



SPECIAL MEETING AGENDA - AMENDED

Date: 3/5/2019
Time: 7:00 p.m.
City Council Chambers
701 Laurel St., Menlo Park, CA 94025

City Councilmember Catherine Carlton will be participating by phone from:
Club El Nogal, Cra. 7, 78-96
Bogota DC, Colombia

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.

7:00 p.m. Regular Session

- A. Call to Order**
- B. Roll Call**
- C. Pledge of Allegiance**
- D. Consent Calendar**
 - D1. Adopt Resolution No. 6477 rescinding City Council Policy CC-01-0004, Commissions/Committees policies and procedures roles and adopting City Council Policy CC-19-0004, Commissions/Committees policies and procedures Roles ([Staff Report #19-011-CC](#))
 - D2. Approve the final project study report for the Ravenswood Avenue railroad crossing study selecting Alternative C as the preferred alternative ([Staff Report #19-032-CC](#))
- E. Regular Business**
 - E1. Accept the 2018-19 mid-year budget report, approve recommended 2018-19 budget amendments, and authorize the City Manager to amend agreements with Alta Planning + Design and Noll and Tam Architects ([Staff Report #19-037-CC](#))
 - E2. 2019 City Council policy priorities and work plan ([Staff Report #19-035-CC](#))
- F. Informational Items**
 - F1. Pension Liability funding options ([Staff Report #19-038-CC](#))
- G. City Manager's Report**
- H. Councilmember Reports**
- I. 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 and can receive email notification of agenda and staff report postings by subscribing to the "Notify Me" service at menlopark.org/notifyme. Agendas and staff reports may also be obtained by contacting City Clerk at 650-330-6620. (Posted: 02/28/2019)

**STAFF REPORT****City Council****Meeting Date:****3/5/2019****Staff Report Number:****19-011-CC****Consent Calendar:**

Adopt Resolution No. 6477 rescinding City Council Procedure CC-01-0004, Commissions/Committees Policies and Procedures Roles and adopting City Council Procedure CC-19-0004, Commissions/Committees Policies and Procedures Roles

Recommendation

Staff recommends adopting Resolution No. 6477 rescinding City Council Procedure CC-01-0004, Commissions/Committees Policies and Procedures Roles and adopting City Council Procedure CC-19-0004, Commissions/Committees Policies and Procedures Roles approving the updates as outlined in Attachment B.

Policy Issues

The City Council establishes policies and procedures that govern commission/committee activities. On occasion, the City Council must update the policy and procedures to bring the existing policy up to date.

Background

The current Commissions/Committees Policies and Procedures (City Council Procedure #CC-01-004) were adopted in 1991 and subsequently edited in 2001, 2011, 2013, and 2017. City Council Procedure #CC-01-004 outlines the procedures, roles and responsibilities of the City Council-appointed advisory bodies for optimal functioning. On January 29, Attachment C, the staff requested City Council approval of several recommended updates to the Commissions/Committees Policies and Procedures document and the City Council provided additional direction for inclusion in the update.

Analysis

To keep the City Council policy governing commissions/committees current, periodic updates are necessary to reflect the City's practices and needs. As discussed in the staff report January 29, staff recommended several changes to the policy that reflect either direction from the City Council, formal request by the commission/committee, or procedural updates to streamline the commission/committee process. Additionally, staff recommends several minor changes to correct grammar or antiquated language.

The City Council provided direction January 29 to return with additional edits to the document. All of the recommended changes are reflected in a redlined version of the policy (Attachment A.) Those edits include:

1. Role of the liaisons, pages 2 and 3. The document has been updated to include approved definitions of the role of the liaison for both City Council and staff. The role of the City Council liaison is provided in the City Council procedures manual, Page 9, Attachment E. The role of the staff liaison is outlined in the guide for advisory bodies, Page 10, Attachment F.
2. Off premises meeting participation, Page 5. Staff surveyed neighboring jurisdictions for their guidance provided to advisory bodies on participation in meetings from off premises. The proposed language is compliant with Brown Act guidelines and balances the logistical challenges associated with accommodating the accommodation.
3. Qualifications, compositions, number, Page 7. In accordance with City Council direction, staff has removed the requirement that commission/committee members are registered voters. Additionally, the number of Housing Commission members is updated to correct the typo on the earlier staff report. The number of Library Commission members is updated to reflect staff's recommendation, as approved by the Library Commission, below.

Belle Haven Neighborhood Library Advisory Committee(BHNLAC) and Library Commission

Of particular discussion January 29 was staff's recommendation to merge the BHNLAC and Library Commission. In light of the City Council's high prioritization of the Belle Haven library project and in recognition of the high value of continued participation in the Belle Haven library project by BHNLAC members and Belle Haven community stakeholders going forward, staff recommends merging BHNLAC with the Library Commission by expanding the Library Commission membership from seven to 11 members and prioritizing currently serving BHNLAC members and/or eligible Belle Haven community stakeholders for appointments to the four newly created Library Commission seats.

City Council created BHNLAC in October 2017 and charged the group with a narrow work scope and timeline expected to last a few months. BHNLAC's original scope coincided with short-term improvements to the Belle Haven Branch Library that were completed in early 2018 and a needs assessment process (the "Gensler report") that was completed in June 2018. At this time, the BHNLAC committee has completed its charge and has no further business within its originally defined scope. Rather than disbanding the group per current City Council policy for ad hoc subcommittees that have completed their charge, staff recommends merging BHNLAC into the Library Commission as described above.

On February 25, 2019, the Library Commission considered the above proposal and held a robust discussion including consideration of public comments received during the meeting and in writing before the meeting. During the discussion, all six Library Commissioners present (one Commissioner was absent) verbally indicated their support for the proposed merger. Commissioners emphasized the importance of participation by Belle Haven community stakeholders in the Belle Haven library project process and the Commission's deliberations going forward, and highlighted the value of formally bringing BHNLAC members and/or Belle Haven community stakeholders onto the Library Commission to assist with and ensure accountability in this regard. Commissioners also noted that a slightly larger membership would better facilitate the formation of working subcommittees to focus in on the highly detailed work anticipated to arise as the Belle Haven library project moves forward in the coming months and years.

At the conclusion of the discussion, the Library Commission voted to recommend that City Council merge BHNLAC with the Library Commission, expand the Library Commission from seven to 11 members, and prioritize BHNLAC members and/or Belle Haven community stakeholders for appointments to the four newly created Library Commission seats. The vote was five in favor with one abstaining (Bugna) and one absent (Cohen.) Complete details and background information about the proposed merger and expansion can be found in the February 25, 2019 Library Commission staff report in Attachment C. A summary of the Library Commission's deliberation is available in the draft meeting minutes (Attachment G.)

In addition, staff met with each the currently seated BHNLC members to inform them about the proposed merger and seek their input. Each of the four current BHNLC members (Lubana, Lai, Cebrian and Halaby) expressed their agreement with the proposed merger and furnished written statements to that effect, which were included in the February 25 Library Commission staff report. After the Library Commission agenda and staff report were published but before the February 25 meeting convened, BHNLC committee member Lubana reversed her decision and rescinded her written statement via email to the Library Commission chairperson and staff liaison. The remaining three BHNLC members have not indicated any change in their position since their written statements. All four of the BHNLC members' written statements and the subsequent reversal statement are included in Attachment C.

Impact on City Resources

There is no impact on City resources associated with this action outside of any associated membership dues, meeting related expenses, and/or staff assistance required and budgeted.

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. Redline version of City Council Policy CC-01-0004
- B. Resolution No. 6477
- C. January 29, 2019 staff report –
hyperlink: <https://www.menlopark.org/DocumentCenter/View/20476/H2---Commission-Updates>
- D. Library Commission staff report 2/25/2019 and BHNLC members' written statements
- E. City Council procedures manual –
hyperlink: <https://www.menlopark.org/DocumentCenter/View/18608/20180206-City-Council-Procedures-Manual>
- F. Guide for advisory bodies –
hyperlink: <https://www.menlopark.org/DocumentCenter/View/15204/Commission-Handbook-2017?bidId>
- G. Library Commission's deliberation is available in the draft meeting minutes: hyperlink -
<https://www.menlopark.org/DocumentCenter/View/20772/20190225-LC-draft-minutes>

Report prepared by:
Judi A. Herren, City Clerk

Approved by:
Nick Pegueros, Assistant City Manager

COMMISSIONS/COMMITTEES POLICIES AND PROCEDURES, ROLES AND RESPONSIBILITIES

ATTACHMENT A



City Council [Policy Procedure](#) #CC-~~04~~19-0004
 Effective 1/29/2019
 Resolution No. 6477

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|--|
| Purpose |
| To define policies and procedures and roles and responsibilities for Menlo Park appointed commissions and committees. |
| Authority |
| Upon its original adoption, this policy replaced the document known as “Organization of Advisory Commissions of the City of Menlo Park.” |
| Background |
| <p>The City of Menlo Park currently has eight active Commissions and Committees. The active advisory bodies are: Complete Streets Commission, Environmental Quality Commission, Finance and Audit Committee, Housing Commission, Library Commission, Parks and Recreation Commission, Planning Commission, and the Sister City Committee. Those not specified in the City Code are established by City Council ordinance or resolution. Most of these advisory bodies are established in accordance with Resolution 2801 and its amendments. Within specific areas of responsibility, each advisory body has a primary role of advising the City Council on policy matters or reviewing specific issues and carrying out assignments as directed by the City Council or prescribed by law.</p> <p>Seven of the eight commissions and committees listed above are advisory in nature. The Planning Commission is both advisory and regulatory and organized according to the City Code (Ch. 2.12) and State statute (Government Code 65100 et seq., 65300-65401).</p> <p>The City has an adopted Anti-Harassment and Non-Discrimination Policy (CC-95-001), and a Travel and Expense Policy (CC-91-002), which are also applicable to all advisory bodies.</p> |
| Policies and Procedures |
| <p><u>Relationship to City Council, staff and media</u></p> <ul style="list-style-type: none"> • Upon referral by the City Council, the commission/committee shall study referred matters and return their recommendations and advise to the City Council. With each such referral, the City Council may authorize the City staff to provide certain designated services to aid in the study. • Upon its own initiative, the commission/committee shall identify and raise issues to the City Council’s attention and from time to time explore pertinent matters and make recommendations to the City Council. • At a request of a member of the public, the commission/committee may consider appeals from City actions or inactions in pertinent areas and, if deemed appropriate, report and make recommendations to the City Council. • Each commission/committee is required to develop an annual work plan which will be the foundation for the work performed by the advisory body in support of City Council annual work plan. The plan, once finalized by a majority of the commission/committee, will be formally presented to the City Council for direction and approval no later than September 30 of each year and then reported out on by a representative of the advisory body at a regularly scheduled City Council meeting at least annually, <u>but recommended twice a year</u>. The proposed work plan must align with the City Council’s adopted work plan. When modified, the work plan must be taken to the City Council for approval. The Planning Commission is exempt from this requirement as its functions are governed by the Menlo Park municipal code (Chapter 2.12) and State law (Government Code 65100 et seq., 65300-65401). • Commissions and committees shall not become involved in the administrative or operational matters of City departments. Members may not direct staff to initiate major programs, conduct |

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large studies or establish department policy. City staff assigned to furnish staff services shall be available to provide general staff assistance, such as preparation of agenda/notice materials and minutes, general review of department programs and activities, and to perform limited studies, program reviews, and other services of a general staff nature.

Commissions/Committees may not establish department work programs or determine department program priorities. The responsibility for setting policy and allocating scarce City resources rests with the City's duly elected representatives, the City Council.

- Additional or other staff support may be provided upon a formal request to the City Council.
- The staff liaison shall act as the commission/committee's lead representative to the media concerning matters before the commission/committee. Commission/Committee members should refer all media inquiries to their respective liaisons for response. Personal opinions and comments may be expressed so long as the commission/committee member clarifies that his or her statements do not represent the position of the City Council.
- Commission/Committee members will have mandatory training every two years regarding the Brown Act and parliamentary procedures, anti-harassment training, ethics training, and other training required by the City Council or State Law. The commission/committee members may have the opportunity for additional training, such as training for chair and vice chair. Failure to comply with the mandatory training will be reported to the City Council and may result in replacement of the member by the City Council.
- Requests from commission/committee member(s) determined by the staff liaison to take one hour or more of staff time to complete, must be directed by the City Council.

Role of City Council commission/committee liaison

City Councilmembers are assigned to serve in a liaison capacity with one or more city commission/committee. The purpose of the liaison assignment is to facilitate communication between the City Council and the advisory body. The liaison also helps to increase the City Council's familiarity with the membership, programs and issues of the advisory body. In fulfilling their liaison assignment, City Councilmembers may elect to attend commission/committee meetings periodically to observe the activities of the advisory body or simply maintain communication with the commission/committee chair on a regular basis.

City Councilmembers should be sensitive to the fact that they are not participating members of the commission/committee, but are there rather to create a linkage between the City Council and commission/committee. In interacting with commissions/committee, City Councilmembers are to reflect the views of the City Council as a body. Being a commission/committee liaison bestows no special right with respect to commission/committee business.

Typically, assignments to commission/committee liaison positions are made at the beginning of a City Council term in December. The Mayor will ask City Councilmembers which liaison assignments they desire and will submit recommendations to the full City Council regarding the various committees, boards, and commissions which City Councilmembers will represent as a liaison. In the rare instance where more than one City Councilmember wishes to be the appointed liaison to a particular commission, a vote of the City Council will be taken to confirm appointments.

City Staff Liaison

The City has designated staff to act as a liaison between the commission/committee and the City Council. The City shall provide staff services to the commission/committee which will include:

- Developing a rapport with the Chair and commission/committee members
- Providing a schedule of meetings to the City Clerk's Office and commission/committee members, arranging meeting locations, maintaining the minutes and other public records of the meeting, and preparing and distributing appropriate information related to the meeting agenda.

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- Advising the commission/committee on directions and priorities of the City Council.
- Informing the commission/committee of events, activities, policies, programs, etc. occurring within the scope of the commission/committee's function.
- Ensuring the City Clerk is informed of all vacancies, expired terms, changes in offices, or any other changes to the commission/committee.
- Providing information to the appropriate appointed official including reports, actions, and recommendations of the committee/commission and notifying them of noncompliance by the commission/committee or chair with City policies.
- Ensuring that agenda items approved by the commission/committee are brought forth in a timely manner taking into consideration staff capacity, City Council priorities, the commission/committee work plan, and other practical matters such as the expense to conduct research or prepare studies, provided appropriate public notification, and otherwise properly prepare the item for commission/committee consideration.
- Take action minutes; upon agreement of the commission, this task may be performed by one of the members (staff is still responsible for the accuracy and formatting of the minutes)
- Maintain a minute book with signed minutes

- Recommendations, requests and reports

Near the beginning of each regular City Council meeting, there will be an item called "Commission/Committee Reports." At this time, commissions/committees may present recommendations or status reports and may request direction and support from the City Council. Such requests shall be communicated to the staff liaison in advance, including any written materials, so that they may be listed on the agenda and distributed with the agenda packet. The materials being provided to the City Council must be approved by a majority of the commission/committee at a commission/committee meeting before submittal to the City Council. The City Council will receive such reports and recommendations and, after suitable study and discussion, respond or give direction.

- City Council referrals

The City Clerk shall transmit to the designated staff liaison all referrals and requests from the City Council for advice and recommendations. The commissions/committees shall expeditiously consider and act on all referrals and requests made by the City Council and shall submit reports and recommendations to the City Council on these assignments.

- Public appearance of commission/committee members

When a commission/committee member appears in a non-official, non-representative capacity before the public, for example, at a City Council meeting, the member shall indicate that he or she is speaking only as an individual. This also applies when interacting with the media and on social media. If the commission/committee member appears as the representative of an applicant or a member of the public, the Political Reform Act may govern this appearance. In addition, in certain circumstances, due process considerations might apply to make a commission/committee member's appearance inappropriate. Conversely, when a member who is present at a City Council meeting is asked to address the City Council on a matter, the member should represent the viewpoint of the particular commission/committee as a whole (not a personal opinion).

- Disbanding of advisory body

Upon recommendation by the Chair or appropriate staff, any standing or special advisory body, established by the City Council and whose members were appointed by the City Council, may be declared disbanded due to lack of business, by majority vote of the City Council.

- Meetings and officers

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- All meetings shall be open and public and shall conduct business through published agendas, public notices and minutes and follow all of the Brown Act provisions governing public meetings. Special, canceled and adjourned meetings may be called when needed, subject to the Brown Act provisions.
- Support staff for each commission/committee shall be responsible for properly noticing and posting all regular, special, canceled and adjourned meetings. Copies of all meeting agendas, notices and minutes shall be provided to the City Council, City Manager, City Attorney, City Clerk and other appropriate staff, as requested.
- Original agendas and minutes shall be filed and maintained by support staff in accordance with the City's adopted records retention schedule.
- The official record of the commissions/committees will be preserved by preparation of action minutes.

2. *Conduct and parliamentary procedures*

- Unless otherwise specified by State law or City regulations, conduct of all meetings shall generally follow Robert's Rules of Order.
- A majority of commission/committee members shall constitute a quorum and a quorum must be seated before official action is taken.
- The chair of each commission/committee shall preside at all meetings and the vice chair shall assume the duties of the chair when the chair is absent.
- The role of the commission/committee chair (according to Roberts Rules of Order): To open the session at the time at which the assembly is to meet, by taking the chair and calling the members to order; to announce the business before the assembly in the order in which it is to be acted upon; to recognize members entitled to the floor; to state and put to vote all questions which are regularly moved, or necessarily arise in the course of the proceedings, and to announce the result of the vote; to protect the assembly from annoyance from evidently frivolous or dilatory motions by refusing to recognize them; to assist in the expediting of business in every compatible with the rights of the members, as by allowing brief remarks when undebatable motions are pending, if s/he thinks it advisable; to restrain the members when engaged in debate, within the rules of order, to enforce on all occasions the observance of order and decorum among the members, deciding all questions of order (subject to an appeal to the assembly by any two members) unless when in doubt he prefers to submit the question for the decision of the assembly; to inform the assembly when necessary, or when referred to for the purpose, on a point of order to practice pertinent to pending business; to authenticate by his/her signature, when necessary, all the acts, orders, and proceedings of the assembly declaring it will and in all things obeying its commands.

3. *Lack of a quorum*

- When a lack of a quorum exists at the start time of a meeting, those present will wait 15 minutes for additional members to arrive. If after 15 minutes a quorum is still not present, the meeting will be adjourned by the staff liaison due to lack of a quorum. Once the meeting is adjourned it cannot be reconvened.
- The public is not allowed to address those commissioners present during the 15 minutes the commission/committee is waiting for additional members to arrive.
- Staff can make announcements to the members during this time but must follow up with an email to all members of the body conveying the same information.
- All other items shall not be discussed with the members present as it is best to make the report when there is a quorum present.

4. *Meeting locations and dates*

- Meetings shall be held in designated City facilities, as noticed.
- All commissions/committees with the exception of the Planning Commission, Finance and Audit

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Committee and Sister City Committee shall conduct regular meetings once a month. Special meetings may also be scheduled as required by the commission/committee. The Planning Commission shall hold regular meetings twice a month. The Finance and Audit Committee and Sister City Committee shall hold quarterly meetings.

- Monthly regular meetings shall have a fixed date and time established by the commission/committee. Changes to the established regular dates and times are subject to the approval of the City Council. An exception to this rule would include any changes necessitated to fill a temporary need in order for the commission/committee to conduct its meeting in a most efficient and effective way as long as proper and adequate notification is provided to the City Council and made available to the public.

The schedule of Commission/Committee meetings is as follows:

- Complete Streets Commission – Every second Wednesday at 7 p.m.
- Environmental Quality Commission – Every third Wednesday at 6:00 p.m.
- Finance and Audit Committee – Third Wednesday of every quarter at 5:30 p.m.,
- Housing Commission – Every first Wednesday at 6:30 p.m.
- Library Commission – Every third Monday at 6:30 p.m.
- Parks and Recreation Commission – Every fourth Wednesday at 6:30 p.m.
- Planning Commission – Twice a month at 7 p.m.
- Sister City Committee – Quarterly; Date and time to be determined

Each commission/committee may establish other operational policies subject to the approval of the City Council. Any changes to the established policies and procedures shall be subject to the approval of the City Council.

5. Off-premises meeting participation

While technology allows commission/committee members to participate in meetings from a location other than the meeting location (referred to as “off-premises”), off-premises participation is discouraged given the logistics required to ensure compliance with the Brown Act and experience with technological failures disrupting the meeting. In the event that a commission/committee member believes that his or her participation is essential to a meeting, the following shall apply:

- Any commission/committee member intending to participate from an off-premise location shall inform the staff liaison at least two weeks in advance of the meeting.
- The off-premise location must be identified in the notice and agenda of the meeting.
- Agendas must be posted at the off-premise location.
- The off-premise location must be accessible to the public and be ADA compliant.
- The commission/committee member participating at a duly noticed off-premises location does not count toward the quorum necessary to convene a meeting of the commission/committee.
- For any one meeting, no more than one commission/committee member may participate from an off-premise location.
- All votes must be by roll call.

56. *Selection of chair and vice chair*

- The chair and vice chair shall be selected in May of each year by a majority of the members and shall serve for one year or until their successors are selected.
- Each commission/committee shall annually rotate its chair and vice chair.

G. Memberships

Appointments/Oaths

- The City Council is the appointing body for all commissions/committees. All members serve at the pleasure of the City Council.

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- All appointments and reappointments shall be made at a regularly scheduled City Council meeting, and require an affirmative vote of not less than a majority of the City Council present.
- Before taking office, all members must complete an Oath of Allegiance required by Article XX, §3, of the Constitution of the State of California. All oaths are administered by the City Clerk or his/her designee.
- Appointments made during the middle of the term are for the unexpired portion of that term.

Application and selection process

- The application process begins when a vacancy occurs due to term expiration, resignation, removal or death of a member.
- The application period will normally run for a period of four weeks from the date the vacancy occurs. If there is more than one concurrent vacancy in a Commission, the application period may be extended. Applications are available from the City Clerk's office and on the City's website.
- The City Clerk shall notify members whose terms are about to expire whether or not they would be eligible for reappointment. If reappointment is sought, an updated application will be required.
- Applicants are required to complete and return the application form for each commission/committee they desire to serve on, along with any additional information they would like to transmit, by the established deadline. Applications sent by email are accepted; however, the form submitted must be signed.
- After the deadline of receipt of applications, the City Clerk shall schedule the matter at the next available regular City Council meeting. All applications received will be submitted and made a part of the City Council agenda packet for their review and consideration. If there are no applications received by the deadline, the City Clerk will extend the application period for an indefinite period of time until sufficient applications are received.
- Upon review of the applications received, the City Council reserves the right to schedule or waive interviews, or to extend the application process in the event insufficient applications are received. In either case, the City Clerk will provide notification to the applicants of the decision of the City Council.
- If an interview is requested, the date and time will be designated by the City Council. Interviews are open to the public.
- The selection/appointment process by the City Council shall be conducted open to the public. Nominations will be made and a vote will be called for each nomination. Applicants receiving the highest number of affirmative votes from a majority of the City Council present shall be appointed.
- Following a City Council appointment, the City Clerk shall notify successful and unsuccessful applicants accordingly, in writing. Appointees will receive copies of the City's Non-Discrimination and Sexual Harassment policies, and disclosure statements for those members who are required to file under State law as designated in the City's Conflict of Interest Code. Copies of the notification will also be distributed to support staff and the commission/committee chair.
- An orientation will be scheduled by the City Clerk following an appointment (but before taking office) and a copy of this policy document will be provided at that time.

Attendance

- An Attendance Policy (CC-91-001), shall apply to all advisory bodies. Provisions of this policy are listed below.
- A compilation of attendance will be submitted to the City Council at least annually listing absences for all commissions/committees members.

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- Absences, which result in attendance at less than two-thirds of their meetings during the calendar year, will be reported to the City Council and may result in replacement of the member by the City Council.
- Any member who feels that unique circumstances have led to numerous absences can appeal directly to the City Council for a waiver of this policy or to obtain a leave of absence.
- While it is expected that members be present at all meetings, the chair and staff liaison should be notified if a member knows in advance that he/she will be absent.
- When reviewing commissioners for reappointment, overall attendance at full commission meetings will be given significant consideration.

Compensation

- Members shall serve without compensation (unless specifically provided) for their services, provided, however, members shall receive reimbursement for necessary travel expenses and other expenses incurred on official duty when such expenditures have been authorized by the City Council (See Policy CC-91-002).

Conflict of interest and disclosure requirements

- A Conflict of Interest Code has been updated and adopted by the City Council and the Community Development Agency pursuant to Government Code §87300 et seq. Copies of this Code are filed with the City Clerk. Pursuant to the adopted Conflict of Interest Code, members serving on the Planning Commission are required to file a Statement of Economic Interest with the City Clerk to disclose personal interest in investments, real property and income. This is done within 30 days of appointment and annually thereafter. A statement is also required within 30 days after leaving office.
- If a public official has a conflict of interest, the Political Reform Act may require the official to disqualify himself or herself from making or participating in a governmental decision, or using his or her official position to influence a governmental decision. Questions in this regard may be directed to the City Attorney.

Qualifications, compositions, number

- In most cases, members shall be residents of the City of Menlo Park, and at least 18 years of age ~~and a registered voter~~.
- Current members of any other City commission/committee are disqualified for membership, unless the regulations for that advisory body permit concurrent membership. Commission/Committee members are strongly advised to serve out the entirety of the term of their current appointment before seeking appointment on another commission/committee.
- Commission/Committee members shall be permitted to retain membership while seeking any elective office. However, members shall not use the meetings, functions or activities of such bodies for purposes of campaigning for elective office.
- There shall be seven (7) members on each commission/committee with the exception of:
 - Finance and Audit Committee – five (5) members
 - Housing Commission – ~~five (5)~~ – seven (7) members
 - Complete Streets Commission – nine (9) members
 - Library Commission – eleven (11) members

Reappointments, resignations, removals

- Incumbents seeking a reappointment are required to complete and file an application with the City Clerk by the application deadline. No person shall be reappointed to a commission/committee who has served on that same body for two consecutive terms; unless a period of one year has lapsed since the returning member last served on that commission/committee (the one year period is flexible subject to City Council's discretion).

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- Resignations must be submitted in writing to the City Clerk, who will distribute copies to City Council and appropriate staff.
- The City Council may remove a member by a majority vote of the City Council without cause, notice or hearing.

Term of office

- Unless specified otherwise, the term of office for all commission/committee shall be four (4) years unless a resignation or a removal has taken place.
- If a person is appointed to fill an unexpired term and serves less than two years, that time will not be considered a full term. However, if a person is appointed to fill an unexpired term and serves two years or more, that time will be considered a full term.
- Terms are staggered to be overlapping four-year terms, so that all terms do not expire in any one year.
- If a member resigns before the end of his/her term, a replacement serves out the remainder of that term.

Vacancies

- Vacancies are created due to term expirations, resignations, removals or death.
- Vacancies are listed on the City Council agenda and posted by the City Clerk in the City Council Chambers bulletin board and on the city website.
- Whenever an unscheduled vacancy occurs in any commission/committee, a special vacancy notice shall be posted within 20 days after the vacancy occurs. Appointment shall not be made for at least 10 working days after posting of the notice (Government Code 54974).
- On or before December 31 of each year, an appointment list of all regular advisory commissions/committees of the City Council shall be prepared by the City Clerk and posted in the City Council Chambers bulletin board and on the City's website. This list is also available to the public. (Government Code 54972, Maddy Act).

Roles and Responsibilities

Complete Streets Commission

The Complete Streets Commission is charged primarily with advising the City Council on multi-modal transportation issues according to the goals and policies of the City's general plan. This includes strategies to encourage safe travel, improve accessibility, and maintaining a functional and efficient transportation network for all modes and persons traveling within and around the City. The Complete Streets Commission's responsibilities would include:

- Coordination of ~~motor vehicle~~, multi-modal (motor vehicle, bicycle, transit and pedestrian) transportation facilities
- Advising City Council on ways to encourage vehicle, multi-modal, pedestrian and bicycle safety and accessibility for the City supporting the goals of the General Plan
- Coordination on providing a citywide safe routes to school plan
- Coordination with regional transportation systems
- Establishing parking restrictions and requirements according to Municipal Code sections 11.24.026 through 11.24.028

Environmental Quality Commission

The Environmental Quality Commission is charged primarily with advising the City Council on matters involving environmental protection, improvement and sustainability. Specific focus areas include:

- Preserving heritage trees
- Using best practices to maintain city trees
- Preserving and expanding the urban canopy

COMMISSIONS/COMMITTEES POLICIES AND PROCEDURES, ROLES AND RESPONSIBILITIES

City Council Policy #CC-01-0004
Effective 1/29/2019

9

- Making determinations on appeals of heritage tree removal permits
- Administering annual Environmental Quality Awards program
- Organizing annual Arbor Day Event; typically a tree planting event
- Advising on programs and policies related to protection of natural areas, recycling and waste reduction, environmentally sustainable practices, air and water pollution prevention, climate protection, and water and energy conservation.

Finance and Audit Committee

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

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

Housing Commission

The Housing Commission is charged primarily with advising the City Council on housing matters including housing supply and housing related problems. Specific focus areas include:

- Community attitudes about housing (range, distribution, racial, social-economic problems)
- Programs for evaluating, maintaining, and upgrading the distribution and quality of housing stock in the City
- Planning, implementing and evaluating City programs under the Housing and Community Development Act of 1974
- Members serve with staff on a loan review committee for housing rehabilitation programs and a first time homebuyer loan program
- Review and recommend to the City Council regarding the Below Market Rate (BMR) program
- Initiate, review and recommend on housing policies and programs for the City
- Review and recommend on housing related impacts for environmental impact reports
- Review and recommend on State and regional housing issues
- Review and recommend on the Housing Element of the General Plan
- The five most senior members of the Housing Commission also serve as the members of the Relocation Appeals Board (City Resolution 4290, adopted June 25, 1991).

Library Commission

The Library Commission is charged primarily with advising the City Council on matters related to the maintenance and operation of the City's libraries and library systems. Specific focus areas include:

- The scope and degree of library activities
- Maintenance and protection of City libraries
- Evaluation and improvement of library service
- Acquisition of library materials
- Coordination with other library systems and long range planning
- Literacy and ESL programs

Parks and Recreation Commission

The Parks and Recreation Commission is charged primarily with advising the City Council on matters related to City programs and facilities dedicated to recreation. Specific focus areas include:

- Those programs and facilities established primarily for the participation of and/or use by residents of the City, including adequacy and maintenance of such facilities as parks and playgrounds, recreation buildings, facilities and equipment
- Adequacy, operation and staffing of recreation programs
- Modification of existing programs and facilities to meet developing community needs
- Long range planning and regional coordination concerning park and recreational facilities

COMMISSIONS/COMMITTEES POLICIES AND PROCEDURES, ROLES AND RESPONSIBILITIES

City Council Policy #CC-01-0004
Effective 1/29/2019

Planning Commission

The Planning Commission is organized according to State Statute.

- The Planning Commission reviews development proposals on public and private lands for compliance with the General Plan and Zoning Ordinance.
- The Commission reviews all development proposals requiring a use permit, architectural control, variance, minor subdivision and environmental review associated with these projects. The Commission is the final decision-making body for these applications, unless appealed to the City Council.
- The Commission serves as a recommending body to the City Council for major subdivisions, rezoning's, conditional development permits, Zoning Ordinance amendments, General Plan amendments and the environmental reviews and Below Market Rate (BMR) Housing Agreements associated with those projects.
- The Commission works on special projects as assigned by the City Council.

Sister City Committee

The Sister City Committee is primary charged with promoting goodwill, respect and cooperation by facilitating cultural, educational and economic exchanges

- Develop a mission statement and program plan consisting of projects, exhibits, contacts and exchanges of all types to foster and promote the objectives of the mission statement
- Implement the approved program plan upon request of the City Council
- Keep the community informed concerning the Sister City program
- Advise the City Council on matters pertaining to any sister city affairs
- Perform other duties as may be assigned to the committee by the City Council

Special Advisory Bodies

The City Council has the authority to create standing committees, task forces or subcommittees for the City, and from time to time, the City Council may appoint members to these groups. The number of persons and the individual appointee serving on each group may be changed at any time by the City Council. There are no designated terms for members of these groups; members are appointed by and serve at the pleasure of the City Council.

Any requests of city commissions or committees to create such ad hoc advisory bodies shall be submitted in writing to the City Clerk for City Council consideration and approval.

RESOLUTION NO. 6477**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO RESCINDING CITY COUNCIL POLICY NO. CC-01-0004 AND ADOPTING UPDATED COMMISSIONS/COMMITTEES POLICIES AND PROCEDURES, ROLES AND RESPONSIBILITIES POLICY NO. CC-19-0004 AND ESTABLISH THE COMPLETE STREETS COMMISSION AS A PERMANENT COMMISSION**

WHEREAS, this policy defines policies, procedures, and roles and responsibilities for Menlo Park appointed commissions and committees.

WHEREAS, this policy satisfies the requirements of Government Code sections 65100 et seq., 65300-65401, 87300, 54974, and 54972.

WHEREAS, the Complete Street Commission is composed of nine (9) members, all of whom shall be residents who represent varying interests in transportation circulation and safety, was identified to support the City Council's 2018 workplan; and,

WHEREAS, the Complete Street Commission will continue to address the following subject areas:

- Coordination of motor vehicle, bicycle, transit, and pedestrian transportation facilities,
- Advising City Council on ways to encourage pedestrian and bicycle safety and accessibility for the City supporting the goals of the General Plan,
- Coordination on providing a citywide safe routes to school plan,
- Review of the proposed circulation plans for major development projects, and
- Coordination with regional transportation systems.
- Establishing parking restrictions and requirements according to Municipal Code sections 11.24.026 through 11.24.028

NOW, THEREFORE, IT IS RESOLVED, the City Council of Menlo Park does hereby establish the Complete Streets Commission as a permanent commission.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the City Council of the City of Menlo Park hereby rescinds policy No. CC-01-0004 and in its place adopts the City of Menlo Park commissions/committees policies and procedures, roles and responsibilities policy No. CC-19-0004 recommended by staff and presented to the City Council on the twenty-ninth day of January, 2019, incorporated herein as Exhibit A.

I, Judi A. Herren, City Clerk of the City 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 fifth day of March, 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Official Seal of said City on this fifth day of March, 2019.

Judi A. Herren, City Clerk

**STAFF REPORT****Library Commission****Meeting Date:** 2/25/2019**Staff Report Number:** 19-005-LC

Regular Business: **Recommendation to merge the Belle Haven Neighborhood Library Advisory Committee with the Library Commission by expanding the Library Commission from seven to eleven members**

Recommendation

That the Library Commission recommend that City Council merge the Belle Haven Neighborhood Library Advisory Committee (BHLAC) with the Library Commission, expand the Library Commission membership from seven to eleven members, and prioritize currently serving BHLAC members and/or eligible Belle Haven community stakeholders for appointments to the four newly created Library Commission seats.

Background

City Council established BHLAC as a special advisory body in early 2018 and charged the group with a narrowly-defined, time-limited scope of work to provide additional advice and input (above and beyond that already provided by the Library Commission) to staff and consultants during the Belle Haven Library needs assessment process, also known as the “Gensler study”. The Gensler study was anticipated to span approximately 6 – 12 months, and was completed in June 2018.

Analysis

At this time, BHLAC has completed its scope of work and has no further business within its originally defined scope. City Council’s current policy states that “any standing or special advisory body, established by the City Council and whose members were appointed by the City Council, may be declared disbanded due to lack of business, by majority vote of the City Council.” However, in light of the City Council’s high prioritization of the Belle Haven library project and the value of BHLAC members’ continued participation in the Belle Haven library project going forward, staff recommends merging BHLAC with the Library Commission. To facilitate the merger, staff recommends that City Council expand the Library Commission membership from seven to eleven members and prioritize currently serving BHLAC members and/or eligible Belle Haven community stakeholders for appointments to the four newly created Library Commission seats.

The original composition of the BHLAC committee included seven members:

- Two seats filled by City Council members (Cline and Keith)
- Three seats filled by community stakeholders (Pushpinder Lubana, Tiffanie Lai, and Veronica Vallejo Gonzalez)
- One seat filled by a Library Commission member (Jacqueline Cebrian)
- One seat filled by a Menlo Park Library Foundation board member (Betsy Halaby)

The current status of the above seats is as follows:

- The two City Councilmember seats became vacant after the November 2018 election. Vice-Mayor Taylor currently fills one of the seats; the other remains vacant.
- Two of the three community stakeholder seats remain filled by the original appointees, Pushpinder Lubana and Tiffanie Lai. The third seat is vacant due to resignation.
- The Library Commission seat is currently filled by Jacqueline Cebrian, however Ms. Cebrian termed out of the Library Commission in April 2018.
- The Menlo Park Library Foundation seat is currently filled by the original appointee, Betsy Halaby.

Staff individually interviewed all four of the currently serving BHNLC community members (Lubana, Lai, Cebrian and Halaby) during the week of February 4, 2019. During those interviews, each of the four members expressed their concurrence with the above proposal to merge BHNLC into the Library Commission. Each of the four members has further provided written statements for the City Council's review and consideration (Attachment A.)

In addition to expressing their concurrence with the proposed merger, two of the four current BHNLC community stakeholder members expressed interest in serving on the Library Commission, should City Council offer appointments to them (Lubana and Lai.) The BHNLC member from the Library Commission (Cebrian) expressed her concurrence with the proposed merger, but indicated that she would likely decline an invitation to serve again on the Library Commission, if an appointment were offered. The BHNLC member from the Menlo Park Library Foundation (Halaby) expressed her concurrence with the proposed merger but noted that she is not a Menlo Park resident and thus would be ineligible to serve on the Library Commission.

Based on the above, staff recommends merging the four currently filled BHNLC seats into the Library Commission by expanding the Library Commission from 7 to 11 members and prioritizing currently serving BHNLC members and/or eligible Belle Haven community stakeholders for appointments to the four newly created Library Commission seats.

Additional capacity is needed on the Library Commission membership to accommodate the increased volume of work that will be expected of the Library Commission in the coming months and years as the Belle Haven Library project advances and becomes more detailed and complex. The detailed nature of this work will likely necessitate the formation of multiple subcommittees, which would be better accommodated by a slightly larger membership.

Impact on City Resources

Staff anticipates no substantive impacts to staff workload as a result of expanding the Library Commission membership from seven to eleven members. Any minor increase in workload that might be generated by a larger Library Commission membership would be more than offset by the decrease in workload of serving and supporting one commission instead of two commissions. Staff further notes that the increased involvement of Belle Haven community stakeholders through formal roles on the Library Commission will be a net benefit to the Library Commission's work, including the Belle Haven Library project but extending to all aspects of the Commission's work and service to the Menlo Park community.

Public Notice

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

Next Steps

City Council will conduct its annual review of City Commissions and Committees on March 5, 2019. At that time the City Council will consider the proposal to merge BHNLC with the Library Commission, expand the Library Commission from seven to eleven members, and prioritize currently serving BHNLC members and/or eligible Belle Haven community stakeholders for appointments to the four newly created Library Commission seats.

Attachments

A. Statements from BHNLC members Lubana, Lai, Cebrian and Halaby

Report prepared and approved by:
Sean Reinhart, Interim Director of Library Services

Reinhart, Sean S

From: Elizabeth Halaby <[REDACTED]>
Sent: Thursday, February 14, 2019 6:22 PM
To: Reinhart, Sean S; Szegda, Nick J
Subject: Statement of interest

Follow Up Flag: Flag for follow up
Flag Status: Flagged

To the Menlo Park City Council Members,

As a member of BHNLAC, I am in agreement with the proposal to merge the group with the Library Commission thereby adding 4 seats to the Commission. As I am not a resident of Menlo Park, I cannot serve on the Library Commission and so urge you to appoint current BHNLAC members and Belle Haven community stakeholders to the new Library Commission seats.

I am proud to continue to serve our community on the Menlo Park Library Foundation.

Sincerely,

Betsy Halaby

Reinhart, Sean S

From: Tiffanie Lai <[REDACTED]>
Sent: Monday, February 18, 2019 3:11 PM
To: Reinhart, Sean S
Cc: Szegda, Nick J
Subject: Re: Time-sensitive request: Statement of interest

Hello Sean & Nick,

Thanks so much for speaking with me last week! If there is an additional opportunity for me to continue to volunteer within the BHLANC commission through the Library Commission, I would be happy to do so. I look forward to hearing from you both soon!

Sincerely,
Tiffanie Lai

Sorry about the delay, greetings from Hong Kong!

Tiffanie Lai

Reinhart, Sean S

From: Szegda, Nick J
Sent: Tuesday, February 19, 2019 12:07 PM
To: Reinhart, Sean S
Subject: FW: Reminder - Time sensitive request: statement of interest

From: Jacqui Cebrian [mailto:]
Sent: Tuesday, February 19, 2019 12:07 PM
To: Szegda, Nick J
Subject: Re: Reminder - Time sensitive request: statement of interest

Here goes:

I approve of the decision to merge the interested and eligible BHNLAC committee members with the Library Commission. As the project is clearly moving forward, it would seem to create overlapping efforts since the Belle Haven library is the top priority of the last LC workplan. I think the commission needs voices from the Belle Haven community to speak to their somewhat unique needs. I have most recently completed 8 years on the Library Commission and so am looking into another commission to involve myself in, while maintaining my library work as an interested community member, but not commission member.

11 members is a lot. I wonder if 9 wouldn't be better since not all 4 of the existing BNLAC members would be moving into those spots. I would even consider it a temporary number to solve a temporary situation - with the goal of getting back to 7 once the Belle Haven branch construction is completed.

That's my take on it all. Feel free to rework the wording to suit your needs. Sorry for waiting until the last minute.

Jacqui

Reinhart, Sean S

From: Pushpinder Lubana <[REDACTED]>
Sent: Monday, February 18, 2019 9:11 AM
To: Reinhart, Sean S; Szegda, Nick J
Subject: Interest in serving on the Library Commission

Hi Sean and Nick,

Please take this email as my statement of interest in serving on the Library Commission from the community of Belle Haven. I want to continue to advocate strongly for the needs of my community through the planning, design, and development stages of the BH library project. I believe this advocacy can take place on any platform--be it the BHNLAC, Library Commission, or any other format. I recognize that merging the two existing bodies will make communication and the work ahead more efficient.

I also want to reiterate that we must not lose sight of the BH needs through the process and therefore, we must ensure that the four seats created on the Library Commission are filled by active, engaged, and informed members of the Belle Haven community (stakeholders from schools, community orgs who are well connected to the needs of our neighborhood). Having members who are simply filling seats and not truly engaged is a waste of precious agency for our community. Please let me know how I can help in this process.

Thank you,

Pushpinder Lubana

Pushpinder P. Lubana, PhD
[REDACTED]

Reinhart, Sean S

From: Pushpinder Lubana <[REDACTED]>
Sent: Sunday, February 24, 2019 10:41 AM
To: Reinhart, Sean S; Szegda, Nick J
Cc: Jerome-Robinson, Starla L
Subject: Reversal of statement of interest: BHNLAC and Library Commission
Attachments: Revised_BHLAC_Charter_Proposal_Rev1.docx

Hi Nick and Sean,

I am withdrawing my statement of interest about serving on the Library Commission as part of a merged group with the Belle Haven Neighborhood Library Advisory Committee (BHNLAC).

Instead, I believe more than ever that a separate BHNLAC is needed. So I'm reattaching a proposed revised charter for that Committee that I emailed you a few weeks ago. I'd like the city to consider my proposal as a starting point for how we can move forward with a new BHNLAC.

As you likely have let the City Manager know about your idea to merge BHNLAC with the Library Commission, I've copied her in this email.

For context, when I agreed to your proposal of merging the two in our meeting on Friday, Feb 8, I wasn't fully aware of my community members' desires and viewpoints. Since our meeting, I've received considerable feedback from key stakeholders in Belle Haven as to why the City should not merge BHLAC with the Library Commission for the crucial work ahead. This feedback only confirmed my original opinion when we met on Feb 8.

As a recap of the events that led to today, I originally sent you a proposed revised charter for the BHNLAC (attached). You then invited me to a Feb 8 meeting to discuss your counter idea of merging the Library Commission with the BHNLAC. Despite my reservations, I agreed to your proposal of merging the two groups. The meeting with just the two of you didn't allow us to hear from other voices regarding the matter. During our meeting, we also seem to have forgotten the public input expressed at the last Library Commission meeting. That public input led to the LC supporting the idea of keeping a separate Belle Haven Committee. Council has also received public support for a separate BHNLAC. When we met, I also wasn't fully aware of my community members' desires and viewpoints. I was also mindful that having two groups would add to staff time. So I went along with your proposal despite my doubts and reservations.

In retrospect, instead of the three of us having a private meeting, it would have been better to have held a public forum where the community could have been weighed in on the decision. My community's needs have traditionally been neglected by the city and it is my firm belief that keeping BHNLAC alive with a revised charter will be the right step for the city. I can assure you that filling the seats on BHNLAC will not be a problem. Our community wants to fully engage with the process. I respectfully request that the City do the right thing for Belle Haven in this matter.

Thanks,
Pushpinder

Pushpinder P. Lubana, PhD

Cell 650-



STAFF REPORT – AMENDED

City Council

Meeting Date: 3/5/2019
Staff Report Number: 19-032-CC

Consent Calendar: **Approve the final project study report for the Ravenswood Avenue railroad crossing study selecting Alternative C as the preferred alternative**

Recommendation

Staff recommends that City Council approve the final project study report (PSR) as shown in Attachment D, selecting Alternative C as the preferred alternative.

Policy Issues

The project is included in the 2018 City Council’s work plan that was approved February 6, 2018.

The project is consistent with the City Council rail policy (Attachment A) and with the 2016 general plan goals to increase mobility options to reduce traffic congestion and greenhouse gas emissions; increase safety; improve Menlo Park’s overall health, wellness, and quality of life through transportation enhancements; support local and regional transit that is efficient, frequent, convenient and safe; provide a range of transportation choices for the Menlo Park community; and to promote the safe use of bicycles as a commute alternative and for recreation.

Background

In March 2016, City Council awarded a contract to a consultant team, led by AECOM, to perform the Ravenswood Avenue railroad crossing PSR. Over 50 public and stakeholder meetings have been held for the project and feedback received has been incorporated into the project analysis.

On May 8, 2018, the City Council approved the following motion:

- Move forward with Alternative A which provides for an underpass crossing at Ravenswood Avenue and keeps Oak Grove, Glenwood and Encinal Avenues open to all modes of traffic as existing
- Appropriate \$31,000 from the undesignated fund balance to complete the project
- Authorize the City Manager to amend the agreement with AECOM

Additionally, City Council provided general direction to staff to bring back the following additional items at a future meeting:

- Letters to Palo Alto, Atherton, Redwood City, Mountain View and Sunnyvale to request consideration of a multicity trench or tunnel
- Letter to Caltrain to request a bicycle/pedestrian path adjacent to the rail within Caltrain right-of-way
- Additional scope of work and appropriation request to prepare (1) a financial assessment of a trench/tunnel; (2) a conceptual design, noise, tree, and visual impact assessment of a fully elevated alternative

On November 28, 2018, the draft PSR and draft scope for additional studies were released for public review and comment as part of the agenda for the City Council meeting December 4, 2018. Staff requested that all comments be received by January 3, 2019, to ensure that staff could return to City Council with a summary of all comments by mid-January.

On January 15, 2019, staff presented an update on the project and the comments received on the draft documents. City Council provided feedback to staff expressing the desire to revise the selected preferred alternative in the PSR from Alternative A (underpass at Ravenswood Avenue only) to Alternative C (hybrid alternative that grade separates at Ravenswood, Oak Grove and Glenwood Avenues). City Council's feedback also expressed interest in additional studies of the fully elevated rail option and a discussion of additional studies of the tunnel option.

On January 31, 2019, the City Council Rail Subcommittee provided a recommendation to the City Council to revise the PSR to reflect the selection of Alternative C as the preferred alternative and return to City Council for action on the preferred alternative selection and approval of the final PSR. They also provided additional direction on the next steps for the project overall, including consideration of additional alternatives which is described further in the analysis section below.

Analysis

Based upon feedback received from the community, the City Council and the City Council Rail Subcommittee, staff has coordinated with AECOM to revise the PSR and scope of work for additional studies. This staff report presents the revisions related to the PSR. Due to time needed to perform the additional revisions related to the scope of work for additional studies, the scope of work will be presented at a future City Council meeting, tentatively in March or April 2019. As described in prior City Council and Rail Subcommittee meetings, if the City Council determines in the future that the choice of a preferred alternative should be revisited, this PSR can be revised, amended or supplemented to reflect that direction. A choice of a preferred alternative and adoption of the final PSR is important at this time in order to complete this phase of work which is funded through a grant from the San Mateo County Transportation Authority's grade separation program.

Selection of a preferred alternative

The currently scoped alternatives are described briefly below. Exhibits of each are included as Attachments B and C. A discussion of feedback received on selection of a preferred alternative have been presented at the October 10, 2017, May 8, 2018, and January 15, 2019 City Council meetings and staff reports.

Alternative A: Ravenswood Avenue underpass

Under this alternative, the rail tracks would remain at the existing elevation and Ravenswood Avenue would be lowered approximately 22 feet below existing elevation to run under the railroad tracks. Existing at-grade crossings at Oak Grove, Glenwood and Encinal Avenues would remain as existing with no changes.

Alternative C: hybrid with three grade separated crossings

Under this alternative, grade separations would be constructed at Ravenswood, Oak Grove and Glenwood Avenues and the railroad profile elevation would be generally flat. The rail tracks would be raised approximately 10 feet at Ravenswood and Oak Grove Avenues and approximately 5 feet at Glenwood Avenue. Ravenswood Avenue would be lowered approximately 12 feet, Oak Grove Avenue approximately

11 feet and Glenwood Avenue approximately 15 feet at the railroad tracks. A maximum rail elevation of approximately 10 feet from existing grade would occur from Ravenswood Avenue to Oak Grove Avenue including the station area.

Alternative B: hybrid with two grade separated crossings

Another hybrid alternative (Alternative B) was also previously developed, but was eliminated from consideration at the City Council meeting April 4, 2017.

Project study report

The PSR is the final deliverable to complete the grant with the San Mateo County Transportation Authority (SMCTA.) Completion of the final PSR document allows the City to close out the grant with SMCTA, obtain reimbursement for the grant total and begin to apply for funding for the next phases of the project: environmental studies and design. A PSR is the documentation of the study process, analyses performed, outreach performed, feedback received and the selection of the preferred alternative. Attachment D is the final PSR incorporating the direction received from City Council January 15, 2019, and the City Council Rail Subcommittee January 31, 2019, regarding selection of Alternative C as the preferred alternative. Following City Council action February 26, 2019, the results would be incorporated into the PSR and the document finalized for this phase of work.

Additional studies scope of work

On May 8, 2018, City Council directed staff to return with an additional scope of work and appropriation request to prepare (1) a financial assessment of a trench/tunnel; (2) a conceptual design, noise, tree, and visual impact assessment of a fully elevated alternative. A draft scope of work was prepared by the consultant team in order to complete the additional studies requested. At the December 4, 2018, City Council meeting, a draft version of the scope of work was presented for community and City Council to ask questions, obtain clarifications and provide feedback.

Public comments regarding the additional scope of work generally were to add more detail to the scope and studies or to add more types of studies. A few comments requested an additional alternative be considered or that the constraints be adjusted for these studies. The comments and staff's recommendation on each were summarized in the January 15, 2019, City Council staff report.

At the January 31, 2019, City Council Rail Subcommittee meeting, the Rail Subcommittee members provided direction that staff work with the Subcommittee on creating criteria and scoring methodology to be adopted by the City Council to evaluate the current and proposed alternatives to be evaluated as part of the draft scope (Alternatives A, B and C; plus a tunnel and fully elevated in downtown options.) The criteria and scoring methodology was requested to reflect the additional comments and concerns heard at recent public meetings. Staff anticipates returning to City Council with possible criteria in conjunction with approval of a draft scope of work at a future date to be determined, likely March or April 2019.

Next steps

Staff requests City Council approve the final PSR selecting Alternative C as the preferred alternative.

Approval of the final PSR document closes the existing SMCTA grant and will allow staff to begin applications for transportation grant opportunities to fund the next phase of work which includes environmental studies and design. The selection of a preferred alternative at this time does not bind the City to design and build that alternative. The final determination of alternative to move forward into design and construction will be made as part of the environmental studies phase. Based upon typical planning level

estimates, the environmental study and design phase could take approximately 3-5 years depending upon funding availability, followed by securing funding for construction and approximately 3-5 years of construction. Depending upon availability of funding sources, this schedule could be potentially accelerated or delayed. Staff will continue to track progress on the development of Caltrain's business plan, which is a guiding policy document that outlines the goals for the future of the rail corridor.

Staff will coordinate with the City Council Rail Subcommittee in coming weeks, then return to City Council in at a date to be determined, likely March or April 2019, for direction on the scope of work to perform additional studies related to a rail tunnel alternative and a fully elevated rail alternative.

Impact on City Resources

The project was included in the capital improvement projects for fiscal year 2015-16, with a budget of \$750,000. Through the Measure A grade separation program, the SMCTA will reimburse the city up to \$750,000 for the project upon timely completion of the PSR. Completion of this scope will enable staff to shift efforts to the Middle Avenue pedestrian and bicycle crossing project as a critical priority project.

Environmental Review

The results of this phase of the Project will identify required environmental reviews and studies required to advance the project. Environmental reviews and studies will be completed as part of the next phase of work.

Public Notice

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting. Additional notifications are being made through the project webpage, a Public Works Project List email blast and a NextDoor post to adjacent neighborhoods.

Attachments

- A. Hyperlink: menlopark.org/DocumentCenter/View/6388/City-Council-Rail-Policy?bidId
- B. Alternative A exhibits
- C. Alternative C exhibits
- D. Proposed final PSR (dated February 2019, Alternative C as preferred alternative)

Report prepared by:
Angela R. Obeso, Senior Transportation Engineer

Report reviewed by:
Nicole H. Nagaya, Assistant Public Works Director

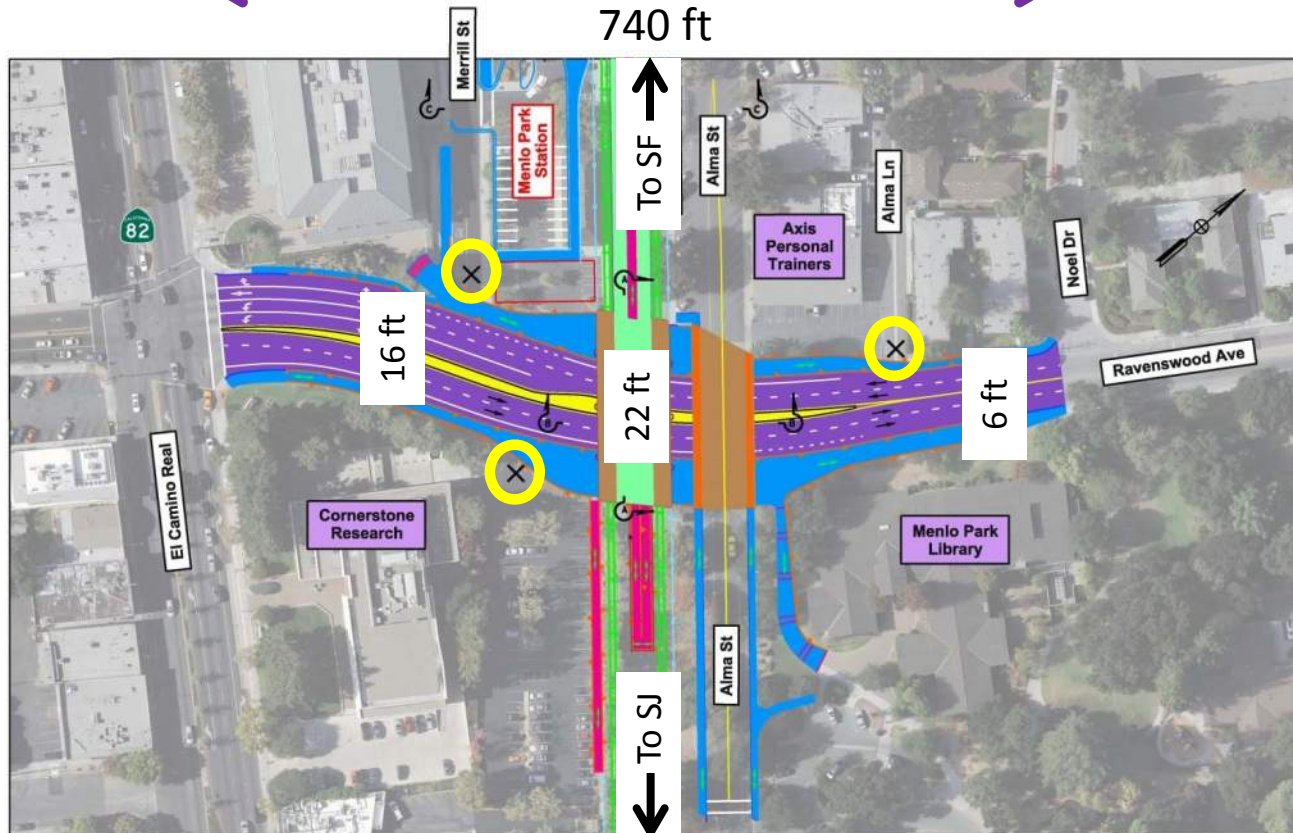
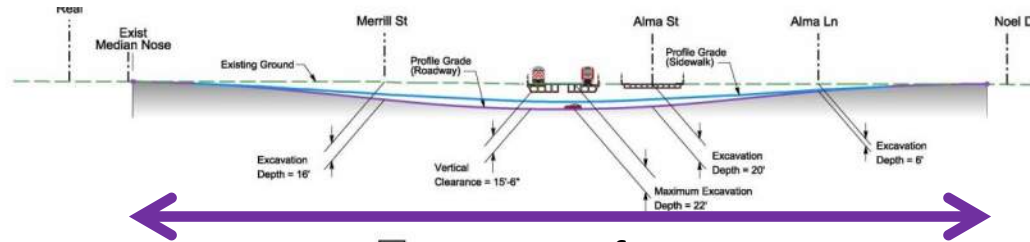
A



ALTERNATIVE A: UNDERPASS
(RAVENSWOOD ONLY)

Alternative A

Ravenswood Ave



Ravenswood Avenue Railroad Crossing Project





ALTERNATIVE A: UNDERPASS
(RAVENSWOOD ONLY)

Alternative A

Photo Simulation Looking East along Ravenswood

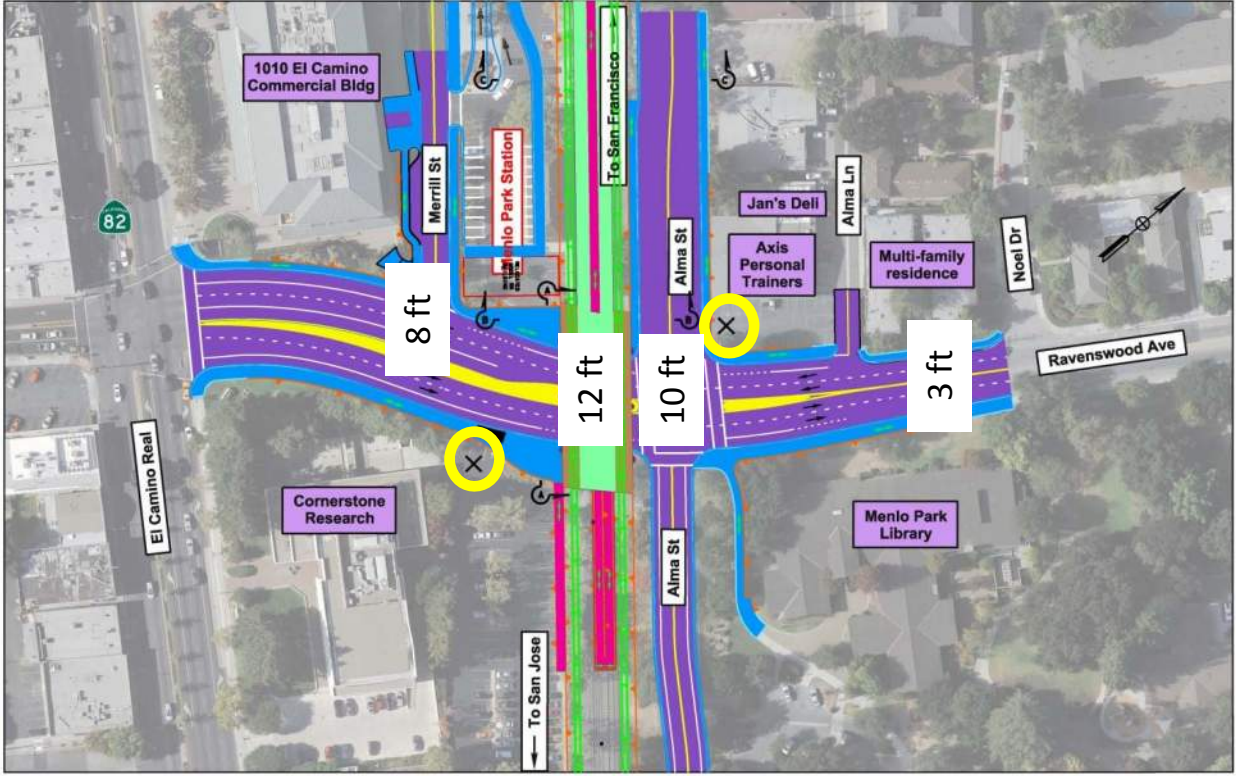
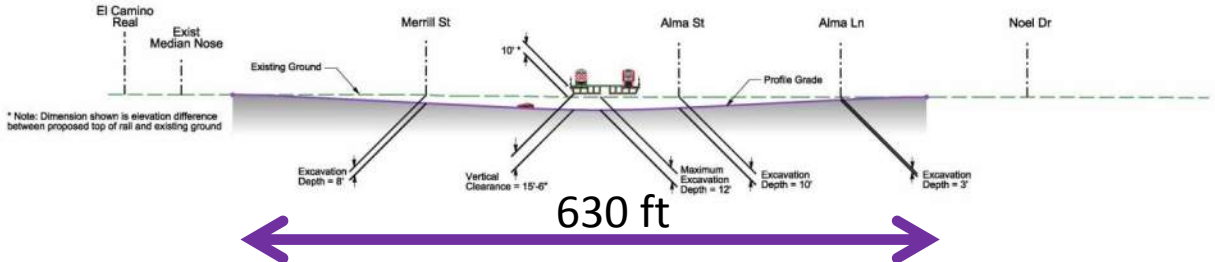


Ravenswood Avenue Railroad Crossing Project



Alternative C

Ravenswood Ave



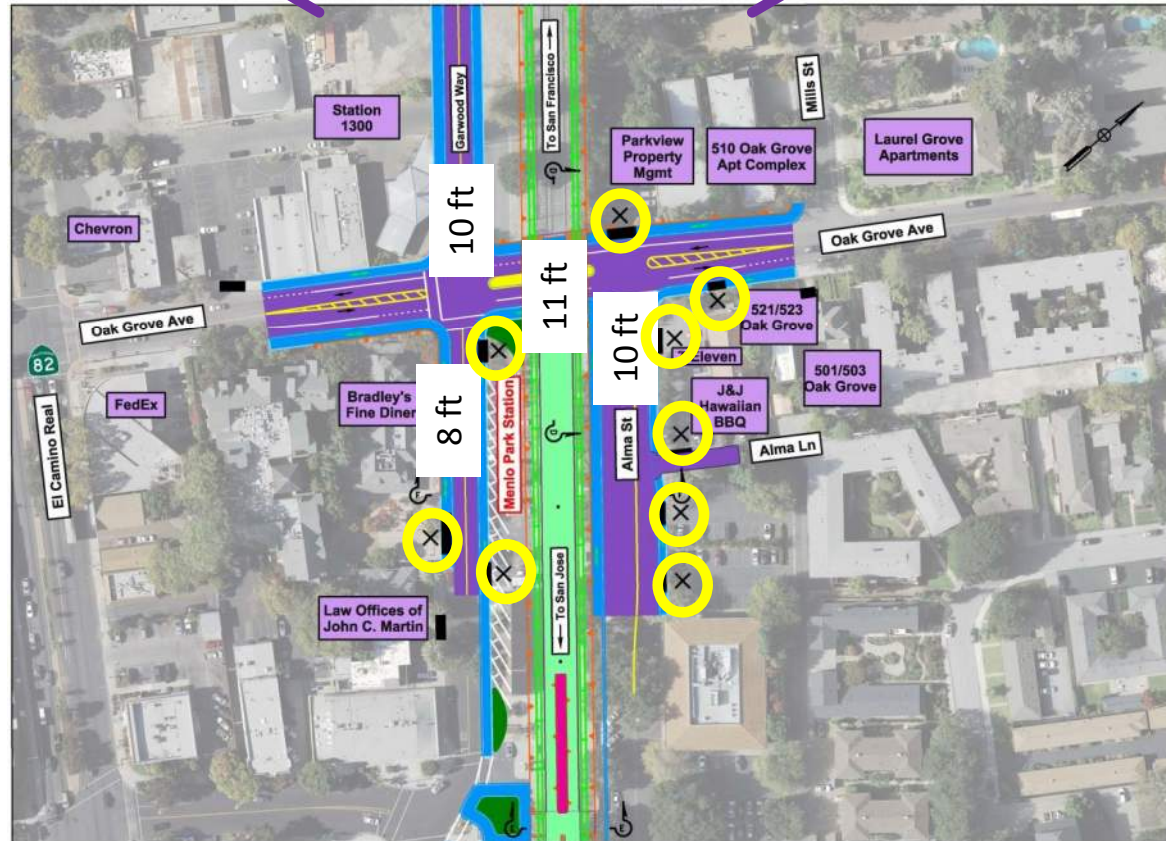
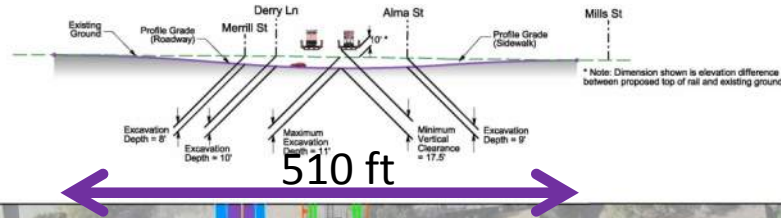
Ravenswood Avenue Railroad Crossing Project





Alternative C

Oak Grove Ave



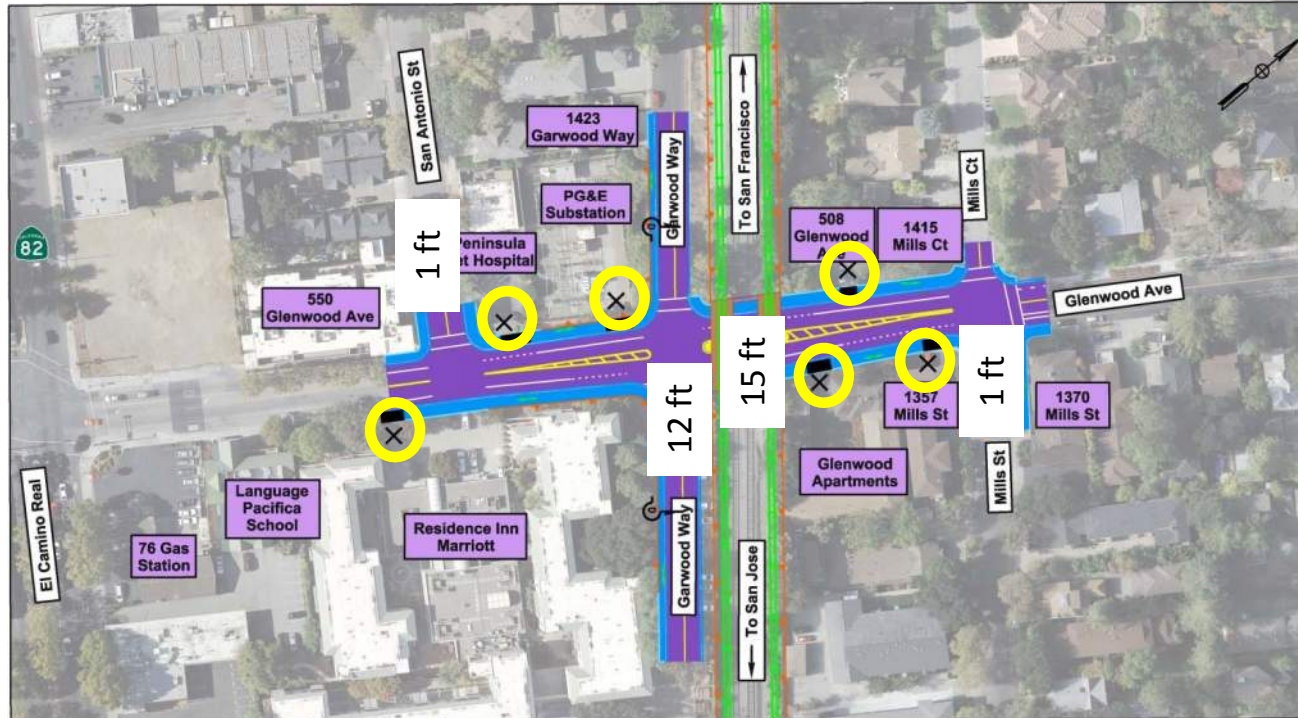
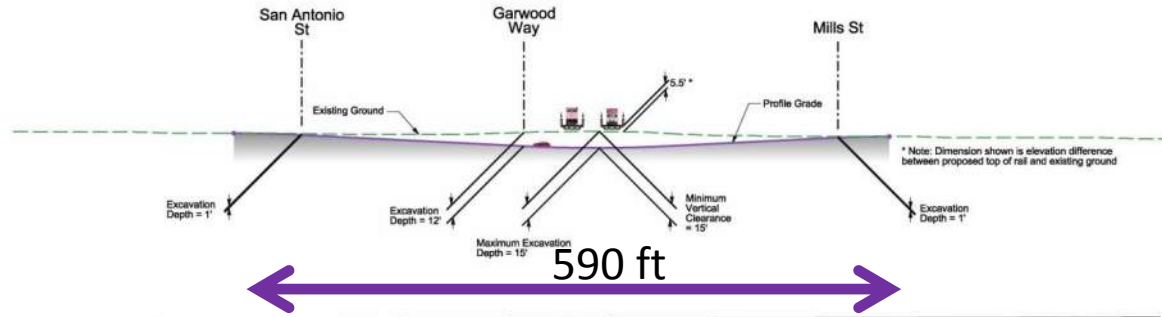
Ravenswood Avenue Railroad Crossing Project





Alternative C

Glenwood Ave



Ravenswood Avenue Railroad Crossing Project



Alternative C

Simulation Looking East along Ravenswood



Ravenswood Avenue Railroad Crossing Project



Ravenswood Avenue Railroad Crossing Project

City Contract No. 1854
Project Study Report

City of Menlo Park

February 2019

FINAL

Project Study Report (PSR)

To

Request Approval to Proceed to the Project Approval and Environmental Document Phase

On Ravenswood Avenue in the City of Menlo Park, CA

Between El Camino Real and Noel Drive

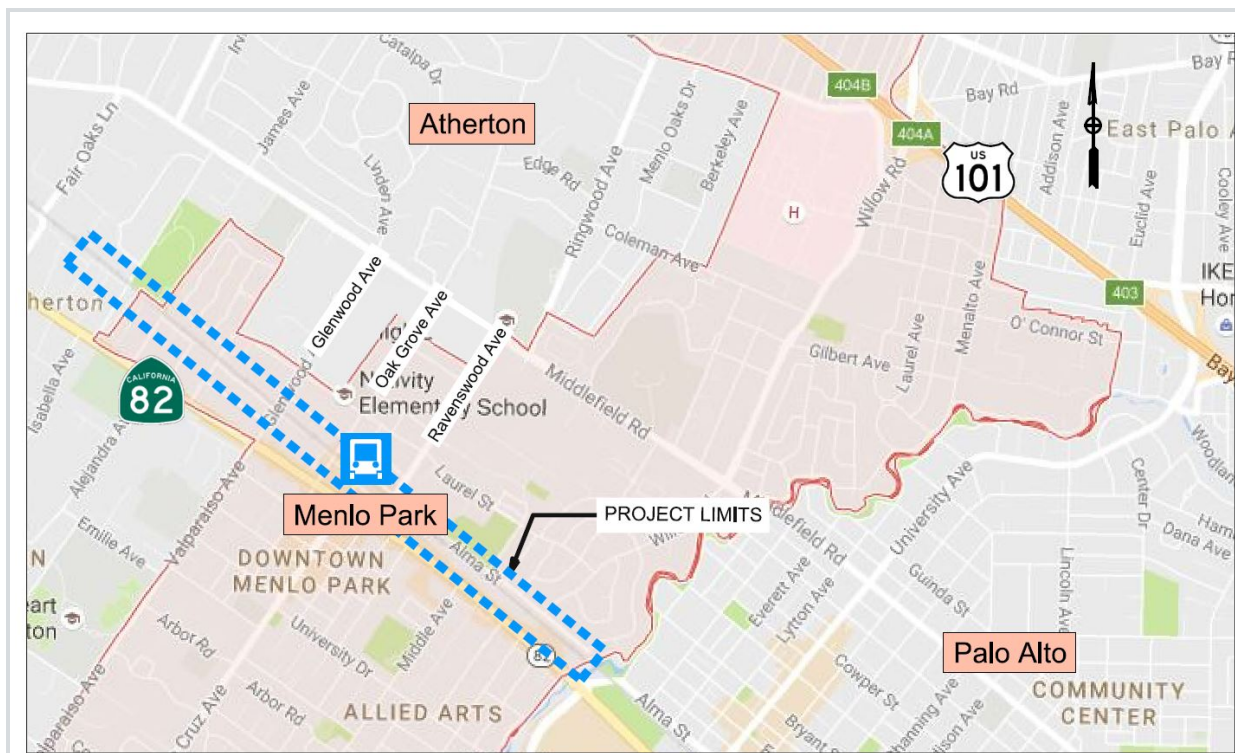


Figure 1. Vicinity Map

1. Executive Summary

Ravenswood Avenue, Oak Grove Avenue, Glenwood Avenue and Encinal Avenue are the four Caltrain rail crossings, all at-grade, in the City of Menlo Park. Ravenswood Avenue is considered the most critical of the four crossings due to its higher traffic volumes than the other crossings along the Caltrain corridor.

This report describes and evaluates two Build alternatives for a grade separation that eliminates, at a minimum, the Ravenswood Avenue at-grade crossing. Three design alternatives were initially evaluated and two alternatives, Alternative A – Underpass; Railroad At-Grade and Lower Roadway (Ravenswood Avenue only and leave Oak Grove, Glenwood, and Encinal Avenues open as existing), and Alternative C – Hybrid; Partially Elevate Railroad and Partially Lower Three (3) Roadways (Ravenswood Avenue, Oak Grove Avenue and Glenwood Avenue and leave Encinal Avenue open as existing), were chosen by City Council in April 2017 for final evaluation. At the same council meeting, City Council voted in favor of including a reconfigured station with a center boarding platform and an outside passing track, if required in the future, into the study alternatives.

In May 2018, a comparison of the alternatives was made to the community and City Council based on project issues and concerns such as construction costs, right of way impacts and impacts to the adjacent properties. City Council voted in favor of Alternative A and also requested additional studies be prepared; these are currently being initiated and will be prepared as a supplemental document to this PSR.

In January 2019, City Council heard additional public comments regarding community preference of Alternative C and opposition to Alternative A and voiced their support for Alternative C as the preferred alternative to complete the PSR. On January 31, 2019, the City Council Rail Subcommittee directed staff to return to City Council with the preferred alternative selection of Alternative C. Formal approval was made subsequently at the City Council meeting on February 26, 2019.

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This project study report has been prepared under the direction of the following registered civil engineer. The registered civil engineer attests to the technical information contained herein and the engineering data upon which recommendations, conclusions, and decisions are based.



REGISTERED CIVIL ENGINEER

2/27/2019

DATE



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3. Introduction

The City of Menlo Park, in cooperation with the San Mateo County Transportation Authority (SMCTA), and Caltrain, which is governed by the Peninsula Corridor Joint Powers Board (JPB), proposes to grade separate the Ravenswood Avenue railroad crossing (Milepost 28.98) in the City of Menlo Park.

Table 1. Project Summary

| | |
|--|---|
| Project Limits | <i>On Ravenswood Avenue between El Camino Real to Noel Drive. On the Caltrain corridor between Encinal Avenue and San Francisquito Creek (See Figure 1)</i> |
| Number of Alternatives | <i>Two Build and One No-Build</i> |
| Current Capital Outlay Support Estimate for PA&ED | <i>\$33.5M-\$57.6M*</i> |
| Current Capital Outlay Construction Cost Range | <i>\$90.2M-\$150.6M*</i> |
| Current Capital Outlay Right-of-Way Cost Range | <i>\$21.8M-\$60.8M*</i> |
| Funding Source | <i>Federal, State and Local (SMCTA Measure A)</i> |
| Type of Facility | <i>Ravenswood Avenue – “Avenue – Mixed Use” classification, # of lanes vary from 4 to 6 within project limits</i> |
| Number of Structures | <i>Two (for Alternative A) – Caltrain Underpass at Ravenswood Avenue and Alma Street Undercrossing Three (for Alternative C) – Caltrain Underpasses at Ravenswood, Oak Grove and Glenwood Avenues</i> |
| Anticipated Environmental Determination or Document | <i>CEQA Statutory Exemption (SE) and NEPA Categorical Exemptions (CEs) or an EA to support approval of a FONSI (See Section 11)</i> |

* Cost range includes both Build alternatives.

4. Background

4.1 Existing Conditions

The Caltrain commuter rail runs north and south from San Francisco to Gilroy. The Peninsula Corridor Joint Powers Board (JPB) manages the Caltrain commuter rail operations on the San Francisco Peninsula corridor. As of 2018, Caltrain currently operates 92 passenger trains every weekday (both directions combined), 36 every Saturday and 36 every Sunday. When the Peninsula Corridor Electrification Project (PCEP) is complete, which is expected by 2022, the weekday train volume is projected to be 114 passenger trains. The weekday train volume is expected to more than double the current volume in 2030 after high speed rail trains go into service as part of the corridor’s blended system.

In addition to Caltrain service, Union Pacific Railroad (UPRR) operates freight trains in the corridor. Approximately six UPRR freight trains run daily for five days per week and generally operate at night when Caltrain is not in operation, but they also run at other times of the day when Caltrain can accommodate them.

Within the City of Menlo Park, the Caltrain rail traverses east of and parallel to El Camino Real stopping at the Menlo Park Transportation Center, located near the intersection of El Camino Real and Santa Cruz Avenue. There are four at-grade railroad crossings in the City of Menlo Park (Ravenswood Avenue, Oak Grove Avenue, Glenwood Avenue, and Encinal Avenue).

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The Ravenswood Avenue crossing experiences the highest traffic congestion conditions of the four at-grade crossings. Ravenswood Avenue is located in the center of Menlo Park and serves as a main east-west connector between US 101 and El Camino Real, as well as providing local access to the City's Civic Center, Burgess Park, numerous local businesses and services, and Menlo-Atherton High School. This crossing accommodates high vehicular traffic volumes; approximately 24,000 daily. It also has a large volume of bicycle and pedestrian traffic due to its proximity to the Menlo Park Caltrain Station and Transit Center; and is within walking and bicycling distance to many employment centers and local schools. Additionally, many local residents use this crossing location to travel between their homes, schools, shopping, and recreational venues.

In the existing condition, two railroad tracks cross Ravenswood Avenue. The existing at-grade crossing is currently protected by gates with flashing lights and warning bells, a separate gate for pedestrians, and a cantilever signal facing eastbound traffic. The center island gates are protected by a raised median.

Within the vicinity of the railroad crossing, Ravenswood Avenue has four lanes; two eastbound (EB) and two westbound (WB). See Figure 2. The two westbound lanes transition to four lanes as they approach El Camino Real.

In the westbound direction, Ravenswood Avenue contains a Class III bike route between Noel Drive and El Camino Real. In the eastbound direction, there is a Class II bike lane between El Camino Real and the tracks. East of the tracks, eastbound Ravenswood Avenue contains a Class III bike route. The existing roadway through the project limits has sidewalks on each side and a variable width median island.



Figure 2. Ravenswood Avenue Rail Crossing, facing East

The intersection of Alma Street with Ravenswood Avenue is immediately east of the rail crossing and has a high pedestrian volume due to trips from/to the rail station and to/from the nearby Menlo Park Library, City Hall, Arrillaga Family Recreation Center, and Burgess Park southeast of the intersection.

Ravenswood Avenue intersects with Alma Lane and Noel Drive at unsignalized T-intersections at approximately 220 feet and 370 feet respectively, east of the railroad crossing. Ravenswood Avenue intersects with Merrill Street at an unsignalized T-intersection approximately 140 feet west of the railroad crossing.

Approximately 370 feet west of the railroad crossing, Ravenswood Avenue intersects with El Camino Real at a signalized intersection. East of the intersection, Ravenswood Avenue contains two WB left turn lanes, one WB through, one WB right turn, and two EB through lanes. West of the intersection, Ravenswood

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Avenue becomes Menlo Avenue and contains one WB through lane, one EB through/left turn, and one EB through/right turn lane. Just east of the tracks at Noel Drive, the two EB lanes merge into one lane.

At Laurel Street, both directions of Ravenswood Avenue contain a single left turn lane, one through lane, and a Class II bike lane.

4.2 Previous Studies

While numerous past efforts exploring grade separation of the railroad crossings have been prepared, this summary focuses on the prior efforts completed by the City of Menlo Park over the past 15 years. The studies described below are listed in chronological order highlighting the natural progression of these grade separation studies.

In June 2003, BKF Engineers (BKF) completed a preliminary grade separation study for this corridor of the Caltrain railroad tracks and roadways in Menlo Park. The report investigated four alternatives for grade separating the crossings:

- Alternative 1: Trench – Keep roads at their present elevation and lower the tracks
- Alternative 2: Overpass – Keep the tracks at their present elevation and raise the roads
- Alternative 3: Underpass – Keep the tracks at their present elevation and lower the roads
- Alternative 4: Split – Partially lower the roads and partially raise the tracks

The study included preliminary information regarding the general impact of the alternatives. In 2003, City Council affirmed the City staff's recommendation of the Split option as the preferred alternative. The council also requested that the Underpass Option be studied further; and to consider the practicality of closing Encinal Avenue and Glenwood Avenue.

In September 2004, a Feasibility Study Supplement was prepared by BKF. The following is a summary of the findings of the 2003-2004 studies:

- Trench Alternative
 - A fully-depressed trench not possible if work must be contained within the City's limits; this translates into a Split/Hybrid-like option
 - Not aesthetically-pleasing, a tall security fence would be required along the rail corridor
 - Drainage/flooding and long-term maintenance concerns of the tracks
 - Impact on the train station; station platforms must be constructed to a new elevation
- Road Overpass Alternative
 - Least impact to the railroad, no temporary (shoofly) track needed
 - Largest footprint, major visual impacts
 - Greatest community impacts, such as:
 - Disruptions to existing roadway network (for example, Alma Lane may no longer be directly connected to Ravenswood Avenue)
 - Disruptions to existing private driveway accesses
 - Greatest number of property impacts and acquisitions
- Road Underpass Alternative
 - Road/driveway connection impacts, but less (in quantity and magnitude) than the Road Overpass Alternative

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- Tall retaining walls would create an undesirable “tunnel effect”
- Temporary (shoofly) tracks would be needed
- Challenging construction staging
- Property acquisitions are required, but less than the Road Overpass Alternative
- Split/Hybrid (Rail over Road) Alternative
 - Maintains the most existing road/driveway connections compared to other alternatives
 - Requires raised track embankment
 - Some visual impact due to the elevated rail, but the overall height of the proposed infrastructure is lower than the Road Overpass Alternative
 - Less impact to adjacent properties, compared to the Road Overpass and Road Underpass Alternatives
 - Impact on the train station; station platforms must be constructed to a new elevation

In 2013, the City was awarded a \$750,000 grant from the San Mateo County Transportation Authority (SMCTA) Call for Grade Separation Projects to complete a project study report (PSR) for Ravenswood Avenue. The report process was scoped to include preparation of conceptual designs, assessment of local circulation and property impacts, community engagement, and identification of a preferred alternative.

At the time of grant award, the California High Speed Rail Authority (HSR) was considering a number of passing track alternatives, one of which included adding a third track through Menlo Park (Long Middle option). In order to account for this possible future scenario, the grant required that the project consider alternatives that would not preclude the addition of a third track through Menlo Park, but would not require the project to construct the infrastructure for a third track. In spring 2017, HSR removed from the current environmental analysis of the passing track option that would install a third track through Menlo Park. In late 2017, the HSR Authority announced its preliminary preferred passing track option to add two tracks (for a total of four tracks) between San Mateo and approximately Whipple Avenue in Redwood City, which would not include the addition of a third track in Menlo Park. Caltrain has not yet concurred with this preferred alternative and the HSR Authority is expected to finalize this decision through the environmental review of the San Jose to San Francisco segment in the coming years. The PSR reflects the original grant requirement.

In 2015, the City Council provided direction on two potential alternatives that should be evaluated as part of the project study report: 1) Undercrossing alternative: maintain the existing Caltrain tracks, and lower Ravenswood Avenue to pass under the tracks and 2) Hybrid or split alternative: partially raise the Caltrain tracks and partially lower the roadways under the tracks considering all four Menlo Park crossings for potential impacts. This report summarizes the results of this study.

5. Purpose and Need

There are operational and safety needs for grade separations at all four of Menlo Park’s Caltrain rail crossings, and especially at Ravenswood Avenue.

Of the City’s four at-grade railroad crossings, the Ravenswood Avenue crossing experiences the highest traffic congestion. Ravenswood Avenue is designated as an east-west truck route, accommodates several SamTrans bus lines, and provides access to key destinations including the Menlo Park Caltrain Station, downtown Menlo Park, Burgess Park, Civic Center, and Menlo-Atherton High School. Ravenswood Avenue also serves as a key multi-modal, east-west connection between US 101 and El Camino Real via Willow Road and Middlefield Road.

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Congestion at the rail crossings at Ravenswood Avenue and the City's other east-west connections (Oak Grove, Glenwood, and Encinal Avenues) is expected to increase in the future as rail service increases. An evaluation of the traffic conditions is discussed in more detail in Section 8 of this PSR.

Ravenswood Avenue has the highest traffic volume and it also has the highest frequency of rail incidents of the four crossings in Menlo Park. The incident history at the Ravenswood Avenue rail crossing provided by the Federal Railroad Administration (FRA), shows that three incidents occurred over a 10-year period from August 2003 to August 2013.

Of these incidents, one resulted in a pedestrian fatality and one resulted in injuries to a single occupant inside a vehicle. The remaining incident involved a stalled vehicle on the tracks. The driver was able to exit the vehicle to avoid injury by the oncoming train.

Table 2 below is a summary of the accidents in the FRA database that have occurred at the four at-grade crossings within Menlo Park for the 10-year period between August 2003 and August 2013.

Table 2. Rail Accident Summary

| At-Grade Crossing Intersection | Total | Fatalities | Injuries | No Injuries | Accidents Involving Pedestrians |
|---------------------------------------|--------------|-------------------|-----------------|--------------------|--|
| Ravenswood Avenue | 3 | 1 | 1 | 1 | 1 |
| Oak Grove Avenue | 0 | 0 | 0 | 0 | 0 |
| Glenwood Avenue | 1 | 1 | 0 | 0 | 1 |
| Encinal Avenue | 2 | 0 | 0 | 2 | 0 |

Based on collision data from the FRA, between August 2013 and January 2019, four additional collisions occurred at the four crossings, including a fatality of a pedestrian at Encinal Avenue and three incidents at Ravenswood Avenue; one non-injury accident, one injury accident and a fatality of a driver on westbound Ravenswood Avenue stopped in the traffic queue waiting for the signal at El Camino Real.

The purpose of the grade separation proposed at the Ravenswood Avenue railroad crossing is to:

- Remove the at-grade crossing and replace it with a grade separation structure, which will increase the safety of pedestrians, bicyclists, and motor vehicles by eliminating the conflict with the trains.
- Improve traffic operations, reduce queuing and thus, reduce the overall travel times, and improve east/west connectivity in the City.
- Reduce overall traffic congestion and stop-and-go movements, which will result in a reduction of motor vehicle emissions.
- Improve access to/from local destinations including the residential and business communities within the project area.

6. Corridor and System Coordination

The project has not yet been programmed in the Federal Transportation Improvement Program (FTIP). The project would be programmed into FTIP in the next phase, Project Approval & Environmental Document (PA&ED phase).

The proposed project is consistent with the City of Menlo Park Rail Policy which was modified on May 5, 2015 to allow consideration of an elevated rail option as part of the City's Ravenswood Avenue Grade Separation Project. The project is also consistent with the most recent update of the City's Rail policy in May 2018, which updated the policy to reflect updates to the current High Speed Rail proposals and presentation information. In addition, the project is consistent with the following local planning documents

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which support a railroad grade separation and bicycle facilities at Ravenswood Avenue:

- City of Menlo Park General Plan Circulation Element, adopted by Council on November 29, 2016.
- El Camino Real and Downtown Specific Plan, dated July 12, 2012.
- City of Menlo Park Sidewalk Master Plan, dated January 28, 2009.
- Menlo Park Comprehensive Bicycle Development Plan, dated January 2005.

The project is also being coordinated closely with the City's Transportation Master Plan, currently in development. The project is also consistent with the JPB and High Speed Rail blended system operation. The California High Speed Rail Authority (HSR Authority) is currently preparing environmental documents for the San Jose to San Francisco segment. According to the HSR Authority's Revised Business Plan (dated June 1, 2018), environmental completion of all segments is expected by 2022 and a Record of Decision for the San Jose to San Francisco segment is scheduled for completion in 2020. One of the items being evaluated is the length and location of potential passing track options. At the time this grade separation study began in 2016, the HSR Authority and Caltrain were considering a potential passing track (a third track) running through Menlo Park. As such, and as required by the funding requirements of the grant received to conduct this study, this project evaluated alternatives that were consistent with the proposals for blended system operations, with a potential passing track running continuously within Menlo Park (city limit to city limit).

In late 2017, the HSR Authority announced its preliminary preferred passing track option to add two tracks (for a total of four tracks) between San Mateo and approximately Whipple Avenue in Redwood City, which would not include the addition of a third track in Menlo Park. Caltrain has not yet concurred with this preferred alternative and the HSR Authority is expected to finalize this decision through the environmental review of the San Jose to San Francisco segment in the coming years.

The grade separation project would not be required to construct any such third (passing) track, only to not preclude its future construction. With Council's approval and as required by this study's funding to not preclude to third track within Menlo Park, the City has decided to move forward with the option that includes two mainline tracks and a center-loading station platform, with the future ability to add a passing track to the east (Alma Street) side of the station.

Additional right-of-way acquisition would be necessary to accommodate a third (passing) track on the east side of the station. As the next phases of design and environmental review are completed for this grade separation project, the following evaluations may be considered to respond to the needs of the City, HSR Authority, and Caltrain:

- Remove the proposed third track from the grade separation designs, with the possible impact that any structures built with grade separation may need to be modified or reconstructed to accommodate a third track. This could cause duplicative costs and additional construction impacts if a third track is ever deemed necessary in the future.
- Accommodate space within the existing Caltrain right-of-way, but not construct a third track within the project area. This would reduce future costs and construction impacts if a third track were to be added in the future. However, this would have greater right-of-way impacts (to build the shoofly, for example) and up-front costs that would be a throw-away if the passing track were never built.
- Placement of the station platforms, outboard or center-boarding, may also be reconsidered at that time.

The project has also coordinated with the proposed bicycle/pedestrian grade-separation structure at Middle Avenue, near the 500 El Camino Real Development Project in the City of Menlo Park, currently in

the study and conceptual design phase.

7. Alternatives

Two Build alternatives and the No-Build were evaluated for the grade separation to determine conformance with the project's purpose and need. See Attachments A and B for the preliminary plans of the Build alternatives. Engineering design features, construction staging, right-of-way, and utilities associated with the Build alternatives are discussed in this section.

7.1 Roadway Design Criteria

The roadway design criteria (lane widths, shoulder widths, sidewalk widths, taper lengths, stopping sight distance, etc.) for the project's alternatives was based on the 6th Edition of the Caltrans' Highway Design Manual (HDM), updated July 2, 2018.

The only exception is for the design of the sag vertical curves. Instead of designing for headlight sight distance, the sag vertical curves were designed for passenger comfort based on the following formula on page 3-160 in the 2011 (6th Edition) American Association of State Highway Transportation Official (AASHTO) Green Book, "A Policy on Geometric Design of Highways and Streets". This criteria for sag vertical curves reduces the overall project footprint, which eliminates direct impacts to the El Camino Real intersection. This criteria is very commonly used for roadway underpasses and since lighting will be provided, drivers will not have to rely on their headlights at night to see objects ahead on the sag curve.

Minimum Length of Sag Vertical Curve = $AV^2 / 46.5$ where A is the algebraic difference in grades (in percent). For example, for $A_1 = -5\%$ and $A_2 = +5\%$, and a design speed of 25 mph:

$$L_{(\text{minimum})} = |-5 - 5| * (25)^2 / 46.5 = 134.4 \text{ feet}$$

The following assumptions were included in the design of the Build Alternatives:

- Through Lane Width = 12 feet
- Turning Pocket Lane Width = 11 feet (Minimum)
- Right Shoulder/Bike Lane Width = 5 feet (Minimum)
- Sidewalk Width = 6 feet (Minimum)
- Crosswalk Width = 10 feet
- Minimum Vertical Clearance over Roadway or Shoulder = 15'-6"
- Minimum Vertical Clearance over Sidewalk = 9'-0"
- Minimum Vertical Curve Length = 50 feet
- The length of the crest vertical curves was based on a stopping sight distance of 150 feet (design speed of 25 mph).
- Roadway profile grade = 5% (Maximum, preferred) ; 10% (Maximum) (See Note)
- Railroad structure depth: $0.11 * \text{Span Length}$

Note: To avoid direct impacts to the El Camino Real intersection, the Ravenswood Avenue profile, for Alternative A, exceeds 5%, but the sidewalks were designed on a separate profile from the roadway, and a maximum grade of 5% was used for the sidewalks. See Attachment A.

7.2 Railroad Design Criteria

Railroad design assumptions were based on Caltrain's Design Criteria (dated September 30, 2011) and the California High-Speed Train Project technical memorandums TM 1.1.21 – Typical Cross Sections for 15% Design, and TM 2.1.2 – Alignment Design Standards for High-Speed Train Operation. The horizontal track geometry is designed for 90 mph and FRA Class 5 track standards. The Railroad Design Criteria for this project was reviewed and approved by Caltrain staff in July 2016. Since that time, Caltrain has begun updating their standards and the next phase of the project will incorporate any necessary criteria such as horizontal track geometry being designed for 110 mph and FRA Class 6 track standards.

The maximum continuous profile (vertical) grade along the main line track is 1%. Grades exceeding 1% would be a design exception and may be approved by Caltrain on a case-by-case basis. In order to identify mitigations for any operational and maintenance impacts, the design exception review process may require additional supporting studies, such as power simulations. Depending on the complexity of the design exception request, the design exception request process can take anywhere from 3 to 12 months and still may result in design exception rejection.

At the proposed Menlo Park Station (with a 1,000 foot long platform), no vertical curves are permitted within the limits of the platform. The platform must fall within a single vertical tangent (maximum grade of 1%) on the rail profile. A 0% grade along the platform is preferred by Caltrain.

Vertical curves of the rail were governed by the 60 mph design speed for freight.

7.3 No-Build Alternative

The No-Build alternative proposes no improvements within the project limits. The at-grade railroad crossing would remain as it exists today. However, if the No-Build is ultimately chosen or if there is a significant delay in the project, the City will consider near-term improvements, such as:

- A traffic signal with railroad preemption at the Ravenswood Avenue/Alma Street intersection.
- A four quadrant (quad) gate system. This system would have gate mechanisms on both sides of the tracks in both directions of Ravenswood Avenue. This would deter drivers from illegally driving their vehicles around lowered gates to cross the tracks before the train arrives.
- Quiet zone designation application. Based on federal rule, local government agencies may acquire a quiet zone designation that would restrict the usage of train horns at railroad crossings which meet specified criteria.

7.4 Viable Alternatives

7.4.1 Alternative A: Underpass - Railroad At-Grade and Lower Roadway

7.4.1.1 Road and Rail Geometry

Alternative A (see Attachment A) proposes to maintain the railroad at its existing grade (elevation) and construct one grade separation by lowering Ravenswood Avenue to a maximum excavation depth of approximately 22 feet. The profile of Ravenswood Avenue would be modified/lowered for a total length of 740 feet. The maximum grade on Ravenswood Avenue would be 10%.

The proposed, two-track railroad structure over Ravenswood Avenue would be comprised of four spans with a total length of approximately 160 feet. Retaining walls would be constructed on each side of Ravenswood Avenue to minimize/avoid impact to adjacent roads, properties and buildings.

Sidewalks are proposed on each side of Ravenswood Avenue and would be on a separate profile from Ravenswood Avenue, elevated slightly above the roadway, and would have a maximum grade of 5%.

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Pedestrian ramps and stairways are proposed on each side of Ravenswood Avenue to allow direct access to the Caltrain station platform above Ravenswood Avenue.

Except for the sidewalks and addition of bike facilities, the modified/lowered Ravenswood Avenue would have cross section dimensions very similar to the existing conditions. Ravenswood Avenue would be comprised of two westbound lanes, two eastbound lanes, a variable-width curbed median, and an 8-foot wide shoulder in each direction. The shared-use sidewalks on each side of the roadway will be 10-feet wide on the approach to the underpass, then widen out to a maximum of 34 feet under the railroad structure. Bicyclists can use the roadway shoulder, or the shared-use sidewalk to pass under the railroad structure.

Alma Street would maintain its existing elevation to allow Ravenswood Avenue to pass under it via a two-span structure. The Ravenswood Avenue/Alma Street grade separation would remove the direct vehicular connection between the two streets, and thus would change vehicular travel patterns. This will require a right-turn pocket on eastbound Ravenswood Avenue, approaching Laurel Street. This is discussed in more detail in Section 8 (Evaluation of Traffic Conditions).

Pedestrian and bicycle connectivity between Ravenswood Avenue and Alma Street would be maintained via shared-use ramps on each side of Ravenswood Avenue. For example, bicyclists travelling northbound on Alma Street from Burgess Park can access the south side of Ravenswood Avenue by descending on a shared-use path just west of the library.

Due to the roadway excavation required to lower Ravenswood Avenue and the depth of the sidewalk (elevated above the lowered Ravenswood Avenue), direct vehicular access to Merrill Street and Alma Lane on the north side of Ravenswood Avenue would be removed. Similarly, direct access to the Cornerstone Research driveway on the south side of Ravenswood Avenue would be removed. Access to/from Axis Personal Trainers would be maintained from/to Alma Street.

Oak Grove Avenue, Glenwood Avenue, and Encinal Avenue would maintain their existing at-grade crossing condition except that the crossings would have to be modified slightly during construction to accommodate a temporary (shoofly) track alignment. Each crossing would stay open during and after construction. No current CPUC, Caltrain, or HSR policy would require closure of any of these crossings due to the train frequency/speeds expected in the future. However, an increase in train frequency in the future will increase gate downtime and traffic congestion on these three streets.

See Attachment A for plan, profile and typical section exhibits and Attachment E for 3D renderings of Alternative A. At the time the 3D renderings for Alternative A were completed in late 2016, the alternative's station configuration consisted of outboard platforms. In April 2017, City Council selected a center-boarding platform as the preferred configuration; however, in order to be efficient with the project budget, the 3D renderings were not reconstructed for Alternative A. The exhibits included in Attachment A show a center-boarding platform.

7.4.1.2 Station Configuration and Future Passing Track

The Caltrain Station between Oak Grove and Ravenswood Avenues would also be modified and include the following improvements:

- A 1,000-foot long platform to accommodate longer Caltrain (10-car) trains in the future.
- A 32-foot wide, center-boarding passenger platform area to meet current Caltrain standards.
- A center-boarding platform would allow entry/exit of either train from a single platform.

Although a center-boarding platform was chosen as the City Council's preference at the April 4, 2017, City Council meeting, the platform configuration will be re-evaluated and can be revised during the next phase of the project (environmental studies and design).

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The parking lot on the west side of the tracks would have to be modified as a result of the platform reconfiguration. A stairway and ramps and/or elevator would be placed from at least one box structure under the tracks and platform to allow for access to/from a center platform from/to either side of the tracks; from/to Alma Street or from/to the parking lot adjacent to Merrill Street. A layout of the entire station would be determined in the next phase of the project.

A passing track, if constructed in the future, could be accommodated by widening the railroad structure to the east towards Alma Street. The gap between the outside face of the concrete barrier of the future widening and the outside face of the concrete barrier of the Alma Street Undercrossing would be slightly more than 4 feet. Constructability of the widening would have to be evaluated during final design.

7.4.1.3 Opportunities and Constraints

Opportunities presented under this alternative include:

- A grade separation at the City's highest priority crossing location.
- Little/no change in the visual and noise impacts, compared to Alternative C.
Note: Noise impacts will be evaluated in detail in the next phase of work, with strategies to mitigate impacts during the environmental review process.
- Grade separation of Alma Street improves north/south pedestrian and bicycle connectivity and safety on Alma Street.
- Restoration of the vehicular through movement on Alma Street at Ravenswood Avenue.
- Lesser construction impacts compared to Alternative C.
- Least costly Build alternative.

The constraints of this alternative include:

- Limitation of future grade separation options at the City's other rail crossings in this corridor.
- Elimination of direct access from/to Ravenswood Avenue to/from Alma Street.
- Restriction of access from/to Ravenswood Avenue to/from Alma Lane and Merrill Street.
- Greatest impact to Ravenswood Avenue and access to adjacent properties due to the excavation depth required.
- 10% roadway grade on Ravenswood Avenue. This grade avoids impact to the El Camino Real intersection, and still allows motor vehicles to navigate the roadway comfortably. However, a 10% grade can be challenging for bicyclists, so the shared sidewalk will likely be used by the casual bicyclist.

7.4.2 Alternative C: Hybrid - Partially Elevate Railroad and Partially Lower Roadways

7.4.2.1 Road and Rail Geometry

Under Alternative C (see Attachment B), grade separation structures would be constructed at three crossings: Ravenswood Avenue, Oak Grove Avenue, and Glenwood Avenue. This alternative partially elevates the railroad approximately 10 feet (maximum) above existing rail elevation at Ravenswood and Oak Grove Avenues, and approximately 5 feet at Glenwood Avenue as it transitions back to existing grade before reaching Encinal Avenue.

As in Alternative A, the Encinal Avenue crossing would stay open during and after construction. No current CPUC, Caltrain, or HSR policy would require closure of this crossing due to the train frequency/speeds expected in the future. However, an increase in train frequency in the future will

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increase gate downtime and traffic congestion on Encinal Avenue. Other alternatives could be considered in the future for Encinal Avenue, such as a closure or a conversion to a pedestrian/bicycle only crossing (closed to vehicles).

The roadways would be lowered partially, by approximately 12 feet (maximum) at Ravenswood Avenue, by approximately 11 feet (maximum) at Oak Grove Avenue, and by approximately 15 feet (maximum) at Glenwood Avenue. The aforementioned dimensions are measured at the rail crossing. All road profiles would have a maximum grade of 7%.

The Ravenswood Avenue profile would be modified/lowered for a length of approximately 630 feet, Oak Grove Avenue would be modified/lowered for a length of approximately 510 feet and Glenwood Avenue would be modified/lowered for a length of approximately 590 feet.

The railroad profile would be modified/raised for a length of approximately 5,800 feet (1.1 miles) from just south of Encinal Ave to just north of San Francisquito Creek at the border with the City of Palo Alto. The maximum grade of the railroad would be 1%.

Similar to Alternative A, the two-track railroad structure over Ravenswood Avenue would be comprised of four spans with a total length of approximately 160 feet. The two-track railroad structures over Oak Grove Avenue and Glenwood Avenue would be comprised of two spans with a total length of approximately 80 feet. An intermediate column/bent would be placed in the median of each roadway. Retaining walls would be constructed on each side of the railroad and on each side of the roadways, where feasible, to minimize impacts to adjacent roads, properties and buildings. See Attachment B for plan, profile and typical section exhibits and Attachment E for 3D renderings of Alternative C.

There are several differences at Ravenswood Avenue when compared to Alternative A:

- Alma Street would be lowered to match the elevation of a lowered Ravenswood Avenue, resulting in an intersection that resembles the existing Ravenswood Avenue/Alma Street intersection, providing the ability to restore full vehicular access (i.e., left-turns and through movements for all approaches).
- Merrill Street would also be lowered to tie into the elevation of a lowered Ravenswood Avenue.
- The adjacent sidewalks would follow the roadway profiles (not elevated above the roadway).

Except for the sidewalks and addition of bike facilities, the modified/lowered roadways would have cross section dimensions very similar to the existing conditions. Ravenswood Avenue would be comprised of two westbound lanes, two eastbound lanes, a variable-width curbed median, and an 8-foot wide shoulder in each direction. The shared-use sidewalks on each side of the roadway would be 10-feet wide on the approach to the underpass, then widen out to a maximum of 34 feet under the railroad structure. Bicyclists can use the roadway shoulder, or the shared-use sidewalk to pass under the railroad structure.

Pedestrian ramps and stairways would be placed on each side of Ravenswood Avenue to allow direct access to the Caltrain station platform above Ravenswood Avenue.

Oak Grove Avenue and Glenwood Avenue would be comprised of one lane in each direction, a variable-width median, an 8-foot wide shoulder or Class II bike lane in each direction and a 10-foot wide sidewalk on each side of the roadway. Similar to Ravenswood Avenue, bicyclists can use the bike lane or sidewalk to pass under the railroad structure.

Merrill Street and Alma Street would be modified/lowered to match the lowered profile for Ravenswood and Oak Grove Avenues. Garwood Way, San Antonio Street, and Mills Court would be modified/lowered to match the lowered profile of Glenwood Avenue. Driveways and entrances to fronting properties would be modified in coordination with property owners, where feasible, to match the elevation of the adjoining roadway.

FINAL**7.4.2.2 Station Configuration and Future Passing Track**

Similar to Alternative A, the Caltrain Station between Oak Grove and Ravenswood Avenues would be modified and include the following improvements:

- A 1,000-foot long platform to accommodate longer Caltrain (10-car) trains in the future.
- A 32-foot wide, center-boarding passenger platform area to meet current Caltrain standards.
- A center-boarding platform would allow entry/exit of either train from a single platform.

The parking lot on the west side of the tracks would have to be modified as a result of the platform reconfiguration. A stairway and ramps and/or elevator would be placed from at least one box structure under the tracks and platform to allow for access to/from a center platform from/to either side of the tracks, from/to Alma Street or from/to the parking lot adjacent to Merrill Street. A layout of the entire station will be determined in the next phase of the project.

A passing track, if constructed in the future, could be accommodated on the east side of the rail alignment.

7.4.2.3 Opportunities and Constraints

The opportunities presented with this alternative include:

- Grade separations for three of the four road crossings within the City's limits, which would improve east/west mobility across the City and decrease three rail conflict points.
- Additional grade separations without a substantial additional amount of construction time (54 to 66 months, compared to 42 to 48 months for Alternative A).
- Maintenance of access for all travel modes at the intersections of Ravenswood Avenue with Alma Street, Alma Lane and Merrill Street.
- Better local street connectivity including the ability to restore full access at the intersection of Ravenswood Avenue and Alma Street.
- Maximum grades on roadways are less than Alternative A due to a reduction in the roadway excavation depth.

The constraints of this alternative include:

- Funding could be more challenging; Alternative C is more costly than Alternative A.
- More overall impacts than Alternative A; to roadways, properties, and utilities; however impacts at Ravenswood Avenue are less severe.
- Longer construction duration and greater disruption during construction (more public utilities need to be relocated).
- Greater visual impacts, compared to Alternative A.

Note: Both alternatives incorporate strategies to minimize such visual impacts (an open plaza under the railroad structure at Ravenswood, for example, and there is a potential for other visual enhancements in the station area that will be evaluated during final design.

- Potential increase in noise due to the elevated tracks. However, noise impacts will be evaluated in the next phase of work, with strategies to mitigate impacts during the environmental review process.

7.5 Rejected Alternatives

7.5.1 Alternative B: Partially Elevate Railroad and Partially Lower Roadway

Alternative B is a modified version of Alternative C, the hybrid alternative that would partially elevate the railroad tracks and lower the crossing roadways. Instead of grade separation of three roadways, this alternative proposes grade separation of two roadways (Ravenswood and Oak Grove Avenues), while maintaining at-grade crossings at Encinal and Glenwood Avenues.

This alternative proposed to lower Ravenswood Avenue by approximately 8 feet and lower Oak Grove Avenue by approximately 15 feet below existing ground. In order to maximize an elevation gain at Ravenswood Avenue for this alternative, the rail profile was placed on a constant grade of 0.75% through the 1,000-foot long station between Oak Grove Avenue and Ravenswood Avenue. This introduced an apex (the point of maximum elevation) of the railroad profile about 800 feet south of Ravenswood Avenue near the Arrillaga Family Gymnasium to 17 feet maximum above existing rail elevation. Figure 3 below shows a comparison of the proposed railroad profile for Alternatives A, B and C. Point (a) on the figure is the location of the aforementioned apex, which is about 7 feet higher than the highest elevation for Alternative C.

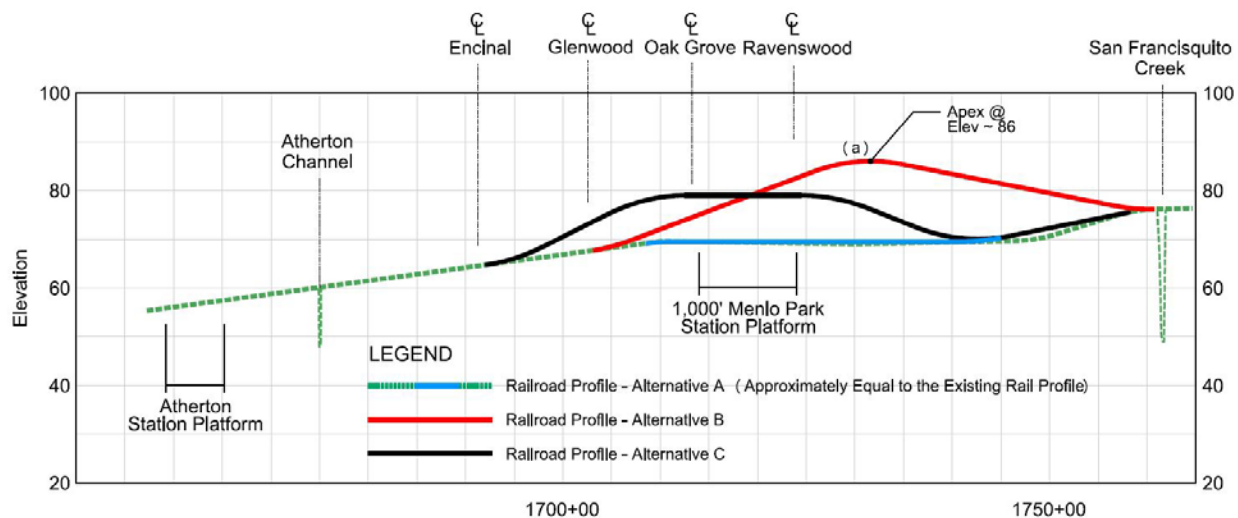


Figure 3. Rail Profiles for the Build Alternatives

The rail tracks would be raised approximately 14 feet from the existing rail elevation at Ravenswood Avenue and approximately 6 feet at Oak Grove Avenue. The railroad would be raised for a length of approximately 5,400 feet (1 mile) from just south of Glenwood Avenue to just north of San Francisquito Creek. Ravenswood Avenue would be modified/lowered for a length of approximately 460 feet and Oak Grove Avenue would be modified/lowered for a length of approximately 600 feet.

Similar to Alternative C, the roads joining Ravenswood Avenue and Oak Grove Avenue would be lowered to match the elevation of Ravenswood and Oak Grove Avenues.

The opportunities presented with this alternative include:

- Grade separations at the two rail crossings with the highest traffic volumes.
- The ability to maintain access between Ravenswood Avenue and Alma Street, Alma Lane, and Merrill Street.
- The least impact to Ravenswood Avenue, compared to Alternatives A & C.

The constraints of this alternative include:

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- The highest railroad elevation of the Build alternatives (approximately 17 feet above existing rail elevation just north of Arrillaga Family Gymnasium); thus introducing potentially greater noise and visual impacts. As noted for Alternatives A and C, a noise study will be conducted during the next phase of the project when the environmental studies will be completed.

Due to general concerns about the maximum height of the railroad and a desire to maximize the number of street crossings addressed with the hybrid option, on April 4, 2017, City Council directed staff to advance Alternative C (over Alternative B) as the chosen hybrid option. Thus, Alternative B was dropped from further consideration. The vote was 3-1-1; three (3) in favor of Alternative C, one (1) in favor of Alternative B, and one (1) councilmember abstained. In addition to the aforementioned Council meeting, several community outreach meetings were held describing the proposed Build alternatives. See Section 9 (Community Involvement) for more information.

7.6 Construction Staging

To minimize disruption to rail and vehicular traffic during construction, either of the Build alternatives would be constructed in several stages. Construction of the railroad structures and new track alignment would require temporary (shoofly) tracks around the limits of the work zone in order to maintain train service at all times, except during weekend closures, when needed.

Shoofly alignments were considered on both sides of the rail corridor. A westerly alignment along Garwood Way, the existing Caltrain parking lot, and Merrill Street is likely the most feasible option because it occurs primarily on public right-of-way and avoids direct impact to Alma Street and the private residences north of Oak Grove Avenue.

A temporary station with 12-foot wide outboard platforms would be provided while the new platform and tracks are being constructed. See Figure 3 below for a typical section of the temporary platforms. The shoofly tracks would impact the existing parking lot. Details of the temporary station will be finalized during the next phase of the project and replacement parking will be included to the greatest extent feasible and mutually agreed upon by the City and Caltrain.

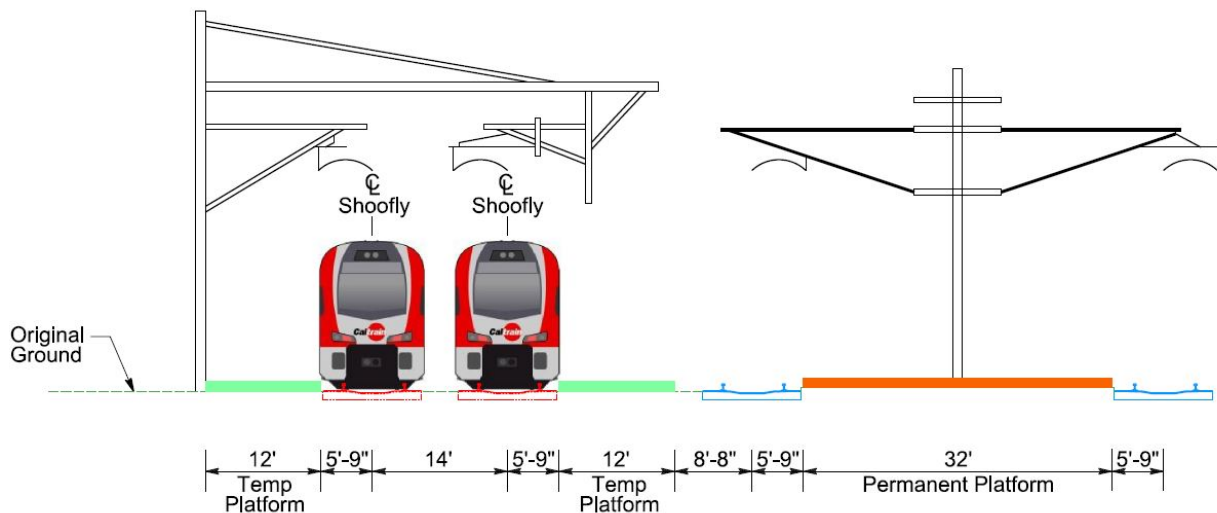


Figure 4. Typical Section of Temporary Platforms

Retaining walls and/or temporary shoring will be used, where required, to allow for construction activity adjacent to the shoofly tracks.

Traffic handling of vehicular traffic on Ravenswood Avenue and other local streets will be evaluated in more detail during the next phase of the project (preliminary design and environmental review). Existing turning movements and access to existing properties will be considered and maintained, wherever

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feasible. However, short-term closures of the streets will be required; for example, Ravenswood Avenue would be closed over a single weekend while the shoofly tracks and temporary gates are placed across the road. This is noted in Stage 2 below.

One method to reduce the duration of local street closures is to construct a temporary bridge for the railroad on the shoofly alignment at Ravenswood Avenue. This provides the benefit of a shorter duration of closure of Ravenswood Avenue.

The following is a conceptual construction staging plan for Alternative A. A similar concept could be applied to Alternative C. The estimated duration of construction for Alternative A is 42 to 48 months. Alternative C, due to its additional scope of work (more utility work, grade separations and an elevated rail alignment), would require approximately an additional 12 to 18 months to complete. Given the early stage of engineering design completed at this stage in the project, these estimates are meant to be conservative and provide an order-of-magnitude duration of construction stages. As the project advances through design and other future stages, every effort would be made to reduce the length of construction and consider strategies to mitigate construction impacts.

During the community engagement efforts for this study, participants generally favored considering greater impacts to shorten the overall construction timeline. The construction strategy would continue to be refined as the next phases of the project continue.

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Stage 1 Traffic Handling:

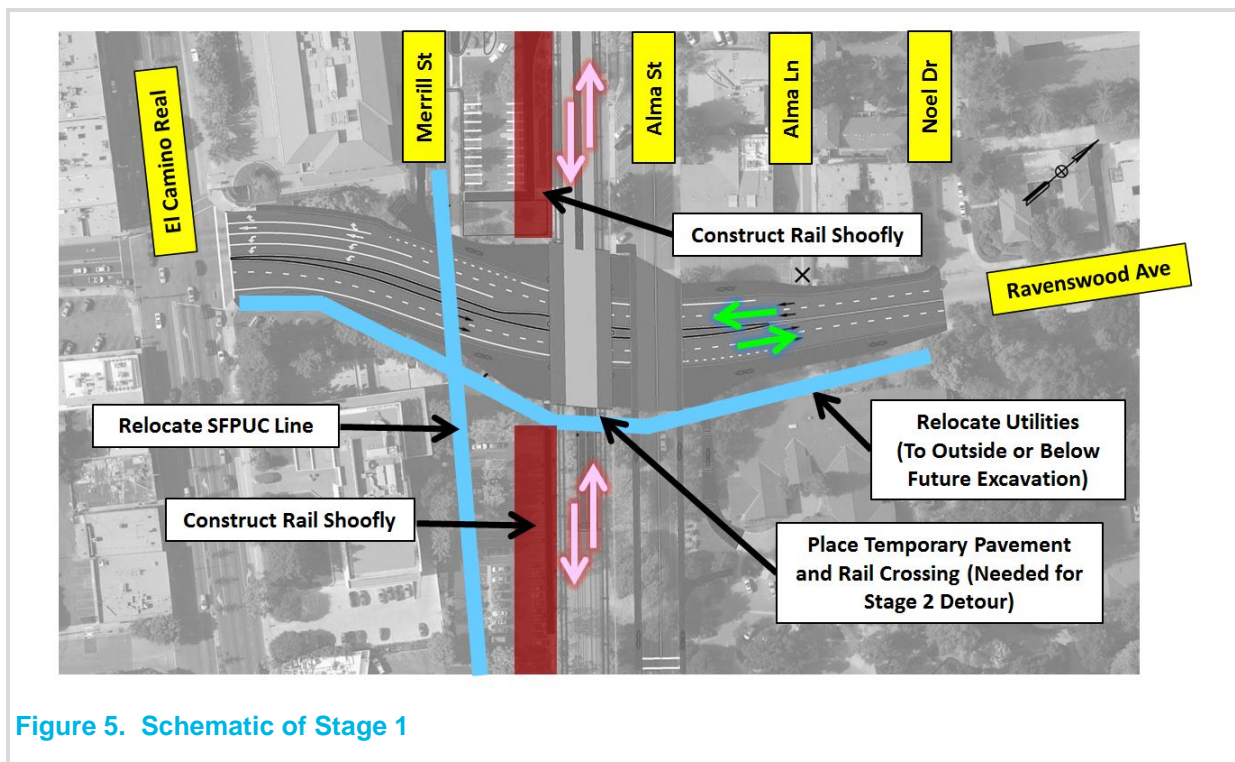
- Vehicular traffic maintained on existing roads
- Rail traffic maintained on existing tracks

Stage 1 Construction:

- Relocate utilities
- Construct temporary pavement for a detour on the south side of Ravenswood Avenue
- Begin construction of shoofly tracks

Estimated Duration of Stage 1:

9 to 10 months



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Stage 2 Traffic Handling:

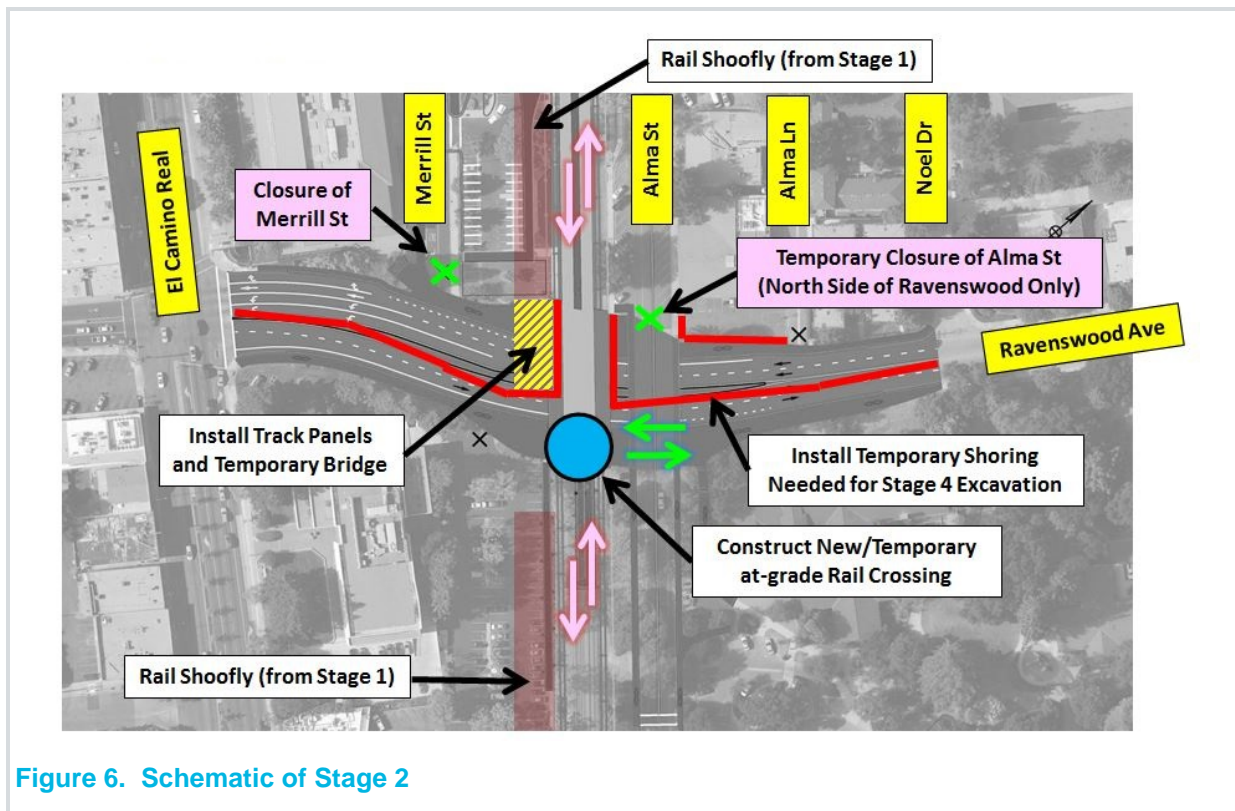
- Vehicular traffic shifted onto south side of Ravenswood Avenue
 - Note:** Temporary closure of Alma Street would commence when excavation of Ravenswood Avenue (at Alma Street) begins.
- Rail traffic maintained on existing tracks

Stage 2 Construction:

- Install temporary shoring to prepare for Stage 3 excavation
- Complete shoofly track work across Ravenswood Avenue
- Install temporary at-grade crossing on the south side of Ravenswood Avenue

Estimated Duration of Stage 2:

4 months



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Stage 3 Traffic Handling:

- Ravenswood Avenue temporarily closed
- Rail traffic maintained on existing tracks

Stage 3 Construction:

- Place temporary rail crossing and gates on Ravenswood Avenue

Estimated Duration of Stage 3:

One weekend

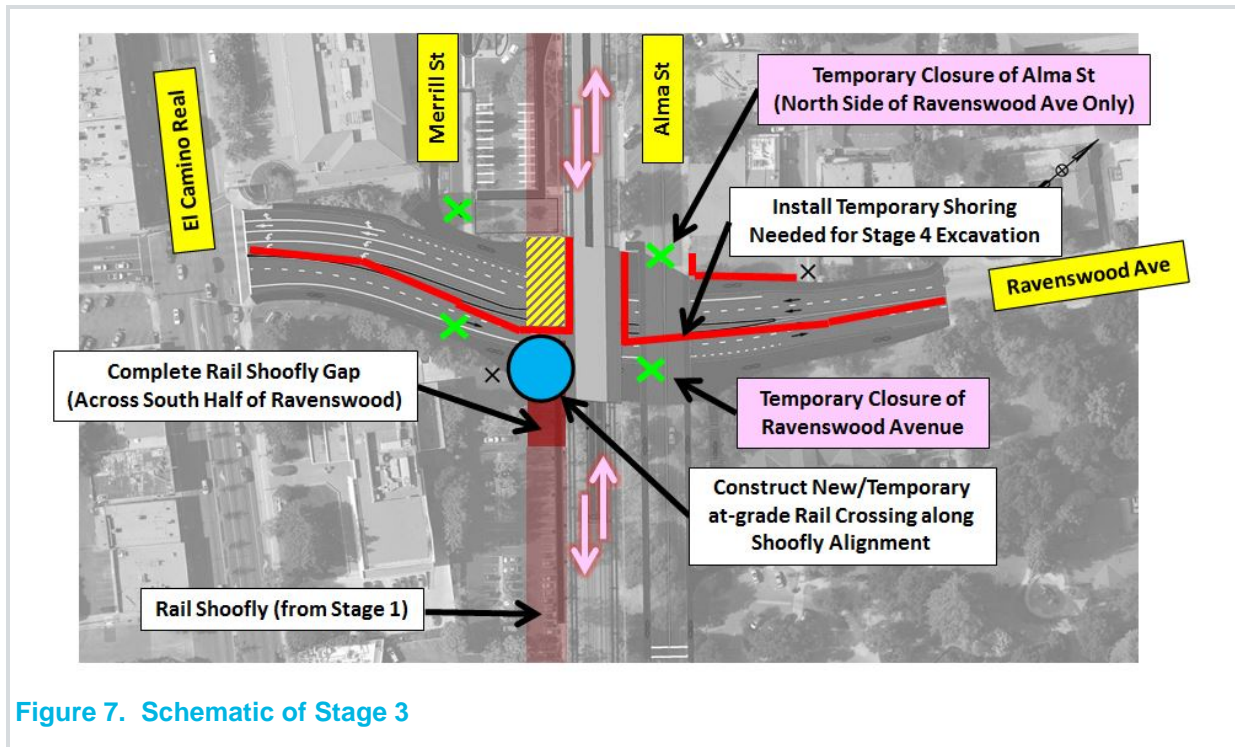


Figure 7. Schematic of Stage 3

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Stage 4 Traffic Handling:

- Shift rail traffic onto shoofly tracks (with temporary platforms at the Menlo Park Station)
- Place vehicular traffic back onto the south side of Ravenswood Avenue

Stage 4 Construction:

- Begin roadway excavation on the north side of Ravenswood Avenue
- Construct foundations for both structures (railroad and Alma Street)
- Begin permanent track work
- Begin construction of new Menlo Park Caltrain station

Estimated Duration of Stage 4:

5 to 6 months

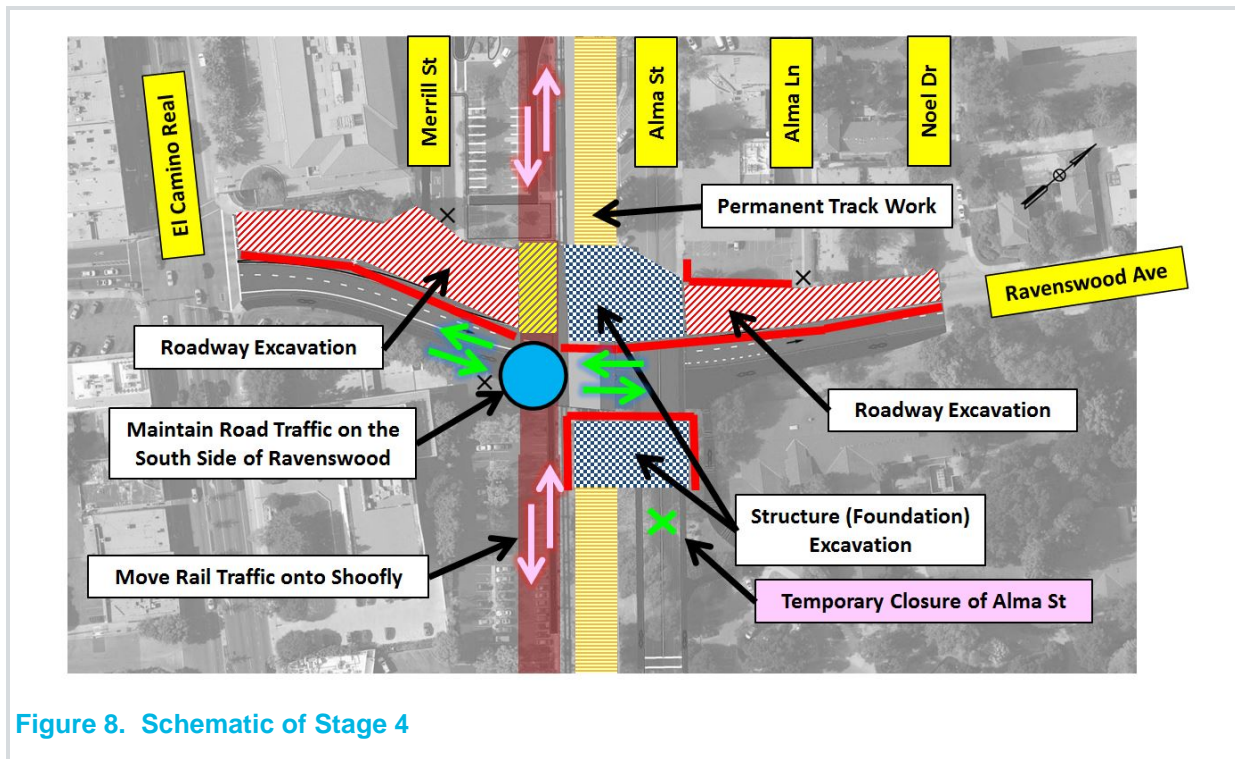


Figure 8. Schematic of Stage 4

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Stage 5 Traffic Handling:

- Maintain rail traffic on the shoofly track alignment
- Maintain vehicular traffic on the south side of Ravenswood Avenue

Stage 5 Construction:

- Complete north half of the railroad and Alma Street bridges

Estimated Duration of Stage 5:

3 to 4 months

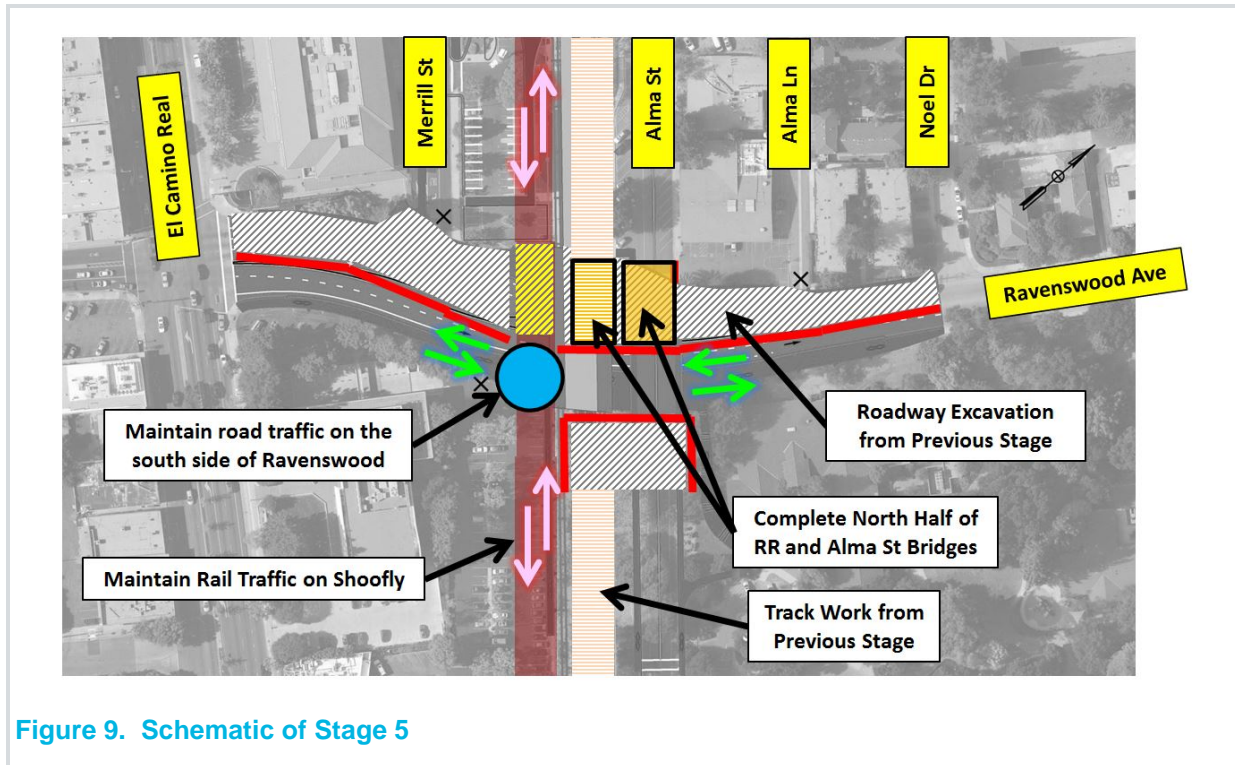


Figure 9. Schematic of Stage 5

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Stage 6 Traffic Handling:

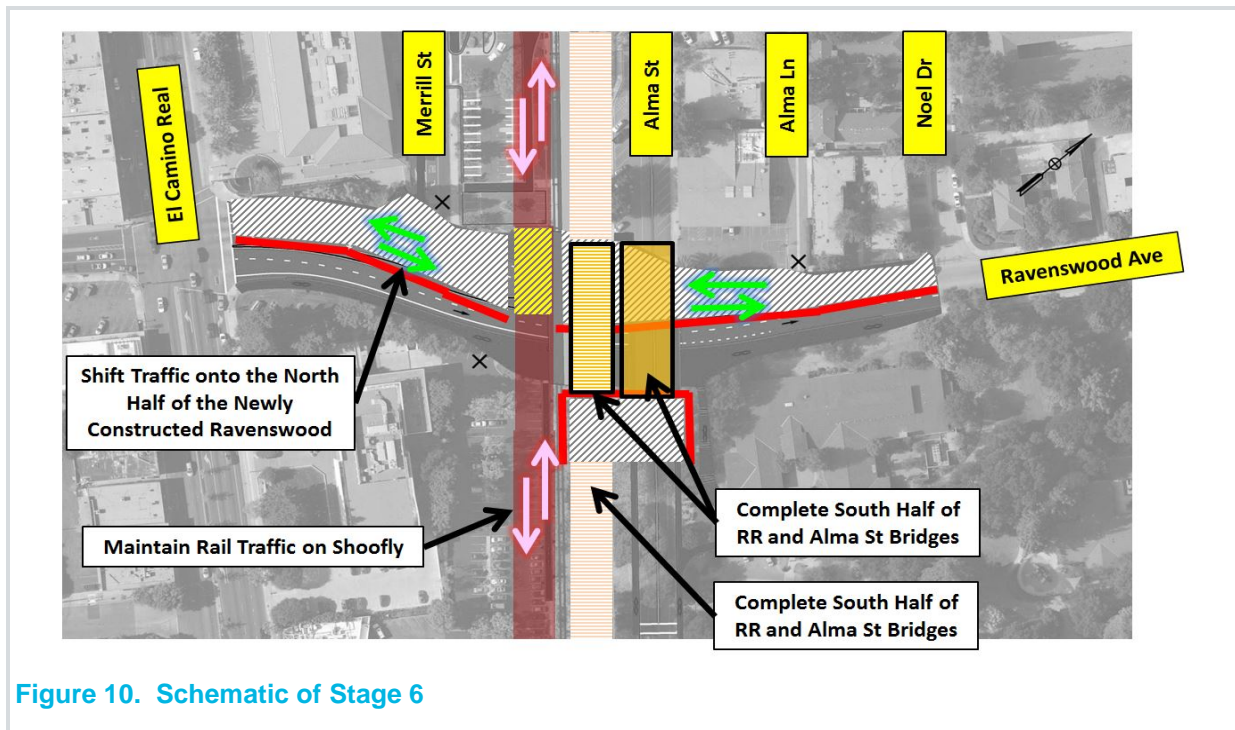
- Maintain rail traffic on the shoofly track alignment
- Vehicular traffic shifted onto the north side of Ravenswood Avenue

Stage 6 Construction:

- Complete south half of railroad and Alma Street bridges
- Complete permanent track work

Estimated Duration of Stage 6:

3 to 4 months



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Stage 7 Traffic Handling:

- Shift rail traffic onto permanent track alignment
- Open Alma Street bridge to vehicular traffic
- Vehicular traffic maintained on the north side of Ravenswood Avenue
- Remove shoofly tracks and temporary railroad structure

Stage 7 Construction:

- Complete roadway excavation and retaining walls on the south side of Ravenswood Avenue
- Complete new station
- Complete final paving and striping

Estimated Duration of Stage 7:

18 to 20 months

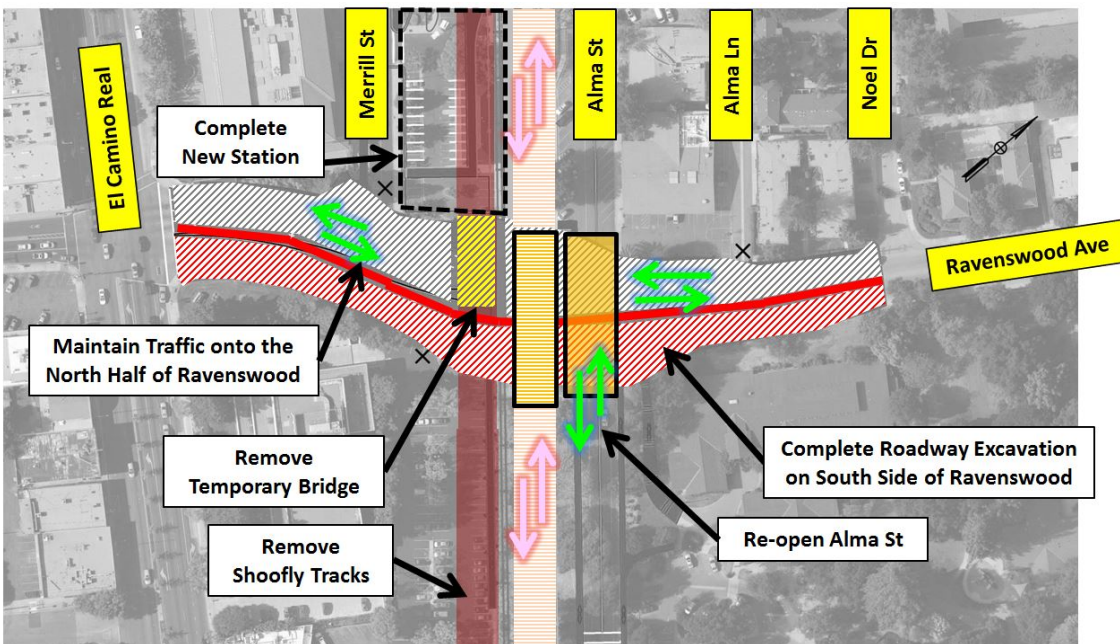


Figure 11. Schematic of Stage 7

7.7 Right of Way Needs

The right-of-way impacts for roadways, pedestrians, and bicycles vary with each alternative. The degree of each impact can vary from a minor driveway modification to a complete driveway/entrance reconstruction to some form of parcel acquisition. Both Build alternatives require permanent property acquisitions, mostly partial sliver acquisitions, and temporary construction easements.

Alternative A would require partial acquisitions of approximately four parcels fronting Ravenswood Avenue adjacent to the crossing to allow for installation of retaining walls and associated structures required to lower Ravenswood Avenue and for bicycle and pedestrian facilities. The temporary (shoofly) tracks would create temporary impacts to parcels fronting the west side of the Caltrain right-of-way. See Figure 12 below for a typical section of the shoofly tracks. Alternative C is shown, but Alternative A is similar.

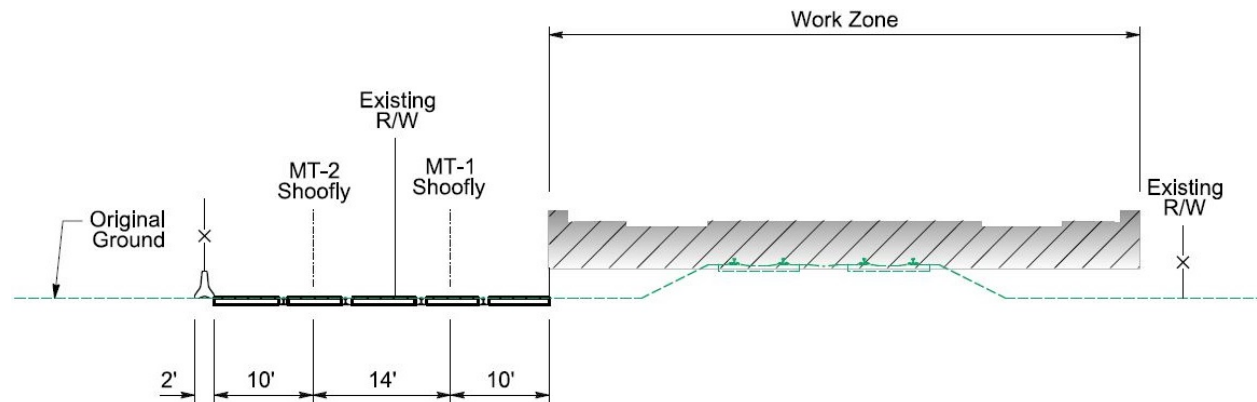


Figure 12. Typical Section of Shoofly Tracks (Looking North)

Alternative C would have similar impacts to the aforementioned parcels impacted by Alternative A. However, Alternative C would also impact parcels along the segments of Oak Grove and Glenwood Avenues, which would also be lowered to create a grade separation at those crossings. Parcels adjacent to the lowered intersections of Oak Grove and Glenwood Avenues may also be impacted including Merrill Street, Alma Street, San Antonio Street, Mills Street, and Mills Court. The temporary (shoofly) track impacts would be similar to Alternative A.

In general, properties and their access to City streets will be impacted more significantly the closer they are to the railroad crossing locations because the local roads must be lowered (below current elevation) most greatly under the railroad to establish enough elevation difference for a grade separation structure. Conversely, properties and driveways further away from the railroad would be impacted less severely. Vehicular and pedestrian access to properties will be modified where feasible and property acquisitions will be minimized as much as possible as the project progresses into the next phase of design and environmental studies.

All potentially affected property owners have been contacted by the City during this phase of the project to discuss strategies to minimize impacts and keep each owner's circumstances, and future needs under consideration. Outreach to all potentially affected property owners will continue throughout the project process.

The access impacts are shown with X marks in Attachments A and B. The access impacts are the predominant cause of right-of-way impacts. The estimated right-of-way costs for Alternative A are \$15.2M and for Alternative C, \$41.6M.

7.8 Utilities

Depending on the Build alternative, the following utilities may be impacted:

- 36-inch Water (SFPUC)
- 8-inch Water (California Water Service Co.)
- 6-inch Water (California Water Service Co.)
- Wave Broadband TV
- Comcast Overhead Cable
- Comcast TV Underground
- Comcast Overhead Fiber Optic
- 12 kV PG&E Overhead Electrical
- PG&E Underground Electrical
- PG&E Gas
- Verizon and Sprint Underground Telecommunication and Fiber Optic Lines
- AT&T Cable

The San Francisco Public Utilities Commission (SFPUC) has listed the replacement of the Palo Alto water distribution line on their 10-year capital improvement program. This 36-inch line was built in 1937 and runs parallel to the Caltrain corridor, between the railroad and El Camino Real within the project limits.

The SFPUC's current plan is to replace this line due to its age and condition. The SFPUC is anticipating to begin the design work in 2022 and to start construction between 2026 and 2028. The current budget for the replacement is \$90M. During the next phase of the project, the project team will coordinate with the SFPUC about the design of this line.

For the purpose of this study and to estimate potential future costs, it is assumed this line will be replaced in its current alignment. The cost for its replacement is included in the overall cost of this project.

Utility location (potholing) will be conducted during the next phase to determine the exact location of the utilities. A summary of utility relocations and costs are included under Attachment C.

8. Evaluation of Traffic Conditions

For the traffic operational analysis, two Build alternatives were considered: Alternatives A and C.

Alternatives A and C, as described below, were analyzed for the existing and future 2040 No-Build and Build conditions. The 2040 conditions include all planned development as proposed within the El Camino Real/Downtown Specific Plan area, as well as the Bayfront area as re-zoned under the Connect Menlo General Plan update.

A more detailed traffic analysis and operations report will be developed during the next phase of the project (preliminary engineering and environmental review), and will include any additional development projects (through amendments to the Downtown Specific Plan or the City's General Plan).

Each of the Build alternatives were evaluated for the future year (2040) conditions. A summary of the conclusions of the traffic operational analyses for each Build alternative is presented below. The full Traffic Analysis Technical Memorandum can be found in Attachment F.

FINAL**Alternative A**

1. **Alma Street and Ravenswood Avenue** - Since Alma Street would be grade separated, no vehicular movement was assumed between Alma Street and Ravenswood Avenue. Therefore, traffic from Ravenswood Avenue to Alma Street and vice-versa was re-routed via Laurel Street for the traffic operational analysis.
2. **Laurel Street and Ravenswood Avenue** - The eastbound approach at the intersection of Laurel Street and Ravenswood Avenue is modified to include a 300 foot-long right turn lane between Noel Street and Laurel Street. Signal timing modifications would be proposed as a result of the re-routing traffic from Alma Street.

As a result of the above changes, the intersections along Ravenswood Avenue would operate at acceptable levels (level of service [LOS] D or better) compared to the No-Build conditions. In addition, the proposed changes would reduce the delay and the travel time for vehicles traveling along Ravenswood Avenue between El Camino Real and Middlefield Road. See Attachment F for more information.

Alternative C:

1. **Alma Street and Ravenswood Avenue** – This intersection is proposed to be a full-access intersection under this alternative with the following modifications along each approach. See Figure 11 below:
 - ***Eastbound & westbound approaches (Ravenswood Avenue)*** - Modification from a single through, shared through/right lane to a single left-turn pocket, single through lane, and single shared through/right lane on both the eastbound and westbound (Ravenswood Avenue) approaches.

Note: If the lane configuration on Ravenswood Avenue noted above were implemented, the road and bridge geometry shown in Attachment B would have to be altered slightly to accommodate the additional lane.
 - ***Northbound approach & southbound approach (Alma Street)*** – Modification from a single right-in/right-out only approach to a single shared left/through/right approach on both the northbound and southbound (Alma Street) approaches.
 - ***Signalization of the intersection.***

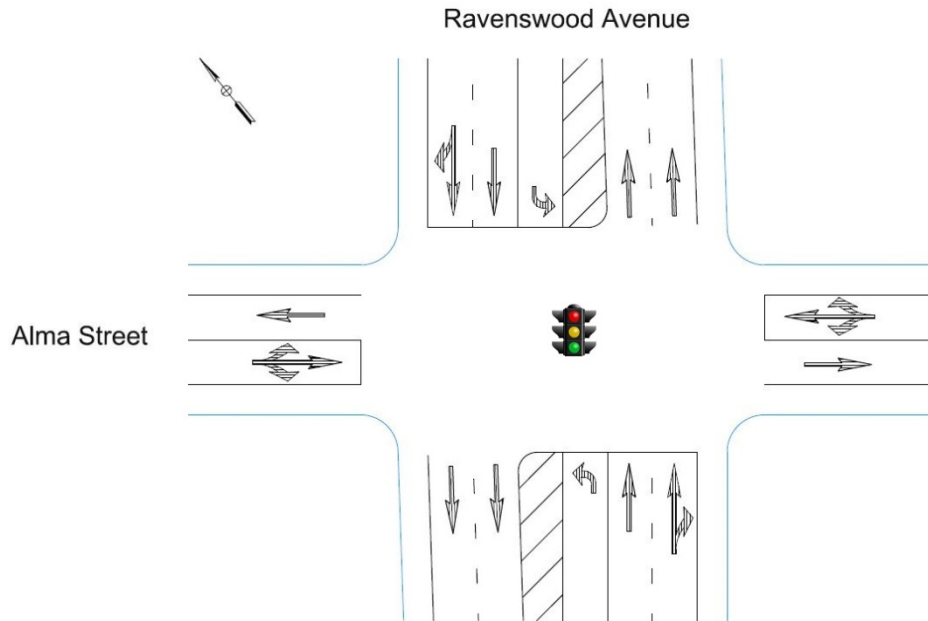
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Figure 13. Alma Street/Ravenswood Avenue Signalized Intersection Configuration (Alternative C)

2. **Laurel Street and Glenwood Avenue** – In future 2040 conditions, this intersection operates unacceptably with the current control (All-Way Stop Control) and is anticipated to meet the peak hour traffic signal warrants. Therefore, a signal is proposed at this intersection. This intersection is within the Town of Atherton’s jurisdiction, therefore concurrence from the Town would be required and the project will continue to coordinate with the Town on this item as the project progresses.
3. **Middlefield Road and Glenwood Avenue** – In future 2040 conditions, this intersection operates unacceptably with the current control (Two-Way Stop Control) and is anticipated to meet the peak hour traffic signal warrants. Therefore, a signal is proposed at this intersection. This intersection is within the Town of Atherton’s jurisdiction, therefore concurrence from the Town would be required and the project will continue to coordinate with the Town on this item as the project progresses.

As a result of the above changes, the intersections along Ravenswood, Oak Grove, and Glenwood Avenues that were operating at unacceptable levels under the No-Build conditions would operate at acceptable levels under the Build conditions with the recommended improvements. In addition, the proposed changes would reduce the delay and travel time for vehicles traveling along Ravenswood Avenue, Oak Grove Avenue, and Glenwood Avenue between El Camino Real and Middlefield Road.

No-Build Alternative:

The future year (2040) No Build alternative was also evaluated. The average delay at each of the study intersections is expected to increase in 2040, when compared to the existing (2018) conditions. In addition, travel times along Ravenswood Avenue, in both the eastbound and westbound directions; between El Camino Real and Middlefield Road, are expected to increase in 2040.

9. Community Involvement

Multiple public meetings and stakeholder meetings have been held to present the project and receive feedback from the community. The outreach included three community workshops, eight City Council meetings, seven Commission meetings, and more than 30 stakeholder meetings with local property owners, Police Department, Fire District, and developer representatives. A summary of all outreach

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events is described in this section. Details from the various public outreach activities, including presentations and handout materials, can be found on the Menlo Park City webpage for the project (www.menlopark.org/ravenswood).

Three community workshops were held for the project. On May 2, 2016, the first Community Meeting was held at the Arrillaga Family Recreation Center. The project team presented the purpose of the project, existing conditions, and information regarding railroad crossing options and potential aesthetic treatments. The meeting's purpose was to hear from the community about their preferences and concerns prior to the start of the initial engineering. The questions and feedback received at that meeting is documented in a Meeting Summary that is available on the City's project webpage along with all presentation materials.

On October 4, 2016, the second Community Meeting was held at the Menlo Church Social Hall in downtown Menlo Park. The purpose of this meeting was to present the three Build alternatives (Alternatives A, B, and C) described above and receive additional feedback on preferences and concerns. A presentation was given by the project team covering background information, how the community input from the first meeting was incorporated into the project, and details of the three Build alternatives. After a question and answer period, attendees were invited to visit the four stations and provide specific feedback. A meeting summary was prepared to document this feedback and can be found along with all presented materials on the City's project webpage.

On June 7, 2017, the third Community Meeting was held in the Arrillaga Family Recreation Center. During this meeting, the community reviewed Alternatives A and C in greater detail. The following was presented at the meeting:

- Three-dimensional (3D), CAD-generated animations and renderings for each alternative. These were presented both as videos and at a virtual reality station. See Attachment E.
- Exhibits showing various details for each alternative, including temporary (shoofly) track layouts, typical sections, lane configurations, project footprints and construction impacts.

In addition, a handout was provided to the community members to enable them to provide their general feedback of the alternatives. Over 85% of those attending expressed their support for Alternative C due to the increase of east-west connectivity from the three grade separations. They also cited more grade separations would be better long-term and expressed a desire to keep full access at the Alma Street/Ravenswood Avenue intersection.

Those in favor of Alternative A expressed a desire to not have the rail elevated (concern about noise) and its construction would not be as impactful to the community. There was also support for the lower construction cost and grade separating at the crossing with the highest volumes of all travel modes.

City Council Rail Subcommittee information meetings were held on the following dates. The City Council's Rail Subcommittee is comprised of two City Councilmembers. From 2015 through 2018, Councilmembers Richard Cline and Kirsten Keith served on the Rail Subcommittee. Starting in December 2018, Councilmembers Drew Combs and Ray Mueller served on the Rail Subcommittee:

- October 26, 2016
- March 20, 2017
- April 14, 2018
- January 31, 2019

Other community outreach performed as part of the study includes:

- Informational presentation by staff at Parks and Recreation Commission, May 25, 2016
- Informational presentation by staff at Library Commission, June 13, 2016
- Meeting with Fire District and Police Department representatives, September 27, 2016
- Presentation to Chamber of Commerce, Business and Transportation Issues Committee

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meeting, September 29, 2016

- Transportation Commission meeting presentation on November 9, 2016
- Bicycle Commission meeting presentation on November 14, 2016
- Planning Commission meeting presentation on December 5, 2016
- Planning Commission meeting presentation on September 11, 2017
- Complete Streets Commission meeting presentation on September 13, 2017
- More than 30 meetings with individual stakeholders including local schools, local residential neighborhoods and adjacent property and business owners

The following are some of the key comments and questions received at the Commission meetings:

- On September 11, 2017, the Planning Commission approved a motion to support Alternative A.
- On September 13, 2017, the Complete Streets Commission approved a motion to support Alternative C.
- An open plaza area or breezeway is welcomed and could be used for community events.
- Avoid a “Berlin wall” look.
- Can Ravenswood Avenue be grade separated from El Camino Real also?
- Be open to other options (viaduct and tunnel, for example) and recommend studying them further.
- Provide renderings of the various options.
- More grade separations are preferred, and consider grade separating Encinal Avenue.
- Bicycle and pedestrian access should be given high priority.
- Vehicular/pedestrian access and safety at the Alma Street/Ravenswood Avenue intersection should be given priority.

Recurring themes of the community feedback at all outreach events included the following:

- More Grade Separations
- Minimize Height of the Railroad
- Improve Pedestrian & Bicycle Access and Safety
- Improve Connectivity between Alma Street & Ravenswood Avenue
- Coordinate with other Projects
- Minimize Driveway Impacts
- Inform owners about Property Impacts
- Station Configuration
- Aesthetics

The project was on the Menlo Park City Council agenda on the following dates:

- February 7, 2017, Study Session
- April 4, 2017, Study Session
- October 10, 2017, Regular Business
- January 16, 2018, Informational Item (no presentation made)
- May 8, 2018, Regular Business
- December 4, 2018, Informational Item (no presentation made)
- January 15, 2019, Study Session
- February 26, 2019, Consent Item

At the April 4, 2017 meeting, City Council voted in favor of Alternative C (over Alternative B) to be studied further (with Alternative A); and also voted in favor of including a reconfigured station with a center boarding platform and an outside passing track, if required in the future, into this study (for Alternatives A and C).

On May 8, 2018, City Council voted in support of Alternative A as the preferred alternative. Although, Alternative C provides more long-term benefits, there was concern about moving forward with an alternative that was more costly and would have impacts to the community and the travelling public at

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more locations during construction. The motion to move forward with Alternative A passed 3-1-1 (with one councilmember dissenting, and one councilmember abstaining).

In addition, City Council directed staff to draft letters to Palo Alto, Atherton, Redwood City, Mountain View, and Sunnyvale to request consideration of a multi-city trench or tunnel; and to draft a letter to Caltrain to request a bicycle/pedestrian path adjacent to the rail within Caltrain right-of-way. City Council also requested an additional scope of work and appropriation request to prepare (1) Financial assessment of a trench/tunnel and; (2) Conceptual design, noise, tree, and a visual impact assessment of a fully elevated alternative.

On January 15, 2019, staff requested City Council direction on finalizing the Project Study Report and advancing the additional scope of work requested by the Council in May 2018. At that time, the Council directed staff to return with a revised Project Study Report and generally voiced support of Alternative C as the preferred alternative, citing concerns about eliminating direct access between Alma Street and Ravenswood Avenue (proposed in Alternative A); and the difficulty in grade separating other streets (Oak Grove Avenue, etc.) in the future. The Council also directed staff to bring back the scope amendment at a future meeting, to follow approval of the Project Study Report.

Following the City Council direction, the City Council Rail Subcommittee held a public meeting on January 31, 2019 to consider two actions: a recommendation to the City Council on a preferred alternative necessary to finalize the Project Study Report; and consideration of the additional scope items described above. The Rail Subcommittee directed staff to return to City Council with the preferred alternative selection of Alternative C and revisions to this document to reflect that direction. They also provided direction to staff to outline the next steps and process for consideration of the additional scope of work and further analysis of other alternatives to follow the adoption of the Project Study Report.

City Council approved a motion (5-0-0) to move forward with Alternative C as the preferred alternative at the City Council meeting on February 26, 2019.

10. Evaluation

Alternatives A and C were evaluated based on potential benefits and impacts including rail/vehicle conflict, traffic and local street connectivity, pedestrian/bicycle access, anticipated changes in train horn noise, visual impacts, property/driveway impacts, disruption during construction, estimated construction costs, and traffic operations. These criteria were established based on feedback received during the community engagement process conducted as part of this study, as summarized in Section 9 above.

An impact matrix was developed and utilized a color-coded rating system based on qualitative and quantitative assessment of the specific impact. The color-coded system is shown below.

Impact Matrix Color Coding System

| |
|-------------------------|
| Greatest Improvement |
| Significant Improvement |
| Some Improvement |
| Some Impact |
| Significant Impact |
| Greatest Impact |

The results were presented at the May 8, 2018, Menlo Park City Council meeting and are displayed in the

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following matrix (See Figure 12).

Alternative A would grade separate the City's most heavily-traveled, east-west connector (Ravenswood Avenue), have the least overall impact to the community (shorter construction duration, fewer utility relocations and property impacts compared to Alternative C), and is estimated at a lower cost (\$160 to \$200 million for Alternative A, versus \$310 to \$380 million for Alternative C).

Alternative C would have higher short-term impacts (construction cost, disruption during construction, permanent and temporary right of way impacts), but it also would provide greater long-term improvements (east/west connectivity for three streets, pedestrian/bicycle access, less potential rail/vehicle conflicts, less potential horn and gate noise, maintaining Ravenswood Avenue/Alma Street connectivity).

| Alternatives → | A | C | Notes |
|--|-------------|-------------|--|
| Reduce Potential Rail/Vehicle Conflict | | | Three grade separations for Alt C vs. one for Alt A |
| Improve East/West Connectivity | | | More grade separations, better east/west mobility across town |
| Improve East/West Ped/Bike Access | | | Increased safety and connectivity for Alt C |
| Reduce Potential Horn & Gate Noise | | | With elimination of at-grade crossings, horn or gate noise will potentially be reduced |
| Maintain Alma St/Ravenswood Ave Connection | | | No direct access to/from Ravenswood from/to Alma St for Alt A |
| Increase Visual Impacts | | | Railroad profile remains at current elevation for Alt A |
| Minimize Property/Driveway Impacts | | | More impacts to properties with 3 grade separations, Alt C |
| Minimize Disruption During Construction | | | Fewer roads and properties impacted during construction for Alt A |
| Improve Traffic Pattern Predictability | | | Improved traffic circulation for Alt C |
| Order of Magnitude Cost | \$160-200M* | \$310-380M* | Lower overall cost for Alt A |

* Preliminary (Subject to Change)

Figure 14. Alternative Matrix

11. Environmental Determination/Document

Grade separation projects are generally exempt from the requirements of the California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA). A CEQA Statutory Exemption typically applies to railroad grade separation projects that eliminate or reconstruct an existing at-grade crossing (California Public Resources Code Section 21080.13 and Title 14 California Code of Regulations Section 15282(g)). This Statutory Exemption was enacted by the State and became effective in 2016. Unlike categorical exemptions, statutory exemptions are not subject to any exceptions that might require environmental review. Statutory exemptions are absolute; the exemption applies if the project fits within the language of the exemption. This proposed project squarely fits within the statutory exemption. The proposed project appears to meet the definition of this Statutory Exemption, making it exempt from CEQA. Caltrain, as the owner of the rail facility and right-of-way, will likely be the lead agency for this approval.

If the project involves federal transportation funding, NEPA includes Categorical Exclusions (CEs) that also may apply. Caltrain or the Federal Railroad Administration would function as the NEPA Lead Agency and would determine and approve the appropriate documentation. A CE defined under Title 23 Code of

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Federal Regulations (CFR) Section 771.117(c)(28) is “Bridge rehabilitation, reconstruction, or replacement or the construction of grade separation to replace existing at-grade railroad crossings.” Restrictions on the use of this CE category are outlined in 23 CFR 771.117(e) and include the acquisition of more than a minor amount of right-of-way or residential or non-residential displacements.

If Ravenswood Avenue is lowered substantially, the design would require retaining walls and/or right-of-way acquisition to accommodate the slopes and supporting embankments, or retaining wall structures, depending on the alternative and design. If a NEPA CE under 23 CFR 771.117(c)(28) is not applicable, a CE under 23 CFR 771.117(d) could be considered, but use of this CE would require additional environmental review and documentation (technical studies or memos) to demonstrate that no substantial or significant impacts would occur. If the project does not qualify for a CE, the next appropriate environmental document would be an Environmental Assessment (EA) to support approval of a Finding of No Significant Impact (FONSI).

Key environmental studies to support a NEPA CE or EA for this project would likely involve technical reports for cultural resources, biological resources, hazardous materials, noise, visual/aesthetics, and community impacts.

12. Funding

The current PSR level phase of the project is funded through San Mateo County Transportation Authority’s Measure A (voter-approved half-cent sales tax for countywide transportation projects and programs) and a contribution provided from local City funds. The City intends to request additional Measure A, regional, State and federal grade separation funds in future programming years for subsequent milestones.

12.1 Capital Outlay Project and Support Estimate

Table 1 summarizes order of magnitude construction, right-of-way and support cost estimates for each Build Alternative. Capital outlay project cost estimates for each alternative are included in Attachment D.

Table 3. Capital Outlay Project and Support Estimate

| Cost Estimate (Values shown in Millions) | | | | | |
|---|---------------------|--------------------------|----------------|-------------------------------|----------------|
| Alternative | Construction | R/W & Utility | Support | Escalation[^] | Range # |
| A | \$90.2 | \$21.8 | \$33.5 | \$33.4 | \$160 to \$210 |
| C | \$150.6 | \$60.8 | \$57.6 | \$61.8 | \$310 to \$380 |

[^] Escalation to estimated mid-point of construction (2025)

Range is based on +/- 10%, rounded up to the nearest \$10M.

The level of detail available to develop these capital outlay project estimates is only accurate to within the above ranges and is useful for long-range planning purposes only.

12.2 Potential Funding Sources

Funding for transportation and other major infrastructure projects has been increasingly difficult to obtain due to limited availability of funds as well as the greater demand and competition for the funding that is available. Moreover, the funding environment is highly volatile, and changes in administration priorities and the economy can affect the type and availability of funds. For instance, changes in energy prices can alter gasoline-tax funded opportunities, while changes in administration priorities can change project

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selection criteria for existing funds. Additionally, many funding partners will only evaluate “shovel ready” projects for funding consideration. Together these factors recommend proceeding with project design and environmental compliance completion as the project’s capital funding strategy is developed, refined and implemented.

There are three major categories of potential project funding sources:

12.2.1 Federal

The Highway Safety Improvement Program (HSIP) is a federal aid program under the FAST Act. The California apportionment of over \$200 million is administered by the Caltrans Division of Local Assistance through a competitive call for projects every two years. The maximum federal reimbursement amount per project is \$10 million and may be used for preliminary engineering, right-of-way and construction. The ninth and most recent call for projects was announced on April 30, 2018, with a submission deadline of August 30 2018. A small percentage of the HSIP funds are set aside for the Railway-Highway Crossing (Section 130) Program specifically for use in grade crossing projects. California apportionment of the Section 130 Program is approximately \$16 million per year and the maximum federal reimbursement level may be up to 100% of project work to eliminate the identified hazards at an eligible crossing. It is administered by the Caltrans Division of Rail and CPUC, and requires CPUC Priority and FSTIP listings. Obtaining the CPUC Priority and FTIP listings are important next steps for the project. Caltrans prepares the FSTIP every two years in cooperation with the regional transportation agencies. Applications for the Draft 2021 FSTIP occur in 2020 and authorized by December 2020.

California apportionment of federal funds from the Surface Transportation Program (STP) / Congestion Mitigation and Air Quality Improvement Program (CMAQ) and other FAST Act Programs are now distributed across the nine Bay Area Counties through the One Bay Area Grant Program (OBAG).

On November 18, 2015, the Metropolitan Transportation Commission (MTC) adopted the funding and policy framework for the second round of the OBAG program. Known as OBAG 2 for short, the OBAG 2 County Program of Projects was approved by the MTC Commission at the end of 2017 with \$386 million in federal funds earmarked for 180 transportation projects located in 95 jurisdictions within Bay Area region’s nine counties. However, the majority of OBAG 2 funds are for active transportation projects oriented to bicycle access and walkability, but also include streetscape improvements, road diets, or transit elements. The City received funding for repaving parts of Santa Cruz Avenue and Middle Avenue, with an expected completion in the summer 2020.

Other potential federal contribution to project funding can be expected to be limited and from highly competitive grants. Until recently the Transportation Investment Generating Economic Recovery (TIGER) grant program provided an annual opportunity for transportation projects to compete for federal grant funding. Another similar federal grant program Fostering Advancements in Shipping and Transportation for the Long-Term Achievement of National Efficiencies (FASTLANE) was however more focused on providing financial assistance (both in the form of grants or credit assistance) to nationally and regionally significant freight and highway projects. While those grants were highly selective, grade separation projects have been successful in securing funding through these mechanisms under the previous TIGER programs.

Recently the federal government has discontinued and in effect replaced those grant programs with its Infrastructure for Rebuilding America (INFRA) and Better Utilizing Investments to Leverage Development (BUILD) grants programs. These are nationally competitive grants and are expected to offer an annual call for applications. The INFRA grant program has completed two rounds of funding and awarded both large (\$45 million for a City of Seattle) and small (\$5 million for Tukwila, WA) grants for their grade separation and railroad safety projects. The INFRA program is specifically focused on projects where the local sponsor is majorly invested and well-positioned for the project’s construction and completion. The last INFRA funding opportunity submission deadline was November 2, 2017. Although no announcement for a FY 2018 round has occurred it is expected that additional future opportunities for INFRA program funding will be likely.

Similar to its predecessor TIGER, the BUILD Transportation grant program awards grant funding on a competitive basis for projects that have a significant or local regional impact. The BUILD program

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incorporates many of the TIGER criteria and requirements but has a greater focus on infrastructure that will make a positive impact on the country and also gives special consideration to projects located in rural areas. The maximum grant award under the BUILD program is \$25 million and the submission deadline for its first funding round was July 19, 2018. Although no formal commitments have been made, it is considered likely that there will be additional opportunities for BUILD program funding in the future.

Generally, the maximum federal reimbursement ratio for projects in non-rural areas is 80%, although it can be lower. Non-federal funding is required to cover the other 10% or more of the development cost for the project. If a project uses multiple counter measures which have different maximum federal reimbursement ratios, the lowest ratio applies. Among the various federal funds identified for this project, the maximum reimbursement ratio is 80%, and as such state and/or regional funding will be required and is identified below. Furthermore, the federal government increasingly favors projects that leverage financial support from other agencies and/or the private sectors.

The federal government also offers two loan assistance programs for transportation projects similar to the Ravenswood Avenue Railroad Crossing Project. The DOT sponsored Transportation Infrastructure Finance and Innovation Act (TIFIA) provides low cost credit assistance for qualified projects of regional and national significance in the form of direct loans, loan guarantees, and standby lines of credit. However, given the requirements to qualify and restrictions in use of the loan funding, TIFIA lending is best suited in conjunction with other funding mechanisms that can obtain investment grade ratings (e.g. from dedicated sales revenues).

The Railroad Rehabilitation & Improvement Financing (RRIF) program, established by the Transportation Equity Act for the 21st Century can be used to obtain federal loans to refinance debt for railroad projects. However, loan recipients must be able to secure the loan to offset the loan default risk. RRIF also favors projects that result in economic revitalization and safety improvements. It also provides a limited number of large loans (averaging \$165 million) for major railroad redevelopment projects.

12.2.2 State

Successful project development will require obtaining substantial state funding to supplement the federal contribution. Section 190 Streets and Highway Code, required Caltrans to include \$15 million in each budget for grade separation projects on state highways and local streets and roads. This Grade Separation Program is jointly administered by Caltrans and CPUC. CPUC develops the priority list of projects that would be eligible for funding, which receive funding allocations from Caltrans. The application will be completed when the project approaches the latter stages of the final design phase.

In addition to the Grade Separation Program (Section 190) funds, a potential state funding is the California High Speed Rail Authority (through Prop 1A), which has made substantial funding contributions to key grade separation projects and has committed up to 50% of total project funds for other grade separation projects in San Mateo County. However, the lack of passing track or other project-related changes at the location requiring grade separation for its operations makes an Authority funding contribution unlikely.

The State Road Repair and Accountability Act (SB 1) was passed in 2017 and provides funding for numerous transportation programs and purposes. The project may be expected to be best-aligned with the Road Maintenance and Rehabilitation Program through its Local Street & Road Funding Program. Its 2018-2019 Program has \$1.1 Billion in funding and its initial list of Eligible Cities and Counties was adopted in June 2018 with project applications due August 2018. However, future funding cycles are anticipated.

12.2.3 Regional/Local

Significant regional and local funding contribution will also be necessary. San Mateo County Transportation Authority's Measure A Grade Separation Program has been identified as a key funding source for the project. The fund has \$235 million pending commitment and will be allocated to grade separation projects throughout the county on a rolling basis, and may be used to fund pre-construction and construction related activities.

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In addition, the City of Menlo Park will also likely need to contribute to the project's design and construction either from general or other local funds. Coordination with the City's Transportation Master Plan and Fee Program Update is ongoing and will incorporate the findings of this PSR. Potential contributions to the project may also be obtained from future development projects that may create additional traffic impacts on the rail crossing(s). To supplement City General Funds and other local contributions, it could be worthwhile to investigate the potential for some limited project funding support from innovative funding mechanisms, including transportation impact fees and value capture funding if future project related development (e.g. transportation oriented residential or retail development) can be expected to occur.

Other tax based potential local funding sources (e.g. increased parcel, add-on sales or transient occupancy taxes) would require city-wide voter approval. Further analysis of the applicable funding program requirements, their funding potential and likelihood of success will be necessary to develop and implement an effective funding strategy to obtain capital funding required for future project development.

Funding contributions from Caltrain may also offer some potential funding opportunities particularly if the agency is successful in future efforts to obtain the necessary voter, county, and city approvals for a future ballot measure for up to a one-eighth-cent dedicated funding sales tax increase in San Francisco, San Mateo and Santa Clara counties. If successful, the Caltrain sales tax initiative could raise more than \$100 million in annual revenues that would exceed its annual operations and maintenance costs. In which case, some capital funding for grade separation projects such as the Ravenswood Avenue Railroad Crossing Project may be possible.

13. Schedule

Table 4. Milestone Schedule

| Project Milestones | Estimated Scheduled Delivery Date (Month Year) |
|---|---|
| Draft PSR | December 2018 |
| Final PSR | February 2019 |
| *Preliminary Engineering and Environmental Review | March 2021 |
| *PS&E (Final Design) | June 2023 |
| *Begin Construction | October 2023 |
| *End Construction | September 2027 |

*Assuming funding is available/secured

14. Caltrain Coordination

All railroad involvement will be coordinated with Caltrain. Caltrain staff has attended monthly project meetings and has participated in the three public outreach workshops as well as reviewed the design criteria and the PSR.

15. Project Reviews

Caltrain: Melissa Reggiardo, Hok Lai & Bin Zhang
City of Menlo Park: Angela Obeso & Nicole Nagaya

Date: October 2018
Date: August 2018

16. Project Personnel

| | |
|--|----------------|
| Nicole Nagaya, Assistant Public Works Director, City of Menlo Park | (650) 330-6770 |
| Angela Obeso, Project Manager, City of Menlo Park | (650) 330-6739 |
| Melissa Reggiardo, Caltrain, Principal Planner | (650) 508-6283 |
| Ety Mercurio, Project Manager, AECOM | (510) 874-1773 |
| Millette Litzinger, Deputy Project Manager, AECOM | (408) 961-8417 |
| Peter DeStefano, Project Engineer, AECOM | (510) 874-3143 |

17. Attachments

- A. Alternative A – Preliminary Plans, Profiles and Typical Sections
- B. Alternative C – Preliminary Plans, Profiles and Typical Sections
- C. Preliminary Utility Plans and Relocation Costs
- D. Preliminary Project Cost Estimates
- E. 3D Renderings
- F. Traffic Analysis Technical Memorandum



STAFF REPORT

City Council

Meeting Date:

2/26/2019

Staff Report Number:

19-037-CC

Regular Business:

Accept the 2018-19 mid-year budget report, approve recommended 2018-19 budget amendments, and authorize the City Manager to amend agreements with Alta Planning + Design and Noll and Tam Architects

Recommendation

Staff recommends that the City Council accept the 2018-19 mid-year budget report, approve the recommended budget amendments, and authorize the City Manager to amend agreements with Alta Planning + Design and Noll & Tam Architects.

Policy Issues

The acceptance of the mid-year report and approval of the associated budget revisions and contract amendments is consistent with City policy.

Background

This report summarizes the City's mid-year financial status by providing an analysis of revenues and expenditures through the first half of the fiscal year. The intent of this report is to provide City Council with an update on how major revenue sources and operating expenditures are tracking in comparison to the adopted budget. Emphasis in this report is placed on the City's general fund, as the overall health of this fund is instrumental to the City's ability to maintain, and potentially enhance, services in the future. Although the focus of the mid-year review is the City's general fund, this report also provides an update for other funds.

Year-to-date revenues and expenditures as of December 31, as well as certain tax revenues received in January, provide the City significant insight into the viability of the adopted budget. The mid-year revenue and expenditure results and projections discussed in this report serve as the baseline from which staff begins development of the city manager's fiscal year 2019-20 recommended budget. In addition to outlining a recommended spending plan for 2019-20, the city manager's proposed budget also includes an update of the 10-year forecast to adjust a number of assumptions.

On June 19, 2018, the City Council adopted a balanced budget for the general fund with revenues and transfers-in of \$67.9 million, expenditures and transfers-out of \$67.3 million, and an operating surplus of \$0.63 million.

Analysis

Overall, the general fund is better positioned when compared to the adopted fiscal year 2018-19 budget with a projected increase in the adopted budget's net surplus from \$0.63 million to \$0.76 million. The discussion to follow provides an overview of major changes both with regard to revenue and expenditures.

General fund - revenues

Overall, general fund revenues are expected to exceed the adopted budget by \$0.92 million or 1.4 percent excluding the use of assigned fund balance. Table 1 below summarizes fiscal year 2018-19 revenue providing 2017-18 actual results, the 2018-19 adopted budget, 2018-19 projected actual and the required mid-year adjustment. The 2018-19 projected actual is based on the City's adopted budget to projected actual using information available as of the report date. Following the table is a discussion of the significant changes to the various revenue sources between the 2018-19 adopted budget and the 2018-19 projected actual. For comparison purposes, the table also includes the City's actual general fund revenues for fiscal year 2017-18.

| Table 1: General fund revenue amendments summary | | | | | |
|--|---------------------|------------------------|--------------------------|------------------------------|----------------|
| Item | 2017-18 Actual | 2018-19 adopted budget | 2018-19 projected actual | Required mid-year amendments | Percent change |
| Taxes | \$39,030,006 | \$41,826,000 | \$43,770,932 | \$1,944,932 | 4.7% |
| Franchise fees | \$2,121,386 | \$2,047,000 | \$2,047,000 | \$0 | 0.0% |
| Licenses and permits | \$6,740,334 | \$7,963,000 | \$6,128,081 | -\$1,834,919 | -23.0% |
| Intergovernmental | \$1,403,524 | \$1,062,334 | \$1,062,334 | \$0 | 0.0% |
| Fines | \$150,112 | \$1,262,400 | \$1,262,400 | \$0 | 0.0% |
| Interest and rent income | \$1,413,688 | \$1,170,000 | \$1,433,656 | \$263,656 | 22.5% |
| Charges for services | \$9,948,363 | \$11,959,400 | \$12,508,581 | \$549,181 | 4.6% |
| Other | \$84,249 | \$71,046 | \$71,046 | \$0 | 0.0% |
| Transfers and assigned fund bal. | \$499,274 | \$527,100 | \$1,682,319 | \$1,155,219 | 219.2% |
| Total | \$61,390,936 | \$67,888,280 | \$69,966,349 | \$2,078,069 | 3.1% |

Taxes

At the mid-year mark, taxes are expected to be \$1.94 million, 4.7 percent, higher than the adopted budget. This increase is predominantly the result of excess educational revenue augmentation fund (ERAF) coming in much higher than budgeted. As excess ERAF is applicable to only a handful of counties in the State and is considered to be an "at risk" revenue, the City employs a very conservative budgeting practice for this source. The fiscal year 2018-19 adopted budget includes excess ERAF at nearly half of the prior year's amount, or approximately \$1.10 million. The City received confirmation in January 2019 that it would receive the full share of excess ERAF for fiscal year 2018-19, totaling \$2.74 million, \$1.64 million of which is in excess of the adopted budget. The excess ERAF distribution in January 2019 also included an adjustment in disbursement formulas, resulting in \$0.38 million in one-time revenue. In addition to excess ERAF, the City continues to experience assessed valuation growth faster than general inflation with a year over year increase in assessed value of 11.03 percent. For budget purposes, property tax was expected to grow at the rate of 6.75 percent.

Also impacting the mid-year estimates is a decrease in the expected transient occupancy tax (TOT or hotel room tax) of \$1.13 million. Transient occupancy taxes were budgeted at \$11.18 million following the opening of several new hotels, and while revenue for the first period has increased by 57 percent compared to the same period in the prior year, this results in a lower overall projection for the year than budgeted. Due to the nature of TOT remittances by operators, the City does not have a fully accurate picture of budget to actuals at the mid-year point, but staff recommends this budget amendment in order to reflect the most current projections.

Licenses and permits and charges for services

These categories cover a broad array of City services which include: recreation programs, building permits, planning activities and library charges. Growth was anticipated in this category due to continued high utilization of the recreation facilities with their expanded service offerings, as well as high demand for planning and building services. At mid-year, total revenue projections for these categories are tracking lower than the adopted budget resulting in an anticipated decrease of approximately \$1.3 million or 6.9 percent. The single largest component of this shortfall is in building permits, driven by an expectation in growth following the user fee and cost recovery changes which has not fully materialized. Based on projects anticipated in coming months, the difference between the adopted budget and full-year actuals may change, and this adjustment helps align recent experience with the budget process.

Offsetting the reduction in this category is the receipt of a large amount of development-related revenue. Agreed-upon payments to the City offset some expenditures incurred by the City, but these revenues are largely short-term or one-time payments and do not represent a structural revenue source in the same sense that other categories do.

Transfers and assigned fund balance

This category is increasing to reflect the carryover of encumbrances from the prior fiscal year. Given that these commitments are contractual services that span multiple fiscal years, it is the City's practice to reserve fund balance at the end of the fiscal year for the purpose of funding the carryover encumbrances in the coming fiscal year. This revenue amendment is offset by an equal amendment to expenditures.

General fund - expenditures

Overall general fund expenditures are expected to be near budget with salary savings offsetting increased expenditures approved by the City Council subsequent to the City Council budget adoption. Table 2 below shows the mid-year assessment of fiscal year 2018-19 general fund expenditures. Following the table is a discussion of the significant changes to the various expenditure categories between the 2018-19 adopted budget and the 2017-18 projected actual. For comparison purposes, the table also includes the City's actual general fund expenditures for fiscal year 2017-18.

| Table 2: General fund expenditure amendments summary | | | | | |
|--|---------------------|------------------------|--------------------------|------------------------------|----------------|
| Item | 2017-18 Actual | 2018-19 adopted budget | 2018-19 projected actual | Required mid-year amendments | Percent change |
| Personnel | | | | | |
| Salaries and wages | \$24,610,776 | \$28,318,415 | \$28,733,199 | \$414,784 | 1.5% |
| Fringe benefits | \$11,541,358 | \$12,286,560 | \$12,286,560 | \$0 | 0.0% |
| Subtotal | \$36,152,134 | \$40,604,975 | \$41,019,759 | \$414,784 | 1.0% |
| Operating | | | | | |
| Operating expense | \$5,843,110 | \$6,804,649 | \$6,895,770 | \$91,121 | 1.3% |
| Utilities | \$1,568,521 | \$1,762,179 | \$1,762,179 | - | 0.0% |
| Services | \$6,518,109 | \$8,595,911 | \$9,597,530 | \$1,001,619 | 11.7% |
| Fixed assets and capital outlay | \$321,338 | \$320,060 | \$325,328 | \$5,268 | 1.6% |
| Travel | \$125,803 | \$206,520 | \$206,520 | - | 0.0% |
| Repair and maintenance | \$787,961 | \$950,774 | \$1,007,986 | \$57,212 | 6.0% |
| Special projects and transfers | \$6,154,769 | \$8,013,500 | \$8,393,500 | \$380,000 | 0.0% |
| Subtotal | \$21,319,611 | \$26,653,593 | \$28,188,813 | \$1,535,219 | 5.8% |
| Total | \$57,471,745 | \$67,258,568 | \$69,208,572 | \$1,950,003 | 2.9% |

Personnel

The City’s personnel expenditures are allocated across multiple funds with the general fund bearing the burden of the majority of personnel expenses either directly or indirectly through internal service fund allocations such as the information technology internal service fund. In total, the 2018-19 adopted budget authorized 287.25 full-time equivalent (FTE) personnel requiring a total personnel budget across all funds of \$48.2 million. Of this amount, the general fund is responsible for \$40.6 million or 84 percent of total personnel costs. The general fund personnel budget is inclusive of an assumed staff vacancy rate of 4.2 percent or approximately \$1.33 million for fiscal year 2018-19. At mid-year, salary savings resulting from vacancies are modest but offset by increased spending in temporary help and overtime plus the expectation of increased future expenditures as a result of the recently settled contract with the Police Officers’ Association. While the net result of the aforementioned changes is likely to remain within the adopted budget for fiscal year 2018-19, recent departures of staff with significant accrued leave balances and a one-time cash-out associated with the contract settlement create the need for an amendment to the salaries and wages category of \$0.41 million. This amendment is necessary only for accrued vacation and is not pensionable compensation, so no corresponding amendment to fringe benefits is needed.

Table 3 details the portion of personnel spending that the general fund is responsible for in the adopted budget by categories of direct salaries and wages and fringe benefits. As the City Council has not authorized any changes in the number of FTEs and based on expenditure patterns previously noted, no amendment is necessary at this time beyond the aforementioned amendment for accrued leave.

| Table 3: General fund personnel detail | | | |
|--|------------------------------|--------------------------------|-------------------------------------|
| Item | 2018-19 Adopted budget | 2018-19 Projected actual | Required mid- year amendments |
| Adopted | | | |
| Salaries and wages | \$28,318,415 | \$28,733,199 | \$414,784 |
| Fringe benefits | \$12,286,560 | \$12,286,560 | \$0 |
| Total | \$40,604,975 | \$41,019,759 | \$414,784 |

Operating expenditures

As detailed in Table 4, the mid-year budget requires two actions by the City Council. The first action is to increase appropriations for 2018-19 to fund carryover encumbrances for commitments made in the prior fiscal year in the amount of \$1,155,219. This amount is offset by use of the City’s assigned fund balance which is intended to ensure that carryover encumbrances are fully funded in the subsequent fiscal year. The second action is to amend the budget to reflect approval already provided by the City Council subsequent to the budget adoption and to incorporate experience over the first half of the fiscal year. The final action is to formally amend the budget to be in compliance with the City’s budgeting policies. The mid-year City Council approved general fund transfers include funding for the heritage tree ordinance update of \$0.10 million, increasing funding for the transportation master plan of \$0.12 million, and Oak Grove Avenue bike improvements of \$0.16 million. With respect to the base operating budget, lower-than-anticipated expenditures in a number of categories have resulted in projections below the adopted budget and allowing for amendments to reflect the current trajectory. Shown below, operating expense is the most general category that includes expenditures such as, printing, advertising and a variety of expendable supplies, with a net anticipated budgetary savings of \$0.32 million. Services, comprised of a range of outside services such as contract work and legal consultation, is anticipated to see actual expenditures \$0.37 million below the adopted budget amount. Fixed assets and capital outlay, representing a range of durable and non-durable assets such as office furniture, is anticipated to see actual expenditures \$0.20 million below adopted budget levels.

| Table 4: General fund operating amendments detail | | | |
|---|------------------------------|--------------------------------|------------------------------------|
| Item | 2018-19 Adopted budget | 2018-19 Projected actual | Required mid-year amendments |
| Operating expenditures | | | |
| Operating expense | \$6,804,649 | \$6,804,649 | - |
| Utilities | \$1,762,179 | \$1,762,179 | - |
| Services | \$8,595,911 | \$8,595,911 | - |
| Fixed assets and capital outlay | \$320,060 | \$320,060 | - |
| Travel | \$206,520 | \$206,520 | - |
| Repair and maintenance | \$950,774 | \$950,774 | - |
| Special projects and transfers | \$1,172,000 | \$1,172,000 | - |
| Subtotal | \$19,812,093 | \$19,812,093 | - |
| Encumbrance carryovers | | | |
| Operating expense | - | \$91,121 | \$91,121 |
| Services | - | \$1,001,619 | \$1,001,619 |
| Capital, repairs and maintenance | - | \$62,479 | \$62,479 |
| Subtotal | - | \$1,155,219 | \$1,155,219 |
| City Council approved actions | | | |
| Transfers to other funds | \$6,841,500 | \$7,221,500 | \$380,000 |
| Subtotal | | \$7,221,500 | \$380,000 |
| Total | \$26,653,593 | \$28,188,812 | \$1,535,219 |

Other funds

Consistent with earlier items, Table 5 outlines budget amendments that are both new and have already been approved by the City Council in separate actions subsequent to the budget adoption.

| Table 5: Other fund expenditure amendments | | |
|---|-------------------------------|------------------------------|
| Item | Request new or prev. approved | Required mid-year amendments |
| Family literacy grant fund | | |
| Family literacy library programming | New | \$25,000 |
| Total | | \$25,000 |
| General capital improvement fund | | |
| Heritage tree ordinance update | Previously approved | \$100,000 |
| Traffic Management Plan for Baywood Avenue, Clover Lane, Blackburn Avenue and Marmona Drive | Previously approved | \$120,000 |
| Oak Grove Avenue bike improvement | Previously approved | \$160,000 |
| Jack Lyle Park restroom improvements | New | \$55,000 |
| Total | | \$435,000 |
| Measure A fund | | |
| Transportation master plan | Previously approved | \$115,500 |
| Total | | \$115,500 |
| Recreation-in-lieu fund | | |
| Jack Lyle Park restroom improvements | New | \$20,000 |
| Total | | \$20,000 |

Early in 2019, the library was awarded a grant from the California state library to support services to low-literate adults and their families. This grant requires that all funds be expended or encumbered by the end of the 2018-19 fiscal year, and the requested amendment incorporates both the receipt and expenditure of grant funds.

The request for Jack Lyle Park includes costs associated with the permitting and construction of utility service connections as well as additional inspection costs both internal and contract in order to complete the project.

While no additional appropriations are requested at this time, there are two capital projects nearing construction where staff anticipates the potential for additional funds this fiscal year, but the exact dollar amounts are not known at this time. One project is the Haven Avenue streetscape project, which is constructing pedestrian and bicycle improvements connecting between the new residential developments on Haven Avenue and Bedwell Bayfront Park at Marsh Road and Bayfront Expressway. Funding for Haven Avenue streetscape currently is budgeted from the City, grants, and a contribution from the residential developers and property owners along Haven Avenue. Staff is pursuing additional funding from regional

partners, which if approved, is likely to eliminate the need for an additional City appropriation. Another capital project is transportation projects – minor, which is upgrading crosswalks with existing in-roadway warning lights to rapid flashing beacons at various locations in the City. Five locations in the City are in need of modifications. Existing funds are anticipated to be sufficient to complete updates to at least two of these locations; however, all are in urgent need of repairs, and staff anticipates requesting additional funding to complete repairs at all five locations. Staff anticipates awarding a construction contract for this work in March 2019 and would include an appropriation request from Measure A transportation funds at that time.

Authorize the city manager to amend agreements

As a part of the mid-year budget review, several projects were identified whose budgeted amounts were sufficient to continue but which required professional service expenditures above the currently authorized agreement limits. Summarized in Table 6 and described below, these projects are ongoing and City Council authorization to amend contracts in the specified amounts will not affect budgetary appropriations.

Alta Planning + Design is currently providing the City consulting services for creating a citywide safe routes to school program. Their current contract is in effect from July 1, 2018, to June 30, 2019, and was originally included in the fiscal year 2017-18 budget. A contract amendment to modify the amount of the agreement up to \$180,000 (\$90,000 additional) is requested using existing appropriations. In addition, an extension until June 30, 2020, is requested. These changes would allow for the City to continue the Safe routes to school program, and add enhancements including items such as additional walking/biking maps for private schools, a crossing guard study, and extending the Alta-provided a safe routes to school coordinator through the end of 2019. No additional appropriations are necessary as this will draw from up to \$90,000 in available budget appropriations.

Noll and Tam Architects is currently providing the City consulting services on the space needs assessment for the new Belle Haven library branch project. Recently, staff identified additional focus group meetings as a benefit to the project as a result of the increased outreach to the community but the \$75,000 contract with Noll and Tam approved by City Council in October 2018 does not include any allowance for additional services. In addition, at their most recent meeting, the Library Commission heard from a few community members who requested additional outreach efforts. Authorizing the City Manager to amend this contract for an additional \$10,000 will allow Noll and Tam Architects to provide these identified outreach efforts. No additional appropriations are necessary as this will draw from the available project budget.

| Table 6: Current project agreement amendments | |
|---|---------------------------|
| Project | Required amendment amount |
| Safe routes to school | |
| Alta Planning + Design | \$90,000 |
| New Belle Haven branch library | |
| Noll and Tam Architects | \$10,000 |

Impact on City Resources

The fiscal impact of the requested change to various appropriations are discussed above and summarized as follows:

| Table 7: All funds overall summary | |
|------------------------------------|------------------------------|
| Fund | Required mid-year amendments |
| General Fund | |
| Revenues | \$2,078,069 |
| Expenditures | \$1,950,003 |
| Net change in fund balance | \$128,065 |
| Family literacy grant fun | |
| Revenues | \$25,000 |
| Expenditures | \$25,000 |
| Net change in fund balance | - |
| General capital improvement fund | |
| Revenues | - |
| Expenditures | \$435,000 |
| Net change in fund balance | (\$435,000) |
| Measure A fund | |
| Revenues | - |
| Expenditures | \$115,500 |
| Net change in fund balance | (\$115,500) |
| Recreation-in-lieu fund | |
| Revenues | - |
| Expenditures | \$20,000 |
| Net change in fund balance | (\$20,000) |

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

None.

Staff Report #: 19-037-CC

Report prepared by:
Ruru Tang, Accountant I
Dan Jacobson, Finance and Budget Manager

Approved by:
Lenka Diaz, Administrative Services Director



STAFF REPORT

City Council

Meeting Date:

3/5/2019 – continued from 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% | | |
| Total | | 19 | 24 | 19 | 62 | 17 | 79 |

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 |
| CITY BUILDINGS & SYSTEMS | | | | | | | |
| 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 | - | - | - | - | - |
| Subtotal | | \$4,295,422 | \$2,085,000 | \$2,200,000 | \$1,875,000 | \$1,950,000 | \$1,750,000 |

Environment



ENVIRONMENT

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

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

Parks & Recreation



PARKS & RECREATION

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

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

| | Priority | Projected Carryover | 2018–19 NEW FUNDS | Future Funding Needs (unfunded) | | | |
|--|----------|---------------------|--------------------|---------------------------------|--------------------|--------------------|--------------------|
| | | | | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
| PARKS & RECREATION | | | | | | | |
| 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 | - | - | - | - |
| Subtotal | | \$7,371,118 | \$1,295,000 | \$6,890,000 | \$2,570,000 | \$2,020,000 | \$1,520,000 |

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 |
| STORMWATER | | | | | | | |
| Bayfront Canal and Atherton Channel Flood Protection | Tier 2 | \$442,309 | - | - | - | - | - |
| Chrysler Pump Station Improvements | Tier 1 | 6,027,976 | - | - | - | - | - |
| Green Infrastructure Plan | Tier 1 | 142,598 | 100,000 | - | - | - | - |
| San Francisquito Creek Flood Reduction and Restoration | Tier 2 | 250,000 | - | - | - | - | - |
| San Francisquito Creek Upstream of 101 Flood Protection | Tier 2 | 120,007 | - | - | - | - | - |
| Stormwater Master Plan | Tier 3 | - | 350,000 | - | - | - | - |
| Willow Place Bridge Abutment Repairs | N/A | - | - | 250,000 | - | - | - |
| Subtotal | | \$6,982,890 | \$450,000 | \$250,000 | - | - | - |

Streets & Sidewalks



STREETS & SIDEWALKS

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

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

| 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 | - | - | - |
| Subtotal | | \$4,801,454 | \$6,015,000 | \$5,800,000 | \$9,000,000 | \$8,600,000 | \$7,000,000 |

Traffic & Transportation



TRAFFIC & TRANSPORTATION

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

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

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

Water



WATER

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

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

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

| 2019 City Council Priorities and Goal Setting | | | | |
|--|--|---|--|------------------|
| New Ref # | Project | 2019-20 Priorities and Work Plan | Lead Department | Old Ref # |
| 1 | 2019 Top Priority: Transportation Master Plan | Project on a Page 1 | Public Works | 17 |
| 2 | 2019 Top Priority: Chilco Street Improvement Project | Project on a Page 2 | Public Works | 20 |
| 3 | 2019 Top Priority: Middle Avenue Pedestrian and Bicycle Rail Crossing | Project on a Page 3 | Public Works | 21 |
| 4 | 2019 Top Priority: Heritage Tree Ordinance Update | Project on a Page 4 | City Manager's Office | 26 |
| 5 | 2019 Top Priority: 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 |
| New Ref # | Project | 2019 Study Session (tentative) | Lead Department | Old Ref # |
| 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 |
| New Ref # | Initiative | Refer item to Commission | Lead Department | Old Ref # |
| 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 |
| New Ref # | Project | Transfer Projects | Lead Department | Old Ref # |
| 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"> Initial feedback from City Council and target stakeholders (Bohannon, Facebook, Tarlton) Gather feedback, gauge community interest, and hire consultant to conduct TMA options analysis Reach out to regional cities to begin talks of partnerships and alliances <p><u>Activity No. 2 (Spring 2019 to Summer 2020):</u></p> <ul style="list-style-type: none"> Citywide survey of commuter habits by Consultant Focus groups with large, small businesses, other stakeholders to chart milestones and updates Options analysis completed by Consultant and presented to City Council at a study session City Council selects option to pursue <p><u>Activity No. 3 (2020)</u></p> <ul style="list-style-type: none"> Wider community engagement on preferred City Council option Refine option based on communitywide feedback and further needed analysis City Council action to initiate establishment of a TMA Develop implementation and monitoring plan <p><u>Activity No. 4 (2021-2022)</u></p> <ul style="list-style-type: none"> Establish TMA, then begin transitioning TMA into an independent entity, with minimal advisement from the City Monitor and report progress to City Council and make changes when applicable | | |
| Related Existing Policies, Programs, Future Projects | | |
| <p>City of Menlo Park Bike Share, Development Agreements, Managers Mobility Partnership, Parks & 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 TMAs 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
 Deanna Chow, Assistant Community Development Director/Planning
 tel 650-330-6726 | email cdsandmeier@menlopark.org



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 - (2nd 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 – (3rd-4th 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 (1st-2nd 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 - (2nd - 3rd Quarter 2019)

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

Phase III - (4th 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"> • a furnished dwelling unit or a furnished bedroom in a dwelling unit • rented for a short duration such as one night or one week • almost always for 30 days or less. <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 (1st-2nd Quarter 2019)</u></p> <ul style="list-style-type: none"> • Determine the scope of the project and contact community stakeholders • Agree on a shared definition of what is a short-term rental and what potential impacts to consider in any regulation • Hold community meetings <p><u>Phase II - (2nd - 3rd Quarter 2019)</u></p> <ul style="list-style-type: none"> • 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.) <p><u>Phase III - (4th Quarter 2019)</u></p> <ul style="list-style-type: none"> • Proposed draft ordinance for City Council consideration |

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

| Project Summary | | |
|--|---|---|
| <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 |
| 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



| Project Summary | | |
|---|--|---|
| <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> | | |
| Key Project Activities and Timeline | | |
| <p><u>Phase I - Project Planning (4th Quarter 2019)</u></p> <ul style="list-style-type: none"> Conduct joint Planning Commission and City Council Study Session to receive input and direction on scope of work <p><u>Phase II- (1st-2nd Quarter 2020)</u></p> <ul style="list-style-type: none"> Prepare project scope, budget and timeline for review and approval by the Council <p><u>Phase III- (2nd-3rd Quarter 2020)</u></p> <ul style="list-style-type: none"> Initiate community outreach | | |
| Related Existing Policies, Programs, Future Projects | | |
| Zoning Ordinance, General Plan | | |
| Project Summary | | |
| <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
 701 Laurel St., Menlo Park, CA 94025
 Deanna Chow, Assistant Community Development Director/Planning
 tel 650-330-6733 | email dmchow@menlopark.org



| Project Summary | | |
|--|--|-----------------------|
| <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> | | |
| Key Project Activities and Timeline | | |
| <p><u>Phase I - Project Planning (2nd Quarter 2019)</u></p> <ul style="list-style-type: none"> • Applicant initiates neighbourhood community outreach • Conduct Planning Commission study session • Prepare project scope, budget and timeline for environmental review, and review and approval by the Council (if needed) <p><u>Phase II- (3rd-4th Quarter 2019)</u></p> <ul style="list-style-type: none"> • Conduct project and environmental review <p><u>Phase III- (4th Quarter 2019-1st 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"> • Housing Commission review • Planning Commission review • City Council review and action | | |
| Related Existing Policies, Programs, Future Projects | | |
| Zoning Ordinance, General Plan | | |
| Project Summary | | |
| <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



| Project Summary | | |
|---|--|--|
| <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> | | |
| Key Project Activities and Timeline | | |
| <p><u>1. Evaluate Historical and Current Data (Spring 2019):</u></p> <ul style="list-style-type: none"> • Initiate consultant services • 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) • Collect and evaluate current (spring 2019) parking occupancy data <p><u>2. Review and Adopt Downtown Parking Goals (Summer 2019):</u></p> <ul style="list-style-type: none"> • Host City Council study session to review adopted downtown parking measures of effectiveness established in November 2015 and consider any necessary revisions • Outline proposed scope of work, including engagement strategy, and schedule for next steps <p><u>3. Develop Strategy, Recommendations and Implementation Plan (Fall 2019)</u></p> <ul style="list-style-type: none"> • Identify scope of possible modifications, timeline for implementation, and funding needs • Review and recommendation of strategy and implementation plan by Complete Streets and Planning Commissions • Review and approval of strategy and implementation plan by City Council | | |
| Related Existing Policies, Programs, Future Projects | | |
| <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> | | |
| Project Summary | | |
| <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 & 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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 Rebecca Lucky, Sustainability Manager
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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
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 Gene Garces, Information Technology Manager
 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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STAFF REPORT

City Council

Meeting Date: 3/5/2019
Staff Report Number: 19-038-CC

Informational Item: **Planned budget strategy for unfunded pension liability**

Recommendation

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

Policy Issues

The City Council has prioritized periodic review of the City's employee pension obligations and controls budgetary assumptions and appropriations. City Council has a reserve policy which dedicates 25 percent of a given fiscal year's operating surplus toward strategic pension funding opportunities and staff has recommended a change to the fiscal year 2019-20 budgetary principles to explicitly include addressing pension liabilities.

Background

In accordance with past practice, the City Council has directed staff to retain the services of an independent actuary to review the forecasts of employee pension obligations. The most recent report provided to the City Council from the independent actuary was November 13, 2018. It addressed recent changes made by the California Public Employees Retirement System (CalPERS) to strengthen the plan's long-term health, in addition to responding to the 2017-18 San Mateo Civil grand jury's recommendation that all cities in San Mateo County hold public meetings discussing projected pension obligations. At that meeting, the City Council directed staff to investigate specific options to reduce the City's unfunded pension liability and return with recommendations.

Analysis

Retirement plan distinction

Under the City's retirement contract with CalPERS, City staff are grouped by a number of characteristics that ultimately result in four distinct pension plans, each of which has assets, requirements and liabilities. One characteristic distinguishing employee membership in a plan is the type of service provided to the City. Sworn police personnel are members of the safety group, while all other regular employees are classified under the miscellaneous group. Another set of characteristics are based on the date that the employee began working as a regular employee with the City and with a CalPERS agency. The statewide Public Employee Pension Reform Act (PEPRA) created a differentiation between "classic" and "new" or "PEPRA" CalPERS members, and before this legislation, the City enacted multiple retirement tiers for its employees. Those employees who were hired before the implementation of tiers are considered Tier 1, those employees hired afterward as "classic" CalPERS members are Tier 2, and those employees hired into both CalPERS and the City after the implementation of statewide pension reform are PEPRA. The final characteristic which distinguishes plans is the number of employees participating. Plans with a sufficiently

large number of participants are independent while those with smaller numbers of participants are pooled with other small agency plans. The number of miscellaneous employees in the City is sufficient to be considered a combined plan while each of the tiers of safety employees is a separate pooled plan. These various plans and distinguishing characteristics are outlined below in Table 1.

| Table 1: City of Menlo Park retirement plans | | | | |
|--|---------------------|-------------------|---------------|-------------------|
| Service type | City hire date | CalPERS hire date | Benefit level | CalPERS plan name |
| Miscellaneous | Before 10/23/2011 | Before 10/23/2011 | Tier 1 | Miscellaneous |
| | 10/23/2011 or after | Before 1/1/2013 | Tier 2 | |
| | 1/1/2013 or after | 1/1/2013 or after | PEPRA | |
| Sworn safety | Before 11/20/2011 | Before 11/20/2011 | Tier 1 | Tier 1 safety |
| | 11/20/2011 or after | Before 1/1/2013 | Tier 2 | Tier 2 safety |
| | 1/1/2013 or after | 1/1/2013 or after | PEPRA | PEPRA safety |

Funding history

One measure of a pension plan’s ability to meet the obligations promised to participating members is the funded ratio, or the market value of the assets owned by the plan divided by the accrued liability for employees retiring at the plan’s normal age. The difference between the market value of assets and the aforementioned accrued liability is the unfunded accrued liability (UAL), or the amount outstanding at a given point in time. Based on the most recent valuations provided by CalPERS and further analyzed by the City’s independent actuary, two of the City’s four pension plans, those for miscellaneous and Tier 1 safety, have funded ratios below 90 percent and combined UAL in excess of \$54 million. CalPERS has taken a number of actions to address unfunded liabilities across its member plans which should ultimately result in the City’s plans reaching 100 percent funded status, though these measures come at the cost of a substantial amount of interest paid by the City. The City may avoid some of this interest expense by pursuing additional actions to reduce the unfunded liability faster than under the current CalPERS amortization schedule. The two plans outlined below overwhelmingly comprise the City’s unfunded liability and current funded status over recent years for these underfunded plans is displayed in Tables 2 and 3 below.

| Table 2: Miscellaneous plan funding history as of June 30 | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 |
| Unfunded accrued liability | \$21,461,088 | \$19,482,011 | \$25,097,845 | \$32,145,956 | \$29,919,760 |
| Funded ratio | 77.5% | 81.5% | 77.6% | 72.8% | 76.1% |

| Table 3: Tier 1 safety plan funding history as of June 30 | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 |
| Unfunded accrued liability | \$15,662,295 | \$14,595,759 | \$18,504,614 | \$24,164,032 | \$24,600,148 |
| Funded ratio | 77.5% | 81.0% | 77.0% | 71.6% | 73.1% |

Prospective contributions

While a portion of pension contributions for the miscellaneous group is born by funds other than the general fund, it is anticipated that the general fund will have responsibility for between 87 percent and 88 percent of the unfunded liability over the next 10 years. As a result, this analysis will focus on general fund options. Using the City’s current 30-year amortization schedule, expected general fund contributions to the unfunded liability portion of the miscellaneous and Tier 1 safety plans are outlined in Tables 4 and 5 below. It is important to note that the required payments assume that CalPERS meets its discount rate assumption in each year, and that any actual return above or below the assumed rate will change the required payments.

| Table 4: Miscellaneous plan anticipated general fund contributions by fiscal year | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| UAL payment | \$2,114,483 | \$2,353,302 | \$2,634,996 | \$2,856,840 | \$2,986,116 |
| General Fund expenditure ratio | 3.2% | 3.5% | 3.8% | 3.9% | 4.0% |

| Table 5: Tier 1 safety plan anticipated general fund contributions by fiscal year | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| UAL payment | \$1,665,796 | \$1,897,000 | \$2,168,000 | \$2,392,000 | \$2,527,000 |
| General Fund expenditure ratio | 2.6% | 2.8% | 3.1% | 3.3% | 3.4% |

Potential City Council actions

In conjunction with the independent actuary, staff previously presented a number of factors under the control of the City Council to address the unfunded liability. Included in the list were options to:

- Adopt a shorter amortization schedule
- Make supplemental payments to CalPERS
- Reduce non-pension costs
- Adopt a rate smoothing policy and mechanism
- Address employee cost-sharing and payroll growth assumptions
- Issue pension obligation bonds
- Pursue legislative advocacy
- Withdraw from CalPERS

These options can be grouped more generally into three categories of factors and with a range of expected returns when considered from a net present value (NPV) perspective, displayed below in Table 6. It is important to note that the expected return is a qualitative assessment and relative only to the factors under consideration, though expected values are presented when reasonably estimable. NPV, where reasonably estimable, is calculated over the life of an amortization plan or a 10-year period for non-amortized options using a 2.5 percent discount rate, reflecting the City’s expected investment returns. For options with discretionary investment amounts, NPV is reported in terms of return per \$1.0 million invested in the current year as determined by the City’s independent actuary in Attachment A and noted as variable investment levels. Of note, NPV calculations include only resource returns and do not incorporate productivity costs or market risks associated with pursuit of the given strategy, though the expected return displayed does incorporate staff’s best estimate of the net effect of such productivity costs and other risks.

Table 6: Options available to address unfunded pension liability

| No. | Option | Category | Expected return |
|-----|---|-------------------|-----------------|
| 1 | Adopt shorter amortization schedule | Return focused | High |
| 2 | Make supplemental payments | Return focused | High |
| 3 | Reduce non-pension costs | Certainty focused | Medium |
| 4 | Adopt rate smoothing policy and mechanism | Certainty focused | Medium |
| 5 | Maintain employee cost-sharing | Certainty focused | Low |
| 6 | Meet payroll growth assumptions | Certainty focused | Low |
| 7 | Issue pension obligation bonds | Certainty focused | Very low |
| 8 | Pursue legislative advocacy | Uncertain | Uncertain |
| 9 | Withdraw from CalPERS contract | Certainty focused | Negative |

Potential returns, benefits, and risks for each strategy option are discussed in greater detail below and summarized in Table 7 presented after the discussion.

Adopt shorter amortization schedule

For each of its current plans, the City follows CalPERS’ standard, 30-year amortization schedule. CalPERS offers shortened amortization schedules of 20, 15, or 10 years under a “Fresh start” of existing unfunded bases. Under these shortened amortization schedules, the City would pay off its unfunded liability at an increased pace while simultaneously paying less in accrued interest. Under this strategy, however, the majority of savings are back-loaded and the expected rates charged by CalPERS are largely unchanged until the end of the shortened amortization period. As such, while savings under this option can be high, future rates remain largely unchanged. At risk under such a strategy is the flexibility afforded the City, as adoption of shortened amortization schedules is an irrevocable decision and the City loses some freedom in resource allocation as it must meet the required annual payments prescribed in the new schedule. In addition, while CalPERS makes investment return assumptions, actual market returns will affect the value of the payments made to CalPERS. This could result in a lower NPV in the event that market returns do not meet CalPERS’ assumptions, but similarly will result in a greater NPV if market returns exceed CalPERS’ assumptions.

The expected NPV for adoption of shortened amortization schedules are:

- Miscellaneous plan 15-year schedule: \$0.80 million
- Miscellaneous plan 10-year schedule: \$4.91 million
- Safety tier 1 plan 20-year schedule: \$0.16 million
- Safety tier 1 plan 15-year schedule: \$3.91 million

Option summary

Potential return: \$0.16 million to \$8.82 million

Benefits: High expected NPV and relatively fast elimination of unfunded liability

Risks: Reduced freedom to allocate resources during the shortened amortization period; lower NPV if market returns do not meet the CalPERS assumed discount rate

Make supplemental payments

CalPERS allows contracted agencies to make additional payments to existing unfunded liability bases on an

ad hoc basis outside of the aforementioned “fresh start” schedule. Due to the length and magnitude of bases differing as a result of their origination time and source, the NPV of making payments differs depending on the base targeted. “Shorter” bases, or those with less time remaining on the amortization schedule, generally have lower NPV than “longer” bases, or those with a greater amount of time remaining. Depending on preference for having a greater savings or fewer unfunded liability bases, the City could elect to target any type or some combination at its discretion. One notable benefit of such a strategy is a high NPV without constraint in future resource allocation as the City would not be locked into an alternate amortization schedule. While this strategy offers high NPV, it does little to change the expected rates charged by CalPERS in future years as the gains are spread out over the length of the targeted base. The primary risk associated with this strategy is market risk similar to that of the “Fresh start” option, notably that CalPERS may not meet its investment return assumptions and that the value of the additional payment(s) to CalPERS would be lower than expected.

Illustrative NPV for several funding options are (variable investment level, per \$1.0 million supplemental payment):

- Miscellaneous plan short base: \$0.12 million
- Miscellaneous plan long base: \$0.64 million
- Safety plan short base: \$0.32 million
- Safety plan long base: \$0.65 million

Option summary

Potential return: Varies depending on targeted base and size of payment

Benefits: High NPV and no loss of flexibility for future resource allocation

Risks: Lower than expected NPV if market returns do not meet the CalPERS assumed discount rate

Reduce non-pension costs

In comparison with other strategies, this strategy does not directly address unfunded liability but rather the availability of general fund monies. This option includes a number of components, including potential elements such as reducing the use of contract services or general fund transfers to the capital improvement plan. The primary benefit of such a strategy is its flexibility, where the reduction of expenditures in a given year need not necessarily continue into future years and where scale can change relatively easily. As such, this strategy’s focus would be directed more toward the certainty of being able to achieve a balanced budget in each fiscal year, though a structural reduction in non-pension costs and commensurate increase in fund allocation toward pension liabilities would result in a large, positive expected NPV. It is important to note that some non-pension benefits, such as current-year staffing costs, are more difficult to adjust on a year-to-year basis, while others such as transfers or contract services can change nearly instantaneously. Similarly, while some expenditures are subject to both increases and decreases, other categories such as unfunded pension liability payments have one-sided flexibility and can only potentially increase beyond a prescribed minimum level except as a result of factors outside of the City’s control. As a final note on the mechanism involved with this strategy, while reducing non-pension costs does free resources, it does not itself reduce the City’s unfunded liability. As such, pursuit of this strategy as it relates to reducing pension liabilities also necessarily includes selecting another of the strategies described.

At risk in the strategy of reducing non-pension costs is the resultant effect on service to the community. Each reduction in non-pension costs constrains the City’s ability to provide service to the community either directly or indirectly. Identifying which services should be reduced, to what degree, and at what time becomes a complex and difficult side effect if pursued.

Option summary

Potential return: Varies, depending on timing and degree of non-pension cost reductions plus selection of accompanying strategy

Benefits: Flexibility in timing, scale and type of cost reduction

Risks: Reduction in service to the community

Adopt rate-smoothing policy and mechanism

In contrast with the first two options mentioned, the City Council may elect to pursue a strategy which intentionally results in a lower expected NPV but provides the benefit of increased rate stability. Through a variety of mechanisms, including the establishment of an irrevocable Section 115 Trust and/or continued investment of the City's committed general fund reserve amount, the City may opt to save current funds for use when rates rise above a certain amount. Under this strategy, the City would invest current and/or future funds until CalPERS rates exceeded a certain point, then make payments to CalPERS to reduce rates as a percentage of payroll to lower the "peak" rates expected to be experienced under the current amortization schedule.

For illustrative purposes, Attachment A includes two potential scenarios, a miscellaneous plan example and a safety plan example, which demonstrate this strategy. Under the miscellaneous scenario, the City creates a Section 115 Trust with \$1.0 million invested for the express and irrevocable purpose of paying pension obligations and targets a City rate above 24.1 percent to begin disbursements. This occurs in fiscal year 2022-23 and continues until fiscal year 2030-31, during which time the City draws down the Trust to reduce its net payments in each fiscal year to 24.1 percent. Under such a scenario, the City would save \$0.48 million with an NPV of \$0.19 million.

This strategy introduces risk in one or two categories, market and irrevocability, depending on the choice of investment vehicle. While a Section 115 Trust may invest in a broader range of investment products than are allowed under the City's investment policy, returns are not guaranteed and may be lower than the City's conservative approach depending on overall market conditions. Additionally, a Section 115 Trust is an irrevocable election and the City may not use any funds invested in such a Trust for any purpose other than pension obligations and loses the flexibility to redirect funds to other needs or opportunities.

Option summary

Potential return: \$0.19 million (miscellaneous) to \$0.32 million (safety) with a Section 115 Trust (variable investment level, per \$1.0 million invested)

Benefits: Reduced uncertainty in future rates

Risks: Market exposure and reduced flexibility if invested in a Section 115 Trust

Maintain employee cost-sharing

The City currently has cost-sharing agreements with four of its represented collective bargaining units and with the unrepresented management and confidential employees. The rates paid by employees differ and in the current fiscal year range from 0.35 percent to 3.81 percent depending on the unit; rising up to a high of 4.89 percent before the end of the current contracts as City employees assume some of the costs of rising CalPERS rates. As the cost-sharing arises from a negotiated agreement between the City and its represented units, the resource cost associated with maintaining the cost-sharing is low from a monetary standpoint.

Cost-sharing agreements between the City's miscellaneous units do not currently have a cap on the amount that they contribute toward the City's pension costs, and the share for Public Employee Pension Reform Act (PEPRA) employees in the City's non-supervisory unit is anticipated to rise above the total normal cost for that group by the 2023-24 fiscal year. This may introduce the risk of prospective employees showing

preference for other agencies as they judge the pension benefit to be a net cost to employment rather than a benefit (e.g., the actuarial value of the pension is lower than the cost paid by the employee) if not sufficiently offset by other non-pension compensation. As a result, while not a resource cost, there is some risk to recruitment and retention for pursuing this strategy, which would manifest as a productivity cost if realized. It is also important to note that because cost-sharing is negotiated between the City and its represented units, the City does not have the freedom to act unilaterally in the manner available for all other options presented.

The NPV of cost-sharing is anticipated to be \$9.85 million for miscellaneous and \$2.03 million for safety when considered irrespective of any effects on recruitment and retention, which, with other conditions remaining the same, are judged to be substantial.

Option summary

Potential return: \$11.89 million

Benefits: Evenly reduces City's pension costs in proportion to direct staffing costs

Risks: May negatively affect recruitment and retention if not offset by increased non-pension compensation

Meet payroll growth assumptions

In the City's current 10-year forecast, settled contract terms are calculated deterministically but future years are expected to grow at an average of 3.0 percent per year, reflecting a combination of anticipated long-term inflation as well as a regional adjustment. The United States federal reserve's long-run inflation expectation, one component of its dual mandate, is 2.0 percent and sets the baseline for the City's wage and salary growth expectation. Average consumer price index (CPI) in the San Francisco-Oakland-Hayward region has outpaced nationwide city average CPI over the previous 10 years by slightly above 1 percent, which when combined with the aforementioned national expectation creates the 3.0 percent expectation also assuming that the active employee base remains the same.

The assumption used by CalPERS for payroll growth is 2.75 percent per year starting with the June 30, 2018, valuation, suggesting that the City is likely to exceed the payroll growth assumption in a majority of years if it follows the forecast, creating an unfunded liability each time it does. As the City has substantial control of growth rates through a variety of factors, it could prioritize meeting the CalPERS assumed rate; however, this strategy would introduce risk in the form of recruitment and retention if other local agencies do not follow a similar policy and the City becomes an increasingly less competitive employer. In addition, while this option is separate from the option to maintain the employee cost-sharing agreement, they do not operate wholly independently, as the aforementioned cost-sharing agreements do have the potential to affect current and prospective employees' views of the City's attractiveness as an employer.

Given the mismatch between the City's payroll growth assumptions and the assumptions used by CalPERS, an optimistic outcome would be a NPV of \$0 or the creation of no new unfunded liability due to payroll growth. As the risk to recruitment and retention is largely tied to productivity costs rather than actual liabilities or expenditures, its NPV is not included.

Option summary

Potential return: \$0 (no new liability created and no decrease in current unfunded liability)

Benefits: Increased certainty payments if payroll growth assumptions are not exceeded, as no unfunded liability is created in each year where actual payroll growth is at or below the assumed rate

Risks: May negatively affect recruitment and retention if actual area inflation exceeds CalPERS expectations and compensation adjustments do not keep pace

Issue pension obligation bonds

Under this strategy, the City would issue bonds, use the proceeds to pay the unfunded liability, and receive an overall savings of the difference between the rate paid on the debt service and the market returns of the proceeds. Given the very strong financial position of the City and anticipated debt service rates lower than those of other agencies, this strategy may result in a positive NPV. However, while debt service payments are determined before issuance, market returns are not guaranteed. As a result, this strategy may result in a negative NPV if the returns are lower than the costs of debt service. In addition, PEPPRA prevents City contributions from dropping below normal cost, so savings may be offset in cases where returns are high.

Option summary

Potential return: Uncertain without additional investigation

Benefits: High certainty given set payment schedule for debt service

Risks: Negative return if market returns do not exceed debt service requirements; savings may be offset due to PEPPRA in cases where returns are high

Pursue legislative advocacy

This option represents a wide range of possible actions by the City Council, but does not specify any given strategy due to the non-exclusivity of the option. This option is materially unaffected by the pursuit of any combination of alternative strategies due to a low expected monetary cost. This option also offers commensurately low risk as any failure to influence future legislation results in maintenance of the status quo rather than a loss of either capital or opportunity.

Option summary

Potential return: Uncertain depending on direction

Benefits: Potential for future pension legislation favorable to the City with a variety of possible outcomes such as assistance from the State, increased certainty in rates, or increased flexibility in offering future retirement benefits

Risks: The City faces only the costs associated with crafting, presenting and advocating for future legislation, which carries a low chance of loss in resources or other opportunities

Withdraw from CalPERS contract

All other options presented assume that the City will continue its retirement agreement with CalPERS as it reduces pension liability, but the City may also pursue the termination of the agreement. It is important to note that this does not relieve the City of any currently accrued unfunded liability and that termination of the contract would exclude the City from pursuing other options with the exception of legislative advocacy and potentially the issue of pension obligation bonds. In addition, while the City would avoid future normal cost payments to CalPERS, it would remain obligated to provide some form of retirement plan for City staff.

The primary benefit of such an option is that the overall cost of eliminating unfunded liabilities would be known with no variability, though at the cost of using a much lower long-term discount rate. Due to this lowered discount rate, CalPERS can provide for already-earned benefits by making essentially risk-free investments; however, this results in higher initial liability and therefore lower NPV relative to the status quo. The primary associated cost is that the entire difference between the market value of assets in the plan and the actuarially accrued liability must be paid at the time of plan termination.

At risk in such an option is that market returns will vastly outpace the risk-free returns assumed by CalPERS at the end of the contract, resulting in the City having paid substantially more than the alternative cost. In addition, termination of the contract risks the attractiveness of the City as a prospective employer to current CalPERS members as accepting employment with the City would halt accumulation of service within the CalPERS system and risk a lower benefit payment for current "classic" members.

Option summary

Potential return: (\$204 million) to (\$156 million)

Benefits: Known and invariable liability at time of termination

Risks: Market returns are expected to outpace the risk-free investments that CalPERS would purchase; potential reduction in attractiveness as an employer

| Table 7: Summary of options by return, benefits and risks | | | | |
|---|---|---|--|--|
| No. | Option | Return | Benefits | Risks |
| 1 | Adopt shorter amortization schedule | \$0.16 million to \$8.82 million | High expected NPV, relatively fast elimination of unfunded liability | Reduced freedom to allocate resources; lower NPV depending on market |
| 2 | Make supplemental payments | \$0.12 million to \$0.65 million (per \$1.0 million invested) | High expected NPV, no loss of future flexibility | Lower NPV depending on market returns of investment |
| 3 | Reduce non-pension costs | Variable depending on timing, scale | High flexibility in timing, scale and type of reduction | Reduction in service provided to community |
| 4 | Adopt rate smoothing policy and mechanism | \$0.19 million to \$0.32 million (per \$1.0 million invested) | Reduced uncertainty in future rates paid | Market exposure and reduced flexibility if Section 115 Trust used |
| 5 | Maintain employee cost-sharing | \$11.89 million | Even reduction in pension rates | May affect recruitment and retention |
| 6 | Meet payroll growth assumptions | \$0 (no increase or reduction in unfunded liability) | Increased certainty in future payments | May affect recruitment and retention |
| 7 | Issue pension obligation bonds | Uncertain – would need additional investigation | High certainty in payment schedule | Negative return if market returns do not exceed debt service; savings may be offset in cases of high returns |
| 8 | Pursue legislative advocacy | Uncertain – would need additional direction | Variety of potential benefits | Low – related only to resource costs to develop |
| 9 | Withdraw from CalPERS contract | (\$204 million) to (\$156 million) | Known and invariable liability at time of termination | Opportunity cost in market returns; potential reduction in attractiveness as employer |

Staff recommendation

Based on the expected returns of the options presented and associated risks and unless given alternate direction by City Council, staff plans to pursue Option 2, supplemental payments, to match the payment schedules of Option 1, adopting a shorter amortization schedule, without formal adoption of a “Fresh start” amortization schedule and beginning with the City Manager’s proposed budget for fiscal year 2019-20. To meet the funding requirements necessary to make the additional payments outlined below in Table 9, staff will incorporate the assumption of receiving the full excess educational revenue augmentation fund (ERAF) from the County each year in addition to use of any necessary strategic pension reserve funds.

Anticipated benefits

Using the aforementioned City discount rate of 2.5 percent, or the long-run expected earnings on its investments, pursuit of such a strategy results in an expected NPV of \$4.91 million for the miscellaneous plan and \$3.91 million for the Tier 1 safety plan over the remainder of the respective amortization schedules. In terms of absolute savings, such a strategy results in a reduction in payments of \$18.1 million over the remainder of the respective amortization schedules.

Potential risks

The greatest risk posed by pursuing such a strategy is that actual returns on CalPERS assets do not meet the discount rate assumption. While actual earnings in some years are expected to be lower than the discount rate, years with returns greater than the discount rate should offset these lower-than-expected earnings over the long run. The risk posed to the City is that the particular years where returns are lower than the discount rate are those years in which the City makes additional contributions, lowering the value of those additional contributions. It is important to note that while this would reduce the value of the additional contributions made, those additional contributions would nevertheless reduce the unfunded liability compared to the alternative of forgoing additional contributions in those years.

Execution mechanics

Given the available alternate amortization schedules outlined by CalPERS, the City would follow the payment schedule for the 10-year amortization schedule for the miscellaneous plan and the 15-year amortization schedule for the Tier 1 safety plan, making a supplemental payment of the difference between the required UAL payment of the current schedule and the payment specified in the alternative amortization schedule. The outstanding UAL and additional payments compared to the current amortization by plan are outlined in Table 9 below.

| Table 9: Schedule of UAL balance and additional payments | | | | | |
|--|--------------------|------------------------|--------------|--------------------|--------------------|
| Valuation date | Miscellaneous plan | | | Safety plan | |
| | Balance | Additional payment | Balance | Additional payment | |
| 6/30/2019 | \$ 30,418,613 | \$ 1,122,768 | \$25,932,451 | \$ | 692,265 |
| 6/30/2020 | 28,717,107 | 976,827 | 25,370,508 | | 560,739 |
| 6/30/2021 | 26,779,919 | 812,793 | 24,697,616 | | 415,034 |
| 6/30/2022 | 24,586,734 | 732,027 | 23,903,711 | | 322,884 |
| 6/30/2023 | 22,115,669 | 778,335 | 22,977,945 | | 326,856 |
| 6/30/2024 | 19,343,161 | 800,712 | 21,908,620 | | 336,252 |
| 6/30/2025 | 16,243,839 | 1,223,850 | 20,683,132 | | 345,919 |
| 6/30/2026 | 12,790,393 | 1,241,687 | 19,287,897 | | 355,865 |
| 6/30/2027 | 8,953,427 | 1,277,383 | 17,708,283 | | 366,096 |
| 6/30/2028 | 4,701,308 | 2,137,116 | 15,928,530 | | 376,622 |
| 6/30/2029 | | (2,810,165) | 13,931,666 | | 387,450 |
| 6/30/2030 | | (2,890,959) | 11,699,419 | | 398,589 |
| 6/30/2031 | | (2,401,862) | 9,212,118 | | 410,048 |
| 6/30/2032 | | (2,289,908) | 6,448,592 | | 550,377 |
| 6/30/2033 | | (1,903,442) | 3,386,058 | | 698,436 |
| 6/30/2034 | | (1,701,574) | | | (2,320,320) |
| 6/30/2035 | | (1,406,492) | | | (2,531,903) |
| 6/30/2036 | | (1,093,036) | | | (2,345,975) |
| 6/30/2037 | | (968,960) | | | (1,199,145) |
| 6/30/2038 | | (836,849) | | | (1,112,179) |
| 6/30/2039 | | (771,268) | | | (1,073,735) |
| 6/30/2040 | | (793,441) | | | (1,104,605) |
| 6/30/2041 | | (593,617) | | | (885,588) |
| 6/30/2042 | | (447,898) | | | (834,684) |
| 6/30/2043 | | (207,251) | | | (666,969) |
| 6/30/2044 | | | | | (367,192) |
| 6/30/2045 | | | | | (123,191) |
| 6/30/2046 | | | | | (62,570) |
| Total additional payments | | \$ (10,013,224) | | \$ | (8,084,624) |

Risk mitigation

In order to mitigate the risk posed by actual market returns being lower than the CalPERS discount rate's assumption, the City will plan to spread the additional payment across the year, for instance on a quarterly

basis. This introduces an additional potential liability beyond that specified in the alternative amortization schedule as payments would receive a pro-rata share of investment earnings for the year but is offset by a lower potential liability for years in which the actual returns do not meet the discount rate assumption. If CalPERS were to meet the discount rate assumption in each year, such a strategy would reduce the NPV by \$0.65 million across both plans as one additional payment would be made in the year following the end of the shorter amortization schedule to account for the compounded losses. Staff will evaluate the need for additional payments closer to the 100 percent funding level for each plan.

Impact on City Resources

There is no impact on City Resources in the current fiscal year unless City Council directs staff to use some portion of the General Fund's unassigned fund balance. Unless provided with different direction, staff will incorporate use of resources into the City Manager's proposed budget and into the 10-year forecast.

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. Analysis of employee pension obligations by Bartel Associates
- B. Miscellaneous Plan of the City of Menlo Park Annual Valuation Report as of June 30, 2017, report dated July 2018 – hyperlink: calpers.ca.gov/docs/actuarial-reports/2017/menlo-park-city-miscellaneous-2017.pdf
- C. Safety Plan of the City of Menlo Park Annual Valuation Report as of June 30, 2017, dated August 2018 – hyperlink: calpers.ca.gov/docs/actuarial-reports/2017/menlo-park-city-safety-2017.pdf
- D. Safety Police Second Tier Plan of the City of Menlo Park Annual Valuation Report as of June 30, 2017, report dated August 2018 – hyperlink: calpers.ca.gov/docs/actuarial-reports/2017/menlo-park-city-safety-police-second-tier-2017.pdf
- E. PEPRSA Safety Police Plan of the City of Menlo Park Annual Valuation Report as of June 30, 2017, report dated August 2018 – hyperlink: calpers.ca.gov/docs/actuarial-reports/2017/menlo-park-city-pepra-safety-police-2017.pdf

Report prepared by:

Edith Weaver, Human Resources Technician
Dan Jacobson, Finance and Budget Manager

Report reviewed by:

Lenka Diaz, Administrative Services Director



CITY OF
MENLO PARK

CITY OF MENLO PARK

MISCELLANEOUS & SAFETY PLANS

BARTEL
ASSOCIATES, LLC

CalPERS Actuarial Issues – 6/30/17 Valuation

Doug Pryor, Vice President

Bianca Lin, Assistant Vice President

Kevin Yang, Actuarial Analyst

Bartel Associates, LLC

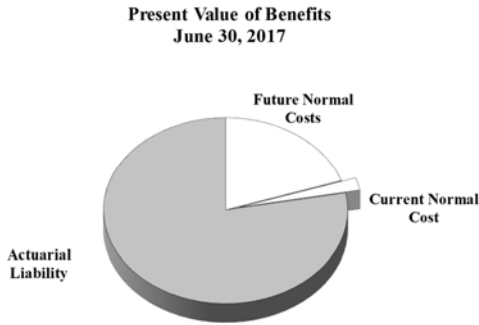
November 13, 2018

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DEFINITIONS



- **Present Value of all Projected Benefits:**
 - The value now of amounts due to be paid in the future
- **PVB - Present Value of all Projected Benefits:**
 - Discounted value (at valuation date - 6/30/17), of all future expected benefit payments based on various (actuarial) assumptions

- **Current Normal Cost:**
 - Portion of PVB allocated to (or “earned” during) current year
 - Value of employee and employer current service benefit
- **Actuarial Liability:**
 - Discounted value (at valuation date) of benefits earned through valuation date [value of past service benefit]
 - Portion of PVB “earned” at measurement



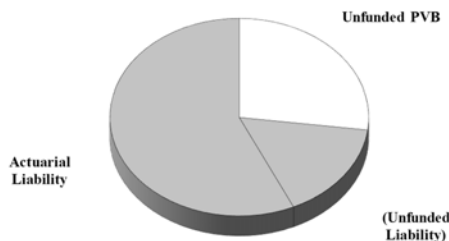
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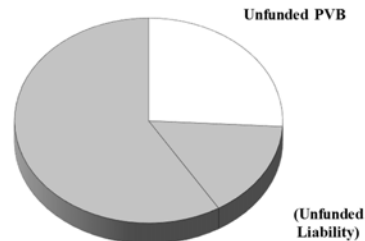


DEFINITIONS

Present Value of Benefits
June 30, 2016



Present Value of Benefits
June 30, 2017



- **Target-** Have money in the bank to cover Actuarial Liability (past service)
- **Unfunded Liability** - Money short of target at valuation date
- **Unfunded Liability** - Money short of target at valuation date
 - If all actuarial assumptions were always exactly met, then the plan assets would always equal AAL
 - Any difference is the unfunded (or overfunded) AAL
 - Every year, the actuary calculates the difference between the expected UAAL and Actual UAAL. This is a new layer or amortization base
 - Each new layer gets amortized (paid off) over a period of time as part of the contribution [rate].



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HOW WE GOT HERE

- Investment Losses
- CalPERS Contribution Policy
- Enhanced Benefits
- Demographics



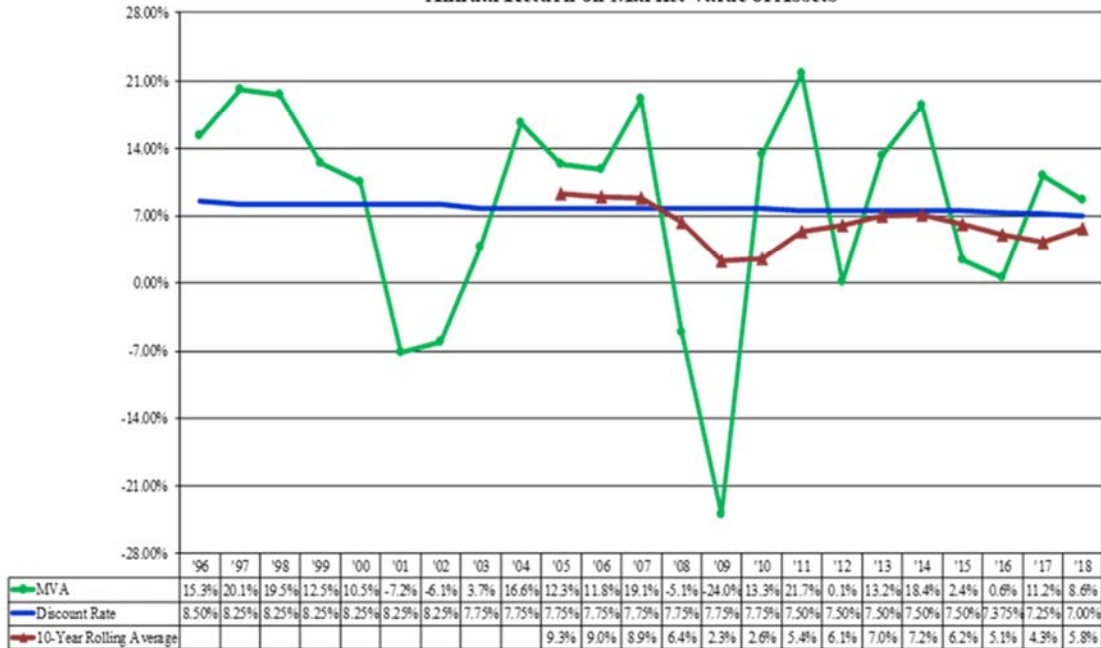
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HOW WE GOT HERE – INVESTMENT RETURN

Annual Return on Market Value of Assets



Above assumes contributions, payments, etc. received evenly throughout year.



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HOW WE GOT HERE – OLD CONTRIBUTION POLICY

- Effective with 2003 valuations:
 - Slow (15 year) recognition of investment losses into funded status
 - Rolling 30 year amortization of all (primarily investment) losses

- Designed to:
 - First smooth rates and
 - Second pay off UAAL

- Mitigated contribution volatility



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HOW WE GOT HERE – ENHANCED BENEFITS

- At CalPERS, Enhanced Benefits implemented using all (future & prior) service

- Typically not negotiated with cost sharing

- City of Menlo Park

| | Tier 1 | Tier 2 | PEPRA |
|---------------|---------------|---------------|--------------|
| Miscellaneous | 2.7%@55 FAE1 | 2%@60 FAE3 | 2%@62 FAE3 |
| Safety | 3%@50 FAE1 | 3%@55 FAE3 | 2.7%@57 FAE3 |

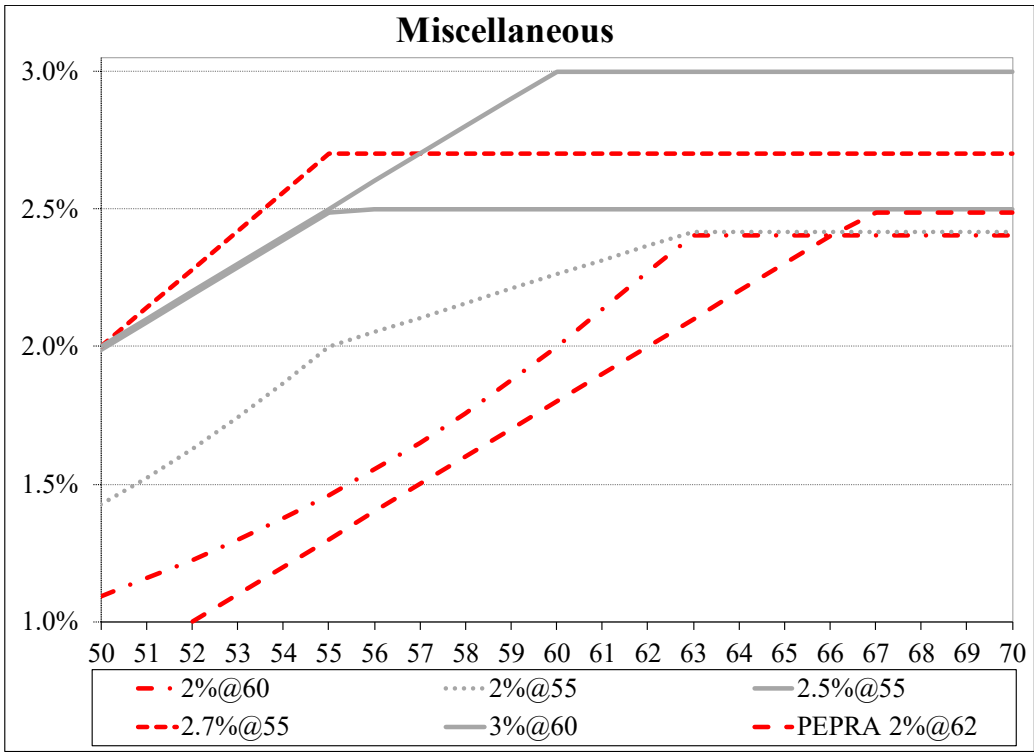
- Note:
 - FAE1 is highest one year (typically final) average earnings
 - FAE3 is highest three years (typically final three) average earnings



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HOW WE GOT HERE – ENHANCED BENEFITS

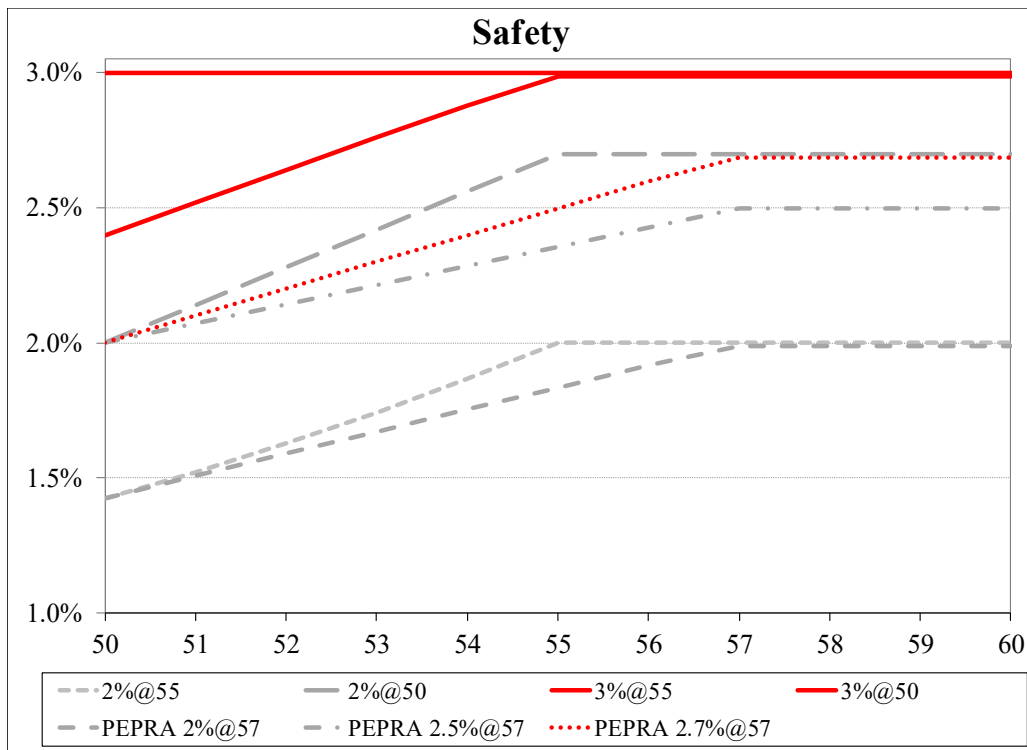


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HOW WE GOT HERE – ENHANCED BENEFITS



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HOW WE GOT HERE – DEMOGRAPHIC

- Around the State
 - Large retiree liability compared to actives
 - State average: 55% for Miscellaneous, 65% for Safety
 - Declining active population and increasing number of retirees
 - Higher percentage of retiree liability increases contribution volatility
- City of Menlo Park percentage of liability belonging to retirees:
 - Miscellaneous 54%
 - Safety 69%



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CALPERS CHANGES

- Contribution policy changes:
 - No asset smoothing
 - No rolling amortization
 - 5-year ramp up
 - Included in 6/30/13 valuation (first impact 15/16 rates; full impact 19/20)
- Assumption changes:
 - Anticipate future mortality improvement
 - Other, less significant, changes
 - Included in 6/30/14 valuation (first impact 16/17 rates; full impact 20/21)
- CalPERS Board changed their discount rate:

| | <u>Rate</u> | <u>Initial</u> | <u>Full</u> |
|---------------------|-------------|----------------|-------------|
| ● 6/30/16 valuation | 7.375% | 18/19 | 22/23 |
| ● 6/30/17 valuation | 7.25% | 19/20 | 23/24 |
| ● 6/30/18 valuation | 7.00% | 20/21 | 24/25 |
- December 2018: CalPERS Board selected asset allocation similar to current portfolio. No change to the discount rate



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CALPERS CHANGES

- Risk Mitigation Strategy
 - Move to more conservative investments over time to reduce volatility
 - Only when investment return is better than expected
 - Lower discount rate in concert
 - Essentially use ≈50% of investment gains to pay for cost increases
 - Likely get to 6.0% over 20+ years
 - Risk mitigation suspended until 6/30/18 valuation
- February 2018 CalPERS adopted new amortization policy
 - Applies only to newly established amortization bases
 - Fixed dollar amortization rather than % pay
 - Amortize gains/losses over 20 rather than 30 years
 - 5-year ramp up (not down) for investment gains and losses
 - No ramp up/down for other amortization bases
 - Minimizes total interest paid over time and pays off UAAL faster
 - Effective June 30, 2019 valuation for 2021/22 contributions
 - Included in this study

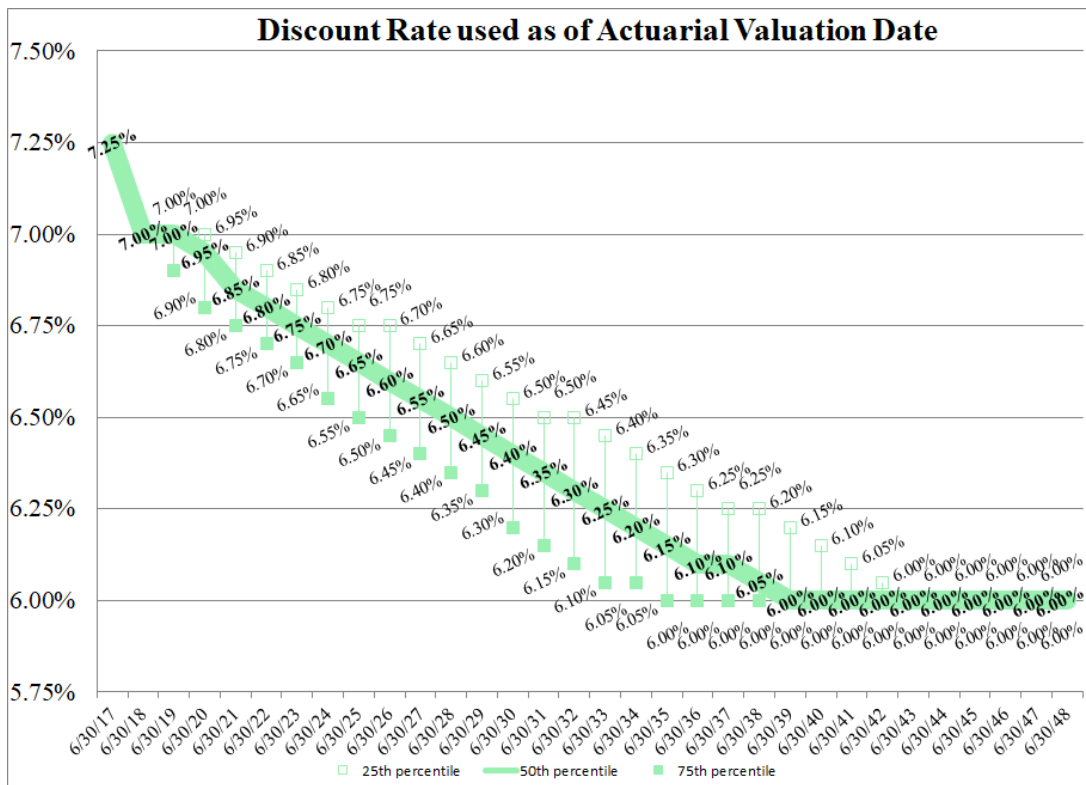


November 13, 2018

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CALPERS CHANGES



November 13, 2018



SUMMARY OF DEMOGRAPHIC INFORMATION - MISCELLANEOUS

| | 1997 | 2007 | 2016 | 2017 |
|--|-----------|------------|------------|------------|
| Actives | | | | |
| ■ Counts | 172 | 198 | 206 | 208 |
| ■ Average | | | | |
| • Age | 42 | 44 | 44 | 44 |
| • City Service | 8 | 10 | 10 | 9 |
| • PERSable Wages | \$ 40,700 | \$ 64,700 | \$ 78,400 | \$ 81,800 |
| ■ Total PERSable Wages | 7,800,000 | 14,100,000 | 17,600,000 | 18,500,000 |
| Inactive Members | | | | |
| ■ Counts | | | | |
| • Transferred | 32 | 88 | 94 | 94 |
| • Separated | 48 | 120 | 131 | 142 |
| • Retired | | | | |
| □ Service | | 100 | 176 | 185 |
| □ Disability | | 9 | 11 | 13 |
| □ Beneficiaries | | 19 | 25 | 25 |
| □ Total | 81 | 128 | 212 | 223 |
| ■ Average Annual City Provided Benefit for Service Retirees ¹ | N/A | \$ 18,400 | \$ 25,900 | \$ 26,100 |
| ■ Active / Retiree Ratio (City) | 2.1 | 1.5 | 1.0 | 0.9 |
| ■ Active / Retiree Ratio (All CalPERS) | N/A | 1.7 | 1.3 | 1.3 |

¹ Average City-provided pensions are based on City service & City benefit formula, and are not representative of benefits for long-service employees.

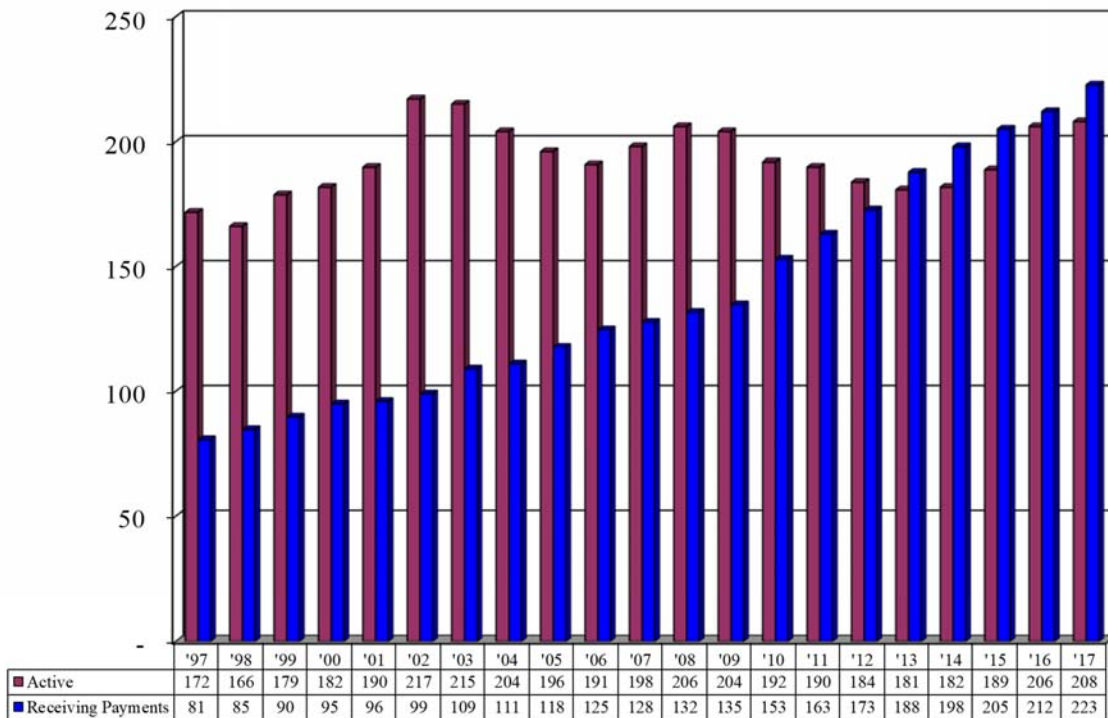


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SUMMARY OF DEMOGRAPHIC INFORMATION - MISCELLANEOUS



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PLAN FUNDED STATUS - MISCELLANEOUS

| | June 30, 2016 | June 30, 2017 |
|---------------------------|----------------------|----------------------|
| Active AAL | \$43,200,000 | \$44,900,000 |
| Retiree AAL | 62,500,000 | 67,100,000 |
| Inactive AAL | <u>12,700,000</u> | <u>13,300,000</u> |
| Total AAL | 118,400,000 | 125,300,000 |
| Assets | <u>86,200,000</u> | <u>95,400,000</u> |
| Unfunded Liability | 32,200,000 | 29,900,000 |
| Funded Ratio | 72.8% | 76.1% |

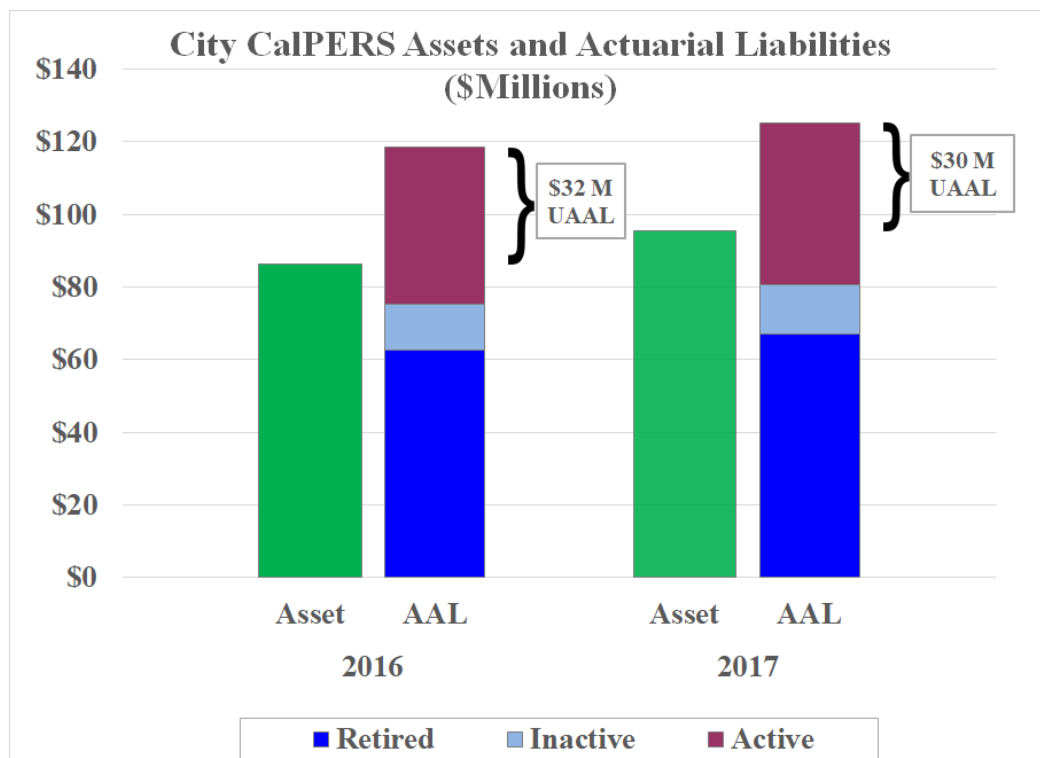


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PLAN FUNDED STATUS - MISCELLANEOUS



November 13, 2018



PLAN FUNDED STATUS - MISCELLANEOUS

Discount Rate Sensitivity

June 30, 2017

| | Discount Rate | | |
|---------------------------|----------------------|---------------------|---------------------|
| | <u>7.25%</u> | <u>7.00%</u> | <u>6.00%</u> |
| AAL | \$125,300,000 | \$128,700,000 | \$146,200,000 |
| Assets | <u>95,400,000</u> | <u>95,400,000</u> | <u>95,400,000</u> |
| Unfunded Liability | 29,900,000 | 33,300,000 | 50,800,000 |
| Funded Ratio | 76.1% | 74.1% | 65.3% |



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PLAN FUNDED STATUS - MISCELLANEOUS

Unfunded Accrued Liability Changes

| | |
|---|--------------------|
| ■ Unfunded Accrued Liability on 6/30/16 | \$32,200,000 |
| ■ Expected Unfunded Accrued Liability on 6/30/17 | 32,400,000 |
| ■ Other Changes | |
| • Asset Loss (Gain) | (3,200,000) |
| • Assumption Change | 2,100,000 |
| • Contribution & Experience Loss (Gain) | <u>(1,400,000)</u> |
| • Total | <u>(2,500,000)</u> |
| ■ Unfunded Accrued Liability on 6/30/17 | 29,900,000 |

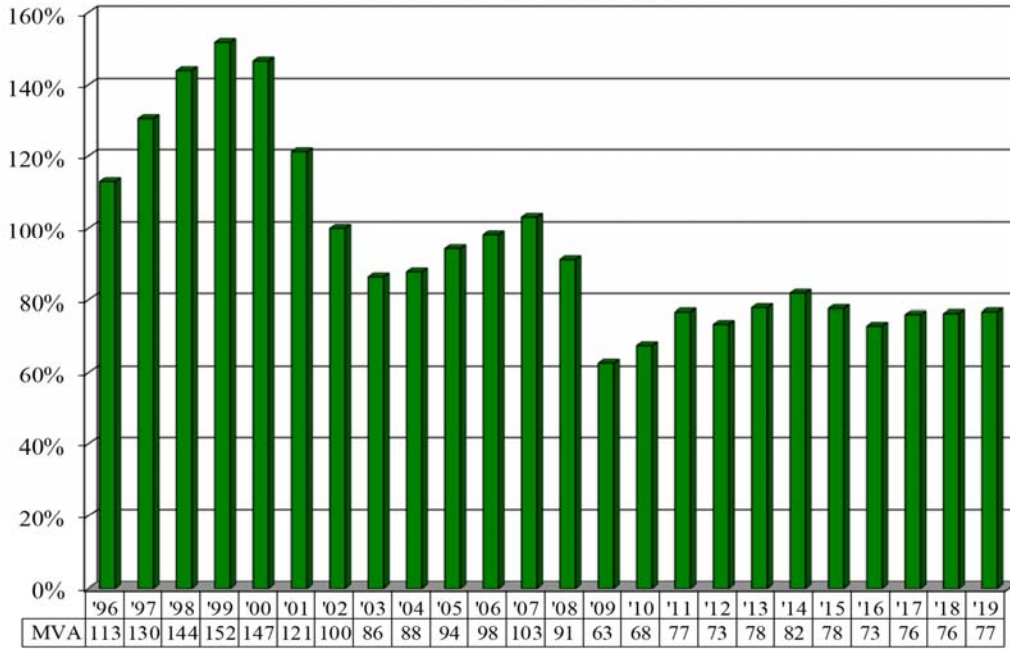


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FUNDED RATIO - MISCELLANEOUS

Historical Funded Ratio



6/30/18 & 6/30/19 funded status estimated



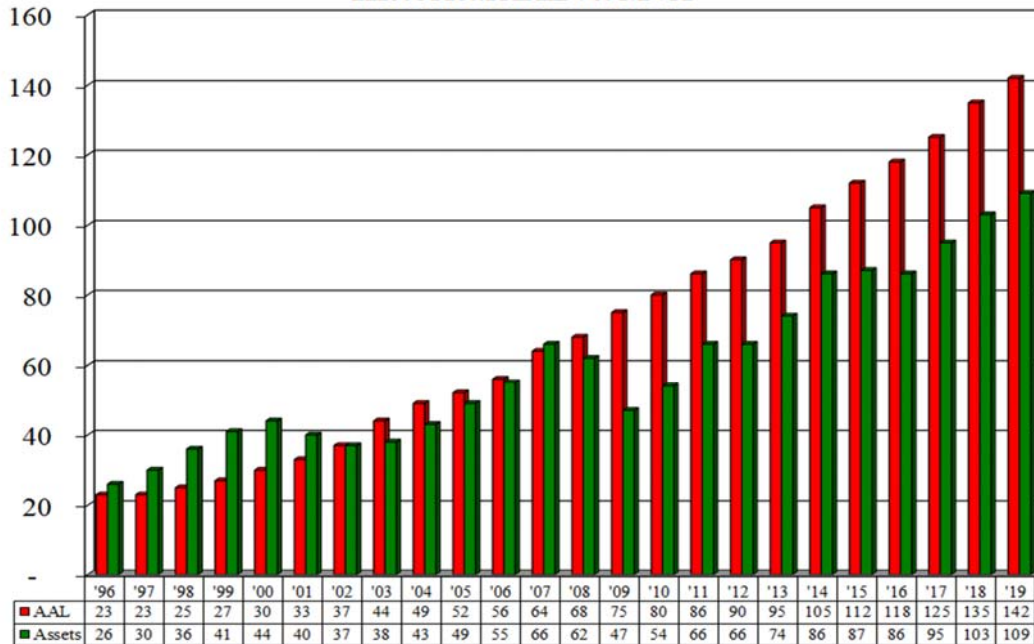
November 13, 2018

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FUNDED STATUS (MILLIONS) - MISCELLANEOUS

Historical AAL vs. MVA



6/30/18 & 6/30/19 funded status estimated

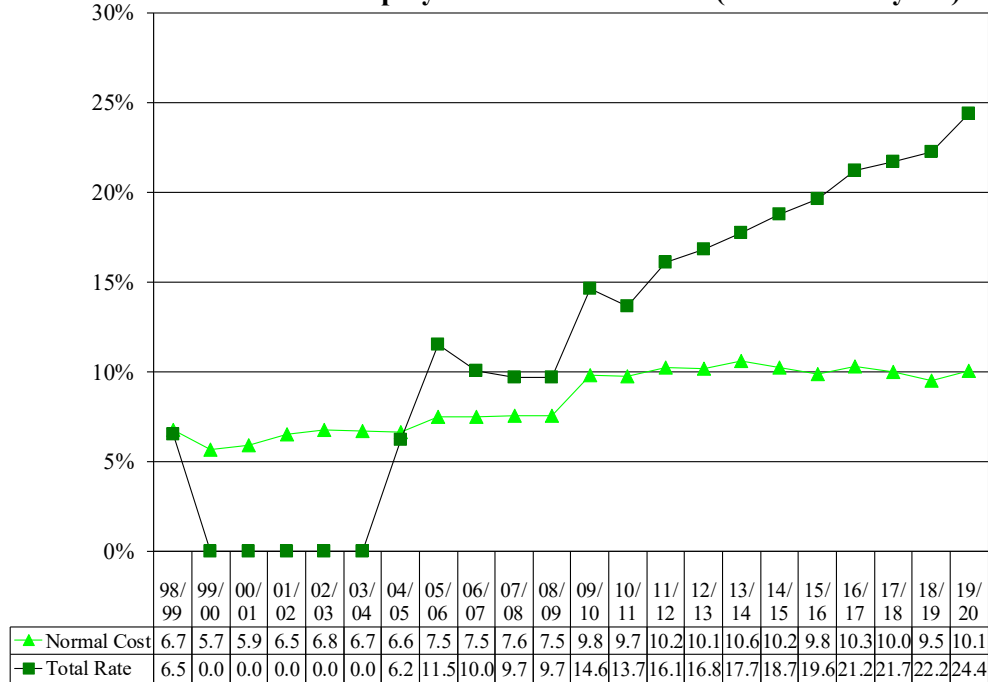


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CONTRIBUTION RATES - MISCELLANEOUS

Historical Employer Contribution Rates (Percent of Payroll)



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CONTRIBUTION RATES - MISCELLANEOUS

| | 6/30/16 2018/2019 | 6/30/17 2019/2020 |
|--|------------------------------|------------------------------|
| ■ Total Normal Cost | 16.9% | 17.4% |
| ■ Employee Normal Cost | <u>7.4%</u> | <u>7.3%</u> |
| ■ Employer Normal Cost | 9.5% | 10.1% |
| ■ Amortization Payments | <u>12.7%</u> | <u>14.3%</u> |
| ■ Total Employer Contribution Rate | 22.2% | 24.4% |
| ■ 2018/19 Employer Contribution Rate | | 22.2% |
| ● Payroll > Expected | | (0.2%) |
| ● Asset Method Change (5 th Year) | | 0.9% |
| ● 6/30/14 Assumption Change (4 th Year) | | 0.7% |
| ● 6/30/16 Discount Rate Change (2 nd Year) | | 0.2% |
| ● 6/30/17 Discount Rate & Inflation (1 st Year) | | 0.9% |
| ● Other (Gains)/Losses | | <u>(0.3%)</u> |
| ■ 2019/20 Employer Contribution Rate | | 24.4% |



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CONTRIBUTION PROJECTIONS - MISCELLANEOUS

- Market Value Investment Return:
 - June 30, 2018 8.6%²
 - Future returns based on stochastic analysis using 1,000 trials

| <u>Single Year Returns at³</u> | <u>25th Percentile</u> | <u>50th Percentile</u> | <u>75th Percentile</u> |
|---|-----------------------------------|-----------------------------------|-----------------------------------|
| Current Investment Mix | 0.1% | 7.0% | 14.8% |
| Ultimate Investment Mix | 0.8% | 6.0% | 11.4% |

 - Assumes investment returns will, generally be 6.5% (as compared to 7.0%) over the next 10 years and higher beyond that.
- Assumption Changes – Discount Rate
 - Decrease to 7.0% by June 30, 2018 valuation
 - Additional Discount Rate decreases due to Risk Mitigation policy.
- No Other: Gains/Losses, Method/Assumption Changes, Benefit Improvements
- Different from CalPERS projection

² based July 2018 CalPERS press release

³ Nth percentile means N percentage of our trials result in returns lower than the indicated rates.



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CONTRIBUTION PROJECTIONS - MISCELLANEOUS

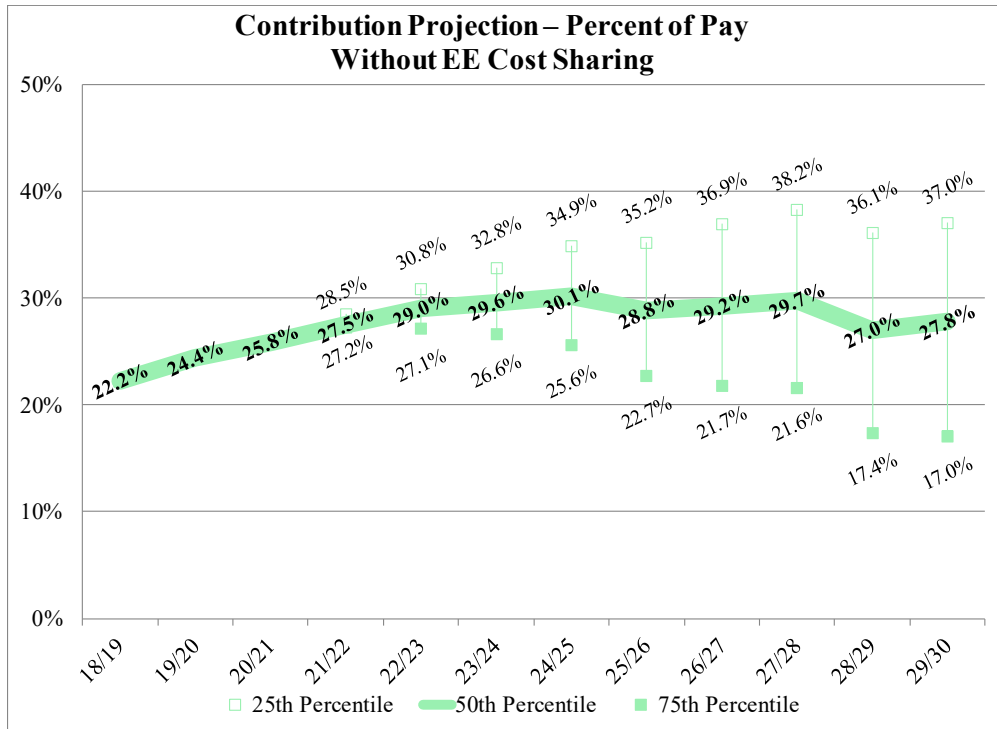
- New hire assumptions:
 - 62.5% of 2018/19 new hires are PEPRAs and 37.5% are Classic members
 - Percentage of PEPRAs member future hires to increase from 62.5% to 100% over 15 years
- Employee Cost Sharing:
 - Applies to Tier 1, Tier 2, and PEPRAs employees
 - SEIU: 50/50 share begins when the employer rate rises above 14.597%
 - AFSCME and unrepresented: 50/50 share begins when the employer rate rises above 15.85%
 - Payroll: 75% for SEIU and 25% for AFSCME



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CONTRIBUTION PROJECTIONS - MISCELLANEOUS

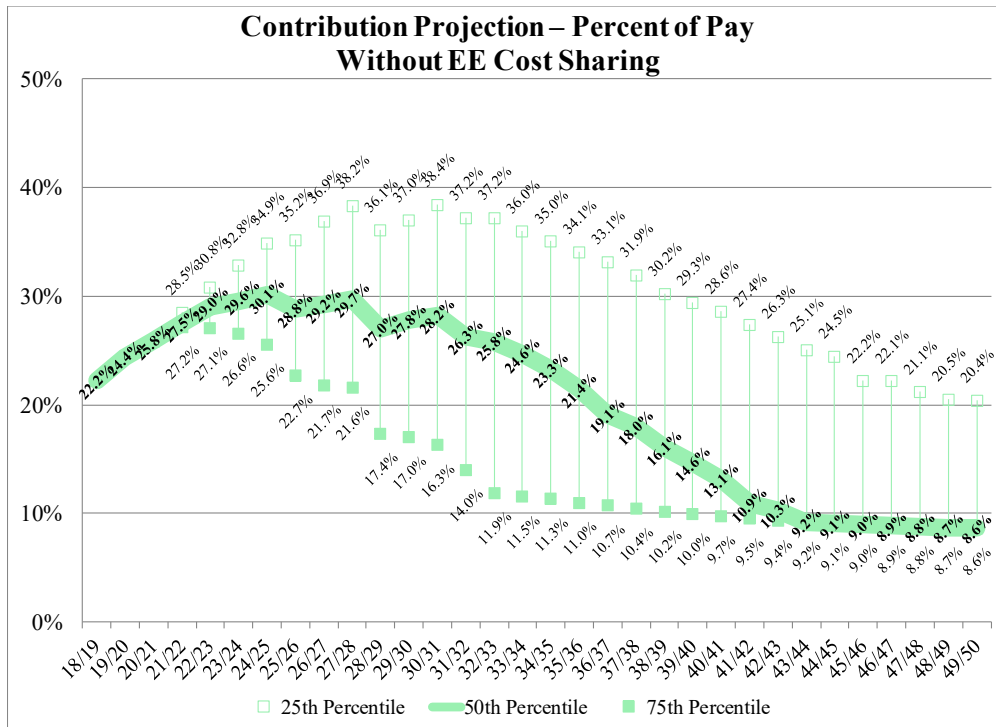


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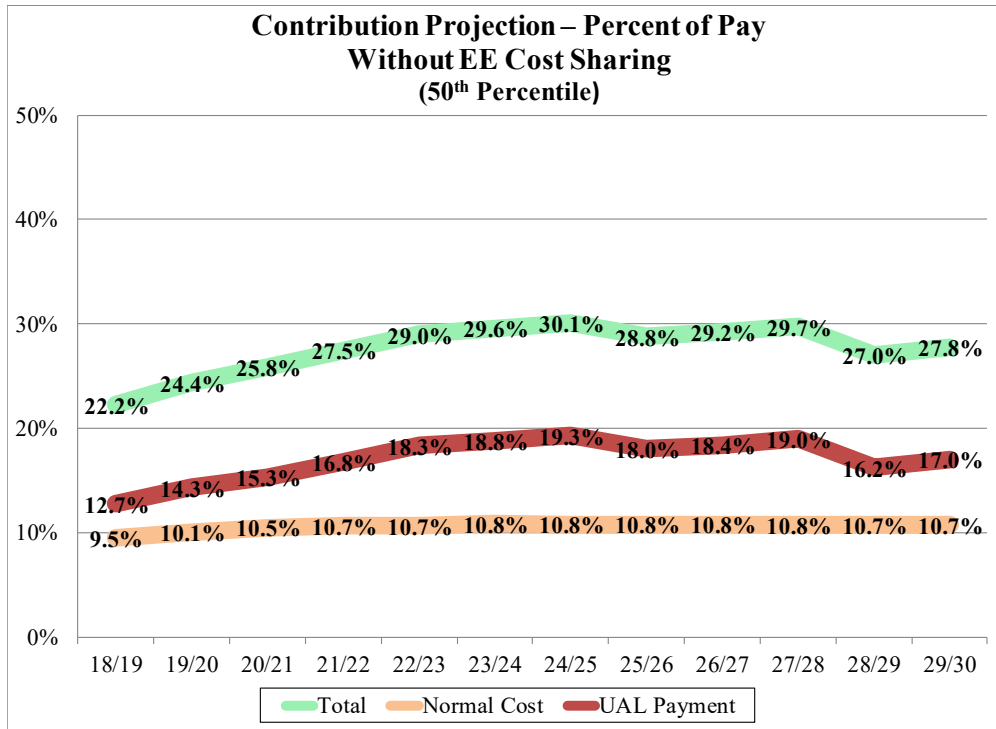
CONTRIBUTION PROJECTIONS - MISCELLANEOUS



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CONTRIBUTION PROJECTIONS - MISCELLANEOUS

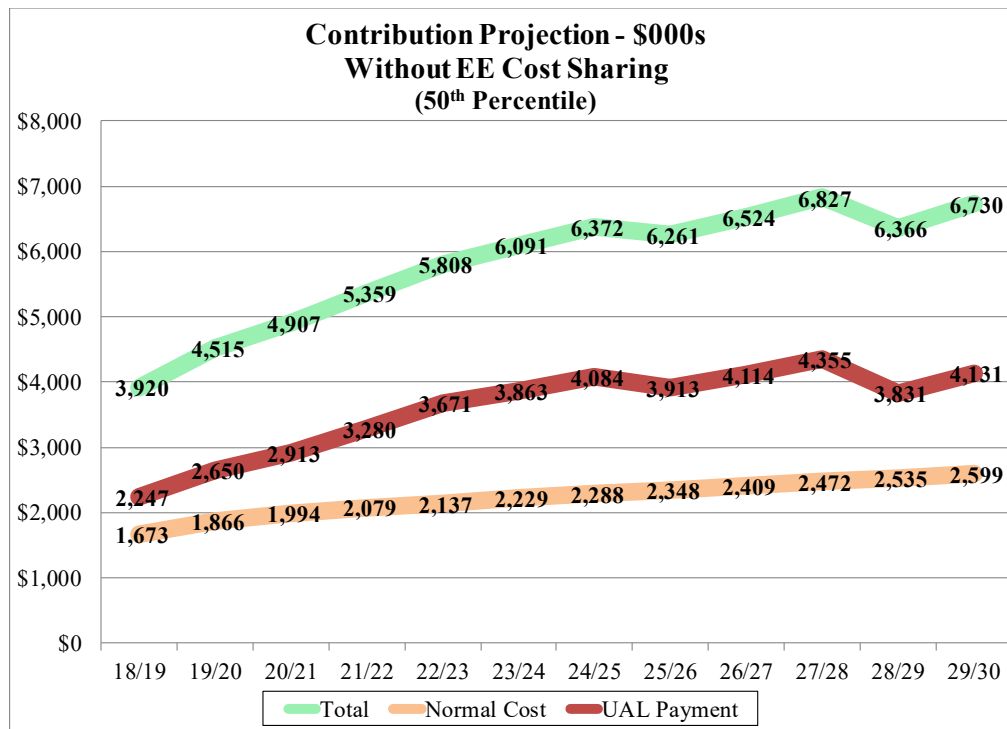


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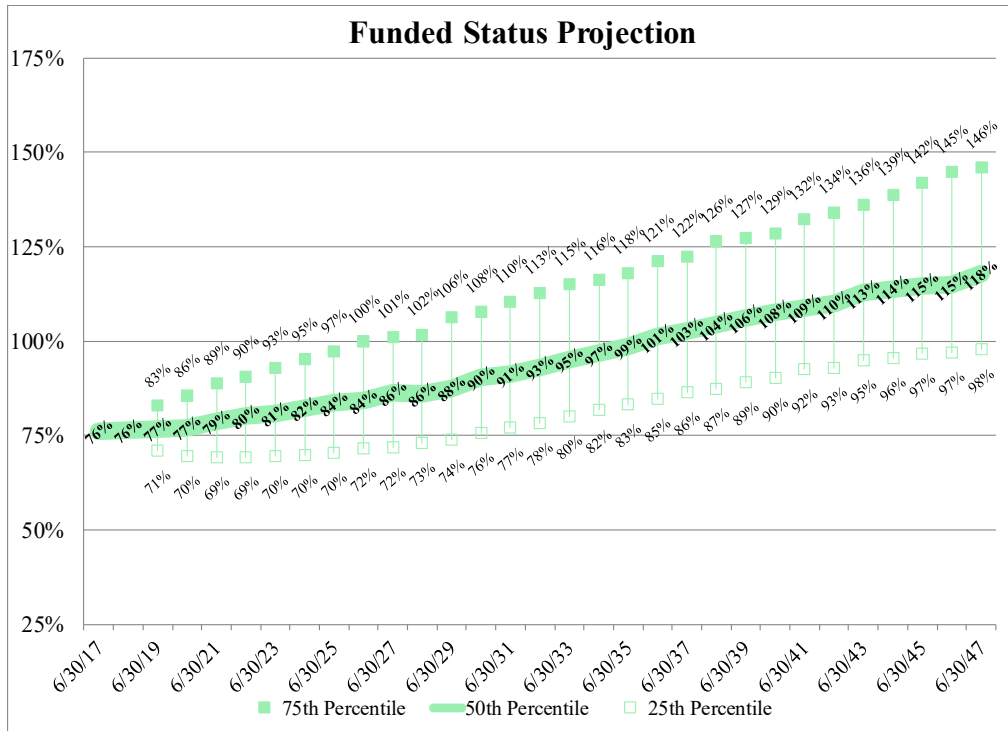
CONTRIBUTION PROJECTIONS - MISCELLANEOUS



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FUNDED STATUS - MISCELLANEOUS



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FUNDED STATUS - MISCELLANEOUS

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SUMMARY OF DEMOGRAPHIC INFORMATION - SAFETY

| | 2011 | 2014 | 2016 | 2017 |
|--|------------|------------|------------|------------|
| Actives | | | | |
| ■ Counts | 45 | 45 | 44 | 43 |
| ■ Average PERSable Wages | \$ 149,100 | \$ 144,900 | \$ 149,600 | \$ 155,400 |
| ■ Total Projected PERSable Wages | 6,700,000 | 6,500,000 | 6,600,000 | 6,600,000 |
| Inactive Members | | | | |
| ■ Counts | | | | |
| • Transferred | 28 | 25 | 22 | 22 |
| • Separated | 12 | 12 | 11 | 11 |
| • Retired | 93 | 103 | 110 | 116 |
| ■ Active / Retiree Ratio (City) | 0.5 | 0.4 | 0.4 | 0.4 |
| ■ Active / Retiree Ratio (All CalPERS) | 1.5 | 1.3 | 1.3 | 1.3 |

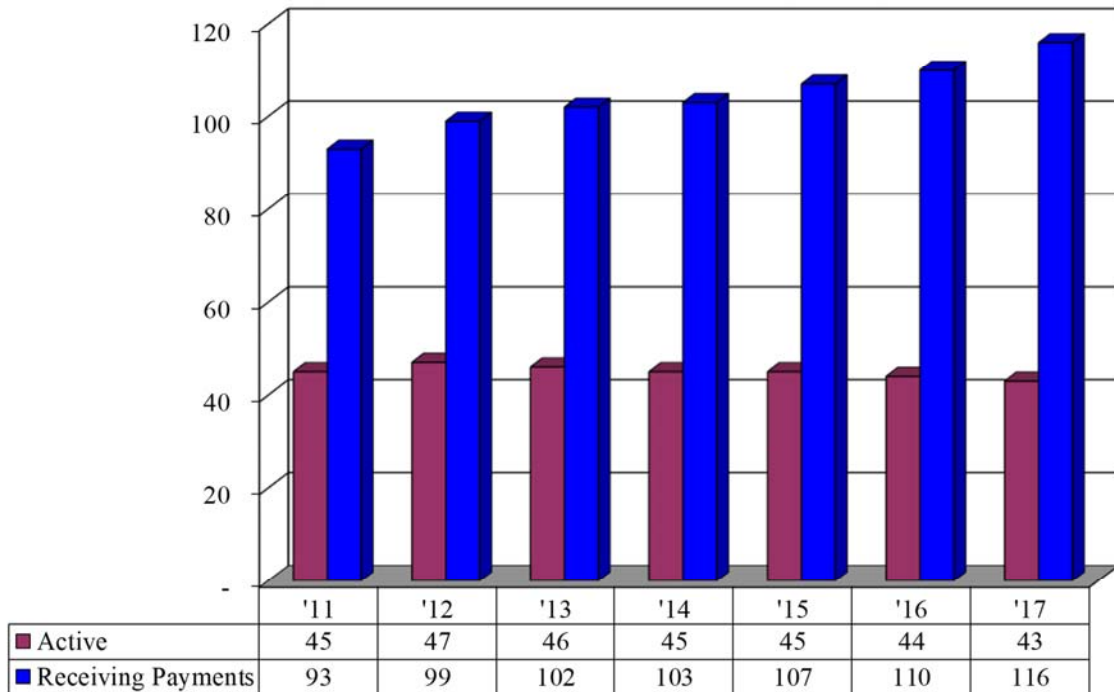


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SUMMARY OF DEMOGRAPHIC INFORMATION - SAFETY



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PLAN FUNDED STATUS - SAFETY

| | June 30, 2016 | June 30, 2017 |
|---------------------------|----------------------|----------------------|
| Active AAL | \$22,200,000 | \$24,000,000 |
| Retiree AAL | 58,300,000 | 64,600,000 |
| Inactive AAL | <u>5,100,000</u> | <u>5,300,000</u> |
| Total AAL | 85,600,000 | 93,900,000 |
| Assets | <u>61,400,000</u> | <u>69,300,000</u> |
| Unfunded Liability | 24,200,000 | 24,600,000 |
| Funded Ratio | 71.7% | 73.8% |

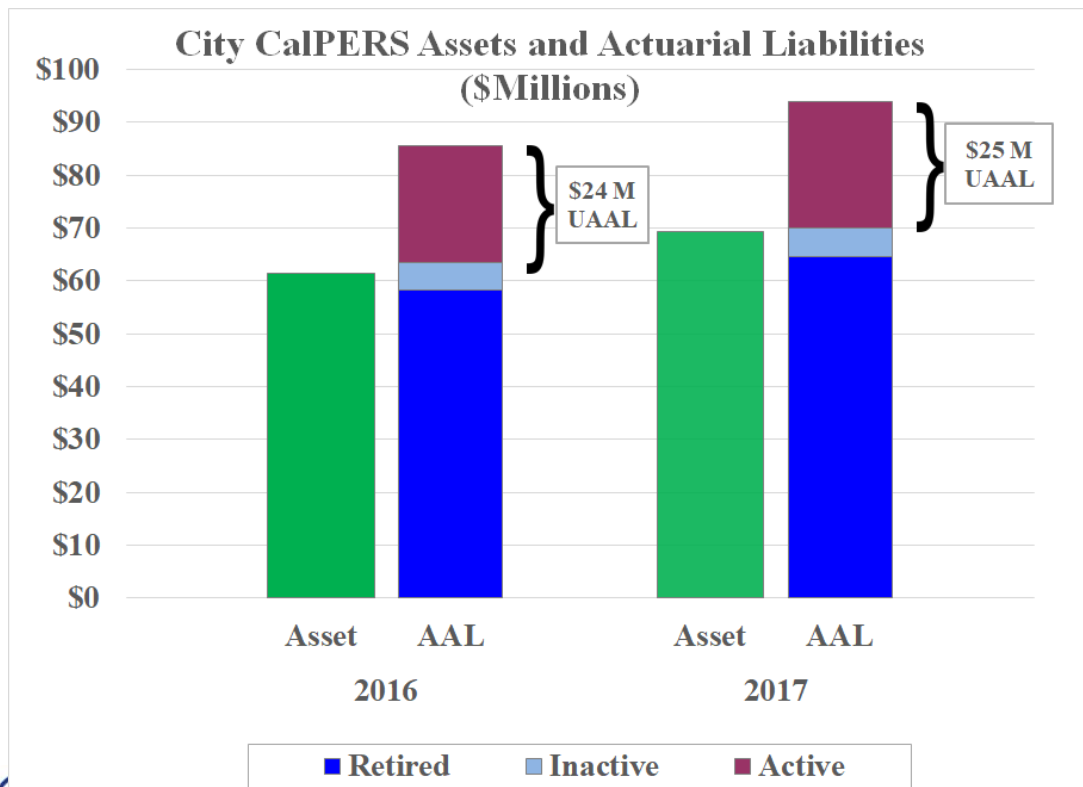


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PLAN FUNDED STATUS - SAFETY



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PLAN FUNDED STATUS - SAFETY

Discount Rate Sensitivity

June 30, 2017

| | <u>Discount Rate</u> | | |
|---------------------------|----------------------|-------------------|-------------------|
| | <u>7.25%</u> | <u>7.00%</u> | <u>6.00%</u> |
| AAL | \$93,900,000 | \$96,600,000 | \$109,800,000 |
| Assets | <u>69,300,000</u> | <u>69,300,000</u> | <u>69,300,000</u> |
| Unfunded Liability | 24,600,000 | 27,300,000 | 40,500,000 |
| Funded Ratio | 73.8% | 71.7% | 63.1% |

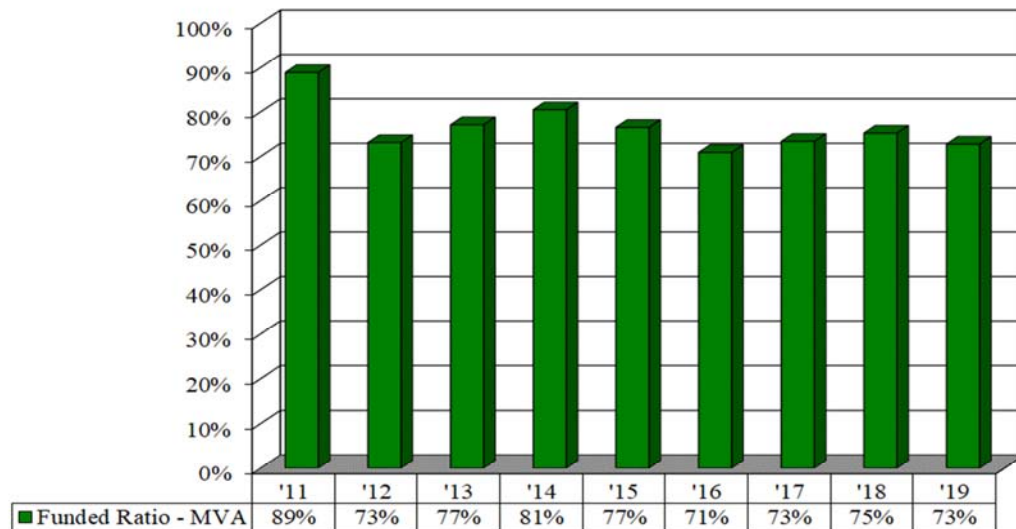


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FUNDED RATIO - SAFETY



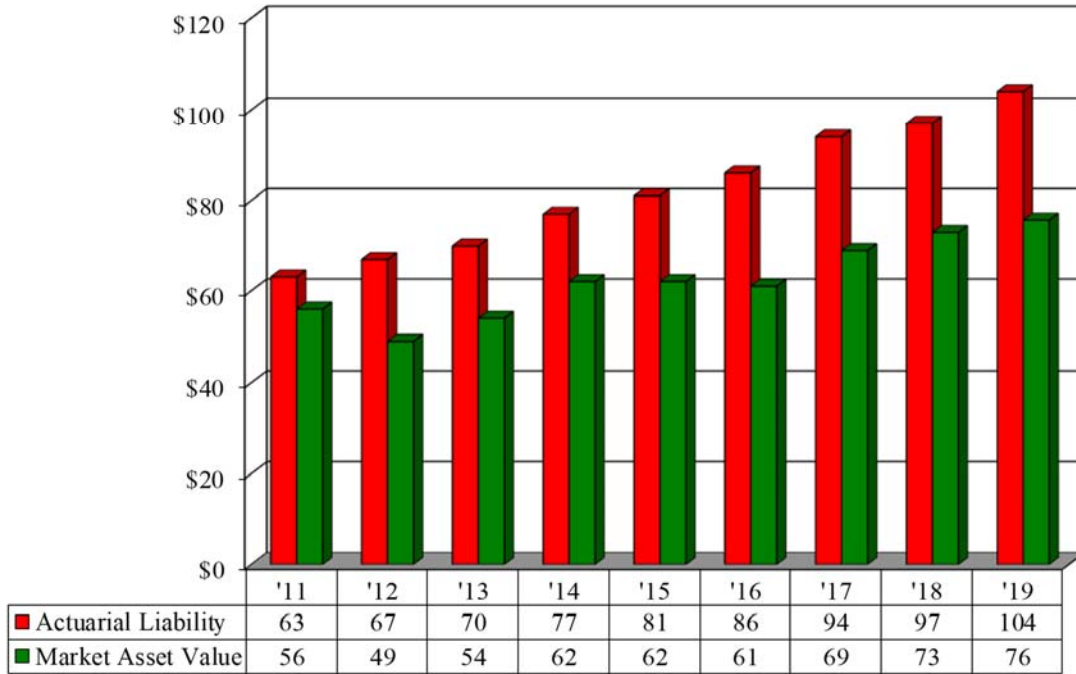
6/30/18 & 6/30/19 funded status estimated



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FUNDED STATUS (MILLIONS) - SAFETY



6/30/18 & 6/30/19 funded status estimated

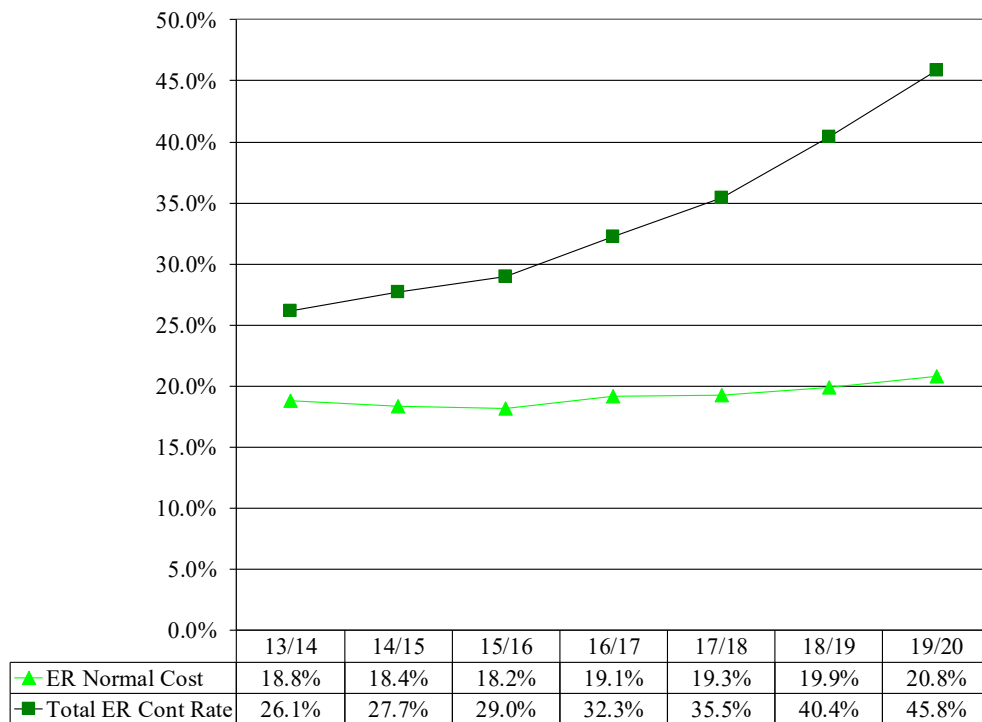


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CONTRIBUTION RATES - SAFETY



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CONTRIBUTION RATES - SAFETY

| | 6/30/17 Valuation | | | |
|--|-------------------------------------|----------------------|----------------------|-----------------------|
| | 2019/2020 Contribution Rates | | | |
| | <u>Total⁴</u> | <u>Tier 1</u> | <u>Tier 1</u> | <u>PEPRA</u> |
| | | 3%<u>@50</u> | 3%<u>@55</u> | 2.7%<u>@57</u> |
| ■ Base Total Normal Cost | 29.1% | 29.7% | 27.9% | 25.0% |
| ■ Class 1 Benefits | | | | |
| ● Final Average Comp (1-Year) | <u>1.0%</u> | <u>1.2%</u> | <u>-</u> | <u>-</u> |
| ■ Total Normal Cost | 30.1% | 30.9% | 27.9% | 25.0% |
| ■ Formula's Expected EE Contr. Rate | <u>9.3%</u> | <u>9.0%</u> | <u>9.0%</u> | <u>12.0%</u> |
| ■ ER Normal Cost | 20.8% | 21.9% | 18.9% | 13.0% |
| ■ Amortization Bases | 25.0% | 29.0% | - | 0.7% |
| ■ Amortization of Side Fund | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| ■ Total ER Contribution | 45.8% | 50.9% | 18.9% | 13.7% |
| ■ Employee counts | 43 | 35 | 1 | 7 |
| ■ Employee payroll (in 000's) | 6,681 | 5,745 | 146 | 790 |
| ■ Total ER Contribution \$ (in 000's) | \$ 3,061 | | | |

⁴ Weighting of total contribution based on projected classic and PEPRA payrolls



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CONTRIBUTION RATES - SAFETY

| | <u>6/30/16</u> | <u>6/30/17</u> |
|--|-------------------------|-------------------------|
| | <u>2018/2019</u> | <u>2019/2020</u> |
| ■ Total Normal Cost | 29.1% | 30.2% |
| ■ Employee Normal Cost | <u>9.2%</u> | <u>9.3%</u> |
| ■ Employer Normal Cost | 19.9% | 20.8% |
| ■ Amortization Payments | <u>20.5%</u> | <u>25.0%</u> |
| ■ Total Employer Contribution Rate | 40.4% | 45.8% |
| ■ 2018/19 Employer Contribution Rate | | 40.4% |
| ● Payroll < Expected | | 0.3% |
| ● Asset Method Change (5 th Year) | | 2.0% |
| ● 6/30/14 Assumption Change (4 th Year) | | 1.3% |
| ● 6/30/16 Discount Rate Change (2 nd Year) | | 0.5% |
| ● 6/30/17 Discount Rate & Inflation (1 st Year) | | 1.5% |
| ● Other (Gains)/Losses | | <u>(0.2%)</u> |
| ■ 2019/20 Employer Contribution Rate | | 45.8% |



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CONTRIBUTION PROJECTIONS - SAFETY

- Market Value Investment Return:
 - June 30, 2018 8.6%⁵
 - Future returns based on stochastic analysis using 1,000 trials

| <u>Single Year Returns at⁶</u> | <u>25th Percentile</u> | <u>50th Percentile</u> | <u>75th Percentile</u> |
|---|-----------------------------------|-----------------------------------|-----------------------------------|
| Current Investment Mix | 0.1% | 7.0% | 14.8% |
| Ultimate Investment Mix | 0.8% | 6.0% | 11.4% |

 - Assumes investment returns will, generally be 6.5% (as compared to 7.0%) over the next 10 years and higher beyond that.
- Assumption Changes – Discount Rate
 - Decrease to 7.0% by June 30, 2018 valuation
 - Additional Discount Rate decreases due to Risk Mitigation policy.
- No Other: Gains/Losses, Method/Assumption Changes, Benefit Improvements
- Different from CalPERS projection

⁵ based July 2018 CalPERS press release

⁶ Nth percentile means N percentage of our trials result in returns lower than the indicated rates.



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CONTRIBUTION PROJECTIONS - SAFETY

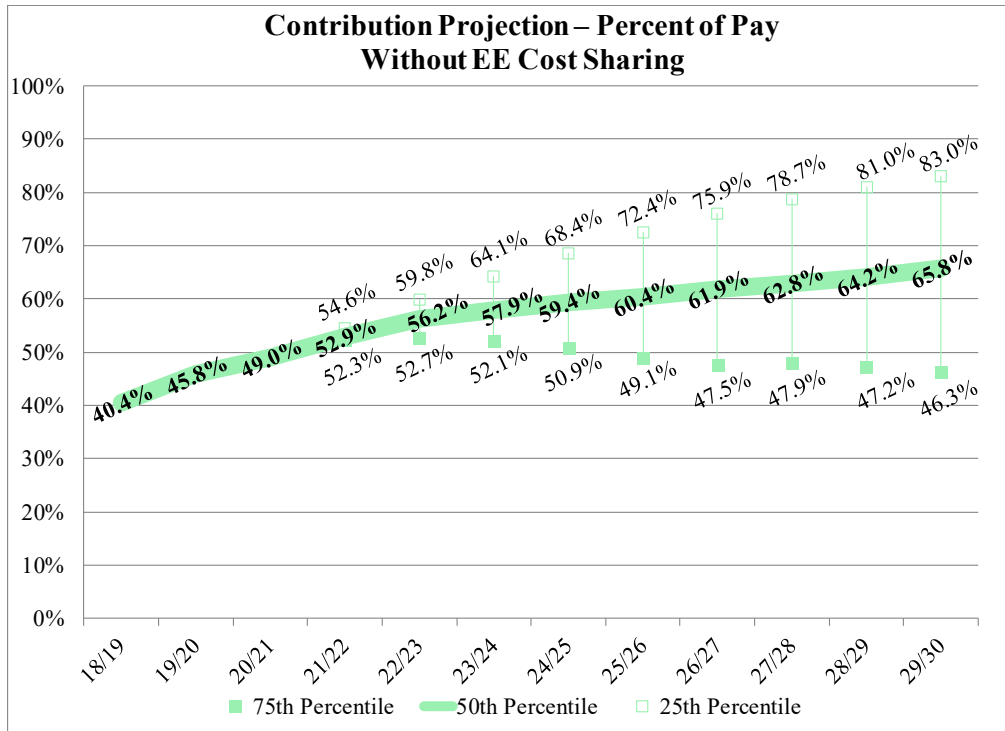
- New hire assumptions:
 - 75.0% of 2018/19 new hires are PEPRAs and 25.0% are Classic members
 - Percentage of PEPRAs member future hires to increase from 75.0% to 100% over 5 years
- Employee Cost Sharing:
 - Safety Classic Tier 1 and Tier 2 employees pay 9% member rate plus an additional 3% , for total member contribution of 12%
 - PEPRAs employees pay 12% plus ½ of the excess, if any, of the City rate over 12%.



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CONTRIBUTION PROJECTIONS - SAFETY

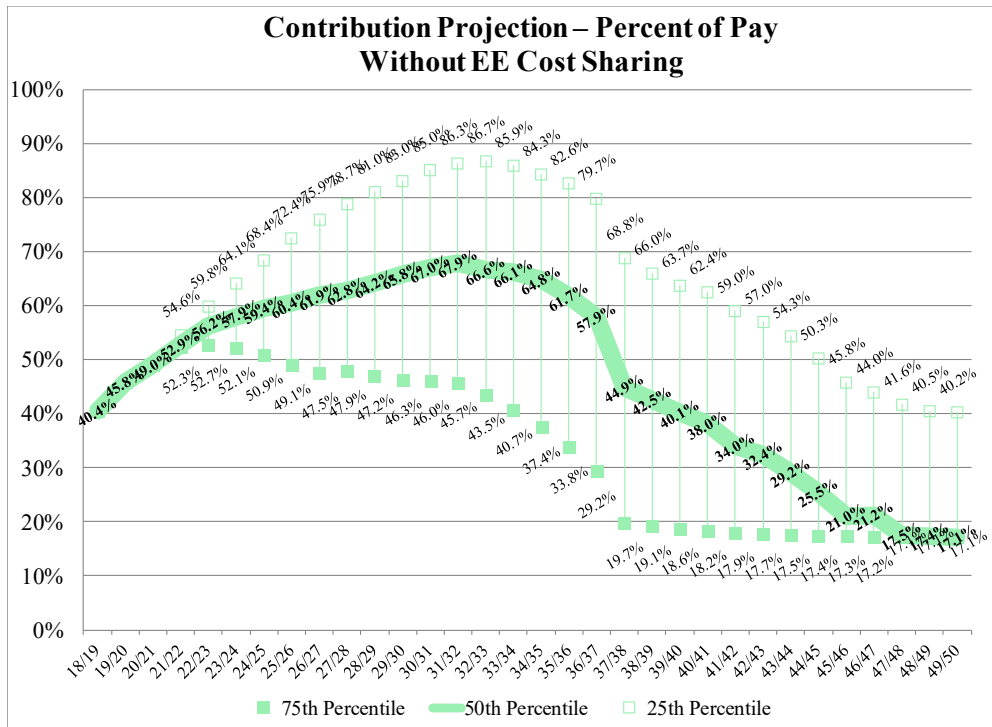


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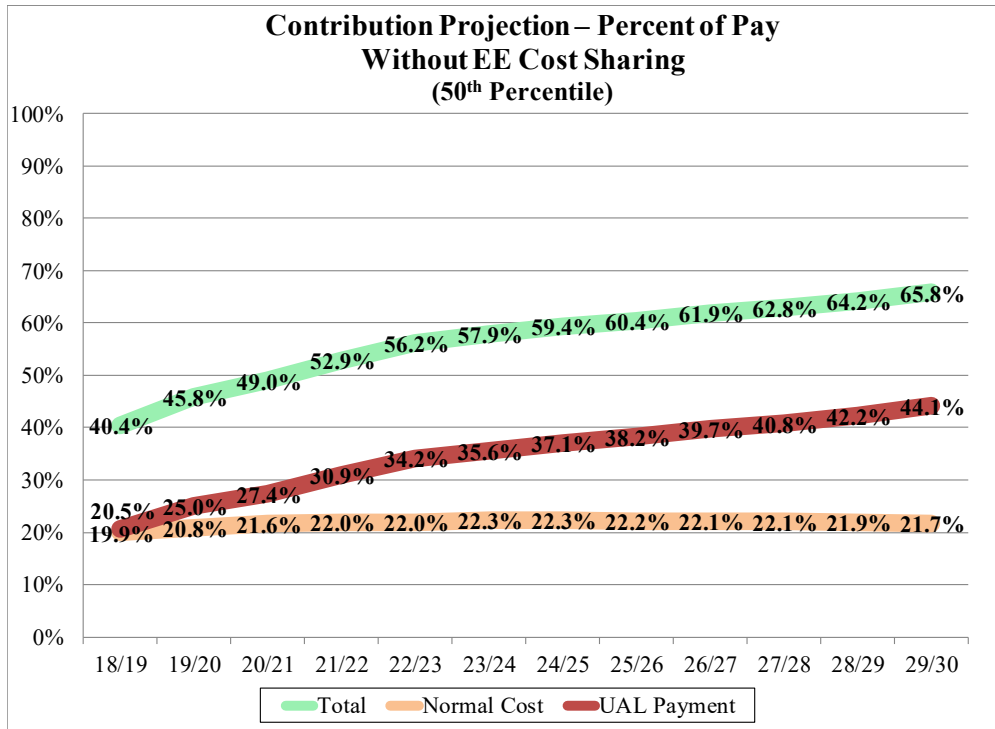
CONTRIBUTION PROJECTIONS - SAFETY



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CONTRIBUTION PROJECTIONS - SAFETY

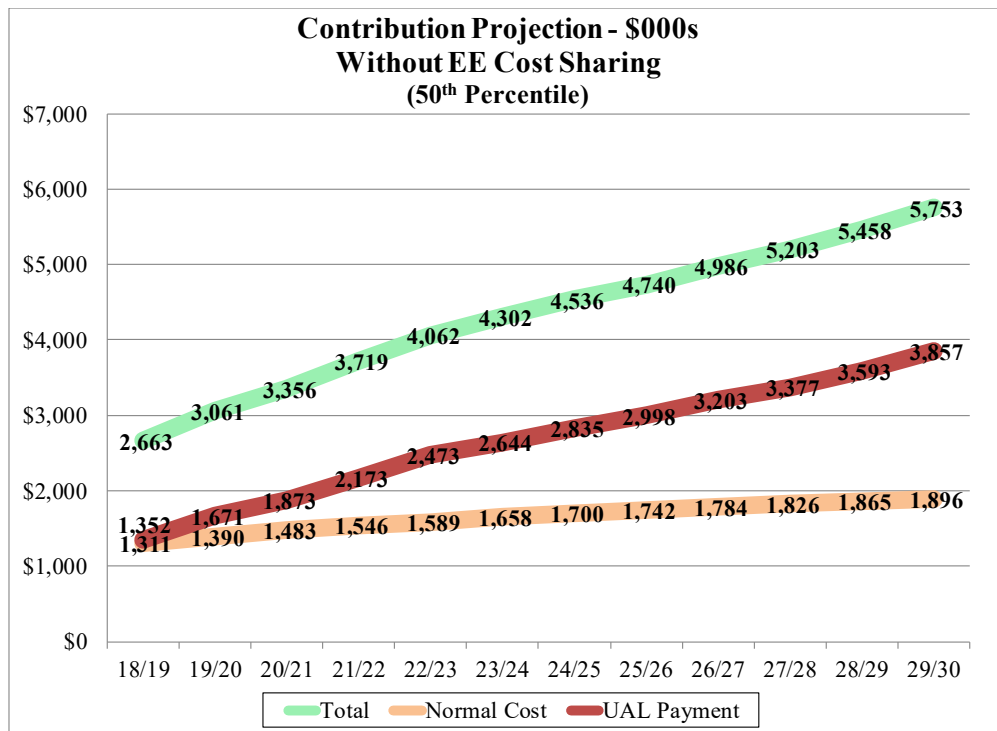


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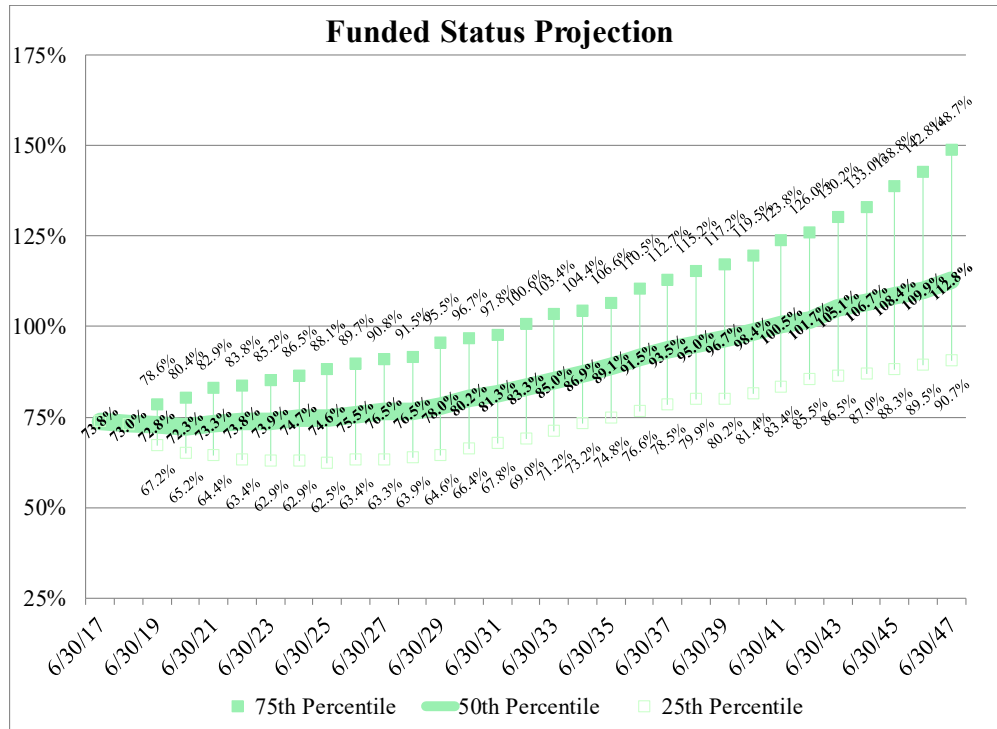
CONTRIBUTION PROJECTIONS - SAFETY



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FUNDED STATUS - SAFETY



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COMBINED MISCELLANEOUS AND SAFETY

Funded Status Summary on June 30, 2017 (Amounts in \$Millions)

| | Miscellaneous | Safety | Total |
|-----------------------|---------------|-----------|------------|
| ■ AAL | \$ 125 | \$ 94 | \$ 219 |
| ■ Assets | <u>95</u> | <u>69</u> | <u>164</u> |
| ■ Unfunded AAL | 30 | 25 | 55 |
| ■ Funded Ratio | 76.0% | 73.4% | 74.9% |



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LEAVING CALPERS

- Participation in CalPERS is governed by State law and CalPERS rules
- The following are considered “withdrawing” from CalPERS:
 - Exclude new hires from CalPERS & giving them a different pension
 - Stop accruing benefits for current employees
- “Withdrawal” from CalPERS:
 - Treated as plan termination
 - Liability increased for conservative investments
 - Liability increased for future demographic fluctuations
 - Liability must be funded immediately by withdrawing agency
 - Otherwise, retiree benefits are cut



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LEAVING CALPERS

CalPERS Termination Estimates on June 30, 2017 (Amounts in Millions)

| Discount Rate | Ongoing Plan | Termination Basis | |
|----------------------|--------------|-------------------|-----------|
| | 7.25% | 1.75% | 3.00% |
| Miscellaneous | | | |
| AAL | \$ 125 | \$ 237 | \$ 210 |
| Assets | <u>95</u> | <u>95</u> | <u>95</u> |
| UAAL | 30 | 142 | 115 |
| Safety | | | |
| AAL | \$ 94 | \$ 186 | \$ 165 |
| Assets | <u>69</u> | <u>69</u> | <u>69</u> |
| UAAL | 25 | 117 | 96 |
| Total | | | |
| UAAL | \$ 55 | \$ 259 | \$ 211 |
| Funded Ratio | 74.9% | 38.8% | 43.7% |



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PAYING DOWN THE UNFUNDED LIABILITY & RATE STABILIZATION

- Where do you get the money from?
- How do you use the money?



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WHERE DO YOU GET THE MONEY FROM?

- POB:
 - Usually thought of as interest arbitrage between expected earnings and rate paid on POB
 - No guaranteed savings
 - PEPRAs prevent contributions from dropping below normal cost
 - Savings offset when investment return is good
 - GFOA Advisory
- Borrow from General Fund similar to State
- One time payments
 - Council resolution to use a portion of one time money, e.g.
 - 1/3 to one time projects
 - 1/3 to replenish reserves and
 - 1/3 to pay down unfunded liability



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HOW DO YOU USE THE MONEY?

- Internal Service Fund
 - Typically used for rate stabilization
 - Restricted investments:
 - Likely low (0.5%-1.0%) investment returns
 - Short term/high quality, designed for preservation of principal
 - Assets can be used by Council for other purposes
 - Does not reduce Unfunded Liability



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HOW DO YOU USE THE MONEY?

- Make payments directly to CalPERS:
 - Likely best long-term investment return
 - Must be considered an irrevocable decision
 - Extra payments cannot be used as future “credit”
 - PEPRA prevents contributions from dropping below normal cost
 - Option #1: Request shorter amortization period (Fresh Start):
 - Higher short term payments
 - Less interest and lower long term payments
 - Likely cannot revert to old amortization schedule
 - Savings offset when investment return is good (PEPRA)



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HOW DO YOU USE THE MONEY?

- Make payments directly to CalPERS (continued):
 - Option #2: Target specific amortization bases:
 - Extra contribution's impact muted by reduced future contributions
 - CalPERS can't track the "would have been" contribution
 - No guaranteed savings
 - Larger asset pool means larger loss (or gain) opportunity
 - Paying off shorter amortization bases: larger contribution savings over shorter period:
 - e.g. 10 year base reduces contribution 12.3¢ for \$1
 - Less interest savings vs paying off longer amortization bases
 - Paying off longer amortization bases: smaller contribution savings over longer period:
 - e.g. 25 year base reduces contribution 6.5¢ for \$1
 - More interest savings vs paying off shorter amortization bases



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HOW DO YOU USE THE MONEY?

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IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

- Can only be used to:
 - Reimburse City for CalPERS contributions
 - Make payments directly to CalPERS
- Investments significantly less restricted than City investment funds
 - Fiduciary rules govern Trust investments
 - Usually, designed for long term returns
- Assets don't count for GASB accounting
 - Are considered Employer assets
- Over 100 trusts established, mostly since 2015
 - Trust providers: PARS, PFM, Keenan
 - California Employers' Pension Prefunding Trust (CEPPT) is coming



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IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

- More flexibility than paying CalPERS directly
 - City decides if and when and how much money to put into Trust
 - City decides if and when and how much to withdraw to pay CalPERS or reimburse Agency
- Funding strategies typically focus on
 - Reducing the unfunded liability
 - Fund enough to make total CalPERS UAAL = 0
 - Make PEPRAs required payments from Trust when overfunded
 - Stabilizing contribution rates
 - Mitigate expected contribution rates to better manage budget
 - Combination
 - Use funds for rate stabilization/budget predictability
 - Target increasing fund balance to pay off UAAL sooner



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IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

■ Consider:

- How much can you put into Trust?
 - Initial seed money?
 - Additional amounts in future years?
- When do you take money out?
 - Target budget rate?
 - Year target budget rate kicks in?
 - Before or after CalPERS rate exceeds budgeted rate?



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IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

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IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

Direct Payment to CalPERS

- Following example illustrates additional contribution of \$1 million to CalPERS on June 30, 2019:
- Miscellaneous
 - Long Base: 2016 Gain/Loss
 - Short Base: 2003 Assumption Change
- Safety
 - Long Base: 2017 Non-Asset Gain/Loss and 2016 Asset Gain/Loss
 - Short Base: 2017 Fresh Start and 2014 Assumption Change
- Estimated Savings

| | Miscellaneous | Safety |
|-------------------------|----------------------|--------------------|
| Short Base | \$1 million | \$1 million |
| \$ Savings (000's) | \$225 | \$660 |
| PV Savings @ 3% (000's) | 120 | 317 |
| Long Base | \$1 million | \$1 million |
| \$ Savings (000's) | \$1,549 | \$1,560 |
| PV Savings @ 3% (000's) | 642 | 646 |



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IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

Payment to 115 Trust

| | Miscellaneous | Safety |
|----------------------------|----------------------|--------------------|
| Trust Contributions | \$1 million | \$1 million |
| Trust Earnings | 5% | 5% |
| Trust Target | | |
| - Target Rate | 21.2% | 61.9% |
| - 1st Year | 2022/23 | 2028/29 |
| - Last Year | 2030/31 ⁷ | 2034/35 |
| \$ Savings (000's) | \$409 | \$896 |
| PV Savings @ 3% (000's) | 170 | 315 |

⁷ Except 2028/29 where the contribution rate is projected lower than the target rates.



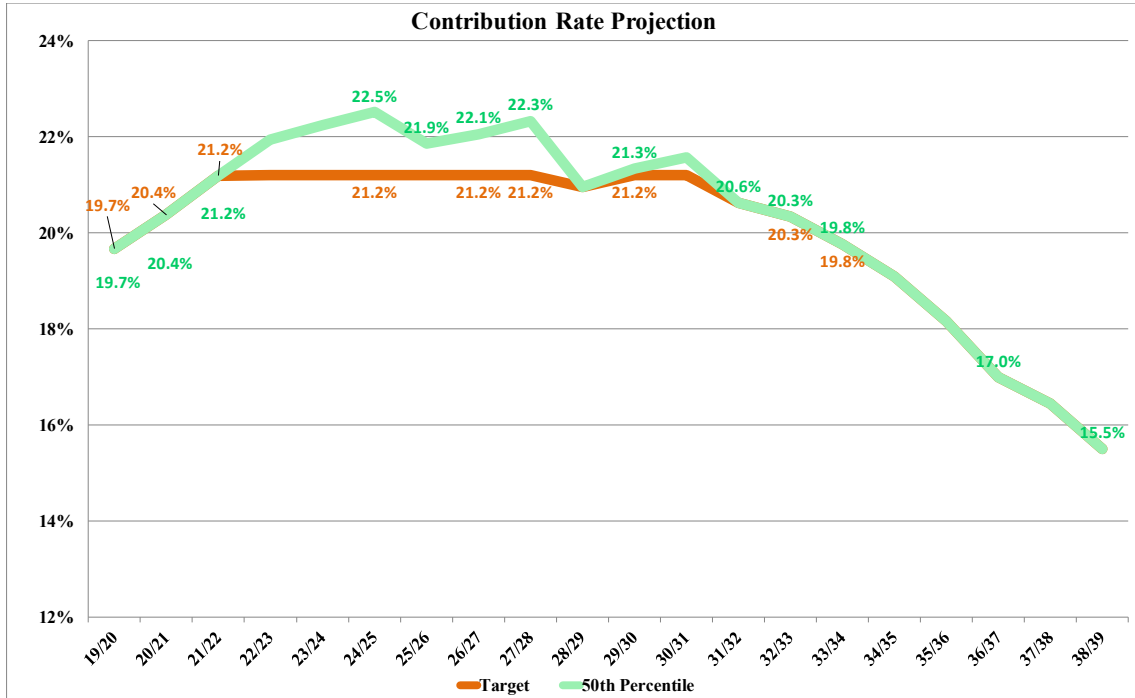
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IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

Miscellaneous

Contribution Rate Projection



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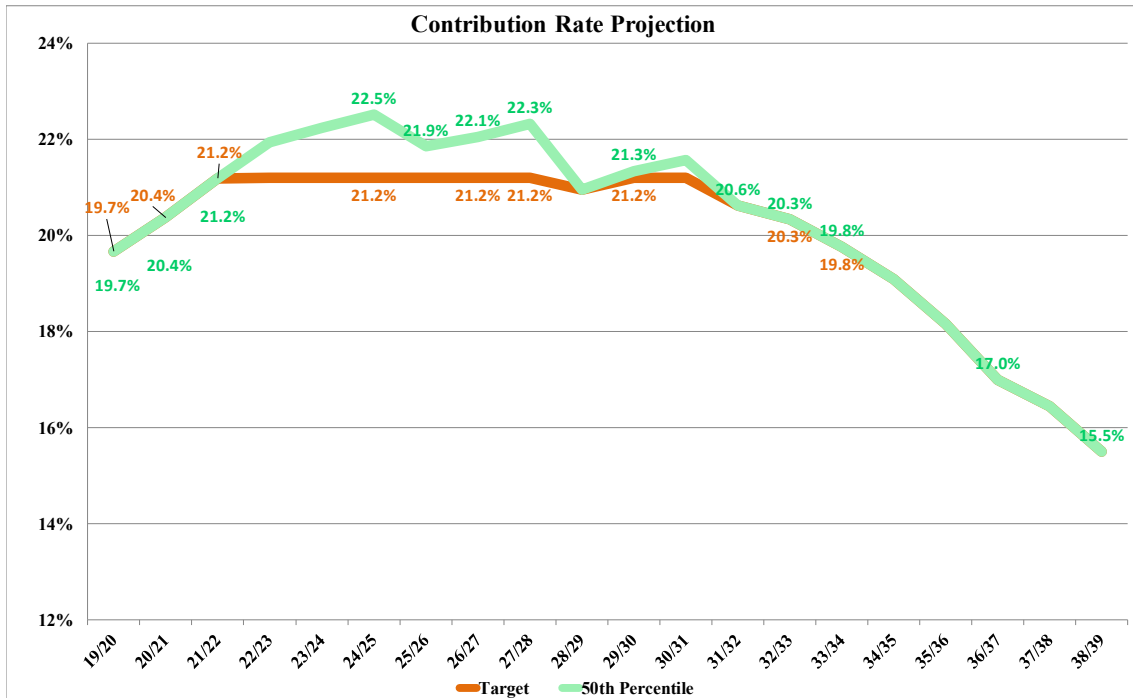
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IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

Miscellaneous

Contribution Rate Projection



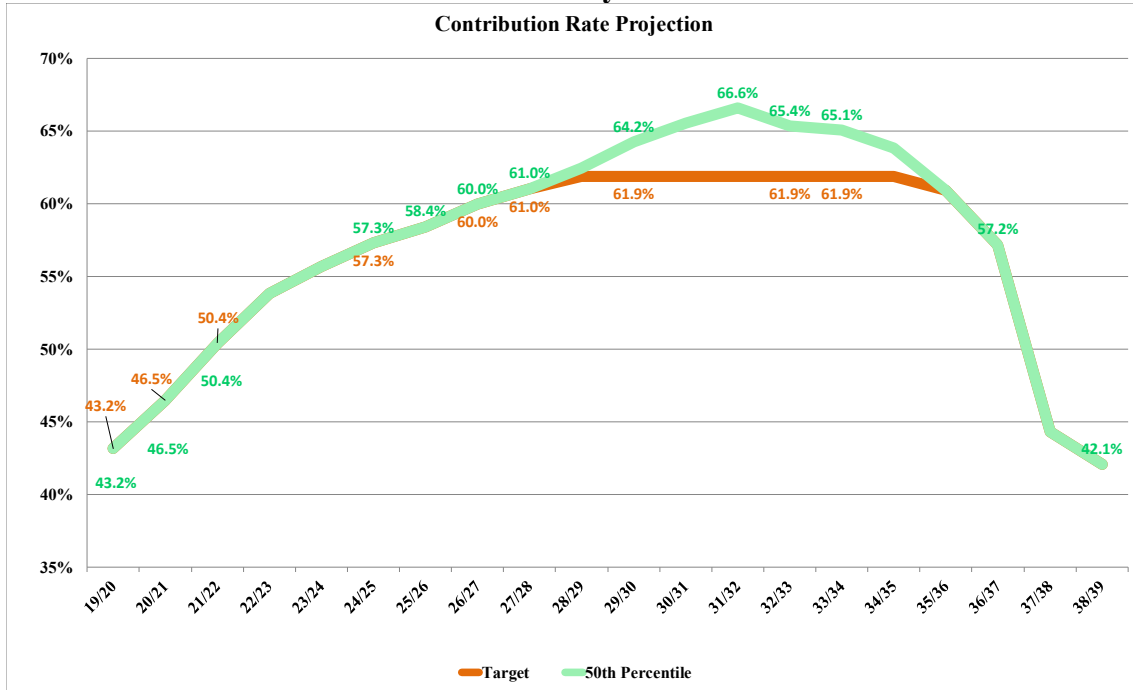
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IRREVOCABLE SUPPLEMENTAL (§115) PENSION TRUST

Safety



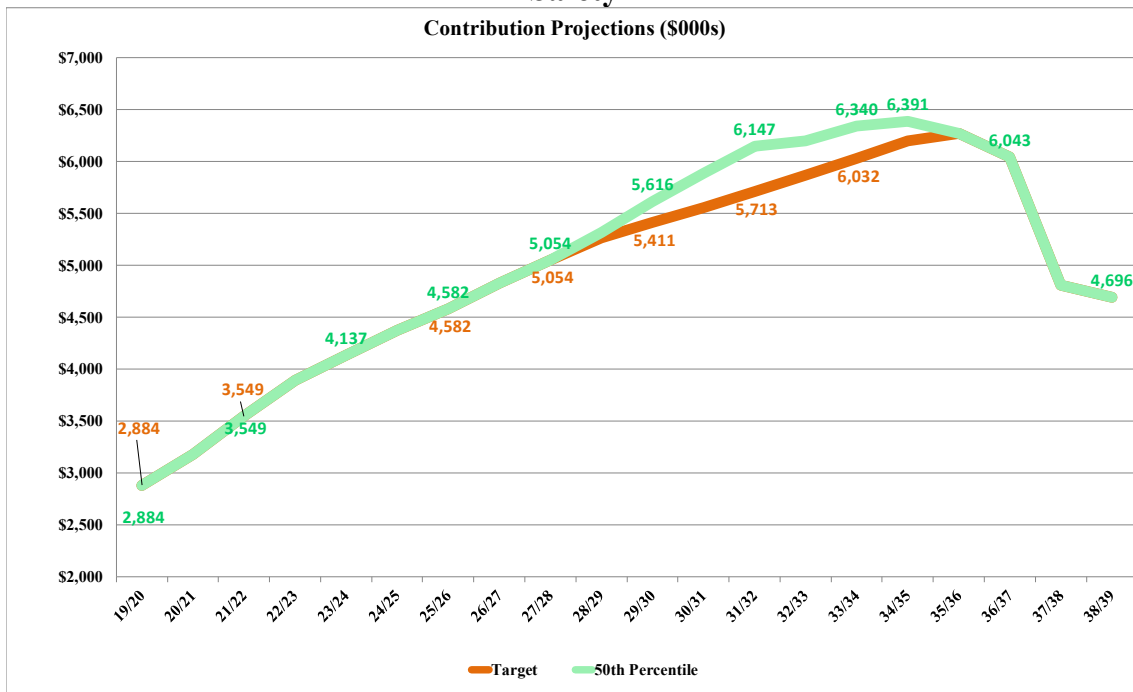
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Safety



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