



## SPECIAL MEETING MINUTES

**Date:** 9/10/2018

**Time:** 9:00 a.m.

**City Hall – “Sharon Heights” Conference Room, 2nd Fl  
701 Laurel St., Menlo Park, CA 94025**

**A.** Chair Shepherd called the meeting to order at 9:04 a.m.

**B. Roll Call**

**Present:** Ohtaki (Departed 10:30 a.m.), Royse, Shepherd, Tronson,

**Absent:** Mueller

**Staff:** Nick Pegueros, Administrative Services Director  
Dan Jacobson, Finance and Budget Manager  
Brandon Cortez, Management Analyst I

**C. Public Comment**

- There was no public comment for this meeting.

**D. Regular Business**

D4. Subcommittee report and recommendation on capital budgeting and reporting

Item D4 was pulled out of order by Chair Shepherd

Subcommittee member Tronson gave a handout of recommendations to improve the City's capital budgeting and reporting.

There was no action on this item.

D3. Update on the Civil Grand Jury report on pension costs

Item D3 was pulled out of order by Chair Shepherd

Staff briefed the committee on the City's responses to the Civil Grand Jury's finding.

There was no action on this item.

D1. Approve the July 31, 2018, Finance and Audit Committee special meeting minutes

**ACTION:** Motion and second (Royse/Tronson) to approve the minutes for the July 31, 2018 special meeting passed, 3-0-2 (Mueller and Ohtaki absent).

D2. Review the Finance and Audit Committee work plan

**ACTION:** Motion and second (Tronson/Royse) to recommend that the City Council approve the

Finance and Audit Committee work plan, 3-0-2 (Mueller and Ohtaki absent).

**E. Director's Report**

There was no report.

**F. Adjournment**

Chair Shepherd adjourned the meeting at 10:58 a.m.

## **Memo**

Date: September 10, 2018

To: City Council

From: Finance and Audit Committee, City of Menlo Park

Subject: Capital Improvement Projects Financial and Status Reporting Recommendations

### **Purpose**

The Finance & Audit Committee - consistent with its charter to facilitate public understanding of the City's financial reporting processes and to assist Staff in the delivery of timely, clear, and reliable financial information to the public - recommends improvements to Menlo Park's financial-impacting reports.

The F&A Committee recommends that Council approve a number of measures designed to aid Council's capital improvement plan ("the Plan" or "Capital Improvement Plan") which includes a series of projects ("Project" or "CIP") to facilitate decision making and to better allow the public to provide input into those decisions. While some measures may require more staff time on the front end, we believe they will reduce staff's time on the back-end. The increased transparency will also enable the City Council and the public to provide oversight of the City's Plan and will lead to increased trust in our local government.

### **Policy Issues**

The City Council is required to adopt a balanced budget, approve all enabling resolutions and appropriate funds before July 1 of each calendar year. Staff then annually prepares a two-year budget document ("Budget Document" or "the Budget") with a section for the Plan.

The City of Menlo Park's budget principles include the goal of "continuing to refine the Budget to enhance the public's access to the City's financial information while also providing for proper internal controls over the City's resources."

### **Annual Budget Process**

The annual budget process starts in January of each year with the Council holding a goal setting meeting resulting in a detailed plan of high level categories, specific projects, project resources, the lead department, project priorities and status ("Workplan" or "WP"), setting the Staff priorities for the coming year. The Projects in the Workplan are subsequently revisited by Council for approval authorizing the Staff to work on the approved Projects. The approved CIPs and Workplan items may overlap, run over multiple years, and include sub-level components. During the fiscal year, additional new and/or modified Workplan items and/or CIPs may be presented to Council for approval, which in turn may affect the already approved WP and/or CIPs. The WP & Plan are updated each quarter to reflect any changes or additions.

## The Annual Budget Document

The Budget is a complex document that includes detailed financial information. The Budget has several sections including the Plan. The Budget, due to its purpose and complexity, is not necessarily prepared for use and understanding by the average resident.

## The Capital Improvement Plan. The Plan includes:

- **Capital Improvement Project Summary.** The Summary provides a top-level view of certain data related to each Project.
- **Plan Category.** The Projects are grouped into categories (“Category”) such as City Buildings & Systems and Traffic & Transportation. The Category section of the Plan is intended to provide a detailed description and information about each CIP relevant to that category (“Capital Project Page” or “Page”).
- **Capital Project Pages.** Each Page includes a brief description of the Project, and spaces allocated to information about funding source, the project carry over, new funding request, 5 year funding needed, and total funding and future funding required. Not all the Pages include all the relevant information.

## **Recommendations**

The F&A recommends that Council approve the below measures designed to aid Council’s decision making process regarding the Plan and the Projects within it (including updated Plan and Projects), and increase public engagement with this process.

Although these measures are presented in relation to the Capital Improvement Plan process, some of the same are applicable to other City processes.

Our specific recommendations include:

1. **CIP Prioritization Criteria:** Refine the specific prioritization criteria for each new Project, to include metrics and weights to ensure consistency among the decisions. Each year’s Budget should include the prioritization details of new Projects.
2. **Capital Improvement Plan:** Issue the Capital Improvement Plan separate from the Annual Budget Document and re-issue it every quarter with updated information, as needed. This separation makes it easier to digest without having to search and review the entire Budget.
  - Future CIP. To have a running list of Future CIPs. The “future” CIPs represent projects that staff and public deem important to complete in the future. There may also be additional projects, such as ones pertaining to deferred infrastructure maintenance, that are not on the “future CIP” list – but should be.

3. **Capital Improvement Project Summary:** The Capital Improvement Project Summary to include these additional fields:

- Unique Project Number: A unique number that allows for easier tracking of all projects. Such a number may comprise “YYYY-Sequential\_Number-Lead\_Dept”. The YYYY indicates the year a project is introduced, Sequential Number refers to the number of a project in a given year in order of introduction, and the Lead Department references the City department that is responsible for the project. Example: “2016-05-PW”
- Estimated Total Project Cost. This is the total cost a project is estimated to incur and which the Council can justifiably rely on in order to make decisions.
- Project Status. This serves as an indicator of a project’s progress. The status can comprise:
  - Either “New” from this calendar year or “Continuing” from a past year.
  - Either “Completed” (completed but not yet signed off on) or “Signed-Off” (completed and signed-off), “Not Started” (for various reasons), and any other appropriate and meaningful designation.

4. **CIP Project Pages:** To report each Project on a separate Page in the Plan which conforms to a set template to include:

- Project Name
- Picture
- Description
- Justification
- Funding source schedule (funding sources broken down by each year starting from the first year it is introduced and advancing through its estimated completion date)
- Expenditure source schedule (expenditure through project phases, such as design and construction, broken down by each year starting from the first year it is introduced and advancing through its estimated completion date)
- Project Snapshot to include:
  - Lead department in charge.
  - Project Start Date, to be preceded by either “New” or “Revised”
  - Planned project completion date, to be preceded by either “New” or “Revised”
  - Percent of total Capital Improvement Budget for the current budget year, and each subsequent year, until the planned project completion date.
  - A sum of the percentage of all projects (total) per year, to ensure that the total does not exceeds 100% (as a confirmation)
  - Visual presentation of each specific project cost/timeline in light of the greater picture (e.g., % of funds it is using per year, % of expenditure it is using per year)
- Alignment to major plans & Commission Review
  - City Council Workplan, General Plan (and any other significant plans)

- Relevant Commission Review

**5. Visual Reports:** To further enable easy digestion of reports, it is important that financial data is presented to the public in relevant graphical formats (e.g., corporate annual reports) that convey all the needed information stated above in easy to understand snapshots. Examples have been previously provided and discussed with the Staff.

## **Reviewed Documents**

To prepare this recommendation the following documents were reviewed:

- **2/6/2018** Staff Report 18-031-CC Approval of the 2018-19 Budget Principles, City Council Procedures Manual and the 2018 City Council Workplan
- **3/19/18** City Manager's Office Memorandum to Commission Members regarding City Council Work Plan Transmittal and Capital Improvement Program (CIP) process update
- **5/29/18** -- City Manager's Budget Workshop slide presentation
- **6/5/18** -- Staff Report 18-123-CC: Public hearing on proposed fiscal year 2018-19 budget and Capital Improvement Plan.
- **6/19/18** Fiscal Year 2018-19 Budget Slide Presentation
- **6/19/18** Staff Report 18-140-CC: Approve four resolutions, including one to adopt the FY 2018-19 budget and Capital Improvement Plan
- City of Menlo Park Proposed Budget Fiscal Year 2018-19
- City of Palo Alto's Capital Improvement Budget 2018-19

## **Attachments**

CIP Project Summary (with more details)

Project Pages examples

## Capital Improvement Project



Project Number: \_\_\_\_\_  
Managing Department: Public Works  
New Project Start Date: \_\_\_\_\_  
Planned Project Completion: \_\_\_\_\_  
Project's Estimated Total Cost: \$11-46M  
Capital Budget for FY2018: \_\_\_\_\_  
Project's Percent of FY2018 Capital Budget: \_\_\_\_\_%

### Downtown Parking Garage (DRAFT)

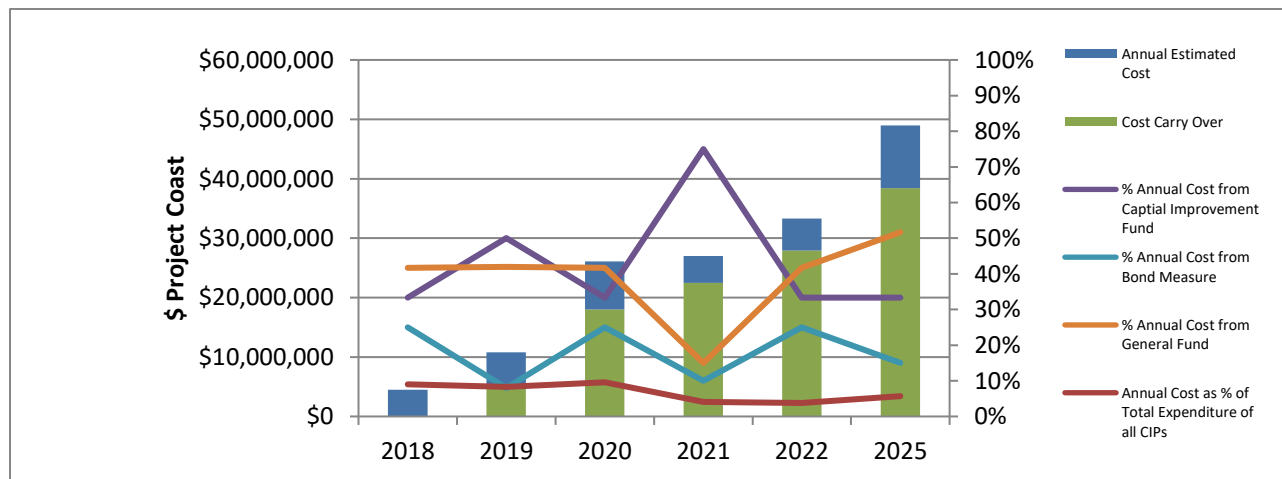
#### Description

Staff is currently working on a process for potentially developing a downtown parking structure.

#### Justification

For decades, the City has received complaints from downtown merchants and patrons with regard to parking availability. Regardless of how the City modifies restrictions on current parking supply, there remains insufficient parking to meet Menlo Park's parking rations for additional residential, entertainment and retail development. The new Guild Theater, as a live act entertainment venue, will also require parking. At its January 29, 2018 goal-setting meeting, the City Council identified a downtown parking structure as one of its top six priorities for 2018.

#### Project Financials at a Glance (a mock chart)



## Supplemental Information

See Staff Report 18-092-CC for more details. While possible lots have been identified, the only use that complies with the current zoning in the parking plazas is at-grade parking or structured parking. Limited staff capacity is causing project delays. By December 31, 2018, staff plans additional community outreach based on City Council direction and City Council funding of next steps.

### Funding Sources Schedule

Funding Source	Prior Years	FY 2018 Budget	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	5 Year CIP Total	Beyond 5 year CIP	Total
Capital Improvement Fund	N/A									
Bond Measure	N/A									
Transfer from General Fund	N/A									
<b>Total</b>	<b>N/A</b>									

### Expenditure Schedule

Project Phase	Prior Years	FY 2018 Budget	FY 2018 Estimate	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	5 Year CIP Total	Beyond 5 year CIP	Total
Design	N/A										
Construction	N/A										
<b>Total</b>	<b>N/A</b>										

## Operating Impact

This project is not anticipated to impact operating expenses.

<b>Relationship to Council's Work Plan</b>	<b>Relationship to General Plan</b>	<b>Potential Commission/Committee Review</b>
Top six priority for 2018		Complete Streets Commission
	<b>Relationship to El Camino Real/Downtown Plan</b>	Transportation Master Plan Oversight and Outreach Committee
		Planning Commission
<b>Environmental Impact Analysis</b>		



# Capital Improvement Project



Project Number: \_\_\_\_\_  
Lead Department: Public Works  
New Project Start Date: August 2018  
Planned Project Completion: Ongoing  
Total Project Estimated Cost: \$90,000  
Capital Budget for FY2018 \_\_\_\_\_  
Project's Percent of FY2018 Capital Budget \_\_\_\_\_  
Sum of all Projects Percent of Capital Budget (total) for FY2018: \_\_\_\_\_

## Safe Routes to School (DRAFT)

### Description

This project provides funding for the City's Safe Routes to Schools program. Safe Routes to School programs typically encompass six program elements: education, encouragement, enforcement, equity, engineering and evaluation. The end goal of Menlo Park SRTS is to cover 20 schools, representing private schools and four public school districts, in Menlo Park and Atherton, to help all residents get to school safely.

Beginning in August 2018, the City will begin to create a citywide Safe Routes program. Consulting firm Alta Planning + Design will lead the effort. This program will not construct or fund infrastructure improvements, although it would establish a staff liaison to identify infrastructure needs within other capital project planning processes in the city.

### Justification

Safe Routes to School (SRTS) supports families walking, biking, and carpooling to school. SRTS activities make it safer, easier, and more fun for families to walk and bike to school, improving their health, well-being, and safety. The program would help to reduce risks to students and encourage more families to use alternatives to driving. At its January 29, 2018 goal-setting meeting, the City Council identified the program as one of its top six priorities for 2018.

### Supplemental Information

### Significant Changes

## Funding Sources Schedule

Funding Source	Prior Years	FY 2018 Budget	FY 2018 Estimate	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	5 Year CIP Total	Beyond 5 year CIP	Total
Capital Improvement Fund	N/A	0									
Revenue from other agencies	N/A	0									
Transfer from General Fund	N/A	90,000									
<b>Total</b>	<b>N/A</b>	<b>90,000</b>									

## Expenditure Schedule

Project Phase	Prior Years	FY 2018 Budget	FY 2018 Estimate	FY 2019	FY 2020	FY 2021	FY 2022	Analysis	5 Year CIP Total	Beyond 5 year CIP	Total
Program Development	N/A										
Program Implementation											
<b>Total</b>	<b>N/A</b>										

## Operating Impact

This project is not anticipated to impact operating expenses.

<b>Relationship to City Council Work Plan</b>	<b>Relationship to General Plan</b>	<b>Potential Commission/Committee Review</b>
Top six priority for 2018		Complete Streets Commission
		Transportation Master Plan
		Oversight and Outreach Committee
		Planning Commission
<b>Environmental Impact Analysis</b>		