



**City Council  
Special Meeting  
Monday, December 6, 2021  
5:00 PM  
Council Chambers  
**AMENDED AGENDA****

*Agenda changes will appear in red below*

Pursuant to [AB 361](#) Palo Alto City Council meetings will be held as “hybrid” meetings with the option to attend by teleconference/video conference or in person. To maximize public safety while still maintaining transparency and public access, members of the public can choose to participate from home or attend in person. Information on how the public may observe and participate in the meeting is located at the end of the agenda.

**HOW TO PARTICIPATE**

**VIRTUAL PARTICIPATION**

**[CLICK HERE TO JOIN](https://cityofpaloalto.zoom.us/j/362027238)** (<https://cityofpaloalto.zoom.us/j/362027238>)

**Meeting ID: 362 027 238 Phone: 1(669)900-6833**

The meeting will be broadcast on Cable TV Channel 26, live on YouTube at <https://www.youtube.com/c/cityofpaloalto>, and streamed to Midpen Media Center at <https://midpenmedia.org>.

**IN PERSON PARTICIPATION REQUIREMENT:**

- Provide Proof of Vaccination or negative COVID-19 test (taken within 48 hours) and a photo ID
- Wear a mask at all times
- Maintain social distancing
- If you cannot or do not wish to comply, you can still participate virtually

**TIME ESTIMATES**

Time estimates are provided as part of the Council's effort to manage its time at Council meetings. **Listed times are estimates only and are subject to change at any time, including while the meeting is in progress.** The Council reserves the right to use more or less time on any item, to change the order of items and/or to continue items to another meeting. Particular items may be heard before or after the time estimated on the agenda. This may occur in order to best manage the time at a meeting or to adapt to the participation of the public.

**PUBLIC COMMENTS**

Public Comments will be accepted both in person and via Zoom meeting. All requests to speak will be taken until 5 minutes after the staff's presentation. Written public comments can be submitted in advance to [city.council@cityofpaloalto.org](mailto:city.council@cityofpaloalto.org) and will be provided to the Council and available for inspection on the City's website. Please clearly indicate which agenda item you are referencing in your email subject line.

**HEARINGS REQUIRED BY LAW**

Applicants and/or appellants may have up to ten minutes at the outset of the public discussion to make their remarks and up to three minutes for concluding remarks after other members of the public have spoken.

## CALL TO ORDER

## CLOSED SESSION (5:00 - 6:00 PM)

*Public Comments: Members of the public may speak to the Closed Session item(s); three minutes per speaker.*

1. CONFERENCE WITH CITY ATTORNEY-EXISTING LITIGATION Subject: Joel Alejo v. City of Palo Alto, et al. Santa Clara County Superior Court Case No. 21CV378968 Authority: Government Code Section 54956.9(d)(1)
2. CONFERENCE WITH LABOR NEGOTIATORS City Designated Representatives: City Manager and his Designees Pursuant to Merit System Rules and Regulations (Ed Shikada, Kiely Nose, Rumi Portillo, Sandra Blanch, Nicholas Raisch, Molly Stump, and Terence Howzell) Employee Organization: Service Employees International Union, (SEIU) Local 521, Utilities Management and Professional Association of Palo Alto (UMPAPA) Palo Alto Peace Officer's Association (PAPOA), Palo Alto Police Management Association (PMA), International Association of Fire Fighters (IAFF) local 1319, Palo Alto Fire Chiefs Association (FCA), ; Authority: Government Code Section 54957.6 (a)

## AGENDA CHANGES, ADDITIONS AND DELETIONS

## PUBLIC COMMENT (6:10 - 6:30 PM)

*Members of the public may speak to any item NOT on the agenda. Council reserves the right to limit the duration of Oral Communications period to 30 minutes.*

## CONSENT CALENDAR (6:30 - 6:35 PM)

*Items will be voted on in one motion unless removed from the calendar by three Council Members.*

3. Approval of Minutes November 16, 2021 and November 22, 2021 City Council Meeting
4. Approval of contract with Life Insurance Company of North America (CIGNA) for Underwriting of the City of Palo Alto's Group Life, Accidental Death and Dismemberment (AD&D), and Long Term Disability Insurance (LTD) Plans for Up to Three Years for a total not to exceed \$1,920,000.
5. Adoption of a Resolution for the Santa Clara County Historical Heritage Grant Program Authorizing the Application and Receipt of Grant Funds

QA

QA

Public  
Comments

by the City of Palo Alto for the Roth Building (300 Homer Ave) Elevator Restoration

6. Amendment No. One with Ten Geographic Information Systems (GIS) On-Call Professional Service Contracts with: 1) Critigen LLC; 2) GIS Solutions, Inc.; 3) Utility DataContracts, Inc.; 4) Turf Image, Inc.; 5) Vestra Resources, Inc.; 6) Michael Baker International, Inc.; 7) iSpatial Techno Solutions, Inc.; 8) Geographic Information Services, Inc.; 9) Seven Tablets, Inc.; and, 10) Timmons Group, Inc., C20174611(A-F), Increasing the Not-To-Exceed Amount from \$700,000 Annually for Contract Year 1, to \$1,500,000 Annually for Contract Years 2 through 5, for a Total Not-to-Exceed Amount \$6,700,000 over the Five-Year Term Across All Ten On-Call GIS Contracts

[QA](#)

[At-Places  
Memo](#)

7. Amendment Number 1 to Contract Number C19173686 with OpenCities, Inc. to Add to Increase the Scope of Services to Add Additional Website Functionalities such as a Junior Museum Sub-Website, and Increase the Compensation Amount Accordingly, by \$167,317 for a New Not-to-Exceed Contract Amount of \$434,517 through FY25
8. Approval of a Purchase Order with Interstate Truck Center d/b/a Valley Peterbilt in an Amount Not-to-Exceed \$391,002 for the Purchase of a 2023 Peterbilt 537 with an American Truck and Trailer Body Service Body, Utilizing a Sourcewell Cooperative Purchase Agreement; and Approval of a Fiscal Year 2022 Budget Amendments in the Vehicle Replacement and Maintenance Fund Scheduled Vehicle and Equipment Replacement Capital Project (VR-22000) and the Gas Fund

#### CITY MANAGER COMMENTS (6:35 - 6:50 PM)

#### ACTION ITEMS

*Include: Reports of Committees/Commissions, Ordinances and Resolutions, Public Hearings, Reports of Officials, Unfinished Business and Council Matters.*

9. Adoption of Interim Urgency Ordinance Amending Titles 18 and 21 in Response to Senate Bill 9; Adoption of an Interim Ordinance Amending Titles 18 and 21 in Response to Senate Bills 9 and 478; Adoption of Objective Design Standards for SB 9 Projects; and Referral of Work on a Permanent Ordinance to the Planning and Transportation Commission and the Architectural Review Board. (6:50 - 8:30 PM)
10. Discuss and Provide Direction to Staff on Development of New Parking Facilities in the University Avenue Downtown Including Consideration of: (a) Resuming Work on the Garage Project at 375 Hamilton Avenue;

[At-Places  
Memo  
Presentation](#)

[Public  
Comments  
Presentation](#)

or (b) Issuing a Request for Information (RFI) from Private Partners Regarding Development of Parking Using Parking In-Lieu Fees, Potentially in Conjunction with Housing or Other Uses, on Private or City-Owned Properties (**Late Packet Report**) (8:30 - 10:30 PM)

## COUNCIL MEMBER QUESTIONS, COMMENTS, ANNOUNCEMENTS

*Members of the public may not speak to the item(s)*

## ADJOURNMENT

## INFORMATION REPORTS

*Information reports are provided for informational purposes only to the Council and the public but are not listed for action during this meeting's agenda.*

11. Informational Report on the Annual Review of the City's Renewable Procurement Plan, Renewable Portfolio Standard Compliance, and Carbon Neutral Electric Supplies for 2020

## AMENDED AGENDA ITEMS

*Items that have been added/modified from the original publication of the agenda are listed below. Any corresponding materials are appended to the end of the initial packet. If full items have been added to the Agenda, they will be denoted with a number starting with AA, meaning Amended Agenda item.*

10. Discuss and Provide Direction to Staff on Development of New Parking Facilities in the University Avenue Downtown Including Consideration of: (a) Resuming Work on the Garage Project at 375 Hamilton Avenue; or (b) Issuing a Request for Information (RFI) from Private Partners Regarding Development of Parking Using Parking In-Lieu Fees, Potentially in Conjunction with Housing or Other Uses, on Private or City-Owned Properties (**Late Packet Report**)

## OTHER INFORMATION

Standing Committee Meetings

Finance Committee Meeting December 7, 2021

Schedule of Meetings

## **PUBLIC COMMENT INSTRUCTIONS**

Members of the Public may provide public comments to teleconference meetings via email, teleconference, or by phone.

- 1. Written public comments** may be submitted by email to [city.council@cityofpaloalto.org](mailto:city.council@cityofpaloalto.org).
- 2. Spoken public comments using a computer** will be accepted through the teleconference meeting. To address the Council, click on the link below to access a Zoom-based meeting. Please read the following instructions carefully.
  - A. You may download the Zoom client or connect to the meeting in-browser. If using your browser, make sure you are using a current, up-to-date browser: Chrome 30+, Firefox 27+, Microsoft Edge 12+, Safari 7+. Certain functionality may be disabled in older browsers including Internet Explorer.
  - B. You may be asked to enter an email address and name. We request that you identify yourself by name as this will be visible online and will be used to notify you that it is your turn to speak.
  - C. When you wish to speak on an Agenda Item, click on "raise hand." The Clerk will activate and unmute speakers in turn. Speakers will be notified shortly before they are called to speak.
  - D. When called, please limit your remarks to the time limit allotted.
  - E. A timer will be shown on the computer to help keep track of your comments.
- 3. Spoken public comments using a smart phone** will be accepted through the teleconference meeting. To address the Council, download the Zoom application onto your phone from the Apple App Store or Google Play Store and enter the Meeting ID below. Please follow the instructions B-E above.
- 4. Spoken public comments using a phone** use the telephone number listed below. When you wish to speak on an agenda item hit \*9 on your phone so we know that you wish to speak. You will be asked to provide your first and last name before addressing the Council. You will be advised how long you have to speak. When called please limit your remarks to the agenda item and time limit allotted.

[CLICK HERE TO JOIN](#) **Meeting ID: 362 027 238 Phone:1(669)900-6833**



**City of Palo Alto**  
**Office of the City Attorney**  
**City Council CAO Report**

**(ID # 13666)**

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**Meeting Date: 12/6/2021**

**Title: CONFERENCE WITH CITY ATTORNEY-EXISTING LITIGATION Subject:**  
**Joel Alejo v. City of Palo Alto, et al. Santa Clara County Superior Court Case No.**  
**21CV378968 Authority: Government Code Section 54956.9(d)(1)**

**From: Molly Stump, City Attorney**



**City of Palo Alto**  
**Office of the City Clerk**  
**City Council CAO Report**

**(ID # 13815)**

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**Meeting Date: 12/6/2021**

**Title:           Approval of Minutes November 16, 2021 and November 22, 2021  
City Council Meeting**

**From:           Lesley Milton, City Clerk**

**Recommended Motion**

To approve the minutes for November 22, 2021 as presented.

**ATTACHMENTS:**

- **Attachment3.a:** 20211122amCCs      (DOCX)
- **Attachment3.b:** 20211116amCCsm   (PDF)



# CITY COUNCIL DRAFT ACTION MINUTES

Special Meeting  
November 22, 2021

The City Council of the City of Palo Alto met on this date in virtual teleconference at 5:01 P.M.

Participating Remotely: Burt, Cormack, DuBois, Filseth, Kou, Stone, Tanaka.

Absent: None.

## Action Items

1. Board and Commission Interviews for the Parks and Recreation Commission and Planning & Transportation Commission.

The City Council interviewed the following applicants for the Parks and Recreation Commission:

- A. Claire Elliott
- B. Annie Carl
- C. Nellis L. Freeman, Jr
- D. Eve Klein
- E. Shani Kleinhaus
- F. Anne Warner Cribbs
- G. Rich Pearson
- H. Thomas Rota
- I. Andie Reed
- J. Mark Weiss
- K. Jeff Greenfield
- L. Joy Oche



# DRAFT ACTION MINUTES

The City Council interviewed the following applicant for the Planning & Transportation Commission:

A. Bryna Chang

Adjournment: The meeting was adjourned at 7:35 P.M.

ATTEST:

APPROVED:

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City Clerk

Mayor

NOTE: Action minutes are prepared in accordance with Palo Alto Municipal Code (PAMC) 2.04.160(a) and (b). Summary minutes (sense) are prepared in accordance with PAMC Section 2.04.160(c). Beginning in January 2018, in accordance with [Ordinance No. 5423](#), the City Council found action minutes and the video/audio recordings of Council proceedings to be the official records of both Council and committee proceedings. These recordings are available on the City's website.



# CITY COUNCIL DRAFT ACTION MINUTES

City Council  
Special Meeting  
November 16, 2021

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

Participating Remotely: Burt, Cormack, DuBois, Filseth, Kou, Tanaka

Absent: Stone

## Action Items

1. Board and Commission Interviews for the Planning & Transportation Commission, Architectural Review Board and Historic Resources Board

The City Council interviewed the following applicants for the Planning and Transportation Commission:

- A. Leonard Ely
- B. Kathryn Jordan (combined interview for the Architectural Review Board)
- C. Arthur Keller
- D. Nisar Shaikh
- E. Chunming Niu
- F. Brigham Wilson (combined interview for the Architectural Review Board)
- G. Keith Reckdahl

The Council took a break at 6:50 P.M. and returned at 7:00 P.M.

The City Council interviewed the following applicant for the Historic Resources Board:

- A. Alisa Eagleston-Cieslewicz

# DRAFT ACTION MINUTES

The City Council interviewed the following applicants for the Architectural Review Board:

- A. Peter Baltay
- B. Manix Patel
- C. Bin Zhou
- D. Jim Xiao
- E. Valerie Driscoll (also interview for the Historic Resources Board)
- F. Yujin Jeon
- G. David Hirsch

Adjournment: The meeting was adjourned at 8:32 P.M.

ATTEST:

APPROVED:

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\_\_\_\_\_

City Clerk

Mayor

NOTE: Action minutes are prepared in accordance with Palo Alto Municipal Code (PAMC) 2.04.160(a) and (b). Summary minutes (sense) are prepared in accordance with PAMC Section 2.04.160(c). Beginning in January 2018, in accordance with [Ordinance No. 5423](#), the City Council found action minutes and the video/audio recordings of Council proceedings to be the official records of both Council and committee proceedings. These recordings are available on the City's website.



## City of Palo Alto City Council Staff Report

(ID # 13724)

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**Meeting Date: 12/6/2021**

**Title: Approval of contract with Life Insurance Company of North America (CIGNA) for Underwriting of the City of Palo Alto's Group Life, Accidental Death and Dismemberment (AD&D), and Long Term Disability Insurance (LTD) Plans for Up to Three Years for a total not to exceed \$1,920,000.**

**From: City Manager**

**Lead Department: Human Resources**

### **Recommended Motion**

Staff recommends that Council approve and authorize the City Manager to execute the attached contract with Life Insurance Company of North America (CIGNA) for an amount up to \$1,920,000 for a three-year term to provide group life, accidental death and dismemberment (AD&D) and long-term disability (LTD) insurance benefits for eligible City of Palo Alto employees.

### **OBJECTIVE**

The purpose of this staff report is to provide Council a review of the recent Request for Proposal (RFP) results for Group Life Insurance, Long-term Disability (LTD) Insurance and Accidental Death and Dismemberment (AD&D) insurance.

### **BACKGROUND**

As part of the employee benefits package the City of Palo Alto contracts with a third-party vendor to provide Basic Life Insurance, Long-Term Disability (LTD) and Accidental Death and Dismemberment (AD&D) insurance. Existing agreements with City employee bargaining units provide for maintaining these standard benefit policies. A summary of the plans is shown in Attachment A.

The work to be performed under this contract is for underwriting the City's group Life Insurance, AD&D, and LTD benefits. While the City pays for basic life insurance coverage for its employees, employees can choose to purchase an additional supplemental life insurance plan. For LTD, employees contribute to participate in the LTD plan. The prior Request for Proposal (RFP) for underwriting the Life, AD&D, and LTD insurance policies was conducted in 2015. That process resulted in staff selecting CIGNA due to cost savings.

### **SOLICITATION PROCESS**

A request for proposals (RFP) was issued by the City's benefit broker on behalf of the City. Seven insurance companies were notified of the formal solicitation, which posted for 14 days and closed on March 5, 2021. The RFP process was managed by the City's benefit broker in partnership with Human Resources and Procurement team. Staff reviewed and approved the solicitation documents and

processes, prior to posting the solicitation, to ensure City procurement criteria were met. The solicitation was also reviewed at key milestones during the process. As a result of the solicitation, six proposals were received from The Hartford, Unum, Prudential, The Standard, Voya and CIGNA.

<b>Proposal Description/Number</b>	<b>RFP (via Broker) for provisions of LIFE, AD&amp;D, and LTD Services</b>
Proposed Length of Project	3 years
Number of RFP Notifications	7 vendors
Total Days to Respond to RFP	14 days
Pre-Proposal Meeting	None
Number of Proposals Received	6 proposals
Range of cost proposals submitted	\$543,537 - \$708,392 annually

Human Resources staff reviewed the proposals with the assistance of the City's benefit broker relative to the following criteria: plan administration, cost, claims paying administration, knowledge of and experience working with public agencies, customer service capabilities, statistical reports, ease of implementation, ability to provide desired program design and competitive pricing.

CIGNA was chosen due to its ability to provide the City with a 14.5% cost reduction equivalent to a savings of approximately \$108,000 annually, continuation of benefits, track record of accuracy, knowledge working with public sectors clients, administrative ease and continued satisfactory customer service.

#### **RESOURCE IMPACT**

Funds for group life, AD&D, and LTD insurance are included in the FY 2022 Adopted Budget in the General Benefits Fund operating budget. Funds for future years will be factored into the development of the FY 2023 and FY 2024 operating budgets.

The rates for group life, AD&D, and LTD insurance policies are based on the number of City employees, and on the current salary of employees. With a three-year rate guarantee, the annual rate would not increase in years two (2) and three (3), however, the total annual premium for group life and AD&D will vary based on changes to employee salaries. With employees contributing to participate in the Supplement Life Insurance plan and LTD plan, approximately 50% of the cost of this contract amount will come from payroll deductions.

#### **Attachments:**

- **Attachment4.a:** Attachment A - Plan Summary
- **Attachment4.b:** Attachment B\_ Contract No. C22183900\_Cigna

## Attachment A

Plan	Description
Basic Term Life Insurance & Accidental Death and Dismemberment (AD&D) insurance	Basic Term Life 1x Annual Compensation to a maximum of \$325,000. Basic AD&D Benefit 1x Annual Compensation to a maximum of \$325,000.
Long-term Disability (LTD) Insurance	<p><b>Option 1</b> - Replaces 66.67% of the annual earnings to a maximum of \$4,000 per month after 60 day waiting period.</p> <p><b>Option 2</b> - Replaces 60% of the annual earnings to a maximum of \$1,800 per month after 60 day waiting period.</p> <p><b>Option 3</b> - Replaces 66.67% of the annual earnings to a maximum of \$10,000 per month after 60 day waiting period.</p>

**CITY OF PALO ALTO CONTRACT NO. C22183900****AGREEMENT FOR PROFESSIONAL SERVICES****BETWEEN THE CITY OF PALO ALTO AND LIFE INSURANCE COMPANY OF  
NORTH AMERICA, A WHOLLY OWNED SUBSIDIARY OF THE CIGNA  
CORPORATION**

This Agreement for Professional Services (this “Agreement”) is entered into as of the 6th day of December, 2021 (the “Effective Date”), by and between the CITY OF PALO ALTO, a California chartered municipal corporation (“CITY”), and LIFE INSURANCE COMPANY OF NORTH AMERICA, A WHOLLY OWNED SUBSIDIARY OF THE CIGNA CORPORATION located at located at 1601 Chestnut Street, Philadelphia, PA 19192 (“CONSULTANT”).

The following recitals are a substantive portion of this Agreement and are fully incorporated herein by this reference:

**RECITALS**

A. CITY intends to provide for its employees Group Life, Accidental Death and Dismemberment (AD&D), and Long Term Disability Insurance (LTD) (the “Project”) and desires to engage a consultant to underwrite these insurance benefits in connection with the Project (the “Services”, as detailed more fully in Exhibit A).

B. CONSULTANT represents that it, its employees and subconsultants, if any, possess the necessary professional expertise, qualifications, and capability, and all required licenses and/or certifications to provide the Services.

C. CITY, in reliance on these representations, desires to engage CONSULTANT to provide the Services as more fully described in Exhibit A, entitled “SCOPE OF SERVICES”.

NOW, THEREFORE, in consideration of the recitals, covenants, terms, and conditions, in this Agreement, the parties agree as follows:

**SECTION 1. SCOPE OF SERVICES.** CONSULTANT shall perform the Services described in Exhibit A in accordance with the terms and conditions contained in this Agreement. The performance of all Services shall be to the reasonable satisfaction of CITY.

**SECTION 2. TERM.**

The term of this Agreement shall be from the date of its full execution through December 31, 2024 unless terminated earlier pursuant to Section 19 (Termination) of this Agreement.

**SECTION 3. SCHEDULE OF PERFORMANCE.** Time is of the essence in the performance of Services under this Agreement. CONSULTANT shall complete the Services within the term of this Agreement and in accordance with the schedule set forth in Exhibit B, entitled “SCHEDULE OF PERFORMANCE”. Any Services for which times for performance are not specified in this Agreement shall be commenced and completed by CONSULTANT in a reasonably prompt and timely manner based upon the circumstances and direction communicated to the CONSULTANT. CITY’s agreement to extend the term or the schedule for performance shall not preclude recovery

of damages for delay if the extension is required due to the fault of CONSULTANT.

**SECTION 4. NOT TO EXCEED COMPENSATION.** The compensation to be paid to CONSULTANT for performance of the Services shall be based on the compensation structure detailed in Exhibit C, entitled "COMPENSATION," including any reimbursable expenses specified therein, and the maximum total compensation shall not exceed **One Million Nine Hundred Twenty Thousand Dollars (\$1,920,000.00)**. The hourly schedule of rates, if applicable, is set out in Exhibit C-1, entitled "SCHEDULE OF RATES." Any work performed or expenses incurred for which payment would result in a total exceeding the maximum compensation set forth in this Section 4 shall be at no cost to the CITY.

**SECTION 5. INVOICES.** In order to request payment, CONSULTANT shall submit monthly invoices to the CITY describing the Services performed and the applicable charges (including, if applicable, an identification of personnel who performed the Services, hours worked, hourly rates, and reimbursable expenses), based upon Exhibit C or, as applicable, CONSULTANT's schedule of rates set forth in Exhibit C-1. If applicable, the invoice shall also describe the percentage of completion of each task. The information in CONSULTANT's invoices shall be subject to verification by CITY. CONSULTANT shall send all invoices to CITY's Project Manager at the address specified in Section 13 (Project Management) below. CITY will generally process and pay invoices within thirty (30) days of receipt of an acceptable invoice.

**SECTION 6. QUALIFICATIONS/STANDARD OF CARE.** All Services shall be performed by CONSULTANT or under CONSULTANT's supervision. CONSULTANT represents that it, its employees and subcontractors, if any, possess the professional and technical personnel necessary to perform the Services required by this Agreement and that the personnel have sufficient skill and experience to perform the Services assigned to them. CONSULTANT represents that it, its employees and subcontractors, if any, have and shall maintain during the term of this Agreement all licenses, permits, qualifications, insurance and approvals of whatever nature that are legally required to perform the Services. All Services to be furnished by CONSULTANT under this Agreement shall meet the professional standard and quality that prevail among professionals in the same discipline and of similar knowledge and skill engaged in related work throughout California under the same or similar circumstances.

**SECTION 7. COMPLIANCE WITH LAWS.** CONSULTANT shall keep itself informed of and in compliance with all federal, state and local laws, ordinances, regulations, and orders that may affect in any manner the Project or the performance of the Services or those engaged to perform Services under this Agreement, as amended from time to time. CONSULTANT shall procure all permits and licenses, pay all charges and fees, and give all notices required by law in the performance of the Services.

**SECTION 8. ERRORS/OMISSIONS.** CONSULTANT is solely responsible for costs, including, but not limited to, increases in the cost of Services, arising from or caused by CONSULTANT's errors and omissions, including, but not limited to, the costs of corrections such errors and omissions, any change order markup costs, or costs arising from delay caused by the errors and omissions or unreasonable delay in correcting the errors and omissions.

**SECTION 9. COST ESTIMATES.** If this Agreement pertains to the design of a public works project, CONSULTANT shall submit estimates of probable construction costs at each phase of



design submittal. If the total estimated construction cost at any submittal exceeds the CITY's stated construction budget by ten percent (10%) or more, CONSULTANT shall make recommendations to CITY for aligning the Project design with the budget, incorporate CITY approved recommendations, and revise the design to meet the Project budget, at no additional cost to CITY.

**SECTION 10. INDEPENDENT CONTRACTOR.** CONSULTANT acknowledges and agrees that CONSULTANT and any agent or employee of CONSULTANT will act as and shall be deemed at all times to be an independent contractor and shall be wholly responsible for the manner in which CONSULTANT performs the Services requested by CITY under this Agreement. CONSULTANT and any agent or employee of CONSULTANT will not have employee status with CITY, nor be entitled to participate in any plans, arrangements, or distributions by CITY pertaining to or in connection with any retirement, health or other benefits that CITY may offer its employees. CONSULTANT will be responsible for all obligations and payments, whether imposed by federal, state or local law, including, but not limited to, FICA, income tax withholdings, workers' compensation, unemployment compensation, insurance, and other similar responsibilities related to CONSULTANT's performance of the Services, or any agent or employee of CONSULTANT providing same. Nothing in this Agreement shall be construed as creating an employment or agency relationship between CITY and CONSULTANT or any agent or employee of CONSULTANT. Any terms in this Agreement referring to direction from CITY shall be construed as providing for direction as to policy and the result of CONSULTANT's provision of the Services only, and not as to the means by which such a result is obtained.

**SECTION 11. ASSIGNMENT.** The parties agree that the expertise and experience of CONSULTANT are material considerations for this Agreement. CONSULTANT shall not assign or transfer any interest in this Agreement nor the performance of any of CONSULTANT's obligations hereunder without the prior written approval of the City Manager. Any purported assignment made without the prior written approval of the City Manager will be void and without effect. Subject to the foregoing, the covenants, terms, conditions and provisions of this Agreement will apply to, and will bind, the heirs, successors, executors, administrators and assignees of the parties.

**SECTION 12. SUBCONTRACTING.** CONSULTANT shall not subcontract any portion of the Services to be performed under this Agreement without the prior written authorization of the City Manager or designee. In the event CONSULTANT does subcontract any portion of the work to be performed under this Agreement, CONSULTANT shall be fully responsible for all acts and omissions of subcontractors.

**SECTION 13. PROJECT MANAGEMENT.** CONSULTANT will assign Terri Prince as the CONSULTANT's Project Manager to have supervisory responsibility for the performance, progress, and execution of the Services and represent CONSULTANT during the day-to-day performance of the Services. If circumstances cause the substitution of the CONSULTANT's Project Manager or any other of CONSULTANT's key personnel for any reason, the appointment of a substitute Project Manager and the assignment of any key new or replacement personnel will be subject to the prior written approval of the CITY's Project Manager. CONSULTANT, at CITY's request, shall promptly remove CONSULTANT personnel who CITY finds do not perform the Services in an acceptable manner, are uncooperative, or present a threat to the adequate or timely completion of the Services or a threat to the safety of persons or property.

CITY's Project Manager is Angelica Jimenez, Human Resources Department, 250 Hamilton Avenue, Palo Alto, CA, 94301, Telephone: (650) 329-2454. CITY's Project Manager will be CONSULTANT's point of contact with respect to performance, progress and execution of the Services. CITY may designate an alternate Project Manager from time to time.

**SECTION 14. OWNERSHIP OF MATERIALS.** All work product, including without limitation, all writings, drawings, studies, sketches, photographs, plans, reports, specifications, computations, models, recordings, data, documents, and other materials and copyright interests developed under this Agreement, in any form or media, shall be and remain the exclusive property of CITY without restriction or limitation upon their use. CONSULTANT agrees that all copyrights which arise from creation of the work product pursuant to this Agreement are vested in CITY, and CONSULTANT hereby waives and relinquishes all claims to copyright or other intellectual property rights in favor of CITY. Neither CONSULTANT nor its subcontractors, if any, shall make any of such work product available to any individual or organization without the prior written approval of the City Manager or designee. CONSULTANT makes no representation of the suitability of the work product for use in or application to circumstances not contemplated by the Scope of Services.

**SECTION 15. AUDITS.** CONSULTANT agrees to permit CITY and its authorized representatives to audit, at any reasonable time during the term of this Agreement and for four (4) years from the date of final payment, CONSULTANT's records pertaining to matters covered by this Agreement, including without limitation records demonstrating compliance with the requirements of Section 10 (Independent Contractor). CONSULTANT further agrees to maintain and retain accurate books and records in accordance with generally accepted accounting principles for at least four (4) years after the expiration or earlier termination of this Agreement or the completion of any audit hereunder, whichever is later.

**SECTION 16. INDEMNITY.**

16.1. To the fullest extent permitted by law, CONSULTANT shall indemnify, defend and hold harmless CITY, its Council members, officers, employees and agents (each an "Indemnified Party") from and against any and all demands, claims, or liability of any nature, including death or injury to any person, property damage or any other loss, including all costs and expenses of whatever nature including attorney's fees, experts fees, court costs and disbursements ("Claims") resulting from, arising out of or in any manner related to performance or nonperformance by CONSULTANT, its officers, employees, agents or contractors under this Agreement, regardless of whether or not it is caused in part by an Indemnified Party.

16.2. Notwithstanding the above, nothing in this Section 16 shall be construed to require CONSULTANT to indemnify an Indemnified Party from a Claim arising from the active negligence or willful misconduct of an Indemnified Party that is not contributed to by any act of, or by any omission to perform a duty imposed by law or agreement by, CONSULTANT, its officers, employees, agents or contractors under this Agreement.

16.3. The acceptance of CONSULTANT's Services and duties by CITY shall not operate as a waiver of the right of indemnification. The provisions of this Section 16 shall survive the expiration or early termination of this Agreement.

**SECTION 17. WAIVERS.** No waiver of a condition or nonperformance of an obligation under this Agreement is effective unless it is in writing in accordance with Section 29.4 of this Agreement. No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance. Any waiver granted shall apply solely to the specific instance expressly stated. No single or partial exercise of any right or remedy will preclude any other or further exercise of any right or remedy.

**SECTION 18. INSURANCE.**

18.1. CONSULTANT, at its sole cost and expense, shall obtain and maintain, in full force and effect during the term of this Agreement, the insurance coverage described in Exhibit D, entitled "INSURANCE REQUIREMENTS". CONSULTANT and its contractors, if any, shall obtain a policy endorsement naming CITY as an additional insured under any general liability or automobile policy or policies.

18.2. All insurance coverage required hereunder shall be provided through carriers with AM Best's Key Rating Guide ratings of A-VII or higher which are licensed or authorized to transact insurance business in the State of California. Any and all contractors of CONSULTANT retained to perform Services under this Agreement will obtain and maintain, in full force and effect during the term of this Agreement, identical insurance coverage, naming CITY as an additional insured under such policies as required above.

18.3. Certificates evidencing such insurance shall be filed with CITY concurrently with the execution of this Agreement. The certificates will be subject to the approval of CITY's Risk Manager and will contain an endorsement stating that the insurance is primary coverage and will not be canceled, or materially reduced in coverage or limits, by the insurer except after filing with the Purchasing Manager thirty (30) days' prior written notice of the cancellation or modification. If the insurer cancels or modifies the insurance and provides less than thirty (30) days' notice to CONSULTANT, CONSULTANT shall provide the Purchasing Manager written notice of the cancellation or modification within two (2) business days of the CONSULTANT's receipt of such notice. CONSULTANT shall be responsible for ensuring that current certificates evidencing the insurance are provided to CITY's Chief Procurement Officer during the entire term of this Agreement.

18.4. The procuring of such required policy or policies of insurance will not be construed to limit CONSULTANT's liability hereunder nor to fulfill the indemnification provisions of this Agreement. Notwithstanding the policy or policies of insurance, CONSULTANT will be obligated for the full and total amount of any damage, injury, or loss caused by or directly arising as a result of the Services performed under this Agreement, including such damage, injury, or loss arising after the Agreement is terminated or the term has expired.

**SECTION 19. TERMINATION OR SUSPENSION OF AGREEMENT OR SERVICES.**

19.1. The City Manager may suspend the performance of the Services, in whole or in part, or terminate this Agreement, with or without cause, by giving ten (10) days prior written notice thereof to CONSULTANT. If CONSULTANT fails to perform any of its material obligations under this Agreement, in addition to all other remedies provided under this Agreement

or at law, the City Manager may terminate this Agreement sooner upon written notice of termination. Upon receipt of any notice of suspension or termination, CONSULTANT will discontinue its performance of the Services on the effective date in the notice of suspension or termination.

19.2. In event of suspension or termination, CONSULTANT will deliver to the City Manager on or before the effective date in the notice of suspension or termination, any and all work product, as detailed in Section 14 (Ownership of Materials), whether or not completed, prepared by CONSULTANT or its contractors, if any, in the performance of this Agreement. Such work product is the property of CITY, as detailed in Section 14 (Ownership of Materials).

19.3. In event of suspension or termination, CONSULTANT will be paid for the Services rendered and work products delivered to CITY in accordance with the Scope of Services up to the effective date in the notice of suspension or termination; provided, however, if this Agreement is suspended or terminated on account of a default by CONSULTANT, CITY will be obligated to compensate CONSULTANT only for that portion of CONSULTANT's Services provided in material conformity with this Agreement as such determination is made by the City Manager acting in the reasonable exercise of his/her discretion. The following Sections will survive any expiration or termination of this Agreement: 14, 15, 16, 17, 19.2, 19.3, 19.4, 20, 25, 27, 28, 29 and 30.

19.4. No payment, partial payment, acceptance, or partial acceptance by CITY will operate as a waiver on the part of CITY of any of its rights under this Agreement, unless made in accordance with Section 17 (Waivers).

## **SECTION 20. NOTICES.**

All notices hereunder will be given in writing and mailed, postage prepaid, by certified mail, addressed as follows:

To CITY:                      Office of the City Clerk  
                                    City of Palo Alto  
                                    Post Office Box 10250  
                                    Palo Alto, CA 94303

With a copy to the Purchasing Manager

To CONSULTANT: Attention of the Project Manager at the address of  
CONSULTANT recited on the first page of this Agreement.

CONSULTANT shall provide written notice to CITY of any change of address.

## **SECTION 21. CONFLICT OF INTEREST.**

21.1. In executing this Agreement, CONSULTANT covenants that it presently has no interest, and will not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the Services.

21.2. CONSULTANT further covenants that, in the performance of this Agreement, it will not employ subcontractors or other persons or parties having such an interest. CONSULTANT certifies that no person who has or will have any financial interest under this Agreement is an officer or employee of CITY; this provision will be interpreted in accordance with the applicable provisions of the Palo Alto Municipal Code and the Government Code of the State of California, as amended from time to time. CONSULTANT agrees to notify CITY if any conflict arises.

21.3. If the CONSULTANT meets the definition of a “Consultant” as defined by the Regulations of the Fair Political Practices Commission, CONSULTANT will file the appropriate financial disclosure documents required by the Palo Alto Municipal Code and the Political Reform Act of 1974, as amended from time to time.

## **SECTION 22. NONDISCRIMINATION; COMPLIANCE WITH ADA.**

22.1. As set forth in Palo Alto Municipal Code Section 2.30.510, as amended from time to time, CONSULTANT certifies that in the performance of this Agreement, it shall not discriminate in the employment of any person due to that person’s race, skin color, gender, gender identity, age, religion, disability, national origin, ancestry, sexual orientation, pregnancy, genetic information or condition, housing status, marital status, familial status, weight or height of such person. CONSULTANT acknowledges that it has read and understands the provisions of Section 2.30.510 of the Palo Alto Municipal Code relating to Nondiscrimination Requirements and the penalties for violation thereof, and agrees to meet all requirements of Section 2.30.510 pertaining to nondiscrimination in employment.

22.2. CONSULTANT understands and agrees that pursuant to the Americans Disabilities Act (“ADA”), programs, services and other activities provided by a public entity to the public, whether directly or through a contractor or subcontractor, are required to be accessible to the disabled public. CONSULTANT will provide the Services specified in this Agreement in a manner that complies with the ADA and any other applicable federal, state and local disability rights laws and regulations, as amended from time to time. CONSULTANT will not discriminate against persons with disabilities in the provision of services, benefits or activities provided under this Agreement.

**SECTION 23. ENVIRONMENTALLY PREFERRED PURCHASING AND ZERO WASTE REQUIREMENTS.** CONSULTANT shall comply with the CITY’s Environmentally Preferred Purchasing policies which are available at CITY’s Purchasing Department, hereby incorporated by reference and as amended from time to time. CONSULTANT shall comply with waste reduction, reuse, recycling and disposal requirements of CITY’s Zero Waste Program. Zero Waste best practices include, first, minimizing and reducing waste; second, reusing waste; and, third, recycling or composting waste. In particular, CONSULTANT shall comply with the following Zero Waste requirements:

(a) All printed materials provided by CONSULTANT to CITY generated from a personal computer and printer including but not limited to, proposals, quotes, invoices, reports, and public education materials, shall be double-sided and printed on a minimum of 30% or greater post-consumer content paper, unless otherwise approved by CITY’s Project Manager. Any submitted materials printed by a professional printing company shall be a minimum of 30% or greater post-consumer material and printed with vegetable-based inks.

(b) Goods purchased by CONSULTANT on behalf of CITY shall be purchased in accordance with CITY's Environmental Purchasing Policy including but not limited to Extended Producer Responsibility requirements for products and packaging. A copy of this policy is on file at the Purchasing Department's office.

(c) Reusable/returnable pallets shall be taken back by CONSULTANT, at no additional cost to CITY, for reuse or recycling. CONSULTANT shall provide documentation from the facility accepting the pallets to verify that pallets are not being disposed.

**SECTION 24. COMPLIANCE WITH PALO ALTO MINIMUM WAGE ORDINANCE.**

CONSULTANT shall comply with all requirements of the Palo Alto Municipal Code Chapter 4.62 (Citywide Minimum Wage), as amended from time to time. In particular, for any employee otherwise entitled to the State minimum wage, who performs at least two (2) hours of work in a calendar week within the geographic boundaries of the City, CONSULTANT shall pay such employees no less than the minimum wage set forth in Palo Alto Municipal Code Section 4.62.030 for each hour worked within the geographic boundaries of the City of Palo Alto. In addition, CONSULTANT shall post notices regarding the Palo Alto Minimum Wage Ordinance in accordance with Palo Alto Municipal Code Section 4.62.060.

**SECTION 25. NON-APPROPRIATION.** This Agreement is subject to the fiscal provisions of the Charter of the City of Palo Alto and the Palo Alto Municipal Code, as amended from time to time. This Agreement will terminate without any penalty (a) at the end of any fiscal year in the event that funds are not appropriated for the following fiscal year, or (b) at any time within a fiscal year in the event that funds are only appropriated for a portion of the fiscal year and funds for this Agreement are no longer available. This Section shall take precedence in the event of a conflict with any other covenant, term, condition, or provision of this Agreement.

**SECTION 26. PREVAILING WAGES AND DIR REGISTRATION FOR PUBLIC WORKS CONTRACTS.** This Project is not subject to prevailing wages and related requirements. CONSULTANT is not required to pay prevailing wages and meet related requirements under the California Labor Code and California Code of Regulations in the performance and implementation of the Project if the contract:

- (1) is not a public works contract;
- (2) is for a public works construction project of \$25,000 or less, per California Labor Code Sections 1782(d)(1), 1725.5(f) and 1773.3(j); or
- (3) is for a public works alteration, demolition, repair, or maintenance project of \$15,000 or less, per California Labor Code Sections 1782(d)(1), 1725.5(f) and 1773.3(j).

**SECTION 27. CLAIMS PROCEDURE FOR "9204 PUBLIC WORKS PROJECTS".** For purposes of this Section 27, a "9204 Public Works Project" means the erection, construction, alteration, repair, or improvement of any public structure, building, road, or other public improvement of any kind. (Cal. Pub. Cont. Code § 9204.) Per California Public Contract Code Section 9204, for Public Works Projects, certain claims procedures shall apply, as set forth in Exhibit F, entitled "Claims for Public Contract Code Section 9204 Public Works Projects".

**This Project is not a 9204 Public Works Project.**

**SECTION 28. CONFIDENTIAL INFORMATION.**

28.1. In the performance of this Agreement, CONSULTANT may have access to CITY's Confidential Information (defined below). CONSULTANT will hold Confidential Information in strict confidence, not disclose it to any third party, and will use it only for the performance of its obligations to CITY under this Agreement and for no other purpose. CONSULTANT will maintain reasonable and appropriate administrative, technical and physical safeguards to ensure the security, confidentiality and integrity of the Confidential Information. Notwithstanding the foregoing, CONSULTANT may disclose Confidential Information to its employees, agents and subcontractors, if any, to the extent they have a need to know in order to perform CONSULTANT's obligations to CITY under this Agreement and for no other purpose, provided that the CONSULTANT informs them of, and requires them to follow, the confidentiality and security obligations of this Agreement.

28.2. "Confidential Information" means all data, information (including without limitation "Personal Information" about a California resident as defined in Civil Code Section 1798 et seq., as amended from time to time) and materials, in any form or media, tangible or intangible, provided or otherwise made available to CONSULTANT by CITY, directly or indirectly, pursuant to this Agreement. Confidential Information excludes information that CONSULTANT can show by appropriate documentation: (i) was publicly known at the time it was provided or has subsequently become publicly known other than by a breach of this Agreement; (ii) was rightfully in CONSULTANT's possession free of any obligation of confidence prior to receipt of Confidential Information; (iii) is rightfully obtained by CONSULTANT from a third party without breach of any confidentiality obligation; (iv) is independently developed by employees of CONSULTANT without any use of or access to the Confidential Information; or (v) CONSULTANT has written consent to disclose signed by an authorized representative of CITY.

28.3. Notwithstanding the foregoing, CONSULTANT may disclose Confidential Information to the extent required by order of a court of competent jurisdiction or governmental body, provided that CONSULTANT will notify CITY in writing of such order immediately upon receipt and prior to any such disclosure (unless CONSULTANT is prohibited by law from doing so), to give CITY an opportunity to oppose or otherwise respond to such order.

28.4. CONSULTANT will notify City promptly upon learning of any breach in the security of its systems or unauthorized disclosure of, or access to, Confidential Information in its possession or control, and if such Confidential Information consists of Personal Information, CONSULTANT will provide information to CITY sufficient to meet the notice requirements of Civil Code Section 1798 et seq., as applicable, as amended from time to time.

28.5. Prior to or upon termination or expiration of this Agreement, CONSULTANT will honor any request from the CITY to return or securely destroy all copies of Confidential Information. All Confidential Information is and will remain the property of the CITY and nothing contained in this Agreement grants or confers any rights to such Confidential Information on CONSULTANT.

28.6. If selected in Section 30 (Exhibits), this Agreement is also subject to the terms and conditions of the Information Privacy Policy and Cybersecurity Terms and Conditions.

**SECTION 29. MISCELLANEOUS PROVISIONS.**

29.1. This Agreement will be governed by California law, without regard to its conflict of law provisions.

29.2. In the event that an action is brought, the parties agree that trial of such action will be vested exclusively in the state courts of California in the County of Santa Clara, State of California.

29.3. The prevailing party in any action brought to enforce the provisions of this Agreement may recover its reasonable costs and attorneys' fees expended in connection with that action. The prevailing party shall be entitled to recover an amount equal to the fair market value of legal services provided by attorneys employed by it as well as any attorneys' fees paid to third parties.

29.4. This Agreement, including all exhibits, constitutes the entire and integrated agreement between the parties with respect to the subject matter of this Agreement, and supersedes all prior agreements, negotiations, representations, statements and undertakings, either oral or written. This Agreement may be amended only by a written instrument, which is signed by the authorized representatives of the parties and approved as required under Palo Alto Municipal Code, as amended from time to time.

29.5. If a court of competent jurisdiction finds or rules that any provision of this Agreement is void or unenforceable, the unaffected provisions of this Agreement will remain in full force and effect.

29.6. In the event of a conflict between the terms of this Agreement and the exhibits hereto (per Section 30) or CONSULTANT's proposal (if any), the Agreement shall control. In the event of a conflict between the exhibits hereto and CONSULTANT's proposal (if any), the exhibits shall control.

29.7. The provisions of all checked boxes in this Agreement shall apply to this Agreement; the provisions of any unchecked boxes shall not apply to this Agreement.

29.8. All section headings contained in this Agreement are for convenience and reference only and are not intended to define or limit the scope of any provision of this Agreement.

29.9. This Agreement may be signed in multiple counterparts, which, when executed by the authorized representatives of the parties, shall together constitute a single binding agreement.

**SECTION 30. EXHIBITS.** Each of the following exhibits, if the check box for such exhibit is selected below, is hereby attached and incorporated into this Agreement by reference as though fully set forth herein:

- ☒ EXHIBIT A: SCOPE OF SERVICES  
☒ EXHIBIT A-1: BASIC & VOLUNTARY LIFE INSURANCE POLICY



- ☒ EXHIBIT A-2: BASIC & VOLUNTARY AD&D LIFE INSURANCE POLICY
- ☒ EXHIBIT A-3: LONG TERM DISABILITY INSURANCE POLICY
- ☒ EXHIBIT B: SCHEDULE OF PERFORMANCE
- ☒ EXHIBIT C: COMPENSATION
- ☒ EXHIBIT D: INSURANCE REQUIREMENTS

***THIS AGREEMENT IS NOT COMPLETE UNLESS ALL SELECTED EXHIBITS ARE ATTACHED.***

**CONTRACT No. S22183900 SIGNATURE PAGE**

IN WITNESS WHEREOF, the parties hereto have by their duly authorized representatives executed this Agreement as of the date first above written.

**CITY OF PALO ALTO**

\_\_\_\_\_  
City Manager

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney or designee

**CONSULTANT  
LIFE INSURANCE COMPANY OF  
NORTH AMERICA, A WHOLLY  
OWNED SUBSIDIARY OF THE CIGNA  
CORPORATION**

**Officer 1** DocuSigned by:

By: *Amy K. Guinan*

Name: Amy K. Guinan

Title: vice President of UW

**Officer 2** DocuSigned by: (Required for Corp. or LLC)

By: *Lauren Bradley*

Name: Lauren Bradley

Title: corporate vice President of UW

## **EXHIBIT A SCOPE OF SERVICES**

CONSULTANT shall provide the Services detailed in this Exhibit A, entitled “SCOPE OF SERVICES”.

CONSULTANT shall provide employees of CITY: BASIC AND VOLUNTARY LIFE INSURANCE, BASIC & VOLUNTARY ACCIDENTAL DEATH AND DISMEMBERMENT (AD&D) and LONG TERM DISABILITY LIFE INSURANCE (LTD) plans. CONSULTANT shall administer the above named insurance benefits in accordance of the policies provided in this Agreement and attached as EXHIBITS “A-1”, “A-2” & “A-3”.

**CALIFORNIA LIFE AND HEALTH INSURANCE  
GUARANTY ASSOCIATION ACT  
SUMMARY DOCUMENT AND DISCLAIMER**

Residents of California who purchase life and health insurance and annuities should know that the insurance companies licensed in this state to write these types of insurance are members of the California Life and Health Insurance Guaranty Association. The purpose of this Association is to assure that policyholders will be protected, within limits, in the unlikely event that a member insurer becomes financially unable to meet its obligations. If this should happen, the Association will assess its other member insurance companies for the money to pay the claims of insured persons who live in this state and, in some cases, to keep coverage in force. The valuable extra protection provided through the Association is not unlimited, as noted in the box below, and is not a substitute for consumers' care in selecting well managed and financially stable insurers.

**The California Life and Health Insurance Guaranty Association may not provide coverage for this insurance. If coverage is provided, it may be subject to substantial limitations or exclusions, and require continued residency in the state. You should not rely on coverage by the Association in selecting an insurance company or in selecting an insurance policy.**

**Coverage is NOT provided for your insurance or any portion of it that is not guaranteed by the Insurer or for which you have assumed the risk, such as a variable contract sold by prospectus.**

**Insurance companies or their agents are required by law to give or send you this notice. However, insurance companies and their agents are prohibited by law from using the existence of the Association to induce you to purchase any kind of insurance policy.**

**If you have additional questions, you should first contact your insurer or agent and then may contact:**

**California Life and Health  
Insurance Guaranty Association  
P.O. Box 16860  
Beverly Hills, CA 90209**

**OR**

**Consumer Service Division  
California Department of Insurance  
300 South Spring Street  
Los Angeles, CA 90013**

Below is a brief summary of this law's coverages, exclusions and limits. This summary does not cover all provisions of the law; nor does it in any way change anyone's rights or obligations under the Act or the rights or obligations of the Association.

## COVERAGE

Generally, individuals will be protected by the California Life and Health Insurance Guaranty Association if they live in this state and hold a life or health insurance contract, or an annuity, or if they are insured under a group insurance contract, issued by a member insurer. The beneficiaries, payees or assignees of insured persons are protected as well, even if they live in another state.

## EXCLUSIONS FROM COVERAGE

However, persons holding such policies are not protected by this Association if:

- their insurer was not authorized to do business in this state when it issued the policy or contract;
- their policy was issued by a health care service plan (HMO), Blue Cross, Blue Shield, a charitable organization, a fraternal benefit society, a mandatory state pooling plan, a mutual assessment company, an insurance exchange, or a grants and annuities society;
- they are eligible for protection under the laws of another state. This may occur when the insolvent insurer was incorporated in another state whose Guaranty Association protects insureds who live outside that state.

The Association also does not provide coverage for:

- unallocated annuity contracts; that is, contracts which are not issued to and owned by an individual and which guarantee rights to group contract holders, not individuals;
- employer and association plans to the extent they are self-funded or uninsured;
- synthetic guaranteed interest contracts;
- any policy or portion of a policy which is not guaranteed by the insurer or for which the individual has assumed the risk, such as a variable contract sold by prospectus;
- any policy of reinsurance unless an assumption certificate was issued;
- interest rate yields that exceed an average rate; and
- any portion of a contract that provides dividends or experience rating credits.

## LIMITS ON AMOUNT OF COVERAGE

The Act limits the Association to pay benefits as follows:

### Life and Annuity Benefits

80% of what the life insurance company would owe under a life policy or annuity contract up to

- \$100,000 in cash surrender values;
- \$100,000 in present value of annuities; or
- \$250,000 in life insurance death benefits.

A maximum of \$250,000 for any one insured life no matter how many policies and contracts there were with the same company, even if the policies provided different types of coverages.

### Health Benefits

A maximum of \$200,000 of the contractual obligations that the health insurance company would owe were it not insolvent. The maximum may increase or decrease annually based upon changes in the health care cost component of the consumer price index.

## PREMIUM SURCHARGE

Member insurers are required to recoup assessments paid to the Association by way of a surcharge on premiums charged for health insurance policies to which the act applies.

## NOTICE

**Benefits paid under the Accelerated Benefits provision will reduce the Death Benefit payable for life insurance.**

**Benefits payable under the Accelerated Benefits provision may be taxable. If so, the Employee or the Employee's beneficiary may incur a tax obligation. As with all tax matters, an Employee should consult with a personal tax advisor to assess the impact of this benefit. Accelerated Benefits are not payable if life insurance coverage under the Policy is not in force.**

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LIFE INSURANCE COMPANY OF NORTH AMERICA  
1601 CHESTNUT STREET  
PHILADELPHIA, PA 19192-2235  
(800) 732-1603 TDD (800) 552-5744  
**A STOCK INSURANCE COMPANY**

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GROUP POLICY

**POLICYHOLDER:** TRUSTEE OF THE GROUP INSURANCE  
TRUST FOR EMPLOYERS IN THE PUBLIC  
ADMINISTRATION INDUSTRY

**SUBSCRIBER:** City of Palo Alto

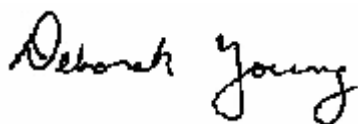
**POLICY NUMBER:** FLX-962659

**POLICY EFFECTIVE DATE:** January 1

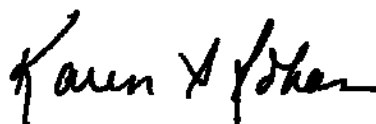
**POLICY ANNIVERSARY DATE:** January 1

This Policy describes the terms and conditions of coverage. It is issued in Delaware and shall be governed by its laws. The Policy goes into effect on the Policy Effective Date, 12:01 a.m. at the Policyholder's address.

In return for the required premium, the Insurance Company and the Policyholder have agreed to all the terms of this Policy.



Deborah Young, Corporate Secretary



Karen S. Rohan, President

TL-004700



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## **SCHEDULE OF BENEFITS**

**Premium Due Date:** The last day of each month

### **Classes of Eligible Employees**

On the pages following the definition of eligible employees there is a Schedule of Benefits for each Class of Eligible Employees listed below. For an explanation of these benefits, please see the Description of Benefits provision.

If an Employee is eligible under one Class of Eligible Employees and later becomes eligible under a different Class of Eligible Employees, changes in his or her insurance due to the class change will be effective on the first of the month following the change in class.

Class 1 All active Full-time Employees of the Employer, regularly working a minimum of 20 hours per week excluding Employees who are classified as Management.

Class 2 All active Full-time Employees of the Employer, regularly working a minimum of 20 hours per week who are classified as Management.

Class 3 All active employees as defined under the prior carrier policy number 643835 and on file with the Insurance Company. (Closed Class)

**SCHEDULE OF BENEFITS FOR CLASS 1****Eligibility Waiting Period**

The Eligibility Waiting Period is the period of time the Employee must be in Active Service to be eligible for coverage. It will be extended by the number of days the Employee is not in Active Service.

For Employees hired on or  
before the Policy Effective Date: No Waiting Period.

For Employees hired after  
the Policy Effective Date: No Waiting Period.

**LIFE INSURANCE BENEFITS****Employee Benefits**

Basic Benefit 1 times Annual Compensation  
rounded to the next higher \$1,000, if not already a multiple  
thereof.  
Guaranteed Issue Amount: the lesser of 1 times Annual Compensation or \$325,000  
Maximum Benefit: the lesser of 1 times Annual Compensation or \$325,000

Voluntary Benefit 1 times Annual Compensation  
rounded to the next higher \$1,000, if not already a multiple  
thereof.  
Guaranteed Issue Amount: the lesser of 1 times Annual Compensation or \$325,000  
Maximum Benefit: the lesser of 1 times Annual Compensation or \$325,000

Age Based Reductions Life Insurance Benefit for an Employee age 70 and over will  
reduce to:  
65% of the Life Insurance Benefit at age 70  
50% of the Life Insurance Benefit at age 75

**Continuation Options**

For Layoff  
Maximum Benefit Period: Coverage continues through the end of the month in which the  
layoff begins

For Leave of Absence  
Maximum Benefit Period: Coverage continues through the end of the month in which the  
leave of absence begins

For Family Medical Leave  
Maximum Benefit Period: 12 weeks

For Disability for Employees over Age 60  
Maximum Benefit Period: 12 months  
Applicable Coverages: Life Insurance Benefits for the Employee

Extended Death Benefit with Waiver of Premium  
Extended Death Benefit  
Applicable Coverages Life Insurance Benefits for the Employee

**Waiver of Premium****Waiver Waiting Period**

9 months from the date the Employee's Active Service ends

**Maximum Benefit Period**

To Age 65

**Applicable Coverages**

Life Insurance Benefits for the Employee

**Portability Options****For Employees**

See the Former Employee sections in this Schedule of Benefits for the amounts of insurance an Insured is eligible to continue under this option.

**Terminal Illness Benefit**

75% of Life Insurance Benefits in force on the date the Insured is determined by the Insurance Company to be Terminally Ill, subject to a Maximum Benefit of \$500,000.

**Automatic Increase Feature**

If an Employee's Voluntary Life Insurance Benefit is based on Annual Compensation, it will automatically increase. The amount of the increase may be up to 25% of the Employee's previous salary but not more than \$25,000. It will automatically increase, subject to the conditions below.

**Conditions for Automatic Increase:**

1. the Employer provides the Insurance Company with the required notice of an increase in Annual Compensation; and
2. the Employee is in Active Service on the effective date of the increase.

If an Employee is not in Active Service on that date, his or her benefit will not increase until he or she returns to Active Service.

The Employee may stop the Automatic Increase Feature at any time. If an Employee stops the feature, it may not be restarted at a later date.

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**Re-solicitation Period**

During a Re-solicitation Period, an Employee currently insured under the Voluntary Life Insurance portion of this Policy may increase his or her Voluntary Life Insurance Benefits, and an Employee who is eligible for the Voluntary Life Insurance portion of this Policy but who has not previously enrolled may become insured under the Policy, by satisfying the Insurability Requirement. An Employee's insurance will be effective on the date the Insurance Company agrees in writing to insure the Employee.

An Employee may reduce Insurance Benefits at any time. A request for a Benefit reduction received during a Re-solicitation Period will become effective on the Policy Anniversary following the Re-solicitation Period. Any other Benefit reduction will be effective on the date the Insurance Company receives the completed change form.

**Former Employee Benefits****Amount of Insurance**

An amount elected subject to the Maximum Benefit amount for Life Insurance Benefits allowable to an Employee, less any amount of conversion insurance issued under the Conversion Privilege for Life Insurance.

Any amount elected in excess of the Life Insurance Benefits in effect on the date he or she no longer qualifies as an Employee will be effective on the date the Insurance Company agrees in writing to insure him or her.

The Maximum Benefit for Basic Life Insurance Benefits is \$50,000.

**Maximum Benefit Period**

To Age 70

**Terminal Illness Benefit**

75% of Life Insurance Benefits in force on the date the Insured is determined by the Insurance Company to be Terminally Ill, subject to a Maximum Benefit of \$500,000.

TL-004774

**SCHEDULE OF BENEFITS FOR CLASS 2****Eligibility Waiting Period**

The Eligibility Waiting Period is the period of time the Employee must be in Active Service to be eligible for coverage. It will be extended by the number of days the Employee is not in Active Service.

For Employees hired on or  
before the Policy Effective Date: No Waiting Period.

For Employees hired after  
the Policy Effective Date: No Waiting Period.

**LIFE INSURANCE BENEFITS****Employee Benefits**

Basic Benefit	1 times Annual Compensation rounded to the next higher \$1,000, if not already a multiple thereof.
Guaranteed Issue Amount:	the lesser of 1 times Annual Compensation or \$325,000
Maximum Benefit:	the lesser of 1 times Annual Compensation or \$325,000
Voluntary Benefit	1 or 2 times Annual Compensation rounded to the next higher \$1,000, if not already a multiple thereof.
Guaranteed Issue Amount:	the lesser of 2 times Annual Compensation or \$325,000
Maximum Benefit:	the lesser of 2 times Annual Compensation or \$325,000
Age Based Reductions	Life Insurance Benefit for an Employee age 70 and over will reduce to: 65% of the Life Insurance Benefit at age 70 50% of the Life Insurance Benefit at age 75
Continuation Options	
For Layoff	
Maximum Benefit Period:	Coverage continues through the end of the month in which the layoff begins
For Leave of Absence	
Maximum Benefit Period:	Coverage continues through the end of the month in which the leave of absence begins
For Family Medical Leave	
Maximum Benefit Period:	12 weeks
For Disability for Employees over Age 60	
Maximum Benefit Period:	12 months
Applicable Coverages:	Life Insurance Benefits for the Employee
Extended Death Benefit with Waiver of Premium	
Extended Death Benefit	
Applicable Coverages	Life Insurance Benefits for the Employee

**Waiver of Premium****Waiver Waiting Period**

9 months from the date the Employee's Active Service ends

**Maximum Benefit Period**

To Age 65

**Applicable Coverages**

Life Insurance Benefits for the Employee

**Portability Options****For Employees**

See the Former Employee sections in this Schedule of Benefits for the amounts of insurance an Insured is eligible to continue under this option.

**Terminal Illness Benefit**

75% of Life Insurance Benefits in force on the date the Insured is determined by the Insurance Company to be Terminally Ill, subject to a Maximum Benefit of \$500,000.

**Automatic Increase Feature**

If an Employee's Voluntary Life Insurance Benefit is based on Annual Compensation, it will automatically increase. The amount of the increase may be up to 25% of the Employee's previous salary but not more than \$25,000. It will automatically increase, subject to the conditions below.

**Conditions for Automatic Increase:**

1. the Employer provides the Insurance Company with the required notice of an increase in Annual Compensation; and
2. the Employee is in Active Service on the effective date of the increase.

If an Employee is not in Active Service on that date, his or her benefit will not increase until he or she returns to Active Service.

The Employee may stop the Automatic Increase Feature at any time. If an Employee stops the feature, it may not be restarted at a later date.

TL-004736-1

**Re-solicitation Period**

During a Re-solicitation Period, an Employee currently insured under the Voluntary Life Insurance portion of this Policy may increase his or her Voluntary Life Insurance Benefits, and an Employee who is eligible for the Voluntary Life Insurance portion of this Policy but who has not previously enrolled may become insured under the Policy, by satisfying the Insurability Requirement. An Employee's insurance will be effective on the date the Insurance Company agrees in writing to insure the Employee.

An Employee may reduce Insurance Benefits at any time. A request for a Benefit reduction received during a Re-solicitation Period will become effective on the Policy Anniversary following the Re-solicitation Period. Any other Benefit reduction will be effective on the date the Insurance Company receives the completed change form.

**Former Employee Benefits****Amount of Insurance**

An amount elected subject to the Maximum Benefit amount for Life Insurance Benefits allowable to an Employee, less any amount of conversion insurance issued under the Conversion Privilege for Life Insurance.

Any amount elected in excess of the Life Insurance Benefits in effect on the date he or she no longer qualifies as an Employee will be effective on the date the Insurance Company agrees in writing to insure him or her.

The Maximum Benefit for Basic Life Insurance Benefits is \$50,000.

**Maximum Benefit Period**

To Age 70

**Terminal Illness Benefit**

75% of Life Insurance Benefits in force on the date the Insured is determined by the Insurance Company to be Terminally Ill, subject to a Maximum Benefit of \$500,000.

TL-004774



**SCHEDULE OF BENEFITS FOR CLASS 3****Eligibility Waiting Period**

The Eligibility Waiting Period is the period of time the Employee must be in Active Service to be eligible for coverage. It will be extended by the number of days the Employee is not in Active Service.

For Employees hired on or  
before the Policy Effective Date: No Waiting Period.

For Employees hired after  
the Policy Effective Date: No Waiting Period.

**LIFE INSURANCE BENEFITS****Employee Benefits**

Basic Benefit	1 times Annual Compensation rounded to the next higher \$1,000, if not already a multiple thereof.
Guaranteed Issue Amount:	the lesser of 1 times Annual Compensation or \$325,000
Maximum Benefit:	the lesser of 1 times Annual Compensation or \$325,000
Voluntary Benefit	1 or 2 times Annual Compensation rounded to the next higher \$1,000, if not already a multiple thereof.
Guaranteed Issue Amount:	the greater of a) or b) below: a) the lesser of 2 times Annual Compensation or \$325,000, or b) an amount equal to the Life Insurance Benefit in effect on the termination date of the Prior Plan
Maximum Benefit:	the lesser of 2 times Annual Compensation or \$325,000
Age Based Reductions	Life Insurance Benefit for an Employee age 70 and over will reduce to: 65% of the Life Insurance Benefit at age 70 50% of the Life Insurance Benefit at age 75
Continuation Options	
For Layoff	
Maximum Benefit Period:	Coverage continues through the end of the month in which the layoff begins
For Leave of Absence	
Maximum Benefit Period:	Coverage continues through the end of the month in which the leave of absence begins
For Family Medical Leave	
Maximum Benefit Period:	12 weeks
For Disability for Employees over Age 60	
Maximum Benefit Period:	12 months
Applicable Coverages:	Life Insurance Benefits for the Employee

**Extended Death Benefit with Waiver of Premium****Extended Death Benefit****Applicable Coverages**

Life Insurance Benefits for the Employee

**Waiver of Premium****Waiver Waiting Period**

9 months from the date the Employee's Active Service ends

**Maximum Benefit Period**

To Age 65

**Applicable Coverages**

Life Insurance Benefits for the Employee

**Portability Options****For Employees**

See the Former Employee sections in this Schedule of Benefits for the amounts of insurance an Insured is eligible to continue under this option.

**Terminal Illness Benefit**

75% of Life Insurance Benefits in force on the date the Insured is determined by the Insurance Company to be Terminally Ill, subject to a Maximum Benefit of \$500,000.

**Automatic Increase Feature**

If an Employee's Voluntary Life Insurance Benefit is based on Annual Compensation, it will automatically increase. The amount of the increase may be up to 25% of the Employee's previous salary but not more than \$25,000. It will automatically increase, subject to the conditions below.

**Conditions for Automatic Increase:**

1. the Employer provides the Insurance Company with the required notice of an increase in Annual Compensation; and
2. the Employee is in Active Service on the effective date of the increase.

If an Employee is not in Active Service on that date, his or her benefit will not increase until he or she returns to Active Service.

The Employee may stop the Automatic Increase Feature at any time. If an Employee stops the feature, it may not be restarted at a later date.

TL-004736-1

**Re-solicitation Period**

During a Re-solicitation Period, an Employee currently insured under the Voluntary Life Insurance portion of this Policy may increase his or her Voluntary Life Insurance Benefits, and an Employee who is eligible for the Voluntary Life Insurance portion of this Policy but who has not previously enrolled may become insured under the Policy, by satisfying the Insurability Requirement. An Employee's insurance will be effective on the date the Insurance Company agrees in writing to insure the Employee.

An Employee may reduce Insurance Benefits at any time. A request for a Benefit reduction received during a Re-solicitation Period will become effective on the Policy Anniversary following the Re-solicitation Period. Any other Benefit reduction will be effective on the date the Insurance Company receives the completed change form.

**Former Employee Benefits****Amount of Insurance**

An amount elected subject to the Maximum Benefit amount for Life Insurance Benefits allowable to an Employee, less any amount of conversion insurance issued under the Conversion Privilege for Life Insurance.

Any amount elected in excess of the Life Insurance Benefits in effect on the date he or she no longer qualifies as an Employee will be effective on the date the Insurance Company agrees in writing to insure him or her.

The Maximum Benefit for Basic Life Insurance Benefits is \$50,000.

**Maximum Benefit Period**

To Age 70

**Terminal Illness Benefit**

75% of Life Insurance Benefits in force on the date the Insured is determined by the Insurance Company to be Terminally Ill, subject to a Maximum Benefit of \$500,000.

TL-004774

## ELIGIBILITY FOR INSURANCE

### Classes of Eligible Persons

A person may be insured only once under the Basic Life portion of the Policy even though he or she may be eligible under more than one class. A person may also be insured only once under the Voluntary Life portion of the Policy as an Employee, even though he or she may be eligible under more than one class.

### Employee

An Employee in one of the Classes of Eligible Employees shown in the Schedule of Benefits is eligible to be insured on the Policy Effective Date or the day after he or she completes the applicable Eligibility Waiting Period, if later.

If a person has previously converted his or her insurance under the Policy, he or she will not become eligible until the converted policy is surrendered. This does not apply to any amount of insurance that was previously converted under the Policy due to a reduction in the Employee's Life Insurance Benefits based on age or a change in class unless those conditions no longer affect the amount of coverage available to the Employee.

Except as noted in the Reinstatement Provision, if an Employee terminates coverage and later wishes to reapply, or if a former Employee is rehired, a new Eligibility Waiting Period must be satisfied. An Employee is not required to satisfy a new Eligibility Waiting Period if insurance ends because he or she is no longer in a Class of Eligible Employees, but continues to be employed by the Employer, and within one year becomes a member of an eligible class.

TL-004710

## ENROLLING FOR INSURANCE

### Initial Open Enrollment

During the Initial Open Enrollment Period, an Employee who was insured, or who was eligible to be insured, under the Prior Plan may become insured under the Voluntary Life Insurance Plan provided by this Policy for a Benefit of one times Annual Compensation up to this Policy's Guaranteed Issue Amount, as shown in the Schedule of Benefits, without satisfying any Insurability Requirement. Any Employee who is not actively at work, due to Injury or Sickness, on the date his or her coverage would otherwise become effective under this Policy, may not become insured under this Policy until he or she returns to Active Service.

An Employee may become insured for an amount in excess of the Guaranteed Issue Amount only if he or she satisfies the Insurability Requirement. Any excess amount will be effective on the date the Insurance Company agrees in writing to insure the Employee.

## EFFECTIVE DATE OF INSURANCE

An Employee will be insured for an amount not to exceed the Guaranteed Issue Amount on the date he or she becomes eligible, if the Employee is not required to contribute to the cost of this insurance.

An Employee who is required to contribute to the cost of this insurance may elect insurance for himself or herself only by authorizing payroll deduction in a form approved by the Employer and the Insurance Company. The effective date of this insurance depends on the date and amount of insurance elected.

If an individual elects coverage within 31 days after becoming eligible to enroll, or for any increases, the Guaranteed Issue Amount will be effective on the latest of the following dates:

1. The Policy Effective Date.
2. The date payroll deduction is authorized for this insurance.
3. The date the Employer or Insurance Company receives the completed enrollment form.

If an enrollment form for Employee coverage is received more than 31 days after becoming eligible to elect coverage, this insurance will be effective on the date the Insurance Company agrees in writing to insure that eligible person. The Insurance Company will require the eligible Employee to satisfy the Insurability Requirement before it agrees to insure him or her.

If an eligible Employee is not in Active Service on the date insurance would otherwise be effective, it will be effective on the date he or she returns to Active Service.

TL-004712

### **Takeover Provision**

*Special Terms Applicable to Previously Insured Employees Not in Active Service*

Employees not in Active Service on the Policy Effective Date are not covered under the Policy.

However, the Insurance Company agrees to provide a death benefit equal to the lesser of:

1. the amount due under this Policy (without regard to the Active Service provision), or
2. the amount that would have been due under the Prior Plan had it remained in force.

The benefit amount will be reduced by any amount paid by the Prior Plan, or that would have been paid had this Policy not been issued and had timely filing of the claim been made under the Prior Plan.

These special terms will end on the earliest of the following dates:

1. the date the Employee meets the Active Service requirements;
2. the date insurance terminates for one of the reasons stated in the Termination of Insurance provision;
3. 12 months after the Policy Effective Date; or
4. the last day the Employee would have been covered under the Prior Plan if that plan was still in force.

TL-009020

## **TERMINATION OF INSURANCE**

An Insured's coverage will end on the earliest of the following dates:

1. the date the Employee is eligible for coverage under a plan intended to replace this coverage;
2. the date the Policy is terminated by the Insurance Company;
3. the date the Insured is no longer in an eligible class;
4. the date coinciding with the end of the last period for which premiums are paid;
5. the date an Employee is no longer in Active Service; and
6. for an Employee, the date the Employer cancels participation under the Policy.

TL-004714

## **CONTINUATION OF INSURANCE**

If an Employee is no longer in Active Service, he or she may be eligible to continue insurance. The following provisions explain the continuation options available under the Policy. Please see the Schedule of Benefits to determine the applicability of these benefits on a class level.

### **Continuation for Layoff, Temporary Leave of Absence or Family Medical Leave**

If an Employee's Active Service ends due to a layoff, Employer approved unpaid leave of absence, or family medical leave of absence, insurance will continue for up to the Maximum Benefit Period shown in the Schedule of Benefits, if the required premium is paid.

**Continuation for Disability for Employees over Age 60**

If an Employee becomes Disabled and is age 60 or over, the Life Insurance Benefits shown in the Schedule of Benefits will be continued, provided premiums are paid, until the earlier of the following dates:

1. The date the Employee is no longer Disabled.
2. The date following the Maximum Benefit Period shown in the Schedule of Benefits.
3. The date coinciding with the end of the last period for which premiums are paid.
4. The date the Policy is terminated by the Insurance Company.

*Amount of Insurance*

If an Employee dies while he or she is Disabled and coverage is continued under this provision, the Insurance Company will pay a Death Benefit equal to the amount in effect on the date the Employee became Disabled. However, the Life Insurance Benefit will be subject to the provisions of the Policy that reduce the coverage amount because of age, retirement, payment of an Accelerated Benefit or a change in class. Automatic increases in Life Insurance Benefits will end while coverage is continued under this provision. The Insurance Company will pay benefits only if due proof of the Employee's continuous Disability is received within one year of the date of the loss.

"Disability"/"Disabled" means because of Injury or Sickness the Employee is unable to perform all the material duties of his or her Regular Occupation; or is receiving disability benefits under the Employer's plan.

"Regular Occupation" means the occupation the Employee routinely performs at the time the Disability begins. The Insurance Company will consider the duties of the occupation as it is normally performed in the general labor market in the national economy.

**Extended Death Benefit with Waiver of Premium***Extended Death Benefit*

If an Employee becomes Disabled and is less than age 60, the Life Insurance Benefits shown in the Schedule of Benefits will be extended without premium payment until the earlier of the following dates:

1. The date the Employee is no longer Disabled.
2. The date the Employee fails to qualify for Waiver of Premium or fails to provide proof of Disability as indicated under *Waiver of Premium*.

*Amount of Insurance*

If an Employee dies while he or she is Disabled and coverage is extended under this provision, the Insurance Company will pay a Death Benefit equal to the amount in effect on the date the Employee became Disabled. However, the Life Insurance Benefit will be subject to the provisions of the Policy that reduce the coverage amount because of age, retirement, payment of an Accelerated Benefit or a change in class. Automatic increases in Life Insurance Benefits will end while premiums are waived. The Insurance Company will pay benefits only if due proof of the Employee's continuous Disability is received within one year of the date of the loss.

"Disability"/"Disabled" means because of Injury or Sickness the Employee is unable to perform all the material duties of his or her Regular Occupation; or is receiving disability benefits under the Employer's plan.

"Regular Occupation" means the occupation the Employee routinely performs at the time the Disability begins. The Insurance Company will consider the duties of the occupation as it is normally performed in the general labor market in the national economy.

***Waiver of Premium***

If the Employee submits satisfactory proof that he or she has been continuously Disabled for the Waiver Waiting Period shown in the Schedule of Benefits, coverage will be extended up to the Maximum Benefit Period shown in the Schedule of Benefits.

Such proof must be submitted to the Insurance Company no later than 3 months after the date the Waiver Waiting Period ends. Premiums will be waived from the date the Insurance Company agrees in writing to waive premiums for that Employee.

After premiums have been waived for 12 months, they will be waived for future periods of 12 months, if the Employee remains Disabled and submits satisfactory proof that Disability continues. Satisfactory proof must be submitted to the Insurance Company 3 months before the end of the 12-month period.

***Amount of Insurance***

If an Employee dies while he or she is Disabled and coverage is continued under this provision, the Insurance Company will pay a Death Benefit equal to the amount in effect on the date the Employee became Disabled. However, the Life Insurance Benefit will be subject to the provisions of the Policy that reduce the coverage amount because of age, retirement, payment of an Accelerated Benefit or a change in class. Automatic increases in Life Insurance Benefits will end while premiums are waived. The Insurance Company will pay benefits only if due proof of the Employee's continuous Disability is received within one year of the date of the loss.

***Termination of Waiver***

Insurance will end for any Employee whose premiums are waived on the earliest of the following dates.

1. The date he or she is no longer Disabled.
2. The date he or she refuses to submit to any physical examination required by the Insurance Company.
3. The last day of the 12-month period of Disability during which he or she fails to submit satisfactory proof of continued Disability.
4. The date following the end of the Maximum Benefit Period shown in the Schedule of Benefits.

"Disability"/"Disabled" means because of Injury or Sickness an Employee is unable to perform all the material duties of any occupation which he or she may reasonably become qualified based on education, training or experience.

TL-009745

**Portability Options*****For Employees***

If an Employee's coverage under the Policy ends prior to age 70, for any of the following reasons:

- a. termination of employment; or
- b. termination of membership in an eligible class under the Policy;

Life Insurance Benefits may be continued up to the Maximum Benefit shown in the Schedule of Benefits for this option.

The Employee must apply to the Insurance Company and pay the required premium. The application must be submitted:

- a. within 31 days of the Employee's termination of employment or membership in an eligible class under the Policy; or
- b. during the time that the Employee has to exercise the Conversion Privilege.

Coverage under this option may not be elected at a later date.

When applying for this option, the Employee must name a beneficiary. Any beneficiary named previously under the Policy is no longer in effect. If there is no named or surviving beneficiary, Death Benefits will be paid to the first surviving class of the following living relatives:

- a. spouse;
- b. child or children;
- c. mother or father;
- d. brothers or sisters; or
- e. the executors or administrators of the Insured's estate.

When coverage is continued under this option, the Employee becomes a Former Employee.

Coverage will end on the earliest of the following dates.

- a. The date the Insurance Company cancels coverage for all Former Employees.
- b. The end of the period for which premiums are paid.
- c. The date an Insured reaches age 70.
- d. The date the Maximum Benefit Period shown in the Schedule of Benefits for this option ends.

TL-004716 as modified by TL-009330

## DESCRIPTION OF BENEFITS

The following provisions explain the benefits available under the Policy. Please see the Schedule of Benefits for the applicability of these benefits on a class level.

## LIFE INSURANCE BENEFITS

### **Death Benefit**

If an Insured dies, the Insurance Company will pay the Life Insurance Benefit in force for that Insured on the date of his or her death.

TL-004730

### **Accelerated Benefits**

Any benefits payable under this Accelerated Benefits provision will reduce the Death Benefit payable for Life Insurance. Any automatic increases in Life Insurance Benefits will end when benefits are payable under this provision.

### ***Terminal Illness Benefit***

The Insurance Company will pay a Terminal Illness Benefit to an Insured who has been determined by the Insurance Company to be Terminally Ill.

The Terminal Illness Benefit is payable only once in an Insured's lifetime.

### ***Determination of Terminal Illness***

For the purpose of determining the existence of a Terminal Illness, the Insurance Company will require the Insured submit the following proof.

1. A written diagnosis and prognosis by two Physicians licensed to practice in the United States.
2. Supportive evidence satisfactory to the Insurance Company, including but not limited to radiological, histological or laboratory reports documenting the Terminal Illness.

The Insurance Company may require, at its expense, an examination of the Insured and a review of the documented evidence by a Physician of its choice.

"Terminal Illness" means a person has a prognosis of 12 months or less to live, as diagnosed by a Physician.

TL-004748



**Conversion Privilege for Life Insurance**

Each Insured may convert all or any portion of his or her Life Insurance that would end under the Policy due to:

1. termination of employment;
2. termination of membership in an eligible class under the Policy;
3. termination of the Policy.

The Insured may apply for any type of life insurance the Insurance Company offers to persons of the same age in the amount applied for, except the Insured may not:

1. choose term insurance;
  2. apply for an amount of insurance greater than the coverage amount terminating under the Policy (also, the conversion policy will not provide accident, disability or other benefits); or
  3. apply for more than \$10,000 of insurance if the Policy is terminated or amended to terminate the insurance for any class of Insureds, or the Employer cancels participation under the Policy.
- Conversion in these cases is only permitted if the Insured has been covered by the Policy or, any group life insurance policy issued to the Employer which the Policy replaced, for at least 3 years.

If the Insured becomes eligible for coverage under any group life policy within 31 days of termination of coverage under this Policy, the Insured may not convert an amount of insurance greater than the amount of coverage terminating under the Policy less the amount for which he or she may be covered under the other policy.

To apply for conversion insurance, the Insured must, within 31 days after coverage under the Policy ends:

1. submit an application to the Insurance Company; and
2. pay the required premium.

Evidence of insurability is not required.

Premium for the conversion insurance will be based on the age and class of risk of the Insured and the type and amount of coverage issued. If the Insured has assigned ownership of his group coverage, the owner/assignee must apply for the individual policy. Conversion insurance will become effective on the 31st day after the date coverage under the Policy ends provided the application is received by the Insurance Company and the required premium has been paid.

If the Insured dies during the 31-day conversion period, the Life Insurance benefits will be paid under the Policy regardless of whether he or she applied for conversion insurance. If a conversion policy is issued, it will be in exchange for any further benefits for that type and amount of insurance from this Policy.

*Extension of Conversion Period*

If an Insured is eligible for conversion insurance and is not notified of this right at least 15 days prior to the end of the 31-day conversion period, the conversion period will be extended. The Insured will have 15 days from the date notice is given to apply for conversion insurance. In no event will the conversion period be extended beyond 90 days. Notice, for the purpose of this section, means written notice presented to the Insured by the Employer or mailed to the Insured's last known address as reported by the Employer.

If the Insured dies during the extended conversion period, but more than 31 days after his or her coverage under the Policy terminates, Life Insurance benefits:

1. will not be paid under the Policy; and
2. will be payable under the conversion insurance; provided:
  - a. the Insured's application for conversion insurance has been received by the Insurance Company; and
  - b. the required premium has been paid.

*Prior Conversion Limitation*

If an Insured is covered under a life insurance conversion policy previously issued by the Insurance Company, he or she will not be eligible for this Conversion Privilege unless the prior coverage has ended.

TL-009740

## **LIFE INSURANCE EXCLUSIONS**

If an Insured commits suicide, while sane or insane, within 2 years from the date his or her insurance under the Policy becomes effective, Voluntary Life Insurance Benefits will be limited to a refund of the premiums paid on the Insured's behalf. The suicide exclusion applies from the effective date of any additional benefits or increases in Life Insurance Benefits.

Except for any amount of benefits in excess of the Prior Plan's benefits, this exclusion will not apply to any person covered under the Prior Plan for more than two years. If a person was not insured for two years under the Prior Plan, credit will be given for the time he or she was insured.

TL-004752

## **CLAIM PROVISIONS**

### **Notice of Claim**

Written notice, or notice by any other electronic/telephonic means authorized by the Insurance Company, must be given to the Insurance Company within 31 days after a covered loss occurs or begins or as soon as reasonably possible. If written notice, or notice by any other electronic/telephonic means authorized by the Insurance Company, is not given in that time, the claim will not be invalidated or reduced if it is shown that notice was given as soon as was reasonably possible. Notice can be given at our home office in Philadelphia, Pennsylvania or to our agent. Notice should include the Employer's Name, the Policy Number and the claimant's name and address.

Written notice or any other electronic/telephonic means authorized by the Insurance Company of a diagnosis of a Terminal Illness on which claim is based must be given to us within 60 days after the diagnosis. If notice is not given in that time, the claim will not be invalidated or reduced if it is shown that written notice or any other electronic/telephonic means authorized by the Insurance Company was given as soon as reasonably possible.

### **Claim Forms**

When the Insurance Company receives notice of claim, the Insurance Company will send claim forms for filing proof of loss. If claim forms are not sent within 15 days after notice is received by the Insurance Company, the proof requirements will be met by submitting, within the time required under the "Proof of Loss" section, written proof, or proof by any other electronic/telephonic means authorized by the Insurance Company, of the nature and extent of the loss.

### **Claimant Cooperation Provision**

Failure of a claimant to cooperate with the Insurance Company in the administration of the claim may result in termination of the claim. Such cooperation includes, but is not limited to, providing any information or documents needed to determine whether benefits are payable or the actual benefit amount due.

### **Insurance Data**

The Employer is required to cooperate with the Insurance Company in the review of claims and applications for coverage. Any information the Insurance Company provides in these areas is confidential and may not be used or released by the Employer if not permitted by applicable privacy laws.

**Proof of Loss**

Written proof of loss, or proof by any other electronic/telephonic means authorized by the Insurance Company, must be given to the Insurance Company within 90 days after the date of the loss for which a claim is made. If written proof of loss, or proof by any other electronic/telephonic means authorized by the Insurance Company, is not given in that 90 day period, the claim will not be invalidated nor reduced if it is shown that it was given as soon as was reasonably possible. In any case, written proof of loss, or proof by any other electronic/telephonic means authorized by the Insurance Company, must be given not more than one year after that 90 day period. If written proof of loss, or proof by any other electronic/telephonic means authorized by the Insurance Company, is provided outside of these time limits, the claim will be denied. These time limits will not apply while the person making the claim lacks legal capacity.

Written proof, or any other electronic/telephonic means authorized by the Insurance Company, of loss for Accelerated Benefits must be furnished 90 days after the date of diagnosis. This proof must describe the occurrence, character and diagnosis for which claim is made.

In case of claim for any other loss, proof must be furnished within 90 days after the date of such loss.

If it is not reasonably possible to submit proof of loss within these time periods, the Insurance Company will not deny or reduce any claim if proof is furnished as soon as reasonably possible. Proof must, in any case, be furnished not more than a year later, except for lack of legal capacity.

**Time of Payment**

Benefits due under the Policy for a loss, other than a loss for which the Policy provides installment payments, will be paid immediately upon receipt of due written proof of such loss.

Subject to the receipt of satisfactory written proof of loss, all accrued benefits for loss for which the Policy provides installments will be paid monthly; any balance remaining unpaid upon the termination of liability will be paid immediately upon receipt of due written proof, unless otherwise stated in the Description of Benefits.

**To Whom Payable**

Death Benefits will be paid to the Insured's named beneficiary, if any, on file at the time of payment. If there is no named beneficiary or surviving beneficiary, Death Benefits will be paid to the first surviving class of the following living relatives: spouse; child or children; mother or father; brothers or sisters; or to the executors or administrators of the Insured's estate. The Insurance Company may reduce the amount payable by any indebtedness due.

All benefits payable under the Accelerated Benefits section are payable to the Insured, if living. If the Insured dies prior to the payment of an eligible claim for an Accelerated Benefit, benefits will be paid in accordance with the provisions applicable to the payment of Life Insurance proceeds, unless the Insured has directed us otherwise in writing. However, any payment made by us prior to notice of the Insured's death shall discharge us of any benefit that was paid.

All other benefits, unless otherwise stated in the Policy, will be payable to the Insured or the certificate owner if other than the Insured.

Any other accrued benefits which are unpaid at the Insured's death may, at the Insurance Company's option, be paid either to the Insured's beneficiary or to the executor or administrator of the Insured's estate.

If the Insurance Company pays benefits to the executor or administrator of the Insured's estate or to a person who is incapable of giving a valid release, the Insurance Company may pay up to \$1,000 to a relative by blood or marriage whom it believes is equitably entitled. This good faith payment satisfies the Insurance Company's legal duty to the extent of that payment.

**Change of Beneficiary**

The Insured may change the beneficiary at any time by giving written notice to the Employer or the Insurance Company. The beneficiary's consent is not required for this or any other change which the Insured may make unless the designation of beneficiary is irrevocable.

No change in beneficiary will take effect until the form is received by the Employer or the Insurance Company. When this form is received, it will take effect as of the date of the form. If the Insured dies before the form is received, the Insurance Company will not be liable for any payment that was made before receipt of the form.

**Physical Examination and Autopsy**

The Insurance Company, at its expense, will have the right to examine any person for whom a claim is pending as often as it may reasonably require. The Insurance Company may, at its expense, require an autopsy unless prohibited by law.

**Legal Actions**

No action at law or in equity may be brought to recover benefits under the Policy less than 60 days after written proof of loss, or proof by any other electronic/telephonic means authorized by the Insurance Company, has been furnished as required by the Policy. No such action shall be brought more than 3 years after the time satisfactory proof of loss is required to be furnished.

**Time Limitations**

If any time limit stated in the Policy for giving notice of claim or proof of loss, or for bringing any action at law or in equity, is less than that permitted by the law of the state in which the Employee lives when the Policy is issued, then the time limit provided in the Policy is extended to agree with the minimum permitted by the law of that state.

**Physician/Patient Relationship**

The Insured will have the right to choose any Physician who is practicing legally. The Insurance Company will in no way disturb the Physician/patient relationship.

TL-004724

**ADMINISTRATIVE PROVISIONS****Premiums**

The premiums for this Policy will be based on the rates currently in force, the plan and the amount of insurance in effect.

If the Insured's coverage amount is reduced due to acceleration of his or her Death Benefit, his or her premium will be based on the amount of coverage he or she has in force on the day before the reduction took place. If the Insured's coverage amount is reduced due to his or her attained age, premium will be based on the amount of coverage in force on the day after the reduction took place.

**Changes in Premium Rates**

The premium rates may be changed by the Insurance Company from time to time with at least 31 days advance written notice. No change in rates will be made until 48 months after the Policy Effective Date. An increase in rates will not be made more often than once in a 12 month period. However, the Insurance Company reserves the right to change the rates even during a period for which the rate is guaranteed if any of the following events take place.

1. The terms of the Policy change.
2. A division, subsidiary, affiliated company or eligible class is added or deleted from the Policy.
3. There is a change in the factors bearing on the risk assumed.
4. Any federal or state law or regulation is amended to the extent it affects the Insurance Company's benefit obligation.

5. The Insurance Company determines that the Employer has failed to promptly furnish any necessary information requested by the Insurance Company, or has failed to perform any other obligations in relation to the Policy.

If an increase or decrease in rates takes place on a date that is not a Premium Due Date, a pro rata adjustment will apply from the date of the change to the next Premium Due Date.

### **Reporting Requirements**

The Employer must, upon request, give the Insurance Company any information required to determine who is insured, the amount of insurance in force and any other information needed to administer the plan of insurance.

### **Payment of Premium**

The first premium is due on the Policy Effective Date. After that, premiums will be due monthly unless the Employer and the Insurance Company agree on some other method of premium payment.

If any premium is not paid when due, the plan will be canceled as of the Premium Due Date, except as provided in the Policy Grace Period section.

### **Notice of Cancellation**

The Employer or the Insurance Company may cancel the Policy as of any Premium Due Date by giving 31 days advance written notice. If a premium is not paid when due, the Policy will automatically be canceled as of the Premium Due Date, except as provided in the Policy Grace Period section.

### **Policy Grace Period**

A Policy Grace Period of 60 days will be granted for the payment of the required premiums under this Policy. This Policy will be in force during the Policy Grace Period. The Employer is liable to the Insurance Company for any unpaid premium for the time this Policy was in force.

### **Grace Period for the Insured**

If the required premium is not paid on the Premium Due Date, there is a 60 day grace period after each premium due date after the first. If the required premium is not paid during the grace period, insurance will end on the last day for which premium was paid.

If benefits are paid during the Grace Period for the Insured, the Insurance Company will deduct any overdue premium from the proceeds payable under the Policy.

### **Reinstatement of Insurance**

Coverage may be reinstated without satisfying the Insurability Requirement, if an Employee's insurance ends because he or she is on an unpaid leave of absence and he or she applies for Reinstatement within 31 days of his return to Active Service.

After an Insured's coverage has ceased, it may be reinstated at any date prior to five years after the date of termination if the following conditions are met:

1. The Policy is still in force.
2. The Insured is eligible under the Policy.
3. A written request for reinstatement and a new enrollment form are sent to the Insurance Company.
4. The required premium is paid.
5. The Insurability Requirement, if any, is satisfied.

TL-004720

**SCHEDULE OF RATES**

The following monthly rates apply to all Classes of Eligible Persons unless otherwise indicated.

**FOR EMPLOYEE BENEFITS**

**Basic Life Insurance**                      \$.13 Per \$1,000

**Voluntary Life Insurance**                      \$.24 Per \$1,000

**FOR FORMER EMPLOYEE BENEFITS**

Monthly Rates are based on units of \$1,000.

Under Age 20	\$.153	Age 45 - 49	\$.384
Age 20 - 24	\$.144	Age 50 - 54	\$.726
Age 25 - 29	\$.153	Age 55 - 59	\$1.347
Age 30 - 34	\$.177	Age 60 - 64	\$2.461
Age 35 - 39	\$.19	Age 65 - 69	\$4.065
Age 40 - 44	\$.243		

A change in rates due to a change in the Former Employee's age will become effective on the Policy Anniversary Date coinciding with or following the Former Employee's birthday.

TL-004718

## GENERAL PROVISIONS

### Entire Contract

The entire contract will be made up of the Policy, the application of the Employer, a copy of which is attached to the Policy, and the applications, if any, of the Insureds.

### Incontestability

All statements made by the Employer or by an Insured are representations not warranties. No statement will be used to deny or reduce benefits or as a defense to a claim, unless a copy of the instrument containing the statement has been furnished to the claimant. In the event of death or legal incapacity, the beneficiary or representative must receive the copy.

After two years from an Insured's effective date of insurance, or from the effective date of any added or increased benefits, no such statement will cause insurance to be contested except for fraud or eligibility for coverage.

### Misstatement of Age

If an Insured's age has been misstated, the Insurance Company will adjust all benefits to the amounts that would have been purchased for the correct age.

### Policy Changes

No change in the Policy will be valid until approved by an executive officer of the Insurance Company. This approval must be endorsed on, or attached to, the Policy. No agent may change the Policy or waive any of its provisions.

### Workers' Compensation Insurance

The Policy is not in lieu of and does not affect any requirements for insurance under any Workers' Compensation Insurance Law.

### Certificates

A certificate of insurance will be delivered to the Employer for delivery to Insureds. Each certificate will list the benefits, conditions and limits of the Policy. It will state to whom benefits will be paid.

### Assignment of Benefits

The Insurance Company will not be affected by the assignment of an Insured's certificate until the original assignment or a certified copy of the assignment is filed with the Insurance Company. The Insurance Company will not be responsible for the validity or sufficiency of an assignment. An assignment of benefits will operate so long as the assignment remains in force provided insurance under the Policy is in effect. This insurance may not be levied on, attached, garnisheed, or otherwise taken for a person's debts. This prohibition does not apply where contrary to law.

### Clerical Error

A person's insurance will not be affected by error or delay in keeping records of insurance under the Policy. If such an error is found, the premium will be adjusted fairly.

### Agency

The Employer and Plan Administrator are agents of the Employee for transactions relating to insurance under the Policy. The Insurance Company is not liable for any of their acts or omissions.

TL-004726

## DEFINITIONS

Please note, certain words used in this document have specific meanings. These terms will be capitalized throughout this document. The definition of any word, if not defined in the text where it is used, may be found either in this Definitions section or in the Schedule of Benefits.

### **Accident**

An Accident is a sudden, unforeseeable external event that causes bodily Injury to an Insured while coverage is in force under the Policy.

### **Active Service**

An Employee will be considered in Active Service with the Employer on a day which is one of the Employer's scheduled work days if either of the following conditions are met.

1. He or she is actively at work. This means the Employee is performing his or her regular occupation for the Employer on a Full-time basis, either at one of the Employer's usual places of business or at some location to which the Employer's business requires the Employee to travel.
2. The day is a scheduled holiday, vacation day or period of Employer approved paid leave of absence, other than disability or sick leave after 7 days.

An Employee is considered in Active Service on a day which is not one of the Employer's scheduled work days only if he or she was in Active Service on the preceding scheduled work day.

### **Annual Compensation**

An Employee's annual wage or salary as reported by the Employer for work performed for the Employer as of the date the covered loss occurs. It includes earnings received as commissions, but not bonuses, overtime pay or other extra compensation.

Commissions will be averaged for the 12 months just prior to the date the covered loss occurs, or the months employed, if less than 12 months.

### **Employee**

For eligibility purposes, an Employee is an employee of the Employer in one of the "Classes of Eligible Employees." Otherwise, Employee means an employee of the Employer who is insured under the Policy.

### **Employer**

The Employer who has subscribed to the Policyholder and for the benefit of whose Employees this policy has been issued. The Employer, named as the Subscriber on the front of this Policy, includes any affiliates or subsidiaries covered under the Policy. The Employer is acting as an agent of the Insured for transactions relating to this insurance. The actions of the Employer shall not be considered the actions of the Insurance Company.

### **Full-time**

Full-time means the number of hours set by the Employer as a regular work day for Employees in the Employee's eligibility class.

### **Initial Open Enrollment Period**

The period in the calendar year when an eligible Employee who was hired on or before the Policy Effective Date may enroll for the first time for Insurance Benefits under this Policy. This period must be agreed upon by the Employer and the Insurance Company. Refer to Initial Open Enrollment under the Enrolling for Insurance section of the Policy.

### **Injury**

Any accidental loss or bodily harm which results directly and independently of all other causes from an Accident.



**Insurability Requirement**

An eligible person will satisfy the Insurability Requirement for an amount of coverage on the day the Insurance Company agrees in writing to accept him or her as insured for that amount. To determine a person's acceptability for coverage, the Insurance Company will require evidence of good health and may require it be provided at the Employee's expense.

**Insurance Company**

The Insurance Company underwriting the Policy is named on the Policy cover page.

**Insured**

A person who is eligible for insurance under the Policy, for whom insurance is elected, the required premium is paid and coverage is in force under the Policy.

**Physician**

Physician means a licensed doctor practicing within the scope of his or her license and rendering care and treatment to an Insured that is appropriate for the condition and locality. The term does not include an Employee, an Employee's spouse, the immediate family (including parents, children, siblings or spouses of any of the foregoing, whether the relationship derives from blood or marriage), of an Employee or spouse, or a person living in an Employee's household.

**Prior Plan**

The Prior Plan refers to the plan of insurance providing similar benefits sponsored by the Employer in effect directly prior to the Policy Effective Date.

**Sickness**

Any physical or mental illness.

TL-004708

**IMPORTANT CHANGES FOR STATE REQUIREMENTS**

If an Employee resides in one of the following states, the provisions of the certificate are modified for residents of the following states. The modifications listed apply only to residents of that state.

**California Residents:****Conversion Privilege for Life Insurance**

Insured Employees and Insured Spouses may convert to an individual policy of life insurance for an amount not greater than the Conversion Amount shown below when the Policy ends, without regard to any requirement that the person be insured under the policy for a specified period of time, if all of the following apply.

- a. The Insured became Totally Disabled while covered for the Life Benefit of the Policy. Totally Disabled means the person is unable to perform all the material duties of any occupation for which he or she may reasonably be qualified based on training, education and experience.
- b. The Insured remained Totally Disabled until the Policy ended while covered for the Life Benefit of this Policy.
- c. The Policy does not provide a Waiver of Premium, Extended Death Benefit Provision or monthly payments to Totally Disabled Insureds for the Life Benefit.
- d. The person meets all other conditions for converting the insurance.

Conversion Amount - Insured's life insurance amount under the Policy on the date the Policy ends minus the amount for which the Insured is insured under a group policy that provides life coverage to employees of the Insured Employee's Employer covered under this Policy. The dollar limit that applies to the amount for conversion at Policy termination does not apply.

The requirement that the Insured be covered under the Policy for the stated number of years in order to convert life insurance does not apply.

**Missouri residents:**

Regardless of any language to the contrary in the Policy, suicide is no defense to payment of life insurance benefits. However, if an Insured commits suicide within 2 years from the date their insurance under the Policy becomes effective, and the Insurance Company can show that the Insured intended suicide at the time they applied for the insurance, life insurance benefits will be limited to a refund of premium paid on the Insured's behalf.

**North Dakota residents:**

The Suicide exclusion, if any, is limited to one year from the effective date of insurance. The suicide exclusion with respect to any increase in death benefits which results from an application of the insured subsequent to the effective date, if any, is limited to one year from the effective date of the increase.

**LIFE INSURANCE COMPANY OF NORTH AMERICA  
PHILADELPHIA, PA 19192-2235**

We, City of Palo Alto, whose main office address is Palo Alto, CA, hereby approve and accept the terms of Group Policy Number FLX-962659 issued by the LIFE INSURANCE COMPANY OF NORTH AMERICA to the TRUSTEE OF THE GROUP INSURANCE TRUST FOR EMPLOYERS IN THE PUBLIC ADMINISTRATION INDUSTRY.

This form is to be signed in duplicate. One part is to be retained by City of Palo Alto; the other part is to be returned to the LIFE INSURANCE COMPANY OF NORTH AMERICA.

City of Palo Alto

Signature and Title: \_\_\_\_\_ Date: \_\_\_\_\_

(This Copy Is To Be Returned To Life Insurance Company of North America)

**LIFE INSURANCE COMPANY OF NORTH AMERICA  
PHILADELPHIA, PA 19192-2235**

We, City of Palo Alto, whose main office address is Palo Alto, CA, hereby approve and accept the terms of Group Policy Number FLX-962659 issued by the LIFE INSURANCE COMPANY OF NORTH AMERICA to the TRUSTEE OF THE GROUP INSURANCE TRUST FOR EMPLOYERS IN THE PUBLIC ADMINISTRATION INDUSTRY.

This form is to be signed in duplicate. One part is to be retained by City of Palo Alto; the other part is to be returned to the LIFE INSURANCE COMPANY OF NORTH AMERICA.

City of Palo Alto

Signature and Title: \_\_\_\_\_ Date: \_\_\_\_\_

(This Copy Is To Be Retained By City of Palo Alto)

**LIFE INSURANCE COMPANY OF NORTH AMERICA**  
**(herein called the Company)**

Amendment to be attached to and made a part of the Group Policy  
A Contract between the Company and

Policyholder: Trustee of the Group Insurance Trust for Employers in the Public Administration Industry  
Participating Subscriber: City of Palo Alto  
(herein called the Subscriber)

Policy No.: FLX - 962659

The Company and the Subscriber hereby agree that the Policy is amended as follows:

Effective January 1, 2022, the rates shown on the attached Schedule of Rates will be in force for coverage under the Policy.

No change in rates will be made until 36 months after the effective date of this Amendment. However, the Company reserves the right to change the rates at any time during a period for which the rates are guaranteed if the conditions described in the Changes in Premium Rates provision under the Administrative Provisions section of the Policy apply.

Except for the above, this Amendment does not change the Policy in any way.

FOR THE COMPANY



William J. Smith, President

Date: November 10, 2021 (revised)

Amendment No. 03a

TL-004780

**SCHEDULE OF RATES**

The following monthly rates apply to all Classes of Eligible Persons unless otherwise indicated.

**FOR EMPLOYEE BENEFITS**

**Basic Life Insurance**                      \$.090 Per \$1,000

**Voluntary Life Insurance**                \$.24 Per \$1,000

**FOR FORMER EMPLOYEE BENEFITS**

Monthly Rates are based on units of \$1,000.

Under Age 20	\$.153	Age 45 - 49	\$.384
Age 20 - 24	\$.144	Age 50 - 54	\$.726
Age 25 - 29	\$.153	Age 55 - 59	\$1.347
Age 30 - 34	\$.177	Age 60 - 64	\$2.461
Age 35 - 39	\$.19	Age 65 - 69	\$4.065
Age 40 - 44	\$.243		

A change in rates due to a change in the Former Employee's age will become effective on the Policy Anniversary Date coinciding with or following the Former Employee's birthday.

TL-004718

**LIFE INSURANCE COMPANY OF NORTH AMERICA**  
**(herein called the Company)**

Amendment to be attached to and made a part of the Group Policy  
A Contract between the Company and

Policyholder: Trustee of the Group Insurance Trust for Employers in the Public Administration Industry  
Participating Subscriber: City of Palo Alto  
(herein called the Subscriber)

Policy No.: LK - 961943

The Company and the Subscriber hereby agree that the Policy is amended as follows:

1. Effective January 1, 2022, the following rates will be in force for Classes 1 for coverage under the Policy:

Option 1

\$1.07 per \$100 of Covered Payroll

Covered Payroll for an Employee will mean his or her Covered Earnings for the insurance month prior to the date the determination is made. However, an Employee's Covered Payroll will not include any part of his or her monthly Covered Earnings which exceed \$6,000.

Option 2

\$.51 per \$100 of Covered Payroll

Covered Payroll for an Employee will mean his or her Covered Earnings for the insurance month prior to the date the determination is made. However, an Employee's Covered Payroll will not include any part of his or her monthly Covered Earnings which exceed \$3,000.

2. Effective January 1, 2022, the following rates will be in force for Class 2 and 3 for coverage under the Policy:

\$.56 per \$100 of Covered Payroll

Covered Payroll for an Employee will mean his or her Covered Earnings for the insurance month prior to the date the determination is made. However, an Employee's Covered Payroll will not include any part of his or her monthly Covered Earnings which exceed \$15,000.

No change in rates will be made until 36 months after the effective date of this Amendment. However, the Company reserves the right to change the rates at any time during a period for which the rates are guaranteed if the conditions described in the Changes in Premium Rates provision under the Administrative Provisions section of the Policy apply.

Except for the above, this Amendment does not change the Policy in any way.

FOR THE COMPANY

A handwritten signature in black ink, appearing to read "William J. Smith". The signature is written in a cursive, flowing style.

William J. Smith, President

Date: August 26, 2021

Amendment No. 03a

TL-004780

**Life Insurance Company of North America**  
**1601 Chestnut Street**  
**Philadelphia, Pennsylvania 19192-2235**

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### **AMENDMENT**

Policyholder: Trustee of the Group Insurance Trust for Employers in the Public Administration Industry

Subscriber: City of Palo Alto

Policy No.: OK - 964302

This Amendment is attached to and made part of the Policy specified above. It is subject to all of the policy provisions that do not conflict with its provisions.

Subscriber and We hereby agree that the Policy is amended as follows:

Effective January 1, 2022, the following rates will be in force for Classes 1, 2 and 3 for coverage under the Policy:

Premium Rate:

Basic Insurance

Employee Rate: \$0.015 per \$1,000

Voluntary Insurance

Employee Rate: \$0.02 per \$1,000

No change in rates will be made until 36 months after the effective date of this Amendment. However, the Company reserves the right to change the rates at any time during a period for which the rates are guaranteed if the conditions described in the Changes in Premium Rates provision under the Administrative Provisions section of the Policy apply.

Except for the above, this Amendment does not change the Policy in any way.

**Life Insurance Company of North America**



William J. Smith, President

Date: August 26, 2021

Amendment No. 04ri0215

GA-00-4000.00



**EXHIBIT "A-2"**  
**BASIC & VOLUNTARY AD&D LIFE INSURANCE POLICY**

**CALIFORNIA LIFE AND HEALTH INSURANCE  
GUARANTY ASSOCIATION ACT  
SUMMARY DOCUMENT AND DISCLAIMER**

Residents of California who purchase life and health insurance and annuities should know that the insurance companies licensed in this state to write these types of insurance are members of the California Life and Health Insurance Guaranty Association. The purpose of this Association is to assure that policyholders will be protected, within limits, in the unlikely event that a member insurer becomes financially unable to meet its obligations. If this should happen, the Association will assess its other member insurance companies for the money to pay the claims of insured persons who live in this state and, in some cases, to keep coverage in force. The valuable extra protection provided through the Association is not unlimited, as noted in the box below, and is not a substitute for consumers' care in selecting well managed and financially stable insurers.

**The California Life and Health Insurance Guaranty Association may not provide coverage for this insurance. If coverage is provided, it may be subject to substantial limitations or exclusions, and require continued residency in the state. You should not rely on coverage by the Association in selecting an insurance company or in selecting an insurance policy.**

**Coverage is NOT provided for your insurance or any portion of it that is not guaranteed by the Insurer or for which you have assumed the risk, such as a variable contract sold by prospectus.**

**Insurance companies or their agents are required by law to give or send you this notice. However, insurance companies and their agents are prohibited by law from using the existence of the Association to induce you to purchase any kind of insurance policy.**

**If you have additional questions, you should first contact your insurer or agent and then may contact:**

**California Life and Health  
Insurance Guaranty Association  
P.O. Box 16860  
Beverly Hills, CA 90209**

**OR**

**Consumer Service Division  
California Department of Insurance  
300 South Spring Street  
Los Angeles, CA 90013**

Below is a brief summary of this law's coverages, exclusions and limits. This summary does not cover all provisions of the law; nor does it in any way change anyone's rights or obligations under the Act or the rights or obligations of the Association.

## COVERAGE

Generally, individuals will be protected by the California Life and Health Insurance Guaranty Association if they live in this state and hold a life or health insurance contract, or an annuity, or if they are insured under a group insurance contract, issued by a member insurer. The beneficiaries, payees or assignees of insured persons are protected as well, even if they live in another state.

## EXCLUSIONS FROM COVERAGE

However, persons holding such policies are not protected by this Association if:

- their insurer was not authorized to do business in this state when it issued the policy or contract;
- their policy was issued by a health care service plan (HMO), Blue Cross, Blue Shield, a charitable organization, a fraternal benefit society, a mandatory state pooling plan, a mutual assessment company, an insurance exchange, or a grants and annuities society;
- they are eligible for protection under the laws of another state. This may occur when the insolvent insurer was incorporated in another state whose Guaranty Association protects insureds who live outside that state.

The Association also does not provide coverage for:

- unallocated annuity contracts; that is, contracts which are not issued to and owned by an individual and which guarantee rights to group contract holders, not individuals;
- employer and association plans to the extent they are self-funded or uninsured;
- synthetic guaranteed interest contracts;
- any policy or portion of a policy which is not guaranteed by the insurer or for which the individual has assumed the risk, such as a variable contract sold by prospectus;
- any policy of reinsurance unless an assumption certificate was issued;
- interest rate yields that exceed an average rate; and
- any portion of a contract that provides dividends or experience rating credits.

## LIMITS ON AMOUNT OF COVERAGE

The Act limits the Association to pay benefits as follows:

### Life and Annuity Benefits

- 80% of what the life insurance company would owe under a life policy or annuity contract up to
  - \$100,000 in cash surrender values;
  - \$100,000 in present value of annuities; or
  - \$250,000 in life insurance death benefits.
- A maximum of \$250,000 for any one insured life no matter how many policies and contracts there were with the same company, even if the policies provided different types of coverages.

### Health Benefits

- A maximum of \$200,000 of the contractual obligations that the health insurance company would owe were it not insolvent. The maximum may increase or decrease annually based upon changes in the health care cost component of the consumer price index.

## PREMIUM SURCHARGE

Member insurers are required to recoup assessments paid to the Association by way of a surcharge on premiums charged for health insurance policies to which the act applies.

# Life Insurance Company of North America

1601 Chestnut Street, Philadelphia, Pennsylvania 19192-2235  
A Stock Insurance Company

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## GROUP ACCIDENT POLICY

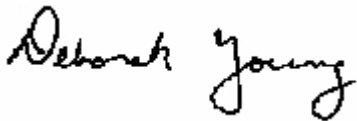
<b>POLICYHOLDER:</b>	Trustee of the Group Insurance Trust for Employers in the Public Administration Industry
<b>POLICY NUMBER:</b>	OK 964302
<b>POLICY EFFECTIVE DATE:</b>	January 1
<b>POLICY ANNIVERSARY DATE:</b>	January 1
<b>STATE OF ISSUE:</b>	Delaware

This Policy describes the terms and conditions of insurance. This Policy goes into effect subject to its applicable terms and conditions at 12:01 AM on the Policy Effective Date shown above at the Policyholder's address. The laws of the State of Issue shown above govern this Policy.

We and the Policyholder agree to all of the terms of this Policy.

**THIS IS A GROUP ACCIDENT ONLY INSURANCE POLICY.  
IT DOES NOT PAY BENEFITS FOR LOSS CAUSED BY SICKNESS.**

**THIS IS A LIMITED POLICY.  
PLEASE READ IT CAREFULLY.**



Deborah Young, Corporate Secretary



Karen S. Rohan, President

Countersigned \_\_\_\_\_  
Where Required By Law

GA-00-1000.00

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GA-00-1000.00

SCHEDULE OF AFFILIATES

The following affiliates are covered under this Policy on the effective dates listed below.

<u>AFFILIATE NAME</u>	<u>LOCATION</u>	<u>EFFECTIVE DATE</u>
None		
GA-00-1000.00		

## SCHEDULE OF BENEFITS

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*This Policy is intended to be read in its entirety. In order to understand all the conditions, exclusions and limitations applicable to its benefits, please read all the policy provisions carefully.*

**The *Schedule of Benefits* provides a brief outline of the coverage and benefits provided by this Policy. Please read the *Description of Coverages and Benefits* Section for full details.**

**Subscriber:** City of Palo Alto

**Effective Date of Subscriber Participation:** January 1, 2009

**Covered Classes:**

- |         |   |
|---------|---|
| Class 1 | All active, full-time Employees of the Employer, regularly working a minimum of 20 hours per week excluding Employees who are classified as Management.   |
| Class 2 | All active, full-time Employees of the Employer, regularly working a minimum of 20 hours per week who are classified as Management.   |
| Class 3 | All active, Full-time Employees of the Employer as defined under the prior carrier policy number 643835, and on file with the Insurance Company, and who are regularly working a minimum of 20 hours per week. (Closed Class) |

SCHEDULE OF BENEFITS FOR CLASS 1

This *Schedule of Benefits* shows maximums, benefit periods and any limitations applicable to benefits provided in this Policy for each Covered Person unless otherwise indicated. Principal Sum, when referred to in this Schedule, means the Employee's Principal Sum in effect on the date of the Covered Accident causing the Covered Injury or Covered Loss unless otherwise specified.

Eligibility Waiting Period

The Eligibility Waiting Period is the period of time the Employee must be in a Covered Class to be eligible for coverage.

- For Employees hired on or before the Policy Effective Date: No Waiting Period
- For Employees hired after the Policy Effective Date: No Waiting Period

Time Period for Loss:

- Any Covered Loss must occur within: 365 days of the Covered Accident

Maximum Age for Insurance:

None

BASIC ACCIDENTAL DEATH AND DISMEMBERMENT BENEFITS

- Employee Principal Sum: 1 times Annual Compensation rounded to the next higher \$1,000 if not already a multiple thereof, subject to a maximum of \$325,000.

Changes in the Covered Person's amount of insurance resulting from a change in the Employee's amount of Annual Compensation take effect, subject to any Active Service requirement, on the first day of the month following the change in Annual Compensation.

SCHEDULE OF COVERED LOSSES

Covered Loss	Benefit
Loss of Life	100% of the Principal Sum
Loss of Two or More Hands or Feet	100% of the Principal Sum
Loss of Sight of Both Eyes	100% of the Principal Sum
Loss of One Hand or One Foot and Sight in One Eye	100% of the Principal Sum
Loss of Speech and Hearing (in both ears)	100% of the Principal Sum
Quadriplegia	100% of the Principal Sum
Paraplegia	75% of the Principal Sum
Hemiplegia	50% of the Principal Sum
Uniplegia	25% of the Principal Sum
Coma	
Monthly Benefit	1% of the Principal Sum
Number of Monthly Benefits	11
Lump Sum Benefit	100% of the Principal Sum
When Payable	Beginning of the 12 <sup>th</sup> month
Loss of One Hand or Foot	50% of the Principal Sum
Loss of Sight in One Eye	50% of the Principal Sum
Loss of Speech	50% of the Principal Sum
Loss of Hearing (in both ears)	50% of the Principal Sum
Loss of all Four Fingers of the Same Hand	25% of the Principal Sum
Loss of Thumb and Index Finger of the Same Hand	25% of the Principal Sum
Loss of all the Toes of the Same Foot	25% of the Principal Sum

**Age Reductions**

A Covered Person's Principal Sum will be reduced to the percentage of his Principal Sum in effect on the date preceding the first reduction, as shown below.

Age	Percentage of Benefit Amount
70 but less than 75	65%
75 and over	50%

**ADDITIONAL ACCIDENTAL DEATH AND DISMEMBERMENT COVERAGES**

Accidental Death and Dismemberment benefits are provided under the following coverages. Any benefits payable under them are as shown in the *Schedule of Covered Losses* and are not paid in addition to any other Accidental Death and Dismemberment benefits.

**EXPOSURE AND DISAPPEARANCE COVERAGE**

Principal Sum multiplied by the percentage applicable to the Covered Loss, as shown in the *Schedule of Covered Losses*.

**ADDITIONAL ACCIDENT BENEFITS**

Any benefits payable under these *Additional Accident Benefits* shown below are paid in addition to any other Accidental Death and Dismemberment benefits payable.

**CHILD CARE CENTER BENEFIT**

Benefit Amount	\$5,000
Maximum Benefit Period	the earlier of 4 years or until the child turns 13 for each surviving Dependent Child

**COMMON CARRIER BENEFIT**

100% multiplied by the percentage of the Principal Sum applicable to the Covered Loss, as shown in the *Schedule of Covered Losses*, subject to a maximum of \$200,000

**FELONIOUS ASSAULT AND VIOLENT CRIME BENEFIT**

Accidental Death and Dismemberment Benefit	50% multiplied by the percentage of the Principal Sum applicable to the Covered Loss, as shown in the <i>Schedule of Covered Losses</i> , subject to a maximum of \$25,000
Hospital Stay Benefit	\$100 per day
Maximum Benefit Period	365 days per Hospital Stay per Covered Accident

**SEATBELT AND AIRBAG BENEFIT**

Seatbelt Benefit	\$10,000
Airbag Benefit	\$5,000
Default Benefit	\$1,000

**SPECIAL EDUCATION BENEFIT**

Surviving Dependent Child Benefit	\$5,000
Maximum Number of Annual Payments For Each Surviving Dependent Child	4
Default Benefit	\$1,000

**SPOUSE RETRAINING BENEFIT**

Benefit	\$5,000
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**VOLUNTARY ACCIDENTAL DEATH AND DISMEMBERMENT BENEFITS**

Employee Principal Sum:

Voluntary Benefits match the Voluntary Life Benefits under policy number FLX 962659. Only Employees covered for the Voluntary Life can elect Voluntary AD&D.

Changes in the Covered Person's amount of insurance resulting from a change in the Employee's amount of Annual Compensation take effect, subject to any Active Service requirement, on the first day of the month following the change in Annual Compensation.

**SCHEDULE OF COVERED LOSSES**

<b>Covered Loss</b>	<b>Benefit</b>
Loss of Life	100% of the Principal Sum
Loss of Two or More Hands or Feet	100% of the Principal Sum
Loss of Sight of Both Eyes	100% of the Principal Sum
Loss of One Hand or One Foot and Sight in One Eye	100% of the Principal Sum
Loss of Speech and Hearing (in both ears)	100% of the Principal Sum
Quadriplegia	100% of the Principal Sum
Paraplegia	75% of the Principal Sum
Hemiplegia	50% of the Principal Sum
Uniplegia	25% of the Principal Sum
Coma	
Monthly Benefit	1% of the Principal Sum
Number of Monthly Benefits	11
Lump Sum Benefit	100% of the Principal Sum
When Payable	Beginning of the 12 <sup>th</sup> month
Loss of One Hand or Foot	50% of the Principal Sum
Loss of Sight in One Eye	50% of the Principal Sum
Loss of Speech	50% of the Principal Sum
Loss of Hearing (in both ears)	50% of the Principal Sum
Loss of all Four Fingers of the Same Hand	25% of the Principal Sum
Loss of Thumb and Index Finger of the Same Hand	25% of the Principal Sum
Loss of all the Toes of the Same Foot	25% of the Principal Sum

**Age Reductions**

A Covered Person's Principal Sum will be reduced to the percentage of his Principal Sum in effect on the date preceding the first reduction, as shown below.

<b>Age</b>	<b>Percentage of Benefit Amount</b>
70 but less than 75	65%
75 and over	50%

**ADDITIONAL ACCIDENTAL DEATH AND DISMEMBERMENT COVERAGES**

Accidental Death and Dismemberment benefits are provided under the following coverages. Any benefits payable under them are as shown in the *Schedule of Covered Losses* and are not paid in addition to any other Accidental Death and Dismemberment benefits.

**EXPOSURE AND DISAPPEARANCE COVERAGE**

Principal Sum multiplied by the percentage applicable to the Covered Loss, as shown in the *Schedule of Covered Losses*.

**ADDITIONAL ACCIDENT BENEFITS**

Any benefits payable under these *Additional Accident Benefits* shown below are paid in addition to any other Accidental Death and Dismemberment benefits payable.

**CHILD CARE CENTER BENEFIT**

Benefit Amount	\$5,000
Maximum Benefit Period	the earlier of 4 years or until the child turns 13 for each surviving Dependent Child

**COMMON CARRIER BENEFIT**

100% multiplied by the percentage of the Principal Sum applicable to the Covered Loss, as shown in the *Schedule of Covered Losses*, subject to a maximum of \$200,000

**FELONIOUS ASSAULT AND VIOLENT CRIME BENEFIT**

Accidental Death and Dismemberment Benefit	50% multiplied by the percentage of the Principal Sum applicable to the Covered Loss, as shown in the <i>Schedule of Covered Losses</i> , subject to a maximum of \$25,000
Hospital Stay Benefit	\$100 per day
Maximum Benefit Period	365 days per Hospital Stay per Covered Accident

**SEATBELT AND AIRBAG BENEFIT**

Seatbelt Benefit	\$10,000
Airbag Benefit	\$5,000
Default Benefit	\$1,000

**SPECIAL EDUCATION BENEFIT**

Surviving Dependent Child Benefit	\$5,000
Maximum Number of Annual Payments For Each Surviving Dependent Child	4
Default Benefit	\$1,000

**SPOUSE RETRAINING BENEFIT**

Benefit	\$5,000
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**INITIAL PREMIUM RATES**

Premium Rate:	<u>Basic Insurance</u>
	Employee Rate: \$0.02 per \$1,000
	<u>Voluntary Insurance</u>
	Employee Rate: \$0.02 per \$1,000

Mode of Premium Payment:	Monthly
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Contributions:	The cost of the coverage is paid by the Subscriber and the Employee
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Premium Due Dates:	The Policy Effective Date and the first day of each succeeding modal period
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Premium rates are subject to change in accordance with the *Changes in Premium Rates* section contained in the *Administrative Provisions* section of this Policy.

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**SCHEDULE OF BENEFITS FOR CLASS 2**

**This *Schedule of Benefits* shows maximums, benefit periods and any limitations applicable to benefits provided in this Policy for each Covered Person unless otherwise indicated. Principal Sum, when referred to in this Schedule, means the Employee's Principal Sum in effect on the date of the Covered Accident causing the Covered Injury or Covered Loss unless otherwise specified.**

**Eligibility Waiting Period**

The Eligibility Waiting Period is the period of time the Employee must be in a Covered Class to be eligible for coverage.

For Employees hired on or before the Policy Effective Date: No Waiting Period

For Employees hired after the Policy Effective Date: No Waiting Period

**Time Period for Loss:**

Any Covered Loss must occur within: 365 days of the Covered Accident

**Maximum Age for Insurance:**

None

**BASIC ACCIDENTAL DEATH AND DISMEMBERMENT BENEFITS**

Employee Principal Sum: 1 times Annual Compensation rounded to the next higher \$1,000 if not already a multiple thereof, subject to a maximum of \$325,000.

Changes in the Covered Person's amount of insurance resulting from a change in the Employee's amount of Annual Compensation take effect, subject to any Active Service requirement, on the first day of the month following the change in Annual Compensation.

**SCHEDULE OF COVERED LOSSES**

<b>Covered Loss</b>	<b>Benefit</b>
Loss of Life	100% of the Principal Sum
Loss of Two or More Hands or Feet	100% of the Principal Sum
Loss of Sight of Both Eyes	100% of the Principal Sum
Loss of One Hand or One Foot and Sight in One Eye	100% of the Principal Sum
Loss of Speech and Hearing (in both ears)	100% of the Principal Sum
Quadriplegia	100% of the Principal Sum
Paraplegia	75% of the Principal Sum
Hemiplegia	50% of the Principal Sum
Uniplegia	25% of the Principal Sum
Coma	
Monthly Benefit	1% of the Principal Sum
Number of Monthly Benefits	11
Lump Sum Benefit	100% of the Principal Sum
When Payable	Beginning of the 12 <sup>th</sup> month
Loss of One Hand or Foot	50% of the Principal Sum
Loss of Sight in One Eye	50% of the Principal Sum
Loss of Speech	50% of the Principal Sum
Loss of Hearing (in both ears)	50% of the Principal Sum
Loss of all Four Fingers of the Same Hand	25% of the Principal Sum
Loss of Thumb and Index Finger of the Same Hand	25% of the Principal Sum
Loss of all the Toes of the Same Foot	25% of the Principal Sum

**Age Reductions**

A Covered Person's Principal Sum will be reduced to the percentage of his Principal Sum in effect on the date preceding the first reduction, as shown below.

Age	Percentage of Benefit Amount
70 but less than 75	65%
75 and over	50%

**ADDITIONAL ACCIDENTAL DEATH AND DISMEMBERMENT COVERAGES**

Accidental Death and Dismemberment benefits are provided under the following coverages. Any benefits payable under them are as shown in the *Schedule of Covered Losses* and are not paid in addition to any other Accidental Death and Dismemberment benefits.

**EXPOSURE AND DISAPPEARANCE COVERAGE**

Principal Sum multiplied by the percentage applicable to the Covered Loss, as shown in the *Schedule of Covered Losses*.

**ADDITIONAL ACCIDENT BENEFITS**

Any benefits payable under these *Additional Accident Benefits* shown below are paid in addition to any other Accidental Death and Dismemberment benefits payable.

**CHILD CARE CENTER BENEFIT**

Benefit Amount	\$5,000
Maximum Benefit Period	the earlier of 4 years or until the child turns 13 for each surviving Dependent Child

**COMMON CARRIER BENEFIT**

100% multiplied by the percentage of the Principal Sum applicable to the Covered Loss, as shown in the *Schedule of Covered Losses*, subject to a maximum of \$200,000

**FELONIOUS ASSAULT AND VIOLENT CRIME BENEFIT**

Accidental Death and Dismemberment Benefit	50% multiplied by the percentage of the Principal Sum applicable to the Covered Loss, as shown in the <i>Schedule of Covered Losses</i> , subject to a maximum of \$25,000
Hospital Stay Benefit	\$100 per day
Maximum Benefit Period	365 days per Hospital Stay per Covered Accident

**SEATBELT AND AIRBAG BENEFIT**

Seatbelt Benefit	\$10,000
Airbag Benefit	\$5,000
Default Benefit	\$1,000

**SPECIAL EDUCATION BENEFIT**

Surviving Dependent Child Benefit	\$5,000
Maximum Number of Annual Payments For Each Surviving Dependent Child	4
Default Benefit	\$1,000

**SPOUSE RETRAINING BENEFIT**

Benefit	\$5,000
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**VOLUNTARY ACCIDENTAL DEATH AND DISMEMBERMENT BENEFITS**

Employee Principal Sum:

Voluntary Benefits match the Voluntary Life Benefits under policy number FLX 962659. Only Employees covered for the Voluntary Life can elect Voluntary AD&D.

Changes in the Covered Person's amount of insurance resulting from a change in the Employee's amount of Annual Compensation take effect, subject to any Active Service requirement, on the first day of the month following the change in Annual Compensation.

**SCHEDULE OF COVERED LOSSES**

<b>Covered Loss</b>	<b>Benefit</b>
Loss of Life	100% of the Principal Sum
Loss of Two or More Hands or Feet	100% of the Principal Sum
Loss of Sight of Both Eyes	100% of the Principal Sum
Loss of One Hand or One Foot and Sight in One Eye	100% of the Principal Sum
Loss of Speech and Hearing (in both ears)	100% of the Principal Sum
Quadriplegia	100% of the Principal Sum
Paraplegia	75% of the Principal Sum
Hemiplegia	50% of the Principal Sum
Uniplegia	25% of the Principal Sum
Coma	
Monthly Benefit	1% of the Principal Sum
Number of Monthly Benefits	11
Lump Sum Benefit	100% of the Principal Sum
When Payable	Beginning of the 12 <sup>th</sup> month
Loss of One Hand or Foot	50% of the Principal Sum
Loss of Sight in One Eye	50% of the Principal Sum
Loss of Speech	50% of the Principal Sum
Loss of Hearing (in both ears)	50% of the Principal Sum
Loss of all Four Fingers of the Same Hand	25% of the Principal Sum
Loss of Thumb and Index Finger of the Same Hand	25% of the Principal Sum
Loss of all the Toes of the Same Foot	25% of the Principal Sum

**Age Reductions**

A Covered Person's Principal Sum will be reduced to the percentage of his Principal Sum in effect on the date preceding the first reduction, as shown below.

<b>Age</b>	<b>Percentage of Benefit Amount</b>
70 but less than 75	65%
75 and over	50%

**ADDITIONAL ACCIDENTAL DEATH AND DISMEMBERMENT COVERAGES**

Accidental Death and Dismemberment benefits are provided under the following coverages. Any benefits payable under them are as shown in the *Schedule of Covered Losses* and are not paid in addition to any other Accidental Death and Dismemberment benefits.

**EXPOSURE AND DISAPPEARANCE COVERAGE**

Principal Sum multiplied by the percentage applicable to the Covered Loss, as shown in the *Schedule of Covered Losses*.

**ADDITIONAL ACCIDENT BENEFITS**

Any benefits payable under these *Additional Accident Benefits* shown below are paid in addition to any other Accidental Death and Dismemberment benefits payable.

**CHILD CARE CENTER BENEFIT**

Benefit Amount	\$5,000
Maximum Benefit Period	the earlier of 4 years or until the child turns 13 for each surviving Dependent Child

**COMMON CARRIER BENEFIT**

100% multiplied by the percentage of the Principal Sum applicable to the Covered Loss, as shown in the *Schedule of Covered Losses*, subject to a maximum of \$200,000

**FELONIOUS ASSAULT AND VIOLENT CRIME BENEFIT**

Accidental Death and Dismemberment Benefit	50% multiplied by the percentage of the Principal Sum applicable to the Covered Loss, as shown in the <i>Schedule of Covered Losses</i> , subject to a maximum of \$25,000
Hospital Stay Benefit	\$100 per day
Maximum Benefit Period	365 days per Hospital Stay per Covered Accident

**SEATBELT AND AIRBAG BENEFIT**

Seatbelt Benefit	\$10,000
Airbag Benefit	\$5,000
Default Benefit	\$1,000

**SPECIAL EDUCATION BENEFIT**

Surviving Dependent Child Benefit	\$5,000
Maximum Number of Annual Payments For Each Surviving Dependent Child	4
Default Benefit	\$1,000

**SPOUSE RETRAINING BENEFIT**

Benefit	\$5,000
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**INITIAL PREMIUM RATES**

Premium Rate:	<u>Basic Insurance</u> Employee Rate: \$0.02 per \$1,000
	<u>Voluntary Insurance</u> Employee Rate: \$0.02 per \$1,000

Mode of Premium Payment:	Monthly
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Contributions:	The cost of the coverage is paid by the Subscriber and the Employee
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Premium Due Dates:	The Policy Effective Date and the first day of each succeeding modal period
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Premium rates are subject to change in accordance with the *Changes in Premium Rates* section contained in the *Administrative Provisions* section of this Policy.

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**SCHEDULE OF BENEFITS FOR CLASS 3**

**This *Schedule of Benefits* shows maximums, benefit periods and any limitations applicable to benefits provided in this Policy for each Covered Person unless otherwise indicated. Principal Sum, when referred to in this Schedule, means the Employee's Principal Sum in effect on the date of the Covered Accident causing the Covered Injury or Covered Loss unless otherwise specified.**

**Eligibility Waiting Period**

The Eligibility Waiting Period is the period of time the Employee must be in a Covered Class to be eligible for coverage.

For Employees hired on or before the Policy Effective Date: No Waiting Period

For Employees hired after the Policy Effective Date: No Waiting Period

**Time Period for Loss:**

Any Covered Loss must occur within: 365 days of the Covered Accident

**Maximum Age for Insurance:**

None

**BASIC ACCIDENTAL DEATH AND DISMEMBERMENT BENEFITS**

Employee Principal Sum: 1 times Annual Compensation rounded to the next higher \$1,000 if not already a multiple thereof, subject to a maximum of \$325,000.

Changes in the Covered Person's amount of insurance resulting from a change in the Employee's amount of Annual Compensation take effect, subject to any Active Service requirement, on the first day of the month following the change in Annual Compensation.

**SCHEDULE OF COVERED LOSSES**

<b>Covered Loss</b>	<b>Benefit</b>
Loss of Life	100% of the Principal Sum
Loss of Two or More Hands or Feet	100% of the Principal Sum
Loss of Sight of Both Eyes	100% of the Principal Sum
Loss of One Hand or One Foot and Sight in One Eye	100% of the Principal Sum
Loss of Speech and Hearing (in both ears)	100% of the Principal Sum
Quadriplegia	100% of the Principal Sum
Paraplegia	75% of the Principal Sum
Hemiplegia	50% of the Principal Sum
Uniplegia	25% of the Principal Sum
Coma	
Monthly Benefit	1% of the Principal Sum
Number of Monthly Benefits	11
Lump Sum Benefit	100% of the Principal Sum
When Payable	Beginning of the 12 <sup>th</sup> month
Loss of One Hand or Foot	50% of the Principal Sum
Loss of Sight in One Eye	50% of the Principal Sum
Loss of Speech	50% of the Principal Sum
Loss of Hearing (in both ears)	50% of the Principal Sum
Loss of all Four Fingers of the Same Hand	25% of the Principal Sum
Loss of Thumb and Index Finger of the Same Hand	25% of the Principal Sum
Loss of all the Toes of the Same Foot	25% of the Principal Sum

**Age Reductions**

A Covered Person's Principal Sum will be reduced to the percentage of his Principal Sum in effect on the date preceding the first reduction, as shown below.

Age	Percentage of Benefit Amount
70 but less than 75	65%
75 and over	50%

**ADDITIONAL ACCIDENTAL DEATH AND DISMEMBERMENT COVERAGES**

Accidental Death and Dismemberment benefits are provided under the following coverages. Any benefits payable under them are as shown in the *Schedule of Covered Losses* and are not paid in addition to any other Accidental Death and Dismemberment benefits.

**EXPOSURE AND DISAPPEARANCE COVERAGE**

Principal Sum multiplied by the percentage applicable to the Covered Loss, as shown in the *Schedule of Covered Losses*.

**ADDITIONAL ACCIDENT BENEFITS**

Any benefits payable under these *Additional Accident Benefits* shown below are paid in addition to any other Accidental Death and Dismemberment benefits payable.

**CHILD CARE CENTER BENEFIT**

Benefit Amount	\$5,000
Maximum Benefit Period	the earlier of 4 years or until the child turns 13 for each surviving Dependent Child

**COMMON CARRIER BENEFIT**

100% multiplied by the percentage of the Principal Sum applicable to the Covered Loss, as shown in the *Schedule of Covered Losses*, subject to a maximum of \$200,000

**FELONIOUS ASSAULT AND VIOLENT CRIME BENEFIT**

Accidental Death and Dismemberment Benefit	50% multiplied by the percentage of the Principal Sum applicable to the Covered Loss, as shown in the <i>Schedule of Covered Losses</i> , subject to a maximum of \$25,000
Hospital Stay Benefit	\$100 per day
Maximum Benefit Period	365 days per Hospital Stay per Covered Accident

**SEATBELT AND AIRBAG BENEFIT**

Seatbelt Benefit	\$10,000
Airbag Benefit	\$5,000
Default Benefit	\$1,000

**SPECIAL EDUCATION BENEFIT**

Surviving Dependent Child Benefit	\$5,000
Maximum Number of Annual Payments For Each Surviving Dependent Child	4
Default Benefit	\$1,000

**SPOUSE RETRAINING BENEFIT**

Benefit	\$5,000
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**VOLUNTARY ACCIDENTAL DEATH AND DISMEMBERMENT BENEFITS**

Employee Principal Sum:

Voluntary Benefits match the Voluntary Life Benefits under policy number FLX 962659. Only Employees covered for the Voluntary Life can elect Voluntary AD&D.

Changes in the Covered Person's amount of insurance resulting from a change in the Employee's amount of Annual Compensation take effect, subject to any Active Service requirement, on the first day of the month following the change in Annual Compensation.

**SCHEDULE OF COVERED LOSSES**

<b>Covered Loss</b>	<b>Benefit</b>
Loss of Life	100% of the Principal Sum
Loss of Two or More Hands or Feet	100% of the Principal Sum
Loss of Sight of Both Eyes	100% of the Principal Sum
Loss of One Hand or One Foot and Sight in One Eye	100% of the Principal Sum
Loss of Speech and Hearing (in both ears)	100% of the Principal Sum
Quadriplegia	100% of the Principal Sum
Paraplegia	75% of the Principal Sum
Hemiplegia	50% of the Principal Sum
Uniplegia	25% of the Principal Sum
Coma	
Monthly Benefit	1% of the Principal Sum
Number of Monthly Benefits	11
Lump Sum Benefit	100% of the Principal Sum
When Payable	Beginning of the 12 <sup>th</sup> month
Loss of One Hand or Foot	50% of the Principal Sum
Loss of Sight in One Eye	50% of the Principal Sum
Loss of Speech	50% of the Principal Sum
Loss of Hearing (in both ears)	50% of the Principal Sum
Loss of all Four Fingers of the Same Hand	25% of the Principal Sum
Loss of Thumb and Index Finger of the Same Hand	25% of the Principal Sum
Loss of all the Toes of the Same Foot	25% of the Principal Sum

**Age Reductions**

A Covered Person's Principal Sum will be reduced to the percentage of his Principal Sum in effect on the date preceding the first reduction, as shown below.

<b>Age</b>	<b>Percentage of Benefit Amount</b>
70 but less than 75	65%
75 and over	50%

**ADDITIONAL ACCIDENTAL DEATH AND DISMEMBERMENT COVERAGES**

Accidental Death and Dismemberment benefits are provided under the following coverages. Any benefits payable under them are as shown in the *Schedule of Covered Losses* and are not paid in addition to any other Accidental Death and Dismemberment benefits.

**EXPOSURE AND DISAPPEARANCE COVERAGE**

Principal Sum multiplied by the percentage applicable to the Covered Loss, as shown in the *Schedule of Covered Losses*.

**ADDITIONAL ACCIDENT BENEFITS**

Any benefits payable under these *Additional Accident Benefits* shown below are paid in addition to any other Accidental Death and Dismemberment benefits payable.

**CHILD CARE CENTER BENEFIT**

Benefit Amount	\$5,000
Maximum Benefit Period	the earlier of 4 years or until the child turns 13 for each surviving Dependent Child

**COMMON CARRIER BENEFIT**

100% multiplied by the percentage of the Principal Sum applicable to the Covered Loss, as shown in the *Schedule of Covered Losses*, subject to a maximum of \$200,000

**FELONIOUS ASSAULT AND VIOLENT CRIME BENEFIT**

Accidental Death and Dismemberment Benefit	50% multiplied by the percentage of the Principal Sum applicable to the Covered Loss, as shown in the <i>Schedule of Covered Losses</i> , subject to a maximum of \$25,000
Hospital Stay Benefit	\$100 per day
Maximum Benefit Period	365 days per Hospital Stay per Covered Accident

**SEATBELT AND AIRBAG BENEFIT**

Seatbelt Benefit	\$10,000
Airbag Benefit	\$5,000
Default Benefit	\$1,000

**SPECIAL EDUCATION BENEFIT**

Surviving Dependent Child Benefit	\$5,000
Maximum Number of Annual Payments For Each Surviving Dependent Child	4
Default Benefit	\$1,000

**SPOUSE RETRAINING BENEFIT**

Benefit	\$5,000
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**INITIAL PREMIUM RATES**

Premium Rate:	<u>Basic Insurance</u>
	Employee Rate: \$0.02 per \$1,000
	<u>Voluntary Insurance</u>
	Employee Rate: \$0.02 per \$1,000

Mode of Premium Payment:	Monthly
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Contributions:	The cost of the coverage is paid by the Subscriber and the Employee
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Premium Due Dates:	The Policy Effective Date and the first day of each succeeding modal period
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Premium rates are subject to change in accordance with the *Changes in Premium Rates* section contained in the *Administrative Provisions* section of this Policy.

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## GENERAL DEFINITIONS

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Please note that certain words used in this Policy have specific meanings. The words defined below and capitalized within the text of this Policy have the meanings set forth below.

<b>Active Service</b>	<p>An Employee will be considered in Active Service with his employer on any day that is either of the following:</p> <ol style="list-style-type: none"> <li>1. one of the Employer's scheduled work days on which the Employee is performing his regular duties on a full-time basis, either at one of the Employer's usual places of business or at some other location to which the Employer's business requires the Employee to travel;</li> <li>2. a scheduled holiday, vacation day or period of Employer-approved paid leave of absence, other than sick leave, only if the Employee was in Active Service on the preceding scheduled workday.</li> </ol>
<b>Age</b>	<p>A Covered Person's Age, for purposes of initial premium calculations, is his Age attained on the date coverage becomes effective for him under this Policy. Thereafter, it is his Age attained on his last birthday.</p>
<b>Aircraft</b>	<p>A vehicle which:</p> <ol style="list-style-type: none"> <li>1. has a valid certificate of airworthiness; and</li> <li>2. is being flown by a pilot with a valid license to operate the Aircraft.</li> </ol>
<b>Annual Compensation</b>	<p>An Employee's annual earnings for normal work established by the Subscriber for his job classification, including commissions averaged over 12 months, excluding bonuses or overtime.</p>
<b>Covered Accident</b>	<p>A sudden, unforeseeable, external event that results, directly and independently of all other causes, in a Covered Injury or Covered Loss and meets all of the following conditions:</p> <ol style="list-style-type: none"> <li>1. occurs while the Covered Person is insured under this Policy;</li> <li>2. is not contributed to by disease, Sickness, mental or bodily infirmity;</li> <li>3. is not otherwise excluded under the terms of this Policy.</li> </ol>
<b>Covered Injury</b>	<p>Any bodily harm that results directly and independently of all other causes from a Covered Accident.</p>
<b>Covered Loss</b>	<p>A loss that is all of the following:</p> <ol style="list-style-type: none"> <li>1. the result, directly and independently of all other causes, of a Covered Accident;</li> <li>2. one of the Covered Losses specified in the <i>Schedule of Covered Losses</i>;</li> <li>3. suffered by the Covered Person within the applicable time period specified in the <i>Schedule of Benefits</i>.</li> </ol>
<b>Covered Person</b>	<p>An eligible person, as defined in the <i>Schedule of Benefits</i>, for whom an enrollment form has been accepted by Us and required premium has been paid when due and for whom coverage under this Policy remains in force.</p>
<b>Employee</b>	<p>For eligibility purposes, an Employee of the Employer who is in one of the Covered Classes.</p>
<b>Employer</b>	<p>The Subscriber and any affiliates, subsidiaries or divisions shown in the <i>Schedule of Covered Affiliates</i> and which are covered under this Policy on the date of issue or subsequently agreed to by Us.</p>
<b>He, His, Him</b>	<p>Refers to any individual, male or female.</p>

<b>Hospital</b>	<p>An institution that meets all of the following:</p> <ol style="list-style-type: none"> <li>1. it is licensed as a Hospital pursuant to applicable law;</li> <li>2. it is primarily and continuously engaged in providing medical care and treatment to sick and injured persons;</li> <li>3. it is managed under the supervision of a staff of medical doctors;</li> <li>4. it provides 24-hour nursing services by or under the supervision of a graduate registered nurse (R.N.);</li> <li>5. it has medical, diagnostic and treatment facilities, with major surgical facilities on its premises, or available on a prearranged basis;</li> <li>6. it charges for its services.</li> </ol> <p>The term Hospital does not include a clinic, facility, or unit of a Hospital for:</p> <ol style="list-style-type: none"> <li>1. rehabilitation, convalescent, custodial, educational or nursing care;</li> <li>2. the aged, drug addicts or alcoholics;</li> <li>3. a Veteran's Administration Hospital or Federal Government Hospital unless the Covered Person incurs an expense.</li> </ol>
<b>Inpatient</b>	<p>A Covered Person who is confined for at least one full day's Hospital room and board. The requirement that a person be charged for room and board does not apply to confinement in a Veteran's Administration Hospital or Federal Government Hospital and in such case, the term 'Inpatient' shall mean a Covered Person who is required to be confined for a period of at least a full day as determined by the Hospital.</p>
<b>Nurse</b>	<p>A licensed graduate Registered Nurse (R.N.), a licensed practical Nurse (L.P.N.) or a licensed vocational Nurse (L.V.N.) and who is not:</p> <ol style="list-style-type: none"> <li>1. employed or retained by the Subscriber;</li> <li>2. living in the Covered Person's household; or</li> <li>3. a parent, sibling, spouse or child of the Covered Person.</li> </ol>
<b>Outpatient</b>	<p>A Covered Person who receives treatment, services and supplies while not an Inpatient in a Hospital.</p>
<b>Prior Plan</b>	<p>The plan of insurance providing similar benefits, sponsored by the Employer in effect immediately prior to this Policy's Effective Date.</p>
<b>Physician</b>	<p>A licensed health care provider practicing within the scope of his license and rendering care and treatment to a Covered Person that is appropriate for the condition and locality and who is not:</p> <ol style="list-style-type: none"> <li>1. employed or retained by the Subscriber;</li> <li>2. living in the Covered Person's household;</li> <li>3. a parent, sibling, spouse or child of the Covered Person.</li> </ol>
<b>Sickness</b>	<p>A physical or mental illness.</p>
<b>Subscriber</b>	<p>Any participating organization that subscribes to the trust to which this Policy is issued.</p>
<b>Terrorist Act</b>	<p>Any hostile or violent act carried out by a group of persons having political or military goals but not operating on behalf of a foreign state and whose purpose is to compel an act or omission by any other person or governmental entity.</p>

**Totally Disabled or  
Total Disability**

Totally Disabled or Total Disability means either:

1. inability of the Covered Person who is currently employed to do any type of work for which he is or may become qualified by reason of education, training or experience; or
2. inability of the Covered Person who is not currently employed to perform all of the activities of daily living including eating, transferring, dressing, toileting, bathing, and continence, without human supervision or assistance.

**We, Us, Our**

Life Insurance Company of North America.

GA-00-1200.00

## ELIGIBILITY AND EFFECTIVE DATE PROVISIONS

### Subscriber Effective Date

Accident Insurance Benefits become effective for each Subscriber in consideration of the Subscriber's application, Subscription Agreement and payment of the initial premium when due. Insurance coverage for the Subscriber becomes effective on the Effective Date of Subscriber Participation.

### Eligibility

An Employee becomes eligible for insurance under this Policy on the date he meets all of the requirements of one of the Covered Classes and completes any Eligibility Waiting Period, as shown in the *Schedule of Benefits*.

### Effective Date for Individuals

#### *Basic Accidental Death and Dismemberment Benefits*

Insurance becomes effective for an eligible Employee, subject to the *Deferred Effective Date* provision below, on the latest of the following dates:

1. the effective date of this Policy;
2. the date the Employee becomes eligible.

#### *Voluntary Accidental Death and Dismemberment Benefits*

Insurance becomes effective for an eligible Employee who applies and agrees to make required contributions within 31 days of eligibility, and subject to the *Deferred Effective Date* provision below, on the latest of the following dates:

1. the effective date of this Policy;
2. the date the Employee becomes eligible;
3. the date We receive the Employee's completed enrollment form and the required first premium, during his lifetime.

### DEFERRED EFFECTIVE DATE

#### Active Service

The effective date of insurance will be deferred for any Employee who is not in Active Service on the date coverage would otherwise become effective. Coverage will become effective on the later of the date he returns to Active Service and the date coverage would otherwise have become effective.

#### Effective Date of Changes

Any increase or decrease in the amount of insurance for the Covered Person resulting from:

1. a change in benefits provided by this Policy; or
2. a change in the Employee's Covered Class will take effect on the date of such change.

Increases will take effect subject to any Active Service requirement.

### TERMINATION OF INSURANCE

The insurance on a Covered Person will end on the earliest date below:

1. the date this Policy or insurance for a Covered Class is terminated;
2. the next premium due date after the date the Covered Person is no longer in a Covered Class or satisfies eligibility requirements under this Policy;
3. the last day of the last period for which premium is paid;
4. the next premium due date after the Covered Person attains the maximum Age for insurance under this Policy.

Termination will not affect a claim for a Covered Loss or Covered Injury that is the result, directly and independently of all other causes, of a Covered Accident that occurs while coverage was in effect.

### Continuation for Layoff, Leave of Absence or Family Medical Leave

Insurance for an Employee may be continued until the earliest of the following dates if: (a) an Employee is on a temporary layoff, an Employer-approved leave of absence or an Employer-approved family medical leave; and (b) required premium contributions are paid when due.

1. for a layoff: coverage continues through the end of the month in which the layoff begins;
2. for an Employer-approved leave of absence: coverage continues through the end of the month in which the leave begins;
3. for an Employer-approved family medical leave: 12 weeks in a consecutive 12-month period.

GA-00-1300.00

## COMMON EXCLUSIONS

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In addition to any benefit-specific exclusions, benefits will not be paid for any Covered Injury or Covered Loss which, directly or indirectly, in whole or in part, is caused by or results from any of the following unless coverage is specifically provided for by name in the *Description of Benefits* Section:

1. intentionally self-inflicted injury, suicide or any attempt thereat while sane or insane;
2. commission or attempt to commit a felony or an assault;
3. commission of or active participation in a riot, insurrection or Terrorist Act;
4. bungee jumping; parachuting; skydiving; parasailing; hang-gliding;
5. declared or undeclared war or act of war;
6. flight in, boarding or alighting from an Aircraft or any craft designed to fly above the Earth's surface:
  - a. except as a passenger on a regularly scheduled commercial airline;
  - b. being flown by the Covered Person or in which the Covered Person is a member of the crew;
  - c. being used for:
    - i. crop dusting, spraying or seeding, giving and receiving flying instruction, fire fighting, sky writing, sky diving or hang-gliding, pipeline or power line inspection, aerial photography or exploration, racing, endurance tests, stunt or acrobatic flying; or
    - ii. any operation that requires a special permit from the FAA, even if it is granted (this does not apply if the permit is required only because of the territory flown over or landed on);
  - d. designed for flight above or beyond the earth's atmosphere;
  - e. an ultra-light or glider;
  - f. being used for the purpose of parachuting or skydiving;
  - g. being used by any military authority, except an Aircraft used by the Air Mobility Command or its foreign equivalent;
7. Sickness, disease, bodily or mental infirmity, bacterial or viral infection or medical or surgical treatment thereof, except for any bacterial infection resulting from an accidental external cut or wound or accidental ingestion of contaminated food;
8. travel in any Aircraft owned, leased or controlled by the Subscriber, or any of its subsidiaries or affiliates. An Aircraft will be deemed to be "controlled" by the Subscriber if the Aircraft may be used as the Subscriber wishes for more than 10 straight days, or more than 15 days in any year;
9. a Covered Accident that occurs while engaged in the activities of active duty service in the military, navy or air force of any country or international organization. Covered Accidents that occur while engaged in Reserve or National Guard training are not excluded until training extends beyond 31 days;
10. operating any type of vehicle while under the influence of alcohol or any drug, narcotic or other intoxicant including any prescribed drug for which the Covered Person has been provided a written warning against operating a vehicle while taking it. Under the influence of alcohol, for purposes of this exclusion, means intoxicated, as defined by the law of the state in which the Covered Accident occurred;
11. voluntary ingestion of any narcotic, drug, poison, gas or fumes, unless prescribed or taken under the direction of a Physician and taken in accordance with the prescribed dosage;
12. in addition, benefits will not be paid for services or treatment rendered by a Physician, Nurse or any other person who is:
  - a. employed or retained by the Subscriber;
  - b. providing homeopathic, aroma-therapeutic or herbal therapeutic services;
  - c. living in the Covered Person's household;
  - d. a parent, sibling, spouse or child of the Covered Person.

GA-00-1403.00

## CONVERSION PRIVILEGE

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1. If the Covered Person's insurance or any portion of it ends for any of the following reasons:
  - a. employment or membership ends;
  - b. eligibility ends (except for age for the Employee);
 the Covered Person may have Us issue converted accident insurance on an individual policy or an individual certificate under a designated group policy. The Covered Person may apply for an amount of coverage that is:
  - a. in \$1,000 increments;
  - b. not less than \$25,000, regardless of the amount of insurance under the group policy; and
  - c. not more than the amount of insurance he had under the group policy, except as provided above, up to a maximum amount of \$250,000.

The Covered Person must be under age 70 to get a converted policy.

If the Covered Person's insurance or any portion of it ends for non-payment of premium, he may not convert. If the Covered Person's insurance ends for a reason described in 2. below, conversion is subject to that section.

The converted policy or certificate will cover accidental death and dismemberment. The policy or certificate will not contain disability or other additional benefits. The Covered Person need not show Us that he is insurable.

If the Covered Person has converted his group coverage and later becomes insured under the same group plan as before, he may not convert a second time unless he provides, at his own expense, proof of insurability or proof the prior converted policy is no longer in force.

The Covered Person must apply for the individual policy within 31 days after his coverage under this Group Policy ends and pay the required premium, based on Our table of rates for such policies, his Age and class of risk. If the Covered Person has assigned ownership of his group coverage, the owner/assignee must apply for the individual policy.

If the Covered Person suffers a Covered Loss or dies during this 31-day period as the result of an accident that would have been covered under this Group Policy, We will pay as a claim under this Group Policy the amount of insurance that the Covered Person was entitled to convert. It does not matter whether the Covered Person applied for the individual policy or certificate. If such policy or certificate is issued, it will be in exchange for any other benefits under this Group Policy.

The individual policy or certificate will take effect on the day following the date coverage under the Group Policy ended; or, if later, the date application is made.

### Exclusions

The converted policy may exclude the hazards or conditions that apply to the Covered Person's group coverage at the time it ends. We will reduce payment under the converted policy by the amount of any benefits paid under the group policy if both cover the same loss.

2. If the Covered Person's insurance ends because this Group Policy is terminated or is amended to terminate insurance for the Covered Person's class, and he has been covered under this Group Policy or, any group accident insurance issued to the Employer which the Group Policy replaced, for at least five years, the Covered Person may have Us issue an individual policy or certificate of accident insurance subject to the same terms, conditions and limitations listed above. However, the amount he may apply for will be limited to the lesser of the following:
  - a. coverage under this Group Policy less any amount of group accident insurance for which he is eligible on the date this Group Policy is terminated or for which he became eligible within 31 days of such termination, or
  - b. \$10,000.



**Extension of Conversion Period**

If the Covered Person is eligible to convert and is not notified of this right at least 15 days prior to the end of the 31 day conversion period, the conversion period will be extended. The Covered Person will have 15 days from the date notice is given to apply for a converted policy or certificate. In no event will the conversion period be extended beyond 90 days. Notice, for the purpose of this section, means written notice presented to the Covered Person by the Subscriber or mailed to the Covered Person's last known address as reported by the Subscriber.

If the Covered Person sustains a Covered Loss or dies during the extended conversion period, but more than 31 days after his coverage under the Group Policy terminates, benefits will not be paid under the Group Policy. If the Covered Person's application for a converted policy or certificate is received by Us and the required premium is paid, benefits may be payable under the converted policy or certificate.

GA-01-1505.00

## CLAIM PROVISIONS

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### Notice of Claim

Written or authorized electronic/telephonic notice of claim must be given to Us within 31 days after a Covered Loss occurs or begins or as soon as reasonably possible. If written or authorized electronic/telephonic notice is not given in that time, the claim will not be invalidated or reduced if it is shown that written or authorized electronic/telephonic notice was given as soon as was reasonably possible. Notice can be given to Us at Our Home Office in Philadelphia, Pennsylvania, such other place as We may designate for the purpose, or to Our authorized agent. Notice should include the Subscriber's name and policy number and the Covered Person's name, address, policy and certificate number.

### Claim Forms

We will send claim forms for filing proof of loss when We receive notice of a claim. If such forms are not sent within 15 days after We receive notice, the proof requirements will be met by submitting, within the time fixed in this Policy for filing proof of loss, written or authorized electronic proof of the nature and extent of the loss for which the claim is made.

### Claimant Cooperation Provision

Failure of a claimant to cooperate with Us in the administration of the claim may result in termination of the claim. Such cooperation includes, but is not limited to, providing any information or documents needed to determine whether benefits are payable or the actual benefit amount due.

### Proof of Loss

Written or authorized electronic proof of loss satisfactory to Us must be given to Us at Our office, within 90 days of the loss for which claim is made. If (a) benefits are payable as periodic payments and (b) each payment is contingent upon continuing loss, then proof of loss must be submitted within 90 days after the termination of each period for which We are liable. If written or authorized electronic notice is not given within that time, no claim will be invalidated or reduced if it is shown that such notice was given as soon as reasonably possible. In any case, written or authorized electronic proof must be given not more than one year after the time it is otherwise required, except if proof is not given solely due to the lack of legal capacity.

### Time of Payment of Claims

We will pay benefits due under this Policy for any loss other than a loss for which this Policy provides any periodic payment immediately upon receipt of due written or authorized electronic proof of such loss. Subject to due written or authorized electronic proof of loss, all accrued benefits for loss for which this Policy provides periodic payment will be paid monthly unless otherwise specified in the benefits descriptions and any balance remaining unpaid at the termination of liability will be paid immediately upon receipt of proof satisfactory to Us.

### Payment of Claims

All benefits will be paid in United States currency. Benefits for loss of life will be payable in accordance with the Beneficiary provision and these Claim Provisions. All other proceeds payable under this Policy, unless otherwise stated, will be payable to the covered Employee or to his estate.

If We are to pay benefits to the estate or to a person who is incapable of giving a valid release, We may pay \$1,000 to a relative by blood or marriage whom We believe is equitably entitled. Any payment made by Us in good faith pursuant to this provision will fully discharge Us to the extent of such payment and release Us from all liability.

### Payment of Claims to Foreign Employees

The Subscriber may, in a fiduciary capacity, receive and hold any benefits payable to covered Employees whose place of employment is other than the United States of America.

We will not be responsible for the application or disposition by the Subscriber of any such benefits paid. Our payments to the Subscriber will constitute a full discharge of Our liability for those payments under this Policy.

### Physical Examination and Autopsy

We, at Our own expense, have the right and opportunity to examine the Covered Person when and as often as We may reasonably require while a claim is pending and to make an autopsy in case of death where it is not forbidden by law.

**Legal Actions**

No action at law or in equity may be brought to recover under this Policy less than 60 days after written or authorized electronic proof of loss has been furnished as required by this Policy. No such action will be brought more than three years after the time such written proof of loss must be furnished.

**Beneficiary**

The beneficiary is the person or persons the Employee names or changes on a form executed by him and satisfactory to Us. This form may be in writing or by any electronic means agreed upon between Us and the Subscriber. Consent of the beneficiary is not required to affect any changes, unless the beneficiary has been designated as an irrevocable beneficiary, or to make any assignment of rights or benefits permitted by this Policy.

A beneficiary designation or change will become effective on the date the Employee executes it. However, We will not be liable for any action taken or payment made before We record notice of the change at our Home Office.

If more than one person is named as beneficiary, the interests of each will be equal unless the Employee has specified otherwise. The share of any beneficiary who does not survive the Covered Person will pass equally to any surviving beneficiaries unless otherwise specified.

If there is no named beneficiary or surviving beneficiary, or if the Employee dies while benefits are payable to him, We may make direct payment to the first surviving class of the following classes of persons:

1. spouse;
2. child or children;
3. mother or father;
4. sisters or brothers;
5. estate of the Covered Person.

**Recovery of Overpayment**

If benefits are overpaid, We have the right to recover the amount overpaid by either of the following methods.

1. A request for lump sum payment of the overpaid amount.
2. A reduction of any amounts payable under this Policy.

If there is an overpayment due when the Covered Person dies, We may recover the overpayment from the Covered Person's estate.

GA-00-1600.00

## ADMINISTRATIVE PROVISIONS

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### Premiums

All premium rates are expressed in, and all premiums are payable in, United States currency. The premiums for this Policy will be based on the rates set forth in the *Schedule of Benefits*, the plan and amounts of insurance in effect. If a Covered Person's insurance amounts are reduced due to age, premium will be based on the amounts of insurance in force on the day after the reduction took place.

### Changes in Premium Rates

We may change the premium rates from time to time with at least 31 days advance written notice to the Subscriber. No change in rates will be made until 48 months after the Policy Effective Date. An increase in rates will not be made more often than once in a 12-month period. However, We reserve the right to change rates at any time if any of the following events take place:

1. the terms of this Policy change;
2. the terms of the Subscriber's participation change;
3. a division, subsidiary, affiliated company or eligible class is added or deleted from this Policy;
4. there is a change in the factors bearing on the risk assumed;
5. any federal or state law or regulation is amended to the extent it affects Our benefit obligation.

### Payment of Premium

The first premium is due on the Subscriber's effective date of participation under this Policy. Thereafter, premiums are due on the Premium Due Dates agreed upon between Us and the Subscriber. If any premium is not paid when due, the Subscriber's participation under this Policy will be terminated as of the Premium Due Date on which premium was not paid.

### Grace Period

A Grace Period of 60 days will be granted to each Subscriber for payment of required premiums under this Policy. A Subscriber's participation under this Policy will remain in effect during the Grace Period. The Subscriber is liable to Us for any unpaid premium for the time its participation under this Policy was in force.

A Grace Period of 60 days will be granted for payment of required premiums under this Policy. A Covered Person's insurance under this Policy will remain in force during the Grace Period. We will reduce any benefits payable for any claims incurred during the grace period by the amount of premium due. If no such claims are incurred and premium is not paid during the grace period, insurance will end on the last day of the period for which premiums were paid.

GA-00-1701.00

## GENERAL PROVISIONS

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### **Entire Contract; Changes**

This Policy, including the endorsements, amendments and any attached papers constitutes the entire contract of insurance. No change in this Policy will be valid until approved by one of Our executive officers and endorsed on or attached to this Policy. No agent has authority to change this Policy or to waive any of its provisions.

### **Subscriber Participation Under This Policy**

An organization may elect to participate under this Policy by submitting a signed Subscriber participation agreement to the Policyholder. No participation by an organization is in effect until approved by Us.

### **Misstatement of Fact**

If the Covered Person has misstated any fact, all amounts payable under this Policy will be such as the premium paid would have purchased had such fact been correctly stated.

### **Certificates**

Where required by law, We will provide a certificate of insurance for delivery to the Covered Person. Each certificate will list the benefits, conditions and limits of this Policy. It will state to whom benefits will be paid.

### **30 Day Right To Examine Certificate**

If a Covered Person does not like the Certificate for any reason, it may be returned to Us within 30 days after receipt. We will return any premium that has been paid and the Certificate will be void as if it had never been issued.

### **Multiple Certificates**

The Covered Person may have in force only one certificate at a time under this Policy. If at any time the Covered Person has been issued more than one certificate, then only the largest shall be in effect. We will refund premiums paid for the others for any period of time that more than one certificate was issued.

### **Assignment**

We will be bound by an assignment of a Covered Person's insurance under this Policy only when the original assignment or a certified copy of the assignment, signed by the Covered Person and any irrevocable beneficiary, is filed with Us. The assignee may exercise all rights and receive all benefits assigned only while the assignment remains in effect and insurance under this Policy and the Covered Person's certificate remains in force.

### **Incontestability**

#### **1. Of This Policy or Participation Under This Policy**

All statements made by the Subscriber to obtain this Policy or to participate under this Policy are considered representations and not warranties. No statement will be used to deny or reduce benefits or be used as a defense to a claim, or to deny the validity of this Policy or of participation under this Policy unless a copy of the instrument containing the statement is, or has been, furnished to the Subscriber.

After two years from the Policy Effective Date, no such statement will cause this Policy to be contested except for fraud.

#### **2. Of A Covered Person's Insurance**

All statements made by a Covered Person are considered representations and not warranties. No statement will be used to deny or reduce benefits or be used as a defense to a claim, unless a copy of the instrument containing the statement is, or has been, furnished to the claimant.

After two years from the Covered Person's effective date of insurance, or from the effective date of increased benefits, no such statement will cause insurance or the increased benefits to be contested except for fraud or lack of eligibility for insurance.

In the event of death or incapacity, the beneficiary or representative shall be given a copy.

**Policy Termination**

We may terminate coverage on or after the first anniversary of the policy effective date. The Subscriber may terminate coverage on any premium due date. Written or authorized electronic notice must be given at least 31 days prior to such premium due date.

Termination will not affect a claim for a Covered Loss that is the result, directly and independently of all other causes, of a Covered Accident that occurs while coverage was in effect.

**Reinstatement**

This Policy may be reinstated if it lapsed for nonpayment of premium. Requirements for reinstatement are written application of the Subscriber satisfactory to Us and payment of all overdue premiums. Any premium accepted in connection with a reinstatement will be applied to a period for which premium was not previously paid.

**Clerical Error**

A Covered Person's insurance will not be affected by error or delay in keeping records of insurance under this Policy. If such error or delay is found, We will adjust the premium fairly.

**Conformity with Statutes**

Any provisions in conflict with the requirements of any state or federal law that apply to this Policy are automatically changed to satisfy the minimum requirements of such laws.

**Policy Changes**

We may agree with the Subscriber to modify a plan of benefits without the Covered Person's consent.

**Workers' Compensation Insurance**

This Policy is not in place of and does not affect any requirements for coverage under any Workers' Compensation law.

**Examination of the Policy**

This Group Policy will be available for inspection at the Subscriber's office during regular business hours.

**Examination of Records**

We will be permitted to examine all of the Subscriber's records relating to this Group Policy. Examination may occur at any reasonable time while the Group Policy is in force; or it may occur:

1. at any time for two years after the expiration of this Group Policy; or, if later,
2. upon the final adjustment and settlement of all Group Policy claims.

The Subscriber is acting as an agent of the Covered Person for transactions relating to this insurance. The actions of the Subscriber will not be considered Our actions.

GA-00-1800.00

## DESCRIPTION OF COVERAGES AND BENEFITS

**This Description of Coverages and Benefits Section describes the Accident Coverages and Benefits provided to You. Benefit amounts, benefit periods and any applicable aggregate and benefit maximums are shown in the *Schedule of Benefits*. Certain words capitalized in the text of these descriptions have special meanings within this Certificate and are defined in the *General Definitions* section. Please read these and the *Common Exclusions* sections in order to understand all of the terms, conditions and limitations applicable to these coverages and benefits.**

### ACCIDENTAL DEATH AND DISMEMBERMENT BENEFITS

**Covered Loss** We will pay the benefit for any one of the Covered Losses listed in the *Schedule of Benefits*, if the Covered Person suffers a Covered Loss resulting directly and independently of all other causes from a Covered Accident within the applicable time period specified in the *Schedule of Benefits*.

If the Covered Person sustains more than one Covered Loss as a result of the same Covered Accident, benefits will be paid for the Covered Loss for which the largest available benefit is payable. If the loss results in death, benefits will only be paid under the Loss of Life benefit provision. Any Loss of Life benefit will be reduced by any paid or payable Accidental Dismemberment benefit. However, if such Accidental Dismemberment benefit equals or exceeds the Loss of Life benefit, no additional benefit will be paid.

**Definitions** **Loss of a Hand or Foot** means complete Severance through or above the wrist or ankle joint.

**Loss of Sight** means the total, permanent loss of all vision in one eye which is irrecoverable by natural, surgical or artificial means.

**Loss of Speech** means total and permanent loss of audible communication which is irrecoverable by natural, surgical or artificial means.

**Loss of Hearing** means total and permanent loss of ability to hear any sound in both ears which is irrecoverable by natural, surgical or artificial means.

**Loss of a Thumb and Index Finger of the Same Hand or Four Fingers of the Same Hand** means complete Severance through or above the metacarpophalangeal joints of the same hand (the joints between the fingers and the hand).

**Loss of Toes** means complete Severance through the metatarsalphalangeal joint.

**Paralysis or Paralyzed** means total loss of use of a limb. A Physician must determine the loss of use to be complete and irreversible.

**Quadriplegia** means total Paralysis of both upper and both lower limbs.

**Hemiplegia** means total Paralysis of the upper and lower limbs on one side of the body.

**Paraplegia** means total Paralysis of both lower limbs or both upper limbs.

**Uniplegia** means total Paralysis of one upper or one lower limb.

**Coma** means a profound state of unconsciousness which resulted directly and independently from all other causes from a Covered Accident, and from which the Covered Person is not likely to be aroused through powerful stimulation. This condition must be diagnosed and treated regularly by a Physician. Coma does not mean any state of unconsciousness intentionally induced during the course of treatment of a Covered Injury unless the state of unconsciousness results from the administration of anesthesia in preparation for surgical treatment of that Covered Accident.

**Severance** means the complete and permanent separation and dismemberment of the part from the body.

**Exclusions** The exclusions that apply to this benefit are in the *Common Exclusions* section.  
GA-00-2100.00

**ADDITIONAL ACCIDENTAL DEATH AND DISMEMBERMENT COVERAGES**

Accidental Death and Dismemberment benefits are provided under the following coverages. Any benefits payable under them are shown in the *Schedule of Covered Losses* and will not be paid in addition to any other Accidental Death and Dismemberment benefits payable.

**EXPOSURE AND DISAPPEARANCE COVERAGE**

Benefits for Accidental Death and Dismemberment, as shown in the *Schedule of Covered Losses*, will be payable if a Covered Person suffers a Covered Loss which results directly and independently of all other causes from unavoidable exposure to the elements following a Covered Accident.

If the Covered Person disappears and is not found within one year from the date of the wrecking, sinking or disappearance of the conveyance in which the Covered Person was riding in the course of a trip which would otherwise be covered under this Policy, it will be presumed that the Covered Person's death resulted directly and independently of all other causes from a Covered Accident.

**Exclusions** The exclusions that apply to this coverage are in the *Common Exclusions* Section.  
GA-00-2202.00

**ADDITIONAL ACCIDENT BENEFITS**

Accidental Death and Dismemberment benefits are provided under the following Additional Benefits. Any benefits payable under them will be paid in addition to any other Accidental Death and Dismemberment benefit payable.

**CHILD CARE CENTER BENEFIT**

We will pay benefits shown in the *Schedule of Benefits* for the care of each surviving Dependent Child in a Child Care Center if death of the covered Employee results directly and independently of all other causes from a Covered Accident and all of the following conditions are met:

1. coverage for his Dependent Children was in force on the date of the Covered Accident causing his death; and
2. one or more surviving Dependent Children is under Age 13 and:
  - a. was enrolled in a Child Care Center on the date of the Covered Accident; or
  - b. enrolls in a Child Care Center within 90 days from the date of the Covered Accident.

This benefit will be payable to the Surviving Spouse if the Spouse has custody of the child. If the Surviving Spouse does not have custody of the child, benefits will be paid to the child's legally appointed guardian. Payments will be made at the end of each 12 month period that begins after the date of the covered Employee's death. A claim must be submitted to Us at the end of each 12 month period. A 12 month period begins:

1. when the Dependent Child enters a Child Care Center for the first time, within the period specified in (2b) above, after the covered Employee's death; or
2. on the first of the month following the covered Employee's death, if the Dependent Child was enrolled in a Child Care Center before the covered Employee's death.

Each succeeding 12 month period begins on the day immediately following the last day of the preceding period. Pro rata payments will be made for periods of enrollment in a Child Care Center of less than 12 months.

**Definitions**

For purposes of this benefit:

**Child Care Center** is a facility which:

1. is licensed and run according to laws and regulations applicable to child care facilities; and
2. provides care and supervision for children in a group setting on a regular, daily basis.

A Child Care Center does not include any of the following:

1. a Hospital;
2. the child's home;
3. care provided during normal school hours while a child is attending grades one through twelve.

**Exclusions** The exclusions that apply to this benefit are in the *Common Exclusions* Section.  
GA-00-2222.00



**COMMON CARRIER BENEFIT**

We will pay the benefit shown in the *Schedule of Benefits* if the Covered Person suffers a Covered Loss that results directly and independently of all other causes from a Covered Accident that occurs while riding as a fare-paying passenger in, or being struck by, a Common Carrier. Riding includes getting into and out of the Common Carrier.

**Definition** For purposes of this benefit:

**Common Carrier** means:

1. a public conveyance, including Aircraft, licensed for hire to carry fare-paying passengers; or
2. a transport Aircraft operated by the Air Mobility Command of the United States of America or a similar air transport service of another country.

**Exclusions** The exclusions that apply to this benefit are in the *Common Exclusions* Section.  
GA-00-2225.00

**FELONIOUS ASSAULT AND VIOLENT CRIME BENEFIT**

We will pay the amount shown in the *Schedule of Benefits*, subject to the following conditions and exclusions, when the Covered Employee suffers a Covered Loss resulting directly and independently of all other causes from a Covered Accident that occurs during a violent crime or felonious assault as described below. A police report detailing the felonious assault or violent crime must be provided before any benefits will be paid. The Covered Accident must occur while the Covered Person is on the business or premises of the Employer.

To qualify for benefit payment, the Covered Accident must occur during any of the following:

1. actual or attempted robbery or holdup;
2. actual or attempted kidnapping;
3. any other type of intentional assault that is a crime classified as a felony by the governing statute or common law in the state where the felony occurred.

We will pay a Hospital Stay Benefit, subject to the following conditions and exclusions, when the Covered Person suffers a Covered Loss resulting directly and independently of all other causes from a Covered Accident that occurs during a violent crime or felonious assault if all of the following conditions are met:

1. the Covered Person is covered for Hospital Stay benefits under this Policy;
2. the Hospital Stay begins within 30 days of the violent crime/felonious assault;
3. the Hospital Stay is at the direction and under the care of a Physician;
4. the Covered Person provides proof satisfactory to Us that his Hospital Stay was necessitated to treat Covered Injuries sustained in a Covered Accident caused solely by a violent crime or felonious assault;
5. the Hospital Stay begins while the Covered Person's insurance is in effect.

The benefit will be paid for each day of a continuous Hospital Stay.

**Definitions** For purposes of this benefit:

**Family Member** means the Covered Person's parent, step-parent, Spouse or former Spouse, son, daughter, brother, sister, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, aunt, uncle, cousins, grandparent, grandchild and stepchild.

**Fellow Employee** means a person employed by the same Employer as the Covered Person or by an Employer that is an affiliated or subsidiary corporation. It shall also include any person who was so employed, but whose employment was terminated not more than 45 days prior to the date on which the defined violent crime/felonious assault was committed.

**Member of the Same Household** means a person who maintains residence at the same address as the Covered Person.

- Exclusions** Benefits will not be paid for treatment of any Covered Injury sustained or Covered Loss incurred during any:
1. violent crime or felonious assault committed by the Covered Person; or
  2. felonious assault or violent crime committed upon the Covered Person by a Fellow Employee, Family Member, or Member of the Same Household.

Other exclusions that apply to this benefit are in the *Common Exclusions* Section.

GA-00-2234.00

### **SEATBELT AND AIRBAG BENEFIT**

We will pay the benefit shown in the *Schedule of Benefits*, subject to the conditions and exclusions described below, when the Covered Person dies directly and independently of all other causes from a Covered Accident while wearing a seatbelt and operating or riding as a passenger in an Automobile. An additional benefit is provided if the Covered Person was also positioned in a seat protected by a properly-functioning and properly deployed Supplemental Restraint System (Airbag).

Verification of proper use of the seatbelt at the time of the Covered Accident and that the Supplemental Restraint System properly inflated upon impact must be a part of an official police report of the Covered Accident or be certified, in writing, by the investigating officer(s) and submitted with the Covered Person's claim to Us.

If such certification or police report is not available or it is unclear whether the Covered Person was wearing a seatbelt or positioned in a seat protected by a properly functioning and properly deployed Supplemental Restraint System, We will pay a default benefit shown in the *Schedule of Benefits* to the Covered Person's beneficiary.

In the case of a child, seatbelt means a child restraint, as required by state law and approved by the National Highway Traffic Safety Administration, properly secured and being used as recommended by its manufacturer for children of like Age and weight at the time of the Covered Accident.

**Definitions** For purposes of this benefit:  
**Supplemental Restraint System** means an airbag that inflates upon impact for added protection to the head and chest areas.

**Automobile** means a self-propelled, private passenger motor vehicle with four or more wheels which is a type both designed and required to be licensed for use on the highway of any state or country. Automobile includes, but is not limited to, a sedan, station wagon, sport utility vehicle, or a motor vehicle of the pickup, van, camper, or motor-home type. Automobile does not include a mobile home or any motor vehicle which is used in mass or public transit.

**Exclusions** The exclusions that apply to this benefit are in the *Common Exclusions* Section.  
 GA-00-2251.00

### **SPECIAL EDUCATION BENEFIT**

We will pay the benefit, up to the Maximum Benefit shown in the *Schedule of Benefits*, for each qualifying Dependent Child. The Covered Person's death must result, directly and independently of all other causes from a Covered Accident for which an Accidental Death Benefit is payable under this Policy. This benefit is subject to the conditions and exclusions described below.

A qualifying Dependent Child must:

1. enroll as a full-time student at an accredited school of higher learning before reaching the limiting Age for dependent eligibility stated in this Policy;
2. continue his education as a full-time student; and
3. incur expenses for tuition, fees, books, room and board, transportation and any other costs payable directly to, or approved and certified by, such school.

A qualifying surviving Spouse must:

1. enroll in any accredited school for the purpose of retraining or refreshing skills needed for employment within one year of the date of the covered Employee's Covered Accident;
2. remain enrolled in such accredited school; and
3. incur expenses payable directly to, or approved by, such school.

Payments will be made to each qualifying Dependent Child or to the child's legal guardian, if the child is a minor at the end of each year for the number of years shown in the *Schedule of Benefits*. We must receive proof satisfactory to Us of the Dependent Child's enrollment and attendance within 31 days of the end of each year. The first year for which a Special Education Benefit is payable will begin on the first of the month following the date the covered Employee died, if the surviving Dependent Child was enrolled on that date in an accredited school of higher learning beyond the 12th grade; otherwise on the date he enrolls in such school. Each succeeding year for which benefits are payable will begin on the date following the end of the preceding year.

If no Dependent Child qualifies for Special Education Benefits within 365 days of the covered Employee's death, We will pay the default benefit shown in the *Schedule of Benefits* to the covered Employee's beneficiary.

Payments will be made to the surviving Spouse at the end of each year for the number of years shown in the *Schedule of Benefits*. We must receive proof satisfactory to Us of the Spouse's enrollment and attendance within 31 days of the end of each year. The first year for which a Special Education Benefit is payable will begin on the date the surviving Spouse enrolls in an accredited school for the first time following the date the Employee died. Each succeeding year for which benefits are payable will begin on the date following the end of the preceding year.

If a surviving Spouse does not qualify for Special Education Benefits within 365 days of the covered Employee's death, We will pay the default benefit shown in the *Schedule of Benefits* to the covered Employee's beneficiary.

#### **Definitions**

For the purposes of this benefit:

**Dependent Child(ren)** An Employee's unmarried child who meets the following requirements:

1. A child from live birth to 19 years old;
2. A child who is 19 or more years old but less than 25 years old, enrolled in a school as a full-time student and primarily supported by the Employee;
3. A child who is 19 or more years old, primarily supported by the Employee and incapable of self-sustaining employment by reason of mental or physical handicap. Proof of the child's condition and dependence must be submitted to Us within 31 days after the date the child ceases to qualify as a Dependent Child for the reasons listed above. During the next two years, We may, from time to time, require proof of the continuation of such condition and dependence. After that, We may require proof no more than once a year.

A child, for purposes of this provision, includes an Employee's:

1. natural child;
2. adopted child, beginning with any waiting period pending finalization of the child's adoption;
3. stepchild who resides with the Employee;
4. child for whom the Employee is legal guardian, as long as the child resides with the Employee and depends on the Employee for financial support. Financial support means that the Employee is eligible to claim the dependent for purposes of Federal and State income tax returns.

**Spouse** the Employee's lawful spouse under age 70.

#### **Exclusions**

The exclusions that apply to this benefit are in the *Common Exclusions* Section.

GA-00-2252a.00

**SPOUSE RETRAINING BENEFIT**

We will pay expenses incurred, as described below, up to the Maximum Benefit shown in the *Schedule of Benefits*, to enable the covered Employee's Spouse to obtain occupational or educational training needed for employment if the covered Employee dies directly and independently of all other causes from a Covered Accident. This benefit is subject to the conditions and exclusions described below.

This benefit will be payable if the covered Employee dies within one year of a Covered Accident and is survived by his Spouse who:

1. enrolls, within three years after the covered Employee's death in any accredited school for the purpose of retraining or refreshing skills needed for employment; and
2. incurs expenses payable directly to, or approved and certified by, such school.

If there is no surviving Spouse at the time of the covered Employee's Covered Accidental Death, the Default Benefit shown in the *Schedule of Benefits* will be paid to the covered Employee's beneficiary.

**Definitions** For the purposes of this benefit:

**Spouse** will include the Employee's lawful spouse under age 70.

**Exclusions** The exclusions that apply to this benefit are in the *Common Exclusions* Section.

GA-00-2254a.00

**LIFE INSURANCE COMPANY OF NORTH AMERICA  
Philadelphia, PA 19192-2235**

We, City of Palo Alto, whose main office address is Palo Alto, CA, hereby approve and accept the terms of Group Policy Number OK 964302 issued by the LIFE INSURANCE COMPANY OF NORTH AMERICA to the TRUSTEE OF THE GROUP INSURANCE TRUST FOR EMPLOYERS IN THE PUBLIC ADMINISTRATION INDUSTRY.

This form is to be signed in duplicate. One part is to be retained by City of Palo Alto; the other part is to be returned to the LIFE INSURANCE COMPANY OF NORTH AMERICA.

City of Palo Alto

Signature and Title: \_\_\_\_\_ Date: \_\_\_\_\_

(This Copy Is To Be Returned To Life Insurance Company of North America)

**LIFE INSURANCE COMPANY OF NORTH AMERICA  
Philadelphia, PA 19192-2235**

We, City of Palo Alto, whose main office address is Palo Alto, CA, hereby approve and accept the terms of Group Policy Number OK 964302 issued by the LIFE INSURANCE COMPANY OF NORTH AMERICA to the TRUSTEE OF THE GROUP INSURANCE TRUST FOR EMPLOYERS IN THE PUBLIC ADMINISTRATION INDUSTRY.

This form is to be signed in duplicate. One part is to be retained by City of Palo Alto; the other part is to be returned to the LIFE INSURANCE COMPANY OF NORTH AMERICA.

City of Palo Alto

Signature and Title: \_\_\_\_\_ Date: \_\_\_\_\_

(This Copy Is To Be Retained By City of Palo Alto)

**LIFE INSURANCE COMPANY OF NORTH AMERICA**  
**(herein called the Company)**

Amendment to be attached to and made a part of the Group Policy  
A Contract between the Company and

Policyholder: Trustee of the Group Insurance Trust for Employers in the Public Administration Industry  
Participating Subscriber: City of Palo Alto  
(herein called the Subscriber)

Policy No.: LK - 961943

The Company and the Subscriber hereby agree that the Policy is amended as follows:

1. Effective January 1, 2022, the following rates will be in force for Classes 1 for coverage under the Policy:

Option 1

\$1.07 per \$100 of Covered Payroll

Covered Payroll for an Employee will mean his or her Covered Earnings for the insurance month prior to the date the determination is made. However, an Employee's Covered Payroll will not include any part of his or her monthly Covered Earnings which exceed \$6,000.

Option 2

\$.51 per \$100 of Covered Payroll

Covered Payroll for an Employee will mean his or her Covered Earnings for the insurance month prior to the date the determination is made. However, an Employee's Covered Payroll will not include any part of his or her monthly Covered Earnings which exceed \$3,000.

2. Effective January 1, 2022, the following rates will be in force for Class 2 and 3 for coverage under the Policy:

\$.56 per \$100 of Covered Payroll

Covered Payroll for an Employee will mean his or her Covered Earnings for the insurance month prior to the date the determination is made. However, an Employee's Covered Payroll will not include any part of his or her monthly Covered Earnings which exceed \$15,000.

No change in rates will be made until 36 months after the effective date of this Amendment. However, the Company reserves the right to change the rates at any time during a period for which the rates are guaranteed if the conditions described in the Changes in Premium Rates provision under the Administrative Provisions section of the Policy apply.

Except for the above, this Amendment does not change the Policy in any way.

FOR THE COMPANY

A handwritten signature in black ink, appearing to read "William J. Smith". The signature is written in a cursive style with a large, stylized "W" and "S".

William J. Smith, President

Date: August 26, 2021

Amendment No. 03a

TL-004780

## LONG TERM DISABILITY INSURANCE POLICY

4.b

**CALIFORNIA LIFE AND HEALTH INSURANCE  
GUARANTY ASSOCIATION ACT  
SUMMARY DOCUMENT AND DISCLAIMER**

Residents of California who purchase life and health insurance and annuities should know that the insurance companies licensed in this state to write these types of insurance are members of the California Life and Health Insurance Guaranty Association. The purpose of this Association is to assure that policyholders will be protected, within limits, in the unlikely event that a member insurer becomes financially unable to meet its obligations. If this should happen, the Association will assess its other member insurance companies for the money to pay the claims of insured persons who live in this state and, in some cases, to keep coverage in force. The valuable extra protection provided through the Association is not unlimited, as noted in the box below, and is not a substitute for consumers' care in selecting well managed and financially stable insurers.

**The California Life and Health Insurance Guaranty Association may not provide coverage for this insurance. If coverage is provided, it may be subject to substantial limitations or exclusions, and require continued residency in the state. You should not rely on coverage by the Association in selecting an insurance company or in selecting an insurance policy.**

**Coverage is NOT provided for your insurance or any portion of it that is not guaranteed by the Insurer or for which you have assumed the risk, such as a variable contract sold by prospectus.**

**Insurance companies or their agents are required by law to give or send you this notice. However, insurance companies and their agents are prohibited by law from using the existence of the Association to induce you to purchase any kind of insurance policy.**

**If you have additional questions, you should first contact your insurer or agent and then may contact:**

**California Life and Health  
Insurance Guaranty Association  
P.O. Box 16860  
Beverly Hills, CA 90209**

**OR**

**Consumer Service Division  
California Department of Insurance  
300 South Spring Street  
Los Angeles, CA 90013**

Below is a brief summary of this law's coverages, exclusions and limits. This summary does not cover all provisions of the law; nor does it in any way change anyone's rights or obligations under the Act or the rights or obligations of the Association.



## COVERAGE

Generally, individuals will be protected by the California Life and Health Insurance Guaranty Association if they live in this state and hold a life or health insurance contract, or an annuity, or if they are insured under a group insurance contract, issued by a member insurer. The beneficiaries, payees or assignees of insured persons are protected as well, even if they live in another state.

## EXCLUSIONS FROM COVERAGE

However, persons holding such policies are not protected by this Association if:

- their insurer was not authorized to do business in this state when it issued the policy or contract;
- their policy was issued by a health care service plan (HMO), Blue Cross, Blue Shield, a charitable organization, a fraternal benefit society, a mandatory state pooling plan, a mutual assessment company, an insurance exchange, or a grants and annuities society;
- they are eligible for protection under the laws of another state. This may occur when the insolvent insurer was incorporated in another state whose Guaranty Association protects insureds who live outside that state.

The Association also does not provide coverage for:

- unallocated annuity contracts; that is, contracts which are not issued to and owned by an individual and which guarantee rights to group contract holders, not individuals;
- employer and association plans to the extent they are self-funded or uninsured;
- synthetic guaranteed interest contracts;
- any policy or portion of a policy which is not guaranteed by the insurer or for which the individual has assumed the risk, such as a variable contract sold by prospectus;
- any policy of reinsurance unless an assumption certificate was issued;
- interest rate yields that exceed an average rate; and
- any portion of a contract that provides dividends or experience rating credits.

## LIMITS ON AMOUNT OF COVERAGE

The Act limits the Association to pay benefits as follows:

### Life and Annuity Benefits

80% of what the life insurance company would owe under a life policy or annuity contract up to

- \$100,000 in cash surrender values;
- \$100,000 in present value of annuities; or
- \$250,000 in life insurance death benefits.

A maximum of \$250,000 for any one insured life no matter how many policies and contracts there were with the same company, even if the policies provided different types of coverages.

### Health Benefits

A maximum of \$200,000 of the contractual obligations that the health insurance company would owe were it not insolvent. The maximum may increase or decrease annually based upon changes in the health care cost component of the consumer price index.

## PREMIUM SURCHARGE

Member insurers are required to recoup assessments paid to the Association by way of a surcharge on premiums charged for health insurance policies to which the act applies.

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LIFE INSURANCE COMPANY OF NORTH AMERICA  
1601 CHESTNUT STREET  
PHILADELPHIA, PA 19192-2235  
(800) 732-1603 TDD (800) 552-5744  
**A STOCK INSURANCE COMPANY**

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GROUP POLICY

**POLICYHOLDER:**

TRUSTEE OF THE GROUP INSURANCE  
TRUST FOR EMPLOYERS IN THE PUBLIC  
ADMINISTRATION INDUSTRY

**SUBSCRIBER:**

City of Palo Alto

**POLICY NUMBER:**

LK-961943

**POLICY EFFECTIVE DATE:**

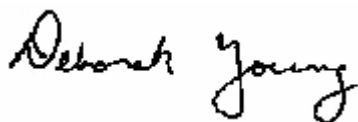
January 1

**POLICY ANNIVERSARY DATE:**

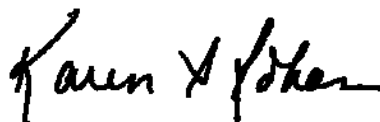
January 1

This Policy describes the terms and conditions of coverage. It is issued in Delaware and shall be governed by its laws. The Policy goes into effect on the Policy Effective Date, 12:01 a.m. at the Policyholder's address.

In return for the required premium, the Insurance Company and the Policyholder have agreed to all the terms of this Policy.



Deborah Young, Corporate Secretary



Karen S. Rohan, President

TL-004700

O/O v-2

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## SCHEDULE OF BENEFITS

**Premium Due Date:** The last day of each month

### Classes of Eligible Employees

On the pages following the definition of eligible employees there is a Schedule of Benefits for each Class of Eligible Employees listed below. For an explanation of these benefits, please see the Description of Benefits provision.

If an Employee is eligible under one Class of Eligible Employees and later becomes eligible under a different Class of Eligible Employees, changes in his or her insurance due to the class change will be effective on the first of the month following the change in class.

- |         |  |
|---------|--|
| Class 1 | All active, Full-time Service Employees International Union Employees/Members of the Employer regularly working a minimum of 20 hours per week.  |
| Class 2 | All active, Full-time Employees of the Employer regularly working a minimum of 20 hours per week who are classified as Management, Confidential and Council Officer.   |
| Class 3 | All active, Full-time Employees of the Employer as defined under the prior carrier policy, number 643835, and on file with the Insurance Company, regularly working a minimum of 20 hours per week. (Closed Class) |

**SCHEDULE OF BENEFITS FOR CLASS 1****Eligibility Waiting Period**

For Employees hired on or before the Policy Effective Date:

No Waiting Period

For Employees hired after the Policy Effective Date:

No Waiting Period

**Definition of Disability/Disabled**

The Employee is considered Disabled if, solely because of Injury or Sickness, he or she is:

1. unable to perform the material duties of his or her Regular Occupation; and
2. unable to earn 80% or more of his or her Indexed Earnings from working in his or her Regular Occupation.

After Disability Benefits have been payable for 24 months, the Employee is considered Disabled if, solely due to Injury or Sickness, he or she is:

1. unable to perform the material duties of any occupation for which he or she is, or may reasonably become, qualified based on education, training or experience; and
2. unable to earn 60% or more of his or her Indexed Earnings.

The Insurance Company will require proof of earnings and continued Disability.

**Definition of Covered Earnings**

Covered Earnings means an Employee's wage or salary as reported by the Employer for work performed for the Employer as in effect just prior to the date Disability begins. It includes earnings received from commissions but not bonuses, overtime pay and other extra compensation. Covered Earnings are determined initially on the date an Employee applies for coverage. A change in the amount of Covered Earnings is effective on the date of the change, if the Employer gives us written notice of the change and the required premium is paid.

Commissions will be averaged for the 12 months just prior to the date Disability begins, or the months employed, if less than 12 months.

Any increase in an Employee's Covered Earnings will not be effective during a period of continuous Disability.

**Elimination Period**

60 days

**Gross Disability Benefit**

Option 1

The lesser of 66.67% of an Employee's monthly Covered Earnings rounded to the nearest dollar or the Maximum Disability Benefit.

Option 2

The lesser of 60% of an Employee's monthly Covered Earnings rounded to the nearest dollar or the Maximum Disability Benefit.

**Maximum Disability Benefit**

Option 1

\$4,000 per month

Option 2

\$1,800 per month

**Minimum Disability Benefit**

\$100 per month

**Disability Benefit Calculation**

The Disability Benefit payable to the Employee is figured using the Gross Disability Benefit, Other Income Benefits and the Return to Work Incentive. Monthly Benefits are based on a 30-day month. The Disability Benefit will be prorated if payable for any period less than a month.

During any month the Employee has no Disability Earnings, the monthly benefit payable is the Gross Disability Benefit less Other Income Benefits. During any month the Employee has Disability Earnings, benefits are determined under the Return to Work Incentive. Benefits will not be less than the minimum benefit shown in the Schedule of Benefits except as provided under the section Minimum Benefit.

"Other Income Benefits" means any benefits listed in the Other Income Benefits provision that an Employee receives on his or her own behalf or for dependents, or which the Employee's dependents receive because of the Employee's entitlement to Other Income Benefits.

*Return to Work Incentive*

During any month the Employee has Disability Earnings, his or her benefits will be calculated as follows.

The Employee's monthly benefit payable will be calculated as follows during the first 24 months disability benefits are payable and the Employee has Disability Earnings:

1. Add the Employee's Gross Disability Benefit and Disability Earnings.
2. Compare the sum from 1. to the Employee's Indexed Earnings.
3. If the sum from 1. exceeds 100% of the Employee's Indexed Earnings, then subtract the Indexed Earnings from the sum in 1.
4. The Employee's Gross Disability Benefit will be reduced by the difference from 3., as well as by Other Income Benefits.
5. If the sum from 1. does not exceed 100% of the Employee's Indexed Earnings, the Employee's Gross Disability Benefit will be reduced by Other Income Benefits.

After disability benefits are payable for 24 months, the monthly benefit payable is the Gross Disability Benefit reduced by Other Income Benefits and 50% of Disability Earnings.

No Disability Benefits will be paid, and insurance will end if the Insurance Company determines the Employee is able to work under a modified work arrangement and he or she refuses to do so without Good Cause.

## **Additional Benefits**

*Survivor Benefit*

Benefit Waiting Period:	After 3 Monthly Benefits are payable.
Amount of Benefit:	100% of the sum of the last full Disability Benefit plus the amount of any Disability Earnings by which the benefit had been reduced for that month.
Maximum Benefit Period	A single lump sum payment equal to 3 monthly Survivor Benefits.

## **Maximum Benefit Period**

The later of the Employee's SSNRA\* or the Maximum Benefit Period listed below.

<u>Age When Disability Begins</u>	<u>Maximum Benefit Period</u>
Age 62 or under	The Employee's 65th birthday or the date the 42nd Monthly Benefit is payable, if later.
Age 63	The date the 36th Monthly Benefit is payable.
Age 64	The date the 30th Monthly Benefit is payable.
Age 65	The date the 24th Monthly Benefit is payable.
Age 66	The date the 21st Monthly Benefit is payable.
Age 67	The date the 18th Monthly Benefit is payable.
Age 68	The date the 15th Monthly Benefit is payable.
Age 69 or older	The date the 12th Monthly Benefit is payable.

\*SSNRA means the Social Security Normal Retirement Age in effect under the Social Security Act on the Policy Effective Date.

**Initial Premium Rates – Option 1**

\$1.23 per \$100 of Covered Payroll

Covered Payroll for an Employee will mean his or her Covered Earnings for the insurance month prior to the date the determination is made. However, an Employee's Covered Payroll will not include any part of his or her monthly Covered Earnings which exceed \$6,000.

**Initial Premium Rates – Option 2**

\$.575 per \$100 of Covered Payroll

Covered Payroll for an Employee will mean his or her Covered Earnings for the insurance month prior to the date the determination is made. However, an Employee's Covered Payroll will not include any part of his or her monthly Covered Earnings which exceed \$3,000.

TL-004774

## SCHEDULE OF BENEFITS FOR CLASS 2

### Eligibility Waiting Period

For Employees hired on or before the Policy Effective Date: No Waiting Period

For Employees hired after the Policy Effective Date: No Waiting Period

### Definition of Disability/Disabled

The Employee is considered Disabled if, solely because of Injury or Sickness, he or she is:

1. unable to perform the material duties of his or her Regular Occupation; and
2. unable to earn 80% or more of his or her Indexed Earnings from working in his or her Regular Occupation.

After Disability Benefits have been payable for 24 months, the Employee is considered Disabled if, solely due to Injury or Sickness, he or she is:

1. unable to perform the material duties of any occupation for which he or she is, or may reasonably become, qualified based on education, training or experience; and
2. unable to earn 60% or more of his or her Indexed Earnings.

The Insurance Company will require proof of earnings and continued Disability.

### Definition of Covered Earnings

Covered Earnings means an Employee's wage or salary as reported by the Employer for work performed for the Employer as in effect just prior to the date Disability begins. It includes earnings received from commissions but not bonuses, overtime pay and other extra compensation. Covered Earnings are determined initially on the date an Employee applies for coverage. A change in the amount of Covered Earnings is effective on the date of the change, if the Employer gives us written notice of the change and the required premium is paid.

Commissions will be averaged for the 12 months just prior to the date Disability begins, or the months employed, if less than 12 months.

Any increase in an Employee's Covered Earnings will not be effective during a period of continuous Disability.

**Elimination Period** 60 days

**Gross Disability Benefit** The lesser of 66.67% of an Employee's monthly Covered Earnings rounded to the nearest dollar or the Maximum Disability Benefit.

**Maximum Disability Benefit** \$10,000 per month

**Minimum Disability Benefit** \$100 per month

### Disability Benefit Calculation

The Disability Benefit payable to the Employee is figured using the Gross Disability Benefit, Other Income Benefits and the Return to Work Incentive. Monthly Benefits are based on a 30-day month. The Disability Benefit will be prorated if payable for any period less than a month.

During any month the Employee has no Disability Earnings, the monthly benefit payable is the Gross Disability Benefit less Other Income Benefits. During any month the Employee has Disability Earnings, benefits are determined under the Return to Work Incentive. Benefits will not be less than the minimum benefit shown in the Schedule of Benefits except as provided under the section Minimum Benefit.



"Other Income Benefits" means any benefits listed in the Other Income Benefits provision that an Employee receives on his or her own behalf or for dependents, or which the Employee's dependents receive because of the Employee's entitlement to Other Income Benefits.

*Return to Work Incentive*

During any month the Employee has Disability Earnings, his or her benefits will be calculated as follows.

The Employee's monthly benefit payable will be calculated as follows during the first 24 months disability benefits are payable and the Employee has Disability Earnings:

1. Add the Employee's Gross Disability Benefit and Disability Earnings.
2. Compare the sum from 1. to the Employee's Indexed Earnings.
3. If the sum from 1. exceeds 100% of the Employee's Indexed Earnings, then subtract the Indexed Earnings from the sum in 1.
4. The Employee's Gross Disability Benefit will be reduced by the difference from 3., as well as by Other Income Benefits.
5. If the sum from 1. does not exceed 100% of the Employee's Indexed Earnings, the Employee's Gross Disability Benefit will be reduced by Other Income Benefits.

After disability benefits are payable for 24 months, the monthly benefit payable is the Gross Disability Benefit reduced by Other Income Benefits and 50% of Disability Earnings.

No Disability Benefits will be paid, and insurance will end if the Insurance Company determines the Employee is able to work under a modified work arrangement and he or she refuses to do so without Good Cause.

**Additional Benefits**

*Survivor Benefit*

Benefit Waiting Period:	After 3 Monthly Benefits are payable.
Amount of Benefit:	100% of the sum of the last full Disability Benefit plus the amount of any Disability Earnings by which the benefit had been reduced for that month.
Maximum Benefit Period	A single lump sum payment equal to 3 monthly Survivor Benefits.

**Maximum Benefit Period**

The later of the Employee's SSNRA\* or the Maximum Benefit Period listed below.

<u>Age When Disability Begins</u>	<u>Maximum Benefit Period</u>
Age 62 or under	The Employee's 65th birthday or the date the 42nd Monthly Benefit is payable, if later.
Age 63	The date the 36th Monthly Benefit is payable.
Age 64	The date the 30th Monthly Benefit is payable.
Age 65	The date the 24th Monthly Benefit is payable.
Age 66	The date the 21st Monthly Benefit is payable.
Age 67	The date the 18th Monthly Benefit is payable.
Age 68	The date the 15th Monthly Benefit is payable.
Age 69 or older	The date the 12th Monthly Benefit is payable.

\*SSNRA means the Social Security Normal Retirement Age in effect under the Social Security Act on the Policy Effective Date.

**Initial Premium Rates**

\$ .62 per \$100 of Covered Payroll

Covered Payroll for an Employee will mean his or her Covered Earnings for the insurance month prior to the date the determination is made. However, an Employee's Covered Payroll will not include any part of his or her monthly Covered Earnings which exceed \$15,000.

TL-004774

**SCHEDULE OF BENEFITS FOR CLASS 3****Eligibility Waiting Period**

For Employees hired on or before the Policy Effective Date: No Waiting Period

For Employees hired after the Policy Effective Date: No Waiting Period

**Definition of Disability/Disabled**

The Employee is considered Disabled if, solely because of Injury or Sickness, he or she is:

1. unable to perform the material duties of his or her Regular Occupation; and
2. unable to earn 80% or more of his or her Indexed Earnings from working in his or her Regular Occupation.

After Disability Benefits have been payable for 24 months, the Employee is considered Disabled if, solely due to Injury or Sickness, he or she is:

1. unable to perform the material duties of any occupation for which he or she is, or may reasonably become, qualified based on education, training or experience; and
2. unable to earn 60% or more of his or her Indexed Earnings.

The Insurance Company will require proof of earnings and continued Disability.

**Definition of Covered Earnings**

Covered Earnings means an Employee's wage or salary as reported by the Employer for work performed for the Employer as in effect just prior to the date Disability begins. It includes earnings received from commissions but not bonuses, overtime pay and other extra compensation. Covered Earnings are determined initially on the date an Employee applies for coverage. A change in the amount of Covered Earnings is effective on the date of the change, if the Employer gives us written notice of the change and the required premium is paid.

Commissions will be averaged for the 12 months just prior to the date Disability begins, or the months employed, if less than 12 months.

Any increase in an Employee's Covered Earnings will not be effective during a period of continuous Disability.

<b>Elimination Period</b>	60 days
<b>Gross Disability Benefit</b>	The lesser of 66.67% of an Employee's monthly Covered Earnings rounded to the nearest dollar or the Maximum Disability Benefit.
<b>Maximum Disability Benefit</b>	\$10,000 per month
<b>Minimum Disability Benefit</b>	\$100 per month

**Disability Benefit Calculation**

The Disability Benefit payable to the Employee is figured using the Gross Disability Benefit, Other Income Benefits and the Return to Work Incentive. Monthly Benefits are based on a 30-day month. The Disability Benefit will be prorated if payable for any period less than a month.

During any month the Employee has no Disability Earnings, the monthly benefit payable is the Gross Disability Benefit less Other Income Benefits. During any month the Employee has Disability Earnings, benefits are determined under the Return to Work Incentive. Benefits will not be less than the minimum benefit shown in the Schedule of Benefits except as provided under the section Minimum Benefit.

"Other Income Benefits" means any benefits listed in the Other Income Benefits provision that an Employee receives on his or her own behalf or for dependents, or which the Employee's dependents receive because of the Employee's entitlement to Other Income Benefits.

*Return to Work Incentive*

During any month the Employee has Disability Earnings, his or her benefits will be calculated as follows.

The Employee's monthly benefit payable will be calculated as follows during the first 24 months disability benefits are payable and the Employee has Disability Earnings:

1. Add the Employee's Gross Disability Benefit and Disability Earnings.
2. Compare the sum from 1. to the Employee's Indexed Earnings.
3. If the sum from 1. exceeds 100% of the Employee's Indexed Earnings, then subtract the Indexed Earnings from the sum in 1.
4. The Employee's Gross Disability Benefit will be reduced by the difference from 3., as well as by Other Income Benefits.
5. If the sum from 1. does not exceed 100% of the Employee's Indexed Earnings, the Employee's Gross Disability Benefit will be reduced by Other Income Benefits.

After disability benefits are payable for 24 months, the monthly benefit payable is the Gross Disability Benefit reduced by Other Income Benefits and 50% of Disability Earnings.

No Disability Benefits will be paid, and insurance will end if the Insurance Company determines the Employee is able to work under a modified work arrangement and he or she refuses to do so without Good Cause.

**Additional Benefits**

*Survivor Benefit*

Benefit Waiting Period:	After 3 Monthly Benefits are payable.
Amount of Benefit:	100% of the sum of the last full Disability Benefit plus the amount of any Disability Earnings by which the benefit had been reduced for that month.
Maximum Benefit Period	A single lump sum payment equal to 3 monthly Survivor Benefits.

**Maximum Benefit Period**

The later of the Employee's SSNRA\* or the Maximum Benefit Period listed below.

<u>Age When Disability Begins</u>	<u>Maximum Benefit Period</u>
Age 62 or under	The Employee's 65th birthday or the date the 42nd Monthly Benefit is payable, if later.
Age 63	The date the 36th Monthly Benefit is payable.
Age 64	The date the 30th Monthly Benefit is payable.
Age 65	The date the 24th Monthly Benefit is payable.
Age 66	The date the 21st Monthly Benefit is payable.
Age 67	The date the 18th Monthly Benefit is payable.
Age 68	The date the 15th Monthly Benefit is payable.
Age 69 or older	The date the 12th Monthly Benefit is payable.

\*SSNRA means the Social Security Normal Retirement Age in effect under the Social Security Act on the Policy Effective Date.

**Initial Premium Rates**

\$ .62 per \$100 of Covered Payroll

Covered Payroll for an Employee will mean his or her Covered Earnings for the insurance month prior to the date the determination is made. However, an Employee's Covered Payroll will not include any part of his or her monthly Covered Earnings which exceed \$15,000.

TL-004774

## **ELIGIBILITY FOR INSURANCE**

An Employee in one of the Classes of Eligible Employees shown in the Schedule of Benefits is eligible to be insured on the Policy Effective Date, or the day after he or she completes the Eligibility Waiting Period, if later. The Eligibility Waiting Period is the period of time the Employee must be in Active Service to be eligible for coverage. It will be extended by the number of days the Employee is not in Active Service.

Except as noted in the Reinstatement Provision, if an Employee terminates coverage and later wishes to reapply, or if a former Employee is rehired, a new Eligibility Waiting Period must be satisfied. An Employee is not required to satisfy a new Eligibility Waiting Period if insurance ends because he or she is no longer in a Class of Eligible Employees, but continues to be employed and within one year becomes a member of an eligible class.

TL-004710

## **EFFECTIVE DATE OF INSURANCE**

An Employee will be insured on the date he or she becomes eligible, if the Employee is not required to contribute to the cost of this insurance.

An Employee who is required to contribute to the cost of this insurance may elect to be insured only by authorizing payroll deduction in a form approved by the Employer and the Insurance Company. The effective date of this insurance depends on the date coverage is elected.

Insurance for an Employee who applies for insurance within 31 days after he or she becomes eligible is effective on the latest of the following dates.

1. The Policy Effective Date.
2. The date payroll deduction is authorized.
3. The date the Insurance Company receives the Employee's completed enrollment form.

If an Employee's enrollment form is received more than 31 days after he or she is eligible for this insurance, the Insurability Requirement must be satisfied before this insurance is effective. If approved, this insurance is effective on the date the Insurance Company agrees in writing to insure the Employee.

If an Employee is not in Active Service on the date insurance would otherwise be effective, it will be effective on the date he or she returns to any occupation for the Employer on a Full-time basis.

TL-004712

## **TERMINATION OF INSURANCE**

An Employee's coverage will end on the earliest of the following dates:

1. the date the Employee is eligible for coverage under a plan intended to replace this coverage;
2. the date the Policy is terminated;
3. the date the Employee is no longer in an eligible class;
4. the day after the end of the period for which premiums are paid;
5. the date the Employee is no longer in Active Service;
6. the date benefits end for failure to comply with the terms and conditions of the Policy.

Disability Benefits will be payable to an Employee who is entitled to receive Disability Benefits when the Policy terminates, if he or she remains disabled and meets the requirements of the Policy. Any period of Disability, regardless of cause, that begins when the Employee is eligible under another group disability coverage provided by any employer, will not be covered.

TL-007505.00

## CONTINUATION OF INSURANCE

This Continuation of Insurance provision modifies the Termination of Insurance provision to allow insurance to continue under certain circumstances if the Insured Employee is no longer in Active Service. Insurance that is continued under this provision is subject to all other terms of the Termination of Insurance provisions.

Disability Insurance continues if an Employee's Active Service ends due to a Disability for which benefits under the Policy are or may become payable. Premiums for the Employee will be waived while Disability Benefits are payable. If the Employee does not return to Active Service, this insurance ends when the Disability ends or when benefits are no longer payable, whichever occurs first.

If an Employee's Active Service ends due to personal or family medical leave approved timely by the Employer, insurance will continue for an Employee for up to 12 weeks, if the required premium is paid when due.

If an Employee's Active Service ends due to any other leave of absence approved in writing by the Employer prior to the date the Employee ceases work insurance will continue for an Employee until the end of the month in which the leave begins if the required premium is paid. An approved leave of absence does not include termination of employment.

If an Employee's Active Service ends due to a layoff, insurance will continue for an Employee until the end of the month in which the leave begins if the required premium is paid.

If an Employee's Active Service ends due to any other excused short term absence from work that is reported to the Employer timely in accordance with the Employer's reporting requirements for such short term absence, insurance for an Employee will continue until the earlier of:

- a. the date the Employee's employment relationship with the Employer terminates;
- b. the date premiums are not paid when due;
- c. the end of the 30 day period that begins with the first day of such excused absence;
- d. the end of the period for which such short term absence is excused by the Employer.

Notwithstanding any other provision of this policy, if an Employee's Active Service ends due to termination of employment, or any other termination of the employment relationship, insurance will terminate and Continuation of Insurance under this provision will not apply.

If an Employee's insurance is continued pursuant to this Continuation of Insurance provision, and he or she becomes Disabled during such period of continuation, Disability Benefits will not begin until the later of the date the Elimination Period is satisfied or the date he or she is scheduled to return to Active Service.

TL-004716

## TAKEOVER PROVISION

This provision applies only to Employees eligible under this Policy who were covered for long term disability coverage on the day prior to the effective date of this Policy under the Prior Plan provided by the Policyholder or by an entity that has been acquired by the Policyholder.

- A. This section A applies to Employees who are not in Active Service on the day prior to the effective date of this Policy due to a reason for which the Prior Plan and this Policy both provide for continuation of insurance. If required premium is paid when due, the Insurance Company will insure an Employee to which this section applies against a disability that occurs after the effective date of this Policy for the affected employee group. This coverage will be provided until the earlier of the date: (a) the employee returns to Active Service, (b) continuation of insurance under the Prior Plan would end but for termination of that plan; or (c) the date continuation of insurance under this Policy would end if computed from the first day the employee was not in Active Service. The Policy will provide this coverage as follows:

1. If benefits for a disability are covered under the Prior Plan, no benefits are payable under this Plan.
  2. If the disability is not a covered disability under the Prior Plan solely because the plan terminated, benefits payable under this Policy for that disability will be the lesser of: (a) the disability benefits that would have been payable under the Prior Plan; and (b) those provided by this Policy. Credit will be given for partial completion under the Prior Plan of Elimination Periods and partial satisfaction of pre-existing condition limitations.
- B. The Elimination Period under this Policy will be waived for a Disability which begins while the Employee is insured under this Policy if all of the following conditions are met:
1. The Disability results from the same or related causes as a Disability for which monthly benefits were payable under the Prior Plan;
  2. Benefits are not payable for the Disability under the Prior Plan solely because it is not in effect;
  3. An Elimination Period would not apply to the Disability if the Prior Plan had not ended;
  4. The Disability begins within 6 months of the Employee's return to Active Service and the Employee's insurance under this Policy is continuous from this Policy's Effective Date.
- C. Except for any amount of benefit in excess of a Prior Plan's benefits, the Pre-existing Condition Limitation will not apply to an Employee covered under a Prior Plan who satisfied the pre-existing condition limitation, if any, under that plan. If an Employee, covered under a Prior Plan, did not fully satisfy the pre-existing condition limitation of that plan, credit will be given for any time that was satisfied under the Prior Plan's pre-existing condition limitation.

Benefits will be determined based on the lesser of: (1) the amount of the gross disability benefit under the Prior Plan and any applicable maximums; and (2) those provided by this Policy.

If benefits are payable under the Prior Plan for the Disability, no benefits are payable under this Policy.

TL-005108

## **DESCRIPTION OF BENEFITS**

The following provisions explain the benefits available under the Policy. Please see the Schedule of Benefits for the applicability of these benefits to each class of Insureds.

### **Disability Benefits**

The Insurance Company will pay Disability Benefits if an Employee becomes Disabled while covered under this Policy. The Employee must satisfy the Elimination Period, be under the Appropriate Care of a Physician, and meet all the other terms and conditions of the Policy. He or she must provide the Insurance Company, at his or her own expense, satisfactory proof of Disability before benefits will be paid. The Disability Benefit is shown in the Schedule of Benefits.

The Insurance Company will require continued proof of the Employee's Disability for benefits to continue.

### **Elimination Period**

The Elimination Period is the period of time an Employee must be continuously Disabled before Disability Benefits are payable. The Elimination Period is shown in the Schedule of Benefits.

A period of Disability is not continuous if separate periods of Disability result from unrelated causes.

### **Disability Benefit Calculation**

The Disability Benefit Calculation is shown in the Schedule of Benefits. Monthly Disability Benefits are based on a 30 day period. They will be prorated if payable for any period less than a month. If an



Employee is working while Disabled, the Disability Benefit Calculation will be the Return to Work Incentive.

### **Return to Work Incentive**

The Return to Work Incentive is shown in the Schedule of Benefits. An Employee may work for wage or profit while Disabled. In any month in which the Employee works and a Disability Benefit is payable, the Return to Work Incentive applies.

The Insurance Company will, from time to time, review the Employee's status and will require satisfactory proof of earnings and continued Disability.

### **Minimum Benefit**

The Insurance Company will pay the Minimum Benefit shown in the Schedule of Benefits despite any reductions made for Other Income Benefits. The Minimum Benefit will not apply if benefits are being withheld to recover an overpayment of benefits.

### **Other Income Benefits**

An Employee for whom Disability Benefits are payable under this Policy may be eligible for benefits from Other Income Benefits. If so, the Insurance Company may reduce the Disability Benefits by the amount of such Other Income Benefits.

Other Income Benefits include:

1. any amounts received (or assumed to be received\*) by the Employee or his or her dependents under:
  - the Canada and Quebec Pension Plans;
  - the Railroad Retirement Act;
  - any local, state, provincial or federal government disability or retirement plan or law payable for Injury or Sickness provided as a result of employment with the Employer;
  - any sick leave or salary continuation plan of the Employer;
  - any work loss provision in mandatory "No-Fault" auto insurance.
2. any Social Security disability or retirement benefits the Employee or any third party receives (or is assumed to receive\*) on his or her own behalf or for his or her dependents; or which his or her dependents receive (or are assumed to receive\*) because of his or her entitlement to such benefits.
3. any Retirement Plan benefits funded by the Employer. "Retirement Plan" means any defined benefit or defined contribution plan sponsored or funded by the Employer. It does not include an individual deferred compensation agreement; a profit sharing or any other retirement or savings plan maintained in addition to a defined benefit or other defined contribution pension plan, or any employee savings plan including a thrift, stock option or stock bonus plan, individual retirement account or 401(k) plan.
4. any proceeds payable under any franchise or group insurance or similar plan. If other insurance applies to the same claim for Disability, and contains the same or similar provision for reduction because of other insurance, the Insurance Company will pay for its pro rata share of the total claim. "Pro rata share" means the proportion of the total benefit that the amount payable under one policy, without other insurance, bears to the total benefits under all such policies.
5. any amounts received (or assumed to be received\*) by the Employee or his or her dependents under any workers' compensation, occupational disease, unemployment compensation law or similar state or federal law payable for Injury or Sickness arising out of work with the Employer, including all permanent and temporary disability benefits. This includes any damages, compromises or settlement paid in place of such benefits, whether or not liability is admitted.
6. any amounts paid because of loss of earnings or earning capacity through settlement, judgment, arbitration or otherwise, where a third party may be liable, regardless of whether liability is determined.

Dependents include any person who receives (or is assumed to receive\*) benefits under any applicable law because of an Employee's entitlement to benefits.

\*See the Assumed Receipt of Benefits provision.

#### *Increases in Other Income Benefits*

Any increase in Other Income Benefits during a period of Disability due to a cost of living adjustment will not be considered in calculating the Employee's Disability Benefits after the first reduction is made for any Other Income Benefits. This section does not apply to any cost of living adjustment for Disability Earnings.

#### *Lump Sum Payments*

Other Income Benefits or earnings paid in a lump sum will be prorated over the period for which the sum is given. If no time is stated, the lump sum will be prorated over five years.

If no specific allocation of a lump sum payment is made, then the total payment will be an Other Income Benefit.

#### *Assumed Receipt of Benefits*

The Insurance Company will assume the Employee (and his or her dependents, if applicable) are receiving benefits for which they are eligible from Other Income Benefits. The Insurance Company will reduce the Employee's Disability Benefits by the amount from Other Income Benefits it estimates are payable to the Employee and his or her dependents.

The Insurance Company will waive Assumed Receipt of Benefits, except for Disability Earnings for work the Employee performs while Disability Benefits are payable, if the Employee:

1. provides satisfactory proof of application for Other Income Benefits;
2. signs a Reimbursement Agreement;
3. provides satisfactory proof that all appeals for Other Income Benefits have been made unless the Insurance Company determines that further appeals are not likely to succeed; and
4. submits satisfactory proof that Other Income Benefits were denied.

The Insurance Company will not assume receipt of any pension or retirement benefits that are actuarially reduced according to applicable law, until the Employee actually receives them.

#### *Social Security Assistance*

The Insurance Company may help the Employee in applying for Social Security Disability Income (SSDI) Benefits, and may require the Employee to file an appeal if it believes a reversal of a prior decision is possible.

The Insurance Company will reduce Disability Benefits by the amount it estimates the Employee will receive, if the Employee refuses to cooperate with or participate in the Social Security Assistance Program.

#### **Recovery of Overpayment**

The Insurance Company has the right to recover any benefits it has overpaid. The Insurance Company may use any or all of the following to recover an overpayment:

1. request a lump sum payment of the overpaid amount;
2. reduce any amounts payable under this Policy; and/or
3. take any appropriate collection activity available to it.

The Minimum Benefit amount will not apply when Disability Benefits are reduced in order to recover any overpayment.

If an overpayment is due when the Employee dies, any benefits payable under the Policy will be reduced to recover the overpayment.

**Successive Periods of Disability**

A separate period of Disability will be considered continuous:

1. if it results from the same or related causes as a prior Disability for which benefits were payable; and
2. if, after receiving Disability Benefits, the Employee returns to work in his or her Regular Occupation for less than 6 consecutive months; and
3. if the Employee earns less than the percentage of Indexed Earnings that would still qualify him or her to meet the definition of Disability/Disabled during at least one month.

Any later period of Disability, regardless of cause, that begins when the Employee is eligible for coverage under another group disability plan provided by any employer will not be considered a continuous period of Disability. For any separate period of disability which is not considered continuous, the Employee must satisfy a new Elimination Period.

**LIMITATIONS****Limited Benefit Periods for Mental or Nervous Disorders**

The Insurance Company will pay Disability Benefits on a limited basis during an Employee's lifetime for a Disability caused by, or contributed to by, any one or more of the following conditions. Once 24 monthly Disability Benefits have been paid, no further benefits will be payable for any of the following conditions.

- 1) Anxiety disorders
- 2) Delusional (paranoid) disorders
- 3) Depressive disorders
- 4) Eating disorders
- 5) Mental illness
- 6) Somatoform disorders (psychosomatic illness)

If, before reaching his or her lifetime maximum benefit, an Employee is confined in a hospital for more than 14 consecutive days, that period of confinement will not count against his or her lifetime limit. The confinement must be for the Appropriate Care of any of the conditions listed above.

**Limited Benefit Periods for Alcoholism and Drug Addiction or Abuse**

The Insurance Company will pay Disability Benefits on a limited basis during an Employee's lifetime for a Disability caused by, or contributed to by, any one or more of the following conditions. Once 24 monthly Disability Benefits have been paid, no further benefits will be payable for any of the following conditions.

- 1) Alcoholism
- 2) Drug addiction or abuse

If, before reaching his or her lifetime maximum benefit, an Employee is confined in a hospital for more than 14 consecutive days, that period of confinement will not count against his or her lifetime limit. The confinement must be for the Appropriate Care of any of the conditions listed above.

**Pre-Existing Condition Limitation**

The Insurance Company will not pay benefits for any period of Disability caused or contributed to by, or resulting from, a Pre-existing Condition. A "Pre-existing Condition" means any Injury or Sickness for which the Employee incurred expenses, received medical treatment, care or services including diagnostic measures, took prescribed drugs or medicines, or for which a reasonable person would have consulted a Physician within 3 months before his or her most recent effective date of insurance.

The Pre-existing Condition Limitation will apply to any added benefits or increases in benefits. This limitation will not apply to a period of Disability that begins after an Employee is covered for at least 12 months after his or her most recent effective date of insurance, or the effective date of any added or increased benefits.

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## **ADDITIONAL BENEFITS**

### **Rehabilitation During a Period of Disability**

If the Insurance Company determines that a Disabled Employee is a suitable candidate for rehabilitation, the Insurance Company may require the Employee to participate in a Rehabilitation Plan and assessment at our expense. The Insurance Company has the sole discretion to approve the Employee's participation in a Rehabilitation Plan and to approve a program as a Rehabilitation Plan. The Insurance Company will work with the Employee, the Employer and the Employee's Physician and others, as appropriate, to perform the assessment, develop a Rehabilitation Plan, and discuss return to work opportunities.

The Rehabilitation Plan may, at the Insurance Company's discretion, allow for payment of the Employee's medical expense, education expense, moving expense, accommodation expense or family care expense while he or she participates in the program.

If an Employee fails to fully cooperate in all required phases of the Rehabilitation Plan and assessment without Good Cause, no Disability Benefits will be paid, and insurance will end.

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### **Survivor Benefit**

The Insurance Company will pay a Survivor Benefit if an Employee dies while Monthly Benefits are payable. The Employee must have been continuously Disabled for the Survivor Benefit Waiting Period before the first benefit is payable. These benefits will be payable for the Maximum Benefit Period for Survivor Benefits.

Benefits will be paid to the Employee's Spouse. If there is no Spouse, benefits will be paid in equal shares to the Employee's surviving Children. If there are no Spouse and no Children, benefits will be paid to the Employee's estate.

"Spouse" means an Employee's lawful spouse. "Children" means an Employee's unmarried children under age 21 who are chiefly dependent upon the Employee for support and maintenance. The term includes a stepchild living with the Employee at the time of his or her death.

TL-005107

## **TERMINATION OF DISABILITY BENEFITS**

Benefits will end on the earliest of the following dates:

1. the date the Employee earns from any occupation, more than the percentage of Indexed Earnings set forth in the definition of Disability applicable to him or her at that time;
2. the date the Insurance Company determines he or she is not Disabled;
3. the end of the Maximum Benefit Period;
4. the date the Employee dies;
5. the date the Employee refuses, without Good Cause, to fully cooperate in all required phases of the Rehabilitation Plan and assessment;
6. the date the Employee is no longer receiving Appropriate Care;
7. the date the Employee fails to cooperate with the Insurance Company in the administration of the claim. Such cooperation includes, but is not limited to, providing any information or documents needed to determine whether benefits are payable or the actual benefit amount due.

Benefits may be resumed if the Employee begins to cooperate fully in the Rehabilitation Plan within 30 days of the date benefits terminated.

TL-007502.00

## EXCLUSIONS

The Insurance Company will not pay any Disability Benefits for a Disability that results, directly or indirectly, from:

1. suicide, attempted suicide, or self-inflicted injury while sane or insane.
2. war or any act of war, whether or not declared.
3. active participation in a riot.
4. commission of a felony.
5. the revocation, restriction or non-renewal of an Employee's license, permit or certification necessary to perform the duties of his or her occupation unless due solely to Injury or Sickness otherwise covered by the Policy.

In addition, the Insurance Company will not pay Disability Benefits for any period of Disability during which the Employee is incarcerated in a penal or corrections institution.

TL-007503.00

## CLAIM PROVISIONS

### Notice of Claim

Written notice, or notice by any other electronic/telephonic means authorized by the Insurance Company, must be given to the Insurance Company within 31 days after a covered loss occurs or begins or as soon as reasonably possible. If written notice, or notice by any other electronic/telephonic means authorized by the Insurance Company, is not given in that time, the claim will not be invalidated or reduced if it is shown that notice was given as soon as was reasonably possible. Notice can be given at our home office in Philadelphia, Pennsylvania or to our agent. Notice should include the Employer's Name, the Policy Number and the claimant's name and address.

### Claim Forms

When the Insurance Company receives notice of claim, the Insurance Company will send claim forms for filing proof of loss. If claim forms are not sent within 15 days after notice is received by the Insurance Company, the proof requirements will be met by submitting, within the time required under the "Proof of Loss" section, written proof, or proof by any other electronic/telephonic means authorized by the Insurance Company, of the nature and extent of the loss.

### Claimant Cooperation Provision

Failure of a claimant to cooperate with the Insurance Company in the administration of the claim may result in termination of the claim. Such cooperation includes, but is not limited to, providing any information or documents needed to determine whether benefits are payable or the actual benefit amount due.

### Insurance Data

The Employer is required to cooperate with the Insurance Company in the review of claims and applications for coverage. Any information the Insurance Company provides in these areas is confidential and may not be used or released by the Employer if not permitted by applicable privacy laws.

**Proof of Loss**

Written proof of loss, or proof by any other electronic/telephonic means authorized by the Insurance Company, must be given to the Insurance Company within 90 days after the date of the loss for which a claim is made. If written proof of loss, or proof by any other electronic/telephonic means authorized by the Insurance Company, is not given in that 90 day period, the claim will not be invalidated nor reduced if it is shown that it was given as soon as was reasonably possible. In any case, written proof of loss, or proof by any other electronic/telephonic means authorized by the Insurance Company, must be given not more than one year after that 90 day period. If written proof of loss, or proof by any other electronic/telephonic means authorized by the Insurance Company, is provided outside of these time limits, the claim will be denied. These time limits will not apply while the person making the claim lacks legal capacity.

Written proof, or proof by any other electronic/telephonic means authorized by the Insurance Company, that the loss continues must be furnished to the Insurance Company at intervals required by us. Within 30 days of a request, written proof of continued Disability and Appropriate Care by a Physician must be given to the Insurance Company.

**Time of Payment**

Disability Benefits will be paid at regular intervals of not less frequently than once a month. Any balance, unpaid at the end of any period for which the Insurance Company is liable, will be paid at that time.

**To Whom Payable**

Disability Benefits will be paid to the Employee. If any person to whom benefits are payable is a minor or, in the opinion of the Insurance Company, is not able to give a valid receipt, such payment will be made to his or her legal guardian. However, if no request for payment has been made by the legal guardian, the Insurance Company may, at its option, make payment to the person or institution appearing to have assumed custody and support.

If an Employee dies while any Disability Benefits remain unpaid, the Insurance Company may, at its option, make direct payment to any of the following living relatives of the Employee: spouse, mother, father, children, brothers or sisters; or to the executors or administrators of the Employee's estate. The Insurance Company may reduce the amount payable by any indebtedness due.

Payment in the manner described above will release the Insurance Company from all liability for any payment made.

**Physical Examination and Autopsy**

The Insurance Company, at its expense, will have the right to examine any person for whom a claim is pending as often as it may reasonably require. The Insurance Company may, at its expense, require an autopsy unless prohibited by law.

**Legal Actions**

No action at law or in equity may be brought to recover benefits under the Policy less than 60 days after written proof of loss, or proof by any other electronic/telephonic means authorized by the Insurance Company, has been furnished as required by the Policy. No such action shall be brought more than 3 years after the time satisfactory proof of loss is required to be furnished.

**Time Limitations**

If any time limit stated in the Policy for giving notice of claim or proof of loss, or for bringing any action at law or in equity, is less than that permitted by the law of the state in which the Employee lives when the Policy is issued, then the time limit provided in the Policy is extended to agree with the minimum permitted by the law of that state.

**Physician/Patient Relationship**

The Insured will have the right to choose any Physician who is practicing legally. The Insurance Company will in no way disturb the Physician/patient relationship.

## **ADMINISTRATIVE PROVISIONS**

### **Premiums**

The premiums for this Policy will be based on the rates currently in force, the plan and the amount of insurance in effect.

### **Changes in Premium Rates**

The premium rates may be changed by the Insurance Company from time to time with at least 31 days advance written notice. No change in rates will be made until 36 months after the Policy Effective Date. An increase in rates will not be made more often than once in a 12 month period. However, the Insurance Company reserves the right to change the rates even during a period for which the rate is guaranteed if any of the following events take place.

1. The terms of the Policy change.
2. A division, subsidiary, affiliated company or eligible class is added or deleted from the Policy.
3. There is a change in the factors bearing on the risk assumed.
4. Any federal or state law or regulation is amended to the extent it affects the Insurance Company's benefit obligation.
5. The Insurance Company determines that the Employer has failed to promptly furnish any necessary information requested by the Insurance Company, or has failed to perform any other obligations in relation to the Policy.

If an increase or decrease in rates takes place on a date that is not a Premium Due Date, a pro rata adjustment will apply from the date of the change to the next Premium Due Date.

### **Reporting Requirements**

The Employer must, upon request, give the Insurance Company any information required to determine who is insured, the amount of insurance in force and any other information needed to administer the plan of insurance.

### **Payment of Premium**

The first premium is due on the Policy Effective Date. After that, premiums will be due monthly unless the Employer and the Insurance Company agree on some other method of premium payment.

If any premium is not paid when due, the plan will be canceled as of the Premium Due Date, except as provided in the Policy Grace Period section.

### **Notice of Cancellation**

The Employer or the Insurance Company may cancel the Policy as of any Premium Due Date by giving 31 days advance written notice. If a premium is not paid when due, the Policy will automatically be canceled as of the Premium Due Date, except as provided in the Policy Grace Period section.

### **Policy Grace Period**

A Policy Grace Period of 60 days will be granted for the payment of the required premiums under this Policy. This Policy will be in force during the Policy Grace Period. The Employer is liable to the Insurance Company for any unpaid premium for the time this Policy was in force.

### **Grace Period for the Insured**

If the required premium is not paid on the Premium Due Date, there is a 60 day grace period after each premium due date after the first. If the required premium is not paid during the grace period, insurance will end on the last day for which premium was paid.

**Reinstatement of Insurance**

An Employee's insurance may be reinstated if it ends because the Employee is on an unpaid leave of absence.

An Employee's insurance may be reinstated only if reinstatement occurs within 12 weeks from the date insurance ends due to an Employer approved unpaid leave of absence or must be returning from military service pursuant to the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA). For insurance to be reinstated the following conditions must be met.

1. An Employee must be in a Class of Eligible Employees.
2. The required premium must be paid.
3. A written request for reinstatement must be received by the Insurance Company within 31 days from the date an Employee returns to Active Service.

Reinstated insurance will be effective on the date the Employee returns to Active Service. If an Employee did not fully satisfy the Eligibility Waiting Period or the Pre-Existing Condition Limitation (if any) before insurance ended due to an unpaid leave of absence, credit will be given for any time that was satisfied.

TL-004720

**GENERAL PROVISIONS****Entire Contract**

The entire contract will be made up of the Policy, the application of the Employer, a copy of which is attached to the Policy, and the applications, if any, of the Insureds.

**Incontestability**

All statements made by the Employer or by an Insured are representations not warranties. No statement will be used to deny or reduce benefits or as a defense to a claim, unless a copy of the instrument containing the statement has been furnished to the claimant. In the event of death or legal incapacity, the beneficiary or representative must receive the copy.

After two years from an Insured's effective date of insurance, or from the effective date of any added or increased benefits, no such statement will cause insurance to be contested except for fraud or eligibility for coverage.

**Misstatement of Age**

If an Insured's age has been misstated, the Insurance Company will adjust all benefits to the amounts that would have been purchased for the correct age.

**Policy Changes**

No change in the Policy will be valid until approved by an executive officer of the Insurance Company. This approval must be endorsed on, or attached to, the Policy. No agent may change the Policy or waive any of its provisions.

**Workers' Compensation Insurance**

The Policy is not in lieu of and does not affect any requirements for insurance under any Workers' Compensation Insurance Law.

**Certificates**

A certificate of insurance will be delivered to the Employer for delivery to Insureds. Each certificate will list the benefits, conditions and limits of the Policy. It will state to whom benefits will be paid.



**Assignment of Benefits**

The Insurance Company will not be affected by the assignment of an Insured's certificate until the original assignment or a certified copy of the assignment is filed with the Insurance Company. The Insurance Company will not be responsible for the validity or sufficiency of an assignment. An assignment of benefits will operate so long as the assignment remains in force provided insurance under the Policy is in effect. This insurance may not be levied on, attached, garnisheed, or otherwise taken for a person's debts. This prohibition does not apply where contrary to law.

**Clerical Error**

A person's insurance will not be affected by error or delay in keeping records of insurance under the Policy. If such an error is found, the premium will be adjusted fairly.

**Agency**

The Employer and Plan Administrator are agents of the Employee for transactions relating to insurance under the Policy. The Insurance Company is not liable for any of their acts or omissions.

TL-004726

**Certain Internal Revenue Code (IRC) & Internal Revenue Service (IRS) Functions**

The Insurer may agree with the Subscriber to perform certain functions required by the Internal Revenue Code and IRS regulations. Such functions may include the preparation and filing of wage and tax statements (Form W-2) for disability benefit payments made under this Policy. In consideration of the payment of premiums by the Subscriber, the Insurer waives the right to transfer liability with respect to the employer taxes imposed on the Insurer by IRS Regulation 32.1(e)(1) for monthly Disability payments made under this Policy. Employee money may not be used to fund the Premium for the services and payments of this section.

TL-009230.00

**DEFINITIONS**

Please note, certain words used in this document have specific meanings. These terms will be capitalized throughout this document. The definition of any word, if not defined in the text where it is used, may be found either in this Definitions section or in the Schedule of Benefits.

**Active Service**

An Employee is in Active Service on a day which is one of the Employer's scheduled work days if either of the following conditions are met.

1. The Employee is performing his or her regular occupation for the Employer on a full-time basis. He or she must be working at one of the Employer's usual places of business or at some location to which the employer's business requires an Employee to travel.
2. The day is a scheduled holiday or vacation day and the Employee was performing his or her regular occupation on the preceding scheduled work day.

An Employee is in Active Service on a day which is not one of the Employer's scheduled work days only if he or she was in Active Service on the preceding scheduled work day.

**Appropriate Care**

Appropriate Care means the determination of an accurate and medically supported diagnosis of the Employee's Disability by a Physician, or a plan established by a Physician of ongoing medical treatment and care of the Disability that conforms to generally accepted medical standards, including frequency of treatment and care.

**Consumer Price Index (CPI-W)**

The Consumer Price Index for Urban Wage Earners and Clerical Workers published by the U.S. Department of Labor. If the index is discontinued or changed, another nationally published index that is comparable to the CPI-W will be used.

**Disability Earnings**

Any wage or salary for any work performed for any employer during the Employee's Disability, including commissions, bonus, overtime pay or other extra compensation.

**Employee**

For eligibility purposes, an Employee is an employee of the Employer in one of the "Classes of Eligible Employees." Otherwise, Employee means an employee of the Employer who is insured under the Policy.

**Employer**

The Employer who has subscribed to the Policyholder and for the benefit of whose Employees this policy has been issued. The Employer, named as the Subscriber on the front of this Policy, includes any affiliates or subsidiaries covered under the Policy. The Employer is acting as an agent of the Insured for transactions relating to this insurance. The actions of the Employer shall not be considered the actions of the Insurance Company.

**Full-time**

Full-time means the number of hours set by the Employer as a regular work day for Employees in the Employee's eligibility class.

**Good Cause**

A medical reason preventing participation in the Rehabilitation Plan. Satisfactory proof of Good Cause must be provided to the Insurance Company.

**Indexed Earnings**

For the first 12 months Monthly Benefits are payable, Indexed Earnings will be equal to Covered Earnings. After 12 Monthly Benefits are payable, Indexed Earnings will be an Employee's Covered Earnings plus an increase applied on each anniversary of the date Monthly Benefits became payable. The amount of each increase will be the lesser of:

1. 10% of the Employee's Indexed Earnings during the preceding year of Disability; or
2. the rate of increase in the Consumer Price Index (CPI-W) during the preceding calendar year.

**Injury**

Any accidental loss or bodily harm which results directly and independently of all other causes from an Accident.

**Insurability Requirement**

An eligible person will satisfy the Insurability Requirement for an amount of coverage on the day the Insurance Company agrees in writing to accept him or her as insured for that amount. To determine a person's acceptability for coverage, the Insurance Company will require evidence of good health and may require it be provided at the Employee's expense.

**Insurance Company**

The Insurance Company underwriting the Policy is named on the Policy cover page.

**Insured**

A person who is eligible for insurance under the Policy, for whom insurance is elected, the required premium is paid and coverage is in force under the Policy.

**Physician**

Physician means a licensed doctor practicing within the scope of his or her license and rendering care and treatment to an Insured that is appropriate for the condition and locality. The term does not include an Employee, an Employee's spouse, the immediate family (including parents, children, siblings or spouses of any of the foregoing, whether the relationship derives from blood or marriage), of an Employee or spouse, or a person living in an Employee's household.

**Prior Plan**

The Prior Plan refers to the plan of insurance providing similar benefits sponsored by the Employer in effect directly prior to the Policy Effective Date. A Prior Plan will include the plan of a company in effect on the day prior to that company's addition to this Policy after the Policy Effective Date.

**Regular Occupation**

The occupation the Employee routinely performs at the time the Disability begins. In evaluating the Disability, the Insurance Company will consider the duties of the occupation as it is normally performed in the general labor market in the national economy. It is not work tasks that are performed for a specific employer or at a specific location.

**Rehabilitation Plan**

A written plan designed to enable the Employee to return to work. The Rehabilitation Plan will consist of one or more of the following phases:

1. rehabilitation, under which the Insurance Company may provide, arrange or authorize educational, vocational or physical rehabilitation or other appropriate services;
2. work, which may include modified work and work on a part-time basis.

**Sickness**

Any physical or mental illness.

TL-007500.00

**Life Insurance Company of North America**  
a stock insurance company

Rider to Group Policy No. LK-961943  
Effective Date of Rider: January 1, 2009

Eligible Classes to which this Rider applies: All Classes

**MODIFICATION OF GROUP DISABILITY POLICY  
TO ADD DOMESTIC PARTNER AS AN ELIGIBLE SURVIVOR UNDER THE SURVIVOR  
BENEFIT**

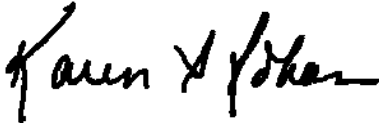
The Survivor Benefit are modified in the Policy as follows:

1. All references to the term "Spouse" are replaced by "Spouse or Domestic Partner" except for the following references:
  - a. The first reference to "Spouse" in the benefit text is changed to "Spouse, or Domestic Partner if there is no Spouse,"
  - b. The text pertaining to the definition of "Spouse" remains unchanged.
2. The following definition of Domestic Partner is added.

"Domestic Partner" means a person who is registered as the Employee's domestic partner with the California Secretary of State.

Except for the above, this Rider does not change the Group Policy to which it is attached.

**Life Insurance Company of North America**

By: 

Karen S. Rohan, President

TL-007152-1.05

**IMPORTANT CHANGES FOR STATE REQUIREMENTS**

If an Employee resides in one of the following states, the provisions of the certificate are modified for residents of the following states. The modifications listed apply only to residents of that state.

**Louisiana residents:**

The percentage of Indexed Earnings, if any, that qualifies an insured to meet the definition of Disability/Disabled may not be less than 80%.

**Minnesota residents:**

The Pre-existing Condition Limitation, if any, may not be longer than 24 months from the insured's most recent effective date of insurance.

**Texas residents:**

Any provision offsetting or otherwise reducing any benefit by an amount payable under an individual or franchise policy will not apply.

**LIFE INSURANCE COMPANY OF NORTH AMERICA  
PHILADELPHIA, PA 19192-2235**

We, City of Palo Alto, whose main office address is Palo Alto, CA, hereby approve and accept the terms of Group Policy Number LK-961943 issued by the LIFE INSURANCE COMPANY OF NORTH AMERICA to the TRUSTEE OF THE GROUP INSURANCE TRUST FOR EMPLOYERS IN THE PUBLIC ADMINISTRATION INDUSTRY.

This form is to be signed in duplicate. One part is to be retained by City of Palo Alto; the other part is to be returned to the LIFE INSURANCE COMPANY OF NORTH AMERICA.

City of Palo Alto

Signature and Title: \_\_\_\_\_ Date: \_\_\_\_\_

(This Copy Is To Be Returned To Life Insurance Company of North America)

**LIFE INSURANCE COMPANY OF NORTH AMERICA  
PHILADELPHIA, PA 19192-2235**

We, City of Palo Alto, whose main office address is Palo Alto, CA, hereby approve and accept the terms of Group Policy Number LK-961943 issued by the LIFE INSURANCE COMPANY OF NORTH AMERICA to the TRUSTEE OF THE GROUP INSURANCE TRUST FOR EMPLOYERS IN THE PUBLIC ADMINISTRATION INDUSTRY.

This form is to be signed in duplicate. One part is to be retained by City of Palo Alto; the other part is to be returned to the LIFE INSURANCE COMPANY OF NORTH AMERICA.

City of Palo Alto

Signature and Title: \_\_\_\_\_ Date: \_\_\_\_\_

(This Copy Is To Be Retained By City of Palo Alto)

**Life Insurance Company of North America**  
**1601 Chestnut Street**  
**Philadelphia, Pennsylvania 19192-2235**

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### AMENDMENT

Policyholder: Trustee of the Group Insurance Trust for Employers in the Public Administration Industry

Subscriber: City of Palo Alto

Policy No.: OK - 964302

This Amendment is attached to and made part of the Policy specified above. It is subject to all of the policy provisions that do not conflict with its provisions.

Subscriber and We hereby agree that the Policy is amended as follows:

Effective January 1, 2022, the following rates will be in force for Classes 1, 2 and 3 for coverage under the Policy:

Premium Rate:

Basic Insurance

Employee Rate: \$0.015 per \$1,000

Voluntary Insurance

Employee Rate: \$0.02 per \$1,000

No change in rates will be made until 36 months after the effective date of this Amendment. However, the Company reserves the right to change the rates at any time during a period for which the rates are guaranteed if the conditions described in the Changes in Premium Rates provision under the Administrative Provisions section of the Policy apply.

Except for the above, this Amendment does not change the Policy in any way.

**Life Insurance Company of North America**



William J. Smith, President

Date: August 26, 2021

Amendment No. 04ri0215

GA-00-4000.00

**EXHIBIT B**  
**SCHEDULE OF PERFORMANCE**

CONSULTANT shall provide Insurance benefits as specified in EXHIBIT “A” Scope of Services. Claims shall be processed in a timely manner to the reasonable satisfaction of the CITY.



## **EXHIBIT C COMPENSATION**

The CITY agrees to compensate the CONSULTANT for professional services performed in accordance with the terms and conditions of this Agreement based on the rate schedules within Exhibits A-1, A-2 and A-3.

The compensation to be paid to CONSULTANT under this Agreement for all services described in Exhibit "A" ("Services") and reimbursable expenses shall not exceed \$1,920,000.00. CONSULTANT agrees to complete all Services, including reimbursable expenses, within this amount. Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth herein shall be at no cost to the CITY.

### **REIMBURSABLE EXPENSES**

CITY'S sole financial obligation to CONSULTANT shall be the payment of premiums as provided in the Policies.

### **ADDITIONAL SERVICES**

The CONSULTANT shall provide additional services only by advanced, written authorization from the CITY. The CONSULTANT, at the CITY's project manager's request, shall submit a detailed written proposal including a description of the scope of services, schedule, level of effort, and CONSULTANT's proposed maximum compensation, including reimbursable expenses, for such services based on the rates set forth in such proposal. The additional services scope, schedule and maximum compensation shall be negotiated and agreed to in writing by the CITY's Project Manager and CONSULTANT prior to commencement of the services. Payment for additional services is subject to all requirements and restrictions in this Agreement.

## EXHIBIT D INSURANCE REQUIREMENTS

CONSULTANTS TO THE CITY OF PALO ALTO (CITY), AT THEIR SOLE EXPENSE, SHALL FOR THE TERM OF THE CONTRACT OBTAIN AND MAINTAIN INSURANCE IN THE AMOUNTS FOR THE COVERAGE SPECIFIED BELOW, **AFFORDED BY COMPANIES WITH AM BEST'S KEY RATING OF A-VII, OR HIGHER, LICENSED OR AUTHORIZED TO TRANSACT INSURANCE BUSINESS IN THE STATE OF CALIFORNIA.**

AWARD IS CONTINGENT ON COMPLIANCE WITH CITY'S INSURANCE REQUIREMENTS AS SPECIFIED HEREIN.

AWARD IS CONTINGENT ON COMPLIANCE WITH CITY'S INSURANCE REQUIREMENTS AS SPECIFIED HEREIN.				
REQUIRED	TYPE OF COVERAGE	REQUIREMENT	MINIMUM LIMITS	
			EACH OCCURRENCE	AGGREGATE
YES YES	WORKER'S COMPENSATION EMPLOYER'S LIABILITY	STATUTORY STATUTORY	STATUTORY	STATUTORY
YES	GENERAL LIABILITY, INCLUDING PERSONAL INJURY, BROAD FORM PROPERTY DAMAGE BLANKET CONTRACTUAL, AND FIRE LEGAL LIABILITY	BODILY INJURY	\$1,000,000	\$1,000,000
		PROPERTY DAMAGE	\$1,000,000	\$1,000,000
		BODILY INJURY & PROPERTY DAMAGE COMBINED.	\$1,000,000	\$1,000,000
YES	AUTOMOBILE LIABILITY, INCLUDING ALL OWNED, HIRED, NON-OWNED	BODILY INJURY	\$1,000,000	\$1,000,000
		- EACH PERSON	\$1,000,000	\$1,000,000
		- EACH OCCURRENCE	\$1,000,000	\$1,000,000
		PROPERTY DAMAGE	\$1,000,000	\$1,000,000
		BODILY INJURY AND PROPERTY DAMAGE, COMBINED	\$1,000,000	\$1,000,000
YES	PROFESSIONAL LIABILITY, INCLUDING, ERRORS AND OMISSIONS, MALPRACTICE (WHEN APPLICABLE), AND NEGLIGENT PERFORMANCE	ALL DAMAGES	\$1,000,000	
YES	<b>THE CITY OF PALO ALTO IS TO BE NAMED AS AN ADDITIONAL INSURED:</b> CONSULTANT, AT ITS SOLE COST AND EXPENSE, SHALL OBTAIN AND MAINTAIN, IN FULL FORCE AND EFFECT THROUGHOUT THE ENTIRE TERM OF ANY RESULTANT AGREEMENT, THE INSURANCE COVERAGE HEREIN DESCRIBED, INSURING NOT ONLY CONSULTANT AND ITS SUBCONSULTANTS, IF ANY, BUT ALSO, WITH THE EXCEPTION OF WORKERS' COMPENSATION, EMPLOYER'S LIABILITY AND PROFESSIONAL INSURANCE, <b>NAMING AS ADDITIONAL INSUREDS CITY, ITS COUNCIL MEMBERS, OFFICERS, AGENTS, AND EMPLOYEES.</b>			

I. INSURANCE COVERAGE MUST INCLUDE:

- A. A CONTRACTUAL LIABILITY ENDORSEMENT PROVIDING INSURANCE COVERAGE FOR CONSULTANT'S AGREEMENT TO INDEMNIFY CITY.

II. THE CONSULTANT MUST SUBMIT CERTIFICATES(S) OF INSURANCE EVIDENCING REQUIRED COVERAGE AT THE FOLLOWING URL: <HTTPS://WWW.PLANETBIDS.COM/PORTAL/PORTAL.CFM?COMPANYID=25569>

III. ENDORSEMENT PROVISIONS WITH RESPECT TO THE INSURANCE AFFORDED TO ADDITIONAL INSUREDS:

A. PRIMARY COVERAGE

WITH RESPECT TO CLAIMS ARISING OUT OF THE OPERATIONS OF THE NAMED INSURED, INSURANCE AS AFFORDED BY THIS POLICY IS PRIMARY AND IS NOT ADDITIONAL TO OR CONTRIBUTING WITH ANY OTHER INSURANCE CARRIED BY OR FOR THE BENEFIT OF THE ADDITIONAL INSUREDS.

B. CROSS LIABILITY

THE NAMING OF MORE THAN ONE PERSON, FIRM, OR CORPORATION AS INSUREDS UNDER THE POLICY SHALL NOT, FOR THAT REASON ALONE, EXTINGUISH ANY RIGHTS OF THE INSURED AGAINST ANOTHER, BUT THIS ENDORSEMENT, AND THE NAMING OF MULTIPLE INSUREDS, SHALL NOT INCREASE THE TOTAL LIABILITY OF THE COMPANY UNDER THIS POLICY.

C. NOTICE OF CANCELLATION

1. IF THE POLICY IS CANCELED BEFORE ITS EXPIRATION DATE FOR ANY REASON OTHER THAN THE NON-PAYMENT OF PREMIUM, THE CONSULTANT SHALL PROVIDE CITY AT LEAST A THIRTY (30) DAY WRITTEN NOTICE BEFORE THE EFFECTIVE DATE OF CANCELLATION.
2. IF THE POLICY IS CANCELED BEFORE ITS EXPIRATION DATE FOR THE NON-PAYMENT OF PREMIUM, THE CONSULTANT SHALL PROVIDE CITY AT LEAST A TEN (10) DAY WRITTEN NOTICE BEFORE THE EFFECTIVE DATE OF CANCELLATION.

**EVIDENCE OF INSURANCE AND OTHER RELATED NOTICES ARE REQUIRED TO BE  
FILED WITH THE CITY OF PALO ALTO**



## City of Palo Alto City Council Staff Report

(ID # 13805)

**Meeting Date: 12/6/2021**

**Title: Adoption of a Resolution for the Santa Clara County Historical Heritage Grant Program Authorizing the Application and Receipt of Grant Funds by the City of Palo Alto for the Roth Building (300 Homer Ave) Elevator Restoration**

**From: City Manager**

**Lead Department: Administrative Services**

### Recommendation

Staff recommends that Council adopt the attached resolution (Attachment A) to comply with an application for historical heritage grant program funds from the County of Santa Clara to rehabilitate the Roth Building elevator.

### Background

The Palo Alto Museum (PAM) has been working for several years to raise funding through various means including grants. In partnership with the City, as the owner of the facility, PAM sought and received the award of grants from Santa Clara County. Table 1 summarizes the grant opportunities that the City has pursued in the past, including the resolution for the Roth Building elevator attached to this staff report.

<b>Table 1: Summary of Roth Building Grants</b>		
<b>Council Resolution Date /CMR</b>	<b>Purpose</b>	<b>Awarded Grant Amount</b>
12/17/2018; <a href="#">CMR 9767</a>	Replacement of a portion of the clay tile roof	\$102,992
4/12/2021; <a href="#">CMR 12028</a>	Preservation of the Art Frescoes	\$105,150
4/12/2021; <a href="#">CMR 12028</a>	Second grant to cover replacement of clay tile roof	\$200,000
Pending this CMR 13805 and award	Restoration of the Roth Building elevator	\$350,000 requested (not awarded)
<b>Total</b>		<b>\$758,142</b>

The City has continued its long history with PAM in partnership to develop the Roth Building. The most recent staff report from November 2021 can be found here [CMR 13760](#) which discusses the current status of lease negotiations with PAM.

### **Discussion**

Council approval of the proposed resolution (Attachment A) would authorize the City Manager to execute the grant agreement and administer the grant and commit to a park use for at least twenty years. These terms are similar to prior County historical grants received for the Roth Building and approved by Council. The program guide for the grant can be found on the County's website at this [link](#)<sup>1</sup>. Grant funds will be used to restore and repair the original elevator in the Roth Building. The elevator is a 1940s Otis traction style elevator and needs to be repaired to meet use and accessibility requirements.

While staff has received direction from the City Council on November 15, 2021 regarding lease negotiations with PAM ([CMR 13760](#)), staff also requires City Council adoption of the resolution for the County of Santa Clara historical heritage grant to begin work on the rehabilitation and draw on these grant funds. This grant, if approved by the county, would provide \$350,000 towards the renovation of the elevator.

### **Timeline**

With Council direction on November 15, 2021 staff is continuing to work with PAM on terms for a lease and redevelopment of the Roth Building. Construction is anticipated to begin after the Council approval of the lease in early 2022. Once costs are incurred for the grant funded portions of the project the City can seek reimbursement via the grants.

### **Resource Impact**

Council approval of the resolution will allow the City to enter into the grant program for the opportunity to receive County funding of \$350,000 for restoration of the elevator once the overall Roth Building project is initiated. Grant funds awarded to date total \$408,142. Should the City be awarded grant funds for elevator rehabilitation, the revised total will be \$758,142.

### **Stakeholder Engagement**

Staff has coordinated with PAM and the County of Santa Clara staff to prepare and finalize the grant application and resolution.

### **Environmental Review**

The Roth Building rehabilitation project is Categorically Exempt from CEQA review pursuant to CEQA guidelines section 15331, Historical Resource Restoration/Rehabilitation, as a project limited to maintenance, repair, and rehabilitation in accordance with the secretary of interior standards for historic preservation.

### **Attachments:**

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<sup>1</sup> [https://parks.sccgov.org/sites/g/files/exjcpb961/files/documents/FY2022-HHGP-Proc-Guide-1\\_0.pdf](https://parks.sccgov.org/sites/g/files/exjcpb961/files/documents/FY2022-HHGP-Proc-Guide-1_0.pdf)

- **Attachment5.a:** Attachment A: Resolution Roth Building County Grant Applications

Resolution No. \_\_\_\_

Resolution of the Council of the City of Palo Alto  
Approving the City of Palo Alto's Application for a  
County of Santa Clara Historical Heritage Grant for  
Restoration and Repair of the Roth Building Elevator in Heritage Park

R E C I T A L S

- A. The County of Santa Clara ("County") has established the Historical Heritage Grant program to promote historic preservation and the awareness of significant cultural, historical, and archaeological resources within Santa Clara County ("Grant Program"); and
- B. The County funds the Grant Program with County Park Charter Development Funds, which must be used for the development of real property for county park purposes; and
- C. The County requires that the property on which the grant-funded project is located be continually used for park purposes for a minimum of 20 years and be open to all Santa Clara County residents on a non-discriminatory basis; and
- D. The City of Palo Alto (the "Applicant") proposes that the County award Grant Program funds for the restoration and repair of the elevator in the Roth Building in Heritage Park (the "Project"), located at 300 Homer Ave, Palo Alto, California 94301 (the "Property"), and owned or controlled by the City of Palo Alto (the "Property Holder"); and
- E. The Property Holder has granted permission (consent) to Applicant to use the property for the Project for the period of twenty years (20 years), and said consent is evidenced by a grant deed, lease, license or other agreement granting such rights to the Applicant; and
- F. Applicant is required pursuant to the Historical Heritage Grant Program Procedural Guide to designate a legally authorized representative to administer the Project and to execute the Grant Funding Agreement ("Grant Agreement"), along with any amendments thereto, on behalf of the Applicant.

NOW THEREFORE THE CITY COUNCIL OF THE CITY OF PALO ALTO RESOLVES AS FOLLOWS:

SECTION 1. The Project is located on land that will be continually used for park purposes for a minimum of 20 years and, subject to Constitutional or local Charter limits on appropriations for future years, will be open to all Santa Clara County residents on a non-discriminatory basis; and

SECTION 2. The City of Palo Alto has reviewed the proposed Project and provided all required approvals for the Project in the Park, including, but not limited to, any licenses, permits, environmental review and will approve the operational agreements required prior to authorizing construction; and

SECTION 3. The City Council hereby delegates authority to the City Manager or their designee, to sign and submit the Grant Application to the County, to negotiate, execute, amend, or terminate the Grant Agreement and any other agreements in relation to the Historical Heritage Grant Program, and authority to administer and carry out all terms and conditions of the Grant Agreement and related agreements including, but not limited to, taking any all other necessary actions to complete the Project.

SECTION 4. By delegating such authority to the City Manager, the City Council acknowledges, agrees, represents and warrants that the execution of the Grant Agreement and any and all other agreements or amendments by the City Manager binds and obligates the City Council of the City of Palo Alto to comply with all terms and conditions of such agreements, without the necessity of additional approvals or conditions;

SECTION 5. The City Council has had the opportunity to seek the advice of its own legal counsel and other professionals in connection with the Grant Agreement and the Historical Heritage Grant Program Procedural Guide.

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SECTION 6. The City Council hereby approves the grant application submitted on its behalf to the County's Historical Heritage Grant Program funds for the restoration and repair of the Roth Building Elevator Project in Heritage Park.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

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

\_\_\_\_\_  
Mayor

APPROVED AS TO FORM:

\_\_\_\_\_  
City Manager or Designee

\_\_\_\_\_  
City Attorney

\_\_\_\_\_  
Director of Administrative Services



## City of Palo Alto City Council Staff Report

(ID # 13449)

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**Meeting Date: 12/6/2021**

**Title: Amendment No. One with Ten Geographic Information Systems (GIS) On-Call Professional Service Contracts with: 1) Critigen LLC; 2) GIS Solutions, Inc.; 3) Utility Data Contracts, Inc.; 4) Turf Image, Inc.; 5) Vestra Resources, Inc.; 6) Michael Baker International, Inc.; 7) iSpatial Techno Solutions, Inc.; 8) Geographic Information Services, Inc.; 9) Seven Tablets, Inc.; and, 10) Timmons Group, Inc., C20174611(A-F), Increasing the Not-To-Exceed Amount from \$700,000 Annually for Contract Year 1, to \$1,500,000 Annually for Contract Years 2 through 5, for a Total Not-to-Exceed Amount \$6,700,000 over the Five-Year Term Across All Ten On-Call GIS Contracts**

**From: City Manager**

**Lead Department: IT Department**

### **Recommendation**

Staff recommends that Council approve and authorize the City Manager or their designee to execute contract amendment number one with ten Geographic Information Systems (GIS) On-Call Professional Services contracts with: 1) Critigen LLC; 2) GIS Solutions, Inc.; 3) Utility Data Contracts, Inc.; 4) Turf Image, Inc.; 5) Vestra Resources, Inc.; 6) Michael Baker International, Inc.; 7) iSpatial Techno Solutions, Inc.; 8) Geographic Information Services, Inc.; 9) Seven Tablets, Inc.; and, 10) Timmons Group, Inc., Contract Numbers C20174611(A-F), to increase the combined not-to-exceed amount from \$700,000 annually in contract year 1, to \$1,500,000 annually in contract years 2 through 5 across all ten contracts, bringing the new contract not-to-exceed combined amount across all ten contracts to \$6,700,000 over the five-year contract term.

The City does not guarantee any minimum quantity of work or compensation with any of these consultants during the contract period (Attachment A).

### **Background**

As part of the GIS modernization project, several projects have been identified to replace or implement new GIS capabilities for City departments and for the public. In April 2019, staff issued a Request for Proposal (RFP) to identify a number of qualified firms to provide GIS on-call professional services on an as-needed basis to help with the

modernization. Since the City's GIS needs span many domains such as Utilities, Public Safety, Planning, and Public Works, the City required multiple vendors to ensure the relevant domain expertise were chosen, therefore ten vendors were selected. The current not-to-exceed amount for these ten contracts combined is \$700,000 annually. Council previously approved these ten contracts for five-years on May 11, 2020, [CMR 10413, page 6-10](#). Staff recommend increasing the combined not-to-exceed amount from \$700,000 annually in contract year 1, to \$1,500,000 annually in contract years 2 through 5 across all ten contracts, for a total contract not-to-exceed amount of \$6,700,000 over the five-year term, as necessary to provide department-specific GIS solutions.

### **Discussion**

In March 2021 the City rolled out its new internal and external GIS platform, which is a complete software system to meet all geospatial needs. ArcGIS Enterprise and ArcGIS Online are full-featured mapping and analytics platforms functional across multiple devices and business needs.

Since the production rollout of the new enterprise GIS, some department-specific projects are currently being worked on and many more department-specific projects spanning Utilities, Public Safety, Planning, Transportation, and Public Works have been identified by departments which will be initiated soon.

The following are some of the high priority projects expected to be in progress during FY2022:

- IT: Continue migrating legacy GIS components into the new Enterprise GIS
- Utilities: New Fiber Management System
- Utilities: New Electric GIS system
- Utilities: Fiber to the home GIS-based community engagement site
- Public Works: Urban Forestry legacy system migration to in-house Enterprise GIS-based solution
- Public Works: Zero waste enforcement data management system
- Public Works: Watershed Protection business inspection for FOG [Fats, Oil and Grease] workflow and inspection
- Utilities\Public Works: Urban Forestry LiDAR (Light Detection and Ranging) analysis, vegetation overhang on electric conductors, and risk analysis tool
- Planning: Replacement of legacy permitting and GIS tool to the new enterprise GIS based solution
- Citywide: 'Heads Up' replacement project, building a new public right of way notification system
- Citywide: ArcGIS integration with existing permit platform
- Utilities: Mobile applications for field crew to view utility digital maps on any device, anywhere, at any time

There is a significant cost saving for the City by enabling the departments to leverage the new Enterprise GIS system and to work with one of the ten selected vendors whose expertise span many domains such as Utilities, Public Safety, Planning, Public Works, etc. Departments are also able to have modern, feature-rich, robust, and secure GIS solutions implemented that run on the City's Enterprise GIS platform and can avoid any recurring external vendor annual software licensing fees and reduce the true cost of ownership.

With the rapid adoption of the ArcGIS platform by the departments and with many more department-specific solutions coming to fruition, Staff recommend increasing the combined not-to-exceed amount from \$700,000 annually in contract year 1, to \$1,500,000 annually in contract years 2 through 5 across all ten contracts, for a total contract not-to-exceed amount of \$6,700,000 over the five-year term, as necessary to complete the department-specific GIS solutions.

### **Resource Impact**

For department-specific GIS initiatives, funds are identified through the requesting department at the time of project initiation. Should additional funding appropriation be needed, budgetary adjustments will be brought forward for City Council consideration as appropriate. For City-wide or IT initiatives, the initial \$700,000 was approved and adopted through the Information Technology Fund in Fiscal Year 2019 and reappropriated in Fiscal Year 2020 and Fiscal Year 2021. Staff anticipates the remaining balance of the \$700,000 will be expended by the end of Fiscal Year 2022. Staff anticipates a recommendation for ongoing funding for GIS on-call services in Fiscal Year 2023 during the annual budgeting cycle.

The cost of GIS on-call services will be managed in the Information Technology Fund and budgeted as allocated charges in citywide departments; therefore, corresponding increases in various departments' allocated charges for internal services provided by the Information Technology Department will be impacted by this expense. Funding for future years of the contracts is subject to City Council approval through the annual budget process.

### **Stakeholder Engagement**

The GIS Program Manager meets with several City departments to discuss enhancements and new initiatives with the new ESRI platform on a regular basis.

### **Environmental Review**

Approval of this agreement does not constitute a project under the California Environmental Quality Act (CEQA), therefore, an environmental assessment is not required.

**Attachments:**

- **Attachment6.a:** Attachment A: On-Call GIS Contracts; C20174611 A-F, Amendment #1

**AMENDMENT NO. 1 TO CONTRACT NO. C20174611A  
BETWEEN THE CITY OF PALO ALTO AND CRITIGEN, LLC**

This Amendment No. 1 (this “Amendment”) to Contract No. C20174611A (the “Contract” as defined below) is entered into as of December 6, 2021, by and between the CITY OF PALO ALTO, a California chartered municipal corporation (“CITY”), and CRITIGEN, LLC, a Delaware Limited Liability Corporation, located at 7555 East Hampden Ave, Suite 425, Denver, CO 80231 (“CONSULTANT”). CITY and CONSULTANT are referred to collectively as the “Parties” in this Amendment.

**RECITALS**

A. The Contract (as defined below) was entered into by and between the Parties hereto for the provision of implementing a new enterprise Geographic Information System (GIS) and engaging a consultant to provide on-call, time-limited project support services for the Information Technology Department , as detailed therein.

B. The Parties now wish to amend the Contract in order to increase the quantity of on-call, time-limited project support services that may be ordered annually from consultant by City under the Contract and, accordingly, to increase the annual possible (but not guaranteed) total not-to-exceed compensation amount from Seven Hundred Thousand Dollars (\$700,000) annually for contract year 1, to One Million Five Hundred Thousand Dollars (\$1,500,000) annually for contract years 2 through 5, for a contract total not-to-exceed amount of Six Million Seven Hundred Thousand Dollars (\$6,700,000) over the five-year term across the pool of ten on-call contracts for GIS consulting services (of which this Contract is one), as detailed herein.

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the Parties agree:

**SECTION 1. Definitions.** The following definitions shall apply to this Amendment:

- a. **Contract.** The term “Contract” shall mean Contract No. C20174611A between CONSULTANT and CITY, dated May 11, 2020.
- b. **Other Terms.** Capitalized terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Contract.

**SECTION 2.** Section 4, “NOT TO EXCEED COMPENSATION,” of the Contract is hereby amended to read as follows:

**“SECTION 4. NOT TO EXCEED COMPENSATION.** The compensation to be paid to CONSULTANT for performance of the Services described in Section 1 and Exhibit “A” of this Agreement shall not exceed Seven Hundred Thousand Dollars (\$700,000) annually for contract year 1, and One Million

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Five Hundred Thousand Dollars (\$1,500,000.00) annually for contract years 2 through 5, provided, however, CONSULTANT acknowledges that the compensation paid to it likely will be less than the afore-stated annual amount per applicable contract year, as CITY has appropriated that amount to payments to be made under ten on-call contracts, of which this Agreement is one. The ten on-call contracts shall be administered by the Information Technology Department to ensure the total aggregate of compensation paid per contract year for these GIS on-call project support services across all such contracts will not exceed the afore-stated annual amount per applicable contract year, with a total not-to-exceed contract amount of Six Million Seven Hundred Thousand Dollars (\$6,700,000) over the five-year term of the Agreement. The applicable rate schedule by which CONSULTANT will be paid for Services rendered under this Agreement is set out at Exhibit "C-1", entitled "HOURLY RATE SCHEDULE". Any work performed or expenses incurred for which payment would result in a total exceeding the maximum compensation as set forth herein shall be at no cost to the CITY.

The CITY is hiring ten consultants, none of whom, including the CONSULTANT under this Agreement, is guaranteed or assured of any minimum quantity of work to be performed. If work is performed by any one or more such consultants, CITY will ensure that total compensation to all such consultants will not exceed in the aggregate Seven Hundred Thousand Dollars (\$700,000) annually for contract year 1, and One Million Five Hundred Thousand Dollars (\$1,500,000) annually for contract years 2 through 5."

**SECTION 3. Legal Effect.** Except as modified by this Amendment, all other provisions of the Contract, including any exhibits thereto, shall remain in full force and effect.

**SECTION 4. Incorporation of Recitals.** The recitals set forth above are terms of this Amendment and are fully incorporated herein by this reference.

*(SIGNATURE BLOCK FOLLOWS ON THE NEXT PAGE.)*

**SIGNATURES OF THE PARTIES**

IN WITNESS WHEREOF, the Parties have by their duly authorized representatives executed this Amendment **effective** as of the date first above written.

**CITY OF PALO ALTO**

City Manager

APPROVED AS TO FORM:

City Attorney or designee

**CRITIGEN, LLC****Officer 1**

By:  
Name:  
Title:

**Officer 2** (Required for Corp. or LLC)

By:  
Name:  
Title:

**Attachments:** None



**AMENDMENT NO. 1 TO CONTRACT NO. C20174611B  
BETWEEN THE CITY OF PALO ALTO AND GIS SOLUTIONS, INC**

This Amendment No. 1 (this "Amendment") to Contract No. C20174611B (the "Contract" as defined below) is entered into as of December 6, 2021, by and between the CITY OF PALO ALTO, a California chartered municipal corporation ("CITY"), and GIS SOLUTIONS, INC, an Illinois Corporation, located at 3901 Yucan Dr. Suite 201, Springfield, IL 62711 ("CONSULTANT"). CITY and CONSULTANT are referred to collectively as the "Parties" in this Amendment.

**RECITALS**

A. The Contract (as defined below) was entered into by and between the Parties hereto for the provision of implementing a new enterprise Geographic Information System (GIS) and engaging a consultant to provide on-call, time-limited project support services for the Information Technology Department, as detailed therein.

B. The Parties now wish to amend the Contract in order to increase the quantity of on-call, time-limited project support services that may be ordered annually from consultant by City under the Contract and, accordingly, to increase the annual possible (but not guaranteed) total not-to-exceed compensation amount from Seven Hundred Thousand Dollars (\$700,000) annually for contract year 1, to One Million Five Hundred Thousand Dollars (\$1,500,000) annually for contract years 2 through 5, for a contract total not-to-exceed amount of Six Million Seven Hundred Thousand Dollars (\$6,700,000) over the five-year term across the pool of ten on-call contracts for GIS consulting services (of which this Contract is one), as detailed herein.

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the Parties agree:

**SECTION 1. Definitions.** The following definitions shall apply to this Amendment:

- a. **Contract.** The term "Contract" shall mean Contract No. C20174611B between CONSULTANT and CITY, dated May 11, 2020.
- b. **Other Terms.** Capitalized terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Contract.

**SECTION 2.** Section 4. NOT TO EXCEED COMPENSATION of the Contract is hereby amended to read as follows:

**"SECTION 4. NOT TO EXCEED COMPENSATION.** The compensation to be paid to CONSULTANT for performance of the Services described in Section 1 and Exhibit "A" of this Agreement shall not exceed Seven Hundred Thousand Dollars (\$700,000) annually for contract year 1, and One Million Five Hundred Thousand Dollars (\$1,500,000.00) annually for contract years 2 through 5, provided,

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however, CONSULTANT acknowledges that the compensation paid to it likely will be less than the afore-stated annual amount per applicable contract year, as CITY has appropriated that amount to payments to be made under ten on-call contracts, of which this Agreement is one. The ten on-call contracts shall be administered by the Information Technology Department to ensure the total aggregate of compensation paid per contract year for these GIS on-call project support services across all such contracts will not exceed the afore-stated annual amount per applicable contract year, with a total not-to-exceed contract amount of Six Million Seven Hundred Thousand Dollars (\$6,700,000) over the five-year term of the Agreement. The applicable rate schedule by which CONSULTANT will be paid for Services rendered under this Agreement is set out at Exhibit "C-1", entitled "HOURLY RATE SCHEDULE". Any work performed or expenses incurred for which payment would result in a total exceeding the maximum compensation as set forth herein shall be at no cost to the CITY.

The CITY is hiring ten consultants, none of whom, including the CONSULTANT under this Agreement, is guaranteed or assured of any minimum quantity of work to be performed. If work is performed by any one or more such consultants, CITY will ensure that total compensation to all such consultants will not exceed in the aggregate Seven Hundred Thousand Dollars (\$700,000) annually for contract year 1, and One Million Five Hundred Thousand Dollars (\$1,500,000) annually for contract years 2 through 5."

**SECTION 3. Legal Effect.** Except as modified by this Amendment, all other provisions of the Contract, including any exhibits thereto, shall remain in full force and effect.

**SECTION 4. Incorporation of Recitals.** The recitals set forth above are terms of this Amendment and are fully incorporated herein by this reference.

*(SIGNATURE BLOCK FOLLOWS ON THE NEXT PAGE.)*

**SIGNATURES OF THE PARTIES**

IN WITNESS WHEREOF, the Parties have by their duly authorized representatives executed this Amendment **effective** as of the date first above written.

**CITY OF PALO ALTO**

City Manager

APPROVED AS TO FORM:

City Attorney or designee

**Attachments:** None**GIS SOLUTIONS, INC****Officer 1**By:  
Name:  
Title:**Officer 2** (Required for Corp. or LLC)By:  
Name:  
Title:

**AMENDMENT NO. 1 TO CONTRACT NO. C20174611C  
BETWEEN THE CITY OF PALO ALTO AND UTILITY DATA CONTRACTORS, INC**

This Amendment No. 1 (this "Amendment") to Contract No. C20174611C (the "Contract" as defined below) is entered into as of December 6, 2021, by and between the CITY OF PALO ALTO, a California chartered municipal corporation ("CITY"), and UTILITY DATA CONTRACTORS, INC, a Colorado Corporation, located at 82 Inverness Drive East #A1, Englewood, CO 80112 ("CONSULTANT"). CITY and CONSULTANT are referred to collectively as the "Parties" in this Amendment.

**RECITALS**

A. The Contract (as defined below) was entered into by and between the Parties hereto for the provision of implementing a new enterprise Geographic Information System (GIS) and engaging a consultant to provide on-call, time-limited project support services for the Information Technology Department, as detailed therein.

B. The Parties now wish to amend the Contract in order to increase the quantity of on-call, time-limited project support services that may be ordered annually from consultant by City under the Contract and, accordingly, to increase the annual possible (but not guaranteed) total not-to-exceed compensation amount from Seven Hundred Thousand Dollars (\$700,000) annually for contract year 1, to One Million Five Hundred Thousand Dollars (\$1,500,000) annually for contract years 2 through 5, for a contract total not-to-exceed amount of Six Million Seven Hundred Thousand Dollars (\$6,700,000) over the five-year term across the pool of ten on-call contracts for GIS consulting services (of which this Contract is one), as detailed herein.

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the Parties agree:

**SECTION 1. Definitions.** The following definitions shall apply to this Amendment:

- a. **Contract.** The term "Contract" shall mean Contract No. C20174611C between CONSULTANT and CITY, dated May 11, 2020.
- b. **Other Terms.** Capitalized terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Contract.

**SECTION 2.** Section 4. NOT TO EXCEED COMPENSATION of the Contract is hereby amended to read as follows:

**"SECTION 4. NOT TO EXCEED COMPENSATION.** The compensation to be paid to CONSULTANT for performance of the Services described in Section 1 and Exhibit "A" of this Agreement shall not exceed Seven Hundred Thousand Dollars (\$700,000) annually for contract year 1, and One Million

Five Hundred Thousand Dollars (\$1,500,000.00) annually for contract years 2 through 5, provided, however, CONSULTANT acknowledges that the compensation paid to it likely will be less than the afore-stated annual amount per applicable contract year, as CITY has appropriated that amount to payments to be made under ten on-call contracts, of which this Agreement is one. The ten on-call contracts shall be administered by the Information Technology Department to ensure the total aggregate of compensation paid per contract year for these GIS on-call project support services across all such contracts will not exceed the afore-stated annual amount per applicable contract year, with a total not-to-exceed contract amount of Six Million Seven Hundred Thousand Dollars (\$6,700,000) over the five-year term of the Agreement. The applicable rate schedule by which CONSULTANT will be paid for Services rendered under this Agreement is set out at Exhibit "C-1", entitled "HOURLY RATE SCHEDULE". Any work performed or expenses incurred for which payment would result in a total exceeding the maximum compensation as set forth herein shall be at no cost to the CITY.

The CITY is hiring ten consultants, none of whom, including the CONSULTANT under this Agreement, is guaranteed or assured of any minimum quantity of work to be performed. If work is performed by any one or more such consultants, CITY will ensure that total compensation to all such consultants will not exceed in the aggregate Seven Hundred Thousand Dollars (\$700,000) annually for contract year 1, and One Million Five Hundred Thousand Dollars (\$1,500,000) annually for contract years 2 through 5."

**SECTION 3. Legal Effect.** Except as modified by this Amendment, all other provisions of the Contract, including any exhibits thereto, shall remain in full force and effect.

**SECTION 4. Incorporation of Recitals.** The recitals set forth above are terms of this Amendment and are fully incorporated herein by this reference.

*(SIGNATURE BLOCK FOLLOWS ON THE NEXT PAGE.)*

**SIGNATURES OF THE PARTIES**

IN WITNESS WHEREOF, the Parties have by their duly authorized representatives executed this Amendment **effective** as of the date first above written.

**CITY OF PALO ALTO**

City Manager

APPROVED AS TO FORM:

City Attorney or designee

**Attachments:** None**UTILITY DATA CONTRACTORS, INC****Officer 1**By:  
Name:  
Title:**Officer 2** (Required for Corp. or LLC)By:  
Name:  
Title:

**AMENDMENT NO. 1 TO CONTRACT NO. C20174611D  
BETWEEN THE CITY OF PALO ALTO AND  
TURF IMAGE, INC. dba GREEN INFRASTRUCTURE DESIGN**

This Amendment No. 1 (this “Amendment”) to Contract No. C20174611D (the “Contract” as defined below) is entered into as of December 6, 2021, by and between the CITY OF PALO ALTO, a California chartered municipal corporation (“CITY”), and TURF IMAGE, INC. dba GREEN INFRASTRUCTURE DESIGN, a California Corporation, located at 177 Webster Street #368, Monterey, CA 93940 (“CONSULTANT”). CITY and CONSULTANT are referred to collectively as the “Parties” in this Amendment.

**RECITALS**

A. The Contract (as defined below) was entered into by and between the Parties hereto for the provision of implementing a new enterprise Geographic Information System (GIS) and engaging a consultant to provide on-call, time-limited project support services for the Information Technology Department, as detailed therein.

B. The Parties now wish to amend the Contract in order to increase the quantity of on-call, time-limited project support services that may be ordered annually from consultant by City under the Contract and, accordingly, to increase the annual possible (but not guaranteed) total not-to-exceed compensation amount from Seven Hundred Thousand Dollars (\$700,000) annually for contract year 1, to One Million Five Hundred Thousand Dollars (\$1,500,000) annually for contract years 2 through 5, for a contract total not-to-exceed amount of Six Million Seven Hundred Thousand Dollars (\$6,700,000) over the five-year term across the pool of ten on-call contracts for GIS consulting services (of which this Contract is one), as detailed herein.

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the Parties agree:

**SECTION 1. Definitions.** The following definitions shall apply to this Amendment:

- a. **Contract.** The term “Contract” shall mean Contract No. C20174611D between CONSULTANT and CITY, dated May 11, 2020.
- b. **Other Terms.** Capitalized terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Contract.

**SECTION 2.** Section 4. NOT TO EXCEED COMPENSATION of the Contract is hereby amended to read as follows:

**“SECTION 4. NOT TO EXCEED COMPENSATION.** The compensation to be paid to CONSULTANT for performance of the Services described in Section 1 and Exhibit “A” of this Agreement shall not

*Vers.: Aug. 5, 2019*

exceed Seven Hundred Thousand Dollars (\$700,000) annually for contract year 1, and One Million Five Hundred Thousand Dollars (\$1,500,000.00) annually for contract years 2 through 5, provided, however, CONSULTANT acknowledges that the compensation paid to it likely will be less than the afore-stated annual amount per applicable contract year, as CITY has appropriated that amount to payments to be made under ten on-call contracts, of which this Agreement is one. The ten on-call contracts shall be administered by the Information Technology Department to ensure the total aggregate of compensation paid per contract year for these GIS on-call project support services across all such contracts will not exceed the afore-stated annual amount per applicable contract year, with a total not-to-exceed contract amount of Six Million Seven Hundred Thousand Dollars (\$6,700,000) over the five-year term of the Agreement. The applicable rate schedule by which CONSULTANT will be paid for Services rendered under this Agreement is set out at Exhibit "C-1", entitled "HOURLY RATE SCHEDULE". Any work performed or expenses incurred for which payment would result in a total exceeding the maximum compensation as set forth herein shall be at no cost to the CITY.

The CITY is hiring ten consultants, none of whom, including the CONSULTANT under this Agreement, is guaranteed or assured of any minimum quantity of work to be performed. If work is performed by any one or more such consultants, CITY will ensure that total compensation to all such consultants will not exceed in the aggregate Seven Hundred Thousand Dollars (\$700,000) annually for contract year 1, and One Million Five Hundred Thousand Dollars (\$1,500,000) annually for contract years 2 through 5."

**SECTION 3. Legal Effect.** Except as modified by this Amendment, all other provisions of the Contract, including any exhibits thereto, shall remain in full force and effect.

**SECTION 4. Incorporation of Recitals.** The recitals set forth above are terms of this Amendment and are fully incorporated herein by this reference.

*(SIGNATURE BLOCK FOLLOWS ON THE NEXT PAGE.)*



**SIGNATURES OF THE PARTIES**

IN WITNESS WHEREOF, the Parties have by their duly authorized representatives executed this Amendment effective as of the date first above written.

**CITY OF PALO ALTO**

City Manager

APPROVED AS TO FORM:

City Attorney or designee

**TURF IMAGE, INC. dba GREEN  
INFRASTRUCTURE DESIGN****Officer 1**

By:  
Name:  
Title:

**Officer 2** (Required for Corp. or LLC)

By:  
Name:  
Title:

**Attachments:** None

**AMENDMENT NO. 1 TO CONTRACT NO. C20174611E  
BETWEEN THE CITY OF PALO ALTO AND VESTRA RESOURCES, INC**

This Amendment No. 1 (this “Amendment”) to Contract No. C20174611E (the “Contract” as defined below) is entered into as of December 6, 2021, by and between the CITY OF PALO ALTO, a California chartered municipal corporation (“CITY”), and VESTRA RESOURCES, INC, a California Corporation, located at 5300 Aviation Drive, Redding, CA 96002 (“CONSULTANT”). CITY and CONSULTANT are referred to collectively as the “Parties” in this Amendment.

**RECITALS**

A. The Contract (as defined below) was entered into by and between the Parties hereto for the provision of implementing a new enterprise Geographic Information System (GIS) and engaging a consultant to provide on-call, time-limited project support services for the Information Technology Department, as detailed therein.

B. The Parties now wish to amend the Contract in order to increase the quantity of on-call, time-limited project support services that may be ordered annually from consultant by City under the Contract and, accordingly, to increase the annual possible (but not guaranteed) total not-to-exceed compensation amount from Seven Hundred Thousand Dollars (\$700,000) annually for contract year 1, to One Million Five Hundred Thousand Dollars (\$1,500,000) annually for contract years 2 through 5, for a contract total not-to-exceed amount of Six Million Seven Hundred Thousand Dollars (\$6,700,000) over the five-year term across the pool of ten on-call contracts for GIS consulting services (of which this Contract is one), as detailed herein.

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the Parties agree:

**SECTION 1. Definitions.** The following definitions shall apply to this Amendment:

- a. **Contract.** The term “Contract” shall mean Contract No. C20174611E between CONSULTANT and CITY, dated May 11, 2020.
- b. **Other Terms.** Capitalized terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Contract.

**SECTION 2.** Section 4. NOT TO EXCEED COMPENSATION of the Contract is hereby amended to read as follows:

**“SECTION 4. NOT TO EXCEED COMPENSATION.** The compensation to be paid to CONSULTANT for performance of the Services described in Section 1 and Exhibit “A” of this Agreement shall not exceed Seven Hundred Thousand Dollars (\$700,000) annually for contract year 1, and One Million Five Hundred Thousand Dollars (\$1,500,000.00) annually for contract years 2 through 5, provided,

*Vers.: Aug. 5, 2019*

however, CONSULTANT acknowledges that the compensation paid to it likely will be less than the afore-stated annual amount per applicable contract year, as CITY has appropriated that amount to payments to be made under ten on-call contracts, of which this Agreement is one. The ten on-call contracts shall be administered by the Information Technology Department to ensure the total aggregate of compensation paid per contract year for these GIS on-call project support services across all such contracts will not exceed the afore-stated annual amount per applicable contract year, with a total not-to-exceed contract amount of Six Million Seven Hundred Thousand Dollars (\$6,700,000) over the five-year term of the Agreement. The applicable rate schedule by which CONSULTANT will be paid for Services rendered under this Agreement is set out at Exhibit "C-1", entitled "HOURLY RATE SCHEDULE". Any work performed or expenses incurred for which payment would result in a total exceeding the maximum compensation as set forth herein shall be at no cost to the CITY.

The CITY is hiring ten consultants, none of whom, including the CONSULTANT under this Agreement, is guaranteed or assured of any minimum quantity of work to be performed. If work is performed by any one or more such consultants, CITY will ensure that total compensation to all such consultants will not exceed in the aggregate Seven Hundred Thousand Dollars (\$700,000) annually for contract year 1, and One Million Five Hundred Thousand Dollars (\$1,500,000) annually for contract years 2 through 5."

**SECTION 3. Legal Effect.** Except as modified by this Amendment, all other provisions of the Contract, including any exhibits thereto, shall remain in full force and effect.

**SECTION 4. Incorporation of Recitals.** The recitals set forth above are terms of this Amendment and are fully incorporated herein by this reference.

*(SIGNATURE BLOCK FOLLOWS ON THE NEXT PAGE.)*

**SIGNATURES OF THE PARTIES**

IN WITNESS WHEREOF, the Parties have by their duly authorized representatives executed this Amendment **effective** as of the date first above written.

**CITY OF PALO ALTO****VESTRA RESOURCES, INC**

City Manager

**Officer 1**

APPROVED AS TO FORM:

By:  
Name:  
Title:

City Attorney or designee

**Officer 2** (Required for Corp. or LLC)By:  
Name:  
Title:**Attachments:** None

**AMENDMENT NO. 1 TO CONTRACT NO. C20174611F  
BETWEEN THE CITY OF PALO ALTO AND MICHAEL BAKER INTERNATIONAL, INC.**

This Amendment No. 1 (this “Amendment”) to Contract No. C20174611F (the “Contract” as defined below) is entered into as of December 6, 2021, by and between the CITY OF PALO ALTO, a California chartered municipal corporation (“CITY”), and MICHAEL BAKER INTERNATIONAL, INC., a Pennsylvania Corporation, located at 5 Hutton Centre Drive, Suite 500, Santa Ana, CA 92707 (“CONSULTANT”). CITY and CONSULTANT are referred to collectively as the “Parties” in this Amendment.

**RECITALS**

A. The Contract (as defined below) was entered into by and between the Parties hereto for the provision of implementing a new enterprise Geographic Information System (GIS) and engaging a consultant to provide on-call, time-limited project support services for the Information Technology Department, as detailed therein.

B. The Parties now wish to amend the Contract in order to increase the quantity of on-call, time-limited project support services that may be ordered annually from consultant by City under the Contract and, accordingly, to increase the annual possible (but not guaranteed) total not-to-exceed compensation amount from Seven Hundred Thousand Dollars (\$700,000) annually for contract year 1, to One Million Five Hundred Thousand Dollars (\$1,500,000) annually for contract years 2 through 5, for a contract total not-to-exceed amount of Six Million Seven Hundred Thousand Dollars (\$6,700,000) over the five-year term across the pool of ten on-call contracts for GIS consulting services (of which this Contract is one), as detailed herein.

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the Parties agree:

**SECTION 1. Definitions.** The following definitions shall apply to this Amendment:

- a. **Contract.** The term “Contract” shall mean Contract No. C20174611F between CONSULTANT and CITY, dated May 11, 2020.
- b. **Other Terms.** Capitalized terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Contract.

**SECTION 2.** Section 4. NOT TO EXCEED COMPENSATION of the Contract is hereby amended to read as follows:

**“SECTION 4. NOT TO EXCEED COMPENSATION.** The compensation to be paid to CONSULTANT for performance of the Services described in Section 1 and Exhibit “A” of this Agreement shall not exceed Seven Hundred Thousand Dollars (\$700,000) annually for contract year 1, and One Million

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Five Hundred Thousand Dollars (\$1,500,000.00) annually for contract years 2 through 5, provided, however, CONSULTANT acknowledges that the compensation paid to it likely will be less than the afore-stated annual amount per applicable contract year, as CITY has appropriated that amount to payments to be made under ten on-call contracts, of which this Agreement is one. The ten on-call contracts shall be administered by the Information Technology Department to ensure the total aggregate of compensation paid per contract year for these GIS on-call project support services across all such contracts will not exceed the afore-stated annual amount per applicable contract year, with a total not-to-exceed contract amount of Six Million Seven Hundred Thousand Dollars (\$6,700,000) over the five-year term of the Agreement. The applicable rate schedule by which CONSULTANT will be paid for Services rendered under this Agreement is set out at Exhibit "C-1", entitled "HOURLY RATE SCHEDULE". Any work performed or expenses incurred for which payment would result in a total exceeding the maximum compensation as set forth herein shall be at no cost to the CITY.

The CITY is hiring ten consultants, none of whom, including the CONSULTANT under this Agreement, is guaranteed or assured of any minimum quantity of work to be performed. If work is performed by any one or more such consultants, CITY will ensure that total compensation to all such consultants will not exceed in the aggregate Seven Hundred Thousand Dollars (\$700,000) annually for contract year 1, and One Million Five Hundred Thousand Dollars (\$1,500,000) annually for contract years 2 through 5."

**SECTION 3. Legal Effect.** Except as modified by this Amendment, all other provisions of the Contract, including any exhibits thereto, shall remain in full force and effect.

**SECTION 4. Incorporation of Recitals.** The recitals set forth above are terms of this Amendment and are fully incorporated herein by this reference.

*(SIGNATURE BLOCK FOLLOWS ON THE NEXT PAGE.)*

**SIGNATURES OF THE PARTIES**

IN WITNESS WHEREOF, the Parties have by their duly authorized representatives executed this Amendment effective as of the date first above written.

**CITY OF PALO ALTO****MICHAEL BAKER INTERNATIONAL, INC.**

City Manager

**Officer 1**

APPROVED AS TO FORM:

By:

Name:

Title:

City Attorney or designee

**Officer 2** (Required for Corp. or LLC)

By:

Name:

Title:

**Attachments:** None

**AMENDMENT NO. 1 TO CONTRACT NO. C20174611G  
BETWEEN THE CITY OF PALO ALTO AND ISPATIAL TECHNO SOLUTIONS, INC.**

This Amendment No. 1 (this "Amendment") to Contract No. C20174611G (the "Contract" as defined below) is entered into as of December 6, 2021, by and between the CITY OF PALO ALTO, a California chartered municipal corporation ("CITY"), and ISPATIAL TECHNO SOLUTIONS, INC. , a Delaware Corporation, , located at 9707 Waples Street, San Diego, CA 92121 ("CONSULTANT"). CITY and CONSULTANT are referred to collectively as the "Parties" in this Amendment.

**RECITALS**

A. The Contract (as defined below) was entered into by and between the Parties hereto for the provision of implementing a new enterprise Geographic Information System (GIS) and engaging a consultant to provide on-call, time-limited project support services for the Information Technology Department , as detailed therein.

B. The Parties now wish to amend the Contract in order to increase the quantity of on-call, time-limited project support services that may be ordered annually from consultant by City under the Contract and, accordingly, to increase the annual possible (but not guaranteed) total not-to-exceed compensation amount from Seven Hundred Thousand Dollars (\$700,000) annually for contract year 1, to One Million Five Hundred Thousand Dollars (\$1,500,000) annually for contract years 2 through 5, for a contract total not-to-exceed amount of Six Million Seven Hundred Thousand Dollars (\$6,700,000) over the five-year term across the pool of ten on-call contracts for GIS consulting services (of which this Contract is one), as detailed herein.

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the Parties agree:

**SECTION 1. Definitions.** The following definitions shall apply to this Amendment:

- a. **Contract.** The term "Contract" shall mean Contract No. C20174611G between CONSULTANT and CITY, dated May 11, 2020.
- b. **Other Terms.** Capitalized terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Contract.

**SECTION 2.** Section 4. NOT TO EXCEED COMPENSATION of the Contract is hereby amended to read as follows:

**"SECTION 4. NOT TO EXCEED COMPENSATION.** The compensation to be paid to CONSULTANT for performance of the Services described in Section 1 and Exhibit "A" of this Agreement shall not exceed Seven Hundred Thousand Dollars (\$700,000) annually for contract year 1, and One Million Five Hundred Thousand Dollars (\$1,500,000.00) annually for contract years 2 through 5, provided,

*Vers.: Aug. 5, 2019*



however, CONSULTANT acknowledges that the compensation paid to it likely will be less than the afore-stated annual amount per applicable contract year, as CITY has appropriated that amount to payments to be made under ten on-call contracts, of which this Agreement is one. The ten on-call contracts shall be administered by the Information Technology Department to ensure the total aggregate of compensation paid per contract year for these GIS on-call project support services across all such contracts will not exceed the afore-stated annual amount per applicable contract year, with a total not-to-exceed contract amount of Six Million Seven Hundred Thousand Dollars (\$6,700,000) over the five-year term of the Agreement. The applicable rate schedule by which CONSULTANT will be paid for Services rendered under this Agreement is set out at Exhibit "C-1", entitled "HOURLY RATE SCHEDULE". Any work performed or expenses incurred for which payment would result in a total exceeding the maximum compensation as set forth herein shall be at no cost to the CITY.

The CITY is hiring ten consultants, none of whom, including the CONSULTANT under this Agreement, is guaranteed or assured of any minimum quantity of work to be performed. If work is performed by any one or more such consultants, CITY will ensure that total compensation to all such consultants will not exceed in the aggregate Seven Hundred Thousand Dollars (\$700,000) annually for contract year 1, and One Million Five Hundred Thousand Dollars (\$1,500,000) annually for contract years 2 through 5."

**SECTION 3. Legal Effect.** Except as modified by this Amendment, all other provisions of the Contract, including any exhibits thereto, shall remain in full force and effect.

**SECTION 4. Incorporation of Recitals.** The recitals set forth above are terms of this Amendment and are fully incorporated herein by this reference.

*(SIGNATURE BLOCK FOLLOWS ON THE NEXT PAGE.)*

**SIGNATURES OF THE PARTIES**

IN WITNESS WHEREOF, the Parties have by their duly authorized representatives executed this Amendment effective as of the date first above written.

**CITY OF PALO ALTO**

City Manager

APPROVED AS TO FORM:

City Attorney or designee

**Attachments:** None**ISPATIAL TECHNO SOLUTIONS, INC.****Officer 1**

By:  
Name:  
Title:

**Officer 2** (Required for Corp. or LLC)

By:  
Name:  
Title:

**AMENDMENT NO. 1 TO CONTRACT NO. C20174611H  
BETWEEN THE CITY OF PALO ALTO AND GEOGRAPHIC INFORMATION SERVICES, INC**

This Amendment No. 1 (this "Amendment") to Contract No. C20174611H (the "Contract" as defined below) is entered into as of December 6, 2021, by and between the CITY OF PALO ALTO, a California chartered municipal corporation ("CITY"), and GEOGRAPHIC INFORMATION SERVICES, INC, a Alabama Corporation, , located at 2100 Riverchase Center, Suite 105, Birmingham, AL 35244 ("CONSULTANT"). CITY and CONSULTANT are referred to collectively as the "Parties" in this Amendment.

**RECITALS**

A. The Contract (as defined below) was entered into by and between the Parties hereto for the provision of implementing a new enterprise Geographic Information System (GIS) and engaging a consultant to provide on-call, time-limited project support services for the Information Technology Department , as detailed therein.

B. The Parties now wish to amend the Contract in order to increase the quantity of on-call, time-limited project support services that may be ordered annually from consultant by City under the Contract and, accordingly, to increase the annual possible (but not guaranteed) total not-to-exceed compensation amount from Seven Hundred Thousand Dollars (\$700,000) annually for contract year 1, to One Million Five Hundred Thousand Dollars (\$1,500,000) annually for contract years 2 through 5, for a contract total not-to-exceed amount of Six Million Seven Hundred Thousand Dollars (\$6,700,000) over the five-year term across the pool of ten on-call contracts for GIS consulting services (of which this Contract is one), as detailed herein.

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the Parties agree:

**SECTION 1. Definitions.** The following definitions shall apply to this Amendment:

- a. **Contract.** The term "Contract" shall mean Contract No. C20174611H between CONSULTANT and CITY, dated May 11, 2020.
- b. **Other Terms.** Capitalized terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Contract.

**SECTION 2.** Section 4. NOT TO EXCEED COMPENSATION of the Contract is hereby amended to read as follows:

**"SECTION 4. NOT TO EXCEED COMPENSATION.** The compensation to be paid to CONSULTANT for performance of the Services described in Section 1 and Exhibit "A" of this Agreement shall not exceed Seven Hundred Thousand Dollars (\$700,000) annually for contract year 1, and One Million

*Vers.: Aug. 5, 2019*

Five Hundred Thousand Dollars (\$1,500,000.00) annually for contract years 2 through 5, provided, however, CONSULTANT acknowledges that the compensation paid to it likely will be less than the afore-stated annual amount per applicable contract year, as CITY has appropriated that amount to payments to be made under ten on-call contracts, of which this Agreement is one. The ten on-call contracts shall be administered by the Information Technology Department to ensure the total aggregate of compensation paid per contract year for these GIS on-call project support services across all such contracts will not exceed the afore-stated annual amount per applicable contract year, with a total not-to-exceed contract amount of Six Million Seven Hundred Thousand Dollars (\$6,700,000) over the five-year term of the Agreement. The applicable rate schedule by which CONSULTANT will be paid for Services rendered under this Agreement is set out at Exhibit "C-1", entitled "HOURLY RATE SCHEDULE". Any work performed or expenses incurred for which payment would result in a total exceeding the maximum compensation as set forth herein shall be at no cost to the CITY.

The CITY is hiring ten consultants, none of whom, including the CONSULTANT under this Agreement, is guaranteed or assured of any minimum quantity of work to be performed. If work is performed by any one or more such consultants, CITY will ensure that total compensation to all such consultants will not exceed in the aggregate Seven Hundred Thousand Dollars (\$700,000) annually for contract year 1, and One Million Five Hundred Thousand Dollars (\$1,500,000) annually for contract years 2 through 5."

**SECTION 3. Legal Effect.** Except as modified by this Amendment, all other provisions of the Contract, including any exhibits thereto, shall remain in full force and effect.

**SECTION 4. Incorporation of Recitals.** The recitals set forth above are terms of this Amendment and are fully incorporated herein by this reference.

*(SIGNATURE BLOCK FOLLOWS ON THE NEXT PAGE.)*

**SIGNATURES OF THE PARTIES**

IN WITNESS WHEREOF, the Parties have by their duly authorized representatives executed this Amendment **effective** as of the date first above written.

**CITY OF PALO ALTO**

City Manager

APPROVED AS TO FORM:

City Attorney or designee

**GEOGRAPHIC INFORMATION  
SERVICES, INC****Officer 1**

By:  
Name:  
Title:

**Officer 2** (Required for Corp. or LLC)

By:  
Name:  
Title:

**Attachments:** None

**AMENDMENT NO. 1 TO CONTRACT NO. C20174611I  
BETWEEN THE CITY OF PALO ALTO AND SEVEN TABLETS, INC**

This Amendment No. 1 (this “Amendment”) to Contract No. C20174611I (the “Contract” as defined below) is entered into as of December 6, 2021, by and between the CITY OF PALO ALTO, a California chartered municipal corporation (“CITY”), and SEVEN TABLETS, INC, a Texas Corporation, located at 5080 Spectrum Drive, Suite 1125E, Addison, TX 75001 (“CONSULTANT”). CITY and CONSULTANT are referred to collectively as the “Parties” in this Amendment.

**RECITALS**

A. The Contract (as defined below) was entered into by and between the Parties hereto for the provision of implementing a new enterprise Geographic Information System (GIS) and engaging a consultant to provide on-call, time-limited project support services for the Information Technology Department, as detailed therein.

B. The Parties now wish to amend the Contract in order to increase the quantity of on-call, time-limited project support services that may be ordered annually from consultant by City under the Contract and, accordingly, to increase the annual possible (but not guaranteed) total not-to-exceed compensation amount from Seven Hundred Thousand Dollars (\$700,000) annually for contract year 1, to One Million Five Hundred Thousand Dollars (\$1,500,000) annually for contract years 2 through 5, for a contract total not-to-exceed amount of Six Million Seven Hundred Thousand Dollars (\$6,700,000) over the five-year term across the pool of ten on-call contracts for GIS consulting services (of which this Contract is one), as detailed herein.

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the Parties agree:

**SECTION 1. Definitions.** The following definitions shall apply to this Amendment:

- a. **Contract.** The term “Contract” shall mean Contract No. C20174611I between CONSULTANT and CITY, dated May 11, 2020.
- b. **Other Terms.** Capitalized terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Contract.

**SECTION 2.** Section 4. NOT TO EXCEED COMPENSATION of the Contract is hereby amended to read as follows:

**“SECTION 4. NOT TO EXCEED COMPENSATION.** The compensation to be paid to CONSULTANT for performance of the Services described in Section 1 and Exhibit “A” of this Agreement shall not exceed Seven Hundred Thousand Dollars (\$700,000) annually for contract year 1, and One Million Five Hundred Thousand Dollars (\$1,500,000.00) annually for contract years 2 through 5, provided,

*Vers.: Aug. 5, 2019*

however, CONSULTANT acknowledges that the compensation paid to it likely will be less than the afore-stated annual amount per applicable contract year, as CITY has appropriated that amount to payments to be made under ten on-call contracts, of which this Agreement is one. The ten on-call contracts shall be administered by the Information Technology Department to ensure the total aggregate of compensation paid per contract year for these GIS on-call project support services across all such contracts will not exceed the afore-stated annual amount per applicable contract year, with a total not-to-exceed contract amount of Six Million Seven Hundred Thousand Dollars (\$6,700,000) over the five-year term of the Agreement. The applicable rate schedule by which CONSULTANT will be paid for Services rendered under this Agreement is set out at Exhibit "C-1", entitled "HOURLY RATE SCHEDULE". Any work performed or expenses incurred for which payment would result in a total exceeding the maximum compensation as set forth herein shall be at no cost to the CITY.

The CITY is hiring ten consultants, none of whom, including the CONSULTANT under this Agreement, is guaranteed or assured of any minimum quantity of work to be performed. If work is performed by any one or more such consultants, CITY will ensure that total compensation to all such consultants will not exceed in the aggregate Seven Hundred Thousand Dollars (\$700,000) annually for contract year 1, and One Million Five Hundred Thousand Dollars (\$1,500,000) annually for contract years 2 through 5."

**SECTION 3. Legal Effect.** Except as modified by this Amendment, all other provisions of the Contract, including any exhibits thereto, shall remain in full force and effect.

**SECTION 4. Incorporation of Recitals.** The recitals set forth above are terms of this Amendment and are fully incorporated herein by this reference.

*(SIGNATURE BLOCK FOLLOWS ON THE NEXT PAGE.)*

**SIGNATURES OF THE PARTIES**

IN WITNESS WHEREOF, the Parties have by their duly authorized representatives executed this Amendment **effective** as of the date first above written.

**CITY OF PALO ALTO**

City Manager

APPROVED AS TO FORM:

City Attorney or designee

**SEVEN TABLETS, INC****Officer 1**

By:

Name:

Title:

**Officer 2** (Required for Corp. or LLC)

By:

Name:

Title:

**Attachments:** None



**AMENDMENT NO. 1 TO CONTRACT NO. C20174611J  
BETWEEN THE CITY OF PALO ALTO AND TIMMONS GROUP, INC**

This Amendment No. 1 (this “Amendment”) to Contract No. C20174611J (the “Contract” as defined below) is entered into as of December 6, 2021, by and between the CITY OF PALO ALTO, a California chartered municipal corporation (“CITY”), and TIMMONS GROUP, INC, a Virginia Corporation, located at 1001 Boulders Parkway, Suite 300, Richmond, VA 23225 (“CONSULTANT”). CITY and CONSULTANT are referred to collectively as the “Parties” in this Amendment.

**RECITALS**

A. The Contract (as defined below) was entered into by and between the Parties hereto for the provision of implementing a new enterprise Geographic Information System (GIS) and engaging a consultant to provide on-call, time-limited project support services for the Information Technology Department, as detailed therein.

B. The Parties now wish to amend the Contract in order to increase the quantity of on-call, time-limited project support services that may be ordered annually from consultant by City under the Contract and, accordingly, to increase the annual possible (but not guaranteed) total not-to-exceed compensation amount from Seven Hundred Thousand Dollars (\$700,000) annually for contract year 1, to One Million Five Hundred Thousand Dollars (\$1,500,000) annually for contract years 2 through 5, for a contract total not-to-exceed amount of Six Million Seven Hundred Thousand Dollars (\$6,700,000) over the five-year term across the pool of ten on-call contracts for GIS consulting services (of which this Contract is one), as detailed herein.

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the Parties agree:

**SECTION 1. Definitions.** The following definitions shall apply to this Amendment:

- a. **Contract.** The term “Contract” shall mean Contract No. C20174611J between CONSULTANT and CITY, dated May 11, 2020.
- b. **Other Terms.** Capitalized terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Contract.

**SECTION 2.** Section 4. NOT TO EXCEED COMPENSATION of the Contract is hereby amended to read as follows:

**“SECTION 4. NOT TO EXCEED COMPENSATION.** The compensation to be paid to CONSULTANT for performance of the Services described in Section 1 and Exhibit “A” of this Agreement shall not exceed Seven Hundred Thousand Dollars (\$700,000) annually for contract year 1, and One Million

Five Hundred Thousand Dollars (\$1,500,000.00) annually for contract years 2 through 5, provided, however, CONSULTANT acknowledges that the compensation paid to it likely will be less than the afore-stated annual amount per applicable contract year, as CITY has appropriated that amount to payments to be made under ten on-call contracts, of which this Agreement is one. The ten on-call contracts shall be administered by the Information Technology Department to ensure the total aggregate of compensation paid per contract year for these GIS on-call project support services across all such contracts will not exceed the afore-stated annual amount per applicable contract year, with a total not-to-exceed contract amount of Six Million Seven Hundred Thousand Dollars (\$6,700,000) over the five-year term of the Agreement. The applicable rate schedule by which CONSULTANT will be paid for Services rendered under this Agreement is set out at Exhibit "C-1", entitled "HOURLY RATE SCHEDULE". Any work performed or expenses incurred for which payment would result in a total exceeding the maximum compensation as set forth herein shall be at no cost to the CITY.

The CITY is hiring ten consultants, none of whom, including the CONSULTANT under this Agreement, is guaranteed or assured of any minimum quantity of work to be performed. If work is performed by any one or more such consultants, CITY will ensure that total compensation to all such consultants will not exceed in the aggregate Seven Hundred Thousand Dollars (\$700,000) annually for contract year 1, and One Million Five Hundred Thousand Dollars (\$1,500,000) annually for contract years 2 through 5."

**SECTION 3. Legal Effect.** Except as modified by this Amendment, all other provisions of the Contract, including any exhibits thereto, shall remain in full force and effect.

**SECTION 4. Incorporation of Recitals.** The recitals set forth above are terms of this Amendment and are fully incorporated herein by this reference.

*(SIGNATURE BLOCK FOLLOWS ON THE NEXT PAGE.)*

**SIGNATURES OF THE PARTIES**

IN WITNESS WHEREOF, the Parties have by their duly authorized representatives executed this Amendment **effective** as of the date first above written.

**CITY OF PALO ALTO**

City Manager

APPROVED AS TO FORM:

City Attorney or designee

**Attachments:** None**TIMMONS GROUP, INC****Officer 1**By:  
Name:  
Title:**Officer 2** (Required for Corp. or LLC)By:  
Name:  
Title:



## City of Palo Alto City Council Staff Report

(ID # 13432)

**Meeting Date: 12/6/2021**

**Title: Amendment Number 1 to Contract Number C19173686 with OpenCities, Inc. to Add to Increase the Scope of Services to Add Additional Website Functionalities such as a Junior Museum Sub-Website, and Increase the Compensation Amount Accordingly, by \$167,317 for a New Not-to-Exceed Contract Amount of \$434,517 through FY25**

**From: City Manager**

**Lead Department: IT Department**

### **Recommendation**

Staff recommends that Council approve and authorize the City Manager or their designee to: execute Contract Amendment No. 1 to Contract No. C19173686 with OpenCities, Inc, (Attachment A) to add to the Scope of Services the creation of a new sub-website for the Palo Alto Junior Museum and Zoo (JMZ), migrate the City's intranet to an OpenCities provided intranet, add capabilities (Enterprise Open Forms) to enhance the user experience, and increase the Additional Services amount by \$70,800 (from \$22,500 to \$96,000), increasing the not-to-exceed amount of the contract (including Additional Services) by \$167,317, from \$267,200 to a new total contact not-to-exceed amount of \$434,517, through Fiscal Year 2025.

### **Background**

In 2018, a formal Request for Proposal was issued to replace the City website platform. Eleven proposals were received, and four vendors were shortlisted. Out of those four vendors, OpenCities was selected and approved by Council ([CMR 10269](#)) on October 7, 2019.

In April of 2021, a new City of Palo Alto website supported by OpenCities went live, and the old website platform was decommissioned.

Task	Date
Website Beta Release Start	February 10, 2021
Website Beta Release End	February 24, 2021
Website Final Go-Live	April 8, 2021

Highlights from the new website include:

- User statistics from April 8, 2021 to July 26, 2021 include 470,000 unique pageviews on our website.
- The new website is dynamic, mobile friendly and supports multiple browsers.
- The new website also provides a service centric experience to the community through its online services format at <https://www.cityofpaloalto.org/Residents/Services>
- Online forms have replaced our PDF forms for a much better user experience.
- The new website navigation and more robust search engine easily connects the community with what they are looking for.
- Integration with google maps and the new “search near me” functionality provides a better overall website experience.

## Discussion

The Palo Alto Junior Museum and Zoo is requesting a special subsite be created by OpenCities that captures the community experience of the new reimagined and reopened facility. OpenCities will host the new subsite along with design, development and training services for staff. The cost to design this page is \$17,750 plus a pro-rated maintenance cost of \$1,667, totaling \$19,417. The full annual ongoing maintenance charge for this subsite is \$2,500. In 2020, the City engaged a museum and zoo consultant who analyzed the market potential of the Palo Alto Junior Museum & Zoo and provided recommendations for outward-facing strategies crucial to creating public appeal and building a strong foundation for visitor support. The new JMZ website will be dynamic and easy to use, supporting a better ticket sales experience and compete with other equivalent museum and zoo’s in the area.

Staff design recommendations will maximize the experience, provide a seamless experience from the City’s new website and provide an overall better experience that matches the new Palo Alto Junior Museum & Zoo as a destination for visitors. One such item that has been added is Enterprise Open Forms to replace PDF forms.

Further functionality that is being requested by departments is the integration with 3<sup>rd</sup> party tools being used by departments and other community collaboration modules offered by Open Cities. Staff is requesting to increase the Additional Services amount by \$70,800 to \$96,000 over the life of the contract to be able to leverage further enhancements and functionality statewide.

Additionally, Staff is currently evaluating the migration of our current City Intranet to OpenCities Intranet. The current intranet platform is being retired by the vendor and will not be supported at the end of this calendar year. The Intranet has not been updated for 8 years and does not provide the platform that staff needs to be able to communicate information efficiently to its workforce.

## Resource Impact

Funds for the current year of this contract are available in the FY 2022 Adopted Budget in the Technology Fund. Funding for future years is subject to City Council approval through the annual budget process.

The one-time fees for the JMZ subsite will be funded through the Community Services Department Capital Improvement Project for the JMZ (AC-18001). The one-time fees for migration of the City's intranet to OpenCities will be funded through the Information Technology Fund.

The additional ongoing funding that is being requested for the JMZ subsite maintenance, enterprise open forms and other enhancements, and the ongoing intranet maintenance costs, will be subject to the appropriation of funds through the annual budgeting process.

### **Breakdown of fees:**

	FY21 (contract year 1)	FY22 (contract year 2)	FY23 (contract year 3)	FY24 (contract year 4)	FY25 (contract year 5)
Original Not-To-Exceed Amount	\$242,000	\$0	\$0	\$0	\$0
Enterprise Open Forms	\$0	\$5,000	\$5,000	\$5,000	\$5,000
JMZ Subsite One-Time	\$0	\$17,750	\$0	\$0	\$0
JMZ Subsite Ongoing	\$0	\$1,667	\$2,500	\$2,500	\$2,500
Intranet One-Time	\$0	\$10,000	\$0	\$0	\$0
Intranet Ongoing	\$0	\$0	\$13,200	\$13,200	\$13,200
<i>NTE Sub-Total</i>	<i>\$242,000</i>	<i>\$34,417</i>	<i>\$20,700</i>	<i>\$20,700</i>	<i>\$20,700</i>
<i>Running NTE Sub-Total</i>	<i>\$242,000</i>	<i>\$276,417</i>	<i>\$297,117</i>	<i>\$317,817</i>	<i>\$338,517</i>
Additional Services Contingency	\$25,200	\$70,800			
<b>Running Total NTE with Contingency</b>	<b>\$267,200</b>	<b>\$347,217</b>	<b>\$297,117</b>	<b>\$317,817</b>	<b>\$434,517</b>

\*\*Additional Services may be approved in any contract year, though shown in contract years 1 & 2.

### **Stakeholder Engagement**

OpenCities was selected through a formal RFP process. Several City department representatives were a part of the scoring and vendor selection process.

The City's effort to build a new website and improve its digital front door started with community engagement, feedback meetings, and community surveys in 2018 and 2019. The City's new, mobile-responsive beta website was opened to the public to solicit feedback on the design and functionality before the full website launch in Spring 2021. The feedback survey was posted to the beta website and we received 90 responses within the 2-week period. There is a feedback response form currently available on the website for continued community engagement.

**Environmental Review**

Approval of this agreement does not constitute a project under the California Environmental Quality Act (CEQA); therefore, an environmental assessment is not required.

**Attachments:**

- **Attachment7.a:** Attachment A: C19173686 Amend No. 1\_OpenCities\_final

**AMENDMENT NO. 1 TO CONTRACT NO. C19173686  
BETWEEN THE CITY OF PALO ALTO AND OPENCITIES, INC.**

This Amendment No. 1 (this “Amendment”) to Contract No. C19173686 (the “Contract” as defined below) is entered into as of November 1, 2021, by and between the CITY OF PALO ALTO, a California chartered municipal corporation (“CITY”), and OPENCITIES, INC., a Delaware corporation, located at 1885 Mission Street, San Francisco, CA 94301 (“CONSULTANT”). CITY and CONSULTANT are referred to collectively as the “Parties” in this Amendment.

**RECITALS**

A. The Contract (as defined below) was entered into by and between the Parties hereto for the procurement of a new Content Management System (CMS) and development a new website, as detailed therein.

B. The Parties now wish to amend the Contract in order to add to the Scope of Services the creation of a new sub-website for the Junior Museum and Zoo (JMZ), migrate to a Consultant-provided Intranet, add capabilities (Enterprise Open Forms) to maximize user experience, increase the Additional Services amount by \$70,800 (from \$22,500 to \$96,000), and increase the total not-to-exceed amount of the Contract (including Additional Services) by \$167,317, from \$267,200 to a new total not-to-exceed amount of \$434,517, as detailed herein.

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the Parties agree:

**SECTION 1. Definitions.** The following definitions shall apply to this Amendment:

- a. **Contract.** The term “Contract” shall mean Contract No. C19173686 between CONSULTANT and CITY, dated September 9, 2019.
- b. **Other Terms.** Capitalized terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Contract.

**SECTION 2.** Section 4, “NOT TO EXCEED COMPENSATION,” of the Contract is hereby amended to read as follows:

“SECTION 4. NOT TO EXCEED COMPENSATION. The compensation to be paid to CONSULTANT for performance of the Services described in Exhibit “A” (“Scope of Services”) and Exhibit “A-3” (“SaaS Subscription”) (which Services are also referred to collectively herein as the “Basic Services”) shall not exceed **Three Hundred Thirty-Eight Thousand Five Hundred Seventeen Dollars (\$338,517)**, as detailed in Exhibit “C” (“Compensation”). CONSULTANT agrees to complete all Basic Services within this amount. Any work performed or expenses incurred for the Basic Services which payment would result in a

Vers.: Aug. 5, 2019



total exceeding the maximum amount of compensation set forth herein shall be at no cost to the CITY.

☒ Optional Additional Services Provision (This provision applies only if checked and a not-to-exceed compensation amount for Additional Services is allocated below under this Section 4.)

In addition to the not-to-exceed compensation specified above, CITY has set aside the not-to-exceed compensation amount of **Ninety-Six Thousand Dollars (\$96,000)** for the performance of Additional Services (as defined below). The total compensation for performance of the Services, Additional Services and any reimbursable expenses specified in Exhibit C, shall not exceed **Four Hundred Thirty-Four Thousand Five Hundred Seventeen Dollars (\$434,517)**, as detailed in Exhibit C.

“Additional Services” means any work that is determined by CITY to be necessary for the proper completion of the Project, but which is not included within the Scope of Services described at Exhibit A. CITY may elect to, but is not required to, authorize Additional Services up to the maximum amount of compensation set forth for Additional Services in this Section 4. CONSULTANT shall provide Additional Services only by advanced, written authorization from CITY as detailed in this Section. Additional Services, if any, shall be authorized by CITY with a Task Order assigned and authorized by CITY’s Project Manager, as identified in Section 13 (Project Management). Each Task Order shall be in substantially the same form as Exhibit A-1, entitled “PROFESSIONAL SERVICES TASK ORDER”. Each Task Order shall contain a specific scope of services, schedule of performance and maximum compensation amount, in accordance with the provisions of this Agreement. Compensation for Additional Services shall be specified by CITY in the Task Order, based on whichever is lowest: the compensation structure set forth in Exhibit C, the hourly rates set forth in Exhibit C-1, or a negotiated lump sum.

To accept a Task Order, CONSULTANT shall sign the Task Order and return it to CITY’s Project Manager within the time specified by the Project Manager, and upon authorization by CITY (defined as counter-signature by the CITY Project Manager), the fully executed Task Order shall become part of this Agreement. The cumulative total compensation to CONSULTANT for all Task Orders authorized under this Agreement shall not exceed the amount of compensation set forth for Additional Services in this Section 4. CONSULTANT shall only be compensated for Additional Services performed under an authorized Task Order and only up to the maximum amount of compensation set forth for Additional Services in this Section 4. Performance of and payment for any Additional Services are subject to all requirements and restrictions in this Agreement.”

SECTION 3. The following exhibit(s) to the Contract is/are hereby amended or added, as indicated below, to read as set forth in the attachment(s) to this Amendment, which is/are hereby incorporated in full into this Amendment and into the Contract by this reference:

*Vers.: Aug. 5, 2019*

- a. Exhibit "A" entitled "SCOPE OF SERVICES", AMENDED, REPLACES PREVIOUS.
- b. Exhibit "B" entitled "SCHEDULE FO PERFORMANCE", AMENDED, REPLACES PREVIOUS.
- c. Exhibit "C" entitled "COMPENSATION", AMENDED, REPLACES PREVIOUS.

**SECTION 4. Legal Effect.** Except as modified by this Amendment, all other provisions of the Contract, including any exhibits thereto, shall remain in full force and effect.

**SECTION 5. Incorporation of Recitals.** The recitals set forth above are terms of this Amendment and are fully incorporated herein by this reference.

*(SIGNATURE BLOCK FOLLOWS ON THE NEXT PAGE.)*

**SIGNATURES OF THE PARTIES**

IN WITNESS WHEREOF, the Parties have by their duly authorized representatives executed this Amendment **effective** as of the date first above written.

**CITY OF PALO ALTO****OPENCITIES, INC.**

City Manager

**Officer 1**

APPROVED AS TO FORM:

By:

Name:

Title:

City Attorney or designee

**Officer 2** (Required for Corp. or LLC)

By:

Name:

Title:

**Attachments:**

EXHIBIT "A": SCOPE OF SERVICES, AMENDMENT NO. 1 (AMENDED, REPLACES PREVIOUS)

EXHIBIT "B": SCHEDULE OF PERFORMANCE, AMENDMENT NO. 1 (AMENDED, REPLACES PREVIOUS)

EXHIBIT "C": COMPENSATION, AMENDMENT NO. 1 (AMENDED, REPLACES PREVIOUS)

**EXHIBIT "A"**  
**SCOPE OF SERVICES, AMENDMENT NO. 1**  
**(AMENDED, REPLACES PREVIOUS)**

Pursuant to this Agreement, CONSULTANT (also referred to as "OpenCities") will provide CITY with professional and technical website design services as detailed below in this Exhibit A. The services include design, development, training, implementation, content migration, licensing, hosting, maintenance, updates, security and technical support as detailed in this Exhibit A and elsewhere in this Agreement.

**Task 1: Kick-off, Research & Discovery**

- a. Kick off Meeting. Meet the Team for City and OpenCities, confirm timelines for the project, schedule training sessions, walk-through process for site set up, design and content migration, and discuss hand-offs to 3rd party applications if applicable. Determination is made as to key site elements necessary for configuration. Discussion of CORE and STEERING Committees for CITY. Planning for Civic User Testing groups or other user testing mechanisms.
- b. Project Management Tool. Introduction to Asana as OpenCities shared project management environment to track progress and maintain a visual point of truth as to the steps in the project.
- c. Creative Brief/Asset Collection. CITY works with OpenCities to secure assets such as logos and images along with any existing style guides.
- d. Create/Review Analytics. CITY provides access to existing Google Analytics and any data collection that has been ongoing, and the OpenCites team will assess current site data.

**Task 2: Design Discovery and Development, Site Configuration**

In this phase the OpenCities project team and the CITY will share assets and work to align and deliver navigation, look and feel that reflects the spirit and goals of the CITY while leveraging the best practices for effective site layout and design.

- a. Configure General locality information. This data importation will allow for structured content (such as events, places of interest, and projects) to render dynamically in geographic context on the site.
- e. Design Ideation and Creation of Creative Brief. OpenCities will facilitate an ideation session with stakeholders (Steering Committee) to help inform statements that capture an intention for the look and feel for the beta release of the redesigned website, and prepare a Creative Brief summarizing these objectives and intentions. \* Upon finalizing the creative brief, this information will be provided as a style and writing guide to the CITY.
- f. Information Architecture and Governance Strategy. The OpenCites project team will crawl the current site and map the current content in the old site for migration to the new site. The OpenCities team will consult and advise the CITY's web management team through a process of creating a governance plan for the website. Outcomes will include assisting the CITY in formulating clearly assigned roles and expectations, an

approved process for gathering, writing, approving and publishing new site content, and the initial plans for each page of content (Move, Improve, and Archive).

- g. **Homepage & Theme Design Review.** The OpenCities project team will present a first iteration of the three design and site layout based on the assets and intentions shared in the Design meeting. Discussion of who should be included in the design review is up to the CITY. Inclusion of citizen engagement should be discussed and agreed prior to finalization of the CITY contract with OpenCities. Two additional iterations will follow for the final selected design.
- h. **Design Finalization.** Once the design is skinned onto a live OpenCities instance, content publishing/migration will immediately begin.

NOTE: While the configuration of the site information is based on best-practices from OpenCities industry and Design Guidelines published by the USDigital Services, there is ample room for the CITY to make ongoing image, layout and design changes even after launch, using OpenCities Theme Builder capability.

### **Task 3: Site Admin and Content Publisher Training**

In this phase, OpenCities will provide training to both the Site Administrators (two people responsible for the site) and Content Publisher training (usually at least one person from each department who has responsibility for maintaining the services and department pages for that department). All training sessions will be delivered remotely via web-conferencing, but for larger groups Open Cities will deliver training on-site in a hands-on, train the trainer or classroom style format at City offices. OpenCities will provide five days of on-site providing content migration work, and both sessions of training with the Palo Alto team.

- a. **Content Publisher Training.** The OpenCities team will be on-site to lead a 2.5 hour, hands-on, classroom style training on using the OpenCities CMS (content management system). This session is for individuals in the CITY who manage content for their department, generally what we call “Structured” content. The class focuses on how to use OpenCities to create pages, publish information, manage pages and images or documents within the CMS, create forms using OpenForms, and use the Knowledge Bank. This includes learning various modules including news and events, minutes & agendas, parks & facilities, job notifications, general and landing pages, directories, media and file libraries.
- b. **Site Administrator Training.** Typically delivered to 1-3 website managers, this 2 hour onsite session focuses on setting up, training and managing users, as well as using/creating roles, workflows, permissions and website settings. OpenCities will also cover troubleshooting City’s site and accessing the online helpdesk. Content publishing training is a pre-requisite for site manager training.
- c. **OpenCities Help Center/Knowledge Bank.** The CITY and all staff publishing to the website will receive access to the OpenCities Knowledge Bank and ticketing system, which offers detailed learning materials and documentation for every OpenCities module. Each article contains annotated images with step by step instructions showing how to use the functions in OpenCities, and many articles also offer strategic advice to help make the most of the functionality.

- d. **Digital Services Academy** The OpenCities project team will use a 3 day, 2.5 hour per day facilitated workshop to train City staff on how to re-envision government web pages and PDFs as interactive services. Participants learn how to migrate prioritized content from the current site so that it becomes a fully functional Digital Service. Accommodating “service owners”, the OpenCities project team will work with participants (content publishers and departmental staff) to create a journey map of one of their key services, identify areas for improvement, prototype a new transaction, redesign their content, and test their new services page and digital form with a set of actual users.

#### **Task 4: Content/service creation, migration and curation**

- a. Content Creation: OpenCities encourages City departments to create or recreate their department pages and services with support from the OpenCities and Digital Services/Web ReDesign teams. To support the City’s goal for a next generation website, the OpenCities team will work with City departments to ensure new content is created and work to train users in writing for the web so that they can maintain the site in a consistent way.
- b. Content Migration. OpenCities will migrate all content, making sure the pages transfer to the OpenCities CMS appropriately. The migration process does not include the creation, editing or enhancement of the content. OpenCities will assist City Staff with expertise and suggestions for changes when migrating content to the new website.

#### **Task 5: Launch, Testing and Iteration**

- a. Launch: OpenCities will coordinate the full launch of the site with the City’s team to assure a smooth transition from the old to the new site, including Domain Name System (“DNS”) transfer.
- b. Civic User Testing: OpenCities will provide coaching and feedback on strategies for user testing, including using volunteers for person-to-person user testing in a community, using positive survey respondents for remote testing of new pages, or regular use of surveys for general and specific feedback.
- c. Iteration: OpenCities will provide quarterly updates and feature enhancements, continuous support and community forums, as well as a twice annual site review and recommendation session.

#### **Task 6: Licensing & Hosting (Annual SaaS Subscription Services, per Exhibit “A-3”)**

This section is further detailed in Exhibit “A-3” and includes:

- a) Website Content Management Software Licensing
- b) Website Hosting environment & Services

#### **Task 7: Ongoing Technical Support (Annual SaaS Subscription Services, per Exhibit “A-3”)**

This section is further detailed in Exhibit “A-3” and includes:

- a) Ongoing technical support services

**Task 8: Creation of New Sub-Website (Subsite) for City's Junior Museum and Zoo (JMZ)**

- a. OpenCities to create a new sub-website (subsite) for the City's Junior Museum and Zoo (JMZ). OpenCities will host the new subsite along with design, development and training services for staff, and provide ongoing maintenance and support as part of its existing hosting, maintenance and support of the City's website as detailed in this Agreement, at no additional cost to the City.

**Task 9: Migration of City's Intranet to OpenCities Intranet**

- a. OpenCities will assist the City with evaluating the migration of its current City Intranet to OpenCities Intranet. The current intranet platform is being retired by the vendor and will not be supported at the end of 2021. The Intranet has not been updated for 8 years and does not provide the platform that staff needs to be able to communicate information efficiently.

**Task 10: Add Capabilities (e.g. Enterprise Open Forms) to Maximize User Experience**

- a. OpenCities will assist the City with adding capabilities to maximize the user experience, such as adding Enterprise Open Forms to replace PDF forms.

**Additional Services**

Any Additional Services to be provided must be approved by City pursuant to a Task Order as detailed in Section 4 (Not to Exceed Compensation) of this Agreement. Examples of Additional Services that may be sought include but are not limited to further functionality that may be requested by City departments such as the integration with 3rd party tools being used by departments and other community collaboration modules offered by Open Cities.

**CITY'S REQUIREMENTS**

1. OpenCities shall offer Network Layer IP filtering solution for administrative access to the City of Palo Alto's Open Cities instance. Access will be allowed **only from the City of Palo Alto's IP address and the OpenCities IP addresses.**
2. Any data transfer between the City of Palo Alto and the OpenCities's environment shall securely be transferred/processed through HTTPS/SFTP/FTPS/VPN communication.
3. The City of Palo Alto data hosted at rest and the backup stage within the OpenCities environment (including OpenCities's contracting organizations environment) shall be encrypted securely.
4. The OpenCities shall provide robust disaster recovery and business continuity solutions to the City of Palo Alto for the systems and services provided under this Agreement.
5. OpenCities shall provide all services under this Agreement in accordance with Exhibit "E," entitled "INFORMATION PRIVACY POLICY," and Exhibit "F," entitled "VENDOR CYBER SECURITY TERMS AND CONDITIONS."

**EXHIBIT "B"**  
**SCHEDULE OF PERFORMANCE, AMENDMENT NO. 1**  
**(AMENDED, REPLACES PREVIOUS)**

Tasks	Milestones	Completion Dates		
		Original	JMZ Amendment 1	Intranet Amendment 1
1.	Kick Off, Research & Discovery	Oct 31, 2019	Jul 2021	Q4 FY2022
2.	Design, Development & Configuration	Nov 1 – Jan 31, 2020	Aug – Oct 2021	Q1 – Q2 FY2023
3.	Site Admin & Content Publisher Training	Feb 28, 2020	Oct 2021	Q2 FY2023
4.	Content/Service creation migration & curation	Mar 1 – May 31, 2020	Oct – Dec 2021	Q3 FY2023
5.	Launch, Testing and Iteration	Jun 1 – Jul 31, 2020	Dec 2021	Q4 FY2023
6.	Licensing & Hosting *	Commencing as of Live Operation	Commencing as of Live Operation	Commencing as of Live Operation
7.	Ongoing Technical Support *	Commencing as of Live Operation	Commencing as of Live Operation	Commencing as of Live Operation

\* (Annual Subscription Services per Exhibit "A-3" for 5 years as further detailed in Exhibit "C")

**Live Operation.**

The initial subscription period for Licensing & Hosting and Ongoing Technical Support (Tasks 6 and 7, respectively) shall run on a yearly basis for a period of 5 years, commencing on the Live Operation date for the Subscription Services per Exhibit "A-3" and as further detailed in Exhibit "C". The Live Operation date for the Subscription Services is defined as the date on which the City signs off on successful implementation which comprises of the instance built / designed and ready to have content migrated, provided that the City's project manager has expressly accepted the Live Operation date in writing.

☒ Schedule of Performance for Additional Services. (This provision only applies if checked and only applies to agreements with Additional Services per Section 4.)

The schedule of performance shall be as provided in the approved Task Order, as detailed in Section 4 in the case of Additional Services, provided in all cases that the schedule of performance shall fall within the term as provided in Section 2 (Term) of this Agreement.



**EXHIBIT "C"**  
**COMPENSATION, AMENDMENT NO. 1**  
**(AMENDED, REPLACES PREVIOUS)**

The CITY agrees to compensate the CONSULTANT for professional services performed in accordance with the terms and conditions of this Agreement, and as set forth in the budget schedule below.

CONSULTANT shall perform the tasks and categories of work as outlined and budgeted below. The CITY's Project Manager may approve in writing the transfer of budget amounts between any of the tasks or categories listed below provided the total compensation for Basic Services, including any reimbursable expenses specified below, and the total compensation for Additional Services do not exceed the amounts set forth in Section 4 of this Agreement.

(The BUDGET SCHEDULE is provided on the next page.)

**BUDGET SCHEDULE AND NOT-TO-EXCEED AMOUNTS**

<b>Task</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Subtotals</b>
1. Kick Off, Research & Discovery	\$25,000	--	--	--	--	\$25,000
2. Design, Development & Configuration	\$30,000	--	--	--	--	\$30,000
3. Site Admin & Content Publisher Training	\$0	--	--	--	--	\$0
4. Content/ Service creation migration & curation	\$42,000	--	--	--	--	\$42,000
5. Launch, Testing and Iteration	\$0	--	--	--	--	\$0
6. Licensing & Hosting *	\$29,000	\$29,000	\$29,000	\$29,000	\$29,000	\$145,000
7. Ongoing Technical Support *	\$0 (included in Task 6)	\$0 (included in Task 6)	\$0 (included in Task 6)	\$0 (included in Task 6)	\$0 (included in Task 6)	\$0
8. Create New Subsite for Junior Museum & Zoo	--	\$31,917	--	--	--	\$31,917
9. Migrate City Intranet to OpenCities Intranet	--	\$49,600	--	--	--	\$49,600
10. Add Capabilities (Enterprise Open Forms) to Max. User Experience	--	\$15,000	--	--	--	\$15,000
Add'l Sv**	\$96,000**	--	--	--	--	\$96,000**
<b>Subtotals</b>	<b>\$222,000</b>	<b>\$125,517</b>	<b>\$29,000</b>	<b>\$29,000</b>	<b>\$29,000</b>	<b>\$434,517</b>
<b>Total not-to-exceed Amount of the Agreement</b>						<b>\$434,517</b>

\* (Annual Subscription Services per Exhibit "A-3" for 5 years as further detailed in Exhibit "C")

\*\*Additional Services (per Section 4) may be approved in any contract year, though shown in year 1

**Live Operation.**

The initial subscription period for Licensing & Hosting and Ongoing Technical Support (Tasks 6 and 7, respectively) shall run on a yearly basis for a period of 5 years, commencing on the Live Operation date for the Subscription Services per Exhibit "A-3" and as further detailed in Exhibit "C". The Live Operation date for the Subscription Services is defined as the date on which the City signs off on successful implementation which comprises of the instance built / designed and ready to have content migrated, provided that the City's project manager has expressly accepted the Live Operation date in writing.



## City of Palo Alto City Council Staff Report

(ID # 13430)

**Meeting Date: 12/6/2021**

**Title: Approval of a Purchase Order with Interstate Truck Center d/b/a Valley Peterbilt in an Amount Not-to-Exceed \$391,002 for the Purchase of a 2023 Peterbilt 537 with an American Truck and Trailer Body Service Body, Utilizing a Sourcewell Cooperative Purchase Agreement; and Approval of a Fiscal Year 2022 Budget Amendments in the Vehicle Replacement and Maintenance Fund Scheduled Vehicle and Equipment Replacement Capital Project (VR-22000) and the Gas Fund**

**From: City Manager**

**Lead Department: Public Works**

### **Recommendation**

Staff recommends that Council:

1. Approve and authorize the City Manager or their designee to execute a purchase order with Interstate Truck Center d/b/a/ Valley Peterbilt in the amount of \$391,002 for the purchase of a 2023 Peterbilt 537 Extended Cab Chassis with American Truck and Trailer Body Maintenance, Construction Service Body, utilizing cooperative purchase agreement number 060920 between Peterbilt Motors Company and Sourcewell, a government agency and service cooperative that offers cooperative procurement solutions to government entities; and
2. Amend the Fiscal Year 2022 Budget Appropriation (by a 2/3 vote) for
  - a. the Gas Fund by:
    - i. Increasing the transfer to the Vehicle Replacement and Maintenance Fund in the amount of \$191,002; and
    - ii. Decreasing the Ending Fund Balance in the amount of \$191,002; and
  - b. the Vehicle Replacement and Maintenance Fund by:
    - i. Increasing the transfer from the Gas Fund by \$191,002; and
    - ii. Increasing the Scheduled Vehicle and Equipment Replacement Fiscal Year 2022 project (VR-22000) in the amount of \$191,002.

### **Background**

The Vehicle and Equipment Use, Maintenance, and Replacement policy section 4-1 provides for the ongoing replacement of City fleet vehicles and equipment. Replacements are scheduled

using guidelines based on age, mileage accumulation, and obsolescence. Policy 4-1 prescribes a replacement interval for trucks with diesel engines of ten (10) years or 100,000 miles.

Unit 8792 is a 2007 Freightliner M2 106 with a utility body, operated by Utilities Water, Gas, Wastewater (WGW), and is over 14 years old with over 32,000 miles. The engine has total run hours of 5,409 which is equivalent to approximately 324,540 miles. Lifetime maintenance and operation costs have exceeded \$248,000. This vehicle was approved for replacement in the Fiscal Year 2022 capital budget in the Scheduled Vehicle and Equipment Replacement Fiscal Year 2022 capital project (VR-22000).

The City's fleet currently includes four utility service trucks for WGW (units 8792, 8731, 8723, and 8212). In 2007, unit 8792 was upgraded from its smaller Ford chassis to its current Freightliner chassis, and in 2017, the three other trucks were replaced and upgraded from the Chevrolet/GMC utility body to the larger Peterbilt 337 chassis. These larger trucks have proven more efficient for the work group, as the previous trucks were undersized and not equipped to carry the loads associated with the necessary utility tools and equipment each crew needs for field work. Additionally, the smaller trucks did not have adequate towing capacity for some of the larger specialized trailers.

### **Discussion**

Replacing unit 8792 with a Peterbilt 537 chassis (the 337 model was replaced by the 537 model) and matching service body, as equipped on the three corresponding trucks, aligns with the City's vehicle and equipment standardization guidelines pertaining to heavy duty service trucks within WGW. Maintenance costs will be reduced by not having to procure specialized equipment and software for two different make/model trucks. Also, Fleet has found that the servicability of the Peterbilt, both during and outside of its warranty period, provides much less downtime to the user department than the Freightliner chassis. This is due to Peterbilt's better parts accessibility and closer dealer location. The fully outfitted Peterbilt trucks are equipped to eliminate inefficiencies, and are the industry standard for underground utility work.

### **Procurement Process**

Palo Alto Municipal Code section 2.30.360(j) authorizes the use of Intergovernmental Cooperative Purchasing agreements in lieu of conducting a competitive solicitation. A quote from Interstate Truck Center d/b/a/ Valley Peterbilt was obtained through Sourcwell on October 12, 2021, utilizing cooperative purchase agreement number 060920 between Peterbilt Motors Company and Sourcwell, a government agency and service cooperative that offers cooperative procurement solutions to government entities. The quote from Interstate Truck Center d/b/a Valley Peterbilt ([Sourcwell Contract Quote](#)) for the Peterbilt truck came in at \$391,001. The Peterbilt Motors Company – Sourcwell cooperative purchasing contract is valid through August 1, 2024 ([Sourcwell Contract](#)).

If this request is not approved, we will no longer have the option of purchasing this 2023 model Peterbilt chassis. Staff would have to request a new specification for a 2024, or later year

model and return to Council for approval. This would further increase the cost and delay the delivery of this new vehicle. Staff recommends that Council approve this agreement ([PO 4522000178](#)) with Interstate Truck Center d/b/a/ Valley Peterbilt for the purchase of one new 2023 Peterbilt 537 Extended Cab Chassis with American Truck and Trailer Body Maintenance, Construction Service Body.

**Resource Impact**

The Vehicle Replacement Fund does not have sufficient funding to purchase this vehicle. Traditionally, vehicle procurements are pre-funded through annual charges to the department/fund that benefits from the vehicle. In this instance, \$200,000 was allocated for the replacement of this vehicle in the Fiscal Year 2022 budget for VR-22000. There were two components to this existing build, the chassis and the body. Unfortunately, the amount collected for replacement was not escalated off of the full original purchase price. The chassis, which made up over 33% of the original cost, was not included. Further, there have been increased costs associated with things such as materials and components for this build, regulatory requirements mandating that the manufacturers offer a longer emissions warranty, and a global supply chain surcharge. To support this purchase, an appropriation of \$191,002 to the Scheduled Vehicle and Equipment Replacement Fiscal Year 2022 CIP project (VR-22000) in the Vehicle Replacement and Maintenance Fund, offset by a transfer of \$191,002 from the Gas Fund, is recommended.

**Stakeholder Engagement**

Requests for vehicle replacements are presented to the Fleet Review Committee (FRC) for approval. FRC approved the replacement of this vehicle through the scheduled five-year replacement review. Fleet staff also worked with Utilities WGW staff in order to communicate the additional funding need from the Gas Fund for this replacement.

**Policy Implications**

Authorization of the contract does not represent any change to existing policies.

**Environmental Review**

The vehicle being supplied is in conformance with all applicable emissions laws and regulations. Accordingly, this purchase is exempt from the California Environmental Quality Act under CEQA guidelines (Section 15061).



## City of Palo Alto City Council Staff Report

(ID # 13653)

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**Meeting Date: 12/6/2021**

**Title: Adoption of Interim Urgency Ordinance Amending Titles 18 and 21 in Response to Senate Bill 9; Adoption of an Interim Ordinance Amending Titles 18 and 21 in Response to Senate Bills 9 and 478; Adoption of Objective Design Standards for SB 9 Projects; and Referral of Work on a Permanent Ordinance to the Planning and Transportation Commission and the Architectural Review Board. (6:50 - 8:30 PM)**

**From: City Manager**

**Lead Department: Planning and Development Services**

### **Recommendation**

Staff recommend Council hold a hearing and:

1. Adopt the attached interim urgency ordinance (Attachment A) to immediately integrate Senate Bill 9 into the Palo Alto Municipal Code and, by reference, adopt objective design standards (Attachment C) for qualifying SB 9 projects;
2. Adopt the attached interim ordinance (Attachment B) containing the same content regarding Senate Bill 9 and further implementing Senate Bill 478; and
3. Refer work on a permanent ordinance to the Planning and Transportation Commission (PTC) and Architectural Review Board (ARB) work plans for 2022.

### **Executive Summary**

The above recommendation and supporting report aim to maintain Palo Alto's local control of planning and development decisions while complying with recently enacted state laws. The Background section reviews new state laws, providing summaries of the laws and their impacts on Palo Alto. Table 1 identifies how the newest state laws and existing state laws work together to impact development standards and approval processes for single family homes (one and two story), accessory dwelling units, and duplexes in Palo Alto.

The Discussion section describes how the City of Palo Alto might balance adhering to state law while asserting local aesthetic design preferences and preservation of neighborhood character. This includes responses to SB 9, as well as responses to SB 478.

The Discussion section also describes the need to address a gap in the Palo Alto Municipal Code created by the adoption of the City's deconstruction ordinance. Closing this gap will promote

the no net loss policies in state law, ensuring that we do not lose existing housing units to demolition or deconstruction. The final sections review policy implications of the proposed and future ordinances.

Staff propose an interim urgency ordinance so that the law can take effect immediately. This ensures that on January 1, 2022, the ordinance is in place and can guide applications for the relevant projects. Staff have also prepared an interim ordinance, that is not proposed to be adopted on an urgency basis. This ordinance requires two readings and becomes effective on the 31st day following the second reading. The interim urgency ordinance, however, requires a 2/3 majority of Council members support, while the interim ordinance may be adopted by a simple majority. In addition, the interim ordinance provides redundancy should the urgency findings be challenged in court and the legal proceedings delay or stay implementation of the urgency ordinance.

## **Background**

### ***New State Laws Impacting Local Planning & Development***

Over the past several legislative sessions, the state legislature has approved and both Governors Brown and Newsom have signed laws altering housing policy in California. While several bills in the most recent legislative session are acutely impactful to local governments (SB 8, SB 9, SB 10, and SB 478), these laws build on prior legislation. Together, these laws create a complex regulatory web aimed at increasing housing production in the state in order to meet the housing needs of the state's current and future residents.

This web impacts local governments significantly. Among other things, this web constrains Palo Alto's ability to implement subjective design standards, prescribes processing timelines, indicates certain projects are ministerial, and provides some development standards for certain projects. Further, the web of policies works together to limit a local government's ability to deny certain types of housing projects.

Of the laws from the most recent legislative session, SB 8, SB 9, and SB 478 are the focus of this report. These laws are effective on January 1, 2022. To prepare for the impacts in Palo Alto, staff recommend that City Council adopt an interim urgency ordinance to ensure that the City can limit negative impacts the laws may have on development and neighborhoods in Palo Alto.

Staff recommend that Council direct staff to continue working throughout 2022 on a permanent ordinance that maximizes protection for Palo Alto neighborhoods while complying with state laws. Due to the incredibly short time frame from passage of the laws to their effective date, staff lacked sufficient time to benefit from community input and recommendations of the ARB and PTC. Staff recommend adding this effort to the 2022 Work Plans for both the ARB and PTC.

Due to the complexity of the housing policy web, staff have prepared a table that indicates how the laws impact local development of single-family homes, duplexes, and lot splits. The left side describes what is currently allowed for these types of projects today in 2021. The right side shows what will be allowed on January 1, 2022.

Following the table, the report summarizes SB 8, SB 9, and SB 478, which are new laws (further detailed in Attachment E). Existing laws, such as the Housing Accountability Act (SB 167) and the Housing Crisis Act of 2019 (SB 330), continue to impact local planning and development for housing projects. The impacts of these laws are integrated into Table 1. Please note, the focus of this report and Table are the impacts of state law on small scale housing, namely single-family homes, duplexes, and single-family homes and/or duplexes with accessory dwelling units (ADUs).

<b>Table 1: Comparison of Current Local Laws &amp; Development Practices to Future Practices Under State Law</b>	
<b>The Way It Is Now (2021)</b>	<b>The Way It Will Be (2022)</b>
<b>(1) Single-story, Single-family Home in R-1 or RE Zones</b>	
<p>Building permit application submitted to the City and reviewed by staff. Reviewed by planning for adherence to zoning development standards in the code.</p> <p>If a project seeks a variance or home improvement exception, then a discretionary planning application must be approved before the building permit application can be reviewed/approved.</p> <p><b>ADU/JADU</b> See Project 3 below.</p>	<p>Single unit housing development does not qualify for SB 9. See Project 3 (below) for SB 9 eligible projects.</p> <p>The current process (The Way It Is Now) can continue.</p> <p>Property owner can “freeze” zoning rules with a pre-application.</p> <p>Limit of 5 hearings, including appeal hearings.</p> <p>Single unit homes are subject to local objective standards and to subjective standards adopted before January 2020.</p> <p>Building permit for replacement home must be reviewed and approved prior to complete demolition via deconstruction.</p>



	<b>ADU/JADU</b> See Project 3 below.
<b>(2) Two-story, Single-family Home in R-1 or RE Zones</b>	
<p>Two story homes must go through the “Individual Review” process (IR process). Proposed two-story homes must comply with the Individual Review Guidelines (IR Guidelines) as well as zoning development standards.</p> <p>The IR process and guidelines help to shape the architecture, privacy, streetscape, and massing of the home and its relationship to neighboring properties. This process results in conditions of approval for the proposed home. For example, landscape screening and opaque windows on the upper floor to enhance privacy.</p> <p>Since the IR process is a discretionary review, the demolition of listed historic and eligible resources is considered an impact under CEQA that must be evaluated.</p> <p><b>ADU/JADU</b> See Project 3 below.</p>	<p>Single unit housing development does not qualify for SB 9. See Project 3 for SB 9 eligible projects.</p> <p>IR Program continues to apply to two-story homes.</p> <p>Property owner can “freeze” zoning rules with a pre-application.</p> <p>Limit of 5 hearings, including appeal hearings.</p> <p><b>ADU/JADU</b> See Project 3 below.</p>
<b>(3) Single-family home (one or two story) in R-1 or RE Zones with an ADU and/or JADU</b>	
<p>Qualifies as a “housing development project” under the Housing Accountability Act (SB 330) because the project is more than one unit.</p> <p>The two-story primary home goes through the IR process and is subject to the IR Guidelines. The City cannot deny the project based on subjective criteria. The City can condition approval of the project based on subjective criteria, provided the conditions of approval do not violate state law and provide sufficient direction to be implemented.</p> <p>New subjective standards cannot be added to the IR Guidelines. No new subjective standards after Jan. 1, 2020.</p> <p>Limited to 5 hearings, including appeal hearings.</p>	<p><b><u>SB 9 Qualifying Projects</u></b></p> <p>A one- or two-story single-family home with an ADU, a JADU, or an attached JADU and detached ADU may be subject to SB 9.</p> <p>The project must meet other SB 9 requirements for eligibility.</p> <p>If eligible for SB 9, the project is subject only to adopted objective design standards. In this case, both the primary home and ADU and/or JADU are ministerial review and approval only.</p> <p>If the applicant seeks to exceed the objective design standards, the project can elect to go through the IR process</p>

<p>If combined with an ADU, the Housing Accountability Act (SB 330) applies. In that case, the City cannot deny the project based on subjective criteria. The City can condition the approval of the project to effectuate subjective standards.</p> <p><b>ADU/JADU</b> 1 detached ADU <b>and</b> 1 JADU allowed. <b>Or</b> 1 attached ADU <b>or</b> 1 JADU.</p> <p>The ADU and/or JADU must be ministerially approved</p>	<p><b><u>All Other Single Family Homes w/ADU and/or JADU</u></b></p> <p>The project's two-story primary home is subject to the IR process.</p> <p>A property owner could assert the right to ministerial review of the primary home, when combined with an ADU, under SB 9.</p> <p>The ADU and/or JADU portion is subject to ministerial review and approval only</p>
<p><b>(4) Duplex in R-2 Zone</b></p>	
<p>Building permit application submitted to the City and reviewed by staff. Reviewed for adherence to zoning development standards in the code.</p> <p>If a project seeks a variance or home improvement exception, then a discretionary planning application must be approved before the building permit application can be reviewed.</p> <p>The IR process applies when the duplex is located next to a single-family home.</p> <p>No new subjective standards allowed.</p> <p><b>ADU/JADU</b> Up to 2 detached ADUs allowed</p>	<p>No changes; see left column.</p> <p>SB 9 does not apply to R2 zoned properties</p>
<p><b>(5) Duplex on RE or R-1</b></p>	
<p>A duplex is not allowed in these zones.</p> <p><b>ADU/JADU</b> While a duplex is not allowed on a R-1 or RE parcel, ADU/JADUs are allowed as follows: 1 detached ADU <b>and</b> 1 JADU allowed. <b>Or</b> 1 attached ADU <b>or</b> 1 JADU.</p> <p>ADU ministerially approved</p>	<p><b><u>Qualifying SB 9 Projects</u></b></p> <p>For qualifying parcels and projects (must meet all SB 9 criteria) 2 units are allowed.</p> <p>The units are subject to objective zoning development standards and objective design standards.</p> <p>The application, review, and approval are ministerial.</p> <p>In the absence of a lot split, the owner can also add up to 2 detached ADUs. Under this scenario, the duplex, under SB 9, would be constructed first. Subsequently, up to 2 detached ADUs could be constructed (following application, review and</p>

	<p>ministerial approval). Any future lot split would need to result in no more than 2 units on either resulting lot.</p> <p><b><u>Other Duplexes in the R-1 or RE</u></b> SB 9 is the only path for a “duplex” in the R-1 or RE zones.</p>
<b>(6) Lot Split in R-1 or RE Zones</b>	
<p><b><u>Standard Subdivision Process (Parcel Map) for Lot Split</u></b> Minimum lot size in the R-1 is 6,000 sf, 60 ft wide and 100 ft deep. In the RE the minimum lot size is 1 acre (43,560 sf) and must be 100 ft min width and 100 ft min depth.</p> <p>In order to subdivide, each resulting lot must meet the minimums (above), and also be no larger than 9,999 sf.</p> <p>Subdivision is a two-step process. First, the applicant applies for a Preliminary Parcel Map, which goes to a Director’s Hearing. Second, the applicant applies for a Parcel Map which is reviewed by Staff, and when complete, is signed by the City Surveyor (contract), Director of PDS, and Director of Public Works Engineering. The map is then recorded with the County of Santa Clara and a copy is returned to the City.</p> <p>A lot split is creating two full parcels. This is different from a condo subdivision, which allows for example, two duplex units on the same lot to be sold to separate owners and establish common shared spaces and privately owned spaces.</p> <p><b><u>Parcel map with exceptions</u></b> A parcel map with exceptions can allow for the creation of parcels that do not meet the standard size requirements. A parcel map with exceptions requires both PTC and Council approval.</p> <p><b><u>ADU/JADU</u></b> ADU and/or JADU are allowed on resulting lots.</p>	<p><b><u>Qualifying SB 9 Projects</u></b> SB 9 creates a new path for lot splits available to qualifying properties.</p> <p>The “initial” lot, before being split, must be at least 2,400 square feet.</p> <p>The lot can be split evenly or the lot can have a 60/40 split. Minimum lot size for a resulting lot is 1,200 square feet.</p> <p>The City can require that the resulting lots have street frontage or access through an easement. The recommended ordinance requires minimum access to the street for flag lots.</p> <p>Staff recommend exploring additional lot design standards for a permanent ordinance.</p> <p>The City can state lots split under SB 9 are not eligible for more than 2 units per lot. This is reflected in the ordinance.</p> <p><b><u>Other Lots Splits</u></b> The existing paths remain available; see left column.</p> <p>Some parcels will not qualify for the “urban lot split” under SB 9.</p> <p>The underlying zoning of the resulting lots would be R-1 or RE, which allows a primary home with J/ADU(s).</p>

ADU's and/or JADU's cannot be subdivided from primary residences by lot split or condo subdivision. Although state law does allow ADUs to be sold separately if the ADUs will be owned by a non-profit organization.

**Listed Historic Resource**

In most cases, a flag lot cannot be created in the R-1.

If there is a historic resource the Subdivision Incentive for Historic Preservation applies. In this instance, if there are 2 homes on a lot, and one home is historic, then a flag lot can be created to further the preservation of the historic resource. A covenant is placed on the historic home.

**Listed Historic Resource**

***The Way It Is Now***

Proposals to demolish an existing home and build a one-story home are not discretionary. Historic resources are not protected and do not require discretionary approval.

The proposed demolition of a listed category 1 or 2 resource or a listed category 1 - 4 property in Professorville and Downtown to be replaced by a two-story home, requires discretionary approval and California Environmental Quality Act (CEQA) review.

The Palo Alto Comprehensive Plan states a proposal to demolish a home must be preceded by a historic resource evaluation to determine eligibility for the California Register of Historical Resources (CRHR). If a home is eligible to be listed—but not listed—and a two-story home or other discretionary approval is requested, then CEQA review may apply.

Through the performance of historic resource evaluations, the City identifies more eligible historic resources. The list of eligible resources are sent yearly to the State of California.

***The Way It Will Be***

By limiting and in some cases prohibiting the IR process and/or discretionary approval, the City will have fewer opportunities to identify eligible historic resources. Homes may be demolished without evaluations. This issue will be revisited and further researched during development of a permanent ordinance.

***Review of SBs 8, 9, 10, and 478***

The remainder of this section details the specific laws passed in the 2021 legislative session; SBs 8, 9, 10, and 478.

### **SB 8 (Skinner) Housing Crisis Act of 2019**

Existing law, the *Housing Crisis Act of 2019 (HCA)*, requires a housing development project be subject only to the ordinances, policies, and standards adopted and in effect when a preliminary application is submitted, except as specified. The act defines “housing development project” to mean a use consisting of residential units only, mixed-use developments consisting of residential and nonresidential uses with at least 2/3 of the square footage designated for residential use, and transitional or supportive housing.

Notable changes by the law, signed by Governor Newsom:

- Extends the sunset of the HCA by five years to January 1, 2030.
- Expands on the definition of “housing development project” for the purposes of the HCA to include both discretionary and ministerial projects. SB 8 also applies the HCA to the construction of single dwelling units. Therefore, single dwelling units may submit pre-applications to freeze zoning laws, may be subject to the no-net-loss provision of the HCA, and may be limited to five total hearings.
- Clarifies that appeals and public meetings related to density bonus projects are counted for the purposes of the five-hearing limit in the HCA.

This law clarifies the HCA and staff will continue to process applications in accordance with the State law. No local ordinance is necessary for implementation.

### **SB 9 (Atkins) Housing Development**

Senate Bill 9 adds Government Code Sections 65851.21 and 66411.7 and amends Government Code Section 66452.6 (Subdivision Map Act). The provisions of SB 9 are effective beginning January 1, 2022. Below is a summary of those provisions. Attachment D provides an infographic representation of SB 9.

This new law applies to single-family zoned parcels and includes two primary by-right provisions. One provision allows for a lot split of parcels that are at least 2,400 square feet in area. The other provision allows construction of up to two units on each parcel in a single-family zone. A lot split followed by a two-unit project on each of the new lots could result in four total dwellings on what was formerly one single-family residential lot. More details are provided below.

#### ***Government Code Section 65851.21 – Ministerial Two-Unit Developments***

Under SB 9, local agencies must approve in a ministerial process, without any discretionary review or hearing, certain two-unit developments. Two-unit developments are those that propose either the construction of no more than two new units, or the addition of one new unit to an existing unit. Please note that under state law the developments can also include up to

two detached accessory dwelling units; this totals up to 4 units on a lot. City staff interpret this to exclude the construction of a single dwelling unit on a lot.

To qualify for this ministerial process, the two-unit development must be proposed in a single-family residential zone, which in Palo Alto are the R-1 and RE zones. Other requirements that a project must satisfy to qualify for SB 9's benefits include:

- **Location.** The project must be in an urbanized area or urban cluster, or within a city with boundaries in an urbanized area or urban cluster, as those terms are defined by the U.S. Census Bureau. The project cannot be on a site designated as a local or state historic landmark or within a local or state historic district. The project may not be on prime agricultural land, wetlands, or protected species habitat, but may be in a high or very high fire severity hazard zone, earthquake fault zone, floodplain, floodway, and site with hazardous materials so long as certain mitigation measures (as outlined in Government Code Section 65913.4(a)(6)) have been implemented on those sites.
- **Protected Units.** The two-unit development may not result in the demolition or alteration of affordable housing, rent-controlled housing, housing that was withdrawn from the rental market in the last 15 years, or housing occupied by a tenant in the past 3 years.
- **Limit on Demolition.** The project may not demolish more than 25 percent of the exterior walls of an existing unit unless either the local agency permits otherwise or the site has not been occupied by a tenant in the last 3 years. In the absence of local authorization, this limitation is duplicative of the restriction on alteration of housing recently occupied by a tenant.
- **Short term rentals.** Any units constructed via SB 9 cannot be used for short-term rentals of less than 30 days.

A project that meets these criteria and otherwise qualifies for the SB 9's ministerial process is exempt from the provisions of the California Environmental Quality Act, as is an ordinance implementing these provisions. However, the provisions of the California Coastal Act of 1976 are applicable to SB 9 two-unit developments, except that a local agency is not required to hold a public hearing for coastal development permit applications.

SB 9 provides narrow parameters for local agencies regarding the standards which they may apply to qualifying two-unit developments and the circumstances under which they may reject an otherwise qualifying two-unit development. As a general matter, a local agency may impose objective zoning standards, objective subdivision standards, and objective design review standards, so long as those standards do not conflict with the limitations imposed by SB 9 and would not physically preclude the construction of up to two units of at least 800 square feet each.

It's important to note that while the City's standards cannot preclude the construction of up to two units that are 800 square feet each, staff do not interpret this to mean that SB 9 projects can be limited to only 800 square feet each. Under California Government Code Section 66300(b), local governments are prohibited from:

“(A) Changing the general plan land use designation, specific plan land use designation, or zoning of a parcel or parcels of property to a less intensive use or reducing the intensity of land use within an existing general plan land use designation, specific plan land use designation, or zoning district below what was allowed under the land use designation and zoning ordinances of the affected county or affected city, as applicable, as in effect on January 1, 2018, except as otherwise provided in clause (ii) of subparagraph (B). For purposes of this subparagraph, “less intensive use” includes, but is not limited to, reductions to height, density, or floor area ratio, new or increased open space or lot size requirements, or new or increased setback requirements, minimum frontage requirements, or maximum lot coverage limitations, or anything that would lessen the intensity of housing.”<sup>1</sup>

Reducing the allowable lot coverage and square footage in the R1 or RE zones could be characterized as reductions in intensity of land use. Based on this, the recommended ordinance does not limit the size of SB 9 projects beyond the City’s current lot coverage, height, and other objective zoning standards. There is one exception: Circumstances where SB 9 would authorize a greater number of units than were permitted on January 1, 2018. In these circumstances – three or four detached units on what was formerly a single-family zone lot – staff believe square footage can be limited and the proposed ordinance does so.

Other limitations in SB 9 include:

- **Setbacks.** A local agency may not require rear and side yard setbacks of more than four feet. No setback may be required for a unit constructed (1) within an existing living area, or (2) in the same location and to the same dimensions as an existing structure.
- **Parking Requirements.** A local agency may only require one off-street parking space per unit. No parking requirements may be imposed if the parcel is located within (1) one-half mile walking distance of either a statutorily defined high-quality transit corridor or major transit stop, or (2) one block of a car share vehicle. In Palo Alto, 600 feet equals one block.
- **Adjacent or Connected Structures.** A local agency may not deny an application for a two-unit development solely because it proposes adjacent or connected structures, as long as the structures meet building code safety standards and are sufficient to allow separate conveyance.

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<sup>1</sup> SB-8, which goes into effect on January 1st 2022, further clarifies this language with the following amendments: “(A) Changing the general plan land use designation, specific plan land use designation, or zoning of a parcel or parcels of property to a less intensive use or reducing the intensity of land use within an existing general plan land use designation, specific plan land use designation, or zoning district *in effect at the time of the proposed change*, below what was allowed under the land use designation ~~and~~ *or* zoning ordinances of the affected county or affected city, as applicable, as in effect on January 1, 2018, except as otherwise provided in clause (ii) of subparagraph ~~(B)~~ *(B) or subdivision (i).*”

- **Number of units, ADUs/JADUs.** A local government is not required to allow an ADU or JADU on a parcel that uses both the two-unit law and the urban lot split. A property owner is still entitled to construct ADUs on a parcel that has not been split under SB 9.
- **Percolation Test.** For residential units connected to an onsite wastewater treatment system, the local agency may require a percolation test completed within the last 5 years, or if the percolation test has been recertified, within the last ten years.

SB 9 provides that a local agency may deny an otherwise qualifying two-unit development if the local building official makes a written finding, based on a preponderance of the evidence, that the proposed housing development project would have a specific, adverse impact upon public health and safety or the physical environment, and there is no feasible method by which to satisfactorily mitigate the adverse impact.

*Government Code Section 66411.7 – Ministerial Urban Lot Splits*

Under SB 9, local agencies must also ministerially approve, without discretionary review or hearing, certain urban lot splits. To qualify for ministerial approval under SB 9, the parcel to be split must be in a single-family residential zone, which in Palo Alto are the R1 and RE zones. The parcel map for the urban lot split must meet the following requirements:

- **Location.** The project must be in an urbanized area or urban cluster, or within a city with boundaries in an urbanized area or urban cluster, as those terms are defined by the U.S. Census Bureau. The project cannot be on the site of a designated local or state historic landmark or within a local or state historic district. The project may not be on prime agricultural land, wetlands, or protected species habitat, but may be in a high or very high fire severity hazard zone, earthquake fault zone, floodplain, floodway, and site with hazardous materials so long as certain mitigation measures (as outlined in Government Code Section 65913.4(a)(6)) have been implemented on those sites.
- **Parcel Size.** The parcel map must subdivide an existing parcel to create no more than two new parcels of approximately equal lot area, with neither resulting parcel exceeding 60 percent of the lot area of the original parcel. Additionally, both newly created parcels must be at least 1,200 square feet (unless the local agency adopts a smaller lot size).
- **No Prior SB 9 Lot Split.** The parcel to be split may not have been established through a prior SB 9 lot split. Neither the owner nor anyone acting in concert with the owner may have previously subdivided an adjacent parcel using an SB 9 lot split.
- **Subdivision Map Requirements.** The urban lot split must conform to all applicable objective requirements of the Subdivision Map Act, except those that conflict with SB 9 requirements.
- **Protected Units.** The urban lot split may not result in the demolition or alteration of affordable housing, rent-controlled housing, housing that was withdrawn from the rental market in the last 15 years, or housing occupied by a tenant in the past 3 years.
- **Owner-Occupancy Affidavit.** The applicant must indicate, by affidavit, the applicant's intention to reside in one of the units built on either parcel for at least three years. This requirement does not apply if the applicant is a qualified non-profit or community land trust. The City cannot impose any additional requirement related to owner occupancy.



- **Residential Uses.** Any parcel created through via SB 9 must be used for residential purposes and cannot be used for short-term rentals of less than 30 days.

A parcel map application for an urban lot split that meets these criteria and otherwise qualifies for the SB 9's ministerial process is exempt from the provisions of the California Environmental Quality Act, as is an ordinance implementing these provisions. The provisions of the California Coastal Act of 1976 are applicable to SB 9 urban lot splits, except that a local agency is not required to hold a public hearing for coastal development permit applications.

As with two-unit developments under SB 9, a local agency may impose objective zoning standards, objective subdivision standards, and objective design review standards to an SB 9 urban lot split, so long as those standards do not conflict with the limitations imposed by SB 9 and would not physically preclude the construction of up to two units of at least 800 square feet each.

Other urban lot split limitations in SB 9 include:

- **Setbacks.** A local agency may not require rear and side yard setbacks of more than four feet. No setback may be required for a unit constructed (1) within an existing living area, or (2) in the same location and to the same dimensions as an existing structure.
- **Parking Requirements.** A local agency may only require one off-street parking space per unit. No parking requirements may be imposed if the parcel is located within (1) one-half mile walking distance of either a statutorily defined high-quality transit corridor or major transit stop, or (2) one block of a car share vehicle. In Palo Alto, a block shall equal 600 feet.
- **Easements, Access, and Dedications.** A local agency may require an application for a parcel map for an urban lot split to include easements necessary for the provision of public services and facilities. The local agency may also require that the resulting parcels have access to, provide access to, or adjoin the public right-of-way. The local agency may not require dedications of rights-of-way or construction of offsite improvements.
- **Number of Units; ADUs and JADUs.** Notwithstanding the provisions of Government Code Sections 65852.1, 65852.21, 65852.22, and 65915, a local agency is not required to permit more than two units on any parcel created through the authority in SB 9, inclusive of any accessory dwelling units or junior accessory dwelling units.
- **Adjacent or Connected Structures.** A local agency may not deny an application for an urban lot split solely because it proposes adjacent or connected structures, as long as the structures meet building code safety standards and are sufficient to allow separate conveyance.

The standard for denying an application for a parcel map for an urban lot split is the same as for denying an SB 9 two-unit development – the local building official must make a written finding, based on a preponderance of the evidence, that the proposed housing development project would have a specific, adverse impact upon public health and safety, or the physical environment, and there is no feasible method by which to satisfactorily mitigate the adverse impact.

### *Government Code Section 66452.6 – Subdivision Map Act Amendment*

Currently, an approved or conditionally approved tentative map expires either 24 months after its approval, or after any additional period permitted by local ordinance, not to exceed an additional 12 months. SB 9 extends the limit on the additional period that may be provided by local ordinance from 12 to 24 months. Where local agencies adopt this change by ordinance, an approved or conditionally approved tentative map would expire up to 48 months after its approval if it received a 24-month extension of approval.

### *Local Policy Development & Implementation*

The City would need to consider these two-unit projects and lot splits ministerially (i.e., without discretionary review or hearing), if the proposed housing development meets certain requirements. In particular, the law allows local development standards to apply to the dwelling units constructed on the subject parcel(s). The local development standards, however, must be objective standards. While the City currently is in process to develop objective standards, that effort was not developed with a two-family unit typology in mind. The City, including the PTC and the ARB, may want to pursue development of standards to ensure any resulting units created by this law align with Palo Alto's preferences.

The City will need to determine the process for accepting applications and reviewing applications and ensuring compliance with restrictions. Notable aspects include that the resulting units cannot be short term rentals. The law does not require the City to allow accessory dwelling units when four units are created by both lot split and subsequent two-unit projects. Likewise, the law requires that lot splits only be performed by property owners who attest they will reside in one of the units for at least three years. The director of Planning and Development Services will promulgate rules to effectuate this provision and others.

This law has gained attention in the press and academics alike resulting in many published articles. One research article that may be of interest published in July 2021 prior to the signing of the law<sup>2</sup> provides some context of the law's impacts on housing production throughout the state.

### **SB 10 (Wiener) Housing Development/Density**

This new law authorizes a city to adopt an ordinance to zone any parcel for up to 10 residential units, at a height specified by the ordinance if the parcel is in a transit-rich area or an urban infill site. An ordinance adopted in accordance with this law is not a project for purposes of CEQA.

It is not a requirement that the City adopt an ordinance. It is meant as a tool for local agencies to increase housing development in transit-rich areas. Staff will not act on this bill unless Council directs staff to do so.

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<sup>2</sup> Turner Center for Housing Innovation (UC Berkeley). July 2021. <https://turnercenter.berkeley.edu/wp-content/uploads/2021/07/SB-9- Brief-July-2021-Final.pdf>

### **SB 478 (Wiener): Planning and Zoning Law: Housing Development**

The new law applies to housing development projects located in a multifamily residential zone or a mixed-use zone. For Palo Alto, this could apply to several commercial districts that allow residential and commercial uses.

The law does the following:

- This law prohibits a local agency from imposing a Floor Area Ratio (FAR) standard that is less than 1.0:1 on a housing development project that consists of three to seven units, or less than 1.25:1 on a housing development project that consists of eight to ten units.
- The law prohibits a local agency from imposing lot coverage requirements that would physically preclude a housing development project from achieving the FARs described above.
- The law prohibits a local agency from denying a housing development project located on an existing legal parcel solely on the basis that the lot area of the proposed lot does not meet the local agency's requirements for minimum lot size.

For more detailed summary of this law refer to Attachment E of this report.

This law impacts most of Palo Alto's existing mixed-use development standards. The City will need to update Title 18 for consistency with the State law. Staff will provide more analysis of the effects of the regulations for a future public hearing.

## **Discussion**

### ***SB 9 Local Implementation***

Staff recommend adopting the attached ordinances (Attachments A and B) in order to comply with state law and maintain local control to the greatest extent possible. Included in the legislation, staff have translated the City's subjective individual review guidelines (see [here](#)) into objective design standards (Attachment C). Attachment C also crosswalks the IR guidelines and the proposed objective design standards. For qualifying projects, these objective standards preserve Palo Alto's neighborhood character and local zoning control. These standards would apply to qualifying SB 9 projects.

As stated, staff recommend these objective design standards be further studied by the ARB and PTC in 2022, culminating in a permanent ordinance these bodies will recommend to the City Council. The urgency ordinance and regular ordinance provide protection in the intervening time period.

The future work item would not only include objective design standards, but also efforts to identify acceptable lot split patterns. SB 9 does allow cities to create standards for the lot split

configurations. Such efforts can help to shape properties and minimize negative impacts on neighboring properties.

### ***SB 9 Affordability***

At present, staff are researching the ability for the City to impose affordability requirements on SB 9 projects. Generally, it is required by state law that affordability requirements of greater than 15% be supported by financial feasibility analysis. That said, staff believe that the City could apply a 15% inclusionary housing requirement on SB 9 projects. In this case, the applicant would have the opportunity to pay a fee in-lieu of providing the unit. Currently, one- and two-unit developments are exempt from the City's affordable housing requirements.

Staff recommend further researching this policy before imposing this standard. If Council seeks to implement this policy now, Council may include language in the ordinance. A motion to include in the interim urgency ordinance and interim ordinance an amendment to chapter 16.65 to subject two unit projects under SB 9 to the city's affordable housing requirements would accomplish this.

### ***SB 9 Objective Design Standards***

Proposed objective design standards for SB 9 projects (Attachment C) reflect the intentions of the existing single family Individual Review guidelines. They also respond to lot split patterns that create flag lots and the reduced side and rear setbacks allowed by SB 9.

SB 9 projects would be required to meet all applicable objective design standards with a narrow exception that an objective design standard shall not be applied if such standard would: 1) not enable two units on a lot, each having a minimum 800 square feet of floor area, or 2) result in the maximum floor area allowed by the zoning code on the lot to not be feasible. The proposed objective design standards should permit required development under SB 9 to be feasible in the vast majority of situations. If a project did not want to meet the standards, they can voluntarily enter the discretionary IR process. Such projects might include homes with distinctive or unique architectural features or other needs to exceed the design standards.

The existing Individual Review guidelines place specific requirements related to streetscape, massing, and privacy on new two-story homes and upper floor additions. The guidelines take into consideration the specific neighborhood context and conditions on adjacent property to promote compatible development.

Application of the guidelines with consideration of existing neighborhood conditions frequently results in a proposed home not using the entire R-1 zoning envelope. This is an intention stated and illustrated in the guidelines. As an example, the first twenty (20) two-story home applications in 2021 resulted in approved homes with maximum heights ranging from 22'-0" to 27'-6", whereas the height limit in the R-1 zone is 30 feet.

Other common aspects of development influenced and regulated by the existing guidelines include garage placement and prominence, size and positioning of the upper floor, building mass and massing particularly adjacent to a single-story home, and privacy related to the placement and treatment of upper floor decks and windows facing interior lot lines.

Highlights from the SB 9 objective design standards are included here with explanatory comments or notes. The highlights combine some standards shown in Attachment C for brevity and convenience.

**Garage Location, Width, and Height:** Garages (and carports) shall be located at least 5 feet back from the front façade and be no wider than 30 percent of the façade. The maximum roof height over a garage shall not exceed 15 feet and the maximum wall plate at a garage shall not exceed 10 feet.

Garages or carports in mapped Eichler Tracts may be located forward of the front façade plane of the house, so long as the garage or carport: a. is no more than 21 feet wide, b. has a roof pitch or 3 in 12 or less, and c. has a maximum height of 12 feet.

The individual review guidelines require garages to be subordinate to the house, entry and landscape as seen from the street and subordinate to the principal building forms in scale. Some adjustments are made for garage placement in Eichler Tracts due to historic site development patterns in those neighborhoods. The objective design standard does not negate the contextual rear garage placement requirement in the R-1 zone where it is required.

**Second Floor Size:** Second floor area as portion of the total floor area shall not exceed the following percentages: (a.) 35 percent where all abutting lots at side lot lines have two-story homes, (b.) 30 percent where any abutting lot across a side lot has a one-story house, and (c.) 25 percent where a property is in a mapped Eichler Tract.

Placing more floor area on the ground floor is consistent with the individual review guidelines particularly where next to one-story homes or in neighborhood with a high percentage of one-story homes. 14 of the surveyed first 20 individual review applications for 2021 had second floor area less than 35 percent of the total floor area. The low percentage for the 20 homes was 12 percent for an addition and 26 percent for a new house. The high percentage was 41 percent. None of these 20 applications were in an Eichler Tract.

**Second Floor Stepbacks:** Second floor area shall not be permitted within the side and rear yard setbacks of the underlying single-family zoning district. For example, a second floor would not be permitted within 20 feet of the rear lot line in the R-1 Zone even though the first floor is permitted to have a 4-foot rear yard setback per SB 9.

**Flag Lot Second Floor Area:** On a flag lot, or similar lot without street frontage, floor area shall only be permitted on a second-floor level if the maximum allowed floor area is greater than 70

percent of the buildable lot area (i.e., the lot area not within setbacks). In such cases the maximum second floor area shall be the greater of the allowed floor area in excess of 70 percent of the buildable lot or 300 square feet.

Historically, flag lots have been restricted to a one-story height limit by the zoning regulations. However, cases may exist where the minimum SB 9 required development of two 800 square foot units, or development equal to the allowed floor area per the zoning code, may not be able to be reasonably accommodated in one-story. This objective design standard would permit second floors on flag, or similar land-locked lots with easement access to a street in some instances, but would limit the amount second floor area to the practical minimum.

**Massing—One-story Rooflines Next to One-story Homes:** A proposed home/duplex shall have a one-story building volume at least 15 feet wide and 15 deep set forward of a second-floor street facing wall plane or two-story wall plane in the circumstance where a one-story home exists on the lot to either side across a side lot line.

Additionally, the proposed upper floor on the building side facing a one-story home across the side lot line shall be set back from the lower floor at least 7 feet for 50 percent of the depth of the building if the second-floor wall is within 20 feet of the side lot line.

Please reference illustrations 1B and 1D on pages 3 and 5 of the Individual Review Guidelines and key point 5 of guideline one on page 3 for visual depiction of massing with one-story rooflines that would comply with this objective design standard.

**Roof Height for Varied Roof Pitches:** Maximum roof height shall be limited to 27 feet at roofs with pitches (slopes) 9 in 12 or greater, 25 feet at roofs with pitches 3 in 12 up to 9 in 12, and 22 feet for roof pitches less than 3 in 12. In Eichler Tracts the maximum roof height shall not exceed 22' for a pitched roof or 20' for a flat roof or parapet. Pitched roofs in Eichler Tracts are limited to 3 in 12 or lower. Please note that the roof height on flat roofs with parapets is measured to the top of the parapet.

Variation in the height limit by roof pitch is purposeful for managing building mass and scale. For example, a flat roof building may have considerably more mass and scale, given its taller wall planes than a pitched roof building of the same height. The proposed roof heights by pitch reflect height ranges not uncommon with approved projects under individual review.

**Second Floor Windows — Window Location and Privacy Measures:** On each house/housing unit with second floor bedrooms at least one second floor bedroom shall have its largest/egress window facing the front lot line. Additionally, on corner lots at least one second floor bedroom shall have with its largest/egress window facing the street side lot line.

Where second floor windows face an interior lot line at less than 20 feet distance from the side lot line or less than 30 feet distance from the rear lot line, they shall provide one of the

following privacy measures: a. obscure glazing, b. exterior mounted permanent privacy screens that block sight lines, or c. sills at 5 feet above floor level.

Window placement and privacy mitigation measures are consistent with those noted and illustrated on the privacy guideline of the individual review guidelines. Proposed landscape is not considered a primary form of privacy mitigation due to time needed to mature and landscape's inherent uncertainties, although it may serve as a secondary mitigation.

**Second Floor Balconies and Roof Decks:** No more than one second floor deck or balcony shall be permitted per dwelling and shall meet the following: a. only be permitted on a street facing façade, b. be located at least 20 feet from an interior side yard, and c. be limited in size to no more than 40 square feet.

A roof deck (i.e., a deck above the first level of a one-story building or second level of a two-story building) shall not be permitted.

Upper floor decks have considerable potential to impact neighbors' privacy across side and rear lot lines. Key point 4 of the privacy guideline (page 15 of individual review guidelines) states: "Second story decks are permitted only the extent that they result in minimal loss of privacy to side or rear facing property. Deck size and potential use may be considered in determining potential loss of privacy." Using the individual review guidelines frequently results in modifications to a proposed second floor deck facing an interior lot line, such as screening walls, deck size reduction, plan rearrangements, or in some cases removal or relocation of the deck to provide privacy for neighboring property. Lacking these tools and knowledge of the specific circumstances and design proposal it would be difficult to see an approach where privacy from second floor decks facing interior lot lines would be achievable with objective design standards.

### ***Historic Resources***

The City has a local historic preservation program that can assess properties for eligibility on the City's Local Inventory as an individual historic resource, district and/or contributing building. The Palo Alto Historic Inventory is the official list designated by the City Council as possessing significant historical and/or architectural value. Any individual or group may propose designating a historic structure, site or district to the Inventory according to the procedure found in the Historic Preservation Ordinance (Municipal Code Section 16.49.040). Properties nominated for designation are recommended by the Historic Resources Board (HRB) and decided upon by the City Council.

Currently, the City requires historic resource evaluations for potentially eligible homes identified in 2000 City Historic Survey when a discretionary permit is applied for. This is consistent with the City's Comprehensive Plan. Under SB 9, the City may be in danger of losing eligible resources and may no longer evaluate additional properties for eligibility. This is

because an eligible resource must be listed on the Local Inventory to be protected from demolition under PAMC 16.49.

In order to maximize the preservation of historic resources, they must become listed on the Local Inventory. The City Council may want to consider updating of the Palo Alto Local Inventory. If so, staff will return with a budget request for support to carry out this effort. This will include a review of eligible properties for integrity, proper documentation regarding eligible properties, outreach to property owners, notices to neighbors, and hearings with the HRB and Council.

#### *Alternative Action*

As an alternative to the subject ordinance and objective standards, the City Council could direct staff to up-zone all R-1 and RE parcels to R-2. In this instance, up to 4 units would still be allowed on a lot (2 primary units and 2 detached ADUs). The urban lot split provision of SB 9, however, would not apply. Development of two-story, single-family homes on the “new” R-2 parcels would remain subject to the IR process and IR guidelines.

This scale of up-zoning, however, may not be desirable. Were the City to take this path, the City could not down zone in the future; this is due to provisions in state law that prevent downzoning unless another area of a jurisdiction is up-zoned. Secondly, the future of SB 9 remains unclear. Efforts to repeal the law have begun and may prove successful. In that case, such up-zoning may prove premature.

#### **SB 478**

Staff recommend adopting the standards of SB 478 into the City’s municipal code. These requirements are straight forward. The change in state law could result in increased applications for housing developments of this size.

#### ***Deconstruction and Demolition***

When the City adopted its deconstruction ordinance, it inadvertently invalidated portions of the planning and zoning code. Specifically, since all projects are required to be deconstructed instead of demolished, the requirements related to approval of a replacement project before demolition in 18.40.160 no longer apply. Initially, early deconstruction was allowed as an incentive to encourage projects to choose deconstruction. Now that all projects are required to be deconstructed, the incentive is no longer needed; and “demolition” is no longer the appropriate term for this code section.

Right now, as the code currently exists, a project can propose deconstruction of a building, including housing, and not be subject to the no net loss provisions nor required to have an approved replacement project. Moreover, an applicant could deconstruct a category 3 or 4 historic resource and later apply for a two-unit development or lot split under SB 9.



Staff propose to rectify this loophole by removing the exception for “deconstruction” from the requirement to have an approved replacement project. This is included as part of the urgency ordinance as it will allow the City to exclude locally listed historic resources from redevelopment under SB 9.

## **Policy Implications**

The City can choose to take no action on any of the policies discussed above. State laws apply even if local implementing ordinances are not adopted. By taking the recommended actions, the City can create greater clarity for the public, potential applicants, decision-makers (ARB, PTC, Council), and for staff.

Through the adoption of the urgency and interim ordinances for SB 9, the City can promulgate rules for applications and adopt objective design standards. These standards can preserve some of Palo Alto’s local control.

Lastly, updating the demolition and deconstruction portion of Chapter 18 to align with the Public Works code will create consistency in the Municipal Code.

## **Stakeholder Outreach**

Due to the limited time from law adoption to implementation, robust public engagement has not occurred on these items. Staff propose that, during 2022, the PTC and ARB engage in robust public engagement efforts by hosting study sessions, workshops, and hearings while considering permanent ordinances for SB 9, SB 478, and strengthening local no-net loss provisions.

## **Environmental Review**

The City Council finds that this Ordinance is statutorily exempt from the requirements of the California Environmental Quality Act (CEQA) for the following reasons. Under Government Code Sections 66411.7(n) and 65852.21(j), an ordinance adopted to implement the requirements of SB 9 shall not be considered a project under CEQA. Additional sections of this ordinance implementing SB 478 are exempt pursuant to Section 15061 of the State CEQA Guidelines because they simply reflect pre-emptive state law that will be effective January 1, 2022. As such, this ordinance does not reflect a change from the status quo and it therefore can be seen with certainty that there is no possibility that the ordinance will have a significant effect on the environment.

### **Attachments:**

- **Attachment9.a:** Attachment E: Legislation Summaries
- **Attachment9.b:** Attachment D: SB 9 Infographic
- **Attachment9.c:** Attachment C: SB9 Objective Standards
- **Attachment9.d:** Attachment A - Interim Urgency Ordinance to Implement SB 9
- **Attachment9.e:** Attachment B - Interim Ordinance to Implement SB 9 and SB 478

**SB 8 (Skinner) Housing Crisis Act of 2019:**

This law makes the following changes:

- 1) Extends the sunset on the HCA by five years, to January 1, 2030, and provides that until January 1, 2034, the HCA's provisions apply to a housing development project that submits a preliminary application before January 1, 2030.
- 2) Extends by one year, up to three and a half years, the period during which a local government may not impose new rules or standards on an affordable housing project, as defined.
- 3) Expands on the definition of "housing development project" for the purposes of the HCA to include both discretionary and ministerial projects, as well as projects to construct single dwelling units. This extends the HCA's pre-application process, no-net-loss provision, and five hearing limit to projects proposing a single dwelling unit. This law also says that these changes are declaratory of existing law and do not affect the interpretation of the scope of the Housing Accountability Act, but provides that its changes do not affect a project for which an application was submitted before January 1, 2022.
- 4) Clarifies that the receipt of a density bonus is not a basis for finding a project out of compliance with local zoning rules.
- 5) Defines, for the purposes of the requirement to up-zone concurrently with a downzone, "concurrently" to mean at the same meeting, or within 180 days of the downzoning if the downzoning was requested by an applicant for a housing development project and refines the provisions governing what a downzone means to include any other action that would reduce the site's residential development capacity in effect at the time of the proposed change.
- 6) Clarifies that appeals and public meetings related to density bonus law are counted for the purposes of the five-hearing limit in the HCA and includes technical changes to the limitation on a local government's ability to reduce the intensity of land use in its jurisdiction.
- 7) Provides, regarding the HCA's demolition and replacement provisions, that:
  - a. The replacement requirements must be followed, despite local density requirements that may be in conflict;
  - b. Any existing occupants that are required to leave their units must be allowed to return at their prior rental rate if the demolition does not proceed and the property is returned to the rental market;
  - c. Relocation and right-of-first-refusal requirements no longer apply to occupants of any protected units that are moderate-income or high-income households; and

- d. The right of first refusal provided to occupants of protected units would not apply in the following circumstances:
  - i. In a development project that consists of a single residential unit located on a site where a single protected unit is being demolished.
  - ii. In units in a housing development in which 100% of the units, exclusive of a manager's unit or units, are reserved for lower income households, and the existing residents of the protected unit would be precluded from occupying the new units based on requirements of one or more funding source of the housing development.

***SB 9 (Atkins) Housing Development***

This law:

- 1) Requires a city to ministerially approve either or both of the following, as specified:
  - a. A housing development of two units in a single-family zone.
  - b. The subdivision of a parcel zoned for residential use, into two approximately equal parcels (lot split), as specified.
- 2) Requires that a development or parcel to be subdivided must be located within an urbanized area or urban cluster and prohibits it from being located on any of the following:
  - a. Prime farmland or farmland of statewide importance;
  - b. Wetlands;
  - c. Land within the very high fire hazard severity zone, unless the development complies with state mitigation requirements;
  - d. A hazardous waste site;
  - e. An earthquake fault zone;
  - f. Land within the 100-year floodplain or a floodway;
  - g. Land identified for conservation under a natural community conservation plan, or lands under conservation easement;
  - h. Habitat for protected species; or
  - i. A site located within a historic or landmark district, or a site that has a historic property or landmark under state or local law, as specified.
- 3) Prohibits demolition or alteration of an existing unit of rent-restricted housing, housing that has been the subject of an Ellis Act eviction within the past 15 years, or that has been occupied by a tenant in the last three years.
- 4) Prohibits demolition of more than 25% of the exterior walls of an existing structure unless the local ordinance allows greater demolition or if the site has not been occupied by a tenant in the last three years.
- 5) Authorizes a city to impose objective zoning, subdivision, and design review standards that do not conflict with this law, except:
  - a. A city shall not impose objective standards that would physically preclude the construction of up to two units or that would physically preclude either of the two units from being at least 800 square feet in floor area. A city may, however, require a setback of up to four feet from the side and rear lot lines.
  - b. A city shall not require a setback for an existing structure or a structure constructed in the same location and to the same dimensions as the existing structure.

- 6) Prohibits a city from requiring more than one parking space per unit for either a proposed duplex or a proposed lot split. Prohibits a city from imposing any parking requirements if the parcel is located within one-half mile walking distance of either a high-quality transit corridor or a major transit stop, or if there is a car share vehicle located within one block of the parcel.
- 7) Authorizes a local agency to deny a housing project otherwise authorized by this law if the building official makes a written finding based upon the preponderance of the evidence that the housing development project would have a specific, adverse impact upon health and safety or the physical environment and there is no feasible method to satisfactorily mitigate or avoid the specific adverse impact.
- 8) Requires a city to prohibit rentals of less than 30 days.
- 9) Prohibits a city from rejecting an application solely because it proposes adjacent or connected structures, provided the structures meet building code safety standards and are sufficient to allow separate conveyance.
- 10) Provides that a city shall not be required to permit an accessory dwelling unit (ADU) or junior accessory dwelling unit (JADU) when a property owner utilizes both the urban lot split and the two-unit provisions of the law.
- 11) Requires a city to include the number of units constructed and the number of applications for lot splits under this law, in its annual progress report (APR).
- 12) Requires a city to ministerially approve a parcel map for a lot split only if the local agency determines that the parcel map for the urban lot split meets the following requirements, in addition to the requirements for eligible parcels that apply to both duplex and lot splits:
  - a. The parcel map subdivides an existing parcel to create no more than two new parcels of approximately equal size, provided that one parcel shall not be smaller than 40% of the lot area of the original parcel.
  - b. Both newly created parcels are at least 1,200 square feet, unless the city adopts a small minimum lot size by ordinance.
  - c. The parcel does not contain rent-restricted housing, housing where an owner has exercised their rights under the Ellis Act within the past 15 years or has been occupied by tenants in the past three years.
  - d. The parcel has not been established through prior exercise of an urban lot split.
  - e. Neither the owner of the parcel, or any person acting in concert with the owner, has previously subdivided an adjacent parcel using an urban lot split.

- 13) Requires a city to approve a lot split if it conforms to all applicable objective requirements of the Subdivision Map Act not except as otherwise expressly provided in this law. Prohibits a city from imposing regulations that require dedicated rights-of-way or the construction of offsite improvements for the parcels being created, as a condition of approval.
- 14) Authorizes a city to impose objective zoning standards, objective subdivision standards, and objective design review standards that do not conflict with this law. A city may, however, require easements or that the parcel have access to, provide access to, or adjoin the public right-of-way.
- 15) Provides that a local government shall not be required to permit more than two units on a parcel.
- 16) Prohibits a city from requiring, as a condition for ministerial approval of a lot split, the correction of nonconforming zoning conditions.
- 17) Requires a local government to require an applicant for an urban lot split to sign an affidavit stating that the applicant intends to occupy one of the housing units as their principal residence for a minimum of three years from the date of the approval of lot split, unless the applicant is a community land trust, as defined, or a qualified nonprofit corporation, as defined.
- 18) Provides that no additional owner occupancy standards may be imposed other than those contained within 17) above, and that requirement expires after five years.
- 19) Allows a city to adopt an ordinance to implement the urban lot split requirements and duplex provisions and provides that those ordinances are not a project under California Environmental Quality Act (CEQA).
- 20) Allows a city to extend the life of subdivision maps by one year, up to a total of four years.

**SB 10 (Wiener) Housing Development/Density**

This law:

- 1) Authorizes a city to pass an ordinance, notwithstanding any local restrictions on zoning ordinances that limit the legislative body's ability to adopt zoning ordinances, to zone any parcel for up to 10 units of residential density, at a height specified by the ordinance, if the parcel is located in a transit-rich area or an urban infill site (see below for definitions).
- 2) Specifies that neither an ordinance adopted consistent with (1) above, nor any resolution ordinance or any other local regulation adopted to amend the jurisdiction's general plan to be consistent with that ordinance, is a project for purposes of California Environmental Quality Act (CEQA).
- 3) Requires a local agency that adopts an ordinance pursuant to this law to do all the following:
  - a. Include a declaration that the zoning is adopted pursuant to this law.
  - b. The zoning ordinance shall clearly demarcate the areas that are zoned.
  - c. Make a finding that the increased density is consistent with the city's obligation to affirmatively further fair housing.
  - d. If the ordinance supersedes any zoning restriction established by a local initiative, the ordinance shall only take effect if adopted by a 2/3 vote of the members of the legislative body.
- 4) Prohibits, notwithstanding any other law permitting ministerial or by right approval of a development project, or any other CEQA exemption, a project of more than 10 units from receiving ministerial or by right approval if it uses the provisions of this law.
  - a. The creation of up to two accessory dwelling units (ADUs) or junior accessory dwelling units (JADUs) shall not count towards the total number of units when determining whether the project may be approved ministerially or by right under (4) above.
  - b. A project may not be divided into smaller projects in order to exclude the project from the prohibition under (4).
- 5) Defines "transit-rich area" as a parcel within one-half mile of a major transit stop, or a parcel on a high-quality bus corridor. Defines "high-quality bus corridor" as a corridor with a fixed-route bus service that meets specified service interval times.

- 6) Defines “urban infill site” as a site that satisfies all the following:
- a. A site that is a legal parcel or parcels located in a city if the city boundaries include some portion of either an urbanized area or urban cluster or for unincorporated areas, a legal parcel or parcels wholly within the boundaries of an urbanized area or urban cluster.
  - b. A site in which at least 75% of the perimeter adjoins parcels that are developed with urban uses. Parcels that are only separated by a street or highway shall be considered to be adjoined.
  - c. A site that is zoned for residential use or residential mixed-use, or has a general plan designation that allows residential use or a mix of residential and non-residential uses, with at least two-thirds of the square footage of the development designated for residential use.
- 7) Excludes parcels located in either of the following:
- a. A high or very high fire hazard severity zone, except for sites that have adopted fire hazard mitigation measures pursuant to existing building standards or state fire mitigation measures applicable to the development.
  - b. A local restriction enacted or approved by a local initiative that designates publicly owned land as open space or for park or recreational purposes.
- 8) Prohibits a local government from subsequently reducing the density of any parcels subject to an ordinance adopted pursuant to this law.
- 9) Provides that this law shall not apply to a project located on a parcel or parcels that are zoned pursuant to an ordinance adopted under this law, then subsequently rezoned without regard to this law, as specified.
- 10) Prohibits an ordinance adopted pursuant to this law from reducing the density of any parcel subject to the ordinance.
- 11) Includes a sunset of January 1, 2029, and authorizes an ordinance adopted pursuant to this law to extend beyond January 1, 2029.



**SB 478 (Wiener): Planning and Zoning Law: Housing Development**

This law:

- 1) Prohibits a local government from doing the following:
  - a) For a housing development project consisting of three to seven units, impose a floor area ratio (FAR) standard that is less than 1.0.
  - b) For a housing development project consisting of eight to 10 units, impose a FAR standard that is less than 1.25.
  - c) Deny a housing development project located on an existing legal parcel solely on the basis that the lot area of the proposed lot does not meet the local agency's requirements for minimum lot size.
- 2) Requires, to be eligible for the minimum FAR standards above, the housing development project to meet all the following conditions:
  - a) The project contains at least three but no more than 10 units.
  - b) The project is in a multifamily residential zone or a mixed-use zone, and is not located in either of the following:
    - i) Within a single-family zone.
    - ii) Within a historic district or property included in the State Historic Resources Inventory or within a site that is designated or listed as a city or county landmark or historic property or district pursuant to a city or county ordinance.
  - c) The project is located on a legal parcel or parcels in a city if, and only if, the city boundaries include some portion of either an urbanized area or urban cluster, or, for unincorporated areas, a legal parcel or parcels wholly within the boundaries of an urbanized area or urban cluster.
- 3) Provides that this law shall not be construed to prohibit a local agency from imposing any zoning or design standards other than zoning or design standards that conflict with those in 1) above.
- 4) Prohibits a local government from imposing a lot coverage requirement that would physically preclude a housing development that meets the requirements established in 2) above from achieving FAR ratios allowed in 1) above.

- 5) Requires the Department of Housing & Community Development (HCD) to notify a local government and may notify the state Attorney General if the local government is in violation of the requirements in this law.
- 6) Declares void and unenforceable any covenant, restriction, or condition contained in any deed, contract, security instrument, or other instrument affecting the transfer or sale of any interest in a planned development, and any provision of governing document of a homeowner's association, if it effectively prohibits or unreasonably restricts an eligible housing development project from using the FAR standards under the law.
- 7) Provides that it does not apply to reasonable restrictions on a housing development project that do not make the FAR standards in this law infeasible.

Senate Bill 9 (SB 9) is a new California State Law **taking effect January 1, 2022.**

Similar to previous state legislation on Accessory Dwelling Units (ADUs), SB 9 overrides existing density limits in single-family zones. SB 9 is intended to support increased supply of starter, middle-class homes by encouraging building of smaller houses on small lots.



## SB 9 WAIVES DISCRETIONARY REVIEW AND PUBLIC HEARINGS FOR:

### BUILDING TWO HOMES

on a parcel in a single-family zone

Used together, this allows

## 4 HOMES

where 1 was allowed before

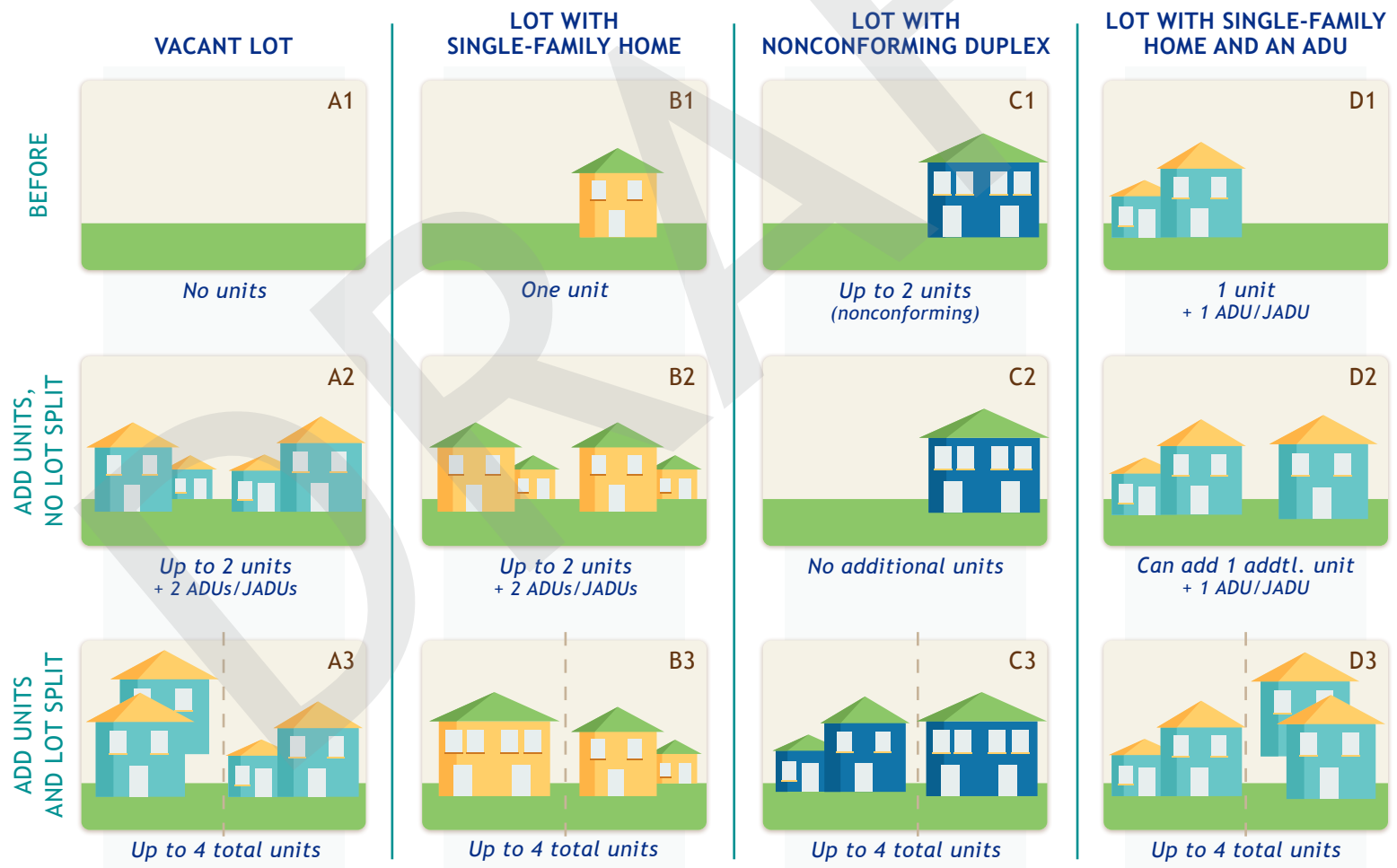
### SUBDIVIDING A LOT INTO TWO

that can be smaller than required min. size

SB 9 CAN BE USED TO: Add new homes to existing parcel • Divide existing house into multiple units • Divide parcel and add homes

## WHAT IT CAN MEAN FOR RESIDENTIAL DEVELOPMENT

Illustrations are based on a preliminary analysis of the law. Details are subject to change and are for informational purposes only.



### USING SB 9 WITHOUT A LOT SPLIT:

- Without a lot split, SB 9 does not limit the number of ADUs or JADUs (B2, D2) - but other laws might.
- SB 9 *could be interpreted* to allow 2 new units beyond an existing unit (for a total of 3 units/lot).

### USING SB 9 WITH A LOT SPLIT:

- SB 9 does not require jurisdictions to approve more than 4 units total, including any ADUs/JADUs.



### SINGLE-UNIT DEVELOPMENTS

SB 9 can be used to develop single units - but projects must comply with all SB 9 requirements.

## DOES THE PROPERTY QUALIFY?

### 2-UNIT DEVELOPMENTS AND LOT SPLITS

- ☐ Single-family lot (usually R-1)
- ☐ Located in an Urbanized Area or Urban Cluster<sup>1</sup>
- ☐ Not in state/local historic district, not a historic landmark
- ☐ Meets requirements of SB35 subparagraphs (a)(6)(B)-(K)<sup>2</sup>:
  - PROPERTY CANNOT BE:**
    - ☐ Prime farmland or farmland of statewide importance (B)
    - ☐ Wetlands (C)
    - ☐ Identified for conservation or under conservation easement (I+K)
    - ☐ Habitat for protected species (J)
  - PROPERTY CANNOT BE (UNLESS MEETING SPECIFIED REQUIREMENTS):**
    - ☐ Within a very high fire hazard severity zone (D)
    - ☐ A hazardous waste site (E)
    - ☐ Within a delineated earthquake fault zone (F)
    - ☐ Within a 100-year floodplain or floodway (G+H)
- ☐ Project would not alter nor demolish:
  - ☐ Deed-restricted affordable housing
  - ☐ Rent-controlled housing
  - ☐ Housing on parcels with an Ellis Act eviction in last 15 yrs
  - ☐ Housing occupied by a tenant currently or in last 3 yrs<sup>3</sup>

#### Addtl. qualifications for 2-UNIT DEVELOPMENTS

- ☐ Project does not remove more than 25% of exterior walls on a building that currently has a tenant or has had a tenant in the last 3 yrs *even if the rental unit itself isn't altered*

#### Addtl. qualifications for LOT SPLITS

- ☐ Lot is split roughly in half - smaller lot is at least 40% of the original lot<sup>4</sup>
- ☐ Each new lot is at least 1,200ft<sup>2</sup><sup>5, 6</sup>
- ☐ Lot is not adjacent to another lot split by SB 9 by the same owner or "any ptwerson acting in concert with the owner"
- ☐ Lot was not created by a previous SB 9 split<sup>7</sup>

<sup>1</sup> Defined by the Census Bureau; <sup>2</sup> See Section 65913.4(a)(6) Exclusions for full details and definitions; <sup>3</sup> Lot can be split first, then new units added to the lot without the Ellis Act-affected building; <sup>4</sup> Each lot can be smaller than required minimum lot size; <sup>5</sup> This number can be lowered by local ordinance; <sup>6</sup> If minimum size is 1,200ft<sup>2</sup>, this requires a 2,400ft<sup>2</sup> lot to start with, or 3,000ft<sup>2</sup> if a 60/40 split; <sup>7</sup> This does not apply to previous lot splits taken under usual Map Act procedures

## RELATIONSHIPS TO OTHER LAWS

**CEQA** Does not apply to 2-unit or lot split approvals or ordinances implementing 2-unit or lot split provisions

**Coastal Act** Applies, but no public hearings needed for duplex and lot split coastal development permits

**Housing Crisis Act** Local ordinances cannot impose restrictions that reduce the intensity of land use on housing sites (including total building envelope, density, etc.)

**SB8** SB 9 projects are subject to Permit Streamlining Act deadlines

**SB478** Does not apply to single-family zones



## LIMITATIONS APPLIED

### 2-UNIT DEVS. AND LOT SPLITS



- HOAs **MAY** restrict use of SB 9
- Agencies **MUST** only impose objective<sup>8</sup> zoning standards, subdivision standards, and design standards (they **MAY** impose a local ordinance to set these standards)
  - These standards **MUST NOT** preclude 2 units of at least 800ft<sup>2</sup>
- Projects **MUST** follow local yard, height, lot coverage, and other development standards, EXCEPT:
  - A local agency **MAY NOT** require rear or side setbacks of more than 4 ft, and **CANNOT** require any setback if utilizing an existing structure or rebuilding a same-dimensional structure in the same location as an existing structure
- Project **MAY** be denied if a building official makes a written finding of specific, adverse impacts on public health or safety based on inconsistency with objective standards, with no feasible method to mitigate or avoid impact
- Agency **MAY** require 1 parking space/unit, unless the project is:
  - Within 1/2 mile of "high-quality transit corridor" or "major transit stop"<sup>9</sup>
  - Within 1 block of a carshare vehicle
- Agency **MUST** require that units created by SB 9 are not used for short-term rental (up to 30 days)
- Agency **MUST** allow proposed adjacent or connected structures as long as they comply with building codes and are "sufficient to allow separate conveyance"

#### 2-UNIT DEVS

- Without a lot split, agency **CANNOT** use SB 9 to limit ADUs/JADUs *e.g., lot can have 2 primary units + 1 ADU + 1 JADU*
- Agency **MUST** include # of SB 9 units in annual progress report
- For properties with on-site wastewater treatment, agency **MAY** require a percolation test within last 5 yrs or recertification within last 10 yrs

#### LOT SPLITS

- Agency **MAY** approve more than two units on a new parcel *including ADUs, JADUs, density bonus units, duplex units*
- Project **MUST** conform to all relevant objective reqs. of Subdivision Map Act
- Agency **MAY** require easements for provision of public services and facilities
- Agency **MAY** require parcels to have access to, provide access to, or adjoin public right of way
- Project **MUST** be for residential uses only
- Applicant **MUST** sign affidavit stating they intend to live in one of the units for 3+ yrs<sup>10</sup>
- Agency **MUST** include number of SB 9 lot split applications in annual progress report
- Agency **CANNOT** require right-of-way dedications or off-site improvements
- Agency **CANNOT** require correction of nonconforming zoning conditions

<sup>8</sup> "Objective" as defined by the Housing Accountability Act; <sup>9</sup> See Sections 21155 and 21064.3 of the Public Resources Code for definitions of these terms; <sup>10</sup> Unless the applicant is a land trust or qualified non-profit

## KEY DECISIONS FOR AGENCIES TO MAKE

### Whether to require:

- Septic tank percolation tests
- 1 parking space per unit
- 2-UNITS Owner-occupancy
- SPLIT Public services/facilities easements
- SPLIT Right-of-way easements

### Define:

- Objective zoning/subdivision/design review standards
- "Acting in concert with owner"
- "Sufficient for separate conveyance"

### Create:

- Application forms and checklists
- Recording of deed restrictions for short-term rentals and future lot splits
- Owner-occupancy

### Whether to allow:

- Creation of lots <1,200ft<sup>2</sup>
- SPLIT >2 units/new lot

## SB-9 OBJECTIVE DESIGN STANDARDS

### (IR GUIDELINES CROSSWALK)

The City's Individual Review (IR) Program was established in 2001. The associated IR Guidelines were updated in 2005. These are intended to preserve the character of Palo Alto neighborhoods by implementing requirements relating to streetscape, massing, and privacy. These SB-9 Objective Design Guidelines are based upon these IR Guidelines, and arranged in accordance with the five (5) IR Guidelines as follows:

GUIDELINE ONE: Site Planning: Garage, Driveway, and House

GUIDELINE TWO: Neighborhood Compatibility for Height, Mass, and Scale

GUIDELINE THREE: Resolution of Architectural Form, Massing, and Roof Lines

GUIDELINE FOUR: Visual Character of Street Facing Facades and Entries

GUIDELINE FIVE: Privacy from Second Floor Windows and Decks

Each IR Guideline is further broken down into Key Points. This document converts the existing discretionary Key Points into Objective Standards. To facilitate implementation of IR Guidelines in Eichler neighborhoods, these Standards reference information from the Eichler Neighborhood Design Guidelines adopted by Council on April 2, 2018.

Note: An SB-9 objective design standard shall not be applied if: 1) such standard would not enable two units, each having a minimum 800 square feet or 2) the maximum floor area allowed by the zoning code would not be feasible.

IR Key Point	IR Guideline Concept/ Key Point	SB-9 Objective Design Standards
1.1	DRIVEWAYS: Minimize driveway paving impacts in order to highlight yards and pedestrian entryways.	<p>1.1A: DRIVEWAYS: One curb cut and driveway per street frontage. Shared driveways are encouraged but require an easement to which the City is a third party.</p> <p>1.1B: DRIVEWAY WIDTH: 18-foot maximum driveway width (inclusive of uncovered parking) within a front or street side yard setback.</p> <p>1.1C. PLANTING STRIP: A minimum two-foot wide, landscaped planting strip is required between a driveway and/or uncovered parking space and an interior lot line.</p>

IR Key Point	IR Guideline Concept/ Key Point	SB-9 Objective Design Standards
		<p>1.1D WALKWAY SEPARATION: Walkways shall be separated from driveways by a minimum of 4 feet of landscape planting or extend sideways (that is, perpendicular) from driveway so that no additional parking or paved turnaround space is created in a front or street side yard beyond that of the maximum allowed driveway width.</p> <p>1.1F: DRIVEWAY MATERIALS: Driveway and uncovered parking surfaces that exceed 10 feet in width shall not have asphalt or grey concrete surfaces. They must have a decorative surface to blend with the landscape such pavers, brick, or colored concrete.</p>
1.2	<p><b>GARAGES &amp; CARPORTS:</b> Locate garages to be subordinate to and minimally visible, or significantly less prominent, than the house.</p>	<p>1.2A: GARAGE LOCATION: Attached or detached garages/carports must be located a minimum of 5 feet behind the forwardmost plane of the front facade or 3 feet behind the forwardmost plane of the street-side façade. The forwardmost façade plane may be a building wall or porch with posts/columns and must be at least 12 feet wide.</p> <p>1.2B: GARAGE WIDTH: An attached or detached garage/carport facing the street shall be no more than 30 percent of the total facade width facing that street, except that it may be 12 feet wide in any circumstance.</p> <p>1.2C: EICHLER TRACT GARAGES: In mapped Eichler Tracts, a garage or carport may be located forward of the front facade plane of the house so long as the garage or carport is:</p> <ul style="list-style-type: none"> <li>(a) no more than 21 feet wide,</li> <li>(b) has a roof pitch of 3:12 (slope of 3 vertical feet for every 12 horizontal feet) or less, and</li> <li>(c) has a maximum height of no more than 12 feet above existing grade.</li> </ul> <p>1.2D: DUPLEX PARKING REQUIREMENT: In the case of a duplex, when parking spaces are required, the parking space for each unit shall be a covered parking space.</p>
1.3	<p><b>SECOND FLOOR SIZE &amp; LOCATION:</b> Site planning (setbacks, yard areas, etc.) and footprint configuration (inclusive of upper</p>	<p>1.3A: SECOND FLOOR SIZE: The maximum floor area above the first-floor level:</p> <ul style="list-style-type: none"> <li>(a) shall not exceed 35 percent of total gross floor area on the lot except as noted in subsection (b) or Standard 1.3B.</li> <li>(b) shall not exceed 30 percent of the total gross floor area where an abutting lot along a side lot line has a one-story home or home with no more than 500 square feet of second floor area.</li> </ul>

IR Key Point	IR Guideline Concept/ Key Point	SB-9 Objective Design Standards
	<p>floor location/area) shall fit existing neighborhood patterns and take cues from adjacent lot conditions (see guideline examples).</p>	<p>1.3B: EICHLER TRACT SECOND FLOOR SIZE: Where a property is in a mapped Eichler Tract, and not in a single-story overlay zone, the maximum floor area of the second floor shall not exceed 25 percent of the total gross floor area on the lot.</p> <p>1.3C: FRONT SETBACK Where the contextual front yard setback does not apply, the front setback shall be no less than the average front setback of the homes on lots to either side of the subject lot. (Note: In all cases, the zoning minimum front setback or special setback would still apply.)</p> <p>1.3D: SECOND FLOOR STEPBACKS: Second floor area shall not be permitted within the standard side or rear setbacks of the underlying single family zoning district.</p> <p>1.3E. SECOND FLOOR AREA ON FLAG LOTS AND SUBSTANDARD LOTS: On flag lots (or similar lots without street frontage) and/or substandard lots, if the maximum allowed total floor area is greater than 70 percent of the buildable lot area, floor area may be placed on a second level. The maximum second floor area allowed shall be the area in excess of 70 percent of the buildable lot area or 300 square feet, whichever is greater.</p>
1.4	<p><b>LANDSCAPE SCREENING:</b> Landscaped open space along interior lot lines between homes.</p>	<p>1.4A: SCREENING LANDSCAPE: Plant screening trees with a species having a typical mature height of at least 25 feet, and mature canopy width of 15 feet at a quantity of at least one per 25 linear feet along each interior lot line. Existing trees to be retained that are at least 25 feet tall and 15 feet wide may substitute for required planting on a one-to-one ratio. Three closely spaced tall screening shrubs with a mature height of at least 20 feet and mature width of at least 5 feet may be substituted for one screening tree.</p> <p>1.4B: PLANTING TYPE AND SIZE: Screening trees and shrubs shall be specified by botanical name with at least 50 percent of screening trees and shrubs being evergreen. Screening trees shall be specified and planted at 24-inch box size or larger and 8 feet height or taller. Screening shrubs shall be specified and planted at 15-gallon size or larger and 8 feet or taller.</p> <p>1.4C: PLANTING ADJACENT PUE'S: Where an easement such as a PUE exist along an interior lot line, trees are required to be planted on the same side of the easement as the building, but not within the easement.</p>

IR Key Point	IR Guideline Concept/ Key Point	SB-9 Objective Design Standards
1.5	STEP BACKS NEXT TO SINGLE-STORY HOMES: Locate an upper floor well back from the front façade and/or away from side lot lines if the home is adjacent to small or single-story homes (see guideline examples).	<p>1.5A: CONTEXTUAL FRONT MASSING STEPBACK: Where a home on an abutting lot across a side lot line is single-story or has a second-floor area less than 500 square feet, a proposed structure shall have a one-story building volume at least 15-foot wide and 15-foot deep at the front side of the house set forward of any second-floor street facing wall plane.</p> <p>1.5B: CONTEXTUAL SIDE MASSING STEPBACK: Where a home on an abutting lot across a side lot line is single-story or has a second-floor area less than 500 square feet, each proposed structure located within 20 feet of the side lot line shall step back the upper floor from the lower floor along that side of the structure at least 7 feet for at least 50 percent of the depth of the structure.</p> <p>1.5C: SIDE DAYLIGHT PLANE CLEARANCE: Where a home on an abutting lot across a side lot line is single-story or has a second-floor area no more than 500 square feet, the proposed structure(s) shall maintain at least 2 feet clearance from the second-floor roof edge or wall parapet to the side daylight plane as measured perpendicularly to the side daylight plane.</p> <p>1.5D: EICHLER TRACT SIDE DAYLIGHT PLANE CLEARANCE: In mapped Eichler Tracts the clearance from any roof edge to the side daylight plane as measured perpendicularly from the daylight plane shall be at least 4 feet.</p>
1.6	GARAGE PLACEMENT: Avoid placing a second story such that it would emphasize the garage.	See Standard 1.2A
2.1	BUILDING HEIGHT/MASS: Avoiding overwhelming adjacent single-story homes with large masses, monumental forms, and sharp contrasts in height. Incorporate lower height and profile and	<p>2.1A: UPPER FLOOR FRONT FAÇADE AREA: Where an abutting lot across a side lot line has a single-story home or home with no more than 500 square feet on the second floor, the front facade's visible wall area on the upper floor shall be no greater than 50 percent of the front facade's visible wall area on the first floor. Wall area includes the area defined by porches, windows, and wall surfaces under gables. On corner lots, the front facade shall be the facade at the shorter frontage.</p> <p>2.1B: ROOF HEIGHT FOR VARIED ROOF PITCHES: Roof height shall be limited to 27 feet for roofs with pitches 9:12 or greater, 25 feet for roofs with pitches 3:12, up to 9:12, and 22 feet for roofs with pitches less than 3:12. Properties in flood zones shall be permitted to increase building height by one-half foot for each foot that the base flood elevation exceeds existing grade.</p>



IR Key Point	IR Guideline Concept/ Key Point	SB-9 Objective Design Standards
	place more area on lower floor.	2.1C: EICHLER TRACT ROOF HEIGHTS: In mapped Eichler Tracts the maximum roof height shall not exceed 22 feet, as measured from existing grade to the roof surface for a pitched roof, or 20 feet for a flat roof surface or parapet. Properties in flood zones shall be permitted to increase building height by one-half foot for each foot that the base flood elevation exceeds existing grade.
2.2	MASS REDUCTION: Managing mass and scale from high floor levels, tall wall planes and boxy forms.	<p>2.2A: FIRST FLOOR LEVEL: The finished first floor level shall not be more than 18 inches above existing grade. In Eichler Tracts, the finished first floor level shall not be more than 12 inches above existing grade. In a flood zone, the first-floor level may be set at the minimum allowed above grade to meet code requirements. For a lot removed from the flood zone due to on-site grading, the measurement shall be taken from revised grade.</p> <p>2.2B: FLOOR-TO-FLOOR HEIGHT: The height from the first finished floor to the second finished floor shall not exceed 10'-6".</p> <p>2.2C: SECOND FLOOR WALL PLATE HEIGHT: The wall plate height (i.e., interior wall height at exterior wall) on the second floor shall not exceed 9 feet for roofs with pitches 3:12 or lower; 8'-6" for roofs with pitches greater than 3:12 up to 9:12; and 8 feet for roofs with pitches 9:12 or greater.</p> <p>2.2D: PARAPET HEIGHT: Parapets shall not exceed 1 foot above the roof surface over second floor roofs.</p>
2.3	ROOF EDGE HEIGHT CONTRAST TO NEIGHBOR: Limiting height contrast of adjacent roofs, including single story roof edges.	<p>2.3A: CONTEXTUAL FIRST FLOOR EAVE HEIGHT: The height of the first floor's street facing roof edges (i.e., eaves or parapets) shall not exceed 18 inches above the average height of the first-floor eave or parapet of the homes on the abutting lots at side lot lines as measured at those homes' eaves nearest the subject lot. This first-floor roof edge height limit shall also extend 15 feet back from the building corner. This standard shall be 24 inches within a flood zone if either of the abutting homes' first-floor level does not meet current flood zone regulations. This standard applies to the eave side of pitch roof forms and not the rake side such as at a gable.</p> <p>2.3B: CONTEXTUAL SECOND FLOOR EAVE HEIGHT: The height of the upper floor's street facing roof edge (eave or parapet) shall not exceed 18 inches above either:</p> <ul style="list-style-type: none"> <li>(a) the average height of the upper floor street facing eave or roof edge of homes to each side, or</li> <li>(b) in the case of only one home having a second floor, the height of that home's eaves.</li> </ul>

IR Key Point	IR Guideline Concept/ Key Point	SB-9 Objective Design Standards
2.4	FLOOR AREA WITHIN ROOF VOLUME: Place 2nd story floor area within the first-floor roof's volume to mitigate height, mass, and scale.	See Standard 1.3
2.5	MASSING PLACEMENT: Locate smaller volumes in front of large volumes and use roof pitches and forms to manage perceived height.	<p>2.5A: SINGLE-STORY BUILDING FORMS: At least one single-story building form (excluding garages) with dimensions no greater than 16 feet in height, no less than 8 feet in depth, and no less than 12 feet in width shall be placed on each street facing building side. Location shall be either:</p> <ul style="list-style-type: none"> <li>(a) fully forward of the second floor's wall face, or</li> <li>(b) partially forward or aligned with the second floor's wall face if the one-story form is at a building corner.</li> </ul> <p>2.5B: Within mapped Eichler Tracts, garages may serve as the form in Standard 2.5A, and no roof pitch shall exceed 3:12. (See Standard 3.2C).</p>
2.6	WALL HEIGHT/ATTIC SPACE: Avoiding tall wall heights and large unused attic spaces.	<p>2.6A: ATTIC HEIGHT: Unused attic spaces shall not exceed 5 feet in height.</p> <p>2.6B: EXTERIOR WALL HEIGHT: No exterior wall shall exceed 22 feet in height as measured from existing grade to the eave or parapet. Portions of walls under rakes such as at gables or shed roof forms may exceed this height.</p>
3.1	GARAGE AND ENTRY HEIGHT & MASS: The building's massing and roof forms should reduce mass and resolve building form with garage and entry forms subordinate in	<p>3.1A: GARAGE HEIGHT AND MASS: Maximum height of a roof over an attached garage shall not exceed 15 feet in height as measure from existing grade. The maximum garage wall plate height shall not exceed 10 feet.</p> <p>3.1B: ENTRY HEIGHT: Exterior entry forms shall not exceed 12 feet in height as measured from existing grade.</p>

IR Key Point	IR Guideline Concept/ Key Point	SB-9 Objective Design Standards
	scale to the principal building forms.	
3.2	CONSISTENT ROOF FORMS & PITCHES: Use consistent forms, roof pitches, and overhangs that are also based on a recognizable architectural style.	<p>3.2A: ROOF FORM VARIATION: No more than two types of roof forms shall be used (examples of two forms are hip and gable roofs or shed and flat roofs).</p> <p>3.2B: ROOF PITCH VARIATION: No more than two roof pitches shall be used (e.g., 4:12 and 12:12; 6:12 and flat).</p> <p>3.2C: ROOFLINES IN EICHLER TRACTS: In mapped Eichler Tracts rooflines shall meet the following:</p> <ul style="list-style-type: none"> <li>(a) roof pitches no more than 3:12,</li> <li>(b) gable, shed, butterfly or flat roof forms (note: hip roofs with flat roofs at eaves permitted; see Illustration 1D of the IR guidelines for example), and</li> <li>(c) 2-foot minimum overhangs at eave and rake sides of roof forms for at least 50 percent of roof edges.</li> </ul>
3.3	ROOF FORMS: Organized roof geometry with well-spaced primary and secondary forms and integrated roof forms on additions.	<p>3.3A: INCOMPLETE ROOF FORMS: Truncated hip and gable roof forms shall not be permitted at second floor roofs on two-story structures or roofs at single story structures.</p> <p>Note: A truncated roof form is where the roof planes do not extend to a ridgeline; rather they terminate with a flat roof or roof well.</p>
3.4	UNCLUTTERED MASSING: Avoid cluttered massing by using a few simple, well-proportioned forms.	<p>3.4A: GABLE ROOF FORMS: No more than three gable forms on an elevation facing a public street.</p> <p>3.4B: BAY WINDOWS: No more than two bay windows on an elevation facing a public street.</p>
3.5	ROOF PITCH NEXT TO 1-STORY HOMES: Use roof layout, ridge orientation, roof pitch,	3.5A: CONTEXTUAL ROOF PITCH: On properties adjacent to single story homes along either interior side lot line, roof pitches on new two-story buildings shall be 6:12 or lower.

IR Key Point	IR Guideline Concept/ Key Point	SB-9 Objective Design Standards
	eave height offsets and extensions, and horizontal roof lines to reduce mass and enhance form.	
4.1	<b>FAÇADE FOCAL POINTS:</b> Facades should have unified visual character with architectural focal points (other than a garage) on each street side. Corner lot elevations should be equally well designed on both facades.	<b>4.1A: FAÇADE VISUAL FOCAL POINT:</b> Each street facing building elevation shall have a significant visual focal point, defined as either: (a) at least 50 square feet of glazing in a large window, multi-panel window or glazed door, or bay window form, or (b) a roofed or trellised porch at least 6 feet deep and 8 feet wide and no more than 12 feet tall.
4.2	<b>FAÇADE COMPOSITON:</b> Façades should be composed with attention to line, order/alignment of openings, proportion of windows and forms, hierarchy and spacing of focal points.	<b>4.2A: WINDOW ALIGNMENT:</b> Windows on two-story wall planes that face a street shall be aligned vertically unless there is a change in exterior materials from the lower floor to the upper floor.  <b>4.2B: FAÇADE ELEMENT SPACING:</b> Focal points such as porches, large/featured windows, and bay windows shall be spaced at least 5 feet horizontally apart from each other when placed on the same level/floor.
4.3	<b>MATERIALS &amp; DETAILING:</b> Architectural character/interest and supportive use architectural detailing and materials.	<b>4.3A: WINDOW TO WALL DETAILING:</b> Window frames shall be recessed at least 2 inches from the exterior wall face or have trim at least 3.5 inches wide on all four window sides. Stucco over foam shall not be used as window trim.  <b>4.3B: WINDOW PATTERNS:</b> Window fenestration with divided lite appearance shall have exterior applied muntin bars (i.e., true or simulated divided lites).

IR Key Point	IR Guideline Concept/ Key Point	SB-9 Objective Design Standards
		<p>4.3C: STUCCO TEXTURE: When stucco is used it shall be steel-troweled 'Smooth' or 'Santa Barbara' texture as described in the Technical Services Information Bureau, Chapter 5 - Plaster Textures &amp; Acrylic Finishes (2011). For additions, stucco texture on the addition shall be allowed to match the stucco texture of the existing house.</p> <p>4.3D: EXTERIOR MATERIALS IN EICHLER TRACTS: In mapped Eichler Tracts, exterior wall cladding shall be vertical board channel or flush siding, wood tongue and groove board siding, wood nickel-gap siding, smooth fiber cement panels, or metal panels. Board-form concrete, concrete block, or stucco may be used as a secondary material but collectively these materials shall not account for more than 30 percent of all non-glazed wall surfaces.</p>
4.4	ENTRY TYPES: Avoid monumental or over-scaled entries that stand out on the house do not meet the prevalent pattern of entry scale or entry type such as porch or courtyard in the neighborhood.	<p>4.4A: CONTEXTUAL PORCH ENTRIES: If porches (i.e. roofed, street-facing porches with posts/column(s) and more than 3 feet deep), occur on at least 50 percent of homes on the block of the subject lot (counting only homes on the subject lot side of the street), the proposed house shall include a street-facing porch no less than 6 feet deep and 8 feet wide.</p> <p>4.4B: ENTRIES IN EICHLER TRACTS: In mapped Eichler Tracts an entry porch projecting forward of the front wall of the house shall not be used. A recessed void at the facade or a courtyard entry may be used in lieu of a porch. A covered trellis used as a colonnade or a side porch that does not project forward of the facade at the entry would not be considered an entry porch.</p>
4.5	GARAGE DOORS: Garage door design should reflect the building architecture and the garage and garage door openings and panels modest scale relative to the rest of the facade.	<p>4.5A: GARAGE DOOR DESIGN AND MATERIALS: The garage door shall match the material, color, and panel design pattern of the entry door or window fenestration.</p> <p>4.5B: GARAGE DOOR SIZE: The maximum garage door width shall be 16 feet and the maximum garage door height shall be 8 feet. If two single-wide garage doors are used instead of one double-wide door, each door's maximum width shall be 9 feet and maximum height 8 feet.</p>

IR Key Point	IR Guideline Concept/ Key Point	SB-9 Objective Design Standards
5.1	PRIVACY CONDITIONS: Map existing and proposed privacy conditions.	5.1A: PRIVACY DIAGRAM: Site Privacy Diagram must show the proposed second-floor plan including windows, major on-site vegetation, and all elements on the neighboring property within 25 feet of the subject property line. For adjacent sites show major vegetation, building footprints, windows (indicate size and location), and patios within 25 feet of the property lines shall be provided in the project plan set.
5.2	WINDOW LOCATION/PRIVACY TREATMENT: Locate windows to reduce privacy impacts and mitigate impacts elsewhere.	<p>5.2A: BEDROOM WINDOW LOCATION: Organize the second-floor plan so at least one bedroom has its largest/egress window facing the front lot line. On corner lots, at least one bedroom's largest/egress window shall also face the street side lot line.</p> <p>5.2B: SECOND FLOOR WINDOW PRIVACY: For any window on an upper floor, facing an interior lot line that is located less than 20 feet from a side lot line or less than 30 feet from a rear lot line, one of the following shall be used:</p> <ul style="list-style-type: none"> <li>(a) permanent obscure glazing, or</li> <li>(b) exterior mounted permanent architectural privacy screens that block views more than 70%, or</li> <li>(c) windows with sills above 5 feet from the finished floor level.</li> </ul> <p>5.2C: STAIR WINDOW PRIVACY: Stair windows facing interior side lot lines within 20 feet of the lot line shall have permanent obscure glazing or exterior mounted permanent architectural privacy screens to at least 5 feet above the landing.</p> <p>5.2D: PRIVACY LANDSCAPE: Privacy screening landscape shall be located to align with proposed second floor windows across side and rear lot lines and between windows at facing units on a single property. Privacy screening landscape shall be evergreen and per size and planting standards shown in Standard 1.4.</p>
5.3	WINDOW SIZE AND OPERATION: Limiting impacts through the size and operation (window type) of operable windows.	5.3A: SECOND FLOOR WINDOW SIZE ALONG SIDE LOT LINES: Any upper-level window or window grouping located less than 20 feet from a side interior lot line (measured perpendicularly) shall not have more than 30 square feet of glazing.

IR Key Point	IR Guideline Concept/ Key Point	SB-9 Objective Design Standards
		5.3B: SECOND FLOOR OPERABLE WINDOWS ALONG SIDE LOT LINES: Operable casement windows on the upper level with a sill height less than 5 feet above the finished floor and within 20 feet of an interior side lot line shall be hinged so the windows open towards the public street. Horizontal sliding windows shall not be permitted facing and within 20 feet of an interior side lot line, unless the windowsill height is at least 5 feet above the finish floor level.
5.4	UPPER LEVEL DECKS & BALCONIES: Only permitted where they would have minimum privacy loss to side or rear facing properties under IR guidelines.	<p>5.4A: SECOND FLOOR BALCONY LIMITATIONS: No more than one second floor deck/balcony shall be permitted per dwelling and shall:</p> <ul style="list-style-type: none"> <li>(a) only be permitted on a street facing facade,</li> <li>(b) be located at least 20 feet from any interior side lot line, and</li> <li>(c) be limited in size to no more than 40 square feet.</li> </ul> <p>5.4B: ROOF DECK NOT PERMITTED: A roof deck (i.e., a deck above of the first level of a single-story building or second level of a two-story building) shall not be permitted.</p>

## NOT YET ADOPTED

Ordinance No. \_\_\_\_\_

Interim Urgency Ordinance of the Council of the City of Palo Alto Modifying Chapters 18.10 (Low-Density Residential, RE, R-2, and RMD Districts), 18.12 (R-1 Single-Family Residential District), 18.40 (General Standards and Exceptions), and 18.42 (Standard for Special Uses) of Title 18 (Zoning) and Adding Chapter 21.10 (Parcel Maps for Urban Lot Splits) of the Palo Alto Municipal Code to Implement Recent State Housing Bills

The Council of the City of Palo Alto ORDAINS as follows:

**SECTION 1.** Findings and declarations. The City Council finds and declares as follows:

- A. On September 16, 2021, Governor Newsom signed into law Senate Bill 9 (SB 9), which requires, among other things, that local agencies ministerially approve both two-unit construction and urban lot splits on single-family zoned lots.
- B. SB 9 authorizes the creation of lots as small as 1,200 square feet, and requires approval of two residential units of at least 800 square feet (for a total of 1,600 square feet) each on such lots. This represents a significant departure from existing minimum lot sizes and development standards in Palo Alto's single-family zones.
- C. The increased density and intensity of development authorized by SB 9 has the potential to negatively impact privacy, access for emergency vehicles, and aesthetics of residential neighborhoods. In addition, the ministerial review required by SB 9 could result in the unintentional loss of historic resources in Palo Alto's single family zones.
- D. SB 9 authorizes local jurisdictions to apply objective zoning standards, objective subdivision standards, and objective design standards, subject to certain limitations in statute.
- E. There is insufficient time for consideration of and recommendation on such objective standards and related code amendments by the Planning and Transportation Commission (PTC) prior to action by the City Council. The Council therefore declares that an interim ordinance, pursuant to Palo Alto Municipal Code (PAMC) Section 18.80.090 is an appropriate measure to adopt standards, pending consideration of a permanent ordinance by the PTC.
- F. The Council declares that this interim, emergency ordinance, which is effective immediately, is necessary as an emergency measure to preserve the public peace, health, or safety, by adopting objective standards for the approval of two-unit development and urban lot splits on single-family zoned lots and related code amendments prior to SB 9 taking effect on January 1, 2022.



## NOT YET ADOPTED

**SECTION 2.** Section 18.10.020 (Applicable Regulations) of Chapter 18.10 (Low-Density Residential (RE, R-2 and RMD) Districts) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows (new text underlined and deletions ~~struck through~~):

**18.10.020 Applicable Regulations**

The specific regulations of this chapter and the additional regulations and procedures established by Chapters [18.52](#) to [18.80](#) inclusive shall apply to all low-density residential districts. Such regulations shall apply to construction of two units on an RE-zoned lot pursuant to California Government Code Section 65852.21 (SB 9, 2021), except as modified by Section 18.42.180.

**SECTION 3.** Section 18.10.030 (Land Uses) of Chapter 18.10 (Low-Density Residential (RE, R-2 and RMD) Districts) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows (new text underlined and deletions ~~struck through~~; omissions are noted with [. . .] for large sections of unchanged text):

**18.10.030 Land Uses**

Table 1 shows the permitted and conditionally permitted uses for the low-density residential districts.

**TABLE 1**

**PERMITTED AND CONDITIONALLY PERMITTED LOW-DENSITY RESIDENTIAL USES**

[P = Permitted Use -- CUP = Conditional Use Permit Required]

	RE	R-2	RMD	Subject to Regulations in:
[. . .]	[. . .]	[. . .]	[. . .]	[. . .]
RESIDENTIAL USES				
Single-Family	P	P	P	
Two-Family use, under one ownership	<u>P (4)</u>	P	P	
Mobile Homes	P	P	P	18.42.100
Residential Care Homes	P	P	P	
[. . .]	[. . .]	[. . .]	[. . .]	[. . .]
P = Permitted Use		CUP = Conditional Use Permit Required		
<u>Footnotes:</u> (1) <b>Sale of Agricultural Products:</b> No permanent commercial structures for the sale or processing of agricultural products are permitted. (2) <b>Accessory Dwelling Units in R-2 and RMD Zones:</b> An accessory dwelling unit or a Junior Accessory Dwelling Unit associated with a single-family residence on a lot in the R-2 or RMD				

## NOT YET ADOPTED

zones is permitted, subject to the provisions of Section [18.42.040](#), and such that no more than two units result on the lot.

(3) **Bed and Breakfast Inns:** Bed and breakfast inns are limited to no more than 4 units (including the owner/resident's unit) in the RMD district.

(4) **Two Unit Development Pursuant to California Government Code Section 65852.21 (SB 9, 2021):** Construction of two units is permitted on an RE-zoned lot, subject to the regulations in [Section 18.42.180](#).

**SECTION 4.** Section 18.10.040 (Development Standards) of Chapter 18.10 (Low-Density Residential (RE, R-2 and RMD) Districts) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows (new text underlined and deletions ~~struck through~~; omissions are noted with [. . .] for large sections of unchanged text):

#### 18.10.040 Development Standards

(a) Site Specifications, Building Size, Height and Bulk, and Residential Density

The development standards for the low-density residential districts are shown in Table 2:

**TABLE 2**

**LOW-DENSITY RESIDENTIAL DEVELOPMENT STANDARDS**

	R-E <u>(6)</u>	R-2	RMD	Subject to Regulations in:
[. . .]	[. . .]	[. . .]	[. . .]	[. . .]

Footnotes:

(1) **Minimum Lot Size:** Any lot less than the minimum lot size may be used in accordance with the provisions of [Chapter 18.40](#).

(2) **R-2 Floodzone Heights:** Provided, in a special flood hazard area as defined in [Chapter 16.52](#), the maximum heights are increased by one-half of the increase in elevation required to reach base flood elevation, up to a maximum building height of 33 feet.

(3) **R-2 Floodzone Daylight Plane:** Provided, if the site is in a special flood hazard area and is entitled to an increase in the maximum height, the heights for the daylight planes shall be adjusted by the same amount.

(4) **Exemption from Floor Area for Covered Parking Required for Two-Family Uses:** In the R-2 and RMD districts, for two-family uses, floor area limits may be exceeded by a maximum of two hundred square feet, for purposes of providing one required covered parking space.

(5) **Maximum House Size:** The gross floor area of attached garages and attached accessory dwelling units and junior accessory dwelling units are included in the calculation of maximum house size. If there is no garage attached to the house, then the square footage of one detached covered parking space shall be included in the calculation. This provision applies only to single-family residences, not to duplexes allowed in the R-2 and RMD districts.

## NOT YET ADOPTED

**(6) Two Unit Development Pursuant to California Government Code Section 65852.21 (SB 9, 2021):** Construction of two units on an RE-zoned lot shall be subject to the development standards in this Section 18.10.040, except as modified by Section 18.42.180.

[. . .]

**SECTION 5.** Table 3 (PARKING REQUIREMENTS FOR R-E, R-2 AND RMD USES) of Section 18.10.060 (Parking) of Chapter 18.10 (Low-Density Residential (RE, R-2 and RMD) Districts) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows (new text underlined and deletions ~~struck through~~; omissions are noted with [. . .] for large sections of unchanged text):

[. . .]

**TABLE 3**  
**PARKING REQUIREMENTS FOR R-E, R-2 AND RMD USES**

Use	Minimum Off-Street Parking Requirement
Single-family residential use (excluding accessory dwelling units)	2 spaces per unit, of which one must be covered.
<u>Two family in the RE district, pursuant to California Government Code Section 65852.21 (SB 9, 2021)</u>	<u>1 space per unit. No spaces required if located within one-half mile walking distance of either a high-quality transit corridor or a major transit stop, or located within one block of a car share vehicle.</u>
Two family (R2 & RMD districts)	3 spaces total, of which at least two must be covered
Accessory dwelling unit, attached or detached:	No parking required
Junior accessory dwelling unit	No parking required
Other Uses	See <a href="#">Chapter 18.40</a>

[. . .]

**SECTION 6.** Section 18.10.070 (Accessory and Junior Accessory Dwelling Units) of Chapter 18.10 (Low-Density Residential (RE, R-2 and RMD) Districts) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows (new text underlined and deletions ~~struck through~~):

**18.10.070      Accessory and Junior Accessory Dwelling Units**

Accessory Dwelling Units and Junior Accessory Dwelling Units are subject to the regulations set forth in Chapter 18.09 ~~Section 18.42.040~~.

## NOT YET ADOPTED

**SECTION 7.** Section 18.12.020 (Applicable Regulations) of Chapter 18.12 (R-1 Single Family Residential District) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows (new text underlined and deletions ~~struck through~~):

**18.12.020 Applicable Regulations**

The specific regulations of this chapter and the additional regulations and procedures established by Chapters [18.52](#) to [18.80](#) inclusive shall apply to the R-1 district including the R-1 subdistricts. Such regulations shall apply to construction of two units on an R1-zoned lot pursuant to California Government Code Section 65852.21 (SB 9), except as modified by Section 18.42.180.

**SECTION 8.** Section 18.12.030 (Land Uses) of Chapter 18.12 (R-1 Single Family Residential District) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows (new text underlined and deletions ~~struck through~~; omissions are noted with [. . .] for large sections of unchanged text):

**18.12.030 Land Uses**

The permitted and conditionally permitted uses for the single family residential districts are shown in Table 1:

**Table 1**

**PERMITTED AND CONDITIONAL R-1 RESIDENTIAL USES**

	<b>R-1 and all R-1 Subdistricts</b>	<b>Subject to Regulations in:</b>
[. . .]	[. . .]	[. . .]
<b>RESIDENTIAL USES</b>		
Single-Family	P	
<u>Two-Family use, under one ownership</u>	<u>P</u>	<u>18.42.180</u>
Mobile Homes	P	18.42.100
Residential Care Homes	P	
[. . .]	[. . .]	[. . .]
P = Permitted Use CUP = Conditional Use Permit Required		

**SECTION 9.** Section 18.12.040 (Site Development Standards) of Chapter 18.12 (R-1 Single Family Residential District) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows (new text underlined and deletions ~~struck through~~; omissions are noted with [. . .] for large sections of unchanged text):

## NOT YET ADOPTED

**18.12.040 Site Development Standards**

## (a) Site Specifications, Building Size, Height and Bulk, and Residential Density

The development standards for the R-1 district and the R-1 subdistricts are shown in Table 2, except to the extent such standards may be modified by Section 18.42.180 for two-family uses pursuant to California Government Code Section 65852.21 (SB 9, 2021):

[. . .]

**SECTION 10.** Section 18.12.060 (Parking) of Chapter 18.12 (R-1 Single Family Residential District) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows (new text underlined and deletions ~~struck through~~; omissions are noted with [. . .] for large sections of unchanged text):

**18.12.060 Parking**

Off-street parking and loading facilities shall be required for all permitted and conditional uses in accord with Chapters 18.52 and 18.54 of this title. The following parking requirements apply in the R- 1 districts. These requirements are included for reference purposes only, and in the event of a conflict between this Section 18.12.060 and any requirement of Chapters 18.52 and 18.54, Chapters 18.52 and 18.54 shall apply, except in the case of parcels created pursuant to Section 18.10.140(c) (subdivision incentive for historic preservation).

## (a) Parking Requirements for Specific Uses

Table 4 shows the minimum off-street automobile parking requirements for specific uses within the R-1 district.

<b>Table 4</b>	
<b>Parking Requirements for Specific R-1 Uses</b>	
<b>Use</b>	<b>Minimum Off-Street Parking Requirement</b>
Single-family residential use (excluding accessory dwelling units)	2 spaces per unit, of which one must be covered.
<u>Two family use pursuant to California Government Code Section 65852.21 (SB 9, 2021)</u>	<u>1 space per unit. No spaces required if located within one-half mile walking distance of either a high-quality transit corridor or a major transit stop, or located within one block of a car share vehicle.</u>
Accessory dwelling unit, attached or detached	No parking required
Junior accessory dwelling unit	No parking required
Other Uses	See Chs. 18.52 and 18.54

## NOT YET ADOPTED

[. . .]

**SECTION 11.** Section 18.12.070 (Accessory and Junior Accessory Dwelling Units) of Chapter 18.12 (R-1 Single Family Residential District) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows (new text underlined and deletions ~~struck through~~):

**18.12.070      Accessory and Junior Accessory Dwelling Units**

Accessory Dwelling Units and Junior Accessory Dwelling Units are subject to the regulations set forth in Chapter 18.09 ~~Section 18.42.040~~.

**SECTION 12.** Section 18.40.160 (Replacement Project or Discretionary Review Required) of Chapter 18.40 (General Standards and Exceptions) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows (new text underlined and deletions ~~struck through~~):

**18.40.160      Replacement Project or Discretionary Review Required**

(a) No permit required under Title 2 (Administrative Code), Title 12 (Public Works and Utilities), or Title 16 (Building Regulations) shall be issued for demolition or deconstruction of a single family residence or duplex in the Low-Density Residential District ([Chapter 18.10](#)) or Single Family Residential District ([Chapter 18.12](#)), except ~~for deconstruction pursuant to Section 16.14.130~~ or where necessary for health and safety purposes (as determined by the City's Building Official), unless building permit plans for a replacement project have been approved. This subsection shall also apply to demolition of a single family residence or duplex in the Multiple Family Residential District ([Chapter 18.13](#)) when the replacement project does not require discretionary review.

(b) No permit required under Title 2 (Administrative Code), Title 12 (Public Works and Utilities), or Title 16 (Building Regulations) shall be issued for any project requiring discretionary review under Title 18 or Title 21, unless the application for discretionary review has been approved.

**SECTION 13.** Section 18.52.020 (Definitions) of Chapter 18.52 (Parking and Loading Requirements) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows:

**18.52.020      Definitions**

For purposes of this chapter:

[. . .]

## NOT YET ADOPTED

(h) “Within one block of a car share vehicle” means within 600 feet of a parking space permanently reserved for use by a car share vehicle.

(h)(i) Definitions for other parking-related terms can be found in Section 18.04.030(a) (Definitions), including “Parking as a principal use,” “Parking facility,” and “Parking space.”

**SECTION 14.** Table 1 (Minimum Off-Street Parking Requirements of Section 18.52.040 (Off-Street Parking, Loading, and Bicycle Facility Requirements) of Chapter 18.52 (Parking and Loading Requirements) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows:

**18.52.040 Off-Street Parking, Loading and Bicycle Facility Requirements**

[ . . . ]

**Table 1**  
**Minimum Off-Street Parking Requirements**

Use	Vehicle Parking Requirement (# of spaces)	Bicycle Parking Requirement	
		Spaces	Class <sup>1</sup> Long Term (LT) and Short Term (ST)
RESIDENTIAL USES			
[. . .]	[. . .]	[. . .]	[. . .]
Two-Family Residential (R-2 & RMD Districts)	1.5 spaces per unit, of which at least one space per unit must be covered  Tandem Parking Allowed, with one tandem space per unit, associated directly with another parking space for the same unit	1 space per unit	100% - LT
<u>(R-1 and RE Districts, pursuant to Section 18.42.180)</u>	<u>At least one space per unit. No spaces required if the unit is located within one-half mile walking distance of either a high-quality transit corridor or a major transit stop, as defined</u>	<u>1 space per unit</u>	100% - LT

## NOT YET ADOPTED

	<u>in California Public Resources Code Sections 21155 and 21064.3 respectively, or located within one block of a car share vehicle.</u>		
[. . .]	[. . .]	[. . .]	[. . .]

[. . .]

**SECTION 15.** Section 18.42.180 (Interim Standards for Two Units on Single Family Zoned Lots Pursuant to Senate Bill 9) of Chapter 18.42 (Standards for Special Uses) of Title 18 (Zoning) of the Palo Alto Municipal Code is added to read as follows:

**18.42.180 Interim Standards for Two Units on Single Family Zoned Lots Pursuant to Senate Bill 9 (2021).**

(a) **Purpose.** This section sets forth special regulations applicable to the construction of two dwelling units on single family lots in the R-1 (and R-1 subdistricts) and R-E zone districts, pursuant to California Government Code Sections 65852.21 and 66411.7 (SB 9, 2021). In the event of a conflict between the provisions of this section and the generally applicable regulations of Chapters 18.10, 18.12, and 18.52-18.80, inclusive, the provisions of this section shall prevail.

(b) **Definitions.** As used in this section:

- (1) "Specific, adverse impact" means a significant, quantifiable, direct, and unavoidable impact, based on objective, identified written public health or safety or physical environmental standards, policies, or conditions as they existed on the date the application was deemed complete. Inconsistency with the zoning ordinance or general plan land use designation shall not constitute a specific, adverse, impact.
- (2) "Sufficient to allow separate conveyance" means the two dwelling units constitute clearly defined, separate, and independent housekeeping units without interior access points to the other dwelling unit.
- (3) "Two dwelling units" means the development proposes two new units on a vacant lot or proposes to add one new unit to one existing unit on a lot. This does not include the development of a single dwelling unit on a vacant lot.
- (4) "Unit" means any dwelling unit, including, but not limited to a primary dwelling unit, an accessory dwelling unit, or a junior accessory dwelling unit.

(c) **Applicability.** When an application is submitted that includes both (1) the construction of two dwelling units under this section and (2) other redevelopment work that is not integral



## NOT YET ADOPTED

to creation of a new dwelling unit and would generally require discretionary review, only the portions required for construction of dwelling units shall be reviewed ministerially. In addition, this section shall not apply in any of the following circumstances:

- (1) Parcels described California Government Code Section 65913.4, subdivisions (a)(6)(B) through (a)(6)(K) inclusive. Such parcels include, for example, parcels located in wetlands, in very high fire severity zones (unless the site has adopted certain fire hazard mitigation measures), and in special flood hazard areas or regulatory floodways (unless the site meets certain federal requirements for development).
- (2) Parcels on which an owner of residential real property has exercised the owner's rights under state law to withdraw accommodations from rent or lease within the past 15 years.
- (3) The development would require alteration or demolition of any of the following types of housing
  - (A) Housing that is subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of moderate, low, or very low income.
  - (B) Housing that is subject to any form of rent or price control through a public entity's valid exercise of its police power.
  - (C) Housing that has been occupied by a tenant in the last three years.
- (4) The development would result in the demolition of more than 25 percent of the existing exterior structural walls of a site that has been occupied by a tenant in the last three years.
- (5) The development is located within a historic district or property included on the State Historic Resources Inventory, as defined in California Public Resources Code Section 5020.1, or within a site that is designated or listed on the City's historic inventory.
- (6) The building official finds that the development would have a specific, adverse impact on public health and safety or the physical environment that cannot be feasibly mitigated or avoided.

**(d) Application Process.**

- (1) The Director is authorized to promulgate regulations, forms, and/or checklists setting forth application requirements for the development of dwelling units under this section.
- (2) The City shall ministerially approve or disapprove an application pursuant to this section.

**(e) Development Standards.**

- (1) A project proposing two dwelling units on a parcel in the R-1 or RE districts shall be subject to the development standards set forth in Chapters 18.12 and 18.10, respectively except as provided herein.
- (2) All construction pursuant to this section shall comply with objective design standards adopted by the City Council. However, an applicant seeking to deviate

## NOT YET ADOPTED

from the objective design standards (except to the extent necessary to construct a unit of 800 square feet) may elect to submit an application under the base requirements of Chapters 18.10, or 18.12, including, if applicable, Single Family Individual Review.

- (3) If the application of any development standard or design standard would necessarily require that one or more proposed units be less than 800 square feet, such standard shall be relaxed to the minimum extent necessary to allow construction of a unit or units of at least 800 square feet. The Director may publish regulations governing the order in which objective standards shall be waived or relaxed in such circumstances.
- (4) Setbacks from side and rear property lines, including street-side property lines, shall be no less than four feet, except in the case of existing non-complying structures or structures reconstructed in the same location and to the same dimensions as an existing structure, in which case existing setbacks less than four feet may be maintained.
- (5) Off-street parking shall be provided pursuant to Chapters 18.52 and 18.54.
- (6) In the event that a project is proposed on a site that has been subject to an Urban Lot Split under Chapter 21.10, and the project would result in three or more detached units across the two parcels created by the urban lot split, any new units shall not exceed 800 square feet.
- (7) Accessory structures, such as garages and shed are permitted consistent with the provisions of the zoning district; however, no accessory structure shall have a floor area exceeding 500 square feet.

**(f) General Requirements.**

- (1) A maximum of two units may be located on any parcel that is created by an Urban Lot Split under Chapter 21.10. Accessory dwelling units and junior accessory dwelling units shall not be permitted on any such parcel already containing two units.
- (2) On parcels that are not the result of an Urban Lot Split under Chapter 21.10, accessory dwelling units may be proposed in addition to the primary dwelling unit or units, consistent with Chapter 18.09, provided, however, that ADUs associated with projects proceeding under this Section shall not receive any exemption from Floor Area Ratio except to the minimum extent required by California Government Code Section 65852.2.
- (3) A rental of any unit created pursuant to this Section shall be for a term longer than 30 consecutive days.
- (4) For residential units connected to an onsite wastewater treatment system, a percolation test completed within the last 5 years, or, if the percolation test has been recertified, within the last 10 years.
- (5) Each unit shall have a permanent street address.
- (6) The owner and all successors in interest in the subject property shall agree to participate in any City survey of properties that have constructed dwelling units pursuant to this Section.

## NOT YET ADOPTED

(g) **Effective Dates.** This section shall remain in effect until such time as Government Code Section 65852.21 is repealed or superseded or its requirements for ministerial approval of no more than two units on a single family zoned lot are materially amended, whether by legislation or initiative, at which time this section shall become null and void.

**SECTION 16.** Chapter 21.10 (Urban Lot Splits) of Title 21 (Subdivisions and Other Divisions of land) of the Palo Alto Municipal Code is added to read as follows:

**Chapter 21.10**  
**PARCEL MAPS FOR URBAN LOT SPLITS IN SINGLE-FAMILY ZONES**

**Section 21.10.010 Purpose**

**Section 21.10.020 Definitions**

**Section 21.10.030 Applicability**

**Section 21.10.040 Requirements**

**Section 21.10.050 Filing of Urban Lot Split Application**

**Section 21.10.060 Effective dates**

**Section 21.10.010 Purpose**

This chapter sets forth special regulations applicable to the subdivision of a single family lot in the R-1 district (and R-1 subdistricts) or R-E district into two new lots, pursuant to California Government Code Section 66411.7 (SB 9, 2021).

**Section 21.10.020 Definitions**

As used in this chapter:

- (a) “Acting in concert” means pursuing a shared goal to split adjacent lots pursuant to an agreement or understanding, whether formal or informal.
- (b) “Specific, adverse impact” means a significant, quantifiable, direct, and unavoidable impact, based on objective, identified written public health or safety or physical environmental standards, policies, or conditions as they existed on the date the application was deemed complete. Inconsistency with the zoning ordinance or general plan land use designation shall not constitute a specific, adverse, impact.
- (c) “Unit” means any dwelling unit, including, but not limited to, a unit or units created pursuant to Section 18.42.180, a primary dwelling unit, an accessory dwelling unit, or a junior accessory dwelling unit.
- (d) “Urban Lot Split” means the subdivision of an existing legal parcel in the R-1 district (and R-1 subdistricts) or R-E district to create no more than two new parcels of approximately equal area, pursuant to this Chapter and California Government Code Section 66411.7.

**Section 21.10.030 Applicability**

The provisions of this chapter shall apply only to lots in the R-1 district (and R-1 subdistricts) or R-E zone district. An Urban Lot Split is not available in any of the following circumstances:

## NOT YET ADOPTED

- (a) A parcel described California Government Code Section 65913.4, subdivisions (a)(6)(B) through (a)(6)(K) inclusive. Such parcels include, for example, parcels located in wetlands, in very high fire severity zones (unless the site has adopted certain fire hazard mitigation measures), and in special flood hazard areas or regulatory floodways (unless the site meets certain federal requirements for development).
- (b) A parcel on which an owner of residential real property has exercised the owner's rights under state law to withdraw accommodations from rent or lease within the past 15 years.
- (c) A parcel that was created by prior exercise of an Urban Lot Split.
- (d) A parcel adjacent to a parcel that was created by prior exercise of an Urban Lot Split by the owner, or a person acting in concert with the owner of the parcel sought to be split.
- (e) The Urban Lot Split would require alteration or demolition of any of the following types of housing
  - (1) Housing that is subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of moderate, low, or very low income.
  - (2) Housing that is subject to any form of rent or price control through a public entity's valid exercise of its police power.
  - (3) Housing that has been occupied by a tenant in the last three years.
- (f) The Urban Lot Split is located within a historic district or property included on the State Historic Resources Inventory, as defined in California Public Resources Code Section 5020.1, or within a site that is designated or listed on the City's historic inventory.
- (g) The building official finds that the development would have a specific, adverse impact on public health and safety or the physical environment that cannot be feasibly mitigated or avoided.

**Section 21.10.040 General Requirements**

- (a) The minimum size for a parcel created by an Urban Lot Split is 1,200 square feet.
- (b) The lots created by an Urban Lot Split must be of approximately equal area, such that no resulting parcel shall be smaller than 40 percent of the lot area of the original parcel proposed for subdivision.
- (c) Each parcel created by an Urban Lot Split shall adjoin the public right of way by means of a minimum fifteen foot street frontage.
- (d) Where existing dwelling units on the property are to remain, no lot line may be created under this Chapter in a manner that would bisect any structure or that would result in more than two dwelling units on any resulting parcel.
- (e) Each parcel shall comply with any objective lot design standards for Urban Lot Splits adopted by the City Council.
- (f) The Director of Planning shall determine the appropriate fee required for an application for parcel map for an Urban Lot Split, which may be the fee currently established for a Preliminary Parcel Map or Parcel Map.

## NOT YET ADOPTED

**Section 21.10.050 Application and Review of an Urban Lot Split**

- (a) The director of planning is authorized to promulgate regulations, forms, and/or checklists setting forth application requirements for a parcel map for an Urban Lot Split under this Chapter. An application shall include an affidavit from the property owner, signed under penalty of perjury under the laws of California, that:
- (1) The proposed urban lot split would not require or authorize demolition or alteration of any of the housing described in Section 21.10.030, subdivision (e).
  - (2) The proposed urban lot split is not on a parcel described in Section 21.10.030.
  - (3) The owner intends to occupy one of the housing units located on a lot created by the parcel map as their principal residence for a minimum of three years from the date of the recording of the parcel map.
  - (4) The rental of any unit on the property shall be for a term longer than 30 consecutive days.
  - (5) The resulting lots will be for residential uses only.
- (b) A parcel map for an Urban Lot Split must be prepared by a registered civil engineer or licensed land surveyor in accordance with Government Code sections 66444 – 66450 and this Chapter. Unless more specific regulations are adopted by the director of planning, the parcel map shall be in the form and include all of the information required of a Preliminary Parcel Map by Chapter 21.12, as well as any additional information required of a Parcel Map by Chapter 21.16. In addition, the face of the Parcel Map shall contain a declaration that:
- (1) Each lot created by the parcel map shall be used solely for residential dwellings.
  - (2) That no more than two dwelling units may be permitted on each lot.
  - (3) That rental of any dwelling unit on a lot created by the parcel map shall be for a term longer than 30 consecutive days.
  - (4) A lot created by a parcel map under this Chapter shall not be further subdivided.
- (c) Upon receipt of a parcel map for an Urban Lot Split, the director of planning shall transmit copies to the city engineer, chief building official, director of utilities, chief of police, fire chief, director of transportation, and such other departments of the city, and any other agencies, as may be required by law or deemed appropriate.
- (d) The director of planning shall cause a notice of the pending application to be posted at the site of the proposed Urban Lot Split and for notice to be mailed to owners and residents of property within 600 feet of the property.
- (e) The director of planning shall ministerially review and approve a parcel map for Urban Lot Split if they determine that the parcel map application meets all requirements of this Chapter. The director of planning shall deny a parcel map application that does not meet any requirement of this Chapter.

**Section 21.10.060 Effective Dates.**

This chapter shall remain in effect until such time as Government Code Section 66411.7 is repealed or superseded or its requirements for ministerial approval of an Urban Lot Split on a single family zoned lot are materially amended, whether by legislation or initiative, at which time this chapter shall become null and void.

## NOT YET ADOPTED

**SECTION 17.** If any section, subsection, clause or phrase of this Ordinance is for any reason held to be invalid, such decision shall not affect the validity of the remaining portion or sections of the Ordinance. The Council hereby declares that it should have adopted the Ordinance and each section, subsection, sentence, clause or phrase thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared invalid.

**SECTION 18.** The City Council finds that this Ordinance is statutorily exempt from the requirements of the California Environmental Quality Act (CEQA) for the following reasons. Under Government Code Sections 66411.7(n) and 65852.21(j), an ordinance adopted to implement the requirements of SB 9 shall not be considered a project under CEQA.

**SECTION 19.** This ordinance shall be effective immediately upon adoption and shall remain in effect until superseding legislation is adopted by the City Council or December 31, 2022, whichever occurs sooner. The Clerk is authorized to direct the City's codifier to revert any changes created by this ordinance upon its expiration.

INTRODUCED and PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

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

\_\_\_\_\_  
Mayor

APPROVED AS TO FORM:

APPROVED:

\_\_\_\_\_  
Assistant City Attorney

\_\_\_\_\_  
City Manager

\_\_\_\_\_  
Director of Planning  
and Development Services

## NOT YET ADOPTED

Ordinance No. \_\_\_\_\_

Interim Ordinance of the Council of the City of Palo Alto Modifying Chapters 18.10 (Low-Density Residential, RE, R-2, and RMD Districts), 18.12 (R-1 Single-Family Residential District), 18.13 (Multiple Family Residential, RM20, RM30, RM40), 18.16 (Commercial Districts, CN, CC, CS), 18.18 (Downtown Commercial, CD-C, CD-S, CD-N), 18.40 (General Standards and Exceptions), and 18.42 (Standard for Special Uses) of Title 18 (Zoning) and Adding Chapter 21.10 (Parcel Maps for Urban Lot Splits) of the Palo Alto Municipal Code to Implement Recent State Housing Bills

The Council of the City of Palo Alto ORDAINS as follows:

**SECTION 1.** Findings and declarations. The City Council finds and declares as follows:

- A. On September 16, 2021, Governor Newsom signed into law Senate Bill 9 (SB 9), which requires, among other things, that local agencies ministerially approve both two-unit construction and urban lot splits on single-family zoned lots.
- B. SB 9 authorizes the creation of lots as small as 1,200 square feet, and requires approval of two residential units of at least 800 square feet (for a total of 1,600 square feet) each on such lots. This represents a significant departure from existing minimum lot sizes and development standards in Palo Alto's single-family zones.
- C. The increased density and intensity of development authorized by SB 9 has the potential to negatively impact privacy, access for emergency vehicles, and aesthetics of residential neighborhoods. In addition, the ministerial review required by SB 9 could result in the unintentional loss of historic resources in Palo Alto's single family zones.
- D. SB 9 authorizes local jurisdictions to apply objective zoning standards, objective subdivision standards, and objective design standards, subject to certain limitations in statute.
- E. On September 16, 2021, Governor Newsom signed into law Senate Bill 478 (SB 478), which requires, among other things, that local agencies provide specified minimum floor area ratios for housing development projects containing 3 to 10 dwelling units.
- F. There is insufficient time for consideration of and recommendation on objective standards related to SB 9, code amendments related to SB 478, and associated code amendments to Title 18 by the Planning and Transportation Commission (PTC) prior to action by the City Council. The Council therefore declares that an interim ordinance, pursuant to Palo Alto Municipal Code (PAMC) Section 18.80.090 is an appropriate measure to adopt standards, pending consideration of a permanent ordinance by the PTC.

## NOT YET ADOPTED

**SECTION 2.** Section 18.10.020 (Applicable Regulations) of Chapter 18.10 (Low-Density Residential (RE, R-2 and RMD) Districts) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows (new text underlined and deletions ~~struck through~~):

**18.10.020 Applicable Regulations**

The specific regulations of this chapter and the additional regulations and procedures established by Chapters [18.52](#) to [18.80](#) inclusive shall apply to all low-density residential districts. Such regulations shall apply to construction of two units on an RE-zoned lot pursuant to California Government Code Section 65852.21 (SB 9, 2021), except as modified by Section 18.42.180.

**SECTION 3.** Section 18.10.030 (Land Uses) of Chapter 18.10 (Low-Density Residential (RE, R-2 and RMD) Districts) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows (new text underlined and deletions ~~struck through~~; omissions are noted with [. . .] for large sections of unchanged text):

**18.10.030 Land Uses**

Table 1 shows the permitted and conditionally permitted uses for the low-density residential districts.

**TABLE 1**

**PERMITTED AND CONDITIONALLY PERMITTED LOW-DENSITY RESIDENTIAL USES**

[P = Permitted Use -- CUP = Conditional Use Permit Required]

	RE	R-2	RMD	Subject to Regulations in:
[. . .]	[. . .]	[. . .]	[. . .]	[. . .]
RESIDENTIAL USES				
Single-Family	P	P	P	
Two-Family use, under one ownership	<u>P (4)</u>	P	P	
Mobile Homes	P	P	P	18.42.100
Residential Care Homes	P	P	P	
[. . .]	[. . .]	[. . .]	[. . .]	[. . .]
P = Permitted Use		CUP = Conditional Use Permit Required		
<u>Footnotes:</u> (1) <b>Sale of Agricultural Products:</b> No permanent commercial structures for the sale or processing of agricultural products are permitted.				



## NOT YET ADOPTED

(2) **Accessory Dwelling Units in R-2 and RMD Zones:** An accessory dwelling unit or a Junior Accessory Dwelling Unit associated with a single-family residence on a lot in the R-2 or RMD zones is permitted, subject to the provisions of Section [18.42.040](#), and such that no more than two units result on the lot.

(3) **Bed and Breakfast Inns:** Bed and breakfast inns are limited to no more than 4 units (including the owner/resident's unit) in the RMD district.

(4) **Two Unit Development Pursuant to California Government Code Section 65852.21 (SB 9, 2021):** Construction of two units is permitted on an RE-zoned lot, subject to the regulations in Section [18.42.180](#).

**SECTION 4.** Section 18.10.040 (Development Standards) of Chapter 18.10 (Low-Density Residential (RE, R-2 and RMD) Districts) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows (new text underlined and deletions ~~struck through~~; omissions are noted with [. . .] for large sections of unchanged text):

#### 18.10.040 Development Standards

(a) Site Specifications, Building Size, Height and Bulk, and Residential Density

The development standards for the low-density residential districts are shown in Table 2:

**TABLE 2**  
**LOW-DENSITY RESIDENTIAL DEVELOPMENT STANDARDS**

	R-E <u>(6)</u>	R-2	RMD	Subject to Regulations in:
[. . .]	[. . .]	[. . .]	[. . .]	[. . .]

Footnotes:

(1) **Minimum Lot Size:** Any lot less than the minimum lot size may be used in accordance with the provisions of [Chapter 18.40](#).

(2) **R-2 Floodzone Heights:** Provided, in a special flood hazard area as defined in [Chapter 16.52](#), the maximum heights are increased by one-half of the increase in elevation required to reach base flood elevation, up to a maximum building height of 33 feet.

(3) **R-2 Floodzone Daylight Plane:** Provided, if the site is in a special flood hazard area and is entitled to an increase in the maximum height, the heights for the daylight planes shall be adjusted by the same amount.

(4) **Exemption from Floor Area for Covered Parking Required for Two-Family Uses:** In the R-2 and RMD districts, for two-family uses, floor area limits may be exceeded by a maximum of two hundred square feet, for purposes of providing one required covered parking space.

(5) **Maximum House Size:** The gross floor area of attached garages and attached accessory dwelling units and junior accessory dwelling units are included in the calculation of maximum house size. If there is no garage attached to the house, then the square footage of one detached covered parking space shall be included in the calculation. This provision applies only to single-family residences, not to duplexes allowed in the R-2 and RMD districts.

## NOT YET ADOPTED

**(6) Two Unit Development Pursuant to California Government Code Section 65852.21 (SB 9, 2021):** Construction of two units on an RE-zoned lot shall be subject to the development standards in this Section 18.10.040, except as modified by Section 18.42.180.

[. . .]

**SECTION 5.** Table 3 (PARKING REQUIREMENTS FOR R-E, R-2 AND RMD USES) of Section 18.10.060 (Parking) of Chapter 18.10 (Low-Density Residential (RE, R-2 and RMD) Districts) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows (new text underlined and deletions ~~struck through~~; omissions are noted with [. . .] for large sections of unchanged text):

[. . .]

**TABLE 3**  
**PARKING REQUIREMENTS FOR R-E, R-2 AND RMD USES**

Use	Minimum Off-Street Parking Requirement
Single-family residential use (excluding accessory dwelling units)	2 spaces per unit, of which one must be covered.
<u>Two family in the RE district, pursuant to California Government Code Section 65852.21 (SB 9, 2021)</u>	<u>1 space per unit. No spaces required if located within one-half mile walking distance of either a high-quality transit corridor or a major transit stop, or located within one block of a car share vehicle.</u>
Two family (R2 & RMD districts)	3 spaces total, of which at least two must be covered
Accessory dwelling unit, attached or detached:	No parking required
Junior accessory dwelling unit	No parking required
Other Uses	See <a href="#">Chapter 18.40</a>

[. . .]

**SECTION 6.** Section 18.10.070 (Accessory and Junior Accessory Dwelling Units) of Chapter 18.10 (Low-Density Residential (RE, R-2 and RMD) Districts) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows (new text underlined and deletions ~~struck through~~):

**18.10.070      Accessory and Junior Accessory Dwelling Units**

Accessory Dwelling Units and Junior Accessory Dwelling Units are subject to the regulations set forth in Chapter 18.09 ~~Section 18.42.040~~.

## NOT YET ADOPTED

**SECTION 7.** Section 18.12.020 (Applicable Regulations) of Chapter 18.12 (R-1 Single Family Residential District) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows (new text underlined and deletions ~~struck through~~):

**18.12.020 Applicable Regulations**

The specific regulations of this chapter and the additional regulations and procedures established by Chapters [18.52](#) to [18.80](#) inclusive shall apply to the R-1 district including the R-1 subdistricts. Such regulations shall apply to construction of two units on an R1-zoned lot pursuant to California Government Code Section 65852.21 (SB 9), except as modified by Section 18.42.180.

**SECTION 8.** Section 18.12.030 (Land Uses) of Chapter 18.12 (R-1 Single Family Residential District) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows (new text underlined and deletions ~~struck through~~; omissions are noted with [. . .] for large sections of unchanged text):

**18.12.030 Land Uses**

The permitted and conditionally permitted uses for the single family residential districts are shown in Table 1:

**Table 1**  
**PERMITTED AND CONDITIONAL R-1 RESIDENTIAL USES**

	R-1 and all R-1 Subdistricts	Subject to Regulations in:
[. . .]	[. . .]	[. . .]
RESIDENTIAL USES		
Single-Family	P	
<u>Two-Family use, under one ownership</u>	<u>P</u>	<u>18.42.180</u>
Mobile Homes	P	18.42.100
Residential Care Homes	P	
[. . .]	[. . .]	[. . .]
P = Permitted Use CUP = Conditional Use Permit Required		

**SECTION 9.** Section 18.12.040 (Site Development Standards) of Chapter 18.12 (R-1 Single Family Residential District) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows (new text underlined and deletions ~~struck through~~; omissions are noted with [. . .] for large sections of unchanged text):

**18.12.040 Site Development Standards**

## NOT YET ADOPTED

## (a) Site Specifications, Building Size, Height and Bulk, and Residential Density

The development standards for the R-1 district and the R-1 subdistricts are shown in Table 2, except to the extent such standards may be modified by Section 18.42.180 for two-family uses pursuant to California Government Code Section 65852.21 (SB 9, 2021):

[. . .]

**SECTION 10.** Section 18.12.060 (Parking) of Chapter 18.12 (R-1 Single Family Residential District) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows (new text underlined and deletions ~~struck through~~; omissions are noted with [. . .] for large sections of unchanged text):

**18.12.060      Parking**

Off-street parking and loading facilities shall be required for all permitted and conditional uses in accord with Chapters [18.52](#) and [18.54](#) of this title. The following parking requirements apply in the R- 1 districts. These requirements are included for reference purposes only, and in the event of a conflict between this Section [18.12.060](#) and any requirement of Chapters [18.52](#) and [18.54](#), Chapters [18.52](#) and [18.54](#) shall apply, except in the case of parcels created pursuant to Section [18.10.140\(c\)](#) (subdivision incentive for historic preservation).

## (a) Parking Requirements for Specific Uses

Table 4 shows the minimum off-street automobile parking requirements for specific uses within the R-1 district.

<b>Table 4</b>	
<b>Parking Requirements for Specific R-1 Uses</b>	
<b>Use</b>	<b>Minimum Off-Street Parking Requirement</b>
Single-family residential use (excluding accessory dwelling units)	2 spaces per unit, of which one must be covered.
<u>Two family use pursuant to California Government Code Section 65852.21 (SB 9, 2021)</u>	<u>1 space per unit. No spaces required if located within one-half mile walking distance of either a high-quality transit corridor or a major transit stop, or located within one block of a car share vehicle.</u>
Accessory dwelling unit, attached or detached	No parking required
Junior accessory dwelling unit	No parking required
Other Uses	See Chs. 18.52 and 18.54

## NOT YET ADOPTED

[. . .]

**SECTION 11.** Section 18.12.070 (Accessory and Junior Accessory Dwelling Units) of Chapter 18.12 (R-1 Single Family Residential District) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows (new text underlined and deletions ~~struck through~~):

**18.12.070      Accessory and Junior Accessory Dwelling Units**

Accessory Dwelling Units and Junior Accessory Dwelling Units are subject to the regulations set forth in Chapter 18.09 ~~Section 18.42.040~~.

**SECTION 12.** Section 18.40.160 (Replacement Project or Discretionary Review Required) of Chapter 18.40 (General Standards and Exceptions) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows (new text underlined and deletions ~~struck through~~):

**18.40.160      Replacement Project or Discretionary Review Required**

(a) No permit required under Title 2 (Administrative Code), Title 12 (Public Works and Utilities), or Title 16 (Building Regulations) shall be issued for demolition or deconstruction of a single family residence or duplex in the Low-Density Residential District ([Chapter 18.10](#)) or Single Family Residential District ([Chapter 18.12](#)), except ~~for deconstruction pursuant to Section 16.14.130~~ or where necessary for health and safety purposes (as determined by the City's Building Official), unless building permit plans for a replacement project have been approved. This subsection shall also apply to demolition of a single family residence or duplex in the Multiple Family Residential District ([Chapter 18.13](#)) when the replacement project does not require discretionary review.

(b) No permit required under Title 2 (Administrative Code), Title 12 (Public Works and Utilities), or Title 16 (Building Regulations) shall be issued for any project requiring discretionary review under Title 18 or Title 21, unless the application for discretionary review has been approved.

**SECTION 13.** Section 18.52.020 (Definitions) of Chapter 18.52 (Parking and Loading Requirements) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows:

**18.52.020      Definitions**

For purposes of this chapter:

[. . .]

(h) "Within one block of a car share vehicle" means within 600 feet of a parking space permanently reserved for use by a car share vehicle.

## NOT YET ADOPTED

~~(h)~~(i) Definitions for other parking-related terms can be found in Section 18.04.030(a) (Definitions), including “Parking as a principal use,” “Parking facility,” and “Parking space.”

**SECTION 14.** Table 1 (Minimum Off-Street Parking Requirements of Section 18.52.040 (Off-Street Parking, Loading, and Bicycle Facility Requirements) of Chapter 18.52 (Parking and Loading Requirements) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows:

**18.52.040 Off-Street Parking, Loading and Bicycle Facility Requirements**

[. . .]

**Table 1**  
**Minimum Off-Street Parking Requirements**

Use	Vehicle Parking Requirement (# of spaces)	Bicycle Parking Requirement	
		Spaces	Class <sup>1</sup> Long Term (LT) and Short Term (ST)
RESIDENTIAL USES			
[. . .]	[. . .]	[. . .]	[. . .]
Two-Family Residential (R-2 & RMD Districts)	1.5 spaces per unit, of which at least one space per unit must be covered  Tandem Parking Allowed, with one tandem space per unit, associated directly with another parking space for the same unit	1 space per unit	100% - LT
(R-1 and RE Districts, pursuant to Section 18.42.180)	At least one space per unit. No spaces required if the unit is located within one-half mile walking distance of either a high-quality transit corridor or a major transit stop, as defined in California Public Resources Code Sections 21155 and	1 space per unit	100% - LT

## NOT YET ADOPTED

	<u>21064.3 respectively, or located within one block of a car share vehicle.</u>		
[. . .]	[. . .]	[. . .]	[. . .]

[. . .]

**SECTION 15.** Section 18.42.180 (Interim Standards for Two Units on Single Family Zoned Lots Pursuant to Senate Bill 9) of Chapter 18.42 (Standards for Special Uses) of Title 18 (Zoning) of the Palo Alto Municipal Code is added to read as follows:

**18.42.180 Interim Standards for Two Units on Single Family Zoned Lots Pursuant to Senate Bill 9.**

(a) **Purpose.** This section sets forth special regulations applicable to the construction of two dwelling units on single family lots in the R-1 (and R-1 subdistricts) and R-E zone districts, pursuant to California Government Code Sections 65852.21 and 66411.7 (SB 9, 2021). In the event of a conflict between the provisions of this section and the generally applicable regulations of Chapters 18.10, 18.12, and 18.52-18.80, inclusive, the provisions of this section shall prevail.

(b) **Definitions.** As used in this section:

- (1) “Specific, adverse impact” means a significant, quantifiable, direct, and unavoidable impact, based on objective, identified written public health or safety or physical environmental standards, policies, or conditions as they existed on the date the application was deemed complete. Inconsistency with the zoning ordinance or general plan land use designation shall not constitute a specific, adverse, impact.
- (2) “Sufficient to allow separate conveyance” means the two dwelling units constitute clearly defined, separate, and independent housekeeping units without interior access points to the other dwelling unit.
- (3) “Two dwelling units” means the development proposes two new units on a vacant lot or proposes to add one new unit to one existing unit on a lot. This does not include the development of a single dwelling unit on a vacant lot.
- (4) “Unit” means any dwelling unit, including, but not limited to a primary dwelling unit, an accessory dwelling unit, or a junior accessory dwelling unit.

(c) **Applicability.** When an application is submitted that includes both (1) the construction of two dwelling units under this section and (2) other redevelopment work that is not integral to creation of a new dwelling unit and would generally require discretionary review, only the

## NOT YET ADOPTED

portions required for construction of dwelling units shall be reviewed ministerially. In addition, this section shall not apply in any of the following circumstances:

- (1) Parcels described California Government Code Section 65913.4, subdivisions (a)(6)(B) through (a)(6)(K) inclusive. Such parcels include, for example, parcels located in wetlands, in very high fire severity zones (unless the site has adopted certain fire hazard mitigation measures), and in special flood hazard areas or regulatory floodways (unless the site meets certain federal requirements for development).
- (2) Parcels on which an owner of residential real property has exercised the owner's rights under state law to withdraw accommodations from rent or lease within the past 15 years.
- (3) The development would require alteration or demolition of any of the following types of housing
  - (A) Housing that is subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of moderate, low, or very low income.
  - (B) Housing that is subject to any form of rent or price control through a public entity's valid exercise of its police power.
  - (C) Housing that has been occupied by a tenant in the last three years.
- (4) The development would result in the demolition of more than 25 percent of the existing exterior structural walls of a site that has been occupied by a tenant in the last three years.
- (5) The development is located within a historic district or property included on the State Historic Resources Inventory, as defined in California Public Resources Code Section 5020.1, or within a site that is designated or listed on the City's historic inventory.
- (6) The building official finds that the development would have a specific, adverse impact on public health and safety or the physical environment that cannot be feasibly mitigated or avoided.

**(d) Application Process.**

- (1) The Director is authorized to promulgate regulations, forms, and/or checklists setting forth application requirements for the development of dwelling units under this section.
- (2) The City shall ministerially approve or disapprove an application pursuant to this section.

**(e) Development Standards.**

- (1) A project proposing two dwelling units on a parcel in the R-1 or RE districts shall be subject to the development standards set forth in Chapters 18.12 and 18.10, respectively except as provided herein.
- (2) All construction pursuant to this section shall comply with objective design standards adopted by the City Council. However, an applicant seeking to deviate from the objective design standards (except to the extent necessary to construct



## NOT YET ADOPTED

a unit of 800 square feet) may elect to submit an application under the base requirements of Chapters 18.10, or 18.12, including, if applicable, Single Family Individual Review.

- (3) If the application of any development standard or design standard would necessarily require that one or more proposed units be less than 800 square feet, such standard shall be relaxed to the minimum extent necessary to allow construction of a unit or units of at least 800 square feet. The Director may publish regulations governing the order in which objective standards shall be waived or relaxed in such circumstances.
- (4) Setbacks from side and rear property lines, including street-side property lines, shall be no less than four feet, except in the case of existing non-complying structures or structures reconstructed in the same location and to the same dimensions as an existing structure, in which case existing setbacks less than four feet may be maintained.
- (5) Off-street parking shall be provided pursuant to Chapters 18.52 and 18.54.
- (6) In the event that a project is proposed on a site that has been subject to an Urban Lot Split under Chapter 21.10, and the project would result in three or more detached units across the two parcels created by the urban lot split, any new units shall not exceed 800 square feet.
- (7) Accessory structures, such as garages and shed are permitted consistent with the provisions of the zoning district; however, no accessory structure shall have a floor area exceeding 500 square feet.

**(f) General Requirements.**

- (1) A maximum of two units may be located on any parcel that is created by an Urban Lot Split under Chapter 21.10. Accessory dwelling units and junior accessory dwelling units shall not be permitted on any such parcel already containing two units.
- (2) On parcels that are not the result of an Urban Lot Split under Chapter 21.10, accessory dwelling units may be proposed in addition to the primary dwelling unit or units, consistent with Chapter 18.09, provided, however, that ADUs associated with projects proceeding under this Section shall not receive any exemption from Floor Area Ratio except to the minimum extent required by California Government Code Section 65852.2.
- (3) A rental of any unit created pursuant to this Section shall be for a term longer than 30 consecutive days.
- (4) For residential units connected to an onsite wastewater treatment system, a percolation test completed within the last 5 years, or, if the percolation test has been recertified, within the last 10 years.
- (5) Each unit shall have a permanent street address.
- (6) The owner and all successors in interest in the subject property shall agree to participate in any City survey of properties that have constructed dwelling units pursuant to this Section.

## NOT YET ADOPTED

(g) **Effective Dates.** This section shall remain in effect until such time as Government Code Section 65852.21 is repealed or superseded or its requirements for ministerial approval of no more than two units on a single family zoned lot are materially amended, whether by legislation or initiative, at which time this section shall become null and void.

**SECTION 16.** Chapter 21.10 (Urban Lot Splits) of Title 21 (Subdivisions and Other Divisions of land) of the Palo Alto Municipal Code is added to read as follows:

**Chapter 21.10**  
**PARCEL MAPS FOR URBAN LOT SPLITS IN SINGLE-FAMILY ZONES**

**Section 21.10.010 Purpose**

**Section 21.10.020 Definitions**

**Section 21.10.030 Applicability**

**Section 21.10.040 Requirements**

**Section 21.10.050 Filing of Urban Lot Split Application**

**Section 21.10.060 Effective dates**

**Section 21.10.010 Purpose**

This chapter sets forth special regulations applicable to the subdivision of a single family lot in the R-1 district (and R-1 subdistricts) or R-E district into two new lots, pursuant to California Government Code Section 66411.7 (SB 9, 2021).

**Section 21.10.020 Definitions**

As used in this chapter:

- (a) “Acting in concert” means pursuing a shared goal to split adjacent lots pursuant to an agreement or understanding, whether formal or informal.
- (b) “Specific, adverse impact” means a significant, quantifiable, direct, and unavoidable impact, based on objective, identified written public health or safety or physical environmental standards, policies, or conditions as they existed on the date the application was deemed complete. Inconsistency with the zoning ordinance or general plan land use designation shall not constitute a specific, adverse, impact.
- (c) “Unit” means any dwelling unit, including, but not limited to, a unit or units created pursuant to Section 18.42.180, a primary dwelling unit, an accessory dwelling unit, or a junior accessory dwelling unit.
- (d) “Urban Lot Split” means the subdivision of an existing legal parcel in the R-1 district (and R-1 subdistricts) or R-E district to create no more than two new parcels of approximately equal area, pursuant to this Chapter and California Government Code Section 66411.7.

**Section 21.10.030 Applicability**

The provisions of this chapter shall apply only to lots in the R-1 district (and R-1 subdistricts) or R-E zone district. An Urban Lot Split is not available in any of the following circumstances:

## NOT YET ADOPTED

- (a) A parcel described California Government Code Section 65913.4, subdivisions (a)(6)(B) through (a)(6)(K) inclusive. Such parcels include, for example, parcels located in wetlands, in very high fire severity zones (unless the site has adopted certain fire hazard mitigation measures), and in special flood hazard areas or regulatory floodways (unless the site meets certain federal requirements for development).
- (b) A parcel on which an owner of residential real property has exercised the owner's rights under state law to withdraw accommodations from rent or lease within the past 15 years.
- (c) A parcel that was created by prior exercise of an Urban Lot Split.
- (d) A parcel adjacent to a parcel that was created by prior exercise of an Urban Lot Split by the owner, or a person acting in concert with the owner of the parcel sought to be split.
- (e) The Urban Lot Split would require alteration or demolition of any of the following types of housing
  - (1) Housing that is subject to a recorded covenant, ordinance, or law that restricts rents to levels affordable to persons and families of moderate, low, or very low income.
  - (2) Housing that is subject to any form of rent or price control through a public entity's valid exercise of its police power.
  - (3) Housing that has been occupied by a tenant in the last three years.
- (f) The Urban Lot Split is located within a historic district or property included on the State Historic Resources Inventory, as defined in California Public Resources Code Section 5020.1, or within a site that is designated or listed on the City's historic inventory.
- (g) The building official finds that the development would have a specific, adverse impact on public health and safety or the physical environment that cannot be feasibly mitigated or avoided.

**Section 21.10.040 General Requirements**

- (a) The minimum size for a parcel created by an Urban Lot Split is 1,200 square feet.
- (b) The lots created by an Urban Lot Split must be of approximately equal area, such that no resulting parcel shall be smaller than 40 percent of the lot area of the original parcel proposed for subdivision.
- (c) Each parcel created by an Urban Lot Split shall adjoin the public right of way by means of a minimum fifteen foot street frontage.
- (d) Where existing dwelling units on the property are to remain, no lot line may be created under this Chapter in a manner that would bisect any structure or that would result in more than two dwelling units on any resulting parcel.
- (e) Each parcel shall comply with any objective lot design standards for Urban Lot Splits adopted by the City Council.
- (f) The Director of Planning shall determine the appropriate fee required for an application for parcel map for an Urban Lot Split, which may be the fee currently established for a Preliminary Parcel Map or Parcel Map.

## NOT YET ADOPTED

**Section 21.10.050 Application and Review of an Urban Lot Split**

- (a) The director of planning is authorized to promulgate regulations, forms, and/or checklists setting forth application requirements for a parcel map for an Urban Lot Split under this Chapter. An application shall include an affidavit from the property owner, signed under penalty of perjury under the laws of California, that:
- (1) The proposed urban lot split would not require or authorize demolition or alteration of any of the housing described in Section 21.10.030, subdivision (e).
  - (2) The proposed urban lot split is not on a parcel described in Section 21.10.030.
  - (3) The owner intends to occupy one of the housing units located on a lot created by the parcel map as their principal residence for a minimum of three years from the date of the recording of the parcel map.
  - (4) The rental of any unit on the property shall be for a term longer than 30 consecutive days.
  - (5) The resulting lots will be for residential uses only.
- (b) A parcel map for an Urban Lot Split must be prepared by a registered civil engineer or licensed land surveyor in accordance with Government Code sections 66444 – 66450 and this Chapter. Unless more specific regulations are adopted by the director of planning, the parcel map shall be in the form and include all of the information required of a Preliminary Parcel Map by Chapter 21.12, as well as any additional information required of a Parcel Map by Chapter 21.16. In addition, the face of the Parcel Map shall contain a declaration that:
- (1) Each lot created by the parcel map shall be used solely for residential dwellings.
  - (2) That no more than two dwelling units may be permitted on each lot.
  - (3) That rental of any dwelling unit on a lot created by the parcel map shall be for a term longer than 30 consecutive days.
  - (4) A lot created by a parcel map under this Chapter shall not be further subdivided.
- (c) Upon receipt of a parcel map for an Urban Lot Split, the director of planning shall transmit copies to the city engineer, chief building official, director of utilities, chief of police, fire chief, director of transportation, and such other departments of the city, and any other agencies, as may be required by law or deemed appropriate.
- (d) The director of planning shall cause a notice of the pending application to be posted at the site of the proposed Urban Lot Split and for notice to be mailed to owners and residents of property within 600 feet of the property.
- (e) The director of planning shall ministerially review and approve a parcel map for Urban Lot Split if they determine that the parcel map application meets all requirements of this Chapter. The director of planning shall deny a parcel map application that does not meet any requirement of this Chapter.

**Section 21.10.060 Effective Dates.**

This chapter shall remain in effect until such time as Government Code Section 66411.7 is repealed or superseded or its requirements for ministerial approval of an Urban Lot Split on a single family zoned lot are materially amended, whether by legislation or initiative, at which time this chapter shall become null and void.

## NOT YET ADOPTED

**SECTION 17.** Section 18.13.040 (Development Standards) of Chapter 18.13 (Multiple Family Residential (RM-20, RM-30 and RM-40) Districts) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows:

**18.13.040 Development Standards**

(a) Site Specifications, Building Size and Bulk, and Residential Density

[. . .]

Table 2

Multiple Family Residential Development Table

	RM-20	RM-30	RM-40	Subject to regulations in:
[. . .]	[. . .]	[. . .]	[. . .]	[. . .]
Maximum Floor Area Ratio (FAR) <sup>(4)</sup>	0.5:1	0.6:1	1.0:1	<u>18.13.045</u>
[. . .]	[. . .]	[. . .]	[. . .]	[. . .]

**SECTION 18.** Section 18.13.045 (Increased Floor Area for Housing Developments of 3-10 Units) of Chapter 18.13 (Multiple Family Residential (RM-20, RM-30 and RM-40) Districts) of Title 18 (Zoning) of the Palo Alto Municipal Code is added to read as follows:

**18.13.045 Increased Floor Area for Housing Developments of 3-10 Units**

- (a) A housing development project, as defined in California Government Code Section 65589.5, that is in an RM-20, RM-30 or RM-40 District shall be allowed to increase its floor area ratio as follows:
  - (i) A housing development project of three to seven units shall have a maximum floor area ratio of 1.0:1.
  - (ii) A housing development project of eight to ten units shall have a maximum floor area ratio of 1.25:1.
- (b) This section shall not apply within a historic district or property included on the State Historic Resources Inventory, as defined in California Public Resources Code Section 5020.1, or within a site that is designated or listed on the City's historic inventory.

**SECTION 19.** Section 18.16.060 (Development Standards) of Chapter 18.16 (Neighborhood, Community, and Service Commercial (CN, CC and CS)) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows:

## NOT YET ADOPTED

**(a) Exclusively Non-Residential Uses**

[. . .]

**(b) Mixed Use and Residential**

Table 4 specifies the development standards for new residential mixed use developments and residential developments. These developments shall be designed and constructed in compliance with the following requirements and the context-based design criteria outlined in Section [18.16.090](#), provided that more restrictive regulations may be recommended by the architectural review board and approved by the director of planning and development services, pursuant to Section [18.76.020](#).

**Table 4**  
**Mixed Use and Residential Development Standards**

	CN	CC	CC(2)	CS	Subject to regulations in Section
[. . .]	[. . .]	[. . .]	[. . .]	[. . .]	[. . .]
Maximum Residential Floor Area Ratio (FAR)	0.5:1 (4)	See sub-section (e) below	0.6:1	0.6:1	<a href="#">18.16.065</a>
Maximum Nonresidential Floor Area Ratio (FAR)	0.4:1		2.0:1	0.4:1	
Total Mixed Use Floor Area Ratio (FAR)	0.9:1 (4)		2.0:1	1.0:1	<a href="#">18.16.065</a>
[. . .]	[. . .]	[. . .]	[. . .]	[. . .]	[. . .]

[. . .]

**SECTION 20.** Section 18.16.065 (Increased Floor Area for Housing Developments of 3-10 Units) of Chapter 18.16 (Neighborhood, Community, and Service Commercial (CN, CC and CS)) of Title 18 (Zoning) of the Palo Alto Municipal Code is added to read as follows:

**18.16.065 Increased Floor Area for Housing Developments of 3-10 Units**

- (a) A housing development project as defined in paragraph (2) of subdivision (h) of Section 65589.5 of the Government Code of the State of California that is in a CN, CC or CS District shall be allowed to increase its floor area ratio as follows:

## NOT YET ADOPTED

- (i) A housing development project of three to seven units shall have a maximum floor area ratio of 1.0:1.
- (ii) A housing development project of eight to ten units shall have a maximum floor area ratio of 1.25:1.
- (b) This bonus shall not apply within a historic district or property included on the State Historic Resources Inventory, as defined in Section 5020.1 of the Public Resources Code of the State of California, or within a site that is designated or listed as a city or county landmark or historic property or district pursuant to a city or county ordinance.
- (c) For mixed use development, total mixed use floor area ratio shall be increased to the extent necessary to accommodate a non-residential floor area ratio of 0.4:1 for retail and retail-like uses only.

**SECTION 21.** Section 18.18.060 (Development Standards) of Chapter 18.18 (Downtown Commercial (CD) District) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows:

**(a) Exclusively Non-Residential Use**

[. . .]

**(b) Mixed Use and Residential**

Table 3 specifies the development standards for new residential mixed use developments and residential developments. These developments shall be designed and constructed in compliance with the following requirements and the context-based design criteria outlines in Section 18.18.110, provided that more restrictive regulations may be recommended by the architectural review board and approved by the director of planning and development services, pursuant to Section 18.76.020:

**TABLE 3**  
**MIXED USE AND RESIDENTIAL DEVELOPMENT STANDARDS**

	CD-C	CD-S	CD-N	Subject to regulations in Section:
[. . .]	[. . .]	[. . .]	[. . .]	[. . .]
Maximum Residential Floor Area Ratio (FAR)	1.0:1 <sup>(3)</sup>	0.6:1 <sup>(3)</sup>	0.5:1 <sup>(3)</sup>	<u>18.18.065,</u> <u>18.18.070</u>
Maximum Nonresidential Floor Area Ratio (FAR)	1.0:1 <sup>(3)</sup>	0.4:1	0.4:1	
Total Floor Area Ratio (FAR) <sup>(3)</sup>	2.0:1 <sup>(3)</sup>	1.0:1 <sup>(3)</sup>	0.9:1 <sup>(3)</sup>	<u>18.18.065,</u> <u>18.18.070</u>
[. . .]	[. . .]	[. . .]	[. . .]	[. . .]
<u>Footnotes:</u>				

## NOT YET ADOPTED

- (1) Required usable open space: (1) may be any combination of private and common open spaces; (2) does not need to be located on the ground (but rooftop gardens are not included as open space except as provided below); (3) minimum private open space dimension 6; and (4) minimum common open space dimension 12

For CN and CS sites on El Camino Real, CS sites on San Antonio Road between Middlefield Road and East Charleston Road and CC(2) sites that do not abut a single- or two-family residential use or zoning district, rooftop gardens may qualify as usable open space and may count as up to 60% of the required usable open space for the residential component of a project. In order to qualify as usable open space, the rooftop garden shall meet the requirements set forth in Section 18.40.230.

[. . .]

- (3) FAR may be increased with transfers of development, increased floor area for housing development projects with 3-10 residential units and/or bonuses for seismic and historic rehabilitation upgrades, not to exceed a total site FAR of 3.0:1 in the CD-C subdistrict or 2.0:1 in the CD-S or CD-N subdistrict.

[. . .]

- (5) The weighted average residential unit size shall be calculated by dividing the sum of the square footage of all units by the number of units. For example, a project with ten 800-square foot 1-bedroom units, eight 1,200-square foot 2-bedroom units, and two 1,800-square foot 3-bedroom units would have a weighted average residential unit size of  $((10 \times 800) + (8 \times 1,200) + (2 \times 1,800)) \div (10 + 8 + 2) = 1,060$  square feet.

[. . .]

**SECTION 22.** Section 18.18.065 (Increased Floor Area for Housing Developments of 3-10 Units) of Chapter 18.18 (Downtown Commercial (CD) District) of Title 18 (Zoning) of the Palo Alto Municipal Code is added to read as follows:

**18.16.065 Increased Floor Area for Housing Developments of 3-10 Units**

- (a) A housing development project as defined in paragraph (2) of subdivision (h) of Section 65589.5 of the Government Code of the State of California that is in a CD Districts shall be allowed to increase its floor area ratio as follows:
- (i) A housing development project of three to seven units shall have a maximum residential floor area ratio of 1.0:1.
  - (ii) A housing development project of eight to ten units shall have a maximum residential floor area ratio of 1.25:1.



## NOT YET ADOPTED

- (b) This bonus shall not apply within a historic district or property included on the State Historic Resources Inventory, as defined in Section 5020.1 of the Public Resources Code of the State of California, or within a site that is designated or listed as a city or county landmark or historic property or district pursuant to a city or county ordinance.
- (c) For mixed use development in the CD-N and CD-S subdistricts, total floor area ratio shall be increased to the extent necessary to accommodate a non-residential floor area ratio of 0.4:1 for retail and retail-like uses only.
- (d) In no event shall total floor area ratio exceed 3.0:1 in the CD-C subdistrict, or 2.0:1 in the CD-N and CD-S subdistricts.

**SECTION 23.** If any section, subsection, clause or phrase of this Ordinance is for any reason held to be invalid, such decision shall not affect the validity of the remaining portion or sections of the Ordinance. The Council hereby declares that it should have adopted the Ordinance and each section, subsection, sentence, clause or phrase thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared invalid.

**SECTION 24.** The City Council finds that this Ordinance is statutorily exempt from the requirements of the California Environmental Quality Act (CEQA) for the following reasons. Under Government Code Sections 66411.7(n) and 65852.21(j), an ordinance adopted to implement the requirements of SB 9 shall not be considered a project under CEQA. Additional sections of this ordinance implementing SB 478 are exempt pursuant to Section 15061 of the State CEQA Guidelines because they simply reflect pre-emptive state law that will be effective January 1, 2022. As such, this ordinance does not reflect a change from the status quo and it therefore can be seen with certainty that there is no possibility that the ordinance will have a significant effect on the environment.

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## NOT YET ADOPTED

**SECTION 25.** This ordinance shall be effective on the thirty-first day after the date of its adoption.

INTRODUCED:

PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

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

\_\_\_\_\_  
Mayor

APPROVED AS TO FORM:

APPROVED:

\_\_\_\_\_  
Assistant City Attorney

\_\_\_\_\_  
City Manager

\_\_\_\_\_  
Director of Planning  
and Development Services



## City of Palo Alto City Council Staff Report

(ID # 13823)

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**Meeting Date: 12/6/2021**

**Title: Discuss and Provide Direction to Staff to Initiate a Request for Information (RFI) on Potential Development of New Parking and/or Housing in the University Avenue Downtown on City-Owned Surface Parking Lots Using Current and Expected Parking In-Lieu Funding (8:30 - 10:30 PM)**

**From: City Manager**

This report will be a special late packet release on Thursday, December 2, 2021.



## City of Palo Alto City Council Staff Report

(ID # 13641)

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**Meeting Date: 12/6/2021**

**Council Priority: Climate/Sustainability and Climate Action Plan**

**Title: Informational Report on the Annual Review of the City's Renewable Procurement Plan, Renewable Portfolio Standard Compliance, and Carbon Neutral Electric Supplies for 2020**

**From: City Manager**

**Lead Department: Utilities**

### **Executive Summary**

Like all electric utilities in California, Palo Alto is subject to the state's Renewable Portfolio Standard (RPS) mandate of 60% by 2030. The City has also adopted a Carbon Neutral Plan, which led to the achievement of a carbon neutral electric supply portfolio starting in 2013 (and which was updated by Council in August 2020). In 2011, in compliance with state RPS regulations, the Council also formally adopted an RPS Procurement Plan and an RPS Enforcement Program that recognize certain elements of the state's RPS law applicable to publicly-owned utilities. The RPS Enforcement Program requires the City Manager, or their designee, the Utilities Director, to conduct an annual review of the Electric Utility's compliance with the procurement targets set forth in the City's RPS Procurement Plan.

This staff report satisfies the reporting requirements of the City's RPS Enforcement Program, while also providing an update on the City's compliance with the Carbon Neutral Plan. The City continues to meet both its RPS and Carbon Neutral Plan objectives—even after selling over 348,000 MWh of renewable energy in 2020.

### **Background**

The City currently has two independent procurement targets related to renewable and carbon neutral electricity:

- RPS Procurement Plan (60% by 2030): The City's official renewable electricity goal is contained in the RPS Procurement Plan that the City was required to adopt under Section 399.30(a) of California's Public Utilities Code. This was adopted in December 2011 ([Staff Report 2225](#), [Resolutions 9214](#) and [9215](#)) and updated in November 2013 ([Staff Report 4168](#), [Resolution 9381](#)), December 2018 ([Staff Report 9761](#), [Resolution 9802](#)), and December 2020 ([Staff Report 11650](#), [Resolution 9929](#)). The last update to the

RPS Procurement Plan brought it into alignment with the state's 60% RPS requirement (SB 100), which was signed into law in 2018. The RPS Procurement Plan and RPS Enforcement Program complement each other: the Procurement Plan establishes official procurement targets, while the Enforcement Program specifies the reporting and monitoring that is required of the Utilities Director while working to achieve those targets.

The procurement requirement in the current version of the City's RPS Procurement Plan is that the City acquire renewable electricity supplies equal to 60% of retail sales by 2030, which is in line with the state's current RPS mandate. The RPS Procurement Plan also contains an escalating set of targets for six interim Compliance Periods (2011-2013, 2014-2016, 2017-2020, 2021-2024, 2025-2027, and 2028-2030), as well as subsequent 3-year compliance periods beginning in 2031.

- Carbon Neutral Plan (100% Carbon Neutral Electricity by 2013): The Carbon Neutral Plan was adopted in March 2013 ([Staff Report 3550](#), [Resolution 9322](#)) and updated in August 2020 ([Staff Report 11556](#), [Resolution 9913](#)), and requires that the City procure a carbon neutral electric supply portfolio starting in calendar year (CY) 2013. In general, this goal is expected to be achieved primarily through purchases made under the City's long-term renewable power purchase agreements (PPAs) and output from its hydroelectric resources. However, when the City Council approved an update to the Carbon Neutral Plan in August 2020, they also approved a new procurement strategy whereby the City does not keep all of the output of its long-term, in-state PPAs, but instead exchanges that output for less expensive out-of-state renewable generation (with the net proceeds used to offset electric utility operational costs and fund local decarbonization programs).

## Discussion

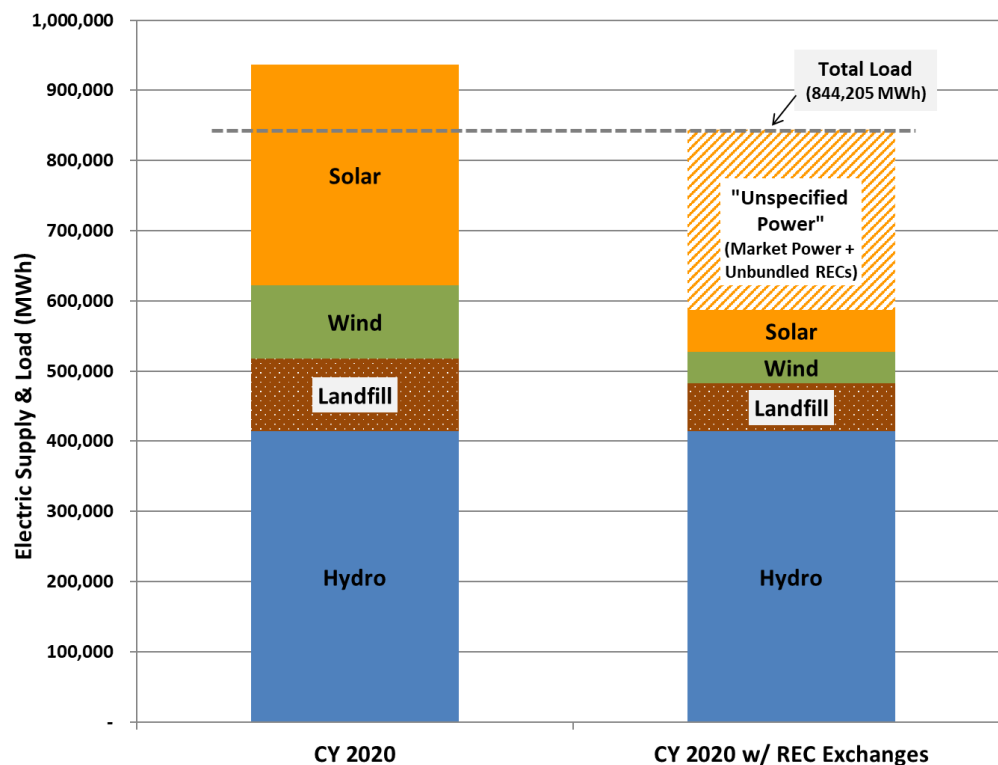
The City continues to meet its objectives under the RPS Procurement Plan and the Carbon Neutral Plan, and achieved an RPS level of 20.8% in 2020. Although this value fell short of the state's 33% RPS procurement "soft target" for the year, the City remained compliant with state law because the RPS procurement mandate is evaluated over a multi-year horizon (2017-2020 in this case), and the City far exceeded the state's soft target levels in the earlier years of the four-year compliance period. Below is a summary of CPAU's progress toward satisfying its renewable energy and carbon neutral procurement targets, with additional detail provided in Attachment A.

## RPS Procurement Plan Compliance

In CY 2020, the City initially received 525,242 MWh of renewable energy through its long-term contracts for wind, solar, landfill gas, and small hydro resources (which represents 64.5% of the City's total retail sales for that period). Additionally, the City received 410,885 MWh of large hydroelectric generation (representing 50.4% of the City's total retail sales), which is not classified as eligible renewable generation by the state. Based on the Council's decision in

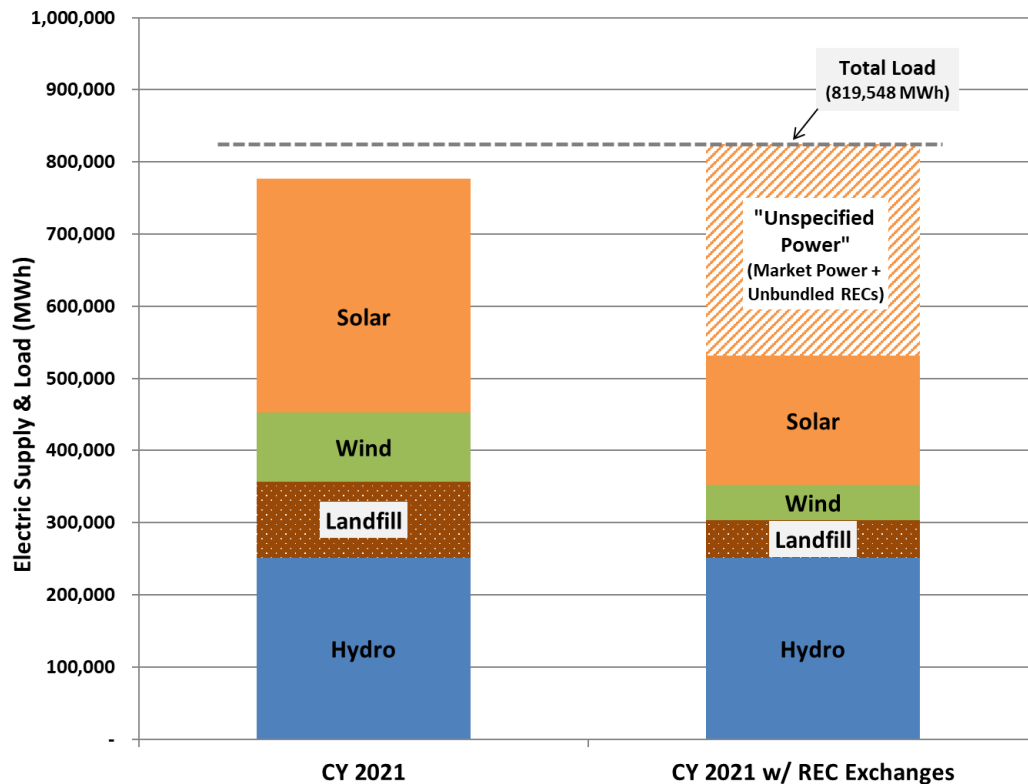
August 2020 to pursue the “REC Exchange Program” ([Staff Report 11556](#), [Resolution 9913](#)) the City sold 348,700 MWh of in-state renewable energy supplies, yielding \$4.04 million in sales revenue, while purchasing 325,186 MWh of out-of-state renewable energy, at a cost of \$1.10 million. Figure 1 below depicts the City’s load and supply resources for CY 2020, before and after the REC Exchanges described above. Accounting for these transactions, the City’s net renewable energy supplies totaled 501,728 MWh, which represents 61.6% of the City’s total retail sales for 2020. However, under the state’s RPS regulations the majority of the out-of-state renewable energy purchases were not able to be applied to the City’s RPS requirement, hence the City’s official RPS level was only 20.8%.

**Figure 1: CY 2020 Electric Load and Supply Resources, With and Without REC Exchanges**



For CY 2021, staff has contracted to sell about 287,000 MWh of in-state renewable generation, and purchased about 339,000 MWh of out-of-state renewable generation (Figure 2 below depicts the City’s load and supply resources for CY 2021, before and after the REC Exchanges described above. Note that much of the decrease in REC sales volume and revenue, compared to CY 2020, is due to the much lower volume of hydro generation the City expects to receive in 2021 due to the current drought.) Once these transactions are accounted for, they will yield a total of about \$2.25 million in net revenue, and an official RPS level of 35.75% (equal to the state’s RPS soft target for 2021). However, if the additional out-of-state renewable supplies that cannot be applied to the City’s RPS requirements are included, the City’s total renewable electricity supplies are projected to be approximately 75% of retail sales.

**Figure 2: CY 2021 Electric Load and Supply Resources, With and Without REC Exchanges**



In accordance with the state's RPS Program requirements, CPAU's Procurement Plan develops a renewable electric supply portfolio that balances environmental goals with system reliability while maintaining stable and low retail electric rates. The state RPS program requires retail electricity suppliers like CPAU to procure progressively larger renewable electricity supplies across a series of separate multi-year Compliance Periods. CPAU's procurement targets, as well as its actual/projected procurement volumes and RPS levels, for the first three Compliance Periods are summarized in Table 1 below.

**Table 1: RPS Compliance Period Procurement Targets and Actual Procurement**

RPS Compliance Period	Years	Retail Sales (MWh)	Procurement Target (MWh)	Actual Procurement (MWh)	% of Retail Sales
1	2011-2013	2,837,773	567,555	607,740	21.4%
2	2014-2016	2,801,056	605,949	826,855	29.5%
3	2017-2020	3,487,686	1,043,424	1,619,303	46.4%
TOTALS		9,126,515	2,216,928	3,053,898	33.5%

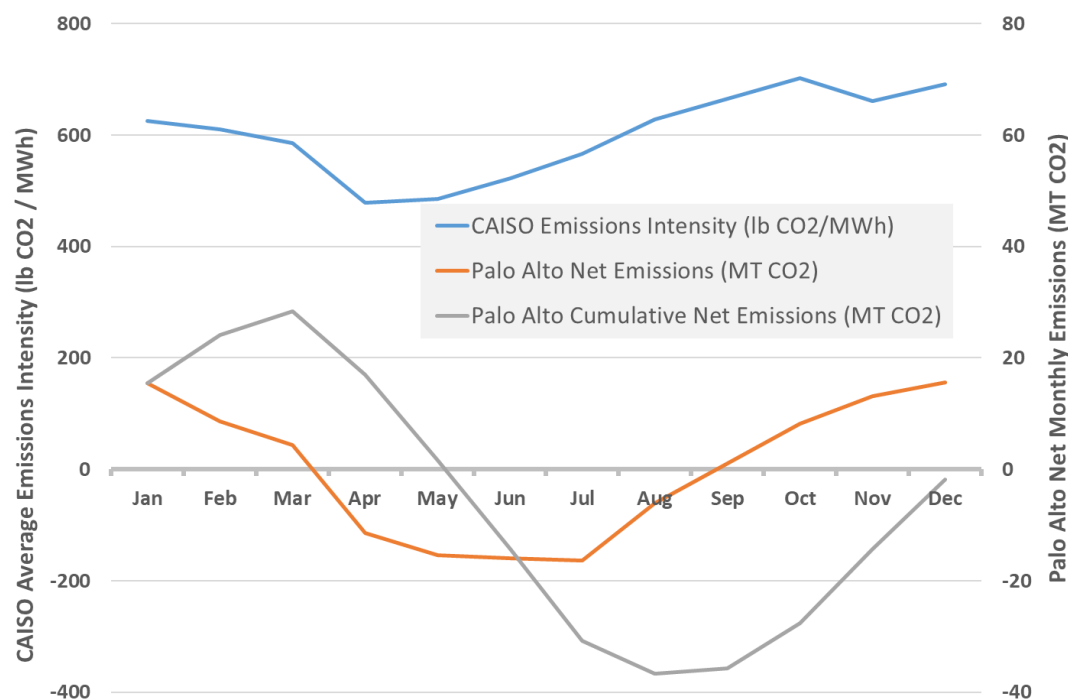
### Carbon Neutral Plan

In CY 2020, CPAU achieved its goal, set forth in the Carbon Neutral Plan, of an electric supply portfolio with zero net greenhouse (GHG) emissions for the sixth consecutive year. Carbon neutrality was achieved in CY 2020 through existing hydro and renewable generation (wind,

solar, and landfill gas). As discussed above, due to the Council's adoption of the REC Exchange Program in August 2020, the City sold 348,700 MWh of in-state renewable energy supplies, yielding \$4.04 million in sales revenue, while purchasing 325,186 MWh of out-of-state renewable energy, at a cost of \$1.10 million. Accounting for these transactions, the City's net renewable energy supplies totaled 501,728 MWh, which represents 61.6% of the City's total retail sales for 2020. The remainder of the City's needs were supplied by large hydroelectric resources.

When the City Council approved an update to the Carbon Neutral Plan in August 2020, the primary change was to adopt an *hourly* carbon accounting methodology as the basis for determining whether the City has met its carbon neutrality objective. Using an annual accounting approach, the City had an overall surplus of 68,407 MWh of carbon neutral generation compared to its load (equal to 8.1% total load), and thus substantially *exceeded* the carbon neutrality standard. Meanwhile, under the hourly carbon accounting approach,<sup>1</sup> the City's electric supply portfolio also exceeded the carbon neutrality standard, being responsible for a net negative amount of GHG emissions: -25,104 metric tonnes of CO<sub>2</sub> equivalent. See Figure 3 below for a depiction of the City's monthly total net CO<sub>2</sub> emissions for 2020, as well as the monthly average emissions intensity for the California electric grid.

**Figure 3: CY 2020 Monthly Net Electric Supply Emissions and CAISO Emissions Intensity**



<sup>1</sup> The City's hourly carbon accounting methodology entails calculating the City's net surplus or deficit carbon neutral supply position relative to its load in every hour of the year. The grid average electricity emissions intensity for each hour is then applied to each of these hourly surpluses or deficits to yield a net emissions contribution (or reduction) that the City's electric supply portfolio is responsible for in that hour. These hourly emissions totals are then summed across the entire year to yield the City's annual emissions total for the year.



For CY 2021, significantly below average hydro conditions are expected to result in about 30% of the City's electric supply needs being supplied by hydroelectric resources compared to an annual average of about 55%, with the remainder coming from non-hydro renewable energy resources (including purchases of out-of-state unbundled renewable energy certificates, or RECs).

### **Policy Implications**

This report implements Sections 4 and 5 of the City's RPS Enforcement Program, which require an annual review of the Electric Utility's compliance with the CPAU RPS Procurement Plan to ensure that CPAU is making reasonable progress toward meeting the compliance obligations established in the CPAU RPS Procurement Plan.

### **Environmental Review**

The Council's review of this report does not meet the definition of a "project" pursuant to Public Resources Code Section 21065, thus California Environmental Quality Act review is not required.

### **Attachments:**

- **Attachment11.a:** Attachment A: 2020 Renewable and Carbon Neutral Electricity Supply Procurement Details

## Renewable and Carbon Neutral Electricity Supply Procurement Details

### Renewable Energy Procurement Efforts

Table 1 shows the renewable resources currently under contract, the status of the projects, their annual output in Gigawatt-hours (GWh), and the rate impact of each resource that was calculated at the time it was added to the electric supply portfolio.

**Table 1: Summary of Contracted Renewable Electricity Resources**

Resource	Delivery Begins	Delivery Ends	Annual Generation (GWh)	Rate Impact (¢/kWh)
Small Hydro	Before 2000	N/A	10.0	0
High Winds	Dec. 2004	Jun. 2028	42.7	0.012
Shiloh I Wind	Jun. 2006	Dec. 2021	57.3	(0.041)
Santa Cruz Landfill Gas (LFG)	Feb. 2006	Feb. 2026	9.0	0.003
Ox Mountain LFG	Apr. 2009	Mar. 2029	42.5	(0.040)
Keller Canyon LFG	Aug. 2009	Jul. 2029	13.8	(0.020)
Johnson Canyon LFG	May 2013	May 2033	10.4	0.064
San Joaquin LFG	Apr. 2014	Apr. 2034	27.5	0.127
Kettleman Solar	Aug. 2015	Aug. 2040	53.5	0.099
Hayworth Solar	Dec. 2015	Dec. 2042	63.7	0.026
Frontier Solar	Jul. 2016	Jul. 2046	52.5	0.011
Elevation Solar C	Dec. 2016	Dec. 2041	100.8	(0.044)
W. Antelope Blue Sky Ranch B	Dec. 2016	Dec. 2041	50.4	(0.002)
CLEAN Program Projects	Varies	Varies	5.0	0.027
<b>Total Operating Resources</b>			<b>539.0</b>	<b>0.223</b>
Golden Fields Solar III	Jan. 2023	Dec. 2047	75.0	(0.056)
<b>Total Non-Operating Resources</b>			<b>75.0</b>	<b>(0.056)</b>
<b>Total Committed Resources</b>			<b>614.0</b>	<b>0.168</b>

### RPS Procurement Plan Compliance

Annually, the Utilities Director reviews CPAU's RPS Procurement Plan to determine compliance with the state's RPS Program. Under the state RPS Program, the California Energy Commission (CEC) developed portfolio balancing requirements, which dictate what percentage of renewable procurement must come from resources interconnected to a California Balancing Area (as opposed to an out-of-state transmission grid balancing area). These requirements also determine the eligibility criteria for renewable resource products as determined by their eligible Portfolio Content Categories<sup>1</sup>, found in the CEC Enforcement Procedure RPS (CA Code of Regulations, Title 20, Section 3203). The CEC Enforcement Procedures apply to publicly owned utilities (POUs), such as CPAU.

<sup>1</sup> RPS Portfolio Content Categories are defined as follows: Category 1 is energy and RECs delivered to a California Balancing Authority (CBA) without substituting electricity from another source, Category 2 is energy and RECs that cannot be delivered to a CBA without substituting electricity from another source, and Category 3 is unbundled RECs.

In accordance with the state's RPS Program requirements, CPAU's Procurement Plan develops a renewable electric supply portfolio that balances environmental goals with system reliability while maintaining stable and low retail electric rates. The state RPS program requires retail electricity suppliers like CPAU to procure progressively larger renewable electricity supplies across three separate Compliance Periods, as outlined below.

1. Compliance Period 1 (2011 – 2013)

For Compliance Period 1 (2011-2013) retail electricity providers were required to procure renewable electricity supplies equaling 20% of total retail sales, which CPAU did. In this period, CPAU supplied 21.4% of the City's retail electricity sales volumes from renewable energy sources. The procurement results for Compliance Period 1 are displayed in Table 2 below:

**Table 2: Compliance Period 1 RPS Procurement Details**

Year	Retail Sales (MWh)	Procurement Target (MWh)*	Actual Procurement (MWh)	% of Retail Sales
2011	949,517	189,903	207,974	21.9%
2012	935,021	187,004	200,621	21.5%
2013	953,235	190,647	199,145	20.9%
TOTAL	2,837,773	567,555	607,740	21.4%

\* Annual procurement targets are "soft" targets. The RPS Procurement Plan requires that the target be met for the compliance period as a whole, not in each year of the compliance period.

All of the renewable energy procured in Compliance Period 1 came from resources whose contracts were executed before June 1, 2010. The RPS Procurement Plan considers these contracts "grandfathered," and since all of the renewable energy procurement for Compliance Period 1 was from these types of contracts, there was no need to meet the Portfolio Balancing Requirements included in Section B.4 of the RPS Procurement Plan.

2. Compliance Period 2 (2014 – 2016)

In Compliance Period 2, renewable procurement must equal or exceed the sum of the three annual RPS procurement targets described by the following equations:

$$2014 \text{ RPS Target} = 20\% \times (\text{Retail Sales in 2014})$$

$$2015 \text{ RPS Target} = 20\% \times (\text{Retail Sales in 2015})$$

$$2016 \text{ RPS Target} = 25\% \times (\text{Retail Sales in 2016})$$

As shown in Table 3 below, CPAU easily exceeded this mandated procurement level as well. Renewable electricity procurement equaled 29.5% of retail sales for Compliance Period 2 overall.

**Table 3: Compliance Period 2 RPS Procurement Details**

Year	Retail Sales (MWh)	Procurement Target (MWh)*	Actual Procurement (MWh)	% of Retail Sales
2014	953,386	190,677	210,250	22.1%
2015	932,922	186,584	241,262	25.9%

2016	914,748	228,687	375,343	41.0%
TOTAL	2,801,056	605,949	826,855	29.5%

\* Annual procurement targets are “soft” targets. The RPS Procurement Plan requires that the target be met for the compliance period as a whole, not in each year of the compliance period.

Also in Compliance Period 2, the RPS Portfolio Balancing Requirements applied to the procurement levels described above. The specific requirements are: (1) CPAU must procure at least 65% of its renewable supplies from Portfolio Content Category 1, and (2) no more than 15% from Portfolio Content Category 3 (unbundled RECs). CPAU easily met the Compliance Period 2 overall procurement requirement and the RPS Portfolio Balancing Requirement, as five new solar projects came online in 2015 and 2016, and all of these projects are considered Portfolio Content Category 1 resources.

### 3. Compliance Period 3 (2017 – 2020)

For Compliance Period 3, CPAU is subject to “soft” targets to supply at least 27% of its retail sales volume from renewable resources in 2017, with that level increasing by 2% each year until reaching 33% in 2020, as described by the following four equations:

$$2017 \text{ RPS Target} = 27\% \times (\text{Retail Sales in 2017})$$

$$2018 \text{ RPS Target} = 29\% \times (\text{Retail Sales in 2018})$$

$$2019 \text{ RPS Target} = 31\% \times (\text{Retail Sales in 2019})$$

$$2020 \text{ RPS Target} = 33\% \times (\text{Retail Sales in 2020})$$

The overall Compliance Period 3 target is equal to the sum of these four annual soft targets. Despite falling short of the soft target for 2020, CPAU easily exceeded the Compliance Period 3 overall procurement requirement, as well as the Portfolio Balancing Requirement that at least 75% of the renewable electricity supplies come from Portfolio Content Category 1 and no more than 10% come from Portfolio Content Category 3.

**Table 4: Compliance Period 3 RPS Procurement Details**

Year	Retail Sales (MWh)	Procurement Target (MWh)*	Actual/Projected Procurement (MWh)	% of Retail Sales
2017	912,623	246,408	554,206	60.7%
2018	888,033	257,530	574,475	64.7%
2019	861,561	267,084	319,035	37.0%
2020	825,469	272,405	171,587	20.8%
Total	3,487,686	1,043,426	1,619,303	46.4%

\* Annual procurement targets are “soft” targets. The RPS Procurement Plan requires that the target be met for the compliance period as a whole, not in each year of the compliance period.

Finally, as required by the CEC RPS Enforcement Procedures and Section D of the City’s Procurement Plan, staff reported all of the above information to the California Energy Commission in June 2021.



## City of Palo Alto City Council Staff Report

(ID # 13633)

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**Meeting Date: 12/6/2021**

**Title: Discuss and Provide Direction to Staff on Development of New Parking Facilities in the University Avenue Downtown Including Consideration of: (a) Resuming Work on the Garage Project at 375 Hamilton Avenue; or (b) Issuing a Request for Information (RFI) from Private Partners Regarding Development of Parking Using Parking In-Lieu Fees, Potentially in Conjunction with Housing or Other Uses, on Private or City-Owned Properties**

**From: City Manager**

**Lead Department: Administrative Services**

### **Recommendation**

Staff recommends that Council discuss and provide direction on next steps regarding development of new parking facilities in the University Avenue area, including potential direction to:

- a) Direct staff to resume the Downtown Parking Garage Project at 375 Hamilton Avenue (Lot D) including, but not limited to, identifying a timeline and additional funding sources or determining if modifications to the proposed design are appropriate; or,
- b) Initiate a Request for Information (RFI) to examine feasibility of partnering with a private entity (for-profit or non-profit) on development of new parking using Downtown In-Lieu Parking Fees, potentially in conjunction with housing or other uses. At Council's discretion, this could, include the use of the City's surface lots or privately-held parcels.

### **Executive Summary**

Under certain circumstances, the City allows Downtown property owners who are redeveloping their property to satisfy all or part of parking requirement by paying Parking In-Lieu fees to the City. The City uses these fees to construct new parking facilities. The City developed a plan to use accumulated Parking In-Lieu funds to construct a parking structure on Lot D at 375 Hamilton Avenue. In 2019, the City Council approved the garage design and certified the Environmental Impact Report (EIR) but did not immediately proceed with construction. Council directed staff to return with a range of options to address Downtown parking needs. Staff is returning to Council seeking direction on the use of the In-Lieu parking fees which would likely be some variation of: a) initiating a request for information from potential partners for the development of new parking in conjunction with other needed uses, such as housing, or b)

directing staff to resume the existing Downtown Parking Garage at 375 Hamilton Avenue, with or without modification.

As outlined in this report, there are multiple options for consideration; however, this report seeks initial direction from Council in revisiting the Downtown Parking Garage Project or potential alternatives to it.

### **Background**

Developers of nonresidential projects in Downtown Palo Alto may satisfy the City's parking requirements by paying an in-lieu monetary contribution, currently \$115,404 per parking space, per the [Fiscal Year 2022 Adopted Municipal Fee Schedule](#). This fee is based on the actual design and construction costs of the last parking garage, adjusted annually for inflation (See PAMC 16.57.030). These contributions can only be used for construction of public parking spaces within the University Avenue parking assessment district (PAMC 16.57.060). The City's estimated balance of the Parking In-Lieu Fee account is approximately \$6.3 million as of June 30, 2021. The City does anticipate receiving an additional \$9.2 million associated with the President Hotel. This amount will be paid at the time of final building inspection. The amount is subject to increasing as it is adjusted by the City's rate of investment return until the payment is made. Currently, there is a ban on the use of the in-lieu program for non-residential projects above the ground floor.

For several years, the City had been developing plans to construct a new 324-stall downtown parking garage, with an approximate 2,000 square foot retail component, at 375 Hamilton Avenue. The City prepared the design, construction documents, and an Environmental Impact Report and related documentation for the proposed new parking garage. On February 11, 2019, Council voted to certify the Environmental Impact Report and to approve the Architectural Review for the 375 Hamilton Downtown Parking Garage ([CMR 9263](#)). However, the Council stopped short of approving contracts to proceed with final design and construction of the garage. Some Council members expressed concerns regarding environmental impacts of automobile use. The Council directed staff to return with "options to address Downtown parking needs." The parking workplan ([CMR 10464](#)) identifies a number of initiatives in progress related to Downtown parking, including the recent Council approval of a variety of modifications to City parking policies in the Downtown and Cal Ave areas ([CMR 11795](#)). Recently, the Council adopted adjustments to the parking permit pricing to bring it more in line with the costs of transit, to encourage transit use.

### **Discussion**

There are 12 City-owned surface parking lots in Downtown Palo Alto as shown in Table 1 and Figure 1 below. Each lot is zoned Public Facilities (PF) District which is designed to accommodate governmental, public utility, educational, and community service or recreational facilities. A variety of land uses are also conditionally permitted.

<b>Table 1: City of Palo Alto Downtown Surface Parking Lots</b>		
<b>Lot</b>	<b>Approximate Lot Area (sq. ft.)</b>	<b>Number of Stalls</b>
<a href="#"><u>Emerson/Lytton Lot (A)</u></a>	20,265	68
<a href="#"><u>Ramona/Lytton Lot (C)</u></a>	17,000	52
<a href="#"><u>Hamilton/Waverly Lot (D)</u></a>	27,969	84
<a href="#"><u>Gilman/Bryant Lot (E)</u></a>	11,251	35
<a href="#"><u>Florence/Lytton Lot (F)</u></a>	17,174	47
<a href="#"><u>Gilman/Waverly Lot (G)</u></a>	16,873	53
<a href="#"><u>Cowper/Hamilton Lot (H)</u></a>	30,409	93
<a href="#"><u>Lytton/Waverly Lot (K)</u></a>	21,180	47
<a href="#"><u>Emerson/Ramona Lot (N)</u></a>	14,997	48
<a href="#"><u>Emerson/High Lot (O)</u></a>	22,500	78
<a href="#"><u>High/Hamilton Lot (P)</u></a>	15,980	51
<a href="#"><u>Lytton/Kipling Lot (T)</u></a>	19,236	51
<b>Total</b>	<b>234,834</b>	<b>707</b>

Figure 1: City of Palo Alto University Downtown Parking Map





The Office of Transportation typically conducts semi-annual or annual studies on the City's parking facilities. Data from 2019 that was shared with Council on November 1, 2021 ([CMR # 11795](#)), as shown below in Table 2, indicates that some downtown parking facilities are fully occupied during certain peak hours. Since the COVID-19 pandemic, the use of the City's parking infrastructure has been reduced substantially and available parking stalls have been plentiful. However, the loss of 79 on-street parking spaces due to retail parklets, as of June 2021, and the expected eventual recovery from the pandemic may result in an undersupply of parking spaces in the City's downtown in the future. It is prudent for the City to construct additional parking while the City's In-Lieu Parking Fees are available and to plan for future parking demand expected from the eventual recovery and long term growth of downtown.

**Table 2: Downtown Palo Alto Off-Street Parking Supply and Occupancy**

Garage/Lot	Hourly Spaces	Permit Spaces	Total Spaces	Avg. Hourly Occupancy 2019	Avg. Permit Occupancy 2019	Peak Occupancy 2019	Peak Permits Parked 2019	Permit Cap	Possible Additional Permit Capacity Available (60% showrate)
Garage B (Private garage with city hourly use)	63	0	63	69%	NA				NA
Garage CC (Civic Center)	183	509	692	29%	96%	100%	509	875	NA
Garage CW (Cowper Webster)	201	388	589	45%	69%	72%	279.36	773	174
Garage Q (Private garage with city permit use)	0	134	134	NA	48%	58%	77.72	245	90
Garage R (Alma/High)	77	134	211	50%	95%	105%	140.7	375	0
Garage S/L (Bryant/Lytton)	307	381	688	81%	71%	79%	300.99	750	128
Lot A	68	0	68	56%	NA	NA			0
Lot C	25	27	52						
Lot D	86	0	86	68%	NA	NA			0
Lot E (note E and G are combined)	0	34	34	NA	70%	82%	27.88		10
Lot G (note E and G are combined)	0	53	53	NA	76%	88%	46.64	107	10
Lot F	46	0	46	53%	NA	NA			0
Lot H	91	0	91	22%	NA	NA			0
Lot K (Note: K and T are combined)	12	43	55	47%	35%	42%	18.06	55	40
Lot T (Note: K and T are combined)	28	24	52	27%	36%	42%	10.08	55	22
Lot N	46	0	46		NA	NA			0
Lot O	78	0	78		NA	NA			0
Lot P	51	0	51		NA	NA			0
Lot X	0	31	31	NA	30%	31%	9.61	23	34
	1362	1758							508

Staff is returning to the City Council in light of the previously-directed pause of the Downtown Parking Garage Project seeking direction on next steps in pursuing parking investments in the downtown core. Ultimately, this item seeks direction from the City Council on:

- Resumption of the Downtown Parking Garage Project at 375 Hamilton Avenue (Lot D). OR
- Looking at new options or alternatives to the previous project through initiation of a Request for Information (RFI) to examine feasibility of potential development of new parking, potentially in conjunction with housing, or any other use in the University Downtown area. This option includes the use of the City's In-Lieu Parking Fees and surface lots and could also include adding a publicly-funded public parking component to private development Downtown.

Each of these paths will require further follow-up and action by the City Council, which staff will initiate on receipt of Council direction. Guidance on a desired path forward is needed to narrow

options and focus staff efforts. Although neither a final decision nor specific action is requested in this report, below are several scenarios for the City Council's consideration to mitigate the potential impact of future parking demands.

Scenario A: Resuming Downtown Parking Garage Project at 375 Hamilton Ave.

This scenario provides additional parking in Downtown by resuming the approved downtown Parking Garage Project at 375 Hamilton Avenue that was brought before the Council on February 11, 2019 ([CMR 9263](#)), or determining if modifications to the proposed design are appropriate (which may result in additional steps such as evaluating any implications to the existing Environmental Impact Report (EIR) and architectural review). Additional details about the project can be found in [the Downtown Parking Garage Project website](#). Final design would need to be completed to develop construction documents for bidding of the project. Per the 2019 Adopted Capital Budget, construction of the 375 Hamilton Garage was projected at a cost of \$29.1 million and a duration of 16 months, although that cost was expected to increase through the design work that was in progress. The project, however, can be scaled down by eliminating the basement level to reduce construction time and cost, while still delivering an appropriate number of parking spaces and using the in-lieu fees in the City's account.

Scenario B: Development of New Parking with a Private Partner, Potentially in Conjunction with Housing or Other Desired Uses

The second scenario combines the interest to increase downtown parking supply coupled with an opportunity for new housing units or other desired uses. A project of this nature could be built on a City-owned parcel(s) currently used for surface parking or in combination with a privately-owned parcel. For example, the City could partner with a non-profit or market-rate home builder to construct new housing on one surface lot and build a new parking garage on another (surface parking) lot. The new garage would replace any parking spaces lost to redevelopment and result in net new parking to serve the downtown area using the parking in-lieu fees.

Through the housing element discussions, there has been some interest in exploring the possibility of using a surface parking lot for an income-restricted housing development. The housing element working group also received a presentation from two current Architectural Review Board members, with their analysis showing the 12 downtown surface parking lots can potentially be redeveloped to accommodate significantly more housing, retail and public parking.<sup>1</sup> Staff has not independently verified the architects' work, which staff understands anticipates some development concessions and market-rate home building. The housing element working group has been clear in its interest for 100% affordable housing if this type of development is pursued.

In the alternative, the City could seek information from the marketplace regarding the viability of adding a public parking element to otherwise-private development, funded by In-Lieu

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<sup>1</sup> September 2, 2021 Housing Element Working Group Report with Hirsch/Baltay Presentation: [https://paloaltohousingelement.com/wp-content/uploads/2021/08/September-2\\_Memo\\_FINAL.pdf](https://paloaltohousingelement.com/wp-content/uploads/2021/08/September-2_Memo_FINAL.pdf)

Parking Funds. Querying the market on this issue would allow the City to better understand the potential for creative public-private partnerships and to learn whether this type of project would offer benefits in efficiency and economies of scale.

### **Potential Next Steps if Looking at New Options or Alternatives to the 375 Downtown Garage**

For the purposes of this report and possible Council direction, if there is Council interest in Scenario B, staff would begin broadly by looking at new options or alternatives to the previous project at 375 Hamilton. Depending on the guidance of the Council, staff would likely engage with qualified development consultants to help assess financial feasibility and the crafting of a request for information, or other appropriate contract process, to solicit information from the market about a range of viable options. From the results of this process, staff would be better able to provide options for the Council consideration for development of a new project including characteristics, finances, and timing.

For the purposes of this next step, identification of priority attributes by the City Council would assist staff in crafting an RFI or appropriate process. For example:

- Should core characteristics of the solicitation offer City support consisting of both City parking lots and parking in-lieu funding for the development of new parking facilities in the Downtown Core? Is Council interested in exploring construction of public parking spaces as a component of private development on privately-owned parcels?
- What are Council's priorities or nonstarters for a potential project? This could include:
  - new market rate or affordable housing, understanding that 100% affordable housing may require significant additional City funding;
  - projects that conform with current City code requirements such as height restrictions or that would include moderate exemptions similar to those allowed under the City's Planned Housing Zone program; or
  - projects that support economic vibrancy of the downtown core.

Staff recommend that this initial process remain fairly broad to ensure the Council is apprised of the opportunities that partnerships may present. At the same time, it is helpful for staff and the market to be aware of project types or elements that Council considers to be nonstarters.

### **Timeline**

Following selection and approval of one of the recommendations identified in this report, staff will conduct further analysis and return to Council with project specifics.

### **Resource Impact**

The estimated cost in 2019 to construct the 375 Hamilton Garage was \$29.1 million, or approximately \$90,000 per parking space, based on the proposed 324 parking spaces to be constructed. Removing the 56 proposed parking stalls in the basement could help reduce the cost to approximately \$25 million.

The current balance of the City's Parking In-Lieu Fee account is in excess of \$6 million, and the

City recently received a commitment from the 488 University Avenue hotel project (President Hotel) to pay an additional amount of approximately \$9 million. Other funding sources will be required, in amounts that depend on the magnitude of the project selected. Funding from the State may also be available for an affordable housing project.

**Policy Implications**

A public parking garage in downtown was among nine key projects included in the 2014 Council Infrastructure Plan. The City's In-Lieu Parking Fees are required to be used for the development of additional parking in the Downtown Commercial District, per the Palo Alto Municipal Code.

**Stakeholder Engagement**

The Office of Transportation has done limited public outreach regarding parking in the past. Staff will conduct additional stakeholder engagement as the project progresses.

**Environmental Review**

The previously certified Environmental Impact Report (EIR) for 375 Hamilton Avenue is available [online](#). Complete CEQA documentation for a new project or a new site will be completed as part of the schematic design phase after final selection.

## Schedule of Meetings

Published November 24, 2021

This is a courtesy notice only. Meeting dates, times, and locations are subject to change. Almost all Palo Alto Council and some Standing Committee meetings are cablecast live on Channel 26. If there happens to be concurrent meetings, one meeting will be broadcast on Channel 29.

**Until further notice, all meetings except City Council Meetings will be held virtually.  
City Council Meetings will be held in-person and virtually.**

### MONDAY, NOVEMBER 29

Sp. City Council Meeting, 5 p.m.

### TUESDAY, NOVEMBER 30

Sp. Finance Committee Meeting, 6 p.m.

### WEDNESDAY, DECEMBER 1

Sp. Utilities Advisory Commission Meeting, 5 p.m.

### THURSDAY, DECEMBER 2

Architectural Review Board Meeting, 8:30 a.m.

### MONDAY, DECEMBER 6

Sp. City Council Meeting, 5 p.m.

### TUESDAY, DECEMBER 7

Sp. Finance Committee Meeting, 6 p.m.

### WEDNESDAY, DECEMBER 8

Planning & Transportation Commission Meeting, 6 p.m.

### THURSDAY, DECEMBER 9

Historic Resources Board Meeting, 8:30 a.m.

Human Relations Commission Meeting, 6 p.m.

Sp. Architectural Review Board Meeting, 1 p.m.

### MONDAY, DECEMBER 13

Sp. City Council Meeting, 5 p.m.

### TUESDAY, DECEMBER 14

Sp. Policy and Services Committee Meeting, 7 p.m.

Sp. Parks & Recreation Commission Meeting, 7 p.m.

### WEDNESDAY, DECEMBER 15

Sp. Planning & Transportation Commission Meeting, 6 p.m.

### THURSDAY, DECEMBER 16

Architectural Review Board Meeting, 8:30 a.m.

City/School Liaison Committee Meeting, 8:30 a.m.

Public Art Commission Meeting, 7 p.m.

### MONDAY, JANUARY 3

Sp. City Council Reorganization Meeting, 5 p.m.