



CITY OF PALO ALTO CITY COUNCIL TRANSCRIPT

Special Meeting
September 28, 2015

The City Council of the City of Palo Alto met on this date in the Council Chambers at 5:36 P.M.

Present: Berman, Burt arrived at 5:49 P.M., DuBois, Filseth, Holman, Kniss, Scharff, Schmid, Wolbach

Absent:

Special Orders of the Day

1. Presentation of Cyber Security Proclamation for Participating in the National Cyber Security Awareness Campaign, in October 2015, Which is Designated by the President of the United States as National Cyber Security Awareness Month to Guide the Nation to a Higher Level of Internet Safety and Security.

Mayor Holman: There is a statement to read here, which is that October is designated by the President of the United States as National Cyber Security Awareness to guide the nation to a higher level of internet safety and security of the Cyber Security Awareness Campaign. The campaign encourages everyone to practice safe online behavior year round. National Cyber Security Awareness Month is an opportunity to focus on why cyber security matters and how everyone can take steps to be cyber safe.

Council Member Filseth read the Proclamation into the record.

Mayor Holman: Who will be receiving the Proclamation? Do we have someone here? We will see that the right person and presence will get the Proclamation at the appropriate time in the future. Thank you.

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2. Proclamation Celebrating the 80th Anniversary of the Palo Alto Airport.

Mayor Holman: Vice Mayor Schmid was able to go to the event yesterday, so I've asked Vice Mayor Schmid to read the Proclamation please.

Vice Mayor Schmid: I just wanted to mention it was a wonderful day on Sunday to be out at the Airport, the 80th Anniversary, and it's almost the first anniversary of the City taking control of the Airport. It was great to see everything running so smoothly. Little kids flying, helicopters landing, lots of information, lots of food. A wonderful day. Vice Mayor Schmid read the Proclamation into the record.

Mayor Holman: I'm sorry I was not able to attend yesterday's event, but I understand it was very well attended. Thank you to everyone who organized it. I don't see any lights from other Council Members, but who will be receiving this? Ralph, are you accepting this one or Mike?

Mike Sartor, Public Works Director: Good evening, Mayor Holman and Members of City Council. I'm Mike Sartor, Public Works Director. With me is Ralph Britton, one of the members of our Palo Alto Airport Association and Andy Swanson, our Airport Manager. I just wanted to say thank you so much, Ralph and Palo Alto Airport Association, for all your support, particularly for the last year that we have been here in charge of the Airport. I also wanted to shout out a little bit to Andy Swanson, our Airport Manager. He's done a tremendous job in his first year of Airport operations. Thank you very much.

Ralph Britton: There were times when I really wasn't quite sure we'd ever make 80 years, because at various times there have been movements to close the Airport. It's been a rocky road for part of the time. On the other hand, at this point there was a couple of really major events that took place. Mayor Kleinberg appointed the Palo Alto Airport Working Group, and we were able to get together—oh, gosh, I guess it must have been about a dozen people including now Council Member Pat Burt who was not a Council Member then. Larry Klein was my co-chair for the working group. We were able to put together a financial plan that made it clear that the Airport could be operated independently of any other outside financing. That was a big moment. Here we are. The City has taken it back. Our recommendation was that we take it back immediately because the County was just doing nothing to maintain it. It was vital that it have maintenance. We've passed that stage now, and the City has taken it over. The difference is completely palpable. We have money coming in from the Federal Government. We

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have a new surface on the runway, which was beginning to get to the point where it was dangerous. Now that's all been fixed, and there's going to be more improvements coming as time goes on. Thanks very much. I think this is a very appropriate plaque. We'll display it there at the Airport.

Council Member Kniss: Mayor Holman, may I say something before they all sit down, because I think Ralph is about to? Ralph, could you pop up again/

Mr. Britton: Sure.

Council Member Kniss: Ralph Britton and I have interacted for a long period of time. Whenever there was a question about anything, Ralph offered and took me up in his plane so that we could look at sites that might not have anything to do with an Airport or might. He's always been unusually kind and accommodating. I wanted to say something out loud to you tonight, so the public can hear it and know what a difference you've made for that Airport. Thank you so much.

Council Member Wolbach: I would only like to add that I did have an opportunity also to attend the Airport Day yesterday. I also saw Council Member Kniss there. The consensus I heard very clearly was relief and joy that we now have management of our Airport back in our own hands, that we get to determine its destiny. That helps our City in a number of ways. I just wanted to say thank you very much to Ralph, Mike and Andy for everything you're doing. By all reports that I heard yesterday talking to folks, you're doing a great job and the Airport is definitely on an upward trajectory. Thank you.

3. Proclamation of Appreciation for Ralph Britton.

Mayor Holman: I've asked Council Member Berman, and actually he asked also, if he could present this to Ralph as you were both also Infrastructure Blue Ribbon Task Force Committee Members.

Council Member Berman: Thank you very much, Mayor. It's an honor to read the following City of Palo Alto Proclamation to Ralph Britton. Even though the vast majority of this is about the Airport, I had the pleasure of serving on the Infrastructure Blue Ribbon Commission with Ralph and have gotten to know him ever since. This is long overdue appreciation for all the work you've done for Palo Alto and for the Airport. Council Member Berman read the Proclamation into the record.

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Mayor Holman: Thank you, Council Member Berman. Before I come down and hand you the Proclamation, let's see if any other Council Members have comments to make in addition to what Council Member Kniss has already made in recognition of your service and just you as a member of this community. There are, I would dare say, not that many people in Palo Alto given the engaged community that we have and given the number of controversial projects that come along, you're one of the people that I can't recall ever hearing anything negative about you, Ralph. I think, given the number of things that you have been involved in, I think that speaks very highly of you. I'm a bit envious. I think it really does speak to your character and how you stand in the community and your standing in the community. I want to thank you for your service, whether it's the Airport or your interest in historic preservation and the interest in history. You've served the community very well and, I'm sure, will for many more years to come. Thank you.

Ralph Britton, Palo Alto Airport Association Chair: It's really been a pleasure to be part of this community since I was born, and that was more or less the same time the Airport moved to the new facility. Thank you very much for this honor. It means really quite a lot to me. I've really enjoyed working with quite a number of the Council people and Pat during the period of the working group. I've certainly enjoyed Liz's company with me on the flight where I learned that she had at one time been an airline stewardess. You notice that I didn't say flight attendant either. Anyway, thank you very much.

Mayor Holman: I was also told that there's cake in the Community Meeting Room brought in by the fans of the Airport to share with the rest of the community here. If there's cake left, please help yourselves. Thank you.

Agenda Changes, Additions and Deletions

Mayor Holman: We are this evening going to shuffle the agenda a little bit. We're going to move Items 8 and 9 ahead of Number 7. Do we have a motion to that effect?

Vice Mayor Schmid: So moved.

Mayor Holman: I'll second.

MOTION: Vice Mayor Schmid moved, seconded by Mayor Holman to hear Agenda Item Numbers 8- Discussion of Fiber-to-the-Premises Master Plan...

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and 9- Approval of the Preferred Concept Plan Line... before Agenda Item Number 7- Utilities Advisory Commission Recommendation That Council Adopt... which is now Agenda Item Number 9a.

Mayor Holman: Any questions or comments?

Council Member Scharff: I do. I'm a little concerned about the public as usual. I just want to know why we're doing it.

Mayor Holman: For the public.

Council Member Scharff: Won't people miss the beginning of the Fiber stuff? We'd be coming in an hour for it?

Mayor Holman: The presentation from Staff is about 30 or more minutes long. It's done for the public also because of Item 9. We're expecting several members of the public for that item. It's always a balancing act, as you know. With that, vote on the board please.

MOTION PASSED: 9-0

City Manager Comments

Suzanne Mason, Assistant City Manager: Suzanne Mason, Assistant City Manager, sitting in for the City Manager, Jim Keene. Mayor Holman, Council Members, tonight we want to update you first on our situation in the libraries. As you have probably heard, last Thursday afternoon some bugs were found on two chairs in the media area of Mitchell Park Library. They were identified by a pest control company as bed bugs. As a precaution, the library was closed at approximately 6:00 p.m. on Thursday, and we had the pest control company treat the area. As of 2:00 p.m. yesterday, Mitchell Park Library was reopened. Out of an abundance of caution, we are sending bug sniffing dogs to all libraries this week to check further for bugs. This is a common protocol. We have also asked the pest contractor to have dogs inspect recent book returns as well. While we have not had this problem at our libraries before, it has become more common in the past five years in libraries around the country. Our Staff has continued to be flexible and keep library patrons and others informed and even put together a pop-up library at the Community Center to provide some level of services to the community. Thanks to everyone in the community for their patience. You can find more information on specific library schedules on the library's home page on our website. We also wanted to update you that the City has sent

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aid for power restoration at the northern California fire area. Last week we dispatched electric utility crews to the northern California wildland fire area to assist with power restoration efforts. Some of the power plants, electric transmission, distribution and electricity generating facilities operated by the Northern California Power Agency, NCPA, of which the City is a member, have been impacted by the fires. As part of the mutual aid agreement under NCPA, five electric operations Staff departed Wednesday for Healdsburg. They were there for about five days framing and setting poles to restring electric wires. We understand that the crews were released this morning and are returning to Palo Alto today. We thank the City's Utility and Fire Departments for their service to our greater northern California community and glad they have all returned safely. Next, I'd like to update you on some events in our Community Services Department. This past week, the Palo Alto Children's Theatre presented *The American Revolution*, where more than 1,400 fourth through eighth graders attended student matinees, and another 600 community members enjoyed three public performances. The City's Children's Theatre opened its 2015-2016 Playhouse series in September with sold out performances of *Snow White*. The Playhouse ensemble now consists of 35 teens who perform interactive fairy tales for young audiences ages 2 to 6 years old. The Teen Arts Council held their first open mike night of the season at Mitchell Park Community Center on Friday, September 25th. This year, the Teen Arts Council is holding their first meeting of each month at the Mitchell Park Teen Center with events planned at the Community Center throughout the year as part of an effort to increase outreach to Gunn High School students. There are also a number of important events during the coming week that we wanted you to be aware of. We'll have a White House official speaking at our Palo Alto Veterans Summit this coming Friday. Colonel Nicole Malachowsky, Executive Director of Joining Forces, the White House initiative on supporting veterans and their families, will be the keynote speaker at the City of Palo Alto Human Relations Commission's Summit on ending veterans' homelessness. The event will run from 1:00 to 4:00 p.m. at the Mitchell Park Community Center. Initiated by First Lady Michelle Obama and Dr. Jill Biden, Joining Forces is a nationwide initiative focused on support of service members, veterans and their families with a focus on wellness, education and employment opportunities. Mayor Holman will provide opening remarks. For more information, contact Mary Constantino at the City's website. Also coming up in the next week is the Sixth Annual Bike Palo Alto to send bicyclists all over town. Jump on your bike and join the Sixth Annual Bike Palo Alto on Sunday, October 4th, for a fun, free and family-friendly event designed to encourage residents to ride their bikes more often for local shopping and other trips around the City. The event will start at El Carmello Elementary School at Bryant and Loma Verde from 1:00 to 4:00 p.m. where participants can get free bike maintenance, find suggested routes to schools

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as well as learn how to fit helmets and where to access maps and local biking information. Participants will then choose one of three self-guided routes that highlight some of the main bikeways in Palo Alto. There will be short, medium and long options for all ages and abilities. For more information, go to www.bikepaloalto.org. That concludes my remarks for the evening.

Oral Communications

Ken Horowitz: Good evening. Ken Horowitz; I live on Homer Avenue. I just wanted to compliment the City Council for the meeting you had last Monday. I've been attending a number of the meetings over these last few months. I was very happy that the Council has taken action. Too often I've heard the Council refer things back. I think the Mayor mentioned about kicking the can down the street, so to speak. Please continue to do that, take action. I know you have a number of action items tonight, and hopefully you will do the same. One thing, I do live on Homer Avenue. I know you're referring tonight to the Charleston Corridor, but I'd like to also see you look at Homer Avenue and Channing Avenue which are one-way streets. One of the problems with Homer Avenue, if you come out of the Homer Avenue tunnel, the bicyclists have to go at a one-way street going the wrong way. Hopefully, at some point, and I was thinking rather than waiting for the Comprehensive Plan to be finished, I think there are a number of things you can do before that as well. The second thing that I wanted to mention is that I actually made the happiness map. There is the Page Mill Y on the happiness map. I'm hopeful at some point, if it comes before the Council, I mentioned it on previous occasions, that the owner of that particular basement site is wanting to convert that site to office suites. If it comes before the Council, I'm hopeful that you will reject that and allow us to try to keep it a recreational facility. It's 15,000 square feet down there. I think a lot of Palo Altans would like to have that recreational site back. Thank you for your time. Have a great meeting.

Jared Bernstein: Hello. I just wanted to tell you a story about walking down University Avenue and hitting Lytton Plaza and I'm across the street. I carry with me a sound level device. It's like 92 dB across the street from the music. Another week later it's like 91, or it's 87. There's a lot of people there, and they're really having a nice time. I'm, like, thinking I have to close my ears because I don't like it, and it's against the regulation of the City. As far as I know, there's a noise ordinance. I called up the police, and not 911, and Officer Bybee came, pulled me out of the theater in a nice way and said, "What's the problem?" I said, "Here, look at my sound level meter. They're breaking the law." I'm like maybe 40 meters away from the

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source of the noise and it's 90 dB. The regulation is much less. He said to me, "That's very interesting," like that and said that I had called the police once before. He was very nice. He was a well-dressed guy, but why is he reminding me that I once called the police several years before? It's puzzling to me. Any rate, I have a solution to what I consider a problem. First off, loud noises, I know that the food reviewer said the biggest problem in restaurants is noise, in the *Palo Alto Weekly*. The *Palo Alto Weekly* tells me you've set a group. The airplanes overhead are about 75 dB; many of them are in the 60s; some of them are in the 50s. This is 90 across the street. You could set up one of these, like they have the speed limit signs that tell you "speed limit 25, your speed 36, 36, 36, 36," you could have a sign like that in Lytton Plaza, maybe at the edge of the sidewalk saying legal limit 70 dB, your sound level whatever, 90, 105, if you're that close. That's my suggestion. If you address noise issues, don't forget enforcing the legislation we have. Thank you.

Rita Vhrel: Hello, Council Members and Mayor Holman. I'm here again about dewatering. I've sent out several emails to the Council Members that I'm hoping to get a response about members of our group meeting with you. We are now in four years of drought. We also now have three new projects that are entering into the initial dewatering stage. Two are on Garland Avenue and one is going in directly behind the previous dewatering site at 2231 Webster. I find this interesting as the 2008 Planning and Transportation Staff Report indicated that dewatering could only take place between April and October. Now we have three new projects going in with a month of dewatering legally allowed. We will be monitoring to see that dewatering does not occur at night. Also in the 2008 report, it indicated that the groundwater levels would return to normal fairly quickly after dewatering was completed. It goes on to state that this in part was going to be due to normal rainfall and residential irrigation. We are now under residential irrigation restrictions and our rainfall has been severely limited. Our group is requesting an immediate moratorium on new permits for dewatering which should not have a significant impact on residential basement construction, since it cannot legally occur after October and until April. Also, we would like the issue of dewatering reopened and reinvestigated. Again, there is a huge project at 1201 Newell, directly across the street from the Main Library, that you can go and visit if you like. Thank you very much.

Consent Calendar

Mayor Holman: Council Members? Motion by Council Member Scharff, second by Council Member Wolbach to approve the Consent Calendar.

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MOTION: Council Member Scharff moved, seconded by Council Member Wolbach to approve Agenda Item Numbers 4-6.

4. Adoption of an Ordinance of the City Council of the City of Palo Alto Adding Section 16.63 to the Municipal Code Relating to Expedited Permitting Procedures for Small Residential Rooftop Solar Systems.
5. Approval of Amendment Number 3 to Contract Number S12145610 With Wells Fargo Insurance Services for Benefit Consulting and Broker Services, Increasing the Contract by \$68,500 for a Total Not to Exceed Amount of \$304,000 Through June 30, 2016 With an Option to Renew for One Additional Year to June 30, 2017.
6. Vote to Endorse the Slate of Candidates for the Division's Executive Committee for 2015-16 and Direct the City Clerk to Forward to Jessica Stanfill Mullin, the Regional Public Affairs Manager for the Peninsula Division, League of California Cities the Completed Ballot for the City of Palo Alto.

Mayor Holman: Seeing no lights, vote on the board please. That passes on a 9-0 unanimous vote. Thank you, colleagues.

MOTION PASSED: 9-0

Action Items

- ~~7. Utilities Advisory Commission Recommendation That Council Adopt: 1) Resolution to Certify the Final Environmental Impact Report for the Proposed Recycled Water Distribution Project; 2) Resolution Approving the Recycled Water Distribution Project; and 3) Direct Staff to Proceed With Filing Funding Applications for the Project Consistent With the Project Description.~~
8. Discussion of Fiber to the Premises Master Plan and Direction to Staff on Next Steps for Fiber and City Wireless Services.

Mayor Holman: We have Staff, and I think we're expecting a couple of consultants as well.

Suzanne Mason, Assistant City Manager: Everyone had planned on being here at 6:30, so we're a bit delayed with our consultants on the report.

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Mayor Holman: What is a bit delayed?

Ms. Mason: Jonathan is trying to track everyone down. I think based on the agenda, they had thought that we would be arriving at that item at 6:30.

Mayor Holman: This change was made this morning, so I'm a little confused.

Ms. Mason: I'll work on that.

Mayor Holman: Why don't we take a ten-minute break and see what we can conclude after that. Thanks.

Council took a break at 6:10 P.M. and returned at 6:19 P.M.

Mayor Holman: Council Members, we will reconvene the meeting now and take up Item Number 8, which is again the discussion of Fiber to the Premises Master Plan and direction to Staff on next steps for fiber and City wireless services. Thank you. Jonathan.

Jonathan Reichental, Chief Information Officer: Hi there. Jonathan Reichental, Palo Alto Chief Information Officer. Thank you, Mayor Holman, Vice Mayor Schmid and Council Members, for this opportunity to present this City Manager Report on fiber to the premise and wireless recommendations. Maybe we'll make some history this evening; we'll see. I also want to thank the Utilities Advisory Commission. I want to thank the Utilities Advisory Commission subcommittee on fiber to the premise and wireless. I'd like to thank the Citizen Advisory Committee, and thank you to our partners here, CTC. Tonight we're joined by CTC CEO Joanne Hovis and her colleague, Tom Asp. I'd also like to thank a large group of City Staff across many departments, in particular Todd Henderson, the City's Project Manager, Jim Fleming from Utilities, Josh Wallace from Utilities and Dave Yen from Utilities. I just wanted to make a few very brief introductory comments, and then we'll get to the substance of this evening. In the internet broadband space, a lot has changed since the City first started to explore fiber to the home in the last '90s. In fact, even since City Council made this a priority again in early 2013 with the Technology and the Connected City initiative, a lot has changed in our industry. I want to spend a few moments characterizing the current high speed wired and wireless marketplace. First, there's a lot of activity across the U.S. and now in our area of the country with the incumbents. We do recognize and realize the future of a competitive America is easy access to high speed internet, and eventually

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customers will begin to demand it. As the yet to be determined needs arise, we will see the incumbents, and we're seeing new players such as Google Fiber, exploring, announcing and upgrading their systems. Two and a half years ago there was no visible activity in play to bring fiber and/or ultra high speed internet access to Palo Alto. Two and a half years later everything is different. AT&T are underway to bring their GigaPower, 1 gigabit fiber service to Palo Alto. This is happening; they've announced it, and they're starting to submit permits for this process. Initially they will bring gigabit fiber to a few thousand homes and, dependent on market demand, to a large part of our City. AT&T hopes to start providing access as early as 2016. Comcast has announced immediate plans for a 2 gigabit internet service and has also communicated a longer term plan to deploy 10 gigabit using existing cabling. Effectively they're going to roll out 2 gigabit and 10 gigabit without having to install any fiber cable. They will use existing technology, just upgrading the endpoints. While we don't know yet if Comcast is coming to Palo Alto, they have indicated that the Bay Area is in their sites. Finally, we do anticipate that Google will make a decision on their gigabit service for Palo Alto within just a few short months. From the looks of things, the community of Palo Alto will have at least three national providers competing in our City to provide 1 gigabit and more download speeds to anyone who wants it. I want to spend a few moments just defining what I believe is the future of internet access. As we now meet, the majority of Americans who access the internet do it wirelessly with a mobile device. 51 percent use a mobile device; only 42 percent use a wired computer today. This transition to wireless mobile will accelerate in the months ahead. The future of internet access is wireless from a mobile device. Less people are watching TV; more people are watching their little screens. In addition, surprisingly the web isn't even the primary use for mobile internet access anymore. Over 85 percent of internet access on a mobile device is via an app and not via the web. The internet as we know it is radically evolving, and it's doing it quickly. Most exciting in this industry is the emergence of the next generation of cellular technology. Currently, we're at the fourth generation of, or called 4G for that, cellular. Under perfect conditions, you might get 12 megabits of download speeds. 5G or fifth generation, which is in the late development stage, is projected to provide 1 gigabit and under perfect circumstances, which don't always happen, up to 10 gigabits of download speeds. We may see some limited deployments of 5G as soon as 2017, but broader deployment is likely to begin in 2020 which is only four years and a few months away. I do acknowledge that this does require some form of limited wired backbone, but it does seem that the future will have a wireless focus. Lastly, you're hearing about the internet of things and the future role it may have in building smart cities. While the internet has been about connecting people, the internet of things is about connecting people and objects and objects to

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objects. Think about traffic signals that talk to cars and vice versa to make for smoother, more efficient traffic patterns; a trash can that alerts you via your smartphone that it's been emptied. These things are happening now. The internet of things will change the nature of how we live and how our cities operate. The internet of things which will form the backbone of smart cities and even Palo Alto's in-development vision for a smart city will require a wireless infrastructure and some form of a wired backbone. That concludes my comments. I hope these comments help to add additional context and a flavor of the future to our work together. Thank you very much. I'm now going to pass you over to the CEO of CTC, our partner who worked on these reports, Joanne Hovis.

Joanne Hovis, CTC Technology and Energy: Thank you, Jonathan. Mayor Holman, Vice Mayor Schmid, Council Members, it's always a pleasure to be in Palo Alto. Thank you for having us here. I have a 20-minute or so presentation to summarize the analysis that we did and some of our recommendations, both with respect to fiber to the premises and with respect to wireless. I very much look forward to your comments and questions. I may proceed? Thank you. Let me start quickly with the agenda for how we're going to proceed. Looking first at the fiber to the premises analysis that we did, kind of summarizing in brief the analysis and the recommendations, and then looking also at the wireless options that we considered and our recommendations in that regard. I should start, by the way, by saying that we do not consider these things in any way to be substitutes for each other. We address them in their unique role in the broadband ecosystem. We'll walk you through our analysis of where we believe there is a viable and practical role for the City in regard to both of these technologies. If I may also start by saying I think this is the first time I've appeared in front of you; although, the company has done work for the City of Palo Alto in the past. By way of very quick background, we are a consultancy with a national footprint. We do a little bit of international work. We are a boutique public sector broadband consultancy located in the Washington, DC, area. We're 30 years old, and we have always worked in public sector broadband in assisting cities to deploy networks, but also to negotiate with private providers to maximize the public interest. We are strong proponents of fiber to the home as one of the things that is essential to any city or any community in the United States in the 21st century. We're also strong proponents of municipal fiber to the home and the right of any city to make its own decision about whether to undertake a municipal effort or not. I think this is important, that we note this right up front. I will add that I am personally the cofounder and CEO of the Coalition for Local Internet Choice, which advocates in Washington, and has assembled a large public-private partnership advocating to make sure that municipal

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prerogatives are not limited in any way when it comes to communications infrastructure and opportunity and to support the position that no entity other than a city or county or town through its elected representatives should make a decision about how it proceeds in broadband. Certainly not a company located many states away or even a state legislature; local elected officials are closest to their constituents. We've long advocated for that position. That's a little bit of background on how we come to this process and our background in this field. The work that we undertook here at the direction of your Staff was to evaluate what the implications were, what the costs were, the potential opportunities, the risks and the challenges of municipal efforts in both fiber to the home and wireless and, based on our experience and our expertise, to give you the best data possible that we could to enable you to come to the best decision. Let me start by saying that you have an extremely successful dark fiber network here that is well operated and has been a leading network across the country as a model for other municipalities. I think that track record is probably self-evident. What we sought to do is to see how the existing fiber and that opportunity could inform your efforts in fiber to the home and wireless and to look at some of the challenges including some of the potential likely challenges from the incumbent phone and cable companies which have traditionally rather aggressively opposed municipal efforts in this space. Hence the need, for example, for the Coalition for Local Internet Choice that I spoke about a few minutes ago. Also to give you some cost estimates, both capital and operating, around what it would take to build these networks based on our experience throughout the United States and then also on the national fiber to the home network in New Zealand. Let me start by talking about some of the terminology we will use. We talk about a municipal overbuild which is what was contemplated here in the context of fiber to the premises. I use the term fiber to the home interchangeably with fiber to the premises. Essentially, what we're talking about is direct fiber optic connections into all homes and all businesses. That's a terminology thing. If I say fiber to the home, I mean the entirety of the community including the business market. The term overbuild is the one that refers to a second or a third builder coming into a market and building a wireline broadband network where one already exists. Given that there is a cable network here that reaches almost all homes and businesses, the next network to enter would be an overbuild. You actually have two existing wireline networks, one built by the phone company using a much older technology and one built by the cable company. The challenge with municipal overbuilds is actually common to commercial overbuilds as well, which is that the extremely high capital costs of broadband communications infrastructure are required in order to build a competing network, but a second or third or fourth entrant into a market is now sharing the potential market with the existing provider. Unlike the first provider who had the capital costs but had the entirety of the market to

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address, that is not the case with the second or third or fourth operator who comes in and is competing to serve a defined and fixed market. That leads to some challenges around the economics of fiber to the home. Indeed, until Google Fiber started quite aggressively building fiber to the home, fiber to the business about five years ago, that is a market that was entirely stalled and we were not seeing commercial investment in that space at all. Google has to a great degree shaken that up, and we are seeing more overbuilds now, but the economics are still quite challenging. For that reason, we always want to point out that the core reason that a city or a county or a town would get involved in fiber to the home is not based on the financial returns. The reason that the public sector engages fiber to the premises as a potential strategy is based on the network externalities, all the benefits that flow from this infrastructure around economic activity, education, healthcare, environment protection and the significant other benefits of the networks. Indeed, the internet and increasingly fiber to the premises is the core infrastructure over which our economy flows in the 21st century and certainly over which our democracy flows. Those are the reasons why the public sector engages this. It's not the reasons for the private sector, obviously, but there are differing values and goals of the two different potential builders. As you'll see, that informed some of our analysis around partnerships, but also financial challenge. The other core point I would make around the traditional overbuild is that in the modern era, the current era of new fiber to the premises construction by private sector companies, the dominant model is to cherry pick. By cherry picking I mean that a company can pick and choose the most economically advantageous neighborhoods where the potential revenues are highest and the build costs are lowest. They can choose to build in those areas and not in others. This obviously will greatly improve the economics of this kind of network and this kind of enterprise. It is, however, a much more challenging thing for a public sector investor to do, that is to say, to use public funds and then cherry pick what neighborhoods are built. What we found as we analyzed the potential for this very important infrastructure here in Palo Alto was that a full range of costs are substantially higher in this market and probably many of your neighboring markets than in some other parts of the country, particularly in those parts of the country where there have been substantial municipal fiber to the home builds, for example, in the seven-state Tennessee Valley region, in rural Washington state where many public utilities districts have built fiber to the home networks, and so on. I don't think it'll come as any surprise to you that your costs here are considerably higher, particularly around labor, both City labor and contract labor, and certain kinds of requirements and regulations that have been promoted by both the State and the City. What we found when we put the cost estimates developed by our engineers into a financial model seeking to understand what the business of municipal fiber to the home would entail here in Palo

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Alto was that in order to make a fiber to the home enterprise cash flow on a standalone basis without other sources of funding, what would be required was approximately a 72 percent take rate, meaning 72 percent of the potential market for data services would have to buy services from the City of Palo Alto rather than from the alternative providers. In our experience, that is an extremely high, almost unattainable number in a market where there is already one or more broadband providers. In a market where there were no broadband providers, some municipal builders were able to get to those kinds of take rates in early years because they were the first entrant into the market. They were essentially the incumbent. That's not an option that's present here. The required take rate comes down to about 57 percent when we take into account the lower costs for construction. I'm sorry. The same costs for construction but the fact that there is \$20 million in the Fiber Fund that could be applied for construction, thus reducing the amount of financing necessary, reducing by \$20 million, and obviously significantly reducing the revenues necessary to make the network cash flow. Frankly, these take rate numbers are so challenging given what we've seen happening in the market around the country, but particularly in very robust markets where we would anticipate that the phone and cable company will aggressively compete with you. They will not concede this market to a municipal provider or for that matter to a commercial competitor who might come in. We have looked in addition at some strategies around public-private partnerships that could allow the City to reduce some of its risks and potentially still achieve the same kinds of policy goals around building next generation infrastructure that secures your economic place for the next 30 years or so, the life of that infrastructure. One of the strategies we looked at is what we believe is a very strong emerging public-private partnership model in which the City would focus on the fiber infrastructure as its core expertise and work potentially with a private provider who would take operating risks providing services over that network, providing customer service and other kinds of services and essentially share the risk and share the upfront costs with the City. One of the strong advantages that the City holds in that regard is a long-term view and potentially a willingness to recover its funds over a considerable period of time which is not something that we see very much among commercial internet service providers where the requirement is to achieve profitability on any investment within a short period of time, in some cases just a couple of years. That's a huge benefit that the City potentially brings to a partnership. Providers bring other kinds of benefits that the City is unable to offer including some of the enormous cost benefits that come from scale. I am going to now hand the microphone over to my colleague, Tom Asp, to talk a little bit more about some of the financial matters. Then I'll come back and talk about our recommendations.

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Tom Asp, CTC Technology and Energy: I just have a couple of highlight slides to go over what I call the uses of funds. When you look at about Year 7 when kind of the estimates are stabilized, the network could be all constructed. It kind of gives you a snapshot of what the expenses, both what are the operating expenses that you have and what type of debt service types of payments and replenishment funds you'd be looking at. These numbers are based on the 72 percent estimate. If you used an influx of say that \$20 million, your amount of financing would be reduced; therefore, your P&I payments would be, therefore, reduced and then your construction costs would also slightly be reduced. When we look at the construction costs, one of the key things is the estimates that are used are using not City labor, but they're using contract construction labor but using the prevailing wage that's required in the area. It's based on the core outside plant, is about \$40 million. Your core electronics, about \$4.4 million. Your average drop and your **** at a house, at about \$760. Then about \$500 for the CP and that equipment. When you look at the key breakdowns of the uses of funds, you're looking at about 53 percent just covering the debt service and the ongoing network replacements. One of the things with the electronic costs, you're having to replace those ranging from five to ten years, depending on what level in the network they're at. What we set up was a debt service reserve fund, a sinking fund, that is established to cover those ongoing costs. The other piece, you do have some substantial operating expenses. You've got about 15 percent of the usage just on the operating expenses for the network OEM, the dark fiber. The remaining of it, about 32 percent based on the business operations to operate the network on a day-to-day basis as a standalone enterprise. When you look at all the different categories of the uses of funds and the expenses that you'll do, you have quite a few buckets, anywhere ranging from churn to bad debt, in quite a few areas of expenses that you have to account for when you're operating a for-choice business like this. I think a couple of key things is you have about four of the operating buckets that account for about 85 percent of the expenses. I think those are the areas where some of the buying power and some of the key advantages that some of the private sector areas have. When you take somebody like Google, they may have, like, your vendor maintenance contracts pretty well go away, because they have a lot of that staff and expertise on hand. If you added another 10,000 subscribers to Comcast, they're not going to have to really increase the number of customer service representatives; although, they probably should. Their costs of scaling are so much greater, and that's one of the challenges when you start-up kind of a start-up business like this. Again, I think, again to repeat it, where the public sector really has the long-term—you're taking a look at this long-term investment, being able to look at a 20 to 30 investment and kind of the dark fiber assets, and that's something that you can do well. You can look at that long-term outlook for the financing.

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You can also take a look at all the different externalities that would make up other types of benefits that you could see, kind of the benefits beyond the balance sheet, per se. What the private sector has a lot of the advantages in is just their scaling in terms of their installation and electronics, their purchasing ability, the purchasing power, maintenance contracts, operating expenses. One big thing like their internet access, you take somebody like Google and they're probably not paying a whole lot for direct internet access, where you're probably going to be paying 50 to 75 cents per megabit.

Ms. Hovis: When it comes to a summary of our recommendations, I should start by saying that given the parameters of what we were asked to do by City Staff which was to evaluate the feasibility of a municipal fiber to the home network. When I say feasibility, it's ability to sustain itself on a standalone basis, as a standalone enterprise. Our recommendation in that regard would be to understand that if you go forward, we think that the required revenues and the required share of the market that you would have to achieve is virtually unattainable. That doesn't mean that the network wouldn't deliver enormous value to the community; it certainly would. It's going to entail a cost to the community as well. We don't believe, based on our experience, that it would pay for itself. Our next set of recommendations would be around looking at some of these substantial advantages that you have, including the existing dark fiber network, the long-term view in fiber as a long-term investment, operational capabilities around fiber maintenance and so on, and to consider exploring partnerships where the City would focus on the fiber infrastructure as a means of achieving its policy goals while sharing some of that risk with a private sector partner. To that end, there is a recommendation in the report where we suggest developing a Request for Information or Proposal to explore exactly that model or other kinds of related models around public-private partnerships, where the City could share risk while still achieving all the benefits of the network. A Request for Information, in our experience, is a mechanism by which to engage the private sector, learn a lot about private interests in the market and enable the City to develop further information about this opportunity. Given the ongoing discussions with Google and the fact that Google has not yet made a public announcement about what it is planning to do in Palo Alto or in this whole region and the fact that there is construction proposed by AT&T and upgrades likely by Comcast, this may be a strategy that you wish to hold off on for a few more months to see how the market develops and to determine internally whether the private sector is through coming investment potentially enabling the City to meet some of the policy goals of this initiative. Moving on quickly to the wireless evaluation that we did. We looked at the potential for a range of different

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wireless options. I will go through each of these in quick summary, though I will say that we recommend the first three, but not the fourth and I will explain why. The first recommendation is that the City continue with its extremely successful strategy of using existing City fiber and other facilities to offer Wi-Fi in and around public buildings which has been done so far at 30 City facilities at remarkably low cost and with really efficient operations. Expanding that strategy makes a whole lot of sense. As you can see from the numbers on the screen, both the capital and operating costs are very modest. The benefits are substantial both for City users and for public users who are then able to take advantage of open Wi-Fi hotspots that are essentially a small incremental cost on top of existing City assets that the City already has invested in. The second scenario that we explored and that we do recommend is that the City expand its wireless efforts to deploy a point-to-multipoint network for City users. This would not be for public use. This would be a secure network for critical uses by City employees, particularly Utilities, Public Works, Public Safety and so on, so critical use. In this case, once again, we have what we would consider a relatively modest capital expenditure, a very modest annual operating cost. The recommendation design and cost estimates are all based on a demonstrated and documented need with respect to City users. The third scenario that we considered and that we do recommend is that the City use Wi-Fi again to deploy a targeted Public Safety wireless network. This is not a Citywide ubiquitous Public Safety network; rather, it is a network of wireless hotspots in some key areas that would be useable by Public Safety first responders and other users. It would be in key areas where there is a demonstrated and documented need for this kind of service. Again, in our experience, a modest capital expenditure, modest operating costs given the considerable benefits. Finally, we look at the potential for a Citywide ubiquitous public-facing Wi-Fi network, that is, a network that would be deployed throughout the City on a comprehensive basis and would be available to the public to use for a fee. Essentially, the City getting into the wireless business. We looked at this under two different scenarios. One where the City has actually built a fiber to the home network which makes deploying a Wi-Fi layer on top of that much easier and more cost effective from a technical standpoint. We also looked at what it would take for the City to do Citywide Wi-Fi without having a fiber to the home network, and the costs are much higher and it's much less practical to actually achieve technically. Frankly, we don't recommend that you proceed with this strategy for a range of reasons. First, the technology is very challenging if you don't already have Citywide fiber to the premises, which makes it much easier to just extend from each fiber premise out a Wi-Fi hotspot, essentially achieving Citywide ubiquity. Second, this is not an easy business in which to enter. Frankly, it's significantly more challenging than even fiber to the home. The reason for that is that wireless users, people who are willing to pay for wireless or

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mobile service, travel outside the boundaries of Palo Alto. To pay the City of Palo Alto for a wireless service in the City boundaries but still have to buy a wireless service for outside the City would mean, we think, that there is a very small market for a paid service along these lines. Certainly, not a market or a revenue stream that would justify the very considerable capital and operating costs on a ubiquitous Citywide network. Finally, frankly this is an area in which we see significant emerging competition in terms of the mobile market. We know that there are already mobile providers in this market including Verizon Wireless, AT&T Wireless and so on. The cable industry is deploying wireless as an overlay to its cable footprint with the very clear intention of competing with carrier cellular services, AT&T, Verizon and so on. Even companies like Google are getting into the mobile business as something called a mobile virtual network operator where Google will be reselling Sprint and T-Mobile services on a nationwide basis. In markets where it actually builds, it will then supplement that with Wi-Fi. The mobile market is the most arguably competitive among communications markets in the United States. I know that's not saying all that much, because we do not have extraordinarily robust communications markets. To the extent that that market is somewhat more addressed by the private sector, we would urge extreme caution in proceeding with what would be a very costly and high risk strategy. That is the end of the presentation.

Mayor Holman: I thank you for that. I have but two members of the public who wish to speak to this item; although, I see some familiar faces at the back of the room. At this point in time, we have Herb Borock, to be followed by Bob Moss. If anybody else cares to speak to this item, please come forward and submit a card. Herb Borock.

Herb Borock: Thank you, Mayor Holman. Good evening, Council Members. I've submitted some correspondence to you that you have at places. I guess I'd like to start with saying what I don't believe you should do. I don't think you should have wireless in City parks. A survey we've had of the public, only 10 percent want that and 45 percent did not. The ones who wanted it are City Staff, and you have a list of all the parks that they want to put wireless in. Another thing that you should not do is to give the Citizens Advisory Committee oversight over whatever future reports or modifications the consultant makes. If the report is not something that we want in the first place, having it vetted again by a committee not chosen by the Council I don't think is useful at all. I don't think you should do a partnership model. What should be done is for the City to hire contractors, not have partners. I believe the best use of the dark fiber funds and the ability to spend future revenue through bonding capacity is to build out the dark fiber network throughout the community to support a fiber to the premises and

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wireless system. It's better than having that money sitting in the bank in a fund now which is essentially from the department that runs it is a fund for large companies to provide their own equipment to light up the dark fiber. A more retail business is a different business, but by itself is a large user just like those large users are. I think the time has passed for further consultant studies and further City Staff studies. It requires a vision from the Council to want to do this. I believe we have the ability to pay for that dark fiber build-out with the existing reserves and revenue stream from the dark fiber business. Anything that we would get, an income stream from a fiber to the premises business would be extra money, so we would meet a community need. We would have a system that could provide service to residents and businesses by a contractor we chose that did not do data mining for ad purposes or tracking usage. We could provide a service that would be the technology and architecture that we want. To be advising Council at this point from the public should all be done in public, rather than choosing specific people who then meet privately with Staff.

Robert Moss: Thank you, Mayor Holman and Council Members. I want to give you a little perspective on this. As you know I was on the Board of Cable Co-Op for more than 20 years. We were very interested in building fiber to the home. I think it was 1997, we got a cost estimate for what it would cost to put fiber to 100 home nodes for the entire franchise area. It was not just Palo Alto, but it included Atherton, Menlo Park and some parts of Stanford. We were told that 100-home nodes was absolutely unprecedented. Everybody else was building to 1,000-home nodes. We said, "We don't care. We want 100-home nodes." The cost was \$25 million. Doing Palo Alto alone would have cost about \$14 or \$15 million. The \$40 million estimate that you're getting today puzzles me. Labor costs have gone up, but equipment costs have gone down. I don't understand why we're being told it's going to cost so much. Second, we were told that having fiber to the home or having fiber to these nodes, especially in the business areas, would have a huge beneficial impact on the community overall and on the business vitality. Businesses would move in and use fiber broadband connections to eliminate a lot of people having to go in to work, to drive to work. They could use the broadband to work. They could locate in Palo Alto and do business literally all over the world very effectively. In fact, we saw that actually happen where there was some fiber on West Bayshore. There were businesses that moved in there and specifically told us they had moved because they could get to the fiber by just moving a few feet. Now, that does not put fiber—the bid we got did not put fiber to the actual home. We figured that if anybody wanted to have fiber from the node to the home, they would have to pay for it. At that time, the cost estimate was about \$1,100 to \$1,200. I don't know what it is today, but it's probably

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in the same ballpark. To summarize, having a fiber network in this City is beneficial both in reducing commuting, making people more effective working both from home and from the office, and bringing in higher value business. It may even reduce traffic and parking problems. I think that it's worth taking a really serious look at. I think it's worth giving strong consideration. You already have a fiber loop. It doesn't, of course, serve the entire City, but it serves parts of the City. It could be expanded. Because of the benefits of fiber to the premises, if you will, I think it certainly ought to be pursued, and you ought to be looking very carefully at where you can do it. You may not end up doing it Citywide; you may end up doing it just in certain areas. It's worth considering doing it.

Sea Reddy: Good evening, City Council and the citizens of Palo Alto. I think I totally agree with the recommendations. This is not something we need to spend at this time. It can be handled by private enterprise. We are taking resources from other things that are more important to the City and our neighbors. I would go with the recommendation and let the private industry deal with it. Then the citizens can afford other ways of getting fiber into their—or services. Thank you.

Mayor Holman: Thank you. We return to Council Members for questions at this time. Let's say five minutes a piece is a maximum here at this time.

Council Member Filseth: Thank you. Thank you, folks, very much for doing this and for coming all the way out here on a Monday night. I have two questions that I'd like to ask. They're both sort of related to fiber and wireless. One of them is that Jonathan raised the issue of 5G wireless, that at some point in the not too distant future you might be able to get gigabit internet over the air. I think other municipalities must sort of have the same general issue here, but it seems to me that sort of our major goal here or concern, because it looks pretty clear that fiber to the premises or gigabit broadband is going to be broadly available. I think our major concern is probably going to be that it ends up being like another utility and there's a natural monopoly around something, probably the glass infrastructure everywhere. We end up beholden to somebody, some provider that turns out not to be a good partner. My question is that if indeed it turns out that 5G wireless brings gigabit internet to everywhere in the City, then it's probably going to remain a competitive market. There won't be sort of this huge infrastructure cost of running fiber everywhere in the City. I'd love your thoughts on that. My second question is not exactly the same, but it's sort of related, which is the cost of the physical infrastructure, quite a bit of that is running fiber to everybody's house. If in fact gigabit Wi-Fi becomes broadly available, are there going to be solutions where there's sort of fiber

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to the premises, not all the way to the premises but close to the premises, and then the rest of it to the premise is actually handled wirelessly? Is there some option like that that we should be worried about? We make a big investment in fiber everywhere, and it turns out that's the wrong model. That's my two questions.

Ms. Hovis: I think these are very important questions, Council Member, and it's very hard to predict what is going to happen in this industry. A year's an eternity in this industry. If you'd asked me five years ago, if you'd painted a picture of where we are today, I wouldn't have believed that we would see the kind of competition that we're seeing on the landline side, for example, where AT&T is making investments that were inconceivable five years ago, that have really been stimulated in part by Google Fiber. We're seeing that kind of reaction by companies all over the country, other phone companies and cable companies as well. We are true believers in fiber all the way to the home. In our experience, wireline infrastructure and wireless complement each other. They don't really replace each other. Now, in rural markets, where the economics and the market is simply not there, that may not be a set of options. There will be some rural markets where wireless is the only solution, and it won't come close to a gigabit for a whole bunch of technical reasons. We do believe that fiber to the premises is a very significant long-term investment. It's a future-proof infrastructure, and that fiber to the premises is what makes a lot of the wireless infrastructure possible. For example, if you think about what the cable industry is doing, it is using its wireline infrastructure into each of our homes to then from the home use that internet connection to create a Wi-Fi hotspot. That's how it's doing Wi-Fi. The aggregate of all of those Wi-Fi hotspots is what could result in a Citywide Wi-Fi option provided by the cable company. We anticipate that Google will do the same thing with its fiber to the home deployment in the markets where it builds. The phone companies are doing this using their existing cellular infrastructure. If the City were to go forward with a fiber to the home investment, our concern is not that it's not a good investment. We think it's a long-term, future-proof investment that you will always use. Our concern would be that there won't be enough revenue to offset your expenses. It wouldn't be that it's not the—it's the holy grail infrastructure if that helps. I hope I've answered your question; I'm not sure that I have.

Council Member Filseth: I think that makes sense. I think we want that. The question is why wouldn't we just let—since there seem to be so many people who want to build it without us making a huge capital investment. It's a lot of money. I mean, it's like the discussion at this point is going to gravitate quickly to why do it ourselves as opposed to somebody else, as opposed to should we have one or not. It seems to me that the most

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compelling reason to do it ourself, given the private sector's willing to do it, is that given the likelihood that a hardware physical infrastructure is going to end up being a natural monopoly, then whoever does it, we're going to be stuck with them. If they turn out not to be a good partner as has been observed and alleged in the cable industry, then we're going to really wish we'd gone in a different direction. On the other hand then, if it turns out that there are alternatives, wireless for example, then the market seems likely to evolve in a completely different direction. You don't see wireless monopolies around the country. You've got AT&T and Verizon and T-Mobile and so forth all competing against each other, which is probably a better situation for us. Therefore, we've got to ask the question, is it really worth us making this investment. I'm sort of wondering not do we need one or not, but how should we think about whether we need to own it ourselves versus having other people supply it, particularly given that there may be replacement technologies that don't have the same dynamics.

Ms. Hovis: There are core policy benefits to owning the infrastructure as a city. There's no question. Different cities come out in different places as to how important that is to them. We have a project that's a public-private partnership where the city was absolutely adamant that it had to own the fiber, because it wanted to control that asset and make sure it went to every home and business and that no home or business would ever be excluded. Most cities are less concerned with that and feel that private investment, if they're lucky enough to get it—this is not emerging in all markets. That's important to note. Until you know that Google is really building here, you still only have two wireline providers. In some communities where they do have that third provider coming in, sometimes it's municipal; sometimes it's Google Fiber; sometimes it's one of the smaller companies coming in behind Google Fiber. They are trusting to the benefits of competition to impact carrier behavior. In a monopoly environment, carriers don't have to behave very well. In a competitive market, they obviously have to behave differently. Let me let Tom speak to the ...

Mr. Asp: I think a couple of things there. One of the things, let's say if Google did come and build. You in essence do have Comcast providing a broadband. Although it's not fiber to the premises, they can actually offer some decent services over that cable infrastructure. You do have some checks and balances with those two providers. AT&T is more likely going to be kind of more of a cherry pick, only in certain areas. They're not going to be as ubiquitous as Google and Comcast would be. You do have some checks there, I think. The other thing, if we did go to the RFI stage, one of the types of partnerships that we brought up that would probably meet that concern a little bit more head-on is a kind of a model that we've seen

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emerging where you actually invest in the dark fiber model and you control that fiber, where it goes. You own that infrastructure. You own that. The private partner is then providing the electronics and kind of the operation of the business. That's a balance of what you can do good, and what they can do good (crosstalk) and that type of thing.

Council Member Filseth: I think a lot of us look at that as sort of sensible.

Ms. Hovis: I don't think we've quite addressed your question about the wireless-fiber hybrid. I would say only that to get that kind of very, very fast speed with wireless, you need fiber really, really close to the user. It's only that last bit that's going to be wireless. For wireless to even hope to start to keep pace with the wire all the way to the user, the fiber has to come pretty deep. Hopefully we will see lots of competition emerge in all markets along these lines. I'm not sure that the markets actually exist to enable more than three competitors in an optimal wireless world. Even someone who comes in with a hybrid wireless-fiber option is going to have to build fiber pretty deeply.

Council Member DuBois: I'd like to thank everybody that's been deeply engaged on this subject for a long time. Our Utilities Advisory Commission, they had some good comments recently. Our Citizens Advisory Commission put out a memo that I found very informative. We also got letters today from Vince Johnson in Longmont, Colorado, and Chris Mitchell who's the director of Community Broadband, the Institute for Self-Reliance. Those letters are in our packets, if you guys haven't seen them. I'd suggest you read those. Why are we talking about fiber? We have three private companies coming, I think. Only 2 percent of the United States can say that. It's very unusual. I think there's multiple reasons why we're still talking about fiber. We're talking about private companies, but it's not really clear what that means, where they're going to go, how much they're going to charge, when they're going to get here. U.S. broadband is expensive and poor quality. We pay more for less than practically anybody else in the world. Accordingly to the *Wall Street Journal*, U.S. cable giants are making a 97 percent margin on their internet services. They have to see competition before they consider even building fiber. Real world speeds aren't near what they're advertised; I'm sure everybody's experienced that. You subscribe, and they'll say up to a speed, but that's not the speed you get. Then other ways performance is being interfered with, with data caps, peering agreements. Again, Comcast is one of the biggest opponents to net neutrality. At the same time, we have all these things, the internet of things. Verizon Wireless uses more streaming. VR is coming. We have all these increases in demand. There are a couple of other interesting things.

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There have been surveys that show that broadband is becoming the number one factor for renters when they're evaluating places to live. It also adds significantly to the value of homes. Just access to fiber adds value, but then if you actually have a service, it adds even more value. I think there's a lot of complexity to this issue, and we need to make sure we're asking the right questions. It's not is some private provider going to come, but what kind of service do we want, what is really our goal with fiber and this question of ubiquitous access and ownership and control. I think that's really what we need to decide as a Council. I think we need to answer the question of what do we want to do before the end of the year. I think the Staff recommendation was kind of let's wait and see what happens, but I think there's some steps we might want to take. More broadly, what other steps should we take to ensure success with all these examples we have now of successful cities doing this?

Mayor Holman: Do you have questions too, Council Member DuBois?

Council Member DuBois: I have a few questions, but I actually had a lot of statements I wanted to get through.

Mayor Holman: This was a round of questions, if you would.

Council Member DuBois: I can try to work in some questions. My big question is what is our goal. I think we need to address that. Again, you guys have listed or we've heard that Comcast is coming, AT&T is coming. I think you said they'll probably cherry pick neighborhoods, which I agree with. Been very little information. There was nothing in much detail about Comcast. I mean, do we have any idea of what kind of coverage to expect and what kind of timing for a build-out from those providers?

Ms. Hovis: What we anticipate with Comcast is that they will—they've announced that they will migrate throughout their entire footprint in the United States the next generation of cable modem technology, which is known as DOCSIS 3.1. This is their competitive response, essentially, to Google Fiber, which will allow them to offer downstream speeds getting much closer to a gigabit. On their existing network, they should be able to offer downstream speeds of up to 100 megabits per second with the current generation of DOCSIS technology. They're without question reacting to Google as a competitor. Because of the nature of their technology, they would upgrade an entire community. I think you would see the entire City upgraded when Comcast does that. AT&T in order to upgrade really has to build fiber at this stage, and they are building fiber to the home in certain

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Google markets. They've announced that they will do so here, but they don't commit to comprehensive build-out. We would certainly expect that they'll build where they can make the most money, and that the City would have frankly very little control over where they do build. Certainly understand your concerns about that.

Council Member DuBois: I had a quick conversation, and it sounded like they were looking at 23 locations, at about 200 homes per location. That's the only people that could get AT&T. Have you seen any timing and pricing for Comcast in Palo Alto? I mean, they're not very clear in terms of where they're going to offer it.

Ms. Hovis: In other markets, we have seen Comcast higher-end products in the 100-150 range. They're now starting to talk about 2 gigabit products in the \$300 range. That will probably change. I mean, you don't yet have a truly competitive market here. Although frankly, even three wireline providers is not an incredibly competitive market. It's just much more competitive than anything we've seen in the broadband era. I mean, I think it is very reasonable to expect that if Google chooses to build in Palo Alto, you will see a direct competitive response from Comcast and AT&T. They're not going to sit back and let that market be taken from them. If Google chooses not to build here, it's probably a whole different scenario. They don't have to compete in the same way. They will probably—I have no inside information on this, but my anticipation, my expectation would be that they will target their resources to markets where there is competition. That's why a lot of cities where there's no prospect of Google competing look for other private partners or build themselves.

Council Member DuBois: There seemed to be a little bit of a—I don't know—divergence within your report. It seemed like, on the one hand, you were recommending more of what the ting model is, with maybe the City owning fiber and looking at a private partnership for the electronics and the service. Then the financial analysis was like a total City Staff build-out. That seemed to be like the most expensive option that was priced out.

Ms. Hovis: Go ahead.

Mr. Asp: On the retail model that we presented, we used as a placeholder saying—one of the things we were asked was to take a look at what it would take to take a look at a retail model like that. That's kind of a baseline number, and then we're able to kind of show where all the different expense

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buckets and things like that and help go to why we think, like, a ting-type model might make sense.

Council Member DuBois: Yeah. Even in that City model, like you said, there are four items that are like 85 percent of the cost.

Mr. Asp: Correct, yes.

Council Member DuBois: CTC, Joanne and Tom, do you guys have ideas on just those four items how we could drive that cost down maybe, like, being a little more creative?

Mr. Asp: There's different ways to look at it. One of the things you could—the costs we are still—at your given location, your cost of internet access is still pretty reasonable here. We had an estimate—I forget—it was either 50 or 75 cents a meg as a baseline for that. That price may be going down a little bit. From a competitive standpoint and buying power, Comcast is probably 10 percent or less than what that is. That's something that is more just a volume buy and it's just saying what you can do to drive that. It's just like in terms of the maintenance contract.

Council Member DuBois: The four buckets are the main costs?

Mr. Asp: Yeah, the four buckets are the main cost areas. Those are the things that you could look at some contract labor, some of those type of things. Once you bring in contract labor, then you start how do you manage that labor and how you manage that customer service. That type of thing. There may be some ways to look at doing that, but it's not something that you're going to be able to cut it in half or some real substantial number on that.

Council Member Scharff: When you talk about the take rates, that's in the entire City, right?

Ms. Hovis: That's right.

Council Member Scharff: I mean, if there's three providers, none of them are going to have take rates—I mean, say a third, a third, a third for each. I'm not understanding how they're making money on that. I mean, if we need 57 percent to make money—I mean, they're barely going to get 30 percent. How does that work?

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Ms. Hovis: They don't have the same capital costs that you do. The cable and phone companies have networks that were built many years ago, in terms of their capital costs.

Council Member Scharff: What about Google?

Ms. Hovis: Google is a very different animal than anything we've encountered in the past. I think I probably don't have to tell you that it's a relatively opaque company, so they're not sharing their business model with us. We do not know—I don't think anybody outside that company knows how Google plans to fully monetize this investment. We know that they did not go into the fiber business because they wanted to be an internet service provider and compete with Comcast and AT&T for market share. They went into the fiber business as a policy matter, because they wanted to make sure that the next generation of the internet was deployed over fiber to the home throughout the United States. They started this as a demonstration project. They said very explicitly that they were taking what they'd been advocating for in Washington and doing a series of demonstration projects in order to show that it was viable to build fiber to the home. They have since expanded quite extensively. Our read is that they're planning to continue expanding. The traditional way of making money in communications infrastructure which is by selling voice services, video services and data services, is just one way that Google is making money. We can all guess at some of the others, but we probably can't guess at many of them. They're in a unique position relative to anyone. One of the leaders of Google Fiber has said publicly, "We have no problem with access to capital." They don't have financing costs. There are all kinds of benefits that Google has that not only can't be replicated by the City of Palo Alto, but can't be replicated by anyone.

Mr. Asp: I can just maybe add one. If you look at the operating costs, where we talked about about 85 percent of the total operating costs, if you were looking at it from a Palo Alto-ran utility, would be on your vendor maintenance contracts, labor costs and direct internet access costs. A lot of those costs, especially like the vendor maintenance contracts and the direct internet costs, that's a cost where it's virtually zero for somebody like Google. When you add the kind of customer service and some of those support costs, they're also not going to see that, because they already have a lot of that embedded costs, sunk costs, that they can already leverage. It's a huge thing on the operating costs.

Council Member Scharff: On the big picture, we have roughly \$20 million in the Fiber Fund, right. How would we leverage that best? To me, that seems

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to be the question on the table. I mean, I don't think your report told us anything that we didn't know, that we don't really want to run a full-blown ISP service, most likely. I mean, it didn't seem to make sense, going out and spending \$70-some million and competing in those markets. I don't think that makes any sense, and I don't think anyone does think that makes any sense. The question is how would you use \$20 million to leverage something that benefits the people of Palo Alto and what does that look like? I mean, there's all these vague terms thrown around about we'll partner with people. What does that look like? Does that mean that we lay the fiber at the same time along with somebody else, we leave it dark? Does it mean—what does that mean to you?

Ms. Hovis: The partnership model that we talked about briefly here and in the report is one in which you own and control the fiber infrastructure. I mean, what we were charged with doing here ...

Council Member Scharff: AT&T and Google are not going to do that with us. I can't imagine they would.

Ms. Hovis: I think it is ...

Council Member Scharff: Comcast is obviously not going to do it. Who's there? Sonic?

Ms. Hovis: My guess is that if you were willing to make the fiber investment, there would be companies that would emerge that would be interested. We've seen that in other parts of the country. I would start with this. When you think about how to use that \$20 million to benefit the community—I think this speaks to Council Member DuBois' point about what are our goals. That, I would say, is the key factor. The Citizens Advisory Committee laid out a series of goals that were actually somewhat different to what we had understood when we went into the project. If you have—it would be much easier for me to answer the question, in other words, if I knew exactly what you wanted. The communities we work for who care about making sure that low-income neighborhoods get the same advantages of the network as their higher-income neighborhoods ...

Council Member Scharff: We don't have any of those.

Ms. Hovis: Pardon?

Council Member Scharff: We don't have any of those.

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Ms. Hovis: That's exactly right. The ubiquity question and some of the digital divide and digital inclusion questions that come up in other markets that lead to certain partnership models aren't necessarily relevant here. I mean, I guess I would wonder—I would want as much competition in the place I lived as possible, because I trust that competition does good things and changes private-sector behavior in all the best ways. It's Economics 101, and I wish in Washington we paid more attention to that in making communications policy. You have very effectively for a long time used your fiber investment to stimulate some competition and to create opportunities for private companies to come into this market. If you see Google do that here, that would be a huge benefit and you can continue to use that fiber to stimulate more. If Google doesn't come into this market, I would use that fiber to try to get a third provider in as fast as possible whether that's fully private-sector risk or some kind of a shared public-private risk opportunity.

Council Member Scharff: That's really your bottom line as to why you wait, because we only have two providers in the market, AT&T—AT&T may then not make the investment is what really what you're saying. If it looks like Google's not coming and the market changes dramatically, we may then need to play the role of Google, is really what you're saying. If Google comes in, at that point we have a fairly competitive market. Then the question is how do we use the \$20 million to leverage something and what are the goals and what does that look like, which I gather you don't feel has been defined well enough at this point to answer the question.

Ms. Hovis: No, I don't think that was ill-defined at all. I mean, I think we had a pretty good sense of what we were asked to do and an excellent working relationship with City Staff. I did not mean to suggest other than that. The Citizens Advisory Committee laid out different kinds of goals such as, for example, that the City must own fiber to every home and business. That had not been made clear to us as a goal. Had that been a core goal, we would have approached this differently. We would have looked for strategies by which to get there. I didn't mean to suggest that the goals weren't there. I do think that your summary is pretty good. Once you know what Google's planning to do in this market, you'll have a much better sense of what's coming and what the competitive response by AT&T and Comcast will be. Then you can think about how the City can continue to impact that. You can still have impact.

Council Member Scharff: I have one other question which Jonathan brought up. I mean, the reason I want fiber to the premise is because I want faster speeds in my house, right. I mean, that's really why you want it. Once Wi-Fi is as fast, it's just like we didn't have all the utilities in Palo Alto. We

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didn't have a phone utility. I'm really glad we didn't have a phone utility, because you really wouldn't want to be selling landline phone service these days. If wireless becomes as fast, why would you want to own a fiber network? All you're going to do then is pop it up and make it Wi-Fi and if it's a really competitive market. We keep talking about that it's a useful asset in the foreseeable future. I mean, I actually didn't think about this until I listened to Jonathan's presentation today, I mean right now. I asked myself that question, does that really make sense to invest \$70 million or even 40 million or even 20 million if we're going to have a competitive Wi-Fi which is going to overtake all of this very quickly. I don't know if you want to respond to that. Maybe you disagree with Jonathan. I think it's unlikely. That's okay too.

Ms. Hovis: I don't disagree at all. I mean, I use my mobile phone for carrier service and that gives me mobility. Even when I'm on my laptop, which does not receive 4G service, I am wireless. I'm never really attached to a wire. In my hotel room, I'm wireless, but there's a wire that comes pretty close to me that makes that Wi-Fi possible. Wi-Fi is possible when there are a whole lot of wires. That, by the way, is true of carrier service as well which is why they're building a lot of fiber to towers and so on and using your fiber for that purpose. We need a lot of wires in order to have great wireless service. The experience of most Americans these days is that they will be wireless much of the time, sometimes over carrier wireless networks and sometimes over Wi-Fi which connects to a very close-by wire.

Council Member Wolbach: Council Member Scharff actually beat me to one of my questions. If there's anything else you'd like to add, feel free. I would just basically—how confident are we that this really is future proof? We've heard you say that. I'm still somewhat ambivalent about the future-proofingness of fiber. One more opportunity if you want to weigh in at all on that. Anyone? Otherwise, I'll move on to my next question. Jonathan looks like he wants to say something, so I want to give him a chance.

Mr. Reichental: I mean, I'm 99.99 percent aligned with my colleagues. I probably wouldn't use future-proofing myself. I've been in technology 25 years and I've seen many examples where that doesn't pan out. If we know anything about the future, it's very unpredictable. Right now it could go in many different directions. That's what makes this really difficult for you and for all of us.

Council Member Wolbach: Thank you for recognizing that. My other question is on the wireless side of this evening's discussion. In looking at the various options, there was one that I didn't see there which I'd like to

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ask if it was considered and dismissed or if it's one we ought to consider. Somewhere between distributing Wi-Fi to key City facilities, something more than that but less than Citywide and that would be to have Wi-Fi at all of our retail areas of the City. I was wondering if that's something that we've considered yet and also leave open for colleagues for their thoughts as far as whether that's what we ought to consider if it wasn't already looked at previously.

Ms. Hovis: Wi-Fi as a public amenity and an economic development tool in key target areas such as retail areas, historic downtowns and so on is a very powerful tool. With the fiber backbone that you have and the internal City operational capacity is something that is very viable. We tend to see that emphasized as an economic development tool in areas that are less economically vibrant than this one. It's a very powerful amenity and frankly something that the public has almost come to expect from cities and towns in downtowns, parks, community centers, around places where there are festivals and so on. It's not something that we investigated in detail, but it's in our experience a sound strategy.

Mr. Reichental: I'd like to just mention a few thoughts. Yes, I don't think CTC explored it deeply, but City Staff did look at this. There's a couple of thoughts. We did a survey around wireless and through the narratives, it turns out, at least anecdotally, that if you're strolling down a commercial district, you're unlikely to switch to Wi-Fi. You'll continue to use your cellular until you arrive at a destination like Starbucks or something, and then you'll go to Wi-Fi. That's one part of it. The other is there is emerging, a new set of technology that if a viable Wi-Fi hotspot appears, your phone will automatically go from cellular to Wi-Fi and pick it up, reducing your costs overall for your cellular technology. Google just happens to have it, a product called Google Fi on that. Some of the providers, I think T-Mobile possibly, are going to start to embed that in their cellular technology. That's sort of the state of the art. We figured then, based on that, it didn't seem like a high need. One of the options we're saying in the recommendations, Staff are saying is to break out looking at Wi-Fi as a separate item for the 35 City facilities. We could explore also an option of third or "C" which is University and California and wherever you deemed some other areas. Since we're looking at it anyway, we could put it in as a la carte.

Council Member Wolbach: I guess one follow-up is—I appreciate that. Thank you. I'll just say my own preference would be to do our retail areas in advance of doing our parks. I'm not opposed to doing Wi-Fi in our parks, but I think some might have better uptake than others. I think that our retailers are probably more useful. I guess the follow-up question based on

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the narrative you've described of people strolling down the street and not really using Wi-Fi, when you are walking past businesses that might each have their own very narrow range Wi-Fi, that absolutely makes sense. It's because there's no Wi-Fi that reaches across all of University that you walk from one coffee shop at the end of University up to a pub at the other end. You're not necessarily going to be—you can't use a single Wi-Fi spot. If we deployed a municipal Wi-Fi throughout the Downtown core or along Cal. Ave., would that allow people to use that same Wi-Fi as they move from one end to the other or running multiple errands and have some of the benefits that might come from it being municipal? Perhaps, greater dependability, not having to sign in, not having to go up to the cashier and ask what their Wi-Fi password is, and perhaps not worry that you're data is being used for private uses, although that raises all kinds of privacy issues for us as well, as far as how we use their data. I mean technologically is that viable? If somebody's logged in using our Wi-Fi, can they move smoothly across several blocks if it's a municipal Wi-Fi in a commercial area?

Mr. Reichental: I mean, it would be based on what I've observed. That would be very viable for those two streets, to have a very dense Wi-Fi infrastructure and make it work as good as King Plaza and chambers right now. We would design it with sufficient density to make that work.

Council Member Kniss: Leaving our City for a few minutes and thinking of some of the other cities that have gone into this or are attempting to go into this. I went to a conference about two years. I think Jim Fleming is here in the audience somewhere. One of the areas that we kept hearing about was the complexity of actually doing this when you got into it. While it sounds—I think it probably sounds very appealing to us. We already have our utilities. We cover all our own utilities. It looks as though this would be a terrific area. I have to say it really poured cold water on my enthusiasm for it, listening to what many cities have gone through in terms of lawsuits and so forth. Could you comment on that aspect of it which is the kind of unpleasant flip side of it? The other part is to talk about successful cities that you think are operating that would in some way be like Palo Alto.

Ms. Hovis: Council Member, I started my remarks by saying we are really strong advocates of municipal options and municipal fiber to the home. At the same time, we are also realists working for the public sector. This is not for the faint of heart. It is just very challenging to do. If it were easy to make a business case in fiber to the home, we would have seen private capital coming into this market a lot sooner, given the growth of the internet in our economy. One of the challenges that unfortunately incumbent carriers who oppose the emergence of competition have very effectively put

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up there as a barrier to the emergence of municipal competition is that incumbent carriers frequently challenge these kinds of projects. I can't speak to the legal validity of anything that they do, but there have been significant efforts at the state level to get states to prohibit municipalities from engaging in this space. In some places, even in dark fiber deals. In some places, even in providing services for themselves. In many, just throwing up significant barriers to effective operations or rational pricing and so on. That's what my work with the Coalition for Local Internet Choice has been about, is to try to reduce those incumbent-opposed barriers at the state level. We've also seen incumbents undertake public relations campaigns to try to disseminate frankly frequently false information, either directly or through proxies, about the track record of municipal efforts and so on. The FCC to its credit has assembled a strong record in the past years preceding by the cities of Wilson, North Carolina, and Chattanooga, Tennessee, asking for preemption from state law. There's a very considerable record at the Commission now that's part of that docket demonstrating some of these challenges and how they really worked. The FCC went through those laws in considerable detail, talking about how those challenged municipal competition. Unfortunately, this has been an effective strategy by those who would prefer not to see competition emerge. It's very unfortunate. If the City chooses to go forward with any kind of strategy, then I think doing a risk assessment around legal and other kinds of risk would be very important. We obviously are not qualified to give you legal guidance in that regard. I'm sure the City would evaluate that. That would mean in the case of a public-private partnership as well, because we'd want you to go through evaluating the full range of your risks.

Council Member Kniss: I think one of the areas that we are concerned the most about too is that—you've certainly spoken about Google very frankly. In addition, it is difficult for cities to be nimble. We don't meet on a regular basis, daily, talking to each other. That nimbleness is really important once you're in this arena where everything is happening so fast. As you have said, nobody really has access into Google in such a way that we would know. I think that's somewhat unnerving. Can you speak just briefly to either Kansas City or to Austin as far as where they have been with Google? I think certainly Austin is a comparable city. Are those pieces of information you have or that you don't have?

Ms. Hovis: I'm sorry. Pieces of information in what regard to Kansas City and Austin?

Council Member Kniss: In regard to the cities where Google has gone in. I know Kansas City was in the middle of it when we were actually there at the

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conference a couple of years ago. Also, Austin, I don't know how far along Austin is or what problems. What I'm saying is for cities, what we really need to know is what problems have people already run into, what kinds of things can we learn from before we get into this in such a way that we're in lawsuits and we're being challenged in such a way that, as you said, if it's not for the faint of heart, then it takes a great deal of knowledge ahead of time in order to combat that.

Ms. Hovis: In the Kansas City region and Austin, we haven't seen legal challenges because it's really a private investment model, not a public-private partnership. That term is ...

Council Member Kniss: Right, just Google.

Ms. Hovis: ... sometimes applied in a sort of soft way, but it's a partnership in the sense that everybody's working toward the same goals, which is better service and so on, but there's no real formal partnership or financial relationship of that sort. I think that there—obviously there are challenges in any major construction project. Those cities and Google are learning how to work together. I certainly think that those cities see this as a net positive.

Council Member Kniss: Not as a partnership?

Ms. Hovis: It's not a formal partnership in that sense. In Kansas City, Kansas, and Austin, which are public utilities, Google is using public poles as they presumably would here if they built here. That's the same kind of relationship that any entity attaching to your poles would have with you. It's not the kind of partnership where we talked about sort of these shared risk models where public sector and private sector both potentially put in capital or share capital and operating risk and so on. We are in very early stages of seeing these new models emerge. It's only really been a handful of years of this new creativity and new opportunities emerging. Part of it, to Google's credit, is that they have stimulated this new creativity and interest and excitement about this infrastructure. To Palo Alto's credit, you were 15 years ahead of the rest of the country which kind of got this once Google started doing it, but you've been looking at it for much longer than that. We don't have formulas for what every partnership is going to look like or how this is going to emerge. It's very early days in terms of deployment of next generation infrastructure in the United States. As the Council Member said, it's 2 percent of the country so far is fortunate enough to have a third provider.

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Council Member Kniss: Google, it is the big dog at this point. We're all kind of waiting to see if he's going to bark in Palo Alto or not. That's kind of an interesting situation for us to be in, to be kind of just waiting to see what one company is going to do. That was a statement rather than—it could have ended with a question mark, but I think that it's pretty obvious. I appreciate your answers. I do recall very well how sobering it was to go to a conference where cities had run into this and had really discovered that there are many potential lawsuits that are waiting.

Ms. Hovis: One can strongly believe in this infrastructure and believe in and support municipal ownership without believing that it's going to be easy. It's simply not going to be easy. There are lots of outside forces who will tell you that it's going to be easy, but their agenda is not to protect the City. I think that caution is very prudent. At the same time, there are some very attractive policy outcomes to municipal ownership in this context.

Council Member Kniss: That's our balance. Exactly.

Vice Mayor Schmid: I think the dialog we've had tonight has been very interesting. I've learned a lot listening back and forth. Let me see if I can feed it back and ask you the question, did I hear right. I guess I like history. I can remember the 1950s where AT&T was the regulated monopoly. They had Bell Labs. They were probably the most sophisticated technology center of the world. I can remember walking into Bell Labs and getting a tingling feeling. This is exciting, the ideas that are flowing from here. I also remember for 50 years with this exciting technology, they were characterized by high prices and stifled innovation; had to wait for the Europeans to show us what you could do. You have made the case, I think, very effectively that fiber is important to the future, that it's not going to be displaced by Wi-Fi at the meantime, that it has an enduring role. It is important and critical. What it does, having fiber as an infrastructure, it moves competition from who has the fiber to what services will be provided. That's really where Silicon Valley is going and has been going for the last 20 years is let's create new services, new apps. You've also hinted or stated fairly clearly that Google is like the old AT&T. They're in a position to be a big, dominant player. If I've heard those messages correctly, the clear implication is we should go to the RFI today, to go out and find out what can we do, what potential partners or contractors can we find, rather than saying "Let's wait for Google to tell us what they're going to do." Is that correct?

Ms. Hovis: Mr. Vice Mayor, I think that's entirely reasonable. To seek the input of potential private partners and investors in this community, I think, is a fine idea. You could do it now, or you could wait and see, have a better

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sense of what the market will look like. For those potential private investors, it would be helpful for them potentially to know what the market will look like. If Google does choose to build in Palo Alto, we'll see a competitive response by Comcast and AT&T. Blair Levin, who is the architect of the National Broadband Plan, likes to say that in 100 percent of the communities where Google has announced it's going to build, both the cable and phone companies have announced a competitive response and have started investing. We know that there will be shifts in the competitive landscape here if Google decides to come here. For the potential private sector entities who might wish to partner with the City, that's going to be important information too. You could put out an RFI now and ask them what might a partnership look like under either scenario, if Google builds in Palo Alto or if it doesn't. An RFI is simply a way of very efficiently collecting information and trying to make sure that as many entities as possible respond to the City's query and request for information. I think you could go either way and it would be a very sensible strategy.

Council Member Burt: Thank you for the report, and for everybody who's been involved in this. I found a lot of valuable information there. Several of my questions are intended to flesh out what additional information or factors maybe should be included in the decision-making process. One thing is that you had pointed out the \$20 million or so that we have in our capital fund that is dedicated toward limited uses in telecom. You didn't, to my knowledge, refer to the monetary value of our dark fiber ring and what portion of that would be leveraged if we were to build out whatever we may build out. Have you looked at the monetary value of that in replacement cost for how we might use it in a fiber to the premise purpose?

Mr. Asp: Yes, we looked at that. One of the things, if you look at a full City build out in trying to get to more of a ubiquitous build-out, the value of the existing backbone fiber, the dark fiber that you have, is fairly limited. It's a very small percentage of the overall cost. It doesn't have sufficient strand count to support it, and various factors on that. There was limited value from that aspect on a full City build-out. If you were going to look at doing, kind of starting off and do kind of some targeted neighborhoods, that would have some significant value on doing kind of more of a targeted type of deployment. Then that backbone would become more of a substantial percentage of the total value.

Council Member Burt: I didn't see any of those numbers though.

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Mr. Asp: That was something that we looked at in terms of when we were looking at the detailed design piece, the design parameters, we looked at the existing assets that were available, at what could be leveraged.

Council Member Burt Okay. I didn't see those numbers. I'm losing all my time here.

Ms. Hovis: Council Member, the cost estimates take into account existing infrastructure where it's possible to utilize it. I don't know that the text pulls out all aspects of that, because I don't think that the text pulls out all of the cost assumptions, although all of them were vetted through City Staff in some detail.

Council Member Burt: Let me just say that I think we and our Citizen Advisory Committee and our utilities, those are the sorts of numbers that we'd actually like to see. Because I only have five minutes and I lost three of it on this first question. There was a comment that we don't have experience in for-choice provision, but to some degree we do actually. Our commercial fiber system is for-choice; there are choices there. Maybe we can go at another time into a deeper discussion of how that compares and that experience. I'm not saying it is equivalent to a retail proposition. I do want to switch for a moment to what sort of pricing difference is there when Comcast or AT&T has competition and when they do not. If you can real briefly, give me an approximate range. I realize it's not a single specific number, but just a point of reference. Jonathan, I don't know if you know that or who does.

Mr. Asp: We have a number. There's a number in the report that we have.

Ms. Hovis: While Tom finds the number in the report, let me speak to that as a general matter. Google has transformed the pricing model around ...

Council Member Burt: Right. I know you mentioned that.

Ms. Hovis: ... data services obviously. There was no gigabit product anywhere, and then the original ones were \$1,000 or more. Google set it at \$70, and that has now become the new norm, 70, 80, etc. Competitive markets will react competitively. It is very difficult to pull apart Comcast and AT&T pricing, because they bundle services in all markets. It's hard to allocate, to understand how much of it is for what service. They also don't have what would appear to be consistent pricing for us because of ...

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Council Member Burt: Maybe Tom's got this, because I'm going to run out of time.

Mr. Asp: The example that we brought out was with the AT&T GigaPower. In markets without Google competition, it's 110. In markets with Google Fiber, they do it at 70. That's just an example.

Council Member Burt: That's 40. Let me just do quick math. At \$40 and if it was 20,000—keeping my own time. If it was 20,000 households at \$40 savings, that's almost—what's that? About \$10 million a year in savings to residents that would accrue as a result of competition. When we are looking at costs, we have the costs to the City government or to the Enterprise Fund, and then we have the cost to our residents and our users, both business and residential. I think we need to look at both of those costs. The cost avoidance to everybody who lives and works here versus the direct cost of operating that system. I'm going to want to look at that comparison, because I think it's a real vital one that hasn't really been getting discussed.

Mr. Asp: I think in that case, one of the challenges there is how do you monetize a customer savings on an enterprise balance sheet.

Council Member Burt: Yeah, but I'll add that it's not just the savings, because we also know that the competition drives better service. It's yes plus, not yes minus.

Ms. Hovis: The positive externalities are more than we can even begin to calculate. We completely agree with you. What you gave here is a fine illustration.

Council Member Burt: Even because we cannot precisely calculate them and there are going to be ones that way, I want to make sure that we don't dismiss them or say that they can't be quantified. I think we quantify a lot of things within ranges, with qualifiers on variables. I think we must attempt to quantify it within whatever range and sets of qualifiers we place there.

Mayor Holman: To be fair, if you have another question, you should also ask it.

Council Member Burt: Pardon me?

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Mayor Holman: To be fair, if you have another question, you should also ask it.

Council Member Burt: I'll go with one more. One of the questions is—that I'm not expecting you to have an answer for here—but on the basis of what we've really been discussing about broadband Wi-Fi on the horizon with 5G systems, I haven't seen the number broken out nor is it really a viable option for us to be thinking of another scenario which is essentially fiber to the curb. Rather than having to take it into the household, we basically have a lower cost of Wi-Fi to the street. Does that work? Is that on the horizon as a viable technical alternative? If so, is it a different cost scenario?

Mr. Asp: I think in that one, we didn't look at that model in particular. There's a couple of challenges when you start doing that. When you start talking about going up to the next AC and some of the other new standards, you're going up. That's a 5 gig standard. You have different types of penetration of how well it goes from an outdoor coverage to the indoors. Some of those. You also have to, when you bring fiber to the curb and then have an access point, and then trying to get indoor coverage, then you have looking at the devices. If you took a look at the Wi-Fi module in this, is whether it's going to get the penetration or do you have to have an external bridge that connects your devices. It's a little bit—there's some complexities (crosstalk).

Council Member Burt: Those are some of the technical issues I was alluding too. I'm saying I appreciate that there are those technical issues and that they would have to be really broken down and see whether this is an alternative. I'm simply saying that it seems that based on what we heard tonight, this is something that we'd want to look at more deeply.

Council Member Berman: Thank you guys very much. Thanks for the report, the presentation today and a lot of the good answers and thorough answers you guys have had to our questions. There are a lot of points that I agree with and could extrapolate on. Given the length of conversation we've already had, I just have a quick question maybe for Staff more than the consultant. We've talked a lot about how lucky we have to have such a remarkably strong Utilities Advisory Commission. It's one that we rely on a lot. The UAC, albeit by a small margin, voted to recommend a bit of a different Option 1 where—I guess the way it's written in the Staff Report, the UAC requested that Staff evaluate a City-owned FTTP network to all Palo Alto households and businesses as a publicly funded public benefit. Instead, Staff's recommending an evaluation of the strengths and weaknesses of

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public utility options rather than only a public benefit option. The Staff Report doesn't really explain why Staff is recommending that and not what the UAC had recommended. I just want to hear from Staff kind of what the difference is and why you guys went with what you went with.

Mr. Reichental: I could try, but maybe I'll see if Jim or—anybody from Staff want to step up to that one? Would you like to? Maybe we'll have to paraphrase it.

Mayor Holman: If you could please identify yourself please.

Jim Fleming, Utilities Senior Management Analyst: Jim Fleming, Senior Management Analyst with Utilities. If I understand your question Council Member Berman, why do we want to look at a public benefit model.

Council Member Berman: The question is really why is Staff recommending something different than what the UAC is recommending and what does Staff view as the difference between the two recommendations. I can reread what's in the Staff Report if that would help jog your memory.

Mr. Fleming: Sure.

Council Member Berman: What it says is the UAC voted to request that Staff evaluate a City-owned FTTP network to all Palo Alto households and businesses as a publicly funded public benefit. Research that over the next couple of months as we also wait to see what Google does, which I think we universally agree is paramount to any decision we make. Instead, Staff recommends an evaluation of strengths and weaknesses of public utility options rather than only a public benefit option. Is Staff saying a public benefit option will be one of the things that Staff looks at or is Staff not going to look at that, but wants to look at other things?

Mr. Fleming: I think we have to sort out exactly what public benefit versus public utility really means in terms of our evaluation. Again, what is the definition of a public benefit when it comes to a fiber network? We have to sort that out.

Council Member Berman: If this might help. We had an email from Jon Foster this afternoon, or this morning, which essentially just saying—bear with me for one second. The City provides FTTP to residents as a public benefit meaning getting the voters to approve a bond to cover the cost of the build-out. Residents would then pay a modest monthly fee that just

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covers the operating costs of the system which would eliminate the take rate issue that would currently exist.

Mr. Fleming: That's correct.

Council Member Berman: Still it's just the definition of public benefit is the confusion point or ...

Mr. Fleming: Yeah, I think we need to better define what a public benefit would be in terms of the fiber network.

Council Member Berman: Is that something that Staff is planning on doing over the next couple ...

Mr. Fleming: Yes.

Council Member Berman: Great. From the sounds of it, what I'm hearing from you guys is Staff intends to look at what the UAC was recommending, get a little more clarity on exactly what it is and also look at some other things in the meantime.

Mr. Fleming: That's correct.

Mr. Reichental: Thank you for that. Just to be—because I was trying to process it myself, what was the distinction. We're actually building on what the Utilities Advisory Commission said, which effectively is we want it to be much more specific, strengths and weaknesses, rather than just an evaluation. We get to the same thing they want, but we weigh up the pros and cons.

Council Member Berman: I had a feeling that might have been the case, just wanted to make sure.

Mayor Holman: Council Members, thank you. We have been at this item close to two hours. We'll go to comments and motions. If you have comments or questions, if you'd turn your light on at this time, it would be really helpful to help manage the clock.

Council Member Filseth: Hopefully, this is quick. I actually had another question. Really briefly, can you explain the difference between Wi-Fi Option 2 and Wi-Fi Option 3?

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Mr. Asp: You mean the Phase A and Phase B on the public one?

Council Member Filseth: Yeah.

Mr. Asp: The wording in the report was a little bit—it took me a little bit to understand that myself. The key one is what's called Phase A, using the GN technology. It would be leveraging some of the existing fiber for backhaul. It would provide a basic 100 megabit per second service, and it's operating in the 2.4 gigahertz band. The Phase B, it should be called Option B, not phase because they're not related. That one requires you to have a lot more access points and really requires more of the fiber to the premises. It's kind of more like a fiber to the curb in order to deploy that. That's using the newer technology, the 1 gigabit technology on that. It's on a 5 gigahertz frequency.

Council Member Filseth: Option 3 we shouldn't even consider until and unless we do an FTTP?

Mr. Asp: Yeah, that one. I think in the report it's called Option Number 2, Phase B or something like that.

Council Member DuBois: I would like to make a motion eventually, but I'll just make comments right now. Back to my questions. What is our goal? For me, I think we should have a goal of Citywide access. Again, it comes down ownership. It comes down to flexibility. It comes down to control. I think one of the things we should decide tonight is how important we think it is for the City to own the fiber. The second thing, what should we do between now and, let's say, January, end of the year? We've been waiting for Google. There's a balance there between prudence and action. I think we should use this time now to prepare for January. I mean, let's pick the date. Let's move forward on some things in the meantime and let's give Google until January. I don't think we can just wait forever. One thing we haven't really talked about is an idea of a "dig once" ordinance which a lot of cities are doing.

Council Member Kniss: Tom, what's your motion?

Council Member DuBois: I'd like to get through the comments. A "dig once" ordinance that would basically say that anybody digging the City-laid conduit. In the UAC letter, there was a suggestion that they vet some of the assumptions, and I don't understand all the capital costs. I've talked to a lot of people, and I don't think they have either. I thought that was a good

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suggestion. I think we need to understand those costs a little deeper. Kind of the last question of what should we do to set up for success. I don't think this is for the faint of heart. I believe we need to have a real champion that's willing to drive this and really build their career on it. I don't really see that right now, and it's troubling. I think we might want to talk about if this is something we think is worth doing and what's the best way we should organize to be successful. Given how busy our current Staff are, would it make sense to hire somebody whose focus is creating this new kind of utility? I think we should maintain the Fiber Fund until we make a decision. If I can just have a minute. We haven't really talked about wireless at all. We're being asked four things on wireless. I'm kind of on maybe on Scenario 1, which is Wi-Fi to the parks. I'd like to see more details on that. I agree on kind of the point-to-point and the secure broadband for Safety providers. I think that should come out of our Police communication budget. I agree that we should not do Option 2 at this time. When it comes time to make motions, I'd (crosstalk).

Mayor Holman: It is time to make motions. If you'd care to go ahead and do that, it would help move us along.

Council Member DuBois: How about if I send it to David while the next person speaks, if that's okay?

Mayor Holman: We have Council Member Scharff and Council Member Kniss, and then we'll come back to you seeing no other lights.

Council Member Scharff: I was going to move the Staff recommendation with some tweaks to it.

Council Member Kniss: I was going to second it ...

Council Member Scharff: That's why I had my light on.

Council Member Kniss: ... since I was going to make it.

Council Member Scharff: It doesn't quite work this way.

Mayor Holman: Do you have other comments?

Council Member Scharff: No. That's what I was going to do.

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Council Member DuBois: I'll make a substitute motion.

Council Member Scharff: No, I'm just sort of waiting. Why don't you go ahead and make your motion?

Council Member DuBois: Hang on one second. It's kind of lengthy because there's a lot of parts here. To get the ball rolling. Part A, I would motion that Council adopts a goal of creating a ubiquitous fiber network in Palo Alto with City ownership of fiber assets. Part B, we do not accept the consultant's report as is and request, one, that in the Fiber Master Plan that we get detailed assumptions used to forecast the capital additions and that those are reviewed and approved by a majority of the citizen advisors and we get a revised forecast. Part B of that on the wireless plan, that we see a longer timeframe, a 20-year forecast consistent with the fiber report, and that for Scenario 1 we get a price forecast and fiber backhaul details for the properties to be served. That should be included prior to an RFP.

Mayor Holman: I'm anticipating there is more.

Council Member DuBois: Yeah, I was just letting him catch up. Part C, that we go ahead and issue the RFP for the Public Safety and Utilities Departments as Staff recommended. Part D, that the wireless plans will not use the Fiber funds. Part E, that we direct Staff to investigate a "dig once" ordinance as soon as possible. Part F, that we direct Staff to discuss a co-build with AT&T, Google and Comcast to see how the City could lay its own conduit to the premise during their build-outs. The final one, Part G, move forward with the RFI exploring both the muni-owned model with contractors to build and contractors for ongoing operations and also the public-private model with the City owning the fiber and a private partner, such as Sonic, operating and owning the electronics with consideration to Google being in the market or not.

Mayor Holman: That sounds like the end of your motion, so ...

Council Member DuBois: That was the end.

Mayor Holman: ... I don't know if there's enough clarity yet to garner a second.

Council Member DuBois: David, are you not able to copy and paste?

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Mayor Holman: David, are you doing okay here? Give David a moment here to catch up.

Council Member DuBois: I'm open to edits. This is a big issue, so I kind of laid it all out there.

Male: (inaudible).

Council Member DuBois: I did.

Mayor Holman: There's "F" to this, right? "D," "E," "F."

Council Member DuBois: Yep.

Council Member Burt: Can we ask questions (inaudible) needs a second.

Mayor Holman: He needs a second. David's almost done. Thank you, David; you're working hard. With that, if you can get the whole motion on the screen, that would be most helpful.

Council Member DuBois: That'll be a challenge.

Mayor Holman: If anybody's wondering, we are getting close to being able to do this much more agilely. If you can get it all on one screen, or can you do split screen yet? Okay. All on one screen if you can. Given the motion, Council Member DuBois is looking for a second.

Council Member Burt: I will second it but I've got to have a minute.

Mayor Holman: Second by Council Member Burt.

MOTION: Council Member DuBois moved, seconded by Council Member Burt to:

- A. Adopt a goal of creating a ubiquitous fiber network in Palo Alto with City ownership of Fiber assets; and
- B. Reject the consultant's report "as is" and request:

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- i. In the Fiber-to-the-Premises (FTTP) Master Plan, detailed assumptions, and their impacts, used to forecast the FTTP capital additions are to be reviewed by, and agreed to, by a majority of active citizen advisors; once this is accomplished, a revised forecast is to be provided; and
- ii. In the Wireless Network Report:
 - a. A 20-year forecast should be provided consistent with the FTTP report; and
 - b. The description of Scenario 1 lacked both a price forecast and fiber backhaul details for the proposed municipal properties to be served; these details should be included in an update prior to a Request for Proposals (RFP). (Scenario 1); and
- C. Issue an RFP for Public Safety and Utilities Departments (Scenarios 3 and 4); and
- D. Wireless plans will not use Fiber funds; and
- E. Direct Staff to bring a dig-once Ordinance as soon as possible; and
- F. Direct Staff to discuss co-build with AT&T, Google, and Comcast how the City can lay its own conduit to the premise during their buildouts; and
- G. Move forward with Request for Information (RFI) exploring both Muni-owned model with contractors for build and ongoing operations, and public-private model with City owning fiber and private partner (such as Sonic) operating and owning electronics, considering both Google in the market and without Google in the market.

Mayor Holman: At that point then, Council Member DuBois, would you care to speak to your motion?

Council Member DuBois: Just briefly. Clearly I'm a believer in fiber as a kind of utility, 21st century. I think we have a chance to draw a long-term value for Palo Alto. Again, we didn't talk a lot about quality and reliability, but to really have a high quality, reliable service available broadly, in the

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shortest timeframe possible. There's other benefits Council Member Burt started to touch on in terms of savings for residents and businesses. Broadband revenue would be kept local to our City. I think it would really provide a long-term asset that will serve the City well. Again, I'm focusing on the ownership of the fiber, which is the longest lived part of the asset. This was a big item. Obviously it's most of this book, so it's a big motion. I was trying to strike the balance between kind of clarifying what our goals are, reacting to the requests and kind of where we are today. Again, like I said, we really hadn't talked about wireless. What I was trying to clarify on the wireless side is most of Scenario 1 has to do with wireless in parks, which wasn't very clear kind of what the investment was required to do that. I think adding it to any remaining City buildings is easy, but I think there are like only two on that list, so it was really about parks. Again, I don't think there's any disagreement on the secure access for Public Safety. I do think we should protect the 20 million until we make a decision and not start spending it. There are ways through discussion, probably mostly with Google, then also through ordinances like this "dig once" ordinance idea that we could lower some of our costs to get City conduit in the ground. That's kind of where all these different parts came from. Like I said, I am open to amendments.

Mayor Holman: Council Member Burt, speak to your second?

Council Member Burt: I'll use it to ask a couple of clarifying questions, then potentially offer an amendment or two. First, you referred to ubiquitous coverage. One of the issues we didn't discuss earlier tonight is the comparative cost of providing service to a fairly few number of open space residences that are one unit per 10 acres and how much more expensive will it be to provide to those areas. Unless Staff has a ready answer, I would simply want to add some language that leaves open defining whether ubiquitous means every single household regardless of cost or not.

Council Member DuBois: Yeah, I was thinking about that. I think, again, I said a goal. If you want to make it stronger, to make it "most of" instead of "all." Again, I think obviously economics have to come into it.

Council Member Burt: Why don't we say "to all" or "nearly all" Palo Alto or we could define it as "all urban areas" and (crosstalk)?

Council Member DuBois: If you want to say "adopt a goal of reaching nearly all"—propose the words.

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Council Member Burt: Why don't we say "a goal of ...

Council Member DuBois: A ubiquitous fiber network reaching nearly all residences?

Council Member Burt: "Nearly all." Let's just put it there for right now as a placeholder.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion Part A, "reaching nearly all residents" after "Palo Alto."

Council member Burt: The other question I had is—I think it's on your—no. You've got a "B(b)." Anyway, under "D," wireless plan will not use Fiber funds. Are you saying that we wouldn't use any of our, in this motion, any of our \$20 million toward expanding wireless?

Council Member DuBois: At this time, yes. The Safety, I believe—it wasn't clear where that money would come from. We're currently paying for Verizon and wireless communications in Public Safety. I just want to shift that budget to cover this. The expansion in the parks, again I'm basically saying we should get more details before we start spending the 20 million.

Council Member Burt: First, "D" is meaning only at this time. It's not a future direction?

Council Member DuBois: Yes.

Council Member Burt: If we could add that language, "at this time," to "D." Is that acceptable?

Council Member DuBois: Yes.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion at the end of Part D, "at this time."

Council Member Burt: I would like to add an evaluation of expanding wireless to retail areas in North and South Palo Alto.

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Council Member DuBois: I think that would be under "B(ii)" which is that Scenario 1.

Council Member Burt: Okay.

Mayor Holman: It sounds like that's agreeable. Council Member DuBois?

Council Member DuBois: Yeah. Just evaluate.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion Part B, Subsection (ii)(b), "expanding wireless to retail areas in North and South Palo Alto."

Council Member Burt: Council Member Wolbach mentioned the Downtown and Cal. Ave., and those are our—Cal. Ave.'s not our second largest retail area, actually Stanford Shopping Center is. We have other retail areas throughout the City that we really need to embrace having that service, in the neighborhood shopping centers, in the south El Camino area, so that we really are not just thinking kind of Downtown and Cal. Ave. centric. That's all I have.

Council Member Scharff: I'm a little uncomfortable with Council adopting a goal of creating a ubiquitous fiber network in Palo Alto reaching all residences with City ownership at this point. That might be our goal in February depending on what other providers provide. It might be a goal depending on—I mean, I think it depends somewhat on what kind of partnerships we can do. I'm not sure how prescriptive it is to have a goal to do that when there may be other partnerships that work equally well depending on what information they come back with. I mean, if we're going to have three people in this market, I'm not sure we're going to vote to build out a fiber network in Palo Alto. I mean, I'm not sure that makes sense. I'd rather us revisit this goal issue in February, frankly, when we have more information and get more information, so we have a sense of where we want to go. I don't know how you feel about maybe saying Council will come back and look at what the goal should be. I think we could have a whole meeting on goals frankly in February on this and figure that issue out. I think it's premature to set that goal now. I'd ask you if you would just sort of say let's come back and do a goal session early next year, where we look at this issue again, we can have more information and we work towards that.

Mayor Holman: Can you offer language for an amendment?

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Council Member Scharff: Sure. I would just say that "Council will come back in the first quarter of 2016 to develop goals for its fiber network including but not limited to looking at creating a ubiquitous fiber network in Palo Alto." Something along those lines. I'm not ...

Council Member DuBois: It's kind of implied in there that we'd set the goal, but that we would do this RFI to go out and collect information and also see what Google would do. Would you be willing to say we adopt a goal and that we'll revise it in the first quarter? I think part of what we're seeing is we haven't been clear in our goals.

Mayor Holman: Can I say, Council Member DuBois, then you're offering specific language under which you would accept Council Member Scharff's amendment?

Council Member DuBois I guess I would, yeah, I would edit "A" to say that we "adopt a goal of creating this ubiquitous network reaching nearly all residents and with City ownership of assets and that goal would be revisited in the first quarter of 2016 based on these other items."

Council Member Scharff: Okay. I can look at that. That's fine.

Mayor Holman: Council Member Burt, do you accept that as seconder?

Council Member Burt: Yeah.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion at the end of Part A, "and that goal will be revisited in the first quarter of 2016."

Council Member Scharff: I want to get into a little bit of understanding on if we're not accepting the report and we're telling them to come back. You're understanding of this would be that they come back with just that key information that the report's lacking and they do an amendment to the report, at which time we look at that again in the first quarter when we come back on goals, or do you want them to send us an informational report? From a practical point of view, how do you see this playing out?

Council Member DuBois: I kind of saw it as an informational report. I'm not sure if that was the right language. Hopefully the intent is clear.

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Mayor Holman: Can I look to Staff on this just for a moment please? This might be helpful. If it comes to us as an information report though, but we're going to revisit the goals, shouldn't it all come to us as an action item together? I'm looking to Staff for some guidance on that.

Council Member Scharff: That's what I was thinking. (crosstalk)

Mr. Reichental: Could you ask it one more time? I'm not sure I could understand that.

Mayor Holman: Pardon me, Jonathan?

Mr. Reichental: Could you ask it one more time? I don't know that I understood it.

Mayor Holman: There's more information that needs to be or that Council Members are asking for. The question was how it should come to Council. It seemed to me that—trying to get us all on the same page here—it seemed to me that it should come to the Council as part of an action item that would include "A" in the motion. When this comes back in February—City Attorney?

Molly Stump, City Attorney: City Attorney Molly Stump. Thank you, Mayor Holman. There's no specific requirement that the Council receive or accept a consultant's report of this type. They're frequently created and provided to the City Manager. It probably does make sense, if you're looking for additional information, to have it come back to Council if Council wants to revisit goals and maybe receive some input as to what's happened in the latter part of the year, in the fourth quarter, and take a look at a broad set of issues. It probably does make sense for it to come back at that time. I would also note this is a small point, but it would be very unusual. I think the Council perhaps might want to adjust the language a little bit. With respect to a Citizen Advisory Committee, the Council doesn't typically delegate final acceptance, authority to a group like that. I think what's really intended by the motion is to have a group of citizens commenting on the revision, but to have the City Manager advising the Council and the Council to make a final decision on accepting the report.

Mayor Holman: Going back to your potential amendment, Council Member Scharff. Would you care to provide language for Council Member DuBois?

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Council Member Scharff: We're back on the first part, not the part the City Attorney just brought up, which was that –of course, you changed my ...

Mayor Holman: It's "B," the information that's ...

Council Member Scharff: Right. Say that again.

Mayor Holman: Isn't it "B(b)"—I'm sorry, it's just "B," the information that's wanting to be garnered.

Council Member Scharff: Right. It's "A," but (inaudible).

Council Member DuBois: And "B." It's all of "B."

Council Member Scharff: Once this is accomplished, a detailed forecast is to be provided to the Council as an action item. Isn't that what we talked about? To be provided to the Council as an action item.

Mayor Holman: Yes. Council Member DuBois, do you accept that?

Council Member DuBois: I guess so.

Council Member Scharff: And then I did want to ...

Mayor Holman: Council Member Burt?

Council Member Burt: Yes.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion at the end of Part B, Subsection (i), "to the Council as an Action Item."

Council Member Scharff: I did want to get back to the issue that the City Attorney just brought up, because that was also—I'm sympathetic to the concept, but I do think we need to write it in a different way that says, I think, "to be reviewed by the active citizen advisor"—what did we call them? The active citizens advisor? Why don't you just call them the citizen advisors? The Citizen Advisory Committee.

Mayor Holman: Yes, it is.

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Council Member Scharff: I think it should be "to be reviewed by the Citizen Advisory Committee and if there is a disagreement, it's highlighted as to what that disagreement is and explained in the report."

Council Member DuBois: I think this was not just about the results, but about the assumptions before they run the scenario.

Council Member Scharff: I don't think we can dictate to our consultants what is—that it's—look, I have full faith in our Citizen Advisory Committee. On the other hand, we can't set a precedent where we have this notion that we have a Citizen Advisory Committee say, "We disagree and, therefore, a consultant can't write the report they think the way it should be written." Now, I think it's perfectly—we should perfectly say that, yes, they should be able to say, "This is where we disagree. We disagree with these assumptions. We disagree with that." Outline it and have our consultant explain why they're taking a different path. I think that's basically what it should do as opposed to giving the Citizens Advisory Committee veto. I mean, we could have a deadlock and we don't see the report again.

Mayor Holman: I think we're still looking for the language, Council Member Scharff, that you're intending there because there hasn't been a change yet.

Council Member Scharff: Right. I would say "in the FTTP Master Plan, detailed assumptions that was used to forecast the FTTP capital to be reviewed by the Citizens Advisory Committee and if there is a dispute between—or if there is a disagreement, not a dispute, a disagreement between the consultant and the Citizens Advisory Committee, that shall be highlighted and explained in the consultant's report."

Mayor Holman: Council Member DuBois?

Council Member Burt: The Staff Report.

Council Member Scharff: In the Staff Report. Correct, in the Staff Report. I agree. Much better. Thank you.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to replace in the Motion Part B, Subsection (i), "and agreed to, by a majority of active citizen advisors" with "Citizens Advisory Committee (CAC); if there is a disagreement between the consultant's report and the CAC's recommendation, the Staff Report to Council will highlight the discrepancy."

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Council Member DuBois: Can we also just change that first line? Instead of saying "we don't accept the consultant's report," just that "we request an update to the consultant's report."

Council Member Scharff: Yes.

Council Member DuBois: Council requests an update to the consultant's report.

Mayor Holman: Okay. Does this mean that you are accepting the amendment?

Council Member DuBois: Yeah.

Mayor Holman: Council Member Burt?

Council Member Burt: Yes.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to replace in the Motion Part B, "Reject the consultant's report "as is" and request" with "Request an update to the consultant's report including:"

Mayor Holman: Council Member Scharff, do you have any more?

Council Member Scharff: No, I think that's what I had.

Mayor Holman: I had a light from Council Member Kniss. Do you care to speak to this motion?

Council Member Kniss: I still have a concern with the word "goal," Tom. We're adopting a goal of creating a fiber network reaching—it should say nearly all residents with City ownership of fiber assets and that goal would be revisited in the first quarter. I think that's pretty fast. I'm not sure that by the end of—does that mean by March of next year?

Council Member DuBois: The reason it's fast is because later on we're saying let's go talk to Google and AT&T now before these decisions come out. Yes, it is fast, but things are happening fast.

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Council Member Kniss: I agree that they're happening fast. The question will be can our Staff move fast enough on that or are we going to all end up being frustrated.

Council Member DuBois: Council Member ...

Mayor Holman: Council Member Kniss, could I ask Staff to answer your question?

Council Member Kniss: Thank you. That's probably a better idea than asking Tom.

Mr. Reichental: Can you say it one more time? Sorry.

Council Member Burt: What's your question?

Mr. Reichental: I didn't capture it all. Sorry.

Council Member Kniss: I went through the "A" and said that if we're really talking about this by the end of the first—we're talking about this by December 31st, that we adopt the goal, that we agree to City ownership of the fiber assets and that goal would be revisited in the first quarter of 2016. I'm guessing by that, that what Tom means is that we have this in place by the end of December and then—what do you mean by revisiting that in the first quarter?

Council Member DuBois: We'd adopt a goal today, September. Staff would use that goal between now until all these announcements come out. Once we have more information, we'll revisit the goal. I mean, if you're ...

Council Member Kniss: At the end of the year?

Council Member DuBois: In the first quarter of 2016.

Council Member Kniss: I'm willing to try it. I think it's an unusually ambitious goal.

Council Member DuBois: Council Member Burt is proposing different language of "preferred alternative" instead of "goal."

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Mayor Holman: I think it still makes sense to have Staff respond to if they can do this in this timeframe.

Mr. Reichental: I guess I don't still understand the question. We have to wait for the marketplace to make their announcements. We're not in control of that. Right? We anticipate there will be some significant announcements in the sort of three, four, five-month—three, four-month time horizon, but we don't control it.

Ms. Stump: Perhaps I can help. The Staff's recommendation, to be very clear, is that the Council not act to adopt that kind of a goal tonight, but rather allow the market to develop over the next few months and then tackle those substantial policy questions. I think what the Staff is confused about is if Council does wish to adopt the goal this evening, does Staff have any work plan associated with that? You heard a consultant's report that is not based on that goal. It's based on a broader look at market forces and options. I would imagine the consultant will be asking the Staff after tonight, "Are we supposed to set all our work aside and start over or are we just updating on these items?" I think the Staff is struggling to understand do they have very substantial work to do over the next few months or is Council articulating an aspirational goal or an intention, but not anticipating that there'll be substantial work done in pursuit of that pending the developments in the marketplace and a return to Council in January. Is that accurate?

Mayor Holman: Council Member DuBois, as maker of the motion, would you care to clarify that?

Council Member Dubois: Yeah. I think it's somewhere in the middle there, Molly, in that this is a fast moving market and we don't want to just wait for three or four months to hear what's going to happen. We're giving an aspirational goal; there's some items in here directing Staff to have a conversation with Google and AT&T reflecting these goals. I think the idea is that now is a critical time to see if we can influence the outcome in a direction that the City wants rather than just waiting. It's not to go back and redo the CTC report or create an immense amount of new work. I think it's just clarity on what the aspirational goal is.

Council Member Scharff: Would you put the word "aspirational" ...

Mayor Holman: Council Member Scharff ...

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Council Member Burt: I do have a solution to that.

Mayor Holman: Okay. If you don't have—Council Member Burt had his light on, but actually the next in order is Vice Mayor, Marc Berman, Council Member Burt and Council Member Wolbach. Would you care to get in line, Council Member Scharff?

Council Member Scharff: Yeah. I just wanted to know if he'd put in the word "aspirational"? Council Member Burt said he also had some language, so ...

Council Member DuBois: Can we just resolve this quickly? Can you say what yours is real quick?

Mayor Holman: I was looking at Council Member DuBois. Maybe the two of you have worked out some different language?

Council Member Burt: I have one. I recognize that really establishing a goal at this time which we might change within four months looks like we're just not committed to what we call as a goal. Would "preferred alternative," that's our present thinking. It's a preferred alternative. It's not aspirational; it's more concrete but less ...

Council Member DuBois: That works for me.

Council Member Burt: That works, okay.

Mayor Holman: Let's give David a moment here to put it on the screen. That works for both the maker and seconder of the motion? Okay.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to replace in the Motion Part A, "goal" with "preferred alternative."

Mayor Holman: Council Member Kniss, did you have any other questions on the motion?

Council Member Kniss: I don't have any other questions, no.

Vice Mayor Schmid: I support the motion to move ahead with a clear direction. Two questions in "B," subcategory (a). There's a phrase in there,

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"by the majority of active citizen advisors." Now, that sounds like less than the CAC.

Council Member DuBois: I think Council Member Scharff already deleted that. It should be ...

Vice Mayor Schmid: If we could just say "majority of the CAC."

Mayor Holman: Council Member Burt, you're good with that?

Council Member Burt: Yes.

Vice Mayor Schmid: Second question, Number F. It talks about discussing a co-build and how the City can lay its own conduit to the premise. Two questions. Do we talk with Google before they've come back to us?

Council Member DuBois: That's the suggestion.

Vice Mayor Schmid: That's what?

Council Member DuBois: That's what I'm proposing.

Vice Mayor Schmid: Okay. In the goal we have already established that we want City ownership of fiber assets. The co-build would be—they would be contractors. Do they want a contract? Are we implying that the City will lay the last mile of fiber?

Council Member DuBois: We're implying that the City would lay fiber and Google would also lay fiber. There would be City-owned fiber, and there would be Google fiber. We would dig once and share the building costs.

Vice Mayor Schmid: The City owns the fiber infrastructure, is that right? Is that what our goal is?

Council Member DuBois: Yes. We're not preventing Google from building their own. Google would potentially build their own and cherry pick or offer to the neighborhoods they wanted, but we would try to leverage that to lay ours at the same time.

Vice Mayor Schmid: We would have ownership of the fiber infrastructure, is that right? Is that the goal that we're setting out for?

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Council Member DuBois: Yeah. Again, I'm trying to say there would be two networks in the ground. One that would be City-owned and one that is privately owned.

Vice Mayor Schmid: The City would not be just the last connection to the house, but would also be a network.

Council Member DuBois: Connect to our backbone. Yeah.

Vice Mayor Schmid: Do you need to be clear on that? It's only conduit to the premise and the infrastructure.

Mayor Holman: Do you have language you care to offer?

Vice mayor Schmid: To the premise and the infrastructure.

Mayor Holman: Can you highlight exactly where because it's a very long motion?

Vice Mayor Schmid: We're talking about "F." Own conduit to the premise and ...

Council Member DuBois: Do you want to say "own conduit and fiber"? Is that ...

Vice Mayor Schmid: I'm concerned that we're not just talking about the last 100 feet to the household, but we are connecting to a City-owned fiber network.

Council Member DuBois: Yeah, that would be up to us to do, but it wouldn't be part of a co-build. If that makes sense.

Mayor Holman: Does that reach the clarity you're looking for Vice Mayor Schmid?

Vice Mayor Schmid: Okay.

Council Member Berman: I have a couple more questions. I'm not that familiar with what a "dig once" ordinance is, but I'm content to just kind of have that conversation when Staff comes back with that ordinance proposal. I guess this is a question for the consultants or for Staff. Direct Staff to

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discuss co-build with AT&T, Google and Comcast, how the City can lay its own conduit to the premise during the build-outs. Setting aside maybe—including Google, do you know how they agree to those types of arrangements anywhere else where—I mean, we'd essentially be a competitor. Correct? I mean, I could understand why maybe partnering with Sonic or another company might make sense. I don't know why they would be interested in that.

Mr. Reichental: CTC have some sort of broader, national context, but I can tell two facts. Comcast, there's no fiber involved. There's no opportunity to co-build because they're not building anything. They're going to replace electronics in your house. AT&T, they are using their existing fiber. With this giga fiber project, they're just going to go to adding another box alongside the box that already exists in neighborhoods. They're just going to put additional cable to the house. That's the only piece that AT&T are doing in their build. Really the opportunity in "F" would be Google.

Council Member Berman: Do we know have they in any other cities where—has this been looked at in any other cities where they've been active?

Ms. Hovis: On this kind of comprehensive basis, we haven't seen anything like this. Google is explicitly on the record as favoring "dig once" policies. I've never heard the term co-build before outside the context of this project. This is a "dig once" idea, that if Google is opening up the road or the sidewalk, you would put in your conduit at the same time. That's a best practice, I think. It's a fine strategy and worth exploring. It is your right-of-way, so you have some leverage in that context. There's a cost associated with it, and they are in favor of "dig once" as a policy matter.

Council Member Berman: They might be open to it.

Ms. Hovis: We've not seen anything on this scale elsewhere

Council Member Berman: Can I just offer an amendment? We remove AT&T and Comcast from that, but keep Google.

Council Member DuBois: The idea with AT&T was—you guys can tell me if this has ever been done—a co-aerial build. When they're out on the poles, can they string our fiber as well?

Ms. Hovis: Physically they could. I think it's going to be an enormous challenge to get them to agree.

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Council Member DuBois: You've never seen, like, the equivalent of a 'dig once' as a "string once"?

Ms. Hovis: I really love that idea actually. They are your poles. I've never seen anything quite like that. I mean, AT&T may build some underground fiber. As Jonathan said, they're only building incrementally. "Dig once" is a very fine strategy. As far as on the poles, though, I'll say that in our experience where companies in the past have agreed to build additional fiber for cities, it's been for internal city use under what's called an INET model. It's always been restricted to city use only and couldn't be used for commercial purposes. It was never as extensive as this. It's certainly worth exploring, but I think it might be quite challenging.

Council Member DuBois: I think we should remove Comcast. I think if AT&T is subject to co-build in San Francisco and they're laying conduit to support their GigaPower boxes, we might as well have the discussion if they're going to be stringing more fiber.

Mayor Holman: The suggestion by Council Member Berman or the amendment was to remove Comcast and AT&T. You are agreeable to removing Comcast?

Council Member DuBois: Right.

Council Member Berman: That's fine.

Mayor Holman: Council Member Burt, you're good with that?

Council Member Burt: Yes.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to remove from the Motion Part F, "Comcast."

Council Member Berman: Moving forward with RFI, exploring both muni model with contractors for build—what's that?

Male: (inaudible)

Council Member Berman: Yeah. I guess, how much time do we want to put into that right now given that we don't know what the marketplace looks like and what realistic options really are versus waiting on that until we get more

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clarity and maybe have a better opportunity to determine what we should really spend time and resources on?

Mayor Holman: Council Member DuBois? Actually it might be appropriate to ask Staff that question.

Council Member Berman: I'd love to get Staff's thoughts, if they have any. I guess, for Staff it would be how much time do you think that would take?

Mayor Holman: We're looking at "G" of the motion.

Council member Berman: Versus just waiting until we have more clarity about what the situation is.

Mr. Reichental: Is the question how long it will take?

Council Member Berman: How much Staff resources would doing "G" take? I guess, in Staff's opinion, does it make sense to do that now or wait until the situation is a little more clear on the ground in terms of what the different actors are planning on doing?

Mr. Reichental: I think we stand by our recommendation to wait.

Council Member Berman: What's that?

Mr. Reichental: I think we want to wait (inaudible).

Council Member Berman: You stand by your recommendation to wait. I see, yeah.

Mr. Reichental: Yes. We don't think we should do that right now.

Council Member Berman: I agree. I guess I'm looking maybe to Council Member DuBois why it makes sense to do that now versus waiting until we get a little more clarity about ...

Mayor Holman: Can we cut more to the chase and see if Council Member DuBois is interested in deleting "G"?

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Council Member Berman: Sure, or saying bring that idea back when we get the full report back in the first quarter.

Council Member DuBois: I mean, honestly I added it because of the conversation we had tonight. I think Council Member Schmid made some good points that the consultants responded to. I mean, if we say this tonight, I don't know how soon the RFPs or RFIs would go out, but it's basically go ahead and start. Again, I feel like there's some real market timing here, so I'd prefer to leave this in.

Council Member Berman: I'll move an amendment that we remove it.

Council Member Scharff: I'll second that, but I actually would like to move forward with looking at a private model with the City-owned fiber and private partners such as operating and only electronics considering both Google and the market and not—I think if we moved forward on that—I just want to ask Staff. If we move forward on that part alone, is that going to give us useful information that carries on no matter what Google does? I know that I wouldn't support building out a fiber model if we have Google going full bore in this market. Do you have a different recommendation for the two of those or do you stand by you don't want to do either?

Mr. Reichental: I do stand by it. There is significant effort to do it. If you decide in February that based on new knowledge to do something differently, we'd have expended a lot of time, significant time doing something we didn't use. I also would raise the point that—obviously this is speculative—who would respond to it knowing that Google is still deciding whether they're coming.

Council Member Scharff: That's a good point.

Mr. Reichental: It's useful to the people who respond to have the market settled as well.

Council Member Scharff: I'll second your motion with deleting it fully.

AMENDMENT: Council Member Berman moved, seconded by Council Member Scharff to remove from the Motion Part G, "Move forward with Request for Information (RFI) exploring both Muni-owned model with contractors for build and ongoing operations, and Public—private model with City owned fiber and private partner (such as Sonic) operating and owning

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electronics, considering both Google in the market and without Google in the market."

Mayor Holman: Council Member Berman, do you need to speak any further to your amendment?

Council Member Berman: No.

Mayor Holman: Council Member Scharff, as seconder?

Council Member Scharff: I just want to say that I think Jonathan's been very persuasive on the issue, especially on the issue of who's going to give us good information until they know where the market is. Us waiting to look at this in the first quarter of 2016, I think we'll get better information than if we do it now based on what Jonathan just said.

Mayor Holman: Are there any Council Members who care to speak to this amendment? Seeing none, vote on the board please. I'm sorry. Council Member Wolbach.

Council Member Wolbach: Sorry to weigh in so last minute on this one. It just came pretty quick and I was expecting more debate over this one. Just looking at the email that we received, er, the message we received from Jon Foster who, of course, is also Chair of the Public Utilities Commission, er, Utilities Advisory Commission. It looks like his—it was at places and we also received it by email. Towards the end of his message, he basically says that his sense or depiction of the UAC recommendation was to direct Staff to evaluate the option of offering a City-owned FTTP network to all Palo Alto households and businesses as a public benefit. Is that different enough from what's in "G" that that might be acceptable to both the maker of the motion and maker ...

Council Member Burt: That's a concept (inaudible).

Council Member Wolbach: ... or is that still too vague?

Mayor Holman: Council Member Berman?

Council Member Wolbach: Is that too vague for DuBois or too specific for Berman?

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Mayor Holman: We're talking about the amendment right now. We're not going back to Council Member DuBois. We're talking about the amendment. Council Member Berman?

Council Member Berman: I think that's a separate issue.

Council Member Wolbach: Perhaps it was my mistake. I thought that that related to what we're trying to do with "G" here.

Mayor Holman: Given that, vote on the—Council Member Filseth. To the amendment.

Council Member Filseth: Sorry. I'd just like to hear Council Member DuBois comment on the amendment, if he wants.

Council Member DuBois: I feel like I'm doing a lot of talking tonight. Again, I feel like we're in a really critical time in the market. There's a window right now, I feel, to talk to these providers before announcements are made. I don't want to see us wait. We say an RFI G1, we're talking six months from now when we see results. I mean, we're just stringing this thing out, so I'd like to get started. That's where I'm coming from.

Mayor Holman: Seeing no other lights, vote on the amendment please. That amendment fails on a 5-4 vote, Council Members Berman, Scharff, Holman and Kniss voting yes. What's wrong there? It fails with the four no's, yes.

AMENDMENT FAILED: 4-5 Berman, Holman, Kniss, Scharff yes

Mayor Holman: We go back to the main motion. Any Council Members care to speak to the main motion?

Council Member Scharff: I do.

Mayor Holman: Going back to the main motion, so Council Member Wolbach, Council Member Scharff.

Council Member Wolbach: A couple of questions. Just a little bit of clean-up maybe. It's tricky because the lettering is a little off. Anyway, under "B(a)," it just seems like the wording at the front-end is a little bit unclear. Was that the wording that you had intended?

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Council Member DuBois: I think there's one more clean-up that we should delete "by the majority of." This was the wording from the UAC letter.

Council Member Burt: It's good enough.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to remove from the Motion Part B, Subsection (i) "by the majority of."

Council Member Wolbach: Also, I'd like to hear Staff, especially legal Staff, thoughts on—I know it's hard to eyeball it. Section E in particular, drafting the ordinance. I just want to make sure if any Staff has any thoughts that they'd like to weigh in about what the impact of that is on Staff drafting that. I just wanted to open the opportunity for Staff to weigh in.

Ms. Stump: That's a good question. I'm, at the very highest level, familiar with what a "dig once" ordinance might be, but I'm sure that there are a lot of devils and a lot of details. I think we will need to explore with our Development Services, our Utilities, our Public Works folks what some detailed questions might be there. We may need to come back to Council if we need further direction. Otherwise, if it's relatively straightforward, it's something we can proceed with.

Council Member Wolbach: I'd suggest a friendly amendment to remove "as soon as possible" so that Staff has an opportunity to start looking into it and come back to us.

Council Member Burt: (crosstalk) as possible.

Ms. Stump: How about something in between? As soon as possible and as much time as possible.

Council Member Wolbach: I'm not sure what's—I don't think that if it's not—I'm just worried that that language preempts Staff from working on other projects which we've also prioritized. If there's something in the middle, I think that's fine.

Mayor Holman: Council Member DuBois?

Council Member DuBois: It's conditioned on you voting for the motion, but yeah I'll accept it.

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Mayor Holman: Okay, that's ...

Council Member Burt: (crosstalk) change.

Mayor Holman: ... accepted by Council Member DuBois. Pat?

Council Member Wolbach: (crosstalk) move as soon as possible. I don't think Staff's going to come back to us in five years with this or something if we don't say as soon as possible.

Ms. Stump: I think we understand the Council's direction that they'd like to see that ordinance before there be any digging, so that digging occurs once. I think we understand that.

Mayor Holman: Council Member Burt, you're good with that?

Council Member Burt: Yeah.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to remove from the Motion Part E, "as soon as possible."

Council Member Wolbach: Also, on the wireless stuff, I just want to make sure I'm clear that it looks like in Part 2 of the Staff recommendation, on page 1 of the Staff Report, 227 of the packet, it looks like you—I want to make sure I understand—you've split the recommendation. Part of it, you had concerns about and so it's in "B(b)(ii)." The other part regarding Public Safety and Utilities, you've pulled out and said yes, that's fine, so we're going to move forward with that. Is that a correct reading of what this does?

Council Member DuBois: No. On page 5 and 6, there's one, two, three and four. I am including one, three and four, and two is not included at all here which is consistent with Staff's recommendations. None of two is in here.

Council Member Wolbach: Do we need to clarify in "C" that this is relating to wireless? It doesn't or is it—I guess my recommendation would be to issue an RFP to add dedicated wireless facilities to improve communications for Public Safety and Utilities Departments. It would be closer to the Staff recommendation on ...

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Council Member DuBois: Yeah, that's fine.

Mayor Holman: That's okay ...

Council Member Burt: That's fine.

Mayor Holman: ... with the maker and seconder?

Council Member Burt: (crosstalk) well overdue.

Council Member Wolbach: I understand, but I think it's important to be clear for the Staff and for the record.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion Part C, "to add dedicated wireless communications to increase communication" after "Issue RFP."

Mayor Holman: Does Clerk have the language? Can you repeat the language please for the Clerk? Okay, I think you've got it. Anything else?

Council Member Wolbach: That's all. Thanks.

Mayor Holman: I have three more lights. Council Members, it is 9:00. Council Member Scharff, Filseth and Kniss. To the motion.

Council Member Scharff: Where it says wireless plans will not use fiber funds at this time, I'd like to add "but will be revisited when we get the updated wireless network report."

Mayor Holman: Council Member DuBois?

Council Member DuBois: Are you suggesting that's not when we revisit the fiber and goals?

Council Member Scharff: I'm happy to revisit when we do the fiber goals.

Council Member DuBois: I want it to be tied to that.

Council Member Scharff: Yeah, I just want it to be revisited. I don't want it to be just policy that sits there and we never talk about it.

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Council Member DuBois: You said the revised wireless report. Can we tie it to the ...

Council Member Scharff: Let's just tie it to the goals.

Council Member DuBois: ... revision of the fiber ...

Council Member Scharff: Right, when we do the fiber goals. That's fine. I'm good either way.

Council Member Burt: Let's give them clear language then.

Mayor Holman: Yes.

Council Member Scharff: Will be revisited when we look at the fiber goals in the first quarter of 2016.

Mayor Holman: When Council reviews the fiber goals ...

Council Member Scharff: In the first quarter of 2016.

Mayor Holman: ... in the first quarter of 2016. Okay. Council Member DuBois?

Council Member DuBois: Yes.

Mayor Holman: Council Member Burt, I see you nodding your head.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion at the end of Part D, "but will be revisited when Council reviews Fiber Goals in the first quarter of 2016."

Mayor Holman: Anything else, Council Member Scharff?

Council Member Scharff: Yes. When we issue the RFP, which is what Staff wanted to do, Staff also had in there with options to expand Wi-Fi coverage at City facilities and public areas. We have in retail areas, but I don't think we're issuing the RFP to do the retail areas and the other public areas with options for that. I think we should add that in just like it was in the Staff

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recommendation to be clear to Staff. Does that make sense? You look confused.

Council Member DuBois: Yeah. Can you clarify what you mean?

Council Member Scharff: Yeah. In the Staff Report, it says that ...

Mayor Holman: Can you give us the page please?

Council Member Scharff: On page 1 under Item 2, it was issue Request for Proposals, RFP, to add dedicated wireless facilities to improve communications for Public Safety and Utility Departments. That's what we just added in. Then it says with an option for expanding Wi-Fi coverage at City facilities and public areas. We should do the same RFP. When we do the RFP, we should do it once. We should add those options in for Staff. I mean, I'll ask Staff, but that was clearly there intention. It seemed if we're going to do, we might as well do it the way they wanted to.

Mr. Reichental: To get a proposal, like how much it would cost but not the (inaudible) just have the costs?

Council Member Scharff: Right.

Mr. Reichental: That's what we were intending to do in that case.

Council Member Scharff: That's what I think you should do, because we're already asking you to evaluate sending it to retail areas.

Council Member DuBois: Are you saying that the RFP should include retail areas before we evaluate them?

Council Member Scharff: No. I'm asking Staff when they do their RF—are you doing an RFP or an RFI? You're doing an RFP.

Mayor Holman: (crosstalk)

Mr. Reichental: (crosstalk)

Council Member Scharff: Originally you had options for expanding, so I took that as an informational process because it's options. What was Staff's intention on this?

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Mr. Reichental: We would get vendors to respond to what that would cost and what it would look like. We would bring that back to Council to say whether, based on what they're seeing, whether we should do it or not.

Council Member Scharff: Isn't that really what we've asked you to do in evaluate expanding wireless areas in retail areas, Scenario 1? I just thought by putting this in here, we're asking you to do the buildings, the parks and the retail areas and get that information.

Mr. Reichental: Yes.

Council Member Scharff: That was my understanding of it.

Mayor Holman: Council Member DuBois, are you good with adding those?

Council Member DuBois: Yeah.

Council Member Scharff: It would say "with an option for expanding Wi-Fi."

Council Member DuBois: David, that's under "B(b)(ii)."

Council Member Scharff: It's actually not there. Shouldn't it go under the RFP, under "C"?

Council Member DuBois: That sentence should be moved under the RFP. As part of the RFP.

Council Member Scharff: Right, that's how Staff had it in their Staff recommendation.

Council Member Burt: It's clear if you just say "as part of the RFP."

Mayor Holman: Council Member DuBois, Council Member Burt, you're both good with that?

Council Member Burt: Yes.

Council Member DuBois: Yep.

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INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion at the end of Part B, Subsection (ii)(b), "with an option for expanding Wi-Fi coverage at City facilities and public areas as part of the Request for Proposals (RFP)."

Mayor Holman: Anything else, Council Member Scharff?

Council Member Scharff: Nope. That was it.

Council Member Filseth: On Item E, the "dig once" ordinance, as I read that it sort of sends Staff out to do a whole bunch of work and bring us back a "dig once" ordinance. I know in the discussion leading up to this there was some perception that actually there were a number of cities around the country that had these things in place. We just heard from the consultants is actually there are no precedents for this kind of thing. I'm wondering if we're sort of—was your intent to sort of jump ahead and do an ordinance? It seems like there's a piece of research first which is to go out and look and see are there any cities that have these that would be a model for this or are we making it up.

Council Member DuBois: There definitely are.

Council Member Filseth: Sorry?

Council Member DuBois: You could probably speak to it.

Ms. Hovis: I'm sorry, I didn't hear the question.

Council Member DuBois: The question is are there cities with (crosstalk).

Mayor Holman: The question is—excuse me. The question is from Council Member Filseth please.

Council Member Filseth: The basic question is are we ready to go out and direct Staff to go develop an ordinance or do we need to do some research and see if there are any precedents for this. I thought I heard a different opinion from the consultant.

Ms. Hovis: The term "dig once" refers to many different things including that when a private company has the roads open, the City could lay conduit or fiber, that private companies could, that they have to work together to do

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so, that when City departments have the roads open, other departments have to lay conduit. It's a very wide technical range of issues and then there's some legal implications.

Council Member Filseth: I think what I heard you say was that this had never been used in the situation where the target was commercial deployment to custom—to general deployment of broadband.

Ms. Hovis: In terms of a scenario where someone like Google builds throughout a city to reach the majority of homes and small businesses, we've never seen a "dig once" ordinance used in that context, to build another network on top of that. Just not seen it that extensively.

Mayor Holman: Council Member Filseth, do you have an amendment?

Council Member Filseth: My question—I'm going to ask the question to Council Member DuBois first and Council Member Burt first. Do you want them to do any research before making a decision to bring the ordinance or you just want to have them draft the ordinance?

Council Member DuBois: I think I heard from the City Attorney that that's what she would do. I think we're okay. There are plenty of "dig once" ordinances. Google has expressed willingness to work under that condition, so I think we should explore it.

Ms. Stump: The City has a "dig once" policy. I've never heard it referred to as that, but we try to have a practice amongst the Staff that when the Staff opens a street, that we all do our work in the street at one time. That's certainly an aspiration, and there's a lot of attempts to coordinate along those lines. I think that there are a number of issues though that may be intended by that. What we will do is survey and try to understand, understanding what the Council's goals are here, what additional areas we might actually need to regulate and where those limits might be. I think it's likely that we'll have to come back to Council for direction before we come back with a first reading of an ordinance.

Council Member Filseth: That was sort of my question. Is that okay?

Council Member DuBois: Yeah.

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Council Member Kniss: My whole question is for the maker of the motion that we've now been at for quite an hour and 10 minutes. I'm looking at the page that ends with a signature from Jon Foster. On that page in the middle, it says direct Staff to evaluate the option of offering a City-owned FTTP network to all households and businesses as a public benefit. Is that what "A" means to you? Is it the same thing?

Council Member DuBois: Not precisely.

Council Member Kniss: Do you want the word "adoption" in there rather than Staff to look at it?

Council Member DuBois: I think not precisely. I kind of meant what I said. I think "A" and "G" together get to a lot of what Jon was saying in that letter. I think "A," a preferred alternative of the City owning the fiber and reaching nearly all residents, is a big part of what he's saying. "G," exploring the muni-owned model with contractors (crosstalk).

Council Member Kniss: You see these as not dissimilar, correct? Somewhere in there—although it says we adopt this, somebody at the Staff has to do this.

Council Member DuBois: I guess the main difference—again, I think it was said earlier what is meant by a public benefit. I didn't address that. I don't think I incorporated it.

Council Member Kniss: I would like to see that in there. I think one of the better arguments made was by Jim Fleming who said that they want to look at this as being able to contrast the public benefit with the public cost.

Mayor Holman: Council Member Kniss, do you have an amendment potential?

Council Member Kniss: Pardon me?

Mayor Holman: Do you have an amendment to offer?

Council Member Kniss: I don't know as I'd offer an amendment. I want to make sure there's clarity in this, because we've now done too many amendments and too many word changes. If you see that that's a possibility of putting the public benefit in there as well, I would add that.

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Council Member DuBois: Again, I think it's mostly captured in here. If you want to add those specific words, I would be open.

Council Member Kniss: What I would do that is with City ownership with fiber assets as a public benefit. If you're comfortable with that?

Council Member DuBois: That's fine.

Council Member Burt: That's fine with me as well.

Mayor Holman: Council Member Burt? As a public benefit, okay.

Council Member Kniss: Pat, that work for you or not?

Mayor Holman: Yes, it does. It does.

Council Member Burt: Yes (crosstalk) works too.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion Part A, "as a public benefit" after "Fiber assets."

Council Member Kniss: I think we're getting there. Let me mention again, though. I'm concerned with who is actually going to do this. We're putting out—this is a long and very prescriptive motion that we're putting together. It's sort of breathtaking in some ways. I'm looking down at Jon. Are you going to drive this train or is it going to be someone else?

Mr. Reichental: It would fall under my jurisdiction, yeah, working with Utilities.

Council Member Kniss: You will be the conductor, I'm hearing.

Mr. Reichental: I would be the conductor, yeah.

Council Member Kniss: Do you see this as realistic to get to by the end of this year?

Mr. Reichental: Not by the end—no, this is significant work.

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Council Member Burt: Early 2016 (inaudible).

Council Member Kniss: Let's say by March of 2016?

Mr. Reichental: My candid response is Staff and I have to analyze it. There's a lot of stuff in this that needs some processing. I'm not comfortable giving any projections on when we could do the work.

Council Member Kniss: I think it's incredibly ambitious. I'm willing to support it, Tom, but I think we need to really be checking in with Staff as we go along to see is this something that actually can be accomplished. We're pushing on the edges of the Staff's ability, I think, to keep up with what we're doing. We've been hearing that on a constant basis. When we're at 9:15 and I don't know what time we started this item tonight. Was this our 6:30 item? This is meaning that we're using a lot of Staff time and a lot of energy on this. I think it's commendable. I think it's a commendable motion. I'd love to see us head in that direction. I have a feeling that you're going to have to call in perhaps some extra troops to help with this in order to get us to that point by the date that we've specified.

Mayor Holman: Council Member Berman, did you have something or not?

Council Member Berman: No.

Mayor Holman: Pardon me for not reading the motion, anybody who's listening on the radio. It is rather lengthy, and you've heard a fair amount of discussion about it. All those at the dais, if you'd vote on the board please. That motion passes unanimously.

MOTION AS AMENDED PASSED: 9-0

Mayor Holman: Council Members, that was a three-hour item.

9. Approval of the Preferred Concept Plan Line for the Charleston Arastradero Corridor Project.

Mayor Holman: Council Members and Staff. Who will be making the Staff presentation this evening?

Holly Boyd, Public Works Senior Engineer: It'd be me. Hi. My name's Holly Boyd with Public Works.

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Mayor Holman: Excuse me. Council Members. Council Members, we have moved on down to approval of the Concept Plan Line for the Charleston-Arastradero Corridor Project. Staff is ready for their presentation. Please. This is Item Number 9.

Council Member Burt: Should we let the public know they can speak immediately after the presentation?

Mayor Holman: Typical to our process, as soon as the Staff presentation is over, the public can speak. We do at this point in time have 21 cards. You might think about combining your comments with someone else's to be efficient here, so we can get through this item. Also, we have a comment to make by Council Member DuBois in terms of conflicts.

Council Member DuBois: I'm sorry. Are we on Arastradero?

Molly Stump, City Attorney: This is the Charleston-Arastradero.

Mayor Holman: Yes. I'm sorry, Charleston-Arastradero. I'm sorry.

Ms. Stump: Mayor Holman, just directing your attention. Council usually does a check-in before the 10:00 hour. Given that there are two substantial items left on the agenda, maybe Council wants to take a look at that. If the Council will not be getting to the recycled water, perhaps those Staff who are waiting could hear that now.

Mayor Holman: You are right. It is 9:15. I know there's a timeliness to this item, meaning Number 7, the proposed recycling water distribution project. If Staff could get some indication of if we continued this. Council Members, we do have 21 cards from the public. We have a presentation to be made by Staff on Item 9. Then we do have an Item 7. There is a timeliness to that item. We could continue it, but also our forthcoming agendas are quite full as well. If I could just get some kind of indication of the number of Council Members who have questions on Number 9.

Council Member Berman: (inaudible)

Mayor Holman: Yes, the Charleston.

Male: I don't have any questions.

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Mayor Holman: Questions? Tom has questions. I see three Council Members with questions. Are Council Members willing to persevere to get to Item Number 7 this evening? We need to let Staff know.

Council Member Scharff: I'd rather continue it.

Council Member Burt: I'm okay ...

Mayor Holman: Pushing forward, persevering?

Council Member Burt: Either way.

Mayor Holman: I think the consensus seems to be that we're going to persevere. Apologies to Staff for having you hang out here that long. Staff, presentation please on Charleston-Arastradero.

Ms. Boyd: Good evening, Council Members. My name is Holly Boyd. I'm a Senior Engineer in Public Works Department. We're here tonight to bring forward the Concept Plan Line for the Charleston-Arastradero Corridor Project. The plan for the corridor has been under development for over a decade. During the past year, Public Works and Planning Departments have been working together with our consultant team to move forward the last phase of this project. This final phase will advance the project from the previously approved striping plan and will construct the complete street improvements throughout the corridor. Joining me at the table are Josh Mello, our new Chief Transportation Official, and Admas Zewdie, our Project Manager from Mark Thomas and Company. With that, I'm going to get started with the presentation. We're going to have just a quick background on the project and then go through some of the highlights of the Plan Line. As mentioned before, this project has been under development for 12 years. This graphic kind of outlines the timeline and the progress that has been made since it was started in 2003. Most notably, Council approved the lane reduction striping in 2008 for Charleston and in 2012 for Arastradero Road. Also, Council committed full project funding in 2014. Through the project, the goals as directed by Council have remained the same; to create a complete street that will provide enhanced quality and safety for all users with particular attention to K-12 students, bicyclists and pedestrians while maintaining it as a travel corridor for vehicles. Also an objective is to reduce the vehicle speed and minimize traffic diversion as much as possible. This project is consistent with many City policies and plans which were described in more detail in your Staff Report. Who is this project serving? This corridor is an important east-west route for traffic, but more importantly it's

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also a location with multiple schools, community facilities and parks and also serves many neighborhoods. How is it working? We know from previous analysis that was done in 2012 and recent looks at the corridor that the vehicle speeds have been reduced and accidents are now down. We recognize that there's still a lot of traffic in the peak hour, and the peak period has lengthened a little bit as shown in this graph for Arastradero Road. This graph was also included as Attachment D. The corridor still carries a lot of traffic, but overall we think it's a better balance with the other moves in the corridor. The current phase is what we call project completion. This phase includes a landscaped median, dedicated turn lanes, continuous and partially buffered bike lanes, improved school access and improved traffic operations at key locations. Admas will describe the improvements more in detail later in the presentation. We hosted a number of community workshops when we were developing the Plan Line, and we were able to talk to residents directly about their concerns over the plan. In most cases, we were able to accommodate these requests, but many comments were in regard to traffic congestion. The project will not alleviate the traffic congestion, but it will maintain an acceptable level of service through the corridor, and includes positive benefits for all modes of travel. We recognize that the traffic growth is a regional and Citywide issue that will require multiple strategies including a meaningful mode shift at the Research Park and other areas. In April we went to the Planning and Transportation Commission, where we received unanimous support from the Commission Members. They suggested Staff provide more information on the results of traffic diversion. Since April, we did conduct additional traffic diversion in May 2015 before school let out. The results are shown in Attachment D in the Staff Report. It shows no appreciable increase in traffic diversion has been noticed since the trial was approved in 2012. We also updated the Concept Plan Lines at two locations based on some additional community input. We completed the CEQA addendum. In 2004 an Initial Study and Mitigated Negative Declaration was prepared for the corridor. The addendum found no new significant impacts and no substantial increase in the magnitude of impacts that were previously identified in the 2004 document. Therefore, no further environmental evaluation is required under CEQA. With that, I'm going to turn it over to Admas so he can go over the highlights of the Concept Plan Line.

Admas Zewdie, Mark Thomas and Company: Thank you. This is a 2.3-mile ...

Mayor Holman: If you could identify yourself with your full name for the record, that would be helpful.

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Mr. Zewdie: All right, thank you. I did give them my business card earlier. My name is Admas Zewdie with Mark Thomas and Company. I'm the consultant project manager. This is a 2.3-mile corridor, and almost every block has something very specific in terms of the design. We can spend hours looking block-by-block, but we did select seven locations to show you that are major locations on the corridor. I'll go through that one-by-one. The first location we're going to talk about is the Gunn High School area. At this location, we've made some improvements to improve bicycle and pedestrian safety. If you look at the westbound direction, you'll see that we've extended the bike lane to the pork chop island to provide better safety for bicyclists. On the west leg of the intersection we've provided a bicycle crosswalk that will lead to a Class 1 facility. That's a separated facility that leads east along Arastradero to connect to the Los Altos-Palo Alto bike trail. As is the case with many locations, we have green bike lanes in the transition areas, in the westbound direction where the right-turning vehicles to Gunn will conflict with bicycle movement. If you look on the right end of the sheet, the exhibit, you will see that if you go westbound on Arastradero, there's an opening in the median that provides access to the bike trail. If you're wanting to make a left turn, we've provided an opening in the median to make that possible. Next location is near Terman Middle School. What we've done here is in the eastbound direction, we shifted the lane merge from east of the intersection to west of the intersection. We have a dedicated right turning-lane into Terman Middle School. We also made measures to improve bicycle safety in the eastbound direction by moving the curb out to align the bicyclists to have a straight path across the intersection and having the right-turning vehicles making a slow turning movement across the bike lane. Also for those students that don't feel comfortable riding on the bike lane, we provided a curb ramp so that they can jump onto the sidewalk and be able to walk their bikes to school. On the east side of that, on the southeast corner of that intersection, you'll see that we've expanded the sidewalk which is called a bulb-out to reduce the crossing distance for pedestrians and also to provide a bus turnout so the bus can be parked on the street without blocking the roadway. The next location is El Camino Real. At El Camino, the bike lanes, we've extended the bike lanes through the intersection in both directions. If you look at the eastbound direction, we are able to achieve that by narrowing down the sidewalk. You'll see that we maintained the pork chop island at the southwest corner. That's intended to provide refuge for bicyclists from the heavy right-turning volume from eastbound Arastradero to El Camino Real. Between that pork chop island and the adjacent sidewalk, we are proposing to raise the pavement to the sidewalk level, so that forces that right-turning traffic to slow down as they negotiate that right-turn movement onto El Camino Real. On the southeast corner, we're proposing to remove the pork chop island there and expand the sidewalk to provide more room for pedestrians to

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congregate and wait for the signal. Next location is Alma Street. On Alma Street, what we've proposed is to actually construct a median from Alma Street all the way past Park Avenue that will help with the future quiet zone requirements for the CPUC and Caltrain. At this location also in the eastbound direction, we're proposing to pull the limit line to be west of the railroad tracks. That's intended to improve safety so that cars and bicyclists will not be caught on the tracks during red light. In the westbound direction, we're extending the two lanes approaching the intersection by about 500 feet to improve storage during red signal time. Next location is near the Herbert Hoover Elementary School between Carlson Court and Nelson Drive. At Carlson Court we've made some improvements by incorporating corner bulb-outs at reduced crossing distances. On the north side of the road leading to the bike path along Herbert Hoover Elementary School, we've expanded the sidewalk to allow two-way bicycle movement along that sidewalk. Students coming from Carlson Court would be able to access that bike path safely. Also, along the Hoover driveway, we've incorporated a raised median basically from Carlson Court all the way to Nelson Drive. That will prevent left-turning movements from eastbound Charleston onto the driveway to the elementary school as well as the senior housing and the church. Any left-turning movements will be done using a U-turn movement at Nelson Drive and making a right-turn movement into those driveways. The Nelson Drive intersection signal will be improved so that U-turns will have a protected phase. If you're going eastbound on Charleston and making a U-turn at Nelson, you'll have a protected phase. Same thing if you're going westbound on Charleston and wanting to make a left turn onto Nelson. That will be a protected movement as well. Next one is at Middlefield Road. At Middlefield Road in the westbound direction, again we moved the lane merge from west of the intersection to east of intersection, basically having one lane going westbound. What that allowed us to do is include right turning-lanes in both the eastbound direction and the westbound direction. Also, here we were able to modify the sidewalk approaches so that we're able to align the bicyclists to be on a straight path across the intersection and having the right-turning vehicles be making a maneuver across the bike lanes again to improve bicycle safety. Next is Louis Road. At Louis Road, a few things. One is in the eastbound direction; we're widening the intersection to allow U-turn at Louis Road. That provides the residents between Louis and Sutherland to be able to access their driveways by making a U-turn. Also at this location, we've provided bike parking on the north leg of the intersection to position the bicyclists to be able to go straight through the intersection and end up in the bike slots. In the median, we've expanded the median. That's out there right now to be able to have enough length to store a bicyclist safely without encroaching into the travel lane. One of the main improvements here is having a signal. It's not signalized right now. This project is proposing to install signals.

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That's mainly due to the southbound movement making a left turn onto Charleston. Many residents expressing difficulty making that movement during peak hours. Finally, the Fabian Way intersection and Charleston. Here in the westbound direction, again we're providing one through lane and a dedicated right-turn lane. In the eastbound direction, we maintain the two lanes but also added a left-turn lane onto Fabian Way not only for vehicles but also a separate left turning-lane for bicyclists as well. On the east leg of the intersection, we're adding a new crosswalk, basically having a crosswalk on all four legs of the intersection. These are the major project locations that we're presenting to you today. Next steps on the project. Essentially we have the City Council action today. Next we'll have a public meeting again to present the landscaping concept to the community. Finally, we'll complete the environmental assessment for NEPA. The CEQA has already been completed as part of this presentation today. We'll proceed into final design and eventually a phased construction of the project. That concludes our presentation.

Mayor Holman: Thank you very much. We have a number of speakers from the public, and two minutes for each public speaker is what we'll have this evening. If you could also move to the front when you hear your name called, that would really help us move through these.

Michael Mauriert: Good evening. My name's Michael Mauriert. I've lived in Palo Alto on the south side of Charleston-Arastradero since 1949. I attended six elementary schools here, Terman Junior High School, and graduated from Cubberley. We live in Green Acres I, one of the loop neighborhoods on the south side of Arastradero. With Glenbrook Avenue, it's a creek-side base. Our neighborhood loop includes Pomona, Fairmede and Glenbrook. Our only ingress and egress is via Arastradero. My children attended Juana Briones, Terman Junior High School and Gunn, so we're very familiar with the dynamics of Charleston-Arastradero. We've long been strongly in favor of permanent retention of the Arastradero Road restriping trial. We're equally strongly in favor of your approval of the Concept Plan Lines, for the hardscape installation of the Charleston-Arastradero plan. This is an excellent project we can point to with pride as a systematic, objective effort to make our end of town safer and more pleasant for children, drivers, bicyclists and pedestrians, our growing elderly population, basically for us all. The Concept Plan Lines before you are the outcome of that extensive study and community process. The project is the most feasible solution to the corridor's problems. Severe congestion isn't new on Arastradero. Before the 2002 trial, Arastradero looked like a parking lot during peak times, especially in the mornings when school commuters and work commuters converge. Outside the peak periods including the afternoon

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school commute, speeds were unsafely high. The highest speeds have been moderated. This is a very good thing, especially considering the increasing numbers of middle school bicyclists, foot traffic who can be unpredictable and impulsive in the choices they make while they commute to school. Further, drivers have been perceptively more considerate about giving way for cross traffic and merging traffic. Cyclists and foot traffic throughout the day have markedly increased; they evidently feel safer. I do. Those of us living in the south side of Arastradero neighborhoods have adjusted. We can get in and out of our loop neighborhoods, and institutions are not landlocked yet. Fortunately ...

Mayor Holman: I do need to ask you to wrap up please.

Mr. Mauriert: Okay. Please approve the Concept Plan Lines for hardscape installation and make the changes on Arastradero-Charleston permanent. The process has gone over for more than 12 years, far more long and enough.

Mayor Holman: Thank you, sir. Apologies, and just we're trying to get through everybody. Everybody will have two minutes.

Mr. Mauriert: I'm sorry. I'm kind of deaf; that's why I'm shouting at you. I also shouted at you in large type and didn't mean to in the letters.

Mayor Holman: Understood. Thank you.

Betty Lum: Betty Lum, Suzanne Drive, Palo Alto. Thank you for the opportunity to address you. I will keep it very brief, because Michael has pretty much expressed exactly what I want to say. I just want to say that these dedicated pocket lanes makes it easier for drivers to get in and out of our neighborhoods. As Michael said, those of us in Palo Alto Orchards and Green Acres I are trapped pretty much. We have no way out of our neighborhoods. I think that this plan is quite an improvement over the previous plans. I think we can safely say that this project, which has been in the works for about ten years, will be about as successful a solution. Thank you.

Andrew Voltmer: Hi. I'd like to encourage you to vote to support this change to the Charleston-Arastradero Corridor. I've been a resident since 1999. When I first moved in, I was surprised at the speed at which traffic traveled down the corridor. I'm within 100 feet of the Charleston-Nelson corner. I've even seen cars drive through my neighbor's front lawn at one

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point, before it was restriped. My two young children use the corridor on a regular basis to go to school at Fairmeadow. I use it every day to commute to VMware. I admit it is slow commute-wise, but it's worth it in terms of safety for the number of kids and pedestrians and cyclists on the corridors. I encourage you to vote in favor of this. Thank you.

Penny Ellson, speaking for Sonya Bradski, Emily Zhn, Anais Leborde-Liu: Good evening. I'm Penny Ellson, PTA Council Traffic Safety Committee. I'm here today with the Traffic Safety Reps from JLS Middle School. This is Sonya Bradski, Anais Leborde from Hoover Elementary School, and Emily Zhn from Terman Middle School. If you look in the packets on your dais, you will find letters from all six corridor PTAs and the Palo Alto Council of PTAs Traffic Safety Committee and the Palo Alto Council of PTAs. First, I want to thank Staff for a robust and wonderful community outreach process. You listened carefully and responded thoughtfully to community questions and comments and refined the Concept Plan Lines really well. It's exciting to see this important project, a central piece of South Palo Alto's transportation system and especially our bicycle and pedestrian network, moving toward construction. Charleston-Arastradero presents a complex set of multimodal problems. The City could have simplified their task by focusing exclusively on efficient auto through-put, but that would have precluded addressing very real safety problems of people who bike, walk, ride transit and drive on the corridor every day. After 12 years of study, a moratorium, a nexus study, countless community meetings, two striping trials, 14 Study Sessions and public hearings, we have a project that works in the important ways we need. It offers residential arterial functionality and heightens safety and connectivity for all road users including foot-powered students each school day. The paint trial achieved two safety goals: reducing the high speeds, reducing the number of injury accidents involving walkers and bikers. However, other important safety improvements could not be implemented until the City reached this hardscape phase of the project. The finished project will provide a continuous bike lane the entire length of the corridor, closing the existing dangerous bike lane gap at the problematic El Camino intersection. Landscaped median islands will beautify the street, but more importantly they will provide significant additional safety. For people who drive and bike, built medians, controlled turning movements make merges and lane changes calmer and more predictable. Medians will protect left-turning cars and bikes from rear-end and broadside collisions. Existing paint striping provides no pedestrian refuge, no traffic smoothing or calming effect, no bulb-out benefits, no physical barriers between vehicles and other people who are walking, bicycling or driving (crosstalk).

Mayor Holman: I need to ask you to wrap up too please. I'm sorry.

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Ms. Ellson: Wrapping up. The planned hardscape will provide all of these safety benefits and improvements. We've exhaustively studied the alternatives. Please approve the Concept Plan Lines. Thank you very, very much for taking on this project. Good night.

Mayor Holman: Thank you. I understand it's good for unicyclists as well.

Alison Vanigreen: I'll just say real quickly that I live in Greenmeadow. I bike. Myself and my husband bike along Arastradero probably twice a week to go out and get exercise. Our kids bike to school. My 16-year-old is a new driver on that road. I strongly encourage you to finish the project and add all the other things in that you're planning to. Thanks.

Nancy Smith: Hello. I'm Nancy Smith. I'm at 785 Montrose Avenue, near the corner of East Charleston, where I've lived for almost 13 years with my family. During this time, my kids have attended our neighborhood schools, Fairmeadow, JLS and Gunn High School. On a daily basis, they have ridden their bicycles to school along portions of the Charleston-Arastradero Corridor as have I. I'm currently a parent of a Gunn sophomore and a member of the Gunn PTSA. I was president of the Gunn general PTSA meeting a year ago when the membership unanimously approved the proposal to support the Plan Line Concepts for the corridor project, mainly because of the clear benefits of this plan for our student cyclists and pedestrians on this route. Since then, speeds have been reduced; accidents have been reduced; and the number of students bicycling to school instead of arriving by vehicle has also increased. All positive consequences of the striping improvements. As a frequent cyclist myself, I'm grateful for the safer cycling experienced so far along this corridor. Approving the final stages of this plan will increase the safety improvements and will also improve the east-west drive for motorists. I'm also a motorist; I understand the frustrations. I've been keeping track of progress on this project for years, greatly anticipating its successful completion. We've come a long way. Now, it is time to approve the final phase. I urge you to do so tonight. Please vote yes, in favor of approving the Concept Plan Lines for the final hardscape installation of the Charleston-Arastradero plan. Thank you.

Robert Moss: Thank you, Mayor Holman and Council Members. The objective of this project was supposedly to avoid any spillover traffic into adjacent streets. The Staff repeatedly says that's been accomplished and there's been no increase in traffic on Maybell. Both statements are false. If you look at the Staff Report, packet page 591, where actual traffic counts are given, while traffic increased along Arastradero by almost 10 percent at Cemetery, a little over 10 percent on Pomona, which we can attribute to

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increases in business and the economy. At Arastradero and McKeller, it's up almost 27 percent. At Amaranta and Florales, it's up more than 29 percent. At Donald, it's up over 31 percent. On Maybell at Pena Court, it's up over 21 percent. There has in fact been spillover traffic into the adjacent residential neighborhoods and streets. It is significant on a number of those streets. I think we can say that there have been some benefits on Arastradero and to the overall traffic in the community. If you do approve a permanent change to Arastradero, I urge you to say that this is also done despite the fact that there has in fact been some spillover traffic on adjacent residential streets, but you consider the tradeoff between Arastradero and the spillover traffic to be acceptable and not go ahead and keep on pretending there has been no spillover traffic. The figures show there has been. Those are the facts. Don't ignore truth.

Lynn Melena: My name is Lynn Melena, and I've been following this project since about 2007, initially as a representative of the Barron Park Association to the stakeholder group and then continuing on because I believe it's such an important project. I urge you to approve the Concept Plan Line tonight. We're in the home stretch of a project that has been thoroughly vetted by the community. It started with an idea to make the corridor safer for all users. It evolved into a study that evaluated alternative layouts and was first implemented in a trial which has little-by-little had its problems worked out. The changes before you tonight are the final tweaks in this long planning process. Already we see results from this and other changes. The number of students bicycling to Gunn has increased dramatically since my kids were there in the 1990s. Imagine what Arastradero traffic would be like if all the present day bicyclists were driving or being driven to school as they were in the past. Thank you.

Ellie MacGregor: I'd like to encourage you to proceed with the hardscaping. This is a road that my family lives on and bikes along daily. I'm really, really excited about the change at El Camino Real, actually being able to bike through there without shoulder checking 15 times. Thanks.

Carmen Rodwell: Hi. Thank you for the opportunity to address the Council. My name is Carmen Rodwell. I'm a neighbor of the Greenmeadow neighborhood. We've been living there for four years. I have three children that attend Fairmeadow and JLS Middle School. We go across Charleston many times a day to go to school. We ride our bikes to Shoreline Park. My older son will soon be going to Gunn High School, riding his bike as well. We're going to be using all those intersections. I would really, really like that to be a safe place for my children to ride their bikes to school, to come back home safe, for all my family to be able to ride our bikes and walk safely

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without being worried about cars speeding. As Andrew mentioned earlier, we've had a lot of cars driving around our neighborhood, speeding, spilling traffic, speeding and causing accidents and luckily not killing any of our kids that were in the street. It's very, very important that the corridor is approved, because it's safety for our children and that's very important. Thank you.

Ron Pyszka: Good evening. I have lived on East Charleston Road for more than 40 years, so I have firsthand experience with traffic on the street. I can attest firsthand that the restriping has reduced excessive speed very significantly. I strongly support the approval of the Plan Line Concepts. I think safety has improved. I think the final implementation of the plan will improve safety even more. Thank you very much.

Peggy Kraft: Hello, I am Peggy Kraft. I live just off of Charleston on Mumford Place in Palo Alto. I think this should be approved. It's a great plan. I want to just thank—it's wonderful. Everyone has said everything I can possibly think of. I want to thank the City, the City Council, everyone that's been involved with this. It's been a lot of work. It's been a long time. I appreciate all the effort that people have put into this. Thank you all very much, and hope you approve it.

Mila Zelkha: Hi, Council. I'm a resident in South Palo Alto on Redwood Circle in the Fairmeadow neighborhood. I live just a block away from the Charleston Corridor. I've used Charleston my whole life. I've been strolled in a stroller to what was Brentwood Market before it was Piazza's and rode the bus to Gunn. My kids now bike and rollerblade to Rick's Rather Rich. When my car's in the shop, I walk to Meissner's. I walk this walk for real. I attended a community meeting earlier in the year and think that there are many great design improvements to the plan. I was particularly excited about what was happening between Nelson and Carlson, which is my neighborhood. As I stated on April 29th, I would be more than willing to drive a few extra yards to do a U-turn when turning into my church if I'm coming to church from another part of the City in my car or visiting friends at Stephenson House. I'm just thrilled to hear that the corridor has quantitatively achieved its goals of reducing the number of very high speed vehicles during off-peak hours by 50 percent and the number of injury bike and pedestrian accidents. I urge you to approve the Concept Plan Line. Thank you.

Jeff Greenfield: Good evening. I live on Waverley Street near Eastmeadow. I support the Charleston-Arastradero Concept Plan Lines. We have a wonderful biking culture here. It's one of the reasons many folks choose to

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make their home in Palo Alto. Many members of our community are very enthusiastic riders and choose to bike for lots of reasons. It's healthy exercise. It's green. It's functional. It's fun. Sometimes it's even the fastest way to get somewhere, especially on rainy days as my college-age daughter would tell me about her bike commute to Gunn. Very generally there are two primary motivations for biking here. One, recreation or, two, commuting or getting around town. For the latter, what I'll call the functional bike riders, the shortest distance is an important criteria. This is pretty intuitive. Biking down Arastradero is clearly not most people's first choice. It's busy and complicated to say the least. We've heard a lot more. With Terman and Gunn located where they are, the route is the shortest distance for many bike commuters. With the business parks further across Foothill Expressway, this is the shortest route for many work commuters as well. Bike ridership in our community is increasing, which is a positive trend. Increasing traffic here is an issue. More people on bicycles is an important component of a solution. We have a clear opportunity here to increase the safety of bike riding in our community. This in turn will maintain and increase ridership. Let's please take proactive steps to hopefully avoid a potential disaster in our community. Choosing not to increase safety here is a decision which frankly I can't fathom. I hope you'll agree and support the Charleston-Arastradero Concept Plan Lines. Thank you.

Marilyn Keller: Hi, Marilyn Keller. I live in the south end of Waverley Street. I'm here to ask you to please approve the Charleston-Arastradero Corridor Project. I think it would provide the following benefits. It would increase safety, bicycle access and increase bicycle capacity. I think the most important of these is safety, as you've heard, which I think is really needed. The trial showed that the proposed changes will make bicycles safer. Daily bicyclists include hundreds of kids who commute to the schools and other areas. Over 800 students alone bike to Gunn every day. Another benefit would be increased bicycle access. This is one of the only places in South Palo Alto with bicycle access across the train tracks and El Camino that extends east-west through Palo Alto. This is important to make Palo Alto more bikeable. This corridor stands out also because it does have room for hardscape options to make bicycling a safer option. Speaking from personal experience, the existing bicycle access from east-west in South Palo Alto is difficult and intimidating, especially compared to northern Palo Alto. A third benefit would be to increase bicycle capacity. Due to significant recent increases in growth and traffic in South Palo Alto, we need to accommodate the growing number of bicyclists. Improving this corridor would encourage more people to bike instead of drive, which would also decrease traffic

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congestion. Thank you for considering this important opportunity to make Palo Alto a more bikeable community.

Allen Hastings: Good evening. I'm Allen Hastings, 3940 Grove Avenue. I've lived there for a little over 50 years. We're two houses away from Charleston. My wife and I and Sharon Oliver are the Neighborhood Emergency Preparedness Coordinators for all of Meadow Park, which is 145 houses. We're very much concerned about the fact that the plan that we've seen so far does not allow anyone to turn left off of Charleston onto Grove Avenue. I was assured by Matt in Holly Boyd's department, Public Works, that this issue has gone away. It turns out that I'm not sure it has. I think it's still on the agenda. I'm encouraging whoever's involved to please get away from the idea of a barrier from turning left off of Charleston onto Grove. The emergency vehicle access is very important for all the people on Grove and Gailen. It's ridiculous to think about driving all the way down to Louis, making a left to Gailen, making another left to come up Gailen, and then left again on Grove to get to the houses that we represent. Please make that change. Thank you.

Elaine Uang: Good evening. Thank you for considering this. I know a lot of you know that I spend a lot of time on my bike. To borrow the words of somebody earlier, I'm a functional cyclist including dragging my kids in tow. Biking is my main mode of transportation around town, even up to places like the Baylands, Charleston Shopping Center, the JCC. I do actually, even though I live in the north part of the City, use this corridor quite a bit. I'm very excited to see you guys discussing this tonight and urge you to support this project. While the trial has been good, it could be a heck of a lot less scary and a lot safer. You heard a lot of the really great comments related to safer and just the amazingness of this project, how it connects 11 schools and three parks, shopping centers and a whole series of things. I want to just mention a couple of other points. I think this project is pretty critical to the City's sustainability goals. When 70 percent of our greenhouse gas emissions come from transportation-related uses, every biker, pedestrian we can encourage to use our streets to work, to shop, to play, that's a chunk of emissions we can reduce. We've done a great job as you've heard earlier with Safe Routes to School, but why not extend this to Safe Routes to Work, Safe Routes to the Library, safe routes to all sorts of things? I think it's also important to further the Healthy Communities initiative that I know a lot of you have been working really hard on. Active transportation is really crucial to the well-being of people, especially our aging senior population. I've been told that If Ellen Fletcher were here today, she would enthusiastically support this proposal. I urge you to as well.

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John Elman: I was here once before. You folks don't realize in the audience that people back here can't see this light. When I got up here, I saw the light, then it turned red while I was talking. I thought your battery wore out. I told my wife about it, and she rushed out and got a wand with a little red light on it to make me stop talking sometimes. You've heard from everybody who supports this project. Isn't that amazing? They're enthusiastic. They're here tonight, late at night. By golly, this is their thing. The other 20,000 people who use Arastradero every day or more. I think it's more than that. They admit to that many people according to the reports. It needs something else. I would, first of all, like and hope that you could turn it down as it is, but separate the project. It's two projects; Charleston is one, Arastradero is one. There's a third more cars that use the Arastradero part down to El Camino and Alma. Think about that. The second thing is that I invited the Council when they were considering this before, each of you, all of you, come to breakfast at my house around 7:00. I'll fix you anything, because that's the way I do breakfast. Then we'll go out and watch what happens on Arastradero and Maybell and Georgia and all through Barron Park and so on. To see the problems that have been created by this project. It's dangerous out there. I don't know how anybody in their right mind could ride a bike during the three hours in the morning and the four hours in the afternoon down Arastradero. It's terrifying. Most of the kids, of course, don't. They use the side streets and the other. I have for the first time in the 50-plus years I've lived a block off of Arastradero, first time, I now go through the neighborhood. I never had to do that before. Going down through Green Acres too. Thanks anyway. I'll see you in the men's room later, fellows. Oh, excuse me, you too if you like. I've got (inaudible).

Stephanie Munoz: I'll try to be very brief. Years ago my grandfather had a good friend who lived at the end of Arastradero Road. He had a very large tract of property next to the cemetery. His three nieces inherited that property. They told me about how Palo Alto annexed that area so as to be able to widen Arastradero Road to accommodate traffic to the industrial park. All I have to contribute, and it's a very small amount, is think about the whole picture. Already we have changed some of the valuable industrial land back to houses. If we had more houses and fewer offices up in the tract of Stanford lands, which are at the end of Arastradero, this terrible problem would be mitigated. I think that, as Bob Moss said, the problem has not gone away. It has simply been pushed over onto Maybell. If you had not done that, I think you probably would have gotten your Maybell senior center project too. You aroused the anger of the residents to such a pitch that they were just enormously energized. Give some thought to the

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housing as opposed to the commercial in that large area, which is the root cause of the problem. Thank you very much.

Lydia Kou: Good evening, Mayor Holman and Council Members. The Charleston-Arastradero complete street concept has good intentions. A lot of the commenters today have given the good benefits of it. However, there are also negative impacts. It has in its own way deteriorated quality of life for many of its residents. It has also hindered egress and ingress into and out of neighborhoods. Some of the commenters have actually said that they are barricaded in their neighborhoods, and they're okay with it. There are also a large majority of residents who are barricaded and not okay with it and are all concerned of how emergency vehicles are going to access into the neighborhood. The corridor bicycle, pedestrian plan has been ongoing since pre-2003. To enable a study of aggregate impacts, a moratorium on development into the corridor area was implemented. Therefore, the plan does not live up to the current growth pattern and use given there has been more developments on one end of Arastradero and also on the other end which is Charleston such as VMware has greatly expanded in the last couple of years, so has Tesla which has closed down one of their plants, I believe, in Fremont and has transferred a lot of their employees to their Palo Alto site. Then there is the Bowman School which will be expanding its campus, and housing developments are being proposed for the Maybell Avenue site which is on Clemo and also another property on Arastradero. This plan does require further review. While there may be over 800 or so bicyclists using the road and that is a really great feat, the consideration for other modes of transportation needs and has to be considered equally. Another consideration is emergency vehicles. I do urge you for a comprehensive traffic analysis and study before you approve and move forward with this project. Thank you.

Joe Hirsch: Thank you, Mayor Holman. It's hard to oppose a project like this because everyone in the room is interested in more safety. I and others who are opposed to this project and many others more would be here tonight but think quite frankly that this project is wired. No matter what they have said at the community meetings or what they might say here tonight, they just absolutely have been beaten down and don't want to come here and speak again. I've talked to them and that's what they've told me. One issue I think you do need to consider is that there will be a project coming forward on the Maybell property that will have a major impact on the Clemo-Arastradero intersection. You have to take that into account with whatever you decide. If you put a traffic light there, it will make Arastradero Road even more of a parking lot, and the Arastradero-Charleston intersection will be virtually brought to a standstill. Fundamentally it isn't

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improvement to have long lines of traffic in this corridor, to have long waits to get through impacted intersections, to have difficulty making left-hand turns onto or off of Arastradero Road, to have more cut-through traffic in the neighborhood north of Arastradero? There is more cut-through traffic going by my house on Georgia Avenue. How is it an improvement to reduce capacity on Arastradero and yet expect an increase in traffic volumes of up to 55 percent? It doesn't make sense to me; maybe it'll make sense to you. I have trouble dealing with that. Merged lanes going from two to one everywhere on this corridor create huge backups and create a decrease in capacity on this corridor. That's as you come off the El Camino intersection westbound on Arastradero by Able. It happens on the east side of Alma after the railroad tracks as you get onto Charleston. These reduce capacity at a time when you expect and the Staff Report says highway increased traffic volumes. Are those improvements?

Mayor Holman: Thank you all to all the speakers who came this evening. Council Members, the public has set a very good example on being very concise, so let's try to follow that example. If you could put lights on if you have questions at this time, that would be great. We'll do a two-minute lightning round of questions. If we could, let's try that. Council Member Burt to be followed by DuBois and Kniss.

Council Member Burt: I was going to make a motion, so I'll wait until colleagues have had their opportunity to ask questions, unless we're ready for a motion. I'm seeing some nodding heads.

Council Member Kniss: I'd be delighted to hear your motion (inaudible).

Council Member Scharff: Me too.

Mayor Holman: If we're ready for a motion, so go right ahead.

Council Member Burt: I would like to move the Staff recommendation that the Council approve the proposed Concept Plan Line for the Charleston-Arastradero Corridor, which will lead to a final design and implementation of landscape medians, bulb-outs and other pedestrian and bicycle improvements consistent with the existing striping which was approved for permanent retention in 2008 and 2012.

Council Member Kniss: I would second that.

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Mayor Holman: Council Member Burt motion, seconded by Council Member Kniss. When the City Clerk can, to get the motion on the screen please.

MOTION: Council Member Burt moved, seconded by Council Member Kniss to approve the proposed Concept Plan Line for the Charleston-Arastradero Corridor, leading to final design and implementation of landscaped medians, bulb-outs, and other pedestrian and bicycle improvements consistent with the existing striping, which was approved for permanent retention in 2008 and 2012.

Mayor Holman: Council Member Burt, would you care to speak to your motion?

Council Member Burt: I'd like to say this thing has been a long time coming. It's gone through exhaustive trials. I can't think of a longer trial period of any measure in not only our City but I can't think of any surrounding city that has gone through a longer trial period. In that trial period, we've actually improved the design. It's had a beneficial feedback loop. We've improved it both for better auto flow than it initially was and improved pedestrian safety and bike safety at the same time. When we look at the trend lines on increased bicycle use at our schools in this corridor, I think about Terman which has had since the trial went in about a 50 percent increase in bike use after being stagnant for a long period of time. It's having real impacts. On top of that, it has a tremendous safety benefit as well. I think it's a project that is well worth doing. As in all beneficial projects, there are some tradeoffs, but I think in the net this is a very clear positive. I look forward to seeing it landscaped and its final version.

Mayor Holman: Council Member Kniss, speak to your second?

Council Member Kniss: Yes. I was down there a couple of times today just to reinforce what I was hoping we would hear from people tonight, which is the dramatically improved safety aspect of this. I'm sympathetic with those of you who are running into the amount of traffic. It's hard to share the road. There's no question. This really walks that bike talk without question. I think Penny is still here and I cannot tell you how many times we've talked about trying to make that corridor safer for kids. There are so many schools along this corridor. Some of the schools have more challenges than others. I think this is a really important place to be protecting our kids and increasing the safety. I was delighted to see it and glad to second the motion.

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Council Member DuBois: I did have some quick questions. Just real quick so I understand the plan. Are all the places where the hard medians are being put in currently double-double yellow lines?

Council Member Kniss: Where the what color?

Council Member DuBois: A single double, you can make a left-turn into a driveway, but a double-double median you cannot. I'm wondering if all the places where we're preventing left-hand turns are currently prohibited.

Mr. Zwedie: Most of the locations if not all are locations where we have previously have the double yellow lines that prevent left turns across the median. The hardscapes would basically make those permanent.

Council Member DuBois: Sorry, so they are double ...

Mr. Zwedie: The hardscape, the median curbs will make that permanent. We'd basically raise the curbs along those double yellow lines.

Council Member DuBois: Are they double doubles?

Mr. Zwedie: The double doubles, yeah.

Council Member DuBois: Has Caltrans agreed to the changes on El Camino?

Ms. Boyd: Working with Caltrans is kind of like a Catch 22. They don't want to talk to you until you have a preferred Concept Plan Line. We have sent them the improvement in that intersection for El Camino. They've looked at it. They asked for a cost estimate of the proposed improvements within their right-of-way. They told us that they anticipate an encroachment permit process which is a lot easier, more simplified than a peers process. Once this plan moves forward, we'll be able to work with them more. They have seen the plan and they've told us that the process would be to do an encroachment permit application.

Council Member DuBois: One of the speakers asked about emergency vehicles. Could those medians be low enough that an emergency vehicle could drive over it?

Ms. Boyd: We will work with the Fire Department in the next stages of the design. The medians could be designed with mountable aprons, so response

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vehicles could use part of the medians to pass. We did look at the kind of average median length. For this plan line, the average length of a median is 167 feet, so it's not very long. The longest median proposed is 750 feet, which is in front of the Hoover school. What we're talking about is not long, long blocks of median that run along, so there will not be access points. There's left turns in and out, but we can look and work with the Fire Department to see if we can get some kind of mountable curbs out there.

Council Member DuBois: I mean, it seems like it'd be nice if you could have a median, but make it accessible for emergency vehicles. This has obviously been a controversial area. It's a major connector; it's a major bus route, a lot of schools. My concerns right now have to do with—basically there were two paragraphs in there that—sorry I didn't say it. That we didn't evaluate increasing capacity for future growth. Then the next paragraph, we anticipate growth at 15 to 55 percent along this corridor in 2030. My concern is really about how permanent we make these changes. We basically are saying we're going to get growth; we're not planning for it. In particular, there are several lane merges that aren't in place yet. I'm wondering if there'd be a way to test those before we make those permanent in hardscape, specifically, if Fabian Way, Middlefield and the El Camino changes. Do you have any thoughts on that?

Ms. Boyd: I think it would be possible to do additional striping to see those changes. I don't know if it would be very effective. Again, what we're seeing on some of the double-double medians now, people don't follow them. They make illegal U-turns over them. They drive through to make the left turn. I'm not sure how effective this would be.

Council Member DuBois: If you got rid of a merge lane, though, they're not going to be able to ...

Ms. Boyd: I'm sorry, could ...

Council Member DuBois: If you got rid of a merge—if you moved the merge lanes, they're not going to be able to drive two abreast then.

Ms. Boyd: Yeah. Those would be—I mean, the merge lane for the one for Middlefield, we're really just moving the merge lane to the other side, headed west instead of on the east side of the intersection. Instead of the west intersection, it's now on the east. Again, so we could get that right-turn pocket in. I'm going to defer to Josh actually on the future growth questions that you mentioned earlier in your comments.

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Joshua Mello, Chief Transportation Official: Good evening, I'm Josh Mello, the Chief Transportation Official. It's my first meeting, so bear with me. I did have a chance to take a look at some of the Comp Plan policies. Basically in response to your question about future growth, while traffic volumes are projected to grow both locally and regionally, this project really had goals that were more oriented towards pedestrian safety, bicycle safety, improving access to the schools along the corridor. The Comp Plan is pretty clear in its policies as it directs us toward roadway design and roadway projects. If we did do kind of a "back of the envelope" analysis to see what some of the impacts would be if we were to design for that 15-55 percent, we'd probably be looking at six-lane approaches at El Camino and Foothill, and some pretty major, substantial impacts to the surrounding communities if we were to design a roadway that would accommodate a lot of that future growth if that future growth was strictly automobile trips. The whole goal of this project, as Holly outlined, is to kind of move some of those trips to alternative transportation modes, bicycle and pedestrian trips. It's a multi-pronged strategy to try to transfer some of those 15 percent, 55 percent trips to other modes so that we don't have to design this road to accommodate that level of motor vehicle trips.

Council Member DuBois: Welcome to your first meeting. Again, it was 15-50 percent specifically on that corridor, not just regionally. Again, I'm not proposing we go back or add lanes, but I am concerned that we are making permanent changes knowing that we have to deal with these issues.. I guess I'll try to propose maybe an amendment which would be that we test the lane merges with striping and we look for ways where we can implement with some flexibility—kind of low-cost implementation where we can implement with more flexibility if necessary in the future.

Council Member Burt: I decline. This is the most studied corridor in history.

Council Member DuBois: Yeah. I mean the data's there.

Mayor Holman: Are you offering it as a separate amendment then?

Council Member DuBois: Yeah. I would offer it as a separate amendment.

Mayor Holman: Is there a second. Seeing none.

AMENDMENT: Council Member DuBois moved, seconded by Council Member XX to test lane merges with striping and look for way to implement low cost changes if necessary in the future.

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AMENDMENT FAILED DUE TO THE LACK OF A SECOND

Mayor Holman: Did you have any further comments? Vice Mayor Schmid. Pardon me, but somebody has turned on a light that is on the other side of Marc Berman. It's not so late, that we have extraterrestrials visiting.

Council Member Kniss: Is he under your seat?

Council Member Berman: Yeah. A gremlin.

Vice Mayor Schmid: This is a project that's been 15 years in the making. It's a project focused on kids, bikes, schools, community sites, the quality of life in South Palo Alto. I appreciate very much the presentation we had. It was very clear exactly what's taking place on each of the corners and areas. It was very helpful to see in visual terms what we've been talking about. I'm supporting the project. I just have a couple of technical questions about the very end of Fabian and Charleston. Fabian is an important street for Palo Alto. It's where Meadow and Fabian come together with Charleston and 100 yards beyond that cross San Antonio. There's been a big growth in traffic on San Antonio. I note traffic backs up sometimes to Fabian, making it difficult for through traffic. I was surprised in the Staff Report and the presentation that you have a dedicated left-turn lane westbound. It shows up three places in your report. The traffic numbers say there are 1,250 cars in the morning going westbound, seven of them make a left turn. It mystifies me why that important street has a dedicated left-turn lane westbound.

Mr. Zewdie: Actually the numbers we have for that movement—I'm sorry. Westbound, yeah. What we have here, the constraint is actually on the western leg of the intersection. As you come eastbound on Charleston, we are providing a left-turn lane for that movement that has 135 (crosstalk) right.

Vice Mayor Schmid: Yes. Eastbound there's—absolutely right. You need that left turn. But westbound ...

Mr. Zewdie: In the westbound direction, basically by the fact that we have an eastbound left-turn lane, in front of that left-turn lane on the opposite side, we have room to provide that left-turn lane to Charleston.

Vice Mayor Schmid: Seven cars in four hours and ...

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Mr. Zewdie: Right. Even if we add another through lane, we don't have the space on the west side of the intersection to accept that second lane. It's practically not possible unless we talk about right-of-way acquisition through that intersection.

Vice Mayor Schmid: I mean, maybe you could put flowers on it or something. The other thing you're doing to the intersection, you are putting the merge on the eastbound side. If there already is a backup, what you're doing is causing a merge backup into the intersection. It would aggravate the stacking problem. These are just beyond the borders of what we're talking about tonight, but I wanted to make the case that the transition of this corridor to that busy San Antonio street, which is 100 yards away, is an important one. What you have plotted here just doesn't seem to make sense. You might note that as you look at the intersection of this transition into the next road.

Council Member Wolbach: I just wanted to address a couple of the critiques that we've heard about the project. I think they are worth addressing. I am going to support the motion, but I do want to acknowledge some of the criticisms that were made. When it comes to cut-through traffic, I'll admit it. There have been times on Arastradero where I was frustrated with the traffic, so I went around it and went onto side streets like Maybell. When I was a kid going to Gunn before I drove myself, my dad who is one of the most even-tempered people I've ever met, he would have to fight to not get road rage back in the '90s dealing with the traffic that was there at the time. Occasionally, we'd cut to side streets. I think it's important to note that this isn't a new problem. The restriping of Arastradero did not cause the traffic on Arastradero. A picture is worth a 1,000 words, so here's a picture of Arastradero in 2003. You can tell it's 2003, because it's a picture of a parking lot which is Arastradero, but no Priuses and no Teslas. Thank you, Penny Ellson, for sending me the photo. It's not a new problem. The problem of growth, of jobs, etc., in our region, in Palo Alto, undeniable. Absolutely need to be considered. How we reduce the number of people having to drive to get to the Research Park, very important question. It's bigger than this project. We are working on a ton of avenues to improve mode share, to get people who want to do something other than drive out of their cars. I'm a driver myself. When I have an opportunity to take something else, I do as well. Those are definitely important questions, and we've got to keep working on them. I will point out that we've had almost an order of magnitude increase in the number of people biking to Gunn from the time I was going there to now. Almost an order of magnitude increase, which is tremendous. What facilitates that kind of increase is safety biking. Parents feel safe sticking their kid on a bike; the kid feels safe riding the

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bike. We've only gone halfway towards improving the safety on this corridor. Only once we have the hardscape improvements will we fully realize the safety improvements. If we were to go back, it would decrease the likelihood of people feeling safe biking. It would decrease the number of people biking, and those people would be moving into cars. It really wouldn't help deal with the overall capacity of the street. I will be supporting the motion.

Council Member Berman: I'm also going to be supporting the motion and supporting the project. I was really struck by not only the number of emails that we got about this project, but the one-sidedness in terms of the support. It was mentioned earlier that while folks are tired and they don't want to come down to City Council meetings on Monday night and I can understand. There are Monday nights when I don't want to come down to City Council. Nobody's ever been shy about sending us emails. The thoughtfulness of the emails that we got in support of this project, they were all unique. There wasn't a cut-and-paste job. It was people talking about their kids biking, talking about the experiences that they have driving, really kind of highlighted for me how positive this project has been so far in people's lives and how hopefully making it permanent will only increase the quality of life for folks who are so supportive of it and who have been impacted by it. I'd be remiss if I didn't give a shout out to Penny Ellson who probably doesn't want the shout out, but who has been doggedly pursuing this for a long time and keeps us honest every time it comes back to Council, which has been I think three dozen times in ten years. I'm excited for it to become permanent and hopefully for folks to continue biking and walking and using alternative modes of transportation to get where they want to go. That's how we're going to address the increase in population over the next 20, 30, 40 years. We've talked before. It's not increasing our roads; it's not adding more roads. It's making it easier for folks to get out of their cars. There's no doubt in anybody's mind that this makes it so much safer for kids going to the 11 schools along the corridor. I'm a big supporter.

Council Member Filseth: I think we're all going to support this and rightly so. The issue here isn't the restriping, why has it been controversial. It's not the restriping per se; it's the traffic growth which has led to the choice that we have to choose between kids and traffic. Faced with that choice, we're going to choose kids. The temptation is we're all going to approve this and say, "Looks good. We're done. On to the next task." We're not done. Staff Report says no added capacity, but traffic's going to increase over time. Then we sort of have this boilerplate disclaimer about mode sharing and shuttles and bicycles and stuff like that. This sort of seems like kind of

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our usual "every project for itself" kind of thinking. I think we need to be a little more system oriented than that. One of the charts in the Staff Report that I really liked was this chart on page 593 that shows traffic during the daytime hours. Basically what it shows is in the morning there's much more traffic going westbound out of town on Arastradero than there is coming in. In the afternoon, the reverse is true. There's much more traffic coming back into town than going out. The study doesn't really explain the pattern per se, but there's a pretty obvious inference. This is people who live in Palo Alto commuting out to jobs elsewhere, either to the VA and the south side of the Research Park or else to Foothill and 280 and other cities. If you accept that assumption, then it's clear that a major source of the increased traffic on Arastradero must have been housing growth, not jobs growth, which is actually the opposite of North Palo Alto where most of the traffic growth has been heavily driven by jobs growth. Now, if you work at the VA, you might ride a bike or use mode sharing. If you commute to the South Bay via 280, as I did for many years, you're probably going to stay in your car. The implication is that if we continue to put a lot of housing growth in South Palo Alto, then traffic on Arastradero and the cut-through traffic in the neighborhoods is going to get worse. To a considerable extent, traffic is a choice. When the City chose to zone for dense housing projects in South Palo Alto over the last two decades, we chose traffic. I'm sure we weren't thinking of it that way, but that is the reality. If you look at the Housing Element of the Comp Plan, it still zones most new housing growth in South Palo Alto. That's a choice for more traffic on Arastradero. At the same time, we're acting to restrict that traffic. Unless we have some kind of "have your cake and eat it too" card, those things seem inconsistent. Does that mean we should redistribute some of our housing zoning to other areas of the City? Maybe, maybe not. As we look at our overall planning, as we look at the Comp Plan, this stuff needs to be in it. Palo Alto residents have told us that traffic is a top priority. All the residents know that traffic on this road sucks. Traffic is a system problem, and an output of zoning. We need to understand and address it that way and not just do things and hope that TMA or technology will make it all go away for us.

Council Member Scharff: I also, on a lighter note, wanted to give a shout out to Penny as well and say that one of the rare times I actually did ride my bike down Arastradero, who did I actually run into on Arastradero? I ran into Penny and her husband. I actually think Penny lives on Arastradero. I also wanted to say I appreciate the fact that you not only talk the talk, but walk the walk, camp the walk, hang out on Arastradero. I know you know it well. Anyway, thanks for your service on this.

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Council Member Burt: I just wanted to briefly respond to some concerns and notions that have been expressed by colleagues. First, that it is true that we need to have systematic solutions to the issues of traffic and congestion, both in this area and throughout the City. I want to remind my colleagues that we have had two major Council goals and commitments that affect this on top of the entire Transportation Management Association that we've launched. As part of that is a commitment to a 30 percent reduction in single-occupancy vehicle trips. That's much easier said than done, but it's incumbent on us to carry that out, fund the programs and have the comprehensive programs to accomplish that. Second, just last week we had a review of the discussion around Stanford Research Park and the constraints that we intend to place on Stanford Research Park on net vehicle trips and not allowing future increases in vehicle trips. If we implement those two things, the projections for this corridor on future trip demand will go down from the projections and perhaps be eliminated. I also did want to respond to the notion that there's data that indicates that the increase in congestion in this area of town is almost entirely due to housing growth. I don't think that's accurate. I don't think data will support that. Just in this upper corridor, we have thousands of jobs that have been added at the VA and VMware. Those are morning trips and evening trips. People come from 101, up that corridor as well as from 280 to get to those locations. I just don't think that that's supported by data. I wanted to put that out there. We cannot control the job growth at the VA Hospital. That's something we have to contend with through other means, but we can control the job growth in the Research Park and the trip growth. I think we want to look at things not just based upon the arguments we want to make, but actually as objectively as we can and as effectively as we can.

Mayor Holman: Just briefly, I had one question for Staff. That had to do with—Mr. Hastings brought up the left turns onto Grove. Could Staff respond to his question or concern please?

Ms. Boyd: Sure. That was one of the two changes we made since we went to PTC in April. We removed the median that went through the Grove intersection to allow left turns from Charleston onto Grove and from Grove onto Charleston. That is shown on Sheet 21. On Sheet 21, in the left-hand portion of the drawing, you can see there's a gap in the median that was previously filled in when we went to PTC. Based on comments we heard about access to that neighborhood, we removed it to allow left turns in and out.

Mayor Holman: That addresses the concern that was raised then still this evening?

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Ms. Boyd: Yes.

Mayor Holman: Great, super. Not everyone is going to be happy with a plan such as this, because in a way it has indications of negative impacts at the same time. I think Council Member Filseth said it that it's like if you have to make a choice between safety and some more traffic, safety is certainly going to win out on that. I think the parents and people such as Penny Ellson have done a great job getting—I think it's 850 students a day ride to Gunn. It's a remarkable number. I think with further improvements to Arastradero-Charleston, that number could get even higher. With slower speeds, that's the real compelling thing with this was slower speeds. If there is an accident, the accident's going to have a lesser impact. We all know that for every 10 miles of speed, the accident becomes more and more severe for especially bicyclists. I think it's a good plan. The temporary aspects of this are not always followed. As Staff indicated in your presentation, sometimes vehicles will ignore paint on the street. I think having the permanent fixtures in place makes a whole lot of sense to help us move along and realize the real benefits of the plan. Happy to support the project. With that, seeing no other lights, let's vote on the board please. That passes unanimously.

MOTION PASSED: 9-0

9a. (Former Agenda Item Number 7) Utilities Advisory Commission Recommendation That Council Adopt: 1) Resolution 9548 Entitled, "Resolution of the Council of the City of Palo Alto Certifying the Adequacy of the Final Environmental Impact Report for the Recycled Water Project Pursuant to the California Environmental Quality Act and Adopting the Mitigation Monitoring and Reporting Program"; 2) Resolution 9549 Entitled, "Resolution of the Council of the City of Palo Alto Accepting a Modification to the City's Long Range Facilities Plan for the Regional Wastewater Quality Control Plan which includes the Recycled Water Project and Authorizing the City Manager or his Designee to Initiate Preliminary Design and Prepare a Funding Plan for the Project"; and 3) Direct Staff to Proceed With Filing Funding Applications for the Project Consistent With the Project Description.

Mayor Holman: We'll have a change of Staff.

Council Member DuBois: Mayor, can I speak?

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Mayor Holman: Mm-hmm, as soon as it gets settled. Thank you to everyone from the last project for moving out into the lobby and doing so quietly. I really appreciate it, and you're doing a great job with that. Before Staff makes the presentation on this item, Council Member DuBois has a statement to make.

Council Member DuBois: Yeah. I just want to be clear about why I will be recusing myself tonight on this item. The relevant legal issue in this case of purple utility pipes and for utilities is where similarly situated properties are included or if this is just for Stanford's benefit. While Phase 3 is ten miles of pipe and it serves a lot of other properties including Cubberley, Gunn, a very large cemetery, some churches, the VA Hospital, in the abundance of caution and to avoid any risk that the EIR would be challenged, I am going to recuse myself tonight. I'm very interested in the issue of water use, so I'll ask Council, when we talk about strategy in the future, if we could structure those narrowly so that I can participate. I am recusing myself. Goodnight.

Council Member DuBois left the meeting at 10:43 P.M.

Mayor Holman: Thank you, Council Member DuBois. Council Member DuBois will be leaving us this evening at this point in time. As soon as he does, then Staff will be making a presentation. It's really because of Council Member DuBois this is the last item. Not really. Staff, do you care to make your presentation please?

Karin North, Watershed Protection Manager: Sure. Hi. My name's Karin North. I'm the Watershed Protection Manager at the wastewater treatment plant. I am here to talk to you about the Recycled Water Project Environmental Impact Report. There's a little bit of a history in terms of an outline. I appreciate that you guys are here. It's almost 11:00 at night, so I'm usually in bed by now, and I'm sure all of you are too. If I'm not as sharp as my game is normally, I've been up since 5:00 because I start work really early. Just wanted to let you know the history of the proposed Recycled Water Expansion Project; what the public comments that were received; the potential costs which we're not going to belabor much on the cost just because we're here to certify the Environmental Impact Report and get direction from you for future steps; and then recommendations. This is some history. You can see back in Phase 1, since 1980, we've been irrigating with recycled water at the golf course and the Greer Park area. You can see the yellow area; that's the Regional Water Quality Control Plant. We are, as you know, a regional facility, so we treat wastewater from Mountain View, Los Altos, Los Altos Hills, Stanford, Palo Alto obviously, and

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part of East Palo Alto, the East Palo Alto Sanitary District. Phase 2 went online in 2009. That is where most of our recycled water goes currently, down to Mountain View, to Google, Intuit, Shoreline Amphitheater area. We are now trying to get the Environmental Impact Report certified for Phase 3, which would actually allow recycled water through South Palo Alto and up to Stanford Research Park and other areas within Palo Alto. To give you some history, we started this in 2006, did a market assessment, a Facilities Plan. We did an Initial Study and Mitigated Negative Dec. We decided to put it on hold because of public comments and concerns, specifically in regards to the water quality of the recycled water. In 2011, we decided to reissue it, start moving ahead. The public draft for the EIR went out this year in 2015. The objectives—did I go backwards? Yes, that's what happens when you're tired. The objectives of the project. We're trying to improve potable water supply reliability, conserve our drinking water. We have a very sustainable water supply at the Wastewater Treatment Plant. Right now our flows are down because of water conservation. We're on average 18 million gallons per day. The majority of that is getting discharged out into the San Francisco Bay. We'll reduce our reliance on imported water, because we can offset some of the water. Also, we have a requirement in our NPDS permit to recycle water. That's by reducing flows into the South Bay. The proposed project you can see in red. I overlaid the green areas which are some of the larger parks, so you can see some of the areas that will benefit from this recycled water that is heavily landscaped. It's also Mitchell Park Library is dual plumbed; it's ready for recycled water for toilet flushing. There are other benefits besides landscape irrigation, cooling towers, all sorts of fun stuff. The main thing with the EIR was the concerns of the public, which is why we did a full Environmental Impact Report which, as I've talked to all my friends that do recycled water, we are very rare. Most people don't do full Environmental Impact Reports specifically on water quality. Most people are excited to get water, but we decided to do one because of the concerns about recycled water irrigation on redwood trees, specifically because they are very salt sensitive and also the recycled water on the groundwater. We have figured out ways to mitigate, to make all of our residents and customers in Palo Alto happy with the Environmental Impact Report. We already have an exemption for redwood trees, so that they do not have to use recycled water if they're concerned about the recycled water quality. One option is to also blend recycled water with other lower salinity water prior to applications. That could be with potable water. We are also looking at treating recycled water to reduce the TDS prior to application. That's looking at a reverse osmosis or forward osmosis treatment of water, and then blending that water.

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Phil Bobel, Public Works Assistant Director: Karin, I'm going to step on you a bit here. The City Manager asked me to make sure that there was questions about salinity. In the interests of time, we really cut to the chase here of the EIR. Remember that you've adopted a goal of 600 milligrams per liter of TDS. He wanted to remind you of that. When we adopted that and up until really like a year ago, we thought there was a very good chance that we'd be able to meet that goal with source control, meaning that the salinity that's coming into the system from groundwater, from saline groundwater could be controlled and that we could meet our 600 milligram per liter goal in that way. That's what we had hoped. I would have to say this drought is sort of teaching us that that may not be possible, to meet that goal just with source control. Why? Because we're doing a great job of reducing water use, even indoor water use. That's concentrating everything more including salt. What we found was that we started at 1,100 many years. Our goal is 600, remember. We got down to about 750 from these projects of relining sewers. We said, "Great. We're on the path." We've even given you charts that show us on this path and leading to the 600. What has happened to us in the last year with the drought is that those values that we got down close to 750; it's now back up above 850. We're very concerned now that we won't be able—with source control alone, we won't be to meet that salinity requirement. In the EIR, we've emphasized these three other options. This is kind of after we try source control, but we're going to have to make this decision within the next couple of years, whether we can rely on source control or whether we have to go to one of these three options or several of these three options. I wanted to point out that we haven't completely given up on source control, but we are concerned about it. In the EIR, we've committed to, if necessary, if we can see that source control isn't going to work within the next couple of years, then to go to one or several of these options. That's what the EIR says. The City Manager just wanted me to add that sort of—sorry. That thing. Back to you, Karin.

Ms. North: No problem. He's going to take over again. That's perfect. That's why we're a team. I don't really want to focus much on project costs. If you don't put costs in front of people, then they'll ask you the questions. Right now, it's projected that the pipeline is going to cost 35 million. If you can see, the cost of SFPUC water is increasing and it's going to continue to increase especially with the drought. Priming is right now for Proposition 1 funding. There's a lot of money out there for recycled water projects, so there's that opportunity. The State Revolving Fund as well to get low cost loans to help fund the project. We will obviously come back to you for that. Right now, we're just trying to get the EIR certified, so we can move forward. The benefits of building the project. Obviously we want to keep

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our potable water for drinking purposes and then have the potable recycled water for toilet flushing, cooling towers or landscape irrigation. Obviously it's a drought-proof supply. We have a very good flow of water coming into our wastewater treatment plant that we treat every single day. We have very good, high quality water that we are producing. The thing that we're also looking at is this opportunity to reduce our discharges going out into the Bay, specifically nutrients. That's something that we are going to be facing in the future on nutrient reduction. We'll also be coming to you in the future on that.

Mr. Bobel: I'm going to butt in again. Thank you, Karin. Just underscore that last point, and remind everybody that we're not making a decision today on whether to definitely do this project or not. We're only making a decision to certify the EIR. When we come back to you for a project decision, it's going to be a multi-objective analysis that we're going to have to ask you to participate in. I just want to underscore that last objective there, which might become the cheapest way to meet our nutrient requirement in the Bay is to have a more aggressive recycled water program. Why? Because if you're recycling the water primarily for irrigation, then you're using those nutrients. Actually it's sort of a win-win, right. The ground is using those nutrients. We found at the plant we never had to add fertilizer. We've been using it for our own landscaping, we've been using the recycled water for three decades and we've never added fertilizer, because there's plenty of fertilizer in the water. It's kind of a win-win. What the regulatory agencies want out of it is to reduce our or not at least grow our nutrient discharge to the Bay. I need to underscore that for you so that we're going to come back. There's going to be costs, but there's going to be other benefits. There's going to be the benefit of nutrient reduction. We'll come back to you and explain what the other options are for nutrient reduction, and they're not cheap. The other way to get rid of nutrients is to treat them at the plant, and that's extremely expensive, tens of millions of dollars. That was one thing that I wanted to mention. We get into the issues of what are the issues associated with this project. Karin went over the sort of benefits. We're all familiar with those. Many of you have started to explore other things that we could be doing besides a pipeline system to the upper ends of our service area. We're exploring those also. I wanted to make sure that everyone knew that. Councilman Burt and DuBois know that, because they're on—in fact Councilman Burt chairs a new committee that the Water District set up to work on this issue of the future uses of our treated water. We're exploring a number of things which probably are not mutually exclusive, but we're not sure yet whether is it an either/or or is it that we're going to be using water in a number of different ways. My own personal feeling is it's probably not an either/or. We're

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probably going to be using water in a number of ways. We'd like to come back to you and have that discussion. I'm just going to recap what those other ways are, and then we would ask to be able to come back to you for a broader sort of discussion on water resources and ways that recycled water can participate in that. One way that we can use the water is through a pipeline system. That is the subject of this EIR on primarily irrigation, but also some internal uses in buildings. Another that is very seriously being considered in San Jose now, and certainly Southern California is already doing it is indirect potable reuse, where you recharge the groundwater and then you pump from the groundwater and use it possibly in some other location. You're actually using the groundwater as a conveyance system. Putting it in one location, possibly taking it out in a different location. That's another potential. A third potential is direct potable, where we actually put it into the water supply system. In that case, one could argue we only need one type of water to be delivered, because now we're raising all the water to the drinking water standard, and we're putting it in the pipeline system and using our existing water supply pipeline system to be the distribution system, eliminating the need for a second water distribution system. Then you've got various types of on-site use starting with gray water, where an individual facility uses their own gray water with no treatment but uses it for appropriate use which is probably just irrigation. Then you've got on-site use where you treat it. You've all heard talk about what Stanford is up to. Honestly, a lot of it is just planning on their part and talk. It gets confused with what they're actually doing at Stanford sometimes. We'd like to come back to you and explain that a little more fully because there are three things that we're working with Stanford on, and they're different. There's actual recycled water use at Stanford. There's research work being done at Stanford, and then there's discussion of much broader distributed water treatment where you'd have individual buildings have their own water treatment and re-use systems. The way I count it, that's seven different ways of dealing with the need for water. To sort of pile onto that, we also have a committee that Karin participates on and our Utilities Department participates on with the folks to the north and east in East Palo Alto, where they're seriously considering and in fact moving ahead on more aggressive use of groundwater. In Palo Alto, many people are starting to ask us why aren't we using that upper, near surface aquifer that we seem to be wasting. With all this basement building construction, why is all that just going to the storm drain. We're starting to analyze that. We've asked the Water District to analyze what would it take to reuse—to use some of that upper aquifer water. We've hired a consultant who's done a new drawing. The depth of groundwater varies between 10 and 30 feet in Palo Alto. We're trying to get a better handle on that. That's really an eighth possible way of having what's really non-potable water be used for some purpose in Palo Alto. We'd like to come back to you with a broader discussion of that. We've listed

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some of these as project issues here. If you view these as sort of mutually exclusive, some people arguing you shouldn't do this project because there are these other seven possibilities that should do instead. I'm being a little long-winded, but I'm not going to go through and describe—well, I sort of have gone through and described these. To some extent you could view them as project issues. To another extent, you could view them as non-mutually exclusive activities that we should also be up to. In the spirit of innovation and trying to solve the drought and our future needs, we should be working on all these things simultaneously. That's another way of viewing this. Rather than ask you to make that decision tonight, should we just choose one of these, should we be pursuing all eight of them, what should we do, what should we do. All we're asking you to do tonight is to certify the EIR so that we keep this one approach moving. We're also moving on those other seven, and we'd like to discuss it with you on some other night, when it's not 11:00. Moving right along. I've also covered this slide now. Other uses of recycled water. I think we've covered that one good enough. I didn't talk about one angle, which is the possible tie-in with Sunnyvale. That's another thing we're looking at. The committee that Councilman Burt is the chair on, it'll probably get into that too. We'll probably have to expand that group at some point to include Sunnyvale.

Molly Stump, City Attorney: Phil, can I just jump in here just a second?

Mr. Bobel: Yes.

Ms. Stump: Just to add. Phil has provided some context and some background on the larger picture of recycled water. There is a little bit in your Staff Report on that. We spent some time as a Staff discussing really what is the scope of the item before the Council tonight. The item is agendized fairly narrowly. This kind of frames what the Staff has informed the public that the Council would be discussing and taking action on tonight. We also had a member need to be recused from the Stanford piece, but can fully participate in a number of these broader questions. That's another separate, independent reason why a full discussion of all of the context of recycled water is really not before the Council tonight. It's something that could be agendized. We expect that we will get direction from Council to go ahead and agendize that for a soon and future meeting. Thanks.

Mr. Bobel: Yeah. The only reason I needed to sort of bring it to your attention was the City Manager asked me to make sure that everybody knew that we were working on all, as I count them, eight of these things, and we could have a broader discussion later. He didn't want you to think that we were just narrowly looking at this one thing and we were overly focused on

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it. We're done with that. We're not going to go into that. Our recommendations, three fold. First, that you adopt a resolution certifying this Environmental Impact Report. Secondly, that we adopt a resolution accepting a modification of what we call our Long Range Facilities Plan. You might remember that. It was in 2011 ...

Ms. North: Twelve.

Mr. Bobel: ... 2012 you accepted the Long Range Facilities Plan for the sewage treatment plant which had a list of the projects that we were going to be doing and showing where we would build them on the sewage treatment plant site. We call that our Long Range Facility Plan. The second recommendation is asking you to amend that to include this project in it. It sort of goes hand-in-hand with the approval or the resolution with respect to the EIR to take other steps we're going to need to show the agencies that it is part of our plan. We don't have to show them that we have not made a final decision to go ahead with that but we are on a path. This demonstrates to them that we're on a path by having Recommendation Number 2 approved. The third recommendation, we've modified from the Staff Report. It's at your places in a memo to you, and we've repeated it on the slide as it is in your at-places memo. The reason we changed that is we realized that it was not clear that we'd come back to you before submitting an actual application for funding. You'd be concerned that by us submitting the application without coming back to you first, it was a firm commitment to go ahead with the project. In certain kinds of funding, that's true. In certain kinds, it's not true. Rather than try to sort of tease that out, we just are committing and you'd be directing us not to actually apply for the funding until we came back to you. That's the way we've changed Recommendation Number 3. That's our recommendation to you. It's on the board and it's in the at-places memo, and that's slightly different than what's in your Staff Report. The only other thing I wanted to point out is next step. This schedule is broader than this, but we bolded the next step. It's project funding being pursued. While we'd pursue it, meaning we research all the different kinds of funding that's available; we discuss them with the agencies; we make as much progress as we can. That's what pursuing means. We don't actually submit the applications until we come back to you. The next step is what we call pursuing it, that is, research it, figuring out what's available, what's available this year, what's going to be available next year and all that sort of stuff. That was the next step. With that, I'll stop.

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Mayor Holman: That concludes the presentation? Excellent, thank you. Thank you very much for the revision to Number 3. That was one of my concerns as I think you know.

Council Member Burt: I have some both questions and comments. First, Phil, thanks for those clarifications. You addressed many of my concerns. In all honesty, I don't understand the characterization that the Staff Report is just focusing on the EIR certification. The other two aspects, even given that Number 3 has been modified in a significant way by the at-places memo, and the content of the Staff Report were pointed really, I think, in a different direction. First, I want to address something that seems to be an error in the report. On the second paragraph, page 2 of the report, packet page 72, it talks about the UAC review and said that the UAC recommended the Council certify the EIR comma, adopt the resolution modifying the City's Long Range Plan and direct Staff to proceed with the filing. When I went to the Minutes of the UAC report, it was specifically reminded to the Commission that the Staff is only requesting that the UAC recommend the Council certify the EIR at this time and no other discussion. I noted that Vice Chair Cook reminded Commissioners of that and refrained from asking other technical and financial issues around the project, because they were only certifying the EIR and not addressing the other issues. I'll just leave that as a comment and a concern of an apparent contradiction between the Staff Report and what actually went before the UAC. I read the other Minutes of the UAC, and some of the Commissioners waded in on some of the other issues, but we're kind of reproached not to. Second, when we look at Recommendation Number 2, it refers to the resolution in Attachment B, which is packet page 165. If you look at Section 1 up at the top of page 165, the language appears to go much further than just certifying the EIR. It now includes the planned improvements described in the EIR within the City's Recycled Water Project. It directs the City Manager and City Staff to proceed with development of the Recycled Water Project. That's different from what, I think, was described to us. That is a full steam ahead section. I'm presently not comfortable with giving that as the official direction in a resolution given all the things that you described about both the whole set and range of technical alternatives for recycling that we may be pursuing, which may or may not even include this in the future. We're talking about spending tens of millions of dollars on capital projects and, at this point in time, we don't know and we don't have the information, Staff doesn't have the information, and I know this from our discussions. We as policy makers don't have the information to know which direction we'll ultimately go. We're a ways away from that. The joint committee with the Water District Board and Council Member DuBois and myself, the Water District has funded \$3 million in their budget this year to pursue recycling water alternatives.

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The bias out of that funding in committee is toward what they've done in San Jose now, which is potable water recycling. Now, that doesn't mean that will end up being the conclusion. What we talked about in our first meeting is using those funds to study the financial and the technical alternatives associated with this. We just don't know. I don't know; I may have my seat of the pants assumptions at this point in time, but that's all it is. I'm real concerned about this Section 1 in particular. Let me ask whether either Phil or the City Attorney can weigh in on the impact of that and what might be alternative language that would more accurately reflect what was described as the intent.

Ms. Stump: Thank you. Maybe I'll start, and Phil can jump in. One of the things that is going on here, I think, is that the Staff after the UAC meeting focused more sharply on what would be required to actually activate the EIR and create a Final EIR that would be subject to the statute of limitations starting and then running on any challenge, so that the EIR piece would be settled. In order to do that, more is needed than merely approving the EIR. The Council needs to approve the project in some form. It doesn't mean that the Council needs to make a commitment to fund improvements or to actually proceed with construction. As you know, EIRs are often approved for plans that are quite long range and may be subject to lots of contingencies and, in fact, not get constructed at all or in the form that they were studied in the EIR. The intent here was to create an actionable EIR that would then finish that part of the process and then allow the Staff to focus on pursuing questions and answers to questions about what level of funding is available, which really is anticipated to have a big impact on Council's weighing of this option along with a lot of the other options.

Council Member Burt: What I'm going to be looking for in guidance from Staff, whether from you or other Staff, is what modifications either to the resolution or to the recommendations that would more accurately reflect what we've heard as the description of the intent which I suspect is going to be aligned with the Council's intent, that we don't want to give direction to go forward at this point in time with pursuing tens of millions of dollars on a project that may not be the right project for our very important goal of moving toward water sustainability and expanded recycling. Let me leave that to let you think about it, because I'm going to want to revisit that in the motion.

Ms. Stump: Just to clarify, Council Member Burt. You're talking about modifications to the resolution at Attachment B? Not to the Attachment A on the EIR, but Attachment B which is the amendment of the Facilities Plan.

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Council Member Burt: Right, that's correct. I have another, I think, language that can modify the revised language at our places. I'll just say it said direct Staff to develop funding options for the project. I was considering language to the effect of "and other recycling alternatives and return to Council with specific recommendations." It's not just focused on the non-potable recycling alternative. I won't belabor this at this hour. It sounds like we're going to have the policy discussion that—the first of several policy discussions that I've been looking forward to for a year. As this was on the horizon, I frankly asked Staff informally, "Are we going to have a policy discussion that allows us to figure out is this the right course?" Five years ago, as Phil knows, when this started to come forward, I was very enthusiastic about expanding the non-potable recycling, because it seemed to be the one alternative that was really there. Now, we have other serious alternatives. It may sound contradictory, because I'm as enthusiastic as anyone about expanding our recycled water and creating a sustainable water supply system. I do want to just say that when we go into this discussion in the future, we want to start thinking about not only the technical issues and the financial ones, but as part of the financial the business models. Right now we produce non-potable recycled water by our Public Works Department. We give it away, and it's consumed by entities that otherwise would be buying Hetch Hetchy water at \$1,800 an acre foot from our Utilities Department. If we go into potable water, is that a commodity that would be then sold by Public Works or Utilities? Our wastewater treatment plant, though, is co-owned or shared by six entities, five cities and Stanford. They are the input agent, the supplier of dirty water to there. Out will come possibly one form of clean water, non-potable or potable, in the future. Who gets that water and at what price? Just like we have a question today of whether the future is giving away electricity free for charging electric vehicles at public stations, it's really a reconsideration of whether we should be giving away valuable water worth soon to be over \$2,000 an acre foot and giving it away or some fraction of that \$2,000 if it's not the same quality as the Hetch Hetchy water. We're going to have some important considerations in that discussion. I just wanted to have people start thinking about the framing of them. They're going to be complicated discussions. I can wait if Staff doesn't get them ...

Mr. Bobel: The only thing I wanted to follow up on, you raise a lot of good policy concerns which I think will be the subject of when we come back to you, the broad array of options that we have. I did want to address a little more—we were frankly scrambling to find this Attachment B. Our apologies here. Now, we've found it. I've not seen anything in there that you should be nervous about. It says the Council approves a modification to the Long Range Facilities Plan which was previously accepted by the City in 2012.

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The plan shall include these planned improvements. The project that's being discussed in the EIR is now being added to the Long Range Facilities Plan and has the same status as the other things in the Long Range Facilities Plan. None of those things were approved as projects on which we're going to act without coming back to you for funding approval, for design approval, for construction approval. You have all these touch points on all these projects including this one. I just don't see a ...

Council Member Burt: Phil, I appreciate that. There are times where we do have recurring touch points, but then at the same time if we've adopted a policy direction, those touch points have already been pointing us down a path. Councils in certain times, not necessarily in this one, we've said, "What are you doing wanting to reconsider this? There was a policy decision. The prior Council set this policy decision. You're going to reverse that?" I think we have to be careful that it's not only a question of whether we would have touch points, but whether we have established a policy direction that is premature. One question I would have is the final sentence in that paragraph, is that necessary. Molly, you mentioned that ..

Unknown: What page (inaudible)?

Council Member Burt: This is 165 of the packet, Section 1. The Council hereby directs the City Manager and City Staff to proceed with the development of the Recycled Water Project. Development, I think, is suggesting more than just incorporating this into the plan. Is that sentence necessary?

Ms. Stump: I'm working on some language to modify it to actually have it describe more specifically the interim steps that the Staff had described and that you are also expecting. I think we can do that. Frankly, we're trying to hit a legal threshold here. We're trying to get the statute of limitations to run.

Council Member Burt: Yep, I understand that. Maybe while you're working on that, I'll turn it over to my colleagues. I appreciate you guys giving me extra time on this.

Mayor Holman: Did Staff have anything else that they wanted to address in response to Council Member Burt's comments or questions at this point?

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Ms. North: I just want to apologize for the error in the Staff Report, for the UAC comments. We were on a very fast turnaround. I just want to apologize.

Council Member Filseth: My question was actually exactly the same as Council Member Burt's which was to what extent does this section here commit us to a specific course of action or implied. I think we've already covered that.

Council Member Scharff: I actually really appreciate Council Member Burt's comments. I had the same concerns, but I think he put them very well. I actually have a strong concern here first of all that we're letting the concern about getting the EIR bulletproof from a legal point of view drive the policy discussion. I think it's premature. I'm not going to vote for it if it says the Council hereby directs the City Manager and Staff to proceed with development of the Recycled Water Project. I also don't like Section 2 which says the Council hereby authorizes the City Manager or his designee on behalf of the City to initiate preliminary design and to seek funding. It'd be fine if it said seek funding for the recycle. Preliminary design means we're setting forward. I agree 100 percent with Council Member Burt. I know I've sat in a number of these meetings with people saying it, and Staff does this. The next report is going to say Council approved in the last meeting. That's exactly what it's going to say. I'm going to come back and say, "That's not how I remember it." You're going to have an Action Minute vote that says we did that. I think we need to have the policy discussion. The policy discussion for me, some of the things that concern me is that I noticed that in 2008 we thought this was going to cost roughly \$33 or \$35 million. It says 33 in the Staff Report. Construction costs have gone up like 40 percent, and you're saying it's only 35 million. It was \$600, the water, in 2008 is what Hetch Hetchy water was. Now it's 1,800 but construction costs have remained the same. I mean, I just don't believe that. Maybe you want to address that.

Ms. North: I wanted to allude to the fact that I remember telling you specifically to not focus on costs; that's not what we were really doing. We're looking at just the Environmental Impact Report. We wanted to give you some cost figures, so you weren't completely in the dark. Before we come back and before we even think about it, we'll have to be basically looking at the Facility Plan again to see what the need is and then what the cost is really going to be. We're going to be doing a cost analysis before we even move forward with the project.

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Council Member Scharff: This is what's wrong with this discussion. I also think it might make more sense to go the purified water route. If we went the purified—I can't make those decisions until you tell me, "To purify the water, it's going to cost \$40 million a thing or it's going to \$80 million" and what it's going to cost to do this pipeline. Is going to cost X, and that here's the business model, as Council Member Burt suggested. Without a larger context, I don't want us running down this path to do this recycled water project thing.

Ms. North: I want to assure we're not running down the path on the recycled water. We're just trying to keep our options open so we can look at it and be diversified. If we don't have the Environmental Impact Report, then that basically takes that option completely off the table. All we're trying to do is say the EIR is certified.

Council Member Scharff: Wait. You have the EIR. We can certify it at any time.

Ms. North: That's what I'm saying. All we need tonight is to get you guys to certify the EIR. That's really all we're trying to do.

Council Member Scharff: Wait. We could certify this EIR any time. We can certify it tonight. I mean, I'm happy to certify the EIR. I don't see any reason not to do that. The question becomes why should we pass the resolutions that say things. I understand that it's purely an issue of letting the statute of limitations start to run. Are we really concerned that this is what should be driving our policy discussions? I mean, I don't think it is. I don't think we should allow a legal concern that, in my view, is fairly minor frankly to be driving our policy discussions, which is what this is doing. I want to have all of the information first.

Mayor Holman: Is Staff taking that as comments or is there anything that you want to respond to? Anyone?

Ms. Stump: We do have language if that's the sense of the Council that they would like to hear along the lines that ...

Council Member Scharff: I'd like to hear that language.

Ms. Stump: Here's our thinking. This is on packet page 165. It's the resolution at Attachment B. In Section 1, the second sentence would be modified by saying at the very end before the period, "subject to further

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Council action to consider and approve funding applications, design, financing and construction." The last sentence would be modified to say "the Council hereby directs the City Manager and City Staff to proceed with evaluation of funding opportunities and return to Council for further consideration regarding development of the Recycled Water Project." The third change would be in Section 2 to delete the language "to initiate preliminary design and." Section 2 would read "the Council hereby authorizes the City Manager or his designee on behalf of the City to seek funding for the Recycled Water Project."

Council Member Scharff: That would meet my concerns on that.

Council Member Berman: I'm sorry. Could you just repeat one, the first change?

Ms. Stump: Yes. The sentence that begins "that plan shall now include," will finish with the phrase "subject to further Council action to consider and approve funding applications, design, financing and construction."

Council Member Scharff: What is the current state of funding out there for this? I mean, you're clearly in a rush to submit the application, so I'm assuming there must be a window of opportunity that's going on right now with the drought.

Mr. Bobel: It's not like something is going to change dramatically tomorrow or the next day. We're not characterizing it as us being in a rush, but there is a line that you get in when you're proceeded to a certain point. This EIR certification is a major milestone that allows us to get in line for funding. The longer we take to certify the EIR, the more people will be in front of us in the line for various types of funding. We don't ...

Council Member Scharff: Okay, fair enough. I got it.

Mr. Bobel: I wouldn't say that we're in a rush.

Council Member Scharff: When we get to Staff prepares a financial plan for the project, you're going to come back to us was the thought. You talk about funding, but are you also going to come back with the broader policy discussions ...

Mr. Bobel: Yes.

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Council Member Scharff: .. that Council Member Burt—you're going to tell us what it would cost to do a purified water project, for instance, rather than do this? I'd like to see that.

Mr. Bobel: Yeah. On purified water, we're initiating a feasibility study. We've done one, but it's old. For reverse osmosis, it's too old. It's 20 years old, so we're initiating a new look at reverse osmosis or an equivalent technology to remove salt. That is going to be on a parallel track, and we want to do that as quickly as we can. I wasn't thinking we'd wait 'til we were done with that to come back, because we'll know more about funding sooner. We'll probably come back and give you a status report on the reverse osmosis work. Remember, we've already done two pilots on reverse osmosis with Stanford at our sewage treatment plant. We know a lot about reverse osmosis and the membranes that'll work on our situation. We'll have rough estimates on those costs. They'll be of a different degree of certainty than other cost estimates, but we'll have something if it's cost that you're interested in.

Council Member Scharff: What I'm really looking for, Phil, is what Council Member Burt alluded to which was let's take a thoughtful policy decision on do we do—first of all, are they mutually exclusive? Let's make that decision. I mean, is this the best use of tens of millions of dollars? Is purified water a better solution? What is the business case? I mean, I think Council Member Burt raised a lot of good issues. We have partners in this. How do we spend the money? I don't want us to just come back and say we have a funding source of \$20 million; it's going to cost us an extra \$25 million; that's going to cause rates to go up, but it's really important we do this, and it's also really important because otherwise we're going to pay X number of dollars for our discharge permit. I wouldn't view that as a thoughtful discussion.

Mr. Bobel: I tried to outline the eight different types of water use that we're looking at. When we come back to you, I would expect to be discussing all of those.

Council Member Scharff: With the information so we can sort of start moving in those directions?

Mr. Bobel: Yeah. We won't have firm information on all of it. The one that's the weakest is the use of the surface aquifer, the near surface aquifer. That has been poorly explored in Palo Alto, and we're not going to be able to

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explore that with the same degree of certainty as some of these other things immediately.

Council Member Scharff: That doesn't seem like something that's an either/or. I mean, we can add that in later, it seems.

Mr. Bobel: Yeah. Personally, I'm not viewing hardly any of these as either/or, but different people have different perspectives on that. We'll just to try bring them all back, and you can discuss as many of them as you would like to.

Council Member Kniss: I'm glad to ask lots of questions, but I'm wondering if maybe Council Member Burt would like to get a motion out that we could speak to.

Council Member Burt: I would like to move that first we adopt a resolution, Attachment A, that certifies the FEIR. Second, that we adopt a resolution, Attachment B as modified before us here. Third, that we approve Recommendation Number 3. I'm going to modify what's at our places. It reads "direct Staff to develop funding options for the project and for other water recycling alternatives and return to Council with specific recommendations on funding applications prior to being submitted."

Council Member Kniss: Second.

MOTION: Council Member Burt moved, seconded by Council Member Kniss to:

- A. Adopt a Resolution that certifies the Final Environmental Impact Report for the proposed Recycled Water Distribution Project; and
- B. Adopt a Resolution accepting a Modification to the City's Long Range Facilities Plan for the Regional Wastewater Quality Control Plant which includes the Recycled Water Project with the following modifications:
 - i. Section 1, end of the second sentence add, "Subject to further Council action to consider and approve funding applications, financing, design and construction"; and

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- ii. Section 1, third sentence after "to proceed with" add, "evaluation of funding opportunities and return to Council for further consideration regarding"; and
 - iii. Section 2, remove "to initiate preliminary design and."
- C. Direct Staff to develop funding options for the Project and for other water recycling options and return to Council with specific recommendations on funding applications prior to being submitted.

Mayor Holman: Council Member Burt, do you want to speak to your motion?

Council Member Burt: Yeah. I think I've covered most of the issues. This is really a dynamic one. We're looking at water recycling. A number of years ago, we were paying \$600 an acre foot, I think it was. We're up to 18 and rising. All of these alternatives are in flux. The cost of reverse osmosis has dropped significantly. It's still a very high capital cost. The operating costs have certainly dropped a lot. We hear a lot about desalinization in many areas of the state. Phil has helped clarify for me that the cost of recycling the water from our treatment plant is a fraction of the cost of desalinization. Brackish water purification is somewhere in between. This is going to be a very interesting and important topic for us going forward. I'm glad we're starting to move in the direction of looking at a range of alternatives or combinations of them.

Mayor Holman: Council Member Kniss, speaking to your second?

Council Member Kniss: Phil, I always feel more comfortable knowing you're involved in it. My other comment would be, as concerned as I am about our business model, about the other policy aspects of this, is that I think we've become a little bit, maybe even a little bit more comfortable with the drought thinking that we're going to have El Nino this year. I think even though there's hardly any proof of that, I think there's a great deal of comfort in thinking all of a sudden it's going to start to rain. It may not rain at all. It may not rain for the next two or three or four years. We have to at some point look at using this water. I am very enthused about getting started on it. It's fascinating to me that Mountain View has been using our water for this length of time. Currently, there are companies in the City making money on our water. I can attest to that. There are many other aspects of this in addition to the policy and the analytical questions. Thinking of places throughout the world where they've had this kind of

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problem and what they've had to do with it. We may look back on this in ten years and say it was actually pretty cheap.

Mr. Bobel: If I could just chime in. I forgot one, and that is use of local captured rainwater, is sort of a ninth thing that I should have added to my list. Some of these local companies are starting to offer services. One of whom is suggesting the use of storage facilities onsite, and all of their examples come from Australia, where Karin has deep roots. They're suggesting that one have a storage facility onsite, and then you use multiple types of water in that storage facility as needed to do your outside irrigation and not just limit it to one, but have all the types of non-potable water that we've been discussing available for placing in those tanks.

Mayor Holman: Council Member Berman, you previously had your light on.

Council Member Berman: No, I'm good now.

Vice Mayor Schmid: Your comments have been very helpful in painting a broader picture. The questions of my colleagues, I think, are right on. I guess I'm stuck on an earlier question of the first thing we're doing is certifying the EIR, but the EIR says clearly that we've identified a number of significant environmental impacts and we will mitigate them. Yet, the mitigations are the things you said aren't working. You said that the reinforcing of the protections of the sewer lines and so on were effective for a while, but have not been over the last couple of years. As a matter of fact, the drought has brought us back to where we were, close to where we were. That seems to be saying different than what we're approving in the EIR.

Mr. Bobel: Maybe I misspoke. The three mitigation measures that we're listing in the EIR are ones that we'd use if source control isn't successful. We're now seeing more and more indications that source control isn't going to get us all the way there. We listed these three additional mitigations in the EIR. One is use of our existing ordinance to exempt salt-sensitive species, so that we're not forcing anybody to put this stuff on redwood trees or other salt-sensitive species. That's one. The second is blending the water with potable water. Not the world's greatest solution, because then you're still using, say, 50 percent of potable water. The third and the one that we're now initiating a new feasibility study on is treatment of the water with reverse osmosis or some equivalent process to actually reduce the salinity, probably blend it back with our other recycled water. Those are the

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three mitigation measures that are listed in the EIR. That's what you'd be approving.

Vice Mayor Schmid: I guess what's critical and the question has been asked several times is do we know how much these mitigation measures will cost and what other options are out there rather than exploring building a pipeline.

Mr. Bobel: We don't have all the information on that, so we're not asking you to approve us actually designing or constructing anything now. That lies ahead. The cost part of this lies ahead.

Vice Mayor Schmid: I guess maybe it's a legal question. Are we endorsing the mitigation identified in the EIR that have not been so effective and we do not know how effective other alternatives are?

Mr. Bobel: As far as whether they're effective or not, I thought you were going to get at the cost. Whether they're effective, we believe that all three of those would be effective. They'd meet the goals of not having salinity greater than 600 milligrams per liter which is our goal. Commenters on the EIR actually use 650, a slightly higher number, as their goal. Actually you've adopted a slightly more aggressive goal than the comments to the EIR suggested. All three of those mitigation measures that I just described would meet the goal. We think there's no reason to think they wouldn't be successful. The commenters didn't suggest otherwise, and we don't have reason to believe otherwise.

Vice Mayor Schmid: We are endorsing on packet page 83 all of these significant effects can be fully addressed and reduced to less than significant through adoption and implementation of standard project requirements.

Mr. Bobel: That's right. Remember, we've taken a more aggressive position than really anyone else has in even doing an EIR in this situation. I just point that out. Yes, we're suggesting that full mitigation is possible. Most people are just moving ahead without mitigation.

Vice Mayor Schmid: I guess the important thing as everyone has said is to move ahead and to make sure that we are doing everything possible in our recycled water. You've identified a whole spectrum of things that we could be working on. Just want to make sure that by endorsing this we are moving in that direction and not taking a pathway outside of the discussions we should be having.

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Ms. Stump: I think that's right; we are. This approval does not commit the City to stop at source control. In fact, it does else than that. If the source control isn't sufficient, it requires these other measures which will be effective to get the salinity down. That's what you're being asked to adopt today.

Mr. Bobel: Now, if you're worried about the cost of that, remember that we're not making the decision to construct anything or even design anything. We'll have to come back with information, as either you or someone else was just saying, about the cost of these mitigation measures and include that in the project costs depending on how likely it is that source control won't work. That lies ahead too. We'll know a little better in a year or two as to the degree to which source control is working. If it works a little bit, that's good because that's a smaller reverse osmosis plant that we'd have to build. The more salinity we can get out somehow else, the smaller the reverse osmosis plant could be and the less of that kind of water we'd have to blend back with our current recycled water to achieve the 600 goal. There is economics there, and we'll have to come back to you with that. It'll have to include the economics of the mitigation measures.

Mayor Holman: Council Member Burt—actually, can I go ahead first, because you might want to comment on what I say.

Council Member Burt: Sure.

Mayor Holman: A couple or three things. One is I guess I'm a little confused at where we were earlier today, because I thought we were coming tonight because you needed to go ahead and apply for some funding. I thought that was some of the urgency of this. It was beyond just certification of the EIR. I think we're in a much better place now, but I'm a little confused about where we were this morning.

Ms. Stump: Mayor Holman, I do think it's still the case that the Staff will like to launch into understanding the funding picture, even this year's funding availability, but we'll come back to Council before making any application. Does that help?

Mayor Holman: Now, with the changes the Council's made, yes. It seems to me that "B(iii)" that's on the screen as part of the motion. Section 2, remove to eliminate "preliminary design and" seems to be in conflict with "C." Section 2 would now read "the Council hereby authorizes the City Manager or his designee on behalf of the City to seek funding for the

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Recycled Water Project." Yet, in "C" we're saying direct Staff to develop funding options for the project blah, blah, blah. I'm suggesting to the maker of the motion that we actually want to eliminate Section 2, because it seems to be in conflict with "C." In Section 2, we're actually asking the City Manager to proceed with seeking funding. In "C" here, we're asking the Staff to come back with funding options.

Ms. Stump: I think that's fine, because I think that funding idea—what you want the Staff to do is really captured in the revised third sentence, the last sentence of Section 1, which now reads "the Council hereby directs City Manager and City Staff to proceed with evaluation of funding opportunities and return to Council for further consideration regarding development." That's what you're comfortable with. That's now the last sentence of Section 1. I think you can eliminate Section 2.

Mayor Holman: Council Member Burt, as the maker of the motion, are you okay with eliminating "B(iii)"?

Council Member Burt: Yes.

Mayor Holman: Council Member Kniss, are you all right with that? Okay, good.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to replace in the Motion Part B, Subsection (iii), 'Section 2 of the Motion, "initiate preliminary design and"' with "remove Section 2."

Mayor Holman: Thank you for that clarification. One last thing is going along with Vice Mayor Schmid's concerns about the EIR. I'm wondering if, to be clearer in the standard, because we have potential significant impacts. We have sort of moving targets in that too. We want to get to 600; that's the number. Do we want to add—we can't add it to the EIR, but do we want to add in this motion the target of 600 as being the threshold for addressing significant impacts just to be clear?

Mr. Bobel: It's fine with us. It is in the EIR; it might be sort of buried around in it, but it's mentioned a number of times in the EIR.

Mayor Holman: As the minimum threshold?

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Mr. Bobel: 650, when we're talking about the comments, we're talking about 650. We're addressing the comments, so you'll find most of the talking there is about 650 because we're addressing the comment. That was the comment, was we should achieve 650.

Ms. Stump: I think it's a maximum number, Karen.

Mr. Bobel: You've already adopted a goal of 600 however.

Mayor Holman: I'm sorry?

Ms. Stump: 650 is a maximum number.

Mayor Holman: Yes, but our goal is 600.

Ms. Stump: I'm sorry, six ...

Mr. Bobel: The Council-adopted goal is 600.

Ms. Stump: Yes, yes. As a maximum number. If ...

Council Member Burt: Where would we put it?

Mayor Holman: Good question. We could ...

Council Member Burt: A "D"? Yeah.

Mayor Holman: Yeah, a "D." A "D," Council reaffirms its commitment to setting as a maximum threshold ...

Council Member Scharff: Of 600.

Mayor Holman: ... 600. Yes.

Council Member Burt: TDS.

Mayor Holman: TDS, yes.

Mr. Bobel: Right. Total dissolved solids if you want to spell it out.

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Mayor Holman: Maker, seconder?

Council Member Burt: Great.

Council Member Kniss: Mm-hmm.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add Part D to the Motion, "Council reaffirms its commitment of setting a maximum threshold of 600 Total Dissolved Solids (TDS)."

Mayor Holman: I am complete here except that I really do want to thank Council Member Burt and Council Member Scharff both for your comments, questions and Council Member Scharff for his support of Council Member Burt's comments. I thought they were reflective of the experience you've had dealing with water and also on the committee that you're chairing right now. Thank you for your efforts on our behalf.

Council Member Burt: I neglected to ask one question. On Slide Number 9, the first bullet, it says Recycled Water Project is estimated to cost 35 million or \$2,700 per acre foot. How many acre feet would we recycle per year?

Mr. Bobel: Currently?

Council Member Burt: I don't know. I don't know what this is describing actually. How do you—what got divided by what to get \$2,700 an acre ...

Ms. North: The projection for the project is 900 acre feet based on the Facility Plan. That's what would be used on that pipeline.

Council Member Burt: 900 acre feet ...

Ms. North: Per year.

Council Member Burt: ... per year.

Male: (inaudible)

Council Member Burt: Slide 9, first bullet. It's 900 acre feet per year. Then how do you get this \$2,700 per acre foot.

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Ms. North: You just divide the 35 million divided by 950 acre feet.

Mr. Bobel: First they divided the ...

Council Member Burt: No, I did that. It didn't come up with that.

Mr. Bobel: No.

Council Member Burt: No, that's 12,000 acre feet.

Mr. Bobel: You've got to convert the 35 million to a annualized figure, and then make the division. I can't repeat it off the top. That 35 million has been converted to an annual figure, and then that has been divided by the 900 acre feet per year that Karin's talking about.

Council Member Burt: Is that with the debt service on the 35 million?

Mr. Bobel: Yeah, the debt service. You've got to create an annual figure to convert.

Council Member Burt: I understand that, but none of that's explained there.

Council Member Scharff: Just briefly. I've got to say I think when I asked the question about the 35 million, because that's the number you put down in 2008 and then I was told that I shouldn't pay much attention to the numbers here. I'm telling you if it's 35 million in 2008, it's got to be—I mean, I think construction costs, as I said, have gone up 40 percent. To use that to derive the 2,700 acre feet, I think it's worse to put numbers in a report that are clearly magnitudes wrong and then say, "We're not really focused. We thought it'd be better just to put something there." It makes no sense to me why you guys would say that and not talk about how you derived these numbers.

Mr. Bobel: Maybe we shouldn't have included them at all. They are old numbers, and they need to be updated. The function of the EIR isn't to estimate costs, so we didn't spend the money now to update them once knowing we'd just have to update them again when we actually came to you with a financial decision. It costs money—it costs big bucks actually every time that we have the consultant redo these cost figures. We didn't feel there was a need to spend that kind of money to finalize the EIR since it is not related to cost.

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Council Member Burt: Can I add follow-up on that? Just a suggestion. If you simply put in the report that it's based on whatever year, the context. The other thing that's to be considered is this 35 million. If we're looking for grant funding, we don't pay the debt service on that either. There's several things that will be different when we finally look at this.

Mr. Bobel: In the EIR, we do say where these figures came from. We make it perfectly clear, so it'd be apparent to somebody reading it in-depth or just even reading the footnotes and everything that these are old numbers. You're going to come to the conclusion—a reasonable person is going to come to the same conclusion you just did, that they're out of date and they shouldn't be relied on. We just thought you would want to see what we had, so we presented them.

Mayor Holman: I have one—bear with me just for a moment. To be clear in knowing what "D" refers to, I'm going to ask for a little change. "A" would read adopt a resolution that certifies the Final Environmental Impact Report for the proposed Recycled Water Distribution Project and in doing so," then pick up the language from "D." That way it refers that to the EIR which is where we were trying to get to.

Council Member Burt: (inaudible)

Mayor Holman: Okay. Is that okay with you, Council Member Kniss? Okay.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to remove Part D of the Motion, "Council reaffirms its commitment of setting a maximum threshold of 600 Total Dissolved Solids (TDS)" and add to Part A of the Motion, "and in doing so the Council reaffirms its commitment of setting a maximum threshold of 600 Total Dissolved Solids (TDS)" after "Recycled Water Distribution Project."

Mayor Holman: Seeing no other lights, let's vote on the board please. That passes unanimously with Council Member DuBois not participating. That passes on an 8-0-1 vote.

MOTION AS AMENDED PASSED: 8-0 DuBois not participating

Inter-Governmental Legislative Affairs

None.

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Council Member Questions, Comments and Announcements

Mayor Holman: I do thank Staff and Council Members both for hanging in here so we can get through this last item.

Council Member Wolbach: I just wanted to share with my colleagues and public and Staff that I had the opportunity to do a ride-along with our wonderful Fire Department this past Thursday. Went with Station 1, but also got a chance to meet up with folks from a couple of the other stations. I was not surprisingly very impressed by the work that our firefighters are doing. I think we've got a great department top to bottom. I was just really pleased. I'd also encourage all of my colleagues to avail themselves of the same opportunity. Our Fire Department would love to host you for a ride-along whether for a portion of a day or 12 hours as I did. I'd strongly recommend it.

Council Member Kniss: I want to follow up on something both I mentioned and Council Member Burt a couple of weeks ago, which is the artificial turf and where it's being used in the City. I have become more and more alarmed about it. I think, Pat, you asked whether or not it could be changed over at El Camino Park. I don't think we've heard the answer on that. It really troubles me. There's absolutely no question that it is terrible for the environment, but it really does raise the temperature in whatever area it's placed. That troubles me enormously.

Council Member Burt: (inaudible)

Council Member Kniss: Pardon?

Council Member Burt: (inaudible)

Council Member Kniss: Yes. It is just absolutely lousy for us and for the environment. Suzanne, maybe you could follow up on that and ask them to send us something about it. I know that Pat asked very directly probably two weeks ago, what was happening with El Camino. Thanks. One more thing. May I just ask?

Mayor Holman: Sure.

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Council Member Kniss: Don't forget the League meeting is this week. The League will be in San Jose. Our Peninsula Division breakfast is on Friday morning.

Vice Mayor Schmid: On Airport Day, one of the booths was the San Francisco Airport, and they had a presentation on noise. It had a wonderful diagram of complaints throughout the South Bay, centered in Palo Alto, with all the data. I've had copies made and distributed, so each of you should get a copy of the Airport Director's report.

Mayor Holman: Just one question, comment from me. It's like we've seen a lot of comments from members of the public and Council Members about watering City-owned trees. Information has been focused a lot on how we need to conserve water. I know there's been some information go out about the need to water trees. There's been some information go out to some individuals. I'm not quite sure how they've gotten it, but I've seen no real blanket City communication about the need for trees to get water. If Staff can follow up on that, Suzanne? Okay, thank you. With that, meeting is adjourned.

Adjournment: The meeting was adjourned at 11:58 P.M.