REVISED AGENDA

*Changes are denoted in red on the agenda

***BY VIRTUAL TELECONFERENCE ONLY***

CLICK HERE TO JOIN  Zoom Meeting ID: 362 027 238  Phone:1(669)900-6833

Pursuant to Governor Newsom’s Executive Order N-29-20, as amended through order N-08-21, 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 in the meeting from home or attend the meeting in person. Information on how the public may observe and participate in the meeting is located at the end of the agenda.

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

TIME ESTIMATES
Time estimates are provided as part of the City Council’s effort to manage City Council meetings. Listed times are estimates only and are subject to change at any time, including while the meeting is in progress. Agenda items may be heard before or after the time estimated on the agenda.

CITY COUNCIL MEETING MATERIALS
Materials related to an item on this agenda submitted to the City Council after distribution of the agenda meeting packet are available for public inspection on the City’s website.

AMERICANS WITH DISABILITY ACT (ADA)
Persons with disabilities who require auxiliary aids or services in using City facilities, services or programs or who would like information on the City’s compliance with ADA, may contact (650) 329-2550 (Voice) 24 hours in advance.

CALL TO ORDER

SPECIAL ORDERS OF THE DAY

CLOSED SESSION (5:00 PM to 6:15 PM)
Public Comments: Members of the public may speak to the Closed Session item(s); three minutes per speaker.
1. 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);
Authority: Government Code Section 54957.6 (a)

STUDY SESSION (6:15 PM - 7:15 PM)

Presentation 2. Foothills Fire Mitigation Strategies Study Session

COUNCIL BREAK (7:15 PM-7:25 PM)

AGENDA CHANGES, ADDITIONS AND DELETIONS

PUBLIC COMMENT (7:25 PM -7:40 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 (7:40 PM to 7:55 PM)
Items will be voted on in one motion unless removed from the calendar by three Council Members.

3. Approve Minutes from August 16, 2021

4. Approval of Contract Amendment Number 2 to Contract Number C17165953 with RossDrulisCusenbery Architecture, Inc., to Add to the Scope of Services and Add $283,410 to the contract sum, for a new Total Not to Exceed Amount of $9,037,608, for Design and Environmental Assessment Professional Services for the Public Safety Building, Capital Improvement Project (PE-15001)

5. Adoption of a Resolution to Authorize the City Manager to Submit Application(s) and Related Agreement(s) for the California Department of Resources Recycling and Recovery (CalRecycle) Rubberized Pavement Grant Program

Q&A

6. Adoption of an Ordinance Amending Title 9, Public Peace, Morals and Safety, of the Municipal Code to Add Chapter 9.07 Requiring Safe Storage of Firearms in Palo Alto Residences to Prevent Improper Firearm Access; Adoption of a Resolution Amending the Administrative Penalty Schedule to Add Conforming Penalty

Q&A

Public Comment

AA1. Approval of a Professional Services Agreement With Enovity, Inc. for Energy Efficiency Program Services in an Amount of $661,667 per Year
for a Total Not-to-Exceed Amount $1,985,000 for a Three-year Term Through August 15, 2024

CITY MANAGER COMMENTS (7:55 PM to 8:10 PM)

ACTION ITEMS

7. Policy and Services Committee Recommends City Council Approve Retention of a Consultant to Clean Up and Reformat the City Council Procedures and Protocols Handbook (8:10 PM - 8:40 PM)

8. Direction on Strategies Related to Services for Unhoused Palo Alto Residents, Including Potential Emergency Shelter, and Adoption of a Resolution Endorsing the Santa Clara County Community Plan to End Homelessness 2020-25 (Continued from August 9, 2021) (8:40 PM - 10:30 PM) *presentation was added to this item materials

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.

9. Sales Tax Digest Summary 4th Quarter Calendar 2020

10. Accessory Dwelling Unit (ADU) Quarterly Report (Quarter 3 and Quarter 4, Calendar Year 2020)


OTHER INFORMATION

No Standing Committee Meetings This Week

Schedule of Meetings

Public Letters to Council Received August 11, 2021 to August 18, 2021
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 staring with AA, meaning Amended Agenda item.

AA1. Approval of a Professional Services Agreement With Enovity, Inc. for Energy Efficiency Program Services in an Amount of $661,667 per Year for a Total Not-to-Exceed Amount $1,985,000 for a Three-year Term Through August 15, 2024


8. Direction on Strategies Related to Services for Unhoused Palo Alto Residents, Including Potential Emergency Shelter, and Adoption of a Resolution Endorsing the Santa Clara County Community Plan to End Homelessness 2020-25 (Continued from August 9, 2021) (8:40 PM - 10:30 PM) *A presentation was added to this item
Summary Title: Foothills Fire Mitigation Strategies

Title: Foothills Fire Mitigation Strategies Study Session

From: City Manager

Lead Department: Office of Emergency Services

Recommendation
This is a study session, and no action is needed from council.

Background
This study session is a follow-on to the Informational Report presented to Council on June 21, 2021:


That report defines the “foothills” wildland urban interface (WUI) and other elements referenced herein, such as the Foothills Fire Early Warning System (FFEWS). The drought and other risk factors for wildfires have worsened since the date of that document. According to CAL FIRE, fuel moisture samples in our area’s wildland urban interface (WUI) are now already as low as typically seen in September. In this study session, we will present updated information, including the perspectives of some of our regional partners.

Discussion

Current and Predicted Wildfire Situation:
The 2021 wildfire season has started along a trajectory of grave concern. The National Interagency Fire Center (NIFC) in Boise, ID, provides a means to track these incidents. The InciWeb map provides a geospatial view.

Regional Wildfire Preparedness, Prevention, and Mitigation:
• An ounce of prevention is worth a pound of cure.

---

1 How much water is in foliage, viz. how ignitable such vegetation is.
2 E-mail from CAL FIRE Division Chief Richard Sampson to OES Chief Dueker, August 2, 2021.
3 https://www.nifc.gov/fire-information/nfn
4 https://inciweb.nwcg.gov/
A primary action to reduce risk is to lessen the probability of ignition as well as the potential severity of a wildfire.

“Fuel reduction” and “vegetation management” are terms of art meaning the reduction or removal (“treatment”) of certain plants and flammable materials combined with other actions to both reduce the chances of ignition (especially near roadways) as well as to stop or at least slow the spread of flames.5

Certain types of plants are especially flammable, such as eucalyptus. Similarly, wood-shake roofs and other architectural design elements can make buildings more prone to burning down during wildfires. Some local jurisdictions have modified building codes and enacted regulations to reduce such hazards.6

The Santa Clara County Community Wildfire Protection Plan (CWPP)7 provides details of such efforts, including annexes for the various political subdivisions, special districts (including the Midpeninsula Regional Open Space District (MROSD)), Stanford University, and the Fire Safe Councils.

The City of Palo Alto’s Foothills Fire Mitigation Plan (FFMP) is integrated in this regional planning process.8

Because our wildland urban interface (WUI) is coterminous with San Mateo County, we also interoperate with the various partner agencies there, such as the Woodside Fire Protection District, San Mateo County Sheriff, and so forth.

For example, the San Mateo County Fire Safe Council9 has been a solid regional partner in bringing various entities together and conducting risk-reduction work. Their executive director, Denise Enea (who is a retired Fire Marshal from the Woodside Fire Protection District), provided two project tracking spreadsheets [APPENDIX 1 and 2]

Midpeninsula Regional Open Space District (MROSD, a.k.a. Midpen) is a steward of over 65,000 acres, with several open space preserves in the city limits of Palo Alto and many more in our foothills area of interest. Below are a few updates from Skyline Area Manager Craig Beckman10 who will speak at this study session:

Midpen just completed an EIR to allow us to dramatically increase the area that can be managed for fuel reduction and forest health. As capacity ramps up (Midpen funding, grant funding, cooperative projects) up to 1,000 acres can be managed (of the total Midpen ownership of 65,000 acres) each year. More information including maps of potential work areas in Palo Alto are at this link https://www.openspace.org/our-work/projects/wfrp. The

---

5 https://www.nfpa.org/Public-Education/Fire-causes-and-risks/Wildfire/Firewise-USA/Online-learning-opportunities/Community-Wildfire-Risk-Assessment-Tutorial
9 https://firesafesanmateo.org/
10 E-mail from MROSD Skyline Area Manager Craig Beckman to OES Chief Dueker, August 4, 2021.
prioritization (Tier 1 and 2) will get reviewed every year including input from fire agencies on their priorities so what shows on these maps is already outdated.

- Midpen intends on completing work on Page Mill this year (particularly around the Montebello and Los Trancos parking lots as Temporary Refuge Areas). Midpen staff have discussed how to work with the Santa Clara County Fire Safe Council to continue to support and expand on the work along Page Mill already in progress.

- This EIR allows us to perform vegetation reduction. The next step in the EIR process is to expand our capacity to utilize prescribed fire where safe and appropriate to get to a more landscape scale fuel management. That process will start in about a year and may take 2-5 years to complete the EIR. At this time, we can perform pile burns but not broadcast burns.

- In the recent past, Midpen removed 100 eucalyptus trees near Struggle Mountain on Page Mill Road with collaboration from Palo Alto staff and the Santa Clara Fire Safe Council. It was expensive but it was a valuable project to reduce the fire hazards along Page Mill.

- Midpen continues to perform annual maintenance of existing fuel breaks along Page Mill Road (disc lines in grassland areas) and along Monte Bello Road across Black Mountain.

- Midpen just completed a 47-acre reduced fuel zone around the community off Skyline Boulevard in the Cloud’s Rest/Crazy Pete’s/Rocky Creek/Heacox Road area surrounded by Coal Creek Preserve. This was funded by a state grant to pay for a CCC crew to perform most of the work. The final tree removal should be wrapping up in the next few months.

- Midpen is working on ways to better collaborate with the various Fire Safe Councils to allow work on Midpen property along Skyline Boulevard, Page Mill Road, and Hwy 9. Current Fire Safe Council efforts are underway along Page Mill, Hwy 9, and Hwy 35.

- Midpen is actively pursuing grant money and has already received grants from the State Coastal Conservancy ($400,000) and Cal Fire ($1,500,000) to perform work in various locations and is trying to work out how to ramp up their capability to do more.

Stanford University is stepping up its wildfire prevention efforts in response to changing weather conditions that are increasing the length and severity of California’s wildfire season. The university’s main campus land covers 8,180 acres, much of which is undeveloped and populated with natural and sometimes dense vegetation and open grasslands, making it at risk for wildfires.

- The proximity of undeveloped areas to academic and residential facilities on campus and structures in neighboring jurisdictions, combined with evolving wildfire conditions, spurred several Stanford departments to convene a Wildfire Management Team tasked with looking more comprehensively at the university’s approach to wildfire prevention and management.

- The foundation of the current work was set two years ago when Stanford prepared and published its 2019 Wildfire Management Plan. A year ago, Stanford assembled a group of experts in wildland fire science, forest ecology and environmental planning to update and
expand the scope of the 2019 plan. The goal of this new effort is to “provide recommendations for vegetation management and an ongoing maintenance plan for Stanford’s lands, based on wildland fire hazard risks, best practices and tools.” The expanded planning effort utilized innovative fire modeling tools and techniques that identified which parts of Stanford’s lands need priority actions given the landscape composition and weather patterns evidenced in other recent California wildfires.

- One of the unique aspects of Stanford’s main campus and surrounding lands are that they extend across seven local government jurisdictions – Santa Clara County, San Mateo County, Palo Alto, Menlo Park, Portola Valley, Woodside and Los Altos Hills. University officials intend to coordinate on an ongoing basis with these jurisdictions and the California Department of Forestry and Fire Prevention (CAL FIRE) to ensure Stanford’s wildfire prevention plan aligns with other local and regional approaches being undertaken by local fire departments, fire protection districts, and CAL FIRE.

Stanford is taking care to incorporate the latest resource protection strategies into its current actions and plans. By carefully incorporating vegetation management practices, the university hopes to minimize effects on biological, cultural, visual and other resources as the university addresses wildfire concerns.

Interagency Cooperation:
Wildland fires rarely fit tidily in a single jurisdiction and generally require a multi-agency, multi-discipline response, with fire agencies, law enforcement, National Guard, park rangers, and other assisting agencies, as well as support from the emergency medical service (ambulances), hospitals, the Red Cross, and others.

Such complex management structures are facilitated through the Incident Command System (ICS). There are opportunities to improve efficiency through

1) human-level familiarization and
2) improved technology.

Human level familiarization is how well the individuals interact and cooperate when collectively faced with a chaotic, high-stress environment such as a wildfire.

Improved technology is about what tools can be used to make the operation more effective (and is detailed in the above-referenced Informational Report).

It should be noted that the Incident Management Team (IMT) structure is an important resource for the region when dealing with wildland fires and other complex public safety incidents. The South Bay Incident Management Team (SB IMT)\(^1\) includes public safety staff

from agencies in Santa Cruz County, Santa Clara County, and San Mateo County. IMT members were deployed for the “lightning complex” fires last season and routinely train together.

- An event that builds familiarity, especially among entities that may not routinely work together, is the annual 4th of July Safety Watch that Palo Alto OES coordinates. The Safety Watch is a pre-plan for contingencies (not just fire) that 1) provides a framework for a multi-agency response, 2) updates the roster of contacts both of agency leadership as well as who is on duty that night, and 3) integrates resources ranging from the Civil Air Patrol to the Emergency Services Volunteers.

- Another example is the San Francisquito Creek Multi-Agency Coordination group (SFC MAC). We may evaluate the need for a MAC structure for our WUI, but at this time existing mechanisms for cooperation are likely appropriate.

The City intends to implement a Wildland Fire Technology Test Bed. The Test Bed would be a collaborative forum where academic, government, non-profit, and for-profit approaches to wildland fire topics and approaches can be explored. The Test Bed may end up being administered by a third-party, but the City seeks to convene it, initially. This is intended to reinforce human relationships as well as allow progress on the Foothills Fire Early Warning System (FFEWS) and other potential problem-solving approaches. As part of this initiative staff will need to work cross functionally across stakeholders to review implications in accordance with the current Palo Alto Municipal Code including compliance with the Council approved surveillance policy, discussed further below in this report.

**Interagency cooperation efforts** have already been enhanced through recent actions. Earlier this year, the City of Palo Alto, the Santa Clara County Fire Department, and the Los Altos Hills County Fire District (a funding agency), entered into an agreement to jointly staff Fire Station 8, located in Foothills Nature Preserve during wildland fire seasons. As noted in that staff report, visitor levels to that Preserve have increased 322% since last year, increasing the risk of fire ignition and other public safety incidents, ranging from injuries to crime.

Another factor is that the foothills have experienced an increase in criminal activity. At about 1 a.m. on July 25th, the following 9-1-1 report came in from the Silicon Valley Vista Point on Skyline Boulevard (Hwy 35), just North of Page Mill Road, near Clouds Rest Road: “Fireworks launched and started a fire in the area.” In that case, tragedy was averted. However, we should not confuse good luck with a lack of danger.

**Second-Order Consequences of Wildland Fires**

There are a number of other hazards that are associated with wildfires, especially of the large-scale variety, including:

---

12 [https://www.cityofpaloalto.org/Departments/Emergency-Services/Plans-and-Information](https://www.cityofpaloalto.org/Departments/Emergency-Services/Plans-and-Information)


14 CAD (Computer Aided Dispatch) record: Palo Alto (with Stanford University under contract), Los Altos, and Mountain View (with MRSOD under contract) are all on the same CAD system.
• Destruction of ecological resources, habitats, soil destabilization (landslides)
• Disruption of utilities, loss of infrastructure
• Telecommunications failure from equipment damage, power loss, overload
• Smoke resulting in public health issues, long-term lung damage, cancer
• Increased risk to non-WUI area: first responder resources diverted to life-saving missions unavailable for other calls for service
• Exhaustion of public safety personnel and assets: First responders have been in a long battle on a number of fronts.

Thus, the investment in mitigation measures should be evaluated in the context of offsetting a larger scope of potential assets at risk and losses.

Actions for the Public:
• The public can and must assist in reducing risk and reducing loss of life in the event of a wildfire in our area by taking a number of steps to be prepared, stay informed, and get involved.
• Mitigate Risk: For landowners in the WUI, follow the defensible space and other mitigation guidelines and comply with laws.\textsuperscript{15} Neighborhoods can participate in the NFPA FireWise program.\textsuperscript{16}
• Plan & Prepare: Follow the Ready-Set-Go wildfire preparedness steps at https://cityofpaloalto.org/wildfire
• Stay Informed: Consider using new tools for enhanced awareness: AlertWildfire cameras, PulsePoint app, www.cityofpaloalto.org/stayinformed
• Evacuation: When Santa Clara County launches Zonehaven (already activated in San Mateo County), the “know your zone” public education campaign will refer to https://community.zonehaven.com.
• Consider taking steps to protect your home, business, and other buildings from wildfire smoke (HEPA filtration systems).
• Be aware of similar efforts and resources in jurisdictions where you spend time.\textsuperscript{17}
• Join our Emergency Services Volunteer program\textsuperscript{18} or the CERT or equivalent program in your respective jurisdiction.

\textsuperscript{15} https://www.readyforwildfire.org/more/fire-safety-laws/
\textsuperscript{16} https://www.nfpa.org/Public-Education/Fire-causes-and-risks/Wildfire/Firewise-USA/Become-a-Firewise-USA-site
\textsuperscript{17} https://www.portolavalley.net/Home/Components/News/News/4991/27?npage=2
\textsuperscript{18} https://www.cityofpaloalto.org/emergencyvolunteers
City of Palo Alto Actions and Projects (Potential and Planned):

In addition to the interagency and specifically City actions discussed earlier in this report, below are some additional elements not already mentioned that are either currently additional planned actions or potential new initiatives:

- The City of Palo Alto is hosting a Wildfire Preparedness Community Meeting on August 19 for those community members in the WUI. The Santa Clara County Local Agency Formation Commission (LAFCO) is also hosting a series of community meetings.

- Arastradero Preserve: Clear downed branches and duff around eucalyptus trees; evaluation and coordination with Stanford University for potential removal of such trees, viz. some are on Stanford’s property.

- City of Palo Alto Utilities: Continuing work to underground electric lines in the foothills; longer-term project to extend City fiber to the Montebello Reservoir to support FFEWS and multi-agency radio systems.

- Foothills Nature Preserve: In addition to other mitigation tasks listed in the FFMP, Open Space Rangers have recently conducted additional weed whipping 10 to 15 feet off of roadways in Foothills Nature Preserve.

- Palo Alto Fire and Open Space staff performed a fire safety field survey of Foothills Nature Preserve and Pearson Arastradero Preserve on July 28. Fire staff provided feedback on the City’s fire prevention work in the open space areas. The general feedback was that the status of this year’s wildfire prevention work, and what is still visible from previous year’s work, appears highly effective. Staff didn’t find any significant fire safety issues.

Staff identified a few areas that need attention and made the following recommendations:

1. Have a contractor/crew limb up the eucalyptus trees along Arastradero/Stanford Felt Lake area and chip the branches and downfall. The eucalyptus trees are prone to lightning strikes due to them being one of the few tall points in that area. It would make sense to prune all the eucalyptus trees in Foothills and Arastradero preserves. Fire staff supports removing the trees once funding is available (this may require environmental review).

2. Trim back the branches near the Foothills Nature Preserve Interpretive Center. Keep gutters free of leaf litter. This can be accomplished this year with Open Space staff.

3. Continue weed whipping around the perimeter of the Foothills maintenance shop and a few other areas. This will be completed by Open Space staff by August 15.

4. Limb up the trees and remove the dead trees along Trappers Fire Break/Pony Tracks Fire Breaks in Foothills Nature Preserve. This work would likely be performed by a contractor.

19 https://www.eventbrite.com/e/wildfire-preparedness-community-meeting-tickets-163923905815
20 https://santaclaralafco.org/countywide-fire-service-review
and has not been scheduled, yet. Valley View and Madrone Fire Breaks are in good condition.

5. Continue the practice of regularly removing leaf litter from around the BBQs in Orchard Glenn and Oak Grove picnic areas.

Fire staff observations and considerations that assisted in determining the recommended areas for attention outlined above include:

- Supporting the current closure of use of campfire circles at Towle Camp through the remainder of this fire season. However, they don’t think that the BBQs or campfire circles pose a significant risk if they continue to be adequately maintained.

- Supporting significant pruning or removal of eucalyptus trees in Foothills Nature Preserve and Pearson Arastradero Preserve.

- Confirmation that the fire prevention efforts (weed whipping, discing, and mowing) that has been completed this year in Foothills Nature Preserve and Pearson Arastradero Preserve appear to have been highly effective. They also noted that the work accomplished in prior years (heavier fuel reduction) are still noticeable and indicate good progress in improving wildland fire safety.

- Staff completed a brief survey of BBQ and campfire policies from a few neighboring park agencies for reference:

  **San Mateo County Parks**
  - Only allow charcoal for the BBQs, and during high fire risk days they may close select BBQs. If a person has a paid picnic area reservation, BBQing is allowed even on the high fire risk days.
  - Do not allow any wood burning fires in the park. Do allow charcoal BBQs in their campground.

  **California State Parks**
  - Allow wood fires and BBQs
  - On Red Flag days no wood fires and no BBQs are allowed (propane camp stoves are allowed)
  - Have had issues this year with abandoned campfires

  **Santa Clara County Parks**
  - Allow wood fires and BBQs (charcoal only). Do require a 10’ clearance around BBQs
  - On Red Flag days wood fires are prohibited, but charcoal BBQs are allowed. Camp stoves or gas grills are permitted on red flag days.

  **Loch Lomond Recreation Area**
  - BBQs have been banned for rest of the year

Areas staff have identified potential further Council consideration and potential action include:
• Resources: Recommend the restoration of at least $60,000 to the Public Works budget for fire mitigation work in accordance with the Foothills Fire Management Plan and guidance by the Fire Department. Staffing shortages in Public Works will continue to require the use of outside contractors. As explained in the Informational Report, the Santa Clara Fire Safe Council was the preferred manager of the project.

• Policy: Recommend a categorical exempt fire detection technology in the WUI from the definition of “surveillance technology” in PAMC 2.30.680(c). This creates a burden on staff and does not make sense, since the technology will be disclosed to the Council via staff reports and since cameras and such will be publicly viewable, in most cases. Cameras and sensors for flood detection have not been treated as subject to this ordinance, thus, nor should the Foothills Fire Early Warning System (FFEWS). The City should be able to host experimental technology and operate a test bed for FFEWS, showing leadership, not timidity.

Conclusion:
Awareness of risk should guide policy decisions and future resource allocation discussions. Early detection of a wildfire is of paramount importance. As noted in the Informational Report, the FFEWS test bed will explore means to improve public notification and warning, but will first focus on detection and information processing and visualization.22

Years of suboptimal choices will not be easily nor quickly remedied. Stanford University researchers, among others, are exploring new blueprints for reducing the current wildfire hazards.23

Finally, it is important to note that actions taken collectively by agencies, landowners, etc. in the near- and mid-term might not be sufficient to mitigate or prevent a major fire. As we are seeing now with large fires in California and other areas of the Pacific Northwest, the usual concepts of defensible space, fuel reduction, and firefighting can be obviated when such fires generate their own winds (fire weather) and become unstoppable by humans.

Timeline, Resource Impact, Policy Implications
Since FY 2016, the City has allocated specific funds annually to three departments to pursue the goals of the FFMP: Fire Department ($60,000), the Public Works Department ($ 54,800), and the Community Services Department ($66,700) for a total of $181,500. The FY2022 Adopted Budget eliminated allocated funding in the Public Works Department and during these financially constrained times, rely on staff resources to accomplish the work needed by the FFMP. This is unsustainable for the long-term needs of the FFMP.

21 https://codelibrary.amlegal.com/codes/paloalto/latest/paloalto_ca/0-0-0-55385
22 The City of Berkeley recently installed public address speakers/sirens: https://www.berkeleyside.org/2021/06/15/penasys-emergency-alert-sirens-berkeley-zonehaven-compatible
Additionally, as described in Staff Report 12315, the stewardship agreement between the City and the Santa Clara County Fire Safe Council (SCCFSC) has recently ended, due to the SCCFSC’s inability to comply with the State Department of Industrial Relations (DIR) prevailing wage requirements and related labor laws. As a result, the City is working toward separate contracts for certain mitigation tasks not able to be performed by staff and previously completed under the former agreement. These contractors are in higher demand as more wildfire resilience work increases across our region, with labor costs increasing as well – this is expected to impact the cost and the amount of work that the City will be able to provision. The City is also exploring the possibility of a partnership agreement with San Mateo County Fire Safe Council.

**Stakeholder Engagement**
Wildfire mitigation and resilience as described in this staff report includes both internal Palo Alto staff engagement among our Foothills Fire Management Coordination Group; our coordination among allied public safety agencies in our area of operations, the same ones that provided input to this report; and with the communities most at risk to the wildfire threat.

**Environmental Review**
The staff report does not constitute a project under the California Environmental Quality Act (CEQA)

**Attachments:**
- **Attachment2.a:** Appendix 1: San Mateo County Fire Safe Council Wildfire Resiliency (3)
- **Attachment2.b:** Appendix 2: San Mateo County Wildfire Projects 7-21-21
### Wildfire Resiliency Mitigation

<table>
<thead>
<tr>
<th>Activity Description</th>
<th>Funding</th>
<th>Collaborators</th>
<th>Specific Target Areas</th>
<th>Department to Manage Funding</th>
<th>Program Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hazardous Fuels Reduction</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arterial Evacuation Routes shaded fuel breaks</td>
<td>$450,000</td>
<td>Fire Safe, Public Works, Cal Trans, Towns &amp; Cities</td>
<td>Unincorporated areas of Emerald Hills, Devonshire, Woodside, Portola Valley, Palomar Park, Skylonda, SM Highlands, Burlingame, , SM Highlands, Moss Beach, El Granada, Brisbane</td>
<td>COUNTY FIRE</td>
<td>Fire Safe</td>
</tr>
<tr>
<td>Mow annual grass and remove brush, small invasive non native trees and ladder fuels within right of way and encroaching into the public roadways</td>
<td>$200,000</td>
<td>Public Works, Planning, Fire Safe, Fire Agencies, HOA’s, Cities &amp; Towns</td>
<td>Alpine Road, Kings Mtn, Pescadero Creek, Bear Gulch, Tunitas Creek, Portola State Park Road</td>
<td>COUNTY FIRE</td>
<td>Fire Safe, Fire Agencies</td>
</tr>
<tr>
<td>Target Hazard Tree Removals</td>
<td>$525,000</td>
<td>HOAs, Fire Safe, Fire Agencies, RCD, Cities &amp; Towns</td>
<td>Unincorporated and specific Towns &amp; Cities within WUI high fire risk areas</td>
<td>COUNTY FIRE</td>
<td>RCD, Fire Safe, County Fire</td>
</tr>
<tr>
<td>Neighborhood Chipping Programs</td>
<td>$400,000</td>
<td>Fire Safe, RCD, SMC Parks, Fire Agencies, MidPen, SFPUC, Cal Water, PGE, Towns &amp; Cities</td>
<td>Unincorporated SMC</td>
<td>OFFICE OF SUSTAINABILITY</td>
<td>Fire Safe, Fire Agencies, RCD</td>
</tr>
<tr>
<td>Prioritize and implement the most valuable WUI fuel reduction projects in the unincorporated WUI. Work with collaborators to collaborate in financial matches for grants and organize community partners, limited forester consultation and implementation of Cal Fire Ben Lomond, CCC and agency hand crews.</td>
<td>$150,000</td>
<td>Fire Safe, RCD</td>
<td>Portola Valley, Woodside, Redwood City, San Carlos, Belmont, Hillsborough, Pacifica, Pescadero, San Bruno, Brisbane</td>
<td>OFFICE OF SUSTAINABILITY</td>
<td>RCD, Fire Safe</td>
</tr>
<tr>
<td><strong>Community Fire Break Projects</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prioritize and implement the most valuable WUI fuel reduction projects in the unincorporated WUI. Work with collaborators to collaborate in financial matches for grants and organize community partners, limited forester consultation and implementation of Cal Fire Ben Lomond, CCC and agency hand crews.</td>
<td>$150,000</td>
<td>Fire Safe, RCD</td>
<td>Portola Valley, Woodside, Redwood City, San Carlos, Belmont, Hillsborough, Pacifica, Pescadero, San Bruno, Brisbane</td>
<td>OFFICE OF SUSTAINABILITY</td>
<td>RCD, Fire Safe</td>
</tr>
<tr>
<td><strong>Home Hardening</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ignition Resistant Construction &amp; Materials Incentives</td>
<td>$50</td>
<td>OOS, Fire Safe, Fire Agencies</td>
<td>Unincorporated WUI within designated high fire risk areas</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Create financial incentive program for unincorporated residents to retrofit specific components of their homes i.e. roof, decks, vents</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Public Education</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Produce &amp; Market online and printed guides for WUI residents</td>
<td>$50</td>
<td>Fire Safe, OOS, PGE, ZoneHaven, Fire Agencies, OES</td>
<td>All WUI residents of SMC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evacuation Information (Include ZoneHaven) guide</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fire Safe Landscaping guide</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ignition Resistant Construction &amp; Material guide</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Contingency 10%</strong></td>
<td>$187,500</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$2,062,500</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PROJECT</td>
<td>AREA SCOPE</td>
<td>AGENCY</td>
<td>FUNDING SOURCE</td>
<td>VALUE</td>
<td>START</td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>------------------------------------------------</td>
<td>--------------</td>
<td>----------------</td>
<td>-------------</td>
<td>-------------</td>
</tr>
<tr>
<td>HWY 35</td>
<td>Old La Honda Rd. to Hwy 84</td>
<td>Fire Safe</td>
<td>PG&amp;E</td>
<td>$80,000</td>
<td>Jul-21</td>
</tr>
<tr>
<td></td>
<td>Hwy 35 - From Hwy 92 to Southern County line</td>
<td></td>
<td>Cal FIRE CCI</td>
<td>$200,000</td>
<td></td>
</tr>
<tr>
<td>Fire Safe SMC Wildfire Resiliency</td>
<td>San Carlos Parks &amp; Thornewood, Wod</td>
<td>Fire Safe</td>
<td>Coastal Conservancy</td>
<td>$189,000</td>
<td>Aug-21</td>
</tr>
<tr>
<td>SMC Hwy 35 Evacuation Route</td>
<td>25 miles of Hwy 35 in SMC</td>
<td>Fire Safe</td>
<td>Cal Fire</td>
<td>$2,600,000.00</td>
<td>APPLIED</td>
</tr>
<tr>
<td>WFPD Hazard Map</td>
<td>Hazard Risk Map WFPD, Wod, PV, SMC</td>
<td>Fire Safe/WFPD</td>
<td>Cal Fire</td>
<td>$42,000</td>
<td>APPLIED</td>
</tr>
<tr>
<td>SMC Fire Prevention WUI Inpections</td>
<td>Palomar Park, Devonshire</td>
<td>Fire Safe</td>
<td>OOS</td>
<td>$50,000</td>
<td>APPLIED</td>
</tr>
<tr>
<td>SMC Wildfire Resiliency Projects</td>
<td>All WUI Areas within SMC</td>
<td>SMC</td>
<td>Measure K</td>
<td>$1,068,000.00</td>
<td>PENDING</td>
</tr>
<tr>
<td>SMC Neighborhood Chipping</td>
<td>Select Neighborhoods within SMC</td>
<td>Fire Safe/RCD</td>
<td>Measure K/Grant</td>
<td>$100,000. approx</td>
<td>NOW</td>
</tr>
<tr>
<td>San Bruno Eucalyptus Removal</td>
<td>Crestmoor Dr./Cal Trans Hwy 380</td>
<td>Fire Safe/Cal Trans</td>
<td>State</td>
<td>$150,000. approx</td>
<td>NOW</td>
</tr>
<tr>
<td>Community Wildfire Prep/Response</td>
<td>WUI Neighborhoods TBD</td>
<td>S. Coast Sustainable</td>
<td>OOS</td>
<td>Unknown</td>
<td>NOW</td>
</tr>
<tr>
<td>Wildfire Camera Installation</td>
<td>Select Sites East side of Hwy 35</td>
<td>Fire Safe/PANO</td>
<td>PGE</td>
<td>TBD</td>
<td>PENDING</td>
</tr>
<tr>
<td>Cuesta La Honda</td>
<td>Fuel Reduction Vacant Parcels/Chipping</td>
<td>Fire Safe/Cal Fire</td>
<td>Cal Fire/Grant</td>
<td>TBD</td>
<td>PENDING</td>
</tr>
<tr>
<td>Skywood Acres Neighborhood</td>
<td>Southeast Wunderlich/Skywood</td>
<td>SMC Parks/Fire Safe</td>
<td>Unknown</td>
<td>TBD</td>
<td>PENDING</td>
</tr>
<tr>
<td>SMC Eucalyptus Removal</td>
<td>Strategic Coastal Euc Removal - MCC Maps</td>
<td>Fire Safe/Cal Trans</td>
<td>State</td>
<td>TBD</td>
<td>PENDING</td>
</tr>
<tr>
<td>Project Description</td>
<td>Partner Agencies</td>
<td>Funding Source</td>
<td>Amount</td>
<td>Start Date</td>
<td></td>
</tr>
<tr>
<td>---------------------</td>
<td>------------------</td>
<td>----------------</td>
<td>--------</td>
<td>------------</td>
<td></td>
</tr>
<tr>
<td>Quarry Park Shaded Fuel Break</td>
<td>RCD/SMC Parks</td>
<td>Coastal Conservancy</td>
<td>$1M</td>
<td>AUG</td>
<td></td>
</tr>
<tr>
<td>Forest Health across 440 acres (Huddart &amp; Wunder)</td>
<td>RCD/SMC Parks/Girl Scouts (Private Landowner), CAL FIRE FH Grant</td>
<td></td>
<td>$2.5M</td>
<td>NOW</td>
<td></td>
</tr>
<tr>
<td>Quarry Park/El Granada Euc Removal SOW</td>
<td>RCD/Residents</td>
<td>County</td>
<td>$75,000</td>
<td>PENDING</td>
<td></td>
</tr>
<tr>
<td>Quiroste Valley (Amah Mutsun Tribal Band)</td>
<td>RCD/State Parks</td>
<td>State Parks</td>
<td>$724,300</td>
<td>NOW</td>
<td></td>
</tr>
<tr>
<td>Perimeter Shaded Fuel Break Cuesta LaHonda</td>
<td>RCD/Cal Fire</td>
<td>CCI Grants</td>
<td>$1M</td>
<td>FUTURE</td>
<td></td>
</tr>
<tr>
<td>Eucalyptus Removal/Forest Restoration</td>
<td>RCD/SMC Parks</td>
<td>Unknown</td>
<td>Unknown</td>
<td>FUTURE</td>
<td></td>
</tr>
<tr>
<td>Butano State Park 420 acres + LiDAR</td>
<td>RCD/SP/SMSN</td>
<td>CAL FIRE FH Grant</td>
<td>$2.8M</td>
<td>PENDING</td>
<td></td>
</tr>
<tr>
<td>Hypericum control (in permitting)</td>
<td>RCD/Cal Fire/etc</td>
<td>Multiple/County Ag</td>
<td>50,000</td>
<td>NOW</td>
<td></td>
</tr>
<tr>
<td>Select Neighborhoods within SMC</td>
<td>Fire Safe/RCD</td>
<td>FSA Grant</td>
<td>$103,500</td>
<td>NOW</td>
<td></td>
</tr>
<tr>
<td>Coastal Com Partnership Forest Health Projects</td>
<td>RCD/Coastal Com</td>
<td>Unknown</td>
<td>Unknown</td>
<td>PENDING</td>
<td></td>
</tr>
<tr>
<td>Regional project prioritization</td>
<td>RCD/SCRC/SMN</td>
<td>Coastal Conservancy</td>
<td>$40,000</td>
<td>NOW</td>
<td></td>
</tr>
<tr>
<td>CZU burn zone- culvert replacement, hazard tree a</td>
<td>RCD/NRCS</td>
<td>SMC, NRCS, FEMA (pending)</td>
<td>$260,000</td>
<td>NOW</td>
<td></td>
</tr>
<tr>
<td>Project Description</td>
<td>Responsible Parties</td>
<td>Budget</td>
<td>Status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------------------------------------------------------------------------------</td>
<td>-----------------------------------------</td>
<td>----------</td>
<td>-----------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portola Vally Habitat and Fuels concerns</td>
<td>RCD, County</td>
<td>NOW</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>El Granada Euc Removal</td>
<td>RCD, County</td>
<td>NOW</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cuesta La Honda project development</td>
<td>RCD, County</td>
<td>NOW</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Developing BMP for invasive species management</td>
<td>CAL FIRE/RCD</td>
<td>$20,000</td>
<td>NOW</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SFPUC Water Shed/Crystal Springs</td>
<td>CAL FIRE/SFPUC</td>
<td>Unknown</td>
<td>Ongoing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selected sites in San Mateo and neighboring counties</td>
<td>CAL FIRE/Alert Wildfire/PGE/CAL FIRE/Donations</td>
<td>$150,000+</td>
<td>Ongoing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fuel Reduction, Habitat management, Fire Access</td>
<td>CAL FIRE/CAL FIRE/Private</td>
<td>$50k</td>
<td>Ongoing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fuel Reduction, Habitat management, Fire Access</td>
<td>CAL FIRE/CAL FIRE/Private</td>
<td>$50k</td>
<td>Ongoing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shaded Fuel Break</td>
<td>SFPUC SMCF/CAL FIRE Project Engines</td>
<td>$75K</td>
<td>Ongoing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Defensible Space behind homes on SFPUC lands</td>
<td>SFPUC SMCF/CAL FIRE Project Engines</td>
<td>$50K</td>
<td>Almost Complete</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fuel Reduction, Dam Safety</td>
<td>SFPUC SMCF/CAL FIRE Project Engines</td>
<td>$50K</td>
<td>Ongoing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SOD removal</td>
<td>SFPUC SMCF/CAL FIRE Project Engines</td>
<td>$400K</td>
<td>Ongoing</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## San Mateo County Fire Safe Council Projects

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Responsible Parties</th>
<th>SFPUC Contracts</th>
<th>Funding</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ongoing Mowing and Mastication on SFPUC Lands</td>
<td>SFPUC</td>
<td>SFPUC Contracts</td>
<td>$500K</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Reclear Edgewood Park Southern Fuel Break from old FSC grant</td>
<td>PG&amp;ESFPUC</td>
<td>SFPUC/PG&amp;E</td>
<td>$400K</td>
<td>Almost Complete</td>
</tr>
<tr>
<td>Fuel Reduction behind homes</td>
<td>SM Parks</td>
<td>SM Parks/CAL FIRE/SMCF</td>
<td>$75K</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Access Road Maintenance/Fuel Reduction</td>
<td>CAL FIRE</td>
<td>CAL FIRE</td>
<td>$150K</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Fire Roads in Quarry Park, El Granada</td>
<td>SMC Parks/RCD</td>
<td>SFPUC Contracts</td>
<td>$1,000,000</td>
<td>NOW</td>
</tr>
<tr>
<td>Fire Roads in Quarry Park, El Granada</td>
<td>SMC Parks/RCD</td>
<td>SFPUC Contracts</td>
<td>$405,000</td>
<td>PENDING</td>
</tr>
<tr>
<td>Within Huddart and Wunderlich parks, Woodside</td>
<td>SMC Parks/RCD</td>
<td>SFPUC Contracts</td>
<td>$2,000,000</td>
<td>NOW</td>
</tr>
<tr>
<td>Along Kings Mountain Road in Huddart Park, Woodside</td>
<td>SMC Parks</td>
<td>County General Fund</td>
<td>$100,000</td>
<td>FUTURE</td>
</tr>
<tr>
<td>At the Crocker Gate Entrance to SBM, Daly City</td>
<td>SMC Parks</td>
<td>Measure K/SMH HO</td>
<td>$262,500</td>
<td>FUTURE</td>
</tr>
<tr>
<td>Interior of Wunderlich Park, Woodside</td>
<td>SMC Parks</td>
<td>County General Fund</td>
<td>$264,000</td>
<td>FUTURE</td>
</tr>
<tr>
<td>Along Perimeter of Memorial Park, Loma Mar</td>
<td>SMC Parks</td>
<td>Measure K</td>
<td>$264,000</td>
<td>FUTURE</td>
</tr>
</tbody>
</table>

---

4 of 4
City of Palo Alto
City Council Staff Report

Report Type: Consent Calendar  Meeting Date: 8/30/2021

Summary Title: Minutes 16, 2021

Title: Approve Minutes from August 16, 2021

From: City Manager

Lead Department: City Clerk

Recommendation: Review and Approve the draft Minutes as presented from the August 16, 2021 City Council Special Meeting.

Attachments:
  • Attachment3.a: August 16, 2021 Draft Minutes
The City Council of the City of Palo Alto met on this date in virtual teleconference at 5:00 P.M.

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

Absent:   Filseth

Special Orders of the Day
1.  Presentation from Valley Water Regarding Drought Conditions.

   **NO ACTION TAKEN**

Study Session
2.  280 & 300 Lambert Avenue (21PLN-00133): Request for Prescreening of a Proposal by Lambert Fields, LLC to Rezone the Properties at 280 and 300 Lambert Avenue from Service Commercial (CS) to Planned Home Zone (PHZ), Merge Parcels Into One Parcel, and Develop the Site with a 49-Unit Residential Development. Environmental Assessment: Not a Project. Zoning District: CS (Service Commercial).

   **NO ACTION TAKEN**

Agenda Changes, Additions and Deletions

Item 6 Closed Session was continued to August 23, 2021 City Council special meeting.

Oral Communications

None.

Minutes Approval

3.  Approval of Action Minutes for the August 9, 2021 City Council Meeting.

   **ACTION:** Continued to August 23, 2021 City Council special meeting.
The City Council Adjourned for a break at 6:33 pm. The City Council reconvened the meeting at 6:42 PM.

City Manager Comments

Action Items


   **MOTION**: Vice Mayor Burt moved, seconded by Council Member Stone to:

   A. Direct Staff to return to the Sustainability and Climate Action Plan (S/CAP) Ad Hoc Committee with a further plan for accelerating the exploration of expanded energy storage systems and to identify the resources for Staff to implement; and

   B. Decline to adopt energy storage system targets under California Assembly Bill (AB) 2514 at this time.

   **MOTION PASSED**: 6-0, Filseth absent

5. Approve the Workplan for Development of a Revenue-Generating Local Ballot Measure for the November 2022 General Election; Review and Potential Guidance to Staff on Affordable Housing Funding as Referred by the City Council.

   **MOTION**: Council Member Burt moved, seconded by Mayor Dubois to approve the workplan for the pursuit of a revenue-generating local ballot measure for the November 2022 General Election with the following focus:

   A. The pursuit of a business tax and the preference of square footage as the basis for such a tax;

   B. The pursuit of a utility use-based tax, and explore the option to incorporate revenue on climate adaptability;

   C. Proceed with the refinement of estimates and evaluation of potential tax measures—including stakeholder outreach, polling and further feasibility analysis—and bring forward the budget actions necessary;

   D. Review and accept additional information regarding affordable housing funding mechanisms, and refer to the Policy and Services Committee on the housing land trust, Jobs Housing Linkage Policy, and particularly with the CalCHA; and
E. For the Finance Committee to discuss and recommend to the City Council the initial polling to inform whether one or more taxes may be feasible on the 2022 ballot, the support for different uses of revenue, the scale of the tax, the uses and needs informing the scale of tax, and the form of tax, as indicated in the staff report.

**MOTION PASSED/FAILED:** 6-1-0, Tanaka no, Filseth absent

---

**Closed Session**

6. **CONFERENCE WITH REAL PROPERTY NEGOTIATORS**  
   Authority: Government Code Section 54956.8  
   Property: 300 Homer Avenue, Assessor’s Parcel Number 120-17-093  
   Negotiating Party: Palo Alto History Museum

   **ACTION:** Item was continued to August 23, 2021 City Council special meeting.

---

**Adjournment:** The meeting was adjourned at 9:33 P.M.

---

**ATTEST:**  
________________________  
City Clerk

**APPROVED:**  
________________________  
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.
Summary Title: Amendment No. 2 for Public Safety Building Project

Title: Approval of Contract Amendment Number 2 to Contract Number C17165953 with RossDrulisCusenbery Architecture, Inc., to Add to the Scope of Services and Add $283,410 to the contract sum, for a new Total Not to Exceed Amount of $9,037,608, for Design and Environmental Assessment Professional Services for the Public Safety Building, Capital Improvement Project (PE-15001)

From: City Manager

Lead Department: Public Works

Recommendation
Staff recommends that Council approve and authorize the City Manager or their designee to execute the attached Amendment No. 2 to Contract C17165953 with RossDrulisCusenbery Architecture, Inc. (RDC) (Attachment A) for design and environmental assessment professional services for the Public Safety Building project (PE-15001), adding to the scope of services and adding $283,410 to the contract sum. This amendment results in a revised total contract not-to-exceed amount of $9,037,608 for the Public Safety Building and California Avenue Parking Garage projects.

Background
The New Public Safety Building (PSB) (PE-15001) was among nine key projects included in the 2014 Council Infrastructure Plan. The PSB was identified as the plan’s highest priority project. In December 2016, Council authorized a contract with RossDrulisCusenbery Architecture, Inc. (RDC) to provide design and environmental assessment services for the new PSB and the now completed California Avenue Parking Garage (Cal Ave Garage) (CMR# 7417).

On February 1, 2021, Contract Amendment No. 1 to RDC’s contract (CMR# 11752) replenished the PSB construction administration budget, augmented the Cal Ave Garage construction administration project budget, and replenished the contingency budget in the contract. During discussion of that item at the Council meeting, staff recommended redesigning the Multi-purpose room exterior to make it more inviting and open consistent with its planned use as a Community Room.
Discussion

The attached Contract Amendment No. 2 is requested for additional design work for the PSB and for an outstanding construction-related item on the Cal Ave Garage. The following items are included in the recommended contract amendment:

2. Additional Topographic Investigation and Survey for PSB Utilities $22,850
3. Secure Courtyard and Grading Re-design $15,646
4. PSB Garage Exhaust Design Modifications $13,000
5. Tier 4 Generator Emission Control Design $46,472
6. Design Options for PSB Multi-purpose/Community Room $33,644
7. Replenish the Additional Services budget $100,000

TOTAL $283,410

The Cal. Ave. Garage Column Construction issue centered around multiple columns within the garage that were poured out of plumb by the contractor. RDC and their structural subconsultant reviewed the issue extensively and specified corrective measures to bring the columns back into the original design parameters. For overall project funding, this additional expenditure on RDC is being negotiated into a final change order with the contractor for the garage construction.

The amendment also includes funding for some design investigation of utilities around the PSB site, changes to the courtyard landscape due to grade requirements, and a redesign of the exhaust vents from the PSB garage levels to meet a strict interpretation of building code.

Another major component of this amendment relates to new emission controls on the emergency generator for the PSB. In late December 2020, the Bay Area Air Quality Management District (BAAQMD) began requiring Tier 4 emission controls for generators of the size required for the PSB. This prompted the need for a major redesign and will require a change order to Swinerton Builders for the extra equipment. The change order is expected to be approximately $600,000. The BAAQMD directive was not included in the bid documents for the PSB. Bids were opened on January 5, 2021.

The last major component of this amendment is the funding necessary to prepare three design options to enhance the PSB Multi-purpose room into a more open and inviting Community Room. Once the options are developed, staff will bring them to Council along with cost estimates for selection and direction to proceed with the next steps that may include authorizing additional funding for RDC (i.e. Contract Amendment No. 3) to complete final design, getting a formal recommendation of approval from the Architectural Review Board (ARB), and executing a change order with Swinerton Builders. Staff estimates that such a change order to the current construction contract could range from $200,000 to $1,200,000 depending on the extent of the Community Room’s exterior modifications.
The amendment also includes a $100,000 replenishment of the additional services budget that has been depleted by numerous other added scope items including the following:

1. Design of the photovoltaic solar energy system for the PSB that will be located on the Cal Ave Garage
2. Acoustical analysis related to mitigation measures to keep operational noise within the requirements of the Environmental Impact Report (EIR)
3. Costs to conduct a second invitation for bids for the PSB project

If this amendment is not approved, the added scope items will need to be absorbed into the existing PSB Construction Administration (CA) task in which RDC is currently engaged. The CA funding will then be depleted prior to the finish of construction that could result in the architect stopping work at the critical closeout portion of the project.

**Timeline**
The construction of the PSB is in progress and scheduled to be completed Summer 2023.

**Resource Impact**
Funding for the recommendation in this report is available in the Fiscal Year 2022 New Public Safety Building Capital Improvement Program project (PE-15001) and New California Avenue Area Parking Garage project (PE-18000). For the $283,410 added with this amendment, $51,798 is allocated to the Cal Ave Garage project, and $231,612 is allocated to the PSB project.

The resultant redesign of the Community Room and generator emission controls could result in further added design and construction costs of approximately $800,000 to $1,800,000. These future costs may be able to be absorbed into the project’s contingency but may require a budget amendment for the PSB project. Once the options are developed, staff will bring them to Council along with cost estimates for selection and direction, for example, to proceed with the next steps to complete final design, get a formal recommendation of approval from the Architectural Review Board (ARB), and execute a change order with Swinerton Builders.

**Stakeholder Engagement**
Public Works has been and is engaging designated staff from key departments that will be occupying the PSB upon completion. Additionally, the PSB design was reviewed and recommended for approval via the ARB process that notifies nearby residents and publishes formal meeting agendas online and via newspaper advertisements. The project website is regularly updated with current information and email newsletters are sent to persons who sign up to the mailing list via the website.

**Environmental Review**
An Environmental Impact Report for the PSB and the New California Avenue Area Parking Garage was prepared and was certified by Council on June 11, 2018 (CMR# 8967), by adoption
of Resolution No. 9772.

Attachments:

- **Attachment4.a:** Attachment A: Contract with RossDrulisCusenbery Architecture, Inc.; C17165953, Amendment No. 2
AMENDMENT NO. 2 TO CONTRACT NO. C17165953
BETWEEN THE CITY OF PALO ALTO AND
ROSSDRULISCUSENBERY ARCHITECTURE, INC.

This Amendment No. 2 (this “Amendment”) to Contract No. C17165953 (the “Contract” as defined below) is entered into as of August 30, 2021, by and between the CITY OF PALO ALTO, a California chartered municipal corporation (“CITY”), and ROSSDRULISCUSENBERY ARCHITECTURE, INC., a California corporation, located at 18294 Sonoma Highway, Sonoma, CA 95476 (“CONSULTANT”). CITY and CONSULTANT are referred to collectively herein as the “Parties”.

RECITALS

A. The Contract (as defined below) was entered into by and between the Parties hereto for the provision of professional design and environmental services for a new Public Safety Building (PSB) and a new Parking Garage, as detailed therein.

B. The Parties entered into Amendment No. 1 to provide an additional Scope of Services under the Contract, increase the Compensation, and extend the Contract term, as detailed therein.

C. The Parties now wish to amend the Contract in order to provide an additional scope of services under the Contract and to increase the compensation by Two Hundred Eighty-Three Thousand Four Hundred Ten Dollars ($283,410), from Eight Million Seven Hundred Fifty-Four Thousand One Hundred Ninety-Eight Dollars ($8,754,198) to Nine Million Thirty-Seven Thousand Six Hundred Eight Dollars ($9,037,608), 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. C17165953 between CONSULTANT and CITY, dated December 12, 2016, as amended by:

   Amendment No.1, dated February 1, 2021

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 1, “SCOPE OF SERVICES,” of the Contract is hereby amended to read as follows:
“CONSULTANT will perform the Services described in Exhibit “A,” Exhibit “A-1,” and Exhibit “A-2,” in accordance with the terms and conditions contained in this Agreement, to the reasonable satisfaction of CITY.”

SECTION 3.  SECTION 4, “COMPENSATION,” of the Contract is hereby amended to read as follows:

“4.1 Basic Services. The compensation to be paid by CITY to CONSULTANT for performance of the Services (also referred to in this Agreement as the “Basic 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 Hundred Eighty-Three Thousand Four Hundred Ten Dollars ($183,410)**. CONSULTANT agrees to complete all Basic Services, including specified reimbursable expenses, within this amount.

4.2 Additional Services. In addition to the not-to-exceed compensation specified above, CITY has set aside the not-to-exceed compensation amount of **One Hundred Thousand Dollars ($100,000)** 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 **Nine Million Thirty-Seven Thousand Six Hundred Eight Dollars ($9,037,608)**, 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, Exhibit A-1 and Exhibit A-2. 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 E, 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.

4.3 Rate Schedule. The applicable rates and schedule of payment are set forth in Exhibit “C-1”, entitled “Schedule of Rates” (“Rate Schedule”). CONSULTANT is not entitled to compensation for any Services performed or reimbursement for expenses incurred to the extent that payment would result in a total exceeding the maximum amount of compensation set forth herein.”

SECTION 5. The following exhibits to the Contract are hereby deleted and replaced in the entirety, or added, as indicated below, to read as set forth in the attachments to this Amendment, which are hereby incorporated in full into this Amendment and into the Contract by this reference:

a. Exhibit “A-2” entitled “SCOPE OF SERVICES, AMENDMENT No. 2,” ADDED.

b. Exhibit “C” entitled “COMPENSATION, AMENDMENT No. 2,” AMENDED, REPLACES PREVIOUS.

SECTION 6. 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 7. 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

ROSSDRULISCUSENBERY
ARCHITECTURE, INC.

Officer 1

By: ___________________________
Name: _________________________
Title: __________________________

Officer 2 (Required for Corp. or LLC)

By: ___________________________
Name: _________________________
Title: __________________________

Attachments:

Exhibit “A-2”: SCOPE OF SERVICES, AMENDMENT NO. 2 (ADDED)
Exhibit “C”: COMPENSATION, AMENDMENT NO. 2 (AMENDED, REPLACES PREVIOUS)
EXHIBIT “A-2”
SCOPE OF SERVICES, AMENDMENT NO. 2 (ADDED)

CONSULTANT will provide the Services detailed in this Exhibit “A-2” in addition to the Services detailed under Exhibit “A” and “Exhibit A-1” of this Agreement.

1. Additional Scope of Work related to Task B.3 (PSB Construction Documents):
   a. Additional topographic utility survey
   b. Secure courtyard and grading re-design
   c. PSB exhaust design modifications
   d. Tier 4 generator emission control design

2. Additional Scope of Work related to Task B.5 (PSB Construction Administration and Closeout):
   a. Design options for the PSB multi-purpose room

3. Additional Scope of Work related to Task C.6 (Garage Construction Administration):
   a. Garage column repair
EXHIBIT “C”
COMPENSATION, AMENDMENT NO. 2
(AMENDED, REPLACES PREVIOUS)

The CITY agrees to compensate the CONSULTANT for Services performed in accordance with the terms and conditions of this Agreement, and as set forth in the budget schedule below, or as further specified in each Task Order approved by the CITY pursuant to this Agreement. Compensation shall be calculated based on the hourly rate schedules attached as Exhibit C-1 up to the not-to-exceed budget amount for each task set forth below.

CONSULTANT shall perform the tasks and categories of work in 3 phases 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 does not exceed the amounts set forth in Section 4 (Not to Exceed Compensation) of this Agreement. Each phase requires a separate written Notice-to-Proceed (NTP). Phases 2 and 3 will be authorized at CITY’s discretion, and upon approval of environmental review and budget for the project.

(CONTINUED ON THE NEXT PAGE.)
## BUDGET SCHEDULE

<table>
<thead>
<tr>
<th>BASIC SERVICES (TASK)</th>
<th>Phase 1</th>
<th>Phase 2</th>
<th>Phase 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Task A.1: PSB Preliminary Design - CEQA / EIR</td>
<td>$242,696</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Task B.1: PSB Schematic Design</td>
<td>$495,700</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Task B.2: PSB Design Development</td>
<td>$856,210</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Task B.3: PSB Permit Set / Construction Documents</td>
<td></td>
<td>$2,966,336</td>
<td></td>
</tr>
<tr>
<td>Task B.4: PSB Project Bidding and Award</td>
<td></td>
<td>$90,127</td>
<td></td>
</tr>
<tr>
<td>Task B.5: PSB Construction Administration and Closeout</td>
<td></td>
<td></td>
<td>$1,425,973</td>
</tr>
<tr>
<td>Task C.1: Garage Preliminary Design – CEQA / EIR</td>
<td>$121,347</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Task C.2: Garage Schematic Design</td>
<td>$142,607</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Task C.3: Garage Design Development</td>
<td>$190,143</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Task C.4: Garage Permit Set / Construction Documents</td>
<td></td>
<td>$528,367</td>
<td></td>
</tr>
<tr>
<td>Task C.5: Garage Project Bidding and Award</td>
<td></td>
<td>$19,014</td>
<td></td>
</tr>
<tr>
<td>Task C.6: Garage Construction Administration and Closeout</td>
<td></td>
<td></td>
<td>$512,220</td>
</tr>
<tr>
<td>Task E.2: PSB Threat Assessment (Predesign)</td>
<td>$47,634</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Task E.4: PSB Programming Services for Technical Systems</td>
<td>$34,164</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Task E.6: PSB Fixtures, Furniture and Equipment (FF&amp;E) Design and Procurement Documents</td>
<td></td>
<td>$287,622</td>
<td></td>
</tr>
<tr>
<td>Task E.7: PSB Commissioning (Cx)</td>
<td></td>
<td></td>
<td>$27,173</td>
</tr>
<tr>
<td>Additional Excess Insurance Coverage</td>
<td>$25,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ROW TOTALS</strong></td>
<td><strong>$2,155,501</strong></td>
<td><strong>$3,891,466</strong></td>
<td><strong>$1,965,366</strong></td>
</tr>
<tr>
<td><strong>TOTAL BASIC SERVICES</strong></td>
<td><strong>$8,012,333</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>REIMBURSABLES</td>
<td>$128,185</td>
<td></td>
<td></td>
</tr>
<tr>
<td>--------------</td>
<td>---------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SUBTOTAL (BASIC SERVICES &amp; REIMBURSABLES)</td>
<td>$2,283,686</td>
<td>$3,891,466</td>
<td>$1,965,366</td>
</tr>
<tr>
<td>ADDITIONAL SERVICES</td>
<td>$637,090</td>
<td>$260,000</td>
<td>$897,090</td>
</tr>
<tr>
<td>TOTAL NOT-TO-EXCEED AMOUNT</td>
<td>$2,920,776</td>
<td>$3,891,446</td>
<td>$2,225,366</td>
</tr>
</tbody>
</table>

REIMBURSABLE EXPENSES

The administrative, overhead, secretarial time or overtime, word processing, photocopying, in-house printing, insurance and other ordinary business expenses are included within the scope of payment for Services and are not reimbursable expenses. CITY will reimburse CONSULTANT for the following expenses at cost, provided that the expenses were reasonably and necessarily incurred solely for providing the Services:

A. Travel outside the San Francisco Bay Area, including transportation and meals, will be reimbursed at actual cost subject to limits of the CITY’s policy for reimbursement of travel and meal expenses for CITY employees.

B. Long distance telephone service charges, cellular phone service charges, overnight delivery, facsimile transmission and postage charges are reimbursable at actual cost.

All requests for payment of expenses must be accompanied by appropriate documentation of the claimed expenditure, such as written receipts. Any expense anticipated to be more than $500 must be approved in writing in advance by the CITY’s Project Manager.
Summary Title: Resolution to Accept Rubberized Pavement Grant

Title: Adoption of a Resolution to Authorize the City Manager to Submit Application(s) and Related Agreement(s) for the California Department of Resources Recycling and Recovery (CalRecycle) Rubberized Pavement Grant Program

From: City Manager

Lead Department: Public Works

Recommendation
Staff recommends that Council adopt the attached resolution (Attachment A) authorizing the City Manager or their designee to submit a rubberized pavement grant application to the California Department of Resources Recycling and Recovery (CalRecycle) and to sign related program agreements and amendments.

Background
The California Department of Resources Recycling and Recovery (CalRecycle) administers a program to provide opportunities to divert tires from landfill disposal, prevent illegal tire dumping, and promote markets for recycled-content tire products. The Rubberized Pavement Grant Program is designed to promote markets for recycled-content surfacing products derived from California-generated waste tires. The Rubberized Pavement Grant Program provides competitive grants to local governments and is aimed at encouraging first-time or limited users of rubberized pavement in two project categories, Rubberized Asphalt Concrete Hot-Mix (RAC) and Rubberized Chip Seal (Chip Seal). Eligible projects must use a minimum of 3,500 tons of RAC which meets American Society of Testing and Material (ASTM) standards for Asphalt-Rubber Binder.

The City received CalRecycle grants in 2011, 2015, and 2017 in the amounts of $250,000, $63,000, and $125,000, respectively. These grants have supplemented the cost to install rubberized pavement on Alma Street, Middlefield Road, and segments of the Charleston-Arastradero Corridor. Council approved a previous grant application and resolution in November 2016 (Staff Report #7408). CalRecycle allows resolutions to be valid for a term of five years.
Discussion
Staff will be submitting a RAC grant application in September 2021 for $65,100 in grant funds. For the application to be deemed complete, an updated resolution must be attached by October 27, 2021. The grant funds will supplement the Capital Improvement Program (CIP) Charleston-Arastradero Corridor Project – Phase 3 (PE-13011). CalRecycle will send award notifications in December 2021 and grant funds must be expended by April 1, 2024. Construction of Phase 3 is anticipated to start in September 2021 and is expected to be complete in summer 2022. Paving of Arastradero and Charleston Roads will take place towards the end of the project. RAC material is more expensive than normal asphalt concrete as it is a recycled product, but may prove to be more durable, flexible, and provide a longer life span than the typical 20-year life span of asphalt concrete. The $65,100 grant request will help pay for a portion of the rubberized asphalt. Since the City has received previous RAC grants, the reimbursement rate is capped at $14 per ton. Phase 3 is estimated to use 4,650 tons of RAC.

Resource Impact
The RAC grant requires City expenditures of funds, which will be reimbursed by the state. If the grant is awarded, staff will return to Council to approve an adjustment to the Fiscal Year 2022 budget to incorporate the grant funding into the Charleston/Arastradero Corridor Project (PE-13011) budget as part of a routine budget update such as the Mid-Year Budget Review. The grant amount will supplement the project as RAC paving is already included in the construction contract awarded by Council on June 22, 2021 (Staff Report #12005).

Staff will submit the application, administer agreements and amendments, and submit for reimbursements periodically during the project according to the grant conditions.

Policy Implications
This grant program is consistent with the City of Palo Alto’s Comprehensive Plan and does not represent any changes to existing City policies.

Stakeholder Engagement
For the Charleston-Arastradero Corridor Project (CIP PE-13011), several community outreach meetings were held during the design process which included discussion of repaving of Charleston and Arastradero Roads with rubberized asphalt.

Environmental Review
Street resurfacing projects are categorically exempt from the California Environmental Quality Act (CEQA) under Section 15301(c) of the CEQA Guidelines, as repair, maintenance and/or the minor alteration of existing facilities and no further review is necessary.

Attachments:
- Attachment5.a: Attachment A: Resolution
Resolution No. ____
Resolution of the Council of the City of Palo Alto Authorizing the City Manager to Submit Application(s) and Sign Related Agreement(s) for the California Department of Resources Recycling and Recovery (CalRecycle) Rubberized Pavement Grant Program

RECITALS

A. Pursuant to Public Resources Code sections 48000 et seq., 14581, and 42023.1(g), the Department of Resources Recycling and Recovery (CalRecycle) has established various payment programs to make payments to qualifying jurisdictions.

B. In furtherance of this authority, CalRecycle is required to establish procedures governing the administration of the payment programs.

C. CalRecycle’s procedures for administering payment programs require, among other things, an applicant’s governing body to declare by resolution certain authorizations related to the administration of the payment program.

NOW, THEREFORE, the Council of the City of Palo Alto RESOLVES as follows:

SECTION 1. The Council authorizes the submittal of application(s) to CalRecycle for Rubberized Pavement Grants for which the City of Palo Alto is eligible.

SECTION 2. The City Manager, or his/her designee is hereby authorized and empowered to execute in the name of the City of Palo Alto all grant documents, including but not limited to, applications, agreements, amendments and requests for payment, necessary to secure grant funds and implement the approved grant project.
SECTION 3. These authorizations are effective for five (5) years from the date of adoption of this resolution.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

ATTEST:                              APPROVED:

__________________________________  ___________________________________
City Clerk      Mayor

APPROVED AS TO FORM:                  ___________________________________
City Manager

__________________________________  ___________________________________
Assistant City Attorney     Director of Public Works
Adoption of an Ordinance Amending Title 9, Public Peace, Morals and Safety, of the Municipal Code to Add Chapter 9.07 Requiring Safe Storage of Firearms in Palo Alto Residences to Prevent Improper Firearm Access; Adoption of a Resolution Amending the Administrative Penalty Schedule to Add Conforming Penalty

Recommendation

Based on community interest and Council direction, the City Attorney’s Office recommends that Council adopt the attached Ordinance to require safe storage of firearms in residences. This Ordinance would add a Safe Storage of Firearms Chapter to Title 9 of the Palo Alto Municipal Code, which governs Public Peace, Morals and Safety (Attachment A).

Staff further recommends that Council adopt a resolution amending and restating the City’s Administrative Penalty Schedule to add a penalty for violations of the new Safe Storage of Firearms Chapter (Attachment B).

Background

On December 14, 2020, Council Members Fine and Cormack introduced a Colleagues Memo on safe storage of firearms, requesting that the City Attorney draft an ordinance requiring safe storage of firearms in residences. The League of Women Voters of Palo Alto sent additional items for the City Attorney’s consideration. The information from these sources is summarized below.

Deaths by suicide and accidental deaths by firearms are one of the leading - and most preventable - causes of death in the United States. Nearly 40,000 lives were lost to firearms in 2017, the most recent year with complete data, and the number may be rising.¹ Deaths by suicide account for 6 out of 10 firearm-related deaths. For non-fatal shootings, the numbers are much higher. According to the Brady Institute, approximately 114,000 people are shot each year in the United States, of which almost 8,000 are under 18 years old.²

Hundreds of thousands of guns are stolen each year, and gun theft is an important way that

² https://www.bradyunited.org/key-statistics
guns enter the illegal market. The United States Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) estimates that about 10-15% of stolen guns are used in subsequent crimes. Gun owners who safely store their firearms experience gun thefts at a lower rate than those who do not.

The year 2020 saw a record-setting number of firearm purchases, many of these by first-time firearm owners, who may not be familiar with proper safety and storage practices. A safe storage requirement helps prevent the theft of firearms and may reassure and protect our public safety personnel.

In California, individuals may be criminally liable if they negligently store or leave, on premises within their custody or control, a firearm in a location where the individual knows, or reasonably should know, that a child is likely to gain access to the firearm without the permission of the child’s parent or legal guardian, unless they act to secure the firearm against access by the child. California state law does not set storage requirements to prevent access by home intruders. Instead, the law creates general exceptions for firearms locked with a locking device, kept in a locked container, or otherwise stored in a reasonably secure location.

This ordinance will set clearer safe storage standards and require those who store firearms in their Palo Alto residences to abide by them. The storage requirement simply requires firearms stored at a residence to be secured with a trigger lock or in a locked container when not on one’s person. As the Gifford Law Center writes, “These laws are intended to help prevent unauthorized users, including children, from accessing and using firearms, which can reduce tragedies due to suicide, unintentional discharges, and gun theft.”

This ordinance is not intended to criticize firearm owners nor abridge the rights protected by the Constitution. This sort of safe storage law constitutionally balances individuals’ rights with the City’s interest in reducing gun-related injuries. By protecting firearms from theft and misappropriation, this ordinance is a common-sense measure that can save lives and prevent injuries in Palo Alto.

Discussion

3 David Hemenway, Deborah Azrael, and Matthew Miller, Whose guns are stolen? The epidemiology of Gun theft, Injury Epidemiology, January 13, 2017, at victims
5 Ibid.
8 Cal. Penal Code § 25100(c).
9 Cal. Penal Code § 25105 (b)-(d).
11 See Jackson v. City & Cty. of San Francisco, 746 F.3d 953, 957 (9th Cir. 2014).
If adopted by the City Council, the proposed ordinance would set forth new rules for firearm storage aimed at reducing gun injuries and making the City safer. The following section provides a comparison of the proposed ordinance to other jurisdictions, shares differences with State law, and outlines penalties and enforcement of the proposed ordinance.

**Comparison to other jurisdictions**

Safe storage ordinances have been adopted in several neighboring jurisdictions, some with slight differences to the ordinance proposed for Council consideration. The Table below provides a basic summary of the features of the proposed Palo Alto ordinance and ordinances of neighboring jurisdictions. The paragraphs following describe some important similarities and differences between the proposed ordinance and the laws of other jurisdictions.
<table>
<thead>
<tr>
<th>Ordinance/ Statute</th>
<th>Safe storage requirements</th>
<th>Maximum penalties</th>
<th>Notable Exceptions and Limitations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PROPOSED:</strong></td>
<td>When in a residence, firearm must be</td>
<td>Misdemeanor: 6-month imprisonment and $1,000 fine</td>
<td>Does not apply when possessor reports the loss or theft of their firearm to law enforcement within five days of knowing of the loss or theft.</td>
</tr>
<tr>
<td>Palo Alto Chapter 9.07,</td>
<td>- In a locked container,</td>
<td>Civil penalty for first violation: $1,000 administrative fine</td>
<td></td>
</tr>
<tr>
<td>Safe Storage of Firearms</td>
<td>- Disabled with a trigger lock, or</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Carried on the person</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>If the firearm is not in a secure location or locked with a locking device, it must be</td>
<td>Third degree: punishable as a misdemeanor</td>
<td></td>
</tr>
<tr>
<td></td>
<td>stored in a way that makes it unlikely that a child will gain access without the</td>
<td>Second degree:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>permission of the child’s guardian.</td>
<td>- 1-year imprisonment, and</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Third degree: general violation of requirements above.</td>
<td>- $1,000 criminal fine</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Second degree: other injury results from violation, or a child or person prohibited</td>
<td>First degree:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>from possessing a firearm carries the firearm to a public place.</td>
<td>- 16 months imprisonment, and</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- First degree: death or great bodily injury results from access by a child or person</td>
<td>- $10,000 criminal fine</td>
<td></td>
</tr>
<tr>
<td></td>
<td>prohibited from possessing a firearm.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>California State Penal Code Sections 25100 et seq.</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>When in a residence, firearm must be</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- In a locked container,</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Disabled with a trigger lock, or</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Carried on the person</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>First infraction: $500 fine</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Additional infractions: $1,000 fines</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Does not apply when</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Firearm is not within premises that is under the person’s custody or control.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- There is no reason to know that a person prohibited from possessing a firearm or a child is likely to gain access.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- A child gains access due to an illegal entry by any person.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- A child gains access in a lawful act of self-defense or defense of another.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- The firearm is carried on the person, or near-enough to on the person.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Santa Clara County Division B19, Chapter III</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>When in a residence, firearm must be</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Stored in a locked container,</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Disabled with a trigger lock, or</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>First infraction: $500 fine</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Additional infractions: $1,000 fines</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N/A.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Location</td>
<td>Conditions</td>
<td>Penalty Description</td>
<td>Exemption</td>
</tr>
<tr>
<td>-------------------</td>
<td>-----------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>San Jose</td>
<td>When a firearm is in the possessor’s residence and the possessor leaves the residence, firearm must be</td>
<td>Misdemeanor: 6-month imprisonment and $1,000 fine</td>
<td>Does not apply when possessor reports the loss or theft of their firearm to law enforcement within five days of knowing of the loss or theft.</td>
</tr>
<tr>
<td>Chapter 10.32.170</td>
<td>- Stored in a locked container, or</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weapons, Part 5</td>
<td>- Disabled with a trigger lock.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>San Mateo County</td>
<td>When in a residence, firearm must be</td>
<td>Misdemeanor: 6-month imprisonment and $1,000 fine</td>
<td>Does not apply when possessor reports the loss or theft of their firearm to law enforcement within five days of knowing of the loss or theft.</td>
</tr>
<tr>
<td>Chapter 3.54,</td>
<td>- Stored in a locked container, or</td>
<td>Civil penalty for first violation: $100 administrative fine</td>
<td></td>
</tr>
<tr>
<td>Safe Storage of</td>
<td>- Disabled with a trigger lock, or</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Firearms in a</td>
<td>- In possessor’s close possession and control.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residence</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Redwood City</td>
<td>When in a residence, firearm must be</td>
<td>Misdemeanor: 6-month imprisonment and $1,000 fine</td>
<td>Does not apply when possessor reports the loss or theft of their firearm to law enforcement within five days of knowing of the loss or theft.</td>
</tr>
<tr>
<td>Ch. 37A, Safe</td>
<td>- Stored in a locked container, or</td>
<td>Civil penalty: $1,000 administrative fine</td>
<td></td>
</tr>
<tr>
<td>Storage of</td>
<td>- Disabled with a trigger lock, or</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Firearms in a</td>
<td>- Carried on the person.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residence</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Difference from California law**
This ordinance fills in a notable gap in California law by proscribing specific standards that constitute safe storage in residences. California imposes a criminal penalty for any “unreasonable” storage methods leading to improper access and great bodily injury, exempting those who carry their firearm on their person, keep it in a reasonably secure location, or otherwise lock their firearm with a locking device. In contrast, this ordinance specifies acceptable safe storage practices for firearms kept at a residence while not on one’s person. Comparatively, California’s law is more open ended and triggers harsher punishments. This ordinance imposes a discretionary administrative or criminal penalty on those who violate specific safe storage practices in residences, rather than imposing a higher criminal penalty for “unreasonable” storage methods.

**Storage in residences**
Similar to most neighboring jurisdictions, this ordinance only governs storage at residences. The ordinance also only takes effect when the firearm is not on the possessor’s person, i.e. when it
is out of the possessor’s immediate control. Thus, it is tailored to reduce the risk of firearm access by home intruders, children, or others not permitted to access the firearm.

**Penalties**

A person convicted of a misdemeanor for violating this safe storage ordinance may be subject to a maximum penalty of a $1000 fine and six months imprisonment, per Section 1.08.01 (Penalty for Violations) of the Palo Alto Municipal Code (PAMC). This penalty is the standard penalty for misdemeanor violations of the PAMC. This misdemeanor penalty is also equal to the misdemeanor penalties that Redwood City, San Jose, and San Mateo County imposed for similar violations.

Alternatively, a person who violates this safe storage ordinance may be assessed a $1000 fine as an administrative penalty, pursuant to Chapter 1.12 (Administrative Penalties – Citations). This fine is in line with the administrative penalties imposed by nearby counties and cities for similar violations. The administrative penalties for violating other sections in Title 9 of the Palo Alto Municipal Code are fines ranging from $50 (e.g., Failure to post “No Smoking” signs [9.14.100]) to $1000 (e.g., Location of tobacco vending machines [9.14.080]). This ordinance’s $1000 penalty is in accord with other administrative penalties for serious violations of Title 9 that impact safety.

As with other violations of Title 9, the police have discretion to evaluate the facts and determine how to resolve a violation, including whether a violation should result in an administrative or criminal penalty.

**Enforcement**

This safe storage ordinance would be enforced like any other law that regulates conduct inside the home. For example, Chapter 9.04.040 (Certain social gatherings unlawful) makes it unlawful to host gatherings at one’s residence where minors may possess alcohol, with some conditions and exceptions. Absent exigent circumstances, Palo Alto police would not be authorized to go into a private person’s home during a social gathering to check whether this ordinance was being violated. Accordingly, it is enforced in other ways, such as, if the police are in the home for a lawful reason and notice a violation, if someone reports a violation, or if an incident occurs. This safe storage ordinance would be enforced in a similar manner.

**Resource Impact**

Staff anticipates minimal impact on resources. Were a possible violation of the proposed ordinance to be discovered, a thorough criminal investigation and any associated reports could be completed within a few hours of staff time at most.

---

12 Resolution No. 9940.
ATTACHMENTS:

- **Attachment 6.a:** Attachment A: Ordinance Amending Title 9 to Add Chapter 9.07 Requiring Safe Storage of Firearms (PDF)
- **Attachment 6.b:** Attachment B: Resolution Amending and Restating the Administrative and Civil Penalty Schedules for Certain Violations of the PAMC and the California Vehicle Code (PDF)

Department Head: Molly Stump, City Attorney
Ordinance No. ______
Ordinance of the Council of the City of Palo Alto Amending Title 9, Public Peace, Morals and Safety, of the Municipal Code to Add Chapter 9.07 Requiring Safe Storage of Firearms in Palo Alto Residences to Prevent Improper Firearm Access

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. Suicides and accidental deaths by firearms are one of the leading - and most preventable - causes of death in the United States. Nearly 40,000 lives were lost to firearms in 2017, the most recent year with complete data, and there are indications the number is rising. Suicides account for 6 out of 10 firearm-related deaths.

B. For non-fatal shootings, the numbers are much higher. According to the Brady Institute, approximately 114,000 people are shot each year in the US, of which almost 8,000 are 17 years old or younger.

C. 2020 has seen a record-setting number of firearm purchases, and many of these are to first-time firearm owners, who may not be familiar with proper safety and storage practices.

D. A safe storage requirement can help prevent the theft of firearms and may reassure and protect our public safety personnel.

E. Gun theft is an important way that guns enter the illegal market. Gun owners who safely store their firearms experience gun thefts at a lower rate than those who do not. The ATF estimates that about 10-15% of stolen guns are used in subsequent crimes.

F. Therefore, the City Council is updating the Guns and Explosives Chapter of the Public Peace, Morals and Safety Code, Chapter 9.07 in Title 9 of the Palo Alto Municipal Code, to promote the safety of Palo Alto residents, visitors, and public safety personnel by adopting local legislation that requires the safe storage of firearms in residences.

SECTION 2. Title 9 (Public Peace, Morals and Safety) is hereby amended to add Chapter 9.07 (Safe Storage of Firearms) as follows:
9.07 SAFE STORAGE OF FIREARMS

9.07.010 Definitions

(a) For the purpose of this chapter, "firearm" means a firearm as defined in Section 16520 of the Penal Code of the State of California.

(b) "Locked container" means a Locked Container, as defined in Section 16850 of the Penal Code of the State of California listed on the California Department of Justice Bureau of Firearms roster of approved firearm safety devices. For purposes of this chapter, a Locked Container does not include a bag or other container made of fabric or other penetrable material, such as a regular purse, backpack, or gym bag.

(c) "Residence" means any structure intended or used for human habitation, including but not limited to houses, condominiums, rooms, accessory dwelling units, motels, hotels, single room occupancies, time shares, recreational vehicles, and other vehicles where human habitation occurs.

(d) "Trigger lock" means a trigger lock that is listed on the California Department of Justice's roster of approved firearms safety devices and that is identified as appropriate for that firearm by reference to either the manufacturer and model of the firearm or to the physical characteristics of the firearm that match those listed on the roster for use with the device under Section 23635 of the Penal Code of the State of California.

9.07.020 Safe Storage of Firearms

Except when carried on the person, no person shall keep a firearm in any residence unless the firearm is stored in a locked container or is disabled with a trigger lock.

9.07.030 Exception

To encourage reporting of lost or stolen firearms, a person who complies with Section 25250 of the Penal Code of the State of California by reporting the loss or theft of a firearm they own or possess to a local law enforcement agency within five days from the time they knew or reasonably should have known the firearm had been lost or stolen from their residence where the firearm was improperly stored shall not be penalized for that violation of section 9.07.020.

SECTION 3. 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
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 4. The Council finds that this project is exempt from the provisions of the California Environmental Quality Act (“CEQA”), pursuant to Section 15061 of the CEQA Guidelines, because it can be seen with certainty that there is no possibility that the ordinance will have a significant effect on the environment.

SECTION 5. 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:

__________________________________________  _________________________________________
City Attorney       City Manager
Resolution No. _____

Resolution of the Council of the City of Palo Alto Amending and Restating the Administrative Penalty Schedule and Civil Penalty Schedules for Certain Violations of the Palo Alto Municipal Code and the California Vehicle Code Established by Resolution No. 9940

The Council of the City of Palo Alto RESOLVES as follows:

SECTION 1. Administrative Penalties. The administrative penalty schedule for violations of the Palo Alto Municipal Code established by Resolution No. 9940 is hereby amended and restated to read as follows:

- **Standard penalty unless otherwise indicated below.** $50
- **Second violation within 36 month period** 150% of listed penalty (unless otherwise specified)
- **Third & subsequent violations within 36 month period.** 200% of listed penalty (unless otherwise specified)
- **Delinquency penalty.** 10% per month, simple interest, on delinquent amount

- **4.04.020** License or permit required. 300
- **4.04.100** Display of license or permit. 300
- **4.10.045** License fees for pushcart vendors. 300
- **4.10.050** Regulations for solicitors and peddlers. 350
- **4.10.055** Identification cards for solicitors. 250
- **4.10.057** Regulations for pushcart vendors. 300
- **4.10.070** License required - circus etc. 300
- **4.10.120** Arcade prohibited. 250
- **4.10.200** Pawn brokers prohibited. 250
- **4.10.230** Daily report of second hand dealers. 250
- **4.10.240** Maintaining reports - second hand dealers. 250
- **4.10.260** Failure to make report - second hand dealers. 250
- **4.10.270** Second hand goods held for inspection. 250
- **4.18.040** Unlawful dog or cat kennel. 250
- **4.30.010** Soliciting without a permit. 250
- **4.30.100** Conduct of solicitations. 250
- **4.32.020** Soliciting without a permit. 250
- **4.32.060** Investigation of records of solicitor. 250
- **4.32.090** Acts required during solicitation. 250
- **4.32.100** Restriction of solicitation. 250
- **4.32.110** Hours of solicitation. 250
- **4.34.020** Permit required - closing out sale. 250
- **4.39.030** Audible alarms. 250
- **4.39.040** Limitation on automatic dialing devices. 250
- **4.39.060** Registration of alarm. 250
- **4.39.110** Alarm violations. 100
### Certificate of Public Convenience

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.42.020</td>
<td>Certificate of public convenience.</td>
<td>1000</td>
</tr>
</tbody>
</table>

### Controlled Substance and Alcohol Testing

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.42.085</td>
<td>Controlled substance and alcohol testing.</td>
<td>500</td>
</tr>
</tbody>
</table>

### Taxi Owners Permit

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.42.090</td>
<td>Taxi owners permit.</td>
<td>5000</td>
</tr>
</tbody>
</table>

### Taxi Drivers Permit Expired

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.42.100</td>
<td>Taxi drivers permit expired.</td>
<td>250</td>
</tr>
</tbody>
</table>

### Taxi Drivers Permit Not Displayed

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.42.130(b)</td>
<td>Taxi drivers permit not displayed.</td>
<td>250</td>
</tr>
</tbody>
</table>

### Taximeters

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.42.190</td>
<td>Taximeters.</td>
<td>500</td>
</tr>
</tbody>
</table>

### Taxi Cab Operating Regulations

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.42.200</td>
<td>Taxi cab operating regulations.</td>
<td>250</td>
</tr>
</tbody>
</table>

### Interference with Inspection

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.42.210(a)</td>
<td>Interference with inspection.</td>
<td>500</td>
</tr>
</tbody>
</table>

### Inspection of Vehicles

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.42.210(b)</td>
<td>Inspection of vehicles.</td>
<td>500</td>
</tr>
</tbody>
</table>

### Operating Regulations

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.42.220</td>
<td>Operating regulations.</td>
<td>500</td>
</tr>
</tbody>
</table>

### Maintenance of Vehicles

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.42.230</td>
<td>Maintenance of vehicles.</td>
<td>500</td>
</tr>
</tbody>
</table>

### License Required - Bingo

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.51.030</td>
<td>License required - bingo.</td>
<td>250</td>
</tr>
</tbody>
</table>

### Staffing and Operations - Bingo

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.51.080</td>
<td>Staffing and operations - bingo.</td>
<td>250</td>
</tr>
</tbody>
</table>

### Physical Presence Required - Bingo

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.51.110</td>
<td>Physical presence required - bingo.</td>
<td>250</td>
</tr>
</tbody>
</table>

### License Required - Billiards and Bowling

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.52.020</td>
<td>License required - billiards and bowling.</td>
<td>1000</td>
</tr>
</tbody>
</table>

### Minors Restricted - Billiards and Bowling

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.52.040</td>
<td>Minors restricted - billiards and bowling.</td>
<td>250</td>
</tr>
</tbody>
</table>

### Offensive Conduct - Billiards and Bowling

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.52.060</td>
<td>Offensive conduct - billiards and bowling.</td>
<td>250</td>
</tr>
</tbody>
</table>

### Interference with Emerg. Access - Billiards/Bowling

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.52.070</td>
<td>Interference w/ emerg. Access - billiards/bowling.</td>
<td>250</td>
</tr>
</tbody>
</table>

### Permit Required - Massage Establishment

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.54.030(a)</td>
<td>Permit required - massage establishment.</td>
<td>1000</td>
</tr>
</tbody>
</table>

### Permit Required - Massage Tech.

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.54.060(a)</td>
<td>Permit required - massage tech.</td>
<td>250</td>
</tr>
</tbody>
</table>

### Massage Establishment Facilities

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.54.130</td>
<td>Business name - massage.</td>
<td>250</td>
</tr>
</tbody>
</table>

### License Required - Adult Entertainment

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.55.030</td>
<td>License required - adult entertainment.</td>
<td>1000</td>
</tr>
</tbody>
</table>

### License Required - Hot Tub and Sauna

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.56.030</td>
<td>License required - hot tub and sauna.</td>
<td>1000</td>
</tr>
</tbody>
</table>

### Employee Permit Required - Hot Tub and Sauna

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.56.060</td>
<td>Employee permit required - hot tub and sauna.</td>
<td>250</td>
</tr>
</tbody>
</table>

### Hot Tub/Sauna Establishment and Operations

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.56.100</td>
<td>Hot tub/sauna establishment and operations.</td>
<td>250</td>
</tr>
</tbody>
</table>

### Business Name - Hot Tub and Sauna

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.56.120</td>
<td>Business name - hot tub and sauna.</td>
<td>250</td>
</tr>
</tbody>
</table>

### Display of Permit - Hot Tub and Sauna

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.56.150</td>
<td>Display of permit - hot tub and sauna.</td>
<td>250</td>
</tr>
</tbody>
</table>

### Employment of Persons < 18 - Hot Tub and Sauna

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.56.200</td>
<td>Employment of persons &lt; 18 - hot tub and sauna.</td>
<td>250</td>
</tr>
</tbody>
</table>

### Permit Required - Firearms Sales

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.57.020</td>
<td>Permit required - firearms sales.</td>
<td>1000</td>
</tr>
</tbody>
</table>

### Firearms Dealers - Business and Security

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.58.020</td>
<td>Firearms dealers - business and security.</td>
<td>500</td>
</tr>
</tbody>
</table>

### Regulations - Narcotics Paraphernalia Shop

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.58.030</td>
<td>Regulations - narcotics paraphernalia shop.</td>
<td>750</td>
</tr>
</tbody>
</table>

### Pet Shop Requirements

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.59.010</td>
<td>Pet shop requirements.</td>
<td>250</td>
</tr>
</tbody>
</table>

### Pet Shop Sanitation

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.59.020</td>
<td>Pet shop sanitation.</td>
<td>250</td>
</tr>
</tbody>
</table>

### Pet Shop Food

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.59.030</td>
<td>Pet shop food.</td>
<td>250</td>
</tr>
</tbody>
</table>

### Pet Shop Notification

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.59.040</td>
<td>Pet shop notification.</td>
<td>250</td>
</tr>
</tbody>
</table>

### Pet Shop - Sale of Dangerous or Wild Animals

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.59.050</td>
<td>Pet shop - sale of dangerous or wild animals.</td>
<td>250</td>
</tr>
</tbody>
</table>

### Dead Animals

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.59.070</td>
<td>Dead animals.</td>
<td>250</td>
</tr>
</tbody>
</table>

### Permit Required - Pet Shop and Kennel

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.59.080</td>
<td>Permit required - pet shop and kennel.</td>
<td>250</td>
</tr>
</tbody>
</table>

### Permit Required - Grooming Shop

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.59.090</td>
<td>Permit required - grooming shop.</td>
<td>250</td>
</tr>
</tbody>
</table>

### Sales of Kittens and Puppies

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.59.095</td>
<td>Sales of kittens and puppies.</td>
<td>250</td>
</tr>
</tbody>
</table>

### Sales of Raccoons

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.59.100</td>
<td>Sales of raccoons.</td>
<td>250</td>
</tr>
</tbody>
</table>

### Sales of Rabbits, Chicks, Ducklings

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.59.105</td>
<td>Sales of rabbits, chicks, ducklings.</td>
<td>250</td>
</tr>
</tbody>
</table>

### Business Registration Required

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.60.030</td>
<td>Business registration required</td>
<td>250</td>
</tr>
</tbody>
</table>

### Business Registry Application Required

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.60.060</td>
<td>Business registry application required</td>
<td>250</td>
</tr>
</tbody>
</table>

### Business Registry Fee Delinquency

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.60.120(a)</td>
<td>Business registry fee delinquency</td>
<td>50% of registry fee if 1-30 days late; 100% of fee or 31+ days late</td>
</tr>
</tbody>
</table>

### Permit Required - Refreshment Stand

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.12.010</td>
<td>Permit required - refreshment stand.</td>
<td>250</td>
</tr>
</tbody>
</table>

### Discarding Solid Waste

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.20.030</td>
<td>Discarding solid waste.</td>
<td>250</td>
</tr>
</tbody>
</table>

### Accumulation of Garbage

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.20.040</td>
<td>Accumulation of garbage.</td>
<td>250</td>
</tr>
</tbody>
</table>

### Unauthorized Bins, Boxes, Containers - First Violation

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.20.050</td>
<td>Unauthorized bins, boxes, containers - first violation.</td>
<td>500</td>
</tr>
</tbody>
</table>
NOT YET APPROVED

Second and subsequent violations. 1000
5.20.080 Number of containers required. 250
5.20.090 Collection of recyclable materials. 250
5.20.100 Collection of compostable materials. 250
5.20.105 Contamination of containers. 250
5.20.108 Multifamily properties/Commercial premises. 250
5.20.109 Requirements for special events. 100
5.20.120 Improper container condition. 250
5.20.130 Maintenance of bins and boxes- first violation. 250
Second and subsequent violations. 500
5.20.160 Spillage or leakage of solid waste. 250
5.20.180 No accumulation of solid waste. 250
5.20.190 No burning, burial, or dumping of solid waste. 250
5.20.200 Hazardous waste. 500
5.20.220 Scavenging prohibited. 100
5.30.020 Polystyrene & Non-Recyclable Plastic. 500
5.35.020 Bags at retail establishments. 500
5.35.030 Bags at supermarkets. 500
6.08.020(b) Interference with animal control officer. 250
6.16.010 No dog license. 50
6.16.080 Number of dogs allowed. 100
6.16.100 Leash Law. 100
6.20.010 Animals at large. 100
6.20.020 Animals on unenclosed premises. 100
6.20.030 Animals kept in enclosures. 100
6.20.035 Tying animals to bicycle racks or trees. 100
6.20.040 Nuisance on sidewalk. 100
6.20.045 Animal waste removal - first offense. 25
6.20.045 Animal waste removal - second offense. 50
6.20.045 Animal waste removal - third offense. 125
6.20.055 Animals in vehicles. 250
6.20.060 Bees close to property line. 100
6.20.080 Permit required - livestock. 100
6.20.090 Maintaining birds, goats, pigs and rabbits. 100
6.20.110 Number of cats kept. 100
6.20.120 Permit required - breeding animals. 100
6.20.130 Cat or dog in heat. 100
6.20.140 Barking dogs. 100
6.20.150 Vaccination required - animals. 100
6.20.160 Sanitary enclosures. 100
6.20.170 Slaughter of animals. 500
6.24.020 Permit required - construction of stable. 250
6.24.050 Maintenance of stable. 250
6.28.040 Possession of dangerous or wild animals. 500
6.32.010 Keeping diseased animals. 500
6.32.020 Confining animals with rabies. 500
6.32.050 Dead animals in public. 500
6.36.010 Sales of certain animals. 250
8.04.020 Permit required - tree work. 500
8.04.080 Interference with tree enforcement. 500
8.08.010 Weeds as public nuisance. 250
8.10.050 Protected trees. 500
8.10.070 Care of protected trees. 500
<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fine</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.10.080(b)</td>
<td>Development conditions.</td>
<td>500</td>
</tr>
<tr>
<td>9.04.010</td>
<td>Open container in business district.</td>
<td>100</td>
</tr>
<tr>
<td>9.04.020</td>
<td>Open container in City parking lot.</td>
<td>100</td>
</tr>
<tr>
<td>9.04.030</td>
<td>Open container near liquor store.</td>
<td>100</td>
</tr>
<tr>
<td>9.04.040</td>
<td>Social host.</td>
<td>First violation: 250</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Second violation: 500</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Third &amp; subsequent violation: 1000</td>
</tr>
<tr>
<td>9.07.020</td>
<td>Safe Storage of Firearms</td>
<td>1000</td>
</tr>
<tr>
<td>9.08.010</td>
<td>Discharge of firearms/fireworks.</td>
<td>1000</td>
</tr>
<tr>
<td>9.09.010(a)</td>
<td>Urinating/defecating on street or public place.</td>
<td>250</td>
</tr>
<tr>
<td>9.09.010(b)</td>
<td>Igniting or maintaining outdoor fire.</td>
<td>250</td>
</tr>
<tr>
<td>9.10.030</td>
<td>Residential property noise limits.</td>
<td>100</td>
</tr>
<tr>
<td>9.10.040</td>
<td>Commercial property noise limits.</td>
<td>100</td>
</tr>
<tr>
<td>9.10.050</td>
<td>Public property noise limits.</td>
<td>100</td>
</tr>
<tr>
<td>9.10.060(b)</td>
<td>Construction noise signs.</td>
<td>250</td>
</tr>
<tr>
<td>9.10.060(c)</td>
<td>Construction noise.</td>
<td>250</td>
</tr>
<tr>
<td>9.10.060(d)</td>
<td>Construction equipment noise.</td>
<td>100</td>
</tr>
<tr>
<td>9.10.060(e)</td>
<td>Residential power equipment noise.</td>
<td>100</td>
</tr>
<tr>
<td>9.10.060(f)</td>
<td>Leaf blower noise- first violation.</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Leaf blower noise- second violation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Leaf blower noise- third and subsequent violation</td>
</tr>
<tr>
<td>9.10.060(g)</td>
<td>Street sweeping noise.</td>
<td>100</td>
</tr>
<tr>
<td>9.10.060(h)</td>
<td>Refuse collection noise.</td>
<td>100</td>
</tr>
<tr>
<td>9.10.060(i)</td>
<td>Safety device noise.</td>
<td>100</td>
</tr>
<tr>
<td>9.10.060(k)</td>
<td>Public parking lot cleaning noise.</td>
<td>100</td>
</tr>
<tr>
<td>9.10.060(l)</td>
<td>Business district street cleaning noise.</td>
<td>100</td>
</tr>
<tr>
<td>9.12.010</td>
<td>Loudspeakers.</td>
<td>150</td>
</tr>
<tr>
<td>9.14.020</td>
<td>Smoking prohibited - enclosed places.</td>
<td>250 (2nd violation in 1 year: $300;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3rd and subsequent violations in 1 year: $500)</td>
</tr>
<tr>
<td>9.14.025</td>
<td>Smoking prohibited – unenclosed areas.</td>
<td>250 (2nd violation in 1 year: $300;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3rd and subsequent violations in 1 year: $500)</td>
</tr>
<tr>
<td>9.14.030</td>
<td>Smoking prohibited - city cars.</td>
<td>250 (2nd violation in 1 year: $300;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3rd and subsequent violations in 1 year: $500)</td>
</tr>
<tr>
<td>9.14.035</td>
<td>Smoking prohibited – public parks and public events</td>
<td>250 (2nd violation in 1 year: $300;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3rd and subsequent violations in 1 year: $500)</td>
</tr>
<tr>
<td>9.14.040</td>
<td>Smoking prohibited - child care facilities.</td>
<td>250 (2nd violation in 1 year: $300;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3rd and subsequent violations in 1 year: $500)</td>
</tr>
<tr>
<td>9.14.050</td>
<td>Smoking prohibited – commercial areas and public events.</td>
<td>250 (2nd violation in 1 year: $300;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3rd and subsequent violations in 1 year: $500)</td>
</tr>
<tr>
<td>9.14.080</td>
<td>Location of tobacco vending machines.</td>
<td>1000</td>
</tr>
<tr>
<td>9.14.090</td>
<td>Display of tobacco products.</td>
<td>500</td>
</tr>
<tr>
<td>9.14.100</td>
<td>Failure to post “No Smoking” signs.</td>
<td>50</td>
</tr>
<tr>
<td>9.22.010</td>
<td>Impersonating public officials.</td>
<td>500</td>
</tr>
<tr>
<td>9.26.020</td>
<td>False representation as police officer.</td>
<td>250</td>
</tr>
<tr>
<td>9.28.010</td>
<td>Hotel guest register required.</td>
<td>250</td>
</tr>
<tr>
<td>9.28.020</td>
<td>Use of false name by hotel guest.</td>
<td>50</td>
</tr>
</tbody>
</table>
9.40.020 Landing aircraft at other than airport. 1000
9.44.010 Solicitation prohibited - public parking lot. 100
9.48.010 Displaying goods on sidewalk. 50
9.48.025 Sitting or lying on University Avenue sidewalks. 100
9.48.030 Operation of sidewalk elevator. 500
9.48.040 Throwing rubbish on streets. 250
9.48.050 Obligation to clean sidewalk. 200
9.50.010 Graffiti prohibited on public property. 500
9.56.030 Abatement of public nuisance. 500 unless otherwise specified
9.56.030(a)(5) Thirty-five foot site triangle. 200
9.56.030(a)(8) Foliage/branch obstruction. 200
9.56.030(a)(10) Excessive planting strip vegetation height. 150
9.60.030 Blocking entrances to City Hall. 500
9.60.050 Placing signs or climbing on City Hall. 500
9.60.060 Bicycles and skateboards at City Hall. 50
9.60.070 Alcoholic beverages prohibited - City Hall. 100
9.64.010 Overnight use of community facilities 250
9.74.030 Discrimination in housing. 250
9.78.020 Mosquito breeding places. 500
9.79.100 News rack violations. 100
12.08.010 Permit required - public right of way. 500
12.08.100 Removal of City Engineer monuments. 500
12.12.010 Building on public easement without or in violation of encroachment permit 1000
12.12.020 Failure to obtain or violation of commercial sidewalk encroachment permit 500
12.16.030 Overhead wires in underground districts. 500
12.16.090 Property owner responsibility. 500
12.20.010 Utility rules and regulations 500 unless otherwise specified
12.20.010 Emergency water conservation regulations (Reso. Nos. 9509, 9460, 9449) 100 (2nd violation in 1 year: $250; 3rd and subsequent violations in 1 year: $500)
12.20.020 Providing false information to City Utilities. 500
12.32.010 Water use regulation. 100
15.04.070 Violations of Uniform Fire Code. 500 unless otherwise specified
16.04.050 Violations of California Building Code as amended. 500 unless otherwise specified
16.05.040 Violations of California Mechanical Code as amended. 500
16.06.050 Violations of California Residential Code as amended. 500
16.08.040 Violations of California Plumbing Code as amended. 500
16.09.260 Violations of Sewer Use Ordinance 1000
16.10.020 Construction of private sewer system. 750
16.10.050 Permit required - private sewage system. 500
16.14.260 Failure to meet diversion requirements. $150 per ton of waste not diverted or $3000, whichever is greater
16.14.370 Failure to meet diversion requirements. $150 per ton of waste not diverted or $3000, whichever is greater
16.16.060 Violations of California Electrical Code as amended. 500
16.17.020 Violations of California Energy Code as amended. 500
16.18.020 Violations of International Pool and Spa Code as 500
<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>16.20.020</td>
<td>Design review required - signs.</td>
<td>500</td>
</tr>
<tr>
<td>16.20.090</td>
<td>Prohibited signs.</td>
<td>250</td>
</tr>
<tr>
<td>16.20.100</td>
<td>Prohibited locations - signs.</td>
<td>250</td>
</tr>
<tr>
<td>16.20.110</td>
<td>Fuel price signs required.</td>
<td>250</td>
</tr>
<tr>
<td>16.20.210</td>
<td>Non-compliance with sign ordinance.</td>
<td>250</td>
</tr>
<tr>
<td>16.20.230</td>
<td>Abandoned signs.</td>
<td>250</td>
</tr>
<tr>
<td>16.20.250</td>
<td>Parking of advertising vehicles.</td>
<td>250</td>
</tr>
<tr>
<td>16.24.080</td>
<td>Fence violation.</td>
<td>250</td>
</tr>
<tr>
<td>16.28.060</td>
<td>Permit required - excavation and grading.</td>
<td>500</td>
</tr>
<tr>
<td>16.28.330</td>
<td>Protection of adjacent property.</td>
<td>500</td>
</tr>
<tr>
<td>16.28.340</td>
<td>Deposits of earth, rock, etc.</td>
<td>500</td>
</tr>
<tr>
<td>16.32.010</td>
<td>Permit required - moving a building.</td>
<td>250</td>
</tr>
<tr>
<td>16.36.050</td>
<td>Curb painting without a permit.</td>
<td>100</td>
</tr>
<tr>
<td>16.36.060</td>
<td>House numbering required.</td>
<td>100</td>
</tr>
<tr>
<td>16.38.020</td>
<td>Certificate of occupancy – community housing.</td>
<td>500</td>
</tr>
<tr>
<td>16.40.040</td>
<td>Dangerous and substandard buildings.</td>
<td>500</td>
</tr>
<tr>
<td>16.40.090</td>
<td>Non-compliance with order of building official.</td>
<td>500</td>
</tr>
<tr>
<td>16.40.180</td>
<td>Interference with repair or demolition work.</td>
<td>500</td>
</tr>
<tr>
<td>16.42.090</td>
<td>Failure to submit seismic report.</td>
<td>250</td>
</tr>
<tr>
<td>16.45.070</td>
<td>Failure to pay fee - Stanford Research Park.</td>
<td>250</td>
</tr>
<tr>
<td>16.46.060</td>
<td>Failure to pay fee - San Antonio - West Bayshore.</td>
<td>250</td>
</tr>
<tr>
<td>16.47.050</td>
<td>Failure to pay housing impact fee.</td>
<td>250</td>
</tr>
<tr>
<td>16.49.050</td>
<td>Exterior alteration of downtown historic structures or a significant structure outside the downtown without or in violation of permit</td>
<td>10000</td>
</tr>
<tr>
<td>16.49.060</td>
<td>Demolition of a significant downtown building without or in violation of permit</td>
<td>10000</td>
</tr>
<tr>
<td>16.49.070</td>
<td>Demolition of a contributing downtown structure or significant structure outside the downtown without or in violation of permit</td>
<td>10000</td>
</tr>
<tr>
<td>16.49.080</td>
<td>Maintenance of downtown historic structure.</td>
<td>10000</td>
</tr>
<tr>
<td>16.49.090</td>
<td>Demolition of downtown historic structure.</td>
<td>10000</td>
</tr>
<tr>
<td>16.52.070</td>
<td>Construction - flood hazards.</td>
<td>500</td>
</tr>
<tr>
<td>16.59.090</td>
<td>Failure to pay fee- Citywide Transportation Impact.</td>
<td>250</td>
</tr>
<tr>
<td>16.60.090</td>
<td>Failure to pay fee- Charleston/Arastradero.</td>
<td>250</td>
</tr>
<tr>
<td>16.62.020</td>
<td>Maintenance of expired building permit</td>
<td>200 for 31st through 60th day</td>
</tr>
<tr>
<td></td>
<td></td>
<td>400 for 61st through 120th day</td>
</tr>
<tr>
<td></td>
<td></td>
<td>800 for 121st day and thereafter</td>
</tr>
<tr>
<td>16.62.020</td>
<td>Maintenance of expired building permit</td>
<td>200 for 31st through 60th day</td>
</tr>
<tr>
<td></td>
<td></td>
<td>400 for 61st through 120th day</td>
</tr>
<tr>
<td></td>
<td></td>
<td>800 for 121st day and thereafter</td>
</tr>
<tr>
<td>17.04.020</td>
<td>Violations of hazardous materials storage.</td>
<td>500, unless otherwise specified</td>
</tr>
<tr>
<td>17.04.030</td>
<td>Specific obligation - hazardous materials.</td>
<td>500</td>
</tr>
<tr>
<td>17.10.010</td>
<td>General obligation - underground storage tanks.</td>
<td>750 unless otherwise specified</td>
</tr>
<tr>
<td>17.10.040</td>
<td>Permit required - underground storage.</td>
<td>500</td>
</tr>
<tr>
<td>17.10.140</td>
<td>Financial responsibility - underground storage.</td>
<td>500</td>
</tr>
<tr>
<td>17.10.150</td>
<td>Monitoring underground storage tanks.</td>
<td>1000</td>
</tr>
<tr>
<td>17.10.170</td>
<td>Unlawful abandonment - underground storage tanks.</td>
<td>1000</td>
</tr>
<tr>
<td>17.12.010</td>
<td>Permit required - hazardous materials storage.</td>
<td>750</td>
</tr>
<tr>
<td>17.12.020</td>
<td>New hazardous materials storage facilities.</td>
<td>750</td>
</tr>
<tr>
<td>17.12.060</td>
<td>Hazardous materials storage facilities.</td>
<td>750</td>
</tr>
<tr>
<td>17.16.010</td>
<td>Hazardous materials management plan.</td>
<td>250</td>
</tr>
<tr>
<td>17.20.010</td>
<td>Hazardous materials inventory statement.</td>
<td>250</td>
</tr>
<tr>
<td>17.24.010</td>
<td>Hazardous materials discharge report.</td>
<td>750</td>
</tr>
<tr>
<td>17.32.010</td>
<td>Permit required - storage of hazardous materials.</td>
<td>1000</td>
</tr>
</tbody>
</table>
18.01.080 Violation of zoning laws. 500
18.16.060(d) Hotel stay in excess of 30 days. 200
18.38.020 Planned Community zoning (unless otherwise specified in PC ordinance) 500
2500 beginning the 181st day following notice of violation

Violations of Ordinance 5069 shall be subject to the penalties listed above except that the penalty for violations of Sections 4(b)(1), (2), (6), and (7) of Ordinance 5069 shall not be subject to the penalties above or to the escalators for second, third and subsequent violations, but shall be $2157 per day, for each and every day that a grocery store is not in operation within College Terrace Centre in accordance with the terms of Ordinance 5069. (The City Council intends to adjust this penalty amount periodically in future updates to this administrative penalty schedule to account for periodic increases in the Consumer Price Index for All Urban Consumers.) In calculating the penalties for such violations, the City will allow for a grace period for any daily violations that do not exceed six (6) cumulative months in any five (5) year period. However, this grace period was previously applied to violations from 1/10/18 through 7/10/18, so there is no entitlement to any further grace period prior to 1/10/23.

18.42.060(a) Incompatibility of home occupations. 200
18.42.060(b) Employees of home occupation. 200
18.42.060(c) On site advertising of home occupation. 200
18.42.060(d) Floor area of home occupation. 200
18.42.060(e) Traffic related to home occupation. 200
18.42.060(f) Home occupation as nuisance. 200
18.42.060(g) Outdoor storage related to home occupation. 200
18.42.070 Servicing vehicles in residential zone. 250
18.52.050 Transportation demand management conditions 1000
4000 beginning the 181st day following notice of violation

18.84.200 Temporary uses. 250
22.04.030 Compliance with park regulations. 46 for violation of regulation R1-6 requiring payment of Foothills Park entry fee; 250 for violation of all
<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Fine</th>
</tr>
</thead>
<tbody>
<tr>
<td>22.04.040</td>
<td>Failure to obtain use permit.</td>
<td>300</td>
</tr>
<tr>
<td>22.04.150(b)</td>
<td>Entry at unapproved location - Foothills Park.</td>
<td>50</td>
</tr>
<tr>
<td>22.04.150(c)</td>
<td>Person in park after hours - Foothills Park.</td>
<td>250</td>
</tr>
<tr>
<td>22.04.150(d)</td>
<td>Speed limit 20MPH - Foothills Park.</td>
<td>250</td>
</tr>
<tr>
<td>22.04.150(e)</td>
<td>Vehicles in Foothills Park after hours.</td>
<td>100</td>
</tr>
<tr>
<td>22.04.150(f)</td>
<td>Skateboards and motorcycles - Foothills Park.</td>
<td>250</td>
</tr>
<tr>
<td>22.04.150(g)</td>
<td>Smoking on trails - Foothills Park.</td>
<td>1000</td>
</tr>
<tr>
<td>22.04.150(h)</td>
<td>Fires in Foothills Park.</td>
<td>1000</td>
</tr>
<tr>
<td>22.04.150(i)</td>
<td>Use of trails - Foothills Park.</td>
<td>100</td>
</tr>
<tr>
<td>22.04.155</td>
<td>Restraint of dogs in City parks.</td>
<td>250</td>
</tr>
<tr>
<td>22.04.160</td>
<td>Permit required - sales in parks.</td>
<td>250</td>
</tr>
<tr>
<td>22.04.170</td>
<td>Violation of park use permit.</td>
<td>250</td>
</tr>
<tr>
<td>22.04.180</td>
<td>Sound in parks.</td>
<td>250</td>
</tr>
<tr>
<td>22.04.190</td>
<td>Unauthorized golf and other games in parks.</td>
<td>250</td>
</tr>
<tr>
<td>22.04.200</td>
<td>Unauthorized models and kites in parks.</td>
<td>100</td>
</tr>
<tr>
<td>22.04.210</td>
<td>Parking in parks.</td>
<td>100</td>
</tr>
<tr>
<td>22.04.215</td>
<td>Launch and takeout from ramp or dock.</td>
<td>250</td>
</tr>
<tr>
<td>22.04.220</td>
<td>Bicycle not permitted on trails.</td>
<td>250</td>
</tr>
<tr>
<td>22.04.230</td>
<td>Dumping in park.</td>
<td>1000</td>
</tr>
<tr>
<td>22.04.240</td>
<td>Interference with park use permit.</td>
<td>250</td>
</tr>
<tr>
<td>22.04.250</td>
<td>Park regulations</td>
<td>250</td>
</tr>
<tr>
<td>22.04.260</td>
<td>Discharge of weapons in park.</td>
<td>500</td>
</tr>
<tr>
<td>22.04.270</td>
<td>Removal of flora or fauna.</td>
<td>500</td>
</tr>
<tr>
<td>22.04.280</td>
<td>Removal of turf or soil.</td>
<td>500</td>
</tr>
<tr>
<td>22.04.290(a)</td>
<td>Damaging, defacing, etc., property.</td>
<td>1000</td>
</tr>
<tr>
<td>22.04.290(b)</td>
<td>Marking, writing or printing on property.</td>
<td>1000</td>
</tr>
<tr>
<td>22.04.290(c)</td>
<td>Attaching sign, etc., without permit.</td>
<td>500</td>
</tr>
<tr>
<td>22.04.290(d)</td>
<td>Entering, etc., structure after posted hours.</td>
<td>250</td>
</tr>
<tr>
<td>22.04.290(e)</td>
<td>Bringing portable tables without a permit.</td>
<td>100</td>
</tr>
<tr>
<td>22.04.300</td>
<td>Unlawful fire in city park.</td>
<td>1000</td>
</tr>
<tr>
<td>22.04.310</td>
<td>Enid Pearson Arastradero, Esther Park closure.</td>
<td>250</td>
</tr>
<tr>
<td>22.04.315</td>
<td>Byxbee Park and Baylands closed.</td>
<td>250</td>
</tr>
<tr>
<td>22.04.320</td>
<td>Parks closed.</td>
<td>250</td>
</tr>
<tr>
<td>22.04.321(a)</td>
<td>Skateboarding in park after hours.</td>
<td>50</td>
</tr>
<tr>
<td>22.04.322</td>
<td>Trespass at Rinconada Park pool.</td>
<td>50</td>
</tr>
<tr>
<td>22.04.330</td>
<td>Alcohol in Cogswell Park.</td>
<td>250</td>
</tr>
<tr>
<td>22.04.331</td>
<td>Alcohol in Lytton Plaza.</td>
<td>250</td>
</tr>
<tr>
<td>22.04.332</td>
<td>Alcohol in Johnson Park.</td>
<td>250</td>
</tr>
<tr>
<td>22.04.333</td>
<td>Alcohol in Boulware Park.</td>
<td>250</td>
</tr>
<tr>
<td>22.04.334</td>
<td>Alcohol in Scott St. Minipark.</td>
<td>250</td>
</tr>
<tr>
<td>22.04.335</td>
<td>Alcohol in Greer Park.</td>
<td>250</td>
</tr>
<tr>
<td>22.04.336(a)</td>
<td>Alcohol in Rinconada Park.</td>
<td>250</td>
</tr>
<tr>
<td>22.04.337</td>
<td>Alcohol in Mitchell Park.</td>
<td>250</td>
</tr>
<tr>
<td>22.04.338</td>
<td>Alcohol in Robles Park.</td>
<td>250</td>
</tr>
<tr>
<td>22.04.339</td>
<td>Alcohol in Hopkins Park.</td>
<td>250</td>
</tr>
<tr>
<td>22.04.340</td>
<td>Vehicles in park.</td>
<td>250</td>
</tr>
<tr>
<td>22.04.341</td>
<td>Alcohol in El Palo Alto Park.</td>
<td>250</td>
</tr>
<tr>
<td>22.04.342</td>
<td>Alcohol in Heritage Park.</td>
<td>250</td>
</tr>
<tr>
<td>22.04.343</td>
<td>Alcohol in Pardee Park.</td>
<td>250</td>
</tr>
</tbody>
</table>
22.04.350 Consumption of alcoholic beverage in vehicles.  250
22.04.360 Open container in park - alcoholic beverage.  250
22.04.370 Reckless driving in park.  250
22.04.380 Unlawful riding and towing in parks.  250
22.04.390 Duck pond.  100

SECTION 2. Municipal Code Civil Penalties. The civil penalty schedule for violations of the Palo Alto Municipal Code established by Resolution No. 9879 is hereby restated to read as follows*:

Standard penalty unless otherwise indicated below.  $46
10.36.020 No parking in parkways.  46
10.36.030(a) Storage on the street (72 hours).  86
10.36.040(a)(1) Vehicle for sale on street.  46
10.36.040(a)(2) Repairing vehicle on street.  46
10.36.050 Not w/in 18” of left curb--One-way street.  46
10.36.090 Removal of chalk markings.  111
10.40.020(a)(1) Parking violation – red curb.  46
10.40.020(a)(4) Parking violation – green curb.  46
10.40.020(a)(5) Parking violation – blue curb.  308
10.40.020(b) Parking in violation of sign (except blue curb).  46
10.40.020(b) Unlawful disabled parking - signs (blue curb).  308
10.40.040(b) Commercial vehicle double parking.  46
10.40.050 Unlawful parking in yellow loading zone.  46
10.40.060 Unlawful parking in passenger loading zone.  46
10.40.070 Unlawful alley parking.  46
10.40.100(g) Parking in a bus zone.  46
10.44.020(a) Oversized vehicle parking in residential or public facilities zones 2am-6am.  46
10.44.040(b) Not in space marking.  46
10.44.050(b) Parking violation--temporary sign.  46
10.44.060 Dealers--parking for sale or repair.  46
10.44.070(b) Parking in violation of posted sign.  46
10.44.080 Vehicle obstruction of roadway or lot.  46
10.44.090 Unattended vehicle, engine running.  111
10.45.110 Parking in on-street valet parking space.  46
10.46.110 Overtime residential parking permit (CT)  53
10.48.030 Truck route violation.  211
10.50.100(a) Violation of posted RPP permit sign  53
10.60.070(c) Permit not properly displayed.  41
10.60.070(d) Overtime permit parking in City lot.  41
10.60.070(e) Parking without permit in permit area.  46
22.04.150(e) In Foothills Park after hours.  111
22.04.210 Parking in parks.  111
   Late payment penalty.  35
   Collection cost penalty.  35% of listed penalty

*All penalties include state-mandated assessments pursuant to Gov’t. Code 76000, S.B 1407(2008), and Government Code 76000.3 (S.B. 857, 2008) totaling $12.50.
SECTION 3. Vehicle Code Civil Penalties. The civil penalty schedule for violations of the California Vehicle Code established by Resolution No. 9879 is hereby restated to read as follows*:

<table>
<thead>
<tr>
<th>Section</th>
<th>Offense Description</th>
<th>Penalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>5200</td>
<td>No front license plate.</td>
<td>$78</td>
</tr>
<tr>
<td></td>
<td>(If corrected within 31 days)</td>
<td>10 (state mandated)</td>
</tr>
<tr>
<td>5204(a)</td>
<td>No registration tabs on license plate.</td>
<td>78</td>
</tr>
<tr>
<td></td>
<td>(If corrected within 31 days)</td>
<td>10 (state mandated)</td>
</tr>
<tr>
<td>21113(a)</td>
<td>Parking on public grounds.</td>
<td>46</td>
</tr>
<tr>
<td>22500(a)</td>
<td>Parking in an intersection.</td>
<td>46</td>
</tr>
<tr>
<td>22500(b)</td>
<td>Parking in a crosswalk.</td>
<td>46</td>
</tr>
<tr>
<td>22500(d)</td>
<td>Parking w/in 15 feet--fire station driveway.</td>
<td>46</td>
</tr>
<tr>
<td>22500(e)</td>
<td>Blocking driveway.</td>
<td>46</td>
</tr>
<tr>
<td>22500(f)</td>
<td>Parking on sidewalk.</td>
<td>46</td>
</tr>
<tr>
<td>22500(g)</td>
<td>Parking or stopping--excavation site, etc.</td>
<td>46</td>
</tr>
<tr>
<td>22500(h)</td>
<td>Double parking on roadway.</td>
<td>46</td>
</tr>
<tr>
<td>22500(i)</td>
<td>Parking in a bus zone.</td>
<td>261</td>
</tr>
<tr>
<td>22500(l)</td>
<td>Parking in front of accessible curb.</td>
<td>303</td>
</tr>
<tr>
<td>22500.1</td>
<td>Parking in a fire lane (public or private).</td>
<td>46</td>
</tr>
<tr>
<td>22502</td>
<td>Right hand wheels not w/in 18” of rt. curb.</td>
<td>46</td>
</tr>
<tr>
<td>22505(b)</td>
<td>Parking on state highway violation.</td>
<td>46</td>
</tr>
<tr>
<td>22507.8(a-b)</td>
<td>Unlawful parking in handicapped space.</td>
<td>303</td>
</tr>
<tr>
<td>22507.8(c)(1-2)</td>
<td>Straddling Lines/Cross hatched, disabled.</td>
<td>303</td>
</tr>
<tr>
<td>22511.57(a)</td>
<td>Parking/standing of vehicle in disabled parking stall or space with invalid license/placard.</td>
<td>$753</td>
</tr>
<tr>
<td>22511.57(b)</td>
<td>Unauthorized use of license/placard for vehicle parking/standing in disabled parking stall or space.</td>
<td>$753</td>
</tr>
<tr>
<td>22511.57(c)</td>
<td>Parking/standing of vehicle in disabled parking stall or space with counterfeit, forged, altered or mutilated license/placard for disabled.</td>
<td>$753</td>
</tr>
<tr>
<td>22514</td>
<td>Parking within 15 feet of fire hydrant.</td>
<td>46</td>
</tr>
<tr>
<td>22515</td>
<td>Unattended vehicle, engine running.</td>
<td>111</td>
</tr>
<tr>
<td>22516</td>
<td>Person locked in vehicle.</td>
<td>111</td>
</tr>
<tr>
<td>22521</td>
<td>Parking within 7 1/2 feet of railroad tracks.</td>
<td>46</td>
</tr>
<tr>
<td>22522</td>
<td>Parking near sidewalk access ramp.</td>
<td>303</td>
</tr>
<tr>
<td>22523(a)</td>
<td>Unlawful abandonment of vehicle on highway.</td>
<td>131</td>
</tr>
<tr>
<td>22523(b)</td>
<td>Abandoned vehicle--public/private property.</td>
<td>131</td>
</tr>
<tr>
<td>22526</td>
<td>Entering/blocking intersection – anti-gridlock.</td>
<td>131</td>
</tr>
<tr>
<td>22951</td>
<td>No street, alley parking--patron vehicles.</td>
<td>46</td>
</tr>
</tbody>
</table>

*All penalties include state-mandated assessments pursuant to Gov’t. Code 76000, S.B 1407(2008), and Government Code 76000.3 (S.B. 857, 2008) totaling $12.50.

SECTION 4. The Council finds that the adoption of this resolution does not meet the definition of a project under Public Resources Code Section 21065, thus, no environmental assessment under the California Environmental Quality Act is required.
SECTION 5. This resolution shall be effective upon adoption.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

ATTEST:  APPROVED:

__________________________  ____________________________

City Clerk     Mayor

APPROVED AS TO FORM:  ____________________________

__________________________

City Manager

__________________________

City Attorney
Summary Title: Approval of Policy and Services Committee Consultant Recommendation

Title: Policy and Services Committee Recommends City Council Approve Retention of a Consultant to Clean Up and Reformat the City Council Procedures and Protocols Handbook (8:00 PM - 8:30 PM)

From: City Manager

Lead Department: City Manager

Recommendation
The Policy and Services Committee Recommends City Council Approve Retention of a Consultant to Clean Up and Reformat the City Council Procedures and Protocols Handbook.

Background
At the June Policy and Services Committee meeting, in review of the City Council Procedures and Protocols Handbook (CPP), the Policy and Services Committee provided many comments on the CPP and concluded that a cleaner and reformatted version of the CPP would allow the Committee and the City Council to review the document more effectively for future revisions. The Committee made the following motion:

To recommend that the City Council hires a consultant to cleanup and reformat the handbook to improve readability and ease of use for City Council Members, Staff and the public.

This recommendation passed Policy and Services Committee with a 2-1 vote. Per the City Council’s procedures, since this was not unanimously approved by the Committee, it is placed as an action item for the full City Council’s discussion.

Discussion
Staff researched possible writers who can help the City with this and is in the process of soliciting bids from three (3) vendors. Staff anticipates the total cost to be around $5,000 and the scope of work includes working with the staff and the Policy and Services Committee to ensure the product is sufficient for the City. Additionally, staff is researching neighboring
communities’ City Council handbooks as benchmark information for context on a reformatted CPP.

Approval of this agenda item by the City Council is to confirm the Policy and Services Committee recommendation. This agenda item does not include actual new material edits to the CPP but instead is focused only on retention of a consultant to reformat and clean up the document. In the document clean-up process, staff will work with the consultant to bring the document to the Policy and Services Committee for review in the reformatting process.

**Timeline and Resource Impact**

Staff anticipates that this task could take 6 months – 1 year to complete but will work with the vendor to ensure they work diligently to keep this process moving forward. The estimated cost is expected to be around $5,000. The funding will be provided by the City Manager’s Office FY 2022 Adopted Budget.

**Stakeholder Engagement**

None at this time.

**Environmental Review**

This project is not subject because it can be seen with certainty that it will have no impact on the environment.
Summary Title: Continued Unhoused Services, Emergency Shelter, and Endorsement of County Homelessness Plan

Title: Direction on Strategies Related to Services for Unhoused Palo Alto Residents, Including Potential Emergency Shelter, and Adoption of a Resolution Endorsing the Santa Clara County Community Plan to End Homelessness 2020-25 (Continued from August 9, 2021) (8:30 PM - 10:30 PM)

From: City Manager

Lead Department: City Manager

Recommendation
This item was continued from August 9, 2021. Staff recommends that the City Council adopt a resolution endorsing the Santa Clara County “Community Plan to End Homelessness 2020-25” (Attachment A) and provide direction on strategies for services for unhoused Palo Alto residents, including the following:

1. Any follow up discussion related to an application for the Project Homekey Program for an emergency shelter in Palo Alto.
2. Support staff to return to City Council for policy discussions related to elements which will be included in a permanent Safe Parking Ordinance.
3. Provide direction to staff to bring back the necessary appropriation actions to support a Street Outreach Worker Contract through the Community Services Department and a Utility Team (Special Enforcement Team) in the Police Department for additional support to Unhoused Palo Altans.

Background
At the August 9, 2021 City Council meeting, the City Council discussed this item and received a presentation from staff. The staff report (CMR #13453) and presentation (link) from August 9 are the basis for this continued item for August 30. At the August 9 meeting, the City Council took the following action:
A. Support advancing an application for the Project Homekey Program for an emergency shelter in a portion of the Former Los Altos Treatment Plant (LATP) site with specific steps as follows:
   i. Pursue partnership with LifeMoves as the nonprofit partner;
   ii. Pursue zoning changes necessary to allow for an emergency shelter at the LATP site;
   iii. Direct Staff to identify funding sources and to include that information in the return report to the City Council;
   iv. Return to City Council in September with sufficient time to make an application and include all application details, including the explanation of all costs; and
B. Continue City Council discussion on the rest of this item to a date uncertain.

The August 30 discussion is a continuation of the robust discussion from August 9.

Discussion
Staff reattached the draft resolution for endorsing the County Plan to End Homelessness here as Attachment A. As shown in the August 9 motion above, the City Council provided direction to staff to pursue the exploratory work needed to progress towards a Project Homekey application. Staff continues to explore all aspects of the Former Los Altos Treatment Plant (LATP) site with LifeMoves to follow up on the City Council direction. Staff is also in conversation with LifeMoves regarding other possible sites. At this time, staff has not identified any additional sites. Staff also is in conversation with Valley Water about their proposed uses of the adjacent portion of the LATP site. The City will need to ensure continued coordination with Valley Water about the Homekey Project as it may affect the proposed purified water project.

Staff will be prepared at the August 30 meeting to share information about the other items in the August 9 report including the outreach worker recommendation and the utility team (Special Enforcement Team) recommendation.

Attachments:
- Attachment8.a: Attachment A: Resolution Endorsing the County Plan to End Homelessness
Resolution No.___

Resolution of the City Council of the City of Palo Alto Endorsing the Santa Clara County Community Plan to End Homelessness 2020-25

RECITALS

WHEREAS, nearly five years ago, the Community Plan to End Homelessness in Santa Clara County 2015-2020 was adopted, with partners working collectively to, among other efforts, help households resolve their homelessness, increase the number of supportive housing units in Santa Clara County, increase temporary housing and emergency shelter capacity, and launch a new homelessness prevention system; and

WHEREAS, the Community Plan, which was driven by and adopted by the Santa Clara County (County) Continuum of Care (CoC), is a planning requirement placed by the United States Department of Housing and Urban Development on CoC funding that provides a county-level roadmap to address homelessness and its root causes, with local jurisdictions tailoring the roadmap to meet local needs; and

WHEREAS, despite the substantial progress made in creating an innovative, coordinated, and more comprehensive supportive housing system, the housing crisis continues to grow nationally and locally; in 2019 about 313 people found themselves homeless in Palo Alto, and the challenges in ending homelessness are compounded by the COVID-19 pandemic and its impacts on the economy and local budgets; and

WHEREAS, in June 2019, the County, Destination: Home, and other cities and non-profits, embarked on strategic planning and an extensive community engagement process to develop a new five-year Community Plan 2020-25; and

WHEREAS, during the development of the new Community Plan, community feedback was sought to identify successes and challenges in the homeless system of care, and to collect innovative and inspiring ideas about how to address homelessness generally countywide, and specifically for certain subgroups such as youth and families; and

WHEREAS, this work resulted in the development of 14 strategies that fall into three focus areas: (1) Address the root causes of homelessness through system and policy change; (2) Expand homelessness prevention and housing programs to meet the need; and (3) Improve quality of life for unsheltered individuals and create healthy neighborhoods for all; and

WHEREAS, many of the Community Plan strategies are items that the City of Palo Alto regularly advances, some of which have been newly implemented given the urgent and ongoing COVID-19 pandemic; and
WHEREAS, the Community Plan provides stakeholders with a common agenda that, if followed, will result in large collective impact, and endorsement of the new Community Plan will provide the City the certainty to keep implementing urgent strategies to address the homelessness crisis;

WHEREAS, supporting the Community Plan does not commit the City of Palo Alto to any one component but rather encourages the implementation of strategies and funding for programs to proactively house and serve the homeless, relative to the resources available in Palo Alto and subject to City Council approval; and

WHEREAS, the City Council’s support of the Community Plan would continue to advance the goal of developing regional strategies in collaboration with other jurisdictions and agencies to end and prevent homelessness by creating permanent housing solutions and enhancing existing service systems;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Palo Alto endorse the Santa Clara Community Plan to End Homelessness 2020-25.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST: APPROVED:

_____________________________ _____________________________
City Clerk Mayor

APPROVED AS TO FORM:

APPROVED:

_____________________________ _____________________________
City Attorney City Manager
Information

This report transmits information regarding the City of Palo Alto’s sales tax receipts for the fourth quarter (October to December) of 2020. This report has been modified from prior versions to incorporate feedback and reporting needs as the City continues to manage through this pandemic which lengthened the typical report cycle time for this information.

There are two attachments to this report that provide a further level of information:

- City of Palo Alto Sales Tax Digest Summary (Attachment A)
- California Legislative Update March 2021 (Attachment B)

The City’s sales tax cash receipts of $7.3 million for the fourth quarter (October to December 2020) is $2.5 million (25.4 percent) lower than the same quarter of the prior year (see Attachment A, chart 5). However, this decrease includes late payment anomalies related to a California sales tax 90-day extension program for small businesses. After adjustments for non-period related payments, the overall economic quarter over quarter sales activity decreased by $1.9 million (23.6 percent).

For the year ending in the fourth quarter of 2020, sales tax cash receipts (including pools) for the City declined 27.3 percent from the prior year. In comparison, statewide receipts declined 7.2 percent, Northern California declined 5.1 percent and Southern California declined 8.6 percent for the same period.

After adjustments for non-period related payments, the overall economic sales tax activity (local business excluding pools) in Palo Alto decreased by 21.3 percent. Adjusted statewide receipts declined 17.0 percent, while Northern California declined 13.4 percent and Southern California declined 19.3 percent for the same period in contrast.
Many economic factors in 2020 driven by pandemic impacts attributed to the decline in California sales tax. This reporting period represents the holiday season during the global COVID-19 pandemic including one of the surges in the spread of the virus. The Economic GDP fell by 3.5 percent in 2020, the largest decrease in modern history. Spending on services decreased by 7.3 percent, offset by the increase of 3.9 percent in goods spending. California’s unemployment rate averaged 10.2 percent in 2020, compared to an unemployment rate averaging 4.1 percent in 2019.

Attachments:
- Attachment9.a: Attachment A: 2020 Q4 Sales Tax Digest Summary (Calendar Year)
- Attachment9.b: Attachment B: Legislative Update, March 2021
California Overview
For the year ending in fourth quarter of 2020, cash receipts (including pools) decreased -7.2% statewide, -5.1% in Northern California and -8.6% in Southern California. However, when we adjust for non-period related payments, the overall economic sales activity (excluding pools) for the year ending in fourth quarter of 2020 decreased by -17.0% statewide, -19.3% in Southern California and -13.4% in Northern California.

City of Palo Alto
For the year ending in fourth quarter of 2020, sales tax cash receipts (including pools) for the city declined -27.3% from the prior year. However, when adjusted for non-period related payments, the overall economic sales tax activity (local businesses excluding pools) in Palo Alto for the year ending in fourth quarter of 2020 decreased by -21.3%.

On a quarterly basis, sales tax cash receipts (including pools) decreased by -25.4% from Quarter 4 2019 to Quarter 4 2020. However, this decrease includes late payment anomalies related to a state sales tax extension program. The period’s cash receipts include tax from business activity during the period, payments for prior periods and other cash adjustments. When adjusted for non-period related payments, the overall economic quarter over quarter sales tax activity (local businesses excluding pools - Q4 2019 to Q4 2020) in Palo Alto decreased by -23.6%.

Regional Overview
The first chart on page two shows adjusted economic benchmark year amounts, which means that it shows a full calendar year from the first quarter of 2020 through fourth quarter of 2020 compared to first quarter of 2019 through fourth quarter of 2019 (benchmark years are rolling annual comparisons through the current quarter). The decrease is different between the state and Palo Alto because the sales tax from businesses in Palo Alto were more impacted than those statewide.
## Regional Overview Chart (Economic)

### ECONOMIC CATEGORY ANALYSIS FOR YEAR ENDED 4th Quarter 2020

<table>
<thead>
<tr>
<th>% of Total / % Change</th>
<th>PALO ALTO</th>
<th>California Statewide</th>
<th>S.F. Bay Area</th>
<th>Sacramento Valley</th>
<th>Central Valley</th>
<th>South Coast</th>
<th>Inland Empire</th>
<th>North Coast</th>
<th>Central Coast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Misc/Other</td>
<td>3.1 / 17.1</td>
<td>12.7 / 3.2</td>
<td>13.0 / -5.8</td>
<td>14.7 / 0.0</td>
<td>12.7 / 1.8</td>
<td>11.7 / 2.1</td>
<td>15.4 / -19.2</td>
<td>16.0 / 8.0</td>
<td>11.4 / 8.1</td>
</tr>
<tr>
<td>Total</td>
<td>100.0 / -21.3</td>
<td>100.0 / -17.0</td>
<td>100.0 / -17.7</td>
<td>100.0 / -7.2</td>
<td>100.0 / -6.1</td>
<td>100.0 / -31.2</td>
<td>100.0 / -7.4</td>
<td>100.0 / -19.5</td>
<td></td>
</tr>
</tbody>
</table>

### ECONOMIC SEGMENT ANALYSIS FOR YEAR ENDED 4th Quarter 2020

<table>
<thead>
<tr>
<th>% of Total / % Change</th>
<th>PALO ALTO</th>
<th>California Statewide</th>
<th>S.F. Bay Area</th>
<th>Sacramento Valley</th>
<th>Central Valley</th>
<th>South Coast</th>
<th>Inland Empire</th>
<th>North Coast</th>
<th>Central Coast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Largest Segment</td>
<td>Leasing</td>
<td>Restaurants</td>
<td>Restaurants</td>
<td>Auto Sales - New</td>
<td>Department Stores</td>
<td>Restaurants</td>
<td>Department Stores</td>
<td>Restaurants</td>
<td>Restaurants</td>
</tr>
<tr>
<td>% of Total / % Change</td>
<td>18.4 / 34.2</td>
<td>12.2 / -34.4</td>
<td>11.5 / -42.2</td>
<td>12.4 / 0.1</td>
<td>12.1 / -2.6</td>
<td>13.7 / -32.8</td>
<td>10.9 / -27.4</td>
<td>13.9 / -34.5</td>
<td>18.2 / -39.0</td>
</tr>
<tr>
<td>2nd Largest Segment</td>
<td>Auto Sales - New</td>
<td>Auto Sales - New</td>
<td>Auto Sales - New</td>
<td>Department Stores</td>
<td>Furniture / Appliance</td>
<td>Auto Sales - New</td>
<td>Department Stores</td>
<td>Auto Sales - New</td>
<td></td>
</tr>
<tr>
<td>% of Total / % Change</td>
<td>18.1 / -22.7</td>
<td>11.4 / -8.7</td>
<td>11.2 / -12.6</td>
<td>11.5 / 3.1</td>
<td>9.7 / 59.0</td>
<td>12.1 / -4.1</td>
<td>10.9 / -22.6</td>
<td>11.4 / -0.2</td>
<td>14.4 / 9.0</td>
</tr>
<tr>
<td>3rd Largest Segment</td>
<td>Office Equipment</td>
<td>Department Stores</td>
<td>Miscellaneous Retail</td>
<td>Restaurants</td>
<td>Auto Sales - New</td>
<td>Department Stores</td>
<td>Restaurants</td>
<td>Auto Sales - New</td>
<td>Food Markets</td>
</tr>
<tr>
<td>% of Total / % Change</td>
<td>11.9 / -31.5</td>
<td>9.1 / -13.7</td>
<td>9.6 / 9.7</td>
<td>9.9 / -22.8</td>
<td>9.0 / -21.2</td>
<td>8.8 / -12.7</td>
<td>10.6 / -37.3</td>
<td>11.0 / 6.6</td>
<td>8.6 / -7.2</td>
</tr>
</tbody>
</table>

*** Not specified to maintain confidentiality of tax information
Net Cash Receipts for Benchmark Year 4th Quarter 2020: $25,357,425

*Benchmark year (BMY) is the sum of the current and 3 previous quarters (2020Q4 BMY is sum of 2020 Q4, 2020 Q3, 2020 Q2, 2020 Q1)*

TOP 25 SALES/USE TAX CONTRIBUTORS

The following list identifies Palo Alto’s Top 25 Sales/Use Tax contributors. The list is in alphabetical order and represents the year ended 4th Quarter 2020. The Top 25 Sales/Use Tax contributors generate 63.0% of Palo Alto’s total sales and use tax revenue.

Anderson Honda  
Apple Stores  
Audi Palo Alto  
Dell Marketing  
Enclos Corporation  
Hengeloh Trucks  
Hermes  
Houzz Shop  
HP Computing & Printing  
Louis Vuitton  
Lucile Packard Children's Hospital  
Macy's Department Store  
Magnussen's Toyota of Palo Alto  
Neiman Marcus Department Store  
Nordstrom Department Store  
Richemont  
Shell Service Stations  
Shreve & Co.  
Space Systems Loral  
Stanford Outpatient Clinic Pharm  
Tesla  
Tesla Lease Trust  
Tiffany & Company  
Varian Medical Systems  
Volvo Cars Palo Alto
Sales Tax from Largest Non-Confidential Sales Tax Segments (Economic)

- Benchmark Year 2020Q4
- Benchmark Year 2019Q4

Chart 4
The chart above shows the categories and segments in quarterly economic basis amounts. The total amount is the net cash receipts, and it was obtained by adding up the categories/segments with the “Net Pools & Adjustments” amount.
Quarterly Analysis by Sales Tax Category: Change from 2019Q4 to 2020Q4 (Economic)

<table>
<thead>
<tr>
<th>General Retail</th>
<th>Food Products</th>
<th>Transportation</th>
<th>Business to Business</th>
<th>Misc/Other</th>
<th>2020/4 Total</th>
<th>2019/4 Total</th>
<th>% Chg</th>
<th>Largest Gain</th>
<th>Second Largest Gain</th>
<th>Largest Decline</th>
<th>Second Largest Decline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campbell</td>
<td>-13.1%</td>
<td>-31.8%</td>
<td>-30.9%</td>
<td>6.9%</td>
<td>11.8%</td>
<td>2,232,996</td>
<td>2,604,068</td>
<td>-14.2%</td>
<td>Bidg.Mats-Retail</td>
<td>Office Equipment</td>
<td>Restaurants</td>
</tr>
<tr>
<td>Cupertino</td>
<td>-18.5%</td>
<td>-38.1%</td>
<td>-57.6%</td>
<td>96.4%</td>
<td>-48.5%</td>
<td>15,101,519</td>
<td>8,648,808</td>
<td>74.6%</td>
<td>Office Equipment</td>
<td>Recreation Products</td>
<td>Restaurants</td>
</tr>
<tr>
<td>Gilroy</td>
<td>-9.4%</td>
<td>-15.9%</td>
<td>-49.2%</td>
<td>-10.3%</td>
<td>12.9%</td>
<td>3,522,530</td>
<td>4,471,332</td>
<td>-21.2%</td>
<td>Miscellaneous Other</td>
<td>Department Stores</td>
<td>Auto Sales - New</td>
</tr>
<tr>
<td>Los Altos</td>
<td>-16.8%</td>
<td>-28.2%</td>
<td>-45.3%</td>
<td>32.3%</td>
<td>-45.0%</td>
<td>484,923</td>
<td>647,781</td>
<td>-25.1%</td>
<td>Green Energy</td>
<td>Recreation Products</td>
<td>Restaurants</td>
</tr>
<tr>
<td>Los Gatos</td>
<td>-30.0%</td>
<td>-26.8%</td>
<td>-29.3%</td>
<td>-26.7%</td>
<td>-17.1%</td>
<td>1,200,218</td>
<td>1,649,548</td>
<td>-27.2%</td>
<td>Recreation Products</td>
<td>Bidg.Mats-Retail</td>
<td>Restaurants</td>
</tr>
<tr>
<td>Milpitas</td>
<td>-35.5%</td>
<td>-38.7%</td>
<td>-13.3%</td>
<td>-10.1%</td>
<td>-9.5%</td>
<td>4,685,337</td>
<td>6,063,946</td>
<td>-22.7%</td>
<td>Heavy Industry</td>
<td>Bidg.Mats-Retail</td>
<td>Apparel Stores</td>
</tr>
<tr>
<td>Morgan Hill</td>
<td>-0.2%</td>
<td>-10.6%</td>
<td>-16.9%</td>
<td>38.9%</td>
<td>8.9%</td>
<td>1,982,374</td>
<td>2,071,269</td>
<td>-4.3%</td>
<td>Heavy Industry</td>
<td>Energy Sales</td>
<td>Service Stations</td>
</tr>
<tr>
<td>Mountain View</td>
<td>-11.2%</td>
<td>-21.0%</td>
<td>-20.4%</td>
<td>-29.8%</td>
<td>-4.3%</td>
<td>3,848,533</td>
<td>4,768,314</td>
<td>-19.3%</td>
<td>Health &amp; Government</td>
<td>Auto Sales - New</td>
<td>Restaurants</td>
</tr>
<tr>
<td>Palo Alto</td>
<td>-33.3%</td>
<td>-42.0%</td>
<td>-16.3%</td>
<td>-18.2%</td>
<td>620.5%</td>
<td>6,029,238</td>
<td>7,892,743</td>
<td>-23.6%</td>
<td>Leasing</td>
<td>Health &amp; Government</td>
<td>Office Equipment</td>
</tr>
<tr>
<td>San Jose</td>
<td>0.7%</td>
<td>-28.9%</td>
<td>-15.0%</td>
<td>-21.5%</td>
<td>7.0%</td>
<td>47,312,633</td>
<td>52,811,222</td>
<td>-10.4%</td>
<td>Miscellaneous Retail</td>
<td>Bidg.Mats-Whsle</td>
<td>Restaurants</td>
</tr>
<tr>
<td>Santa Clara</td>
<td>-20.1%</td>
<td>-37.5%</td>
<td>-11.3%</td>
<td>-8.7%</td>
<td>-18.4%</td>
<td>10,577,130</td>
<td>12,576,406</td>
<td>-15.9%</td>
<td>Office Equipment</td>
<td>I.T. Infrastructure</td>
<td>Restaurants</td>
</tr>
<tr>
<td>County of Santa Clara</td>
<td>-44.9%</td>
<td>-31.1%</td>
<td>10.6%</td>
<td>-5.7%</td>
<td>-17.9%</td>
<td>997,047</td>
<td>1,259,493</td>
<td>-20.8%</td>
<td></td>
<td>Misc. Vehicle Sales</td>
<td>Heavy Industry</td>
</tr>
<tr>
<td>Saratoga</td>
<td>-23.5%</td>
<td>-28.4%</td>
<td>-32.3%</td>
<td>-53.6%</td>
<td>-15.1%</td>
<td>191,796</td>
<td>269,386</td>
<td>-28.8%</td>
<td>Bidg.Mats-Retail</td>
<td>Electronic Equipment</td>
<td>Restaurants</td>
</tr>
<tr>
<td>Sunnyvale</td>
<td>-32.9%</td>
<td>-33.8%</td>
<td>-24.6%</td>
<td>3.0%</td>
<td>12.0%</td>
<td>5,283,009</td>
<td>6,416,636</td>
<td>-17.7%</td>
<td>Office Equipment</td>
<td>Bidg.Mats-Whsle</td>
<td>Restaurants</td>
</tr>
</tbody>
</table>

Unlike the chart on page one which showed a ‘benchmark year’ through fourth quarter of 2020, the chart above shows a comparison of one quarter only – fourth quarter of 2020 to fourth quarter of 2019. This chart is for local ‘brick and mortar’ businesses and it excludes county pools and adjustments.
### City of Palo Alto Geo Areas & Citywide Chart Data: Change from 2019Q4 to 2020Q4 (Economic)

#### California Avenue

<table>
<thead>
<tr>
<th>Category</th>
<th>% CHANGE QoQ</th>
<th>2020Q4 QE</th>
<th>2019Q4 QE</th>
<th>20Q4 % OF TOTAL</th>
<th>19Q4 % OF TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOOD PRODUCTS</td>
<td>-26.1%</td>
<td>41,653</td>
<td>56,364</td>
<td>42.3%</td>
<td>45.8%</td>
</tr>
<tr>
<td>GENERAL RETAIL</td>
<td>38.6%</td>
<td>27,791</td>
<td>20,050</td>
<td>28.2%</td>
<td>16.3%</td>
</tr>
<tr>
<td>ALL OTHER</td>
<td>-37.5%</td>
<td>29,099</td>
<td>46,595</td>
<td>29.5%</td>
<td>37.9%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>-19.9%</td>
<td>98,543</td>
<td>123,009</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

#### El Camino Real and Midtown

<table>
<thead>
<tr>
<th>Category</th>
<th>% CHANGE QoQ</th>
<th>2020Q4 QE</th>
<th>2019Q4 QE</th>
<th>20Q4 % OF TOTAL</th>
<th>19Q4 % OF TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOOD PRODUCTS</td>
<td>-47.7%</td>
<td>91,870</td>
<td>175,673</td>
<td>17.6%</td>
<td>16.1%</td>
</tr>
<tr>
<td>GENERAL RETAIL</td>
<td>-18.5%</td>
<td>34,224</td>
<td>41,985</td>
<td>6.6%</td>
<td>3.8%</td>
</tr>
<tr>
<td>ALL OTHER</td>
<td>-54.8%</td>
<td>395,152</td>
<td>875,137</td>
<td>75.8%</td>
<td>80.1%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>-52.3%</td>
<td>521,245</td>
<td>1,092,795</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

#### Greater Downtown

<table>
<thead>
<tr>
<th>Category</th>
<th>% CHANGE QoQ</th>
<th>2020Q4 QE</th>
<th>2019Q4 QE</th>
<th>20Q4 % OF TOTAL</th>
<th>19Q4 % OF TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOOD PRODUCTS</td>
<td>-48.6%</td>
<td>242,646</td>
<td>471,659</td>
<td>50.4%</td>
<td>47.5%</td>
</tr>
<tr>
<td>GENERAL RETAIL</td>
<td>-54.8%</td>
<td>179,419</td>
<td>396,924</td>
<td>37.2%</td>
<td>40.0%</td>
</tr>
<tr>
<td>BUSINESS TO BUSINESS</td>
<td>-62.2%</td>
<td>36,372</td>
<td>96,206</td>
<td>7.5%</td>
<td>9.7%</td>
</tr>
<tr>
<td>CONSTRUCTION</td>
<td>-12.3%</td>
<td>13,265</td>
<td>15,118</td>
<td>2.8%</td>
<td>1.5%</td>
</tr>
<tr>
<td>MISCELLANEOUS</td>
<td>-22.3%</td>
<td>7,296</td>
<td>9,384</td>
<td>1.5%</td>
<td>0.9%</td>
</tr>
<tr>
<td>TRANSPORTATION</td>
<td>-22.3%</td>
<td>2,816</td>
<td>3,623</td>
<td>0.6%</td>
<td>0.4%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>-51.5%</td>
<td>481,815</td>
<td>992,914</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

#### Stanford Shopping Center

<table>
<thead>
<tr>
<th>Category</th>
<th>% CHANGE QoQ</th>
<th>2020Q4 QE</th>
<th>2019Q4 QE</th>
<th>20Q4 % OF TOTAL</th>
<th>19Q4 % OF TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>GENERAL RETAIL</td>
<td>-32.7%</td>
<td>999,266</td>
<td>1,484,905</td>
<td>73.0%</td>
<td>89.4%</td>
</tr>
<tr>
<td>FOOD PRODUCTS</td>
<td>-21.9%</td>
<td>121,536</td>
<td>155,564</td>
<td>8.9%</td>
<td>9.4%</td>
</tr>
<tr>
<td>ALL OTHER</td>
<td>100+%</td>
<td>247,413</td>
<td>21,383</td>
<td>18.1%</td>
<td>1.3%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>-17.7%</td>
<td>1,368,215</td>
<td>1,661,852</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
### Town And Country Shopping Center

<table>
<thead>
<tr>
<th>Category</th>
<th>% CHANGE QoQ</th>
<th>2020Q4 QE</th>
<th>2019Q4 QE</th>
<th>20Q4 % OF TOTAL</th>
<th>19Q4 % OF TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>GENERAL RETAIL</td>
<td>-42.4%</td>
<td>50,178</td>
<td>87,041</td>
<td>46.6%</td>
<td>51.4%</td>
</tr>
<tr>
<td>ALL OTHER</td>
<td>-30.2%</td>
<td>57,547</td>
<td>82,417</td>
<td>53.4%</td>
<td>48.6%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>-36.4%</td>
<td>107,726</td>
<td>169,458</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

### All Other Geos combined with Balance of Jurisdiction

<table>
<thead>
<tr>
<th>Category</th>
<th>% CHANGE QoQ</th>
<th>2020Q4 QE</th>
<th>2019Q4 QE</th>
<th>20Q4 % OF TOTAL</th>
<th>19Q4 % OF TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUSINESS TO BUSINESS</td>
<td>-13.9%</td>
<td>1,811,527</td>
<td>2,103,496</td>
<td>32.6%</td>
<td>29.3%</td>
</tr>
<tr>
<td>GENERAL RETAIL</td>
<td>-35.7%</td>
<td>1,515,694</td>
<td>2,355,923</td>
<td>27.3%</td>
<td>32.8%</td>
</tr>
<tr>
<td>TRANSPORTATION</td>
<td>-14.3%</td>
<td>1,416,837</td>
<td>1,652,972</td>
<td>25.5%</td>
<td>23.0%</td>
</tr>
<tr>
<td>FOOD PRODUCTS</td>
<td>-43.6%</td>
<td>588,006</td>
<td>1,041,832</td>
<td>10.6%</td>
<td>14.5%</td>
</tr>
<tr>
<td>CONSTRUCTION</td>
<td>187.4%</td>
<td>141,867</td>
<td>49,369</td>
<td>2.6%</td>
<td>0.7%</td>
</tr>
<tr>
<td>MISCELLANEOUS</td>
<td>100+%</td>
<td>83,351</td>
<td>(24,517)</td>
<td>1.5%</td>
<td>-0.3%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>-22.6%</td>
<td>5,557,282</td>
<td>7,179,076</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

### All Geo Area Totals Comparison 20Q4 & 19Q4

<table>
<thead>
<tr>
<th>Category</th>
<th>% CHANGE QoQ</th>
<th>2020Q4 QE</th>
<th>2019Q4 QE</th>
<th>20Q4 % OF TOTAL</th>
<th>19Q4 % OF TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance of Jurisdiction</td>
<td>-5.1%</td>
<td>2,979,739</td>
<td>3,139,048</td>
<td>53.6%</td>
<td>43.7%</td>
</tr>
<tr>
<td>Stanford Shopping Center</td>
<td>-17.7%</td>
<td>1,368,215</td>
<td>1,661,852</td>
<td>24.6%</td>
<td>23.1%</td>
</tr>
<tr>
<td>El Camino Real and Midtown</td>
<td>-52.3%</td>
<td>521,245</td>
<td>1,092,795</td>
<td>9.4%</td>
<td>15.2%</td>
</tr>
<tr>
<td>Greater Downtown</td>
<td>-51.5%</td>
<td>481,815</td>
<td>992,914</td>
<td>8.7%</td>
<td>13.8%</td>
</tr>
<tr>
<td>Town And Country Shopping Center</td>
<td>-36.4%</td>
<td>107,726</td>
<td>169,458</td>
<td>1.9%</td>
<td>2.4%</td>
</tr>
<tr>
<td>California Avenue</td>
<td>-19.9%</td>
<td>98,543</td>
<td>123,009</td>
<td>1.8%</td>
<td>1.7%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>-22.6%</td>
<td>5,557,282</td>
<td>7,179,076</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

### Palo Alto citywide QE 20Q4 & 19Q4

<table>
<thead>
<tr>
<th>Category</th>
<th>% CHANGE QoQ</th>
<th>2020Q4 QE</th>
<th>2019Q4 QE</th>
<th>20Q4 % OF TOTAL</th>
<th>19Q4 % OF TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUSINESS TO BUSINESS</td>
<td>-18.2%</td>
<td>1,948,294</td>
<td>2,381,737</td>
<td>32.3%</td>
<td>30.2%</td>
</tr>
<tr>
<td>GENERAL RETAIL</td>
<td>-33.6%</td>
<td>1,709,004</td>
<td>2,573,066</td>
<td>28.3%</td>
<td>32.6%</td>
</tr>
<tr>
<td>TRANSPORTATION</td>
<td>-16.3%</td>
<td>1,386,237</td>
<td>1,656,345</td>
<td>23.0%</td>
<td>21.0%</td>
</tr>
<tr>
<td>FOOD PRODUCTS</td>
<td>-42.0%</td>
<td>721,698</td>
<td>1,244,954</td>
<td>12.0%</td>
<td>15.8%</td>
</tr>
<tr>
<td>CONSTRUCTION</td>
<td>174.5%</td>
<td>147,280</td>
<td>53,650</td>
<td>2.4%</td>
<td>0.7%</td>
</tr>
<tr>
<td>MISCELLANEOUS</td>
<td>100+%</td>
<td>116,726</td>
<td>(17,009)</td>
<td>1.9%</td>
<td>-0.2%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>-23.6%</td>
<td>6,029,238</td>
<td>7,892,743</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
City of Palo Alto

City of Palo Alto Geo Area Pie Charts

Town And Country Shopping Center 2020Q4 SALES TAX AMOUNTS

GENERAL RETAIL, -42.4% CHANGE, $50,178, 46.6% TOTAL
ALL OTHER, -30.2% CHANGE, $57,547, 53.4% TOTAL

Town And Country Shopping Center 2019Q4 SALES TAX AMOUNTS

GENERAL RETAIL, 51.4% TOTAL
ALL OTHER, $82,417, 48.6% TOTAL

All Other Geos combined with Balance of Jurisdiction 2020Q4 SALES TAX AMOUNTS

CONSTRUCTION, 187.4% CHANGE, $141,867, 2.7% TOTAL
MISCELLANEOUS, 100% CHANGE, $83,351, 1.6% TOTAL
FOOD PRODUCTS, -43.6% CHANGE, $588,006, 11.1% TOTAL
TRANSPORTATION, 14.3% CHANGE, $1,416,837, 26.7% TOTAL
BUSINESS TO BUSINESS, -13.9% CHANGE, $1,831,527, 34.1% TOTAL
GENERAL RETAIL, -35.7% CHANGE, $1,515,694, 28.5% TOTAL

All Other Geos combined with Balance of Jurisdiction 2019Q4 SALES TAX AMOUNTS

CONSTRUCTION, $2,103,496, 32.6% TOTAL
MISCELLANEOUS, $(24,517), -0.4% TOTAL
FOOD PRODUCTS, $1,041,832, 16.1% TOTAL
TRANSPORTATION, $1,652,972, 25.6% TOTAL
GENERAL RETAIL, $2,355,923, 36.5% TOTAL

CONSTRUCTION, 187.4% CHANGE, $141,867, 2.7% TOTAL
MISCELLANEOUS, 100% CHANGE, $83,351, 1.6% TOTAL
FOOD PRODUCTS, -43.6% CHANGE, $588,006, 11.1% TOTAL
TRANSPORTATION, 14.3% CHANGE, $1,416,837, 26.7% TOTAL
BUSINESS TO BUSINESS, -13.9% CHANGE, $1,831,527, 34.1% TOTAL
GENERAL RETAIL, -35.7% CHANGE, $1,515,694, 28.5% TOTAL

CONSTRUCTION, $2,103,496, 32.6% TOTAL
MISCELLANEOUS, $(24,517), -0.4% TOTAL
FOOD PRODUCTS, $1,041,832, 16.1% TOTAL
TRANSPORTATION, $1,652,972, 25.6% TOTAL
GENERAL RETAIL, $2,355,923, 36.5% TOTAL

CONSTRUCTION, 187.4% CHANGE, $141,867, 2.7% TOTAL
MISCELLANEOUS, 100% CHANGE, $83,351, 1.6% TOTAL
FOOD PRODUCTS, -43.6% CHANGE, $588,006, 11.1% TOTAL
TRANSPORTATION, 14.3% CHANGE, $1,416,837, 26.7% TOTAL
BUSINESS TO BUSINESS, -13.9% CHANGE, $1,831,527, 34.1% TOTAL
GENERAL RETAIL, -35.7% CHANGE, $1,515,694, 28.5% TOTAL
Things are starting to pick up steam in Sacramento and we will be reporting regularly as legislation and related actions unfolds. Please feel free to contact me with any questions.

Fran Mancia, Vice President of Government Relations Fran.Mancia@AvenuInsights.com

Although the state Capitol remains quiet with only one staffer permitted in the building per legislator, the legislative session has resumed with its usual rigor. Meetings with legislators and staff via teleconference continue, newly introduced legislation is being analyzed, budget hearings began on an expedited timeline. The Department of Finance is slowly releasing trailer bill language clarifying some of the Administration’s January budget proposal, and the Legislative Analyst’s staff is busy making recommendations about how the Legislature should respond to it.

February 19 was the bill introduction deadline, and so far, there seems to be a disproportionate number of spot bills – measures without substantive changes to current law used as placeholders until substantive language is drafted. In total, 1,564 Assembly bills have been introduced and 815 Senate bills. Policy committee hearings are slowly ramping up and the Senate waived the requirement that legislation be in print for 30 days prior to be heard in policy committees, which further expedites hearings.

**Revenues**

Governor Gavin Newsom announced on TikTok and twitter in February that the State has $10.3 billion in additional revenues that were not included in the governor’s January budget proposal. The additional funding is the result of tax revenues exceeding projections by $2.6 billion in December and $7.7 billion in January. The Department of Finance will include the new revenues in their May Revision, however, in the meantime, the governor stated that the additional funding will allow the State to direct additional funding to small businesses, vaccine administration, public schools, and reserves. The Legislature will also consider the new revenues as they review the governor’s budget and their own priorities.

**Early Action Budget Agreement**

Governor Newsom signed the negotiated early action agreement on February 23 contained in the following package of bills.

**AB 85** (Committee on Budget) Budget Act of 2020, amends the 2020 Budget Act appropriating approximately $1.4 billion General Fund and $123 million Proposition 98 funding:

- **Golden State Stimulus Grants**
  - $163,000 for administration costs and $500,000 for automation costs at the Department of Social Services;
  - $243.2 million for grant payments to CalWORKs families; and
  - $750 million for grant payments to SSI/SSP and California Assistance Program for Immigrants beneficiaries.
- $242.3 million to disregard pandemic unemployment compensation from being considered as income for CalWORKs eligibility.
- CalFresh Outreach
  - $28.8 million ($11.8 million General Fund) for CalFresh county administration and outreach costs associated with the temporary federal expansion of eligibility to higher education students;
  - $650,000 General Fund to the University of California;
  - $1.3 million General Fund to California State University;
  - $3.1 million Prop 98 funding California Community Colleges; and
  - $1 million General Fund to Chico State’s Center for Healthy Communities.
- $30 million for emergency food assistance at food banks and $5 million for diaper banks.
- $24 million to support the Housing for the Harvest program to help farmworkers quarantine after exposure to COVID-19.
- $90 million General Fund to the Alcoholic Beverage Control Fund to backfill revenues as a result of fee waivers for licensees.
- Education
  - $5.3 million ($1.9 million General Fund, $3.4 million Prop 98) to extend family fee waivers for the California State Preschool Program through June 30, 2021;
  - $100 million Prop 98 funding to provide low-income community college students with emergency financial aid;
  - $20 million Prop 98 funding to support student retention and enrollment at California Community Colleges; and
  - $1.4 million for the Asian American Studies Center at the University of California Los Angeles campus.

AB 85 also contains language allowing $23 million allocated in the 2020-21 Budget Act dedicated to counties for voter education and outreach to be used for a contract awarded by the Secretary of State.

Additionally, the measure amends existing budget control language to allow the Department of Finance to allocate federal funds provided to the State as a result of federal legislation passed between December 26, 2020 and December 31, 2020 for COVID-19 public health emergency expenses including testing, contact tracing, food assistance, and vaccinations.

**AB 81** (Ting) COVID-19 relief, includes the following provisions:
- Appropriates $5 million General Fund to the Franchise Tax Board to conduct outreach for the Golden State Stimulus.
- Changes to **SB 91** (Chapter 2, Statutes of 2021), the Tenant Relief Act, clarifying that local rent repayment plans can have repayment schedules through August 31, 2022; instances where courts may reduce damages awarded for COVID-19 rental debt; that most actions to collect rental debt are stayed until August 1, 2021; and that landlords that participate in the program receive 80 percent of back rent due, rather than “up to” 80 percent.
- Clarifies that the State’s participation in Federal-State Unemployment Insurance Extended Benefits applies to the federal Continued Assistance Act, which continued funding this program until March 14, 2021.
- Includes language to disregard pandemic unemployment compensation from being considered as income for CalWORKs eligibility.
AB 82 (Ting) COVID-19 pandemic emergency: contact tracing: childcare, appropriates $1.8 million ($817,000 General Fund) in employee compensation related to an MOU with labor, and $654.3 million in federal funds:

- Child Care: $400.3 million in one-time federal Coronavirus Response and Relief Supplemental Act funds:
  - $244 million for one-time provider pandemic relief stipend of $525 per child enrolled in a subsidized child care program to all subsidized childcare providers.
  - $80 million to expand child care alternative payment voucher access to new essential workers.
  - $76 million to extend child care alternative payment vouchers for essential workers.
  - $2 million for administration costs for the Department of Education and Department of Social Services.
  - An increase in paid non-operational days for child care providers that accept state vouchers, from 24 to 40 days.

- Child Care Providers United: AB 82 reflects a tentative agreement appropriating $110 million in Coronavirus Aid, Relief, and Economic Security (CARES) Act funds:
  - $80 million for emergency child care allocated to extend and expand emergency child care as well as address agency over-earnings for school age children now on distance learning and requiring care during school hours; and
  - $30 million to pay providers the cost of lost fees while families are on distance learning.

SB 94 (Skinner) Alcoholic beverage control: barbering and cosmetology: license renewal fees: waiver, exempts Board of Barbering and Cosmetology licensees from paying license renewal fees and authorizes the Department of Alcoholic Beverage Control to issue renewal fee waivers to certain licensees. Appropriates $25.6 million from the General Fund to the Barbering and Contingent Fund to be used to backfill revenues related to the license renewal fee waivers.


AB 88 (Committee on Budget) One-time stimulus payment: delinquent accounts: Earned Income Tax Credit: statements, the Golden State Stimulus trailer bill, provides $3.7 billion in direct relief to millions of low-income Californians:

- $2.3 billion to provide $600 additional tax rebate for all CalEITC recipients for the 2020 tax year.
- $470 million to provide the $600 tax rebate for all ITIN tax filers up to $75,000 of income.
- $243 million to provide the $600 additional grant for families enrolled in CalWORKs.
- $750 million to provide the $600 additional grant for individuals enrolled in Supplemental Security Income/State Supplemental Program (SSI/SSP) or Cash Assistance Program for Aged, Blind, and Disabled Legal Immigrants (CAPI).

Approximately 5.7 million low-income households will benefit from the $600 stimulus payments provided in AB 88.

Eviction Moratorium and State Rental Assistance Program

Governor Newsom signed SB 89 and SB 91 extending the State’s eviction moratorium, establishing a State Rental Assistance Program, and appropriating the federal funding needed to implement the State Rental Assistance Program January 29.
SB 91 extends, until June 30, 2021, the eviction moratorium established by AB 3088 (Chapter 37, Statutes of 2020). Under SB 91, a renter can avoid eviction until July 1, 2021 by paying 25% of their rent obligation, either on a month-to-month basis or in one lump sum. Additionally, the legislation establishes a rental assistance program to be administered by the Department of Housing and Community Development (HCD).

The State Rental Assistance Program assists renters by offering their landlord 80% of their unpaid rental debt accumulated between April 1, 2020 and March 31, 2021, conditioned on the landlord's agreement that it be considered payment in full. If a landlord declines to participate in the rental assistance program, an eligible renter may apply for rental arrears assistance which will be limited to compensation of 25% of the eligible household's unpaid rental debt between April 1, 2020 and March 31, 2021. Paying a landlord 25% of the rental debt would prevent eviction until July 1, 2021. The program is funded using federal dollars.

Under the program, HCD will provide $150 million to counties with a population of less than 200,000, allocated based on proportional share of population from the 2019 federal census data; and the remainder of the state allocation (after the costs of state administration) will be distributed to eligible localities with a population of 200,000 or greater, based on their proportional share of the population from the 2019 federal census data.

- A municipality with a population greater than 500,000 shall receive their funding as a block grant from the State to be implemented locally.
- A local government with a population of 499,999 or less, but greater than 200,000 may request an allocation of block grant funds if they attest and HCD agrees that they have established a program consistent with the requirements of the legislation.
- Localities with populations below 200,000, or those who opted to not receive their funds as a block grant from the State, will receive their allocation of funding administered by a statewide program implementer – a vendor who will manage and distribute emergency rental assistance resources.

**COVID-19 Federal Spending**

California State Auditor Elaine Howle released a report on the State’s management of federal Coronavirus Relief Funds (CRF). The report evaluates both the division of funds between municipalities as well as state oversight of the funding to ensure compliance with the Coronavirus Aid, Relief, and Economic Security (CARES) Act. We anticipate the report is likely to be the subject of budget discussions in the coming months as lawmakers vie for limited state funds for their districts. The following are the top-level takeaways from the report.

- The CARES Act provided $15.3 billion to California for expenses incurred due to the public health emergency. $5.8 billion of that funding was allocated directly to cities and counties with populations greater than 500,000.
- $9.5 billion was allocated directly to the State and appropriated as follows:
  - $4.5 billion to K-12 Education and Community Colleges for learning loss mitigation;
  - $550 million to the Department of Housing and Community Development (HCD) for emergency housing for homeless individuals and families;
  - $1.3 billion to counties to address public health and safety needs due to COVID-19;
  - $500 million to cities to address increased homelessness due to COVID-19 economic impacts and for additional public safety services; and
  - $2.7 billion to the State General Fund to reimburse COVID-19-related expenditures.
- Smaller counties received significantly less funding per person than the State’s 16 largest counties. In making the recommendation for allocations, the Department of Finance stated that it believed there was a higher spread of COVID-19 in the 16 larger counties due to population density. The State Auditor
contends that Department of Public Health data doesn’t support that assertion and that the needs of many small counties were at least the same if not greater than the needs of large counties.

- $650 million went to 42 counties that did not receive federal funds directly, providing them with $102 per capita.
- $650 million was appropriated to the 16 large counties that had already directly received funding. The large counties initially received $174 per person from the U.S. Treasury, then that amount increased to at least $190 per person after they received the additional state allocation.

- The State Auditor believes that a more equitable distribution proposal would have been to allocate $1.1 billion to the 42 smaller counties and the remaining $200 million across all counties on a per-person basis, which would have resulted in all counties receiving $179 per person. The Department of Finance pointed out that although they can make recommendations regarding allocations, the Legislature and governor make the ultimate decisions regarding appropriations.

- In terms of funding oversight, the California Department of Education, the Board of Governors of the California Community Colleges, and HCD were responsible for overseeing and managing funds directed to them. The Department of Public Health was charged with ensuring that counties adhered to the public health directives required to receive funding, and the Governor’s Office of Emergency Services (Cal OES) was charged with ensuring the same of cities.

- The State Auditor found that Cal OES did not consistently evaluate the 476 cities’ adherence to State public health orders, reporting that only two cities passed resolutions inconsistent with the State’s health orders – Atwater and Coalinga.

- Moving forward, the State Auditor recommends the following:
  - The Department of Finance should ensure equitable treatment of local governments by proposing a method to the Legislature to provide equitable funding to counties on a per-person basis or other basis that treats counties fairly.
  - The Department of Finance should continue to implement a monitoring plan already underway to evaluate whether expenditures comply with the CARES Act, preventing the return of CRF funds to the federal government.
  - A formal process should be utilized to evaluate all cities’ adherence to requirements of the funding.

**LAO Analysis of Homelessness and Housing Proposals**

The Legislative Analyst’s Office (LAO) released its analysis of the governor’s homelessness and housing proposals which are being reviewed and heard by the appropriate budget subcommittees. The LAO’s overarching message to the Legislature is that a long-term strategy is needed to address homelessness and housing, and that strategy could better guide programmatic investments as compared to the administration’s proposed one-time solutions.

**Homelessness**

The LAO recommends that the Legislature identify goals, solutions that align with those goals, set clear state and local responsibilities, identify a state governance structure, establish a funding strategy, and develop rigorous oversight mechanisms to address the State’s homelessness crisis. The governor’s homelessness proposals focus on the acquisition and rehabilitation of properties using one-time resources, however, ongoing funding for supportive services and maintenance would need to be provided by local governments.

**Project Roomkey/Homekey:** Project Roomkey was established to address immediate housing needs during the pandemic. The State partnered with local governments to lease hotels and motels to provide housing to
vulnerable individuals experiencing homelessness that were at risk of contracting COVID-19. In total, $112 million was allocated to Project Roomkey, securing 14,000 rooms (70% of which are occupied), and providing short-term housing for 23,000 people in 42 counties.

The Homekey Program expands on Project Roomkey by providing funding to local public entities to purchase and rehabilitate property for housing units, including hotels, motels, vacant apartment buildings, and other buildings. Those buildings are then converted into interim or permanent long-term housing for homeless individuals. $800 million in one-time funding has already been granted for the Homekey Program through 94 awards to local entities, with the expectation that approximately 6,000 units will be produced. So far under Homekey, the average statewide cost per housing unit is $124,000 and the average local match is $24,000, making the average total cost per unit $148,000.

The governor is proposing $750 million General Fund ($250 million proposed for early action) to continue the Homekey Program. In evaluating this proposal, the LAO suggests that the Legislature consider the following:

- Does the Administration have a list of properties ready for purchase and renovation?
- Would early action allow homeless individuals to move in earlier than they otherwise would?
- The Department of Housing and Community Development (HCD) could be instructed to change evaluation criteria for applications to align with the Legislature’s priorities.
- Local entities’ capacity to fund new ongoing costs is unclear, and there is no plan for preserving units in the long-term.
- The expansion of Homekey is proposed without first assessing whether the original allocation proved successful. How would HCD assess the program and inform the Legislature of needed changes?
- How will the acquisitions of new facilities in the three major homelessness proposals coordinate?

**Board and Care Facilities:** Adult Residential Facilities and Residential Care Facilities for the Elderly (board and care facilities) are generally privately owned residential facilities that serve adults and seniors who cannot live safely on their own. As of 2019, there were more than 12,000 facilities across the State serving more than 190,000 residents. The governor is proposing $250 million General Fund for the acquisition and rehabilitation of board and care facilities with an emphasis on seniors who are experiencing homelessness or are at risk of homelessness. The Department of Social Services would administer the program allocating funding directly to local governments similar to the Homekey Program where the purchase of Residential Care Facilities for the Elderly is already allowed. In evaluating this proposal, the LAO suggests that the Legislature consider the following:

- How is this proposal fundamentally different than Homekey?
- Without aggregated data available about why facilities close or what happens to residents when facilities close, assessing the impact of closures and the effectiveness of the administration’s proposal is difficult.
- How would funding be targeted to prevent closures and increase capacity?
- What role do board and care facilities play in addressing homelessness?
- Who is this proposal intended to serve – Project Roomkey participants or adults and seniors in need of residential care?
- Will acquisitions be targeted in particular counties or regions?
- Who would own and operate new facilities?
- What level of accountability would be placed on facilities that receive funding?

**Behavioral Health:** The governor is proposing $750 million General Fund to provide grants to counties for the acquisition and rehabilitation of properties to expand behavioral health treatment resources. The administration estimates that the proposal will produce 5,000 beds to treat persons with behavioral health disorders. The LAO
finds that the expansion of county behavioral health capacity is likely warranted, however asks some questions regarding details of the proposal:

- How would resources be targeted to address homelessness?
- How would local governments fund ongoing costs not included in the proposal?
- How would the local match requirement impact county participation?

**Housing**

In concept, the LAO finds that the governor’s housing proposals have the potential to help the State meet housing production goals. The administration’s housing investments are primarily one-time solutions, focused on expanding resources for existing housing programs. Also included in the governor’s budget are resources to boost local compliance with housing production goals.

**Infill Infrastructure Grant (IIG) Program:** Governor Newsom is proposing $500 million one-time General Fund ($250 million for early action), for housing-related infrastructure focused on projects with a high percentage of environmental remediation costs. Additionally, the administration proposes to make it easier for smaller jurisdictions to qualify for funding and to extend the liquidation date for IIG funding provided in 2019 on a case-by-case basis, from June 30, 2023 to June 30, 2025. The LAO provided the following questions to the Legislature:

- Does the administration have a list of local entities ready to participate?
- Would early action allow housing development projects to move forward that otherwise would not?
- Does the need to extend the liquidation period indicate locals do not currently have capacity for additional projects?
- Would additional resources spur housing development in communities most in need of additional housing?
- The governor has also proposed $300 million in one-time General Fund to investigate and remediate brownfields for the Department of Toxic Substances Control. How would environmental remediation efforts be coordinated with state entities responsible for oversight of toxic substances?

**Tax Credits:** In addition to the $100 million annually that the State makes available for housing tax credits, the governor’s budget proposes $500 million for tax credits to builders of rental housing affordable to low-income households. Up to $200 million would be available for the development of mixed-income housing projects. As the State has authorized $1 billion in low-income housing tax credits over the last two fiscal years, the LAO suggests the Legislature direct the administration to provide an update on the status of the awarded tax credits, the number of units produced, and information on the statewide distribution of housing anticipated due to the tax credits.

**Housing Law Assistance & Enforcement:** The governor’s proposal provides $4.3 million General Fund ($3.8 million ongoing) to expand HCD’s enforcement of state housing laws by assisting local jurisdictions with housing element compliance. The intent of the proposal is to facilitate affordable housing production through monitoring, technical assistance, and enforcement of current laws. In addition, the governor proposes $2.2 million General Fund ($1.7 million ongoing) and eight positions for the Department of Fair Employment and Housing to support compliance with fair housing laws. The LAO recommends the Legislature ask the administration the following questions regarding this proposal:

- What are HCD’s current practices related to oversight and enforcement of state housing law?
- How would resources supplement current efforts?
- How would HCD prioritize assistance and enforcement resources?
- How would HCD determine when to elevate enforcement action to the State Attorney General’s Office?
- How would HCD keep the Legislature informed of tracking and monitoring compliance?
Recommendation
This is an informational report and no action is requested.

Executive Summary
The Accessory Dwelling Unit (ADU) Quarterly Report keeps track of the ADU permit applications received, approved, and finalized yearly by the City, as well as the details of quarterly applications received. Since 2015, the City has issued a total of 135 permits; 45% of these permits were issued during 2019. During 2020, Palo Alto received a total of 78 ADU building permit applications, or an average of over 19 per each quarter. The details of the applications are provided in Attachment A of the staff report.

Background
In June 2017, the City of Palo Alto amended the Zoning Code (Title 18) to adopt Accessory Dwelling Unit (ADU) regulations to comply with State adopted requirements. At adoption, the City Council directed staff to provide quarterly reports on the number of permits filed for the construction of ADUs. The City Council received the last development report for the first two quarters of 2020 on August 17, 2020 (Report ID # 11464).

Since June 2017, the City Council has adopted Ordinances 5489 and 5507 to update the City’s ADU regulations in response to changes in state law and to create additional local policies to incentivize creation of ADUs.
This report tracks the ADU permit applications filed with the City and their status since 2015. The following table (Table 1) shows the rise in ADU permit applications with the adoption of new regulations.
### Table 1: Summary of ADU Permits from 2015-2020

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>New ADU Applications Filed&lt;sup&gt;4&lt;/sup&gt;</td>
<td>10</td>
<td>9</td>
<td>28</td>
<td>55</td>
<td>75</td>
<td>78</td>
</tr>
<tr>
<td>Permits: Ready to Issue (City Approved)&lt;sup&gt;2&lt;/sup&gt;</td>
<td>8</td>
<td>5</td>
<td>12</td>
<td>39</td>
<td>62</td>
<td>46</td>
</tr>
<tr>
<td>Permits: Issued (Permit Obtained)&lt;sup&gt;3&lt;/sup&gt;</td>
<td>8</td>
<td>5</td>
<td>12</td>
<td>35</td>
<td>62</td>
<td>43</td>
</tr>
<tr>
<td>Permits: Final Inspection Approved&lt;sup&gt;4&lt;/sup&gt;</td>
<td>3</td>
<td>4</td>
<td>9</td>
<td>12</td>
<td>33</td>
<td>46</td>
</tr>
<tr>
<td>Permits Expired</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Detached ADUs (Submitted)&lt;sup&gt;5&lt;/sup&gt;</td>
<td></td>
<td></td>
<td>20</td>
<td>35</td>
<td>52</td>
<td>52</td>
</tr>
<tr>
<td>Detached ADUs (Issued)&lt;sup&gt;5&lt;/sup&gt;</td>
<td></td>
<td></td>
<td>8</td>
<td>24</td>
<td>41</td>
<td>33</td>
</tr>
<tr>
<td>Attached ADUs (Submitted)&lt;sup&gt;6&lt;/sup&gt;</td>
<td></td>
<td></td>
<td>8</td>
<td>20</td>
<td>23</td>
<td>20</td>
</tr>
<tr>
<td>Attached ADUs (Issued)&lt;sup&gt;6&lt;/sup&gt;</td>
<td></td>
<td></td>
<td>4</td>
<td>11</td>
<td>21</td>
<td>9</td>
</tr>
<tr>
<td>Junior ADUs (Submitted)&lt;sup&gt;7&lt;/sup&gt;</td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Junior ADUs (Issued)&lt;sup&gt;7&lt;/sup&gt;</td>
<td></td>
<td></td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Average Application Processing Time (Days Including Weekends)&lt;sup&gt;8&lt;/sup&gt;</td>
<td>127</td>
<td>214</td>
<td>118</td>
<td>183</td>
<td>135</td>
<td>197</td>
</tr>
<tr>
<td>Average Construction Time (Days Including Weekends)&lt;sup&gt;9&lt;/sup&gt;</td>
<td>578</td>
<td>751</td>
<td>330</td>
<td>287</td>
<td>173</td>
<td>262</td>
</tr>
<tr>
<td>City Impact Fees Collected for New ADUs&lt;sup&gt;10&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
<td>$451,514</td>
<td>$402,012</td>
<td>$198,962</td>
</tr>
</tbody>
</table>

**Source:** City of Palo Alto Accela Data January 2015 through December 2020

**Notes:**

1. Any ADU/JADU Application SUBMITTED for the year
2. Any ADU/JADU application Permit 'READY TO Issue' for the year (regardless of when it was submitted)
3. Any ADU/JADU Permit ISSUED for the year (regardless of when it was submitted)
4. Any ADU/JADU Permit receiving a Final Inspection (Ready to Occupy) for the year, regardless of when the application was submitted. Years 2015-2017 data point not available.

5. Any Detached ADU Permit Application submitted for the year/Any Detached ADU Permit Issued for the year, regardless of when the application was submitted. Years 2015-2016 data point not available.

6. Any Attached ADU Permit Application submitted for the year/Any Attached ADU Permit Issued for the year, regardless of when the application was submitted. Years 2015-2016 data point not available.

7. Any JADU Permit Application submitted for the year/Any JADU Permit Issued for the year, regardless of when the application was submitted. Years 2015-2016 data point not available.

8. Average number of days from permit application submittal to when permit is approved and ready to issue. This average includes weekends and days application is pending due to applicant preparation of resubmittal or additional information from applicant.

9. Average number of days from permit issued to final inspection completed. This average includes weekends and days staff is waiting for applicant to schedule the next required inspection.

10. Impact Fees collected for new ADU/JADU's. Years 2015-2016 data point not available.

Data from Table 1 shows that the City received 78 new ADU applications in 2020, which is remarkable given the pandemic. In 2020 the City issued 43 ADU/JADU permits, less than 2019, as Planning and Development Services transitioned to the Online Permitting Services system affecting permit processing times. Of the 43 ADU and JADU permits issued in 2020, the average processing time was 197 days or a little over 6 months, which is over 2 months longer than the 2019 average processing time. Impact Fees collected for ADU permits also decreased mainly due to the 31% decrease of ADU permits issued from 2019 to 2020 and implementation of legislation exempting impact fees for ADU’s less than 750 square feet or ADU’s resulting from garage or carport conversions.

Of the 43 ADU and JADU permits issued in 2020 - the average construction time is 262 days or almost 9 months. This can partly be attributed to the temporary suspension of construction activity and subsequent protocols due to the COVID-19 pandemic.

The majority of the ADU applications filed are for one-bedroom units. The unit sizes ranged from 208 to 1000 square feet, with an average unit size of 518 square feet.
Resource Impact
The ADU/JADU process does not have any unanticipated resource impacts on the Department. ADU permit fees cover the cost of processing the applications.

Timeline/Stakeholder Engagement
This is a quarterly report published by the Planning and Development Services Department.

Environmental Review
There is no action in this report and is not subject to the California Environmental Quality Act.

Attachments:
Attachment10.a: Attachment A: ADU Quarterly Report, Q3 and Q4 Calendar Year 2020 (PDF)
# Building Permits Applied for in Q3 of 2020

<table>
<thead>
<tr>
<th>Number of Applications</th>
<th>Dwelling Type</th>
<th>Project Location</th>
<th>Zoning</th>
<th>Date Filed</th>
<th>Application Status</th>
<th>Building Permit Issued</th>
<th>Attached</th>
<th>Detached</th>
<th>Attached2</th>
<th>Detached2</th>
<th>Garage</th>
<th>Other Accessory Structure/Space</th>
<th># of Bedrooms</th>
<th>ADU Size (SF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ADU</td>
<td>SOUTH</td>
<td>R-1</td>
<td>07/21/2020</td>
<td>In Plan Check</td>
<td>No</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>392</td>
</tr>
<tr>
<td>2</td>
<td>ADU</td>
<td>SOUTH</td>
<td>R-1</td>
<td>07/21/2020</td>
<td>Permit Issued</td>
<td>Yes</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
<td>252</td>
</tr>
<tr>
<td>3</td>
<td>ADU</td>
<td>NORTH</td>
<td>R-1</td>
<td>07/17/2020</td>
<td>Permit Issued</td>
<td>Yes</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
<td>380</td>
</tr>
<tr>
<td>4</td>
<td>ADU</td>
<td>SOUTH</td>
<td>R-1</td>
<td>07/16/2020</td>
<td>Permit Issued</td>
<td>Yes</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>405</td>
</tr>
<tr>
<td>5</td>
<td>ADU</td>
<td>NORTH</td>
<td>R-1</td>
<td>07/16/2020</td>
<td>In Plan Check</td>
<td>No</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>347</td>
</tr>
<tr>
<td>6</td>
<td>ADU</td>
<td>SOUTH</td>
<td>R-1</td>
<td>07/15/2020</td>
<td>Permit Issued</td>
<td>Yes</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>504</td>
</tr>
<tr>
<td>7</td>
<td>ADU</td>
<td>SOUTH</td>
<td>R-1</td>
<td>09/25/2020</td>
<td>Permit Issued</td>
<td>Yes</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>745</td>
</tr>
<tr>
<td>8</td>
<td>ADU</td>
<td>NORTH</td>
<td>R-1</td>
<td>08/12/2020</td>
<td>In Plan Check</td>
<td>No</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>375</td>
</tr>
<tr>
<td>9</td>
<td>ADU</td>
<td>SOUTH</td>
<td>R-1</td>
<td>07/31/2020</td>
<td>Permit Issued</td>
<td>Yes</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>847</td>
</tr>
<tr>
<td>10</td>
<td>ADU</td>
<td>NORTH</td>
<td>R-1</td>
<td>07/31/2020</td>
<td>Permit Issued</td>
<td>Yes</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2</td>
<td>994</td>
</tr>
<tr>
<td>11</td>
<td>ADU</td>
<td>NORTH</td>
<td>R-1</td>
<td>07/09/2020</td>
<td>In Plan Check</td>
<td>No</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>597</td>
</tr>
<tr>
<td>12</td>
<td>ADU</td>
<td>NORTH</td>
<td>R-1</td>
<td>07/10/2020</td>
<td>In Plan Check</td>
<td>No</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>895</td>
</tr>
<tr>
<td>13</td>
<td>ADU</td>
<td>NORTH</td>
<td>R-1</td>
<td>07/10/2020</td>
<td>In Plan Check</td>
<td>No</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
<td>488</td>
</tr>
<tr>
<td>14</td>
<td>ADU</td>
<td>NORTH</td>
<td>R-1</td>
<td>08/26/2020</td>
<td>In Plan Check</td>
<td>No</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>219</td>
</tr>
<tr>
<td>15</td>
<td>ADU</td>
<td>NORTH</td>
<td>R-1</td>
<td>08/27/2020</td>
<td>Permit Issued</td>
<td>Yes</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>892</td>
</tr>
<tr>
<td>16</td>
<td>ADU</td>
<td>NORTH</td>
<td>R-1</td>
<td>09/07/2020</td>
<td>Permit Issued</td>
<td>Yes</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>471</td>
</tr>
<tr>
<td>17</td>
<td>ADU</td>
<td>NORTH</td>
<td>R-1</td>
<td>09/22/2020</td>
<td>In Plan Check</td>
<td>No</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>352</td>
</tr>
<tr>
<td>18</td>
<td>ADU</td>
<td>SOUTH</td>
<td>R-1</td>
<td>09/24/2020</td>
<td>Permit Issued</td>
<td>Yes</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>343</td>
</tr>
</tbody>
</table>
## Building Permits Applied for in Q4 of 2020

### Q4: New Construction

<table>
<thead>
<tr>
<th>Number of Application</th>
<th>Dwelling Type</th>
<th>Project Location</th>
<th>Zoning</th>
<th>Date Filed</th>
<th>Application Status</th>
<th>Building Permit Issued</th>
<th>Attached</th>
<th>Detached</th>
<th>Attached2</th>
<th>Detached2</th>
<th>Garage</th>
<th>Other Accessory Structure/Space</th>
<th># of Bedrooms</th>
<th>ADU Size (SF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ADU</td>
<td>SOUTH</td>
<td>R-1</td>
<td>12/01/2020</td>
<td>In Plan Check</td>
<td>No</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2</td>
<td>1,000</td>
</tr>
<tr>
<td>2</td>
<td>ADU</td>
<td>NORTH</td>
<td>R-1</td>
<td>11/25/2020</td>
<td>Permit Issued</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>1</td>
<td>238</td>
</tr>
<tr>
<td>3</td>
<td>ADU</td>
<td>SOUTH</td>
<td>R-1</td>
<td>10/09/2020</td>
<td>In Plan Check</td>
<td>No</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>679</td>
</tr>
<tr>
<td>4</td>
<td>ADU</td>
<td>NORTH</td>
<td>R-1</td>
<td>10/07/2020</td>
<td>In Plan Check</td>
<td>No</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>448</td>
</tr>
<tr>
<td>5</td>
<td>ADU</td>
<td>NORTH</td>
<td>R-1</td>
<td>10/06/2020</td>
<td>In Plan Check</td>
<td>No</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2</td>
<td>800</td>
</tr>
<tr>
<td>6</td>
<td>ADU</td>
<td>NORTH</td>
<td>R-1</td>
<td>12/16/2020</td>
<td>In Plan Check</td>
<td>No</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>1</td>
<td>315</td>
</tr>
<tr>
<td>7</td>
<td>ADU</td>
<td>NORTH</td>
<td>R-1</td>
<td>12/03/2020</td>
<td>Incomplete</td>
<td>No</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>601</td>
</tr>
<tr>
<td>8</td>
<td>ADU</td>
<td>NORTH</td>
<td>R-1 (10000)</td>
<td>12/03/2020</td>
<td>In Plan Check</td>
<td>No</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>900</td>
</tr>
<tr>
<td>9</td>
<td>ADU</td>
<td>SOUTH</td>
<td>R-1</td>
<td>12/02/2020</td>
<td>Incomplete</td>
<td>No</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2</td>
<td>738</td>
</tr>
<tr>
<td>10</td>
<td>ADU</td>
<td>SOUTH</td>
<td>RE</td>
<td>11/18/2020</td>
<td>In Plan Check</td>
<td>No</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td>1</td>
<td>650</td>
</tr>
<tr>
<td>11</td>
<td>ADU</td>
<td>SOUTH</td>
<td>R-1</td>
<td>10/01/2020</td>
<td>In Plan Check</td>
<td>No</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td>1</td>
<td>534</td>
</tr>
<tr>
<td>12</td>
<td>ADU</td>
<td>SOUTH</td>
<td>R-1</td>
<td>10/28/2020</td>
<td>Permit Issued</td>
<td>Yes</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2</td>
<td>510</td>
</tr>
<tr>
<td>13</td>
<td>ADU</td>
<td>SOUTH</td>
<td>R-1</td>
<td>11/04/2020</td>
<td>In Plan Check</td>
<td>No</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2</td>
<td>800</td>
</tr>
<tr>
<td>14</td>
<td>ADU</td>
<td>NORTH</td>
<td>R-1</td>
<td>11/12/2020</td>
<td>Permit Issued</td>
<td>Yes</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td>609</td>
</tr>
<tr>
<td>15</td>
<td>ADU</td>
<td>NORTH</td>
<td>R-1</td>
<td>11/20/2020</td>
<td>In Plan Check</td>
<td>No</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2</td>
<td>781</td>
</tr>
<tr>
<td>16</td>
<td>ADU</td>
<td>NORTH</td>
<td>R-1</td>
<td>11/23/2020</td>
<td>In Plan Check</td>
<td>No</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td>2</td>
<td>673</td>
</tr>
<tr>
<td>17</td>
<td>ADU</td>
<td>SOUTH</td>
<td>R-1</td>
<td>12/16/2020</td>
<td>In Plan Check</td>
<td>No</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td>1</td>
<td>440</td>
</tr>
<tr>
<td>18</td>
<td>ADU</td>
<td>SOUTH</td>
<td>R-1 (8000)</td>
<td>12/17/2020</td>
<td>In Plan Check</td>
<td>No</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td>1</td>
<td>474</td>
</tr>
</tbody>
</table>
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 will be held by virtual teleconference via Zoom and streamed on YouTube.**

**THURSDAY, AUGUST 19**
Public Art Commission Meeting, 7 p.m.

**MONDAY, AUGUST 23**
Sp. City Council Meeting, 5 p.m.

**TUESDAY, AUGUST 24**
Parks & Recreation Commission Meeting, 7 p.m.

**WEDNESDAY, AUGUST 25 (CANCELLED)**
Planning & Transportation Commission Meeting, 6 p.m.

**TUESDAY, AUGUST 26 (CANCELLED)**
Historic Resources Board 8:30 a.m.

**MONDAY, AUGUST 30**
Sp. City Council Meeting, 5 p.m.

**WEDNESDAY, SEPTEMBER 1**
Sp. Utilities Advisory Commission, 5 p.m.

**THURSDAY, SEPTEMBER 2**
Architectural Review Board Meeting, 8:30 a.m.

**TUESDAY, SEPTEMBER 6 (CANCELLED DUE TO HOLIDAY)**
Sp. City Council Meeting, 5 p.m.

**TUESDAY, SEPTEMBER 7**
Sp. Finance Committee Meeting, 6 p.m.

**WEDNESDAY, SEPTEMBER 8**
Planning & Transportation Commission Meeting, 6 p.m.

**THURSDAY, SEPTEMBER 9**
Historic Resources Board Meeting, 8:30 a.m. (CANCELLED)
Human Relations Commission Meeting, 6 p.m.

**MONDAY, SEPTEMBER 13**
Sp. City Council Meeting, 5 p.m.

**TUESDAY, SEPTEMBER 14**
Policy & Services Committee Meeting, 7 p.m.
City of Palo Alto

City Council Staff Report

Report Type: Consent Calendar               Meeting Date: 8/30/2021

Summary Title: Enovity, Inc. for C&I Energy Efficiency Program Services Contract

Title: Approval of a Professional Services Agreement With Enovity, Inc. for Energy Efficiency Program Services in an Amount of $661,667 per Year for a Total Not-to-Exceed Amount $1,985,000 for a Three-year Term Through August 15, 2024

From: City Manager

Lead Department: City Clerk

Recommendation

Staff recommends the City Council approve and authorize the City Manager or their designee to execute a professional services contract (C21177024) with Enovity, Inc. (Linked Document) for the administration of the Commercial & Industrial Energy Efficiency Program to deliver energy efficiency services to commercial and industrial customers. The total not-to-exceed amount for the contract is $1,985,000 over a three-year term through August 15, 2024.

Background

Council has adopted several policies which support funding programs that maximize the deployment of cost-effective, reliable and feasible EE within the City. Council adopted the City’s first 10-year electric and gas EE goals in 2007, with a cumulative reduction target of 3.5% electric and gas EE savings (35,000 MWh and 1,200,000 therms) between 2008 and 2017. Since then, Council has adopted updates to the EE goals in 2010, 2013, 2017, and most recently, in May 2021 (Staff Report ID # 12068) for the 10-year period between 2022 and 2031. The cumulative electric savings target in the latest EE goals is 4.4% (or 37,940 MWh) of the City’s projected electric usage in 2031. In order to achieve the aggressive EE goals, the City has contracted with third-party EE service providers since 2006 to expand the reach of EE program services for its customers. Specifically, EE savings from third-party administered EE programs for large C&I customers on average account for about half of total electric and gas savings between FY 2018 and FY 2020; the remaining savings come from the residential sector and small to medium businesses. Historically, large C&I programs deliver the most cost-effective EE savings in CPAU’s portfolio of EE programs.
In April 2016, Council adopted the ambitious goal of reducing the community’s GHG emissions by 80% below the 1990 levels by 2030 (“80x30”) for the city’s Sustainability and Climate Action Plan (S/CAP). As of 2018, the community’s GHG emissions are 36% below 1990 levels. Emissions from the use of natural gas have however remained largely unchanged over the years, representing 31% of the community’s emissions in 2018. In order to meet the 80x30 goal, the City must reduce natural gas use through efficiency and building electrification. There are significant barriers to building electrification, especially in existing buildings. From the building owner perspective, low awareness of efficient electric alternatives to gas appliances and the associated health and environmental benefits has been a key barrier. Also, retrofitting gas appliances in existing buildings can be significantly more expensive than a like-for-like gas appliance replacement, especially in cases where electrical infrastructure upgrade is necessary. To overcome the cost barrier and potential technical challenges for building electrification projects, City of Palo Alto Utilities (CPAU) plans to engage a vendor to deliver a commercial electrification program that covers marketing & outreach, technical assistance, and/or financing services for commercial customers. In parallel, staff is planning to expand CPAU’s incentive offerings to commercial customers to include electrification projects.

Discussion
In order to achieve its aggressive EE and emissions reduction goals, CPAU has contracted with third-party service providers since 2006 to provide a full suite of EE programs to both residential and nonresidential customers. Since 2015, CPAU currently has contracted with three third-party service providers to provide energy efficiency program services to large Commercial & Industrial (C&I) customers. Two of these contracts expired on June 30, 2021, and one has been extended through on December 31, 2021. The C&I customer segment is a strategic customer segment, as the annual EE savings from these customers on average account for about half of the total electric and gas EE savings between FY 2018 and FY 2020. It is important to ensure continuity of EE program services to these key customers and to also support building electrification among nonresidential customers in order to meet the S/CAP goals. Staff scoped out the following three program categories for a competitive solicitation process:

Category 1: Develop and administer performance-based energy efficiency, electrification, and/or water efficiency programs for C&I customers

Category 1 targets the nonresidential segment, with a focus on large C&I customers, to provide energy efficiency, electrification, and/or water efficiency program services to the customers. Historically, EE savings from large C&I customers represent the largest portion of EE savings compared to other customers and are also more cost effective than the savings from residential customers and hard-to-reach customers including small to medium businesses. Since this is a performance-based program, the 3rd party program administrator will be compensated solely

1 City Council approved the three contracts to provide energy efficiency services to large C&I customers on May 18, 2015 (Staff Report #5707). Between FY 2016 and FY 2020, these programs delivered total lifetime energy savings of 108,426 MWh and 3,649,000 therms; the contract payment to the three vendors during this period totaled $2,307,180.
based on achieved efficiency savings and/or electrification. Both equipment retrofit and new construction projects are eligible efficiency projects under this program category.

**Category 2: Develop and administer a beneficial electrification technical assistance program for small and medium commercial customers**

Category 2 is an optional scope in the RFP, and is intended to provide technical assistance to small and medium commercial customers to pursue electrification projects to reduce natural gas consumption in their buildings. This is in line with the City’s 80x30 goal. Components of a technical assistance program may include but are not limited to: site visits and electric load studies at the customer site, technical advice regarding equipment selection and sizing, support for permit application, support for bid selection from contractors, educational webinars and focus groups. Category 2 covers both retrofit and new construction projects.

**Category 3: Conduct Energy Studies for C&I customers**

Category 3 is a solicitation for consultants who can provide engineering studies at large C&I customer facilities. The consultant will work directly with the customer to determine the study scope and compensation; CPAU will provide the names of prequalified consultants to customers interested in undertaking energy studies. Examples of such studies may include whole or partial building electrification feasibility and cost assessment, power factor correction to the City’s 95% standard, energy storage assessment.

**Bid Process**

On November 25, 2020, staff issued a Request for Proposal (RFP) for third-party EE program through PlanetBids. Proposers could respond to one or more program categories.

**Table 1: Summary of Solicitation Process**

<table>
<thead>
<tr>
<th>PROPOSAL DESCRIPTION/ NUMBER</th>
<th>IMPLEMENTATION OF 3RD PARTY ENERGY AND WATER EFFICIENCY AND ELECTRIFICATION PROGRAMS FOR COMMERCIAL CUSTOMERS RFP #177024</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROPOSED PROGRAM LENGTH</td>
<td>36 months, with two possible 12-month extensions</td>
</tr>
<tr>
<td>NUMBER OF NOTICES SENT TO VENDORS VIA CITY’S EPROCUREMENT SYSTEM (PLANETBIDS)</td>
<td>1,657</td>
</tr>
<tr>
<td>NUMBER OF PACKAGES DOWNLOADED BY VENDORS</td>
<td>46</td>
</tr>
<tr>
<td>TOTAL DAYS TO Respond TO RFP</td>
<td>55</td>
</tr>
<tr>
<td>NUMBER OF PROPOSALS RECEIVED FOR CATEGORY 1</td>
<td>4</td>
</tr>
</tbody>
</table>
NUMBER OF PROPOSALS RECEIVED FOR CATEGORY 2 | 5
---|---
NUMBER OF PROPOSALS RECEIVED FOR CATEGORY 3 | 5

For Category 1, staff received four proposals and selected Enovity as the finalist based on its competitive pricing and track record with delivering EE programs targeting C&I customers as well as K-12 schools and municipal buildings in utility service territories in the Bay Area. The Commercial and Industrial Energy Efficiency Program (CIEEP), proposed by Enovity, is designed to assist large C&I customers with building energy optimization through implementation of building infrastructure improvements, energy equipment upgrades, and behavioral, retro-commissioning, and operational (BRO) modifications of building energy systems. Enovity will also assess building electrification opportunities at customer sites and support customers with implementing building electrification measures that are pre-approved by CPAU. Building electrification in large commercial facilities can be costly; the pre-approval process is put in place to ensure that the program budget is available to support multiple customer projects each year rather than being consumed by a single project at one customer site. The water efficiency projects proposed by Enovity do not meet the criteria for water efficiency performance payment as specified in the RFP. However, C&I water efficiency programs will still be available through the City’s partnership with Valley Water.

The contract has a 3-year term through August 15, 2024, with the possibility to extend for two additional years. If fully implemented, the Enovity contract will cost up to $1,985,000 between FY 2022 and FY 2024, of which $1,713,000 is budgeted for the achievement of 49,660 MWh in lifetime electric savings and 416,000 therms in lifetime gas savings. These EE savings represent a savings of $5,220,000 based on the avoided energy supply cost. The Enovity contract has also budgeted $272,000 for electrification projects, with expected annual gas savings of 36,000 therms.

Staff is currently in negotiation with another proposer to deliver a performance-based electrification and/or energy efficiency program targeting small to medium commercial customers; staff expects to bring a contract to Council for approval later this year.

For Category 2, staff has not yet decided on awarding on a contract for this category.

For Category 3, all five proposers are qualified to conduct energy studies to large C&I customers and will be provided to customers on an as-requested basis.

**Resource Impact**
Funding for the first year of the Enovity contract is available in the FY 2022 adopted budget. Funding comes from two sources: Electric Public Benefit reserves and Gas Operation reserves. Electric Public Benefit reserves are collected via a state-mandated public benefit surcharge of 2.85% of the electric utility revenue to fund any of these four program areas: (i) cost effective
energy efficiency and energy conservation programs, (ii) renewable energy resources and technologies, (iii) electricity-related research, development, and demonstration projects (iv) low-income customer assistance. While CPAU is exempted from collecting a gas public benefit surcharge as it has a published low-income rate assistance tariff; it has spent an average of 1% of the natural gas utility’s revenues to fund gas public benefit programs.

Funding for contract years two and three are contingent upon Council’s approval of department’s budget for each subsequent year.

**Policy Implications**
The proposed contracts support the Council-approved Sustainability Plan, the Council-approved Ten-year Energy Efficiency Targets, Comprehensive Plan Goal N7.4.2 (implement cost effective energy efficiency programs for all customers) and N7.7.2 (explore the transition of existing buildings from gas to electric or solar water and space heating). The contracts also further the Utilities Strategic Plan Collaboration priority (Strategy 1, increasing communication and engagement with the community).

**Stakeholder Engagement**
The City issued the Request for Proposal (RFP) on November 24, 2020 for third-party energy and water efficiency and electrification program services for commercial and industrial customers. Proposal submission deadline was on January 18, 2021.

**Environmental Review**
Approval of the third-party agreement proposed in this staff report does not meet the definition of a project under the California Environmental Quality Act (CEQA), pursuant to the California Public Resources Code Section 21065, because it is not an activity that will cause a direct physical change in the environment.

**Attachments:**
- **AttachmentA:** Attachment A: Enovity, Inc. Contract (C21177024)

---

2 California Public Utilities Code Section 385
3 AB 1002 (2000) established a surcharge on all natural gas consumption to fund public purpose programs; however, this legislation exempts municipal gas utilities that offers in published tariffs home weatherization services, rate assistance for low-income customers or other public purpose programs from collecting a public benefit surcharge on gas consumption. This is codified in Section 898 of the Public Utilities Code.
CITY OF PALO ALTO CONTRACT NO. C21177024

AGREEMENT FOR PROFESSIONAL SERVICES

BETWEEN THE CITY OF PALO ALTO AND ENOVITY, INC.

This Agreement for Professional Services (this “Agreement”) is entered into as of the 16th day of August, 2021 (the “Effective Date”), by and between the CITY OF PALO ALTO, a California chartered municipal corporation (“CITY”), and ENOVITY, INC., a California corporation, located at 100 Montgomery Street, Suite 600, San Francisco, CA 94104 (“CONSULTANT”).

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

**RECITALS**

A. CITY intends to encourage and assist the CITY’s non-residential customers to improve the energy performance and reduce greenhouse gas emissions related to fossil fuel consumption (the “Project”) and desires to engage a consultant to develop and implement a Commercial and Industrial Energy Efficiency Program 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 August 15, 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.
Notwithstanding the above, the Parties acknowledge that this Agreement is being entered into in the context of a pandemic (known as the COVID-19 pandemic), which has the potential to cause disruptions and delays to the work beyond the Parties’ reasonable control. The Parties agree that an actual delay directly caused by compliance with COVID-19 governmental orders or regulations, and not due to fault or negligence of the CONSULTANT, may be considered an excusable delay in accordance with this section. CONSULTANT may be entitled to an equitable adjustment in schedule in the event such COVID-19-related delays occur, but only to the extent reasonably required based upon the circumstances, as agreed in writing by the CITY’s Project Manager.

A COVID-19-related excusable delay will not be a default or a ground for termination for cause of the Agreement, provided that the CONSULTANT provides the CITY with prompt and detailed notice of the COVID-19-related delay as soon as is reasonably feasible under the circumstances and uses reasonable efforts to overcome the effects of such delay as promptly as reasonably feasible under the circumstances. Notwithstanding the above provisions of this Section, in the event of a period of nonperformance by CONSULTANT lasting more than thirty (30) days due to a COVID-19-related delay, CITY may elect to terminate this Agreement pursuant to Section 19 (Termination) herein.

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 Eighty Five Thousand Dollars ($1,985,000.00). 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. Notwithstanding Section 11 (Assignment) above, CITY agrees that subcontractors may be used to complete the Services. Prior to utilizing any subcontractor to perform work associated with the Project, CONSULTANT shall provide the name of the subcontractor/s to CITY’s Project Manager for preapproval. CITY shall hold final approval authority over subcontractors. CITY reserves the right to (i) request CONSULTANT conduct criminal background checks to CITY’s satisfaction on all CONSULTANT’s staff, subcontractors, or agents that may enter customer property, and (ii) require that any staff, subcontractor, or agent of CONSULTANT that fails the background check shall not be permitted to enter any customer premises.

CONSULTANT shall be responsible for directing the work of any subcontractors and for any compensation due to subcontractors. CITY assumes no responsibility whatsoever concerning compensation of subcontractors. CONSULTANT shall be fully responsible to CITY for all acts and omissions of subcontractors. CONSULTANT shall change or add subcontractors only with the prior written approval of the City Project Manager or designee.

SECTION 13. PROJECT MANAGEMENT. CONSULTANT will assign Xiang Huang 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 Christine Tam, City of Palo Alto Utilities Department, Resource Planning Division, 250 Hamilton Avenue, Palo Alto, CA, 94301, Telephone: (650) 329-2289. 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 negligent 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:

- [x] EXHIBIT A: SCOPE OF SERVICES
- [x] EXHIBIT B: SCHEDULE OF PERFORMANCE
- [x] EXHIBIT C: COMPENSATION
- [x] EXHIBIT C-1: SCHEDULE OF RATES
- [x] EXHIBIT D: INSURANCE REQUIREMENTS
- [x] EXHIBIT E: CONFIDENTIALITY AND NONDISCLOSURE AGREEMENT
- [x] EXHIBIT F: INFORMATION PRIVACY POLICY

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

ENOVITY, INC.

Tim Chin
Vice President, Enovity

Keith Oldewurtel
Chief Operating Officer Municipal and Commercial, Veolia
EXHIBIT A
SCOPE OF SERVICES

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

A. OVERVIEW

CONSULTANT agrees to provide the City of Palo Alto (“CITY” or “CPAU”) with the Commercial and Industrial Energy Efficiency Program (“Program”), designed to assist non-residential customers with improving the energy performance and reducing greenhouse gas emissions related to fossil fuel consumption at their facilities. The Programs will target gas and electric energy efficiency (“EE”) and beneficial electrification (“BE”) of existing energy-consuming systems at non-residential customer facilities.

The Program will encourage the CITY’s non-residential customers to optimize building energy performance through implementation of building infrastructure improvements and energy equipment upgrades (“Improvement Measures”), and/or retro-commissioning existing building energy systems, including behavioral and operational modifications (collectively referred to herein as “RCx Measures”).

CPAU will provide customer data to CONSULTANT to analyze energy use and pre-screen eligible customers to receive services. Through direct outreach or facilitated engagement through CPAU staff, the CONSULTANT will enroll customers to perform an Initial Site Assessment to identify potential EE and BE measures (Measures), estimated energy savings, project cost, and payback. Upon an enrolled customer’s approval, CONSULTANT will perform a detailed evaluation of the selected Measures and develop a Detailed Evaluation report. Based on the Detailed Evaluation report, the customer will decide which Measures to implement and incorporate into a Customer-signed Project Installation Agreement. The Project Installation Agreement provides details and requirements of the customer to qualify for and receive direct-install measures and self-install incentives through the CPAU Commercial Advantage Program (“CAP”). CPAU will pay out CAP incentives to the customer (or their designated payee) for self-installed projects and to the CONSULTANT for direct-install projects. For direct-install projects, CONSULTANT will provide turnkey management of installation subcontractors, customer technical assistance, and overall project quality assurance. For self-installed projects, CONSULTANT will provide technical assistance regarding equipment specifications and installation criteria to the contractor selected by the customer. CONSULTANT may separately contract with the customer to implement self-install measures.

Upon completing projects, the CONSULTANT will ensure that the customer’s project meets the Project Installation Agreement specifications and prepare a Final Measurement and Verification Report to document claimable savings and facilitate the disbursement of CPAU incentives.

Target Markets

The Program targets all non-residential customers in the commercial, industrial, and public administration segments within the City of Palo Alto Utilities service territory. Buildings will
include Federal, State, local government, colleges and schools, private office buildings, high tech facilities, manufacturing facilities, lab buildings, retail buildings, hospitality buildings (hotels and resorts), and healthcare facilities such as hospitals and medical offices/clinics. CPAU categorizes nonresidential customers into Key Account and non-Key Account customers, with large commercial and industrial customers as well as strategic customers that make up the Key Account list. The Program will focus on providing EE services to Key Account customers. Upon execution of this contract, CPAU staff will provide the list of Key Account customers to CONSULTANT; this is a confidential list and shall not be shared with organizations outside of CONSULTANT. Although the Program is focused on Key Account customers, CONSULTANT may consider providing services to non-Key Account customers. In such event, any proposed EE measures for non-Key Account customers will need to be approved by CPAU on a case-by-case basis prior to program enrollment. Proposed BE measures for all customers will also need to be approved by CPAU on a case-by-case basis prior to inclusion in the Detailed Evaluation report.

Energy Savings Targets

Table 1 provides the Program’s energy targets for the term of the Agreement.

<table>
<thead>
<tr>
<th>Resource</th>
<th>Total Units</th>
<th>Annual Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric Efficiency</td>
<td>8,553,542 kWh</td>
<td>2,851,181 kWh</td>
</tr>
<tr>
<td>Gas Efficiency</td>
<td>55,275 therms</td>
<td>18,426 therms</td>
</tr>
<tr>
<td>Beneficial Electrification</td>
<td>No Target</td>
<td>No Target</td>
</tr>
</tbody>
</table>

*Inclusive of soft targets delineated in Exhibit C

Program Staffing

CONSULTANT agrees to staff the Program per the staffing outlined in Table 2 and shall notify the CITY concerning proposed changes to the staffing plan. All such changes require the prior written consent of the CITY.

CONSULTANT, as it relates to direct implementation (“DI”) projects, intends to utilize a number of subcontractors and vendors over the course of the Agreement. CONSULTANT will screen subcontractors and vendors prior to subcontracting, and will supply the list of intended subcontractors to CITY prior to commencing any DI implementation work with individual customers. CPAU Program Manager will review and approve the list, as appropriate. CITY shall hold final approval authority over subcontractors and the internal staffing plan for field personnel, which shall be granted prior to any work being done. CONSULTANT and CPAU Program Manager may authorize changes to the list of pre-approved subcontractors by mutual agreement.

CONSULTANT understands and agrees, consistent with Section 12 of the Agreement, that it is responsible for all costs and damages associated with any theft, vandalism, damage or criminal acts involving or committed by CONSULTANT staff, Contractors or agents involving a customer or customer premises.
Table 2. CONSULTANT’s Staff Contacts

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jeff Guild</td>
<td>Program Director</td>
<td>(408) 454-8453</td>
<td><a href="mailto:JGuild@enovity.com">JGuild@enovity.com</a></td>
</tr>
<tr>
<td>Tim Huang</td>
<td>Program Manager</td>
<td>(415) 983-3615</td>
<td><a href="mailto:xhuang@enovity.com">xhuang@enovity.com</a></td>
</tr>
</tbody>
</table>

B. C&I PROGRAM WORK PLAN

Task 1 – Project Initiation Meeting

CONSULTANT shall organize with the CPAU Program Manager a Program Kick-Off Meeting. The meeting shall include CPAU staff to establish roles, timelines, and priorities in the Program’s delivery. The session will also cover Program logistics, marketing, coordination, evaluation, monitoring and verification activities, invoicing requirements, reports, and any remaining contractual issues.

- Task 1.1 Deliverable: Meeting agenda and meeting minutes.

Task 2 – Develop Program Plan

In coordination with CPAU staff, CONSULTANT shall develop the following documents:

(a) Policies and Procedures Manual

CONSULTANT shall develop, adhere to, and document its compliance with the Policies and Procedures Manual in the Program’s implementation, including the terms and conditions for customers participating in the Program, the process for customers participating in the program and receiving incentive funds, customer complaint and resolution plan, and the process for identifying, evaluating, implementing, and verifying Measures. The Policies and Procedures Manual shall also include a Quality Assurance and Quality Control Plan, a Program Plan, and an Implementation Timeline. CPAU shall develop and maintain the Program website, with input from the CONSULTANT.

- Task 2.a.2 Deliverable: Final Policies and Procedures Manual

(b) Marketing Plan

CONSULTANT shall develop a Marketing Plan that outlines pre-planned marketing activities, including a description, date, and location of such activities. The description will include the target audience, estimated reach, and materials for distribution. The Marketing Plan will also address the proposed brand-identity for the Program. It shall also address how the CONSULTANT will market the Program to reach its target customers, promote the Program, and provide technical training to building owners and operators, equipment suppliers/vendors, mechanical and maintenance contractors, and mechanical engineers. CONSULTANT shall develop marketing material in conjunction with CPAU. CONSULTANT will enlist the assistance of local affinity groups, including the Palo Alto Chamber of Commerce, the Palo Alto Merchant Association and various property management companies to better enable CONSULTANT to serve CPAU customers. CONSULTANT shall track and capture data on how customers are finding out about the
PROGRAM.

- Task 2.b.1 Deliverable: Draft Marketing Plan
- Task 2.b.2 Deliverable: Final Marketing Plan

(c) Coordination Plan
CONSULTANT shall develop a Coordination Plan providing details on how the Program will coordinate its efforts and actions with other existing internal CPAU or third-party energy efficiency, water conservation, and renewable energy programs.

- Task 2.c.1 Deliverable: Draft Coordination Plan
- Task 2.c.2 Deliverable: Final Coordination Plan

Task 3 – Develop Program Documents
CONSULTANT shall develop documents necessary for Program implementation and submit such to CPAU for approval before any distribution, circulation, or publication. CONSULTANT shall revise and produce new documents as needed to implement and promote the Program effectively.

(a) Program Participation Agreement
CONSULTANT shall create a Program Participation Agreement that shall collect basic information from the customer, including facility contact information and financial requirements. The Program Participation Agreement will also act as a Site Access Agreement for the Program.

- Task 3.a.1 Deliverable: Draft Program Participation Agreement
- Task 3.a.2 Deliverable: Final Program Participation Agreement

(b) Project Installation Agreement
CONSULTANT shall develop a template Program Installation Agreement for committing owners to install the identified Measures. The Program Installation Agreement shall detail the Measure installation and eligibility requirements needed to receive an incentive from CPAU. The Project Installation Agreement, once fully executed, shall reserve the specified incentive funds for the customer.

- Task 3.b.1 Deliverable: Draft Project Installation Agreement
- Task 3.b.2 Deliverable: Final Project Installation Agreement

(c) Incentive Release and Customer Feedback
CONSULTANT shall develop a template Incentive Release to facilitate the disbursement of the incentive by CPAU, acknowledge receipt of the project, and obtain customer feedback. CONSULTANT shall prepare and submit a draft version of the Incentive Release for CPAU to approve.

- Task 3.c.1 Deliverable: Draft Incentive Release Template
- Task 3.c.2 Deliverable: Final Incentive Release Template
(d) Reporting Template
CONSULTANT shall create a standard reporting template including templates for the Initial Site Assessment Report, Detailed Evaluation Report, and the Final Measurement and Verification Report. These templates shall be sent to CPAU for review and approval before use.

- Task 3.d.1 *Deliverable:* Draft Report Templates
- Task 3.d.2 *Deliverable:* Final Report Templates

(e) Energy Analysis Tools
CONSULTANT shall develop energy analysis tools to quantify energy savings for Measures covered under the Program. The Program will only count energy savings incremental to the prevailing building and appliance efficiency standards (Title 20 and Title 24). To that end, the Program will reference the California electronic Technical Reference Manual (eTRM) as a source for determining annual energy savings.

The CONSULTANT shall develop or propose alternative analysis tools and methods for review and approval by CPAU as needed during the Program cycle.

- Task 3.e.1 *Deliverable:* Draft Energy Analysis Tools
- Task 3.e.2 *Deliverable:* Final Energy Analysis Tools

Task 4 - Develop Invoicing and Program Reporting Tools
CONSULTANT will submit to CPAU a sample of all the reporting tools used to meet CPAU reporting requirements for CPAU’s review and approval for use under the Agreement, including but not limited to:

i. Monthly Narrative
ii. Monthly Invoice
iii. Yearly Report
iv. Customer Data Export File
v. Customer Summary Report
vi. Program Savings Report

- Task 4.1 *Deliverable:* Draft Invoicing and Reporting Tools
- Task 4.2 *Deliverable:* Final Invoice and Reporting Tools
- Task 4.3 *Deliverable:* Customer Survey results
- Task 4.4 *Deliverable:* Inputting of project data into CPAU’s EECP database, as well as Net Promoter Score values and other results from Customer Survey

Task 5 – Launch Program

(a) Program Information
CONSULTANT shall provide CPAU with a Program Presentation, Technical Presentation, and a Frequently Asked Questions document on the Program.

- Task 5.a.1 *Deliverable:* Program Presentation, Technical Presentation, and Frequently Asked Questions Document
(b) **Training**
CONSULTANT shall provide in-person training on the Program process, eligibility requirements, incentives, and a high-level overview of typical Measures and their applications to requested CPAU staff. A Program representative shall be available to assist all CPAU representatives on an on-going basis to answer any questions related to the Program and determine if specific customers are eligible for the Program participation.

- Task 5.b.1 *Deliverable*: In-person Training on Program to CPAU Staff
- Task 5.b.2 *Deliverable*: Ongoing training and assistance for CPAU Staff

(c) **Implement Marketing Campaign**
CONSULTANT shall execute the planned marketing campaign based on the approved detailed Marketing Plan and coordinate all such activities with CPAU.

- Task 5.c.1 *Deliverable*: Draft Program Marketing Materials as shall be outlined in the Final Marketing Plan
- Task 5.c.2 *Deliverable*: Final Program Marketing Materials as shall be outlined in the Final Marketing Plan
- Task 5.c.3 *Deliverable*: Present at marketing events and perform one-on-one customer marketing as needed.

**Task 6 – Enroll Customer (Pre-Commitment Stage)**

(a) **Attain Signed Program Participation Agreement**
Customer enrollment occurs upon the execution of a signed Program Participation Agreement. After the Program Participation Agreement’s execution, the enrolled customer (Customer) becomes eligible to receive an Initial Site Assessment.

Non-Key Account customers will need to be approved by CPAU on a case-by-case basis prior to program enrollment.

- Task 6.a.1 *Deliverable*: Signed Program Participation Agreement

(b) **Perform Initial Site Assessments**
Once CONSULTANT has received a signed Program Participation Agreement, CONSULTANT shall perform an Initial Site Assessment (ISA). During the ISA, the CONSULTANT will determine what potential Measures exist at the facility and fall within the Customer’s viability criteria, including a budget, payback criteria, preferences, and operational needs. The ISA will include an analysis of 12 months of electricity and gas data and viable Improvement and RCx Measure descriptions, as appropriate, that include potential energy savings, greenhouse gas reductions, project cost, incentives, and paybacks using rule-of-thumb estimates and high-level assumptions. The Program will offer an ISA to any facility that qualifies for Program services. CONSULTANT will submit the ISA to the Customer and CPAU.

- Task 6.b.1 *Deliverable*: Initial Site Assessment Report
(c) Perform Detailed Evaluations
Following the ISA, the Customer may select Measures for consideration in a Detailed Evaluation (DE). The CONSULTANT shall perform a DE that includes onsite observations of facilities energy-consuming equipment and provide for each Measure a description, an estimate of potential energy savings, implementation costs, CPAU incentive, and simple payback. Proposed Beneficial Energy (BE) Measures for any customer will also need to be approved by CPAU on a case-by-case basis prior to inclusion in the DE.

- Task 6.c.1 Deliverable: Draft Detailed Evaluation Report
- Task 6.c.2 Deliverable: Final Detailed Evaluation Report

Task 7 – Install and Verify Resource Measures

(a) Project Installation Agreement
Upon completing the Detailed Evaluation Report, CONSULTANT shall provide a Project Installation Agreement (PIA) for the Customer’s execution that describes the Measures, delineating the implementation path, i.e., direct or self-install, and estimated CPAU incentives. For self-install Measures, the PIA shall provide minimum equipment, installation, and performance requirements to obtain the estimated CPAU incentives. For direct-install Measures, the PIA shall serve as a contract between the CONSULTANT and the Customer to provide the installation.

- Task 7.a.1 Deliverable: Signed Project Installation Agreement

(b) Project Installation (self-install)
The Customer shall self-install Measures included in the PIA with a contractor of their choice. CONSULTANT may offer turnkey installation services to the Customer. If the Customer elects to use a contractor other than the CONSULTANT, CONSULTANT shall provide technical assistance regarding equipment specifications and installation criteria to the contractor chosen by the Customer to implement the work. CONSULTANT shall attend meetings with contractors to explain project scope and installation requirements as needed.

- Task 7.b.1 Deliverable: Technical assistance and contractor meetings

(c) Project Installation (direct-install)
The CONSULTANT shall provide turnkey installation services to the Customer to implement direct-install Measures included in the PIA. In such case, CONSULTANT will act as the contractor, utilizing pre-approved qualified workforce and subcontractors and adhering to all applicable statutes.

- Task 7.c.1 Deliverable: Implemented direct-install Measures.

(d) Inspections
For both self-installed and direct-installed projects, CONSULTANT shall review 100% of project purchase orders, final invoices, and technical equipment cut-sheets to verify that the equipment purchased and installed meets the specifications and performance requirements outlined in the PIA. CONSULTANT shall perform on-site inspections preceding and following completion of work by the contractor for all Measures.
Following the installation, CONSULTANT shall perform a post-installation inspection to collect and verify facility data and perform typical measurement and monitoring, as performed during the pre-installation inspection. CONSULTANT shall compare the resulting performance data versus that projected in the DE. CONSULTANT shall generate a Punch List, if necessary, documenting Measures that are incomplete, incorrectly installed, or need adjustment. After resolving the pending punch list items by the appropriate party, the CONSULTANT shall prepare a Final Measurement and Verification (M&V) Report to document and describe the Measures’ status and their final projected savings results in detail.

- Task 7.d.1 *Deliverable*: Punch List
- Task 7.d.2 *Deliverable*: Final M&V Report

(e) **Documentation and Facility Staff Training for RCx Measures**
In addition to the above requirements, for projects that include RCx Measures, CONSULTANT shall develop documentation on the implemented RCx adjustments and will provide training to facility staff or contractor to perform ongoing maintenance and monitoring of the adjustments.

- Task 7.e.1 *Deliverable*: Documentation and training for RCx Measures

(f) **Incentive Release and Customer Feedback**
CONSULTANT shall provide the Customer an Incentive Release form to facilitate the disbursement of the incentive by CPAU, acknowledge receipt of the project, and obtain Customer Feedback.

- Task 7.f.1 *Deliverable*: Final Incentive Release form

(g) **Twelve-Month Re-Inspection for Direct-Install RCx Measures**
For direct install RCx Measures, CONSULTANT shall verify trend data and system setting information 12 months after the implementation date of the RCx Measure(s). If data show deviations from the technical specification and requirements outlined in the PIA, CONSULTANT shall advise customer to restore Measures to the conditions verified at implementation.

- Task 7.g.1 *Deliverable*: Summary of Twelve-Month Re-Inspection for RCx Measures, and resolution to remedy system(s) as applicable.

(h) **Post Installation Support and Complaints**
For all projects, CONSULTANT shall ensure the facility operation staff has received training and all necessary operations and maintenance manuals and that the Customer is satisfied with the installation. If an installation or Customer satisfaction issue should arise, CONSULTANT shall promptly remedy it.

CONSULTANT shall respond to any Customer question or complaint within two business days by telephone and will include the equipment manufacture on the call, if necessary, to provide immediate guidance, service, or corrective work. CONSULTANT shall have trained respondents on the call to rapidly respond to field issues, as needed, and maintain a Customer service log to track such Customer calls and the provided service.
If CONSULTANT is unable to resolve Customer complaints within five (5) days satisfactorily, CONSULTANT shall immediately provide CPAU with a detailed description of the complaint, including the name and the contact information of the complainant and any other information requested by CPAU. As part of the Program’s External Policies and Procedures Manual,

CONSULTANT shall provide contact information for a Program Representative responsible for fielding Customer complaints and describe the complaint resolution process. As part of the Program’s Internal Policies and Procedures Manual, CONSULTANT shall outline specific complaint resolution procedures to be followed by Program staff.

- Task 7.h.1 Deliverable: Customer Complaint log

**Task 8 – Reporting**

CONSULTANT shall provide ongoing scheduled reports to CPAU.

(a) Monthly Report
CONSULTANT shall submit a Monthly Report to CPAU for Program accomplishments and installations performed in the preceding calendar month. The Monthly Report shall include information on the prior month’s activities, accomplishments, and expenditures related to the Program. At a minimum, the Monthly report shall contain:

- Program Cost Data
- Program Impacts Data
- Number of customers participating in the Program
- Program Changes / New Program Information
- Key performance indicators, including Customer Satisfaction
- Summary of customer compliments and/or complaints
- Reasons for rejection of proposed measures
- Any other requirements as determined by CPAU

- Task 8.a.1 Deliverable: Monthly Report and supporting documentation

(b) Yearly Report
CONSULTANT shall submit a Yearly Report to CPAU for Program accomplishments and installations performed in the preceding calendar year, which shall be due no later than June 30th of the subsequent year. The Yearly Report shall include information on the year’s activities, accomplishments, and expenditures related to the Program. At a minimum, the Yearly Report shall contain:

1. Program Expenditures Data
2. Program Narrative for the Year
3. First year EE savings achieved during Program Year, categorized by end-use
4. Lifecycle EE savings achieved during Program Year, categorized by end-use
5. Any changes to the Program Plan or any Program Design changes

- Task 8.b.1 Deliverable: Yearly Report and supporting documentation
(c) **Final Program Report**

At the end of this Agreement, CONSULTANT shall submit a final comprehensive Program Report before contract end date that will evaluate the Program. At the minimum, the report shall include the following:

i. Program Achievements
ii. Program Challenges
iii. Goals Attainment
iv. Lessons Learned
v. Program Improvement Recommendations
vi. Program Next Step Proposed (i.e., Continue Program, End Program, etc.)

- Task 8.c.1 *Deliverable*: Final Program Report
EXHIBIT B
SCHEDULE OF PERFORMANCE

CONSULTANT shall perform the Services so as to complete each milestone within the number of days/weeks specified below. The time to complete each milestone may be increased or decreased by mutual written agreement of the Project Managers for CONSULTANT and CITY so long as all work is completed within the term of the Agreement. CONSULTANT shall provide a detailed schedule of work consistent with the schedule below within 2 weeks of receipt of the notice to proceed (“NTP”) from the CITY.

<table>
<thead>
<tr>
<th>Milestones</th>
<th>Completion Number of Days/Weeks (as specified below) from NTP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Project (Program) Initiation Meeting</td>
<td>Two weeks</td>
</tr>
<tr>
<td>2. Develop (Update) Program Plan</td>
<td>Six weeks</td>
</tr>
<tr>
<td>3. Develop (Update) Program Documents</td>
<td>Eight weeks</td>
</tr>
<tr>
<td>4. Develop (Updated) Invoicing and Reporting Tools</td>
<td>Eight weeks</td>
</tr>
<tr>
<td>5. (Re) Launch Program</td>
<td>Ten weeks</td>
</tr>
<tr>
<td>6. Enroll Customers</td>
<td>Ongoing</td>
</tr>
<tr>
<td>7. Install and Verify Resource Measures</td>
<td>Ongoing</td>
</tr>
<tr>
<td>8. Reporting</td>
<td>Ongoing</td>
</tr>
</tbody>
</table>

The schedule of performance shall be provided as detailed in Section 1 (Scope of Services) and shall fall within the term as provided in Section 2 (Term) of this Agreement.
EXHIBIT C
COMPENSATION

CITY agrees to compensate CONSULTANT for professional services performed in accordance with the terms and conditions of this Agreement using the Performance Payments and rates outlined herein. CONSULTANT’S compensation under this Agreement is entirely based on CONSULTANT performance. In order to receive compensation, CONSULTANT’S performance must satisfy all requirements set forth in the Agreement and Exhibit “A” attached thereto.

Performance Payments

CITY will compensate CONSULTANT in Performance Payments that consists of:
(i) Project performance payment for self-install projects
(ii) Project performance payment plus customer incentives for direct install projects

The Project Performance Payment (“PPP”) will be calculated by multiplying the projected 1st year energy savings, as set forth in the Final M&V Report (Task 7.d) for the project, for each implemented customer project by the applicable performance rates, set forth below:

<table>
<thead>
<tr>
<th>Description</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric efficiency savings for Key Account (KA) customers</td>
<td>$0.1377/kWh</td>
</tr>
<tr>
<td>Electric efficiency savings for non-KA customers</td>
<td>$0.17136/kWh</td>
</tr>
<tr>
<td>RCx gas efficiency savings for KA customers</td>
<td>$0.92616/therm</td>
</tr>
<tr>
<td>Non-RCx gas efficiency savings for KA customers</td>
<td>$1.377/therm</td>
</tr>
<tr>
<td>RCx gas efficiency savings for non-KA customers</td>
<td>$1.0404/therm</td>
</tr>
<tr>
<td>Non-RCx gas efficiency savings for non-KA customers</td>
<td>$1.49124/therm</td>
</tr>
</tbody>
</table>

Electrification savings for KA customers (calculated as 1st year gas savings in therms times 29.3 minus increase in electric use in kWh) $0.2754/kWh

Electrification savings for non-KA customers (calculated as 1st year gas savings in therms times 29.3 minus increase in electric use in kWh) $0.30906/kWh

100% of PPP is paid to CONSULTANT upon the submission of the Final M&V Report for the project to CPAU Program Manager (Task 7.d).

All electrification projects and EE projects for non-Key Account customers need to be pre-approved by CPAU Project Manager in order to qualify for Project Performance Payment.

Customer Incentive Payments

A. For Direct Install projects, in addition to the PPP, CITY will pay customer incentives to CONSULTANT. This Customer Incentive Payment (CIP) will be calculated by multiplying the 1st year projected energy savings by the prevailing CPAU customer incentive rates at the time of the PIA, but shall be no less than $0.10/kWh for electricity savings, and capped at the actual
project cost. CONSULTANT shall submit the estimated CIP compensation for each project to CPAU for approval prior to implementation.

The CIP will be paid to CONSULTANT upon completion of the project. CONSULTANT shall submit an invoice to CPAU showing the calculation for energy savings, and contractor’s and CONSULTANT’s costs. CPAU shall compensate CONSULTANT based on the actual project costs.

**Maximum Compensation**

The maximum not-to-exceed PPP compensation over 3 years is **$1,600,000**, and the projected Customer Incentive Payments to CONSULTANT over 3 years for direct install projects is **$385,000**. The combined PPP and Customer Incentive Payments to CONSULTANT sums to a maximum not-to-exceed compensation of **$1,985,000** over 3 years. The customer incentive amount available to a project through the customer direct-install path may change based on the prevailing CPAU customer incentive rate in place at the time of the PIA, but shall be no less than $0.10/kWh for electricity savings. The direct install incentives will cap @100% of reasonable construction costs managed by the Consultant, including Consultant’s direct labor at the rates listed in Exhibit C-1. The budget for Customer Incentive Payments is separate and not transferable to PPP compensation.

The breakdown of the 3-year PPP budget is given in the table below.

<table>
<thead>
<tr>
<th>Description</th>
<th>$/Unit</th>
<th>Units</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric EE savings at Key Account customers</td>
<td>$0.1377/kWh</td>
<td>5,946,302</td>
<td>$818,806</td>
</tr>
<tr>
<td>Electric EE savings at non-Key Account customers*</td>
<td>$0.17136/kWh</td>
<td>2,607,240</td>
<td>$446,777</td>
</tr>
<tr>
<td>Gas EE - BRO savings at Key Account customers</td>
<td>$0.92616/th</td>
<td>9,688</td>
<td>$8,973</td>
</tr>
<tr>
<td>Gas EE - non BRO savings at Key Account customers</td>
<td>$1.377/th</td>
<td>20,860</td>
<td>$28,724</td>
</tr>
<tr>
<td>Gas EE - BRO savings at non-Key Account customer*</td>
<td>$1.0404/th</td>
<td>24,727</td>
<td>$25,726</td>
</tr>
<tr>
<td>Gas EE - non BRO savings at non-Key Account customers*</td>
<td>$1.49124/th</td>
<td>-</td>
<td>$0</td>
</tr>
<tr>
<td>Electrification savings at Key Account customers*</td>
<td>$0.2754/kWh</td>
<td>340,839</td>
<td>$93,867</td>
</tr>
<tr>
<td>Electrification savings at non-Key Account customers*</td>
<td>$0.30906/kWh</td>
<td>576,362</td>
<td>$178,130</td>
</tr>
</tbody>
</table>

*Budget categories are provisional; units listed represent soft (non-binding) targets; although the budgets listed above total $1,601,003.00, the total not-to-exceed amount for PPP payments under this Agreement shall not exceed $1,600,000.
The breakdown of the 3-year customer incentive budget for direct-install compensation to Consultant is given in the table below.

<table>
<thead>
<tr>
<th></th>
<th>$/Unit</th>
<th>Units</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric EE savings</td>
<td>$0.10/kWh</td>
<td>3,750,000</td>
<td>$375,000</td>
</tr>
<tr>
<td>Gas EE savings</td>
<td>$1.00/th</td>
<td>10,000</td>
<td>$10,000</td>
</tr>
</tbody>
</table>
## EXHIBIT C-1
### SCHEDULE OF RATES

CONSULTANT’s schedule of rates is as follows:

<table>
<thead>
<tr>
<th>Type of service</th>
<th>Hourly rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Director</td>
<td>$302.00</td>
</tr>
<tr>
<td>Project Director</td>
<td>$256.00</td>
</tr>
<tr>
<td>Senior Project Manager</td>
<td>$205.00</td>
</tr>
<tr>
<td>Technical Manager</td>
<td>$205.00</td>
</tr>
<tr>
<td>Project Manager</td>
<td>$199.00</td>
</tr>
<tr>
<td>Project Engineer III</td>
<td>$179.00</td>
</tr>
<tr>
<td>Project Engineer II</td>
<td>$169.00</td>
</tr>
<tr>
<td>Project Engineer I</td>
<td>$159.00</td>
</tr>
<tr>
<td>Project Coordinator</td>
<td>$133.00</td>
</tr>
<tr>
<td>Administration</td>
<td>$107.00</td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th>REQUIRED</th>
<th>TYPE OF COVERAGE</th>
<th>REQUIREMENT</th>
<th>MINIMUM LIMITS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>EACH OCCURRENCE</td>
<td>AGGREGATE</td>
</tr>
<tr>
<td>YES</td>
<td>WORKER’S COMPENSATION EMPLOYER’S LIABILITY</td>
<td>STATUTORY</td>
<td>STATUTORY</td>
</tr>
<tr>
<td>YES</td>
<td>GENERAL LIABILITY, INCLUDING PERSONAL INJURY, BROAD FORM</td>
<td>BODILY INJURY</td>
<td>$1,000,000</td>
</tr>
<tr>
<td></td>
<td>PROPERTY DAMAGE</td>
<td></td>
<td>$1,000,000</td>
</tr>
<tr>
<td></td>
<td>CONTRACTUAL, AND FIRE LEGAL LIABILITY</td>
<td>BODILY INJURY &amp; PROPERTY</td>
<td>$1,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>DAMAGE COMBINED.</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>YES</td>
<td>AUTOMOBILE LIABILITY, INCLUDING ALL OWNED, HIRED, NON-OWNED</td>
<td>BODILY INJURY</td>
<td>$1,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- EACH PERSON</td>
<td>$1,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- EACH OCCURRENCE</td>
<td>$1,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PROPERTY DAMAGE</td>
<td>$1,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>BODILY INJURY AND PROPERTY</td>
<td>$1,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>DAMAGE, COMBINED</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>YES</td>
<td>PROFESSIONAL LIABILITY, INCLUDING, ERRORS AND OMISSIONS,</td>
<td>ALL DAMAGES</td>
<td>$1,000,000</td>
</tr>
<tr>
<td></td>
<td>MALPRACTICE (WHEN APPLICABLE), AND NEGLIGENT PERFORMANCE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>YES</td>
<td>THE CITY OF PALO ALTO IS TO BE NAMED AS AN ADDITIONAL INSURED: 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, NAMING AS ADDITIONAL INSUREDS CITY, ITS COUNCIL MEMBERS, OFFICERS, AGENTS, AND EMPLOYEES.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 AT THE FOLLOWING URL:

HTTPS://WWW.PLANETBIDS.COM/PORTAL/PORTAL.CFM?COMPANYID=25569

OR

HTTP://WWW.CITYOFPALOALTO.ORG/GOV/DEPTS/ASD/PLANET_BIDS_HOW_TO.ASP
EXHIBIT E
CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT

THIS CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT (this “Agreement”) is entered into this , 2021, by and between the City of Palo Alto, a California charter city and municipal corporation with offices at 250 Hamilton Avenue, Palo Alto, California 94301 (“CITY”), and ENOVITY, INC., a California corporation, located at 100 Montgomery Street, Suite 600, San Francisco, CA 94104 (“COMPANY”). COMPANY and CITY may also be referred to individually herein as a “Party,” and collectively herein as the “Parties.”

RECIPIENTS

WHEREAS, COMPANY and CITY are interested in pursuing a potential business transaction with each other (the “Transaction”); and

WHEREAS, in connection with the Transaction, COMPANY may disclose to CITY certain Confidential Information (defined below) of the COMPANY, and CITY may disclose to the COMPANY certain Confidential Information of the CITY; and

WHEREAS, each Party desires to protect the confidentiality of its Confidential Information; and

WHEREAS, the Disclosing Party (defined below) would not disclose its Confidential Information to the Receiving Party (defined below) but for the legal protections against unauthorized disclosures intended to be afforded by California law and this Agreement, and is relying on the protections against such disclosures contained in this Agreement in disclosing such Confidential Information to the Receiving Party;

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants, opportunities and promises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Confidential Information. As used in this Agreement, “Confidential Information” means all data, information, document and other material of the Parties, in any form or media, that:
   A. is not generally known to the public, whether of a technical, business or other nature including, without limitation any and all intellectual property rights either Party holds in and to its data, information, documents and other materials including without limitation any software, services and/or documentation, including patents, copyrights, and trademarks and trade secrets;
   B. is disclosed by one Party (the “Disclosing Party”) to the other Party (the “Receiving Party”) or that is otherwise learned or accessed by the Receiving Party in the course of its communications, discussions or other dealings with, or due to its physical or electronic access to the premises, property or systems of, the Disclosing Party; and/or
   C. has been identified as being proprietary and/or confidential, or that would reasonably be deemed to be proprietary and/or confidential based upon the nature of such information and/or the circumstances surrounding its disclosure or receipt.
2. Exceptions. “Confidential Information” does not include information which:
   A. becomes generally available to the public other than as a result of a disclosure by the Receiving Party;
   B. was available to the Receiving Party on a non-confidential basis prior to its receipt by the Receiving Party;
   C. becomes available to the Receiving Party on a non-confidential basis from a source other than the Disclosing Party, its employees or agents, provided that such source is not bound by a confidentiality agreement with the Disclosing Party, its employees or agents or otherwise is prohibited from transmitting the information to the Receiving Party by a contractual, legal or fiduciary obligation; or
   D. was independently developed by the Receiving Party without access to or the benefit of the Confidential Information.

3. Non-Disclosure of Confidential Information. The Receiving Party, except as expressly provided in this Agreement, will keep all Confidential Information confidential and will not disclose any Confidential Information without the Disclosing Party's prior written consent, except as otherwise expressly provided for in this Agreement. In addition, the Receiving Party will not use, or permit others to use, the Disclosing Party’s Confidential Information for any purpose other than for the Receiving Party’s consideration of, and discussion with the Disclosing Party of, the Transaction being explored between the Parties pursuant to and in accordance with this Agreement. Such permitted use includes the disclosure of the Confidential Information to the Receiving Party’s employees and agents on a need-to-know basis only and solely for purposes of the Receiving Party’s consideration of, and discussion with the Disclosing Party of, the Transaction being explored between the Parties pursuant to and in accordance with this Agreement, provided that the Receiving Party informs such employees and agents of, and requires them to adhere to, the provisions of this Agreement. The Receiving Party is responsible for any use of Confidential Information by its employees and agents.

4. Public Records or Governmental Request. The Receiving Party shall comply with the confidentiality covenants contained herein to the fullest extent permitted by applicable law. Should the Receiving Party receive a public records request, or otherwise be directed by any governmental authority to disclose any or all of the Disclosing Party’s Confidential Information, the Receiving Party shall promptly provide notice to the Disclosing Party of such request to allow the Disclosing Party an opportunity to prevent such disclosure. Furthermore, in the event that a request for COMPANY’s Confidential Information is made under applicable public records law, the CITY agrees to cooperate with any reasonable request of COMPANY, at COMPANY’s expense, to maintain the confidentiality of the COMPANY’s Confidential Information. The Parties understand and agree that in the event that COMPANY’s Confidential Information is sought from CITY under such a public records request, and the CITY asserts to the requesting party that such records are not disclosable due to their confidential and/or proprietary nature (or other basis under the law for non-disclosure), and such non-disclosure is challenged in court, it will be COMPANY’s responsibility to take action in court to defend the non-disclosure/oppose disclosure. Nothing herein shall require the CITY to take any action, or to refuse to disclose information, where to do so would violate applicable law.

5. Ownership of Confidential Information. All Confidential Information will remain the exclusive property of the Disclosing Party, and the Receiving Party will have no rights, by license
or otherwise, to use the Confidential Information except as expressly provided herein or in a separate written agreement specifically granting such rights.

6. Protection of Confidential Information. The Receiving Party will take commercially reasonable measures to protect and secure the Disclosing Party’s Confidential Information from unauthorized access, disclosure, dissemination or use, including, at a minimum, those measures it takes to protect and secure its own confidential information, and, in any event, no less than a reasonable standard of care.

7. Notice of Unauthorized Disclosure. The Receiving Party shall immediately notify the Disclosing Party upon the discovery of any loss or unauthorized disclosure or use of the Confidential Information of the Disclosing Party.

8. Injunctive Relief. Each Party acknowledges and agrees that a breach by it or one of its affiliates, employees or agents of any of the covenants set forth in this Agreement will cause irreparable injury to the other Party and its business for which damages, even if available, will not constitute an adequate remedy. Accordingly, each Party agrees that the other Party, in addition to any other remedy available at law or in equity, shall be entitled to the issuance of injunctive relief (including, without limitation, specific performance) by a court of competent jurisdiction in order to enforce the covenants and agreements contained herein.

9. Attorneys’ Fees and Costs. If attorneys’ fees or other costs are incurred to secure performance of any obligations under this Agreement, or to establish damages for the breach thereof, or to obtain any other appropriate relief, whether by way of prosecution or defense, the prevailing Party will be entitled to recover reasonable attorneys’ fees and costs incurred in connection therewith.

10. Non-waiver. Any failure by either Party to enforce performance of any provision of this Agreement will not constitute a waiver of its right to subsequently enforce such provision or any other provision of this Agreement.

11. Assignment. Neither Party may assign this Agreement or any rights or obligations hereof without the prior written consent of the other Party, and any attempted assignment without such consent shall be null, void, and of no 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.

12. Section Headings. The section headings contained in this Agreement are for convenience of reference only and are not intended to define the scope of any provision of this Agreement.

13. Notices. All notices or communications required or permitted to be given under this Agreement shall be in writing and shall be delivered by: (a) certified mail, return receipt requested to a party’s principal place of business set forth below in this Notices section, (b) hand delivered, (c) e-mail, or (d) delivery by a reputable overnight carrier service. In the case of delivery by e-mail, the notice must be followed by a copy of the notice being delivered by a means provided in (a), (b) or (d). The notice will be deemed given on the day the notice is received.

Notices to the Parties under this Agreement shall be provided as follows:
NOTICE TO COMPANY:

Enovity, Inc.
100 Montgomery Street, Suite 600
San Francisco, CA 94104

Attention:
Jeff Guild
Director

NOTICE TO CITY:

City of Palo Alto
Utilities Department
250 Hamilton Avenue
Palo Alto, CA 94301

Attention:
Dean Batchelor
Director of Utilities

14. Governing Law. This Agreement will be governed by and construed in accordance with California law, without regard to its conflict-of-law provisions.

15. Jurisdiction and Venue. Any judicial proceeding brought by or against the Parties arising out of this Agreement or any matter related hereto shall be brought exclusively in a California federal or state court of competent jurisdiction. The venue for any dispute shall be Santa Clara County, California. Each of the Parties consents to the exclusive jurisdiction and venue of the aforesaid courts.

16. Severability. If any term or provision of this Agreement or the application thereof shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

17. Amendment. This Agreement may only be modified by written amendment signed by authorized representatives of the Parties and approved as required under Palo Alto Municipal Code.

18. Incorporation of Recitals. The recitals set forth on page 1 of this Agreement are substantive terms of this Agreement and are hereby fully incorporated herein by this reference.

19. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original and all of which will constitute one and the same Agreement.
20. Term and Termination; Survival. This Agreement is intended to cover Confidential Information disclosed or received by either Party prior or subsequent to the date of this Agreement. Unless otherwise earlier terminated, this Agreement will expire five (5) years from the date first written above; provided, however, that each Party's confidentiality and security obligations with respect to the other Party's Confidential Information disclosed or received prior to termination or expiration will survive until such Confidential Information ceases to be confidential hereunder or the Receiving Party is no longer in possession or control of such information in accordance with the provisions of this Agreement.

21. Return of Confidential Information. Upon termination or expiration of this Agreement, or upon receipt of written request from the Disclosing Party, the Receiving Party shall promptly and securely return to the Disclosing Party all Confidential Information of the Disclosing Party, including any copies made thereof, and/or shall promptly and securely destroy (so as to render such Confidential Information unreadable by any third party) all such Confidential Information of the Disclosing Party in the Receiving Party’s possession or control (including in the possession or control of any employee or agent of the Receiving Party) and shall, upon request of the Disclosing Party, certify such secure destruction in writing to the Disclosing Party within thirty (30) days of such request.

22. Section Headings. 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.

23. Entire Agreement. This Agreement represents the entire agreement of the CITY and COMPANY with respect to the subject matter hereof, and supersedes any prior agreements, understandings, and representations, whether written, oral, expressed, implied, or statutory. The CITY hereby acknowledges that in entering into this Agreement it did not rely on any information not explicitly set forth in this Agreement.

(SIGNATURE BLOCK follows on the next page.)
PARTY SIGNATURES TO THE AGREEMENT

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representative(s) as of the date first set forth above.

COMPANY: ENOVITY, INC.

APPROVED:

By: ____________________________
   Tim Chin
   Name: ____________________________
   Title: Vice President

CITY OF PALO ALTO

APPROVED:

By: ____________________________
   Ed Shikada
   City Manager

By: ____________________________
   Dean Batchelor
   Director of Utilities

APPROVED AS TO FORM:

By: ____________________________
   City Attorney or Designee
EXHIBIT F
INFORMATION PRIVACY POLICY

POLICY STATEMENT

The City of Palo Alto (the “City”) strives to promote and sustain a superior quality of life for persons in Palo Alto. In promoting the quality of life of these persons, it is the policy of the City, consistent with the provisions of the California Public Records Act, California Government Code §§ 6250 – 6270, to take appropriate measures to safeguard the security and privacy of the personal (including, without limitation, financial) information of persons, collected in the ordinary course and scope of conducting the City’s business as a local government agency. These measures are generally observed by federal, state and local authorities and reflected in federal and California laws, the City’s rules and regulations, and industry best practices, including, without limitation, the provisions of California Civil Code §§ 1798.3(a), 1798.24, 1798.79.8(b), 1798.80(e), 1798.81.5, 1798.82(e), 1798.83(e)(7), and 1798.92(c). Though some of these provisions do not apply to local government agencies like the City, the City will conduct business in a manner which promotes the privacy of personal information, as reflected in federal and California laws. The objective of this Policy is to describe the City’s data security goals and objectives, to ensure the ongoing protection of the Personal Information, Personally Identifiable Information, Protected Critical Infrastructure Information and Personally Identifying Information of persons doing business with the City and receiving services from the City or a third party under contract to the City to provide services. The terms “Personal Information,” “Protected Critical Infrastructure Information”, “Personally Identifiable Information” and “Personally Identifying Information” (collectively, the “Information”) are defined in the California Civil Code sections, referred to above, and are incorporated in this Policy by reference.

PURPOSE

The City, acting in its governmental and proprietary capacities, collects the Information pertaining to persons who do business with or receive services from the City. The Information is collected by a variety of means, including, without limitation, from persons applying to receive services provided by the City, persons accessing the City’s website, and persons who access other information portals maintained by the City’s staff and/or authorized third-party contractors. The City is committed to protecting the privacy and security of the Information collected by the City. The City acknowledges federal and California laws, policies, rules, regulations and procedures, and industry best practices are dedicated to ensuring the Information is collected, stored and utilized in compliance with applicable laws.
POLICY AND PROCEDURES 1.64/IT
Revised: December 2017

The goals and objectives of the Policy are: (a) a safe, productive, and inoffensive work environment for all users having access to the City’s applications and databases; (b) the appropriate maintenance and security of database information assets owned by, or entrusted to, the City; (c) the controlled access and security of the information provided to the City’s staff and third party contractors; and (d) faithful compliance with legal and regulatory requirements.

SCOPE

The Policy will guide the City’s staff and, indirectly, third party contractors, which are by contract required to protect the confidentiality and privacy of the information of the persons whose personal information data are intended to be covered by the Policy and which will be advised by City staff to conform their performances to the Policy should they enjoy conditional access to that information.

CONSEQUENCES

The City’s employees shall comply with the Policy in the execution of their official duties to the extent their work implicates access to the Information referred to in this Policy. A failure to comply may result in employment and/or legal consequences.

EXCEPTIONS

In the event that a City employee cannot fully comply with one or more element(s) described in this Policy, the employee may request an exception by submitting Security Exception Request. The exception request will be reviewed and administered by the City’s Information Security Manager (the “ISM”). The employee, with the approval of his or her supervisor, will provide any additional information as may be requested by the ISM. The ISM will conduct a risk assessment of the requested exception in accordance with guidelines approved by the City’s Chief Information Officer (“CIO”) and approved as to form by the City Attorney. The Policy’s guidelines will include at a minimum: purpose, source, collection, storage, access, retention, usage, and protection of the Information identified in the request. The ISM will consult with the CIO to approve or deny the exception request. After due consideration is given to the request, the exception request disposition will be communicated, in writing, to the City employee and his or her supervisor. The approval of any request may be subject to countermeasures established by the CIO, acting by the ISM.

MUNICIPAL ORDINANCE

This Policy will supersede any City policy, rule, regulation or procedure regarding information privacy.

RESPONSIBILITIES OF CITY STAFF
POLICY AND PROCEDURES 1.64/IT
Revised: December 2017

A. RESPONSIBILITY OF CIO AND ISM

The CIO, acting by the ISM, will establish an information security management framework to initiate and coordinate the implementation of information security measures by the City’s government.

The City’s employees, in particular, software application users and database users, and, indirectly, third party contractors under contract to the City to provide services, shall be guided by this Policy in the performance of their job responsibilities.

The ISM will be responsible for: (a) developing and updating the Policy, (b) enforcing compliance with and the effectiveness of the Policy; (c) the development of privacy standards that will manifest the Policy in detailed, auditable technical requirements, which will be designed and maintained by the persons responsible for the City’s IT environments; (d) assisting the City’s staff in evaluating security and privacy incidents that arise in regard to potential violations of the Policy; (e) reviewing and approving department-specific policies and procedures which fall under the purview of this Policy; and (f) reviewing Non-Disclosure Agreements (NDAs) signed by third party contractors, which will provide services, including, without limitation, local or ‘cloud-based’ software services to the City.

B. RESPONSIBILITY OF INFORMATION SECURITY STEERING COMMITTEE

The Information Security Steering Committee (the “ISSC”), which is comprised of the City’s employees, drawn from the various City departments, will provide the primary direction, prioritization and approval for all information security efforts, including key information security and privacy risks, programs, initiatives and activities. The ISSC will provide input to the information security and privacy strategic planning processes to ensure that information security risks are adequately considered, assessed and addressed at the appropriate City department level.

C. RESPONSIBILITY OF USERS

All authorized users of the Information will be responsible for complying with information privacy processes and technologies within the scope of responsibility of each user.

D. RESPONSIBILITY OF INFORMATION TECHNOLOGY (IT) MANAGERS

The City’s IT Managers, who are responsible for internal, external, direct and indirect connections to the City’s networks, will be responsible for configuring, maintaining and securing the City’s IT networks in compliance with the City’s information security and privacy policies. They are also responsible for timely internal reporting of events that may have compromised network, system or data security.
E. RESPONSIBILITY OF AUTHORIZATION COORDINATION

The ISM will ensure that the City’s employees secure the execution of Non-Disclosure Agreements (NDA), whenever access to the Information will be granted to third party contractors, in conjunction with the Software as a Service (SaaS) Security and Privacy Terms and Conditions. An NDA must be executed prior to the sharing of the Information of persons covered by this Policy with third party contractors. The City’s approach to managing Information security and its implementation (i.e. objectives, policies, processes, and procedures for information security) will be reviewed independently by the ISM at planned intervals, or whenever significant changes to security implementation have occurred.

The CIO, acting by the ISM, will review and recommend changes to the Policy annually, or as appropriate, commencing from the date of its adoption.

GENERAL PROCEDURE FOR INFORMATION PRIVACY

A. OVERVIEW

The Policy applies to activities that involve the use of the City’s information assets, namely, the Information of persons doing business with the City or receiving services from the City, which are owned by, or entrusted to, the City and will be made available to the City’s employees and third party contractors under contract to the City to provide Software as a Service consulting services. These activities include, without limitation, accessing the Internet, using e-mail, accessing the City’s Intranet or other networks, systems, or devices.

The term “information assets” also includes the personal information of the City’s employees and any other related organizations while those assets are under the City’s control. Security measures will be designed, implemented, and maintained to ensure that only authorized persons will enjoy access to the information assets. The City’s staff will act to protect its information assets from theft, damage, loss, compromise, and inappropriate disclosure or alteration. The City will plan, design, implement and maintain information management systems, networks and processes in order to assure the appropriate confidentiality, integrity, and availability of its information assets to the City’s employees and authorized third parties.

B. PERSONAL INFORMATION AND CHOICE

Except as permitted or provided by applicable laws, the City will not share the Information of any person doing business with the City, or receiving services from the City, in violation of this Policy, unless that person has consented to the City’s sharing of such information during the conduct of the City’s business as a local government agency with third parties under contract to the City to provide services.
C. METHODS OF COLLECTION OF PERSONAL INFORMATION

The City may gather the information from a variety of sources and resources, provided that the collection of such information is both necessary and appropriate in order for the City to conduct business as a local government agency in its governmental and proprietary capacities. That information may be gathered at service windows and contact centers as well as at web sites, by mobile applications, and with other technologies, wherever the City may interact with persons who need to share such formation in order to secure the City’s services.

The City’s staff will inform the persons whose information are covered by this Policy that the City’s web site may use “cookies” to customize the browsing experience with the City of Palo Alto web site. The City will note that a cookie contains unique information that a web site can use to track, among others, the Internet Protocol address of the computer used to access the City’s web sites, the identification of the browser software and operating systems used, the date and time a user accessed the site, and the Internet address of the website from which the user linked to the City’s web sites. Cookies created on the user’s computer by using the City’s web site do not contain the Information, and thus do not compromise the user’s privacy or security. Users can refuse the cookies or delete the cookie files from their computers by using any of the widely available methods. If the user chooses not to accept a cookie on his or her computer, it will not prevent or prohibit the user from gaining access to or using the City’s sites.

D. UTILITIES SERVICE

In the provision of utility services to persons located within Palo Alto, the City of Palo Alto Utilities Department (“CPAU”) will collect the Information in order to initiate and manage utility services to customers. To the extent the management of that information is not specifically addressed in the Utilities Rules and Regulations or other ordinances, rules, regulations or procedures, this Policy will apply; provided, however, any such Rules and Regulations must conform to this Policy, unless otherwise directed or approved by the Council. This includes the sharing of CPAU-collected Information with other City departments except as may be required by law.

Businesses and residents with standard utility meters and/or having non-metered monthly services will have secure access through a CPAU website to their Information, including, without limitation, their monthly utility usage and billing data. In addition to their regular monthly utilities billing, businesses and residents with non-standard or experimental electric, water or natural gas meters may have their usage and/or billing data provided to them through non-City electronic portals at different intervals than with the standard monthly billing.
POLICY AND PROCEDURES 1.64/IT
Revised: December 2017

Businesses and residents with such non-standard or experimental metering will have their information covered by the same privacy protections and personal information exchange rules applicable to Information under applicable federal and California laws.

E. PUBLIC DISCLOSURE

The Information that is collected by the City in the ordinary course and scope of conducting its business could be incorporated in a public record that may be subject to inspection and copying by the public, unless such information is exempt from disclosure to the public by California law.

F. ACCESS TO PERSONAL INFORMATION

The City will take reasonable steps to verify a person’s identity before the City will grant anyone online access to that person’s Information. Each City department that collects Information will afford access to affected persons who can review and update that information at reasonable times.

G. SECURITY, CONFIDENTIALITY AND NON-DISCLOSURE

Except as otherwise provided by applicable law or this Policy, the City will treat the Information of persons covered by this Policy as confidential and will not disclose it, or permit it to be disclosed, to third parties without the express written consent of the person affected. The City will develop and maintain reasonable controls that are designed to protect the confidentiality and security of the Information of persons covered by this Policy.

The City may authorize the City’s employees and/or third party contractors to access and/or use the Information of persons who do business with the City or receive services from the City. In those instances, the City will require the City’s employee and/or the third party contractors to agree to use such Information only in furtherance of City-related business and in accordance with the Policy.

If the City becomes aware of a breach, or has reasonable grounds to believe that a security breach has occurred, with respect to the Information of a person, the City will notify the affected person of such breach in accordance with applicable laws. The notice of breach will include the date(s) or estimated date(s) of the known or suspected breach, the nature of the Information that is the subject of the breach, and the proposed action to be taken or the responsive action taken by the City.

H. DATA RETENTION / INFORMATION RETENTION
POLICY AND PROCEDURES 1.64/IT  
Revised: December 2017

The City will store and secure all Information for a period of time as may be required by law, or if no period is established by law, for seven (7) years, and thereafter such information will be scheduled for destruction.

I. SOFTWARE AS A SERVICE (SaaS) OVERSIGHT

The City may engage third party contractors and vendors to provide software application and database services, commonly known as Software-as-a-Service (SaaS).

In order to assure the privacy and security of the Information of those who do business with the City and those who received services from the City, as a condition of selling goods and/or services to the City, the SaaS services provider and its subcontractors, if any, including any IT infrastructure services provider, shall design, install, provide, and maintain a secure IT environment, while it performs such services and/or furnishes goods to the City, to the extent any scope of work or services implicates the confidentiality and privacy of the Information.

These requirements include information security directives pertaining to: (a) the IT infrastructure, by which the services are provided to the City, including connection to the City's IT systems; (b) the SaaS services provider's operations and maintenance processes needed to support the IT environment, including disaster recovery and business continuity planning; and (c) the IT infrastructure performance monitoring services to ensure a secure and reliable environment and service availability to the City. The term "IT infrastructure" refers to the integrated framework, including, without limitation, data centers, computers, and database management devices, upon which digital networks operate.

Prior to entering into an agreement to provide services to the City, the City's staff will require the SaaS services provider to complete and submit an Information Security and Privacy Questionnaire. In the event that the SaaS services provider reasonably determines that it cannot fulfill the information security requirements during the course of providing services, the City will require the SaaS services provider to promptly inform the ISM.

J. FAIR AND ACCURATE CREDIT TRANSACTION ACT OF 2003

CPAU will require utility customers to provide their Information in order for the City to initiate and manage utility services to them.

Federal regulations, implementing the Fair and Accurate Credit Transactions Act of 2003 (Public Law 108-159), including the Red Flag Rules, require that CPAU, as a "covered financial institution or creditor" which provides services in advance of payment and which can affect consumer credit, develop and implement procedures for an identity theft program for new and existing accounts to detect, prevent, respond and mitigate potential identity theft of its customers' Information.
POLICY AND PROCEDURES 1-64/IT
Revised: December 2017

CPAU procedures for potential identity theft will be reviewed independently by the ISM annually or whenever significant changes to security implementation have occurred. The ISM will recommend changes to CPAU identity theft procedures, or as appropriate, so as to conform to this Policy.

There are California laws which are applicable to identity theft; they are set forth in California Civil Code § 1798.92.

NOTE: Questions regarding this policy should be referred to the Information Technology Department, as appropriate.

Recommended:  
Jonathan Pedersen  
Director Information Technology/CIO  
Date

Approved:  
City Manager  
Date
City of Palo Alto Office of the City Manager

The Honorable City Council
Palo Alto, California

August 30, 2021

Independent Police Auditor's Report on Investigations Completed:
1/1/20 to 6/30/20

Introduction and Background
Since 2006, Palo Alto has utilized an independent police auditor (IPA) to conduct secondary review of defined investigations of uniformed Police Department personnel and provide related services. Since the inception of the independent police auditing program, the City has contracted with the Office of Independent Review (OIR Group), to provide these services.

In 2021, following many discussions through ad hoc committees and Policy and Services discussions, the City Council expanded the IPA scope and included several components that were previously reported in summary form in a supplemental cover memo. As of June 2021, the IPA’s scope includes the following for future IPA review and reports:

- Incidents where an officer uses a TASER, baton, chemical agent, less-lethal projectile, canine, firearm, or any other force, resulting in an injury requiring treatment beyond minor medical care in the field;
- The Police Department’s handling of Supervisory Inquiry Reports (formerly called Informal Inquiry Reports) (complaints that are sufficiently investigated and resolved through expedited review); and
- Review of City investigations of uniformed officers arising from employee complaints of discrimination, harassment or retaliation by a uniformed officer.

The amendment also updated contract language on the timing of reports to ensure that reports are published twice per year, including all cases completed by that time (instead of delaying publication until all cases covering a certain timeframe are complete). City Council requested this change to meet their interest in understanding cases that were submitted to the IPA and still under review. In the June City Council action to amend the IPA contract, the City Council asked the IPA to include the following in subsequent reports:

C. Add to Section 3 that published reports will note items that are pulled from the report for further work and provide a short description of the item(s). (June 14 Action Minutes)

Because the attached IPA report was completed at the same time as City Council’s direction to report on still-pending items, the report does not include this information. The IPA will include a list of cases still under review in subsequent reports. The City Council will have an opportunity to confer with the IPA at an open session meeting in September.
Information regarding the Police Auditor reports can be found on the website, here: 
www.cityofpaloalto.org/gov/depts/pol/auditor.asp. In addition, for details about other Police Department’s accountability measures, go here: www.cityofpaloalto.org/policeaccountability.

**PROCESS TO FILE A COMPLAINT**

Complaints may also be directed to the Independent Police Auditor as follows:

<table>
<thead>
<tr>
<th>Contact: Mr. Mike Gennaco</th>
<th>Or mail to: OIR Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phone: (323) 412-0334</td>
<td>1443 E. Washington Blvd., #234</td>
</tr>
<tr>
<td>Email: <a href="mailto:Michael.gennaco@oirgroup.com">Michael.gennaco@oirgroup.com</a></td>
<td>Pasadena, CA 91104</td>
</tr>
</tbody>
</table>

**ATTACHMENT**

DocuSigned by:

Ed Shikada

ED SHIKADA
City Manager
INDEPENDENT POLICE AUDITORS’ REPORT:

Review of Investigations Completed: 1/1/20 to 6/30/20

Presented to the Honorable City Council
City of Palo Alto

June 2021

Prepared by: Michael Gennaco and Stephen Connolly
Independent Police Auditors for the City of Palo Alto
Introduction

This report addresses materials received by the Independent Police Auditor (“IPA”) for review from the first half of 2020. It includes three cases that were investigated by the Palo Alto Police Department (“PAPD”) and completed during that time period. Each involved relatively straightforward matters that were handled through the Department’s “Informal Inquiry” process, which we described in our most recent report.

As we put it then, these cases arise from a public complaint (as opposed to internally generated allegations) for which PAPD “was able to reach a resolution regarding its merits without going through a full-scale investigation process (including, most significantly, interviews of witnesses and subjects).” The Department’s adoption of body-worn cameras has added to the efficiency with which it can evaluate many allegations through readily available recorded evidence. The intent is to streamline the investigative process without sacrificing documentation, review, and appropriate accountability.

While a more robust approach – including interviews – continues to be important in many instances, the Informal Inquiry concepts makes sense to us when applied selectively.1 Two of the cases discussed below (including one in which the complaint was sustained) seemed to have been handled in an appropriate fashion. The third, involving a woman who felt that two officers had responded inadequately to a request for help as she sought to leave a protest, struck us as slightly more complicated, as we explain.

Along with the matters that provide the substance of our report for this cycle, there is a corollary absence of the other kinds of cases that have been within our “jurisdiction” for several years. No Taser uses or other misconduct investigations were completed during the six-months at issue here.

A final introductory note: we submit this report on the heels of a recent City Council meeting in which our scope of work for the City was expanded in notable ways. These include the addition of a new mandate to review all significant force uses by PAPD officers – a range that obviously goes well beyond the specific access to Taser deployment cases that we have had for several years. The City has also asked OIR Group to resume its review of internally generated complaints by Department employees against their sworn colleagues. These steps reflect a heightened commitment to transparency and accountability by the City’s leadership, and we look forward to providing a further window into the Department’s systems for addressing concerns.

1 It is our understanding that the Department’s leadership recently updated the name it uses for these matters to “Supervisor Inquiry Investigation.”
Misconduct Investigations

Case 1: Allegation of Threatening, Harassing, and Coercive Behavior

Factual Overview

The complainant alleged that she was “abused, harassed, and threatened” by a PAPD officer and a supervisor. The allegation stemmed from a call for service in which an individual alleged that he witnessed the complainant get out of her parked vehicle and “key” his car while he was sitting in the driver’s seat. A review of the police report and body camera footage shows the officer responding to the call, talking with the owner, and eventually talking with the complainant after she returned to her vehicle.

As a result of the investigation, the officer prepared a vandalism report setting out the victim’s account of what had occurred. The report further notes that the complainant denied the vandalism allegation but said that she would pay for the damage. The report was forwarded to the District Attorney, who filed one count of felony vandalism against the complainant.

The complainant alleged that the officer threatened her, accused her of vandalism, and advised her that she would be the subject of a criminal complaint which could lead to her arrest. The complainant further alleged that the officer had “hunted her down” in an effort to locate her.

The supervisor who reviewed the complaint noted that PAPD policy requires officers to make reasonable attempts to locate, identify, and interview all available victims, complainants, witnesses, and suspects. He determined that based on the review of the body-worn camera account of the encounter that the officer’s investigative steps and interaction with the complainant were consistent with this directive. Finally, the supervisor noted that that his review of the body camera recordings did not depict any conduct on part of the responding officer that would be considered objectively threatening or inappropriate.

Outcome and Analysis

IPA was provided the complaint, the police report, and the body camera footage of the encounter and reviewed the materials independently. Based on that review, we concur with the PAPD supervisor that there is no conduct or actions on behalf of the responding officer that would constitute threatening, abusive, harassing, or any other inappropriate conduct.
We were also provided with the letter that PAPD is required under state law to provide to the complainant advising of the results of the investigation. As with prior letters we have reviewed, this letter consists of four “boilerplate” sentences that does not provide any detail about how or why the Department reached the conclusion it did. As we have said previously, PAPD’s failure to provide additional information about what was done to investigate the complainant’s allegations and the reasons for its conclusion is a missed opportunity to “show its work” and demonstrated that the allegations were seriously considered. In fairness, though, we note that the command staff has expressed its acknowledgement of that point and the closing letter in this matter preceded our initial recommendation. More importantly, PAPD has shifted its approach in more recent communications, and provided us with examples of a more effective approach. We appreciate that the Department considered and adopted our recommendation and commend PAPD for this increase in transparency.

**Case 2: Allegation of Excessive Speed by Officer**

**Factual Overview**

A member of the public contacted the Department to complain that an officer in a marked police vehicle had accelerated “faster than other cars” after being stopped with them at a signal, and seemed to be exceeding the posted speed limit. This individual provided sufficient details about time and place that the Department was able to ascertain the identity of the relevant officer and extract recorded information about the incident in question. The car’s own video system provided useful evidence in this regard.

Through its initial inquiry, PAPD learned that the officer was in fact responding to a call for service, but it was non-emergency in nature. The officer was found to have been driving some 20 miles over the speed limit, in keeping with the allegation as reported.

**Outcome and Analysis**

The Department decided to address this issue informally, through documented counseling and a review about the policy relating to responding to calls. This was based in part on the light traffic conditions, the non-egregious nature of the officer’s violation, and the absence of any collateral consequences. In much the same way that

---

2 At the same time, it should be noted that the poor impression – and unfortunate example – that the officer left with the person who ultimately complained is itself a concern that merits some level of attention. But we have no reason to believe that bad driving habits are endemic within PAPD, and the command staff has conveyed to us that road safety is in fact a point of emphasis in the organization.
officers exercise their discretion to give motorists a warning rather than a citation at the end of some traffic stops, it is reasonable for the Department to stop short of formal discipline in a situation like this – provided that some form of intervention and documentation has occurred.

We were impressed with the Department’s ability to swiftly determine what had happened and to devise an appropriate response.

Case 3: Allegation of “Dereliction of Duty”

Factual Overview

This case was initially submitted by a woman who wished to remain anonymous (although she had provided information about her identity in the course of filing her complaint online). She expressed disappointment in the lack of assistance she received from two PAPD officers when she approached them as a protest event was coming to an end. At the time of the incident, the woman told the officers that a fellow protestor, whose antagonistic behavior had been addressed by organizers, was now creating problems for individuals who had intervened with him. This individual was actually standing in a group of several people with the woman as she engaged the officers. She apparently hoped the officers would speak with the man or otherwise facilitate the safe departure from the scene of herself and her associates. Instead, per her complaint, the officers “refused” to help, looked at them as if they were “ridiculous,” and seemed “amused” by their situation. The woman said that the man then followed her to her car in a harassing manner as the two officers drove away a moment later, never looking in their direction.

The woman did not reply at first to requests for a further interview about her complaint. Nonetheless, the Department was able to find some relevant evidence based on the information she had provided in writing. It learned that, at the time of the encounter with the woman and her group, the officers were finalizing an accident investigation: a driver had collided at low speed with one of the officer’s police vehicles, and the other officer was there to handle the traffic collision report. There was also a short body-worn camera recording that included audio of the very end of the encounter. The woman (who was on crutches) seemed mildly apprehensive, but walked off voluntarily and in the same direction as the others (including the man who was apparently concerning her).

Outcome and Analysis

The sergeant who initially handled this complaint found that the officers had acted appropriately. Though no interviews with the officers were conducted, the sergeant drew inferences from the available records, and gave considerable weight to the fact that the officers were – unbeknownst to
the complainant – finishing the accident call and therefore somewhat occupied. The sergeant determined that the request for officers to somehow keep the allegedly problematic member of the group with them as the others left would have amounted to a “detention” that was not legally justified. The sergeant also noted that the body-worn camera evidence suggested that the group was voluntarily – and without apparent distress – moving away together at the end of the exchange with officers. The officers were “exonerated” at the “Informal Inquiry” level.

A few months later, the lieutenant who had first sought a supplemental interview with the complainant was in fact able to speak with the person. The conversation seems to have been a productive one. The woman learned that the officers actually had been involved in another service call, and she was also able to present her concerns more fully. After considering her options, she decided she was satisfied to keep the matter at an “informal” level, having been assured that the lieutenant would speak to both officers “and discuss better communication during and after a protest.”

This last exchange certainly strengthened the overall quality of the PAPD response, and the woman’s own apparent inaccessibility at the outset of the review was clearly a limiting factor in the Department’s ability to investigate. Still, we were somewhat underwhelmed by the quality of the initial review of this matter. The “tail” of reaching a prompt resolution seems to have wagged the “dog” of conducting a thorough inquiry, particularly insofar as an interview of one or both officers could have certainly clarified some of the specific issues that the complaint raised. These included the following:

- The complainant directed her written concerns at one officer by name, saying that they knew each other, but no apparent familiarity was observable on the recordings.
- The recordings themselves were not as helpful as they might have been if both officers had engaged their cameras as soon as the group approached. It is unclear why they didn’t, and the “Informal Inquiry” did not address this question.
- The officers’ preoccupation with the accident issue was supposedly a factor in their limited ability to provide assistance. But the collision call was over for all practical purposes, and – as the complainant suggested – seemingly not so demanding as to consume both officers.
- The complainant claimed that the officer she mentioned by name had actually been working at the protest and had observed the problematic behavior of the man she was concerned about – thereby providing some additional context for her request for help and a potential basis for greater intervention. Again, this was not explored.
- The complainant alleged that, after her brief and unsatisfying request for help, the officers subsequently had driven right past as the woman dealt with the
predicted harassment at her car. This was addressed speculatively by the handling sergeant, who surmised that the crowded environment made it “reasonable” to assume the officers were unaware. Obviously, though, actually asking the officers about it would have produced a more definitive answer.

- The allegations of inappropriate reactions (including the officers laughing at the group and making dismissive comments) were not definitively resolved.

Additionally, while the lieutenant and the complainant seemed to reach a positive “meeting of the minds” during their follow-up conversation a few months later, there is no documentation in the investigative file as to any related counseling or discussion that the lieutenant had with the involved officers. While it may have occurred – and seems like a worthwhile and adequate remediation – the record-keeping component is important for various reasons.³

As we have said previously, we recognize that, under the right circumstances, the “Informal Inquiry” approach can be as effective and suitable as it is efficient in addressing certain allegations. But that reality turns on a few key factors, with the conclusiveness of the available evidence being one of them.

Here, the situation at issue seems to have been low-key in its intensity, and the officers don’t appear to have been malicious or egregious in their decision-making. However, the Informal Inquiry left not only unanswered questions but also other “low hanging fruit” in terms of PAPD making the most of feedback from its public.

RECOMMENDATION TWO: PAPD should limit its use of the Informal Inquiry to situations in which available evidence lends itself to a conclusive awareness of what occurred or why the complaint otherwise lacks validity.

RECOMMENDATION THREE: PAPD should include relevant documentation whenever the outcome of a case involves counseling of the involved officers.

³In subsequent conversations with the Department, we have been advised that while the non-disciplinary after-actions have been documented, there has been no practice of including the record of those interventions in the investigative file. PAPD indicates amenability toward doing so on a forward-going basis.
TO: HONORABLE CITY COUNCIL
FROM: ED SHIKADA, CITY MANAGER
AGENDA DATE: AUGUST 30, 2021
SUBJECT: ITEM NUMBER 8 – UNHOUSED SERVICES

Attached to this cover sheet is the PowerPoint presentation for Monday’s continued discussion of services for unhoused Palo Altans.

Ed Shikada
City Manager
CONTINUED DISCUSSION OF SERVICES FOR UNHOUSED RESIDENTS IN PALO ALTO
Council Action on August 9, 2021

A. Support advancing an application for the Project Homekey Program for an emergency shelter in a portion of the Former Los Altos Treatment Plant (LATP) site with specific steps as follows:

i. Pursue partnership with LifeMoves as the nonprofit partner;

ii. Pursue zoning changes necessary to allow for an emergency shelter at the LATP site;

iii. Direct Staff to identify funding sources and to include that information in the return report to the City Council;

iv. Return to City Council in September with sufficient time to make an application and include all application details, including the explanation of all costs; and

B. Continue City Council discussion on the rest of this item to a date uncertain.
Remaining Discussion Items from August 9 Council Meeting

- Any other follow up regarding Project Homekey Program (staff is moving forward based on Aug. 9 Action; will return to Council on Sept. 27 with further details)
- Endorsement of the Santa Clara County Community Plan to End Homelessness
- Discussion of City resources regarding unhoused services in Palo Alto
- Confirmation of the Policy Topics for Permanent Safe Parking Ordinance
Santa Clara County Community Plan to End Homelessness 2020-25 – Recommendation to Endorse Plan
Resources for Unhoused Services in Palo Alto

- Discuss resources regarding unhoused services
  - Support for the individual
  - Law enforcement component
  - Management of the various initiatives identified (such as Safe Parking, Project Homekey, Alternative Response Programs re Mental Health Services, etc.)

- Staff will follow up with resource actions based on City Council feedback today related to the items above.
Safe Parking - Elements for Future Permanent Program

- Confirmation of Policy Topics of interest related to the permanent Safe Parking Ordinance which will come to City Council at a future date.

- Topics staff is aware of thus far are:
  - Consideration of background checks for inclusion in the program and for what types of past criminal actions (e.g., violent felons and sex offenders)
  - Consideration of geographical distribution of safe parking programs
  - Expansion of the program into private, commercial parking lots
  - Increasing the number of vehicles allowed per lot (currently 4 vehicles allowed)
  - Any other programmatic elements based on the process and program to date
Discussion and Next Steps

1. Endorse the SCC Community Plan to End Homelessness.
2. Provide staff with direction related to desired resource support for unhoused services in Palo Alto in order for staff to bring back the relevant necessary appropriation actions.
3. Confirm the topics of interest related to the permanent Safe Parking Ordinance and support staff to return to City Council for future policy discussions related to those topics.