



## REGULAR MEETING AGENDA

**Date:** 7/17/2019  
**Time:** 5:30 p.m.  
**City Hall – “Sharon Heights” conference room, 2<sup>nd</sup> Fl**  
**701 Laurel St., Menlo Park, CA 94025**

### **A. Call To Order**

### **B. Roll Call**

### **C. Public Comment**

Under “Public Comment,” the public may address the Committee on any subject not listed on the agenda. Each speaker may address the Committee once under Public Comment for a limit of three minutes. The Committee cannot act on items not listed on the agenda and, therefore, the Committee cannot respond to non-agenda issues brought up under Public Comment other than to provide general information.

### **D. Regular Business**

D1. Selection of Chair and Vice Chair

D2. Approve the February 6, 2019 Finance and Audit Committee Special Meeting minutes ([Attachment](#))

D3. Recommend City Council approval of the City’s investment policy ([Attachment](#))

D4. Review the Finance and Audit Committee draft work plan and recommend approval to City Council ([Attachment](#))

D5. Provide input on the fiscal year 2019–20 Budget in Brief and budget document as a public communication tool ([Attachment](#) and [hyperlink](#))

### **E. Informational Items**

E1. City Council Work Plan Transmittal and Capital Improvement Program (CIP) process update memo ([Attachment](#))

### **F. Reports and Announcements**

F1. Director’s report

F2. Future agenda topics and Committee member reports

### **G. Adjournment**

At every Regular Meeting of the Commission, in addition to the Public Comment period where the public shall have the

right to address the Commission on any matters of public interest not listed on the agenda, members of the public have the right to directly address the Commission on any item listed on the agenda at a time designated by the Chair, either before or during the Commission's consideration of the item.

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

Any writing that is distributed to a majority of the Commission 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.

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**SPECIAL MEETING MINUTES - DRAFT**

**Date:** 2/6/2019  
**Time:** 6:30 p.m.  
**City Hall – “Downtown” Conference Room, 1st Fl**  
**701 Laurel St., Menlo Park, CA 94025**

**A.** Chair Shepherd called the meeting to order at 6:45 p.m.

**B. Roll Call**

**Present:** Combs, Mueller (Departed 7:50 p.m.), Shepherd, Tronson,  
**Absent:** Royse  
**Staff:** Lenka Diaz, Administrative Services Director  
Dan Jacobson, Finance and Budget Manager  
Kristen Middleton, Management Analyst II  
Brandon Cortez, Management Analyst I

**C. Public Comment**

- Cecilia Taylor, speaking as a private citizen, supports the work of the Finance and Audit Committee and agrees with the recommendations outlined in the memo for item D2.
- Jim Lewis spoke in support of the City exploring the software and staff time necessary to create a finance dashboard.

**D. Regular Business**

D1. Approve the September 10, 2018, Finance and Audit Committee special meeting minutes

Committee member Tronson proposed an amendment to the minutes to include the handout provided by the subcommittee at the September 10, 2018 meeting.

**ACTION:** Motion and second (Tronson/Combs) to approve the minutes as amended for the September 10, 2018 special meeting, passed 4-0-1 (Royse absent).

D2. Review and approve recommendations to the City Council regarding the Finance and Audit Committee charter

Committee members discussed and voted on items proposed in the memo for recommendation to City Council for consideration.

Mayor Mueller asked that the language in the memo be changed from “we” to “Committee members” as not all members had been involved in the creation of this item.

Committee structure

No action taken on this item

Mayor Mueller left the meeting at 7.50 p.m.

#### Committee meeting schedule

**ACTION:** Recommendation to Council that the meeting schedule be changed to meet on a Wednesday following a council meeting in February, May, August and November, passed 3-0-2 (Mueller and Royse absent)

#### Financial statement review

**ACTION:** Recommendation to Council that the committee members have access to audit documents at least two weeks before the item goes to council, passed 3-0-2 (Mueller and Royse absent)

#### Investment guideline review

**ACTION:** Recommendation to Council that the City explore using more than one advisor to maximize investments and to make investment holdings more transparent by being posted in an easier to access place on the City's website, passed 2-1-2 (Combs opposed, Mueller and Royse absent)

#### Capital expenditure reporting protocol and communications

**ACTION:** Recommendation that Council approve the recommendations outlined in the September 10, 2018 memo to the Finance and Audit Committee, passed 2-1-2 (Combs opposed, Mueller and Royse absent)

#### Information Technology recommendations

**ACTION:** Recommendation that Council increase the priority of the financial systems software replacement portion of the IT Master Plan, passed 2-1-2 (Combs opposed, Mueller and Royse absent)

#### Outsourcing service delivery and disposition of unneeded assets

**ACTION:** Recommendation that Council investigate the outsourcing and sale of the Water Department, passed 2-1-2 (Combs opposed, Mueller and Royse absent)

#### Pension Costs

**ACTION:** Recommendation that Council direct the City's actuarial consultant to prepare estimates of the City's unfunded pension liability using discount rates listed in the memo, passed 2-1-2 (Combs opposed, Mueller and Royse absent)

#### Budget Presentation

**ACTION:** Recommendation that Council direct the City's budget document be condensed and have content focused on financial information, passed 2-1-2 (Combs opposed, Mueller and Royse absent)

#### Purchasing policies



No action taken on this item

Consultant/contractor policies

**ACTION:** Recommendation that Council direct staff to post a public report on the City website detailing payments to consultants and contractors that exceed \$50,000.00 each fiscal year, passed 3-0-2 (Mueller and Royse absent)

D3. Discuss the comprehensive annual financial report

There was no action on this item

D4. Review of the Finance and Audit Committee rolling agenda item listing

Committee member Tronson suggests that the rolling agenda item listing be added to the minutes after the Regular Business section

No action was taken on this item

## **E. Rolling Agenda Items**

No items have been added to the rolling agenda from this meeting. The current list of items includes:

- Sale of Assets
- Review of Utility User's Tax Cap
- Listing of parcels exempt from property taxes
- Library financing
- Developer Agreements
- Community Amenities Fund

## **F. Director's Report**

Administrative Services Director Lenka Diaz updated the Finance and Audit Committee on recent happenings in Finance

- The City's first annual Budget in Brief was created by staff and mailed to residents to better inform them of the City's current fiscal year budget.
- Staff recommendations to City Council budget policies were presented at the public goal setting meeting on Saturday, February 2, 2019. They included documenting that the City pursues strategies to reduce pension cost as opportunity arise and clarifying changes. Council also asked that "equity" be incorporated in the budget principles.
- A RFP to select an auditor this year is in development. Staff recommend a subcommittee be formed to review the RFP before its release. By acclamation, Ron Shepherd was selected to represent the Committee as the RFP reviewer. All responses to the RFP will be brought to the full Committee for review and recommendation. City Council will authorize the final selection.

**G. Adjournment**

Chair Shepherd adjourned the meeting at 9:13 p.m.



## STAFF REPORT

### Finance and Audit Committee

**Meeting Date:** 7/17/2019

**Staff Report Number:** 19-001-FAC

**Regular Business:** 2018-19 investment policy for the City and the former Community Development Agency of Menlo Park

### Recommendation

Staff recommends that the Finance and Audit Committee recommend City Council approval of the 2019-20 investment policy for the City and the former Community Development Agency of Menlo Park.

### Policy Issues

The investment policy provides guidelines for investing City and former Agency funds in accordance with State of California Government Code Section 53601 et seq.

### Background

The investment of funds by a California local agency, including the types of securities in which an agency may invest, is governed by the California Government Code. The law requires that the legislative body of each agency adopt an investment policy, which may add further limitations than those established by the State. In addition, an agency's investment policy must be reviewed annually, and any changes must be adopted at a public meeting. The City of Menlo Park has had such a policy in place since 1990. The investment policy was last reviewed and updated by the City Council on September 21, 2017.

Annual adoption of the City's investment policy provides an opportunity to regularly review the policy to ensure its consistency with the overall objectives of safety, liquidity, and yield, as well as its relevance to current law and economic trends. Early in each fiscal year, the City's investment advisor (Insight Investment) reviews the policy to ensure it is kept up to date and in compliance with applicable State statutes. Insight also makes recommendations for strategic changes to the investment policy to position the City's portfolio to maximize yield while maintaining safety and liquidity.

The annual review of the City's investment policy provides the opportunity to make modifications to reflect changes in the investment environment. The types of modifications will vary but are often focused on providing greater diversification to maintain a safe and liquid investment portfolio. Further, the annual review is also a good time to clarify certain terms, remove ambiguity in the policy language, and better reflect changes in current market trading technologies.

### Analysis

The 2019-20 Investment Policy is materially unchanged from the policy adopted by the City Council on September 26, 2017. At a special meeting on July 31, 2018, the Finance and Audit Committee reviewed the

policy but the updated policy was not sent to City Council for approval due to an administrative oversight and is now again due for review.

### **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. Proposed Investment Policy

Report prepared by:

Dan Jacobson, Finance and Budget Manager

# **City of Menlo Park**

## **Investment Policy**

The City of Menlo Park (the “City”), incorporated in 1927, is located between San Francisco and Oakland on the North, and San Jose on the South. The City is governed by a City Council (the “Council”) of five members elected by district.

The Council has adopted this Investment Policy (the “Policy”) in order to establish the investment scope, objectives, delegation of authority, standards of prudence, reporting requirements, internal controls, eligible investments and transactions, diversification requirements, risk tolerance, and safekeeping and custodial procedures for the investment of the unexpended funds of the City. All such investments will be made in accordance with the Policy and with applicable sections of the California Government Code.

This Policy was endorsed and adopted by the City Council of the City of Menlo Park on the 26<sup>th</sup> of September 2017. It replaces any previous investment policy or investment procedures of the City.

### **SCOPE**

The provisions of this Policy shall apply to all financial assets of the City and the Community Development Agency of Menlo Park as accounted for in the City’s Comprehensive Annual Financial Report, with the exception of bond proceeds, which shall be governed by the provisions of the related bond indentures or resolutions.

All cash shall be pooled for investment purposes. The investment income derived from the pooled investment account shall be allocated to the contributing funds based upon the proportion of the respective average balances relative to the total pooled balance in the investment portfolio. Investment income shall be distributed to the individual funds on a quarterly basis.

### **OBJECTIVES**

The City’s funds shall be invested in accordance with all applicable municipal codes and resolutions, California statutes, and Federal regulations, and in a manner designed to accomplish the following objectives, which are listed in priority order:

1. Preservation of capital and protection of investment principal.
2. Maintenance of sufficient liquidity to meet anticipated cash flows.
3. Attainment of a market value rate of return.
4. Diversification to avoid incurring unreasonable market risks.

## **DELEGATION OF AUTHORITY**

The management responsibility for the City's investment program is delegated annually by the Council to the Chief Financial Officer (the "CFO") pursuant to California Government Code Section 53607. The City's Administrative Services Director serves as the CFO. In the absence of the CFO, the Finance and Budget Manager is authorized to conduct investment transactions. The CFO may delegate the authority to conduct investment transactions and to manage the operation of the investment portfolio to other specifically authorized staff members. The CFO shall maintain a list of persons authorized to transact securities business for the City. No person may engage in an investment transaction except as expressly provided under the terms of this Policy.

The CFO shall develop written administrative procedures and internal controls, consistent with this Policy, for the operation of the City's investment program. Such procedures shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees of the City.

The City may engage the support services of outside investment advisors in regard to its investment program, so long as it can be clearly demonstrated that these services produce a net financial advantage or necessary financial protection of the City's financial resources.

## **PRUDENCE**

The standard of prudence to be used for managing the City's investments shall be California Government Code Section 53600.3, the prudent investor standard which states, "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency."

The City's overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The City recognizes that no investment is totally without risk and that the investment activities of the City are a matter of public record. Accordingly, the City recognizes that occasional measured losses may occur in a diversified portfolio and shall be considered within the context of the overall portfolio's return, provided that adequate diversification has been implemented and that the sale of a security is in the best long-term interest of the City.

The CFO and authorized investment personnel acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that the deviations from expectations are reported in a timely fashion to the Council and appropriate action is taken to control adverse developments.

## **ETHICS AND CONFLICTS OF INTEREST**

Elected officials and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or could impair or create the appearance of an impairment of their ability to make impartial investment decisions. Employees and investment officials shall disclose to the City Manager any business interests they have in financial institutions that conduct business with the City and they shall subordinate their personal investment transactions to those of the City. In addition, the City Manager, the Assistant City Manager and the Administrative Services Director shall file a Statement of Economic Interests each year pursuant to California Government Code Section 87203 and regulations of the Fair Political Practices Commission.

## **AUTHORIZED SECURITIES AND TRANSACTIONS**

All investments and deposits of the City shall be made in accordance with California Government Code Sections 16429.1, 53600-53609 and 53630-53686, except that, pursuant to California Government Code Section 5903(e), proceeds of bonds and any moneys set aside or pledged to secure payment of the bonds may be invested in securities or obligations described in the ordinance, resolution, indenture, agreement, or other instrument providing for the issuance of the bonds.

Any revisions or extensions of these code sections will be assumed to be part of this Policy immediately upon being enacted. However, in the event that amendments to these sections conflict with this Policy or past City investment practices, the City may delay adherence to the new requirements when it is deemed in the best interest of the City to do so. In such instances, after consultation with the City's attorney, the CFO will present a recommended course of action to the Council for approval.

The City has further restricted the eligible types of securities and transactions as follows:

1. United States Treasury bills, notes, bonds, or strips with a final maturity not exceeding five years from the date of trade settlement.
2. Federal Agency debentures, federal agency mortgage-backed securities, and mortgage-backed securities with a final maturity not exceeding five years from the date of trade settlement.
3. Federal Instrumentality (government-sponsored enterprise) debentures, discount notes, callable securities, step-up securities, and mortgage-backed securities with a final maturity not exceeding five years from the date of trade settlement. Subordinated debt may not be purchased.

4. Medium-Term Notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Medium-term notes shall have a final maturity not exceeding five years from the date of trade settlement and shall be rated at least "A" or the equivalent by a nationally recognized statistical ratings organization (NRSRO), at the time of purchase.
5. Negotiable Certificates of Deposit with a maturity not exceeding five years from the date of trade settlement, in state or nationally chartered banks or savings banks that are insured by the FDIC, subject to the limitations of California Government Code Section 53638. Certificates of Deposits may be purchased only from financial institutions that meet the credit criteria set forth in the section of this Investment Policy, "Selection of Banks and Savings Banks." Depending on their maturity, Negotiable Certificates of Deposit shall have a short-term rating of at least A-1+ or the equivalent by a NRSRO at the time of purchase.
6. Non-negotiable Certificates of Deposit and savings deposits with a maturity not exceeding five years from the date of trade settlement, in FDIC insured state or nationally chartered banks or savings banks that qualify as a depository of public funds in the State of California as defined in California Government Code Section 53630.5. Deposits exceeding the FDIC insured amount shall be secured pursuant to California Government Code Section 53652.
7. Municipal and State Obligations:
  - A. Municipal bonds with a final maturity not exceeding five years from the date of trade settlement. Such bonds include registered treasury notes or bonds of any of the 50 United States and bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the states. Such obligations must be rated at least "A", or the equivalent, by a NRSRO at the time of purchase.
  - B. In addition, bonds, notes, warrants, or other evidences of indebtedness of any local agency in California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency. Such obligations must be rated at least "A", or the equivalent, by a NRSRO at the time of purchase.
8. Prime Commercial Paper with a maturity not exceeding 270 days from the date of trade settlement with the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions in either sub-paragraph A. or sub-paragraph B. below:
  - A. The entity shall (1) be organized and operating in the United States as a general corporation, (2) have total assets in excess of \$500 million, and (3)



have debt other than commercial paper, if any, that is rated at least "A" or the equivalent or higher by a NRSRO.

B. The entity shall (1) be organized within the United States as a special purpose corporation, trust, or limited liability company, (2) have program-wide credit enhancements, including, but not limited to, over collateralization, letters of credit or surety bond, and (3) have commercial paper that is rated at least "A-1" or the equivalent or higher by a NRSRO.

9. Eligible Banker's Acceptances with a maturity not exceeding 180 days from the date of trade settlement, issued by a national bank with combined capital and surplus of at least \$250 million, whose deposits are insured by the FDIC, and whose senior long-term debt is rated at least "A" or the equivalent by a NRSRO at the time of purchase.
10. Repurchase Agreements with a final termination date not exceeding 30 days collateralized by the U.S. Treasury obligations, Federal Agency securities, or Federal Instrumentality securities listed in items #1 through #3 above, with the maturity of the collateral not exceeding five years. For the purpose of this section, the term collateral shall mean purchased securities under the terms of the City's approved Master Repurchase Agreement. The purchased securities shall have a minimum market value including accrued interest of 102% of the dollar value of the funds borrowed. Collateral shall be held in the City's custodian bank, as safekeeping agent, and the market value of the collateral securities shall be marked-to-the-market daily.

Repurchase Agreements shall be entered into only with banks and with broker/dealers who are recognized as Primary Dealers with the Federal Reserve Bank of New York, or with firms that have a primary dealer within their holding company structure. Repurchase agreement counterparties shall execute a City approved Master Repurchase Agreement with the City. The CFO shall maintain a copy of the City's approved Master Repurchase Agreement along with a list of the banks and broker/dealers who have executed same.

11. State of California's Local Agency Investment Fund (LAIF), pursuant to California Government Code Section 16429.1.
12. Money Market Funds registered under the Investment Company Act of 1940 which (1) are "no-load" (meaning no commission or fee shall be charged on purchases or sales of shares); (2) have a constant daily net asset value per share of \$1.00; (3) invest only in the securities and obligations authorized in this Policy and (4) have a rating of at least "AAA" or the equivalent by at least two NRSROs.

Securities that have been downgraded to a level that is below the minimum ratings described herein may be sold or held at the City's discretion. The portfolio will be brought back into compliance with Investment Policy guidelines as soon as is practical.

It is the intent of the City that the foregoing list of authorized securities and transactions be strictly interpreted. Any deviation from this list must be preapproved by resolution of the City Council.

## **INVESTMENT DIVERSIFICATION**

The City shall diversify its investments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. Nevertheless, the asset allocation in the investment portfolio should be flexible depending upon the outlook for the economy, the securities markets, and the City's anticipated cash flow needs.

Securities shall not exceed the following maximum limits as a percentage of the total portfolio:

<b>Type of Security</b>	<b>Maximum Percentage of the Total Portfolio</b>
U.S. Treasury Obligations	100%
Federal Agency Securities†	100%†
Federal Instrumentality Securities†	100%†
Repurchase Agreements	100%
Local Government Investment Pools	100%
Aggregate amount of Certificates of Deposit, Negotiable and Non-Negotiable*	25%
Aggregate amount of Prime Commercial Paper*	25%
Aggregate amount of Money Market Funds*	20%
Aggregate amount of Municipal Bonds*	30%
Aggregate amount of Eligible Banker's Acceptances*	15%
Aggregate amount of Medium-Term Notes*	30%

† No more than 20% of the City's total portfolio shall be invested in mortgage-backed securities.

\*No more than 5% of the City's total portfolio shall be invested in any one issuer/financial institution and/or its affiliates.

## **PORTFOLIO MATURITIES AND LIQUIDITY**

To the extent possible, investments shall be matched with anticipated cash flow requirements and known future liabilities. The City will not invest in securities maturing more than five years from the date of trade settlement unless the Council has, by resolution, granted authority to make such an investment at least three months prior to the date of

investment. The sole maturity distribution range shall be from zero to five years from the date of trade settlement.

## **SELECTION OF BROKER/DEALERS**

The CFO shall maintain a list of broker/dealers approved for investment purposes, and it shall be the policy of the City to purchase securities only from those authorized firms. To be eligible, a firm must be licensed by the State of California as a broker/dealer as defined in Section 25004 of the California Corporations Code.

The City may engage the services of investment advisory firms to assist in the management of the portfolio and investment advisors may utilize their own list of approved Broker/Dealers. The list of approved firms shall be provided to the City on an annual basis or upon request.

In the event that an external investment advisory firm is not used in the process of recommending a particular transaction, each authorized broker/dealer shall be required to submit and annually update a City approved Broker/Dealer Information Request form which includes the firm's most recent financial statements. The CFO shall maintain a list of the broker/dealers that have been approved by the City, along with each firm's most recent broker/dealer Information Request form.

The City may purchase commercial paper from direct issuers even though they are not on the approved broker/dealer list as long as they meet the criteria outlined in Item 8 of the Authorized Securities and Transactions section of this Policy.

## **COMPETITIVE TRANSACTIONS**

Each investment transaction shall be competitively transacted with authorized broker/dealers. At least three broker/dealers shall be contacted for each transaction and their bid and offering prices shall be recorded.

If the City is offered a security for which there is no other readily available competitive offering, the CFO will then document quotations for comparable or alternative securities.

## **SELECTION OF BANKS AND SAVINGS BANKS**

The CFO shall maintain a list of authorized banks and savings banks that are approved to provide banking services for the City. To be eligible to provide banking services, a financial institution shall qualify as a depository of public funds in the State of California as defined in California Government Code Section 53630.5 and must be a member of the FDIC. The City shall utilize SNL Financial Bank Insight ratings to perform credit analyses on banks seeking authorization. The analysis shall include a composite rating and individual ratings of liquidity, asset quality, profitability and capital adequacy. Annually, the CFO shall review the most recent credit rating analysis reports performed for each approved bank. Banks that in the judgment of the CFO no longer offer adequate safety to the City shall be removed from the City's list of authorized banks. Banks failing to meet the criteria outlined above, or in the judgment of the CFO no longer offer adequate safety to the City, will be removed from the list. The CFO shall maintain a file of the most recent credit rating analysis reports performed for each approved bank. Credit analysis shall be performed on a semi-annual basis.

## **SAFEKEEPING AND CUSTODY**

The CFO shall select one or more financial institutions to provide safekeeping and custodial services for the City, in accordance with the provisions of Section 53608 of the California Government Code. Custodian banks will be selected on the basis of their ability to provide services for the City's account and the competitive pricing of their safekeeping related services. The CFO shall maintain a file of the credit rating analysis reports performed semi-annually for each approved financial institution. A Safekeeping Agreement approved by the City shall be executed with each custodian bank prior to utilizing that bank's safekeeping services.

The purchase and sale of securities and repurchase agreement transactions shall be settled on a delivery versus payment basis. All securities shall be perfected in the name of the City. Sufficient evidence to title shall be consistent with modern investment, banking and commercial practices.

All investment securities purchased by the City will be delivered by book entry and will be held in third-party safekeeping by a City approved custodian bank, or its Depository Trust Company (DTC) participant account.

## **PORTFOLIO PERFORMANCE**

The investment portfolio shall be designed to attain a market rate of return throughout budgetary and economic cycles, taking into account prevailing market conditions, risk constraints for eligible securities, and cash flow requirements. The performance of the City's investments shall be compared to the average yield on the U.S. Treasury security that most closely corresponds to the portfolio's actual weighted average effective maturity. When comparing the performance of the City's portfolio, its rate of return will be computed net of all fees and expenses.

## **PORTFOLIO REVIEW AND REPORTING**

Credit criteria and maximum percentages listed in this section refer to the credit of the issuing organization and/or maturity at the time the security is purchased. The City may, from time to time, be invested in a security whose rating is downgraded below the minimum ratings set forth in this Policy. In the event a rating drops below the minimum allowed rating category for that given investment type, the Administrative Services Director shall notify the City Manager

and/or Designee and recommend a plan of action. Appropriate documentation of such a review, along with the recommended action and final decision shall be retained for audit.

Quarterly, the CFO shall submit to the Council a report of the investment earnings and performance results of the City's investment portfolio. The report shall include the following information:

1. Investment type, issuer, date of maturity, par value and dollar amount invested in all securities, and investments and monies held by the City;
2. A description of the funds, investments and programs;
3. A market value as of the date of the report (or the most recent valuation as to assets not valued monthly) and the source of the valuation;
4. A statement of compliance with this Investment Policy or an explanation for non-compliance; and
5. A statement of the ability to meet expenditure requirements for six months, as well as an explanation of why money will not be available if that is the case.

## **POLICY REVIEW**

This Investment Policy shall be adopted by resolution of the City Council annually. It shall be reviewed at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity, yield and diversification and its relevance to current law and economic trends. Any amendments to the Policy shall be reviewed by the City's Finance/Audit Committee prior to being forwarded to the City Council for approval.



## Finance and Audit Committee

Administrative Services  
 701 Laurel St., Menlo Park, CA 94025  
 tel 650-330-6640  
[menlopark.org/319/Finance-and-Audit-Committee](http://menlopark.org/319/Finance-and-Audit-Committee)

## WORK PLAN 2019-20

Mission Statement	
To facilitate an environment that focuses on accurate, efficient, and transparent financial reporting in an easy to understand format.	
Committee Members Listing and Term Expirations	
Ron Shepherd (Chair)	April 30, 2021
Soody Tronson (Vice Chair)	April 30, 2020
Roger Royse	April 30, 2020
Brian Westcott	April 30, 2021
<i>Vacant</i>	April 30, 2021
Ray Mueller	Set by City Council
Drew Combs	Set by City Council
Committee Priorities	
The City Council has identified the following priorities for the Committee:	
1. Annual review of the City's CAFR <ul style="list-style-type: none"> <li>Activities:               <ul style="list-style-type: none"> <li>Committee review of the audited financial statements.</li> <li>Meet with the auditor and recommend action by the City Council.</li> <li>Recommend changes to format to increase accessibility for community members.</li> </ul> </li> </ul>	
2. Annual review of the City's investment policy <ul style="list-style-type: none"> <li>Review changes to the City's investment policy and portfolio</li> </ul>	

## Work Plan Worksheet

### Step 1 - Review purpose of Committee as defined by Menlo Park Council Policy CC-01-0004

The Finance & Audit Committee is charged primarily to support delivery of timely, clear and comprehensive reporting of the City's fiscal status to the community at large. Specific focus areas include:

- Review the process for periodic financial reporting to the City Council and the public, as needed
- Review financial audit and annual financial report with the City's external auditors
- Review of the resolution of prior year audit findings
- Review of the auditor selection process and scope, as needed

### Step 2 - Develop or review a Mission Statement that reflects that purpose (*Who we are, what we do, who we do it for, and why we do it*)

To facilitate an environment that focuses on accurate, efficient, and transparent financial reporting in an easy to understand format.

### Step 3 - Discuss any priorities already established by Council

- Annual City audit and CAFR review
- Annual review of the City's investment policy

### Step 4 - Brainstorm goals, projects or priorities of the Committee

<u>Brainstorm goals, projects or priorities of the Committee</u>	<u>Benefit, if completed</u>	<u>Mandated?</u> <u>by State/local</u> <u>law or by</u> <u>Council</u> <u>direction</u>	<u>Policy</u> <u>change?</u> <u>At Council</u> <u>level</u>	<u>Resources needed for</u> <u>completion</u> <u>Staff or creation of</u> <u>subcommittees</u>	<u>Estimated</u> <u>Completion</u> <u>Time</u>	<u>Measurement Criteria</u> <u>How will we know how we are doing?</u>
Communications	Improve the communication and formatting of City financial information	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Staff and Committee time	Ongoing	Input on changes to the Capital Improvement budget
Reestablishment of finance dashboard	Increased transparency of the City's finances	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Staff and Committee time	TBD	Page views on updated dashboard
Use of multiple investment advisors	Increased investment yield	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Staff time, charter amendment	TBD	
Quarterly listing of investments and benchmark comparison	Improved transparency and ease of access	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Staff and Committee time	TBD	Page views on updated report
Capital expenditure prioritization and reporting	Improved transparency and ease of access	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Staff time, charter amendment	TBD	
Unfunded pension liability review	Improved understanding of unfunded pension liabilities	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Staff time, consulting services, charter amendment	TBD	

Consultant and contractor policy review	Reduced expenditures, improved transparency	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Staff time, charter amendment	TBD	
Annual budget document	Improve the formatting and presentation of the document to facilitate better understanding by the public	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Staff and Committee time	Ongoing	
Annual CAFR document	Improve the formatting and presentation of the document to facilitate better understanding by the public	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Staff and Committee time	Ongoing	
<b>PARKING LOT ITEMS</b>						
Sale of Assets		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Staff time, charter amendment	TBD	
Review of Utility User's Tax Cap		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Staff time, charter amendment	TBD	
Listing of parcels exempt from property taxes		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Staff time, charter amendment	TBD	
Developer Agreements		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Staff time, charter amendment	TBD	
Community Amenities Fund	Commit to providing new or improved community amenities with funds resulting from recent development activities	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Staff time, charter amendment	TBD	
<b>Step 5 - Prepare final work plan for submission to the City Council for review, possible direction and approval and attach the worksheets used to determine priorities, resources and time lines.</b>						
<b>Step 6 - Once approved, use this plan as a tool to help guide you in your work as an advisory body.</b>						
<b>Step 7 - Report out on status of items completed. Provide any information needed regarding additional resources needed or/and to indicate items that will need additional time in order to complete.</b>						

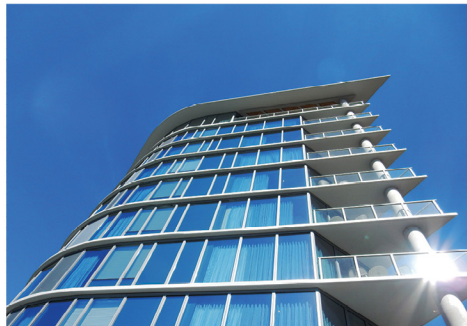


# "FROM VISION TO FRUITION" FISCAL YEAR 2018–19 BUDGET IN BRIEF

## AGENDA ITEM D-5



Eclipse viewing at the library



Hotel Nia, Menlo Gateway



The Guild Theatre concept downtown



Karl E. Clark Park dedication



Police officer working with local children

# Last year in review

Ending on June 30, 2018, Fiscal Year 2017–18 was a very productive year. As of the preparation of this budget, the finance division estimates that fiscal year 2017–18 will end with a surplus across all funds. Notwithstanding the surplus, the following highlights some significant accomplishments in fiscal year 2017–18 that reflect the theme of this budget “From Vision to Fruition”:

- Completed the establishment of districts for City Council elections beginning November 2018
- Completed renovations of the Belle Haven Child Development Center, Karl E. Clark Park, and Nealon Park allowing for greater access and use of the facilities
- Completed renovations of the Belle Haven branch library and added 13 hours per week to the branch library including Saturday and Sunday hours to better serve the community
- Installed a new communication antenna to strengthen reliability of communication tools for law enforcement officers
- Installed a bus shelter in the Belle Haven neighborhood
- Expanded the herbicide free parks program
- Saw the opening of Hotel Nia

The theme of this year’s budget is ‘From Vision to Fruition’ which reflects an enviable financial position where the community begins to experience the fiscal benefits of key land use decisions.

City Manager’s Budget Transmittal Letter



# Fiscal year 2018–19 at-a-glance

The fiscal year 2018–19 adopted budget, across all funds, is a spending plan totaling \$147.29 million. To fund this plan, fiscal year 2018–19 revenue and other resources across all funds, totals \$148.57 million.

### Revenue assumptions include:

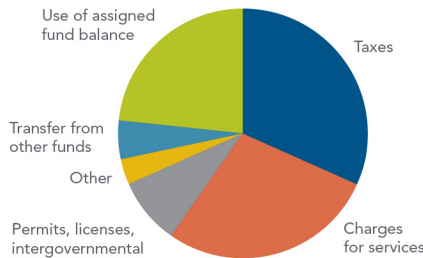
- Strong growth in property tax base
- Increases in transient occupancy taxes resulting from the addition of two new hotels
- Half funding of the excess Educational Revenue Augmentation Fund revenue
- Maintaining the Utility Users' Tax at the current reduced level of 1 percent
- Continued strength in development activity
- Strong cost recovery in service providing departments

### Expenditure assumptions include:

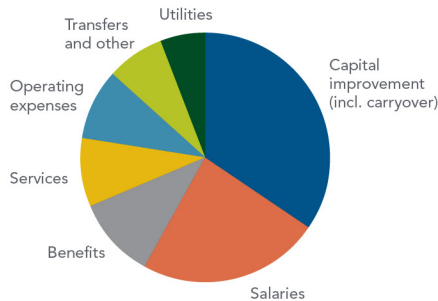
- Known compensation adjustments for City staff
- Planned salary and benefit savings due to vacancies
- A contingency budget for escalating service contract costs
- Several service-level enhancements intended to restore and augment service levels to the community

## ALL FUNDS SUMMARIES

### Revenues by type



### Expenditures by type



All Funds \$ millions	2018–19 Adopted Budget
<b>Revenue and other resources by type</b>	
Property, Sales, Hotel Taxes	\$47.29
Charges for services	41.74
Permits, licenses, intergovernmental	12.67
Other	5.12
<b>Revenue Subtotal</b>	<b>\$106.81</b>
Transfer from other funds	7.37
Use of assigned fund balance	34.39
<b>TOTAL</b>	<b>\$148.57</b>

All Funds \$ millions	2018–19 Adopted Budget
<b>Expenditures and other requirements by function</b>	
Public Works	\$82.40
Police	19.90
Community Services	9.75
Community Development	8.81
Administrative Services	6.17
City Manager, City Council, City Attorney	4.93
Library	3.87
Nondepartmental	11.45
<b>TOTAL</b>	<b>\$147.29</b>



# Operating expenditures

General fund operating expenditures are non-infrastructure costs which are budgeted for on an annual basis and support the City's regular and ongoing service to the community.



		All Funds \$ millions
Fixed assets, repair and maintenance		\$1.27
Operating expenses and utilities		\$5.88
Transfers and other expenditures		\$6.75
Internal service charges		\$7.00
Services		\$8.60
Wages, salaries and benefits		\$37.77
Total personnel expenditures		
Police		14.8
Public Works		6.1
Community Services		6.0
Community Development		4.7
Library		2.4
Administrative Services		2.0
City Manager's Office		1.7
City Council		0.2
TOTAL		\$67.27

After receiving public input on community projects, the City Council adopted its 2018 work plan in February with 59 initiatives. This year, the Council took the bold move of identifying six projects as their top priorities, each of which is described below.

## DISTRICT ELECTIONS



Menlo Park is transitioning to a by-district election system effective for the November 2018 City Council election. Demand for election-related staff support is expected to be higher than normal.

**Lead:** City Manager's Office

## IMPLEMENT DOWNTOWN/ EL CAMINO REAL SPECIFIC PLAN BIENNIAL REVIEW

Commence the Downtown/El Camino Real Specific Plan Biennial Review and initiate associated amendments, which may encompass a number of items related to development.

**Lead:** Community Development  
**Supporting:** City Manager's Office, Public Works

## TRANSPORTATION MASTER PLAN

The Transportation Master Plan provides a bridge between the policy framework adopted within the Circulation Element and project level efforts to modify the transportation network within Menlo Park.

**Lead:** Public Works  
**Supporting:** City Manager's Office, Community Development, Police

## DOWNTOWN PARKING GARAGE

Determine potential uses, siting, funding and design of a downtown parking structure.

**Lead:** Community Development  
**Supporting:** Administrative Services, City Manager's Office, Public Works

## CITYWIDE SAFE ROUTES TO SCHOOL

Safe Routes to School typically encompasses six program elements: education, encouragement, enforcement, equity, engineering and evaluation (6 E's).

**Lead:** Public Works  
**Supporting:** Police

## THE GUILD THEATRE



Complete the approval of the necessary entitlements for the Guild Theatre. The proposed reuse of the Guild Theatre, by a private non-profit developer, will require an amendment to the El Camino Real/Downtown Specific Plan.

**Lead:** Community Development  
**Supporting:** City Manager's Office, Public Works

# Capital Improvement Plan

Each year, the City invests in capital projects, including a total of \$18,752,000 in new funds for Fiscal Year 2018–19. These capital projects are long-term investments in City infrastructure covering a range of categories and initiatives, all intended to serve the City

2018–19  
New Funds

## CITY BUILDINGS AND SYSTEMS

Belle Haven Youth Center Improvements	\$200,000
City Buildings (Minor)	500,000
City Buildings HVAC Modifications	420,000
Fire Plans and Equipment Replacement for City Buildings	115,000
Furniture Replacement	400,000
Library System Improvement: Belle Haven Branch Library	450,000
<b>SUBTOTAL</b>	<b>\$2,085,000</b>

## ENVIRONMENT

Climate Action Plan	\$100,000
Electric Vehicle Chargers at City Facilities	200,000
Sea Level Rise Resiliency Plan	150,000
<b>SUBTOTAL</b>	<b>\$450,000</b>

for years to come. New funding appropriated for Fiscal Year 2018–19 in each major category is shown below and explained in greater detail in the City's adopted budget at [menlopark.org/budget/](http://menlopark.org/budget/)

2018–19  
New Funds

## PARKS AND RECREATION

Aquatic Center Maintenance (annual)	\$400,000
Park Improvements (Minor)	200,000
Park Pathways Repairs	200,000
Tennis Court Maintenance	120,000
Willow Oaks Park Improvements	375,000
<b>SUBTOTAL</b>	<b>\$1,295,000</b>

## STORMWATER

Green Infrastructure Plan	\$100,000
Stormwater Master Plan	350,000
<b>SUBTOTAL</b>	<b>\$450,000</b>

2018–19  
New Funds

## STREETS AND SIDEWALKS

Downtown Parking Utility Underground	\$200,000
Sharon Road Sidewalk Installation	935,000
Sidewalk Repair Program	500,000
Street Resurfacing Project	4,200,000
Welcome to Menlo Park Monument Signs	180,000
<b>SUBTOTAL</b>	<b>\$6,015,000</b>

## TRAFFIC AND TRANSPORTATION

Middle Avenue Caltrain Crossing Study Design and Construction	\$1,100,000
Pierce Road Sidewalk and San Mateo Drive Bike Route Installation	1,007,000
Traffic Signal Modifications	350,000
Transportation Projects-Minor	150,000
<b>SUBTOTAL</b>	<b>\$2,607,000</b>

## WATER

Automated Water Meter Reading	\$600,000
Emergency Water Storage / Supply	2,000,000
Reservoir No. 2 Roof Replacement	2,650,000
Water Main Replacement Project	600,000
<b>SUBTOTAL</b>	<b>\$5,850,000</b>

**GRAND TOTAL** **\$18,752,000**

# Where your property taxes go

Property taxes are the City's largest source of General Fund revenue, but the City is not the only recipient of the property taxes collected. Each \$1 in property tax paid is divided amongst a number of local agencies, with the citywide average for each recipient shown below.



## WANT TO LEARN ABOUT THE BUDGET IN GREATER DETAIL?

The City's full operating and Capital Improvement Plan budgets are posted on the City's website at [menlopark.org/budget](https://menlopark.org/budget)

Connect with the Finance Division at [menlopark.org/finance](https://menlopark.org/finance) or 650-330-6649.

\*The Educational Revenue Augmentation Fund, or ERAF, is a State mechanism used to shift property taxes from Cities and Special Districts to fulfill the State's obligation to education.



## MEMORANDUM

**Date:** 3/18/2019  
**To:** Commission Members  
**From:** Nick Pegueros, Assistant City Manager  
**Re:** City Council Work Plan Transmittal and Capital Improvement Program (CIP) process update

The City Council established its 2019 work plan earlier this month. The work plan is the guiding document for the initiatives and projects staff will be working on throughout the next 12-18 months.

### CIP budget project prioritization

The CIP contains nearly 80 distinct capital improvement projects; many carried over from prior years that are underway. New for 2019, staff categorized the approved projects in relative priority based on several factors as outlined in Attachment A. Tier 1 indicates that a project will receive the highest relative priority for staff and consultant resources. Tiers 2 and 3, respectively, indicates that a project will receive significant resources only after the higher tier projects have received the necessary resources. Tier N/A indicates that a project is not currently competing for resources. Staff is committed to completing the projects outlined in the CIP budget, regardless of tiers.

### 2019 top priorities

As part of the annual goal setting process, the City Council identified its top priorities for the year. As a “top priority” project, staff will strategically realign all available resources necessary to achieve the milestones outlined in the project description. If there is a challenge meeting major milestones for a top priority project, staff may choose to strategically defer work on other projects to keep the top priority project on schedule, to the greatest extent possible. While the focus will be on the top priority projects, staff will continue to work diligently on all the projects included in the work plan. Also, staff will continue to work on the CIP and deliver daily services to the community. The City Council’s top priority projects are as follows:

- Transportation master plan (lead department: public works)
- Chilco Street improvement project (lead department: public works)
- Middle Avenue pedestrian and bicycle rail crossing (lead department: public works)
- Heritage tree ordinance update (lead department: city manager’s office)
- Belle Haven Branch library (lead department: library)

### 2019 work plan

In addition to the top priorities, the annual goal setting process identifies a number of other projects of importance to the City Council for work in 2019. The 2019 work plan contains of the following projects:

- Formation of a transportation management association
- El Camino Real/ Downtown specific plan update



- Market affordable housing preservation
- Short-term rental ordinance
- Single-Family residential design review
- Develop and implement near-term downtown parking and access strategies
- Zero waste implementation
- Implement the information technology master plan (year 2; land management)

#### CIP process update

As part of the annual budget development process, the City updates its Five-Year Capital Improvement Plan (CIP), even though only the first year of CIP is funded by Council. The CIP typically represents recommendations for short- and long-range public investment in infrastructure development, maintenance, improvement and acquisition. The CIP provides a link between the City's various master planning documents, and various budgets and funding sources, and provides a means for planning, scheduling, funding and implementing capital projects over the next five years. Typically, a capital project is defined as a project costing more than \$75,000.

At this time, we do not intend to add additional items to the CIP for funding beyond those identified during the 2019 work plan development. The focus for the year is the Council approved work plan. It is important to note that some of the items in the work plan are not currently funded and they will be proposed as part of the upcoming budget for Fiscal Year 2019-20. There may be a few CIP items added for funding in FY 2019-20, but they will mainly be based on legal requirements. Other items that were previously listed in the CIP for FY 2019-20 and not included in the Council work plan may be shifted to the next fiscal year.

#### Commission considerations

The CIP process should be a continuous discussion. It is important for the commissions to continually think about projects throughout the year and to discuss the merits of those projects including how they fit into the overall master plans within the City. The Council will be provided regular updates on the work plan items throughout the year. These updates can serve as an opportunity and check in for the commissions to discuss any future projects that might be important to the City in the context of master plans and issues that arise.

Thank you, as always, for your valuable support of the Council's efforts to meet their goals of responsible fiscal management of the City's resources and infrastructure.

#### Attachments

- City Council adopted Capital Improvement Project Prioritization for 2019
- City Council adopted fiscal year 2019-20 budget principles and 2019 priorities and work plan Web link:  
<https://www.menlopark.org/DocumentCenter/View/20838/G3---20180312-Work-plan-SR-CC>
- City Budget Web Link:  
<https://www.menlopark.org/ArchiveCenter/ViewFile/Item/8539>



**MEMORANDUM**

**Date:** 2/21/2019  
**To:** Starla Jerome-Robinson, City Manager  
**From:** Justin Murphy, Public Works Director  
**Re:** CIP Prioritization

This memo is a follow up item outlined in the January 29, 2019 staff report regarding the 2019 Council policy priorities and work plan (Staff Report #19-018-CC). This memo transmits a comprehensive listing of how staff is prioritizing almost 80 City Council adopted Capital Improvement Program (CIP) projects. The attachment includes annotated tables excerpted from the City Council adopted fiscal year 2018-19 budget for the 5-Year CIP.

Funding for particular CIP projects can be traced back as far as Fiscal Year 2003-2004. Many CIP projects are annual or biannual programs (e.g., Street Resurfacing), and the CIP Budget serves as the tool for funding those programs. Other CIP projects involved multiple phases with funding allocated over multiple years (e.g., Emergency Water Storage/Supply). Assuming that every project that is currently funded is considered a priority, it is then a matter of relative priority. In order to communicate the relativity to help inform the Council's goal setting, staff established a system with three tiers – 1, 2, and 3 – with 1 being the highest relative priority and 3 being the lowest relative priority. Priority considerations are generally based on the following along with available staffing:

- Regulatory compliance
- Public safety
- Preservation of city assets
- Improved efficiencies
- Grant funding timelines
- First in, first out

Staff applied these prioritization tiers to each currently funded projects within the seven established subject matter categories in the CIP Budget. Each category serves as a good proxy for the availability of eligible funding sources and staff skill sets that are required to execute on applicable projects. Projects that are complete as of February 2019 or have not yet been funded are labeled as not applicable (N/A) for terms of the prioritization. The following table summarizes how many projects are in the various tiers for each category and the applicable pages in the CIP Budget for project descriptions and funding sources.

At the February 2, 2019 goal setting session, staff sought the City Council's confirmation that the prioritization outlined in this memo reflects the City Council's priorities. As a result of that meeting and follow up considerations, tiers for three projects were modified: Chrysler Pump Station Improvements (moved from Tier 2 to Tier 1), Welcome to Menlo Park Monument Signs (moved from Tier 3 to Tier 2), and Downtown Parking Structure Study (moved from Tier 2 to Tier 3 to accommodate development of near-term parking strategies and advancing the monument signs).

Table 1: Project summary							
Category	CIP budget	Priority			Subtotal	N/A	Total
		Tier 1	Tier 2	Tier 3			
City buildings and systems	113-121	4	3	4	11	5	16
		36%	27%	36%	100%		
Environment	123-126	2	2	1	5	0	5
		40%	40%	20%	100%		
Parks and recreation	127-134	3	3	3	9	5	14
		33%	33%	33%	100%		
Stormwater	135-139	1	4	1	6	1	7
		17%	67%	17%	100%		
Streets and sidewalks	141-148	3	4	3	10	3	13
		30%	40%	30%	100%		
Traffic and transportation	149-158	4	6	6	16	1	17
		25%	38%	38%	100%		
Water	159-163	2	2	1	5	2	7
		40%	40%	20%	100%		
<b>Total</b>		<b>19</b>	<b>24</b>	<b>19</b>	<b>62</b>	<b>17</b>	<b>79</b>

# City Buildings & Systems



## CITY BUILDINGS & SYSTEMS

The City's aging facilities require both regular maintenance and more substantive system replacements. Projects included under the City Buildings and Systems CIP category focus on improvements to existing City-owned facilities and the construction of new buildings. These improvements allow the City to continue to maintain and enhance services to the community.

This category also includes funding for upgrades to the City's systems such as information technology. This category of the CIP is least likely to be eligible for outside funding, with the exception of donations, and therefore is fully funded by transfers from the General Fund.

			2018-19 NEW FUNDS	Future Funding Needs (unfunded)			
Projected Carryover				2019-20	2020-21	2021-22	2022-23
CITY BUILDINGS & SYSTEMS	Priority						
Belle Haven Youth Center Improvements	Tier 1	-	\$200,000	-	-	-	
Burgess Pool Lobby Renovation	N/A	-	-	-	125,000	-	-
City Buildings (Minor)	Tier 2	642,930	500,000	500,000	500,000	500,000	500,000
City Buildings HVAC Modifications	Tier 3	125,000	420,000	-	-	-	-
Corporation Yard Master Plan	N/A	-	-	-	-	100,000	-
Cost of Service/Fee Study	N/A	48,187	-	-	-	100,000	-
Facilities Maintenance Master Plan	Tier 3	150,000	-	-	-	-	-
Fire Plans and Equipment Replacement for City Buil	Tier 1	60,442	115,000	-	-	-	-
Furniture Replacement	Tier 3	-	400,000	-	-	-	-
Gate House Fence Replacement	Tier 3	120,000	-	-	-	-	-
Information Technology Master Plan and Implementation	Tier 1	2,940,809	-	1,250,000	1,250,000	1,250,000	1,250,000
Library System Improvement: Belle Haven Branch Li	Tier 1	36,807	450,000	-	-	-	-
Library System Improvement: Main Library	Tier 2	140,220	-	-	-	-	-
Onetta Harris Community Center Gymnasium Floor Replacement	N/A	-	-	300,000	-	-	-
Onetta Harris Community Center Multipurpos Room Renovation	N/A	-	-	150,000	-	-	-
Police Parking Lot Security	Tier 2	31,027	-	-	-	-	-
Subtotal		\$4,295,422	\$2,085,000	\$2,200,000	\$1,875,000	\$1,950,000	\$1,750,000

# Environment



## ENVIRONMENT

The Environment CIP provides for a variety of projects and programs to further the City's environmental sustainability initiatives, including those in the City Council adopted Climate Action Plan. This category of the CIP is primarily supported by the General Fund. However, initiatives pertaining to solid waste are funded through refuse rates.

			2018-19 NEW FUNDS	Future Funding Needs (unfunded)			
Projected Carryover		2019-20		2020-21	2021-22	2022-23	
ENVIRONMENT	Priority						
Climate Action Plan	Tier 2	\$203,057	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Electric Vehicle Chargers at City Facilities	Tier 2	-	200,000	400,000	-	-	-
Heritage Tree Ordinance Program Evaluation	Tier 1	63,338	-	-	-	-	-
Sea Level Rise Resiliency Plan	Tier 3	-	150,000	-	-	-	-
Trash and Recycling Strategic Plan	Tier 1	59,764	-	-	-	-	-
Subtotal		\$326,159	\$450,000	\$500,000	\$100,000	\$100,000	\$100,000

# Parks & Recreation



## PARKS & RECREATION

The Parks & Recreation CIP provides for a variety of projects and programs to meet the recreational needs of the community. In fiscal year 2018–19, the City anticipates conclusion of a comprehensive Parks & Recreation Master Plan. Based on public input, the Plan will recommend improvements and initiatives to the City's parks and recreation facilities to continue to meet the needs of the community and program users.

This category of the CIP is primarily supported by the General Fund. However, voter approved Measure T General Obligation authority permits the City to issue a third tranche of debt to help finance the Parks & Recreation Master Plan initiatives. In addition, certain capital projects may qualify to use Recreation In-Lieu impact fees imposed on new development. Finally, due to the relationship of the Bedwell Bayfront Park and the former landfill, certain projects may have access to funds collected through refuse rates to maintain the landfill.

		Projected Carryover	2018–19 NEW FUNDS	Future Funding Needs (unfunded)			
				2019-20	2020-21	2021-22	2022-23
PARKS & RECREATION	Priority						
Aquatic Center Maintenance (annual)	Tier 2	\$99,068	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Bedwell Bayfront Park Collection and Leachate Systems Repair	Tier 1	4,174,123	-	-	-	-	-
Bedwell Bayfront Park Master Plan Implementation	N/A	-	-	4,000,000	-	-	-
Belle Haven Pool Master Plan Implementation	N/A	-	-	370,000	-	-	-
Civic Center Campus Improvements	Tier 3	100,000	-	500,000	500,000	500,000	-
Jack Lyle Park Restroom	N/A	588,146	-	-	-	-	-
Library Landscaping	N/A	436,743	-	-	-	-	-
Park Improvements (Minor)	Tier 2	129,294	200,000	200,000	200,000	200,000	200,000
Park Pathways Repairs	Tier 3	-	200,000	500,000	500,000	500,000	500,000
Park Playground Equipment	Tier 1	1,000,000	-	500,000	550,000	-	-
Parks and Recreation Master Plan Update	Tier 1	187,263	-	-	-	-	-
Sport Field Renovations	N/A	-	-	300,000	300,000	300,000	300,000
Tennis Court Maintenance	Tier 2	120,000	120,000	120,000	120,000	120,000	120,000
Willow Oaks Park Improvements	Tier 3	536,481	375,000	-	-	-	-
<b>Subtotal</b>		<b>\$7,371,118</b>	<b>\$1,295,000</b>	<b>\$6,890,000</b>	<b>\$2,570,000</b>	<b>\$2,020,000</b>	<b>\$1,520,000</b>



# Stormwater



## STORMWATER

The Stormwater CIP consists of projects and programs required to address the impacts of flooding in the watershed and stormwater water quality. These projects involve improvements that address localized drainage issues and larger interagency efforts to address flooding concerns associated with San Francisquito Creek, the Bayfront Canal and the Atherton Channel. In addition, projects in this category may be required to meet National Pollution Elimination Discharge

System (NPDES), an unfunded mandate to minimize debris and pollutants discharged to San Francisco Bay. This category of the CIP is solely supported by the General Fund and future demand for funds is unknown. Other possible funding strategies for these projects include grants, as well as the development of benefit assessment districts that can pay for improvements in specific sections of the City where more investment needs have been identified.

			2018-19 NEW FUNDS	Future Funding Needs (unfunded)			
Projected Carryover				2019-20	2020-21	2021-22	2022-23
STORMWATER	Priority						
Bayfront Canal and Atherton Channel Flood Protection	Tier 2	\$442,309	-	-	-	-	-
Chrysler Pump Station Improvements	Tier 1	6,027,976	-	-	-	-	-
Green Infrastructure Plan	Tier 1	142,598	100,000	-	-	-	-
San Francisquito Creek Flood Reduction and Restoration	Tier 2	250,000	-	-	-	-	-
San Francisquito Creek Upstream of 101 Flood Protection	Tier 2	120,007	-	-	-	-	-
Stormwater Master Plan	Tier 3	-	350,000	-	-	-	-
Willow Place Bridge Abutment Repairs	N/A	-	-	250,000	-	-	-
Subtotal		\$6,982,890	\$450,000	\$250,000	-	-	-

# Streets & Sidewalks



## STREETS & SIDEWALKS

The Streets and Sidewalks CIP projects maintain and improve the City's roadways, City-owned parking plazas, and sidewalks. This category of the CIP is supported by a variety of sources including

funds from the State of California, impact fees, parking permit sales, special gas tax levies, and countywide sales tax levies.

			2018-19 NEW FUNDS	Future Funding Needs (unfunded)			
		Projected Carryover		2019-20	2020-21	2021-22	2022-23
STREETS AND SIDEWALKS	Priority						
Chilco Street and Sidewalk Installation	Tier 1	\$43,120	-	-	-	-	-
Downtown Parking Structure Study	Tier 3	720,718	-	-	-	-	-
Downtown Parking Utility Underground	Tier 3	-	200,000	500,000	-	5,000,000	-
Downtown Streetscape Improvement	Tier 3	303,288	-	100,000	-	-	-
Oak Grove Safe Routes to School and Green Infrastructure	Tier 1	615,000	-	-	-	-	-
Parking Plaza 7 Renovations	N/A	-	-	200,000	2,000,000	-	-
Parking Plaza 8 Renovations	N/A	-	-	200,000	-	2,000,000	-
Santa Cruz and Middle Avenues Resurfacing	Tier 2	212,533	-	2,300,000	-	-	-
Sharon Road Sidewalk Installation	Tier 2	-	935,000	-	-	-	-
Sidewalk Repair Program	Tier 2	7,371	500,000	500,000	500,000	500,000	500,000
Street Resurfacing Project	Tier 1	2,899,424	4,200,000	1,100,000	6,500,000	1,100,000	6,500,000
Welcome to Menlo Park Monument Signs	Tier 2	-	180,000	400,000	-	-	-
Willow Oaks Park Bicycle Connector	N/A	-	-	500,000	-	-	-
Subtotal		\$4,801,454	\$6,015,000	\$5,800,000	\$9,000,000	\$8,600,000	\$7,000,000



# Traffic & Transportation



## TRAFFIC & TRANSPORTATION

The Traffic and Transportation CIP provides for projects that improve multi-modal access and safety and manage the flow of traffic on City streets. Regional projects for which the City is an active partner, such as the Willow Road and US Highway 101 interchange, are also included. This category of the Capital Improvement Plan is supported by a variety of sources including funds from the State of California, impact fees, special gas tax levies, and countywide sales tax levies.

Many of these projects are also supported by funds in the annual operating budget for routine maintenance of traffic signals, signs, and street markings, and for transportation planning efforts, such as the Safe Routes to Schools program. This category is also heavily supported by local, regional and state grant funding opportunities, such as competitive programs for bicycle and pedestrian improvements, railroad safety improvements, and traffic management strategies.

	Projected Carryover	2018-19 NEW FUNDS	Future Funding Needs (unfunded)				
			2019-20	2020-21	2021-22	2022-23	
TRAFFIC & TRANSPORTATION							
	Priority						
Bayfront Expressway, Willow Road & Marsh Road Adaptive Signal	Tier 2	\$266,046	-	-	-	-	-
Carlton Ave, Monte Rosa Dr, & N. Lemon Ave Traffic Calm	Tier 3	125,000	-	-	-	-	-
Dumbarton Rail Corridor Planning Support	Tier 3	20,219	-	-	-	-	-
El Camino Real Crossings Improvements	Tier 3	324,650	-	-	-	-	-
Haven Avenue Streetscape Improvement	Tier 2	706,138	-	-	-	-	-
Middle Avenue Caltrain Crossing Study Design & Construction	Tier 1	463,725	1,100,000	-	9,900,000	-	-
Middlefield Road and Linfield Drive Santa Monica Avenue Crosswalk Improvements	N/A	-	-	80,000	880,000	-	-
Oak Grove, University, Crane Bicycle Improvement Project	Tier 2	66,691	-	-	-	-	-
Pierce Road Sidewalk and San Mateo Drive Bike Route Installation	Tier 2	-	1,007,000	-	-	-	-
Ravenswood Avenue/Caltrain Grade Separation	Tier 1	33,605	-	-	25,000,000	-	-
Traffic Signal Modifications	Tier 3	290,000	350,000	350,000	350,000	350,000	350,000
Transit Improvements	Tier 2	84,577	-	-	-	-	-
Transportation Master Plan	Tier 1	54,157	-	-	-	-	-
Transportation Projects-Minor	Tier 2	75,000	150,000	150,000	150,000	150,000	150,000
Willow Road Transportation Study	Tier 3	159,692	-	-	-	-	-
Willow/101 Interchange	Tier 1	101,721	-	-	-	-	-
Willows Neighborhood Complete streets	Tier 3	300,000	-	-	-	-	-
Subtotal		\$3,071,221	\$2,607,000	\$580,000	\$36,280,000	\$500,000	\$500,000

# Water



## WATER

Water CIP projects improve the delivery of safe drinking water to those residents served by the City's municipal water service. This category of the CIP is supported by water ratepayers and capacity charges paid by new connections to the water system. Other possible funding strategies for these projects include grants,

the issuance of water revenue bonds, State low interest loans, as well as the development of benefit assessment districts that can pay for improvements in specific sections of the City where more investment needs have been identified.

			2018-19 NEW FUNDS	Future Funding Needs (unfunded)			
Projected Carryover				2019-20	2020-21	2021-22	2022-23
WATER	Priority						
Automated Water Meter Reading	Tier 3	\$500,000	\$600,000	\$1,800,000	\$1,200,000	\$400,000	-
Emergency Water Storage / Supply	Tier 1	4,195,359	2,000,000	2,800,000	2,800,000	-	-
Fire Flow Capacity Improvements	N/A	-	-	1,000,000	1,000,000	1,000,000	1,500,000
Reservoir No. 2 Roof Replacement	Tier 2	1,490,686	2,650,000	-	-	-	-
Reservoirs #1 & #2 Mixers	Tier 2	114,949	-	-	-	-	-
Urban Water Management Plan	N/A	-	-	140,000	-	-	-
Water Main Replacement Project	Tier 1	1,240,053	600,000	2,050,000	3,600,000	1,800,000	1,800,000
Subtotal		\$7,541,047	\$5,850,000	\$7,790,000	\$8,600,000	\$3,200,000	\$3,300,000