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# MINUTES

The City Council of the City of Palo Alto met on this date in the Council Chambers at 6:04 P.M.

Present: Berman, DuBois, Filseth, Holman, Kniss, Scharff, Schmid

Absent: Burt, Wolbach

Library Advisory Commissioners

Present: Chin, Hagan, McDougall, Moss

Absent: Loy

## Special Orders of the Day

1. Community Partner Presentation: West Bay Opera at the Lucie Stern Community Theatre.

Rhyenna Halpern, Community Services Assistant Director, presented the General Manager of West Bay Opera, Jose Luis Moscovich. The West Bay Opera was one of the City's important theatre partners at the Community Theatre. West Bay Opera had been performing at the Lucie Stern Community Theatre since 1957. Mr. Moscovich had been with West Bay Opera for almost nine years.

Jose Luis Moscovich, West Bay Opera General Manager, mentioned that West Bay Opera would perform a Mozart opera on February 13, 2015 at the Lucie Stern Theatre. A free preview was scheduled for February 5, 2015 at Avenidas. West Bay Opera enhanced its sets through the use of high definition still and video projections. He played a video of a performance. More than 200 community volunteers worked on each production. English translations were provided during performances. The school program reached 20,000 children on the Peninsula annually. West Bay Opera wanted to enrich the lives of people located on the Peninsula and in Palo Alto by its productions. While West Bay Opera had a few sponsors, it relied on volunteers and community support. The opera essentially survived through ticket sales.

Mayor Holman felt a high quality opera added to the cultural life of the community. She appreciated West Bay Opera's performances.

Mr. Moscovich invited the public to a production of the West Bay Opera. As performances routinely sold out, he offered to make tickets available to Council Members if they would like to attend a performance.

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James Keene, City Manager, asked if West Bay Opera would perform *Turandot* in the near future.

Mr. Moscovich advised that the company recently performed *Turandot*. One of his goals was to perform operas outside the usual cycle of operas.

## Study Session

2. Potential List of Topics for Joint Meeting with the City Council and Library Advisory Commission.

Sheena Chin, Library Advisory Commission Chair, reported a core committee of Library Staff worked with a consultant to develop a Strategic Plan. The Strategic Plan was intended to move the Library beyond the Library Service Model Analysis and Recommendations of 2006 and the Library Technology Plan of 2009-2013. Goals under the Strategic Plan were innovation, community engagement and partnerships, and collections. The Library provided rooms for group study, discussions, and tutoring and for use by organizations. In 2014, the Downtown Library accepted 994 reservations for rooms. She compared public rooms of Palo Alto Libraries with public rooms in neighboring libraries. She presented circulation and visitor statistics for the five Library branches over the prior five years. Construction and renovations had affected statistics for some branches. Books were the number one items checked out, with videos taking second. The number of electronic materials checked out continued to grow. Use of electronic materials was limited by the popularity of materials and the user's technological capability. The OrangeBoy dashboard allowed the Library to gather data regarding patron behaviors.

Monique Ziesenhenné, Library Director, advised that the City's Open Data platform contained a great deal of rich information regarding the Library.

Council Member Berman stated the number of Library branches exemplified the priority of the Library in the community. He inquired about a reason for the dramatic decline in community room reservations for the Downtown Library from 2013 to 2014

Ms. Ziesenhenné explained that the decline was not a concern, because the room was repurposed as a reading room while Rinconada Library was closed.

Council Member Berman was impressed by the Chromebook and preschool tablet programs. Hopefully the schools promoted those opportunities.

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Council Member DuBois asked if Staff expected the use of community rooms at the new Mitchell Park Library to continue and if they had been booked continuously.

Ms. Ziesenhenne indicated those reservations were for group study rooms. Almost all the time the Library was open, those rooms were in use. She expected that to continue.

Council Member DuBois inquired whether Staff saw a need for evening hours at Mitchell Park Library.

Ms. Chin had heard comments from patrons hoping for extended hours. Ms. Ziesenhenne was preparing a report for the next Library Advisory Commission meeting.

Ms. Ziesenhenne recognized that patrons wanted the Library to remain open past 8:00 P.M. She would prepare scenarios for the City Manager to consider as part of the Library Budget.

Council Member DuBois commented that Palo Alto did not have many places for children to visit in the evening. Late hours could be useful for the community.

Ms. Ziesenhenne held special activities for teens three nights from 8:00 P.M. to 10:00 P.M. during finals week. Teens were appreciative of the activities. Because of the number of teens attending, more space would be allocated in the future.

Council Member DuBois asked if Staff was aware of any parking issues at Mitchell Park Library.

Ms. Ziesenhenne responded yes. Most new libraries received complaints about insufficient parking. Staff encouraged patrons to carpool, ride bikes, and walk to libraries.

Ms. Chin reported Mountain View and Menlo Park libraries were open 10:00 A.M. to 9:00 P.M. Most libraries would adopt 9:00 P.M. as the closing hour.

Don McDougall, Library Advisory Commissioner, was excited that libraries were more than just books. Room usage was an example of the many services provided at the Library. The teen room was constantly in use. If libraries had not been closed for construction and renovation, the total number of visits would have increased 5-8 percent. The Library was a platform and foundation for all sorts of relationships and partnerships.

# MINUTES

Doug Hagan, Library Advisory Commissioner, looked forward to all the programs and activities that were not captured in the statistics. Libraries were active in the community.

Bob Moss, Library Advisory Commission Vice Chair, indicated that the Library had worked to change the perception that only books were available at the Library. The Library was one of the first libraries in the state to offer internet services.

Council Member Scharff felt the Mitchell Park Library had become a teen center during the evening hours. He too had heard complaints about the Library closing at 8:00 P.M. He planned to inquire about the costs and usage of the Mitchell Park Library remaining open until 11:00 P.M. during Budget hearings.

Ms. Ziesenhenne planned to have that information for the Budget hearing. A pilot program could provide additional information.

Council Member Filseth noted Amazon and Netflix provide books and videos much as the Library did. He inquired about the relationship between what the Library did and what other players in that space did.

Ms. Chin asked if Council Member Filseth meant materials or devices.

Council Member Filseth inquired about the Library's existence in the ecosystem with Amazon and Netflix.

Ms. Chin indicated the major difference was free electronic content through the Library.

Ms. Ziesenhenne added that the Library paid vendors for electronic content. Models for electronic content were very different based on the vendor.

Council Member Kniss requested comment on the Library's interaction with the County of Santa Clara's (County) library system. The County's large library system did interact with private libraries.

Ms. Ziesenhenne indicated Menlo Park Library was part of the Peninsula Library System. It was an independent city library, but all members formed a consortium to share resources. Within Santa Clara County, the County library system and independent city libraries existed. The County library system recently rescinded its fee for non-County residents to use its libraries. The County library system requested participation in the regional cooperative library system.

# MINUTES

Council Member Kniss believed the County library system expanded the services available to Palo Alto residents.

Vice Mayor Schmid noted the strong performance of the Library over the last four years despite closures. That was an outstanding achievement. Libraries were becoming meeting places; therefore, he anticipated the ratio of visits to circulation would increase. The high number of visits and circulation at Mitchell Park Library compared to the decline at Main Library could be an indication of a long-term trend. He questioned whether technology savings could be utilized to extend library hours. He suggested Staff provide the Council with a quarterly update as an informational item.

Mayor Holman recommended Staff consider the best use of resources in determining whether to extend hours.

Council Member Kniss recalled the Library remained open later 10 or 20 years ago, perhaps as late as 10:00 P.M.

Mayor Holman concurred.

Council Member Kniss believed budget reductions forced the libraries to close at an earlier hour.

~~3. Prescreening of a Proposal to Re-zone the Former VTA Park and Ride Lot at 2755 El Camino Real From Public Facility (PF) to Community Commercial (CC(2)) with a Concurrent Comprehensive Plan Land Use Designation Amendment From Major Institution/Special Facilities to Regional Community Commercial, Allowing Development of a Four Story Mixed-use Building With Below Grade Parking.~~

Mayor Holman inquired whether the City Attorney would like to comment or whether she should read from the at-places memorandum.

Molly Stump, City Attorney, advised that either was fine.

Mayor Holman read the at-places memorandum regarding a request to remove Agenda Item Number 3 from the Agenda. Staff requested the Item be continued to a date uncertain.

James Keene, City Manager, received questions from Council Members regarding this item. If the item was rescheduled, Staff would recirculate those questions and Staff's responses.

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## City Manager Comments

James Keene, City Manager, announced that the Development Services Department began offering the fire permit module which would streamline the permit and inspection processes. The Fire Department Birthday Brigade was featured as a Community Partner of the Month at the Ronald McDonald House. The developers of the Hayworth Solar Farm announced the prior week that construction had begun on the project. Palo Alto residents could submit their draw submissions for summer camp registrations through February 27, 2015. A registration fair would be held February 21, 2015 at the Mitchell Park Community Center. Rinconada Library would host its grand reopening on February 14, 2015. The State of the City Address was scheduled for February 18, 2015 at the Mitchell Park Community Center. February 19, 2015 would begin a two-day engagement with author Peter Kageyama. The City had provided a mobile app that would allow citizens to send the City a valentine, share a picture, or post their meaning of community.

Mayor Holman acknowledged the Fire Department's acts of love in serving the children and families of the Ronald McDonald House.

## Oral Communications

Wynn Grich advised that a new YouTube video regarding fluoride was available. The prior week she provided 17 university studies regarding the effects of water fluoridation. Fluoridation caused sterility.

Stephanie Munoz apologized for stating Council Members were immoral. Demanding greater density as the price of affordable housing was counterproductive and stupid.

Dawen Tsien reported the HERO Program assisted homeowners with improving the energy efficiency of their homes. Cities benefited through increased home equity.

Shani Kleinhaus indicated Boards and Commissions were considering Alternative A as the most appropriate and beautiful design for the Bike Bridge over Highway 101. At the recent Parks and Recreation Commission meeting, environmental speakers were opposed to Alternative A. Alternative A included no mitigations for bird safety.

Richard Brand believed a Transportation Management Agency was a key element of traffic management. He volunteered to assist with a regional interaction between transportation. He asked that it occur sooner than three years.



# MINUTES

## Consent Calendar

Molly Stump, City Attorney, noted an at-places memorandum. With respect to Agenda Item Number 6- Appeal of Director of Planning and Community Environment's Individual Review Approval of a New Two-Story Home located at 3864 Corina Way, there was an inadvertent communication between a quorum of the Council. The involved Council Members disclosed their communications in the record. As Council Members considered their interest in removing a Consent Item in the future, Council Members should notify the City Manager of their interest on an individual basis.

James Keene, City Manager, inquired whether the City Attorney mentioned the going forward date.

Ms. Stump replied no. Council Members needed to remove Agenda Item Number 6.

Jean Tooker Stephens, appellant, spoke regarding Agenda Item Number 6. The Planning Department disagreed with the two basis for appeal. The rear of the home had been placed on the interior side setback. Her privacy was impacted by walkways, entrances, and a patio. The proposed house did not fit the IR Guidelines as written.

Bob Marinaro spoke regarding Agenda Item Number 6. He supported the appellant. The developer was not considering the best interests of the neighborhood. The Council should support the residents of the neighborhood.

Shani Kleinhaus spoke regarding Agenda Item Number 6. If the house fit the guidelines, then Staff needed better direction with regard to interpreting the guidelines. Notice of the second design was not posted at the site.

Glen Fisher spoke regarding Agenda Item Number 6. The proposed home would be visible to both the first and second floors of his home. The presence of the proposed home could be mitigated if the site layout was more appropriate. The second design of the house was never noticed on the lot. The proposed home would be 50 percent larger than any other home in the neighborhood.

**MOTION:** Council Member Filseth moved, seconded by Council Member DuBois, third by Mayor Holman, and fourth by Vice Mayor Schmid to pull Agenda Item Number 6 to be heard on February 23, 2015 on the Action Agenda.

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Mr. Keene advised that Staff had spoken with the applicant and the appellant, both of whom could attend a meeting on February 23, 2015. Staff would return the item to the Council's Agenda on that date.

**MOTION:** Council Member DuBois moved, seconded by Council Member Kniss to approve Agenda Item Numbers 4-5, 7-10, Agenda Item Number 6 will be heard on Action on February 23, 2015.

4. Approval of Stanford University Medical Center Annual Report and Compliance with the Development Agreement.
5. Ordinance 5300 entitled "Ordinance of the Council of the City of Palo Alto Amending Chapter 9.14 (Smoking and Tobacco Regulations) of the Palo Alto Municipal Code to Establish New Smoking Restrictions for Outdoor Commercial Areas, Outdoor Eating Areas, Public Events, Work Sites and Service Locations; Include Penalty Escalation for Repeat Offenders; Require Cigarette Butt Receptacles and Signage Immediately Adjacent and Within Areas Covered by the Ban, Including Designated Smoking Areas (First Reading: December 15, 2014 PASSED: 9-0)."
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7. Palo Alto Shuttle and Rideshare Program for the Future (Staff Requests Item be Continued to the Study Session of March 2, 2015).
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9. Ordinance 5301 entitled "Ordinance of the Council of the City of Palo Alto Governing Public Art in Municipal Projects (First Reading: January 12, 2015, PASSED: 9-0)."
10. Approval of Staff Work Plan Developed in Response to the December 15, 2014 City Council Colleagues Memo on Climate Action Plan Implementation Strategies to Reduce Use of Natural Gas and Gasoline through Fuel Switching to Carbon Free Electricity.

**MOTION PASSED FOR AGENDA ITEM NUMBERS 4-5, 7-10:** 7-0 Burt, Wolbach absent

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Council Member Kniss requested as many depictions of the site as possible when Agenda Item Number 6 returned to the Council.

## Action Items

11. Council Update Regarding City's Technology and the Connected City Initiative, Including the Status of the City's Participation in the Google Fiber City Checklist Process; and Approval of and Authorization for the City Manager to Execute Two Professional Services Contracts with Columbia Telecommunications dba CTC Technology & Energy for Consulting Services for (1) a Fiber-to-the-Premise Master Plan in an Amount Not-to-Exceed \$144,944 and (2) a Complementary Wireless Network Plan in an Amount Not-to-Exceed \$131,650; and Adoption of a Related Budget Amendment Ordinance 5302 entitled "Budget Amendment Ordinance of the Council of the City of Palo Alto in the Fiber Optics Fund in the Amount of \$276,594."

Jonathan Reichental, Chief Information Officer, indicated Staff would provide an overview of broadband in the United States; a recommendation for a consulting firm to conduct a Fiber to the Premises (FTTP) and wireless engineering study and to discuss various business models should the City choose to pursue both; and provide a summary of Google Fiber.

Jim Fleming, Senior Management Analyst, provided a general overview of key issues affecting broadband throughout the country. Seven items were the most important things occurring in the nation. First was the continuing consolidation of the telecommunications industry. Second was the emergence of over-the-top internet streaming services such as Netflix and Amazon resulting in cord cutting or cord shaving from traditional pay TV services. Third was the continuing decline of the landline telephone business and the explosion of smartphones, tablets and other devices. A subset of that was the Federal Communications Commission's (FCC) ongoing auction of the wireless spectrum. Fourth was the Internet of Things, the interconnection of embedded computing devices within the existing internet structure. Fifth was the net neutrality debate. Sixth was the re-emergence of interest in community-owned broadband networks. Seventh was the emergence of Google Fiber which resulted in incumbent internet service providers (ISP) upgrading their networks. A wide range of factors drove the decision to deploy a network, from the cost of construction and operation to the demand for service. Recommended steps for becoming a fiber-ready community included determining community and local government interest; ensuring the commitment of community stakeholders; developing expedited permitting and inspections processes; facilitating access to existing infrastructure; making access to public rights-of-way reasonable; proactively

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improving existing infrastructure; installing ubiquitous telecom conduit; and using building codes and community development plans to drive fiber expansion. The impetus for community broadband was underperforming networks and services from the incumbent ISPs. Cities were typically building fiber networks for commercial and institutional needs and, in some communities, residential Fiber to the Premise using a variety of business models. There was not a cookie-cutter approach for community broadband. The needs of every community were unique in terms of deploying fiber and complementary wireless networks. The primary challenges were existing provider responses to new competition and unclear customer demand in addition to uncertainty about the anticipated take rates for gigabyte broadband. Take rates were the amount of customers that would take a service. Another significant trend was the exponential growth and demand for mobile broadband. The response to this demand was Wi-Fi expansion and more wireless communication facilities from wireless carriers. Another emerging trend was the commercial carrier path from 4G LTE to 5G. At this point 5G was just a concept.

Mr. Reichental stated the proposed work had never been done in the depth and breadth proposed. Wi-Fi was once considered secondary and substandard with regard to accessing the internet; however, gigabyte Wi-Fi was emerging. The promise of 5G wireless was projected to be up to a gigabyte. The technology landscape was entirely different from what it was a few years ago.

Mr. Fleming explained that net neutrality was a principle for which the FCC was considering proposing rules that would prevent practices by ISPs that could be harmful to consumers or discourage competition by limiting the openness of the internet. The Chairman of the FCC planned to propose utility-like regulations with common carrier rules for internet broadband companies. A recent U.S. Senate bill contained similar conditions but would prevent the FCC from treating broadband providers like a regulated utility. A recent study found 87 percent of respondents had never heard of gigabyte before the survey; 54 percent did not know a gigabyte was faster than a megabyte; 70 percent said a \$70 price point for a gigabyte was too high; an overwhelming majority of consumers would select gigabyte service from a competing, incumbent ISP over a municipal or an electric utility; and 64 percent preferred to pay slightly less per month for their current speed than pay slightly more for a faster connection. Currently 89 communities were served by publicly owned Fiber to the Premise networks, 74 communities were served by publicly owned cable networks, and 35 communities had access to gigabyte data rates from a community-owned network. Nineteen states had legal hurdles or outright bans on community broadband. There was no prohibition against municipal broadband in the State of California.

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Private and municipal gigabyte networks were emerging throughout the country. Establishing an appropriate business model, network design and architecture; establishing built costs, service offerings, and ongoing operational costs; and determining community support and opposition was the first action step in terms of planning a community network. Other steps required a substantial construction effort. Once a network was built, various technical skills and back-office resources were required to operate a network on a 24/7/365 basis. Implementation of effective marketing and customer acquisition plans were crucial to a successful network. Most community broadband ventures failed because they did not pay attention to customer acquisition. New entrants should understand the local market in terms of demand for services, take rate forecasts and what incumbent providers had planned to retain their customer base. In October 2013, the Council approved the Technology and the Connected City Committee's recommendation to create a Fiber to the Premise Master Plan and a Wireless Network Plan. Staff was directed to provide the Council with findings and recommendations regarding the feasibility of building a network and the best business model to pursue. One of the key action steps for a Wireless Network Plan was to prepare a needs assessment. Staff issued Requests for Proposals (RFP) for both Plans in July 2014 and received nine responses. Staff recommended approval of a contract with CTC Technology and Energy. The goal was to complete the plans by May 2015 and return to the Council with findings and recommendations in June or July 2015.

Mr. Reichental recalled that Google Fiber contacted 34 cities in 2014 regarding gigabyte internet service. Staff collected and submitted information to Google. Subsequently, the Council approved the wording of a Network Hut Licensing Agreement. At the end of 2014, Google had not selected any communities. In the prior few days, Google announced its selection of 18 communities located in the Southeast. The remaining communities were being considered for a second round. No further actions were required of the City.

Jeff Hoel encouraged the Council to proceed with Citywide municipal Fiber to the Premise. If municipal FTTP was feasible, public-private partnerships should not be considered so the City could retain control of the network. Some requirements in the report seemed exotic. He encouraged the Council to postpone wireless.

Andy Poggio, Citizens Advisory Committee Member, felt FTTP was one of the most important steps the Council could take. He discounted the vast majority of the gigabyte survey, because it was not handled well. The City should not count on Google Fiber.

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Richard Brand, Citizens Advisory Committee Member, urged the Council to support the Agenda Item. The City should control FTTP rather than turn it over to a third party. The City had the expertise and a bid to proceed with FTTP and wireless.

Bob Moss recalled a 1997-1998 cost estimate for supplying FTTP. He estimated the current cost would be \$15-\$16 million. FTTP would provide faster service, allow people to work from home and to communicate more effectively and efficiently. FTTP could be operated as part of the Utilities Department.

Herb Borock questioned the product to be made available in May. The Council should find a way to obtain the type of network it wanted. The City either had or could raise funds to pay for a Citywide FTTP network.

Mike Francois advised that San Francisco was installing fiber. Copper was faster to repair than fiber; however, fiber could carry much more traffic.

Council Member Filseth believed that fiber infrastructure was a natural monopoly and a public good. Probably the City should own the fiber. He requested Staff discuss the potential for technology to change before the City could pay for building a fiber network.

Mr. Fleming agreed that timing was the critical question. The primary question was whether the City's network would be competitive with Comcast, AT&T and other providers in the market. There were different models to build networks. The retail and wholesale models were fraught with problems. One of the key objectives of the study was to determine the best way to approach a community broadband project. The study would identify advantages and disadvantages of each model. The ability to take a significant market share from Comcast or AT&T was risky.

Council Member Filseth asked if there was any chance of the City having to replace the network in the next 15 years.

Mr. Fleming subscribed to the characterization of fiber as future proof. It was the optimum technology.

Council Member Filseth asked if Mr. Fleming felt the biggest risk was the business model.

Mr. Fleming answered yes.

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Council Member Kniss indicated the City currently had fiber customers who were delighted with the service. She asked if those customers continued to pay for the service.

Mr. Fleming responded yes.

Council Member Kniss asked if the City owned 42 miles of fiber.

Mr. Fleming replied yes.

Council Member Kniss noted the City's fiber was used in a variety of ways throughout the community. She recalled information that neighborhoods needed 70 percent of residents to opt into fiber service in order to build a fiber network. That was called a fiberhood. She presumed that Google would use the fiberhood concept if it selected Palo Alto.

Mr. Fleming concurred.

Council Member Kniss was puzzled by Google's selection of cities in the Southeast. She recalled an experimental network in the early 2000s that was successful. There were no guarantees for future technology. It was time for the City to move forward.

Council Member Berman attended an informative fiber conference in New York two years ago. He did not believe residents realized that the City provided utility services at lower price rates and at better response rates than private companies; therefore, the City would have to educate the public in order to attract fiber customers. He supported proceeding with the two studies.

Council Member DuBois requested Staff comment on how the Council should weigh owning the network compared to not owning the network.

Mr. Fleming remarked that it was too early to address that in terms of the best business model to make that happen.

Council Member DuBois asked how the Council should consider ownership of the actual cables in the ground.

Mr. Fleming advised that the optimum choice was City ownership. City ownership of the infrastructure with ISPs using the infrastructure, an open access model, did not have a good track record because the City would lose accountability. In that model, the customer suffered the most.

Mr. Reichental was looking forward to the results of the study, because that would be addressed. He did not know the answer.



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Council Member DuBois recalled public comment that the RFP contained exotic requirements. He asked if the Council could direct consultants to segregate costs for any exotic requirements.

Mr. Fleming responded yes.

Council Member DuBois inquired whether the RFP provided any direction with respect to business models.

Mr. Fleming had requested consultants review wholesale, retail, and hybrid models. A model could work in some areas of the country and not in other areas. If the City had a solid competitor, picking the business model would be the most important step.

Council Member DuBois was skeptical of the full retail model, but was interested in seeing the results of the study. Electronics on either end would need upgrades, but the cable would be fine. He asked if that was a good way to think about the City's potential fiber network.

Mr. Reichental explained that the physical underlying infrastructure would be necessary. Mobility and wireless would play a major role in the next decade and beyond.

Council Member DuBois recalled Mr. Reichental's comment at the Retreat that having a fiber backbone with wireless on top of it seemed the strongest. Fiber was a base infrastructure that was as important as roads. Communicating with the community on the plan, the specifics, benefits, and costs would be the big challenge. The City should not wait on Google. He emphasized the need for a marketing plan as that could be the largest challenge. He wanted Staff to utilize public facilities to showcase true gigabyte Ethernet. A city-owned fiber network would not necessarily have to make a profit. Palo Alto had the opportunity to exercise foresight by building out a fiber network.

Vice Mayor Schmid acknowledged the tremendous success of the City's fiber program. The key aspect would be to engage the community in the opportunities. It was important for the Council to receive minutes of the Citizens Advisory Committee's meetings. The Google option was coming. He inquired whether the City could prevent Google from providing fiber in Palo Alto.

Mr. Reichental replied yes. Google made it clear the City would have to embrace Google as a fiber provider if it selected Palo Alto.



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Vice Mayor Schmid believed the Council had to address such issues before the consultant's work was complete.

Mr. Keene clarified that Google would not make a decision prior to the end of calendar year 2015.

Vice Mayor Schmid inquired whether the consultant could complete his work before the Council had to make any decisions.

Mr. Reichental answered yes.

Vice Mayor Schmid assumed the consultant would consider Google as a fiber provider as well as the City. Google Fiber would have certain advantages as it was selecting clusters of cities. The consultant should be aware of any disadvantage the City might face from Google. The Council should have Staff's work through Task 4.

Mr. Keene noted Google Fiber identified five cities in the Bay Area. He would not be surprised by Google selecting all five cities at the same time.

Vice Mayor Schmid added that Google could provide better service if it selected all five cities over solely Palo Alto.

Council Member Scharff believed the difficulty would be providing a utility while competing as a business. The City was good at operating utilities, but a utility was a monopoly. The dark fiber ring was clearly a utility. He liked the open access model. He recalled Alameda County's inability to compete with Comcast and eventual sale of its fiber to Comcast. He did not find a discussion of a funding model. Funds from the dark fiber ring and Certificates of Participation (COP) were funding sources. The Council should consider smart grid opportunities, which electric ratepayers would fund as well. He wanted the City to move quickly, and Google could force the City to act quickly. He inquired about the impacts of Google selecting Palo Alto on the Council's ability to make decisions under an open access model.

Mr. Fleming explained that Google's model was based upon using as much existing infrastructure as possible. Cable companies and telecoms were not interested in existing infrastructure. He did not believe they would be interested in collaborating with the City to provide services over a common network of some sort.

Council Member Scharff asked if Google using a City-owned network would shut out other companies unless those companies built their own network.

Mr. Fleming concurred.

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Council Member Scharff added that if those companies built their own network, then they would compete with Google Fiber on the City's network. Other companies would not use the City's network even though they could.

Mr. Fleming concurred.

Council Member Scharff asked if Google had to own the network or could simply use the network.

Mr. Reichental advised that Google would lease the network.

Mr. Fleming clarified that Google would license existing dark fiber on the City's network and rent conduit and place their fiber huts on City-owned property. Google's model was to collaborate as much as possible with communities. That model was advantageous as there were assets to be leveraged and the deployment timetable was reduced.

Council Member Scharff recalled that Sonic was interested in licensing, leasing, and building out.

Mr. Fleming advised that Sonic wanted to build in areas where infrastructure was available and rates were reasonable.

Council Member Scharff asked if Staff felt Google and Sonic would utilize the network if the City built it.

Mr. Reichental agreed that was a possibility.

Mr. Fleming indicated that was the open access model, where more than one ISP utilized the system. The implementation of open access had been very difficult.

**MOTION:** Council Member Scharff moved, seconded by Council Member Kniss to:

1. Approve and authorize the City Manager to execute two Professional Services contracts in amounts not-to-exceed \$144,944 and \$131,650 to Columbia Telecommunications, dba CTC Technology & Energy, for a Fiber-to-the-Premise Master Plan and a complementary Wireless Network Plan respectively; and
2. Adopt a Budget Amendment Ordinance to allocate funding in the amount of \$276,594 from the Fiber Optics Fund Rate Stabilization Reserve to fund the development of the plans.

# MINUTES

Council Member Scharff wanted to move forward with FTTP as quickly as possible.

Council Member Kniss would be embarrassed if the City did not move forward. It was past time to do this.

Council Member Berman noticed that Google Fiber selected Nashville, Tennessee, where the City's Former Mayor was the Co-Chief Innovation Officer.

Mr. Reichental reported Google had not been forthcoming about the reasons for its selections.

Mayor Holman asked if the City had to allow competitive service providers.

Mr. Fleming remarked that open access was only one business model among several. The difficulty of the open access model was finding ISPs that could provide service on a sustainable basis and that met consumer needs. The open access model was difficult to execute in many ways. Networks in Utah were required to operate under an open access model, and they had not succeeded. In a retail model, the City would build and own the network and provide services.

Mayor Holman requested Staff identify disadvantages, costs to customers, and physical impacts when they returned with the study.

Council Member DuBois asked if a City-owned network with only one service provider was a viable model.

Mr. Keene responded yes. That would be included in market analysis and customer impact. Another model was the City controlling and managing access.

Council Member DuBois asked if the City could outsource that role.

Mr. Keene answered yes.

Mayor Holman inquired whether that would be included in the Master Planning.

Mr. Fleming advised that Staff asked the consultant to review all models in the scope of work.

**MOTION PASSED:** 7-0 Burt, Wolbach absent

# MINUTES

12. Resolution 9490 entitled "Resolution of the Council of the City of Palo Alto Scheduling the City Council Vacation and Winter Closure for 2015."

Beth Minor, Acting City Clerk, sent a poll to Council Members requesting their preference for the Council Vacation, and received two responses of mid-July to mid-August. That timeframe would correspond to school vacations. Mr. Rossmann, Office and Management and Budget Director, scheduled the Public Hearing for the Fiscal Year 2016 Budget on June 9, 2015.

James Keene, City Manager, recalled the Council vacation in 2014 was held in July. June 16, 2015 was held as a carryover date for the Budget. The Council could schedule its vacation for July. The Council always had a problem with the last meeting prior to vacation, no matter when the vacation was scheduled.

Council Member Kniss noted June and August contained five Mondays. She assumed the Council would not meet on June 29 and August 31, 2015.

Mr. Keene agreed there would not be a meeting on June 29 if the vacation was scheduled during the month of June.

Council Member Kniss advised that the school year began on August 17. There were two meetings in August, August 3 and 10. The Council could break after July 6 or take all of July and the first week of August as vacation. If the vacation began at the end of June, the Council would miss meeting dates on July 6, 13, 20, 27 and August 3. She inquired whether the Council missed five meetings during its 2014 vacation.

Mr. Keene answered yes.

Council Member Kniss suggested Council Members consider the end of June through the first or second week of August for vacation.

Mr. Keene remarked that the vacation would extend from June 29 through August 3, which would be six weeks.

Council Member Kniss clarified that the Council normally did not meet on June 29; therefore, it would be five weeks.

Mr. Keene believed that employees would prefer to align their vacations with those dates.

Council Member Kniss recalled that the Council changed its vacation the prior two years in response to the school year beginning earlier.

# MINUTES

Council Member Scharff preferred the Council's first meeting after vacation be August 17, and the vacation begin on July 6. June 29 was not a regular meeting, but could be used if needed.

Mayor Holman indicated that was six weeks.

**MOTION:** Council Member Scharff moved, seconded by Council Member Kniss to adopt a Resolution to schedule the City Council's summer break from July 6, 2015 to August 14, 2015.

Mayor Holman advised that with no meeting on June 29, the Council would miss seven Monday meetings.

Mr. Keene clarified that the Council could meet on June 29.

Council Member Berman asked if the Council's policy changed to meeting four Mondays a month.

Mayor Holman reported meetings were scheduled for the fourth Monday in order to conduct the large amount of business.

Mr. Keene indicated the practice had become four meetings a month.

Council Member Berman clarified that the Council did not have to meet four Mondays each month.

Vice Mayor Schmid felt the July vacation in 2014 worked well. The only disadvantage was Council Appointed Officers' reviews tended to be delayed.

Council Member DuBois inquired about the likelihood of meeting on June 29.

Mr. Keene advised that the likelihood was great, but the Council had control of its meeting dates. There were five Mondays in June, so theoretically the Council could meet on five Mondays in June. Once the Council set its schedule, Staff would schedule items as best as possible to fit the Council's schedule. The meeting on June 29 could be reserved for carry over items.

Council Member DuBois inquired whether July 6 was an official City holiday as July 4 fell on Saturday.

Mr. Keene reported most employees would receive a floater holiday for July 4 since it fell on the weekend.

Ms. Minor clarified that July 3 was the official City holiday and employees' 9/80 Friday.

# MINUTES

**SUBSTITUTE MOTION:** Council Member DuBois moved, seconded by Mayor Holman to adopt a Resolution to schedule the City Council's summer break from July 13, 2015 to August 14, 2015.

Council Member Scharff noted the beginning date would move from July 6 to July 13 under the Substitute Motion.

Council Member DuBois was prepared for a four-week vacation rather than a six-week vacation.

Mayor Holman agreed that six weeks was too long.

Council Member Berman would not support the Substitute Motion. Under the Motion, the Council could meet five Mondays in June and three Mondays in August.

Council Member Filseth understood the only difference between the Motion and Substitute Motion was a meeting on July 6. He inquired whether the Council could assume a meeting on July 6 and cancel that meeting if the Council could wrap up its business.

Mayor Holman commented that Staff planned their vacations around the Council schedule. She preferred not to meet five Mondays a month, if it could be avoided in June.

**SUBSTITUTE MOTION FAILED:** 3-4 DuBois, Filseth, Holman yes; Burt, Wolbach absent

**MOTION PASSED:** 6-1 Holman no; Burt, Wolbach absent

Mayor Holman reported Staff proposed December 21, 2015 through January 1, 2016 as the winter break.

**MOTION:** Council Member Scharff moved, seconded by Council Member Kniss to schedule the winter break from December 21, 2015 to January 1, 2016.

**MOTION PASSED:** 7-0 Burt, Wolbach absent

Council Member Kniss remarked that City employees would be off work on Friday, July 3, before the Council began its vacation on July 6.

## Council Member Questions, Comments and Announcements

Council Member Kniss commented that the Retreat was productive.

# MINUTES

Mayor Holman attended Canopy's Annual Awards Event along with Council Members Burt and Kniss. A gingko tree was planted in honor of the Mayor.

Adjournment: The meeting was adjourned at 9:56 P.M.

ATTEST:

APPROVED:

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Mayor

NOTE: Sense minutes (synopsis) are prepared in accordance with Palo Alto Municipal Code Sections 2.04.180(a) and (b). The City Council and Standing Committee meeting tapes are made solely for the purpose of facilitating the preparation of the minutes of the meetings. City Council and Standing Committee meeting tapes are recycled 90 days from the date of the meeting. The tapes are available for members of the public to listen to during regular office hours.