



**SPECIAL AND REGULAR MEETING AGENDA**

**Date:** 2/26/2019  
**Time:** 5:00 p.m.  
**City Council Chambers**  
**701 Laurel St., Menlo Park, CA 94025**

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

**5:00 p.m. Closed Session (City Hall – “Downtown” Conference Room, 1st Floor)**

Public Comment on these items will be taken before adjourning to Closed Session.

**CL1.** Closed session conference pursuant to Government Code §54957(b)(1) regarding public employee performance evaluation of the City Attorney

**5:45 p.m. Regular Session (City Council Chambers)**

The City Council intends to consider item H1. between 5:45 p.m. and 7 p.m. At 7 p.m., items E. through G. will begin, followed directly by H2.

**A. Call to Order**

**B. Roll Call**

**C. Pledge of Allegiance**

**D. Report from Closed Session**

D1. Report on action taken in Closed Session, if required, pursuant to Government Code §54957.1.

**E. Presentations and Proclamations**

E1. Proclamation: Recognizing Rich Ginn

E2. Proclamation: Recognizing Christy Heaton

E3. Proclamation: Recognizing Terry Thygessen

E4. Proclamation: Recognizing Joan Lambert

E5. Proclamation: Recognizing Dr. Charlie Mae Knight

E6. Proclamation: Recognizing Marcelino Lopez

**F. Public Comment**

Under “Public Comment,” the public may address the City Council on any subject not listed on the agenda. Each speaker may address the City Council once under public comment for a limit of three minutes. Please

clearly state your name and address or political jurisdiction in which you live. The City Council cannot act on items not listed on the agenda and, therefore, the City Council cannot respond to non-agenda issues brought up under public comment other than to provide general information.

## **G. Consent Calendar**

- G1. Accept the City Council meeting minutes for February 12, 2019 ([Attachment](#))
- G2. Introduce Ordinance No. 1055 to update inspection requirements of the stormwater management program ([Staff Report #19-027-CC](#))
- G3. Adopt Resolution No. 6486 to approve development-related fees for the new polychlorinated biphenyls building demolition program, and amend the master fee schedule to include these fees ([Staff Report #19-028-CC](#))
- G4. Adopt Resolution No. 6487 amending Resolution No. 6480 regarding the proposed abandonment of public right-of-way and public utility easements adjacent to 1345 Willow Road to reschedule the dates for Planning Commission review and City Council public hearing ([Staff Report #19-033-CC](#))

## **H. Regular Business**

- H1. 2019 City Council policy priorities and work plan ([Staff Report #19-035-CC](#))
- H2. Consideration and possible adoption of two alternative tenant relocation assistance ordinances ([Staff Report #19-036-CC](#))
- H3. Approve a two-year employment agreement with Starla Jerome-Robinson as city manager ([Staff Report #19-034-CC](#))
- H4. Receive a report and hear public comment on upcoming negotiations with the Menlo Park Police Sergeants Association on a successor agreement to the current agreement expiring June 30, 2019 ([Staff Report #19-026-CC](#))

## **I. Informational Items**

- I1. Review of the City's investment portfolio as of December 31, 2018 ([Staff Report #19-031-CC](#))
- I2. Update on the proposed San Mateo County Flood and Sea Level Rise Resiliency Agency ([Staff Report #19-029-CC](#))

## **J. City Manager's Report**

## **K. Councilmember Reports**

## **L. Adjournment**

At every Regular Meeting of the City Council, in addition to the Public Comment period where the public shall have the right to address the City Council on any matters of public interest not listed on the agenda, members of the public have the right to directly address the Commission on any item listed on the agenda at a time designated by the Chair, either before or during the City Council's consideration of the item.

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

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

Agendas are posted in accordance with Government Code Section 54954.2(a) or Section 54956. Members of the public can view electronic agendas and staff reports by accessing the City website at [menlopark.org/agenda](http://menlopark.org/agenda) and can receive email notification of agenda and staff report postings by subscribing to the "Notify Me" service at [menlopark.org/notifyme](http://menlopark.org/notifyme). Agendas and staff reports may also be obtained by contacting City Clerk at 650-330-6620. (Posted: 02/21/2019)

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**SPECIAL AND REGULAR MEETING MINUTES – DRAFT**

**Date:** 2/12/2019  
**Time:** 5:00 p.m.  
**City Council Chambers**  
**701 Laurel St., Menlo Park, CA 94025**

**City Councilmember Catherine Carlton participated by phone from:**  
**Jumeirah Beach Hotel, RM. 940**  
**Jumeirah Street, Dubai, UAE.**

**5:00 p.m. Closed Session (City Hall – “Downtown” Conference Room, 1st Floor)**

- Whitney Loy spoke on behalf of AFSCME commenting on a letter sent to City Council to open a dialogue about general wages and compensation comparisons with other cities in the area.

**CL1.** Closed session pursuant to Government Code Section §54957.6 to confer with labor negotiators regarding current labor negotiations with the Service Employees International Union (SEIU) and American Federation of State, and County and Municipal Employees (AFSCME)

Attendees: Interim City Manager Starla Jerome-Robinson, Assistant City Manager Nick Pegueros, Administrative Services Director Lenka Diaz, City Attorney Bill McClure

City Councilmember Carlton was absent.

**6:00 p.m. Study Session and Regular Session (City Council Chambers)**

**A. Call to Order**

Mayor Mueller called the meeting to order at 6:10 p.m.

**B. Roll Call**

Present: Carlton, Combs, Nash, Taylor, Mueller

Absent: None

Staff: Interim City Manager Starla Jerome-Robinson, City Attorney Bill McClure, City Clerk Judi A. Herren

**C. Pledge of Allegiance**

Mayor Mueller led the Pledge of Allegiance.

**Report from Closed Session**

None.

**D. Study Session**

D1. Provide feedback and direction to staff on the Housing Commission’s recommendation for an

urgency interim tenant relocation assistance Ordinance No. 1053 (Staff Report #19-025-CC)

Interim City Manager Starla Jerome-Robinson was recused on this item and exited the City Council chambers.

Interim Housing and Economic Development Manager Clay Curtin and Assistant City Attorney Cara Silver made the presentation.

- Ed Supplee described the history of rent in the area and commented renters are better off than buying.
- Angie Evans spoke in support of affordable housing and an urgency ordinance.
- Dawson Coblum spoke of concerns with the ordinance due to the natural expiration of the lease for smaller scale landlords.
- Neville Batliwalla spoke in support of small landlords and requested information pertaining to the number of complaints that have been received from tenants regarding rent costs over last three years.
- Mike Haddock commented that high prices market affects both landlords and tenants. Haddock was not in support of the ordinance.
- Maya Sawal spoke against a tenant relocation ordinance.
- Len Robinson spoke against the ordinance and suggested that it not apply to single family homes.
- Rachel Horst spoke in support of the ordinance.
- Tom Thompson spoke on a census reports and median rents in Menlo Park.
- Curt Conroy spoke against the ordinance.
- Vanessa Honey believes that this is a rent control ordinance.
- Paula Macchello spoke against the ordinance.
- Joanne Wong-Lam spoke against the ordinance and the costs associated with being an owner/landlord.
- Susan Lewis spoke about the costs of providing housing and the increases from the ordinance.
- Jordan Grimes spoke in support of the ordinance.
- Samra Adeni spoke in support of the ordinance.
- Wendy McPherson spoke against this version of ordinance and the negative impacts to the small landlords.
- Heather Serk spoke against the proposed ordinance.
- Karen Grove spoke in support of ordinance.
- Evan Collins spoke against the proposed ordinance.
- Pam Jones spoke in support of the urgency ordinance.
- Munir Voba spoke against the ordinance and compared it to the Berkeley rent control program.
- John Inks spoke against rent control and spoke on the Mountain View rent control policy.
- Meg McGraw-Scherer spoke in support of the ordinance.
- Robert Ko spoke about his current property and costs associated with it.
- Jennifer Mazzon spoke support of ordinance.
- Adina Levin spoke in support of the ordinance.
- Chris Isaacson spoke against the ordinance as it is written.
- Shirley Gibson spoke about the legal positions of the ordinance and provided a map.
- Keith Ogden spoke on the landlord cause termination section of the ordinance.

- Nazanin Salehi stated that a relocation ordinance does not require City staff to enforce the provisions.
- Juliet Brodie spoke in support of ordinance policy and commented that the hardship provision is unique.
- Nevada Meriman spoke in support of the ordinance.
- Kris Doherty spoke against the ordinance but would support a tax to share the cost burden.
- Helen Chen spoke against the ordinance and rent control.
- Phillip Bahr spoke against the proposed ordinance and suggested it not be an urgency ordinance.
- Micheal Johnson spoke against rent control.
- Bill Lamkin suggested that staff and City Council to focus on other issues and not landlord issues.
- Jeff Deng spoke against the ordinance and asked who is responsible for rent if the tenants are unable to afford it.
- Sonia Chawla explained that she has been both a property owner and a renter.
- Katie Behroozi spoke in support of the ordinance.
- Nik Noomen spoke against the ordinance.
- Richard Li spoke about the lack of housing as a zoning issue.
- Joshua Howard spoke against the ordinance.
- Ryan Carrigan spoke against the ordinance as written and suggest to revisit and focus on relocation only.
- Joyce Liu spoke against the ordinance and requested that City Council focus on the housing crisis.
- Julie Shanson spoke in support of the ordinances intentions.
- Jennifer Liu spoke against the ordinance and the costs of ownership.

The City Council took a brief 10-minute break.

City Council received clarification on the differences between rent control and tenant relocation assistance and directed staff to answer any questions they could that arose from public comment. Staff received direction from City Council to use the City of Redwood City's ordinance as a baseline and to return with an ordinance focused on tenant relocation assistance.

## **E. Presentations and Proclamations**

### **E1. Proclamation: Recognizing Barbara Wood**

Mayor Mueller read the proclamation and presented is to Barbara Wood.

## **F. Public Comment**

None.

## **G. Consent Calendar**

### **G1. Accept the City Council meeting minutes for January 29 and February 2, 2019 (Attachment)**

### **G2. Adopt Resolution No. 6484 to approve the amended water supply agreement with the City and County of San Francisco (Staff Report #19-021-CC)**

- G3. Authorize the City Manager to amend an agreement with W-Trans for the transportation master plan and transportation impact fee program and appropriate \$120,000 from the undesignated fund balance of the general fund (Staff Report #19-022-CC)
- G4. Adopt Resolution No. 6479 rescinding City Council Procedure No. CC-92-004 and adopting updated City Council Procedure establishing award authority and bid requirements (Staff Report #19-014-CC)
- G5. Authorize the City Manager to execute an agreement with LSA Associates to prepare an environmental impact report for a proposed project at 111 Independence Drive in the amount of \$164,810 plus change orders not exceed to the City Manager's award authority (Staff Report #19-020-CC)

**ACTION:** Motion and second (Combs/Taylor) to approve the consent calendar, passed unanimously.

#### H. Public Hearing

- H1. Consider an appeal of the Planning Commission approval of a use permit and architectural control for a new single-story, 3,681 square-foot nonmedical office building at 40 Middlefield Road, and consider a parking reduction to provide a parking ratio of one space per 230 square feet of gross floor area (Staff Report #19-019-CC)

Senior Planner Tom Smith and Assistant Community Development Director Deanna Chow made the presentation.

The applicant Ken Hayes made a presentation.

The appellants Joe Zott and Lauri Hart made a presentation.

City Council received clarification on the procedure of this public hearing. There was discussion round parking, occupancy levels, and traffic impacts.

**ACTION:** Motion and second (Carlton/Nash) to deny the appeal and uphold the Planning Commission's use permit and architectural control approval to construct a new single-story, 3,681 square-foot nonmedical office building on a vacant parcel located at 40 Middlefield Road in the C-4 (general commercial) zoning district, cap the number of employees at 10, and requiring a mesh gate, passed unanimously.

#### I. Regular Business

Regular business items were continued to a future meeting.

- I1. Discuss and provide direction on the City's travel policy and/or adopt a Resolution rescinding Council Procedure No. CC-18-001 and adopting City Council Procedure No. CC-19-002 titled "City of Menlo Park Travel, Meal, and Lodging Policy" (Staff Report #19-023-CC)

#### J. Informational Items



J1. Update on the Santa Cruz and Middle Avenues resurfacing project funded through a One Bay Area Grant 2 program (Staff Report #19-024-CC)

**K. City Manager's Report**

None.

**L. Councilmember Reports**

None.

**M. Adjournment**

Mayor Muller adjourned the meeting at 10:54 p.m.

Judi A. Herren, City Clerk

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**STAFF REPORT**

**City Council**

**Meeting Date:** 2/26/2019

**Staff Report Number:** 19-027-CC

**Consent Calendar:** **Introduce Ordinance No. 1055 to update inspection requirements of the stormwater management program**

**Recommendation**

Staff recommends that the City Council introduce an ordinance to update the City's Municipal Code, Chapter 7.42 (stormwater management program), to reflect that the County has transferred stormwater inspection responsibility to the City and to permit the City to recover its inspection costs from the affected businesses.

**Policy Issues**

The majority of the City's stormwater activities are funded by the general fund. Per the City's fiscal policy (user fee cost recovery), stormwater inspections are considered "high recovery costs" between 70-100 percent since they are regulatory in nature.

**Background**

The San Francisco Bay Municipal Regional Stormwater National Pollutant Discharge Elimination System Permit (NPDES Permit) Order No. R2-2015-0049 outlines the State's requirements for municipal agencies to address the water quality and flow-related impacts of stormwater runoff. It is a comprehensive permit, which regulates activities related to construction sites, industrial sites, illegal discharges and illicit connections, new development and municipal operations. It also requires a public education program, implementing targeted pollutant reduction strategies, and a monitoring program to help characterize local water quality conditions and to begin evaluating the overall effectiveness of the permit's implementation.

Provision C.4 Industrial and Commercial Site Control of the Regional Permit requires each municipality to implement an industrial and commercial site control program at all sites which could reasonably be considered to cause or contribute to stormwater runoff pollution, with inspections and effective follow-up and enforcement to abate actual or potential pollution sources. Every fiscal year, the City is required to conduct approximately 200 industrial and commercial stormwater inspections, and businesses are categorized as low, medium, or high to determine inspection frequency (every 5 years, every 2 years, or every year) as outlined in the City's business inspection plan which is updated annually. Examples of business categories that require inspections include gas stations, auto repair, building supply retailers, food service establishments, laboratories, manufacturing, and businesses with outdoor waste storage.

The San Mateo County Environmental Health Services Division stopped providing inspection services to all of the cities and towns in the County of San Mateo, excluding Daly City, San Mateo, and South San Francisco, on December 31, 2017. In order to continue meeting the Regional Permit Provision C.4 inspection requirements, on January 23, 2018, the City Council approved an agreement with EOA, Inc. to perform business inspections (Attachment B.) EOA's scope includes creating inspection schedules,

notifying businesses in advance about an upcoming inspection, performing inspections and documenting findings, educating and distributing best management practices literature as needed, and maintaining the inspection database. In addition, EOA may conduct illicit discharge inspections on an as-needed basis. In January 2018, the City completed a user fee study in order to capture the full cost of providing City services. Stormwater business inspections were included in Appendix 2. On April 24, 2018, the City Council amended the master fee schedule, which included a stormwater business inspection fee at “consultant cost plus 25 percent.”

### **Analysis**

In the process of taking over this stormwater inspection program, City staff reviewed the current stormwater regulations and is recommending updates in the Municipal Code to clarify that City staff and its contractors have the authority to conduct inspections and to implement additional best management practices. These updates to Chapter 7.42 are included in Attachment A.

Per the City’s fiscal policy (user fee cost recovery), stormwater inspections are considered “high recovery costs” between 70-100 percent since they are regulatory in nature. EOA’s current agreement for fiscal year 2018-19 is for \$78,749 to perform 207 inspections, which equates to approximately \$380 per inspection. The current 2018 master fee schedule allows the City to collect a stormwater business inspection fee equal to the consultant’s cost plus 25 percent to cover program administration. This equates to a fee of \$475 per stormwater business inspection for fiscal year 2018-19. Staff shall consider future adjustments of the business inspection fee through the master fee schedule review process.

### **Impact on City Resources**

The majority of the City’s stormwater activities are funded by the general fund, including implementing a stormwater business inspection program. Revising the Municipal Code to ensure full cost recovery for stormwater business inspections.

### **Environmental Review**

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

### **Public Notice**

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

### **Attachments**

- A. Menlo Park Municipal Code, Chapter 7.42 (red-lined with proposed revisions)
- B. City Council Staff Report, January 23, 2018 – hyperlink:  
[menlopark.org/DocumentCenter/View/16514/F4---CI-Stormwater-Inspections?bidId=](http://menlopark.org/DocumentCenter/View/16514/F4---CI-Stormwater-Inspections?bidId=)

Report prepared by:  
Pam Lowe, Senior Civil Engineer



Staff Report #: 19-027-CC

Report reviewed by:  
Chris Lamm, Assistant Public Works Director

## ORDINANCE NO. 1055

**ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MENLO PARK,  
CALIFORNIA, AMENDING TITLE 7, "HEALTH AND SANITATION," CHAPTER  
7.42, "STORM WATER MANAGEMENT PROGRAM" OF THE MENLO PARK  
MUNICIPAL CODE**

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

SECTION 1. FINDINGS AND DETERMINATIONS.

- A. The San Francisco Bay Municipal Regional Stormwater National Pollutant Discharge Elimination System Permit (NPDES Permit) Order No. R2-2015-0049 outlines the State's requirements for municipal agencies to address the water quality and flow-related impacts of stormwater runoff. One of the permit conditions requires a monitoring program to help characterize local water quality conditions and to begin evaluating the overall effectiveness of the permit's implementation.
- B. Provision C.4 Industrial and Commercial Site Control of the Regional Permit requires each municipality to implement an industrial and commercial site control program at all sites which could reasonably be considered to cause or contribute to stormwater runoff pollution, with inspections and effective follow-up and enforcement to abate actual or potential pollution sources.
- C. Every fiscal year, the City is required to conduct approximately 200 industrial and commercial stormwater inspections.
- D. San Mateo County Environmental Health Services Division stopped providing inspection services to all of the cities and towns in the County of San Mateo, excluding Daly City, San Mateo, and South San Francisco, on December 31, 2017.
- E. In order to continue meeting the Regional Permit Provision C.4 inspection requirements, on January 23, 2018, the City Council approved an agreement with EOA, Inc. to perform business inspections.

SECTION 2. AMENDMENT OF CODE. Section 7.42.080 [Discharge of Pollutants] of Chapter 7.42 [Storm Water Management Program] of Title 7 [Health and Sanitation] is hereby amended as follows.

7.42.080 Discharge of pollutants.

(a) Prohibition. The discharge of non-storm water discharges to the city storm sewer system and water courses is prohibited. The discharge of rubbish, refuse, bark, sawdust, or other solid wastes into surface waters or at any place where they would contact or where they would be eventually transported to surface waters including flood plain areas is prohibited.

(b) Implementation of NPDES permit conditions. The public works director, community development director or designees shall have authority to adopt policies to implement NPDES permit No.CAS612008 and all subsequent permits or amendments. These policies may include best management practices (BMPs) to control and reduce non-stormwater and polluted stormwater discharges to storm drains and watercourses; including but not limited to conditions

of approval, maintenance agreements; regular inspections and reporting requirements.

(c) Permitted discharges. All discharges of material other than storm water must be in compliance with a NPDES permit issued for the discharge (other than NPDES Permit No. CAS612008-CA0029924) and this chapter.

SECTION 3. AMENDMENT OF CODE. Section 7.42.140 [Authority to Inspect] of Chapter 7.42 [Storm Water Management Program] of Title 7 [Health and Sanitation] is hereby amended as follows.

7.42.140 Authority to inspect.

(a) Whenever necessary to make an inspection to enforce any of the provisions of this chapter, or whenever an authorized enforcement official has reasonable cause to believe that there exists in any building or upon any premises any condition which constitutes a violation of the provisions of this chapter, the official may enter such building or premises at all reasonable times to inspect the same or perform any duty imposed upon the official by this chapter; provided that: (1) if such building or premises be occupied, he or she shall first present proper credentials and request entry; and (2) if such building premises be unoccupied, he or she shall first make a reasonable effort to locate the owner or other persons having charge or control of the building or premises and request entry.

(b) Any such request for entry shall state that the property owner or occupant has the right to refuse entry that in the event such entry is refused, inspection may be made only upon issuance of a search warrant by a duly authorized magistrate. In the event the search owner and/or occupant refuses entry after such request has been made, the official is hereby empowered to seek assistance from any court of competent jurisdiction in obtaining such entry.

(c) Routine or area inspections shall be based upon such reasonable selection processes as may be deemed necessary to carry out the objectives of this chapter, including but not limited to random sampling and/or sampling in areas with evidence of storm water contamination, illicit discharges, discharges of non-storm water to the storm water system, or similar factors.

(d) In accordance with the master fee schedule, the city may charge all applicable fees and charges, including but not limited to fees and charges for plan checking and maintenance verification inspections and re-inspections related to this chapter or the current NPDES permit.

SECTION 4. SEVERABILITY. If any section of this ordinance, or part hereof, is held by a court of competent jurisdiction in a final judicial action to be void, voidable or unenforceable, such section, or part hereof, shall be deemed severable from the remaining sections of this ordinance and shall in no way affect the validity of the remaining sections hereof.

SECTION 5. CALIFORNIA ENVIRONMENTAL QUALITY ACT DETERMINATION. This action is not a project within the meaning of the California Environmental Quality Act (CEQA) Guidelines §§ 15378 and 15061(b)(3) as it has not potential for resulting in any direct or indirect physical change in the environment.

SECTION 6. EFFECTIVE DATE AND PUBLISHING. This ordinance shall take effect 30 days after adoption. The City Clerk shall cause publication of the ordinance within 15 days after passage in a newspaper of general circulation published and circulated in the city or, if none, the posted in at least three public places in the city. Within 15 days after the adoption of the ordinance

amendment, a summary of the amendment shall be published with the names of the council members voting for and against the amendment.

INTRODUCED on the twenty-sixth day of February 2019.

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

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Judi Herren, City Clerk





## STAFF REPORT

### City Council

**Meeting Date:** 2/26/2019  
**Staff Report Number:** 19-028-CC

**Consent Calendar:** **Adopt Resolution No. 6486 to approve development-related fees for the new polychlorinated biphenyls building demolition program, and amend the master fee schedule to include these fees**

### Recommendation

Staff recommends that the City Council:

1. Adopt Resolution No. 6486 (Attachment A) to approve development-related fees for the new polychlorinated biphenyls (PCBs) building demolition program.
2. Amend the master fee schedule to include development-related fees for the new PCBs building demolition program.

### Policy Issues

The majority of the City's stormwater activities are funded by the general fund. Per the City's fiscal policy (user fee cost recovery), development-related-fees for the new PCBs building demolition program are considered "high recovery costs" between 70-100 percent since they are regulatory in nature.

The proposed project is consistent with Municipal Code Chapter 7.42, Ordinance No. 859 (stormwater management program) which protects and enhances the water quality of our watercourses, water bodies and wetlands in a manner pursuant to and consistent with the Clean Water Act. Specifically, the stormwater management program ensures the future health, safety and general welfare of City residents by

1. Eliminating non-stormwater discharges to the storm sewer
2. Controlling the discharge to storm sewers from spills, dumping or disposal of materials other than stormwater
3. Reducing pollutants in stormwater discharges to the maximum extent practicable

### Background

The San Francisco Bay Municipal Regional Stormwater National Pollutant Discharge Elimination System Permit (NPDES) Permit Order No. R2-2015-0049, NPDES Permit No. CAS612008, outlines the State's requirements for municipal agencies to address the water quality and flow-related impacts of stormwater runoff. Provision C.12 of the permit requires each agency to develop an assessment protocol methodology for managing materials with PCBs in applicable structures that are planned for demolition, so that PCBs do not enter municipal storm drain systems, and implement the new program by July 1, 2019.

The Bay Area Stormwater Management Agencies Association (BASMAA) is assisting local agencies to address these stormwater permit requirements. They have developed guidance and tools to evaluate priority PCBs-containing materials before building demolition which includes an evaluation methodology and guidance on data collection for priority building materials to be tested, sampled, analyzed, and reported to

the City before receiving the building demolition permit. The PCBs building demolition program will focus on requiring sampling before demolition for these four priority building materials:

- Caulks and sealants
- Thermal/fiberglass insulation and other insulating materials
- Adhesive/mastic
- Rubber window seals/gaskets

Sampling will be a requirement for applicable structures. A structure will be considered an applicable structure if it meets all of the following:

- It is a complete demolition.
- Structure was constructed or remodeled between January 1, 1950 and December 31, 1980.
- Structure is not a single-family home.
- Structure is not wood-framed.

At the December 4, 2018 City Council meeting, staff included an informational item on the new PCBs building demolition program (Attachment B.)

### Analysis

Staff anticipates that the following community development and public Works staff will be responsible for implementing the following tasks for the PCBs building demolition program:

- Receive applications for demolition permit (building)
- Provide initial screening forms for the PCBs building demolition program (building)
- Review sampling data and reports (engineering)
- Collect fees and issue demolition permits (building)

Applicants seeking a demolition permit from the City shall complete the screening assessment form for the PCBs building demolition program for each building. The assessment form will include a two-step screening process:

1. Applicants shall complete the screening assessment form to certify the building's age, use and material, and whether it is a partial or complete demolition. If applicants are exempt, they will certify the assessment form, and nothing more needs to be done.
2. Applicants with an *applicable structure* will be required to sample and analyze PCBs in the four priority building materials and report that information to the City.
  - If PCBs are found to be less than 50 parts per million (ppm), the applicant will certify the assessment form, and nothing more needs to be done.
  - If PCBs are found to be greater than or equal to 50 ppm, applicants will be required to complete the application with the building's sampling results and submit to the City for review. Applicants shall also be responsible for notifying applicable federal and state agencies (which may include the U.S. Environmental Protection Agency and/or the San Francisco Bay Regional Water Quality Control Board) to determine abatement requirements, similar to abatement requirements for asbestos. City staff will be responsible for confirming that the applicant conducted sampling per the instructions in the BASMAA applicant package instructions, and that the sampling data are reported accurately on the assessment forms. Once any applicable abatement is completed, City staff shall issue the demolition permit.

For structures that are not an applicable structure, staff anticipates the additional amount of staff time needed to process the demolition permit application will be minimal and there is no need for cost recovery. For each applicable structure, staff anticipates a minimum of two hours of engineering staff time will be needed to confirm that the applicant conducted sampling per the instructions in the BASMAA applicant package instructions, and that the sampling data are reported accurately on the assessment forms.

Staff time to review sampling data and reports would be considered a development-related fee. Per the City’s fiscal policy (user fee cost recovery), development-related-fees for the new PCBs building demolition program are considered “high recovery costs” between 70-100 percent since they are regulatory in nature. Staff recommends adopting development-related fees at the associate civil engineer full-cost recovery hourly rate per the current finance user fee study (\$156 per hour) for each applicable structure for the new PCBs building demolition program. Staff also recommends amending the master fee schedule to include the fee (which will be collected before building issuing the demolition permit), and updating the fee accordingly with future finance user fee studies.

Table 1: Fee proposed title	
Fee title	Proposed fee
Stormwater PCBs building demolition program (2 hours minimum for each applicable structure) * Staff hourly rate or for work contracted out	Associate civil engineer full-cost recovery hourly rate per the current finance user fee study

Staff will provide sufficient advance outreach to notify the public of this new program via the City’s website, an informational handout at the building counter, and a public notice in a local newspaper. Staff is planning to begin implementing the new PCBs building demolition program May 1, 2019, after the 60-day effective date of the resolution. This will give staff two months (May and June) to test the new procedures and become comfortable with the new program before the mandated July 1, 2019, implementation deadline.

Staff will include information on the PCBs building demolition program to the San Francisco Bay Water Quality Control Board annually as required per the stormwater permit requirements.

**Impact on City Resources**

The majority of the City’s stormwater activities are funded by the general fund. Revising the Municipal Code to ensure full cost recovery for stormwater business inspections.

**Environmental Review**

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

**Public Notice**

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



**Attachments**

- A. Resolution No. 6486
- B. City Council staff report, December 4, 2018 – an informational item on the new PCBs building demolition program – hyperlink: [menlopark.org/DocumentCenter/View/19062/15-PCBs-18-223](http://menlopark.org/DocumentCenter/View/19062/15-PCBs-18-223)

Report prepared by:  
Pam Lowe, Senior Civil Engineer

Report reviewed by:  
Chris Lamm, Assistant Public Works Director

**RESOLUTION NO. 6486**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK  
AMENDING CITY FEES AND CITY CHARGES**

WHEREAS, under the provisions of the City of Menlo Park Municipal Code Section 1.25.010, fees and charges assessed by the City of Menlo Park may be amended or modified upon the adoption of a resolution by the City Council; and

WHEREAS, the City Council of the City of Menlo Park considers that said amended fees, as per staff report CC-19-028-CC dated February twenty-sixth, 2019 are appropriate and should be adopted.

The City Council of the City of Menlo Park makes the following findings:

1. User fee services are those performed by the City on behalf of a private citizen or group with the assumption that the costs of services benefiting individuals, and not society as a whole, should be borne by the individual receiving the benefit.

However, in some circumstances, it is reasonable to set fees at a level that does not reflect the full cost of providing service but to subsidize the service.

NOW, THEREFORE, BE IT RESOLVED that the master fee schedule last amended April twenty-fourth, 2018, is hereby amended effective 60 days following adoption of this resolution to include the fees described below; and

Fee title	Proposed fee
Stormwater polychlorinated biphenyls (PCB) building demolition program (2 hours minimum for each applicable structure) * Staff hourly rate or for work contracted out	Associate civil engineer full-cost recovery hourly rate per the current finance user fee study

BE IT FURTHER RESOLVED that the City Manager is authorized to waive, modify or amend fees on any matter in his/her reasonable discretion, provided that said fees may not be increased and if he/she does so, he/she shall so advise the City Council.

PASSED AND ADOPTED at a regular meeting of the Menlo Park City Council on the twenty-sixth day of February 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Official Seal of the City of Menlo Park this twenty-sixth day of February, 2019.

---

Judi A. Herren, City Clerk



## STAFF REPORT

### City Council

Meeting Date:

2/26/2019

Staff Report Number:

19-033-CC

Consent Calendar:

**Adopt Resolution No. 6487 amending Resolution No. 6480 regarding the proposed abandonment of public right-of-way and public utility easements adjacent to 1345 Willow Road to reschedule the dates for Planning Commission review and City Council public hearing**

### Recommendation

Staff recommends that the City Council adopt Resolution No. 6487 (Attachment A) amending Resolution No. 6480 regarding the proposed abandonment of public right-of-way and public utility easements adjacent to 1345 Willow Road to reschedule the dates for Planning Commission review and City Council public hearing.

### Policy Issues

There are no policy issues for consideration. Action is required to reschedule the meeting/hearing dates.

### Background

On January 29, 2019, the City Council adopted Resolution No. 6480 declaring the intention to abandon public right-of-way and public utility easements adjacent to the property at 1345 Willow Road. The resolution forwarded the abandonment request to the Planning Commission for its consideration at its February 25, 2019 meeting, and set the time and date for the City Council public hearing as March 12, 2019, at 7 p.m. Because it was not possible to schedule consideration of the abandonment for the Planning Commission on the February 25, 2019 meeting, it is necessary to reschedule the public hearing before the City Council. The abandonment request is now scheduled to be considered at the March 11, 2019, Planning Commission meeting and the City Council public hearing is scheduled for March 26, 2019, at 7 p.m.

### Analysis

Resolution No. 6480 set specific dates for consideration by the Planning Commission and the public hearing before the City Council, adoption of Resolution No. 6487 is necessary to reschedule those dates.

### Impact on City Resources

There is no impact on City resources associated with this action.

## **Environmental Review**

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

## **Public Notice**

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

## **Attachments**

A. Resolution No. 6487

Report prepared by:  
Theresa Avedian, Senior Civil Engineer

Report reviewed by:  
Justin Murphy, Public Works Director



**RESOLUTION NO. 6487**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO  
PARK AMENDING RESOLUTION NO. 6480 REGARDING THE  
ABANDONMENT OF PUBLIC RIGHT-OF-WAY AND PUBLIC  
UTILITY EASEMENTS ADJACENT TO THE PROPERTY AT 1345  
WILLOW ROAD**

WHEREAS, on January 29, 2019, the City Council of the City of Menlo Park adopted Resolution No. 6480 declaring the intention to abandon public right-of-way and public easements adjacent to the property at 1345 Willow Road and set specific dates for consideration by the Planning Commission and a public hearing before the City Council; and

WHEREAS, it is necessary to reschedule the dates for consideration by the Planning Commission and the public hearing before the City Council

NOW, THEREFORE, BE IT RESOLVED, that Resolution No. 6480 is replaced in its entirety as follows:

WHEREAS, the City Council of the City of Menlo Park has considered the abandonment of Public right-of-way and public utility easements adjacent to the property at 1345 Willow Road as shown in Exhibit A, which is attached and made apart thereto; and

WHEREAS, the Planning Commission is scheduled to review the proposed abandonment for consistency with the City's General Plan at its meeting on March 11, 2019; and

WHEREAS, the City Council will hold a Public Hearing on March 26, 2019 at approximately 7:00 p.m. as required by law to determine whether said public right-of-way and public utility easements shall be abandoned.

NOW, THEREFORE, BE IT RESOLVED, that a Resolution of Intention of the City Council of the City of Menlo Park does hereby propose the abandonment of public right-of-way and public utility easements adjacent to the property at 1345 Willow Road.

I, Judi A. Herren, City Clerk of Menlo Park, do hereby certify that the above and foregoing City Council resolution was duly and regularly passed and adopted at a meeting by said City Council on the twenty-sixth day of February, 2019 by the following votes:

AYES:

NOES:

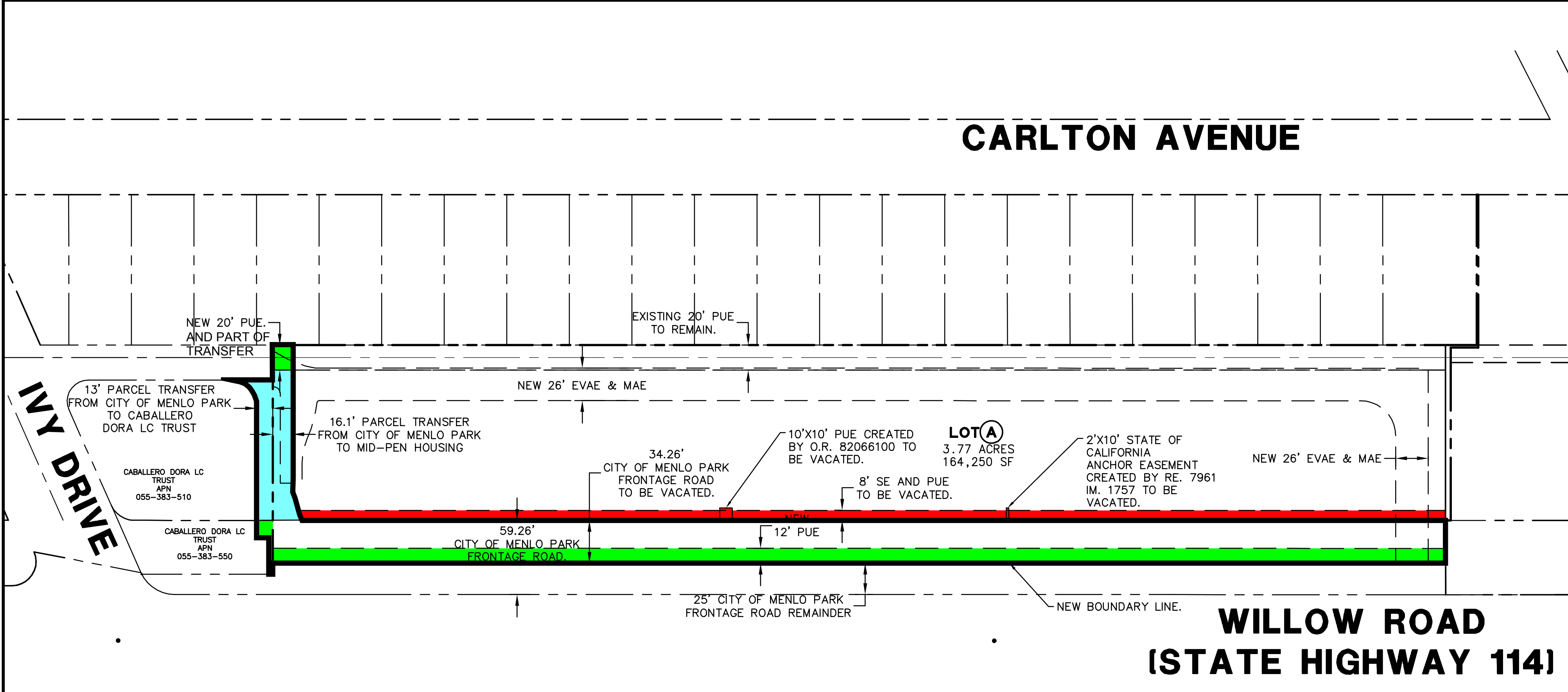
ABSENT:

ABSTAIN:

IN WITNESS THEREOF, I have hereunto set my hand and affixed the Official Seal of said City on this twenty-sixth day of February, 2019.

---

Judi A. Herren, City Clerk



1730 N. FIRST ST.  
SUITE 600  
SAN JOSE, CA 95112  
408-467-9100  
408-467-9199 (FAX)

**BKF100+**  
YEARS  
ENGINEERS · SURVEYORS · PLANNERS

**FRONTAGE ROAD VACATION EXHIBIT  
GATEWAY FAMILY HOUSING**  
1345 WILLOW ROAD  
MENLO PARK SAN MATEO CALIFORNIA

Revisions	No.	Date

Date: 12.18.18  
Scale: 1" = 60'  
Design: FCG  
Drawn: FCG  
Approved: JN  
Job No: 20156154

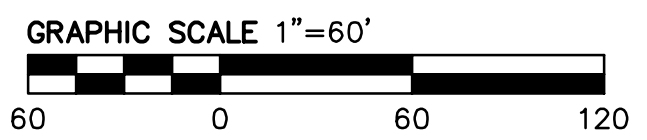
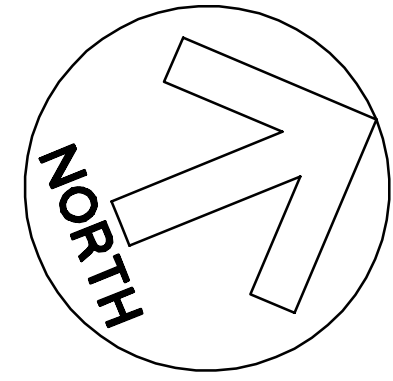
Drawing Number:  
**EX1**  
1 OF 1

**ABBREVIATIONS**

- D = DELTA ANGLE
- E = EAST
- EVAE = EMERGENCY VEHICLE ACCESS EASEMENT
- L = LENGTH
- MAE = MAINTENANCE ACCESS EASEMENT
- N = NORTH
- O.R. = OFFICIAL RECORD
- PAE = PUBLIC ACCESS EASEMENT
- PM = PARCEL MAP
- PUE = PUBLIC UTILITY EASEMENT
- R = RADIUS
- R/W = RIGHT-OF-WAY
- ROS = RECORD OF SURVEY
- RTE = ROUTE
- S = SOUTH
- S.E. = SIDEWALK EASEMENT
- W = WEST

**LEGEND**

- PROJECT PROPERTY LINE
- ADJACENT PROPERTY LINES
- LOT LINES
- CALTRANS RIGHT OF WAY
- STREET CENTER LINE
- EASEMENT LINE
- NEW PUE TO COVER EXISTING MAINS
- EASEMENT TO BE ABANDONED
- FRONTAGE ROAD TO BE VACATED
- FRONTAGE ROAD TO BE TRANSFERRED



DRAWING NAME: 1345 WILLOW RD - GATEWAY FAMILY HOUSING - EXHIBIT A  
PLOT TIME: 12/18/18  
SCALE: 1"=60'



## STAFF REPORT

### City Council

**Meeting Date:** 2/26/2019  
**Staff Report Number:** 19-035-CC

**Regular Business:** 2019 City Council policy priorities and work plan

### Recommendation

The recommendation is that the City Council:

- Adopt the 2019-20 budget principles, as amended at the City Council's goal setting session February 2, 2019;
- Adopt the prioritization schedule for the fiscal year 2018-19 capital improvement program budget, amended at the City Council's goal setting session February 2, 2019 (Attachment A); and
- Determine the 2019-20 City Council priorities and instruct staff to return with the final City Council work plan March 5, 2019, for City Council adoption as a consent agenda item (Attachment B).

### Policy Issues

The City Council conducts an annual goal setting session to provide the policy direction necessary for staff to prioritize the allocation of City resources both through the end of the fiscal year and for the upcoming year. With clear priorities from the City Council, staff then develop the annual operating budget and the five-year capital improvement program (CIP) budget for the upcoming fiscal year. The City's fiscal year begins July 1.

### Background

The City Council held its annual goal setting session as a special meeting Saturday, February 2, 2019, to review the 10-year financial forecast and proposed fiscal year 2019-20 budget principles, receive an update on 2018 City Council work plan, and provide some guidance to staff on projects to consider for prioritization in 2019. The City Council did not provide direction on the prioritization of projects for 2019, deferring such action to February 26, 2019.

In the six-hour special meeting February 2, staff presented the following items and public input was solicited and received on each of the significant work plan categories as follows:

- 2018 work plan items anticipated to conclude by June 30, 2019
- 2018 work plan items expected to continue to continue into fiscal year 2019-20
- 2018 work plan items required additional City Council direction
- Staff's prioritization of the fiscal year 2018-19 City Council adopted CIP budget

Due to potential conflict, it should be noted that Mayor Mueller recused himself from the discussion of the Downtown Parking Structure project and the El Camino Real/Downtown Specific Plan Update project.

### Analysis

The following summarizes the City Council action requested to establish the 2019 priorities and work plan.

To the best of staff's ability, the attachments capture the feedback provided by the City Council during the goal setting session February 2.

1. Adoption of the fiscal year 2019-20 budget principles. As part of the annual goal setting process, staff requests City Council approval of the budget principles that will be used to guide the development of the upcoming fiscal year budget. At the February 2 meeting, the City Council directed staff to add two significant modifications to the staff proposed changes. The staff proposed changes are shown in blue, and the City Council directed changes are shown in red:
  - Promote the City's long-term fiscal sustainability
    - Monitor and report on changes in CalPERS liabilities and include those changes in the City's 10-year financial forecast; **actively pursue strategies to reduce pension costs as opportunities arise**
    - Incorporate a budgetary assumption for salary savings resulting from employee vacancies in the current year budget and the 10-year financial forecast
    - Actively pursue revenue enhancements and strive to achieve full cost recovery for all fee-based services, except where the City Council sees a clear public interest in providing a subsidy
    - Find areas, which may include shared services, to provide more efficient use of funds
  - Enhance and maintain core City services and infrastructure
    - **Strive to balance the resources and requirements of each area of the City in an equitable manner**
    - Prioritize City Council adopted initiatives and strategies that contribute to the quality of life in Menlo Park
    - Evaluate one-time revenues for highest and best investment
    - Recognize the benefit of leveraging near term investments for long-term gains in financial sustainability and/or quality of life
  - Manage staff capacity to efficiently deliver services to the community
    - Invest in new technologies that drive efficiency and productivity
    - Incorporate programs and initiatives that strengthen Menlo Park's standing as an employer of choice to retain and attract highly qualified personnel
    - Proactively manage the loss of institutional knowledge **through documentation of procedures, practices, and processes and** succession planning efforts including the ability to provide for overlap in critical positions at the discretion of the City Manager
  - Communicate the City's financial position
    - Continue to refine the budget document **and provide additional finance-related communication** to enhance the public's access to the City's financial information
    - **Document, review, and maintain** proper internal controls over the City's resources **with transparency**

Requested City Council action – Review, amend as necessary, and approve the amended fiscal year 2019-20 budget principles.

1. Prioritization of the adopted 5-year CIP budget. To ensure that staff's internal prioritization of the adopted 2018-19 CIP is consistent with the City Council's expectations, staff presented the pages from the adopted budget as shown in Attachment A.

Requested City Council action – Review, amend prioritization as necessary, and approve the 5-year CIP budget project prioritization.

2. Establish the City Council's 2019 priorities and work plan. As a result of the February 2 goal setting session, Attachment B outlines staff's understanding of the City's Council's direction. Attachment B is

broken into four distinct categories as follows:

- a. 2019-20 priorities and work plan. The first category on Attachment B contains 12 carry-over projects from the 2018 work plan and two new projects identified at the goal setting session. Staff has prepared a project on a page (PoP) outlining the project scope and next steps. The PoPs can be amended, at City Council direction, and will be updated quarterly to ensure that the project scope and timeline is in alignment with the City Council's priorities. Attachment B also includes staff's recommended 2019-20 priorities with the 2019 priorities listed at the top of the attachment. The staff recommended "2019 Top Priority" is based on project progress to date, feedback received from the City Council February 2, public input, and estimated staff capacity in 2019-20.

Requested City Council action – Review, amend prioritization as necessary, and direct staff to return on with a final 2019 City Council priorities and work plan for City Council adoption as a consent agenda item March 5, 2019.

- b. 2019 study sessions. The second category on Attachment B contains four carry-over projects from the 2018 work plan and two new projects that staff recommends scheduling a City Council study session. The purpose of the study session would be to identify each project's policy objective, scope and budget. Staff has recommended tentative dates for the study sessions based on the City Council's tentative agenda and staff capacity to prepare for the study session.

Requested City Council action – Review, amend prioritization as necessary, and direct staff to return at a future date with a study session presentation to seek City Council direction. The City Council may also consider appointing an ad hoc subcommittee to assist in framing the study session. If the City Council desires ad hoc subcommittees for one or more of the projects, staff will return March 5 for formal City Council creation of the subcommittees.

- c. Refer to commission. The third category on Attachment B contains three new initiatives that require project scope development. Staff recommends that the City Council direct the identified commission to prepare a proposed project-on-a-page document for City Council consideration at a future meeting.

Requested City Council action – Direct the identified commission to develop a project on a page and return to the City Council by June 30, 2019, for further City Council consideration and prioritization.

- d. Transfer projects – The final category on Attachment B contains eight projects approved by the City Council in the 2018 work plan that staff recommends moving off the work plan into either regular operations, the 5-year CIP, or a study underway where the project would be a component of a larger master plan.

Requested City Council action – No action is required. The projects will proceed as prioritized in Attachment A.

3. What is a "top priority" project? As provided in the first section of Attachment B, there are 14 projects identified for City Council consideration as 2019 Top Priority projects. As a "2019 top priority" project, staff will strategically realign all available resources necessary to achieve the milestones outlined in the project on a page description for the project. 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 the projects included in the work plan. Also, staff will continue to work on the CIP and deliver daily services to the community.

4. Recommended prioritization process. After staff presentation, City Council questions of staff, public comment, and City Council discussion of the information provided in this report, the City Council may consider the following approach to carry forward the prioritization process:
  - a. The Mayor solicits motions to add projects to the list for prioritization consideration (Attachment B, reference nos. 1-14.) The project will be added to the work plan project list if it receives a majority vote of the City Council.
  - b. Once the list of projects for priority consideration is complete, the Mayor will call for a vote to:
    - i. Accept staff's recommended 2019 Top Priority, as shown in Attachment B, nos. 1-5.
    - ii. If the vote to accept staff's recommendation fails, the Mayor will call for a vote on each project listed as a top priority in Attachment B. Any project receiving a majority vote will remain as a top priority.
    - iii. Once the City Council completes its vote of the top priorities as detailed in Attachment B, the Mayor will call for a motion to nominate replacement projects to fill out the remaining slots for top priority projects in 2019. The goal is to have a balanced work plan that considers the impact of top priorities on various workgroups. For example, it is unlikely that the Public Works Department can manage five top priorities given its existing workload. If a replacement project has a second, the Mayor will ask staff to provide any comment regarding potential conflicts for projects already approved as a top priority. After staff comment, the City Council will vote.
    - iv. Once the City Council has selected the top five priorities, the City Council will then vote on the balance of the work plan.
    - v. Staff will take the City Council's direction and return March 5 with a consent agenda item for City Council to adopt the 2019 priorities and work plan.

### **Public Notice**

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 24 hours prior to the meeting.

### **Attachments**

- A. 2018 City Council adopted work plan status
- B. 2018-19 CIP budget summaries by category

Report prepared by:  
Nick Pegueros, Assistant City Manager





**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.

	Priority	Projected Carryover	2018-19 NEW FUNDS	Future Funding Nees (unfunded)			
				2019-20	2020-21	2021-22	2022-23
<b>CITY BUILDINGS &amp; SYSTEMS</b>							
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 Builc	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	-	-	-	-	-
<b>Subtotal</b>		<b>\$4,295,422</b>	<b>\$2,085,000</b>	<b>\$2,200,000</b>	<b>\$1,875,000</b>	<b>\$1,950,000</b>	<b>\$1,750,000</b>

# 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.

	Priority	Projected Carryover	2018-19 NEW FUNDS	Future Funding Nees (unfunded)			
				2019-20	2020-21	2021-22	2022-23
<b>ENVIRONMENT</b>							
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	-	-	-	-	-
<b>Subtotal</b>		<b>\$326,159</b>	<b>\$450,000</b>	<b>\$500,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>

# 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.

	Priority	Projected Carryover	2018-19 NEW FUNDS	Future Funding Needs (unfunded)			
				2019-20	2020-21	2021-22	2022-23
<b>PARKS &amp; RECREATION</b>							
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.

	Priority	Projected Carryover	2018-19 NEW FUNDS	Future Funding Nees (unfunded)			
				2019-20	2020-21	2021-22	2022-23
<b>STORMWATER</b>							
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	-	-	-
<b>Subtotal</b>		<b>\$6,982,890</b>	<b>\$450,000</b>	<b>\$250,000</b>	-	-	-

# 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.

STREETS AND SIDEWALKS	Priority	Projected Carryover	2018-19 NEW FUNDS	Future Funding Nees (unfunded)			
				2019-20	2020-21	2021-22	2022-23
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	-	-	-
<b>Subtotal</b>		<b>\$4,801,454</b>	<b>\$6,015,000</b>	<b>\$5,800,000</b>	<b>\$9,000,000</b>	<b>\$8,600,000</b>	<b>\$7,000,000</b>

# 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.

	Priority	Projected Carryover	2018-19 NEW FUNDS	Future Funding Needs (unfunded)			
				2019-20	2020-21	2021-22	2022-23
<b>TRAFFIC &amp; TRANSPORTATION</b>							
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	-	-	-	-	-
<b>Subtotal</b>		<b>\$3,071,221</b>	<b>\$2,607,000</b>	<b>\$580,000</b>	<b>\$36,280,000</b>	<b>\$500,000</b>	<b>\$500,000</b>

# 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.

	Priority	Projected Carryover	2018-19 NEW FUNDS	Future Funding Nees (unfunded)			
				2019-20	2020-21	2021-22	2022-23
<b>WATER</b>							
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
<b>Subtotal</b>		<b>\$7,541,047</b>	<b>\$5,850,000</b>	<b>\$7,790,000</b>	<b>\$8,600,000</b>	<b>\$3,200,000</b>	<b>\$3,300,000</b>



<b>2019 City Council Priorities and Goal Setting</b>				
<b>New Ref #</b>	<b>Project</b>	<b>2019-20 Priorities and Work Plan</b>	<b>Lead Department</b>	<b>Old Ref #</b>
1	<b>2019 Top Priority:</b> Transportation Master Plan	Project on a Page 1	Public Works	17
2	<b>2019 Top Priority:</b> Chilco Street Improvement Project	Project on a Page 2	Public Works	20
3	<b>2019 Top Priority:</b> Middle Avenue Pedestrian and Bicycle Rail Crossing	Project on a Page 3	Public Works	21
4	<b>2019 Top Priority:</b> Heritage Tree Ordinance Update	Project on a Page 4	City Manager's Office	26
5	<b>2019 Top Priority:</b> Belle Haven Branch Library	Project on a Page 5	Library	23
6	Formation of a Transportation Management Association	Project on a Page 6	Public Works	22
7	ECR/ Downtown Specific Plan Update	Project on a Page 7	Community Development	19
8	Market Affordable Housing Preservation	Project on a Page 8	Community Development	27
9	Short-term Rental Ordinance	Project on a Page 9	Community Development	28
10	Single-Family Residential Design Review	Project on a Page 10	Community Development	56
11	Teacher housing - Flood School Site	Project on a Page 11	Community Development	New
12	Develop and implement near-term downtown parking strategies	Project on a Page 12	Community Development/ Public Works	New
13	Zero Waste Implementation	Project on a Page 13	City Manager's Office	25
14	Implement IT Master Plan (Year 2; Land Management)	Project on a Page 14	Administrative Services	24
<b>New Ref #</b>	<b>Project</b>	<b>2019 Study Session (tentative)</b>	<b>Lead Department</b>	<b>Old Ref #</b>
15	Minimum Wage Policy	5/7/2019	City Manager's Office	54
16	Annexation Procedure/West Menlo Triangle Annexation	5/21/2019	Public Works	58
17	Update City Council procedures manual	6/4/2019	City Manager's Office	New
18	Equity in Education Joint Powers Authority	6/18/2019	City Manager's Office	51
19	Charter City Initiative	7/16/2019	City Manager's Office	49
20	Creation of public amenities fund	8/27/2019	Administrative Services	New
<b>New Ref #</b>	<b>Initiative</b>	<b>Refer item to Commission</b>	<b>Lead Department</b>	<b>Old Ref #</b>
21	Middle Ave Caltrain access, San Mateo bike bridge, Olive	Complete Streets	Public Works	New
22	Energy reach codes and carbon policy	Environmental Quality	Community Development	New
23	Affordable housing	Housing Commission	Community Development	New
<b>New Ref #</b>	<b>Project</b>	<b>Transfer Projects</b>	<b>Lead Department</b>	<b>Old Ref #</b>
24	Burgess Park Snack Shack	Incorporate in Parks & Recreation Master Planning process	Community Services	48
25	Sea Level Rise Resiliency Plan	Keep in CIP	Public Works	55
26	High Speed Rail coordination and environmental review	Move to operations	Public Works	53
27	El Camino Real Corridor Study	Included in Transportation Master Planning process	Public Works	50
28	Downtown Utility Undergrounding District	Keep in CIP	Public Works	52
29	Willows Neighborhood Complete Streets	Keep in CIP	Public Works	59
30	Plan a Downtown Parking Structure	Keep in CIP	Community Development	18
31	Welcome to Menlo Park Monument Signs	Keep in CIP	Public Works	57



# TRANSPORTATION MASTER PLAN

Public Works Department  
701 Laurel St., Menlo Park, CA 94025  
Kristiann Choy, Senior Transportation Engineer  
kmchoy@menlopark.org  
tel 650-330-6770



## Project Summary

The Transportation Master Plan (TMP) and Transportation Impact Fee (TIF) Program is the highest priority program following the adoption of the ConnectMenlo General Plan Land Use and Circulation Elements in November 2016. The Circulation Element has seven goals and 86 policies and programs that establish the framework for the City's priorities related to multi-modal transportation. The Transportation Master Plan will build from the policy context of the Circulation Element to identify infrastructure projects and strategic programs, then prioritize them for implementation. The Transportation Impact Fee Program will assess the responsibility of new development to help fund the infrastructure projects identified in the Transportation Master Plan, and allow the City to update the Fee Program, which was last updated in 2009.

## Key Project Activities and Timeline

### 1. Project Initiation (January to August 2017):

- Select consultant team and award contract
- Appoint 11-member Transportation Master Plan Oversight and Outreach Committee
- Initiate project

### 2. Develop Plan Goals (August 2017 to February 2018):

- Conduct community engagement reaching 1000 participants to provide input on goals and priorities
- Develop performance measures and prioritization criteria
- Review existing traffic data and collision history
- Identify four key focus corridors: Bayfront Expressway, Willow Road, El Camino Real, Sand Hill Road

### 3. Develop Recommendations and TMP (February 2018 to ongoing)

- Develop list and maps of projects
- Solicit feedback from TMP Oversight and Outreach Committee and Complete Streets Commission
- Prioritize identified projects
- Prepare and adopt TMP

### 4. Update Transportation Impact Fee Program (February 2019 to late 2019)

- Identify cost of planned future transportation improvements using project list developed for TMP
- Allocate responsibility of future transportation improvements to existing and new developments
- Establish updated fees for new development projects
- City Council approval of updated fee schedule and ordinance language

This list of activities and timeline provides general next steps anticipated for the TMP and TIF Update. Staff is currently developing an update to the City Council expected in February 2019 to present a refined scope, schedule and budget to complete this project.

## Related Existing Policies, Programs, Future Projects

Safe Routes to School, Transportation Demand Management, Transportation Management Association, General Plan Two-Year Review and Update, El Camino Real/Downtown Specific Plan Review and Update, Climate Action Plan, Development Agreements, Managers Mobility Partnership, Parks & Recreation Master Plan, Green Infrastructure Plan

**Project Summary**

Interdepartmental and community engagement throughout this process is vital to the development of a transportation master plan.

Project Team	Internal Stakeholders	Community Engagement
Kristiann Choy, Transportation Division, Project Lead Kevin Chen, Transportation Division Nikki Nagaya, Assistant Public Works Director W-Trans, Consultant	Sustainability Division, City Manager's Office Housing and Economic Development Division, Community Development Planning Division, Community Development Engineering Division, Public Works Maintenance Division, Public Works Police Department	Transportation Master Plan Oversight and Outreach Committee Complete Streets Commission Community (residents and businesses) Chamber of Commerce Transit Partners – SamTrans, Caltrain Caltrans

# CHILCO STREET IMPROVEMENT PROJECT

Public Works Division  
 701 Laurel St., Menlo Park, CA 94025  
 Michael Fu, Associate Civil Engineer  
 mgfu@menlopark.org  
 tel 650-330-6706



## Project Summary

Public Works is coordinating multimodal transportation and utility improvements along Chilco Street pursuant to the conditions of Facebook’s Campus Expansion development. The project will span from Bayfront Expressway to Hamilton Avenue (just south of the rail crossing) and includes critical enhancements for public safety by implementing new infrastructure in the City right of way.

Specifically, the project provides measures to significantly improve pedestrian / bicycle connectivity, traffic calming, stormwater treatment, and streetscape. A detailed description of these key features is listed below:

### Key Features:

- Separated sidewalk and bicycle paths to promote connectivity with the Belle Haven neighborhood
- New turn lanes and traffic signals / crosswalks to reduce vehicular congestion and promote safe access to Belle Haven and new development areas
- Landscape features to beautify the unimproved dirt area adjacent to the railroad
- Storm water treatment basins to promote clean runoff and alleviate historic flooding issues
- Street light fixtures to improve nighttime visibility

The project is tentatively scheduled for completion by third quarter of 2019 as summarized in the subsequent section.

## Key Project Activities and Timeline

### Prior Phases (2016 to late 2018):

- Constructed separated bicycle/pedestrian pathways along north side of Chilco Street between railroad and Constitution Drive.
- Completed utility upgrades.

### Activity No. 1: Permit Review (In progress)

- Review and finalize design plans
- City Council approval of designs

### Activity No. 2: Permit issuance (tentative April 2019)

### Activity No. 3: Construct Bayfront to Constitution intersection (tentative June 2019)

- Phase 1 of the project spans between Bayfront Expressway and Constitution Drive and includes adding new turn lanes, sidewalk installation, and signaling the intersection of Chilco Street and Constitution Drive.

### Activity No. 4: Construct remaining improvements (tentative Q3 2019)

- Phase 2 of the project will entail construction of new turn lanes, sidewalk installation, bicycle facility enhancements on the south side of Chilco Street between Constitution Drive and Hamilton Avenue.

## Related Existing Policies, Programs, Future Projects

Connect Menlo General Plan, Street Tree Plan, Transportation Master Plan, Green Infrastructure Plan, Current and Future Stormdrain Plan, Safe Routes to School Program, Belle Haven School Improvements along Chilco Street

## Project Summary

Interdepartmental and community engagement throughout this process is vital to the meaningful and successful execution of this project. An initial assessment of the project has identified the following key people:

Project team	Internal Stakeholders	Community Engagement
Theresa Avedian, Senior Civil Engineer Kristiann Choy, Senior Civil Engineer Michael Fu, Associate Civil Engineer Kevin Chen, Associate Civil Engineer Facebook, Consultants and Contractors	Justin Murphy, PW Director Chris Lamm, Assistant PW Director Nicole Nagaya, Assistant PW Director Kyle Perata, Acting Principal Planner	Community (residents, with emphasis on Belle Haven residents) Complete Streets Commission Belle Haven Neighborhood Association

# Middle Avenue Pedestrian and Bicycle Rail Crossing

Public Works Department  
 701 Laurel St., Menlo Park, CA 94025  
 Angela Obeso, Senior Transportation Engineer  
 tel 650-330-6739 | arobeso@menlopark.org



## Project Summary

The Middle Avenue Pedestrian and Bicycle Crossing Project will provide a grade separated crossing through the Caltrain Railway, from El Camino Real to Alma Street at Middle Avenue to create a pedestrian and bicycle connection between east and west Menlo Park. The Project is critical to provide greater east-west connectivity, as El Camino Real, in addition to the Caltrain railroad tracks, are both a real and perceived barrier. Long crossing distances make traversing the street on foot inconvenient and this undercrossing would improve connectivity for neighborhoods on both sides of the Caltrain tracks with City amenities, and access to public transit and Downtown Menlo Park.

The current scope of work will result in the completion of the Preliminary Engineering (30% Plans, Specifications, and Estimate package) and Environmental Clearance phases of the project. Final PS&E and construction are not currently included in the scope of work or budget. The preliminary engineering phase will include community outreach that will determine the design of the crossing.

This project must coordinate with the City's Ravenswood Avenue Railroad Crossing study in determining if the rail tracks remain at their current elevation or raises to a higher profile. In order to achieve more efficient constructability, the project's schedule must align with Stanford's 500 El Camino Real development project, Middle Plaza. Therefore, a timely decision on type of Ravenswood Avenue Railroad crossing is critical in maintaining the below timeline.

## Key Project Activities and Timeline

### Phase I- Project Planning (April 2017 to May 2017)

- Data Collection and Existing Conditions Report
- Begin Community Engagement

### Phase II- Conceptual Designs (May 2017 to June 2019\*)

- Develop conceptual designs to present to community and stakeholders
- Evaluation of conceptual designs
- Continue Community Engagement
- Selection of preferred alternative

### Phase III- Environmental Clearance and Documentation (June 2019 to December 2019)

- Complete environmental analyses
- Draft and Final IS/MND

### Phase IV- 30% Construction Documents (September 2019 to March 2020)

- Prepare 30% Plans, Specifications and Estimates (PS&E)

\*Schedule shown incorporates an approximate 12 month delay based on additional workload and staff vacancies occurring in late 2017 and 2018.

## Related Existing Policies, Programs, Future Projects

El Camino Real/Downtown Specific Plan, General Plan, Transportation Master Plan, Safe Routes to School

## Project Summary

Interdepartmental and community engagement throughout this process is vital to the meaningful and successful execution of this project. An initial assessment of the project has identified the following key people:

Project Team	Internal Stakeholders	Community Engagement
Morad Fakhrai, Senior Project Manager, Angela Obeso, Senior Transp. Engineer, Rich Angulo, Assistant Engineer Peter DeStefano, AECOM, Project Manager	Justin Murphy, Public Works Director Mark Muenzer, Community Development Director Derek Schweigart, Community Services Director Nikki Nagaya, Assistant Public Works Director	Community Meetings Complete Streets Commission Planning Commission Parks & Recreation Commission City Council Stanford's 500 El Camino Real project team Ravenswood Avenue Railroad Crossing project team

# HERITAGE TREE ORDINANCE UPDATE

City Manager's Office – Sustainability  
 701 Laurel St., Menlo Park, CA 94025  
 Rebecca Lucky, Sustainability Manager  
 rlucky@menlopark.org  
 tel 650-330-6765



## Project summary

The City of Menlo Park is in the process of updating the Heritage Tree Ordinance. The ordinance regulates removal of trees on private and public property. Over the past several years, concerns arose with development-related appeals, unpermitted removals, and enforcement of tree replacements. As a result, the City Council included reviewing and updating the Heritage Tree Ordinance as part of their 2017 and 2018 work plans. The project is being led by the Sustainability Division of the City Manager's Office, and includes collaboration across various city departments and community stakeholders.

The desired outcome of the ordinance update is to ensure a significant and thriving population of large healthy trees in Menlo Park for public enjoyment and environmental sustainability while balancing property rights and implementation efficiency. The ordinance update will evaluate current issues and successes related to the ordinance and explore options based on evidence and best practices from other communities to achieve the desired outcome.

## Key project activities and timeline

### Activity No. 1: Project Planning and Data Evaluation (Spring 2018 to Fall 2018)

- Project plan and schedule with consultant
- Formation of a community taskforce
- Data and evidence collection (Menlo Park and other communities)

### Activity No. 2: Policy Options Analysis (Fall 2018 to Summer 2019)

- Complete policy options analysis
- Review and recommendation by taskforce and applicable commissions
- City Council study session on preferred option

### Activity No. 3: Draft Ordinance and Adoption (Summer 2019 to Winter 2019)

- Refine preferred option and draft ordinance update
- Community wide engagement of draft ordinance
- Final policy review and recommendation by taskforce and applicable commissions
- City Council adoption

### Activity No. 4: Implementation Roll-out (January to July 2020)

- Implementation plan, education materials, revisions to standard operating procedures and forms

## Related existing policies, programs, future projects

Urban Forest Master Plan, Climate Action Plan, Street Tree Master Plan

## Key people

Interdepartmental and community engagement throughout this process is vital to the meaningful update and the successful implementation of this ordinance.

Project team	Internal stakeholders	Community Task Force
Rebecca Lucky, Sustainability Manager, Candise Almendral, Project Contractor Gordon Mann, CalTLC Project Contractor Christian Bonner, City Arborist Deanne Ecklund, Contract Arborist Thomas Rogers, Principal Planner Ivan Toews, Engineering Technician I AddieRose Mayer, PCRC, Project Contract Facilitator	Bill McClure, City Attorney Ron LaFrance, Assistant Community Development Director Brian Henry, Public Works Superintendent	Catherine M. Carlton, City Council Sally Cole, Resident, experience with appeals Drew Combs, Planning Commission Jen Judas, Resident Kimberly LeMieux, Developer Tom LeMieux, Developer/Real Estate Scott Marshall, Environmental Quality Commission Catherine Martineau, Environmental Non-profit Carolyn Ordonez, Landscape Architect Horace Nash, Resident, experience with appeals Sally Sammut Johnson, Resident, experience with permit and appeals

# BELLE HAVEN BRANCH LIBRARY PROJECT

Library Department - Administration  
 800 Alma St., Menlo Park, CA 94025  
 Sean S. Reinhart, Interim Director of Library Services  
 tel 650-330-2510 | email ssreinhart@menlopark.org



## Project Summary

**Description.** The Belle Haven Branch Library project is the first and highest-priority component of the overall Library System Improvements Project which contains three major components:

- **Priority 1: New Belle Haven Branch Library.** Develop and implement a comprehensive plan to design, finance, construct and operate a new public library facility to replace the Belle Haven Branch Library currently located on the Belle Haven School campus.
- **Priority 2: Overall library system improvements.** Identify and overall improvements to current library systems, facilities, services and operations to ensure the continuous provision of high-quality, modern and safe library facilities for Menlo Park residents pending the development of new facilities.

**Process.** The Belle Haven Branch Library project is being implemented at City Council's direction with advice and recommendations from the Library Commission, and incorporates broad-based community input, current and relevant data, expert consultation, financing options and mechanisms including potential public-private partnerships, best practices and future trends in municipal library services, and Menlo Park community needs in all aspects of the project.

**Purpose and Goals.** Multiple studies have concluded that the current Belle Haven Branch Library facility is insufficient to meet community needs now and into the future, and should be replaced. The project's primary goal is to design, finance, and construct a new branch library facility to replace the existing Belle Haven Branch Library.

## Key Project Activities and Timeline **\*\* All dates are tentative/ proposed and are subject to change \*\***

### Phase I – Initial Study, Assessment, and Community Input (January 2017 to April 2019)

- *Belle Haven Neighborhood Library Needs Assessment: June 2018 – completed*
- *Belle Haven Library Space Needs Study: March 2019 – in progress*

### Phase II – Preliminary Design (June 2019 to June 2020)

- *Issue RFP/ RFQ and award contract for architectural design services – Belle Haven Branch Library – June 2019*
- *Initiate preliminary design including site options and preliminary cost estimates: September 2019*
- *Develop potential financing options and mechanisms including potential public/private partnerships: December 2019*

### Phase III – Design Development and Financing (January 2020 to December 2021)

- *City Council evaluate and identify construction financing options: January 2020*
- *Undertake and complete schematic and final design work: April 2020 to February 2022*

### Phase IV – Construction (April 2022 – August 2025)

- *Advertise for bids and award contracts for facility construction: April 2022*
- *Undertake and complete construction and commissioning work: August 2022 to August 2025*

### Phase V – Operations and Certifications (August 2025 and forward)

- *Initiate operations in new facility: August 2025*
- *Secure and maintain appropriate and desired building certifications and/or awards, i.e. LEED, Net Zero Energy, architectural awards, etc.*

## Related Existing Policies, Programs, Future Projects

Menlo Park Library Strategic Plan 2019-2020 Update; Library Commission Two-Year Work Plan 2019-2020; Operational and Administrative Review of the Library Department, 2015; Belle Haven Neighborhood Library Needs Assessment, 2018; Belle Haven Library Space Needs Study, 2019.

## Project Summary

Project Team	Internal Stakeholders	Community Stakeholders / Partners
Sean Reinhart, Interim Library Services Director Nick Szegda, Assistant Library Director Morad Fakhrai, Senior Project Manager (PW) Noll & Tam Architects	Justin Murphy, Public Works Director Derek Schweigart, Community Services Director Lenka Diaz, Administrative Services Director Library Department staff team Library volunteer corps	Library patrons and community members Library Commission Menlo Park Library Foundation Current/ former BHNLC members Private sector partners

# FORMATION OF A TRANSPORTATION MANAGEMENT ASSOCIATION

Public Works Department  
 701 Laurel St., Menlo Park, CA 94025  
 Nicholas Yee, Transportation Demand Management Coordinator  
 ngyee@menlopark.org  
 tel 650-330-6754



Project Summary		
<p>The City of Menlo Park is exploring the feasibility of forming a Transportation Management Association (TMA). The primary goal of a TMA is to collaborate and pool resources together between businesses and organizations to reduce the impacts of commuter congestion and greenhouse gases for a more livable and sustainable community. A TMA can provide bulk transit passes at a lower cost, shuttle services to multiple employers, and biking/walking incentives. The first step in forming a TMA involves undertaking an options analysis to determine which type of TMA will fit the needs and aspirations of the community. <u>Four options plus a no change option will be evaluated: large businesses; small businesses; citywide; and sub-regional.</u> Establishing a TMA will provide cost effective, convenient, and greater opportunities for all Menlo Park commuters to access alternatives to driving alone.</p>		
Key Project Activities and Timeline		
<p><u>Activity No. 1 (February 2018 to Spring 2019):</u></p> <ul style="list-style-type: none"> <li>Initial feedback from City Council and target stakeholders (Bohannon, Facebook, Tarlton)</li> <li>Gather feedback, gauge community interest, and hire consultant to conduct TMA options analysis</li> <li>Reach out to regional cities to begin talks of partnerships and alliances</li> </ul> <p><u>Activity No. 2 (Spring 2019 to Summer 2020):</u></p> <ul style="list-style-type: none"> <li>Citywide survey of commuter habits by Consultant</li> <li>Focus groups with large, small businesses, other stakeholders to chart milestones and updates</li> <li>Options analysis completed by Consultant and presented to City Council at a study session</li> <li>City Council selects option to pursue</li> </ul> <p><u>Activity No. 3 (2020)</u></p> <ul style="list-style-type: none"> <li>Wider community engagement on preferred City Council option</li> <li>Refine option based on communitywide feedback and further needed analysis</li> <li>City Council action to initiate establishment of a TMA</li> <li>Develop implementation and monitoring plan</li> </ul> <p><u>Activity No. 4 (2021-2022)</u></p> <ul style="list-style-type: none"> <li>Establish TMA, then begin transitioning TMA into an independent entity, with minimal advisement from the City</li> <li>Monitor and report progress to City Council and make changes when applicable</li> </ul>		
Related Existing Policies, Programs, Future Projects		
<p>City of Menlo Park Bike Share, Development Agreements, Managers Mobility Partnership, Parks &amp; Rec Master Plan, Safe Routes to School, Transportation Demand Management, Transportation Master Plan</p>		
Project Summary		
<p>Interdepartmental and community engagement throughout this process is vital to the establishment and the successful implementation of a transportation management association.</p>		
Project Team	School and District Partners	Community Stakeholders and Partner Agencies
<p>Nicholas Yee, Transportation Division, Project Lead                  Rebecca Lucky, Sustainability Division, Sustainability Manager                  Kyle Perata, Planning Division, Senior Planner                  Tom Smith, Planning Division, Associate Planner                  Michael Noce, Housing and Economic Development Division, Management Analyst                  Consultant, TBD</p>	<p>Bohannon Companies                  Downtown businesses                  Facebook, Inc.                  Greenheart Land Company                  Small businesses                  SRI International                  Stanford University                  Sobrato Organization                  Tarlton Properties, Inc.                  VA Palo Alto Health Care System</p>	<p>Chamber of Commerce                  Complete Streets Commission                  Commute.org                  Environmental Quality Commission                  Home/property owners                  Managers Mobility Partnership                  Mountain View, Palo Alto TMA's                  Real Estate Developers                  Redwood City TMA (Future)                  Regional Cities                  School Districts (Four in Menlo Park)</p>

# EL CAMINO REAL/DOWNTOWN SPECIFIC PLAN UPDATE

Community Development – Planning  
 701 Laurel St., Menlo Park, CA 94025  
 Corinna Sandmeier, Senior Planner  
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## Project Summary

In 2012 the City Council unanimously approved the El Camino Real/Downtown Specific Plan. The initial implementation of the Ongoing Review requirement occurred in 2013 and the Planning Commission and City Council directed staff to prepare formal amendments on several topics, which were adopted in 2014. In 2015, staff presented the second biennial review and received direction from the Council on further changes to the Specific Plan. Although work has begun on drafting those revisions, the work has been delayed due to staffing resources and other project priorities. In late 2017 and into early 2018, the City Council asked staff to bring any potential plan amendments to the Planning Commission, Environmental Quality Commission, Complete Streets Commission and Housing Commission for their review prior to returning to the City Council for a discussion on larger policy issues such as increasing the commercial and residential development caps (the commercial/non-residential cap has almost exceeded its limit). City Council also directed staff to receive feedback from the local school districts and the Menlo Park Fire Protection District regarding the potential amendments to the Plan and have since received their input. Future topics for consideration include potential entertainment uses, mixed-use parking structures (addressed in a separate document), increased building heights, density and floor area ratios, enhanced sustainability standards, and fostering additional retail development.

The desired project outcome is to ensure that the Specific Plan continues to reflect the core principles of the plan and values of the community, and guides attractive, vibrant and appropriate development along the El Camino Real Corridor and in Downtown. Depending on the desired changes to the Plan, significant staff resources as well as consultant services (e.g. design, environmental, and legal as the City Attorney has a conflict of interest) will be required.

## Key Project Activities and Timeline

### Phase I - Project Planning (March 2019)

- Conduct City Council review and receive direction on proposed amendments
- Tentatively scheduled for the March 12, 2019 City Council meeting

### Phase II - (2<sup>nd</sup> Quarter 2019)

- Assuming City Council direction to update/revise plan, staff would return during this timeframe to discuss a project scope, budget, timeline and additional resource allocation (Consultants/Possible RFP)

### Phase III – (3<sup>rd</sup>-4<sup>th</sup> Quarter 2019)

- Initiate community outreach and commence likely environmental review

## Related Existing Policies, Programs, Future Projects

General Plan, Zoning Ordinance, Green Building Ordinance, Climate Action Plan

## Project Summary

Interdepartmental and community engagement throughout this process is vital to the meaningful and successful execution of this project. An initial assessment of the project has identified the following key individuals:

Project Team	Internal Stakeholders	Community Engagement
Corinna Sandmeier, Senior Planner Deanna Chow, Asst. Community Development Director Deputy Community Development Director (TBD) Consultant Team Goldfarb & Lipman, Consulting City Attorney	Mark Muenzer, Community Development Director Nikki Nagaya, Asst. Public Works Director Thomas Rogers, Principal Planner Rebecca Lucky, Sustainability Manager	City Council Subcommittee Advisory Committee - TBD



# MARKET AFFORDABLE HOUSING PRESERVATION

Community Development – Housing and Economic Development

701 Laurel St., Menlo Park, CA 94025

Mark Muenzer, Community Development Director

Deputy Community Development Director (TBD)

tel 650-330-6709 | email memuenzer@menlopark.org



## Project Summary

On January 10, 2017, the City Council held a study session and considered 15 enhanced housing policies to address the local housing crisis. Staff presented potential policies that have been commonly used or considered in other cities and at that time, the City Council referred these to the Housing Commission. One of the proposals included updates to the BMR Guidelines and BMR agreements to encourage or provide for partnerships between the City and nonprofit housing developers to leverage BMR funding for the purchase, deed restriction and preservation of market affordable housing units. This would ensure that tenancy is restricted to occupants who qualify for affordable housing.

The Housing Commission also recommended looking at the possibility of a provision for “tenants first right of refusal” and including these types of projects in future Notice of Funding Availability (NOFA) publications, similar to what is done in Oakland and San Francisco.

## Key Project Activities and Timeline

### Phase I – Project scoping and data collection (1<sup>st</sup>-2<sup>nd</sup> Quarter 2019)

- Determine the scope of the project and contact community stakeholders
- Evaluate current housing stock to gauge potential financial feasibility
- Hold community meetings

### Phase II - (2<sup>nd</sup> - 3<sup>rd</sup> Quarter 2019)

- Gather data on existing units and the potential nonprofit housing partners

### Phase III - (4<sup>th</sup> Quarter 2019)

- Proposed draft ordinance for City Council consideration

## Related Existing Policies, Programs, Future Projects

BMR Guidelines, Nexus Fee Study

## Project Summary

Interdepartmental and community engagement throughout this process is vital to the meaningful and successful execution of this project. An initial assessment of the project has identified the following key people:

Project Team	Internal Stakeholders	Community Engagement
Deputy Community Development Director (TBD) Mike Noce, Management Analyst II City Attorney's Office	Mark Muenzer, Community Development Director Lenka Diaz, Administrative Services Director Dan Jacobson, Finance and Budget Manager	Landlords Tenants Nonprofit housing developers Real estate brokers and agents Housing organizations and social service organizations

# SHORT-TERM RENTAL ORDINANCE

Community Development – Housing and Economic Development  
 701 Laurel St., Menlo Park, CA 94025  
 Mark Muenzer, Community Development Director  
 Deputy Community Development Director (TBD)  
 tel 650-330-6709 | email memuenzer@menlopark.org



Project Summary
<p>On January 10, 2017, the City Council held a study session and considered 15 enhanced housing policies to address the local housing crisis. Staff presented potential policies that have been commonly used or considered in other cities and at that time, the City Council referred these to the Housing Commission. One of the proposals included adoption of an ordinance to regulate short-term lodging/vacation rentals. A short term residential rental typically refers to:</p> <ul style="list-style-type: none"> <li>• a furnished dwelling unit or a furnished bedroom in a dwelling unit</li> <li>• rented for a short duration such as one night or one week</li> <li>• almost always for 30 days or less.</li> </ul> <p>In some cases, operators could be renting out a couch or air mattress, while in other cases they may be renting out multiple rooms within a dwelling to different people. Common names used for these rentals include vacation home rental, short-term vacation rental, short-term rental (STR), executive suites and apartment hotel. They are often advertised online or through apps such as AirBnB or VRBO. Short-term rentals generally accommodate visitors or temporary residents as opposed to permanent residents. They are different from hotels in that they usually occur in buildings designed and approved for residential purposes.</p> <p>In Menlo Park, current estimates put the number of short-term rentals at between 250-500 units. The policy decisions have both housing and revenue implications and the issue needs to be reviewed comprehensively with extensive public outreach and input from community stakeholders.</p>

Key Project Activities and Timeline
<p><u>Phase I – Project scoping and data collection (1<sup>st</sup>-2<sup>nd</sup> Quarter 2019)</u></p> <ul style="list-style-type: none"> <li>• Determine the scope of the project and contact community stakeholders</li> <li>• Agree on a shared definition of what is a short-term rental and what potential impacts to consider in any regulation</li> <li>• Hold community meetings</li> </ul> <p><u>Phase II - (2<sup>nd</sup> - 3<sup>rd</sup> Quarter 2019)</u></p> <ul style="list-style-type: none"> <li>• Gather data on existing units (residence and building type, operator presence, length of each stay, number of total stays, transient occupancy tax and business license requirements, zoning considerations, etc.)</li> </ul> <p><u>Phase III - (4<sup>th</sup> Quarter 2019)</u></p> <ul style="list-style-type: none"> <li>• Proposed draft ordinance for City Council consideration</li> </ul>

Related Existing Policies, Programs, Future Projects
Business license, transient occupancy tax collection

Project Summary		
Interdepartmental and community engagement throughout this process is vital to the meaningful and successful execution of this project. An initial assessment of the project has identified the following key people:		
Project Team	Internal Stakeholders	Community Engagement
Deputy Community Development Director (TBD) Mike Noce, Management Analyst II Dan Jacobson, Finance and Budget Manager Kristen Middleton, Management Analyst II City Attorney's Office	Nick Pegueros, Assistant City Manager Lenka Diaz, Administrative Services Director Mark Muenzer, Community Development Director Dave Bertini, Police Chief	Landlords Hotel operators Chamber of Commerce Multifamily housing operators (Anton Menlo, Elan Menlo, etc.) Housing organizations and home-sharing providers Short-term lodging companies (Airbnb, VRBO, HomeAway, etc.) Consumer protection agency/organizations

# SINGLE-FAMILY RESIDENTIAL DESIGN REVIEW

Community Development – Planning  
 701 Laurel St., Menlo Park, CA 94025  
 Deanna Chow, Assistant Community Development Director/Planning  
 tel 650-330-6733 | email dmchow@menlopark.org



<b>Project Summary</b>		
<p>The current Zoning Ordinance identifies the various triggers for single-family residential review, and differentiates between standard and non-standard lots as well as conforming and nonconforming structures. This project would evaluate and update the Zoning Ordinance requirements for single-family residential developments. The potential creation of new design guidelines to create a more predictable and expeditious process while providing a method for encouraging high-quality design in new and renovated/expanded residences could be a component of the updated standards. This project has been identified on the Council's work plan during the past several years. Due to competing priorities and staffing resources, work has yet to commence.</p>		
<b>Key Project Activities and Timeline</b>		
<p><u>Phase I - Project Planning (4<sup>th</sup> Quarter 2019)</u></p> <ul style="list-style-type: none"> <li>Conduct joint Planning Commission and City Council Study Session to receive input and direction on scope of work</li> </ul> <p><u>Phase II- (1<sup>st</sup>-2<sup>nd</sup> Quarter 2020)</u></p> <ul style="list-style-type: none"> <li>Prepare project scope, budget and timeline for review and approval by the Council</li> </ul> <p><u>Phase III- (2<sup>nd</sup>-3<sup>rd</sup> Quarter 2020)</u></p> <ul style="list-style-type: none"> <li>Initiate community outreach</li> </ul>		
<b>Related Existing Policies, Programs, Future Projects</b>		
Zoning Ordinance, General Plan		
<b>Project Summary</b>		
<p>Interdepartmental and community engagement throughout this process is vital to the meaningful and successful execution of this project. An initial assessment of the project has identified the following key people:</p>		
Project Team	Internal Stakeholders	Community Engagement
Planning Division Consultant Team	Building Division Housing Division Engineering Division Sustainability Division City Attorney's Office	City Council Subcommittee Advisory Committee Single-Family Residential Property

# TEACHER HOUSING – FLOOD SCHOOL SITE

Community Development – Planning  
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 Deanna Chow, Assistant Community Development Director/Planning  
 tel 650-330-6733 | email dmchow@menlopark.org



<b>Project Summary</b>		
<p>The need for affordable housing at all income levels is a regional issue. The need for housing that is affordable to teachers and school staff has been identified as a City priority. The Ravenswood City School District has identified the former Flood School Site located at 320 Sheridan Drive in the Suburban Park neighborhood as an opportunity site for teacher housing, which would be used as an attraction and retention tool for their district teachers and staff and meet the demand of what is often referred the “missing middle”. The site is currently zoned R-1-U/Single-Family Residential Urban, similar to the surrounding residential neighborhood. A proposed higher density multi-family residential project would require a General Plan Amendment, Zoning Map Amendment and the applicable discretionary development and design review permits, in addition to environmental review.</p>		
<b>Key Project Activities and Timeline</b>		
<p><u>Phase I - Project Planning (2nd Quarter 2019)</u></p> <ul style="list-style-type: none"> <li>• Applicant initiates neighbourhood community outreach</li> <li>• Conduct Planning Commission study session</li> <li>• Prepare project scope, budget and timeline for environmental review, and review and approval by the Council (if needed)</li> </ul> <p><u>Phase II- (3<sup>rd</sup>-4<sup>th</sup> Quarter 2019)</u></p> <ul style="list-style-type: none"> <li>• Conduct project and environmental review</li> </ul> <p><u>Phase III- (4<sup>th</sup> Quarter 2019-1<sup>st</sup> Quarter 2020)</u></p> <p>Note: If the project requires the preparation of an Environmental Impact Report, the timeline would be extended into mid-2020.</p> <ul style="list-style-type: none"> <li>• Housing Commission review</li> <li>• Planning Commission review</li> <li>• City Council review and action</li> </ul>		
<b>Related Existing Policies, Programs, Future Projects</b>		
Zoning Ordinance, General Plan		
<b>Project Summary</b>		
<p>Interdepartmental and community engagement throughout this process is vital to the meaningful and successful execution of this project. An initial assessment of the project has identified the following key people:</p>		
Project Team	Internal Stakeholders	Community Engagement
Planning Division Housing & Economic Development Division Engineering Division Transportation Division	Building Division City Arborist City Attorney’s Office	Neighborhood Outreach

# DEVELOP AND IMPLEMENT NEAR-TERM DOWNTOWN PARKING STRATEGIES

Public Works Department  
 701 Laurel St., Menlo Park, CA 94025  
 Nikki Nagaya, Assistant Public Works Director - Transportation  
 nhnagaya@menlopark.org  
 tel 650-330-6770



<b>Project Summary</b>		
<p>The City has received an increasing amount of feedback noting the lack of available parking during peak time periods since time limits were extended in 2015 and on-street parking was removed on Oak Grove Avenue and University Drive near downtown in 2017. The purpose of this project is to evaluate the current occupancy levels of the downtown parking plazas and on-street parking, identify strategies to improve a customer’s parking experience downtown, and advance near-term strategies for implementation. Strategies that may be explored include, but are not limited to, reversion to two-hour free parking limits, expansion of paid-parking options (e.g., to all off-street parking plazas), identification of off-site parking for employees downtown, modifications to the permit parking program, and consideration of new and/or emerging technologies to simplify a user’s experience. This effort will be closely coordinated with the efforts to consider a parking structure downtown, as well as consideration of undergrounding utilities and renovations to parking plazas 7 and 8.</p>		
<b>Key Project Activities and Timeline</b>		
<p><u>1. Evaluate Historical and Current Data (Spring 2019):</u></p> <ul style="list-style-type: none"> <li>• Initiate consultant services</li> <li>• Review historical parking occupancy data collected in 2015 (pre- and post-time limit changes) and 2017 (pre- and post-installation of Oak Grove, University, Crane Bicycle Improvement project)</li> <li>• Collect and evaluate current (spring 2019) parking occupancy data</li> </ul> <p><u>2. Review and Adopt Downtown Parking Goals (Summer 2019):</u></p> <ul style="list-style-type: none"> <li>• Host City Council study session to review adopted downtown parking measures of effectiveness established in November 2015 and consider any necessary revisions</li> <li>• Outline proposed scope of work, including engagement strategy, and schedule for next steps</li> </ul> <p><u>3. Develop Strategy, Recommendations and Implementation Plan (Fall 2019)</u></p> <ul style="list-style-type: none"> <li>• Identify scope of possible modifications, timeline for implementation, and funding needs</li> <li>• Review and recommendation of strategy and implementation plan by Complete Streets and Planning Commissions</li> <li>• Review and approval of strategy and implementation plan by City Council</li> </ul>		
<b>Related Existing Policies, Programs, Future Projects</b>		
<p>Transportation Demand Management, Transportation Management Association, El Camino Real/Downtown Specific Plan Review and Update, Climate Action Plan, Green Infrastructure Plan, Downtown Parking Structure Study, Downtown Parking Utility Underground, and Parking Plaza 7 and 8 Renovations</p>		
<b>Project Summary</b>		
<p>Interdepartmental and community engagement throughout this process is vital to the development of a transportation master plan.</p>		
Project Team	Internal Stakeholders	Community Engagement
<p>Transportation staff, TBD                  Nikki Nagaya, Assistant Public Works Director                  Consultant, TBD</p>	<p>Police Department                  Housing and Economic Development Division, Community Development Planning Division, Community Development                  Engineering &amp; Maintenance Divisions,                  Public Works</p>	<p>Complete Streets Commission                  Planning Commission                  Community (residents and businesses)                  Chamber of Commerce</p>

# Zero Waste Implementation

City Manager's Office– Sustainability  
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## Project Summary

The City Council adopted a Zero Waste Plan in 2017, which includes an ambitious goal to achieve zero waste by 2035. Implementation involves addressing two areas of waste management: (1) reducing waste that is generated in the community and (2) reducing waste that is sent to the landfill through increased recycling and composting. Waste is already a complex and challenging issue to manage from the generation to final disposal. It involves infrastructure, contracts and multiple stakeholders to process/dispose, community values, and behavioral compliance. While it is one of the most difficult environmental areas to regulate, it is one area where local government has the most leverage for improving environmental sustainability. *The desired outcome of this project is to deliver various programs and policies that will achieve the zero waste goal set by City Council by 2035.*

It will take 16 years and likely much longer for the City to achieve this goal with current staff capacity. There is no dedicated staff position for zero waste. Only one to two projects or programs can realistically be evaluated per year, and those projects take an additional one to two years to implement, delaying working on new zero waste initiatives.

## Key Project Activities and Timeline

Given that this is a project over a 16 years, requiring capacity to not only develop policy but to administer policy and programs afterwards, the following benchmarks need to be achieved:

- 70% diversion from landfill AND 5.0 pounds of waste generated per person/employee per day (PPD) by 2023.
- 75% diversion AND 4.0 PPD by 2026.
- 80% diversion AND 3.5 PPD by 2029.
- 85% diversion AND 2.0 PPD by 2032.
- 90% diversion AND 0.5 PPD by 2035.

### 2019-2021 Plan Activities

- Establishing zero waste rules and enforcement for new development in the Bayfront Neighborhood
- Installation and conversion of drinking fountains to hydration stations throughout the city to reduce single use beverage containers by promoting reusable bottles.
- City Environmental Purchasing Policy
- Achieving Zero Waste at City Hall

### 2021-2023 Planned Activities

- Achieving zero waste at all city facilities through (Environmental Purchasing Policy, providing infrastructure, changing building occupant, users, and janitorial behavioural practices)
- Extending the zero waste rules and compliance in the Bayfront Neighborhood to existing and new development citywide through updates to the Solid Waste Ordinance and Construction and Demolition Ordinance

### 2023-2025 Planned Activities

- Requiring all events in the city to be Zero Waste
- New policy and program for take-out food ware to reduce or increase preferable recycling

## Related Existing Policies, Programs, Future Projects

Climate Action Plan, Zero Waste Plan, Solid Waste Ordinance, Construction and Demolition Ordinance, California Building Codes, Franchise Agreement with Recology

## Project Summary

Interdepartmental and community engagement throughout this process is vital to the meaningful and successful execution of this project. An initial assessment of the project has identified the following key people:

Project Team	Internal Stakeholders	Community Engagement
Led by the Sustainability Office, but implemented by multiple departments and divisions	Community Development Department Community Services Department Public Works Department Police Department Human Resourced Department	Community (businesses and residents) South Bayside Waste Management Authority (SBWMA/Rethink Waste) Recology Chamber of Commerce

# INFORMATION TECHNOLOGY MASTER PLAN

Administrative Services – Information Technology  
 701 Laurel St., Menlo Park, CA 94025  
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 ggarces@menlopark.org  
 tel 650-330-6675



## Project Summary

The City Council's 2015 and 2016 Work Plan identified a significant need to develop a comprehensive Information Technology Master Plan (ITMP) to serve as a multi-year road map for the development, implementation and utilization of technology in a coordinated effort organization-wide. Working with consultants, the ITMP identified dozens of key technology initiatives and an approximation of their capital and additional staffing resource costs. These initiatives range from improvements in the areas of network and systems infrastructure to critical business systems applications.

The desired outcome with the implementation of the ITMP is to improve the City's overall technology posture thereby allowing staff to deliver modern and more efficient public services to the community. Not only will city staff benefit from efficiencies created with upgraded technology systems, but public services are enhanced by offering more self-service, transparent, online access to various city services and information. As technology continually evolves, the ITMP will adapt not only to technology changes, but to city business and community needs as well.

## Key Project Activities and Timeline

### Activity No. 1: Network and System Infrastructure Enhancements (Winter 2017 to Winter 2020)

- Upgrade internal and external networking components and services
- Introduce systems and network operations and monitoring platforms
- Upgrade applications, database and security management platforms

### Activity No. 2: Land Management System Replacement (Fall 2018 to Fall 2019)

- Work with vendor and consultants on business analysis and needs assessment
- Initiate application configuration, testing and systems integration
- Application training for staff and system launch

### Activity No. 3: GIS Enterprise Upgrade (Winter 2018 to Fall 2019)

- Redesign existing ESRI GIS systems environment
- Configure new enterprise application features and functionality
- Create and rollout enhance GIS-related services to staff and the community

### Activity No. 4: Operations and Asset Management System Implementation (February 2019 to July 2019)

- Work with vendor on business analysis and needs assessment
- Initiate application configuration, testing and systems integration
- Application training for staff and system launch

### Activity No. 5: Electronic Document Management System Software Selection (Fall 2019 to Spring 2020)

- Work with department staff on needs assessment and application requirements
- Reach out to other cities or agencies for best-in-class product recommendations
- Work with product and service vendors on preliminary product evaluation
- Present to Council findings and staff recommendations

## Related Existing Policies, Programs, Future Projects

Online permitting; operations and asset management; Water and Storm Water Master Plans; data transparency initiative; records retention policy; and technology-related policies

## Key people

Interdepartmental and community engagement throughout this process is vital to the meaningful and successful execution of this project. An initial assessment of the project has identified the following key people:

Project team	Internal stakeholders	Community Engagement
Lead and supervisory Information Technology Division staff will coordinate work with project-relevant department staff, and bring consultants and vendors in as needed	City Department Directors City Manager City Attorney	City Information Technology staff will assist as needed with communication to the community on changes that affect their use of City services.

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## Community Development



## STAFF REPORT

## City Council

Meeting Date:

2/26/2019

Staff Report Number:

19-036-CC

Regular Business:

**Consideration and possible adoption of two alternative tenant relocation assistance ordinances**

**Recommendation**

Staff recommends the City Council:

1. Consider for possible adoption on an urgency or non-urgency basis two alternative ordinances:
  - a. Requiring payment of relocation assistance benefits in the case of specified owner-caused tenant displacements
  - b. Requiring payment of relocation assistance benefits in the case of “no cause” evictions and significant rent increase
2. Provide direction to staff on establishment of a city fund to assist in payment of relocation assistance benefits to tenants and establishment of criteria
3. Provide direction to staff on establishment of rent board mediation program

**Policy Issues**

At its August 22, 2017, meeting, the City Council identified tenant relocation assistance as a priority one item for consideration as part of the enhanced housing policies list referred to the Housing Commission for study and consideration.

**Background**

High rent increases are being reported throughout the Bay Area, along with reports of lower-income households losing their apartments due to inability to pay rent, having to work multiple jobs, double up in overcrowded apartments, or move to other communities. Forty-four (44) percent of Menlo Park residents rent their homes citywide and fifty-seven (57) percent rent their homes in the Belle Haven neighborhood. In the five year period from January 2014 to January 2019, the average 1-bedroom and 2-bedroom unit rents have increased 37 percent (from \$2,317 to \$3,179) and 24 percent (from \$3,339 to \$4,147) respectively.

The City Council has taken several steps to address these issues, including amending its Below Market Rate ordinance to require additional on-site affordable units, adoption of a minimum lease ordinance, adoption of a tenant anti-discrimination ordinance and amendment of its BMR Guidelines to allow homeless individuals and residents who lost their homes following the 2008 economic downturn to qualify for BMR housing.

The City’s most recent effort has been development of a tenant relocation assistance ordinance with a recommendation from the Housing Commission. The Housing Commission’s extensive work on this ordinance and related outreach was summarized in the February 12, 2019, City Council study session staff report (Staff Report No. 19-025-CC).

On February 12, 2019, the City Council conducted a study session on the tenant relocation assistance ordinance developed by the Housing Commission.

At the study question, the City Council provided some general feedback on a series of policy questions posed by staff, including:

1. Whether tenants' right to benefits should be linked to a means test
2. Whether there should be an exception for natural lease expirations
3. Whether there should be a "significant rent increase" trigger
4. Whether the ordinance should apply to single family homes and homes built after 1995
5. The appropriate relocation payment amount
6. Whether the ordinance should be adopted on an urgency basis

As there were differing views on some of these policy issues, the City Council provided some general feedback and directed staff to return with two different tenant relocation ordinances – one to be modeled after Redwood City's recently adopted tenant relocation ordinance and the second ordinance to be a modification of the Housing Commission's ordinance. Mayor Pro Tem Cecilia Taylor and Councilmember Betsy Nash were asked to work with staff on additional modifications. The City Council also provided feedback that a community fund should be explored to provide additional relocation assistance for tenants who were at risk of homelessness, or to assist landlords who could not afford to make payments. Finally, some city councilmembers expressed interest in pursuing mediation or establishment of a rent board to address significant rent increases and perhaps other landlord tenant disputes.

## **Analysis**

Tenant relocation assistance can provide a safety net to renters who are displaced from their current housing and find themselves facing potential homelessness. The assistance is often provided in the form of cash payments that can be used by the displaced tenant to address the financial challenge of securing alternate housing (first and last month's rent, new security deposit, etc.) and pay related moving expenses (moving costs, utility deposits, etc.) While this is a challenging transition for any tenant, it is especially difficult for low-income households. By reducing the financial impacts of unexpected displacement, a relocation assistance ordinance may help prevent homelessness, keep more of these residents in Menlo Park, reduce household and educational disruption and preserve community continuity.

Many cities in the bay area are adopting tenant relocation assistance ordinances to help mitigate some of the effects of housing displacement caused by the current housing crisis. The triggers for rental assistance payments, the payment amounts and the types of units covered by the program vary from city to city.

The discussion below summarizes two alternative approaches for the City Council's consideration.

### Alternative A: Redwood City ordinance model

On July 23, 2018, Redwood City adopted a tenant relocation ordinance (Ordinance 2450) to minimize disruption to tenants caused by eviction and displacement. The ordinance went into effect January 1, 2019. The County of San Mateo is also considering an ordinance with provisions similar to the Redwood City ordinance. The County's ordinance will apply only in unincorporated areas of the County. A version of Redwood City's ordinance, with some modifications as noted below, is contained as Attachment A. The benefits of using an ordinance from a neighboring community is to provide uniformity for landlords and to potentially collaborate on administration and leverage an existing outreach process.

### *Relocation triggers*

Redwood City's ordinance requires owners to pay relocation benefits to low income tenants displaced for the following reasons:

1. The landlord seeks to withdraw all rental housing units from the rental housing market per the Ellis Act
2. The landlord seeks to recover possession to demolish or otherwise remove a residential rental housing unit from residential rental housing use after having obtained all proper permits from the city, if any such permits are required
3. The landlord seeks to recover possession to remodel, renovate or rehabilitate the unit(s) resulting in permanent displacement of tenants
4. The landlord seeks the conversion of a building into a condominium, community apartment or stock cooperative
5. A change of real property from a residential use to a non-residential use that requires a city permit

The following displacements are exempt from the ordinance:

1. Conversion of a mobile home park
2. A landlord's compliance with an enforcement order of the city's chief building official for which the property owner has been ordered to pay relocation expenses under state or federal law
3. The residential household is required to vacate the rental unit due to damage resulting from a natural disaster or accident outside the control of the landlord
4. Temporary displacement where tenants have been provide with alternative housing on-site or nearby provided that such displacement shall be for a period of no more than one year; and
5. Expiration of a lease that was not extended by the operation of Civil Code Section 1945

*Rental unit*

The ordinance applies to all properties consisting of more than four rental units. It does not apply to single family homes, duplexes, triplexes or fourplexes, accessory dwelling units, mobile homes, hotels, condominiums, on-site manager's unit and units where the tenancy is a condition or consideration of employment.

*Eligible tenant*

Redwood City's ordinance applies to all tenant households whose annual household income does not exceed eighty (80) percent of the area median household income for San Mateo County as adjusted for household size according to the Department of Housing and Urban Development (HUD.) The table below shows the qualifying income by household size.

2018 Income limits for San Mateo County	
Household size	Low-income (80% AMI)
1-Person	\$82,200
2-Persons	\$93,950
3-Persons	\$105,700
4-Persons	\$117,400
5-Persons	\$126,800
6-Persons	\$136,200
7-Persons	\$145,600
8-Persons	\$155,000

The ordinance does not contain a requirement that the tenant reside in the unit for a minimum period of time, but the tenant must be in good standing and be current on rent.

*Relocation assistance payments*

The relocation payment is defined as three months of the HUD-published Fair Market Rent (FMR) for San Mateo County for a comparable sized unit. The table below shows the 2019 HUD Fair Market Rent, by unit size, for San Mateo County, which is part of the San Francisco, CA HUD Metro FMR Area.

2019 HUD fair market rents for the San Francisco, CA HUD Metro FMR area	
Unit size	HUD FMR (monthly)
Studio	\$1,822
1-bedroom	\$2,255
2-bedroom	\$2,809
3-bedroom	\$3,663
4-bedroom	\$3,912

In addition, if the household contains a member who is (1) 62 years or more, (2) disabled, (3) a minor or (4) who has resided in the unit for more than five years, the household is entitled to one additional month of HUD-published Fair Market Rent. Tenants are also entitled to a return of the security deposit and subscription to a 60-day rental service. The owner may propose alternative mitigation, but it must be approved in advance by the city.

*Anti-retaliation/enforcement*

The Redwood City ordinance does not have an anti-retaliation provision. Nor does it have a separate enforcement provision. The ordinance is intended to be largely enforced through the building permit /planning entitlement process. In addition, as the ordinance requires the relocation assistance funds to be deposited into escrow and further requires the landlord to contract with a third-party relocation company, the ordinance is reliant on third-party enforcement.

Based on staff conversations with San Mateo County Counsel, it appears the County will be adding both an anti-retaliation and private enforcement provision to its proposed ordinance and the city attorney has likewise added them to the draft Menlo Park ordinance (Attachment A).

*Administrative fees*

Redwood City’s ordinance authorizes the city to charge landlords administrative fees and requires landlords to pay the cost of the third-party relocation agency.

Alternative B: Modified version of the Housing Commission’s proposed ordinance

Following the February 12, 2019 study session, Mayor Pro Tem Taylor and Councilmember Nash met with staff to further refine the Housing Commission’s recommended ordinance. The updated version of the modified Housing Commission proposed ordinance is included as Attachment B.

*Relocation triggers*

The proposed ordinance contains two distinct triggers for payment of relocation benefits. The first trigger is a landlord-caused termination (sometimes referred to as “no-fault” or “no-cause” termination).

It includes situations where a landlord takes action to terminate the tenancy of an eligible tenant, but provides clearly outlined exceptions for the tenant’s:

1. Failure to pay rent
2. Breach of the rental agreement

3. Continuing to commit or expressly permit a nuisance in the rental unit
4. Owner move-in

The Mayor Pro Tem Taylor and Councilmember Nash recommended removing the exception for a natural expiration of a lease term, as originally recommended by the Housing Commission.

The second “trigger” for relocation payments is a “significant rent increase.” In order to invoke this trigger, the following circumstances must all occur:

- The tenant has rented the current unit for 12 months or longer AND
- The rent increases by the annual consumer price index (CPI) + 5% (or more) in 12-month period AND
- The tenant must move because they cannot afford rent AND
- The tenant’s household income is 100% AMI or less

The councilmembers discussed increasing the rent increase threshold, but ultimately decided the threshold was well-vetted by the Housing Commission. This formula is based on California Penal Code §396, which governs price increases during a declared disaster or state of emergency and a report by the UC Berkeley Turner Center for Housing Innovation, which defined increases greater than CPI plus 5 percent as rent gouging. Additionally, the American Apartment Association states to its members that a good rule of thumb is to raise rents by 2 to 4 percent annually, and that increases above 8 percent will likely cause a loss of tenants.<sup>1</sup>

#### *Rental unit*

The definition of rental unit in the modified draft ordinance includes any housing unit in the city (including, but not limited to: multifamily housing, condominiums, duplexes and single-family homes), with clear exceptions for:

1. affordable housing units already required to be rented at restricted rents to income-qualified tenants
2. secondary dwelling units (commonly referred to as “granny units,” “in-law units,” or backyard cottages)
3. owner-occupied single-family residences where a room is rented to a third party

There was considerable discussion about whether to carve out single-family homes and homes built after 1995 to mirror those properties covered under the Costa-Hawkins Rental Housing Act. As many of the anticipated displacements are likely to occur in the Belle Haven area that largely consists of single-family homes, the councilmembers were reluctant to exclude single-family homes. Because only the significant rent trigger was potentially affected by Costa-Hawkins, the councilmembers elected to break out the two triggers for further discussion on this issue.

#### *Eligible tenant*

The Housing Commission’s original recommendation was to set a means test for eligible tenants at 150% of the area median household income for San Mateo County as adjusted for household size according to the Department of Housing and Urban Development (HUD).

Based on feedback from the study session, the updated ordinance now sets a means test of 100% of AMI.

The table below shows the qualifying income by household size.

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<sup>1</sup> The American Apartment Association: <https://www.american-apartment-owners-association.org/property-management/tips-for-how-to-increase-rent/>.

2018 Income limits for San Mateo County	
Household size	Median income (100% AMI)
1-Person	\$82,900
2-Persons	\$94,700
3-Persons	\$106,550
4-Persons	\$118,400
5-Persons	\$127,850
6-Persons	\$137,350
7-Persons	\$146,800
8-Persons	\$156,300

The ordinance also retains the 12-month residency requirement for eligible tenants.

*Relocation assistance payments*

The councilmembers discussed several options for relocation assistance payments. One option was to mirror Redwood City’s payment structure of 3 months of the HUD Fair Market Rent (FMR) plus one additional month’s rent for special circumstances households. Staff has included this method for the “no cause” trigger in the proposed ordinance.

The other option discussed was to more directly link the payment to the income level, longevity of the tenant and number of units. Thus, lower income residents who have resided in the unit for a longer period of time would receive higher payments. This method recognizes that lower income tenants will have more difficulty relocating to another comparable apartment in Menlo Park (due to escalating rents) and that displacement impacts will be more severe for tenants who have longer established ties to the community.

Since the significant rent increase payment structure faced landlord opposition at the study session, the councilmembers felt it was appropriate to create a payment structure that was very narrowly tailored towards mitigating the highest need cases. The councilmembers also recommended that the city share some of the cost of the relocation assistance payments through creation of a community housing fund for tenants with special circumstances and for longer term tenants. A sample payment structure which splits the cost between the landlord and the city is included in Attachment B.

*Anti-retaliation/enforcement*

The modified ordinance contains an anti-retaliation provision. It also grants tenants a private cause of action for violation of its terms and specifies that the landlord’s failure to offer relocation benefits and otherwise comply with the ordinance may be asserted as an affirmative defense to any eviction action. At this point, staff does not anticipate having resources to separately administer the ordinance.

*Administrative fees*

In order to help fund administration of the new program, the councilmembers suggested including a provision that authorizes the City to charge landlords administrative fees.

*Hardship waiver and sunset provisions*

No substantive changes were made to these provisions. However, to improve the efficiency of the hardship provision the period for exercising it has been changed from 90 to 30 days before taking action to



evict a tenant or serving a notice of a significant rent increase.

A chart comparing the two alternatives is also included for reference as Attachment C. A summary chart comparing key elements of different city ordinances is included as Attachment D.

### Other considerations

#### *Creation of a fund*

Several councilmembers expressed interest in creating a community housing fund that could be accessed by tenants who needed additional assistance to avoid becoming homeless following a displacement and/or by landlords who were unable to pay some or all of the relocation benefits. In addition, the fund might be used for a short-term rental subsidy to allow more time for tenants to stay in their units while they looked for replacement housing. The fund would be started with seed money from the city and could also seek corporate or charitable sponsors and possible San Mateo County Measure A/K funds.

Staff has included some sample language in Section 8.55.045(c)(2) (relocation payments for tenants replaced by significant rent increase) and Section 8.55.100(c) (the hardship provision) of Alternative B for consideration. Staff recommends that the City Council request the Housing Commission to provide input on the funding amount, the eligibility criteria and the review process for administering the fund. The final guidelines must come back to the City Council for approval.

#### *Landlord-tenant mediation program*

At the study session, the City Council provided direction to explore a landlord-tenant mediation program or establishment of a rent board that could help mediate significant price increases. Staff brought a similar item to the City Council for discussion January 10, 2017 (Attachment E). At that time, staff identified three cities that have established landlord-tenant mediation programs: Palo Alto, Campbell and Mountain View. Mountain View has since repealed its landlord-tenant mediation ordinance as it was superseded by the rent control charter measure.

There are advantages and disadvantages to a mediation program. On one hand, it provides landlords and tenants the opportunity to address disputes before displacement. On the other hand, the Housing Commission has received feedback that mediation can set false expectations and may not ultimately be the most effective protection for renters. Staff recommends that if the City Council's direction includes this provision, that this matter be referred to the Housing Commission for further review and recommendation.

#### *Urgency ordinance provision*

Regular ordinances require two separate readings by the City Council and then go into effect 30 days thereafter. However, urgency ordinances may be adopted after just one reading and go into effect immediately. Urgency ordinances must contain findings showing the need to preserve the public peace, health, or safety and must be passed by a four-fifths vote of the City Council.

When adopting urgency ordinances, the best practice is to consider concurrently a similar ordinance on a non-urgency basis following the usual procedure (two readings) in the event the urgency ordinance fails to get the four-fifths vote needed or in the event its urgency findings are challenged. If the urgency ordinance is challenged, the non-urgency version of the ordinance will already have taken effect, thereby limiting or eliminating the "gap" in coverage to the brief window between the effective dates of the emergency and regular ordinances.

### **Impact on City Resources**

While any tenant relocation assistance payments would be made by the landlord to the tenant directly, management of the program could have significant impacts on staff time and resources. There could be significant legal expenses in defending a lawsuit should a legal challenge be filed, as well as potential liability to pay significant plaintiff's attorney's fee in the event the plaintiffs prevail.

### **Environmental Review**

This action is not a project under the California Environmental Quality Act ("CEQA") and therefore not subject to the provisions of the CEQA Guidelines under Sections 15378 and 15061(b)(3).

### **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. Alternative A – Redwood City model tenant relocation assistance ordinance
- B. Alternative B – Modified version of the Housing Commission's proposed ordinance
- C. Comparison of Alternative A and Alternative B
- D. Tenant relocation assistance ordinance comparison chart
- E. January 10, 2017, Staff Report regarding displacement and mediation programs -  
hyperlink: <https://www.menlopark.org/DocumentCenter/View/12652/E-1-Housing-Displacement>

Report prepared by:

Clay J. Curtin, Interim Housing and Economic Development Manager

Cara Silver, Assistant City Attorney



## ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MENLO PARK ADDING  
CHAPTER 8.56 OF THE MENLO PARK CODE REGARDING RELOCATION  
ASSISTANCE**

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

**SECTION 1. FINDINGS AND DETERMINATIONS.**

- A. There is a total of 12,347 residential units in Menlo Park. Of those, 6,927 (or 56 percent) units are owner occupied and 5,420 (or 44 percent) units are tenant occupied. In the Belle Haven neighborhood, 57 percent of the total population are tenants.
- B. The City of Menlo Park currently does not regulate rent increases or reasons for evictions from residential property and certain aspects of public peace, health, and safety are not adequately protected due to the lack of regulation.
- D. The California Housing Partnership Corporation estimates there is a shortage of 25,882 affordable rental homes to accommodate low-income renters in San Mateo County, which has a population of 748,732 and 106,289 renting households, according to the U.S. Census.
- E. The report Displacement in San Mateo County: Consequences for Housing, Neighborhoods, Quality of Life, and Health found that after being displaced, only 21 percent of households reported staying in the same neighborhood (within 1 mile of their previous home). Thirty-three percent of households left San Mateo County, generally moving to the Central Valley or eastern communities in the East Bay.
- F. The rents in San Mateo County and Menlo Park in particular have been steadily increasing. Increasing rents combined with a housing shortage places substantial pressure on the existing city residents who rent housing. In particular, rising rents can lead to tenant displacement of longstanding residents.
- G. On August 22, 2017, the City Council directed City Staff to prioritize housing policies, with tenant relocation assistance being part of the priority one recommended policies.
- H. On July 11, 2018, the Housing Commission held a regular public meeting to discuss and consider for recommendation to City Council for adoption of a draft tenant relocation assistance ordinance.
- I. On August 8, 2018, the Housing Commission held an additional regular public meeting to discuss and consider for recommendation to City Council for adoption of a draft tenant relocation assistance ordinance.
- J. The Commission scheduled two additional community meetings, one at the Menlo Park Senior Center, September 12, 2018, and one at the City Council Chambers, September 13, 2018, in order to hear additional public comment on the matter.

- K. Members of the community expressed concern that in light of this proposed relocation assistance ordinance, they would receive eviction or rent increase notices from their landlords.
- L. The process of adopting a relocation assistance ordinance regulating substantial rent increases and no cause evictions by requiring landlords to pay relocation fees in certain instances creates uncertainty and concerns among some landlords that if they do not evict tenants or raise rents before the effective date of the ordinance, they will be required to pay relocation fees later by the new regulations and such actions would defeat the intent and purpose of the new ordinance and substantially impair its effective implementation.
- M. According to the Legal Aid Society of San Mateo County (“Legal Aid”), at least 20 “no fault” eviction notices were issued within the past 32 months in Menlo Park and this sample of eviction activity, self-reported by the Menlo Park residents who elected to consult a lawyer, is a fraction of the total. Legal Aid further reports that at least an additional 10 Menlo Park households reported rent increases of more than ten percent (10%) during the past 32 months. Again, this fractional sampling does not capture the full-scale of significant rent increases in the city.
- N. This data is also supported by reports received by the City from tenants and community organizations that indicate at least 20 instances of “no fault” evictions and at least 10 instances of tenants having received rent increase notices greater than 10 percent (10%) since December 2015.
- O. Tenants evicted in Menlo Park are forced to incur substantial costs related to new housing including, but not limited to, move-in costs, moving costs, new utility hook-ups, payments for temporary housing, and lost work time seeking housing. Move-in costs commonly include first and last month’s rent plus a security deposit equal to one month’s rent, leading to total relocation expenses in excess of three months’ rent.
- P. The impacts of evictions are particularly significant on low-income, elderly, and disabled tenants and tenants with minor children, justifying an additional payment for households with these tenants.
- Q. In light of the numerous concerns noted herein, including but not limited to, the current and immediate threat to the public peace, health and safety by the fact that tenants are not adequately protected due to the lack of regulation and the adverse impacts that would result from displacement of City residents, this emergency measure is necessary to preserve the public peace, health, and safety of the community.
- R. In enacting this ordinance, the City is exercising its right to regulate and monitor the basis for eviction.

SECTION 2: ADDITION OF CODE. Chapter 8.56 [Tenant Relocation Assistance] of Title 8 [Peace, Safety and Morals] is hereby added to the Menlo Park Municipal Code to read as follows:

## **Chapter 8.56**

### **TENANT RELOCATION ASSISTANCE**

Sections:

- 8.56.010 Short Title, Authority and Applicability
- 8.56.020 Purpose
- 8.56.030 Definitions
- 8.56.040 Requirement to Provide Relocation Assistance
- 8.56.050 Relocation Assistance
- 8.56.060 Relocation Assistance Payments
- 8.56.070 Tenant Displacement Notices
- 8.56.080 Landlord Submittal Requirements
- 8.56.090 Alternative Mitigation
- 8.56.100 Administrative Regulations
- 8.56.110 Mitigation not Exclusive
- 8.56.120 Retaliation prohibited
- 8.56.130 Failure to comply

#### **8.56.010 Short Title, Authority, and Applicability**

- A. This Chapter shall be known and may be cited as the "Relocation Assistance Ordinance."
- B. The requirements established pursuant to this Chapter are adopted under the authority of California Constitution Article XI, Section 7, which provides: "A county or city may make and enforce within its limits all local, police, sanitary, and other ordinances and regulations not in conflict with general laws," and in accordance with the purpose set forth in the ordinance codified in this Chapter.
- C. This Chapter shall apply to the extent permitted by the statutes and laws of the State of California.

#### **8.56.020 Purpose**

The primary purpose for relocation assistance is to minimize disruption to tenants and their families caused by a need for relocation by addressing financial impacts. Securing replacement housing generally requires a significant amount of money for expenses related to a physical move, such as first and last month's rent and security deposits. Projects assisted with Federal and State funds are subject to requirements to provide relocation assistance to households displaced by those projects. There is currently no state mandate for landlords to assist displaced tenants by compensating for relocation costs. While an unanticipated move may be challenging for any tenant, it is especially difficult for extremely low, very low and low income households.

#### **8.56.030 Definitions**

The following words and terms as used in this Chapter shall have the meaning respectively ascribed thereto:

- A. Application. Any application required to be submitted to the City for discretionary or ministerial approval of a land use change or improvement of real property that will result in a permanent displacement of a residential household.
- B. Displace or Displacement. The vacating of one (1) or more rental units on properties with five (5) or more units by residential households upon notice from the landlord as the result of or to enable any of the following:
  - 1. The landlord seeks to withdraw all rental housing units from the rental housing market as provided in Government Code Section 7060, et seq.;
  - 2. The landlord seeks to recover possession to demolish or otherwise remove a residential rental housing unit from residential rental housing use after having obtained all proper permits from the City, if any such permits are required;
  - 3. The landlord seeks to recover possession to remodel, renovate or rehabilitate the unit(s) resulting in permanent displacement of tenants;
  - 4. The landlord seeks the conversion of a building into a condominium, community apartment or stock cooperative, as those terms are defined in California Government Code and Business and Professions Code; or
  - 5. A change of use of real property from a residential use to a nonresidential use that requires a permit from the City.
- C. For the purposes of this Chapter, a displacement does not include a vacation of a rental unit as the result of the following:
  - 1. A conversion of any portion of a mobile home park regulated and processed pursuant to Chapter 28 of this code;
  - 2. A landlord's compliance with an enforcement order of the City chief building official for which the property owner has been ordered to pay relocation expenses pursuant to Health and Safety Code Section 17975, et seq., or any other state or federal law;
  - 3. The residential household is required to vacate the rental unit due solely to damage resulting from an earthquake, fire, flood, natural disaster, civil disturbance, or accident outside the control of the landlord; or
  - 4. Temporary displacement where tenants have been provided with alternative housing on site or nearby provided that such displacement shall be for a period of no more than one year.
  - 5. Expiration of a lease that was not extended by the operation of Civil Code Section 1945.
- D. Eligible residential household. A displaced residential household whose annual household income does not exceed eighty (80) percent of the area median household income for San Mateo County as adjusted for household size according to the United

States Department of Housing and Urban Development, as may be adjusted from time to time, and whose rental payments to the landlord remain current through the date of displacement. The presumption of eligibility specified in the preceding sentence shall not apply where the landlord provides evidence of any of the following circumstances:

1. The residential household's occupancy ended due to the expiration of a term lease or termination of a month to month rental agreement and the tenancy was not extended by the operation of Civil Code Section 1945; or
  2. The residential household (a) is in the process of being evicted pursuant to the terms of the rental agreement for failure to pay rent or other breach of the rental agreement; or (b) has been found guilty of unlawful detainer pursuant to Subdivisions 2, 3, 4 or 5 of Section 1161 of the Code of Civil Procedure as evidenced by a final judgment of a court of competent jurisdiction; or (c) has entered into a stipulated agreement in an unlawful detainer action which requires vacation of the premises; or
  3. The residential household received written notice, prior to entering into a written or oral agreement to become a tenant, that an application to convert their rental unit to another use was on file with the City or had already been approved and would result in their displacement.
- E. Landlord. An owner, lessor or sublessor of property (including any person, firm, corporation or other entity) who receives or is entitled to receive rent for the use of any rental unit, or the agent, representative or successor of any of the foregoing.
- F. Lease. Any form of rental agreement, whether written or oral.
- G. Rental unit. A habitable structure offered for rent and used as a place of permanent or customary and usual abode of a residential household. Rental units include a building, a group of buildings or a portion of a building used and/or designed as dwellings. A rental unit shall not include:
1. A room or any other portion of any residential unit which is occupied by the landlord or a member of the landlord's immediate family.
  2. Properties where four (4) or fewer dwelling units are located on one (1) lot, including single-family, duplex, tri-plex, or four-plex homes, and accessory dwelling units.
  3. A mobile home.
  4. Housing accommodation in hotels, motels, inns, tourist homes and boarding or lodging houses.
  5. A unit in a common-interest development where units are owned by different individuals who share ownership of common areas and facilities.
  6. An on-site manager's living unit.
  7. A unit where the tenancy is an express condition of, or consideration for, employment by a landlord.

- H. Residential household. Any person or group of persons entitled to occupy a rental unit under a valid lease or rental agreement (written or oral) with the landlord.
- I. Special-circumstances households. An eligible residential household with any of the following characteristics:
  - 1. At least one (1) member is sixty-two (62) years of age or older.
  - 2. At least one (1) member qualifies as disabled as defined by Title 42, United States Code, Section 423 or handicapped as defined by California Health and Safety Code Section 50072.
  - 3. A household with one (1) or more minor children (under eighteen (18) years of age) who are legally dependent (as determined for federal income tax purposes).
  - 4. A household that has occupied their unit as their primary residence for five (5) or more consecutive years.
- J. Tenant. A tenant, subtenant, lessee, sublessee or any other person entitled to use or occupancy of a rental unit under a valid lease or rental agreement (written or oral) with the landlord.
- K. Third-party agency. Relocation assistance specialist, agency and/or other third-party agency hired by the City and paid for by the landlord to assist with the relocation assistance process set forth in this ordinance.
- L. Primary Residence. A primary residence is a dwelling unit where a person has been physically present and that the person regards as home. A person may only have one primary residence at any given time. Evidence of a person's primary residence includes, but is not limited to, documentation from income tax statements or a driver's license. If a property has multiple dwelling units, including an accessory dwelling unit or apartment complex, each dwelling and accessory dwelling shall be considered a separate residence subject to the primary residence requirement.

**8.56.040 Requirement to Provide Relocation Assistance**

Any landlord that shall cause the permanent displacement of residential households shall be subject to paying eligible residential households relocation assistance in accordance with the provisions of this Chapter.

**8.56.050 Relocation Assistance**

- A. The landlord shall provide relocation assistance, where required by Sec. 8.56.040, to eligible residential households in accordance with the following requirements, unless an alternative mitigation strategy as defined in section 8.56.090, below, has been approved by the City:
  - 1. A full refund of a tenant's security deposit, except for funds that may be necessary to repair tenant's damage to property in rental units that will be reoccupied prior to

- undergoing renovation or demolition.
2. A sixty (60) day subscription to a rental agency service. The costs of a rental agency shall be fair and reasonable based on current market pricing.
  3. The cash equivalent of three (3) months' rent shall be paid to the residential household renting a unit. The amount to be paid shall be calculated at the time the relocation application is approved by the City based on the most recent Department of Housing and Urban Development's Fair Market Rent calculation for San Mateo County for a similar-sized unit with the same number of bedrooms.
  4. Special-circumstances households will be paid one (1) additional month of rent for a maximum of four (4) months' rent.
  5. An administrative fee as set forth in Section 8.56.6(F) below.

### **8.56.060 Relocation Assistance Payments**

- A. Third-party processing. The City shall hire a third-party agency to provide tenant relocation assistance. Landlord shall pay the fees for the third-party agency and shall deposit sufficient funds with the third-party agency and/or City (as determined by the City) when an application is filed to cover the estimated cost of the relocation assistance services. The third-party agency shall provide bilingual assistance, as necessary, and hold an informational meeting with tenants, respond to questions, verify current household incomes, disperse checks to eligible households and provide an accounting of dispersed funds to the landlord and City.
- B. Payments escrow account. The landlord shall open an escrow account with an entity qualified to provide escrow services within the State of California and deposit relocation assistance funds into that account no later than thirty (30) days after filing an application that will be used by the third-party agency for relocation assistance payments to eligible residential households. The amount of the deposit shall be determined by the Community Development Director or his/her designee and unused funds shall be returned to the landlord after all relocation assistance has been paid as verified by the third-party agency.
- C. Relocation assistance claims. Tenants requesting relocation assistance must provide the necessary information to the third-party agency who will determine their eligibility for relocation assistance and eligible residential households must complete a claim form. Tenants must file a claim before the date to vacate as stated on the notice of termination in order to be eligible for relocation assistance payments. After determination of eligibility, half of the relocation assistance shall be paid to eligible residential households within fifteen (15) days of the date the claim form is submitted to the third-party agency and the remaining half shall be paid when the household vacates the unit.
- D. Payments to eligible residential households. Relocation assistance is paid per rental unit, not per tenant. If multiple households or individuals occupy a rental unit, relocation assistance shall be paid to the household or individual entitled to occupy a rental unit under a valid lease or rental agreement (written or oral) with the landlord.
- E. Verification of payment. Prior to issuance of demolition permits, building permits or other City

permits that would result in the removal of a rental unit subject to this Chapter, the City must receive verification from the third-party agency that all eligible residential households who applied and qualified for assistance have received relocation assistance. This verification shall be submitted in a form acceptable to the City.

- F. Administrative costs. The City shall collect the administrative fee in an amount to be set by resolution of the City Council.

#### **8.56.070 Tenant Displacement Notices**

- A. Notice of intent. No later than thirty (30) days after filing an application, either the landlord or the landlord's agent shall notify each residential household residing on the subject real property that the landlord has filed an application with the City. The notice shall be sent by regular and certified mail and posted on the door of each rental unit. The landlord must submit evidence of compliance with this section to the City in order for the application to be deemed complete.

For each such notice, the landlord shall use a notice of intent form provided by the City that shall contain the following information:

1. The name and address of the current property owner and the project developer;
  2. A description of the application(s) being filed and a general time frame to complete the work described in the application;
  3. An explanation of the relocation assistance available to eligible residential households and special-circumstances households, information on eligible residential household incomes and the procedure for submitting claims for relocation assistance;
  4. Contact information for the third-party agency that will be assisting with the relocation assistance process. This contact information and a brief explanation of the purpose of the notice shall be translated into non-English languages as provided by the City;
  5. The residential household's right to receive written notice for each hearing and right to appear and be heard at land use hearing, if applicable; and
  6. Other information deemed necessary or desirable by the Community Development Department.
- B. Notice of intent verification. The landlord or agent of the landlord shall submit to the City a duplicate copy of the notice of intent form given to each residential household and a declaration indicating that each notice was sent by regular and certified mail and posted on the door of the rental unit.
  - C. Notice of application approval. No later than fifteen (15) days after receiving final approval of a project application (including any appeal period), the landlord or the



landlord's agent shall notify each residential household residing on the subject real property that the application has been approved. The notice shall be sent by regular and certified mail and posted on the door of each rental unit.

- D. Notice of termination. Landlord shall provide a written notice of termination to all tenants subject to displacement pursuant to Civil Code Section 1946 and Section 1946.1.

#### **8.56.080 Landlord Submittal Requirements**

Concurrent with the filing of an application, the landlord shall provide the Community Development Department with the address number of each unit in the rental development, the monthly rents for those units and the names of every member of the residential household who is a signatory on a written lease or rental agreement for that unit, the household income as shown on the lease or rental agreement and the number of household members included on the lease or rental agreement. Where there is no written lease or rental agreement, the landlord shall provide the name of every person the landlord considers to be a resident under an oral lease or rental agreement.

#### **8.56.090 Alternative Mitigation**

- A. All applications governed by this section shall be required to submit the required information; however, the landlord may also submit an alternative mitigation strategy that meets the goals of this section. An alternative strategy may include, but shall not be limited to, providing other mitigation and concessions to tenants such as permanent relocation of displaced tenants into similar apartments on-site or nearby, ongoing rent concessions or suitable notice and other elements of mitigation that would serve the goals and purposes of this Chapter. Prior to submitting any alternative mitigation strategy, a landlord shall discuss the strategy with existing tenants and make good faith efforts to arrive at an alternative mitigation strategy that is acceptable to existing tenants. Evidence of tenant agreement with an alternative mitigation strategy may be submitted to the City for review. With each such alternative submission, the landlord shall provide complete information as determined necessary by the Community Development Director.

After an alternative mitigation strategy is submitted, the landlord shall provide notice of the submission by regular and certified mail and posted on the door of each rental unit. Tenants shall have fourteen (14) days from the date notice is posted or mailed, whichever is later, to submit comments on the alternatives to the Community Development Director.

Alternative mitigation proposals shall be approved or denied by the Community Development Director. Within seven days of the decision, the City shall provide notice of the decision to the landlord and all tenants. The Landlord or tenants may appeal any decision of the Community Development Director to the City Manager or designee within fourteen (14) days after notice is provided.

- B. Landlord's temporary withdrawal of residential rental units from the market shall not be subject to this Chapter for any units where, in the opinion of the Community Development Director, the landlord has provided suitable alternative temporary replacement

housing accommodations on site or nearby.

### **8.56.100 Administrative Regulations**

The Community Development Director may, from time to time, promulgate regulations implementing the provisions of this Chapter, violations of which shall be considered a violation of this section.

### **8.56.110 Mitigation Not Exclusive**

Nothing in this section shall be interpreted to interfere with the City's ability and/or obligation to require relocation assistance for displaced tenants who are not covered by this Chapter.

### **8.56.120 Retaliation prohibited**

Commencement of eviction proceedings against a tenant for exercising his or her rights under this Chapter shall be considered a retaliatory eviction. Under Civil Code Section 1942.5, it is illegal for a landlord to retaliate against a tenant for lawfully and peaceably exercising his or her legal rights. [This has been added by staff.]

### **8.56.130 Failure to comply**

A landlord's failure to comply with any requirement of this Chapter may be asserted as an affirmative defense in an action brought by the landlord to recover possession of the rental unit. Additionally, any attempt to recover possession of a rental unit in violation of this Chapter shall render the landlord liable to the tenant for damages permitted by law in a civil action for wrongful eviction. The tenant may also seek injunctive relief and money damages for wrongful eviction and/or failure to pay relocation assistance. A landlord may seek money damages for a tenant's failure to reimburse relocation assistance if the tenant ultimately fails to vacate the rental unit where a landlord provides a legal notice to terminate without cause or where the landlord provides a legal notice of a significant rent increase, or proposed multiple rent increases that cumulatively create a significant rent increase at any time during a twelve (12) month period. The prevailing party in an action for wrongful eviction and/or failure to pay relocation assistance or reimburse relocation assistance shall recover costs and reasonable attorneys' fees. [This has been added by staff.]

SECTION 3. SEVERABILITY. If any section of this ordinance, or part hereof, is held by a court of competent jurisdiction in a final judicial action to be void, voidable or unenforceable, such section, or part hereof, shall be deemed severable from the remaining sections of this ordinance and shall in no way affect the validity of the remaining sections hereof.

SECTION 4. CALIFORNIA ENVIRONMENTAL QUALITY ACT DETERMINATION. The City Council hereby finds that this ordinance is not subject to the provisions of the California Environmental Quality Act ("CEQA") under Sections 15378 and 15061(b)(3) of the of the CEQA Guidelines.

SECTION 5. EFFECTIVE DATE. This Ordinance shall take effect immediately following its adoption.

OR

SECTION 5. EFFECTIVE DATE. This Ordinance shall take effect 30 days following adoption.

INTRODUCED on the \_\_\_ day of \_\_\_\_\_, 2019.

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

AYES:	Councilmembers:
NOES:	Councilmembers:
ABSENT:	Councilmembers:
ABSTAIN:	Councilmembers:

APPROVED:

\_\_\_\_\_  
Mayor

ATTEST:

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

## ORDINANCE NO. \_\_\_\_\_

**[URGENCY] INTERIM ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MENLO PARK AMENDING TITLE 8 [PEACE, SAFETY AND MORALS] OF THE MENLO PARK MUNICIPAL CODE TO ADD A NEW CHAPTER 8.55 [TENANT RELOCATION ASSISTANCE]**

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

**SECTION 1. FINDINGS AND DETERMINATIONS.**

- A. Government Code § 36934 (b) authorizes ordinances to take immediate effect when they are “[f]or the immediate preservation of the public peace, health or safety, containing a declaration of the facts constituting the urgency, and [are] passed by a four-fifths vote of the city council.”
- B. There is a total of 12,347 residential units in Menlo Park. Of those, 6,927 (or 56 percent) units are owner occupied and 5,420 (or 44 percent) units are tenant occupied. In the Belle Haven neighborhood, 57 percent of the total population are tenants.
- C. The City of Menlo Park currently does not regulate rent increases or reasons for evictions from residential property and certain aspects of public peace, health, and safety are not adequately protected due to the lack of regulation.
- D. The California Housing Partnership Corporation estimates there is a shortage of 25,882 affordable rental homes to accommodate low-income renters in San Mateo County, which has a population of 748,732 and 106,289 renting households, according to the U.S. Census.
- E. The report Displacement in San Mateo County: Consequences for Housing, Neighborhoods, Quality of Life, and Health found that after being displaced, only 21 percent of households reported staying in the same neighborhood (within 1 mile of their previous home). Thirty-three percent of households left San Mateo County, generally moving to the Central Valley or eastern communities in the East Bay.
- F. The rents in San Mateo County and Menlo Park in particular have been steadily increasing. Increasing rents combined with a housing shortage places substantial pressure on the existing city residents who rent housing. In particular, rising rents can lead to tenant displacement of longstanding residents.
- G. On August 22, 2017, the City Council directed City Staff to prioritize housing policies, with tenant relocation assistance being part of the priority one recommended policies.
- H. On July 11, 2018, the Housing Commission held a regular public meeting to discuss and consider for recommendation to City Council for adoption of a draft tenant relocation assistance ordinance.
- I. On August 8, 2018, the Housing Commission held an additional regular public meeting to discuss and consider for recommendation to City Council for adoption of a draft tenant relocation assistance ordinance.

- J. The Commission scheduled two additional community meetings, one at the Menlo Park Senior Center, September 12, 2018, and one at the City Council Chambers, September 13, 2018, in order to hear additional public comment on the matter.
- K. Members of the community expressed concern that in light of this proposed relocation assistance ordinance, they would receive eviction or rent increase notices from their landlords.
- L. The process of adopting a relocation assistance ordinance regulating substantial rent increases and no cause evictions by requiring landlords to pay relocation fees in certain instances creates uncertainty and concerns among some landlords that if they do not evict tenants or raise rents before the effective date of the ordinance, they will be required to pay relocation fees later by the new regulations and such actions would defeat the intent and purpose of the new ordinance and substantially impair its effective implementation.
- M. According to the Legal Aid Society of San Mateo County (“Legal Aid”), at least 20 “no fault” eviction notices were issued within the past 32 months in Menlo Park and this sample of eviction activity, self-reported by the Menlo Park residents who elected to consult a lawyer, is a fraction of the total. Legal Aid further reports that at least an additional 10 Menlo Park households reported rent increases of more than ten percent (10%) during the past 32 months. Again, this fractional sampling does not capture the full-scale of significant rent increases in the city.
- N. This data is also supported by reports received by the City from tenants and community organizations that indicate at least 20 instances of “no fault” evictions and at least 10 instances of tenants having received rent increase notices greater than 10 percent (10%) since December 2015.
- O. Legal Aid also reported that in other jurisdictions, which have adopted similar tenant relocation ordinances, landlords responded pre-emptively before the potential effective date of a tenant protection measure. Two examples from Legal Aid’s cases:
- In April 2017, in response to the Pacifica City Council agenda item to place a rent control and just cause eviction ordinance on the November 2017 ballot, the landlord of a 16-unit building increased rents on all units of the building by forty percent (40%). The landlord stated her intention in doing so was to avoid potential fiscal impact of the ordinance, and that the increase was more than she would have routinely sought but for the possibility of future increases being limited.
  - In August 2016, a landlord in Burlingame issued 60-day “no cause” notices of termination of tenancy to all four units in the building, in anticipation of a rent control ordinance on the November 2016 ballot, which if passed, would have rolled back recently implemented rent increases for existing tenants. The landlord publicly state that the only reason the termination notices had been issued was to ensure that the landlord would not be “stuck” with them if the ordinance passed, and that he had been advised to take this preemptive step by his attorney.
- P. Tenants evicted in Menlo Park are forced to incur substantial costs related to new housing including, but not limited to, move-in costs, moving costs, new utility hook-ups, payments for temporary housing, and lost work time seeking housing. Move-in costs commonly include

first and last month's rent plus a security deposit equal to one month's rent, leading to total relocation expenses in excess of three months' rent.

- Q. The impacts of evictions are particularly significant on low-income, elderly, and disabled tenants and tenants with minor children, justifying an additional payment for households with these tenants.
- R. In light of the numerous concerns noted herein, including but not limited to, the current and immediate threat to the public peace, health and safety by the fact that tenants are not adequately protected due to the lack of regulation and the adverse impacts that would result from displacement of City residents, this emergency measure is necessary to preserve the public peace, health, and safety of the community.
- S. In enacting this ordinance, the City is exercising its right to regulate and monitor the basis for eviction.
- T. For the reasons set forth above, and to mitigate displacement issues, the City Council of the City of Menlo Park finds and declares the addition of Chapter 8.55 [Tenant Relocation Assistance] is necessary for immediate preservation of the public peace, health, and safety, and the findings and determinations above taken together constitute the City Council's statement of reasons constituting the urgency.

SECTION 2. ADDITION OF CODE. Chapter 8.55 [Tenant Relocation Assistance] of Title 8 [Peace, Safety and Morals] is hereby added to the Menlo Park Municipal Code to read as follows:

**Chapter 8.55  
TENANT RELOCATION ASSISTANCE**

Sections:

- 8.55.010 Purpose.
- 8.55.020 Definitions.
- 8.55.030 Requirement to provide relocation assistance.
- 8.55.040 Relocation assistance.
- 8.55.050 Procedures for relocation assistance payment.
- 8.55.045 Relocation assistance for significant rent increase displacement.
- 8.55.060 Notice of termination and notice of entitlement to relocation assistance.
- 8.55.070 Text of notice.
- 8.55.080 Retaliation prohibited.
- 8.55.090 Failure to comply.
- 8.55.100 Hardship Waiver.
- 8.55.110 Administrative costs.

**8.55.010 Purpose.**

In enacting these regulations, the City Council recognizes the need to protect tenants and tenant households from the adverse health, safety and economic impacts of displacement. It is the purpose and intent of the City Council to mitigate such impacts on these residents with this Chapter.

### 8.55.020 Definitions.

For the purpose of this Chapter, unless otherwise apparent from the context, certain words and phrases used in this Chapter are defined as follows:

- (a) **BASE RENT** means the rent for a rental unit required to be paid by the tenant to the landlord in the month immediately preceding the effective date of the rent increase. Base rent shall not include ancillary services including, but not limited to, pet deposits, storage, additional parking or utility pass-throughs.
- (b) **ELIGIBLE TENANT** means any tenant(s) residing in a rental unit in the City for twelve (12) months or more under a valid rental agreement whose annual household income as of the time of a landlord-caused termination, as adjusted for household size, does not exceed one-hundred fifty percent (150%) of the area median household income for San Mateo County according to the United States Department of Housing and Urban Development, as may be adjusted from time to time.
- (c) **LANDLORD** means any person, partnership, corporation or other business entity offering for rent or lease any rental unit in the City. Landlord shall include the agent or representative of the landlord, provided that such agent or representative shall have full authority to answer for the landlord and enter into binding agreements on the landlord's behalf. For the purposes of the owner move-in exception provided in Section 8.55.020 (d)(4) below, "landlord" shall be defined as an owner of record of at least fifty percent (50%) interest in the property.
- (d) **LANDLORD-CAUSED TERMINATION** means ~~the circumstances where a landlord provides an eligible tenant with a proposed significant rent increase and the tenant elects to not remain in the rental unit. It also includes~~ a landlord taking action to terminate the tenancy of an eligible tenant occupying a rental unit for any reason except the following:
  - (1) Failure to Pay Rent. The tenant has failed, after three days' written notice as provided by law, to pay the amount stated in the notice, so long as the amount stated does not exceed the rent to which the landlord is legally entitled under the rental agreement, this Chapter, state law, or any other local law.
  - (2) Breach of Rental Agreement. After service of the required notice, the tenant has not cured a violation of a material term of the rental agreement.
  - (3) Nuisance. The tenant has continued, after the landlord served the tenant with a written notice to cease, to commit or expressly permit a nuisance in the rental unit.
  - (4) Owner Move-In. The landlord seeks to recover possession in good faith:
    - a. For the landlord's use or occupancy as his or her principal residence for a period of at least twelve (12) continuous months or
    - b. For the use or occupancy of the landlord's parents, children, brother or sister, as their principal place of residency for a period of at least twelve (12) continuous months.
  - (5) ~~Expiration of lease term. Expiration of a one-year rental agreement as provided in Chapter 8.53 of this Code.~~ [Housing Commission recommended deleting this.]
- (e) **RENT** means the amount of fixed periodic compensation paid by a tenant to a landlord, as defined by the rental agreement between the tenant and landlord, for the possession and use of a rental unit. Rent shall not include ancillary services including, but not limited to, pet deposits, storage, additional parking or utility pass-throughs.
- (f) **RENTAL AGREEMENT** means the legal written or oral agreement, including all changes

and addenda, governing occupancy of the rental unit between landlord and tenant.

- (g) **RENTAL UNIT** means any housing unit offered for rent or lease in the City of Menlo Park, except that for purposes of this Chapter Rental Unit shall exclude:
- (1) Any housing unit that is subject to a recorded affordable housing regulatory agreement that requires that the housing unit be rented at restricted rents to income-qualified tenants as defined by the regulatory agreement;
  - (2) Secondary Dwelling Units as defined by Chapter 16.79; and
  - (3) Owner occupied Single Family Residences where a room is rented to a third party.
- (h) **RENT INCREASE** means any upward adjustment of the rent from the base rent amount.
- (i) **SIGNIFICANT RENT INCREASE** means a proposed rent increase that raises the rent, or proposed multiple rent increases that cumulatively raise the rent during any twelve (12) month period, to an amount more than the previous year's Consumer Price Index for all Urban Consumers for the San Francisco-Oakland-Hayward area, published by the U.S. Department of Labor, Bureaus of Labor Statistics (CPI) plus five percent (5%) above the base rent that was in place at the beginning of such twelve (12) month period. ~~This excludes circumstances where the proposed rent increase is rescinded by the landlord and excludes residential properties where landlords may establish the initial and all subsequent rental rates for a residential property pursuant to California Civil Code Section 1954.52.~~ **[The Housing Commission recommended deleting this Costa-Hawkins exception.]**
- (j) **SPECIAL-CIRCUMSTANCES HOUSEHOLD** means an eligible tenant with any of the following characteristics at the time of notice of landlord-caused termination:
- (1) At least one resident of the rental unit is sixty-two (62) years of age or older;
  - (2) At least one resident of the rental unit qualifies as disabled as defined by Title 42, United States Code Section 423 or has a handicap as defined by California Health and Safety Code Section 50072; or
  - (3) One or more minor children (under eighteen (18) years of age) who are legally dependent (as determined for federal income tax purposes) reside in the rental unit.
- (k) **TENANT** shall have the same meaning as defined in Chapter 8.53.

**8.55.030 Requirement to provide relocation assistance.**

If any eligible tenant receives notice(s) of a landlord-caused termination or a significant rent increase which results in the tenant vacating the rental unit, that eligible tenant is entitled to relocation assistance in accordance with this Chapter.

**8.55.040 Relocation assistance for landlord-caused termination.**

The landlord shall provide relocation assistance for a landlord-caused termination where required by Section 8.55.030 to an eligible tenant as set forth below:

- (a) Three times the most current applicable Housing and Urban Development (HUD)-published Fair Market Rent for San Mateo County based on the rental unit size;
- (b) A sixty-day (60-day) subscription to a rental agency service; and
- (c) In addition to the payment specified in Section 8.55.040 (a) above, special circumstances households will also receive a payment equal to one times the most current applicable Housing and Urban Development (HUD)-published Fair Market Rent for San Mateo County



based on the rental unit size.

**8.55.045 Relocation assistance for significant rent increase displacement.**

The landlord shall provide relocation assistance for a significant rent increase displacement where required by Section 8.55.030 to an eligible tenant as set forth below:

(a) For eligible tenants who have resided in the rental unit for 12-24 months shall receive one month of rent as established by the most current applicable Housing and Urban Development (HUD)-published Fair Market Rent for San Mateo County based on the rental unit size and for those eligible tenants residing in the rental unit for more than 24 months shall receive two months rent;

(b) A sixty-day (60-day) subscription to a rental agency service; and

(c) Community Housing Fund Discretionary Payment. The City shall establish a Community Fund to assist eligible tenants who have been displaced as a result of a significant rent increase and who are at risk of becoming homeless following such displacement.

(1) The following eligible tenants may apply to the City for a payment up to to one times the most current applicable Housing and Urban Development (HUD)-published Fair Market Rent for San Mateo County based on the rental unit size:

i. Special circumstances households;

ii. Households residing in the same rental unit for more than five (5) years.

(2) The Community Fund payment shall be administered by the City under guidelines to be approved by the City Council. Nothing in this section shall guarantee payment of any amount nor shall require the City to supplement the Community Housing Fund after it has been depleted.

**8.55.050 Procedures for relocation assistance payment.**

The landlord shall pay relocation assistance as follows:

(a) The landlord shall pay one-half of the relocation assistance to the eligible tenant(s) no later than five business days following receipt of written notice that the tenant intends to vacate the rental unit, or following service of the notice of landlord-caused termination; and the balance of the relocation assistance no later than five days after the tenant has vacated the rental unit. If the tenant ultimately fails to vacate the rental unit where a landlord provides a proposed rent increase that raises the rent, or proposed multiple rent increases that cumulatively creates a significant rent increase at any time during a twelve (12) month period, the tenant shall reimburse relocation assistance to the landlord.

(b) The landlord shall provide tenant with the sixty (60) day subscription to a rental agency service no later than five business days following receipt of written notice that the tenant intends to vacate the rental unit, or notice of a landlord-caused termination.

(c) Nothing provided herein prohibits a landlord and a tenant from agreeing to relocation assistance different from that provided in this section. A landlord shall not attempt to influence a tenant to agree to relocation assistance different from that provided in this Chapter in bad faith by means of fraud, intimidation or coercion (including, but not limited to, threats based on immigration status).

(d) For tenants who relocate due to a significant rent increase, tenant shall provide such notice

of intent to vacate no later than sixty days after the effective date of such increase. If such notice is not given by tenant within sixty days of the effective date of rent increase, tenant is understood to have accepted such increase and is no longer eligible to claim relocation assistance from the landlord.

**8.55.060 Notice of termination and notice of entitlement to relocation assistance.**

Where a landlord provides a notice of a landlord-caused termination or a significant rent increase to an eligible tenant the landlord shall provide a written notice of tenant's entitlement to relocation assistance at the same time. Such notice of entitlement to relocation assistance shall be posted on the door to the rental unit and sent certified mail or first class mail, or personally served upon tenant, and shall be provided in both English and Spanish.

**8.55.070 Text of notice.**

The notice of entitlement to relocation assistance for a landlord-caused termination shall state:

NOTICE: Under Civil Code Section 827(b), a landlord must provide a tenant with thirty (30) days' notice before a rent increase of ten percent (10%) or less and sixty (60) days' notice of a rent increase of greater than ten percent (10%). Under Title 8, Chapter 8.55 of the Menlo Park Municipal Code, a landlord must at the same time as a notice under Civil Code Section 827(b), for any landlord-caused termination, provide this notice of the tenant's entitlement to relocation assistance. Eligible tenants are entitled to the following forms of relocation assistance: (a) A relocation fee which shall be the cash equivalent of three times the most current applicable Housing and Urban Development (HUD)-published Fair Market Rent for San Mateo County based on the rental unit size; (b) a sixty (60) day subscription to a rental agency service; and (c) for special circumstances households one times the most current applicable Housing and Urban Development (HUD)-published Fair Market Rent for San Mateo County based on the rental unit size. Special-circumstances households include the following: (1) At least one resident of the rental unit is sixty-two (62) years of age or older; (2) At least one (1) resident of the rental unit qualifies as having a disability defined by Title 42, United States Code Section 423 or has a handicap as defined by California Health and Safety Code Section 50072; or (3) One or more minor children (under eighteen (18) years of age) who are legally dependent (as determined for federal income tax purposes) reside in the rental unit. Under Civil Code Section 1942.5, it is illegal for a landlord to retaliate against a tenant for lawfully and peaceably exercising his or her legal rights.

The notice of entitlement to relocation assistance for a displacement caused by a significant rent increase shall state:

[Insert text after relocation payment structure determined.]

**8.55.080 Retaliation prohibited.**

Commencement of eviction proceedings against a tenant for exercising his or her rights under this Chapter shall be considered a retaliatory eviction. Under Civil Code Section 1942.5, it is illegal for a landlord to retaliate against a tenant for lawfully and peaceably exercising his or her legal rights.

**8.55.090 Failure to comply.**

A landlord's failure to comply with any requirement of this Chapter may be asserted as an affirmative defense in an action brought by the landlord to recover possession of the rental unit. Additionally, any attempt to recover possession of a rental unit in violation of this Chapter shall

render the landlord liable to the tenant for damages permitted by law in a civil action for wrongful eviction. The tenant may also seek injunctive relief and money damages for wrongful eviction and/or failure to pay relocation assistance. A landlord may seek money damages for a tenant's failure to reimburse relocation assistance if the tenant ultimately fails to vacate the rental unit where a landlord provides a legal notice to terminate without cause or where the landlord provides a legal notice of a significant rent increase, or proposed multiple rent increases that cumulatively create a significant rent increase at any time during a twelve (12) month period. The prevailing party in an action for wrongful eviction and/or failure to pay relocation assistance or reimburse relocation assistance shall recover costs and reasonable attorneys' fees.

**8.55.100 Hardship waiver.**

(a) A landlord may request a waiver or adjustment of the relocation assistance payment required by this section upon:

- (1) A showing that strict application of its requirements would effectuate an unconstitutional taking of property or otherwise have an unconstitutional application to the property;
- (2) Other grounds that make payment of the full relocation assistance payment financially infeasible. The director of community development shall have authority to adopt guidelines to administer this provision.

(b) Requests for waiver or adjustment must be submitted in writing to the city manager together with supporting documentation at least 390 days before a landlord serves the proposed termination of tenancy or significant rent increase. Requests shall be acted on by the city manager or designee before the proposed termination date or effective rent increase date.

(c) Eligible tenants who do not receive some or all of the relocation payment as a result of a waiver under this section, may apply for assistance under the community housing fund as set forth in Section 8.55.045 (c)(2).

**8.55.110 Administrative costs.**

The City shall collect the administrative fee in an amount to be set by resolution of the City Council. **[This was added by committee.]**

SECTION 3. SEVERABILITY. If any section of this ordinance, or part hereof, is held by a court of competent jurisdiction in a final judicial action to be void, voidable or unenforceable, such section, or part hereof, shall be deemed severable from the remaining sections of this ordinance and shall in no way affect the validity of the remaining sections hereof.

SECTION 4. CALIFORNIA ENVIRONMENTAL QUALITY ACT DETERMINATION. The City Council hereby finds that this ordinance is not subject to the provisions of the California Environmental Quality Act ("CEQA") under Sections 15378 and 15061(b)(3) of the of the CEQA Guidelines.

SECTION 5. EFFECTIVE DATE. This Ordinance shall take effect immediately following its adoption.

OR

SECTION 5. EFFECTIVE DATE. This Ordinance shall take effect 30 days following adoption.

SECTION 6: SUNSET PROVISION. This Ordinance expires on October 1, 2022.

INTRODUCED on the \_\_ day of \_\_\_\_\_ , 2019.

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

AYES:	Councilmembers:
NOES:	Councilmembers:
ABSENT:	Councilmembers:
ABSTAIN:	Councilmembers:

APPROVED:

\_\_\_\_\_  
Mayor

ATTEST:

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

### Comparison of Redwood City and Proposed Menlo Park Ordinance

Term	Redwood City Model	Menlo Park Modified Ordinance
Applicable Rental Units	All units, except portion of residential unit occupied by landlord or landlord's immediate family; 4 or fewer units; mobile home, lodging houses; condo's; on-site manager's living unit, units in exchange for employment	All units, except BMR's, ADU's, owner occupied single family homes where room is rented to tenant
Ellis Act removal	Yes	Yes
Demolition of building/unit	Yes	Yes
Remodel/renovate/rehabilitate resulting in permanent displacement	Yes	Yes
Conversion to condos	Yes	Yes
Change of use: residential to non-residential	Yes	Yes
"No cause" catchall	No	Yes
Significant rent increase	No	Yes
Mobile home conversion	Yes	N/A
Compliance with building enforcement order where owner is required to pay relocation benefits under State law	Yes	No
Damage due to natural disaster outside control of landlord	Yes	No
Temporary displacement where tenants have been provided alternative housing on site or nearby	Yes	No

Natural expiration of lease	Yes	No
Failure to pay rent	Yes	Yes
Breach of rental agreement	Yes	Yes
Nuisance	Yes	Yes
Owner move-in	Yes	Yes
Income Eligibility	80% Median	100% Median
Relocation Payments	<ol style="list-style-type: none"> <li>1. Refund of security deposit.</li> <li>2. 60 day rental agency subscription.</li> <li>3. 3 months HUD fair market rent + one month special circumstances</li> <li>4. Admin. Fee.</li> </ol>	<p><i>For “no cause” trigger:</i></p> <ol style="list-style-type: none"> <li>1. 3 months HUD fair market rent + one month special circumstances</li> <li>2. 60 day rental subscription</li> </ol> <p><i>For “significant rent increase” trigger:</i></p> <ol style="list-style-type: none"> <li>1. 1 month HUD fair market rent if resided in unit for 12-24 months</li> <li>2. 2 month HUD fair market rent if resided in unit 25 or more months.</li> <li>2. Community Housing Fund – May petition for additional one month if special circumstances or resided in unit 5 or more years.</li> </ol>

Definition of Special Circumstances	<ul style="list-style-type: none"> <li>1. Over age 62</li> <li>2. Disabled</li> <li>3. Minor in household</li> <li>4. Living in unit for 5 years or more</li> </ul>	<ul style="list-style-type: none"> <li>1. Over age 62</li> <li>2. Disabled</li> <li>3. Minor in household</li> </ul>
Alternative Mitigation Allowed	Yes, if approved by City	Yes, no city approval required
Hardship Waiver	No	Yes
Enforcement	<p>Tied to building/planning permits</p> <p>Separate third party relocation firm</p>	<p>Affirmative defense to unlawful detainer.</p> <p>Private cause of action for tenant.</p>
Community Housing Fund	No	Yes

**TENANT RELOCATION ASSISTANCE ORDINANCE COMPARISONS CHART**  
Updated February 7, 2019

City	Rent Control	Just Cause Evictions	Tenant Relocation Assistance	Trigger(s)	Tenant Relocation Assistance “Eligible Tenant”/Needs testing	Tenant Relocation Assistance Payments and other assistance due to the tenant
Menlo Park (Current draft proposal)	No	No	Proposed	<ol style="list-style-type: none"> <li>1. Landlord-caused termination where “significant rent increase” (greater than CPI + 5%) causes tenant to elect not to remain in unit</li> <li>2. Landlord taking action to terminate a tenancy not meeting the exceptions as defined in § 8.55.020</li> </ol>	Tenants residing in a rental unit in Menlo Park for 12 months or more with a household income not to exceed 150% AMI. Eligible tenants living in all rental housing units except: those with affordable housing restrictions; secondary dwelling units; and owner-occupied single-family residences where a room is rented to a third party.	<ol style="list-style-type: none"> <li>1. Three times the applicable HUD fair market rent for San Mateo County.</li> <li>2. Sixty-day rental service subscription.</li> <li>3. Special circumstance households receive one additional month’s payment.</li> </ol>
Redwood City (Approved in June 2018; effective January 1, 2019)	No	No	Yes	<ol style="list-style-type: none"> <li>1. Withdrawal from rental market</li> <li>2. Demolish/otherwise remove from rental housing use.</li> <li>3. To renovate/ remodel.</li> <li>4. Condo conversion.</li> <li>5. Change use to nonresidential</li> </ol>	Displaced residential household whose annual household income does not exceed 80% AMI and where the residential projects include more than 4 units	<ol style="list-style-type: none"> <li>1. Sixty-day rental service subscription.</li> <li>2. Cash equivalent of 3 months’ rent calculated at time the relocation application is approved by City based on the most recent HUD Fair Market Rent calculation for San Mateo Co..</li> <li>3. Special circumstance households receive additional 1 month payment.</li> <li>4. Admin fee set forth in the Code.</li> </ol>
Santa Cruz (Effective February 8, 2019)	No	No, but considering	Yes	<ol style="list-style-type: none"> <li>1. Unsafe or hazardous living conditions</li> <li>2. Illegal use of structure as residence</li> <li>3. Large rent increase (defined as more than 5% in one year or cumulatively more than 7% in any two consecutive years</li> </ol>	No needs testing.	<ol style="list-style-type: none"> <li>1. For triggers 1 and 2, two months of HUD fair market rent. One additional month of HUD rent for tenants forced to leave in less than 30 days.</li> <li>2. For large rent increase trigger, two months of tenant’s actual rent</li> </ol>



**TENANT RELOCATION ASSISTANCE ORDINANCE COMPARISONS CHART**

Updated February 7, 2019

City	Rent Control	Just Cause Evictions	Tenant Relocation Assistance	Trigger(s)	Tenant Relocation Assistance “Eligible Tenant”/Needs testing	Tenant Relocation Assistance Payments and other assistance due to the tenant
East Palo Alto	Yes	Yes	Yes	Demolition or removal of a rental unit	Any tenant residing in a rental unit of any type that is not specifically exempt	<ol style="list-style-type: none"> <li>1. Provide tenants with reasonably complete and current list of vacant and available rental units comparable in size and amenities</li> <li>2. Make reasonable and good faith effort to assure tenants without cars are driven, at no cost and tenants with cars are assisted to inspect replacement units</li> <li>3. Take reasonable steps to assist any disabled or handicapped tenant with relocation activities;</li> <li>4. Each tenant of a residential unit that is required to move (only adults and emancipated minors) residing on property for less than 2 years \$7,500 and residing on property for 2 years or longer \$10,000. (After April 1, 2012, payment to increase annually at rate of increase in consumer price index.</li> <li>5. Plus, additional \$2,500 for special circumstances (low-income, disabled, elderly, dependent, or terminally ill).</li> <li>6. Plus, actual moving costs up to \$2,500 if subject to rental control, or flat rate of \$1,500 if agreed by Tenant before move.</li> </ol>
San Mateo	No	No	Yes <sup>1</sup>	<ol style="list-style-type: none"> <li>1. Demo of units;</li> <li>2. Rehab of units when the rehab exceeds 25% of the market value of the unit</li> <li>3. Conversion into nonresidential units</li> <li>4. Conversion into owner occupied units</li> <li>5. Displaced by rent increase rendering unit not affordable.</li> </ol>	Low to moderate-income households within the downtown redevelopment project area who are displaced after having received a notice to vacate or a rent increase rendering their unit not affordable.	<ol style="list-style-type: none"> <li>1. 3 months’ rent being paid immediately prior to displacement.</li> </ol>

<sup>1</sup> Only applies to Downtown Redevelopment Project Area.

**TENANT RELOCATION ASSISTANCE ORDINANCE COMPARISONS CHART**

Updated February 7, 2019

City	Rent Control	Just Cause Evictions	Tenant Relocation Assistance	Trigger(s)	Tenant Relocation Assistance “Eligible Tenant”/Needs testing	Tenant Relocation Assistance Payments and other assistance due to the tenant
Mountain View	Yes	Yes (\$1705)	Yes	<ol style="list-style-type: none"> <li>1. Terminating tenancy of a rental unit covered by the CSFRA<sup>2</sup></li> <li>2. Terminating tenancy of three or more rental units on one parcel within one year.</li> </ol>	A displaced residential household provided the annual household income does not exceed 120% of the median household income for the county as adjusted for household size according to the state department of housing and community development.	<ol style="list-style-type: none"> <li>1. Sixty-day rental service subscription.</li> <li>2. Cash equivalent of 3 months’ rent based on the median monthly rent for a similar-sized unit with the same number of bedrooms and bathrooms as determined by a survey taken at least once a year of apartment rents in Mountain View; and</li> <li>3. \$3,000 per unit for special-circumstances households adjusted annually for inflation based on the consumer price index.</li> </ol>
Palo Alto	No	No	Yes	<ol style="list-style-type: none"> <li>1. No-fault evictions on properties with 50 or more units.</li> <li>2. Demo of units</li> <li>3. Rehab of uninhabitable unit(s)</li> <li>4. Occupancy by the landlord or landlord’s family</li> </ol>	<p>Applicable only to structures or lots containing 50 or more rental units.</p> <p>(Note: previous draft proposal included a means test of 100% AMI)</p>	<ol style="list-style-type: none"> <li>1. Eligible household experiencing displacement over 31 days receives flat rate payments as follows:                      Studio \$7,000                      1 bedroom \$9,000                      2 bedroom \$13,000                      3 or more bedrooms \$17,000.</li> <li>2. Special circumstance households receive additional, one-time \$3,000 payment.</li> <li>3. Rates increase annually based on regional CPI</li> </ol>
San Leandro	No	No	Yes	Landlord caused terminating tenancy, when landlord provides tenant w/ a proposed rent increase that raises the rent to an amount more than 12% greater than the base rent in place at any time during a 12-month period.	Any tenant of a housing unit that contains 2 or more tenant-occupied housing units, and excludes tenant owned mobile homes and affordable housing.	<ol style="list-style-type: none"> <li>1. Cash equivalent of 3 months’ rent based on the most recent HUD Fair Market Rent calculation for Oakland-Fremont, CA, or 3 times the monthly rent the tenant is paying at the time the notice of the landlord-caused termination is delivered. Total amount not to exceed \$7,000.</li> <li>2. Special circumstance households receive additional \$1,000 payment.</li> </ol>

<sup>2</sup> A CSFRA (Community Stabilization and Fair Rent Act) covered rental unit means all rental units, except those specifically listed as exempt under the CSFRA. Exempt units include: hotels, motels, inns, tourist homes, etc.; hospital, dorm, convent, etc.; not-for-profit rental units; units owned/operated/managed by a government agency; units with a certificate of occupancy after Nov. 2016; single family homes; companion units; and duplexes. Partially exempt units (just cause eviction applies) rental units with initial certificate of occupancy between February 1, 1995, and November 2016 and rental units governed by the “Affordable Housing Program.”

**TENANT RELOCATION ASSISTANCE ORDINANCE COMPARISONS CHART**

Updated February 7, 2019

City	Rent Control	Just Cause Evictions	Tenant Relocation Assistance	Trigger(s)	Tenant Relocation Assistance “Eligible Tenant”/Needs testing	Tenant Relocation Assistance Payments and other assistance due to the tenant
Alameda <sup>3</sup>	No	No <sup>4</sup>	Yes	<ol style="list-style-type: none"> <li>1. No cause eviction</li> <li>2. Owner Move-In</li> <li>3. Demolition</li> <li>4. Capital Improvement Plan</li> <li>5. Withdrawal from Rental Market</li> <li>6. Compliance with Gov’t order</li> </ol>	Rental Unit means a Housing unit (except single family homes) offered for rent <i>except</i> , where rents are regulated by federal, law or agreements with another governmental agency, housing units rented or leased for 30 days or less, hotels, motels and inns; commercial units; housing in hospital, convent, monastery, etc.; and mobile home lots.	<ol style="list-style-type: none"> <li>1. Payments based on a sliding scale based on tenancy length: 1 month rent, as averaged over the 12 months preceding terminating tenancy notice, for each year or portion thereof, to a maximum of 4 months’ rent; If the tenant lived in the unit for 4 years or more, an additional payment of \$1,500 (adjusted each year based on the consumer price index change).</li> <li>2. Tenant permitted to stay in rental unit longer for no cause, demolition and withdrawal from rental market terminating tenancy, for an additional month for every year, up to a max of 4 months. The portion of the relocation fee will be reduced by 1 month’s rent for every month the tenant remains in the rental unit beyond the date required to vacate.</li> </ol>
Union City	No	Yes <sup>5</sup>	No			
Fremont	No	No	Yes	When the City determines that, the condition of a building or portion thereof is such that the tenant cannot safely occupy a residential unit while the building is being brought into compliance.	Any tenant of a dwelling, apartment, room etc., including mobile homes.	The building official has the sole discretion to determine the amount, type and duration of the relocation benefits.
Portland, OR	No	No	Yes	<ol style="list-style-type: none"> <li>1. Terminating tenancy w/out cause</li> <li>2. Rent increase of more than 10% in 12-month period and tenant elects to terminate.</li> </ol>	Tenants, <i>except</i> week to week tenancy, landlord rents out only 1 dwelling unit in City, or landlord temporarily rents principal residence in landlord’s absence for less than 3 years	<ol style="list-style-type: none"> <li>1. 90-day notice</li> <li>2. Payment as follows: \$2,900 for studio or single room occupancy; \$3,300 for one-bedroom \$4,200 for two bedroom \$4,500 for three bedroom or larger</li> </ol>

<sup>3</sup> Alameda ordinance is set to be repealed if City Council does not make affirmative vote to retain the Ordinance by December 31, 2019. This ordinance also contains a rent increase limitation.

<sup>4</sup> In June 2017, Alameda City Council adopted an ordinance that would have eliminated “no cause” as a ground for eviction and requiring that if a tenant has a fixed term lease and that lease is not renewed the tenant is entitled to relocation payments if the tenant vacates at the end of the subsequent term. In June and July 2017, a referendum was certified by the Registrar of Voters and in September 2017 City Council voted to rescind the ordinance.

<sup>5</sup> Effective May 10, 2017, landlords may only terminate a tenancy for a specific reason as listed in the Code. This requirement applies to all rental units including single-family homes and condominiums.

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## STAFF REPORT

### City Council

Meeting Date: 2/26/2019  
Staff Report Number: 19-034-CC

Regular Business: Approve a two-year employment agreement with Starla Jerome-Robinson as city manager

### Recommendation

Staff recommends that the City Council approve a two-year employment agreement with Starla Jerome-Robinson as city manager.

### Policy Issues

The office of city manager is created and established by Menlo Park Municipal Code Chapter 2.08. In accordance with the municipal code, “the city manager shall be appointed the City Council solely on the basis of his executive and administrative qualifications and ability. He shall hold office at and during the pleasure of the City Council.”

### Background

The city manager serves as the City’s chief executive officer and is the administrative head of the city government. He or she is responsible for the efficient administration of all the affairs of the city which are under his or her control. The city manager is one of two positions appointed directly by the City Council as established by the municipal code and his or her duties are enumerated in municipal code Section 2.08.080 (Attachment A.)

On September 24, 2018, Alex D. McIntyre announced his resignation as the city manager. The City Council met in closed session twice in October 2018 to discuss recruiting a permanent city manager and appointing an interim city manager. On October 29, 2018, City Council appointed Starla Jerome-Robinson as interim city manager.

On December 18, 2018, City Council appointed a subcommittee (Mayor Mueller and City Councilmember Nash) and selected an executive recruiting firm, Peckham and McKenney, to conduct a city manager recruitment. The subcommittee met and City Council held additional closed sessions in January and February regarding the search for a permanent city manager. On February 19, 2019, the City Council met and decided to extend a conditional offer of employment to Ms. Jerome-Robinson as city manager.

### Analysis

In accordance with the direction provided by the City Council subcommittee, City Attorney Bill McClure served as the City’s negotiator for an employment contract with Ms. Jerome-Robinson. Consistent with past practice, negotiations focused on fiscal sustainability as a guiding principle. Within parameters provided by the subcommittee, Mr. McClure negotiated with Ms. Jerome-Robinson to provide an agreement that is consistent with internal compensation practices for unrepresented management, attractive to encourage

Ms. Jerome-Robinson to come out of retirement to serve as city manager, and reasonable in comparison with neighboring cities.

- The terms and conditions of the employment agreement are explained in Attachment A. Table 1 below lists the primary economic considerations of the contract including base salary (line 1.) The automobile allowance (line 2) is a taxable but non-pensionable benefit provided to management staff for use of their personal automobile in the conduct of official city business. This allowance eliminates the need for the City to maintain a fleet vehicle for the manager’s use in the conduct of business. The City provides its management staff with an annual contribution to a health reimbursement account (HRA, line 3.) The HRA is a non-taxable and non-pensionable benefit used by the recipient for eligible medical expenses. In addition to the two benefits listed above, it is worth noting that the City shares annual increase in pension costs with its employees 50/50, referred to as “pension cost-share.” This amount is above the required contribution for pension. For fiscal year 2018-19, the total employee contribution to pension (both required employee contribution and the pension cost-share) ranged from 10.9 percent to 12 percent, depending on the employee’s bargaining unit. The CalPERS retirement contribution (line 4) reflects the deduction in Ms. Jerome-Robinson’s salary. The cost-share was implemented July 2011 and is the cornerstone of the City’s prudent fiscal planning with regard to pension costs.

Table 1: Primary economic considerations of proposed employment agreement with Starla Jerome-Robinson	
Base salary	\$245,000
Auto Allowance	\$5,668
Health Reimbursement Account	\$2,500
CalPERS Retirement contribution	(\$26,771)
<b>Total</b>	<b>\$226,397</b>

- Attachment B includes a city manager compensation survey of the City of Menlo Park’s previous city manager, Alex McIntyre, and six San Mateo County cities with a community population within +/-10,000 Menlo Park’s population. This survey includes cash benefits of base salary, deferred compensation contributions made by each City on behalf of its city manager, auto allowance, and contributions the City makes to health reimbursement, savings or retirement accounts. Ms. Jerome-Robinson’s appointment to the position of city manager makes her ineligible for the City’s legacy retiree health program which terminated for all management employees hired on or after October 23, 2011.

In comparison to the six cities surveyed, Ms. Jerome-Robinson’s proposed net compensation ranks fifth of seven before the deduction for CalPERS retirement benefits. With the CalPERS deduction, Ms. Jerome-Robinson’s proposed net compensation ranks sixth of seven cities and is \$15,463 less than Mr. McIntyre’s former net compensation. This comparison does not include additional benefits Mr. McIntyre received for housing and a medical in-lieu deferred compensation contribution.

**Impact on City Resources**

The terms of Ms. Jerome-Robinson’s employment agreement are less than was budgeted for the city

manager position. In addition, the City is only obligated to compensate Peckham and McKenney for services provided which included multiple interviews and conversations with the City Council and executive team.

### **Environmental Review**

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

### **Public Notice**

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

### **Attachments**

- A. City of Menlo Park Municipal Code Chapter 2.08: city manager
- B. Employment agreement between the City of Menlo Park and Starla Jerome-Robinson
- B. City Manager salary survey February 2019

Report prepared by:  
Lenka Diaz, Administrative Services Director

Approved by:  
Bill McClure, City Attorney

## Chapter 2.08 CITY MANAGER<sup>1</sup>

### Sections:

- [2.08.010](#) Office established—Appointment—Qualifications—Term of office.
- [2.08.020](#) Residency at time of appointment not required.
- [2.08.030](#) Eligibility of member of city council.
- [2.08.040](#) Bond.
- [2.08.050](#) Absence or disability.
- [2.08.060](#) Compensation.
- [2.08.070](#) Reimbursement for travel expenses.
- [2.08.080](#) Powers—Duties.
- [2.08.090](#) Subordination to personnel regulations.
- [2.08.100](#) Administrative services.
- [2.08.110](#) Removal from office.
- [2.08.120](#) Office exclusive of civil service system.

### **2.08.010 Office established—Appointment—Qualifications—Term of office.**

The office of city manager is created and established. The city manager shall be appointed by the City Council solely on the basis of his executive and administrative qualifications and ability. He shall hold office at and during the pleasure of the City Council. (Prior code § 2.16).

### **2.08.020 Residency at time of appointment not required.**

Residence in the city, at the time of appointment, shall not be required as a condition of appointment. (Prior code § 2.17).

### **2.08.030 Eligibility of member of City Council.**

No person elected to membership on the City Council shall, subsequent to such election, be eligible for appointment as city manager until one year has elapsed after he has ceased to be a member of the City Council. (Prior code § 2.18).

### **2.08.040 Bond.**

The city manager shall furnish a corporate surety bond to be approved by the City Council in such sum as may be determined by the City Council and shall be conditioned on the faithful performance of the duties imposed on the city manager as prescribed by this chapter. (Prior code § 2.19).

### **2.08.050 Absence or disability.**

In case of the absence or disability of the city manager, the City Council may designate some duly qualified person to perform the duties of the city manager, during the period of absence or disability of the city manager, subject, however, to such person furnishing a corporate surety bond conditioned on faithful performance of the duties required to be performed by this chapter. (Prior code § 2.20).

### **2.08.060 Compensation.**



The city manager shall receive such compensation as the City Council from time to time determines and fixes by resolution and such compensation shall be a proper charge against such funds of the city that the City Council designates. (Prior code § 2.21).

#### **2.08.070 Reimbursement for travel expenses.**

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The city manager shall be reimbursed for all sums necessarily incurred or paid by him in the performance of his duties or incurred when traveling on business pertaining to the city under direction of the City Council. Reimbursement shall only be made, however, when a verified itemized claim setting forth the sums expended for which reimbursement is requested, has been presented to the City Council and duly approved and allowed by them. (Prior code § 2.22).

#### **2.08.080 Powers—Duties.**

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The city manager shall be the administrative head of the city government under the direction and control of the city council, except as otherwise provided in this chapter. He or she shall be responsible for the efficient administration of all the affairs of the city which are under his or her control. In addition to his or her general powers as administrative head, and not as a limitation thereon, it shall be his or her duty and he or she shall have the power:

- (1) Enforcement of Laws. To see that all laws and ordinances of the city are duly enforced, and that all franchises, permits and privileges granted by the city are faithfully observed;
- (2) To Direct, etc., Officers and Employees. To control, order and give directions to all heads of departments, subordinate officers, and employees of the city, except the city attorney; and to transfer employees from one (1) department to another, and to consolidate or combine offices, positions, departments or units under his or her direction;
- (3) Appointment and Removal of Officers and Employees. To appoint and remove any officers and employees of the city except the city attorney, subject to the rules relating to personnel management;
- (4) Control of Departments and Officers and Employees. To exercise control over all departments of the city government and over all appointive officers and employees thereof, except the city attorney;
- (5) Attendance at City Council Meetings. To attend all meetings of the city council unless excused therefrom by the city council, except when his or her removal is under consideration by the city council;
- (6) Recommendation of Ordinances. To recommend to the city council for adoption such measures and ordinances as he or she deems necessary or expedient;
- (7) Fiscal Advice. To keep the city council at all times fully advised as to the financial conditions and needs of the city;
- (8) Preparation of Budget. To prepare and submit to the city council the annual budget;
- (9) Purchases and Expenditures. To purchase all supplies for all of the departments or divisions of the city. No expenditure shall be submitted or recommended to the city council, except on report or approval of the city manager;

- (10) Investigation of City Affairs. To make investigations into the affairs of the city, and any department or division thereof, and any contract, or the proper performance of any obligations running to the city;
- (11) Investigation of Complaints. To investigate all complaints in relation to matters concerning the administration of the city government and in regard to the service maintained by public utilities in the city, and to see that all franchises, permits and privileges granted by the city are faithfully performed and observed;
- (12) Supervision of Public Buildings. To exercise general supervision over all public buildings, public parks and other public property which are under the control and jurisdiction of the city council and not specifically delegated to a particular board or officer;
- (13) Approval of Plans and Designs. To exercise directly or through his or her designee discretionary approval of plans, designs and any design amendments or addenda for public improvement projects for which the city council has delegated authority to the city manager or which are within the city manager's discretionary authority. The city manager or his or her designee shall sign the plans and designs indicating approval;
- (14) Devotion of Entire Time to Duties. To devote his or her entire time to the duties of his or her office and the interests of the city;
- (15) Leadership in Civic Movements. To provide leadership for civic movements designed to benefit the residents of the city when so authorized by the city council;
- (16) Additional Duties. To perform such other duties and exercise such other powers as may be delegated to him or her from time to time by ordinance or resolution of the city council. (Ord. 1052 § 2, 2019; Ord. 511 § 2, 1971; Prior code § 2.23).

#### **2.08.090 Subordinance to personnel regulations.**

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The exercise of the powers and duties of the city manager and the provisions of this chapter shall be subject to Chapter [2.36](#), regarding the rules and regulations respecting the personnel system. (Ord. 657 § (a), 1980; Prior code § 2.24).

#### **2.08.100 Administrative services.**

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The City Council and its members shall deal with the administrative services of the city only through the city manager, except for the purpose of inquiry, and neither the City Council nor any members thereof shall give orders to any subordinates of the city manager. (Prior code § 2.25).

#### **2.08.110 Removal from office.**

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The removal of the city manager shall be only on a majority vote of the whole council. In case of his intended removal by the council, the city manager shall be furnished with a written notice stating the council's intention to remove him and the reasons therefor, at least, thirty days before the effective date of his removal.

Within seven days after the delivery to the city manager of such notice, he may by written notification to the city clerk, request a public hearing before the council. Thereafter the council shall fix a time for the public hearing which shall be held at its usual meeting place, but before the expiration of the thirty-day period, and at which the city manager shall appear and be heard.

After furnishing the city manager with written notice of intended removal, the City Council may suspend him from duty, but his compensation shall continue until his removal by resolution of the council passed subsequent to the aforesaid public hearing.

In removing the city manager the City Council shall use its uncontrolled discretion and its action shall be final and shall not depend upon any particular showing or degree of proof at the hearing; the purpose of which is to allow the city manager to present publicly to the City Council his grounds of opposition to removal prior to its action.

The city manager shall not be removed from office during or within a period of ninety days next succeeding any general municipal election held in the city at which election a member of the City Council is elected. The purpose of this provision is to allow any newly elected member to the City Council or a reorganized City Council to observe the actions and ability of the city manager in the performance of the powers and duties of his office. After the expiration of the ninety-day period aforementioned, the >provisions of the preceding paragraphs as to the removal of the city manager shall apply and be effective. (Prior code § 2.26).

#### **2.08.120 Office exclusive of civil service system.**

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The office of city manager is specifically excluded from the civil service or personnel system of the city. The city manager shall not be entitled to the benefits, advantages or protection of the civil service or personnel system and he shall not be subject to the procedures outlined or prevailing in the system. (Prior code § 2.27).

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<sup>1</sup>For statutory provisions regarding the city manager form of government, see Gov. Code §§ [34851](#)—[34859](#).

**The Menlo Park Municipal Code is current through Ordinance 1052, passed January 15, 2019.**

Disclaimer: The City Clerk's Office has the official version of the Menlo Park Municipal Code. Users should contact the City Clerk's Office for ordinances passed subsequent to the ordinance cited above.

**EMPLOYMENT AGREEMENT BETWEEN  
THE CITY OF MENLO PARK AND STARLA JEROME-ROBINSON**

1. Parties: The parties to the Agreement are the CITY OF MENLO PARK (“CITY”) and STARLA JEROME-ROBINSON (“ROBINSON”).
2. Purpose: The purpose of the Agreement is to provide for the employment of ROBINSON as City Manager of the CITY, as currently provided by Title 2, Chapter 2.08 of the Municipal Code of the City of Menlo Park.
3. Duties: The CITY hereby agrees to employ ROBINSON to perform the functions and duties of City Manager for the CITY as specified in the Municipal Code of the City of Menlo Park, the job description, and any other applicable Ordinances, Resolutions or Policies, and to perform such other legally permissible and proper duties and functions as the CITY shall from time-to-time assign. ROBINSON agrees that to the best of her ability and experience she will at all times loyally and conscientiously perform all of the duties and obligations required of her either expressly or implicitly by the terms of the Agreement. ROBINSON agrees that she will not, so long as she is employed by the CITY, take any employment or perform any consulting duties that will interfere with or be inconsistent with the performance of her duties as City Manager for the CITY.
4. Term of Agreement: The term of ROBINSON’s employment shall commence on April 1, 2019. ROBINSON agrees to remain in the exclusive employ of the CITY until March 31, 2021, and neither to accept other employment nor become employed by another employer until such termination date, unless such termination date is modified as provided hereafter. Upon mutual agreement of the City Council and ROBINSON, this Agreement may be extended for one additional year or on a month-to-month basis.
5. Separation from Employment:
  - 5.1 The City Council may, subject to the provisions set forth below, terminate the services of ROBINSON at any time, it being expressly understood and agreed between the parties that ROBINSON serves as an at-will employee of the City Council. The CITY must provide ROBINSON with sixty (60) days’ notice prior to the separation from employment. The CITY may not give notice of separation from employment to ROBINSON until ninety (90) days after a general municipal election, or an election in which a member of the City Council is elected, as further set forth in Section 2.08.110, paragraph five, of the Municipal Code of the City of Menlo Park. No severance payment or other compensation shall be payable in the event of the termination of this Agreement prior to the expiration of the Term, except for the notice period set forth herein.
  - 5.2 ROBINSON may resign at any time from her position with the CITY provided that she gives the CITY not less than sixty (60) days’ prior written notice. Should ROBINSON not provide the CITY with at least sixty (60) days’ prior written notice, she shall not be entitled to cash out of any benefit other than as

required by law.

6. Disability: If ROBINSON is permanently disabled to the extent that she cannot perform the full range of the essential functions of her position as determined by her treating physician or is otherwise unable to perform the full range of the essential functions of her position because of sickness, accident, injury, mental incapacity or other health reasons for a period of six (6) successive weeks beyond the exhaustion of all general leave, the CITY shall have the option to terminate the Agreement, subject to compliance with all provisions of law.
  
7. Compensation:
  - 7.1 CITY agrees to pay ROBINSON for her services rendered pursuant hereto an annual salary of Two Hundred Forty Five Thousand Dollars (\$245,000.00) payable on a bi-weekly basis in the same manner as other employees of the CITY are paid.
  
  - 7.2 CITY will credit ROBINSON with ninety five (95) hours of general leave at the commencement of her employment, which is the general leave balance that she has remaining on the CITY's books as of April 1, 2019 that were not used for health insurance premium credits.
  
  - 7.3 CITY agrees to pay ROBINSON the same automobile allowance provided to all executive management employees, payable in the same manner as other employees of the City are paid.
  
  - 7.4 ROBINSON shall be entitled to the same benefits, holidays and general leave provided to CITY executive management employees under the CITY's Management Benefit Plan for Management Appointees, as such plan may be amended by the CITY from time to time.
  
8. Retirement Plan: ROBINSON shall be covered by the same retirement plan by which all other "miscellaneous employees" of the City in effect as of April 1, 2019 for a returning CITY employee. ROBINSON shall pay the required employee contribution on a tax-deferred basis as provided under Section 414(h)(2) of the Internal Revenue Code, and shall contribute to the employer contribution as specified in the CITY's Management Benefit Plan for Management Appointees as such may be modified from time to time by the City Council.
  
9. Performance Evaluation:
  - 9.1 The City Council shall endeavor to review and evaluate the performance and compensation of ROBINSON on at least an annual basis. At the end of her first year, ROBINSON shall be entitled to a one-time bonus of up to Fourteen Thousand Dollars (\$14,000.00) based on her review by the City Council and her compensation may be adjusted for the second year of the Term based on such review.

- 9.2 The City Council, in consultation with ROBINSON, shall define such goals and performance objectives which they determine to be necessary for the proper operation of the City. In attainment of the City Council's adopted performance objectives, the City Council, in consultation with ROBINSON, shall further establish a relative priority among the various goals and objectives, and reduce said goals and objectives to writing.
10. Professional Development: The CITY hereby agrees to budget a reasonable amount for and to pay membership fees and dues, of conference and meeting registrations, and the travel and subsistence expenses of ROBINSON for professional development and official travel, meetings and occasions adequate to continue the professional development of the City Manager and to adequately pursue necessary official and other functions of the CITY, including, but not limited to, International City Manager's Association (ICMA) and League of California Cities conferences. Travel and conference expenses shall be reimbursed for reasonable expenses only, and in accordance with the City's standard policies governing travel and conference expense reimbursement.
11. Bonding: ROBINSON shall secure a public official's bond in the amount of \$200,000 as required by Section 2.08.040 of the Municipal Code of the City of Menlo Park. The CITY shall bear the full cost of such bond and/or any other bonds required of ROBINSON under any law or ordinance.
12. Other Terms and Conditions of Employment:
- 12.1 The City Council, in conjunction with ROBINSON, shall fix any other terms and conditions of employment, as it may determine from time to time, relating to the performance of ROBINSON, provided such terms and conditions are not inconsistent with or conflict with the provisions of the Agreement or other applicable law.
- 12.2 All provisions of the Municipal Code of the City of Menlo Park, and regulations and rules of the CITY relating to other fringe benefits and working conditions as they now exist or hereafter may be amended, shall also apply to the City Manager as they do other employees of the CITY except as herein provided.
13. Notice: Notices pursuant to the Agreement shall be given by deposit in the custody of the United States Postal Service, postage prepaid. Alternatively, notices required pursuant to the Agreement may be personally served in the same manner as is applicable to civil judicial proceedings. Notice shall be deemed given as of the date of personal service or 48 hours after the date of deposit of such written notice in the course of transmission in the United States Postal Service to the addresses set forth below or as subsequently communicated by one party to the other in writing.

13.1 Notice to ROBINSON shall be sent to: Starla Jerome-Robinson  
915 Hobart Street  
Menlo Park, CA 94025

13.2 Notice to CITY shall be sent to: Mayor  
City of Menlo Park  
701 Laurel Street  
Menlo Park, CA 94025

14. General Provisions:

14.1 The Agreement shall be binding and inure to the benefit of the heirs at law and executors of ROBINSON.

14.2 This Agreement shall become effective April 1, 2019.

14.3 If any provision, or any portion therefore, contained in the Agreement is held unconstitutional, invalid or unenforceable, the remainder of the Agreement, or portion thereof, shall be deemed severable, shall not be effective, and shall remain in full force and effect.

14.4 The persons executing this Agreement on behalf of the parties warrant that they are duly authorized to execute the Agreement.

14.5 The Agreement constitutes the entire agreement between the parties and supersedes any previous Agreements, oral or written. The Agreement may be modified or provisions waived only by subsequent mutual written agreement executed by the CITY and ROBINSON.

14.6 The Agreement shall be interpreted as though prepared by both parties.

CITY OF MENLO PARK

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Ray Mueller  
Mayor

Date: \_\_\_\_\_

\_\_\_\_\_  
STARLA JEROME-ROBINSON

ATTEST:

\_\_\_\_\_  
Judi Herren  
City Clerk

## City Manager Salary Survey February 2019

<b>Annual Cash Compensation</b>	<b>Jerome-Robinson Proposed</b>	<b>Alex McIntyre October 2018</b>	<b>Belmont</b>	<b>Burlingame</b>	<b>Foster City</b>	<b>Pacifica</b>	<b>San Bruno</b>	<b>San Carlos</b>
Base salary	\$ 245,000	\$ 232,890	\$ 247,032	\$ 248,659	\$ 262,236	\$ 224,400	\$ 240,672	\$ 262,656
401(a) or 457 contribution	\$ -	\$ 26,250	\$ 12,352	\$ 5,952	\$ 10,488	\$ 4,000	\$ 2,412	\$ 13,800
Auto allowance	\$ 5,668	\$ 5,668	\$ 6,000	\$ -	\$ 2,400	\$ 6,600	\$ 3,600	\$ 6,948
Health Reimbursement/Retiree Savings*	\$ 2,500	\$ 2,500	\$ 768	\$ 2,487	\$ -	\$ 4,488	\$ -	\$ -
Subtotal	\$ 253,168	\$ 267,308	\$ 266,152	\$ 257,098	\$ 275,124	\$ 239,488	\$ 246,684	\$ 283,404
Employee pension contribution	\$ (26,771)	\$ (25,448)	\$ (17,292)	\$ (19,893)	\$ (20,979)	\$ (17,952)	\$ (15,042)	\$ (21,012)
<b>Total annual cash compensation</b>	<b>\$ 226,397</b>	<b>\$ 241,860</b>	<b>\$ 248,860</b>	<b>\$ 237,205</b>	<b>\$ 254,145</b>	<b>\$ 221,536</b>	<b>\$ 231,642</b>	<b>\$ 262,392</b>

\*Amounts for other cities are calculated on current salaries and health rates, and are received in retirement. These amounts will increase or decrease with changes to salary (Burlingame, Pacifica) and health plan rates or years of service (Belmont).





## STAFF REPORT

### City Council

Meeting Date: 2/26/2019  
Staff Report Number: 19-026-CC

**Regular Business:** Receive a report and hear public comment on upcoming negotiations with the Menlo Park Police Sergeants Association on a successor agreement to the current agreement expiring June 30, 2019

### Recommendation

Receive a report from staff and hear public comment on upcoming negotiations with the Menlo Park Police Sergeants Association (PSA) on a successor agreement to the current agreement expiring June 30, 2019.

### Policy Issues

This report is prepared in accordance with City Council policy and procedure CC-11-001, public input and outreach regarding labor negotiations.

### Background

The current memorandum of understanding (MOU) with the Menlo Park PSA is due to expire June 30, 2019. Pursuant to best labor-management practices, it is time to open negotiations on a successor agreement. The PSA represents the single classification of police sergeant, with nine (9) full-time positions funded in the fiscal year 2018-19 budget.

### Analysis

This report is submitted to the City Council, members of the PSA, and members of the public in order to provide relevant information on the PSA salaries and benefits in preparation for the upcoming negotiations of a successor labor agreement or MOU between the PSA and the City. This information is provided to all interested parties 15 days in advance of the City Council's meeting February 26 at which time the public will have an opportunity to provide comment on this matter in accordance with City Council policy and procedure #CC-11-001 (Attachment A.)

After receiving public input, a staff representative of the City's bargaining team will request a closed session with City Council to receive direction on the City's initial bargaining position. The City's bargaining team typically includes a labor attorney, who serves as the City's chief negotiator, supported by human resources and management staff. Upon receiving direction from City Council, the City's negotiating team will begin meeting with the PSA negotiating team in a good faith effort to reach a successor agreement. Under California Government Code, matters of wage, hours and other terms and conditions of employment are within the mandatory scope of bargaining. Staff anticipates the labor negotiations process will continue through June, and will strive for a successor agreement in place before June 30, 2019. Attachment B further describes the roles, process and requirements of labor negotiations.

### Bargaining principles

As in prior years, the tenets that are used to determine the City's bargaining principles will assist with aligning the bargaining efforts with the service and financial priorities established by both the City Council. The following principles will be considered in preparation for and throughout labor negotiations with the PSA on a successor agreement:

- *Service to the community* – Negotiations shall strive to achieve agreements that maintain and enhance services to the community provided by the bargaining unit members in their various roles and in concert with City Council adopted policies and goals.
  - Police sergeants are the front line supervisors for police officers, police corporals and certain non-sworn police personnel. Four of the nine sergeants are assigned to the patrol division, leading day-to-day 24/7 operations. Patrol sergeants ensure appropriate staffing levels, customer relations, and law enforcement activities for crime prevention, problem-solving and crime suppression. Five sergeants are assigned to units requiring specialized training and skills. These specialty units include administration/internal affairs, traffic, detective, County narcotics task force, and the newly created community response unit. This new unit also includes five officers, and is fully funded by a development agreement for five years. The community response unit will focus on responding to active assailants and other large-scale emergencies.
- *Fiscal sustainability* – Negotiations shall strive to achieve successor agreements that achieve continued fiscal sustainability in accordance with the City's 10-year financial forecast for the general fund.
  - The 10-year forecast is developed as part of the budget development process. The goal is to understand prevailing trends to help long-term decision-making. The most recent 10-year forecast was updated to incorporate feedback from the Finance and Audit Committee and introduce a stochastic model. This model uses individual trials to build out the entire forecast. It runs a trial with a range of values, then runs another with another range, and so on to create a distribution of outcomes. The midpoint of these outcomes is the most likely scenario, and therefore representative of the 10-year forecast.
  - Total expenditure requirements, including salary, CalPERS, equipment, etc. for one police sergeant are covered through a five year development agreement, expiring June 2023.
- *Recruitment and retention* – Negotiations shall strive to develop terms that promote to the recruitment and retention of high quality employees.
  - All nine of the current police sergeants were promoted from within the City of Menlo Park. Two were promoted from the position of police corporal, a job classification created in 2014. Seven sergeants were promoted from the police officer rank. All nine sergeants represent 130 years of service to the City of Menlo Park as law enforcement officers, 58 of those years as police sergeants. Four employees have one to three years in the rank of sergeant, three have approximately seven years, one has 11 years, and one has 17 years in the rank of sergeant. While the last position became available through new funding, the other sergeants were promoted as a result of retirements or promotions.

### Total compensation

Annualized total compensation for the bargaining unit using January 11, 2019 data is shown below, along with a breakdown of salary, pension and other benefit costs. The City conducted a comprehensive analysis of the labor market for police sergeants as provided in Attachment C.

Table 1: City of Menlo Park annual PSA personnel costs as of January 11, 2019 - 9.0 authorized full-time equivalent (FTE) employees	
Base salaries	\$1,279,500
Other pensionable pays	\$213,000
Retirement (CalPERS)	\$756,500
Medical premiums	\$182,500
Dental and vision premiums	\$19,800
Other fringe benefits	\$18,000
<b>Total</b>	<b>\$2,469,300</b>

*Salaries* – As the largest component of compensation, salaries have the most significant impact on the City’s long-term fiscal sustainability as well as the City’s ability to recruit and retain high quality employees to deliver exemplary service to the community. Members of the PSA last received a 3 percent salary adjustment October 29, 2017 and again July 8, 2018. A clause in the current PSA MOU ensures sergeants will maintain the same base pay differential when compared to police officers and police corporals. Those differentials are 12 percent above a police corporal and 20.6 percent above a police officer. In December 2018, the City conducted a comprehensive total compensation survey which found that Menlo Park continues to pay above the market median among comparable agencies (8.52 percent) (Attachment B.)

In addition to base salary, all police sergeants receive an annual uniform allowance of \$1,040, which is pensionable. If certain conditions exist or they meet eligibility requirements police sergeants may receive other forms of pensionable pay, including:

- Longevity pay: Four tiers of additional pay dependent on years of service; the current sergeants are distributed as follows:
  - 2 percent of base pay since completing seven years of service – 3 sergeants
  - 4 percent of base pay since completing 11 years of service – 3 sergeants
  - 6 percent of base pay since completing 15 years of service – 1 sergeant
  - 8 percent of base pay since completing 20 years of service – 2 sergeants
- Police officers and standards training (POST) incentive pay: Two tiers of additional pay upon receiving POST certificates requiring a combination of work experience, training and education; the current sergeants are distributed as follows:
  - 5 percent of base pay since earning a POST intermediate certificate – 1 sergeant
  - 10 percent of base pay since earning a POST advanced certificate – 8 sergeants
- Night shift differential: 2 percent of base pay which automatically applies to the two patrol sergeants regularly assigned to the night shift
- Holiday: With a 24/7 patrol operation and 13 City recognized holidays, holiday overtime is certain.
- On-call pay: \$50 per 24 hour period; applicable only to sergeants assigned to the detective unit
- Bilingual differential: \$75 per pay period, if approved and upon passing an exam; currently one sergeant receives bilingual pay
- Out of class pay: 5 percent of base pay, upon specific written assignment by the police chief; currently no sergeants receive out of class pay

*Benefits* - Similar to salaries, benefits are also negotiated with labor groups and ultimately set by the City Council through approval of labor contracts. Unlike salaries, however, the cost of benefits tend to be governed by a third party and are correlated to actual experience either for the City or for a pool of cities. Most recently, the labor agreement with PSA provided for minor adjustments to the City's contribution for medical insurance through a Section 125 cafeteria plan. When reviewing benefit costs, the following components are important considerations:

1. *Retirement (CalPERS)* – On July 1, 2018, CalPERS decreased its targeted assumed rate of investment earnings, called the “discount rate,” from 7.5 percent to 7.0 percent, net of expenses. This decrease was in response to recent investment gains/losses. The impact of a more conservative investment earnings assumption is that the long-term liability increases thereby resulting in higher unfunded liabilities and, consequently, higher employer contributions. CalPERS has elected to phase in the impact of the lower assumption on employee contributions over a period of time with the final adjustment required as a result of the lower assumption beginning July 1, 2020. CalPERS estimates that the reduction to 7.0 percent will result in an increase in costs as high as 5 percent of payroll for safety employees. While this increase is phased in over three years, by fiscal year 2020-21, the City's annual PERS expense for safety employees is expected to increase by an estimated \$1 million per year above previous anticipated cost increases. In addition to the reduction in the discount rate from 7.5 percent to 7.0 percent, other factors that affect CalPERS costs are actual investment earnings, changes in demographics such as average life expectancies, and changes in actuarial assumptions that smooth the effects of significant deviations from assumptions over several years. All current PSA employees are classified as “public safety tier 1” CalPERS classic members. Police sergeants in this benefit plan pay a fixed 12 percent of salary toward their retirement benefit. The City's contribution is 43.7320 percent, and anticipated to rise to 50.92 percent in fiscal year 2019-20. A link to the most recent CalPERS actuarial report for this benefit plan is available as Attachment D.
2. *Medical* – The City contracts with CalPERS under the Public Employee Members' Medical and Hospital Care Act (PEMHCA) to provide medical insurance to all eligible employees. PEMHCA premiums are impacted by the experience of covered members in the PEMHCA pool, demographics, and laws such as the Affordable Care Act (ACA.) To the extent that the pool experiences changes in any of those factors or if the number of dependents covered by the City changes, rates may increase. The City contributes an annual fixed amount to a cafeteria plan that includes health plan premium costs and flexible savings account options. The 2019 CalPERS health plan costs for the Bay Area Region and the offset of costs with the City contribution is detailed in Attachment E. The 2019 premiums cost of the current health plan choices (including cash in lieu) for police sergeants is \$183,800, with the City contributing \$164,500 toward those choices and an additional \$17,800 to flexible savings accounts for health and child care reimbursement programs.

### **Impact on City Resources**

There are no impacts on City resources as a result of receiving input on negotiations. It is anticipated that the City Council will meet in closed session to provide direction to the City's negotiating team. The negotiators will meet and confer with the PSA's negotiation team, and once tentative agreement is reached on a successor agreement, the fiscal impact of that tentative agreement will be released 15 days before the City Council's vote to ratify the successor agreement at a public meeting. The estimated cost for negotiation of an agreement, inclusive of release time for labor representatives paid by the City, is between \$8,000 and \$35,000 depending on the complexity of negotiations.

### **Environmental Review**

This action is not a project within the meaning of the California Environmental Quality Act (CEQA)

Guidelines §§ 15378 and 15061(b)(3) as it is a minor change that will not result in any direct or indirect physical change in the environment.

### **Public Notice**

Public notification was achieved by posting the report 15 days prior to the City Council meeting of February 26, 2019.

### **Attachments**

- A. Public input and outreach regarding labor negotiations policy
- B. Understanding the Labor Negotiations Process produced by the Institute for Local Government
- C. Total compensation labor market survey, December 2018
- D. CalPERS annual valuation report as of June 30, 2017, for the safety plan of the City of Menlo Park (classic tier 1 members) – hyperlink: [calpers.ca.gov/docs/actuarial-reports/2017/menlo-park-city-safety-2017.pdf](http://calpers.ca.gov/docs/actuarial-reports/2017/menlo-park-city-safety-2017.pdf)
- E. 2019 Police Sergeants' Association health plan choices and City contributions

Report prepared by:

Lenka Diaz, Administrative Services Director

# City of Menlo Park

City Council Policy

<b>Department</b> City Council	<b>Page 1 of 1</b>	<b>Effective Date</b> 03/02/2011
<b>Subject</b> Public Input and Outreach regarding Labor Negotiations	<b>Approved by</b> City Council 03/01/2011	<b>Procedure #</b> CC-11-0001

## PURPOSE

To incorporate public input into the labor negotiations process.

## BACKGROUND

The City Council has expressed a desire to improve public communication and outreach on labor relations to the extent reasonably possible.

## POLICY

A regular business item shall be placed on a Council agenda in advance of formal labor negotiations that includes an opportunity for the public to comment. At least seven days prior to this meeting, staff shall post a report that contains relevant information on employee salaries and benefits, as well as the methodology used to determine a competitive and appropriate compensation package. As part of this process, a concerted effort shall be made to request public comment on the negotiations parameters.

As a general rule, staff shall engage the services of a labor attorney to participate in formal labor negotiations with bargaining units representing permanent employees.

During labor negotiations, public comment will be provided prior to the entry into closed session to discuss labor negotiations, in accordance with State law. At the conclusion of the closed session, the Council shall report out any action taken, including in the record the individual votes taken and the characterization of the deliberations. In addition, at some point in the negotiations process, staff shall submit a public report to Council that provides a general status of labor negotiations and that allows for public input prior to concluding negotiations.

Staff shall prepare and make public a staff report, at least fifteen calendar days prior to Council consideration of a tentative agreement or implementation resolution for any bargaining unit, that provides full details and costing associated with the recommended action, shall schedule the matter as a regular business item and shall provide an opportunity for the public to comment.

## Understanding the Labor Negotiations Process

August 17, 2012

Under California law,<sup>1</sup> when county or city employees are represented by a union, the agency must negotiate with that union regarding their pay and benefits, working hours, and working conditions. This paper explains the key elements of that process.

### Roles

Elected officials determine the agency's bargaining position and consult with staff throughout the negotiation process. Agency staff report back to decision-makers about the face-to-face negotiations' progress and any impediments to reaching agreement.

### Before Bargaining

Prior to meeting with the union, the agency's negotiators will meet with elected officials to discuss how to proceed. Having this meeting well in advance of negotiations gives elected officials time to consider relevant issues and develop a set of questions.

Early conversations also give staff time to compile necessary information for decision-makers. Examples of such information may include:

- Anticipated increases in current employee expenditures
- Money available for salaries and benefits
- Cost of salary and benefit enhancements
- What comparable employers are paying
- Turnover statistics

Just as elected officials need time and information to make well-informed decisions, staff will need time to prepare and provide accurate information. As with any issue, limited staff resources may make it advisable to prioritize information requests.

Conversations about the agency's initial bargaining position typically take place in closed session.<sup>2</sup> The agency's negotiators will share their understanding of what it will take to

### Additional Resources

The Institute has two glossaries to assist local officials as they engage with constituents, bargaining representatives and each other about labor relations and public pension issues:

- Labor Relations Terminology:  
<http://www.ca-ilg.org/post/labor-relations-terminology>
- Public Pension Terminology:  
<http://www.ca-ilg.org/post/public-pension-terminology>

The Institute is grateful to Dr. Rhonda Albey for preparing this piece. Dr. Albey has worked in labor relations for Los Angeles County since 1990.



reach agreement with the union. The agency's governing body will then give negotiators an initial bargaining position.

## During Bargaining

No matter how reasonable the agency's initial bargaining position is, it is unlikely that the union will immediately accept it.

### The Process Can Be Rough

During the negotiations process, the union may organize demonstrations and/or phone and e-mail campaigns. Discourse may become bullying and emotional.

Don't take it personally – it's all part of the process. Both sides may need to show they are doing their job. Union negotiators need to show their members that they are fighting for them and elected officials need to show they are working hard for the community.

The negotiation process is unpredictable. The agency's negotiators may have misread the union's priorities and goals. Union representatives may have misread the employees' mood. New issues may arise. There may be internal divisions within the union. These challenges may make it impossible to get agreement within the original parameters authorized.

**Working with the Agency's Negotiators.** As challenges arise, the agency's negotiators may ask for modifications in the bargaining position. This is normal in the course of any type of negotiation, as each party learns more about the interests of the other. Multiple meetings with the negotiating team may be necessary.

Modifications may not involve increases in total expense. An example is moving money from benefits to salaries (or vice-versa). Another example is if decision-makers have authorized higher increases for some position classifications than others, employee representatives may ask to even increases out.

**Meeting with Union Officials.** As negotiations continue, the union may seek meetings with individual elected official(s) to discuss the agency's bargaining position. As with any group of constituents, an elected official can choose to meet with them or not. If an elected official does meet with union officials, the official should be clear that the official is not speaking on behalf of the governing body.

A word of caution about meeting with employees *without* their union representative during labor

### Expect to be Misquoted

People tend to hear what they want to hear.

Someone may say something like "I'll speak to the negotiating team," and mean exactly that – they'll speak to them.

The employees may hear "He/she will speak to the negotiating team and tell them to give us what we want."

Some strategies for minimizing miscommunication are to take notes during the discussion and not to meet with union representatives alone.



negotiations: such meetings can lead to an unfair labor practice accusation of “direct dealing.”<sup>3</sup> Avoid any action that makes it appear that the agency is interfering in the union’s relationship with the employees it represents.

If the elected official meets with union representatives, it is helpful to share the conversation with the agency’s bargaining representatives. The conversation may provide insights that will help the agency’s negotiators move the process forward.

## If Agreement Is Reached

The agreement still has to be ratified by the rank and file. The union may feel it needs to sell the agreement as a victory for its members. The union may post flyers or e-mails trumpeting their win over management.

For their part, elected officials may hear concerns from constituents that the agency is spending too much on employee salaries and benefits. Agency officials are well-advised to be moderate in their public discourse relating to the agreement. Anything that might be construed as bragging about the agency’s victory in the bargaining process may jeopardize the agreement. The employees won’t ratify the agreement if they think it is a

### Post Agreement Issues

While the agency will not have to negotiate during the term of the agreement, issues may arise between negotiations that may require changes.

bad deal or their representatives weren’t sufficiently aggressive on their behalf.

A helpful practice can be a public statement that does not validate either extreme, but says something to the effect that “We reached a deal to provide adequate public services at reasonable cost.”

## If Agreement Cannot Be Reached

What happens if the agency can’t reach an agreement? There are procedures under state law for resolving impasse. A local labor relations resolution may provide further guidance on procedures.

### Mediation

A mediator may be brought in to try and resolve differences between the agency and the union. Mediators have no authority to impose a settlement, but can be useful in helping the parties look at the problem from a new perspective and to move past personal differences. The state Division of Mediation and Conciliation can provide a mediator.

**Fact-finding.** Whether or not mediation occurs, the union may request fact-finding as a next step. With the assistance of the

### An Expired Contract is not the Same as No Contract

If the contract has expired and agreement has not been reached on a new one, the agency must maintain the status quo until there is a new agreement.

Public Employee Relations Board (PERB), a fact-finding panel is appointed which reviews both parties' proposals, holds hearings and ultimately recommends a settlement.

**Unilateral implementation.** After exhausting the impasse procedure and holding a public hearing, the agency may impose its final financial offer upon the employees. Management cannot force the union to accept a whole new contract.

Unilateral implementation cannot be used to impose work rule or operational changes and can only be implemented for one year. After that year, or during the year, if the union indicates it has a significant change in its position, the agency must bargain again with the union to try and reach a mutual agreement.

This resource is a service of the Institute for Local Government (ILG) whose mission is to promote good government at the local level with practical, impartial, and easy-to-use resources for California communities. ILG is the nonprofit 501(c)(3) research and education affiliate of the League of California Cities and the California State Association of Counties. For more information and to access the Institute's resources on Local Government 101 go to <http://www.ca-ilg.org/localgovt101>.

The Institute thanks the following individuals for their review and input into this resource:

- Holly Brock-Cohn, Human Resources Director, City of Alameda
- Casey Echarte, Assistant Human Resources Director, City of San Mateo
- Eraina Ortega, Legislative Representative, Employee Relations & Human Resources, California State Association of Counties
- Delores Turner, Assistant City Manager, Administrative Services Department, City of Emeryville

The Institute welcomes feedback on this resource:

- *Email:* [rstephens@ca-ilg.org](mailto:rstephens@ca-ilg.org) Subject: *Understanding the Labor Negotiations Process*
- *Fax:* 916.444.7535
- *Mail:* 1400 K Street, Suite 205 ▪ Sacramento, CA ▪ 95814

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## References and Resources

<sup>1</sup> California Government Code 3500, known as the Meyers-Milias-Brown Act, (MMB) requires negotiation in good faith with the recognized employee representative on specified subjects. It also permits local agencies to adopt their own rules and regulations for the governance of labor relations.

<sup>2</sup> See Cal. Gov't Code § 54957.6, which provides:

**54957.6.** (a) Notwithstanding any other provision of law, a legislative body of a local agency may hold closed sessions with the local agency's designated representatives regarding the salaries, salary schedules, or compensation paid in the form of fringe benefits of its represented and unrepresented employees, and, for represented employees, any other matter within the statutorily provided scope of representation.

However, prior to the closed session, the legislative body of the local agency shall hold an open and public session in which it identifies its designated representatives.

Closed sessions of a legislative body of a local agency, as permitted in this section, shall be for the purpose of reviewing its position and instructing the local agency's designated representatives.

Closed sessions, as permitted in this section, may take place prior to and during consultations and discussions with representatives of employee organizations and unrepresented employees.

Closed sessions with the local agency's designated representative regarding the salaries, salary schedules, or compensation paid in the form of fringe benefits may include discussion of an agency's available funds and funding priorities, but only insofar as these discussions relate to providing instructions to the local agency's designated representative.

Closed sessions held pursuant to this section shall not include final action on the proposed compensation of one or more unrepresented employees.

For the purposes enumerated in this section, a legislative body of a local agency may also meet with a state conciliator who has intervened in the proceedings.

(b) For the purposes of this section, the term "employee" shall include an officer or an independent contractor who functions as an officer or an employee, but shall not include any elected official, member of a legislative body, or other independent contractors.

<sup>3</sup> See Cal. Lab. Code § 1156; *Ruline Nursery Co. v. Agricultural Labor Relations Bd.*, 169 Cal. App. 3d 247, 266, 216 Cal. Rptr. 162, 172 (1985)

Menlo Park  
 Title: Police Sergeant  
 Analysis Date: December 2018

Survey Agency	Comparable Classification	Top Step Base	POST Pay	Holiday Pay	Uniform Allowance	Longevity (20 YOS)	"Classic" EE Contribution			Wages + EE Pension	Insurance Benefits (highest ER contribution)				Total Comp	Rank
							Cash Only	(%)	(\$)		Medical	Dental	Vision	Benefits Total		
Belmont	Police Sergeant	\$11,691	\$587	\$629	\$75	\$0	\$12,982	13.0%	-\$1,688	\$11,294	\$2,028	\$183	\$19	\$2,230	\$13,524	9
Burlingame	Police Sergeant	\$10,500	\$469	\$565	\$88	\$0	\$11,622	13.0%	-\$1,511	\$10,111	\$2,028	\$139	\$12	\$2,179	\$12,290	11
Campbell	Police Sergeant	\$12,341	\$926	\$666	\$92	\$0	\$14,025	9.0%	-\$1,262	\$12,763	\$1,200	\$168	\$29	\$1,397	\$14,160	7
Cupertino	No Match															
Foster City	Police Sergeant	\$11,981	\$500	\$647	\$75	\$0	\$13,203	9.0%	-\$1,188	\$12,015	\$1,833	\$0	\$0	\$1,833	\$13,848	8
Los Altos	Police Sergeant	\$11,737	\$1,174	\$587	\$0	\$0	\$13,498	9.0%	-\$1,215	\$12,283	\$2,028	\$108	\$0	\$2,136	\$14,419	5
Los Gatos	Police Sergeant	\$13,066	\$980	\$503	\$115	\$0	\$14,663	9.0%	-\$1,320	\$13,344	\$1,903	\$125	\$11	\$2,038	\$15,382	1
Millbrae	No Match															
Pacifica	Police Sergeant	\$10,355	\$750	\$518	\$67	\$418	\$12,108	14.0%	-\$1,695	\$10,413	\$2,084	\$119	\$48	\$2,250	\$12,663	10
Palo Alto	Police Sergeant	\$12,749	\$976	\$552	\$0	\$0	\$14,276	12.0%	-\$1,713	\$12,563	\$2,088	\$190	\$15	\$2,293	\$14,856	3
Redwood City	Police Sergeant	\$13,760	\$688	\$860	\$0	\$0	\$15,308	16.0%	-\$2,449	\$12,859	\$1,675	\$111	\$12	\$1,798	\$14,657	4
San Bruno	Police Sergeant	\$11,609	\$987	\$647	\$79	\$0	\$13,322	9.0%	-\$1,199	\$12,123	\$2,057	\$0	\$0	\$2,057	\$14,181	6
San Carlos	No Match															
Saratoga	No Match															
Menlo Park	Police Sergeant	\$11,970	\$1,197	\$599	\$87	\$958	\$14,810	12.0%	-\$1,777	\$13,033	\$2,128	\$182	\$35	\$2,345	\$15,378	2
Median (Excluding Menlo Park)		\$11,859					\$13,410			\$12,203				\$14,170		
Variance from Median		0.94%					10.44%			6.80%				8.52%		
Average (Excluding Menlo Park)		\$11,979					\$13,501			\$11,977				\$13,998		
Variance From Average		-0.07%					9.70%			8.82%				9.86%		

**Notes:**  
 Menlo Park: Calculations assume 50% of holidays are worked.  
 Los Altos: Dental value reflects monthly average cost of combined city dental and vision plans.  
 Los Gatos: Reflects wage for Police Sergeants appointed before March 1, 2015.  
 Pacifica: Reflects wage for Police Sergeants hired on or before June 30, 2010.



# Health Plan Premiums: Bay Area Region

## 2019 PSA

Health plan	Employee only		Employee + 1		Employee +2 or more	
	Monthly premium	After \$889 City contribution	Monthly premium	After \$1715 City contribution	Monthly premium	After \$2262 City contribution
Anthem Blue Cross Select HMO	\$ 831.44	\$ 57.56	\$ 1,662.88	\$ 52.12	\$ 2,161.74	\$ 100.26
Anthem Blue Cross Traditional HMO	\$ 1,111.13	\$ (222.13)	\$ 2,222.26	\$ (507.26)	\$ 2,888.94	\$ (626.94)
Blue Shield Access+	\$ 970.90	\$ (81.90)	\$ 1,941.80	\$ (226.80)	\$ 2,524.34	\$ (262.34)
Health Net SmartCare	\$ 901.55	\$ (12.55)	\$ 1,803.10	\$ (88.10)	\$ 2,344.03	\$ (82.03)
Kaiser Permanente California	\$ 768.25	\$ 120.75	\$ 1,536.50	\$ 178.50	\$ 1,997.45	\$ 264.55
Western Health Advantage	\$ 767.01	\$ 121.99	\$ 1,534.02	\$ 180.98	\$ 1,994.23	\$ 267.77
PERS Choice	\$ 866.27	\$ 22.73	\$ 1,732.54	\$ (17.54)	\$ 2,252.30	\$ 9.70
PERS Select	\$ 543.19	\$ 345.81	\$ 1,086.38	\$ 628.62	\$ 1,412.29	\$ 849.71
PERSCare	\$ 1,131.68	\$ (242.68)	\$ 2,263.36	\$ (548.36)	\$ 2,942.37	\$ (680.37)
PORAC	\$ 774.00	\$ 115.00	\$ 1,623.00	\$ 92.00	\$ 2,076.00	\$ 186.00

Amounts in **green** = additional amount available to you to put toward cafeteria options

Amounts in **(red)** = your out-of-pocket expense

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**STAFF REPORT**

**City Council Meeting Date:** 2/26/2019  
**Staff Report Number:** 19-031-CC

**Informational Item:** Review of the City’s investment portfolio as of December 31, 2018

**Recommendation**

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

**Policy Issues**

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

**Background**

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

**Analysis**

Investment portfolio as of December 31, 2018

The City’s investment portfolio as of December 31, 2018 totaled \$131,638,867. As shown below in Table 1, the City’s investments by type are measured by the amortized cost as well as the fair value as of December 31, 2018. The local agency investment fund (LAIF) is considered a safe investment as it provides the liquidity of a money market fund. The majority of the remaining securities are prudent and secure short-term investments (1-3 years), bearing a higher interest rate than LAIF, and/or provide investment diversification.

Table 1: Recap of investments held as of December 31, 2018			
Security	Amortized cost basis	Fair value basis	% of portfolio
Local agency investment fund	\$ 60,763,117	\$ 60,763,117	46%
Securities portfolio			
Corporate bonds	19,996,941	19,846,594	15%
Government agencies	37,416,570	37,258,358	30%
Government bonds	11,462,509	11,377,447	15%
Short-term bills and notes	1,999,730	1,998,780	2.82%
<b>Total</b>	<b>\$ 131,638,867</b>	<b>\$ 131,244,296</b>	<b>100.0%</b>

As shown in Table 1, the fair value of the City's securities was \$394,571 less than the amortized cost as of December 31, 2018. The difference between amortized cost and fair value is referred to as an unrealized loss or gain, and is due to market values fluctuating from one period to another. It is important to note that any unrealized loss or gain does not represent an actual cash transaction to the City, as the City generally holds securities to maturity to avoid market risk.

The consolidated portfolio report for the quarter ending December 31, 2018 is included as Attachment A and each component is described in greater detail below.

#### Local agency investment fund

As previously shown in Table 1, 46 percent of the portfolio resides in the City's account at the LAIF, a liquid fund managed by the California State Treasurer, yielding 2.29 percent (Attachment A) for the quarter ended December 31, 2018. LAIF yields had been at historic lows for several recent years but the last three years have shown a small but steady trend upward. Due to the liquidity of LAIF and based on uncertainty surrounding rates for longer-term securities, the City has kept a large number of funds in LAIF in recent years. However, the City does invest excess funds in other types of securities in an effort to enhance yields.

#### Securities portfolio

As of December 31, 2018, the City held a number of securities in corporate bonds, government agency notes and government bonds and reflect a diversified mix in terms of type but all at low risk. Insight Investment serves as the City's financial adviser on security investments and makes recommended trades of securities, purchase and sale that align market conditions to the City Council adopted investment policy to the greatest extent possible. The Insight Investments quarterly statement for the period ended December 31, 2018 is provided in Attachment B. As shown on the quarterly statement, the return for the period ended December 31, 2018, on an amortized cost basis, was 0.48 percent. The positions the City held as of December 31, 2018 are included in Attachment C.

### **Impact on City Resources**

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

### **Environmental Review**

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

### **Public Notice**

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

### **Attachments**

- A. Insight Investments consolidated portfolio report for the quarter ended December 31, 2018
- B. Insight Investments advised funds quarterly report for the quarter ended December 31, 2018
- C. Securities positions held by the City of Menlo Park as of December 31, 2018



Staff Report #: 19-031-CC

Report prepared by:  
Kristen Middleton, Management Analyst II

Report reviewed by:  
Dan Jacobson, Finance and Budget Manager

## City of Menlo Park

### Quarterly Consolidated Portfolio Report

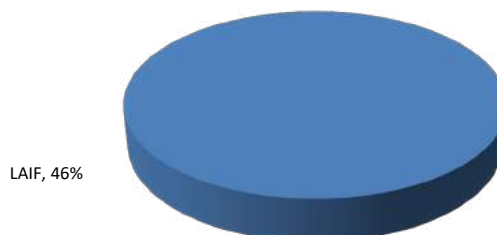
#### December 31, 2018

#### City Managed Assets

LAIF	\$	60,763,117	46%	2.29%
<b>Total Internally Managed</b>	<b>\$</b>	<b>60,763,117</b>	<b>46%</b>	

**Weighted Average Yield** **2.29%**

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

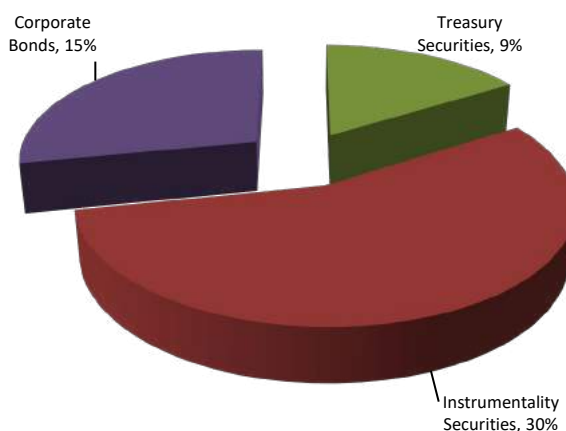


#### Advisor Managed Assets

Treasury Securities	\$	11,377,447	9%	1.78%
Instrumentality Securities	\$	39,257,138	30%	1.99%
Corporate Bonds	\$	19,846,594	15%	2.04%
<b>Total Externally Managed</b>	<b>\$</b>	<b>70,481,179</b>	<b>54%</b>	

**Weighted Average Yield** **1.97%**

	Years
Effective Average Duration - External	0.86
Weighted Average Maturity - External	0.88

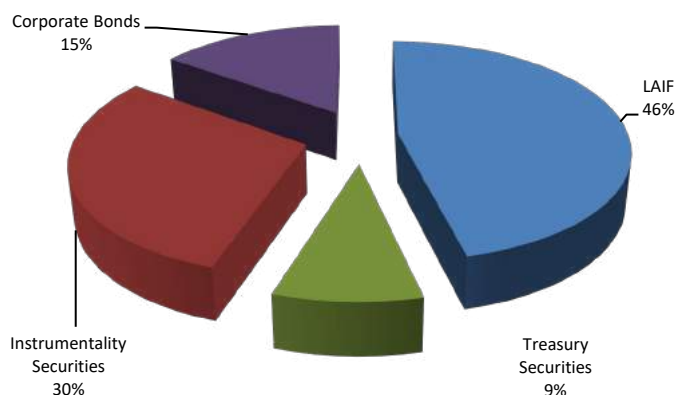


#### Total Portfolio Assets

LAIF	\$	60,763,117	46%	2.29%
Treasury Securities	\$	11,377,447	9%	1.78%
Instrumentality Securities	\$	39,257,138	30%	1.99%
Corporate Bonds	\$	19,846,594	15%	2.04%
<b>Total Portfolio Assets</b>	<b>\$</b>	<b>131,244,295</b>		

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

	Years
Effective Average Duration - Total	0.46
Weighted Average Maturity - Total	0.47



#### Portfolio Change

Beginning Balance	\$	130,999,727
Ending Balance	\$	131,244,295

\* Note: All data for external assets was provided by the client and is believed to be accurate.

Insight Investment does not manage the external assets and this report is provided for the client's use.

Market values are presented.

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# CITY OF MENLO PARK

December 2018

Part of  BNY MELLON



# ACTIVITY AND PERFORMANCE SUMMARY

For the period October 1, 2018 - December 31, 2018

<u>Amortized Cost Basis Activity Summary</u>	
<b>Opening balance</b>	70,823,247.71
Income received	300,229.17
<b>Total receipts</b>	300,229.17
Expenses paid	0.00
<b>Total disbursements</b>	0.00
Interportfolio transfers	(274,068.22)
<b>Total Interportfolio transfers</b>	(274,068.22)
Realized gain (loss)	0.00
<b>Total amortization expense</b>	(19,852.15)
<b>Total OID/MKT accretion income</b>	46,194.79
Return of capital	0.00
<b>Closing balance</b>	70,875,751.30
<b>Ending fair value</b>	70,481,178.64
Unrealized gain (loss)	(394,572.66)

<u>Detail of Amortized Cost Basis Return</u>				
	Interest earned	Accretion (amortization)	Realized gain (loss)	Total income
Corporate Bonds	99,360.36	3,542.84	0.00	102,903.20
Government Agencies	160,884.87	12,623.21	0.00	173,508.08
Government Bonds	41,401.14	10,037.90	0.00	51,439.04
Short Term Bills and Notes	11,880.55	138.69	0.00	12,019.24
<b>Total</b>	<b>313,526.92</b>	<b>26,342.64</b>	<b>0.00</b>	<b>339,869.56</b>

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* Three month trailing
Fed Funds	1.83	1.04	0.55
Overnight Repo	1.90	1.09	0.59
Merrill Lynch 3m US Treas Bill	1.92	1.08	0.57
Merrill Lynch 6m US Treas Bill	2.07	1.16	0.61
ML 1 Year US Treasury Note	2.33	1.29	0.67
ML 2 Year US Treasury Note	2.53	1.37	0.70
ML 5 Year US Treasury Note	2.75	1.42	0.72

\* rates reflected are cumulative

<u>Summary of Amortized Cost Basis Return for the Period</u>	
	Total portfolio
Interest earned	313,526.92
Accretion (amortization)	26,342.64
Realized gain (loss) on sales	0.00
Total income on portfolio	339,869.56
Average daily amortized cost	70,840,654.89
Period return (%)	0.48
YTD return (%)	1.70
Weighted average final maturity in days	323

# ACTIVITY AND PERFORMANCE SUMMARY

For the period October 1, 2018 - December 31, 2018

<u>Fair Value Basis Activity Summary</u>		
<b>Opening balance</b>		70,236,610.43
Income received	300,229.17	
<b>Total receipts</b>		300,229.17
Expenses paid	0.00	
<b>Total disbursements</b>		0.00
Interportfolio transfers	(274,068.22)	
<b>Total Interportfolio transfers</b>		(274,068.22)
Unrealized gain (loss) on security movements		0.00
Return of capital		0.00
Change in fair value for the period		218,407.26
<b>Ending fair value</b>		70,481,178.64

<u>Detail of Fair Value Basis Return</u>			
	Interest earned	Change in fair value	Total income
Corporate Bonds	99,360.36	27,663.21	127,023.57
Government Agencies	160,884.87	140,084.55	300,969.42
Government Bonds	41,401.14	49,379.50	90,780.64
Short Term Bills and Notes	11,880.55	1,280.00	13,160.55
<b>Total</b>	<b>313,526.92</b>	<b>218,407.26</b>	<b>531,934.18</b>

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* Three month trailing
Fed Funds	1.83	1.04	0.55
Overnight Repo	1.90	1.09	0.59
ICE ML 3m US Treas Bill	1.87	1.06	0.56
ICE ML 6m US Treas Bill	1.92	1.11	0.61
ICE ML 1 Year US Treasury Note	1.86	1.20	0.78
ICE ML US Treasury 1-3	1.58	1.49	1.29
ICE ML US Treasury 1-5	1.52	1.77	1.72

\* rates reflected are cumulative

<u>Summary of Fair Value Basis Return for the Period</u>	
	Total portfolio
Interest earned	313,526.92
Change in fair value	218,407.26
Total income on portfolio	531,934.18
Average daily total value *	70,594,481.81
Period return (%)	0.76
YTD return (%)	1.62
Weighted average final maturity in days	323

\* Total value equals market value and accrued interest

# ADDITIONAL INFORMATION

## As of December 31, 2018

Past performance is not a guide to future performance. The value of investments and any income from them will fluctuate and is not guaranteed (this may partly be due to exchange rate changes) and investors may not get back the amount invested. Transactions in foreign securities may be executed and settled in local markets. Performance comparisons will be affected by changes in interest rates. Investment returns fluctuate due to changes in market conditions. Investment involves risk, including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. The information contained herein is for your reference only and is being provided in response to your specific request and has been obtained from sources believed to be reliable; however, no representation is made regarding its accuracy or completeness. This document must not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or otherwise not permitted. This document should not be duplicated, amended, or forwarded to a third party without consent from Insight. This is a marketing document intended for professional clients only and should not be made available to or relied upon by retail clients.

Investment advisory services in North America are provided through two different SEC-registered investment advisers using the brand Insight Investment: Insight North America LLC (INA) and Insight Investment International Limited (IIL). The North American investment advisers are associated with a broader group of global investment managers that also (individually and collectively) use the corporate brand Insight Investment and may be referred to as Insight, Insight Group or Insight Investment.

INA is an investment adviser registered with the Securities and Exchange Commission (SEC), under the Investment Advisers Act of 1940, as amended. Registration with the SEC does not imply a certain level of skill or training. You may request, without charge, additional information about Insight. Moreover, specific information relating to Insights strategies, including investment advisory fees, may be obtained from INA's Form ADV Part 2A, which is available without charge upon request.

Where indicated, performance numbers used in the analysis are gross returns. The performance reflects the reinvestment of all dividends and income. INA charges management fees on all portfolios managed and these fees will reduce the returns on the portfolios. For example, assume that \$30 million is invested in an account with INA, and this account achieves a 5.0% annual return compounded monthly, gross of fees, for a period of five years. At the end of five years that account would have grown to \$38,500,760 before the deduction of management fees. Assuming management fees of 0.25% per year are deducted monthly from the account, the value at the end of the five year period would be \$38,022,447. Actual fees for new accounts are dependent on size and subject to negotiation. INA's investment advisory fees are discussed in Part 2A of its Form ADV.

Unless otherwise stated, the source of information is Insight. Any forecasts or opinions are Insights own at the date of this document (or as otherwise specified) and may change. Material in this publication is for general information only and is not advice, investment advice, or the recommendation of any purchase or sale of any security. Insight makes no implied or expressed recommendations concerning the manner in which an account should or would be handled, as appropriate investment strategies depend upon specific investment guidelines and objectives and should not be construed to be an assurance that any particular security in a strategy will remain in any fund, account, or strategy, or that a previously held security will not be repurchased. It should not be assumed that any of the security transactions or holdings referenced herein have been or will prove to be profitable or that future investment decisions will be profitable or will equal or exceed the past investment performance of the securities listed.

For trading activity the Clearing broker will be reflected. In certain cases the Clearing broker will differ from the Executing broker.

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

Information about the indices shown here is provided to allow for comparison of the performance of the strategy to that of certain well-known and widely recognized indices. There is no representation that such index is an appropriate benchmark for such comparison. You cannot invest directly in an index and the indices represented do not take into account trading commissions and/or other brokerage or custodial costs. The volatility of the indices may be materially different from that of the strategy. In addition, the strategies holdings may differ substantially from the securities that comprise the indices shown.

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

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

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

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

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

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

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

Insight does not provide tax or legal advice to its clients and all investors are strongly urged to consult their tax and legal advisors regarding any potential strategy or investment.

# ADDITIONAL INFORMATION

## As of December 31, 2018

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## CITY OF MENLO PARK

December 2018

Part of  BNY MELLON



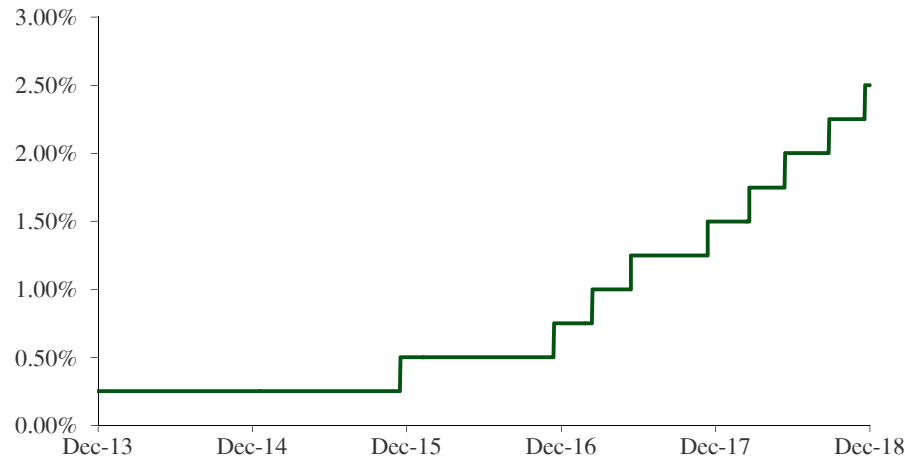


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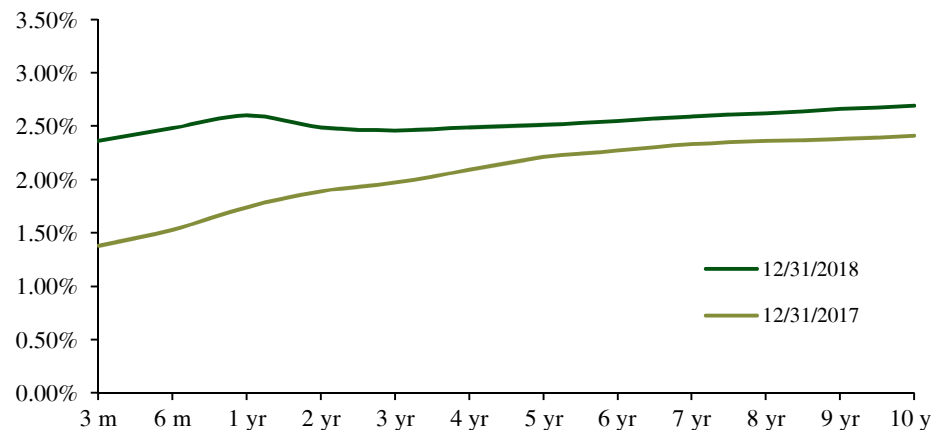
## As of December 31, 2018

Chart 1: Fed funds target rate: 12/31/2013—12/31/2018



Source: Bloomberg Finance LP, December 31, 2018.

Chart 2: Treasury yield curve: 12/31/2017 and 12/31/2018



Source: Bloomberg Finance LP, December 31, 2018.

### Economic Indicators and Monetary Policy

After reaching cyclical highs on November 8, 2-year US Treasury yields continued to decrease during December and the yield curve flattened further. The 2-year US Treasury note reached a peak yield of 2.97% in November and closed 2018 at a yield of 2.49%. Despite the recent downtrend in rates, the yield on the 2-year US Treasury note increased 60 basis points during 2018, from a yield of 1.89% on December 31, 2017. Lower rates over the past months were supported by continuing trade tensions and political discord, tightening financial conditions, volatile equity markets and softening in some economic releases.

On December 19 the Federal Open Market Committee (FOMC) increased the federal funds target rate 25 basis points to a range of 2.25% to 2.50% in a unanimous vote. (See Chart 1). The economic assessment presented by the FOMC was largely unchanged from the prior meeting and described a strong economy and near target level inflation conditions. The statement noted that the FOMC will monitor the risks to the current outlook posed by global economic and financial developments. Rate guidance indicated that two increases were likely in 2019.

On December 7 the payroll report was released, showing that 155,000 jobs were added in November, below expectations of 198,000, and the prior month job gains were revised downward to 237,000 from 250,000. The unemployment rate was unchanged at 3.7% and the underemployment rate increased to 7.6% from 7.4%. Wage growth was firm at 3.1% which is the fastest pace since spring 2009.

On December 11 the Producer Price Index (PPI) was released. The report showed year-over-year price increases of 2.5% at the headline level which includes food and energy and 2.7% when these volatile components are excluded. The next day the Consumer Price Index (CPI) report was published and it showed 2.2% year-over-year price increases for both the headline and core levels.

### Interest Rate Summary

At the end of December, the 3-month US Treasury bill yielded 2.36%, the 6-month US Treasury bill yielded 2.48%, the 2-year US Treasury note yielded 2.49%, the 5-year US Treasury note yielded 2.51% and the 10-year US Treasury note yielded 2.69%. (See Chart 2).

# ACTIVITY AND PERFORMANCE SUMMARY

For the period December 1, 2018 - December 31, 2018

<u>Amortized Cost Basis Activity Summary</u>	
<b>Opening balance</b>	70,839,333.16
Income received	88,385.42
<b>Total receipts</b>	88,385.42
<b>Total disbursements</b>	0.00
Interportfolio transfers	(62,224.47)
<b>Total Interportfolio transfers</b>	(62,224.47)
Realized gain (loss)	0.00
<b>Total amortization expense</b>	(5,806.39)
<b>Total OID/MKT accretion income</b>	16,063.58
Return of capital	0.00
<b>Closing balance</b>	70,875,751.30
<b>Ending fair value</b>	70,481,178.64
Unrealized gain (loss)	(394,572.66)

<u>Detail of Amortized Cost Basis Return</u>				
	Interest earned	Accretion (amortization)	Realized gain (loss)	Total income
Corporate Bonds	33,822.86	1,170.15	0.00	34,993.01
Government Agencies	55,072.37	5,658.47	0.00	60,730.84
Government Bonds	13,975.05	3,382.34	0.00	17,357.39
Short Term Bills and Notes	4,047.22	46.23	0.00	4,093.45
<b>Total</b>	<b>106,917.50</b>	<b>10,257.19</b>	<b>0.00</b>	<b>117,174.69</b>

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	1.83	1.04	0.19
Overnight Repo	1.90	1.09	0.22
Merrill Lynch 3m US Treas Bill	1.92	1.08	0.20
Merrill Lynch 6m US Treas Bill	2.07	1.16	0.21
ML 1 Year US Treasury Note	2.33	1.29	0.22
ML 2 Year US Treasury Note	2.53	1.37	0.22
ML 5 Year US Treasury Note	2.75	1.42	0.23

\* rates reflected are cumulative

<u>Summary of Amortized Cost Basis Return for the Period</u>	
	Total portfolio
Interest earned	106,917.50
Accretion (amortization)	10,257.19
Realized gain (loss) on sales	0.00
Total income on portfolio	117,174.69
Average daily amortized cost	70,858,787.76
Period return (%)	0.16
YTD return (%)	1.70
Weighted average final maturity in days	323

# ACTIVITY AND PERFORMANCE SUMMARY

For the period December 1, 2018 - December 31, 2018

<u>Fair Value Basis Activity Summary</u>		
<b>Opening balance</b>		70,290,423.68
Income received	88,385.42	
<b>Total receipts</b>		88,385.42
<b>Total disbursements</b>		0.00
Interportfolio transfers	(62,224.47)	
<b>Total Interportfolio transfers</b>		(62,224.47)
Unrealized gain (loss) on security movements		0.00
Return of capital		0.00
Change in fair value for the period		164,594.01
<b>Ending fair value</b>		70,481,178.64

<u>Detail of Fair Value Basis Return</u>			
	Interest earned	Change in fair value	Total income
Corporate Bonds	33,822.86	40,145.01	73,967.87
Government Agencies	55,072.37	93,212.50	148,284.87
Government Bonds	13,975.05	29,676.50	43,651.55
Short Term Bills and Notes	4,047.22	1,560.00	5,607.22
<b>Total</b>	<b>106,917.50</b>	<b>164,594.01</b>	<b>271,511.51</b>

<u>Comparative Rates of Return (%)</u>			
	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	1.83	1.04	0.19
Overnight Repo	1.90	1.09	0.22
ICE ML 3m US Treas Bill	1.87	1.06	0.18
ICE ML 6m US Treas Bill	1.92	1.11	0.22
ICE ML 1 Year US Treasury Note	1.86	1.20	0.36
ICE ML US Treasury 1-3	1.58	1.49	0.79
ICE ML US Treasury 1-5	1.52	1.77	1.11

\* rates reflected are cumulative

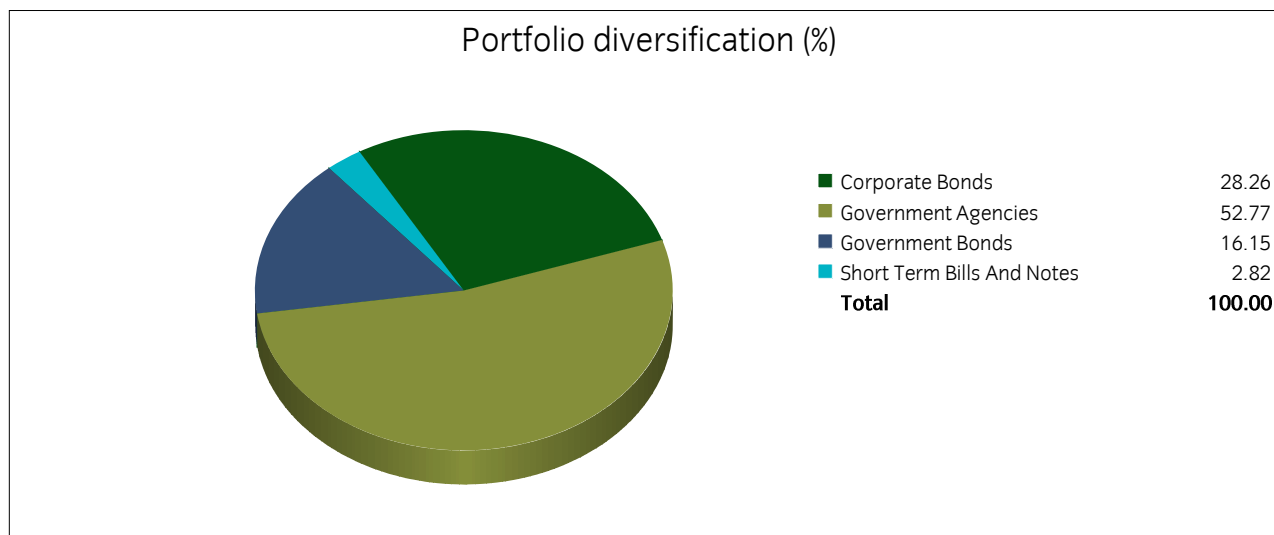
<u>Summary of Fair Value Basis Return for the Period</u>	
	Total portfolio
Interest earned	106,917.50
Change in fair value	164,594.01
Total income on portfolio	271,511.51
Average daily total value *	70,706,501.23
Period return (%)	0.38
YTD return (%)	1.62
Weighted average final maturity in days	323

\* Total value equals market value and accrued interest

# RECAP OF SECURITIES HELD

As of December 31, 2018

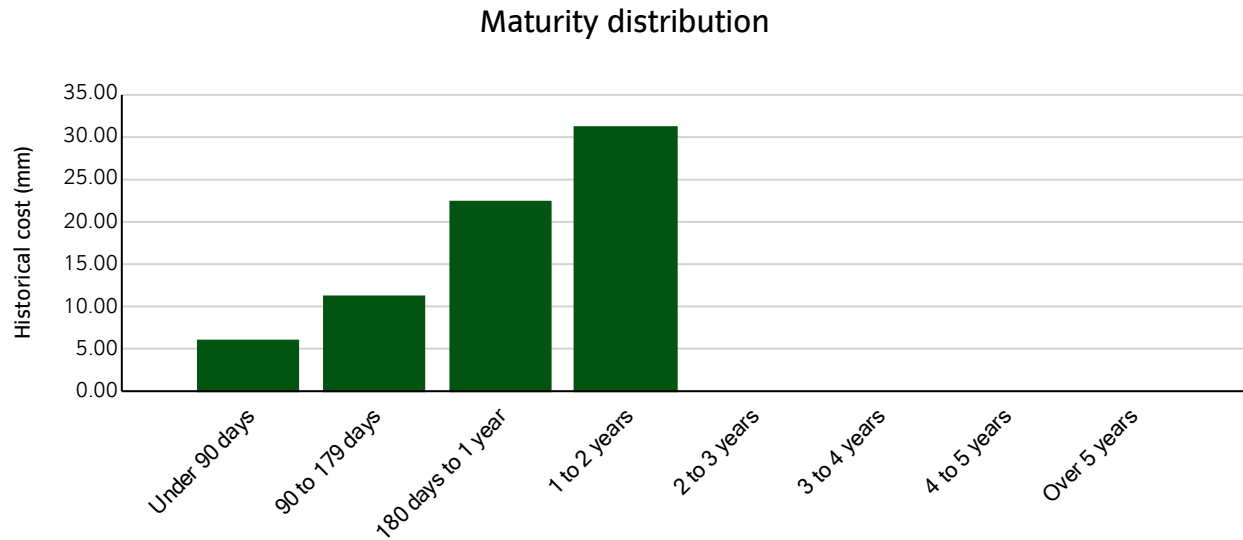
	Historical cost	Amortized cost	Fair value	Unrealized gain (loss)	Weighted average final maturity (days)	Percent of portfolio	Weighted average effective duration (years)
Corporate Bonds	20,008,850.80	19,996,941.51	19,846,594.14	(150,347.37)	331	28.26	0.88
Government Agencies	37,371,201.09	37,416,570.15	37,258,358.00	(158,212.15)	322	52.77	0.86
Government Bonds	11,435,371.11	11,462,509.31	11,377,446.50	(85,062.81)	338	16.15	0.91
Short Term Bills And Notes	1,999,436.00	1,999,730.33	1,998,780.00	(950.33)	176	2.82	0.48
<b>Total</b>	<b>70,814,859.00</b>	<b>70,875,751.30</b>	<b>70,481,178.64</b>	<b>(394,572.66)</b>	<b>323</b>	<b>100.00</b>	<b>0.86</b>



# MATURITY DISTRIBUTION OF SECURITIES HELD

As of December 31, 2018

Maturity	Historic cost	Percent
Under 90 days	5,990,344.58	8.46
90 to 179 days	11,272,524.88	15.92
180 days to 1 year	22,383,327.08	31.61
1 to 2 years	31,168,662.46	44.01
2 to 3 years	0.00	0.00
3 to 4 years	0.00	0.00
4 to 5 years	0.00	0.00
Over 5 years	0.00	0.00
	<b>70,814,859.00</b>	<b>100.00</b>



# SECURITIES HELD

## As of December 31, 2018

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
<b>Corporate Bonds</b>											
17275RAR3 CISCO SYSTEMS INC 2.125% 01MAR2019	2.125	03/01/2019	1,470,000.00	1,486,743.30 0.00	1,471,370.93 (674.22)	1,467,931.71 239.61	(3,439.22)	0.00	2,689.90	10,412.50	2.10
0258MOEK1 AMERICAN EXPRESS CREDIT 1.875% 03MAY2019 (CALLABLE 03APR19)	1.875	05/03/2019 04/02/2019	800,000.00	794,480.00 0.00	797,830.80 529.07	797,047.20 951.20	(783.60)	0.00	1,291.67	2,416.67	1.12
191216BV1 COCA-COLA CO/THE 1.375% 30MAY2019	1.375	05/30/2019	1,000,000.00	993,640.00 0.00	998,804.51 239.10	994,502.00 2,113.00	(4,302.51)	0.00	1,145.83	1,145.83	1.40
89236TBP9 TOYOTA MOTOR CREDIT CORP 2.125% 18JUL2019	2.125	07/18/2019	1,000,000.00	995,480.00 0.00	997,699.33 348.58	994,620.00 (645.00)	(3,079.33)	0.00	1,829.86	9,621.53	1.41
69353REX2 PNC BANK NA 1.45% 29JUL2019 (CALLABLE 29JUN19)	1.450	07/29/2019 06/29/2019	1,000,000.00	991,350.00 0.00	997,813.97 313.79	991,404.00 1,835.00	(6,409.97)	0.00	1,248.61	6,122.22	1.40
084664CK5 BERKSHIRE HATHAWAY FIN 1.3% 15AUG2019	1.300	08/15/2019	1,500,000.00	1,485,345.00 0.00	1,496,384.25 463.97	1,484,254.50 769.50	(12,129.75)	0.00	1,679.17	7,366.67	2.10
24422ESS9 JOHN DEERE CAPITAL CORP 2.3% 16SEP2019	2.300	09/16/2019	1,000,000.00	999,890.00 0.00	999,951.84 5.43	994,330.00 (1,163.00)	(5,621.84)	0.00	1,980.55	6,708.33	1.41
713448DJ4 PEPSICO INC 1.35% 04OCT2019	1.350	10/04/2019	1,000,000.00	995,410.00 0.00	998,381.39 177.22	988,047.00 1,278.00	(10,334.39)	0.00	1,162.50	3,262.50	1.41
89236TDH5 TOYOTA MOTOR CREDIT CORP 1.55% 18OCT2019	1.550	10/18/2019	1,000,000.00	994,450.00 0.00	998,214.08 186.04	988,312.00 35.00	(9,902.08)	0.00	1,334.73	3,143.06	1.40

# SECURITIES HELD

## As of December 31, 2018

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
<b>Corporate Bonds</b>											
48127HAA7 JPMORGAN CHASE & CO 2.2% 22OCT2019	2.200	10/22/2019	1,000,000.00	990,620.00 0.00	994,329.28 582.61	991,612.00 (118.00)	(2,717.28)	0.00	1,894.45	4,216.67	1.40
717081EB5 PFIZER INC 1.7% 15DEC2019	1.700	12/15/2019	2,000,000.00	2,003,600.00 0.00	2,001,389.26 (120.81)	1,980,700.00 8,754.00	(20,689.26)	17,000.00	2,927.78	1,511.11	2.83
037833CK4 APPLE INC 1.9% 07FEB2020	1.900	02/07/2020	2,000,000.00	1,975,440.00 0.00	1,984,669.31 1,158.49	1,982,634.00 5,858.00	(2,035.31)	0.00	3,272.22	15,200.00	2.79
594918AY0 MICROSOFT CORP 1.85% 12FEB2020 (CALLABLE 12JAN20)	1.850	02/12/2020 01/12/2020	1,000,000.00	1,005,660.00 0.00	1,002,230.71 (166.47)	991,493.00 3,408.00	(10,737.71)	0.00	1,593.06	7,143.06	1.42
0258MODT3 AMERICAN EXPRESS CREDIT 2.375% 26MAY2020 (CALLABLE 25APR20)	2.375	05/26/2020 04/25/2020	1,000,000.00	1,003,500.00 0.00	1,001,944.02 (115.26)	989,513.00 4,023.00	(12,431.02)	0.00	2,045.14	2,309.03	1.42
931142CU5 WALMART INC 3.625% 08JUL2020	3.625	07/08/2020	1,500,000.00	1,579,455.00 0.00	1,538,227.69 (2,092.76)	1,515,103.50 2,539.50	(23,124.19)	0.00	4,682.29	26,130.21	2.23
90331HNG4 US BANK NA CINCINNATI 2.05% 23OCT2020 (CALLABLE 23SEP20)	2.050	10/23/2020 09/23/2020	1,725,000.00	1,713,787.50 0.00	1,717,700.14 335.37	1,695,090.23 10,267.20	(22,609.91)	0.00	3,045.10	6,679.58	2.42
<b>Total Corporate Bonds</b>			<b>19,995,000.00</b>	<b>20,008,850.80</b> <b>0.00</b>	<b>19,996,941.51</b> <b>1,170.15</b>	<b>19,846,594.14</b> <b>40,145.01</b>	<b>(150,347.37)</b>	<b>17,000.00</b>	<b>33,822.86</b>	<b>113,388.97</b>	<b>28.26</b>
<b>Government Agencies</b>											
3135G0ZA4 FANNIE MAE 1.875% 19FEB2019	1.875	02/19/2019	2,000,000.00	1,995,388.00 0.00	1,999,329.41 410.56	1,998,444.00 808.00	(885.41)	0.00	3,229.17	13,750.00	2.82



# SECURITIES HELD

As of December 31, 2018

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
<b>Government Agencies</b>											
3130A7L37 FEDERAL HOME LOAN BANK 1.25% 15MAR2019	1.250	03/15/2019	2,000,000.00	2,012,100.00 0.00	2,000,877.66 (351.06)	1,995,060.00 1,640.00	(5,817.66)	0.00	2,152.78	7,361.11	2.84
3137EADZ9 FREDDIE MAC 1.125% 15APR2019	1.125	04/15/2019	1,000,000.00	1,005,195.00 0.00	1,000,557.18 (159.19)	996,272.00 1,227.00	(4,285.18)	0.00	968.75	2,375.00	1.42
3134G9LD7 FREDDIE MAC 1.25% 24MAY2019 (CALLABLE 24FEB19) #0001	1.250	05/24/2019 02/24/2019	1,000,000.00	999,250.00 0.00	999,900.74 20.68	995,090.00 1,500.00	(4,810.74)	0.00	1,076.39	1,284.72	1.41
3137EADG1 FREDDIE MAC 1.75% 30MAY2019	1.750	05/30/2019	2,000,000.00	1,988,778.88 0.00	1,995,064.02 987.19	1,993,658.00 1,744.00	(1,406.02)	0.00	2,916.67	2,916.67	2.81
3134G44Y1 FREDDIE MAC 1.25% 24JUN2019 CALLABLE	1.250	06/24/2019	1,000,000.00	988,530.00 0.00	995,824.73 719.88	993,580.00 1,210.00	(2,244.73)	6,250.00	1,076.39	243.06	1.40
3130AEJ84 FEDERAL HOME LOAN BANK 2.375% 25JUN2019	2.375	06/25/2019	1,500,000.00	1,500,090.00 0.00	1,500,043.63 (7.48)	1,498,335.00 180.00	(1,708.63)	17,812.50	3,067.71	593.75	2.12
3135G0L76 FANNIE MAE 1.075% 11JUL2019 (CALLABLE 11APR19)	1.075	07/11/2019 01/11/2019	2,000,000.00	1,995,000.00 0.00	1,999,108.31 140.06	1,984,240.00 3,520.00	(14,868.31)	0.00	1,851.39	10,152.78	2.82
3133EJPT0 FEDERAL FARM CREDIT BANK 2.35% 22JUL2019	2.350	07/22/2019	2,000,000.00	1,998,758.00 0.00	1,999,405.49 88.30	1,997,820.00 1,400.00	(1,585.49)	0.00	4,047.22	20,758.33	2.82
3135G0N33 FANNIE MAE 0.875% 02AUG2019	0.875	08/02/2019	1,000,000.00	997,960.00 0.00	999,599.56 56.67	989,901.00 1,741.00	(9,698.56)	0.00	753.47	3,621.53	1.41

# SECURITIES HELD

As of December 31, 2018

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
<b>Government Agencies</b>											
3137EADM8 FREDDIE MAC 1.25% 02OCT2019	1.250	10/02/2019	2,000,000.00	1,968,300.00 0.00	1,981,377.11 2,054.00	1,979,334.00 4,130.00	(2,043.11)	0.00	2,152.78	6,180.56	2.78
3130A9MF5 FEDERAL HOME LOAN BANK 1.125% 03OCT2019 (CALLABLE 11JAN19)	1.125	10/03/2019	1,000,000.00	999,000.00 0.00	999,746.75 27.83	988,490.00 1,680.00	(11,256.75)	0.00	968.75	2,750.00	1.41
3136G4DA8 FANNIE MAE 1.2% 30DEC2019 (CALLABLE 30MAR19) #0001	1.200	12/30/2019 03/30/2019	1,000,000.00	998,750.00 0.00	999,613.73 32.18	986,130.00 2,780.00	(13,483.73)	6,000.00	1,000.00	0.00	1.41
3133ECEY6 FEDERAL FARM CREDIT BANK 1.45% 11FEB2020	1.450	02/11/2020	2,000,000.00	2,004,900.00 0.00	2,001,682.28 (125.85)	1,976,680.00 8,020.00	(25,002.28)	0.00	2,497.22	11,277.78	2.83
3134GAXC3 FREDDIE MAC 1.25% 28FEB2020 (CALLABLE 28FEB19)	1.250	02/28/2020 02/28/2019	1,500,000.00	1,487,625.00 0.00	1,495,578.85 317.31	1,477,020.00 5,115.00	(18,558.85)	0.00	1,614.58	6,406.25	2.10
3130A12B3 FEDERAL HOME LOAN BANK 2.125% 13MAR2020	2.125	03/13/2020	3,000,000.00	2,976,160.95 (16,114.58)	2,977,112.40 951.45	2,985,039.00 8,878.05	7,926.60	0.00	3,010.42	19,125.00	4.20
3134G3K58 FREDDIE MAC 1.5% 19MAR2020 CALLABLE	1.500	03/19/2020	2,000,000.00	1,976,400.00 0.00	1,986,868.95 897.34	1,973,080.00 7,000.00	(13,788.95)	0.00	2,583.33	8,500.00	2.79
3133EJPV5 FEDERAL FARM CREDIT BANK 2.54% 23MAR2020	2.540	03/23/2020	2,000,000.00	1,999,116.00 0.00	1,999,387.15 41.50	2,000,260.00 7,060.00	872.85	0.00	4,374.45	13,828.89	2.82
3136FT5H8 FANNIE MAE 2% 27MAR2020 CALLABLE	2.000	03/27/2020	1,000,000.00	1,011,747.60 0.00	1,005,776.87 (387.71)	993,800.00 4,030.00	(11,976.87)	0.00	1,722.22	5,222.22	1.43

# SECURITIES HELD

## As of December 31, 2018

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
<b>Government Agencies</b>											
3134G8TY5 FREDDIE MAC 1.42% 30MAR2020 CALLABLE	1.420	03/30/2020	1,000,000.00	997,456.66 0.00	998,745.06 83.66	985,850.00 3,680.00	(12,895.06)	0.00	1,183.33	3,550.00	1.41
3133EJME6 FEDERAL FARM CREDIT BANK 2.5% 27APR2020	2.500	04/27/2020	2,000,000.00	1,996,440.00 0.00	1,997,457.90 159.88	1,998,880.00 7,340.00	1,422.10	0.00	4,305.56	8,888.89	2.82
313370U55 FEDERAL HOME LOAN BANK 2.875% 11SEP2020	2.875	09/11/2020	1,500,000.00	1,500,675.00 0.00	1,500,582.52 (28.60)	1,507,935.00 7,785.00	7,352.48	0.00	3,713.54	13,177.08	2.12
3136G0K75 FANNIE MAE 1.625% 09OCT2020 CALLABLE	1.625	10/09/2020	2,000,000.00	1,973,580.00 0.00	1,982,929.85 801.42	1,963,460.00 10,240.00	(19,469.85)	0.00	2,798.61	7,402.78	2.79
<b>Total Government Agencies</b>			<b>37,500,000.00</b>	<b>37,371,201.09</b> <b>(16,114.58)</b>	<b>37,416,570.15</b> <b>6,730.02</b>	<b>37,258,358.00</b> <b>92,708.05</b>	<b>(158,212.15)</b>	<b>30,062.50</b>	<b>53,064.73</b>	<b>169,366.40</b>	<b>52.77</b>
<b>Government Bonds</b>											
912828P95 USA TREASURY 1% 15MAR2019	1.000	03/15/2019	500,000.00	496,113.28 0.00	499,607.08 164.60	498,597.50 592.00	(1,009.58)	0.00	428.18	1,477.90	0.70
912828D23 USA TREASURY 1.625% 30APR2019	1.625	04/30/2019	1,000,000.00	1,003,125.00 0.00	1,000,653.31 (168.77)	997,188.00 860.00	(3,465.31)	0.00	1,391.57	2,738.26	1.42
912828W55 USA TREASURY 1.625% 30JUN2019	1.625	06/30/2019	1,000,000.00	994,609.38 0.00	998,109.10 323.85	995,469.00 1,055.00	(2,640.10)	8,125.00	1,368.89	0.00	1.40
912828D80 USA TREASURY 1.625% 31AUG2019	1.625	08/31/2019	1,000,000.00	989,804.69 0.00	994,773.29 666.78	993,398.00 1,171.00	(1,375.29)	0.00	1,391.57	5,476.52	1.40
912828F39 USA TREASURY 1.75% 30SEP2019	1.750	09/30/2019	1,000,000.00	1,010,312.50 0.00	1,002,840.88 (322.59)	993,516.00 1,328.00	(9,324.88)	0.00	1,490.39	4,423.08	1.43

# SECURITIES HELD

As of December 31, 2018

Cusip/ Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost/ Accrued interest purchased	Amortized cost/ Accretion (amortization)	Fair value/ Change in fair value	Unrealized gain (loss)	Interest received	Interest earned	Total accrued interest	% Port cost
<b>Government Bonds</b>											
912828U32 USA TREASURY 1% 15NOV2019	1.000	11/15/2019	1,000,000.00	981,484.38 0.00	986,199.81 1,341.09	985,938.00 2,227.00	(261.81)	0.00	856.35	1,270.72	1.39
9128283H1 USA TREASURY 1.75% 30NOV2019	1.750	11/30/2019	1,000,000.00	991,953.13 0.00	995,572.23 410.96	992,148.00 2,031.00	(3,424.23)	0.00	1,490.39	1,490.39	1.40
912828H52 USA TREASURY 1.25% 31JAN2020	1.250	01/31/2020	1,500,000.00	1,492,382.81 0.00	1,497,395.16 203.92	1,478,320.50 4,278.00	(19,074.66)	0.00	1,579.49	7,795.52	2.11
912828UV0 USA TREASURY 1.125% 31MAR2020	1.125	03/31/2020	1,500,000.00	1,485,468.75 0.00	1,493,413.27 447.78	1,473,925.50 6,328.50	(19,487.77)	0.00	1,437.16	4,265.11	2.10
912828XE5 USA TREASURY 1.5% 31MAY2020	1.500	05/31/2020	1,000,000.00	1,000,468.75 0.00	1,000,234.60 (14.07)	985,313.00 4,493.00	(14,921.60)	0.00	1,277.47	1,277.47	1.41
912828Q2 USA TREASURY 1.5% 15AUG2020	1.500	08/15/2020	1,000,000.00	989,648.44 0.00	993,710.58 328.79	983,633.00 5,313.00	(10,077.58)	0.00	1,263.59	5,625.00	1.40
<b>Total Government Bonds</b>			<b>11,500,000.00</b>	<b>11,435,371.11</b> <b>0.00</b>	<b>11,462,509.31</b> <b>3,382.34</b>	<b>11,377,446.50</b> <b>29,676.50</b>	<b>(85,062.81)</b>	<b>8,125.00</b>	<b>13,975.05</b>	<b>35,839.97</b>	<b>16.15</b>
<b>Short Term Bills and Notes</b>											
3133EJSQ3 FEDERAL FARM CREDIT BANK 2.35% 25JUN2019	2.350	06/25/2019	2,000,000.00	1,999,436.00 0.00	1,999,730.33 46.23	1,998,780.00 1,560.00	(950.33)	23,500.00	4,047.22	783.33	2.82
<b>Total Short Term Bills and Notes</b>			<b>2,000,000.00</b>	<b>1,999,436.00</b> <b>0.00</b>	<b>1,999,730.33</b> <b>46.23</b>	<b>1,998,780.00</b> <b>1,560.00</b>	<b>(950.33)</b>	<b>23,500.00</b>	<b>4,047.22</b>	<b>783.33</b>	<b>2.82</b>
<b>Grand total</b>			<b>70,995,000.00</b>	<b>70,814,859.00</b> <b>(16,114.58)</b>	<b>70,875,751.30</b> <b>11,328.74</b>	<b>70,481,178.64</b> <b>164,089.56</b>	<b>(394,572.66)</b>	<b>78,687.50</b>	<b>104,909.86</b>	<b>319,378.67</b>	<b>100.00</b>

# GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of December 31, 2018

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
<b>Federal Home Loan Mortgage Corp</b>												
3137EADZ9	FREDDIE MAC 1.125%	1.125	04/15/2019		AA+	Aaa	1,000,000.00	1,005,195.00	1.42	996,272.00	1.41	0.29
3134G9LD7	FREDDIE MAC 1.25%	1.250	05/24/2019	02/24/2019	AA+	Aaa	1,000,000.00	999,250.00	1.41	995,090.00	1.41	0.39
3137EADG1	FREDDIE MAC 1.75%	1.750	05/30/2019		AA+	Aaa	2,000,000.00	1,988,778.88	2.81	1,993,658.00	2.83	0.41
3134G44Y1	FREDDIE MAC 1.25%	1.250	06/24/2019		AA+	Aaa	1,000,000.00	988,530.00	1.40	993,580.00	1.41	0.47
3137EADM8	FREDDIE MAC 1.25%	1.250	10/02/2019		AA+	Aaa	2,000,000.00	1,968,300.00	2.78	1,979,334.00	2.81	0.74
3134GAXC3	FREDDIE MAC 1.25%	1.250	02/28/2020	02/28/2019	AA+	Aaa	1,500,000.00	1,487,625.00	2.10	1,477,020.00	2.10	1.14
3134G3K58	FREDDIE MAC 1.5%	1.500	03/19/2020		AA+	Aaa	2,000,000.00	1,976,400.00	2.79	1,973,080.00	2.80	1.19
3134G8TY5	FREDDIE MAC 1.42%	1.420	03/30/2020		AA+	Aaa	1,000,000.00	997,456.66	1.41	985,850.00	1.40	1.22
<b>Issuer total</b>							<b>11,500,000.00</b>	<b>11,411,535.54</b>	<b>16.11</b>	<b>11,393,884.00</b>	<b>16.17</b>	<b>0.76</b>
<b>United States Treasury Note/Bond</b>												
912828P95	USA TREASURY 1%	1.000	03/15/2019		AA+	Aaa	500,000.00	496,113.28	0.70	498,597.50	0.71	0.20
912828D23	USA TREASURY 1.625%	1.625	04/30/2019		AA+	Aaa	1,000,000.00	1,003,125.00	1.42	997,188.00	1.41	0.33
912828W55	USA TREASURY 1.625%	1.625	06/30/2019		AA+	Aaa	1,000,000.00	994,609.38	1.40	995,469.00	1.41	0.49
912828D80	USA TREASURY 1.625%	1.625	08/31/2019		AA+	Aaa	1,000,000.00	989,804.69	1.40	993,398.00	1.41	0.65
912828F39	USA TREASURY 1.75%	1.750	09/30/2019		AA+	Aaa	1,000,000.00	1,010,312.50	1.43	993,516.00	1.41	0.73
912828U32	USA TREASURY 1%	1.000	11/15/2019		AA+	Aaa	1,000,000.00	981,484.38	1.39	985,938.00	1.40	0.86
9128283H1	USA TREASURY 1.75%	1.750	11/30/2019		AA+	Aaa	1,000,000.00	991,953.13	1.40	992,148.00	1.41	0.90
912828H52	USA TREASURY 1.25%	1.250	01/31/2020		AA+	Aaa	1,500,000.00	1,492,382.81	2.11	1,478,320.50	2.10	1.06
912828UV0	USA TREASURY 1.125%	1.125	03/31/2020		AA+	Aaa	1,500,000.00	1,485,468.75	2.10	1,473,925.50	2.09	1.22
912828XE5	USA TREASURY 1.5%	1.500	05/31/2020		AA+	Aaa	1,000,000.00	1,000,468.75	1.41	985,313.00	1.40	1.39
9128282Q2	USA TREASURY 1.5%	1.500	08/15/2020		AA+	Aaa	1,000,000.00	989,648.44	1.40	983,633.00	1.40	1.58
<b>Issuer total</b>							<b>11,500,000.00</b>	<b>11,435,371.11</b>	<b>16.15</b>	<b>11,377,446.50</b>	<b>16.14</b>	<b>0.91</b>
<b>Federal Farm Credit Banks</b>												
3133EJSQ3	FEDERAL FARM CREDIT	2.350	06/25/2019		A-1+	P-1	2,000,000.00	1,999,436.00	2.82	1,998,780.00	2.84	0.48

# GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of December 31, 2018

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
<b>Federal Farm Credit Banks</b>												
3133EJPT0	FEDERAL FARM CREDIT	2.350	07/22/2019		AA+	Aaa	2,000,000.00	1,998,758.00	2.82	1,997,820.00	2.83	0.54
3133ECEY6	FEDERAL FARM CREDIT	1.450	02/11/2020		AA+	Aaa	2,000,000.00	2,004,900.00	2.83	1,976,680.00	2.80	1.09
3133EJPV5	FEDERAL FARM CREDIT	2.540	03/23/2020		AA+	Aaa	2,000,000.00	1,999,116.00	2.82	2,000,260.00	2.84	1.19
3133EJME6	FEDERAL FARM CREDIT	2.500	04/27/2020		AA+	Aaa	2,000,000.00	1,996,440.00	2.82	1,998,880.00	2.84	1.29
<b>Issuer total</b>							<b>10,000,000.00</b>	<b>9,998,650.00</b>	<b>14.12</b>	<b>9,972,420.00</b>	<b>14.15</b>	<b>0.92</b>
<b>Federal Home Loan Banks</b>												
3130A7L37	FEDERAL HOME LOAN	1.250	03/15/2019		AA+	Aaa	2,000,000.00	2,012,100.00	2.84	1,995,060.00	2.83	0.20
3130AEJ84	FEDERAL HOME LOAN	2.375	06/25/2019		A-1+	P-1	1,500,000.00	1,500,090.00	2.12	1,498,335.00	2.13	0.48
3130A9MF5	FEDERAL HOME LOAN	1.125	10/03/2019		AA+	Aaa	1,000,000.00	999,000.00	1.41	988,490.00	1.40	0.74
3130A12B3	FEDERAL HOME LOAN	2.125	03/13/2020		AA+	Aaa	3,000,000.00	2,976,160.95	4.20	2,985,039.00	4.24	1.17
313370US5	FEDERAL HOME LOAN	2.875	09/11/2020		AA+	Aaa	1,500,000.00	1,500,675.00	2.12	1,507,935.00	2.14	1.63
<b>Issuer total</b>							<b>9,000,000.00</b>	<b>8,988,025.95</b>	<b>12.69</b>	<b>8,974,859.00</b>	<b>12.73</b>	<b>0.87</b>
<b>Federal National Mortgage Association</b>												
3135G0ZA4	FANNIE MAE 1.875%	1.875	02/19/2019		AA+	Aaa	2,000,000.00	1,995,388.00	2.82	1,998,444.00	2.84	0.14
3135G0L76	FANNIE MAE 1.075%	1.075	07/11/2019	01/11/2019	AA+	Aaa	2,000,000.00	1,995,000.00	2.82	1,984,240.00	2.82	0.52
3135G0N33	FANNIE MAE 0.875%	0.875	08/02/2019		AA+	Aaa	1,000,000.00	997,960.00	1.41	989,901.00	1.40	0.58
3136G4DA8	FANNIE MAE 1.2%	1.200	12/30/2019	03/30/2019	AA+	Aaa	1,000,000.00	998,750.00	1.41	986,130.00	1.40	0.98
3136FT5H8	FANNIE MAE 2%	2.000	03/27/2020		AA+	Aaa	1,000,000.00	1,011,747.60	1.43	993,800.00	1.41	1.21
3136G0K75	FANNIE MAE 1.625%	1.625	10/09/2020		AA+	Aaa	2,000,000.00	1,973,580.00	2.79	1,963,460.00	2.79	1.73
<b>Issuer total</b>							<b>9,000,000.00</b>	<b>8,972,425.60</b>	<b>12.67</b>	<b>8,915,975.00</b>	<b>12.65</b>	<b>0.84</b>
<b>Toyota Motor Credit Corp</b>												
89236TBP9	TOYOTA MOTOR CREDIT	2.125	07/18/2019		AA-	Aa3	1,000,000.00	995,480.00	1.41	994,620.00	1.41	0.53

# GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of December 31, 2018

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
<b>Toyota Motor Credit Corp</b>												
89236TDH5	TOYOTA MOTOR CREDIT	1.550	10/18/2019		AA-	Aa3	1,000,000.00	994,450.00	1.40	988,312.00	1.40	0.78
<b>Issuer total</b>							<b>2,000,000.00</b>	<b>1,989,930.00</b>	<b>2.81</b>	<b>1,982,932.00</b>	<b>2.81</b>	<b>0.65</b>
<b>Apple Inc</b>												
037833CK4	APPLE INC 1.9%	1.900	02/07/2020		AA+	Aa1	2,000,000.00	1,975,440.00	2.79	1,982,634.00	2.81	1.07
<b>Issuer total</b>							<b>2,000,000.00</b>	<b>1,975,440.00</b>	<b>2.79</b>	<b>1,982,634.00</b>	<b>2.81</b>	<b>1.07</b>
<b>Pfizer Inc</b>												
717081EB5	PFIZER INC 1.7%	1.700	12/15/2019		AA	A1	2,000,000.00	2,003,600.00	2.83	1,980,700.00	2.81	0.94
<b>Issuer total</b>							<b>2,000,000.00</b>	<b>2,003,600.00</b>	<b>2.83</b>	<b>1,980,700.00</b>	<b>2.81</b>	<b>0.94</b>
<b>American Express Credit Corp</b>												
0258M0EK1	AMERICAN EXPRESS	1.875	05/03/2019	04/02/2019	A-	A2	800,000.00	794,480.00	1.12	797,047.20	1.13	0.33
0258M0DT3	AMERICAN EXPRESS	2.375	05/26/2020	04/25/2020	A-	A2	1,000,000.00	1,003,500.00	1.42	989,513.00	1.40	1.34
<b>Issuer total</b>							<b>1,800,000.00</b>	<b>1,797,980.00</b>	<b>2.54</b>	<b>1,786,560.20</b>	<b>2.53</b>	<b>0.89</b>
<b>US Bank NA/Cincinnati OH</b>												
90331HNG4	US BANK NA CINCINNATI	2.050	10/23/2020	09/23/2020	AA-	A1	1,725,000.00	1,713,787.50	2.42	1,695,090.23	2.41	1.74
<b>Issuer total</b>							<b>1,725,000.00</b>	<b>1,713,787.50</b>	<b>2.42</b>	<b>1,695,090.23</b>	<b>2.41</b>	<b>1.74</b>
<b>Walmart Inc</b>												
931142CU5	WALMART INC 3.625%	3.625	07/08/2020		AA	Aa2	1,500,000.00	1,579,455.00	2.23	1,515,103.50	2.15	1.45
<b>Issuer total</b>							<b>1,500,000.00</b>	<b>1,579,455.00</b>	<b>2.23</b>	<b>1,515,103.50</b>	<b>2.15</b>	<b>1.45</b>
<b>Berkshire Hathaway Finance Corp</b>												
084664CK5	BERKSHIRE HATHAWAY	1.300	08/15/2019		AA	Aa2	1,500,000.00	1,485,345.00	2.10	1,484,254.50	2.11	0.61
<b>Issuer total</b>							<b>1,500,000.00</b>	<b>1,485,345.00</b>	<b>2.10</b>	<b>1,484,254.50</b>	<b>2.11</b>	<b>0.61</b>

# GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of December 31, 2018

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
<b>Cisco Systems Inc</b>												
17275RAR3	CISCO SYSTEMS INC	2.125	03/01/2019		AA-	A1	1,470,000.00	1,486,743.30	2.10	1,467,931.71	2.08	0.16
<b>Issuer total</b>							<b>1,470,000.00</b>	<b>1,486,743.30</b>	<b>2.10</b>	<b>1,467,931.71</b>	<b>2.08</b>	<b>0.16</b>
<b>Coca-Cola Co/The</b>												
191216BV1	COCA-COLA CO/THE	1.375	05/30/2019		A+	A1	1,000,000.00	993,640.00	1.40	994,502.00	1.41	0.41
<b>Issuer total</b>							<b>1,000,000.00</b>	<b>993,640.00</b>	<b>1.40</b>	<b>994,502.00</b>	<b>1.41</b>	<b>0.41</b>
<b>John Deere Capital Corp</b>												
24422ESS9	JOHN DEERE CAPITAL	2.300	09/16/2019		A	A2	1,000,000.00	999,890.00	1.41	994,330.00	1.41	0.69
<b>Issuer total</b>							<b>1,000,000.00</b>	<b>999,890.00</b>	<b>1.41</b>	<b>994,330.00</b>	<b>1.41</b>	<b>0.69</b>
<b>JPMorgan Chase &amp; Co</b>												
48127HAA7	JPMORGAN CHASE & CO	2.200	10/22/2019		A-	A2	1,000,000.00	990,620.00	1.40	991,612.00	1.41	0.79
<b>Issuer total</b>							<b>1,000,000.00</b>	<b>990,620.00</b>	<b>1.40</b>	<b>991,612.00</b>	<b>1.41</b>	<b>0.79</b>
<b>Microsoft Corp</b>												
594918AY0	MICROSOFT CORP 1.85%	1.850	02/12/2020	01/12/2020	AAA	Aaa	1,000,000.00	1,005,660.00	1.42	991,493.00	1.41	1.07
<b>Issuer total</b>							<b>1,000,000.00</b>	<b>1,005,660.00</b>	<b>1.42</b>	<b>991,493.00</b>	<b>1.41</b>	<b>1.07</b>
<b>PNC Bank NA</b>												
69353REX2	PNC BANK NA 1.45%	1.450	07/29/2019	06/29/2019	A	A2	1,000,000.00	991,350.00	1.40	991,404.00	1.41	0.56
<b>Issuer total</b>							<b>1,000,000.00</b>	<b>991,350.00</b>	<b>1.40</b>	<b>991,404.00</b>	<b>1.41</b>	<b>0.56</b>
<b>PepsiCo Inc</b>												
713448DJ4	PEPSICO INC 1.35%	1.350	10/04/2019		A+	A1	1,000,000.00	995,410.00	1.41	988,047.00	1.40	0.74
<b>Issuer total</b>							<b>1,000,000.00</b>	<b>995,410.00</b>	<b>1.41</b>	<b>988,047.00</b>	<b>1.40</b>	<b>0.74</b>
<b>Grand total</b>							<b>70,995,000.00</b>	<b>70,814,859.00</b>	<b>100.00</b>	<b>70,481,178.64</b>	<b>100.00</b>	<b>0.86</b>



# SECURITIES PURCHASED

For the period December 1, 2018 - December 31, 2018

Cusip / Description / Broker	Trade date Settle date	Coupon	Maturity/ Call date	Par value or shares	Unit cost	Principal cost	Accrued interest purchased
<b>Government Agencies</b>							
3130A12B3	12/13/2018	2.125	03/13/2020	3,000,000.00	99.21	(2,976,160.95)	(16,114.58)
FEDERAL HOME LOAN BANK 2.125% 13MAR2020	12/14/2018						
DEUTSCHE BANK SECURITIES INC.							
<b>Total Government Agencies</b>				<b>3,000,000.00</b>		<b>(2,976,160.95)</b>	<b>(16,114.58)</b>
<b>Grand total</b>				<b>3,000,000.00</b>		<b>(2,976,160.95)</b>	<b>(16,114.58)</b>

# SECURITIES SOLD AND MATURED

For the period December 1, 2018 - December 31, 2018

Cusip/ Description/ Broker	Trade date Settle date	Coupon	Maturity/ Call date	Par value or shares	Historical cost	Amortized cost at sale or maturity /Accr (amort)	Price	Fair value at sale or maturity / Chg.in fair value	Realized gain (loss)	Accrued interest sold	Interest received	Interest earned
<b>Government Agencies</b>												
313376BR5 FEDERAL HOME LN BKS CONS BD 1.75 DUE 12-14-2018	12/14/2018	1.750		(2,950,000.00)	3,017,069.15	2,950,000.00	0.00	2,950,000.00	0.00	0.00	25,812.50	2,007.64
	12/14/2018					(1,071.55)		504.45				
<b>Total (Government Agencies)</b>				<b>(2,950,000.00)</b>	<b>3,017,069.15</b>	<b>2,950,000.00</b> <b>(1,071.55)</b>		<b>2,950,000.00</b> <b>504.45</b>	<b>0.00</b>	<b>0.00</b>	<b>25,812.50</b>	<b>2,007.64</b>
<b>Grand total</b>				<b>(2,950,000.00)</b>	<b>3,017,069.15</b>	<b>2,950,000.00</b> <b>(1,071.55)</b>		<b>2,950,000.00</b> <b>504.45</b>	<b>0.00</b>	<b>0.00</b>	<b>25,812.50</b>	<b>2,007.64</b>

# TRANSACTION REPORT

For the period December 1, 2018 - December 31, 2018

Trade date Settle date	Cusip	Transaction	Sec type	Description	Maturity	Par value or shares	Realized gain(loss)	Principal	Interest	Transaction total
12/13/2018 12/14/2018	3130A12B3	Bought	Government Agencies	FEDERAL HOME LOAN BANK	03/13/2020	3,000,000.00	0.00	(2,976,160.95)	(16,114.58)	(2,992,275.53)
12/14/2018 12/14/2018	313376BR5	Income	Government Agencies	FEDERAL HOME LN BKS CONS	12/14/2018	2,950,000.00	0.00	0.00	25,812.50	25,812.50
12/14/2018 12/14/2018	313376BR5	Capital Change	Government Agencies	FEDERAL HOME LN BKS CONS	12/14/2018	(2,950,000.00)	0.00	2,950,000.00	0.00	2,950,000.00
12/15/2018 12/15/2018	717081EB5	Income	Corporate Bonds	PFIZER INC 1.7% 15DEC2019	12/15/2019	2,000,000.00	0.00	0.00	17,000.00	17,000.00
12/24/2018 12/24/2018	3134G44Y1	Income	Government Agencies	FREDDIE MAC 1.25%	06/24/2019	1,000,000.00	0.00	0.00	6,250.00	6,250.00
12/25/2018 12/25/2018	3130AEJ84	Income	Government Agencies	FEDERAL HOME LOAN BANK	06/25/2019	1,500,000.00	0.00	0.00	17,812.50	17,812.50
12/25/2018 12/25/2018	3133EJSQ3	Income	Short Term Bills And Notes	FEDERAL FARM CREDIT BANK	06/25/2019	2,000,000.00	0.00	0.00	23,500.00	23,500.00
12/30/2018 12/30/2018	3136G4DA8	Income	Government Agencies	FANNIE MAE 1.2% 30DEC2019	12/30/2019	1,000,000.00	0.00	0.00	6,000.00	6,000.00
12/31/2018 12/31/2018	912828W55	Income	Government Bonds	USA TREASURY 1.625%	06/30/2019	1,000,000.00	0.00	0.00	8,125.00	8,125.00

# ADDITIONAL INFORMATION

## As of December 31, 2018

Past performance is not a guide to future performance. The value of investments and any income from them will fluctuate and is not guaranteed (this may partly be due to exchange rate changes) and investors may not get back the amount invested. Transactions in foreign securities may be executed and settled in local markets. Performance comparisons will be affected by changes in interest rates. Investment returns fluctuate due to changes in market conditions. Investment involves risk, including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. The information contained herein is for your reference only and is being provided in response to your specific request and has been obtained from sources believed to be reliable; however, no representation is made regarding its accuracy or completeness. This document must not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or otherwise not permitted. This document should not be duplicated, amended, or forwarded to a third party without consent from Insight. This is a marketing document intended for professional clients only and should not be made available to or relied upon by retail clients.

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Where indicated, performance numbers used in the analysis are gross returns. The performance reflects the reinvestment of all dividends and income. INA charges management fees on all portfolios managed and these fees will reduce the returns on the portfolios. For example, assume that \$30 million is invested in an account with INA, and this account achieves a 5.0% annual return compounded monthly, gross of fees, for a period of five years. At the end of five years that account would have grown to \$38,500,760 before the deduction of management fees. Assuming management fees of 0.25% per year are deducted monthly from the account, the value at the end of the five year period would be \$38,022,447. Actual fees for new accounts are dependent on size and subject to negotiation. INA's investment advisory fees are discussed in Part 2A of its Form ADV.

Unless otherwise stated, the source of information is Insight. Any forecasts or opinions are Insights own at the date of this document (or as otherwise specified) and may change. Material in this publication is for general information only and is not advice, investment advice, or the recommendation of any purchase or sale of any security. Insight makes no implied or expressed recommendations concerning the manner in which an account should or would be handled, as appropriate investment strategies depend upon specific investment guidelines and objectives and should not be construed to be an assurance that any particular security in a strategy will remain in any fund, account, or strategy, or that a previously held security will not be repurchased. It should not be assumed that any of the security transactions or holdings referenced herein have been or will prove to be profitable or that future investment decisions will be profitable or will equal or exceed the past investment performance of the securities listed.

For trading activity the Clearing broker will be reflected. In certain cases the Clearing broker will differ from the Executing broker.

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

Information about the indices shown here is provided to allow for comparison of the performance of the strategy to that of certain well-known and widely recognized indices. There is no representation that such index is an appropriate benchmark for such comparison. You cannot invest directly in an index and the indices represented do not take into account trading commissions and/or other brokerage or custodial costs. The volatility of the indices may be materially different from that of the strategy. In addition, the strategies holdings may differ substantially from the securities that comprise the indices shown.

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

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

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

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

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

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

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

Insight does not provide tax or legal advice to its clients and all investors are strongly urged to consult their tax and legal advisors regarding any potential strategy or investment.

# ADDITIONAL INFORMATION

## As of December 31, 2018

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**STAFF REPORT**

**City Council Meeting Date:** 2/26/2019  
**Staff Report Number:** 19-029-CC

**Informational Item:** Update on the proposed San Mateo County Flood and Sea Level Rise Resiliency Agency

**Recommendation**

This is an informational item and no City Council action is required.

**Policy Issues**

A Countywide Flood and Sea Level Rise Resiliency Agency is consistent with the City's goal in assessing existing hazards and future risks and integrating findings with the City's general plan, local hazard mitigation plan, and capital improvement program.

**Background**

Sea level rise (SLR) is one of the most serious consequences of climate change and it will have a significant effect on San Mateo County, which has more people and property value at risk from the rising sea than any other county in the state. The San Mateo County Sea Level Rise Vulnerability Assessment completed in March 2018 found that in the event of a midlevel 2100 SLR scenario, property with an assessed value of \$34 billion would be flooded on the Bayshore and on the Coastside north of Half Moon Bay.

Efforts to address flooding, SLR and coastal erosion in San Mateo County are already underway. Since 1959, the San Mateo County Flood Control District (FCD) has addressed flooding issues in three county flood zones with an annual budget of \$3.8 million. The County's Flood Resilience Program was started in 2016 with the mission to address cross-jurisdictional flood risks. The Flood Resilience Program is currently leading project development in seven cities pursuant to three memoranda of understanding (MOU): Bayfront Canal (Redwood City, Atherton, Menlo Park, unincorporated SMC); Belmont Creek (Belmont, San Carlos, unincorporated SMC); and Navigable Slough (South San Francisco, San Bruno, Unincorporated SMC). The County's Office of Sustainability has several planning initiatives related to SLR and climate change more broadly, including the Sea Change San Mateo County initiative. Several cities have pursued their own flood and SLR protection projects. The City/County Association of Governments (C/CAG) is helping cities and the County identify and fund regional stormwater management infrastructure that will improve water quality and mitigate downstream flood risk. However, since 2013, San Mateo County and the 20 cities and towns have increasingly recognized their competitive disadvantage in pursuing grant funding to respond to flooding and SLR in comparison with neighboring counties that have countywide agencies working on those issues.

In 2017, C/CAG established its Countywide Water Coordination Committee as a standing committee to address flooding, regional stormwater, and SLR issues within San Mateo County. The Committee was convened in May 2017 and decided, in partnership with the County, to develop a proposal for a water management agency that could be considered by the C/CAG board of directors and County board of

supervisors. To achieve this goal, the Committee convened a staff advisory team comprised of 18 staff representatives from C/CAG, the County, cities, and other water-related agencies and interests to help develop the draft proposal.

The Committee's recommendation is to modify the existing San Mateo County FCD by legislation to expand its scope, restructure its governance, and renaming it the Flood and Sea Level Rise Resiliency Agency (Agency.) The Agency proposal (Attachment B) has been endorsed by the C/CAG board of directors and the San Mateo County board of supervisors at their respective January 10, 2019 and January 29, 2019 meetings.

The Agency mission would be to address SLR, flooding, coastal erosion and large-scale stormwater infrastructure improvements through integrated regional planning, design, permitting, project implementation, and long-term operations and maintenance to create a resilient "one shoreline" San Mateo County by 2100. The Agency would work with stakeholders to plan, implement and maintain multijurisdictional projects that mitigate risks from SLR, flooding, and coastal erosion and enhance public benefits such as water quality, habitat, restoration and recreation.

## **Analysis**

### Governance

Consistent with the current FCD, the Agency would be a Countywide special district and would have all the necessary legal authority to carry out its mission and secure funding. As part of the legislation needed to create the Agency, governance would be shifted from the board of supervisors to a governing board made up of seven members consisting of two members from the board of supervisors (one of whom would be the Supervisor representing District 3, which covers most of the coast) and five city councilmembers. Four of the city councilmembers would represent specific geographic areas (North, Central, South and Coastal), and one councilmember would represent the cities at large. The candidates for the five city councilmember positions on the Agency's board would apply to, and be appointed by, the C/CAG Board.

### Funding

The proposal calls for \$1.5 million in annual funding contributions for three years, split equally between the County and the 20 cities and towns. Annual city/town contributions for agency startup are proposed to fall into three population-based tiers, with seven small size cities/towns paying \$25,000, nine medium size cities paying \$40,000, and four large size cities paying \$55,000, for a cumulative city/town contribution of \$755,000 (Attachment A). Menlo Park's base contribution would be \$40,000 per year.

Cities, such as Menlo Park, participating in existing or future MOU projects will also contribute to the funding of their respective projects. This may be through in-kind staffing services if the city is the project lead, the city's local share for grant matching funds, or direct financial contributions toward consultant or construction costs.

Additionally, the Agency would continue to collect the committed property tax revenue for the FCD. This property tax revenue would continue to be restricted to only fund projects within the designated flood zones, such as San Francisquito Creek, where the revenue is generated. As such, the Agency would continue to serve as a member of the San Francisquito Creek Joint Powers Authority.

Finally, the Agency would continue to annually impose, collect and direct to C/CAG two countywide property-related fees on the tax rolls that fund the Countywide Water Pollution Prevention Program. These fees generate approximately \$1.5 million per year for the C/CAG program and are restricted to efforts by C/CAG to support the County and the cities in complying with State requirements to address water quality



issues associated with stormwater runoff.

Work plan

A primary objective of the agency in the first three years, will be to design an Investment Plan in order to establish a source of sustainable funding. The County and the City would make their annual financial contributions for three years following the Agency’s formation. During this three-year time period the Agency would pursue an alternative and more sustainable long term funding structure such as an enhanced infrastructure financing district, a geologic hazard abatement district, or a targeted special tax. This would require community and stakeholder engagement and outreach. In the event a long-term funding structure is not in place within this three-year period, the annual funding contributions of the County and the cities will be extended for up to an additional two years provided that (1) the Agency is demonstrating sufficient progress toward meeting its objectives, and (2) the cities and the County agree to continue their respective funding contributions. The following table summarizes the primary tasks in the three-year work plan.

Table 1: Primary tasks in the three-year work plan			
	Year 1	Year 2	Year 3
Agency startup services	<ul style="list-style-type: none"> <li>• Begin work on the flood and SLR plan</li> <li>• Release request for proposals and select consultant teams that will support Agency staff</li> </ul>	<ul style="list-style-type: none"> <li>• Complete work on the flood and SLR plan</li> <li>• Seek state/federal funds as appropriate</li> <li>• Explore possible long-term sustainable revenue sources</li> <li>• Recruit additional staff</li> </ul>	Pursue a long-term sustainable revenue source, including a public engagement program
MOU services	<ul style="list-style-type: none"> <li>• Develop implementation plan and preliminary designs for the navigable slough feasibility study projects</li> <li>• Develop preliminary design and an implementation plan for the Belmont Creek Flood management plan projects</li> <li>• Finalize design plans and permitting for the Bayfront Canal/Atherton channel flood management plan projects</li> </ul>	<ul style="list-style-type: none"> <li>• Launch CEQA and/or environmental engineering planning process for MOU projects</li> <li>• Pursue potential new projects under new MOUs</li> </ul>	<ul style="list-style-type: none"> <li>• Begin implementing MOU projects</li> </ul>

Next steps

The C/CAG board of directors endorsed the proposal at its January 10, 2019 meeting. The County board of supervisors endorsed the proposal at its January 29, 2019 meeting. The proposal is now being presented to all 20 cities and towns for their endorsement and commitment of funding before May 2019. Staff will present a resolution of endorsement as a consent calendar item later this spring unless the City Council requests a special presentation.

**Impact on City Resources**

The City’s \$40,000 annual funding commitment would be budgeted in the City’s fiscal year 2019-20 annual budget.

## **Environmental Review**

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

## **Public Notice**

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

## **Attachments**

- A. Flood and Sea Level Rise Resiliency Agency proposal – executive summary
- B. Flood and Sea Level Rise Resiliency Agency proposal

Report prepared by:

Chris Lamm, Assistant Public Works Director – Engineering

# City and Countywide Benefits

*A vision for 2100: One Resilient Shoreline*

**Project Assistance.** Will plan, permit, design, construct and provide long-term maintenance for projects.

**Funding Access.** Will access and leverage state and federal funds.

**Public Education.** Will educate stakeholders and the public on the need for any potential revenue measures to fund the Agency or implementation of projects.

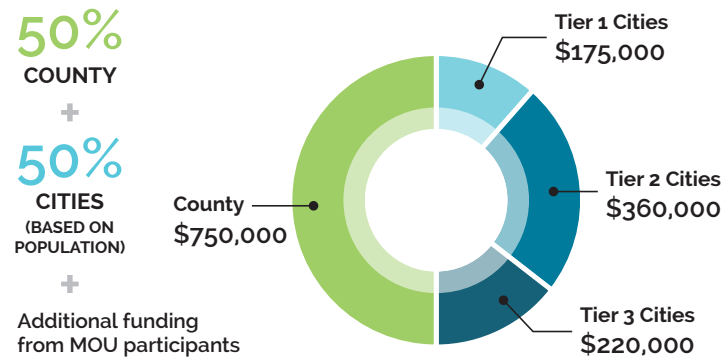
**Prioritized Multibenefit Projects.** Will ensure that collaborative projects will be coordinated, won't create unintended consequences, and won't duplicate efforts.

**Stormwater Detention Solutions.** Will be implemented from C/CAG's plan for countywide compliance on the Municipal Regional Permit.



**A Resilient Future**  
*Accomplishing these efforts together will ensure that collectively we build our resilient future*

## Annual Funding



CITY BREAK-DOWN (BASED ON POPULATION)

TIER	POPULATION	COST PER CITY	# OF CITIES
1	0 - 20,000	\$25,000	7
2	20,001 - 60,000	\$40,000	9
3	60,001 +	\$55,000	4

## LONG TERM FUNDING

A primary objective of the agency in the first 3 years, will be to design an Investment Plan in order to establish a source of sustainable funding. The County and the City would make their annual financial contributions for three years following the Agency's formation. During this three year time period the Agency would pursue an alternative and more sustainable long term funding structure. In the event a long term funding structure is not in place within this three year period, and provided the cities and County agree, the annual funding contributions of the County and the cities will be extended for up to an additional two years.

## Contact

Are you ready to leverage our opportunities to create a one shoreline resilient county? Contact **Erika Powell**, San Mateo County, epowell@smcgov.org, (650) 599-1488

**Financial Benefit of Acting Now to Create a Resilient Shoreline**

*Each \$1 spent on mitigation saves an average of \$6 in future disaster costs.*

Natural Hazard Mitigation Saves: 2017 Interim Report, [www.nibs.org/page/mitigationsaves](http://www.nibs.org/page/mitigationsaves)

# Flood and Sea Level Rise Resiliency Agency Proposal

## 21st Century Solutions for One Resilient Shoreline



*"The sea is rising and we are not prepared. It's really time for us to pull together across city boundaries to help our citizens in the battle against rising waters and the rising costs of coping with this global threat.*

*To do that, San Mateo County cities must create a joint agency along with the County to ask for federal help."*

– Jackie Speier, U.S. Congresswoman



# 1959 to Today

San Mateo County and its cities have been addressing sea level rise, flooding, coastal erosion, and stormwater retention in a variety of ways

## San Mateo County Flood Control District (FCD)

Formed in 1959; addresses flooding in three county flood zones; oversees a budget of approximately \$3.8 million

<b>Colma Creek</b> Issued bonds to alleviate flooding in South San Francisco	<b>San Bruno</b> Improved channels and culverts in lower San Bruno Creek	<b>San Francisquito</b> Member of the San Francisquito Creek Joint Powers Authority
---	---	--

## Independent City Efforts

Several cities have pursued flood mitigation projects

<b>Foster City Levees</b> Will be improved using recent bond money	<b>North Shoreview Flood Projects</b> Will protect the City of San Mateo from storm surges along the bayshore
---	--

## Other County Efforts

These planning efforts include County and City/County collaborations that have engaged numerous stakeholders

<b>Stormwater (C/CAG)</b>	<b>SeaChange Vulnerability Assessment</b> (Office of Sustainability)
<b>Operational Landscape Units (SFEI)</b>	<b>San Mateo Plain Groundwater Assessment</b> (SMC Environmental Health)

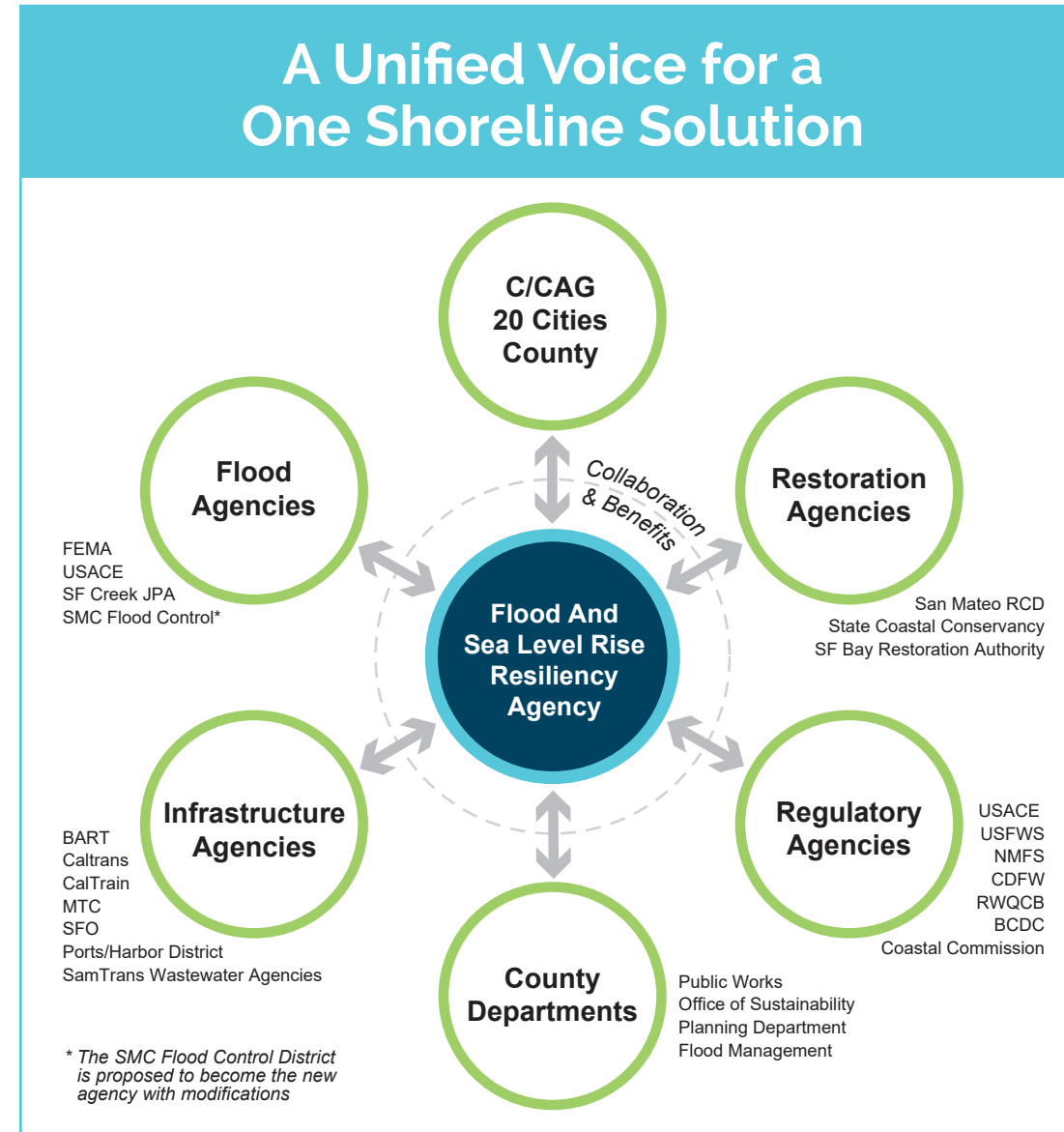
## Flood Resilience Program (FRP)

A County initiative that addresses flood risks in cross-jurisdictional areas through memorandums of understanding (MOUs)

<b>Belmont Creek</b> Developed a Watershed Management Plan to obtain grants	<b>Navigable Slough</b> Leveraged existing resources to identify near-term solutions	<b>Bayfront Canal</b> Applied for over \$14 million worth of state/federal construction funding
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# Looking Ahead to 2019-2100

The **Flood and Sea Level Rise Resiliency Agency** will speak with one voice without boundaries across San Mateo County to create a resilient shoreline



## Focus on 2100

The agency would develop and implement a plan to prepare San Mateo County's Bayshore and Coastside for 2100 sea level rise.

## Mission & Vision of the Flood and Sea Level Rise Resiliency Agency



**The Agency's Mission.** The agency would consolidate the work of the SMC Flood Control District and Flood Resiliency Program and initiate new countywide efforts to address sea level rise, flooding, coastal erosion, and large-scale stormwater infrastructure improvements through integrated regional planning, project implementation, and long-term maintenance.



**Create Multi-Jurisdictional Solutions.** The agency would facilitate and monitor existing FRP MOUs, and create new MOUs, addressing cross-jurisdictional issues.



**Leverage State & Federal Funding.** By prioritizing and coordinating projects countywide, the agency would position the County to seek substantial state and federal funding.

## First Priority Actions

**Create the Agency.** The Flood and Sea Level Rise Resiliency Agency would be created by modifying the existing FCD through state legislation. A 7 person board (2 county supervisors, 5 city councilmembers) will govern the agency.

**Priority Plan.** Develop a Flood & Sea Level Rise Resiliency Investment Plan.

**Secure Long-term Funding.** Secure sustainable long term funding for the agency.

**Project Funding.** Pursue state and federal grants for planning and implementation of projects.

**MOU Services.** Continue existing FRP MOUs and create additional MOUs.

## Continued Success

Successful FRP efforts will be carried over into the new priority plan



**Navigable Slough**  
Feasibility Study



**Belmont Creek**  
Flood Management Plan



**The Bayfront Canal & Atherton Channel**  
Flood Management and Habitat Restoration Project



Proposal

# Flood and Sea Level Rise Resiliency Agency Proposal

DECEMBER 21, 2018



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Supporting Information

# 1. Introduction

Sea level rise (SLR) is one of the most serious consequences of climate change and it will have a significant effect on San Mateo County, which has more people and property value at risk from the rising sea than any other county in the state. The San Mateo County Sea Level Rise Vulnerability Assessment completed in March 2018 found that in the event of a mid-level 2100 sea level rise scenario, property with an assessed value of \$34 billion would be flooded on the Bayshore and on the Coastside north of Half Moon Bay. In addition, the Vulnerability Assessment found that \$932 million in assessed property value could be at risk from erosion on the Coastside north of Half Moon Bay.

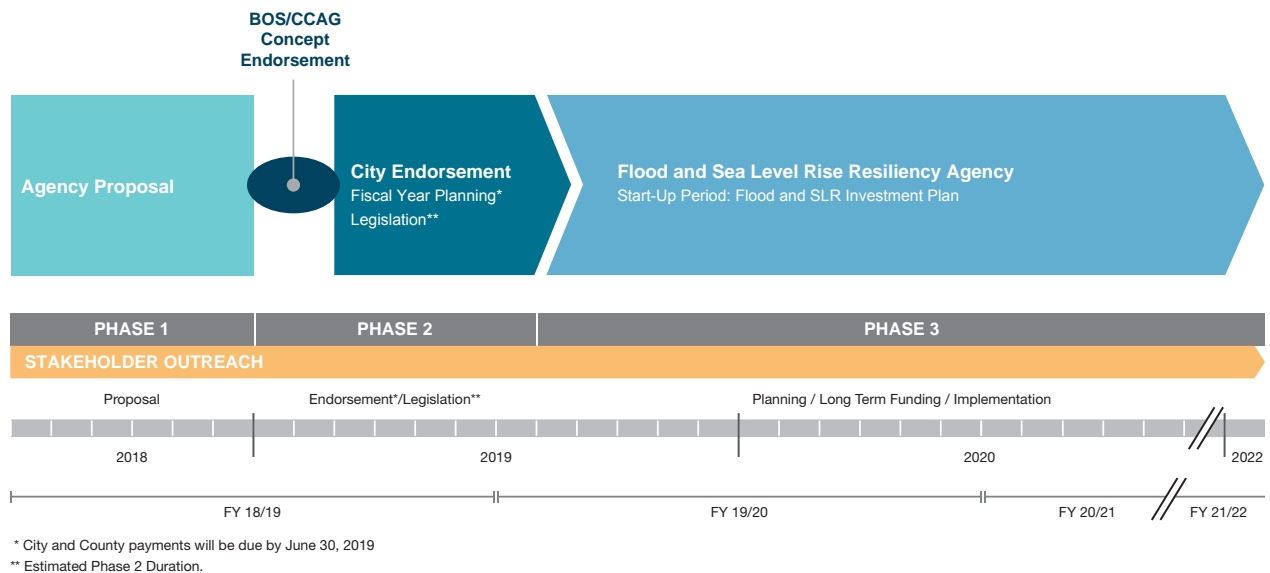
Congresswoman Jackie Speier identified the need for a countywide agency to address the challenges of flooding, sea level rise and coastal erosion at the "Floods, Droughts, Rising Seas, Oh My!" water summit convened by the County and the City/County Association of Governments (C/CAG) in March 2018. A countywide agency would: allow San Mateo County and its cities to coordinate across jurisdictional lines; avoid duplication of efforts and build expertise; and create a unified voice that would far better position the County and its cities to obtain state and federal funds for addressing flooding, SLR and coastal erosion.

Several efforts to address flooding, sea level rise and coastal erosion in San Mateo County are already underway. Since 1959, the San Mateo County Flood Control District (FCD) has addressed flooding issues in three county flood zones with an annual budget of \$3.8 million. The County's Flood Resilience Program was started in 2016 with the mission to address cross-jurisdictional flood risks. The Flood Resilience Program is currently leading project development in seven cities pursuant to three Memoranda of Understanding (MOU): Bayfront Canal (Redwood City, Atherton, Menlo Park, Unincorporated SMC); Belmont Creek (Belmont, San Carlos, Unincorporated SMC); and Navigable Slough (South San Francisco, San Bruno, Unincorporated SMC). The County's Office of Sustainability has several planning initiatives related to sea level rise and climate change more broadly, including the Sea Change San Mateo County initiative. Several cities have pursued their own flood and sea level rise protection projects, particularly the cities of San Mateo and Foster City. C/CAG is helping cities and the County identify and fund regional stormwater management infrastructure that will improve water quality and mitigate downstream flood risk. However, as identified by the 2014 Grand Jury Report, "Flooding Ahead: Planning for Sea Level Rise," the County and its 20 cities need a coordinated approach to effectively address flooding, SLR and coastal erosion across the County as a whole.

In April of 2018, C/CAG's Countywide Water Coordination Committee, which consists of eight elected officials from across the County, formed an 18-person Staff Advisory Team (SAT) consisting of city, County, and other agency staff to develop a proposal to form an agency to address SLR, flooding, coastal erosion, and regional stormwater infrastructure on a countywide basis. The SAT completed an intensive six-month engagement and collaboration process (Phase 1), resulting in the creation of this Agency Proposal. The C/CAG Water Coordination Committee has reviewed the Agency Proposal and recommends that it be endorsed by the C/CAG Board of Directors and the San Mateo County Board of Supervisors. After analyzing different governance approaches and agency models, the Water Coordination Committee's recommendation is to modify the FCD by legislation to expand its scope, restructure its governance, and rename it the Flood and Sea Level Rise Resiliency Agency (Agency).

The discussion below outlines the Agency Proposal which reflects the identified needs and priorities of the 20 cities and the County. Supporting materials are provided in **Appendix A**.

**Figure 1** summarizes the process to date and anticipated process for review and potential endorsement of the Agency Proposal by C/CAG, the County Board of Supervisors, and the 20 cities..



**Figure 1. Anticipated Agency Proposal Review Process**



## 2. Agency Mission & Role

The Agency's mission would be to address sea level rise, flooding, coastal erosion, and large-scale stormwater infrastructure improvements through integrated regional planning, design, permitting, project implementation, and long-term operations and maintenance to create a resilient "one shoreline" San Mateo County by 2100. The Agency will work with stakeholders to plan, implement, and maintain multi-jurisdictional projects that mitigate risks from SLR, flooding, and coastal erosion and enhance public benefits such as water quality, habitat, restoration, and recreation.

Rather than create a new agency, the existing FCD would be modified to create the Agency. The FCD would need to be modified through passage of legislation which could be completed as early as June 2019. The cities (on a population-scaled basis) and the County would contribute funding to support the Agency for a three-year period beginning on July 1, 2019 (Startup Period). The Flood Resiliency Program would continue to be funded by the County and the existing FCD would utilize its existing property tax revenue to advance its projects.

During this Startup Period, the Agency would do the following:

- **Develop an Integrated Flood and Sea Level Rise Resiliency Investment Plan (Flood and SLR Plan).** The Agency would develop an Integrated Flood and Sea Level Rise Resiliency Investment Plan for the Bayshore and the Coastsides to address short-term (2050) and long-term (2100) SLR, flooding, and coastal erosion. The plan would be a living document that provides a mechanism for regional prioritization of projects and would recommend funding and financing options for long-term implementation.
- **Secure Long-Term Funding.** During the Startup Period the Agency would pursue a stable long-term funding structure to fund its operations, such as an Enhanced Infrastructure Financing District, a Geologic Hazard Abatement District, or a targeted special tax. This would require community and stakeholder engagement and outreach on the need for long-term resiliency and any potential revenue measure.
- **Continue Implementation of Flood Resiliency Program Projects.** The Agency would implement existing and new projects in collaboration with individual cities or groups of cities pursuant to MOUs, creating multi-jurisdictional solutions.
- **Existing Flood Control Zone Services:** The Agency would continue oversight, management, and execution of projects in the three existing Flood Control Zones. This work would be contracted back to the County during some or all of the Startup Period.
- **Leverage State and Federal Funding.** By prioritizing and coordinating projects countywide, the agency would position the County to seek substantial state and federal funding.

# 3. Organization Type and Governance

Consistent with the current FCD, the Agency would be a Countywide Special District and would have all the necessary legal authority to carry out its mission and secure funding. As part of the legislation needed to create the Agency, governance would be shifted from the Board of Supervisors to a governing board made up of seven members consisting of two members from the Board of Supervisors (one of whom would be the Supervisor representing District 3, which covers most of the coast) and five city council members. Four of the city council members would represent specific geographic areas (North, Central, South, and Coastal), and one council member would represent the cities at large. The candidates for the five city council member positions on the Agency's Board would apply to, and be appointed by, the C/CAG Board.

The existing Colma Creek Flood Control Advisory Committee that is made up of elected officials and citizens would be retained for oversight and continuity on the Colma Creek watershed projects that are currently the responsibility of the FCD. In addition, an Advisory/Technical Committee would be formed to advise the governing board of the Agency.

It is anticipated that all the cities and the County will participate in the Agency. There is critical work to be performed by the Agency to address sea level rise, flooding, coastal erosion, and large-scale stormwater infrastructure improvements that benefit all cities within the county, all of which are within the existing FCD's jurisdiction.

# 4. Agency Funding

Identifying and securing reliable on-going funding will be the top priority for the agency and is essential for its long-term viability. Funding for the first three years of the Agency's services would be provided through three sources:

- Existing FCD revenue within the existing flood zones from pre-Prop 13 property tax allocations
- County contribution
- Cities' contributions

**Financial Benefit of Acting Now to Create a Resilient Shoreline**

*Each \$1 spent on mitigation saves an average of \$6 in future disaster costs.*

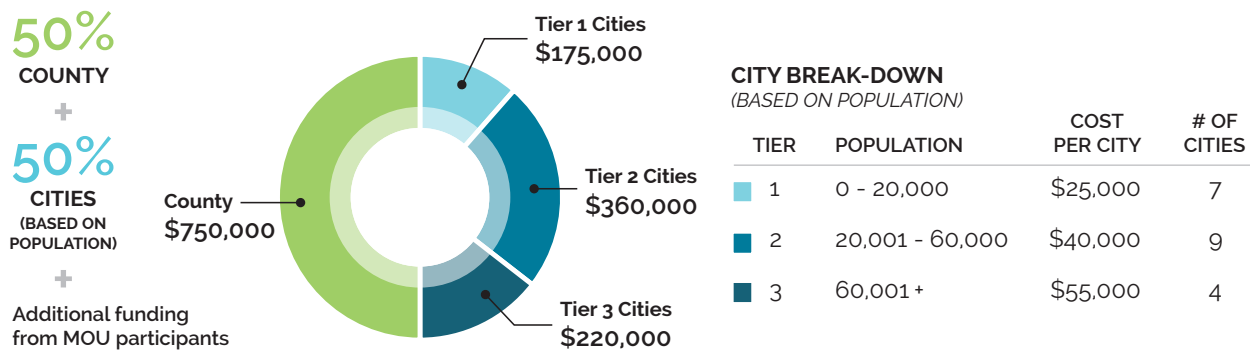
Natural Hazard Mitigation Saves: 2017 Interim Report, [www.nibs.org/page/mitigationsaves](http://www.nibs.org/page/mitigationsaves)

SERVICES	ESTIMATED FUNDING AMOUNT (PER YEAR)	FUNDING SOURCE	ENTITY PARTICIPANTS
Agency Startup Services*	<ul style="list-style-type: none"> <li>\$1.1 million</li> </ul>	<ul style="list-style-type: none"> <li>SMC pays \$350k</li> <li>20 cities pay \$750k</li> </ul>	<ul style="list-style-type: none"> <li>All 21 entities</li> </ul>
MOU Services	<ul style="list-style-type: none"> <li>\$400k + potential new MOU funding</li> </ul>	<ul style="list-style-type: none"> <li>\$400k from SMC</li> <li>\$TBD – depending on specific project needs</li> </ul>	<ul style="list-style-type: none"> <li>Participating cities and the County</li> </ul>
Flood Control District Services <ul style="list-style-type: none"> <li>Countywide Stormwater Fees Collection</li> </ul>	<ul style="list-style-type: none"> <li>\$3.8 million</li> <li>\$1.5 million</li> </ul>	<ul style="list-style-type: none"> <li>Per existing Flood Control District (Pre-Proposition 13 property tax revenue)</li> <li>Existing FCD (Countywide fees on tax roll on behalf of C/CAG)</li> </ul>	<ul style="list-style-type: none"> <li>Existing Active Flood Control District Flood Zones</li> <li>C/CAG</li> </ul>

\*Agency startup services include developing an Integrated Flood and Sea Level Rise Resiliency Investment Plan and securing long-term funding for the Agency.

**Table 1. Agency Description of Roles & Responsibilities by Funding Level.**

The annual funding contribution by the County and by cities (allocated by population) would be as follows:



**Figure 2. 50/50 Cost-Share Based on Population.**

Cities participating in existing or future MOU Projects will also contribute to the funding of their respective projects. This may be through in-kind staffing services if the city is the project lead, the city's local share for grant matching funds, or direct financial contributions towards consultant or construction costs.

A primary objective of the agency in the first 3 years, will be to design an Investment Plan in order to establish a source of sustainable funding. The County and the City would make their annual financial contributions for three years following the Agency's formation. During this three year time period the Agency would pursue an alternative and more sustainable long term funding structure such as an Enhanced Infrastructure Financing District, a Geologic Hazard Abatement District, or a targeted special tax. This would require community and stakeholder engagement and outreach. In the event a long term funding structure is not in place within this three year period, the annual funding contributions of the County and the Cities will be extended for up to an additional two years provided that (1) the Agency is demonstrating sufficient progress toward meeting its objectives, and (2) the cities and the County agree to continue their respective funding contributions.

The Agency would continue to collect the committed property tax revenue for the FCD. However, this property tax revenue will continue to be restricted to only fund projects within the designated Flood Zones where the revenue is generated. The FCD currently collects approximately \$3.8 million annually in pre-Proposition 13 property tax revenue from three flood zones. Most of the revenue is generated and spent in the Colma Creek Flood Zone. In addition, the Agency would continue to annually impose, collect, and direct to C/CAG two countywide property-related fees on the tax rolls that fund the Countywide Water Pollution Prevention Program. These fees generate approximately \$1.5 million per year for the C/CAG program and are restricted to efforts by C/CAG to support the County and the cities in complying with State requirements to address water quality issues associated with stormwater runoff.

## 5. Initial Staffing

The governing board of the Agency will hire an Executive Director who will be charged with managing the Agency. In addition, the two County staff members now working on cross-jurisdictional flood risks under the three existing MOUs would join the Agency. The Agency would hire additional staff members and also utilize consultant services as appropriate.

During most or all of the initial three year Startup Period, the agency would enter into an agreement with San Mateo County to manage and operate the FCD. At such time as the Agency has hired its own staff and/or consultants with the expertise to handle this function, the agreement with the County would terminate.

The Agency will obtain an accounting system such as Cost Accounting Management System (CAMS) to allocate staff time based on actual time spent (documented on employee timecards) to the various functions or projects they are working on. This will ensure that both direct and indirect (overhead) costs are tracked and charged to the appropriate areas (i.e., MOU projects, FCD functions, or Agency startup services) based upon the actual amount of time spent in each area and avoid subsidizing one functional area with funds derived from another. For example, the Executive Director may spend 20 hours of his or her time on FCD matters, 10 hours on MOU projects, and 10 hours on Agency startup services in a given week. For cost recovery purposes CAMS would then allocate his/her staff time charges as follows: 50% to the FCD, 25% to the MOU projects, and 25% to Agency startup services.

# 6. Preliminary Work Plan

A preliminary work plan for the Agency during the initial three-year Startup Period is described in Table 2 below. This plan would be refined, and modified as appropriate, by the governing board and Executive Director after the Agency is created.

	YEAR 1	YEAR 2	YEAR 3
<b>Agency Startup Services</b>	<ul style="list-style-type: none"> <li>• Begin work on the Flood and SLR Plan</li> <li>• Release RFP and select consultant teams that will support Agency staff</li> </ul>	<ul style="list-style-type: none"> <li>• Complete work on the Flood and SLR Plan</li> <li>• Seek state/federal funds as appropriate</li> <li>• Explore possible long-term sustainable revenue sources</li> <li>• Recruit additional staff</li> </ul>	<ul style="list-style-type: none"> <li>• Pursue a long-term sustainable revenue source, including a public engagement program</li> </ul>
<b>MOU Services</b>	<ul style="list-style-type: none"> <li>• Develop implementation plan and preliminary designs for the Navigable Slough Feasibility Study projects</li> <li>• Develop preliminary design and an implementation plan for the Belmont Creek Flood Management Plan projects</li> <li>• Develop conceptual designs for the Bayfront Canal/ Atherton Channel Flood Management Plan projects</li> </ul>	<ul style="list-style-type: none"> <li>• Launch CEQA and/or environmental engineering planning process for MOU projects.</li> <li>• Pursue potential new projects under new MOUs</li> </ul>	<ul style="list-style-type: none"> <li>• Begin implementing MOU projects</li> </ul>

Table 2. Work Plan Year 1 to 3.

# *Appendix A.*

## *Supporting Graphics*

- Figure A1. Functions Matrix
- Figure A2. Collaboration Opportunities and Benefits
- Flood Resiliency Program Factsheet

Flood and Sea Level Rise Resiliency Agency | Functions Matrix

Function / Responsibility as it Relates to Flooding, Sea Level Rise, Erosion, and Regional Stormwater		County		C/CAG		Cities		FSLRRA
		Current	Future	Current	Future	Current	Future	Future
Advocacy and Outreach on stormwater, flooding, erosion and Sea Level Rise	Public outreach and education	●	●	●	●	●	●	●
	Agency outreach and education	●	●	●	●	○	○	●
	Legislative advocacy	●	●	○	○	○	○	●
Planning, Design, Permitting, Construction, and Technical Assistance on stormwater, flooding, erosion and Sea Level Rise projects	Project planning and design	●	●	●	●	●	●	●
	Permitting and construction	●	●	○	○	●	●	●
	Technical assistance to local agencies on PDPC and related issues (FEMA, NFIP, etc.)	●	●	○	○	●	●	●
Cross-Jurisdictional Coordination on stormwater, flooding, erosion and Sea Level Rise	Integrated planning	●	●	●	●	○	○	●
	General plan/policy development	●	●	○	○	●	●	●
	Regional Stormwater	○	○	●	●	○	○	●
Funding for stormwater, flooding, erosion and Sea Level Rise	Grant applications	●	●	●	●	○	○	●
	Pursuing countywide revenue streams	○	○	●	●	○	○	●
	Distributing funding for planning and project construction	●	○	●	●	○	○	●

● Primary   ● Secondary   ● Support   ○ Not Involved

Note: This matrix is currently in draft form and is subject to change due to agency feedback.

Figure A1. Functions Matrix

## Collaboration Opportunities

- Public Outreach
- Multi-Jurisdictional Projects
- Regional Planning
- Feasibility Studies
- General Plan Policy Development
- Funding Applications

## Benefits

- Funding
- Advocacy and Outreach
- Planning, Design, Permitting, Construction, and Technical Assistance
- Cross-Jurisdictional Coordination

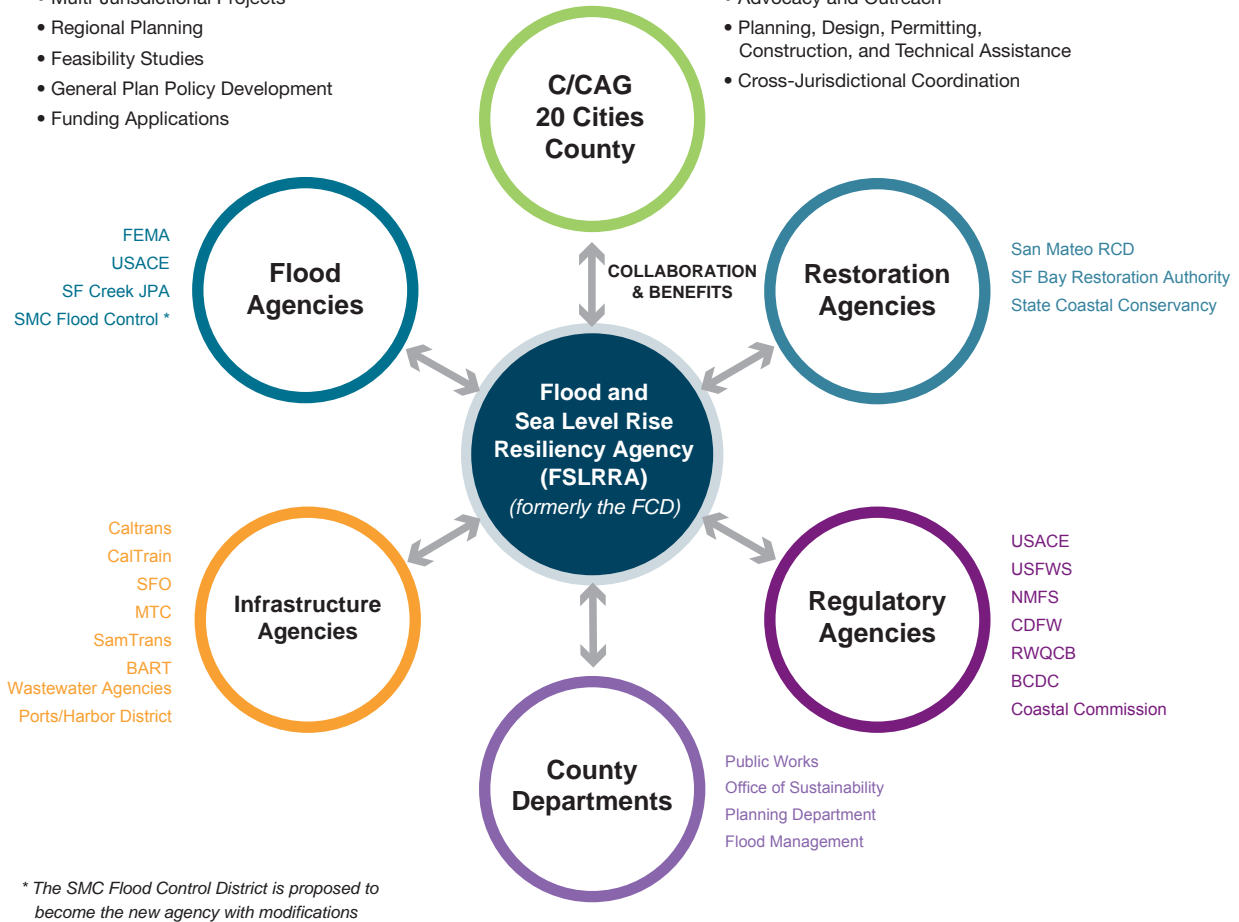


Figure A2. Collaboration Opportunities and Benefits



# San Mateo County Flood Resilience Program



## Building Resilience One Watershed at a Time

The Flood Resilience Program was established in 2016 by the San Mateo County Board of Supervisors, and is managed within San Mateo County Public Works. With a staff of two, the program has already achieved impressive results.

- **Trust.** Three Memorandums of Understanding (MOUs) were signed with 7 cities to share funding and collaborate on flooding solutions.
- **Leadership.** The Program leads partner agencies in a collaborative process to solve flooding issues, guiding tasks such as selecting consultant teams and coordinating with regional, state and federal agencies.
- **Results.** Several projects, many of which were under discussion for decades, are now being implemented. With 14 applications for grants worth nearly \$18 million and over \$75 million invested in multi-benefit flood risk management measures, the program is generating results.

## Addressing flooding in San Mateo County has never been more complex or urgent.

Floods cross multiple jurisdictions, making it difficult to determine who is responsible. Local government budgets are already strapped thin. New requirements to protect ecosystems and consider future conditions make project implementation expensive and highly specialized. The Flood Resilience Program strategically addresses flooding by bringing together affected parties to catalyze solutions.

*By working together to build resilience through collaboration, the Flood Resilience Program turns shared risks into shared benefits throughout our watersheds.*

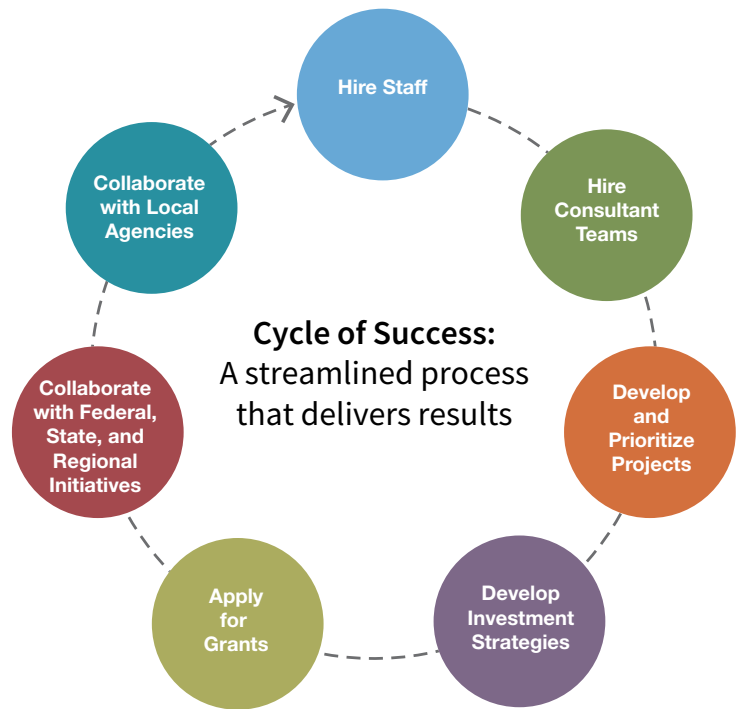




# Program Benefits

## The Program:

- Creates a platform for efficient collaboration
- Navigates complex federal and state permitting landscape through understanding of agency expectations
- Finds new funding opportunities
- Solves multi-jurisdictional problems with multi-benefit solutions
- Turns adversaries into advocates



## Project Profiles

**Navigable Slough**  
*Feasibility Study*

Navigable Slough is nestled between San Bruno Creek and Colma Creek and is the focus of a recently challenged Flood Insurance Rate Map. The project develops a regional watershed management plan and begins to explore adaptive management solutions. This project brings together the Cities of San Bruno and South San Francisco and leverages existing studies, technical data, and other stakeholder flood resilience efforts to identify near-term solutions for flood mitigation and Sea Level Rise.

**Belmont Creek**  
*Flood Management Plan*

The Program collaborated with the Cities of Belmont and San Carlos to enter an MOU to address chronic flooding in multi-jurisdictional areas. The Collaboration between the agencies has resulted in a multi-beneficial Flood Management Plan that includes upstream detention, erosion management, flood risk management for larger storms, and a potential for public-private partnerships. The Program, as lead for the Collaborative, has pursued \$3.4 million in planning and construction grants for the project.

**The Bayfront Canal & Atherton Channel**  
*Flood Management and Habitat Restoration Project*

The project is a collaboration between the Cities of Redwood City, Town of Atherton, and Menlo Park. The cities entered a \$1 million MOU to provide regional flood risk management. The Program has built public-private partnerships, has pooled resources with Redwood City to use its \$1.2 million Prop. 84 grant, and has applied for \$14.9 million worth of construction funding. The project will improve water quality and mitigate flooding for five disadvantaged communities.

*Appendix B.*  
*Frequently Asked Questions*

# Flood and Sea Level Rise Resiliency Agency

## *Frequently Asked Questions*

### Background and Need

#### **1. Why is this agency needed?**

Flooding and erosion are immediate and long-term risks to San Mateo County and its residents. It is estimated that by 2100, over 40% of the County lands, including property with an assessed value of \$34 billion, could be adversely affected by flooding and erosional processes related to sea level rise (SLR) and climate change<sup>1</sup>. By forming or modifying an agency, San Mateo County and its cities would create a unified voice and leverage their combined power to take advantage of existing federal and state money to address coastal and flood issues.

#### **2. Why is the agency needed now?**

A proactive approach is much better than a reactive approach – every \$1 spent on mitigation saves an average of \$6 in future disaster costs<sup>2</sup>. By providing an integrated response, San Mateo County may be able to reduce exposure to future SLR and associated future costs, position the County for available state and federal funding programs, and improve coordination among jurisdictions that are grappling with these issues.

#### **3. Why a new agency at all?**

The issues related to flooding and erosion associated with SLR are enormous, and are beyond the capabilities of a single agency to absorb the responsibility for response and adaptation into their existing missions. SLR crosses jurisdictional boundaries. A new agency would have the following benefits:

- Coordinate a more focused and effective response to Flood/Erosion/SLR and Regional stormwater infrastructure improvements
- Realize economies of scale for planning, project development and implementation. Implement planning at a regional scale to bridge jurisdictional boundaries
- Position the region for State/Federal Funding opportunities to address the issues at the appropriate scale
- Leverage expertise among agencies to focus on implementation of large, multi-benefit projects that affect multiple jurisdictions

#### **4. If San Francisco protected the area with flood gates at the Golden Gate Bridge, would our sea level rise and flood control issues be resolved?**

This solution is not technically feasible nor is it desirable from an environmental and economic perspective. Regardless, we do not have a singular voice within the County that could represent the cities and county in any discussion with San Francisco about tidal gates or other regional solutions. The proposed agency would allow the county and cities to participate more effectively in regional

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<sup>1</sup> SeaChange Sea Level Rise Vulnerability Assessment for San Mateo County, <https://seachangesmc.org/vulnerability-assessment/>

<sup>2</sup> Natural Hazard Mitigation Saves: 2017 Interim Report, [www.nibs.org/page/mitigationsaves](http://www.nibs.org/page/mitigationsaves)

solutions. If a regional solution is found and agreement reached, our participation in the funding of the project would benefit from the proposed Flood and Sea Level Rise Resiliency Agency (Agency)<sup>3</sup>.

**5. Shouldn't this start as a public information campaign and not an infrastructure agency? There may be a lack of resident support for flood control, shoreline protection, and sea level rise issues.**

One of the first priorities of the Agency would be to initiate a public information campaign. This campaign will be required to gain support for reliable on-going funding for the agency. However, the first step is to organize the cities and county into an entity with the authority to secure tax revenue, issue bonds, and take other actions that may be required to implement the needed projects. The Office of Sustainability (OoS) is already educating the public about the County's vulnerabilities to SLR, most notably through the SeaChange Sea Level Rise Vulnerability Assessment. The agency would take these existing planning efforts and begin implementing projects based on the assessment's recommendations.

**6. What are the mission and goals of the agency?**

The mission of the Agency would be to address current and future sea level rise, flooding, coastal erosion, and regional stormwater vulnerabilities through integrated regional planning, design, permitting, and project implementation to create a resilient San Mateo County by 2100. The Agency will work with stakeholders from all 21 jurisdictions to fund and build multi-jurisdictional projects that reduce risks from sea level rise, flooding, and coastal erosion and enhance public benefits such as habitat, restoration, and recreation.

The Agency would develop an integrated Flood and Sea Level Rise Resiliency Implementation and Funding Plan for the Bayshore and the Coastside to address short-term (2050) and long-term (2100) sea level rise, flooding, and coastal erosion impacts.

**7. Why are cities responsible for flood control and shoreline protection?**

Almost all flood control and shoreline protection solutions have land use impacts and building code implications, which are within the purview of cities. Additionally, there is no countywide or regional agency available to either assist with or conduct the necessary funding, design, and construction of these types of projects. Zones covered by the existing San Mateo County Flood Control District (FCD) and its associated pre-Prop 13 revenue are the only areas where the County currently has flood control responsibilities.

## Agency Structure and Governance

**8. What governance structures were explored for the Agency?**

A recommended governance structure is identified as part of the Agency Proposal. See response to Question 10. Several options for governance structure were considered as part of Agency proposal development, including: Joint Powers Authority (JPA) or Memorandum of Understanding (MOU) between the Cities and the County, Special District by action of the State Legislature, an Advisory Committee reporting to a Board of Directors, a department within the County of San Mateo, or a branch of an existing agency such as C/CAG. Criteria such as ease of establishment, ability to

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<sup>3</sup> The name of the proposed agency is being discussed and could change.

leverage Federal and State Funding, and legal authority were used to select the recommended governance structure.

**9. What governance options were ruled out?**

- MOUs will be used for new projects, but they would not provide the range of functions proposed for the new agency.
- A new special district does not provide any advantage over a modified County FCD and could not incorporate work funded by pre-Prop 13 revenue within existing FCD. It would likely take longer to form and encounter greater political resistance in Sacramento.
- Modifying the C/CAG JPA would require modifications to the existing JPA, would need to include all 21 agencies in the county from the beginning and would represent a significant shift in the focus of the agency to include design, construction and maintenance of flood and sea level rise improvements.
- Using San Mateo Public Works Department is not a viable option. The Department currently manages the flood resiliency projects and the existing FCD. It can provide implementation of projects for a new agency. However, governance would need to remain the Board of Supervisors which would not likely be supported by some cities. It would not be feasible to modify the governance structure to include city partners.
- Forming a new JPA would take a significant amount of time to draft the agreement and obtain support from local agencies. It would not be as effective in developing a reliable on-going revenue stream and bonding for projects could be more complicated. Pre-Prop 13 revenue to the Flood Control District could not be transferred to JPA.

**10. What is the recommended governance structure?**

The Staff Advisory Team (SAT) supports modifying the existing San Mateo FCD through legislation to include flooding, SLR, coastal erosion and stormwater infrastructure in its mission. The recommended legislation to move governance from the Board of Supervisors to a City/County Board removes one of the largest drawbacks to the FCD option. The pre-Prop 13 revenue would be retained and could help fund staffing as it is related to eligible projects. MOU projects within the adapted FCD would retain local agency control of projects from which they benefit.

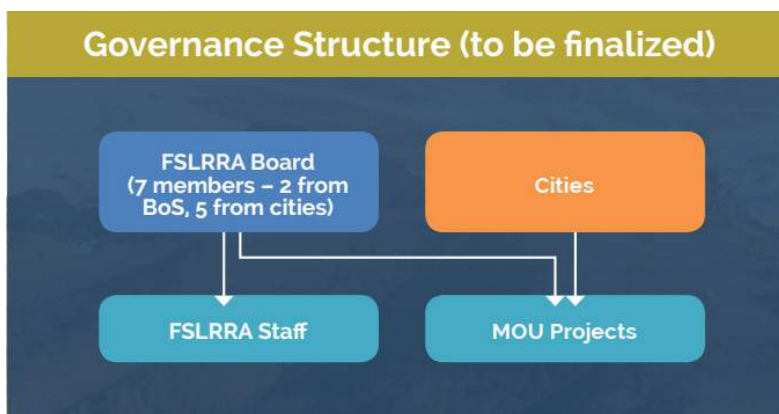


Figure 1 - Proposed Governance Structure



**11. Is this just a new County expansion scheme?**

No, this project would not include any net new benefits for existing County staff. The Agency would be made up of mostly new staff, with the exception of two County staff members now working on cross-jurisdictional flood risks under the three existing MOUs who would join the Agency. This isn't the County's expansion scheme – it is a response to meet our long term SLR challenges.

**12. Is there a SLR/Climate Scientist hired as part of the initial team?**

Not initially. The agency may utilize a consultant with expertise related to climate science and SLR.

**13. How will other agencies participate?**

Through an 18-member Staff Advisory Team (SAT), a Stakeholder Outreach Program has been developed to engage agencies throughout the County. We have completed a series of six interview meetings to facilitate input into this process, followed by two meetings in November and December at which we shared progress to date in the creation of the Agency. The SAT will also engage other key collaborations in the County, including C/CAG, City/County Engineers Association, and others. See Appendix **Figure A2 – Collaboration Opportunities and Benefits** for examples of collaborations and crossover.

**14. What will be the relationship between this Agency and the County's Office of Sustainability?**

The two agencies would work very closely together in public outreach, communications, and funding priorities on SLR. The Agency would take the lead on prioritizing and implementing projects that OoS identifies to create a resilient county by 2100.

**15. What will be the new responsibilities as related to SLR for this Agency, C/CAG, and cities/county?**

The Agency would work with the cities to develop multi-jurisdictional MOU projects and take the lead on regional stormwater infrastructure improvements that would create multi-jurisdictional benefits. C/CAG would continue to lead and manage the stormwater regional permit. Local agencies retain local control of local or multi-agency projects with the Agency being a partner in the process. The agency would provide those services required to advance these projects. The Functions Matrix, provided in the Agency Proposal, delineates the current and future responsibilities of these entities related to SLR.

Questions Specific to Cities

**16. How will multi-jurisdictional projects that require multiple agencies participating be funded under the Agency?**

It is anticipated that multi-jurisdictional projects would be advanced under new MOUs. It is also likely that sea level rise needs may require a county-wide response (at least in the planning and project development phases). For example, the work performed by the OOS could provide a basis upon which the Agency would identify specific projects county-wide. Likely these projects would be advanced and funded through individual MOUs between the agencies affected and benefiting.

**17. What will the overall costs be, and what will this cost cities?**

Cities obligations would be \$750,000 annually for the first three years, based on the three tiers by population, as demonstrated in the table below. The estimated total cost for the Agency's services

over the first three years would be \$1.5 million dollars, which would be paid by the county (50%) and the cities (50%). Additional MOU services, and continuing FCD responsibilities, would be paid by participating cities and the existing flood zones, respectively.

**Table 1. Cost Breakdown by Population.**

Tiers based on Population	City Break-Down Population	# of Cities	Cost Per City
1	0-20,000	7	\$25,000
2	20,001-60,000	9	\$40,000
3	60,001+	4	\$55,000

**18. What will motivate cities with existing MOU projects to participate in the Agency?**

The County has been providing the bulk of the funding for the MOU projects. This funding will expire in June 2019. This Proposal recommends that the County provide half of the Agency funding for the first three years of its operation. The Agency is designed to provide assistance and coordination for these projects and would be formally a part of the new agency. A key function that the Agency would be expected to provide is the pursuit of Regional, State, and Federal funding opportunities. The MOU projects will be expensive so their progress will depend on the success in obtaining grants. For these reasons participation by the cities with MOUs in the Agency would be mandatory to advance the projects beyond June 2019.

**19. What will motivate cities with NO existing MOU projects to participate in the Agency?**

The initial work related to flooding, SLR, erosion, and stormwater improvements would provide value to most, if not all, agencies in the county. The cost of this initial work, when spread over most agencies within the County, would be modest and should justify broad participation. Much like the other MOU projects, it would be necessary for the Agency to enter into some agreement with the participating agencies to fund this effort prior to initiating the work. In addition, it would be anticipated that other MOUs would be created. For example, the Seymour Ditch erosion problem might trigger an MOU between the County, the Agency, and Half Moon Bay.

**20. What will the first MOU projects be?**

In addition to continuing the existing MOU projects – see the Factsheet to learn about the Navigable Slough Feasibility Study, the Belmont Creek Flood Management Plan, and the Bayfront Canal & Atherton Channel Flood Management & Restoration Project – new MOU projects would be developed with cities interested in collaboration. The new agency would be the lead in developing the MOU, the scope of work, hiring the consultants, and overall management of moving the MOU projects forward.

**21. If a city joins the new Agency for one project do they enter for every project? Similarly, if a city has only one project, can they exit once the project is complete?**

As discussed above in Question 16, broader issues like multi-jurisdictional flooding, sea level rise, erosion, and stormwater improvements will warrant funding countywide. Funding for this type of broader need would be in addition to the requirements of an individual MOU. The funding for a project is defined by the MOU participants. A city would not participate in the funding of another project governed by a separate MOU.



**22. Can a city exit from the Agency once they join?**

With the desire for the agency to perform maintenance of completed projects that was expressed by cities, cities would not be allowed an ability to exit. The first three years will be critical to get the agency started and focused on a new implementation and funding plan and would require a three-year commitment.

**23. What will be requested of cities that are already paying for their own flood protection (i.e., Foster City bond measure)?**

This answer will vary depending on the specific funding mechanism. Using the benefit district concept, it is conceivable that what is paid within a jurisdiction will vary depending on the anticipated benefits. For example, if San Mateo needs to develop and fund projects to meet 2050 sea level rise conditions, the property owners might pay more than in Foster City where 2050 needs are being constructed but assistance may be needed to meet 2100 needs. These considerations will be taken into account as we devise our finance and funding strategies in 2019.

**24. What does staffing look like in the interim (between Flood Control District and New Agency) vs. long-term?**

The staffing through the County Department of Public Works would continue for the existing FCD work. Staffing would remain unchanged for the Flood Resiliency Program unless modified through changes in the existing MOUs to fund and execute an expanded scope of work. The key technical activity for the Agency will be the Implementation and Funding Plan which will be consultant-driven with the Agency providing project management. The Interim Director with consultant support will lead the other initial functions (legislation and on-going funding). A staffing plan beyond the initial 3-year period will be part of the Implementation and Funding Plan. See Section 5 of the Agency Proposal for more details.

**25. Will there be problems related to use of funds if not all cities participate?**

We have based the new agency's success on full participation by all cities in the county for the benefit of a greater, more resilient San Mateo County shoreline. The pre-Prop 13 monies that are currently received by the existing FCD will be restricted and can only be used in the flood zone from which they were collected. Bonds issued without all cities participating would also create some restricted funds. Issuance of bonds would be related to one or more specific MOU project(s) and would naturally be restricted for use on that project only.

**Legislation-related Questions**

**26. Are there potential risks with the legislative action required to change governance and other aspects of the existing Flood Control District?**

Yes. This would be considered a "district bill" in the state legislature (i.e. only applicable to the district and thus of less importance to everyone else). However, it will still undergo strict scrutiny by the local government committees and the taxpayer advocates for its precedential importance. Once the idea is further refined we will contact Assemblymember Kevin Mullin and ask that the Assemblymember introduce the concept to the Assembly Local Government Committee for guidance.

**27. Will it take too long legislatively to modify the existing Flood Control District?**

The hope is that modifying an existing Flood Control District should require much less time than forming a new district. In discussion with consultants, attorneys, and legislative advocates, it is anticipated we can complete the process as soon as June 2019. In the interim, the work can proceed

in parallel to the legislation and under the direction of Board of Supervisors with the existing C/CAG Water Committee acting as an advisory board to the County. This will allow the existing projects to progress and work to begin identifying an on-going funding source. It would also permit grant applications to be submitted from a single entity.

### Progress and Next Steps

**28. What is the process for forming this new agency?**

Please see Section 1 of the Proposal.

**29. How will existing agencies transition into the Agency?**

See Section 5 of the Proposal.

**30. What is the timing for specific items, such as implementing the Flood Protection and Resiliency Implementation and Funding Plan, creating a new board, and setting up a program funding measure?**

It is anticipated that by Q2 2019, we will have asked for all 20 cities and the county's full endorsement and funding of the agency. We will begin developing legislative action to modify the FCD by Quarter 1 2019 and the new agency will be effective by July 1, 2019. The Water Committee will solicit applications for new board members in Q1 2019 to be governing by July 1, 2019. The new board will hire an Executive Director by Q3 2019. We will also initiate a new Implementation and Funding Plan in Q3 2019, which will initiate the details for a funding measure.

*Appendix C.  
Development of New Agency Proposal,  
Supporting Information.*

*Webpage Link to be Provided.*



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