



**AGENDA
REGULAR MEETING**

**City Council of the Town of Colma
Colma Town Hall
1198 El Camino Real
Colma, CA 94014**

Wednesday, October 24, 2018

CLOSED SESSION – 5:30 PM

REGULAR SESSION – 7:00 PM

CLOSED SESSION – 5:30 PM

1. **In Closed Session Under Government Code § 54956.9(d)**, CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

Number of Cases: 1

PLEDGE OF ALLEGIANCE AND ROLL CALL – 7:00 PM

ADOPTION OF AGENDA

PUBLIC COMMENTS

Comments on the Consent Calendar and Non-Agenda Items will be heard at this time. Comments on Agenda Items will be heard when the item is called.

CONSENT CALENDAR

2. Motion to Accept the Minutes from the October 10, 2018 Regular Meeting.
3. Motion to Adopt an Ordinance Amending the Colma Municipal Code to Add Subchapter 5.20 Relating to Public Trees (second reading).
4. Motion to Adopt a Resolution Authorizing a Change Order for the Town Hall Addition and Renovation Project, Phase V, Furniture, Fixtures & Equipment Contract with Resource Design Interiors "RDI" for Additional Furniture and Furniture Related Items.
5. Motion to Adopt a Resolution Amending Subchapter 4.02 of the Colma Administrative Code, Relating to the Town's Investment Policy.
6. Motion to Adopt a Resolution Amending the 2018-2019 Budget to Increase the Budget for Capital Improvement Project #988 for Police Department Dispatch Furniture Upgrades to \$56,371 and Utilize \$6,371 in Available Reserve Balance in the Capital Improvement Fund (Fund 31).

NEW BUSINESS

7. RESERVE POLICY UPDATE

Consider: Motion to Adopt a Resolution Amending Colma Administrative Code Subchapter 4.01, Relating to the Reserve Policy.

8. UNFUNDED LIABILITY

- a. *Consider:* Motion Approving the 2018 Unfunded Liabilities Funding Strategy.
- b. *Consider:* Motion to Adopt a Resolution Amending the 2018-2019 Budget to Pay a Not to Exceed Amount of \$1.05 Million to CalPERS, \$1.0 Million to the Pars Pension Trust, Designate \$650,000 in the Accrued Leave Liability Reserve, and Reduce The Budget Stabilization Reserve to \$12.0 Million.

REPORTS

Mayor/City Council
City Manager

ADJOURNMENT

The City Council Meeting Agenda Packet and supporting documents are available for review at the Colma Town Hall, 1188 El Camino Real, Colma, CA during normal business hours (Mon – Fri 8am-5pm). Persons interested in obtaining an agenda via e-mail should call Caitlin Corley at 650-997-8300 or email a request to ccorley@colma.ca.gov.

Reasonable Accommodation

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1. **In Closed Session Under Government Code § 54956.9(d),** CONFERENCE WITH
LEGAL COUNSEL - ANTICIPATED LITIGATION

Number of Cases: 1

There is no staff report for this item.



**MINUTES
REGULAR MEETING**

City Council of the Town of Colma
Town Hall Council Chamber, 1198 El Camino Real
Colma, CA 94014

Wednesday, October 10, 2018

CLOSED SESSION – 5:30 PM

1. **In Closed Session Under Government Code § 54956.9(d), CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION**

Number of Cases: 1

CALL TO ORDER – 7:00 PM

Mayor Raquel Gonzalez called the meeting to order at 7:08 p.m.

Council Present – Mayor Raquel “Rae” Gonzalez, Vice Mayor Joanne F. del Rosario, Council Members John Irish Goodwin, Diana Colvin and Helen Fisicaro were all present.

Staff Present – City Manager Brian Dossey, City Attorney Christopher Diaz, Administrative Services Director Pak Lin, Director of Public Works Brad Donohue, City Planner Michael Laughlin, Police Commander Sherwin Lum, City Clerk Caitlin Corley, and Associate Planner Jonathan Kwan were in attendance.

ADOPTION OF THE AGENDA

Mayor Gonzalez requested that item #8 be pulled from the Consent Calendar and continued to a future meeting. The Mayor asked for a motion to adopt the agenda with changes.

Action: Council Member Fisicaro moved to adopt the agenda with changes; the motion was seconded by Vice Mayor del Rosario and carried by the following vote:

Name	Voting		Present, Not Voting		Absent
	Aye	No	Abstain	Not Participating	
Raquel Gonzalez, Mayor	✓				
Joanne F. del Rosario	✓				
John Irish Goodwin	✓				
Diana Colvin	✓				
Helen Fisicaro	✓				
	5	0			

PRESENTATION

- City Clerk Caitlin Corley introduced new Administrative Technician Lia Vang.

PUBLIC COMMENTS

Mayor Gonzalez opened the public comment period at 7:12 p.m. Commander Sherwin Lum made a comment recognizing Officer Kim Trask for winning the Annual Mark Goodman Chili Cookoff. Council thanked Officer Trask for representing the Town well. The Mayor closed the public comment period.

CONSENT CALENDAR

2. Motion to Accept the Minutes from the September 26, 2018 Regular Meeting.

3. Motion to Approve Report of Checks Paid for September 2018.
4. Motion to Accept Informational Report on Recreation Department Programs, Activities, Events, and Trips for the Third Quarter of 2018.
5. Motion Approving the Town's Response to the Grand Jury Report Dated July 28, 2018, Regarding "Smoke Free Housing: No Ifs, Ands or Butts."
6. Motion to Receive and File the Fiscal Year 2017-18 Annual Report of Investment Holdings, Which is Presented for Informational Purposes.
7. Motion to Adopt a Resolution Creating Seven New City Funds.
8. [Pulled from Agenda]

Action: Council Member Goodwin moved to approve the Consent Calendar items #2 through 7; the motion was seconded by Council Member Colvin and carried by the following vote:

Name	Voting		Present, Not Voting		Absent
	Aye	No	Abstain	Not Participating	
Raquel Gonzalez, Mayor	✓				
Joanne F. del Rosario	✓				
John Irish Goodwin	✓				
Diana Colvin	✓				
Helen Fisicaro	✓				
	5	0			

STUDY SESSION

9. UNFUNDED LIABILITIES

Administrative Services Director Pak Lin presented the staff report. Mayor Gonzalez opened the public comment period at 7:33 p.m. and seeing no one come forward to speak, she closed the public comment period. Council discussion followed.

This item was for discussion only; no action was taken at the meeting.

PUBLIC HEARING

10. CITY COUNCIL SALARY ADJUSTMENT

City Attorney Christopher Diaz presented the staff report. Mayor Gonzalez opened the public comment hearing at 7:52 p.m. Resident Tom Taylor spoke. The Mayor closed the public hearing. Council discussion followed.

Action: Council Member Fisicaro moved to Introduce an Ordinance Amending Section 1.04.010 of the Colma Municipal Code, Relating to Compensation of Council Members and Waive a Further Reading of the Ordinance; the motion was seconded by Vice Mayor del Rosario carried by the following vote:

Name	Voting		Present, Not Voting		Absent
	Aye	No	Abstain	Not Participating	
Raquel Gonzalez, Mayor	✓				
Joanne F. del Rosario	✓				
John Irish Goodwin	✓				
Diana Colvin	✓				
Helen Fisicaro	✓				
	5	0			

11. **TREE CITY USA – PUBLIC TREE ORDINANCE AND ARBOR DAY PROCLAMATION**

Associate Planner Jonathan Kwan presented the staff report. Mayor Gonzalez opened the public hearing at 8:11 p.m. and seeing no one come forward to speak, she closed the public hearing. Council discussion followed.

Action: Council Member Goodwin moved to Introduce an Ordinance Amending the Colma Municipal Code to Add Subchapter 5.20 Relating to Public Trees and Waive a Further Reading of the Ordinance; the motion was seconded by Council Member Fisicaro carried by the following vote:

Name	Voting		Present, Not Voting		Absent
	Aye	No	Abstain	Not Participating	
Raquel Gonzalez, Mayor	✓				
Joanne F. del Rosario	✓				
John Irish Goodwin	✓				
Diana Colvin	✓				
Helen Fisicaro	✓				
	5	0			

Action: Council Member Fisicaro moved to Proclaim August 10, 2018 as Arbor Day in the Town of Colma; the motion was seconded by Council Member Colvin carried by the following vote:

Name	Voting		Present, Not Voting		Absent
	Aye	No	Abstain	Not Participating	
Raquel Gonzalez, Mayor	✓				
Joanne F. del Rosario	✓				
John Irish Goodwin	✓				
Diana Colvin	✓				
Helen Fisicaro	✓				
	5	0			

COUNCIL CALENDARING

The next Regular City Council Meeting will be on Wednesday, October 24, 2018 at 7:00 p.m. in the Council Chamber.

REPORTS

Raquel Gonzalez

Crazy for Cars in Colma Fundraising Event, 9/28/18

John Goodwin

Coffee with a Cop Event, 10/3/18

Helen Fisicaro

Peninsula Italian American Social Club Columbus Day Dinner, 10/8/18

City Manager Brian Dossey gave a report on the following topics:

- The first annual Business Recognition Event will be on Thursday, October 11 at 11:30 a.m.
- The C.A.P.E. Emergency Preparedness Classes will begin on Thursday, October 11 and run for the next four Thursdays.
- ALLICE is hosting a Free From Violence event on Friday, October 12, 2018.
- Cinema in the Cemetery will be on Saturday, October 13, 2018 at the Italian Cemetery

ADJOURNMENT

Mayor Gonzalez adjourned the meeting at 8:25 p.m.

Respectfully submitted,

Caitlin Corley
City Clerk

ORDINANCE NO. ____
OF THE CITY COUNCIL OF THE TOWN OF COLMA

**AN ORDINANCE AMENDING THE COLMA MUNICIPAL CODE TO ADD SUBCHAPTER 5.20
RELATING TO PUBLIC TREES**

The City Council of the Town of Colma does ordain as follows:

ARTICLE 1. SUBCHAPTER 5.20 ADDED TO COLMA MUNICIPAL CODE.

The Colma Municipal Code is hereby amended by adding thereto subchapter 5.20 to Chapter Five, to state as follows:

"Subchapter 5.20: Public Trees

5.20.010 Purpose.

The General Plan of the Town of Colma recognizes the contribution of trees to the character and beauty of the Town. It is in the best interest of the Town and its residents that trees on public property are properly maintained. This chapter is adopted for the purposes of establishing rules and regulations relating to the planting, care, maintenance, removal, and replacement of such trees.

5.20.020 Definitions.

Director: Public Works Director and his or her designee.

Maintenance: Acts to promote the life, growth, health, or beauty of trees, shrubs, or plants, including, but not limited to, pruning, trimming, topping, root pruning, spraying, mulching, fertilizing, cultivating, supporting, and treating for disease or injury.

Owner: The fee owner of real property and the person or persons in possession of the real property.

Person: Any person, firm, partnership, association, corporation, company, or organization of any kind.

Public street: road or street under the jurisdiction of and maintained by a public authority, such as the Town of Colma, and open to public vehicle, bicycle, pedestrian or other travel.

Public Property: Any property under the jurisdiction of and maintained by a public authority, such as the Town of Colma, and open to public use.

Town tree: Any tree growing on any Town-owned property, including any tree located on an easement dedicated to the Town where the Town has affirmatively accepted responsibility to maintain such tree(s).

5.20.030 Administration.

The Director shall have authority to administer the provisions of this chapter regarding trees planted

or growing in public areas within the Town.

5.20.040 Interference with city employees, contractors or representatives.

No person shall interfere with or cause or permit any person to interfere with Town employees, contractors or representatives who are engaged in the planting, preserving, maintaining, treating or removing of any tree or plant or related work in the Town.

5.20.050 Public Tree Care.

- (a) It shall be unlawful for any person to plant, remove or alter any tree on public property in the Town without authorization from the Director, except as provided in Section 5.20.070.
- (b) Public trees may be removed with approval from the Director in the following circumstances:
 - a. If the tree is damaged or destroyed.
 - b. To protect property or other trees, shrubs or plants from damage or injurious infection.
 - c. In the interest of public safety.
- (c) The Director shall review and authorize the species, location and spacing of all plantings on public streets and public property.

5.20.060 Destruction of public trees unlawful.

No person shall:

- (a) Damage, cut, injure, deface, mutilate, kill or destroy a Town tree.
- (b) Cause or permit a fire to burn where the fire or the heat will injure a Town tree.
- (c) Place, apply or attach to a Town tree or to the guard or stake intended for the protection of a Town tree any wire, rope (other than one used to support a young or broken tree), sign, paint or other substance that may serve to damage or alter the tree.

5.20.070 Exceptions.

- (a) It is the responsibility of the utility companies to maintain trees that interfere with utility wires in accordance with State orders for clearance of trees from electrical utilities. Utility companies performing tree maintenance work done under State orders are exempt from obtaining approval from the Director; provided, however, any such utility company shall provide evidence of existing State orders and notify the Director of when such maintenance will occur at least two weeks prior to undertaking the work. Each utility company doing work in the Town is required to secure an annual encroachment permit.
- (b) If emergency conditions such as personal injury or substantial property damage is imminently threatened, or access to public property or public rights-of-way by disabled persons prevented, the Chief of Police, City Manager, or City Planner may authorize the removal of a tree without compliance with other provisions of this ordinance.

5.20.080 Town tree master plan.

- (a) The Town shall inventory and develop a plan for all Town trees and planting areas in public areas of the Town. All Town trees shall be tagged and logged into the Town's Geographic Information System database.
- (b) In accordance with the plan, the Director shall proceed each year to plant trees or replace trees to the extent of such funds as may be allocated by the City Council for that purpose.
- (c) Where the condition of a tree, or the condition of public improvements adjacent to a tree make replacement of the tree necessary or desirable, the Director is authorized to remove such tree and replace it with one in accordance with the Town tree master plan.
- (d) In accordance with the plan, the Director shall establish and implement a five-year schedule for regular pruning of Town trees maintained by the Town; the allocation of staff resources, and for establishing a budget for these activities.

5.20.090 Master tree list.

- (a) The Director may determine the types and species of trees suitable and desirable for planting and the areas in which and conditions under which such trees shall be planted in public property in the Town. The suitable and desirable plantings that are approved to be planted in Town shall be included in a "master tree list" and it shall be filed in the office of the Town Clerk. The Town may revise or change the master tree list subject to the approval of the Director.
- (b) Each tree planted in a public area must be on the master tree list, unless approval is obtained from the Director to plant a tree not on the list.
- (c) The following list is the approved master tree list of the types and species of trees suitable and desirable for planting within Public Property.

BOTANICAL NAME	COMMON NAME
Arbutus Marina	Strawberry Tree
Metodideros excelsus	New Zealand Christmas Tree
Pyrus kawakamii	Evergreen Pear
Pyrus calleryana	Ornamental Pear
Tristania Conferta (Lophostemon)	Brisbane Box
Tristaniopsis Laurina "Elegant"	Water Gum

5.20.100 Prohibited Trees.

The Town has determined that certain species of trees are not desirable due to their susceptibility to disease, short life span, mature size, maintenance schedule, and/or likelihood of damaging existing improvements. The following list is the list of trees that should not be authorized in Town without additional consideration.

BOTANICAL NAME	COMMON NAME
Ulmus americana	American Elm
Acer saccharinum	Silver Maple
Salix babylonica	Weeping Willow
Pinus radiata	Monterey Pine
Pseudotsuga menziesii	Douglas Fir
Acacia mearnsii	Black Acacia Tree

ARTICLE 2. SEVERABILITY.

Each of the provisions of this Ordinance is severable from all other provisions. If any article, section, subsection, paragraph, sentence, clause or phrase of this Ordinance is for any reason held by a court of competent jurisdiction to be invalid, such decision shall not affect the validity of the remaining portions of this Ordinance.

ARTICLE 3. CEQA.

The City Council finds that the amendments described in this Ordinance are categorically exempt under Section 15308 of the California Environmental Quality Act ("CEQA"), as an action taken by the Town to assure the maintenance, restoration, enhancement, or protection of the environment. The proposed ordinance promotes tree health and protects trees on public property with scheduled maintenance and replacement and therefore will not create aesthetic or other environmental impacts. A Notice of Exemption will be filed upon final City Council approval of the ordinance.

ARTICLE 4. EFFECTIVE DATE.

This ordinance, or a summary thereof prepared by the City Attorney, shall be posted on the three (3) official bulletin boards of the Town of Colma within 15 days of its passage and is to take force and effect thirty (30) days after its passage.

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Certificate of Adoption

I certify that the foregoing Ordinance No. ____ was duly introduced at a regular meeting of the City Council of the Town of Colma held on October 10, 2018 and duly adopted at a regular meeting of said City Council held on _____, 2018 by the following vote:

Name	Voting		Present, Not Voting		Absent
	Aye	No	Abstain	Not Participating	
Raquel "Rae" Gonzalez, Mayor					
Joanne F. del Rosario					
John Irish Goodwin					
Diana Colvin					
Helen Fisicaro					
<i>Voting Tally</i>					

Dated _____

Raquel "Rae" Gonzalez, Mayor

Attest: _____

Caitlin Corley, City Clerk





STAFF REPORT

TO: Mayor and Members of the City Council
 FROM: Brad Donohue, Director of Public Works
 VIA: Brian Dossey, City Manager
 MEETING DATE: October 24, 2018
 SUBJECT: Town Hall FF&E – Contract Change Order

RECOMMENDATION

Staff recommends that the City Council adopt the following:

RESOLUTION AUTHORIZING A CHANGE ORDER FOR THE TOWN HALL ADDITION AND RENOVATION PROJECT, PHASE V, FURNITURE, FIXTURES & EQUIPMENT CONTRACT WITH RESOURCE DESIGN INTERIORS "RDI" FOR ADDITIONAL FURNITURE AND FURNITURE RELATED ITEMS

EXECUTIVE SUMMARY

After moving into the new Town Hall, Staff has requested that minor changes and additions be made to their individual office spaces and work areas. To be able to provide these additions and changes a contract change order will need to be approved by City Council. The proposed Contract Change Order would allow for the purchase of additional furniture and furniture enhancements items as requested by Staff.

FISCAL IMPACT

RDI's contract plus contingencies was approved in the amount of \$271,080.71. The current amount spent to date under the contract is \$270,712.38 leaving a balance of \$368.33. The total amount requested for Contract Change Order is \$10,282.45. If approved by City Council, RDI's revised contract amount would become \$281,363.16. In earlier sessions with City Council when reviewing the FF&E Package prior to going to bid, the City Council approved a budget for Phase V FF&E in the amount of \$325,000. With the addition of Contract Change Order, the total Phase V cost for the FF&E's would still be well below the budgeted amount by approximately \$45,000.

BACKGROUND

Council awarded RDI the Phase V FF&E Construction Contract at the February 14th, 2018 City Council meeting. At that the time of award, Council also authorized the City Manager to review

and process potential changes under the construction contingency established for RDI's contract. The construction contingency was utilized for necessary changes, upgrades and additions to the furniture selection, which were presented and approved by the City Council at the April 11, 2018 meeting. At that time, Council approved upgrades to furniture types and finishes, (fabric, color and textures) for the furniture that was installed at the new Town Hall Facility, which were within the construction contingency. The request for the additional items captured under the Contract Change Order will exceed the construction contingency thus requiring Council to approve increasing the contract amount.

ANALYSIS

Town and Staff have occupied the building now for approximately 6 weeks. During this time Staff was asked to evaluate office conditions and present any additional items they believe necessary to fulfill their duties within their office setting.

The City Manager evaluated the various requests and determined which items were necessary.

The total list of additional furniture and furniture enhancements are generally as follows - please see Attachment C for a detailed list:

- ADA Modification Kit to 1 Picnic Table
- 1 Additional 3 shelf book case unit
- Riser unit for 2 flat file storage units; units themselves were existing and relocated from the old building to new
- Drilling and install of grommets at staff desks (11 total)
- Modesty/privacy panels at staff desks (11 total)
- Leg risers for 1 Credenza currently located in the large conference room
- Additional credenza/work table for the Town mail machine
- Additional work desk for Finance file storage room

COUNCIL ADOPTED VALUES

In the City Council's adopted values, the review and selection process for the Town Hall furniture procurement is a **Responsible** approach ensuring the public and Town Staff that the purchase of the various furniture products and furniture enhancements meet the needs of those who visit and work within the facility.

ALTERNATIVES

Should the Council not adopt the resolution, Staff will need to re-evaluate the requests and determine whether other options may need to be explored for procuring/purchasing the necessary changes to the FF&E at the new Town Hall facility.

CONCLUSION

Staff recommends that the City Council adopt the resolution authorizing the City Manager to execute a Contract Change Order for additional FF&E purchases as part of the Phase V, FF&E Contract.

ATTACHMENTS

- A. Resolution
- B. RDI Proposal No. 28316



RESOLUTION NO. 2018-__
OF THE CITY COUNCIL OF THE TOWN OF COLMA

**RESOLUTION AUTHORIZING A CHANGE ORDER FOR THE TOWN HALL ADDITION
AND RENOVATION PROJECT, PHASE V, FURNITURE, FIXTURES & EQUIPMENT
CONTRACT WITH RESOURCE DESIGN INTERIORS "RDI" FOR ADDITIONAL
FURNITURE AND FURNITURE RELATED ITEMS**

The City Council of the Town of Colma does hereby resolve:

1. Background.

- (a) On February 14, 2018, the City Council awarded a construction contract to RDI for the Phase V Furniture, Fixtures, and Equipment project for the Colma Town Hall Renovation Project.
- (b) Pursuant to Resolution No. 2018-06 making that award, the Town controlled a fifteen percent (15%) construction contingency in the amount of \$35,358 to be used in the event of unforeseen conditions and certain allowance items is established for Phase V.
- (c) Overall, the contract was competitively bid in accordance with the Town's Purchasing Ordinance and the Public Contract Code and the City Council was legally authorized to award the contract to Farallon Company, Inc.
- (d) Due to additional new and unforeseen work, staff is now asking the City Council to authorize a change order in the amount of \$10,282.45.
- (e) Pursuant to the existing competitively bid construction contract, change orders are allowed and would be subject to all of the General Conditions in the construction contract.

2. Order.

- (a) The City Council hereby authorizes a change order to the construction contract with RDI for the Phase V Furniture, Fixtures, and Equipment project for the Colma Town Hall Renovation Project in the amount of \$10,282.45.

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Certification of Adoption

I certify that the foregoing Resolution No. 2018-__ was duly adopted at a regular meeting of said City Council held on October 24, 2018 by the following vote:

Name	Counted toward Quorum			Not Counted toward Quorum	
	Aye	No	Abstain	Present, Recused	Absent
Raquel Gonzalez, Mayor					
Joanne del Rosario					
John Irish Goodwin					
Diana Colvin					
Helen Fisicaro					
Voting Tally					

Dated _____

Raquel Gonzalez, Mayor

Attest: _____
Caitlin Corley, City Clerk



Proposal

rdi | RESOURCE DESIGN
INTERIORS
747 FRONT STREET
SUITE 100
SAN FRANCISCO, CA 94111
Phone: 415.777.0202
Fax: 415.777.0941

Proposal Number	28316
Date	10/17/2018
Customer PO No	
Customer Name	TOWN OF COLMA
Salesperson	MELISSA ALBRITTON
Project Number	
Terms	50% DEPOSIT NET 10
Page	1 of 4

T COLMA TOWN HALL CAMPUS
O 1198 EL CAMINO REAL
COLMA, CA 94014

ATTN: MAHAN BOZORGINIA
Phone: 650-757-8894
mahan.bozorginia@colma.ca.gov

S COLMA TOWN HALL CAMPUS
H 1198 EL CAMINO REAL
I COLMA, CA 94014
P

T ATTN: MAHAN BOZORGINIA
O Phone: 650-757-8894
mahan.bozorginia@colma.ca.gov

Prepared for : MELISSA ALBRITTON

USER REQUESTS

Line	Quantity	Catalog Number/Description	Unit Price	Extended Amount
1	1.00 Each	CAROUSEL 3 SEAT DINING HEIGHT ADA-COMPLIANT SURFACE MOUNT SUPPORT "RING/A" SUPPORT. INCLUDES TABLE MOUNTING HARDWARE PACK, SEAT HARDWARE PACK AND SURFACE MOUNT TABS. POWDERCOAT COLOR: SILVER	373.33	373.33
2	1.00 Each	CAROUSEL TABLE ADAPTER PLATE FOR 3 SEAT (ADA-ONLY), 5 OR 6 SEAT UNIT. INCLUDES ATTACHING HARDWARE POWDERCOAT COLOR: SILVER	100.00	100.00
3	2.00 Each	4977 HIGH BASE FOR 4996/4986 FLAT FILES RAISES FILES 20" OFF FLOOR BASE WITH ENCLOSED BACK AND SIDES, OPEN FRONT FINISH: PEPPER STONE	482.50	965.00
4	11.00 Each	TG3-93D 2" FLIP-TOP GROMMET SET, INCLUDES CAP & LINER DESERT SAND (93D)	4.67	51.37
5	1.00 Each	AHSM78--(CORE)-114 Modesty, half height suspended, 75-1/2Wx12H, for 78W worksurface OPTION: (CORE):Core Laminate OPTION: 114:LAM: Folkstone Grey Mark Line For: Tag TG: Level 0	143.64	143.64
6	10.00 Each	AHSM60--(CORE)-114 Modesty, half height suspended, 57-1/2Wx12H, for 60W worksurface OPTION: (CORE):Core Laminate OPTION: 114:LAM: Folkstone Grey Mark Line For: Tag TG: Level 1	132.62	1,326.20
7	1.00 Each	C4B3936--S-S-114~~~ Calibre Bookcase, 3-high, 36Wx14-7/8Dx39H, two shelves OPTION: S:TOP: Steel OPTION: S:SHELVES: Steel OPTION: 114:PAINT: Folkstone Grey	368.15	368.15



Proposal
 rdi | RESOURCE DESIGN
 INTERIORS
 747 FRONT STREET
 SUITE 100
 SAN FRANCISCO, CA 94111
 Phone: 415.777.0202
 Fax: 415.777.0941

Proposal Number	28316
Date	10/17/2018
Customer PO No	
Customer Name	TOWN OF COLMA
Salesperson	MELISSA ALBRITTON
Project Number	
Terms	50% DEPOSIT NET 10
Page	2 of 4

		OPTION: ~:no top finish necessary OPTION: ~:no edge finish necessary Mark Line For: Tag TG: BK1		
8	2.00 Each	WCWKIT05 Counterweight Kit 05 Mark Line For: Tag TG: ST-10	68.67	137.34
9	1.00 Each	WAFC04P--613T Foot Kit, Corner, Painted (pkg of 4) OPTION: 613T:FOOT: Silver (Textured) Mark Line For: Tag TG: ST-10	35.91	35.91
10	1.00 Each	WAFT02P--613T Foot Kit, T, Painted (pkg of 2) OPTION: 613T:FOOT: Silver (Textured) Mark Line For: Tag TG: ST-10	23.94	23.94
11	1.00 Each	CUSTOM PRINTER CABINET SPECIAL DEPTH AND HEIGHT LANDMARK SERIES STORAGE CREDENZA WITH PANEL LEGS 30"D X 70"W X 28"H. INCLUDES TWO PAIR OF INSET HINGED DOORS; TWO ADJUSTABLE SHELVES; AND 1-1/4" HIGH TOE KICK. DOORS HAVE SELF CLOSING/ SOFT CLOSE HINGES AND PULL-2 STAINLESS STEEL BAR PULLS. 1-1/4" THICK CONSTRUCTION WITH FORMICA #927-58 COLORCORE2 FOLKSTONE LAMINTE AND SELF-EDGE DETAIL. FINISHED BACK EXTERIOR.	1,877.37	1,877.37
12	1.00 Each	LABOR PRICE TO RECEIVE, DELIVER AND INSTALL ON ST 2EA FLAT FILE STANDS (TO BE INSTALLED UNDER EXISTING FILES ON SITE) 11EA MODESTY PANELS TO BE INSTALLED ON EXISTING HAT DESKS 1EA 3 HI BOOKCASE. INCLUDES RECEIVE AND DELIVER OF NEW LEGS TO INSTALL ON EXISTING CREDENZA TO RAISE 3". INCLUDES MODIFICATION OF EXISTING 4 SEAT PATIO TABLE INTO A 3 SEAT TABLE. (1) HAT WITH CASTERS * INCLUDES 10EA 2" GROMMET CUTS. * INCLUDES WILL CALL FROM ACTION LAMINATES, DELIVER TO SITE AND PLACE 1EA PRINTER CABINET. * BASED ON (1) TRIP TO JOB SITE.	2,490.00	2,490.00
13	1.00 Each	FRT LANDSCAPE	266.67	266.67
14	1.00	FRT	33.33	33.33



Proposal
 rdi | RESOURCE DESIGN
 INTERIORS
 747 FRONT STREET
 SUITE 100
 SAN FRANCISCO, CA 94111
 Phone: 415.777.0202
 Fax: 415.777.0941

Proposal Number	28316
Date	10/17/2018
Customer PO No	
Customer Name	TOWN OF COLMA
Salesperson	MELISSA ALBRITTON
Project Number	
Terms	50% DEPOSIT NET 10
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	Each	SAFCO		
15	1.00 Each	FRT MOCKETT	10.00	10.00
16	6.00 Hours	PROJECT MANAGEMENT	90.00	540.00
18	1.00 Each	D1R4824N--(CORE)-122-(CORE)-114 Worksurface, Rectangular, 48Wx24D, no grommet OPTION: (CORE):Core Laminates OPTION: 122:LAM: Brushed Sand OPTION: (CORE):Core Edgebands OPTION: 114:EDGE: Folkstone Grey Mark Line For: RM 131A	101.75	101.75
19	1.00 Each	KHATCAS k. stand Caster Kit for Standard and Extended Electric, set of 4 (2 locking / 2 non-locking) Mark Line For: RM 131A	26.78	26.78
20	1.00 Each	KHATBCEA24GS--(58)-(1)-G k. stand Height Adjustable Table Base, C-Leg, Standard Electric, Adjustable Width Base, with glides, with standard switch (for use with 47W to 96W x 23D to 24D nominal top) OPTION: (58):58 Wide OPTION: (1):Desk Height (29H) OPTION: G:PAINT: Grey Mark Line For: RM 131A	627.80	627.80

Order Sub-Total :			\$9,498.58
COLMA-CALIFORNIA-94014-SAN MATEO CO-0.0875% SALES TAX :			783.87
TOTAL ORDER :			\$10,282.45

Pricing quoted is good for 30 days.

A finance charge of 1-1/2% per month which is an annual percentage rate of 18% will be charged on overdue invoices.

Acceptance of attached Terms and Conditions and order placement:

Signature: _____ Title: _____ Date: _____



Proposal
rdi | RESOURCE DESIGN
INTERIORS
747 FRONT STREET
SUITE 100
SAN FRANCISCO, CA 94111
Phone: 415.777.0202
Fax: 415.777.0941

Proposal Number	28316
Date	10/17/2018
Customer PO No	
Customer Name	TOWN OF COLMA
Salesperson	MELISSA ALBRITTON
Project Number	
Terms	50% DEPOSIT NET 10
Page	4 of 4

Terms and Conditions

Purchase and Sale

1. All prices quoted shall remain valid for 30 days. Acceptance of the Seller's written quotation shall be evidenced by delivery of Buyer's written confirmation or written purchase order incorporating all of the provisions of Seller's quotation and these Terms and Conditions.
2. A deposit of 50% of the invoice price of all goods and services may be required as a condition of order. The Seller shall render its invoice for balance due upon delivery and installation of the goods.
3. Contract prices do not include freight charges unless expressly stated. All such charges will be added to invoices.
4. Prices are subject to applicable federal, state and local taxes. Buyers who are exempt from taxes shall provide the seller with copies of exemption certificates upon acceptance of this proposal.
5. Balance of the purchase price is due according to the terms stated on the Invoice. Any invoiced amounts that are not paid when due shall bear a monthly service charge of 1.5% of the overdue amount (or an annual rate of 18%) until paid in full.

Delivery and Installation

1. If requested by Buyer, delivery and installation at the job site will be provided so long as the site provides safe access and is free of obstacles to the proper installation of goods. Should installation require electric current, heat, lighting, hoisting, and or elevator, service shall be furnished without charge to Seller. Buyer shall cause to be provided adequate facilities for off-loading, staging, moving and handling of merchandise. Permits and licenses are the responsibility of the Buyer.
2. Delivery and installation shall be made during normal working hours. Additional labor costs resulting from overtime work performed at Buyer's request shall be paid for by Buyer.
3. Delivery times are predicated on factory scheduling. Times are subject to factory delays, transit time, strikes, etc. which are beyond Seller's control.
4. Partial deliveries are to be paid upon presentation of invoice covering each partial shipment.

Cancellation and Change

1. Any modification to an accepted order must be mutually agreeable and are subject to the manufacturer's and Seller's approval. Changes must be made via revised purchase order, change order or signed and dated revised quotation.
2. CONTRACT MERCHANDISE IS NOT RETURNABLE. Stock merchandise may be accepted for return based on manufacturer's policy. Items accepted for return may be subject to a 25% restocking charge plus freight charges.
3. If delivery or installation is delayed at the request of Buyer, payment shall be due upon the date Seller is prepared to make delivery or accomplish installation. Further, if delivery or installation is delayed at the request of Buyer, Buyer shall pay any storage fees and freight and handling charges incurred by the Seller or, if said goods are stored by Seller, Buyer shall pay a reasonable storage charge.

Warranties and Claims

1. Unless otherwise specified, all furniture is warranted by Seller to be free from defects in materials and workmanship for the period of time each manufacturer provides on its product from date of delivery. Manufacturer's warranties will apply with any charge for labor at the prevailing rates. It is expressly agreed that this warranty is in place and in lieu of all warranties of fitness and merchantability. All used or rental return merchandise is sold on an "as is" basis.
2. All claims for shortage, damages or mis-shipped merchandise must be made in writing within five (5) days after the receiving date. In case of drop shipments where product is delivered without installation, Buyer will be responsible to file necessary freight claims in the event of damage.

Miscellaneous

1. If any part of these Terms and Conditions is held by a court or tribunal of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired in any way.
2. This agreement and all the rights and obligations of the parties shall be governed by the laws of the State of California. If Seller retains an attorney to enforce its rights under this agreement, Buyer agrees to pay reasonable attorneys fees and court costs.
3. The Seller retains a security interest in the merchandise until it is fully paid. Buyer assumes all risk of loss of delivered product and shall not be released from any obligations under this agreement due to product loss, damage, or disrepair following delivery and acceptance. Buyer will provide information necessary for preparation of, and will execute one or more Financing Statements upon request of Seller.



STAFF REPORT

TO: Mayor and Members of the City Council
FROM: Pak Lin, Administrative Services Director
VIA: Brian Dossey, City Manager
MEETING DATE: October 24, 2018
SUBJECT: Investment Policy Update

RECOMMENDATION

Staff recommends that the City Council adopt:

RESOLUTION AMENDING SUBCHAPTER 4.02 OF THE COLMA ADMINISTRATIVE CODE,
RELATING TO THE TOWN'S INVESTMENT POLICY

EXECUTIVE SUMMARY

The current investment policy was last revised in 2016. The best practice is to review the policy annually and if amendments are recommended they should be adopted by an action of the City Council. Staff reviewed the Town's investment policy and found that the current policy is more conservative and restrictive than California Government Code. The attached investment policy continues to maintain the more restrictive investment strategy with minor corrections and updates to the language.

FISCAL IMPACT

Adoption of the policy does not directly impact the finances of the Town.

ANALYSIS

The Investment Policy defines the types of investments that are authorized for Town monies. California Government Code Section 53600-53609 documents permissible and prohibited investments. Investment limits minimize investment risk and ensure investment diversification.

Currently, the Town's investments are held in San Mateo County Investment Pool (SMIP, County Pool) and the State Treasurer Local Agency Investment Fund (LAIF). The Government Code does not establish depository limits for deposits into the County Pool and LAIF.

Although the regulatory limit on investment types is not applicable to the Town at this time, a robust investment policy will safeguard the Town's future investment practices. In reviewing the current investment policy, the City Attorney found the following investment criteria to be more restrictive than required by the Government Code:

Investment Types	Town's Policy	State Limit
Bankers' Acceptances	20% of portfolio	40% of portfolio
Commercial Paper	15% of portfolio	25% of portfolio
Negotiable Certificates of Deposit	20% of portfolio	30% of portfolio

The proposed investment policy includes minor corrections and updates to comply with recent minor updates in the law. There are no proposed changes to increase the Town's investment limit for the above investment types to the State Required limits. Bankers' Acceptances and Commercial Paper are generally more risky. Negotiable Certificates of Deposit, depending on the investment firm, may have higher fees due to the \$250,000 limit per security requirement.

Reasons For the Recommended Action

This will keep the Investment Policy consistent with current standards and operating practices.

COUNCIL ADOPTED VALUES

The Staff recommendation is consistent with the Council adopted values of:

- *Responsibility:* Making decisions after prudent consideration of their financial impact, taking into account the long-term financial needs of the agency, especially its financial stability.
- *Fairness:* Support the public's right to know and promote meaningful public involvement.

CONCLUSION

Staff is requesting that the City Council adopt the Resolution.

ATTACHMENT

- A. Resolution

**RESOLUTION NO. 2018-##
OF THE CITY COUNCIL OF THE TOWN OF COLMA**

**RESOLUTION AMENDING SUBCHAPTER 4.02 OF THE COLMA ADMINISTRATIVE CODE,
RELATING TO THE TOWN'S INVESTMENT POLICY**

The City Council of the Town of Colma does resolve as follows.

1. Background

- (a) Within the current Town of Colma Administrative Code is an Investment Policy last updated November 9, 2016 by action of the City Council;
- (b) It is prudent for the City Council to annually review the Investment Policy for any potential changes as well as the annual delegation of the authority to place investments with the City Treasurer;
- (c) A comprehensive update of the current investment policy will result in the adoption and restatement of the Investment Policy in subchapter 4.02.
- (d) California Government Code (CGC) 53607 provides that the delegation of the Treasurer and appointed Deputy Treasurer, shall be for no more than a one-year period.

2. Findings

- (a) *Confirmation of Delegation Of Authority To Invest.* As provided for in CGC Section 53607 the City Council delegates the authority to invest funds of the Town to the Treasurer and/or any duly appointed Deputy Treasurer for a one year period, to be reconfirmed with each annual review of the Investment policy, unless said delegation is revoked.

ARTICLE 1. CAC SECTION 4.02 AMENDED.

Subchapter 4.02 is hereby amended in its entirety to read as follows:

CHAPTER FOUR: ORGANIZATION, FUNCTIONS AND GENERAL PROVISIONS

SUBCHAPTER 4.02: Investment Policy

Division 1: General Principles

4.02.010 Policy Statement and Purpose

It is the policy of the Town of Colma to invest public funds in a manner which will provide safety, liquidity and yield through a diversified investment portfolio suitable for management by the Town Staff. At all times the policy shall adhere to daily cash flow requirements and conforming to all State statutes (California Government Code (California Government Code) §53600, et seq.) governing the investment of public funds.

4.02.020 Scope

This Investment Policy applies to all invested financial assets of the Town of Colma, unless specifically exempted or covered by other investment criteria, such as in a bond or trust covenant or indenture. These funds are accounted for in the Town Annual Audited Financial Statements, and include the General Fund, Special Revenue Funds, Capital Project Funds, and Internal Service Funds.

Except for cash held in separate restricted funds, the Town will pool cash balances from all funds for investment in order to more effectively manage cash resources held by the Town. Investment income will be allocated to the Town's Funds based upon their respective cash balances and in accordance with Generally Accepted Accounting Principles (GAAP).

4.02.030 Objectives/Performance Standards

The overall program shall be designed and managed with a degree of professionalism worthy of the public trust. The primary objectives, in order of priority, of the Town's investment activities shall be:

- A) *Safety*: Safety of principal is the foremost objective of the investment program. The Town's investments shall be undertaken in a manner that seeks to safeguard the principal of the funds under its control by maintaining an appropriate risk level.
- B) *Liquidity*: The Town's investment portfolio will remain sufficiently liquid to enable the Town to meet its reasonably anticipated cash flow requirements.
- C) *Yield*: Yield should become a consideration only after the basic requirements of safety and liquidity have been met. The Town seeks to attain market average rate of return on its investments throughout economic cycles, consistent with constraints imposed by its safety objectives and cash flow considerations.
- D) *Diversification*: The investment portfolio will be diversified to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions. This shall also conform with applicable sections of the Government Code. To attain this objective, the Town will initially diversify its investments by investing funds with suitable public agency pools which can provide a variety of securities and financial institutions meeting this requirement for diversification.
- E) *Hold To Maturity*: The Town intends to hold its investments to maturity in order to maximize its return on its investments and minimize its exposure to potential losses resulting from temporary declines in the market values of its investments. However, if a decline in the market value of a security is deemed by Staff to be permanent, the security may be sold early to minimize the loss of principal. Although there may be opportunities to resell securities, this type of regular trading is not recommended.
- F) *Benchmark*: Based on a passive investment strategy and a portfolio consisting of primarily bank deposits and public agency investment pools, the Treasurer may use as a comparison yield benchmark portfolios of similar average investment maturity, e.g. 90 Day United States

Treasury Bill, 6 Month United States Treasury Bill, or the State Treasurer Local Agency Investment Fund (LAIF). In the event the Council authorizes investments in other securities as provided for in Section 4.02.070(A)(B), the Treasurer shall identify whether an alternative benchmark shall be presented to the City Council for approval.

Division 2: Operations

4.02.040 Delegation of Authority and Internal Controls

- A) As authorized in Government Code Section 53607, the City Council delegates the authority to invest funds of the Town to the Treasurer and/or any duly appointed Deputy Treasurer. The Treasurer and any duly appointed Deputy Town Treasurer shall make all investment decisions and transactions in accordance with State law and this investment policy. The City Manager is designated as the City Treasurer, in accordance with a Resolution adopted by the City Council. The City Treasurer has designated the Chief of Police and Administrative Services Director as Deputy Town Treasurer's for the purpose of carrying out investment transactions, at such times as the Treasurer is unavailable.
- B) Pursuant to California Government Code Section 53607, the delegation of the Treasurer and appointed Deputy Treasurer, shall be for a one-year period or until the delegation of authority is revoked or expires. In accordance with the law, the City Council may renew the authority each year as part of an annual review of this policy.
- C) The Treasurer shall oversee the implementation of internal controls to regulate investment and banking activities and establish procedures for the operation of the investment program.
- D) The Town recognizes that in a diversified portfolio, occasional measured losses may be inevitable and must be considered within the context of the overall portfolio's return and the cash flow requirements of the Town. Authorized individuals acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.
- E) The Town may choose to engage the services of one or more external investment managers to assist in the management of the Town's investment portfolio in a manner consistent with the Town's objectives. A separate approval action by the City Council shall be taken at a public meeting prior to the use of an external manager. Once approved said external manager may be granted discretion to purchase and sell investment securities in accordance with this investment policy. Such managers must be registered under the Investment Advisors Act of 1940, and operate in accordance with applicable laws and regulations.
- F) Periodically as deemed appropriate by the City Manager and/or the City Council an independent analysis by an external auditor shall be conducted to review internal controls, account activity

and compliance with policies and procedures.

4.02.050 Prudence

- A) Pursuant to California Government Code Section 53600.3, all persons authorized to make investment decisions on behalf of the City are trustees and therefore fiduciaries subject to the prudent investor standard: "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency." For local agency funds invested in the county treasury, the county treasurer serves as a fiduciary and is subject to the prudent investor standard.

4.02.060 Authorized and Suitable Investments

This policy restricts the Town to only invest in the security types below, which do not exceed the authorized investments found in California Government Code sections 53601 and 53651:

- A) **U. S. Government** United States Treasury Bills, Notes, and Bonds backed by the full faith and credit of the United States Government are pledged for the payment of principal and interest. There is no limitation as to the percentage of the portfolio that may be invested in this category. The maximum maturity of these securities is five years.
- B) **U.S. Government Sponsored Enterprise Debt (GSEs) (known as Agencies)** Obligations, participations, or other instruments of, or issued by, a federal agency or U. S. Government sponsored enterprise. Such agencies include but are not limited to: Federal National Mortgage Association (FNMA); Federal Home Loan Bank (FHLB); Government National Mortgage Association (GNMA); Community Development Corporation (CDC), Small Business Association (SBA), Tennessee Valley Authority (TVA) and Federal Home Loan Mortgage Corporation (FHLMC). The Town shall limit to no more than 20% of the portfolio that may be invested in this category. The maximum maturity for agency securities is five years.
- C) **Bankers' Acceptances (BAs)** Bankers' acceptances, otherwise known as bills of exchange or time drafts, that are drawn on and accepted by a commercial bank. Bankers' acceptances must be secured by the irrevocable primary obligation of the accepting domestic bank. Purchasers are limited to issuers whose short-term debt is rated "A-1" or higher, or the equivalent, by a Nationally Recognized Statistical - Rating Organization (NRSRO). Bankers' acceptances cannot exceed a maturity of 180 days. A maximum of 20 percent of the portfolio may be invested in this category. The amount invested in bankers' acceptances with any one financial institution in combination with any other debt from that financial institution shall not exceed 20 percent of the portfolio.
- D) **Commercial Paper** Unsecured promissory notes issued to finance short term credit needs. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):
- (1) The entity meets the following criteria: (i) Is organized and operating in the United States as a general corporation. (ii) Has total assets in excess of five hundred million dollars

(\$500,000,000). (iii) Has debt other than commercial paper, if any, that is rated [in a rating category of "A"](#) or [its equivalent or](#) higher by a nationally recognized statistical-rating organization.

(2) The entity meets the following criteria: (i) Is organized within the United States as a special purpose corporation, trust, or limited liability company. (ii) Has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond. (iii) Has commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical-rating organization.

Eligible commercial paper shall have a maximum maturity of 270 days or less and not represent more than 10 percent of the outstanding paper of an issuing corporation. A maximum of 15 percent of the portfolio may be invested in this category. The amount invested in commercial paper of any one issuer in combination with any other debt from that issuer shall not exceed 10 percent of the portfolio.

- E) **Negotiable Certificates of Deposit (NCDs)** Investments issued by a nationally or state chartered bank, a savings association or a federal association, a state or federal credit union, or by a state-licensed branch of a foreign bank. Allowable NCDs are issued by a nationally or state chartered bank or savings and loan association, or by a state licensed branch of a foreign bank. Negotiable certificates of deposit (NCDs) purchases are limited to institutions which have long-term debt rated "A" or better and/or have short-term debt rated at least "A-1" or higher, or the equivalent by a NRSRO. A maximum of 20 percent of the portfolio may be invested in this category. The amount invested in NCDs with any one financial institution in combination with any other debt from that financial institution shall not exceed 15 percent of the portfolio. The maximum maturity of these securities is five years.
- F) **Time Certificates of Deposit (TCDs)** Funds placed with commercial banks and savings and loans. The amount on deposit shall not exceed the shareholder's equity in the financial institution. To be eligible for purchase, the financial institution must have received a minimum overall satisfactory rating for meeting the credit needs of California Communities in its most recent evaluation, as provided Government Code Section 53635.2. TCDs are required to be collateralized as specified under Government Code Section 53630 et. seq. The Treasurer, at his discretion, may waive the collateralization requirements for any portion that is covered by federal (FDIC) insurance. The Town shall have a signed agreement with the depository per Government Code Section 53649. There is no limitation as to the percentage of the portfolio that may be invested in this category. The maximum maturity of these securities may not exceed five (5) years.
- G) **Local Agency Investment Fund (LAIF)** LAIF was created in the California State Treasury by California Government Code section 16429.1. LAIF holds local government funds in trust in a state investment pool in order to provide safety, liquidity and the benefits of the investment pool yield for local government entities invested in LAIF. The Town may invest up to the maximum as permitted by LAIF.
- H) **San Mateo County Investment Pool (SMCIP)** The San Mateo County Treasurer accepts voluntary deposits from agencies not mandated to utilize its treasury services. The

Fund may impose withdrawal and / or deposit limits, which will be considered as part of the overall Town portfolio.

- I) **Money Market Funds.** Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-I and following). The company shall have met either of the following criteria: (A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs. (B) Retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000). A maximum of 20 percent of the portfolio may be invested in this category with a maximum of 10 percent exposure to any one fund. For due diligence, the Treasurer shall maintain access to a copy of the current Prospectus for any mutual fund in which the Town has funds invested.
- J) **Medium Term Notes (MTNs)** Medium term notes as defined in California Government Code Section 53601(k) are unsecured, corporate and depository institution debt obligations. Allowable medium term notes must be issued by corporations organized and operating within the United States (U.S.) or by depository institutions licensed by the U.S. or any state and operating within the U.S. MTNs must be rated [in a rating category of "A" or its equivalent or](#) better by Moody's or Standard and Poor's. A maximum of 15 percent of the City's portfolio may be invested in this category and a maximum of 5 percent with any one issuer. The maximum maturity of these securities is five years.

4.020.70 Summary of Investment Parameters and Additional Limits

Investment Type	Portfolio Limits	Maximum Maturity
US Treasury Bills, Notes & Bonds	None	5 Years
US Government Sponsored Agencies*	No more than 20%	5 Years
Bankers Acceptances*	No more than 20%	180 Days
Commercial Paper*	No more than 15%	270 Days
Negotiable CD's*	No more than 20%	5 Years
Time Certificates of Deposit	None	5 Years
LAIF	Program limits max deposit to \$65 million	N/A
San Mateo County Investment Pool (SMCIP)	No Max- Minimum program deposit \$250,000	N/A
Money Market Funds*	No more than 20%	N/A
Medium Term Notes*	No more than 15%	5 Years

The investment types denoted with a "*" in the Table above, have further limitations under this policy as follows:

- A) Prior to investing in these types require a separate authorization by a majority of the City Council prior to the purchase.
- B) If authorized, the aggregate of these investment types shall not exceed 40% of the total portfolio.

4.02.080 Authorized Investments for Bond and Other Debt Proceeds

Bond and other debt proceeds shall be invested in securities permitted by the applicable financing documents. If the documents are silent as to the permitted investments, proceeds will be invested in securities permitted by this Policy. Notwithstanding the provisions of Policy, the percentage or dollar portfolio limitations listed in elsewhere in this Policy do not apply to proceeds from a debt issuance. In addition to the securities listed in Section 4.02.070 above, proceeds may be invested in structured investment products if approved by the Treasurer.

4.02.090 Unauthorized Investments

A) Any investment in a security not specifically listed as an Authorized and Suitable Investment above, but otherwise permitted by the Government Code, is prohibited without the prior approval of the City Council.

B) Section 53601.6 of the Government Code specifically disallows investments in ~~invoice~~[inverse](#) floaters, range notes, or interest- only strips that are derived from a pool of mortgages.

C) No direct investment shall be made in repurchase agreements, although it is recognized that they may be a component of a diversified professionally managed pool that is included in the portfolio.

D) As specified in California Government Code Section 53601, the investment of funds that mature in excess of five years are not generally allowed. Placement of such investments can only occur if the City Council expressly authorize the investment as part of a specific program; and the transaction cannot occur until three months have lapsed from the date of authorization is granted.

4.02.100 Safekeeping and Custody

If purchases of securities are authorized as described in section 4.02.070(A)(B), then all security transactions entered into by the Town shall be conducted on a delivery versus payment (DVP) basis as evidenced by safekeeping receipts in the Town's name. The investment securities of the Town shall be held by a third-party custodian according to established safekeeping procedures, as established by the Town Treasurer.

4.02.110 Ethics and Avoidance of Conflict of Interest

A) All participants in the investment process shall act as custodians of public funds. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of public trust.

B) In a diversified portfolio it must be recognized that occasional measured losses are inevitable, and must be considered in the context of the overall portfolio's investment return, provided that adequate diversification has been implemented.

C) Elected officials and employees of the Town involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment

program, or which could impair their ability to make impartial decisions under the Political Reform Act and Government Code Section 1090 et seq. Elected officials and employees shall disclose to the City Manager any material interests in financial institutions that conduct business with the Town, and they shall further disclose any personal investment position or financial asset that could be related to the performance of the Town's investment program.

D) Elected officials and employees shall subordinate their personal investment transactions to those of the Town particularly with regard to the time of purchases and sales.

E) Any firm proposing to provide any type of investment service to the Town shall acknowledge their familiarity with the provisions of the Political Reform Act, Government Code Section 81000 et seq. and the provisions limiting contractual conflicts of interest under Government Code Section 1090 et seq. Any firm proposing to provide any type of investment service to the City shall also acknowledge their familiarity with and agree to abide by any Federal or State law, regulation, rule or policy pertaining to or limiting campaign contributions by such firms, their employees, spouses or agents.

F) All persons, firms, broker/ dealers, financial institutions and advisors providing investment services or bond issue assistance shall disclose to the Treasurer all fee sharing, fee-splitting and commission arrangements with other entities or persons prior to the Town agreeing to buy an investment or issue bonds.

4.02.120 Authorized Financial Dealers and Institutions

If authorized to purchase securities as described in 4.02.070(A)(B), the Treasurer shall direct Staff to create and maintain a list of approved security broker/dealers selected for credit worthiness who are authorized to provide investment services in the State of California as authorized by California Government Code Section 53601.5. These may include primary dealers or such dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule) and that meet the standards used in evaluating broker/dealers and banks in the Town's Request for Information form. No public deposit shall be made except in a qualified public depository as established under State Statute.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must complete the Request for Information form, provide written certification of having read and agreed to abide by the Town's Investment Policy and depository contracts and provide the following information:

- Audited financial statements, proof of State registration and trading resolution.
- Proof of National Association of Securities Dealers (NASD) certification.

The Town Treasurer, or designees, shall consider the credit worthiness of institutions. The following guidelines are recommended:

- Institution to be located in California, with total assets of at least \$100 million.
- Net worth of at least 3% of assets and profitable in most recent financial statement.

- Foreclosure/delinquencies at or below 2% of assets and in business for 5 years.
- Meet federal regulatory capital requirements.

A competitive bid process will be used to place investment purchases based upon investment offerings provided by the Town's list of authorized investment brokers. An annual review of the financial condition and registrations of qualified bidders may be conducted by the Town Treasurer or designee. As part of any review performed, a current audited financial statement will be obtained for those financial institutions and brokers/dealers subject to review.

The first \$250,000 of any monies deposited with a bank or credit union must be guaranteed by the Federal Deposit Insurance Corporation (FDIC), the Federal Savings and Loan Insurance Corporation (FSLIC) or the National Credit Union Share Insurance Fund (NCUSIF). Banks, savings and loan associations, and credit unions must be able to collateralize any deposits over \$250,000 (see Section 4.02.150).

4.02.130 Collateralization

Bank Deposits: Under provisions of the Government Code, California banks and savings and loan associations are required to secure the Town's deposits by pledging government securities as collateral.

Certificates of Deposit (non-Negotiable): The City Treasurer, at his/her discretion may waive the collateral requirement for deposits up to the maximum dollar amount which are covered by the Federal Deposit Insurance Corporation.

Collateral pledged with a U. S. Treasury Bill or Note must be at least 110% of the face value of the investment. Collateral pledged with first mortgages must be at least 150% of the face value of the investment. The right of collateral substitution may be granted by the Town.

Collateral will always be held by an independent third party with whom the financial institution has a current custodial agreement. These parties are limited to only those trust companies and trust departments, or the Federal Home Loan Bank of San Francisco, which have been approved by the California State Superintendent of Banks. [California Government Code Section 53656(b)]

4.02.140 Review and Reporting on Investments

The Treasurer shall prepare a report to the City Council not less than semi-annually which, will be made available each year within 60 days following December 31st and June 30th. The semi-annual report shall be presented at a subsequent regularly scheduled City Council Meeting. The report shall inclusive a monthly listing of investment transactions. At a minimum the report shall include the following information based on the type of investments held in the portfolio:

- A) Report Contents when Portfolio is Limited to Bank and Public Agency Investment Pool Accounts:
 - a. Report the beginning and ending balance by quarter;
 - b. Provide a separate breakdown of the quarterly balance based on the Investment Pool (LAIF, SMCIF, etc).

- c. Provide net Deposits and Withdrawals for the period
- d. Identify total interest for the quarter.
- e. Provide the interest rates earned including a cumulative weighted average.

B) Additional Report Contents When Portfolio Includes Securities Authorized Under Section 4.02.070 of this Policy:

- a. Type of Investment
- b. Issuer
- c. Purchase Date
- d. Date of Maturity (Call Date if Applicable)
- e. Par and dollar amount invested
- f. Effective interest rate
- g. Current Market Value as of the date of the report
- h. A list of investment transactions.
- i. A statement of compliance with the investment policy
- j. Portfolio earnings rate.

The report shall state compliance of the portfolio with the Town's investment policy, or the manner in which the portfolio is not in compliance.

The report shall include a statement denoting the ability of the Town to meet its expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

4.02.150 Policy History and Annual Review

This policy and procedure amends and restates Section 4.02 of the Administrative Code previously adopted February 2014. This revised policy was adopted on November 9, 2016 by formal action of the City Council at its regular meeting via Resolution No. 16- ##. This policy is reviewed annually.

Division 3: Miscellaneous

4.02.160 Investment Policy Glossary

AGENCIES: Federal agency securities and/or Government-sponsored enterprises.

ASKED: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BASIS POINT: One basis point is one hundredth of one percent (.01%)

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the

average duration of the portfolio's investments.

BID: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

BOOK ENTRY: The system maintained by the Federal Reserve, by which most money market securities are delivered to an investor's custodial bank. The Federal Reserve maintains a computerized record of the ownership of these securities and records any changes in ownership corresponding to payments made over the Federal Reserve wire (delivery versus payment).

BOOK VALUE: The value at which a debt security is shown on the holder's balance sheet. Book value is acquisition cost less amortization of any premium or discount.

BROKER: A broker assists in the buying and selling of investments together for a commission.

CALLABLE BOND: A bond issue in which all or a part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions

CALL PRICE: The price at which an issuer may redeem a bond before maturity

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a Certificate. Large-denomination CDs are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMMERCIAL PAPER: Unsecured promissory notes issued to finance short term credit needs.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report for the Town. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value and (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DERIVATIVES: (1) Financial instruments whose return profile is linked to, or derived from, the

movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued [at](#) a discount and redeemed at maturity for full face value, *e.g.*, U.S. Treasury Bills.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, *e.g.*, banks, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, up to \$250,000 per deposit.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks (currently 12 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC or Freddie Mac): United States government sponsored corporation.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FMHA mortgages. The term “pass-throughs” is often used to describe Ginnie Maes.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL AGENCY INVESTMENT POOL (LAIF): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold on a specific date.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party’s rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers’ acceptances, etc.) are issued and traded. Rule 2a-7 of the Investment Company Act applies to Money Market Funds, which mandates these funds to maintain certain standards, including a 13 month maturity limit and a 90 day average maturity on investments, to help maintain a constant net asset value of \$1.00.

NATIONAL ASSOCIATION OF SECURITIES DEALERS (NASD): A self-regulatory organization (SRO) of brokers and dealers in the over the counter securities business. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATIONS (NSROs): Credit rating agencies whose ratings are permitted to be used for regulatory purposes such as those imposed by the Securities and Exchange Commission.

NEGOTIABLE CERTIFICATE OF DEPOSIT (NCD): A large denomination certificate of deposit which can be sold in the open market prior to maturity.

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PORTFOLIO: Collection of securities held by an investor.

PREMIUM: The amount by which the price paid for a security exceeds the security's par value.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include the Securities and Exchange Commission (SEC), registered securities broker-dealers, banks, and a few unregulated firms.

PRINCIPAL: The face value or par value of a debt instrument, or the amount of capital invested in a given security.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity, on a bond it is the current income return.

REPURCHASE AGREEMENT (RP OR REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: When the Federal Reserve is said to be doing RP, it is lending money that is increasing bank reserves.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SETTLEMENT DATE: The date on which a trade is cleared by delivery of securities against funds.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, FHLB, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

WEIGHTED AVERAGE MATURITY (WAM): The average maturity of all the securities that comprise a portfolio that is typically expressed in days or years

YIELD (Yield to Maturity or Yield to Call): The rate of annual income return on an investment, expressed as a percentage. (a) income yield is obtained by dividing the current dollar income by the current market price for the security. (b) net yield or yield to maturity or call is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity or call of the bond.

YIELD CURVE: The yield on bonds, notes or bills of the same type and credit risk at a specific date for maturities up to thirty years.

ZERO COUPON SECURITY: A security that is issued at a discount and makes no periodic interest payments. The rate of return consists of a gradual accretion of the principal of the security and is payable at par upon maturity.

ARTICLE 2. SEVERABILITY.

Each of the provisions of this resolution is severable from all other provisions. If any article, section, subsection, paragraph, sentence, clause or phrase of this resolution is for any reason held by a court of competent jurisdiction to be invalid, such decision shall not affect the validity of the remaining portions of this ordinance.

ARTICLE 3. NOT A CEQA PROJECT.

The City Council finds that adoption of this resolution is not a "project," as defined in the California Environmental Quality Act because it does not have a potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment and concerns general policy and procedure making.

ARTICLE 4. EFFECTIVE DATE.

This resolution shall take effective immediately upon adoption.

Certification of Adoption

I certify that the foregoing Resolution No. 2018-## was duly adopted at a regular meeting of the City Council of the Town of Colma held on October 24, 2018, by the following vote:

Name	Counted toward Quorum			Not Counted toward Quorum	
	Aye	No	Abstain	Present, Recused	Absent
Raquel Gonzalez, Mayor					
Joanne del Rosario, Vice Mayor					
John Goodwin					
Diana Colvin					
Helen Fisicaro					
<i>Voting Tally</i>					

Dated _____

Raquel Gonzalez, Mayor

Attest: _____
Caitlin Corley, City Clerk



STAFF REPORT

TO: Mayor and Members of the City Council
 FROM: Kirk Stratton, Police Chief
 Brad Donohue, Public Works Director
 VIA: Brian Dossey, City Manager
 MEETING DATE: October 24, 2018
 SUBJECT: Amending Police Department Dispatch Furniture Budget (CIP #988)

RECOMMENDATION

Staff recommends that the City Council adopt:

RESOLUTION AMENDING THE 2018-2019 BUDGET TO INCREASE THE BUDGET FOR CAPITAL IMPROVEMENT PROJECT #988 FOR POLICE DEPARTMENT DISPATCH FURNITURE UPGRADES TO \$56,371 AND UTILIZE \$6,371 IN AVAILABLE RESERVE BALANCE IN THE CAPITAL IMPROVEMENT FUND (FUND 31).

EXECUTIVE SUMMARY

In the 2018-2019 Adopted Budget, City Council allocated \$50,000 for the purchase and installation of furniture and equipment for the Police Department Dispatch Center and Dispatch Supervisors Office.

Costs for the furniture and install of the communication equipment comes to \$51,244.75. Staff is also requesting that a 5% management fee be included along with a 5% contingency to be factored into the project budget. The total project cost would come to \$56,371.

FISCAL IMPACT

The City Council approved a budget in the amount of \$50,000 for the purchase and install of new dispatch furniture and equipment for the Police Dispatch Center (CIP #988). Original estimates did not include installation or an adequate contingency. Revised costs of the various furniture components, cost of installing the various communication components and project management, along with a project contingency, brings the total project cost to an estimated \$56,371. The project breakdown is as follows:

- WHITE LINE (DISPATCH OFFICE FURNITURE) \$ 48,321.44
- TELECOMMUNICATIONS ENGINEERING ASSOCIATE

(COMMUNICATIONS)	\$ 2,923.31
• 10% PROJECT MANAGEMENT & CONTINGENCY	<u>\$ 5,125.38</u>
Total Project cost	\$ 56,370.13

The projected shortfall of \$ 6,371 is proposed to come from Fund 31 (Capital Improvement Project) reserves.

BACKGROUND/ANALYSIS

The Police Department Dispatch Center and Communications Supervisor's office opened in 2005 and over the years it has received significant wear and tear. The Department is now requesting that the current Dispatch layout and configuration be upgraded to:

- Meet today's ergonomic office standards;
- Installation of large display features;
- Comfort controls, (forced air heater and filtered air);
- Installation of data ports for current and future use and
- New chairs that will adapt to the new dispatch furniture.

(Please refer to Attachment D & E, photo s of the old furniture system and new furniture system)

COUNCIL ADOPTED VALUES

Approval of the proposed resolution amending the CIP for the Police Department purchase and installation of the dispatch furniture is consistent with the City Council's value of being **Responsible**. This approval will allow the employees that perform their duties in the Dispatch Center to work in ergonomic and climate control comfort along with furniture that will meet the everyday tasks of a dispatcher.

ALTERNATIVE

The City Council could reject the recommendation to amend the budget for the purchase of the Dispatch Center furniture and request staff to work within the original funding allocation. This option is not recommended as it would allow for only part of the improvement and would leave the project incomplete and to be completed later.

CONCLUSION

Staff recommends that City Council adopt a Resolution amending the 2018-2019 Budget for the proposed Police Department Dispatch Furniture Upgrades.

ATTACHMENTS

- A. Resolution
- B. Quotes from White Line (Furniture)
- C. Quotes from Telecommunication Engineering Associates (Radio and Phone install/relocation)
- D. Photograph of Old Dispatch Furniture and equipment
- E. Rendering of New Dispatch Furniture and equipment



**RESOLUTION NO. 2018-##
OF THE CITY COUNCIL OF THE TOWN OF COLMA**

**RESOLUTION AMENDING THE 2018-2019 BUDGET TO INCREASE THE BUDGET FOR
CAPITAL IMPROVEMENT PROJECT #988 FOR POLICE DEPARTMENT DISPATCH
FURNITURE UPGRADES TO \$56,371 AND UTILIZE \$6,371 IN AVAILABLE RESERVE
BALANCE IN THE CAPITAL IMPROVEMENT FUND (FUND 31)**

The City Council of the Town of Colma does resolve as follows.

1. Background

- (a) The City Council adopted the 2018-2019 Budget pursuant to its adoption of Resolution No. 2018-27 on June 13, 2018
- (b) As part of the 2018-2019 Budget adoption, the City Council allocated \$50,000 for the purchase and installation of furniture and equipment for the Police Department Dispatch Center and Dispatch Supervisors Office
- (c) The City Manager recommends increasing the Police Department Dispatch Furniture Upgrades Project (988) Budget from \$50,000 to \$56,371 to account for installation and contingency cost.
- (d) The increased project cost of \$6,371 will be funded by available reserve balance in the Capital Improvement Project Fund (Fund 31).

2. Amendment to Budget and Order

- (a) The Fiscal Year 2018-2019 Budget is amended by increasing the Capital Improvement Project #988 to enable the Police Department Dispatch furniture upgrades for a new total of \$56,371 and utilize \$6,371 of available reserve balance in the Capital Improvement Fund (Fund 31).
- (b) The funds described in this amendment are hereby appropriated for the use shown in this Resolution.

ARTICLE 1. SEVERABILITY.

Each of the provisions of this resolution is severable from all other provisions. If any article, section, subsection, paragraph, sentence, clause or phrase of this resolution is for any reason held by a court of competent jurisdiction to be invalid, such decision shall not affect the validity of the remaining portions of this ordinance.

ARTICLE 2. NOT A CEQA PROJECT.

The City Council finds that adoption of this resolution is not a "project," as defined in the California Environmental Quality Act because it does not have a potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment and concerns general policy and procedure making.

ARTICLE 3. EFFECTIVE DATE.

This resolution shall take effective immediately upon adoption.

Certification of Adoption

I certify that the foregoing Resolution No. 2018-## was duly adopted at a regular meeting of the City Council of the Town of Colma held on October 24, 2018, by the following vote:

Name	Counted toward Quorum			Not Counted toward Quorum	
	Aye	No	Abstain	Present, Recused	Absent
Raquel Gonzalez, Mayor					
Joanne del Rosario, Vice Mayor					
John Goodwin					
Diana Colvin					
Helen Fisicaro					
<i>Voting Tally</i>					

Dated _____

Raquel Gonzalez, Mayor

Attest: _____
Caitlin Corley, City Clerk

Wright Line Quote for Colma Police Department

Customer Name: Amanda Velasquez
Address: 1199 El Camino Real
 Colma, CA 94014
Customer Phone: 650-997-8329
Email Address: Amanda.velasquez@colma.ca.gov

Lotus Quote No: Q74007_24630 Rev 2
Today's Date: 10/15/2018

Shipping Comments:
Billing Comments:
Installation Comments:
Transportation Comments:

WL Rep Name: Lora Matheney
WL Rep Address: 160 Gold Star Blvd.
 Worcester, MA 01606
WL Rep Phone: 415-203-8963
WL Rep Email: LoraMatheney@Eaton.com

Inside Delivery:
Floor No:
Elevators: None
Truck with Lift Gate:

Receiving Dock:
Remove Debris:
Union:

LN	Qty	Item No	Description (Colors/Comments)	Unit Price	G	Ext Price
Supervisor Office						
1	1	CWC42421	42 X 42 Corner Ws (24) Steel: N/A - Laminate: N/A	\$374.51	G	\$374.51
2	1	CWC48721	48 X 72 Right Corner Ws Steel: N/A - Laminate: N/A	\$457.73	G	\$457.73
3	2	CM42C	42" F Modesty Pnl Cnr Steel: N/A	\$43.73	G	\$87.46
4	1	CM48C	48" F Modesty Pnl Cnr Steel: N/A	\$53.60	G	\$53.60
5	1	CLH2429L	24" H-Leg 29" H-Upright Steel: N/A	\$126.95	G	\$126.95
6	1	CLLT2429	24" Shared Trans Leg 29" H Upright Steel: N/A	\$164.33	G	\$164.33
7	2	CLC29	29" H Corner Leg Steel: N/A	\$147.41	G	\$294.82
8	1	CLH2429R	24" H-Leg 29" H-Upright Steel: N/A	\$126.95	G	\$126.95
9	1	COU36	36" H Org Uprights Steel: N/A	\$157.28	G	\$157.28
10	1	COF7220C	72 X 20 Tack Board Pnl Cnr Steel: N/A - Fabric: N/A	\$130.48	G	\$130.48
11	1	CLCS72C	72" Oh Comp Shell Cnr Steel: N/A	\$330.08	G	\$330.08
12	1	CDC72C	72" Wood Cab Drs Cnr Steel: N/A - Laminate: N/A	\$286.35	G	\$286.35
13	1	C845	Box/Box/File Mobile Pedestal Steel: N/A	\$284.94	G	\$284.94
14	1	DDCLA01F2	2 High Double Door Storage Cabinet 30" Wide With 1 Adjustable Shelf Steel: N/A	\$311.74	G	\$311.74
15	1	2M72	30" Cabinet W/ Mod Drawers Opti: N/A - Opti: N/A	\$668.61	G	\$668.61
16	1	7930	36 X 19 Classic Opti Top <u>Laminate: N/A</u>	\$103.68	G	\$103.68
Supervisor Office						\$3,959.51
Installation						
1	1	999926G	W/L Gsa Install	\$1,150.00		\$1,150.00

SubTotal	\$5,109.51
Transportation	INCL
Installation	INCL
Tax	\$447.08
Total	\$5,556.59

Comments

CMAS Pricing terms and conditions apply
Freight/Delivery included in the installation cost

Notes

Government payment terms: Net 30
All products meet or exceed ANSI/BIFMA requirements and/or specifications

Terms

NET 30, pending credit approval.

Disclaimers

Installation, Tax and Transportation Charges, if provided, are estimates only

Accepted By

Prepared by Wright Line:

Date

Customer Signature

Wright Line Signature

10/15/2018

Customer Printed Name

- The foregoing constitutes a written order accepted by the customer and Wright Line for the purchase of the goods described. Terms and conditions which also apply to this purchase order appear on the Terms & Conditions of Sale form and Warranty provisions, which constitute material parts of this order.
- Proposal valid for 30 days, except during special promotions. Proposals with special promotions are valid for the term of the promotion only, but not to exceed 30 days.
- Buyer to provide color requirements on their Purchase Order. If buyer fails to identify color requirements on the Purchase Order, buyer accepts the colors identified on the sellers quote as the approved configuration, and the Sales Order acknowledgement.

Wright Line's remit-to address is:
Wright Line LLC
28204 Network PI
Chicago, IL 60673-1282

Federal Tax ID: 03-0471268
Duns#: 001438084
Cage Code: 81824

PO Submission:
Reference quote proposal num
and forward purchase order to
onlineordering@eaton.com

Wright Line Quote for Colma Police Department

Customer Name: Amanda Velasquez
Address: 1199 El Camino Real
 Colma, CA 94014
Customer Phone: 650-997-8329
Email Address: Amanda.velasquez@colma.ca.gov

Lotus Quote No: Q74007_24606 Rev 12
Today's Date: 10/15/2018

Ship Contact: Amanda Velasquez
Ship Phone: 6509978329
Shipping Comments:
Billing Comments:
Installation Comments:
Transportation Comments:

WL Rep Name: Lora Matheney
WL Rep Address: 160 Gold Star Blvd.
 Worcester, MA 01606
WL Rep Phone: 415-203-8963
WL Rep Email: LoraMatheney@Eaton.com

Inside Delivery:	No	Receiving Dock:	Yes
Floor No:		Remove Debris:	No
Elevators:	None	Union:	No
Truck with Lift Gate:	No		

LN	Qty	Item No	Description (Colors/Comments)	Unit Price	G	Ext Price
Dispatch Seats						
1	1	AWM55CP2D	Aware Console Med Justice	\$12,424.48	G	\$12,424.48
2	1	AWM552DCP	Aware Console Med Justice	\$12,424.48	G	\$12,424.48
3	1	PC3629S1	36" Core, Single Sided Steel: N/A	\$339.41	G	\$339.41
4	1	PCPD3620	Cpu Docker Steel: N/A	\$882.18	G	\$882.18
5	1	PRR36WS	36" Rotating Resource W/Ws Steel: N/A - Laminate: N/A	\$1,689.59	G	\$1,689.59
6	1	PDWT36S1	36" Wide Wall Top Trim, Ss Steel: N/A	\$97.94	G	\$97.94
7	2	PVETTC01	Vertical End Trim T1(12) W/Cable Port Steel: N/A	\$56.82	G	\$113.64
8	1	PDW3612S	36X12 Display Wall Ss Steel: N/A	\$437.35	G	\$437.35
9	1	PPWS36901	36X90 Penin Wks 30"D Conn Steel: N/A - Laminate: N/A	\$815.41		\$815.40
Dispatch Seats						\$29,224.47

Monitor Arms

1	4	KONWLC20B	20" Monitor Pole & Base Plate	\$151.30		\$605.20
2	2	KONWLK1B	Dynamic Hgt Adj Arm	\$227.80		\$455.60
3	2	KONWLK2B	Articulating Column Arm	\$151.30		\$302.60
4	1	KONWL9D	Fpd Arm-Sw Hght Adj Single Fpd Black, Centris Head	\$230.63	G	\$230.63
Monitor Arms						\$1,594.03

Power

1	2	17400077	72" Multi-Circuit Hardwire Starter For Daisylink System	\$34.00		\$68.00
2	4	17400079	96" Female/Female Interconnecting Cable For The 4 Wire 2 Circuit Dai	\$42.50		\$170.00
3	7	TOAVILUM41	Villa Under Mount Daisylink 4 Power	\$85.00		\$595.00
4	3	TOA42FF-72	Interconnect Cable 72' - Female/Female	\$52.70		\$158.10
5	4	EPBZ73	<u>Epd 12A 5-15P</u>	\$141.10		\$564.40
Power						\$1,555.50

Installation

1	1	999926	W/L Install		\$6,950.00	\$6,950.00
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SubTotal	\$39,324.00
Transportation	INCL
Installation	INCL
Tax	\$3,440.85
Total	\$42,764.85

Comments

CMAS Contract 4-16-71-0006C terms and conditions apply
Freight/Delivery included in installation

Notes

All products meet or exceed ANSI/BIFMA requirements and/or specifications

Terms

NET 30, pending credit approval.

Disclaimers

Installation, Tax and Transportation Charges, if provided, are estimates only

Accepted By

Prepared by Wright Line:

Date _____

Customer Signature

Wright Line Signature

10/15/2018

Customer Printed Name

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Chicago, IL 60673-1282

Federal Tax ID: 03-0471268

Duns#: 001438084
Cage Code: 81824

PO Submission:

Reference quote proposal number and forward purchase order to onlineordering@eaton.com



1160 Industrial Road, #15
San Carlos, CA 94070

Telephone: 650-596-1100
Facsimile: 650-367-7240
<http://www.tcomeng.com/>

ESTIMATE

Colma Police Department
1198 El Camino Real
Colma, CA 94014
Attn: Amanda Velasquez

<i>Quote#:</i> 20182427	<i>Prepared on:</i> 09/20/18
<i>Terms: Net 30 days</i>	<i>Valid until:</i> 06/30/19
<i>FOB: San Carlos, CA</i>	<i>Prepared by:</i> GGY/DDJ
	<i>Sales tax rate:</i> 8.75%

<i>Item</i>	<i>Price Each</i>	<i>Quantity</i>	<i>Price Total</i>	<i>*</i>	<i>Sales Tax</i>
Remove radio & phones from 2 operator positions Reinstall radio and phones into new Furniture Reuse existing Op Position cabling to equip room. See Note*					
Materials: Installation materials and upllies	\$105.00	1	\$105.00	*	\$9.19
Services: Systems engineer/project manager	\$155.00	1	\$155.00		
Systems Technician	\$125.00	20	\$2,500.00		
* Note: Reuse existing Op Position cabling to equipment room. PC and video extension cables are not included. Cabling work will be additional on a T&M basis.					

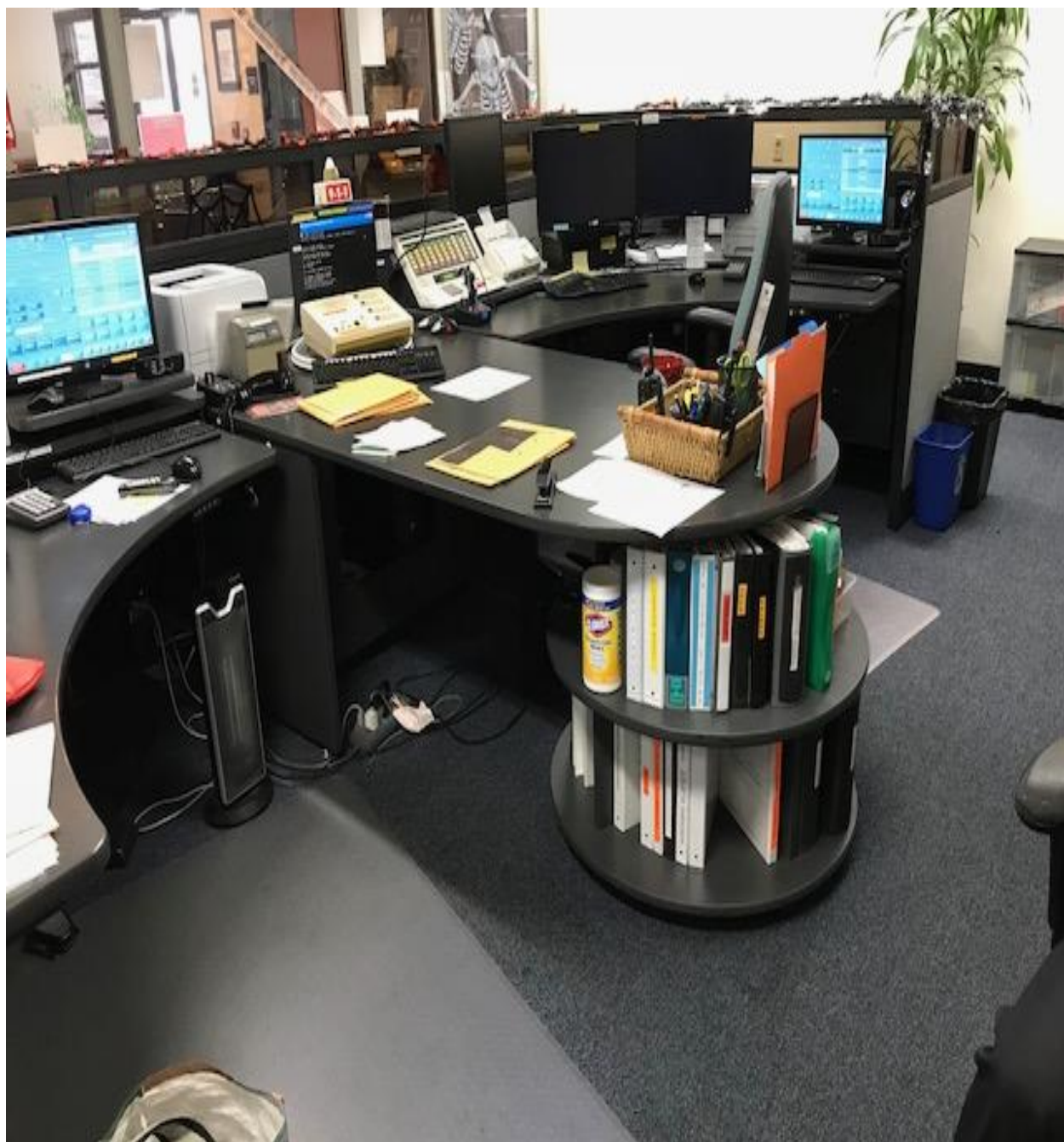
Subject to the terms of the TEA Billing & Fee Policy dated January 1, 2011

This is a cost estimate and not a firm, fixed-fee quotation.

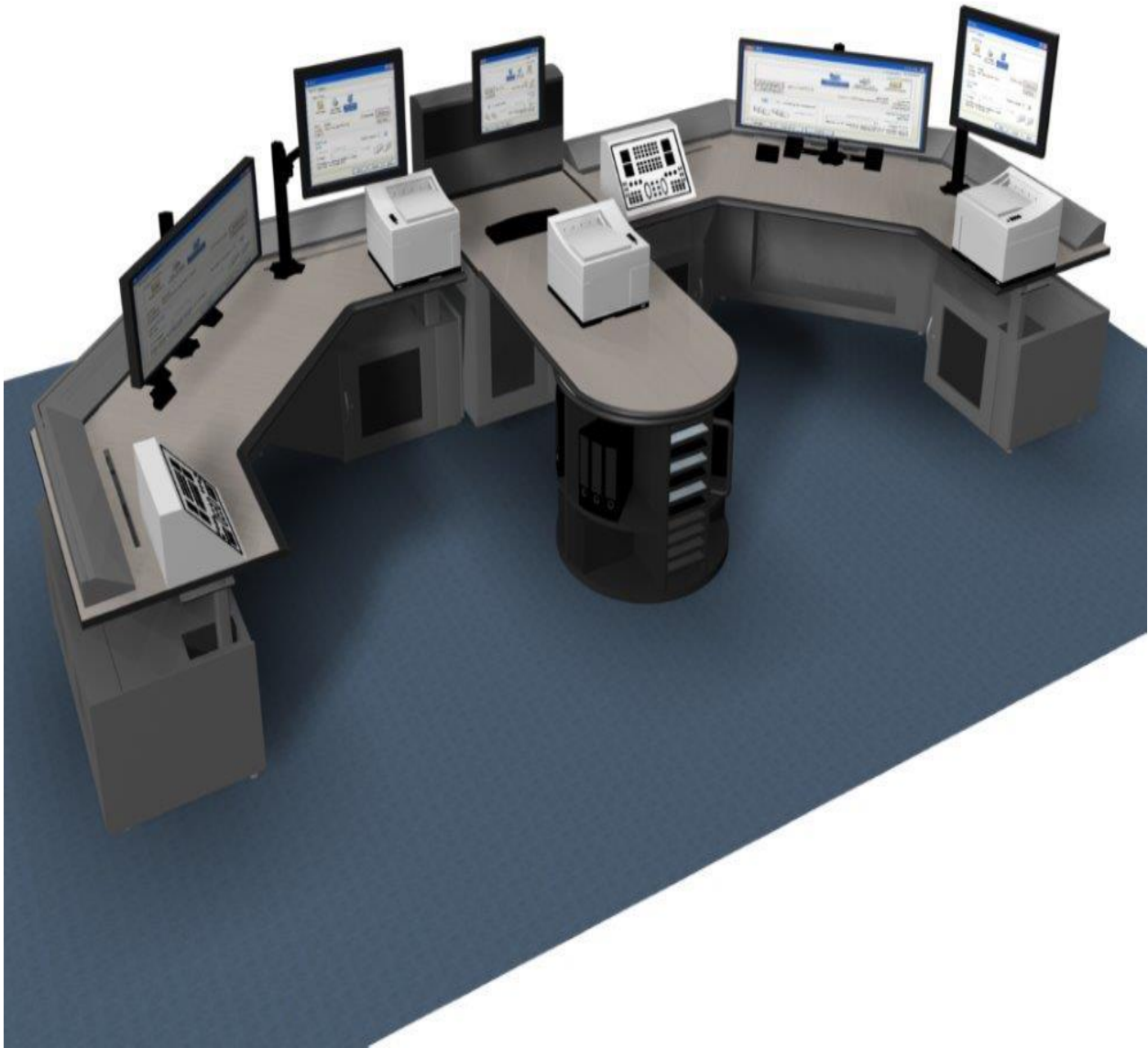
Sales tax applies to shipping and handling charge.

Sub-Total:	\$2,760.00
Sales Tax:	\$22.31
Shipping & Handling:	\$150.00
TOTAL:	\$2,932.31













STAFF REPORT

TO: Mayor and Members of the City Council
 FROM: Pak Lin, Administrative Services Director
 VIA: Brian Dossey, City Manager
 MEETING DATE: October 24, 2018
 SUBJECT: Reserve Policy Update

RECOMMENDATION

Staff recommends that the City Council adopts

RESOLUTION AMENDING COLMA ADMINISTRATIVE CODE SUBCHAPTER 4.01, RELATING TO THE RESERVE POLICY

EXECUTIVE SUMMARY

Staff recommends the Town's reserve policy be updated based on City Council's feedback during the study sessions on the Unfunded Liabilities Funding Strategy from the September 26th and October 10th Council meetings. The changes include the creation of an Accrued Leave Liability Reserve and adjustment to the Budget Stabilization Reserve calculation excluding annual contributions into OPEB, pension and accrued leave liability. For thoroughness and completeness, the General Fund Reserves are being expanded to Governmental Fund Reserves, and PARS Pension and OPEB Trusts are being added to the reserve policy.

FISCAL IMPACT

There are no immediate fiscal impacts in amending the reserve policy.

BACKGROUND

In October 2011, the City Council took action to establish various General Fund reserve categories, and created the policies by which each category would be funded. This reserve structure was meant to bring a portion of the Town's fiscal policies into compliance with recommendations regarding fund balances issued by the Governmental Accounting Standards Board (GASB) Statement 54. The proposed modification continues to comply with GASB 54 recommendations.

The initial Budget Stabilization Reserve was 133 percent of General Fund expenditures. On May 2014, the City Council approved the lowering of the requirement to 100 percent of General Fund expenditures to free up funds for capital projects.

ANALYSIS

In recent years, the Town's unfunded liabilities have begun to grow. As part of the unfunded liabilities studies, the City Council reviewed various funding options to address unfunded pension costs, OPEB costs, and accrued leave payouts upon employee separation. Part of the implementation of the Unfunded Liabilities Funding Strategy requires the Town's reserve policy to be updated. Below are a list of the changes to the reserve policy.

- The General Fund Reserve Policy has been renamed as Governmental Fund Reserve Policy. The Governmental Fund Reserves includes General Fund, Special Revenues Funds, Capital Funds and Fiduciary Funds. Pension and OPEB trusts are classified as Fiduciary Funds and must be maintained separately from the General Fund. To ensure the Town's reserve policy is thorough and complete, the name has been changed.
- "Restricted Fund Balance" is added to the definitions section and the format for "Total Reserve" is changed to be consistent with the other terms.
- "Restricted Fund Balance" is added to Section 4.01.150(c) to discuss the Pension and OPEB Trusts.
- A generic clause is added to "Restricted Fund Balance", "Committed Reserves", and "Assigned Reserves" to account of all non-General Fund Governmental Fund Accounts. This includes the Special Revenues Funds and Capital Funds.
- The "Retiree Healthcare Reserve" under Committed Reserves (former Section 4.01.150(c)) is removed because the Town is currently utilizing the OPEB Trust and does not need this reserve.
- "Budget Stabilization Reserve" is modified to reflect the City Council's decision in the Unfunded Liability Funding Strategy, where OPEB Trust, Pension Trust, and Accrued Leave Liability Reserves are part of the budget stabilization plan and the annual contribution to the trusts and the reserves will be excluded from the calculation.
- "Accrued Leave Reserve" is added to Section 4.01.150(d).
- Section 4.01.160 is added to discuss the use, transfer, and replenishment of restricted reserves
- Section 4.01.170 is updated to add "Accrued Leave Reserve" and on its use, transfer, and replenishment process.

CONCLUSION

The Town's Reserve Policy is being updated to reflect the City Council's feedback from the Unfunded Liabilities Funding Strategy study sessions. The changes proposed for the reserve policy will allow future expansion, such as capital and large equipment funding strategies.

ATTACHMENTS

- A. Resolution

**RESOLUTION NO. 2018-##
OF THE CITY COUNCIL OF THE TOWN OF COLMA**

**RESOLUTION AMENDING COLMA ADMINISTRATIVE CODE SUBCHAPTER 4.01,
RELATING TO THE RESERVE POLICY**

The City Council of the Town of Colma does resolve as follows.

1. Background

- (a) Within the current Town of Colma Administrative Code is an Budget and Reserve Policy last updated May 14, 2014 by action of the City Council;
 - (b) On October 12, 2018, the City Council reviewed and provided direction on funding options in addressing unfunded liabilities;
 - (c) The creation and maintenance of various reserves and restricted funds are part of the funding options discussed;
 - (d) A comprehensive update of the current reserve policy to reflect the City Council direction will result in the adoption and restatement of the Investment Policy in subchapter 4.01.
-

ARTICLE 1. CAC SECTION 4.01.020 AMENDED

The following definition, "Restricted Fund Balance" is hereby added in alphabetical order to Colma Administrative Code Section 4.01.020 as follows:

Restricted Fund Balance means the amount that are subject to externally enforceable legal restrictions imposed by outside parties (i.e. creditors, grantors, contributors) or that are imposed by law through constitutional provisions or enabling legislation.

ARTICLE 2. CAC DIVISION 3 AMENDED

Division 3: ~~General~~Governmental Fund Reserves

4.01.140 Purposes

The Town will establish and maintain reserve balances to:

- (a) Guard its citizens against service disruptions in the event of economic uncertainties, local disasters and other financial hardships;
- (b) Provide for fluctuations in revenues and expenditures while ensuring adequate cash flow;
- (c) Enable the Town to implement innovative opportunities for the betterment of the community; and

(d) Demonstrate continued credit worthiness to bond rating agencies and the financial community.

[History: Formerly § 1.09.140; Res 2011-40, 10/12/11; Res 2014-07, 2/13/14]

4.01.150 General Governmental Fund Reserve Policy

(a) The General Town's Governmental Fund shall contain reserves, which shall be classified as Nonspendable Fund Balance, Restricted Fund Balance, Committed Reserve, Assigned Reserve, or Unassigned Reserve. The Town shall maintain minimum reserve balances according to the requirements forth in this section.

(b) The Nonspendable Fund Balance shall be maintained in an amount as required by law and Generally Accepted Accounting Principles (GAAP).

(c) Restricted Fund Balance shall be maintained as follows:

- (1) The Other Post-Employment Benefit (OPEB) Trust must comply with IRC Code Section 115. The Trust Balance shall be restricted to pay or reimburse the Town for retiree medical and dental cost. The Trust shall be part of the budget stabilization strategy and may be utilize to offset rising OPEB costs as directed by the City Council. Trust Fund Balance must be maintained in a separate fund account from General Fund.
- (2) The Budget Stabilization Pension Trust, separate from the CalPERS pension trust, must comply with IRC Code Section 115. The Trust Balance shall be restricted to pay or reimburse the Town for pension contribution to CalPERS. Eligible pension payment/reimbursement shall include normal cost, unfunded liabilities, and supplemental contribution. Trust Fund Balance must be maintained in a separate fund account from General Fund.
- (3) The Town may have other restricted funds as required by law, contract, and GAAP.

(b)—

(e)(d) Committed Reserves shall be maintained as follows:

- (1) There shall be a Debt Reduction reserve, in an amount reasonably estimated to pay the Town's debt service (principal plus interest) on any outstanding, long-term debt instruments, including Certificates of Participation, for two years;
- (2) —There shall be a Retiree Healthcare Reserve, in an amount reasonably estimated to pay the Town's liabilities for retiree healthcare benefits for two years; and (Explanation: The Town, currently uses PARS OPEB Trust and make contribution based on most recent valuation report. This reserve is no longer in use.)

(2) There shall be a Budget Stabilization Reserve, in an amount sufficient to ensure continuity of operations in the event of a severe economic downturn, which amount is hereby determined to be one hundred percent (100%), rounded to the nearest \$100,000, of the General Fund expenditures for the prior fiscal year, excluding appropriations toward Accrued Leave Liability Reserve, OPEB contribution, and pension contribution.

(3) There shall be an Accrued Leave Reserve committed for vacation payout (and sick leave when related to retirement) when an employee separates from the Town. Amount committed will be determined as part of the budget process.

(3)(4) There may be other committed fund balances, as approved by the City Council, and shall be maintained in accordance to Council's direction.

(d)(e) Assigned Reserves shall be maintained as follows:

(1) There shall be a Litigation Reserve, in the amount of \$100,000, to pay the Town's costs and attorneys' fees necessary for the initiation or defense of new litigation authorized by the City Council after adoption of a budget for the fiscal year in which the litigation commenced; and

(2) There shall be an Insurance Reserve, in the amount of \$100,000, to pay for any deductibles charged to the Town by its insurance carrier(s) not accounted for in the adopted budget; and

(3) There shall be a Disaster Response and Recovery Reserve, in the amount of \$750,000, to pay the Town's costs of emergency repairs to or replacements of parts of the Town infrastructure damaged by any natural or man-made disaster, or to abate or prevent further damage to life or property; and

(4) There may be other assigned fund balances, as approved by the City Council, and shall be maintained in accordance to Council's direction.

(e)(f) The Unassigned Reserve shall consist of the balance of all amounts not otherwise expended, encumbered, or reserved.

[History: Formerly § 1.09.150; ORD. 503, 12/11/96; ORD. 533, 7/8/98; Res 2011-40, 10/12/11; Res 2014-07, 2/13/14; Res 2014-26, 5/14/14; Res 2018-xx, 10/26/18]

4.01.160 Use, Transfer and Replenishment of Restricted Reserves

(a) The use of all restricted funds must comply with legal stipulations applicable to the fund. Balances must be maintained separately and are not transferable.

(b) Pension and OPEB Trusts shall be replenished as documented in the Unfunded Liabilities Funding Strategies Report and as approved by the City Council as part of the budget process. Annual contributions to Pension and OPEB shall be net of payout during the year.

[History: Res 2018-xx, 10/26/18]

4.01.160170 Use, Transfer and Replenishment of Committed Reserves

(a) The use, transfer, and replenishment of committed reserves and fund balances require City Council approval as part of an open and public meeting.

~~(f) — No transfer shall be made from the Committed Reserves, e.g, the Debt Reduction Reserve, Employee Healthcare Reserve or the Budget Stabilization Reserve, without express approval of the City Council given at an open and public meeting.~~

(b) Committed Reserves~~Debt Reduction Reserve and Budget Stabilization Reserve~~ shall not be replenished without express approval of the City Council given at an open and public meeting.

(c) Accrued Leave Liability Reserve shall be replenished as documented in the Unfunded Liabilities Funding Strategies Report and as approved by the City Council as part of the budget process.

~~(g) —~~

[History: Formerly § 1.09.160; Res 2011-40, 10/12/11; Res 2014-07, 2/13/14; Res 2018-xx, 10/26/18]

ARTICLE 3. SEVERABILITY.

Each of the provisions of this resolution is severable from all other provisions. If any article, section, subsection, paragraph, sentence, clause or phrase of this resolution is for any reason held by a court of competent jurisdiction to be invalid, such decision shall not affect the validity of the remaining portions of this ordinance.

ARTICLE 4. NOT A CEQA PROJECT.

The City Council finds that adoption of this resolution is not a "project," as defined in the California Environmental Quality Act because it does not have a potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment and concerns general policy and procedure making.

ARTICLE 5. EFFECTIVE DATE.

This resolution shall take effect immediately upon adoption.

Certification of Adoption

I certify that the foregoing Resolution No. 2018-__ was duly adopted at a regular meeting of the City Council of the Town of Colma held on October 24, 2018, by the following vote:

Name	Counted toward Quorum			Not Counted toward Quorum	
	Aye	No	Abstain	Present, Recused	Absent

Raquel Gonzalez, Mayor					
Joanne del Rosario, Vice Mayor					
John Goodwin					
Diana Colvin					
Helen Fisicaro					
<i>Voting Tally</i>					

Dated _____

Raquel Gonzalez, Mayor

Attest: _____
Caitlin Corley, City Clerk





STAFF REPORT

TO: Mayor and Members of the City Council
 FROM: Pak Lin, Administrative Services Director
 VIA: Brian Dossey, City Manager
 MEETING DATE: October 24, 2018
 SUBJECT: Unfunded Liabilities Funding Strategy

RECOMMENDATION

Staff recommends that the City Council adopt the following:

MOTION APPROVING THE 2018 UNFUNDED LIABILITIES FUNDING STRATEGY

MOTION TO ADOPT A RESOLUTION AMENDING THE 2018-2019 BUDGET TO PAY A NOT TO EXCEED AMOUNT OF \$1.05 MILLION TO CALPERS, \$1.0 MILLION TO THE PARS PENSION TRUST, DESIGNATE \$650,000 IN THE ACCRUED LEAVE LIABILITY RESERVE, AND REDUCE THE BUDGET STABILIZATION RESERVE TO \$12.0 MILLION

EXECUTIVE SUMMARY

The attached 2018 Unfunded Liabilities Funding Strategy (Attachment B) reflects the financial plan to address the rising pension, OPEB, and accrued leave payout costs as determined by the City Council at study sessions held on September 26, 2018 and October 10, 2018. This financial plan is also part of the Town's Strategic Plan and was identified as a priority program in the 2017-2019 Strategic Plan. The 2018 Unfunded Liabilities Funding Strategy has elements that have a fiscal impact in 2018-19, as described below. It balances overall savings with an annual impact to the Town's budget.

FISCAL IMPACT

Implementation of the 2018 Unfunded Liabilities Funding Strategy will occur through the adoption of a resolution to reduce the Budget Stabilization Reserve from \$15.0 million to \$12.0 million, designate \$650,000 to the Accrued Leave Liability Reserve, transfer \$1.0 million to the PARS Pension Trust, and make a \$1.05 million payment to CalPERS. Given the fact that CalPERS records each year's investment earnings/losses like a separate credit card bill, Town Staff will work with CalPERS to select the most cost-effective "credit card bill" to eliminate and the final transfer will not exceed \$1,050,000. Town Staff will schedule this transfer in January 2019.

BACKGROUND

The Town held two study sessions on September 26, 2018 and October 10, 2018 to discuss funding strategies to address the Town's pension, OPEB, and accrued leave liabilities. Based on the most recent actuarial reports and analysis, the Town has \$26.2 million in unfunded liabilities:

Pension	\$10,199,600
Retiree Medical/Dental (OPEB)	\$14,038,976
Accrued Leave	\$1,951,242

ANALYSIS

The strategies include paying \$1.05 million to CalPERS as a supplemental contribution, transferring \$1.0 million to the PARS Pension Trust as budget stabilization, transferring \$650,000 into an Accrued Leave Liability Reserve as budget stabilization and reducing the \$15.0 million Budget Stabilization Reserve to \$12.0 million in 2018-19. Town Staff will work with CalPERS in making the \$1.05 million supplemental contribution.

The 2018 Unfunded Liability Funding Strategy also addresses the ongoing contribution for pension, OPEB, and accrued leave, where annual contributions will be part of the annual budget process and the contributions will be allocated to each department proportionately. Pension contribution will be budgeted at the 6.0 percent or 6.5 percent discount rate dependent on budget constraints, OPEB will be budgeted based on the most current valuation report, and accrued leave will be budgeted at \$61,000 annually.

The report also documents the funding goal for each liability.

- The goal for pension is to be fully funded (100 percent). As long as the Town continues to offer pension benefits, there is no risk of overfunding.
- The funding goal for OPEB is to reach 80 percent funding status because there is a risk of overfunding. The Town has instituted a Tier C for unrepresented and Tier D for represented employees where these employees will not be receiving retiree medical benefits in excess of the CalPERS PEMHCA (Public Employees' Medical & Hospital Care Act) minimum, which is currently at \$133 per month per employee. There is a risk where the OPEB Trust investment earnings will exceed the annual PEMHCA contribution resulting in a balance in the PARS OPEB Trust that the Town cannot utilize.
- The accrued leave liability goal is to meet minimum payout for all existing employees. This will require a biennial assessment of the accrued leave payout and calculation of the average minimum contribution necessary to maintain a positive reserve balance.

To ensure the Town will meet its long-term financial goal, an annual status update will be provided along with the annual audited report. Additionally, the funding strategies will be reassessed, and the funding schedule will be recalculated every two years with the most current data.

Council Adopted Values

The adoption of the 2018 Unfunded Liabilities Funding Strategy is in alignment with the Town's Responsibility and Vision attributes in the Town's Value-Based Code of Conduct.

Alternatives

The Council may direct Staff to make alterations to the funding strategies.

CONCLUSION

Staff recommends the City Council approve by motion the 2018 Unfunded Liabilities Funding Strategy and adopt the resolution amending the 2018-19 Budget.

ATTACHMENTS

- A. Resolution
- B. 2018 Unfunded Liabilities Funding Strategy



**RESOLUTION NO. 2018-##
OF THE CITY COUNCIL OF THE TOWN OF COLMA**

**RESOLUTION AMENDING THE 2018-2019 BUDGET TO PAY A NOT TO EXCEED AMOUNT
OF \$1.05 MILLION TO CALPERS, \$1.0 MILLION TO THE PARS PENSION TRUST,
DESIGNATE \$650,000 IN THE ACCRUED LEAVE LIABILITY RESERVE, AND REDUCE THE
BUDGET STABILIZATION RESERVE TO \$12.0 MILLION.**

The City Council of the Town of Colma does resolve as follows.

1. Background

- (a) The City Council adopted the 2018-2019 Budget pursuant to its adoption of Resolution No. 2018-27 on June 13, 2018
- (b) The City Manager recommends that the budget be amended as stated in this resolution and for the purposes stated in this resolution.
- (c) The Town of Colma offers guaranteed benefits at employees' retirement, which creates unfunded liabilities;
- (d) The City Council identified the Town's unfunded liabilities in its 2017-2019 Strategic Plan;
- (e) The City Council increased OPEB contributions in March 2018 to address a part of the Town's unfunded liabilities;
- (f) The City Council held two study sessions on September 26, 2018 and October 10, 2018 to discuss overall funding strategies, including alternatives recommended by the July 2018 Grand Jury Report on "Soaring Pension Costs," to address unfunded liabilities in pension, OPEB, and accrued leave benefits;
- (g) The approval of the 2018 Unfunded Liability Funding Strategy requires immediate actions in 2018-19 and therefore requires a budget amendment.

2. Amendment to Budget and Order

- (a) The City Council hereby amends the Fiscal Year 2018-19 Budget as follows:
 - Transfer of \$2.05 million from General Fund Reserve (Fund 12) to PARS Pension Trust (Fund 72) – \$1.05 million to CalPERS and \$1.0 million to PARS Trust;
 - Designate \$650,000 to Accrued Leave Liabilities Reserve (Fund 12); and
 - Reduce Budget Stabilization Reserve (Fund 12) from \$15.0 million to \$12.0 million; and
 - Transfer excess reserves back to Unassigned General Fund Reserve (Fund 11).
- (b) The City Manager is hereby authorized to execute the agreement to pay an amount not to exceed \$1,050,000 to CalPERS to reduce the Town's pension liabilities.

(c) The funds described in this amendment are hereby appropriated for the use shown in this Resolution.

ARTICLE 1. SEVERABILITY.

Each of the provisions of this resolution is severable from all other provisions. If any article, section, subsection, paragraph, sentence, clause or phrase of this resolution is for any reason held by a court of competent jurisdiction to be invalid, such decision shall not affect the validity of the remaining portions of this ordinance.

ARTICLE 2. NOT A CEQA PROJECT.

The City Council finds that adoption of this resolution is not a "project," as defined in the California Environmental Quality Act because it does not have a potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment and concerns general policy and procedure making.

ARTICLE 3. EFFECTIVE DATE.

This resolution shall take effective immediately upon adoption.

Certification of Adoption

I certify that the foregoing Resolution No. 2018-## was duly adopted at a regular meeting of the City Council of the Town of Colma held on October 24, 2018, by the following vote:

Name	Counted toward Quorum			Not Counted toward Quorum	
	Aye	No	Abstain	Present, Recused	Absent
Raquel Gonzalez, Mayor					
Joanne del Rosario, Vice Mayor					
John Goodwin					
Diana Colvin					
Helen Fisicaro					
<i>Voting Tally</i>					

Dated _____

Raquel Gonzalez, Mayor

Attest: _____
Caitlin Corley, City Clerk

Unfunded Liabilities Funding Strategy

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EXECUTIVE SUMMARY

The Town's unfunded liabilities have grown in recent years due to poor investment returns, longer benefit payment period, rising medical premium costs, and faster salary escalations. To curb unfunded liabilities, the Town reduced pension benefits for new hires in 2012, established designated reserves in 2014, and participated in an Internal Revenue Service (IRS) recognized Section 115 Trusts in 2015. The Town also conducted two study sessions to discuss the funding strategies to address the three primary unfunded liabilities: pension costs, Other Post-Employment Benefit (OPEB) costs, and accrued leave payouts when an employee retires from the Town. Based on the most recent valuation reports and internal analysis, the total unfunded liability as of June 30, 2018 is \$26,189,818.

Benefits	Source	Amount
Pension	CalPERS Valuation Report as of June 30, 2017	\$10,199,600
Retiree Medical/Dental (OPEB)	GovInvest Valuation Report as of June 30, 2017	\$14,038,976
Accrued Leave Payout	In-house estimate as of June 30, 2018	\$1,951,242

From the outcome of the two study sessions, held on September 26, 2018 and October 10, 2018, the funding strategies are as followed. Detailed analysis and payment schedules are in the subsequent sections of this document:

- The pension funding strategy includes paying a \$1.05 million of supplemental contribution to CalPERS and a \$1.0 million into the Town's Section 115 Trust in 2018-19 from the Budget Stabilization Reserve. Dependent of budget constraints, the Town will make annual contributions (net of annual payments to CalPERS) into the Section 115 Trust based on either the 6.0 percent or 6.5 percent discount rate or as directed by the City Council. The goal of the pension strategy is to reach 100 percent funded status.
- For OPEB, the Town will make annual contributions (net of out-of-pocket retiree medical and dental costs), into the Town's Section 115 Trust based on the most recent OPEB Valuation Report. The goal of the OPEB funding strategy is to reach 80 percent funded status, to avoid overfunding.
- Accrued Leave Liability Reserve will be created and committed to pay for vacation leave payouts at employment separation. Sick leave payouts are available to employees who meet requirements set in the Colma Administrative Code Section 3.06.130 Conversion or Payment

Unfunded Liabilities Funding Strategy

for Unused Sick Leave. An initial designation of \$650,000 will be made from the Budget Stabilization Reserve to the Accrued Leave Liability Reserve. Annual contributions of \$61,000 will be allocated to departmental budgets annually beginning 2019-20.

- The Budget Stabilization Reserve will be reduced from \$15.0 million to \$12.0 million in Fiscal Year 2018-19. Beginning in Fiscal Year 2019-20, the Budget Stabilization Reserve calculation will exclude annual contributions to pension, OPEB, and the Accrued Leave Liability Reserve.

This document is part of the Town's Strategic Plan and was identified as one of the priority projects in the 2017-19 Strategic Plan. This financial plan should be reassessed every two years to ensure the Town will meet its financial goals.

PENSION

BACKGROUND

The Town participates in California Public Employee Retirement System (CalPERS) for its pension benefits. Unlike the better known 401(k) retirement account, or the government equivalent 457(b), pension benefits guarantee retirement income that is based on set pension formulas. Currently, the Town has six pension formulas – three for sworn officers and three for non-sworn employees. The formulas are as followed:

Formula	Hire Date	Misc	Safety
Tier 1	Prior to 8/1/2012	2.5% @ 55	3.0% @ 50
Tier 2	After 8/1/2012	2.0% @ 60	3.0% @ 55
Tier 3	After 1/1/2013	2.0% @ 62	2.7% @ 57

In addition to the formulas, retirement income is a function of an annuitant's years of service and final earnings. Annually, employees and employers make contributions to CalPERS to be managed and invested such that when the employee retires, there are sufficient funds for the remainder of the annuitant's life. To determine the appropriate level of required annual contributions, CalPERS actuaries calculate the minimum contributions based on set assumptions. When an employee retires, CalPERS administers the pension payments and assess cost of living adjustments on the pension payments.

In the early 2000s, CalPERS' investment earnings performed better than expected and the savings were shared with the member agencies. However, the 2008 Housing Crisis and the Lehman Brothers loss created a funding gap, also known as the unfunded pension liability. Additionally, the growing "baby boomer" retirement forced CalPERS to liquidate investments prior to maturity, resulting in investment losses and withdrawal fees. To address the growing funding gap, CalPERS increased the required annual contribution from its member agencies by adjusting their asset management plans towards more conservative investment types, lowered the expected investment return from 7.5 percent to 7.0 percent (discount rate), and adjusted their mortality and salary growth rates. There were discussions of reducing the discount rate further, which is on hold due to the public agencies outcry.

To compact the growing pension cost, the Town negotiated and implemented the lower pension formulas for Town employees hired after August 1, 2012 and who are classified by CalPERS as

Unfunded Liabilities Funding Strategy

“classic members”. The benefit of a lower formula reduces the Town’s total pension liabilities as positions are filled by new employees. In 2013, the PEPRA tier was added per State regulation, which further reduces the Town’s overall pension cost.

As of June 30, 2017, the Town’s total unfunded pension liability is \$10.2 million. This is based on the current discount rate of 7.25 percent. At 7.00 percent, the unfunded pension liability would be \$11.4 million, which will be the new discount rate effective June 30, 2018 Valuation Reports.

FUNDING STRATEGY

To address unfunded pension liabilities, the Town will make a \$1.05 million supplemental contribution to CalPERS and a \$1.0 million to the Public Agency Retirement Services (PARS) Pension Trust in FY 2018-19. Beginning FY 2019-20, as part of the annual budget process. The Town will make additional contributions into the PARS Pension Trust, net of required contributions to CalPERS, with a discount rate of 6.0 percent or 6.5 percent. The level of contributions will be based on economic conditions, Town priorities, and City Council direction. The goal will be to set the contribution rate at 6.0 percent whenever possible. The estimated annual contribution, calculated using GovInvest, is as followed:

Discount Rate	Pay to CalPERS	Contribution into PARS Pension Trust	
	7.0%	6.0%	6.5%
2018-19	2,531,562		1,000,000
2019-20	1,678,496	343,815	154,624
2020-21	1,749,795	405,748	205,969
2021-22	1,574,501	499,943	264,338
2022-23	1,539,122	604,659	327,800
2023-24	1,595,773	712,948	393,397
2024-25	1,605,070	726,137	400,470
2025-26	1,646,923	753,971	413,817
2026-27	1,653,368	767,150	420,884
2027-28	1,676,858	784,247	429,702
2028-29	1,699,458	805,440	440,315
2029-30	1,719,368	823,427	449,628
2030-31	1,753,715	848,984	462,209
2031-32	1,734,403	0	476,548
2032-33	1,711,858	903,783	490,109
2033-34	1,673,467	0	506,128
2034-35	1,612,637	965,077	522,115
2035-36	1,426,676	0	464,467
2036-37	1,146,819	775,347	0
2037-38	1,114,348	0	330,984
2038-39	1,108,691	528,449	252,071
2039-40	1,099,091	0	0
2040-41	1,027,271	399,066	170,514

Unfunded Liabilities Funding Strategy

Discount Rate	Pay to CalPERS	Contribution into PARS Pension Trust	
	7.0%	6.0%	6.5%
2041-42	991,963	0	171,965
2042-43	924,266	423,020	0
2043-44	891,274	0	161,194

FUNDING GOAL

The goal is to be 100 percent funded, once fully funded the PARS Pension Trust can be used to reduce the Town's unfunded liabilities and to pay the Town's current pension cost.

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

BACKGROUND

The Town offers retiree medical and dental, also known as Other Post-Employment Benefits (or OPEB), to employees that meet certain requirements. The requirements are as followed:

Description	Unrepresented	Peace Officer and Dispatcher
Medical Coverage		
100% of selected	Tier A: Originally hired prior to 7/1/2012	Tier A: Originally hired prior to 6/1/2008.
Up to 100% of 2 nd most expensive medical plan		Tier B: Originally hired between 6/1/2008 and 6/30/2012
Percent based on years of services. See table below for the vesting schedule	Tier B: Originally hired between 7/1/2012-12/31/2016	Tier C: Originally between 7/1/2012-12/31/2016
1.5% pay into a Retirement Health Savings Program	Tier C: Hired after 1/1/2017	Tier D: Hired after 1/1/2017
Dental Coverage	Council: First elected before 1/1/1995 Others: Hired before 5/1/2010	Peace Officers: Hired before 1/1/2008 Dispatchers: Hired before 1/1/2010

Unfunded Liabilities Funding Strategy

Vesting Schedule

Credited Years of Services in CalPERS (minimum of 5 year with the Town)	Percent vested
10	50%
11	55%
12	60%
13	65%
14	70%
15	75%
16	80%
17	85%
18	90%
19	95%
20+	100%

The Town began making contributions into the PARS OPEB Trust beginning in 2015. In March 2018, the City Council adopted a resolution making the annual contributions based on the 2017 GovInvest valuation report.

FUNDING STRATEGY

The Town will continue to make annual contributions into the PARS OPEB Trust, net of out-of-pocket cost, based on the schedule below.

Year	Total Required Contribution	Year	Total Required Contribution
2018-19	1,679,867	2030-31	2,395,089
2019-20	1,730,263	2031-32	2,466,941
2020-21	1,782,171	2032-33	2,540,950
2021-22	1,835,636	2033-34	2,617,178
2022-23	1,890,705	2034-35	2,695,693
2023-24	1,947,426	2035-36	2,776,564
2024-25	2,005,849	2036-37	2,859,861
2025-26	2,066,025	2037-38	1,368,968
2026-27	2,128,005	2038-39	1,410,037
2027-28	2,191,845	2039-40	1,452,338
2028-29	2,257,601	2040-41	1,495,908
2029-30	2,325,329		

FUNDING GOAL

The goal is to be 80 percent funded. The OPEB Trust funds can only be used for retiree medical and dental cost. Once a majority of the Town's employees fall under Tier C for unrepresented and Tier D for represented, the annual out-of-pocket cost will be reduced to the PEMCHA (Public

Unfunded Liabilities Funding Strategy

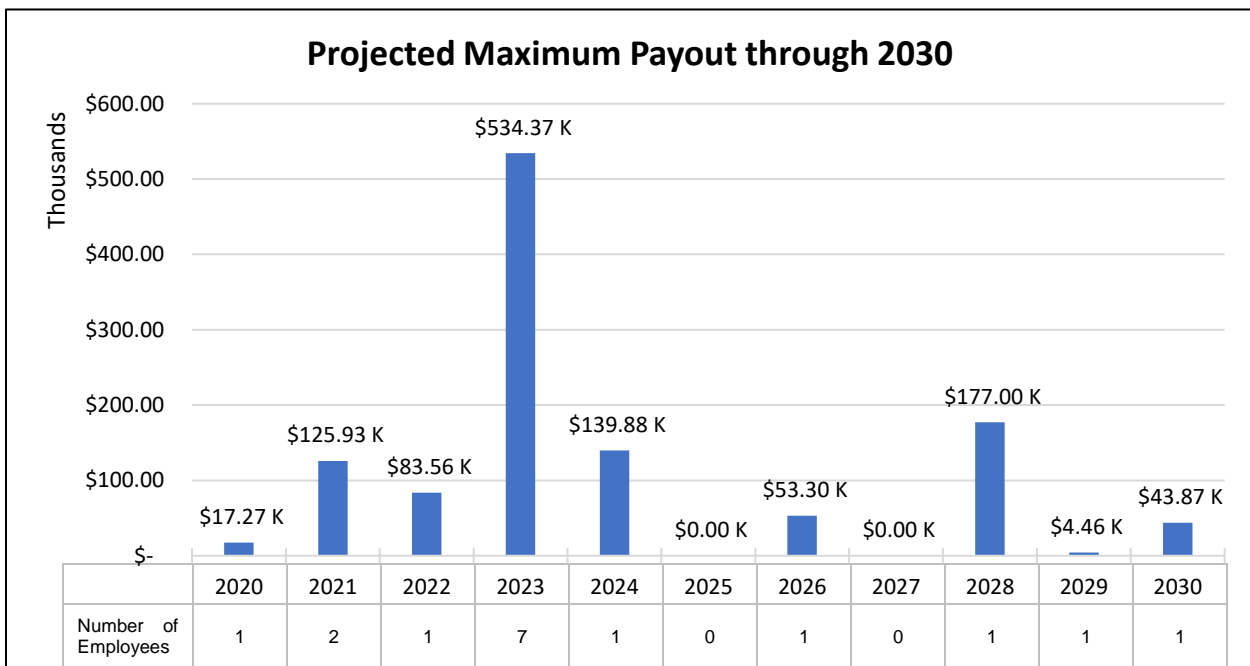
Employees' Medical and Hospital Care Act) minimum. The current CalPERS PEMCHA cost is \$133 per employee per month.

ACCRUED LEAVE LIABILITY

The Town budgets for three types of accrued leave payouts – (1) annual vacation cash out, (2) holiday compensation to police officers, and (3) lump sum payments at separation or retirement (sick leave, vacation, compensation time). Employees who meet the criteria listed under Administrative Code § 3.06-410(f) may elect to cash out a portion of their unused vacation balance in August of each fiscal year. This allows the Town to reduce total vacation accruals and may reduce an employee's final payout cost.

Of the three types of accrued leave payouts, lump sum payments at separation or retirement poses the highest budgetary fluctuation. According to the Administrative Code and MOUs, employees retiring under the CalPERS system within 60 days of separation may convert unused and accrued sick leave to additional PERS service credit or be paid for unused and accrued sick leave, not to exceed 1,092 for peace officers and 1,040 for all other employees. Additionally, employees separating from Town employment are eligible for a vacation payout. In FY2017-18, one long-time employee retired and received \$26,400. The Town anticipates two additional retirements in FY2018-19, with an estimated maximum lump sum payout of \$153,400.

Under the direction of the City Council, Staff projected retirement lump sum payments for all employees, totaling \$1.95 million. As shown in the chart below, 17 of the current employees are eligible for retirement through FY 2029-30. Of the 17, seven are eligible for retirement in FY 2022-23, resulting in the highest payout at \$534,000.



The assumptions used in estimating the accrued leave liabilities are (1) all employees remain with the Town until retirement; (2) all employees take 96 hours of sick a year and 80 hours of vacation

Unfunded Liabilities Funding Strategy

a year; (3) all employees will retire when eligible per the CalPERS formula; and (4) annual salary growth will be at 3% per year.

FUNDING STRATEGY

A one-time commitment of \$650,000 to an Accrued Leave Liability Reserve and an annual budgetary contribution of \$61,000, will be allocated to all departments based on payroll. The annual contribution is the average minimum payout through FY 2051-52.

FUNDING GOAL

The goal is to meet the minimum payment required.

REPORTING REQUIREMENTS

An annual status update of the Town's unfunded liability will be part of the annual audited financial update. Additionally, the funding strategies will be reassessed every two years.

