



# CITY OF PALO ALTO CITY COUNCIL FINAL MINUTES

Special Meeting  
November 4, 2019

The City Council of the City of Palo Alto met on this date in the Council Chambers at 5:03 P.M.

Present: Cormack; DuBois arrived at 5:06 P.M., Filseth, Fine, Kniss, Kou, Tanaka

Absent:

## Study Session

### 1. Joint Study Session With the Palo Alto Youth Council.

Divya Ganesan, President of Palo Alto Youth Council, reported members of the Palo Alto Youth Council (PAYC) represented Gunn High School, Palo Alto High School, Castilleja School, Kehillah Jewish High School, and The Harker School. The goal of PAYC was to address youth needs and to communicate City affairs to youth.

PAYC members introduced themselves and shared details of past and upcoming events such as Cram Slam, a teen vaping survey, a website update, Palopalooza, a voter registration drive, political debate watch parties, and individual projects regarding philosophy, intramural basketball tournaments, and food waste.

Faisal Ojje, Vice President of Palo Alto Youth Council, expressed appreciation for the Council's support for PAYC.

Council Member Kou noted the PAYC was focusing on policy more than events. PAYC members offered bright ideas and were enthusiastic.

Council Member Cormack inquired whether the therapy dogs or free food was more popular at the Cram Slam.

Sarah Martinson, PAYC, replied the food was.

Council Member Cormack appreciated the information gained from the vaping survey and inquired about ways the Council could assist the PAYC with internships.

Ms. Ganesan suggested a link from the Council website to the PAYC website.

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Council Member Cormack requested the PAYC think about working on the 2020 Census and notify Council Members of PAYC events.

Council Member Kniss inquired about the method used to select the PAYC leadership.

Mr. Ojje explained that students applied for the PAYC, were interviewed by a panel, and selected for membership. At a retreat, the PAYC membership elected their officers.

Council Member Kniss asked about the ways serving on the PAYC would affect the members' lives.

Anshika Agarwal, PAYC, indicated she had developed teamwork skills and was more aware of and better informed about community issues.

Ms. Ganesan explained that she had learned how to best represent youth constituents.

Council Member Kniss asked about ways the Council could assist the PAYC.

Ms. Martinson suggested more interaction between the Council and youth at events.

Council Member Tanaka inquired about actions the City could take to reduce vaping among students.

Mr. Ojje proposed the Council publicize the detrimental effects of vaping.

Ms. Ganesan suggested the Council solicit students' advice about education that could be effective in reducing the number of students vaping.

Council Member Tanaka requested comments regarding enforcement of the vaping ban at schools.

Daniel Pei and Justin Qui, PAYC, suggested more enforcement regarding the sale of vaping products to minors.

Mr. Ojje stated school staff was doing the best they could to enforce the ban on vaping at schools. Education rather than punishment could be more effective in reducing the incidence of vaping on campus.

Ms. Ganesan suggested parents and teachers needed to be educated about vaping as well as students.

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Mayor Filseth inquired about involving the PAYC in the Healthy City Healthy Community working group.

Kristen O'Kane, Community Services Director, felt that was possible and noted the Healthy City Healthy Community working group was focusing on vaping.

Tyler Stetson, Community Services Manager, advised that he would raise the matter with the PAYC during an upcoming meeting.

Vice Mayor Fine suggested the PAYC meet with the City's Chief Information Officer to discuss publicizing PAYC events and linking the PAYC website to the City website. In addition, the PAYC could choose a few issues to follow for a year and provide input on those issues at Council meetings.

Ms. Ganesan explained that the PAYC attempted to have one member at every Council meeting that was relevant to youth. The PAYC would be happy to comment on issues about which they had knowledge. Youth were interested in Cubberley and the environment. She suggested Council Members attend PAYC social events to meet community youth.

Vice Mayor Fine proposed the PAYC consider hosting a Council Member question-and-answer session and inquired about issues relevant to youth.

Julia Zeitlin, PAYC, suggested the Sustainability and Climate Action Plan (S/CAP) be more accessible to youth.

Vice Mayor Fine volunteered to attend a PAYC meeting to discuss the S/CAP.

Council Member Kniss asked if the sale of vaping products was limited to those 21 years and older.

Mr. Ojeh responded yes.

Mayor Filseth commended the PAYC for hosting a great many activities and asked if the Cram Slam was held at the end of each term.

Ms. Martinson clarified that the first Cram Slam was held in December 2018. The PAYC held the Palopalooza in the spring rather than a Cram Slam.

Mayor Filseth inquired regarding projects the PAYC choose not to attempt during the year.

Ms. Martinson reported the PAYC chose not to form subcommittees for events and substituted the website for the newspaper project.

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Mr. Ojje added that the PAYC encouraged individual projects in addition to PAYC events.

Council Member Kou requested the PAYC notify the Council of the intramural basketball tournaments.

Mahima Agrawal, Andrew Kim, Aditya Tadimeti, Anika Mittal, Samarth Pusegaonkar, PAYC members, introduced themselves.

Council Member Kniss asked how many members would serve on the PAYC again.

Mayor Filseth noted they all would participate on the PAYC again.

## **NO ACTION TAKEN**

Council took a break at 5:50 P.M. and returned at 6:04 P.M.

### Agenda Changes, Additions and Deletions

None.

### City Manager Comments

Ed Shikada, City Manager, announced two Fire Department strike teams had been deployed to the Kincade Fire and redeployed to the Getty Fire. The Public Works Department had been reaccredited by the American Public Works Association. The accreditation team had identified four model practices. Seasonal solar lighting had been placed at the Cubberley track and field until March 6, 2020.

Mayor Filseth indicated the renovated track and field at Cubberley were really nice.

Mr. Shikada reported the Police Department was participating in Movember, an annual event to raise awareness of men's health issues. The provisions of new e-book licenses were limiting the copies of e-books the Palo Alto Library could obtain. The deadline to apply for Boards and Commissions was November 5. Community meetings for Connecting Palo Alto and the 2020 Census were scheduled for November 7. A community meeting regarding the planning of Boulware Park would be held on November 8. Artists in the Cubberley Artist Studio Program would open their studios to the public on November 8.

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## Oral Communications

Ken Horowitz suggested the Council not sign a lease agreement with Palo Alto Unified School District (PAUSD) for Cubberley Community Center. The City did not need an old community center.

Papia Gambelin, Platinum Advisers, invited the public to provide feedback regarding Santa Clara Valley Transportation Authority's (VTA) governance via a community meeting on November 20, an interactive webinar on November 21, a dedicated voice mailbox at 408-952-4200, or a webpage at vta.org.

Eugene Bradley, Silicon Valley Transit Users, challenged Palo Alto residents to join him in fighting for better public transit. Information could be obtained through [www.svtransitusers.org](http://www.svtransitusers.org) or 408-888-2208.

Fred Balin noted the number of meetings the Planning and Transportation Commission (PTC) had held for the last few years and the topics the PTC had not discussed. He commented regarding Chair Riggs' recent outburst and Commissioner Alcheck's not recusing himself from discussion of the Grandfathered Facilities Ordinance in January 2019.

## Minutes Approval

2. Approval of Action Minutes for the October 21, 2019 Council Meeting.

**MOTION:** Mayor Filseth moved, seconded by Council Member Cormack to approve the Action Minutes for the October 21, 2019 Council Meeting.

**MOTION PASSED:** 7-0

## Consent Calendar

**MOTION:** Council Member Cormack moved, seconded by Mayor Filseth to approve Agenda Item Numbers 3-7.

3. Approval of Amendment Number 1 to Contract Number C17166486 With Tanner Pacific, Inc. to Increase Maximum Compensation for a Not-to-Exceed Amount of \$2,240,000 for Continued Construction Management Services for the Sludge Dewatering and Loadout Facility Project, Capital Improvement Program Project (WQ-14001).
4. Approval of Amendment Number 4 to Contract Number S17165080 With Lexington Planning to add \$114,440 for a Not-to-Exceed Amount of \$230,940 to Continue Work on Reviewing and Modifying Objective Standards for Title 18.

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5. Resolution 9864 Entitled, "Resolution of the Council of the City of Palo Alto Approving Project Agreement Number 6 With the Transmission Agency of Northern California and its Participating Members for Regulatory Engagement in Participating Transmission Owner Cases Before the Federal Energy Regulatory Commission for an Initial 3-year Term; and Granting the City Manager or his Designee the Authority to Approve Future Operational Amendments to the Agreement."
6. Approval to Execute two Change Orders With Design Space Modular Buildings, Inc. Totaling an Additional \$51,300 to Provide Additional Needed Interior Detail and External Foundation Materials, Decking, Skirting, and Related Installation Services for the Animal Shelter Modular Building, for a new Total Not-to-Exceed Amount of \$351,300; and Authorization of Additional Change Orders Not-to-Exceed \$35,130, Funded From the Animal Shelter Renovation Capital Improvement Program Project (PE-19002).
7. Appointment of Monique le Conge Ziesenhenne, PhD as Assistant City Manager.

## **MOTION PASSED: 7-0**

Monique LeConge Ziesenhenne, Assistant City Manager, expressed appreciation for the Council appointing her as Assistant City Manager and looked forward to working with the Council.

## Action Items

8. TEFRA HEARING: Regarding Conduit Financing for the Bowman International School Project Located at 4000 Terman Drive, and 693 Arastradero Road, Palo Alto; and Resolution 9865 Entitled, "Resolution of the Council of the City of Palo Alto Approving the Issuance of Revenue Obligations by the California Enterprise Development Authority for the Purpose of Financing and Refinancing the Cost of the Acquisition, Development, Construction, Installation, Equipping and Furnishing of Various Educational Facilities and Other Matters Relating Thereto."

Tarun Narayan, Treasury Manager, reported the Internal Revenue Service (IRS) required the City Council to hold a public hearing and adopt a Resolution in order for the Bowman International School to issue tax-exempt bonds. The Bowman International School planned to refinance existing bonds for a new school campus. The action would not impact or obligate the City.

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TEFRA Hearing opened and closed without public comment at 6:27 P.M.

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

- A. Conduct a public hearing under the requirements of the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) and the Internal Revenue Code of 1986, as amended; and
- B. Adopt a Resolution approving the issuance of the bonds by the California Enterprise Development Authority (CEDA) (the "Authority") on behalf of and for the benefit of Bowman International School (aka Bowman School) (the "School").

Council Member Kniss advised that the action was not unusual for the Council.

Council Member DuBois concurred with Council Member Kniss.

Council Member Cormack noted the City would be recompensed for holding a public hearing.

**MOTION PASSED:** 7-0

- 9A. PUBLIC HEARING: Adoption of Eight Ordinances That Repeal and Adopt Various Sections of the Palo Alto Municipal Code Related to the 2019 California Building Code Update and Proposed Local Amendments; including: (1) Repeal Chapter 15.04 of Title 15 and Adopt a new Chapter 15.04 Incorporating the 2019 California Fire Code With Local Amendments Including Title 24 of the California Code of Regulations (CCR), Part 9; (2) Repeal Chapter 16.04 of Title 16 Related to Various Building Codes and Adopt a new Chapter 16.04 Incorporating the 2019 California Building Code With Local Amendments Including Title 24 of the CCR, Part 2; (3) Repeal Chapter 16.05 of Title 16 Related to the Mechanical Code and Adopt a new Chapter 16.05 Incorporating the 2019 California Mechanical Code With Local Amendments Including Title 24 of the CCR, Part 4; (4) Repeal Chapter 16.06 of Title 16 Related to the Residential Code and Adopt a new Chapter 16.06 Incorporating the 2019 California Residential Code With Local Amendments Including Title 24 of the CCR, Part 2.5; (5) Repeal Chapter 16.08 of Title 16 Related to the Plumbing Code and Adopt a new Chapter 16.08 Incorporating the 2019 California Plumbing Code With Local Amendments Including Title 24 of the CCR, Part 5; (6) Repeal Chapter 16.14 of Title 16 Related to the Green Building Standards and Adopt a new Chapter 16.14 Incorporating the 2019

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California Green Building Standards With Local Amendments Including Title 24 of the CCR, Part 11, and Amend Section 16.12.035; (7) Repeal Chapter 16.16 of Title 16 Related to the Electrical Code and Adopt a new Chapter 16.16 Incorporating the 2019 California Electrical Code With Local Amendments Including Title 24 of the CCR, Part 3; (8) Repeal Chapter 16.18 of Title 16 Related to the Swimming and Spa Codes and Adopt a new Chapter 16.18 Incorporating the 2018 International Swimming Pool and Spa Code With Local Amendments. This Project is Exempt Under California Environmental Quality Act (CEQA) Guidelines Sections 15061(b) and 15308.

- 9B. PUBLIC HEARING: Adoption of an Ordinance Repealing Chapter 16.17 of Title 16 (Building Regulations) Related to the California Energy Code and Adopting a new Chapter 16.17 Incorporating the 2019 California Energy Code With Local Amendments and Amendments to Title 24, Chapter 6 of the California Code of Regulations, the Subject Ordinance is Exempt From the California Environmental Quality Act (CEQA) in Accordance With Guidelines Sections 15061 (b) and 15308.

Evon Ballash, Assistant Building Official, reported Title 24 of the California Code and Regulations was known as the California Building Standards Codes. Title 24 was updated and adopted every three years, and local jurisdictions had to adopt Title 24 within 180 days of July 1. Proposed amendments included adoption of Appendix O for emergency housing; extension of the expiration of building permits from six months to 12 months; adoption of the International Swimming Pool and Spa Code; a requirement for green building inspections; and adoption of new standards for electric vehicle (EV) charging stations.

Mayor Filseth announced the Council would take up Agenda Item Number 9A prior to Agenda Item Number 9B.

Public Hearing for Agenda Item 9A opened and closed without public comment at 6:40 P.M.

Council Member DuBois inquired regarding changes Staff did not recommend.

Ms. Ballash advised that the State had adopted substantial changes for the Energy Reach Code only.

Council Member DuBois requested the rationale for the Staff presentation referencing changes for EV charging stations.

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Ms. Ballash explained that other cities did not believe the City had adopted Ordinances for EV charging stations. The City required one parking space per multifamily housing unit to be Electric Vehicle Supply Equipment (EVSE)-ready.

Council Member Cormack requested a definition of diving envelope.

Ms. Ballash indicated the shape of the deep end of a pool.

Council Member Cormack requested Staff's process for reviewing changes to the Codes.

Ms. Ballash indicated Staff reviewed redline versions of the Codes for significant changes that affected City Ordinances. Staff proposed changes for City Ordinances and reviewed them with the public. Finally, Staff's proposed changes were reviewed by the City Attorney's Office.

Council Member Cormack asked if Staff had any changes based on the one comment from the public.

Ms. Ballash related that the Green Building Advisory Group (GBAG) had reviewed the comment about graywater. Staff decided to allow a graywater system to be counted as two electives for water savings.

Council Member Kniss inquired about the status of endless fitness pools.

Ms. Ballash would provide the information at a later time.

Mayor Filseth asked if the proposed Ordinance required one parking space per unit to be wired for an EV charging station.

Ms. Ballash answered yes.

Mayor Filseth inquired about implications for the metering of the charging stations.

Ms. Ballash indicated the charging stations would be billed to each unit's regular electric bill.

Council Member Kou requested redline versions of changes in future reports.

Ed Shikada, City Manager, noted the California Code in most instances had adopted prior local amendments; therefore, a redline version could be more confusing than helpful.

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Council Member Kou requested explanations of the groups stated in exceptions for a Certificate of Occupancy.

Ms. Ballash explained that Group R exceptions stated residential buildings were not required to have a Certificate of Occupancy.

Council Member Kou asked if any of the proposed changes involved historical buildings.

Ms. Ballash reported the State applied format changes only to the Historical Code.

Council Member Kou requested a copy of the Historical Code.

Ms. Ballash suggested Council Member Kou obtain a copy from the Building Standards Commission website as Staff did not have a paper copy.

Council Member Tanaka asked if Staff had prepared a table of changes, particularly changes the City had discretion to implement.

Ms. Ballash replied no.

Mr. Shikada directed Council Member Tanaka to Exhibit A, packet pages 102 and 103. The Council had discretion to incorporate any or all of the proposed changes.

Council Member Tanaka requested a list of proposed changes that could be contentious or costly.

Ms. Ballash advised that the Energy Reach Code contained more stringent requirements. Tiers 1 and 2 of the Green Building Code were more stringent, but they had been adopted in previous cycles.

**MOTION FOR 9A:** Mayor Filseth moved, seconded by Council Member Kniss to:

- A. Adopt eight Ordinances that repeal and adopt various chapters of Title 15 and 16 of the Palo Alto Municipal Code related to the 2019 California Building Code update with local amendments and findings; and
- B. Find that the proposed action is exempt from the provisions of the California Environmental Quality Act (CEQA) in accordance with CEQA Guidelines Sections 15308 and 15061(b)(3).

**MOTION PASSED:** 7-0

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Mayor Filseth asked if any other city required one parking space per unit to be wired for charging stations.

Ms. Ballash responded no. Some cities had increased the percentage of parking spaces, but few had required one space per unit.

Mayor Filseth felt the requirement was seminal.

Council Member DuBois suggested charging stations at office buildings were just as important as at residences.

## **AT THIS TIME COUNCIL HEARD AGENDA ITEM NUMBER 9B**

Ms. Ballash reported the Energy Code could be found in Title 16.17 of the Municipal Code. The California Energy Code set the minimum standard for efficiencies in building design and construction. The 2019 cycle increased efficiencies by 7-30 percent over the 2016 cycle. The Reach Code was an overlay to the Energy Code. Local Ordinances for energy efficiency, renewable energy, and electrification could be more stringent than the State Code. The California Energy Commission (CEC) required the Reach Code to be cost effective. Local Ordinances could not pre-empt federal appliance efficiency standards.

Michelle Poché Flaherty, Deputy City Manager, advised that 43 percent of emission reductions targeted in the Sustainability and Climate Action Plan (S/CAP) would be obtained through electrification. The State was beginning to adopt requirements that the City had implemented in 2009 and 2015. Staff had engaged the GBAG and its Technical Advisory Committee (TAC) to conduct comprehensive community engagement and to review proposed changes to the City's Energy Code. The City had conducted a cost effectiveness study and participated in a statewide cost effectiveness study. If the Council approved the proposed changes, Staff would seek CEC approval for implementation in the new year. Staff had proposed incentives for all-electric new construction; extremely high new standards for mixed-fuel buildings; a third-party compliance certification; an objective to better define substantial remodels; incentives for electrification of existing buildings; and market development via outreach and education.

Ms. Ballash indicated an all-electric design for new single-family, duplex, and low-rise multifamily construction would require no additional efficiencies. Alternatively, a mixed-fuel design would have to meet a total Energy Design Rating (EDR) of ten or more points less than the standard design and would have to be wired for future electrification of water heating, space heating, cooking, and clothes drying. An all-electric design for commercial, high-rise multifamily, hotels, and motels would require no additional efficiencies. A

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mixed-fuel design for office and retail buildings would require a 12-percent greater efficiency than a standard design and would have to be wired for future electrification for water heating, space heating, cooking, and clothes drying. A mixed-fuel design for hotels and motels would require a 5-percent greater efficiency than a standard design and would have to be wired for future electrification. In addition, a Title 24 report for residential and nonresidential new construction would have to be prepared by a certified energy analyst who was registered with the California Association of Building Energy Consultants. Planning and Building Staff were developing a new definition of substantial remodel in order to capture more projects subject to Reach Code requirements. Staff would conduct public outreach and education programs in the two years prior to mandating all-electric new construction.

Christine Tam, Senior Resource Planner, related that new construction comprised less than 1 percent of the total building stock in Palo Alto. To reduce carbon emissions, the City's existing building stock had to convert to electric appliances. Approximately three years ago, the Utilities Department launched a rebate program for heat pump water heaters. Rebate programs were available for electric heat pump systems, induction cooktops, electric clothes dryers, and EV chargers and electric panel upgrades. In partnership with Acterra, the Utilities Department was loaning induction cooktops to Palo Alto homeowners. The Home Electrification Readiness Assessment Program would be launched in the next few months. The City had hosted a home electrification expo and would host neighborhood meetings to educate the public. Also, Staff would launch a social media campaign to promote electrification and the different technologies. Staff was working with regional partners to influence the supply chain for electric appliances. The City of Menlo Park had adopted an Ordinance requiring all-electric new construction for all low-rise residential buildings and all-electric new construction for nonresidential buildings with a number of exceptions. The City of San Jose had adopted an Ordinance prohibiting gas infrastructure for new construction of low-rise residential and municipal buildings and requiring additional efficiencies for new construction of high-rise residential and nonresidential buildings. The City of Berkeley had adopted an Ordinance prohibiting natural gas infrastructure for new construction of low-rise residential buildings with some exceptions beginning January 2020. Education and outreach were needed to convince homeowners and contractors to switch from gas appliances.

Mayor Filseth asked if Staff anticipated allowing exemptions to the mandate for all-electric new construction in 2022.

Ms. Flaherty replied yes.

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Public Hearing for Agenda Item 9B opened at 7:43 P.M.

Judith Wasserman supported mandating all-electric new construction as soon as possible.

Allison Koo noted Title 24 prohibited electric-resistant heating, and heat pumps could not service the capacity needed in commercial buildings. The cost effectiveness study did not address buildings containing more than 53,000 square feet. She encouraged the Council to allow mixed-fuel designs for large commercial buildings with 90-percent efficiency of the base Code.

Diane Bailey, Menlo Spark, supported the implementation of a gas ban as quickly as possible. Natural gas posed health risks.

David Coale supported the adoption of an Ordinance requiring all-electric new construction. The entire Stanford University campus was heated and cooled with heat pump technology.

David Page noted natural gas was poisonous and supported banning natural gas as quickly as possible.

Stephen Rosenblum suggested the Council eliminate the accessory dwelling unit (ADU) exemption and accelerate implementation of all-electric construction as soon as possible.

Pat Burt urged the Council to implement all-electric new construction and fold the higher energy efficiency recommendations for Alternative 2B into Alternative 2A.

Kevin Ma supported all-electric construction for all structures.

Dashiell Leeds, Sierra Club, remarked that natural gas infrastructure leaked methane from extraction to source. Action to eliminate natural gas could not wait.

Don Jackson commented that adopting an all-electric Reach Code would force homeowners and contractors to invest in new technologies.

IdaRose Sylvester, Fossil Free Building Silicon Valley Coalition, urged the Council to adopt the Reach Code, eliminate the exemptions for ADUs, and implement the remodeling requirement in 2020.

Suzanne Emerson related studies on the health hazards of natural gas in general and in cooking.

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Debbie Mytels, Peninsula Interfaith Climate Action, supported the proposal to require certification by specially trained third parties and proposed rebate programs for electric appliances.

Bruce Hodge, Carbon Free Palo Alto, encouraged the Council to adopt all-electric construction as soon as possible.

Bret Andersen, Carbon Free Palo Alto, remarked that implementation of all-electric construction would be easy because of the decrease in new construction projects.

Tom Kabat urged the Council to enact an all-electric Reach Code and to stop the practice of stranding new assets.

Steve Eittreim asked the Council to make methane gas an obsolete energy source and to enact the energy efficiency Reach Code.

Elizabeth Greenfield strongly encouraged the Council to approve the Reach Code, to ban natural gas as soon as possible, to remove the exemption for ADUs and remodels, and to direct Staff to present options for decarbonizing existing buildings by January 2020.

Julia Zeitlin supported electrification of new buildings and implementation of the changes soon.

Bruce Nagel concurred with prior speakers.

Scott Shell, HCD Architects, commented that all-electric construction was cost effective. Stanford University and the University of California System promoted all-electric construction. The industry was ready for all-electric buildings.

Mayor Filseth inquired about all-electric space and water heating in large buildings.

Mr. Shell advised that heat pumps were available for large buildings.

Public Hearing for Agenda Item 9B closed at 8:22 P.M.

Council Member Cormack requested clarification of Staff's recommendation regarding ADUs.

Ms. Ballash reported heat pump water heaters were not effective in ADUs because of the small size of ADUs. In addition, a heat pump water heater installed on the exterior of an ADU had to comply with the Noise Ordinance and setback requirements.

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Council Member Cormack asked if a heat pump water heater would be effective in a specific size of ADU.

Ms. Ballash explained that site constraints often limited the size of ADUs. Applicants wanted to build all-electric ADUs, but they faced a number of challenges.

Jonathan Lait, Planning and Development Services Director, related that Staff could explore exemptions for floor area and setback encroachment to accommodate heat pump water heaters.

Council Member Cormack inquired about a timeframe for Staff to propose an electric rate for all-electric buildings.

Ms. Tam indicated the Utilities Department was exploring an all-electric rate for residential customers and hoped to propose such a rate in the Fiscal Year (FY) 2020-2021 Budget.

Council Member Cormack requested clarification of the exemption for life sciences buildings.

Ms. Flaherty advised that Stanford Research Park representatives had contacted Staff with a concern about an all-electric mandate for a life sciences building. If the Council wished to require all-electric construction for commercial buildings, Staff would need to perform additional work.

Council Member Cormack noted gas cooktops would not be banned immediately and gas rates would not be increased to discourage consumption. The concern about all-electric appliances in light of recent power outages was reasonable. She inquired about reliability of all-electric appliances.

Ms. Tam indicated the Utilities Department was conducting a pilot program of a microgrid to support backup charging stations for power outages.

Ms. Flaherty explained that electric components of natural gas appliances oftentimes prevented the appliances from working during a power outage.

Council Member Cormack did not believe residents' preferences should guide the Council's decision when acceptable alternatives were available. She expressed interest in modifying the exemption for ADUs, mandating all-electric new residential construction in 2020, and revising the definition of substantial remodels. More substantial rebate programs were needed to encourage conversion of existing appliances.

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Council Member Kniss asked if Staff could implement all-electric construction in 2021 instead of 2022.

Ms. Flaherty replied yes.

Council Member Kniss inquired about the impact of the proposed changes on gas fireplaces.

Ms. Tam advised that electric fireplaces with flames were available.

Council Member Kniss agreed that many people were not aware of alternatives.

Vice Mayor Fine appreciated the proposal for third-party compliance checks. He requested an explanation of the efficiency margins decreasing for larger buildings.

Ms. Ballash explained that the City could not require a margin greater than the cost-effective margin.

Vice Mayor Fine stated less cost-effective options were available for larger buildings.

Ms. Ballash added that the margin varied among climate zones.

Vice Mayor Fine requested the number of rebuilds per year and the potential number of stranded assets that could be created by moving implementation forward.

Ms. Ballash reported an average of approximately 100 new residential buildings had been constructed per year for the prior five years, not including substantial remodels.

Mayor Filseth asked if around 100 ADUs were constructed each year.

Ms. Ballash indicated approximately 40 ADUs per year.

Vice Mayor Fine requested a guestimate of substantial remodel projects per year.

Ms. Ballash estimated about 50 percent more substantial remodels.

Vice Mayor Fine inquired about new commercial construction projects annually, hotels specifically.

Ms. Tam responded eight to ten new nonresidential buildings per year.

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Vice Mayor Fine asked if Staff had explored incentives other cities offered for decarbonizing existing stock.

Ms. Tam advised that most cities did not offer rebate programs for electrification of appliances.

Vice Mayor Fine asked if the existing energy compliance modeling would affect the certification process.

Ms. Ballash answered yes. A lag of six to nine months in software was not unusual.

Vice Mayor Fine asked if implementation in January or July of 2020 was possible.

Ms. Tam indicated software for residential compliance was ready but not for commercial buildings.

Vice Mayor Fine inquired regarding the implications for a building that could not be modeled.

George Hoyt, Chief Building Official, suggested an exception may have to be made for that situation.

Ms. Flaherty explained that the problem with implementing the proposed changes in 2020 or 2021 was applying it to the planning and permitting processes.

Molly Stump, City Attorney, suggested the Council state clearly a dividing line for projects in the pipeline.

Vice Mayor Fine requested the number of residential new construction projects in the pipeline.

Mr. Lait related that Staff processed an average of 100 Individual Review (IR) applications per year. In the past, Staff had utilized the date on which applications were deemed complete for filing. Not all residential projects required an IR. He suggested language of "for projects that require a building permit or that require Individual Review and were deemed complete for filing as of" a certain date.

Vice Mayor Fine asked if the full electrification date was January 2020, would language of "projects requiring a building permit or Individual Review have to be complete as of the same date or the end of the year."

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Mr. Lait indicated that was possible language. Staff needed to research the projects in the pipeline to provide a realistic timeframe for implementation. Perhaps the Council could direct Staff to explore and return with a reasonable date that would advance the policy.

Mayor Filseth inquired about a reasonable implementation date that would not cause applicants to completely redesign projects.

Mr. Lait suggested the dates could be different for residential and commercial projects.

Council Member DuBois suggested the Council keep in mind efficiency versus all-electric and whether electricity was truly carbon free. He inquired about the inefficiency of an all-electric life science building versus an office building.

Ms. Ballash explained that a life science building and an industrial building had many processes that were not regulated by the Energy Code. Also, the City could not mandate electrification of industrial buildings because they were not part of the cost-effectiveness study.

Council Member DuBois inquired regarding the City's ability to require electric heating and cooling and water heating for life science buildings.

Ms. Flaherty related that Staff did not analyze life science buildings because no action could be taken for commercial buildings.

Council Member DuBois asked if commercial buildings were defined as buildings containing more than 50,000 square feet. He also asked if the City could require all-electric commercial buildings once the software was available.

Ms. Tam clarified that the City of Berkeley had phased its ban on natural gas in commercial buildings to coincide with software availability. The City could do the same, but communication to the public would be needed.

Council Member DuBois inquired about an exemption for solar based on shade on a residential lot.

Ms. Ballash reported the 2019 Energy Code would require the installation of photovoltaics (PV) on all low-rise residential buildings, but lots shaded more than 70 percent by existing trees or structures would be exempt.

Council Member DuBois asked if that would incentivize the removal of trees.

Ms. Ballash responded no.

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Ms. Flaherty understood the software would require modification over several months in order to be accurate.

Council Member DuBois suggested Staff review the City of Berkeley's Ordinance to learn how it handled the software issue.

Ms. Flaherty clarified Staff's concern as the City of Berkeley's Ordinance did not address the software issue.

Council Member DuBois asked about a timeline for requiring electric stoves in restaurants.

Ms. Flaherty indicated Staff recommended resolving that type of issue during the two years prior to implementation of all-electric service.

Council Member DuBois requested Staff's rationale for 5-percent efficiency for hotels and apartments and 12-percent efficiency for office buildings.

Ms. Ballash explained that the difference was based upon the cost-effectiveness study. The City could not mandate an increase greater than the cost-effectiveness study indicated for the City's region and rates.

Council Member DuBois asked if the City could require 12 percent for hotels.

Ms. Ballash clarified that if electrification was cost effective, then the Council could create a higher rate that would force hotels to implement electrification. The CEC required at least one pathway to be cost effective.

Ms. Tam added that a hotel project could achieve a 15-percent efficiency by exceeding the federal appliance standards, but a local Reach Code could not exceed federal appliance standards.

Council Member DuBois asked if the exemption for ADUs applied to all forms of ADUs.

Ms. Ballash reported the exemption applied to freestanding new construction ADUs only.

Vice Mayor Fine inquired whether the exemption would apply to the addition of a junior ADU (JADU) in an existing home.

Ms. Ballash replied the size of the JADU would determine whether the exemption applied.

Council Member DuBois indicated he could support a Motion that required all-electric appliances for ADUs that were large enough to support a heat

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pump. He inquired whether the same rules would apply to substantial remodels.

Ms. Flaherty explained that the new definition of substantial remodels would increase the number of projects defined as new construction such that the new Reach Code would apply to those projects.

Council Member DuBois asked if a new tenant's improvements would be considered a substantial remodel.

Ms. Ballash indicated a tenant's improvements that removed 50 percent of the structure could trigger new construction.

Council Member DuBois asked if new construction would apply to a change of use.

Mr. Lait reported most land use changes probably would not trigger Reach Code requirements. The Reach Code would apply generally to significant construction projects.

Council Member DuBois clarified that tenant improvements might not be significant in relation to an entire building.

Mr. Lait believed Staff would have to explore that scenario.

Council Member DuBois inquired whether the Council would review the proposed Ordinance at the implementation date if it approved the Resolution in the current meeting.

Ms. Flaherty explained that the Staff recommendation was to declare a policy goal in the current meeting. Implementation of the policy would return to the Council.

Council Member DuBois remarked that messaging would be important. The Council should discuss local generation, future storage abilities, backup generators, isolation from the PG&E network, and microgrids. He expressed concern about the rebate programs and reaching more homes.

Ms. Flaherty indicated Staff was exploring leveraging the Cool Block Program to cultivate a geographic area's interest in converting to all-electric appliances.

Ms. Tam added that participation in the rebate program for heat pump water heaters had been slow. Perhaps increased messaging could increase participation.

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Council Member DuBois inquired about rebate programs for commercial buildings.

Ms. Tam related that Staff was exploring that.

Council Member DuBois suggested a business tax could fund electrification of commercial buildings.

Mayor Filseth commended Staff for exploring a change to the definition of substantial remodels.

Council Member Tanaka commented regarding the extremely lengthy timeframe to achieve electrification with less than 1 percent of the housing stock being rebuilt each year. He inquired about offering a rebate for a Zero Energy heat recovery water heater system, which was considerably less expensive and less difficult to install.

Ms. Flaherty agreed to investigate the product.

Mr. Shikada reported Staff had been working with the CEC for several years to review appliances that could advance electrification. As Staff was not aware of the product, it may not be particularly effective.

Council Member Tanaka wanted to set a feasible implementation date so that the community could have some certainty. He inquired about the impacts of a successful electrification program on the City's long-term natural gas contracts.

Ms. Tam stated the Utilities Department purchased natural gas monthly.

Council Member Kou inquired regarding a second transmission line into the City.

Ms. Flaherty replied that the project had not been developed.

Council Member Kou asked if the Utilities Department utilized PG&E transmission lines to supply electricity to the City.

Mr. Shikada indicated all of the City's electricity was provided via PG&E transmission lines. The Utilities Advisory Commission (UAC) was hosting a workshop on resiliency.

Council Member Kou requested the frequency and amounts of electric rate increases in the past five years.

Ms. Flaherty did not have that information.

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Council Member Kou inquired about the possibility of electric rate increases due to electrification.

Mr. Shikada reported Staff was reviewing the impacts to rates.

Council Member Kou asked if Staff was considering other forms of clean energy or only clean electricity.

Ms. Tam advised that the City's electric portfolio contained diversified resources, and Staff was procuring renewable energy at competitive rates.

Mayor Filseth inquired about the possibility of creating a temporary exception for electrification of commercial buildings with the caveat that the exception would expire as modeling became available.

Mr. Hoyt explained that in effect the City would have a Code provision that it could not enforce. Constantly granting exceptions would be more difficult to administer.

**MOTION FOR 9B:** Vice Mayor Fine moved, seconded by Council Member DuBois to:

- A. Adopt an Ordinance repealing and restating Palo Alto Municipal Code Chapter 16.17 and amending the 2019 California Energy Code, Title 24, Part 6, of the California Code of Regulations to include local amendments;
- B. Adopt a Resolution declaring the City's intent to mandate all-electric service for new construction effective July 2020; and
- C. Find that the proposed action is exempt from the provisions of the California Environmental Quality Act in accordance with Sections 15308 and 15061(b)(3); and
- D. Direct Staff to return with a plan for electrification of Accessory Dwelling Units.

Vice Mayor Fine felt moving the date forward was the right thing to do. He did not have enough information to include requirements for ADUs in the Motion. He did not include incentives for decarbonization of existing structures because Staff had indicated they were working on a plan.

Council Member DuBois asked if July was a reasonable timeframe.

Mr. Lait asked if the Motion mandated all-electric construction in July 2020.

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Vice Mayor Fine clarified that the Motion declared the Council's intent to mandate all-electric construction in July 2020.

Mr. Lait reminded the Council that 90-120 days would elapse between the Council's first action to adopt an Ordinance and the effective date of the Ordinance.

Vice Mayor Fine requested a reasonable date to include in the Motion.

Mr. Lait suggested the Council could set a specific date for electrification of all residential new construction. Staff could return with an Ordinance for second reading in December such that the Ordinance could take effect in April.

Council Member DuBois requested the rationale for splitting residential and commercial construction.

Mr. Lait believed commercial construction would require more work.

Vice Mayor Fine requested a potential timeframe for electrification of commercial construction.

Ms. Flaherty advised that Staff could provide a stronger Ordinance with more time to consider all the issues.

Vice Mayor Fine inquired about stating only the year 2020 in the Motion.

Ms. Flaherty indicated Staff would have to prepare some exceptions for commercial construction. If the Council wished to direct Staff to return with an Ordinance, it did not have to approve the policy Resolution.

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to change Motion Part B to, "direct Staff to return to Council with Ordinances to mandate all-electric service for new construction effective in 2020."

Council Member DuBois asked if there was a reason not to include parameters for electrification of ADUs in the Motion.

Ms. Flaherty requested the Council direct Staff to return with information about ADUs.

Council Member DuBois requested Council comment regarding raising the efficiency percentage for hotels.

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Vice Mayor Fine recalled that the Council could not require a greater efficiency than that provided in the cost-effectiveness study.

Ms. Flaherty clarified that the Council could mandate the all-electric path or a standard that was not cost effective.

Vice Mayor Fine suggested increasing the percentage for one hotel project per year was not worthwhile given the mandate for all-electric construction in 2020.

Mayor Filseth added that calculating the EDR under the accelerated timeframe would not be worthwhile.

Council Member DuBois inquired about the possibility of providing flexibility for larger commercial buildings in the Motion.

Ms. Flaherty reported the modeling would be revised multiple times, and Staff would have difficulty managing notifications to the construction industry.

Council Member DuBois requested a timeframe when an Ordinance could be ready for review.

Ms. Flaherty stated the Motion indicated 2020.

Mr. Hoyt clarified that Staff did not know when models for large commercial buildings would be available. Staff proposed 2022 to provide time for the CEC to develop the models for large commercial buildings. Models for residential construction were available. Tenant improvements would be complicated. Models for new office buildings needed work.

Vice Mayor Fine understood Staff proposed 2022 so that Staff could present one Ordinance for all types of construction.

Council Member DuBois asked if Staff could prepare an Ordinance that would provide flexibility for large office construction.

Mr. Hoyt reiterated that it would be very challenging.

Council Member Kniss reiterated the Council and community's desire to reduce greenhouse gases.

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to add to the Motion new Part E, "direct Staff to explore a rebate for a retrofit heat pump water heater hooked up to an air conditioner."

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Council Member Kou noted the Staff proposal for 2022 included community outreach and engagement and inquired about outreach and engagement for the new date.

Ms. Flaherty reported outreach and engagement would continue because it promoted adoption and the benefits of electrification of existing buildings.

Council Member Kou inquired about outreach to the construction industry for the new Reach Code.

Ms. Flaherty advised that the construction industry had been engaged through the TAC.

Mr. Shikada stated Staff did not know whether there could be an Ordinance in 2020 for large commercial buildings. He was not sure how to implement Subpart B of the Motion. Perhaps Subpart B could be implemented if it pertained to categories of buildings for which modeling was available.

Mayor Filseth proposed Subpart B state "mandate all-electric service for new construction effective 2020 for which a compliance path exists."

Council Member Kou proposed changing the date to 2021 to provide Staff with more time.

Mr. Shikada appreciated the Council's sense of urgency. The proposed language would allow Staff to present the pieces that fit within the stated timeframe. Staff would need to build communication with the construction industry into the calendar.

Council Member Kou noted the community did not seem to be aware that electrification applied to new construction only.

Mr. Lait explained that Subpart A approved the Ordinance provided in the Council packet. The Council appeared to be interested in adopting all-electric residential new construction without the mixed-fuel option. In which case, Subpart A could be amended to adopt the local amendments with a revision to require all-electric service for low-rise residential buildings by April 2020.

Mr. Shikada clarified that Staff was certain that portion of the work could be completed.

Mr. Lait interpreted Subpart B as pertaining to commercial construction. Staff could return in a year to report on the changes that had taken place and commit to presenting Ordinances that effected the Council's interest in progressing toward all-electric service for commercial buildings. Subpart B

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disclosed the Council's intent to mandate all-electric service for commercial buildings.

Mr. Shikada indicated Staff could explore the appliance mentioned in Subpart E. The Council may wish to refer the rebate programs to the UAC to review their scalability and focus in order to achieve a significant conversion of existing properties.

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to change Motion Part E to, "refer to the Utilities Advisory Commission to explore scalable, cost-effective rebates for retrofitting existing homes, such as heat pump water heaters hooked up to air conditioners."

Council Member Cormack expressed concern that Subparts A and B did not reflect Mr. Lait's suggestions.

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to add to Motion Part A, "and to require all-electric residential new construction in April 2020."

Council Member Cormack noted low-rise multifamily buildings, office buildings up to 54,000 square feet, and retail buildings up to 25,000 square feet could be included in Subpart A.

Council Member DuBois understood Mr. Lait had suggested Subpart B adopted a Resolution of the Council's intent to mandate all-electric service so that Staff could present the building types separately.

Mr. Lait reported the proposed Ordinance encouraged all-electric service but would allow mixed-fuel service until such time as Staff presented an Ordinance mandating all-electric service for those buildings in which it could be mandated.

Council Member Cormack commented that if construction was not all-electric, it would have to meet an exceedingly high standard. She asked if Subpart B should refer to commercial buildings only.

Mr. Lait advised that Subpart B was acceptable as written.

Ms. Stump indicated Subpart A.i was an amendment to the proposed Ordinance. Subpart A.ii was direction to Staff and not a part of the proposed Ordinance; therefore, it should be a new Subpart B or E.

Council Member Kniss asked if a residential project would have to be redesigned to have all-electric service.

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Mr. Lait interpreted the Motion as adopting the Ordinance in the current meeting and Staff returning with a second reading in December. The Ordinance would stipulate that any project filing a building permit on or after some date in April 2020 would be subject to the Reach Code. Any project that required a planning entitlement and whose application was deemed complete prior to some date in April 2020 would be exempt from the Reach Code.

Mayor Filseth asked if a residential project that had been approved but had not obtained a building permit would have to be redesigned for all-electric service.

Mr. Lait indicated the project would be exempt from the Reach Code if the IR had been approved.

Council Member Kniss inquired whether a June date would be more appropriate for projects already in design.

Mr. Lait suggested the Council could decide whether April provided sufficient time for the public to respond to the Code changes.

Vice Mayor Fine related that the Council could change the date, if necessary, at the second reading in December.

Ms. Stump concurred with Vice Mayor Fine's comment.

Mr. Lait proposed Subpart A state "include local amendments except to require all-electric residential new construction in April."

**INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER** to change the language in Motion Part A to, "... include local amendments except to require ... ."

Council Member Cormack asked if Staff interpreted Subpart B as including the definition of a substantial remodel.

Mr. Lait answered no.

Vice Mayor Fine recalled Staff's statement that they would return to the Council with recommendations for substantial remodels and other incentives to decarbonize existing stock.

Council Member Cormack noted Staff wanted 18 months to develop the definition.

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Vice Mayor Fine believed Staff understood the Council's interest in the provision and would present a recommendation when they could.

**MOTION AS AMENDED RESTATED FOR 9B:** Vice Mayor Fine moved, seconded by Council Member DuBois to:

- A. Adopt an Ordinance repealing and restating Palo Alto Municipal Code Chapter 16.17 and amending the 2019 California Energy Code, Title 24, Part 6, of the California Code of Regulations to include local amendments except to require all-electric residential new construction in April 2020;
- B. Direct Staff to return to Council with Ordinances to mandate all-electric service for new construction effective 2020;
- C. Find that the proposed action is exempt from the provisions of the California Environmental Quality Act in accordance with Sections 15308 and 15061(b)(3);
- D. Direct Staff to return to Council with a plan for electrification of accessory dwelling units; and
- E. Refer back to Utilities Advisory Commission to explore scalable, cost-effective rebates for retrofitting existing homes, such as retrofit heat pump water heaters hooked up to air conditioners.

**MOTION AS AMENDED PASSED:** 7-0

Mayor Filseth recommended the Council take up Agenda Item Number 10 as it was time sensitive and a Council meeting was not scheduled for November 11.

10. Consideration of a Revenue Generating Ballot Measure Including Review and Approval of Stakeholder Outreach and Initial Polling Framework; Approval of an Exemption From Competitive Solicitation Requirements for Selection of Polling Consultant Fairbank, Maslin, Maullin, Metz & Associates; Approval of an Exemption From Competitive Solicitation Requirements for Contract Number C20177157 With Terris Barnes Walters Boigon Heath Inc., d/b/a TBWB Strategies, for Stakeholder Outreach and Authorization for the City Manager or his Designee to Enter Into This Contract With TBWB Strategies; and Approval of a Budget Amendment in the General Fund.

Kiely Nose, Administrative Services Department Director, reported the Agenda Item pertained to a work plan and administrative actions needed to

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execute the Finance Committee's direction to Staff regarding polling and outreach for a potential ballot measure. The Finance Committee had reviewed an outline for the overall process, which had been incorporated into the proposed contracts, and provided guidance for the initial round of polling and outreach. The timeline included business and stakeholder outreach in November through January, polling in November and December, polling results in January, and outreach results in February. The timeline for grade separation engagement and outreach meshed with the proposed timeline. The initial round of polling and outreach would follow the methodology utilized in the 2016 voter survey and 2016 community engagement. Community outreach would be ongoing as Staff refined its analysis of a ballot measure. The process would be iterative over the next six to eight months. The costs stated in the proposed contracts reflected work for Rounds 1 and 2 of polling and outreach.

Council Member DuBois advised that the Finance Committee held a lengthy discussion. The polling would be similar to previous polling commissioned by the City. In 2016, the Council authorized two rounds of polling. As Staff refined the parameters of a business tax, more detailed polling could be conducted. The Finance Committee had approved the recommendation unanimously.

Dan Kostenbauder, Silicon Valley Leadership Group, commented that a special tax designed for a specific purpose would increase accountability and transparency and build public support. Palo Alto businesses paid a large percentage of the existing City revenue, and a small increase would be a significant increase in the total amount of taxes paid by businesses. A business tax would be passed onto the consumer.

**MOTION:** Council Member DuBois moved, seconded by Council Member Cormack to:

- A. Consider a Revenue Generating Ballot Measure Including Review and approval of the stakeholder outreach and initial polling framework as outlined in the Finance Committee report (CMR 10743) and direct Staff to begin stakeholder outreach and conduct initial polling for a potential ballot measure;
- B. Approve by Council action, per PAMC 2.30.330, an exemption from competitive solicitation requirements for the selected consultant, Fairbank, Maslin, Maullin, Metz & Associates, to conduct public opinion research on the potential ballot measure, described below from the competitive solicitation requirements of the Palo Alto Municipal Code (PAMC);

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- C. Approve by Council action, per PAMC 2.30.330, an exemption from competitive solicitation requirements, and approve and authorize the City Manager or his designee to execute professional services contract, Contract No. C20177157, in an amount not to exceed \$94,125 with Terris Barnes Walters Boigon Heath Inc., d/b/a TBWB Strategies, to provide community outreach services related to the potential revenue generating ballot City of Palo Alto Page 2 measure for a one-year term ending October 31, 2020, in the amount of \$89,125 with a \$5,000 contingency for a total not-to-exceed amount of \$94,125; and
- D. Amend the Fiscal Year 2020 Budget Appropriation Ordinance for the General Fund by:
  - i. Increasing the Administrative Services Department appropriation by \$179,125; and
  - ii. Decreasing the General Fund Budget Stabilization Reserve by \$179,125.

Council Member DuBois noted the polling and outreach included questions about a special tax versus a general tax.

Council Member Cormack believed contracting with the two firms was appropriate.

Council Member Kniss asked if the point of polling and outreach was a tax measure.

Ms. Nose replied yes.

Council Member Kniss requested the three businesses that would pay the largest shares of a business tax.

Ms. Nose indicated the amounts paid depended on the type of tax.

Council Member Kniss asked if a parcel tax would be levied on the City.

Ms. Nose responded no.

Council Member Kniss did not believe the City's three largest employers were taxable. She inquired about the number of employees that could be the basis of a tax.

Council Member DuBois related that the Finance Committee would discuss that at a future meeting.

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Council Member Kniss wanted that information so that she could make an informed decision. She noted a general feeling of a poor business climate. While she appreciated Fairbank, Maslin, Maullin, Metz & Associates' (FM3) abilities and expertise, she could not support the Motion because it led to a business tax. The use of potential tax revenues had not been determined.

Council Member Tanaka asked if the polling would capture demographic data for respondents such as whether they were employed.

Dave Metz, FM3, responded yes.

Council Member Tanaka inquired about a question to determine whether respondents were employed in Palo Alto.

Mr. Metz indicated that question could be asked.

Council Member Tanaka asked if responses could indicate whether respondents wanted to work near their residences or outside Palo Alto. Strong outreach to those subject to the potential tax was important.

Charles Heath, Terris Barnes Walters Boigon Heath (TBWB), explained that the iterative approach would obtain feedback regarding the initial menu of options. With fewer options, a second round could focus on those who would be impacted by a potential tax.

Council Member Tanaka recommended outreach focus on the City's largest employers.

Mr. Heath suggested the first round of outreach could solicit community and stakeholder feedback.

Council Member Tanaka asked if the funds had to be transferred from the Budget Stabilization Reserve (BSR) Fund.

Ms. Nose answered yes. At the current time, the funds had not been allocated to City departments.

Council Member Tanaka expressed reluctance to raise tax revenues without a clear and sufficient reason. Slowing the timeline could allow Staff more time to work on the project and reduce City costs. With a recession looming, the City should be maintaining or increasing the BSR Fund.

Vice Mayor Fine expressed concerns about the purpose and parameters of a tax. However, the Council should explore a business tax. The Finance Committee had emphasized outreach to the business community specifically.

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Mayor Filseth concurred with the importance of outreach. He could support utilizing potential tax revenues for grade separations. Opposition to a potential business tax was premature.

**MOTION PASSED:** 5-2 Kniss, Tanaka no

## Council Member Questions, Comments and Announcements

Council Member Kou reported Council Member DuBois and she had introduced a Colleagues' Memo regarding renter protections in relation to Assembly Bill (AB) 1482.

Council Member DuBois clarified that the Colleagues' Memo proposed an emergency Ordinance that would be in effect until the end of the calendar year.

Molly Stump, City Attorney, advised that Staff would prepare a draft Ordinance for Council consideration given the short time period for an urgency Ordinance. The Colleagues' Memo was scheduled for the November 18 Council meeting.

Council Member Kniss related that Vice Mayor Fine and she had funded their trip to Sister City Albi, France. While residents paid high taxes, they received many social services, including housing and healthcare.

Vice Mayor Fine indicated Albi was interested in rekindling the student exchange program. Albi was experiencing 20 percent unemployment and was looking for economic partnerships.

Mayor Filseth reported Chantal Gaines, Assistant to the City Manager, and he had traveled to Sister City Tsuchiura, Japan. Tsuchiura was promoting bicycling for tourists and waste reduction. Tsuchiura's major annual event was a fireworks competition. Earlier in the day, Police Sergeant Tony Becker was injured during pursuit of a bank robbery suspect.

Adjournment: The meeting was adjourned at 10:50 P.M.