the

Council would like to act on. Non-agendized items may be added to the agenda only if the Council makes findings that (1) the need to consider the item arose after the posting of the agenda, and; (2) there is a need to take immediate action at this meeting of the City Council. These findings must be approved by a 4/5th vote; if less than five members of Council are present, the findings require a unanimous vote of those present.

Notification and Advertising

The City attempts to well publicize matters of significant neighborhood or community public interest that appear on a City Council agenda, as well as all matters where advertising is required by law. Advertisements and notifications are intended to inform all interested individuals.

Order of Business

The City Council established the order of business for meetings through the adoption of a policy on meeting procedures. Technically, the order of the agenda is as follows: roll call; special business; proclamations; council, committee and staff reports; public comment #1; appointments to boards/commissions/committees; consent calendar; public hearings; regular business; written communications; information items; adjournment. The following section describes the various types of meeting components.

- 1. Closed Sessions** (*closed to the public*): The ability of the City Council to conduct sessions not open to the public is restricted by state law to ensure open proceedings. Certain defined circumstances exist wherein a city council may meet without the public in attendance. Such circumstances include:

Real Property: The purchase, sale, exchange or lease of real property with the City's negotiator; the real property and the person(s) with whom the City may negotiate must be announced in open session prior to the closed session (*Cal Govt Code 54956.8*).

Litigation: Pending or a significant exposure to litigation or the decision to initiate litigation; the litigation title must be identified in open session prior to the closed session unless the Council states that to do so would jeopardize its ability to conclude existing settlement negotiations or effectuate service of process.

Compensation: Salaries and benefits of employees; Council meets in closed session to review its position and instruct designated representatives (*Cal Govt Code §54957.6*).

Personnel: A closed session is held to discuss the appointment, employment, evaluation of performance, or dismissal of a public employee, or to hear a complaint against the employee unless the employee requests a public hearing (*Cal Govt Code §54957.6*).

It is critical to stress that there shall be no disclosure of closed session confidential information. Members of the Council, employees of the City, or anyone else present shall not disclose to any person, including affected/opposing parties, the press, or anyone else, the content or substance of any discussion which takes place in a

closed session without Council direction and concurrence. Whenever possible, written reports received for closed session items will be turned in at the end of the meeting.

Typically, closed sessions will be scheduled prior to the public portions of the meeting or at the end of the meeting after public business has been concluded. This is done so public portions of the meeting are not interrupted by closed sessions. In addition, such sessions may require the attendance of special legal counsel and consultants. In an attempt to manage the costs of these professionals, it is beneficial to conduct closed sessions at a time certain. On occasion, during the course of a regular meeting, an issue arises that requires the Council to adjourn to a closed session on the advice of the City Attorney.

- 2. Council Member Reports:** Provides members of the Council an opportunity to introduce matters not currently before the Council, including brief announcements, to pose questions of staff and make requests for items to be placed on the agenda at a future meeting. Examples of appropriate communications would be information of general interest received from outside agencies, comments or inquiries received from the public, requests to agenda future items, or announcements of interest to the public.

State law provides that Council can take action only on such matters that have been noticed at least three days (72 hours) in advance of the regular meeting, or 24 hours in the case of a special meeting, unless special circumstances are found to exist (as mentioned above). Formal action or approval on non-agendized items is not allowed, and such items should be placed on the agenda of the next available regular meeting.

- 3. Consent Calendar:** Those items on the Council agenda that are considered to be of a routine and non-controversial nature by the City Manager are placed on the "Consent Calendar." These items shall be approved, adopted, accepted, etc., by one motion of the Council. Typical consent calendar items include the final reading and adoption of ordinances, various resolutions approving agreements, awards of contracts, minor budgetary adjustments, meeting minutes, status reports, and reports of routine city operations.

Council Members may request that any item listed under "Consent Calendar" be removed from the Consent Calendar, and Council will then take action separately on this item. A member of the public may request that an item listed under "Consent Calendar" be removed and Council action taken separately on the item; the City Council must concur with such a request. Items that are removed ("pulled") by members of the Council for discussion will typically be heard after other Consent Calendar items are approved unless the majority of Council chooses an earlier or later time.

Council Members are encouraged to contact the City Manager's office prior to 12:00 noon on the day of a Council meeting day to provide notification of items to be removed from the Consent Calendar. This practice allows the City Manager to notify staff that may need to be present to respond to removed items. Equally important, it also allows the Manager to inform staff who do not need to be present at the

meeting. Unless contacted in advance of the meeting with sufficient time, the presumption is that staff will not be present.

- 4. Public Comment:** The City Council receives general public comment about issues not on the agenda. Comments on agenda items should not be heard until the appropriate item is called. Individuals desiring to speak are to address the Council from the speaker podium after giving their name and place of residence. Speaker cards may be required and should be filled out, including the speaker's actual jurisdiction of residence, and given to the City Clerk prior to Public Comment.

Comments should focus on a specific matter within the Council's jurisdiction. Members of the public are encouraged to present written comments, preferably in advance of the meeting, as a way to fully communicate their thoughts on agenda or non-agenda items. When written materials are presented, they should be submitted to the City Clerk for distribution and record keeping ahead of time. Comments are typically limited to three minutes per speaker so that all have an opportunity to address the Council.

Videos, PowerPoint or similar presentations may accompany in-person testimony but are subject to the same speaking time limits. Prior notice and coordination with the City Clerk is strongly encouraged and the Mayor reserves the privilege to limit such requests as necessary for the effective conduct of the meeting. Speakers are to address their comments to the City Council from the podium.

Public comment on regular business items normally follows staff's presentation of the staff report, clarifying questions from Council Members and applicant comments as necessary and appropriate. Typically, applicants or appellants are limited to a maximum of 10 minutes. Council will then hear public comment.

- 5. Public Hearing:** In the case of public hearings, once the Council has voted to close the hearing, no member of the public shall be permitted to address the Council or the staff from the audience, except at the discretion of the presiding officer (Mayor).
- 6. Regular Business Items:** Regular items are shown on the agenda and are normally taken in the order listed.
- 7. Informational Items:** Informational items may contain a status update, background report or a preview of a larger item coming before the Council at a future meeting.
- 8. Written Communications:** The City Council has established a practice of placing written communication between Members requesting items to be agenda and select letters sent by agencies to Council Members on the meeting agenda so that this correspondence receives wide distribution. If letters or emails from the public are received on the day of or just before a meeting, copies will be placed at the Council Members' positions on the dais.
- 9. Commission Reports:** Commission reports provide an opportunity for designated members of appointed boards to address the Council on matters of importance or to update the Council and community on studies that are underway.

10. Study Session: From time to time, the Council will hold study sessions. These meetings are normally scheduled before the regular Council meeting. . The purpose of study sessions is to give the Council a less formal and more interactive forum to discuss issues in advance of any official action to be taken. Staff often presents policy alternatives and is more directly engaged in the dialogue. Meetings are open to the public and are broadcast and videotaped when held in the Council Chambers and at the direction of the Council. While general direction may be given to staff or the proponent behind the topic of discussion, no formal action by the Council is taken in a study session.

Discussion Rules

To assist the City Council in the orderly discussion of items, rules are followed which represent accepted practices for the management of Council meetings.

1. **Obtaining the floor:** A member of the City Council or staff shall first address the Mayor and gain recognition. Comments and questions should be directed through the chair and limited to the issue before the Council. Cross-exchange between Council Members and public should be avoided.
2. **Questions to staff:** A Council Member shall, after recognition by the Mayor, address questions to the City Manager, City Attorney, department head or designated staff member. If a Council Member has questions on an agenda item, that member should preferably contact staff prior to the meeting in order to allow staff time to research a response for the meeting.
3. **Interruptions:**
 - a. Once recognized, a Council Member is considered to have the floor, and another Council Member may not interrupt the speaker except to make a point of order or point of personal privilege. In such a circumstance, the Council Member holding the floor shall cease speaking until the point of order or privilege is resolved.
 - b. Upon being recognized by the Mayor, members of the staff shall hold the floor until completion of their remarks or until recognition is withdrawn by the Mayor.
4. **Discussion:** A Council Member should not speak more than once on a particular subject until every other Council Member has had the opportunity to speak. Council Members are encouraged to discuss items during the decision-making process and may ask staff to respond when appropriate. The Mayor normally allows other members to speak first, then will give his/her views and summarize.
5. **Tabling procedure:** Tabling an item immediately stops discussion and causes a vote to postpone a matter indefinitely or to a time and date certain. A motion to “continue” an agenda item has the same effect, but is generally used when a scheduling problem arises or when insufficient time is available to address the matter thoroughly.

6. **Right of protest:** A Council Member is not required to state reasons for a dissenting vote.
7. **Calling for the question:** The purpose of calling for the question is to disallow further debate and put an issue to an immediate vote. A Council Member may move to “call for the question” on an item which is being considered. The motion requires a second, is not debatable, and must pass by a four-fifths vote. If the motion carries, the item is no longer debatable and the City Council must vote on it.
8. **Conducting business at a late hour.** According to Council policy, all regular meetings of the Council are to end by midnight unless there is a three-fourths vote taken by 11:00 pm to extend the meeting. The motion to extend is to include the title of the items to be considered after 11:00 and a new ending time for the meeting.

Voting Procedures

When present, all Council Members are to vote. Failure of a seated member to orally express a vote constitutes an affirmative vote.

No ordinance, resolution or motion shall be passed or become effective without an affirmative vote by the majority with a quorum present.

A conflict of interest shall be declared whenever appropriate and in compliance with state law. The affected Council Member will step down from the dais and leave the Chambers.

Council members may declare general consensus at the discretion of the presiding officer, if there are no negative votes or objections.

Upon the request of any Council Member, a roll call vote will be taken and recorded.

Tie vote: A tie vote is equivalent to a motion that has failed. The presiding officer may publicly explain the effect of the tie vote for the audience or may direct a member of the staff to do so.

Motions. There are a number of types of motions, each of which must meet certain requirements before a vote can be taken. A reference guide to motions is provided in chart form in Appendix A of this manual.

Reconsideration: Reconsideration of an item shall be allowed in accordance with the following Council guideline: A Member of the prevailing majority when the previous vote was taken must make a motion for reconsideration. The City Council has determined that any motion for reconsideration should be made at the meeting immediately following that at which the action was taken. No motion for reconsideration will be entertained after this time unless the City Council determines significant new information has arisen which warrants such action.

Other Guidelines

Other guidelines have been developed to ensure that meetings of the Council are conducted in a civil and professional manner. Council members and staff shall:

1. Work to preserve appropriate order and decorum during all meetings.
2. Discourage side conversations, disruptions, interruptions or delaying efforts.
3. Inform the Mayor before departing from a meeting.
4. Limit disruptive behavior. The Mayor will call persons demonstrating rude, boisterous, or profane behavior to order. If such conduct continues, the Mayor may call a recess, request the removal of such person(s) from the Council Chambers, adjourn the meeting, or take such other appropriate action. The Council has a policy to discourage applause, booing or other similar behaviors from the public during meetings.
5. Recognize that only the City Council, staff, advisory body chairs or designated representatives, and those authorized by the presiding officer shall be permitted to sit at the Council or staff tables.
6. Limit breaks of the City Council to 5-10 minutes. The Council has authorized the Mayor to resume the meeting if a quorum exists and other members have not returned from the break within the announced time period.
7. Impose time limits on speakers. While the City Council encourages and embraces the need for and right of public participation, it acknowledges that public comments must, at times, be limited. Therefore, the City Council authorizes the Mayor, as presiding officer, to poll the audience for an indication of the number of people wishing to speak, and to impose time limits per speaker. Typically, speakers are limited to three minutes but a shorter time limit may be established as deemed necessary. When a member of the public is to speak on behalf of others in attendance, a maximum time limit of ten minutes is usually imposed. After the time limit, Council may ask questions of the speaker for clarification, if needed. Each speaker will be thanked for his or her participation.

Values of Respect: The City Council has also recognized the importance of approaching the public's business in an environment of personal respect and courtesy, which places emphasis on the consideration of policy and avoids personalization of comments. Some guidelines utilized by the City Council include:

1. Discussion should focus on policy matters
2. Personal criticism of members is inappropriate
3. Proper decorum should be displayed as other members express their views
4. Treat members of the public equally, applying rules in a fair and consistent manner

5. Members of the public are advised to treat all public speakers with due respect and to refrain from verbal expressions in support of or opposition to (such as clapping or booing) any public speakers' comments.

Enforcement of Order: The Police Chief or his designee acts as the Sergeant-At-Arms. Any Council Member may request the presiding officer to enforce the rules of protocol. Upon motion and majority vote, the presiding officer shall be required to do so.

Open Meeting Laws (“The Brown Act”)

Operations and procedures of the City and City Council incorporate requirements of the state's open meeting law (commonly referred to as the Brown Act). Because this law is such an important part of local government operations, some specific requirements of the law are highlighted below.

Applicability and Penalties: The entire city organization conducts its business in compliance with the Ralph M. Brown Act, State Government Code Section 54950. The intent of the Act is to ensure that deliberation and actions of local public agencies are conducted in open and at public meetings.

- A. Applicability: The Act applies to Council and all commissions, boards and Council appointed subcommittees (except if comprised entirely of two Council Members) and task forces that advise Council. Staff cannot promote actions that would violate the Act.
- B. Meetings: All meetings shall be open and public. A City Council meeting takes place whenever a quorum (3 or more members) is present and information about the business of the body is received; discussions qualify as a meeting. Social functions (e.g., receptions, dinners) do not fall under the Act unless city business is discussed.

Serial meetings take place when any member of Council or city staff contact more than two Council Members for the purpose of deliberating or acting upon an item pending before the City Council. This restriction does not apply to the public or media who may contact Council Members. Correspondence that merely takes a position on an issue is acceptable. Note that the Brown Act applies to City Council Members immediately after their election and prior to their swearing-in ceremony.

- C. Agendas: Agendas for regular meetings must be posted 72 hours in advance of the meeting and must meet various requirements.
- D. Actions: No action can be taken on any item not appearing on the posted agenda.

Exceptions: 1) An emergency situation exists (determined by a majority of the Council). 2) The need to take action arose subsequent to the agenda being posted and there is a need for immediate action (determined by 2/3 vote of the Council; or if less than 2/3 are present, by unanimous vote). 3) The item was

continued to another meeting that was scheduled and posted within 5 days of the original agenda.

- E. Public Input: The public, by law, has an opportunity to address the Council on any item of interest to the public that is within the jurisdiction of the Council, at the time the matter is heard. The Mayor has the right to establish a time limit on speakers and the total time allocated for a particular issue. Three minutes per speaker has been standard, but in unusual cases either shorter or longer time periods may be established by the Mayor or the Council.
- F. Public Disruptions: A portion or all of the public may be removed if willful disruption makes conducting the meeting "unfeasible"; the press may remain unless they participate in the disruption.
- G. Correspondence: All writings distributed for discussion or consideration at a public meeting are public records.
- H. Special Meetings: Special meetings may be called by the Mayor or a majority of the Council with strict notification requirements for delivery to the media and Council 24 hours before the time of the meeting.
- I. Emergency Meetings: Emergency meetings may be called without notification due to the disruption or threatened disruption of public facilities. Only work stoppages or crippling disasters that impair the public health and/or safety qualify for emergency meetings.
- J. Other Provisions: The Act provides many other restrictions and requirements; this chapter is intended merely as a Council summary and overview of the Act, and nothing in this Chapter supersedes the provisions of the Brown Act. Please check with the City Attorney and/or the City Clerk for more information.

Council Communications

Overview

Perhaps the most fundamental role of a Council Member is communication—communication with the public to assess community opinions and needs—communication with staff to provide policy direction and to gain an understanding of the implications of various policy alternatives. Because the City Council performs as a body (that is, acting based on the will of the majority as opposed to individuals), it is important that general guidelines be understood when speaking as a Council Member. Equally important, when members are expressing personal views and not those of the Council, the public should be so advised.

Correspondence from Council Members

Members of the City Council may occasionally be called upon to write letters to citizens, businesses or other public agencies. Typically, the Mayor will be charged with transmitting the City's position on policy matters to outside agencies on behalf of the City Council. Correspondence sent on behalf of the Council is placed on official City letterhead and is signed by the Mayor or City Manager. Individual members of Council may prepare letters to constituents in response to inquiries or to provide requested information. Individualized City Council Member letterhead is available for this purpose, and staff can assist in the preparation of such correspondence. Council Members are required to provide copies of any correspondence on City letterhead to every Council Member and the City Manager.

On occasion, members may wish to transmit correspondence on an issue upon which the Council has yet to take a position or about an issue for which the Council has no position. In these circumstances, members should use their personalized letterhead and clearly indicate within letters that they are not speaking for the City Council as a whole, but for themselves as one member of Council.

After the City Council has taken a position on an issue, official correspondence should reflect this position. While members who may disagree with a position are free to prepare correspondence on such issues as private citizens, City letterhead, official Council title, and staff support should not be utilized in order to avoid confusion. In addition, City letterhead and staff support cannot be utilized for personal or political purposes.

Council Members may be asked to prepare letters of recommendation for students and others seeking appointment. It is appropriate for individual Council Members to utilize City letterhead and their Council titles for such letters. No review by the full Council is required, however, copies will be kept on file.

Speaking for “the City”

Similar to written correspondence, when members are requested to speak to groups or are asked the Council's position on an issue, the response should reflect the position of

the Council as a whole. Of course, a member may clarify their vote on a matter by stating, for example, "While I voted against "X", the City Council voted in support of it." When representing the City at meetings or other venues, it is important that those in attendance gain an understanding of the City Council's position rather than that of an individual member.

When dealing with members of the media, it is usually the Mayor who represents the position and interest of the City Council. When the City Manager or Department Heads are contacted, they too will refer the media first to the Mayor for comment. Similarly, when the City issues a Press Release, the Mayor is consulted in terms of any Council Member quotes or references. The City Manager decides whether staff are available to respond to media requests directly or not.

Local Ballot Measures

At times measures that affect City Council policy may be placed on the ballot. There are restrictions regarding what actions a City Council or individual Members may take on ballot measures. Guidelines as to what is permissible are available from the City Clerk or City Attorney upon request.

State Legislation, Propositions

The City has been a member of the League of California Cities for many years. In addition, the City has a representative on the City/County Association of Governments (C/CAG). Both of these groups actively track legislation at the state level. Either through the advisories received from these two organizations or as a result of City staff following key legislative bills of importance to the City, the Council is at times requested to take a position or an action on pending state legislation. Unless Council has previously acted on a similar bill in the recent past, in which the City's position is clear, the Council has a practice of requiring analysis and discussion of bills prior to taking an official position. The analysis includes a summary of the legislation's purpose and a listing of those entities both in support of and against the proposed legislation. As a framework for screening bills that are pending to determine if the City should weigh in, Appendix B serves as a Legislative Policy Guide, with the explicit understanding that the City will express itself on legislation dealing with issues that will directly effect its financial stability or effective operation, and that the City may enter into alliances with other entities to promote common goals.

Proclamations

Ceremonial proclamations are often requested of the City in recognition of an event or individual. Proclamations are not statements of policy but a manner in which the city can make special recognition of an event (e.g., Recycling Week) or individual. As part of his/her ceremonial responsibilities, the Mayor is charged with administration of proclamations. Individual Council Members do not issue proclamations. Proclamations can be sent to the requestor or presented at a City Council meeting as arranged with the requesting body and at the Mayor's discretion.

Interaction with City Staff

Overview

City Council policy is implemented on a daily basis through staff. Therefore, it is critical that the relationship between Council and staff be well understood by all parties so that policies and programs may be implemented successfully. The City of Menlo Park has a long tradition of positive relationships between members of the City Council and staff. To maintain these effective relationships it is important that roles are clearly recognized.

Council-Manager Form of Government

Like most California cities, Menlo Park has adopted a City Council-City Manager form of government. The Council appoints a City Manager to implement policy, enforce laws, direct the daily operations of city government, and prepare and monitor the municipal budget. The Municipal Code specifies roles and responsibilities and requires that Council Members work through the City Manager in dealing with City staff unless simply requesting information from department heads or other staff members. The City Manager is responsible to the City Council as a body rather than to individual Council Members.

Council-Manager Relationship

The employment relationship between the City Council and City Manager reflects the fact that the City Manager is the chief executive officer of the City. The City Manager has an employment agreement with the City Council. Regular communication between the City Council and City Manager is important in maintaining effective interpersonal relations. All dealings with the City Manager, whether in public or private, should be consistent with the authority of the City Manager in administrative and personnel matters. Council Members should avoid situations that can result in City staff being directed, intentionally or unintentionally, by one or more members of the City Council. Further, Council Members should avoid involving themselves in matters regarding individual City employees or related affairs.

The City Council evaluates the City Manager's performance on a regular basis to ensure that both the City Council and City Manager are in agreement about organizational performance and priority goals that are based on mutual trust and common objectives.

As in any professional relationship, it is important that the City Manager keep the City Council informed. The City Manager respects that the final responsibility for establishing the policy direction of the City is held by the City Council. The City Manager communicates with City Council in various ways. In addition to the formal Council meetings, there are periodic briefing meetings with individual Council members and written memoranda and email. Communication must be undertaken in such a way that all Council Members are treated similarly and kept equally informed. It is also important that the Council provide ongoing feedback, information and perceptions to the

City Manager including responses to written communications and surveys requesting feedback in a timely manner.

City Manager Code of Ethics

The City Manager is subject to a professional code of ethics that binds the City Manager to certain practices that are designed to ensure his or her actions are in support of the City's best interests. Violations of such standards can result in censure. Appendix D is a copy of the City Manager's Code Of Ethics.

City Council-City Attorney Relationship

The City Attorney is the legal advisor for the Council, City Manager and departments. The general legal responsibilities of the City Attorney are to: 1) provide legal assistance necessary for formulation and implementation of legislative policies and projects; 2) represent the City's interest, as determined by the City Council, in litigation, administrative hearings, negotiations and similar proceedings; 3) prepare ordinances, resolutions, contracts and other legal documents to best reflect and implement the purposes for which they are prepared; and 4) keep City Council and staff apprised of court rulings and legislation affecting the legal interest of the City. It is important to note that the City Attorney does not represent individual members of Council, but the City Council as a whole.

Roles and Information Flow

Objectives: It is the intent of staff to ensure Council members have free and easy access to information from the City and to ensure that such information is communicated completely, with candor and without bias. Individual Council Members may not intervene in staff decision-making, the development of staff recommendations, scheduling of work, or executing department priorities without the prior knowledge and approval of the City Council as a whole. This is necessary to protect staff from undue influence and pressure from individual Council Members, and to allow staff to execute the priorities given by management and the Council as a whole without fear of reprisal.

Council roles: The full City Council retains power to accept, reject, amend, influence, or otherwise guide and direct staff actions, decisions, recommendations, service levels, work loads and schedules, departmental priorities, and the performance of City business. If a Council Member wishes to influence the actions, decisions, recommendations, workloads, work schedule, and priorities of staff, that member must prevail upon the Council to do so as a matter of Council policy.

Should a Council Member become dissatisfied about a department, he/she should always talk it over with the City Manager. Concerns about a department head must be taken to the City Manager only.

Access to Information: Individual Council Members as well as the Council as a whole shall receive the full cooperation and candor of staff in being provided with any requested information. The City Manager or appropriate staff will inform council when a critical or unusual event occurs about which the public would be concerned.

To assist the City Manager in his ability to monitor the flow of information, requests for information are best tracked if submitted in writing, either in memorandum form or through email. And to ensure proper responsiveness, Council Members are asked to “cc” both the department head and the City Manager on all correspondence with staff

There are limited restrictions when information cannot be provided. Draft documents (e.g., staff reports in progress, administrative draft EIRs) under review are not available for release until complete and after review by city management. In addition, there are legal restrictions on the City’s ability to release certain personnel information even to members of the City Council. Certain aspects of Police Department affairs (access to restricted or confidential information related to crimes) may not be available to members of the Council.

City Council Members have a responsibility in this information flow as well. It is critical that they make use of staff reports and commission minutes. Council Members should come to meetings well prepared – having read staff reports and attachments, and requesting in advance any necessary and available information from staff. If a Council Member has questions on an agenda item, that member should preferably contact staff prior to the meeting in order to allow staff time to research a response for the meeting.

Staff roles: The Council recognizes the primary functions of staff as serving the community, executing Council policy and actions and in keeping the Council informed. Staff is obligated to take guidance and direction only from the Council as a whole or from the appropriate management supervisors through the City Manager. Staff is directed to report to the City Manager any attempts by individual members of the Council to unduly direct or otherwise pressure them into making, changing or otherwise influencing recommendations.

City staff will make every effort to respond in a timely and professional manner to all requests made by individual Council Members for information or assistance; provided that, in the judgment of the City Manager, the request is not of a magnitude, either in terms of workload or policy, which would require that it would be more appropriately assigned to staff through the direction of the full City Council. If a request by an individual Council Member is determined by the City Manager to take one hour or more of staff time to complete, that request may be included on the formal Council agenda for full Council discussion.

Dissemination of Information

In cases where a staff response to an individual Council Member request involves written materials that may be of interest to other Council Members, the City Manager will provide copies of the material to all other Council Members. In making this judgment, the City Manager will consider whether the information is significant, new, otherwise not available to the Council or of interest to the Council.

Magnitude of Information Request

Any information, service-related request, or revised policy position perceived as necessary by individual Council Members, and that cannot be fulfilled based on the above guidelines, should be submitted by the individual Council Member in writing to the Council as a whole. When raised at a Council meeting, the full Council can decide

whether and when to agendaize the request for further consideration. The City Manager will seek necessary clarification as to whether the Council desires staff research or a report prepared; and, if so, the relative priority that should be given to such a request in light of other priorities and potential workload impacts.

Staff Relationship with Advisory Bodies

Staff support and assistance is typically provided to commissions and task forces. However, advisory bodies do not have authority over City employees. While staff may work closely with advisory bodies, staff members remain responsible to their immediate supervisors and ultimately the City Manager and City Council. The members of the commission/ board/committee are responsible for the functions of the advisory body, and the chairperson is responsible for committee compliance with City policies and practices as outlined in the Commission Handbook.

Staff support often includes preparation of an agenda and its posting in compliance with the Brown Act. Staff may also prepare reports providing background on the issue, alternatives, a recommendation, and appropriate backup materials, if necessary. Advisory body members should have sufficient information to reach decisions based upon a clear explanation of the issues. The assigned staff person may take minutes as needed. Staff members are to assist the advisory body chair to ensure appropriate compliance with state and local laws and regulations.

It is important that advisory bodies wishing to communicate recommendations to the City Council do so through approved Council agenda procedures. In addition, if a commission wishes to correspond with an outside agency, that correspondence will be prepared by staff for review by the City Manager and possible approval by the City Council. Individuals who would like staff to perform research or for the commission to review a particular issue must gain the approval for such a request from the full City Council before any work is planned or done. Each Commission establishes a 2-year work plan that is in line with the City Council's goals, which guides the commissions' activities and projects.

Restrictions on Political Involvement by Staff

Local governments are non-partisan entities. Professional staff, as reflected within the principles of the Council-Manager form of government, formulates recommendations in compliance with Council policy and for the good of the community and is not influenced by political factors. For this reason, it is very important to understand the restrictions of staff in any level of political involvement through campaigns, fund-raisers, or other means.

By working for the City, staff members do not surrender rights to be involved in local elections. Indeed, laws are in place to preserve those rights. However, there are limitations to such involvement. Different restrictions apply to management and to general employees.

General employees have no restrictions while off the job. No participation in campaigns or other activities may take place while on the job. No City resources may be used by staff in support of any campaign. Even while off the job, no employee may participate in campaign or other activities in a City uniform. For example, posing for a promotional

photograph for a candidate for local office while in uniform is inappropriate. The support of the City Council in these matters is requested. A Council Member asking staff to sign petitions or similar items can similarly create an awkward situation.

For management staff, the City Manager strongly discourages any involvement in a local campaign even while on personal time. Such involvement could erode the tenet that staff is to provide an equal level of service to all members of the City Council. The City Manager specifically prohibits any political involvement in local campaigns by department heads.

Support Provided to City Council

Staff Support

General administrative support to members of the City Council is provided through the City Manager's Office. Administrative services including scheduling of appointments and receipt of telephone messages are available as needed. Sensitivity to the workload of support staff members in the City Manager's Office is appreciated. Should requested tasks require significant time commitments, prior consultation with the City Manager is requested.

Office Equipment/Technology

To enhance Council Members' ability to communicate with staff and the public, the City Council office is equipped with a computer and telephones with voicemail. The Council can also receive and send faxes.

Council Members may be connected from their home to the City's computer network. Information Technology staff will provide initial assistance in setting up necessary software and hardware. While staff will maintain those computer applications related to City affairs, staff cannot provide assistance for personal computer applications. Each Councilmember is provided the use of a tablet device. When individual Council Members have completed their term of office, any technology must be returned to the City.

These technologies facilitate efficient communication by Council Members. However, their use also raises important legal issues to which Council Members must pay special attention. First, the Brown Act prohibits members from using "technological devices" to develop a concurrence by a majority regarding an action to be taken by the Council. "Technological devices" under the Brown Act include phones, faxes, computer email, public access cable TV and video. Council Members should not use e-mail, faxes or phones for communicating with other Council Members in order to develop a majority position on any particular issue that may come before the full Council. Particular caution is advised when using or responding to email received via the "CCIN" feature on the City's website and email directory. Correspondence sent using CCIN automatically goes to all five Council Members, certain staff and to the local newspapers.

Second, be aware that most emails sent by Council Members probably are public records under the Public Records Act. Even though it does not create paper, sending email is more similar to mailing a letter than placing a telephone call. The information in the email is stored on the computer network until deleted, and may continue to exist on the network's back-up systems even after being deleted. As a result, emails can become records of the City maintained in the course of business, and thus available for public disclosure under the Public Records Act.

Finally, the City's email system is intended for the conduct of official business, and not for political reasons. See CHAPTER 8 for a detailed discussion on the prohibition against using City property and funds for personal or political purposes.

Meeting Rooms

An office is available adjacent to the City Manager's Office for shared use by members of the City Council. Council Members can also reserve larger meeting space for use by contacting the City Manager's Office staff.

Mail, Deliveries

Members of the City Council receive a large volume of mail and other materials from the public, private interests and staff. The City Manager's Office staff maintains a mailbox for each member. Meeting agenda materials are available for pick up Thursday evenings at 5:30pm and are posted on the City's website. Members are encouraged to return unwanted reports and documents to staff for distribution to the public or for recycling.

Financial Matters

Council Compensation

State law and the Municipal Code provide for modest compensation to members of the City Council. State law limits an increase in City Council salaries to 5% per year, effective only following the next election after adoption. Currently, Council Members receive a stipend of \$640 per month. Council Members are also eligible for participation in group insurance benefits including retirement, medical, dental, vision, and life insurance plans available at the level provided to management employees.

Expenditure Allowance

The annual city budget includes limited funding for members to undertake official City business. Eligible expenses include travel for attendance at conferences or educational seminars, and the purchase of publications and annual subscriptions. Travel expense reimbursement for meals does not allow reimbursement for alcohol. Donations to organizations are not eligible nor are meals for individuals other than Council Members. Available funds are disbursed on a first come first served basis, with the Mayor and City Manager monitoring expenses during the year. City Council Policy #CC-91-0002 pertains to travel and meeting expenses.

Expenditure Guidelines

It is important to note that any expense must be related to City affairs. Public property and funds may not be used for any private or personal purpose. Courts have ruled that this prohibition includes personal political purposes. For example, reimbursement could not be allowed to pay for meals at a meeting designed to discuss political or campaign strategies. It is also inappropriate for City funds to pay for a meal or other expenses of a private citizen.

City budgetary practices and accounting controls apply to expenditures within the City Council budget. Reimbursement requests should be made through the City Manager's Office monthly with receipts. Expenditure records are public information. Questions arising as to the proper application or interpretation of the adopted policy will result in the City Manager conferring with the Mayor.

Conflicts & Liability

Conflict of Interest

State laws are in place to prevent an action by a Council Member that would or may constitute a conflict of interest. The purpose of such laws and regulations is to ensure that all actions are taken in the public interest. At any time a Member believes a potential for conflict of interest exists, he/she is encouraged to consult with the City Attorney or private legal counsel for advice. Staff may also request an opinion from the City Attorney regarding a member's potential conflict. Laws that regulate conflicts are very complicated. Violations may result in significant penalties including criminal prosecution.

There are two primary laws that govern conflicts of interest for public officials in California - the Political Reform Act and Government Code §1090. In general terms, the Political Reform Act prohibits a public official from having a financial interest in a decision before the official; §1090 prohibits a public official from having an interest in government contracts.

The Political Reform Act prohibits public officials from making, participating in, or in any way attempting to use their official position to influence a governmental decision in which they know, or have reason to know, that they have a financial interest. Therefore, if a public official has a conflict of interest, the official must disqualify himself or herself from acting on or participating in the decision before the City. Once a year Council Members and certain staff are required to file statements of economic interests.

Government Code §1090 is similar to the Political Reform Act, but applies only to City contracts in which a public official has a financial interest. The financial interests covered by §1090 are different from those in the Political Reform Act. A Member having an interest in a contract may preclude the City from entering into the contract at all. In addition, the penalties for violating §1090 are severe. If a Council Member believes that he or she may have any financial interest in a contract that will be before the Council, the Member should immediately seek advice from the City Attorney or the Member's personal attorney.

There are a number of other restrictions placed on Council actions that are highlighted in the League of California Cities' *Guide*. Such restrictions include prohibitions on secrecy and discrimination as well as assurance that all city funds are spent for public purposes. Violations of these restrictions may result in personal liability for individual Council Members.

City Attorney Advice

The City Attorney has an affirmative duty to protect the City and City Council from conflicts of interest wherever possible. It is critical to note that while the City Attorney can render advice on the interpretation of State laws and regulations on conflict matters, such advice is solely an interpretation of the law. The only authority that can provide

binding interpretations on such matters is the State Fair Political Practices Commission (FPPC). Members or the full Council may also solicit opinions on such matters directly from the FPPC; however, such opinions often take time to develop and may not readily respond to urgent matters. It is important to note that the City Attorney does not represent individual members of Council, but the City Council as a whole.

Conflict of Interest Forms

Annual disclosure statements are required of all Council members, designated commissioners and senior staff which indicate potential conflicts of interest including sources of income, ownership of property and receipt of loans and gifts. Council Members and the City Manager often serve on the governing board of other agencies as a result of their positions. These agencies also require submittal of disclosure forms. These forms require information including income, loans, receipt of gifts, and interest in real property among other items.

Liability

The City is a large institution offering a variety of services and may occasionally find itself subject to legal actions through lawsuits. For example, those involved in automobile accidents sometimes choose to take actions against a City since the accident occurred on a City roadway. The City must always approach its responsibilities in a manner that reduces risk to all involved; however, with such a wide variety of high-profile services all risk cannot be eliminated. The City belongs to an agency with other governments to manage insurance and risk activities.

It is important to note that violations of certain laws and regulations by individual members of the City Council may result in that member's being personally liable for damages which would not be covered by the City's insurance. Examples may include discrimination, harassment or fraud.

Additional Training & Resource Materials

League of California Cities

The League is an association of virtually all cities in California. It provides many services including the production of educational conferences for local officials, publication of various newsletters and the monthly magazine *Western City*. The League has lobbyists on staff to represent the interest of cities before the state legislature and federal government and supports committees having local officials as members that are organized to address issues as they arise. The League has an Internet web site at www.cacities.org. The City of Menlo Park participates in League activities through the Peninsula Division.

Local Government Commission

The Commission is a California-based organization that focuses largely on planning and resource conservation issues. It conducts workshops, offers periodic seminars, and publishes newsletters.

International City/County Management Association (ICMA)

ICMA is a professional association of local government chief executives/city managers. The association has an extensive list of publications to assist local officials.

The League of California Cities produces a number of publications on substantive issues in city and local government. These publications are available for purchase from the League.

Municipal Revenue Sources Handbook, 2014

Open & Public IV, Revised July 2010

Rosenberg's Rules of Order: Parliamentary Procedure for the 21st Century

The People's Business: Guide to the California Public Records Act, 2008

Countdown to Success

The **Institute for Local Government** also produces publications. For ILG publications please go to www.ca-ilg.org/publications.

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STAFF REPORT

City Council

Meeting Date: 2/7/2017
Staff Report Number: 17-037-CC

Regular Business: Receive and file the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016

Recommendation

Staff recommends that the City Council receive and file the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016.

Policy Issues

The City is required to issue independently audited financial statements on an annual basis. The City Council is asked to receive and file the CAFR once presented by City staff.

Background

Following the close of each fiscal year, the City's external auditors conduct an audit of the City's financial records and assist in the compilation of the Comprehensive Annual Financial Report (CAFR). The paramount objective of general purpose external financial reporting is accountability. The goal of a financial statement audit is to provide users with reasonable assurance from an independent source that the information presented in the statements is reliable. The audit for the fiscal year ended June 30, 2016, was recently completed by Badawi and Associates (the Auditor), Certified Public Accountants. Badawi was selected by the Council as the City's independent auditor on March 18, 2014 and this is their third year of an initial four year engagement.

Analysis

The City of Menlo Park is in excellent financial health with a total government-wide net position, as of June 30, 2016, up \$13.63 million or 3% when compared to prior year. Specific to the General Fund, revenue and transfers-in exceeded expenditures and transfers-out by \$0.38 million. It is important to note that this surplus is net of a substantial transfer to the General Capital Improvement Fund which was nearly \$5 million higher than initially planned to support projects such as Santa Cruz Sidewalks. A detailed analysis of the City's financial position as of June 30, 2016 is included in the CAFR document (Attachment A), specifically, the Management Discussion and Analysis which begins on page 5 of the CAFR.

As a result of their annual independent audit of the City's financial records and statements, the Auditor has rendered an unmodified opinion, the optimal opinion issued by independent auditors, on the City's financial statements for the fiscal year ended June 30, 2016. In their opinion, "the financial statements... present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof

for the year then ended in accordance with accounting principles generally accepted in the United States of America.”

In accordance with Government Auditing Standards, the Auditors also identify any deficiencies in internal control over financial reporting and provide recommendations to City management on correcting these deficiencies. The report on internal control is included in the Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters report (Attachment B). Also attached are the Appropriations Limit report (Attachment C) and the Measure A report (Attachment D).

In their report on internal controls, the Auditor found that the City has a material weakness and two significant deficiencies in internal controls that could have a material impact on the accuracy of the financial statements. As part of the Auditor’s established procedure, additional testing was conducted to arrive at a confidence level that permits an unmodified audit opinion. Notwithstanding the unmodified opinion, the Auditor’s findings of a material weakness and two significant deficiencies require immediate attention to ensure the accuracy of future financial statements.

To identify what attention is required, it becomes particularly important to understand the root cause of the material weakness and significant deficiencies. The division has been staffed for over a decade by 8.0 full-time equivalent (FTE) employees. While the division’s staffing has remained constant for the past decade, the responsibilities of the division and complexity of city finances have changed considerably. In addition to the change in duties, the division is operating with information systems that are over 15 years old and are in differing states of upgrade. In all cases, however, sufficient time has not been devoted to integrating the systems and maximizing built-in efficiencies. In other words, the finance division has been too busy keeping the basics on track (payroll, accounts payable, etc) to focus on complete software implementation and integration of key systems.

To explore the workload changes in greater depth, in 2011, the bulk of payroll processing transferred from personnel/human resources to finance due to a change in staffing in the personnel/human resources function. While operationally necessary in 2011, the impact of the new workload requirements on the division were considerable. Resources that were formerly dedicated to accounting and revenue management were diverted to meet the new payroll processing needs. On average, the City processes over 11,700 employee paychecks per year in a paper-intensive process. Several efforts have been made to automate the payroll process with some success but many have fallen short of desired outcomes for automation.

Another example of the division’s changing workload is in the city’s operations and capital improvement program which has grown considerably over the past several years. While finance is not involved in the physical delivery of new services to the public or capital improvements, the division is responsible for all accounting, payment processing, and reporting arising as a consequence. The increased growth of city operations increases the workload of the finance division yet, throughout the growth, the finance division has not received additional resources. In summary, the finance division’s staff level is insufficient to deliver the service level required by the organization and necessary to address the Auditor’s findings relative to internal controls.

While the division’s staffing has remained constant and new demands such as payroll and increased capital improvement activity have seemingly integrated seamlessly, staff attrition in 2015-16 and the corresponding loss of institutional knowledge highlighted the tenuous staffing levels in the finance division in the most recent audit. In 2015-16, the finance division experienced a significant loss of institutional knowledge when the director, manager, and analyst all left the City’s employment for lateral opportunities in other public agencies. Due to historically low levels of staff at the supervisory and analytical level, the division concentrated the vast majority of institutional knowledge regarding the budget and financial systems in those three individuals. Upon their departure, the City lost their knowledge and the challenge of how to deliver budget and audits on time with exceedingly complex and antiquated systems developed on

a shoestring budget over 15 years ago and little-to-no documentation as a reference.

To address the aforementioned conditions, management is requesting City Council consideration and approval of two new FTE employees as follows:

1. Senior Accountant/Accounting Supervisor, 1.0 FTE. The addition of a Senior Accountant/Accounting Supervisor will double the staff capacity dedicated to the general ledger accounting function. The new position will oversee financial reporting and manage the accounting period close procedures which includes the fiscal year-end procedures to prepare for the next audit. It is critical that the City move forward with the recruitment of this position as soon as possible to ensure that resources are available for the 2016-17 year-end close.
2. Management Analyst, 1.0 FTE. The addition of a Management Analyst will provide the finance division with needed capacity to re-engineer processes and train user departments on the new processes. The City's current financial processes require significant attention to ensure that meaningful efficiencies are possible which include greater utilization and integration of existing information systems that support the internal controls. Additionally, the Management Analyst will provide needed bandwidth in the area of staff cross training as well as anticipated efforts envisioned in the Information Technology Master Plan.

If the City Council approves of the addition of two positions to the finance division, staff will return on February 28th with the required actions which include both a budget and salary schedule amendment. Absent the addition of the two requested positions, the City remains vulnerable to future findings of material weakness and significant deficiencies in internal controls.

The Finance & Audit Committee (Committee) met on January 18, 2016 to review the CAFR and receive required communications from the Auditor. In their discussion following the Auditor's presentation of the CAFR, the Committee expressed considerable concern over the Auditor's findings of a material weaknesses and significant deficiencies in internal controls. Upon discussion with staff, the Committee concluded to recommend two actions by the City Council. First, the Committee voted unanimously to recommend City Council receipt and filing of the CAFR. Second, the Committee voted unanimously to encourage the addition of resources to the finance division at the level deemed prudent by the City Council upon consideration of the staff's recommendation.

Impact on City Resources

The cost of preparing the CAFR and the independent audit was budgeted as part of the 2016-17 operating budget. The addition of staff to the finance division is estimated to increase the City's full-burdened personnel costs by \$168,000 per year for the Senior Accountant/Accounting Supervisor and \$123,000 per year for the Management Analyst for a total of \$291,000. This amount will be allocated, in part, to non-General Fund sources supported by the finance division as part of the 2017-18 budget preparation.

Environmental Review

An Environmental Review is not required for this item.

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. City of Menlo Park, California Comprehensive Annual Financial Report for the Fiscal Year Ended June 20, 2016
- B. Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards and Schedule of Findings and Questioned costs
- C. City of Menlo Park, California Report on Agreed-Upon Procedures Applied to Appropriations Limit Schedule
- D. City of Menlo Park, California Report on Schedule of Receipts and Disbursements related to Measure A

Report prepared by:

Nick Pegueros, Administrative Services Director

Rosendo Rodriguez, Finance & Budget Manager



CITY OF MENLO PARK, CALIFORNIA COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2016



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2016



CITY OF MENLO PARK, CALIFORNIA

PREPARED BY
Administrative Services Department

This report is printed on recycled paper.

City of Menlo Park
For the year ended June 30, 2016

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INTRODUCTORY SECTION



January 26, 2017

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

We are pleased to submit the comprehensive annual financial report for the City of Menlo Park, California, for the fiscal year ended June 30, 2016. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the data is accurate in all material respects and is reported fairly and honestly. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities are included.

The comprehensive annual financial report (CAFR) is presented in three major sections that provide introductory, financial as of June 30, 2016, and statistical information about the City. The introductory section includes this transmittal letter, the City's organizational chart and a list of the City's principal officials. The financial section includes the independent auditor's report, basic financial statements, notes to basic financial statements, required supplementary information and supplementary information on nonmajor funds. The statistical section, which is unaudited, includes selected financial and demographic information.

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

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

Background

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

The City maintains a healthy balance of residential, commercial and industrial uses. Residential home prices are still among the highest in the area, reflecting the desirability of living in the community. Home to the headquarters of social networking giant Facebook, other major companies that have facilities in Menlo Park include the Rosewood Hotel, Pacific Biosciences, and SRI International. Menlo Park is also home to the Western Region Headquarters of the United States Geological Survey, a major Veterans Affairs medical facility, and the U.S. Department of Energy-funded SLAC National Accelerator Laboratory.

Reporting Entity

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

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

Economic Condition and Outlook

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment in which the City operates.

Local economy

As reported by the California Employment Development Department, the unemployment rate in San Mateo County fell from 3.2% in 2015 to 3.1% in 2016. The Menlo Park unemployment rate is lower than that of the County at 2.4%. This compares with an unemployment rate of 5.4% for California and 4.9% for the nation during the same period. As of June 2016, there were an estimated 445,600 jobs in San Mateo County, an increase of 5,200 jobs from a year earlier.

The City's largest revenue sources continue to show strength. Property tax growth remains strong with the total taxable assessed valuation of real property increasing 11.4% or \$1.36 billion from 2015 to 2016. This increase in assessed valuation resulted in secured property tax revenues increasing \$1.53 million, year-over-year. The City's second largest single revenue source, hotel occupancy tax, also experienced significant growth year-over-year. For the fiscal year ended June 30, 2016, hotel occupancy tax increased \$1.55 million or 33% due to higher occupancy and room rates as well as new facilities opening. The increases in revenue have allowed the General Fund to maintain service levels and continue to appropriately fund infrastructure maintenance. Absent these increases, the impact of a year-over-year \$1.10 million reduction in sales tax revenue resulting from the loss of a major sales tax generator in 2015 could have negatively impacted services to the community.

Outlook

The City's financial outlook remains sound. Property values continue their upward trend, and with a number of large-scale development projects in process, the outlook for future property tax revenue growth is strong. Being the General Fund's largest revenue source, at 32 percent of the total, a healthy property tax base is essential for continued sustainability.

One ongoing threat to the property tax base is the uncertainty of what is called "excess ERAF" (educational revenue augmentation fund). San Mateo County is one of several counties in the State of California where the amount generated from the ERAF shift of local property tax exceeds the amount required to meet funding levels for local schools. As a consequence, those funds collected in excess of the requirement have traditionally been redistributed back to the taxing entities. With such a unique circumstance, this revenue source is under scrutiny at the state level, leaving applicable local agencies to determine how to handle the uncertainty in their financial forecasts. To be conservative, the City of Menlo Park's adopted 2016-17

budget and the accompanying 10-year forecast reflects receiving 50 percent of this revenue annually until it drops off entirely in 2019-20. This is a highly speculative assumption that simply serves to keep the uncertainty of this significant revenue squarely in our sights as we move forward.

Also an area of continued monitoring is the financial health of the State of California. In November 2012, California voters passed Proposition 30, a measure that raised the state sales tax by a quarter-cent for four years and increases income tax rates for individuals who earn more than \$250,000 a year for seven years. In November 2016, voters approved Proposition 55 which provides for a 12 year extension of the increased income tax rate approved by Proposition 30. Proposition 55, however, did not contain a similar extension of the sales tax increase. Passage of Proposition 30 in 2012 is said to have offset the need to make \$6 billion per year in cuts in the State budget, cuts that could have impacted local governments. The passage of Proposition 55 in 2016, coupled with growth in the State economy, has enabled the Governor and the State Legislature to predict a balanced budget and a record surplus at the State level for the 2016-17 fiscal year. This has lessened the likelihood of looking to the local agencies' revenue sources to balance the State budget.

On the expenditure side, the City is closely monitoring increases in employee benefit costs. One area of particular note is the City's cost for pension benefits provided by the California Public Employees' Retirement System (CalPERS). In December 2016, the CalPERS board voted to reduce its assumed rate of return on investment income, commonly referred to as the "discount rate", net of expenses, from 7.5 percent to 7.0 percent over three years beginning on July 1, 2018. The reduction in discount rate is likely to result in greater unfunded pension liabilities and increased annual costs to the City. Efforts are currently underway to incorporate the estimated increased costs in the City's 10-year financial forecast. Additionally, the City's Finance and Audit Committee, in coordination with staff and a consulting actuary, is exploring options to establish a fund that would shield the City's annual operating budget from significant fluctuations in pension costs that may result from actions such as CalPERS' decision to reduce the discount rate assumption.

Staff will continue to monitor the long-term budget situation, both locally and at the State level, to keep the City Council informed of critical economic events that may impact the sustainability of the City's spending plan. Further, staff will continue to be proactive in developing plans to promote economic development in the City, aggressively pursue grant funding for significant infrastructure improvements, and continually assess the City's operations and service delivery models to achieve efficiencies where possible.

While in an enviable financial position, the City cannot rest on its laurels and must continue to focus its efforts on priority fiscal initiatives such as adequate funding of infrastructure, careful comprehensive planning, and optimization of business and

residential development opportunities. Further, as new long-term needs are identified, the appropriate resources to meet those needs must also be identified. And finally, the City must maintain financial flexibility to ensure it is able to quickly respond to the inevitable fluctuations in the economy and volatility in its major revenue sources.

Major Initiatives

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

In 2015-16, the **Community Development Department** completed substantial work on the General Plan update, including development of three new zoning districts that involved extensive stakeholder engagement and “deep dives” on selected topic areas. The department also conducted its biennial review of the El Camino Real/ Downtown Specific Plan and began work on modification directed by the City Council. The department successfully managed the final construction staged of Facebook's building 23 and the Commonwealth Corporate Center. In addition, the department continued construction management of new housing developments such as Anton Menlo, Greenheart-Hamilton, and MidPen Housing-Willow.

In 2015-16 the **Community Services Department** completed its five-year strategic plan update while also supporting the third and final year of the Belle Haven Neighborhood Action Plan implementation. The department achieved an all-time high cost recovery level making the City's Community Services' programs among the highest recovery programs in the Bay Area. In addition to high cost recovery, the department also increased program and event sponsorship by 50 percent. Finally, the department secured significant grant funding from the Silicon Valley Community Foundation, the “Big Lift”, to close the achievement gap and improve reading proficiency to students at the City's Belle Haven Child Development Center. The grant begins in fiscal year 2016-17 and is secure for three fiscal years.

The **Library Department** began its centennial anniversary celebration in the 2015-16. While the anniversary marks one hundred years of a service to the community, the department continues to explore opportunities to serve the community's changing needs. The department hosted the first Science Night which attracted over 400

children and their parents to enjoy educational planetarium show, science experiments, programmable robots, and other STEM related activities. Additional programs expansions included four new story times at the Belle Haven Branch Library bringing the total number to 14. With an eye toward the next three to five years, the department also began work with the staff and the community to complete a strategic plan that will guide activity development.

Over the course of 2015-16, the **Police Department** continued its tradition of innovation in service delivery and received several acknowledgments of their past and ongoing work. The department received the 2015 Helen Putnam Award from the League of California Cities for Excellence in Public Safety. The department was also named one of three finalist for the 2016 James Q. Wilson award for excellence in community policing. The department's community engagement efforts not only received state-wide recognition but also contributed to a 38 percent decrease in the most serious classifications of crime.

The **Public Works Department** complete several studies in 2015-16 including the pavement management system, the El Camino Real corridor study, and the urban water management plan. The department received State approval for an emergency water well located at the City's Corporation Yard that will provide a backup water source in the event existing water supplies are interrupted. In addition, the department completed the Willow Road traffic signals modification project, the street resurfacing project, the Sand Hill signal interconnect project, traffic improvements along Willow Road, and the energy efficiency projects at City facilities.

In 2015-16, the **Administrative Services Department** experienced staff attrition that resulted in considerable loss of institutional knowledge. The transition in staff has slowed the progress of standard operations such as recruitments, technology upgrades, and the annual budget and financial statement preparation. With the City Council's support, the department is making much needed investments in technology and staff development. In early 2017, the department will launch a new time and attendance system to automate timecard processing. Also in early 2017, the department will go live with a rebuilt budget and reporting system that will provide greater access to financial data on a real-time basis for internal users. Finally, in mid-2017, the department will launch a much needed online portal that provides the public with unprecedented access to the City's financial records from the financial reporting level down to the individual transaction. All of these initiatives as well as ongoing investments in staff development will position the City to return to regular schedules for items such as preparation of the annual finance statements.

FOR THE FUTURE:

Financial Planning and Fiscal Policies

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

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

Menlo Park strives to maintain fiscal policies that will provide guidance on preserving its sound financial standing for the long term. Several years ago, a General Fund Reserve Policy was finalized, incorporating requirements of Governmental Accounting Standards Board (GASB Statement No. 54). The policy outlines the City Council's formal commitment of amounts of fund balance to be set aside specifically for emergency contingencies, economic stabilization, and strategic pension contingencies. The policy also outlines assigned fund balances to ensure subsequent year funding of capital improvements, encumbrances, and community development services.

In accordance with the policy guidelines discussed above, as of June 30, 2016, the General Fund held a combined unrestricted fund balance of \$30.33 million or 59 percent of the 2016-17 General Fund operating budget. The total goal range for the City's unrestricted fund balance is 43 to 55 percent of General Fund expenditures.

Although reserves are available to provide temporary financing for extraordinary events such as an economic recession, the City must continue to distinguish between structural operating deficits and deficits resulting from temporary downturns in the economy or significant capital expenditures. This will be essential in the upcoming budgeting cycle as City Council considers new demands on future resources that are expected to result from CalPERS' decision to lower the discount rate assumption. As such, baseline expenditures may require recalibration if revenue growth does not close that anticipated gap resulting from higher pension costs. In addition,

infrastructure maintenance, comprehensive planning activities, technology upgrades, stormwater programs, and standard City service delivery are all part of a comprehensive and sustainable fiscal plan for the City that must be considered as limited resources are allocated.

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

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

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

Other Information

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

Independent Audit. State statutes require an annual audit of the City's financial systems by independent certified public accountants. The accounting firm of Badawi

and Associates, Certified Public Accountants was selected by the City for this purpose. The auditor's report and unmodified opinion on the general purpose financial statements and combining and individual fund statements is included in the financial section of this report.

Awards and Acknowledgments. The Government Finance Officers' Association (GFOA) of the United States has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2015. In order to receive this Certificate, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, and satisfy both generally accepted accounting principles and applicable legal requirements. The award is valid for a period of one year. We believe our current report continues to meet the Certificate of Achievement Program's requirements.

Preparation of the Comprehensive Annual Financial Statements is not possible without the hard work of the entire Administrative Services Department. Of particular note, we would like to recognize Finance and Budget Manager Rosendo Rodriguez, Accountant I Jovi Oliveras, and Management Analyst Brandon Cortez for their extraordinary commitment to completing this document. We would also like to thank the City Council and the Finance and Audit Committee for their continued focus on fiscal sustainability which has positioned the City well to weather whatever may be ahead.

Respectfully submitted,



Alex D. McIntyre
City Manager

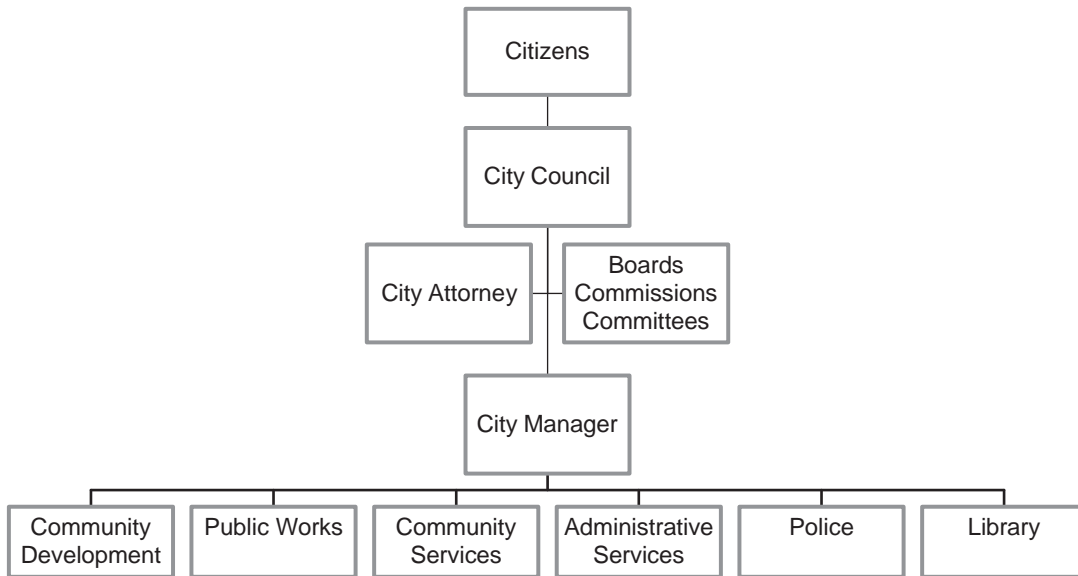


Nick Pegueros
Administrative Services Director

CITY OF MENLO PARK, CALIFORNIA

ORGANIZATIONAL CHART

JUNE 30, 2016



CITY OF MENLO PARK, CALIFORNIA

LIST OF CITY OFFICIALS

JUNE 30, 2016

CITY COUNCIL

Richard Cline, **Mayor**

Kirsten Keith, **Mayor Pro Tem**

Catherine Carlton, Councilmember

Ray Mueller, Councilmember

Peter Ohtaki, Councilmember

City Council Appointed

City Attorney..... William McClure

City Manager..... Alex D. McIntyre

Executive Management

Appointed by the City Manager

Assistant City Manager Charles Taylor

Assistant to the City ManagerClay Curtin

Administrative Services Director Nick Pegueros

Community Development Director Arlinda Heineck

Community Services Director Cherise Brandell

Housing & Economic Development Manager Jim Cogan

Library Director..... Susan Holmer

Police Chief Robert Jonsen

Public Works Director Justin Murphy

City Clerk..... Pam Aguilar



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Menlo Park
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Menlo Park, California (City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension required supplementary information, and schedules of funding progress for other post employment benefits on pages 5 to 19 and 96 to 105 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements and budgetary comparison schedules on pages 111 to 163 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Badawi and Associates
Certified Public Accountants
Oakland, California
January 26, 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2016

This section of the City of Menlo Park's Comprehensive Annual Financial Report provides a narrative overview of the City's financial activities for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the Transmittal Letter and accompanying Basic Financial statements

FINANCIAL HIGHLIGHTS

City-Wide:

Net Position - The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at fiscal year ending June 30, 2016, by \$430.19 million, up 3% from prior year. Of this amount, \$21 million was reported as "unrestricted net position" and may be used to meet ongoing obligations.

Changes in Net Position – The City's total net position increased by \$13.62 million in fiscal year 2015-16. Net position of governmental activities increased by \$13.41 million, which is due in large part to an increase in cash and investments and a decrease in deferred outflows. Net position of the business-type activities increased by \$0.21 million, reflecting the year's net gain for the Menlo Park Municipal Water District.

Long-Term Debt:

The City's total bonded debt obligations decreased by \$1.05 million during fiscal year 2015-16 due to the scheduled annual payment of principal balances of outstanding debt. The largest principal payment of \$0.55 million was made on the 2012 General Obligation Refunding Bonds, leaving a remaining balance of \$8.22 million as of June 30, 2015.

Fund Highlights:

Governmental Funds – Fund Balances - As of the close of fiscal year 2015-16, the City's governmental funds reported a combined ending fund balance of \$101.63 million. This is a \$6.85 million increase from the prior year, which is primarily the result of an increase in total assets, predominantly in the form of receivables.

The total combined balance for governmental funds as of June 30, 2016, \$101.63 million, is classified into five categories of fund balance (nonspendable, restricted, committed, assigned, and unassigned) to provide the reader of these financial statements with a better understanding of the City's available resources as well as its plans to ensure fiscal stability in the near term. A detailed explanation of these

categories can be found in Note 10 to the financial statements. Of the total, \$1.37 million is categorized as “nonspendable”, \$37.29 million is “restricted”, \$33.45 million is “committed”, \$24.63 is “assigned” and the remaining \$4.89 million is “unrestricted”.

The City’s General Fund increased \$0.38 million, with revenues/transfers-in of \$51.51 million and expenditures/transfers-out of \$51.12 million. This includes a transfer of \$8.56 million to support infrastructure efforts in the General Capital Improvement Project Fund. The net increase in the General Fund is smaller than prior years but it should be noted that transfers to the General Capital Improvements Project Fund of \$8.56 million is \$4.27 million higher than in prior year. General Fund revenues and expenditures for the reporting period will be discussed in more detail later in the MD&A.

City Highlights:

Total governmental fund revenues for 2015-16, as presented in the Fund Financial Statements, were up \$5.39 million over 2014-15, and this gain was driven by the General Fund, which had revenues, excluding transfers, that were up nearly \$2.74 million. General Fund taxes reflect the largest year-over-year gain in General Fund revenues, up \$1.96 million. In addition to significant changes in the General Fund, the Below Market Rate Housing Special Revenue Fund increased \$1.37 million due to increased development activity.

Governmental fund expenditures, excluding transfer, increased approximately \$9.26 million in 2015-16, compared to prior year. The largest share of this increase in the capital outlay activity among the Transportation Impact Fee and Non-major Governmental Funds, up \$5.736 year-over-year. General Fund expenditures were up approximately \$1.98 million year-over-year, driven by increases in the public safety and public works activities. Non-major governmental funds expenditures decreased \$1.15 million in the capital outlay category.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

Proprietary funds—When the City charges customers for the services it provides—whether to outside customers (enterprise funds) or to other units of the City (internal service funds)—these services are generally reported in proprietary funds. The City's Water Fund is the single enterprise fund that accounts for the business-type activities reported in the government-wide statements. Four internal service funds account for administrative activities that are provided to other funds and departments on a cost-reimbursement basis. These are included as governmental activities in the government-wide

statements. Together, these proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position. In addition, a statement of cash flows is provided.

Fiduciary funds—The City is the trustee, or fiduciary, for certain funds held in a trustee or agency on behalf of individuals, private organizations, other governments, and/or other funds. The City’s fiduciary activities are reported in separate Statements of Fiduciary Net Position. These activities are excluded from the City’s other financial statements because the City cannot use these funds’ assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Financial Statements

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

Required Supplementary Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

City of Menlo Park's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Current Assets	\$ 100,087,581	\$ 93,720,032	\$ 13,012,515	\$ 14,253,829	\$ 113,100,096	\$ 107,973,861
Noncurrent Assets	15,532,289	14,460,485	-	-	15,532,289	14,460,485
Capital Assets	363,926,885	360,557,593	14,878,505	13,990,073	378,805,390	374,547,666
Total Assets	479,546,755	468,738,110	27,891,020	28,243,902	507,437,775	496,982,012
Deferred Outflows of Resources	4,957,779	4,152,246	89,363	78,144	5,047,142	4,230,390
Current Liabilities	11,670,754	10,636,241	950,366	-	12,621,120	10,636,241
Noncurrent Liabilities	64,319,818	60,416,883	737,906	-	65,057,724	60,416,883
Total Liabilities	75,990,572	71,053,124	1,688,272	-	77,678,844	71,053,124
Deferred Inflows of Resources	4,541,576	11,278,184	73,056	176,697	4,614,632	800,000
Net Investments in Capital Assets	345,581,545	341,158,440	14,878,505	13,990,073	360,460,050	355,148,513
Restricted	37,295,730	19,288,736	11,441,134	12,686,735	48,736,864	31,975,471
Unrestricted	21,095,111	30,111,872	(100,584)	(254,068)	20,994,527	29,857,804
Total Net Position	\$ 403,972,386	\$ 390,559,048	\$ 26,219,055	\$ 26,422,740	\$ 430,191,441	\$ 416,981,788

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

As noted earlier, the City as a whole has net position of \$430.19 million. The largest portion of the City's net position, \$360.46 million or approximately 84 percent, reflects its investment in capital assets (e.g., land, buildings, equipment, improvements, construction in progress, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position as a whole, \$48.74 million or 11 percent represents resources that are subject to external restrictions on how they may be utilized. Restricted net assets show a year-over-year increase of \$16.76 million resulting from the reclassification of Below Market Rate Housing funds, shown as "Community Development" from unrestricted net assets. The remaining balance of unrestricted net assets, \$20.99 million or 5 percent, may be used to meet the government's ongoing obligation to citizens and creditors. Unrestricted net assets show a decrease year-over-year

resulting from the reclassification of Below Market Rate Housing funds.

Total net position of the City increased \$13.63 million in the fiscal year ended June 30, 2016. This was primarily related to an increase in in the City's cash position, particularly in the governmental activities.

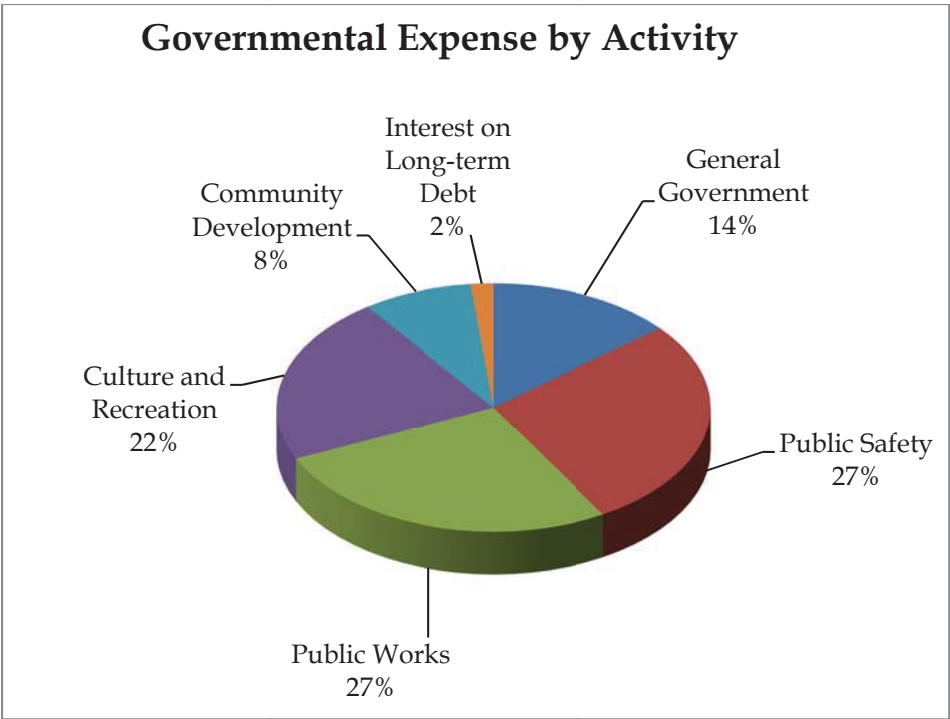
City of Menlo Park's Changes in Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Revenues:						
Program Revenues:						
Charges for Services	\$ 26,128,239	\$ 23,065,800	\$ 7,647,125	\$ 8,165,645	\$ 33,775,364	\$ 31,231,445
Operating Grants and Contributions	1,976,101	1,876,305	-	-	1,976,101	1,876,305
Capital Grants and Contributions	2,123,799	2,262,146	-	-	2,123,799	2,262,146
General Revenue:						
Property Taxes	18,227,209	16,824,728	-	-	18,227,209	16,824,728
Sales Taxes	5,425,089	6,527,498	-	-	5,425,089	6,527,498
Transient Occupancy Taxes	6,268,171	4,720,226	-	-	6,268,171	4,720,226
Other Taxes	4,882,372	4,616,187	-	-	4,882,372	4,616,187
Investment Earnings	1,169,712	1,205,744	111,026	146,647	1,280,738	1,352,391
Gain on Sale of Assets	47,567	45,544	-	-	47,567	45,544
Miscellaneous	1,144,891	234,380	-	(1,752)	1,144,891	232,628
Total Revenues	67,393,150	61,378,558	7,758,151	8,310,540	75,151,301	69,689,098
Expenses:						
General Government	7,567,067	8,896,023	-	-	7,567,067	8,896,023
Public Safety	14,930,689	17,090,541	-	-	14,930,689	17,090,541
Public Works	14,469,169	10,784,753	-	-	14,469,169	10,784,753
Culture and Recreation	11,836,304	11,250,082	-	-	11,836,304	11,250,082
Community Development	4,483,136	4,060,817	-	-	4,483,136	4,060,817
Interest on Long-term Debt	913,633	850,924	-	-	913,633	850,924
Water Operations	-	-	7,323,365	6,657,761	7,323,365	6,657,761
Total Expenses	54,199,997	52,933,140	7,323,365	6,657,761	61,523,363	59,590,901
Inc/Dec in Net Position before Transfers	13,193,153	8,445,418	434,786	1,652,779	13,627,938	10,098,197
Extraordinary gain (loss)	-	-	-	-	-	-
Transfers	220,185	189,040	(220,185)	(189,041)	-	-
Changes in Net Position	13,413,338	8,634,458	214,601	1,463,738	13,627,938	10,098,197
Net Position - Beginning of the Year, as restated	390,559,048	381,924,589	26,004,454	24,959,002	416,563,502	406,883,591
Prior Period Adjustment	-	-	-	-	-	-
Net Position - End of the Year	\$ 403,972,386	\$ 390,559,047	\$ 26,219,055	\$ 26,422,740	\$ 430,191,440	\$ 416,981,788

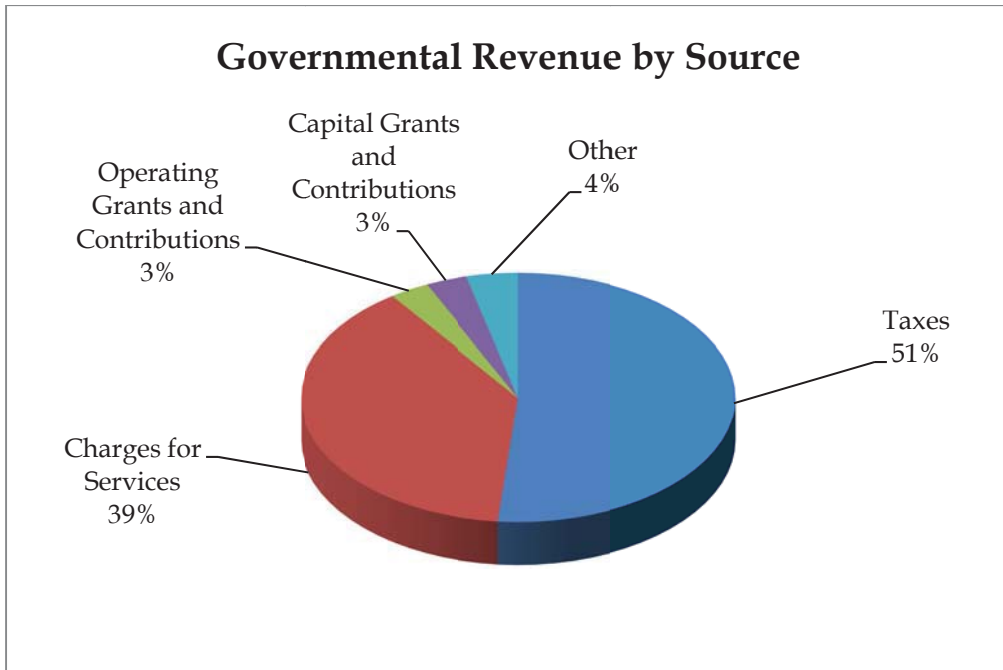
Governmental Activities

Total governmental activities increased the City of Menlo Park's net position by \$13.41 million, as revenues closed the year well above expenses which is similar to the fiscal year ended June 30, 2015. Governmental Activities revenues and expenses were up in 2015-16 over 2014-15, with revenues increasing by \$6.01 million and expenses increasing by \$1.27 million. Program and general revenues

increased in a number of categories, however, charges for services had the largest year-over-year growth in dollars at \$3.06 million year-over-year, primarily in Community Development. Increases in expenses also occurred in a number of operational areas, with Public Works seeing the most significant year-over-year change of \$3.68 million.

The following charts of expenses and sources of funding for the City’s various governmental activities have been derived from the Statement of Activities and Changes in Net Position. The first pie chart reflects expenses incurred in each area as a percentage of the total expense of governmental activities (\$54.20 million in fiscal year 2015-16). The second pie chart reflects the sources of funding available to cover the expenses of the governmental activities (\$67.61 million in fiscal year 2015-16). After applying program revenues (charges for services, grants, and contributions) to the cost of governmental activity programs, remaining expenses must be funded out of the City’s general revenues – primarily taxes and investment earnings. Areas with the highest program revenues (i.e., Public Works, Culture and Recreation, and Community Development) are able to offset relatively more costs than activities that have fewer opportunities to derive program revenues (such as Public Safety). In total, program revenues covered nearly 56 percent of governmental activity expenses in fiscal year 2015-16, which is up when compared to 51 percent for fiscal year 2014-15.





Business Type Activities

The final net position for business-type activities in 2015-16 was \$26.22 million. Total program revenues for business-type activities (operation of the Menlo Park Municipal Water District) were \$7.65 million, which consisted solely of charges for services related to water usage and capital surcharge fees. Total expenses for the business-type activities were \$7.32 million during 2015-16, nearly all of which were related to water operations. Overall net position increased by \$0.21 million in 2015-16.

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

Major Fund Balances – Governmental Funds

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

- Ten percent criterion. An individual fund reports at least 10 percent of any of the following:
 - total governmental fund assets,
 - total governmental fund liabilities,
 - total governmental fund revenues, or
 - total governmental fund expenditures.

- Five percent criterion. An individual governmental fund reports at least 5 percent of the total for both governmental and enterprise funds of any one of the items for which it met the 10 percent criterion.

There are five major funds in the Governmental Funds category, one more than prior year with the addition of the Transportation Impact Fee Fund. In total, Governmental Fund balanced increased \$6.85 million between 2015 and 2016. Below is a table with a comparison of the fund balance for each of these five funds and all other governmental funds as of June 30, 2015, as restated, and June 30, 2016.

<u>Governmental Fund Balances</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Increase (Decrease)</u>
General Fund	\$ 31,716,256	\$ 31,336,832	379,424
Below Market Rate Housing Fund	16,884,108	13,043,290	3,840,818
Housing Fund	4,822,471	4,806,320	16,151
Transportation Impact Fees Fund	3,680,652	4,783,010	(1,102,358)
General Capital Improvement Project Fund	19,249,500	14,471,623	4,777,877
Other Governmental Funds	25,275,749	26,337,706	(1,061,957)
TOTAL	\$ 101,628,736	\$ 94,778,781	\$ 6,849,955

General Fund Balance

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

At the end of the 2015-16 reporting period, the fund balance of the City's General Fund was \$31.72 million, an increase of \$0.38 million from the prior year. The modest increase in fund balance is the result of City Council approval of additional transfers from the General Fund to the General Capital Improvement Projects Fund for projects such a sidewalk extension on Santa Cruz Avenue.

Although \$1.37 million of the fund balance was categorized as "nonspendable", the City's General Fund Reserve Policy sets aside a total of \$20.85 million as "committed" fund balance. The committed fund balance is shown in three categories: \$7.71 million for emergency contingencies, \$10.28 million to mitigate the effects of major economic uncertainties, and \$2.86 million for strategic pension funding opportunities. Based on the updated reserve policy, the pension-related reserve increases when the General Fund achieves a net operating surplus in a given year. The reserve policy affirms the Council's desire to limit use of General Fund balances to address unanticipated, one-time needs or opportunities, and establishes a goal range for the City's unrestricted fund balance (including commitments and assignments of fund balance) of 43-55 percent of General Fund expenditures. As of June 30, 2016, the

City's General Fund unrestricted fund balance equaled 59 percent of the fund's budgeted 2016-17 expenditures, including transfers. This will be partially mitigated by the \$0.73 million in assigned fund balance that will be used for 2016-17 spending commitments.

Below Market Rate Housing Fund Balance

The Below Market Rate Housing Fund became a major fund for financial statement purposes starting in fiscal year 2011-12, based on the assets of the fund relative to the City's total governmental fund assets. The BMR Housing Program was established in 1987 to increase the housing supply for people who live and/or work in Menlo Park and have limited income per the limits established by San Mateo County. The program requires the provision of BMR units or in-lieu fees for certain development projects. State law requires that all BMR in-lieu fees be committed to affordable housing development within five years of collection. During the 2015-16 fiscal year, the fund had revenue that included \$3.79 million of BMR in-lieu fees, \$0.15 million in interest on outstanding loans and interest earnings on fund balance. The fund had expenditures of \$0.97 million for the overall administration of the BMR program and for maintenance and rehabilitation work on various properties.

Housing Fund

As Successor Agency for both housing and non-housing activities of the former redevelopment agency, the City transferred all loans of the former CDA Housing Fund to the City's own, newly established Housing Fund in 2011-12. In previous years, the CDA Housing Fund had received twenty percent of all the tax increment revenues of the former Agency to advance low- and moderate-income housing programs in the area. Per dissolution law, all future tax increment revenues will go to the County, and any unencumbered funds of the former agency will be distributed to other taxing agencies once recognized obligations have been paid. Therefore, the current Housing Fund exists to account for the housing loans of the former Agency. Net revenues from loan payments may go back to the fund to provide further loans or to other qualifying housing programs. The City has elected to report the Housing Fund as a major fund for financial statement purposes.

General Capital Improvement Project Fund Balance

The General Capital Improvement Project Fund is also a major fund for financial statement purposes, based on the relative amount of assets in the fund. In 2015-16, fund expenditures were \$4.12 million and included work on major projects such as street resurfacing and improvements to City buildings. Total fund balance increase \$4.78 million from 2014-15 due to a significantly higher than usual transfer from the General Fund to provide the resources necessary for future work programs. This transaction increased the relatively high General Capital Improvement Project fund balance to \$19.25 million. It is not unusual for this particular fund to accumulate reserves because of the nature of the fund itself. Major capital and infrastructure projects, such as street resurfacing, require significant capital outlays and are most cost effective when done in large segments. To stabilize the impact on the General Fund, which funds many of these projects, annual transfers are made and reserves are accumulated to then be appropriated as large-scale projects are scheduled to begin.

Other Governmental Funds Balances

At the end of the 2015-16 fiscal year, the total fund balance of the City's 26 non-major governmental funds was \$25.28 million. This represents a 4 percent decrease in fund balance year-over-year, which

is discussed in more detail below.

The fund balances consist of 22 special revenue funds, 2 debt service funds, and 2 capital projects funds. Within the special revenue funds, ten fund balances increased over the course of the fiscal year, while twelve experienced a decrease. The largest fund balance increases were with the Landfill Post Closure Fund at \$0.50 million and Downtown Parking Permits at \$0.31 million. Both funds are utilized to fund capital and infrastructure projects, and as such, large fluctuations in fund balance year-over-year are not uncommon as revenues can accumulate over several years to ensure adequate funding for large projects. The largest decreases in fund balance were experienced in the Highway Users' Tax Fund with a \$0.41 million decline and Construction Impact Fee Fund with a \$0.94 million decline. Both decreases are attributed to the street resurfacing project.

Proprietary Funds

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

The Water Fund accounts for water supplied to the approximately 4,000 customers of the MPMWD. The net position of the fund at June 30, 2016 was \$26.22 million, an increase of \$0.21 million from the prior fiscal year.

Reserve funding policies established in 2006 were revised in 2010, with the City adopting a 16.5 percent annual increase in water meter and consumption block rates through fiscal year 2013-14 based on projected increases in the cost of water. The Water Fund Reserve Policy anticipated the need for transfers/loans from the capital fund to maintain the operating fund during this period of water rate increases. The total transfer amount in 2015-16 from the capital fund to the operating fund was \$1.10 million, a 69 per cent reduction in the transfer when compared to 2014-15. Further, a capital surcharge was established in 1990 to fund major water capital projects; the surcharge netted the Water Capital Fund \$0.71 million in fiscal year 2015-16.

Internal Service Funds

The City uses internal service funds to account for four major administrative activities: Workers' Compensation Insurance, General Liability Insurance, Retiree Medical Benefits, Information Technology, and Vehicle Replacement. Separation of these programs from the General Fund allows for better tracking and allocation of the costs associated with these "overhead" activities and provides a mechanism for funding those costs in the year incurred.

The Vehicle Replacement Fund collected charges for services of \$0.40 million in 2015-16 for the cost of anticipated vehicle replacements. As of June 30, 2016, the Fund's fund balance is \$1.42 million. The Workers' Compensation Insurance Fund collected charges for services in the amount of \$1.0 million plus a onetime transfer from the General Fund in the amount of \$0.20 million. Despite the \$1.20 million

inflow, expenditures exceeded revenue, investment earnings, and transfers in by \$0.47 million. The General Liability Fund' collected charges for services in the amount of \$0.80 million and, when combined with interest income, exceed its overall expenses by \$0.21 million, which positively impacted its net position as of June 30, 2016.

The Retiree Medical Benefits Fund was created in 2008-09 for the sole purpose of providing contributions to the California Employers Retiree Benefits Trust (CERBT), the funding vehicle for the City's long-term obligations under its retiree medical benefits program. \$9.2 million was sufficient to fund the accumulated liability of these benefits in fiscal year 2007-08. Going forward, the amount of the contributions are generated as a percentage-of-payroll charge, actuarially calculated to reflect full funding of the normal (annual) cost of these benefits. In fiscal year 2015-16 these costs were \$0.61 million, while charges for services amounted to \$0.93 million. Overall the Fund had a net income of \$0.31 million.

Fiduciary Operations

Fiduciary Fund Financial Statements are presented in the Basic Financial Statements separately from the Government-Wide Financial Statements. Prior to 2011-12, the City's only fiduciary funds were agency funds, used to account for certain assets held on behalf of others. As the City's role is purely custodial in these cases, all assets reported in the agency funds are offset by a liability to the party on whose behalf they are held. Total assets of the agency funds held by the City increased from \$0.59 million to \$0.64 million, which was due largely to the increase in refundable deposits held for current development projects.

A new private-purpose trust fund was established in 2011-12 to account for the activities related to the dissolution of the former Community Development Agency of the City of Menlo Park. As previously discussed, the former redevelopment agency was eliminated by State law as of February 1, 2012. All assets and obligations (including long-term debt) of the former agency were transferred to the City, as Successor Agency, as of that date. Housing loans are reported as assets in that governmental fund, but all other assets and liabilities are held in trust capacity in a fiduciary fund.

Unlike agency funds, trust funds report an "income statement". As such, the activity of the Successor Agency Trust from 2015-16 is reported in the Statement of Changes in Fiduciary Net Position. As of June 30, 2016, the fund's net position was a negative \$38.71 million, a positive improvement over the June 30, 2015 net position by \$3.51 million. For additional information on this trust fund, please see Notes 6 and 17 to the financial statements. It is important to note, however, that because the net negative position is primarily a function of long-term liabilities (debt service), which will be paid by future property tax revenues in the former redevelopment project area, there is no impact on the primary government's current or future financial position.

DEBT ADMINISTRATION

As of June 30, 2016, the City's debt obligations were comprised of General Obligation Bonds. In 2015-16, the City fully retired its 1996 General Obligation Refunding Bonds the original funds from which

provided for capital projects associated with the City's library. The City's two voter approved "Measure T" general obligation bonds had a balance of \$18.34 million as of June 30, 2016. Of this amount, \$8.16 million is outstanding on the 2012 General Obligation Bond refunding and \$10.18 million is outstanding on the 2009 A and 2009 B General Obligation Bonds.

In October 2015, the City's Community Development Agency issued Tax Allocation Refunding Bonds in a par amount of \$60.3 million for the purpose of refunding at lower interest rates outstanding 2006 Las Pulgas Project Tax Allocation Bonds. The original bonds had been issued to finance capital projects of benefit to the Las Pulgas Community Development Project Area. With the dissolution of redevelopment agencies in 2012, this bonded debt is no longer reported in the Government Wide Financial Statements. These obligations are included in Fiduciary Fund Financial Statements. Additional information on the City's long-term debt can be found in Note 6 of this report.

As disclosed in the Notes to Basic Financial Statements, a liability has been recorded to reflect the City's obligation to provide post-closure care of the landfill at Bayfront Park. Although the City has established a revenue stream to fund landfill post-closure care, governmental accounting standards require the calculation and recording of the liability associated with this activity. The liability is included in the reporting of the City's long-term debt, at an estimated \$4,845,465 at June 30, 2015.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2016 amounts to \$378.80 million, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the City such as roads, bridges, streets and sidewalks, drainage systems, lighting systems and similar items. The City's investment in capital assets for the current fiscal year totaled to \$9.05 million for fiscal year 2015-16. This amount is reduced by accumulated depreciation charges of \$6.19 million and net retirements of assets totaling \$0.59 million. Detailed information on the City's capital assets can be found in Note 5 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

The 2015-16 fiscal year amended budget for the General Fund reflected an operating deficit, of \$6.0 million with revenue inclusive of transfers totaling \$50.28 million and expenditures inclusive of transfers totaling \$56.28 million. The adopted expenditure budget was increased over the course of the fiscal year to include purchase orders and other commitments from the prior year, as well as any other Council-approved budget adjustments. Most notably, the City Council transferred an additional \$6 million from the General Fund to primarily to the General Fund for additional capital improvement projects. At the end of 2015-16, however, the revenues inclusive of transfers exceeded expenditures inclusive of transfers resulting in an operating surplus of \$0.38 million.

General Fund Revenues

The General Fund experienced year-over-year revenue growth for the fourth consecutive year. Overall, revenues, including transfers and asset sales, totaled \$51.09 million, which was a \$3.28 million (6.9

percent) increase over 2014-15. Property taxes, sales tax, transient occupancy tax, licenses and permits, and intergovernmental led the way, accounting for the vast majority of the revenue growth. Sales tax revenues continued to decline with the loss of a major sales tax generator in mid-2015. Transient occupancy tax revenues benefitted from a full year of the 12% tax rate, as well as a strong economic climate that resulted in high room and occupancy rates at hotels in the region. Licenses and permits were up significantly due to continued healthy development activity.

General Fund Expenditures

Total General Fund expenditures, excluding transfers out, totaled \$42.56 million and were 4.9 percent higher than 2014-15. This increase was the result of departmental operations, and the largest year-over-year increases were in Public Works. These increases were due to a variety of factors, including vacant positions being filled. Transfers to other funds increased \$4.27 million from prior year representing the City's continued investment in capital improvements.

ECONOMIC CONDITION AND OUTLOOK

The City's financial outlook remains sound. Property values continue their upward trend, and with a number of large-scale development projects in process, the outlook for future property tax revenue growth is strong. Being the General Fund's largest revenue source, at 32 percent of the total, a healthy property tax base is essential for continued sustainability.

One ongoing threat to the property tax base is the uncertainty of what is called "excess ERAF" (educational revenue augmentation fund). San Mateo County is one of several counties in the State of California where the amount generated from the ERAF shift of local property tax exceeds the amount required to meet funding levels for local schools. As a consequence, those funds collected in excess of the requirement have traditionally been redistributed back to the taxing entities. With such a unique circumstance, this revenue source is under scrutiny at the state level, leaving applicable local agencies to determine how to handle the uncertainty in their financial forecasts. To be conservative, the City of Menlo Park's adopted 2016-17 budget and the accompanying 10-year forecast reflects receiving 50 percent of this revenue annually until it drops off entirely in 2019-20. This is a highly speculative assumption that simply serves to keep the uncertainty of this significant revenue squarely in our sights as we move forward.

Also an area of continued monitoring is the financial health of the State of California. In November 2012, California voters passed Proposition 30, a measure that raised the state sales tax by a quarter-cent for four years and increases income tax rates for individuals who earn more than \$250,000 a year for seven years. In November 2016, voters approved Proposition 55 which provides for a 12 year extension of the increased income tax rate approved by Proposition 30. Proposition 55, however, did not contain a similar extension of the sales tax increase. Passage of Proposition 30 in 2012 is said to have offset the need to make \$6 billion per year in cuts in the State budget, cuts that could have impacted local governments. The passage of Proposition 55 in 2016, coupled with growth in the State economy, has enabled the Governor and the State Legislature to predict a balanced budget and a record surplus at the State level for the 2016-17 fiscal year. This has lessened the likelihood of looking

to the local agencies' revenue sources to balance the State budget.

On the expenditure side, the City is closely monitoring increases in employee benefit costs. One area of particular note is the City's cost for pension benefits provided by the California Public Employees' Retirement System (CalPERS). In December 2016, the CalPERS board voted to reduce its assumed rate of return on investment income, commonly referred to as the "discount rate", net of expenses, from 7.5 percent to 7.0 percent over three years beginning on July 1, 2018. The reduction in discount rate is likely to result in greater unfunded pension liabilities and increased annual costs to the City. Efforts are currently underway to incorporate the estimated increased costs in the City's 10-year financial forecast. Additionally, the City's Finance and Audit Committee, in coordination with staff and a consulting actuary, is exploring options to establish a fund that would shield the City's annual operating budget from significant fluctuations in pension costs that may result from actions such as CalPERS' decision to reduce the discount rate assumption.

Staff will continue to monitor the long-term budget situation, both locally and at the State level, to keep the City Council informed of critical economic events that may impact the sustainability of the City's spending plan. Further, staff will continue to be proactive in developing plans to promote economic development in the City, aggressively pursue grant funding for significant infrastructure improvements, and continually assess the City's operations and service delivery models to achieve efficiencies where possible.

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

REQUESTS FOR INFORMATION

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

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Menlo Park
Statement of Net Position
June 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 93,165,535	\$ 12,109,103	\$ 105,274,638
Receivables:			
Accounts	3,309,732	876,298	4,186,030
Interest	1,411,746	27,114	1,438,860
Due from other governments	1,964,003	-	1,964,003
Deposits and prepaid items	236,565	-	236,565
Total current assets	<u>100,087,581</u>	<u>13,012,515</u>	<u>113,100,096</u>
Noncurrent assets:			
Notes receivable	15,445,301	-	15,445,301
Net OPEB asset	86,988	-	86,988
Capital assets			
Non-depreciable	236,927,608	3,323,410	240,251,018
Depreciable, net	126,999,277	11,555,095	138,554,372
Total capital asset	<u>363,926,885</u>	<u>14,878,505</u>	<u>378,805,390</u>
Total noncurrent assets	<u>379,459,174</u>	<u>14,878,505</u>	<u>394,337,679</u>
Total assets	<u>479,546,755</u>	<u>27,891,020</u>	<u>507,437,775</u>
DEFERRED OUTFLOW OF RESOURCES			
Employer pension contribution	4,657,219	89,363	4,746,582
Pension related amounts	300,560	-	300,560
Total deferred outflow of resources	<u>4,957,779</u>	<u>89,363</u>	<u>5,047,142</u>
LIABILITIES			
Current liabilities:			
Accounts payable	3,328,970	798,653	4,127,623
Accrued payroll	990,468	32,037	1,022,505
Interest payable	416,774	-	416,774
Deposits	3,219,046	30,500	3,249,546
Unearned revenue	566,166	-	566,166
Claims payable due within one year	851,382	-	851,382
Compensated absences due within one year	1,464,135	89,176	1,553,311
Landfill postclosure care due within one year	408,813	-	408,813
Long-term debt due within one year	425,000	-	425,000
Total current liabilities	<u>11,670,754</u>	<u>950,366</u>	<u>12,621,120</u>
Noncurrent liabilities:			
Claims payable due in more than one year	2,811,901	-	2,811,901
Compensated absences due in more than one year	1,223,054	74,543	1,297,597
Net pension liability	38,217,594	663,363	38,880,957
Landfill postclosure care due in more than one year	4,146,929	-	4,146,929
Long-term debt due in more than one year	17,920,340	-	17,920,340
Total noncurrent liabilities	<u>64,319,818</u>	<u>737,906</u>	<u>65,057,724</u>
Total liabilities	<u>75,990,572</u>	<u>1,688,272</u>	<u>77,678,844</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related amounts	4,541,576	73,056	4,614,632
Total deferred inflows of resources	<u>4,541,576</u>	<u>73,056</u>	<u>4,614,632</u>
NET POSITION			
Net investment in capital assets	345,581,545	14,878,505	360,460,050
Restricted for:			
Capital projects	7,275,487	11,441,134	18,716,621
Debt service	1,663,696	-	1,663,696
Community development	22,783,937	-	22,783,937
Special projects	5,572,610	-	5,572,610
Unrestricted	21,095,111	(100,584)	20,994,527
Total net position	<u>\$ 403,972,386</u>	<u>\$ 26,219,055</u>	<u>\$ 430,191,441</u>

See accompanying Notes to Basic Financial Statements.

City of Menlo Park
Statement of Activities and Changes in Net Position
For the year ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 7,567,067	\$ 3,388,132	\$ -	\$ -	\$ 3,388,132
Public safety	14,930,689	1,979,203	140,180	-	2,119,383
Public works	14,469,169	7,149,654	804,399	606,318	8,560,371
Culture and recreation	11,836,304	5,410,577	1,031,522	1,517,481	7,959,580
Community development	4,483,136	8,200,673	-	-	8,200,673
Interest on long-term debt	913,633	-	-	-	-
Total governmental activities	54,199,997	26,128,239	1,976,101	2,123,799	30,228,139
Business-type activities:					
Water	7,323,365	7,647,125	-	-	7,647,125
Total business-type activities	7,323,365	7,647,125	-	-	7,647,125
Total primary government	\$ 61,523,362	\$ 33,775,364	\$ 1,976,101	\$ 2,123,799	\$ 37,875,264

General Revenues:

Taxes:

Property taxes

Sales taxes

Transient occupancy taxes

Franchise taxes

Other taxes

Total taxes

Investment earnings

Gain on the sale of capital assets

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year

Net position - end of year

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (4,178,935)	\$ -	\$ (4,178,935)
(12,811,306)	-	(12,811,306)
(5,908,798)	-	(5,908,798)
(3,876,724)	-	(3,876,724)
3,717,537	-	3,717,537
(913,633)	-	(913,633)
(23,971,858)	-	(23,971,858)
-	323,760	323,760
-	323,760	323,760
(23,971,858)	323,760	(23,648,098)
18,227,209	-	18,227,209
5,425,089	-	5,425,089
6,268,171	-	6,268,171
1,954,461	-	1,954,461
2,927,911	-	2,927,911
34,802,841	-	34,802,841
1,169,712	111,026	1,280,738
47,567		47,567
1,144,891		1,144,891
220,185	(220,185)	-
37,385,196	(109,159)	37,276,037
13,413,338	214,601	13,627,939
390,559,048	26,004,454	416,563,502
\$ 403,972,386	\$ 26,219,055	\$ 430,191,441

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

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

Housing Special Revenue Fund - Accounts for loans transferred to the City when the former Community Development Agency was dissolved. Prior to the Agency's dissolution, the Agency used tax increment revenue restricted for low and moderate income housing to make the loans which were subsequently transferred to the City. This fund's only activity is current revenue and expenditures resulting from loan servicing activities.

Transportation Impact Fees Fund - Established to account for fees paid by developers of certain residential, commercial, and industrial properties and projects funded by those fees to mitigate traffic problems resulting either directly or indirectly from the development.

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

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City of Menlo Park
Balance Sheet
Governmental Funds
June 30, 2016

	Major Funds							Total Governmental Funds
	General Fund	Below Market Rate Housing Special Revenue Fund	Housing Special Revenue Fund	Transportation Impact Fees	General Capital Improvement Project Fund	Non-Major Governmental Funds		
ASSETS								
Cash and investments	\$ 30,980,560	\$ 7,766,958	\$ 430,574	\$ 4,814,692	\$ 19,616,791	\$ 24,837,103	\$ 88,446,678	
Receivables:								
Accounts	2,779,506	22,794	11,027	-	6,879	481,112	3,301,318	
Interest	157,831	17,332	1,166,098	10,777	-	49,120	1,401,158	
Notes	1,339,847	9,089,500	4,380,928	-	-	635,026	15,445,301	
Due from other governments	1,326,398	-	-	315,435	-	322,170	1,964,003	
Deposits and prepaid items	33,466	-	-	-	-	-	33,466	
Due from other funds	410,554	-	-	-	-	98,642	509,196	
Total assets	\$ 37,028,162	\$ 16,896,584	\$ 5,988,627	\$ 5,140,904	\$ 19,623,670	\$ 26,423,173	\$ 111,101,120	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 1,317,595	\$ 12,476	\$ 58	\$ 455,508	\$ 338,399	\$ 789,583	\$ 2,913,619	
Accrued payroll and related liabilities	863,294	-	-	14,378	35,771	44,320	957,763	
Due to other funds	-	-	-	-	-	172,327	172,327	
Deposits	2,183,680	-	-	990,366	-	45,000	3,219,046	
Unearned revenue	566,166	-	-	-	-	-	566,166	
Total liabilities	4,930,735	12,476	58	1,460,252	374,170	1,051,230	7,828,921	
Deferred Inflows of Resources								
Unavailable revenue	381,171	-	1,166,098	-	-	96,194	1,643,463	
Total deferred inflows of resources	381,171	-	1,166,098	-	-	96,194	1,643,463	
Fund Balances:								
Nonspendable	1,373,313	-	-	-	-	-	1,373,313	
Restricted	-	16,884,108	4,380,928	3,680,652	-	12,350,042	37,295,730	
Committed	20,852,000	-	-	-	-	12,594,224	33,446,224	
Assigned	4,483,513	-	441,543	-	19,249,500	452,939	24,627,495	
Unassigned	5,007,430	-	-	-	-	(121,456)	4,885,974	
Total fund balances	31,716,256	16,884,108	4,822,471	3,680,652	19,249,500	25,275,749	101,628,736	
Total liabilities, deferred inflows of resources, and fund balances	\$ 37,028,162	\$ 16,896,584	\$ 5,988,627	\$ 5,140,904	\$ 19,623,670	\$ 26,423,173	\$ 111,101,120	

See accompanying Notes to Basic Financial Statements.

City of Menlo Park
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2016

Total Fund Balances - Total Governmental Funds \$ 101,628,736

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

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

Non-depreciable (net of real estate held for resale in special revenue funds)	236,927,608
Depreciable (net of internal service fund capital assets of \$3,530,008)	224,297,718
Accumulated depreciation/amortization (net of internal service fund of \$2,486,029)	(98,342,420)

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the Governmental Funds Balance Sheet. (416,774)

Net OPEB liabilities are not due and payable in the current period, and therefore are not recorded in the governmental funds 86,988

Employer contributions for pension were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statement these contributions are deferred. 4,657,219

In the Government-Wide Financial Statement certain differences between actuarial estimates and actual results for pension are deferred and amortized over a period of time, however in the governmental funds no transactions are recorded. (4,241,016)

Landfill postclosure care costs do not require current financial resources and are not reported as a liability in the Governmental Fund Financials Statements. (4,555,742)

Unavailable revenues recorded in Governmental Fund Financial Statements in the amount of \$1,643,463, resulting from activities in which revenues were earned but funds were not available, are reclassified as revenues in the Government-Wide Financial Statements. 1,643,463

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet. The compensated absences is net of the internal service funds in the amount of \$25,230 short-term, and \$20,258 long-term.

Long-term liabilities - due within one year:	
Compensated absences payable	(1,438,905)
Long-term debt	(425,000)
Long-term liabilities - due in more than one year:	
Compensated absences payable	(1,202,796)
Net pension liability	(38,217,594)
Long-term debt	(17,920,340)

Internal service funds are used to charge the costs of risk management, other post employment benefits and vehicle replacement to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Government-Wide Statement of Net Position. 1,491,241

Net Position of Governmental Activities \$ 403,972,386

See accompanying Notes to Basic Financial Statements.

City of Menlo Park
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2016

	Major Funds						Total Governmental Funds
	General Fund	Below Market Rate Housing Special Revenue Fund	Housing Special Revenue Fund	Transportation Impact Fees	General Capital Improvement Project Fund	Non-Major Governmental Funds	
REVENUES:							
Taxes:							
Secured property taxes	\$ 16,927,658	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,927,658
Unsecured property taxes	466,089	-	-	-	-	-	466,089
Other property taxes	940,188	-	-	-	-	-	940,188
Sales taxes	5,425,088	-	-	-	-	-	5,425,088
Other taxes	9,360,210	-	-	-	82,719	1,611,420	11,054,349
Special assessments	-	-	-	-	-	2,618,490	2,618,490
Licenses and permits	5,847,247	-	-	-	100,000	425,478	6,372,725
Fines and forfeitures	1,349,853	-	-	-	-	-	1,349,853
Use of money and property	1,145,954	149,505	17,711	51,211	-	313,612	1,677,993
Intergovernmental	1,211,449	-	-	606,318	-	798,524	2,616,291
Charges for services	8,350,722	3,788,681	3,382	484,865	50,266	4,228,297	16,906,213
Other	64,653	-	-	-	-	267,103	331,756
Total revenues	51,089,111	3,938,186	21,093	1,142,394	232,985	10,262,924	66,686,693
EXPENDITURES:							
Current:							
General government	5,517,302	-	-	-	-	4,506	5,521,808
Public safety	15,865,687	-	-	-	-	68,059	15,933,746
Public works	7,616,964	-	-	-	-	3,735,930	11,352,894
Culture and recreation	9,807,503	-	-	-	-	248,487	10,055,990
Community development	3,542,425	-	-	-	-	990,632	4,533,057
Urban development and housing	51,457	97,368	4,942	-	-	-	153,767
Capital outlay	164,071	-	-	1,258,892	4,419,052	4,477,246	10,319,261
Debt service:							
Principal	-	-	-	-	-	1,055,000	1,055,000
Interest and fiscal charges	-	-	-	-	-	931,400	931,400
Total expenditures	42,565,409	97,368	4,942	1,258,892	4,419,052	11,511,260	59,856,923
REVENUES OVER (UNDER) EXPENDITURES	8,523,702	3,840,818	16,151	(116,498)	(4,186,067)	(1,248,336)	6,829,770
OTHER FINANCING SOURCES (USES):							
Transfers in	417,599	-	-	14,140	8,963,944	477,876	9,873,559
Transfers out	(8,561,877)	-	-	(1,000,000)	-	(291,497)	(9,853,374)
Total other financing sources (uses)	(8,144,278)	-	-	(985,860)	8,963,944	186,379	20,185
Net change in fund balances	379,424	3,840,818	16,151	(1,102,358)	4,777,877	(1,061,957)	6,849,955
FUND BALANCES:							
Beginning of year, as restated	31,336,832	13,043,290	4,806,320	4,783,010	14,471,623	26,337,706	94,778,781
End of year	\$ 31,716,256	\$ 16,884,108	\$ 4,822,471	\$ 3,680,652	\$ 19,249,500	\$ 25,275,749	\$ 101,628,736

See accompanying Notes to Basic Financial Statements.

City of Menlo Park

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position For the year ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds \$ 6,849,955

Amounts reported for governmental activities in the Statement of Activities were different because:

Governmental Funds reported acquisition of capital assets as expenditures in various functions and in capital outlay. However, in the Government-Wide Statement of Activities and Changes in Net Position, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period. This amount is net of changes recorded in the internal service funds of \$(229,255) . 8,589,250

Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the Governmental Funds. This amount is net of depreciation expense of \$186,555 recorded in the internal service funds. (6,001,294)

Loss on the disposal of capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, it was not reported as expenditures in the Governmental Funds. (590,745)

Revenues that have not met the revenue recognition criteria in the Fund Financial Statements are recognized as revenue in the Government-Wide Financial Statements. This amount represents the change in unavailable revenue from the prior year. 628,480

Current year employer pension contributions are recorded as expenditures in the governmental funds, however these amounts are reported as a deferred outflow of resources in the Government-Wide Statement of Net Position. 4,657,219

Pension expense is recorded as incurred in the Government-Wide Statement of Activities, however pension expense is not recognized in the governmental funds. (2,612,024)

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

Change in compensated absences (23,561)
Net change in OPEB asset 67,057

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

Long-term debt repayments 1,055,000

Proceeds and premiums/discounts on issuance of debt are recorded as revenues/expenditures in the Fund Financial Statements. In the Government-Wide Financial Statements, these costs are capitalized and reported as long-term debt and the premium/discounts are amortized over the life of the debt. (1,187)

Expenses for landfill postclosure costs are expenditures in the Governmental Fund Financial Statements but reduce the liability in the Government-Wide Financial Statements. 289,723

Interest expense on long-term debt was reported in the Government-Wide Statement of Activities and Changes in Net Position, but it did not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in the Governmental Funds. The following amount represents the change in accrued interest from the prior year. 18,954

Internal service funds are used to charge the costs of risk management, other post employment benefits and vehicle replacements to individual funds. The net revenue of the internal service funds is reported with governmental activities. 486,511

Change in Net Position of Governmental Activities \$ 13,413,338

See accompanying Notes to Basic Financial Statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

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

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

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

City of Menlo Park
Statement of Net Position
Proprietary Funds
June 30, 2016

	Major Enterprise Fund Water Fund	Governmental Activities Internal Service Funds
ASSETS		
Current assets:		
Cash and investments	\$ 12,109,103	\$ 4,718,857
Receivables:		
Accounts	876,298	8,414
Interest	27,114	10,588
Deposits and prepaid expenses	-	203,099
Total current assets	<u>13,012,515</u>	<u>4,940,958</u>
Capital assets:		
Non-depreciable	3,323,410	-
Depreciable, net	<u>11,555,095</u>	<u>1,043,979</u>
Total capital assets	<u>14,878,505</u>	<u>1,043,979</u>
Total assets	<u>27,891,020</u>	<u>5,984,937</u>
DEFERRED OUTFLOW OF RESOURCES		
Employer pension contribution	<u>89,363</u>	<u>-</u>
Total deferred outflow of resources	<u>89,363</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable	798,653	415,351
Accrued payroll	32,037	32,705
Deposits	30,500	-
Due to other funds	-	336,869
Claims payable, due within one year	-	851,382
Compensated absences, due within one year	<u>89,176</u>	<u>25,230</u>
Total current liabilities	<u>950,366</u>	<u>1,661,537</u>
Noncurrent liabilities:		
Claims payable, due in more than one year	-	2,811,901
Net pension liability	663,363	-
Compensated absences, due in more than one year	<u>74,543</u>	<u>20,258</u>
Total noncurrent liabilities	<u>737,906</u>	<u>2,832,159</u>
Total liabilities	<u>1,688,272</u>	<u>4,493,696</u>
DEFERRED OUTFLOW OF RESOURCES		
Pension related amounts	<u>73,056</u>	<u>-</u>
Total deferred outflow of resources	<u>73,056</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	14,878,505	1,043,979
Restricted for:		
Capital projects	11,441,134	-
Unrestricted	<u>(100,584)</u>	<u>447,262</u>
Total net position	<u>\$ 26,219,055</u>	<u>\$ 1,491,241</u>

See accompanying Notes to Basic Financial Statements.

City of Menlo Park
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2016

	Major Enterprise Fund Water Fund	Governmental Activities Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ 7,647,125	\$ 4,267,860
Total operating revenues	7,647,125	4,267,860
OPERATING EXPENSES:		
Cost of sales and services	6,795,984	-
Personnel services	-	1,352,232
General and administrative	285,288	543,212
Insurance	-	1,977,327
Depreciation	197,127	186,555
Total operating expenses	7,278,399	4,059,326
OPERATING INCOME (LOSS)	368,726	208,534
NONOPERATING REVENUES (EXPENSES):		
Interest income	111,026	30,410
Gain/(loss) on sale of equipment	(44,966)	47,567
Total nonoperating revenues	66,060	77,977
INCOME (LOSS) BEFORE OPERATING TRANSFERS	434,786	286,511
TRANSFERS:		
Transfers in		200,000
Transfers out	(220,185)	-
Total transfers	(220,185)	200,000
Net income (loss)	214,601	486,511
NET POSITION:		
Beginning of year	26,004,454	1,004,730
End of year	\$ 26,219,055	\$ 1,491,241

See accompanying Notes to Basic Financial Statements.

City of Menlo Park
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2016

	Major Enterprise Fund	Governmental Activities
	Water Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers/ other funds	\$ 7,798,153	\$ 4,949,041
Cash payment to suppliers	(7,381,573)	(2,049,637)
Cash payments for general and administrative	(261,754)	-
Cash paid to employees	-	(1,291,096)
Net cash provided (used) by operating activities	154,826	1,608,308
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers from other funds	1,099,682	200,000
Transfers to other funds	(1,319,867)	-
Net cash provided (used) by noncapital financing activities	(220,185)	200,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(1,130,525)	(466,617)
Proceeds from disposal of capital assets	-	47,567
Net cash provided (used) by capital and related financing activities	(1,130,525)	(419,050)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	114,323	27,391
Net cash provided (used) by investing activities	114,323	27,391
Net increase (decrease) in cash and cash equivalents	(1,081,561)	1,416,649
CASH AND CASH EQUIVALENTS:		
Beginning of year	13,190,664	3,302,208
End of year	<u>\$ 12,109,103</u>	<u>\$ 4,718,857</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET		
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 368,726	\$ 208,534
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	197,127	186,555
Changes in current assets and liabilities:		
Accounts receivable	156,456	681,181
Deferred outflow of resources	(11,219)	-
Prepaid expenses	-	(46,288)
Accounts payable	(585,589)	272,931
Accrued payroll	(29,965)	27,945
Insurance claim payable	-	244,259
Compensated absences	105,841	33,191
Deferred inflow of resources	(103,641)	-
Net pension liability	62,518	-
Deposits	(5,428)	-
Total adjustments	<u>(213,900)</u>	<u>1,399,774</u>
Net cash provided (used) by operating activities	\$ 154,826	\$ 1,608,308

See accompanying Notes to Basic Financial Statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

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

City of Menlo Park
Statement of Fiduciary Net Position
June 30, 2016

	<u>Total Successor Agency Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Current assets:		
Cash and investments:		
Held with City	\$ 8,857,951	\$ 727,110
Prepays	-	324,696
Accounts receivable	231,881	47,927
Total assets	<u>9,089,832</u>	<u>\$ 1,099,733</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss of refunding	12,911,150	
	<u>12,911,150</u>	
LIABILITIES		
Liabilities:		
Accounts payable	3,525	\$ 16,000
Due to the City	-	372,623
Interest payable	596,775	-
Deposits	108,891	711,110
Long-term debt:		
Due within one year	3,115,000	-
Due in more than one year	56,882,364	-
Total liabilities	<u>60,706,555</u>	<u>\$ 1,099,733</u>
NET POSITION		
Held in trust for private purpose	(38,705,573)	
Total net position	<u>\$ (38,705,573)</u>	

See accompanying Notes to Basic Financial Statements.

City of Menlo Park
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund - Successor Agency
For the Period Ending June 30, 2016

	<u>Total Successor Agency Funds</u>
Additions:	
Property taxes	\$ 7,065,305
Investment earnings	(71,910)
Total additions	<u>6,993,395</u>
Deductions:	
Program expenses of former redevelopment agency	12,065
Interest and fiscal agency expenses of former redevelopment agency	<u>3,472,666</u>
Total deductions	<u>3,484,731</u>
Change in net position	<u>3,508,664</u>
Net position - beginning of the year	<u>(42,214,237)</u>
Net position - end of the year	<u>\$ (38,705,573)</u>

See accompanying Notes to Basic Financial Statements.

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City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

As of June 30, 2016, the City did not include component units, because as of February 1, 2012, the Community Development Agency was dissolved through State Assembly Bill 1X 26, which dissolved redevelopment agencies throughout the State of California. The activity of the former Community Development Agency was reported in the City's financial statements for the shortened period of July 1, 2012 through January 31, 2012. Subsequent to that, all remaining assets were transferred to the Successor Agency of the former Community Development Agency. The Successor Agency is reported in the City's financial statements as a fiduciary private-purpose trust fund.

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

Government-Wide Financial Statements

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Reporting Entity, Continued

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

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

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

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

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

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

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

B. Basis of Accounting and Measurement Focus

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented the following major funds:

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

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

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

Housing Special Revenue Fund - Accounts for loans transferred to the City when the former Community Development Agency was dissolved. Prior to the Agency's dissolution, the Agency used tax increment revenue restricted for low and moderate income housing to make the loans which were subsequently transferred to the City. This fund's only activities are current revenues and expenditures resulting from servicing of these loans.

Transportation Impact Fees Fund - Accounts for fees paid by developers of certain residential, commercial, and industrial properties and projects funded by those fees to mitigate traffic problems resulting either directly or indirectly from the development.

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

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

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

Unearned revenues arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the deferred revenue is removed from the balance sheet and revenue is recognized.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

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

Proprietary Fund Financial Statements

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

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

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

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

Fiduciary Fund Financial Statements

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Cash and Investments

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

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

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

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

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

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

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

D. Capital Assets

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Capital Assets, continued

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

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

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

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

E. Long-Term Obligations

In the Government-Wide Financial Statements, the long-term obligations are reported as liabilities in the appropriate funds. The Fund Financial Statements do not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

F. Net Position and Fund Equity

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

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Net Position and Fund Equity, continued

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

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

Fund Financial Statements

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

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

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

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

Assigned - Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for the purpose. The City Council has given the authorization to the City Manager to assign any net fund resources.

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

In October 2014, the City Council updated the fund balance policy for net position and fund equity. Due to the nature of the restrictions of Nonspendable and Restricted fund balances, the policy focuses on financial reporting of unrestricted fund balance, or the last three categories listed above. As the highest level of decision-making authority, City Council may commit fund balances for specific purposes pursuant to constraints imposed by formal actions taken, such as an ordinance or resolution. The policy delegates the authority to assign fund balance amounts to be used for specific purposes to the City Manager for the purpose of reporting these amounts in the annual financial statements. Restricted fund balances will be expended before unrestricted fund balances when expenditures are incurred for purposes for which both are available. Unrestricted fund balances will be exhausted in the order of assigned, unassigned and committed when expenditures are incurred for which any of these fund balances are available.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Use of Estimates

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

H. Compensated Absences

City employees have vested interests in varying levels of vacation, sick leave, and compensatory time. If compensated absences are not used by the employee during the term of employment, compensation is payable to the employee at the time of retirement or termination. Such compensation is calculated at the employees' then prevalent rate at the time of retirement or termination. Whereas vacation and compensatory time is compensated at 100% of accumulated hours, sick leave is accrued and compensated only at retirement at 15% of accumulated hours. On termination, only accrued vacation and compensatory time is compensated, not sick leave. The liabilities for compensated absences of the governmental activities are recorded in the Government-Wide Financial Statements. However, the General Fund is liable for 90% of the total city-wide compensated absence liability. The liabilities of compensated absences of proprietary funds are recorded as liabilities in the appropriate proprietary fund and in the business-type activities in the Government-Wide Financial Statements. The liabilities of compensated absences in the governmental funds are reported in those funds only if there is an unused reimbursable leave still outstanding following an employee's resignation or retirement as of June 30, 2016.

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

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

I. Property Taxes

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

<u>Lien Date</u>	<u>March 1</u>
Levy Date	July 1
Due Date	November 1 and February 1
Collection	December 10 and April 10

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Property Taxes, continued

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

J. Pension

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

K. Interfund Balances/Internal Balances

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

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government reports two items in this category, deferred employer pension contributions and amounts resulting from the differences between the City's contribution and the City's proportionate share of the contribution. Employer pension contributions made during period between the measurement date and the report date are deferred and reflected as a reduction in the net pension liability in the subsequent fiscal year.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Deferred Outflows/Inflows of Resources, continued

The government reports three items in this category, unavailable revenue and amounts related to changes in the City's net pension liability that are deferred and amortized over a stated period. Unavailable revenue arises only under a modified accrual basis of accounting and accordingly is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: interest receivable relating to loans. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available. In-lieu agreements payments are payments received by the City relating to future periods which have been deferred and will be recognized as an inflow of resources in future periods. Certain changes in the City's net pension liability are required to be deferred and reflected in pension expense over a closed amortization period. The City reported the unamortized net difference between the projected and actual earnings on pension plans as deferred inflows of resources in the government-wide and enterprise fund's statements of net position.

M. New Pronouncements

For the fiscal year ending June 30, 2016, the City has implemented the following Governmental Accounts Standards Board (GASB) Statement:

- GASB Statement No. 72, *Fair Value Measurement and Application*– This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. There was no impact on beginning net position as part of implementation of this accounting standard.
- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*- The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. There was no impact on beginning net position as part of implementation of this accounting standard.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. New Pronouncements, continued

- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*– The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. There was no impact on beginning net position as part of implementation of this accounting standard
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* - This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. There was no impact on beginning net position as part of implementation of this accounting standard.
- GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statement No. 67, No. 68, and No. 73* - This Statement addresses certain issues that had been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB 67 and 68*. Specifically, this Statement addresses issued regarding (1) the presentation of payroll-related measures in the required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The City updated covered employee payroll information in the required supplementary information as part of implementation of this accounting standard.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

2. CASH AND INVESTMENTS

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

A. Summary of Cash and Investments

The following is a summary of pooled cash and investments at June 30, 2016:

	Government-Wide Statement of Net Position			Fund Financials	Total
	Governmental Activities	Business-Type Activities	Total	Fiduciary Funds Statement of Net Position	
Cash and Investments	\$ 93,165,535	\$ 12,109,103	\$ 105,274,638	\$ 9,120,845	\$ 114,395,483

Cash and investments as of June 30, 2016 consist of the following:

Cash on hand	\$ 7,990
Deposits with financial institution	1,788,303
Total cash on hand and deposits	1,796,293
Local Agency Investment funds	51,013,797
Securities of U.S. Government	37,762,271
Corporate bonds	23,823,122
Total investments	112,599,190
Total cash and investments	\$ 114,395,483

As of June 30, 2016, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)				
		1 year or less	1-2 years	2-3 years	3-4 years	4-5 years
Securities of U.S. Government						
Government bonds	\$ 12,536,022	\$ 6,514,342	\$ 6,021,680		\$ -	\$ -
Government Agencies	25,142,389	3,025,229	15,480,602	6,636,558		
Government Mortgage backed	83,860	83,860				
Local Agency Investments Funds	51,013,797	51,013,797				
Corporate bonds	23,823,122	16,056,504	7,766,618			
Total	\$ 112,599,190	\$ 76,693,732	\$ 29,268,900	\$ 6,636,558	\$ -	\$ -

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

2. CASH AND INVESTMENTS, continued

B. Deposits

At June 30, 2016, the carrying amount of the City's deposits was \$1,788,303 and the bank balances were \$2,132,739. The total bank balance was covered by federal depository insurance or by collateral held by the City's agent in the City's name.

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

C. Authorized Investments

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

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

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

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

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, requires that the City's investments be carried at fair value instead of cost. Accordingly, the City adjusts the carrying value of its investments to reflect their fair value at each fiscal year-end, and the effects of these adjustments are included in income for that fiscal year. Changes in fair value in the fiscal year ended June 30, 2016 from the fiscal year ended June 30, 2015, amounted to an increase of \$242,732.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

2. CASH AND INVESTMENTS, Continued

C. Authorized Investments, continued

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

External Investment Pool

The City's investments with LAIF at June 30, 2016, included a small portion of the pooled funds invested in Structured Notes and Asset-Backed Securities. These investments may include the following:

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

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

As of June 30, 2016, the City had \$ 51,013,797 invested in LAIF, which had invested 2.81% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines fair value of its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where fair value is not readily available. The City valued its investments in LAIF as of June 30, 2016, by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate amortized cost by total aggregate fair value. Accordingly, as of June 30, 2016, the City's investment in LAIF at fair value amounted to \$ 51,013,797 using a LAIF fair value factor of 1.000621222.

Successor Agency Pooled Cash and Investments

Cash and investments consisted of \$8,857,951 at June 30, 2016. The Agency pools cash from all sources and all funds with the City so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

D. Risks Disclosures

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs. At June 30, 2016, the City's pooled cash and investments had the following maturities:

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

2. CASH AND INVESTMENTS, Continued

D. Risks Disclosures, Continued

<u>Maturity</u>	<u>Percentage of Investment</u>
Less than one year	68%
One to two years	26%
Two to three years	6%
Three to four years	0%

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

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

2. CASH AND INVESTMENTS, Continued

E. Investment Valuation

Investments (except for money market accounts, time deposits, and commercial paper) are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investment fair value measurements at June 30, 2016 are described on the following page.

Investments included in restricted cash and investments included money market accounts and guaranteed investment contracts are not subject to fair value measurement.

Investment Type	Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Government bonds	\$ 12,536,022	\$ 12,536,022	\$ -	\$ -
Government agencies	25,142,389	-	25,142,389	-
Government mortgage backed	83,860	-	83,860	-
Corporate bonds	23,823,122	-	23,823,122	-
Local Agency Investment Fund	51,013,797	-	51,013,797	-
Total investments subject to fair value	112,599,190	\$ 12,536,022	\$ 100,063,168	\$ -

Government bonds categorized as Level 1 are valued based on prices quoted in active markets for those securities. Government agencies and mortgage backed securities categorized as Level 2 are valued based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuations for which all significant assumptions are observable or can be corroborated by observable market data.

The City's fair value for its investment in the State of California Local Agency Investment Fund (LAIF) is based on the fair market value factors provided by LAIF that are calculated based on the total fair market value of the pool.

LAIF includes investments categorized as Level 1 such as United States Treasury securities, Federal Agency securities, and supranational debentures that are valued based on prices quoted in active markets and investments categorized as Level 2 such as negotiable certificates of deposit and bank notes that are based on market corroborated pricing utilizing inputs such as yield curves and indices that are derived principally from or corroborated by observable market data by correlation to other means.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

3. RECEIVABLES

A. Accounts Receivable

As of June 30, 2016, summary of accounts receivable is as follows:

	Governmental Activities	Business-Type Activities
Accounts receivable	\$ 3,309,732	\$ 876,298
Due from other governments	1,964,003	
Total receivables	\$ 5,273,735	\$ 876,298

As of June 30, 2016, accounts receivable consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Taxes:			
Occupancy taxes	\$ 1,668,437	\$ -	\$ 1,668,437
Property taxes	219,320	-	219,320
Utility taxes	179,979	-	179,979
Sales Taxes	1,139,469	-	1,139,469
Total taxes	3,207,205	-	3,207,205
Fines and Forfeitures	125,824	-	125,824
Franchise Fees	260,322	-	260,322
Rental Income	76,074	-	76,074
General Government	120,494	-	120,494
Police	170,815	-	170,815
Public Works	813,109	-	813,109
Water service fees	-	876,298	876,298
Community Development	381,367	-	381,367
Recreation Programs	118,525	-	118,525
Total accounts receivable	\$ 5,273,735	\$ 876,298	\$ 6,150,033

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

3. RECEIVABLES, Continued

B. Notes Receivable

As of June 30, 2016, notes receivable consisted of the following:

	<u>Notes Receivable</u>
Major Funds:	
General Fund	\$ 1,339,847
Below Market Rate Housing	9,089,500
Housing Fund	<u>4,380,928</u>
Total Major Funds	14,810,275
Other Governmental Funds	
Community Development Block Grant	585,481
Federal Revenue Sharing Fund	<u>49,545</u>
Total Non-Major funds	<u>635,026</u>
Total notes receivable	<u><u>\$ 15,445,301</u></u>

City Manager Housing

As part of the employment agreement with the City Manager, effective March 2012, the City Council has authorized a loan evidenced by a note totaling \$990,000 in order to assist in the purchase of residential real estate property. The note is secured by a deed of trust on the property. The note bears an interest rate of 3.5% per annum, or, at the option of the City Manager, he may pay 2% per annum interest only, and 1.5% per annum would be deferred until the ultimate sale of the property or payment of the loan. The note is due and payable within 24 months of termination of employment or within 12 months if he no longer resides in the property. Effective January 1, 2014, City Council reduced the interest rate payable to 3% per annum and authorized an additional loan of up to \$360,000 for remodeling/renovation of his home with an interest rate of 2.5%. The outstanding balance of the notes at June 30, 2016, was \$1,339,847.

Community Development Block Grant

The City administers home improvement loans to seniors and very low income residents using Community Development Block Grant (CDBG) funds. The program provides for no or very low interest loans, which are secured by deeds of trust. Although payments for some loans are amortized over an established schedule, some loans allow for deferred payment of accrued interest and principal until the property changes ownership. Repayments received from outstanding loans are used to make additional housing rehabilitation loans. Outstanding loans at June 30, 2016, were \$585,481

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

3. RECEIVABLES, Continued

B. Notes Receivable

Housing Fund

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

The City assumed a loan the Agency made to Peninsula Habitat for Humanity for purchase of two mini-park lots as sites to develop two single-family houses for very low-income homeowners. Loan repayment is structured as a zero interest note with a twenty-year term. The outstanding balance at June 30, 2016, was \$9,750.

The City has housing rehabilitation loans to six eligible participants. Loans bear no or very low interest and are not due until the property changes ownership. The outstanding balance of these loans at June 30, 2016, was \$349,022.

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

On October 28, 2002, the Agency made a loan to Menlo Gateway, Inc. to refinance Menlo Gateway's debt in the amount of \$4,022,157. The loan had a compounded interest rate of 3% per annum. The payment was secured by the Deed of Trust with the final payment due on February 15, 2043. During the year ended June 30, 2016, Menlo Gateway Inc. sold a portion of the property. Therefore, on December 31, 2015, the outstanding loan was split between Menlo Gateway and Sequoia Belle Haven for an amount of \$3,221,558 and \$1,892,026 respectively and new promissory notes were signed with the same terms as were on the original loan agreement. As of June 30, 2016, the total outstanding loan was \$4,022,157 with accrued interest thereon for \$1,166,098.

Below Market Rate Housing

The City uses Below Market Rate Housing Reserve funds to provide residents and employees who work in Menlo Park with second mortgage loans to purchase their first home in Menlo Park. These "PAL" loans are amortized over 30 years, and are currently restricted to purchasers of Below Market Rate Housing units, which are income and price restricted housing units produced through the City's Below Market Rate Housing program.

Outstanding loans at June 30, 2016, were \$9,089,500.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

3. RECEIVABLES, Continued

B. Notes Receivable

Emergency Repair Loan (ERL)

The Emergency Repair Loan (ERL) Program is designed to assist lower income households with minor emergency repairs to their home. The revolving loan program was originally funded by a Federal Revenue Sharing Grant. The maximum loan amount is \$10,000 at 3% interest per annum, with a loan term of either 5, 10, or 15 years. Outstanding loans at June 30, 2016, were \$49,545.

4. CAPITAL ASSETS

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

	Balance June 30, 2015 (Restated)	Additions	Retirements	Reclassifications	Balance June 30, 2016
Governmental Activities:					
Capital assets, not being depreciated/amortized:					
Land	\$ 199,998,884	\$ -	\$ -	\$ -	\$ 199,998,884
Land improvements	32,921,636	-	-	-	32,921,636
Construction in progress	2,362,145	2,528,510	(217,993)	(665,574)	4,007,088
Total capital assets, not being depreciated	235,282,665	2,528,510	(217,993)	(665,574)	236,927,608
Capital assets, being depreciated/amortized:					
Buildings	77,547,938	1,207,816	-	152,836	78,908,590
Shared use facilities	2,600,000	-	-	-	2,600,000
Equipment	6,818,988	537,631	(378,509)	-	6,978,110
Other improvements	17,615,799	249,441	-	-	17,865,240
Infrastructure	115,318,426	4,532,469	(1,187,321)	512,738	119,176,312
Total capital assets, being depreciated/amortized	219,901,151	6,527,357	(1,565,830)	665,574	225,528,252
<i>Less accumulated depreciation/amortization for:</i>					
Buildings	(19,891,226)	(1,596,482)	-	-	(21,487,708)
Shared use facilities	(572,000)	(104,000)	-	-	(676,000)
Equipment	(5,074,374)	(429,036)	378,509	-	(5,124,901)
Other improvements	(6,960,751)	(882,507)	-	-	(7,843,258)
Infrastructure	(61,035,853)	(3,175,824)	814,569	-	(63,397,108)
Total accumulated depreciation	(93,534,204)	(6,187,849)	1,193,078	-	(98,528,975)
Total capital assets, being depreciated/amortized, net	126,366,947	339,508	(372,752)	665,574	126,999,277
Governmental activities capital assets, net	\$ 361,649,612	\$ 2,868,018	\$ (590,745)	\$ -	\$ 363,926,885

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

4. CAPITAL ASSETS, Continued

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

General government	\$ 652,353
Public safety	139,699
Public works	3,283,655
Culture and recreation	<u>2,112,142</u>
Total depreciation expense - governmental departments	<u>\$ 6,187,849</u>

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

	Balance June 30, 2015	Additions	Retirements	Reclassification	Balance June 30, 2016
Business Activities:					
Capital assets, not being depreciated/amortized:					
Land	\$ 1,066,454	\$ -	\$ -	\$ -	\$ 1,066,454
Construction in progress	6,607,112	284,724	(44,966)	(4,589,914)	2,256,956
Total capital assets, not being depreciated	<u>7,673,566</u>	<u>284,724</u>	<u>(44,966)</u>	<u>(4,589,914)</u>	<u>3,323,410</u>
Capital assets, being depreciated/amortized:					
Buildings	4,159,460	513,361	-	3,151,164	7,823,985
Equipment	494,276	30,842	-	-	525,118
Infrastructure	8,371,534	301,598	-	1,438,750	10,111,882
Total capital assets, being depreciated/amortized	<u>13,025,270</u>	<u>845,801</u>	<u>-</u>	<u>4,589,914</u>	<u>18,460,985</u>
<i>Less accumulated depreciation/amortization for:</i>					
Buildings	(1,796,289)	(83,189)	-	-	(1,879,478)
Equipment	(443,950)	(9,442)	-	-	(453,392)
Infrastructure	(4,468,524)	(104,496)	-	-	(4,573,020)
Total accumulated depreciation	<u>(6,708,763)</u>	<u>(197,127)</u>	<u>-</u>	<u>-</u>	<u>(6,905,890)</u>
Total capital assets, being depreciated/amortized, net	<u>6,316,507</u>	<u>648,674</u>	<u>-</u>	<u>4,589,914</u>	<u>11,555,095</u>
Business activities capital assets, net	<u>\$ 13,990,073</u>	<u>\$ 933,398</u>	<u>\$ (44,966)</u>	<u>\$ -</u>	<u>\$ 14,878,505</u>

Depreciation expense for all proprietary funds was \$197,127 for the year ended June 30, 2016, which was recorded in the City's water business-type activity.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

5. UNEARNED REVENUE

Unearned revenues represent amounts for which revenues have not been earned. At June 30, 2016, unearned revenues were as follows:

	Governmental Activities
Recreation summer programs	\$ 497,744
Library donations	59,775
Percent for art deferred	8,647
Total	\$ 566,166

6. LONG-TERM DEBT

A. Long-Term Obligations

Summary of changes in long-term debt transactions for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due within one year	Due in more than one year
<u>Governmental Activities</u>						
1996 General Obligation Refunding Bonds	\$ 435,000	\$ -	\$ (435,000)	\$ -	\$ -	\$ -
2009A General Obligation Bonds	830,000	-	(65,000)	765,000	70,000	695,000
2009B General Obligation Bonds	9,360,000	-	-	9,360,000	-	9,360,000
Premium on 2009 General Obligation Bonds	59,977	-	(2,499)	57,478	-	57,478
2012 General Obligation Refunding Bonds	8,775,000	-	(555,000)	8,220,000	355,000	7,865,000
Discount on 2012 General Obligation Bonds	(60,824)	-	3,686	(57,138)	-	(57,138)
Total governmental activities	\$ 19,399,153	\$ -	\$ (1,053,813)	\$ 18,345,340	\$ 425,000	\$ 17,920,340
	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due within one year	Due in more than one year
<u>Fiduciary Activities</u>						
2006 Las Pulgas Project Tax Allocation Bonds	\$ 57,620,000	\$ -	\$ (57,620,000)	\$ -	\$ -	\$ -
Discount on 2006 Las Pulgas Project Tax Allocation Bonds	(215,552)	-	215,552	-	-	-
2015 Las Pulgas Project Tax Allocation Bonds	-	51,505,000	-	51,505,000	3,115,000	48,390,000
Premium on 2015 Las Pulgas Project Tax Allocation Bonds	-	8,806,896	(314,532)	8,492,364	-	8,492,364
Total fiduciary activities	\$ 57,404,448	60,311,896	\$ (57,718,980)	\$ 59,997,364	\$ 3,115,000	\$ 56,882,364

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

6. LONG-TERM DEBT, Continued

A. Long-Term Obligations, Continued

1996 General Obligation Refunding Bonds

During fiscal year 1995-96, the City issued \$4,630,000 of 1996 General Obligation Refunding Bonds to fund certain library improvement projects. The bonds bear interest rates between 3.75% and 5.0% annually between June 30, 2000 and August 1, 2016. The bonds mature on August 1 of each year from 1996 to 2016 in amounts ranging from \$40,000 to \$430,000. Interest is payable semi-annually on February 1 and August 1 of each year. The bonds are paid from special assessments to property owners within the City.

Outstanding bonds maturing on or before August 1, 2008, are subject to optional redemption prior to maturity at the option of the City, in whole or in part, at any time, from any available source of funds thereof at redemption prices of 100 percent of the principal amount, plus accrued interest to the date fixed for redemption. During the year ended June 30, 2016, the bonds were fully paid off.

2009 General Obligation Bonds

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

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

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

6. LONG-TERM DEBT, Continued

A. Long-Term Obligations, Continued

The annual debt service requirements to maturity for the 2009 General Obligation Bonds outstanding at June 30, 2016, were as follows:

Year Ending June 30,	Principal	Interest	Total
2017	70,000	691,934	\$ 761,934
2018	75,000	688,435	763,435
2019	75,000	684,685	759,685
2020	80,000	680,935	760,935
2021	85,000	676,935	761,935
2022-2026	490,000	3,316,923	3,806,923
2027-2031	620,000	3,150,437	3,770,437
2032-2036	3,550,000	2,730,705	6,280,705
2037-2040	5,080,000	911,547	5,991,547
Total	\$ 10,125,000	\$ 13,532,535	\$ 23,657,535

2012 General Obligation Bonds

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

The annual debt service requirements to maturity for the 2012 General Obligation Bonds outstanding at June 30, 2016, were as follows:

Year Ending June 30,	Principal	Interest	Total
2017	355,000	308,250	\$ 663,250
2018	365,000	294,938	659,938
2019	380,000	281,250	661,250
2020	395,000	267,000	662,000
2021	410,000	252,188	662,188
2022-2026	2,300,000	1,017,750	3,317,750
2027-2031	2,760,000	553,313	3,313,313
2032-2033	1,255,000	71,063	1,326,063
Total	\$ 8,220,000	\$ 3,045,751	\$ 11,265,751

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

6. LONG-TERM DEBT, Continued

B. Prior Years' Defeased Obligations

1996 and 2000 Tax Allocation Bonds

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

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

2002 General Obligation Bonds

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

C. Fiduciary Fund Long Term Obligations

2006 Las Pulgas Project Tax Allocation Bonds

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

The 2006 Bonds were issued as variable rate bonds, with interest calculated monthly. The rate fluctuated according to market conditions. In order to protect against the potential of rising interest rates associated with the Bonds and to maximize refunding savings, the Agency entered into a pay-fixed, receive variable interest rate swap.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

6. LONG-TERM DEBT, Continued

C. Fiduciary Fund Long Term Obligations, Continued

2006 Las Pulgas Project Tax Allocation bonds were refunded during the fiscal year ended June 30, 2016 by the Successor Agency's 2015 Tax Allocation Refunding Bonds and the interest rate swap was terminated.

2015 Tax Allocation Refunding Bonds

On October 14, 2015, the Successor Agency issued 2015 Tax Allocation Refunding Bonds for \$51,505,000. The bonds were issued to refund the 2006 Tax Allocation Bonds and pay \$11,172,000 for the swap termination relating to the 2006 Bonds. The economic gain on refunding of these bonds was \$3,590,680.

The 2015 Refunding Bonds mature annually starting April 1, 2016 through 2029, with installments ranging from \$3,115,000 to \$4,405,000. The interest on the Bonds is payable semi-annually on each April 1 and October 1, starting on April 1, 2016 with coupon rates ranging from 2.00% to 5.00%. The 2015 Refunding Bonds are subject to early redemption.

The annual debt service requirements of the Series 2015A bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 3,115,000	\$ 2,161,652	\$ 5,276,652
2018	3,140,000	2,324,800	5,464,800
2019	3,190,000	2,230,600	5,420,600
2020	3,300,000	2,103,000	5,403,000
2021	3,395,000	1,938,000	5,333,000
2022-2026	18,500,000	7,044,500	25,544,500
2027-2031	16,865,000	2,139,500	19,004,500
Subtotal	51,505,000	\$ 19,942,052	\$ 71,447,052
Bond Premium	8,492,364		
Total	\$ 59,997,364		

Pledged Revenues

The 2015 Tax Allocation Refunding Bonds of the Successor Agency are payable solely from and secured by tax revenues to be derived from the Project Area and deposited into Redevelopment Property Tax Trust Fund.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

7. COMPENSATED ABSENCES

Compensated absences at June 30, 2016, were as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Estimated Due Within One Year	Estimated Due in More than One Year
Governmental Activities	\$ 2,630,436	\$ 1,398,831	\$ (1,342,078)	\$ 2,687,189	\$ 1,464,135	\$ 1,223,054
Business-Type Activities	57,878	155,424	(49,584)	163,718	89,175	74,543
Total compensated absences	<u>\$ 2,688,314</u>	<u>\$ 1,554,255</u>	<u>\$ (1,391,662)</u>	<u>\$ 2,850,907</u>	<u>\$ 1,553,310</u>	<u>\$ 1,297,597</u>

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

8. RISK MANAGEMENT

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

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

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

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

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

8. RISK MANAGEMENT, Continued

Estimated reserves for all claims are recorded in internal service funds. No claim settlement has exceeded the coverage amounts in place for any of the years shown. The amount of claims due in one year from June 30, 2016, is estimated to total \$851,382.

Changes in the balances of the City's claims liabilities during the years ended June 30, 2016, 2015, and 2014 were as follows:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments for Current and Prior Years	End of Year Liability
2013-2014	\$ 3,054,712	\$ 1,031,210	\$ (948,776)	\$ 3,137,146
2014-2015	3,137,146	895,507	(613,629)	3,419,024
2015-2016	3,419,024	1,018,847	(774,588)	3,663,283

9. INTERFUND TRANSACTIONS

Interfund receivables and payables at June 30, 2016, were as follows:

Due To / From Other Funds

Interfund due to/due from represent short term loans owed for purposed of covering short term negative cash positions and will be repaid when fund revenues are received. The composition of due to/from other funds as of June 30, 2016, is as follows:

Due to other funds	Due from other funds		
	General Fund	Non-Major Fund	Total
Non-Major Governmental Funds	\$ 73,685	\$ 98,642	\$ 172,327
Internal Service Funds	336,869		336,869
TOTAL	\$ 410,554	\$ 98,642	\$ 509,196

All Due To/From Other Funds were established as of June 30, 2016, to cover short-term negative cash balances.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

9. INTERFUND TRANSACTIONS, Continued

Interfund Transfers

Interfund transfers for the year ended June 30, 2016, were as follows:

		Transfers In/ Transfers From other funds					
		Governmental Activities					
		General Fund	Trans- portation Impact Fund	General Capital Improvement Project Fund	Non-Major Funds	Internal Service Fund	Total
Transfers Out/ Transfer to other funds	Governmental Activities						
	General Fund	\$ -	\$ -	\$ 7,938,944	\$ 200,000	\$ 422,933	\$ 8,561,877
	Transportation Impact Fund	-	-	1,000,000	-	-	1,000,000
	Non-Major Funds	222,414	14,140	-	-	54,943	291,497
	Business-Type Activities						
	Water Fund	195,185	-	25,000	-	-	220,185
	TOTAL	\$ 417,599	\$ 14,140	\$ 8,963,944	\$ 200,000	\$ 477,876	\$ 10,073,559

The most significant transactions were transfers of \$7,938,944 from the General Fund and \$1,000,000 from Transportation Impact Fund to the General Capital Improvement Project Fund for infrastructure improvements.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

10. FUND BALANCE

In the fund financial statements, governmental funds report restriction of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. The various committed and assigned balances are established by actions of the City Council and Management and can be increased, reduced or eliminated by similar actions. The following are the classifications that were implemented according to GASB 54 at June 30, 2016:

	General Fund	Below Market Rate Housing Special Revenue	Housing Fund Special Revenue	Transportation Impact Fees	General Capital Improvement Project Fund	Non-Major Governmental Funds	Total
Nonspendable:							
Deposits and prepaid item: \$	33,466	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,466
Notes receivable	1,339,847	-	-	-	-	-	1,339,847
Total nonspendable	1,373,313	-	-	-	-	-	1,373,313
Restricted to:							
Community development	-	16,884,108	4,380,928	-	-	1,518,901	22,783,937
Transportation	-	-	-	-	-	2,612	2,612
Streets and sidewalks	-	-	-	3,680,652	-	3,592,223	7,272,875
Public safety	-	-	-	-	-	113,152	113,152
Solid waste	-	-	-	-	-	4,706,533	4,706,533
Stormwater	-	-	-	-	-	498,026	498,026
Other purposed	-	-	-	-	-	1,918,595	1,918,595
Total restricted	-	16,884,108	4,380,928	3,680,652	-	12,350,042	37,295,730
Committed to:							
Streets, sidewalks and park	-	-	-	-	-	8,243,849	8,243,849
Stormdrains	-	-	-	-	-	172,553	172,553
Solid waste	-	-	-	-	-	1,191,216	1,191,216
Leisure and cultural activit	-	-	-	-	-	2,456,295	2,456,295
Landscape maintenance	-	-	-	-	-	530,311	530,311
Community development	-	-	-	-	-	-	-
Strategic pension funding	2,862,000	-	-	-	-	-	2,862,000
Emergency contingency	7,710,000	-	-	-	-	-	7,710,000
Economic stablization	10,280,000	-	-	-	-	-	10,280,000
Total committed	20,852,000	-	-	-	-	12,594,224	33,446,224
Assigned to:							
Infrastructure maintenance	2,607,125	-	-	-	-	-	2,607,125
Community development	1,148,000	-	441,543	-	-	-	1,589,543
Capital projects	-	-	-	-	19,249,500	123,426	19,372,926
Debt service	-	-	-	-	-	329,513	329,513
Other purposes	728,388	-	-	-	-	-	728,388
Total assigned	4,483,513	-	441,543	-	19,249,500	452,939	24,627,495
Unassigned	5,007,430	-	-	-	-	(121,456)	4,885,974
Total Fund Balance	\$ 31,716,256	\$ 16,884,108	\$ 4,822,471	\$ 3,680,652	\$ 19,249,500	\$ 25,275,749	\$ 101,628,736

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

10. FUND BALANCE, CONTINUED

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

The emergency contingency and economic stabilization fund balance amounts in this category, which are considered stabilization arrangements under GASB 54, were established by resolution of the City Council in 2011 as part of the creation of a formal policy on fund balance in the General Fund. The emergency contingency balance as of June 30, 2016 was \$7,710,000; however, the City Council may increase or decrease this amount as it deems necessary. The goal for this portion of fund balance is to provide an amount equivalent to 15-20 percent of the General Fund's annual operating budget. These funds can only be used if there is a declaration of a state or federal state of emergency or a local emergency as defined in the Menlo Park Municipal Code Section 2.44.010. The economic stabilization balance as of June 30, 2016 was \$10,280,000. Like the emergency contingency balance, this amount can be increased or decreased by the City Council. The goal for this portion of fund balance is to provide an amount equivalent to 20-25 percent of the General Fund's annual operating budget. Council approval is required before expending any portion of this fund balance, and access to these funds is reserved for economic emergency situations such as unplanned major events like a catastrophic disaster requiring expenditures that exceed the amount of the emergency contingency reserve; budgeted revenue being taken over by another entity; or a drop in projected/actual revenue of more than five percent of the General Fund's adopted revenue budget.

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

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

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

11. NEGATIVE FUND BALANCE

As of June 30, 2016 the Literacy Grants Fund had a negative fund balance of \$121,456. The City is working to address reductions in grant funding from the state through adjustments to expenditures and replacement funding sources such as from non-profit partners. The Workers Compensation Internal Service Fund had a negative \$1,221,868 fund balance at 6/30/2016. This was mainly due to increased insurance claims and

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

11. NEGATIVE FUND BALANCE, CONTINUED

estimated claims liability at 6/30/2016. The City has increased the amount paid by departments by 30% in FY 2016-17 to address ongoing annual net losses as well as to offset the negative fund balance. The estimated claims liability, however, does not involve cash, cannot be estimated during budget preparation, and the entire amount would most likely not be paid out as it is considered a worst-case scenario. The Information Technology Internal Service Fund had a negative \$32,036 fund balance at 6/30/2016 which will be cleared in the next fiscal year.

12. OTHER FUND DISCLOSURES

Expenditures over Appropriations

The following funds had an excess of expenditures over appropriations:

Major:	
Below Market Rate Housing Fund	\$ 168
Non-Major:	
Special Revenue Funds:	
Narcotic Seizure Fund	\$ 22,962
Solid Waste Service Fund	210,876
Supplemental Law Enforcement Services Fund	22,374
Bedwell Bayfront Park Maintenance Fund	980
Miscellaneous Trust Funds	655,350
Debt Service Funds:	
Recreation GO Bond 2002 Fund	\$ 78,029

13. ENCUMBRANCES/COMMITMENTS

The City had various commitments totaling \$6,094,680 as of June 30, 2016. The most significant commitments are for plan check services and environmental impact reviews for new developments of the capital improvement projects which include but are not limited to city buildings maintenance, street resurfacing projects, and traffic congestion projects. All commitments are evidenced by contractual agreements with contractors. The encumbrances listed by fund are as follows:

Major:	
General Fund	\$ 728,387
Transportation Impact Fund	3,568
General Capital Improvement Fund	4,698,359
Non-Major Funds	<u>664,366</u>
Total	<u><u>\$ 6,094,680</u></u>

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

14. DEFINED BENEFIT PENSION PLAN

A. Summary of Pension Plan Balances

Pension related balances presented on the Statement of Net Position as of June 30, 2016 by individual plan are described in the following table:

	Deferred Employer Contributions	Deferred Outflows - Pension	Net Pension Liability	Deferred Inflows - Pension
CALPERS Miscellaneous Agent Multiple Employer Plan	\$ 2,978,780	\$ -	\$ 22,112,148	\$ 2,435,213
CALPERS Safety Cost Sharing Plan	1,767,802	300,560	16,768,809	2,179,419
Total	\$ 4,746,582	\$ 300,560	\$ 38,880,957	\$ 4,614,632

B. Agent Multiple-Employer Defined Benefit Plan – CalPERS Miscellaneous Plan

General Information about the Pension Plan

Plan Description – All qualified permanent and probationary employees are eligible to participate in the City’s Miscellaneous Plan, an agent multiple-employer defined benefit pension plan, administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

14. DEFINED BENEFIT PENSION PLAN, Continued

B. Agent Multiple-Employer Defined Benefit Plan – CalPERS Miscellaneous Plan, continued

General Information about the Pension Plan, Continued

The Plan’s provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous Classic	Miscellaneous Second Tier Classic	Miscellaneous PEPRA
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payment	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50	52
Monthly benefits, as a % of annual salary	2.70% at age 55	2.00% at age 60	2.00% at age 62
Required employee contribution rates	8.000%	7.000%	6.250%
Required employer contribution rates	19.645%	19.645%	19.645%

Employees Covered – At June 30, 2016, the following employees were covered by the benefit terms for the Plan:

Inactive employees or beneficiaries currently receiving benefits	205
Inactive employees entitled to but not yet receiving benefits	-
Active employees	189
Total	394

Contributions – Section 20814(C) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Net Pension Liability

The City’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown on the following page.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

14. DEFINED BENEFIT PENSION PLANS, Continued

B. Agent Multiple-Employer Defined Benefit Plan – CalPERS Miscellaneous Plan, continued

Net Pension Liability, Continued

Actuarial Assumptions – The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate (2)	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65%
Mortality (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

(2) The discount rate was changed to 7.65% from earlier rate of 7.50% net of administrative expenses.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.65% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

14. DEFINED BENEFIT PENSION PLANS, Continued

B. Agent Multiple-Employer Defined Benefit Plan - CalPERS Miscellaneous Plan, continued

Net Pension Liability, Continued

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.0%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

14. DEFINED BENEFIT PENSION PLANS, Continued

B. Agent Multiple-Employer Defined Benefit Plan - CalPERS Miscellaneous Plan, continued

Changes in the Net Pension Liability

The changes in the Net Pension Liability for the Plan follow:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2015	\$ 106,008,136	\$ 85,979,934	\$ 20,028,202
Changes in the year:			
Service cost	2,360,735		2,360,735
Interest on the total pension liability	7,827,343		7,827,343
Differences between actual and expected experience	(690,951)		(690,951)
Changes in assumptions	(1,888,285)		(1,888,285)
Changes in benefit terms			-
Contribution - employer		2,607,401	(2,607,401)
Contribution - employee		1,080,371	(1,080,371)
Investment income		1,934,950	(1,934,950)
Administrative expenses		(97,826)	97,826
Benefit payments, including refunds of employee contributions	(4,582,081)	(4,582,081)	-
Net changes	<u>3,026,761</u>	<u>942,815</u>	<u>2,083,946</u>
Balance at June 30, 2016	<u>\$ 109,034,897</u>	<u>\$ 86,922,749</u>	<u>\$ 22,112,148</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City for the Plan, calculated using the discount rate for the Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	6.50%
Net Pension Liability	\$ 36,542,098
Current Discount Rate	7.5%
Net Pension Liability	\$ 22,112,148
1% Increase	8.5%
Net Pension Liability	\$ 10,181,957

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

14. DEFINED BENEFIT PENSION PLANS, Continued

B. Agent Multiple-Employer Defined Benefit Plan - CalPERS Miscellaneous Plan, continued

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the City recognized pension expense of \$1,236,646 under the plan. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,978,780	\$ -
Differences between actual and expected experience	-	452,692
Changes in assumptions	-	1,237,152
Net differences between projected and actual earnings on plan investments	-	745,369
Total	<u>\$ 2,978,780</u>	<u>\$ 2,435,213</u>

\$2,978,780 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized as pension expense as follows:

Measurement Period Ending June 30:	Deferred Outflow/ (Inflows) of Resources
2016	\$ (1,443,855)
2017	(1,354,915)
2018	(554,461)
2019	918,018
Total	<u>\$ (2,435,213)</u>

Payable to Pension Plan

As of June 30, 2016, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

14. DEFINED BENEFIT PENSION PLANS, Continued

C. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans

General Information about the Pension Plan

Plan Description – All safety qualified permanent and probationary employees are eligible to participate in the City’s Safety Plan, a cost-sharing multiple-employer defined benefit pension plan, administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plan’s provisions and benefits in effect at June 30, 2016, are summarized as follows:

	<u>Safety Classic</u>	<u>Safety Second Tier Classic</u>	<u>Safety PEPR</u>
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	55	57
Monthly benefits, as a % of annual salary	3.00%	3.00%	2.70%
Required employee contribution rates	9.00%	9.000%	11.500%
Required employer contribution rates	18.524%	15.627%	11.153%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The City’s required contribution for the unfunded liability was \$715,001 for the safety plan in fiscal year 2016.

Employees Covered – At June 30, 2016, the following employees were covered by the benefit terms for the Plan:

Inactive employees or beneficiaries currently receiving benefits	107
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>45</u>
Total	<u>152</u>

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

14. DEFINED BENEFIT PENSION PLANS, Continued

C. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans, continued

Contributions - Section 20814(C) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Net Pension Liability

Actuarial Assumptions - The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate (2)	7.65%
Inflation	2.75%
Salary Increases	Varies by entry age and service
Investment Rate of Return	7.65%
Mortality (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Protection Allowance Floor on Purchasing Power applies, 2.75%

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

(2) The discount rate was changed to 7.65% from earlier rate of 7.50% net of administrative expenses.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate - The discount rate used to measure the total pension liability was 7.65% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

14. DEFINED BENEFIT PENSION PLANS, Continued

C. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans, continued

Net Pension Liability, Continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.0%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

Changes in the Net Pension Liability

As of June 30, 2016, the City reported a net pension liability of \$16,768,810 for its proportionate share of the net pension liability of the safety plan.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

14. DEFINED BENEFIT PENSION PLANS, Continued

C. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans, continued

Changes in the Net Pension Liability, Continued

The City's net pension liability for the Plan is measured as the proportionate share of the total net pension liability of the Plan. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The City's proportionate share of the net pension liability was based on the City's plan liability and asset-related information where available, and proportional allocations of individual plan amounts as of the valuation date where not available.

The City's proportionate share of the net pension liability for the Plan as of June 30, 2014 and 2015 were as follows:

Proportion - June 30, 2014	0.382390%
Proportion - June 30, 2015	<u>0.406970%</u>
Change - Increase (Decrease)	<u>0.024580%</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City for the Plan, calculated using the discount rate for the Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease		6.50%
Net Pension Liability	\$	27,627,797
Current Discount Rate		7.50%
Net Pension Liability	\$	16,768,810
1% Increase		8.50%
Net Pension Liability	\$	7,864,641

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

14. DEFINED BENEFIT PENSION PLANS, Continued

C. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans, continued

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the City recognized pension expense of \$1,414,989. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,767,802	\$ -
Differences between actual and expected experience	-	213,574
Changes in assumptions	-	982,304
Change in Employer's Proportion	300,560	25,907
Difference in Actual vs Projected Contributions	-	459,798
Net differences between projected and actual earnings on plan investments	-	497,836
Total	<u>\$ 2,068,362</u>	<u>\$ 2,179,419</u>

\$1,767,802 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized as pension expense as follows:

Measurement Period Ending June 30:	Deferred Outflow/ (Inflows) of Resources
2016	\$ (884,909)
2017	(874,165)
2018	(730,912)
2019	611,127
Total	<u>\$ (1,878,859)</u>

Payable to Pension Plan

As of June 30, 2016, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

15. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

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

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

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

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

Implied Subsidy: An implied subsidy generally exists when retiree premiums are based on blended active and retiree experience. In May 2014, the American Academy of Actuaries released a new version of Actuarial Standard of Practice No. 6 (ASOP No. 6). The revised ASOP No. 6 requires the implied subsidy to be valued for community plans such as PEMHCA. This is mandatory for all valuations with measurement dates on or after March 31, 2016. Since PEMHCA is a community rated plan for the City, no implied subsidy is valued for the PEMHCA plan.

Funding Policy

The City pre-funds the Plan through CalPERS OPEB Trust (CERBT) by contributing the City's Annual Required Contribution (ARC) every year. For fiscal year 2015-16, the City contributed \$608,057. The City's ARC was \$678,000 for fiscal year 2015-16.

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

Annual Other Postemployment Benefit Cost and Net Obligation

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

15. OTHER POST-EMPLOYMENT BENEFITS, Continued

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

Annual required contribution	\$ 677,000
Interest on net OPEB obligation	(1,000)
Adjustment to annual required contribution	2,000
Annual OPEB cost (expense)	<u>678,000</u>
Benefit payments	(608,057)
Implied subsidy	<u>(137,000)</u>
Total contribution	<u>(745,057)</u>
Increase (decrease) in net OPEB obligation	(67,057)
Net OPEB obligation - beginning of year	<u>(19,931)</u>
Net OPEB obligation(asset) - end of year	<u><u>\$ (86,988)</u></u>

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

Fiscal Year Ended June 30,	OPEB Cost	Annual OPEB Cost Contributed	Net OPEB (Obligation, Asset)
2014	546,000	122%	(9,263)
2015	540,000	102%	(19,931)
2016	678,000	110%	(86,988)

Funded Status

The funded status of the plan as of June 30, 2015, was as follows:

Actuarial Accrued Liability (AAL)	<u>\$ 16,056,000</u>
Actuarial Value of Plan Assets	16,512,000
Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)	<u>(456,000)</u>
Funded Ratio (Actuarial value of plan assets/AAL)	102.8%
Covered Payroll (active plan members)	\$ 19,824,000
UAAL as a Percentage of Covered Payroll	-4.20%

A valuation of the City's OPEB obligation must be performed every other year. The City's most recent valuation was prepared with data as of June 30, 2013. Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

15. OTHER POST-EMPLOYMENT BENEFITS, Continued

Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

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

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

16. LANDFILL POST-CLOSURE CARE

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

16. LANDFILL POST-CLOSURE CARE, Continued

The City’s outstanding future post-closure care costs were estimated at \$4,555,742 at June 30, 2016. This estimate is based upon the present value of future cash flows associated with the landfill site’s post-closure costs, discounted using the City’s projected return on investment. The amount of fund balance within the Landfill Special Revenue Fund is not sufficient to cover such a liability, though the revenue stream provided by the solid waste collection surcharge and all post-closure costs will be accounted for in this fund. The City has recorded the post-closure cost liability as part of governmental activities in the government-wide financial statements.

The City will fund on-going post-closure costs with a combination of revenues from the surcharge and interest earnings. However, if these revenues are inadequate or additional post-closure care requirements are determined (due to changes in technology, applicable laws or regulations, for example), these costs may need to be covered by additional garbage surcharges or from future tax revenue. The following is the activity for landfill post closure care for fiscal year 2016:

	Balance July 1, 2015	Deletions	Balance June 30, 2016	Due within one year	Due in more than one year
Governmental Activities	\$ 4,845,465	\$(289,723.00)	\$ 4,555,742	\$ 408,813	\$ 4,146,929

17. COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF MENLO PARK

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

18. SUCCESSOR AGENCY TRUST FOR THE FORMER COMMUNITY DEVELOPMENT AGENCY

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

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

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

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

established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

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

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

As of June 30, 2016, all of the assets of the former Community Development Agency have been liquidated and distributed among the affected taxing districts. The Successor Agency's remaining responsibility is for the maintenance of the former agency's debt, which consists of the 2015 Tax Allocation Refunding Bonds. More information on these bonds can be found in Section C of Note 6.

19. CONTINGENCIES

The City participates in a number of Federal, State, and County programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grantor program regulations, the City may be required to reimburse the grantor government. As of June 30, 2016, some amounts of grant expenditures have not been audited, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any individual governmental funds or the overall financial condition of the City.

20. LITIGATION

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

21. JOINT VENTURES

General

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

San Francisquito Creek

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

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

In the fiscal year ended June 30, 2016, each member entity contributed \$118,000 to cover Authority administrative costs for the year.

Complete financial statements for the SFCJPA may be obtained from their offices at the following address:
San Francisquito Creek Joint Powers Authority
1231 Hoover Street
Menlo Park, CA 94025

South Bayside Waste Management Authority

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

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

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

21. JOINT VENTURES, Continued

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

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

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

22. PRIOR PERIOD ADJUSTMENT

The City recorded prior period adjustments to correct the fund balance due to a reclassification of the land held for resale to capital assets.

Fund Statements

	Fund Balance, as Previously Reported	Prior Period Adjustment Land held for Resale	Fund Balance, as Restated
Below Market Rate Housing Special Revenue Fund	\$ 14,135,309	\$ (1,092,019)	\$ 13,043,290

REQUIRED SUPPLEMENTARY INFORMATION

City of Menlo Park
Required Supplementary Information
For the year ended June 30, 2016

1. BUDGETARY PRINCIPLES

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

1. City Council identifies the priority projects/programs for the budget at a study session with public input. The City Council annually adopts the budget for the ensuing fiscal year generally prior to July 1.
2. The City Manager is authorized to transfer budgetary amounts within a single fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
3. Legally adopted budgets and formal budgetary integration is employed as a management control device during the year for the general fund, special revenue funds, debt service funds, and capital projects funds. Proprietary funds and Agency funds are not budgeted.
4. Budgets for the general, special revenue and capital projects funds are adopted on a basis consistent with GAAP.
5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2016, based on the calculations by City Management, proceeds of taxes did not exceed the appropriations limit.
6. Budgeted revenue amounts represent the original budget modified by adjustments authorized during the year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year which were contingent upon new or additional revenue sources and reappropriated amounts for prior year encumbrances. The City Manager must approve adjustments to departmental budgets; however, management may amend the budgeted amounts within departmental expenditure classifications.
7. Appropriations lapse at the end of the fiscal year and then are rebudgeted for the coming year.
8. Budgeted appropriations for the various governmental funds become effective each July 1. The City Council may amend the budget during the fiscal year. The legal level of budgetary control has been established at the fund level. Appropriations generally lapse at the end of the fiscal year to the extent they have not been expended or encumbered.

Encumbrances

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

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2016

Budgetary Comparison Schedule, General Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Secured property taxes	\$ 15,054,997	\$ 16,144,997	\$ 16,927,658	\$ 782,661
Unsecured property taxes	412,000	412,000	466,089	54,089
Other property taxes	584,816	784,816	940,188	155,372
Sales taxes	5,243,064	5,202,594	5,425,088	222,494
Other taxes	8,096,195	9,071,195	9,360,210	289,015
Licenses and permits	5,890,363	5,890,363	5,847,247	(43,116)
Fines and forfeitures	1,067,643	1,067,643	1,349,853	282,210
Use of money and property	1,128,598	1,128,598	1,145,954	17,356
Intergovernmental	864,541	928,467	1,211,449	282,982
Charges for services	8,180,335	8,072,135	8,350,722	278,587
Other	61,250	61,250	64,653	3,403
Total revenues	46,583,802	48,764,058	51,089,111	2,325,053
EXPENDITURES:				
Current:				
General government	6,142,905	6,422,635	5,517,302	905,333
Public safety	16,385,144	16,522,924	15,865,687	657,237
Public works	8,468,449	8,740,791	7,616,964	1,123,827
Culture and recreation	10,133,005	10,166,436	9,807,503	358,933
Community development	5,128,992	5,128,992	3,542,425	1,586,567
Housing and Redevelopment	43,745	43,745	51,457	(7,712)
Capital outlay	225,261	229,840	164,071	65,769
Total expenditures	46,527,501	47,255,363	42,565,409	4,689,954
REVENUE OVER (UNDER) EXPENDITURES	56,301	1,508,695	8,523,702	7,015,007
OTHER FINANCING SOURCES (USES):				
Transfers in	417,599	417,599	417,599	-
Transfers out	(1,770,544)	(9,161,877)	(8,561,877)	600,000
Total other financing sources (uses)	(1,352,945)	(8,744,278)	(8,144,278)	600,000
Net change in fund balance	\$ (1,296,644)	\$ (7,235,583)	379,424	\$ 7,615,007
FUND BALANCES:				
Beginning of year			<u>31,336,832</u>	
End of year			<u>\$ 31,716,256</u>	

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2016

Budgetary Comparison Schedule, Below Market Rate Housing Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 100,000	\$ 100,000	\$ 149,505	\$ 49,505
Charges for services	3,500,000	3,500,000	3,788,681	288,681
Total revenues	3,600,000	3,600,000	3,938,186	338,186
EXPENDITURES:				
Current:				
General government	2,000	2,000	-	2,000
Urban development and housing	95,200	95,200	97,368	(2,168)
Total expenditures	97,200	97,200	97,368	(168)
Net change in fund balance	\$ 3,502,800	\$ 3,502,800	3,840,818	\$ 338,018
FUND BALANCES:				
Beginning of year			13,043,290	
End of year			\$ 16,884,108	

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2016

Budgetary Comparison Schedule, Housing Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 7,000	\$ 7,000	\$ 17,711	\$ 10,711
Charges for services	-	-	3,382	3,382
Total revenues	7,000	7,000	21,093	14,093
EXPENDITURES:				
Current:				
Urban development and housing	30,000	30,000	4,942	25,058
Total expenditures	30,000	30,000	4,942	25,058
Net change in fund balance	\$ (23,000)	\$ (23,000)	16,151	\$ 39,151
FUND BALANCES:				
Beginning of year			4,806,320	
End of year			\$ 4,822,471	

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2016

Budgetary Comparison Schedule, Transportation Impact Fees Special Revenue Fund

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 40,000	\$ 40,000	\$ 51,211	\$ 11,211
Intergovernmental	2,506,860	3,256,860	606,318	(2,650,542)
Charges for services	1,200,000	1,200,000	484,865	(715,135)
Total revenues	3,746,860	4,496,860	1,142,394	(3,354,466)
EXPENDITURES:				
Current:				
Capital outlay	4,840,074	7,512,426	1,258,892	6,253,534
Total expenditures	4,840,074	7,512,426	1,258,892	6,253,534
REVENUES OVER (UNDER) EXPENDITURES	(1,093,214)	(3,015,566)	(116,498)	2,899,068
OTHER FINANCING SOURCES (USES):				
Transfers in	14,140	14,140	14,140	-
Transfers out	(1,000,000)	(1,000,000)	(1,000,000)	-
Total other financing sources (uses)	(985,860)	(985,860)	(985,860)	-
Net change in fund balance	\$ (2,079,074)	\$ (4,001,426)	(1,102,358)	\$ 2,899,068
FUND BALANCE:				
Beginning of year			4,783,010	
End of year			\$ 3,680,652	

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2016

2. DEFINED BENEFIT PENSION PLAN - AGENT MULTIPLE EMPLOYER PLAN

**A. Schedule of Changes in Net Pension Liability and Related Ratios during the Measurement Period -
 Last 10 years ⁽¹⁾**

Miscellaneous Plan ⁽¹⁾

Measurement Period	<u>2014-15</u>	<u>2013-14</u>
TOTAL PENSION LIABILITY		
Service Cost	\$ 2,360,735	\$ 2,430,975
Interest	7,827,343	7,464,650
Difference Between Expected and Actual Experience	(690,951)	-
Changes of Assumptions	(1,888,285)	-
Benefit Payments, Including Refunds of Employee Contributions	(4,582,081)	(4,401,346)
Net Change in Total Pension Liability	<u>3,026,761</u>	<u>5,494,279</u>
Total Pension Liability - Beginning	<u>106,008,136</u>	<u>100,513,857</u>
Total Pension Liability - Ending (a)	<u><u>\$ 109,034,897</u></u>	<u><u>\$ 106,008,136</u></u>
 PLAN FIDUCIARY NET POSITION		
Contributions - Employer	\$ 2,607,401	\$ 2,231,189
Contributions - Employee	1,080,371	1,006,903
Net Investment Income	1,934,950	12,874,205
Benefit Payments, Including Refunds of Employee Contributions	(4,582,081)	(4,401,346)
Other Changes in Fiduciary Net Position	(97,826)	-
Net Change in Fiduciary Net Position	<u>942,815</u>	<u>11,710,951</u>
Plan Fiduciary Net Position - Beginning	<u>85,979,934</u>	<u>74,268,983</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 86,922,749</u></u>	<u><u>\$ 85,979,934</u></u>
 Plan Net Position Liability/(Asset) - Ending (a) - (b)	\$ 22,112,148	\$ 20,028,202
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.72%	81.11%
 Covered Payroll	\$ 13,909,694	\$ 13,277,488
 Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	158.97%	150.84%

(1) - Historical information is required only for measurement periods for which GASB 68 is applicable.

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2016

2. DEFINED BENEFIT PENSION PLAN - AGENT MULTIPLE EMPLOYER PLAN

B. Schedule of Plan Contributions - Last 10 years

Miscellaneous Plan

	Fiscal Year 2015-16	(1)	Fiscal Year 2014-15
	<u> </u>		<u> </u>
Actuarially determined contribution	\$ 2,978,780		\$ 2,604,813
Contribution in relation to the actuarially determined contributions	<u>(2,978,780)</u>		<u>(2,604,813)</u>
Contribution deficiency (excess)	<u>\$ -</u>		<u>\$ -</u>
Covered payroll	\$ 13,539,431		\$ 13,909,694
Contributions as a percentage of covered payroll	22.00%		18.73%

(1) - Historical information is required only for measurement periods for which GASB 68 is applicable

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2016

3. DEFINED BENEFIT PENSION PLAN - COST SHARING PLAN

*A. Schedule of the City's Proportionate Share of the Net Pension Liability - Last 10 Years**

Safety Plan

	<u>6/30/2016</u>	<u>6/30/2015</u>
Measurement date	6/30/2015	6/30/2014
Proportion of the net pension liability	0.40697%	0.38239%
Proportionate share of the net pension liability	\$ 16,768,810	\$ 14,343,292
Covered payroll	\$ 6,059,802	\$ 6,253,886
Proportionate Share of the net pension liability as percentage of covered payroll	276.72%	229.35%
Plan fiduciary net position as a percentage of the total pension liability	78.83%	79.82%

Notes to Schedule:

* Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2016

3. DEFINED BENEFIT PENSION PLANS - COST SHARING PLANS, Continued

*B. Schedule of Contributions - Last 10 Years**

<i>Safety Plan</i>	<u>2016</u>	<u>2015</u>
Contractually required contribution(actuarially determined)	\$ 1,767,802	\$ 1,623,197
Contribution in relation to the actuarially determined contributions	<u>(1,767,802)</u>	<u>(1,623,197)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 6,328,709	\$ 6,059,802
Contributions as a percentage of covered payroll	27.93%	26.79%

* Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2016

4. OTHER POST EMPLOYMENT BENEFITS (OPEB)

In order to comply with GASB Statement 45, an actuarial valuation of the City's OPEB obligations must be performed every other year. The City's most recent valuation was prepared with data as of June 30, 2015.

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Unfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded (Overfunded) Liability as a Percentage of Covered Payroll
6/30/2011	\$ 11,891,000	\$ 11,873,000	\$ (18,000)	100.2%	\$ 18,752,000	-0.1%
6/30/2013	\$ 13,861,000	\$ 13,155,000	\$ (706,000)	105.4%	\$ 16,970,000	-4.2%
6/30/2015	\$ 16,512,000	\$ 16,056,000	\$ (456,000)	102.8%	\$ 19,824,000	-2.3%

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SUPPLEMENTARY INFORMATION

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MAJOR GOVERNMENTAL FUNDS BUDGETARY SCHEDULES

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City of Menlo Park

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

General Capital Improvement Capital Projects Fund

For the year ended June 30, 2016

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Other taxes	\$ -	\$ -	\$ 82,719	\$ 82,719
Licenses and permits			100,000	100,000
Intergovernmental	590,000	590,000	-	(590,000)
Charges for services	-	-	50,266	50,266
Total revenues	<u>590,000</u>	<u>590,000</u>	<u>232,985</u>	<u>(357,015)</u>
EXPENDITURES:				
Capital outlay	<u>3,519,953</u>	<u>23,173,641</u>	<u>4,419,052</u>	<u>18,754,589</u>
Total expenditures	<u>3,519,953</u>	<u>23,173,641</u>	<u>4,419,052</u>	<u>18,754,589</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,929,953)</u>	<u>(22,583,641)</u>	<u>(4,186,067)</u>	<u>18,397,574</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>9,563,944</u>	<u>9,563,944</u>	<u>8,963,944</u>	<u>(600,000)</u>
Total other financing sources (uses)	<u>9,563,944</u>	<u>9,563,944</u>	<u>8,963,944</u>	<u>(600,000)</u>
Net change in fund balance	<u>\$ 6,633,991</u>	<u>\$ (13,019,697)</u>	<u>4,777,877</u>	<u>\$ 17,797,574</u>
FUND BALANCE:				
Beginning of year			<u>14,471,623</u>	
End of year			<u>\$ 19,249,500</u>	

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NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds, Continued:

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

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

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

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

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

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

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

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

Debt Service Fund:

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

Capital Projects Funds:

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

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

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City of Menlo Park
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2016

	Special Revenue					
	Highway Users Tax	Federal Revenue Sharing	Landscape/ Tree Assessment	Sidewalk Assessment	Landfill Post-Closure	County Transportation Tax
ASSETS						
Cash and investments	\$ 2,856,753	\$ 87,594	\$ 283,278	\$ 202,723	\$ 4,672,162	\$ 629,578
Receivables:						
Accounts	-	246	-	-	61,910	297,832
Interest	6,377	194	-	-	10,429	1,065
Notes	-	49,545	-	-	-	-
Due from other governments	-	-	2,300	-	-	203,464
Due from other funds	-	-	-	-	-	-
Total assets	\$ 2,863,130	\$ 137,579	\$ 285,578	\$ 202,723	\$ 4,744,501	\$ 1,131,939
LIABILITIES						
AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 21,704	\$ -	\$ 37,370	\$ 249,622
Accrued payroll and related liabilities	1,154	-	8,975	1,507	598	10,876
Due to other funds	-	-	-	-	-	-
Deposits	-	-	-	-	-	45,000
Total liabilities	1,154	-	30,679	1,507	37,968	305,498
Deferred inflows of resources						
Unavailable revenue	-	-	-	-	-	96,194
Total deferred inflows of resources	-	-	-	-	-	96,194
Fund Balances:						
Restricted	2,861,976	137,579	254,899	-	4,706,533	730,247
Committed	-	-	-	201,216	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	2,861,976	137,579	254,899	201,216	4,706,533	730,247
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,863,130	\$ 137,579	\$ 285,578	\$ 202,723	\$ 4,744,501	\$ 1,131,939

(Continued)

Special Revenue

Public Library	Literacy Grants	Narcotic Seizure	Downtown Parking Permits	Storm Drainage Fees	Solid Waste Service	Bay Area Air Quality Management	Storm Water Management
\$ -	\$ 74	\$ 47,214	\$ 3,943,750	\$ 172,169	\$ 1,171,360	\$ 2,606	\$ 500,526
-	55,000	-	338	-	25,000	-	-
-	-	-	8,807	384	3,213	6	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	5,200
98,642	-	-	-	-	-	-	-
<u>\$ 98,642</u>	<u>\$ 55,074</u>	<u>\$ 47,214</u>	<u>\$ 3,952,895</u>	<u>\$ 172,553</u>	<u>\$ 1,199,573</u>	<u>\$ 2,612</u>	<u>\$ 505,726</u>
\$ -	\$ 12	\$ (14)	\$ 13,180	\$ -	\$ 3,802	\$ -	\$ 4,187
-	6,042	-	969	-	4,555	-	3,513
976	170,476	-	-	-	-	-	-
-	-	-	-	-	-	-	-
976	176,530	(14)	14,149	-	8,357	-	7,700
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	47,228	-	-	-	2,612	498,026
97,666	-	-	3,938,746	172,553	1,191,216	-	-
-	-	-	-	-	-	-	-
-	(121,456)	-	-	-	-	-	-
97,666	(121,456)	47,228	3,938,746	172,553	1,191,216	2,612	498,026
<u>\$ 98,642</u>	<u>\$ 55,074</u>	<u>\$ 47,214</u>	<u>\$ 3,952,895</u>	<u>\$ 172,553</u>	<u>\$ 1,199,573</u>	<u>\$ 2,612</u>	<u>\$ 505,726</u>

(Continued)

City of Menlo Park
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2016

	Special Revenue					
	Law Enforcement Service	Construction Impact Fees	Bayfront Park Maintenance	Recreation In-Lieu	Sharon Hills Park	Vintage Oaks Landscape
ASSETS						
Cash and investments	\$ 68,167	\$ 4,158,070	\$ 444,515	\$ 1,381,905	\$ 58,047	\$ 60,080
Receivables:						
Accounts	-	-	-	25,000	-	-
Interest	152	9,346	995	3,086	130	134
Notes	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	\$ 68,319	\$ 4,167,416	\$ 445,510	\$ 1,409,991	\$ 58,177	\$ 60,214
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 2,395	\$ 58,917	\$ 20,845	\$ 112,109	\$ 11,845	\$ 552
Accrued payroll and related liabilities	-	4,612	348	972	-	-
Due to other funds	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Total liabilities	2,395	63,529	21,193	113,081	11,845	552
Deferred inflows of resources						
Unavailable revenue	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances:						
Restricted	65,924	-	-	-	-	-
Committed	-	4,103,887	424,317	1,296,910	46,332	59,662
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	65,924	4,103,887	424,317	1,296,910	46,332	59,662
Total liabilities, deferred inflows of resources, and fund balances	\$ 68,319	\$ 4,167,416	\$ 445,510	\$ 1,409,991	\$ 58,177	\$ 60,214

(Continued)

Special Revenue		Debt Service		Capital Projects		
Community Development Block Grant	Miscellaneous Trust	Library GO Bond 1990	Recreation GO Bond 2002	Library Addition	Measure T 2002 GO Bond	Non-Major Governmental Funds
\$ 780,055	\$ 1,314,575	\$ 325,363	\$ 1,224,589	\$ 123,151	\$ 328,799	\$ 24,837,103
15,786	-	-	-	-	-	481,112
-	380	726	2,687	275	734	49,120
585,481	-	-	-	-	-	635,026
-	-	127	111,079	-	-	322,170
-	-	-	-	-	-	98,642
<u>\$ 1,381,322</u>	<u>\$ 1,314,955</u>	<u>\$ 326,216</u>	<u>\$ 1,338,355</u>	<u>\$ 123,426</u>	<u>\$ 329,533</u>	<u>\$ 26,423,173</u>
\$ -	\$ 253,057	\$ -	\$ -	\$ -	\$ -	\$ 789,583
-	179	-	-	-	20	44,320
-	-	875	-	-	-	172,327
-	-	-	-	-	-	45,000
-	<u>253,236</u>	<u>875</u>	<u>-</u>	<u>-</u>	<u>20</u>	<u>1,051,230</u>
-	-	-	-	-	-	96,194
-	-	-	-	-	-	96,194
1,381,322	-	325,341	1,338,355	-	-	12,350,042
-	1,061,719	-	-	-	-	12,594,224
-	-	-	-	123,426	329,513	452,939
-	-	-	-	-	-	(121,456)
<u>1,381,322</u>	<u>1,061,719</u>	<u>325,341</u>	<u>1,338,355</u>	<u>123,426</u>	<u>329,513</u>	<u>25,275,749</u>
<u>\$ 1,381,322</u>	<u>\$ 1,314,955</u>	<u>\$ 326,216</u>	<u>\$ 1,338,355</u>	<u>\$ 123,426</u>	<u>\$ 329,533</u>	<u>\$ 26,423,173</u>

(Concluded)

City of Menlo Park
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2016

	Special Revenue				
	Highway Users Tax	Federal Revenue Sharing	Landscape/ Tree Assessment	Sidewalk Assessment	Landfill Post-Closure
REVENUES:					
Other taxes	\$ 742,292	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	627,103	128,475	-
Licenses and permits	-	-	-	-	-
Use of money and property	24,917	4,670	-	-	40,513
Intergovernmental	-	-	8,183	-	-
Charges for services	-	29	2,300	-	744,469
Other	-	-	-	-	-
Total revenues	767,209	4,699	637,586	128,475	784,982
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	86,736	-	631,250	68,160	254,924
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Capital outlay	1,300,000	-	471	213,000	22,000
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	1,386,736	-	631,721	281,160	276,924
REVENUES OVER (UNDER) EXPENDITURES	(619,527)	4,699	5,865	(152,685)	508,058
OTHER FINANCING SOURCES (USES):					
Transfers in	208,333	-	214,543	-	-
Transfers out	-	-	(68,020)	(75,376)	(8,494)
Total other financing sources (uses)	208,333	-	146,523	(75,376)	(8,494)
Net change in fund balances	(411,194)	4,699	152,388	(228,061)	499,564
FUND BALANCES:					
Beginning of year	3,273,170	132,880	102,511	429,277	4,206,969
End of year	\$ 2,861,976	\$ 137,579	\$ 254,899	\$ 201,216	\$ 4,706,533

(Continued)

Special Revenue

County Transportation Tax	Public Library	Literacy Grants	Narcotic Seizure	Downtown Parking Permits	Storm Drainage Fees	Solid Waste Service	Bay Area Air Quality Management
\$ 869,128	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	425,478	-	-	-
3,292	-	-	-	34,328	1,552	12,093	4
732,293	-	47,476	-	-	-	8,923	-
38,187	-	-	19,668	-	782	335,269	-
-	-	60,000	-	-	-	184,214	-
<u>1,642,900</u>	<u>-</u>	<u>107,476</u>	<u>19,668</u>	<u>459,806</u>	<u>2,334</u>	<u>540,499</u>	<u>4</u>
-	-	-	-	-	-	4,506	-
-	-	-	22,962	6,228	-	-	-
1,407,310	-	-	-	112,322	-	581,613	-
-	927	220,109	-	-	-	-	-
-	-	-	-	-	-	-	-
55,505	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,462,815</u>	<u>927</u>	<u>220,109</u>	<u>22,962</u>	<u>118,550</u>	<u>-</u>	<u>586,119</u>	<u>-</u>
180,085	(927)	(112,633)	(3,294)	341,256	2,334	(45,620)	4
-	-	55,000	-	-	-	-	-
-	-	-	-	(27,195)	-	(45,834)	-
-	-	55,000	-	(27,195)	-	(45,834)	-
<u>180,085</u>	<u>(927)</u>	<u>(57,633)</u>	<u>(3,294)</u>	<u>314,061</u>	<u>2,334</u>	<u>(91,454)</u>	<u>4</u>
550,162	98,593	(63,823)	50,522	3,624,685	170,219	1,282,670	2,608
<u>\$ 730,247</u>	<u>\$ 97,666</u>	<u>\$ (121,456)</u>	<u>\$ 47,228</u>	<u>\$ 3,938,746</u>	<u>\$ 172,553</u>	<u>\$ 1,191,216</u>	<u>\$ 2,612</u>

(Continued)

City of Menlo Park
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds, Continued
For the year ended June 30, 2016

	Special Revenue					
	Storm Water Management (NPDES)	Supplemental Law Enforcement Services	Construction Impact Fee	Bedwell Bayfront Park Maintenance	Recreation In-Lieu	Sharon Hills Park
REVENUES:						
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	345,431	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Use of money and property	-	604	40,396	4,348	12,962	524
Intergovernmental	-	124,300	-	-	-	-
Charges for services	2,500	-	1,821,534	-	103,400	-
Other	-	-	-	-	-	-
Total revenues	347,931	124,904	1,861,930	4,348	116,362	524
EXPENDITURES:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	38,869	-	-	-	-
Public works	229,605	-	-	95,881	248,367	11,845
Culture and recreation	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Capital outlay	4,169	83,505	2,792,626	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	233,774	122,374	2,792,626	95,881	248,367	11,845
REVENUES OVER (UNDER) EXPENDITURES	114,157	2,530	(930,696)	(91,533)	(132,005)	(11,321)
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Transfers out	(38,803)	-	(14,140)	(13,635)	-	-
Total other financing sources (uses)	(38,803)	-	(14,140)	(13,635)	-	-
Net change in fund balances	75,354	2,530	(944,836)	(105,168)	(132,005)	(11,321)
FUND BALANCES:						
Beginning of year, as restated	422,672	63,394	5,048,723	529,485	1,428,915	57,653
End of year	\$ 498,026	\$ 65,924	\$ 4,103,887	\$ 424,317	\$ 1,296,910	\$ 46,332

(Continued)

Special Revenue			Debt Service		Capital Projects		Total
Vintage Oaks Landscape	Community Development Block Grant	Miscellaneous Trust	Library GO Bond 1990	Recreation GO Bond 2002	Library Addition	Measure T 2002 GO Bond	Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,611,420
-	-	-	26,762	1,490,719	-	-	2,618,490
-	-	-	-	-	-	-	425,478
571	118,258	1,609	2,778	6,085	1,128	2,980	313,612
-	(122,651)	-	-	-	-	-	798,524
-	729	1,159,430	-	-	-	-	4,228,297
-	-	22,889	-	-	-	-	267,103
571	(3,664)	1,183,928	29,540	1,496,804	1,128	2,980	10,262,924
-	-	-	-	-	-	-	4,506
-	-	-	-	-	-	-	68,059
7,917	-	-	-	-	-	-	3,735,930
-	-	27,451	-	-	-	-	248,487
-	-	990,632	-	-	-	-	990,632
-	-	-	-	-	3,736	2,234	4,477,246
-	-	-	435,000	620,000	-	-	1,055,000
-	-	-	11,750	919,650	-	-	931,400
7,917	-	1,018,083	446,750	1,539,650	3,736	2,234	11,511,260
(7,346)	(3,664)	165,845	(417,210)	(42,846)	(2,608)	746	(1,248,336)
-	-	-	-	-	-	-	477,876
-	-	-	-	-	-	-	(291,497)
-	-	-	-	-	-	-	186,379
(7,346)	(3,664)	165,845	(417,210)	(42,846)	(2,608)	746	(1,061,957)
67,008	1,384,986	895,874	742,551	1,381,201	126,034	328,767	26,337,706
\$ 59,662	\$ 1,381,322	\$ 1,061,719	\$ 325,341	\$ 1,338,355	\$ 123,426	\$ 329,513	\$ 25,275,749

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City of Menlo Park

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

Highway Users Tax Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 717,084	\$ 717,084	\$ 742,292	\$ 25,208
Use of money and property	15,000	15,000	24,917	9,917
Total revenues	732,084	732,084	767,209	35,125
EXPENDITURES:				
Current:				
Public works	72,821	185,007	86,736	98,271
Capital outlay	68,636	1,433,364	1,300,000	133,364
Total expenditures	141,457	1,618,371	1,386,736	231,635
REVENUES OVER (UNDER) EXPENDITURES	590,627	(886,287)	(619,527)	266,760
OTHER FINANCING SOURCES (USES):				
Transfers in	-	208,333	208,333	-
Total other financing sources (uses)	-	208,333	208,333	-
Net change in fund balance	\$ 590,627	\$ (677,954)	(411,194)	\$ 266,760
FUND BALANCE:				
Beginning of year			3,273,170	
End of year			\$ 2,861,976	

City of Menlo Park

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

Federal Revenue Sharing Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 2,000	\$ 2,000	\$ 4,670	\$ 2,670
Charges for services	-	-	29	29
Total revenues	2,000	2,000	4,699	2,699
Net change in fund balance	\$ 2,000	\$ 2,000	4,699	\$ 2,699
FUND BALANCE:				
Beginning of year			132,880	
End of year			\$ 137,579	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Landscape Tree Assessment Special Revenue Fund For the year ended June 30, 2016

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$ 562,668	\$ 562,668	\$ 627,103	\$ 64,435
Intergovernmental	-	-	8,183	8,183
Charges for services	3,300	3,300	2,300	(1,000)
Total revenues	565,968	565,968	637,586	71,618
EXPENDITURES:				
Current:				
Public works	709,510	715,796	631,250	84,546
Capital outlay	4,500	4,500	471	4,029
Total expenditures	714,010	720,296	631,721	88,575
REVENUES OVER (UNDER) EXPENDITURES	(148,042)	(154,328)	5,865	160,193
OTHER FINANCING SOURCES (USES):				
Transfers in	159,600	214,543	214,543	-
Transfers out	(68,020)	(68,020)	(68,020)	-
Total other financing sources (uses)	91,580	146,523	146,523	-
Net change in fund balance	\$ (56,462)	\$ (7,805)	152,388	\$ 160,193
FUND BALANCE:				
Beginning of year			102,511	
End of year			\$ 254,899	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Sidewalk Assessment Special Revenue Fund For the year ended June 30, 2016

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$ 196,230	\$ 196,230	\$ 128,475	\$ (67,755)
Total revenues	<u>196,230</u>	<u>196,230</u>	<u>128,475</u>	<u>(67,755)</u>
EXPENDITURES:				
Current:				
Public works	66,058	66,585	68,160	(1,575)
Capital outlay	115,683	346,604	213,000	133,604
Total expenditures	<u>181,741</u>	<u>413,189</u>	<u>281,160</u>	<u>132,029</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>14,489</u>	<u>(216,959)</u>	<u>(152,685)</u>	<u>64,274</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(20,433)	(75,376)	(75,376)	-
Total other financing sources (uses)	<u>(20,433)</u>	<u>(75,376)</u>	<u>(75,376)</u>	<u>-</u>
Net change in fund balance	<u>\$ (5,944)</u>	<u>\$ (292,335)</u>	<u>(228,061)</u>	<u>\$ 64,274</u>
FUND BALANCE:				
Beginning of year			<u>429,277</u>	
End of year			<u>\$ 201,216</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Landfill Post-Closure Special Revenue Fund For the year ended June 30, 2016

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 35,000	\$ 35,000	\$ 40,513	\$ 5,513
Charges for services	725,000	725,000	744,469	19,469
Total revenues	760,000	760,000	784,982	24,982
EXPENDITURES:				
Current:				
Public works	351,899	384,940	254,924	130,016
Capital outlay	25,000	228,576	22,000	206,576
Total expenditures	376,899	613,516	276,924	336,592
REVENUES OVER (UNDER) EXPENDITURES	383,101	146,484	508,058	361,574
OTHER FINANCING SOURCES (USES):				
Transfers out	(8,494)	(8,494)	(8,494)	-
Total other financing sources (uses)	(8,494)	(8,494)	(8,494)	-
Net change in fund balance	\$ 374,607	\$ 137,990	499,564	361,574
FUND BALANCE:				
Beginning of year			4,206,969	
End of year			<u>\$ 4,706,533</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual County Transportation Tax Special Revenue Fund For the year ended June 30, 2016

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 865,000	\$ 865,000	\$ 869,128	\$ 4,128
Use of money and property	8,000	8,000	3,292	(4,708)
Intergovernmental	589,358	589,358	732,293	142,935
Charges for services	45,000	45,000	38,187	(6,813)
Total revenues	1,507,358	1,507,358	1,642,900	135,542
EXPENDITURES:				
Current:				
Public works	1,444,719	1,653,216	1,407,310	245,906
Capital outlay	65,250	622,492	55,505	566,987
Total expenditures	1,509,969	2,275,708	1,462,815	812,893
REVENUES OVER (UNDER) EXPENDITURES	(2,611)	(768,350)	180,085	948,435
Net change in fund balance	\$ (2,611)	\$ (768,350)	180,085	\$ 948,435
FUND BALANCE:				
Beginning of year			550,162	
End of year			\$ 730,247	

City of Menlo Park

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

Public Library Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES:				
Current:				
Culture and recreation	20,843	20,843	927	19,916
Capital Outlay	-	13,000	-	13,000
Total expenditures	20,843	33,843	927	32,916
Net change in fund balance	\$ (20,843)	\$ (33,843)	(927)	\$ 32,916
FUND BALANCE:				
Beginning of year			98,593	
End of year			<u>\$ 97,666</u>	

City of Menlo Park

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

Literacy Grant Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 28,000	\$ 28,000	\$ 47,476	\$ 19,476
Other	157,000	157,000	60,000	(97,000)
Total revenues	185,000	185,000	107,476	(77,524)
EXPENDITURES:				
Current:				
Culture and recreation	233,301	233,301	220,109	13,192
Total expenditures	233,301	233,301	220,109	13,192
REVENUES OVER (UNDER) EXPENDITURES	(48,301)	(48,301)	(112,633)	(64,332)
OTHER FINANCING SOURCES (USES):				
Transfers in	55,000	55,000	55,000	-
Total other financing sources (uses)	55,000	55,000	55,000	-
Net change in fund balance	\$ 6,699	\$ 6,699	(57,633)	\$ (64,332)
FUND BALANCE:				
Beginning of year			(63,823)	
End of year			\$ (121,456)	

City of Menlo Park

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

Narcotic Seizure Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Charges for current services	\$ -	\$ -	\$ 19,668	\$ 19,668
Total revenues	-	-	19,668	19,668
EXPENDITURES:				
Current:				
Public safety	-	-	22,962	(22,962)
Total expenditures	-	-	22,962	(22,962)
Net change in fund balance	\$ -	\$ -	(3,294)	\$ (3,294)
FUND BALANCE:				
Beginning of year			50,522	
End of year			\$ 47,228	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Downtown Parking Permits Special Revenue Fund For the year ended June 30, 2016

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Licenses and permits	\$ 395,000	\$ 395,000	\$ 425,478	\$ 30,478
Use of money and property	30,000	30,000	34,328	4,328
Total revenues	425,000	425,000	459,806	34,806
EXPENDITURES:				
Current:				
Public safety	21,400	21,400	6,228	15,172
Public works	311,464	357,464	112,322	245,142
Capital outlay	-	19,000	-	19,000
Total expenditures	332,864	397,864	118,550	279,314
REVENUES OVER (UNDER) EXPENDITURES	92,136	27,136	341,256	314,120
OTHER FINANCING SOURCES (USES):				
Transfers out	(27,195)	(27,195)	(27,195)	-
Total other financing sources (uses)	(27,195)	(27,195)	(27,195)	-
Net change in fund balance	\$ 64,941	\$ (59)	314,061	\$ 314,120
FUND BALANCE:				
Beginning of year			3,624,685	
End of year			\$ 3,938,746	

City of Menlo Park

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

Storm Drainage Fees Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,000	\$ 1,000	\$ 1,552	\$ 552
Charges for services	5,000	5,000	782	(4,218)
Total revenues	6,000	6,000	2,334	(3,666)
EXPENDITURES:				
Capital outlay	-	10,694	-	10,694
Total expenditures	-	10,694	-	10,694
Net change in fund balance	\$ 6,000	\$ (4,694)	2,334	\$ 7,028
FUND BALANCE:				
Beginning of year			170,219	
End of year			\$ 172,553	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Solid Waste Service Special Revenue Fund For the year ended June 30, 2016

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 10,000	\$ 10,000	\$ 12,093	\$ 2,093
Intergovernmental	8,753	8,753	8,923	170
Charges for services	335,000	335,000	335,269	269
Other	-	-	184,214	184,214
Total revenues	353,753	353,753	540,499	186,746
EXPENDITURES:				
Current:				
General government	11,387	11,387	4,506	6,881
Public works	300,851	363,856	581,613	(217,757)
Total expenditures	312,238	375,243	586,119	(210,876)
REVENUES OVER (UNDER) EXPENDITURES	41,515	(21,490)	(45,620)	(24,130)
OTHER FINANCING SOURCES (USES):				
Transfers out	(45,836)	(45,836)	(45,834)	2
Total other financing sources (uses)	(45,836)	(45,836)	(45,834)	2
Net change in fund balance	\$ (4,321)	\$ (67,326)	(91,454)	\$ (24,128)
FUND BALANCE:				
Beginning of year			1,282,670	
End of year			\$ 1,191,216	

City of Menlo Park

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

Bay Area Air Quality Management Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 4	\$ 4
Total revenues	<u>-</u>	<u>-</u>	<u>4</u>	<u>4</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>4</u>	<u>\$ 4</u>
FUND BALANCE:				
Beginning of year			<u>2,608</u>	
End of year			<u>\$ 2,612</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Storm Water Management (NPDES) Special Revenue Fund For the year ended June 30, 2016

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$ 329,000	\$ 329,000	\$ 345,431	\$ 16,431
Charges for services	5,000	5,000	2,500	(2,500)
Total revenues	334,000	334,000	347,931	13,931
EXPENDITURES:				
Current:				
Public works	314,232	314,732	229,605	85,127
Capital outlay	-	-	4,169	(4,169)
Total expenditures	314,232	314,732	233,774	80,958
REVENUES OVER (UNDER) EXPENDITURES	19,768	19,268	114,157	94,889
OTHER FINANCING SOURCES (USES):				
Transfers out	(38,803)	(38,803)	(38,803)	-
Total other financing sources (uses)	(38,803)	(38,803)	(38,803)	-
Net change in fund balance	\$ (19,035)	\$ (19,535)	75,354	\$ 94,889
FUND BALANCE:				
Beginning of year			422,672	
End of year			\$ 498,026	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Supplemental Law Enforcement Services Special Revenue Fund For the year ended June 30, 2016

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 400	\$ 400	\$ 604	\$ 204
Intergovernmental	100,000	100,000	124,300	24,300
Total revenues	100,400	100,400	124,904	24,504
EXPENDITURES:				
Current:				
Public safety	33,000	33,000	38,869	(5,869)
Capital outlay	67,000	67,000	83,505	(16,505)
Total expenditures	100,000	100,000	122,374	(22,374)
Net change in fund balance	\$ 400	\$ 400	2,530	\$ 2,130
FUND BALANCE:				
Beginning of year			63,394	
End of year			\$ 65,924	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Construction Impact Fees Special Revenue Fund For the year ended June 30, 2016

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 25,000	\$ 25,000	\$ 40,396	\$ 15,396
Charges for services	1,700,000	1,700,000	1,821,534	121,534
Total revenues	1,725,000	1,725,000	1,861,930	136,930
EXPENDITURES:				
Current:				
Capital outlay	376,485	3,211,663	2,792,626	419,037
Total expenditures	376,485	3,211,663	2,792,626	419,037
REVENUES OVER (UNDER) EXPENDITURES	1,348,515	(1,486,663)	(930,696)	555,967
OTHER FINANCING SOURCES (USES):				
Transfers Out	-	(14,140)	(14,140)	-
Total other financing sources (uses)	-	(14,140)	(14,140)	-
Net change in fund balance	\$ 1,348,515	\$ (1,500,803)	(944,836)	\$ 555,967
FUND BALANCE:				
Beginning of year			5,048,723	
End of year			\$ 4,103,887	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Bedwell Bayfront Park Maintenance Special Revenue Fund For the year ended June 30, 2016

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 6,000	\$ 6,000	\$ 4,348	\$ (1,652)
Total revenues	6,000	6,000	4,348	(1,652)
EXPENDITURES:				
Current:				
Public works	89,901	89,901	95,881	(5,980)
Capital outlay	5,000	5,000	-	5,000
Total expenditures	94,901	94,901	95,881	(980)
REVENUES OVER (UNDER) EXPENDITURES	(88,901)	(88,901)	(91,533)	(2,632)
OTHER FINANCING SOURCES (USES):				
Transfers out	(13,634)	(13,634)	(13,635)	(1)
Total other financing sources (uses)	(13,634)	(13,634)	(13,635)	(1)
Net change in fund balance	\$ (102,535)	\$ (102,535)	(105,168)	\$ (2,633)
FUND BALANCE:				
Beginning of year			529,485	
End of year			<u>\$ 424,317</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Recreation In-Lieu Special Revenue Fund For the year ended June 30, 2016

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 16,000	\$ 16,000	\$ 12,962	\$ (3,038)
Intergovernmental	25,000	25,000	-	(25,000)
Charges for services	150,000	150,000	103,400	(46,600)
Total revenues	191,000	191,000	116,362	(74,638)
EXPENDITURES:				
Current:				
Public works	912,902	1,029,006	248,367	780,639
Culture and Recreation	-	95,855	-	95,855
Total expenditures	912,902	1,124,861	248,367	876,494
Net change in fund balance	\$ (721,902)	\$ (933,861)	(132,005)	\$ 801,856
FUND BALANCE:				
Beginning of year			1,428,915	
End of year			\$ 1,296,910	

City of Menlo Park

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

Sharon Hills Park Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 700	\$ 700	\$ 524	\$ (176)
Total revenues	700	700	524	(176)
EXPENDITURES:				
Current:				
Public works	13,000	13,000	11,845	1,155
Total expenditures	13,000	13,000	11,845	1,155
Net change in fund balance	\$ (12,300)	\$ (12,300)	(11,321)	\$ 979
FUND BALANCE:				
Beginning of year			57,653	
End of year			\$ 46,332	

City of Menlo Park

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

Vintage Oaks Landscape Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 700	\$ 700	\$ 571	\$ (129)
Total revenues	700	700	571	(129)
EXPENDITURES:				
Current:				
Public works	8,942	8,942	7,917	1,025
Total expenditures	8,942	8,942	7,917	1,025
Net change in fund balance	\$ (8,242)	\$ (8,242)	(7,346)	\$ 896
FUND BALANCE:				
Beginning of year			67,008	
End of year			\$ 59,662	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Community Development Block Grant Special Revenue Fund For the year ended June 30, 2016

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
Use of money and property	\$ 9,000	\$ 9,000	\$ 118,258	\$ 109,258
Intergovernmental	-	-	(122,651)	\$ (122,651)
Charges for services	-	-	729	729
Total revenues	<u>9,000</u>	<u>9,000</u>	<u>(3,664)</u>	<u>(12,664)</u>
Net change in fund balance	<u>\$ 9,000</u>	<u>\$ 9,000</u>	(3,664)	<u>\$ (12,664)</u>
FUND BALANCE:				
Beginning of year			<u>1,384,986</u>	
End of year			<u>\$ 1,381,322</u>	

City of Menlo Park

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

Miscellaneous Trust Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,775	\$ 1,775	\$ 1,609	\$ (166)
Charges for services	-	-	1,159,430	1,159,430
Other	26,000	26,000	22,889	(3,111)
Total revenues	27,775	27,775	1,183,928	1,156,153
EXPENDITURES:				
Current:				
Culture and recreation	80,626	80,626	27,451	53,175
Community development	277,107	277,107	990,632	(713,525)
Capital outlay	5,000	5,000	-	5,000
Total expenditures	362,733	362,733	1,018,083	(655,350)
Net change in fund balance	\$ (334,958)	\$ (334,958)	165,845	\$ 500,803
FUND BALANCE:				
Beginning of year			895,874	
End of year			\$ 1,061,719	

City of Menlo Park

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

Library Bond Debt Service Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$ -	\$ -	\$ 26,762	\$ 26,762
Use of money and property	4,000	4,000	2,778	(1,222)
Total revenues	4,000	4,000	29,540	25,540
EXPENDITURES:				
Debt service:				
Principal	435,000	435,000	435,000	-
Interest	11,750	11,750	11,750	-
Total expenditures	446,750	446,750	446,750	-
Net change in fund balance	\$ (442,750)	\$ (442,750)	(417,210)	\$ 25,540
FUND BALANCE:				
Beginning of year			742,551	
End of year			\$ 325,341	

City of Menlo Park

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

Recreation GO Bond 2002 Debt Service Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$ 1,400,000	\$ 1,400,000	\$ 1,490,719	\$ 90,719
Use of money and property	1,800	1,800	6,085	4,285
Total revenues	1,401,800	1,401,800	1,496,804	95,004
EXPENDITURES:				
Debt service:				
Principal	620,000	620,000	620,000	-
Interest	841,621	841,621	919,650	(78,029)
Total expenditures	1,461,621	1,461,621	1,539,650	(78,029)
Net change in fund balance	\$ (59,821)	\$ (59,821)	(42,846)	\$ 16,975
FUND BALANCE:				
Beginning of year			1,381,201	
End of year			\$ 1,338,355	

City of Menlo Park

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

Library Addition Capital Projects Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,000	\$ 1,000	\$ 1,128	\$ 128
Total revenues	1,000	1,000	1,128	128
EXPENDITURES:				
Current				
Culture and Recreation	15,000	15,000	-	15,000
Capital outlay	25,000	32,595	3,736	28,859
Total expenditures	40,000	47,595	3,736	43,859
Net change in fund balance	\$ (39,000)	\$ (46,595)	(2,608)	\$ 43,987
FUND BALANCE:				
Beginning of year			126,034	
End of year			\$ 123,426	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Measure T 2002 GO Bond Capital Projects Fund For the year ended June 30, 2016

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 2,500	\$ 2,500	\$ 2,980	\$ 480
Total revenues	2,500	2,500	2,980	480
EXPENDITURES:				
Capital outlay	-	55,791	2,234	53,557
Total expenditures	-	55,791	2,234	53,557
Net change in fund balance	\$ 2,500	\$ (53,291)	746	\$ 54,037
FUND BALANCE:				
Beginning of year			328,767	
End of year			\$ 329,513	

ENTERPRISE FUNDS

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

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

City of Menlo Park
Combining Schedule of Net Position
Enterprise Funds
June 30, 2016

	Water Operating Fund	Water Capital Improvement Fund	Total Water Funds
ASSETS			
Current assets:			
Cash and investments	\$ 1,049,562	\$ 11,059,541	\$ 12,109,103
Receivables:			
Accounts	817,295	59,003	876,298
Interest	2,420	24,694	27,114
Due from other funds	-	858,326	858,326
Total current assets	1,869,277	12,001,564	13,870,841
Capital assets:			
Non-depreciable	3,323,410	-	3,323,410
Depreciable, net	11,555,095	-	11,555,095
Total capital assets	14,878,505	-	14,878,505
Total assets	16,747,782	12,001,564	28,749,346
DEFERRED OUTFLOW OF RESOURCES			
Employer pension contribution	59,575	29,788	89,363
Total deferred outflow of resources	59,575	29,788	89,363
LIABILITIES			
Current liabilities:			
Accounts payable	599,132	199,521	798,653
Accrued payroll	23,342	8,695	32,037
Deposits	30,500	-	30,500
Compensated absences	14,810	74,366	89,176
Due to other funds	858,326	-	858,326
Total current liabilities	1,526,110	282,582	1,808,692
Noncurrent liabilities:			
Net pension liability	442,242	221,121	663,363
Compensated absences	12,379	62,164	74,543
Total noncurrent liabilities	454,621	283,285	737,906
Total liabilities	1,980,731	565,867	2,546,598
DEFERRED INFLOW OF RESOURCES			
Pension related amounts	48,705	24,351	73,056
Total deferred inflow of resources	48,705	24,351	73,056
NET POSITION			
Net investment in capital assets	14,878,505	-	14,878,505
Restricted for:			
Capital projects	-	11,441,134	11,441,134
Unrestricted	(100,584)	-	(100,584)
Total net position	\$ 14,777,921	\$ 11,441,134	\$ 26,219,055

City of Menlo Park

Combining Schedule of Revenues, Expenses and Changes in Fund Net Position

Enterprise Funds

For the year ended June 30, 2016

	Water Operating Fund	Water Capital Improvement Fund	Total Water Funds
OPERATING REVENUES:			
Water sales	\$ 6,934,682	\$ 712,443	\$ 7,647,125
Total operating revenues	<u>6,934,682</u>	<u>712,443</u>	<u>7,647,125</u>
OPERATING EXPENSES:			
Cost of sales and services	6,075,885	720,099	6,795,984
General and administrative	285,288	-	285,288
Depreciation	197,127	-	197,127
Total operating expenses	<u>6,558,300</u>	<u>720,099</u>	<u>7,278,399</u>
OPERATING INCOME (LOSS)	<u>376,382</u>	<u>(7,656)</u>	<u>368,726</u>
NONOPERATING REVENUES (EXPENSES):			
Interest income	8,086	102,940	111,026
Gain (Loss) on sale of equipment	(44,966)	-	(44,966)
Total nonoperating revenues	<u>(36,880)</u>	<u>102,940</u>	<u>66,060</u>
INCOME (LOSS) BEFORE TRANSFERS	339,502	95,284	434,786
TRANSFERS:			
Transfers in	1,099,682	-	1,099,682
Transfers out	(220,185)	(1,099,682)	(1,319,867)
Total transfers	<u>879,497</u>	<u>(1,099,682)</u>	<u>(220,185)</u>
Net income (loss)	1,218,999	(1,004,398)	214,601
NET POSITION:			
Beginning of year, as restated	<u>13,558,922</u>	<u>12,445,532</u>	<u>26,004,454</u>
End of year	<u>\$ 14,777,921</u>	<u>\$ 11,441,134</u>	<u>\$ 26,219,055</u>

City of Menlo Park
Combining Schedule of Cash Flows
Enterprise Funds
For the year ended June 30, 2016

	Water Operating Fund	Water Capital Improvement Fund	Total Water Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers/other funds	\$ 7,069,475	\$ 728,678	\$ 7,798,153
Cash payment to suppliers	(6,137,331)	(1,244,242)	(7,381,573)
Cash payments for general and administrative	(360,980)	99,226	(261,754)
Net cash provided (used) by operating activities	571,164	(416,338)	154,826
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	1,099,682	-	1,099,682
Transfers out	(220,185)	(1,099,682)	(1,319,867)
Net cash provided (used) by noncapital financing activities	879,497	(1,099,682)	(220,185)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(1,130,525)	-	(1,130,525)
Net cash provided (used) by capital and related financing activities	(1,130,525)	-	(1,130,525)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	7,480	106,843	114,323
Net cash provided (used) by investing activities	7,480	106,843	114,323
Net increase (decrease) in cash and cash equivalents	327,616	(1,409,177)	(1,081,561)
CASH AND CASH EQUIVALENTS:			
Beginning of year	721,946	12,468,718	13,190,664
End of year	<u>\$ 1,049,562</u>	<u>\$ 11,059,541</u>	<u>\$ 12,109,103</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 376,382	\$ (7,656)	\$ 368,726
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	197,127	-	197,127
Changes in current assets and liabilities:			
Accounts receivable	140,221	16,235	156,456
Deferred outflow of resources	(7,479)	(3,740)	(11,219)
Accounts payable	(61,446)	(524,143)	(585,589)
Accrued payroll	(22,520)	(7,445)	(29,965)
Compensated absences	(18,279)	124,120	105,841
Deferred inflow of resources	(69,093)	(34,548)	(103,641)
Net pension liability	41,679	20,839	62,518
Deposits	(5,428)	-	(5,428)
Total adjustments	<u>194,782</u>	<u>(408,682)</u>	<u>(213,900)</u>
Net cash provided (used) by operating activities	\$ 571,164	\$ (416,338)	\$ 154,826

INTERNAL SERVICE FUNDS

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

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

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

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

Information Technology - This fund accounts for administration and support of all hardware, software, and communication equipment needs of the City's other departments.

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

City of Menlo Park
Combining Statement of Net Position
Internal Service Funds
June 30, 2016

	Workers' Compensation Insurance	General Liability Insurance	Other Post Employment Benefits	Information Technology	Vehicle Replacement	Total
ASSETS						
Current assets:						
Cash, cash equivalents and investments	\$ 2,257,778	\$ 1,053,807	\$ 861,140	\$ 163,663	\$ 382,469	\$ 4,718,857
Receivables:						
Accounts	-	6,664	-	-	1,750	8,414
Interest	5,040	2,353	1,947	395	853	10,588
Deposits and prepaid items	95,000	50,000	12,126	45,973	-	203,099
Total current assets	2,357,818	1,112,824	875,213	210,031	385,072	4,940,958
Capital assets:						
Depreciable, net	-	-	-	-	1,043,979	1,043,979
Total capital assets	-	-	-	-	1,043,979	1,043,979
Total assets	2,357,818	1,112,824	875,213	210,031	1,429,051	5,984,937
LIABILITIES AND NET ASSETS						
Liabilities:						
Current liabilities:						
Accounts payable	215,074	8,076	-	181,788	10,413	415,351
Accrued payroll	755	654	14,354	16,942	-	32,705
Due to other funds	-	-	336,869	-	-	336,869
Claims payable, due within one year	776,093	75,289	-	-	-	851,382
Compensated absences payable, due within one year	39	1,133	453	23,605	-	25,230
Total current liabilities	991,961	85,152	351,676	222,335	10,413	1,661,537
Claims payable, due in more than one year	2,587,692	224,209	-	-	-	2,811,901
Compensated absences payable, due in more than one year	33	946	(453)	19,732	-	20,258
Total liabilities	3,579,686	310,307	351,223	242,067	10,413	4,493,696
Net Position:						
Net investment in capital assets	-	-	-	-	1,043,979	1,043,979
Unrestricted	(1,221,868)	802,517	523,990	(32,036)	374,659	447,262
Total net position	\$ (1,221,868)	\$ 802,517	\$ 523,990	\$ (32,036)	\$ 1,418,638	\$ 1,491,241

City of Menlo Park
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the year ended June 30, 2016

	Workers' Compensation Insurance	General Liability Insurance	Other Post Employment Benefits	Information Technology	Vehicle Replacement	Total
OPERATING REVENUES:						
Charges for services	\$ 999,796	\$ 805,839	\$ 927,558	\$ 1,132,313	\$ 402,354	\$ 4,267,860
Total operating revenues	999,796	805,839	927,558	1,132,313	402,354	4,267,860
OPERATING EXPENSES:						
Personnel services	59,004	25,054	614,831	653,343	-	1,352,232
General and administrative	(313)	27,018	5,193	511,314	-	543,212
Insurance	1,429,193	548,134	-	-	-	1,977,327
Depreciation	-	-	-	-	186,555	186,555
Total operating expenses	1,487,884	600,206	620,024	1,164,657	186,555	4,059,326
OPERATING INCOME (LOSS)	(488,088)	205,633	307,534	(32,344)	215,799	208,534
NONOPERATING REVENUES (EXPENSES):						
Interest and investment earnings	13,777	7,366	6,112	308	2,847	30,410
Gain (loss) on sale of equipment	-	-	-	-	47,567	47,567
Total nonoperating revenues (expenses)	13,777	7,366	6,112	308	50,414	77,977
INCOME (LOSS) BEFORE TRANSFERS	(474,311)	212,999	313,646	(32,036)	266,213	286,511
TRANSFERS:						
Transfers in	200,000	-	-	-	-	200,000
Total transfers	200,000	-	-	-	-	200,000
NET INCOME (LOSS)	(274,311)	212,999	313,646	(32,036)	266,213	486,511
NET POSITION:						
Beginning of the year	(947,557)	589,518	210,344	-	1,152,425	1,004,730
End of the year	\$ (1,221,868)	\$ 802,517	\$ 523,990	\$ (32,036)	\$ 1,418,638	\$ 1,491,241

City of Menlo Park
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2016

	Workers' Compensation Insurance	General Liability Insurance	Other Post Employment Benefits	Information Technology	Vehicle Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from other funds including cash deposits	\$ 1,015,541	\$ 885,832	\$ 1,480,227	\$ 1,132,313	\$ 435,128	\$ 4,949,041
Cash paid to suppliers	(1,065,214)	(595,408)	(22,775)	(375,499)	9,259	(2,049,637)
Cash paid to employees	(70,915)	(26,640)	(600,477)	(593,064)	-	(1,291,096)
Net cash provided (used) by operating activities	(120,588)	263,784	856,975	163,750	444,387	1,608,308
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Proceeds from other funds	200,000	-	-	-	-	200,000
Net cash provided (used) by noncapital financing activities	200,000	-	-	-	-	200,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from disposal of equipment	-	-	-	-	47,567	47,567
Acquisition and construction of capital assets	-	-	-	-	(466,617)	(466,617)
Net cash provided (used) by capital and related financing activities	-	-	-	-	(419,050)	(419,050)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment earnings received (paid)	12,583	7,924	4,165	(87)	2,806	27,391
Net cash provided (used) by investing activities	12,583	7,924	4,165	(87)	2,806	27,391
Net increase (decrease) in cash cash and cash equivalents	91,995	271,708	861,140	163,663	28,143	1,416,649
Cash, cash equivalents, and investments at beginning of year	2,165,783	782,099	-	-	354,326	3,302,208
Cash, cash equivalents, and investments at end of year	\$ 2,257,778	\$ 1,053,807	\$ 861,140	\$ 163,663	\$ 382,469	\$ 4,718,857

City of Menlo Park
Combining Statement of Cash Flows, Continued
Internal Service Funds
For the year ended June 30, 2016

	Workers' Compensation Insurance	General Liability Insurance	Other Post Employment Benefits	Other Post Employment Benefits	Vehicle Replacement	Total
RECONCILIATION OF OPERATING						
INCOME (LOSS) TO NET CASH PROVIDED						
(USED) BY OPERATING ACTIVITIES:						
Operating income (loss)	\$ (488,088)	\$ 205,633	\$ 307,534	\$ (32,344)	\$ 215,799	\$ 208,534
Depreciation	-	-	-	-	186,555	186,555
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Accounts receivable	15,745	79,993	552,669	-	32,774	681,181
Prepaid expenses	-	-	(315)	(45,973)	-	(46,288)
Accounts payable	102,927	(3,776)	(17,267)	181,788	9,259	272,931
Payroll liabilities	(2,490)	(861)	14,354	16,942	-	27,945
Insurance claim payable	260,739	(16,480)	-	-	-	244,259
Compensated absence payable	(9,421)	(725)	-	43,337	-	33,191
Total adjustments	<u>367,500</u>	<u>58,151</u>	<u>549,441</u>	<u>196,094</u>	<u>228,588</u>	<u>1,399,774</u>
Net cash provided (used) by operating activities	<u>\$ (120,588)</u>	<u>\$ 263,784</u>	<u>\$ 856,975</u>	<u>\$ 163,750</u>	<u>\$ 444,387</u>	<u>\$ 1,608,308</u>

City of Menlo Park
Combining Statement of Net Position
Agency Funds
June 30, 2016

	Refundable Deposits	Cash Bonds Payable	Payroll Revolving	Total Agency Funds
ASSETS				
Cash and investments	\$ 724,210	\$ 2,900	\$ -	\$ 727,110
Accounts receivable	-	-	47,927	47,927
Prepays	-	-	324,696	324,696
Total assets	\$ 724,210	\$ 2,900	\$ 372,623	\$ 1,099,733
LIABILITIES				
Accounts payable	\$ 16,000	\$ -	\$ -	\$ 16,000
Due to the City			372,623	372,623
Deposits	708,210	2,900	-	711,110
Total liabilities	\$ 724,210	\$ 2,900	\$ 372,623	\$ 1,099,733

City of Menlo Park
Combining Statement of Changes in Net Position
Agency Funds
For the year ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>Refundable Deposits</u>				
Assets:				
Cash and investments	\$ 502,912	\$ 414,883	\$ (193,585)	\$ 724,210
Liabilities:				
Accounts payable	\$ -	\$ 209,585	\$ (193,585)	\$ 16,000
Deposits	502,912	412,383	(207,085)	708,210
	<u>\$ 502,912</u>	<u>\$ 621,968</u>	<u>\$ (400,670)</u>	<u>\$ 724,210</u>
<u>Cash Bonds Payable</u>				
Assets:				
Cash and investments	\$ 900	\$ 2,000	\$ -	\$ 2,900
Liabilities:				
Deposits	\$ 900	\$ 2,000	\$ -	\$ 2,900
<u>Payroll Revolving</u>				
Assets:				
Cash and investments	\$ (229,225)	\$ 5,004,008	\$ (5,238,999)	\$ (464,216)
Accounts receivable	3,098	82,819	(37,990)	47,927
Prepays	310,508	1,014,304	(1,000,116)	324,696
Total assets	<u>\$ 84,381</u>	<u>\$ 6,101,131</u>	<u>\$ (6,277,105)</u>	<u>\$ (91,593)</u>
Liabilities:				
Accounts payable	\$ 84,381	\$ 13,583,014	\$ (13,758,988)	\$ (91,593)
<u>Total Agency Funds</u>				
Assets:				
Cash and investments	\$ 274,587	\$ 5,420,891	\$ (5,432,584)	\$ 262,894
Accounts receivable	3,098	82,819	(37,990)	47,927
Prepays	310,508	1,014,304	(1,000,116)	324,696
Total assets	<u>\$ 588,193</u>	<u>\$ 6,518,014</u>	<u>\$ (6,470,690)</u>	<u>\$ 635,517</u>
Liabilities:				
Accounts payable	\$ 84,381	\$ 13,792,599	\$ (13,952,573)	\$ (75,593)
Deposits	503,812	414,383	(207,085)	711,110
Total liabilities	<u>\$ 588,193</u>	<u>\$ 14,206,982</u>	<u>\$ (14,159,658)</u>	<u>\$ 635,517</u>

City of Menlo Park
Combining Schedule of Net Position
Private-Purpose Trust Fund - Successor Agency
June 30, 2016

	Redevelopment Obligation Retirement Fund	Redevelopment Dissolution Fund	Total Successor Agency Funds
ASSETS			
Current assets:			
Cash and investments:			
Held with City	\$ 8,857,941	\$ 10	\$ 8,857,951
Accounts receivable	231,881	-	231,881
Total assets	9,089,822	10	9,089,832
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss of refunding	12,911,150	-	12,911,150
Total deferred outflows of resources	12,911,150	-	12,911,150
LIABILITIES			
Liabilities:			
Accounts payable	3,525	-	3,525
Interest payable	596,775	-	596,775
Deposits	108,891	-	108,891
Long-term debt:			
Due within one year	3,115,000	-	3,115,000
Due in more than one year	56,882,364	-	56,882,364
Total liabilities	60,706,555	-	60,706,555
NET POSITION			
Held in trust for other governments	(38,705,583)	10	(38,705,573)
Total net position	\$ (38,705,583)	\$ 10	\$ (38,705,573)

City of Menlo Park
Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund - Successor Agency
For the year ended June 30, 2016

	Redevelopment Obligation Retirement Fund	Redevelopment Dissolution Fund	Total Successor Agency
Additions:			
Property taxes	\$ 7,065,305	\$ -	\$ 7,065,305
Investment earnings	(71,910)	-	(71,910)
Total additions	6,993,395	-	6,993,395
Deductions:			
Program expenses of former redevelopment agency	12,065	-	12,065
Interest and fiscal agency expenses of former redevelopment agency	3,472,666	-	3,472,666
Total deductions	3,484,731	-	3,484,731
Change in net position	3,508,664	-	3,508,664
Net position - beginning of the year	(42,214,247)	10	(42,214,237)
Net position - end of the year	<u>\$ (38,705,583)</u>	<u>\$ 10</u>	<u>\$ (38,705,573)</u>

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Statistical Section

Fiscal Year 2015-2016

- Unaudited -

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

Financial Trend

Schedule #

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

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

Revenue Capacity

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

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

Debt Capacity

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

Direct and Overlapping Property Tax Rates	8
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Direct and Overlapping Debt	12
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Demographic and Economic Information

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

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Full Time Equivalent City Employees by Function	16

Operating Information

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

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Net Position by Component

Financial Trend:
Schedule 1

June 30, 2016

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Government Activities</u>										
Investment in Capital Assets, Net of Related Debt	\$ 260,060,574	\$ 265,272,383	\$ 261,153,596	\$ 259,274,758	\$ 279,942,360	\$ 345,357,433	\$ 347,050,366	\$ 344,119,674	\$ 341,158,440	\$ 345,581,545
Restricted for:										
Capital Projects	17,102,064	20,378,994	18,207,379	19,717,874	14,582,060	9,432,413	14,394,634	13,601,651	14,926,424	7,275,487
Debt Service	10,581,505	10,759,071	12,184,002	12,630,096	12,662,667	2,225,873	1,943,354	2,133,308	2,123,752	1,663,696
Community Development	5,866,768	6,160,144	6,140,612	6,265,677	-	-	-	-	-	22,783,937
Special Projects	809,974	1,034,326	1,203,583	5,857,506	9,176,084	2,842,844	1,501,478	2,238,560	2,010,049	5,572,610
Total Restricted - Government Activities	34,360,311	38,332,535	37,735,576	44,471,153	36,420,811	14,501,130	17,839,466	17,973,519	19,060,225	37,295,730
Total Unrestricted - Government Activities	71,773,633	66,120,512	74,932,478	69,032,234	61,310,616	49,224,495	50,586,566	60,530,382	30,340,383	21,095,111
Total Government Activities	<u>\$ 366,194,518</u>	<u>\$ 369,725,430</u>	<u>\$ 373,821,650</u>	<u>\$ 372,778,145</u>	<u>\$ 377,673,787</u>	<u>\$ 409,083,058</u>	<u>\$ 415,476,398</u>	<u>\$ 422,623,575</u>	<u>\$ 390,559,048</u>	<u>\$ 403,972,386</u>
<u>Business-Type Activities</u>										
Investment in Capital Assets, Net of Related Debt	\$ 7,391,343	\$ 7,532,369	\$ 7,620,626	\$ 7,790,683	\$ 8,536,711	\$ 9,524,216	\$ 10,079,682	\$ 11,005,746	\$ 13,990,073	\$ 14,878,505
Restricted for:										
Capital Projects	11,851,559	15,383,875	16,518,953	16,944,216	16,771,000	15,381,845	15,273,688	15,212,663	12,445,532	11,441,134
Special Projects	-	-	-	-	-	-	-	-	-	-
Total Restricted - Business-Type Activities	11,851,559	15,383,875	16,518,953	16,944,216	16,771,000	15,381,845	15,273,688	15,212,663	12,445,532	11,441,134
Total Unrestricted - Business-Type Activities	3,710,223	1,216,854	776,214	144,088	(397,806)	(431,529)	(735,629)	(538,996)	(431,151)	(100,584)
Total Business-Type Activities	<u>\$ 22,953,125</u>	<u>\$ 24,133,098</u>	<u>\$ 24,915,793</u>	<u>\$ 24,878,987</u>	<u>\$ 24,909,905</u>	<u>\$ 24,474,532</u>	<u>\$ 24,617,741</u>	<u>\$ 25,679,413</u>	<u>\$ 26,004,454</u>	<u>\$ 26,219,055</u>

Source: City of Menlo Park

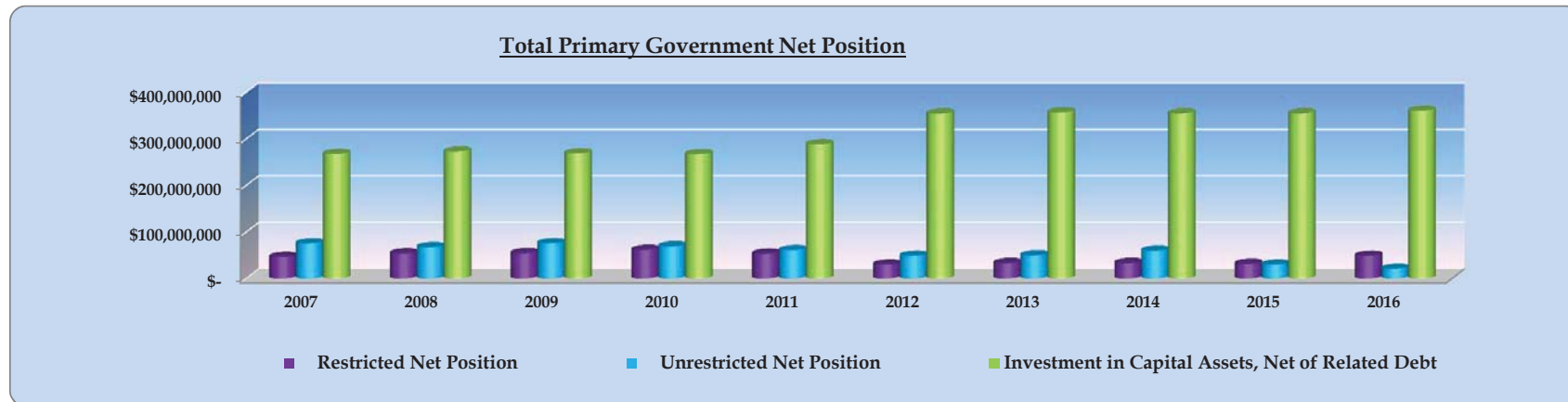
(Continued)

Net Position by Component

Financial Trend:
Schedule 1

June 30, 2016

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Primary Government</u>										
Investment in Capital Assets, Net of Related Debt	\$ 267,451,917	\$ 272,804,752	\$ 268,774,222	\$ 267,065,441	\$ 288,479,071	\$ 354,881,649	\$ 357,130,048	\$ 355,125,420	\$ 355,148,513	\$ 360,460,050
Unrestricted Net Position	75,483,856	67,337,366	75,708,692	69,176,322	60,912,810	48,792,966	49,850,937	59,991,386	29,909,232	20,994,527
Investment in Capital Assets & Unrestricted Net Position	342,935,773	340,142,118	344,482,914	336,241,763	349,391,881	403,674,615	406,980,985	415,116,806	385,057,745	381,454,577
Restricted Net Position	46,211,870	53,716,410	54,254,529	61,415,369	53,191,811	29,882,975	33,113,154	33,186,182	31,505,757	48,736,864
Total Primary Government Net Position	\$ 389,147,643	\$ 393,858,528	\$ 398,737,443	\$ 397,657,132	\$ 402,583,692	\$ 433,557,590	\$ 440,094,139	\$ 448,302,988	\$ 416,563,502	\$ 430,191,441
% of Change - from Prior Year	3.7%	1.2%	1.2%	-0.3%	1.2%	7.7%	1.5%	1.9%	5.9%	9.4%



Source: City of Menlo Park

Changes in Net Position
June 30, 2016

Financial Trends:
Schedule 2

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Primary Government-Program Revenues</u>										
Governmental Activities										
Charges for Services										
General Government	\$ 3,676,393	\$ 3,539,934	\$ 3,123,825	\$ 3,145,514	\$ 2,878,920	\$ 2,830,591	\$ 3,125,908	\$ 3,011,181	\$ 3,053,753	\$ 3,388,132
Public Safety	1,241,847	5,154,247	1,390,649	1,505,640	1,830,534	1,609,755	1,579,674	2,031,899	1,840,342	1,979,203
Public Works	6,541,634	3,837,839	2,753,607	2,922,929	4,109,836	3,650,442	6,924,069	6,189,576	7,472,508	7,149,654
Culture and Recreation	3,291,723	3,345,055	3,323,877	3,434,135	3,077,788	3,679,129	3,873,165	3,782,550	5,348,966	5,410,577
Community Development	6,170,024	3,952,454	4,145,205	2,122,221	3,408,895	4,994,156	3,695,171	5,467,278	5,350,231	8,200,673
Operating Grants and Contributions	3,251,025	2,369,502	2,428,500	2,557,313	2,185,417	2,729,866	1,644,022	1,438,966	1,876,305	1,976,101
Capital Grants and Contributions (1)	520,156	1,030,839	2,569,003	2,549,779	12,342,612	6,922,360	2,353,049	2,341,476	2,262,146	2,123,799
Total Governmental Activities-Program Revenues	24,692,802	23,229,870	19,734,666	18,237,531	29,834,002	26,416,299	23,195,058	24,262,926	27,204,251	30,228,139
Business-Type Activities										
Charges for Services										
Capital Grants and Contributions	3,881,115	4,483,145	4,352,147	4,258,917	4,935,649	5,750,659	6,633,147	8,046,619	8,165,645	7,647,125
Total Business-Type Activities Program Revenues	3,881,115	4,483,145	4,352,147	4,258,917	4,935,649	5,750,659	6,633,147	8,046,619	8,165,645	7,647,125
Total Primary Government-Program Revenues	28,573,917	27,713,015	24,086,813	22,496,448	34,769,651	32,166,958	29,828,205	32,309,545	35,369,896	37,875,264
<u>General Revenues & Other Changes in Net Position</u>										
Governmental Activities										
Taxes										
Property Taxes (2)	20,634,276	23,292,838	24,213,136	23,753,592	23,936,578	13,239,856	15,731,889	15,156,065	16,824,728	18,227,209
Sales Taxes	6,799,561	7,676,943	6,865,152	5,499,244	5,988,055	5,938,310	6,043,870	6,444,292	6,527,498	5,425,089
Transient Occupancy Tax	1,375,914	1,474,119	1,351,578	2,074,486	2,453,981	2,939,475	3,468,256	4,158,809	4,720,226	6,268,171
Other Taxes	2,267,911	3,262,586	3,953,097	3,960,714	4,490,992	4,607,758	4,556,371	4,946,135	4,616,187	4,882,372
Total Taxes	31,077,662	35,706,486	36,382,963	35,288,036	36,869,606	26,725,399	29,800,386	30,705,301	32,688,639	34,802,841
Investment Earnings	5,175,930	6,076,112	4,645,732	2,085,808	1,431,440	1,133,432	647,963	982,640	1,205,744	1,169,712
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-	-	547,749	264	45,544	47,567
Miscellaneous	372,534	706,444	193,370	30,125	235,145	255,185	107,652	1,222,100	234,380	1,144,891
Transfers	238,700	184,711	198,814	160,814	165,639	170,605	181,525	185,881	189,041	220,185
Extraordinary gain (3),(4)	-	-	-	-	-	28,170,332	-	771,822	-	-
Total Governmental Activities - General Revenues	36,864,826	42,673,753	41,420,879	37,564,783	38,701,830	56,454,953	31,285,275	33,868,008	34,363,348	37,385,196
Business-type Activities										
Investment Earnings										
Miscellaneous	750,700	957,071	667,230	242,433	135,619	103,480	(8,799)	117,849	146,647	111,026
Transfers	(238,700)	(184,711)	(198,814)	(160,814)	(165,639)	(170,605)	(181,525)	(185,881)	(189,041)	(220,185)
Total Business-Type Activities - General Revenues	512,000	772,704	478,416	82,554	(30,020)	(73,078)	(190,324)	(68,032)	(44,146)	(109,159)
Total Primary Government-Program Revenues, General Revenues & Other Changes in Net Position	65,950,743	71,159,472	65,986,108	60,143,785	73,441,461	88,548,833	60,923,156	66,109,521	69,689,098	75,151,301

Source: City of Menlo Park

Notes:

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

(Continued)

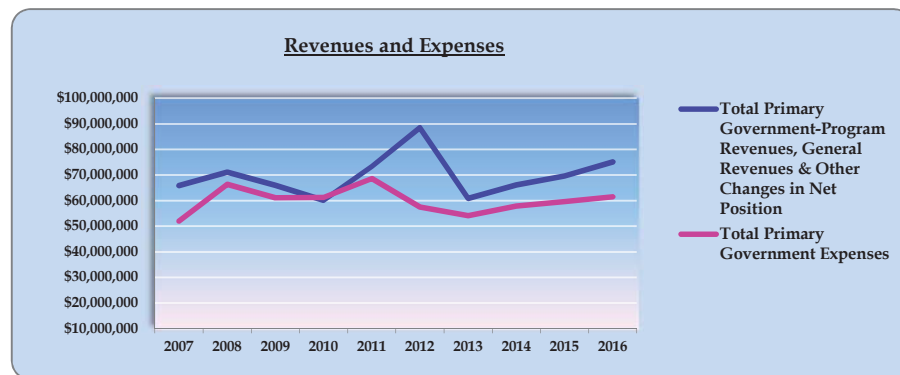
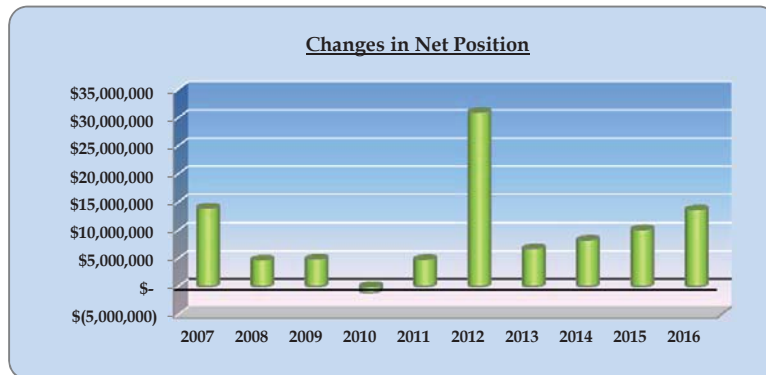
Changes in Net Position
June 30, 2016

Financial Trends:
Schedule 2

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses										
Governmental Activities										
General Government	6,857,574	8,145,031	6,507,831	6,353,156	8,845,324	7,386,399	6,332,057	8,057,304	8,896,023	7,567,067
Public Safety (4)	11,191,323	15,763,116	13,755,857	13,605,071	20,707,475	14,248,362	14,080,936	14,237,536	17,090,541	14,930,688
Public Works	9,723,201	12,332,849	10,717,616	10,635,694	10,789,784	10,809,670	10,920,198	11,638,045	10,784,753	14,469,169
Culture and Recreation	8,647,013	11,276,226	9,723,210	9,616,046	9,461,866	9,860,317	11,077,343	11,400,791	11,250,082	11,836,304
Community Development (5)	6,916,391	9,817,989	12,644,222	12,615,612	9,470,060	6,186,002	4,240,784	4,384,310	4,060,817	4,483,136
Interest on Long-Term Debt	5,070,401	5,037,500	3,710,590	4,020,241	4,481,135	2,971,231	1,229,193	1,219,698	850,924	913,633
Total Governmental Activities Expenses	48,405,903	62,372,711	57,059,325	56,845,819	63,755,644	51,461,981	47,880,511	50,937,684	52,933,140	54,199,997
Business-Type Activities										
Water	3,601,919	4,075,876	4,047,868	4,378,277	4,874,711	6,112,954	6,299,614	6,916,915	6,657,761	7,323,365
Total Business-Type Activities Expenses	3,601,919	4,075,876	4,047,868	4,378,277	4,874,711	6,112,954	6,299,614	6,916,915	6,657,761	7,323,365
Total Primary Government Expenses	52,007,822	66,448,587	61,107,193	61,224,096	68,630,355	57,574,935	54,180,125	57,854,599	59,590,901	61,523,362
Net Revenue (Expenses)										
Governmental Activities	(23,713,101)	(39,142,841)	(37,324,659)	(38,608,288)	(33,921,642)	(25,045,682)	(24,685,453)	(26,674,758)	(25,728,889)	(23,971,858)
Business-type Activities	279,196	407,269	304,279	(119,360)	60,938	(362,295)	333,533	1,129,704	1,507,884	323,760
Total Net Revenue (Expenses)	(23,433,905)	(38,735,572)	(37,020,380)	(38,727,648)	(33,860,704)	(25,407,977)	(24,351,920)	(25,545,054)	(24,221,005)	(23,648,098)
Changes in Net Position										
Governmental Activities	13,151,725	3,530,912	4,096,220	(1,043,505)	4,780,188	31,409,271	6,599,822	7,193,250	8,634,459	13,413,338
Business-type Activities	791,196	1,179,973	782,695	(36,806)	30,918	(435,373)	143,209	1,061,672	1,463,738	214,601
Changes in Net Position	\$ 13,942,921	\$ 4,710,885	\$ 4,878,915	\$ (1,080,311)	\$ 4,811,106	\$ 30,973,898	\$ 6,743,031	\$ 8,254,922	\$ 10,098,197	\$ 13,627,939

Notes:

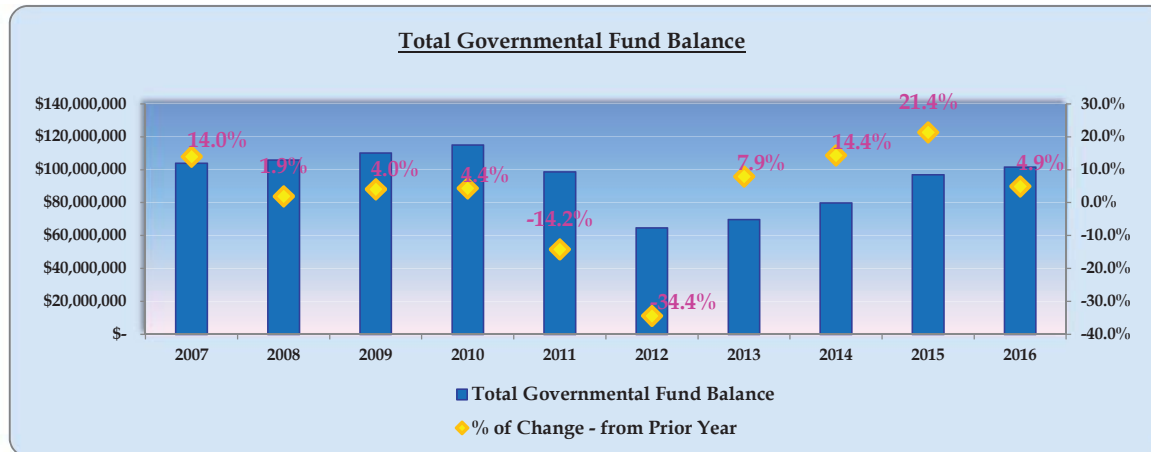
- (4) In fiscal year 2010-11, City paid off a \$ 7.1 million pension liability for safety employees.
 (5) Includes fiscal year 2005-06 transfer of Hamilton Avenue housing and park site from the Community Development Agency of the City to the developers.



Fund Balances - Governmental Funds
Last Ten Fiscal Years

Financial Trend:
Schedule 3

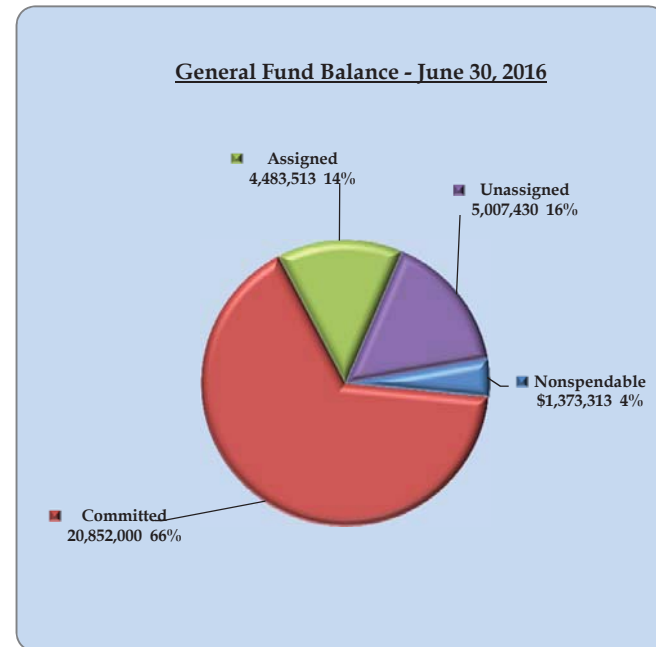
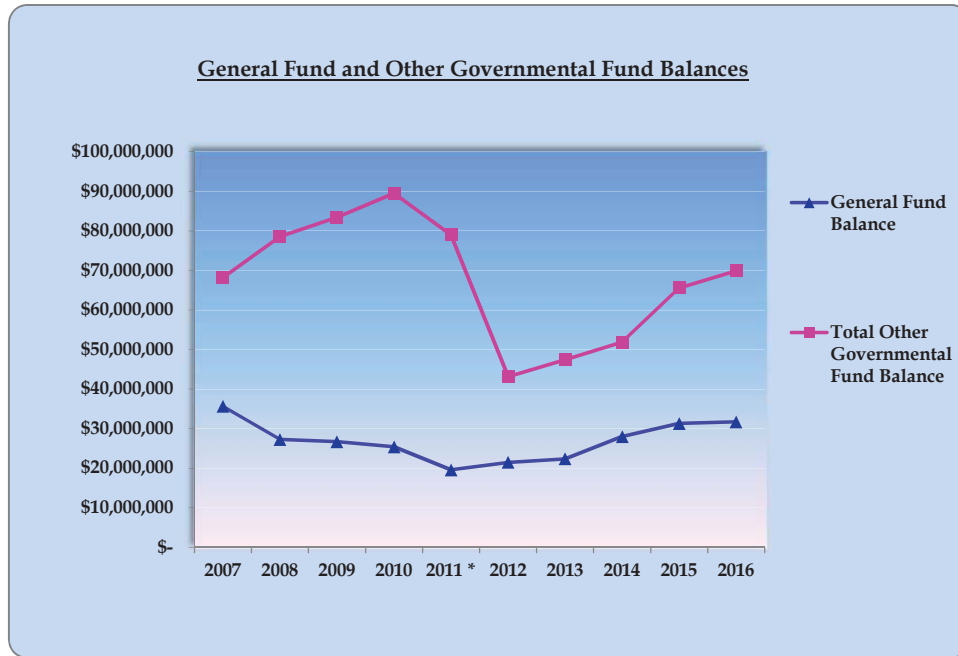
	2007	2008	2009	2010	2011 *	2012	2013	2014	2015	2016
General Fund										
Nonspendable	\$ 202,244	\$ -	\$ 1,529,495	\$ 1,196,456	\$ 1,435,026	\$ 2,227,593	\$ 1,005,376	\$ 1,076,587	\$ 1,072,888	\$ 1,373,313
Committed	3,000,000	3,000,000	3,000,000	3,000,000	14,000,000	14,000,000	14,000,000	16,240,000	15,930,000	20,852,000
Assigned	2,934,623	3,278,658	3,034,172	2,999,575	2,592,173	3,494,188	2,728,033	4,307,634	4,468,298	4,483,513
Unassigned	29,521,304	21,003,074	19,144,493	18,231,011	1,578,736	1,776,214	4,644,239	6,367,022	9,865,646	5,007,430
General Fund Balance	35,658,171	27,281,732	26,708,160	25,427,042	19,605,935	21,497,995	22,377,648	27,991,243	31,336,832	31,716,256
Other Governmental Funds										
Nonspendable	6,186,018	6,160,144	6,140,612	2,554,413	2,475,807	4,233,517	4,907,442	565	2,041	-
Restricted	10,581,508	10,759,071	12,184,002	12,630,096	76,633,611	38,934,347	42,501,844	21,704,829	30,573,722	37,295,730
Committed	-	-	-	-	-	-	-	14,350,759	17,888,242	12,594,224
Assigned	52,333,571	61,727,238	65,056,016	74,302,453	-	-	-	15,834,509	17,148,769	20,143,982
Unassigned	(880,527)	(94,386)	-	-	(105,083)	-	-	(54,106)	(63,823)	(121,456)
Total Other Governmental Fund Balance	68,220,570	78,552,067	83,380,630	89,486,962	79,004,335	43,167,864	47,409,286	51,836,556	65,548,951	69,912,480
Total Governmental Fund Balance	\$ 103,878,741	\$ 105,833,799	\$ 110,088,790	\$ 114,914,004	\$ 98,610,270	\$ 64,665,859	\$ 69,786,934	\$ 79,827,799	\$ 96,885,783	\$ 101,628,736
% of Change - from Prior Year	14.0%	1.9%	4.0%	4.4%	-14.2%	-34.4%	7.9%	14.4%	21.4%	4.9%



Source: City of Menlo Park

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

(Continued)



Source: City of Menlo Park

Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years

Financial Trends:
Schedule 4

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues										
Taxes										
Secured property taxes	\$ 18,597,314	\$ 21,081,671	\$ 22,050,255	\$ 21,912,423	\$ 21,810,655	\$ 12,258,233	\$ 14,854,925	\$ 14,081,491	\$ 15,400,581	\$ 16,927,658
Unsecured property taxes	1,337,681	1,752,345	1,817,213	1,422,317	1,577,479	404,916	351,099	384,686	414,466	466,089
Other property taxes	699,280	458,822	345,670	418,851	548,444	576,707	525,865	689,888	1,012,292	940,188
Sales taxes	6,799,561	7,676,943	6,865,152	5,499,244	5,988,055	5,938,310	6,043,870	6,444,292	6,527,498	5,425,088
Other Taxes(1)	4,664,247	5,878,652	5,214,176	5,940,486	6,774,780	7,530,245	8,007,960	9,085,311	9,729,062	11,054,349
Special assessments	2,537,408	2,661,078	2,894,276	2,824,098	2,818,829	2,862,076	2,831,235	3,131,099	2,938,371	2,618,490
Licenses and permits	3,657,542	4,376,750	3,208,028	3,069,990	3,586,374	4,093,978	4,845,041	6,222,575	5,562,806	6,372,725
Fines and forfeitures	897,568	951,145	1,105,836	1,028,825	953,194	1,067,328	998,259	1,253,261	1,346,449	1,349,853
Use of money and property	5,542,009	6,162,279	4,528,617	1,918,576	1,406,100	1,102,320	594,476	955,817	1,170,488	1,677,993
Intergovernmental	2,750,760	3,533,679	3,180,550	3,219,749	2,547,164	2,325,236	2,276,829	1,757,274	2,158,680	2,616,291
Charges for services	13,884,432	10,713,906	10,221,426	8,738,183	10,486,567	11,943,461	13,225,264	13,312,487	14,801,784	16,906,213
Other Revenues	372,534	702,342	186,473	334,959	234,550	270,567	202,137	141,434	234,380	331,756
Total Revenues	61,740,336	65,949,612	61,617,672	56,327,701	58,732,191	50,373,377	54,756,960	57,459,615	61,296,857	66,686,693
Expenditures										
Current										
General Government	5,938,008	6,168,001	6,372,271	6,442,817	6,209,988	4,545,864	5,204,412	5,567,633	6,297,514	5,521,808
Public Safety(2)	11,212,320	12,476,614	13,371,606	13,532,394	20,568,030	13,978,279	13,831,018	14,194,657	14,955,891	15,933,746
Public Works	7,387,498	7,774,129	7,991,160	7,768,455	7,929,428	7,886,059	8,174,802	8,130,751	9,795,903	11,352,894
Culture and Recreation	7,813,935	8,359,386	8,669,415	8,570,915	8,286,639	8,287,074	9,014,947	9,330,874	10,015,841	10,055,990
Rehabilitation Loans	-	-	-	-	-	-	-	-	-	-
Community Development	3,233,905	4,325,628	4,533,291	4,354,345	4,061,407	5,560,374	3,937,710	4,248,952	3,513,848	4,533,057
Urban Development and Housing	3,439,609	4,101,470	4,236,426	7,312,083	5,399,919	614,951	286,699	133,523	78,606	153,767
Capital Outlay	2,989,734	4,545,565	6,405,132	8,314,011	16,030,908	10,215,010	7,904,805	5,999,875	1,483,122	1,730,011
Capital Expenditures									2,483,647	8,589,250
Debt Service										
Principal(3)	475,000	2,115,000	2,215,000	2,305,000	2,420,000	2,570,000	760,000	620,000	1,000,000	1,055,000
Interest and Fiscal Charges(4)	3,768,661	4,868,947	3,540,575	3,581,456	4,295,839	4,254,712	1,255,585	1,230,855	862,315	931,400
Total Expenditures	46,258,670	54,734,740	57,334,876	62,181,476	75,202,158	57,912,323	50,369,978	49,457,120	50,486,687	59,856,923
Revenues over (under) Expenditures	15,481,666	11,214,872	4,282,796	(5,853,775)	(16,469,967)	(7,538,946)	4,386,982	8,002,495	10,810,170	6,829,770

Source: City of Menlo Park

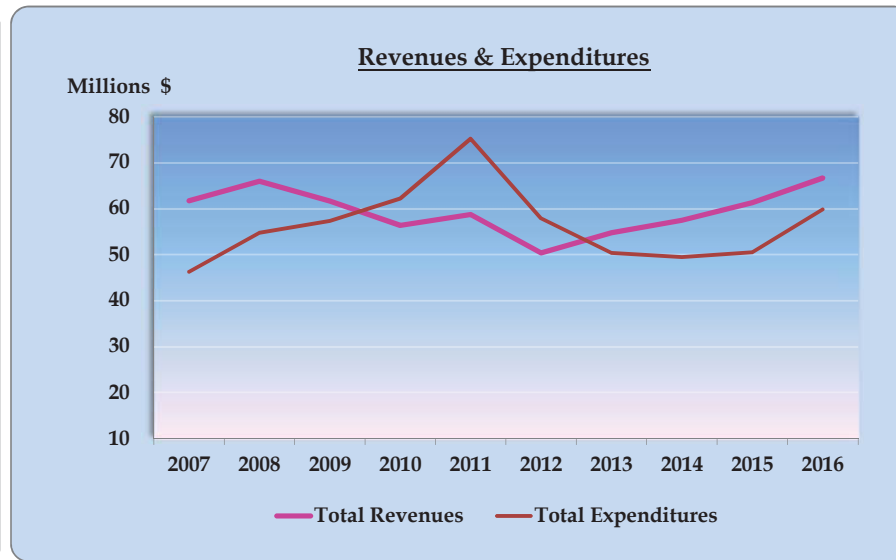
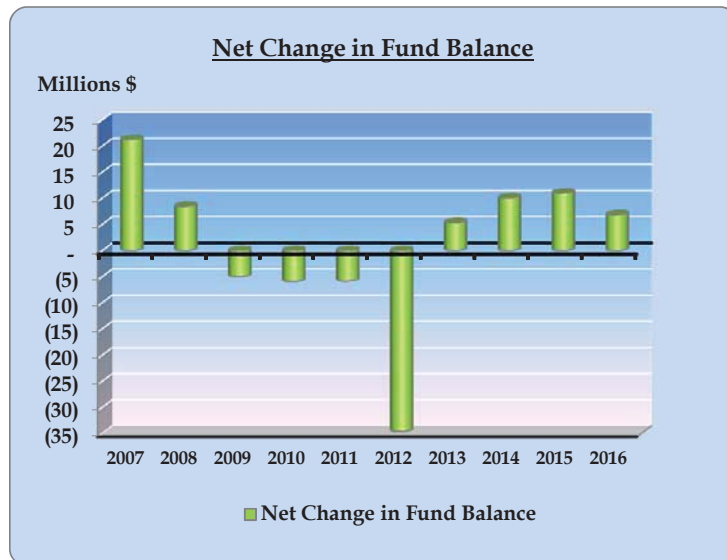
Notes:

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

(Continued)

Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Other Financing Sources (Uses)										
Transfer In	16,376,591	7,551,944	10,799,042	7,159,491	7,297,500	9,722,425	6,091,632	2,994,261	4,699,084	9,873,559
Transfer Out	(16,148,891)	(10,586,019)	(20,058,856)	(7,188,677)	(7,136,686)	(9,551,820)	(5,910,107)	(2,808,380)	(4,523,543)	(9,853,374)
Proceeds from Sale of Fixed/Capital Assets	3,985,446	282,503	-	1,381	3,204	-	766,855	1,080,667	-	-
Proceeds from Debt Issuance	72,430,000	-	-	-	10,440,000	9,830,000	-	-	-	-
Payment to Escrow Agent	(70,525,172)	-	-	-	-	(11,166,467)	-	-	-	-
Discount on Issuance of Debt	(336,800)	-	-	-	74,971	(73,725)	-	-	-	-
Total Other Financing Sources (Uses)	5,781,174	(2,751,572)	(9,259,814)	(27,805)	10,678,989	(1,239,587)	948,380	1,266,548	175,541	20,185
Extraordinary gain(loss)(6),(7)	-	-	-	-	-	(25,814,163)	-	771,822	-	-
Net Change in Fund Balance	\$ 21,262,840	\$ 8,463,300	\$ (4,977,018)	\$ (5,881,580)	\$ (5,790,978)	\$ (34,592,696)	\$ 5,335,362	\$ 10,040,865	\$ 10,985,711	\$ 6,849,955
% of Change	-412.8%	-60.2%	-158.8%	18.2%	-1.5%	497.4%	-115.4%	88.2%	9.4%	-37.6%
Capital Expenditures										
Debt Service as Percentage of Non-Capital Expenditures	9.8%	13.9%	11.3%	10.9%	11.3%	14.3%	4.7%	4.3%	3.9%	3.9%



Source: City of Menlo Park

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

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

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

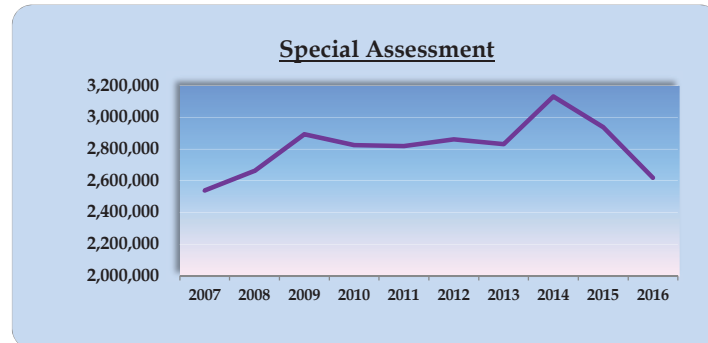
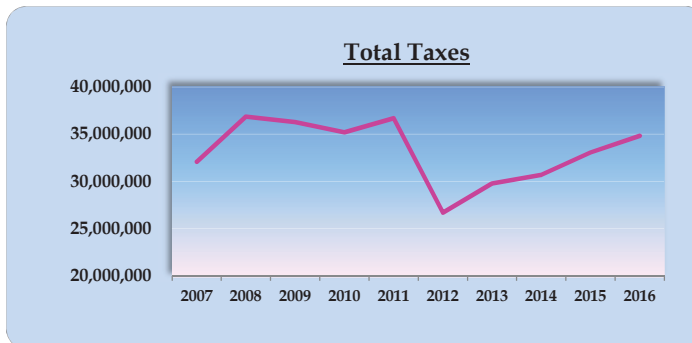
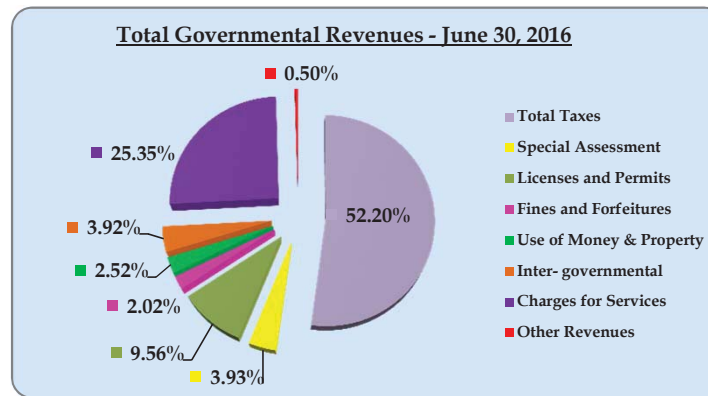
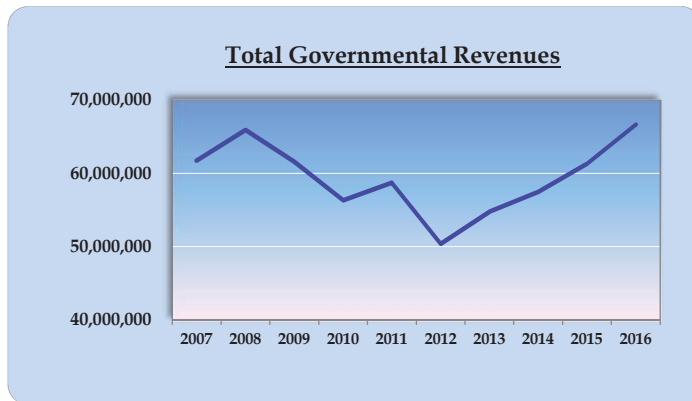
Revenue Capacity:
Schedule 5

Fiscal Year Ending June 30	Total Taxes	Special Assessment	Licenses and Permits	Fines and Forfeitures	Use of Money & Property	Inter- governmental	Charges for Services	Other Revenues	Total Governmental Revenues
2007	32,098,083	2,537,408	3,657,542	897,568	5,542,009	2,750,760	13,884,432	372,534	61,740,336
2008	36,848,433	2,661,078	4,376,750	951,145	6,162,279	3,533,679	10,713,906	702,342	65,949,612
2009	36,292,466	2,894,276	3,208,028	1,105,836	4,528,617	3,180,550	10,221,426	186,473	61,617,672
2010	35,193,321	2,824,098	3,069,990	1,028,825	1,918,576	3,219,749	8,738,183	334,959	56,327,701
2011	36,699,413	2,818,829	3,586,374	953,194	1,406,100	2,547,164	10,486,567	234,550	58,732,191
2012	26,708,411	2,862,076	4,093,978	1,067,328	1,102,320	2,325,236	11,943,461	270,567	50,373,377
2013	29,783,719	2,831,235	4,845,041	998,259	594,476	2,276,829	13,225,264	202,137	54,756,960
2014	30,685,668	3,131,099	6,222,575	1,253,261	955,817	1,757,274	13,312,487	141,434	57,459,615
2015	33,083,899	2,938,371	5,562,806	1,346,449	1,170,488	2,158,680	14,801,784	234,380	61,296,857
2016	34,813,372	2,618,490	6,372,725	1,349,853	1,677,993	2,616,291	16,906,213	331,756	66,686,693

Source: City of Menlo Park

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

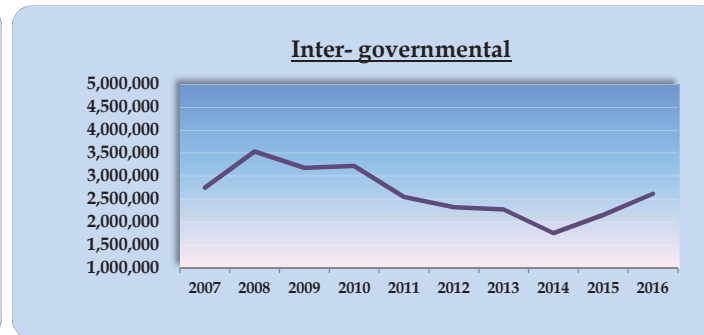
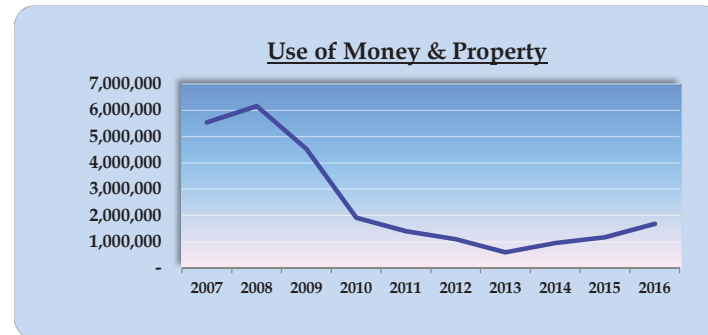
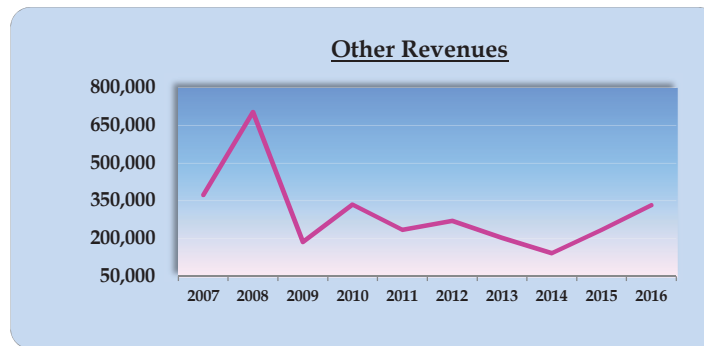
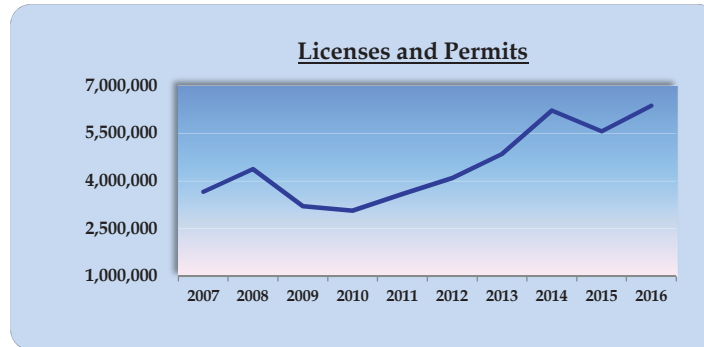
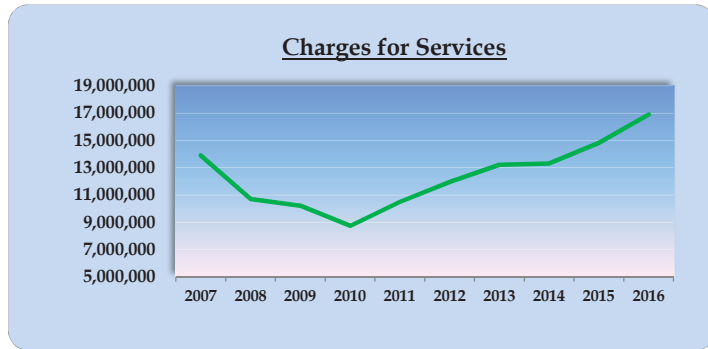
⁽²⁾ In fiscal year 2006, Property Taxes in lieu of Motor Vehicle License Fees were reclassified from Intergovernmental to Property Taxes.



(Continued)

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

Revenue Capacity:
Schedule 5



Source: City of Menlo Park

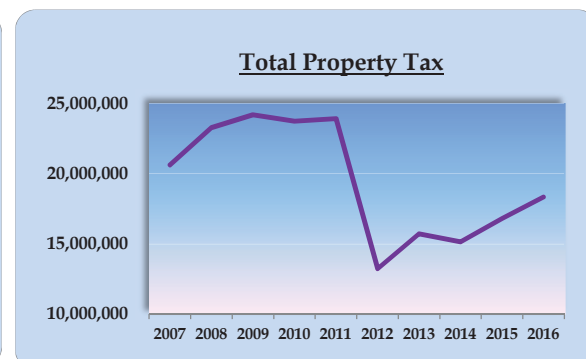
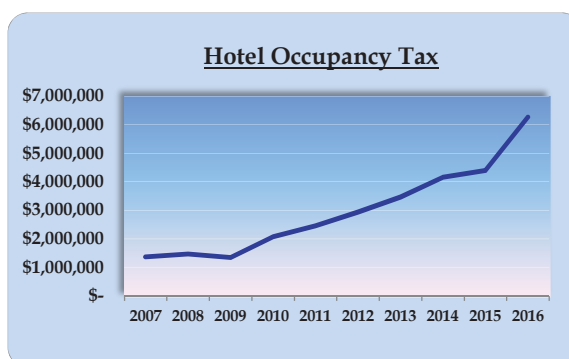
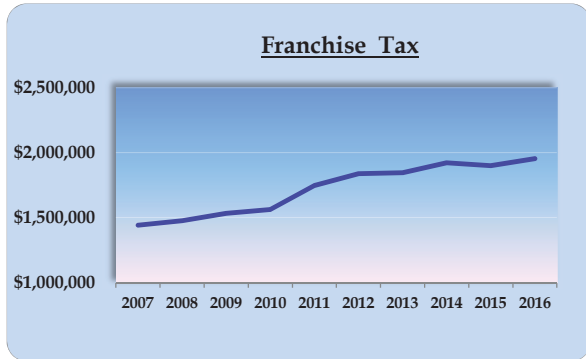
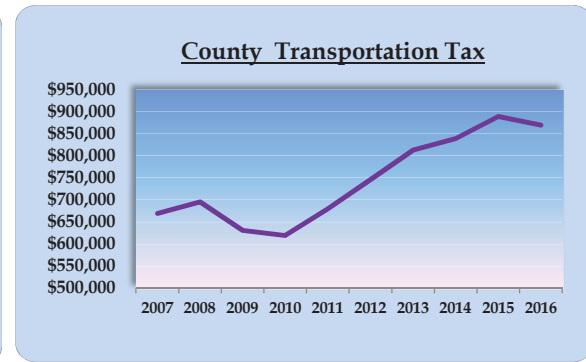
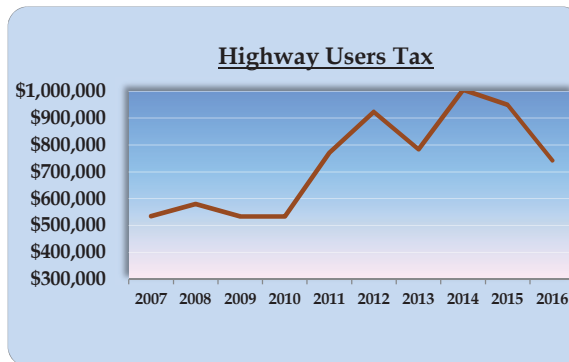
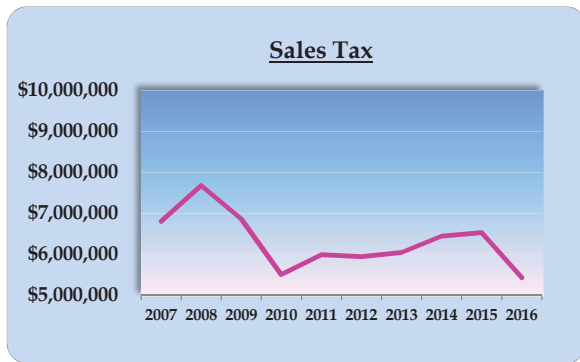
Governmental Funds Tax Revenue by Type
Last Ten Fiscal Years

Revenue Capacity:
Schedule 6

Fiscal Year Ending June 30	Highway	County	Franchise Tax	Hotel Occupancy Tax	Utility Users Tax (1)	Property Tax				Total Property Tax	Total Governmental Funds
	Sales Tax	Transportation Tax				Secured	Unsecured	Transfer Tax	Other		
2007	6,799,561	534,699	1,442,686	1,375,914	641,668	18,597,314	1,337,681	588,158	111,122	20,634,275	32,098,083
2008	7,676,943	580,220	1,477,768	1,474,119	1,651,479	21,081,671	1,752,345	386,206	72,616	23,292,838	36,848,433
2009	6,865,152	533,784	630,996	1,351,578	1,162,595	22,050,255	1,817,213	278,290	67,380	24,213,138	36,292,466
2010	5,499,244	533,444	618,996	1,565,106	2,074,486	21,912,423	1,422,317	329,368	89,483	23,753,591	35,193,321
2011	5,988,055	770,967	679,286	1,747,605	2,453,981	21,810,655	1,577,479	457,701	90,743	23,936,578	36,699,412
2012	5,938,310	923,796	746,187	1,840,351	2,939,475	1,080,436	12,258,233	404,916	501,161	13,239,856	26,708,411
2013	6,043,870	783,719	812,249	1,848,480	3,468,256	1,095,256	14,854,925	351,099	460,683	15,731,889	29,783,719
2014	6,444,292	1,006,294	838,318	1,924,237	4,158,809	1,157,653	14,081,491	384,686	627,644	15,156,065	30,685,668
2015	6,527,498	950,205	888,189	1,900,746	4,394,156	1,187,020	15,400,581	414,466	947,710	16,827,339	32,675,153
2016	5,425,088	742,292	869,128	1,954,461	6,268,171	1,220,297	16,927,658	466,089	908,782	18,333,935	34,813,372

Source: City of Menlo Park and County of San Mateo

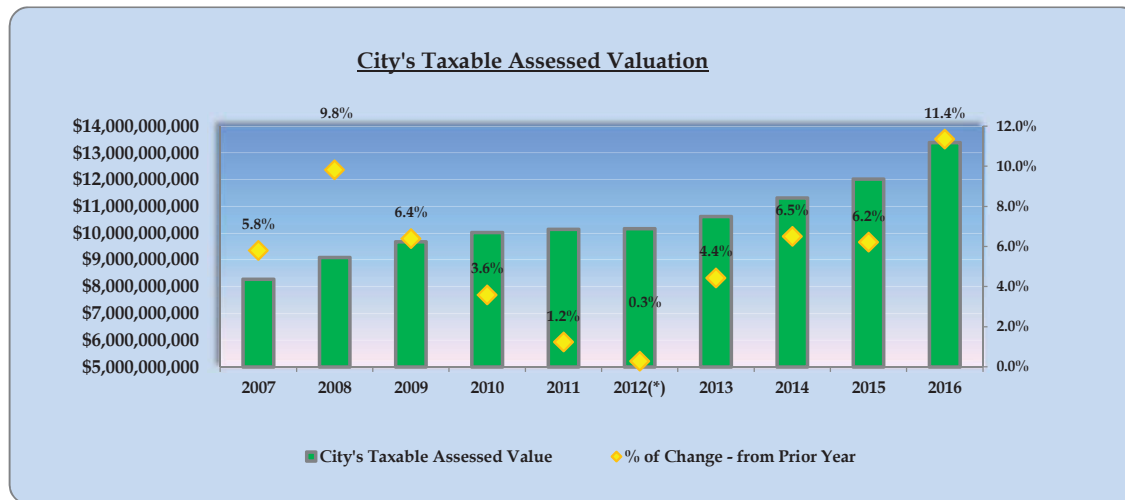
(1) City implemented Utility Users Tax in April 2007



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

Revenue Capacity:
Schedule 7

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Secured</u>	<u>Unsecured</u>	<u>Less</u> <u>Exemptions</u>	<u>City's Taxable</u> <u>Assessed Value</u>	<u>% of Change -</u> <u>from Prior Year</u>	<u>Total Direct</u> <u>Tax Rate</u>
2007	7,919,201,296	544,875,879	(189,778,409)	8,274,298,766	5.8%	0.240%
2008	8,613,253,093	684,419,419	(210,102,184)	9,087,570,328	9.8%	0.240%
2009	9,144,410,123	745,589,266	(220,706,897)	9,669,292,492	6.4%	0.240%
2010	9,525,325,520	733,413,542	(242,215,879)	10,016,523,183	3.6%	0.240%
2011	9,632,437,282	741,119,897	(234,843,253)	10,140,348,118	1.2%	0.240%
2012(*)	9,701,542,385	712,158,100	(244,456,426)	10,169,244,059	0.3%	0.240%
2013	10,059,424,137	819,698,175	(258,752,495)	10,620,369,817	4.4%	0.240%
2014	10,793,653,677	809,314,081	(291,016,106)	11,311,951,652	6.5%	0.240%
2015	11,505,930,742	814,834,786	(305,046,407)	12,015,719,121	6.2%	0.240%
2016	12,752,897,442	927,792,380	(300,228,143)	13,380,461,679	11.4%	0.106%



Source: County of San Mateo

Notes:

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

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

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Debt Capacity:
Schedule 8

(Per \$1,000 Assessed Valuation)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
City Direct Rates (1)	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0011
Overlapping Rates (2)										
San Mateo County	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Menlo Park Elementary	0.0416	0.0384	0.0399	0.0390	0.0410	0.0413	0.0402	0.0381	0.0486	0.0393
San Mateo Junior College	0.0184	0.0171	0.0165	0.0182	0.0193	0.0199	0.0194	0.0194	0.0190	0.0250
Menlo Park Debt Service	0.0052	0.0047	0.0048	0.0046	0.0042	0.0041	0.0038	0.0026	0.0025	-
Menlo Park Parks & Rec Bond	0.0132	0.0140	0.0141	0.0127	0.0127	0.0126	0.0118	0.0144	0.0115	0.0102
Sequoia Union High School District	0.0208	0.0205	0.0282	0.0277	0.0311	0.0358	0.0356	0.0313	0.0433	0.0434
Midpeninsula Reg Open	-	-	-	-	-	-	-	-	-	0.0008
Total Overlapping Rates	<u>1.0992</u>	<u>1.0947</u>	<u>1.1035</u>	<u>1.1022</u>	<u>1.1083</u>	<u>1.1137</u>	<u>1.1108</u>	<u>1.1058</u>	<u>1.1249</u>	<u>1.1187</u>
Total Direct and Overlapping Rates	<u>1.1016</u>	<u>1.0971</u>	<u>1.1059</u>	<u>1.1046</u>	<u>1.1107</u>	<u>1.1161</u>	<u>1.1132</u>	<u>1.1082</u>	<u>1.1273</u>	<u>1.1198</u>
% of Change - from Prior Year	3.1%	-0.4%	0.8%	-0.1%	0.6%	0.5%	-0.3%	-0.4%	1.7%	-0.7%



Source:

(1) County of San Mateo, Property Taxes

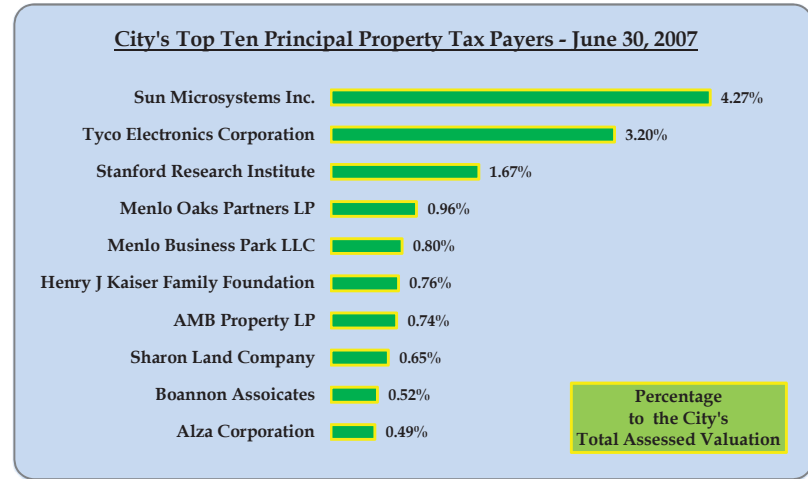
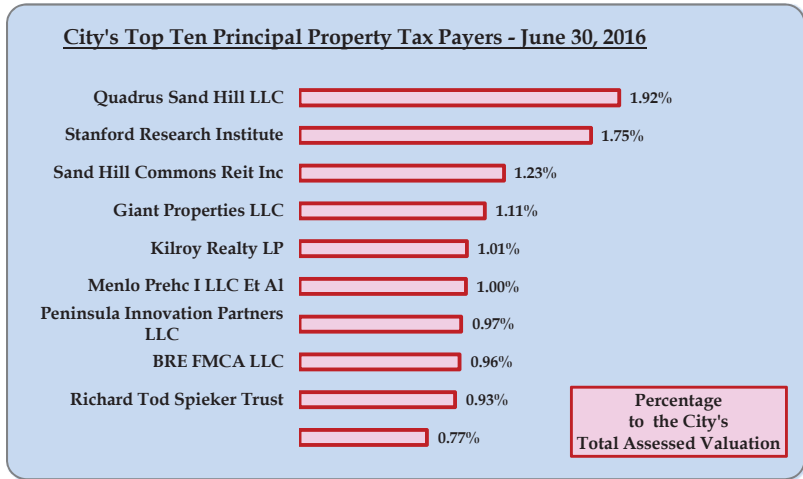
(2) County of San Mateo, Tax Rate Book, Code 08-004

Principal Property Tax Payers
Current Fiscal Year and Ten Years Prior

Debt Capacity:
Schedule 9

FY 2015-2016				
<u>Property Owner</u>	<u>Rank</u>	<u>Taxable Assessed Value</u>	<u>Ratio to Total City's Assessed Valuation</u>	
Facebook Inc.	1	\$ 257,922,470	1.92%	
Quadrus Sand Hill LLC	2	235,077,713	1.75%	
Stanford Research Institute	3	164,847,161	1.23%	
Sand Hill Commons Reit Inc	4	149,524,704	1.11%	
Giant Properties LLC	5	135,042,133	1.01%	
Kilroy Realty LP	6	134,282,024	1.00%	
Menlo Prehc I LLC Et Al	7	130,500,528	0.97%	
Peninsula Innovation Partners LLC	8	129,131,945	0.96%	
BRE FMCA LLC	9	125,457,540	0.93%	
Richard Tod Spieker Trust	10	102,863,189	0.77%	
Total Top 10 Taxpayers' Totals		\$ 1,564,649,407	11.66%	
City's Total Assessed Valuation		\$ 13,420,964,589	100%	

FY 2006-2007				
<u>Property Owner</u>	<u>Rank</u>	<u>Taxable Assessed Value</u>	<u>Ratio to Total City's Assessed Valuation</u>	
Sun Microsystems Inc.	1	\$ 355,306,777	4.27%	
Tyco Electronics Corporation	2	265,794,098	3.20%	
Stanford Research Institute	3	138,651,818	1.67%	
Menlo Oaks Partners LP	4	80,248,834	0.96%	
Menlo Business Park LLC	5	66,470,757	0.80%	
Henry J Kaiser Family Foundati	6	63,253,187	0.76%	
AMB Property LP	7	61,411,902	0.74%	
Sharon Land Company	8	53,840,533	0.65%	
Boannon Assoiates	9	43,399,107	0.52%	
Alza Corporation	10	41,144,873	0.49%	
Total Top 10 Taxpayers' Totals		\$ 1,169,521,886	14.06%	
City's Total Assessed Valuation		\$ 8,317,035,365	100%	



Source:
San Mateo County Tax Roll
California Municipal Statistics Inc

Property Tax Levies and Collections
Last Ten Fiscal Years

Debt Capacity:
Schedule 10

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Property Tax</u> <u>Levies</u>	<u>Property Tax</u> <u>Collections</u>	<u>Percentage</u> <u>of Collections</u>	<u>Subsequent</u> <u>Year Collections</u>	<u>Total</u> <u>Collections</u>	<u>Percentage</u> <u>of Collections</u>
2007	20,634,275	20,634,275	100.00%	-	20,634,275	100%
2008	23,292,838	23,292,838	100.00%	-	23,292,838	100%
2009	24,213,138	24,213,138	100.00%	-	24,213,138	100%
2010	23,753,591	23,753,591	100.00%	-	23,753,591	100%
2011	23,936,578	23,936,578	100.00%	-	23,936,578	100%
2012 (*)	13,239,856	13,239,856	100.00%	-	13,239,856	100%
2013(**)	15,731,889	15,731,889	100.00%	-	15,731,889	100%
2014	15,156,065	15,156,065	100.00%	-	15,156,065	100%
2015	16,824,725	16,824,725	100.00%	-	16,824,725	100%
2016	18,333,935	18,333,935	100.00%	-	18,333,935	100%



Source:

County of San Mateo, Estimated Property Tax Revenue and Estimated Tax Increment Revenue
City of Menlo Park

Notes:

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

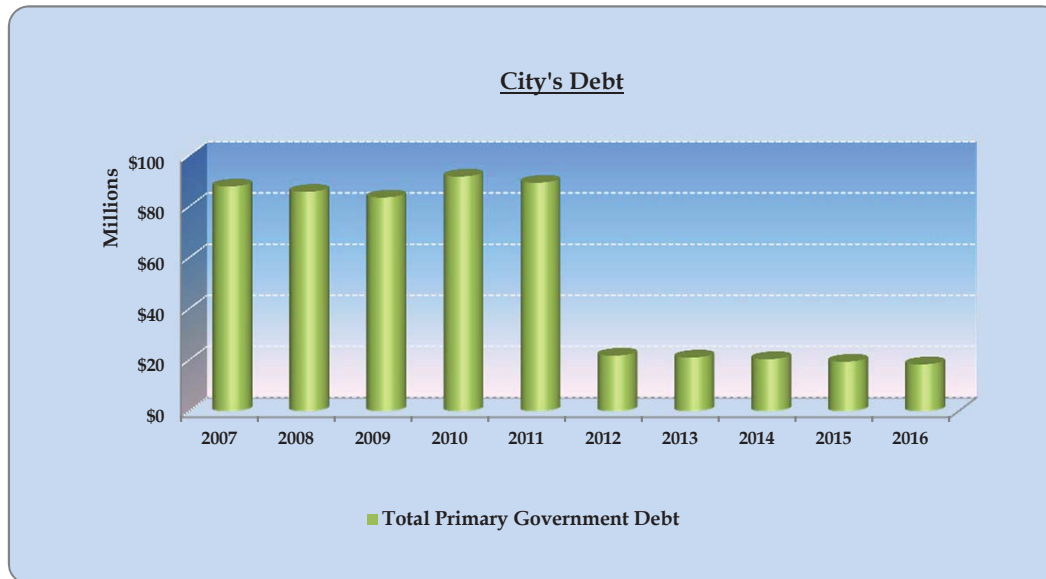
The last year of such tax increment received was in 2010-11.

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

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Debt Capacity:
Schedule 11

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>General Obligation</u> <u>Bonds</u> ⁽¹⁾	<u>Tax Allocation</u> <u>Bonds</u> ⁽⁴⁾	<u>Total Primary</u> <u>Government Debt</u>	<u>Percentage of</u> <u>Personal Income</u> ⁽⁷⁾	<u>Outstanding Debt</u> <u>Per Capita</u> ⁽⁸⁾
2007	15,575,000	72,430,000	88,005,000	4.02%	2,825.56
2008	15,070,000	70,820,000	85,890,000	4.17%	2,728
2009	14,535,000	69,140,000	83,675,000	3.94%	2,626
2010	24,487,472 ⁽²⁾	67,395,000	91,882,472	4.10%	2,853
2011	23,874,973	65,585,000	89,459,973	not available	2,760
2012	21,775,595 ⁽³⁾	- ⁽⁶⁾	21,775,595	not available	672
2013	21,016,779	-	21,016,779	not available	639
2014	20,397,966	-	20,397,966	not available	617
2015	19,399,153	-	19,399,153	not available	582.40
2016	18,345,340	-	18,345,340	not available	548.46



Source: City of Menlo Park

Notes:

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

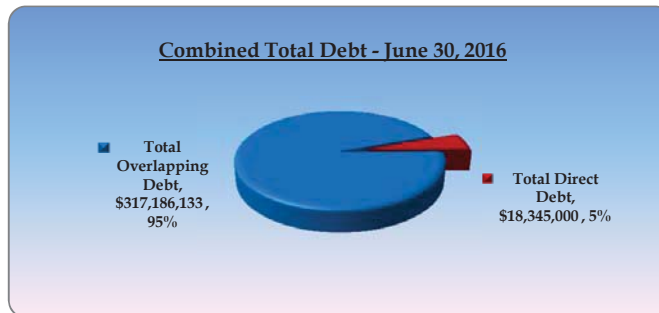
Direct and Overlapping Debt
June 30, 2016

Debt Capacity:
Schedule 12

Fiscal year 2015-16

City Assessed Valuation ⁽¹⁾ \$ 13,420,964,589

	Outstanding Debt 6/30/2016	Percentage Applicable ⁽¹⁾	Estimated Share of Overlapping Debt	Ratio to City's Assessed Valuation
Direct and Overlapping Tax and Assessment Debt				
San Mateo Community College District	\$ 644,384,027	7.525%	\$ 48,489,898	0.36%
Sequoia Union High School District	419,320,000	17.932%	75,192,462	0.56%
Las Lomas School District	41,360,000	37.112%	15,349,523	0.11%
Menlo Park City School District	121,872,155	60.936%	74,264,016	0.55%
Ravenswood School District	7,410,000	43.775%	3,243,728	0.02%
Redwood City School District	31,768,206	2.240%	728,763	0.01%
Midpeninsula Regional Park District	45,000,000	5.952%	2,678,400	0.02%
City of Menlo Park	18,345,000	100%	18,345,000	0.14%
Total Direct and Overlapping tax and Assessment Debt			\$ 238,291,790	1.78%
Overlapping General Fund Debt				
San Mateo County General Fund Obligations	\$ 432,359,816	7.273%	\$ 32,535,076	0.24%
San Mateo County Board of Education Certificates of Participation	9,890,000	7.273%	744,223	0.01%
Midpeninsula Regional Park District Certificates of Participation	122,305,886	5.872%	7,279,646	0.05%
Menlo Park Fire Protection District Certification of Participation	11,015,000	46.364%	5,175,398	0.04%
Total Overlapping General Fund Debt			\$ 45,734,343	0.34%
Overlapping Tax Increment Debt - Successor Agency	51,505,000	100%	\$ 51,505,000	0.38%
Total Direct Debt			\$ 18,345,000	0.14%
Total Overlapping Debt			\$ 317,186,133	2.36%
Combined Total Debt (2)			\$ 335,531,133	2.50%



Source: California Municipal Statistics, Inc.

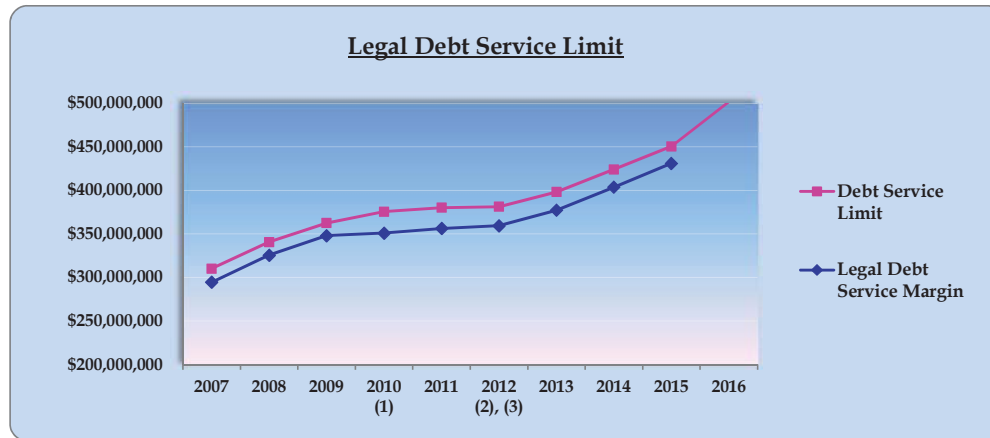
(1) The percentage of overlapping debt applicable to the City is estimated using taxable assessed property value.

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

Legal Debt Service Margin Information
Last Ten Fiscal Years

Debt Capacity
Schedule 13

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010 (1)</u>	<u>2011</u>	<u>2012 (2), (3)</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
City's Taxable Assessed Valuation	\$ 8,274,298,766	\$ 9,087,570,328	\$ 9,669,292,492	\$ 10,016,523,183	\$ 10,140,348,118	\$ 10,169,244,059	\$ 10,620,369,817	\$ 11,311,951,652	\$ 12,015,719,121	\$ 13,380,461,679
Conversion Percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted Assessed Valuation	2,068,574,692	2,271,892,582	2,417,323,123	2,504,130,796	2,535,087,030	2,542,311,015	2,655,092,454	2,827,987,913	3,003,929,780	3,345,115,420
Debt Service Limit Percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt Service Limit	310,286,204	340,783,887	362,598,468	375,619,619	380,263,054	381,346,652	398,263,868	424,198,187	450,589,467	501,767,313
Less:										
General Obligation Bonds	<u>15,575,000</u>	<u>15,070,000</u>	<u>14,535,000</u>	<u>24,487,472</u>	<u>23,874,973</u>	<u>21,775,595</u>	<u>21,016,779</u>	<u>20,397,966</u>	<u>19,399,153</u>	<u>18,345,340</u>
Legal Debt Service Margin	\$ 294,711,204	\$ 325,713,887	\$ 348,063,468	\$ 351,132,147	\$ 356,388,081	\$ 359,571,057	\$ 377,247,089	\$ 403,800,221	\$ 431,190,314	\$ 483,421,973
Legal Debt Service Margin as a Percentage of Debt Service Limit	<u>95.0%</u>	<u>95.6%</u>	<u>96.0%</u>	<u>93.5%</u>	<u>93.7%</u>	<u>94.3%</u>	<u>94.7%</u>	<u>95.2%</u>	<u>95.7%</u>	<u>96.3%</u>



Source: County of San Mateo, Assessed Valuation Reports

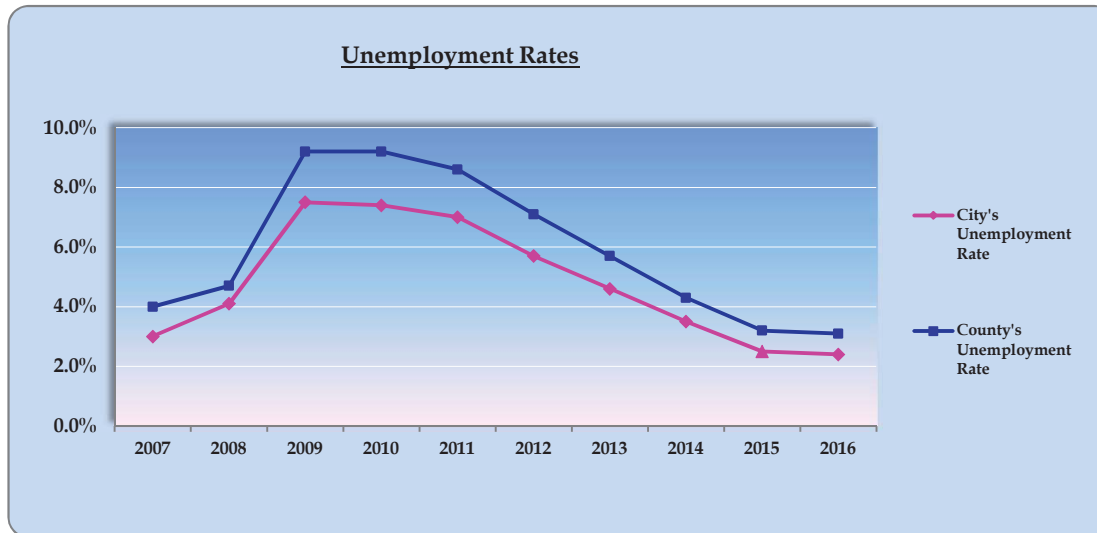
Notes:

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

Demographic and Economic Statistics
Last Ten Fiscal Years

Demographic and
Economic
Information:
Schedule 14

<u>Calendar Year</u>	<u>City's Population</u>	<u>City's Unemployment Rate</u>	<u>County's Unemployment Rate</u>	<u>Personal Income Per Capita</u>	<u>K-12 Public School Enrollments</u>
2007	31,146	3.0%	4.0%	72,941	4,177
2008	31,490	4.1%	4.7%	70,211	4,297
2009	31,865	7.5%	9.2%	65,414	4,498
2010	32,206	7.4%	9.2%	66,629	4,477
2011	32,412	7.0%	8.6%	69,577	4,678
2012	32,412	5.7%	7.1%	not available	4,719
2013	32,881	4.6%	5.7%	not available	4,835
2014	33,071	3.5%	4.3%	67,072	4,976
2015	33,309	2.5%	3.2%	69,802	5,062
2016	33,449	2.4%	3.1%	69,802	5,218



Source:

U.S. Census Bureau, Quickfacts.Census.gov, Population 2014 Estimate

U.S. Department of Commerce, bea.gov, CA1-3 Personal Income Summary, County of San Mateo Per capita personal income 2008-2014

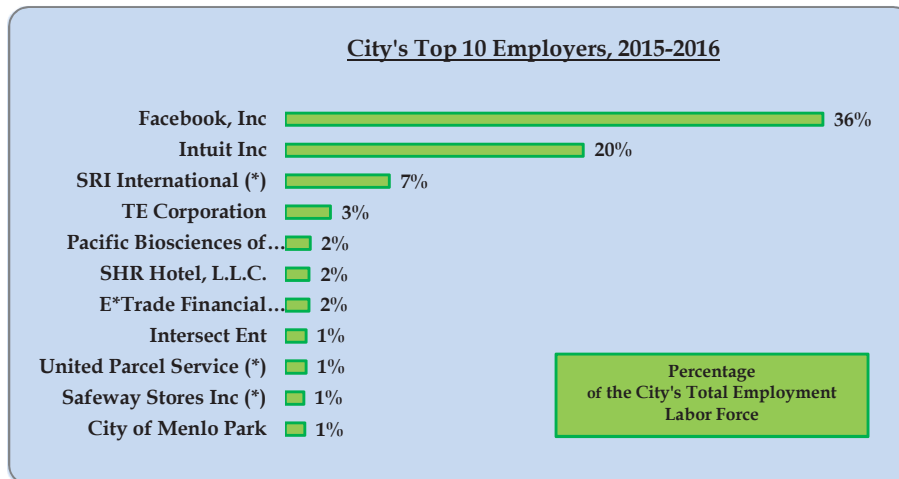
California Department of Education, Data Quest/Enrollment over time, school year 2014-15 Menlo Park Elementary Schools K-12 and Menlo Atherton High School

California Labor Market Information, EDD, labormarketinfo.edd.ca.gov, October 2015

Principal Employers
Current Fiscal Year and Ten Years Prior

Demographic
Economic
Information:
Schedule 15

<u>City's Principal Employers</u>	2015-2016			2006-2007	
	<u>Rank</u>	<u>Total Employees</u>	<u>Percentage of Total City's Labor Force</u>	<u>Total Employees</u>	<u>Percentage of Total City's Labor Force</u>
Facebook, Inc	1	7,091	36%	n/a	n/a
Intuit Inc	2	3,931	20%	n/a	n/a
SRI International (*)	3	1,373	7%	1,200	8%
TE Corporation	4	597	3%	1,040	7%
Pacific Biosciences of California	5	330	2%	n/a	n/a
SHR Hotel, L.L.C.	6	315	2%	n/a	n/a
E*Trade Financial Corporation	7	313	2%	239	2%
Intersect Ent	8	275	1%	n/a	n/a
United Parcel Service (*)	9	274	1%	244	n/a
Safeway Stores Inc (*)	9	245	1%	n/a	n/a
City of Menlo Park	10	259	1%	234	n/a
Top 10 Employers		15,003	77%	2,957	17%
Total Employment of the City's Labor Force		19,500	100%	15,400	100%



Source:

City of Menlo Park, Finance, Business License, calendar year, non-profit organizations' data is not available

State of California, Employment Development Department, Labor Force Report, Unemployment Rates/Labor Force, June 2004, 2013

Notes:

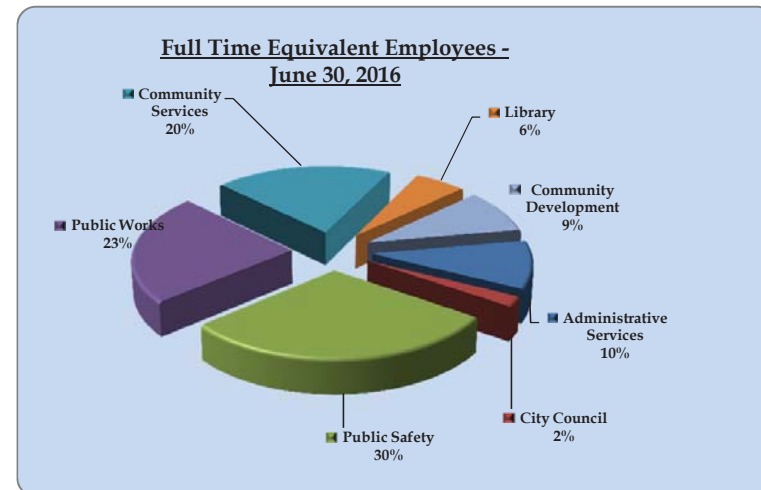
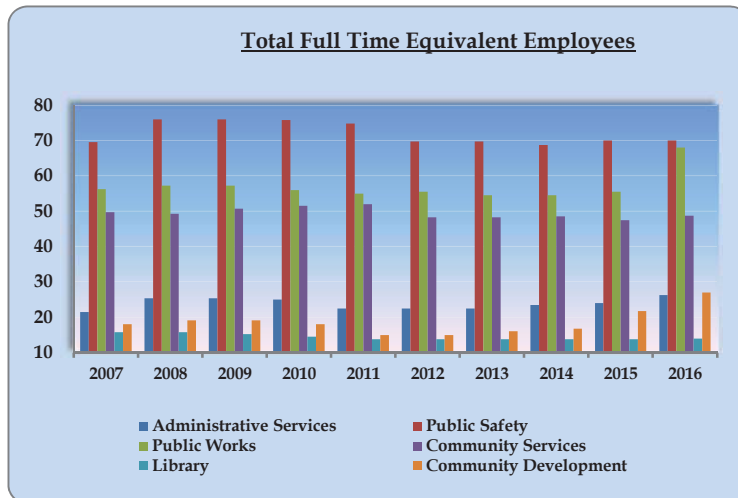
(*) Reflect 2014-15 data, updates not available

n/a Not Available

Full Time Equivalent City Employees by Function
Last Ten Fiscal Years

Demographic and
Economic
Information:
Schedule 16

<u>FTE by Department</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Administrative Services	21.50	25.35	25.35	25.00	22.50	22.50	22.50	23.50	24.00	26.25
City Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Public Safety	69.50	76.00	76.00	75.75	74.75	69.75 ⁽¹⁾	69.75	68.75	70.00	70.00
Public Works	56.25	57.25	57.25	56.00	55.00	55.50	54.50	54.50	55.50	68.00
Community Services	49.75	49.25	50.75	51.50	52.00	48.25 ⁽²⁾	48.25	48.50	47.50	48.75
Library	15.75	15.75	15.25	14.50	13.75	13.75	13.75	13.75	13.75	14.00
Community Development	18.00	19.15	19.15	18.00	15.00	15.00	16.00	16.75	21.75	27.00
Total Full Time Equivalent Employees	235.75	247.75	248.75	245.75	238.00	229.75	229.75	230.75	237.50	259.00



Source: City of Menlo Park, Human Resources

Remarks:

⁽¹⁾ Reduction of 5.0 FTE includes the loss of the San Carlos dispatch contract, which resulted in the elimination of 4 FTE's for dispatch

⁽²⁾ Reduction of 3.0 FTE Housing Division during fiscal year 2011-12

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Operating Indicators by Demand Level of Service, by Function/Program
Last Ten Fiscal Years

Operating Information:
Schedule 17

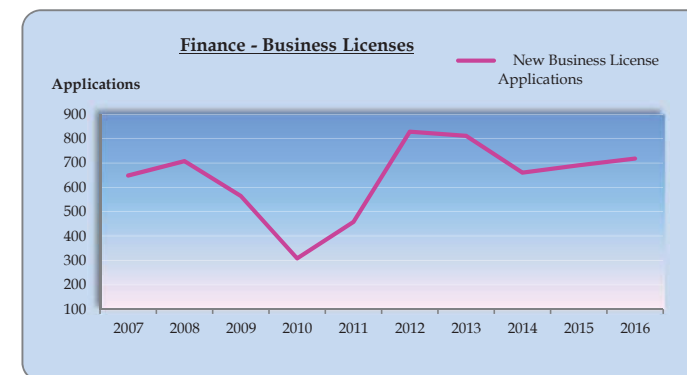
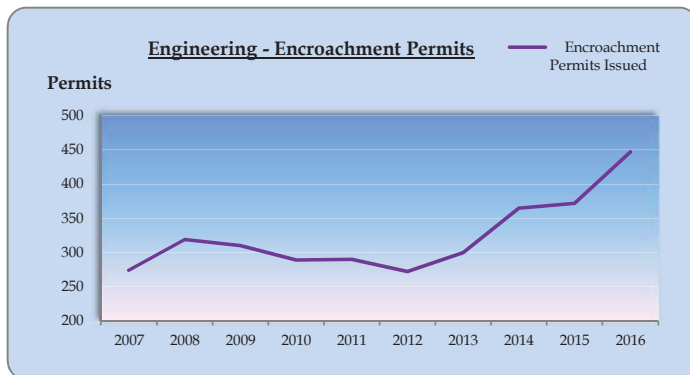
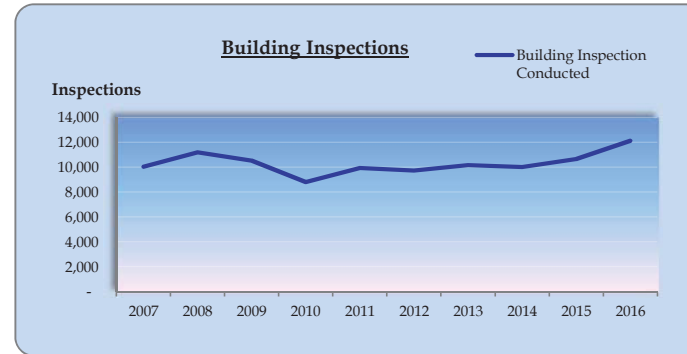
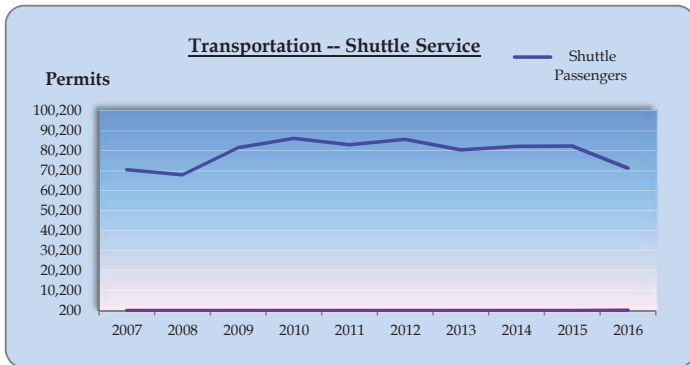
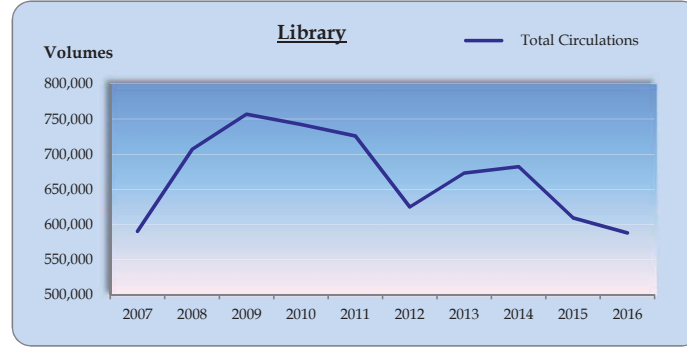
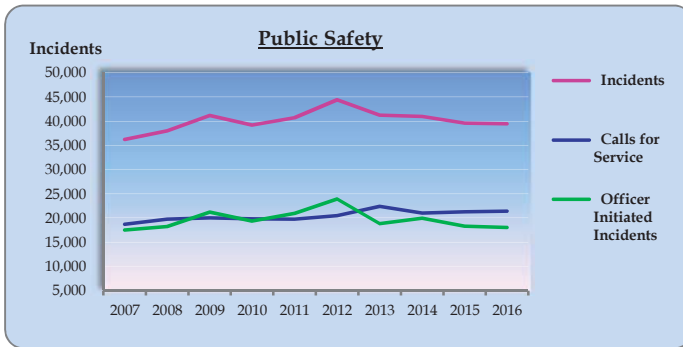
		Fiscal Year Ending June 30, _____									
<u>FUNCTION/PROGRAM</u>		<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Public Safety	Incidents	36,206	37,997	41,200	39,217	40,675	44,405	41,206	40,964	39,605	39,456
	Calls for Service	18,721	19,736	20,015	19,840	19,752	20,469	22,383	21,021	21,293	21,384
	Officer Initiated Incidents	17,485	18,261	21,185	19,377	20,923	23,936	18,823	19,943	18,312	18,072
Public Works	<u>Transportation:</u>										
	Shuttle Passengers(1)	70,712	68,201	81,837	86,503	83,246	86,004	80,774	82,420	82,663	71,597
	<u>Engineering:</u>										
	Encroachment Permits Issued	274	319	310	289	290	272	300	365	372	447
Culture and Recreation	<u>Parks and recreation:</u>										
	Number of Activity Hours Provided (2)	21,902	119,674	37,869	48,270	37,964	1,662,457	2,403,979	3,095,612	3,312,426	3,354,773 (5)
	Number of Recreational Activities Participants (3)	42,424	237,968	61,514	64,762	88,032	706,830	931,490	1,119,365	1,196,406	981,761 (6)
	<u>Library:</u>										
	Books Volumes held	142,735	149,927	151,650	146,429	146,356	150,017	157,155	165,118	167,970	149,524
	Video/DVD held	11,092	15,148	14,989	13,688	14,262	14,728	13,348	16,704	17,344	17,556
	Books Volumes added	9,587	7,613	15,162	9,826	9,587	9,239	11,183	10,966	10,202	8,760
Total Circulations	590,261	707,073	756,808	742,555	726,189	624,699	672,967	682,381	609,387	587,909	
Community Development	<u>Building Permits Issued:</u>										
	Residential Buildings - Count	745	787	652	667	733	655	728	717	734	900
	Residential -Value (\$1000s)	70,643	84,006	51,761	42,033	49,618	44,545	64,932	65,386	118,952	215,219
	Commercial Buildings - Count	185	170	187	160	202	231	229	180	187	174
	Commercial -Value (\$1000s)	112,118	73,820	42,435	32,419	46,756	78,055	61,201	238,585	282,621	151,139
	Accessory Buildings - Count	99	99	74	87	85	73	100	91	90	138
	Accessory -Value (\$1000s)	1,290	2,337	1,039	1,188	1,812	1,925	1,876	3,752	3,999	3,985
	Building Inspection Conducted	10,036	11,197	10,532	8,797	9,928	9,733	10,171	10,004	10,639	12,103
	<u>Housing and Redevelopment:</u>										
	Below Market Rate - Units sold	8	16	5	2	2	2	1	4	0	0
	Below Market Rate - Units resold	2	0	0	1	3	3	0	2	1	1
	Housing Rehabilitation - New loans	0	0	5	0	0	0	0	0	0	0
	Housing Rehab Loans - Cumulative \$	1,744,741	1,459,047	1,440,877	1,340,433	1,312,380	1,210,372	960,179	917,315	799,640	698,128
	Housing Rehab Homes - Cumulative Count	47	41	41	36	33	32	28	26	22	17
RDA - Housing Rehabilitation - New loans (4)	-	-	-	4	3	0	0	0	0	0	
RDA - Housing Rehab Loans - Cumulative \$	-	-	-	193,000	347,785	337,285	328,676	299,139	258,558	236,375	
Count	-	-	-	4	7	7	7	7	5	5	
Administrative Services	<u>Finance:</u>										
	New Business License Applications	649	708	564	308	458	829	811	661	691	718

Source: City of Menlo Park

Note:

- (1) Public demand of the free shuttles was increased in 2006-07 as a result of frequent promotions of the free service by the City of Menlo Park Transportation Department and the participating companies who promote commute alternatives in peak hours.
- (2) Increased programming in rooms previously used for child care at Burgess and new programs at the Onetta Harris Community Center. The method of calculation may vary from previously submitted information.
- (3) Park and Recreation: Differences in department programming from year to year result in substantial variances in some totals.
- (4) Redevelopment Agency-Housing Rehabilitation Program started in fiscal year 2009-2010 and ended in January 2012
- (5) During fiscal year 2011-12, Activity Hour was changed to count every hour each participant in a program or using City service
- (6) During fiscal year 2011-12, Activity Participant was changed to count each visit

(Continued)



Source: City of Menlo Park

Capital Asset Inventory by Function
Last Ten Fiscal Years

Operating Information:
Schedule 18

<u>Function</u>	<u>Facility</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Government	Civic Center-Administration	1	1	1	1	1	1	1	1	1	1
Public Safety	Police Stations	2	2	2	2	2	2	2	2	2	2
Public Works	Streets (miles)	101	101	101	101	101	100	100	100	100	100
	Streetlights	1718	1718	1718	1719	2233	2233	2233	2233	2233	2233
	Traffic Signals	22	22	22	22	22	22	22	22	22	22
	Water:										
	- Daily average introduced into system (1,000 gallons)	3431	3693	3230	3042	3038	3221	3238	3531	2633	2202
	- Water storage (millions of gallons)	6	6	6	6	6	6	6	6	6	6
- Water lines (miles)	55	55	59	59	59	59	59	59	63	59	
Parks and Recreation	Child Care Centers	5	5	6	6	6	3	3	3	3	3
	Recreation Center	1	1	1	1	1	1	1	1	1	1
	Library	2	2	2	2	2	2	2	2	2	2
	Parks	13	13	14	14	14	14	14	14	14	14
	Community Centers	2	2	2	2	2	2	2	2	1	1
	Senior Center	2	2	2	2	2	1	1	1	1	1
	Gymnasium	2	2	2	2	2	2	2	2	2	2
	Gymnastics Center	1	1	1	1	1	1	1	1	1	1
	Pools (locations)	2	2	2	2	2	2	2	2	2	2
	Medical Clinic	1	1	1	1	1	1	1	1	0	0
	Gate House	1	1	1	1	1	1	1	1	1	1
	Dog Park Areas	n/a	2	2	2	2	2	2	2	2	2

Source: City of Menlo Park

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Capital Asset and Infrastructure Statistics by Activities
Last Ten Fiscal Years

Operating Information:
Schedule 19

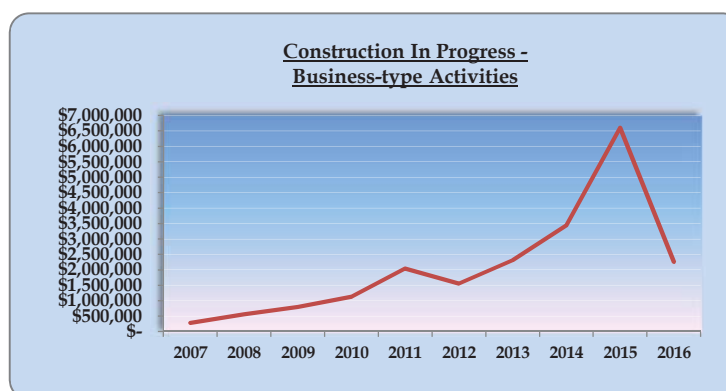
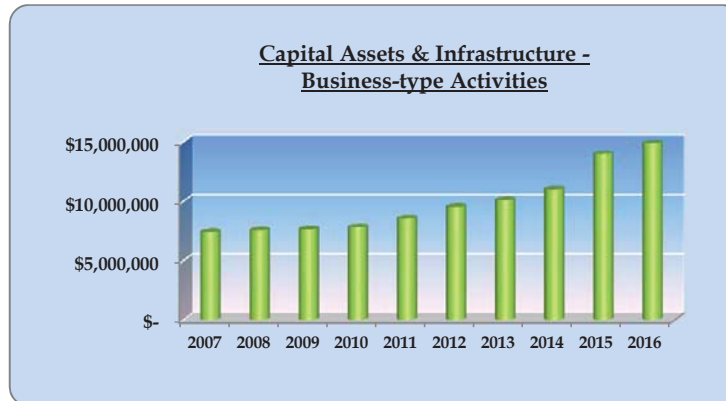
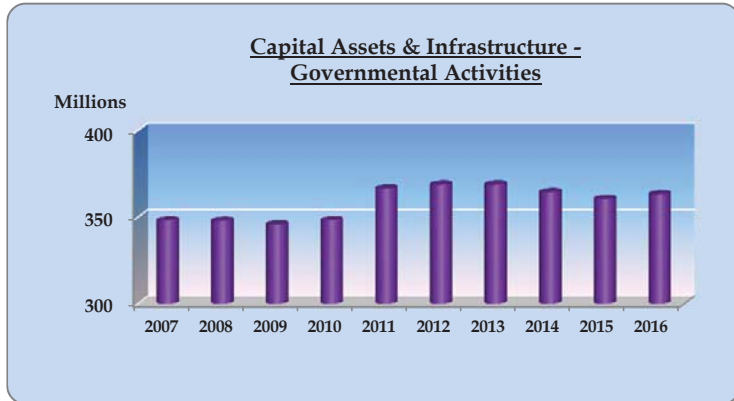
Fiscal Year	Non-Depreciable					Depreciable							Combined Total
	Land	Real Estate	Construction	Total	Share Use			Other	Less: Accumulated	Total			
	Ending Land	Held for Sale	in Progress	Non-Depreciable	Buildings	Facilities	Equipment	Improvements	Infrastructure	Depreciation	Depreciable		
Governmental Activities													
2007	204,949,233	32,900,109	-	600,561	238,449,903	46,933,785	-	5,912,705	12,717,853	105,533,229	(61,481,901)	109,615,671	348,065,574
2008	204,949,233	32,900,109	-	2,971,197	240,820,539	46,933,785	-	6,162,913	12,782,089	106,952,666	(65,743,622)	107,087,831	347,908,370
2009	204,949,233	32,900,109	-	3,318,133	241,167,475	46,933,785	-	6,383,215	12,792,366	107,911,764	(69,349,289)	104,671,841	345,839,316
2010	204,949,233	32,900,109	446,725	5,889,419	244,185,486	47,218,382	2,600,000	6,384,363	12,792,366	108,730,291	(73,724,714)	104,000,688	348,186,174
2011	204,949,233	32,900,109	648,285	6,979,308	245,476,935	65,959,147	2,600,000	6,464,074	12,878,068	109,994,804	(76,800,272)	121,095,821	366,572,756
2012	199,254,256	32,900,109	1,643,404	2,112,344	235,910,113	76,591,580	2,600,000	6,929,594	16,259,990	110,974,228	(80,489,073)	132,866,319	368,776,432
2013	199,256,305	32,900,109	733,597	2,537,004	235,427,015	76,762,760	2,600,000	7,064,784	16,370,783	113,871,991	(83,296,591)	133,373,727	368,800,742
2014	199,256,305	32,900,109	-	1,953,563	234,109,977	77,022,447	2,600,000	7,329,067	173,248,051	114,657,739	(88,526,395)	130,407,663	364,517,640
2015	199,256,305	32,921,636	-	2,362,145	234,540,086	77,198,498	2,600,000	6,818,988	17,615,799	115,318,426	(93,534,204)	126,017,507	360,557,593
2016	199,256,305	32,921,636	-	4,007,088	236,185,029	78,908,590	2,600,000	6,978,110	17,865,240	119,176,312	(98,528,975)	126,999,277	363,184,306
Business-type Activities													
2007	1,066,454	-	-	277,361	1,343,815	4,165,957	-	589,093	-	6,812,639	(5,520,161)	6,047,528	7,391,343
2008	1,066,454	-	-	561,544	1,627,998	4,159,460	-	621,809	-	6,812,639	(5,689,537)	5,904,371	7,532,369
2009	1,066,454	-	-	793,183	1,859,637	4,159,460	-	566,303	-	6,812,639	(5,777,412)	5,760,990	7,620,627
2010	1,066,454	-	-	1,133,544	2,199,998	4,159,460	-	569,755	-	6,812,639	(5,951,168)	5,590,686	7,790,684
2011	1,066,454	-	-	2,041,278	3,107,732	4,159,460	-	503,003	-	6,812,639	(6,046,123)	5,428,979	8,536,711
2012	1,066,454	-	-	1,555,026	2,621,480	4,159,460	-	542,565	-	8,371,534	(6,170,823)	6,902,736	9,524,216
2013	1,066,454	-	-	2,310,988	3,377,442	4,159,460	-	542,565	-	8,371,534	(6,371,319)	6,702,240	10,079,682
2014	1,066,454	-	-	3,436,621	4,503,075	4,159,460	-	540,323	-	8,371,534	(6,568,646)	6,502,671	11,005,746
2015	1,066,454	-	-	6,607,112	7,673,566	4,159,460	-	494,276	-	8,371,534	(6,708,763)	6,316,507	13,990,073
2016	1,066,454	-	-	2,256,956	3,323,410	7,823,985	-	525,118	-	10,111,882	(6,905,890)	11,555,095	14,878,505

Source: City of Menlo Park

(Continued)

Capital Asset and Infrastructure Statistics by Activities
Last Ten Fiscal Years

Operating Information:
Schedule 19



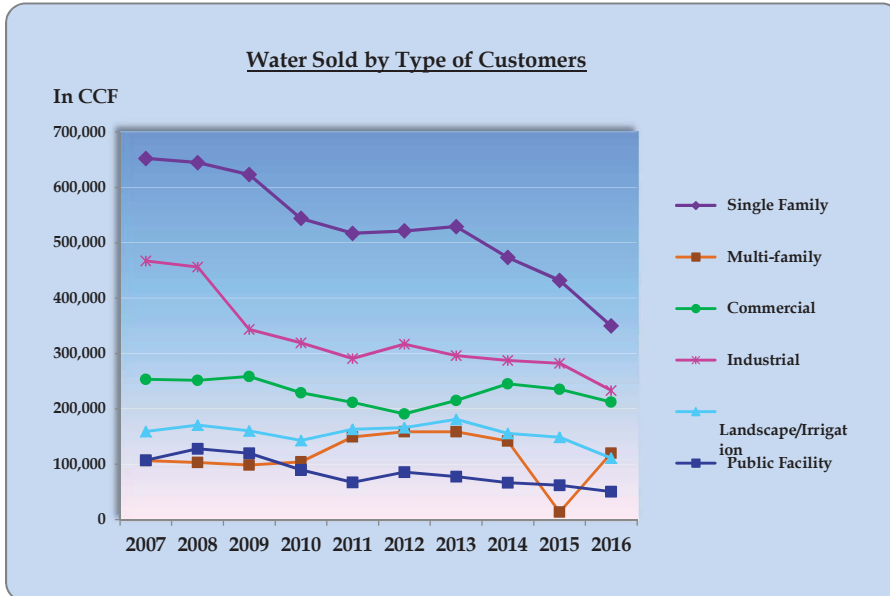
Source: City of Menlo Park

Water Sold by Type of Customer
Last Ten Fiscal Years

Operating Information:
Schedule 20

(in CCF)

<u>Type of Customer</u>	<u>Fiscal year ending June 30, ____</u>									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Single Family	652,204	644,785	623,012	543,758	516,958	521,341	529,161	473,312	432,062	349,573
Multi-family	106,339	103,263	98,672	104,032	149,228	158,342	158,386	141,634	13,487	119,843
Commercial	253,596	251,400	258,675	229,159	211,796	190,988	215,162	245,206	235,530	212,187
Industrial	467,379	456,315	343,516	319,117	291,137	316,857	295,864	287,567	282,021	232,846
Landscape/Irrigation	159,097	170,846	160,021	142,781	163,080	166,262	181,100	155,937	148,509	110,982
Public Facility	107,003	127,811	119,814	89,655	67,389	85,474	77,494	66,833	61,828	50,526
Total Water Sold - CCF	1,745,618	1,754,420	1,603,710	1,428,502	1,399,588	1,439,264	1,457,167	1,370,489	1,173,437	1,075,957
Direct Rate(*)	\$ 6.85	\$ 7.61	\$ 8.48	\$ 9.44	\$ 11.01	\$ 12.78	\$ 14.86	\$ 17.24	\$ 20.03	\$ 20.86



Source: California Water Service Company, City of Menlo Park

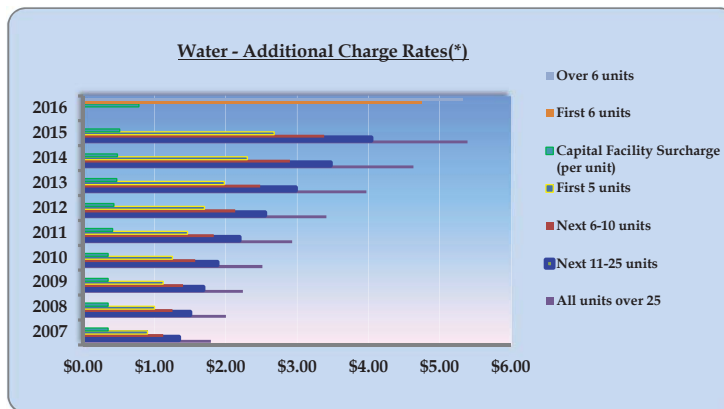
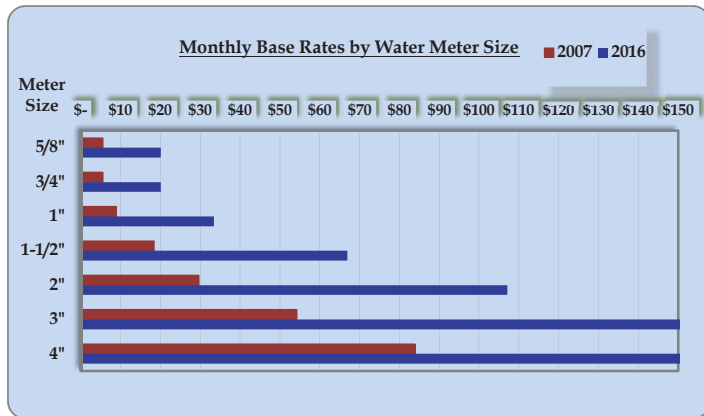
Notes: 1 unit is 748 gallons

*Rate based on a minimum monthly service charge based on size of meter plus a charge for water consumed plus a surcharge per unit

Water Service Rates
Last Ten Fiscal Years

Operating Information:
Schedule 21

Monthly Base Rate by Meter Size	Fiscal Year Ending June 30th									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
5/8"	5.60	6.26	7.01	7.84	9.14	10.65	12.41	14.46	16.84	20.08
3/4"	5.60	6.26	7.01	7.84	9.14	10.65	12.41	14.46	16.84	20.08
1"	8.95	10.02	11.21	12.54	14.61	17.03	19.85	23.12	26.94	33.47
1-1/2"	18.46	20.66	23.12	25.87	30.15	35.14	40.95	47.70	55.57	66.94
2"	29.65	33.18	37.13	41.55	48.42	56.43	65.77	76.62	89.26	107.10
3"	54.27	60.73	67.96	76.04	88.62	103.27	120.36	140.21	163.35	200.82
4"	83.93	93.91	105.09	117.59	137.04	159.71	186.12	216.83	252.61	335.36
6"	186.31	208.48	233.29	261.06	304.24	354.56	413.20	481.38	560.81	669.39
8"	413.47	462.67	517.73	579.34	675.16	786.83	916.98	1,068.28	1,244.54	1,071.02
10"	917.58	1,026.77	1,148.96	1,285.68	1,498.33	1,746.16	2,034.97	2,370.74	2,761.91	1,539.59
<i>Additional charges (*)</i>										
First 5 units	0.90	1.00	1.12	1.25	1.46	1.70	1.98	2.30	2.68	-
Next 6-10 units	1.12	1.25	1.40	1.57	1.83	2.13	2.48	2.90	3.38	-
Next 11-25 units	1.34	1.50	1.68	1.88	2.19	2.55	2.98	3.47	4.04	-
All units over 25	1.79	2.00	2.24	2.51	2.93	3.41	3.97	4.63	5.39	-
First 6 units	-	-	-	-	-	-	-	-	-	4.75
Over 6 units	-	-	-	-	-	-	-	-	-	5.32
Capital Facility Surcharge (per unit)	0.35	0.35	0.35	0.35	0.41	0.43	0.47	0.48	0.51	0.78



Source: City of Menlo Park, Master Fee Schedules

Notes: (*) Additional charge is based on monthly meter readings, one unit is 748 gallons; Structural rate change in 2015-16.

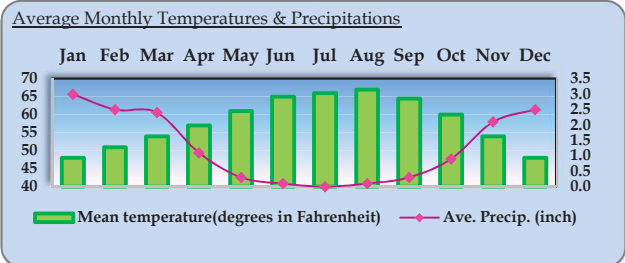
The Menlo Park Municipal Water District charges an excess-use rate above normal demand.

Miscellaneous Statistics

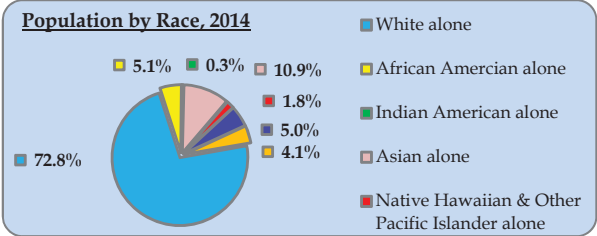
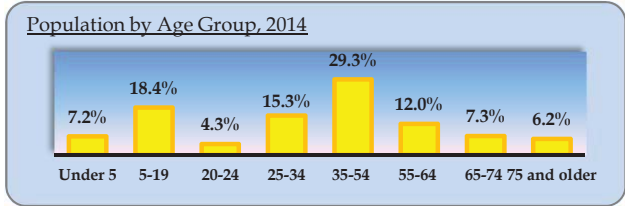
June 30, 2016

Operating Information:
Schedule 22

Date of Incorporation	November 23, 1927
Form of Government	Council / Manager
City Council Members	5
City Commissions	10
Arts, Bicycle, Environmental Quality, Finance & Audit, Housing, Las Pulgas, Library, Parks & Recreation, Planning, & Transportation	
Latitude, Longitude	37.45 N, 122.18 W
Elevation	60 feet
Land Area in square miles, 2010	10.1
Sunny Days a year	265
Average Annual Rainfall	15.71"



Demographic Profile	
Population, 2014 Estimate	33,309
People per square miles, 2014	3,289
Male Persons, 2014	47.6%
Female Persons, 2014	52.4%
Median age (years), 2014	38.1



Social Characteristics	
<i>Percentage Speak English only</i>	
Age 5 - 17	18.6%
Age 18-64	65.6%
Age 65+	15.8%
<i>Percentage Speak a language other than English:</i>	
Age 5 - 17	18.5%
Age 18-64	70.0%
Age 65+	11.6%
<i>Education Attainment -Population 25 years and over</i>	
Less than high school graduate	6.5%
High school graduate or equivalent	8.2%
Some college or associate's degree	14.4%
Bachelor's degree	30.7%
Graduate or professional degree	40.2%
<i>Marital Status</i>	
Never married	30.6%
Now married - except separated	54.1%
Divorced or separated	10.9%
Widowed	4.4%
<i>Citizenship Status</i>	
Native, 5 years and over	74.8%
Foreign-born, 5 years and over	25.2%
Naturalized U.S. citizen	10.8%
Not a U.S. citizen	14.4%
<i>Poverty Status in the past 12 months, 2012</i>	
Below poverty level	6.5%
At or above poverty level	93.5%

Housing Characteristics	
Total housing units	13,046
Occupied housing units	12,397
Homeownership rate	55.9%
Housing units in multi-unit structures	38.1%
Median value of owner-occupied homes	\$ 1,000,001
Foreign born persons	23.4%
Schools	
Preschools	16
Public schools, K-12	6
Private schools, K-12	9
Charter schools	2
Adult education institutions	2
Colleges, public & private	3
Utilities and other services:	
Water Services	4
Sewer Service	1
Refuse Removal & Recycling Service	1
Gas & Electricity Service	1
Police protection, stations	2
Menlo Park Fire District, stations	7
Hospitals/Medical Clinics	3
Health Support	4
U. S. Post Offices, branches	2
Local attractions, culture & recreation	
Allied Arts Guild	
Menlo Atherton Performance Arts Center	
Stanford Linear Accelerator Center (SLAC)	
Sunset Publishing Corporation	
United States Geological Survey (USGS)	
Movie theater, the Guild	1
Clubs/Organizations	13
Places of worship	22

Source: Menlo Park Chamber of Commerce, City of Menlo Park
 Countrystudies.us/united-states/weather/california/menlo-park.htm
 U.S. Census Bureau, 2010 Demographic Profile Data , ACS Demographic & Housing Estimates 2008-2012

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City of Menlo Park

Menlo Park, California

*Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial
Statements Performed in Accordance with
Government Auditing Standards And
Schedule of Findings and Questioned costs*

For the year ended June 30, 2016



City of Menlo Park
For the year ended June 30, 2016

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Schedule of Findings and Questioned Costs	3



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Menlo Park, California (City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise City's basic financial statements and have issued our report thereon dated January 26, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as 2016-1 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs as 2016-2 and 2016-3 to be significant deficiencies.

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

Page 2

Compliance and Other Matters

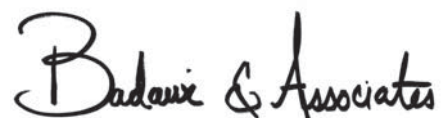
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Badawi and Associates
Certified Public Accountants
Oakland, California
January 26, 2017

City of Menlo Park
Schedule of Findings and Questioned Costs
For the year ended June 30, 2016

FINDINGS - FINANCIAL STATEMENTS AUDIT

2016-001 - Financial reporting

Criteria:

The City is responsible for fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. In addition, an effective internal control system over financial closing and reporting provides reasonable assurance for the safeguarding of assets, the reliability of financial information, and compliance with laws and regulations.

Condition:

During the performance of the audit, we noted that there were delays in closing of accounting books and providing the requested information for the audit. The City recorded numerous adjustment and correction journal entries subsequent to the trial balance being provided for the audit. We noted that some of these entries provided such as for debt refunding and interest payable had material errors. We also noted that in few instances, the journal entries provided were not properly reviewed for accuracy which caused some errors in recording the transactions. In addition, we noted some instances where transactions related to payroll and bank reconciliation were not posted to the general ledger in a timely manner.

Cause:

During the fiscal year under audit, the City experienced turnover in positions with significant roles in the City's financial reporting and closing process. The City was not able to close the accounting books timely as there was not sufficient cross training in place to ensure continuity of the financial reporting process.

Context and Effect:

As a result of the turnover experienced by the City, there were delays in the financial closing and reporting process and completion of audit.

Recommendation:

We recommend that the City update its risk assessment process to identify potential unusual circumstances that would result in significant delays in financial closing and reporting, and develop policies and procedures to prevent or mitigate the effects of these circumstances when they occur. The City should provide cross training of finance staff to ensure continuity during the financial reporting process and audit in case the City experience turnover in key finance positions.

City of Menlo Park
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2016

FINDINGS - FINANCIAL STATEMENTS AUDIT, Continued

2016-001 - Financial reporting, continued

Management Response:

Management's Response - Management concurs with the recommendation and is taking corrective action to the greatest extent possible within the resources available. To fully remedy the problem, however, Management concludes that additional resources are required. On February 7, 2017, Management will seek City Council approval for new finance division personnel as well as funds for staff training and improvements to existing information systems.

2016-002 - Purchasing policies and procedures

Criteria:

Purchasing policy should be followed and purchase orders should be created prior to completing a purchase or ordering goods or services. Invoices should be paid timely to avoid penalties and interest and to avoid interruption of service. Expenditures should be recorded when they are incurred.

Condition:

During performance of expenditure testing, we noted the following matters with regard to the City's purchasing and accounts payable processes:

- The City did not accrue retention payable when progress payments were made to contractors under capital projects.
- We noted several instances where purchase orders were created after the purchase was complete and invoices were received.
- In few instances, several invoices were paid after significant delays.

Cause:

The City's policies and procedures for prior approval of purchases, processing of invoices and accounting for retention payable liabilities were not followed.

Context and Effect:

Unauthorized purchases and overspending may occur and not be detected by the City in a timely manner. If expenditures and related liabilities are not properly recorded, it may result in misstatement of expenditures.

Recommendation:

We recommend that the City review and enforce its purchasing policy and procedures for approval, processing and recoding of expenditures and related liabilities.

City of Menlo Park
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2016

FINDINGS - FINANCIAL STATEMENTS AUDIT, Continued

2016-002 – Purchasing policies and procedures, continued

Management Response:

Management concurs with the recommendation. However, absent new personnel, the finance division does not have the resources to fully address the finding. Management concludes that a comprehensive overhaul of the purchasing system, last updated in the early 2000's, is required. This includes revision of the purchasing ordinance, new purchasing policies and procedures, reconfiguration of existing information systems to automate processes, and training for city departments on the new processes and procedures.

2016-003 – Maintenance of separate fund for Measure A

Criteria:

Separate funds should be used to record and track restricted resources to ensure and demonstrate compliance with the required law and regulations.

Condition:

During the audit, we noted that the City was recording and tracking Measure A funds in the General Fund comingled with other funds. This made it difficult for the City to identify expenditures and revenues related to the Measure A program

Cause:

The City did not maintain a separate fund for recording and tracking Measure A funds.

Context and Effect:

This made it difficult for the City to easily identify Measure A related revenues and expenditures and provide the required information for compliance audit purposes.

Recommendation:

We recommend that the City should consider creating a separate fund to account for the Measure A funds separate from the General Fund.

Management Response:

Management concurs with the recommendation and expects to complete the segregation of Measure A funds for the fiscal year ending June 30, 2017.

City of Menlo Park

Menlo Park, California

*Independent Accountants' Report on
Agreed-Upon Procedures Applied to
Appropriations Limit Schedule*

For the year ending June 30, 2017



**INDEPENDENT ACCOUNTANTS' REPORT ON LIMITED
PROCEDURES REVIEW OF APPROPRIATIONS LIMIT UNDER
ARTICLE XIII-B OF THE CALIFORNIA CONSTITUTION**

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

We have performed the procedures enumerated below to the accompanying Appropriations Limit Schedule of the City of Menlo Park (City) for the fiscal year ending June 30, 2017. These procedures, which were agreed to by the City and the League of California Cities (as presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution*), were performed solely to assist you in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. The City management is responsible for the Appropriations Limit Schedule. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or any other purpose.

The procedures performed and our findings are described below:

1. We obtained the completed worksheets used by the City to calculate its appropriations limit for the fiscal year ending June 30, 2017, and determined that the limit and annual calculation factors were adopted by resolution of City Council. We also determined that the population and inflation options were selected by a recorded vote of City Council.

Finding: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit Schedule, we added the prior year's limit to the total adjustments, and agreed the resulting amount to the current year's limit.

Finding: No exceptions were noted as a result of our procedures.

3. We agreed the current year information presented in the accompanying Appropriations Limit Schedule to corresponding information in worksheets used by the City.

Finding: No exceptions were noted as a result of our procedures.

4. We agreed the prior year appropriations limit presented in the accompanying Appropriations Limit Schedule to the prior year appropriations limit adopted by the City Council during the prior year.

Finding: No exceptions were noted as a result of our procedures.

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

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying Appropriation Limit Schedule. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by Article XIII-B of the California Constitution.

This report is intended solely for the information and use of the City Council and management of the City and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

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

Badawi and Associates
Certified Public Accountants
Oakland, California
December 30, 2016

City of Menlo Park
Appropriations Limit Schedule
For the year ending June 30, 2017

	<u>Amount</u>	<u>Source</u>
A. Appropriations limit for the year ended June 30, 2016	\$ 51,750,376	Prior year schedule
B. Calculation factors:		
1. Population increase ratio	1.0091	State Department of Finance
2. Inflation increase ratio	1.0537	State Department of Finance
3. Total adjustment factor ratio	<u>1.0633</u>	B1 * B2
C. Annual adjustment increase	3,275,211	[(B3-1)*A]
D. Other adjustments:		
Loss responsibility (-)	-	N/A
Transfers to private (-)	-	N/A
Transfers to fees (-)	-	N/A
Assumed responsibility (+)	-	N/A
E. Total adjustments	<u>3,275,211</u>	(C+D)
F. Appropriations limit for the year ending June 30, 2017	<u>\$ 55,025,588</u>	(A+E)

City of Menlo Park
Notes to Appropriations Limit Schedule
For the year ending June 30, 2017

1. PURPOSE OF LIMITED PROCEDURES REVIEW

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), California governmental agencies are restricted as to the amount of annual appropriations from proceeds of taxes. Effective for years beginning on or after July 1, 1990, under Section 1.5 of Article XIII B, the annual calculation of the appropriations limit is subject to this agreed upon procedures engagement.

2. METHOD OF CALCULATION

Under Section 10.5 of Article XIII B, for fiscal years beginning on or after July 1990, the appropriations limit is required to be calculated based on the limit for the fiscal year 1986-1987, adjusted for the inflation and population factors discussed in Notes 3 and 4 below.

3. INFLATION FACTORS

A California governmental agency may use as its inflation factor either the annual percentage change in the 4th quarter per capita personal income (which percentage is supplied by the State Department of Finance), or the percentage change in the local assessment roll from the preceding year due to the change of local nonresidential construction. The factor adopted by the City of Menlo Park for the fiscal year 2016-2017 represents the percentage growth in the State of California per capita personal income cost of living during FY 15-16.

4. POPULATION FACTORS

A California governmental agency may use as its population factor either the annual percentage change of the jurisdiction's own population, or the annual percentage change in population in the County where the jurisdiction is located. The factor adopted by the City of Menlo Park for fiscal year 2016-2017 represents the population change for the County of San Mateo during FY 15-16.

5. OTHER ADJUSTMENTS

A California government agency may be required to adjust its appropriations limit when certain events occur, such as the transfer of responsibility for municipal services to, or from, another government agency or private entity. There were no adjustments made for the fiscal year ending June 30, 2017.

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City of Menlo Park

Measure A Fund
Menlo Park, California

*Independent Accountant's Report on
Schedule of Receipts and Disbursements*

For the year ended June 30, 2016



City of Menlo Park
Measure A Transportation Fund
For the year ended June 30, 2016

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Management's Report on Compliance with the <i>Agreement for Distribution of San Mateo County Measure A Funds for Local Transportation Purposes</i>	3
Schedule of Finding and Response.....	4



INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined management's assertion, included in the accompanying Management's Report on Compliance with the *Agreement for Distribution of San Mateo County Measure A Funds for Local Transportation Purposes* (Agreement) between the City of Menlo Park (City) and the San Mateo County Transportation Authority entered into on June 19, 1989, which was extended on January 20, 2009, that the City complied with the requirements of the Agreement during the year ended June 30, 2016. Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the City's compliance based upon our examination.

Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants and accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of the City's compliance with specified requirements.

Our examination disclosed a finding, described in the accompanying schedule of findings and responses listed as 2016-001.

In our opinion, except for the finding described in the third paragraph, management's assertion that the City complied with the aforementioned requirements for the fiscal year ended June 30, 2016, is, in all material respects, fairly stated.

The City's response to the finding identified in our examination is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial schedule and, accordingly, we express no opinion on it.

A handwritten signature in black ink that reads 'Badawi & Associates' in a cursive script.

Badawi and Associates
Certified Public Accountants
Oakland, California
December 30, 2016

City of Menlo Park Measure A Transportation Fund
Schedule of Receipts and Disbursements
For the year ended June 30, 2016

Receipts:

Sales and Use Taxes	\$ 869,128
Interest Income	3,292
Total receipts	<u>872,420</u>

Disbursements:

Multi-modal management	385,243
Streets	78,768
Street improvement project	118,764
Transportation demand management program	196,473
Shuttle Program	5,279
Willow Road Signal	<u>75,558</u>
Total disbursements	<u>860,085</u>
Receipts over disbursements	<u><u>\$ 12,335</u></u>

December 30, 2016

San Mateo County Transportation Authority
120 San Carlos Avenue
San Carlos, CA 94070

Management's Report on Compliance with the Agreement for Distribution of San Mateo County Measure

The City of Menlo Park (the "City") is responsible for complying with the Agreement for Distribution of San Mateo County Measure A Funds for Local Transportation Purposes (the "Agreement") between the City and the San Mateo County Transportation Authority entered into on August 18, 1989, and amended on June 17, 2009. The Agreement states that in return for receiving an annual allocation of a specified portion of the retail transaction and use tax approved by Measure A – San Mateo County Expenditure Plan (the "Measure"), the City, in use of these funds, shall "refrain from substituting funds provided to it pursuant to this Agreement for property tax funds which are currently being used to fund existing local transportation programs and limit the use of said funds to the improvement of local transportation, including streets and road improvements."

With respect to compliance with the Agreement, management attests to the following for the year ended June 30, 2016:

- Management is responsible for establishing and maintaining effective internal controls with respect to compliance with the Agreement;
- Management is responsible for complying with the Agreement;
- Management has evaluated the City's compliance with requirements of the Agreement; and
- All transactions, as summarized in the attached Schedule of Receipts and Distributions for the fiscal year ended June 30, 2016, are in compliance with the Agreement.

Sincerely,



Nick Pegueros
Administrative Services Director



Rosendo Rodriguez
Finance and Budget Manager

**City of Menlo Park Measure A Transportation Fund
Schedule of Finding and Response
For the year ended June 30, 2016**

Finding 2016-001:

Payroll charges

During our testing of payroll charges to Measure A program, we noticed that for the selected employees, the City charged their payroll costs to Measure A program based on certain budgeted allocation percentages instead of actual time spent by these employees on the program activities. We also noticed that in few instances, we were not provided with the supporting documents for the authorized pay rates as these documents could not be located.

Management response:

The City agrees with the audit finding and will be implementing a change to address this issue in the FY16/17.



STAFF REPORT

City Council Meeting Date: 2/7/2017
Staff Report Number: 17-025-CC

Regular Business: Receive a report and hear public comment on upcoming negotiations with the American Federation of State, County, and Municipal Employees Local 829 (AFSCME); Menlo Park Police Officers' Association (POA); Menlo Park Police Sergeants Association (PSA); and Local 521 Service Employees International Union, CTW, CLC (SEIU) on successor agreements to current agreements expiring June 30, 2017

Recommendation

Receive a report from staff and hear public comment on upcoming negotiations with the American Federation of State, County, and Municipal Employees Local 829 (AFSCME); Menlo Park Police Officers' Association (POA); Menlo Park Police Sergeants Association (PSA); and Local 521 Service Employees International Union, CTW, CLC (SEIU) on successor agreements to current agreements expiring June 30, 2017.

Policy Issues

This report is prepared in accordance with City Council Policy and Procedure CC-11-0001, Public Input and Outreach regarding Labor Negotiations.

Background

The current Memoranda of Understanding (MOUs) with all four City recognized employee bargaining units expire June 30, 2016. Pursuant to best labor-management practices, it is time to open negotiations on successor agreements with each unit. With the exception of the City Manager, City Attorney, unrepresented management employees, and unrepresented confidential employees, all regular full-time and regular part-time City employees are represented by one of these four units. Benefits for four unrepresented confidential employees have, by past practice, mirrored those benefits provided under the AFSCME agreement.

Analysis

This report is submitted to the City Council, members of the affected bargaining units, and members of the public in order to provide relevant information on the bargaining units' salaries and benefits in preparation for the upcoming negotiations of successor labor agreements or MOUs between the bargaining units and the City. This information is provided to all interested parties 15 days in advance of the City Council's meeting on February 7, 2017 at which time the public will have an opportunity to provide comment on this matter in accordance with City Council Policy and Procedure #CC-11-0001 (Attachment A).

As in prior years, the tenets that are used to determine the City’s bargaining principles will assist with aligning the bargaining efforts with the service and financial priorities established by both the City Council and the community. The following principles will be considered in preparation for and throughout labor negotiations with each bargaining unit on successor agreements:

- *Service to the Community* – Negotiations shall strive to achieve agreements that maintain and enhance services to the community provided by the bargaining unit members in their various roles and in concert with City Council adopted policies and goals;
- *Fiscal Sustainability* – Negotiations shall strive to achieve successor agreements that achieve continued fiscal sustainability in accordance with the City’s 10-year financial forecast for the General Fund; and
- *Recruitment & Retention* – Negotiations shall strive to develop terms that are beneficial to the recruitment and retention of high quality employees.

Annualized total compensation for each bargaining unit using January 1, 2017 data is shown below, along with a breakdown of salary, pension, and other benefit costs.

City of Menlo Park Annual Personnel Costs by Bargaining Unit as of January 1, 2017					
Compensation Component	SEIU	AFSCME	POA	PSA	Total
Base salaries	\$ 10,782,941	\$ 3,525,100	\$ 4,261,298	\$ 1,083,171	\$ 19,652,510
Other PERS eligible salary	81,970	8,263	183,737	49,007	322,977
Retirement (CalPERS)	2,064,359	688,801	1,289,051	412,090	4,454,301
Medical	2,058,359	490,537	519,659	131,697	3,200,252
Dental & Vision	372,754	67,996	97,077	27,481	565,308
Other fringe benefits	87,531	27,723	32,608	8,959	156,821
Total Compensation	\$ 15,447,915	\$ 4,808,420	\$ 6,383,430	\$ 1,712,405	\$ 28,352,170
Authorized FTE's	151	35	37	8	231

Salaries – As the largest component of compensation, salaries have the most significant impact on the City’s long-term fiscal sustainability as well as the City’s ability to recruit and retain high quality employees to deliver exemplary service to the community. The following provides a brief recap of changes in salaries as provided in the current MOU with each unit.

1. **POA and PSA** – Classifications represented by the POA and PSA last received a 3% salary adjustment on July 12, 2016 and September 4, 2016 respectively. As previously negotiated, the City conducted a comprehensive total compensation survey which found that Menlo Park continues to pay above the market median among comparable agencies. Nonetheless, the City and labor reached agreement that the effect of inflation is deteriorating the City's position in the comparative analysis following five years without a salary adjustment. Inflation was calculated using the change in Consumer Price Index for the San Francisco – Oakland – San Jose region, as measured by the U.S. Bureau of Labor Statistics from February 2015 to February 2016.
2. **AFSCME and SEIU** – Classifications represented by AFSCME and SEIU last received salary adjustments on July 12, 2016 based on two negotiated items. First, similar to the POA and PSA, all classifications were provided with an across the board salary adjustment equal to 2% to offset the impact of inflation. Second, the City agreed to increase market based adjustments to total compensation for all classifications found to be below market in a total compensation survey completed by a third party consultant.

Benefits - Similar to salaries, benefits are also negotiated with labor groups and ultimately set by the City Council through approval of labor contracts. Unlike salaries, however, the future cost of benefits tend to be governed by a third party and are correlated to actual experience either for the City or for a pool of cities. The most recent substantive change in the benefits package for all represented employees was the addition of vision insurance in January 2016 for AFSCME, SEIU, and PSA and January 2017 for POA. Minor adjustments were also made to the City's contribution for medical insurance through a Section 125 Cafeteria Plan. When reviewing benefit costs, it is important to consider:

1. **Retirement (CalPERS)** – In response to recent challenges to meet its targeted assumed rate investment earnings, called the "discount rate", CalPERS decided on December 21, 2016, to decrease the discount rate from 7.5% to 7.0%, net of expenses. This assumption change will result in higher unfunded liabilities and, consequently, higher employer contributions phased in over three years beginning on July 1, 2018. CalPERS estimates that the reduction to 7.0% will result in an increase in costs as high as 3% of payroll for miscellaneous employees and 5% of payroll for safety employees. While this increase is phased in over three years, by fiscal year 2020-21, the City's annual PERS expense is expected to increase by an estimated \$1 million per year above previous anticipated cost increases. In addition to the reduction in the discount rate from 7.5% to 7.0%, other factors that affect CalPERS costs are actual investment earnings, changes in demographics such as average life expectancies, and changes in actuarial assumptions that smooth the effects of significant deviations from assumptions over several years. The anticipated increases will be shared equally with SEIU and AFSCME employees in accordance with their MOU. POA and PSA employees contribute a fixed 3% above the minimum required for safety employees.
2. **Medical** – The City contracts with CalPERS under the Public Employee Members' Medical and Hospital Care Act (PEMHCA) to provide medical insurance to all eligible employees. PEMHCA premiums are impacted by the experience of covered members in the PEMHCA pool, demographics, and laws such as the Affordable Care Act (ACA). To the extent that the pool experiences changes in any of those factors or if the number of dependents covered by the City changes, rates may increase higher than the assumed 4% annual inflation contained in the City's forecast models. As of the date of this report, the impact changes to the ACA at the Federal level are not known and cannot be reasonably estimated.

Impact on City Resources

There are no impacts on City resources as a result of receiving input on negotiations. It is anticipated that the City Council will meet in closed session to provide direction to the City's negotiating team, Legal Counsel from Renee Sloan Holtzman Sakai, LLP and City staff. The negotiators will meet and confer with each bargaining units' negotiation team, and once tentative agreement is reached on each successor agreement, the fiscal impact of that tentative agreement will be released 15 days prior to the City Council's vote to ratify the successor agreement(s) at a public meeting(s). The estimated cost for negotiation of all four agreements, inclusive of release time for labor representatives paid by the City, is between \$85,000 and \$125,000 depending on the complexity of negotiations.

Environmental Review

No environmental review is required for these items.

Public Notice

Public Notification was achieved by posting the report 15 days prior to the City Council meeting of February 7, 2017.

Attachments

A. Public Input and Outreach regarding Labor Negotiations Policy

Report prepared by:
Lenka Diaz, Human Resources Manager

City of Menlo Park

City Council Policy

Department City Council	Page 1 of 1	Effective Date 03/02/2011
Subject Public Input and Outreach regarding Labor Negotiations	Approved by City Council 03/01/2011	Procedure # CC-11-0001

PURPOSE

To incorporate public input into the labor negotiations process.

BACKGROUND

The City Council has expressed a desire to improve public communication and outreach on labor relations to the extent reasonably possible.

POLICY

A regular business item shall be placed on a Council agenda in advance of formal labor negotiations that includes an opportunity for the public to comment. At least seven days prior to this meeting, staff shall post a report that contains relevant information on employee salaries and benefits, as well as the methodology used to determine a competitive and appropriate compensation package. As part of this process, a concerted effort shall be made to request public comment on the negotiations parameters.

As a general rule, staff shall engage the services of a labor attorney to participate in formal labor negotiations with bargaining units representing permanent employees.

During labor negotiations, public comment will be provided prior to the entry into closed session to discuss labor negotiations, in accordance with State law. At the conclusion of the closed session, the Council shall report out any action taken, including in the record the individual votes taken and the characterization of the deliberations. In addition, at some point in the negotiations process, staff shall submit a public report to Council that provides a general status of labor negotiations and that allows for public input prior to concluding negotiations.

Staff shall prepare and make public a staff report, at least fifteen calendar days prior to Council consideration of a tentative agreement or implementation resolution for any bargaining unit, that provides full details and costing associated with the recommended action, shall schedule the matter as a regular business item and shall provide an opportunity for the public to comment.

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