



**SPECIAL AND REGULAR MEETING AGENDA – AMENDED**

**Date: 9/24/2019**  
**Time: 5:00 p.m.**  
**City Council Chambers**  
**701 Laurel St., Menlo Park, CA 94025**

According to City Council policy, all regular meetings of the City Council are to end by midnight unless there is a super majority vote taken by 11:00 p.m. to extend the meeting and identify the items to be considered after 11:00 p.m.

**5:00 p.m. Special Joint Study Session with Atherton City Council (City Council Chambers)**

**A. Call To Order**

**B. Roll Call**

SS1. Review and discuss collaborative policing efforts and activities

SS2. Review and discuss regional projects, traffic impacts and shared input, and El Camino traffic safety and pedestrian safety

**6:00 p.m. Special Meeting (City Hall - “Downtown” Conference Room, 1st Floor)**

**C. Special Business**

C1. Interviews of Planning Commission applicants

(Note: No action will be taken at this special meeting. Appointments are tentatively scheduled for the October 15 City Council meeting.)

**6:30 p.m. Study Session (City Council Chambers)**

SS1. Provide direction on Downtown parking utility underground project and future citywide undergrounding priorities ([Staff Report #19-200-CC](#))

**Regular Meeting**

**D. Call To Order**

**E. Roll Call**

**F. Pledge of Allegiance**

**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. Presentations and Proclamations**

H1. Communication plan presentation

## **I. Commissioner Reports**

I1. Environmental Quality Commission update

I2. Parks and Recreation Commission update ([Attachment](#))

## **J. Consent Calendar**

J1. Accept the City Council meeting minutes for August 20 and 27, 2019 ([Attachment](#))

J2. Introduction of Ordinance No. 1059 repealing Chapter 2.58 (Safe City) of Title 2 (Administration and Personnel) ([Staff Report #19-191-CC](#))

J3. Waive the second reading and adopt Ordinance No. 1057 to establish local amendments to the 2019 California Energy Code that require higher levels of building electrification and solar production for newly constructed buildings to reduce greenhouse gas emissions effective January 1, 2020 ([Staff Report #19-195-CC](#))

J4. Receive and file the preliminary year-end close financial review of general fund operations as of June 30, 2019 ([Staff Report #19-197-CC](#))

J5. Receive and file the investment portfolio review as of June 30, 2019 ([Staff Report #19-193-CC](#))

J6. Authorize the city manager to enter into an agreement with Black & Veatch Management Consulting to develop the 2020 water rate study ([Staff Report #19-198-CC](#))

J7. Waive the second reading and adopt Ordinance No. 1058 adopting a local minimum wage ordinance effective January 1, 2020 ([Staff Report #19-196-CC](#))

## **K. Regular Business**

K1. Authorize the city manager to enter into a three-year agreement with OpenGov up to \$239,000 to upgrade to the City's budgeting and financial reporting software ([Staff Report #19-201-CC](#))

K2. Authorize the city manager to apply for the affordable housing and sustainable communities grant – transportation improvements fund ([Staff Report #19-202-CC](#))

## **L. Informational Items**

L1. City Council agenda topics: October to December 2019 ([Staff Report #19-192-CC](#))

L2. Update on the Parks and Recreation facilities master plan process ([Staff Report #19-194-CC](#))

**M. City Manager's Report**

**N. City Councilmember Reports**

- N1. Authorize a request to San Mateo County Labs, a division of the County of San Mateo, for air quality monitors in the Belle Haven neighborhood ([Staff Report #19-199-CC](#))

**O. Adjournment**

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 Council 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. For appeal hearings, appellant and applicant shall each have 10 minutes for presentations.

If you challenge any of the items listed on this agenda in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City of Menlo Park at, or prior to, the public hearing.

Any writing that is distributed to a majority of the City Council by any person in connection with an agenda item is a public record (subject to any exemption under the Public Records Act) and is available for inspection at the city clerk's office, 701 Laurel St., Menlo Park, CA 94025 during regular business hours. Persons with disabilities, who require auxiliary aids or services in attending or participating in City Council meetings, may call the City Clerk's Office at 650-330-6620.

Agendas are posted in accordance with Government Code Section 54954.2(a) or Section 54956. Members of the public can view electronic agendas and staff reports by accessing the City website at [menlopark.org/agenda](http://menlopark.org/agenda) and can receive email notification of agenda and staff report postings by subscribing to the "Notify Me" service at [menlopark.org/notifyme](http://menlopark.org/notifyme). Agendas and staff reports may also be obtained by contacting City Clerk at 650-330-6620. (Posted: 9/12/2019)

**STAFF REPORT**



**City Council**  
**Meeting Date:** 9/24/2019  
**Staff Report Number:** 19-200-CC

**Study Session:** Provide direction on Downtown parking utility underground project and future citywide undergrounding priorities

**Recommendation**

Staff recommends that the City Council provide direction on the Downtown parking utility undergrounding project and future undergrounding priorities. Specifically staff requests the City Council to:

1. Verify that undergrounding in downtown process should commence as planned as part of the approved projects contained in the capital improvement plan
2. Provide direction on future undergrounding project locations
3. Provide direction on selection criteria as described in the report

**Policy Issues**

The Downtown parking utility underground project was included in the capital improvement plan (CIP) in fiscal year 2014-15. The funds allocated to this project have carried over annually, and staff plans to commence work in fiscal year 2019-20. The sequence of a number of related capital projects, including renovations to parking plazas No. 7 (between Chestnut Street and Curtis Street) and No. 8 (between Curtis Street and Doyle Street,) depend on the priority and timeline of undergrounding utilities in downtown. Before starting work, staff is seeking City Council confirmation that the priority of undergrounding utilities remains within the downtown area.

Undergrounding of overhead utilities is also consistent with the City's general plan and El Camino Real/downtown specific plan. General plan policy LU-2.6 underground utilities requires all electric and communications lines serving new development to be placed underground and broadly addressing several other goals for improving safety and aesthetics along the City's major roadway corridors. Specific plan guideline E.3.7.07, which applies to properties in the specific plan area, notes that all utilities in conjunction with new residential and commercial development should be placed underground.

**Background**

In 1967, the California Public Utilities Commission (CPUC) ordered electric utilities, by virtue of Rule 20, to underground their facilities. Additionally the CPUC determined that communications companies must follow the electric utilities and underground their systems. Under Rule 20A, utility companies allocate funds to communities to relocate overhead electric facilities to underground facilities. These funds are not provided directly to communities, rather, allocated as credits to cover the utility provider's project costs, primarily design and construction, for approved projects. In addition, the local agencies may borrow future allocations, up to five years in advance, to implement projects. The local jurisdiction is required to fund other costs associated with project support, and, more significantly, the relocation of other impacted

municipally owned utilities and facilities, such as street lights and traffic signals.

The number and scope of projects to be implemented is limited by the allocations/credits that each community (typically cities and counties) receives annually by the electric utility and subject to qualifying criteria. Menlo Park's electricity provider is PG&E. The City receives approximately \$135,000 in annual undergrounding allocation credit.

#### Required rationale for utility undergrounding

In order to implement an underground project, the City must first create an underground utility district by adoption or resolution. The City Council is required to determine, following a public hearing that the undergrounding is in the general public interest for one or more of the following reasons:

- Such undergrounding will avoid or eliminate an unusually heavy concentration of overhead electric facilities
- The street or road is heavily used by the general public and carries a high volume of pedestrian or vehicular traffic
- The street or road adjoins or passes through a civic area or public recreation area
- The street or road is considered an arterial or major collector street

Other qualifying criteria for an undergrounding district include: streets with a minimum length of 600 feet or one City block, undergrounding must be on both sides of the street, and must include all properties within the district. Before completion of work and removal of the poles, electrical service for every property must be converted from overhead to underground. Typically it costs approximately \$2,500 to \$3,500 for simple panel conversion for single-family residences. These estimates increase based on complexity of conversions, for commercial properties, or if property owners choose to upgrade the electric panel sizes.

Rule 20A allocations may not be used to underground high voltage (HV) transmission lines. When choosing a project that has HV transmission lines involved, one of several choices are available:

- Underground the transmission lines at \$15k to \$20k+ per foot, paid by the local agency
- Leave the transmission wires and poles, removing only electric distribution and communications wires below the transmission level
- Avoid choosing a project with transmission lines which minimizes the benefits of undergrounding

#### Benefits of utility undergrounding

Undergrounding projects offer additional opportunities for other improvements in the community. These improvements include, but are not limited to:

- Installing additional landscaping areas
- Widening sidewalks
- Converting street lights to more efficient LED and/or attractive decorative lights
- Installing electric vehicle (EV) charging stations
- Coordinating with water providers and other utilities to upgrade service
- Improving fire suppression capabilities

#### Prior undergrounding projects

The City has successfully completed several undergrounding projects along major corridors in the past, such as along Willow Road, El Camino Real, Santa Cruz Avenue, the Burgess Park/Civic Center area,

and the Sharon Heights area, which was developed in the 1960s. The most recent undergrounding project in the City was completed in 2005 along Hamilton Avenue, from Willow Road to Chilco Street, using the former redevelopment agency (RDA) tax increment bond funds.

#### Estimated cost to underground utilities

PG&E uses, as a general rule, \$1,200 per foot, for conversion costs and qualifying a project to be sure the scope does not exceed available credits. To put that in perspective that equates to \$6,336,000 in work credits per mile of undergrounding.

#### **Analysis**

PG&E converts many miles of overhead electric facilities to underground annually. Each local agency is responsible for identifying undergrounding projects within their community, and as noted above must adopt an underground district by ordinance or resolution through a public hearing. Over the years, the City has accrued approximately \$6 million of Rule 20A credits. These credits plus the eligible five-year borrow result in enough credits (approximately \$6.7 million) to proceed with one, or possibly two smaller, undergrounding projects.

In addition to Rule 20A credits, the City may choose to use other sources of funds to implement undergrounding projects. Some of those resources may include:

- Purchase of unused Rule 20A credits from other agencies
- Gas tax
- SB1 funds
- General fund
- Establishment of a special assessment district

With approval from the CPUC, PG&E may reallocate unused work credits from agencies that do not have an active adopted undergrounding district. In April 2019, the CPUC ruled that PG&E must reallocate unused work credits to the City of Live Oak from communities that have not participated in the Rule 20A program over the past eight years. In total, 92 communities were deemed “inactive.” Menlo Park was included in that number and lost 0.48 percent (approximately \$29,000) work credits. To avoid additional reallocations of our community’s Rule 20A credits, staff recommends to move forward quickly with establishing one or more districts for undergrounding projects.

#### Requested direction to proceed on Downtown parking utility underground project

As described above, the adopted fiscal year 2019-20 CIP includes two funded projects to design renovations to parking plazas Nos. 7 and 8 (construction funds are programmed for fiscal year 2020-21.) It also includes a Downtown parking utility undergrounding project from a prior year. Staff recommends proceeding with the approved Downtown parking utility underground project (in parking plazas Nos. 7 and 8, including the adjacent streets such as Menlo Avenue from El Camino Real to University Street, and parts of Chestnut Street, Curtis Street and Doyle Streets (Attachment A.) In addition to improving the parking plazas and undergrounding overhead utilities, these projects provide opportunities to install EV charging stations, improve parking plaza and street lighting, and upgrade the existing CalWater water mains to improve the fire suppression capabilities as desired by the Fire District. The available Rule 20A allocations can only be used for the undergrounding components of such a project.

Staff is requesting the City Council verify that downtown is the highest priority for utility undergrounding in order to proceed with establishing an undergrounding district and to begin renovations to parking plazas Nos. 7 and 8 as planned.

#### Future utility undergrounding priorities

In addition, staff has identified a number of potential corridors citywide, including roadways and parking plazas, for consideration to underground overhead utilities in the future (Attachment B.) Staff requests the City Council review the suggested corridors and provide feedback on any other corridors to consider for future projects. A summary assessment of prototypical projects for several of the locations is also provided.

In addition, staff has developed a draft list of prioritization criteria to identify the most appropriate future project locations. These criteria include:

- ADA considerations
- High vehicle and pedestrian traffic
- Visual impact
- Number of panel conversions (lower=better)
- Ability to combine with other infrastructure projects
- Enhancement for emergency/fire suppression
- Electric service upgrade for commercial properties
- Opportunities for EV charging stations

Staff requests the City Council review the above suggested criteria and provide feedback on any other criteria for evaluating future projects.

#### Summary of requested direction:

Staff requests the City Council's direction to:

1. Verify that undergrounding in downtown process should commence as planned as part of the approved projects contained in the CIP,
2. Provide direction on future undergrounding project locations, and
3. Provide direction on selection criteria as described in the report.

#### Next steps

Once the City Council confirms direction to proceed with downtown undergrounding, staff will begin coordination with various utility companies, e.g., PG&E, AT&T, Comcast and others. Community outreach will also be conducted to better inform the public of the proposed project and explain potential impacts and benefits to the businesses and property owners. Staff would then return to the City Council to hold a public hearing to establish an undergrounding district. Following the establishment of the district, staff would begin the design of the undergrounding and the associated infrastructure project.

#### **Impact on City Resources**

As noted above, the Downtown parking utility underground project was included in the CIP in fiscal year 2014-15 with a budget of \$200,000 for this project for preliminary investigations and outreach. Additionally, the fiscal year 2019-20 CIP includes \$200,000 each for preliminary design for reconstruction of Parking



plazas Nos. 7 and 8 projects. No additional staff or financial resources are requested at this time.

### **Environmental Review**

The requested direction is not a project within the meaning of the California Environmental Quality Act (CEQA) Guidelines §§ 15378 and 15061(b)(3) as it will not result in any direct or indirect physical change in the environment. The future utility undergrounding project will require environmental review in accordance with 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.

### **Attachments**

- A. Approved CIP undergrounding projects
- B. List of additional project locations

Report prepared by:

Morad Fakhrai, Senior Project Manager

Report reviewed by:

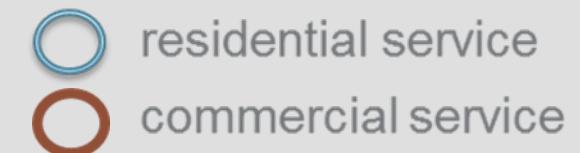
Chris Lamm, Assistant Public Works Director





# CURRENT APPROVED PROJECTS

- The adopted FY 2019-20 CIP includes the following projects:
  - Parking Plaza 7 Renovations
  - Parking Plaza 8 Renovations
  - Downtown Parking Utility Undergrounding
  - Projects consistent with Specific Plan Guidelines
  - Provides opportunity to improve CalWater service
  - Provides opportunity to install EV charger stations
  - Completes streets partially undergrounded previously (shown in blue)
- Recommendation: Proceed with the above approved projects, including the adjacent streets



Length (LF)	Existing OH Services	Cost Estimate
2,650	6 residential, 26 commercial	\$3,180,000



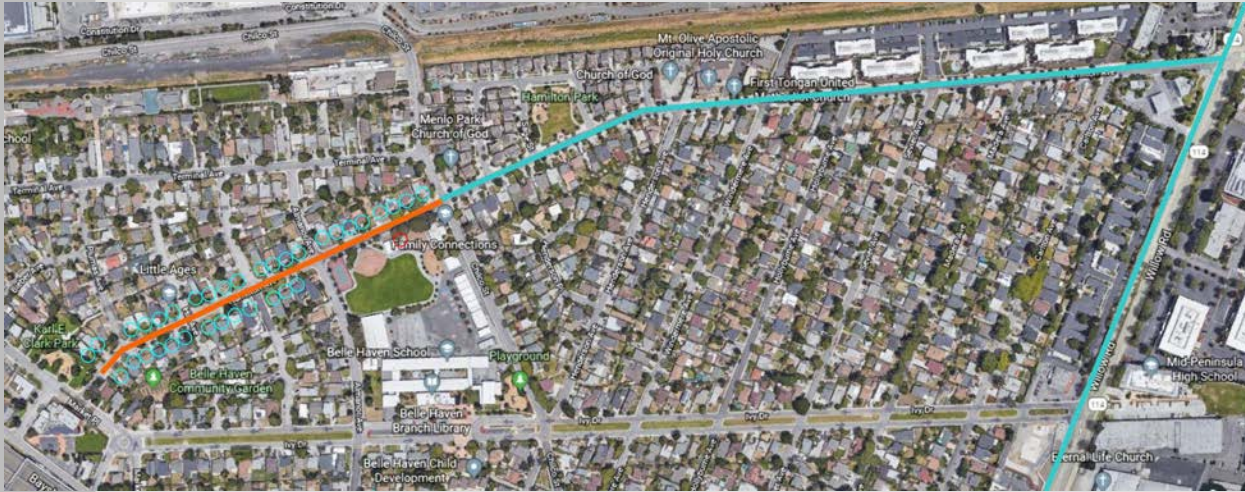
# OTHER POTENTIAL U/G PROJECT LOCATIONS

- Hamilton Avenue, Market to Chilco\*(1)
- Newbridge Street, Willow to Windermere\*(1)
- Middlefield Road, Ravenswood to city limit\*(3)
- Ravenswood Avenue, Middlefield to Noel\*(3)
- Alma Street, Burgess to Skate Park (3)
- Oak Grove Avenue, ECR to University\*(3+4)
- Parking Lots 1 & 3 (Downtown Northwest)\*(3+4)
- Santa Cruz Avenue, University to Elder(4+5)
- Middle Avenue, ECR to Cotton(4+5)
- Others... ?

\*Projects have been sampled for evaluation  
(1) Denotes Council Districts







## HAMILTON AVENUE

- Extents: Market Pl to Chilco St
- Project may qualify for Safe Routes to School grant funding
- Primarily residential services, but would qualify for Rule 20A funds
- Completes previously undergrounded segments (shown in blue)

- commercial service
- residential service

Length (LF)	Existing OH Services	Cost Estimate
1,450	35 residential, 1 commercial	\$1,740,000

# NEWBRIDGE STREET

- Extents: Willow Rd to Windermere Ave
- Heavy concentration of overhead wires & High Voltage (HV) transmission lines
- HV transmission lines do not qualify for Rule 20A funding
- Significant cost of U/G HV Transmission lines, ~\$15K-\$20K+ per foot
- Project would eliminate much of overhead system, but it would leave top section of wires and most poles

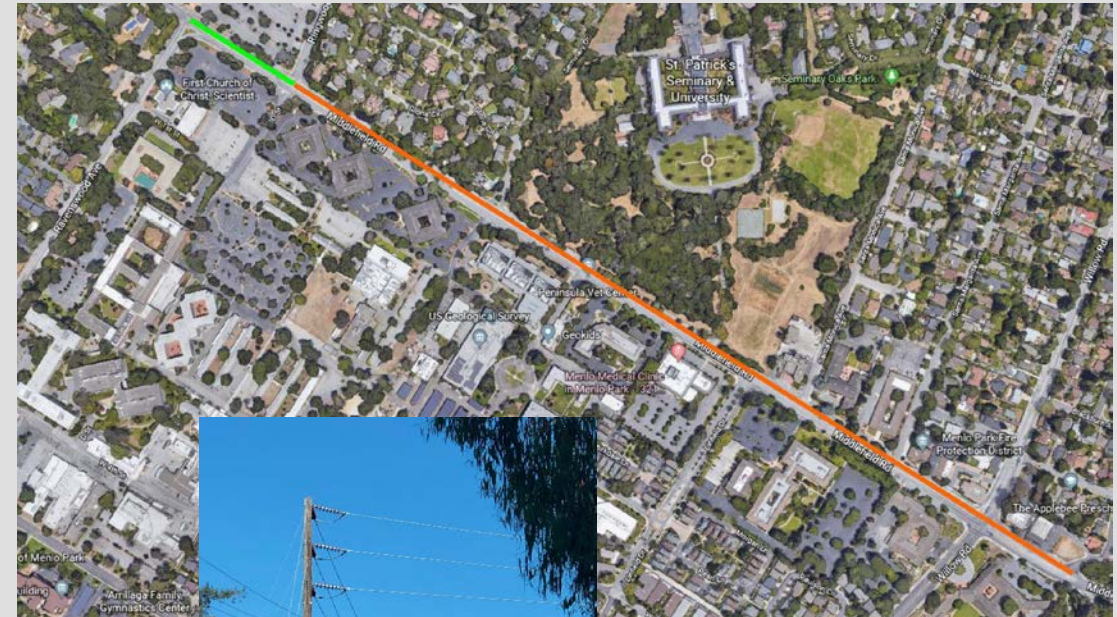
Benefits of undergrounding would not be fully realized.





# MIDDLEFIELD ROAD

- Extents: Ravenswood Ave to southern City limits
- Project would eliminate all overhead utilities and poles, except from Ringwood to Ravenswood (~500LF, shown in **green**) which has HV transmission lines
- HV transmission poles and lines need to remain, all facilities below would be removed
- Project could be delivered at a lower cost than average since no service conversions

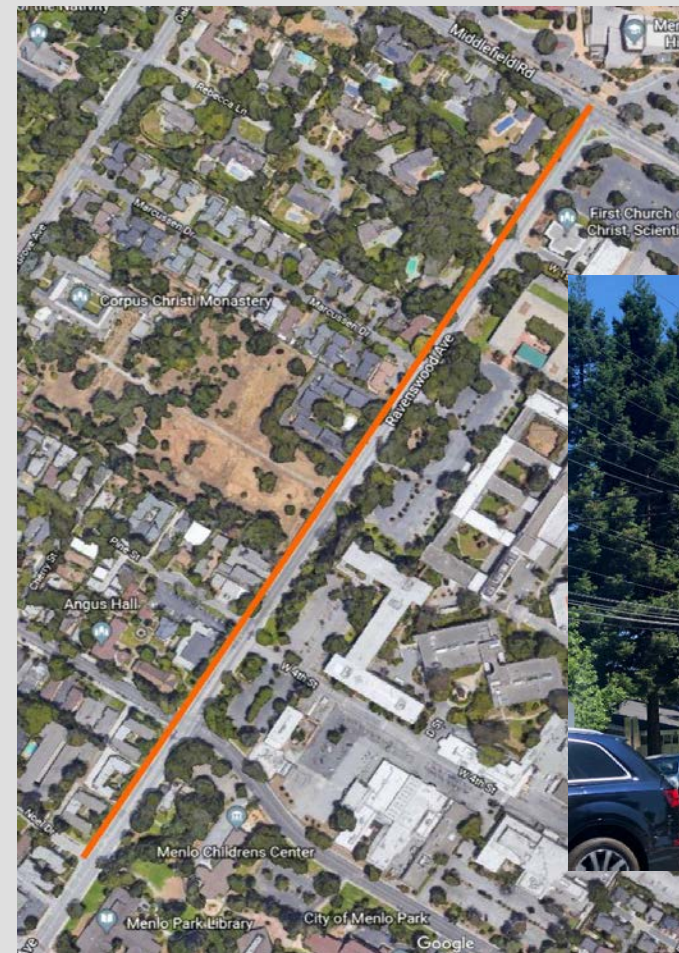


Length (LF)	Existing OH Services	Cost Estimate
4,400	None	\$5,280,000

# RAVENSWOOD AVENUE

- Extents: Middlefield Rd to Noel Dr
- Heavy concentration of overhead wires
- High Voltage Electric transmission lines from Middlefield to Laurel, do not qualify for Rule 20A
- Significant cost of U/G High Voltage Transmission lines, ~\$15K-\$20K+ per foot
- Would eliminate some of overhead system, but would still leave top portion of wires and poles

Benefits of undergrounding would not be fully realized.





# DOWNTOWN NORTHWEST – PARKING LOTS 1 & 3

- Extents: Oak Grove Ave - ECR to University, parts of Crane St & Chestnut St, and parking lots 1 & 3
- Project is of civic interest and would beautify the downtown area and serve businesses on Santa Cruz Avenue
- Completes streets partially undergrounded previously (shown in blue)
- Fire suppression safety benefit with removal of overhead electric lines
- Opportunity for CalWater to improve fire service for adjacent properties as desired by the Fire District
- Opportunity to install EV charging stations



Length (LF)	Existing OH Services	Cost Estimate
4100	6 residential, 52 commercial	\$4,920,000

- residential service
- commercial service





**MEMORANDUM**

**Date:** 9/24/2019  
**To:** Menlo Park City Council  
**From:** Christopher Harris, Parks and Recreation Commission Chair  
**Re:** Parks and Recreation Commission Quarterly Report to City Council

**Current workplan goals and achievements for 2018-2020:**

1. Provide high quality and inclusive programs and services that meet the diverse and changing needs of all Menlo Park residents and neighboring communities.
  - The Parks and Recreation Commission will participate in unveiling of the new Nealon Park playground, Menlo Park's first all-inclusive nature playground and demonstration site through GameTime, at a ribbon cutting in October 2019.
2. Ensure City parks and community facilities are well-maintained, upgraded and/or expanded to improve accessibility and usage by a diverse population, while promoting sustainable environmental design and practices.

**Work on the Parks and Recreation facilities master plan**

- The Commission has served as an essential advisory body to the Parks and Recreation facilities master plan. Acting as a check and balance throughout the process, the commission has provided feedback, put forth questions and made recommendations at each step.
- Commissioners have engaged in various recreation user focus groups to find out the needs and desires from community members.
- The Commission has participated and promoted the community-wide surveys to their constituents.
- The Commission has reviewed and accepted draft recommendations from the Master Plan ensuring that the recommendations accurately reflected the voices of the community and information that was being conveyed through various outreach methods.
- The Commission reviewed and accepted staff's prioritizations of tiered projects from the master plan, making sure rankings reflected goals and guidelines culled from the plan's community engagement efforts.
- The Commission reviewed and accepted the final draft of the master plan at their meeting on August 28, 2019.
- Received information on park entrance improvements at Bedwell Bayfront Park. Provided feedback on rollout of new changes and suggestions on most effective ways to communicate with park users.

**San Mateo County Flood Park**

- Provided input on the San Mateo County Flood Park Final EIR

3. Improve class and program offerings, venues, partnerships and sponsorships to increase the quality and accessibility of educational, recreational, sporting, artistic, and cultural programs in the City of Menlo Park.
  - Reviewed and approved staff recommendations on community arts groups to receive PAC community grants.
  - Supported and provided feedback on CSD's strategic workplan, which focuses on improving equity, quality of programs and developing employees.
4. Support initiatives, partnerships and projects that intersect with the City's Park and community services resulting in well-coordinated efforts to meet the needs of residents
  - The Parks and Recreation Commission has endorsed National Parks and Recreation Month, accepting a City Council proclamation. It also supports the Parks Make Life Better Campaign in Menlo Park, a program of the California Parks and Recreation Society, which promotes the health and community benefits of parks and recreation.



**SPECIAL AND REGULAR MEETING MINUTES – DRAFT**

**Date:** 8/20/2019  
**Time:** 4:00 p.m.  
**City Council Chambers**  
**701 Laurel St., Menlo Park, CA 94025**

**4:00 p.m. Closed Session (City Hall - “Downtown” Conference Room, 1st Floor)**

**A. Call To Order**

Mayor Mueller called the meeting to order at 4:07 p.m.

**B. Roll Call**

**Present:** Carlton, Combs, Nash, Taylor, Mueller  
**Absent:** None  
**Staff:** City Attorney Bill McClure, Heather Gould, City Manager Starla Jerome-Robinson, Deputy City Manager/Public Work Director Justin Murphy, City Clerk Judi A. Herren (excused at 4:08 p.m.)

CL1. Closed session conference with real property negotiators pursuant to Government Code Section 54956.8.

Property: 700-800 El Camino Real, Menlo Park (APN: 071-333-200)

Agency Negotiating Parties: Heather Gould, City Manager Starla Jerome-Robinson, Deputy City Manager/Public Work Director Justin Murphy

Negotiating Parties: Menlo Station Development

Under negotiation: Price and terms of payment

CL2. Closed session conference with real property negotiators pursuant to Government Code Section 54956.8.

Property: 1283 Willow Road, Menlo Park [APN: 062103640]

Agency Negotiating Parties: City Attorney Bill McClure, City Manager Starla Jerome-Robinson, Deputy City Manager/Public Work Director Justin Murphy

Negotiating Parties: Representatives of MidPen Housing Corporation

Under negotiation: Price and terms of payment

**6:30 p.m. Study Session**

**A. Call To Order**

Mayor Mueller called the meeting to order at 6:52 p.m.

**B. Roll Call**

**Present:** Carlton, Combs, Nash, Taylor, Mueller  
**Absent:** None  
**Staff:** City Attorney Bill McClure, City Manager Starla Jerome-Robinson, City Clerk Judi A. Herren

**C. Pledge of Allegiance**

Mayor Mueller led the Pledge of Allegiance.

**SS1. Federal securities laws for elected officials/staff**

Dan Jacobson introduced Chris Lynch, bond counsel from Jones Hall.

Chris Lynch provided the required training on federal securities laws. (Attachment). The following elected officials and staff were present:

Elected officials: Ray Mueller, Cecilia Taylor, Catherine Carlton, Drew Combs, Betsy Nash

Staff: Starla Jerome-Robinson, William McClure, Cara Silver, Nick Pegueros, Justin Murphy, Lenka Diaz, Dan Jacobson, Kristen Middleton

**Regular Meeting**

**D. Report from Closed Session**

No reportable action.

**E. Commission Report**

**E1. Introduction of Mayor and Friendship City Delegation from Bizen, Japan**

Mayor Mueller introduced the Friendship City, Bizen City Japan, officials; Mayor of Bizen City Takao Tahara, Chairman of Bizen City Assembly Shigeru Tatsukawa, President of Bizen International Friendship Association Masayuki Matsui, and City Official Yusuke Yoshida. Mayor Mueller read the proclamation and presented welcome gifts to the Bizen City, Japan officials (Attachment). Bizen City Mayor Tahara made a presentation.

**F. Public Comment**

- Jim Lewis spoke on the new book "Menlo Memories and Folklore."
- TIDE Academy Principal Allison Silvestre spoke on upcoming events at the new high school campus.

**G. Consent Calendar**

Mayor Pro Tem Taylor pulled items G1 and G4.

**G1. Accept the City Council meeting minutes for May 14, May 21, June 18, July 15, and July 16, 2019 (Attachment)**

The City Council received clarification that the "Attachments" noted on the minutes will be made available in the final, approved versions.

- Peter Edmonds read an email he sent to the City Council CCIN email (Attachment).
- Lynne Bramlett expressed concerns regarding her comments recorded in the May 21 minutes.

**ACTION:** Motion and second (Combs/ Carlton) to accept the City Council meeting minutes for May 14, May 21, June 18, July 15, and July 16, 2019, passed unanimously.

- G2. Approve the 2019-20 investment policy for the City and the former Community Development Agency of Menlo Park ([Staff Report #19-160-CC](#))
- G3. Direct staff to prepare an update to the master fee schedule with proposed fees for the use of city owned electric vehicle charging stations ([Staff Report #19-165-CC](#))
- G4. Authorize the city manager to execute three-year master agreements with multiple consulting firms for on-call architectural design, cost estimating and mechanical, electrical and plumbing design services ([Staff Report #19-161-CC](#))

The City Council received clarification on how Disadvantaged Business Enterprise Program is used for construction agreements, by state law, however there is no provision for professional services.

**ACTION:** Motion and second (Combs/ Carlton) to authorize the city manager to execute three-year master agreements with multiple consulting firms for on-call architectural design, cost estimating and mechanical, electrical and plumbing design services, passed unanimously.

**ACTION:** Motion and second (Carlton/ Nash) to approve the consent calendar excluding items G1 and G4, passed unanimously.

## H. Public Hearing

- H1. Architectural control and major subdivision/Ranjeet Pancholy/115 El Camino Real ([Staff Report #19-166-CC](#))

Senior Planner Corinna D. Sandmeier made the presentation (Attachment).

Applicant Ranjeet Pancholy made a presentation.

The City Council discussed the below market rate housing requirement, which is not applicable to this project. The City Council requested the applicant to commit to a 100 percent electric plan, which Pancholy agreed to. The City Council discussed the electric vehicle parking spaces and received clarification that the residential spaces provided are at no cost to the residents.

**ACTION:** Motion and second (Combs/ Nash) to accept the architectural control and major subdivision/Ranjeet Pancholy/115 El Camino Real with the condition that the project be designed as an all-electric-building, passed unanimously.

## I. Regular Business

- I1. Approve the introduction of an ordinance to prohibit commercial cannabis land uses and personal outdoor cultivation within Menlo Park ([Staff Report #19-163-CC](#))

Management Analyst II John Passmann made the presentation (Attachment).

The City Council received clarification on the current State and neighboring jurisdiction laws for cultivation. City Attorney McClure stated the ordinance could be introduced and amended to include language regarding cars and other vehicles. The City Council requested that public outreach be performed and for the ordinance to return to City Council in two years for review.

**ACTION:** Motion and second (Carlton/ Combs) to amend and approve the introduction of an ordinance to prohibit commercial cannabis land uses and personal outdoor cultivation within Menlo Park and the inclusion of “cars and other vehicles”, passed 4-1 (Nash dissenting).

City Council took a recess at 8:49 p.m.

City Council reconvened at 9:00 p.m.

City Councilmember Combs exited the chambers at 9:00 p.m.

12. Authorize the city manager to amend the contract with ICF Jones & Stokes, Inc. to prepare an environmental impact report for the proposed Willow Village master plan project in the amount of \$1,113,859 and any future increases as may be necessary to complete the environmental review for the proposed project ([Staff Report #19-167-CC](#))

Principal Planner Kyle Perata made the presentation.

- Lynne Bramlett spoke in opposition of the recommended action.

The City Council received clarification of the steps for projects and the legal requirements to the environmental impact report phase. City Attorney McClure explained that the recommended action is a procedural check on the City Manager’s authority to commit the city to expenditures above a certain threshold. The recommended action has no relation to the City Council’s consideration of the land use entitlements for the subject project. In this instance, the contract services required to conduct the legally mandated environmental impact report exceeds the city manager’s contracting authority, \$75,000 for 2019-20, which is why it has been brought before the City Council. The City Council requested that the environmental impact report scope be provided to the Council following the notice of preparation period to allow the Council to review and provide input on the scope of the environmental impact report.

**ACTION:** Motion and second (Carlton/ Nash) to authorize the city manager to amend the contract with ICF Jones & Stokes, Inc. to prepare an environmental impact report for the proposed Willow Village master plan project in the amount of \$1,113,859 and any future increases as may be necessary to complete the environmental review for the proposed project, passed 4-0-1 (Combs recused).

City Councilmember Combs returned to the dais at 9:26 p.m.

13. Amend the approved Belle Haven neighborhood traffic management plan and provide direction on potential neighborhood turn restrictions ([Staff Report #19-169-CC](#))

Associate Transportation Engineer Kevin Chen made the presentation (Attachment).

- David Ernhart spoke against turn restrictions.

- Greg Riessen spoke in support of the plan and made suggestions on turn restrictions.
- Jacqui Cebrian spoke in opposition of the turn restrictions.
- Melody Davenport-McLaughlin spoke on the congestion in the Belle Haven neighborhood.

The City Council discussed modifications to the previously approved plan including new turn restrictions and speed feedback signs with car counting capability on Chilco.

**ACTION:** By acclamation, the City Council approved the amendment of the approved Belle Haven neighborhood traffic management plan and provided direction on potential neighborhood turn restrictions by removing restrictions on Terminal and Chilco, passed unanimously.

14. Adopt Resolution No. 6518 to install a “no stopping” zone and bicycle lanes on Chrysler Drive between Constitution Drive and Commonwealth Drive and on Jefferson Drive between Chrysler Drive and Constitution Drive ([Staff Report #19-168-CC](#))

Assistant Engineer Rich Angulo made the presentation (Attachment).

- Sequoia Union High School District Superintendent Dr. Mary Streshly spoke in support of installing a “no stopping” zone and bicycle lanes on Chrysler Drive between Constitution Drive and Commonwealth Drive and on Jefferson Drive between Chrysler Drive and Constitution Drive.
- Sequoia Union High School District Board member Alan Sarver spoke as an individual in support of installing a “no stopping” zone and bicycle lanes on Chrysler Drive between Constitution Drive and Commonwealth Drive and on Jefferson Drive between Chrysler Drive and Constitution Drive.
- Greg Riessen on behalf of Facebook spoke in support of installing a “no stopping” zone and bicycle lanes on Chrysler Drive between Constitution Drive and Commonwealth Drive and on Jefferson Drive between Chrysler Drive and Constitution Drive.
- Judy Housen spoke in support of installing a “no stopping” zone and bicycle lanes on Chrysler Drive between Constitution Drive and Commonwealth Drive and on Jefferson Drive between Chrysler Drive and Constitution Drive.

The City Council discussed the options for removal of parking for the installation of bike lines. Staff offered a recommendation of parking removal on Chrysler up to Independence and maintaining on-street parking south of Independence.

**ACTION:** Motion and second (Nash/ Carlton) to adopt Resolution No. 6518 authorizing the installation of “no stopping” zones along Chrysler drive from Bayfront Expressway to Commonwealth Drive and on Jefferson Drive from Chrysler Drive to Constitution Drive and removing the no parking zone and red curb in front of 135 Commonwealth, passed unanimously.

15. Reconsideration of Resolution No. 6512 establishing a process for notifying the City Council and public of final Planning Commission actions to facilitate City Council review of large or impactful development projects ([Staff Report #19-162-CC](#))

Item 15 was continued to September 10.

## J. Informational Items

- J1. City Council agenda topics: August to October 2019 ([Staff Report #19-159-CC](#))



No action or discussion.

**K. City Manager's Report**

**L. City Councilmember Reports**

- L1. Confirm voting delegate for the League of California Cities Annual Conference ([Attachment](#))

The City Council appointed City Councilmember Carlton as the voting delegate.

**M. Adjournment**

Mayor Mueller adjourned the meeting at 11:10 p.m.

Judi A. Herren, City Clerk



**SPECIAL AND REGULAR MEETING MINUTES – DRAFT**

**Date:** 8/27/2019  
**Time:** 6:30 p.m.  
**City Council Chambers**  
**701 Laurel St., Menlo Park, CA 94025**

City Councilmember Catherine Carlton participated by phone from:  
Ideate Camp  
545 and J  
Blackrock City, NV 89412

**6:30 p.m. Closed Session (City Hall - “Downtown” Conference Room, 1st Floor)**

**A. Call To Order**

Mayor Mueller called the meeting to order at 6:30 p.m.

**B. Roll Call**

Present: Combs, Nash, Taylor, Mueller  
Absent: Carlton  
Staff: City Manager Starla Jerome-Robinson, Deputy City Manager/ Public Work Director Justin Murphy, Police Chief Dave Bertini, Outside Counsel Barbara Kautz, City Clerk Judi A. Herren (excused at 6:31 p.m.)

CL1. Closed session conference with legal counsel on anticipated litigation pursuant to Government Code §54956.9(d)(2) – one case

Attendees: City Manager Starla Jerome-Robinson, Deputy City Manager/ Public Work Director Justin Murphy, Police Chief Dave Bertini, Outside Counsel Barbara Kautz

**Regular Meeting**

**A. Call To Order**

Mayor Mueller called the meeting to order at 7:02 p.m.

**B. Roll Call**

Present: Carlton (excused at 9:22 p.m.), Combs, Nash, Taylor, Mueller  
Absent: None  
Staff: City Attorney Bill McClure, City Manager Starla Jerome-Robinson, City Clerk Judi A. Herren

**C. Pledge of Allegiance**

Mayor Mueller led the Pledge of Allegiance.



**D. Report from Closed Session**

No reportable action.

**E. Presentations and Proclamations**

**E1. Certificate of recognition: Steven Foley**

Chief Bertini presented Steven Foley with a Challenge Coin and Chief's Commendation and displayed a video.

Mayor Mueller read the certificate of recognition and Steven Foley accepted (Attachment).

**F. Public Comment**

- Fran Dehn announced the recipients of the Golden Acorn awards: Cafe Zoë (Business Excellence Award), Tour de Menlo (Community Service Award), MidPen Housing (Professional Leadership Award), St. Anthony's Padua Dining Room (Unsung Hero Award), Tarlton Properties (Environmental Stewardship), and West Bay Recycled Water Project – Sharon Heights (Environmental Stewardship).

**G. Consent Calendar**

City Councilmember Nash pulled item G1.

Mayor Pro Tem Taylor pulled item G2.

**G1. Second reading and adoption of an ordinance prohibiting commercial cannabis land uses and personal outdoor cultivation within Menlo Park ([Staff Report #19-176-CC](#))**

**ACTION:** Motion and second (Combs/ Carlton) to approve the second reading and adoption of an ordinance prohibiting commercial cannabis land uses and personal outdoor cultivation within Menlo Park, passed 4-1 (Nash dissenting).

**G2. Authorize the city manager to enter into a contract with LSA Associates, Inc. (LSA) to prepare an environmental impact report (EIR) for the proposed Menlo Portal project with approximately 320 multi-family dwelling units, 33,100 square feet of office, and 1,608 square feet of commercial space at 115 Independence Drive and 104 and 110 Constitution Drive for the amount of \$198,305 and future increases as may be necessary to complete the environmental review for the proposed project ([Staff Report #19-173-CC](#))**

Mayor Pro Tem Taylor was concerned that an EIR was on the consent calendar.

**ACTION:** Motion and second (Combs/ Nash) to authorize the city manager to enter into a contract with LSA Associates, Inc. (LSA) to prepare an environmental impact report (EIR) for the proposed Menlo Portal project with approximately 320 multi-family dwelling units, 33,100 square feet of office, and 1,608 square feet of commercial space at 115 Independence Drive and 104 and 110 Constitution Drive for the amount of \$198,305 and future increases as may be necessary to complete the environmental review for the proposed project, passed unanimously.

- G3. Authorize the city manager to enter into an agreement with the City of Redwood City for annual maintenance of Atherton Channel ([Staff Report #19-174-CC](#))
- G4. Authorize the city manager to enter into an agreement with Chefables in an amount not to exceed \$100,000 for the delivery of food services at the Belle Haven Child Development Center for fiscal year 2019-20 ([Staff Report #19-178-CC](#))
- G5. Adopt Resolution No. 6520 authorizing the city manager to sign a second contract amendment with the State of California Department of Education to Reimburse the City up to \$1,117,860 for child care services at the Belle Haven Child Development Center for fiscal year 2018-19 ([Staff Report #19-179-CC](#))

**ACTION:** Motion and second (Taylor/ Nash) to accept the consent calendar except items G1 and G2, passed unanimously.

## H. Regular Business

- H1. Receive post adoption review and report of safe city ordinance and direct staff to prepare an ordinance to sunset the safe city ordinance as it is now preempted by current state law ([Staff Report #19-175-CC](#))

Chief Dave Bertini made the presentation.

The City Council received confirmation that state laws go further than the Menlo Park ordinance.

**ACTION:** Motion and second (Combs/ Carlton) to receive post adoption review and report of safe city ordinance and direct staff to prepare an ordinance to sunset the safe city ordinance as it is now preempted by current state law, passed unanimously.

- H2. Approve updates to the City's rail policy to consider the Dumbarton transportation project and Caltrain business plan efforts ([Staff Report #19-172-CC](#))

Nikki Nagaya made the presentation (Attachment).

- Rick Johnson spoke in support of the rail policy.
- Steve Van Pelt provided suggestions and revisions to the rail policy.
- Eileen McLaughlin provided revisions to the rail policy.
- Diane Bailey spoke in support of the rail policy.

The City Council directed staff to remove the term “commuter rail” from the documents and requested that renderings be made available on future reports. The City Council discussed exploring a hybrid option after the fully elevated study concludes. Mayor Mueller provided a Rail Subcommittee update.

**ACTION:** Motion and second (Combs/ Taylor) to approve updates to the City's rail policy to consider the Dumbarton transportation project and Caltrain business plan efforts, passed unanimously.

- H3. Select concept 3 as the preferred alternative for the Middle Avenue pedestrian and bicycle rail crossing project ([Staff Report #19-176-CC](#))

Senior Transportation Engineer Angela Obeso made the presentation (Attachment).

**ACTION:** Motion and second (Taylor/ Carlton) to select concept 3 as the preferred alternative for the Middle Avenue pedestrian and bicycle rail crossing project, passed unanimously.

- H4. Introduction of Ordinance No. 1057 adopting updated building codes and local amendments to the 2019 California Energy Code to require higher levels of building electrification and solar production for newly constructed buildings to reduce greenhouse gas emissions effective January 1, 2020 ([Staff Report #19-181-CC](#))

Sustainability Manager Rebecca Lucky, Building Official Chuck Andrews, and Sustainability Specialist Joanna Chen made the presentation (Attachment).

- Ryann Price spoke in support of the ordinance.
- Steve Van Pelt expressed concerns about the reliability of the electric grid.
- Adam Stern spoke in support of the ordinance.
- Tom Kabat spoke in support of the ordinance.
- Diane Bailey spoke in support of the ordinance.
- James Payne spoke in support of the ordinance.
- Andrew Morcos requested the high-rise residential recommendation be modified.
- Ronen Vengosh spoke in support of the ordinance.
- Dashier Leeds spoke in support of the ordinance.
- Scott Shell spoke in support of the ordinance and provided additional modifications.
- Fran Dehn spoke in support of reach codes but in opposition of the inclusion of restaurant cooking appliances.

The City Council requested that all new builds be electric ready and to remove the dryer appliance exception. The City Council discussed an appeal process to the Environmental Quality Commission for commercial businesses to request non-electric appliances. The City Council received information regarding the resiliency of electric and the dangers of natural gas.

Item H4 was continued to September 10 for reintroduction with updates directed by City Council.

City Council took a recess at 9:07 p.m.

City Council reconvened at 9:16 p.m.

- H5. Authorize the issuance and sale of 2019 general obligation refunding bonds (2001 Election) for the purpose of refunding outstanding general obligation bonds, Series 2009A and 2009B, and approve related documents ([Staff Report #19-180-CC](#))

Finance and Budget Manager Dan Jacobson and Management Analyst II Kristen Middleton made the presentation (Attachment).

**ACTION:** Motion and second (Nash/ Combs) to authorize the issuance and sale of 2019 general obligation refunding bonds (2001 Election) for the purpose of refunding outstanding general obligation bonds, Series 2009A and 2009B, and approve related documents, passed 4-0-1 (Carlton absent).

**I. Informational Items**

I1. City Council agenda topics: September to November 2019 ([Staff Report #19-170-CC](#))

No action or discussion.

**J. City Manager's Report**

City Manager Jerome-Robinson announces a housing study session on November 15.

**K. City Councilmember Reports**

K1. Verbal report from City Council subcommittees on planning and zoning

Subcommittee member Nash made the report (Attachment).

Subcommittee member Taylor made the presentation (Attachment).

**L. Adjournment**

Mayor Mueller adjourned the meeting at 9:28 p.m.

Judi A. Herren, City Clerk

THIS PAGE INTENTIONALLY LEFT BLANK





**STAFF REPORT**

**City Council Meeting Date:** 9/24/2019  
**Staff Report Number:** 19-191-CC

**Consent Calendar:** Introduction of Ordinance No. 1059 repealing Chapter 2.58 (Safe City) of Title 2 (Administration and Personnel)

**Recommendation**

Staff recommends that the City Council introduce Ordinance No. 1059 repealing Chapter 2.58 (Safe City) of Title 2 (Administration and Personnel) of the Menlo Park Municipal Code, as directed by City Council August 27.

**Policy Issues**

Municipal Code section 2.58 Safe City is now preempted by State Law and to promote uniformity and consistent implementation should be repealed.

**Background**

On June 20, 2017, the City Council approved and adopted the Ordinance 1036 (Safe City.) At that time, the City's ordinance exceeded the requirements set by the general laws of the State of California. On January 4, 2018, Senate Bill 54 (SB54/TRUST and VALUE Act) went into effect and modified the existing TRUTH Act that was effective January 1, 2017. On August 27, City Council directed staff to introduce an ordinance to repeal Ordinance 1036 on the grounds that it had largely been superseded by State law.

**Analysis**

On August 27, City Council was presented with a side-by-side analysis of the new and modified state laws listed above, and Chapter 2.58 (Safe City) of the Municipal Code. This analysis can be found in Attachment B.

The above listed state laws now largely if not entirely negate the need for and preempt the City's safe city ordinance.

**Impact on City Resources**

There is no impact on City resources.

**Environmental Review**

This action is not a project within the meaning of the California Environmental Quality Act (CEQA) Guidelines §§ 15378 and 15061(b)(3) as it is a minor change that will not result in any direct or indirect physical change in the environment.

### **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. Ordinance No. 1059 repealing Chapter 2.58 [Safe City] of Title 2 [Administration and Personnel]
- B. Hyperlink – Staff Report No. 19-172-CC, August 27: [menlopark.org/DocumentCenter/View/22605/H1---20190827-Safe-City-Report-CC](http://menlopark.org/DocumentCenter/View/22605/H1---20190827-Safe-City-Report-CC)

Report prepared by:  
Dave Bertini, Chief of Police

## ORDINANCE NO. 1059

**ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MENLO PARK  
REPEALING CHAPTER 2.58 [SAFE CITY] OF TITLE 2 [ADMINISTRATION AND  
PERSONNEL]**

The City Council of the City of Menlo Park does hereby ordain as follows:

**SECTION 1. FINDINGS AND DETERMINATIONS.**

A. On June 20, 2017, the City Council approved and adopted Ordinance No. 1036, the safe city ordinance.

B. At that time, the City's ordinance exceeded the requirements set by the general laws of the State.

C. On January 4, 2018, Senate Bill 54 (SB54/TRUST and VALUE Act) went into effect modifying the existing TRUTH Act, which was effective January 1, 2017.

Together, these new laws largely if not entirely negate the need for and preempt the City's safe city ordinance.

D. Therefore to provide consistency with State law and to promote uniformity and consistent implementation, on August 27, 2019, the City Council directed staff to repeal Ordinance No.1036.

**SECTION 2. REPEAL OF CODE.** Chapter 2.58 [Safe City] of Title 2 [Administration and Personnel] is hereby repealed as follows. Underlined text indicates an addition and ~~strikethrough~~ text indicates a deletion.

**Chapter 2.58**  
**SAFE CITY**

**Sections:**

~~2.58.010 Safe city.~~

~~2.58.020 Federal criminal warrants and civil immigration detainer requests.~~

~~2.58.030 Use of city funds prohibited.~~

~~2.58.040 Compliance No private right of action.~~

~~2.58.050 Reporting.~~

**2.58.010 Safe City.**

~~(a) The city of Menlo Park is an ethnically, racially and religiously diverse city. The city has long derived its strength and prosperity from its diverse community. Cooperation with all members of the city's diverse community is essential to advancing the city's mission, vision and guiding principles, including community safety, support for youth and education, economic development and financial stability.~~

~~(b) The city of Menlo Park is a safe city for all, regardless of immigration status, religion, race, nationality, ethnicity, sexual orientation, gender or gender identity.~~

~~(c) City of Menlo Park officials, including its law enforcement officers, shall not administer federal immigration law, which is the exclusive authority of the federal government, and shall~~

~~not take any direct action against an individual because of their immigration status, unless legally required to do so pursuant to a valid federal criminal warrant.~~

~~(d) With respect to law enforcement activities, no employee of the city of Menlo Park shall inquire about the immigration status of an individual, including but not limited to a crime victim, witness or person who calls or approaches law enforcement personnel seeking assistance, unless necessary to investigate criminal activity by that individual or it is an element of the crime being reported. (Ord. 1036 §2 (part), 2017).~~

~~**2.58.020 Federal criminal warrants and civil immigration detainer requests.**~~

~~(a) The city of Menlo Park is legally required to cooperate with federal criminal warrants. Federal criminal warrants are distinct from civil immigration detainer requests. Unlike a warrant, a civil detainer request is not issued by a judge and is not based on a finding of probable cause.~~

~~(b) The city of Menlo Park shall not cooperate with Immigration and Customs Enforcement (ICE) detainer requests of an individual unless one (1) or more of the circumstances identified in California Government Code Sections 7282.5(a)(1) through (4) and (6) apply.~~

~~(c) Except as otherwise required in this chapter or unless city officials have a legitimate law enforcement purpose that is not related to the enforcement of civil immigration laws, the city shall not give ICE agents access to individuals. (Ord. 1036 §2 (part), 2017).~~

~~**2.58.030 Use of city funds prohibited.**~~

~~(a) No city agency, department, officer or employee shall use city funds, resources, facilities, property, equipment or personnel to:~~

- ~~(1) Identify, investigate, arrest, detain or continue to detain a person in the absence of a valid criminal warrant on the belief that the person is not present legally in the United States or that the person has committed a violation of immigration law.~~
- ~~(2) Assist or participate in any immigration enforcement operation or joint operation or patrol that is focused on the enforcement of federal immigration laws.~~
- ~~(3) Arrest, detain or continue to detain a person in the absence of a valid criminal warrant based on any civil immigration detainer request.~~
- ~~(4) Notify federal authorities about the release or pending release of any person for immigration purposes.~~
- ~~(5) Provide federal authorities with nonpublic information about any person for immigration purposes.~~

~~(b) No city agency, department, officer or employee shall use city funds, resources, facilities, property, equipment or personnel unless such assistance is required by a valid and enforceable federal or state law or is contractually obligated. Nothing shall prevent the city, including any agency, department, officer or employee, from lawfully discharging his/her duties in compliance with a lawfully issued judicial warrant, subpoena or court decision. (Ord. 1036 §2 (part), 2017).~~

**~~2.58.040 Compliance—No private right of action.~~**

~~(a) The clerk of the city of Menlo Park shall send copies of this chapter, including any future amendments, to every department of the city of Menlo Park. Any employee who willfully and intentionally violates the prohibitions in this chapter may face department discipline up to and including termination.~~

~~(b) In undertaking the adoption and enforcement of this chapter, the city is assuming an undertaking only to promote the general welfare. This chapter does not create or form the basis of liability on the part of the city, its agents, departments, officers or employees. It is not intended to create any new rights for breach of which the city or any of its employees are liable for money or any other damages to any person who claims that such breach proximately caused injury. (Ord. 1036 §2 (part), 2017).~~

**~~2.58.050 Reporting.~~**

~~One year from adoption of the ordinance codified in this chapter, the city council will review the ordinance and receive a report regarding any incidents relevant to the ordinance. (Ord. 1036 §2 (part), 2017).~~

SECTION 3. 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 4. 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") under Sections 15378 and 15061(b)(3) of the of the CEQA Guidelines. The ordinance is a clean up ordinance and has no potential for resulting in physical change to the environment either directly or indirectly.

SECTION 5. 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 posted 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 this twenty-fourth day of September, 2019.

PASSED AND ADOPTED as an ordinance of the City of Menlo Park at a regular meeting of said City Council on this \_\_\_\_\_ day of \_\_\_\_\_, 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

\_\_\_\_\_  
Ray Mueller, Mayor

ATTEST:

\_\_\_\_\_  
Judi A. Herren, City Clerk



**SPECIAL AND REGULAR MEETING AGENDA**

**Date:** 9/24/2019  
**Time:** 5:00 p.m.  
**City Council Chambers**  
**701 Laurel St., Menlo Park, CA 94025**

**STAFF REPORT RELEASE NOTICE**

The Staff Report No. 19-195 for second reading and adoption of Ordinance No. 1057 adopting updated building codes and local amendments to the 2019 California Energy Code to require higher levels of building electrification and solar production for newly constructed buildings to reduce greenhouse gas emissions effective January 1, 2020 will be available by 5 p.m. on September 19, 2019.

Members of the public can view electronic agendas and staff reports by accessing the City website at [menlopark.org/agenda](http://menlopark.org/agenda) and can receive email notification of agenda and staff report postings by subscribing to the "Notify Me" service at [menlopark.org/notifyme](http://menlopark.org/notifyme). Agendas and staff reports may also be obtained by contacting the City Clerk's Office at 650-330-6620. (Posted 9/12/2019.)

THIS PAGE INTENTIONALLY LEFT BLANK





**STAFF REPORT**

**City Council**  
**Meeting Date:** 9/24/2019  
**Staff Report Number:** 19-197-CC

**Consent Calendar:** Receive and file the preliminary year-end close financial review of general fund operations as of June 30, 2019

**Recommendation**

Staff recommends receipt and filing of the preliminary year-end close financial review of general fund operations as of June 30, 2019.

**Policy Issues**

The preliminary year-end budget-to-actual report is presented to facilitate better understanding of general fund operations and the overall state of the City's current fiscal affairs by the public and the City Council.

**Background**

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

While revenues and expenditures presented in this report are through June 30, which is the end of the fiscal year, adjustments may be made as a result of the City's ongoing audit. A more complete picture of the general fund's final results from fiscal year 2018-19 will be presented in December, when the year-end report is provided to the City Council.

**Analysis**

Overall, the report highlights that year-to-date actuals for fiscal year 2018-19 show a preliminary net revenue position of \$5.57 million. The general fund unassigned fund balance is expected to increase by \$0.72 million after assignments and commitments according to the reserve policy have been accounted for. Overall, revenues in the general fund for fiscal year 2018-19 received were 1.35 percent higher than anticipated. Year-to-date expenditures were under budget at almost 94 percent of expected spending.

Fund balance assignments and commitments

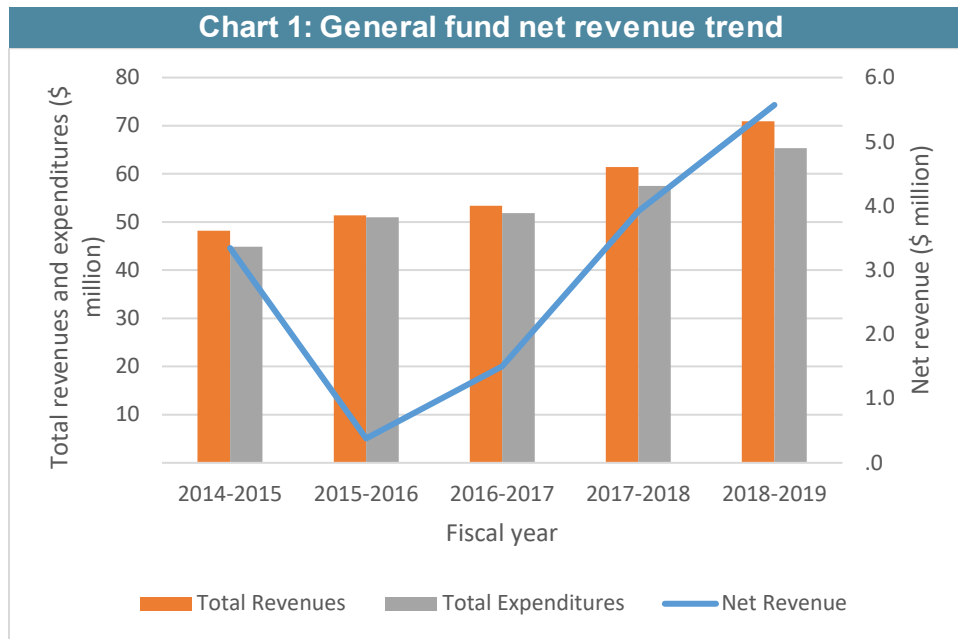
The assignments and commitments as of June 30, 2019, are estimated to include \$28.84 million for reserve commitments including economic stabilization, emergency contingency and strategic pension fund; and \$6.68 million in assignments including infrastructure maintenance, mitigation of development effects on the Menlo Park City School District (MPCSD), and encumbered liabilities. Newly assigned as of June 30, 2019,

are the remaining funds received as part of a \$2.25 million public safety development agreement (PSDA) but not fully expended throughout the year. These funds not yet expended will be dedicated to the public safety uses outlined in the PSDA in future years and are therefore assigned for that purpose as of June 30, 2019. These changes in assignments and commitments are outlined in Table 1 below. The additional designation column provides the funds assigned by agreement during fiscal year 2018-19 or by City Council policy following fiscal year-end, prior to use of reserves to true up the account.

Table 1: Fund balance assignments and commitments				
	Balance July 1, 2018	Additional designation	Use of reserves	Balance June 30, 2019
Assignments:				
Infrastructure maintenance	2,830,000	84,900	-	2,914,900
Community development	1,229,000	-	(1,229,000)	-
Mitigation for MPCSD	1,000,000	-	-	1,000,000
Public safety DA	-	2,054,147	-	2,054,147
Encumbrances	1,155,219	706,146	(1,155,219)	706,146
<b>Total assignments</b>	<b>6,214,219</b>	<b>2,845,193</b>	<b>(2,384,219)</b>	<b>6,675,193</b>
Commitments:				
Emergency contingency	9,300,000	1,500,000	-	10,800,000
Economic stabilization	12,000,000	1,500,000	-	13,500,000
Strategic pension funding	4,300,000	239,355	-	4,539,355
<b>Total commitments</b>	<b>25,600,000</b>	<b>3,239,355</b>	<b>-</b>	<b>28,839,355</b>

General fund trend

Change in the general fund balance, a result of the net revenue in a given time period, is driven by the difference between overall revenue and overall expenditures in the fund. To better display the trend between general fund revenues and expenditures, historical values are presented below in Chart 1 and represent five years of June 30 year-end balances, ending June 30, 2019.



Revenue

Table 2 below shows a summary of 2018-19 preliminary budget-to-actual revenues for fiscal years 2017-18 and 2018-19.

Table 2: Revenues						
	2017-2018			2018-2019		
	Amended Budget	Actual 6/30/18	% of Budget	Amended Budget	Preliminary 6/30/19	% of Budget
<b>Revenues</b>						
Property tax	20,847,249	23,026,432	110.45%	26,524,725	25,918,346	97.71%
Charges For services	9,676,744	9,948,363	102.81%	12,508,581	12,776,412	102.14%
Sales tax	6,253,025	6,910,437	110.51%	5,985,052	7,518,072	125.61%
Licenses and permits	7,428,541	6,740,334	90.74%	6,128,081	5,233,753	85.41%
Transient occupancy tax	7,209,000	7,770,969	107.80%	10,050,155	10,379,872	103.28%
Franchise fees	2,047,000	2,121,386	103.63%	2,047,000	2,077,805	101.50%
Fines	1,262,400	150,112	11.89%	1,262,400	1,399,465	110.86%
Utility users' tax	1,221,000	1,322,169	108.29%	1,211,000	1,661,939	137.24%
Inter-governmental revenue	1,149,284	1,403,524	122.12%	1,062,334	1,523,000	143.36%
Interest and rental income	898,200	1,413,688	157.39%	1,433,656	1,612,292	112.46%
Transfers and other	548,838	583,523	106.32%	598,146	807,337	134.97%
Use of assigned fund balance	1,850,000	-	0.00%	1,155,219	-	0.00%
<b>Total Revenues:</b>	<b>60,391,281</b>	<b>61,390,936</b>	<b>101.66%</b>	<b>69,966,348</b>	<b>70,908,293</b>	<b>101.35%</b>

Through the fourth quarter of fiscal year 2018-19, year-to-date general fund revenues are just under \$71 million, which is a 16 percent increase over the same time period in 2017-18. This increase is driven by several major revenue sources, including property tax, charges for services, fines, transient occupancy tax and sales tax.

Property tax revenues, which represent the largest source of general fund revenue, are up 13 percent, or \$2.89 million over the last year. When comparing budget to actual for the current fiscal year, property tax revenues are 98 percent of what the City had anticipated. This category consists of all property tax revenues, including the secured tax, unsecured tax, property transfer tax and supplemental tax. Of note, secured property tax was slightly lower than anticipated. Receipts did not follow the midyear amendment made based on trends from prior years.

Charges for services are up 28 percent, or \$2.83 million, over fiscal year 2017-18. When compared to the budget, charges for services are 2.14 percent above anticipated revenue. Revenue increases in this

category are primarily being driven by the City’s recreation programs, the City’s public works and community development departments, and developer agreement payments.

Sales tax revenues are up 9 percent when compared to the same period in fiscal year 2017-18 and came in over budget by 25.61 percent for the current fiscal year. It is important to note that the State remits sales tax as advances and conducts adjustments which frequently cross between fiscal years, potentially resulting in an overstated amount for the fiscal year ended June 30, 2019, and reflected as a lower total in the full-year revenues for this category for the 2019–20 fiscal year.

Transient occupancy tax (TOT) revenues are up 34 percent over the same period from last fiscal year. Overall, most hotels in Menlo Park are reporting increases in TOT revenues compared to the prior fiscal year and were bolstered by being the first full fiscal year cycle of operations by several new locations. Revenues in this category are trending slightly higher than those expected during the midyear review process and have exceeded the amended budget by 7.8 percent.

In the 2018-19 fiscal year, fines have returned to the normal expected level. Fines experienced a decrease in the 2017-18 fiscal year due to an unforeseen lack of ability to staff full time traffic officers as well as a delayed remittance to the County.

Expenditures

Consistent with the City Council amended budget, general fund operating expenditures are up \$7.83 million or 14 percent, over the previous year. Overall, expenditures in the general fund are close to expected with 93.91 percent of the budget being spent. Table 3 below details expenditures by operating department for the prior two fiscal years as compared to the final amended budget for each year.

Table 3: Expenditures						
Expenditures	2017-18			2018-19		
	Amended Budget	Actual 6/30/18	% of Budget	Amended Budget	Preliminary 6/30/19	% of Budget
Police	18,294,690	17,820,892	97.41%	19,462,418	19,080,429	98.04%
Public Works	10,801,036	10,299,742	95.36%	11,947,470	11,528,704	96.49%
Community Services	8,573,785	8,537,864	99.58%	9,713,216	9,364,538	96.41%
Community Development	7,311,094	6,294,970	86.10%	8,339,512	6,770,375	81.18%
Administrative Services	2,850,286	3,497,139	122.69%	3,167,233	3,096,624	97.77%
Library	3,065,053	2,811,848	91.74%	3,558,387	3,583,066	100.69%
City Manager's Office	2,211,453	1,789,344	80.91%	2,726,752	2,070,070	75.92%
City Council	725,746	537,985	74.13%	697,013	585,082	83.94%
City Attorney	620,448	604,746	97.47%	750,717	702,399	93.56%
Non-Departmental	3,548,702	5,277,214	148.71%	9,170,950	8,517,809	92.88%
<b>Total Expenditures:</b>	<b>58,002,293</b>	<b>57,471,745</b>	<b>99.09%</b>	<b>69,533,667</b>	<b>65,299,096</b>	<b>93.91%</b>

The majority of the City’s departments’ spending for the 2018-19 fiscal year was under their allocated budgets with a significant share of departmental savings due to vacancies and lower than anticipated

contract costs. Salary savings in departments exceeded even the included vacancy factor resulting in salary savings of approximately \$0.92 million.

Despite coming in under budget, the overall expenditures experienced an increase from the prior year. As the City continues to climb toward full capacity, an increase in services offered to the community increases as well. During the fiscal year ended June 30, 2019, the City made substantial progress toward filling vacant positions, despite the addition of 9.25 full-time equivalent (FTE) positions at the beginning of the fiscal year to support a variety of departments including police, library and public works.

#### Assignments and commitments

Funds not expended from the contribution to the City for operation of the PSDA and its cost of operation for the fiscal year, a remaining total of \$2,054,147, have been assigned for future costs of operation for the PSDA and do not contribute toward net operating surplus or deficit.

In accordance with City Council Procedure #CC-14-003, the City maintains a portion of the fund balance as committed for emergency contingencies, economic stabilization and strategic pension funding opportunities. The procedure outlines a target of 43 to 55 percent of the general fund's budgeted expenditures for the following year and ranges of 15-20 percent and 20-25 percent of the following fiscal year's expenditures for the emergency contingency and economic stabilization reserves respectively. In order to reach the minimum threshold by category and maintain the desired range, the City must increase this committed balance by \$3.00 million entering fiscal year 2019–20. This includes a commitment of \$1.50 million to each the emergency contingency and economic stabilization reserves. Also in accordance with the Procedure, 25 percent of a given year's operating surplus is dedicated to the strategic pension reserve, increasing its balance by an estimated \$0.24 million as of June 30, 2019. It is important to note that the City's fiscal position is strongly bolstered by the City's reserve policy, including being one of the main factors in the City receiving the strongest possible rating, AAA, from two rating agencies shortly after the fiscal year ended June 30, 2019, and the City Council should be commended for continuing this proactive and prudent approach to maintaining City finances.

#### **Impact on City Resources**

There is no impact on City resources.

#### **Environmental Review**

This action is not a project within the meaning of the California Environmental Quality Act (CEQA) Guidelines §§ 15378 and 15061(b)(3) as it will not result in any direct or indirect physical change in the environment.

#### **Public Notice**

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

#### **Attachments**

None.

Report prepared by:  
Brandon Cortez, Management Analyst

Staff Report #: 19-197-CC

Reviewed by:  
Dan Jacobson, Finance and Budget Manager

Approved by:  
Lenka Diaz, Administrative Services Director

THIS PAGE INTENTIONALLY LEFT BLANK





**STAFF REPORT**

**City Council Meeting Date:** 9/24/2019  
**Staff Report Number:** 19-193-CC

**Consent Calendar:** Receive and file the investment portfolio review as of June 30, 2019

**Recommendation**

Staff recommends receipt and filing of the City’s investment portfolio review as of June 30, 2019.

**Policy Issues**

The City and the Successor Agency funds are invested in full compliance with the City’s investment policy and State law, which emphasize safety, liquidity and yield.

**Background**

The City’s investment policy requires a quarterly investment report to the City Council, which includes all financial investments of the City and provides information on the investment type, value and yield for all securities.

**Analysis**

Investment portfolio as of June 30, 2019

The City’s investment portfolio as of June 30, 2019, totaled \$154,477,139. As shown below in Table 1, the City’s investments by type are measured by the amortized cost as well as the fair value as of June 30, 2019. The Local Agency Investment Fund (LAIF) is considered a safe investment as it provides the liquidity of a money market fund. The majority of the remaining securities are prudent and secure short- and medium-term investments (1-5 years,) bearing a higher interest rate than LAIF, and/or provide investment diversification.

Table 1: Recap of investments held as of June 30, 2019				
Security	Amortized cost basis	Fair value basis	% of portfolio	
LAIF	\$ 64,997,284	\$ 64,997,284	42.1%	
Securities Portfolio				
Corporate Bonds	26,050,006	26,124,347	16.9%	
Government Agencies	48,215,287	48,419,412	31.3%	
Government Bonds	14,900,360	14,936,096	9.7%	
<b>Total</b>	<b>\$ 154,162,937</b>	<b>\$ 154,477,139</b>	<b>100.0%</b>	

As shown in Table 1, the fair value of the City's securities was \$314,202 greater than the amortized cost as of June 30, 2019. The difference between amortized cost and fair value is referred to as an unrealized loss or gain, and is due to market values fluctuating from one period to another. It is important to note that any unrealized loss or gain does not represent an actual cash transaction to the City, as the City generally holds securities to maturity to avoid market risk.

The consolidated portfolio report for the quarter ending June 30, 2019, is included as Attachment A and each component is described in greater detail below.

### *LAIF*

As previously shown in Table 1, 42 percent of the portfolio resides in the City's account at the LAIF, a liquid fund managed by the California State Treasurer, yielding 2.43 percent for the quarter ended June 30, 2019. LAIF yields had been at historic lows for several recent years but the last three years have shown a small but steady trend upward. Due to the liquidity of LAIF and based on uncertainty surrounding rates for longer-term securities, the City has kept a large number of funds in LAIF in recent years. However, the City does invest excess funds in other types of securities in an effort to provide diversification and guarantee rates from longer-duration investments.

### *Securities portfolio*

As of June 30, 2019, the City held a number of securities in corporate bonds, government agency notes and government bonds and reflect a diversified mix in terms of type but all at low risk. Insight Investment serves as the City's financial adviser on security investments and makes recommended trades of securities, purchase and sale that align market conditions to the City Council adopted investment policy to the greatest extent possible. The Insight Investments quarterly statement for the period ended June 30, 2019, is provided in Attachment B. As shown on the quarterly statement, the return for the period ended June 30, 2019, on an amortized cost basis, was 0.54 percent. The positions the City held as of June 30, 2019, are included in Attachment C.

### Performance comparison

As specified in the City's investment policy, the performance of the portfolio is measured against the benchmark of a similar-length treasury bond. In the quarter ending June 30, 2019, the City's portfolio returned a weighted average of 2.25 percent with non-LAIF funds having a weighted average duration of 1.50 years. The trailing 18-month period for a two-year treasury note saw a yield of 1.34 percent, or 0.91 lower than the City's portfolio performance.

### **Impact on City Resources**

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

### **Environmental Review**

This action is not a project within the meaning of the California Environmental Quality Act (CEQA) Guidelines §§ 15378 and 15061(b)(3) as it will not result in any direct or indirect physical change in the environment.

### **Public Notice**

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

**Attachments**

- A. Insight Investments consolidated portfolio report for the quarter ended June 30, 2019
- B. Hyperlink – Insight Investments advised funds quarterly report for the quarter ended June 30, 2019:  
[menlopark.org/DocumentCenter/View/22834/3-Att-B-Quarterly-statement-as-of-6-30-2019](http://menlopark.org/DocumentCenter/View/22834/3-Att-B-Quarterly-statement-as-of-6-30-2019)
- C. Hyperlink – Securities positions held by the City of Menlo Park as of June 30, 2019:  
[menlopark.org/DocumentCenter/View/22835/4-Att-C-Securities-positions-as-of-6-30-2019](http://menlopark.org/DocumentCenter/View/22835/4-Att-C-Securities-positions-as-of-6-30-2019)

Report prepared by:  
Dan Jacobson, Finance and Budget Manager

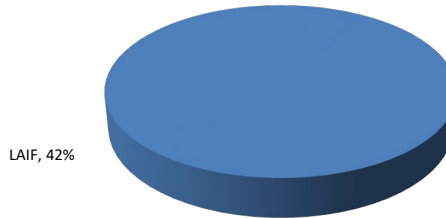
## City of Menlo Park Quarterly Consolidated Portfolio Report June 30, 2019

### City Managed Assets % Return

LAIF	\$	64,997,284	42%	2.43%
<b>Total Internally Managed</b>	<b>\$</b>	<b>64,997,284</b>	<b>42%</b>	

**Weighted Average Yield** **2.43%**

	Days	
Effective Average Duration - Internal	1	
Weighted Average Maturity - Internal	1	

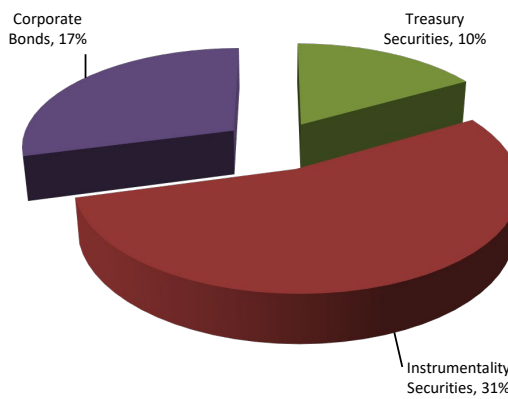


### Advisor Managed Assets % Return

Treasury Securities	\$	14,936,096	10%	1.92%
Instrumentality Securities	\$	48,419,412	31%	2.09%
Corporate Bonds	\$	26,124,347	17%	2.28%
<b>Total Externally Managed</b>	<b>\$</b>	<b>89,479,855</b>	<b>58%</b>	

**Weighted Average Yield** **2.12%**

	Years	
Effective Average Duration - External	1.50	
Weighted Average Maturity - External	1.58	

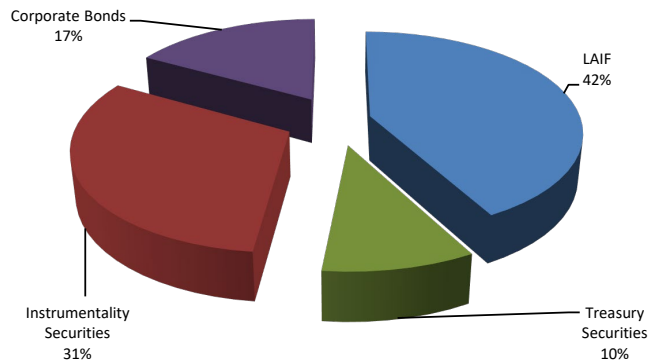


### Total Portfolio Assets % Return

LAIF	\$	64,997,284	42%	2.43%
Treasury Securities	\$	14,936,096	10%	1.92%
Instrumentality Securities	\$	48,419,412	31%	2.09%
Corporate Bonds	\$	26,124,347	17%	2.28%
<b>Total Portfolio Assets</b>	<b>\$</b>	<b>154,477,139</b>		

**Weighted Average Yield** **2.25%**

	Years	
Effective Average Duration - Total	0.87	
Weighted Average Maturity - Total	0.92	



### Portfolio Change

Beginning Balance	\$	147,810,381
Ending Balance	\$	154,477,139

<b>Yield Comparison</b>	<b>2-Year Treasury</b>	<b>2-Year Treasury (18 Month Trailing)</b>
	<b>1.79%</b>	<b>1.34%</b>

\* Note: All data for external assets was provided by the client and is believed to be accurate. Insight Investment does not manage the external assets and this report is provided for the client's use. Market values are presented. Instrumentality Securities - These are securities that are issued to serve a public purpose and are closely tied to federal and/or state government but are not a direct government agency



## STAFF REPORT

### City Council

Meeting Date:

9/24/2019

Staff Report Number:

19-198-CC

Consent Calendar:

**Authorize the city manager to enter into an agreement with Black & Veatch Management Consulting to develop the 2020 water rate study**

### Recommendation

Staff recommends that the City Council authorize the city manager to enter into an agreement with Black & Veatch Management Consulting (Black & Veatch) to develop the 2020 water rate study (Study) which will recommend rates for the next five years.

### Policy Issues

The City Council must authorize the city manager to enter into this agreement, since the cost of the Study is above the city manager's spending authority. The City Council acts as the governing body for Menlo Park Municipal Water (MPMW) and sets water rates.

### Background

MPMW supplies water to approximately half of the City's residences and businesses (Attachment A.) MPMW is a self-supporting water fund enterprise where revenues from water sales directly finance water operations and water capital improvement projects. This year's operating and capital budget is \$12.9 million.

In July 2015, the City Council approved a five year rate schedule (Attachment B) with uniform annual increases of 5 percent per year for tier 1 consumption and 14.5 percent per year for tier 2 consumption. The last increase of this program went into effect July 1 New rates would need to be adopted this fiscal year (19-20) in order to go into effect July 1, 2020.

MPMW water rates currently consist of four elements:

1. Water meter charge – A monthly service charge based on meter size. There is a different monthly service charge for fire services based on the size of the service connection.
2. Water consumption charge – A charge based on the measured amount of water used (2 tiers.) Tier 1 applies to water use up to six centum cubic feet (ccf) (one ccf = 100 cubic feet = 748 gallons), and tier 2 applies to water use above six ccf.
3. Water capital surcharge – A capital surcharge based on water use to fund water capital improvement projects to maintain the system. On May 22, 2018, the City Council accepted the 2018 water system master plan (WSMP) which included the development of a capital improvement program for the 25 years (through year 2040) totaling \$90.31 million. In the past MPMW has used the pay-as-you-go model (adjusting rates as necessary to make capital improvements on a cash basis) to fund capital improvements. With the significant capital cost, the Study will also evaluate and develop a funding strategy.
4. Drought surcharge – An emergency drought surcharge to fund water conservation programs and regulatory drought activities (upon City Council approval.) On May 24, 2016, the City Council adopted

the 2015 urban water management plan which included a water shortage contingency plan (WSCP.) The WSCP consists of five stages with each stage representing a specific drought scenario (up to 10 percent, up to 20 percent, up to 30 percent, and up to 50 percent conservation levels) and a list of conservation measures to implement. During the last drought, the City Council adopted stage 2 of the WSCP (up to 10 percent conservation level) and the corresponding drought surcharge. On May 2, 2017, after the drought ended, the City Council adopted stage 1 (no drought) of the WSCP which corresponds to no drought surcharge.

#### Proposition 218 requirements

Article XIII(D) of the California State Constitution, known as Proposition 218, ensures that rates, including water rates, are reasonable and proportionate to the cost of providing service. Performing a water rate study supports Proposition 218 requirements by identifying program needs, the amount of revenue necessary to be generated to meet those needs, and establishes a reasonable and proportionate rate structure that ensures fiscal stability.

Proposition 218 also requires that agencies distribute a Proposition 218 notice to educate property owners about proposed rates and allow them an opportunity to protest the rates if desired. The notice must include the maximum proposed rate, the rate structure and the time, date, and place for a public hearing. The notice must allow property owners at least 45 days to respond prior to a City Council public hearing to adopt new rates. Rates cannot be adopted if more than 50 percent of property owners submit written protests. The City will follow these notification requirements as part of the Study and any subsequent changes to water rates.

#### **Analysis**

On July 12, staff issued a request for proposal (RFP) to develop the Study. A summary of the scope of work is shown below.



Table 1: Scope of work	
Task	Description
Rate regulations	Discuss current rate regulations (including Proposition 218) and impacts to the Study
Rate structure	Determine if a different rate structure or tier breakdown should be considered. Provide the pros and cons of the existing rate structure and other rate structure options that would send a conservation signal to the customer and is consistent with current regulations (such as Proposition 218)
Other rate categories	Determine if separate rates for irrigation, residential and multi-residential customers should be considered
10-year revenues and expenditures	Determine the annual revenue requirements needed to fund current and planned operating and capital programs
Water consumption charges	Develop and recommend a five year rate schedule starting with fiscal year 2020-21 (July 1, 2020)
Water meter charges	Evaluate and recommend a five year update of water meter charges and fire meter charges to be in-line with other local water agencies
Water capital surcharges	Evaluate and recommend a five year update of water capital surcharges to help fund capital projects identified in the WSMP adopted by the City Council May 22, 2018
Drought surcharges	Evaluate and recommend a five year update of drought surcharges
Water capacity charges	Evaluate and recommend a five year update of water capacity charges for new water connections to be in-line with other local water agencies
Rate assistance program	Evaluate the possibility of implementing a rate assistance program for low income households and/or senior citizens that meets current regulations. Determine the financial impacts to rates and options to ensure the water fund remains whole
Other options to fund capital projects	Evaluate and develop schedules for funding, such as loans from the City's general fund and water revenue bonds to help fund capital projects identified in the WSMP
Rate survey	Provide an analysis of recommended rate changes as compared to other water agencies that are members of the Bay Area Water Supply and Conservation Agency (BASWCA)
Project management	Develop the Proposition 218 notice and attend meetings (e.g., staff, community, City Council)

Staff received three proposals and is recommending Black & Veatch develop the Study. Black & Veatch has extensive experience assisting agencies in developing water rate studies regionally and nationally. They are well-versed in Proposition 218 regulatory requirements for setting rates and will provide a customized water rate model that can show real-time impacts to revenues, water fund balance, and typical customer bills by changing the variables (e.g., the four water rate elements, timing of completing capital improvement projects.) Their detailed scope of work is included as Attachment C.

#### Next steps

The estimated schedule to develop the Study is shown below. The process to develop the Study is very detailed, and it will be important to seek City Council feedback prior to initiating the Study. Because of this, staff has incorporated time in the scope of work to offer individual meetings with City Councilmembers, staff and the consultant team to provide information about setting rates and answer questions about the process.

Table 2: Estimated schedule	
Date	Description
October 2019	City Councilmember meetings (prior to initiating the Study)
October 2019 – January 2020	Develop the draft water rate study
January 2020	City Council study session (to discuss the draft water rate study)
February 2020	Finalize water rate study
March 2020	Mail Proposition 218 notice to MPMW property owners
May 2020	Public hearing to hear protests and to adopt a resolution setting new rates for the next five years
July 1, 2020	New rates become effective, and then are adjusted annually for the next five years July 1

**Impact on City Resources**

The fiscal year 2019-20 adopted budget includes \$120,000 to develop the Study, funded by the water fund. The total estimated consultant contract cost is \$88,726 which includes a 10 percent contingency.

**Environmental Review**

This action is not a project within the meaning of the California Environmental Quality Act (CEQA) Guidelines §§ 15378 and 15061(b)(3) as it will not result in any direct or indirect physical change in the environment.

**Public Notice**

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

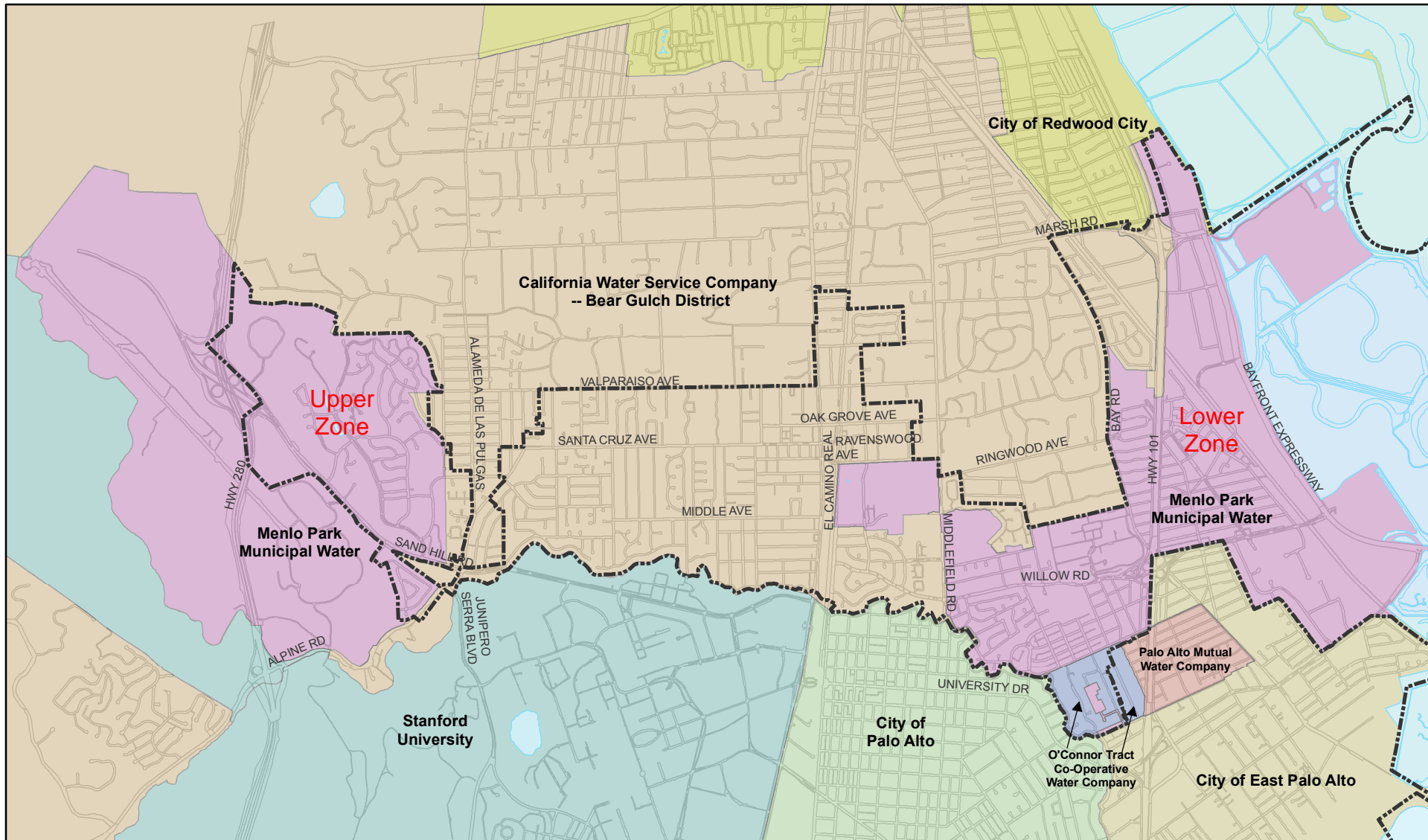
**Attachments**

- A. MPMW service area
- B. Five year rate schedule, adopted July 21, 2015
- C. Black & Veatch’s scope of work

Report prepared by:  
Pam Lowe, Senior Civil Engineer

Report reviewed by:  
Christopher Lamm, Assistant Public Works Director

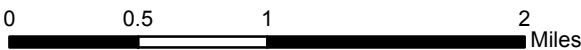




- |             |  |
|-------------|--|
| City Limits | <b>Water Provider</b>                                  |
| Travel Ways | California Water Service Company – Bear Gulch District |
| Water       | City of East Palo Alto                                 |
|             | City of Palo Alto                                      |
|             | City of Redwood City                                   |
|             | Menlo Park Municipal Water                             |
|             | Stanford University                                    |
|             | Palo Alto Mutual Water Company                         |
|             | O'Connor Tract Co-Operative Water Company              |



# Water Agencies Within and Surrounding Menlo Park





**Menlo Park Municipal Water District  
2015/16 – 2019/20 Water Rates  
(Adopted by City Council 7/21/15)**

	Sept 1 2015	July 1, 2016	July 1, 2017	July 1, 2018	July 1, 2019
<b>MONTHLY FIXED METER CHARGE - All Customers</b>					
<u>Meter Size</u>					
5/8"	\$17.93	\$20.08	\$22.49	\$25.19	\$28.21
3/4"	\$17.93	\$20.08	\$22.49	\$25.19	\$28.21
1"	\$29.88	\$33.47	\$37.49	\$41.99	\$47.03
1-1/2"	\$59.77	\$66.94	\$74.97	\$83.97	\$94.05
2"	\$95.63	\$107.10	\$119.95	\$134.34	\$150.46
3"	\$179.30	\$200.82	\$224.92	\$251.91	\$282.14
4"	\$299.43	\$335.36	\$375.60	\$420.67	\$471.15
6"	\$597.67	\$669.39	\$749.72	\$839.69	\$940.45
8"	\$956.27	\$1,071.02	\$1,199.54	\$1,343.48	\$1,504.70
10"	\$1,374.63	\$1,539.59	\$1,724.34	\$1,931.26	\$2,163.01
<b>MONTHLY UNMETERED FIRE FIXED CHARGES</b>					
<u>Meter Size</u>					
1-1/2"	\$10.76	\$12.05	\$13.49	\$15.11	\$16.93
2"	\$17.21	\$19.28	\$21.59	\$24.18	\$27.08
3"	\$32.27	\$36.15	\$40.49	\$45.34	\$50.79
4"	\$53.90	\$60.36	\$67.61	\$75.72	\$84.81
6"	\$107.58	\$120.49	\$134.95	\$151.14	\$169.28
8"	\$172.13	\$192.78	\$215.92	\$241.83	\$270.85
10"	\$247.43	\$277.13	\$310.38	\$347.63	\$389.34
12"	\$462.59	\$518.10	\$580.28	\$649.91	\$727.90
<b>WATER CONSUMPTION CHARGE - All Customers, Rate per ccf*</b>					
Tier 1: 0 - 6 ccf **	\$4.51	\$4.75	\$5.01	\$5.28	\$5.57
Tier 2: Over 6 ccf	\$4.64	\$5.32	\$6.09	\$6.97	\$7.98
<b>WATER CAPITAL SURCHARGE - All Customers, Rate per ccf*</b>					
All Usage	\$0.63	\$0.78	\$0.97	\$1.21	\$1.50
<b>DROUGHT SURCHARGES - All Customers, Rate per ccf*</b>					
<b>Water Shortage Contingency Plan</b> (adopted by City Council 5/24/16)					
<b>Required Water Cutback %</b>					
Stage 2: Up to 10%	\$0.11	\$0.18	\$0.26	\$0.30	\$0.36
Stage 3: Up to 20%	\$0.29	\$0.44	\$0.63	\$0.71	\$0.85
Stage 4: Up to 30%	\$0.52	\$0.79	\$1.11	\$1.24	\$1.48
Stage 5: Up to 50%	\$1.25	\$1.88	\$2.63	\$2.94	\$3.50
<b>WATER CAPACITY CHARGES</b>					
<u>Meter Size</u> (Increased annually by the ENR-CCI for San Francisco)		3.6%	3.5%	2.5%	2.8%
5/8"	\$4,852	\$5,027	\$5,203	\$5,333	\$5,482
3/4"	\$4,852	\$5,027	\$5,203	\$5,333	\$5,482
1"	\$8,087	\$8,378	\$8,671	\$8,888	\$9,137
1-1/2"	\$16,173	\$16,755	\$17,341	\$17,775	\$18,273
2"	\$25,877	\$26,809	\$27,747	\$28,441	\$29,237
3"	\$48,520	\$50,267	\$52,026	\$53,327	\$54,820
4"	\$81,028	\$83,945	\$86,883	\$89,055	\$91,549
6"	\$161,733	\$167,555	\$173,419	\$177,754	\$182,731

Larger sizes based on ratio of size to 5/8" – 3/4" meters.

\* 1 ccf = one hundred cubic feet or approximately 748 gallons

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

## 2. Study Approach and Schedule

### Project Understanding

The City of Menlo Park’s via Menlo Park Municipal Water (MPMW) wishes to obtain a qualified rate consultant to perform a comprehensive water rate study (Study). The study will review and make recommendations for adjustments to MPMW’s water rates over the next five years to pay for wholesale water costs, maintenance needs, ongoing projects, and any planned major capital projects. The major objectives MPMW wishes to accomplish with this Study are summarized in Figure 1 below.



Figure 1. Study Objectives

### Project Approach

Black & Veatch’s proven approach to water rate studies consists of three distinct and well-conceived phases: Financial Planning, Cost of Service Analysis, and Rate Design. This building-block process is fully integrated into our Excel based financial model. Moreover, from day one, our approach produces a **defensible administrative record** that will support Proposition 218 requirements.

Each phase has a specific purpose with distinct benefits.

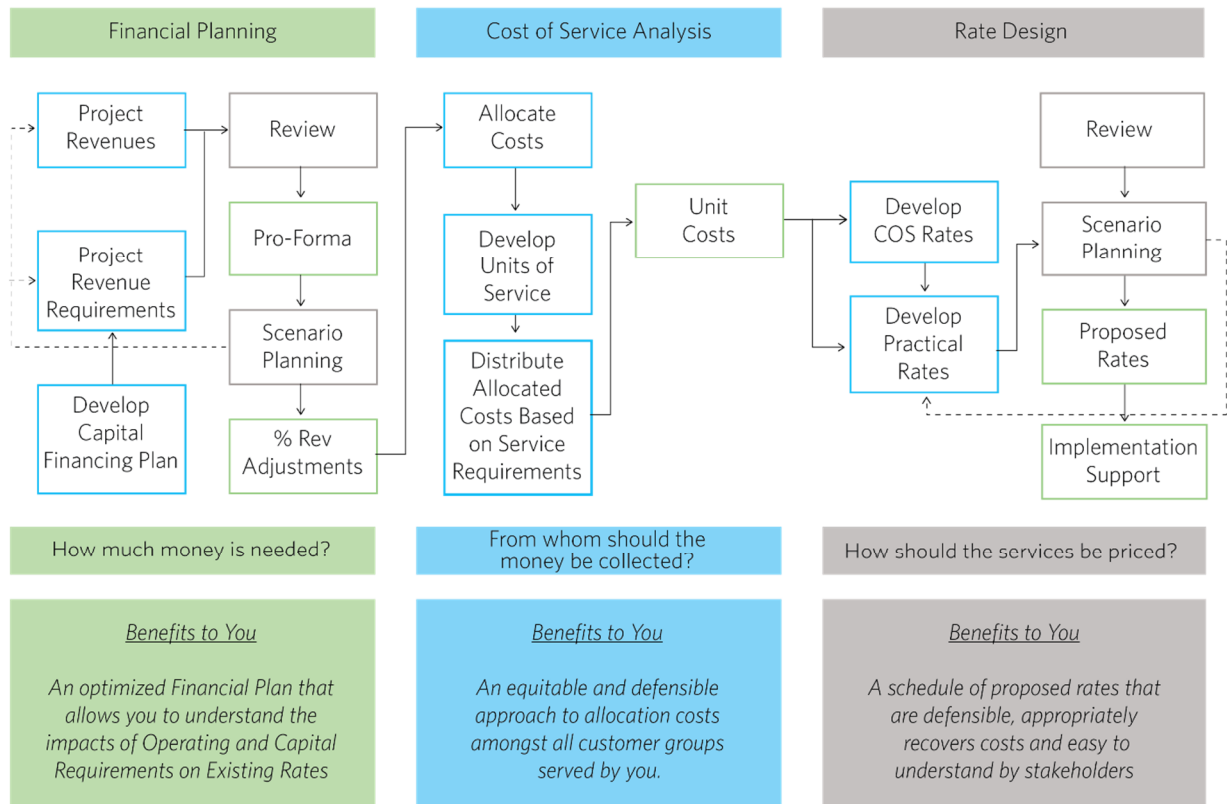


Figure 2. Rate Study Tasks Workflow

- **Financial Planning:** Assess the existing financial health of the water proprietary funds and develop a reliable financial forecast for the funds.
- **Cost of Service Analysis:** Determine the customer class level cost responsibility for the recovery of the utility’s annual costs.
- **Rate Design:** Design a practical rate structure and schedule of rates and charges that balances revenue adequacy, ease of administration and understanding, equity of cost recovery, and customer bill impact.

As illustrated in Figure 2, each phase consists of a sequence of tasks including a *milestone review* component to collaboratively address preliminary findings, which then enables the utility to make informed decisions and provide directions to pursue tasks in a subsequent phase, as may be necessary.

## Scope of Work

### 1. Project Management

Each task involves a **PROJECT MANAGEMENT** component that includes general project coordination, staff direction, budget/scope/schedule management, and billing/invoicing activities over the course of the project. Specific subtasks include:

- Coordinate project activities among Black & Veatch and MPMW staff: provide direction as required to meet project objectives and deadlines; maintain adequate levels of staff throughout the course of the project; review all study-related work; and provide quality assurance on the work executed by Black & Veatch team.



- Perform general administrative duties, including client correspondence, invoicing, budget/scope management, project documentation, and administer project controls using Black & Veatch’s proprietary internal project tracking system.

## 2. Financial Planning

The purpose of this task is to develop a ten-year financial plan for MPMW’s water utility. Specific subtasks include:

### 2.1. Research

Prior to developing the ten-year financial plan, existing financial and operational documents will be requested and reviewed to properly incorporate into the Study. A data request will be prepared and discussed with MPMW during the kick-off meeting. At minimum, the following documents will be requested:

- The 2015 Urban Water Management Plan, 2018 Water Master Plan, 2019 Water Financial Plan Update, Reserve Policies, Ordinances, and any additional relevant studies.

### 2.2. Projection of Revenues Under Existing Rates

The development of the **ten-year financial plan** will commence with the following activities:

#### 2.2.1. Customer, Usage, and Flow Projections

MPMW will provide meter connections, water usage for a historical five-year planning period. We will analyze historical and projected growth trends, climatological patterns, the potential for adding/losing major utility customers and changes in customer class usage patterns. Our usage projections are based on the projected number of utility connections and a usage per connection analysis to reflect the effects of increased or decreased average usage by customer classification. **An examination of separation of customer categories will be part of the projections. We will assess the practicality and need to add more granular customer classes to address water use equity and focus conservation messaging.**

#### 2.2.2. Water Revenue Projections

The existing water revenue from rates will be determined by applying the existing rates to projected connections and water usage. Revenue determined because of this analysis will form the basis to assess revenues under existing rates for all customer classes over the study period. The revenue projections are based on fiscal year 2020 water rates.

#### 2.2.3. Miscellaneous Revenue Projections

The revenues to be generated from other existing sources such as interest earnings and other miscellaneous revenues will be projected for the planning period. These revenue sources are important for determining the net level of future revenues that need to be generated from water rates.

### 2.3. Development of Revenue Requirements

The development of revenue requirements will be based on an examination of historical financial reports, current operating budgets, and proposed capital improvement programs.

#### 2.3.1. Project Operation and Maintenance Expense

Projections of operation and maintenance expense will be developed to facilitate analysis and cost allocations. Operation and maintenance expense will be projected based on a review of historical financial records and trends, and available utility budget estimates of future operation and maintenance expense. Projections will recognize estimated increases in the number of customers served, water usage as well as the potential effects of continued inflation in costs levels, the addition of new system facilities, any anticipated changes in operation and staffing, and other factors which may influence future expense levels.

#### 2.3.2. Routine Capital Expenditures

Based on analyses of historical and budget data, available utility assessments of future needs, and discussions with utility staff, requirements for water capital outlays which tend to recur on an

annual basis will be projected. Such costs generally consist of expenditures for the normal and ongoing replacement of worn out or obsolete equipment. Current year requirements are typically financed directly from the water utility operating revenues.

### 2.3.3. Major Capital Improvement Program Financing Plan

Financing plans for the water utility's planned major capital improvement programs will be developed based on the schedule and costs in MPMW Capital Improvement Program. Depending upon the magnitude of the major capital improvement program, additional debt financing may be indicated during the study period to augment funds generated by utility rates and fees. **The recommended financing strategy of the major capital improvement program will be based on consideration of available funding, loans from the General Fund, water revenue bonds, and pay as you go financing.**

### 2.3.4. Debt Service Expense

Projections of principal and interest payments on outstanding debt obligations and any projected future bonds or state revolving fund loans for major capital improvements will be developed for the forecast study period. The debt service on future bonds and bond sizing will consider the amount of bond proceeds required for construction, issuance costs, and compliance with any reserve requirements of the authorizing resolution.

### 2.3.5. Reserve Funding

Existing reserve fund requirements and balances will be reviewed for adequacy. Applicable bond ordinance requirements will be reviewed along with any relevant utility policies. Adequate reserve levels based on a review of both reserve funding requirements, industry standards, and state regulations will be recommended.

### 2.3.6. Cash Flow Analysis

Black & Veatch will prepare cash flow analyses summarizing the above projections of revenues

and revenue requirements to determine the adequacy of revenues under existing rate levels to meet operating and capital needs for the ten-year study period. Forecasted revenue will include revenue under existing rates for utility service, funds generated from other operating income, and interest income. Revenue requirements will include operation and maintenance expense, routine capital expenditures, the revenue financed portion of major capital improvements, and any applicable debt service costs or other anticipated obligations, as applicable. Adjustments will be made to allow any required revenue increases to meet revenue requirements over the study period and to minimize the impact of rate increases on MPMW customers to extent possible.

Utilizing the scenario builder in our rate models, we will prepare up to three (3) cash flow scenarios reflecting variations in assumptions such as customer growth, water usage, operating expenses, capital costs and debt issuance. Each scenario will evaluate the current rate schedules' ability to fund the system's revenue requirements and the level of future necessary revenue adjustments.

## 3. Cost of Service Analysis

The purpose of this task is to assign and allocate the revenue requirements to the different functional components using American Water Works Association principles. Specific subtasks include:

### 3.1. Evaluation of Customer Classes

The cost of service analysis will allocate costs to groups of customers with similar service requirements. Therefore, a review of the existing groups is performed in the following activities:

#### 3.1.1. Review Customer Classes

The existing customer class designations for the water utility will be reviewed to determine appropriateness and equitability and recommend to MPMW any revised and/or new customer class designations.

### **3.1.2. Determine Customer Class Characteristics**

Appropriate usage and billing characteristics for each customer class will be developed based on available information. Estimates of customer class characteristics will be based on billing data, system operating statistics, other available information, and Black & Veatch’s judgment and experience.

## **3.2. Cost of Service Allocations**

The allocation analysis enables Black & Veatch to establish a reasonable nexus between costs incurred in providing service and the rates and charges that are designed to recover the costs of providing service. The objective of this task is to estimate the net annual revenue requirements that need to be recovered from the various customer classes. Specific activities include:

### **3.2.1. Annual Cost of Service**

For the test year for which rates are to be designed, the cost of service to be met from water rates and charges will be determined from the revenue requirements identified in Task 2.3.

The cost of service estimates will then serve as the basis for developing cost of service rate schedules for the test year. The net revenue requirements to be derived from rates for the test year will be developed on the cash requirements basis.

### **3.2.2. Units of Service**

Black & Veatch will develop an estimate of the units of service associated with each of the cost causative elements for the water utility service. The units of service will be estimated based on the service characteristics that are defined for each customer classification.

Water units of service will be developed recognizing the customer usage analysis, available data, and engineering judgment about customer class service requirements. The service characteristics will be developed for each customer class to match each of the applicable cost causative elements of the water system.

### **3.2.3. Water Functional Cost Allocations**

The test year costs of service will be allocated to the water functional cost.

For the water utility, functional cost classifications include water supply, pumping stations, treatment, transmission & distribution, storage, meters, and customer.

### **3.2.4. Cost Causative Allocations**

The cost of service for the test year will be allocated to the various cost causative components that are specific to the water services provided.

The cost causative allocations for the water utility will recognize average annual flow, peak rates of flow, meters & services, customer, and fire protection.

### **3.2.5. Allocation of Costs to Customer Classes**

In this task, the cost causative component costs derived from the water system in Task 3.2.4 are further allocated or distributed to each of the respective customer classes.

Black & Veatch will utilize industry accepted cost allocation methodologies, as recognized by the American Water Works Association (AWWA). We will review the various alternatives included in these manuals of practice and include our rationale for the allocation methodologies recommended, as well as the advantages and disadvantages of each. This approach will help build consensus on the selected allocation methodology.

The selected cost allocation methodology will be applied to distribute water costs by major system component to each of the customer classes. The cost allocation process will use unit costs of service applicable to all system users and class units of service to determine proportional responsibility for total system costs allocable to each customer class. Figure 3 shows an overview of the methodology that will be used to allocate water costs of service to customer classes.

The relative responsibility of each customer class will be determined based on the estimated service

requirements for each class utilizing the overall cash test year revenue requirements.

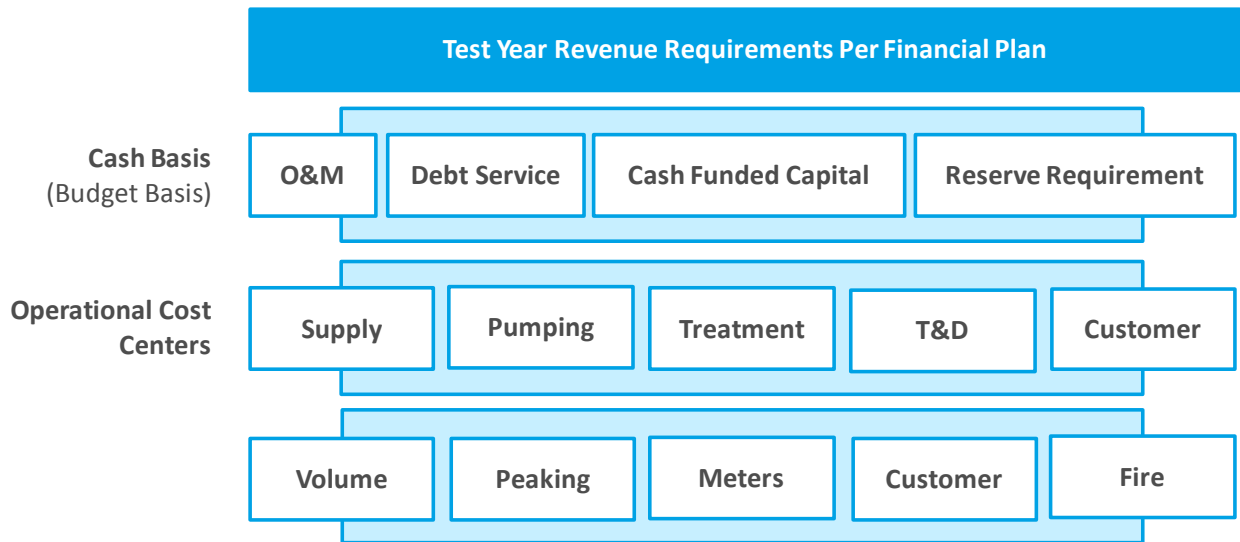


Figure 3. The multi-level water cost of service allocation process.

### 3.2.6. Determination of Revenue Adequacy

Black & Veatch will prepare a comparison of class revenues under existing utility rates with the allocated class costs of service to determine the level of cost recovery by class and in total, and to demonstrate any needed adjustments to align class revenues and allocated costs.

As illustrated in Figure 4, this comparison will help determine the degree of cost recovery currently being achieved within each customer class and identify the level of rate adjustments needed to fully align the customer class revenues with the customer class allocated costs.

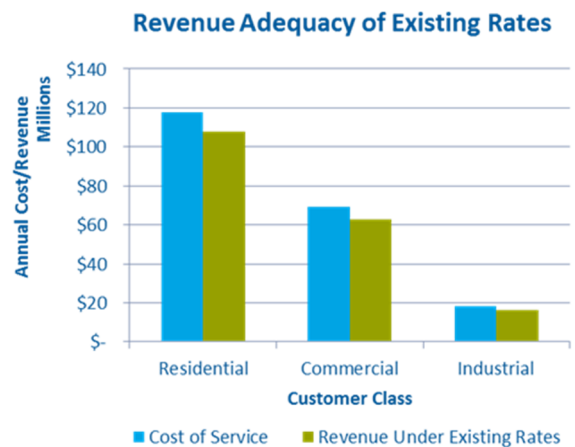


Figure 4. The comparison reflects the magnitude of shift in cost of service.

## 4. Rate Design

Upon completion of the cost of service analysis in Task 3, Black & Veatch will work with utility staff to develop rates that meet the water utility’s goals and objectives. Specific subtasks include:

### 4.1. Calculation of Water Rates

#### 4.1.1. Evaluate Existing Rate Structure

The existing water rate structure will be evaluated for their ability to equitably recover costs of utility

service from each customer class. Consideration will also be given to the policies, pricing objectives, and practical limitations.

#### 4.1.2. Identification and Evaluation of Alternative Rate Scenarios

Up to three (3) potential alternative rate scenarios will be identified and evaluated based on equitability for cost recovery, ease of understanding, and current billing system capabilities. A meeting will be scheduled to discuss MPMW’s rate policies and objectives and potential

alternative rate scenarios in conjunction with the results of the preliminary financial analyses and the findings of the cost of service study.

#### 4.1.3. Design Rates

In accordance with the defined rate structure, a schedule of legally defensible rates for the five-year study period will be developed for the water utility to recover the projected revenues needed for utility operations, recognizing equitable cost recovery by customer class, and complying with applicable State regulations such as Proposition 218.

The design of rates will examine:

- The water meter charges, the water consumption charges, and the water capital surcharges;
- The drought surcharges based on 10%, 20%, 30% and 50% cutbacks; and
- A rate assistance program for low income households and/or senior citizens. **Note that under Proposition 218, no customer class can subsidize another customer class. The Study will examine if MPMW has alternative water revenues not from rate revenue that can be used to develop a rate assistance program.**

#### 4.1.4. Projected Financial Results Based on Proposed Rates

The proposed water rates will be applied to the projected connections, water usage to estimate the revenues to be generated from the proposed rates for the test year. The projected revenues will consider potential elasticity effects associated with changes in water usage characteristics that may occur from revising the rate structure. As Figure 5 illustrates, the projected annual revenues under the proposed rates will also be compared with the annual cost of service allocation results for each customer class to determine the relative consistency of the revenues with the costs.

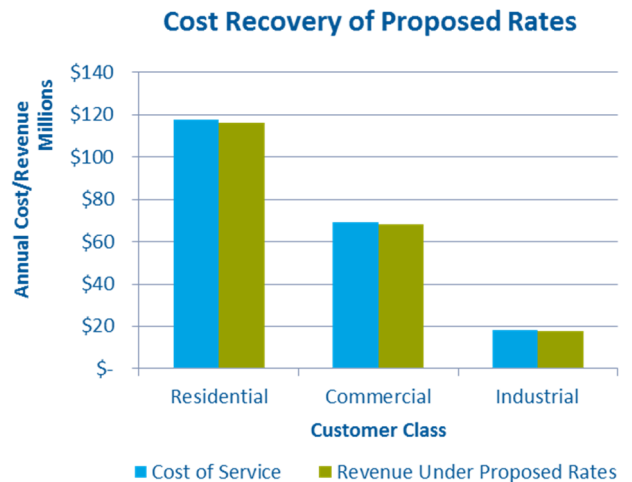


Figure 5. Validation of revenue adequacy and cost recovery equity.

#### 4.1.5. Compare Typical Bills

Black & Veatch will perform typical bill comparisons for single family and commercial customers to show the potential impact of the recommended water rates for the test year.

#### 4.1.6. Benchmarking Analysis

Black & Veatch will obtain water rates for members of the Bay Area Water Supply and Conservation Agency and calculate typical residential and non-residential bills to show how both the existing and proposed rates for MPMW compare to other local municipalities.

### 5. Capacity Charges

Simultaneously with the rate study, Black & Veatch will work with utility staff to develop capacity charges that meet the water utility’s goals and objectives. Specific subtasks include:

#### 5.1. Calculation of Capital Improvement Charges

##### 5.1.1. Evaluate Existing Facilities

Black & Veatch will evaluate the existing water system assets through an analysis of the fixed asset inventories maintained by MPMW. These assets serve as the base infrastructure that new development or redevelopment will be buying into. The examination will determine the available

capacity associated with the water system as whole.

### 5.1.2. Evaluate Capital Facility Needs

In conjunction with existing assets, an evaluation of the capital improvement program will be performed to identify additional facilities, by type, that are needed due to new development or redevelopment. These new facilities accommodate new capacity which will serve as the basis for determine the incremental costs.

### 5.1.3. Need for Credits

Black & Veatch will determine the credits, if any, that applicable associated with the capital improvement charge. The credits might be associated with contributed capital and/or the debt that a future customer will pay through rates.

### 5.1.4. Methodologies

Black & Veatch will determine the methodology most appropriate for the capacity charge. The three basic methodologies that can be applied are buy-in, incremental and hybrid (buy-in/incremental combined) approaches.

## 6. Meetings, Reports and Model

### 6.1. Meetings

Based on the scope outlined, the recommended meetings consist of:

- Three meetings be held with utility staff and management. While these meetings will be scheduled at significant stages of the study to receive project direction and review study progress, these sessions can be used to discuss or review any issues required. These meetings are important for providing appropriate consultant/client interaction, exchanging ideas, and developing recommendations tailored to meet the MPMW's needs. We recommend the following meetings:
- A project kick-off meeting will be held to discuss current operations, maintenance, capital planning, financing, cost allocation, and rate making policies, goals and scheduling to endure

that work efforts and recommendations recognize and are consistent with established short and long-term utility objectives. Potential problem areas, vital issues of concern to the utility, data summary efforts by available utility staff, and other relevant matters will also be discussed.

- Review development of projected revenue and revenue requirements and resulting magnitude and timing of increases. In addition, alternative cash flow scenarios will be determined.
- Review and obtain feedback on the cost of service analysis and water rate schedules, typical bills and peer benchmarking.

It is anticipated that Black & Veatch will have telephone conferences/webinars as needed over the course of the Study.

### 6.2. Community and City Council Meetings

Black & Veatch will participate in either one (1) City Council Study Session or three (3) one-on-one City Council member meetings over the course of a day to provide a high-level overview of a rate study and to obtain input from City Council members before proceeding with the study.

Black & Veatch will participate and attend two community meetings and two formal City Council meetings to present the final report and recommended rates. It is anticipated that one City Council meeting will be a public meeting to adopt rates.

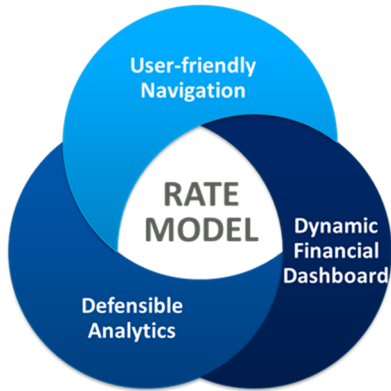
### 6.3. Study Report

Black & Veatch will prepare a draft report that will include a discussion of all assumptions, study approach, summary of findings of the financial plan, results of the cost of service analysis, proposed rate schedules. Following review of the draft report by MPMW, Black & Veatch will prepare a preliminary report, then followed by a final report. Black & Veatch will deliver three (3) reproducible hard copies, and an electronic pdf copy.



### 6.4. Rate Model

As part of the study, Black & Veatch typically develops spreadsheet analyses that model established financial planning, cost of service, and rate design procedures. These analyses become part of a personal computer based financial



planning and rate design model that enables MPMW to periodically revise and update the study

and projections of revenue and revenue requirements, financial plans, cost of service analyses, and design of adequate rates on a routine basis. Our models can be used to calculate annual rate adjustments or to conduct “what-if” analyses reflecting the impact of changes in significant system variables such as customer growth and volume projections, revised budgeted revenues and expenditures, allowances for inflation, capital improvement program schedules, and utility policy decisions.

Black & Veatch will develop a rate model and will deliver to MPMW upon completion of the study.

Figure 6. Rate Model Flowchart

### Schedule

Based on the Scope of Services, Black & Veatch prepared the following schedule based on a receipt of written Notice to Proceed by September 2019. The schedules assume timely receipt of requested data, turn-around on materials submitted for review and access to MPMW staff, City Council and other stakeholders for meetings.

Meeting schedules are preliminary based on previous experience with studies of similar nature and will be further defined with staff and other stakeholders as the study progresses.

TASK DESCRIPTION	2018				2019				
	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
Task 1: Project Management	◆								
Task 2: Financial Plan									
Task 3: Cost of Service Analysis									
Task 4: Rate Design									
Task 5: Capacity Charges									
Task 6: Meetings, Reports and Model	■		■			📖	⌘	⌘	⌘

◆ Kick-off Meeting Presentation ■ Staff/City Council Meeting 📖 Documentation/Report ⌘ Formal Stakeholder

THIS PAGE INTENTIONALLY LEFT BLANK



## STAFF REPORT

**City Council Meeting Date:** 9/24/2019  
**Staff Report Number:** 19-196-CC

**Consent Calendar:** Waive the second reading and adopt Ordinance No. 1058 adopting a local minimum wage ordinance effective January 1, 2020

### Recommendation

Staff recommends that the City Council waive the second reading and adopt Ordinance No. 1058 adopting a local minimum wage ordinance effective January 1, 2020.

### Policy Issues

State law requires two City Council actions, a first reading and second reading, to amend or add to a city's municipal code.

### Background

Ordinance No. 1058, Attachment A, was first heard by the City Council September 10, where it was approved as amended as detailed below. The staff report outlining the ordinance development is attached as Attachment B.

### Analysis

Following a presentation from staff, public comment, and discussion by the City Council, City Councilmember Combs moved and City Councilmember Nash seconded a motion to adopt Ordinance No. 1058 with the following amendment to Section 5.76.020.b.:

- b. "Employee" shall mean any person who:
  - 1. In a calendar week performs at least ~~ten (10)~~ two (2) hours of work for an employer as defined below; and

With the exception of the redline above, Ordinance No. 1058 remains unchanged. The motion passed with a vote of 4-0-1 (City Councilmember Carlton abstained.)

### Impact on City Resource

Staff estimates that the on-going costs to administer the local minimum wage ordinance, including contract enforcement, at approximately \$54,000. City staff will return with a midyear budget amendment once the contract enforcement costs are known.

### **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. Ordinance No. 1058
- B. Hyperlink – September 10 staff report: [menlopark.org/DocumentCenter/View/22770/G2---20190910-Local-minimum-wage-ordinance-first-reading-CC](http://menlopark.org/DocumentCenter/View/22770/G2---20190910-Local-minimum-wage-ordinance-first-reading-CC)

Report prepared by:  
Nick Pegueros, Assistant City Manager

## ORDINANCE NO. 1058

**ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MENLO PARK  
 ADDING CHAPTER 5.76 [LOCAL MINIMUM WAGE] OF TITLE 5 [BUSINESS  
 LICENSES AND REGULATIONS] OF THE MENLO PARK MUNICIPAL CODE  
 TO ADOPT A CITYWIDE MINIMUM WAGE FOR MENLO PARK EMPLOYEES**

The City Council of the City of Menlo Park does hereby ordain as follows:

**SECTION 1. FINDINGS AND DETERMINATIONS.**

- A. The Bay Area in general and Menlo Park in particular are becoming increasingly expensive places to live and work.
- B. Payment of a minimum wage advances the interests of the City as a whole, by creating jobs that keep workers and their families out of poverty.
- C. A minimum wage will enable a worker to meet basic needs and avoid economic hardship.
- D. This ordinance is intended to improve the quality of services provided in the City to the public by reducing high turnover, absenteeism, and instability in the workplace.
- E. Prompt and efficient enforcement of this Chapter will provide workers with economic security and assurance that their rights will be respected.

**SECTION 2. ADDITION OF CODE.** Chapter 5.76 [Local Minimum Wage] of Title 5 [Business Licenses and Regulations] of the Menlo Park Municipal Code is hereby added as follows.

**Chapter 5.76  
 LOCAL MINIMUM WAGE**

Sections:

- 5.76.010 Purpose.
- 5.76.020 Definitions.
- 5.76.030 Minimum Wage.
- 5.76.040 Exemptions.
- 5.76.050 Waiver through collective bargaining.
- 5.76.060 Notice, posting and payroll records.
- 5.76.070 Retaliation prohibited.
- 5.76.080 Implementation.
- 5.76.090 Enforcement.
- 5.76.100 Relationship to other requirements.

**5.76.010 Purpose.**

This ordinance shall be known as the "Minimum Wage Ordinance."

**5.76.020 Definitions.**

The following words, terms and phrases, when used in this chapter, shall have the meanings set forth in this section, except where the context clearly indicates a different meaning:

- a. "City" shall mean City of Menlo Park or any agency designated by the City of Menlo Park to perform various investigative, enforcement and informal resolution functions pursuant to this

chapter.

b. "Employee" shall mean any person who:

1. In a calendar week performs at least two (2) hours of work for an employer as defined below; and

2. Qualifies as an employee entitled to payment of a minimum wage from any employer under the California minimum wage law, as provided under Sec. 1197 of the California Labor Code and wage orders published by the California Industrial Welfare Commission.

c. "Employer" shall mean any person, including corporate officers or executives, as defined in Sec. 18 of the California Labor Code, who directly or indirectly through any other person, including through the services of a temporary employment agency, staffing agency, or similar entity, employs or exercises control over the wages, hours, or working conditions of any employee and who is either subject to the city's business license requirements, conducts business in Menlo Park or maintains a business facility in the city.

d. "Minimum wage" shall have the meaning set forth in Sec. 5.76.030 of this chapter.

#### **5.76.030 Minimum Wage.**

a. Employers shall pay employees no less than the minimum wage set forth in this section for each hour worked within the geographic boundaries of the City of Menlo Park.

b. Effective January 1, 2020, the minimum wage shall be an hourly rate of \$15.00. To prevent inflation from eroding its value, beginning on January 1, 2021, and each January 1 thereafter, the minimum wage shall increase by an amount corresponding to the increase, if any, in the cost of living, not to exceed 3%. The prior year's increase in the cost of living shall be measured by the percentage increase, if any, as of August of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for San Francisco – Oakland – Hayward, or its successor index, as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase rounded to the nearest multiple of five cents (\$.05). If there is no net increase in the cost of living, the minimum wage shall remain unchanged for that year. The adjusted minimum wage shall be announced by October 1st of each year, or as soon as practicable thereafter if the Consumer Price Index for August has not yet been published, and shall become effective as the new minimum wage on January 1 of each year.

c. The City Council may, by resolution and upon a majority vote of the City Council, temporarily suspend the inflation adjustment in the upcoming calendar year for a period of no more than one calendar year. At the end of the suspension period, the Minimum Wage shall be automatically adjusted by the change in Consumer Price Index in accordance with subsection b above and without further notice or action by the City Council.

In a resolution granting a temporary suspension of the annual inflation adjustment, the City Council shall make the following finding: Local or other economic conditions justify temporarily suspending the inflation adjustment.

Nothing herein shall prohibit the City Council from adopting consecutive temporary suspension periods, as provided herein.

d. A violation for unlawfully failing to pay the minimum wage shall be deemed to continue from the date immediately following the date that the wages were due and payable as provided in Part 1. (commencing with Sec. 200) of Division 2 of the California Labor Code, to the date immediately preceding the date the wages are paid in full.



**5.76.040 Exemptions.**

a. State, federal and county agencies, including school districts, shall not be required to pay minimum wage when the work performed is related to their governmental function. However, for work that is not related to their governmental function, including, but not limited to: booster or gift shops, non-K-12 cafeterias, on-site concessions and similar operations, minimum wage shall be required to be paid. Minimum wage shall also be required to be paid by lessees or renters of facilities or space from an exempt organization.

b. Any organization claiming "auxiliary organization" status under California Education Code Sec. 89901 or Sec. 72670(c) shall not be required to pay minimum wage. The organization, upon request of the city, shall provide documentary proof of its auxiliary organization status.

c. Any learner who has no previous or related experience in the occupation for which they are hired as identified in California Labor Code § 1192. This exemption shall only apply to the first 160 hours of employment as specified in Labor §1192.

**5.76.050 Waiver through collective bargaining.**

To the extent required by federal law, all or any portion of the applicable requirements of this chapter may be waived in a bona fide collective bargaining agreement, provided that such waiver is explicitly set forth in such agreement in clear and unambiguous terms.

**5.76.060 Notice, posting and payroll records.**

a. By December 1 of each year, the city shall publish and make available to employers a bulletin announcing the adjusted minimum wage rate for the upcoming year, which shall take effect on January 1 of each year. In conjunction with this bulletin, the city shall, by December 1 of each year, publish and make available to employers a notice suitable for posting by employers in the workplace informing employees of the current minimum wage rate and of their rights under this chapter. Such notice shall be in English and other languages as provided in any regulations promulgated under Section 5.76.080 (a).

b. Every employer shall post in a conspicuous place at any workplace or job site where any employee works the notice published each year by the city informing employees of the current minimum wage rate and of their rights under this chapter. Every employer shall post such notices in any language spoken by at least five (5) percent of the employees at the workplace or job site. Every employer shall also provide each employee at the time of hire with the employer's name, address and telephone number in writing.

c. Employers shall retain payroll records pertaining to employees for a period of four (4) years, and shall allow the city access to such records, with appropriate notice and at a mutually agreeable time, to monitor compliance with the requirements of this chapter. Where an employer does not maintain or retain adequate records documenting wages paid or does not allow the city reasonable access to such records, the employee's account of how much he or she was paid shall be presumed to be accurate, absent clear and convincing evidence otherwise.

**5.76.070 Retaliation prohibited.**

a. It shall be unlawful for an employer or any other party to discriminate in any manner or take adverse action against any person in retaliation for exercising rights protected under this chapter. Rights protected under this chapter include, but are not limited to: the right to file a complaint or inform any person about any party's alleged noncompliance with this chapter; and the right to inform any person of his or her potential rights under this chapter and to assist him or her in asserting such rights. Protections of this chapter shall apply to any person who mistakenly, but in good faith, alleges noncompliance with this chapter.

b. Taking adverse action against a person within ninety (90) days of the person's exercise of rights protected under this chapter shall raise a rebuttable presumption of having done so in

retaliation for the exercise of such rights.

**5.76.080 Implementation.**

**a. Guidelines.** The city manager or designee shall be authorized to coordinate implementation and enforcement of this chapter and may promulgate appropriate guidelines or rules for such purposes. Any guidelines or rules promulgated by the city shall have the force and effect of law and may be relied on by employers, employees and other parties to determine their rights and responsibilities under this chapter. Any guidelines or rules may establish procedures for ensuring fair, efficient and cost effective implementation of this chapter, including supplementary procedures for helping to inform employees of their rights under this chapter, for monitoring employer compliance with this chapter and for providing administrative hearings to determine whether an employer or other person has violated the requirements of this chapter.

**b. Reporting Violations.** An employee or any other person may report to the city in writing any suspected violation of this chapter. The city shall encourage reporting pursuant to this subsection by keeping confidential, to the maximum extent permitted by applicable laws, the name and other identifying information of the employee or person reporting the violation, provided, however, that with the authorization of such person, the city may disclose his or her name and identifying information as necessary to enforce this chapter or other employee protection laws. In order to further encourage reporting by employees, if the city notifies an employer that the city is investigating a complaint, the city shall require the employer to post or otherwise notify its employees that the city is conducting an investigation, using a form provided by the city.

**c. Investigation.** The city or its designated agent shall be responsible for investigating any possible violations of this chapter by an employer or other person. The city or its designated agent shall have the authority to inspect workplaces, interview persons and request the city attorney to subpoena books, papers, records or other items relevant to the enforcement of this chapter.

**d. Informal Resolution.** The city shall make every effort to resolve complaints informally, in a timely manner.

**5.76.090 Enforcement.**

a. Where prompt compliance is not forthcoming, the city shall take any appropriate enforcement action to secure compliance. In addition to all other civil remedies, the city may enforce this ordinance pursuant to Title 1 of the Menlo Park Municipal Code. To secure compliance, the city may use the following enforcement measures:

1. The city may issue an administrative citation with a daily fine for each day or portion thereof and for each employee or person as to whom the violation occurred or continued.
2. The city may issue an administrative compliance order.
3. The city may initiate a civil action for injunctive relief and damages and civil penalties in a court of competent jurisdiction.

b. Any person aggrieved by a violation of this chapter, any entity a member of which is aggrieved by a violation of this chapter or any other person or entity acting on behalf of the public as provided for under applicable state law may bring a civil action in a court of competent jurisdiction against the employer or other person violating this chapter and, upon prevailing, shall be awarded reasonable attorneys' fees and costs and shall be entitled to such legal or equitable relief as may be appropriate to remedy the violation including, without limitation, the payment of any back wages unlawfully withheld, the payment of an additional sum as a civil penalty in the amount of fifty dollars (\$50) to each employee or person whose rights under this chapter were violated for each day that the violation occurred or continued, reinstatement in employment and/or injunctive relief; provided, however, that any person or entity enforcing this chapter on behalf of the public as provided for under applicable state law shall, upon prevailing,

be entitled only to equitable, injunctive or restitutionary relief to employees, and reasonable attorneys' fees and costs.

c. This section shall not be construed to limit an employee's right to bring legal action for a violation of any other laws concerning wages, hours or other standards or rights, nor shall exhaustion of remedies under this chapter be a prerequisite to the assertion of any right.

d. Except where prohibited by state or federal law, city agencies or departments may revoke or suspend any registration certificates, permits or licenses held or requested by the employer until such time as the violation is remedied.

e. **Relief.** The remedies for violation of this chapter include, but are not limited to: 1.

Reinstatement, and the payment of back wages unlawfully withheld, and the payment of an additional sum as a civil penalty in the amount of fifty dollars (\$50) to each employee or person whose rights under this chapter were violated for each day or portion thereof that the violation occurred or continued, and fines imposed pursuant to other provisions of this code or State law.

2. Interest on all due and unpaid wages at the rate of interest specified in subdivision (b) of Sec. 3289 of the California Civil Code, which shall accrue from the date that the wages were due and payable as provided in Part 1 (commencing with Sec. 200) of Division 2 of the California Labor Code, to the date the wages are paid in full. 3. Reimbursement of the city's administrative costs of enforcement and reasonable attorney's fees.

f. **Posted Notice.** If a repeated violation of this chapter has been finally determined, the city may require the employer to post public notice of the employer's failure to comply in a form determined by the city.

#### **5.76.100 Relationship to other requirements.**

This chapter provides for payment of a local minimum wage and shall not be construed to preempt or otherwise limit or affect the applicability of any other law, regulation, requirement, policy or standard that provides for payment of higher or supplemental wages or benefits, or that extends other protections.

**SECTION 3. 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 4. 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") under Section 15061(b)(3) of the CEQA Guidelines because it can be seen with certainty to have no possibility of having a significant effect on the environment.

**SECTION 5. 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 posted 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 city councilmembers voting for and against the amendment.

INTRODUCED on this tenth day of September, 2019.

PASSED AND ADOPTED as an ordinance of the City of Menlo Park at a regular meeting of said City Council on this twenty-fourth day of September, 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

\_\_\_\_\_  
Ray Mueller, Mayor

ATTEST:

\_\_\_\_\_  
Judi A. Herren, City Clerk



## STAFF REPORT

**City Council**  
**Meeting Date:** 9/24/2019  
**Staff Report Number:** 19-201-CC

**Regular Business:** Authorize the city manager to enter into a three-year agreement with OpenGov up to \$239,000 to upgrade to the City's budgeting and financial reporting software

### Recommendation

Staff recommends that City Council authorize the city manager to execute an agreement for implementation of a new budgeting and financial reporting system with OpenGov for a fixed-fee three year software as a service (SaaS) contract of \$68,000 per year and a \$35,000 one-time implementation fee for a three-year total of \$239,000.

### Policy Issues

Replacement of the City's budgeting and financial reporting system has been identified as a priority of the information technology master plan (ITMP) and a top recommendation of the Finance and Audit Committee (FAC.) Service contracts which exceed the city manager's signing authority (\$75,000 in fiscal year 2019-20) require authorization by the City Council.

### Background

The City's current budgeting and financial reporting system's service agreement is due to expire September 30. Since early summer 2019, staff has been evaluating potential alternatives including product demonstrations in order to determine the ideal mix of price and functionality for replacement software.

### Analysis

#### Product selection criteria

In choosing a new budgeting and financial reporting software, staff followed the ITMP strategy of focusing on potential solutions, which could be considered best in breed in order to maximize utility and minimize risk. The specific criteria staff used for consideration included the continuation, or improvement, of several key product features and functionalities that IBM Cognos/TM1, the City's current system, provides including:

- Easy to access real-time information
- Forecasting capabilities
- In-system personnel budgeting
- Reporting functions that are end-user friendly and customizable

Next, staff identified a list of services that the City's current software system does not provide:

- Cloud-based hosting
- Position control maintenance for staffing
- Decentralization of responsibilities during the budget development cycle

- Budget document development capabilities to reduce “rework” done by staff

Finally, staff considered priorities identified by the FAC as part of their 2019–20 workplan. The functionality of these priorities would require additional investment to develop, above and beyond the baseline budget software upgrade or replacement, and include:

- Ability to solicit community input on topics such as City Council priorities or budget principles
- Dynamic, interactive dashboard with public-facing capabilities

Table 1 below displays each of the four major vendors explored and their current capacity to provide the aforementioned capabilities.

Table 1: Vendor functionality comparison				
	Current functionality	SaaS	Additional functionalities	
			Dynamic dashboard	Decentralized responsibility
TM1	Full	None	None	Partial
ClearGov	Partial	Full	Full	Full
Questica	Full	Full	Full	Full
OpenGov	Full	Full	Full	Full

Additionally, staff considered user experience reviews, implementation resources and timeline, neighboring city’s product of choice, software’s cohesion with the City’s general ledger systems, staff impact, and the total cost of product ownership.

In total, staff evaluated four different options against the product selection criteria to determine the best overall fit. Staff looked at upgrading TM1, the current budgeting software, to the newest version called Planning Analytics, as well as cloud-based budgeting and reporting solutions by ClearGov, OpenGov and Questica. Table 2 below outlines the software cost components of replacement with each of the solutions explored.

Table 2: Software cost comparison				
	Implementation cost		Annual operating cost	Total cost of software
OpenGov	\$	35,000	\$ 68,000	\$ 239,000
Questica	Not itemized		\$ 73,719	\$ 221,157
TM1	\$	5,720	\$ 8,600	\$ 31,520
TM1 Fully Loaded	\$	28,610	\$ 8,600	\$ 54,410
ClearGov + GovInvest	\$	8,000	\$ 17,875	\$ 61,625
ClearGov	\$	3,000	\$ 10,000	\$ 33,000

An additional factor staff considered when evaluating the cost of software replacement is the annual labor requirement to develop the budget. The current process requires a substantial amount of training to prepare staff to understand software interfaces, coordination between departments, and rework when moving



between phases of the budget. The alternatives were each evaluated to determine what time requirements were likely for each staff member involved with the budget development, from department liaisons to department heads to the city manager. Staff estimates that all potential alternatives for the fiscal year 2020–21 budget development cycle to be included in the implementation cost given the newness of any alternative other than continuation of the current system. The estimated overall budget development labor cost is shown in Table 3 below, with future (e.g., fiscal year 2021–22 and beyond) budget development costs shown in the rightmost column.

Table 3: Estimated implementation and budget development labor cost					
	Implementation labor cost	Current development hours	Future development hours	Future development costs	
OpenGov	\$ 71,200	N/A	1050	\$ 118,600	
Questica	\$ 71,200	N/A	1050	\$ 118,600	
TM1	\$ 106,900	1850	1850	\$ 205,900	
TM1 Fully Loaded	\$ 106,900	N/A	1850	\$ 205,900	
ClearGov + GovInvest	\$ 106,900	N/A	1750	\$ 195,200	
ClearGov	\$ 142,300	N/A	1950	\$ 216,600	

Table 4 below combines the costs for software and labor costs necessary to develop the budget over a three-year period, as well as presents staff’s relative recommendation for each of the alternatives evaluated. It is important to note that the costs include only those costs, which could be reasonably calculated by staff, but the recommended rank does incorporate staff’s estimation of ancillary factors related to each alternative. These factors are primarily tied to the functionality native to each software alternative but which are not critical components of the budget development process and therefore may be prioritized after implementation.

Table 4: Total three year cost to the City					
	Software cost	Staff labor cost	Total three year cost of ownership	Staff recommendation	
OpenGov	\$ 239,000	\$ 514,300	\$ 753,300	1st	
Questica	\$ 221,157	\$ 514,300	\$ 735,457	2nd	
TM1 Fully Loaded	\$ 31,520	\$ 724,600	\$ 756,120	3rd	
TM1	\$ 54,410	\$ 724,600	\$ 779,010	4th	
ClearGov + GovInvest	\$ 61,625	\$ 703,200	\$ 764,825	5th	
ClearGov	\$ 33,000	\$ 781,400	\$ 814,400	6th	

**Product selection**

The City of Menlo Park has been using TM1 as its primary budgeting and financial reporting software for several years, with the most recent upgrade taking place in 2017. This service is hosted on the City’s servers and the support agreement with QueBit is set to expire at the end of September. The City is faced with the decision of continuing the existing partnership with QueBit and upgrading from TM1 to Planning Analytics (PA) or selecting a new service partner to provide the budgeting and forecasting responsibilities

for the City. While several of the vendors researched, offer advanced products such as dynamic dashboards and community engagement solutions, implementation of these features would require additional staff resources or financial resources to backfill current staff in order to add the capacity necessary to complete the initial configuration.

For the purpose of this report, the baseline estimation of staff labor required for software implementation is equivalent to one full-time employee (FTE) for five months, with hours distributed between several administrative services department staff. This FTE will focus on overseeing budget software implementation, general ledger data testing, end-user testing, budget document synchronization and staff training. Based on the specific staff anticipated to be assigned to this project, the total labor implementation cost for this baseline scenario is estimated at \$71,200. Any labor requirement above and beyond this baseline level is incorporated into the implementation labor cost outlined in Table 3 above.

In order to better outline the particular differences between alternatives, each of the products evaluated is described in greater detail below.

#### *TM1 overview*

Upgrading TM1 would maintain the baseline budget and reporting services that the City currently offers. This option would be the lowest direct software cost to the City and would require that the City upgrade its existing TM1 servers to a Planning Analytic compatible Linux server that could be done independently by the consultants. This upgrade to maintain service would cost the City \$5,720. Additional functionality could also be added should the City choose to add the PA Workspace, data visualization model or PAX, the Planning Analytics for excel. Both of these solutions would have an increased cost for the number of licenses associated with each and would require training for staff. Upgrading the TM1 servers and installing the new functionalities has a total software cost to the City of \$28,610. However, it should be noted that along with this upgrade staff would also need to look into redeveloping the current personnel costing module which would require additional cash costs and personnel costs and are therefore incorporated into the implementation labor cost.

It is important to note that the software cost savings of this alternative are offset by greater staff resource requirements. Due to being hosted on City servers, TM1 requires staff maintenance by both finance and information technology personnel estimated at 80 hours annually. In addition, the labor-intensive process of soliciting departmental input, refining the recommendations, and developing proposed and adopted budget documents is greater for this solution than any of the other solutions and displayed in Table 3 as higher budget development costs.

#### *ClearGov overview*

ClearGov is a cloud-based budgeting and data visualization package that has increased native functionality beyond current systems but at a higher cost of City staff labor for implementation. ClearGov offers the City budgeting for its capital and operating expenditures, but does not currently offer a personnel budgeting module. Due to this, the City has been presented with a unique opportunity in which staff can partner with the ClearGov developers to help design and create a personnel budgeting solution.

While partnering with ClearGov would allow the City to own a system designed specifically for its personnel budgeting needs, it would require a substantial amount of staff-time to design, create, test and implement. Past experience with developing a bespoke personnel budget framework indicates that such a path would add a staff time requirement which is incorporated in the labor cost estimate displayed in Table 3. Additionally, ClearGov does not currently have an integrated budget document solution, which staff estimates would not offer substantial savings from the current state with TM1. Alternately, the City could partner with GovInvest for personnel budgeting and maintain two systems for budget preparation. This

alternative reduces the development time requirement but requires a second full system integration, adding a staff labor cost to integrate multiple systems and train departmental staff to use both systems. Due to the development or complexity requirements, this alternative is considered viable but does not sufficiently add functionality to offset the additional resource cost over the current system.

The total cost of ownership for this package is \$3,000 for onboarding, and \$10,000 per year operating for the base package. Alternatively, ClearGov can be partnered with another researched vendor, GovInvest, to handle the City's personnel budgeting needs. GovInvest offers a single module solution specific to personnel budgeting that is capable of coordination with ClearGov. This partnership will increase the total cost of ownership for the City \$5,000 for onboarding and \$7,875 a year for operating in addition to staff labor costs. These component costs are outlined in Tables 2 and 3 and summarized in Table 4.

#### *Questica overview*

Questica is a budget-focused SaaS solution, considered a leader in the field of government budgeting software. Questica offers a comprehensive budgeting solution and salaries module with a successful 20 year track record.

Questica's budget solution can streamline the City's current budget process by way of its easy to learn and use design. The budget workflow process is designed to simplify the budgeting experience for both the budget managers and the staff inputting the numbers. Budget managers can see the status of the various departments and review budget submissions through a task management dashboard. Budget responsibility can be shared through the organization and managed via multilevel authorization (MLA) so that the appropriate staff review the entries before they are sent to finance for final approval. Personnel budgeting is also dramatically simplified within this solution as salary and benefits costing can be easily done through toggling of attributes on an employee's page, by employee classification, bargaining unit, etc., which is a significant improvement over the current system and results in substantial labor cost savings.

Questica's budget solution offers a comprehensive capital budgeting tool that is easy to navigate. Users can view the project in total, or by year, to track financial integrity and project status. On the budgeting side, staff can create fields and assign values to the projects such as districts, milestones, or other pertinent information which can be viewed in Questica's transparency and visualization tool, Open Book. Questica's Budget Software subscription has an annual operating cost of \$73,719 and no itemized cost for integration.

An important aspect not included with TM1 is the full reporting and data integration which Questica offers. While TM1 does offer reporting capability, the detail is insufficient to serve as a system of record for financial accounting records. Questica does not itself offer a financial accounting solution, but could potentially serve as a bridge for the next major planned finance software project. As a result, while this advantage is not quantified in resource costs, it does provide substantial upside when evaluating the future needs of the City's financial software suite.

Due to Questica's experience with integration and training, this solution is estimated to require only the baseline level of 1 FTE for five months in staff time. This includes a substantial ongoing reduction in staff time costs as Questica has a budget document integration, greatly reducing the rework necessary to incorporate any change in budgeted numbers through versions, small or large, and allowing for greater investment in future priorities such as those identified by the FAC. These component advantages are incorporated into the cost estimates in Tables 2 and 3 and summarized in Table 4.

#### *OpenGov overview*

OpenGov is a local, rapidly growing GovTech vendor that provides a sophisticated cloud-based budgeting and data visualization suite. OpenGov started with their transparency solution in 2013 and have since

added checkbook reporting, comprehensive reporting and analysis, and capital and operating budgeting solutions. OpenGov's platform will create a collaborative environment that will modernize and streamline the City's current budget process and greatly improve transparency both internally and externally. These improvements in efficiencies will decentralize the City's budgeting process while maintaining data integrity through its ease of use and MLA as the budget progresses through its development stages. Also, included in the budgeting solution is a robust personnel module which can house the City's salary schedule and position control reporting, reducing the effort required to be updated and maintained. OpenGov's capital budgeting provides a centralized, easy to use landing page where staff can input relevant information such as project descriptions, budget information, milestones, and districts which can then be viewed internally and externally. All of this information is also linked to OpenGov's budget document creation tool, drastically reducing the amount of time spent reviewing and reworking the City's budget document identifying where the numbers have been changed.

Similar to Questica, OpenGov has the capability to be the bridge between Cayenta, the City's legacy general ledger system, and its future replacement thus eliminating the need to run and maintain multiple systems of record concurrently. With continued investments to their platform, OpenGov has positioned itself to service the City's budgeting, reporting and strategic planning needs for the long term. OpenGov has also formed a strategic partnership, including a major financial investment, in a small but very robust company that has spent the past 25 years building an ERP for local governments with a very comprehensive set of financial management services. OpenGov provides such modules as general ledger, accounts payable, accounts receivable, cash receipts, fixed assets, payroll budgeting, purchase cards, requisitions, bank reconciliation and more. OpenGov is also in the process of enabling the software to be deployed in the cloud with an expected deployment date late this year. While purchase of the OpenGov budget platform does not require purchase of replacement financial accounting solutions, it does offer substantial upside with low risk which makes OpenGov the staff recommended selection.

Finally, OpenGov boasts best-in-breed data visualization and fiscal transparency tools that many neighboring cities are currently utilizing. Their transparency tool allows for the creation of dynamic dashboards that tie together the City's financial and non-financial data in an easy to use manner. Staff can also create "stories" to share information or to gather input from members of the public on topics that are important to the community. It is important to note that these features are native to the platform but will require staff resources to implement which are above and beyond the baseline recommendation for budget software replacement.

#### Additional functionality

As mentioned under the discussion section for each alternative under evaluation, staff considered future functionality as recommended by the FAC to meet its mission of transparency and communication of financial information. TM1 does not offer native solutions for reporting and transparency beyond what staff currently provides, but additional investment of staff resources may develop templates and tools. ClearGov, Questica, and OpenGov each provide some level of native functionality for additional dynamic reporting and transparency, but will similarly require some staff time to set up. The staff time requirements for each alternative have not been fully evaluated due to the required sequencing of upgrades, but the solutions with the strongest staff recommendations, Questica and OpenGov, indicate the greatest degree of sophistication and potential customization at the lowest overall staff time implementation cost.

#### **Impact on City Resources**

The cost of implementation, \$35,000, is included in the ITMP budget. Operating costs of \$68,000 per year will be included in future operating budgets and, if necessary, the first-year operating cost will be included as an amendment in the annual midyear budget review early in calendar year 2020. Staff resource

requirements of one FTE for five months for baseline budget software implementation are available within the finance division's current work plan and resources. Staff resource requirements and contract or provisional backfill support for implementation and development of the additional functionality features identified will be presented to City Council for future consideration along with other 2019-20 service level enhancements.

### **Environmental Review**

This action is not a project within the meaning of the California Environmental Quality Act (CEQA) Guidelines §§ 15378 and 15061(b)(3) as it is will not result in any direct or indirect physical change in the environment.

### **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**

None.

Report prepared by:

Brandon Cortez, Management Analyst II  
Dan Jacobson, Finance and Budget Manager

Report approved by:

Lenka Diaz, Administrative Services Director

THIS PAGE INTENTIONALLY LEFT BLANK





**STAFF REPORT**

**City Council**  
**Meeting Date:** 9/24/2019  
**Staff Report Number:** 19-202-CC

**Regular Business:** **Authorize the city manager to apply for the affordable housing and sustainable communities grant – transportation improvements fund**

**Recommendation**

Staff recommends the City Council authorize the city manager to apply for a grant to fund transportation improvements as part of an affordable housing and sustainable communities (AHSC) grant applicable on behalf of MidPen Housing's (MidPen) development at 1317-1385 Willow Road.

**Policy Issues**

This affordable housing project is consistent with the housing production objectives established in the Menlo Park housing element as well as the intent of the R-4-S (high density residential – special) zoning district and the affordable housing overlay (AHO.) With the addition of this development project and the net new 58 units, lower income households that currently live or work in Menlo Park will have greater access to affordable housing. MidPen is requesting the City's partnership to access gap financing necessary to complete the project, which includes a grant application that would provide the potential funding to support the project development as well as funds to support certain transportation improvements near the project. Staff is requesting the City Council authorize this partnership as it may impact delivery of other transportation projects currently in the capital improvement program (CIP) as described below.

**Background**

On March 11, the Planning Commission conducted a study session on MidPen's proposed 140-unit, 100-percent below market rate (BMR) multifamily housing development at 1317-1385 Willow Road. The proposal included application of the AHO, which provides a density bonus for providing on-site affordable housing units and allows modifications to development standards. The study session provided an opportunity for the Planning Commission and the public to provide feedback on the proposal's compliance with the R-4-S development regulations and design standards. No formal action was required by the Planning Commission on the R-4-S compliance review; however, the Planning Commission supported the overall affordable housing development. There was no public comment received on this item. Following the study session and review of the comments received, the community development director made a final determination regarding the proposed residential development's compliance with the R-4-S zoning district requirements, which was final and not subject to appeal.

On March 26 the City Council approved a loan of \$6.7 million from its below market rate fund (BMR Fund) to support the construction of MidPen's 140-unit residential development. The staff report and presentation included MidPen's financing summary, with estimated budget sources and uses. The funding sources

included several public financing programs, consistent with similar affordable housing developments. Also March 26, the City Council approved the vacation of the public right of way and public utility easements located on the 1300 block of Willow Road.

## Analysis

One of the public financing sources initially identified by MidPen in their financing summary included the multifamily housing program (MHP,) one of the many programs administered by the California Department of Housing and Community Development (HCD.) MHP is a very competitive fund source with regional allocation limits.

As MidPen evaluated the MHP requirements, they discovered several complicating factors that essentially rendered this fund source infeasible at this point in time. The most significant factor was the very deep affordability target required in order for an applicant to be competitive. Even with Gateway's average affordability of 43.78 percent of the area median income (AMI,) MidPen's research showed that a winning score would more likely be at or below 40 percent of the AMI. This type of deep targeting was less consistent with the City and neighborhood's vision to provide units at a range of affordability levels. Also, based on MHP's Northern California allocation limit, potentially only three to five projects could be funded. MidPen was aware of at least 21 other applications being submitted in the Northern California region and without significant additional City investment, would be unable to further write down the affordable rents to be below 40 percent of the AMI.

MidPen recommended, and City staff concurred that applying for the MHP funds at this time was not advantageous to the project. MidPen also identified and recommended another promising source of funds that could be used to replace the proposed MHP funds and resulting gap financing needed to construct the project, called the affordable housing and sustainable communities program.

The California Strategic Growth Council's AHSC program invests cap-and-trade money in projects that connect affordable housing with low-emission transportation services and infrastructure. The AHSC program has released Round 5 draft guidelines for over \$400 million in funding, with roughly 1/3 to be allocated to eligible projects in the Northern California region. AHSC applications are due in February 2020. The program includes funding for housing, transit, and pedestrian and bicycle projects, so would require a partnership between MidPen, the County of San Mateo, SamTrans and the City of Menlo Park. While the process will still be competitive, San Mateo County had two winning applications in Round 4 and SamTrans has invested significant time in understanding how to access the program funds, as low-emission transit services are a critical component to a winning application. At the present time, the County of San Mateo and SamTrans are supportive of MidPen applying for these funds using the scoped transportation infrastructure related to the new Route 2 express bus, and other site-adjacent bike and pedestrian improvements that are being studied by the City's department of public works, as described further below.

This program does not include the affordability as a project's highest merit, but rather the anticipated carbon offset of the transportation projects. The gateway project, with the help of SamTrans and the City, is much better suited to compete under these criteria, which have the added benefit of being less restrictive in the project's affordability underwriting and importantly, would not require additional gap funding commitments from the City or County.

The AHSC project maximum is \$20 million with the typical cost breakdown between housing and transportation improvements at a 70 percent to 30 percent ratio. MidPen is currently determining the amount of the funding request based on the final AHSC guidelines, updated construction pricing and cost estimates from SamTrans and the City for proposed transportation improvements. It is expected that AHSC funds could provide between \$2-5 million in pedestrian and bicycle capital improvement projects along Willow Road or in the Belle Haven neighborhood, near the Gateway site. Staff has developed a preliminary list of pedestrian and bicycle projects to consider. These projects have been identified in the draft transportation master plan and are included in Attachment A. As shown, projects highlighted are those that are more proximate to the MidPen project at 1317-1385 Willow Road and may have the most direct relationship to the project and grant opportunity.

Applications are due in February 2020, and infrastructure modifications would need to be completed within five years of the award of funds (approximately June 2025.) If the City partners with MidPen on this application and is awarded funds, construction of projects identified in the grant application may supersede other transportation project priorities currently in the pipeline or planned for future fiscal years in order to deliver on this timeline. Not delivering on time could jeopardize the housing and/or transit funds of the AHSC award. Depending on the specific scope of the projects included in the grant program and amount of funding awarded, some of the projects that may be delayed are listed below:

- El Camino Real crossing improvements
- Middlefield Road and Linfield Drive Santa Monica Avenue crosswalk improvements
- Oak Grove, University Crane Bicycle improvement project extension, and
- Willows Neighborhood complete streets project

These projects have been identified as Tier 3 projects in the City's CIP budget with the exception of the Oak Grove project, which was identified as a Tier 2 project. Staff anticipates returning to City Council late in 2019 or early 2020 for approval of the specific scope of work for the grant application; however, staff is seeking City Council's general concurrence that advancing as a partner on the AHSC grant application is appropriate at this time.

#### Next steps

If the City Council authorizes the City's partnership with MidPen on the AHSC grant opportunity, staff would pursue the following next steps:

- Work with MidPen and partners to prepare AHSC grant application materials. Based on the City's current understanding, MidPen would be the lead applicant on the grant application with support from the City's housing, planning and transportation divisions.
- Return to City Council in late 2019 or early 2020 requesting a resolution of support for the specific transportation scope of work proposed to be funded by AHSC, which is required for submittal of the grant application in February 2020.
- Incorporate the transportation improvements and potential funding sources into the FY2020-21 budget and CIP, contingent on funding award (typically would be considered for adoption by City Council in June 2020.)

#### **Impact on City Resources**

Staff time was used to prepare, coordinate and participate in meetings with MidPen, the County of San

Mateo and SamTrans to explore the AHSC grant opportunity and potential transportation improvements. Additional staff time will be utilized to support MidPen with the grant application preparation and to plan transportation improvements. If the grant is successful, staff resources on some transportation projects would need to be reallocated to the pedestrian and bicycle projects included with the grant as described above. There may be additional expenses if consultants are needed by the City.

### **Environmental Review**

This action is not a project within the meaning of the California Environmental Quality Act (CEQA) Guidelines §§ 15378 and 15061(b)(3) as it will not result in any direct or indirect physical change in the environment

### **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. List of potential bicycle and pedestrian projects.

### **Report prepared by:**

Rhonda Coffman, Deputy Community Development Director – Housing  
Kristiann Choy, Acting Transportation Manager

### **Reviewed by:**

Deanna Chow, Interim Community Development Director  
Nicole H. Nagaya, Interim Public Works Director  
Justin Murphy, Deputy City Manager

Potential Projects for Affordable Housing and Sustainable Communities Grant Application, Draft Transportation Master Plan list			
Category	Project ID	Location	Description
STRAIGHTFORWARD	25	Ivy Dr from Willow Rd to Market Pl	<ul style="list-style-type: none"> <li>• Designate Class III Bicycle Route</li> </ul>
	36	Willow Rd b/w Bayfront Expy & US 101 (short-term)	<ul style="list-style-type: none"> <li>• No widening</li> <li>• Buses allowed to use existing right turn lane at O'Brien location for queue jump with Transit Signal Priority (TSP)</li> <li>• Bicycle lanes would remain</li> </ul>
	49	Willow Rd	<ul style="list-style-type: none"> <li>• Install new green bike paint treatments from Bayfront Expy to Bay Rd and refresh existing green bike paint treatments from Bay Rd to Middlefield Rd at interaction zones on Willow Rd</li> </ul>
	50	Willow Rd between Bayfront Expy & Newbridge St	<ul style="list-style-type: none"> <li>• Work with Caltrans to modify signal timing at Caltrans intersections to include All-Red clearance time</li> </ul>
TIER 1	8	Bayfront Expy & Willow Rd	<ul style="list-style-type: none"> <li>• Install bike signals across north Bayfront Expy leg and west Willow Rd leg</li> <li>• Install high-visibility crosswalks and cross-bike markings</li> <li>• Reconstruct eastbound Willow Rd right-turn channelizing island to improve pedestrian access and provide space for shoulder-running bus lane</li> <li>• Remove southbound Bayfront Expy channelizing island to provide space for shoulder-running bus lane and restripe with a right-turn lane and add right-turn overlap phase</li> <li>• Modify traffic signal to accommodate channelized right turn modifications</li> <li>• Install Transit Signal Priority (TSP) for queue jumps by shoulder-running buses on northbound and southbound Bayfront Expy approaches</li> </ul>
	39	Willow Rd & Ivy Dr	<ul style="list-style-type: none"> <li>• Install right-turn overlap on southbound Ivy Dr and restrict eastbound Willow Rd U-turns</li> <li>• Widen pedestrian refuge island to match crosswalk width on east Willow Rd leg</li> <li>• Convert existing crosswalks to high-visibility crosswalks</li> <li>• Extend pedestrian crossing time</li> </ul>
	40	Willow Rd & O'Brien Dr	<ul style="list-style-type: none"> <li>• Install curb ramps at all corners of intersection</li> <li>• Install high-visibility crosswalks on all legs and add pedestrian signals (including new crosswalks crossing Willow Rd)</li> <li>• Install bulb-outs into O'Brien Dr on northeast and southeast corners</li> </ul>
	41	Willow Rd & Newbridge St	<ul style="list-style-type: none"> <li>• Convert existing crosswalks to high-visibility crosswalks</li> <li>• Modify signal timing to lead-lag operation on Newbridge St with the leading left-turn phase on the southbound Newbridge St approach and lagging left-turn phase on the northbound Newbridge St approach</li> </ul>
CITYWIDE	157	Enhanced bike/ped detection	<ul style="list-style-type: none"> <li>• Install bicycle and pedestrian detection at intersections to efficiently serve residents and visitors traveling via alternative modes</li> <li>• Adjust signal phasing and timing to include pike and pedestrian crossing time to safely accommodate traveling via alternative modes</li> </ul>
	177	Street lighting	<ul style="list-style-type: none"> <li>• Evaluate lighting levels at crosswalks and update streetlights as necessary</li> </ul>
	196	Update crosswalk policy	<ul style="list-style-type: none"> <li>• Update crosswalk policy to identify potential rectangular rapid flashing beacon locations and priority</li> </ul>
TIER 2	27	Ivy Dr	<ul style="list-style-type: none"> <li>• Widen sidewalks on both sides of Ivy Dr and narrow existing median</li> <li>• Coordinate with San Francisco Public Utilities Commission</li> </ul>
	28	Newbridge St	<ul style="list-style-type: none"> <li>• Widen sidewalks on both sides of the roadway by narrowing the travel lanes</li> </ul>
	37	Willow Rd b/w Bayfront Expy & US 101 (long-term)	<ul style="list-style-type: none"> <li>• Install eastbound Willow Rd one-way Class IV separated bikeway between Hamilton Ave and US 101 Willow Rd interchange</li> <li>• Install westbound Willow Rd one-way Class IV separated bikeway between Dumbarton Rail Corridor and US 101 Willow Rd interchange</li> </ul>
	38	Willow Rd & Hamilton Ave	<ul style="list-style-type: none"> <li>• Modify southbound Hamilton Ave to shared left-thru lane and time of day right turn lane</li> <li>• Implement evening peak period parking restriction on west side of southbound Hamilton Ave for 400 feet to increase right-turn storage</li> <li>• Modify northbound and southbound Hamilton Ave to split phase</li> </ul>
	185	Kelly Park/OHCC Dumbarton bike/ped crossing	<ul style="list-style-type: none"> <li>• Construct pedestrian and bicycle crossing over the Dumbarton Rail Corridor at the Onetta Harris Community Center from Chilco St to Terminal Ave</li> </ul>

Highlighted items are projects that are located near the MidPen Gateway site and have the most direct relationship to the housing development and grant opportunity.

THIS PAGE INTENTIONALLY LEFT BLANK



**STAFF REPORT**

**City Council Meeting Date:** 9/24/2019  
**Staff Report Number:** 19-192-CC

**Informational Item:** City Council agenda topics: October to December 2019

**Recommendation**

The purpose of this informational item is to provide the City Council and members of the public access to the anticipated agenda items that will be presented to the City Council. The mayor and city manager set the City Council agenda so there is no action required of the City Council as a result of this informational item.

**Policy Issues**

In accordance with the City Council procedures manual, the mayor and city manager set the agenda for City Council meetings.

**Analysis**

In an effort to provide greater access to the City Council's future agenda items, staff has compiled a listing of anticipated agenda items, Attachment A, through December 10. The topics are arranged by department to help identify the work group most impacted by the agenda item.

Specific dates are not provided in the attachment due to a number of factors that influence the City Council agenda preparation process. In their agenda management, the mayor and city manager strive to compile an agenda that is most responsive to the City Council's adopted priorities and work plan while also balancing the business needs of the organization. Certain agenda items, such as appeals or State mandated reporting, must be scheduled by a certain date to ensure compliance. In addition, the meeting agendas are managed to allow the greatest opportunity for public input while also allowing the meeting to conclude around 11 p.m. Every effort is made to avoid scheduling two matters that may be contentious to allow the City Council sufficient time to fully discuss the matter before the City Council.

**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 Council agenda topics: October to December 2019

Report prepared by:  
Judi A. Herren, City Clerk



## Tentative City Council Agenda

#	Title	Department	Item type
1	Mayor's state of the city		
2	City Council direction on news rack ordinance	CDD	Study Session
3	Study session on housing element, state housing laws, and the 2022 housing element update	CDD	Study Session
4	Finance and Audit Committee update	ASD	Committee Report
5	Approve response to San Mateo County civil grand jury report - soaring pension costs follow-up	ASD	Consent
6	Receive and file the Q1 investments and operations reports	ASD	Consent
7	Amend the 2019-20 adopted budget	ASD	Regular
8	Management benefits summary update	ASD	Regular
9	Receive the comprehensive annual financial report for the fiscal year ended June 30, 2019	ASD	Regular
10	Adopt a resolution approving the City Council Subcommittee recommendations regarding the 2019-20 community funding allocation	ASD	Regular
11	Housing Commission report	CDD	Committee Report
12	Short Term Rental Regulation - Community Outreach Plan and Update	CDD	Consent
13	Below Market Rate Fund - MidPen Housing Loan Recommendation	CDD	Consent
14	SB2 Planning Grant Authorization	CDD	Consent
15	Street Cafe Program Update	CDD	Informational
16	2019 building code cycle code adoption	CDD	Regular
17	Sister City Committee update	CMO	Committee Report
18	Consider applicants and make appointment to fill vacancies on the Park and Recreation Committee and Planning Commission	CMO	Committee Report
19	Second reading and adoption of local minimum wage ordinance	CMO	Consent
20	Minutes: 9/10	CMO	Consent
21	Minutes: 9/24 and 10/01	CMO	Consent
22	Minutes: 10/15	CMO	Consent
23	Approve response to Civil Grand Jury report: "Electric Vehicle Adoption in the Cities and County of San Mateo"	CMO	Consent
24	Minutes: 10/29	CMO	Consent
25	Second Reading of Updates to the Heritage Tree Ordinance	CMO	Consent
26	Minutes: 11/5	CMO	Consent
27	Receive and file quarterly update on the 2019-20 City Council work plan	CMO	Consent

## Tentative City Council Agenda

#	Title	Department	Item type
28	BAWSCA report to City Council from Kirsten Keith	CMO	Presentation
29	Amend master fee schedule: zero waste and ev charging	CMO	Public Hearing
30	2020 redistricting (advisory or independent)	CMO	Regular
31	Report from City Council subcommittees on planning and zoning	CMO	Regular
32	Adopt City Council Procedure No. XXX: City Council powers and responsibilities; interactions with City staff	CMO	Regular
33	Quarterly update: 2019-20 City Council priorities and work plan	CMO	Regular
34	Update on climate action plan and zero waste plan progress	CMO	Regular
35	Adopt City Council Procedure Nos. XXX and XXX: City Council Communications; Meetings	CMO	Regular
36	Adopt Updates to the Heritage Tree Ordinance	CMO	Regular
37	Update City Council policy #19-004, updating BHNLC	CMO	Regular
38	Adopt City Council Procedure Nos. XXX and XXX: Resources and Finances; Conflicts and Liability	CMO	Regular
39	Adopt a second and fourth Tuesday meeting schedule for CC meetings in 2020	CMO, CA	Regular
40	Receive, file and provide direction on Park Recreation facility master plan	CSD	Regular
41	Library Commission update	LIB	Committee Report
42	Belle Haven branch library project - site analysis	LIB	Study Session
44	Complete Streets Commission update	PW	Committee Report
45	Second reading and adoption of transportation impact fee ordinance	PW	Consent
46	Review draft transportation impact fee	PW	Regular
47	First reading of transportation impact fee ordinance	PW	Regular
48	Annexation procedure/policies/applications/West Menlo Triangle/Menlo Oaks annexation	PW, CMO	Study Session
49	Presentation: 2018-19 community development department and public works department organizational reviews prepared by Matrix Consulting	PW, CMO, CDD	Presentation
50	Undergrounding	PW	Study Session
51	Award of a contract for Bedwell Bayfront Park Ranger Services to XXX, in the amount of \$XXX	PW	Consent
52	Review draft transportation impact fee	PW	Regular
53	Complete Streets Commission update	PW	Committee Report
54	First reading of transportation impact fee ordinance	PW	Regular
55	Second reading and adoption of transportation impact fee ordinance	PW	Consent

THIS PAGE INTENTIONALLY LEFT BLANK



**STAFF REPORT**

**City Council**  
**Meeting Date:** 9/24/2019  
**Staff Report Number:** 19-194-CC

**Informational Item:** Update on the Parks and Recreation facilities master plan process

**Recommendation**

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

**Policy Issues**

The Parks and Recreation facilities master plan project is a part of the City Council adopted 2018-19 workplan and is consistent with City Council's commitment to developing comprehensive master plans for significant capital investments and to community engagement.

The project is also consistent with policies and programs (e.g., LU-1, LU-6, LU-7, CIRC-1, CIRC-2, CIRC-3, CIRC-4, CIRC-6, OSC1, OSC2, N1, S1) stated in the 2016 City general plan Connect Menlo land use and circulation element. These policies and programs seek to promote sustainable and orderly development, a safe and user-friendly circulation system promoting accessibility for multiple modes of transportation and preserve open space lands for recreation and address the open space / conservation noise general plan.

**Background**

The Parks and Recreation master plan (Plan) serves as a guiding document for the City as it seeks to improve and maintain the parks and recreation facilities in Menlo Park. It provides a long-term vision for the City's parks and recreation facilities, and specific policies and standards to direct day-to-day decisions. It sets forth a framework that will allow the City to respond to new opportunities as they arise. It ensures that improvements are complete and compatible with other City plans and policies. It is primarily a planning and policy document and not envisioned to approve specific facilities improvement projects or programs. Projects and programs that are advanced under this Plan would need to undergo its own design, environmental review and approval process before being implemented.

In 1998, the City undertook a similar public process to evaluate community needs by assessing the conditions of the City's parks and recreation facilities. In November 1999, a Parks and Recreation Facilities master plan was completed, recommending \$62 million in needed improvements. Priority projects were established based on input from a community opinion survey in March 2001 and additional review and recommendations from the Parks and Recreation Commission. In November 2001, Menlo Park voters approved to issue general obligation bonds, Measure T, phased in over several years totaling \$38 million for the renovation and expansion of City parks and recreation facilities.

Over the past 18 years, master plan recommendations have been implemented to improve the City's parks and recreation facilities. While much has been accomplished, a number of the City's parks and facilities require updating in order to meet the changing needs of a growing community. In order to make the best use of current resources, staff recommended updating the master plan to prioritize and guide capital

projects and facility improvements for the next 20-25 years consistent with the current general plan update through the year 2040.

On October 17, 2017, the City entered into an agreement with Gates+Associates for the development of the proposed Plan. Over two years extensive community input has been gathered through a variety of methods to assess community needs and recreation demand in the City including community workshops, pop-up and intercept activities, focus groups, stakeholder interviews, online surveys and various social media efforts.

## **Analysis**

The recommended Plan (Attachment A,) is the culmination of a 24 month process. In that time, the project team compiled data on the City's existing parks and facilities. The team also collected data on facilities and services in neighboring cities and reviewed current trends and best practices in parks and recreation. It establishes a planning blueprint to expand, improve and protect the City's assets and provide for recreation opportunities for the future.

### Public process

The outreach efforts for this Plan have incorporated participation of well over 2,500 people, 90 people attended community workshops, 500+ with online surveys, 185 streamed a workshop live on Facebook and over 2,000 people have been reached at intercept activities and pop-up information booths. In addition, there were a number of public meetings held at key milestones of the project providing residents the opportunity for further input including two City Council study sessions and several Parks and Recreation Commission and Parks and Recreation user focus group meetings. There is a comprehensive listing of various community engagement efforts included in Chapter 3 of the Plan document.

### Vision, goals and guidelines

The plan vision, goals and guidelines were developed from this extensive outreach, tested through a communitywide survey, and affirmed by the Parks and Recreation user focus group, Parks and Recreation Commission and City Council. They served to guide the process of the Plan but more importantly serve as a valuable tool for future parks and recreation facility planning and development. The goals and guidelines are overarching concepts, which enable staff and decision-making bodies to be strategic in the development and enhancement of parks and recreation facilities while being innovative and adaptable to the community's changing needs. Chapter 4 of the Plan document provides greater detail on the goals and guidelines.

#### *Vision*

Connect Menlo Park through a sustainable, equitable and accessible system of parks, recreation facilities and programs that reflect the City's character, and encourage multigenerational interactions.

#### *Goals and guidelines*

##### 1. One Menlo Park

- An integrated, equitable and inclusive park and recreation system that serves the community as a whole
- A connected and accessible park and recreation system

##### 2. Unique and distinctive parks and facilities

- Parks and facilities reflect a sense of place and community
- Parks and recreation that supports health and wellness
- Integrate nature and green spaces throughout the city

##### 3. Operational efficiency and economic feasibility

- Ensure that economic sustainability is integral to the development, operation, and maintenance of all

- parks and recreation facilities
  - Require all new facilities or parks to consider long-term costs of operation and maintenance into the project development process
  - Ensure that City policies related to fees, programs, staffing and hours are equitable and support overall City cost recovery goals
4. Creative solutions
- Expand parks and recreation opportunities
5. Environmental sustainability
- Ensure that environmental sustainability is an integral part of parks and recreation facilities development and management
  - Integrate environmental and cultural education in parks and recreation facilities

### Recommended projects and programs

The Plan provides a total of 123 recommendations covering all parks and recreation facilities throughout the City which can be found in Chapter 5 of the Plan. Since the Plan is intended to be a living document to inform future park and recreation facility improvements, other recommendations may be identified later over the time horizon of this Plan. The recommendations were formulated after an in-depth review of all parks and recreation facilities in Menlo Park, as well as through community engagement meetings and a study of best practices. They are listed by location and range from landscaping and lighting improvements to the creation of entirely new buildings, as well as assessing new use for spaces based on community need. The community was asked to weigh in on whether or not they agreed with these recommendations through a second community survey offered in English and Spanish.

### Project prioritization

Following the survey and input from the Parks and Recreation user focus group, City staff categorized the 123 recommendations into either programmatic, straightforward or a complex/capital improvement project (CIP) projects. Recommendations that were identified as programmatic or straightforward were not prioritized and can be budgeted and programmed as part of department operations or addressed through the City's routine maintenance program given the project's minor nature and lower cost as directed by the City Council through the annual budgeting process. There are 44 recommendations identified as complex/CIP projects which were rated and prioritized based on a set criteria.

The prioritization framework used a simple scoring system and rated each proposed project over 10 weighted criteria to determine which projects would have the greatest impact on achieving the Plan goals as well as having the greatest benefit to parks and recreation users. Tier 1 criteria were weighted more heavily consisted of the following:

- Does the project address a current park/facility public health and/or safety issue?
- Does the project meet an identified need or deficiency?
- Does the project address a deferred maintenance need and/or preserve the asset?
- Does the project improve the overall balance and equity of the park system?
- Is the project easy to implement and/or a simple addition to a current project?

Tier 2 criteria were also indicators on whether a project achieved the Plan goals but weighted less and consisted of the following:

- Does the project reflect an expressed community desire?
- Does the project offer new recreational or facility opportunities?
- Does the project improve the usability or function of the park or facility?
- Does the project improve the park's or facility's aesthetics or character?

- Does the project improve the sustainability of the park/facility?

Once the 44 projects were ranked, they were grouped based on their total score and placed in three tier buckets with Tier 1 projects receiving the highest score and meeting most of the criteria. Those in lower tiers achieved the Plan goals but did not fulfill as many of criteria as Tier 1 projects. The rating criteria and prioritization framework can be found in Chapter 6 on Implementation.

Placement in a particular tier may not necessarily determine when the project might be completed because there a number of considerations for how a project moves forward. Projects in the lower tier may be considered “opportunity” projects in that they may be completed as part of a larger renovation. For instance, if the Burgess Park sports field was renovated the City may want to explore installing an underground water storage tank. Also, projects that are in Tier 1 are a high priority and much desired but may be complex and costly which may involve a complex design process, require significant community engagement or funding.

Cost estimates

In addition to priority ranking, projects were assigned a rough cost estimate to try to provide an order of magnitude cost for each. For simple scale was provided:

Table 1: Cost estimate scale	
\$	Under \$100,000
\$\$	\$100,000-\$500,00
\$\$\$	\$500,000 - \$2,000,000
\$\$\$\$	\$2,000,000 +

The cost estimate scale is not intended to communicate exact project costs but rather a broad cost range based on similar types of park and recreation facility projects. For each of the recommended projects the City would need to better define the scope and assumptions for each project and acquire the services of a cost estimator to determine the costs of design and construction. This was not included in the scope of work for the Plan consultant Gates+Associates but if City Council accepts the Plan it may be a possible next step in the Plan’s implementation.

The prioritization criteria and tiered recommendations were reviewed and affirmed by the Parks and Recreation Commission at their meeting July 24. Some of the recommendations included conducting a comprehensive feasibility study for a multigenerational campus in Belle Haven, installing sports field lighting at Burgess Park, providing additional dog parks throughout the City, updated pathways and infrastructure at Sharon Park and pool improvements. A complete project prioritization can be found in Appendix A and a listing of all the 123 recommendations can be found in Chapter 5 of the Plan document.

At their meeting August 28, the Parks and Recreation Commission received the full draft of the Plan and a presentation by the project consultant Gates+Associates and City staff. Following public comment and their discussion, the Commission voted to support the Plan and recommended the City Council accept the Plan. In addition to accepting the Plan, the commission recommended that the Burgess Park Snack Shack renovation project be given a higher priority if outside funding can be secured for the project and given that the project was identified as a previous City Council work plan goal and the Commission previously took action to support the project.



### Next steps

Following Council acceptance, the Plan can only be implemented with affirmative City Council direction either through the annual operating budget or the five-year capital improvement plan budget. Staff requires specific direction from City Council to return with implementation proposal for specific projects. For example the City Council can direct:

1. Implementation of recommendations categorized as programmatic or straightforward projects as part of the 2020-21 city manager's recommended budget.
2. Incorporation of the certain complex projects in the five-year capital improvement program beginning in 2020-21.

### **Impact on City Resources**

The City Council appropriated \$250,000 for the project budget. On November 13, 2018 the City Council authorized the city manager to execute an amendment to the agreement with Gates+Associates in the amount of \$21,195 for the Plan resulting in a revised project cost of \$239,536 including the additional services, contingency and administrative costs. The City Council approved an additional amendment to the agreement May 14 for \$10,560 and appropriated an additional \$15,096 from the 2018-19 capital improvement program budget for a revised project cost of \$265,096

### **Environmental Review**

The project is categorically exempt under Class 6 of the current State of California environmental Quality Acts Guidelines, which allows for information collection, research and resource evaluation activities as part of a study leading to an action which is 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. Hyperlink – Draft Parks and Recreation facilities master plan update – August 28:  
[menlopark.org/DocumentCenter/View/22664/August-28-2019-Park--Recreation-Facilities-Master-Plan-Update-Draft](http://menlopark.org/DocumentCenter/View/22664/August-28-2019-Park--Recreation-Facilities-Master-Plan-Update-Draft)

Report prepared by:

Adriane Lee Bird, Assistant Community Services Director

Report reviewed by:

Derek Schweigart, Community Services Director

THIS PAGE INTENTIONALLY LEFT BLANK



**STAFF REPORT**

**City Council**  
**Meeting Date:** 9/24/2019  
**Staff Report Number:** 19-199-CC

**Councilmember Report:** Authorize a request to San Mateo County Labs, a division of the County of San Mateo, for air quality monitors in the Belle Haven neighborhood

**Recommendation**

Mayor Pro Tem Taylor recommends that the City Council authorize a request to San Mateo County Labs, a division of the County of San Mateo, for air quality monitors in the Belle Haven neighborhood.

**Policy Issues**

City Council procedures require that a majority approve requests to outside agencies on behalf of the City if the request falls outside of established City Council policy or adopted City Council priorities.

**Analysis**

Mayor Pro Tem Taylor's recommendation is included as Attachments 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. Email from Mayor Pro Tem Taylor to Mayor Mueller, dated September 10, with attachments

Report prepared by:  
Nick Pegueros, Assistant City Manager

**From:** Taylor, Cecilia  
**To:** Mueller, Ray  
**Cc:** Pegueros, Nick M; Silver, Cara E; Taylor, Cecilia  
**Subject:** Agenda Request for September 10, 2019  
**Date:** Monday, September 9, 2019 10:36:36 AM  
**Attachments:** Menlo Park Air Monitor Request Letter to SMC Labs.pdf  
ATT00001.htm  
Draft Air Quality Monitoring Plan for Belle Haven.pdf  
ATT00002.htm

---

Good Morning Ray,

I am requesting the following item to be added to the September 10, 2019 Agenda. It is my understanding that this item can be added to an amended Agenda and meet the twenty-four (24) hour Brown Act notification requirement.

As you are aware, I have made air quality monitoring in the main residential area of District 1, the Belle Haven neighborhood, a high priority. I have made air quality monitoring part of the discussions since the Moratorium request on June 11, 2019 and through subsequent emails. It appears air quality monitoring is not within the purview of the City and requires staff time and resources to research, make recommendations and implement.

I have been working with community leaders, Menlo Sparks, and the Bay Area Quality Management District, to move this critical issue forward. We now have the opportunity to receive up to five (5) air quality monitors through a grant to San Mateo Labs. San Mateo Labs is part of a first of its kind smart region initiative and funded by the County of San Mateo.

There is limited funding for air quality monitors in San Mateo County, and we need to ensure that Belle Haven benefits from this funding. The funding is now available and without quick action, the residents of the Belle Haven neighborhood may once again lose an opportunity.

I realize this request is late for the agenda, however the funding period opened last week and I do not want us to miss this opportunity. Due to the urgency, I am requesting this item be added to the September 10, 2019 Agenda. I believe it is important to have the support of the Council. Therefore, I am asking for the Council to support the attached letter.

Respectfully,

Cecilia Taylor, Mayor Pro Tem

Attachments:

DRAFT Letter to Ulysses R. Vinson Jr., Director San Mateo CountyLabs  
DRAFT Community Air Monitoring Plan for Menlo Park Proposal

# DRAFT

September XX, 2019

Ulysses R. Vinson Jr., Director  
San Mateo County Labs  
455 County Center, 3<sup>rd</sup> Floor  
Redwood City, CA 94063

Dear Mr. Vinson,

On behalf of Menlo Park, I am writing to request the addition of five air monitors into the San Mateo County Lab *Localized Air Quality and Environmental Monitoring program*, covering the community of Belle Haven, Menlo Park. Thank you for spending time visiting Belle Haven in August and discussing the SMC Labs program with me. I appreciate the generous offer to install new air monitors covering Belle Haven.

It is wonderful to learn that SMC Labs has a pilot program that began early this year with ten Clarity air quality sensors throughout the county.<sup>1</sup> Belle Haven, however, continues to lack air monitors from both government programs such as SMC Labs, as well as crowd-sourced private sector air monitoring programs.

Given the significant traffic and associated air pollution surrounding Belle Haven, it is critical to remedy the lack of air monitoring as quickly as possible. Residents of Belle Haven are surrounded by busy roadways that have become severely congested in recent years. Even in 2017, the latest year for which traffic counts are available from CalTrans, Belle Haven was downwind of over 200,000 vehicles per day on the 101 freeway, and encircled by at least 50,000 more vehicles per day on the Bayfront Expressway (Route 84).<sup>2</sup> The many active construction sites have also likely added significant amounts of pollution affecting local students and residents.

Unfortunately, in spite of the obvious health impacts of pollution from significant traffic and construction activity, Belle Haven has never been designated as a community of concern by the air district or CalEPA, and therefore has not received the resources necessary to monitor air quality or mitigate impacts. We believe the SMC Labs air monitoring program is an important opportunity to provide residents with the data they need to know about pollutant exposures, particularly for “sensitive receptors” such as children, seniors, and those with existing health conditions.

We therefore respectfully request the following high priority sites to be included in the SMC Labs air monitoring program by the end of the year or as soon as practicable.

1. Kelley Park
2. Willow & Hamilton
3. Newbridge & Willow
4. BH Elementary
5. Tides Academy

---

<sup>1</sup> <https://smclabs.io/localized-air-quality-and-environmental-monitoring/>

<sup>2</sup> AADT – Annual Average Daily Traffic counts are available on the CalTrans website: <https://dot.ca.gov/programs/traffic-operations/census/traffic-volumes/2017>

# *DRAFT*

The requested monitoring locations are listed in order of priority, with attention to sensitive receptor exposure, proximity to traffic, and geographic distribution across the community.

Menlo Park has been a leader in sustainability. We appreciate assistance from the County in ensuring that equity issues are prioritized alongside sustainability, with a primary step to collect data on air pollution and potential exposure levels of residents. We are grateful for your help, and welcome any further discussion of this request.

Sincerely,

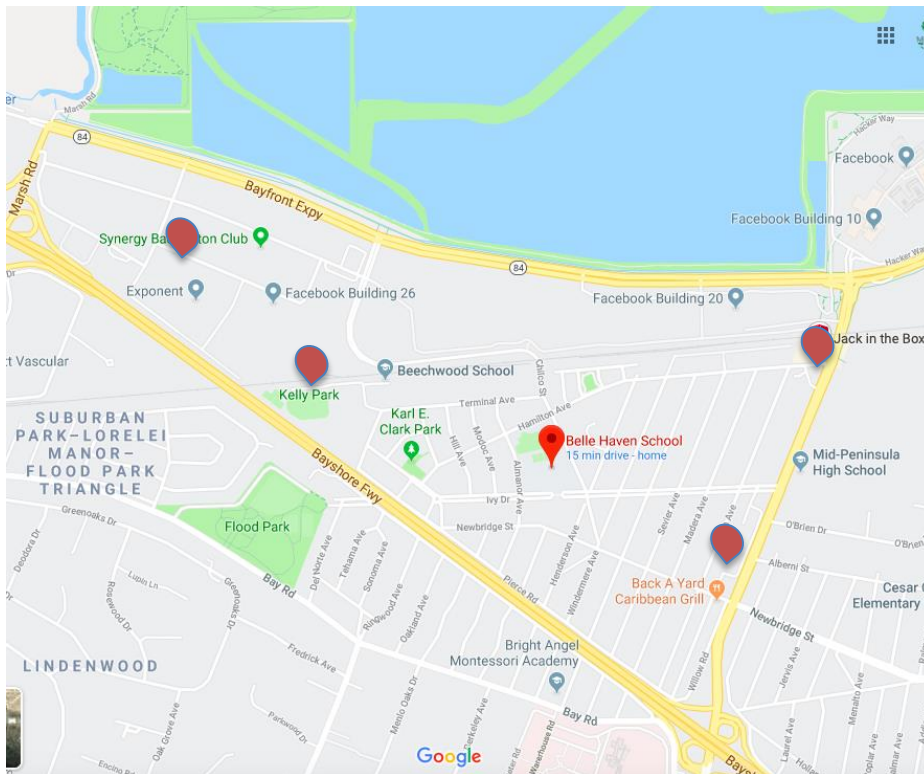
[Signature block here]

Cc: Mayor Ray Mueller  
Council Member Catherine Carlton  
Council Member Drew Combs  
Council Member Betsy Nash  
Supervisor Warren Slocum

# DRAFT Community Air Monitoring Plan for Menlo Park

Community air monitoring is an important tool to discern whether residents, students, and other vulnerable people may be exposed to healthy or unsafe levels of air pollution. In Menlo Park, there is a gap in air monitoring data collection in Belle Haven, a historically disadvantaged community with a larger proportion of people of color and lower income families. Furthermore, the life expectancy in Belle Haven is five years less than the average for San Mateo County.<sup>1</sup> Air quality, and particulate matter in particular, could play a role in that, because of the severe health risk it poses. It is therefore even more concerning that no monitors exist downwind of Highway 101, compared to the several monitors throughout the rest of the greater Menlo Park area.

As a result, the following Community Air Quality Monitoring Plan is proposed for Belle Haven. San Mateo County Labs has a pilot program that began early this year with ten Clarity air quality sensors throughout the county.<sup>2</sup> SMC Labs may be able to add air quality monitors in Belle Haven; the following high priority sites are requested to be included in the SMC Labs air monitoring program by the end of the year or as soon as practicable.



- 1. Kelley Park**
- 2. Willow & Hamilton**
- 3. Newbridge & Willow**
- 4. Belle Haven Elementary**
- 5. Tides Academy**

The locations focus on areas with more vulnerable populations, as well as robust coverage of the community. Given the significant traffic and associated air pollution surrounding Belle Haven, it is critical to remedy the lack of air

monitoring as quickly as possible. Residents of Belle Haven are surrounded by busy roadways

<sup>1</sup> <https://www.centerforhealthjournalism.org/2019/03/12/silicon-valley-riddled-inequality-what-does-mean-health>

<sup>2</sup> <https://smclabs.io/localized-air-quality-and-environmental-monitoring/>



that have become severely congested in recent years. Even in 2017, the latest year for which traffic counts are available from CalTrans, Belle Haven was downwind of over 200,000 vehicles per day on the 101 freeway, and encircled by at least 50,000 more vehicles per day on the Bayfront Expressway (Route 84).<sup>3</sup> The many active construction sites have also likely added significant amounts of pollution affecting local students and residents.

Unfortunately, in spite of the obvious health impacts of pollution from significant traffic and construction activity, Belle Haven has never been designated as a community of concern by the air district or CalEPA, and therefore has not received the resources necessary to monitor air quality or mitigate impacts. The SMC Labs air monitoring program is an important opportunity to provide residents with the data they need to know about pollutant exposures, particularly for “sensitive receptors” such as children, seniors, and those with existing health conditions.

The monitoring will focus on fine particulate matter (PM<sub>2.5</sub>), with a diameter smaller than 2.5µ. The health effects of both short and long term exposure to fine PM can be very dangerous. Short term exposure has been linked to increased mortality from respiratory and cardiovascular disease, increased mortality in infants and young children, increased number of heart attacks, inflammation of lung tissue, and increased severity of asthma attacks as well as asthma related hospitalization in young children. Year round, long term exposure to PM has been shown to cause slowed lung function in children and teenagers, the development of asthma in children up to 14, increased risk of death from cardiovascular disease, and risk of lower birth weight and infant mortality.<sup>4</sup>

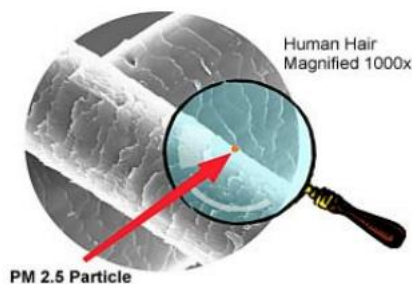


Figure 1. Size comparison of

It is important that stakeholders who may be interested in this proposal be notified and invited to give feedback. These include the following:

- Belle Haven action, Belle Haven Neighborhood Association, and other community groups such as Youth united community action
- Local churches and other civic groups
- Cities of Menlo Park & East Palo Alto

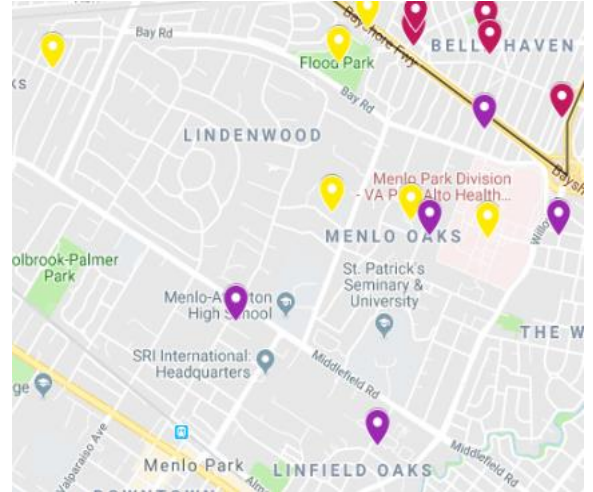
It is also important to create meaningful comparison points to new air monitor data. There are many possible **control locations** to use as a comparison to new air monitoring data in Belle Haven, including all of the Purple Air sensors that have already been established in Menlo Park.

<sup>3</sup> AADT – Annual Average Daily Traffic counts are available on the CalTrans website: <https://dot.ca.gov/programs/traffic-operations/census/traffic-volumes/2017>

<sup>4</sup> <https://www.lung.org/our-initiatives/healthy-air/outdoor/air-pollution/particle-pollution.html>

The following locations of existing Purple Air Monitors may provide reasonable comparison points.

Location	Address
Flood park	215 Bay Rd, Menlo Park, CA 94025
Fire Station No. 5	4101 Fair Oaks Ave, Menlo Park, CA 94025
Laurel School Lower Campus	95 Edge Rd, Atherton, CA 94027
Menlo Park Division - VA Palo Alto Health Care System	795 Willow Rd, Menlo Park, CA 94025
The Peninsula School	920 Peninsula Way, Menlo Park, CA 94025
James Flood Magnet Schools	2037 Pulgas Ave East Palo Alto, CA 94303-2025



**Other Community Air Monitoring projects:**

Many other community air monitoring projects exist, and here is a brief summary of a few, and other resources.

- [Downwinders at Risk](#), in partnership with the local university, has citizens using portable air quality monitoring sensors, as well as the installation of stationary sensors.
- [Breathe Easy Dallas](#) set up a project to monitor ozone levels in front of schools, and how that correlated to asthma related absences. Phase two involves monitoring the effectiveness of different mitigation strategies.
- [Imperial County](#) developed a community air monitoring study in cooperation with CARB using 40 custom sensors throughout to analyze PM pollution
- The [Citizen Science Air Monitoring in Ironbound Community](#) (google for PDF of procedure) is heavily EPA backed, and they built custom monitors to measure NOx and PM pollution.
- [The California Air Resources Board](#) provides some information on monitoring technologies and other existing projects

THIS PAGE INTENTIONALLY LEFT BLANK