



SPECIAL MEETING AGENDA

Date: 1/18/2017
Time: 3:00 p.m.
City Hall/Administration Building
Admin Conference Room, 2nd Floor
701 Laurel St., Menlo Park, CA 94025

A. Call To Order

B. Roll Call

C. Public Comment

Under "Public Comment," the public may address the Committee on any subject not listed on the agenda. Each speaker may address the Committee once under Public Comment for a limit of three minutes. Please clearly state your name and address or political jurisdiction in which you live. The Committee cannot act on items not listed on the agenda and, therefore, the Committee cannot respond to non-agenda issues brought up under Public Comment other than to provide general information.

D. Regular Business

- D1. Approve minutes for the Finance and Audit Committee meeting of December 7, 2016 ([Attachment](#))
- D2. Presentation on 2015-16 CAFR – by Ahmed M. Badawi, CPA and President of Badawi & Associates ([Attachment](#))
- D3. Provide update on IT Master Plan ([Staff Report #17-001-FA](#))
- D4. Discuss potential topics for future meetings

E. Adjournment

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 www.menlopark.org and can receive e-mail 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: 01/17/17)

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

At every Special Meeting of the Committee, members of the public have the right to directly address the Committee 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 Committee 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 Commission meetings, may call the City Clerk's Office at 650-330-6620.



SPECIAL MEETING MINUTES - DRAFT

Date: 12/7/2016
Time: 2:30 p.m.
Administration Building
701 Laurel St., Menlo Park, CA 94025

A. Chair Craib called the meeting to order at 2:38 p.m.

B. Roll Call

Present: Ohtaki, Tronson, Denend, Craib

Absent: Cline

Staff: Administrative Services Director, Nick Pegueros and Finance and Budget Manager, Rosendo Rodriguez

C. Public Comment

- No Public Comment

D. Regular Business

D1. Approve minutes for the Finance and Audit Committee meeting of August 25, 2016

ACTION: Motion and second (Craib / Tronson to approve the August 25, 2016 minutes passes (4-0, Cline absent)

D2. Presentation on CalPERS Actuarial Issues – 6/30/15 Valuation by Doug Pryor, Vice President and Actuary from Bartel Associates, LLC

No action was taken on this item.

D3. Provide update on 2015-16 Audit and CAFR

Finance and Budget Manager, Rosendo Rodriguez updated the Committee on the status of the City's pending audit

No action was taken on this item.

D4. Discuss opportunities for optimization

The Committee discussed the transparency of the City's financial data and what other cities are doing in this regard.

No action was taken on this item.

D5. Discuss future meeting dates

The Committee planned the following tentative meeting dates:

- Tuesday, January 3, 2017 – to discuss the annual CAFR
- Monday, February 6, 2017
- Monday, January 9, 2017
- Tuesday, March 7, 2017

E. Adjournment

Chair Craib adjourned the meeting at 4:20 p.m.



CITY OF MENLO PARK, CALIFORNIA COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2016



Revised Draft
01-11-2017

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2016



CITY OF MENLO PARK, CALIFORNIA

PREPARED BY

Administrative Services Department

This report is printed on recycled paper.

Revised Draft
01-11-2017

City of Menlo Park
For the year ended June 30, 2016

Table of Contents

	<u>Page</u>
 <u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	i
Organization Chart	x
Principal Officials of the City of Menlo Park, California	xi
Certificate of Achievement for Excellence in Financial Reporting – Government Finance Officers Association	xii
 <u>FINANCIAL SECTION</u>	
Independent Auditor’s Report	1
Management Discussion and Analysis.....	5
 Basic Financial Statements:	
 Government – Wide Financial Statements:	
Statement of Net Position.....	25
Statement of Activities and Changes in Net Position	26
 Fund Financial Statements:	
 <i>Governmental Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	33
Reconciliation of the Governmental Funds Balance Sheet to the Government –Wide Statement of Net Position.....	34
Statement of Revenues, Expenditures, and Changes in Fund Balance	35
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Government- Wide Statement of Activities - Governmental Activities	36
 <i>Proprietary Fund Financial Statements:</i>	
Statement of Net Position.....	38
Statement of Revenues, Expenses and Changes in Net Position	39
Statement of Cash Flows	40
 <i>Fiduciary Fund Financial Statements:</i>	
Statement of Fiduciary Net Position.....	42
Statement of Changes in Fiduciary Net Position.....	43

City of Menlo Park
For the year ended June 30, 2016

Table of Contents, Continued

	<u>Page</u>
<u>FINANCIAL SECTION, CONTINUED:</u>	
Notes to Basic Financial Statements	45
Required Supplementary Information:	
Budgetary Principles	96
Budgetary Comparison Schedule:	
General Fund	97
Below Market Rate Housing Special Revenue Fund	98
Housing Special Revenue Fund	99
Transportation Impact Special Revenue Fund	100
Defined Pension Plan – Agent Multiple Employer Plan	101
Defined Pension Plan – Cost Sharing Plan	103
Other Post Employment Benefits	105
Supplementary Information:	
Major Governmental Funds Budgetary Comparison Schedule	
General Capital Improvement Projects Fund	111
<i>Non-Major Governmental Funds</i>	
Combining Balance Sheet	116
Combining Statement of Revenues, Expenditures and	
Changes in Fund Balances	120
Combining Statement of Revenues, Expenditures and	
Changes in Fund Balances – Budget and Actual:	
Highway Users Tax Special Revenue Fund	125
Federal Revenue Sharing Special Revenue Fund	126
Landscape Tree Assessment Special Revenue Fund	127
Sidewalk Assessment Special Revenue Fund	128
Landfill Post-Closure Special Revenue Fund	129
County Transportation Tax Special Revenue Fund	130
Public Library Special Revenue Fund	131
Literacy Grant Special Revenue Fund	132
Narcotic Seizure Special Revenue Fund	133
Downtown Parking Permits Special Revenue Fund	134
Storm Drainage Fees Special Revenue Fund	135
Solid Waste Service Special Revenue Fund	136
Bay Area Air Quality Management Special Revenue Fund	137

City of Menlo Park
For the year ended June 30, 2016

Table of Contents, Continued

	<u>Page</u>
 <u>FINANCIAL SECTION, CONTINUED:</u>	
Storm Water Management (NPDES) Special Revenue Fund.....	138
Supplemental Law Enforcement Special Revenue Fund	139
Construction Impact Fees Special Revenue Fund	140
Bedwell Bayfront Park Maintenance Special Revenue Fund.....	141
Recreation In-Lieu Special Revenue Fund.....	142
Sharon Hills Park Special Revenue Fund	143
Vintage Oaks Landscape Special Revenue Fund	144
Community Development Block Grant Special Revenue Fund.....	145
Miscellaneous Trust Special Revenue Fund.....	146
Library Bond Debt Service Fund	147
Recreation GO Bond 2002 Debt Service Fund.....	148
Library Addition Capital Projects Fund	149
Measure T 2002 GO Bond Capital Projects Fund	150
 <i>Enterprise Funds:</i>	
Combining Statement of Net Position.....	152
Combining Statement of Revenues, Expenses and Changes in Net Position.....	153
Combining Statement of Cash Flows	154
 <i>Internal Service Funds:</i>	
Combining Statement of Net Position.....	156
Combining Statement of Revenues, Expenses and Changes in Net Position.....	157
Combining Statement of Cash Flows	158
 <i>Agency Funds:</i>	
Combining Statement of Net Position.....	160
Combining Statement of Changes in Assets and Liabilities	161
 <i>Private-Purpose Trust Fund – Successor Agency</i>	
Combining Statement of Net Position.....	162
Combining Statement of Changes in Assets and Liabilities	163

City of Menlo Park
For the year ended June 30, 2016

Table of Contents, Continued

	<u>Page</u>
<u>STATISTICAL SECTION (UNAUDITED)</u>	
Net position by Component	166
Changes in Net Position – Last Ten Fiscal Years	168
Fund Balances - Governmental Funds – Last Ten Fiscal Years	170
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years	172
General Government Revenues by Source – Last Ten Fiscal Years	174
General Government Taxes Detail – Last Ten Fiscal Years	176
Assessed Valuation, Tax Rate and Tax Levies – Last Ten Fiscal Years	177
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	178
Principal Property Taxpayers	179
Property Tax Levies and Collections	180
Ratio of Outstanding Debt by Type – Last Ten Fiscal Years	181
Direct and Overlapping Debt	182
Legal Debt Margin Information – Last Ten Fiscal Years	183
Demographic and Economic Statistics	184
Principal Employers	185
Full Time Equivalent City Employees by Function	186
Operating Indicators by Demand and Level of Service by Function/Program	188
Capital Asset Statistics by Function	190
Capital Asset and Infrastructure Statistics by Activities	192
Water Sold by Type of Customer – Last Ten Fiscal Years	194
Water Service Rates	195
Miscellaneous Statistics	196

INTRODUCTORY SECTION

Revised Draft
01-11-2017

Revised Draft
01-11-2017



January X, 2017

Honorable Mayor
Members of the City Council
And Residents of Menlo Park

We are pleased to submit the comprehensive annual financial report for the City of Menlo Park, California, for the fiscal year ended June 30, 2016. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the data is accurate in all material respects and is reported fairly and honestly. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities are included.

The comprehensive annual financial report (CAFR) is presented in three major sections that provide introductory, financial as of June 30, 2016, and statistical information about the City. The introductory section includes this transmittal letter, the City's organizational chart and a list of the City's principal officials. The financial section includes the independent auditor's report, basic financial statements, notes to basic financial statements, required supplementary information and supplementary information on nonmajor funds. The statistical section, which is unaudited, includes selected financial and demographic information.

The notes to the financial statements are provided in the financial section and are considered essential to fair presentation and adequate disclosure. The notes include the summary of significant accounting policies for the City and other necessary disclosures of important matters relating to the financial position of the City. The notes are treated as an integral part of the financial statements and should be read in conjunction with them.

Generally accepted accounting principles (GAAP) require that management provide a narrative of introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter complements the MD&A and should be read in conjunction with it. The City of Menlo Park's MD&A can be found in the financial section of this document, immediately following the report of the independent auditors.

Background

The City of Menlo Park is located in San Mateo County, midway between the cities of San Francisco and San Jose. It is an area of comparatively high property values and is a vital part of the region commonly referred to as the Silicon Valley. One of its noteworthy adjacent neighbors is Stanford University. Because of the number of venture capital firms and the amount of venture capital invested through local companies, the City is often referred to as the “Capital of Venture Capital.”

The City maintains a healthy balance of residential, commercial and industrial uses. Residential home prices are still among the highest in the area, reflecting the desirability of living in the community. Home to the headquarters of social networking giant Facebook, other major companies that have facilities in Menlo Park include the Rosewood Hotel, Intuit, Pacific Biosciences, and SRI International. Menlo Park is also home to the Western Region Headquarters of the United States Geological Survey, a major Veterans Affairs medical facility, and the U.S. Department of Energy-funded SLAC National Accelerator Laboratory.

Reporting Entity

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the City of Menlo Park, as legally defined), as well as any applicable component units. Component units are legally separate entities for which the primary government is financially accountable. Prior to the dissolution of the Community Development Agency on January 31, 2012, it was reported as a blended component unit of the primary government. Activities of the Successor Agency acting on behalf of the former Community Development Agency are reported as a Private-Purpose Trust Fund as of the financial statements for the fiscal year ended June 30, 2012.

The City of Menlo Park provides a varied range of services, including police protection, public works (engineering, streets, parks, building and vehicle maintenance, water distribution and maintenance and transportation services), community services (recreation, child care and senior services), community development (planning, zoning and building inspection), code and parking enforcement, library services, housing and general administration (finance, human resources, information technology, housing and economic development, environmental sustainability, legal and city clerk services). Fire protection services are provided by the Menlo Park Fire Protection District, an entity separate and distinct from the City. Sanitary sewer services are also provided by a special district, the West Bay Sanitary Sewer District.

Economic Condition and Outlook

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment in which the City operates.

Local economy

As reported by the California Employment Development Department, the unemployment rate in San Mateo County fell from 3.2% in 2015 to 3.1% in 2016. The Menlo Park unemployment rate is lower than that of the County at 2.4%. This compares with an unemployment rate of 5.4% for California and 4.9% for the nation during the same period. As of June 2016, there were an estimated 445,600 jobs in San Mateo County, an increase of 5,200 jobs from a year earlier.

The City's largest revenue sources continue to show strength. Property tax growth remains strong with the total taxable assessed valuation of real property increasing 11.4% or \$1.36 billion from 2015 to 2016. This increase in assessed valuation resulted in secured property tax revenues increasing \$1.53 million, year-over-year. The City's second largest single revenue source, hotel occupancy tax, also experienced significant growth year-over-year. For the fiscal year ended June 30, 2016, hotel occupancy tax increased \$1.55 million or 33% due to higher occupancy and room rates as well as new facilities opening. The increases in revenue have allowed the General Fund to maintain service levels and continue to appropriately fund infrastructure maintenance. Absent these increases, the impact of a year-over-year \$1.10 million reduction in sales tax revenue resulting from the loss of a major sales tax generator in 2015 could have negatively impacted services to the community.

Outlook

The City's financial outlook remains sound. Property values continue their upward trend, and with a number of large-scale development projects in process, the outlook for future property tax revenue growth is strong. Being the General Fund's largest revenue source, at 32 percent of the total, a healthy property tax base is essential for continued sustainability.

One ongoing threat to the property tax base is the uncertainty of what is called "excess ERAF" (educational revenue augmentation fund). San Mateo County is one of several counties in the State of California where the amount generated from the ERAF shift of local property tax exceeds the amount required to meet funding levels for local schools. As a consequence, those funds collected in excess of the requirement have traditionally been redistributed back to the taxing entities. With such a unique circumstance, this revenue source is under scrutiny at the state level, leaving applicable local agencies to determine how to handle the uncertainty in their financial forecasts. To be conservative, the City of Menlo Park's adopted 2016-17 budget and the accompanying 10-year forecast reflects receiving 50 percent of this

revenue annually until it drops off entirely in 2019-20. This is a highly speculative assumption that simply serves to keep the uncertainty of this significant revenue squarely in our sights as we move forward.

Also an area of continued monitoring is the financial health of the State of California. In November 2012, California voters passed Proposition 30, a measure that raised the state sales tax by a quarter-cent for four years and increases income tax rates for individuals who earn more than \$250,000 a year for seven years. In November 2016, voters approved Proposition 55 which provides for a 12 year extension of the increased income tax rate approved by Proposition 30. Proposition 55, however, did not contain a similar extension of the sales tax increase. Passage of Proposition 30 in 2012 is said to have offset the need to make \$6 billion per year in cuts in the State budget, cuts that could have impacted local governments. The passage of Proposition 55 in 2016, coupled with growth in the State economy, has enabled the Governor and the State Legislature to predict a balanced budget and a record surplus at the State level for the 2016-17 fiscal year. This has lessened the likelihood of looking to the local agencies' revenue sources to balance the State budget.

On the expenditure side, the City is closely monitoring increases in employee benefit costs. One area of particular note is the City's cost for pension benefits provided by the California Public Employees' Retirement System (CalPERS). In December 2016, the CalPERS board voted to reduce its assumed rate of return on investment income, commonly referred to as the "discount rate", net of expenses, from 7.5 percent to 7.0 percent over three years beginning on July 1, 2018. The reduction in discount rate is likely to result in greater unfunded pension liabilities and increased annual costs to the City. Efforts are currently underway to incorporate the estimated increased costs in the City's 10-year financial forecast. Additionally, the City's Finance and Audit Committee, in coordination with staff and a consulting actuary, is exploring options to establish a fund that would shield the City's annual operating budget from significant fluctuations in pension costs that may result from actions such as CalPERS' decision to reduce the discount rate assumption.

Staff will continue to monitor the long-term budget situation, both locally and at the State level, to keep the City Council informed of critical economic events that may impact the sustainability of the City's spending plan. Further, staff will continue to be proactive in developing plans to promote economic development in the City, aggressively pursue grant funding for significant infrastructure improvements, and continually assess the City's operations and service delivery models to achieve efficiencies where possible.

While in an enviable financial position, the City cannot rest on its laurels and must continue to focus its efforts on priority fiscal initiatives such as adequate funding of infrastructure, careful comprehensive planning, and optimization of business and residential development opportunities. Further, as new long-term needs are identified, the appropriate resources to meet those needs must also be identified. And finally,

the City must maintain financial flexibility to ensure it is able to quickly respond to the inevitable fluctuations in the economy and volatility in its major revenue sources.

Major Initiatives

FOR THE YEAR: The continued strength in the economy has resulted strong interest in development projects and increased business opportunities, which has subsequently created an overall rise in demand for City services. While budgetary resources are available to support this increase in demand, the City has found it challenging to staff itself at a level that adequately supports the service demand given the lack of supply and heavy competition for talented personnel, particularly those needed to support development-related activities. Despite this challenge, the City undertook a number of key initiatives and accomplished many of its goals during the reporting period. The primary focus continued to be on addressing the City Council's priorities and providing the services and programs that make Menlo Park unique.

In 2015-16, the **Community Development Department** completed substantial work on the General Plan update, including development of three new zoning districts that involved extensive stakeholder engagement and “deep dives” on selected topic areas. The department also conducted its biennial review of the El Camino Real/ Downtown Specific Plan and began work on modification directed by the City Council. The department successfully managed the final construction staged of Facebook's building 23 and the Commonwealth Corporate Center. In addition, the department continued construction management of new housing developments such as Anton Menlo, Greenheart-Hamilton, and MidPen Housing-Willow.

In 2015-16 the **Community Services Department** completed its five-year strategic plan update while also supporting the third and final year of the Belle Haven Neighborhood Action Plan implementation. The department achieved an all-time high cost recovery level making the City's Community Services' programs among the highest recovery programs in the Bay Area. In addition to high cost recovery, the department also increased program and event sponsorship by 50 percent. Finally, the department secured significant grant funding from the Silicon Valley Community Foundation, the “Big Lift”, to close the achievement gap and improve reading proficiency to students at the City's Belle Haven Child Development Center. The grant begins in fiscal year 2016-17 and is secure for three fiscal years.

The **Library Department** began its centennial anniversary celebration in the 2015-16. While the anniversary marks one hundred years of a service to the community, the department continues to explore opportunities to serve the community's changing needs. The department hosted the first Science Night which attracted over 400 children and their parents to enjoy educational planetarium show, science experiments, programmable robots, and other STEM related activities. Additional programs expansions included four new story times at the Belle Haven Branch Library bringing the total number to 14. With an eye toward the next three to five

years, the department also began work with the staff and the community to complete a strategic plan that will guide activity development.

Over the course of 2015-16, the **Police Department** continued its tradition of innovation in service delivery and received several acknowledgments of their past and ongoing work. The department received the 2015 Helen Putnam Award from the League of California Cities for Excellence in Public Safety. The department was also named one of three finalist for the 2016 James Q. Wilson award for excellence in community policing. The department's community engagement efforts not only received state-wide recognition but also contributed to a 38 percent decrease in the most serious classifications of crime.

The **Public Works Department** complete several studies in 2015-16 including the pavement management system, the El Camino Real corridor study, and the urban water management plan. The department received State approval for an emergency water well located at the City's Corporation Yard that will provide a backup water source in the event existing water supplies are interrupted. In addition, the department completed the Willow Road traffic signals modification project, the street resurfacing project, the Sand Hill signal interconnect project, traffic improvements along Willow Road, and the energy efficiency projects at City facilities.

In 2015-16, the **Administrative Services Department** experienced staff attrition that resulted in considerable loss of institutional knowledge. The transition in staff has slowed the progress of standard operations such as recruitments, technology upgrades, and the annual budget and financial statement preparation. With the City Council's support, the department is making much needed investments in technology and staff development. In early 2017, the department will launch a new time and attendance system to automate timecard processing. Also in early 2017, the department will go live with a rebuilt budget and reporting system that will provide greater access to financial data on a real-time basis for internal users. Finally, in mid-2017, the department will launch a much needed online portal that provides the public with unprecedented access to the City's financial records from the financial reporting level down to the individual transaction. All of these initiatives as well as ongoing investments in staff development will position the City to return to regular schedules for items such as preparation of the annual finance statements.

FOR THE FUTURE:

Financial Planning and Fiscal Policies

Maintaining a sustainable City budget is a top priority for Menlo Park. The City has, for many years, strived to record and report all expenses in the proper fiscal year, avoid unintended subsidization of nonessential programs with tax revenues, resist the creation of future liabilities and initiate funding of long-term liabilities that currently

exist. Such long-term financial planning efforts are essential to the City's prudent financial management and are particularly powerful when combined with sound financial policies.

Rating agencies recognize the City's financial strength and policies when assigning excellent ratings to Menlo Park general obligation bond issuances. The City continues to focus strategically on appropriate funding strategies for not only current operations and top-ranked priority capital improvement projects, but also to cover long-term ongoing expenses. To that end, the operating budget includes annual funding for large infrastructure projects and ongoing retiree medical benefit obligations. In addition, the fiscal sustainability of all funds is regularly evaluated to avoid any future burden on the General Fund.

Menlo Park strives to maintain fiscal policies that will provide guidance on preserving its sound financial standing for the long term. Several years ago, a General Fund Reserve Policy was finalized, incorporating requirements of Governmental Accounting Standards Board (GASB Statement No. 54). The policy outlines the City Council's formal commitment of amounts of fund balance to be set aside specifically for emergency contingencies, economic stabilization, and strategic pension contingencies. The policy also outlines assigned fund balances to ensure subsequent year funding of capital improvements, encumbrances, and community development services.

In accordance with the policy guidelines discussed above, as of June 30, 2016, the General Fund held a combined unrestricted fund balance of \$30.33 million or 59 percent of the 2016-17 General Fund operating budget. The total goal range for the City's unrestricted fund balance is 43 to 55 percent of General Fund expenditures.

Although reserves are available to provide temporary financing for extraordinary events such as an economic recession, the City must continue to distinguish between structural operating deficits and deficits resulting from temporary downturns in the economy or significant capital expenditures. This will be essential in the upcoming budgeting cycle as City Council considers new demands on future resources that are expected to result from CalPERS' decision to lower the discount rate assumption. As such, baseline expenditures may require recalibration if revenue growth does not close that anticipated gap resulting from higher pension costs. In addition, infrastructure maintenance, comprehensive planning activities, technology upgrades, stormwater programs, and standard City service delivery are all part of a comprehensive and sustainable fiscal plan for the City that must be considered as limited resources are allocated.

The City administration is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected and that adequate accounting data are compiled to prepare financial statements in conformity with generally accepted accounting principles. In addition, the City maintains

budgetary controls to ensure compliance with legal provisions embodied in the annual budget approved by the City's governing body. The City also maintains sound financial management through an encumbrance accounting system demonstrated by the statements and schedules included in the financial section of this report.

In addition, the City has established certain fiscal policies defining its long-term financial objectives. For example, the Cost Recovery/Subsidization Policy minimizes the unintentional subsidization of certain services by the General Fund, allowing general tax dollars to be available for greater public benefit. The City also maintains an Investment Policy, reviewed annually, defining (by limiting the types of investments permitted and providing guidelines for duration and diversification) the level of risk that is appropriate in the City's portfolio.

The City will continue to follow established cash management, accounting, budgetary, and risk management policies and processes essential to the City's long-term fiscal health. In addition, the strategic direction provided in the 5-Year Capital Improvement Plan and the General Plan will be used in the City's efforts to maintain a sustainable budget for the future.

Other Information

Statistical Section. Issued in May 2004, the Governmental Accounting Standards Board (GASB) Statement No. 44, Economic Condition Reporting: the Statistical Section, significantly changed the content and presentation of information reported in the statistical section of a comprehensive annual financial report. The new statistical section structure was developed to assist the reader in understanding financial trends, assessing the City's revenue capacity, gauging the affordability of outstanding debt, and understanding the environment in which the City's financial activities take place. Operating information is included to help the reader understand how the data in the City's financial report relate to services the City provides. Over time, the intent is to accumulate meaningful trend information useful in assessing performance.

Independent Audit. State statutes require an annual audit of the City's financial systems by independent certified public accountants. The accounting firm of Badawi and Associates, Certified Public Accountants was selected by the City for this purpose. The auditor's report and unmodified opinion on the general purpose financial statements and combining and individual fund statements is included in the financial section of this report.

Awards and Acknowledgments. The Government Finance Officers' Association (GFOA) of the United States has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2015. In order to receive this Certificate, a governmental unit must publish an easily readable and efficiently organized comprehensive annual

financial report, and satisfy both generally accepted accounting principles and applicable legal requirements. The award is valid for a period of one year. We believe our current report continues to meet the Certificate of Achievement Program's requirements.

Preparation of the Comprehensive Annual Financial Statements is not possible without the hard work of the entire Administrative Services Department. Of particular note, we would like to recognize Finance and Budget Manager Rosendo Rodriguez, Accountant I Jovi Oliveras, and Management Analyst Brandon Cortez for their extraordinary commitment to completing this document. We would also like to thank the City Council and the Finance and Audit Committee for their continued focus on fiscal sustainability which has positioned the City well to weather financial uncertainties.

Respectfully submitted,

Alex D. McIntyre
City Manager

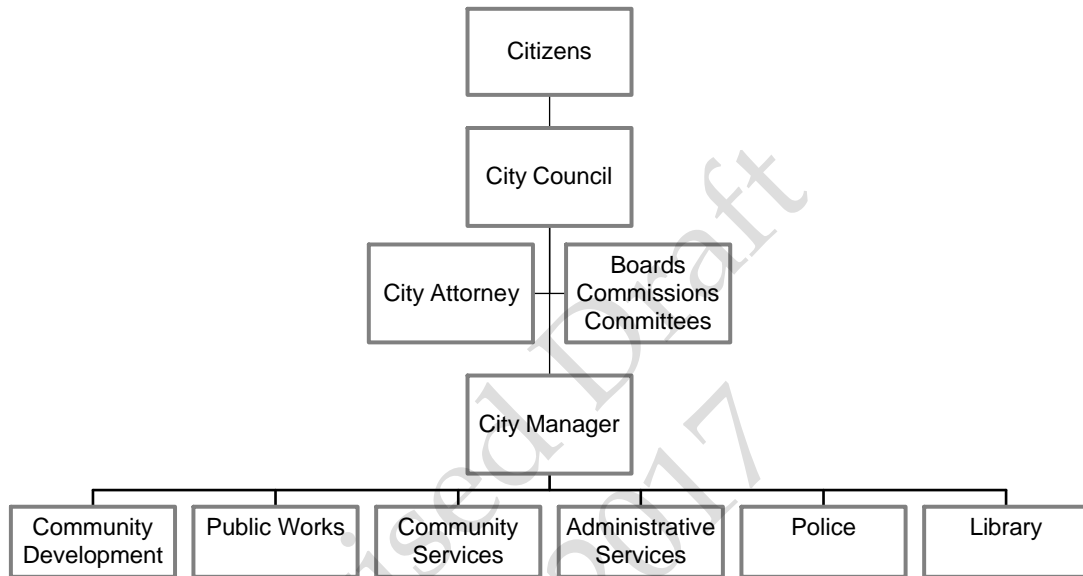
Nick Pegueros
Administrative Services Director

Revised Draft
01-11-2017

CITY OF MENLO PARK, CALIFORNIA

ORGANIZATIONAL CHART

JUNE 30, 2016



CITY OF MENLO PARK, CALIFORNIA

LIST OF CITY OFFICIALS

JUNE 30, 2016

CITY COUNCIL

Richard Cline, **Mayor**

Kirsten Keith, **Mayor Pro Tem**

Catherine Carlton, Councilmember

Ray Mueller, Councilmember

Peter Ohtaki, Councilmember

City Council Appointed

City Attorney..... William McClure

City Manager..... Alex D. McIntyre

Executive Management

Appointed by the City Manager

Assistant City Manager Charles Taylor

Assistant to the City Manager Clay Curtin

Administrative Services Director Nick Pegueros

Community Development Director Arlinda Heineck

Community Services Director Cherise Brandell

Housing & Economic Development Manager Jim Cogan

Library Director..... Susan Holmer

Police Chief Robert Jonsen

Public Works Director Justin Murphy

City Clerk..... Pam Aguilar



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Menlo Park
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

FINANCIAL SECTION

Revised Draft
01-11-2017

This page intentionally left blank

Revised Draft
01-11-2017

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
of the City of Menlo Park
Menlo Park, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Menlo Park, California (City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Honorable Mayor and Members of the City Council
of the City of Menlo Park
Menlo Park, California
Page 2

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension required supplementary information, and schedules of funding progress for other post employment benefits on pages 5 to 18 and 102 to 114 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules on pages 91 to 151, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparison schedules on pages 119 to 175 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Honorable Mayor and Members of the City Council
of the City of Menlo Park
Menlo Park, California
Page 3

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January XX, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Badawi and Associates
Certified Public Accountants
Oakland, California
January XX, 2017

Revised Draft
01-11-2017

This page intentionally left blank



MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2016

This section of the City of Menlo Park's Comprehensive Annual Financial Report provides a narrative overview of the City's financial activities for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the Transmittal Letter and accompanying Basic Financial statements

FINANCIAL HIGHLIGHTS

City-Wide:

Net Position - The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at fiscal year ending June 30, 2016, by \$430.19 million, up 3% from prior year. Of this amount, \$38.78 million was reported as "unrestricted net position" and may be used to meet ongoing obligations.

Changes in Net Position – The City's total net position increased by \$13.21 million in fiscal year 2015-16. Net position of governmental activities increased by \$13.41 million, which is due in large part to an increase in cash and investments and a decrease in deferred outflows. Net position of the business-type activities increased by \$0.21 million, reflecting the year's net gain for the Menlo Park Municipal Water District.

Long-Term Debt:

The City's total bonded debt obligations decreased by \$1.05 million during fiscal year 2015-16 due to the scheduled annual payment of principal balances of outstanding debt. The largest principal payment of \$0.55 million was made on the 2012 General Obligation Refunding Bonds, leaving a remaining balance of \$8.22 million as of June 30, 2015.

Fund Highlights:

Governmental Funds – Fund Balances - As of the close of fiscal year 2015-16, the City's governmental funds reported a combined ending fund balance of \$101.63 million. This is a \$6.85 million increase from the prior year, which is primarily the result of an increase in total assets, predominantly in the form of receivables.

The total combined balance for governmental funds as of June 30, 2016, \$101.63 million, is classified into five categories of fund balance (nonspendable, restricted, committed, assigned, and unassigned) to provide the reader of these financial statements with a better understanding of the City's available resources as well as its plans to ensure fiscal stability in the near term. A detailed explanation of these

categories can be found in Note 10 to the financial statements. Of the total, \$1.37 million is categorized as “nonspendable”, \$37.29 million is “restricted”, \$33.45 million is “committed”, \$24.63 is “assigned” and the remaining \$4.89 million is “unrestricted”.

The City’s General Fund increased \$0.38 million, with revenues/transfers-in of \$51.51 million and expenditures/transfers-out of \$51.12 million. This includes a transfer of \$8.56 million to support infrastructure efforts in the General Capital Improvement Project Fund. The net increase in the General Fund is smaller than prior years but it should be noted that transfers to the General Capital Improvements Project Fund of \$8.56 million is \$4.27 million higher than in prior year. General Fund revenues and expenditures for the reporting period will be discussed in more detail later in the MD&A.

City Highlights:

Total governmental fund revenues for 2015-16, as presented in the Fund Financial Statements, were up \$5.39 million over 2014-15, and this gain was driven by the General Fund, which had revenues, excluding transfers, that were up nearly \$2.74 million. General Fund taxes reflect the largest year-over-year gain in General Fund revenues, up \$1.96 million. In addition to significant changes in the General Fund, the Below Market Rate Housing Special Revenue Fund increased \$1.37 million due to increased development activity.

Governmental fund expenditures, excluding transfer, increased approximately \$9.26 million in 2015-16, compared to prior year. The largest share of this increase in the capital outlay activity among the Transportation Impact Fee and Non-major Governmental Funds, up \$5.736 year-over-year. General Fund expenditures were up approximately \$1.98 million year-over-year, driven by increases in the public safety and public works activities. Non-major governmental funds expenditures decreased \$1.15 million in the capital outlay category.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City’s basic financial statements, which are comprised of three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements and 3) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities and Changes in Net Position include information about the City as a whole and about its activities. These statements include all assets, deferred outflows of resources (if applicable), liabilities, and deferred inflows of resources (if applicable) of the City using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's overall net position and changes in that net position year-over-year. Net position is defined as the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, and this is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the City's property tax base and the condition of the City's roads.

In the Statement of Net Position and the Statement of Activities and Changes in Net Position, City activities are separated as follows:

Governmental activities—Most of the City's basic services are reported in this category, including the General Government, Public Safety, Public Works, Culture and Recreation (including library services) and Community Development. Property and sales taxes, user fees, interest income, franchise fees, and state and federal grants finance these activities.

Business-type activities—The City charges a fee to customers to cover the cost of water distribution services, including a surcharge for future capital improvements as necessary. The City's water system activities are the only activities reported in this category.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental funds—Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation schedule following each governmental fund financial statement.

Proprietary funds—When the City charges customers for the services it provides—whether to outside customers (enterprise funds) or to other units of the City (internal service funds)—these services are generally reported in proprietary funds. The City's Water Fund is the single enterprise fund that accounts for the business-type activities reported in the government-wide statements. Four internal service funds account for administrative activities that are provided to other funds and departments on a cost-reimbursement basis. These are included as governmental activities in the government-wide

statements. Together, these proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position. In addition, a statement of cash flows is provided.

Fiduciary funds—The City is the trustee, or fiduciary, for certain funds held in a trustee or agency on behalf of individuals, private organizations, other governments, and/or other funds. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Position. These activities are excluded from the City's other financial statements because the City cannot use these funds' assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Financial Statements

The notes provide additional information essential to a full understanding of the data in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information providing a budgetary comparison statement for the General Fund and all major funds. It also includes a schedule of funding for the employee pension plan.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Statement of Net Position combines and consolidates government funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. Program expenses by function, general revenues by major source, excess and/or deficiency of revenues over expenses before contributions to fund principal, special and extraordinary items, and total assets are presented in the Statement of Activities and Changes in Net Position. Both statements are condensed below for purposes of this analysis.

City of Menlo Park's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Current Assets	\$ 100,087,581	\$ 93,720,032	\$ 13,012,515	\$ 14,253,829	\$ 113,100,096	\$ 107,973,861
Noncurrent Assets	15,532,289	14,460,485		-	15,532,289	14,460,485
Capital Assets	363,926,885	360,557,593	14,878,505	13,990,073	378,805,390	374,547,666
Total Assets	479,546,755	468,738,110	27,891,020	28,243,902	507,437,775	496,982,012
Deferred Outflows of Resources	4,957,779	4,152,246	89,363	78,144	5,047,142	4,230,390
Current Liabilities	11,670,754	10,636,241	950,366	-	12,621,120	10,636,241
Noncurrent Liabilities	64,319,818	60,416,883	737,906	-	65,057,724	60,416,883
Total Liabilities	75,990,572	71,053,124	1,688,272	-	77,678,844	71,053,124
Deferred Inflows of Resources	4,541,576	11,278,184	73,056	176,697	4,614,632	800,000
Net Investments in Capital Assets	345,581,545	341,158,440	14,878,505	13,990,073	360,460,050	355,148,513
Restricted	37,295,730	19,288,736	11,441,134	12,686,735	48,736,864	31,975,471
Unrestricted	21,095,111	30,111,872	(100,584)	(254,068)	20,994,527	29,857,804
Total Net Position	\$ 403,972,386	\$ 390,559,048	\$ 26,219,055	\$ 26,422,740	\$ 430,191,441	\$ 416,981,788

The City's programs for governmental activities include General Government, Public Safety, Public Works, Culture and Recreation, and Community Development. The programs for the business-type activities consist of water services provided by the Menlo Park Municipal Water District.

As noted earlier, the City as a whole has net position of \$430.19 million. The largest portion of the City's net position, \$360.46 million or approximately 84 percent, reflects its investment in capital assets (e.g., land, buildings, equipment, improvements, construction in progress, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position as a whole, \$48.74 million or 11 percent represents resources that are subject to external restrictions on how they may be utilized. Restricted net assets show a year-over-year increase of \$16.76 million resulting from the reclassification of Below Market Rate Housing funds, shown as "Community Development" from unrestricted net assets. The remaining balance of unrestricted net assets, \$20.99 million or 5 percent, may be used to meet the government's ongoing obligation to citizens and creditors. Unrestricted net assets show a decrease year-over-year

resulting from the reclassification of Below Market Rate Housing funds.

Total net position of the City increased \$13.63 million in the fiscal year ended June 30, 2016. This was primarily related to an increase in in the City's cash position, particularly in the governmental activities.

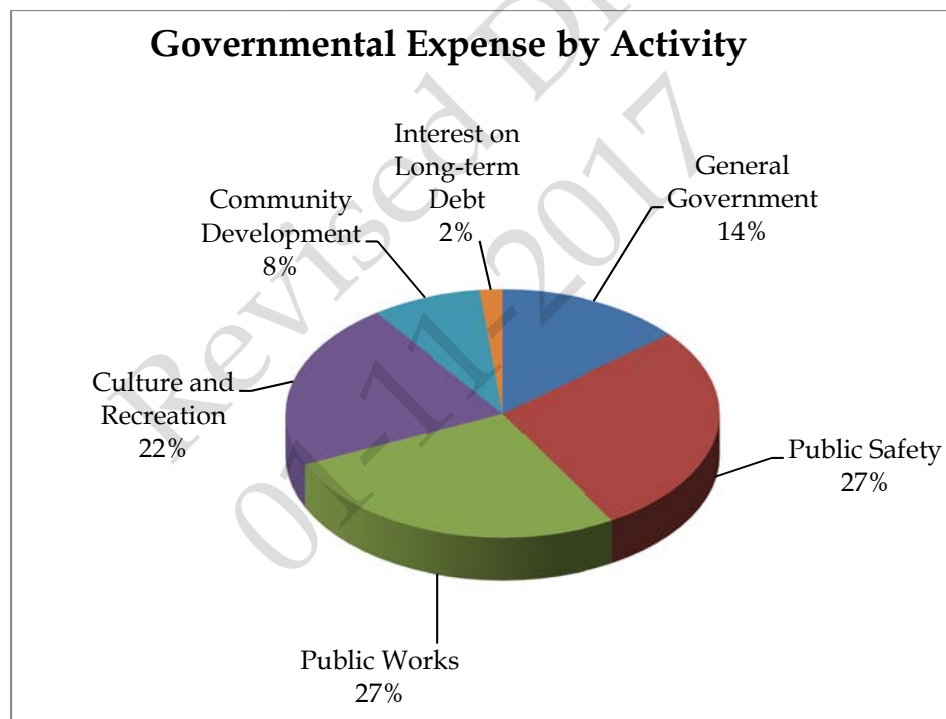
	City of Menlo Park's Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Revenues:						
Program Revenues:						
Charges for Services	\$ 26,128,239	\$ 23,065,800	\$ 7,647,125	\$ 8,165,645	\$ 33,775,364	\$ 31,231,445
Operating Grants and Contributions	1,976,101	1,876,305	-	-	1,976,101	1,876,305
Capital Grants and Contributions	2,123,799	2,262,146	-	-	2,123,799	2,262,146
General Revenue:						
Property Taxes	18,227,209	16,824,728	-	-	18,227,209	16,824,728
Sales Taxes	5,425,089	6,527,498	-	-	5,425,089	6,527,498
Transient Occupancy Taxes	6,268,171	4,720,226	-	-	6,268,171	4,720,226
Other Taxes	4,882,372	4,616,187	-	-	4,882,372	4,616,187
Investment Earnings	1,169,712	1,205,744	111,026	146,647	1,280,738	1,352,391
Gain on Sale of Assets	47,567	45,544	-	-	47,567	45,544
Miscellaneous	1,144,891	234,380	-	(1,752)	1,144,891	232,628
Total Revenues	67,393,150	61,378,558	7,758,151	8,310,540	75,151,301	69,689,098
Expenses:						
General Government	7,567,067	8,896,023	-	-	7,567,067	8,896,023
Public Safety	14,930,689	17,090,541	-	-	14,930,689	17,090,541
Public Works	14,469,169	10,784,753	-	-	14,469,169	10,784,753
Culture and Recreation	11,836,304	11,250,082	-	-	11,836,304	11,250,082
Community Development	4,483,136	4,060,817	-	-	4,483,136	4,060,817
Interest on Long-term Debt	913,633	850,924	-	-	913,633	850,924
Water Operations	-	-	7,323,365	6,657,761	7,323,365	6,657,761
Total Expenses	54,199,997	52,933,140	7,323,365	6,657,761	61,523,363	59,590,901
Inc/Dec in Net Position before Transfers	13,193,153	8,445,418	434,786	1,652,779	13,627,938	10,098,197
Extraordinary gain (loss)	-	-	-	-	-	-
Transfers	220,185	189,040	(220,185)	(189,041)	-	-
Changes in Net Position	13,413,338	8,634,458	214,601	1,463,738	13,627,938	10,098,197
Net Position - Beginning of the Year, as restated	390,559,048	381,924,589	26,004,454	24,959,002	416,563,502	406,883,591
Prior Period Adjustment	-	-	-	-	-	-
Net Position - End of the Year	\$ 403,972,386	\$ 390,559,047	\$ 26,219,055	\$ 26,422,740	\$ 430,191,440	\$ 416,981,788

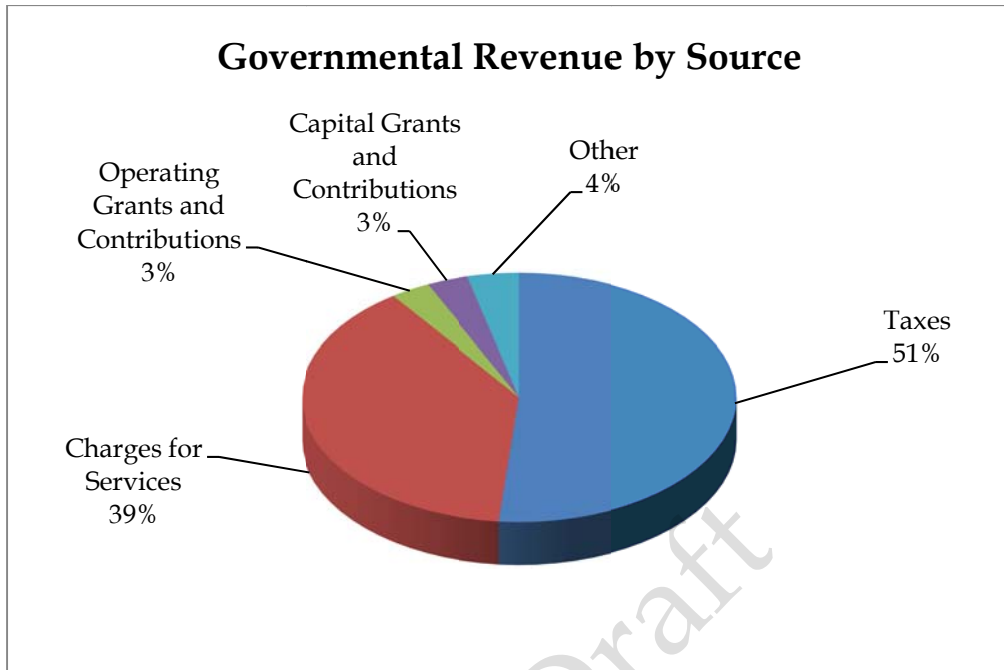
Governmental Activities

Total governmental activities increased the City of Menlo Park's net position by \$13.41 million, as revenues closed the year well above expenses which is similar to the fiscal year ended June 30, 2015. Governmental Activities revenues and expenses were up in 2015-16 over 2014-15, with revenues increasing by \$6.01 million and expenses increasing by \$1.27 million. Program and general revenues

increased in a number of categories, however, charges for services had the largest year-over-year growth in dollars at \$3.06 million year-over-year, primarily in Community Development. Increases in expenses also occurred in a number of operational areas, with Public Works seeing the most significant year-over-year change of \$3.68 million.

The following charts of expenses and sources of funding for the City's various governmental activities have been derived from the Statement of Activities and Changes in Net Position. The first pie chart reflects expenses incurred in each area as a percentage of the total expense of governmental activities (\$54.20 million in fiscal year 2015-16). The second pie chart reflects the sources of funding available to cover the expenses of the governmental activities (\$67.61 million in fiscal year 2015-16). After applying program revenues (charges for services, grants, and contributions) to the cost of governmental activity programs, remaining expenses must be funded out of the City's general revenues – primarily taxes and investment earnings. Areas with the highest program revenues (i.e., Public Works, Culture and Recreation, and Community Development) are able to offset relatively more costs than activities that have fewer opportunities to derive program revenues (such as Public Safety). In total, program revenues covered nearly 56 percent of governmental activity expenses in fiscal year 2015-16, which is up when compared to 51 percent for fiscal year 2014-15.





Business Type Activities

The final net position for business-type activities in 2015-16 was \$26.22 million. Total program revenues for business-type activities (operation of the Menlo Park Municipal Water District) were \$7.65 million, which consisted solely of charges for services related to water usage and capital surcharge fees. Total expenses for the business-type activities were \$7.32 million during 2015-16, nearly all of which were related to water operations. Overall net position increased by \$0.21 million in 2015-16.

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

Major Fund Balances – Governmental Funds

A key function of fund accounting is to segregate resources. In order to reduce frustration when different individual funds are combined for financial reporting purposes and because it is common for governments to have too many funds to include information on each individual fund within the basic financial statements, Major Fund reporting was implemented with Government Accounting Standards Board (GASB) Statement 34. Each major individual fund is required to be presented separately and all non-major governmental funds to be aggregated into a single other governmental fund category. The General Fund is always considered a major fund. The criteria to determine what other funds must be reported as a major fund are:

- Ten percent criterion. An individual fund reports at least 10 percent of any of the following:
 - total governmental fund assets,
 - total governmental fund liabilities,
 - total governmental fund revenues, or
 - total governmental fund expenditures.

- Five percent criterion. An individual governmental fund reports at least 5 percent of the total for both governmental and enterprise funds of any one of the items for which it met the 10 percent criterion.

There are five major funds in the Governmental Funds category, one more than prior year with the addition of the Transportation Impact Fee Fund. In total, Governmental Fund balanced increased \$6.85 million between 2015 and 2016. Below is a table with a comparison of the fund balance for each of these five funds and all other governmental funds as of June 30, 2015, as restated, and June 30, 2016.

<u>Governmental Fund Balances</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Increase (Decrease)</u>
General Fund	\$ 31,716,256	\$ 31,336,832	379,424
Below Market Rate Housing Fund	16,884,108	13,043,290	3,840,818
Housing Fund	4,822,471	4,806,320	16,151
Transportation Impact Fees Fund	3,680,652	4,783,010	(1,102,358)
General Capital Improvement Project Fund	19,249,500	14,471,623	4,777,877
Other Governmental Funds	25,275,749	26,337,706	(1,061,957)
TOTAL	\$ 101,628,736	\$ 94,778,781	\$ 6,849,955

General Fund Balance

As noted, the General Fund is always one of the major governmental funds and is the primary operating fund of the City. Most City services are accounted for in the General Fund, including most public safety, public works, parks and community services, library, planning and community development, and general government.

At the end of the 2015-16 reporting period, the fund balance of the City's General Fund was \$31.72 million, an increase of \$0.38 million from the prior year. The modest increase in fund balance is the result of City Council approval of additional transfers from the General Fund to the General Capital Improvement Projects Fund for projects such a sidewalk extension on Santa Cruz Avenue.

Although \$1.37 million of the fund balance was categorized as "nonspendable", the City's General Fund Reserve Policy sets aside a total of \$20.85 million as "committed" fund balance. The committed fund balance is shown in three categories: \$7.71 million for emergency contingencies, \$10.28 million to mitigate the effects of major economic uncertainties, and \$2.86 million for strategic pension funding opportunities. Based on the updated reserve policy, the pension-related reserve increases when the General Fund achieves a net operating surplus in a given year. The reserve policy affirms the Council's desire to limit use of General Fund balances to address unanticipated, one-time needs or opportunities, and establishes a goal range for the City's unrestricted fund balance (including commitments and assignments of fund balance) of 43-55 percent of General Fund expenditures. As of June 30, 2016, the

City's General Fund unrestricted fund balance equaled 59 percent of the fund's budgeted 2016-17 expenditures, including transfers. This will be partially mitigated by the \$0.73 million in assigned fund balance that will be used for 2016-17 spending commitments.

Below Market Rate Housing Fund Balance

The Below Market Rate Housing Fund became a major fund for financial statement purposes starting in fiscal year 2011-12, based on the assets of the fund relative to the City's total governmental fund assets. The BMR Housing Program was established in 1987 to increase the housing supply for people who live and/or work in Menlo Park and have limited income per the limits established by San Mateo County. The program requires the provision of BMR units or in-lieu fees for certain development projects. State law requires that all BMR in-lieu fees be committed to affordable housing development within five years of collection. During the 2015-16 fiscal year, the fund had revenue that included \$3.79 million of BMR in-lieu fees, \$0.15 million in interest on outstanding loans and interest earnings on fund balance. The fund had expenditures of \$0.97 million for the overall administration of the BMR program and for maintenance and rehabilitation work on various properties.

Housing Fund

As Successor Agency for both housing and non-housing activities of the former redevelopment agency, the City transferred all loans of the former CDA Housing Fund to the City's own, newly established Housing Fund in 2011-12. In previous years, the CDA Housing Fund had received twenty percent of all the tax increment revenues of the former Agency to advance low- and moderate-income housing programs in the area. Per dissolution law, all future tax increment revenues will go to the County, and any unencumbered funds of the former agency will be distributed to other taxing agencies once recognized obligations have been paid. Therefore, the current Housing Fund exists to account for the housing loans of the former Agency. Net revenues from loan payments may go back to the fund to provide further loans or to other qualifying housing programs. The City has elected to report the Housing Fund as a major fund for financial statement purposes.

General Capital Improvement Project Fund Balance

The General Capital Improvement Project Fund is also a major fund for financial statement purposes, based on the relative amount of assets in the fund. In 2015-16, fund expenditures were \$4.12 million and included work on major projects such as street resurfacing and improvements to City buildings. Total fund balance increase \$4.78 million from 2014-15 due to a significantly higher than usual transfer from the General Fund to provide the resources necessary for future work programs. This transaction increased the relatively high General Capital Improvement Project fund balance to \$19.25 million. It is not unusual for this particular fund to accumulate reserves because of the nature of the fund itself. Major capital and infrastructure projects, such as street resurfacing, require significant capital outlays and are most cost effective when done in large segments. To stabilize the impact on the General Fund, which funds many of these projects, annual transfers are made and reserves are accumulated to then be appropriated as large-scale projects are scheduled to begin.

Other Governmental Funds Balances

At the end of the 2015-16 fiscal year, the total fund balance of the City's 26 non-major governmental funds was \$25.28 million. This represents a 4 percent decrease in fund balance year-over-year, which

is discussed in more detail below.

The fund balances consist of 22 special revenue funds, 2 debt service funds, and 2 capital projects funds. Within the special revenue funds, ten fund balances increased over the course of the fiscal year, while twelve experienced a decrease. The largest fund balance increases were with the Landfill Post Closure Fund at \$0.50 million and Downtown Parking Permits at \$0.31 million. Both funds are utilized to fund capital and infrastructure projects, and as such, large fluctuations in fund balance year-over-year are not uncommon as revenues can accumulate over several years to ensure adequate funding for large projects. The largest decreases in fund balance were experienced in the Highway Users' Tax Fund with a \$0.41 million decline and Construction Impact Fee Fund with a \$0.94 million decline. Both decreases are attributed to the street resurfacing project.

Proprietary Funds

Proprietary Funds are comprised of enterprise funds and internal service funds. The City has one enterprise operation, which is the Water Fund. An enterprise fund accounts for activities that are financed and operated in a manner similar to private business enterprises. The Menlo Park Municipal Water District (MPMWD) is a self-supporting enterprise in which the sale of water to customers generates the revenue needed to support the operations and capital needs of the district.

The Water Fund accounts for water supplied to the approximately 4,000 customers of the MPMWD. The net position of the fund at June 30, 2016 was \$26.22 million, an increase of \$0.21 million from the prior fiscal year.

Reserve funding policies established in 2006 were revised in 2010, with the City adopting a 16.5 percent annual increase in water meter and consumption block rates through fiscal year 2013-14 based on projected increases in the cost of water. The Water Fund Reserve Policy anticipated the need for transfers/loans from the capital fund to maintain the operating fund during this period of water rate increases. The total transfer amount in 2015-16 from the capital fund to the operating fund was \$1.10 million, a 69 per cent reduction in the transfer when compared to 2014-15. Further, a capital surcharge was established in 1990 to fund major water capital projects; the surcharge netted the Water Capital Fund \$0.71 million in fiscal year 2015-16.

Internal Service Funds

The City uses internal service funds to account for four major administrative activities: Workers' Compensation Insurance, General Liability Insurance, Retiree Medical Benefits, Information Technology, and Vehicle Replacement. Separation of these programs from the General Fund allows for better tracking and allocation of the costs associated with these "overhead" activities and provides a mechanism for funding those costs in the year incurred.

The Vehicle Replacement Fund collected charges for services of \$0.40 million in 2015-16 for the cost of anticipated vehicle replacements. As of June 30, 2016, the Fund's fund balance is \$1.42 million. The Workers' Compensation Insurance Fund collected charges for services in the amount of \$1.0 million plus a onetime transfer from the General Fund in the amount of \$0.20 million. Despite the \$1.20 million

inflow, expenditures exceeded revenue, investment earnings, and transfers in by \$0.47 million. The General Liability Fund' collected charges for services in the amount of \$0.80 million and, when combined with interest income, exceed its overall expenses by \$0.21 million, which positively impacted its net position as of June 30, 2016.

The Retiree Medical Benefits Fund was created in 2008-09 for the sole purpose of providing contributions to the California Employers Retiree Benefits Trust (CERBT), the funding vehicle for the City's long-term obligations under its retiree medical benefits program. \$9.2 million was sufficient to fund the accumulated liability of these benefits in fiscal year 2007-08. Going forward, the amount of the contributions are generated as a percentage-of-payroll charge, actuarially calculated to reflect full funding of the normal (annual) cost of these benefits. In fiscal year 2015-16 these costs were \$0.61 million, while charges for services amounted to \$0.93 million. Overall the Fund had a net income of \$0.31 million.

Fiduciary Operations

Fiduciary Fund Financial Statements are presented in the Basic Financial Statements separately from the Government-Wide Financial Statements. Prior to 2011-12, the City's only fiduciary funds were agency funds, used to account for certain assets held on behalf of others. As the City's role is purely custodial in these cases, all assets reported in the agency funds are offset by a liability to the party on whose behalf they are held. Total assets of the agency funds held by the City increased from \$0.59 million to \$0.64 million, which was due largely to the increase in refundable deposits held for current development projects.

A new private-purpose trust fund was established in 2011-12 to account for the activities related to the dissolution of the former Community Development Agency of the City of Menlo Park. As previously discussed, the former redevelopment agency was eliminated by State law as of February 1, 2012. All assets and obligations (including long-term debt) of the former agency were transferred to the City, as Successor Agency, as of that date. Housing loans are reported as assets in that governmental fund, but all other assets and liabilities are held in trust capacity in a fiduciary fund.

Unlike agency funds, trust funds report an "income statement". As such, the activity of the Successor Agency Trust from 2015-16 is reported in the Statement of Changes in Fiduciary Net Position. As of June 30, 2016, the fund's net position was a negative \$39.55 million, a positive improvement over the June 30, 2015 net position by \$2.67 million. For additional information on this trust fund, please see Notes 6 and 17 to the financial statements. It is important to note, however, that because the net negative position is primarily a function of long-term liabilities (debt service), which will be paid by future property tax revenues in the former redevelopment project area, there is no impact on the primary government's current or future financial position.

DEBT ADMINISTRATION

As of June 30, 2016, the City's debt obligations were comprised of General Obligation Bonds. In 2015-16, the City fully retired its 1996 General Obligation Refunding Bonds the original funds from which

provided for capital projects associated with the City's library. The City's two voter approved "Measure T" general obligation bonds had a balance of \$18.34 million as of June 30, 2016. Of this amount, \$8.16 million is outstanding on the 2012 General Obligation Bond refunding and \$10.18 million is outstanding on the 2009 A and 2009 B General Obligation Bonds.

In October 2015, the City's Community Development Agency issued Tax Allocation Refunding Bonds in a par amount of \$60.3 million for the purpose of refunding at lower interest rates outstanding 2006 Las Pulgas Project Tax Allocation Bonds. The original bonds had been issued to finance capital projects of benefit to the Las Pulgas Community Development Project Area. With the dissolution of redevelopment agencies in 2012, this bonded debt is no longer reported in the Government Wide Financial Statements. These obligations are included in Fiduciary Fund Financial Statements. Additional information on the City's long-term debt can be found in Note 6 of this report.

As disclosed in the Notes to Basic Financial Statements, a liability has been recorded to reflect the City's obligation to provide post-closure care of the landfill at Bayfront Park. Although the City has established a revenue stream to fund landfill post-closure care, governmental accounting standards require the calculation and recording of the liability associated with this activity. The liability is included in the reporting of the City's long-term debt, at an estimated \$4,845,465 at June 30, 2015.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2016 amounts to \$378.80 million, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the City such as roads, bridges, streets and sidewalks, drainage systems, lighting systems and similar items. The City's investment in capital assets for the current fiscal year totaled to \$9.05 million for fiscal year 2015-16. This amount is reduced by accumulated depreciation charges of \$6.19 million and net retirements of assets totaling \$0.59 million. Detailed information on the City's capital assets can be found in Note 5 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

The 2015-16 fiscal year amended budget for the General Fund reflected an operating deficit, of \$6.0 million with revenue inclusive of transfers totaling \$50.28 million and expenditures inclusive of transfers totaling \$56.28 million. The adopted expenditure budget was increased over the course of the fiscal year to include purchase orders and other commitments from the prior year, as well as any other Council-approved budget adjustments. Most notably, the City Council transferred an additional \$6 million from the General Fund to primarily to the General Fund for additional capital improvement projects. At the end of 2015-16, however, the revenues inclusive of transfers exceeded expenditures inclusive of transfers resulting in an operating surplus of \$0.38 million.

General Fund Revenues

The General Fund experienced year-over-year revenue growth for the fourth consecutive year. Overall, revenues, including transfers and asset sales, totaled \$51.09 million, which was a \$3.28 million (6.9

percent) increase over 2014-15. Property taxes, sales tax, transient occupancy tax, licenses and permits, and intergovernmental led the way, accounting for the vast majority of the revenue growth. Sales tax revenues continued to decline with the loss of a major sales tax generator in mid-2015. Transient occupancy tax revenues benefitted from a full year of the 12% tax rate, as well as a strong economic climate that resulted in high room and occupancy rates at hotels in the region. Licenses and permits were up significantly due to continued healthy development activity.

General Fund Expenditures

Total General Fund expenditures, excluding transfers out, totaled \$42.56 million and were 4.9 percent higher than 2014-15. This increase was the result of departmental operations, and the largest year-over-year increases were in Public Works. These increases were due to a variety of factors, including vacant positions being filled. Transfers to other funds increased \$4.27 million from prior year representing the City's continued investment in capital improvements.

ECONOMIC CONDITION AND OUTLOOK

The City's financial outlook remains sound. Property values continue their upward trend, and with a number of large-scale development projects in process, the outlook for future property tax revenue growth is strong. Being the General Fund's largest revenue source, at 32 percent of the total, a healthy property tax base is essential for continued sustainability.

One ongoing threat to the property tax base is the uncertainty of what is called "excess ERAF" (educational revenue augmentation fund). San Mateo County is one of several counties in the State of California where the amount generated from the ERAF shift of local property tax exceeds the amount required to meet funding levels for local schools. As a consequence, those funds collected in excess of the requirement have traditionally been redistributed back to the taxing entities. With such a unique circumstance, this revenue source is under scrutiny at the state level, leaving applicable local agencies to determine how to handle the uncertainty in their financial forecasts. To be conservative, the City of Menlo Park's adopted 2016-17 budget and the accompanying 10-year forecast reflects receiving 50 percent of this revenue annually until it drops off entirely in 2019-20. This is a highly speculative assumption that simply serves to keep the uncertainty of this significant revenue squarely in our sights as we move forward.

Also an area of continued monitoring is the financial health of the State of California. In November 2012, California voters passed Proposition 30, a measure that raised the state sales tax by a quarter-cent for four years and increases income tax rates for individuals who earn more than \$250,000 a year for seven years. In November 2016, voters approved Proposition 55 which provides for a 12 year extension of the increased income tax rate approved by Proposition 30. Proposition 55, however, did not contain a similar extension of the sales tax increase. Passage of Proposition 30 in 2012 is said to have offset the need to make \$6 billion per year in cuts in the State budget, cuts that could have impacted local governments. The passage of Proposition 55 in 2016, coupled with growth in the State economy, has enabled the Governor and the State Legislature to predict a balanced budget and a record surplus at the State level for the 2016-17 fiscal year. This has lessened the likelihood of looking

to the local agencies' revenue sources to balance the State budget.

On the expenditure side, the City is closely monitoring increases in employee benefit costs. One area of particular note is the City's cost for pension benefits provided by the California Public Employees' Retirement System (CalPERS). In December 2016, the CalPERS board voted to reduce its assumed rate of return on investment income, commonly referred to as the "discount rate", net of expenses, from 7.5 percent to 7.0 percent over three years beginning on July 1, 2018. The reduction in discount rate is likely to result in greater unfunded pension liabilities and increased annual costs to the City. Efforts are currently underway to incorporate the estimated increased costs in the City's 10-year financial forecast. Additionally, the City's Finance and Audit Committee, in coordination with staff and a consulting actuary, is exploring options to establish a fund that would shield the City's annual operating budget from significant fluctuations in pension costs that may result from actions such as CalPERS' decision to reduce the discount rate assumption.

Staff will continue to monitor the long-term budget situation, both locally and at the State level, to keep the City Council informed of critical economic events that may impact the sustainability of the City's spending plan. Further, staff will continue to be proactive in developing plans to promote economic development in the City, aggressively pursue grant funding for significant infrastructure improvements, and continually assess the City's operations and service delivery models to achieve efficiencies where possible.

While in an enviable financial position, the City cannot rest on its laurels and must continue to focus its efforts on priority fiscal initiatives such as adequate funding of infrastructure, careful comprehensive planning, and optimization of business and residential development opportunities. Further, as new long-term needs are identified, the appropriate resources to meet those needs must also be identified. And finally, the City must maintain financial flexibility to ensure it is able to quickly respond to the inevitable fluctuations in the economy and volatility in its major revenue sources.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Menlo Park Administrative Services Department, 701 Laurel Street, Menlo Park, California 94025.

Revised Draft
01-11-2017

This page intentionally left blank

BASIC FINANCIAL STATEMENTS

Revised Draft
01-11-2017

Revised Draft
01-11-2017

This page intentionally left blank.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Revised Draft
01-11-2017

Revised Draft
01-11-2017

This page intentionally left blank.

City of Menlo Park
Statement of Net Position
June 30, 2016

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS			
Current assets:			
Cash and investments	\$ 93,165,535	\$ 12,109,103	\$ 105,274,638
Receivables:			
Accounts	3,309,732	876,298	4,186,030
Interest	1,411,746	27,114	1,438,860
Due from other governments	1,964,003	-	1,964,003
Deposits and prepaid items	236,565	-	236,565
Total current assets	100,087,581	13,012,515	113,100,096
Noncurrent assets:			
Notes receivable	15,445,301	-	15,445,301
Net OPEB asset	86,988	-	86,988
Capital assets			
Non-depreciable	236,927,608	3,323,410	240,251,018
Depreciable, net	126,999,277	11,555,095	138,554,372
Total capital asset	363,926,885	14,878,505	378,805,390
Total noncurrent assets	379,459,174	14,878,505	394,337,679
Total assets	479,546,755	27,891,020	507,437,775
DEFERRED OUTFLOW OF RESOURCES			
Employer pension contribution	4,657,219	89,363	4,746,582
Pension related amounts	300,560	-	300,560
Total deferred outflow of resources	4,957,779	89,363	5,047,142
LIABILITIES			
Current liabilities:			
Accounts payable	3,328,970	798,653	4,127,623
Accrued payroll	990,468	32,037	1,022,505
Interest payable	416,774	-	416,774
Deposits	3,219,046	30,500	3,249,546
Unearned revenue	566,166	-	566,166
Claims payable due within one year	851,382	-	851,382
Compensated absences due within one year	1,464,135	89,176	1,553,311
Landfill postclosure care due within one year	408,813	-	408,813
Long-term debt due within one year	425,000	-	425,000
Total current liabilities	11,670,754	950,366	12,621,120
Noncurrent liabilities:			
Claims payable due in more than one year	2,811,901	-	2,811,901
Compensated absences due in more than one year	1,223,054	74,543	1,297,597
Net pension liability	38,217,594	663,363	38,880,957
Landfill postclosure care due in more than one year	4,146,929	-	4,146,929
Long-term debt due in more than one year	17,920,340	-	17,920,340
Total noncurrent liabilities	64,319,818	737,906	65,057,724
Total liabilities	75,990,572	1,688,272	77,678,844
DEFERRED INFLOWS OF RESOURCES			
Pension related amounts	4,541,576	73,056	4,614,632
Total deferred inflows of resources	4,541,576	73,056	4,614,632
NET POSITION			
Net investment in capital assets	345,581,545	14,878,505	360,460,050
Restricted for:			
Capital projects	7,275,487	11,441,134	18,716,621
Debt service	1,663,696	-	1,663,696
Community development	22,783,937	-	22,783,937
Special projects	5,572,610	-	5,572,610
Unrestricted	21,095,111	(100,584)	20,994,527
Total net position	\$ 403,972,386	\$ 26,219,055	\$ 430,191,441

See accompanying Notes to Basic Financial Statements.

City of Menlo Park
Statement of Activities and Changes in Net Position
For the year ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 7,567,067	\$ 3,388,132	\$ -	\$ -	\$ 3,388,132
Public safety	14,930,689	1,979,203	140,180	-	2,119,383
Public works	14,469,169	7,149,654	804,399	606,318	8,560,371
Culture and recreation	11,836,304	5,410,577	1,031,522	1,517,481	7,959,580
Community development	4,483,136	8,200,673	-	-	8,200,673
Interest on long-term debt	913,633	-	-	-	-
Total governmental activities	54,199,997	26,128,239	1,976,101	2,123,799	30,228,139
Business-type activities:					
Water	7,323,365	7,647,125	-	-	7,647,125
Total business-type activities	7,323,365	7,647,125	-	-	7,647,125
Total primary government	\$ 61,523,362	\$ 33,775,364	\$ 1,976,101	\$ 2,123,799	\$ 37,875,264

General Revenues:

Taxes:

Property taxes

Sales taxes

Transient occupancy taxes

Franchise taxes

Other taxes

Total taxes

Investment earnings

Gain on the sale of capital assets

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year

Net position - end of year

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (4,178,935)	\$ -	\$ (4,178,935)
(12,811,306)	-	(12,811,306)
(5,908,798)	-	(5,908,798)
(3,876,724)	-	(3,876,724)
3,717,537	-	3,717,537
(913,633)	-	(913,633)
(23,971,858)	-	(23,971,858)
-	323,760	323,760
-	323,760	323,760
(23,971,858)	323,760	(23,648,098)
18,227,209	-	18,227,209
5,425,089	-	5,425,089
6,268,171	-	6,268,171
1,954,461	-	1,954,461
2,927,911	-	2,927,911
34,802,841	-	34,802,841
1,169,712	111,026	1,280,738
47,567		47,567
1,144,891		1,144,891
220,185	(220,185)	-
37,385,196	(109,159)	37,276,037
13,413,338	214,601	13,627,939
390,559,048	26,004,454	416,563,502
\$ 403,972,386	\$ 26,219,055	\$ 430,191,441

Revised Draft
01-11-2017

This page intentionally left blank.

FUND FINANCIAL STATEMENTS

Revised Draft
01-11-2017

Revised Draft
01-11-2017

This page intentionally left blank.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund - Accounts for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes such activities as police, planning, engineering, public works operations and maintenance, and legal and administrative services.

Below Market Rate Housing Fund - Utilized to account for fees collected from developers of 10 or more residential units, which are used to develop below market rate housing units through down payment assistance loans. In addition, it is utilized to account for fees collected from commercial and industrial developers, which are used to expand the stock of low and moderate income houses for people who work in the City.

Housing Special Revenue Fund - Accounts for loans transferred to the City when the former Community Development Agency was dissolved. Prior to the Agency's dissolution, the Agency used tax increment revenue restricted for low and moderate income housing to make the loans which were subsequently transferred to the City. This fund's only activity is current revenue and expenditures resulting from loan servicing activities.

Transportation Impact Fees Fund - Established to account for fees paid by developers of certain residential, commercial, and industrial properties and projects funded by those fees to mitigate traffic problems resulting either directly or indirectly from the development.

General Capital Improvement Project Fund - Utilizes an annual City General Fund transfer to provide adequate funding for maintenance of the City's current infrastructure.

Revised Draft
01-11-2017

This page intentionally left blank.

City of Menlo Park
Balance Sheet
Governmental Funds
June 30, 2016

	Major Funds						
	General Fund	Below Market Rate Housing Special Revenue Fund	Housing Special Revenue Fund	Transportation Impact Fees	General Capital Improvement Project Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	\$ 30,980,560	\$ 7,766,958	\$ 430,574	\$ 4,814,692	\$ 19,616,791	\$ 24,837,103	\$ 88,446,678
Receivables:							
Accounts	2,779,506	22,794	11,027	-	6,879	481,112	3,301,318
Interest	157,831	17,332	1,166,098	10,777	-	49,120	1,401,158
Notes	1,339,847	9,089,500	4,380,928	-	-	635,026	15,445,301
Due from other governments	1,326,398	-	-	315,435	-	322,170	1,964,003
Deposits and prepaid items	33,466	-	-	-	-	-	33,466
Due from other funds	410,554	-	-	-	-	98,642	509,196
Total assets	\$ 37,028,162	\$ 16,896,584	\$ 5,988,627	\$ 5,140,904	\$ 19,623,670	\$ 26,423,173	\$ 111,101,120
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 1,317,595	\$ 12,476	\$ 58	\$ 455,508	\$ 338,399	\$ 789,583	\$ 2,913,619
Accrued payroll and related liabilities	863,294	-	-	14,378	35,771	44,320	957,763
Due to other funds	-	-	-	-	-	172,327	172,327
Deposits	2,183,680	-	-	990,366	-	45,000	3,219,046
Unearned revenue	566,166	-	-	-	-	-	566,166
Total liabilities	4,930,735	12,476	58	1,460,252	374,170	1,051,230	7,828,921
Deferred Inflows of Resources							
Unavailable revenue	381,171	-	1,166,098	-	-	96,194	1,643,463
Total deferred inflows of resources	381,171	-	1,166,098	-	-	96,194	1,643,463
Fund Balances:							
Nonspendable	1,373,313			-	-	-	1,373,313
Restricted	-	16,884,108	4,380,928	3,680,652	-	12,350,042	37,295,730
Committed	20,852,000	-	-	-	-	12,594,224	33,446,224
Assigned	4,483,513	-	441,543	-	19,249,500	452,939	24,627,495
Unassigned	5,007,430	-	-	-	-	(121,456)	4,885,974
Total fund balances	31,716,256	16,884,108	4,822,471	3,680,652	19,249,500	25,275,749	101,628,736
Total liabilities, deferred inflows of resources, and fund balances	\$ 37,028,162	\$ 16,896,584	\$ 5,988,627	\$ 5,140,904	\$ 19,623,670	\$ 26,423,173	\$ 111,101,120

See accompanying Notes to Basic Financial Statements.

City of Menlo Park
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2016

Total Fund Balances - Total Governmental Funds	\$ 101,628,736
---	-----------------------

Amounts reported for Governmental Activities in the Statement of Net Position were different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet.

Non-depreciable (net of real estate held for resale in special revenue funds)	236,927,608
Depreciable (net of internal service fund capital assets of \$3,530,008)	224,297,718
Accumulated depreciation/amortization (net of internal service fund of \$2,486,029)	(98,342,420)

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the Governmental Funds Balance Sheet.	(416,774)
--	-----------

Net OPEB liabilities are not due and payable in the current period, and therefore are not recorded in the governmental funds	86,988
--	--------

Employer contributions for pension were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statement these contributions are deferred.	4,657,219
---	-----------

In the Government-Wide Financial Statement certain differences between actuarial estimates and actual results for pension are deferred and amortized over a period of time, however in the governmental funds no transactions are recorded.	(4,241,016)
---	-------------

Landfill postclosure care costs do not require current financial resources and are not reported as a liability in the Governmental Fund Financials Statements.	(4,555,742)
--	-------------

Unavailable revenues recorded in Governmental Fund Financial Statements in the amount of \$1,643,463, resulting from activities in which revenues were earned but funds were not available, are reclassified as revenues in the Government-Wide Financial Statements.	1,643,463
---	-----------

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet. The compensated absences is net of the internal service funds in the amount of \$25,230 short-term, and \$20,258 long-term.

Long-term liabilities - due within one year:	
Compensated absences payable	(1,438,905)
Long-term debt	(425,000)
Long-term liabilities - due in more than one year:	
Compensated absences payable	(1,202,796)
Net pension liability	(38,217,594)
Long-term debt	(17,920,340)

Internal service funds are used to charge the costs of risk management, other post employment benefits and vehicle replacement to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Government-Wide Statement of Net Position.

	1,491,241
Net Position of Governmental Activities	\$ 403,972,386

See accompanying Notes to Basic Financial Statements.

City of Menlo Park
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2016

	Major Funds						Total Governmental Funds
	General Fund	Below Market Rate Housing Special Revenue Fund	Housing Special Revenue Fund	Transportation Impact Fees	General Capital Improvement Project Fund	Non-Major Governmental Funds	
REVENUES:							
Taxes:							
Secured property taxes	\$ 16,927,658	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,927,658
Unsecured property taxes	466,089	-	-	-	-	-	466,089
Other property taxes	940,188	-	-	-	-	-	940,188
Sales taxes	5,425,088	-	-	-	-	-	5,425,088
Other taxes	9,360,210	-	-	-	82,719	1,611,420	11,054,349
Special assessments	-	-	-	-	-	2,618,490	2,618,490
Licenses and permits	5,847,247	-	-	-	100,000	425,478	6,372,725
Fines and forfeitures	1,349,853	-	-	-	-	-	1,349,853
Use of money and property	1,145,954	149,505	17,711	51,211	-	313,612	1,677,993
Intergovernmental	1,211,449	-	-	606,318	-	798,524	2,616,291
Charges for services	8,350,722	3,788,681	3,382	484,865	50,266	4,228,297	16,906,213
Other	64,653	-	-	-	-	267,103	331,756
Total revenues	51,089,111	3,938,186	21,093	1,142,394	232,985	10,262,924	66,686,693
EXPENDITURES:							
Current:							
General government	5,517,302	-	-	-	-	4,506	5,521,808
Public safety	15,865,687	-	-	-	-	68,059	15,933,746
Public works	7,616,964	-	-	-	-	3,735,930	11,352,894
Culture and recreation	9,807,503	-	-	-	-	248,487	10,055,990
Community development	3,542,425	-	-	-	-	990,632	4,533,057
Urban development and housing	51,457	97,368	4,942	-	-	-	153,767
Capital outlay	164,071	-	-	1,258,892	4,419,052	4,477,246	10,319,261
Debt service:							
Principal	-	-	-	-	-	1,055,000	1,055,000
Interest and fiscal charges	-	-	-	-	-	931,400	931,400
Total expenditures	42,565,409	97,368	4,942	1,258,892	4,419,052	11,511,260	59,856,923
REVENUES OVER (UNDER) EXPENDITURES	8,523,702	3,840,818	16,151	(116,498)	(4,186,067)	(1,248,336)	6,829,770
OTHER FINANCING SOURCES (USES):							
Transfers in	417,599	-	-	14,140	8,963,944	477,876	9,873,559
Transfers out	(8,561,877)	-	-	(1,000,000)	-	(291,497)	(9,853,374)
Total other financing sources (uses)	(8,144,278)	-	-	(985,860)	8,963,944	186,379	20,185
Net change in fund balances	379,424	3,840,818	16,151	(1,102,358)	4,777,877	(1,061,957)	6,849,955
FUND BALANCES:							
Beginning of year, as restated	31,336,832	13,043,290	4,806,320	4,783,010	14,471,623	26,337,706	94,778,781
End of year	\$ 31,716,256	\$ 16,884,108	\$ 4,822,471	\$ 3,680,652	\$ 19,249,500	\$ 25,275,749	\$ 101,628,736

See accompanying Notes to Basic Financial Statements.

City of Menlo Park

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position For the year ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds	\$ 6,849,955
---	---------------------

Amounts reported for governmental activities in the Statement of Activities were different because:

Governmental Funds reported acquisition of capital assets as expenditures in various functions and in capital outlay. However, in the Government-Wide Statement of Activities and Changes in Net Position, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period. This amount is net of changes recorded in the internal service funds of \$(229,255) .	8,589,250
--	-----------

Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the Governmental Funds. This amount is net of depreciation expense of \$186,555 recorded in the internal service funds.	(6,001,294)
--	-------------

Loss on the disposal of capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, it was not reported as expenditures in the Governmental Funds.	(590,745)
--	-----------

Revenues that have not met the revenue recognition criteria in the Fund Financial Statements are recognized as revenue in the Government-Wide Financial Statements. This amount represents the change in unavailable revenue from the prior year.	628,480
---	---------

Current year employer pension contributions are recorded as expenditures in the governmental funds, however these amounts are reported as a deferred outflow of resources in the Government-Wide Statement of Net Position.	4,657,219
---	-----------

Pension expense is recorded as incurred in the Government-Wide Statement of Activities, however pension expense is not recognized in the governmental funds.	(2,612,024)
--	-------------

Expenses to accrue for long-term compensated absences and OPEB liability (asset) is reported in the Government-Wide Statement of Activities and Changes in Net Position, but they do not require the use of current financial resources. Therefore, these expenses are not reported in the Governmental Funds.	
Change in compensated absences	(23,561)
Net change in OPEB asset	67,057

Bond proceeds provided current financial resources to Governmental Funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Repayment of bond principal was an expenditure in Governmental Funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Assets.	
Long-term debt repayments	1,055,000

Proceeds and premiums/discounts on issuance of debt are recorded as revenues/expenditures in the Fund Financial Statements. In the Government-Wide Financial Statements, these costs are capitalized and reported as long-term debt and the premium/discounts are amortized over the life of the debt.	(1,187)
--	---------

Expenses for landfill postclosure costs are expenditures in the Governmental Fund Financial Statements but reduce the liability in the Government-Wide Financial Statements.	289,723
--	---------

Interest expense on long-term debt was reported in the Government-Wide Statement of Activities and Changes in Net Position, but it did not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in the Governmental Funds. The following amount represents the change in accrued interest from the prior year.	18,954
--	--------

Internal service funds are used to charge the costs of risk management, other post employment benefits and vehicle replacements to individual funds. The net revenue of the internal service funds is reported with governmental activities.	486,511
--	---------

Change in Net Position of Governmental Activities	\$ 13,413,338
--	----------------------

PROPRIETARY FUND FINANCIAL STATEMENTS

Proprietary funds are used to account for activities that are financed and operated in a manner similar to private business enterprises. The City Council has determined that the cost of providing the following services to both internal and external customers be recovered primarily through user charges.

Enterprise Fund - Established to account for the financing of goods or services provided to external users. The water distribution operations of the Menlo Park Municipal Water District are the only enterprise activities of the City.

Internal Service Funds - These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Revised Draft
01-11-2017

City of Menlo Park
Statement of Net Position
Proprietary Funds
June 30, 2016

	Major Enterprise Fund Water Fund	Governmental Activities Internal Service Funds
ASSETS		
Current assets:		
Cash and investments	\$ 12,109,103	\$ 4,718,857
Receivables:		
Accounts	876,298	8,414
Interest	27,114	10,588
Deposits and prepaid expenses	-	203,099
Total current assets	13,012,515	4,940,958
Capital assets:		
Non-depreciable	3,323,410	-
Depreciable, net	11,555,095	1,043,979
Total capital assets	14,878,505	1,043,979
Total assets	27,891,020	5,984,937
DEFERRED OUTFLOW OF RESOURCES		
Employer pension contribution	89,363	-
Total deferred outflow of resources	89,363	-
LIABILITIES		
Current liabilities:		
Accounts payable	798,653	415,351
Accrued payroll	32,037	32,705
Deposits	30,500	-
Due to other funds	-	336,869
Claims payable, due within one year	-	851,382
Compensated absences, due within one year	89,176	25,230
Total current liabilities	950,366	1,661,537
Noncurrent liabilities:		
Claims payable, due in more than one year	-	2,811,901
Net pension liability	663,363	-
Compensated absences, due in more than one year	74,543	20,258
Total noncurrent liabilities	737,906	2,832,159
Total liabilities	1,688,272	4,493,696
DEFERRED OUTFLOW OF RESOURCES		
Pension related amounts	73,056	-
Total deferred outflow of resources	73,056	-
NET POSITION		
Net investment in capital assets	14,878,505	1,043,979
Restricted for:		
Capital projects	11,441,134	-
Unrestricted	(100,584)	447,262
Total net position	\$ 26,219,055	\$ 1,491,241

See accompanying Notes to Basic Financial Statements.

City of Menlo Park

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the year ended June 30, 2016

	Major Enterprise Fund Water Fund	Governmental Activities Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ 7,647,125	\$ 4,267,860
Total operating revenues	7,647,125	4,267,860
OPERATING EXPENSES:		
Cost of sales and services	6,795,984	-
Personnel services	-	1,352,232
General and administrative	285,288	543,212
Insurance	-	1,977,327
Depreciation	197,127	186,555
Total operating expenses	7,278,399	4,059,326
OPERATING INCOME (LOSS)	368,726	208,534
NONOPERATING REVENUES (EXPENSES):		
Interest income	111,026	30,410
Gain/(loss) on sale of equipment	(44,966)	47,567
Total nonoperating revenues	66,060	77,977
INCOME (LOSS) BEFORE OPERATING TRANSFERS	434,786	286,511
TRANSFERS:		
Transfers in		200,000
Transfers out	(220,185)	-
Total transfers	(220,185)	200,000
Net income (loss)	214,601	486,511
NET POSITION:		
Beginning of year	26,004,454	1,004,730
End of year	\$ 26,219,055	\$ 1,491,241

See accompanying Notes to Basic Financial Statements.

City of Menlo Park
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2016

	Major Enterprise Fund Water Fund	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers/ other funds	\$ 7,798,153	\$ 4,949,041
Cash payment to suppliers	(7,381,573)	(2,049,637)
Cash payments for general and administrative	(261,754)	-
Cash paid to employees	-	(1,291,096)
Net cash provided (used) by operating activities	154,826	1,608,308
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers from other funds	1,099,682	200,000
Transfers to other funds	(1,319,867)	-
Net cash provided (used) by noncapital financing activities	(220,185)	200,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(1,130,525)	(466,617)
Proceeds from disposal of capital assets	-	47,567
Net cash provided (used) by capital and related financing activities	(1,130,525)	(419,050)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	114,323	27,391
Net cash provided (used) by investing activities	114,323	27,391
Net increase (decrease) in cash and cash equivalents	(1,081,561)	1,416,649
CASH AND CASH EQUIVALENTS:		
Beginning of year	13,190,664	3,302,208
End of year	<u>\$ 12,109,103</u>	<u>\$ 4,718,857</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 368,726	\$ 208,534
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	197,127	186,555
Changes in current assets and liabilities:		
Accounts receivable	156,456	681,181
Deferred outflow of resources	(11,219)	-
Prepaid expenses	-	(46,288)
Accounts payable	(585,589)	272,931
Accrued payroll	(29,965)	27,945
Insurance claim payable	-	244,259
Compensated absences	105,841	33,191
Deferred inflow of resources	(103,641)	-
Net pension liability	62,518	-
Deposits	(5,428)	-
Total adjustments	<u>(213,900)</u>	<u>1,399,774</u>
Net cash provided (used) by operating activities	\$ 154,826	\$ 1,608,308

See accompanying Notes to Basic Financial Statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

Agency Funds are custodial in nature and do not involve measurements of results of operations. They are used to account for assets held in an agency capacity for others and therefore cannot be used to support the City's programs.

Revised Draft
01-11-2017

City of Menlo Park
Statement of Fiduciary Net Position
June 30, 2016

	Total Successor Agency Trust Fund	Agency Funds
ASSETS		
Current assets:		
Cash and investments:		
Held with City	\$ 8,857,951	\$ 727,110
Prepays	-	324,696
Accounts receivable	231,881	47,927
Total assets	9,089,832	\$ 1,099,733
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss of refunding	12,911,150	
	12,911,150	
LIABILITIES		
Liabilities:		
Accounts payable	3,525	\$ 16,000
Due to the City	-	372,623
Interest payable	1,441,101	-
Deposits	108,891	711,110
Long-term debt:		
Due within one year	3,115,000	-
Due in more than one year	56,882,364	-
Total liabilities	61,550,881	\$ 1,099,733
NET POSITION		
Held in trust for private purpose	(39,549,899)	
Total net position	\$ (39,549,899)	

See accompanying Notes to Basic Financial Statements.

City of Menlo Park
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund - Successor Agency
For the Period Ending June 30, 2016

	Total Successor Agency Funds
Additions:	
Property taxes	\$ 7,065,305
Investment earnings	(71,910)
Total additions	<u>6,993,395</u>
Deductions:	
Program expenses of former redevelopment agency	12,065
Interest and fiscal agency expenses of former redevelopment agency	<u>4,316,992</u>
Total deductions	<u>4,329,057</u>
Change in net position	<u>2,664,338</u>
Net position - beginning of the year	<u>(42,214,237)</u>
Net position - end of the year	<u><u>\$ (39,549,899)</u></u>

See accompanying Notes to Basic Financial Statements.

Revised Draft
01-11-2017

This page intentionally left blank

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Menlo Park (City) was incorporated under the General Laws of the State of California and enjoys all the rights and privileges pertaining to such "General Law" cities. The City uses the City Council/Manager form of government. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

The criteria used in determining the scope of the reporting entity are based on the provisions of Governmental Accounting Statements No. 61, *The Financial Reporting Entity*. The City is the primary government unit based on the foundation of a separately elected governing board that is elected by the citizens in a general public election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The City is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

As of June 30, 2016, the City did not include component units, because as of February 1, 2012, the Community Development Agency was dissolved through State Assembly Bill 1X 26, which dissolved redevelopment agencies throughout the State of California. The activity of the former Community Development Agency was reported in the City's financial statements for the shortened period of July 1, 2012 through January 31, 2012. Subsequent to that, all remaining assets were transferred to the Successor Agency of the former Community Development Agency. The Successor Agency is reported in the City's financial statements as a fiduciary private-purpose trust fund.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The City Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental and business-type activities for the City, the primary government, accompanied by a total column. Fiduciary activities of the City are not included in these statements.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Reporting Entity, Continued

These Government-Wide Financial Statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets, deferred outflows of resources, liabilities (including capital assets and related infrastructure assets and long-term liabilities), and deferred inflows of resources are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position.

Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. However, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Advances to/from other funds
- Transfers in/out

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) under Governmental Accounting Statements No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

B. Basis of Accounting and Measurement Focus

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented the following major funds:

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

General Fund - Accounts for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes such activities as police, planning, engineering, public works operations and maintenance, library, recreational programs and legal and administrative services.

Below Market Rate Housing Fund - Utilized to account for fees collected from developers of 10 or more residential units, which are used to develop below market rate housing units through down payment assistance loans. In addition, it is utilized to account for fees collected from commercial and industrial developers, which are used to expand the stock of low and moderate income houses for people who work in the City.

Housing Special Revenue Fund - Accounts for loans transferred to the City when the former Community Development Agency was dissolved. Prior to the Agency's dissolution, the Agency used tax increment revenue restricted for low and moderate income housing to make the loans which were subsequently transferred to the City. This fund's only activities are current revenues and expenditures resulting from servicing of these loans.

Transportation Impact Fees Fund - Accounts for fees paid by developers of certain residential, commercial, and industrial properties and projects funded by those fees to mitigate traffic problems resulting either directly or indirectly from the development.

General Capital Improvement Project Fund - Utilizes General Fund transfers to provide adequate funding for the maintenance of the City's existing infrastructure and other non-recurring initiatives.

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current position. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except those revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Unearned revenues arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the deferred revenue is removed from the balance sheet and revenue is recognized.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Change in Net Position, and a Statement of Cash Flows for all proprietary funds.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

There are two types of proprietary funds: enterprise funds and internal service funds. The City accounts for the activities of the Menlo Park Municipal Water District as its only enterprise fund. As such, the fund comprises the only business-type activities reported in the City-wide financial statements. Activities of the City’s Workers’ Compensation, General Liability, Retiree Medical Benefit, Information Technology, and Vehicle Replacement programs are accounted for in five separate internal service funds. These activities are included in the City-wide financial statements as governmental activities.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Fiduciary Net Position. The City’s fiduciary funds represent agency funds, which are custodial in nature and do not involve measurement of results of operations. The agency funds are accounted for using the accrual basis of accounting. Agency funds are used to account for Refundable Deposits, Cash Bonds Payable and the Payroll Revolving.

The City also maintains fiduciary funds (private-purpose trust funds) for the Successor Agency to the former Community Development Agency. Private-purpose trust funds include a Statement of Net Position and a Statement of Changes in Fiduciary Net Position.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Cash and Investments

The City pools cash resources from all funds in order to facilitate the management of cash. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk

In addition, other disclosures are specified including the use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at the time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested a portion of the pooled funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to the changes in interest rates.

Cash equivalents are considered amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the City and are presented as "Cash and Investments" in the accompanying Basic Financial Statements.

D. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated capital assets are valued at their estimated fair value on the date donated. City policy has set the capitalization threshold for reporting capital assets at \$5,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings	40 years
Other improvements	40 years
Equipment	3-15 years
Infrastructure	15-50 years

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Capital Assets, continued

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with GASB Statement No. 34, the City has included all infrastructure into the current Basic Financial Statements.

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include streets, sewer, and park lands. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

Interest accrued during capital assets construction, if any, is capitalized for the business-type and proprietary funds as part of the asset cost.

For all infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. The City commissioned an appraisal of City owned infrastructure and property as of June 30, 2002. This appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Original costs were developed in one of three ways: (1) historical records; (2) standard unit costs appropriate for the construction/acquisition date; or (3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

E. Long-Term Obligations

In the Government-Wide Financial Statements, the long-term obligations are reported as liabilities in the appropriate funds. The Fund Financial Statements do not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

F. Net Position and Fund Equity

In the Government-Wide Financial Statements, net position is classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted– This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Net Position and Fund Equity, continued

Unrestricted– This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted.”

When an expense is incurred for purposes for which both the restricted and unrestricted portions of net position are available, the City’s policy is to apply restricted portion of net position first.

Fund Financial Statements

In the Fund Financial Statements, fund balances are in classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in the governmental funds. Fund balances are classified in the following categories:

Nonspendable – Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body through resolutions, etc., and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City.

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government’s intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for the purpose. The City Council has given the authorization to the City Manager to assign any net fund resources.

Unassigned – This category is for any balances that have no restrictions placed upon them.

In October 2014, the City Council updated the fund balance policy for net position and fund equity. Due to the nature of the restrictions of Nonspendable and Restricted fund balances, the policy focuses on financial reporting of unrestricted fund balance, or the last three categories listed above. As the highest level of decision-making authority, City Council may commit fund balances for specific purposes pursuant to constraints imposed by formal actions taken, such as an ordinance or resolution. The policy delegates the authority to assign fund balance amounts to be used for specific purposes to the City Manager for the purpose of reporting these amounts in the annual financial statements. Restricted fund balances will be expended before unrestricted fund balances when expenditures are incurred for purposes for which both are available. Unrestricted fund balances will be exhausted in the order of assigned, unassigned and committed when expenditures are incurred for which any of these fund balances are available.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. Compensated Absences

City employees have vested interests in varying levels of vacation, sick leave, and compensatory time. If compensated absences are not used by the employee during the term of employment, compensation is payable to the employee at the time of retirement or termination. Such compensation is calculated at the employees' then prevalent rate at the time of retirement or termination. Whereas vacation and compensatory time is compensated at 100% of accumulated hours, sick leave is accrued and compensated only at retirement at 15% of accumulated hours. On termination, only accrued vacation and compensatory time is compensated, not sick leave. The liabilities for compensated absences of the governmental activities are recorded in the Government-Wide Financial Statements. However, the General Fund is liable for 90% of the total city-wide compensated absence liability. The liabilities of compensated absences of proprietary funds are recorded as liabilities in the appropriate proprietary fund and in the business-type activities in the Government-Wide Financial Statements. The liabilities of compensated absences in the governmental funds are reported in those funds only if there is an unused reimbursable leave still outstanding following an employee's resignation or retirement as of June 30, 2016.

A recap of the maximum accruals by bargaining unit is as follows:

<u>Bargaining Unit</u>	<u>Vacation</u>	<u>Sick Leave</u>
SEIU	336 hours	1,440 hours
AFSCME	336 hours	1,440 hours
POA	424 hours	1,500 hours
PSA	1,400 hours combined	
Unrepresented Management	1,200 hours combined	

I. Property Taxes

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas. Accordingly, the City accrues only those taxes which are receivable from the County of San Mateo (County) within sixty days after year-end.

<u>Lien Date</u>	<u>March 1</u>
Levy Date	July 1
Due Date	November 1 and February 1
Collection	December 10 and April 10

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Property Taxes, continued

Property taxes levied are recorded as revenue when received, in the fiscal year of levy, because of the adoption of the "alternate method of property tax distribution," known as the Teeter Plan, by the City and the County. The Teeter Plan authorizes the Auditor/Controller of the County to allocate 100% of the secured property taxes billed, but not yet paid.

J. Pension

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

K. Interfund Balances/Internal Balances

Advances to and advances from other funds represent interfund loans in the fund financial statements. Advances between funds are offset by a fund balance reservation or by unearned revenue in the applicable governmental funds to indicate that they are not available financial resources. Any unpaid interest due to lack of funds in the borrowing fund increases the principal owed and is reported in the lending fund as unearned revenue. All other outstanding balances between funds are reported as due to and due from other funds. These are generally repaid within the following fiscal year. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government reports two items in this category, deferred employer pension contributions and amounts resulting from the differences between the City's contribution and the City's proportionate share of the contribution. Employer pension contributions made during period between the measurement date and the report date are deferred and reflected as a reduction in the net pension liability in the subsequent fiscal year.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Deferred Outflows/Inflows of Resources, continued

The government reports three items in this category, unavailable revenue and amounts related to changes in the City's net pension liability that are deferred and amortized over a stated period. Unavailable revenue arises only under a modified accrual basis of accounting and accordingly is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: interest receivable relating to loans. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available. In-lieu agreements payments are payments received by the City relating to future periods which have been deferred and will be recognized as an inflow of resources in future periods. Certain changes in the City's net pension liability are required to be deferred and reflected in pension expense over a closed amortization period. The City reported the unamortized net difference between the projected and actual earnings on pension plans as deferred inflows of resources in the government-wide and enterprise fund's statements of net position.

M. New Pronouncements

For the fiscal year ending June 30, 2016, the City has implemented the following Governmental Accounts Standards Board (GASB) Statement:

- GASB Statement No. 72, *Fair Value Measurement and Application*– This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. There was no impact on beginning net position as part of implementation of this accounting standard.
- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*- The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. There was no impact on beginning net position as part of implementation of this accounting standard.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. New Pronouncements, continued

- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*– The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. There was no impact on beginning net position as part of implementation of this accounting standard
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* - This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. There was no impact on beginning net position as part of implementation of this accounting standard.
- GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statement No. 67, No. 68, and No. 73* - This Statement addresses certain issues that had been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in the required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The City updated covered employee payroll information in the required supplementary information as part of implementation of this accounting standard.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

2. CASH AND INVESTMENTS

The City maintains a cash and investment pool for all funds. Certain restricted funds, which are held and invested by independent outside custodians through contractual agreements, are not pooled. These restricted funds are reported as cash with fiscal agents.

A. Summary of Cash and Investments

The following is a summary of pooled cash and investments at June 30, 2016:

	Government-Wide Statement of Net Position			Fund Financials	
	Governmental	Business-Type		Fiduciary Funds	
	Activities	Activities	Total	Statement of	Total
				Net Position	
Cash and Investments	\$ 93,165,535	\$ 12,109,103	\$ 105,274,638	\$ 9,120,845	\$ 114,395,483

Cash and investments as of June 30, 2016 consist of the following:

Cash on hand	\$ 7,990
Deposits with financial institution	1,788,303
Total cash on hand and deposits	1,796,293
Local Agency Investment funds	51,013,797
Securities of U.S. Government	37,762,271
Corporate bonds	23,823,122
Total investments	112,599,190
Total cash and investments	\$ 114,395,483

As of June 30, 2016, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)				
		1 year or less	1-2 years	2-3 years	3-4 years	4-5 years
Securities of U.S. Government						
Government bonds	\$ 12,536,022	\$ 6,514,342	\$ 6,021,680		\$ -	\$ -
Government Agencies	25,142,389	3,025,229	15,480,602	6,636,558		-
Goevernment Mortgage backed	83,860	83,860				
Local Agency Investments Funds	51,013,797	51,013,797			-	-
Corporate bonds	23,823,122	16,056,504	7,766,618		-	-
Total	\$ 112,599,190	\$ 76,693,732	\$ 29,268,900	\$ 6,636,558	\$ -	\$ -

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

2. CASH AND INVESTMENTS, continued

B. Deposits

At June 30, 2016, the carrying amount of the City's deposits was \$1,788,303 and the bank balances were \$2,132,739. The total bank balance was covered by federal depository insurance or by collateral held by the City's agent in the City's name.

All pooled certificates of deposit and bank balances are entirely insured or collateralized. The California Government Code requires California banks and savings and loan associations to secure an agency's deposits by pledging government securities as collateral. The fair value of the pledged securities must equal at least 110% of an agency's deposits. California law also allows financial institutions to secure local agency deposits by pledging first trust deed mortgage notes having a value of 150% of a local agency's deposits. The City may waive collateral requirements for deposits which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

C. Authorized Investments

The City will not invest in securities maturing more than five years from the date of purchase, unless the Council has by resolution granted authority to make such an investment at least three months prior to the date of investment.

The investments made by the City Treasurer are limited to those allowable under State statutes as incorporated into the City's Investment Policy, which is adopted annually and is more conservative than that allowed by State statute.

Under provisions of this policy, the City is authorized to invest in the following types of investments:

- Certificates of Deposit
- Bankers Acceptances
- Commercial Papers
- Repurchase Agreements
- Government Agency Securities
- Treasury Bills and Notes
- Medium Term Notes
- Money Market Funds
- State of California Local Agency Investment Fund

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, requires that the City's investments be carried at fair value instead of cost. Accordingly, the City adjusts the carrying value of its investments to reflect their fair value at each fiscal year-end, and the effects of these adjustments are included in income for that fiscal year. Changes in fair value in the fiscal year ended June 30, 2016 from the fiscal year ended June 30, 2015, amounted to an increase of \$242,732.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

2. CASH AND INVESTMENTS, Continued

C. Authorized Investments, continued

Investment income earned on pooled cash and investments (including realized and unrealized gains and losses) is allocated monthly to the various funds based on monthly cash balances. Investment income from cash and investments with fiscal agents is credited directly to the related funds.

External Investment Pool

The City's investments with LAIF at June 30, 2016, included a small portion of the pooled funds invested in Structured Notes and Asset-Backed Securities. These investments may include the following:

Structured Notes – debt securities (other than asset-back securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities – generally mortgage-backed securities which entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

As of June 30, 2016, the City had \$ 51,013,797 invested in LAIF, which had invested 2.81% of the pool investment funds in Structured Notes and Asset-Back Securities. LAIF determines fair value of its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where fair value is not readily available. The City valued its investments in LAIF as of June 30, 2016, by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate amortized cost by total aggregate fair value. Accordingly, as of June 30, 2016, the City's investment in LAIF at fair value amounted to \$ 51,013,797 using a LAIF fair value factor of 1.000621222.

Successor Agency Pooled Cash and Investments

Cash and investments consisted of \$8,857,951 at June 30, 2016. The Agency pools cash from all sources and all funds with the City so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

D. Risks Disclosures

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs. At June 30, 2016, the City's pooled cash and investments had the following maturities:

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

2. CASH AND INVESTMENTS, Continued

D. Risks Disclosures, Continued

<u>Maturity</u>	<u>Percentage of Investment</u>
Less than one year	68%
One to two years	26%
Two to three years	6%
Three to four years	0%

Credit Risk: It is the City's policy that commercial paper have a rating of "A-1" or higher by a nationally recognized statistical rating organization (NRSRO) and with a maturity date not exceeding 270 days from the date of purchase. Medium-term notes, with a final maturity not exceeding four years from the date of purchase, must have a rating of AA or the equivalent by a NRSRO. Medium-term notes with a final maturity exceeding four years from the date of purchase shall be rated at least AAA or the equivalent by a NRSRO at the time of purchase. According to the City's investment policy, the aggregate investment in medium-term notes will not exceed 30% of the City's total portfolio. The Local Agency Investment Fund (LAIF), administered by the State of California, has a separate investment policy, governed by Government Code Sections 16480-16481.2, that provides credit standards for its investments.

<u>Issuer</u>	<u>Type</u>	<u>Ratings</u>	
		<u>Standard & Poor's</u>	<u>Moody's</u>
FNMA	U.S. Instrumentality	AA+	Aaa
FHLMC	U.S. Instrumentality	AA+	Aaa
U.S. Treasury	T-Note	AA+	Aaa
Berkshire Hathaway	Corporate bond	AA	Aa2
ING Funding	Commercial Paper	A-1	P-1
IBM Corp	Corporate bond	AA-	Aa3
FHLB	U.S. Instrumentality	AA+	Aaa
Pfizer Inc	Corporate bond	AA	A1
GE Capital	Corporate bond	AA+	A1
Barclays US Funding	Commercial Paper	A-1	P-1
US Bancorp	Corporate bond	A+	A1
Well Fargo	Corporate bond	A+	A2
3M Company	Corporate bond	AA-	Aa2
Apple Inc	Corporate bond	AA+	Aa1
FFCB	U.S. Instrumentality	AA+	Aaa
Google Inc	Corporate bond	AA	Aa2
Toyota Motor Credit	Corporate bond	AA-	Aa3
Microsoft	Corporate bond	AAA	Aaa
PEPSICO Inc	Corporate bond	A-	A1

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All securities, with the exception of the money market funds and LAIF, are held by a third-party custodian (Union Bank of California Trust Division). Union Bank is a registered member of the Federal Reserve Bank. The securities held by Union Bank are in street name, and an account number assigned to the City identifies ownership.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

2. CASH AND INVESTMENTS, Continued

E. Investment Valuation

Investments (except for money market accounts, time deposits, and commercial paper) are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investment fair value measurements at June 30, 2016 are described on the following page.

Investments included in restricted cash and investments included money market accounts and guaranteed investment contracts are not subject to fair value measurement.

Investment Type	Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Government bonds	\$ 12,536,022	\$ 12,536,022	\$ -	\$ -
Government agencies	25,142,389	-	25,142,389	-
Government mortgage backed	83,860	-	83,860	-
Corporate bonds	23,823,122	-	23,823,122	-
Local Agency Investment Fund	51,013,797	-	51,013,797	-
Total investments subject to fair value	112,599,190	\$ 12,536,022	\$ 100,063,168	\$ -

Government bonds categorized as Level 1 are valued based on prices quoted in active markets for those securities. Government agencies and mortgage backed securities categorized as Level 2 are valued based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuations for which all significant assumptions are observable or can be corroborated by observable market data.

The City's fair value for its investment in the State of California Local Agency Investment Fund (LAIF) is based on the fair market value factors provided by LAIF that are calculated based on the total fair market value of the pool.

LAIF includes investments categorized as Level 1 such as United States Treasury securities, Federal Agency securities, and supranational debentures that are valued based on prices quoted in active markets and investments categorized as Level 2 such as negotiable certificates of deposit and bank notes that are based on market corroborated pricing utilizing inputs such as yield curves and indices that are derived principally from or corroborated by observable market data by correlation to other means.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

3. RECEIVABLES

A. Accounts Receivable

As of June 30, 2016, summary of accounts receivable is as follows:

	Governmental Activities	Business-Type Activities
Accounts receivable	\$ 3,309,732	\$ 876,298
Due from other governments	1,964,003	
Total receivables	<u>\$ 5,273,735</u>	<u>\$ 876,298</u>

As of June 30, 2016, accounts receivable consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Taxes:			
Occupancy taxes	\$ 1,668,437	\$ -	\$ 1,668,437
Property taxes	219,320	-	219,320
Utility taxes	179,979	-	179,979
Sales Taxes	1,139,469	-	1,139,469
Total taxes	<u>3,207,205</u>	<u>-</u>	<u>3,207,205</u>
Fines and Forfeitures	125,824	-	125,824
Franchise Fees	260,322	-	260,322
Rental Income	76,074	-	76,074
General Government	120,494	-	120,494
Police	170,815	-	170,815
Public Works	813,109	-	813,109
Water service fees	-	876,298	876,298
Community Development	381,367	-	381,367
Recreation Programs	118,525	-	118,525
Total accounts receivable	<u>\$ 5,273,735</u>	<u>\$ 876,298</u>	<u>\$ 6,150,033</u>

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

3. RECEIVABLES, Continued

B. Notes Receivable

As of June 30, 2016, notes receivable consisted of the following:

	<u>Notes Receivable</u>
Major Funds:	
General Fund	\$ 1,339,847
Below Market Rate Housing	9,089,500
Housing Fund	<u>4,380,928</u>
Total Major Funds	14,810,275
Other Governmental Funds	
Community Development Block Grant	585,481
Federal Revenue Sharing Fund	<u>49,545</u>
Total Non-Major funds	<u>635,026</u>
Total notes receivable	<u><u>\$ 15,445,301</u></u>

City Manager Housing

As part of the employment agreement with the City Manager, effective March 2012, the City Council has authorized a loan evidenced by a note totaling \$990,000 in order to assist in the purchase of residential real estate property. The note is secured by a deed of trust on the property. The note bears an interest rate of 3.5% per annum, or, at the option of the City Manager, he may pay 2% per annum interest only, and 1.5% per annum would be deferred until the ultimate sale of the property or payment of the loan. The note is due and payable within 24 months of termination of employment or within 12 months if he no longer resides in the property. Effective January 1, 2014, City Council reduced the interest rate payable to 3% per annum and authorized an additional loan of up to \$360,000 for remodeling/renovation of his home with an interest rate of 2.5%. The outstanding balance of the notes at June 30, 2016, was \$1,339,847.

Community Development Block Grant

The City administers home improvement loans to seniors and very low income residents using Community Development Block Grant (CDBG) funds. The program provides for no or very low interest loans, which are secured by deeds of trust. Although payments for some loans are amortized over an established schedule, some loans allow for deferred payment of accrued interest and principal until the property changes ownership. Repayments received from outstanding loans are used to make additional housing rehabilitation loans. Outstanding loans at June 30, 2016, were \$585,481

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

3. RECEIVABLES, Continued

B. Notes Receivable

Housing Fund

With the dissolution of the Menlo Park Community Development Agency (Agency) as of February 1, 2012, the City has assumed all the loans from the Agency.

The City assumed a loan the Agency made to Peninsula Habitat for Humanity for purchase of two mini-park lots as sites to develop two single-family houses for very low-income homeowners. Loan repayment is structured as a zero interest note with a twenty-year term. The outstanding balance at June 30, 2016, was \$9,750.

The City has housing rehabilitation loans to six eligible participants. Loans bear no or very low interest and are not due until the property changes ownership. The outstanding balance of these loans at June 30, 2016, was \$349,022.

Gateway – In June 1987, the Agency issued \$8,605,000 of multifamily housing revenue bonds for Menlo Gateway, Inc., a California nonprofit public benefit corporation, to fund a mortgage loan for paying the costs of acquisition and rehabilitation of a 130-unit multifamily housing project known as The Gateway, designed for occupancy by persons eligible for assistance under Section 8 of the United States Housing Act of 1937. The bonds had interest rates ranging from 5.75% to 8.25%, with payments which were to be made semi-annually on June 1 and December 1 through 2028. The bonds were payable solely from and were secured by a pledge of payments and other amounts due to the Menlo Gateway Inc. The bonds did not constitute a debt or liability of the Agency of the City and, therefore, were not reflected in the financial statements. In addition, the City did not act in any capacity in making debt service payments.

On October 28, 2002, the Agency made a loan to Menlo Gateway, Inc. to refinance Menlo Gateway's debt in the amount of \$4,022,157. The loan had a compounded interest rate of 3% per annum. The payment was secured by the Deed of Trust with the final payment due on February 15, 2043. During the year ended June 30, 2016, Menlo Gateway Inc. sold a portion of the property. Therefore, on December 31, 2015, the outstanding loan was split between Menlo Gateway and Sequoia Belle Haven for an amount of \$3,221,558 and \$1,892,026 respectively and new promissory notes were signed with the same terms as were on the original loan agreement. As of June 30, 2016, the total outstanding loan was \$4,022,157 with accrued interest thereon for \$1,166,098.

Below Market Rate Housing

The City uses Below Market Rate Housing Reserve funds to provide residents and employees who work in Menlo Park with second mortgage loans to purchase their first home in Menlo Park. These "PAL" loans are amortized over 30 years, and are currently restricted to purchasers of Below Market Rate Housing units, which are income and price restricted housing units produced through the City's Below Market Rate Housing program.

Outstanding loans at June 30, 2016, were \$9,089,500.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

3. RECEIVABLES, Continued

B. Notes Receivable

Emergency Repair Loan (ERL)

The Emergency Repair Loan (ERL) Program is designed to assist lower income households with minor emergency repairs to their home. The revolving loan program was originally funded by a Federal Revenue Sharing Grant. The maximum loan amount is \$10,000 at 3% interest per annum, with a loan term of either 5, 10, or 15 years. Outstanding loans at June 30, 2016, were \$49,545.

4. CAPITAL ASSETS

The following is a summary of capital assets for governmental activities:

	Balance June 30, 2015 (Restated)	Additions	Retirements	Reclassifications	Balance June 30, 2016
Governmental Activities:					
Capital assets, not being depreciated/amortized:					
Land	\$ 199,998,884	\$ -	\$ -	\$ -	\$ 199,998,884
Land improvements	32,921,636	-	-	-	32,921,636
Construction in progress	2,362,145	2,528,510	(217,993)	(665,574)	4,007,088
Total capital assets, not being depreciated	235,282,665	2,528,510	(217,993)	(665,574)	236,927,608
Capital assets, being depreciated/amortized:					
Buildings	77,547,938	1,207,816	-	152,836	78,908,590
Shared use facilities	2,600,000	-	-	-	2,600,000
Equipment	6,818,988	537,631	(378,509)	-	6,978,110
Other improvements	17,615,799	249,441	-	-	17,865,240
Infrastructure	115,318,426	4,532,469	(1,187,321)	512,738	119,176,312
Total capital assets, being depreciated/amortized	219,901,151	6,527,357	(1,565,830)	665,574	225,528,252
Less accumulated depreciation/amortization for:					
Buildings	(19,891,226)	(1,596,482)	-	-	(21,487,708)
Shared use facilities	(572,000)	(104,000)	-	-	(676,000)
Equipment	(5,074,374)	(429,036)	378,509	-	(5,124,901)
Other improvements	(6,960,751)	(882,507)	-	-	(7,843,258)
Infrastructure	(61,035,853)	(3,175,824)	814,569	-	(63,397,108)
Total accumulated depreciation	(93,534,204)	(6,187,849)	1,193,078	-	(98,528,975)
Total capital assets, being depreciated/amortized, net	126,366,947	339,508	(372,752)	665,574	126,999,277
Governmental activities					
capital assets, net	\$ 361,649,612	\$ 2,868,018	\$ (590,745)	\$ -	\$ 363,926,885

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

4. CAPITAL ASSETS, Continued

Depreciation expense was charged to the various governmental activities as follows:

General government	\$	652,353
Public safety		139,699
Public works		3,283,655
Culture and recreation		2,112,142
Total depreciation expense - governmental departments	\$	6,187,849

The following is a summary of capital assets for business-type activities:

	Balance June 30, 2015	Additions	Retirements	Reclassification	Balance June 30, 2016
Business Activities:					
Capital assets, not being depreciated/amortized:					
Land	\$ 1,066,454	\$ -	\$ -	\$ -	\$ 1,066,454
Construction in progress	6,607,112	284,724	(44,966)	(4,589,914)	2,256,956
Total capital assets, not being depreciated	7,673,566	284,724	(44,966)	(4,589,914)	3,323,410
Capital assets, being depreciated/amortized:					
Buildings	4,159,460	513,361	-	3,151,164	7,823,985
Equipment	494,276	30,842	-	-	525,118
Infrastructure	8,371,534	301,598	-	1,438,750	10,111,882
Total capital assets, being depreciated/amortized	13,025,270	845,801	-	4,589,914	18,460,985
Less accumulated depreciation/amortization for:					
Buildings	(1,796,289)	(83,189)	-	-	(1,879,478)
Equipment	(443,950)	(9,442)	-	-	(453,392)
Infrastructure	(4,468,524)	(104,496)	-	-	(4,573,020)
Total accumulated depreciation	(6,708,763)	(197,127)	-	-	(6,905,890)
Total capital assets, being depreciated/amortized, net	6,316,507	648,674	-	4,589,914	11,555,095
Business activities capital assets, net	\$ 13,990,073	\$ 933,398	\$ (44,966)	\$ -	\$ 14,878,505

Depreciation expense for all proprietary funds was \$197,127 for the year ended June 30, 2016, which was recorded in the City's water business-type activity.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

5. UNEARNED REVENUE

Unearned revenues represent amounts for which revenues have not been earned. At June 30, 2016, unearned revenues were as follows:

	Governmental Activities
Recreation summer programs	\$ 497,744
Library donations	59,775
Percent for art deferred	8,647
Total	\$ 566,166

6. LONG-TERM DEBT

A. Long-Term Obligations

Summary of changes in long-term debt transactions for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due within one year	Due in more than one year
<u>Governmental Activities</u>						
1996 General Obligation Refunding Bonds	\$ 435,000	\$ -	\$ (435,000)	\$ -	\$ -	\$ -
2009A General Obligation Bonds	830,000	-	(65,000)	765,000	70,000	695,000
2009B General Obligation Bonds	9,360,000	-	-	9,360,000	-	9,360,000
Premium on 2009 General Obligation Bonds	59,977	-	(2,499)	57,478	-	57,478
2012 General Obligation Refunding Bonds	8,775,000	-	(555,000)	8,220,000	355,000	7,865,000
Discount on 2012 General Obligation Bonds	(60,824)	-	3,686	(57,138)	-	(57,138)
Total governmental activities	\$ 19,399,153	\$ -	\$ (1,053,813)	\$ 18,345,340	\$ 425,000	\$ 17,920,340
<u>Fiduciary Activities</u>						
2006 Las Pulgas Project Tax Allocation Bonds	\$ 57,620,000	\$ -	\$ (57,620,000)	\$ -	\$ -	\$ -
Discount on 2006 Las Pulgas Project Tax Allocation Bonds	(215,552)	-	215,552	-	-	-
2015 Las Pulgas Project Tax Allocation Bonds	-	51,505,000	-	51,505,000	3,115,000	48,390,000
Premium on 2015 Las Pulgas Project Tax Allocation Bonds	-	8,806,896	(314,532)	8,492,364	-	8,492,364
Total fiduciary activities	\$ 122,727,867	60,311,896	\$ (57,718,980)	\$ 59,997,364	\$ 3,115,000	\$ 56,882,364

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

6. LONG-TERM DEBT, Continued

A. Long-Term Obligations, Continued

1996 General Obligation Refunding Bonds

During fiscal year 1995-96, the City issued \$4,630,000 of 1996 General Obligation Refunding Bonds to fund certain library improvement projects. The bonds bear interest rates between 3.75% and 5.0% annually between June 30, 2000 and August 1, 2016. The bonds mature on August 1 of each year from 1996 to 2016 in amounts ranging from \$40,000 to \$430,000. Interest is payable semi-annually on February 1 and August 1 of each year. The bonds are paid from special assessments to property owners within the City.

Outstanding bonds maturing on or before August 1, 2008, are subject to optional redemption prior to maturity at the option of the City, in whole or in part, at any time, from any available source of funds thereof at redemption prices of 100 percent of the principal amount, plus accrued interest to the date fixed for redemption. During the year ended June 30, 2016, the bonds were fully paid off.

2009 General Obligation Bonds

On July 1, 2009, the City issued a second series of the "Measure T" General Obligation bonds in the amount of \$10,440,000. The financing was used to fund new recreation facilities, specifically, a new gymnasium and new gymnastic center on the Burgess campus. The decision to include Build America Bonds (BABs) in the financing allowed the City to generate an additional \$1,049,000 over the tax exempt bonds. The overall "total issuance cost" for the series was 4.638%.

The Series A (Tax Exempt) Bonds totaled \$1,080,000; the (serial) bonds bear an annual interest of 5% and mature annually from 2010 to 2024 on August 1 in amounts ranging from \$10,000 to \$100,000.

The Series B (Taxable Build America) Bonds totaled \$9,360,000; the (term) bonds bear an annual interest at rates between 6.82% and 7.02% and mature annually from 2025 to 2039 on August 1 in amounts ranging from \$110,000 to \$1,355,000.

The 2009 General Obligation Bonds maturing on or before August 1, 2019 are not subject to redemption prior to their stated maturities. The bonds maturing in each year beginning August 1, 2020, are subject to redemption prior to maturity, at the option of the City, from any source of available funds, as a whole or in part on any date on or after August 1, 2019, at a redemption price equal to the principal amount of the Bonds called, together with interest accrued to the date of redemption. If less than all of the bonds are called for redemption, the bonds will be redeemed in inverse order of maturities, and if less than all of the bonds of any given maturity are called for redemption, the portions of such bonds of a given maturity to be redeemed shall be determined by lot.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

6. LONG-TERM DEBT, Continued

A. Long-Term Obligations, Continued

The annual debt service requirements to maturity for the 2009 General Obligation Bonds outstanding at June 30, 2016, were as follows:

Year Ending June 30,	Principal	Interest	Total
2017	70,000	691,934	\$ 761,934
2018	75,000	688,435	763,435
2019	75,000	684,685	759,685
2020	80,000	680,935	760,935
2021	85,000	676,935	761,935
2022-2026	490,000	3,316,923	3,806,923
2027-2031	620,000	3,150,437	3,770,437
2032-2036	3,550,000	2,730,705	6,280,705
2037-2040	5,080,000	911,547	5,991,547
Total	\$ 10,125,000	\$ 13,532,535	\$ 23,657,535

2012 General Obligation Bonds

In January 2012, the City of Menlo Park issued General Obligation Bonds in a par amount of \$9,830,000 for the purpose of refunding at lower interest rates the City's outstanding Series 2002 General Obligation Bonds. The bonds bear an interest rate of 3.75% annually between January 2012 and August 1, 2032. The bonds mature on August 1 of each year starting in 2013 and ending 2032 in amounts ranging from \$180,000 to \$640,000. No amount of the bonds are to mature before August 1, 2012. Interest is paid semi-annually on February 1 and August 1 of each year. The bonds are paid from special assessments to property owners within the City.

The annual debt service requirements to maturity for the 2012 General Obligation Bonds outstanding at June 30, 2016, were as follows:

Year Ending June 30,	Principal	Interest	Total
2017	355,000	308,250	\$ 663,250
2018	365,000	294,938	659,938
2019	380,000	281,250	661,250
2020	395,000	267,000	662,000
2021	410,000	252,188	662,188
2022-2026	2,300,000	1,017,750	3,317,750
2027-2031	2,760,000	553,313	3,313,313
2032-2033	1,255,000	71,063	1,326,063
Total	\$ 8,220,000	\$ 3,045,751	\$ 11,265,751

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

6. LONG-TERM DEBT, Continued

B. Prior Years' Defeased Obligations

1996 and 2000 Tax Allocation Bonds

During fiscal year 2005-06, the City's former Community Development Agency issued \$72,430,000 of 2006 Tax Allocation Refunding Bonds to refund and defease the Agency's outstanding principal of \$25,515,000 of the 1996 Tax Allocation Refunding Bonds and the outstanding principal of \$43,215,000 of the 2000 Tax Allocation Refunding Bonds. Both the 1996 and 2000 series bonds have been 100% defeased and the liability has been removed from the long-term debt.

The refundings were undertaken to reduce total debt service payments over the next 25 years and to obtain and estimated net savings of over \$5,122,000 over the life of the bonds.

2002 General Obligation Bonds

As noted previously, the City issued \$13,245,000 of the 2002 General Obligation Bonds known as "Measure T" bonds. This financing was used to fund various parks and recreation projects in the City. The bonds bear annual interest at rates between 4.50% and 5.75%, with interest payments made semi-annually on February 1 and August 1. In January 2012, the City issued \$9,830,000 in 2012 General Obligation Bonds for the purpose of refunding the 2002 General Obligation bonds, and the 2002 General Obligation Bonds have been 100% defeased and the liability has been removed from long-term debt. Additionally, the City placed \$1,460,000 into escrow. Future debt service payments were reduced by \$2,349,066 with a present value savings of \$999,288.

C. Fiduciary Fund Long Term Obligations

2006 Las Pulgas Project Tax Allocation Bonds

In May 2006, the former Community Development Agency of the City of Menlo Park, now the Successor Agency, issued Tax Allocation Refunding Bonds in a par amount of \$72,430,000 for the purpose of refunding at lower interest rates the Agency's outstanding Series 1996 and Series 2000 Tax Allocation Bonds. As such, the Series 2006 is the only outstanding bond issuance funding redevelopment activities of benefit to the former Agency's Las Pulgas Community Development Project Area. The bonds were repayable from the former Agency's tax revenues, including a portion of its housing set-aside tax increment revenues. In addition, pass-through payments to other local taxing agencies were subordinated to payment of debt service on the Bonds.

The 2006 Bonds were issued as variable rate bonds, with interest calculated monthly. The rate fluctuated according to market conditions. In order to protect against the potential of rising interest rates associated with the Bonds and to maximize refunding savings, the Agency entered into a pay-fixed, receive variable interest rate swap.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

6. LONG-TERM DEBT, Continued

C. Fiduciary Fund Long Term Obligations, Continued

2006 Las Pulgas Project Tax Allocation bonds were refunded during the fiscal year ended June 30, 2016 by the Successor Agency's 2015 Tax Allocation Refunding Bonds and the interest rate swap was terminated.

2015 Tax Allocation Refunding Bonds

On October 14, 2015, the Successor Agency issued 2015 Tax Allocation Refunding Bonds for \$51,505,000. The bonds were issued to refund the 2006 Tax Allocation Bonds and pay \$11,172,000 for the swap termination relating to the 2006 Bonds. The economic gain on refunding of these bonds was \$3,590,680.

The 2015 Refunding Bonds mature annually starting April 1, 2016 through 2029, with installments ranging from \$3,115,000 to \$4,405,000. The interest on the Bonds is payable semi-annually on each April 1 and October 1, starting on April 1, 2016 with coupon rates ranging from 2.00% to 5.00%. The 2015 Refunding Bonds are subject to early redemption.

The annual debt service requirements of the Series 2015A bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 3,115,000	\$ 2,161,652	\$ 5,276,652
2018	3,140,000	2,324,800	5,464,800
2019	3,190,000	2,230,600	5,420,600
2020	3,300,000	2,103,000	5,403,000
2021	3,395,000	1,938,000	5,333,000
2022-2026	18,500,000	7,044,500	25,544,500
2027-2031	16,865,000	2,139,500	19,004,500
Subtotal	51,505,000	\$ 19,942,052	\$ 71,447,052
Bond Premium	8,492,364		
Total	\$ 59,997,364		

Pledged Revenues

The 2015 Tax Allocation Refunding Bonds of the Successor Agency are payable solely from and secured by tax revenues to be derived from the Project Area and deposited into Redevelopment Property Tax Trust Fund.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

7. COMPENSATED ABSENCES

Compensated absences at June 30, 2016, were as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Estimated Due Within One Year	Estimated Due in More than One Year
Governmental Activities	\$ 2,630,436	\$ 1,398,831	\$ (1,342,078)	\$ 2,687,189	\$ 1,464,135	\$ 1,223,054
Business-Type Activities	57,878	155,424	(49,584)	163,718	89,175	74,543
Total compensated absences	<u>\$ 2,688,314</u>	<u>\$ 1,554,255</u>	<u>\$ (1,391,662)</u>	<u>\$ 2,850,907</u>	<u>\$ 1,553,310</u>	<u>\$ 1,297,597</u>

As stated before, the General Fund contributes to over 90% of the compensated absences liability for the governmental activities.

8. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The City participates in pooled insurance programs offered by the Bay Cities Joint Powers Insurance Authority (BCJPIA) for losses in excess of specific program deductibles. The purpose of the pool is to provide certain levels of liability coverage, claims administration, and loss control support to member Cities. The bylaws of the BCJPIA, the risk coverage agreement, and an associated memorandum of coverage govern the rights and responsibilities of the BCJPIA's 19 members. Each member chooses its self-insured liability retention levels. Each member has a vote in approving the pool's self-insured retention level, in setting the coverage limits, in establishing the level of pool reserves and in approving the premium allocation methodology used for setting the premiums for each member.

Complete financial statements for the BCJPIA may be obtained from the offices of Bickmore Risk Services & Consulting at the following address:

Bay Cities Joint Powers Insurance Authority
 1750 Creekside Oaks Drive, Suite 200
 Sacramento, CA 95833

The City's Liability program has a per claim deductible of \$250,000 and a policy limit of \$29,000,000. The Employment Practices program has a per claim deductible of \$250,000 and a policy limit of \$1,000,000. The Property and Fire program has a per claim deductible of \$10,000 and a policy limit of replacement value.

The City's Workers' Compensation program has a per claim deductible of \$350,000 and through the Authority, pooled coverage and reinsurance up to statutory limits.

Claims for long-term disability are covered by standard insurance.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

8. RISK MANAGEMENT, Continued

Estimated reserves for all claims are recorded in internal service funds. No claim settlement has exceeded the coverage amounts in place for any of the years shown. The amount of claims due in one year from June 30, 2016, is estimated to total \$851,382.

Changes in the balances of the City's claims liabilities during the years ended June 30, 2016, 2015, and 2014 were as follows:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments for Current and Prior Years	End of Year Liability
2013-2014	\$ 3,054,712	\$ 1,031,210	\$ (948,776)	\$ 3,137,146
2014-2015	3,137,146	895,507	(613,629)	3,419,024
2015-2016	3,419,024	1,018,847	(774,588)	3,663,283

9. INTERFUND TRANSACTIONS

Interfund receivables and payables at June 30, 2016, were as follows:

Due To / From Other Funds

Interfund due to/due from represent short term loans owed for purposed of covering short term negative cash positions and will be repaid when fund revenues are received. The composition of due to/from other funds as of June 30, 2016, is as follows:

Due to other funds	Due from other funds		
	General Fund	Non-Major Fund	Total
Non-Major Governmental Funds	\$ 73,685	\$ 98,642	\$ 172,327
Internal Service Funds	336,869		336,869
TOTAL	\$ 410,554	\$ 98,642	\$ 509,196

All Due To/From Other Funds were established as of June 30, 2016, to cover short-term negative cash balances.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

9. INTERFUND TRANSACTIONS, Continued

Interfund Transfers

Interfund transfers for the year ended June 30, 2016, were as follows:

		Transfers In/ Transfers From other funds				
		Governmental Activities				
		General Fund	Trans- portation Impact Fund	General Capital Improvement Project Fund	Non-Major Funds	Internal Service Fund
						Total
Transfers Out/ Transfer to other funds	Governmental Activities					
	General Fund	\$ -	\$ -	\$ 7,938,944	\$ 200,000	\$ 422,933
	Transportation Impact Fund	-	-	1,000,000	-	-
	Non-Major Funds	222,414	14,140	-	-	54,943
	Business-Type Activities					
	Water Fund	195,185	-	25,000	-	-
TOTAL		\$ 417,599	\$ 14,140	\$ 8,963,944	\$ 200,000	\$ 477,876
						\$ 10,073,559

The most significant transactions were transfers of \$7,938,944 from the General Fund and \$1,000,000 from Transportation Impact Fund to the General Capital Improvement Project Fund for infrastructure improvements.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

10. FUND BALANCE

In the fund financial statements, governmental funds report restriction of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. The various committed and assigned balances are established by actions of the City Council and Management and can be increased, reduced or eliminated by similar actions. The following are the classifications that were implemented according to GASB 54 at June 30, 2016:

	General Fund	Below Market Rate Housing Special Revenue	Housing Fund Special Revenue	Transportation Impact Fees	General Capital Improvement Project Fund	Non-Major Governmental Funds	Total
Nonspendable:							
Deposits and prepaid item: \$	33,466	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,466
Notes receivable	1,339,847	-	-	-	-	-	1,339,847
Total nonspendable	1,373,313	-	-	-	-	-	1,373,313
Restricted to:							
Community development	-	16,884,108	4,380,928	-	-	1,518,901	22,783,937
Transportation	-	-	-	-	-	2,612	2,612
Streets and sidewalks	-	-	-	3,680,652	-	3,592,223	7,272,875
Public safety	-	-	-	-	-	113,152	113,152
Solid waste	-	-	-	-	-	4,706,533	4,706,533
Stormwater	-	-	-	-	-	498,026	498,026
Other purposed	-	-	-	-	-	1,918,595	1,918,595
Total restricted	-	16,884,108	4,380,928	3,680,652	-	12,350,042	37,295,730
Committed to:							
Streets, sidewalks and park	-	-	-	-	-	8,243,849	8,243,849
Stormdrains	-	-	-	-	-	172,553	172,553
Solid waste	-	-	-	-	-	1,191,216	1,191,216
Leisure and cultural activit	-	-	-	-	-	2,456,295	2,456,295
Landscape maintenance	-	-	-	-	-	530,311	530,311
Community development	-	-	-	-	-	-	-
Strategic pension funding	2,862,000	-	-	-	-	-	2,862,000
Emergency contingency	7,710,000	-	-	-	-	-	7,710,000
Economic stabilization	10,280,000	-	-	-	-	-	10,280,000
Total committed	20,852,000	-	-	-	-	12,594,224	33,446,224
Assigned to:							
Infrastructure maintenance	2,607,125	-	-	-	-	-	2,607,125
Community development	1,148,000	-	441,543	-	-	-	1,589,543
Capital projects	-	-	-	-	19,249,500	123,426	19,372,926
Debt service	-	-	-	-	-	329,513	329,513
Other purposes	728,388	-	-	-	-	-	728,388
Total assigned	4,483,513	-	441,543	-	19,249,500	452,939	24,627,495
Unassigned	5,007,430	-	-	-	-	(121,456)	4,885,974
Total Fund Balance	\$ 31,716,256	\$ 16,884,108	\$ 4,822,471	\$ 3,680,652	\$ 19,249,500	\$ 25,275,749	\$ 101,628,736

Nonspendable Amounts - represents amounts that cannot be spent or appropriated because they are not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted Amounts - includes amounts that can be spent only for specific purposes stipulated by external sources, constitutionally or through enabling legislation. Restrictions may be effectively changed or lifted only by the consent of the resource provider.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

10. FUND BALANCE, CONTINUED

Committed Amounts – represent amounts that are only to be used for specific purposes pursuant to the constraints imposed by formal action of the City Council. The committed amounts cannot be used for any other purposes unless the Council removes or changes the specified use by taking the same action it used to previously commit those amounts.

The emergency contingency and economic stabilization fund balance amounts in this category, which are considered stabilization arrangements under GASB 54, were established by resolution of the City Council in 2011 as part of the creation of a formal policy on fund balance in the General Fund. The emergency contingency balance as of June 30, 2016 was \$7,710,000; however, the City Council may increase or decrease this amount as it deems necessary. The goal for this portion of fund balance is to provide an amount equivalent to 15-20 percent of the General Fund's annual operating budget. These funds can only be used if there is a declaration of a state or federal state of emergency or a local emergency as defined in the Menlo Park Municipal Code Section 2.44.010. The economic stabilization balance as of June 30, 2016 was \$10,280,000. Like the emergency contingency balance, this amount can be increased or decreased by the City Council. The goal for this portion of fund balance is to provide an amount equivalent to 20-25 percent of the General Fund's annual operating budget. Council approval is required before expending any portion of this fund balance, and access to these funds is reserved for economic emergency situations such as unplanned major events like a catastrophic disaster requiring expenditures that exceed the amount of the emergency contingency reserve; budgeted revenue being taken over by another entity; or a drop in projected/actual revenue of more than five percent of the General Fund's adopted revenue budget.

Assigned Amounts - represents funds that are constrained by the City's intent to be used for a specific purpose that are neither restricted nor committed. Intent is expressed by the City Council or City Manager, to which the City Council has delegated the authority through a resolution, to assign amounts to be used for specific purposes.

Pursuant to the authority delegated by City Council, the City Manager determines the amount of assigned fund balances. This can include, but not limited to, such items as encumbrances and constrained amounts when it is the City's intent to use proceeds or collections for specific purposes, and residual fund balances, if any, of special revenue, capital projects, and debt service funds which have not been restricted or committed.

Unassigned amounts – represents the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. In other governmental funds, if expenditures exceed amounts restricted, committed, or assigned, the negative amount is reflected as negative unassigned fund balance.

11. NEGATIVE FUND BALANCE

As of June 30, 2016 the Literacy Grants Fund had a negative fund balance of \$121,456. The City is working to address reductions in grant funding from the state through adjustments to expenditures and replacement funding sources such as from non-profit partners. The Workers Compensation Internal Service Fund had a negative \$1,221,868 fund balance at 6/30/2016. This was mainly due to increased insurance claims and

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

11. NEGATIVE FUND BALANCE, CONTINUED

estimated claims liability at 6/30/2016. The City has increased the amount paid by departments by 30% in FY 2016-17 to address ongoing annual net losses as well as to offset the negative fund balance. The estimated claims liability, however, does not involve cash, cannot be estimated during budget preparation, and the entire amount would most likely not be paid out as it is considered a worst-case scenario. The Information Technology Internal Service Fund had a negative \$32,036 fund balance at 6/30/2016 which will be cleared in the next fiscal year.

12. OTHER FUND DISCLOSURES

Expenditures over Appropriations

The following funds had an excess of expenditures over appropriations:

Major:		
General Fund	\$	7,712
Below Market Rate Housing Fund		2,168
Non-Major:		
Special Revenue Funds:		
Narcotic Seizure Fund	\$	22,962
Sidewalk Assessment Fund		1,575
Solid Waste Service Fund		217,757
Storm Water Management (NPDES) Fund		4,169
Supplemental Law Enforcement Services Fund		22,374
Bedwell Bayfront Park Maintenance Fund		5,980
Miscellaneous Trust Funds		713,525
Debt Service Funds:		
Recreation GO Bond 2002 Fund	\$	78,029

13. ENCUMBRANCES/COMMITMENTS

The City had various commitments totaling \$6,094,680 as of June 30, 2016. The most significant commitments are for plan check services and environmental impact reviews for new developments of the capital improvement projects which include but are not limited to city buildings maintenance, street resurfacing projects, and traffic congestion projects. All commitments are evidenced by contractual agreements with contractors. The encumbrances listed by fund are as follows:

Major:	
General Fund	\$ 728,387
Transportation Impact Fund	3,568
General Capital Improvement Fund	4,698,359
Non-Major Funds	<u>664,366</u>
Total	<u><u>\$ 6,094,680</u></u>

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

14. DEFINED BENEFIT PENSION PLAN

A. Summary of Pension Plan Balances

Pension related balances presented on the Statement of Net Position as of June 30, 2016 by individual plan are described in the following table:

	Deferred Employer Contributions	Deferred Outflows - Pension	Net Pension Liability	Deferred Inflows - Pension
CALPERS Miscellaneous				
Agent Multiple Employer Plan	\$ 2,978,780	\$ -	\$ 22,112,148	\$ 2,435,213
CALPERS Safety				
Cost Sharing Plan	1,767,802	300,560	16,768,809	2,179,419
Total	\$ 4,746,582	\$ 300,560	\$ 38,880,957	\$ 4,614,632

B. Agent Multiple-Employer Defined Benefit Plan – CalPERS Miscellaneous Plan

General Information about the Pension Plan

Plan Description – All qualified permanent and probationary employees are eligible to participate in the City’s Miscellaneous Plan, an agent multiple-employer defined benefit pension plan, administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

14. DEFINED BENEFIT PENSION PLAN, Continued

B. Agent Multiple-Employer Defined Benefit Plan – CalPERS Miscellaneous Plan, continued

General Information about the Pension Plan, Continued

The Plan's provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous Classic	Miscellaneous Second Tier Classic	Miscellaneous PEPRA
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payment	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50	52
Monthly benefits, as a % of annual salary	2.70% at age 55	2.00% at age 60	2.00% at age 62
Required employee contribution rates	8.000%	7.000%	6.250%
Required employer contribution rates	19.645%	19.645%	19.645%

Employees Covered – At June 30, 2016, the following employees were covered by the benefit terms for the Plan:

Inactive employees or beneficiaries currently receiving benefits	205
Inactive employees entitled to but not yet receiving benefits	-
Active employees	189
Total	394

Contributions – Section 20814(C) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown on the following page.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

14. DEFINED BENEFIT PENSION PLANS, Continued

B. Agent Multiple-Employer Defined Benefit Plan – CalPERS Miscellaneous Plan, continued

Net Pension Liability, Continued

Actuarial Assumptions – The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate (2)	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65%
Mortality (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

(2) The discount rate was changed to 7.65% from earlier rate of 7.50% net of administrative expenses.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.65% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

14. DEFINED BENEFIT PENSION PLANS, Continued

B. Agent Multiple-Employer Defined Benefit Plan – CalPERS Miscellaneous Plan, continued

Net Pension Liability, Continued

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.0%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

14. DEFINED BENEFIT PENSION PLANS, Continued

B. Agent Multiple-Employer Defined Benefit Plan – CalPERS Miscellaneous Plan, continued

Changes in the Net Pension Liability

The changes in the Net Pension Liability for the Plan follow:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2015	\$ 106,008,136	\$ 85,979,934	\$ 20,028,202
Changes in the year:			
Service cost	2,360,735		2,360,735
Interest on the total pension liability	7,827,343		7,827,343
Differences between actual and expected experience	(690,951)		(690,951)
Changes in assumptions	(1,888,285)		(1,888,285)
Changes in benefit terms			-
Contribution - employer		2,607,401	(2,607,401)
Contribution - employee		1,080,371	(1,080,371)
Investment income		1,934,950	(1,934,950)
Administrative expenses		(97,826)	97,826
Benefit payments, including refunds of employee contributions	(4,582,081)	(4,582,081)	-
Net changes	3,026,761	942,815	2,083,946
Balance at June 30, 2016	\$ 109,034,897	\$ 86,922,749	\$ 22,112,148

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City for the Plan, calculated using the discount rate for the Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	6.50%
Net Pension Liability	\$ 36,542,098
Current Discount Rate	7.5%
Net Pension Liability	\$ 22,112,148
1% Increase	8.5%
Net Pension Liability	\$ 10,181,957

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

14. DEFINED BENEFIT PENSION PLANS, Continued

B. Agent Multiple-Employer Defined Benefit Plan - CalPERS Miscellaneous Plan, continued

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the City recognized pension expense of \$1,236,646 under the plan. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,978,780	\$ -
Differences between actual and expected experience	-	452,692
Changes in assumptions	-	1,237,152
Net differences between projected and actual earnings on plan investments	-	745,369
Total	\$ 2,978,780	\$ 2,435,213

\$2,978,780 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized as pension expense as follows:

Measurement Period Ending June 30:	Deferred Outflow/ (Inflows) of Resources
2016	\$ (1,443,855)
2017	(1,354,915)
2018	(554,461)
2019	918,018
Total	\$ (2,435,213)

Payable to Pension Plan

As of June 30, 2016, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

14. DEFINED BENEFIT PENSION PLANS, Continued

C. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans

General Information about the Pension Plan

Plan Description – All safety qualified permanent and probationary employees are eligible to participate in the City’s Safety Plan, a cost-sharing multiple-employer defined benefit pension plan, administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plan’s provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Safety Classic	Safety Second Tier Classic	Safety PEPR
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	55	57
Monthly benefits, as a % of annual salary	3.00%	3.00%	2.70%
Required employee contribution rates	9.00%	9.000%	11.500%
Required employer contribution rates	18.524%	15.627%	11.153%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The City’s required contribution for the unfunded liability was \$715,001 for the safety plan in fiscal year 2016.

Employees Covered – At June 30, 2016, the following employees were covered by the benefit terms for the Plan:

Inactive employees or beneficiaries currently receiving benefits	107
Inactive employees entitled to but not yet receiving benefits	-
Active employees	45
Total	152

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

14. DEFINED BENEFIT PENSION PLANS, Continued

C. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans, continued

Contributions – Section 20814(C) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Net Pension Liability

Actuarial Assumptions – The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate (2)	7.65%
Inflation	2.75%
Salary Increases	Varies by entry age and service
Investment Rate of Return	7.65%
Mortality (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Protection Allowance Floor on Purchasing Power applies, 2.75%

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

(2) The discount rate was changed to 7.65% from earlier rate of 7.50% net of administrative expenses.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.65% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

14. DEFINED BENEFIT PENSION PLANS, Continued

C. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans, continued

Net Pension Liability, Continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.0%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

Changes in the Net Pension Liability

As of June 30, 2016, the City reported a net pension liability of \$16,768,810 for its proportionate share of the net pension liability of the safety plan.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

14. DEFINED BENEFIT PENSION PLANS, Continued

C. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans, continued

Changes in the Net Pension Liability, Continued

The City's net pension liability for the Plan is measured as the proportionate share of the total net pension liability of the Plan. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The City's proportionate share of the net pension liability was based on the City's plan liability and asset-related information where available, and proportional allocations of individual plan amounts as of the valuation date where not available.

The City's proportionate share of the net pension liability for the Plan as of June 30, 2014 and 2015 were as follows:

Proportion - June 30, 2014	0.382390%
Proportion - June 30, 2015	0.406970%
Change - Increase (Decrease)	<u>0.024580%</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City for the Plan, calculated using the discount rate for the Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	6.50%
Net Pension Liability	\$ 27,627,797
Current Discount Rate	7.50%
Net Pension Liability	\$ 16,768,810
1% Increase	8.50%
Net Pension Liability	\$ 7,864,641

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

14. DEFINED BENEFIT PENSION PLANS, Continued

C. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans, continued

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the City recognized pension expense of \$1,414,989. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,767,802	\$ -
Differences between actual and expected experience	-	213,574
Changes in assumptions	-	982,304
Change in Employer's Proportion	300,560	25,907
Difference in Actual vs Projected Contributions	-	459,798
Net differences between projected and actual earnings on plan investments	-	497,836
Total	<u>\$ 2,068,362</u>	<u>\$ 2,179,419</u>

\$1,767,802 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized as pension expense as follows:

Measurement Period Ending June 30:	Deferred Outflow/ (Inflows) of Resources
2016	\$ (884,909)
2017	(874,165)
2018	(730,912)
2019	611,127
Total	<u>\$ (1,878,859)</u>

Payable to Pension Plan

As of June 30, 2016, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

15. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The City sponsors and administers a single-employer defined benefit postemployment healthcare plan (the Plan) to provide healthcare insurance benefits to eligible retired employees and their dependents. Benefit provisions are established and may be amended by the City.

The City participates in the CalPERS healthcare program (PEMHCA) and allows retirees to continue participation in the medical insurance program after retirement. The following summarizes the retiree healthcare benefits:

PEMHCA Minimum: The City pays the PEMHCA minimum required employer contribution for retirees participating in PEMHCA towards the retiree monthly premium.

Retiree Health Benefit Credits (RHBC): Employees can convert unused sick or general leave balance (up to a maximum) to RHBC at retirement. The City pays retiree medical or dental coverage based on RHBC. Sick leave hour accrual and RHBC conversion rates vary by bargaining unit and service.

Implied Subsidy: An implied subsidy generally exists when retiree premiums are based on blended active and retiree experience. In May 2014, the American Academy of Actuaries released a new version of Actuarial Standard of Practice No. 6 (ASOP No. 6). The revised ASOP No. 6 requires the implied subsidy to be valued for community plans such as PEMHCA. This is mandatory for all valuations with measurement dates on or after March 31, 2016. Since PEMHCA is a community rated plan for the City, no implied subsidy is valued for the PEMHCA plan.

Funding Policy

The City pre-funds the Plan through CalPERS OPEB Trust (CERBT) by contributing the City's Annual Required Contribution (ARC) every year. For fiscal year 2015-16, the City contributed \$608,057. The City's ARC was \$678,000 for fiscal year 2015-16.

CERBT is a tax qualified irrevocable trust, organized under Internal Revenue Code (IRC) Section 115, established to pre-fund OPEB as described in GASB Statement 45. The CERBT issues a publicly available financial report that included financial statements and required supplementary information for the City, not individualizing, but in aggregate with the other CERBT participants. That report may be obtained by contacting CalPERS.

Annual Other Postemployment Benefit Cost and Net Obligation

The City's annual OPEB cost is calculated based on the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

15. OTHER POST-EMPLOYMENT BENEFITS, Continued

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the City's net OPEB obligation/(asset).

Annual required contribution	\$ 677,000
Interest on net OPEB obligation	(1,000)
Adjustment to annual required contribution	2,000
Annual OPEB cost (expense)	<u>678,000</u>
Benefit payments	(608,057)
Implied subsidy	<u>(137,000)</u>
Total contribution	<u>(745,057)</u>
Increase (decrease) in net OPEB obligation	(67,057)
Net OPEB obligation - beginning of year	<u>(19,931)</u>
Net OPEB obligation(asset) - end of year	<u><u>\$ (86,988)</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net post-employment healthcare plan obligation were as follows:

Fiscal Year Ended June 30,	OPEB Cost	Annual OPEB Cost Contributed	Net OPEB (Obligation, Asset
2014	546,000	122%	(9,263)
2015	540,000	102%	(19,931)
2016	678,000	110%	(86,988)

Funded Status

The funded status of the plan as of June 30, 2015, was as follows:

	Total
Actuarial Accrued Liability (AAL)	\$ 16,056,000
Actuarial Value of Plan Assets	16,512,000
Unfunded (Overfunded) Actuarial Accrued Liability (UAAL)	<u>(456,000)</u>
Funded Ratio (Actuarial value of plan assets/AAL)	102.8%
Covered Payroll (active plan members)	\$ 19,824,000
UAAL as a Percentage of Covered Payroll	-4.20%

A valuation of the City's OPEB obligation must be performed every other year. The City's most recent valuation was prepared with data as of June 30, 2013. Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

15. OTHER POST-EMPLOYMENT BENEFITS, Continued

Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each evaluation and the historical pattern of sharing of benefit costs between employer and plan members to that point.

In the June 30, 2015 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 7.25% investment rate of return (net of administrative expenses), a 3.0% general inflation increase, and annual pre-Medicare eligible healthcare cost trend rates for medical decreasing to 5.0% over six years. Sick leave accrual, benefit conversion rates, and maximum conversion amounts all assumed fixed in the future. Salary scale and demographic assumptions for withdrawal, mortality, disability, and retirement rates were based on CalPERS 1997-2011 Experience Study with fully generational Scale AA applied to post-retirement mortality. Actuarial value of assets was based on 5-year smoothed market value.

An initial UAAL was paid off in 2007-08. Actuarial methods and assumption changes and experience and contribution gains and losses were amortized over a 15-year closed period, all as a level percentage of payroll.

16. LANDFILL POST-CLOSURE CARE

The City owns and maintains a closed, municipal, non-hazardous solid waste landfill known as the Marsh Road Landfill. Landfill operations began at the site in 1957 through a Joint Exercise of Powers Agreement initiated by San Mateo County. In 1968, the City took responsibility for the landfill and its eventual post-closure maintenance. The landfill ceased the receipt of wastes in May of 1984. In 1995, the construction of Bayfront Park was completed, incorporating required features such as a gas recovery and leachate control system.

State and Federal laws and regulations require that the City perform certain maintenance and monitoring functions at the landfill site at Bayfront Park through the year 2025. These same regulations require the City to make annual contributions and/or provide an alternative funding mechanism to finance closure and post-closure care costs. In January 2003, the City Council approved a plan for a 5.4% surcharge on solid waste collection fees, increasing at a rate of 0.2% per year, in order to cover these costs. The surcharge is currently 7.2 percent.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

16. LANDFILL POST-CLOSURE CARE, Continued

The City's outstanding future post-closure care costs were estimated at \$4,555,742 at June 30, 2016. This estimate is based upon the present value of future cash flows associated with the landfill site's post-closure costs, discounted using the City's projected return on investment. The amount of fund balance within the Landfill Special Revenue Fund is not sufficient to cover such a liability, though the revenue stream provided by the solid waste collection surcharge and all post-closure costs will be accounted for in this fund. The City has recorded the post-closure cost liability as part of governmental activities in the government-wide financial statements.

The City will fund on-going post-closure costs with a combination of revenues from the surcharge and interest earnings. However, if these revenues are inadequate or additional post-closure care requirements are determined (due to changes in technology, applicable laws or regulations, for example), these costs may need to be covered by additional garbage surcharges or from future tax revenue. The following is the activity for landfill post closure care for fiscal year 2016:

	Balance July 1, 2015	Deletions	Balance June 30, 2016	Due within one year	Due in more than one year
Governmental Activities	<u>\$ 4,845,465</u>	<u>\$ (289,723.00)</u>	<u>\$ 4,555,742</u>	<u>\$ 408,813</u>	<u>\$ 4,146,929</u>

17. COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF MENLO PARK

The former Community Development Agency of the City of Menlo Park (Agency) was established in 1981 with the adoption of the Las Pulgas Community Development Plan (1981 Plan). Since 1981, the Agency has implemented numerous programs to improve housing in the project area. During the fiscal year 2011-12, the Agency was dissolved in accordance to State Assembly Bill 1X26. All assets of the Agency were transferred to the Successor Agency private-purpose trust fund. More information on the Successor Agency can be found in Note 18.

18. SUCCESSOR AGENCY TRUST FOR THE FORMER COMMUNITY DEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1x 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Menlo Park that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets of the former redevelopment agency until they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 6043.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

**18. SUCCESSOR AGENCY TRUST FOR THE FORMER COMMUNITY DEVELOPMENT AGENCY,
Continued**

established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011), all redevelopment agencies in the State of California were dissolved and ceased to operate as legal entities as of February 1, 2012.

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

As of June 30, 2016, all of the assets of the former Community Development Agency have been liquidated and distributed among the affected taxing districts. The Successor Agency's remaining responsibility is for the maintenance of the former agency's debt, which consists of the 2015 Tax Allocation Refunding Bonds. More information on these bonds can be found in Section C of Note 6.

19. CONTINGENCIES

The City participates in a number of Federal, State, and County programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grantor program regulations, the City may be required to reimburse the grantor government. As of June 30, 2016, some amounts of grant expenditures have not been audited, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any individual governmental funds or the overall financial condition of the City.

20. LITIGATION

The City is a defendant in a number of lawsuits which have arisen in the normal course of business. While substantial damages are alleged in some of these actions, their outcome cannot be predicted with certainty. In the opinion of the City Attorney, most of these actions, when finally adjudicated, will not have a material adverse effect on the financial condition of the City.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

21. JOINT VENTURES

General

The City of Menlo Park participates in joint ventures through Joint Powers Authorities (JPAs) established under the Joint Exercise of Powers Act of the State of California. Obligations and liabilities of the JPAs are not those of the City.

San Francisquito Creek

The San Francisquito Creek Joint Powers Authority (SFCJPA) was created in May 1999 as a joint powers authority by the City of Menlo Park, the City of Palo Alto, the City of East Palo Alto, the Santa Clara Valley Water District and the San Mateo Flood Control District. The Authority's board is comprised of one director appointed by each of these member entities, and is a legally separate and fiscally independent entity.

The Authority was formed to manage the joint contribution of services and provide policy direction on issues of mutual concern related to the San Francisquito Creek, including bank stabilization, channel clearing and other creek maintenance, planning of flood control measures, preserving environmental values and instream uses and emergency response coordination. The SFCJPA and U.S. Army Corps of Engineers are presently working together with the area's Congressional delegation to secure Federal funding for studies needed to identify a comprehensive flood management and ecosystem restoration project within the Creek watershed.

In the fiscal year ended June 30, 2016, each member entity contributed \$118,000 to cover Authority administrative costs for the year.

Complete financial statements for the SFCJPA may be obtained from their offices at the following address:
San Francisquito Creek Joint Powers Authority
1231 Hoover Street
Menlo Park, CA 94025

South Bayside Waste Management Authority

The City of Menlo Park is one of twelve members of the South Bayside Waste Management Authority (SBWMA). The SBWMA was formed in October 1999 for the purpose of joint ownership, financing and administration of solid waste transfer and recycling facilities; and the planning, administration management review, monitoring, enforcement and reporting of solid waste, recyclable material and plant material collection activities within the Authority's service area.

The Authority is controlled by a twelve member board consisting of one representative from each member entity. None of the SBWMA member entities exercise specific control over the budgeting and financing of the Authority's activities beyond their representation of the board.

City of Menlo Park
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016

21. JOINT VENTURES, Continued

Through the operation of franchise agreements with each member, Recology San Mateo County (Recology) collects fees charged for the use of the Authority's facilities and remits them to the Authority. Pursuant to an operations agreement with the Authority effective through December 31, 2020, Recology operates the facilities and is paid compensation based on costs, a provision for profit and incentives for cost savings and performance.

Complete financial statement for the SBWMA may be obtained from their offices at the following address:

South Bayside Management Authority
 610 Elm Street, Suite 202
 San Carlos, CA 94070

22. PRIOR PERIOD ADJUSTMENT

The City recorded prior period adjustments to correct the fund balance due to a reclassification of the land held for resale to capital assets.

Fund Statements

	Fund Balance, as Previously Reported	Prior Period Adjustment Land held for Resale	Fund Balance, as Restated
Below Market Rate Housing Special Revenue Fund	\$ 14,135,309	\$ (1,092,019)	\$ 13,043,290

REQUIRED SUPPLEMENTARY INFORMATION

Revised Draft
01-11-2017

City of Menlo Park
Required Supplementary Information
For the year ended June 30, 2016

1. BUDGETARY PRINCIPLES

The City followed these procedures in establishing the budgetary data reflected in the General Purpose Financial Statements:

1. City Council identifies the priority projects/programs for the budget at a study session with public input. The City Council annually adopts the budget for the ensuing fiscal year generally prior to July 1.
2. The City Manager is authorized to transfer budgetary amounts within a single fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
3. Legally adopted budgets and formal budgetary integration is employed as a management control device during the year for the general fund, special revenue funds, debt service funds, and capital projects funds. Proprietary funds and Agency funds are not budgeted.
4. Budgets for the general, special revenue and capital projects funds are adopted on a basis consistent with GAAP.
5. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2016, based on the calculations by City Management, proceeds of taxes did not exceed the appropriations limit.
6. Budgeted revenue amounts represent the original budget modified by adjustments authorized during the year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year which were contingent upon new or additional revenue sources and reappropriated amounts for prior year encumbrances. The City Manager must approve adjustments to departmental budgets; however, management may amend the budgeted amounts within departmental expenditure classifications.
7. Appropriations lapse at the end of the fiscal year and then are rebudgeted for the coming year.
8. Budgeted appropriations for the various governmental funds become effective each July 1. The City Council may amend the budget during the fiscal year. The legal level of budgetary control has been established at the fund level. Appropriations generally lapse at the end of the fiscal year to the extent they have not been expended or encumbered.

Encumbrances

Under encumbrance accounting, purchase orders, contracts and other commitments for expenditures are recorded to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary accounting. Since encumbrances do not yet constitute expenditures or liabilities, encumbrances outstanding at year-end are reported as an assignment of fund balances.

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2016

Budgetary Comparison Schedule, General Fund

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Taxes:				
Secured property taxes	\$ 15,054,997	\$ 16,144,997	\$ 16,927,658	\$ 782,661
Unsecured property taxes	412,000	412,000	466,089	54,089
Other property taxes	584,816	784,816	940,188	155,372
Sales taxes	5,243,064	5,202,594	5,425,088	222,494
Other taxes	8,096,195	9,071,195	9,360,210	289,015
Licenses and permits	5,890,363	5,890,363	5,847,247	(43,116)
Fines and forfeitures	1,067,643	1,067,643	1,349,853	282,210
Use of money and property	1,128,598	1,128,598	1,145,954	17,356
Intergovernmental	864,541	928,467	1,211,449	282,982
Charges for services	8,180,335	8,072,135	8,350,722	278,587
Other	61,250	61,250	64,653	3,403
Total revenues	46,583,802	48,764,058	51,089,111	2,325,053
EXPENDITURES:				
Current:				
General government	6,142,905	6,422,635	5,517,302	905,333
Public safety	16,385,144	16,522,924	15,865,687	657,237
Public works	8,468,449	8,740,791	7,616,964	1,123,827
Culture and recreation	10,133,005	10,166,436	9,807,503	358,933
Community development	5,128,992	5,128,992	3,542,425	1,586,567
Housing and Redevelopment	43,745	43,745	51,457	(7,712)
Capital outlay	225,261	229,840	164,071	65,769
Total expenditures	46,527,501	47,255,363	42,565,409	4,689,954
REVENUE OVER (UNDER) EXPENDITURES	56,301	1,508,695	8,523,702	7,015,007
OTHER FINANCING SOURCES (USES):				
Transfers in	417,599	417,599	417,599	-
Transfers out	(1,770,544)	(9,161,877)	(8,561,877)	600,000
Total other financing sources (uses)	(1,352,945)	(8,744,278)	(8,144,278)	600,000
Net change in fund balance	\$ (1,296,644)	\$ (7,235,583)	379,424	\$ 7,615,007
FUND BALANCES:				
Beginning of year			31,336,832	
End of year			<u>\$ 31,716,256</u>	

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2016

Budgetary Comparison Schedule, Below Market Rate Housing Special Revenue Fund

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ 100,000	\$ 100,000	\$ 149,505	\$ 49,505
Charges for services	3,500,000	3,500,000	3,788,681	288,681
Total revenues	3,600,000	3,600,000	3,938,186	338,186
EXPENDITURES:				
Current:				
General government	2,000	2,000	-	2,000
Urban development and housing	95,200	95,200	97,368	(2,168)
Total expenditures	97,200	97,200	97,368	(168)
Net change in fund balance	\$ 3,502,800	\$ 3,502,800	3,840,818	\$ 338,018
FUND BALANCES:				
Beginning of year			13,043,290	
End of year			\$ 16,884,108	

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2016

Budgetary Comparison Schedule, Housing Special Revenue Fund

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ 7,000	\$ 7,000	\$ 17,711	\$ 10,711
Charges for services	-	-	3,382	3,382
Total revenues	7,000	7,000	21,093	14,093
EXPENDITURES:				
Current:				
Urban development and housing	30,000	30,000	4,942	25,058
Total expenditures	30,000	30,000	4,942	25,058
Net change in fund balance	\$ (23,000)	\$ (23,000)	16,151	\$ 39,151
FUND BALANCES:				
Beginning of year			4,806,320	
End of year			\$ 4,822,471	

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2016

Budgetary Comparison Schedule, Transportation Impact Fees Special Revenue Fund

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ 40,000	\$ 40,000	\$ 51,211	\$ 11,211
Intergovernmental	2,506,860	3,256,860	606,318	(2,650,542)
Charges for services	1,200,000	1,200,000	484,865	(715,135)
Total revenues	3,746,860	4,496,860	1,142,394	(3,354,466)
EXPENDITURES:				
Current:				
Capital outlay	4,840,074	7,512,426	1,258,892	6,253,534
Total expenditures	4,840,074	7,512,426	1,258,892	6,253,534
REVENUES OVER (UNDER) EXPENDITURES	(1,093,214)	(3,015,566)	(116,498)	2,899,068
OTHER FINANCING SOURCES (USES):				
Transfers in	14,140	14,140	14,140	-
Transfers out	(1,000,000)	(1,000,000)	(1,000,000)	-
Total other financing sources (uses)	(985,860)	(985,860)	(985,860)	-
Net change in fund balance	\$ (2,079,074)	\$ (4,001,426)	(1,102,358)	\$ 2,899,068
FUND BALANCE:				
Beginning of year			4,783,010	
End of year			\$ 3,680,652	

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2016

2. DEFINED BENEFIT PENSION PLAN - AGENT MULTIPLE EMPLOYER PLAN

**A. Schedule of Changes in Net Pension Liability and Related Ratios during the Measurement Period -
Last 10 years ⁽¹⁾**

Miscellaneous Plan ⁽¹⁾

Measurement Period	<u>2014-15</u>	<u>2013-14</u>
TOTAL PENSION LIABILITY		
Service Cost	\$ 2,360,735	\$ 2,430,975
Interest	7,827,343	7,464,650
Difference Between Expected and Actual Experience	(690,951)	-
Changes of Assumptions	(1,888,285)	-
Benefit Payments, Including Refunds of Employee Contributions	(4,582,081)	(4,401,346)
Net Change in Total Pension Liability	3,026,761	5,494,279
Total Pension Liability - Beginning	106,008,136	100,513,857
Total Pension Liability - Ending (a)	\$ 109,034,897	\$ 106,008,136
PLAN FIDUCIARY NET POSITION		
Contributions - Employer	\$ 2,607,401	\$ 2,231,189
Contributions - Employee	1,080,371	1,006,903
Net Investment Income	1,934,950	12,874,205
Benefit Payments, Including Refunds of Employee Contributions	(4,582,081)	(4,401,346)
Other Changes in Fiduciary Net Position	(97,826)	-
Net Change in Fiduciary Net Position	942,815	11,710,951
Plan Fiduciary Net Position - Beginning	85,979,934	74,268,983
Plan Fiduciary Net Position - Ending (b)	\$ 86,922,749	\$ 85,979,934
Plan Net Position Liability/(Asset) - Ending (a) - (b)	\$ 22,112,148	\$ 20,028,202
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.72%	81.11%
Covered Payroll	\$ 13,909,694	\$ 13,277,488
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	158.97%	150.84%

(1) - Historical information is required only for measurement periods for which GASB 68 is applicable.

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2016

2. DEFINED BENEFIT PENSION PLAN - AGENT MULTIPLE EMPLOYER PLAN

B. Schedule of Plan Contributions - Last 10 years

Miscellaneous Plan

	Fiscal Year 2015-16	(1)	Fiscal Year 2014-15
Actuarially determined contribution	\$ 2,978,780		\$ 2,604,813
Contribution in relation to the actuarially determined contributions	(2,978,780)		(2,604,813)
Contribution deficiency (excess)	\$ -		\$ -
Covered payroll	\$ 13,539,431		\$ 13,909,694
Contributions as a percentage of covered payroll	22.00%		18.73%

(1) - Historical information is required only for measurement periods for which GASB 68 is applicable

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2016

3. DEFINED BENEFIT PENSION PLAN - COST SHARING PLAN

*A. Schedule of the City's Proportionate Share of the Net Pension Liability – Last 10 Years**

Safety Plan

	<u>6/30/2016</u>	<u>6/30/2015</u>
Measurement date	6/30/2015	6/30/2014
Proportion of the net pension liability	0.40697%	0.38239%
Proportionate share of the net pension liability	\$ 16,768,810	\$ 14,343,292
Covered payroll	\$ 6,059,802	\$ 6,253,886
Proportionate Share of the net pension liability as percentage of covered payroll	276.72%	229.35%
Plan fiduciary net position as a percentage of the total pension liability	78.83%	80.95%

Notes to Schedule:

* Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2016

3. DEFINED BENEFIT PENSION PLANS - COST SHARING PLANS, Continued

B. Schedule of Contributions - Last 10 Years*

Safety Plan

	2016	2015
Contractually required contribution(actuarially determined)	\$ 1,767,802	\$ 1,623,197
Contribution in relation to the actuarially determined contributions	(1,767,802)	(1,623,197)
Contribution deficiency (excess)	\$ -	\$ -
Covered payroll	\$ 6,328,709	\$ 6,059,802
Contributions as a percentage of covered payroll	27.93%	26.79%

* Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

City of Menlo Park
Required Supplementary Information, Continued
For the year ended June 30, 2016

4. OTHER POST EMPLOYMENT BENEFITS (OPEB)

In order to comply with GASB Statement 45, an actuarial valuation of the City's OPEB obligations must be performed every other year. The City's most recent valuation was prepared with data as of June 30, 2015.

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Unfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded (Overfunded) Liability as a Percentage of Covered Payroll
6/30/2011	\$ 11,891,000	\$ 11,873,000	\$ (18,000)	100.2%	\$ 18,752,000	-0.1%
6/30/2013	\$ 13,861,000	\$ 13,155,000	\$ (706,000)	105.4%	\$ 16,970,000	-4.2%
6/30/2015	\$ 16,512,000	\$ 16,056,000	\$ (456,000)	102.8%	\$ 19,824,000	-2.3%

Revised Draft
01-11-2017

This page intentionally left blank.

SUPPLEMENTARY INFORMATION

Revised Draft
01-11-2017

Revised Draft
01-11-2017

This page intentionally left blank.

MAJOR GOVERNMENTAL FUNDS BUDGETARY SCHEDULES

Revised Draft
01-11-2017

Revised Draft
01-11-2017

This page intentionally left blank.

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

General Capital Improvement Capital Projects Fund

For the year ended June 30, 2016

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Other taxes	\$ -	\$ -	\$ 82,719	\$ 82,719
Licenses and permits			100,000	100,000
Intergovernmental	590,000	590,000	-	(590,000)
Charges for services	-	-	50,266	50,266
Total revenues	<u>590,000</u>	<u>590,000</u>	<u>232,985</u>	<u>(357,015)</u>
EXPENDITURES:				
Capital outlay	<u>3,519,953</u>	<u>23,173,641</u>	<u>4,419,052</u>	<u>18,754,589</u>
Total expenditures	<u>3,519,953</u>	<u>23,173,641</u>	<u>4,419,052</u>	<u>18,754,589</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,929,953)</u>	<u>(22,583,641)</u>	<u>(4,186,067)</u>	<u>18,397,574</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>9,563,944</u>	<u>9,563,944</u>	<u>8,963,944</u>	<u>(600,000)</u>
Total other financing sources (uses)	<u>9,563,944</u>	<u>9,563,944</u>	<u>8,963,944</u>	<u>(600,000)</u>
Net change in fund balance	<u>\$ 6,633,991</u>	<u>\$ (13,019,697)</u>	<u>4,777,877</u>	<u>\$ 17,797,574</u>
FUND BALANCE:				
Beginning of year			<u>14,471,623</u>	
End of year			<u>\$ 19,249,500</u>	

Revised Draft
01-11-2017

This page intentionally left blank.

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds:

Highway Users Tax Fund - Established to receive and expend the City's allocation of the State Gasoline taxes.

Federal Revenue Sharing Fund - Established to account for Federal Revenue Sharing money used to make emergency repair loans to lower income owners of single-family owner-occupied properties.

Landscape/Tree Assessment Fund - Established to account for property tax assessments collected under the Landscaping and Lighting Act of 1972 utilized for maintaining of City street trees.

Sidewalk Assessment Fund - Established to account for property tax assessments collected under the Landscaping and Lighting Act of 1972 utilized for repair and replacement of hazardous sidewalks and curbs.

Landfill Post-Closure Fund - Established to receive and expend increased solid waste surcharges and other revenues to cover the post-closure costs of the Marsh Road landfill at the Bayfront Park.

County Transportation Tax Fund - Established to account for the City's portion of the County-wide 1/2 cent sales tax used for City transportation purposes.

Public Library Fund - Established to provide supplementary funds to public libraries and to encourage local jurisdictions to maintain local support for their libraries.

Literacy Grants Fund - Established to provide literacy services to adult learners.

Narcotic Seizure Fund - Established to account for money seized in arrests for drug law violations used to purchase law enforcement equipment and supplies.

Downtown Parking Permits Fund - Established to provide adequate parking within the Central Business District.

Storm Drainage Fees Fund - Established to account for storm drainage fees used to mitigate City storm drainage problems either directly or indirectly resulting from the development.

Solid Waste Service Fund - Utilized to provide a City-wide garbage pickup service in order to keep health standards high for the single-family residences.

Bay Area Air Quality Management Fund (AB 434) - Established to account for City's share of surcharge funds from motor vehicle registration fees to be used for implementing eligible transportation programs.

Storm Water Management Fund - Established to account for the local requirements delineated in the Storm Water Management Plan, funded by a City-wide fee per parcel.

Supplemental Law Enforcement Services Fund - Established to account for funds received from Supplemental Law Enforcement Services Fund (SLESF) monies under AB3229 used to provide front line law enforcement services.

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds, Continued:

Local Law Enforcement Block Grant Fund - Established to account for funds received from Bureau of Justice Assistance used to reduce crime and improve public safety.

Construction Impact Fee Fund - Established to account for developer fees paid to mitigate pavement damage due to heavy construction activity.

Bedwell Bayfront Park Maintenance Fund - Utilized to account for prior year fees residing in the fund balance that were charged to the public for trash hauled to the City landfill site. The interest earned on these fees are used to maintain the Bedwell Bayfront Park built on the site.

Recreation In-Lieu Fund - Established to account for developer fees paid in-lieu of new recreation facilities. The funds are used to improve and expand recreation facilities.

Sharon Hills Park Fund - Established to account for a developer payment to be used for maintenance of Sharon Hills Park.

Vintage Oaks Landscape Fund - Established to account for a developer payment to be used for maintenance of the perimeter landscaping of the Vintage Oaks subdivision.

Community Development Block Grant Special Revenue Fund - Established in 1981 to account for Federal Housing and Community Development Block Grant funds utilized for single family housing rehabilitation and related administration.

Miscellaneous Trust Fund - Includes donations given to the City for certain programs within Library, Recreational and Public Safety services and deposits held by the City for environmental impact reports on small individual property developments

Debt Service Fund:

Debt service funds are established to account for the accumulation and disbursement of monies to comply with the interest and redemption requirements of the Library Bond and the 2002 Recreation GO Bond Obligations as well as the retirement of the former Community Development Agency's Series 2006 Refunding bonds.

Capital Projects Funds:

Library Addition Fund - Established to account for proceeds of the 1990 Library Improvements Bond Issue used to construct improvements to the existing Library.

Measure T 2002 GO Bond - Established to account for the proceeds of the 2002 Measure T Recreation Improvements Bond Issue used to construct improvements to the City's parks and recreation facilities.

Revised Draft
01-11-2017

This page intentionally left blank

City of Menlo Park
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2016

	Special Revenue					
	Highway Users Tax	Federal Revenue Sharing	Landscape/ Tree Assessment	Sidewalk Assessment	Landfill Post-Closure	County Transportation Tax
ASSETS						
Cash and investments	\$ 2,856,753	\$ 87,594	\$ 283,278	\$ 202,723	\$ 4,672,162	\$ 629,578
Receivables:						
Accounts	-	246	-	-	61,910	297,832
Interest	6,377	194	-	-	10,429	1,065
Notes	-	49,545	-	-	-	-
Due from other governments	-	-	2,300	-	-	203,464
Due from other funds	-	-	-	-	-	-
Total assets	\$ 2,863,130	\$ 137,579	\$ 285,578	\$ 202,723	\$ 4,744,501	\$ 1,131,939
LIABILITIES						
AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 21,704	\$ -	\$ 37,370	\$ 249,622
Accrued payroll and related liabilities	1,154	-	8,975	1,507	598	10,876
Due to other funds	-	-	-	-	-	-
Deposits	-	-	-	-	-	45,000
Total liabilities	1,154	-	30,679	1,507	37,968	305,498
Deferred inflows of resources						
Unavailable revenue	-	-	-	-	-	96,194
Total deferred inflows of resources	-	-	-	-	-	96,194
Fund Balances:						
Restricted	2,861,976	137,579	254,899	-	4,706,533	730,247
Committed	-	-	-	201,216	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	2,861,976	137,579	254,899	201,216	4,706,533	730,247
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,863,130	\$ 137,579	\$ 285,578	\$ 202,723	\$ 4,744,501	\$ 1,131,939

(Continued)

Special Revenue							
Public Library	Literacy Grants	Narcotic Seizure	Downtown Parking Permits	Storm Drainage Fees	Solid Waste Service	Bay Area Air Quality Management	Storm Water Management
\$ -	\$ 74	\$ 47,214	\$ 3,943,750	\$ 172,169	\$ 1,171,360	\$ 2,606	\$ 500,526
-	55,000	-	338	-	25,000	-	-
-	-	-	8,807	384	3,213	6	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	5,200
98,642	-	-	-	-	-	-	-
\$ 98,642	\$ 55,074	\$ 47,214	\$ 3,952,895	\$ 172,553	\$ 1,199,573	\$ 2,612	\$ 505,726
\$ -	\$ 12	\$ (14)	\$ 13,180	\$ -	\$ 3,802	\$ -	\$ 4,187
-	6,042	-	969	-	4,555	-	3,513
976	170,476	-	-	-	-	-	-
-	-	-	-	-	-	-	-
976	176,530	(14)	14,149	-	8,357	-	7,700
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	47,228	-	-	-	2,612	498,026
97,666	-	-	3,938,746	172,553	1,191,216	-	-
-	-	-	-	-	-	-	-
-	(121,456)	-	-	-	-	-	-
97,666	(121,456)	47,228	3,938,746	172,553	1,191,216	2,612	498,026
\$ 98,642	\$ 55,074	\$ 47,214	\$ 3,952,895	\$ 172,553	\$ 1,199,573	\$ 2,612	\$ 505,726

(Continued)

City of Menlo Park
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2016

	Special Revenue					
	Law Enforcement Service	Construction Impact Fees	Bayfront Park Maintenance	Recreation In-Lieu	Sharon Hills Park	Vintage Oaks Landscape
ASSETS						
Cash and investments	\$ 68,167	\$ 4,158,070	\$ 444,515	\$ 1,381,905	\$ 58,047	\$ 60,080
Receivables:						
Accounts	-	-	-	25,000	-	-
Interest	152	9,346	995	3,086	130	134
Notes	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	\$ 68,319	\$ 4,167,416	\$ 445,510	\$ 1,409,991	\$ 58,177	\$ 60,214
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 2,395	\$ 58,917	\$ 20,845	\$ 112,109	\$ 11,845	\$ 552
Accrued payroll and related liabilities	-	4,612	348	972	-	-
Due to other funds	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Total liabilities	2,395	63,529	21,193	113,081	11,845	552
Deferred inflows of resources						
Unavailable revenue	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Fund Balances:						
Restricted	65,924	-	-	-	-	-
Committed	-	4,103,887	424,317	1,296,910	46,332	59,662
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	65,924	4,103,887	424,317	1,296,910	46,332	59,662
Total liabilities, deferred inflows of resources, and fund balances	\$ 68,319	\$ 4,167,416	\$ 445,510	\$ 1,409,991	\$ 58,177	\$ 60,214

(Continued)

Special Revenue		Debt Service		Capital Projects		
Community Development Block Grant	Miscellaneous Trust	Library GO Bond 1990	Recreation GO Bond 2002	Library Addition	Measure T 2002 GO Bond	Non-Major Governmental Funds
\$ 780,055	\$ 1,314,575	\$ 325,363	\$ 1,224,589	\$ 123,151	\$ 328,799	\$ 24,837,103
15,786	-	-	-	-	-	481,112
-	380	726	2,687	275	734	49,120
585,481	-	-	-	-	-	635,026
-	-	127	111,079	-	-	322,170
-	-	-	-	-	-	98,642
<u>\$ 1,381,322</u>	<u>\$ 1,314,955</u>	<u>\$ 326,216</u>	<u>\$ 1,338,355</u>	<u>\$ 123,426</u>	<u>\$ 329,533</u>	<u>\$ 26,423,173</u>
\$ -	\$ 253,057	\$ -	\$ -	\$ -	\$ -	\$ 789,583
-	179	-	-	-	20	44,320
-	-	875	-	-	-	172,327
-	-	-	-	-	-	45,000
-	253,236	875	-	-	20	1,051,230
-	-	-	-	-	-	96,194
-	-	-	-	-	-	96,194
1,381,322	-	325,341	1,338,355	-	-	12,350,042
-	1,061,719	-	-	-	-	12,594,224
-	-	-	-	123,426	329,513	452,939
-	-	-	-	-	-	(121,456)
<u>1,381,322</u>	<u>1,061,719</u>	<u>325,341</u>	<u>1,338,355</u>	<u>123,426</u>	<u>329,513</u>	<u>25,275,749</u>
<u>\$ 1,381,322</u>	<u>\$ 1,314,955</u>	<u>\$ 326,216</u>	<u>\$ 1,338,355</u>	<u>\$ 123,426</u>	<u>\$ 329,533</u>	<u>\$ 26,423,173</u>

(Concluded)

City of Menlo Park

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the year ended June 30, 2016

	Special Revenue				
	Highway Users Tax	Federal Revenue Sharing	Landscape/ Tree Assessment	Sidewalk Assessment	Landfill Post-Closure
REVENUES:					
Other taxes	\$ 742,292	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	627,103	128,475	-
Licenses and permits	-	-	-	-	-
Use of money and property	24,917	4,670	-	-	40,513
Intergovernmental	-	-	8,183	-	-
Charges for services	-	29	2,300	-	744,469
Other	-	-	-	-	-
Total revenues	767,209	4,699	637,586	128,475	784,982
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	86,736	-	631,250	68,160	254,924
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Capital outlay	1,300,000	-	471	213,000	22,000
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	1,386,736	-	631,721	281,160	276,924
REVENUES OVER (UNDER) EXPENDITURES	(619,527)	4,699	5,865	(152,685)	508,058
OTHER FINANCING SOURCES (USES):					
Transfers in	208,333	-	214,543	-	-
Transfers out	-	-	(68,020)	(75,376)	(8,494)
Total other financing sources (uses)	208,333	-	146,523	(75,376)	(8,494)
Net change in fund balances	(411,194)	4,699	152,388	(228,061)	499,564
FUND BALANCES:					
Beginning of year	3,273,170	132,880	102,511	429,277	4,206,969
End of year	\$ 2,861,976	\$ 137,579	\$ 254,899	\$ 201,216	\$ 4,706,533

(Continued)

Special Revenue							
County Transportation Tax	Public Library	Literacy Grants	Narcotic Seizure	Downtown Parking Permits	Storm Drainage Fees	Solid Waste Service	Bay Area Air Quality Management
\$ 869,128	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	425,478	-	-	-
3,292	-	-	-	34,328	1,552	12,093	4
732,293	-	47,476	-	-	-	8,923	-
38,187	-	-	19,668	-	782	335,269	-
-	-	60,000	-	-	-	184,214	-
1,642,900	-	107,476	19,668	459,806	2,334	540,499	4
-	-	-	-	-	-	4,506	-
-	-	-	22,962	6,228	-	-	-
1,407,310	-	-	-	112,322	-	581,613	-
-	927	220,109	-	-	-	-	-
-	-	-	-	-	-	-	-
55,505	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,462,815	927	220,109	22,962	118,550	-	586,119	-
180,085	(927)	(112,633)	(3,294)	341,256	2,334	(45,620)	4
-	-	55,000	-	-	-	-	-
-	-	-	-	(27,195)	-	(45,834)	-
-	-	55,000	-	(27,195)	-	(45,834)	-
180,085	(927)	(57,633)	(3,294)	314,061	2,334	(91,454)	4
550,162	98,593	(63,823)	50,522	3,624,685	170,219	1,282,670	2,608
\$ 730,247	\$ 97,666	\$ (121,456)	\$ 47,228	\$ 3,938,746	\$ 172,553	\$ 1,191,216	\$ 2,612

(Continued)

City of Menlo Park

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds, Continued

For the year ended June 30, 2016

	Special Revenue				
	Storm Water Management (NPDES)	Supplemental Law Enforcement Services	Construction Impact Fee	Bedwell Bayfront Park Maintenance	Recreation In-Lieu Sharon Hills Park
REVENUES:					
Other taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	345,431	-	-	-	-
Licenses and permits	-	-	-	-	-
Use of money and property	-	604	40,396	4,348	12,962
Intergovernmental	-	124,300	-	-	-
Charges for services	2,500	-	1,821,534	-	103,400
Other	-	-	-	-	-
Total revenues	347,931	124,904	1,861,930	4,348	524
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	38,869	-	-	-
Public works	229,605	-	-	95,881	11,845
Culture and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Capital outlay	4,169	83,505	2,792,626	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	233,774	122,374	2,792,626	95,881	11,845
REVENUES OVER (UNDER) EXPENDITURES	114,157	2,530	(930,696)	(91,533)	(11,321)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	(38,803)	-	(14,140)	(13,635)	-
Total other financing sources (uses)	(38,803)	-	(14,140)	(13,635)	-
Net change in fund balances	75,354	2,530	(944,836)	(105,168)	(11,321)
FUND BALANCES:					
Beginning of year, as restated	422,672	63,394	5,048,723	529,485	1,428,915
End of year	\$ 498,026	\$ 65,924	\$ 4,103,887	\$ 424,317	\$ 1,296,910

(Continued)

Special Revenue			Debt Service		Capital Projects		Total
Vintage Oaks Landscape	Community Development Block Grant	Miscellaneous Trust	Library GO Bond 1990	Recreation GO Bond 2002	Library Addition	Measure T 2002 GO Bond	Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,611,420
-	-	-	26,762	1,490,719	-	-	2,618,490
-	-	-	-	-	-	-	425,478
571	118,258	1,609	2,778	6,085	1,128	2,980	313,612
-	(122,651)	-	-	-	-	-	798,524
-	729	1,159,430	-	-	-	-	4,228,297
-	-	22,889	-	-	-	-	267,103
571	(3,664)	1,183,928	29,540	1,496,804	1,128	2,980	10,262,924
-	-	-	-	-	-	-	4,506
-	-	-	-	-	-	-	68,059
7,917	-	-	-	-	-	-	3,735,930
-	-	27,451	-	-	-	-	248,487
-	-	990,632	-	-	-	-	990,632
-	-	-	-	-	3,736	2,234	4,477,246
-	-	-	435,000	620,000	-	-	1,055,000
-	-	-	11,750	919,650	-	-	931,400
7,917	-	1,018,083	446,750	1,539,650	3,736	2,234	11,511,260
(7,346)	(3,664)	165,845	(417,210)	(42,846)	(2,608)	746	(1,248,336)
-	-	-	-	-	-	-	477,876
-	-	-	-	-	-	-	(291,497)
-	-	-	-	-	-	-	186,379
(7,346)	(3,664)	165,845	(417,210)	(42,846)	(2,608)	746	(1,061,957)
67,008	1,384,986	895,874	742,551	1,381,201	126,034	328,767	26,337,706
\$ 59,662	\$ 1,381,322	\$ 1,061,719	\$ 325,341	\$ 1,338,355	\$ 123,426	\$ 329,513	\$ 25,275,749

(Concluded)

Revised Draft
01-11-2017

This page intentionally left blank.

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Highway Users Tax Special Revenue Fund For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget Positive (Negative)
REVENUES:				
Other taxes	\$ 717,084	\$ 717,084	\$ 742,292	\$ 25,208
Use of money and property	15,000	15,000	24,917	9,917
Total revenues	732,084	732,084	767,209	35,125
EXPENDITURES:				
Current:				
Public works	72,821	185,007	86,736	98,271
Capital outlay	68,636	1,433,364	1,300,000	133,364
Total expenditures	141,457	1,618,371	1,386,736	231,635
REVENUES OVER (UNDER) EXPENDITURES	590,627	(886,287)	(619,527)	(266,760)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	208,333	208,333	-
Total other financing sources (uses)	-	208,333	208,333	-
Net change in fund balance	\$ 590,627	\$ (677,954)	(411,194)	\$ 266,760
FUND BALANCE:				
Beginning of year			3,273,170	
End of year			<u>\$ 2,861,976</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Federal Revenue Sharing Special Revenue Fund For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ 2,000	\$ 2,000	\$ 4,670	\$ 2,670
Charges for services	-	-	29	29
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>4,699</u>	<u>2,699</u>
Net change in fund balance	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>4,699</u>	<u>\$ 2,699</u>
FUND BALANCE:				
Beginning of year			<u>132,880</u>	
End of year			<u>\$ 137,579</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Landscape Tree Assessment Special Revenue Fund For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget Positive (Negative)
REVENUES:				
Special assessments	\$ 562,668	\$ 562,668	\$ 627,103	\$ 64,435
Intergovernmental	-	-	8,183	8,183
Charges for services	3,300	3,300	2,300	(1,000)
Total revenues	<u>565,968</u>	<u>565,968</u>	<u>637,586</u>	<u>71,618</u>
EXPENDITURES:				
Current:				
Public works	709,510	715,796	631,250	84,546
Capital outlay	4,500	4,500	471	4,029
Total expenditures	<u>714,010</u>	<u>720,296</u>	<u>631,721</u>	<u>88,575</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(148,042)</u>	<u>(154,328)</u>	<u>5,865</u>	<u>(160,193)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	159,600	214,543	214,543	-
Transfers out	(68,020)	(68,020)	(68,020)	-
Total other financing sources (uses)	<u>91,580</u>	<u>146,523</u>	<u>146,523</u>	<u>-</u>
Net change in fund balance	<u>\$ (56,462)</u>	<u>\$ (7,805)</u>	<u>152,388</u>	<u>\$ 160,193</u>
FUND BALANCE:				
Beginning of year			<u>102,511</u>	
End of year			<u>\$ 254,899</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Sidewalk Assessment Special Revenue Fund For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
				Positive
				(Negative)
REVENUES:				
Special assessments	\$ 196,230	\$ 196,230	\$ 128,475	\$ (67,755)
Total revenues	196,230	196,230	128,475	(67,755)
EXPENDITURES:				
Current:				
Public works	66,058	66,585	68,160	(1,575)
Capital outlay	115,683	346,604	213,000	133,604
Total expenditures	181,741	413,189	281,160	132,029
REVENUES OVER (UNDER) EXPENDITURES	14,489	(216,959)	(152,685)	(199,784)
OTHER FINANCING SOURCES (USES):				
Transfers out	(20,433)	(75,376)	(75,376)	-
Total other financing sources (uses)	(20,433)	(75,376)	(75,376)	-
Net change in fund balance	<u>\$ (5,944)</u>	<u>\$ (292,335)</u>	(228,061)	<u>\$ 64,274</u>
FUND BALANCE:				
Beginning of year			429,277	
End of year			<u>\$ 201,216</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Landfill Post-Closure Special Revenue Fund For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget Positive (Negative)
REVENUES:				
Use of money and property	\$ 35,000	\$ 35,000	\$ 40,513	\$ 5,513
Charges for services	725,000	725,000	744,469	19,469
Total revenues	760,000	760,000	784,982	24,982
EXPENDITURES:				
Current:				
Public works	351,899	384,940	254,924	130,016
Capital outlay	25,000	228,576	22,000	206,576
Total expenditures	376,899	613,516	276,924	336,592
REVENUES OVER (UNDER) EXPENDITURES	383,101	146,484	508,058	(311,610)
OTHER FINANCING SOURCES (USES):				
Transfers out	(8,494)	(8,494)	(8,494)	-
Total other financing sources (uses)	(8,494)	(8,494)	(8,494)	-
Net change in fund balance	\$ 374,607	\$ 137,990	499,564	361,574
FUND BALANCE:				
Beginning of year			4,206,969	
End of year			<u>\$ 4,706,533</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual County Transportation Tax Special Revenue Fund For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amount	
REVENUES:				
Other taxes	\$ 865,000	\$ 865,000	\$ 869,128	\$ 4,128
Use of money and property	8,000	8,000	3,292	(4,708)
Intergovernmental	589,358	589,358	732,293	142,935
Charges for services	45,000	45,000	38,187	(6,813)
Total revenues	<u>1,507,358</u>	<u>1,507,358</u>	<u>1,642,900</u>	<u>135,542</u>
EXPENDITURES:				
Current:				
Public works	1,444,719	1,653,216	1,407,310	245,906
Capital outlay	65,250	622,492	55,505	566,987
Total expenditures	<u>1,509,969</u>	<u>2,275,708</u>	<u>1,462,815</u>	<u>812,893</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,611)</u>	<u>(768,350)</u>	<u>180,085</u>	<u>(948,435)</u>
Net change in fund balance	<u>\$ (2,611)</u>	<u>\$ (768,350)</u>	<u>180,085</u>	<u>\$ 948,435</u>
FUND BALANCE:				
Beginning of year			<u>550,162</u>	
End of year			<u>\$ 730,247</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Public Library Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES:				
Current:				
Culture and recreation	20,843	20,843	927	19,916
Capital Outlay	-	13,000	-	13,000
Total expenditures	<u>20,843</u>	<u>33,843</u>	<u>927</u>	<u>32,916</u>
 Net change in fund balance	<u>\$ (20,843)</u>	<u>\$ (33,843)</u>	<u>(927)</u>	<u>\$ 32,916</u>

FUND BALANCE:

Beginning of year	<u>98,593</u>
End of year	<u>\$ 97,666</u>

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Literacy Grant Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
				Positive
				(Negative)
REVENUES:				
Intergovernmental	\$ 28,000	\$ 28,000	\$ 47,476	\$ 19,476
Other	157,000	157,000	60,000	(97,000)
Total revenues	185,000	185,000	107,476	(77,524)
EXPENDITURES:				
Current:				
Culture and recreation	233,301	233,301	220,109	13,192
Total expenditures	233,301	233,301	220,109	13,192
REVENUES OVER (UNDER) EXPENDITURES	(48,301)	(48,301)	(112,633)	(64,332)
OTHER FINANCING SOURCES (USES):				
Transfers in	55,000	55,000	55,000	-
Total other financing sources (uses)	55,000	55,000	55,000	-
Net change in fund balance	\$ 6,699	\$ 6,699	(57,633)	\$ (64,332)
FUND BALANCE:				
Beginning of year			(63,823)	
End of year			\$ (121,456)	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Narcotic Seizure Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
				Positive
				(Negative)
REVENUES:				
Charges for current services	\$ -	\$ -	\$ 19,668	\$ 19,668
Total revenues	-	-	19,668	19,668
EXPENDITURES:				
Current:				
Public safety	-	-	22,962	(22,962)
Total expenditures	-	-	22,962	(22,962)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(3,294)	<u>\$ (3,294)</u>
FUND BALANCE:				
Beginning of year			50,522	
End of year			<u>\$ 47,228</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Downtown Parking Permits Special Revenue Fund For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget Positive (Negative)
REVENUES:				
Licenses and permits	\$ 395,000	\$ 395,000	\$ 425,478	\$ 30,478
Use of money and property	30,000	30,000	34,328	4,328
Total revenues	<u>425,000</u>	<u>425,000</u>	<u>459,806</u>	<u>34,806</u>
EXPENDITURES:				
Current:				
Public safety	21,400	21,400	6,228	15,172
Public works	311,464	357,464	112,322	245,142
Capital outlay	-	19,000	-	19,000
Total expenditures	<u>332,864</u>	<u>397,864</u>	<u>118,550</u>	<u>279,314</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>92,136</u>	<u>27,136</u>	<u>341,256</u>	<u>(244,508)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(27,195)	(27,195)	(27,195)	-
Total other financing sources (uses)	<u>(27,195)</u>	<u>(27,195)</u>	<u>(27,195)</u>	<u>-</u>
Net change in fund balance	<u>\$ 64,941</u>	<u>\$ (59)</u>	<u>314,061</u>	<u>\$ 314,120</u>
FUND BALANCE:				
Beginning of year			<u>3,624,685</u>	
End of year			<u>\$ 3,938,746</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Storm Drainage Fees Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ 1,000	\$ 1,000	\$ 1,552	\$ 552
Charges for services	5,000	5,000	782	(4,218)
Total revenues	6,000	6,000	2,334	(3,666)
EXPENDITURES:				
Capital outlay	-	10,694	-	10,694
Total expenditures	-	10,694	-	10,694
Net change in fund balance	\$ 6,000	\$ (4,694)	2,334	\$ 7,028
FUND BALANCE:				
Beginning of year			170,219	
End of year			\$ 172,553	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Solid Waste Service Special Revenue Fund For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amount	
REVENUES:				
Use of money and property	\$ 10,000	\$ 10,000	\$ 12,093	\$ 2,093
Intergovernmental	8,753	8,753	8,923	170
Charges for services	335,000	335,000	335,269	269
Other	-	-	184,214	184,214
Total revenues	353,753	353,753	540,499	186,746
EXPENDITURES:				
Current:				
General government	11,387	11,387	4,506	6,881
Public works	300,851	363,856	581,613	(217,757)
Total expenditures	312,238	375,243	586,119	(210,876)
REVENUES OVER (UNDER) EXPENDITURES	41,515	(21,490)	(45,620)	397,622
OTHER FINANCING SOURCES (USES):				
Transfers out	(45,836)	(45,836)	(45,834)	2
Total other financing sources (uses)	(45,836)	(45,836)	(45,834)	2
Net change in fund balance	\$ (4,321)	\$ (67,326)	(91,454)	\$ (24,128)
FUND BALANCE:				
Beginning of year			1,282,670	
End of year			<u>\$ 1,191,216</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Bay Area Air Quality Management Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 4	\$ 4
Total revenues	-	-	4	4
Net change in fund balance	\$ -	\$ -	4	\$ 4
FUND BALANCE:				
Beginning of year			2,608	
End of year			\$ 2,612	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Storm Water Management (NPDES) Special Revenue Fund For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget Positive (Negative)
REVENUES:				
Special assessments	\$ 329,000	\$ 329,000	\$ 345,431	\$ 16,431
Charges for services	5,000	5,000	2,500	(2,500)
Total revenues	334,000	334,000	347,931	13,931
EXPENDITURES:				
Current:				
Public works	314,232	314,732	229,605	85,127
Capital outlay	-	-	4,169	(4,169)
Total expenditures	314,232	314,732	233,774	80,958
REVENUES OVER (UNDER) EXPENDITURES	19,768	19,268	114,157	94,889
OTHER FINANCING SOURCES (USES):				
Transfers out	(38,803)	(38,803)	(38,803)	-
Total other financing sources (uses)	(38,803)	(38,803)	(38,803)	-
Net change in fund balance	\$ (19,035)	\$ (19,535)	75,354	\$ 94,889
FUND BALANCE:				
Beginning of year			422,672	
End of year			\$ 498,026	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Supplemental Law Enforcement Services Special Revenue Fund For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget Positive (Negative)
REVENUES:				
Use of money and property	\$ 400	\$ 400	\$ 604	\$ 204
Intergovernmental	100,000	100,000	124,300	24,300
Total revenues	100,400	100,400	124,904	24,504
EXPENDITURES:				
Current:				
Public safety	33,000	33,000	38,869	(5,869)
Capital outlay	67,000	67,000	83,505	(16,505)
Total expenditures	100,000	100,000	122,374	(22,374)
Net change in fund balance	\$ 400	\$ 400	2,530	\$ 2,130
FUND BALANCE:				
Beginning of year			63,394	
End of year			<u>\$ 65,924</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Construction Impact Fees Special Revenue Fund For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ 25,000	\$ 25,000	\$ 40,396	\$ 15,396
Charges for services	1,700,000	1,700,000	1,821,534	121,534
Total revenues	<u>1,725,000</u>	<u>1,725,000</u>	<u>1,861,930</u>	<u>136,930</u>
EXPENDITURES:				
Current:				
Capital outlay	376,485	3,211,663	2,792,626	419,037
Total expenditures	<u>376,485</u>	<u>3,211,663</u>	<u>2,792,626</u>	<u>419,037</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,348,515</u>	<u>(1,486,663)</u>	<u>(930,696)</u>	<u>555,967</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	-	(14,140)	(14,140)	-
Total other financing sources (uses)	<u>-</u>	<u>(14,140)</u>	<u>(14,140)</u>	<u>-</u>
Net change in fund balance	<u>\$ 1,348,515</u>	<u>\$ (1,500,803)</u>	<u>(944,836)</u>	<u>\$ 555,967</u>
FUND BALANCE:				
Beginning of year			5,048,723	
End of year			<u>\$ 4,103,887</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Bedwell Bayfront Park Maintenance Special Revenue Fund For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ 6,000	\$ 6,000	\$ 4,348	\$ (1,652)
Total revenues	6,000	6,000	4,348	(1,652)
EXPENDITURES:				
Current:				
Public works	89,901	89,901	95,881	(5,980)
Capital outlay	5,000	5,000	-	5,000
Total expenditures	94,901	94,901	95,881	(980)
REVENUES OVER (UNDER) EXPENDITURES	(88,901)	(88,901)	(91,533)	(672)
OTHER FINANCING SOURCES (USES):				
Transfers out	(13,634)	(13,634)	(13,635)	(1)
Total other financing sources (uses)	(13,634)	(13,634)	(13,635)	(1)
Net change in fund balance	\$ (102,535)	\$ (102,535)	(105,168)	\$ (2,633)
FUND BALANCE:				
Beginning of year			529,485	
End of year			\$ 424,317	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Recreation In-Lieu Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ 16,000	\$ 16,000	\$ 12,962	\$ (3,038)
Intergovernmental	25,000	25,000	-	(25,000)
Charges for services	150,000	150,000	103,400	(46,600)
Total revenues	191,000	191,000	116,362	(74,638)
EXPENDITURES:				
Current:				
Public works	912,902	1,029,006	248,367	780,639
Culture and Recreation	-	95,855	-	95,855
Total expenditures	912,902	1,124,861	248,367	876,494
Net change in fund balance	\$ (721,902)	\$ (933,861)	(132,005)	\$ 801,856
FUND BALANCE:				
Beginning of year			1,428,915	
End of year			\$ 1,296,910	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Sharon Hills Park Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 700	\$ 700	\$ 524	\$ (176)
Total revenues	<u>700</u>	<u>700</u>	<u>524</u>	<u>(176)</u>
EXPENDITURES:				
Current:				
Public works	<u>13,000</u>	<u>13,000</u>	<u>11,845</u>	<u>1,155</u>
Total expenditures	<u>13,000</u>	<u>13,000</u>	<u>11,845</u>	<u>1,155</u>
Net change in fund balance	<u>\$ (12,300)</u>	<u>\$ (12,300)</u>	<u>(11,321)</u>	<u>\$ 979</u>
FUND BALANCE:				
Beginning of year			<u>57,653</u>	
End of year			<u>\$ 46,332</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Vintage Oaks Landscape Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ 700	\$ 700	\$ 571	\$ (129)
Total revenues	<u>700</u>	<u>700</u>	<u>571</u>	<u>(129)</u>
EXPENDITURES:				
Current:				
Public works	8,942	8,942	7,917	1,025
Total expenditures	<u>8,942</u>	<u>8,942</u>	<u>7,917</u>	<u>1,025</u>
Net change in fund balance	<u>\$ (8,242)</u>	<u>\$ (8,242)</u>	<u>(7,346)</u>	<u>\$ 896</u>
FUND BALANCE:				
Beginning of year			67,008	
End of year			<u>\$ 59,662</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Community Development Block Grant Special Revenue Fund For the year ended June 30, 2016

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 9,000	\$ 9,000	\$ 118,258	\$ 109,258
Intergovernmental	-	-	(122,651)	\$ (122,651)
Charges for services	-	-	729	729
Total revenues	<u>9,000</u>	<u>9,000</u>	<u>(3,664)</u>	<u>(12,664)</u>
Net change in fund balance	<u>\$ 9,000</u>	<u>\$ 9,000</u>	(3,664)	<u>\$ (12,664)</u>
FUND BALANCE:				
Beginning of year			1,384,986	
End of year			<u>\$ 1,381,322</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Miscellaneous Trust Special Revenue Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ 1,775	\$ 1,775	\$ 1,609	\$ (166)
Charges for services	-	-	1,159,430	1,159,430
Other	26,000	26,000	22,889	(3,111)
Total revenues	27,775	27,775	1,183,928	1,156,153
EXPENDITURES:				
Current:				
Culture and recreation	80,626	80,626	27,451	53,175
Community development	277,107	277,107	990,632	(713,525)
Capital outlay	5,000	5,000	-	5,000
Total expenditures	362,733	362,733	1,018,083	(655,350)
Net change in fund balance	\$ (334,958)	\$ (334,958)	165,845	\$ 500,803
FUND BALANCE:				
Beginning of year			895,874	
End of year			<u>\$ 1,061,719</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Library Bond Debt Service Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
				Positive
				(Negative)
REVENUES:				
Special assessments	\$ -	\$ -	\$ 26,762	\$ 26,762
Use of money and property	4,000	4,000	2,778	(1,222)
Total revenues	<u>4,000</u>	<u>4,000</u>	<u>29,540</u>	<u>25,540</u>
EXPENDITURES:				
Debt service:				
Principal	435,000	435,000	435,000	-
Interest	11,750	11,750	11,750	-
Total expenditures	<u>446,750</u>	<u>446,750</u>	<u>446,750</u>	<u>-</u>
Net change in fund balance	<u>\$ (442,750)</u>	<u>\$ (442,750)</u>	(417,210)	<u>\$ 25,540</u>
FUND BALANCE:				
Beginning of year			<u>742,551</u>	
End of year			<u>\$ 325,341</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Recreation GO Bond 2002 Debt Service Fund For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget Positive (Negative)
REVENUES:				
Special assessments	\$ 1,400,000	\$ 1,400,000	\$ 1,490,719	\$ 90,719
Use of money and property	1,800	1,800	6,085	4,285
Total revenues	1,401,800	1,401,800	1,496,804	95,004
EXPENDITURES:				
Debt service:				
Principal	620,000	620,000	620,000	-
Interest	841,621	841,621	919,650	(78,029)
Total expenditures	1,461,621	1,461,621	1,539,650	(78,029)
Net change in fund balance	\$ (59,821)	\$ (59,821)	(42,846)	\$ 16,975
FUND BALANCE:				
Beginning of year			1,381,201	
End of year			<u>\$ 1,338,355</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Library Addition Capital Projects Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ 1,000	\$ 1,000	\$ 1,128	\$ 128
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>1,128</u>	<u>128</u>
EXPENDITURES:				
Current				
Culture and Recreation	15,000	15,000	-	15,000
Capital outlay	<u>25,000</u>	<u>32,595</u>	<u>3,736</u>	<u>28,859</u>
Total expenditures	<u>40,000</u>	<u>47,595</u>	<u>3,736</u>	<u>28,859</u>
Net change in fund balance	<u>\$ (39,000)</u>	<u>\$ (46,595)</u>	<u>(2,608)</u>	<u>\$ 43,987</u>
FUND BALANCE:				
Beginning of year			<u>126,034</u>	
End of year			<u>\$ 123,426</u>	

City of Menlo Park

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Measure T 2002 GO Bond Capital Projects Fund For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget Positive (Negative)
REVENUES:				
Use of money and property	\$ 2,500	\$ 2,500	\$ 2,980	\$ 480
Total revenues	<u>2,500</u>	<u>2,500</u>	<u>2,980</u>	<u>480</u>
EXPENDITURES:				
Capital outlay	-	55,791	2,234	53,557
Total expenditures	<u>-</u>	<u>55,791</u>	<u>2,234</u>	<u>53,557</u>
Net change in fund balance	<u>\$ 2,500</u>	<u>\$ (53,291)</u>	746	<u>\$ 54,037</u>
FUND BALANCE:				
Beginning of year			328,767	
End of year			<u>\$ 329,513</u>	

ENTERPRISE FUNDS

Water Operations Fund - Established to account for the water distributions operations of the Menlo Park Municipal Water District.

Water Capital Improvement Fund - Accounts for the proceeds of the capital surcharge from water operations and is utilized for construction improvements of the water infrastructure.

Revised Draft
01-11-2017

City of Menlo Park
Combining Schedule of Net Position
Enterprise Funds
June 30, 2016

	Water Operating Fund	Water Capital Improvement Fund	Total Water Funds
ASSETS			
Current assets:			
Cash and investments	\$ 1,049,562	\$ 11,059,541	\$ 12,109,103
Receivables:			
Accounts	817,295	59,003	876,298
Interest	2,420	24,694	27,114
Due from other funds	-	858,326	858,326
Total current assets	1,869,277	12,001,564	13,870,841
Capital assets:			
Non-depreciable	3,323,410	-	3,323,410
Depreciable, net	11,555,095	-	11,555,095
Total capital assets	14,878,505	-	14,878,505
Total assets	16,747,782	12,001,564	28,749,346
DEFERRED OUTFLOW OF RESOURCES			
Employer pension contribution	59,575	29,788	89,363
Total deferred outflow of resources	59,575	29,788	89,363
LIABILITIES			
Current liabilities:			
Accounts payable	599,132	199,521	798,653
Accrued payroll	23,342	8,695	32,037
Deposits	30,500	-	30,500
Compensated absences	14,810	74,366	89,176
Due to other funds	858,326	-	858,326
Total current liabilities	1,526,110	282,582	1,808,692
Noncurrent liabilities:			
Net pension liability	442,242	221,121	663,363
Compensated absences	12,379	62,164	74,543
Total noncurrent liabilities	454,621	283,285	737,906
Total liabilities	1,980,731	565,867	2,546,598
DEFERRED INFLOW OF RESOURCES			
Pension related amounts	48,705	24,351	73,056
Total deferred inflow of resources	48,705	24,351	73,056
NET POSITION			
Net investment in capital assets	14,878,505	-	14,878,505
Restricted for:			
Capital projects	-	11,441,134	11,441,134
Unrestricted	(100,584)	-	(100,584)
Total net position	\$ 14,777,921	\$ 11,441,134	\$ 26,219,055

City of Menlo Park

Combining Schedule of Revenues, Expenses and Changes in Fund Net Position

Enterprise Funds

For the year ended June 30, 2016

	Water Operating Fund	Water Capital Improvement Fund	Total Water Funds
OPERATING REVENUES:			
Water sales	\$ 6,934,682	\$ 712,443	\$ 7,647,125
Total operating revenues	6,934,682	712,443	7,647,125
OPERATING EXPENSES:			
Cost of sales and services	6,075,885	720,099	6,795,984
General and administrative	285,288	-	285,288
Depreciation	197,127	-	197,127
Total operating expenses	6,558,300	720,099	7,278,399
OPERATING INCOME (LOSS)	376,382	(7,656)	368,726
NONOPERATING REVENUES (EXPENSES):			
Interest income	8,086	102,940	111,026
Gain (Loss) on sale of equipment	(44,966)	-	(44,966)
Total nonoperating revenues	(36,880)	102,940	66,060
INCOME (LOSS) BEFORE TRANSFERS	339,502	95,284	434,786
TRANSFERS:			
Transfers in	1,099,682	-	1,099,682
Transfers out	(220,185)	(1,099,682)	(1,319,867)
Total transfers	879,497	(1,099,682)	(220,185)
Net income (loss)	1,218,999	(1,004,398)	214,601
NET POSITION:			
Beginning of year, as restated	13,558,922	12,445,532	26,004,454
End of year	<u>\$ 14,777,921</u>	<u>\$ 11,441,134</u>	<u>\$ 26,219,055</u>

City of Menlo Park
Combining Schedule of Cash Flows
Enterprise Funds
For the year ended June 30, 2016

	Water Operating Fund	Water Capital Improvement Fund	Total Water Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers/other funds	\$ 7,069,475	\$ 728,678	\$ 7,798,153
Cash payment to suppliers	(6,137,331)	(1,244,242)	(7,381,573)
Cash payments for general and administrative	(360,980)	99,226	(261,754)
Net cash provided (used) by operating activities	571,164	(416,338)	154,826
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	1,099,682	-	1,099,682
Transfers out	(220,185)	(1,099,682)	(1,319,867)
Net cash provided (used) by noncapital financing activities	879,497	(1,099,682)	(220,185)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(1,130,525)	-	(1,130,525)
Net cash provided (used) by capital and related financing activities	(1,130,525)	-	(1,130,525)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	7,480	106,843	114,323
Net cash provided (used) by investing activities	7,480	106,843	114,323
Net increase (decrease) in cash and cash equivalents	327,616	(1,409,177)	(1,081,561)
CASH AND CASH EQUIVALENTS:			
Beginning of year	721,946	12,468,718	13,190,664
End of year	\$ 1,049,562	\$ 11,059,541	\$ 12,109,103
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 376,382	\$ (7,656)	\$ 368,726
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	197,127	-	197,127
Changes in current assets and liabilities:			
Accounts receivable	140,221	16,235	156,456
Deferred outflow of resources	(7,479)	(3,740)	(11,219)
Accounts payable	(61,446)	(524,143)	(585,589)
Accrued payroll	(22,520)	(7,445)	(29,965)
Compensated absences	(18,279)	124,120	105,841
Deferred inflow of resources	(69,093)	(34,548)	(103,641)
Net pension liability	41,679	20,839	62,518
Deposits	(5,428)	-	(5,428)
Total adjustments	194,782	(408,682)	(213,900)
Net cash provided (used) by operating activities	\$ 571,164	\$ (416,338)	\$ 154,826

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Workers' Compensation Insurance Fund - This fund accounts for the administration of the City's self-insured Workers' Compensation Insurance Program.

Liability Fire Insurance Fund - This fund accounts for the administration of the City's General Liability Insurance program.

Other Post Employment Benefits - This fund accounts for the financial administration of funding from all City departments for retiree medical benefits as these benefits are earned.

Information Technology - This fund accounts for administration and support of all hardware, software, and communication equipment needs of the City's other departments.

Vehicle Replacement Fund - This fund accounts for the replacement of vehicles and equipment used by various City departments.

City of Menlo Park
Combining Statement of Net Position
Internal Service Funds
June 30, 2016

	Workers' Compensation Insurance	General Liability Insurance	Other Post Employment Benefits	Information Technology	Vehicle Replacement	Total
ASSETS						
Current assets:						
Cash, cash equivalents and investments	\$ 2,257,778	\$ 1,053,807	\$ 861,140	\$ 163,663	\$ 382,469	\$ 4,718,857
Receivables:						
Accounts	-	6,664	-	-	1,750	8,414
Interest	5,040	2,353	1,947	395	853	10,588
Deposits and prepaid items	95,000	50,000	12,126	45,973	-	203,099
Total current assets	2,357,818	1,112,824	875,213	210,031	385,072	4,940,958
Capital assets:						
Depreciable, net	-	-	-	-	1,043,979	1,043,979
Total capital assets	-	-	-	-	1,043,979	1,043,979
Total assets	2,357,818	1,112,824	875,213	210,031	1,429,051	5,984,937
LIABILITIES AND NET ASSETS						
Liabilities:						
Current liabilities:						
Accounts payable	215,074	8,076	-	181,788	10,413	415,351
Accrued payroll	755	654	14,354	16,942	-	32,705
Due to other funds	-	-	336,869	-	-	336,869
Claims payable, due within one year	776,093	75,289	-	-	-	851,382
Compensated absences payable, due within one year	39	1,133	453	23,605	-	25,230
Total current liabilities	991,961	85,152	351,676	222,335	10,413	1,661,537
Claims payable, due in more than one year	2,587,692	224,209	-	-	-	2,811,901
Compensated absences payable, due in more than one year	33	946	(453)	19,732	-	20,258
Total liabilities	3,579,686	310,307	351,223	242,067	10,413	4,493,696
Net Position:						
Net investment in capital assets	-	-	-	-	1,043,979	1,043,979
Unrestricted	(1,221,868)	802,517	523,990	(32,036)	374,659	447,262
Total net position	\$ (1,221,868)	\$ 802,517	\$ 523,990	\$ (32,036)	\$ 1,418,638	\$ 1,491,241

City of Menlo Park

Combining Statement of Revenues, Expenses and Changes in Net Position

Internal Service Funds

For the year ended June 30, 2016

	Workers' Compensation Insurance	General Liability Insurance	Other Post Employment Benefits	Information Technology	Vehicle Replacement	Total
OPERATING REVENUES:						
Charges for services	\$ 999,796	\$ 805,839	\$ 927,558	\$ 1,132,313	\$ 402,354	\$ 4,267,860
Total operating revenues	999,796	805,839	927,558	1,132,313	402,354	4,267,860
OPERATING EXPENSES:						
Personnel services	59,004	25,054	614,831	653,343	-	1,352,232
General and administrative	(313)	27,018	5,193	511,314	-	543,212
Insurance	1,429,193	548,134	-	-	-	1,977,327
Depreciation	-	-	-	-	186,555	186,555
Total operating expenses	1,487,884	600,206	620,024	1,164,657	186,555	4,059,326
OPERATING INCOME (LOSS)	(488,088)	205,633	307,534	(32,344)	215,799	208,534
NONOPERATING REVENUES (EXPENSES):						
Interest and investment earnings	13,777	7,366	6,112	308	2,847	30,410
Gain (loss) on sale of equipment	-	-	-	-	47,567	47,567
Total nonoperating revenues (expenses)	13,777	7,366	6,112	308	50,414	77,977
INCOME (LOSS) BEFORE TRANSFERS	(474,311)	212,999	313,646	(32,036)	266,213	286,511
TRANSFERS:						
Transfers in	200,000	-	-	-	-	200,000
Total transfers	200,000	-	-	-	-	200,000
NET INCOME (LOSS)	(274,311)	212,999	313,646	(32,036)	266,213	486,511
NET POSITION:						
Beginning of the year	(947,557)	589,518	210,344	-	1,152,425	1,004,730
End of the year	\$ (1,221,868)	\$ 802,517	\$ 523,990	\$ (32,036)	\$ 1,418,638	\$ 1,491,241

City of Menlo Park
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2016

	Workers' Compensation Insurance	General Liability Insurance	Other Post Employment Benefits	Information Technology	Vehicle Replacement	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from other funds including cash deposits	\$ 1,015,541	\$ 885,832	\$ 1,480,227	\$ 1,132,313	\$ 435,128	\$ 4,949,041
Cash paid to suppliers	(1,065,214)	(595,408)	(22,775)	(375,499)	9,259	(2,049,637)
Cash paid to employees	(70,915)	(26,640)	(600,477)	(593,064)	-	(1,291,096)
Net cash provided (used) by operating activities	(120,588)	263,784	856,975	163,750	444,387	1,608,308
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Proceeds from other funds	200,000	-	-	-	-	200,000
Net cash provided (used) by noncapital financing activities	200,000	-	-	-	-	200,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from disposal of equipment	-	-	-	-	47,567	47,567
Acquisition and construction of capital assets	-	-	-	-	(466,617)	(466,617)
Net cash provided (used) by capital and related financing activities	-	-	-	-	(419,050)	(419,050)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment earnings received (paid)	12,583	7,924	4,165	(87)	2,806	27,391
Net cash provided (used) by investing activities	12,583	7,924	4,165	(87)	2,806	27,391
Net increase (decrease) in cash cash and cash equivalents	91,995	271,708	861,140	163,663	28,143	1,416,649
Cash, cash equivalents, and investments at beginning of year	2,165,783	782,099	-	-	354,326	3,302,208
Cash, cash equivalents, and investments at end of year	<u>\$ 2,257,778</u>	<u>\$ 1,053,807</u>	<u>\$ 861,140</u>	<u>\$ 163,663</u>	<u>\$ 382,469</u>	<u>\$ 4,718,857</u>

City of Menlo Park
Combining Statement of Cash Flows, Continued
Internal Service Funds
For the year ended June 30, 2016

	Workers' Compensation Insurance	General Liability Insurance	Other Post Employment Benefits	Other Post Employment Benefits	Vehicle Replacement	Total
RECONCILIATION OF OPERATING						
INCOME (LOSS) TO NET CASH PROVIDED						
(USED) BY OPERATING ACTIVITIES:						
Operating income (loss)	\$ (488,088)	\$ 205,633	\$ 307,534	\$ (32,344)	\$ 215,799	\$ 208,534
Depreciation	-	-	-	-	186,555	186,555
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Accounts receivable	15,745	79,993	552,669	-	32,774	681,181
Prepaid expenses	-	-	(315)	(45,973)	-	(46,288)
Accounts payable	102,927	(3,776)	(17,267)	181,788	9,259	272,931
Payroll liabilities	(2,490)	(861)	14,354	16,942	-	27,945
Insurance claim payable	260,739	(16,480)	-	-	-	244,259
Compensated absence payable	(9,421)	(725)	-	43,337	-	33,191
Total adjustments	367,500	58,151	549,441	196,094	228,588	1,399,774
Net cash provided (used) by operating activities	\$ (120,588)	\$ 263,784	\$ 856,975	\$ 163,750	\$ 444,387	\$ 1,608,308

City of Menlo Park
Combining Statement of Net Position
Agency Funds
June 30, 2016

	Refundable Deposits	Cash Bonds Payable	Payroll Revolving	Total Agency Funds
ASSETS				
Cash and investments	\$ 724,210	\$ 2,900	\$ -	\$ 727,110
Accounts receivable	-	-	47,927	47,927
Prepays	-	-	324,696	324,696
Total assets	\$ 724,210	\$ 2,900	\$ 372,623	\$ 1,099,733
LIABILITIES				
Accounts payable	\$ 16,000	\$ -	\$ -	\$ 16,000
Due to the City			372,623	372,623
Deposits	708,210	2,900	-	711,110
Total liabilities	\$ 724,210	\$ 2,900	\$ 372,623	\$ 1,099,733

City of Menlo Park
Combining Statement of Changes in Net Position
Agency Funds
For the year ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>Refundable Deposits</u>				
Assets:				
Cash and investments	\$ 502,912	\$ 414,883	\$ (193,585)	\$ 724,210
Liabilities:				
Accounts payable	\$ -	\$ 209,585	\$ (193,585)	\$ 16,000
Deposits	502,912	412,383	(207,085)	708,210
	<u>\$ 502,912</u>	<u>\$ 621,968</u>	<u>\$ (400,670)</u>	<u>\$ 724,210</u>
<u>Cash Bonds Payable</u>				
Assets:				
Cash and investments	\$ 900	\$ 2,000	\$ -	\$ 2,900
Liabilities:				
Deposits	\$ 900	\$ 2,000	\$ -	\$ 2,900
<u>Payroll Revolving</u>				
Assets:				
Cash and investments	\$ (229,225)	\$ 5,004,008	\$ (5,238,999)	\$ (464,216)
Accounts receivable	3,098	82,819	(37,990)	47,927
Prepays	310,508	1,014,304	(1,000,116)	324,696
Total assets	<u>\$ 84,381</u>	<u>\$ 6,101,131</u>	<u>\$ (6,277,105)</u>	<u>\$ (91,593)</u>
Liabilities:				
Accounts payable	\$ 84,381	\$ 13,583,014	\$ (13,758,988)	\$ (91,593)
<u>Total Agency Funds</u>				
Assets:				
Cash and investments	\$ 274,587	\$ 5,420,891	\$ (5,432,584)	\$ 262,894
Accounts receivable	3,098	82,819	(37,990)	47,927
Prepays	310,508	1,014,304	(1,000,116)	324,696
Total assets	<u>\$ 588,193</u>	<u>\$ 6,518,014</u>	<u>\$ (6,470,690)</u>	<u>\$ 635,517</u>
Liabilities:				
Accounts payable	\$ 84,381	\$ 13,792,599	\$ (13,952,573)	\$ (75,593)
Deposits	503,812	414,383	(207,085)	711,110
Total liabilities	<u>\$ 588,193</u>	<u>\$ 14,206,982</u>	<u>\$ (14,159,658)</u>	<u>\$ 635,517</u>

City of Menlo Park
Combining Schedule of Net Position
Private-Purpose Trust Fund - Successor Agency
June 30, 2016

	Redevelopment Obligation Retirement Fund	Redevelopment Dissolution Fund	Total Successor Agency Funds
ASSETS			
Current assets:			
Cash and investments:			
Held with City	\$ 8,857,941	\$ 10	\$ 8,857,951
Accounts receivable	231,881	-	231,881
Total assets	9,089,822	10	9,089,832
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss of refunding	12,911,150	-	12,911,150
Total deferred outflows of resources	12,911,150	-	12,911,150
LIABILITIES			
Liabilities:			
Accounts payable	3,525	-	3,525
Interest payable	1,441,101	-	1,441,101
Deposits	108,891	-	108,891
Long-term debt:			
Due within one year	3,115,000	-	3,115,000
Due in more than one year	56,882,364	-	56,882,364
Total liabilities	61,550,881	-	61,550,881
NET POSITION			
Held in trust for other governments	(39,549,909)	10	(39,549,899)
Total net position	\$ (39,549,909)	\$ 10	\$ (39,549,899)

City of Menlo Park
Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund - Successor Agency
For the year ended June 30, 2016

	Redevelopment Obligation Retirement Fund	Redevelopment Dissolution Fund	Total Successor Agency
Additions:			
Property taxes	\$ 7,065,305	\$ -	\$ 7,065,305
Investment earnings	(71,910)	-	(71,910)
Total additions	<u>6,993,395</u>	<u>-</u>	<u>6,993,395</u>
Deductions:			
Program expenses of former redevelopment agency	12,065	-	12,065
Interest and fiscal agency expenses of former redevelopment agency	4,316,992	-	4,316,992
Total deductions	<u>4,329,057</u>	<u>-</u>	<u>4,329,057</u>
Change in net position	<u>2,664,338</u>	<u>-</u>	<u>2,664,338</u>
Net position - beginning of the year	(42,214,247)	10	(42,214,237)
Net position - end of the year	<u>\$ (39,549,909)</u>	<u>\$ 10</u>	<u>\$ (39,549,899)</u>

Revised Draft
01-11-2017

This page intentionally left blank

Statistical Section

Fiscal Year 2015-2016

- Unaudited -

This part of the City of Menlo Park's comprehensive annual financial report presents detailed information as a context to aid in understanding of the information in the financial statements, note disclosures, and required supplementary information regarding the City's overall financial health.

Financial Trend

Schedule #

These schedules contain trend information to help the readers understand how the City of Menlo Park's financial performance and well-being have changed over time.

Net Position by Component	1
Changes in Net Position	2
Fund Balances-Governmental Funds	3
Changes in Fund Balances-Governmental Funds	4

Revenue Capacity

These schedules contain information to help the readers assess the City of Menlo Park's most significant local revenue resource, property taxes.

Governmental Funds by Source	5
Governmental Funds Taxes by Type	6
Assessed Valuation, Tax Rates, and Tax Levies	7

Debt Capacity

These schedules present information to help the readers assess the affordability of the City of Menlo Park's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Direct and Overlapping Property Tax Rates	8
Principal Property Tax Payers	9
Property Tax Levies and Collections	10
Ratios of Outstanding Debt by Type	11
Direct and Overlapping Debt	12
Legal Debt Service Margin Informations	13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the readers understand the environment within which the City's financial activities take place.

Demographic and Economic Statistics	14
Principal Employers	15
Full Time Equivalent City Employees by Function	16

Operating Information

These schedules contain service and infrastructure data to help the readers understand how the information in the City's financial reports relate to the services the City provides and the activities it performs.

Operating Indicators by Demand and Level of Service by Function/Program	17
Capital Asset Statistics by Function	18
Capital Asset and Infrastructure Statistics by Activities	19
Water Sold by Type of Customer	20
Water Service Rates	21
Miscellaneous Statistics	22

Net Position by Component

Financial Trend:
Schedule 1

June 30, 2016

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Government Activities</u>										
Investment in Capital Assets, Net of Related Debt	\$ 260,060,574	\$ 265,272,383	\$ 261,153,596	\$ 259,274,758	\$ 279,942,360	\$ 345,357,433	\$ 347,050,366	\$ 344,119,674	\$ 341,158,440	\$ 345,581,545
Restricted for:										
Capital Projects	17,102,064	20,378,994	18,207,379	19,717,874	14,582,060	9,432,413	14,394,634	13,601,651	14,926,424	7,275,487
Debt Service	10,581,505	10,759,071	12,184,002	12,630,096	12,662,667	2,225,873	1,943,354	2,133,308	2,123,752	1,663,696
Community Development	5,866,768	6,160,144	6,140,612	6,265,677	-	-	-	-	-	22,783,937
Special Projects	809,974	1,034,326	1,203,583	5,857,506	9,176,084	2,842,844	1,501,478	2,238,560	2,010,049	5,572,610
Total Restricted - Government Activities	34,360,311	38,332,535	37,735,576	44,471,153	36,420,811	14,501,130	17,839,466	17,973,519	19,060,225	37,295,730
Total Unrestricted - Government Activities	71,773,633	66,120,512	74,932,478	69,032,234	61,310,616	49,224,495	50,586,566	60,530,382	30,340,383	21,095,111
Total Government Activities	\$ 366,194,518	\$ 369,725,430	\$ 373,821,650	\$ 372,778,145	\$ 377,673,787	\$ 409,083,058	\$ 415,476,398	\$ 422,623,575	\$ 390,559,048	\$ 403,972,386
<u>Business-Type Activities</u>										
Investment in Capital Assets, Net of Related Debt	\$ 7,391,343	\$ 7,532,369	\$ 7,620,626	\$ 7,790,683	\$ 8,536,711	\$ 9,524,216	\$ 10,079,682	\$ 11,005,746	\$ 13,990,073	\$ 14,878,505
Restricted for:										
Capital Projects	11,851,559	15,383,875	16,518,953	16,944,216	16,771,000	15,381,845	15,273,688	15,212,663	12,445,532	11,441,134
Special Projects	-	-	-	-	-	-	-	-	-	-
Total Restricted - Business-Type Activities	11,851,559	15,383,875	16,518,953	16,944,216	16,771,000	15,381,845	15,273,688	15,212,663	12,445,532	11,441,134
Total Unrestricted - Business-Type Activities	3,710,223	1,216,854	776,214	144,088	(397,806)	(431,529)	(735,629)	(538,996)	(431,151)	(100,584)
Total Business-Type Activities	\$ 22,953,125	\$ 24,133,098	\$ 24,915,793	\$ 24,878,987	\$ 24,909,905	\$ 24,474,532	\$ 24,617,741	\$ 25,679,413	\$ 26,004,454	\$ 26,219,055

Source: City of Menlo Park

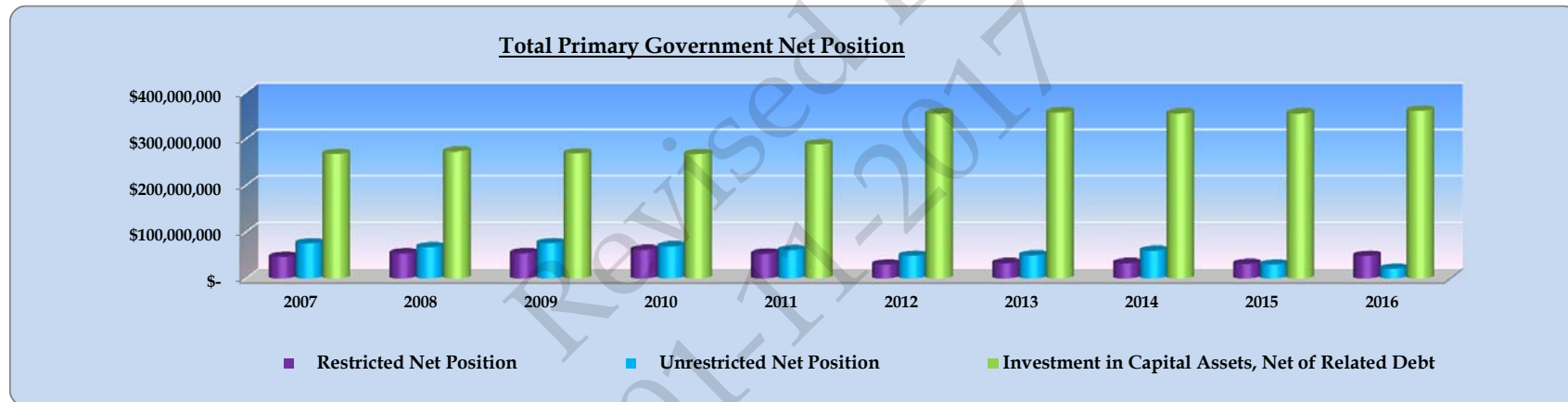
(Continued)

Net Position by Component

Financial Trend:
Schedule 1

June 30, 2016

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Primary Government</u>										
Investment in Capital Assets, Net of Related Debt	\$ 267,451,917	\$ 272,804,752	\$ 268,774,222	\$ 267,065,441	\$ 288,479,071	\$ 354,881,649	\$ 357,130,048	\$ 355,125,420	\$ 355,148,513	\$ 360,460,050
Unrestricted Net Position	75,483,856	67,337,366	75,708,692	69,176,322	60,912,810	48,792,966	49,850,937	59,991,386	29,909,232	20,994,527
Investment in Capital Assets & Unrestricted Net Position	342,935,773	340,142,118	344,482,914	336,241,763	349,391,881	403,674,615	406,980,985	415,116,806	385,057,745	381,454,577
Restricted Net Position	46,211,870	53,716,410	54,254,529	61,415,369	53,191,811	29,882,975	33,113,154	33,186,182	31,505,757	48,736,864
Total Primary Government Net Position	<u>\$ 389,147,643</u>	<u>\$ 393,858,528</u>	<u>\$ 398,737,443</u>	<u>\$ 397,657,132</u>	<u>\$ 402,583,692</u>	<u>\$ 433,557,590</u>	<u>\$ 440,094,139</u>	<u>\$ 448,302,988</u>	<u>\$ 416,563,502</u>	<u>\$ 430,191,441</u>
% of Change - from Prior Year	3.7%	1.2%	1.2%	-0.3%	1.2%	7.7%	1.5%	1.9%	5.9%	9.4%



Source: City of Menlo Park

Changes in Net Position
June 30, 2016

Financial Trends:
Schedule 2

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Primary Government-Program Revenues</u>										
Governmental Activities										
Charges for Services										
General Government	\$ 3,676,393	\$ 3,539,934	\$ 3,123,825	\$ 3,145,514	\$ 2,878,920	\$ 2,830,591	\$ 3,125,908	\$ 3,011,181	\$ 3,053,753	\$ 3,388,132
Public Safety	1,241,847	5,154,247	1,390,649	1,505,640	1,830,534	1,609,755	1,579,674	2,031,899	1,840,342	1,979,203
Public Works	6,541,634	3,837,839	2,753,607	2,922,929	4,109,836	3,650,442	6,924,069	6,189,576	7,472,508	7,149,654
Culture and Recreation	3,291,723	3,345,055	3,323,877	3,434,135	3,077,788	3,679,129	3,873,165	3,782,550	5,348,966	5,410,577
Community Development	6,170,024	3,952,454	4,145,205	2,122,221	3,408,895	4,994,156	3,695,171	5,467,278	5,350,231	8,200,673
Operating Grants and Contributions	3,251,025	2,369,502	2,428,500	2,557,313	2,185,417	2,729,866	1,644,022	1,438,966	1,876,305	1,976,101
Capital Grants and Contributions (1)	520,156	1,030,839	2,569,003	2,549,779	12,342,612	6,922,360	2,353,049	2,341,476	2,262,146	2,123,799
Total Governmental Activities-Program Revenues	24,692,802	23,229,870	19,734,666	18,237,531	29,834,002	26,416,299	23,195,058	24,262,926	27,204,251	30,228,139
Business-Type Activities										
Charges for Services	3,881,115	4,483,145	4,352,147	4,258,917	4,935,649	5,750,659	6,633,147	8,046,619	8,165,645	7,647,125
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	3,881,115	4,483,145	4,352,147	4,258,917	4,935,649	5,750,659	6,633,147	8,046,619	8,165,645	7,647,125
Total Primary Government-Program Revenues	28,573,917	27,713,015	24,086,813	22,496,448	34,769,651	32,166,958	29,828,205	32,309,545	35,369,896	37,875,264
<u>General Revenues & Other Changes in Net Position</u>										
Governmental Activities										
Taxes										
Property Taxes (2)	20,634,276	23,292,838	24,213,136	23,753,592	23,936,578	13,239,856	15,731,889	15,156,065	16,824,728	18,227,209
Sales Taxes	6,799,561	7,676,943	6,865,152	5,499,244	5,988,055	5,938,310	6,043,870	6,444,292	6,527,498	5,425,089
Transient Occupancy Tax	1,375,914	1,474,119	1,351,578	2,074,486	2,453,981	2,939,475	3,468,256	4,158,809	4,720,226	6,268,171
Other Taxes	2,267,911	3,262,586	3,953,097	3,960,714	4,490,992	4,607,758	4,556,371	4,946,135	4,616,187	4,882,372
Total Taxes	31,077,662	35,706,486	36,382,963	35,288,036	36,869,606	26,725,399	29,800,386	30,705,301	32,688,639	34,802,841
Investment Earnings	5,175,930	6,076,112	4,645,732	2,085,808	1,431,440	1,133,432	647,963	982,640	1,205,744	1,169,712
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-	-	547,749	264	45,544	47,567
Miscellaneous	372,534	706,444	193,370	30,125	235,145	255,185	107,652	1,222,100	234,380	1,144,891
Transfers	238,700	184,711	198,814	160,814	165,639	170,605	181,525	185,881	189,041	220,185
Extraordinary gain (3),(4)	-	-	-	-	-	28,170,332	-	771,822	-	-
Total Governmental Activities - General Revenues	36,864,826	42,673,753	41,420,879	37,564,783	38,701,830	56,454,953	31,285,275	33,868,008	34,363,348	37,385,196
Business-type Activities										
Investment Earnings	750,700	957,071	667,230	242,433	135,619	103,480	(8,799)	117,849	146,647	111,026
Miscellaneous	-	344	10,000	935	-	(5,953)	-	-	(1,752)	-
Transfers	(238,700)	(184,711)	(198,814)	(160,814)	(165,639)	(170,605)	(181,525)	(185,881)	(189,041)	(220,185)
Total Business-Type Activities - General Revenues	512,000	772,704	478,416	82,554	(30,020)	(73,078)	(190,324)	(68,032)	(44,146)	(109,159)
Total Primary Government-Program Revenues, General Revenues & Other Changes in Net Position	65,950,743	71,159,472	65,986,108	60,143,785	73,441,461	88,548,833	60,923,156	66,109,521	69,689,098	75,151,301

Source: City of Menlo Park

Notes:

- (1) In fiscal year 2010-11 and 2011-2012, capital contributions include construction of Arrillaga Family Gym, Recreation Center, and Gymnastics Center.
- (2) In fiscal year 2005-06, Property tax in lieu of Motor Vehicle License fees was reclassified to Property Taxes.
- (3) In fiscal year 2011-12, extraordinary gain was due to dissolution of the Community Development Agency.
- (4) In fiscal year 2013-14 extraordinary gain was due to the sale of the Hamilton Ave property.

(Continued)

Changes in Net Position
June 30, 2016

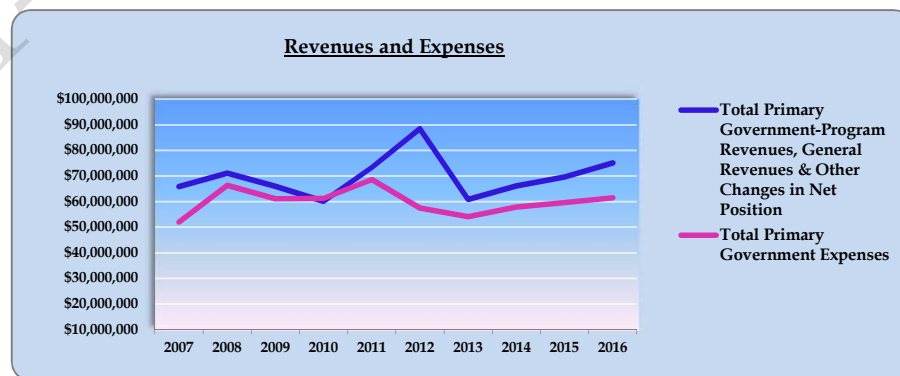
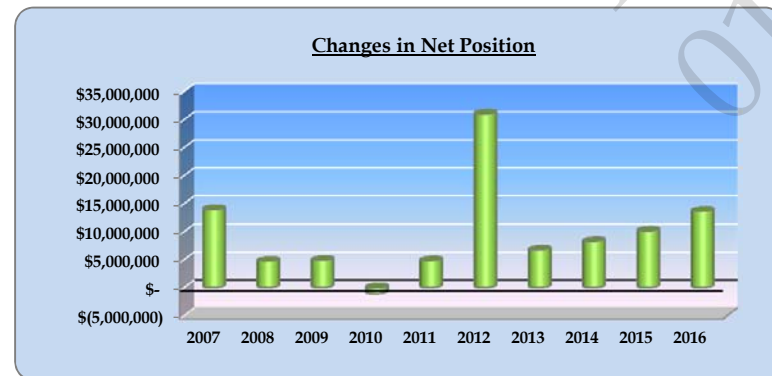
Financial Trends:
Schedule 2

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Expenses</u>										
Governmental Activities										
General Government	6,857,574	8,145,031	6,507,831	6,353,156	8,845,324	7,386,399	6,332,057	8,057,304	8,896,023	7,567,067
Public Safety (4)	11,191,323	15,763,116	13,755,857	13,605,071	20,707,475	14,248,362	14,080,936	14,237,536	17,090,541	14,930,688
Public Works	9,723,201	12,332,849	10,717,616	10,635,694	10,789,784	10,809,670	10,920,198	11,638,045	10,784,753	14,469,169
Culture and Recreation	8,647,013	11,276,226	9,723,210	9,616,046	9,461,866	9,860,317	11,077,343	11,400,791	11,250,082	11,836,304
Community Development (5)	6,916,391	9,817,989	12,644,222	12,615,612	9,470,060	6,186,002	4,240,784	4,384,310	4,060,817	4,483,136
Interest on Long-Term Debt	5,070,401	5,037,500	3,710,590	4,020,241	4,481,135	2,971,231	1,229,193	1,219,698	850,924	913,633
Total Governmental Activities Expenses	48,405,903	62,372,711	57,059,325	56,845,819	63,755,644	51,461,981	47,880,511	50,937,684	52,933,140	54,199,997
Business-Type Activities										
Water	3,601,919	4,075,876	4,047,868	4,378,277	4,874,711	6,112,954	6,299,614	6,916,915	6,657,761	7,323,365
Total Business-Type Activities Expenses	3,601,919	4,075,876	4,047,868	4,378,277	4,874,711	6,112,954	6,299,614	6,916,915	6,657,761	7,323,365
Total Primary Government Expenses	52,007,822	66,448,587	61,107,193	61,224,096	68,630,355	57,574,935	54,180,125	57,854,599	59,590,901	61,523,362
<u>Net Revenue (Expenses)</u>										
Governmental Activities	(23,713,101)	(39,142,841)	(37,324,659)	(38,608,288)	(33,921,642)	(25,045,682)	(24,685,453)	(26,674,758)	(25,728,889)	(23,971,858)
Business-type Activities	279,196	407,269	304,279	(119,360)	60,938	(362,295)	333,533	1,129,704	1,507,884	323,760
Total Net Revenue (Expenses)	(23,433,905)	(38,735,572)	(37,020,380)	(38,727,648)	(33,860,704)	(25,407,977)	(24,351,920)	(25,545,054)	(24,221,005)	(23,648,098)
<u>Changes in Net Position</u>										
Governmental Activities	13,151,725	3,530,912	4,096,220	(1,043,505)	4,780,188	31,409,271	6,599,822	7,193,250	8,634,459	13,413,338
Business-type Activities	791,196	1,179,973	782,695	(36,806)	30,918	(435,373)	143,209	1,061,672	1,463,738	214,601
Changes in Net Position	\$ 13,942,921	\$ 4,710,885	\$ 4,878,915	\$ (1,080,311)	\$ 4,811,106	\$ 30,973,898	\$ 6,743,031	\$ 8,254,922	\$ 10,098,197	\$ 13,627,939

Notes:

(4) In fiscal year 2010-11, City paid off a \$ 7.1 million pension liability for safety employees.

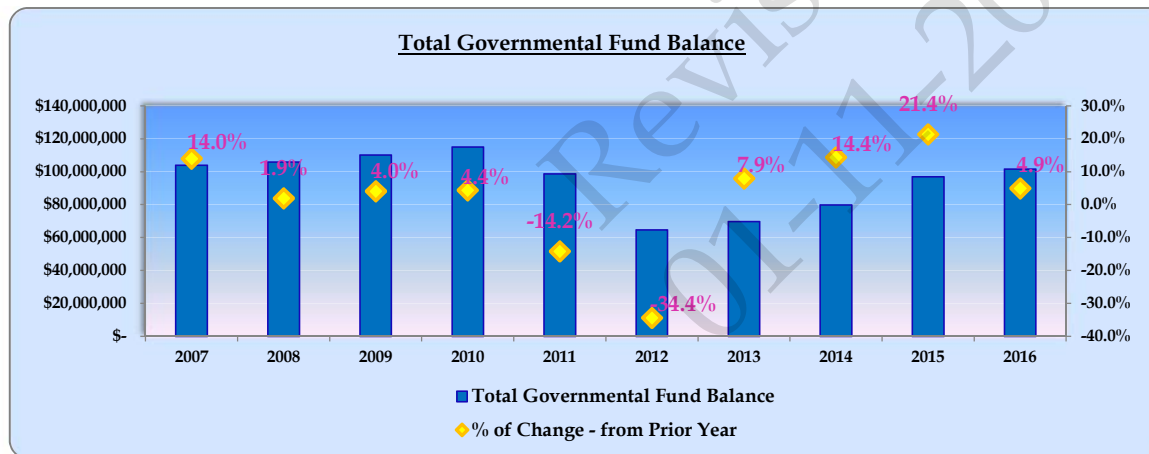
(5) Includes fiscal year 2005-06 transfer of Hamilton Avenue housing and park site from the Community Development Agency of the City to the developers.



Fund Balances - Governmental Funds
Last Ten Fiscal Years

Financial Trend:
Schedule 3

	2007	2008	2009	2010	2011 *	2012	2013	2014	2015	2016
<u>General Fund</u>										
Nonspendable	\$ 202,244	\$ -	\$ 1,529,495	\$ 1,196,456	\$ 1,435,026	\$ 2,227,593	\$ 1,005,376	\$ 1,076,587	\$ 1,072,888	\$ 1,373,313
Committed	3,000,000	3,000,000	3,000,000	3,000,000	14,000,000	14,000,000	14,000,000	16,240,000	15,930,000	20,852,000
Assigned	2,934,623	3,278,658	3,034,172	2,999,575	2,592,173	3,494,188	2,728,033	4,307,634	4,468,298	4,483,513
Unassigned	29,521,304	21,003,074	19,144,493	18,231,011	1,578,736	1,776,214	4,644,239	6,367,022	9,865,646	5,007,430
General Fund Balance	35,658,171	27,281,732	26,708,160	25,427,042	19,605,935	21,497,995	22,377,648	27,991,243	31,336,832	31,716,256
<u>Other Governmental Funds</u>										
Nonspendable	6,186,018	6,160,144	6,140,612	2,554,413	2,475,807	4,233,517	4,907,442	565	2,041	-
Restricted	10,581,508	10,759,071	12,184,002	12,630,096	76,633,611	38,934,347	42,501,844	21,704,829	30,573,722	37,295,730
Committed	-	-	-	-	-	-	-	14,350,759	17,888,242	12,594,224
Assigned	52,333,571	61,727,238	65,056,016	74,302,453	-	-	-	15,834,509	17,148,769	20,143,982
Unassigned	(880,527)	(94,386)	-	-	(105,083)	-	-	(54,106)	(63,823)	(121,456)
Total Other Governmental Fund Balance	68,220,570	78,552,067	83,380,630	89,486,962	79,004,335	43,167,864	47,409,286	51,836,556	65,548,951	69,912,480
Total Governmental Fund Balance	\$ 103,878,741	\$ 105,833,799	\$ 110,088,790	\$ 114,914,004	\$ 98,610,270	\$ 64,665,859	\$ 69,786,934	\$ 79,827,799	\$ 96,885,783	\$ 101,628,736
% of Change - from Prior Year	14.0%	1.9%	4.0%	4.4%	-14.2%	-34.4%	7.9%	14.4%	21.4%	4.9%



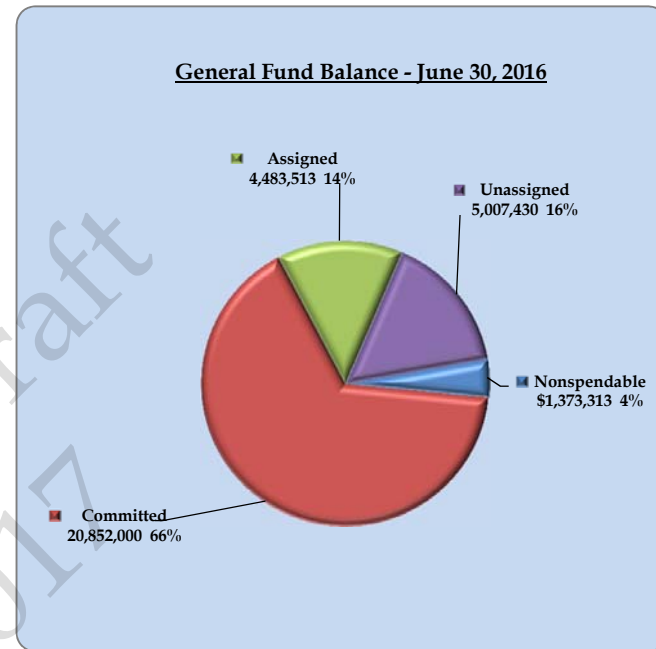
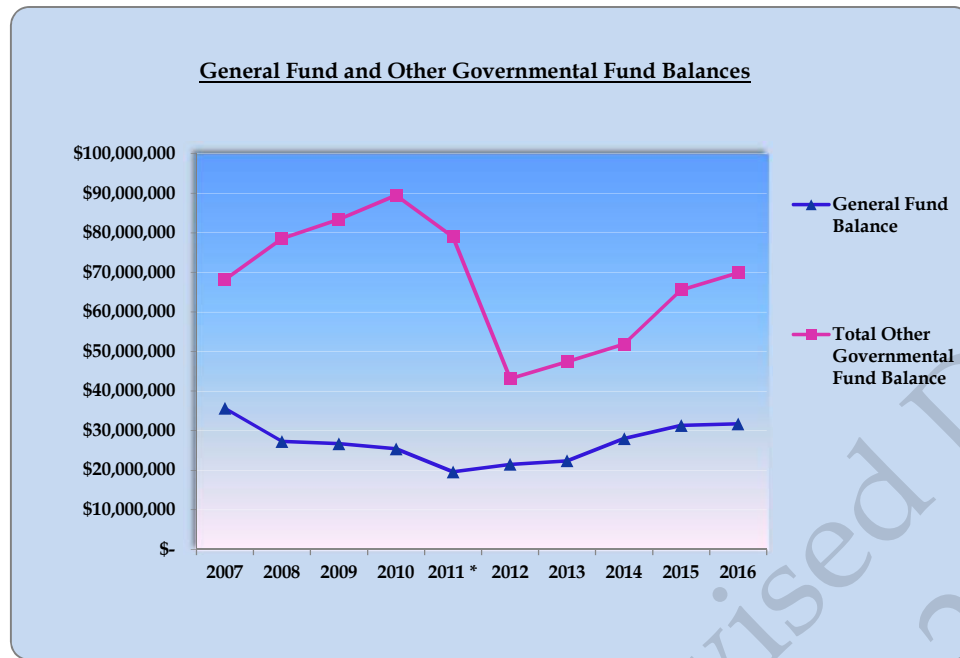
Source: City of Menlo Park

* GASB 54 "Fund Balance Reporting and Governmental Fund Type Definitions" implemented in 2010-11.

(Continued)

Fund Balances - Governmental Funds
Last Ten Fiscal Years

Financial Trend:
Schedule 3



Source: City of Menlo Park

Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years

Financial Trends:
Schedule 4

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues										
Taxes										
Secured property taxes	\$ 18,597,314	\$ 21,081,671	\$ 22,050,255	\$ 21,912,423	\$ 21,810,655	\$ 12,258,233	\$ 14,854,925	\$ 14,081,491	\$ 15,400,581	\$ 16,927,658
Unsecured property taxes	1,337,681	1,752,345	1,817,213	1,422,317	1,577,479	404,916	351,099	384,686	414,466	466,089
Other property taxes	699,280	458,822	345,670	418,851	548,444	576,707	525,865	689,888	1,012,292	940,188
Sales taxes	6,799,561	7,676,943	6,865,152	5,499,244	5,988,055	5,938,310	6,043,870	6,444,292	6,527,498	5,425,088
Other Taxes(1)	4,664,247	5,878,652	5,214,176	5,940,486	6,774,780	7,530,245	8,007,960	9,085,311	9,729,062	11,054,349
Special assessments	2,537,408	2,661,078	2,894,276	2,824,098	2,818,829	2,862,076	2,831,235	3,131,099	2,938,371	2,618,490
Licenses and permits	3,657,542	4,376,750	3,208,028	3,069,990	3,586,374	4,093,978	4,845,041	6,222,575	5,562,806	6,372,725
Fines and forfeitures	897,568	951,145	1,105,836	1,028,825	953,194	1,067,328	998,259	1,253,261	1,346,449	1,349,853
Use of money and property	5,542,009	6,162,279	4,528,617	1,918,576	1,406,100	1,102,320	594,476	955,817	1,170,488	1,677,993
Intergovernmental	2,750,760	3,533,679	3,180,550	3,219,749	2,547,164	2,325,236	2,276,829	1,757,274	2,158,680	2,616,291
Charges for services	13,884,432	10,713,906	10,221,426	8,738,183	10,486,567	11,943,461	13,225,264	13,312,487	14,801,784	16,906,213
Other Revenues	372,534	702,342	186,473	334,959	234,550	270,567	202,137	141,434	234,380	331,756
Total Revenues	61,740,336	65,949,612	61,617,672	56,327,701	58,732,191	50,373,377	54,756,960	57,459,615	61,296,857	66,686,693
Expenditures										
Current										
General Government	5,938,008	6,168,001	6,372,271	6,442,817	6,209,988	4,545,864	5,204,412	5,567,633	6,297,514	5,521,808
Public Safety(2)	11,212,320	12,476,614	13,371,606	13,532,394	20,568,030	13,978,279	13,831,018	14,194,657	14,955,891	15,933,746
Public Works	7,387,498	7,774,129	7,991,160	7,768,455	7,929,428	7,886,059	8,174,802	8,130,751	9,795,903	11,352,894
Culture and Recreation	7,813,935	8,359,386	8,669,415	8,570,915	8,286,639	8,287,074	9,014,947	9,330,874	10,015,841	10,055,990
Rehabilitation Loans	-	-	-	-	-	-	-	-	-	-
Community Development	3,233,905	4,325,628	4,533,291	4,354,345	4,061,407	5,560,374	3,937,710	4,248,952	3,513,848	4,533,057
Urban Development and Housing	3,439,609	4,101,470	4,236,426	7,312,083	5,399,919	614,951	286,699	133,523	78,606	153,767
Capital Outlay	2,989,734	4,545,565	6,405,132	8,314,011	16,030,908	10,215,010	7,904,805	5,999,875	1,483,122	1,730,011
Capital Expenditures									2,483,647	8,589,250
Debt Service										
Principal(3)	475,000	2,115,000	2,215,000	2,305,000	2,420,000	2,570,000	760,000	620,000	1,000,000	1,055,000
Interest and Fiscal Charges(4)	3,768,661	4,868,947	3,540,575	3,581,456	4,295,839	4,254,712	1,255,585	1,230,855	862,315	931,400
Total Expenditures	46,258,670	54,734,740	57,334,876	62,181,476	75,202,158	57,912,323	50,369,978	49,457,120	50,486,687	59,856,923
Revenues over (under) Expenditures	15,481,666	11,214,872	4,282,796	(5,853,775)	(16,469,967)	(7,538,946)	4,386,982	8,002,495	10,810,170	6,829,770

Source: City of Menlo Park

Notes:

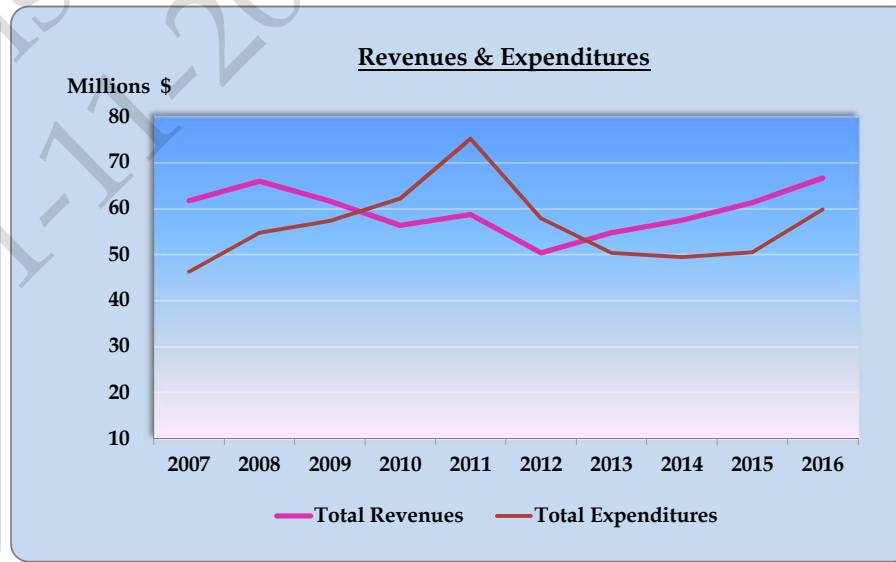
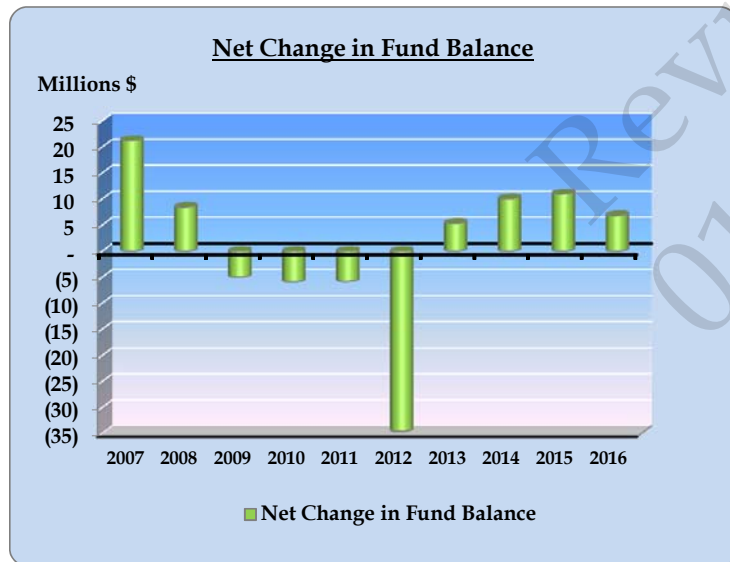
- (1) Other Taxes include Franchise & Occupancy, Utility Users, Highway Users and County Transportation taxes.
- (2) In fiscal year 2010-11, the large increase was due to paying off the PERS safety side fund.
- (3) Principal payment due on the 2006 Las Pulgas Tax Allocation Refunding Bonds on January 1, 2008.
- (4) Interest and Fiscal Charges include cost of issuance and bond insurance.

(Continued)

Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years

Financial Trends:
Schedule 4

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Other Financing Sources (Uses)										
Transfer In	16,376,591	7,551,944	10,799,042	7,159,491	7,297,500	9,722,425	6,091,632	2,994,261	4,699,084	9,873,559
Transfer Out	(16,148,891)	(10,586,019)	(20,058,856)	(7,188,677)	(7,136,686)	(9,551,820)	(5,910,107)	(2,808,380)	(4,523,543)	(9,853,374)
Proceeds from Sale of Fixed/Capital Assets	3,985,446	282,503	-	1,381	3,204	-	766,855	1,080,667	-	-
Proceeds from Debt Issuance	72,430,000	-	-	-	10,440,000	9,830,000	-	-	-	-
Payment to Escrow Agent	(70,525,172)	-	-	-	-	(11,166,467)	-	-	-	-
Discount on Issuance of Debt	(336,800)	-	-	-	74,971	(73,725)	-	-	-	-
Total Other Financing Sources (Uses)	5,781,174	(2,751,572)	(9,259,814)	(27,805)	10,678,989	(1,239,587)	948,380	1,266,548	175,541	20,185
Extraordinary gain(loss)(6),(7)	-	-	-	-	-	(25,814,163)	-	771,822	-	-
Net Change in Fund Balance	\$ 21,262,840	\$ 8,463,300	\$ (4,977,018)	\$ (5,881,580)	\$ (5,790,978)	\$ (34,592,696)	\$ 5,335,362	\$ 10,040,865	\$ 10,985,711	\$ 6,849,955
% of Change	-412.8%	-60.2%	-158.8%	18.2%	-1.5%	497.4%	-115.4%	88.2%	9.4%	-37.6%
Capital Expenditures										
Debt Service as Percentage of Non-Capital Expenditures	9.8%	13.9%	11.3%	10.9%	11.3%	14.3%	4.7%	4.3%	3.9%	3.9%



Source: City of Menlo Park

(6) In fiscal year 2011-12, the extraordinary gain was due to dissolution of the Community Development Agency

(7) In fiscal year 2013-14, the extraordinary gain was due to sale of the Hamilton Ave. property

Governmental Funds Revenues by Source ⁽¹⁾
Last Ten Fiscal Years

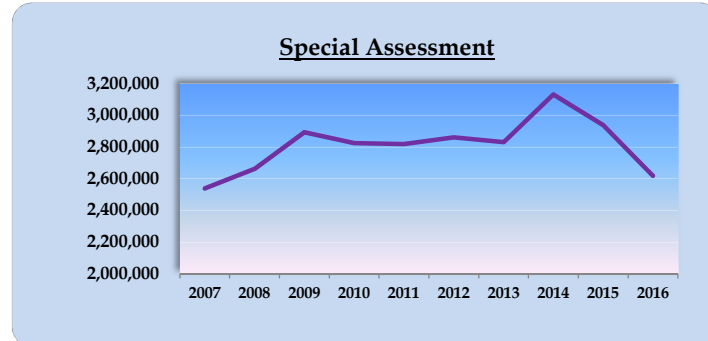
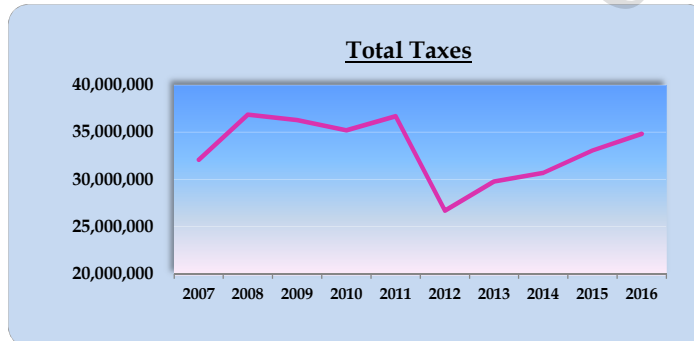
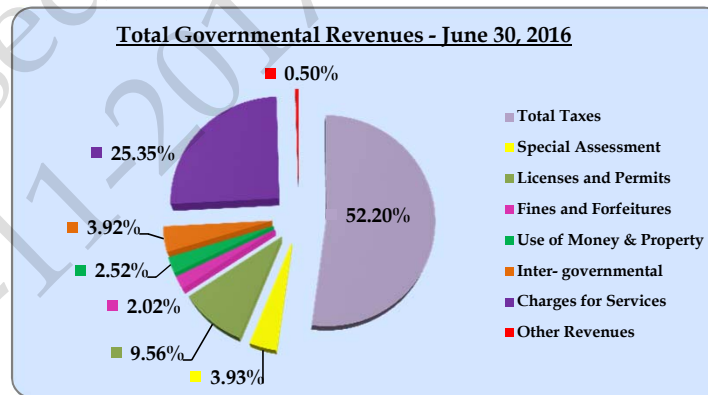
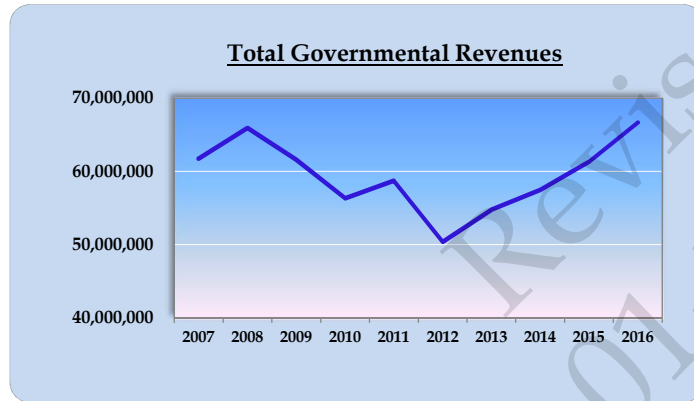
Revenue Capacity:
Schedule 5

Fiscal Year Ending June 30	Total Taxes	Special Assessment	Licenses and Permits	Fines and Forfeitures	Use of Money & Property	Inter- governmental	Charges for Services	Other Revenues	Total Governmental Revenues
2007	32,098,083	2,537,408	3,657,542	897,568	5,542,009	2,750,760	13,884,432	372,534	61,740,336
2008	36,848,433	2,661,078	4,376,750	951,145	6,162,279	3,533,679	10,713,906	702,342	65,949,612
2009	36,292,466	2,894,276	3,208,028	1,105,836	4,528,617	3,180,550	10,221,426	186,473	61,617,672
2010	35,193,321	2,824,098	3,069,990	1,028,825	1,918,576	3,219,749	8,738,183	334,959	56,327,701
2011	36,699,413	2,818,829	3,586,374	953,194	1,406,100	2,547,164	10,486,567	234,550	58,732,191
2012	26,708,411	2,862,076	4,093,978	1,067,328	1,102,320	2,325,236	11,943,461	270,567	50,373,377
2013	29,783,719	2,831,235	4,845,041	998,259	594,476	2,276,829	13,225,264	202,137	54,756,960
2014	30,685,668	3,131,099	6,222,575	1,253,261	955,817	1,757,274	13,312,487	141,434	57,459,615
2015	33,083,899	2,938,371	5,562,806	1,346,449	1,170,488	2,158,680	14,801,784	234,380	61,296,857
2016	34,813,372	2,618,490	6,372,725	1,349,853	1,677,993	2,616,291	16,906,213	331,756	66,686,693

Source: City of Menlo Park

⁽¹⁾ General governmental revenues by source consist of the following City funds: General, Special Revenue, Debt Service, Capital Projects and Expendable Trusts.

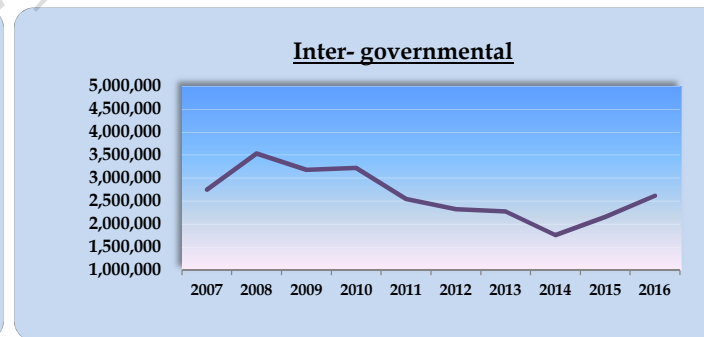
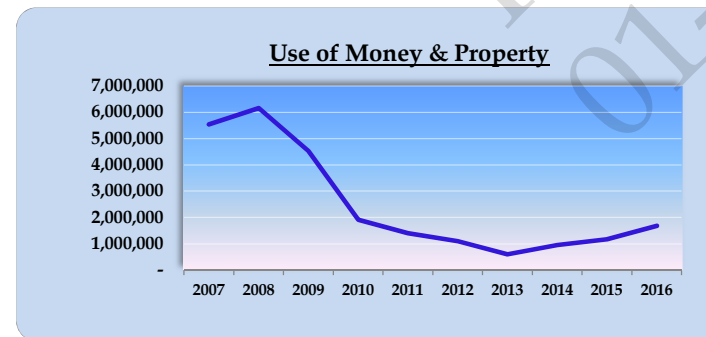
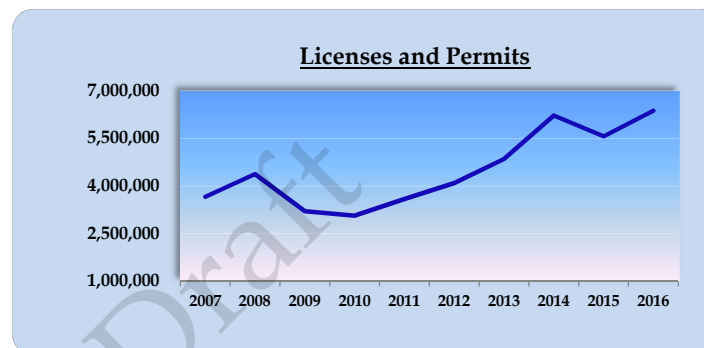
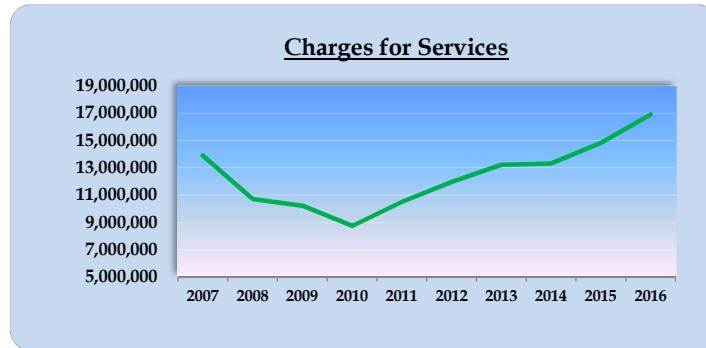
⁽²⁾ In fiscal year 2006, Property Taxes in lieu of Motor Vehicle License Fees were reclassified from Intergovernmental to Property Taxes.



(Continued)

Governmental Funds Revenues by Source ⁽¹⁾
Last Ten Fiscal Years

Revenue Capacity:
Schedule 5



Source: City of Menlo Park

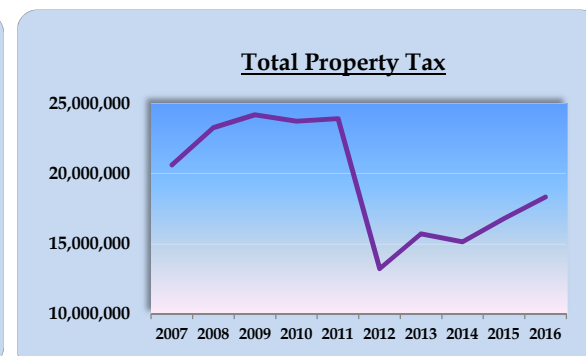
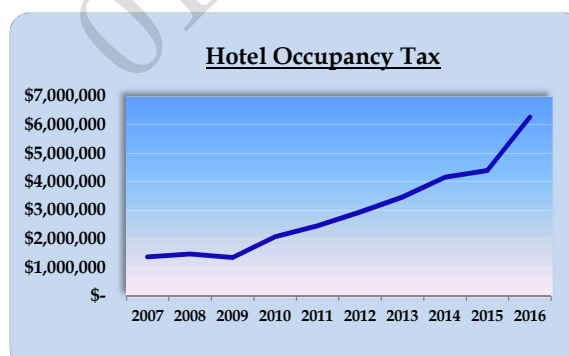
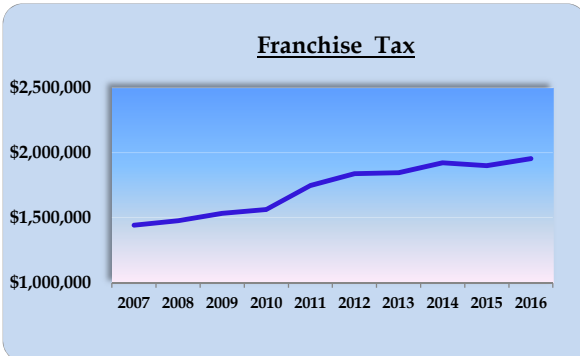
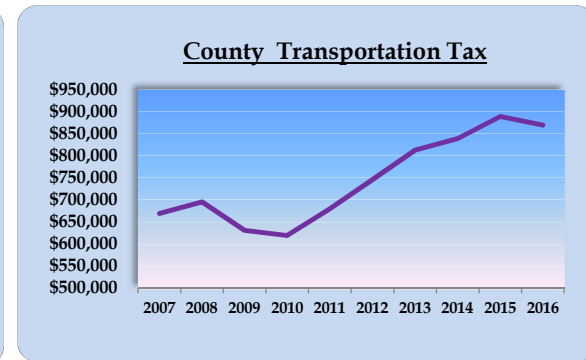
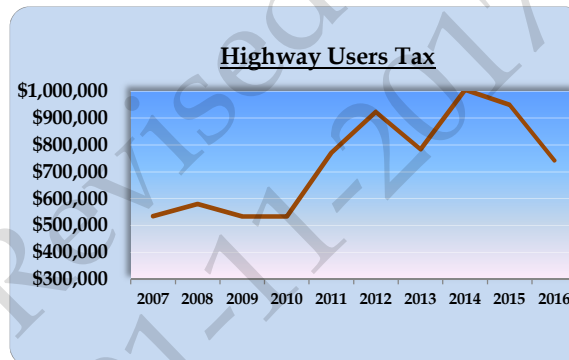
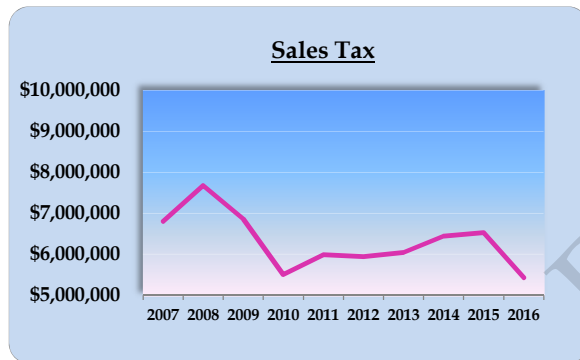
Governmental Funds Tax Revenue by Type
Last Ten Fiscal Years

Revenue Capacity:
Schedule 6

Fiscal Year	Highway	County	Franchise	Hotel Occupancy	Utility	Property Tax				Total	Total Governmental	
Ending June 30	Sales Tax	Users Tax	Transportation Tax	Tax	Tax	Users Tax (1)	Secured	Unsecured	Transfer Tax	Other	Property Tax	Funds
2007	6,799,561	534,699	669,280	1,442,686	1,375,914	641,668	18,597,314	1,337,681	588,158	111,122	20,634,275	32,098,083
2008	7,676,943	580,220	695,066	1,477,768	1,474,119	1,651,479	21,081,671	1,752,345	386,206	72,616	23,292,838	36,848,433
2009	6,865,152	533,784	630,996	1,535,223	1,351,578	1,162,595	22,050,255	1,817,213	278,290	67,380	24,213,138	36,292,466
2010	5,499,244	533,444	618,996	1,565,106	2,074,486	1,148,454	21,912,423	1,422,317	329,368	89,483	23,753,591	35,193,321
2011	5,988,055	770,967	679,286	1,747,605	2,453,981	1,122,940	21,810,655	1,577,479	457,701	90,743	23,936,578	36,699,412
2012	5,938,310	923,796	746,187	1,840,351	2,939,475	1,080,436	12,258,233	404,916	501,161	75,546	13,239,856	26,708,411
2013	6,043,870	783,719	812,249	1,848,480	3,468,256	1,095,256	14,854,925	351,099	460,683	65,182	15,731,889	29,783,719
2014	6,444,292	1,006,294	838,318	1,924,237	4,158,809	1,157,653	14,081,491	384,686	627,644	62,244	15,156,065	30,685,668
2015	6,527,498	950,205	888,189	1,900,746	4,394,156	1,187,020	15,400,581	414,466	947,710	64,582	16,827,339	32,675,153
2016	5,425,088	742,292	869,128	1,954,461	6,268,171	1,220,297	16,927,658	466,089	908,782	31,406	18,333,935	34,813,372

Source: City of Menlo Park and County of San Mateo

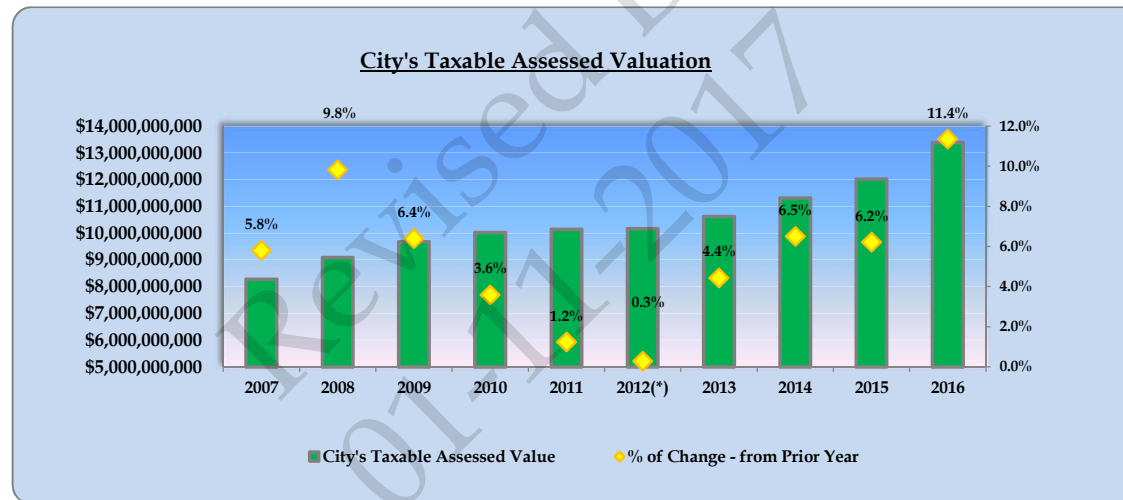
(1) City implemented Utility Users Tax in April 2007



Assessed Valuation, Tax Rates, and Tax Levies
Last Ten Fiscal Years

Revenue Capacity:
Schedule 7

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Secured</u>	<u>Unsecured</u>	<u>Less</u> <u>Exemptions</u>	<u>City's Taxable</u> <u>Assessed Value</u>	<u>% of Change -</u> <u>from Prior Year</u>	<u>Total Direct</u> <u>Tax Rate</u>
2007	7,919,201,296	544,875,879	(189,778,409)	8,274,298,766	5.8%	0.240%
2008	8,613,253,093	684,419,419	(210,102,184)	9,087,570,328	9.8%	0.240%
2009	9,144,410,123	745,589,266	(220,706,897)	9,669,292,492	6.4%	0.240%
2010	9,525,325,520	733,413,542	(242,215,879)	10,016,523,183	3.6%	0.240%
2011	9,632,437,282	741,119,897	(234,843,253)	10,140,348,118	1.2%	0.240%
2012(*)	9,701,542,385	712,158,100	(244,456,426)	10,169,244,059	0.3%	0.240%
2013	10,059,424,137	819,698,175	(258,752,495)	10,620,369,817	4.4%	0.240%
2014	10,793,653,677	809,314,081	(291,016,106)	11,311,951,652	6.5%	0.240%
2015	11,505,930,742	814,834,786	(305,046,407)	12,015,719,121	6.2%	0.240%
2016	12,752,897,442	927,792,380	(300,228,143)	13,380,461,679	11.4%	0.106%



Source: County of San Mateo

Notes:

In 1978, the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

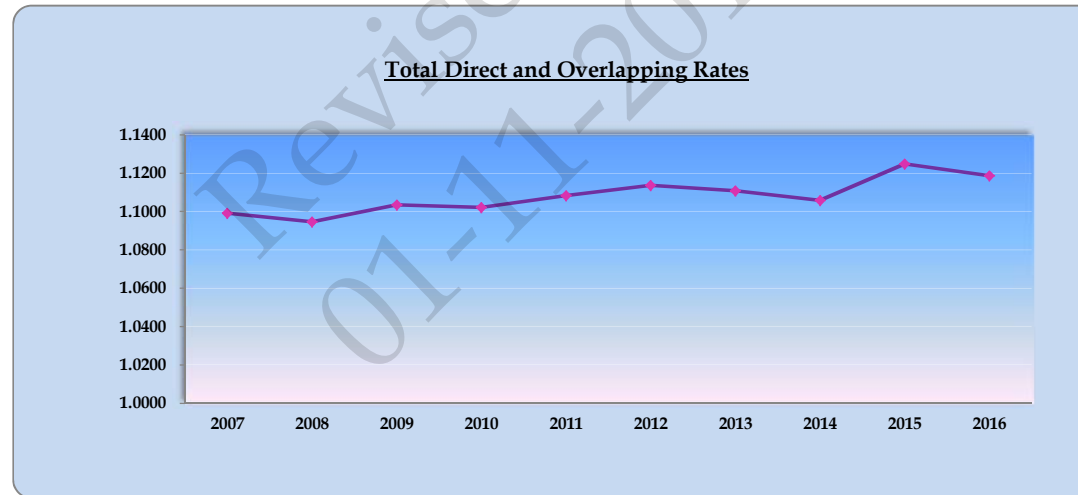
(*) Redevelopment Agency was transferred to Successor Agency due to dissolution

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Debt Capacity:
Schedule 8

(Per \$1,000 Assessed Valuation)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
City Direct Rates (1)	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0024	0.0011
Overlapping Rates (2)										
San Mateo County	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Menlo Park Elementary	0.0416	0.0384	0.0399	0.0390	0.0410	0.0413	0.0402	0.0381	0.0486	0.0393
San Mateo Junior College	0.0184	0.0171	0.0165	0.0182	0.0193	0.0199	0.0194	0.0194	0.0190	0.0250
Menlo Park Debt Service	0.0052	0.0047	0.0048	0.0046	0.0042	0.0041	0.0038	0.0026	0.0025	-
Menlo Park Parks & Rec Bond	0.0132	0.0140	0.0141	0.0127	0.0127	0.0126	0.0118	0.0144	0.0115	0.0102
Sequoia Union High School District	0.0208	0.0205	0.0282	0.0277	0.0311	0.0358	0.0356	0.0313	0.0433	0.0434
Midpeninsula Reg Open	-	-	-	-	-	-	-	-	-	0.0008
Total Overlapping Rates	<u>1.0992</u>	<u>1.0947</u>	<u>1.1035</u>	<u>1.1022</u>	<u>1.1083</u>	<u>1.1137</u>	<u>1.1108</u>	<u>1.1058</u>	<u>1.1249</u>	<u>1.1187</u>
Total Direct and Overlapping Rates	<u>1.1016</u>	<u>1.0971</u>	<u>1.1059</u>	<u>1.1046</u>	<u>1.1107</u>	<u>1.1161</u>	<u>1.1132</u>	<u>1.1082</u>	<u>1.1273</u>	<u>1.1198</u>
% of Change - from Prior Year	3.1%	-0.4%	0.8%	-0.1%	0.6%	0.5%	-0.3%	-0.4%	1.7%	-0.7%



Source:

(1) County of San Mateo, Property Taxes

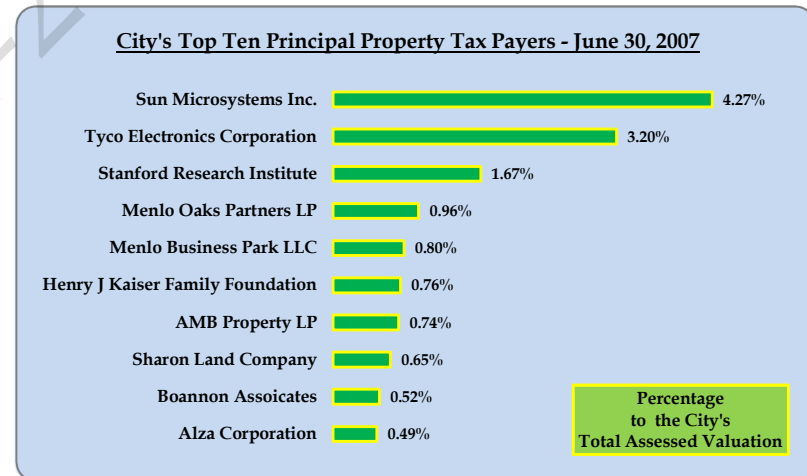
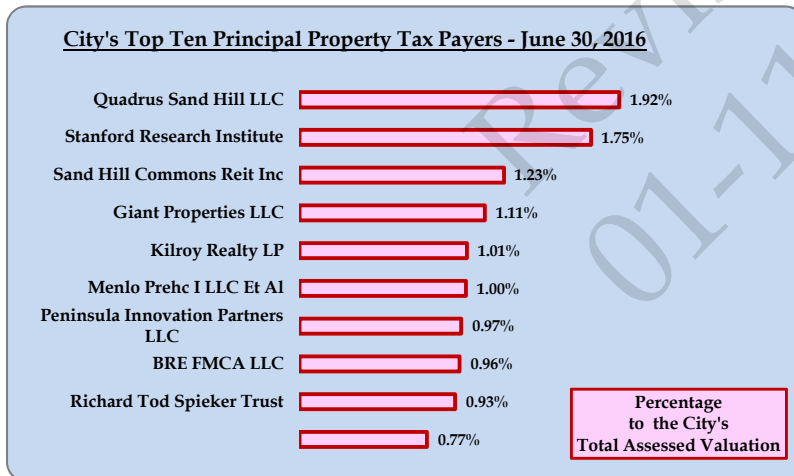
(2) County of San Mateo, Tax Rate Book, Code 08-004

Principal Property Tax Payers
Current Fiscal Year and Ten Years Prior

Debt Capacity:
Schedule 9

FY 2015-2016				
<u>Property Owner</u>	<u>Rank</u>	<u>Taxable Assessed Value</u>	<u>Ratio to Total City's Assessed Valuation</u>	
Facebook Inc.	1	\$ 257,922,470	1.92%	
Quadrus Sand Hill LLC	2	235,077,713	1.75%	
Stanford Research Institute	3	164,847,161	1.23%	
Sand Hill Commons Reit Inc	4	149,524,704	1.11%	
Giant Properties LLC	5	135,042,133	1.01%	
Kilroy Realty LP	6	134,282,024	1.00%	
Menlo Prehc I LLC Et Al	7	130,500,528	0.97%	
Peninsula Innovation Partners LLC	8	129,131,945	0.96%	
BRE FMCA LLC	9	125,457,540	0.93%	
Richard Tod Spieker Trust	10	102,863,189	0.77%	
Total Top 10 Taxpayers' Totals		\$ 1,564,649,407	11.66%	
City's Total Assessed Valuation		\$ 13,420,964,589	100%	

FY 2006-2007				
<u>Property Owner</u>	<u>Rank</u>	<u>Taxable Assessed Value</u>	<u>Ratio to Total City's Assessed Valuation</u>	
Sun Microsystems Inc.	1	\$ 355,306,777	4.27%	
Tyco Electronics Corporation	2	265,794,098	3.20%	
Stanford Research Institute	3	138,651,818	1.67%	
Menlo Oaks Partners LP	4	80,248,834	0.96%	
Menlo Business Park LLC	5	66,470,757	0.80%	
Henry J Kaiser Family Foundation	6	63,253,187	0.76%	
AMB Property LP	7	61,411,902	0.74%	
Sharon Land Company	8	53,840,533	0.65%	
Boannon Associates	9	43,399,107	0.52%	
Alza Corporation	10	41,144,873	0.49%	
Total Top 10 Taxpayers' Totals		\$ 1,169,521,886	14.06%	
City's Total Assessed Valuation		\$ 8,317,035,365	100%	

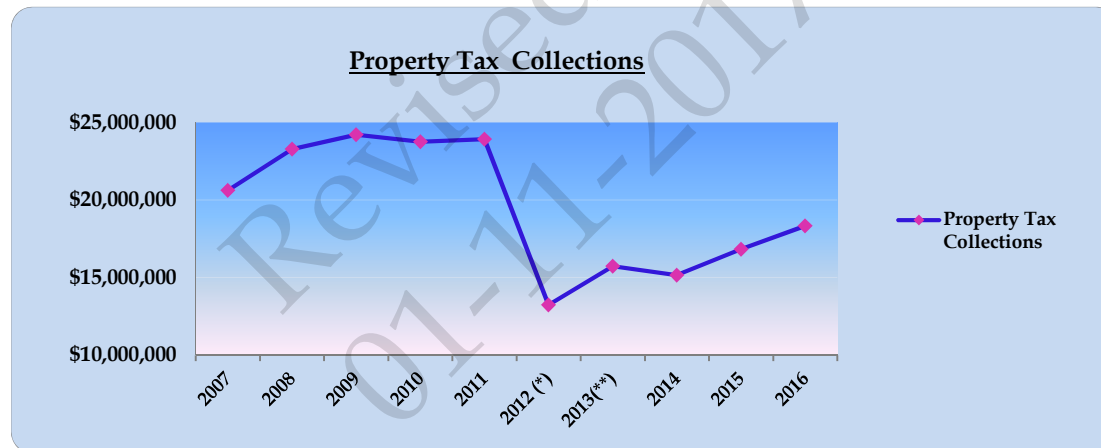


Source:
San Mateo County Tax Roll
California Municipal Statistics Inc

Property Tax Levies and Collections
Last Ten Fiscal Years

Debt Capacity:
Schedule 10

<u>Fiscal Year Ending June 30</u>	<u>Property Tax Levies</u>	<u>Property Tax Collections</u>	<u>Percentage of Collections</u>	<u>Subsequent Year Collections</u>	<u>Total Collections</u>	<u>Percentage of Collections</u>
2007	20,634,275	20,634,275	100.00%	-	20,634,275	100%
2008	23,292,838	23,292,838	100.00%	-	23,292,838	100%
2009	24,213,138	24,213,138	100.00%	-	24,213,138	100%
2010	23,753,591	23,753,591	100.00%	-	23,753,591	100%
2011	23,936,578	23,936,578	100.00%	-	23,936,578	100%
2012 (*)	13,239,856	13,239,856	100.00%	-	13,239,856	100%
2013(**)	15,731,889	15,731,889	100.00%	-	15,731,889	100%
2014	15,156,065	15,156,065	100.00%	-	15,156,065	100%
2015	16,824,725	16,824,725	100.00%	-	16,824,725	100%
2016	18,333,935	18,333,935	100.00%	-	18,333,935	100%



Source:

County of San Mateo, Estimated Property Tax Revenue and Estimated Tax Increment Revenue

City of Menlo Park

Notes:

(*) In prior years, property tax levies included property tax increment from their former Community Development Agencies.

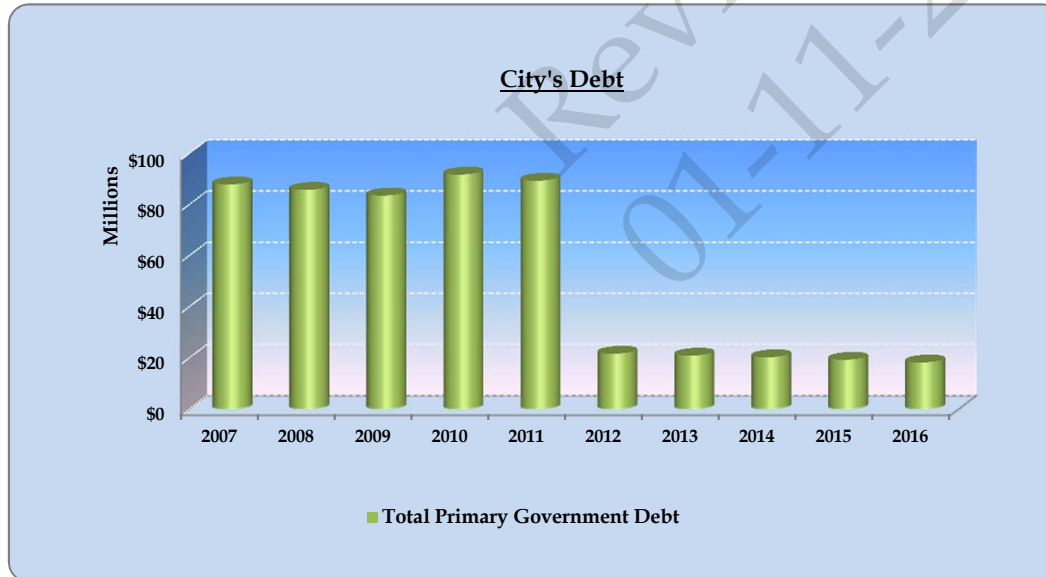
The last year of such tax increment received was in 2010-11.

(**) One time property tax increase due to dissolution of the Redevelopment Area.

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Debt Capacity:
Schedule 11

Fiscal Year Ending June 30	General Obligation Bonds ⁽¹⁾	Tax Allocation Bonds ⁽⁴⁾	Total Primary Government Debt	Percentage of Personal Income ⁽⁷⁾	Outstanding Debt Per Capita ⁽⁸⁾
2007	15,575,000	72,430,000	88,005,000	4.02%	2,825.56
2008	15,070,000	70,820,000	85,890,000	4.17%	2,728
2009	14,535,000	69,140,000	83,675,000	3.94%	2,626
2010	24,487,472 ⁽²⁾	67,395,000	91,882,472	4.10%	2,853
2011	23,874,973	65,585,000	89,459,973	not available	2,760
2012	21,775,595 ⁽³⁾	- ⁽⁶⁾	21,775,595	not available	672
2013	21,016,779	-	21,016,779	not available	639
2014	20,397,966	-	20,397,966	not available	617
2015	19,399,153	-	19,399,153	not available	582.40
2016	18,345,340	-	18,345,340	not available	548.46



Source: City of Menlo Park

Notes:

- (1) General Obligation Bonds consists of 1996, 2002, 2009 General Obligation Bonds
- (2) The City issued \$10,440,000 in 2009 General Obligation Bonds
- (3) General Obligation Bonds consists of 1996, 2009, & 2012 General Obligation Bonds
- (4) Tax Allocation Bonds consists of 2006 Las Pulgas Project Tax Allocation Bonds
- (5) The 1996 & 2000 Tax Allocation Bonds were refinanced with 2006 Refunding Bonds
- (6) In fiscal year 2011-12 former Community Redevelopment Agency was dissolved and all debts transferred
- (7) County of San Mateo's personal income per capita
- (8) U.S. Census Bureau, Quickfacts.Census.gov, Population

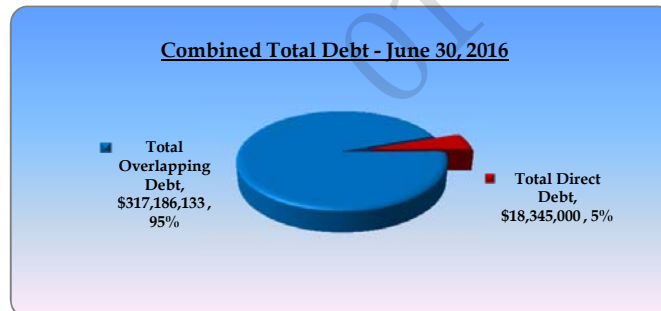
Direct and Overlapping Debt
June 30, 2016

Debt Capacity:
Schedule 12

Fiscal year 2015-16

City Assessed Valuation ⁽¹⁾ \$ 13,420,964,589

	Outstanding Debt 6/30/2016	Percentage Applicable ⁽¹⁾	Estimated Share of Overlapping Debt	Ratio to City's Assessed Valuation
Direct and Overlapping Tax and Assessment Debt				
San Mateo Community College District	\$ 644,384,027	7.525%	\$ 48,489,898	0.36%
Sequoia Union High School District	419,320,000	17.932%	75,192,462	0.56%
Las Lomas School District	41,360,000	37.112%	15,349,523	0.11%
Menlo Park City School District	121,872,155	60.936%	74,264,016	0.55%
Ravenswood School District	7,410,000	43.775%	3,243,728	0.02%
Redwood City School District	31,768,206	2.240%	728,763	0.01%
Midpeninsula Regional Park District	45,000,000	5.952%	2,678,400	0.02%
City of Menlo Park	18,345,000	100%	18,345,000	0.14%
Total Direct and Overlapping tax and Assessment Debt			\$ 238,291,790	1.78%
Overlapping General Fund Debt				
San Mateo County General Fund Obligations	\$ 432,359,816	7.273%	\$ 32,535,076	0.24%
San Mateo County Board of Education Certificates of Participation	9,890,000	7.273%	744,223	0.01%
Midpeninsula Regional Park District Certificates of Participation	122,305,886	5.872%	7,279,646	0.05%
Menlo Park Fire Protection District Certification of Participation	11,015,000	46.364%	5,175,398	0.04%
Total Overlapping General Fund Debt			\$ 45,734,343	0.34%
Overlapping Tax Increment Debt - Successor Agency	51,505,000	100%	\$ 51,505,000	0.38%
Total Direct Debt			\$ 18,345,000	0.14%
Total Overlapping Debt			\$ 317,186,133	2.36%
Combined Total Debt (2)			\$ 335,531,133	2.50%



Source: California Municipal Statistics, Inc.

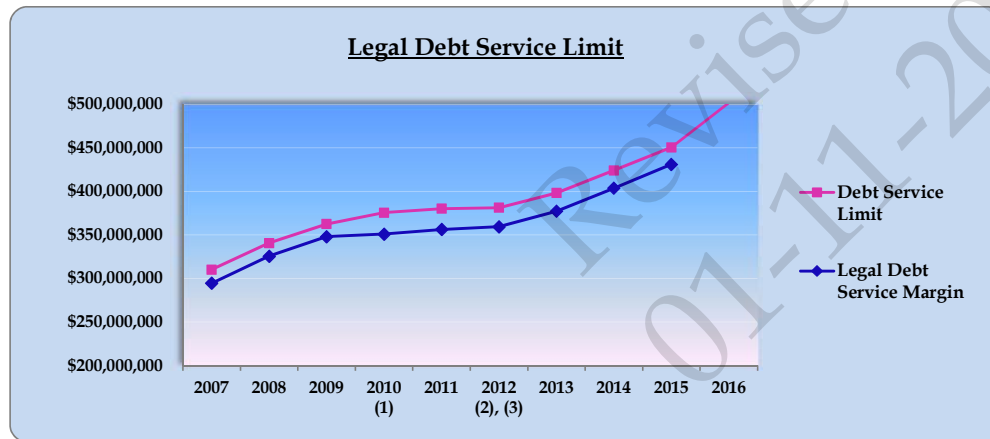
(1) The percentage of overlapping debt applicable to the City is estimated using taxable assessed property value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Legal Debt Service Margin Information
Last Ten Fiscal Years

Debt Capacity
Schedule 13

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010 (1)</u>	<u>2011</u>	<u>2012 (2), (3)</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
City's Taxable Assessed Valuation	\$ 8,274,298,766	\$ 9,087,570,328	\$ 9,669,292,492	\$ 10,016,523,183	\$ 10,140,348,118	\$ 10,169,244,059	\$ 10,620,369,817	\$ 11,311,951,652	\$ 12,015,719,121	\$ 13,380,461,679
Conversion Percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted Assessed Valuation	2,068,574,692	2,271,892,582	2,417,323,123	2,504,130,796	2,535,087,030	2,542,311,015	2,655,092,454	2,827,987,913	3,003,929,780	3,345,115,420
Debt Service Limit Percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt Service Limit	310,286,204	340,783,887	362,598,468	375,619,619	380,263,054	381,346,652	398,263,868	424,198,187	450,589,467	501,767,313
Less:										
General Obligation Bonds	<u>15,575,000</u>	<u>15,070,000</u>	<u>14,535,000</u>	<u>24,487,472</u>	<u>23,874,973</u>	<u>21,775,595</u>	<u>21,016,779</u>	<u>20,397,966</u>	<u>19,399,153</u>	<u>18,345,340</u>
Legal Debt Service Margin	\$ 294,711,204	\$ 325,713,887	\$ 348,063,468	\$ 351,132,147	\$ 356,388,081	\$ 359,571,057	\$ 377,247,089	\$ 403,800,221	\$ 431,190,314	\$ 483,421,973
Legal Debt Service Margin as a Percentage of Debt Service Limit	<u>95.0%</u>	<u>95.6%</u>	<u>96.0%</u>	<u>93.5%</u>	<u>93.7%</u>	<u>94.3%</u>	<u>94.7%</u>	<u>95.2%</u>	<u>95.7%</u>	<u>96.3%</u>



Source: County of San Mateo, Assessed Valuation Reports

Notes:

(1) The City issued 2009 General Obligation Bonds

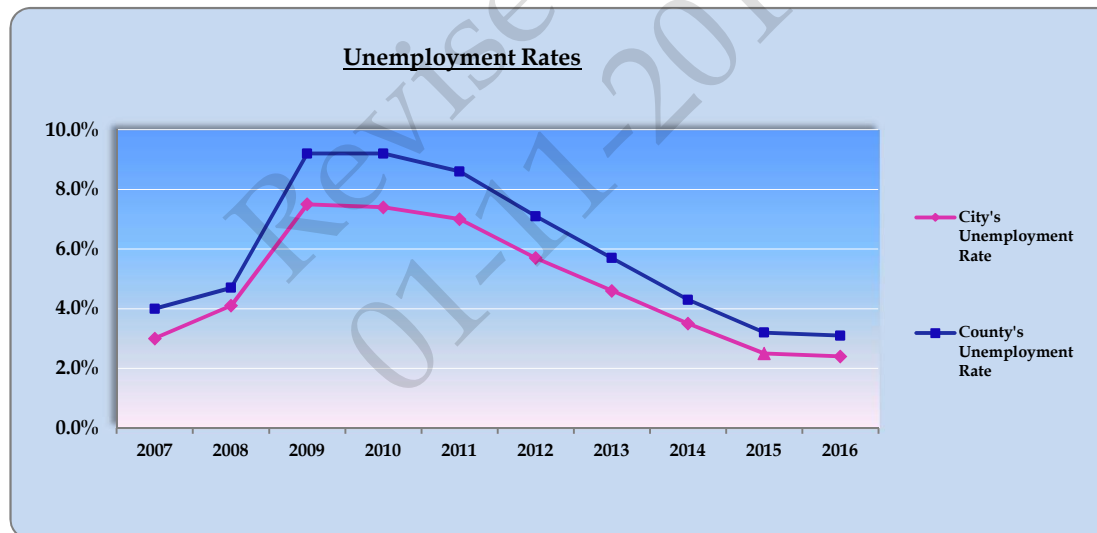
(2) The City refinanced 2002 Bonds with issuance of 2012 General Obligation Bonds

(3) Community Development Agency was transferred to Successor Agency

Demographic and Economic Statistics
Last Ten Fiscal Years

Demographic and
Economic
Information:
Schedule 14

Calendar		City's	County's	Personal Income	K-12 Public School
<u>Year</u>	<u>Population</u>	<u>Unemployment Rate</u>	<u>Unemployment Rate</u>	<u>Per Capita</u>	<u>Enrollments</u>
2007	31,146	3.0%	4.0%	72,941	4,177
2008	31,490	4.1%	4.7%	70,211	4,297
2009	31,865	7.5%	9.2%	65,414	4,498
2010	32,206	7.4%	9.2%	66,629	4,477
2011	32,412	7.0%	8.6%	69,577	4,678
2012	32,412	5.7%	7.1%	not available	4,719
2013	32,881	4.6%	5.7%	not available	4,835
2014	33,071	3.5%	4.3%	67,072	4,976
2015	33,309	2.5%	3.2%	69,802	5,062
2016	33,449	2.4%	3.1%	69,802	5,218



Source:

U.S. Census Bureau, Quickfacts.Census.gov, Population 2014 Estimate

U.S. Department of Commerce, bea.gov, CA1-3 Personal Income Summary, County of San Mateo Per capita personal income 2008-2014

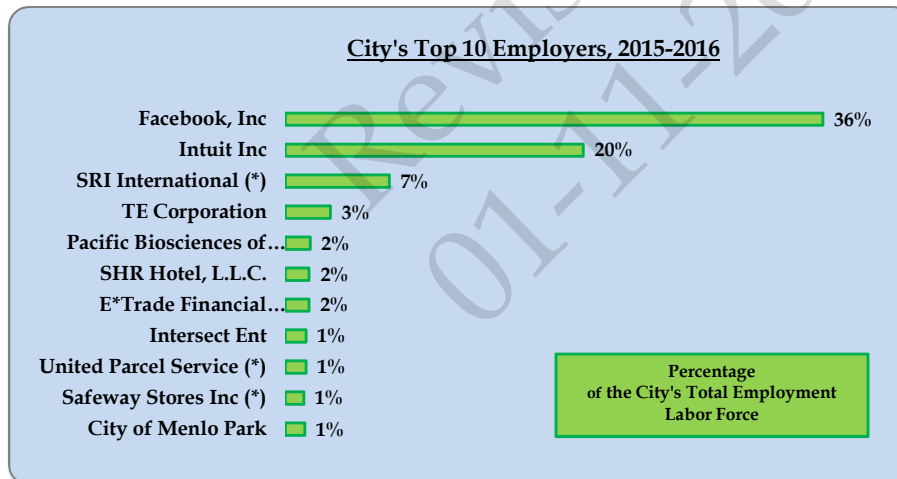
California Department of Education, Data Quest/Enrollment over time, school year 2014-15 Menlo Park Elementary Schools K-12 and Menlo Atherton High School

California Labor Market Information, EDD, labormarketinfo.edd.ca.gov, October 2015

Principal Employers
Current Fiscal Year and Ten Years Prior

Demographic
Economic
Information:
Schedule 15

<u>City's Principal Employers</u>	<u>2015-2016</u>			<u>2006-2007</u>	
	<u>Rank</u>	<u>Total Employees</u>	<u>Percentage of Total City's Labor Force</u>	<u>Total Employees</u>	<u>Percentage of Total City's Labor Force</u>
Facebook, Inc	1	7,091	36%	n/a	n/a
Intuit Inc	2	3,931	20%	n/a	n/a
SRI International (*)	3	1,373	7%	1,200	8%
TE Corporation	4	597	3%	1,040	7%
Pacific Biosciences of California	5	330	2%	n/a	n/a
SHR Hotel, L.L.C.	6	315	2%	n/a	n/a
E*Trade Financial Corporation	7	313	2%	239	2%
Intersect Ent	8	275	1%	n/a	n/a
United Parcel Service (*)	9	274	1%	244	n/a
Safeway Stores Inc (*)	9	245	1%	n/a	n/a
City of Menlo Park	10	259	1%	234	n/a
Top 10 Employers		15,003	77%	2,957	17%
Total Employment of the City's Labor Force		19,500	100%	15,400	100%



Source:

City of Menlo Park, Finance, Business License, calendar year, non-profit organizations' data is not available

State of California, Employment Development Department, Labor Force Report, Unemployment Rates/Labor Force, June 2004, 2013

Notes:

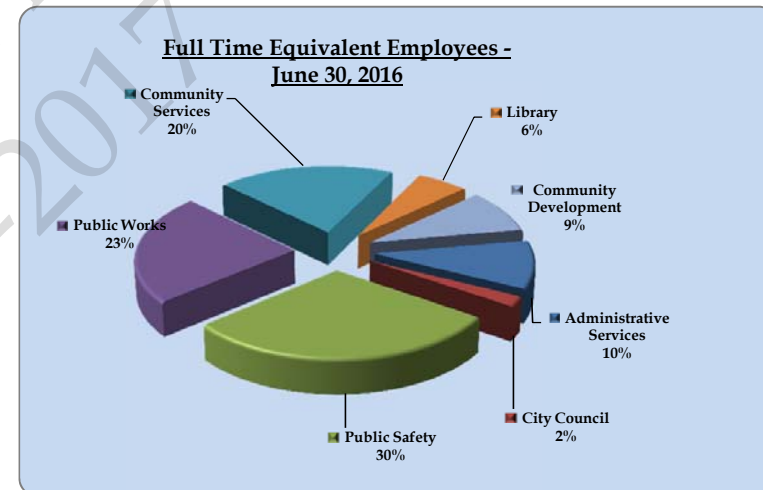
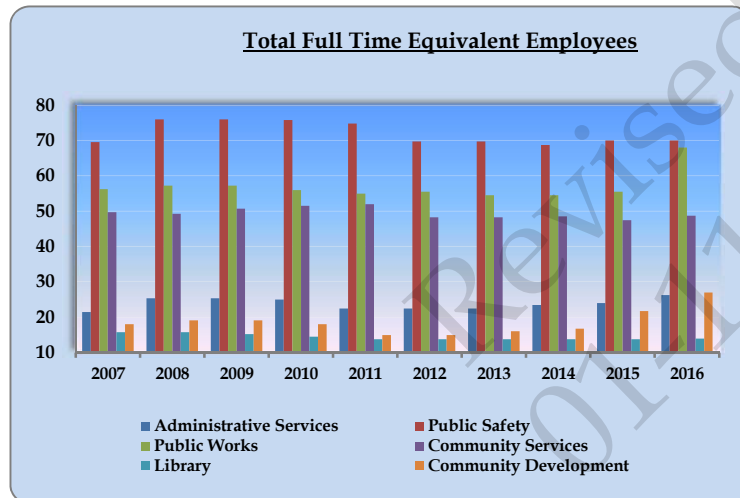
(*) Reflect 2014-15 data, updates not available

n/a Not Available

Full Time Equivalent City Employees by Function
Last Ten Fiscal Years

Demographic and
Economic
Information:
Schedule 16

<u>FTE by Department</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Administrative Services	21.50	25.35	25.35	25.00	22.50	22.50	22.50	23.50	24.00	26.25
City Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Public Safety	69.50	76.00	76.00	75.75	74.75	69.75 ⁽¹⁾	69.75	68.75	70.00	70.00
Public Works	56.25	57.25	57.25	56.00	55.00	55.50	54.50	54.50	55.50	68.00
Community Services	49.75	49.25	50.75	51.50	52.00	48.25 ⁽²⁾	48.25	48.50	47.50	48.75
Library	15.75	15.75	15.25	14.50	13.75	13.75	13.75	13.75	13.75	14.00
Community Development	18.00	19.15	19.15	18.00	15.00	15.00	16.00	16.75	21.75	27.00
Total Full Time Equivalent Employees	235.75	247.75	248.75	245.75	238.00	229.75	229.75	230.75	237.50	259.00



Source: City of Menlo Park, Human Resources

Remarks:

⁽¹⁾ Reduction of 5.0 FTE includes the loss of the San Carlos dispatch contract, which resulted in the elimination of 4 FTE's for dispatch

⁽²⁾ Reduction of 3.0 FTE Housing Division during fiscal year 2011-12

This page was intentionally left blank.

Revised Draft
01-11-2017

Operating Indicators by Demand Level of Service, by Function/Program
Last Ten Fiscal Years

Operating Information:
Schedule 17

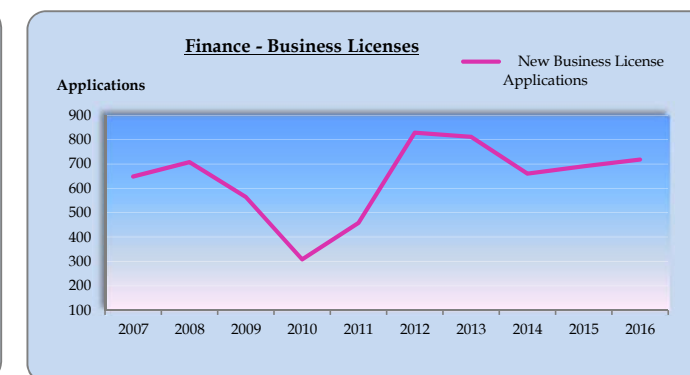
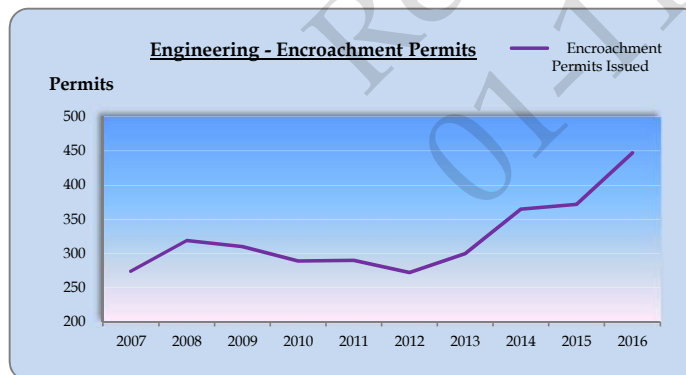
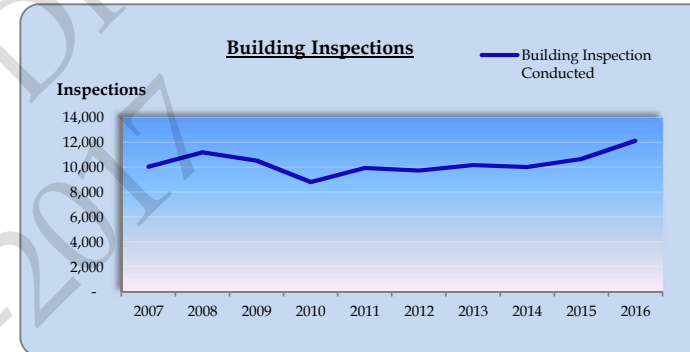
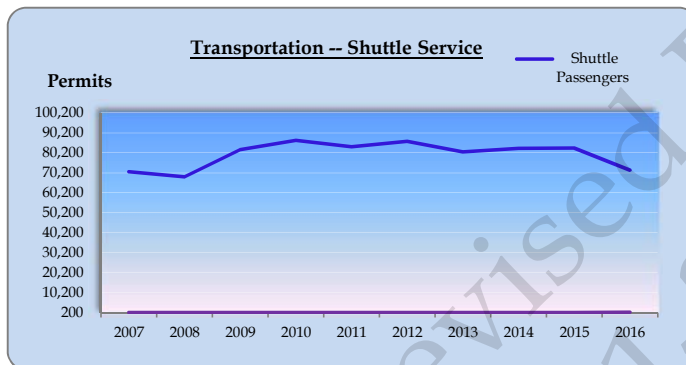
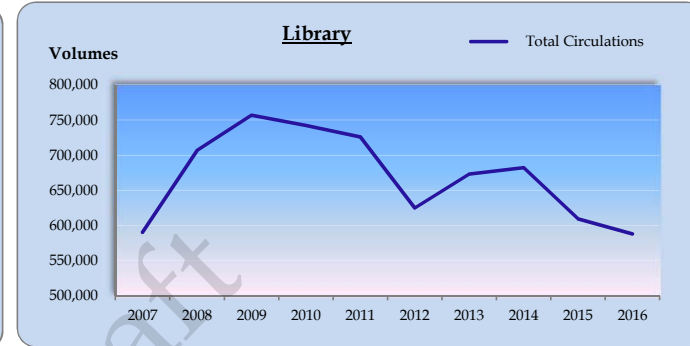
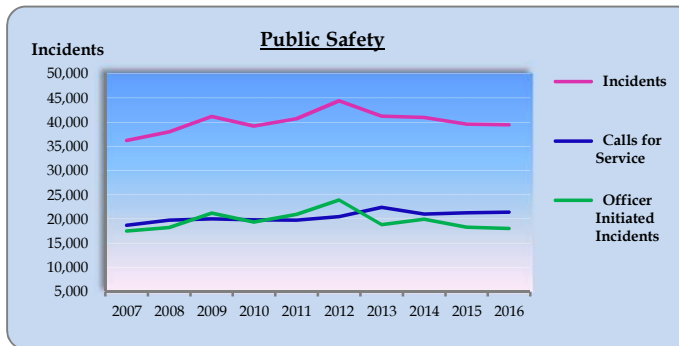
		Fiscal Year Ending June 30, _____									
FUNCTION/PROGRAM		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety	Incidents	36,206	37,997	41,200	39,217	40,675	44,405	41,206	40,964	39,605	39,456
	Calls for Service	18,721	19,736	20,015	19,840	19,752	20,469	22,383	21,021	21,293	21,384
	Officer Initiated Incidents	17,485	18,261	21,185	19,377	20,923	23,936	18,823	19,943	18,312	18,072
Public Works	<u>Transportation:</u>										
	Shuttle Passengers(1)	70,712	68,201	81,837	86,503	83,246	86,004	80,774	82,420	82,663	71,597
	<u>Engineering:</u>										
	Encroachment Permits Issued	274	319	310	289	290	272	300	365	372	447
Culture and Recreation	<u>Parks and recreation:</u>										
	Number of Activity Hours Provided (2)	21,902	119,674	37,869	48,270	37,964	1,662,457	2,403,979	3,095,612	3,312,426	3,354,773 (5)
	Number of Recreational Activities Participants (3)	42,424	237,968	61,514	64,762	88,032	706,830	931,490	1,119,365	1,196,406	981,761 (6)
	<u>Library:</u>										
	Books Volumes held	142,735	149,927	151,650	146,429	146,356	150,017	157,155	165,118	167,970	149,524
	Video/DVD held	11,092	15,148	14,989	13,688	14,262	14,728	13,348	16,704	17,344	17,556
	Books Volumes added	9,587	7,613	15,162	9,826	9,587	9,239	11,183	10,966	10,202	8,760
	Total Circulations	590,261	707,073	756,808	742,555	726,189	624,699	672,967	682,381	609,387	587,909
Community Development	<u>Building Permits Issued:</u>										
	Residential Buildings - Count	745	787	652	667	733	655	728	717	734	900
	Residential -Value (\$1000s)	70,643	84,006	51,761	42,033	49,618	44,545	64,932	65,386	118,952	215,219
	Commercial Buildings - Count	185	170	187	160	202	231	229	180	187	174
	Commercial -Value (\$1000s)	112,118	73,820	42,435	32,419	46,756	78,055	61,201	238,585	282,621	151,139
	Accessory Buildings - Count	99	99	74	87	85	73	100	91	90	138
	Accessory -Value (\$1000s)	1,290	2,337	1,039	1,188	1,812	1,925	1,876	3,752	3,999	3,985
	Building Inspection Conducted	10,036	11,197	10,532	8,797	9,928	9,733	10,171	10,004	10,639	12,103
	<u>Housing and Redevelopment:</u>										
	Below Market Rate - Units sold	8	16	5	2	2	2	1	4	0	0
	Below Market Rate - Units resold	2	0	0	1	3	3	0	2	1	1
	Housing Rehabilitation - New loans	0	0	5	0	0	0	0	0	0	0
	Housing Rehab Loans - Cumulative \$	1,744,741	1,459,047	1,440,877	1,340,433	1,312,380	1,210,372	960,179	917,315	799,640	698,128
	Housing Rehab Homes - Cumulative Count	47	41	41	36	33	32	28	26	22	17
	RDA - Housing Rehabilitation - New loans (4)	-	-	-	4	3	0	0	0	0	0
	RDA - Housing Rehab Loans - Cumulative \$	-	-	-	193,000	347,785	337,285	328,676	299,139	258,558	236,375
	Count	-	-	-	4	7	7	7	7	5	5
Administrative Finance:											
Services	New Business License Applications	649	708	564	308	458	829	811	661	691	718

Source: City of Menlo Park

Note:

- (1) Public demand of the free shuttles was increased in 2006-07 as a result of frequent promotions of the free service by the City of Menlo Park Transportation Department and the participating companies who promote commute alternatives in peak hours.
- (2) Increased programming in rooms previously used for child care at Burgess and new programs at the Onetta Harris Community Center. The method of calculation may vary from previously submitted information.
- (3) Park and Recreation: Differences in department programming from year to year result in substantial variances in some totals.
- (4) Redevelopment Agency-Housing Rehabilitation Program started in fiscal year 2009-2010 and ended in January 2012
- (5) During fiscal year 2011-12, Activity Hour was changed to count every hour each participant in a program or using City service
- (6) During fiscal year 2011-12, Activity Participant was changed to count each visit

(Continued)



Source: City of Menlo Park

Capital Asset Inventory by Function
Last Ten Fiscal Years

Operating Information:
Schedule 18

<u>Function</u>	<u>Facility</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Government	Civic Center-Administration	1	1	1	1	1	1	1	1	1	1
Public Safety	Police Stations	2	2	2	2	2	2	2	2	2	2
Public Works	Streets (miles)	101	101	101	101	101	100	100	100	100	100
	Streetlights	1718	1718	1718	1719	2233	2233	2233	2233	2233	2233
	Traffic Signals	22	22	22	22	22	22	22	22	22	22
	Water:										
	- Daily average introduced into system (1,000 gallons)	3431	3693	3230	3042	3038	3221	3238	3531	2633	2202
	- Water storage (millions of gallons)	6	6	6	6	6	6	6	6	6	6
	- Water lines (miles)	55	55	59	59	59	59	59	59	63	59
Parks and Recreation	Child Care Centers	5	5	6	6	6	3	3	3	3	3
	Recreation Center	1	1	1	1	1	1	1	1	1	1
	Library	2	2	2	2	2	2	2	2	2	2
	Parks	13	13	14	14	14	14	14	14	14	14
	Community Centers	2	2	2	2	2	2	2	2	1	1
	Senior Center	2	2	2	2	2	1	1	1	1	1
	Gymnasium	2	2	2	2	2	2	2	2	2	2
	Gymnastics Center	1	1	1	1	1	1	1	1	1	1
	Pools (locations)	2	2	2	2	2	2	2	2	2	2
	Medical Clinic	1	1	1	1	1	1	1	1	0	0
	Gate House	1	1	1	1	1	1	1	1	1	1
	Dog Park Areas	n/a	2	2	2	2	2	2	2	2	2

Source: City of Menlo Park

Revised Draft
01-11-2017

This page was intentionally left blank.

Capital Asset and Infrastructure Statistics by Activities
Last Ten Fiscal Years

Operating Information:
Schedule 19

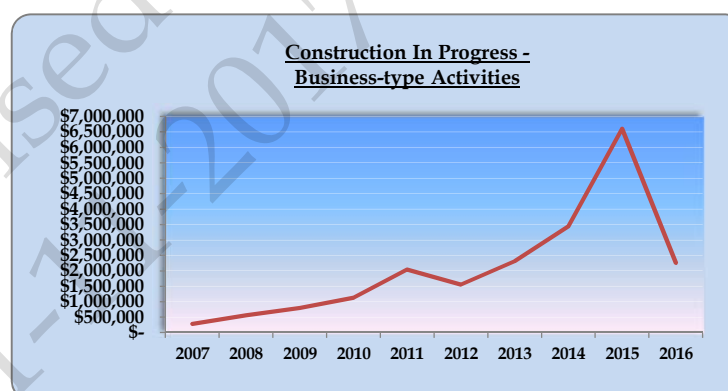
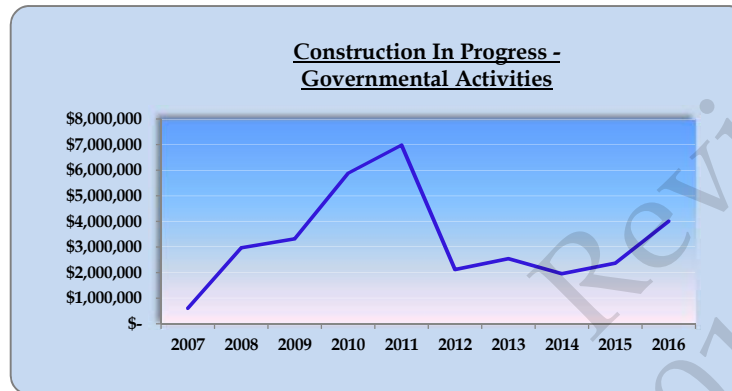
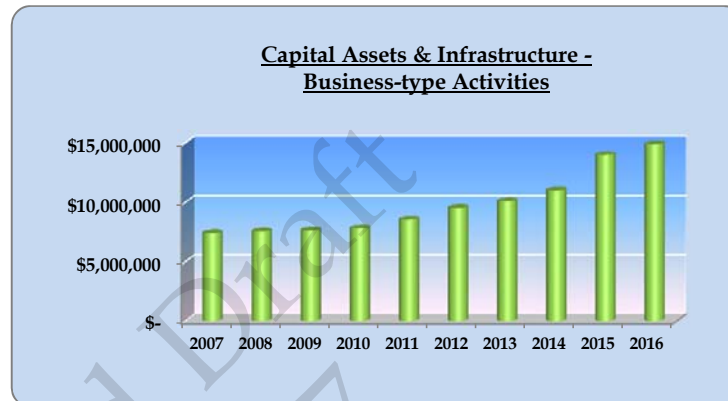
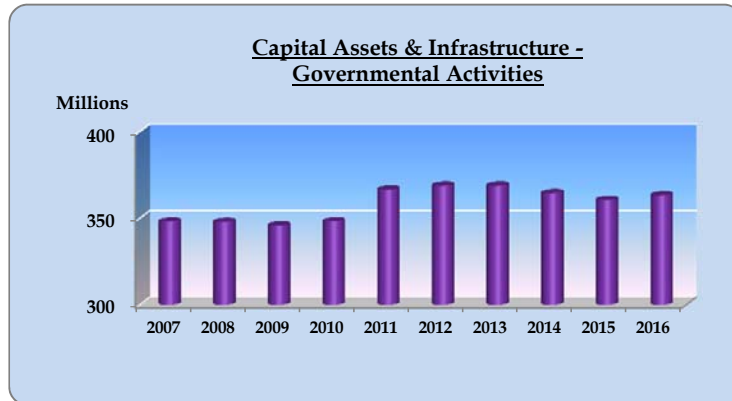
	Fiscal Year	Non-Depreciable					Depreciable							Total	Combined
		Land	Real Estate	Construction	Total	Share Use	Other	Less: Accumulated	Depreciable						
		Ending	Land	Improvement	Held for Sale	in Progress	Non-Depreciable	Buildings	Facilities	Equipment	Improvements	Infrastructure	Depreciation		
Governmental Activities	2007	204,949,233	32,900,109	-	600,561	238,449,903	46,933,785	-	5,912,705	12,717,853	105,533,229	(61,481,901)	109,615,671	348,065,574	
	2008	204,949,233	32,900,109	-	2,971,197	240,820,539	46,933,785	-	6,162,913	12,782,089	106,952,666	(65,743,622)	107,087,831	347,908,370	
	2009	204,949,233	32,900,109	-	3,318,133	241,167,475	46,933,785	-	6,383,215	12,792,366	107,911,764	(69,349,289)	104,671,841	345,839,316	
	2010	204,949,233	32,900,109	446,725	5,889,419	244,185,486	47,218,382	2,600,000	6,384,363	12,792,366	108,730,291	(73,724,714)	104,000,688	348,186,174	
	2011	204,949,233	32,900,109	648,285	6,979,308	245,476,935	65,959,147	2,600,000	6,464,074	12,878,068	109,994,804	(76,800,272)	121,095,821	366,572,756	
	2012	199,254,256	32,900,109	1,643,404	2,112,344	235,910,113	76,591,580	2,600,000	6,929,594	16,259,990	110,974,228	(80,489,073)	132,866,319	368,776,432	
	2013	199,256,305	32,900,109	733,597	2,537,004	235,427,015	76,762,760	2,600,000	7,064,784	16,370,783	113,871,991	(83,296,591)	133,373,727	368,800,742	
	2014	199,256,305	32,900,109	-	1,953,563	234,109,977	77,022,447	2,600,000	7,329,067	173,248,051	114,657,739	(88,526,395)	130,407,663	364,517,640	
	2015	199,256,305	32,921,636	-	2,362,145	234,540,086	77,198,498	2,600,000	6,818,988	17,615,799	115,318,426	(93,534,204)	126,017,507	360,557,593	
	2016	199,256,305	32,921,636	-	4,007,088	236,185,029	78,908,590	2,600,000	6,978,110	17,865,240	119,176,312	(98,528,975)	126,999,277	363,184,306	
Business-type Activities	2007	1,066,454	-	-	277,361	1,343,815	4,165,957	-	589,093	-	6,812,639	(5,520,161)	6,047,528	7,391,343	
	2008	1,066,454	-	-	561,544	1,627,998	4,159,460	-	621,809	-	6,812,639	(5,689,537)	5,904,371	7,532,369	
	2009	1,066,454	-	-	793,183	1,859,637	4,159,460	-	566,303	-	6,812,639	(5,777,412)	5,760,990	7,620,627	
	2010	1,066,454	-	-	1,133,544	2,199,998	4,159,460	-	569,755	-	6,812,639	(5,951,168)	5,590,686	7,790,684	
	2011	1,066,454	-	-	2,041,278	3,107,732	4,159,460	-	503,003	-	6,812,639	(6,046,123)	5,428,979	8,536,711	
	2012	1,066,454	-	-	1,555,026	2,621,480	4,159,460	-	542,565	-	8,371,534	(6,170,823)	6,902,736	9,524,216	
	2013	1,066,454	-	-	2,310,988	3,377,442	4,159,460	-	542,565	-	8,371,534	(6,371,319)	6,702,240	10,079,682	
	2014	1,066,454	-	-	3,436,621	4,503,075	4,159,460	-	540,323	-	8,371,534	(6,568,646)	6,502,671	11,005,746	
	2015	1,066,454	-	-	6,607,112	7,673,566	4,159,460	-	494,276	-	8,371,534	(6,708,763)	6,316,507	13,990,073	
	2016	1,066,454	-	-	2,256,956	3,323,410	7,823,985	-	525,118	-	10,111,882	(6,905,890)	11,555,095	14,878,505	

Source: City of Menlo Park

(Continued)

Capital Asset and Infrastructure Statistics by Activities
Last Ten Fiscal Years

Operating Information:
Schedule 19



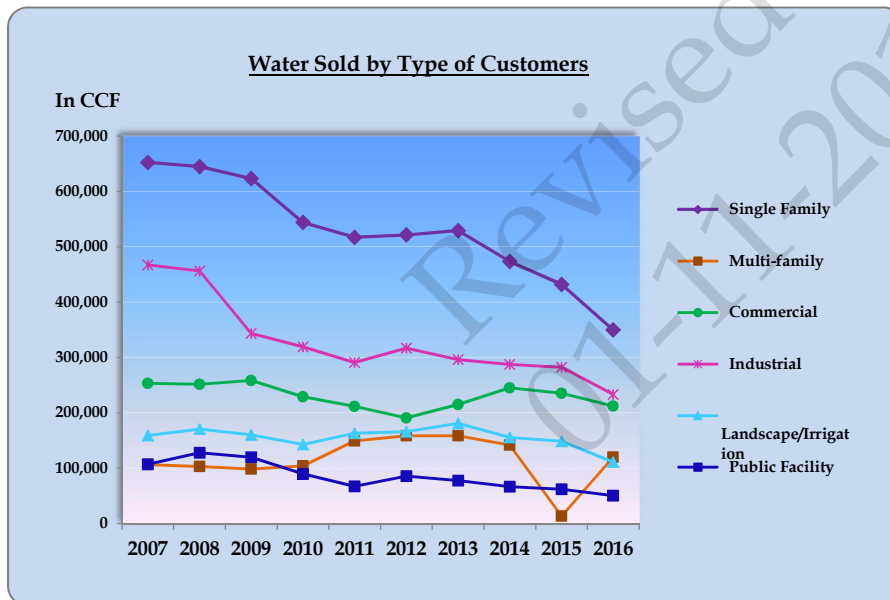
Source: City of Menlo Park

Water Sold by Type of Customer
Last Ten Fiscal Years

Operating Information:
Schedule 20

(in CCF)

	Fiscal year ending June 30, ____									
<u>Type of Customer</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Single Family	652,204	644,785	623,012	543,758	516,958	521,341	529,161	473,312	432,062	349,573
Multi-family	106,339	103,263	98,672	104,032	149,228	158,342	158,386	141,634	13,487	119,843
Commercial	253,596	251,400	258,675	229,159	211,796	190,988	215,162	245,206	235,530	212,187
Industrial	467,379	456,315	343,516	319,117	291,137	316,857	295,864	287,567	282,021	232,846
Landscape/Irrigation	159,097	170,846	160,021	142,781	163,080	166,262	181,100	155,937	148,509	110,982
Public Facility	107,003	127,811	119,814	89,655	67,389	85,474	77,494	66,833	61,828	50,526
Total Water Sold - CCF	1,745,618	1,754,420	1,603,710	1,428,502	1,399,588	1,439,264	1,457,167	1,370,489	1,173,437	1,075,957
Direct Rate(*)	\$ 6.85	\$ 7.61	\$ 8.48	\$ 9.44	\$ 11.01	\$ 12.78	\$ 14.86	\$ 17.24	\$ 20.03	\$ 20.86



Source: California Water Service Company, City of Menlo Park

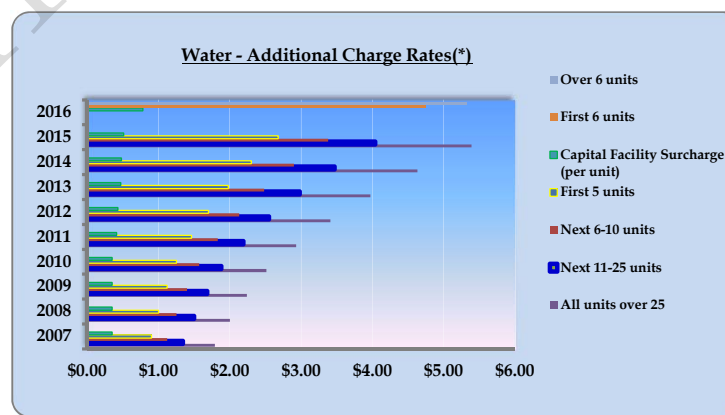
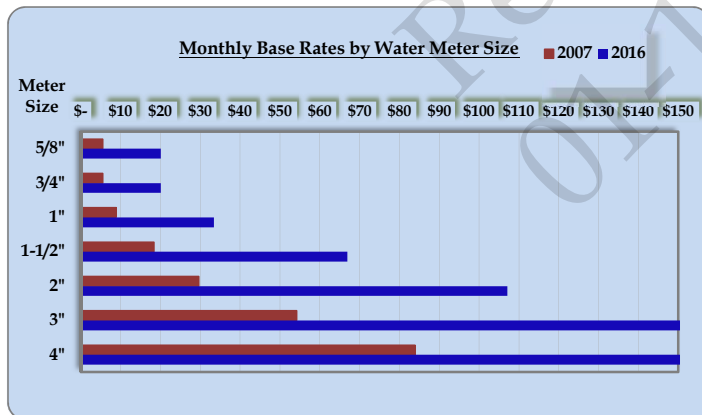
Notes: 1 unit is 748 gallons

*Rate based on a minimum monthly service charge based on size of meter plus a charge for water consumed plus a surcharge per unit

Water Service Rates
Last Ten Fiscal Years

Operating Information:
Schedule 21

Monthly Base Rate by Meter Size	Fiscal Year Ending June 30th									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
5/8"	5.60	6.26	7.01	7.84	9.14	10.65	12.41	14.46	16.84	20.08
3/4"	5.60	6.26	7.01	7.84	9.14	10.65	12.41	14.46	16.84	20.08
1"	8.95	10.02	11.21	12.54	14.61	17.03	19.85	23.12	26.94	33.47
1-1/2"	18.46	20.66	23.12	25.87	30.15	35.14	40.95	47.70	55.57	66.94
2"	29.65	33.18	37.13	41.55	48.42	56.43	65.77	76.62	89.26	107.10
3"	54.27	60.73	67.96	76.04	88.62	103.27	120.36	140.21	163.35	200.82
4"	83.93	93.91	105.09	117.59	137.04	159.71	186.12	216.83	252.61	335.36
6"	186.31	208.48	233.29	261.06	304.24	354.56	413.20	481.38	560.81	669.39
8"	413.47	462.67	517.73	579.34	675.16	786.83	916.98	1,068.28	1,244.54	1,071.02
10"	917.58	1,026.77	1,148.96	1,285.68	1,498.33	1,746.16	2,034.97	2,370.74	2,761.91	1,539.59
Additional charges (*)										
First 5 units	0.90	1.00	1.12	1.25	1.46	1.70	1.98	2.30	2.68	-
Next 6-10 units	1.12	1.25	1.40	1.57	1.83	2.13	2.48	2.90	3.38	-
Next 11-25 units	1.34	1.50	1.68	1.88	2.19	2.55	2.98	3.47	4.04	-
All units over 25	1.79	2.00	2.24	2.51	2.93	3.41	3.97	4.63	5.39	-
First 6 units	-	-	-	-	-	-	-	-	-	4.75
Over 6 units	-	-	-	-	-	-	-	-	-	5.32
Capital Facility Surcharge (per unit)	0.35	0.35	0.35	0.35	0.41	0.43	0.47	0.48	0.51	0.78



Source: City of Menlo Park, Master Fee Schedules

Notes: (*) Additional charge is based on monthly meter readings, one unit is 748 gallons; Structural rate change in 2015-16.

The Menlo Park Municipal Water District charges an excess-use rate above normal demand.

Miscellaneous Statistics

June 30, 2016

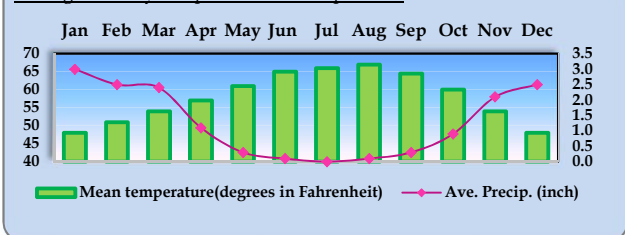
Operating Information:
Schedule 22

Date of Incorporation	November 23, 1927
Form of Government	Council / Manager
City Council Members	5
City Commissions	10

Arts, Bicycle, Environmental Quality, Finance & Audit, Housing,
Las Pulgas, Library, Parks & Recreation, Planning, & Transportation

Latitude, Longitude	37.45 N, 122.18 W
Elevation	60 feet
Land Area in square miles, 2010	10.1
Sunny Days a year	265
Average Annual Rainfall	15.71"

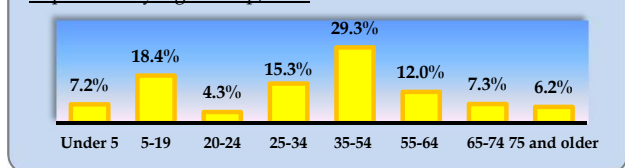
Average Monthly Temperatures & Precipitations



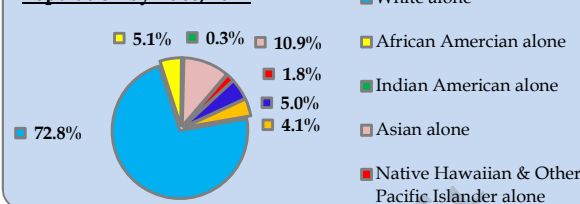
Demographic Profile

Population, 2014 Estimate	33,309
People per square miles, 2014	3,289
Male Persons, 2014	47.6%
Female Persons, 2014	52.4%
Median age (years), 2014	38.1

Population by Age Group, 2014



Population by Race, 2014



Social Characteristics

Percentage Speak English only

Age 5 - 17	18.6%
Age 18-64	65.6%
Age 65+	15.8%

Percentage Speak a language other than English:

Age 5 - 17	18.5%
Age 18-64	70.0%
Age 65+	11.6%

Education Attainment -Population 25 years and over

Less than high school graduate	6.5%
High school graduate or equivalent	8.2%
Some college or associate's degree	14.4%
Bachelor's degree	30.7%
Graduate or professional degree	40.2%

Marital Status

Never married	30.6%
Now married - except separated	54.1%
Divorced or separated	10.9%
Widowed	4.4%

Citizenship Status

Native, 5 years and over	74.8%
Foreign-born, 5 years and over	25.2%
Naturalized U.S. citizen	10.8%
Not a U.S. citizen	14.4%

Poverty Status in the past 12 months, 2012

Below poverty level	6.5%
At or above poverty level	93.5%

Housing Characteristics

Total housing units	13,046
Occupied housing units	12,397
Homeownership rate	55.9%
Housing units in multi-unit structures	38.1%
Median value of owner-occupied homes	\$ 1,000,001
Foreign born persons	23.4%

Schools

Preschools	16
Public schools, K-12	6
Private schools, K-12	9
Charter schools	2
Adult education institutions	2
Colleges, public & private	3

Utilities and other services:

Water Services	4
Sewer Service	1
Refuse Removal & Recycling Service	1
Gas & Electricity Service	1
Police protection, stations	2
Menlo Park Fire District, stations	7
Hospitals/Medical Clinics	3
Health Support	4
U. S. Post Offices, branches	2

Local attractions, culture & recreation

Allied Arts Guild	
Menlo Atherton Performance Arts Center	
Stanford Linear Accelerator Center (SLAC)	
Sunset Publishing Corporation	
United States Geological Survey (USGS)	
Movie theater, the Guild	1
Clubs/Organizations	13
Places of worship	22

Source: Menlo Park Chamber of Commerce, City of Menlo Park
 Countrystudies.us/united-states/weather/california/menlo-park.htm
 U.S. Census Bureau, 2010 Demographic Profile Data , ACS Demographic & Housing Estimates 2008-2012

©2017 The City of Menlo Park

Revised Draft
01-11-2017



STAFF REPORT

City Council

Meeting Date:

1/10/2017

Staff Report Number:

17-007-CC

Informational Item:

Information Technology Master Plan

Recommendation

This is an information item and does not require City Council action. A formal presentation as well as request for direction will be presented to the City Council at their meeting on February 7, 2017.

Policy Issues

The Information Technology Master Plan (ITMP) fulfills a portion of City Council Work Plan item number 44.

Background

Faced with the daunting task of replacing several mission critical technology systems that are either at the end of their useful lives or cannot provide user-friendly interfaces, the City Council's 2015 and 2016 Work Plan identified an extremely important need to develop a comprehensive Information Technology Master Plan (ITMP). The purpose of an ITMP is to serve as a multi-year road map for development, implementation and utilization of technology in a coordinated effort organization-wide. The City contracted with ClientFirst Consulting Group, LLC in August 2015 and staff has worked with the consultant over the past 18-months to develop the attached ITMP. Completion of the ITMP marks a significant milestone for the City since it has not had this type of structured plan in the past for what are arguably the most critical tools necessary to deliver modern and efficient public services.

Analysis

The following discussion is intended identify three critical considerations as one reviews the ITMP. A more detailed analysis of the plan's content as well as a recommendation on next steps will be provided to the City Council at their meeting on February 7th. When reviewing the plan, the reader is encouraged to consider the following:

1. **The City's current technology systems are in critical condition and action over the next five years is required to deliver modern and efficient public services.** As contained in the attachments to this cover memo, the ITMP identifies 110 strategic initiatives that address the dire condition of the City's current technology systems. Of the 110 initiatives, ClientFirst recommends twelve initiatives as top priority. Top priority initiatives include technology backbone investments that are largely considered prerequisites to successful implementation of other initiatives. Top priorities also include application recommendations to replace critical business systems including a new Enterprise Resource Planning (ERP) system which provides information systems for financial, human resources, planning and building operations. Additional applications recommended for replacement are the City's electronic content (city records) management system and the parks and recreation registration system.

In their assessment of the City's IT systems, ClientFirst observed that the City's current business systems have resulted in significant inefficiency. Regular everyday tasks that may appear simple on the surface are cumbersome. Tasks such as running financial reports or retrieving records from the City's document management system are extremely time consuming. In fact, the City's financial systems are so cumbersome that some operating departments have created their own financial records and databases to provide for their management needs. This duplication of effort is an inefficient use of the City's resources but cannot be resolved unless the City prioritizes technology investment and staff training.

ClientFirst's assessment also observed that current business systems are inadequate to facilitate self-service processing of certain tasks. Internally, the City continues to use a paper timecard system which relies on multiple longhand calculations by multiple employees to ensure that staff members are properly compensated for hours worked. A self-service online timecard system would significantly reduce the duplicative effort currently expended on the bi-weekly payroll processing. Externally, the City's planning and building system is at the end of its useful life and is no longer supported by the software vendor. As a consequence, online self-service tasks such as pulling certain simple building permits are not possible at present time. Both of these examples are ripe for improvement through the implementation of modern software applications but will only succeed if the City prioritizes technology investment and staff training.

2. **Effective implementation of new technologies requires a substantial commitment of time and both financial and human resources.** The ITMP documents many opportunities for the City to modernize its operations. Technologies, however, are only as good as the implementation effort and the organization's commitment to continuous training and process improvement. A case in point is the annual production of the City's budget and financial statements. As annual processes, many aspects of the budget and financial statement preparation are prime for automation. In fact, the City's current systems have significant capacity to accommodate automation that streamline production of these documents. Unfortunately, the City's past implementation and ongoing maintenance of the financial management systems did not make use of built-in efficiencies. In place of automation, cumbersome manual processes concentrated in two key employees prevailed for over a decade. When those two key employees left the City in 2015-16, the Administrative Services Department's ability to produce the budget and the financial statements was significantly impaired. With proper resources dedicated to the financial management systems' implementation, ongoing upkeep and staff training, the loss of key employees would not have encumbered the city's financial operations. As the organization moves forward with the ITMP, it is critical that all departments have the resources necessary to focus on high quality technology implementations, ongoing training, and regular process improvement. In addition to resources, departments must make a commitment to develop and own their core business systems and not rely on the IT support staff to build or maintain department specific technologies. Without such ownership and a sustained multi-year commitment, the initiatives outlined in the ITMP may not be a good use of public resources.
3. **Implementation of the certain aspects of the ITMP is already underway due to business necessity.** In 2015, the City Council acknowledged the significant need for technology investments and transferred \$3 million from the General Fund to the General Capital Improvement Projects Fund. This transfer has allowed staff to move forward with smaller initiatives that are necessary to maintain business operations. The Administrative Services Department has begun work on top priorities such as the network redesign and improvements to the IT server room. Additionally, the department is in the process of implementing an online timecard and human resource management system to streamline payroll processing. Finally, the department has undertaken a significant upgrade to the

City's financial reporting system that will provide unprecedented access to the City's financial records for both internal users and the public at large.

As an information item, the City Council is not being asked to make any decisions at its January 10th meeting. Rather, given the size of the report, the information is being transmitted in advance of the staff's presentation on February 7th so that the Council has the opportunity to review the document and make any requests for clarification from staff over the next three weeks. At the Council's February 7th meeting, staff will be accompanied by ClientFirst and will present a proposed roadmap for the next five years and discussion of the required funding to move forward. The action item on February 7th will be a request for Council direction about whether to include major ITMP initiatives in the upcoming and subsequent Capital Improvement Program budgets.

Impact on City Resources

The ITMP is an informational item. As a multi-year planning document, it should be noted that the total price tag of all General Fund initiatives is approximately \$7.25 million, \$3.0 million of which the City Council has already earmarked for technology improvements. According to ClientFirst, the City of Menlo Park's ITMP budgetary requirement, \$7.25 million, is in the middle of comparably sized municipalities taking into account that Menlo Park is not the only municipality to have deferred investments in IT staff, equipment, and application software.

The funds are not required all in the first year but will be necessary as individual components of the ITMP come before the City Council for award of contract on items that exceed the City Manager's signing authority. Given the time required to complete the requisite needs assessment and subsequent Request for Proposals process, it is unlikely that an award of contract will be presented to the City Council in the next six to nine months.

Environmental Review

Environmental review is not required.

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. Report of Information Technology Master Planning
- B. Information Technology Master Plan Appendix: IT Initiatives
- C. IT Master Plan Report: Implementation Resource Requirements Matrix

Report prepared by:
Nick Pegueros, Administrative Services Director

THIS PAGE INTENTIONALLY LEFT BLANK

Report for

Information Technology Master Planning

January 3, 2017



Client Locations
Coast-to-Coast

Practice Locations
California
Illinois
Minnesota
North Carolina

800.806.3080
www.clientfirstcg.com

Optimal Technology Guidance

CLIENTFIRST
TECHNOLOGY CONSULTING

TABLE OF CONTENTS

ENGAGEMENT PURPOSE AND BACKGROUND	3
Information Technology Master Plan Objective	3
Deliverables	3
Methodology and Approach	4
CURRENT INFORMATION TECHNOLOGY ENVIRONMENT	
SUMMARY	5
Summary IT Environment	5
Key Statistics and Metrics	6
IT STRATEGIES, GOALS, AND OBJECTIVES.....	10
INFORMATION TECHNOLOGY (IT) PRINCIPLES.....	15
Vision / Mission Statement.....	15
IT INITIATIVE SUMMARIES	16
Introduction.....	16
IT Initiative Categories	16
Best Practices.....	17
Departmental Applications and Systems.....	18
Other Application and Departmental Systems Initiatives	21
Gov 2.0 (E-Government).....	22
IT Infrastructure	23
IT Operations.....	24
IT Security	25
Telecommunications.....	26
IT Staffing	26
TOP PRIORITY INITIATIVES	27
BENEFITS OF MODERN ERP SOFTWARE	30
CONCLUSION	36
Moving Forward.....	36
Benefits	37
Immediate Next Steps.....	37
IT MASTER PLAN CAPITAL BUDGET.....	38
APPENDIX 1 – IT MASTER PLAN INITIATIVES.....	39
APPENDIX 2 – IMPLEMENTATION RESOURCE REQUIREMENTS	40

Engagement Purpose and Background

Information Technology Master Plan Objective

The objective of the Master Plan included developing and articulating a vision for the effective use of technology to support the work of the City, identifying strategies for developing and implementing technology initiatives, and highlighting the cost benefits of doing so.

As a result of the need to go beyond IT strategies and have the Plan include specific tactical and actionable IT initiatives, the terminology changed. The term “IT Strategic Planning” gave way to a new term called “IT Master Planning”. The IT Master Plan deliverables included strategies, as well as tactical and actionable IT initiatives.

We created a well-documented plan to guide the IT Team over the next five years in planning, procuring, implementing, and managing current and future technology investments and resources related to Information Technology Services provided to the City. The plan is the result of a thorough analysis of the following:

- Existing hardware and network infrastructure, staffing, funding, applications, business systems, projects, processes, telecommunications, training, and other investments and resources currently in use by the City
- Interviews and workshops involving all levels of the City’s staff, including the Management Team, end-users, and other stakeholders, recognizing limited staff availability
- Identification and prioritization of projects that the IT staff should undertake over the next five years
- Identification of needs to accommodate current and future technology requirements, such as data storage and management, legal requirements, security requirements, etc.

Deliverables

The Master Plan includes:

- Project Purpose and Background
- Methodology for implementation and maintenance of the Master Plan
- Current Information Technology Environment Summary
- Key Benchmarking Metrics
- Strategies, Goals, and Objectives
- IT Vision and Principles
- IT Initiatives (Projects) by priority
- Top Priority Initiatives
- Moving Forward
- Timelines
- IT Plan Budgets



Methodology and Approach

We utilized a five-phase methodology on which we base our IT Master Planning projects. This served as the cornerstone of the project, allowing the collaborative process to shape and develop our recommendations and approach, enabling us to tailor each step to fit the City's unique specifications. We worked in partnership with the City to improve the IT environment so it can better meet the needs of staff and constituents.



Current Information Technology Environment Summary

Summary IT Environment

City of Menlo Park IT Environment Summary City Hall	
IT Staff (Full-time Equivalent - FTE)	5
City Employees (FTE)	250
User Log-Ins	350+
PC's	385+
Public Safety Mobile Computers	30+
Laptops	30+
Mobile Devices (e.g. Tablets, Smart Phones, Cell phones, etc.)	20+
Telephones	275+
Cellular/Smart Phones	25+
Physical Servers	22+
Virtual Servers	85
Network Devices	75+
Platforms	Windows, RedHat Linux
Databases	MS SQL, MS Access
Citywide software applications/modules	Approx. 136
Avg. Reported Help Desk Tickets per Week	50
Closed 24 Hours	n/a
Closed 48 Hours	n/a
Closed 72 Hours	n/a
Average Resolution Time	n/a
Average Open after 7 Days	7

City management and staff have done an exceptional job of maintaining information technology systems with the limited financial and staff resources available. The IT Manager and staff deserve credit for how well the current IT environment has functioned. Operating on the existing situation is a testament to the patience of IT Management and staff.

Although the organization has gotten by with limited expenditures, a significant portion of the IT infrastructure and some of the enterprise business applications, which are the backbone of departmental operations and citizen services, are out of date, end of life, underutilized, and behind peer municipalities. Continuing with outdated systems and undertrained employees is a significantly less than the optimal approach. It takes more recurring staff time (and therefore labor cost) to make up for the lack of up-to-date IT systems that are common in other municipal governments.

Over the last few years, citizens have begun demanding more efficient interaction, online transactions, and more transparent information availability. The City will not be able to manage

these changes without updating, improving the management, and better utilizing enterprise business applications and the IT infrastructure that supports them.

Key Statistics and Metrics

The following analysis provides feedback on three key measurements regarding IT operations:

IT Budgeting/Expenditures	IT Spending vs. Operating Fund Budgets and Users
IT Staffing Resources	Overall IT Staffing vs. Key Equipment Counts
IT Capital Replacement Schedules	IT Equipment Replacement Schedules

These measurements provide an indication of issues that may affect the organization's IT effectiveness as it relates to providing IT support of systems and application solutions.

IT Spending versus Operating Budgets provides an overall indication of whether the IT function receives a sufficient level of organizational resources to provide the necessary services. Underfunding over time typically reduces IT's ability to respond to requests, reduces system availability, and negatively impacts organization-wide productivity.

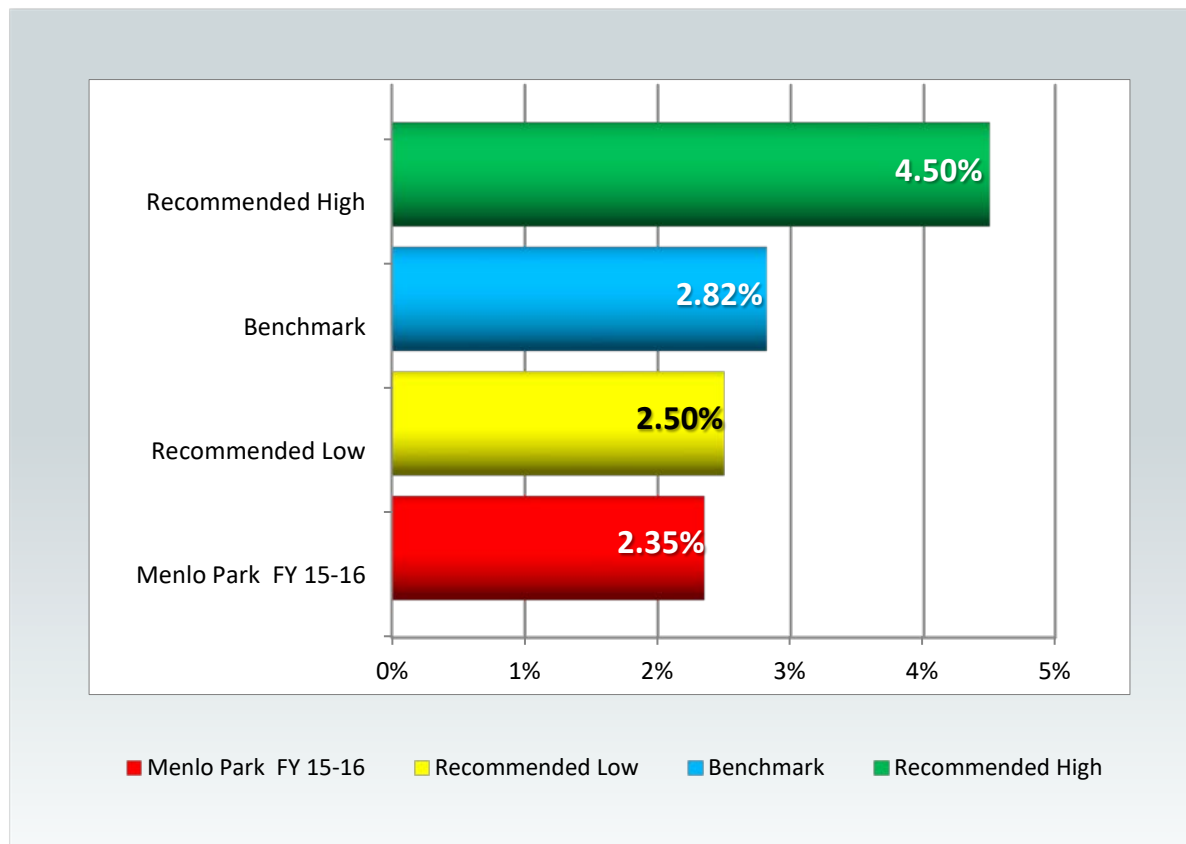
IT Staffing Levels Versus Key Equipment Counts (e.g., servers, PCs, and total number of logins) are often a reflection of IT staff productivity. With current up-to-date technology and the proper productivity tools, an individual IT staff member can support more users, reducing overall costs.

Capital Equipment Replacement is an important measure of the ability of hardware to adequately support the ongoing vendor changes to application software. These changes often require additional resources and hardware that are more robust. Slow capital replacement cycles can result in increased downtime and slower system response times, overall.

IT Spending versus Operating Fund Budgets

The following table depicts Menlo Park's *IT Spending versus Recommended Best Practices* and a municipal benchmark of 34 agencies.

Menlo Park FY 15-16	Recommended Low	Benchmark	Recommended High
2.35%	2.5%	2.82%	4.5%



The 2015/2016 adopted budget for the general fund was \$48,168,045, and the IT expenditure budgets total for the same period was \$1,132,313. The municipal spending benchmark range from the survey was between 1% and 8%, with an average of 2.82%. The percentage of IT expenditures versus operations budgets at Menlo Park is below the recommended low and the average benchmark for other municipalities. The 2015/2016 budget period is the first year of the City's establishing an IT Internal Service Fund and therefore past years for IT expenditures were not consistently reliable to represent and provide historical spending trends.

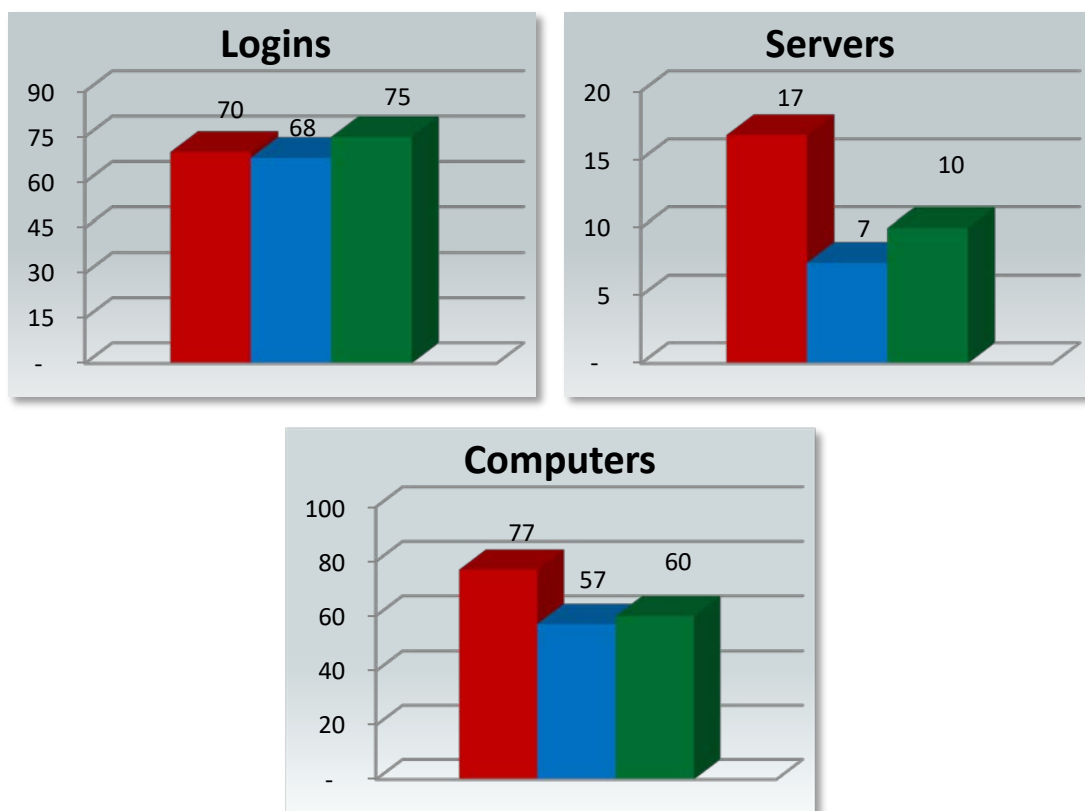
Overall, it represents recognizable underspending versus industry standards for IT infrastructure and overall information technology solutions and support. The result of this underspend has been an IT infrastructure that is obsolete in places, and a portfolio of application systems that include many aging and underutilized departmental applications. A greater level of funding would bring IT infrastructure up to date and improve the departmental applications tools resulting in increased productivity throughout the City, and greater citizen transactions, service access, and interactions through the City's website.

IT Staffing Ratios

The following table depicts Menlo Park's *IT Staffing Ratios* for logins and equipment versus a municipality benchmark of 47 similar agencies. These are commonly used measures in the industry to validate staffing levels. As the number of individuals served and the amount of equipment increases, staffing levels should also increase.

	City of Menlo Park	Municipality Benchmark	Recommended Best Practice
Logins	70	68	75
Servers	17	7	10
Computers	77	57	60

In this comparison, the City's IT staff support more user logins and significantly more computers and servers than their peers, and than advised by recommended best practices. This confirms the findings in the report that describes IT staff training required and additional IT staff necessary to support and secure the citywide IT environment as well as the City's user community.



Equipment Replacement

The following table represents *IT Equipment Replacement Recommended Best Practices* and a municipal benchmark of 39 agencies.

	City of Menlo Park	Municipal Benchmark	Recommended Best Practices
Laptops	4	4	4
PCs	4	4	5
Servers	5	5	5

The City's current policy is in line with hardware replacement best practices. Although a four-year replacement cycle for PCs is preferred, many of our clients have moved to a five-year replacement plan, due to reduced capital funding.

We would recommend limited use of laptops as loaners for Internet browsing or as training stations after four years of productive life, in order to avoid additional expenditures.

IT Strategies, Goals, and Objectives

The strategies for leveraging and maximizing information system utilization in delivering City services are listed below. Within each strategy, we have listed initial goals and objectives for the City. We have translated those goals and objectives into specific initiatives in the Appendix of the report. Additionally outlined later in the report are the budgetary costs for each initiative, resource requirements, implementation time frame and, if appropriate, the next steps toward implementation.

Improve Staff Productivity

Goals and Objectives

- Introduce application management best practices.
 - ◆ Improve departmental ownership of applications.
 - ◆ Identify key roles and responsibilities for core business applications.
 - ◆ Increase user application training.
 - ◆ Provide key departmental personnel with report writer training.
- Conduct process reviews and document application feature/function requirements to identify automation and opportunities to streamline processes and reduce duplication, including:
 - ◆ Find areas for automating existing manual processes.
 - ◆ Perform processes within core application systems and eliminate side-bar spreadsheet work and other shadow systems.
 - ◆ Fully implement reporting capabilities to ensure output that supports better business decisions and measurement of performance goals (performance measures or KPIs).
- Utilizing return-on-investment (ROI) principles, identify areas for improvement, and use ROI principles to justify additional applications to improve productivity and service.
- When justified, move to next-generation mobile computing (tablets and laptops).
- Provide the public and citizen online information and self-service capabilities, reducing staff phone time and counter activity.
- Implement dual monitors for staff productivity gains.
- Use sustainability planning strategies to improve and maintain high network speed, network reliability, and full citywide access.

Implement IT Staffing Improvements

Goals and Objectives

- Add senior network engineer level third party Subject Matter Expert (SME) to reduce burden on IT Manager and provide specific expertise on a project by project basis.
- Add Business Systems Analyst position to assist with the following:
 - ◆ Selection and implementation of current generation software applications
 - ◆ Improvement of business processes to leverage new technology and increase efficiency
- Develop a training plan for each existing staff member.

Select and Implement a New Enterprise Resource Planning (ERP) System

Goals and Objectives

- Follow a system selection best practices approach to select an ERP system to replace the following core application systems:
 - ◆ Cayenta (Financials)
 - ◆ ADP (HR and Payroll)
 - ◆ Tidemark (Community Development)
 - ◆ HdL (Licensing)
- This process should include the following:
 - ◆ Assess and define needs.
 - ◆ Develop an RFP based on the needs assessment and defined needs.
 - ◆ Analyze and determine short-list.
 - ◆ Conduct detailed tailored demonstrations.
 - ◆ Perform reference checks.
 - ◆ Conduct site visits.
 - ◆ Select finalist.
 - ◆ Conduct due diligence and contract review and negotiation.
- Implement per best practices with Project Management Office, utilizing PMI (project Management Institute) standards.

Move Towards a Citywide GIS/Geospatial Application Perspective

Goals and Objectives

- Move to a centralized GIS environment, and consolidate existing GIS system activity.
- Provide further and improved GIS/Mapping services to the public on the City's website.
- Include geospatial requirements as specifications for all future software application acquisitions.
- Create a GIS Master Plan to identify GIS priorities and resource requirements.
- Move to a more collaborative model for collecting and updating GIS data with Web- and mobile-based GIS applications.

Ensure IT Governance and IT Best Practices

Goals and Objectives

- Adopt a Best Practices approach to software selection and management.
 - ♦ Improve application analysis and reporting capabilities within the departments.
- Create and maintain project inventory.
- Utilize project management principles for larger projects.
 - ♦ Become date and project-schedule driven.
- Finalize documentation.
 - ♦ Create standard operating procedures.

Implement IT Governance Best Practices through IT Steering Committee

Goals and Objectives

- Formalize an IT Steering Committee and Governance mechanism.
 - ♦ Review Help Desk metrics and identify training needs.
 - ♦ Monitor and review IT Initiatives.
 - ♦ Develop and review standards and policies.
 - ♦ Collaborate on projects and initiatives.
 - ♦ Act as a sounding board for management and staff.

Maximize Utilization of Application Systems

Goals and Objectives

- Utilize software selection best practices for all new application procurements.
- Follow implementation project management best practices.
- Maintain a complete Application and User License Inventory.
- Plan for and fund adequate user training and support.
- Train key users so they can fulfill their roles without extensive work-arounds and unnecessary reconciliations.
- Implement application management best practices, including:
 - ♦ Fund an Application Support Specialist (Business Analyst) to support the applications and the associated application users in the business departments.
 - ♦ Create a culture of departmental enterprise application ownership for ERP system and any other core departmental applications.
- Commit all levels, from management to line staff, to taking responsibility for adapting and improving processes, and integrate them with core application software applications.

Improve Application Management and Support

Goals and Objectives

- Improve departmental ownership of applications.
- Identify key roles and responsibilities for core business applications.
 - ◆ Process Owners
 - ◆ Application Champions
 - ◆ Application/Business Process Analysis
 - ◆ Ad Hoc Report Writers
- Add Business Analyst (Application Support Specialist) skill sets.
- Improve application analysis and reporting capabilities within the business departments and/or the IT Division.
- Perform process reviews and document specific feature/function requirements for inclusion in RFPs when procuring new applications.
- Create and maintain Application and User License Inventory.
- Follow software selection best practices for new software acquisitions.
- Follow implementation project management best practices.
- Create standard operating procedures.
- Utilize industry subject-matter experts (SMEs) for large, complex projects.

Strengthen Infrastructure Resilience and Disaster Recovery Capabilities

Goals and Objectives

- Identify high-priority systems and recovery time frames.
- Expand virtual servers to reduce server count and increase failover.
- Consider implementation of redundant Internet connections with automatic failover.
- Finalize disaster recovery capabilities and plan.
- Exercise plan annually.

Expand Citizen Communication and Online Customer Service

Goals and Objectives

- Increase online transaction capabilities.
- Implement an integrated Citizen Request Management (CRM) system.
- Online Planning Application and Electronic Plan submittals.
- Implement the following:
 - ◆ Online Permits.
 - ◆ Online Permit Inspection Requests and Scheduling.
 - ◆ Online Code Enforcement Complaints.
 - ◆ Online Licensing Renewals.
 - ◆ Online Park and Recreation Program Registration and Payment.

Improve IT Operational Efficiencies

Goals and Objectives

- Implement Help Desk software to effectively log calls and track/measure service levels.
- Develop metrics for the measure of IT service levels and measurement of IT performance.
 - ◆ Report on these metrics regularly.
- Analyze and track infrastructure performance and application response time.
- Implement an IT Services Portfolio and project management capabilities.
 - ◆ As a part of the IT Services Portfolio, work with the IT Steering Committee to reach agreement on reasonable service levels for Help Desk support.
 - ◆ Review responsibilities for services provided by IT to validate their necessity.
- Utilize these and other Operational Tools to report on the success of IT to the IT Steering Committee.

Modernize IT Infrastructure and Create Uptime Metrics

Goals and Objectives

- Insure that space planning and computer equipment room meets standards for space, access, etc.
- Implement the following initiatives as included in the plan:
 - ◆ Network Redesign
 - ◆ Core Switch Replacement
 - ◆ Power Distribution (UPSs and PDUs)
- Improve resiliency and uptime of infrastructure.
 - ◆ Design infrastructure to include cost-effective redundancies to reduce downtime.
 - ◆ Create and track uptime metrics.

Implement Best Practices for Procurement and Project Management

Goals and Objectives

- Procure large or complex equipment and services through a competitive process.
 - ◆ Conduct an initial design phase for use during competitive bidding.
- Utilize best practices project management techniques for the implementation of larger, complex projects.
 - ◆ Develop a project planning expertise and utilize project planning techniques to report on project progress to management and the IT Steering Committee.
 - ◆ Integrate project management with management of the IT Services Portfolio and Project Inventory.

Information Technology (IT) Principles

Vision / Mission Statement

The City of Menlo Park is dedicated to providing the highest quality technology-based services in the most cost-effective manner to deliver services effectively and efficiently on a sustained basis in a manner that reflects the organization's dedication to excellent customer service. The City will ensure that its information systems are maintained in a secure environment, capable of supporting technology advancements made by the City, and will exist in an integrated environment that fosters an open, collaborative, and unifying culture. Information Technology is committed to the values of:

1. **Reliability**
 2. **Professionalism and Integrity**
 3. **Efficiency and Effectiveness**
 4. **Innovation**
 5. **Excellence**
 6. **Collaboration and Teamwork**
- Given **Finite IT Resources**, the City will focus these resources on the most productive and cost-effective projects.
 - City departments will agree on a **Collaborative Long-Term IT Vision and Strategies**, which requires active participation in setting IT priorities through an IT Committee made up of department leadership.
 - City will strive to **Maximize Utilization of Existing Systems** and prior investments in application software, as well as to expand functionality and seek enhancements to existing applications.
 - City is committed to ensuring **Sufficient Staff Training and Application Software Knowledge** of existing vendor systems.
 - **Department Ownership** is fundamental to achieving maximum return-on-investment of applications. Departments recognize the importance of assuming responsibility for managing and implementing their specific core business applications, with the support of IT staff. City departments are committed to taking responsibility for adapting and improving processes to best integrate them with the application software.
 - The City will develop an **IT Services Portfolio** so that all interested parties and stakeholders understand the IT Division's roles and responsibilities in servicing the City overall.

IT Initiative Summaries

Introduction

IT Master Planning is a process to assess, research, prioritize, budget, and plan future information technology initiatives. Some of the following initiatives are ready for approval and implementation, while others require further assessment and research before the City can make a final determination as to priority, resource requirements, and cost-benefit.

Productivity Improvement – Many of the following initiatives will have a direct impact on overall productivity within the organization. Some of these initiatives will significantly impact specific processes, reducing staff time required to complete a certain process, while others will ease or speed delivery of services to City residents.



Cost Savings – Many of the initiatives outlined herein will have direct or indirect cost savings when implemented. Extensive return-on-investment (ROI) calculations are not within the scope of this report. An ROI Considerations discussion is included in the *Appendix* of the report.

IT Initiative Categories

The master planning process resulted in 110 initiatives. Combined, there are hundreds of findings and recommendations. *CLIENTFIRST* classified the major findings and recommendations into eight categories, including:

BEST PRACTICES

IT OPERATIONS

*DEPARTMENTAL APPLICATIONS
AND SYSTEMS*

IT SECURITY

Gov 2.0

TELECOMMUNICATIONS

IT INFRASTRUCTURE

IT STAFFING

Best Practices

A best practice is a method that consistently provides results greater than those achieved with other methods. *CLIENTFIRST* believes the following best practices will enhance the City's ability to select, procure, and maintain more effective technology solutions in the future, as well as improve the overall productivity of staff.



The IT Initiatives addressed within this category, explained in greater depth in the *Appendix*, include:

IT Initiative	Description
Return-on-Investment Considerations	Overview showing how to understand ROI opportunities in the City through various technology investments
IT Governance	Utilizing an ongoing IT Steering Committee to drive technology education, policies, and the implementation of the IT Master Plan over the next five years
COBIT	Technology framework to ensure alignment of IT with the environment through the adoption of best practices, metrics, and oversight
ITIL	Technology framework intended to assist organizations with IT service strategy and IT operations
Applications Management Best Practices	Establishing roles and responsibilities for IT Division, departments, and users to improve overall utilization of software assets maintained by the City
Applications and User Licensing Inventory	Determining existing software applications and resources in use by City staff
User Training and Support	Improving ongoing user training to maximize system utilization and gain productivity and efficiencies
Training Room	Maintaining a room for testing applications that are being implemented or for staff to improve existing competencies
Software Selection Best Practices	Following best practices needs assessments, evaluation, and procurement when considering new or replacement software solutions
Project Planning and Implementation Best Practices	Implementing a best-practices approach for project planning, implementation, and management
Maintaining Software Updates	Maintaining software updates for all applications and operating systems for all users in a timely manner
IT Project and Services Portfolio	Developing a portfolio of City Applications and IT Division services and standards, and communications to all management and staff which can be used to delineate roles and responsibilities between departments and IT, as well as set proper expectations
Sustainability Planning	Providing a more practical or realistic way to determine and plan for the ongoing operational system needs and expenses of major technology systems
Cloud Computing	Utilizing IT services or equipment that are not internal but available through the Internet
Centralized Land and Parcel Management	Consolidating Land/Parcel information for improved accuracy and data retrieval and consistency of address and parcel information across all software applications

Departmental Applications and Systems

The Applications/Systems category includes initiatives primarily related to department business applications identified during the needs assessment process. Many of these initiatives and recommendations can have a significant impact on overall productivity, enhanced communications, and information sharing, improved constituent service, improved transparency, and in many cases, cost efficiencies.

The IT Initiatives addressed within this category, which are explained in greater depth in the *Appendix*, include:

IT Initiative	Description
Enterprise Resource Planning (ERP) Replacement	Replacement of existing system and adoption of newer technologies to significantly improve City operations and customer service. Common Application suites for ERP systems include: <ul style="list-style-type: none"> • Financial Management • People Management (e.g., HR, Payroll, Time Keeping) • Land Management/Community Development • Work Order/Maintenance Management • Citizen Request Management
Project and Grant Accounting	Utilize Project and Grant Accounting modules
Contract Management	Utilize software to manage contract lifecycles
Cashiering Needs Assessment and Replacement	Assessing each department's cashiering needs to determine optimal cashiering processes and solutions
Work Orders/Maintenance and Asset Management System	Automating of work order and asset management functionalities
Fleet Management	Automating fleet management with software
Land Management System Replacement	Replacing existing system and adopting newer technologies to significantly improve City operations and customer service. Modules commonly offered in a Land Management application include: <ul style="list-style-type: none"> • Project Planning / Zoning • Permits • Inspections • Code Enforcement • Business Licensing • Parcel / Address Management
Electronic Plan Submittals and Reviews	Receipts and reviews of electronic architectural plans related to City permitting and planning processes
Human Resources System Improvement or Replacement	Robust Human Resources system improvements or a replacement of existing solutions
Employee Self-Service	Explore employee self-service needs and options
Time, Attendance, and Accruals Tracking	Automating and improving employee time and attendance processes
Performance-Evaluation Software	Automating staff reviews based on individual performance
Applicant Processing	Improving applicant processing capabilities in order to reduce staff efforts

IT Initiative	Description
Training and Certification Management Software	Training Management Software for improved management and reporting of staff training and ongoing requirements
Staff Scheduling System	Automating personnel scheduling through the use of a technology solution
Project and Construction Management	Project and Construction Management Software to provide automation in planning, scheduling, monitoring, controlling, and reporting on City projects
Parks and Recreation Software Replacement (eGov)	Replacement of current Parks and Recreation software in order to gain more efficiencies and obtain more functionality
Citywide Facilities Scheduling/Events Calendar	Benefits of a Citywide facilities scheduling and Events calendar
Childcare Management System	Utilizing a solution that provides childcare capabilities
Electronic Content Management System (ECMS) Replacement	Replacing current system with one that provides advanced document and content management features that include, but are not limited to, managing records, managing record retentions, document capturing, storage and retrieval, workflow automation, FOIA request management, and providing electronic forms and application capabilities with routing and approvals (many of these systems also offer integrated Agenda and Legislative Management for Council meeting automation and managing resolutions and ordinances)
Agenda Creation and Management Software	Obtaining an agenda management solution to improve access to information for all departments involved in the agenda process
Legislative Management	Using legislative management software for managing and tracking resolutions and ordinances
Granicus Media Management Assessment (Replacement)	Replacement of Council/Board meeting media management system to allow for more capabilities at a more affordable cost
Large-File Sharing Tool	Consolidation of applications being used for sharing of files that are too large for sharing via email
Video Capture and Editing (Video Events and Other)	Migrating to a single video capturing and editing environment
Photo Management and Storage Software	Professional-quality software that stores, manages, and retrieves the extensive photo archives from various City departments
Publishing Software Consolidation	Consolidation to a comprehensive all-in-one publishing software solution, versus multiple vendors and programs
Real-Time Utility Usage Access (Automatic Meter Reading-AMR)	Realtime utility meter reading information that can also be shared online for customers to monitor their usage more frequently or potentially in real time
Website Improvements	Addition of features to the website to improve customer service and streamline departmental website content management

IT Initiative	Description
Notifications System (Push/Social Media/Text)	Using a single tool for simultaneously notifying City residents and staff about important information, events, status updates, or emergencies
Develop GIS Master Plan	Developing a Master Plan and business case for GIS implementation and investment on a citywide basis
Department-Centric / GIS Self-Service	Ability for departments to access and utilize Web mapping or GIS applications to perform ad hoc inquiries and for customized citizen access
RIMS (CAD/RMS) Gap Analysis and Application Maximization	Performing gap analysis to identify functionalities not implemented but available in the existing RIMS system
Alarm Tracking and Billing Software	Automating processes currently being performed manually for Alarm permitting and billing
Ticket Writer Software Replacement (Duncan to TDS)	Continuing migration to the new TDS system
Officer Radio Transmission Identification	Automatic identification of officers when they make transmissions using their personal radios
Replace MDC's with RIMS Mobile/GIS System	Considerations for moving to the RIMS new MDC GIS mobile system
Tow Company Billing System	Automated tow billing software
FirstNet Preparation Planning	Continue efforts for current implementation of FirstNet



Other Application and Departmental Systems Initiatives

IT Initiative	Description
Police Audiovisual Format Conversion Tool	Conversion of third-party surveillance systems to a common file format.
Panic Button	Use of panic buttons in more City facilities
Penal Code/Vehicle Code Reference Software	Digital penal code/vehicle code software on computer desktops
Portable Wireless Camera for Surveillance	Portable wireless camera for surveillance
Wireless PA Radio PA/Sound System	High-quality wireless radio system for events
Instant Messaging	Instant messaging capabilities internally and with the public
PA Announcements	Automatic PA announcements in the Library
Parking Sensors and Management	Reduction of traffic congestion by implementing parking space sensors and electronic signage
Constituent Satisfaction Surveys	Allow the public to complete satisfaction surveys
Laptop Borrowing Program	System that manages public borrowing of laptops
Library Subscription Provider Statistics	Analytics program for improved and quicker decisions regarding Library subscription providers
HVAC Zonal Climate Control System	Improved HVAC management

Gov 2.0 (E-Government)

Gov 2.0 is a growing body of shared knowledge regarding the utilization of new technologies in combination with creativity, information sharing, and the collaborative process to better serve and interact with the public. The principles of Gov 2.0 include:

- Principle 1** - Serve as the primary source of reliable, accurate, and timely City information, delivered to the customer on his/her platform of choice.
- Principle 2** - Maintain a real-time, interactive, and user-centered website that offers easy access to public information and online services.
- Principle 3** - Offer opportunities for online civic engagement and social collaboration.



The possible benefits of developing such communication methods go beyond just simple release of information. The advantages include:

- Increased efficiency and cost reduction for public services offered electronically
- Allowance of greater government transparency
- Better-informed and more involved public
- More collaborative efforts between the City and the public
- Faster and more convenient access, promoting public satisfaction and approval



The IT Initiatives addressed within this category, which are explained in greater depth in the *Appendix*, include:

IT Initiative	Description
Citizen Request Management (CRM)	Implement an integrated CRM system to track various requests initiated by citizens online or over the phone, including automated internal routing and status reporting
Online Payments, Transactions, and Services	Provide citizens with 24/7 online transaction capabilities.
Video/Web Conferencing	Need to accommodate video conferencing capabilities in City meeting facilities/conference rooms
Council Chambers Audiovisual Systems	Improve Council Chambers room audiovisual maintenance capabilities.
Conference Room Audiovisual	Improve and standardize audiovisual capabilities for all City conference rooms.
Social Media Policy and Procedures	Develop a strategy for implementation, management and utilization of social media in a secured, controlled and standardized manner.
Mobile Computing	Increasing productivity by adding remote computing capabilities for staff in various departments
Newsletter	Need to streamline newsletter signups and distribution
Dual Monitors	Improve staff productivity by allowing an additional workstation monitor for certain users – studies show significant return on investment resulting from dual monitor implementations

IT Infrastructure

CLIENTFIRST conducted a detailed IT infrastructure assessment, including the network, servers, equipment, inside/outside cable plant, and other communication infrastructures.

The IT Initiatives addressed for this category, which are explained in greater depth in the *Appendix*, include:

IT Initiative	Description
IT Computer Room and Teledata Closet Improvements	Enhanced computer room to meet industry standard best practices
Wireless Network	Upgraded wireless network devices and improve public-facing wireless
Internet Bandwidth	Increased Internet bandwidth capacity
Electronic Mail (Exchange)	Recommended improvements to the current Microsoft Exchange platform
Enhanced Internet Security and Connectivity (DMZ)	Improvements to the existing DMZ for internal and external network security
Remote Access Upgrade	Improved remote access to SCADA systems for certain staff members
Network Redesign	Redesign of core network for improved performance, management, and elimination of single points of failure
Core Switch Replacement	Replacement of core switches that are not adequate for the City's current and future needs
Power Distribution	Procurement of additional power distribution units for better control and monitoring of power to particular network devices
Virtual Server Migration	Continued upgrading of existing virtual server environment
Storage Area Network (SAN) Upgrade	Procurement of additional iSCSI-based SAN for failover and redundancy (replication), which include instituting Storage Tiering to improve performance of core data and applications
Technology Support for the EOC	Upgrading equipment and technology to support use of EOC in a large-scale emergency
Redundant CAD/RMS System	Redundant, secondary server in case the primary server fails
Computer Upgrades (Windows XP & Office)	Considerations for upgrading to more current version of Microsoft's operating system
Video Camera and Surveillance System (Citywide Standard)	Assessment of the City's multiple camera systems and opportunities for improvement
Secure Managed Access (Wireless/Keyless Security)	Assessment of the City's access and control requirements and potential for using a single, citywide system

IT Operations

IT operations are the daily support and maintenance of all IT infrastructure and user support. These include the processes and procedures used by IT staff to maintain the network, applications, and workstations. Initiatives related to IT operations are often focused on productivity improvements and implementing IT best practices.

The IT Initiatives addressed for this category, which are explained in greater depth in the *Appendix*, include:

IT Initiative	Description
Help Desk Ticketing System	Implementation of a citywide Help Desk ticketing system and to establish IT response time metrics
Mobile Device Management	Implementation of a Mobile Device Management software to track, control, and manage all mobile devices
Network Management Tools (Alerts/Alarms)	Implementation of network monitoring, alerts, and alarms to provide early warnings for potential problems and improve IT response times
IT Support Metrics	Development of Help Desk ticket response time and resolution goals, based on urgency, and track response metrics by team member
Desktop Management	Imaging tool to deploy, install, and manage basic application packages on computers
IT Automation Tools (Patch Management)	Software to automate installation of application and security patches
IT Policies and Procedures	Revision of IT policies for passwords, encryption, data usage, new hire and termination procedures, backup procedures, Web filtering, social media, etc.
IT Procurement Practices	Using objective best practice procedures for procuring IT investments to ensure independent specifications and best cost/value is obtained for the City
IT Cost Recovery (IT Budget Allocations)	Developing an IT cost recovery model to allocate IT costs fairly, using holistic review and measurable to ensure use of services are charged proportionately



IT Security

IT Security refers to all security systems and practices, including Disaster Recovery, used to protect City systems and data.

IT Initiative	Description
Disaster Recovery Planning	Developing capabilities to survive a major failure or catastrophic event involving IT resources and facilities
Backups	Improving maintenance and security for routine back up procedures
IT Security Assessment	Implementing improvements to network security
PCI Compliance	Standards and laws that govern payment processing for public and City security (mainly enabling secure card transactions)
Records and Data Retention	Policies and procedures for disposal/destruction of electronic records and data
Two-Factor Authentication	Implementation of user verification methods as an additional security layer to user logins (i.e., “something you have, plus something you own”).
SCADA Security	Comprehensive auditing of SCADA systems and installation of firewalls between networks



Telecommunications

IT Initiative	Description
Phone System Redundancy	Implementation of additional digital telephone connections to protect against single points of failure

IT Staffing

IT Initiative	Description
IT Staffing	Assessment of current staff size, additional staffing needs, and potential solutions
Enterprise Applications Support Specialist	Ability for IT Division operations to provide application/business analyst roles and skill sets

Top Priority Initiatives

The following are a list of the Top Priority Initiatives that have been determined. The City has made note of these as the initiatives from this plan that should be kept in the forefront during the future implementation of this IT Master Plan.

It should be noted that these initiatives are prioritized, denoted by “TP” (Top Priority) in the *IT Master Plan Capital Budget* that is included as part of this IT Master Plan.

It should also be noted that these “Top Priority Initiatives” are not ranked in any particular order. The City is contemplating such a ranking prior to beginning the implementation of the IT Master Plan.

IT Initiative	Initiative Number	Why on the Top Priority List?
Applications Management Best Practices	5	The City has not had in place, nor followed consistently, any policies, processes, or best practices for the selection and implementation of application software. As a result, there is a significant amount of software duplication. There also is a gap in IT for the support of software applications. Best practices can manage software acquisitions, and Application Management talent (Business Systems Analysts) can help ensure effective implementations and adequate software management to realize a return on investment.
Centralized Land and Parcel Management	15	This is heavily related to GIS and the need for the City to develop a GIS Master Plan (see initiative 46). The core to City operations are land, parcels, and addresses. The existing fragmentation and lack of integration between applications has resulted in separate addresses in multiple systems that are the same but are not structured or spelled the same, making it impossible to report on addresses across all City environments. This initiative will establish GIS as the master address for all applications to use to ensure all addresses and parcels are synchronized in all of the City's applications.
ERP System Replacement	16	This is the core system for the entire City. The existing Cayenta, Tidemark, HdL, and ADP ADG systems have aged and/or no longer meet the needs of the City. Other ancillary systems and shadow systems have been acquired or developed that do not interface/integrate and would not be necessary with the implementation of a new ERP system. The ERP system is the set of core applications that are used to operate all of the City's most common operations. It is critical to update the the City's ERP environment and to keep it up to date into the future.

IT Initiative	Initiative Number	Why on the Top Priority List?
Land Management System Replacement (To be executed as part of the <i>ERP</i> initiative)	22	The City currently uses Tidemark as the main system for Planning, Permits, Inspections, and Code Enforcement. The existing system has aged, no longer meets the City's needs, and is not integrated with the rest of the City's applications.
Human Resource System Improvement or Replacement (To be executed as part of the <i>ERP</i> initiative)	24	The City is currently contracting with ADP for payroll and HR. The system has been difficult to maintain, and there have been difficulties in implementing time keeping and time clocks. The ADP system is hosted at ADP facilities and the City pays a high annual fee for these systems. Replacement of this system with new payroll and HR applications as part of the new ERP system would provide better capabilities and full integration with the rest of the ERP system at a much lower annual cost.
Parks and Recreation Software Replacement (eGov)	32	The Parks and Recreation Department is a revenue-producing department in the City. The system in use for managing operations and collecting revenues is a system called eGov, which has worked for the City up to this point. However, eGov is not a park and recreation system, and it cannot fully meet the needs of the City and of the park and recreation patrons in the long term.
Electronic Content Management System (ECMS) Replacement	35	Electronic Content Management Systems (ECMS) are enterprise systems that help store and retrieve documents, images, video, audio, and much more. Other modules within the ECMS system include Agenda Management, Legislative Management, and the ability to integrate with media management and the City's Website. The trend to utilize ECMS within cities is prevalent and should be of high consideration for the City.
Develop GIS Master Plan	46	GIS and spatial maps are the future and will drive many of the City's operations moving forward. GIS and maps also provide a visual interface for citizens to access services and information. Having a citywide approach to GIS will set the City on a course to meet these geospatial and mapping needs in the future.

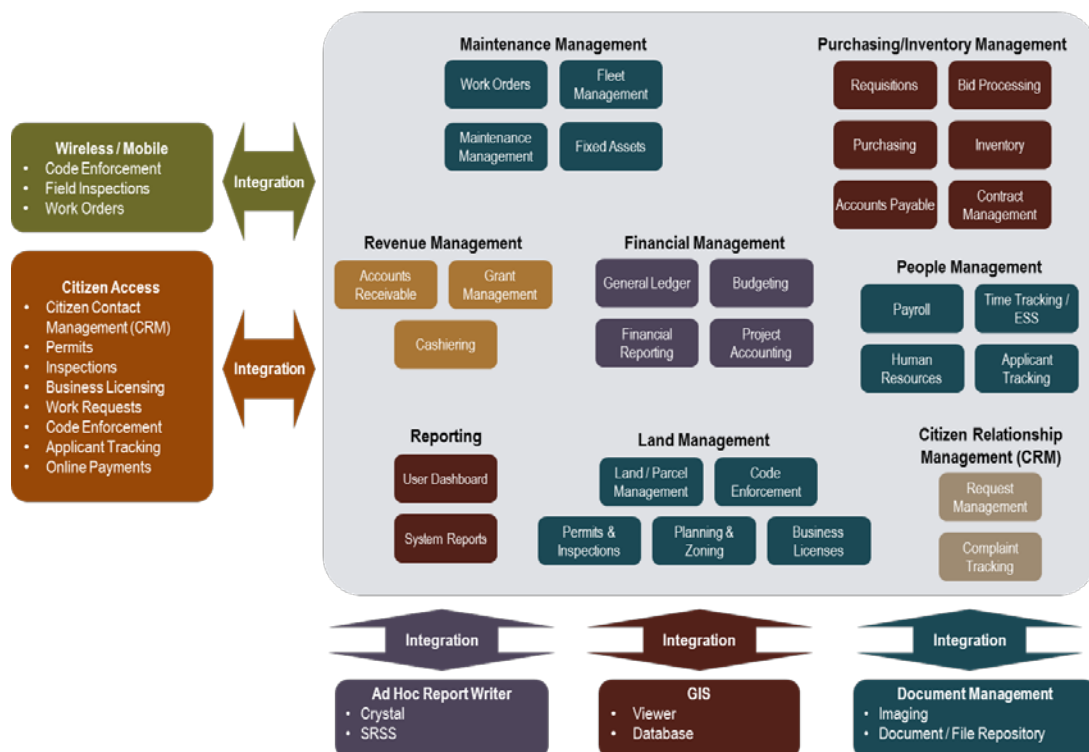
IT Initiative	Initiative Number	Why on the Top Priority List?
IT Computer Room and Teledata Closet Improvements	76	<p>As part of the City's existing space planning efforts plans have been made to move the existing IT computer room and Teledata equipment. It was determined that the existing plan for movement lacks the proper requirements, including:</p> <ul style="list-style-type: none"> • Improper clearance behind the computer racks (requirement is for 36 inches and City plan is for 24 inches) • Server racks located directly beneath sprinkler systems, placing them at risk for water damage • Some equipment not connected to properly grounded lines, and some not connected to generator • Lack of locally controlled HVAC service • No environmental monitors in computer room <p>The City should seriously consider locating and establishing the proper environment for its computer room and teledata closet.</p>
Network Redesign	82	<p>The City's network is the highway for communication and the infrastructure upon which all applications and tools reside and data travels. Without a solid network design for MANs, WANs, and LANs, the investment in application software tools will not be realized.</p>
IT Policies and Procedures	98	<p>The IT Manager expressed the need to allocate resources to this endeavor to ensure proper documents for day-to-day operations, but to also ensure that document is in place, in case of any turnover in staff resources.</p>
IT Staffing	109	<p>The talent to properly maintain the City's IT infrastructure and the City's application systems environment is critical to ensuring that IT investments provide the level of productivity and return expected. The alignment, positions, and training recommended will ensure this is accomplished.</p>

Benefits of Modern ERP Software

An *Enterprise Resource Planning (ERP)* System automates and integrates many core, citywide functions into a single solution, while automating manual processes and providing a central location of information and reporting. An enterprise system allows collaboration and sharing of information between divisions, departments, and citizens to provide a transparent and efficient government operation. The benefits of an enterprise system are numerous and include:

- Built-in integrations between Land, Work, Financial, and People Management application suites
- Newer technology platform (processing, capacity advantages)
- Real-time notifications/queues
- Task tracking
- Real-time access to information
- Elimination of duplicate data entry
- Improved data integrity
- Centralized location and customer account maintenance
- Reliable information
- Workflow capabilities
- Centralized cash receipt capabilities
- Efficient revenue collection
- Reduced operating costs
- Improved internal communication
- Foundation for future improvement
- Potential reduction in annual maintenance and support fees
- Improved online information for citizens to access

Example Enterprise Applications Overview



Financial and People Management

The *financial management suite* is a suite of an enterprise system that encompasses the financial tasks and processes performed to ensure all organization-wide activity is properly accounted for and accurately reported to local, state, and federal agencies. Benefits of a financial management suite include:

- Quick generation of financial reports
- More efficient budgeting processes
- Real-time access to available budget and funding
- Better spending controls for departments and projects
- Management of grants and funding sources
- Real-time inquiries into capital improvement project progress

The *people management suite* manages the organization's workforce and provides automation to the human resources, payroll, time keeping, and applicant tracking functions. Employee self-service is also available to allow employees the flexibility in retrieving their information at their convenience. Benefits of a people management suite include:

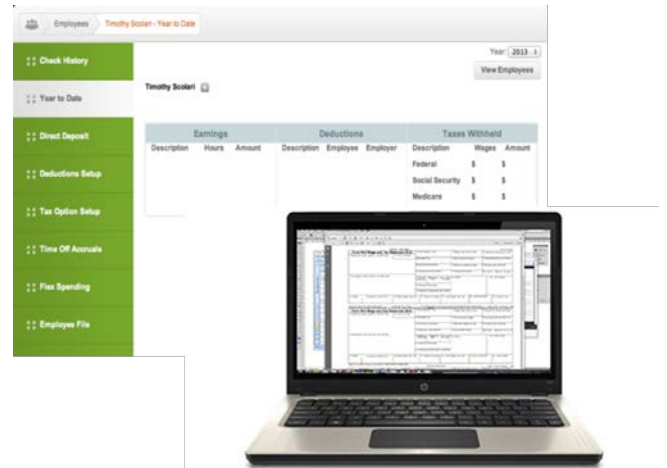
- Paperless personnel forms
- One-time data entry
- Tracking or misplacement of employee paper files
- Incorporation of employee self-service (ESS)
- Integration between time keeping, payroll, HR and financial management
- Quick and reliable reporting to federal and state agencies
- Improved employee satisfaction
- Automated Time Entry Approvals and Payroll Calculations
- Minimal steps between processing payroll and issuing direct deposits and checks



Employee Self-Service

Employee self-service (ESS) empowers employees to provide, change, and retrieve their personal information through an online employee portal, thereby reducing the manual interaction required with the Human Resources Department. ESS offers an online option for employees to access and manage information for themselves:

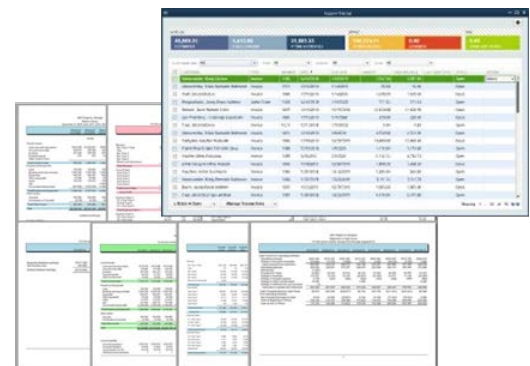
- Address changes
- Tax allowances changes
- Open enrollment benefits
- Dependent changes
- Leave/vacation accrual balances
- Electronic paystub copies
- Year-end W-2s
- Populating and retrieving time sheets
- Time requests
- Tax forms
- Many other forms and applications



Reporting

The number one problem that is commonly seen when utilizing disjointed applications is the extensive time users dedicate to the consolidation of information for reporting purposes. Enterprise systems allow information to be quickly retrieved from a single source with numerous readily available reports. Users are also able to create their own reports without requiring them to be technical experts. This allows staff to spend more time studying analytics rather than manually assembling reports. Benefits of improved reporting include:

- Aggregated data across divisions, departments, and organization
- Improved data accuracy and reduced human error
- Intuitive report creation capabilities
- Board-ready reports
- Sharing of created reports
- Elimination of labor-intensive report creation



Individual User Dashboards

Dashboards form part of a user's home page and display reports, key indicators, and other metrics regarding day-to-day operations, activities, and historical trends. Benefits of dashboards include:

- Quick links for immediate access to required tasks and approvals
- Easy modification of dashboards for each user's preference
- Automated generation of dashboard information
- Transformation of data into visual information
- Easy-to-understand graphics
- Real-time analysis
- Drill-down access to activity detail



Mobile Computing

Mobile computing provides the flexibility to operate a more mobile and productive workforce. An enterprise system can allow staff to utilize applications while in the field in order to perform their job functions while away from their office. Common benefits of mobile computing include:

- Completion of work while in the field
- Real-time access to information
- Inspection results in the field
- Receipt of notifications and job assignments
- Reduced travel to and from office locations
- Map routing based on location of activities
- Retrieval of mapping information
- Management of code enforcement cases in field



Online Citizen Access

Online citizen access enables a more transparent government by providing the public with 24/7 access to real-time information for inquiries and payment processing. This empowers residents to retrieve online information that is pertinent to each individual, and for them to take further actions, which improves customer relations by eliminating the need to be physically present at City Hall. The following are examples of online citizen access transactions:

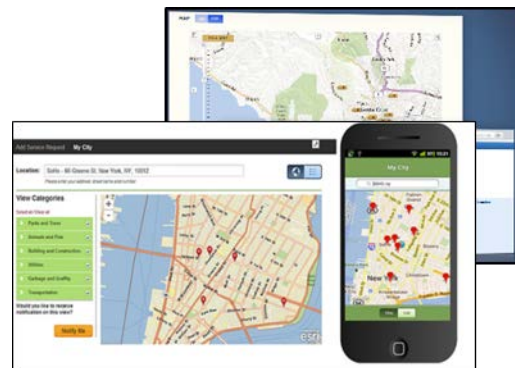
- Online permit applications
- Submit and access plan review comments
- Online payments
- Submit complaints
- Submit citizen requests
- Submit inspection requests
- Access to inspection results
- GIS maps (zoning, voting cities, etc.)



Citizen Request Management

A *citizen request management system* is used to track, manage, and resolve citizen concerns and requests in a timely manner by automatically routing citizen requests to the appropriate department. It also provides the citizen with the flexibility to submit and track their complaints through the Web or a mobile phone application. Common benefits of a citizen request management system include:

- Ability for citizens to submit requests 24/7 through a phone application or the website
- Automatic assignment and routing of requests, by type, to appropriate department(s) or staff
- Ability for citizens to view current request status
- Conversion of requests to work orders
- Ability to include photos and geolocation of a request
- More effective and efficient processes
- Improved transparency and citizen relationships



Land Management

The Land Management system is one of the suites that are offered by enterprise application systems and manages the creation, issuance, and tracking of community development activities related to planning and zoning, permitting, building inspections, licensing, and code enforcement. Benefits associated with the utilization of the application include:

- More automated permit processing from application through permit issuance
- Automatic routing for permits requiring reviews and approvals
- Single electronic file for all permit applications and documents
- More automated tracking of reviews, inspections, and fees by permit and development projects
- Tracking of timelines, tasks, and required group reviews
- Viewing all project and permit information at a glance
- Readily accessible planning and zoning records
- Automatic generation of case documentation
- Centralized current and historical parcel information



GIS Integration

Enterprise systems offer real-time integration to *geographic information systems (GIS)* in order to display land-use, zoning, and infrastructure layers on a map, as well as parcel, permit, inspection, code enforcement, and work order activity that resides within the enterprise system. Benefits of *GIS integration* include:

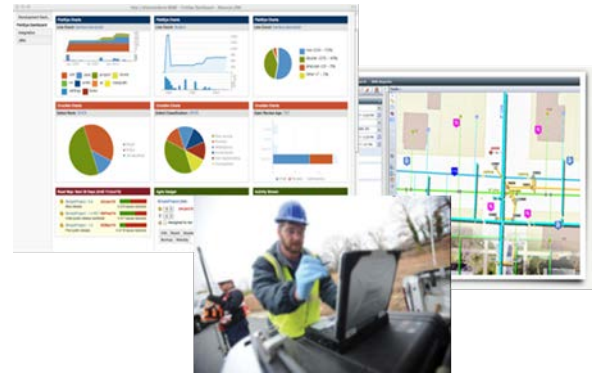
- Viewing system activity on a map (e.g., active projects, permits, cases, etc.)
- Map routing of work orders, service request, and daily inspections
- Displaying locations of infrastructure assets
- Generating asset condition analysis
- Ability to overlay multiple map layers
- Integration to website for resident inquiries



Maintenance/Work Order Management

Another suite of an enterprise system is the *maintenance/work order management system*, which provides automation in managing the maintenance and day-to-day operations related to infrastructure assets, buildings, facilities, and fleet vehicles, while being able to capture and report on the labor, equipment usage, and materials costs associated with a work order and preventative maintenance. System benefits include:

- Electronic routing of citizen requests
- Centralized task and maintenance management
- Completion of work orders from the field
- Streamlined public works operations
- Retrieval of historical work order information and costs
- Quicker work order completion times
- Improved decisionmaking through access to real-time information
- Viewing of asset and activity trends visually through GIS mapping capabilities
- Better replacement planning and forecasting
- Enhancement of staff productivity
- Improved compliance with regulatory standards
- Improved safety and risk management

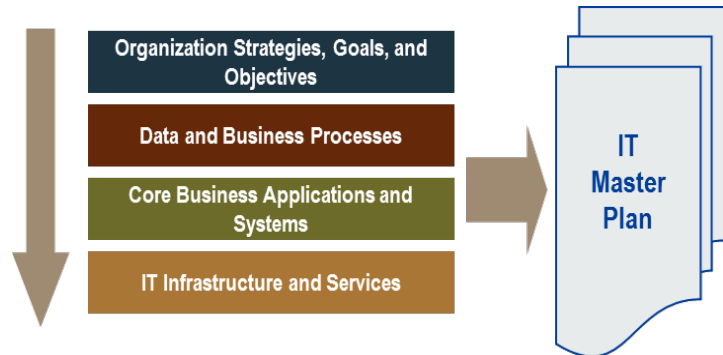


Conclusion

Moving Forward

Moving forward, over the next 18 to 24 months, the focus of Information Technology should be on infrastructure upgrades as well as training and increasing IT support staff to meet the needs of 21st Century technology. Software application improvements should also be considered, and the City should proceed after a ranking and sequencing the Top Priority initiatives identified in the Plan. While some

software applications improvements are possible during this time, major software system utilization improvements and replacement system implementations must follow the initial focus on infrastructure. IT must work to position itself in the following ways:



IT Infrastructure – Follow best practices in performing the Computer Room Relocation, the Network Redesign and the core Switch Replacement.

IT Staffing – The IT function does not have the staffing and training to update and maintain the existing City infrastructure primarily regarding the City’s network. The City is also focusing IT management on the maintenance and support of the existing core software applications. The addition of a Business Applications Analyst will allow the IT leadership to redirect network engineering skills to redesigning and supporting the City’s network. The addition of this Business Applications Analyst will provide long-term benefits and increase application utilization and organizational productivity.

Application Utilization – City departments want to improve their core business processes and fully utilize their applications. The City should work to encourage a sense of application ownership and continuous improvement by the departments. Improved application utilization is one of the most effective ways to increase staff productivity and customer service.

ERP Replacement – The entire effort to select and implement a new ERP solution to replace existing Cayenta and other core systems will logistically require two years. The City needs to ensure that all its applications needs have been identified and that appropriate funding has been budgeted for a replacement ERP by conducting a comprehensive needs assessment and developing a Request for Proposals (RFP). Additionally, *because the City has not conducted this type and complexity of project with these specific business analysis, documentation, and negotiation requirements, the City should obtain assistance from a municipal ERP Applications Subject-Matter Expert (SME).*

Governance – The formation of the internal IT Steering Committee will foster cooperation and collaboration in setting priorities and executing multi-department initiatives. Over the long run, the IT Steering Committee will oversee and maintain the execution and occasional modification of this plan.

We expect the projects outlined in this report to result in improved productivity and customer service, as well as improved sustainability.

Third-party Subject-Matter Experts (SMEs) will be helpful for projects that are (1) high priorities, (2) beyond the scope of City skill sets, and/or (3) lacking internal resource availability.

Additionally, we recommend that action plans be developed by the departments and IT for all active, short-term initiatives. The action plans should include all identified needs, recommended solutions, responsible individuals, and target due dates. These action plans can ensure that all needs are being addressed and/or that a decision has been made not to pursue an initiative. These action plans will also prove beneficial to annual resource and budget planning requirements.

The City should review and update the plan annually, using an abbreviated version of the master planning methodology. In this way, the plan will be a vehicle to continuously guide the information technology activities of the City. The annual IT Master Plan update should be synchronized with the City's annual budget process, so the City's IT Plan initiative costs can be properly represented in the City's annual budget.

Benefits

The completed plan should not be viewed as static, but rather as a dynamic tool that is revised and updated as business conditions and requirements change. If the planning function is not an ongoing process, certain objectives and benefits will not be realized, because the objectives themselves may change as the organization and its environment evolves.

Major benefits that are (or should be) realized through the implementation of this IT Master Plan include:

- Increased collaboration and communication between the departments and IT
- Transformation of the organization's overall understanding, knowledge, and stewardship of information technology
- Clear direction for IT operations and IT projects for the next five years, focused on meeting the organization's needs
- Citywide department consensus and understanding of all IT Initiatives and their priorities
- Foundational process and methodology for evaluation of project investments and analyzing business case justification

Immediate Next Steps

It is recommended that the IT Steering Committee begin work by reviewing the plan and priorities, including the ranking and sequencing of the "Top Priority" initiatives. Next, assign lead and participatory resources to these Top Priority IT initiatives and also to all other high-priority IT initiatives. This should include the finalization of target due dates for immediate next steps of those initiatives. Initiative leaders should then report status updates for active initiatives to the IT Steering Committee as part of each agenda.

Major issues for each initiative should be discussed among the Committee and/or sub-committees for general feedback, collaboration, and lessons learned, as many of the IT/application initiatives cross-departmental boundaries.

In order to improve the culture of application utilization, management, and support, it is also recommended that a series of training seminars be developed for all key department stakeholders and all enterprise business application users throughout the organization. This is an effective way to maintain momentum and kick off the tremendous change that is to occur in improving operations and constituent services.

IT Master Plan Capital Budget

The IT Master Plan budget on the following pages is NOT an entirely new set of spending requirements. The plan encapsulates all information technology issues and needs of all departments in the City. Some projects, initiatives are normally funded by departments themselves, some initiatives already have capital reserves set aside and others are part of normal annual IT budgeting.

Appendix 1 – IT Master Plan Initiatives

The following section contains the *IT Master Plan Initiatives* documentation in their entirety. The initiatives documentation reflect the results from the needs assessment workshops conducted with the City's departments.

Appendix 2 – Implementation Resource Requirements

The following contains the *Implementation Resource Requirements*. This is presented in a Matrix format which includes a list of all the initiatives with notations on which initiatives will or may require additional resources from outside the City.

Information Technology Master Plan

Appendix: IT Initiatives

January 3, 2017



Client Locations
Coast-to-Coast

Practice Locations
California
Illinois
Minnesota
North Carolina

800.806.3080
www.clientfirstcgc.com

Table of Contents

BEST PRACTICES.....5

1. Return-on-Investment Considerations.....	6
2. IT Governance	8
3. COBIT	10
4. ITIL.....	11
5. Applications Management Best Practices	12
6. Applications and User Licensing Inventory	17
7. User Training and Support	18
8. Training Room.....	21
9. Software Selection Best Practices	22
10. Project Planning and Implementation Best Practices	27
11. Maintaining Software Updates	28
12. IT Project and Services Portfolio	29
13. Sustainability Planning	29
14. Cloud Computing	30
15. Centralized Land and Parcel Management	31

DEPARTMENTAL APPLICATIONS AND SYSTEMS.....32

16. Enterprise Resource Planning (ERP) Replacement.....	33
17. Project and Grant Accounting	48
18. Contract Management.....	52
19. Cashiering Needs Assessment and Replacement	52
20. Work Orders/Maintenance and Asset Management System.....	54
21. Fleet Management	55
22. Land Management System Replacement	57
23. Electronic Plan Submittals and Reviews	61
24. Human Resources System Improvement or Replacement	62
25. Employee Self-Service	64
26. Time, Attendance, and Accruals Tracking.....	65
27. Performance-Evaluation Software.....	66
28. Applicant Processing.....	67
29. Training and Certification Management Software	68
30. Staff Scheduling System	69
31. Project and Construction Management	70
32. Parks and Recreation Software Replacement (eGov).....	71
33. Citywide Facilities Scheduling/Events Calendar.....	73
34. Childcare Management System	74
35. Electronic Content Management System (ECMS) Replacement	75
36. Agenda Creation and Management Software	78
37. Legislative Management	79
38. Granicus Media Management Assessment (Replacement)	80
39. Large-File Sharing Tool.....	81
40. Video Capture and Editing (Video Events and Other)	82

41. Photo Management and Storage Software	83
42. Publishing Software Consolidation.....	84
43. Real-Time Utility Usage (Automatic Meter Reading-AMR).....	85
44. Website Improvements	86
45. Notifications System (Push/Social Media/Text).....	87
46. Develop GIS Master Plan.....	88
47. Department-Centric / GIS Self-Service	90
48. RIMS (CAD/RMS) Gap Analysis and Application Maximization	91
49. Alarm Tracking and Billing Software	92
50. Ticket Writer Software Replacement (Duncan to TDS)	93
51. Officer Radio Transmission Identification	94
52. Replace MDC's with RIMS Mobile/GIS System	94
53. Tow Company Billing System.....	95
54. FirstNet Preparation Planning	95
55. Police Audiovisual Format Conversion Tool	96
56. Panic Button	96
57. Penal Code/Vehicle Code Reference Software	96
58. Portable Wireless Camera for Surveillance.....	97
59. Wireless PA Radio PA/Sound System	97
60. Instant Messaging	97
61. PA Announcements	97
62. Parking Sensors and Management.....	97
63. Constituent Satisfaction Surveys.....	98
64. Laptop Borrowing Program	98
65. Library Subscription Provider Statistics.....	98
66. HVAC Zonal Climate Control System	98

Gov 2.0..... 99

67. Citizen Request Management (CRM)	101
68. Online Payments, Transactions, and Services.....	102
69. Video/Web Conferencing	104
70. Council Chambers Audiovisual Systems.....	106
71. Conference Room Audiovisual.....	107
72. Social Media Policy and Procedures.....	108
73. Mobile Computing	109
74. Newsletter	111
75. Dual Monitors	112

IT INFRASTRUCTURE..... 113

76. IT Computer Room and Teledata Closet Improvements	114
77. Wireless Network	115
78. Internet Bandwidth	115
79. Electronic Mail (Exchange).....	116
80. Enhanced Internet Security and Connectivity (DMZ)	116
81. Remote Access Upgrade	117
82. Network Redesign.....	118
83. Core Switch Replacement.....	119

84. Power Distribution	119
85. Virtual Server Migration.....	120
86. Storage Area Network (SAN) Upgrade	121
87. Technology Support for the EOC	122
88. Redundant CAD/RMS System	122
89. Computer Upgrades (Windows XP & Office).....	123
90. Video Camera and Surveillance System (Citywide Standard).....	124
91. Secure Managed Access (Wireless/Keyless Security).....	125
IT OPERATIONS	127
92. Help Desk Ticketing System	128
93. Mobile Device Management.....	129
94. Network Management Tools (Alerts/Alarms).....	130
95. IT Support Metrics.....	131
96. Desktop Management	132
97. IT Automation Tools (Patch Management).....	133
98. IT Policies and Procedures	133
99. IT Procurement Practices.....	134
100. IT Cost Recovery (IT Budget Allocations)	135
IT SECURITY.....	136
101. Disaster Recovery Planning	137
102. Backups	138
103. IT Security Assessment	138
104. PCI Compliance	139
105. Records and Data Retention	139
106. Two-Factor Authentication	140
107. SCADA Security	140
TELECOMMUNICATIONS	141
108. Phone System Redundancy.....	142
IT STAFFING	143
109. IT Staffing.....	144
110. Enterprise Applications Support Specialist.....	145

Best Practices are methods that consistently provide results greater than those achieved with other methods. We believe that the following best practices will enhance the City's ability to select, procure, and maintain solutions that are more effective in the future, as well as improve overall productivity of staff.

1. Return-on-Investment Considerations
2. IT Governance
3. COBIT
4. ITIL
5. Applications Management Best Practices
6. Applications and User Licensing Inventory
7. User Training and Support
8. Training Room
9. Software Selection Best Practices
10. Project Planning and Implementation Best Practices
11. Maintaining Software Updates
12. IT Project and Services Portfolio
13. Sustainability Planning
14. Cloud Computing
15. Centralized Land and Parcel Management



1. Return-on-Investment Considerations

IT Infrastructure, Operations, and Support

Limiting the number of software and technology vendors supporting City functions will decrease IT infrastructure, operational costs, and support costs in the medium-to-long term. The following is a list of technology areas impacted when determining the number of applications necessary to support and maintain an organization's core business solutions:

- **Hardware** – Servers required to house the applications
- **Software** – Additional software, such as key operational software applications, and the number of different database tools required to support core applications
- **Licensing** – Increased licensing due to an increased number of vendor applications and various associated database tools
- **Business Continuity** – Increased Disaster Recovery Planning effort, testing, and recovery complexity to support multiple-vendor applications
- **Support Costs** – IT support costs for hardware and software as vendor application volumes increase
- **Operation Costs** – Increased training for employees to meet expertise requirements as more vendor applications and different database tools are introduced

Further analysis outside of the scope of this project would be required to determine specific potential cost savings.

Departmental Labor Costs

Many organizations do not adequately understand the impact that improved automation—and the resulting reduction in manual processes and shadow systems—will have when considering implementation of new systems or conducting process improvement analysis. Most productivity analyses show that, over time, labor cost savings far exceed the cost of reasonable automation efforts. The savings associated with the avoidance of one new hire or the elimination of a position due to natural attrition may be \$40,000 to \$70,000 or more per year (including total payroll, taxes, benefits, and other costs). The life of some new systems should be over ten years, making the savings from the avoidance of just one new hire and/or elimination of vacant positions the equivalent of \$400,000 to \$700,000 over ten years. Ten years should be the minimum expected life cycle for major/large applications systems.

Return-on-Investment (ROI) for Applications Systems

Improved utilization of applications systems can result in immediate and sustained savings in time spent performing specific tasks or processes. These individual improvements do not always equate to immediate, “hard” savings. They may result in intangible benefits to the City, the population that the City serves, or cumulative savings from reduced long-term personnel needs.

User Training and Support

Applications software is continually evolving. Improvements and enhancements are made yearly. Maintaining staff efficiency and improving productivity over time requires ongoing training of all staff. Users are typically not trained on all aspects or capabilities of particular software applications or other technology-based tools during initial implementation. Therefore, it is important for the organization to develop methodologies to carry out functionality use, reporting, and training requirements in order to utilize the City's important technological assets to their fullest potential over time.

Calculation Examples

Whenever possible, we recommend that staff calculate tangible and intangible benefits when requesting approval for a project. The following calculations can be utilized in those efforts. We believe in being conservative and practical. Exhaustive ROI studies should not be necessary. Focusing on a limited number of reasonable examples, as outlined here, should normally be sufficient to provide adequate justification for strategic projects.

Labor Efficiency Savings = Labor Hours Saved X Gross Hourly Rate

Tangible Labor Cost Savings = New hire avoidance, elimination of position through attrition, consolidation of work load and positions, etc.

Hard Cost Savings

- Hardware
- Software
- Maintenance
- Inventory Reductions



Intangible Benefits

- Increasing Levels of Service
- Improved Service to Public Users
- Safety
- Transparency
- Improved Public Communication
- Improved Employee Communication and Satisfaction
- IT Planning and Improvements



Return-on-Investment (ROI) Considerations

A study conducted by Macquarie University¹ discovered the following:

- Overall ROI in IT projects is around 30%.
- The projects that deliver at least some benefits should be about 52.5%.
- Successful IT projects can have an ROI of around 400%.

¹ Macquarie University, 2006.

2. IT Governance

Findings and Observations

The City requires cooperative technology to meet its goals. The Information Technology Master Plan implementation provides a great opportunity for City departments to collaborate on future technology use and applications.

IT Governance

Traditionally, key IT decisions are made by IT professionals and a select few organization managers. This does not always ensure the most effective benefit to all stakeholders (all departments and constituents). IT governance can provide a collaborative forum for major decisions, planning, internal communication, and department/staff training regarding such matters. IT governance is committed to the stewardship of IT resources on behalf of the stakeholders who demand a benefit and/or return on the investment.

IT Steering Committee

The IT Steering Committee is a group of employees and managers from a variety of departments and disciplines that provide long-term direction and oversight for an organization's IT resources. This committee can provide a stabilizing influence and focus for development of organizational concepts and planning. Some of the responsibilities the group may carry out include:



- Identifying and developing of technology initiatives
- Prioritizing initiatives
- Monitoring and reviewing initiatives
- Project management of IT Master Plan implementation
- Providing a forum for lessons learned during implementation of technology projects
- Providing an initial review process of technology-related projects requested by individual departments
- Reviewing and providing feedback on long-term unresolved Help Desk issues
- Developing and reviewing standards and policies
- Updating standards and policies as changes occur in the organization and technology
- Helping to achieve support across the organization
- Reviewing Help Desk statistics, issues, and long-term unresolved needs
- Acting as a sounding board for management and staff

Implementation of IT Governance can be an effective forum for departments to become more knowledgeable about technology and how it can be used effectively to enhance customer service and create efficiencies throughout the City's business process environments.

Recommendations

Assemble and formally implement an IT Steering Committee, including an IT Steering Committee Charter, to discuss technologies and recommend priorities, assist in policy development, communicate with department staff, and manage, as well as **oversee, the implementation of the IT Master Plan.**

It is recommended that the City consider engaging *CLIENTFIRST* to review the IT Steering Committee Charter in order to make specific recommendations and to assist in conducting a Steering Committee Development Workshop, including make-up of Steering Committee

members and structure, as well as review Steering Committee roles and responsibilities. As part of the same engagement, *CLIENTFIRST* would also conduct a workshop to cover and educate on Steering Committee best practices.

Utilize the IT Steering Committee as the initial forum for the IT Division and other Departments to propose/present new technology-related projects to ensure best practices are followed and applied to the review, selection, approval, procurement, implementation (project management), and ongoing technology maintenance.

The IT Governance strategy and implementation of an IT Steering Committee can be an effective forum for departments to become more knowledgeable about technology and how technology can be used effectively to enhance customer service and create efficiencies throughout the City's business-process environments.

Benefits

- More transparency, responsibility, and accountability
- Prioritization of initiatives
- Improved compliance and consistency
- Enhanced communication and collaboration
- Higher degree of business and technology alignment
- Widespread personal and professional growth

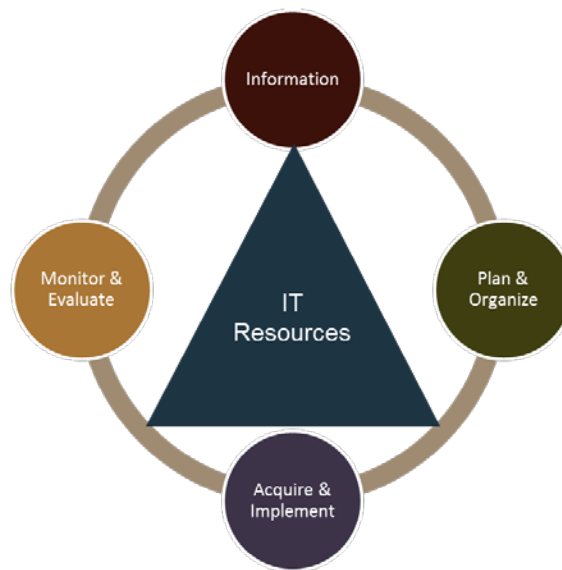
Next Steps

- Determine potential IT Steering Committee members who are:
 - ♦ Interested in participating on the Steering Committee
 - ♦ Have the ability to speak for Department Head
- Develop and implement an IT Steering Committee focused on:
 - ♦ Determining priorities, based on limited IT resources
 - ♦ Annual IT budget review and prioritization
 - ♦ IT policy reviews
 - ♦ New project reviews and feedback
 - ♦ Lessons learned from ongoing projects
- Determine representation of all departments on the Steering Committee for regular IT communication, ongoing education, and continued collaboration.
- Assign a lead and/or sub-committee for all IT Master Plan initiatives.
- Monitor and discuss active/in-process IT Master plan initiatives at each Committee meeting.
- Form sub-committees, as appropriate.

3. COBIT

Control Objectives for Information and related Technology, also known as COBIT, helps to ensure alignment of IT with the environment through the adoption of incentives, metrics, and oversight. IT governance is the responsibility of executives and the Board of Directors, and consists of the leadership and organizational structures and processes that ensure that the enterprise's IT sustains and extends the organization's strategies and objectives. For IT to be successful in delivering, management should put an internal control system or framework in place. The COBIT control framework contributes to these needs by:

- Making a link to the organization's requirements
- Organizing IT activities into a generally accepted process model
- Identifying the major IT resources to be leveraged
- Defining the management control objectives to be considered



The orientation of COBIT consists of linking organizational goals to IT goals, providing metrics and maturity models to measure their achievement, and identifying the associated responsibilities of organization and IT process owners. The benefits of implementing COBIT as a governance framework over IT include:

- Better alignment, based on an organizational focus
- A view of what IT does that is understandable by management
- Clear ownership and responsibilities, based on process orientation
- General acceptability with third parties and regulators
- Shared understanding among all stakeholders, based on a common language

COBIT is an IT governance framework and supporting toolset that allows managers to bridge the gap between control requirements, technical issues, and business risks. COBIT enables clear policy development and best practices for IT control throughout organizations. COBIT emphasizes regulatory compliance, helps organizations to increase the value attained from IT, enables alignment, and simplifies implementation². *CLIENTFIRST* utilizes the concepts from COBIT throughout its IT Planning process.

² www.isaca.org – COBIT, 2009.

Staff Feedback

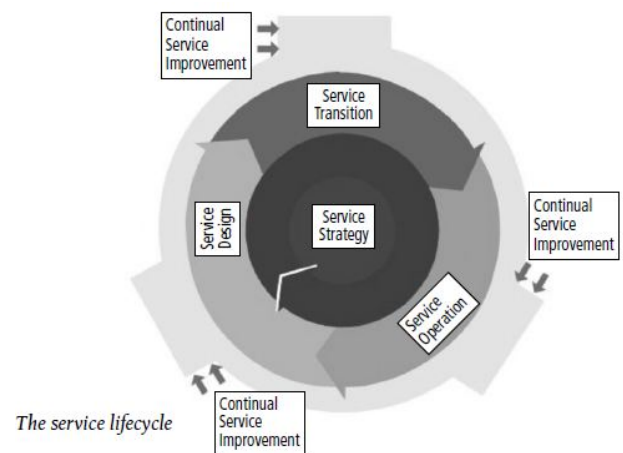
- IT – IT has had challenges with COBIT especially when it comes to citywide planning of best practices framework. Organizational requirements often are not defined or audited.

Benefits

- Reduction in unplanned work
- Increase in number of successful changes
- Improved operations management
- Secure sharing of infrastructure and asset information
- Increased anticipation and management of technology upgrades
- Reduction in total cost of ownership

4. ITIL

This lifecycle approach to IT organization results in strategies that align service management with business strategy, structures IT services to meet the real business environment, and builds a support model for the day-to-day procedures needed to support business objectives. Through an understanding of Information Technology Infrastructure Library (ITIL) and how it relates to IT operational environments, *CLIENTFIRST* can identify the strategy and resources needed to accomplish the business objectives based on the current structure of the IT Division.



ITIL provides a common framework understood by suppliers, clients, vendors, and businesses through a set of global standards. *CLIENTFIRST* utilizes these concepts for service delivery throughout its IT planning process to provide a sound approach to support IT initiatives³. ITIL is a framework intended to assist organizations with the alignment of IT operations with business objectives through an IT service strategy of continuous realignment. ITIL is considered a best-practice approach to IT service delivery that can be molded to fit all organizational structures. ITIL v3 groups IT service into four (4) categories: Strategy, Design, Transition, and Operation. *CLIENTFIRST* recommends that all IT Managers obtain at least foundational certification in ITIL.

Benefits

- Reduction in unplanned work
- Increase in number of successful changes
- Improved operations management
- Secure sharing of infrastructure and asset information
- Increased anticipation and management of technology upgrades
- Reduced recovery times
- Reduction in total cost of ownership
- Improved alignment of technology with business requirements and needs

³ www.itil-officialsite.com – ITIL, 2009.

5. Applications Management Best Practices

Findings and Observations

The City utilizes over 136 different software applications or modules throughout all departments. Major systems include:

Application Functionality	Vendor
Financial/Accounting Management	Cayenta
Personnel Management	ADP Workforce Now
Land Management	Tidemark
Work Orders/Maintenance and Asset Management	None
Public Safety CAD/RMS	RIMS
Electronic Document and Records Management	ApplicationXtender
Geographic Information System (GIS)	Esri

A more comprehensive example listing of City applications is included below.

Note: This is not an official inventory.

- 3SI Technoligied
- Adobe
 - ♦ Acrobat Reader
 - ♦ Acrobat XI Pro
 - ♦ Creative Suite/Cloud
 - ♦ Illustrator
 - ♦ InDesign
 - ♦ Photoshop
 - ♦ Premiere
- ADP Workforce Now
 - ♦ Employee Benefits Tracking
 - ♦ Human Resources
 - ♦ Payroll
 - ♦ Performance Evaluations
 - ♦ Time Tracking
- Alco-Sensor IV
- ALLDATA Online
- Apple iTunes
- ApplicationXtender
- ArborAccess
- BaseCamp
- BEC System
- Box.com
- Cal Photo
- CalOpps
- CalPERS
- Cayenta
 - ♦ Accounts Payable
- ♦ Ad Hoc Reporting
- ♦ Financial Reporting
- ♦ General Ledger
- ♦ Requisitions and Purchasing
- CCIN
- CDMIS
- Cellebrite
- Citrix work order system
- CivicPlus
 - ♦ Calendar
 - ♦ Intranet
 - ♦ Subscriber Notifications
 - ♦ Website Content Management
- CNIPS
- Comcate
- Cummins INSITE
- Digital Watchdog
- Direct Connect
- DOJ
- Dropbox
- Duncan Systems
 - ♦ Autocite
 - ♦ Autoissue
- eGov
 - ♦ Class Registrations
 - ♦ Email Marketing
 - ♦ Reporting
- ♦ Room Rentals
- ENERCALC
- Esri
 - ♦ ArcCatalog
 - ♦ ArcMap
- Eventbrite
- Evernote
- Facebook
- Fill & Sign PDF Forms
- Firefox
- Ford Diagnostic Solutions
- Geocortex viewer for Silverlight
- Google Chrome
- Google Earth
- Google Maps
- Gov QA
- Granicus
- HdL Prime
- Hub Manager
- Innovative Sierra
- Insight e-Tools
- MAC Final Cut Pro
- Microsoft
 - ♦ Access
 - ♦ Excel
 - ♦ Internet Explorer
 - ♦ Outlook
 - ♦ Paint
 - ♦ PowerPoint

- ◆ Project
- ◆ Publisher
- ◆ Skype
- ◆ SQL Server
- ◆ Word
- MP GIS
- Musco Control-Link
- Open Budget
- Paypal
- PBT Group TEAMS
- Phoenix
- Print Wizard
- QuickReg
- QwikRegister
- Rain Master, Evolution II
- RD Client
- Redflex Traffic Systems
- RIMS
 - ◆ CAD
 - ◆ CLETS
 - ◆ Digital Imaging
 - ◆ E911
 - ◆ Mapping
- ◆ Mobiles
- ◆ Property
- ◆ Reports
- ◆ RMS
- ◆ Training
- Ron Turley and Associates (RTA)
- Sage
- SAM
- SCADA Wonderware
- ShoreTel Communicator
- Signage Manager
- SketchUp
- SmugMug
- SonicWALL / VPN
- SonicWALL
- SS-Verification Dept. Homeland Security
- SurveyMonkey
- Team Sideline
- TeleStaff
 - ◆ Comp Time
 - ◆ Scheduling
 - ◆ Shift Bidding
- ◆ Shift Swaps
- ◆ Vacations
- TextMe
- Tidemark
 - ◆ Code Enforcement
 - ◆ Mobile Inspections (TES/TIM)
 - ◆ Parcel/Address Management
 - ◆ Permits
- TM1
- Training Information Management Systems (TIMS)
- Trimble Field Service Management
- Turbo Data Systems
 - ◆ eAppeals
 - ◆ ticketPRO
- Verifone Omni 3730
- Viewu
- Virtual Merchant
- West Coast Arborist mobile app
- XC2

Many City software applications, modules, and systems are underutilized, resulting in loss of productivity due to manual processes, inefficient workarounds, and inefficient or unnecessary reconciliations. Additional user training is needed for many software applications (see *User Training and Support* initiative). The City does not have sufficient resources to document practices and procedures, develop needs for applications systems, prioritize needs, evaluate solutions, and identify sufficient implementation and ongoing management and support resources for these solutions. Additionally, the City has insufficient effective IT resources to ensure quality applications utilization, increase department process improvements, and gain significant efficiencies in labor throughout the organization.

Gaining greater utilization of the existing application modules is vital to significant increases in productivity by staff throughout the City. The ability to accomplish this is difficult because of limited resources and the diversity of applications providers in use.

Future Applications Management Best Practices

The City can benefit greatly by changing traditional applications management practices. Use of the following recommendations can lead to improved functionality, use, and increased overall productivity.

Future Applications Roles and Responsibilities

Applications support and management roles and responsibilities will have to be identified and assigned to departments' operational applications and modules. We recommend starting with:

- ERP (Finance and Accounting)
- Personnel Management
- Permitting
- Contact Management
- ECMS
- Work Orders/Maintenance and Asset Management
- CAD/RMS and Citations

PO = Process Owner(s) SU = Super User(s) AA = Application Analyst(s) RWR = Ad Hoc Report Writer(s)				FL = Application Area Functional Lead (Liaison/Coordinator) FF = Feature Function Reviewer(s) NP = Needs Assessment/Software Selection Participants				IT = IT Responsibility (Explanation)	
Financial Management									
	General Ledger	Budgeting	Bank Reconciliation	Project Accounting	Purchasing and Requisitions	Accounts Payable	Accounts Receivable		
PO	John	Robbie	Thomas	Lorrie	Debbie	Robert	Evan		
SU	John	Robbie	Denise	Thomas	Sherry	Pat	John		
AA	John	Robbie	Denise	Thomas	William	Robert	Robert		
NP	Jody	Robbie	Thomas	Lorrie	Debbie	Pat	Jerry		
IT	Rich	Rich	Rich	Rich	Rich	Pat	Rich		
FL	John	Robbie	Thomas	Lorrie	Debbie	Robert	Evan		
FF	John	Robbie	Thomas	Lorrie	Debbie	Robert	Evan		
NP	Jody	Robbie	Thomas	Lorrie	Debbie	Pat	Jerry		
IT	Rich	Rich	Rich	Rich	Rich	Pat	Rich		

Identification and assignment will help the City spot capable resources to fulfill the roles and responsibilities for Applications Management Best Practices in the future.

Process Owner

- Staff “resident expert” who is responsible for a given departmental process or function
- May also be responsible for oversight and delivery of the daily, weekly, monthly, and annual processes that the application or module is utilized to fulfill
- Primarily makes final decisions on process policies, procedures, and deliverables for their area of expertise
- Stays current with the applicable industry best practices, technology, and applications capabilities
- Stays current with existing applications vendors’ capabilities, offerings, and enhancements

Application Champion

- An expert on a specific application or module
- Possesses greatest knowledge of application or module
- Lead trainer or support person for other staff that utilizes application or module
- Usually has formal training and is responsible for application configuration setup and changes on an ongoing basis
- Often trained to provide ad hoc report writing capabilities for the application or module
- Stays current with the applicable industry best practices, technology, and application capabilities
- Stays current with existing application vendors’ capabilities, offerings, and enhancements

Business Process and Application Analyst

- Assigned to work with process owners, application champions, report writers, and users
- Reviews business processes, current utilization of application, manual processes, and shadow systems (i.e., spreadsheets and other databases) in an effort to increase automation, improve efficiencies, and increase utilization of the core business application
- Assists in the development of user, application, and process requirements
- Assists in developing and documenting standard operating procedures (SOPs)

Note: An Application Analyst may be a person already fulfilling one or more of the above roles.

Ad Hoc Report Writer

- Aptitude to develop ad hoc reports using vendors' report writing tools, which may include third-party tools such as Crystal Reports, Cognos, or Microsoft SQL Server Reporting Services (SRSS)
- Assigned as the “go-to” person for ad hoc reports that other users cannot quickly generate on their own

IT roles and responsibilities should be defined by application module. Consider taking the following actions:

- Identify role of IT for a given application or module (primarily server and network support).
- Departments are to take as much responsibility as possible for applications management of modules utilized by their primary business-process functions, as the IT Division does not currently and will never have all the resources to fulfill all applications management support and maintenance roles for the entire organization.

Please note that the organization may not have an identified resource in some instances, and that some applications may not require certain roles. It is also likely that, in some instances, the same person(s) will fulfill more than one role for a given application/module.

Business Department Application Training

As applications software changes and grows in complexity, training staff to use software properly becomes more critical. We believe that a renewed emphasis on targeted staff training on the City's applications software will pay off significantly in increased staff effectiveness and productivity. An inventory of high-priority training is essential to achieve expected productivity. The City can identify and assess future training needs for all applications and users upon completion of an application/user matrix (see *Applications and User Licensing Inventory* initiative).

Staff Feedback

- HR – ADP's performance evaluation software is licensed but not implemented

Recommendations

- Departments should be encouraged to become more responsible for changes to application setup and configurations with assistance from IT. If department personnel are unable to make these changes, training should be provided.
- Training department personnel to perform their own simple report writing (basic listings and extracts in tabular form) is challenging, but beneficial. More complex reporting often requires specific understanding of database structures in the application. There is currently very limited capacity to provide such support from IT.
- Consider adding more specialized application/business analyst personnel and database administration to the IT Division to provide increased and improved applications support to departmental users for departmental business applications (e.g., ERP, Personnel Management, Permitting, ECMS, CAD/RMS, Work Orders/Maintenance Management etc.)
- Over time, we believe that applications utilization by departments will improve if applications sponsors (Process Owners and Application Champions) take a more active role in monitoring upcoming functionality improvements from new software releases that will benefit the City. In addition, it would be helpful if applications sponsors and sponsoring departments monitored and discussed applications usage with other peer organizations and entities to gather information and potential productivity improvements that could be incorporated into the City's systems.

- Specifically assign a process owner, application champions, primary business analysts, applications administrators (setup and configuration responsibility), and ad hoc report writers for each application or module.
- Key assignments should encompass responsibility for understanding industry best practices and solutions or processes available, and taking the lead in continually assessing and inventorying needs.
- Inventory current and future feature/function, reporting, training, and support gaps, and maintain improvement needs lists

Benefits

- Increased use of applications features resulting in higher return on software investment
- Higher degree of user independence and less reliability and cost for vendor assistance
- Identification of applications user roles and responsibilities
- Improved efficiencies and productivity
- Improved customer service

Next Steps

- Each department should complete Application/User Matrices for current and future applications usage and applications management roles, and IT Steering Committee should review completed matrices.
- Identify process owner(s) for each module, or insert “N/A” if not applicable.
- Identify application champion(s) for each module.
- Identify application analyst(s) for each module, or insert “N/A” if not applicable.
- Identify ad hoc report writers, or insert “N/A” if not applicable.
- Differentiate (e.g., by color shading, annotations, etc.) if individuals are expected to assume roles in future with additional training.
- Define IT Division roles and responsibilities for all applications or modules.

6. Applications and User Licensing Inventory

Findings and Observations

A citywide *applications and user inventory* can be helpful in understanding/confirming licensing compliance, over/under seat license needs, and identifying training and user roles mentioned in the *Applications Management Best Practices* initiative.

Recommendations

- Create an inventory of all organization software applications/modules currently in use, as needed. This is necessary for multiple initiatives/projects and developing and budgeting a multi-year user training budget.
- Identify all current user license holders, as well as those that need additional licenses.
- Determine which users that don't have a valid need for a license and determine if these licenses can be transferred to other users.
- Identify user's roles as "F" (Full), "I" (Inquiry), or "R" (Reporting Only).
- Recommend differentiating between current/licensed and non-current/non-licensed users, so that budgeting can be addressed for additional user-license requirements.
- Determine software applications that can be run centrally from a server or shared computer for infrequent users.
- Obtain ongoing sustainability cost estimates.
- Consider development of an IT Applications Support Portfolio to document departmental ownership and IT Division service-level agreements (SLAs).

Benefits

- Assurance that investment in licenses are matched to users truly in need
- Assurance that investment of licenses match the organization's software needs
- Better ability to identify potential integration requirements
- Ability to obtain proper support and reference information for licensed software
- Ability to better schedule and conduct training for staff, based on software usage
- Better, well-informed decision making for applications acquisitions or maintenance cancellations
- Potential reduction in applications license and maintenance fees by cancelling applications no longer in use
- Mitigation of legal risk from use of non-licensed software

7. User Training and Support

Software systems are tools utilized to conduct business operations. Like other tools (e.g., phones, audiovisual equipment, backhoes, plotters, equipment, etc.), gaining greater utilization of these tools through sufficient training and installation of other available software modules (tools) is key to significant increases in productivity and greater efficiency, as well as achieving cost savings in many areas.



Findings and Observations

- Software applications that are underutilized will gain significant increases in staff productivity if more training were provided.
- A complete inventory of all applications and/or modules by department and user does not currently exist.
- This list can be helpful in understanding and confirming licensing compliance, over/under seat license requirements, and identifying training needs and user-responsibility roles, as discussed in the *Applications Management Best Practices* initiative.
- Examples of requested training are included below.

Staff Feedback

- CMO – Need training on Photoshop
- CMO – Need training on Basic GIS
- CMO – Need training on Granicus
- CMO – Need training for staff on new technologies
- Comm. Dev. – Need training on Microsoft Office (Word/Excel/PowerPoint in particular)
- Comm. Dev. – Need training on Tidemark (+ any successor permitting system)
- Comm. Dev. – Need training on Adobe Acrobat
- Comm. Dev. – Need training on SQL Server/other database systems
- Comm. Dev. – Need training on updating menlopark.org website
- Comm. Dev. – Need training on Social media/other new communications methods
- Comm. Dev. – Need training on existing scanning equipment
- Comm. Serv. – Need training on eGov
- Comm. Serv. – Need training on branding standards
- Comm. Serv. – Need training on website use
- Comm. Serv. – Need training on MS Office applications
- Comm. Serv. – Need training on graphic design
- Comm. Serv. – Need training on Adobe Creative Suite
- Comm. Serv. – Need training on financial applications
- Finance – Need beginner and advanced Microsoft Office (Word, Excel, PowerPoint) training
- Finance – Need citywide Cayenta training
- HR – Need training on ADP
- HR – Need training on Cayenta
- HR – Need training on CalPERS
- Library – Need training on Cayenta
- Library – Need training on Outlook (e.g., calendar functions, mass email importing/sending, etc.)
- Library – Need training on ADP portal
- Library – Need training on phone basics (e.g., transfer, pickup, park/unpark, forwarding calls)

- Library – Need training on intranet searches
- Library – Need training on marketing form request procedure/details
- Police – Dispatchers need true training in the use of Blackboard
- Police – Need Adobe Design Studio training
- Police – Need training on Excel
- Police – Need training on Portable Wireless Camera system
- Police – Need training on 3SI technology for GPS tracking purposes
- Police – Need training on Training Information Management Systems (TIMS) to track department inventory specifically in regards to weapons
- Police – Need training on Windows Explorer
- Police – Need training on Word
- Police – Need training on Excel
- PW – Need training on ApplicationXtender
- PW – Need training on AutoCAD
- PW – Need training on Comcate functions
- PW – Need training on Internal Web-based GIS
- PW – Need training on Tidemark

Return-on-Investment (ROI) Consideration

- In a study conducted by Nucleus Research, an organization drove productivity gains of up to 50% through ongoing, successful user trainings⁴.

Recommendations

- Complete the Applications/User Matrices by department and user.
- Identify all current user license holders, as well as those that need additional licenses.
 - ♦ Conduct a survey, by user, to determine what training would be helpful and to determine actual need and planned attendees. This should be driven by department managers to elicit participation when training is made available.
- Identify approximately 500 square feet of space for use as a Training Room (See *Training Room* initiative).
 - ♦ Optimum configuration would be twelve PCs and two printers for hands-on training.
- Determine strategies for accomplishing training needs:
 - ♦ Self-learning aids
 - ♦ Internal classes (internal or external trainers)
 - ♦ On-site vendor training
 - ♦ Lunch-and-learns
 - ♦ Go-to Application Champions
 - ♦ Training opportunities at software vendor annual user conferences
- Create a repository of basic “how to” training aids and other training information (e.g., videos, past class information, etc.)
- Consider procuring a screen capture video solution to assist with developing internal video training aids.



⁴ Nucleus Research, 2010.

- Current and future needs can be evaluated and prioritized through a combination of mechanisms, including the IT governance function.
- Consider class attendance as a factor in performance evaluations. This can be accomplished by having department management involved and agreeing to which classes each employee would benefit from.
- Consider efforts to reduce and/or limit the total number of software vendors and databases whenever possible. This will reduce and limit overall cost-of-ownership, support requirements, training and reporting needs, and improve overall integration capabilities.

Benefits

- Improved operations management
- Improved utilization and efficiency of software applications
- Activation and use of existing functionality that is currently unknown, but important to the City
- Review and activation of new functionality provided in future applications software releases
- Increased information sharing
- Better identification of training needs
- Increase training alternatives
- Improved software administration (fewer staff required to service user community)

8. Training Room

A *Training Room* serves as a great opportunity for staff to become familiar with applications or expand on their current skills. It serves as a best practice to promote professional growth and continued improvement through increased utilization of existing or future organization applications to be released to staff. A dedicated Training Room is also a requirement for all major software implementation projects.



Findings and Observations

- The City has existing conference and meeting rooms that are multi-use that are often used for training.
- The City will benefit from a full-time Training Room in order to successfully complete the projects outlined in this plan.

Staff feedback

- CMO – Need a configurable classroom for training staff on systems
- Comm. Serv. – Need City-supported computer labs with latest hardware and software

Recommendations

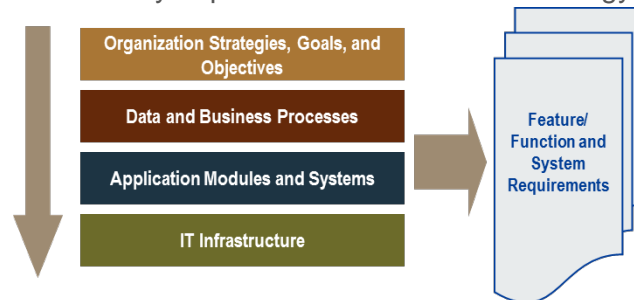
- The organization should maintain a Training Room for testing applications that are being implemented or for staff to improve upon existing competencies.
- Identify approximately 500 square feet of space for use as a Training Room
- With so many applications in use, a permanent Training Room will be needed if the organization implements ongoing user training, refresher training, and meet other training needs, as well as support applications management best practices.
- A minimum of twelve computers/workstations should be maintained in a room that provides adequate individual space for each workstation.
- Virtual Desktop (VDI) technology is often used for Training Room computers.
- Utilizing the recommended City VDI infrastructure will allow the City to place older PCs in the Training Room.
- Computers can also be used as a lab or resolution environment for staff experiencing extensive computer difficulties or those waiting for a computer replacement.

9. Software Selection Best Practices

Findings and Observations

Selecting the right system and technology is more critical today than ever before, because the efficiency and effectiveness of the organization is directly dependent on its use of technology and information systems. Organizations are realizing they must take greater advantage of automation and technology to ensure a better position to meet growing constituent and public demands.

Additionally, many agencies must provide better service to their constituents, users, and the general public, while coping with greater budget constraints.



Return-on-Investment Consideration

While new software solutions can transform certain operations, processes, and constituent services, consider these facts:

- Without proper preparation, planning, and a methodology for selection and implementation, organizations face many problems and risks, including:
 - ♦ Spending hundreds of thousands—and, potentially, millions—of dollars more than necessary in total cost of ownership
 - ♦ Failed or prolonged implementation
 - ♦ Implementation of systems that still do not meet the organization's functional needs
 - ♦ Low productivity
 - ♦ Poor contract negotiation position
 - ♦ Lack of and/or reduced integration between other software systems
- Organizations typically fall short of their implementation goals due to one or more of the following factors:
 - ♦ Insufficiently defining system objectives and requirements
 - ♦ Failing to adequately involve both management and users
 - ♦ Underestimating the costs and effort required
 - ♦ Failing to adequately plan for expansion
 - ♦ Failing to properly evaluate software



STARTLING STATISTICS:

- Only 32% of projects are on time, within budget, deliver all required features and functions, and achieve measurable business and stakeholder benefits.
- Approximately 44% of projects are "challenged" (late, over budget, and/or have less than the required features and functions).
- 69% of project failures are due to a lack of and/or improper implementation of project management methodologies.
- Nearly 40% of those surveyed said that a "lack of employee buy-in and executive support" was the biggest challenge facing a successful implementation.
- A recent customer survey shows that enterprise implementation projects:
 - Have only a 7% chance of on-time implementation.
 - Will likely cost more than estimated.
 - Will likely deliver unsatisfying results (only 21% will realize half or more of expected benefits).
- In a past study of local government enterprise implementations published in *Government Finance Review*, it was found that the average project was 176% over budget and 243% beyond the planned implementation timeline.

- In order for key software systems to be implemented properly and for the organization to reap the full benefits, the organization should utilize a structured analysis and selection methodology. A structured approach to selection and implementation results in significant benefits, including:
 - ♦ Reduced risk of a failed or prolonged implementation
 - ♦ Lower total cost of ownership
 - ♦ Independent and objective analysis of potential alternatives
 - ♦ Well-defined objectives and requirements
 - ♦ An education process for the organization
 - ♦ Selection of technology that meets the organization's short- and long-term objectives and requirements
 - ♦ Effective contract negotiation through well-prepared and documented needs
 - ♦ Overall project time savings
 - ♦ Improved implementation readiness

Staff Feedback

- CMO – We don't always follow a method that leads to the selection of the right software
- CMO – We often have departments go off and buy software that another department already has

Recommendations

- Utilize best practice selection methodology when evaluating new software solutions (see example work plan below).
- Consider third-party consults when selecting or improving complex or highly specialized solutions.
- Ensure process reviews are completed and detailed feature/function specifications are documented as part of the RFP (see example below).
- Ensure detailed feature/function specifications are utilized with test scripts before going live on new applications implementations.
- Include all stakeholders in each software evaluation and implementation project.
- Ensure detailed feature/function specifications are utilized in post-implementation reviews and ongoing training (see example work plan pages below).

Benefits

- Reduction in hardware/software requirements
- Reduction in preparation time for deployments
- Better identification of integration requirements
- Reduced license fees
- Increased utilization of applications systems
- More effective due diligence
- Increased staff buy-in, consensus, and morale
- Improved decision making (selecting software that is the best fit for your needs)
- Improved implementation results (time, costs, and results)

Feature Number	Feature / Function / Capability	Standard - Current	Standard - Next	Report Writer	3rd-Party Application	Custom Modification	Not Available	No Response	Comments
Requisitions / Purchasing									
4.000	VENDOR MAINTENANCE GENERAL FEATURES								
4.020	VENDOR – ADDRESSES - Provide for multiple addresses per vendor (must support non-USA addresses) with a minimum of four addresses and five lines each.					1			
4.028	VENDOR APPROVAL - Ability for departments to setup a temporary vendor with only purchasing to approve new vendors.					1			
4.035	ON-LINE REQUISITION PO APPROVAL - Provide functionality online to route requisitions or purchase orders to appropriate users (or their backup user) with notifications for their approval or disapproval. Allow entry of disapproval notes and ability to restart the approval process if required.	1							
4.036	ON-LINE TRACKING OF APPROVED REQUISITIONS - Ability to use online query for all purchase requisitions that are awaiting the user's approval.	1							
4.041	ENCUMBRANCE ACCOUNTING								
4.042	ENCUMBRANCE ACCOUNTING - Provide all procedural functions of an encumbrance system including verification of budget availability before accepting invoice, requisition and purchase order transactions.	1							
4.046	PURCHASE REQUISITIONS								
4.047	FORMAL BID FUNCTIONALLY - Provide formal bidding functionality and process, which ties with both purchased requisitions and purchase order functions.		1						Future release
4.050	BUDGET / PURCHASE LIMIT CONTROLS - Provide security controls to either allow or disallow amounts to be entered that exceed budget amounts.	1							System either start workflow process, or not route items that exceed budget amount
4.052	RECURRING REQUISITIONS - Allow recording, reporting, retrieval, and editing of recurring requisitions.					1			
4.054	ELECTRONIC REQUISITIONING - Provide the ability to generate electronic requisitions by multiple end-users.	1							
4.099	DEPRECIABLE ASSET - Ability to code items as depreciable assets.	1							This is available at the PO level
4.107	PURCHASE ORDER PROCESSING								
4.109	PURCHASE ORDER GENERATION - Allow items to be split from requisitions to multiple purchase orders.				1				
4.140	PURCHASE ORDER – THRESHOLD AMOUNT - Ability to set a limit (cumulative) for a single vendor in a year for purchases.	1							yearly limit tracked via misc user defined field
4.158	CONTRACT EXPIRATION ALERT - The system should provide a warning or block payments if a contract's insurance has expired.	1							Information is available via drill down
4.160	APPROVALS - Ability for an approval to be routed to multiple approvers, via workflow rules, where either approver, but not both, is not required.	1							
4.194	PURCHASE ORDER COMMITMENT REPORTING - Generate a purchase order commitment report reflecting the dollar amount of anticipated deliveries by vendor.	1							
4.198	INTEGRATION								
4.198	INTEGRATION - ACCOUNTS PAYABLE - Provide for automatic transfer of purchasing information to Accounts Payable (e.g., vendor, address, amount, purchase order number, etc.)	1							
4.199	INTEGRATION - BUDGET - Provide capability to validate funds availability for Requisition and Purchase Order transactions. Allow override capability.	1							
4.202	INTEGRATION - GENERAL LEDGER - Ability to download purchasing card transaction file (.txt) to post transaction detail to General Ledger by general ledger account code. Note: each transaction is associated with a specific general ledger account number in the text file.								standard P-Card integration is available via import into Accounts Payable
4.203	INTEGRATION - PROJECT ACCOUNTING - Purchase Order transactions coded to Projects must integrate with Project Accounting and/or Work Order Management systems.								

Step	Software System Selection Work Plan
<i>Phase 1 – Needs Assessment and Recommendations</i>	
1	Kick-Off and Project Team Development – Hold a formal Kick-Off Meeting, and then work with the Project Manager to finalize the makeup of the selection Project Team and document required roles and responsibilities. Include representatives from all key stakeholder groups.
	<i>IT Infrastructure and Staffing Readiness Review</i>
2	IT Information Meetings and Interviews – Conduct information-gathering activities focused on the ability of the existing IT staff and infrastructure to support the needs of the organization and to review the readiness to implement and support the platform that will be required for the new software system, including:
	IT Network and Infrastructure
	Storage and Backups
	Servers, Server Applications, and Management
	IT Security
	Disaster Recovery
	Desktop Environment
	Printers
3	Documentation – Document information and summarize the required preparation initiatives, findings, and recommendations.
4	IT Assessment Memo – Prepare a memo assessing gap and readiness of IT infrastructure to support the organization's general needs and to support the introduction of the new software system. The memo is to include the following:
	General readiness of IT to support the organization's needs and support the introduction of a new software
	IT Initiatives with findings and recommendations, including the following scope:
	IT Environment and Infrastructure
	IT Applications Support Staffing Structure
	<i>Business Department Needs Assessment Interviews</i>
5	Business Process Review and Feature/Function Analysis – Meet with the identified personnel by functional area and software modules to review existing manual and automated systems and operations, including any custom-developed work-around systems/processes. Include a cross-section of all user types in each needs assessment workshop.
6	System Requirements Documentation – Document information gathered during interview process and develop feature/function requirement specifications specific to your organization.
<i>Phase 2 – RFP Development</i>	
7	Preliminary Vendor Research, Communication, and Coordination – Research vendor community to identify qualified vendors meeting the organization's system and services requirements, and communicate with potential vendors. Vendors do not respond to all RFP's, so pre-communication is helpful to obtain proposals that are in the organization's best interest to consider.
8	Develop Request for Proposal (RFP) with Electronic Response Forms – Prepare a Request for Proposal (RFP) document and work with the organization to make adjustments and revisions, as well as ensure it complies with the organization's purchasing guidelines and is distributed per policy (assumes development of a single RFP document). RFP should include, but will not necessarily be limited to, the following:

Step	Software System Selection Work Plan
	Comprehensive list of functions/requirements with prioritization
	Cost, including purchase or other financial payment plan options
	Required technical specifications
	Installation costs
	Migration from existing to new system (cost and timeline)
	Training cost and training schedule
	New system hardware/network/system software requirements
Phase 3 – Vendor Evaluation and Demonstration Management	
9	Facilitate RFP Response Activities – Facilitate pre-proposal activities, including: Manage vendor questions and answers during established proposal response timelines.
10	Proposal Evaluation – Analyze and evaluate proposal responses. Provide an initial Summary Vendor Comparison Worksheet that provides side-by-side comparison of key system evaluation requirements, including feature/function compliance statistics.
11	Analysis Results Workshop to Determine Vendor Finalists (Short List) – Conduct a collaborative review workshop with a key stakeholder committee and determine which vendors are to be short-listed.
12	Develop Demonstration Documents – Prepare an agenda and sample demonstration scripts for vendor demonstrations to be sent to vendor finalists for their advance preparation. Also, prepare vendor demonstration evaluation forms for use by selection committee members during demonstration sessions.
13	Reference Check Form Preparation – Prepare form to be used by project team members during finalist reference checks/calls.
14	Schedule and Facilitate Vendor Demonstrations – Schedule demonstration dates and facilitate initial vendor demonstrations to ensure that pertinent requirements are addressed (estimate three vendors at X days each).
15	Develop Site-Visit Documents – Prepare an agenda for each vendor site visit and a site visit evaluation form for organization selection committee members to complete during each visit.
16	Post Demonstration/Visit/Reference Check Due Diligence and Follow-Up – Track follow-up issues and conduct comprehensive due diligence. This may include additional demonstrations, Q&A facilitation, reference checking, and site-visit assistance, etc.
17	Finalist Selection – Conduct a meeting with the organization selection committee to facilitate discussion and finalize the vendor selection.
18	Review Selected Vendor's IT Requirements – Review the IT (server, workstation, network, etc.) requirements provided in the selected vendor's proposal, and prepare a memo outlining observations and recommendations for IT.
Phase 4 – Contract Review and Negotiation Assistance	
19	Implementation Plan Review – Review implementation plans, project management office, resource requirements, and timelines.
20	Implementation Team Organization – Establish Implementation Project Team based upon PMI and COBIT Project Management Office (PMO) principles and applications management best practices.
21	Contract Review and Negotiation Assistance – Conduct contract reviews and negotiations with an SME and legal representation.

10. Project Planning and Implementation Best Practices

Findings and Observations

A best practices approach should be followed for all significant implementation projects. The complexity and risk determine the actual level of due diligence that should be performed. The following is an outline of project planning and implementation best practices:

Determine Scope of Work – Work with all stakeholders to determine what needs to be accomplished.

Design – For larger, more complex projects, the design effort may become a separate project. For smaller projects, design is integrated into budgeting.

Specifications – Make sure an appropriate level of vendor-agnostic specifications are included with procurement requests that reduces ambiguity and provides better comparisons between vendors.

Collaborate – Include input and requirements of all stakeholder groups to ensure all requirements are included in specifications and all stakeholders buy-in to the final solution. IT Steering Committee should review as part of the Committee's role and responsibilities.

Develop Budget – Project budgets include hardware, software, and consulting/SME costs. Consulting costs are estimated by outlining the various work steps and estimating the hours required to complete them.

Gain Sign-Off – Once the budget is complete, review the scope of work and costs with the project sponsor and gain their approval before continuing, including consent by the IT Steering Committee.

Create Project Plan – Based on all stakeholder needs, delivery dates, and the tasks to be completed, develop a project plan and estimated implementation date.

Outline Communication Plan – Outline the process for communicating implementation dates, improvements, and training to appropriate staff members.

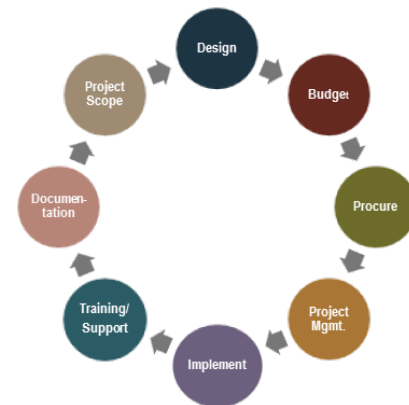
Document Other Plans – Other plans may include training, testing, contingency, and back-out. These plans are developed on an as-needed basis.

Configure and Implement – Utilizing planning methodologies and technical expertise, configure the necessary system components, and implement the solution with the least possible impact to staff and productivity. The IT Steering Committee should receive status reports on the progress of the implementation, including whether the project is on time and on budget, whether user needs are being met, and that vendors are following through with their contractual obligations.

Post-Implementation Review – Complete a post-implementation review with successes, lessons learned, and any loose ends requiring vendor assistance. Report the results of the IT Steering Committee.

Post-Implementation Support – All implementations that affect multiple users require on-site, post-implementation support to eliminate remote response times.

Documentation – Develop any necessary procedures and update documentation as part of the project.



Recommendations

- Develop a project portfolio for all IT and software-related projects.
- Follow planning and implementation best practices.
- Review all major active and upcoming projects during IT Steering Committee meetings.
- Obtain services of third-party project managers/subject-matter experts, as appropriate and/or cost beneficial.

Benefits

- Prioritization of projects
- Reduced periods between transitions
- Increased information-sharing capabilities
- Enhanced communication and consensus
- Increased anticipation and management of technology upgrades
- Improved analysis and planning
- Increased departmental collaboration
- Measurement and tracking of results/outcomes

11. Maintaining Software Updates

Findings and Observations

- Best practice for the maintenance of applications software is to maintain a minimum of N-1 (current major release or the one prior).
 - ♦ Software vendors often only support the current release and the one prior.
 - ♦ Falling further behind often creates upgrade scenarios with several intermediate steps, risking additional problems, and potentially makes upgrades more expensive and time-consuming.

Staff Feedback

- Comm. Dev. – IT is required for updates/upgrades of simple software/applications
- Comm. Serv. – A number of staff are operating on old versions of Office software, email etc.
- HR – Would like access to update/upgrade simple software/applications without needing to wait for IT. (Adobe, Java, etc.)
- HR – Are at least 4 versions behind on ADP
- Library – Would like access to update/upgrade simple software/applications without needing to wait for IT. (Adobe, Java, etc.)

Recommendations

- The City's normal practice is to maintain software updates as recommended.
- Maintain consistent updates across all users.
 - ♦ Utilize the inventory created in the *Applications and User Licensing Inventory* initiative to understand version issues.
 - ♦ Complete implementation of previously purchased patch management software to provide software updates across the City for desktop software updates to provide consistency and automation. Includes software updates in sustainability and replacement planning.
- Provide appropriate user training with each release.

12. IT Project and Services Portfolio

An *IT Support Services Portfolio* is a complete list of IT projects and services provided to City staff and the public. The support services portfolio outlines IT responsibilities for each service and any service-level agreements for those services (e.g., 24/7 support required, disaster recovery priorities, user-access permissions, report writing for certain software modules, server uptime requirements, etc.) Applications support, partially addressed in the *Applications Management Best Practices* initiative, is only one aspect of the complete portfolio. Other IT services include projects, Help Desk, data network, telephone systems, IT security, etc.

Recommendations

- We recommend the IT Division create an IT Projects and Services Portfolio to effectively communicate and set expectations for all users regarding what support services IT provides and communicate service-level standards.
- Utilize results of IT Master Plan as the basis for a five-year project portfolio and budget.
- Utilize the *Applications Management Best Practices*, *Applications and User Licensing Inventory*, and *User Training and Support* initiatives as a basis to complete the services portfolio.

13. Sustainability Planning

Findings and Observations

Sustainability Planning is the process of mapping the acquisition, maintenance, upgrade, improvements, training, and eventual replacement for major applications systems over a long-term period (i.e., five to ten years). Sustainability Planning helps in two significant ways:

1. Reducing the significant periodic spikes in capital expenditures of large software solutions
2. Scheduling upgrades and replacements of departmental business applications systems in a convenient and timely manner

The growing practice of Sustainability Planning provides a more practical or realistic way to determine and plan for the ongoing operational needs of all departments.

Because software applications are the primary technology tools of the operational departments, in order to increase productivity and efficiencies, improve customer service and transparency, and take advantage of technology improvements, the City can benefit from the implementation of sustainability planning versus the more limited practice of replacement planning.

Recommendations

- Develop a sustainability plan for IT software applications.
 - ♦ Microsoft licenses should be replaced N-1 (i.e., every other version).
 - ♦ Larger core applications (e.g., Financials, Land Management, Work Order Management, Recreation, etc.) benefit most from sustainability planning, because these should only be replaced every 10-15 years, if procured and managed properly.
- Investigate and track annual maintenance and support, and upgrade costs for all major systems to determine if the cost structure is sustainable. If the cost structure is not sustainable, consider alternatives and priorities over the next five-year period.

Benefits

- Increased long-term investment through scalability
- Reduced maintenance expenses
- Increased trust in systems
- Reduced risk and liability
- Reduction in total cost of ownership
- Avoidance of unforeseen upgrades
- Informed purchase timing
- Software lifecycle evaluation

14. Cloud Computing

Cloud computing can be described as IT services or equipment that are not internal, but available through the Internet. This can range from having a server hosted in an organization or facility other than the local organization, accessing information from a portable device, procession requests from the field, subscribing to an Internet-based software solution per a subscription model, etc. The benefits of cloud computing allow individuals to collaborate and remain centralized, regardless of location.

Cloud computing is one the most prominent discussions among current trends in IT. Significant benefits can be achieved, including security, disaster recovery, and cost savings. However, cloud-computing options for many systems are still not cost-effective or the most secure approach.

Findings and Observations

- The organization has already utilized some forms of cloud computing.
- Several infrastructure improvements will be required for the organization to be able to fully utilize cloud-based systems.

Staff Feedback

- FIN – Need to evaluate on ROI
- OPS – Any discussion of cloud computing should take into account the realities of our work environment, which is that a significant number of staff are frequently not connected to any networks, Internet, etc. and should be able to do their work on stand-alone computers when necessary.

Recommendations

- Before moving any significant applications to the cloud, the City should:
 - ◆ Upgrade the local area network (LAN)
 - ◆ Geographically separate Internet provider services
 - ◆ Move to most current version of Active Directory
- Cloud-computing options should be considered for future projects.
- Cost/benefit should be the overriding factor for most final decisions.

15. Centralized Land and Parcel Management

Centralized Parcel data is important for consistent organization-wide parcel and address data for all departments to utilize. The updating and sharing of a central database is essential in allowing departments to operate more efficiently moving forward and in retrieving historical records.

Findings and Observations

- The City uses multiple geo-based applications, such as Utility Billing, Work Orders, Permits, Code Enforcement, Planning (future), Business Licenses, GIS, etc.
- The address/parcel information is not synchronized; no formal process is in place to update parcel and address information from the County.
- The City could realize significant productivity gains and improved accuracy by using a common, centralized parcel/address database to populate any new or changed information.
- Although City staff have access to GIS software (Esri ArcGIS for Desktop), and sometimes access to basic GIS layers, the City does not have a citywide GIS system that provides a base level of functionality to support the land and parcel management process.

Staff Feedback

- Comm. Dev. – There is no citywide parcel/address master

Recommendations

- Utilize the GIS database for master address/parcel records (see *Develop GIS Master Plan* initiative).
- Select a future software system that offers both a master address/location and parcel management database (if applicable).
 - ♦ System should allow for regular updates and synchronization with the GIS.
 - ♦ Master addresses/locations should be shared across all geo-based applications.
- All updates of information from external and internal sources should first be done through the GIS. Then, updates to other systems would be done using the GIS master information.
- Strict control of who is authorized to make updates of this information should be enforced, and typically limited only to GIS data editors.
- Geo-based applications should be configured so that users select valid addresses, not type in free-form addresses, for each transaction.

Benefits

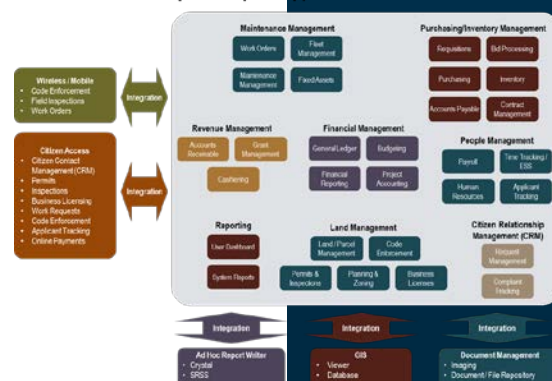
- Improved data integrity (i.e., consistent organization-wide parcel and address data)
- Connectivity with City/County parcel systems
- Improved review and planning
- Better GIS layer reporting
- Increased staff efficiency by reducing data entry into multiple land-based systems
- Ability to allow access to this information, via the Web to the public

The *Departmental Applications and Systems* category includes IT Initiatives that are primarily department business applications-related and were identified during the needs assessment process. Many of these initiatives and recommendations can have a significant impact on overall productivity, enhanced communications and information sharing, improved constituent service, improved transparency, and, in some cases, cost savings.

16. Enterprise Resource Planning (ERP) Replacement
17. Project and Grant Accounting
18. Contract Management
19. Cashiering Needs Assessment and Replacement
20. Work Orders/Maintenance and Asset Management System
21. Fleet Management
22. Land Management System Replacement
23. Electronic Plan Submittals and Reviews
24. Human Resources System Improvement or Replacement
25. Employee Self-Service
26. Time, Attendance, and Accruals Tracking
27. Performance-Evaluation Software
28. Applicant Processing
29. Training and Certification Management Software
30. Staff Scheduling System
31. Project and Construction Management
32. Parks and Recreation Software Replacement (eGov)
33. Citywide Facilities Scheduling/Events Calendar
34. Childcare Management System
35. Electronic Content Management System (ECMS) Replacement
36. Agenda Creation and Management Software
37. Legislative Management
38. Granicus Media Management Assessment (Replacement)
39. Large-File Sharing Tool
40. Video Capture and Editing (Video Events and Other)
41. Photo Management and Storage Software
42. Publishing Software Consolidation
43. Real-Time Utility Usage (Automatic Meter Reading-AMR)
44. Website Improvements
45. Notifications System (Push/Social Media/Text)
46. Develop GIS Master Plan
47. Department-Centric / GIS Self-Service
48. RIMS (CAD/RMS) Gap Analysis and Application Maximization
49. Alarm Tracking and Billing Software
50. Ticket Writer Software Replacement (Duncan to TDS)
51. Officer Radio Transmission Identification
52. Replace MDC's with RIMS Mobile/GIS System
53. Tow Company Billing System
54. FirstNet Preparation Planning
55. Police Audiovisual Format Conversion Tool
56. Panic Button
57. Penal Code/Vehicle Code Reference Software
58. Portable Wireless Camera for Surveillance
59. Wireless PA Radio PA/Sound System
60. Instant Messaging
61. PA Announcements
62. Parking Sensors and Management
63. Constituent Satisfaction Surveys
64. Laptop Borrowing Program
65. Library Subscription Provider Statistics
66. HVAC Zonal Climate Control System

Departmental Applications and Systems

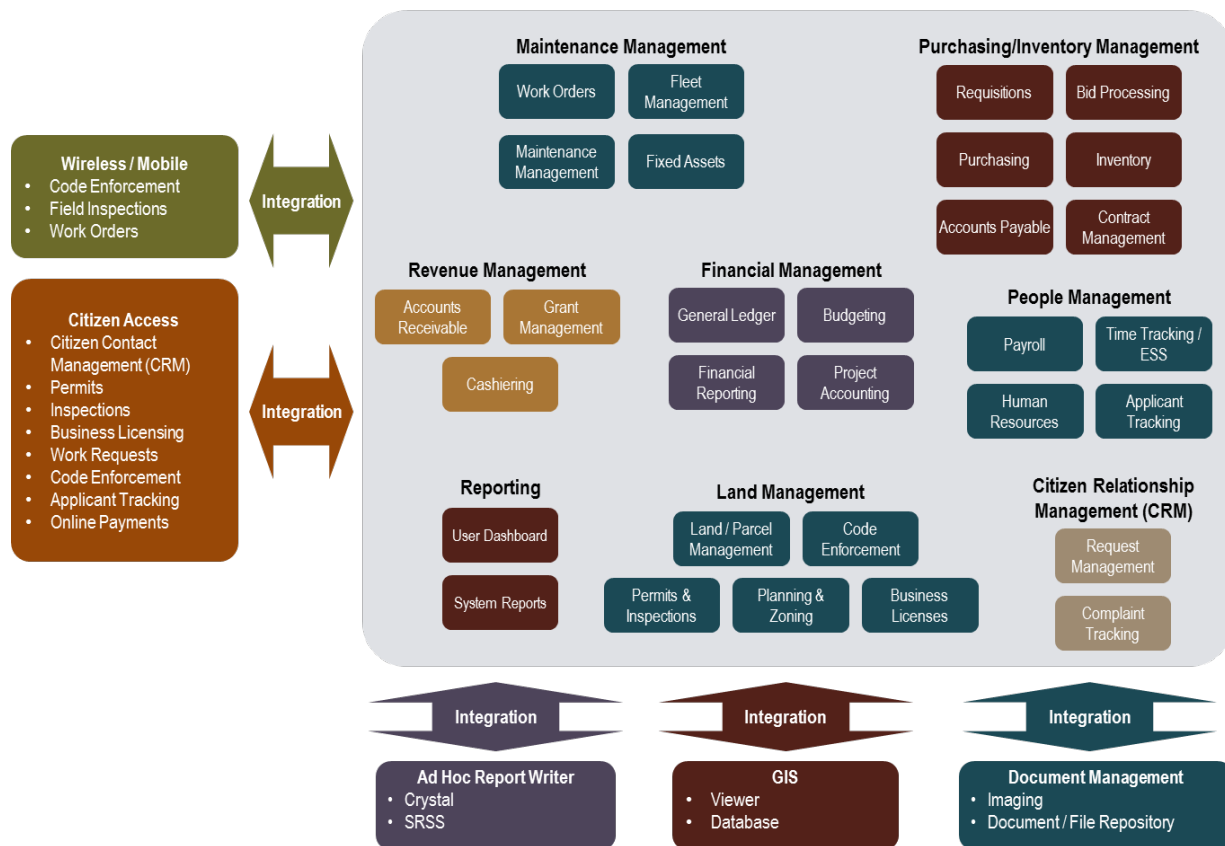
Example Enterprise Applications Overview



16. Enterprise Resource Planning (ERP) Replacement

Enterprise Resource Planning (ERP) is an organization-wide software solution that allows integration among various departments and their respective functions. The result is a centralized system of communication, data storage, and operations management. Improvements to ERP solutions bring about processes that multiple departments can benefit from. Common municipal-related ERP applications modules include accounting, financial reporting, payroll, human resources, planning and permitting, and work orders. The following graphic shows a typical municipal ERP environment.

Example Enterprise Applications Overview



Findings and Observations

Currently, the City utilizes multiple software vendors to support its enterprise applications requirements, including Cayenta for core financials, and ADP Workforce Now for payroll and limited HR operations. ADG and many of the other existing systems are outdated, lacking adequate integration, reasonable reporting capabilities, commonly utilized functionality found in other municipalities, and require excessive manual workaround and reconciliations. ADP is also not meeting the City's expectations and carries significant annual costs. All departments noted unmet reporting needs, feature/functional requirements deficiencies, and an overall need for systems improvements and additional software modules.

The City is missing opportunities for labor savings (thousands of labor hours per year), improved customer service due to lack of integrated solutions with sufficient training, and functionality to meet internal operational and customer needs.

Departments have a strong interest in newly available features and enhancements that a more modern ERP solution can provide. Gaining greater utilization in enterprise applications software modules through installation of a new ERP system is key to significant increases in citywide productivity and efficiencies. The table below represents current and potential future ERP applications.

The City currently uses at least seven different vendors to provide its ERP needs. The primary solutions, Cayenta (GL, AP, Requisitions, and Purchasing), TM1 (Budgeting), Sage (Fixed Assets), ADP (SaaS environment for Payroll and HR), Quickregister (Cash Receipting), Tidemark Advantage (Permitting, Code Enforcement and Parcel Mgmt), and HdL (Business Licensing), with many of these being older-generation systems that lack key functionality available in more current technology. The Cayenta system is over ten years old, it was recently updated to version 7.7 which makes it more current, but a newer/better system would improve operations. The Community Development Systems, including Tidemark and HdL, are due for replacements, with Tidemark being at its end of life. Additional improvements or replacement should also be considered for the work order systems (Comcate).

The following is a table that shows the City's major suites that are usually included in an ERP system. The table also depicts what prominent municipal ERP systems typically offer.

ERP Applications and Vendors	Currently Owned	Implemented	Potential Modules in Single-Vendor Solution
<i>Financial Management</i>			
Cayenta			
General Ledger	Yes	Yes	Yes
Accounts Payable	Yes	Yes	Yes
Requisitions and Purchasing	Yes	Yes	Yes
Financial Reporting	Yes	Yes	Yes
Ad Hoc Reporting	Yes	Yes	Yes

ERP Applications and Vendors	Currently Owned	Implemented	Potential Modules in Single-Vendor Solution
Sage			
Fixed Assets	Yes	Yes	Yes
Quickregister			
Cash Receipting	Yes	Yes	Yes
TM1			
Budgeting	Yes	Yes	Yes
Modules Not In Use Or Not Available			
Project Accounting (Job Costing)			Yes
Accounts Receivable			Yes
Contract Management			Some
Investment/Cash Management			Some
Vendor Self-Service			Some
People Management			
ADP Workforce Now			
Payroll	Yes	Yes	Yes
Human Resources	Yes	Yes	Yes
Time Tracking	Yes	Yes	Yes
Employee Benefits Tracking	Yes	Yes	Yes
Performance Evaluations	Yes	No	Yes
CalOpps			
Applicant Tracking	Yes	Yes	Yes
Online Applicant Tracking	??	??	Yes
Modules Not In Use Or Not Available			
Personnel Budgeting			Yes
Employee Self-Service			Yes
Profile Management			Yes
Personnel Action Forms			Some
Leave Requests			Some
Open Enrollment			Some
Family Medical Leave Act (FMLA)			Yes
Workers Compensation			Yes
American Care Act (ACA) Compliance			Yes
CIS / Utility Billing (Outsourced to Global Water FANTHOM)			
Customer Information Management			Yes
Utility Billing			Yes
Service Orders			Yes
Meter/Backflow Management			Yes

ERP Applications and Vendors	Currently Owned	Implemented	Potential Modules in Single-Vendor Solution
<i>Work Orders / Asset Management / Fleet Management</i>			
SeeClickFix, Comcate			
Work Requests	Yes	Yes	Yes
GovQA, C-C-I-N, Direct Connect			
Citizen Request Mgmt (CRM)	Yes	Yes	Yes
Ron Turley Associates (RTA)			
Fleet Management	Yes	Yes	Some
Modules Not In Use Or Not Available			
Work Orders/Preventative Maintenance			Yes
Asset Management			Most
Inventory Management			Yes
Mobile Work Orders			Some
<i>Land Management (Development Services)</i>			
Tidemark Advantage			
Permits	Yes	Yes	Yes
Code Enforcement	Yes	Yes	Yes
Parcel/Address Management	Yes	Yes	Yes
HdL			
Business Licenses	Yes	Yes	Yes
TES/TIM			
Mobile Inspections	Yes	Yes	Yes
Modules Not In Use Or Not Available			
Planning Projects and Zoning			Yes
Inspections			Yes
Cash Receipting			Yes
GIS Viewer			Yes
Mobile Code Enforcement			Yes
Online Services			Yes
Planning Projects			Yes
Permitting			Yes
Inspections Scheduling/Requests			Yes
Business Licensing			Yes
Payments			Yes

Staff Feedback

- CMO – C-C-I-N is a system developed in-house for the public to send messages addressed to the City Council
- CMO – C-C-I-N is not helpful and needs to be replaced
- CMO – Check requisitions is a time intensive and paper-based process
- CMO – Current budget documents provided are not useful
- CMO – Form 700 reporting for compliance with FPPC rules for elected and appointed officials and contractors
- CMO – GovQA is a portal used by public to submit a public records request
- CMO – GovQA provides some automated workflows and allows for management of requests to ensure compliance with legal requirements
- CMO – Manually processing time cards
- CMO – Need online planning and building portal for the public to view and monitor projects
- CMO – Need project management resource tracking of people, time, facilities, budget, etc.
- CMO – Need the ability to track project expenditures and available budgets in real time
- CMO – Need to automate the budgeting process
- CMO – Using Direct Connect to capture public complaints; complaints are then routed to staff email addresses.
- CMO – Would like electronic signatures for contracts in order to avoid back and forth movement of contract documents
- Comm. Dev. – Ability to create annual Department of Finance Building Report
- Comm. Dev. – Ability to notify a customer when Plan Checker review has been completed
- Comm. Dev. – Ability to provide better estimates to applicants of “typical” total case costs
- Comm. Dev. – Ability to receive reminders of pending permit expirations (e.g., Limited Term Project Approvals)
- Comm. Dev. – Ability to report and monitor projects approved/built under pending General Plan
- Comm. Dev. – Ability to report on maximum allowable development status (e.g., El Camino Real/Downtown Specific Plan)
- Comm. Dev. – Ability to report on residences and non-residential square feet approved for/under development (e.g., Joint Venture Silicon Valley Land Use Survey)
- Comm. Dev. – Ability to report on various one-off permitting requests (pipeline projects, approvals, etc.)
- Comm. Dev. – Could use self-service stations at Building/Planning counter to allow customers to retrieve basic parcel information
- Comm. Dev. – Could use self-service stations to allow customers to start applying for permits
- Comm. Dev. – Current project invoicing procedures are very manual and have a number of opportunities for human error
- Comm. Dev. – Current timecards procedures are very manual and have a number of opportunities for human error
- Comm. Dev. – Department has a digital camera for site visit photos, but many staff members just use their cell phone camera
- Comm. Dev. – Digitized paper needs to link with parcel/permitting system(s)
- Comm. Dev. – Generally link disparate parcel information systems (Tidemark, GIS, building permit scans, business licenses, etc.) so that multiple programs don’t have to be opened to get basic information

- Comm. Dev. – Generate various project-related letters (30-day review, actions, etc.) to automatically pull in relevant project-specific information (contact info, project number, description) and combine that with standard conditions/disclaimers and project-specific guidance
- Comm. Dev. – Have a Microsoft Access database of historical building permit and inspections data
- Comm. Dev. – Have a script that runs monthly to retrieve County Assessor parcels and compare them with Tidemark
- Comm. Dev. – Inspection requests can be made by calling the building department between the hours of 8 and 8:30 AM
- Comm. Dev. – Labor-intensive routings/task assignments to other staff members
- Comm. Dev. – Need fee calculations to be automatically calculated
- Comm. Dev. – Need a better system for holds (e.g., stop work notifications, business license required, open code enforcement case on property, etc.)
- Comm. Dev. – Need a Housing Element Annual Report for number of units (by type/income category) with issued building permits
- Comm. Dev. – Need automatic tiered actions
- Comm. Dev. – Need employee task tracking
- Comm. Dev. – Need online inspection scheduling
- Comm. Dev. – Need to allow for online status checking of applications
- Comm. Dev. – Need to include building coverage in Parcel database enhancements
- Comm. Dev. – Need to include calculated zoning parameters (FAL/FAR in Parcel database enhancements)
- Comm. Dev. – Need to include easements in Parcel database enhancements
- Comm. Dev. – Need to include homeowners associations in Parcel database enhancements
- Comm. Dev. – Need to include R-3 infill density in Parcel database enhancements
- Comm. Dev. – Need to include substandard lots in Parcel database enhancements
- Comm. Dev. – Need to streamline public meeting notice mailings; currently export Excel list of addresses, clean up duplicates/errors, creating Word notice, copy project description from Tidemark, change planner contact info, link Word and Excel files through mail merge, print, and mail notices
- Comm. Dev. – Not all records were successfully converted into Tidemark, when it originally went live in 1999
- Comm. Dev. – Payments are taken directly in QwikRegister and then manually entered into Tidemark (double entry)
- Comm. Dev. – Permit records searches are convoluted under current system
- Comm. Dev. – Police uses Tidemark for code enforcement
- Comm. Dev. – Tidemark is on a old and unsupported version
- Comm. Dev. – Tidemark permitting system is extremely out-of-date and in need of replacement.
- Comm. Dev. – Using Excel for analysis/calculations (e.g., calculating floor area/building coverage maximums)
- Comm. Dev. – Using Excel for building inspector appointment scheduling
- Comm. Dev. – Using Excel for creating/editing public notice address lists
- Comm. Dev. – Using Excel for project schedules
- Comm. Dev. – Using Excel for project tracking timesheets
- Comm. Dev. – Using Tidemark for Building/Planning permit tracking, parcel data access/maintenance, and reports
- Comm. Dev. – Would be great to link automatically to County parcel GIS system (without having to retype address)
- Comm. Dev. – Would like to take simple permits online

- Comm. Serv. – Call or email Finance to see whether a requisition was approved
- Comm. Serv. – Cayenta is not user-friendly
- Comm. Serv. – Could use time clocks on computers
- Comm. Serv. – Information in Cayenta is not real-time
- Comm. Serv. – It's a challenge to provide grant reports on time
- Comm. Serv. – Need automated time cards
- Comm. Serv. – Need Grant Reporting Procedures
- Comm. Serv. – Need to streamline and automate check requests, purchase orders, and bid waivers
- Comm. Serv. – Only the Library is using time clocks
- Comm. Serv. – Using Cognos' TM1 by IBM for budget creating and reporting
- Comm. Serv. – Using Comcate for customer response management
- Comm. Serv. – Using Excel to manage budgets
- Comm. Serv. – Using Excel to track requisitions
- Comm. Serv. – Using Open Budget to provide community access to City financial information
- Comm. Serv. – Using Outlook to schedule work orders
- Finance – ADP is unable to allow supervisors to view their staff's timecards
- Finance – Bank Reconciliations are done in Excel spreadsheets
- Finance – Finance forwards CAL-card statements to the departments for them manually assign GL accounts to each item
- Finance – Goods receipts are not electronic
- Finance – Have been discussing the replacement of the existing financial system
- Finance – A new/better financial system would provide benefits and improve collaboration opportunities
- Finance – Paper requisitions are routed and signed
- Finance – Projects and grants are currently part of the GL accounts structure
- Finance – Purchase orders are produced in Excel or Word
- Finance – This years CAFR statement will be processed by outside auditors
- Finance – Using HdL for Business License applications and renewals
- Finance – Using Sage for fixed-asset management
- HR – ADP appears to have FMLA, but it has not been activated
- HR – ADP can track certifications and degrees
- HR – ADP's performance evaluation software is licensed, but not implemented
- HR – Applicant tracking processes are manual
- HR – Are at least four versions behind on ADP
- HR – Are not satisfied with the existing version of ADP
- HR – CalPERS does not tie into HR
- HR – Existing Version of ADP lacks OSHA, works compensation, ACA, and leave management capabilities
- HR – Have an Access database with data prior to ADP implementation
- HR – Have been using ADP for at least 15 years
- HR – Manually processing open enrollment
- HR – Need a system to automatically notify IT and Finance of terminated employee access
- HR – Need automated time sheets
- HR – Need better tracking and reporting of leaves
- HR – Need better tracking of employee on-boarding
- HR – Need more efficient ways of preparing third-party reports (e.g., state controller, EEO, OSHA, PRA Salary Report, etc.)
- HR – Need to comply with America Care Act (ACA)

- HR – Need to provide employees with self-service capabilities (e.g., tax changes, address changes, access to paystubs, etc.)
- HR – Need to use a system and not spreadsheets for position control tracking
- HR – Payments to third-party vendors are either paid manually or via EFT
- HR – Using ADP for human resources and payroll capabilities
- HR – Using Excel for OSHA tracking/logs and to create OSHA 300 report
- HR – Using Excel for tracking Health Enrollments by employee, plan, unions, etc.
- HR – Using Excel for tracking retiree health credits
- Library – Doing paper time sheets in addition to clock-ins
- Library – Currently have to manually keep track of hours worked for each temp employee so we do not go over pay period/annual limit.
- Library – Monthly reports received from finance are typically a month after the fact
- Library – Need an ADP mobile app
- Library – Need PC/device timeclock entry for ADP (e.g., sick, vacation, adjustments, etc.)
- Library – Need real-time tracking of purchases placed/received
- Library – Need the ability to track temp time that was spent on a project (e.g., summer reading program)
- Library – There is one time clock at the library
- Library – Using Volgistics to track volunteer hours
- Police – Doing duplicate entries into both Tidemark and RIMS
- Police – Currently not taking parking payments online
- Police – Manually processing and tracking purchasing forms
- Police – Multiple staff are reviewing and approving paper times cards
- Police – Need annual parking permit renewals for downtown parking
- Police – Need annual parking permit renewals for overnight parking permits
- Police – Telestaff works well for both scheduling and time cards
- Police – Use Tidemark code enforcement capabilities
- Police – Using Telestaff for shift bidding, comp time, vacations, and shift swaps
- PW (Engineering) – Files need to be shared and stored based on address
- PW (Engineering) – Need a permit system upgrade
- PW (Engineering) – Need a traffic sign and signal inventory
- PW (Engineering) – Need automated time cards
- PW (Engineering) – Need better management and reporting of storm water permit
- PW (Engineering) – Need better reporting of Capital Improvement Projects
- PW (Engineering) – Need current and accurate accounting and invoice data
- PW (Engineering) – Need to automate inspection requests
- PW (Engineering) – Need to automate the creation of notices, comment letters, etc.
- PW (Engineering) – Need to automate Lawn Be Gone program
- PW (Engineering) – Need to become compliant with online permits for solar panel (AB 2188)
- PW (Engineering) – Need to offer online truck permits
- PW (Engineering) – Should accept permits online
- PW (Engineering) – Storm water permits are tracked in Excel
- PW (Maint) – Contract out major fleet work
- PW (Maint) – Contracted work is also captured
- PW (Maint) – Could benefit from paperless timesheets, given that the majority of the Maintenance Division is out in the field all day
- PW (Maint) – Creating internal and external work orders for tree maintenance/trimming
- PW (Maint) – Have two bays, one mechanic, and one supervisor
- PW (Maint) – Have had Ron Turley and Associates (RTA) Fleet Management System for over 10 years

- PW (Maint) – Looking at SeeClickFix for processing service requests
- PW (Maint) – Manage the City's and Westbay Sanitary District's fleet
- PW (Maint) – Not using RTA to its full potential
- PW (Maint) – PW bills the Westbay Sanitary district for labor and parts; cost of parts include a 15% markup
- PW (Maint) – The Trees supervisor uses a tablet to update the tree inventory (Arbor Access)
- PW (Maint) – Using Comcate for service requests
- PW (Maint) – Water team has a tablet and laptops to access service requests
- PW (Maint) – Work orders for trees are created in Arbor Access
- PW (Maint) – Would like to start tracking costs associated with work orders

Recommendations

- Replacing the current outdated, multi-vendor software applications environment with a modern, fully integrated ERP solution.
- Ensure that the City has identified all its applications needs, and that appropriate funding has been budgeted for a replacement ERP by conducting a comprehensive needs assessment and developing a Request for Proposal (RFP).
- The needs assessment process should provide an inventory of current and future functionality requirements by application and department. The process can also be used to inventory all reporting requirements, as well as integration/interface requirements between other applications, such as CRM, ECMS, website, GIS, etc.
- The needs assessment should also include a business process review for each module, including reviewing manual processes and shadow systems, such as spreadsheets, to determine automation improvements that will result in labor efficiencies.
- Through the RFP process, potential ERP software vendors will be asked to respond with their capabilities and compliance with City-specific requirements.
- Select new ERP software vendor according to the *Software Selection Best Practices* initiative.
- Follow implementation project management best practices according to the *Project Planning and Implementation Best Practices* initiative.

Note: *City IT staff have not conducted this type of project with these specific business process analysis, documentation, and negotiation requirements. It is highly recommended that the City consider obtaining consulting services from a municipal ERP Applications Subject Matter Expert (SME) to perform the business process reviews, needs assessment, RFP development process, and contract negotiations process.*

Benefits

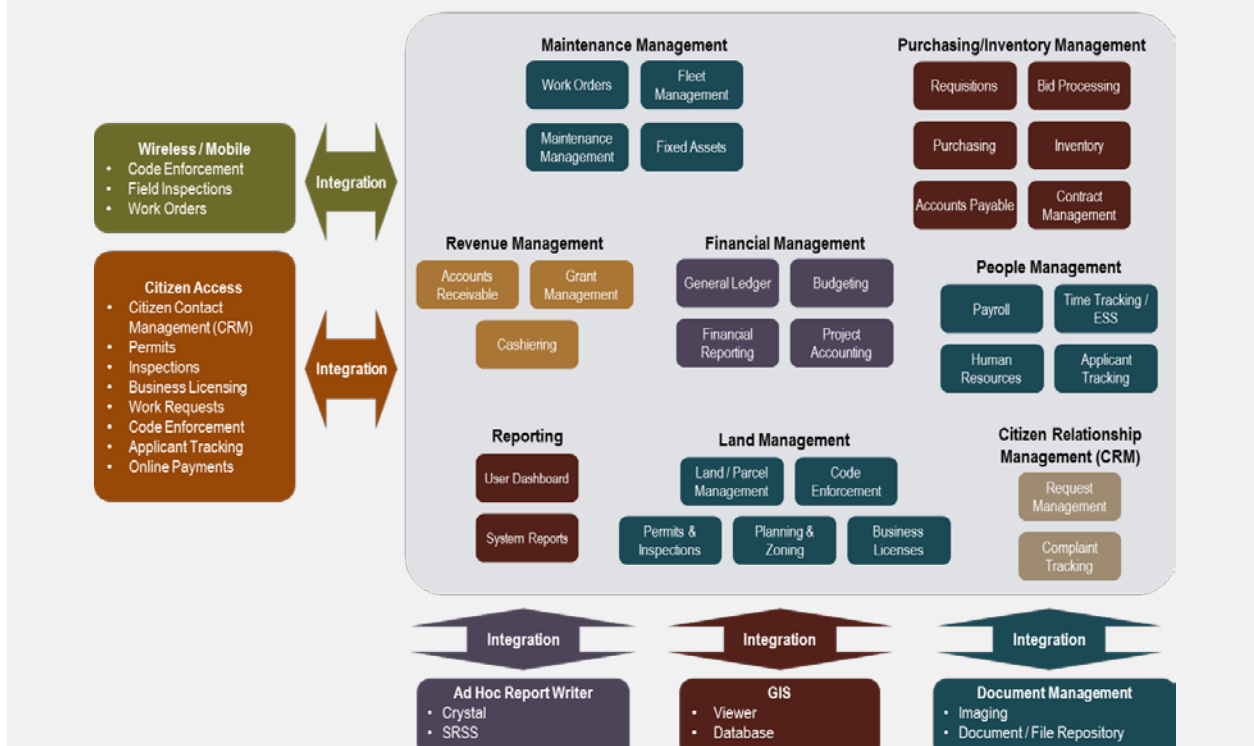
- Free up thousands of labor hours per year
- Faster invoicing and purchasing
- Identification of integration requirements
- Centralized access to information
- Elimination of information silos
- Improved streamlined processes
- Improved operational consistency, efficiency, and accuracy
- Improved online access to information
- Improved financial reporting
- Improved utilization and realization of ERP investment
- Potential reduction in ERP annual maintenance and support fees

Benefits of Modern ERP Software

An *Enterprise Resource Planning (ERP)* System automates and integrates many core, City-wide functions into a single solution, while automating manual processes and providing a central location of information and reporting. An enterprise system allows collaboration and sharing of information between divisions, departments, and citizens to provide a transparent and efficient government operation. The benefits of an enterprise system are numerous and include:

- Built-in integrations between Land, Work, Financial, and People Management application suites
- Newer technology platform (processing, capacity advantages)
- Real-time notifications/queues
- Task tracking
- Real-time access to information
- Elimination of duplicate data entry
- Improved data integrity
- Centralized location and customer account maintenance
- Reliable information
- Workflow capabilities
- Centralized cash receipt capabilities
- Efficient revenue collection
- Reduced operating costs
- Improved internal communication
- Foundation for future improvement
- Potential reduction in annual maintenance and support fees
- Improved online information for citizens to access

Example Enterprise Applications Overview



Financial and People Management

The *financial management suite* is a suite of an enterprise system that encompasses the financial tasks and processes performed to ensure all organization-wide activity is properly accounted for and accurately reported to local, state, and federal agencies. Benefits of a financial management suite include:

- Quick generation of financial reports
- More efficient budgeting processes
- Real-time access to available budget and funding
- Better spending controls for departments and projects
- Management of grants and funding sources
- Real-time inquiries into capital improvement project progress

The *people management suite* manages the organization's workforce and provides automation to the human resources, payroll, time keeping, and applicant tracking functions. Employee self-service is also available to allow employees the flexibility in retrieving their information at their convenience. Benefits of a People Management suite include:

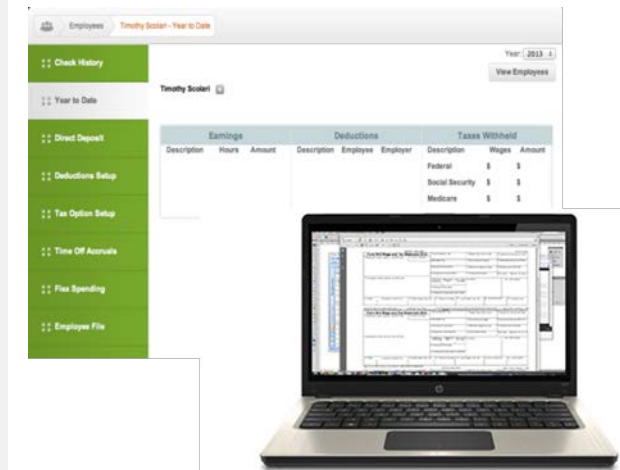
- Paperless personnel forms
- One-time data entry
- Tracking or misplacement of employee paper files
- Incorporation of Employee Self-Service (ESS)
- Integration between time keeping, payroll, HR and financial management
- Quick and reliable reporting to federal and state agencies
- Improved employee satisfaction
- Automated Time Entry Approvals and Payroll Calculations
- Minimal steps between processing payroll and issuing direct deposits and checks



Employee Self-Service

Employee self-service (ESS) empowers employees to provide, change, and retrieve their personal information through an online employee portal, thereby reducing the manual interaction required with the Human Resources Department. Employee Self-Service offers an online option for employees to access and manage information for themselves:

- Address changes
- Tax allowances changes
- Open enrollment benefits
- Dependent changes
- Leave/vacation accrual balances
- Electronic paystub copies
- Year-end W2s
- Populating and retrieving time sheets
- Time requests
- Tax forms
- Many other forms and applications



Reporting

The number one problem that is commonly seen when utilizing disjointed applications is the extensive time users dedicate to the consolidation of information for reporting purposes. Enterprise systems allow information to be quickly retrieved from a single source with numerous readily available reports. Users are also able to create their own reports without requiring them to be technical experts. This allows staff to spend more time studying analytics rather than manually assembling reports. Benefits of improved reporting include:

- Aggregated data across divisions, departments, and organization
- Improved data accuracy and reduced human error
- Intuitive report creation capabilities
- Board-ready reports
- Sharing of created reports
- Elimination of labor-intensive report creation



Individual User Dashboards

Dashboards form part of a user's home page and display reports, key indicators, and other metrics regarding day-to-day operations, activities, and historical trends. Benefits of dashboards include:

- Quick links for immediate access to required tasks and approvals
- Easy modification of dashboards for each user's preference
- Automated generation of dashboard information
- Transformation of data into visual information
- Easy-to-understand graphics
- Real-time analysis
- Drill-down access to activity detail



Mobile Computing

Mobile computing provides the flexibility to operate a more mobile and productive workforce. An enterprise system can allow staff to utilize applications while in the field in order to perform their job functions while away from their office. Common benefits of mobile computing include:

- Completion of work while in the field
- Real-time access to information
- Inspection results in the field
- Receipt of notifications and job assignments
- Reduced travel to and from office locations
- Map routing based on location of activities
- Retrieval of mapping information
- Management of code enforcement cases in field



Online Citizen Access

Online citizen access enables a more transparent government by providing the public with 24/7 access to real-time information for inquiries and payment processing. This empowers residents to retrieve online information that is pertinent to each individual, and for them to take further actions, which improves customer relations by eliminating the need to be physically present at City Hall. The following are examples of online citizen access transactions:

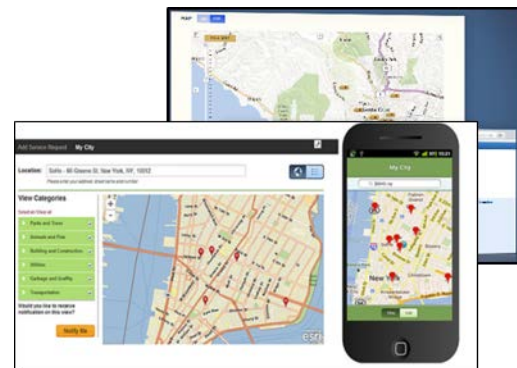
- Online permit applications
- Submit and access plan review comments
- Online payments
- Submit complaints
- Submit citizen requests
- Submit inspection requests
- Access to inspections results
- GIS maps (zoning, voting cities, etc.)



Citizen Request Management

A *citizen request management system* is used to track, manage, and resolve citizen concerns and requests in a timely manner by automatically routing citizen requests to the appropriate department. It also provides the citizen with the flexibility to submit and track their complaints through the Web or a mobile phone application. Common benefits of a citizen request management system include:

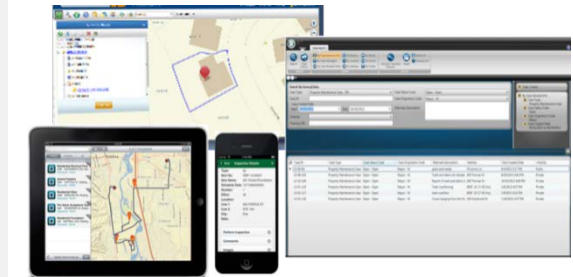
- Ability for citizens to submit requests 24/7 through a phone application or the website
- Automatic assignment and routing of requests, by type, to appropriate department(s) or staff
- Ability for citizens to view current request status
- Conversion of requests to work orders
- Ability to include photos and geolocation of a request
- More effective and efficient processes
- Improved transparency and citizen relationships



Land Management

The Land Management system is one of the suites that are offered by enterprise application systems and manages the creation, issuance, and tracking of community development activities related to planning and zoning, permitting, building inspections, licensing, and code enforcement. Benefits associated with the utilization of the application include:

- More automated permit processing from application through permit issuance
- Automatic routing for permits requiring reviews and approvals
- Single electronic file for all permit applications and documents
- More automated tracking of reviews, inspections, and fees by permit and development projects
- Tracking of timelines, tasks, and required group reviews
- Viewing all project and permit information at a glance
- Readily accessible planning and zoning records
- Automatic generation of case documentation
- Centralized current and historical parcel information



GIS Integration

Enterprise systems offer real-time integration to *geographic information systems (GIS)* in order to display land-use, zoning, and infrastructure layers on a map, as well as parcel, permit, inspection, code enforcement, and work order activity that resides within the enterprise system. Benefits of *GIS integration* include:

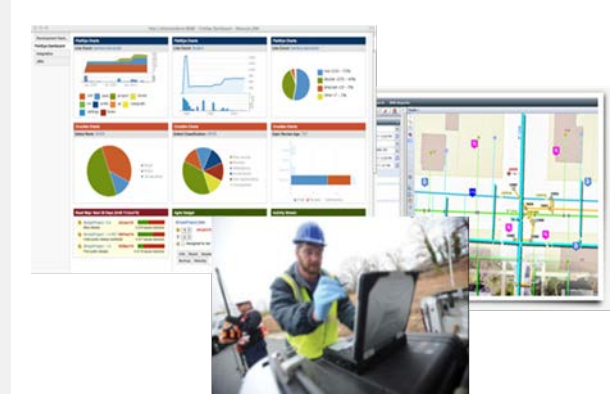
- Viewing system activity on a map (e.g., active projects, permits, cases, etc.)
- Map routing of work orders, service request, and daily inspections
- Displaying locations of infrastructure assets
- Generating asset condition analysis
- Ability to overlay multiple map layers
- Integration to website for resident inquiries



Maintenance/Work Order Management

Another suite of an enterprise system is the *maintenance/work order management system*, which provides automation in managing the maintenance and day-to-day operations related to infrastructure assets, buildings, facilities, and fleet vehicles, while being able to capture and report on the labor, equipment usage, and materials costs associated with a work order and preventative maintenance. System benefits include:

- Electronic routing of citizen requests
- Centralized task and maintenance management
- Completion of work orders from the field
- Streamlined public works operations
- Retrieval of historical work order information and costs
- Quicker work order completion times
- Improved decision making through access to real-time information
- Viewing of asset and activity trends visually through GIS mapping capabilities
- Better replacement planning and forecasting
- Enhancement of staff productivity
- Improved compliance with regulatory standards
- Improved safety and risk management



17. Project and Grant Accounting

Findings and Observations

The City has expressed the need to improve tracking of projects and grants. The project accounting capabilities in Cayenta are not being used and related tracking of data and information is occurring manually, in spreadsheets.

Although not complete, the list below provides some examples of the City's grant and project tracking and accounting needs:

- Improvement of cost reporting for all projects and grants
- Consultant expense tracking
- Tracking of staff time and labor costs by project and/or task
- Projects/portfolio tracking, schedule/progress tracking, and prioritization
- General Fund projects tracking and prioritization
- Tracking and reporting of costs by project/grant category
- Integration with existing finance and budget system

Project accounting applications also provide a method for multi-year tracking of budgets and expenditures for grants. Project and grant applications examples include grant programs, special programs, capital improvements, etc. Grant and project detail can be recorded in the General Fund, as well as all other funds (special projects, grants, programs, etc.) Individual Grants can be created and tracked through the entire grant process, from application through conversion to a project. Project and Grant Accounting is a subsidiary module of General Ledger and is distributed separately.

Because Project and Grant Accounting is a subsidiary ledger to the General Ledger, account transaction flows can be mapped and created, allowing the City to process transactions (requisitions/POs, invoices, payments, and even payroll) within the accounting system once, and have the information post to the General Ledger and the appropriate project/grant ledger(s). Projects and grants can also have their own start and end dates that do not need to coincide with the organization's fiscal/budget year, but the system can report on the project and grant schedule or provide reports that follow the fiscal/budget year.

The key to a successful Project and Grant Accounting system is the information that can be stored, tracked, processed, and used for reporting, including but not limited to:

- Project Definitions – Start Date, Estimated Completion Date, Percent Complete, Funding Sources, Project Managers, Statuses
- Project Phases – Projects can be divided into phases, tasks, and sub-tasks to track activities at a high level or down to a detailed level
- Grant Tracking – Grants can be tracked from the application process through completion, along with the ability to track matching funds, grant specifications, conditions, and grant use, as well as reimbursement amounts
- Project Creation from Grant – Some systems allow the creation directly from a grant
- Granters/Grantees - Track grantees, sub-grantors, and sub-grantees
- Matching Funds – Track matching funds from other organizations
- Funding Sources – Track funding sources, including grant and grantor information
- Reimbursement Rules – Create rates and rules for reimbursement billing and indirect costing
- Bill Calculation – Calculate and bill for reimbursements, including indirect costs
- Drill-Downs to Information – Drill-down with connection to Next Year Budget and Work Orders for a project, etc.

- Milestone Dates/Triggers – Define Milestones/Key dates that trigger alerts or action to allow for tracking of meetings, payment, and work schedules tied to meeting goals
- Alert Distribution – Alerts often include the ability to create business rules for initiating actions or to alert appropriate staff
- Inquiry Details – Inquire into detailed activities posted to a particular project or grant. This can include:
 - ♦ Purchasing
 - ♦ Payables
 - ♦ Payroll
 - ♦ Receipts
 - ♦ General Ledger
- Auto-Posting – Many systems allow the ability to pick a project and use the system's auto-posting utility (from purchase order, invoice entry, payroll, timekeeping, etc.)
- Project Summary Query – Most systems allow for the summary display of any project (filtered by data from: Last Year, Current Year, and Project Life):
 - ♦ Budget, Expended
 - ♦ Pre-Encumbered
 - ♦ Encumbered
 - ♦ Available
 - ♦ Estimated Revenue
 - ♦ Actual Revenue
- Expense Reporting – Report by period and category of expense (i.e., labor, materials, overhead, and other user-defined categories)

A Case Study

The following is a summary of a project and grant accounting system implementation recently completed by a county in the Midwest (hereafter called “County”). It is provided as an example of the potential benefits the City may achieve through the implementation of Project and Grant Accounting.

The Situation

Grant accounting is challenging for many government and quasi-governmental agencies because of the report flexibility required for fiscal year, calendar year, project schedule, ever-changing reporting requirements, and the complex environment of project accounting. Over many years, the County maintained two accounting systems, one for their organizational General Ledger and the other for project and grant accounting. With this record-keeping method, data was difficult to reconcile for auditing, reporting, and for querying real-time project and grant budget and expenditure information. Faced with federal and state reporting requirements covering 60 departments, the Deputy Auditor and Auditor team spent numerous hours pulling and reconciling data from the two systems on a daily basis. This resulted in lengthy auditing time, data entry errors, delayed access to grant data and too much time spent on double entry. Without an integrated accounting system, the County faced an accounting headache “that led to spending many hours with auditors to explain what General Ledger accounts went into what grant cost categories,” per the words of the Deputy Auditor. Ready for a change, the County sought a solution.

Actions Taken

The County turned to their existing ERP vendor to determine if they offered a solution. Their ERP vendor offered a Project and Grant Accounting sub-module to the General Ledger that the County already had in operation and had used successfully for several years. The County conducted a detailed needs assessment and investigated, as well as analyzed, numerous vendor options, including the option from their existing ERP vendor. The final decision was to acquire the system from their existing vendor. The high-level goal was for the new Project and Grant Accounting system to provide an optional method for multi-year tracking of budgets, expenditures, and revenues for County projects and grants. By creating separate subsidiary project ledgers in the Project and Grant Accounting module, the County would be able to track the entire project/grant process, from application (if grant-based) through conversion to a project, alongside their regular General Ledger accounting. The County’s plan was to test the project ledgers in the Project and Grant Accounting module in a single department. The Deputy Auditor and her team worked with the department’s Grant Coordinator to set up the project ledgers specifically for grant reporting requirements, using the system’s master tables for projects grants and accounts. Using the project master, the team created account strings to identify each project. Each account string was set up, per the cost categories required for the project/grant and to the employees’ time and pay records in County’s employee payroll master.

The Department Coordinator tested the new setup utilizing requisition entry, invoice entry, employee self-service, and time entry. By the end of the first quarter, they confirmed the success of their project and grant ledgers’ ability to maintain their projects/grants within the new system. The department was able to eliminate the need for dual entry from having to maintain separate accounting and project/grant systems. Following the success of this test, the Deputy Auditor and the project team worked to roll out Project and Grant Accounting system throughout all the necessary County departments. The Deputy Auditor stated that, “Once the project account strings were established, the departments were able to process their requisitions, invoices, and payroll within our ERP system one time and have the information post to the General Ledger and the Project Ledger automatically.”

Results

The Deputy Auditor stated that the greatest benefit was the time saved and the information available. “The implementation [of Project and Grant Accounting] saved the grant clerks five percent of their time per year, which freed them up for other work. The time saved was due to the elimination of the dual system environment and the associated dual entry, required reconciliation, and the resulting corrections from the reconciliation process. The Project/Grant Ledger has saved time with the grant auditors because the auditors can see the detail in the grant cost categories without having to make repeated inquiries to the Auditor’s office for verification.”

Through the implementation of the new Project and Grant Accounting system, the County was able to realize a number of benefits, including, but not limited to:

- Real-time access to project/grant budgets across all activities, including payroll and invoicing
- Accurate reporting for auditors and federal and state agencies
- Live updated budget information for processing requisitions or invoices
- Easy preparation of Schedule of Federal Award Expenditures
- Reduced data entry errors and time
- Departmental control over own projects and grants
- Project central access for grant administrators, giving query capability to view all information

Implementing Project and Grant Accounting gave the County a multi-level, single vendor solution for all their project/grant management requirements, from the department level to the auditor’s office. Departments and the County, as a whole, benefited and experienced positive results.

Staff Feedback

- CMO – Need the ability to track project expenditures and available budgets in real time
- CMO – need project management resource tracking of people, time, facilities, budget, etc.
- Comm. Dev. – Need employee task tracking
- Comm. Serv. – Need Grant Reporting Procedures
- Comm. Serv. – It’s a challenge to provide grant reports on time
- Finance – Projects and grants are currently part of the GL accounts structure
- Library – Need the ability to track temp time that was spent on a project (e.g., summer reading program)
- PW – Need better reporting of Capital Improvement Projects

Recommendations

- Conduct a process review and needs assessment identifying required feature/function capabilities.
- Review applicable manual processes and shadow systems, such as spreadsheets or databases to determine automation improvements that will result in labor efficiencies.
- Prioritize, implement changes and provide sufficient training to all applicable users.
- Implement project and grant accounting in conjunction with the *Enterprise Resource Planning (ERP) Replacement* initiative.

18. Contract Management

A *contract management system* is a software module for managing the entire contract management lifecycle process, including contract development, negotiation, approval, and renewal. Typical contract management systems include features that allow an organization to maintain information on contract approval processes, responsible parties, and key contacts. Systems also include automated alert reminders for events such as contract expirations, required financial obligations, or anticipated receipts tied to a contract.

Findings and Observations

- The City is currently using Contract Advantage - Great Minds Software for its contract management system.
- Contract management software is available as a standalone software system or sometimes as part of an overall ERP solution.

Staff Feedback

- CMO – Would like electronic signatures for contracts in order to avoid back-and-forth movement of contract documents
- Finance – Would like to be able to track the contract through its term

Recommendations

- Identify business needs and objectives for contract management software according to the *Software Selection Best Practices* initiative.
- Consider budgeting for inclusion of a contract management module as part of a new ERP solution (see *Enterprise Resource Planning (ERP) Replacement* initiative).

19. Cashiering Needs Assessment and Replacement

Cashiering solutions provide convenient payment methods that enable reconciliations that are more accurate and have automated cashiering processes and centralized customer information. Benefits of integrated cashiering software include time reductions in manual processing, updating, and sharing daily payment activities.

The City is predominantly using QwikRegister. The City is not currently using the cashiering capabilities from Cayenta. Balancing is done in QwikRegister, but is manually entered into other systems like Cayenta, Tidemark, the Sierra Library system, etc. The City's current approach is a break from the more common practice of using the integrated cashiering module provided by the ERP system vendor. Diversion from this practice does make sense, however, when taking payments for permits, Parks and Recreation, etc., in order to use cashiering capabilities in these systems so they can be tied to customer accounts and activity, and then quickly exported and electronically uploaded to the central ERP system.



Staff Feedback

- Comm. Dev. – Payments are taken directly in QwikRegister and then manually entered into Tidemark (double entry)
- Comm. Serv. – Would like to take credit card payments at remote locations
- Library – Use QwikRegister to keep track of cash receipts from patrons at Library front desk
- Library – Need to update or replacement QwikRegister cash register software, which operates on Windows 7+
- Library – Would like credit card payment ability for non-Library account purchases (Friends of the Library books, promotional products, exam proctoring, etc.)
- Library – Credit card payments are taken directly in the Sierra Library system, and then manually entered into QwikRegister (double entry)
- Police – Use QwikRegister to take payments for permits and releases
- Police – Dispatch takes in cash, credit card, and checks for miscellaneous fees after business hours, often requiring them to leave 911 unattended
- Police – Dispatchers currently write out a receipt in a receipt book
- Police – Need to consider easier ways for dispatch to take payments (i.e., iPad with a credit card reader)
- Police – QwikRegister software for the Records Division should be replaced
- Police – The vendor for QwikRegister is no longer in business
- Police – QwikRegister will usually freeze one computer, leaving staff with only one computer to work with while handling large volumes of customers at the counter

Recommendations

- Conduct a review of all cash receipting procedures, identifying manual processes and other improvements that can provide efficiencies and improved customer service.
- Because nearly all ERP solutions incorporate a cashiering module, the City should consider combining this effort with the *Enterprise Resource Planning (ERP) Replacement* initiative.
- Consider utilizing a third-party SME for an assessment process and RFP process.
- Some department-specific applications, such as VSI RecTrac, the Land Management system, and others, will need to interface with the organization's primary cashiering system or general ledger.

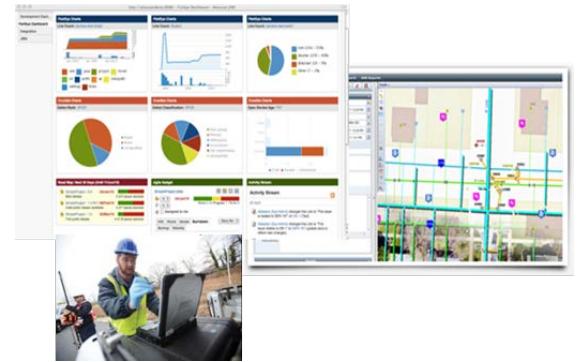
Benefits

- Centralized activity and reporting
- Consistency between locations
- Reduction of double entries and manual reconciliations
- Better recordkeeping
- Adherence to accounting procedures and principles, thereby mitigating risk

20. Work Orders/Maintenance and Asset Management System

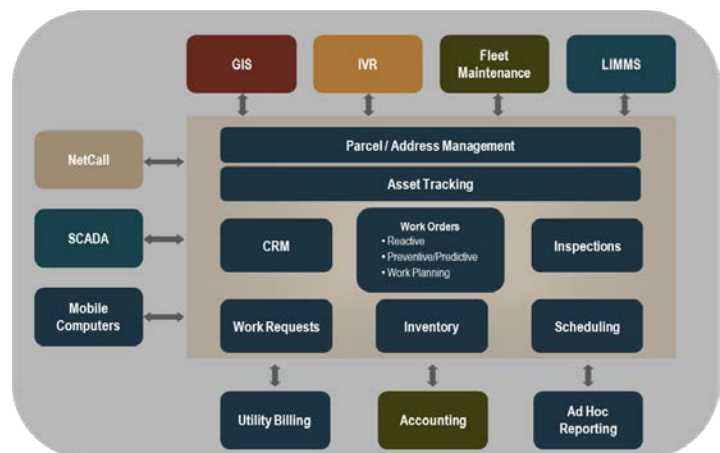
Maintenance and management of the City structures, streets, sidewalks, parks, trails, bridges, drainage and culverts, etc., are managed mostly via manual processes on paper and MS Excel spreadsheets. The City does not currently have a comprehensive *work order/maintenance management system* for their infrastructure assets, but does use some other applications such as Global Water FATHOM Citrix system for water and Arbor Access with West Coast Arborists mobile app for trees.

The following is a list of typical maintenance and asset management software system functionalities. It is not intended to be all-inclusive, exclusive, or organized by specific software modules.



Maintenance and Asset Management Functionalities

- Work Requests
- Inspections and Condition Assessment
- Work Orders
- Preventative and Predictive Maintenance
- Facilities Maintenance
- Asset Tracking
- Warehouse Inventory
- Parcel/Location Management
- GIS Integration
- Report Writing
- Budget Forecasts



Staff Feedback

- CMO – CCIN is not helpful and needs to be replaced
- CMO – GovQA is a portal used by public to submit a public records request
- CMO – GovQA provides some automated workflows and allows for management of requests to ensure compliance with legal requirements
- CMO – Using Direct Connect to capture public complaints, which are routed to staff email addresses
- Comm. Serv. – Using Comcate for customer response management
- Comm. Serv. – Using Outlook to schedule work orders
- PW – Contracted work is also captured
- PW – Creating internal and external work orders for tree maintenance/trimming
- PW – Looking at SeeClickFix for processing service requests
- PW – Need a traffic sign and signal inventory
- PW – Not using RTA to its full potential
- PW – The trees supervisor uses a tablet to update the tree inventory (Arbor Access)
- PW – Using Comcate for service requests
- PW – Water team has a tablet and laptops to access service requests
- PW – Work orders for trees are created in Arbor Access
- PW – Would like to start tracking costs associated with work orders

Recommendations

- Conduct a work order/maintenance and asset management system needs assessment identifying required feature/function capabilities.
- Review applicable manual processes and shadow systems, such as spreadsheets, to determine automation improvements that will result in labor efficiencies.
- Apply the results of the needs assessment to research options and solicit quotes for a work order/maintenance and asset management system.
- Many ERP system vendors offer work order functionality, the City should consider including these capabilities as part of the *Enterprise Resource Planning (ERP) Replacement* initiative.
- Follow best practices according to the *Software Selection Best Practices* initiative to select the appropriate system.
- Consider utilizing a third-party SME for an assessment process and RFP process in conjunction with the *Enterprise Resource Planning (ERP) Replacement* initiative.

Benefits

- Significantly greater workflow efficiencies within Maintenance Management, Work Orders, and Infrastructure Asset Tracking
- Reduced time and effort to provision services
- Improved inspections
- Increased staff and citizen satisfaction
- Improved performance tracking, reporting, and measurement
- Reduced stressors and workload due to improved automation and reduction in manual processes
- Reduced risk of institutional knowledge reliant on highly manual processes leaving the organization due to staff turnover or retirement
- Improved project management and reporting

21. Fleet Management

Fleet management software (FMS) provides the ability to perform tasks in the management of any or all aspects relating to the City's vehicle and equipment fleet. Fleet management, at a high level, encompasses all vehicle/equipment operations, from acquisition, through maintenance and life-cycle replacement analysis, to final disposal.

Findings and Observations

- The City is currently using Ron Turley and Associates (RTA) software and the Fleet Manager spends a good deal of time updating and managing fleet and equipment manually with spreadsheets and generic desktop software.
- Fleet includes vehicles and numerous types of rolling stock (vehicles) and equipment.
- Due to the large number and types of equipment, the City wants to ensure that any new system assists not only with vehicle maintenance, but also meets their needs in maintaining and managing such equipment.
- The City also maintains the fleet for the West Bay Sanitary District, which includes 24 vehicles—mostly heavy duty trucks. The City charges the District for Parts at 15% and charges an hourly fee for labor. Public Works does recap all parts, hours, etc., and sends out an invoice. Payment for invoices are sent by the West Bay Sanitary District directly to Finance for processing.
- There is a desire for any new fleet system to have the ability to generate or convert the work orders into an invoice for West Bay Sanitary District.

Staff Feedback

- PW – Contracts out major/large fleet work and also contract out for painting, body work, and smog testing
- PW – Contracted work is also captured now, PW would like this contracted work to be tracked in any new fleet management system
- PW – Have two bays, one mechanic, and one supervisor
- PW – Have had Ron Turley and Associates (RTA) fleet management system for over ten years
- PW – Manage the City's and Westbay Sanitary's fleet
- PW – Not using RTA to its full potential

Recommendations

- Complete a review and a needs assessment of the City's fleet maintenance requirements and document the results.
- Apply the results of the needs assessment to research options and solicit quotes for fleet management software solutions.
- Follow best practices according to the *Software Selection Best Practices* initiative, to select the appropriate system.
- Because some work order/maintenance management solutions also incorporate fleet management, the City should consider combining these efforts (see *Work Orders/Maintenance and Asset Management System* initiative and also the *Enterprise Resource Planning (ERP) Replacement* initiative).

Benefits

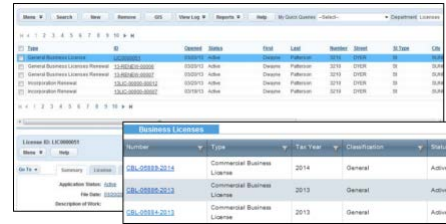
- Reduced vehicle and equipment ownership costs
- Extended useful life of vehicles and equipment
- Improved life-cycle cost analysis and replacement decision making
- Increased equipment availability
- Increased warranty recovery
- Optimized inventory levels
- Improved labor productivity
- Enhanced the satisfaction of the people that use the vehicles and equipment
- Ensured regulatory compliance for vehicle management, maintenance, and parts inventory management

22. Land Management System Replacement

Findings and Observations

A typical land management suite of applications includes:

- Development Planning and Zoning
- Permitting
- Inspections
- Code Enforcement
- Recurring Revenue and Business Tax (Licensing)
- Parcel/Address Management

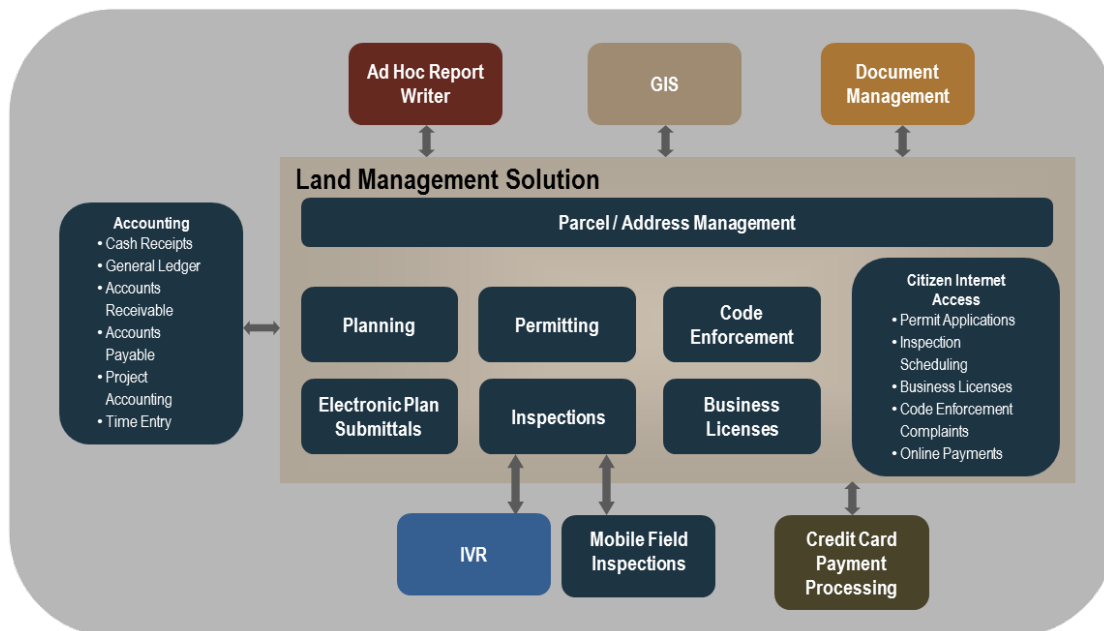


License #	Type	Year	Status
000001	Commercial Business License	2014	Active
000002	Commercial Business License	2013	Active
000003	Commercial Business License	2013	Active

The City should expect significant productivity gains with a fully implemented, integrated land management application solution.

Business licensing (business tax) and recurring billing/revenue is typically included in a land management suite, due to the connection to a common address and parcel database, as well integration to permitting and code enforcement. Automation of licensing/tax applications reduces paperwork, staff processing time, and increases citizen satisfaction by providing them the ability to submit, renew, pay, and print business licenses online at their convenience.

The following illustration and table shows typical modules available in land management systems.



Current Applications and Vendors	Currently Owned	Implemented	Potential Modules in Single Vendor Solution
<i>Land Management (Development Services)</i>			
Tidemark Advantage			
Permits	Yes	Yes	Yes
Code Enforcement	Yes	Yes	Yes
Parcel/Address Management	Yes	Yes	Yes
HdL			
Business Licenses	Yes	Yes	Yes
TES/TIM			
Mobile Inspections	Yes	Yes	Yes
Modules Not In Use Or Not Available			
Planning Projects and Zoning			Yes
Inspections			Yes
Cash Receipting			Yes
GIS Viewer			Yes
Mobile Code Enforcement			Yes
Online Services			Yes
Planning Projects			Yes
Permitting			Yes
Inspections Scheduling/Requests			Yes
Business Licensing			Yes
Payments			Yes

Staff Feedback

- CMO – Need online planning and building portal for the public to view and monitor projects
- CMO – Interested in metrics and key performance indicator reporting for land management projects
- Comm. Dev. – Using Tidemark for Building/Planning permit tracking, parcel data access/maintenance, and reports
- Comm. Dev. – Using Excel for analysis/calculations (e.g., calculating floor area/building coverage maximums)
- Comm. Dev. – Using Excel for project tracking timesheets
- Comm. Dev. – Using Excel for project schedules
- Comm. Dev. – Using Excel for creating/editing public notice address lists
- Comm. Dev. – Using Excel for building inspector appointment scheduling
- Comm. Dev. – Have a Microsoft Access database of historical building permit and inspections data
- Comm. Dev. – Need to allow for online status checking of applications
- Comm. Dev. – Need online inspection scheduling
- Comm. Dev. – Need fee calculations to be automatically calculated
- Comm. Dev. – Need automatic tiered actions

- Comm. Dev. – Need a better system for holds (e.g., stop work notifications, business license required, open code enforcement case on property, etc.)
- Comm. Dev. – Digitized paper needs to link with parcel/permitting system(s)
- Comm. Dev. – Need to streamline public meeting notice mailings; currently export Excel list of addresses, clean up duplicates/errors, creating Word notice, copy project description from Tidemark, change planner contact info, link Word and Excel files through mail merge, print, and mail notices
- Comm. Dev. – Need to include calculated zoning parameters (FAL/FAR in parcel database enhancements)
- Comm. Dev. – Need to include building coverage in parcel database enhancements
- Comm. Dev. – Need to include R-3 infill density in parcel database enhancements
- Comm. Dev. – Need to include substandard lots in parcel database enhancements
- Comm. Dev. – Need to include homeowners associations in parcel database enhancements
- Comm. Dev. – Need to include easements in parcel database enhancements
- Comm. Dev. – Generally link disparate parcel information systems (Tidemark, GIS, building permit scans, business licenses, etc.) so that multiple programs don't have to be opened to get basic information
- Comm. Dev. – Permit records searches are convoluted under current system
- Comm. Dev. – Would be great to link automatically to County parcel GIS system (without having to retype address)
- Comm. Dev. – Labor-intensive routings/task assignments to other staff members
- Comm. Dev. – Generate various project-related letters (30-day review, actions, etc.) to automatically pull in relevant project-specific information (contact info, project number description) and combine that with standard conditions/disclaimers and project-specific guidance
- Comm. Dev. – Could use self-service stations at Building/Planning counter to allow customers to retrieve basic parcel information
- Comm. Dev. – Could use self-service stations to allow customers to start applying for permits
- Comm. Dev. – Ability to notify a customer when Plan Checker review has been completed
- Comm. Dev. – Need a Housing Element Annual Report for number of units (by type/income category) with issued building permits
- Comm. Dev. – Ability to report on maximum allowable development status (e.g., El Camino Real/Downtown Specific Plan)
- Comm. Dev. – Ability to report on residences and non-residential square feet approved for/under development (e.g., Joint Venture Silicon Valley Land Use Survey)
- Comm. Dev. – Ability to create annual Department of Finance Building Report
- Comm. Dev. – Ability to report on various one-off permitting requests (pipeline projects, approvals, etc.)
- Comm. Dev. – Ability to report and monitor projects approved/built under pending General Plan
- Comm. Dev. – Ability to receive reminders pending expirations permits expirations (e.g., Limited Term Project Approvals)
- Comm. Dev. – Ability to provide better estimates to applicants of “typical” total case costs
- Comm. Dev. – department has a digital camera for site visit photos, but many staff members just use their cell phone camera
- Comm. Dev. – Tidemark permitting system is extremely out-of-date and in need of replacement
- Comm. Dev. – Police uses Tidemark for code enforcement
- Comm. Dev. – Tidemark is on a old and unsupported version

- Comm. Dev. – Have a script that runs monthly to retrieve counter assessor parcels and compare them with Tidemark
- Comm. Dev. – Not all records were successfully converted into Tidemark, when it originally went live in 1999
- Comm. Dev. – Payments are taken directly in QwikRegister and then manually entered into Tidemark (double entry)
- Comm. Dev. – Inspection requests can be made by calling the building department between the hours of 8 and 8:30 AM
- Comm. Dev. – Would like to take simple permits online
- Finance – Using HdL for business license applications and renewals
- Police – Need annual parking permit renewals for overnight parking permits
- Police – Currently not taking parking payments online
- Police – Need annual parking permit renewals for downtown parking
- Police – Use Tidemark code enforcement capabilities
- Police – Are doing duplicate entries into both Tidemark and RIMS
- PW – Files need to be shared and stored based on address
- PW – Need a permit system upgrade
- PW – Need better management and reporting of storm water permit
- PW – Need to automate inspection requests
- PW – Need to automate the creation of notices, comment letters, etc.
- PW – Need to automate Lawn Be Gone program
- PW – Need to offer online truck permits
- PW – Should accept permits online
- PW – Storm water permits are tracked in Excel

Recommendations

- Replace the Tidemark and HdL software environment and start by conducting a land management system needs assessment. Identify additional functionality requirements, additional modules needed, and GIS integration requirements.
- The existing Tidemark system is an old version and assistance from an outside contract consultant is necessary to keep the system in operation. Tidemark was acquired by Accela and the next move is to Accela's newest product and a migration away from Tidemark.
- Review applicable manual processes and shadow systems, such as spreadsheets, to determine automation improvements that will result in labor efficiencies.
- Consider implementation of a land management system as part of the new ERP purchase and implementation.
- Consider adding a Development Services Technology Fee to permits that require inspections. Many cities utilize this strategy to improve customer service through technology improvements.
- Select new software vendor according to the *Software Selection Best Practices* initiative.



Benefits

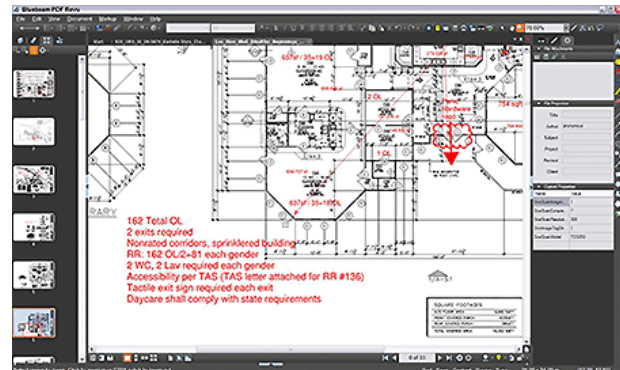
- Significantly greater workflow efficiencies
- Reduced stressors and workload due to improved automation and reduction in manual processes
- Reduced risk of institutional knowledge, leaving the City due to staff turnover or retirement
- Improved project and permit tracking and reporting
- Ability to result inspections and code violations in the field with mobile computing
- Automated time tracking and workload tracking of billable and non-billable hours
- Online citizen access capabilities
 - ◆ Improve community relations through 24-hour citizen access
 - ◆ Ability to automate inspection scheduling online
 - ◆ Eliminate time-consuming "status check" phone calls
 - ◆ Ability to apply and pay for permits online
 - ◆ Instant inspection result retrievals by contractors and applicants

23. Electronic Plan Submittals and Reviews

Electronic plan reviews for development and architectural plans related to City permitting and planning processes can be submitted, reviewed, and marked-up electronically. Electronic plans can result in a reduction of lost plans and physical storage requirements while enhancing sharing, collecting, storing, and retrieving of plans during the process and through retention periods.

Findings and Observations

- Community Development would like to consider and evaluate utilizing electronic plan submittal and review processing.
- Multiple solutions are available, including purchased and online hosted solutions.
- Online solutions may be purchased in a traditional manner or paid on a per page/project/permit basis.



Staff Feedback

- Comm. Dev. – Interest in new electronic plan check programs
- Comm. Dev. – Scanning is a somewhat cumbersome/manual process
- Comm. Dev. – City offices are being reconfigured for additional hiring, which may impact our current paper file cabinets
- Comm. Dev. – Currently request copies of plans to be shared among the reviewing departments
- Comm. Dev. – Uncertain about using electronic markups quite yet

Recommendations

- Explore solution options and capabilities.
- Consider cost-benefit of available solutions.
- Consider the selection and implementation of electronic plan review software along with the land management system or as part of the new ERP purchase and implementation. See *Enterprise Resource Planning (ERP) Replacement and Land Management System Replacement* initiatives
- Select new software vendor according to the *Software Selection Best Practices* initiative.

24. Human Resources System Improvement or Replacement

Findings and Observations

A *human resources information system (HRIS)* contains numerous Human Resources-related functions within a single solution, while also providing accurate and secure access of employee information. An HRIS typically includes the following capabilities:

- Employee Internal/External Training
- Professional Development
- Certifications and Licenses
- EEO Reporting
- OSHA Reporting
- HIPAA Reporting
- Insurance and COBRA Reporting
- Emergency Medical Information
- Workers' Compensation
- FMLA Benefit Payments
- Benefits Administration
- Seniority Tracking
- Retiree Tracking
- Terminations
- Employee Grievance Tracking
- Position Control
- Applicant Tracking
- Organizational Chart Generation
- Wage/Promotion/ Disciplinary History
- Performance Evaluations
- Leave Requests
- Compensation Reporting
- "What If" Scenarios
- Labor Negotiation Tools
- Merit/Step Increases
- Tuition Reimbursement
- Travel Management
- Employee Surveys

These solutions also have integration with payroll processing and employee self-service (ESS) portals to provide employees the ability to retrieve their information in real time, 24/7.

The City is in the need of a reliable and capable HRIS through a replacement system that can be provided as part of an integrated ERP system.

The City's existing HR (and Payroll) system is provided in an SaaS (software as a service), fee-based environment, with ADP using the ADP Workforce Now system. The recurring fees are high, and ADP has had issues with a low level of implementation success, reliability, and ongoing support. Integration with financials, payroll, and other citywide systems also prove challenging and costly. Analysis will need to be completed, but original estimates are that an HR replacement system that would be delivered as part of a citywide ERP System (see *Enterprise Resource Planning (ERP) Replacement* initiative), would carry lower costs, and higher levels of functionality and integration.



Staff Feedback

- CMO – Manually processing time cards
- Comm. Dev. – Current time cards procedures are very manual and have a number of opportunities for human error
- Comm. Dev. – Need employee task tracking
- Comm. Serv. – Could use time clocks on computers
- Comm. Serv. – Need automated time cards
- Comm. Serv. – Only the Library is using time clocks
- Comm. Serv. – Using Excel to track staff trainings
- Finance – ADP is unable to allow supervisors to view their staff's timecards
- HR – ADP appears to have FMLA, but it has not been activated
- HR – ADP can track certifications and degrees

- HR – ADP's performance evaluation software is licensed but not implemented
- HR – Applicant tracking processes are manual
- HR – Are at least four versions behind on ADP
- HR – Are not satisfied with the existing version of ADP
- HR – CalOpps provide basic applicant tracking functionality
- HR – CalPERS does not tie into HR
- HR – Existing version of ADP lacks OSHA, works compensation, ACA, and leave management capabilities
- HR – Have an Access database with data prior to ADP implementation
- HR – Have been using ADP for at least 15 years
- HR – Manually processing open enrollment
- HR – Need a system to automatically notify IT and Finance of terminated employee access
- HR – Need automated time sheets
- HR – Need better tracking and reporting of leaves
- HR – Need better tracking of employee on-boarding
- HR – Need better Performance Management tracking, metrics, and training/development plans
- HR – Performance evaluation tracking is done in Excel
- HR – Need more efficient ways of preparing third-party reports (e.g., State Controller, EEO, OSHA, PRA Salary Report, etc.)
- HR – Need to comply with America Care Act (ACA)
- HR – Need to provide employees with self-service capabilities (e.g., tax changes, address changes, access to paystubs, etc.)
- HR – Need to use a system and not spreadsheets for position-control tracking
- HR – Payments to third-party vendors are either paid manually or via EFT
- HR – Using ADP for human resources and payroll capabilities
- HR – Using Excel for OSHA tracking/logs and to create OSHA 300 report
- HR – Using Excel for tracking health enrollments by employee, plan, unions, etc.
- HR – Using Excel for tracking retiree health credits
- Library – Doing paper time sheets in addition to clock-ins
- Library – Could use a Kiosk PC for all Library staff to access/manage ADP accounts
- Library – Currently have to manually keep track of hours worked for each temp employee so we do not go over pay period/annual limit
- Library – Need an ADP mobile app
- Library – Need PC/device timeclock entry for ADP (e.g., sick, vacation, adjustments, etc.)
- Library – There is one time clock at the Library
- Library – Using Volgistic to track volunteer hours
- Police – Multiple staff are reviewing and approving paper time cards
- Police – Telestaff works well for both scheduling and time cards
- Police – Use PBT Group TEAMS for online training and evaluation, audit, and management; this includes the field training program and daily observation reports
- Police – Using Telestaff for shift bidding, comp time, vacations, and shift swaps
- PW – Could benefit from paperless time sheets given that the majority of the maintenance division is out in the field all day
- PW – Need automated time cards

Recommendations

- Conduct a comprehensive process review and develop feature/function requirements for all HRIS needs.
- Follow best practices according to the *Software Selection Best Practices* initiative.
- Consider utilizing a third-party SME for an assessment process and RFP process in conjunction with the *Enterprise Resource Planning (ERP) Replacement* initiative.

25. Employee Self-Service

Findings and Observations

Employee self-service (ESS) systems often empower employees to maintain and retrieve personal information such as benefits, leave accruals, electronic paystubs, and year-end W-2s, all while requiring minimal effort from the Human Resources department. Sometimes, there are additional features that provide automated leave requests, pay calculators, and changes to personal allowances.

Some services are provided by the ADP system, but more services are desired by the City and full benefit of ESS has not been realized due to the problems with ADP and the ADP software implementation.



Staff Feedback

- HR – Need to provide employees with self-service capabilities (e.g., tax changes, address changes, access to paystubs, etc.)
- Library – Could use a Kiosk PC for all Library staff to access/manage ADP accounts
- Library – Need an ADP mobile app

Recommendations

- Review and document the City's ESS feature/function requirements.
- Explore best option for ESS between future time and attendance or ERP Solution.
- Follow *Software Selection Best Practices* initiative in selecting the best option.
- Consider utilizing a third-party SME for an assessment process and RFP process in conjunction with the *Enterprise Resource Planning (ERP) Replacement* initiative.

26. Time, Attendance, and Accruals Tracking

Findings and Observations

The tracking, recording, and storing of employee time and attendance information is a significant undertaking. A manual system with repeated entry and review steps often leads to inaccurate reporting, payroll discrepancies, and lost data. Automated time management systems can provide:

- Single-occurrence data entry, with integration to time clock equipment as needed
- Standardized employment rules and implementation
- Centralized database for electronic review of records
- Consistent enforcement of vacation and sick policies, FLSA requirements, and union rules
- Web- and server-based options
- Integration with other functions, such as accounting and/or payroll
- Automated calculations based on user parameters

Such systems:

- Reduce duplicate efforts, thereby saving valuable time and resources
- Decrease inaccuracies and human error
- Improve management of vacations, sick leave, and other absences

The City is currently working to implement the ADP system for this functionality. The Library has been the test department for this project. The implementation is behind schedule, there are still unresolved problems, and there are concerns that ADP may not succeed in fully completing the implementation. As a result, most departments are using paper time cards/sheets or spreadsheets.



Return-on-Investment (ROI) Consideration

In a software selection study conducted by Nucleus Research, an organization that transitioned to an automated time-entry system saw a return on investment within six months and an overall return of 225% of their initial investment.⁵

Staff Feedback

- CMO – Manually processing time cards
- Comm. Dev. – Need employee task tracking
- Comm. Dev. – Current time card procedures are very manual and have a number of opportunities for human error
- Comm. Serv. – Need automated time cards
- Comm. Serv. – Could use time clocks on computers
- Comm. Serv. – Only the Library is using time clocks
- Finance – ADP is unable to allow supervisors to view their staff's time cards
- HR – Need automated time sheets
- Library – Need PC/device time clock entry for ADP (e.g., sick, vacation, adjustments, etc.)
- Library – There is one time clock at the Library
- Library – Doing paper time sheets in addition to clock-ins

⁵ "ROI Case Study: Kronos Workforce Timekeeper Anonymous Healthcare Organization", Nucleus Research 2003.

- Police – Telestaff works well for both scheduling and time cards
- Police – Multiple staff are reviewing and approving paper times cards
- Police PW – Could benefit from paperless time sheets, given that the majority of the maintenance division is out in the field all day
- PW – Need automated time cards

Recommendations

- Conduct a comprehensive process review, and develop feature/function requirements for all time keeping, attendance, and accrual tracking needs.
- Follow best practices according to the *Software Selection Best Practices* initiative.
- Consider utilizing a third-party SME for an assessment process and RFP process in conjunction with the *Enterprise Resource Planning (ERP) Replacement* initiative.

Benefits

- Consistent and standardized organization-wide timesheet system
- Reduced manual processes
- Increased processing volume
- Reduced data entry errors
- Reduced payroll processing time (from improved processes, policies, and practices)
- Single automated interface to ERP system

27. Performance-Evaluation Software

Findings and Observations

Performance-evaluation software automates staff reviews based on individual and departmental performance. This allows the ability to measure the skill sets of the workforce and plan expenditures accordingly with the internal resources available, build succession plans for continuity purposes, reduce numerous manually intensive reviews, and identify areas for improvement.

Human Resources' performance evaluation processes for non-management personnel is a manual process, using Microsoft Excel spreadsheets.



Staff Feedback

- HR – Need better performance-management tracking, metrics, and training/development plans
- HR – Performance-evaluation tracking is done in Excel

Recommendations

- Conduct a comprehensive process review, and develop feature/function requirements for all performance evaluation needs, including departmental online workflow (notifications, routing and approvals).
- The City should include the above described review and requirement development as part of the needs assessment and feature/function specifications identified in the *Human Resources System Improvement or Replacement* initiative.
- Follow best practices according to the *Software Selection Best Practices* initiative.

- Consider utilizing a third-party SME for an assessment process and RFP process in conjunction with the *Enterprise Resource Planning (ERP) Replacement* initiative.

Benefits

- Access to employee information
- Scheduling and maintenance of employee training
- Employee job feedback
- Staff incentives and rewards
- Facilitation of communication
- Recognition and rewards of good performance
- Consistent formula for establishing, tracking, and measuring performance for evaluation reviews

28. Applicant Processing

Most human resource departments are busy managing a constant stream of employment applications. Due to this volume of activity and the importance of a controlled process to acquire important human resources, there is a need to automate the hiring process from the moment an application arrives, all the way through the hiring and onboarding process.

Applicant tracking allows customization of online applications, so applicants provide all necessary information. When applicants apply, they can also attach resumes and transcripts that are immediately accessible by the HR Department. Thereafter, the software allows you to mass-activate/inactivate applicants, view or report individual or group applications, and construct personnel records once an applicant has been hired. Often, additional workflow capabilities are offered to include the departments needing candidates so that they can be engaged in the process. Online capabilities for applicants are also an integral part of the process within these application tracking systems.

Findings and Observations

- The City primarily uses a manual process for applicant tracking and notification.
- HR also uses CalOpps to post jobs and for some applicant tracking.

Staff Feedback

- HR – Applicant tracking processes are manual
- HR – Need better tracking of employee on-boarding using integration to HR and Payroll
- HR – CalOpps provide basic applicant tracking functionality

Recommendations

- Consider conducting a comprehensive process review and needs assessment, including departmental supervisors and managers to verify and identify the City's applicant processing needs.
- The City should include the above described review and requirement development as part of the needs assessment and feature/function specifications identified in the *Human Resources System Improvement or Replacement* initiative.
- Follow best practices according to the *Software Selection Best Practices* initiative.
- Consider utilizing a third-party SME for an assessment process and RFP process in conjunction with the *Enterprise Resource Planning (ERP) Replacement* initiative.

Benefits

- Automated process that tracks candidates and maintains the necessary documentation
- System that provides a smooth interface for candidates to apply and determine status
- Increased efficiencies through workflow and automation with the elimination of manual process and shadow systems
- Time savings and elimination of duplicate entry from integration with HR and Payroll systems

29. Training and Certification Management Software

Training and certification management software tracks training, certifications, skill sets, and more. It ensures that continual education and training is completed in a timely manner in order to ensure compliance with recertification requirements. These systems have the following features:

- Centralized employee training, qualifications, and license data
- Automatic notification for upcoming and overdue training
- Instantly viewable training metrics on dashboards and reports
- Aid in preparation for audits and in meeting compliance requirements
- Tracking of exam results

Findings and Observations

- There are some systems in use at the City (e.g., Police Department).
- Commonly, however, these requirements are being tracked by departments and Human Resources using Excel spreadsheets.

Staff Feedback

- Police – Use PBT Group TEAMS for online training and evaluation, audit, and management, including the field training program and daily observation reports
- Comm. Serv. – Using Excel to track staff trainings

Recommendations

- Stand-alone, third-party training and certification management and tracking software is available. However these capabilities are also available in HRIS systems or in HRIS modules within an ERP system (See *Enterprise Resource Planning (ERP) Replacement* initiative).
- The City should include the above functionality as part of the needs assessment and feature/function specifications identified in the *Human Resources System Improvement or Replacement* initiative and/or in the *Enterprise Resource Planning (ERP) Replacement* initiative.

30. Staff Scheduling System

Findings and Observations

Various departments have identified a need for scheduling employees, such as Police, Library, and Community Services. The Police Department is currently operating with Telestaff software to meet their scheduling needs.

Staff Feedback

- Comm. Serv. – Would like a staff/volunteer scheduling software that includes text message notifications, sign ups, etc.
- Library – Are manually creating volunteer schedules
- Library – Using Volgistics to track volunteer hours
- Police – Telestaff works well for both scheduling and time cards
- Police – Using Telestaff for shift bidding, comp time, vacations, and shift swaps

Recommendations

- Survey departments to determine which have needs for a scheduling tool. Review applicable manual processes and shadow systems, such as spreadsheets, with each of these identified departments to determine scheduling automation improvements that will result in efficiencies.
- The above recommendation is supported by the example of the Library and Community Services, identifying a need and requesting scheduling software to assist in managing the schedule for their staff and for volunteers. The spreadsheet and calendars being used do not meet the Library's needs.
- The City should investigate and determine if expanding the Police Department licenses and use of Telestaff to include other departments will meet their needs, rather than acquiring and adding another scheduling solution with the same functionality.
- If Telestaff is not a viable option for other departments, investigate other Scheduling options that would include integration with the City's Time and Attendance Tracking solution (see *Time, Attendance, and Accruals Tracking* initiative).
- Follow *Software Selection Best Practices* methodology for any new software.

Benefits

- Better tracking and scheduling of required City staff and volunteer staff
- Reduced overlapping shifts
- Reduced overtime
- Elimination of paper forms
- Accurate personnel deployment
- Better management/supervisory reporting of staff hours, shifts, etc.
- Elimination of scheduling systems from several different vendors and benefits of potential integration with Time Keeping/Attendance

31. Project and Construction Management

Project and construction management software typically includes:

- Management and tracking of construction projects
- Documenting project and contract progress
- Initiates or notifies of milestone completions for contractor payments
- Communication and interfaces to central financial systems including grant and project accounting

Many of these government-based construction software systems are now offered in a service-oriented, cloud-based product. Many also offer field-based access and usage for inspections and tracking in the field.



Findings and Observations

- Project Managers are using different methods in managing their projects, some of which include manual processes, Microsoft Project, Excel and Access, as well as other planning systems, like BaseCamp and Trello.
- Tracking costs, schedules, scope, and task completion for projects is challenging with existing methods and the various systems being used.
- Project information is not readily accessible by multiple staff in real time.

Staff Feedback

- CMO – Need the ability to track project expenditures and available budgets in real-time
- CMO – Need project management software
- Comm. Serv. – Using Microsoft Project to track projects and project tasks
- HR – Using BaseCamp for project tracking
- PW – Using Excel to manage CIPs
- PW – Using MS Project
- PW – Using Tom's Planner project management software
- PW – Using Trello project management software

Recommendations

- Complete a review and needs assessment of City's project and construction management requirements and document the results. This should be a single system that all departments and divisions within the City can use in a cooperative fashion.
- Apply the results of the needs assessment to research options and solicit quotes for the project and construction management software solutions. Examples include:
 - ♦ PM Web
 - ♦ e-Builder
 - ♦ CapitalSoft
 - ♦ Aurigo
 - ♦ Primavera
 - ♦ Systemates
 - ♦ FieldManager
 - ♦ Projectmates
 - ♦ and others
- Follow best practices according to the *Software Selection Best Practices* initiative, to select the appropriate system.
- Ensure that integration between the new system and Project and Grant Accounting software in the ERP System.
- Consider utilizing a third-party SME or consulting firm for the needs assessment, process review, and feature/function development.

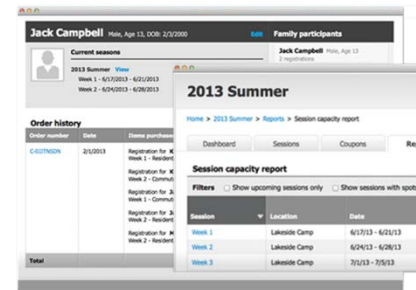
Benefits

- Shared project information
- Ease of project reporting
- Scheduling and resource management
- Increased efficiency in managing multiple projects
- Integration with Project and Grant Accounting within the citywide ERP system

32. Parks and Recreation Software Replacement (eGov)

Findings and Observations

The City currently uses the eGov software solution as their parks and recreation system. The City has been relatively satisfied with the system but feel they have outgrown its capabilities. eGov is not a full-featured park and recreation system and the Community Services feels it is time to replace eGov with a Park and Recreation system that could also assist with Day Care and Senior Center requirements. Additionally, there is a high degree of potential labor efficiencies to be gained through a comprehensive new system. Depending on the vendor, a Parks and Recreation enterprise solution may include:



- | | | |
|-------------------------------------|---|---|
| • Activity Registration | • Personal Trainer Scheduling | • Facility and Hourly Care Reservations |
| • Facility Reservation | • Golf Course Management | • Coach and Provider Lending |
| • Membership Management | • Maintenance Inspections and Results | • Touch-Tone Tee-Time Reservations |
| • League Management | • Job/Task Maintenance Scheduling | • Touch-Tone Area/Equipment Rentals |
| • Marketing | • Planning, Budgeting, and Depreciation | • Golf Membership Database |
| • Child Care Management | • General Ledger | • Point-of-Sale Cash Register |
| • Pass Management | • Accounts Payable | • Food and Beverage Sales |
| • Senior Activity/events Management | • Purchase Orders | • Tee-Time Reservations |
| • Point of Sale | • Time Management/Scheduling | • Tournament Management |
| • Equipment/Site Rentals | • Payroll Accounting | • Donor Management |
| • Court Reservations | • Annual Registrations | • Volunteer Management |
| • Locker Rentals | • Program Management | |
| • Trip Booking | | |
| • Incident Processing | | |

Staff Feedback

- Comm. Serv. – Using Access to track waitlists
- Comm. Serv. – Use Team Sideline for sports league management and scheduling
- Comm. Serv. – Use eGov for class registrations, room rentals, finance reports, customer management, participant contact database management, and email marketing
- Comm. Serv. – Use Eventbrite for ticket sales and marketing
- Comm. Serv. – Would like to consider a customer mobile app for processing payments
- Comm. Serv. – Would like real-time text messaging capabilities (e.g., cancelled classes, emergencies, reminders, etc.)
- Comm. Serv. – Currently send notifications through eGov registration software

- Comm. Serv. – Would like to provide customers with e-Coupons
- Comm. Serv. – Need modern registration software
- Comm. Serv. – Would like staff/volunteer scheduling software that includes text message notifications, sign ups, etc.
- Comm. Serv. – Need ability for staff to access electronic participant medical info, parent contact, waivers, etc., on iPad or similar
- Comm. Serv. – Need online childcare enrollment capabilities
- Comm. Serv. – Need childcare immunizations and medications reporting
- Comm. Serv. – Looking for the possibility of procuring and new registration software suite within the next two years
- Comm. Serv. – Also looking into new membership software
- Comm. Serv. – Was a pilot customer for eGov
- Comm. Serv. – Have had eGov for eight years
- Comm. Serv. – Online payments are not automatically interfaced to eGov
- Comm. Serv. – eGov reporting is cumbersome
- Comm. Serv. – Prorations and refunds are manual
- Comm. Serv. – Taking student attendances in NoHo and eGov (double entry)
- Comm. Serv. – Considering monthly dues as opposed to drop-in membership
- Comm. Serv. – Would like vending machines and point of sale at facilities
- Finance – Have been discussing the replacement of the Activity registration and rental system (Community Services)

Recommendations

- Complete a review and a needs assessment of the City's fleet maintenance requirements and document the results.
- Apply the results of the needs assessment to research options and solicit quotes for child care management software solutions.
- Follow best practices according to the *Software Selection Best Practices* initiative, to select the appropriate system.
- Consider utilizing a third-party SME for an assessment process and RFP process.

Note: Pricing and functionality vary by hundreds of percent.

- Keep in mind that a more expensive system with more automation can save significant manual labor, thereby potentially saving more than the system's entire cost over a few years. Proper evaluation and due diligence is necessary to determine total cost of ownership over a ten-year period and to maximize automation, cost accounting, online services, implementation success, and customer service improvements.

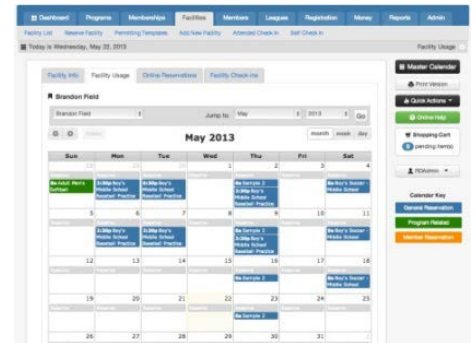
Benefits

- Improved customer service
- Improved software application utilization
- Improved reporting, resulting in better management decision making

33. Citywide Facilities Scheduling/Events Calendar

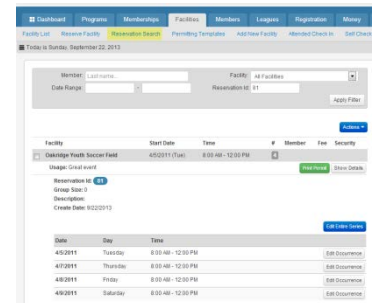
Reservation software improves the process of making reservations for facilities and activities, while providing customers with exceptional service, and staff with fewer tasks to manually perform. The following are capabilities can be found in facility and activity reservation solutions:

- Scheduling
- Calendaring
- Resource and Equipment Management
- Citizen Relationship Management
- Event Management
- Online Reservations
- Online Waivers
- Online Payments
- Automated Alerts and Notifications



Findings and Observations

- The City does not have a centralized facilities/events calendar. This makes it difficult to have a common place to see events and avoid conflicts.
- The City also does not have a centralized method for scheduling facilities including conference rooms, physical equipment, and other resources that need to be scheduled in addition to or in connection with the facility.
- Some permit information also needs to be accessible to customers and field staff



Staff Feedback

- Comm. Dev. – Using Outlook for meeting reservations
- Comm. Serv. – Using Outlook to schedule conference rooms
- Library – Need an internal staff calendar for City department events, closures, maintenance, etc.

Recommendations

- Third-party facility scheduling and activity reservation systems are available. A number of parks and recreation systems offer facility scheduling to various degrees, with some being able to schedule equipment, as well as facilities (i.e., reserving computer, projector, screen, etc., for remote presentations). These systems often provide abilities to take reservation deposits and take or invoice payments, if needed.
- These systems also allow online reservations with credit card payments.
- Complete a review and a needs assessment of City's facility reservation and scheduling and activities requirements and document the results.
- Apply the results of the needs assessment to research options and solicit quotes. The City should consider using the Facilities/Events Scheduling module within the *Parks and Recreation Software Replacement (eGov)* initiative, and use the modules citywide.
- Follow best practices according to the *Software Selection Best Practices* initiative, to select the appropriate system.



Benefits

- Prevent conflicting and/or duplicate reservations
- Increase facility and equipment usage
- Faster processing of reservations
- Map out facilities for individual reservations
- Improved customer service
- Ease of reporting

34. Childcare Management System

Findings and Observations

There are a number of *childcare management systems* available. They meet the management and operational needs of a day care center, but they also assist with meeting state requirements and providing the necessary state reporting.

Community Services has stressed a need for these capabilities and have expressed the fact that eGov and other tools currently being used do not meet the existing or future needs. Community Services currently provides child care services at three centers.

It should be noted that several park and recreations systems include child care modules that do an effective job meeting many or all the the needs Community Services has expressed.

Staff Feedback

- Comm. Serv. – Need automated parent/child sign-in and -out
- Comm. Serv. – Need online childcare enrollment capabilities
- Comm. Serv. – Need childcare immunizations and medications reporting
- Comm. Serv. – Provide childcare services at three centers

Recommendations

- Complete a review and a needs assessment of the City's fleet maintenance requirements and document the results.
- Apply the results of the needs assessment to research options and solicit quotes for child care management software solutions.
- Follow best practices according to the *Software Selection Best Practices* initiative, to select the appropriate system.
- Because some park and recreation management solutions also incorporate child care modules, the City should consider combining these efforts (see *Parks and Recreation Software Replacement (eGov)* initiative).
- Consider utilizing a third-party SME for an assessment process and RFP process.

35. Electronic Content Management System (ECMS) Replacement

An *electronic content management system (ECMS)*, also referred to as an *electronic document management system (EDMS)*, can be utilized for much more than document scanning, document storage, and records retention management.

Additional uses include:

- Enterprise records management, including retention management
- Integrated document/process workflow management, including internal request management, and routing and distribution (accounts payable, accounts receivable, human resources, project tracking, etc.)
- Forms management
- Project/process collaboration
- Meeting minutes management
- Meeting agenda management
- Legislative management
- Media management, including synchronized meeting video streaming
- Web publication/posting for all above items, if desired
- Web access to ECMS, locally and remotely



Findings and Observations

- The City is currently using ApplicationXtender and shared drives to manage documents and other files or content.
- The City uses ApplicationXtender as the centralized, citywide ECMS solution. However, due to the shortcomings of ApplicationXtender, many departments limit their use.

If the City were to consider a more modern ECMS solution with advanced functionality, additional benefits would be gained, including:

Compliance – Improved and more efficient ability to comply with increasing volume and complexity of regulations and retention requirements

Security – Improved physical abilities and accessibility security

Workflow Capabilities – Electronic capture, routing, and approvals of manual paper processes

Improved Efficiency – Increased productivity through automation of manual processes and time reduction in retrieving and sharing information

Reduced Costs – Reduced costs of printing, paper, storage space, and labor

Reduced Carbon Footprint – Minimized paper waste

Improved Transparency – Increased citizen access to information via the Web, including full automation of some documents immediately upon creation without additional processing or labor

Disaster Recovery – Protection of vital records through storage redundancy

Return-on-Investment (ROI) Considerations

- A study conducted by Coopers and Lybrand found the following:
 - ♦ The average document is copied 19 times in its life.
 - ♦ 90% of documents that are handled in an office are merely passed along or shuffled through.
 - ♦ Costs to manage a single document:
 - \$20 to file a document
 - \$120 to find a misplaced document
 - \$220 to replace a lost document
 - ♦ 7.5% of all documents become lost.
 - An office that generates 200 documents a week will lose 15 of them, costing a total \$3,300.
 - ♦ 3% of all documents are misfiled.
 - An office generating 200 documents a week will misfile six of them, costing the company \$720.
- A feasibility study by the North Dakota Information Technology Department regarding ECMS technology found the following:
 - ♦ An organization that scans 600 documents per day can have the following benefits upon implementing an ECMS:
 - An ROI payback period of 15 months
 - Gained productivity of almost \$114,375
 - Subsequent annual savings of \$110,295
 - An overall three-year benefit impact of \$531,990
 - Save \$36,556 in annual costs when compared to manually storing and managing documents
- A study conducted by Prescient Digital Media found that an ECMS saves employees between 50-60% in time searching for documents.

Staff Feedback

- CMO – Clerk uploads agenda packets and meeting minutes to the website
- CMO – Granicus is the secondary online meeting agenda packet posting site
- CMO – ApplicationXtender is the organization-wide document management
- CMO – ApplicationXtender is used to scan and store resolutions and legal documents
- CMO – ApplicationXtender often contains multiple copies of the same document due to other departments scanning same documents
- CMO – City Managers Office and Building/Planning also use ApplicationXtender
- Comm. Dev. – Using ApplicationXtender document manager for scanning of Building Division records, City Clerk files, and limited Planning Division records
- Comm. Dev. – Need improved document management
- Comm. Dev. – Need to digitize paper files
- Comm. Dev. – Digitizing of paper files should include labels/tags and OCR (optical character recognition) so that information is searchable
- Comm. Dev. – Digitized paper needs to link with parcel/permitting system(s)
- Comm. Dev. – Scanning is a somewhat cumbersome/manual process
- Comm. Dev. – Archiving/tagging of photos from cell phone cameras is inconsistent

- Comm. Dev. – City offices are being reconfigured for additional hiring, which may impact our current paper file cabinets
- Comm. Dev. – ApplicationXtender Document Manager is pretty universally regarded as bad
- Comm. Serv. – Using Adobe Acrobat for PDF forms
- Comm. Serv. – Using both Box and Dropbox for document storing and sharing
- Comm. Serv. – Currently storing videos on a network drive; drive capacity is determined and enforced by IT
- HR – Using Box for internal document management
- HR – Using Dropbox for external document management
- Library – Need to remove outdated documents from shared drives
- PW – Future document storage capabilities need to be considered

Recommendations

- Consider conducting a needs assessment and process review with all departments to gain an understanding of how the system should work and what configurations, training, etc., would improve staff's ability to utilize an ECMS system to its fullest, provide more transparency to citizens, and what other departmental applications integration would help improve the departments' business processes.
- Follow a software selection best practices approach to build an RFP, apply the needs assessment results, and identify a vendor that meets citywide needs.
- ECMS implementations on an organization-wide basis are commonly under-scoped and under-funded, leaving municipalities with limited benefits.
- ECMS implementations on a citywide basis are commonly spread over several fiscal years
- Review ECMS implementations in other local/regional municipalities that use it in a similar manner as intended by the City.
- Any solution considered should include integrated modules for agenda management, legislative management, and media management.

Benefits

- Automated workflow and routing
- Reduction in paperwork and related costs
- Online document retention and archiving
- Improved version and authorization control
- Improved public records access
- Increased information-sharing capabilities
- Ability to provide Web posting and public access to residents
- Integration with agenda management/legislative management/media management

36. Agenda Creation and Management Software

Automated agenda management systems provide access to information for all departments involved in the agenda process, and are sometimes offered as a stand-alone module or as part of an enterprise content management system (ECMS), (see *Electronic Content Management System (ECMS) Replacement* initiative). Staff members submit proposed agenda items online, and supporting documentation or packets can be attached, where they can be automatically routed for approval through pre-configured workflows. Approvers can receive email notifications with links to items awaiting review. The system administrator or other responsible parties add items to meetings, then prepare agendas, finalize packets, and publish them. Agenda content is available online throughout the process and is easily accessible to those with a role in the process.



In many instances, agenda management is also integrated with media management systems to stream and record video and audio information, time stamp it, and tie it to the correlating meeting agenda. Then, there is the ability to push/publish agendas, minutes, and media to the City's website.

Findings and Observations

- The City's agenda processes are currently semi-annual in nature; agendas, agenda packets and meeting minutes are uploaded to the City's website.
- There are no workflows for routing and revisions of packets during the preparations process, nor are there ticklers and notifications for due dates.
- There is a duplicate secondary posting on the Granicus site
- The City has considered and recognized the productivity, efficiency, and improved timelines that are possible with an automated agenda management solution.

Staff Feedback

- CMO – Clerk uploads agenda packets and meeting minutes to the website
- CMO – Granicus is the secondary online meeting agenda packet posting site
- CMO – Need to automate staff report creation and approvals
- CMO – Interested in Granicus' iLegislate for agenda packet accessibility from an iPad
- Comm. Serv. – Using Word to create staff reports
- PW – Need a better process for managing City Council report prep and reviews

Recommendations

- Conduct a comprehensive needs assessment, and process review, and document needs, including the development of detailed feature/function requirements for a new system.
- Apply the needs and feature/function requirements from the process review to solicit proposals and evaluate system options from various vendors.
- Follow best practices according to the *Software Selection Best Practices* initiative in order to select an appropriate system.

- It can be advantageous to coordinate the purchase and selection of an agenda management system with the selection of a new ECMS, because it includes the ability to ensure that the solution is integrated with the ECMS system. Many ECMS vendors have agenda management system partners that have built-in integration with their system and integration with media management (see *Electronic Content Management System (ECMS) Replacement* and *Granicus Media Management Assessment (Replacement)* initiatives).
- Consider utilizing a third-party SME or consulting firm for the needs assessment, process review, and feature/function development.

Benefits

- Time savings in manually disseminating and routing documents for review
- Paper costs savings by disseminating and routing electronically
- Easy archival and retrieval
- View agenda items and related materials in real time
- Provides public online access to agendas, minutes, and potentially audio/video

37. Legislative Management

Findings and Observations

Legislative management and reporting is the capability to manage legislative activities, including resolutions, ordinances, ordinance numbers, dates, and related actions, that are captured in real-time and retained to enable inquiry and reporting. In a manual environment, this legislative information, such as ordinances, is often entered numerous times. When automated, it only needs to be entered a single time.

Staff Feedback

- CMO – Need legislative management software for managing and tracking resolutions and ordinances

Recommendations

- Conduct a needs assessment and process review, and document needs.
- Apply the needs and feature/function requirements from the process review to solicit proposals and evaluate legislative management system options from various vendors.
- Follow best practices according to the *Software Selection Best Practices* initiative, to select the appropriate system.
- Ensure that the media management system selected can be integrated with the agenda creation and management system, as well as the citywide ECMS system (see *Electronic Content Management System (ECMS) Replacement* and *Agenda Creation and Management Software* initiatives).
- Consider utilizing a third-party SME or consulting firm for the needs assessment, process review, and feature/function development.

38. Granicus Media Management Assessment (Replacement)

Findings and Observations

Governments and quasi-governmental entities all have councils, boards, commissions, supervisory committees, etc. These board meetings require agendas, minutes, and recordings management. Recording technology has expanded to include the capturing of audio and video during these meetings. As a result of capturing these recordings, some open-access laws now require access to this media by the public. Media Management systems provide the ability to broadcast and manage media.

Media management systems:

- Give citizens and the public convenient access to live and archived streaming through the website
- Reduce public inquiries with searchable, self-service access online
- Import agendas and synchronize indexed video to eliminate hours of work
- Manage and distribute unlimited meetings and events (all completely automated)
- Reach a broader public audience
- Integrate closed captions with video
- Help the organization understand and measure public participation with video analytics



The City has expressed the need to perform live and post-meeting Web video streaming of Board meetings. The City has also expressed the need to manage historical meetings and offer the ability of the public to view/stream these past meetings online.

Staff Feedback

- CMO – Granicus is used primarily to provide Web streaming of City Council meetings
- CMO – Not using Granicus for agenda management, only voting and streaming capabilities

Recommendations

- Conduct a needs assessment and process review, and document needs, including the development of detailed feature/function requirements for a Council/Board meeting media management system.
- Apply the needs and feature/function requirements from the process review to solicit proposals and evaluate media management system options from various vendors.
- Follow best practices according to the *Software Selection Best Practices* initiative, to select the appropriate system.
- Ensure that the media management system selected can be integrated with agenda creation and management system, as well as the citywide ECMS system (see *Electronic Content Management System (ECMS) Replacement* and *Agenda Creation and Management Software* initiatives).
- Consider utilizing a third-party SME or consulting firm for the needs assessment, process review, and feature/function development.

Benefits

- **Reporting and Metrics** – Use system reporting and metrics to monitor the public engagement level, mobile usage, page visits, etc.
- **Event Management** – Schedule events to broadcast live or record from any video source (camera, cable TV, tape).
- **Archive and Publish** – Archived files automatically transfer to internal and external storage and can be automatically published to the organization's website.
- **Streaming** – Leverage a media server for public streaming.
- **Integration with Agendas and Minutes** – Import agendas and synchronize indexed videos during meetings and, afterward, produce a public record on the website with the agenda linked to the video.
- **Anywhere and Anytime Access** – The public and staff can watch live streaming broadcasts or play archived videos through the website. Viewers can jump to desired topics through index points to review only the information or agenda items that are important to them.
- **Public Searching** – Public can find what they want through a searchable public record on the website. All meeting audio, video, minutes, and agendas can be integrated together.
- **Notifications** – The public can subscribe to the agenda, or to a particular search, to receive notifications when new content is available.

39. Large-File Sharing Tool

Large-file sharing is often necessary when email systems or other sharing methods have size restrictions.

Findings and Observations

- The City is using a number of large-file sharing tools
- With various tools being used, there is a lack of consistency and limited management control
- Several departments expressed a desire for standardized use of a single, common tool across the organization.

Staff Feedback

- CMO – Using Box cloud storage for sharing of extremely large files (e.g., public records request, staff reports, presentations, etc.)
- Comm. Dev. – Box.com and Dropbox primarily for applicant/consultant interactions
- Comm. Serv. – Use both Box and Dropbox for document storing and sharing
- HR – Using Box for internal document management
- HR – Using Dropbox for external document management
- PW – IT grants and then removes file-transfer access
- PW – Using Box.com and Dropbox for online file transfer

Recommendations

- Migrate all City users to a single, secure large-file transfer solution
- SharePoint Online (part of Office 365) is a potential option
- Complete a review and needs assessment of the City's large-file sharing needs.
- Follow best practices according to the *Software Selection Best Practices* initiative, to select the appropriate solution.
- Ensure that this solution operates in a secure, supported environment, managed by the City's IT Division.

Benefits

- Use of a single, standardized system
- Improved support by City and IT Division
- Consistency and uniformity

40. Video Capture and Editing (Video Events and Other)

Findings and Observations

- The City uses several video capturing systems and cameras.
- There is a desire to have a Citywide video capture and editing environment for consistency and the ability to store and save video for promotion, historical, and other purposes.

Staff Feedback

- CMO – Need video equipment which can be used from the field (e.g., recruitment videos, entertainment, events, etc.)
- Comm. Serv. – Need video editing software for special events
- Library – Use Adobe Premiere Elements 8 to edit video clips for Library events

Recommendations

- Migrate all City users to a single, video capturing and editing environment.
- Ensure that the video and editing environment is compatible with the results from the *Electronic Content Management System (ECMS) Replacement* initiative, the *Granicus Media Management Assessment (Replacement)* initiative, and the *Photo Management and Storage Software* initiative.
- SharePoint Online (part of Office 365) is a potential option.
- Complete a review and a needs assessment of City's video capturing and editing needs.
- Follow best practices according to the *Software Selection Best Practices* initiative, to select the appropriate solution.

Benefits

- Use of a single, standardized system
- Integration throughout the organization with ECMS, Agenda Management, Media Management, etc.
- Compatibility and consistency

41. Photo Management and Storage Software

Photo management and storage software (also referred to as *photo library management*) is a robust way to store, retrieve, and manage photos, not to be confused with personal photo storage tools such as Apple iCloud, Amazon, Dropbox, Flickr Google+, or OneDrive. The key words are “robust” and “enterprise”. Photo management and storage software at a commercial level is analogous to an enterprise ECMS, as described herein.

Enterprise photo management systems, unlike document management solutions, are optimized and designed specifically for digital images and include all the capabilities required to management and operate a centralized and well-organized image collection.

Capabilities also include, but are not limited, to the following:

- Enterprise photo management, including retention management
- Centralized storage of photos, their associated data (indexes) and their organization within the database
- Security and user permissions with each group or department of users being restricted to assigned areas of the database, including the ability to control rights to perform specific operations/functions within those areas
- Web server plug-ins that provide secure, read-only access to assigned portions of the image collection over the Web or for integration with organization-wide or specific departmental software applications
- Ability to interact with various photo capture systems, including timed-based field cameras
- Ability to review, manage, analyze groups of photos, and save composite collections
- Secured database management to prevent photo loss and the ability to find a specific or group of images from a large collection
- Ability to catalog and store data on any number of specimens, species, etc.
- Full database-oriented reporting capabilities, enabling search access to the organization’s entire photo collection/library

Findings and Observations

- The City is storing a very large number of photos from various departments and operations, including automated field based cameras, field work photos, maintenance management photos, historical and personal-interest photos, promotional photos, etc.
- There is no enterprise or citywide storage of photos, with many stored at the project, functional, division, or department levels.
- The City needs the ability to have an enterprise system that would provide consistency, ability to share and collaborate, and better integration of these photos into operations or operation software applications.
- No formal City processes or policies for the management, back-up, and potential recovery of these photos has yet been developed and documented.



Staff Feedback

- Comm. Serv. – Use SmugMug for photo storage and sharing
- Comm. Serv. – Adobe Photoshop for image management

Recommendations

- Complete a review and a needs assessment of City's photo management requirements and document the results.
- Apply the results of the needs assessment to research options and solicit quotes for photo management system solutions.
- Follow best practices according to the *Software Selection Best Practices* initiative, to select the appropriate system.
- Consider utilizing a third-party SME or consulting firm for the needs assessment, process review, and feature/function development.

42. Publishing Software Consolidation

Findings and Observations

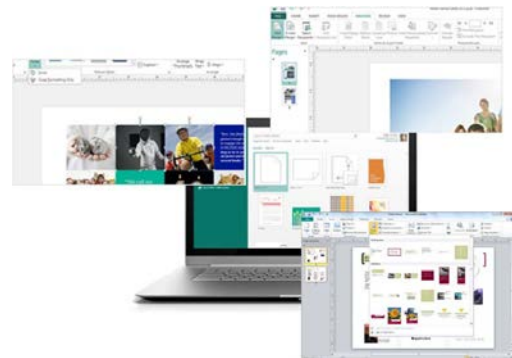
The City uses a myriad of different tools to meet their desktop publishing needs. The following table lists the software being used by each department to create published materials and make content changes:

Application	CD	CMO	Comm. Serv.	Finance	HR	Library	Police	PW
Adobe Acrobat Reader	Various Departments							
Adobe Acrobat XI Pro					X			
Adobe Creative Suite/Cloud	X							
Adobe Illustrator			X					
Adobe InDesign			X					
Adobe Photoshop			X			X		
Adobe Premier			X					
MS Publisher			X		X	X		

Having such a broad number of different publishing tools within the organization presents challenges in consistency, training and knowledge, compatibility, sharing, and collaboration. A single publishing tool can minimize these challenges and turn them into benefits.

Staff Feedback

- Comm. Serv. – Using MS publisher for flyers, newsletters, calendars, and menus
- Comm. Serv. – Using Adobe InDesign to create activity guides, flyers, marketing materials, branding marketing
- Comm. Serv. – Position dedicated for activity brochure creation is currently vacant
- HR – Using MS Publisher for marking documents
- Library – Using publisher to create brochures/pamphlets



Recommendations

- Consider consolidating to a comprehensive all-in-one citywide solution to replace the functionality included in the software solutions now in use and listed in the table above. Doing so, may provide cost benefits and the ability to share training and knowledge. Examples include Ubuntu Studio, Adobe Creative Cloud, Corel, and others.
- Consider a review and assessment of the publishing software needs across the organization for all individual users' needs to determine the best solution that will meet the goal of a single solution for the entire City.
- Apply the results of the needs assessment to research options and solicit quotes for publishing solutions.
- Follow best practices according to the *Software Selection Best Practices* initiative, to select the appropriate system.

Benefits

- More consistency in application utilization
- Improved institutional knowledge by sharing training and internal application support
- Increased compatibility, sharing, and collaboration

43. Real-Time Utility Usage (Automatic Meter Reading-AMR)

Findings and Observations

Not to be confused with a complete utility billing system, *online, real-time utility usage access* is the ability to capture utility usage through the meter environment at frequent intervals, or in real-time, and having data available on billing documentation and online for residential and commercial users.

Staff Feedback

- PW – City owns the meters and handhelds, but Fathom performs the meter reads
- PW – Contract with Fathom for utility meter reading and billing
- PW – Could use automated meter-reading software
- PW – Residents need access to their own water usage in real time

Recommendations

- Implement an automatic meter reading (AMR) system that can be read in real time continuously or on a frequent cycle (e.g., hourly)
- Complete a review and a needs assessment of City's meter reading requirements.
- Consider the integration needs between a new AMR and the utility billing system.
- Ensure that there will be public-user Web access so that customers can monitor up-to-date usage.
- Follow best practices according to the *Software Selection Best Practices* initiative, to select the appropriate system.
- Consider utilizing a third-party SME or consulting firm for the needs assessment and feature/function development.

Benefits

- Elimination of manual meter reading
- Access for the public to monitor usage in near real-time
- Increased conservation

44. Website Improvements

Findings and Observations

Municipal websites have become informational portals so that citizens can quickly access information and conduct transactions without having to call City staff or go to City Hall. Additionally, interactive functionality is available 24/7.

- The City's website is developed and hosted by CivicPlus, a website development company that focuses on city and county governments.

Return-on-Investment (ROI) Consideration

A study conducted by Aaron Marcus and Associates, Inc. discovered the following⁶:

- More than 83% of Internet users are likely to leave a Web site if they feel they have to make too many clicks to find what they are looking for.
- Once a system is in development, correcting a problem costs ten times as much as fixing the same problem in design.
- The average user interface has as many as 40 flaws. Correcting the easiest 20 of these yields an average improvement in usability of 50%.

Staff Feedback

- CMO – Using Civic Plus to manage the website
- CMO – Certain items on the website are not easily visible (e.g., agenda packets, links, etc.)
- CMO – Would like for the public to complete satisfaction surveys
- CMO – Are considering CivicPlus for potential survey capabilities
- Library – Need to correct broken links on the website
- Library – Need Web statistics for yearly report to CA State Library and to make decisions about content on Library site

Recommendations

- In coordination with the *Website Improvements* initiative, develop a citywide needs assessment of CMS update and administration issues.
- Identify user training requirements.
- Work with the vendor to address issues with CMS updates and identify additional training needs.
- Manage improvements according to the *Project Planning and Implementation Best Practices* initiative.
- Offer regular training to keep staff skills fresh and to ensure they have the ability to keep website content current.

Benefits

- Reduced resident in-person visits
- Improved public records access
- Increased information-sharing capabilities
- 24/7 availability
- Improved resident-user experiences
- Increased resident interaction and transaction capabilities

⁶ Aaron Marcus and Associates, 2004

45. Notifications System (Push/Social Media/Text)

Findings and Observations

Outbound communication systems, such as Reverse 911, have gone through a significant transformation in the last five years. There are many more system providers, and pricing has come down significantly. Enhanced emergency notification systems can also integrate with severe weather warning systems, emails, texts, RSS feeds, etc. These systems can be used for non-emergency mass notifications as well. Examples include: street closures, interruptions in water service, major organization events, etc. Additionally, an increasing number of school cities are using this technology for frequent mass communications to parents.

Staff Feedback

- Comm. Serv. – Would like real-time text messaging capabilities (e.g., cancelled classes, emergencies, reminders, etc.)
- Comm. Serv. – Currently send notifications through eGov registration software
- Library – Need an automated system for importing/sending patrons “email blasts”
- Library – Would like to use “email blasts” to subscribers for special information/events
- Library – Could use Hootsuite to manage all social media accounts
- Police – We utilize Nixle, which also alerts Twitter and Facebook
- Police – Nixle is user-friendly
- Police – We also use Blackboard and Nextdoor for mass, outbound communications
- Police – Would like the capability to combine all of these resources so that we only have to log onto one program, send the message, and be done

Recommendations

- Research options and for a single tool to manage the notification needs and desires of the entire organizations.
- Select new software or tool vendor according to the *Software Selection Best Practices* initiative.
- Consider including emails, texts, and RSS feeds for more than just mass emergency notifications (e.g., street closures, street cleaning, special events, etc.)
- Consider utilizing various applications and utility bills to collect citizens' communication preferences (e.g., mail, email, text, website, opt in or out for specific types of communications, such as public safety, emergency, community events, general info, etc.)
- Determine costs of greater usage. Costs are usually measured per contact, but some vendors have gone to an annual-subscription model based on agency population.
- Consider integration with Severe Weather Warning System, automating certain emergency notifications.

Benefits

- Increased community outreach
- Improved public relations
- Increased citizen engagement
- Easier management with time savings if a single notification tool can be identified and implemented

46. Develop GIS Master Plan

Geographic information systems (GIS) are becoming a critical citywide component to any municipality. They provide a geographical map or picture to constituents and city staff to interact with City services or for City staff to deliver service. GIS is a system that manages and displays digital maps with various features and functionalities. GIS stores the shape of individual map features (a street segment or a parcel of land) along with descriptive information (often called feature “attributes”). In a GIS map of streets, the shape of each segment is stored along with the street name. The segment can be located, queried, or labeled using that name. A parcel of land will be linked to one or more tax records which can identify the owner, valuation, use, or many other attributes. Layers of information can also be stored and selectively displayed, including utilities and other services (water, sewer, gas, electric, telephony, data, etc.)

The development of a Geographic Information System (GIS) Master Plan is a detailed and comprehensive process. Geography and GIS services play a role in nearly every decision the City makes. Choosing sites, assets maintenance, planning distribution networks, responding to emergencies, or redrawing boundaries—all of these issues involve questions of geography. A GIS Master Plan would set forth procedures and methods used to determine where the City envisions going with GIS in the future, which will include, but not be limited to:

- Improvements to the GIS enterprise
- Evaluating potential data sources and data needs
- Evaluating hardware and software solutions
- Updating the GIS database
- Developing additional GIS applications
- Staffing requirements
- Prioritized resource requirements
- Planning for the long-term maintenance of the GIS system and the data
- Development of a GIS-specific budget tied to the various elements or initiatives within the GIS Master Plan

Findings and Observations

Due to the extensive demands the various departments are requiring from the GIS Division, there needs to be a more comprehensive study for the City’s GIS needs. There is a tremendous role for GIS within the organization, and a detailed study is needed to address and plan for future growth.

Staff Feedback

- CMO – Need general GIS accessibility for a economic development perspective
- Comm. Dev. – Ability to automate exports to Open Data Portal
- Comm. Dev. – City already has a GIS consultant (Lynx Technologies), who is responsive and helpful; most needs can be met with their assistance
- Comm. Dev. – Need to upgrade internal GIS site from Silverlight to HTML5
- Comm. Dev. – Have a public GIS site that allows users to access parcel information (i.e. zoning City, size, flood zone, etc.)
- Comm. Dev. – Have an Open Data Portal that allows advanced users to access building permit records and GIS files
- Comm. Serv. – Would like to use GIS to track customer locations
- Comm. Serv. – Would like to see a visual depiction of residents and non-residents with boundaries

- Police – We are pretty satisfied with our GIS data
- Police – Need new GIS capabilities for Police MDTs
- Police – Esri works great for dispatchers, but not for mobiles
- PW – Current GIS environment is based on Silverlight, which is being phased out
- PW – GIS data infrastructure needs to be considered
- PW – Have a GIS management consultant (Lynx's Technologies) located in Capitola
- PW – Have ArcGIS SDE version 10.3
- PW – HTML5 will help us pave the way to upgrading the public-facing Web GIS
- PW – Interested in collaborating with other agencies for regional GIS data
- PW – Need a traffic sign and signal inventory
- PW – Need to transition to a HTML5-based environment
- PW – Need upgraded aerial imagery
- PW – Sidewalks, trees, and streetlights are in GIS
- PW – This is the first municipal job where there isn't a GIS team or dedicated person
- PW – Water System is not in GIS

Recommendations

- Develop a comprehensive GIS Master Plan utilizing independent subject-matter expertise.
- The Master Plan should include but not be limited to:
 - ♦ Improvements to the GIS Enterprise
 - ♦ Evaluating potential data sources and data needs
 - ♦ Evaluating hardware and software solutions
 - ♦ Establish the database and cartographic standards of the City
 - ♦ Updating the GIS database
 - ♦ Developing additional GIS applications
 - ♦ Staffing requirements
 - ♦ Training requirements
 - ♦ Benefits to the public using GIS as the entry point to online services
 - ♦ Prioritized resource requirements
 - ♦ Planning for the long-term maintenance of the GIS system and the data
 - ♦ Development of a GIS-specific budget tied to the various elements or initiatives within the GIS Master Plan

47. Department-Centric / GIS Self-Service

Web mapping applications allow for interactive viewing and sharing critical geospatial information within the City and also to present to the public over the Internet. Web applications are easy to use and can be accessed by staff or constituents via Web browser, without the requirement for specialized GIS software to be installed on the user's device. Additionally, these types of apps take less time for staff training. GIS Web applications can also allow end-users to pan, zoom, search, and interact with the most current data. Web applications make it easier to create, update, and maintain departmental data.



This approach can also allow some staff within departments to maintain their own data with support from the GIS Division using Web mapping concepts.

Findings and Observations

The City currently does not deploy any department-centric GIS applications for end-user self-service. This has resulted in a backlog of departmental needs.

It should be noted that not all requests can be served by Web applications, but including Web applications in the information delivery model will serve the City well and will help alleviate the backlog of needs expressed by departments. This will allow various departments to expediently access more robust spatial data to assist with their everyday decision making.

Staff Feedback

- Comm. Dev. – Ability to easily create location map/land use map/etc. using Web GIS system
- Library – Could use a map of Library patrons by address
- Library – Could use a map of cardholders within the City of Menlo Park
- Library – Could use a map of registered event attendees visiting from within the Bay Area
- PW – Need to work on our internal mapping application

Recommendations

- The City should build departmental central Web applications, using the ArcGIS Server configuration that is determined from the outcome of the *Develop GIS Master Plan* initiative and through the introduction of ArcGIS Online.
- Provide adequate training for staff on these tools and applications.
- Hire an outside consultant to build these applications for the department, in order to free GIS staff to focus on other critical GIS tasks.
- Assess common GIS data needs of most third-party consultants and develop a self-service system for project managers to deliver spatial data to and obtain spatial data from consultants.
- Central Web mapping applications should have the ability to create customized maps that meet the database and cartographic standards of the City.
- Investigate third-party, off-the-shelf (OTS) software solutions to streamline the creation of Web maps.

48. RIMS (CAD/RMS) Gap Analysis and Application Maximization

Integrated *computer-aided dispatch (CAD)* and *records management systems (RMS)* enable public safety and law enforcement to centralize public safety incident information, preserve data integrity, and enhance operational efficiency. Personnel within the department use this integrated environment to quickly capture, record, update, share, and access critical incident and public safety data.

Common functionality of CAD/RMS systems include:

- Computer-Aided Dispatch
- Records Management
- Mobile Data Computing
- Field Reporting
- Property/Evidence with Bar Coding
- Personnel/Training
- Crime Analysis
- Investigations
- Intelligence/Suspect Tracking
- Mapping

Findings and Observations

- The City was one of the early adopters of the Sun Ridge System, called RIMS.
- The City has been pleased with the RIMS system, but is concerned that they may not be using all the available capabilities, maximizing their usage of and return on investment with the system.

Staff Feedback

- Police – Need RIMS accessibility on department-issued cellular phones
- Police – Using RIMS CAD/RMS

Recommendations

- Work with Sun Ridge to review the City's usage of RIMS and develop a gap analysis report identifying the functionality in RIMS and the City's current adoption of that functionality.
- After completing the gap analysis report, work with Sun Ridge on a plan to close the identified gaps. The plan should include a listing of all gaps to be closed, a summary of the process required to close each gap, identification of any costs, and finally a timeline for the entire gap closure project.



Benefits

- Full access and use of CAD and RMS system, along with access to the full functionality and capabilities of those systems
- Improved application and use of technologies, with elimination of manual processing and redundant data entry
- Elimination of a majority of the paper reports and forms
- Better management of resources
- Better reporting and information for management and decision making
- Improved integration between all technologies
- Improved tools for dispatch and for officers in the field
- Improved public safety

49. Alarm Tracking and Billing Software

Alarm tracking and billing software is designed for police departments, fire departments, and other government organizations that have a need to monitor and record alarms and assess fees for multiple occurrences of false alarm runs. These systems are designed to work with police dispatch, RMS/CAD/911 systems, and typically have an export capability for uploading to the municipality's central financial system.



Benefits

- Allows registration of alarm systems
- Imports false alarm data from Computer-Aided Dispatch (CAD) systems
- Prints warning letters and invoices
- Exports to municipal financial systems are possible to streamline invoice and collection processes
- Allows alarm owners to register and pay online with credit cards

Findings and Observations

- The City currently uses the alarm billing capability within the existing Sun Ridge RIMS RMS/CAD system.
- The City believes that RIMS has a module to allow for online payment and account access.
- The City would like to expand the alarm billing system to allow for online access and payment.

Return-on-Investment Considerations

- A study conducted by Fidesic Corporation found that by using electronic invoicing and payment, organizations can cut the labor required to send an invoice and process a payment by almost 50%⁷.
- Sizable annual revenues from alarm and false alarm billing have been recognized by other municipalities in the City's regional area.

Staff Feedback

- Police – Would be great to allow customers to both view and pay for their alarm permits online
- Police – Alarm billing is somewhat automated in RIMS, however, there is a module that would allow online payments and account access

Recommendations

- Investigate availability of an RIMS-based online alarm billing payment module.
- Estimate approximate savings from payment timeline reduction, manual processing, paper savings, and reduction in phone call inquiries.
- Implement the online payment module as recommended by Sun Ridge.
- Follow applications implementation best practices.

⁷ Fidesic Corporation study, 2002

50. Ticket Writer Software Replacement (Duncan to TDS)

Findings and Observations

Many cities struggle with parking management in heavy traffic areas such as downtown, event locations, and other complexes. A network-enabled *parking management system* (parking permits) provides centralized monitoring and control. A wireless parking meter solution can alleviate parking-related issues by increasing operational efficiencies, improving traffic flow, and increasing revenue capture for the City.

A number of these ticketing systems also have the capability to ticket or cite for other violations including moving violations.

The City is currently in the process of migrating to a new system called TDS TICKETPRO and away from the older ticketing system from Duncan Solutions. The new system also allows for a true adjudication process, including payment and also a vehicle for appeals.



Staff Feedback

- Police – Use Excel to record permits (i.e., parking) and releases, and then enter into Duncan Solutions
- Police – Need online automated parking permitting system
- Police – The citation issuing software for Patrol is an outdated system
- Police – There are other programs (TICKETPRO) that download “live time” and are easier to use and more functional
- Police – Parking is currently working with a new software for parking ticket citations (TDS' TICKETPRO)
- Police – The current handhelds are not downloaded on a regular basis by officers, and with the new system, we will not have the issue of missing citations
- Police – Using Turbo Data System's Ticket Pro for online parking citations
- Police – Using Turbo Data System's (TDS) Appeals module for online parking citation appeals
- Police – Were using Duncan Solutions' Autocite and Autoissue for moving violation tickets, now replaced by TDS TICKETPRO
- Police – Need new ticket-writing hardware

Recommendations

- Continue the migration process to the new TDS system.
- Follow the methodology outlined in the *Project Planning and Implementation Best Practices* initiative.
- Following the conclusion of the implementation use the methodology outlined in the *Applications Management Best Practices* initiative.

Benefits

Key benefits of automated parking meters include:

- Flexibility to impose different parking fees at different times of day
- Remote monitoring on the functional status of parking meters, decreasing down-time and minimizing revenue loss

- Improved efficiencies and revenue capture from real-time information accessible to parking enforcement personnel on expired meters
- Convenient payment options: cash, credit cards, debit cards, cell phones, payment over the Internet, and prepaid parking cards

51. Officer Radio Transmission Identification

Findings and Observations

Officer radio radio transmission identification functionality allows tracking in the radio and CAD system that provides automatic identification of officers with radio transmissions. This is done using the officer's unique identifying code in his personal radio.

Staff Feedback

- Police – Atherton PD has the ability to see which officer last transmitted on the radio
- Police – It is a great officer safety tool and could allow us to welfare check an officer that didn't answer his radio
- Police – From what I understand, it's a software program or application that they log into at the beginning of their shift and then it keeps a log of every transmission

Recommendations

- The City should investigate the ability to apply this technology to their existing radio and CAD system. The Atherton Police Department could provide information that would be helpful in researching this option.
- Follow best practices according to the *Software Selection Best Practices* initiative, to determine costs from vendors and select the appropriate system and system options.

Benefits

- Officer security/status
- Ability to well-check an officer

52. Replace MDC's with RIMS Mobile/GIS System

Findings and Observations

The existing mobile data terminal/mobile digital computer (MDT/MDC) environment is aging. The MDT/MDC has become critical to an officer's ability to be safe and productive in the field. These systems should be kept current and replaced prior to end-of-life.

Staff Feedback

- Police – Current MDT/MDC system is at past its age
- Police – The RIMS RMS/CAD system has a new MDC GIS system that the PD should move to

Recommendations

- The City should investigate the ability to move to the RIMS new MDC GIS mobile system
- Follow best practices according to the *Software Selection Best Practices* initiative, to determine costs from RIMS and clearly understand the implementation needs.

Benefits

- GIS/Graphical capabilities in the vehicle
- Efficiency in access to law enforcement information

53. Tow Company Billing System

Staff Feedback

- Police – Should automate monthly tow billings
- Police – Would be great to allow tow companies to make online payments or over-the-phone payments
- Police – Currently, tow companies pay by check or in-person via credit card payments
- Police – Delinquent tow billing invoices are difficult to track
- Police – Have a total of twelve towing companies, each one with a three-year contract

Recommendations

- The City should investigate Tow billing software options
- Consulting with other Police Departments in the region to determine what systems they use and learn their pros and cons would also be helpful.
- Follow best practices according to the *Software Selection Best Practices* initiative, to determine costs from vendors and select the appropriate system and system options.

Benefits

- Efficiencies in reducing manual processes
- Ability to allow online payments and payments with credit and debit cards
- Reduction in call inquiries
- Better able to manage the relationships with the towing companies.

54. FirstNet Preparation Planning

Findings and Observations

This is a project that is currently in process. *FirstNet* is the short name for “First Responder Network Authority”. Even though it is a project in process, it is important to stay current. This initiative establishes guidelines to track FirstNet progress and ensure the City is ready for implementation.

Staff Feedback

- Police – On February 22, 2012, the “Middle Class Tax Relief and Job Creation Act” created FirstNet, which gives FirstNet the duty to build, operate, and maintain the first high-speed, nationwide wireless broadband network dedicated to public safety entities
- Police – FirstNet will provide a single interoperable platform for public safety communications
- Police – Public safety personnel using the FirstNet network will be able to share applications, access databases, and provide better-informed responses to incidents through integrated communications
- Police – The costs for FirstNet services and devices hasn’t been determined, but it will be a factor for each city to consider

Recommendations

- This initiative should be kept on the IT Division's projects list, even though it is currently in process.
- The Police Department and a resource from the IT Division should work together to track this and document timelines, required technology, impact on the City's network infrastructure, and resources that may be needed for implementation when the time comes to proceed.
- The City's IT Steering Committee should be kept up-to-date on progress with this program at least every 6 months, and also when events warrant an update to the committee.

Other Initiatives

Initiative	Staff Feedback	Recommendation
55. Police Audiovisual Format Conversion Tool	<ul style="list-style-type: none"> • Police – Need the ability to convert audiovisual data received from third-party surveillance systems to a common format • Police – Use Honestech to convert audio cassettes to digital files 	<ul style="list-style-type: none"> • There are a number of conversion tools available. • A small needs assessment document should be prepared to document needs, who will use the tool and where this video conversion environment will be setup. • Quotes should be obtained using <i>Software Selection Best Practices</i> initiative. Quote requests should include the hardware and software specifications the vendor requires to operate the tool in an efficient manner.
56. Panic Button	<ul style="list-style-type: none"> • Comm. Serv. – Could use a panic button for all facilities 	<ul style="list-style-type: none"> • This capability is available. • If the City would like to proceed it would be best to incorporate this into the process identified in the <i>Secure Managed Access</i> initiative.
57. Penal Code/Vehicle Code Reference Software	<ul style="list-style-type: none"> • Police – Would be great if there was a digital penal code/vehicle code software on computer desktops and MDTs 	<ul style="list-style-type: none"> • This software is readily available. • The Police Department should verify if the new RIMS MDC GIS System as described in the <i>Replace MDC's with RIMS Mobile/GIS System</i> initiative includes code reference software.

Initiative	Staff Feedback	Recommendation
58. Portable Wireless Camera for Surveillance	<ul style="list-style-type: none"> Police – Are only using body cameras (no squad cams) Police – Could use portable wireless camera for surveillance (e.g., investigations) 	<ul style="list-style-type: none"> This would be similar to a fixed camera, but would be configured in a portable fashion so it can be taken to nearly any location. This should be compatible with the <i>Video Camera and Surveillance System (Citywide Standard)</i> initiative.
59. Wireless PA Radio PA/Sound System	<ul style="list-style-type: none"> Comm. Serv. – Could use a high-quality wireless radio system for events 	<ul style="list-style-type: none"> This is an option for a radio PA system at events. This would allow the broadcast of speakers, music etc. to the event attendees. The specific needs for this system should be discussed so that a viable configuration can be determined This should be configured in a portable fashion so it is mobile enough to take to different City venues and setup quickly.
60. Instant Messaging	<ul style="list-style-type: none"> Comm. Serv. – Instant messaging between employees/computers would be nice Comm. Serv. – Instant messaging and text messaging with our customers would be beneficial HR – Using Skype for instant messaging 	<ul style="list-style-type: none"> There are numerous options available for this. Options for instant messaging can be configured with Exchange Server/Outlook. Skype for Business is also available with instant messaging capabilities under Office 365. Cost and options should be investigated and a standard chosen and installed.
61. PA Announcements	<ul style="list-style-type: none"> Library – Need automatic PA announcements inside of library when near closing 	<ul style="list-style-type: none"> Various options exist for this capability. Phone system PA functionality is also an option.
62. Parking Sensors and Management	<ul style="list-style-type: none"> Comm. Serv. – Parking space sensors and electronic signage would help to reduce traffic congestion and citizen frustration 	<ul style="list-style-type: none"> This is a variation of traffic control and traffic communications systems. If the City has a traffic management system, they should investigate if that system can accommodate parking sensors to communicate parking availability etc.

Initiative	Staff Feedback	Recommendation
63. Constituent Satisfaction Surveys	<ul style="list-style-type: none"> • CMO – Would like for the public to complete satisfaction surveys • CMO – Are considering Civic Plus for potential survey capabilities • Comm. Dev. – Would be helpful to have a program to solicit feedback from groups that don't typically come to Commission/Council meetings • Comm. Serv. – Using Survey Monkey class evaluations and needs assessments • Comm. Serv. – Would like the option for the public to complete on-site surveys with iPads 	<ul style="list-style-type: none"> • Some Customer Relationship Management systems have this capability. • The City should also investigate if their citizen request management system would have this capability. • The key to results for this is a very affective survey gathering and reporting capability to capture the necessary data and perform the necessary analysis.
64. Laptop Borrowing Program	<ul style="list-style-type: none"> • Library – Need a system to manage borrowing of laptops by the public 	<ul style="list-style-type: none"> • Laptop configurations should be assembled with a laptop bag. • These laptop configurations should be compatible with the environment described in the <i>Conference Room Audiovisual</i> initiative.
65. Library Subscription Provider Statistics	<ul style="list-style-type: none"> • Library – We receive usage statistics from several of our subscription database providers, and having software to compile these uses would help us make subscription and promotional decisions 	<ul style="list-style-type: none"> • There are a number of analytics programs available. • The Library should identify their needs and investigate tools that could meet these needs. • Quotes should be received and the City should determine if similar needs exist in other departments, so others may share in license costs.
66. HVAC Zonal Climate Control System	<ul style="list-style-type: none"> • Library – Library staff needs control of HVAC temperature; regular hours for public works employees often does not overlap with Library open hours 	<ul style="list-style-type: none"> • Research vendors and request a cost-benefit analysis. • Follow best practices according to the <i>Software Selection Best Practices</i> initiative, to select the appropriate system.

Gov 2.0 (E-government) is the concept of using new technologies in combination with creativity, information sharing, and the collaborative process to better serve and interact with the public.

- 67. Citizen Request Management (CRM)
- 68. Online Payments, Transactions, and Services
- 69. Video/Web Conferencing
- 70. Council Chambers Audiovisual Systems
- 71. Conference Room Audiovisual
- 72. Social Media Policy and Procedures
- 73. Mobile Computing
- 74. Newsletter
- 75. Dual Monitors



With the advent of computer technologies, the world is experiencing an unprecedented explosion in communications options.

The principles of Gov 2.0 include:



- Principle:** Serve as the primary source of reliable, accurate, and timely organization information delivered to the customer on their platform of choice.
- Principle 2:** Maintain a real-time, interactive, and user-centered website that offers easy access to public information and online services.
- Principle 3:** Offer opportunities for online civic engagement and social collaboration.

Some examples of Gov 2.0 technologies include:

- **Online Transactions** – Applications, registrations, requests, and payment processing are some of the 24/7 examples being employed.
- **Online Information Requests and Queries** – As more transparency is demanded and Freedom of Information Act (FOIA) requests increase, common types of documents are readily available through query or menu on the website, which creates efficiencies for organization staff and constituents.
- **CRM (Citizen Request Management)** – Online citizen request tracking includes automated internal routing, status reporting, etc.
- **311** – 311 is a service available in some communities around the country as a non-emergency, general information phone number to a citizen service center. These centers typically centralize the inquiry and response of general and/or routine questions from citizens and customers.
- **Blogging** – This is a Web-based process (Web logging) that allows regular posting of commentary, news, events, and other materials in a more casual and interactive manner. Visitors may leave comments or communicate with each other through the blog.
- **Podcasting** – Digital media files utilizing audio, Web protocols, and a media player are released on a regular schedule and often downloaded through a Web-based subscription.
- **RSS – Really Simple Syndication (RSS)** is a group of formats used to publish works such as blog entries, news headlines, and media files, in a standardized format. This allows publishers to automatically "feed" their entries to a syndicated audience, often used with podcasting.
- **Social Media** – Ranging from blogs (WordPress, LiveJournal, Tumblr) and social and/or professional networking (Facebook, Twitter, LinkedIn, MySpace) to virtual worlds where people can interact in real time (Second Life), social media is, by far, the fastest-growing form of interactive communication. Andreas Kaplan and Michael Haenlein define social media as "a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of user-generated content."⁸
- **Wikis** – A *wiki* is a website that allows collaborative creation and editing of Web pages to produce a simplified exchange of information.



⁸ Kaplan, Andreas M., Michael Haenlein (2010). "Users of the World, Unite! The Challenges and Opportunities of Social Media". Business Horizons 53 (1): 59-68. doi:10.1016/j.bushor.2009.09.003. ISSN 0007-6813. Retrieved 2010-09-15.

The possible benefits of developing such communication methods go beyond simple release of information. Among the advantages are the following:

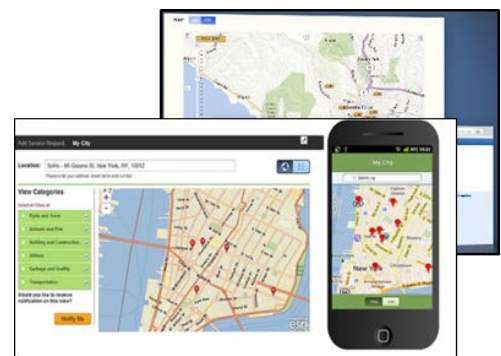
- Increased efficiency and cost reduction for public services offered electronically
- Allowance of greater government transparency
- Better-informed and involved public
- More collaborative efforts between the organization and the public
- Faster and more convenient access, which promotes public approval

67. Citizen Request Management (CRM)

Findings and Observations

Citizen request management solutions are used to receive, track, and manage all types of requests and complaints. These solutions can categorize requests, prompt for typical information required, assign and route information to specific staff or departments, track the status, and fulfill overall reporting requirements for more effective handling and response. The primary objective is to ensure all inquiries, requests, and complaints are captured when received, routed to the proper resource, and responded to or resolved in a timely manner, ensuring that the loop is closed on each and every contact. An ideal CRM functionality includes:

- Citizen responsiveness (requests captured and completed, responses provided to citizens, including when and how resolved)
- Prompt request routing (departments/persons)
- History (complaints, requests, timeliness of responses, who completed, how resolved, cost analysis)
- Interdepartmental resource linking
- Managing resources
- Benchmarking and performance-based measurements
- Planning and budgeting
- GIS integration
- Online customer surveys



The City currently uses CCIN, Comcate, GovQA and Direct Connect. The desire by nearly all departments is to move forward with a single CRM system that can deliver all the same functionality that is being performed by the four applications described.

Staff Feedback

- CMO – GovQA is a portal used by public to submit a public records request
- CMO – GovQA provides some automated workflows and allows for management of requests to ensure compliance with legal requirements
- CMO – C-C-I-N is an in-house developed system for the public to send messages addressed to the City Council
- CMO – Using Direct Connect to capture public complaints, which are then routed to staff email addresses
- CMO – C-C-I-N is not helpful and needs to be replaced
- Comm. Serv. – Using Comcate for customer-response management

Recommendations

- Select new software vendor according to the *Software Selection Best Practices* initiative.
- Consider CRM modules from future back-end operational systems, such as Work Orders/Maintenance Management, Land Management, or the existing CivicPlus system, before considering other third-party vendors that require integration with other operational systems within the City.

Benefits

- Increased customer satisfaction
- Centrally managed information
- Less time manually managing and monitoring
- Increased use of features
- Improved access to information

68. Online Payments, Transactions, and Services

A variety of online payments can be accepted through numerous alternatives, one being the organization's website. The result will be increased efficiencies due to reduced labor and easy, digital retrieval of information for both customers and organization staff. Online payments also provide citizens with 24/7 transaction capabilities and the convenience of not having to involve staff or go to City offices.

The City currently accepts the following types of payments and transactions online:

- Activity registrations
- Donations
- Permit applications (forms)
- Public requests (email)
- Event registrations



Other example online payments could include, but would not be limited to:

- Permit applications and fees
- Camping fees and payments
- Miscellaneous receivables
- Miscellaneous permits
- Parking tickets/citations and status inquiries
- Citizen requests and status inquiries
- Activity registrations
- Facilities reservations
- Donations
- Volunteer applications
- Job postings and online application submittals
- GIS map inquiries
- Official online records requests (e.g., agendas, minutes, documents, etc.)

Staff Feedback

- CMO – Collect fees
- CMO – Collect donations online

- CMO – Collect sponsorships online
- CMO – Need online planning and building portal for the public to view and monitor projects
- Comm. Dev. – Are not taking any planning or permitting payments online
- Comm. Dev. – Need to allow for online status checking of applications
- Comm. Dev. – Need online inspection scheduling
- Comm. Dev. – Would like to take simple permits online
- Comm. Serv. – Use Eventbrite for ticket sales
- Comm. Serv. – Using Open Budget to provide community access to City financial information
- Comm. Serv. – Using Virtual Merchant for credit card payment processing
- Comm. Serv. – Using PayPal for credit card payment processing
- Comm. Serv. – Would like to consider a customer mobile app for processing payments
- Comm. Serv. – Online payments are not automatically interfaced to eGov
- Comm. Serv. – Need online childcare enrollment capabilities
- Finance – Taking online payments for class/activity registrations
- Finance – Taking online payments for facility rental reservations
- Finance – Taking online payments for business license registrations and renewals
- Library – Would like credit card payment ability for non-Library account purchases (Friends of the Library books, promotional products, exam proctoring, etc.)
- Police – Alarm billing is somewhat automated in RIMS; however, there is a module that would allow online payments and account access
- Police – Would be great to allow customers to both view and pay for their alarm permits online
- Police – Currently not taking parking payments online
- Police – Provide a public database of investigations that is Web-based for people to search
- Police – Would be great to allow customers to both view and pay for their alarm permits online
- Police – Need online automated parking permitting system
- Police – Would be great to allow tow companies to make online payments or over-the-phone payments
- PW – Need to become compliant with online permits for solar panel (AB 2188)
- PW – Need to offer online truck permits
- PW – Should accept payments online
- PW – Should accept permits online

Recommendations

- Conduct a citywide needs assessment to determine all useful online payment types that could be implemented to improve constituent service.
- Conduct cost-benefit and prioritization analysis.
- Select other software payment vendors according to the *Software Selection Best Practices* initiative.
- Consider existing core business applications options, such as ERP, parks and recreation software, permit management, ticket/citation management, among others, before new, third-party solutions, in order to eliminate requirements to integrate new solutions with back-end operational systems.
- Manage improvements according to the *Project Planning and Implementation Best Practices* initiative.

Benefits

- More accurate and consistent information
- Timely and reduced reconciliation
- Increased awareness of citizen self-service
- Reduced over-the-counter time for transactions
- Increased staff and citizen satisfaction

69. Video/Web Conferencing

More users want a user-friendly approach to teleconferencing in the future. Web conferencing is being used more and more instead of face-to-face meetings and group training. Common Web conferencing capabilities also include:

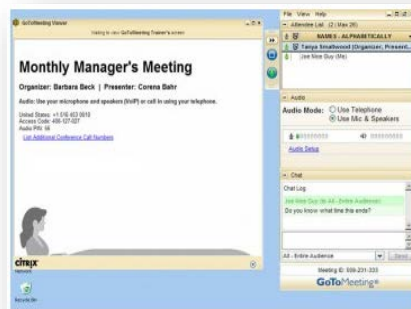
- One-to-many
- Conference room meetings with video conferencing
- From an office or home site
- Classroom
- Conference room presentations
- Group meetings
- Simultaneously training multiple users in multiple locations with video and audio sharing of all locations

A few vendor examples including WebEx include:

GoToMeeting

- Screen sharing
- Application sharing
- Remote control
- Annotations
- Teleconferencing
- Web chat
- Recording

GoToMeeting



WebEx

- Presentation upload
- Screen sharing
- Application sharing
- Remote control
- Annotations
- Teleconferencing
- Web chat
- Recording

Webex



Office 365 – Skype for Business

- Presentation upload
- Screen sharing
- Application sharing
- Remote control
- Annotations
- Teleconferencing
- Web chat
- Recording

Staff Feedback

- CMO – Are using Google Hangout or Skype for Web meetings
- CMO – Would like to use Web conferencing capabilities
- CMO – Would like to provide a camera to council members for them to participate on council meetings remotely
- Comm. Dev. – Use Skype for remote meetings and interviews
- Comm. Dev. – Customer recently mentioned to Building Dept. another city that does video conferencing (FaceTime, e.g.) for appointments
- Library – Need video conferencing
- PW – Need a conference call solution

Recommendations

- Review current needs and number of users for each department.
- Research most cost-effective solutions for the organization.
- If the City migrates to Microsoft Office 365, consider its solution before other third-party vendors.
- Determine best overall solution, required users, and alternative costs.
- Conference rooms should be configured to support Web conferencing (see Conference Room Audiovisual initiative).

Benefits

- Reduced transportation costs
- Meeting recording and storage capabilities
- Effective remote control features
- Enhanced group training capabilities

70. Council Chambers Audiovisual Systems

Findings and Observations

- Council chambers audiovisual and lighting are older, but still functional.
- IT Division staff are responsible for Council meeting cable TV feeds.
- IT staff support Council meeting start to validate that systems are working appropriately.
- Agenda management software, which may also include a separate module for developing meeting minutes, is not currently utilized.

Staff Feedback

- CMO – Need new audiovisual equipment for Council Chambers
- CMO – Need support for Council Chambers technology

Recommendations

- Consider outsourcing the production of City Council meetings, captioning, and post-production to a third-party vendor that specializes in public meeting broadcasting.
 - ♦ Can include online real-time streaming of the broadcast of Council Meetings and other public meetings, if desired.
- Design and develop an RFP for replacement of audiovisual equipment and lighting systems in Council Chambers.
- Utilize PEG fund balance and PEG fees over time to keep improvements budget-neutral, if possible.

Benefits

- Improved production quality of City Council meetings and other public meetings held in the Council Chambers
- Increased availability of IT staff for core technology projects and staff support
- Improved government transparency

71. Conference Room Audiovisual

Conference room audiovisual tools are used to enhance meetings, which include projectors, video conferencing software, smart boards, and other technology aids.

Findings and Observations

- Currently, conference rooms lack 21st century audiovisual capabilities.
 - ◆ As portable devices proliferate, demand for audiovisual capabilities will increase.
 - ◆ Wall-mounted monitors can provide very cost-effective audiovisual capabilities in smaller conference rooms.
 - ◆ Projectors are a good choice for larger rooms that will require a larger screen for full audience viewing.



Staff Feedback

- CMO – Need technology available to staff in conference rooms (smart boards)
- Library – Professional-level AV equipment for meetings/presentations/webinars in staff meeting room and downstairs conference/event room
- Library – Need audio system for downstairs event/conference room
- Library – Need standard audiovisual equipment in conference rooms
- PW – Smart boards needed in conference rooms, with password-protected access to City drives to hold effective meetings

Recommendations

- Each conference room should have nearly the same configuration.
- Similarities in configuration across all rooms allow for employees to go to any conference room and be familiar enough to quickly setup to conduct meetings with all the required technologies.
- A standard AV design will be provided by *CLIENTFIRST* that will include monitors, projectors, audio and Web/video conferencing connectivity with necessary cameras, etc.
- To control costs, a plan can be provided to update conference rooms over several years as the budget allows.

72. Social Media Policy and Procedures

Findings and Observations

A Social Media Policy is a code of conduct that provides guidelines for departments and individual employees who create a social media presence and post content on that presence or on the Internet, either as part of their responsibilities or as a private person. Setting clear expectations for departments and employees can positively affect the organization's image within the community, as well as avoid embarrassment and legal liabilities.

Staff Feedback

- CMO – Have a public communication team comprised of staff from multiple departments; the team meets every Tuesday at 2 PM
- CMO – Need policies and procedures for social media
- Comm. Serv. – We need a marketing/social media person dedicated to support website updates and social media
- Comm. Serv. – Have a social media framework, but only a draft of a policy has been created
- Comm. Serv. – Each department has their own Facebook page, and even within departments there are multiple Facebook pages (e.g., aquatics, special events, etc.)
- Comm. Serv. – Decision was never clearly stated on having a single Facebook account for the City
- Finance – Social Media policy is from 2012 and is outdated
- Finance – Authorization is technically required before creating a social media account
- Finance – Need different protocols by type of communication (e.g., marketing, events, etc.)
- Library – We need info/template/guidelines/direction regarding what content is expected/allowed
- Library – Library has a Facebook, Twitter, and Instagram account
- Police – When there is a critical call that the public needs to be made aware of, dispatch is required to go on social media and send an alert; this is often very difficult for dispatch to do since they are doing other tasks that are of higher priority
- Police – Using Facebook, Instagram, and Twitter

Recommendations

- Typical social media policy determines:
 - ♦ What Departments are allowed to establish a social media presence and on what social media services (e.g., Facebook, Twitter, etc.)
 - ♦ Sets guidelines on what type of information can be posted and what information can be feed
 - ♦ Sets guidelines on personnel who can be responsible for social media establishment and maintenance at the department level and levels of departmental management review
- If two-way blog posts are allowed, most municipalities monitor them every day.
- Software products that automatically update several social media outlets from the webpage are readily available and should be used to realize efficiencies.
- Consider potential social media integration opportunities with the organization's websites.
- Provide approval to employ a limited number of named social media sites subject to review by IT Committee and approved by management.
- Provide tutorial for employees who use social media to promote organization events and information.

Benefits

- Increased community involvement
- Improved public records access
- Enhanced communication
- Improved public relations
- Fulfillment of public expectations
- Increased promotion of business growth
- Mitigation of risk through education of staff on policy and practices

73. Mobile Computing

Findings and Observations

The 21st century has brought an increasing demand for time and resources. Because of the need for maintenance personnel, inspectors, code officers, general field employees, and other employees to work in the field or offsite, *mobile computing* technology relieves bottlenecks in obtaining information and producing reports necessary to perform their functions and meet these demands. By providing field and remote workers with the necessary equipment and software, they are able to:



- Interact with necessary applications and databases in real time
- View data or enter data in the field
- Interact with GPS and field devices
- Review, change, or request inspection and maintenance scheduling
- Remotely submit inspection and maintenance reports
- Respond quickly to requests and questions from the public

Such off-site capabilities offer:

- The ability to break the bonds of office facilities to complete work in the field
- Increased productivity and improved time management
- Centralized data that can be monitored in real time
- Improved accuracy and reporting
- Reduced paperwork and elimination of need to reenter data upon returning to the office

This is primarily a hardware and secure-wireless networking challenge, as software applications that use browser technology require no additional software. For software programs that are not browser-based, we recommend virtual desktop technology.

- Demand for remote access will continue to grow as staff becomes more portable.
- Access to mobile applications for smart phones and tablets will be a portion of remote access demand.
- The other major demand segment will continue to be remote access from laptops and desktops.

Some software solutions that are designed for specific field operations, such as maintenance work and inspections, may have smart applications (downloaded from an app store) or native-written mobile device modules. These software modules generally have less functionality than the full applications that are accessible from laptops or Toughbooks. One major advantage of these types of modules, however, is store-n-go technology, which allows a user to continue working on a record, even if they are disconnected from a cellular or Wi-Fi connection. Once

the user is back in range with the cellular or Wi-Fi signal, the store-n-go capability recognizes the reconnection and updates the information in the background. Store-n-go functionality becomes even more critical if the jurisdictional/geographical service area does not have full cellular or Wi-Fi coverage. It should be noted that virtual desktop technology does not have Store-n-go functionality.

Return-on-Investment (ROI) Consideration

The Center for Digital Government (CDG) reports that one agency's wireless laptop-based inspection solution helped its land management division increase the number of daily inspections. Another agency used laptops and electronic inspections to increase inspector efficiency by 30 percent, saving the agency approximately \$500,000.

A pilot mobility program in San Diego County helped the Land Use and Environment Group (LUEG) save \$130,000. Inspectors that participated in the project used mobile devices connected via a mobile VPN and were 31 percent more productive than before. They completed more inspections each day, and the agency was able to use less office space and fewer telephone landlines.

Staff Feedback

- CMO – Need video equipment which can be used from the field (e.g., recruitment videos, entertainment, events, etc.)
- Comm. Dev. – Have a tablet that links field building inspector activities/notes with Tidemark cases
- Comm. Dev. – Some planners have iPads, which is helpful, but which may not be used as fully as they could be
- Comm. Dev. – Interest in using Apple devices, but inconsistent IT support, currently
- Comm. Dev. – Some building staffers use City flip phones, which are fairly outdated
- Comm. Serv. – Would like the option for the public to complete on-site surveys with iPads
- Finance – Have an outdated mobile device policy and equipment
- PW – Could use tablets for Water Department and Transportation (GIS-based asset management)
- PW – Need laptops to promote flexibility and efficiency given reduced work space

Recommendations

- Determine and inventory mobile/field computer needs by specific staff and department including the full-use and mobile applications needed in the field or for required remote access. These inventories should also be categorized based on the level of productivity and public service gains/benefits.
- Follow recommendations for mobile hardware recommended and supported by existing and future core business department applications, such as inspections, work orders/maintenance management, and any other applications that involve field-based activity.
- Implement a mobile device management (MDM) solution early in the deployment cycle and integrate the MDM with inventory and Help Desk functionality.

Benefits

- Improved operations management
- Secure sharing of information
- Enhanced communication
- A more mobile and productive workforce
- Faster, well-informed decision making
- Real-time access to information from the field
- Increased ability for team members to communicate/collaborate from separate locations

74. Newsletter

Findings and Observations

The Village currently prepares hard copy newsletters. Staff would like to explore more efficient software to create the newsletter and distribute and also make it available electronically. Other Cities that have conducted public focus groups have found that many residents would prefer an emailed newsletter or an emailed link to a Web-based newsletter, instead of receiving hard copies. Some households prefer multiple options. However, providing the newsletter via the Web for those that prefer such can enhance resident communication and reduce costs of printing and postage.



Focus Group Feedback

Results from a Recent Focus Group at a similar Municipality

- Would like newsletter in email format
- Would like online newsletter with link from email message
- Would like links to video meeting agenda items or other information embedded in the online newsletter
- Want to opt for the electronic newsletter and stop receiving the mailed version. Will save City money
- Prefer communication feeds electronically (e.g., email alerts)
- Prefer mailed newsletter
- I prefer electronic; my wife prefers mail
- Some studies show 80% of population prefers electronic communication, including senior citizens
- We're ok with being mass subscribed via email to all categories, as long as opt-out or unsubscribe is easy to do
- Need ability to sign-up for communication methods and content type
- Different people like different types of communication. Use them all.
- Need to maintain communication preferences for more than one person per household (e.g., spouses may have different needs and interests, multiple email and mobile numbers)

Staff Feedback

- CMO – Previously used iContact to generate quarterly newsletters
- CMO – Are considering Civic Plus for potential newsletter capabilities
- Comm. Serv. – Position dedicated for creation of newsletters is currently vacant

Recommendations

- Devise additional methods for residents to sign up for various types of communication methods and begin gathering emails and cell phone numbers with permission from citizens.
- Consider establishing a Web-based version of the City/community newsletter that can be emailed with a Web link, but also printed and mailed.

75. Dual Monitors

Findings and Observations

Utilizing dual monitors for many users can significantly increase the speed of completion for certain computer tasks, thereby increasing overall employee productivity. Some studies have shown increased overall productivity of 20-30% for office staff and up to 50% and 74% for certain computer tasks. These studies demonstrate a return-on-investment multiple times the cost of the additional monitor when calculating the efficiency savings with gross hourly labor costs.

- The majority of staff use single-monitor systems
- Studies show dual monitor systems are approximately 20% more productive
- Our experience has been that staff requires 30 days to understand how to use the technology for productivity improvement.

Return-on-Investment (ROI) Considerations

- A Microsoft productivity study concluded that adding an extra monitor can boost productivity by 9% to 50%.⁹
- A study conducted by the University of Utah found that dual monitors helped users complete tasks as much as 52% faster.¹⁰

Staff Feedback

- Comm. Dev. – Double monitors may be helpful for our department, as we are often looking at one document (plans, reports) while writing a comment letter

Recommendations

- Staff to prioritize potential dual monitor implementations.
- Implement as PCs are replaced, or more quickly, if demand requires.

Benefits

- Improved staff productivity return on investment (multitasking)
- Enhanced ability to compare work
- More efficient sharing of data between applications
- Compatibility with both laptops and computers

⁹ "4 Studies which Show that Using a Second Monitor Can Boost Productivity", Core Communication 11 Dec. 2010, 4 Apr. 2013, < <http://www.corecommunication.ca/4-studies-which-show-that-using-a-second-monitor-can-boost-productivity/> >.

¹⁰ Core Communication, 11 Dec. 2010.

IT Infrastructure refers to networks, servers, equipment, inside/outside cable plant, and other communications infrastructure.

76. IT Computer Room and Teledata Closet Improvements
77. Wireless Network
78. Internet Bandwidth
79. Electronic Mail (Exchange)
80. Enhanced Internet Security and Connectivity (DMZ)
81. Remote Access Upgrade
82. Network Redesign
83. Core Switch Replacement
84. Power Distribution
85. Virtual Server Migration
86. Storage Area Network (SAN) Upgrade
87. Technology Support for the EOC
88. Redundant CAD/RMS System
89. Computer Upgrades (Windows XP & Office)
90. Video Camera and Surveillance System (Citywide Standard)
91. Secure Managed Access (Wireless/Keyless Security)



76. IT Computer Room and Teledata Closet Improvements

Findings and Observations

- Clearance behind the computer racks is 24 inches, less than best practice of 36 inches.
- There is a sprinkler located directly above the server racks.
- Some power is connected to UPS systems; other power outlets are connected to directly to generator power.
- There are no environmental monitors in the computer room.
- Grounding is not available.
- There is a single HVAC unit in the main computer room.

Recommendations

- When remodeling the space, consider installing new cabinets utilizing best-practices and moving equipment from current racks to new cabinets.
- Add a second HVAC unit in the main computer room.
- Add additional UPS and Power Distribution Units to better manage electricity.
- Increase the use of best practices cable management techniques to decrease inter-cabinet cabling.
- Add environmental monitors for temperature and humidity alarm capabilities.
- Add building ground and ground bar to the computer room.
- For fire suppression, consider:
 - ♦ Two-stage sprinklers that remove water from the room and provide additional time to avert accidental sprinkler activation.
 - ♦ Installation for an FM 200 or similar clean, fire suppression system.



Benefits

- Improved productivity for IT Staff as a result of more space and better organization
- Increased environmental monitoring of temperature conditions
- Reduced application and network crashes
- Improved service assurance (uptime and reduced risk)

77. Wireless Network

Findings and Observations

- City utilizes Cisco and Meraki wireless for Wireless LAN (in-building wireless).
 - ♦ The City has a central wireless controller.
 - ♦ The wireless access points will be nearly two generations behind by the time this report is published.
- Cloud-based control of wireless is becoming the new standard.
 - ♦ Cloud-based wireless controller would eliminate the need for a controller and reduce support costs.
- Demand for public Wi-Fi in open spaces will continue to increase.
- The City does not currently utilize a wireless “splash page” outlining terms of use.



Recommendations

- When refreshing the wireless infrastructure, develop an open RFP and evaluate cloud strategies from multiple vendors.
- Add a “splash page” to the guest wireless sign-on process.

Benefits

- Improved wireless speeds
- Reduced complexity
- Increased security
- Expanded coverage

78. Internet Bandwidth

Increased Internet bandwidth and high availability are becoming increasingly important to organizations for daily functionality. This allows for additional resources to become available during peak Internet usage and provide for resiliency when disasters occur that may affect primary Internet connections that are no longer accessible.

Findings and Observations

- Internet bandwidth is adequate.
- The City maintains two Internet connections through high-availability firewalls.

Recommendations

- Additional Internet bandwidth will be required as the City increases the use of cloud-based systems.
- Increased Internet costs has been included in recommended Five-Year Budget.

Benefits

- Improved performance
- Increased Internet uptime
- Increased resiliency, providing increased cloud-based applications and services uptime
- Reduced risk and liability
- Disaster Recovery safeguard

79. Electronic Mail (Exchange)

Findings and Observations

- Exchange 2007 is the electronic mail platform of the City.
 - ♦ Exchange 2007 is two generations behind.
- The City does not have an email archiving solution.
 - ♦ An email records retention policy is currently not enforced.

Recommendations

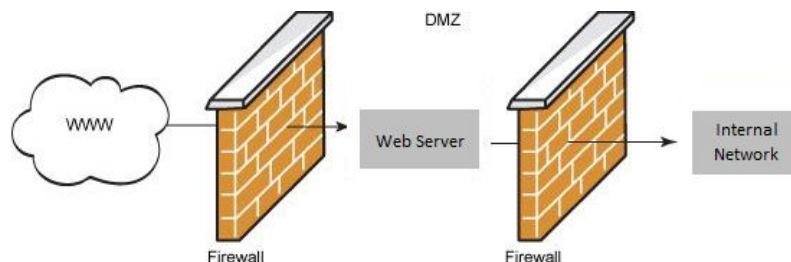
- Upgrade to Exchange 2013. and move to redundant database groups (DAG) as a part of the upgrade process.
- Investigate and select an email archiving solution.
- Develop an Email Records Retention Policy, and implement automatic retention guidelines in support of the policy.

Benefits

- Reduced time managing email
- Reduced time on public records requests
- Improved stability of environment and higher availability of email-based services

80. Enhanced Internet Security and Connectivity (DMZ)

A *Demilitarized Zone* (DMZ) is the area of a network that is accessible to the public. This area is separate from an internal network that is used only by internal staff. DMZs are utilized to maintain online services used by the public, such as viewing the website or online applications (i.e., license renewals, online permitting, online utility billing information, online payment transactions, applications, and other online public inquiries).



Findings and Observations

- The existing DMZ is robust.
- City firewalls are configured in a High-Availability Pair.
- Some internal services utilize the DMZ.
- Additional security measures are outlined in an earlier Security Assessment.

Recommendations

- Develop security policy, including a section outlining external to internal connection security.
- Create a Secure File Transfer Protocol (SFTP) capability within the DMZ.
- Add intrusion detection and prevention mechanisms to the firewalls or Internet connection.
- Improve proxy and filtering capabilities in the DMZ.

Benefits

- Improved security and management.
- Proper segmentation of publically accessible resources for external to internal network connections.

81. Remote Access Upgrade

Findings and Observations

- The City provides remote access through the Sonic Wall firewall.
- Demand for remote access will continue to grow, especially for staff with significant out-of-office computing needs.
 - ◆ Access to mobile applications for smart phones and tablets will also be part of increased remote-access demand.
- Two-factor authentication is now required for certain Police Department remote access
- Two-factor authentication is Best Practice for remote access to SCADA systems
- Two-factor authentication will become the standard for remote access to all sensitive computer systems in coming years.



Staff Feedback

- A two-factor authentication project is underway for Police MDCs.

Recommendations

- Expand the two-factor authentication project to include remote SCADA access and remote network access for the IT staff.

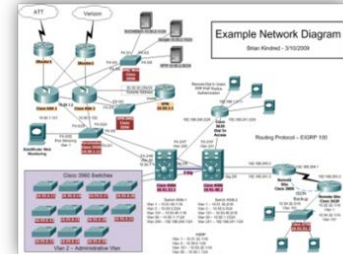
Benefits

- Increased mobility for the current workforce
- Increase security

82. Network Redesign

Findings and Observations

- Current network topology contains single points of failure for core connectivity.
- Bottlenecks exist in the network, resulting in poor performance and reliability.
- Not all devices within the core network were designed with core network functionality in mind.
- Network was not built with future growth in mind, and is limited.
- Network IP addressing and segmentation improvements could further increase security and performance.
- The Police Department is segmented from the City administrative network.
- The SCADA network is segmented from the City administrative network.



Recommendations

- Redesign the core network to increase speeds a minimum of ten times.
 - ♦ Create a resilient core network that eliminates single points of failure.
- Review Virtual LAN (VLAN) network segmentation and revise per current best practices.
- Monitor and collect performance metrics on network availability and viability.
- Consider implementing firewalls between the City administrative network, and the Police and SCADA networks.

Benefits

- Improved network performance speed and reliability
- Reduced support costs
- Full redundancy across sites
- Increased security

83. Core Switch Replacement

Findings and Observations

- Core switches interconnect all City Hall servers and the network.
 - ♦ Existing core switches are not adequate for the City's current and future needs.
 - ♦ The core network triangle utilizes dissimilar devices, limiting resiliency.
- Existing core switches have limited ability to support current bandwidth requirements.
- Physical redundancy is limited.
- Additional network segmentation within the core switching environment will improve performance.

Recommendations

- Upgrade core network switch to resilient Cisco 4500 Series model or higher.
- Implement redundant core switching capabilities.
- Increase support for core switching infrastructure to 24 x 7.

Benefits

- Unified network platform, improving functionality and reducing potential compatibility issues
- Centralized management and visibility into network

84. Power Distribution

Findings and Observations

- Some computer room electric power utilizes UPS systems, while other servers are plugged directly into generator driven-power outlets.
 - ♦ Generators have been known to create power spikes and brown-outs that decrease the life of attached equipment.
- Power distribution units (PDUs) are used within the computer rooms of most organizations to control and monitor power to particular network devices such as servers and switches.
- PDUs can extend the life of network hardware by utilizing power more efficiently.
- PDUs can be used to monitor and remotely control power distribution to computer infrastructure equipment.
- The City utilizes PDUs on a limited basis within the main computer room.
- The PDU units that are in place are not advanced enough to support Best Practices monitoring and management functions.

Recommendations

- Budget for additional UPS capabilities as a part of the data center remodeling project.
- Budget for and implement PDUs within the City Hall and Police Department computer rooms.
- Consider procuring network management software for the UPS.
- Create battery and PDU replacement cycle.

Benefits

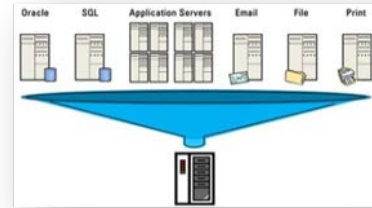
- Improved support for electronic devices
- Improved management and monitoring capabilities
- Longer-lasting equipment
- Reduce cost in replacement of failed hardware

85. Virtual Server Migration

Hardware virtualization refers to the creation of a virtual machine(s) that acts like a real computer with an operating system. Software executed on a virtual machine is separated from the underlying hardware resources. Virtualization enables servers to be easier to implement and less costly to own and manage.

Findings and Observations

- Server virtualization has been limited.
 - ♦ IT staff is actively working to virtualize servers.
- There are many legacy servers in productions which are two or three generations behind.
- A capital replacement plan does not exist.



Recommendations

- Create a capital replacement plan for existing servers.
- Continue to virtualize servers.
- Utilize advanced virtualization management to increase server resiliency.
- Establish active Simple Network Management Protocol (SNMP) monitoring and logging.
- Enable additional features on virtual environment:
 - ♦ Fault Tolerance
 - ♦ Network Interface Bonding
 - ♦ DR and Failover Services

Benefits

- Reduced data center space needs
- Reduced power requirements
- Improved failover and reliability

86. Storage Area Network (SAN) Upgrade

Storage area networks (SANs), or the use of shared storage using a data communications infrastructure, provide several unique benefits over direct attached storage, including easier scalability, centralized management, and increased disk utilization. SANs became increasingly popular with the advent of the Fibre Channel (FC) standard in 1994. The IP SCSI (iSCSI) storage networking protocol was standardized in 2004 and is generally considered to be easier to manage and less expensive than Fibre Channel, but does not perform as well.

Findings and Observations

- The City has HP (formerly Left Hand) SAN that utilizes iSCSI Internet Protocol (IP)-based networking for storage management.
 - ♦ These SANs are several generations old and are no longer considered industry leaders.
- When compared to Fibre Channel SAN, the advantages of iSCSI SAN outweigh its disadvantages, especially in the relatively small data center environment that the City operates.
- Virtualization and the creation of “snapshots” of servers for rapid restoration have increased storage needs dramatically.
- Moving to Exchange 2013 with additional database redundancy will further increase storage needs.
- As the use of photos and videos to document activities and inspections increases, storage needs will continue to grow.
- We typical plan disk growth at 20%, compounded annually.



Recommendations

- Utilize a Best Practices procurement methodology to purchase additional disk storage.
- Integrate the procurement with a backup system upgrade to include:
 - ♦ Backups to disk
 - ♦ Cloud-based backup
 - ♦ Disaster recovery capabilities based on cloud-based backup.
- Procure an additional iSCSI-based SAN for failover and redundancy (replication).
- Institute Storage Tiering to improve the performance of core data and applications.

Benefits

- Increased performance and enhanced reliability
- Reduction in recurring costs for maintenance and expansion
- Improved backups
- Cloud-based disaster recovery capabilities

87. Technology Support for the EOC

Findings and Observations

- City's Emergency Operations Center (EOC) does not have sufficient technology to function optimally in large-scale emergency. Existing technology includes:
 - ♦ Voice-over-Internet Protocol (VoIP) phones
 - ♦ Cable TV and a large, flat-panel TV/Monitor
 - ♦ Limited wireless network
 - ♦ Available backup Internet
 - ♦ ePrint for mobile devices

Recommendations

- Add additional wireless capabilities to provide high-speed support for up to 20 individuals or 60 total devices.
- Conduct a study of EOC needs, and provide budget for recommended improvements accordingly.
- Audiovisual improvements:
 - ♦ Multiple monitors and monitor control systems
 - ♦ Workstation display systems
 - GIS mapping capabilities housed within the room
 - Ability to switch traffic displays onto monitors in EOC
- Consider adding Smart Board display technology.

Benefits

- Alignment with Disaster Recovery Plan
- Support for Incident Command System
- Event Information Tracking
- Coordinated support for emergency responders
- Basis for communication to the public during local incidents and for recovery activity

88. Redundant CAD/RMS System

Findings and Observations

- A Radius & ISP Management Server (RIMS) server is the platform for the Computer-Aided Dispatch (CAD) and Records Management Systems (RMS) that support the City's Public Safety departments.
- The City has only one RIMS server in place for the City's CAD/RMS environment. A redundant, secondary server, in a physically separate location, is a best practice to provide critical public safety applications functionality in the event of a failure of the primary server.

Recommendations

- Budget for the purchase and implementation of a secondary RIMS server and associated network systems, and make arrangements for the installation of this server in a separate location.
 - ♦ Test failover to the second server on a regular basis.

89. Computer Upgrades (Windows XP & Office)

Findings and Observations

- On April 8, 2014, Microsoft ended support for the Windows XP desktop operating system.
- The City has approximately 27 XP desktop computers.
- The City does not utilize an imaging platform to distribute applications to desktops
- An imaging platform to distribute applications to desktops is not currently utilized.
- One department mentioned that some desktop computers had different versions of Microsoft Office installed.

Recommendations

- Finalize an inventory of desktops and laptops to determine age, model, and operating system of all systems, focusing on identifying the number of computers running Windows XP.
- PCs and laptops running Windows XP should have their operating system upgraded to Windows 7 or 8.1, or be replaced with a new computer.
- Windows 8.1 has recently become a viable alternative to Windows 7, although Windows 10 will allow many organizations to skip Windows 8 altogether.
- Evaluate and procure a desktop imaging system.
 - ♦ Acronis has become our standard recommendation.
- Inventory all desktop and laptops and determine upgrade path to a consistent version of Microsoft Office across the organization.
- Staff to prioritize potential dual-monitor implementations.
- All new PCs should be purchased with the ability to natively connect two monitors.

Staff Feedback

- Comm. Dev. – IT responsiveness to service requests generally good
- Comm. Serv. – IT does a good job being responsive
- Finance – IT is very responsive to our department's needs
- Finance – The number one issue is anything involving ADP
- Police – IT is very responsive to service requests and emergency situations
- Police – Currently do not have issues with IT; their response time to service requests and support/maintenance are always timely
- PW – IT is super responsive and helpful

90. Video Camera and Surveillance System (Citywide Standard)

Findings and Observations

Actively monitored security camera surveillance systems can be an effective security tool and criminal deterrent. One study by the Urban Institute determined that the savings and benefits of fewer incidents and crimes outweighed the cost of video surveillance systems. The study also found that Police, Parks and Recreation, Code Enforcement, policymakers, and others involved in facility/property oversight, largely viewed security/surveillance/monitoring cameras as a useful tool for managing behavior, preventing crimes, aiding in response, assisting in arrests, and supporting investigations and prosecutions. Video Monitoring has also been found to have significant value in large, open spaces that are difficult to cover with existing personnel but can be more easily covered and monitored with video technology.

Video Monitoring can be applied, but not limited to:

- Graffiti abatement
- Monitoring specific public areas, facilities, buildings, parking lots, parks, etc.
- Monitoring access or gated sites for in/out traffic, including license plate reader technology
- Use as evidence in criminal prosecutions or potential claims and litigation

Note: California Local Government Records Management guidelines require retention of public safety surveillance video images for a minimum of the current year, plus an additional 13 months.

The City has a number of camera systems and types of various ages. The desire is to standardize across the City for both Police and other City departments' needs, including the centralization of the citywide video system management, including a replacement plan to keep the system up to date and consistent.

- The City currently utilizes multiple video surveillance systems.
 - ♦ These existing systems are proprietary.
 - ♦ Due to the proprietary nature of these systems, they cannot be monitored or managed from a single console.
- There are requests for additional video surveillance cameras from multiple departments, in addition to the Police Department.

Staff Feedback

- Comm. Serv. – Need security cameras for all facilities
- Comm. Serv. – Using Security cameras at MCC, MHCCDC, OHCC locations
- Library – Need a security camera system inside/outside Library that is accessible/viewable by Library staff and police
- Police – currently we have three different camera systems in dispatch that are to be monitored by the dispatchers. The first is a very old 15+ year-old system that monitors 16 cameras, except some of the cameras do not work. The second is for 4 cameras located in the Belle Haven area, and can be accessed through Milestone. The third is accessed through Pivot, and these cameras monitor the Police lobby.
- Police – Cameras need to be combined so that access is through one platform.
- Police – A new monitor should be added to each dispatch position so that we can have the cameras up and in view at all times.
- Police – Accessing audio and video files from various surveillance systems provided to us for crime investigation
- Police – Desire Milestone to be the standard platform for all cameras
- Police – Cameras store 30 days of recordings
- Police – There is no onsite data storage of camera recordings—all stored on cameras

Recommendations

- Costs for all cameras used for general monitoring, surveillance, and security need to include local video storage and Internet access. This needs to be investigated and costs determined.
- Police and other City personnel should analyze the City's geographic jurisdictional area to determine what locations would benefit from this video technology and determine where cameras should be placed.
- Continuous access to real-time video with interactive voice from location cameras may be costly. Real-time video with voice integration should be analyzed for cost-benefit.
- A video surveillance design RFP process should be considered to select a video surveillance vendor for the City to upgrade this critical equipment.
- Eventual selection, purchase, and implementation of an IP-based network video recording (NVR) system should be considered that allows for storage and retention of video images that meets the needs of all the departments, but also meets California Local Government Records Management guidelines for the Police Department.
- Management systems such as Avigilon and ONSSI that are "open" management platforms and can support multiple camera vendors should be considered in order to reduce potential interoperability issues.
- Video monitoring should be considered as a multi-year project. A multi-year project and timeline would allow for proper planning and a rollout of the technology in a prioritized fashion over several fiscal years.

91. Secure Managed Access (Wireless/Keyless Security)

Managed access control and security, or keyless entry, is an effective way for the City to manage security and access to various buildings, facilities, or other controlled locations. Secured access control systems allow the City to track and restrict who can access facilities where and when.

This limits security risks and allows for the management of access by employees and for the public. Many municipalities are moving to a single, organization-wide system to manage security and access to facilities.

Findings and Observations

- The City has two separate security systems of keyed and wireless security systems for buildings, facilities, and external locations.
- Systems are a mix of physical and controlled.
- Many departments have suggested and are open to a centrally managed, citywide system for security and access, if it can accommodate everyone and also provide access to constituents enrolled in services or programs.

Staff Feedback

- Comm. Dev. – Consider possibility of using building swipe cards/key entry as automatic
- Comm. Serv. – Would like to provide customers and staff with wireless keys/keyless access to tennis courts
- Library – Need card-swiping ID cards for access to secure areas, rather than using multiple keys on a key chain
- Police – Need a better way to manage and secure City facilities and locations
- Police – Our security system for the City needs to be replaced/combined and/or significantly improved.
- Police – Currently we have two separate security systems; the first monitors the City facilities; this system is manually operated, is old and monitors burglary and fire alarms; the second security system is over 15 years old and is called Velocity; there is one computer, one monitor that is shared by the room; this system operates the doors and gates for the City buildings, opening, locking etc.; it also shows door alarms
- Police – The Velocity system is old and, quite frankly, ignored because the alarms sound all day long from people coming and going
- Police – When an alarm is received the dispatcher has to get up and manually silence the system; then they have to print out the alarm screen; they then create an incident in RIMS to look up the code that has been printed; there are a variety of codes that have different meanings
- Police – The dispatcher will enter the incident into RIMS and dispatch the appropriate person
- Police – Any new system should be citywide and integrated with the RIMS CAD/RMS system

Recommendations

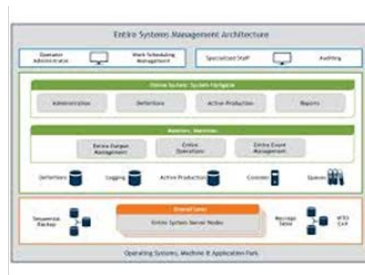
- Complete a review and a needs assessment of City's facility access and control requirements and document the results. This should be a single, citywide system that all departments and divisions within the City are covered under in a cooperative fashion.
- Access should also allow extending to constituents and others as appropriate (e.g., Community Services for tennis court access).
- Follow best practices according to the *Software Selection Best Practices* initiative, to select the appropriate system.
- Ensure that integration between the new system and other systems (e.g., Police RIMS system, the new Parks and Recreation system, and potentially others).
- Consider utilizing a third-party SME or consulting firm for the needs assessment and feature/function development.

Benefits

- Improved maintenance and less time
- Mechanical locks and keys replaced with electronic locks, badges or cards and readers.
- Eliminated expense of re-keying or changing locks for employee separations
- Employees and others are less likely to set off false alarms
- Automatic regulation of access reduces need for onsite security personnel
- Allows for more efficient temporary access by outside personnel, like visitors or vendors
- If integrated with the Police RIMS system, aids more timely response to alarms
- Decreases liability and risk from greater access control

IT Operations refers to the daily support and maintenance of all IT infrastructure and user support.

92. Help Desk Ticketing System
93. Mobile Device Management
94. Network Management Tools (Alerts/Alarms)
95. IT Support Metrics
96. Desktop Management
97. IT Automation Tools (Patch Management)
98. IT Policies and Procedures
99. IT Procurement Practices
100. IT Cost Recovery (IT Budget Allocations)



92. Help Desk Ticketing System

Help Desk systems provide an easy way for users to submit requests. IT Staff can assign tickets. The automated electronic, mail-based communications included in Help Desk systems can allow users to track the progress of their tickets as IT Staff updates the status. Help Desk systems prevent item from “falling through the cracks” by logging all requests. Another key benefit of Help Desk ticketing systems is metrics related to the number of requests submitted, resolved, and remaining open.

Findings and Observations

- The City does not currently have a robust Help Desk system.

Recommendations

- A Help Desk ticketing system should be utilized to track staff productivity and service.
- Metrics related to meeting Help Desk service levels should be developed and tracked on a weekly and monthly basis.
- Each month, summaries of Help Desk tickets opened and closed should be presented to the IT Steering Committee.
 - ♦ IT Steering Committee members should be prepared to discuss any Help Desk issues or festering problems during the monthly meeting.

Benefits

- Central ticketing system
- Availability to many users
- Increased resolution rates
- Support for all devices
- Improved user communication, experiences, and satisfaction
- Better diagnostics and problem identification

93. Mobile Device Management

Mobile Device Management (MDM) is software that allows management, distribution, usage, and maintenance of laptops, tablets, and smart phones. Additional features allow configurations to be done on devices to discourage wrongful use and reduce individual device maintenance.

Findings and Observations

- MDM provides the ability to see and control all mobile devices entering the enterprise, whether they are provided by the City or are part of a Bring Your Own Device (BYOD) program.
- The IT Division currently supports approximately thirty (30) mobile devices, including laptops, smart phones, and tablets.



Recommendations

- Research, pilot, and select Mobile Device Management software.
 - ♦ Products that integrate with the Help Desk system or inventory system should be given top priority in any evaluation.

Benefits

- Improved staff efficiency and mobility
- Support for all devices
- Less time manually managing and monitoring
- Increased use of remote access
- Easier distribution of software

94. Network Management Tools (Alerts/Alarms)

Network management is the general term used for the activities, procedures, and tools that relate to the operation, administration, provisioning, and maintenance of computer network systems, effectively keeping the network up and running smoothly, while also monitoring the system to quickly identify potential problems.

Findings and Observations

- The City uses an open source network management tool.
 - ♦ Open source tools often require more staff time to support than purchased products
- The City does not currently maintain a baseline of bandwidth utilization.
 - ♦ This baseline is very valuable in justifying bandwidth upgrades.
 - ♦ Bandwidth utilization is also a critical component in troubleshooting slow response times.
- IT does not use a comprehensive tool for monitoring alerts and analysis of performance data from routers, switches, servers, and other SNMP-enabled devices.
 - ♦ Some alerts and alarms are precursors to failure.
 - ♦ Others provide IT with early notification of failures.
 - ♦ Monitoring can provide IT 24-hour notification to problems, even if users are not present.
- Network management software can also provide availability metrics for IT applications.
- In many cases, will notify IT of problems before user community notices.
 - ♦ Moves IT from reactive to a more proactive posture.

Recommendations

- Procure and implement a network management system that can provide alerts and alarms across the enterprise (i.e., Solarwinds, What's-up Gold, etc.)
- Provide for the development of baseline bandwidth and usage measurements.
- Create alerts and alarms to notify staff before a failure.
- Provide justification for bandwidth and/or performance upgrades.
- Develop a matrix of triggers for various devices (e.g., server disk space, bandwidth utilization percentage, etc.)
- Implement matrix values and adjust.
- Develop bandwidth utilization baseline over time.
- Develop availability metrics for applications and systems.

Benefits

- Less time manually managing and monitoring
- Increased utilization
- Increased resource access
- Centralized access to multiple applications and platforms
- Early warning capability, allowing for intervention and incident avoidance

Network Management

- Network Device Monitoring
- Performance Monitoring
- Bandwidth Monitoring
- Firewall Management
- Router/Switch Management
- Proactive Monitoring
- Threshold Customizations
- Altering
- Network Interface Stats

95. IT Support Metrics

Findings and Observations

- Three full-time and one part-time IT Staff are employed by the City.
 - ♦ The part-time IT Technician resolves the majority of City administration IT-related issues when available.
 - ♦ One of the full-time staff members spends the majority of time supporting Police Department needs.
- IT does not track any metrics related to Help Desk ticket response or resolution times.
- IT does not have Help Desk ticket response-time or resolution-time goals.
 - ♦ These goals are usually proposed by IT and agreed to by the departments.

Recommendations

- Develop Help Desk ticket response-time and resolution-time goals based on urgency.
 - ♦ Track and report on these goals during IT Steering Committee meetings.

Priority	Response time	Resolution time
Urgent (multiple staff members unable to function)	2 hours	75% resolved in less than 4 hours
High Priority (single system down or critical function unavailable)	4 business hours	75% resolved in less than 8 hours
Medium Priority (a single program or function does not work)	8 business hours	75% resolved in less than 16 business hours
Low Priority (issue reduces productivity, but work-around exists)	16 business hours	75% resolved in less than 1 week

- Track number of tickets assigned, priority, response time, and resolution time by team member.

96. Desktop Management

The concept of *desktop management* refers to the comprehensive approach of managing all computers within an organization, including laptops and other devices. Tasks include installing and maintaining hardware and software, setting up spam filters, and providing user permissions. As security-related tasks have increased over the years, desktop management is also providing more patch management (code changes), corrections against viruses and spyware, and controlling greynet applications (programs installed without permission).

A *desktop management (DM) interface* is a framework for managing and keeping track of the hardware and software components of an organization's computers.

Findings and Observations

- A desktop management system is not currently being utilized.
 - ◆ Over time, desktop management will become less important as the City moves to Virtual Desktops.
- Centralized patch management and distribution is not implemented.
 - ◆ Centralized patch management can reduce Internet bandwidth utilization significantly.
- Staff members are utilizing manual and redundant processes to maintain the desktop environment, which is very time consuming and inefficient.
- The City has utilized GFI Languard, but the license has expired.

Recommendations

- Implement Windows Server Update Services (WSUS) while evaluating enterprise desktop management products.
- Implement an inexpensive desktop management solution to provide patching for products other than Microsoft:
 - ◆ Reenabling GFI Patch Management be the easiest course of action/
- Standardizing hardware and software platforms provides the following:
 - ◆ Reduced spyware infections
 - ◆ 30% reduction in Internet bandwidth usage
 - ◆ Reports summarizing PCs that are not updated
 - ◆ Increases distribution of antivirus updates
 - ◆ Reduced time spent managing virus protection

97. IT Automation Tools (Patch Management)

Findings and Observations

- Patches and security updates are performed manually.
- Patches are not pushed to a “sand box”, including PCs from various departments.
- Staff does not currently have access to patch management forums.
- Without a comprehensive patch management solution in place, individual servers, PCs, and laptops may not receive important security updates, which exposes the City to security risks.
- Server patches occur periodically, but not on a regular schedule.
 - ♦ With a staff of three, dedicating off-hours time to server patching is difficult.

Recommendations

- IT staff should evaluate and purchase a patch management solution such as GFI LanGuard or Microsoft Systems Center for desktops and servers.
- Create a Best Practices patch deployment methodology that includes a small subset of desktop deployments to verify patch performance before full deployment.
- Solarwinds or What’s Up Gold can perform the same services for patch and configuration management on network equipment.

98. IT Policies and Procedures

Findings and Observations

The City IT Division has a number of IT policies documented. The City expressed the desire to expand and tighten policies. They also want to ensure policies are in place to ensure that the organization is protected.

Recommendations

- Revise and create a limited number of IT policies and procedures, including, but not limited to, the following:
 - ♦ Encryption Policy
 - ♦ Data Usage
 - ♦ Security Awareness Training Policy
 - ♦ Web Filter Exceptions
 - ♦ Electronic Information and Email Retention Policy (currently in draft form)
 - ♦ Computer Security Incident Response Policy
- Utilize the IT Steering Committee to review policies and procedures and facilitate communication throughout the organization.

99. IT Procurement Practices

Findings and Observations

The City has a small degree of technology-oriented procurement practices in place. These procurement practices should be expanded to include more detail and address different procurement types, including:

- Commodity Systems
- Complex Systems
- Highly Complex or Expensive Systems

Oversight of the procurement process by IT and the Steering Committee should also be included as a practice.

Staff Feedback

- Finance – Lack of fully centralized mobile device billing, equipment purchasing, account management

Recommendations

- For commodity systems where several vendors provide very similar products, if three quotes are required by City policy, the City should consider creating an open RFP that does not specify a product manufacturer, but provides vendors with specifications that must be met.
 - ♦ Encourages increased vendor participation
 - ♦ Increases vendor participation, which often results in lower pricing and better products
- For complex systems, the City should consider procuring installation services from the vendor supplying hardware and software, or other third-party implementers.
 - ♦ “Complex systems” are defined as those costing more than \$50,000 or requiring more than 80 hours of third-party implementation assistance
 - ♦ Reduces chance of finger-pointing for poor design, damaged product, or poor installation
- For highly complex or expensive systems, the City should consider including all components in the RFP: final design, installation, construction, testing, conversion, post-implementation support, and knowledge transfer.
 - ♦ Includes procurement of complex systems that may cross budget years because of cost considerations
 - ♦ All components should be practically considered and integrated
- For oversight, before approval of purchase of a complex system or a system requiring three bids. The IT Steering Committee should review any complex or highly complex system procurement and Finance/Purchasing should require the following of the IT Division:
 - ♦ A diagram of the system
 - ♦ High-level implementation plan (can be one page of bullet points)
 - ♦ A bill of material that includes all components, list price, quantity, discounted price, and ongoing maintenance
 - ♦ Costs associated with final design, installation, any construction, testing, conversion, post-implementation support, and knowledge transfer
 - ♦ A vendor cost matrix and assurances that all responses are truly comparable
 - ♦ A written recommendation

In general, the City should follow best practices for IT hardware and software replacement and procurements.

100. IT Cost Recovery (IT Budget Allocations)

The IT Division's role and execution of operational best practice is that of an internal support function to all departments and City system users and, in some instances, the City's constituents and the public. The departments, users, constituents, and the public are the customers of the IT Division.

IT Cost Recovery is the concept of funding the IT Division budget from all other departments based upon various metrics utilization and services provided. Examples could include number of users, computers, servers, network devices, phones, and time estimates for supporting specialized systems and applications.

In this way, IT Division costs can be spread equitably among departments, and the organization can gain a true understanding of the costs required to support the technology infrastructure and support services in order to make better management decisions.

Findings and Observations

- Some IT software costs, including maintenance and support costs are in Departmental budgets, not the IT budget.
- The IT function has developed an IT Cost Recovery mechanism, creating an Internal Service Fund.
 - ♦ The current cost recovery mechanism seems rather complicated.
 - ♦ The current City management has not reviewed the mechanism.

Recommendations

- Consider moving all IT-related costs to the IT budget to allow reporting and comparisons to peers related to IT spending.
- Review the existing IT Cost Recovery model:
 - ♦ Conduct a holistic review
 - ♦ Focus on creating a simple and transparent cost recovery mechanism
 - ♦ Assure that departments using services are charged proportionately
 - ♦ Assure that all project costs are attributed to the projects
 - ♦ Explore potential ways to track actual time spent at some levels
 - ♦ Communicate the cost recovery method and results to the departments during the next budget cycle

IT Security refers to all security systems and practices, including disaster recovery, to protect systems and data.

101. Disaster Recovery Planning

102. Backups

103. IT Security Assessment

104. PCI Compliance

105. Records and Data Retention

106. Two-Factor Authentication

107. SCADA Security



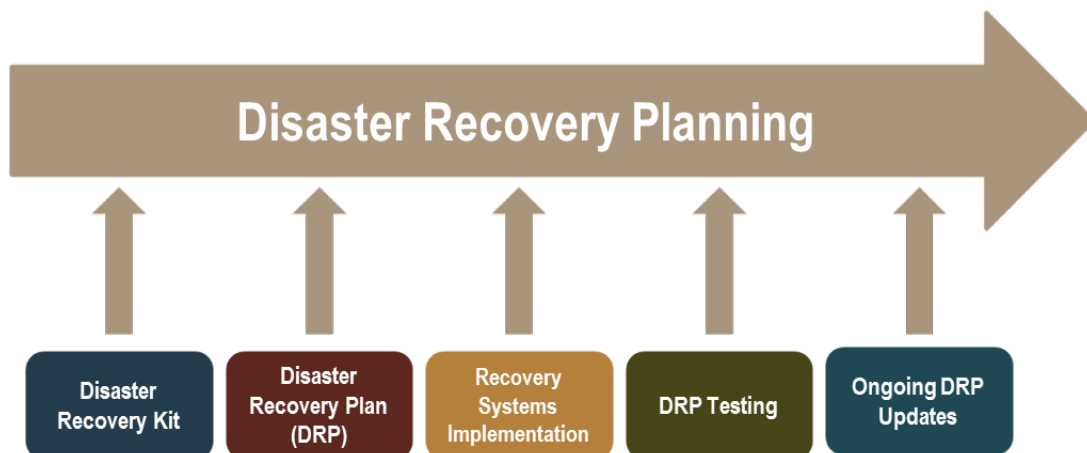
101. Disaster Recovery Planning

Findings and Observations

- A Disaster Recovery plan is not currently implemented.
- Based on a tour of City facilities, a good candidate was not found for a secondary data center for disaster recovery planning.
- Service Level Agreements (SLAs) are not in place for applications recovery in the event of a disaster.

Recommendations

- Develop a Disaster Recovery Plan and strategy.
- Consider two disaster recovery scenarios when developing strategies:
 - ♦ Loss of main computer room
 - ♦ Major disaster eliminating all area communications, the Administrative Offices, and IT infrastructure
- Consider cloud-based disaster recovery for non-public safety systems.
- Work with another city that uses RIMS CAD/RMS, and potentially enter into an agreement for mutual disaster recovery.
- Evaluate applications portfolio and determine the SLA for each application for restoration.
- Develop strategies for restoration of high-priority applications.
 - ♦ Begin to implement, based on strategy and application priority.
 - ♦ Test portions of plan each year.



Benefits

- Emergency preparedness compliance
- Improved communication
- Awareness of procedures
- Better diagnostics and problem identification
- Reduced risk and liability
- Faster, well-informed decision making
- Identification of business critical functions
- Decreased recovery times and exposure to system failures
- Awareness of immediate actions

102. Backups

Findings and Observations

- The City utilizes Symantec Backup Exec 2012.
- Backups are made to tape and are taken off-site weekly.
- Backup media is not encrypted.
- The City does not have sufficient equipment to test a full system restoration.

Recommendations

- Encrypt all backup media.
- When procuring additional disk space, move to disk-based, on-site backup and cloud-based off-site backup for non-public safety data.
- For public safety data, investigate sister community or State secure backup locations.
- Add system time to all backup jobs.
- When possible, test full system restoration.
 - ♦ Test full restoration of a major database or system every six months, at a minimum.



103. IT Security Assessment

An IT Security Assessment was conducted over the summer of 2015. The focus of the IT Security Assessment is on the security of the IT infrastructure, based on penetration testing and other network investigation tools.

Findings and Observations

- The IT Security Assessment did not address policy or procedural issues
- Many of the issues identified by the IT Security Assessment have been mitigated
- Additional spending on security tools and operational safeguards will be required
- The City does not have a central system log or activity log storage and management solution
- The City does not maintain an Active Directory change management audit trail

Recommendations

- Utilize best practices for network security as a part of the network redesign.
- Implement other changes, as specified, to improve security.
- Redesign and implement IT security as a part of the Active Directory upgrade implementation.
- Procure a solution to provide centralized system logging and activity login.
- Procure a solution to provide Active Directory related audit trails.
- Develop security policies and procedures.
- Upon completion of the above recommendations, conduct a more global third-party IT Security Assessment.

Benefits

- Improved performance and efficiency
- Meets compliance requirements and industry best practices

104. PCI Compliance

Payment Card Industry (PCI) compliance can reduce credit card transaction fees by complying with the Payment Card Industry Data Security Standard (PCI-DSS) for credit and debit card transactions. The major card brands (Visa, MasterCard, American Express, Discover, and JCB) issued the PCI-DSS in an effort to enhance the protections in place against the theft of cardholder data and require all merchants and service providers who store, process, or transmit payment card information to comply with its provisions.

Findings and Observations

- Credit cards are accepted as a form of payment at the City.
- Credit card transactions are cloud-based.

Recommendations

- All payment card data should be separated from the City's data network.
- Budget for and conduct a PCI Assessment.
- Interim measures:
 - ♦ Ensure all payment card machines are PCI-compliant and only display the last four digits of a credit card number.
 - ♦ As a point of policy, prohibit emailing of credit card or personal identifying information (PII).
 - ♦ As a part of policy, prohibit storing credit card numbers either on paper or electronically.
 - ♦ Inventory all forms and ensure that none contain credit card numbers.



105. Records and Data Retention

Findings and Observations

- Electronic records retention durations should mirror paper electronic records and data retention durations.
 - ♦ As with paper records, timely destruction is important.
- A policy for email retention is not in place.
 - ♦ Emails are moved to archive folders after 90 days, due to space constraints.
- Records retention is not applied to backups.

Recommendations

- Inventory all forms of electronic records storage at the City.
- Implement an email archiving solution and migrate existing archive folders to the archive appliance.
- Develop procedures for electronic records retention for the various record types.
 - ♦ Implement procedure for records retention and subsequent destruction of electronic records.

106. Two-Factor Authentication

The need for both increased information sharing and access to government data networks creates new requirements to certify confidence in the identity of the individuals accessing information. To meet these new requirements, many agencies at all levels of government are using a strategy known as “advanced authentication” or “two-factor authentication”. This approach supplements traditional username and password authentication with alternative forms of verification based on a user’s physical characteristics (such as a fingerprint) or an object in the user’s possession (such as a smart card or a token).

Findings and Observations

- Two-factor authentication is a network protection strategy based on the principle of defense-in-depth.
- Two-factor authentication is not currently implemented.
- Federal Bureau of Investigation (FBI) systems Criminal Justice Information Services (CJIS) Security Policy (Version 5.2) requires advanced authentication methods for remote access to all systems that contain Criminal Justice Information (CJI) beginning September 30, 2014.
- The CJIS mandate includes access to data from City police vehicles or any location that cannot be determined physically.
- Other systems that the City maintains that should use advanced authentication for remote access include electric, water, and wastewater utility supervisory control and data acquisition (SCADA), HVAC/building control systems, and IT system administration.

Recommendations

- Budget for and implement two-factor authentication for remote access to SCADA systems and for IT staff remote network access.

Benefits

- Enhanced security and compliance.

107. SCADA Security

Findings and Observations

- Remote access to the water utility supervisory control and data acquisition (SCADA) system is possible through the City network.
- Best practice requires two-factor authentication for remote access to SCADA.
- Best practice requires a firewall between an administrative network and a SCADA network.

Recommendations

- Conduct a thorough, comprehensive, and professional security audit of all SCADA systems, using guidelines provided by the U.S. Department of Energy and utilizing software such as the Cyber Security Evaluation Tool (CSET).
- Implement firewalls between all SCADA networks and the administrative network.
- Implement two-factor authentication (i.e., something you have, plus something you own) when providing remote access to SCADA.

Telecommunication is an important tool for local government entities. It enables the ability to communicate effectively with constituents and deliver high standards of service.

Telecommunication is also a key element in teamwork, allowing employees to collaborate easily from wherever they are located.

108. Phone System Redundancy



108. Phone System Redundancy

Findings and Observations

- The City's digital access to the Public Switched Telephone Network (PSTN) for its phone system is through Primary Rate Interface (PRI) connections.
- All City PRIs come in to City Hall to a single network switch, which creates a single point of failure for the phone system.

Recommendations

- As part of the redesign of the MAN and LANs, and implementation of the new converged network, implement additional PRIs connected at another City building on the MAN.

IT Staffing can be one of the most important and critical areas of business management, especially in view of the impact IT decisions can have on the organization's productivity, budget, morale, and overall success.

109. IT Staffing

110. Enterprise Applications Support Specialist



109. IT Staffing

Findings and Observations

- Current IT Staff includes an Information Technology Manager, three technician positions, and temporary Help Desk assistance.
- Staff are doing an adequate job of providing day-to-day support and essential maintenance for IT systems.
- Staff training has been limited in recent years.
- It is very difficult to retain quality staff in Silicon Valley.
- The IT Manager is a hands-on position and provides all senior-level expertise for the organization.
- Overall staff and third-party expenditures will be higher over the next three years, because many infrastructure components must be upgraded and systems replaced.

Recommendations

- Develop training plans for IT staff (including the Manager)
 - ♦ Include one week of offsite training for each individual each year.
 - ♦ Microsoft server administration training is the recommended priority for the organization.
 - ♦ We believe that project management training is important for IT management personnel.
- Base IT Support needs will require the addition of the following staff:
 - ♦ An Enterprise Applications Support Specialist position for end-user support of the City's software applications
 - ♦ A Help Desk specialist to handle service requests and Help Desk issues
 - The Help Desk position is funded, but not filled
- We recommend that the City develop a relationship with a third party who has strong expertise in infrastructure related projects.
 - ♦ An RFP would be developed, including definition of a scope of work for ongoing network engineering needs.
 - Project-related improvements would be defined through a scope of work for each project.
 - As a part of the Plan, budget for new technology implementations includes necessary consulting, or contractor design and implementation services.

Benefits

- Increased institutional knowledge
- More completed projects
- More effective projects
- Increased anticipation and management of technology upgrades

110. Enterprise Applications Support Specialist

Findings and Observations

Local government agencies are increasingly understanding the direct correlation of effective applications utilization, organizational efficiency, and productivity gains. As described throughout this document, increasing applications utilization is key for the organization to do more with the same labor resources. Additionally, institutional knowledge too often leaves the organizations, through retirements and other employment separations, due to many processes and procedures being inadequately automated. Typically, agency goals of improved transparency and constituent services are also accomplished through various software programs that automate and streamline processes.

Most organizations have a blend of application/business analyst skill sets within the business departments and the IT department. However, we have yet to encounter a mid-sized agency with adequate resources to meet the organization's needs.

In order to meet these needs, IT departments are beginning to transform their overall department structures (over time) to take on more responsibility in hiring, training, retaining, and managing applications support services. This trend is being made possible, in some measure, by the streamlining of typical IT department operations through productivity and monitoring tools.

Typical applications support staff proactively handles: Help Desk needs related to business department applications, business process analysis, applications training, applications setup and configurations, ad hoc report writing, and database administration.

It is not unusual to designate applications support staff for the following major applications systems:

- ERP (Accounting, Finance and People Management)
- Maintenance Management (Work Orders and Asset Management)
- ECMS (Electronic Content Management)
- Personnel Management
- Permitting
- Contact Management
- CAD/RMS & Citations

Staff Feedback

- HR – Need a system to automatically notify IT of terminated employees

Recommendations

- In the future, the organization should consider adding an application/business analyst position(s) to the IT Division to provide better support to department software programs that are the backbone of organization operations.
- Develop an Information Services Portfolio documenting IT roles and responsibilities related to all organization applications.
- Departmental staff should be provided with additional training in applications systems and report writing.
- Below is an example job description for an Application Support Specialist.

Enterprise Applications Support Specialist (SAMPLE)

Description

Under general direction, coordinate and manage activities related to the support, deployment, configuration, and usage of departmental applications systems. This includes assistance with applications system selection, implementation, project coordination, management of interfaces, applications setup and configurations, business process reviews, and custom reporting.

This individual will apply technical, communication, analytical, and problem-solving skills to the analysis of business processes for business applications software systems in order to improve productivity and efficiency in the organization's departments.

The position will be responsible for providing expert troubleshooting, resolution, and reporting on business applications issues.

Functional areas this individual will support may include finance, human resources, public works, building and safety, public safety, and water utility applications, as well as other associated functions.

Other related duties may be required, as assigned.

Duties

- Assist department subject-matter experts in the resolution of enterprise applications software-related Help Desk tickets.
- Work closely with department managers, division leads, and applications users, to document and/or design/redesign effective business processes and associated business applications, including projects that require effective implementation or reimplementation.
- Make recommendations on improvements to business processes and applications, with the goal of delivering enhanced service and outcomes (e.g., faster permit processing times, automating current manual or inefficient processes, etc.)
- Manage software improvements for various departments. These activities include procurement recommendations (e.g., cost-benefit analyses, software configuration and implementation/re-implementation, etc.); collaboration in testing configurations with personnel of affected departments; communication with internal customers, network and server administrators, and vendors to ensure that applications systems are being utilized to their full potential.
- Provide project coordination and oversight of multiple applications system projects.
- Assist with research of applications software products and services and coordinate feasibility studies for applications, software, and system products under consideration for purchase, and provide findings.
- Develop and deploy standards, methodologies, and best practices for applications deployment, business process improvement, applications interfaces, and report writing. Document procedures, applications interfaces, service-level agreements, and other methodologies related to applications systems.
- Collaborate in the testing of applications, and communicate with network and server administrators, vendors, and software developers to ensure quality assurance and fulfillment of contractual obligations.
- Develop, implement, and disseminate information on best practices for information technology and applications support.
- Compile and maintain an inventory of all applications software and system assets and their corresponding contracts and agreements, documenting system configurations and change management.

- Coordinate training, including oversight of training materials and user procedures and training curriculum; facilitate training sessions as necessary. Develop and maintain user documentation, implementation, and maintenance plans.
- Oversee the maintenance, support, and upgrade of existing software applications and systems; coordinate and communicate upgrades, enhancements and changes with vendors and internal customers.
- Maintain a secure information technology environment for software applications. Oversee applications security administration, update processes and schedules, notifying users of any potential service interruptions.
- Participate in integration, initialization, and interfacing between multiple systems, either through in-house or outsourced development, when required.
- Analyze technical literature for systems, and provide explanations understandable to end-users, often in the form of user manuals or training materials.
- Perform related duties as assigned.

Qualifications

The following generally describes the knowledge, ability, and education required to successfully perform the job duties.

Knowledge

- Windows operating systems and applications, including MS Office, MS SQL, Outlook, and other applications software
- Government business processes and the systems that support them; agency business systems may include: Financials, time keeping, utility billing, human resources, payroll, asset control systems, inventory, work orders, police dispatch, police records management, land management, building permits, utility billing, and citizen request management, among others
- Current technology goals, objectives, and technological trends
- Database knowledge, including a working understanding of MS SQL, SQL queries, report writing, applications interfaces, and data import/export methodologies
- Principles of project management, including training and vendor management
- Office procedures, methods, and equipment, including computers and applicable software applications such as word processing, spreadsheets, and databases.
- Principles and practices of applications system development, evolution and product life cycles, including sustainability planning for applications systems
- Applications system security principles and best practices for ongoing system security, including related concepts of user applications roles/passwords, single sign-on, and Active Directory

Abilities

- Understand, plan, and coordinate business applications systems implementations and upgrades.
- Review and assist in evaluating the work of professional and support staff.
- Gather and document business requirements and processes.
- Communicate ideas, directions, and requirements clearly and concisely, both orally and in writing.
- Understand and communicate ideas in a technical, but user-friendly language.
- Perform duties appropriate to classified system privileges. Maintain professional handling of and protection of confidential and secure information.

- Commit to the highest standards of moral and business ethics, including organizational values.
- Work in a team environment, understanding the customer service and supplier model and how it is used in an internal support environment.
- Prepare clear and concise reports, including metrics, service-level agreement summaries, test plans, cases, and test scripts.
- Interpret and explain agency policies and procedures.
- Manage projects in a timely manner.
- Work with information system users under challenging conditions and short deadlines.
- Set priorities based on value to the organization.
- Operate office equipment, including computers and related word processing, presentation, spreadsheet, and database applications.
- Foster communications between the user community, project management, contractors, and all levels of management.

Education and Experience

Any combination of education and experience that would likely provide the required knowledge and abilities qualifies a candidate for the position. Typical education, training, and experience may include:

Education/Training

- Bachelor's degree from an accredited college or university, with major course work in computer science, information technology, business administration, etc.

Experience

- Three years as a business or systems analyst, supporting a broad range of departmental applications systems, including business process improvement, and applications administration, implementation, and upgrades
- Five years of general IT support or IT analysis (or similar) for a medium-sized organization supporting Microsoft applications
- One to three years in coordination and/or project management of applications implementation or upgrades.



NOTE: Resource Type = Assessment, Design/Specification, Procurement, SME, Project Management, etc.

Initiative #	Initiative Name	Fiscal Year	Subject-Matter Expert/Project Management				Budget	Overall IT Master Plan Budget						Third-Party Role & Responsibility	
			Staff	Supplemental Staff	Third-Party	Third-Party Optional	Third-Party Assistance	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	Outlying Yrs (Capital Expend)		
Best Practices															
1	Return-on-Investment Considerations	2017				X	\$5,000	\$5,000							Hands-on workshop focused on ROI analysis for a limited number of projects and training staff how to conduct these types of analysis.
2	IT Governance	2017			X		\$10,000	\$10,000							IT Steering Committee training, to provide assistance in the creation and ongoing function of an IT Governance model. Includes all sample documentation types and facilitation/assistance for 6-12 months.
3	COBIT							n/a	n/a	n/a	n/a	n/a			
4	ITIL							n/a	n/a	n/a	n/a	n/a			
5	Applications Management Best Practices	2017			X		\$5,000	\$10,000							Workshop/training and assistance in identifying software module roles and responsibilities for major application systems, as well as assistance in developing a pro-active IT Dept. Appl. Support methodology and tools for tracking and management of departmental application support needs.
6	Applications and User Licensing Inventory	2017				X	\$5,000	\$5,000							Assistance in assessment of needs and planning.
7	User Training and Support	2017-21			X		\$50,000	\$25,000	\$50,000	\$50,000	\$50,000	\$50,000			Assistance in assessment of needs and planning.
8	Training Room	2017	X					\$12,000							
9	Software Selection Best Practices							n/a	n/a	n/a	n/a	n/a			
10	Project Planning and Implementation Best Practices	2017				X	\$5,000	\$5,000							
11	Maintaining Software Updates							n/a	n/a	n/a	n/a	n/a			
12	IT Project and Services Portfolio	2017				X	\$15,000	\$15,000							Developing and documenting IT Dept. roles and responsibilities for all systems and create service-level agreements for user-support, per ITIL Best Practice.
13	Sustainability Planning	2018				X	\$5,000		\$10,000						Joint effort with City playing the predominant role and the 3rd Party assisting with the structure, components and mapping of sustainability processes.
14	Cloud Computing							n/a	n/a	n/a	n/a	n/a			
15	Centralized Land and Parcel Management							see below	see below	see below	see below	see below			
Applications & Departmental Systems															
16	Enterprise Resource Planning (ERP) Replacement	2017-20	X	X	X		\$450,000	\$85,000	\$1,000,000	\$500,000	\$250,000				Needs Assessment with requirements (Features/Functions), Business case to move from Cayenta, ADP, Lucity Tidemark, HdL and other existing system to a new ERP, vendor research, RFP development, proposal analysis, demonstration management, shortlist and finalist workshops, contract negotiations assistance, Implementation Project
17	Project and Grant Accounting		X		X		Included with ERP (Init #16)								Included with ERP (Init #16)
18	Contract Management		X		X		Included with ERP (Init #16)								Included with ERP (Init #16)
19	Cashiering Needs Assessment and Replacement		X		X		Included with ERP (Init #16)								Included with ERP (Init #16)
20	Work Orders/Maintenance and Asset Management System			X	X		Included with ERP (Init #16)								Included with ERP (Init #16)
21	Fleet Management		X		X		Included with ERP (Init #16)								Included with ERP (Init #16)
22	Land Management System Replacement			X	X		Included with ERP (Init #16)								Included with ERP (Init #16)
23	Electronic Plan Submittals and Reviews		X		X		Included with ERP (Init #16)								Included with ERP (Init #16)
24	Human Resources System Improvement or Replacement			X	X		Included with ERP (Init #16)								Included with ERP (Init #16)
25	Employee Self-Service		X		X		Included with ERP (Init #16)								Included with ERP (Init #16)
26	Time, Attendance, and Accruals Tracking			X	X		Included with ERP (Init #16)								Included with ERP (Init #16)
27	Performance-Evaluation Software		X		X		Included with ERP (Init #16)								Included with ERP (Init #16)
28	Applicant Processing		X		X		Included with ERP (Init #16)								Included with ERP (Init #16)

IT Master Plan Report

Implementation Resource Requirements Matrix



Initiative #	Initiative Name	Fiscal Year	Subject-Matter Expert/Project Management				Budget	Overall IT Master Plan Budget						Third-Party Role & Responsibility
			Staff	Supplemental Staff	Third-Party	Third-Party Optional	Third-Party Assistance	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	Outlying Yrs (Capital Expend)	
29	Training and Certification Management Software		X		X		Included with ERP (Init #16)							Included with ERP (Init #16)
30	Staff Scheduling System			X	X		\$5,000							Needs assessment along with tools and assistance to complete a process to select and implement a Citywide scheduling system
31	Project and Construction Management	2018	X						\$80,000					
32	Parks and Recreation Software Replacement (eGov)	2018-20			X		\$65,000		\$75,000	\$150,000	\$100,000			Needs Assessment with requirements (Features/Functions), Business case to move from eGov, vendor research, RFP development, proposal analysis, demonstration management, shortlist and finalist workshops, contract negotiations assistance. Implementation Project Management Oversight and Assistance and Support.
33	Citywide Facilities Scheduling/Events Calendar		X											
34	Childcare Management System		X											
35	Electronic Content Management System (ECMS) Replacement	2018-21			X		\$75,000		\$75,000	\$200,000	\$75,000	\$75,000		Needs assessment of future EDMS and related components, including Legislative/Agenda Management, Media Management (potential replacement of Granicus), and integration with new ERP system and other critical City systems. vendor research, RFP development, proposal analysis, demonstration management, shortlist and finalist workshops, contract negotiations assistance. Implementation Project Management Oversight.
36	Agenda Creation and Management Software		X		X		Included with ECMS (Init #35)							Included with ECMS (Init #35)
37	Legislative Management		X		X		Included with ECMS (Init #35)							Included with ECMS (Init #35)
38	Granicus Media Management Assessment (Replacement)		X		X		Included with ECMS (Init #35)							Included with ECMS (Init #35)
39	Large-File Sharing Tool	2019-20	X							\$2,500	\$1,500			
40	Video Capture and Editing (Video Events and Other)	2020	X								\$45,000			
41	Photo Management and Storage Software	2020	X								\$30,000			
42	Publishing Software Consolidation	2021	X									\$15,000		
43	Real-Time Utility Usage (Automatic Meter Reading-AMR)	2020-21											\$2,500,000	
44	Website Improvements	2018-19			X		\$35,000		\$20,000	\$15,000				
45	Communications System (Push/Social Media/Text)	2018-21	X						\$15,000	\$15,000	\$15,000	\$15,000		
46	Develop GIS Master Plan	2017-18			X		\$60,000	\$40,000	\$20,000					
47	Department-Centric / GIS Self-Service		X					\$15,000	\$30,000					
48	RIMS (CAD/RMS) Gap Analysis and Application Maximization	2018-29			X		\$60,000		\$40,000	\$20,000				
49	Alarm Tracking and Billing Software		X											
50	Ticket Writer Software Replacement (Duncan to TDS)		X											
51	Officer Radio Transmission Identification		X											
52	Replace WDC's with RIMS mobileGIS System		X											
53	Tow Company Billing System	2020-21	X								\$2,500	\$15,000		
54	FirstNet Preparation Planning	2019-20	X							\$1,500	\$1,000			
Other Applications and Departmental Systems														
55	Police Audiovisual Format Conversion Tool	2018-19	X						\$1,000	\$500				
56	Panic Button	2017-18	X					\$1,500	\$500					
57	Penal Code/Vehicle Code Reference Software		X					See above	See above	See above	See above	See above		
58	Portable Wireless Camera for Surveillance	2019-20	X							\$1,000	\$1,000			
59	Wireless PA Radio PA/Sound System	2019-20	X							\$3,000	\$1,000			

IT Master Plan Report

Implementation Resource Requirements Matrix



Initiative #	Initiative Name	Fiscal Year	Subject-Matter Expert/Project Management				Budget	Overall IT Master Plan Budget							Third-Party Role & Responsibility
			Staff	Supplemental Staff	Third-Party	Third-Party Optional	Third-Party Assistance	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	Outlying Yrs (Capital Expend)		
60	Instant Messaging	2019-21	X							\$12,000	\$12,000	\$12,000			
61	PA Announcements	2018	X						\$20,000						
62	Parking Sensors and Management	2021											\$1,500,000		
63	Constituent Satisfaction Surveys	2019				X	\$5,000			\$10,000					
64	Laptop Borrowing Program	2020-21	X								\$3,000	\$2,000			
65	Library Subscription Provider Statistics	2019-20	X							\$4,000	\$3,000				
66	HVAC Zonal Climate Control System	2020-21	X								\$6,000	\$3,000			
Gov 2.0															
67	Citizen Request Management (CRM)		X	X	X		Included with ERP & Land Management (Inits #16 & #22)	See Above	See Above	See Above	See Above	See Above		Included with ERP & Land Management (Inits #16 & #22)	
68	Online Payments, transactions, and Services		X					See Above	See Above	See Above	See Above	See Above			
69	Video/Web Conferencing	2019-21	X							\$1,800	\$3,600	\$6,000			
70	Council Chambers Audiovisual Systems		X												
71	Conference Room Audiovisual		X												
72	Social Media Policy and Procedures	2017	X					\$7,500							
73	Mobile Computing		X					See Above	See Above	See Above	See Above	See Above			
74	Newsletter		X					See above	See above	See above	See above	See above			
75	Dual Monitors		X					n/a	n/a	n/a	n/a	n/a			
IT Infrastructure															
76	IT Computer Room and Teledata Closet Improvements	2017			X		\$50,000	\$220,000							
77	Wireless Network	2017				X	\$25,000	\$158,400							
78	Internet Bandwidth	2019-21	X							\$94,600	\$24,000	\$24,000			
79	Electronic Mail (Exchange)	2017-21				X	\$15,000	\$30,000	\$4,000	\$4,000	\$4,000	\$4,000			
80	Enhanced Internet Security and Connectivity (DMZ)	2017-21	X					\$2,500	\$2,500	\$2,500	\$2,500	\$2,500			
81	Remote Access Upgrade	2017				X	\$10,000	\$20,000							
82	Network Redesign	2017-18				X	\$40,000	\$275,000	\$100,000						
83	Core Switch Replacement	2017				X	\$25,000	\$220,000							
84	Power Distribution	2017-18	X					\$15,000	\$7,500						
85	Virtual Server Migration	2017-18				X	\$40,000	\$101,200	\$50,000						
86	Storage Area Network (SAN) Upgrade	2017-18, -20				X	\$25,000	\$163,240	\$100,000		\$50,000				
87	Technology Support for the EOC	2017-19	X					\$5,000	\$25,000	\$25,000					
88	Redundant CAD/RMS System	2019	X							\$25,000					
89	Computer Upgrades (Windows XP & Office)	2017		X			\$12,500	\$30,000							
90	Video Camera and Surveillance System (Citywide Standard)	2017-21				X	\$35,000	\$115,000	\$50,000	\$50,000	\$25,000	\$25,000			
91	Secure Managed Access (Wireless/Keyless Security)	2018-19				X	\$15,000		\$50,000	\$25,000					
IT Operations															
92	Help Desk Ticketing System	2017				X	\$6,000	\$6,000							
93	Mobile Device Management	2018				X	\$5,000		\$5,000						
94	Network Management Tools (Alerts/Alarms)	2018-19				X	\$15,000		\$25,000	\$25,000					
95	IT Support Metrics	2018				X	\$6,000		\$6,000						
96	Desktop Management	2017-18				X	\$6,000	\$11,000	\$6,000						
97	IT Automation Tools (Patch Management)	2018				X	\$6,000		\$6,000						
98	IT Policies and Procedures	2017				X	\$7,800	\$7,800							
99	IT Procurement Practices							n/a	n/a	n/a	n/a	n/a			
100	IT Cost Recovery (IT Budget Allocations)							n/a	n/a	n/a	n/a	n/a			
IT Security															

IT Master Plan Report

Implementation Resource Requirements Matrix



Initiative #	Initiative Name	Fiscal Year	Subject-Matter Expert/Project Management				Budget	Overall IT Master Plan Budget						Third-Party Role & Responsibility
			Staff	Supplemental Staff	Third-Party	Third-Party Optional	Third-Party Assistance	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	Outlying Yrs (Capital Expend)	
101	Disaster Recovery Planning	2019				X	\$15,000			\$15,000				
102	Backups	2017-21				X	\$25,000	\$75,000	\$20,000	\$20,000	\$20,000	\$20,000		
103	IT Security Assessment	2019			X		\$25,000			\$25,000				
104	PCI Compliance	2019-20			X		\$10,000			\$10,000	\$15,000			
105	Records and Data Retention	2020			X		\$18,000				\$18,000			
106	Two-Factor Authentication	2017	X					\$15,000						
107	SCADA Security	2017	X					\$11,000						
Telecommunications														
108	Phone System Redundancy	2018-21	X						\$35,000	\$2,000	\$2,000	\$2,000		
IT Staffing														
109	IT Staffing	2017-21						\$115,000	\$118,450	\$122,004	\$125,664	\$129,434		
110	Enterprise Applications Support Specialist	2017-21						\$100,000	\$103,000	\$106,090	\$109,273	\$112,551		
							\$1,292,300	\$1,932,140	\$2,149,950	\$1,537,494	\$995,036	\$512,484	\$4,000,000	
Other														
	Appl. Support Methodology & Training				X				\$5 - 7,500					Can be included at no cost as part of the IT Governance and Applications Best Practices Engagement