



SPECIAL AND REGULAR MEETING MINUTES

Date: 2/9/2021
Time: 4:00 p.m.
Location: GoToWebinar

Special Session

A. Call To Order

Mayor Combs called the meeting to order at 4:06 p.m.

B. Roll Call

Present: Combs, Mueller, Nash, Taylor, Wolosin
Absent: None
Staff: City Manager Starla Jerome-Robinson, Interim City Attorney Cara Silver, City Clerk Judi A. Herren

C. Study Session

- C1. Provide direction on water rates and receive an update on Menlo Park Municipal Water operations including revenues, expenses and billing services (Staff Report #21-037-CC)

Assistant Public Works Director Chris Lamm made the presentation (Attachment).

The City Council received clarification on public notice recipients, average Menlo Park customer consumption, neighboring agencies rate structures, multi-family residential usage, and access to customer usage.

The City Council discussed tiered rates for residential and commercial, capital improvement surcharge, and a detail customer bill breakdown.

The City Council directed staff to retain the two tier rate structure, transition of tiers at the existing six units of water threshold, incorporate the capital surcharge into the tiered rates and provide information on water bills about inclusion of capital work in the rate structure.

- C2. Pension liabilities presentation with actuarial consultant (Staff Report #21-035-CC) (Presentation)

Assistant Administrative Services Director Dan Jacobson and GovInvest representative Nina Pileggi made the presentation (Attachment).

The City Council received clarification on impacts to the ability to acquire bonds and loans, impacts of staffing levels on pension liability, ERAF (education revenue augmentation fund) and general fund budget related to pensions, CalPERS service transfers, and the discount rates.

The City Council directed staff to prepare the 2021-22 budget using the CalPERS discount rate of seven percent and provide budget enhancements for City Council consideration to set-aside funds assuming a six percent, and a six and a half percent discount rates.

The City Council took a recess at 6:01 p.m.

The City Council reconvened at 6:28 p.m.

Regular Session

D. Report from Closed Session

City Manager Starla Jerome-Robinson reported out on the February 5, 2021 closed session:

ACTION: Motion and second (Nash/Wolosin), to approve a city attorney contract with Burke, Williams, & Sorensen, LLP, passed 3-2 (Combs and Mueller dissenting).

ACTION: Motion and second (Mueller/Combs), to extend City Manager Starla Jerome-Robinson's contract for an additional year, passed unanimously.

E. Public Comment

- Kathleen Daly spoke in support of a bench in Willow Oaks Park dedicated to Kathrine Strehl.
- Kim Novello spoke on the mental and physical health effects from urban living.

F. Consent Calendar

F1. Accept the City Council meeting minutes for January 14, 19, 26, and February 1, 2021 (Attachment)

The City Council provided edits to the January 26, 2021 meeting minutes.

F2. Receive and file the investment portfolio review as of December 31, 2020 (Staff Report #21-025-CC)

F3. Adopt Resolution No. 6614 supporting the City's crosstown shuttle for application for the lifeline transportation program fiscal year 2021-22 and fiscal year 2022-23, and adopt Resolution No. 6615 supporting the City's shuttle program for application for the sustainable transportation planning grant fiscal year 2021-22 (Staff Report #21-036-CC)

The City Council requested the review of shuttle hours and frequency of shuttle use included into the program.

F4. Adopt Resolution No. 6611 accepting up to \$198,950 of grant funding from the California Drought, Water, Parks, Climate, Coastal Protection and Outdoor Access for All Act of 2018 (Staff Report #21-026-CC)

F5. Approve automatic contract extension with Team Sheeper, Inc. for continued operation of the Burgess Pool through August 31, 2022 (Staff Report #21-027-CC)

The City Council directed to staff to provide clarification on rates, pool closures, and resident access and services.

ACTION: Motion and second (Taylor/Combs), to approve the consent calendar with edits to item F1., review of shuttle hours and frequency of shuttle use included the into program for item F3., and direction to staff to provide clarification on rates, pool closures, and resident access and services for item F5., passed unanimously.

G. Public Hearing

G1. Adopt Resolution No. 6613 to establish the proposed newsrack permit fees

(Staff Report #21-029-CC) (Presentation)

Junior Engineer Scott Jaw made the presentation (Attachment).

- William Johnson spoke in support of the ordinance without or deferment of the permit system.

The City Council received clarification on the removal of newsracks by City staff and other entities, the need of permit system, staff time for administering the permit program, framework and structure of the fees, and current newsrack locations.

The City Council discussed the impact of fees to media agencies, potential litigation, waiving and deferring fees for special circumstances, and equally distributing newsracks around the City.

ACTION: Motion and second (Mueller/Combs), to waive permit fees this year with the exception of impound and disposal fees, implementation of permitting to begin this year, direct the city attorney to develop a fee waiver guideline for current and future use, and to revisit the implementation of permit fees when reviewing the master fee schedule, passed unanimously.

H. Recess

I. Regular Business

- I1. Receive and file report on labor relations and receive public input on upcoming labor negotiations with American Federation of State, County and Municipal Employees Local 829, Service Employees International Union Local 521, and Menlo Park Police Officers' Association (Staff Report #21-020-CC)

Assistant City Manager Nick Pegueros introduced the item.

- Adina Levin spoke in support of police reform.
- Karen Grove spoke in support of police reform.

The City Council received and filed the report on labor relations and received public input on upcoming labor negotiations with American Federation of State, County and Municipal Employees Local 829, Service Employees International Union Local 521, and Menlo Park Police Officers' Association.

- I2. Receive and file report on labor relations and receive public input on unrepresented management compensation plan review (Staff Report #21-021-CC)

Assistant City Manager Nick Pegueros introduced the item.

The City Council received and filed the report on labor relations and received public input on unrepresented management compensation plan review.

- I3. Adopt Resolution No. 6612 rescinding withdrawal from Peninsula Library System joint powers agency; and authorize the city manager to execute a five-year agreement in an amount not to exceed \$176,695 for a cloud-based enterprise technology platform to enhance public services (Staff Report #21-028-CC) (Presentation)

Library and Community Services Director Sean Reinhart made the presentation (Attachment).

The City Council received clarification on the impact of using multiple systems for staff and customers and the rates for a cloud-based enterprise technology platform beyond the five-year proposed agreement.

The City Council discussed impacts to the information technology master plan and the need of a secondary cloud-based platform.

ACTION: Motion and second (Mueller/Taylor), to adopt Resolution No. 6612 rescinding withdrawal from Peninsula Library System joint powers, passed unanimously

J. Informational Items

J1. City Council agenda topics: February 2021 to March 2021 (Staff Report #21-024-CC)

J2. Update on proposed amendments to City Council procedures (Staff Report #21-032-CC)

- Jennifer Johnson spoke on concerns to the proposed updates to the Commissions/Committees Policies and Procedures, Roles and Responsibilities (#CC-19-0004).

The City Council received clarification to the proposed updates on policy #CC-19-0004.

J3. Review user fee cost recovery fiscal policy (City Council Procedure #CC-10-0001) (Staff Report #21-033-CC)

- Jennifer Johnson spoke on concerns to the cost recovery model related to the park and recreation master plan.

The City Council received clarification on the park and recreation master plan scholarship program.

J4. Update on the emergency water storage/supply project (Staff Report #21-034-CC)

J5. 2021 City Council goal setting workshop summary (Staff Report #21-031-CC)

The City Council discussed how and what items can be prioritized, impacts to Downtown related to goal setting, the necessity of the Menlo Park community campus subcommittee, and the February 23, 2021 City Council meeting timing constraints.

J6. Formation of an interview panel to provide recommendation to full City Council on the selection of a housing element consultant for the housing element (2023 – 2031) update process (Staff Report #21-030-CC)

The City Council discussed City Councilmember appointments.

K. City Manager's Report

City Manager Starla Jerome-Robison reported on the upcoming police chief interviews.

L. City Councilmember Reports

Mayor Combs reported out on the San Francisquito Creek Joint Powers Authority meeting.

Vice Mayor Nash reported out on the Peninsula Clean Energy (PCE) meeting and that Menlo Park received a \$100,000 grant for building electric vehicle infrastructure from PCE.

City Councilmember Muller requested an item be considered for the next City Council meeting related to hazard pay for grocery store workers or sending a letter of interest to San Mateo County for support.

The City Council directed staff to add a letter of support for hazard pay for grocery workers to San Mateo County to the February 23, 2021 agenda.

M. Adjournment

Mayor Combs adjourned the meeting at 9:32 p.m.

Judi A. Herren, City Clerk

These minutes were approved at the City Council meeting of February 23, 2021.

NOVEL CORONAVIRUS, COVID-19, EMERGENCY ADVISORY NOTICE

On March 19, 2020, the Governor ordered a statewide stay-at-home order calling on all individuals living in the State of California to stay at home or at their place of residence to slow the spread of the COVID-19 virus. Additionally, the Governor has temporarily suspended certain requirements of the Brown Act. For the duration of the shelter in place order, the following public meeting protocols will apply.

Teleconference meeting: All members of the City Council, city staff, applicants, and members of the public will be participating by teleconference. To promote social distancing while allowing essential governmental functions to continue, the Governor has temporarily waived portions of the open meetings act and rules pertaining to teleconference meetings. This meeting is conducted in compliance with the Governor Executive Order N-25-20 issued March 12, 2020, and supplemental Executive Order N-29-20 issued March 17, 2020.

- How to participate in the meeting
 - Submit a written comment online:
menlopark.org/publiccommentFebruary9*
 - Record a comment or request a call-back when an agenda topic is under consideration:
Dial 650-474-5071*
 - Access the meeting real-time online at:
joinwebinar.com – Meeting ID 740-236-091
 - Access the meeting real-time via telephone (listen only mode) at:
(415) 930-5321
Meeting ID 861-863-885 (# – no audio pin)
*Written and recorded public comments and call-back requests are accepted up to 1-hour before the meeting start time. Written and recorded messages are provided to the City Council at the appropriate time in their meeting. Recorded messages may be transcribed using a voice-to-text tool.
- Watch regular meeting:
 - Cable television subscriber in Menlo Park, East Palo Alto, Atherton, and Palo Alto:
Channel 26
 - Online:
menlopark.org/streaming

Note: City Council closed sessions are not broadcast online or on television and public participation is limited to the beginning of closed session.

Subject to Change: Given the current public health emergency and the rapidly evolving federal, state, county and local orders, the format of this meeting may be altered or the meeting may be canceled. You may check on the status of the meeting by visiting the City's website www.menlopark.org. The instructions for logging on to the webinar and/or the access code is subject to change. If you have difficulty accessing the webinar, please check the latest online edition of the posted agenda for updated information (menlopark.org/agenda).

According to City Council policy, all 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.



MENLO PARK MUNICIPAL WATER

Study Session





AGENDA

- Menlo Park Municipal Water
- Water rates
- Revenues, expenses, and COVID-19 impacts

REQUESTED DIRECTION:

1. **Confirm preferred consumption charge rate structure option**
2. **Confirm preferred capital facility surcharge option**

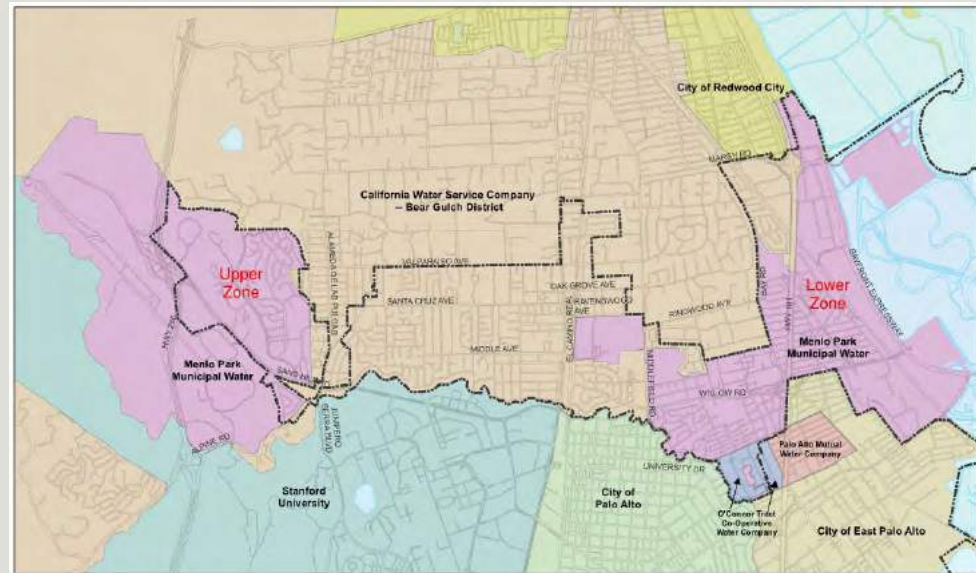
Contact Menlo Park Water at water@menlopark.org

For more information menlopark.org/water



MENLO PARK MUNICIPAL WATER

- 100% purchased from San Francisco Public Utilities Commission (SFPUC)
- ~4,400 service connections
- Water service for half of the City
- SFPUC supply guarantee 4.456 MGD for non-drought fiscal years
 - Study Session planned for March 23 to discuss Urban Water Management Plan update (long term water supply/use) and Water Shortage Contingency Plan (drought planning)





WATER FUND



- Self-supporting enterprise fund
- Water sale revenues pay for all water system expenditures, both operating and capital
 - Annual transfers to City’s General Fund for shared expenses (IT, Finance, City Attorney, etc.), \$500,000 for fiscal year 2020-21
 - Pays fair share of insurance premiums and settlements arising from claims.
- \$12 million operating and capital budget this fiscal year
- Net position per 2019-20 CAFR totals \$38.5 million
 - Available cash \$2.4 million
 - Assigned to capital projects \$14.6 million
 - Investment in capital assets \$21.5 million



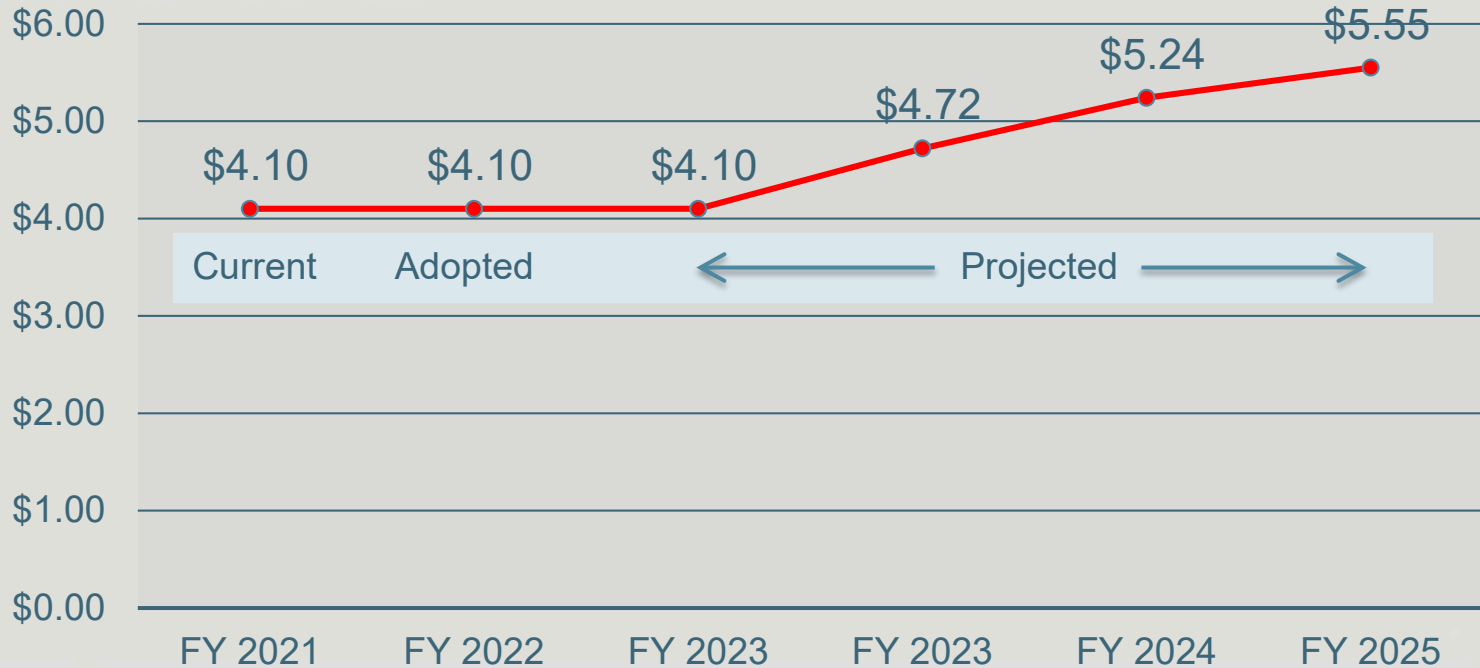
WATER FUND



Operating Fund	Capital Fund
<p>Revenues:</p> <ul style="list-style-type: none">• Water sales (consumption charge, meter charges, other revenue)	<p>Revenues:</p> <ul style="list-style-type: none">• Water sales (capital facility surcharge)• Transfers from excess operating fund
<p>Expenses:</p> <ul style="list-style-type: none">• SFPUC purchases (67%)• Maintain and operate water system• Staffing (9.325 FTE)• Annual transfers to General Fund for shared expenses (e.g. IT, Finance, City Attorney)• Staffing & other expenses	<p>Expenses:</p> <ul style="list-style-type: none">• CIP projects• 2018 Water Master Plan recommends CIPs



WATER FUND SFPUC WHOLESALE RATES





WATER RATES



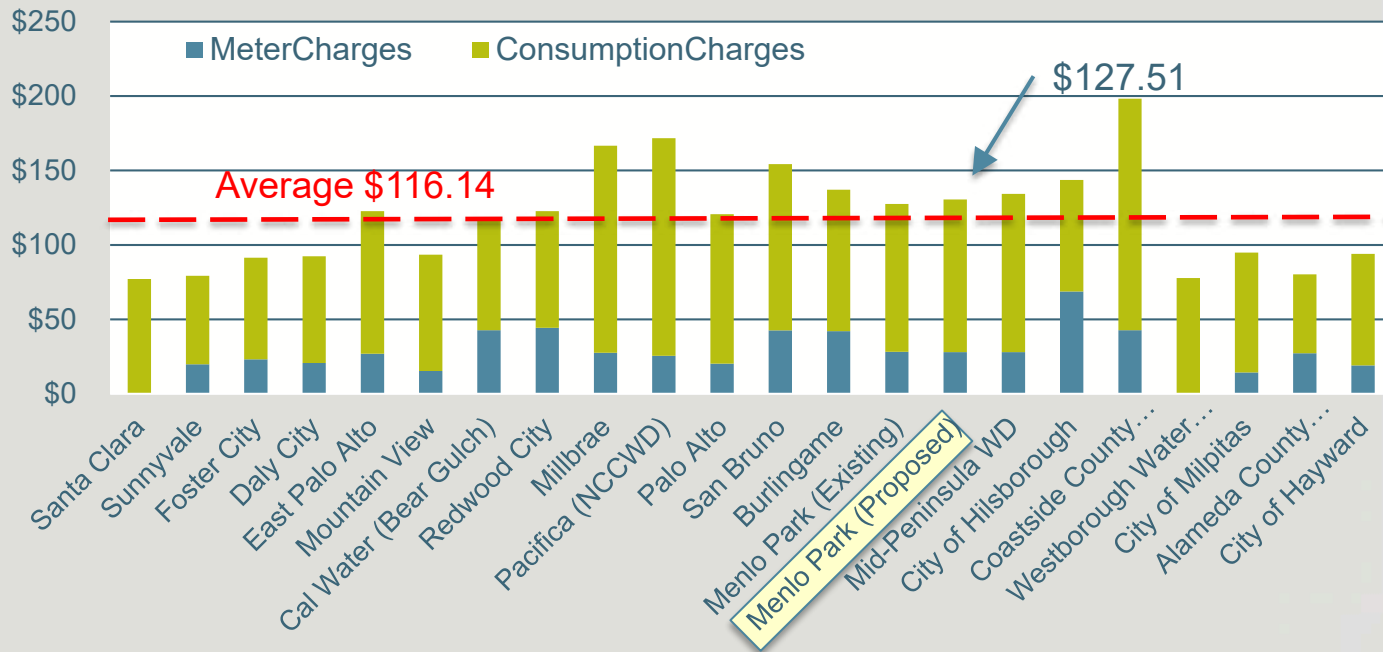
- Last five-year rate study in 2015
 - Last rate increase on July 1, 2019
- 2021 rate study in progress
- Rate elements
 - Meter charge based on meter size
 - 2-tier consumption rates
 - Tier 1 for 0-6 CCF
 - Tier 2 above 6 CCF
 - Capital facility surcharge
 - Drought surcharge, currently stage 1 (no drought)
 - Capital charges, one-time charge for new/upgraded connections to the system

	Sept 1, 2015	July 1, 2016	July 1, 2017	July 1, 2018	July 1, 2019
MONTHLY FIXED METER CHARGE - All Customers					
<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
MONTHLY UNMETERED FIRE FIXED CHARGES					
<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
WATER CONSUMPTION CHARGE - All Customers, Rate per ccf*					
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
WATER CAPITAL SURCHARGE - All Customers, Rate per ccf*					
All Usage	\$0.63	\$0.78	\$0.97	\$1.21	\$1.50
DROUGHT SURCHARGES - All Customers, Rate per ccf*					
Water Shortage Contingency Plan (adopted by City Council 5/24/16)					
Required Water Cutback %					
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



WATER RATES RATE SURVEY

Average
monthly bill
assuming
12 CCF
(5/8" meter)





WATER RATE STUDY



- Proposition 218 requirements:
 - Rate revenues must not exceed funds required to provide the service
 - Rate revenues cannot be used for any other purpose
 - Rates cannot exceed the proportional cost of the service provided

- Water rate study performed to satisfy these requirements and analyze 20-year financial plan with focus on revenues (rates) needed within first 5 years

- Sept 2020 - City amended consultant agreement to develop the 2021 water rate study to evaluate annual revenues needed to fund operating and capital expenses over the next five years



WATER RATE STUDY

Timeline	
February 9	Seek direction from City Council on two water rate items
March 9	City Council review of water rate study and approval to mail the Proposition 218 notice
March - April	Mail the Proposition notice
May 11	City Council public hearing to hear protests and to adopt a resolution setting new rates for the next five years
July 1	New rates become effective, and then are adjusted annually for the next five years on July 1



WATER RATES

CONSUMPTION CHARGE RATE STRUCTURE



- Existing 2-tier rate structure based on water use:
 - Tier 1 for 0-6 CCF
 - Tier 2 above 6 CCF
- The first 6 CCF is charged at the Tier 1 rate, the remaining CCF is charged at the Tier 2 rate
- Tier 1 rate represents efficient indoor use for the average household (2.75 people using 55 gallons per person per day), conservation incentive
- Tier 2 rate represents excess indoor use plus outdoor use
- Tier 1 threshold: Can revise the current Tier 1 threshold of 6 CCF to a different threshold.



OPTION 4 BILL COMPARISONS REVISING TIER 1 THRESHOLDS



Increasing the Tier 1 threshold results in higher Tier 2 rates.

Example:

Tier 1 threshold increased from 6 CCF to 8 or 10 CCF. Doing so causes the Tier 2 rate to also increase.

All Customers	
Tier 1 (0-6 CCF)	6.92
Tier 2 (Over 6 CCF)	10.17
All Customers	
Tier 1 (0-8 CCF)	7.01
Tier 2 (Over 8 CCF)	10.31
All Customers	
Tier 1 (0-10 CCF)	7.09
Tier 2 (Over 10 CCF)	10.43



WATER RATES

RATE STRUCTURE OPTIONS



REQUESTED DIRECTION:

Confirm preferred consumption charge rate structure option

Option	Description
1	2-tiers of rates, existing structure (<i>staff recommendation</i>) <ul style="list-style-type: none"> Provides conservation incentive for all customers
2	Uniform tier (one rate) for all customers <ul style="list-style-type: none"> Existing low consumption customers would see increased water bills
3	2-tier rates for residential customers, uniform tier for all other customers <ul style="list-style-type: none"> Provides conservation incentive for residential customers only
1 & 3	Revise Tier 1 threshold for 2-tier rates (<i>optional</i>) <ul style="list-style-type: none"> Increasing the 6 CCF threshold will increase the Tier 2 rate



WATER FUND CAPITAL IMPROVEMENT PLAN



- 2018 Water Master Plan recommended \$90 million over the next 20 years to upgrade aging infrastructure and improve system deficiencies
- 5-year CIP adopted July 25th included \$2 million in 2020-21 scaled to match projected revenues, and \$27 million total for the next 5 years
- FY2025-26 Proposes construction of underground reservoir and utilization of debt service to fund majority of that project

Project Description	Carryover	Adopted	Forecast			
		2020-21	2021-22	2022-23	2023-24	2024-25
TOTAL Water Capital Projects	\$11,819,098	\$ 2,000,000	\$ 5,334,527	\$ 7,385,000	\$ 5,919,500	\$ 6,199,100



WATER RATES

CAPITAL FACILITY SURCHARGE



- Uniform rate for all customers based on water use
- Established in 1990 to help fund emergency water capital projects
- Revenue collected does not fully cover all capital costs, only a portion (~\$2 million this fiscal year)
- Can be misleading in portraying lower annual capital costs than actual
- Highlights that there are capital needs
- Listed separately on water bills from consumption charge
- Annual transfer from operating to capital to cover remaining capital costs requires additional tracking of capital revenues



WATER RATES

CAPITAL FACILITY SURCHARGE



REQUESTED DIRECTION:

Confirm preferred capital facility surcharge option

Option	Description
1	Keep surcharge to partially fund CIPs
	1a Leave as is (~\$2 million this fiscal year)
	1b Revise to collect a different target amount
2	Combine surcharge with the consumption charge (<i>staff recommendation</i>) <ul style="list-style-type: none"> • Annual transfer from operating to capital to cover <u>all</u> capital costs • Simple and straightforward, easy to understand on water bills

NOTE: Both options result in the same amount billed for each customer.

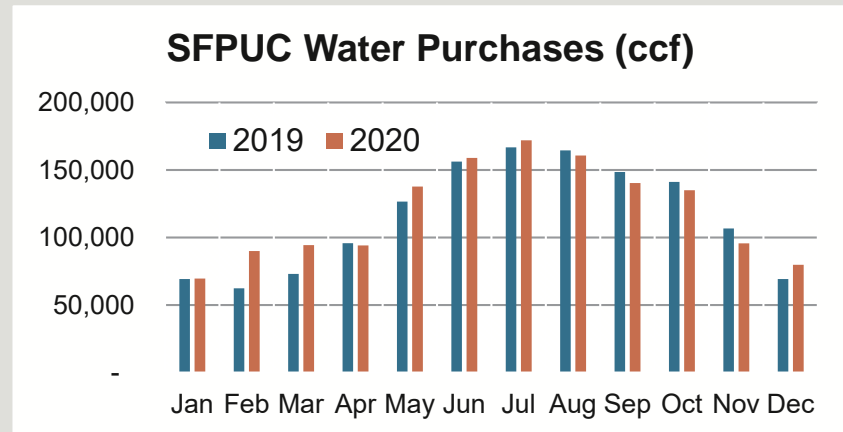


COVID-19 IMPACTS

WATER USE AND REVENUES



- Since Nov 2019, MPMW has not charged penalties for late payments and has not disconnected any water service due to nonpayment
 - Due to change in billing contractor and COVID-19
- Comparing March to Dec, 2019 vs. 2020
 - Overall use increased 4%
 - Residential use increased 20%
 - Commercial use decreased 21%
 - Industrial use decreased 7%
 - Irrigation use (separate meters for com/ind and large HOA accts) increased 17%





COVID-19 IMPACTS

WATER USE AND REVENUES



- Less customers on payment arrangements since Sept 2020 likely due to uncertainty about paying future bills
- Proactively reaching out to customers with outstanding payments (letters, doorhangers, email, phone calls)
- There are 763 accounts with outstanding payments 30+ days late or more totaling \$602,160
 - 421 active accounts \$334,548
 - 342 closed accounts \$267,612



REQUESTED DIRECTION

1. **Confirm preferred consumption charge rate structure option**
2. **Confirm preferred capital facility surcharge option**

Email Menlo Park Water at: water@menlopark.org

For more information: menlopark.org/water



WATER RATES

RATE STRUCTURE OPTIONS



REQUESTED DIRECTION:

Confirm preferred consumption charge rate structure option

Option	Description
1	2-tier rates, existing rate structure (<i>staff recommendation</i>) <ul style="list-style-type: none"> Provides conservation incentive for all customers
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3	2-tier rates for residential customers, uniform tier for all other customers <ul style="list-style-type: none"> Provides conservation incentive for residential customers only
1 & 3	Revise Tier 1 threshold for 2-tier rates (<i>optional</i>) <ul style="list-style-type: none"> Increasing the 6 CCF threshold will increase the Tier 2 rate



WATER RATES

CAPITAL FACILITY SURCHARGE



REQUESTED DIRECTION:

Confirm preferred capital facility surcharge option

Option	Description
1	Keep surcharge to partially fund CIPs
	1a Leave as is (~\$2 million this fiscal year)
	1b Revise to collect a different target amount
2	Combine surcharge with the consumption charge (<i>staff recommendation</i>) <ul style="list-style-type: none"> • Annual transfer from operating to capital to cover <u>all</u> capital costs • Simple and straightforward, easy to understand on water bills

NOTE: Both options result in the same amount billed for each customer.



WATER FUND CAPITAL IMPROVEMENT PLAN



5-year CIP adopted July 25th

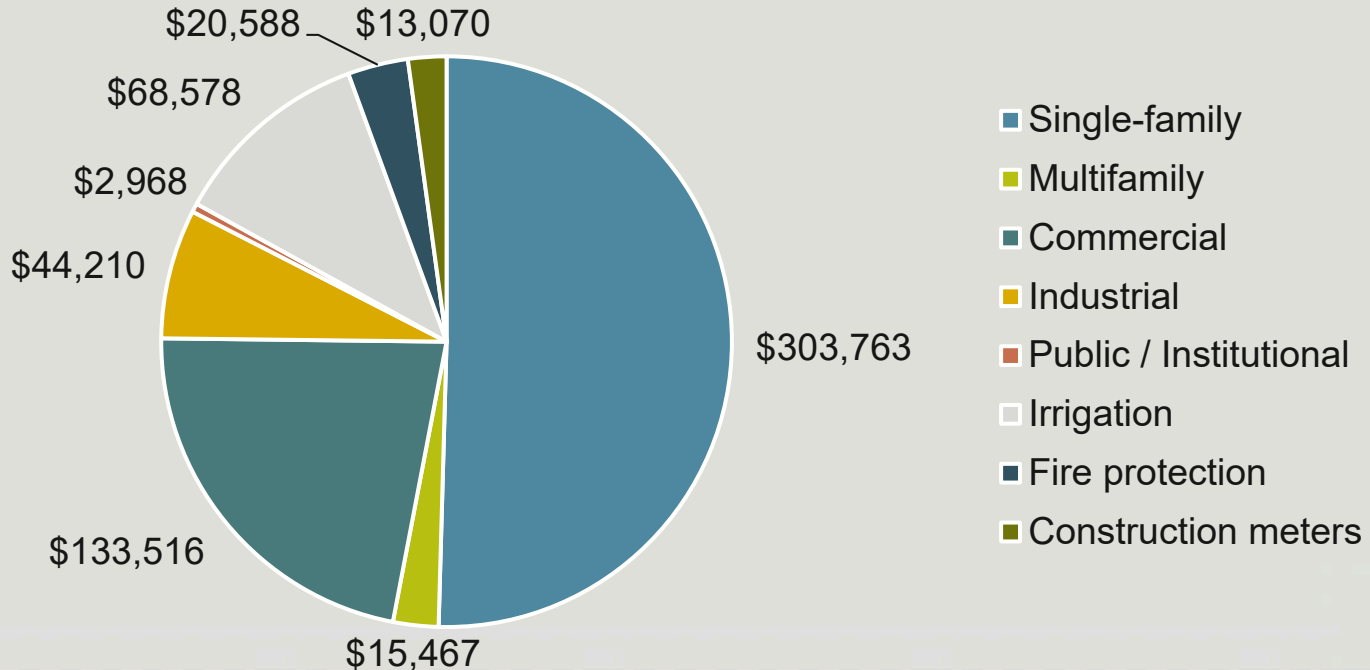
Line No.	Project Description	Carryover	Adopted	Forecast			
			2020-21	2021-22	2022-23	2023-24	2024-25
1	Automated water meter reading	1,086,584		1,045,000	1,535,000		
2	Belle Haven Community Center & Library		800,000				
3	Calwater Alma Interconnection			140,000	1,500,000		
4	Emergency Water Storage/Supply	3,606,894		800,000	2,550,000	3,060,000	
5	Fire Flow Capacity Improvements		600,000	1,092,727			1,779,100
6	Lower Zone 10" Check Valve for SRI for Burgess SFPUC Turnout					98,600	
7	Lower Zone 12" Check Valves (2) for Hill SFPUC Turnout					195,900	
8	Palo Alto Pope Chaucer Interconnection			344,300			
9	Post Earthquake Operational Plan			58,500			
10	Reservoir #2 Roof Replacement and Seismic Evaluation, #1 & #2 Mixers	4,180,082	600,000				
11	Water Main Replacement Project	2,945,538		1,854,000	1,800,000	2,565,000	4,420,000
12	TOTAL	\$ 11,819,098	\$ 2,000,000	\$ 5,334,527	\$ 7,385,000	\$ 5,919,500	\$ 6,199,100



COVID-19 IMPACTS

WATER USE AND REVENUES

Outstanding Bills by Customer Category





PENSION LIABILITIES

Study Session – February 9, 2021





PENSION LIABILITY FUNDING

- Staff seeks direction on unfunded pension liabilities
 - Funding ratio
 - Target date for achieving funding ratio
- Preferred funding strategy
 - Additional payments
 - Section 115 Trust (rate smoothing)
 - Use of alternate discount rate
 - No changes

Pension Funding

Menlo Park, CA



Understanding Pension Funding



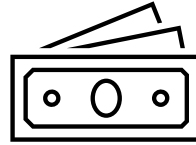
Pension Basics



Hurdles and Other Considerations



How is your agency doing relative to your funding targets?



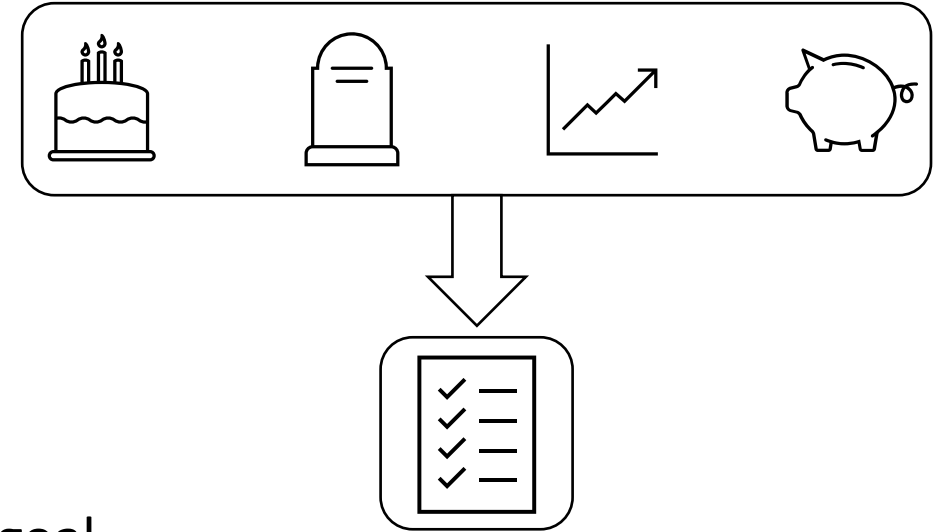
Pension Basics

Pension Funding Concepts are Similar to Other Retirement Plans

Participant or employer set retirement goals:

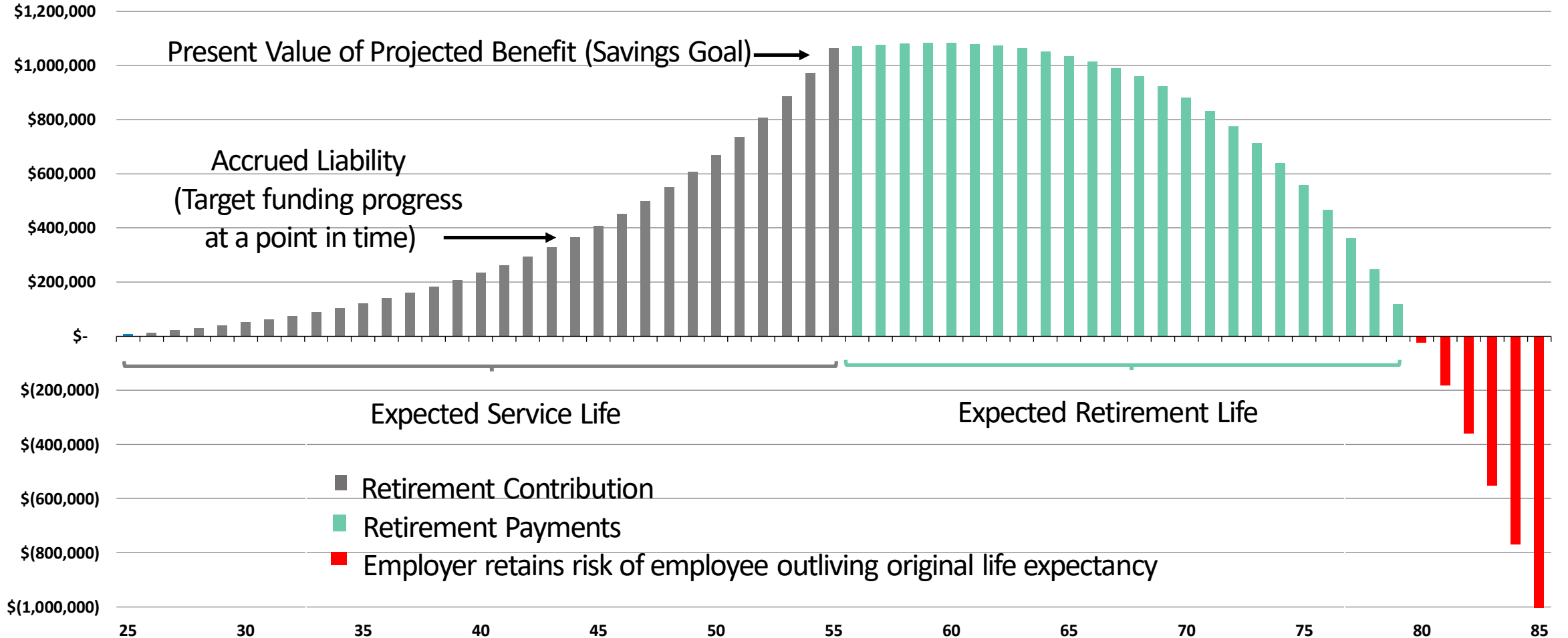
- Expected retirement age
- Life expectancy goal
- Expected investment earnings rate
- Expected savings balance or replacement income goal

Goals determine initial savings rate estimated to achieve retirement goals

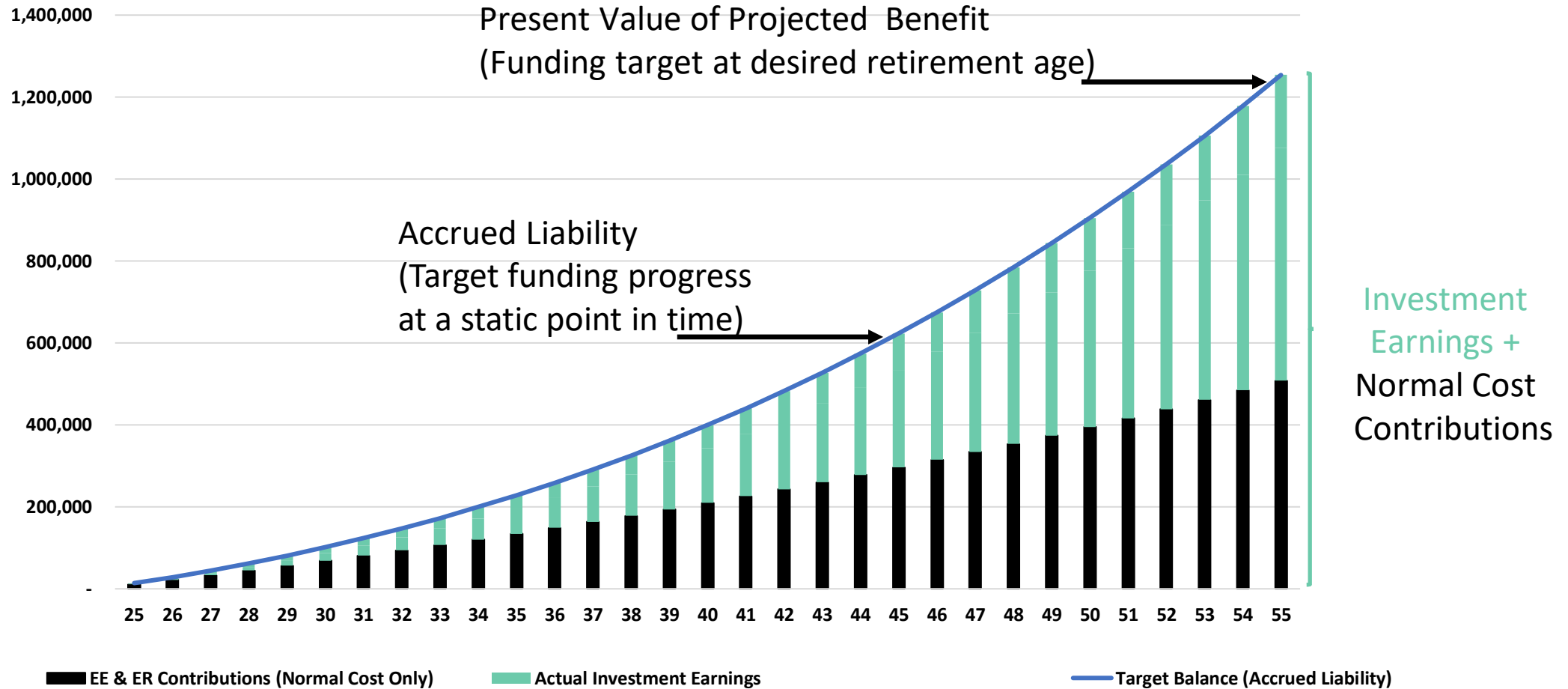


As compared to a defined contribution plan, the key difference with a defined benefit pension plan is who bears the risk if assumptions don't hold true.

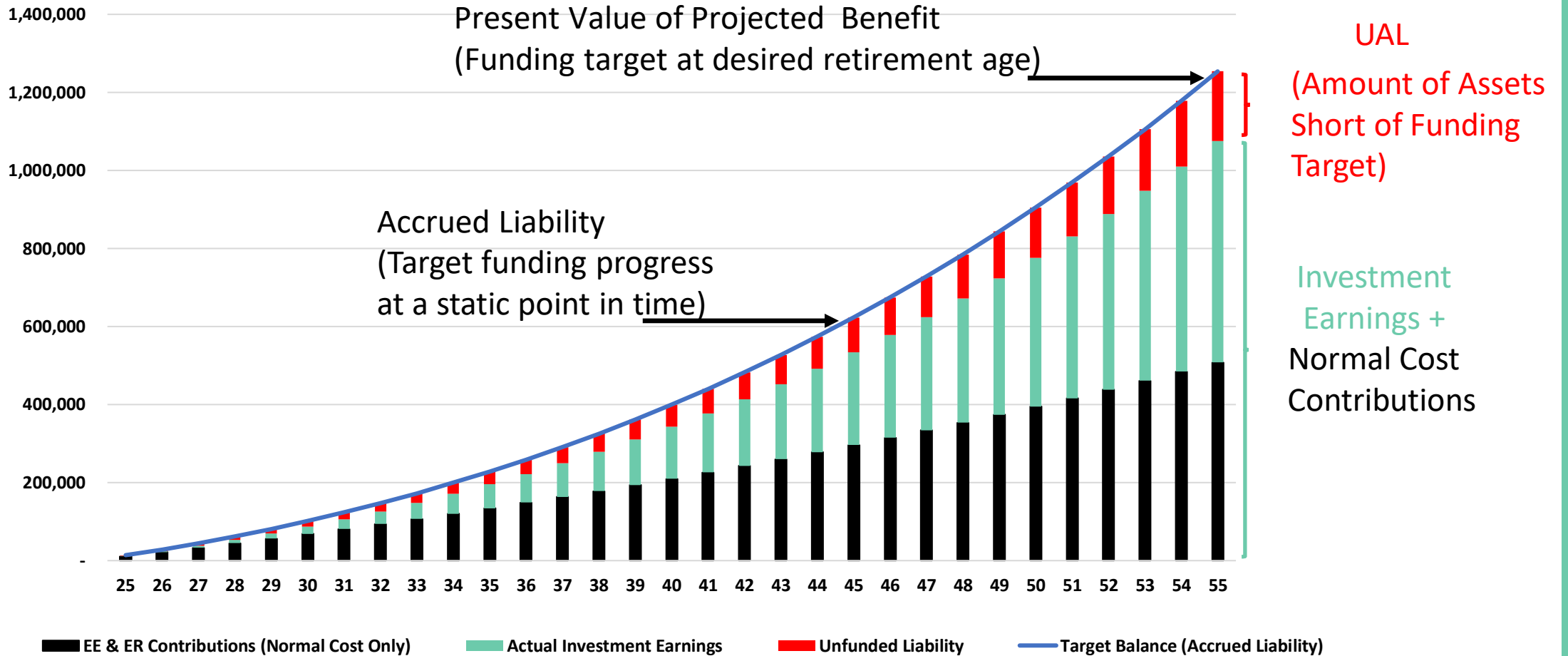
Illustration of Mortality Risk for an Individual Employee



Retirement Plans Are Sensitive to Investment Earnings

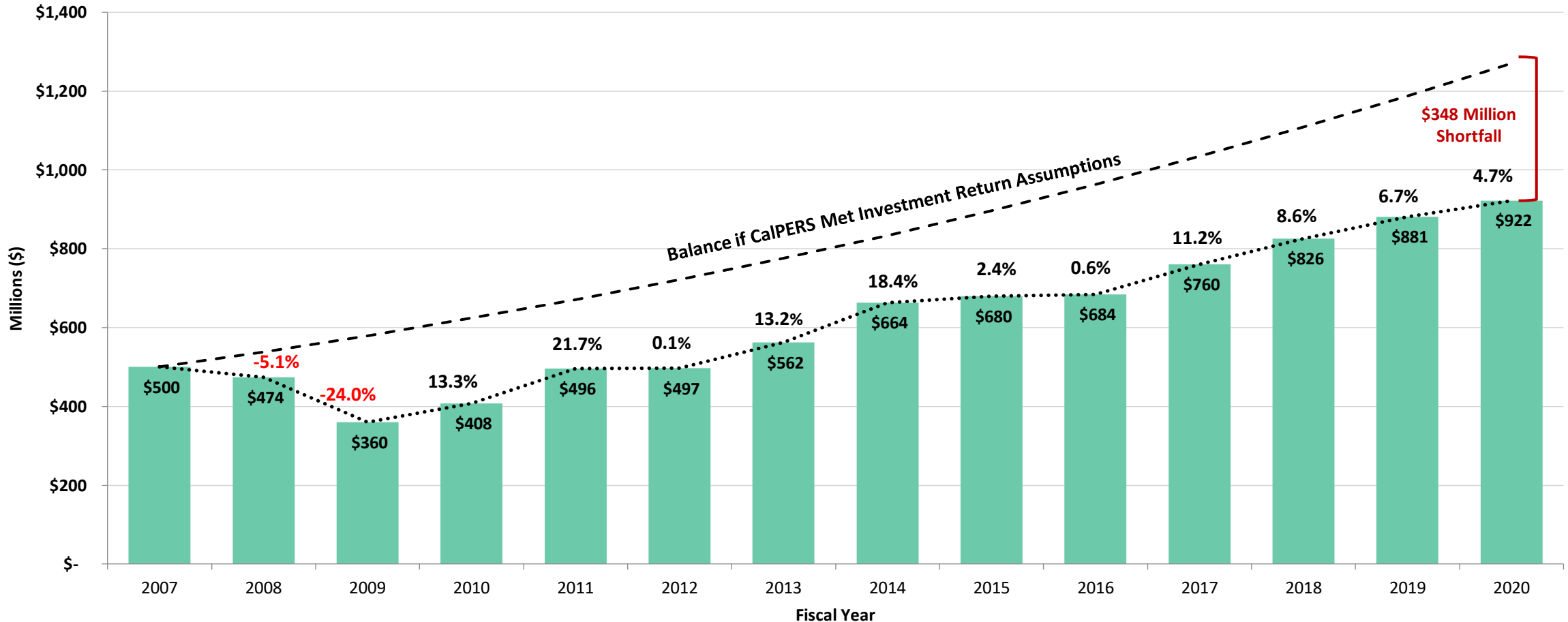


Lower Investment Return Can Create an Unfunded Liability



Hasn't The Market Already Recovered?

Illustrative Impact of Investment Performance on an Example Plan



Pension Jargon Glossary

- Assumption = Target, Goals or Expected Results
- Experience = Actual Results
- Normal Cost = Initial contribution rate (Employee and Employer contributions)
- Present Value of Projected Benefit (PVPB) = Value of all future benefits in today's dollars
- Accrued Liability (AL) = Target funding progress at a given point of time
- Unfunded Accrued Liability (UAL) = Amount actual savings falls short of funding target
- Amortization of UAL = Additional annual contribution needed to get back on track
- Annual Required Contribution = Normal Cost + Amortization of UAL



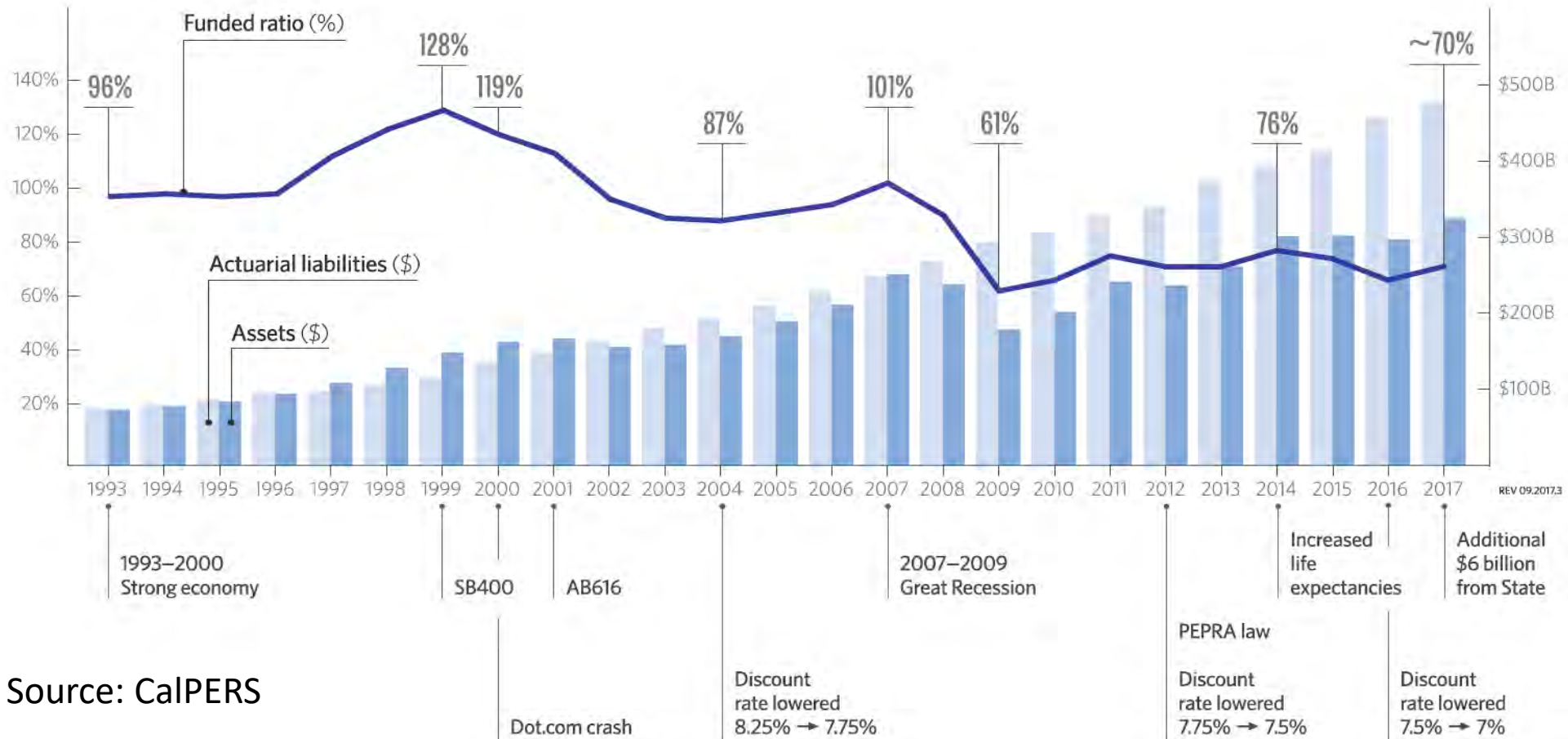


Hurdles & Considerations

Events & Concerns

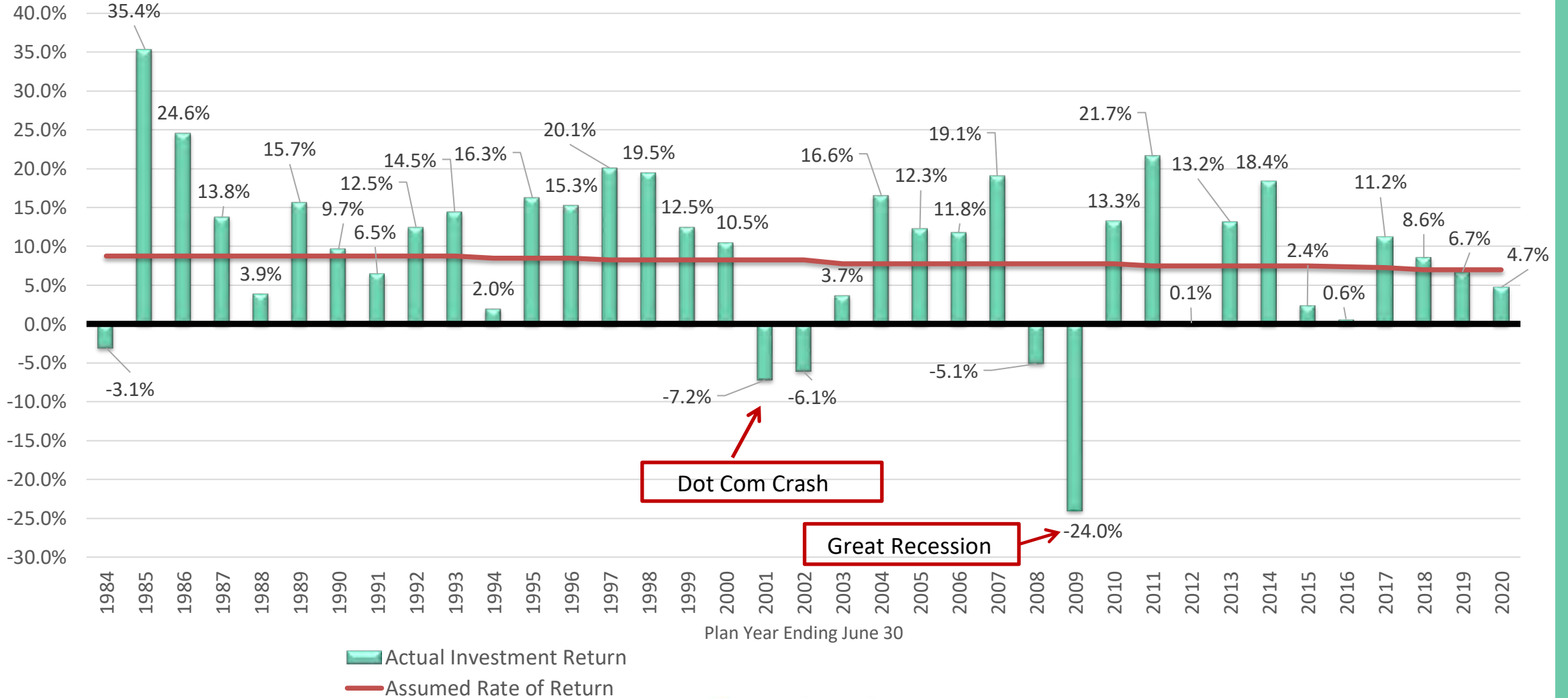
- Still paying off Great Recession losses and changes in assumptions in an increasing payment schedule
- 2019 Investment Loss ~ \$521,000
- 2020 Investment Loss ~ \$4,180,000
- Projected Capital Market Assumptions (CMA's) on future investment returns projected to underperform 7% Investment Earning Goal in the near term (5-10 Years)
- Potential further reductions to discount rate November 2021

Historical Factors Impacting Funded Status



Source: CalPERS

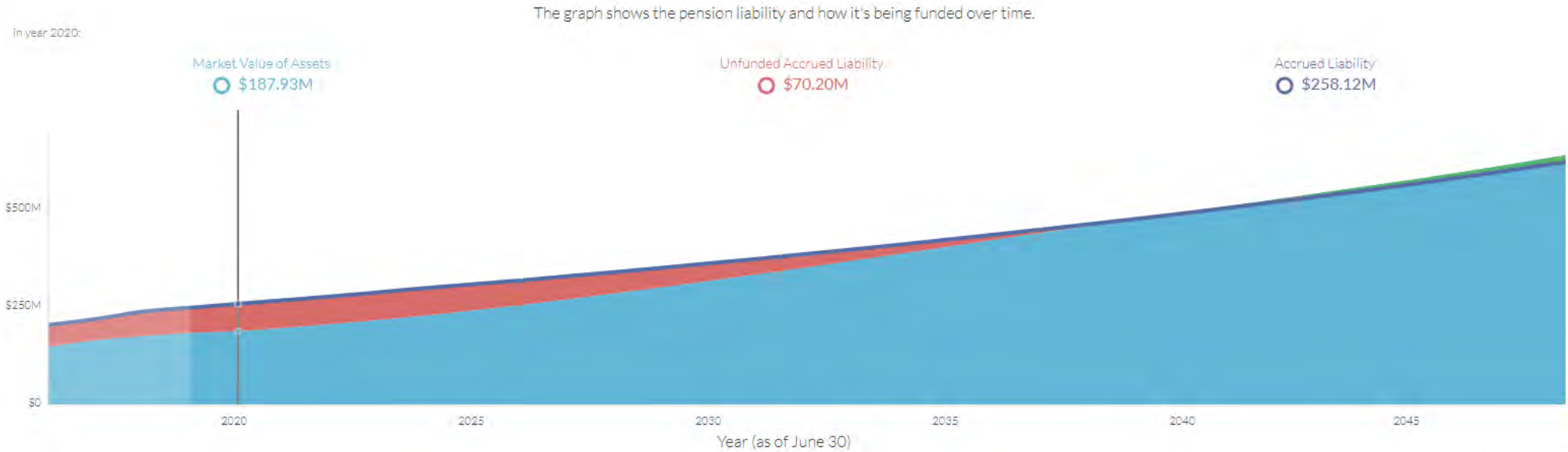
CalPERS Historic Investment Returns



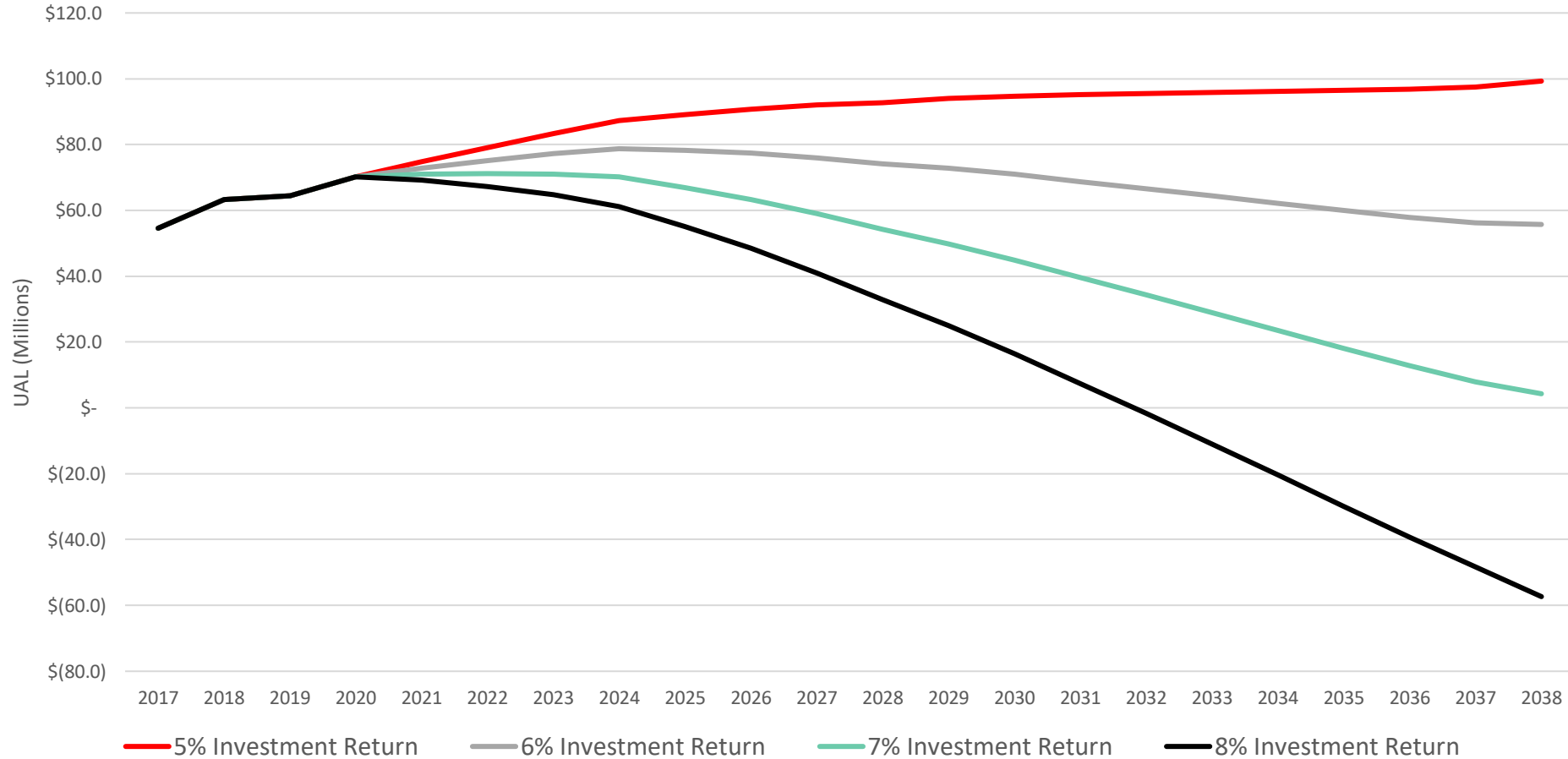


How is Menlo Park Doing?

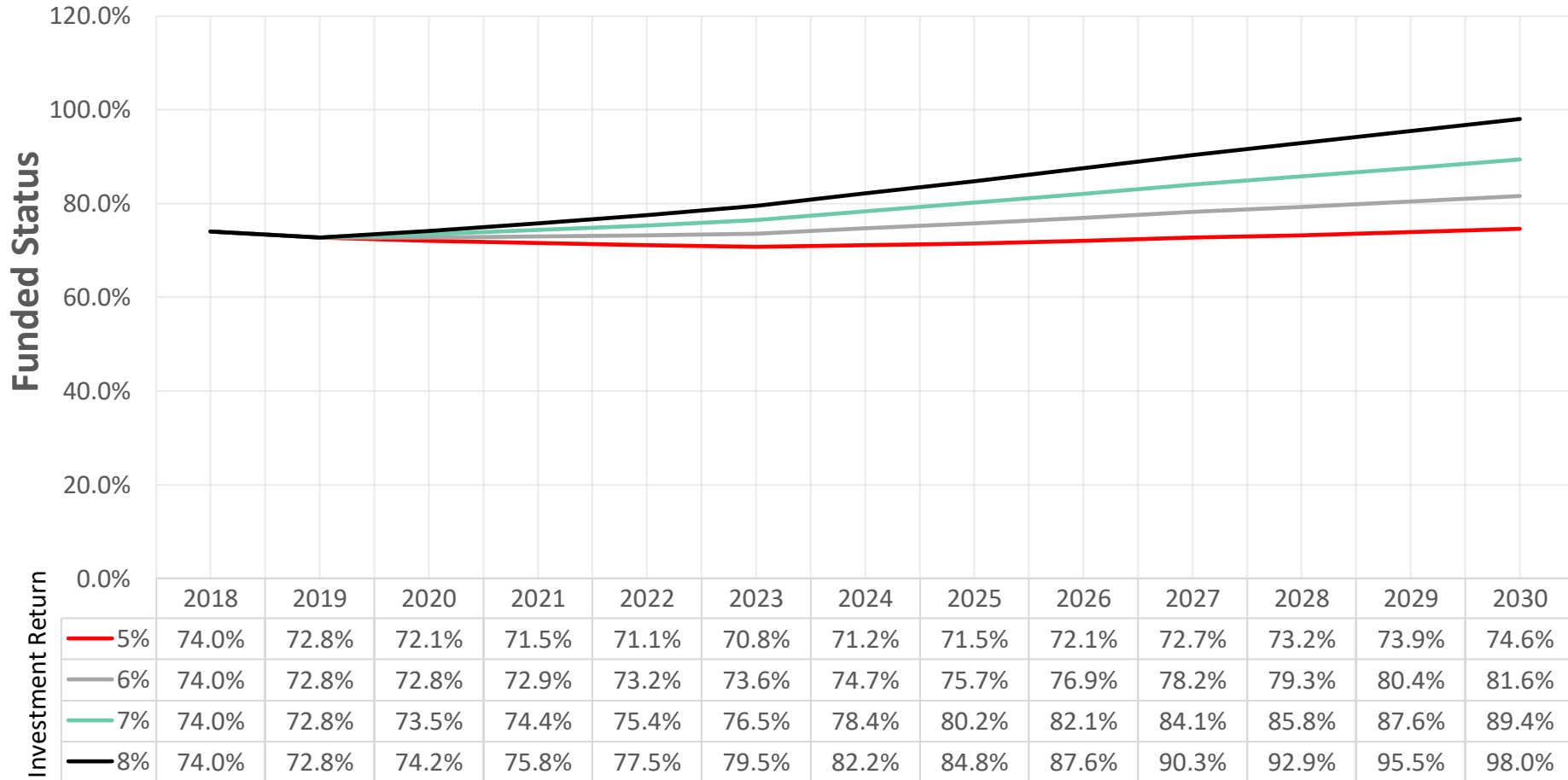
Unfunded Accrued Liability (UAL)



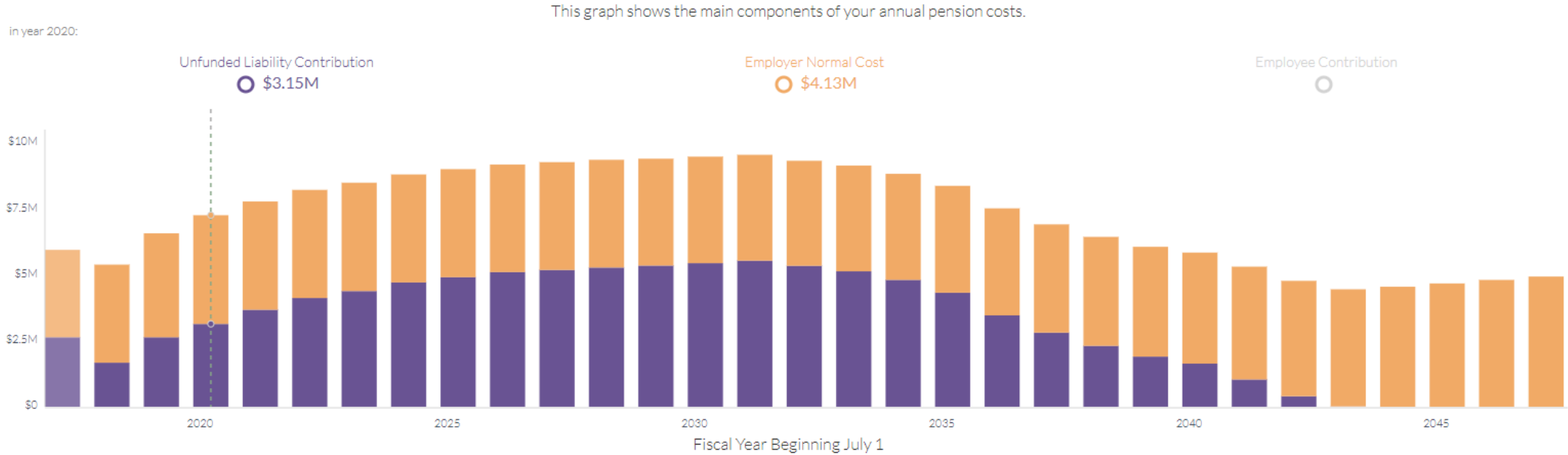
Projected UAL Balance (Various Investment Return Scenarios)



Plan Funded Status (Various Investment Return Scenarios)



Required Employer Contribution





Questions



Disclaimer

While tested against actuarial valuation results, the software results will not necessarily match actuarial valuation results, as no two actuarial models are identical. The software offers financially sound projections and analysis; however, outputs do not guarantee compliance with standards under the Government Accounting Standards Board or Generally Accepted Accounting Principles. The software and this presentation are not prepared in accordance with standards as promulgated by the American Academy of Actuaries, nor do outputs or this presentation constitute Statements of Actuarial Opinion. GovInvest has used census data, plan provisions, and actuarial assumptions provided by Customer and/or Customer's actuary to develop the software for Customer. GovInvest has relied on this information without audit.



PENSION LIABILITY FUNDING

- Staff seeks direction on unfunded pension liabilities
 - Funding ratio
 - Target date for achieving funding ratio
- Preferred funding strategy
 - Additional payments
 - Section 115 Trust (rate smoothing)
 - Use of alternate discount rate
 - No changes

A photograph of a train at a crossing. The train is white with red accents and has the number "119" on its front. It is stopped at a crossing with a red light. A person is standing in the foreground, looking towards the train. The scene is set at dusk or dawn, with trees and a building visible in the background.

PUBLIC HEARING TO ADOPT PROPOSED NEWSRACK PERMIT FEES

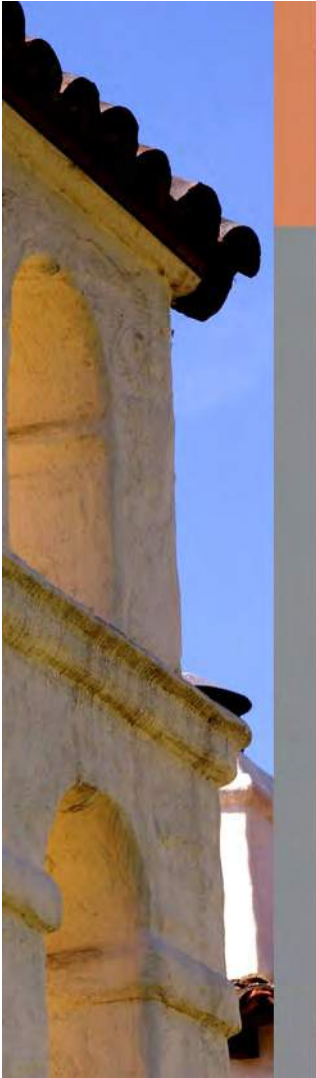
City Council Meeting – February 9, 2021



OBJECTIVES

- Conduct a public hearing on the proposed newsrack permit fees
- Adopt Resolution No. 6613 to establish newsrack permit fees





BACKGROUND

- 1980s – Installed green racks, no maintenance agreement
- October 25, 2017 – Community meeting
- December 5, 2017 – Council gave direction for staff to draft an ordinance
- March 3, 2018 – Newsrack ordinance was introduced
- June 16, 2020 – Newsrack ordinance was adopted with a delayed implementation
- January 1, 2021 – Ordinance effective date



PROPOSED NEWSRACK FEES

- Newsrack fees are based on the estimated time to perform tasks by the appropriate staff position (Attachment E)
- Staff recommend low cost recovery for permitting fees and full cost recovery for non-compliance fees

Fee type	Full cost recovery	Medium (70%)	Low (30%)
New permit	\$263	\$184	\$79
Renewal permit	\$174	\$122	\$52
Appeal / Protest	\$465	-	-
Impound	Cost + 25%	-	-
Disposal	Cost + 25%	-	-



RECENT FEEDBACK ON FEES

- For a two-year permit, fees are a little high but overall seem fair. Compared to San Francisco which is \$50 per year but San Francisco will provide maintenance of permitted newsracks
- Most cities in our area do not charge a fee for newsrack permits. A permit fee of \$79 per rack would be a huge hit to local newspapers at a time when they are struggling to survive. Requests that Council consider suspending fees for at least a year.



GENERAL UPDATES

- April 30th, end of grace period given to all existing newsracks to meet compliance standards and submit permit applications
- Removal of “abandoned” newsracks
 - No newsracks have been removed
 - After April 30th, staff will have a complete picture of all the newsracks in Menlo Park



REQUESTED COUNCIL ACTION

- Conduct a public hearing on the proposed newsrack permit fees
- Adopt Resolution No. 6613 to establish newsrack permit fees



THANK YOU



PENINSULA LIBRARY SYSTEM JPA and ENTERPRISE TECHNOLOGY PLATFORM

February 9, 2021



RECOMMENDATION



1. Adopt Resolution No. 6612 rescinding withdrawal from Peninsula Library System (PLS) and instead remain in the system with no change or interruption
2. Authorize the city manager to execute a five (5) year agreement with SirsiDynix to enhance library and community services' enterprise technology platform in an amount not to exceed \$176,695 for new and emerging service models the PLS legacy platform cannot support.



BACKGROUND



- 6/23/2020: City Council adopted the FY 2020-21 operating budget with significant reductions made necessary by the pandemic and economic downturn
- 7/14/2020: City Council adopted a resolution formally notifying PLS of intent to withdraw from the JPA effective July 1, 2021
- 11/2/2020: City issued RFP for enterprise technology platform
- 11/10/2020: City Council amended the FY 2020-21 operating budget to adjust to updated revenue and expenditure reductions
- 12/8/2020: Two qualified proposals were received in response to the RFP.



RFP ANALYSIS



- Cross-department team evaluated proposals
- Proposals shed light on the range of innovation and opportunity the City could leverage with new technology:
 - Low-cost, high value, flexible
 - Enhance quality of services to residents
 - Support new and emerging service models made necessary by the pandemic
 - Improve operational efficiencies and cost savings
 - Foundational platform for blended services in combined department and future Menlo Park Community Campus facility



PLS MEMBERSHIP



- Staff recommends remaining a member of PLS legacy system for:
 - Familiarity and continuity of services for traditional library services (book circulation, library cards, borrowing from other libraries)
 - Eliminate the workload that a full migration to a new platform would entail at this time
 - No change to Menlo Park residents' current access to the PLS legacy system
- PLS legacy system would continue to be used for:
 - Library cards and patron accounts management
 - Online library catalog and database
 - Seamless interlibrary loan and delivery of books and media with the other libraries throughout San Mateo County.



LIMITATIONS OF PLS LEGACY PLATFORM



- Inflexible, outdated, limited local control
- Lacks technical capability to support new and emerging service models made necessary by the pandemic
 - Multiple technical workarounds to deliver critical new services (labor intensive, limited capacity)
 - Some needed new service models have been delayed entirely
- Lacks capability to support blended services of combined department and the new Menlo Park Community Campus facility



SIRSIDYNIX ENTERPRISE PLATFORM

- Low-cost, high-value, flexible, cloud-based
- A platform for “everything else” the PLS system can’t support
 - Books-by-mail for seniors, immune-compromised, and the mobility-challenged
 - Books-on-demand fulfillment and crowdsourcing of library book selection – virtually any book shipped on demand to Menlo Park residents as first borrower
 - Enhanced coordination of citywide “little free library” network
 - Streamlined coordination of seed lending library, seeds-by-mail
 - Library of Things collection for loaning personal computers, wifi hotspots, athletic equipment, garden tools, etc.
 - Integrated one-stop online event registration, meeting room scheduling and electronic payment processing system
- Foundational platform for future seamless user experiences across services and programs in the MPCC campus



SIRSIDYNIX ENTERPRISE PLATFORM

- Minimal budget impact – sufficient funding in IT Plan capital budget for first year costs including implementation: \$59,867
- Annual subscription costs to be included in LCS operating budget in subsequent years two through five, respectively: \$27,967; \$28,778, \$29,612; and \$30,471
- Total five-year cost: \$176,695
- Eliminates labor-intensive manual workarounds
- Positions the city to expand self-service and automation technology to meet changing resident needs in the future
- Efficient and cost-effective means to increase capacity and expand services.



A young woman with dark hair, wearing a blue t-shirt and a dark grey hoodie, is sitting at a desk in a library. She is resting her chin on her hand and looking down at an open book. The background is filled with bookshelves. A purple semi-transparent banner is overlaid across the middle of the image, containing the text "THANK YOU".

THANK YOU



RECOMMENDATION



1. Adopt Resolution No. 6612 rescinding withdrawal from Peninsula Library System (PLS) and instead remain in the system without interruption
2. Authorize the city manager to execute a five (5) year agreement with SirsiDynix to enhance library and community services' enterprise technology platform in an amount not to exceed \$176,695 for new and emerging service models the PLS legacy platform cannot support.