



**City Council
Special Meeting
Monday, April 11, 2022
5:00 PM
Council Chambers & Hybrid
AMENDED AGENDA**

Additional items and materials are included in red.

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

HOW TO PARTICIPATE

VIRTUAL PARTICIPATION

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

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

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

TIME ESTIMATES

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

PUBLIC COMMENTS

Public Comments will be accepted both in person and via Zoom meeting. All requests to speak will be taken until 5 minutes after the staff's presentation. Written public comments can be submitted in advance to city.council@cityofpaloalto.org 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.

CALL TO ORDER

SPECIAL ORDERS OF THE DAY (5:00 - 5:10 PM)

1. Select Applicants to Interview for the Parks & Recreation Commission
Late Packet Report Added

STUDY SESSION (5:10 - 6:10 PM)

Presentation

2. Annual Earth Day Report Study Session

AGENDA CHANGES, ADDITIONS AND DELETIONS

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

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

CONSENT CALENDAR (6:30 - 6:45 PM)

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

- Q&A**
3. Approval of Contract Number C22181467 with Bureau Veritas Technical Assessments LLC, for an Amount Not to Exceed \$359,779 for a City Facility Condition and Electrification Assessment and Use of Brightly Cloud-based Capital Planning Software, Capital Improvement Program Projects (PE-20002 and TE-13004) and Budget Amendments in the Electric Fund and Capital Improvement Fund.
 4. Approval of the Economic Recovery Advisory Report as Recommended by the Policy and Services Committee
 5. Adoption of a Resolution Authorizing an Installment Sale Agreement with the California State Water Resource Control Board for Financing of the Design and Construction of the Secondary Treatment Upgrades Project Funded in Wastewater Treatment Enterprise Fund Capital Improvement Program, Project WQ-19001, at the Regional Water Quality Control Plant
- Q&A**
6. Approval of Amendment No. 1 to Professional Services Contract Number S22183902 Teri Black and Company, LLC to Increase the Not-to-Exceed Compensation by \$180,000 (to \$265,000) and to Extend the Term of the Contract to January 2024 for City Wide Executive Recruitments and Approve a Budget Amendment in the General Fund
 7. Approval of Amendment Number 4 to Contract Number C14152163 With Townsend Public Affairs for State Legislative Advocacy to Extend the Term for one Additional Year and add \$102,000 for a Total Not-to-Exceed Amount of \$901,000
 8. Easement Vacation at 14244 Amherst Court, Los Altos Hills, CA
 9. SECOND READING: Adoption of an Ordinance Dedicating 0.64 Acres of Land Adjacent to 3350 Birch Street to Become Part of the Boulware Park (FIRST READING: February 10, 2020 PASSED: 7-0)

10. SECOND READING: Adoption of an Interim Ordinance Establishing Objective Urban Lot Split Standards and Further Refinements to SB 9 Development Standards; Authorizing the Public Works Director to Publish Objective Standards Regarding Adjacent Improvements Related to SB 9 Projects; and Direction Regarding Listing Properties Eligible for Historic Status (FIRST READING: March 21, 2022 Council Meeting, MOTION PASSED: 6-0, DuBois absent); Adoption of Resolution Approving Objective Standards for Urban Lot Splits

CITY MANAGER COMMENTS (6:45 - 7:05 PM)

Presentation

BREAK (7:05 - 7:15 PM)

ACTION ITEMS

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

11. TEFRA HEARING: Regarding Conduit Financing for the Silicon Valley International School Project Located at 151 Laura Lane and 1066 East Meadow Circle, Palo Alto, and Approving the Issuance of a Tax Exempt Loan by the California Municipal Finance Authority for the Purpose of Financing and Refinancing the Acquisition, Construction, Improvement, Equipping and Maintenance of Educational, Support and Administrative Facilities Owned and Operated Within the City by Silicon Valley International School (7:15- 7:30 PM)

Presentation

Public Letters

12. Public Hearing: Adoption of Ordinance Clarifying Ambiguities in Height Transitions, Adding RMD to the list of Residential Districts and Amending the Setback for the RM-40 Zone District (7:30- 9:00 PM)
13. Review and Approval of Workplans for City Council Committees in 2022 (9:00 - 10:30 PM)

COUNCIL MEMBER QUESTIONS, COMMENTS, ANNOUNCEMENTS

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

AA1. CONFERENCE WITH CITY ATTORNEY-POTENTIAL LITIGATION Subject: February 1, 2022 letter from the Law Offices of Randal M. Barnum, representing Andrea Jordan, re allegations of harassment, discrimination and retaliation against the Cities Association and member cities Authority: Potential Exposure to Litigation Under Government Code Section 54956.9(d)(2) One Case, as Defendant

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.

14. Semiannual Update on the Status of Capital Improvement Program Projects

OTHER INFORMATION

Standing Committee Meetings

Policy & Services Committee April 12, 2022

Public Letters to Council

Schedule of Meetings

AMENDED AGENDA ITEMS

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

3. Select Applicants to Interview for the Parks and Recreation Commission *Late Packet Report Added*

AA1. CONFERENCE WITH CITY ATTORNEY-POTENTIAL LITIGATION Subject: February 1, 2022 letter from the Law Offices of Randal M. Barnum, representing Andrea Jordan, re allegations of harassment, discrimination and retaliation against the Cities Association and member cities Authority: Potential Exposure to Litigation Under Government Code Section 54956.9(d)(2) One Case, as Defendant

PUBLIC COMMENT INSTRUCTIONS

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

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

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



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

(ID # 14229)

Meeting Date: 4/11/2022

Title: Select Applicants to Interview for the Parks & Recreation Commission

From: Lesley Milton, City Clerk

This report will be a late packet report and will be made available on April 7, 2022.



City of Palo Alto City Council Staff Report

(ID # 14174)

Meeting Date: 4/11/2022

Council Priority: Climate/Sustainability and Climate Action Plan

Title: Annual Earth Day Report Study Session

From: City Manager

Lead Department: Public Works

Recommendation

This report is intended to support discussion and no action is requested.

Executive Summary

Consistent with Council's adoption of "Climate Change – Protection and Adaptation" as one of the four priorities for calendar year 2022, staff is updating the Sustainability and Climate Action Plan (S/CAP) to help the City meet its sustainability goals, including its goal of reducing greenhouse gas (GHG) emissions 80 percent below 1990 levels by 2030 (the "80 x 30" goal). The S/CAP Ad Hoc Working Group Teams are pursuing a deeper dive into four areas that will advance our residential building electrification goals: Engagement, Technology, Finance, and Community Scale.

Cities represent the single greatest opportunity for tackling climate change, as they are responsible for 75 percent of global energy-related carbon dioxide emissions¹. In 2020, Palo Alto emitted an estimated 387,287 metric tons (MT) of carbon dioxide equivalent (CO₂e) from the residential, commercial, industrial, transportation, waste, water, and municipal sectors.² In comparison to the 1990 base year emissions (which were about 780,000 metric tons), that is a 50.4 percent decrease in total community emissions, despite a population increase of 21.8 percent during that same time period. The 2020 GHG inventory includes pandemic impacts - such as reduced vehicular traffic - resulting in emissions reductions that may be temporary.

¹ <https://www.unep.org/explore-topics/resource-efficiency/what-we-do/cities/cities-and-climate-change>

² Carbon dioxide equivalent is a unit of measure that normalizes the varying climate warming potencies of all six GHG emissions, which are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF₆). For example, one metric ton of nitrous oxide is 210 metric tons of CO₂e.

The full 2020 GHG inventory can be found in Attachment A: 2020 Greenhouse Gas Inventory. A full comparison between the 1990 and 2020 inventories can be found in Attachment B: 1990 vs. 2020 Greenhouse Gas Emissions by Sector and Subsector.

Background

In April 2016, City Council adopted the ambitious goal of [reducing GHG emissions to 80 percent below 1990 levels by 2030](#)³ (the “80 x 30” goal) - 20 years ahead of the State of California 80 x 50 target, and an interim step towards California’s new statewide goal of achieving carbon neutrality by 2045⁴. In November 2016 the Council adopted the [S/CAP Framework](#)⁵, which has served as the road map for achieving Palo Alto’s sustainability goals. In December 2017, Council accepted the [2018-2020 Sustainability Implementation Plan “Key Actions” as a summary of the City’s work program](#)⁶.

In early 2020, the City launched an S/CAP update to determine the goals and key actions needed to meet its sustainability goals, including the 80 x 30 goal. While GHG emissions reduction is not the only goal of the S/CAP, it is the major one. As a result of various City-led initiatives, programs, and activities focused on climate change and sustainability, by the end of 2020 Palo Alto reduced GHG emissions an estimated 50.4 percent from the 1990 baseline, despite a population increase of 21.8 percent during that same time period.

Discussion

The City is fully committed to a sustainable future. The City owns, operates, and maintains a full-service utilities portfolio that provides electric, natural gas, fiber, water, and wastewater services to residents and businesses in Palo Alto. Palo Alto’s continued leadership in advancing sustainability commitments has succeeded mainly because of the continued collaboration of community stakeholders, City departments, and the leadership of the City Council.

Staff presented a [Progress Report on the Sustainability and Climate Action Plan Update and S/CAP Ad Hoc Committee Work](#)⁷ to Council on December 13, 2021. Council and the Utilities Advisory Commission (UAC) held a [joint study session](#)⁸ to discuss sustainability and utility related items on March 7, 2022.

³ <https://www.cityofpaloalto.org/news/displaynews.asp?NewsID=3534&TargetID=268>

⁴ In September 2018, Governor Brown signed California Executive Order B-55-18, setting the goal of achieving carbon neutrality as soon as possible, and no later than 2045. The state is to maintain net negative net emissions after 2045, meaning that GHG sinks must exceed GHG sources. The Executive Order explains that the carbon neutrality goal is layered on top of the state’s existing commitments to reduce greenhouse gas emissions 40% below 1990 levels by 2030 (as codified in SB 32), and 80% below 1990 levels by 2050.

⁵ <https://www.cityofpaloalto.org/civicax/filebank/documents/60858>

⁶ <https://www.cityofpaloalto.org/civicax/filebank/documents/63141>

⁷ <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmr/2021/id.-13765-s-cap-update.pdf>

⁸ <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/2022/20220307/20220307pccsmamendedfinal-linked.pdf>

S/CAP and Residential Building Electrification

As the work of the S/CAP Ad Hoc Committee has progressed, it has become clearer that residential building electrification is a key area of focus if the City is to meet the 80 x 30 goal. Relative to the transition to Electric Vehicles already in process largely due to market forces, Palo Alto is in the very early stages of residential building electrification. Moreover, recent discussions have emphasized the importance of planning and implementing the improvements to the electrical grid necessary to support widespread electrification. The Utilities Department is working to address the grid infrastructure challenge, but it is critical for this work to occur in parallel with electrification efforts that are part of the strategy for the 80 x 30 goal. Additionally, the City's permitting and inspection processes for electrification projects must be able to scale efficiently for broader implementation.

The S/CAP Ad Hoc Working Group Teams are pursuing a deeper dive into four areas that will advance our residential building electrification goals:

- *Engagement.* The goals of this team include fine-tuning messaging on residential building electrification and developing a strategy and timeline for engagement.
- *Technology.* The goals of this team include reviewing current and emerging technologies and their feasibility for meeting the demands of a typical home and developing a strategy. The team will also consider the influence of electrification technologies that are implemented on the electrical grid improvements that are needed.
- *Finance.* The goals of this team include prioritizing the most feasible funding strategies and developing a strategy for financing S/CAP Implementation.
- *Community Scale.* The goals of this group include developing a strategy for piloting residential building electrification before full-scale implementation, with an emphasis on ensuring that the strategy begins to build significant momentum while also acknowledging electrical grid improvement needs. The team will also evaluate the full-scale implementation plan.

This work will be incorporated into the S/CAP Goals and Key Actions and Three-Year Work Plan. Grid modernization will be an important part of the teams' discussions, particularly the Technology team. The teams will be exploring different available policy options and technologies for managing electric system capacity while making it possible to move forward with residential electrification as rapidly as possible.

Recognizing the importance of the Working Group Team discussions, and acknowledging prior discussions with Council and UAC, the Ad Hoc Committee and staff developed a revised S/CAP timeline and a new residential building electrification timeline. Once the Council identifies a complete set of proposed S/CAP Goals and Key Actions, California Environmental Quality Act (CEQA) evaluation can commence.

The key milestones of the S/CAP and Residential Building Electrification Timeline include:

- April 2022: Launch Climate Pledge
- May 2022: Identify complete set of S/CAP Sustainability area Goals and Key Actions

- June 2022: Working Group Teams wrap-up recommendations
- July 2022: Refine proposed S/CAP Goals & Key Actions and revise Three-Year Work Plan with Working Group recommendations, draft S/CAP Report
- Mid-August 2022: Palo Alto Climate Action Summit, Climate Day of Action
- Late September 2022: Council Approval of Proposed S/CAP Goals and Key Actions and revised Three-Year Work Plan, Council review of draft S/CAP Report
- Late September 2022: Council Approval of Building Electrification Pilot and Long-Term Plan
- Late September 2022: Start California Environmental Quality Act (CEQA) evaluation of S/CAP
- March 2023: CEQA review completed
- April 2023: Council certification of CEQA and adoption of S/CAP

Palo Alto's 2020 Greenhouse Gas Emissions Inventory

Cities represent the single greatest opportunity for tackling climate change, as they are responsible for 75 percent of global energy-related carbon dioxide emissions, mostly from transportation and buildings. The first step for cities to realize their potential is to identify and measure where their emissions come from.

Staff recognizes that these are unprecedented times created by the coronavirus pandemic. COVID-19 has brought disruption to cities and communities across the globe. On March 16, 2020, six Bay Area Counties - including Santa Clara – issued coordinated shelter-in place orders that were not phased out until more than two months later. The shelter-in place order, as well as changes in how and where people worked, greatly impacted energy use, vehicle miles traveled, and carbon dioxide emissions. The 2020 GHG inventory includes these pandemic impacts, resulting in emissions reductions that may be temporary.

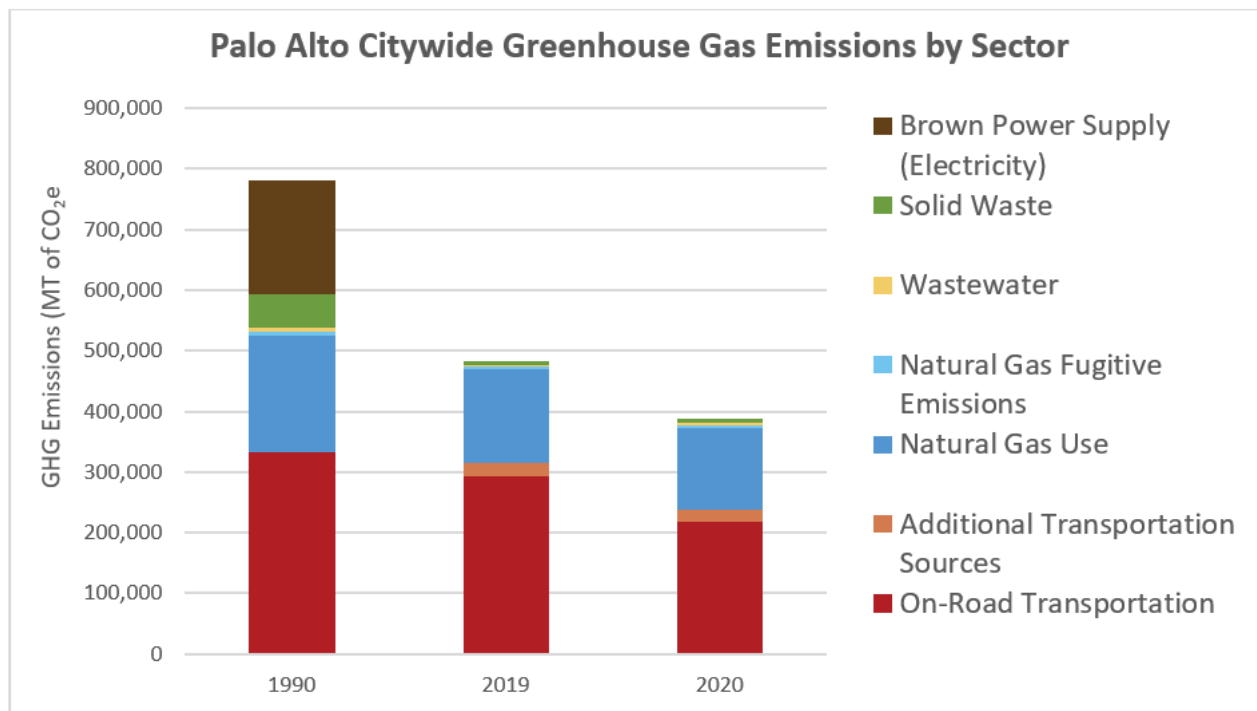
In 2020, Palo Alto emitted an estimated 387,287 metric tons (MT) of carbon dioxide equivalent (CO₂e) from the residential, commercial, industrial, transportation, waste, water, and municipal sectors.⁹ In comparison to the 1990 base year emissions (which were about 780,000 metric tons), that is a 50.4 percent decrease in total community emissions, despite a population increase of 21.8 percent during that same time period. Of that 50.4 percent reduction to-date, 47.3 percent of the total reduction came from achieving carbon neutrality for the City's electricity portfolio, 15.2 percent from reduction in natural gas consumption, 12.3 percent from declines in solid waste emissions, 23.8 percent from declines in transportation emissions, and the remaining reductions from other sources. In comparison to 2019, that is a 19.7 percent decrease in total community emissions. Staff recognizes that COVID-19 has brought disruption to cities and communities across the globe and greatly impacted daily life. The 2020 GHG inventory includes pandemic impacts - such as reduced vehicular traffic - resulting in emissions

⁹ Carbon dioxide equivalent is a unit of measure that normalizes the varying climate warming potencies of all six GHG emissions, which are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF₆). For example, one metric ton of nitrous oxide is 210 metric tons of CO₂e.

reductions that may be temporary. Without the effects of the pandemic, emissions reductions from the 1990 base year would be closer to 41.5 percent versus the 50.4 percent figure.

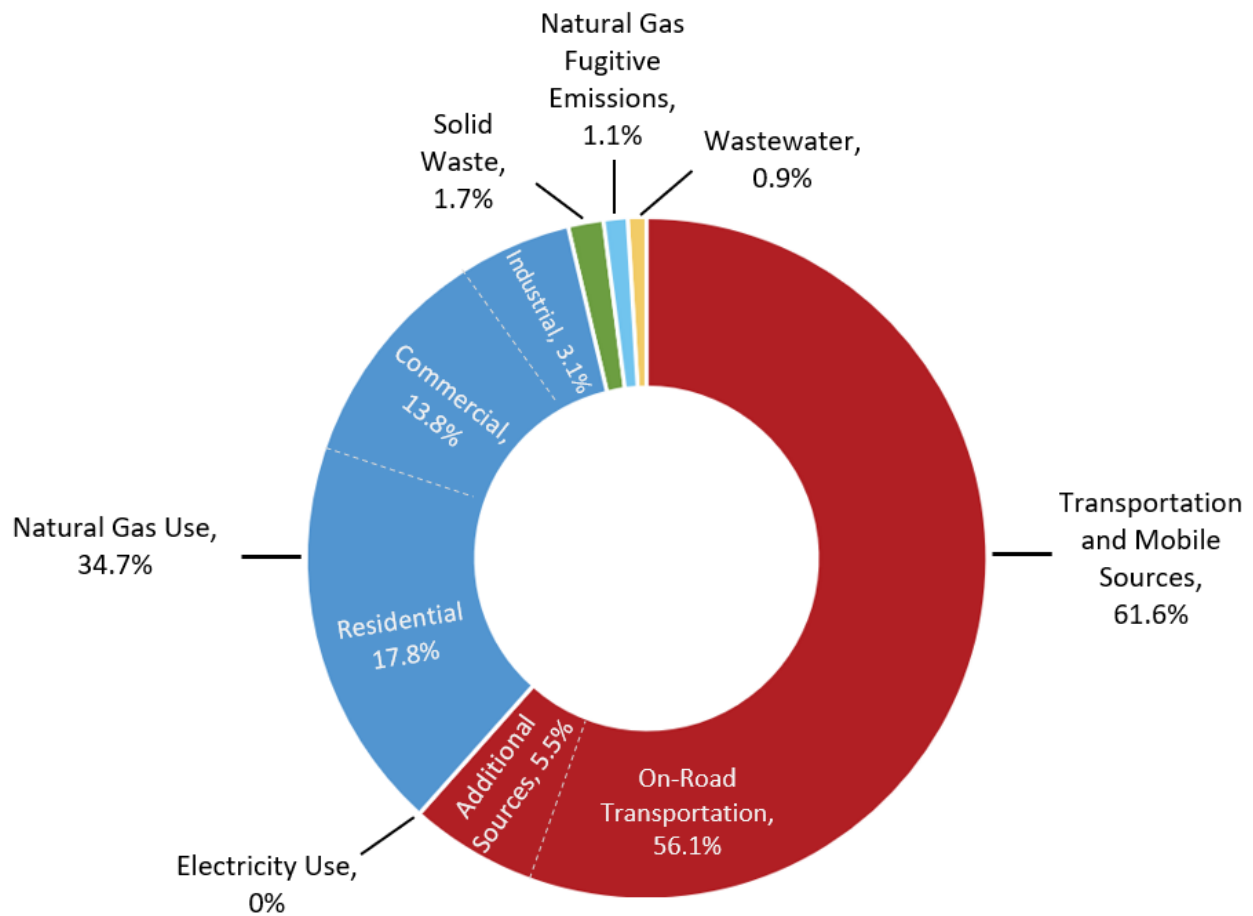
A comparison of 1990, 2019, and 2020 GHG emissions is shown in Figure 1. The full 2020 GHG inventory can be found in Attachment A: 2020 Greenhouse Gas Inventory. A full comparison between the 1990 and 2020 inventories can be found in Attachment B: 1990 vs. 2020 Greenhouse Gas Emissions by Sector and Subsector.

Figure 1: 1990 vs 2020 GHG Emissions by Sector



As shown in Figure 2, the two largest categories of emissions are transportation and mobile sources (including on-road transportation, airport emissions, off-road vehicles, and Caltrain commuter rail) and natural gas use (including residential, commercial, and industrial). Of the remaining emissions sources as of 2020, roughly 56.1 percent are from on-road transportation, 34.7 percent are from natural gas use, and the remainder are from other sources.

Figure 2: 2020 GHG Emissions by Sector



Timeline

The S/CAP update timeline is provided in detail in this report's Discussion section. Community engagement and S/CAP Ad Hoc Committee and Council reviews are scheduled through September 2022, with Council adoption of the of the updated S/CAP expected in April 2023.

Resource Impact

Initiatives will be managed and funded across various departments and funds. Resources for some of the S/CAP initiatives are funded in current budgets; however it is anticipated that significant investments will be needed to pursue the expansion of S/CAP work across the City.

Additional resources were approved by the City Council during the FY 2022 Mid-Year Budget Review. These investments reflect the highest impact resource requests related to S/CAP communications, beginning to address the impact of electric system infrastructure upgrades, and beginning to address non-residential building electrification. A net addition of 6.25 positions were approved as well as the reclassification of existing resources.

- Public Works Office of Sustainability adjustments (1.25 FTE) included reclassifying a 0.75

FTE Management Analyst position to a 1.00 FTE Manager Environmental Control Program and adds a 1.00 FTE Environmental Specialist position. This work will be supported by the General Fund and various Enterprise Funds.

- The Utilities Department adjustments (5.00 FTE) included 1.00 FTE Electric Project Coordinator and 3.00 FTE Electric Project Engineers for increasing workload capacity in the Electric engineering and operations project management work functions; 1.00 FTE Utilities Programs Services Manager to focus on commercial energy efficiency and electrification; and 1.00 FTE Senior Engineer for technical oversight and scaling up the electrification program. The elimination of 1.00 FTE Metering Tech resulted in the addition of 5.0 positions to support S/CAP initiatives.

Staff is working with the Office of Management and Budget and the City Manager's Office to bring forward recommendations related to S/CAP needs as part of the Fiscal Year 2023 Proposed Budget, but most will need to be prioritized in consideration of competing priorities.

Funding and resources will be discussed in greater detail with the S/CAP Ad Hoc Committee.

Policy Implications

The Earth Day Report aligns with one of the top four Council Priorities for CY 2022: "Climate Change – Protection and Adaptation".

Stakeholder Engagement

Stakeholder engagement on the S/CAP Update is wide-reaching and coordinated with multiple Departments. Efforts include direct engagement, webinars, social media outreach, website updates, Ad Hoc meeting participation, leveraging the City Manager's communication platforms, and more. Staff developed, and is implementing, an S/CAP Engagement Plan which identifies relevant stakeholders, proposed materials, and desired meeting milestones and outcomes. Stakeholder engagement is an integral part of the S/CAP Ad Hoc Committee's mission and one of the four areas of focus of the Working Group Teams.

Environmental Review

Council's review of this report is not a project under Section 21065 for purposes of the California Environmental Quality Act (CEQA). The final S/CAP Report will be evaluated consistent with CEQA prior to approval by the City.

Attachments:

- **Attachment2.a:** Attachment A: 2020 GHG Inventory
- **Attachment2.b:** Attachment B: 1990 vs 2020 GHG Emissions by Sector and Subsector

Attachment A: Palo Alto's 2020 Greenhouse Gas Emissions Inventory

1.a. Overview of Methodology for Quantifying Greenhouse Gas Emissions

Cities represent the single greatest opportunity for tackling climate change, as they are responsible for 75 percent of global energy-related carbon dioxide emissions, mostly from transportation and buildings. The first step for cities to realize their potential is to identify and measure where their emissions come from. There are two types of Greenhouse Gas (GHG) emissions inventories:

1. **Generation-based GHG inventory** – This measurement method helps a community understand its level of emissions based on community energy use. It includes 1) direct consumption of energy, 2) consumption of energy via the electrical grid, and 3) emissions from the treatment/decomposition of waste. This is the industry-accepted methodology for quantifying community GHG emissions, with emissions reported by emission source category¹.
2. **Consumption-based GHG inventory** – This measurement method helps a community understand its level of emissions based on consumption. It offers an alternative, more holistic, approach for quantifying emissions within a community, quantifying consumption of goods and services (including food, clothing, electronic equipment, etc.) by residents of a city, with emissions reported by consumption category.

Staff did not complete a consumption-based GHG inventory, though staff believes there would be value in completing one eventually. The California Air Resources Board (CARB) has been tasked with developing an implementation framework and accounting to track consumption-based emissions over time.² In particular, this framework needs to address how to account for the embodied emissions in the food, goods, and services the community purchases that are not covered by generation-based GHG inventories. While Palo Alto will await State guidance on how to account for these consumption-based emissions reductions, the community can work to reduce these emissions in the meantime.

In 2014, World Resources Institute, C40 Cities Climate Leadership Group (C40) and ICLEI – Local Governments for Sustainability (ICLEI)³ partnered to create global standard protocol for GHG inventories. The official GHG Protocol standard for Cities,⁴ also known as GPC, provides a robust framework for accounting and reporting city-wide GHG emissions. AECOM utilized this framework when developing our 2020 GHG inventory. It seeks to:

¹ There are two reporting frameworks commonly used by cities: the U.S. Community Protocol and the Global Protocol for Communities (GPC). Palo Alto uses the GPC framework.

² Executive Department State of California. (2019). Executive Order B-55-18 to Achieve Carbon Neutrality. <https://www.ca.gov/archive/gov39/wp-content/uploads/2018/09/9.10.18-Executive-Order.pdf>.

³ Formerly the International Council for Local Environmental Initiatives, renamed in 2003 to ICLEI – Local Governments for Sustainability.

⁴ The GPC is the official protocol specified by the Global Covenant of Mayors and defines what emissions must be reported and how.

- Help cities develop a comprehensive and robust GHG inventory to support climate action planning
- Help cities establish a base year emissions inventory, set reduction targets, and track their performance
- Ensure consistent and transparent measurement and reporting of GHG emissions between cities, following internationally recognized GHG accounting and reporting principles
- Enable city inventories to be aggregated at subnational and national levels
- Demonstrate the important role that cities play in tackling climate change, and facilitate insight through benchmarking – and aggregation – of comparable data

Palo Alto's first generation-based inventory was completed for 2005 and then extrapolated for 1990 (the baseline year). Beginning in 2010, new community GHG inventories were completed annually, enabling Palo Alto to track progress over time.

The 2020 Palo Alto GHG inventory uses the approach and methods provided by the GPC and was completed by AECOM. Inventory calculations were performed using the ClearPath⁵ tool. The City's GHG inventory conforms to the GPC Basic protocol.

The GPC Basic protocol describes three emissions scopes for community emissions:

- **Scope 1:** GHG emissions from sources located within the city boundary, such as stationary fuel consumption.
- **Scope 2:** GHG emissions occurring because of the use of grid-supplied electricity, heat, steam, and/or cooling within the city boundary
- **Scope 3:** All other GHG emissions that occur outside the city boundary as a result of activities taking place within the city boundary

This inventory follows the city-inducted framework in the GPC, which totals GHG emissions attributable to activities taking place within the geographic boundary of the city⁶. Under the BASIC reporting level as defined by GPC, the inventory requirements cover scope 1 and scope 2 emissions from stationary energy and transportation, as well as all emissions resulting from waste generating within the city boundary.

1.b. Palo Alto's 2020 GHG Emissions

We recognize that these are unprecedented times created by the coronavirus pandemic. COVID-19 has brought disruption to cities and communities across the globe. On March 16, 2020, six Bay Area Counties - including Santa Clara – issued coordinated shelter-in place orders that were not phased out until more than two months later. The shelter-in place order, as well as changes in how and where people worked, greatly impacted energy use, vehicle miles

⁵ <https://iclei.usa.org/clearpath/>

⁶ https://ghgprotocol.org/sites/default/files/standards/GHGP_GPC_0.pdf

traveled, and carbon dioxide emissions. The 2020 inventory includes these pandemic impacts, resulting in emissions reductions that may be temporary.

In 2020, Palo Alto emitted an estimated 387,287 metric tons (MT) of carbon dioxide equivalent (CO₂e) from the residential, commercial, industrial, transportation, waste, water, and municipal sectors.⁷ In comparison to the 1990 base year, that is a 50.4 percent decrease in total community emissions, despite a population increase of 21.8 percent during that same time period. Of that 50.4 percent reduction to-date, 47.3 percent came from achieving carbon neutrality for the City's electricity portfolio, 15.2 percent from reduction in natural gas consumption, 12.3 percent from declines in solid waste emissions, 23.8 percent from declines in transportation emissions, and the remaining reductions from other sources. In comparison to 2019, that is a 19.7 decrease in total community emissions. Without the effects of the pandemic, emissions reductions would be closer to 41.5 percent.

Of the remaining emissions sources as of 2020, roughly 56.1 percent are from on-road transportation, 34.7 percent are from natural gas use, and the remainder are from other sources. A comparison of 1990, 2019, and 2020 GHG emissions is shown in Figure 1 and Table 1. The full comparison between the inventories can be found in Attachment A: 1990 vs. 2020 Greenhouse Gas Emissions by Sector and Subsector. Additional existing emissions sources that were missing from the 1990 GHG inventory were included in the 2020 GHG inventory to comply with the GPC Basic protocol (Airport Emissions, Off-road Vehicles, Caltrain Commuter Rail, Composting, and Palo Alto Landfill Gas Flaring). As shown in Attachment A, a total of 25,150 MT CO₂e was added from GHG emissions sources that were not included previously, accounting for 6.5 percent of total emissions.

Figure 1: 1990 vs 2020 GHG Emissions by Sector

⁷ Carbon dioxide equivalent is a unit of measure that normalizes the varying climate warming potencies of all six GHG emissions, which are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF₆). For example, one metric ton of nitrous oxide is 210 metric tons of CO₂e.

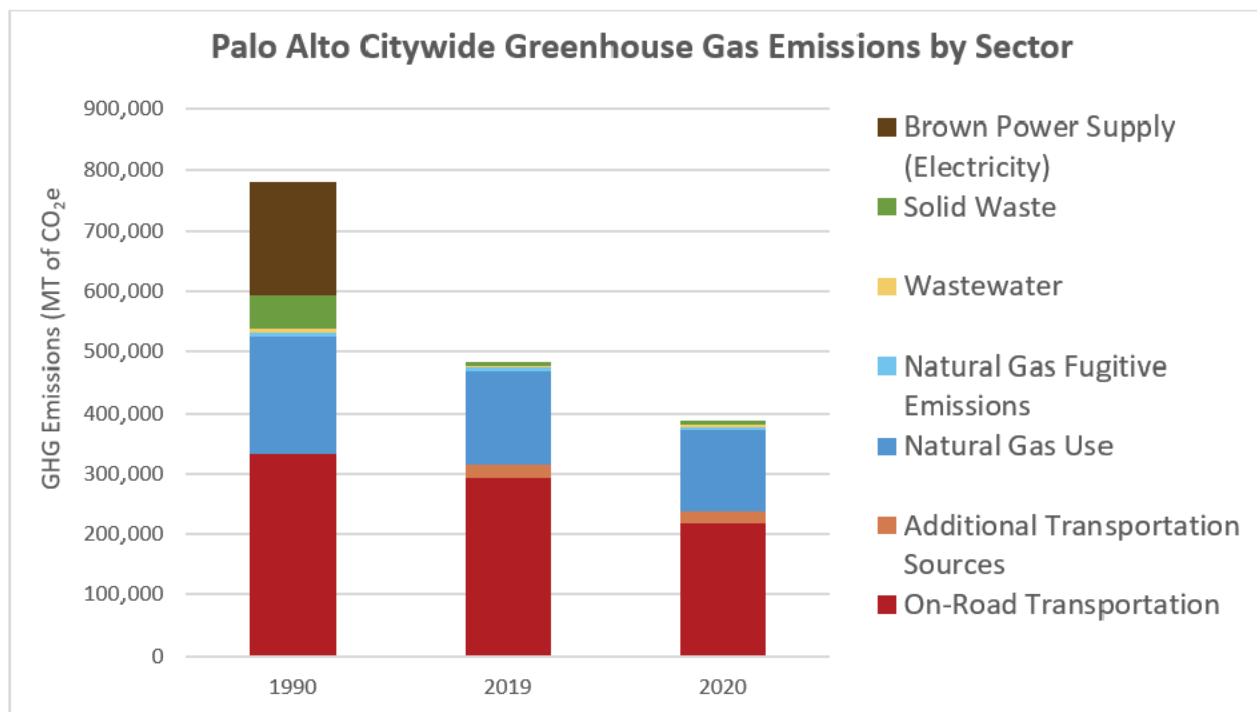
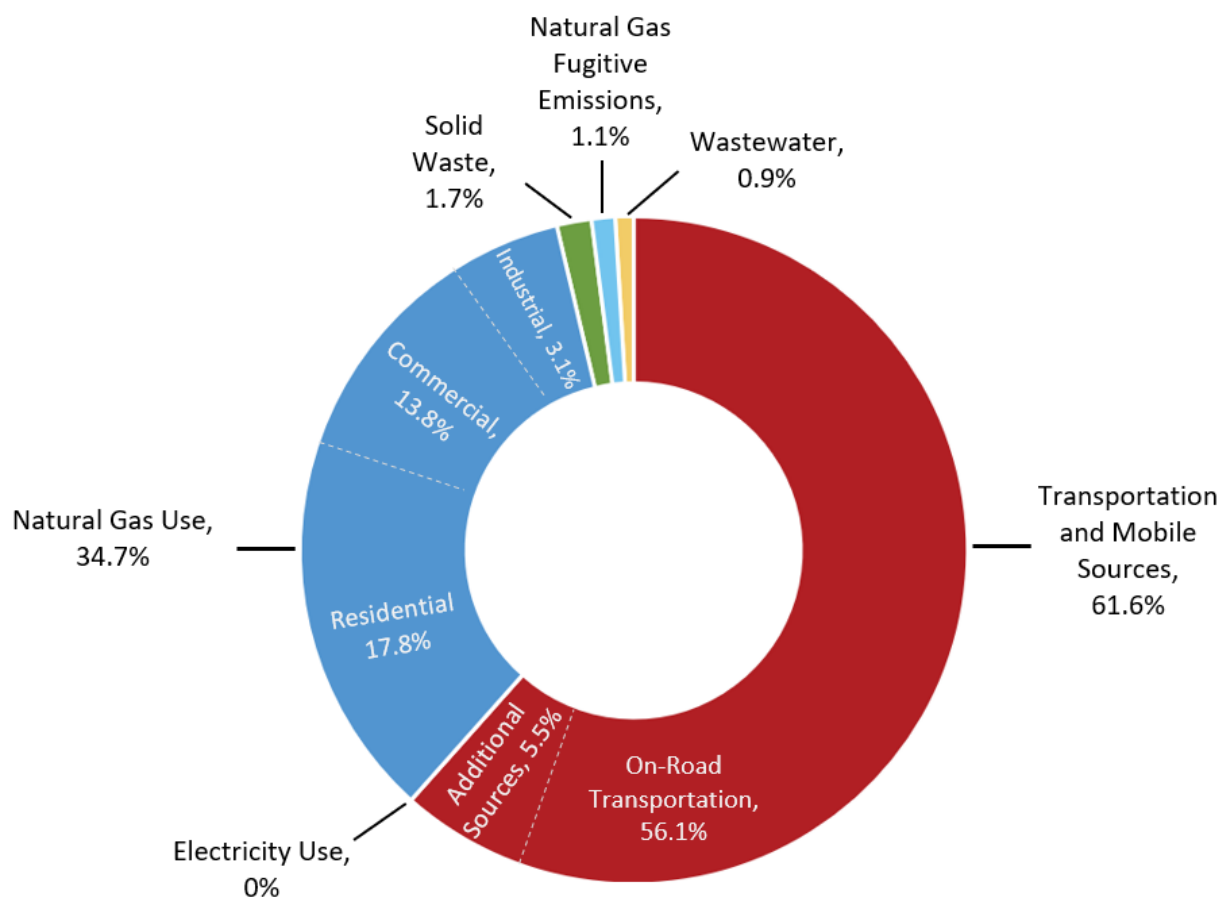


Table 1: 1990 vs 2020 GHG Emissions by Sector

Sector	1990 GHG emissions (MT CO ₂ e)	2019 GHG emissions (MT CO ₂ e)	2020 GHG emissions (MT CO ₂ e)	Percent Change in 2020 from 1990
On-Road Transportation	331,840	293,413	217,279	-34.5%
Additional Transportation Sources		21,668	21,244	n/a
Natural Gas Use	194,000	153,509	134,365	- 30.7%
Natural Gas Fugitive Emissions	4,718	5,009	4,384	- 7.1%
Wastewater	8,504	2,197	3,355	- 60.5%
Solid Waste	55,057	6,531	6,660	- 87.9%
Brown Power Supply (Electricity)	186,000			- 100%
Total GHG Emissions (MT CO₂e)	780,119	482,237	387,287	- 50.4%

As shown in Figure 2, the two largest categories of emissions are transportation and mobile sources (including on-road transportation, airport emissions, off-road vehicles, and Caltrain commuter rail) and natural gas use (including residential, commercial, and industrial).

Figure 2: 2020 GHG Emissions by Sector



Transportation and mobile sources include emissions from private, commercial, and fleet vehicles driven within the City's geographical boundaries, as well as the emissions from public transit vehicles and the City-owned fleet. Off-road vehicles include airport ground support, construction and mining, industrial, light commercial, portable equipment, and transportation refrigeration.

Natural gas use includes emissions that result from natural gas consumption in both private and public sector buildings and facilities, and residential, commercial, and industrial sources. Fugitive Emissions related to natural gas consumption are calculated separately and are discussed in Section 1.d. The City's electricity supply has been carbon neutral since 2013, when Council approved a Carbon Neutral Electric Resource Plan, committing Palo Alto to pursuing only carbon-neutral electric resources and effectively eliminating all GHG emissions from the City's electric portfolio.

1.c. Transportation and Mobile Sources

In 2020, transportation and mobile sources accounted for roughly 61.6 percent of total 2020 GHG emissions in Palo Alto. As shown in Table 2, transportation and mobile sources consist of:

- **On-Road Transportation** – This includes all daily vehicular trips made entirely within the Palo Alto city limits, one-half of daily vehicular trips with an origin within Palo Alto city limits and a destination outside of Palo Alto city limits (this assumes that Palo Alto shares half the responsibility for trips traveling from other jurisdictions), and one-half of daily vehicular trips with an origin outside Palo Alto city limits and a destination within Palo Alto city limits (this assumes that Palo Alto shares the responsibility of trips traveling to other jurisdictions). Vehicular trips through Palo Alto are not included because Palo Alto cannot solely implement policies that influence the trip-making behavior. Rather, through trips are assigned to other jurisdictions that can influence either the origin or destination side of the trip-making behavior.
- **Airport Emissions** – This includes emissions from take-offs and landings from trips that start and end at Palo Alto Airport. This includes emergency services helicopters, sightseeing helicopters, and training flights. Flights that take-off from Palo Alto Airport but land elsewhere, and flights that land in Palo Alto Airport but take-off from elsewhere are not included per GPC Basic.
- **Off-road Vehicles** - This includes airport ground support (based on take-offs and landings), construction and mining, industrial (based on employment data), light commercial (based on employment data), portable equipment (e.g. back-pack leaf blower, based on service population), and transportation refrigeration units (based on service population).
- **Caltrain Commuter Rail** – This includes emissions from Caltrain travel within Palo Alto.

Table 2: 2020 Transportation and Mobile Sources

Subsector	2019 GHG emissions (MT CO ₂ e)	2020 GHG emissions (MT CO ₂ e)	Percent of Total 2020 Emissions (%)
On-Road Transportation	293,413	217,279	56.1%
Airport Emissions	2,192	1,664	0.4%
Off-road Vehicles	14,634	15,029	3.9%
Caltrain Commuter Rail	4,842	4,552	1.2%
Total Transportation & Mobile Sources	315,081	238,523	61.6%

Estimating vehicles miles traveled (VMT) is a complicated process and is one of the few emissions sources that the City does not estimate annually. Forecasts of on-road transportation emissions are typically based on outputs from a travel forecasting model, other accounting-type method (sketch models), or Big Data (vehicle navigation data from built-in GPS and location-based services data from cell-phones). Previously, Fehr & Peers provided VMT estimates for 2019, 2030, and 2040. Per the current Santa Clara Valley Transportation Authority (VTA) transportation model, in 2019 Palo Alto's annual VMT was roughly 952,584,400. However, the model that Fehr & Peers used to provide VMT estimates was based on pre-pandemic travel patterns. The temporary Shelter-in Place order, combined with more people working from home, resulted in a decrease in VMT throughout the Bay Area. Comparing California

Department of Transportation traffic count data⁸ during the same two-week period starting the Tuesday after Thanksgiving, the data shows that in Santa Clara County, VMT dropped 23.4 percent in 2020 compared to 2019. While the traffic count data is for all of Santa Clara County and not exclusive to Palo Alto, the 23.4 percent reduction in VMT was used to estimate Palo Alto's 2020 annual VMT. The VTA model used to calculate Palo Alto's 2019 annual VMT is only updated every few years, so until the model is updated to better reflect changes in VMT due to the pandemic, we are limited in our options for modeling our VMT annually.

If we include the effects of the pandemic on VMT, on-road transportation accounts for approximately 56.1 percent of Palo Alto's total emissions, with a 25.9 percent decrease from 2019 and a 34.5 percent decrease from 1990. However, these reductions are largely because of the pandemic and may be temporary. If we don't adjust Palo Alto's annual VMT to better reflect the effects of the pandemic on transportation, then on-road transportation would account for approximately 62.5 percent of Palo Alto's total emissions, with a 2.9 percent decrease from 2019 and a 14.1 percent decrease from 1990.

Off-road transportation accounts for approximately 3.9 percent of Palo Alto's total emissions, with a 2.7 percent increase from 2019. Off-road transportation emissions were not calculated in 1990. It is important to note that most of the off-road transportation emissions are based on models at the County level that were not adjusted to reflect any pandemic-induced activity changes.

Caltrain electrification is a key component of the Caltrain Modernization program⁹, with Caltrain scheduled to be electrified in 2023. Once the Caltrain Modernization program is complete, most of the Caltrain commuter rail emissions will be eliminated.

1.d Natural Gas Use

In 2020, natural gas emissions accounted for 34.7 percent of total 2020 GHG emissions in Palo Alto, with a 12.5 percent decrease from 2019 and a 30.7 percent decrease from 1990. As shown in Table 3, Palo Alto's total natural consumption in 2020 was 25,267,739 therms. Residential energy accounts for 17.8 percent of total emissions, commercial energy accounts for 13.8 percent of total emissions, and industrial energy accounts for 3.1 percent of total emissions. The pandemic drastically affected natural gas consumption. The temporary shelter-in place order, as well as changes in how and where people worked, resulted in major changes in the commercial and industrial sectors, with fewer people staying in hotels, going to restaurants, and going to retail establishments. Natural gas emissions decreased by 19,763 MT CO₂e between 2019 to 2020, representing 20.1 percent of total emissions reductions.

City Council unanimously approved Palo Alto's Carbon Neutral Natural Gas Plan on December 5, 2016. The Natural Gas Plan, implemented on July 1, 2017, achieves carbon neutrality for the gas supply portfolio by 1) purchasing high-quality carbon offsets equivalent to our City and

⁸ <https://dot.ca.gov/programs/traffic-operations/census>

⁹ <https://calmod.org/>

community natural gas emissions; 2) pursuing efficiency strategies to reduce natural gas use, and 3) seeking opportunities to fund local offsets that finance actual emissions reductions in Palo Alto and the surrounding region. As a bridging strategy, carbon offsets are being purchased in an amount equal to the GHG emissions caused by natural gas use within the City. However, offsets are not included in this GHG inventory.

Table 3: 2020 Natural Gas Use

Subsector	2019 Consumption (Therms)	2019 GHG emissions (MT CO ₂ e)	2020 Consumption (Therms)	2020 GHG emissions (MT CO ₂ e)	Percent of Total 2020 Emissions (%)
Residential Energy	13,565,360	72,149	12,952,262	68,889	17.8%
Industrial Energy	2,707,034	14,373	2,253,635	11,961	3.1%
Commercial Energy	12,954,768	66,987	10,061,842	53,515	13.8%
Total Natural Gas Use	28,867,162	153,509	25,267,739	134,365	34.7%

Natural Gas Fugitive Emissions

Natural gas is mainly methane (CH₄), some of which escapes during the drilling, extraction, and transportation processes. Such releases are known as fugitive emissions. The primary sources of these emissions may include equipment leaks, evaporation losses, venting, flaring and accidental releases. Methane is a potent greenhouse gas – approximately 25 times more powerful than carbon dioxide over a 100-year timescale.

In 2020, natural gas fugitive emissions accounted for 1.1 percent of total 2020 GHG emissions in Palo Alto, which is decrease of 12.5 percent from 2019 and a decrease of 7.1 percent from 1990. Per the GPC, fugitive emissions from natural gas are based on overall community consumption and a leakage rate of 0.03 percent.

As mentioned in Section 1.a., the GPC Basic methodology includes GHG emissions attributable to activities taking place within the geographic boundary of the city. As such, the 2020 GHG inventory does not include a category of emissions that are called “upstream emissions”.

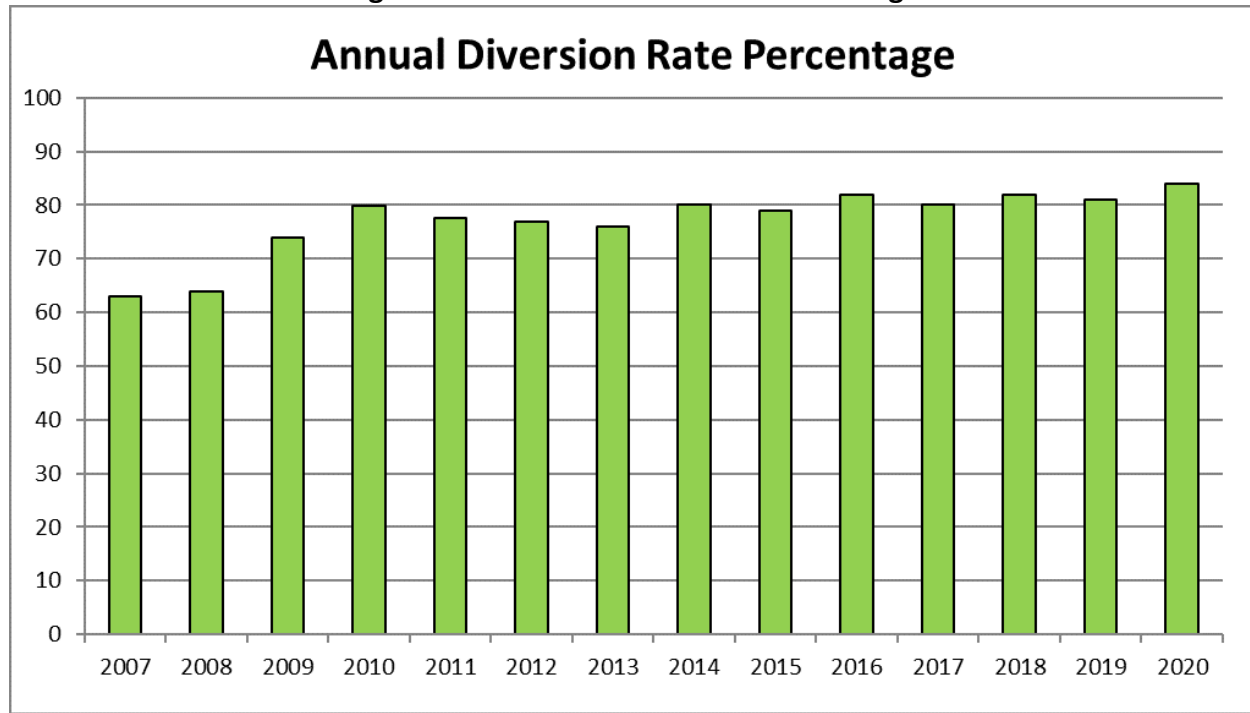
1.e. Solid Waste

In 2020, Palo Alto's solid waste diversion rate was 84 percent. “Diversion” includes all waste prevention, reuse, recycling, and composting activities that “divert” materials from landfills. In 2015, the national average of landfill diversion was 34.7 percent. In 2017, California’s statewide diversion rate was 58 percent, which continues to outpace the 50 percent diversion mandate set for local jurisdictions.¹⁰ The City uses the diversion rate to measure progress on waste reduction and resource conservation goals. As shown in Figure 3: **Annual Diversion Rate Percentage**, the diversion rate of 84 percent is an improvement from the rate of 62 percent in

¹⁰ <https://www.calrecycle.ca.gov/lgcentral/goalmeasure/disposalrate/graphs/estdiversion>

2007 but has remained relatively flat the last few years. As part of the 2016 S/CAP Framework, Council adopted a goal of 95 percent diversion of materials from landfills by 2030¹¹.

Figure 3: Annual Diversion Rate Percentage



Solid waste emissions accounted for 1.7 percent of total 2020 GHG emissions in Palo Alto, which is an increase of 2 percent from 2019 and a decrease of 87.9 percent from 1990. It must be noted that solid waste emissions were calculated using a different methodology than 1990 for the 2020 GHG inventory.¹² In addition, as shown in

Table 4, the 1990 inventory included Palo Alto Landfill Gas Fugitive emissions, whereas the 2020 inventory did not, and the 2020 inventory included composting emissions at the ZeroWaste Energy Development Company's (ZWED) Dry Fermentation Anaerobic Digestion (AD) Facility in San Jose, CA, composting emissions at the Synagro El Nido Central Valley Composting (CVC) facility in Dos Palos, as well as Palo Alto Landfill Gas Flaring Emissions while the 1990 inventory did not. The increase in solid waste emissions from 2019 is due largely to the increase in composting emissions. The 2019 data source for ZWED compost feedstock is no longer available. The new data source shows an undercount of 2019 ZWED compost by more than double what was previously reported. In addition, compost emissions from wastewater sludge at Synagro was not included in previous GHG emissions inventories, since the wastewater sludge is a new source of emissions related to the decommissioning of the sewage

¹¹ <https://www.cityofpaloalto.org/civicax/filebank/documents/64814>

¹² The 1990 Solid Waste emissions were calculated using the EPA WARM methodology, which includes lifecycle emissions and emissions from landfilling recyclable material; waste was landfilled inside and outside Palo Alto. The 2020 Solid Waste emissions were calculated using the ICLEI (Local Governments for Sustainability) ClearPath tool, which includes composting and Palo Alto landfill gas flaring emissions; waste is landfilled and composted outside of Palo Alto and methane flared in closed landfill.

sludge incinerators, as described in further detail in section 1.f. We are not updating the 2019 GHG inventory but recognize that the new data source and new source of emissions for composting related emission results in an overly inflated increase in composting emissions relative to 2019.

In 2020, emissions from landfills located within the community accounted for 1.2 percent of total waste emissions.

Table 4: 1990 vs 2020 Solid Waste Emissions by Subsector

Subsector	1990 GHG emissions (MT CO ₂ e)	2019 GHG emissions (MT CO ₂ e)	2020 GHG emissions (MT CO ₂ e)	Percent of Total 2020 Emissions (%)
Composting	Not included	731	1,623	0.4%
Palo Alto Landfill Gas Flaring	Not included	281	316	0.1%
Palo Alto Landfill Gas Fugitive	24,325	n/a ¹³	n/a	n/a
Landfill Waste	30,732	5,519	4,721	1.2%
Total	55,057	6,531	6,660	1.7%

Waste emissions result from organic material decomposing in the anaerobic conditions present in a landfill and releasing methane (CH₄) – a greenhouse gas much more potent than CO₂. Organic materials (e.g., paper, plant debris, food waste, etc.) generate methane within the anaerobic environment of a landfill while non-organic materials (e.g., metal, glass, etc.) do not.

1.f. Wastewater

In 2020, wastewater emissions accounted for 0.9 percent of total 2020 GHG emissions in Palo Alto, which is an increase of 52.7 percent from 2019 and a decrease of 60.5 percent from 1990. These emissions include wastewater biosolid treatment (which includes biosolid composting, anaerobic digestion, and incineration) and wastewater treatment and effluent. As shown in Table 5, the increase in wastewater emissions from 2019 is due to a new emissions source - wastewater biosolid treatment. In March 2019, the City of Palo Alto's Regional Water Quality Control Plant (RWQCP) replaced the City facility with the largest energy use - the sewage sludge incinerators - with a more environmentally friendly Sludge Dewatering and Truck Loadout Facility. The updated treatment process will reduce climate-warming GHG emissions by approximately 15,000 MT of CO₂e per year – this approximates the carbon dioxide emissions of 3,000 passenger cars. The replacement technologies dewater the sludge and send it to farm areas to produce agricultural soil supplements. While the addition of wastewater biosolid treatment increased wastewater emissions compared to 2019, as shown in Figure 4: RWQCP Historical Total Greenhouse Gas Emissions, the elimination of energy use related emissions

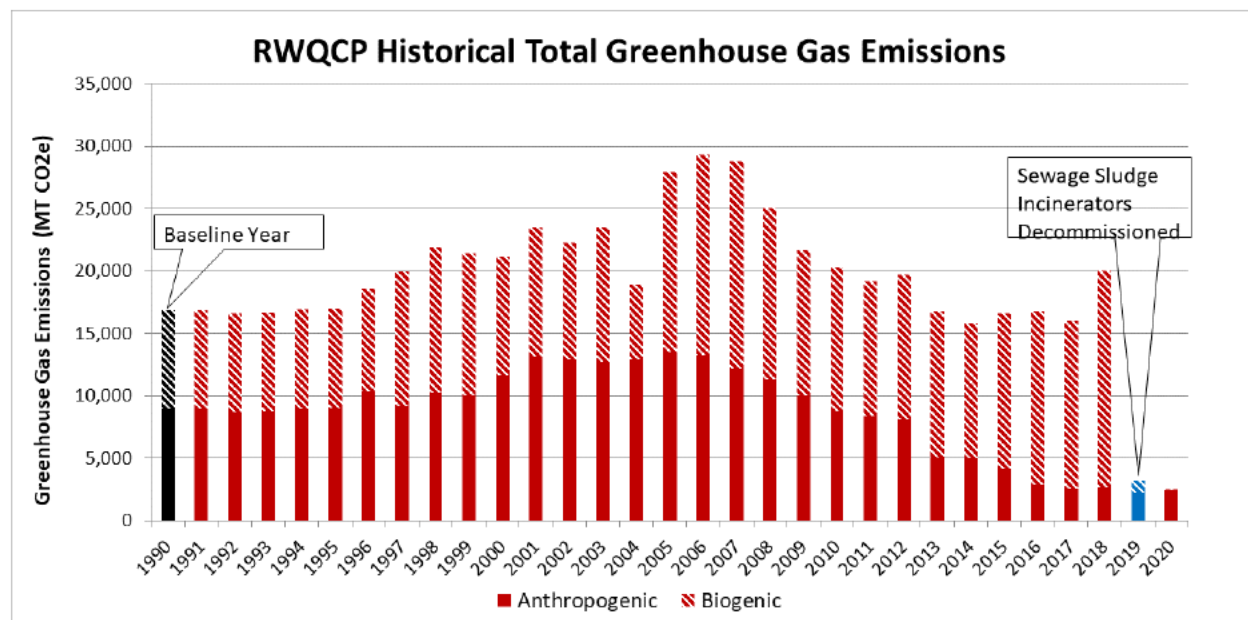
¹³ Not included because the landfill was closed

from the decommissioned sewage sludge incinerators far exceeds the additional emissions from wastewater biosolid treatment.

Table 5: 1990 vs 2020 Wastewater Emissions by Subsector

Subsector	1990 GHG emissions (MT CO ₂ e)	2019 GHG emissions (MT CO ₂ e)	2020 GHG emissions (MT CO ₂ e)	Percent of Total 2020 Emissions (%)
Wastewater Biosolid Treatment¹⁴	n/a	812 (new)	1,967	0.5%
Wastewater Treatment and Effluent	8,504	1,385	1,388	0.4%
Total	8,504	2,197	3,355	0.9%

Figure 4: RWQCP Historical Total Greenhouse Gas Emissions



¹⁴ Includes biosolid composting, anaerobic digestion, and incineration

Attachment B: 1990 vs. 2020 Greenhouse Gas Emissions by Sector and Subsector

Sector and Subsector	1990 GHG emissions (MT CO ₂ e) ¹	2019 GHG emissions (MT CO ₂ e)	2020 GHG emissions (MT CO ₂ e)	Percent Change in 2020 from 1990 (%)	Percent of Total 2020 Emissions (%)
Total Transportation and Mobile Sources	331,840	315,081	238,523	-28.1%	61.6%
- On-Road Transportation	331,840	293,413	217,279	-34.5%	56.1%
- Airport Emissions	Not Included	2,192	1,664	n/a	0.4%
- Off-road Vehicles	Not Included	14,634	15,029	n/a	3.9%
- Caltrain Commuter Rail	Not Included	4,842	4,552	n/a	1.2%
Total Natural Gas Use	194,000	153,509	134,365	-30.7%	34.7%
- Commercial Energy	Not calculated	66,987	53,515	n/a	13.8%
- Industrial Energy	Not calculated	14,373	11,961	n/a	3.1%
- Residential Energy	Not calculated	72,149	68,889	n/a	17.8%
Natural Gas Fugitive Emissions	4,718	5,009	4,384	-7.1%	1.1%
Total Wastewater	8,504	2,197	3,355	-60.5%	0.9%
- Wastewater Biosolid Treatment ²	n/a	812 (new)	1,967	n/a	0.5%
- Wastewater Treatment and Effluent	8,504	1,385	1,388	-83.7%	0.4%
Total Solid Waste	55,057	6,531	6,660	-87.9%	1.7%
- Composting	Not Included	731	1,623	n/a	0.4%
- Palo Alto Landfill Gas Flaring ³	Not Included	281	316	n/a	0.1%
- Palo Alto Landfill Gas Fugitive	24,325	n/a ⁴	n/a	n/a	n/a
- Landfill Waste	30,732	5,519	4,721	-84.6%	1.2%
Brown Power Supply (Electricity)	186,000	n/a	n/a	-100.0%	n/a
Total GHG Emissions (MT CO₂e)	780,119	482,237	387,287	-50.4%	100%
- Total Additional Emissions Sources		23,493			6.5%

¹ Source: 2016 S/CAP Framework and 2016 Earth Day Report

² Includes biosolid composting, anaerobic digestion, and incineration

³ 2016 Earth Day Report labeled these emissions as biogenic

⁴ Not included because the landfill was closed



City of Palo Alto City Council Staff Report

(ID # 11097)

Meeting Date: 4/11/2022

Title: Approval of Contract Number C22181467 with Bureau Veritas Technical Assessments LLC, for an Amount Not to Exceed \$359,779 for a City Facility Condition and Electrification Assessment and Use of Brightly Cloud-based Capital Planning Software, Capital Improvement Program Projects (PE-20002 and TE-13004) and Budget Amendments in the Electric Fund and Capital Improvement Fund.

From: City Manager

Lead Department: Public Works

Recommendation

Staff recommends that the City Council:

- 1) Approve and authorize the City Manager or their designee to execute contract No. C22181467 (Attachment A) with Bureau Veritas Technical Assessments LLC, for a not to exceed amount of \$359,779 for professional services, including \$327,072 for basic services and \$32,707 for Additional Services by City-approved Task Order, for a City Facility Condition and Electrification Assessment and Use of Brightly (formerly Dude Solutions) Cloud-based Capital Planning Software-as-a-Service, Capital Improvement Program projects (PE-20002 and TE-13004); and
- 2) Amend the Fiscal Year 2022 Budget Appropriation for the:
 - a) Electric Fund by:
 - i) Increasing the Transfer to the Capital Improvement Fund appropriation by \$29,887, and
 - ii) decreasing the ending fund balance by \$29,887.
 - b) Capital Improvement Fund by:
 - i) Increasing the Transfer in from the Electric Fund estimate by \$29,887, and
 - ii) Increasing the City Facilities and Record Plan Management System project (PE-20002) capital project appropriation by \$29,887.

Background

The Kitchell Report conducted in 2008 was the last City-wide facility condition assessment. The American Public Works Association's accreditation program includes performing facility condition assessments on a regular basis, and completing assessments on a 10-year cycle is considered an industry best practice. By this standard, the City is overdue for a new condition

assessment. In addition, previous assessment work has not included evaluating the potential for electrification of natural gas-burning equipment in alignment with the City's Sustainability/Climate Action Plan (S/CAP).

Discussion

This contract for the City facility condition assessment will include a comprehensive forensic building evaluation that mirrors the City's asset management hierarchy per American Society for Testing and Materials Uniformat II in all City facilities (Attachment B). The assessment will include 140 City facilities totaling over 2 million square feet, and 47 of those facilities will receive an electrification assessment.

The scope of services to be performed includes:

1. Corrective and deferred maintenance recommendations.
2. Preventative and keep-up maintenance recommendations.
3. Budget estimates for the corrective, deferred, keep-up and preventative maintenance.
4. Estimated schedule for the completion of all recommended corrective work and preventative maintenance.
5. Calculation of facility current replacement values and associated facility condition indices.
6. Calculations of remaining lifespans of primary Mechanical, Electrical, Plumbing maintainable assets and remaining lifespans of all assets at both the individual and systems level.
7. Energy Efficiency Measures for all facilities with budgets and schedules.
8. Asset inventory of all maintainable equipment per the scope of work including permanent barcoding labels for use by facility staff in work order processes.
9. Capital recommendations for electrification at the 47 facilities receiving an electrification assessment.
10. Schedule and cost estimates for electrification of City facilities to achieve at least an 80 percent reduction in current natural gas usage by 2030.

California must rapidly decarbonize its buildings in order to meet its greenhouse gas (GHG) reduction goals. The City of Palo Alto has adopted a more aggressive timeline for decarbonization than the state. In April 2016, Palo Alto City Council unanimously adopted a goal of 80 percent GHG reduction by 2030 (the 80 x 30 goal), calculated utilizing the 1990 baseline ([Staff Report ID# 6754](#)). This ambitious goal is 20 years ahead of the State of California's 80 percent by 2050 target, and in line with the carbon neutrality by 2045 goal. In 2019, Palo Alto reduced GHG emissions an estimated 38.2 percent from the 1990 baseline.

As the current gas equipment in City facilities reach the end of their life span over the next ten years, they should be replaced with efficient electric alternatives whenever possible. This assessment will provide a scheduled cost estimate and a timeline for facilities where this electrification must occur to achieve 80 percent reduction in natural gas usage at City facilities by 2030.

A request for proposals (RFP) for the project was sent to prospective consultants and posted on the City's electronic procurement website, PlanetBids, on April 19, 2021. A total of eight submittals were received for this RFP, with two finalists. The following table summarizes the results of the RFP solicitation.

Summary of Solicitation Process

PROPOSAL DESCRIPTION/NUMBER	FACILITY CONDITION ASSESSMENT RFP # 181467	
<i>Proposed Length of Project</i>	365 Days	
<i>Total Calendar Days to Respond</i>	50	
<i>Number of Proposals Received</i>	8	
Company Name	Location (City, State)	Selected for Oral Interview
<i>Advance Design Consultants, Inc.</i>	San Jose, California	No
<i>Bureau Veritas Technical Assessments LLC</i>	Owings Mills, Maryland	Yes
<i>Facility Engineering Associates, PC</i>	Santa Rosa, California	No
<i>Kitchell CEM</i>	Sacramento, California	Yes
<i>P2S Inc.</i>	San Jose, California	No
<i>Roth IAMS LLC</i>	Florida, California	No
<i>Terracon Consultants, Inc.</i>	Walnut Creek, California	No
<i>VFA, Inc.</i>	Greenville, South Carolina	No
<i>Range of Proposal Amounts Submitted</i>	The cost proposals ranged from \$298,500 to \$513,000.	

An evaluation committee consisting of representatives from the Public Works Engineering Services and Public Services Divisions reviewed the proposals. The committee carefully reviewed each firm's qualifications and proposal in response to the criteria identified in the RFP. The committee reviewed each firm's qualifications relative to its experience in facility condition assessments, electrification assessments, asset inventory and barcoding, the quality of its proposed project approach, performance on past projects, the qualifications of the specific staff to be assigned to the project, and understanding of the project goals.

Bureau Veritas Technical Assessments LLC (Bureau Veritas) was selected as the recommended consultant because of the depth and quality of their experience with other local jurisdictions' facility condition and electrification assessments, and the exceptional qualifications of their assessment team. The recommended consultant has an extensive background in assessing facilities of other local jurisdictions.

Bureau Veritas’s assessment services come with the use of Brightly (formerly Dude Solutions) cloud-based Capital Planning Software-as-a-Service (SAAS) to create detailed reports for “catch-up”, “keep-up” and “electrification” capital planning. Additionally, the Brightly Capital Planning Software has the ability to be updated as future CIP projects are completed to repair and replace facilities as listed in their reports. Use of Brightly is provided pursuant to the agreement with Bureau Veritas during the term of this agreement only. For continued use after the term of this agreement, the City would need to contract separately for the Brightly SAAS.

This agreement is on the City’s professional services template, which permits the City to terminate without cause/for convenience by providing written notice to the contractor. In the event the City finds itself facing a challenging budget situation, and it is determined that City resources need to be refocused elsewhere, the City can terminate for convenience. Other options include termination due to non-appropriation of funds or amending the contract date to reduce the cost, for example, by reducing the scope of work. The contract may also be temporarily suspended by written notice of the City Manager.

Timeline and Next Steps

Staff anticipates the data collection, pilot assessment, full assessment and deliverables will take approximately one year to complete. The report’s recommendations will be used to develop capital budget recommendations for maintenance of City facilities.

Resource Impact

Based on the scope of the project, funding of \$29,887 is recommended to be transferred from the Electric Fund to the City Facilities Assessment and Record Plan Management System (PE-20002) capital project in the Capital Improvement Fund for the electrification study portion of the project. The remaining funding is available in the following CIP projects: City Facilities Assessment and Record Plan Management System (PE-20002) and Infrastructure Management System (TE-13004).

The funding allocation is as follows:

Funding Source	Contract	Additional Services	Total Encumbrance
PE-20002	\$272,690	\$27,269	\$299,959
TE-13004	\$27,212	\$2,721	\$29,933
Electric Fund	\$27,170	\$2,717	\$29,887
Total	\$327,072	\$32,707	\$359,779

Stakeholder Engagement

Development of the scope of services for this project included engagement of staff from the following workgroups: Public Works Engineering Services, Facilities, Environmental Services,

and Sustainability; Utilities Resources Management; and Real Estate Property Management.

Environmental Review

The project is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) under Section 15306 of the CEQA guidelines.

Attachments:

- **Attachment3.a:** Attachment A: Bureau Veritas Technical Assessments LLC.
Contract, C22181467
- **Attachment3.b:** Attachment B: Facility List

CITY OF PALO ALTO CONTRACT NO. C22181467**AGREEMENT FOR PROFESSIONAL SERVICES****BETWEEN THE CITY OF PALO ALTO AND****BUREAU VERITAS TECHNICAL ASSESSMENTS LLC**

This Agreement for Professional Services (this “Agreement”) is entered into as of the 22nd day of March, 2022 (the “Effective Date”), by and between the **CITY OF PALO ALTO**, a California chartered municipal corporation (“CITY”), and **BUREAU VERITAS TECHNICAL ASSESSMENTS LLC**, a Maryland Limited Liability Company, located at 10461 Mill Run Circle Suite 1100, Owings Mills, Maryland 21117 (“CONSULTANT”).

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

RECITALS

A. CITY intends to conduct a City facility and electrification assessment (the “Project”) and desires to engage a consultant to provide such assessment and online-hosted software-as-a-service (“SAAS” as detailed more fully in Section 14) to facilitate the assessment process 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 March 6, 2023 unless terminated earlier pursuant to Section 19 (Termination) of this Agreement.

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

CITY's agreement to extend the term or the schedule for performance shall not preclude recovery of damages for delay if the extension is required due to the fault of CONSULTANT.

SECTION 4. NOT TO EXCEED COMPENSATION. The compensation to be paid to CONSULTANT for performance of the Services shall be based on the compensation structure detailed in Exhibit C, entitled "COMPENSATION," including any reimbursable expenses specified therein, and the maximum total compensation shall not to exceed (NTE) **Three Hundred Twenty-Seven Thousand Seventy-Two Dollars (\$327,072)**. 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.

☒ Optional Additional Services Provision (This provision applies only if checked and a not-to-exceed compensation amount for Additional Services is allocated below under this Section 4.)

In addition to the not-to-exceed compensation specified above, CITY has set aside the not-to-exceed compensation amount of **Thirty-Two Thousand Seven Hundred Seven Dollars (\$32,707.00)** 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 **Three Hundred Fifty-Nine Thousand Seven Hundred Seventy-Nine Dollars (\$359,779)**, as detailed in Exhibit C.

"Additional Services" means any work that is determined by CITY to be necessary for the proper completion of the Project, but which is not included within the Scope of Services described at Exhibit A. CITY may elect to, but is not required to, authorize Additional Services up to the maximum amount of compensation set forth for Additional Services in this Section 4. CONSULTANT shall provide Additional Services only by advanced, written authorization from CITY as detailed in this Section. Additional Services, if any, shall be authorized by CITY with a Task Order assigned and authorized by CITY's Project Manager, as identified in Section 13 (Project Management). Each Task Order shall be in substantially the same form as Exhibit A-1, entitled "PROFESSIONAL SERVICES TASK ORDER". Each Task Order shall contain a specific scope of services, schedule of performance and maximum compensation amount, in accordance with the provisions of this Agreement. Compensation for Additional Services shall be specified by CITY in the Task Order, based on whichever is lowest: the compensation structure set forth in Exhibit C, the hourly rates set forth in Exhibit C-1, or a negotiated lump sum.

To accept a Task Order, CONSULTANT shall sign the Task Order and return it to CITY's Project Manager within the time specified by the Project Manager, and upon authorization by CITY (defined as counter-signature by the CITY Project Manager), the fully executed Task Order shall become part of this Agreement. The cumulative total compensation to CONSULTANT for all Task Orders authorized under this Agreement shall not exceed the amount of compensation set forth for Additional Services in this Section 4. CONSULTANT shall only be compensated for Additional Services performed under an authorized Task Order and only up to the maximum amount of compensation set forth for Additional Services in this Section 4. Performance of and payment for any Additional Services are subject to all requirements and restrictions in this Agreement.

SECTION 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. The subcontractors authorized by CITY to perform work on this Project are:

Brightly (formerly Dude Solutions Inc.), 11000 Regency Parkway, Suite 110, Cary, NC 27518

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 Manager or designee.

SECTION 13. PROJECT MANAGEMENT. CONSULTANT will assign Matthew Anderson, 180 Promenade Circle, Suite 150, Sacramento, CA 95834, (800)733-0660, matt.anderson@bureauveritas.com, 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 Murdo M. Nicolson Jr., Public Works Department, Engineering Division, 250 Hamilton Avenue, Palo Alto, CA, 94301, (650)617-3154, Email Murdo.Nicolson@CityofPaloAlto.org 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. INTELLECTUAL PROPERTY; DATA. All work product, including without limitation, all writings, drawings, studies, sketches, photographs, plans, reports, specifications, computations, models, recordings, data, calculations, documents, and other materials and copyright interests developed under this Agreement, in any form or media, as unique to this engagement with CITY, shall be and remain the exclusive property of CITY without restriction or limitation upon their use. 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.

14.1 **Intellectual Property Rights in the SAAS.** CONSULTANT and/or its licensor(s), as applicable, retain all right, title, and interest in and to the SAAS, further defined as the online-hosted SAAS to be provided by CONSULTANT to CITY and its Authorized Users (defined below) pursuant to this Agreement, as detailed in Exhibit A ("Scope of Services"), including without limitation all Software (defined below) used to provide the SAAS and all graphics, user interfaces, logos, and trademarks reproduced through the SAAS. This Agreement does not grant CITY any intellectual property license or rights in or to the SAAS or any of its components or any Documentation (defined below) except those expressly granted herein. CITY recognizes that the SAAS and its components and the Documentation are protected by copyright and other laws. "Software" means the online-hosted computer software application(s) residing on CONSULTANT-provided servers that CONSULTANT uses to provide to CITY the Services detailed in this Agreement, and that CONSULTANT makes digitally accessible to the CITY and its Authorized Users via the internet. "Documentation" means the technical publications relating to the use of the SAAS, such as reference, installation, administrative and programmer or user manuals, made available by Contractor to CITY.

14.2 **Grant of Right to Use the SAAS.** Subject to the terms of this Agreement, CONSULTANT hereby grants to CITY a non-exclusive, non-assignable license to access and use the SAAS for the term of this Agreement as contemplated herein. The license granted to CITY hereunder includes the right to provide to the CITY's Authorized Users access to the SAAS in accordance with this Agreement. "Authorized User" means all persons holding a valid ID and password issued by the CITY pursuant to this Agreement. CONSULTANT warrants that it has the right to provide access to the SAAS to CITY pursuant to this Agreement, that CONSULTANT has obtained any and all necessary permissions from third parties to provide the SAAS, and that use of the SAAS by CITY and its Authorized Users in accordance with the terms of this Agreement shall not infringe the copyright of any third party.

14.3 **Ownership of Data; Grant of License to City Data.** The parties acknowledge and agree that CITY owns the City data, content, documents, materials and other information, in any format or media, collected, stored, imported or inputted into, or gathered by, the SAAS, including without limitation data from third parties ("City Data"); that the CITY has a right to control, access and retrieve City Data at any time during the term of the Agreement, in computer-readable format. The CITY hereby grants to CONSULTANT and its subcontractors, if

any, the limited, non-exclusive, non-transferable, revocable rights to access and use City Data during the term of this Agreement solely for the purposes of performing CONSULTANT's obligations to CITY hereunder and supporting CITY's use of the SAAS hereunder, as well as to generate aggregated, system-wide collations of industry and business data in a non-attributed, non-identifiable manner for product improvement and product creation that does not identify CITY or detail of its particular data, and as is otherwise expressly permitted under this Agreement. This Agreement does not grant CONSULTANT or its subcontractors, if any, any intellectual property license or rights in or to the City Data except those expressly granted herein. Upon termination or expiration, if CITY will leave the SAAS, CONSULTANT and CITY shall work together to provide CITY with a copy of City Data in mutually-agreed computer-readable format(s). CITY shall have the option to choose from one of several methods to obtain a copy of City Data. Once such data has been provided to CITY, CONSULTANT shall use, or cause to be used, industry-standard secure means of destruction or erasure of any City Data remaining in its possession and, at the CITY's request, certify the same.

14.4. **Data Security.** CONSULTANT will maintain, or cause to be maintained, a data security program for the SAAS that will include reasonable administrative, physical, technical, organizational and other security measures to protect against unauthorized access to, or destruction, loss, unavailability or alteration of, any City Data accessed by CONSULTANT and its subcontractors, if any, in the performance of this Agreement including without limitation City Data processed or stored by the SAAS.

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 third party 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") to the extent that such Claims arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of CONSULTANT, its officers, employees, agents or contractors under this Agreement, regardless of whether or not it is caused in part by an Indemnified Party. CITY will reimburse CONSULTANT for the proportionate percentage of defense costs exceeding CONSULTANT's proportionate percentage of fault as determined by the final judgment of a court of competent jurisdiction.

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.

☒ 26.1. This Project is subject to prevailing wages and related requirements as a "public works" under California Labor Code Sections 1720 et seq. and related regulations. CONSULTANT is required to pay general prevailing wages as defined in California Labor Code Section 1773.1 and Subchapter 3, Title 8 of the California Code of Regulations Section 16000 et seq., as amended from time to time. Pursuant to Labor Code Section 1773, the CITY has obtained the general prevailing rate of per diem wages and the general rate for holiday and overtime work in this locality for each craft, classification, or type of worker needed to execute the contract for this Project from the State of California Department of Industrial Relations ("DIR"). Copies of these rates may be obtained at the CITY's Purchasing Department office. The general prevailing wage rates are also available at the DIR, Division of Labor Statistics and Research, web site (see e.g. <http://www.dir.ca.gov/DLSR/PWD/index.htm>) as amended from time to time. CONSULTANT shall post a copy of the general prevailing wage rates at all Project job sites and shall pay the adopted prevailing wage rates as a minimum. CONSULTANT shall

comply with all applicable provisions of Division 2, Part 7, Chapter 1 of the California Labor Code (Labor Code Section 1720 et seq.), including but not limited to Sections 1725.5, 1771, 1771.1, 1771.4, 1773.2, 1774, 1775, 1776, 1777.5, 1782, 1810, 1813 and 1815, and all applicable implementing regulations, including but not limited to Subchapter 3, Title 8 of the California Code of Regulations Section 16000 et seq. (8 CCR Section 16000 et seq.), as amended from time to time. CONSULTANT shall comply with the requirements of Exhibit E, entitled “DIR REGISTRATION FOR PUBLIC WORKS CONTRACTS”, for any contract for public works construction, alteration, demolition, repair or maintenance, including but not limited to the obligations to register with, and furnish certified payroll records directly to, DIR.

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 Public Contract Code Section 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 expressly supersedes any click-through, click-on, "screen wrap" or other user agreement that may appear on the SAAS application/website. This Agreement may be amended only by a written instrument, which is signed by the authorized representatives of the parties and approved as required under Palo Alto Municipal Code, as amended from time to time.

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

29.6. In the event of a conflict between the terms of this Agreement and the

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

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

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

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

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

- ☒ EXHIBIT A: SCOPE OF SERVICES
- ☒ EXHIBIT A-1 PROFESSIONAL SERVICES TASK ORDER
- ☒ EXHIBIT B: SCHEDULE OF PERFORMANCE
- ☒ EXHIBIT C: COMPENSATION
- ☒ EXHIBIT C-1: SCHEDULE OF RATES
- ☒ EXHIBIT D: INSURANCE REQUIREMENTS
- ☒ EXHIBIT E: DIR REGISTRATION FOR PUBLIC WORKS CONTRACTS
- ☒ EXHIBIT F: CYBERSECURITY TERMS AND CONDITIONS
- ☒ APPENDIX A: FACILITY LIST
- ☒ APPENDIX B: CLASSIFICATION OF BUILDING ELEMENTS – MODIFIED UNIFORMAT

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

CONTRACT NO. C22181467 SIGNATURE PAGE

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

CITY OF PALO ALTO

City Manager

APPROVED AS TO FORM:

City Attorney or designee

**BUREAU VERITAS TECHNICAL
ASSESSMENTS LLC****Officer 1**

DocuSigned by:
By: Erik Piller
69C8A4FE9BDA403...
Name: Erik Piller

Title: Senior Vice President

Officer 2

DocuSigned by:
By: Matt Munter
8A027AFAC0FF455...
Name: Matt Munter

Title: EVP

EXHIBIT A SCOPE OF SERVICES

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

Task 1 Facility Condition Assessment (FCA) and Report

Consultant shall provide comprehensive Facility Condition Assessments via detailed inspections and assessments of all facilities to produce an accurate analysis that identifies visible and discernable (through non-destructive means) components and elements requiring maintenance or other planned action. Inspections and assessments shall be done by architectural and engineering professionals or other equivalent facility assessment professionals, such as building surveyors, utilizing the UNIFORMAT II Elemental Classification for Building Specifications, Cost Estimating and Cost Analysis, as used in American Society for Testing and Materials (ASTM) Facility Assessment Standards as modified to match the City of Palo Alto’s asset hierarchy per **Appendix B (Classification of Building Elements – Modified Uniformat)**.

1.1 On Site Facility Condition Assessment

- A. Conduct a detailed on-site facility condition assessment for each facility and infrastructure in the City of Palo Alto. The assessment should be structured and include all necessary information to assign an industry standard building system classification.
- B. The on-site assessment will include entering accessible crawl spaces and attic spaces. Crawl spaces and attic spaces which have suspected environmental hazards will not be entered without approval of the City.
- C. The on-site assessment will be performed using both component-level and system-level inspection methods. The assessment team(s) will evaluate each asset to determine whether there is sufficient evidence to warrant complete replacement of the system, or if repairing only portions of the system is preferable or more cost effective.
- D. Example: Assessment may indicate the need to replace all the windows in a facility, instead of repairing various windows throughout the facility; or that electrical capacity needs to be increased to meet the current and anticipated future needs at a facility.
- E. The following minimum assessments will be accomplished:
 - a. Identify all maintenance, repair, and replacement requirements including recommendations for green or more efficient operations.
 - b. Recommend upgrades and improvements where applicable, considering efficiency and environmental improvements.
 - c. Assess real property such as buildings, structures, and utilities and their integral components/systems.

- d. Perform a thorough visual assessment of all architectural, civil/structural, mechanical, electrical, fire, plumbing, and sewer components/systems of each facility.
- e. Identify and report all civil, structural, roofs, mechanical and electrical deficiencies and recommended upgrades and improvements.
- f. Identify and immediately report to the City components or situations that are considered urgent (endangering life and/property).
- g. Document the assessment with high resolution images related to the infrastructure conditions and improvements needed pertaining to catch-up or keep-up work.

1.2 This facility condition assessment will focus on the following asset hierarchical system order matching the asset systems in Maintenance Connection (a City of Palo Alto software system).

1. ADA Systems (ADA): This system includes accessible ramps, doors, sidewalks, bathroom stalls, ingress/egress, handicapped accessibility, compatibility, codes and regulations. The ADA systems have been identified in 2019 through the City of Palo Alto's ADA Transition Plan cost analysis and replacement recommendations. The Consultant will not assess ADA Systems, but shall incorporate the findings from the ADA Transition Plan into the assessment of each City facility.
2. Electrical Systems (ES): This system contains all exterior and interior lighting, fuse panels/boxes, GFCI, power sources, conduit, wiring, electric base board heaters, light posts, emergency generators and solar systems.
3. Exterior Envelope Systems (EE): This system consists of doors, roll up doors, windows, siding, keys and locks, and all exterior surface coatings.
4. Fire and Life Safety Systems (FLS): This system includes emergency egress lighting, fire extinguishers, fire suppression systems, defib units, fire axes, safety signage, smoke and CO2 alarms/detectors.
5. Interior Systems (IS): This system includes flooring, interior doors, keys and locks, some interior partitioned windows, interior walls, ceilings and furniture.
6. Mechanical Systems (ME): This system pertains to all HVAC related equipment, air compressors, hot water tanks, exhaust, fans, vents and heating.
7. Other Systems (OT-B): This system includes rodent control, general cleanliness issues, porta potties and other unforeseen items that cannot be classified into the other systems

8. Plumbing Systems (PL): This system includes all piping pertaining to plumbing fixtures, supply lines, all bathroom fixtures including sinks, toilets, urinals, faucets and drinking fountains.
 9. Roofing Systems (R): This system includes sub roofing, roof coatings, sheet metal edging, roof penetrations, roof structures, dormers and all gutters.
 10. Site Work Systems (SW): This system involves everything outside and surrounding the building as a means of access, including utilities, sidewalks, signage, fencing, irrigation, storm water, retaining walls, sanitary sewer/drainage systems, erosion control, landscaping, and lighting systems.
 11. Structural Systems (SS): foundations, basements, slabs, framing, steel columns, rafters and beams.
 12. Conveyor Systems (CS): This system includes elevators, library book deposit systems, dumbwaiters.
- 1.3 Inventory and asset tag all maintainable equipment and systems with barcodes within each building sorted by the asset hierarchical order. This needs to be performed to verify the assets in Maintenance Connection are accurately entered into the system. The data collected will be uploaded into the bulk upload template for Maintenance Connection for all inventoried assets per the locations as listed on Facility list:
1. Equipment Type
 2. Location
 3. Function and area served
 4. Manufacturer
 5. Model Number
 6. Serial Number
 7. Capacity if applicable
 8. Estimated remaining life
 9. Cost to replace or repair
- 1.4 Maintainable equipment includes but is not limited to the following types of items:
1. Boilers
 2. Chillers
 3. Cooling Towers
 4. Package HVAC Units
 5. Major Exhaust Equipment
 6. Hot Water Heaters (electric and gas)
 7. Air Handling Units and Controls
 8. Commercial Overhead Doors/Sliders
 9. Emergency Generators
 10. Electric Vehicle Charging Stations
 11. Drinking Fountains
 12. Fire, Life, Safety Equipment: AED's

1.5 Analysis of Facility Condition Assessment: The contractor shall evaluate, analyze and provide projections for the following areas:

1. Deficiency costs summarized by building system across all facilities.
2. Deficiency costs summarized by Priority across all facilities.
3. Deficiency costs summarized by Asset Hierarchical Type across all facilities.
4. Deficiency costs summarized by Category type across all facilities.
5. Calculation of the Facility Condition Index (FCI) for each facility.
6. Multi-year annual expenditure forecast for each facility.

1.6 The contractor shall develop a thirty-year expenditure plan, which is a schedule of all capital expenditures and actions required to maintain and repair facilities, including projects developed during the analysis of facility condition information, unconstrained by available funding limitations.

1.7 Deficiency Priorities: Each deficiency and project shall include the following decision-making classifications prioritizing each action according to its criticality and classification type:

Priority 1 Currently Critical: A corrective action plan is needed. Conditions in this category require immediate action to:

- Correct a cited safety hazard
- Stop accelerated deterioration
- Return a facility or equipment to operation

Priority 2 Potentially Critical: A corrective action plan is needed. Conditions in this category, if not corrected expeditiously, will become critical within a year. Situations within this category include:

- Intermittent operations
- Rapid deterioration
- Potential life safety hazards

Priority 3 Necessary - Not yet critical: Conditions in this category require appropriate attention to preclude deterioration or potential downtime and the associated damage or higher costs if deferred further.

Priority 4 Recommended: Conditions in this category include items that represent a sensible improvement to existing conditions. These are not required for the most basic function of the facility.

Priority 5 Appearance: Conditions in this category include finishes that have deteriorated and are required to maintain the required aesthetic standards.

Priority 6 Does Not Meet Current Codes/Standards - "Grandfathered": Conditions in this category include items that do not conform to existing code, but are "grandfathered" in their condition. No action is required at this time, but should substantial work be undertaken in contiguous areas, certain existing conditions may require correction to

comply with current code standards.

- 1.8 Each deficiency identified in the assessment shall be classified in the following:

Category 1 – Security/Safety: When a system requires replacement due to a security or safety risk.

Category 2 - Scheduled Maintenance (Keep-Up): Maintenance that is planned and performed on a routine basis to preserve the condition.

Category 3 - Deferred Maintenance (Catch-Up): Maintenance that was not performed when it was scheduled or is past its useful life resulting in immediate repair or replacement.

Category 4 - Capital Renewal (New): Planned replacement of building systems that have reached the end of their useful life.

Category 5 - Energy & Sustainability: When the repair or replacement of equipment or systems are recommended to improve energy and sustainability performance.

- 1.9 Facility Condition Assessment Report: Using the data collected during the on-site facility condition assessment and analysis phase, the contractor shall provide a separate comprehensive condition assessment report for each facility. The reports shall contain the following minimum information:

- a. Capital requirement costs summarized by building system across all facilities.
- b. Capital requirement costs summarized by Priority across all facilities.
- c. Capital Requirement costs summarized by Category type across all facilities.
- d. Multi-year annual expenditure forecast for each facility.
- e. A detailed description of building assets and equipment detailing the observed condition and deficiency cause providing recommendations to correct the deficiency
- f. A list of the information provided and collected for each asset, such as equipment type, manufacturer, model number, serial number, capacity and year installed.
- g. Digital photographs for each facility and each piece of equipment inventoried. Exterior photographs will be used for identification and documentation of structural problems, major deficiencies or special conditions. Interior photographs will be used to document critical or unusual conditions. Photographs will be used to explain and/or justify the prioritization of corrective actions.
- h. A schedule of annual forecast expenditures itemizing each deficiency against each asset classification of the total cost for the actions required to correct the deficiencies for each facility by building system.

- 1.10 Review existing facility condition data, including information provided in the following reports (uploaded to Planet Bids under separate cover):
 - 1) Kitchell Assessment 2009 APWA 40.4
 - 2) Catch-Up Work, Capital Maintenance Report (FY2021)
 - 3) Keep-Up Work, Capital Maintenance Report (25 years)
 - 4) CIP Cost Tracking Report
- 1.11 Evaluate and document physical conditions, asset effective age, code related deficiencies, estimated remaining service life and determine corrective measures for facilities.
- 1.12 Provide detailed high-resolution photos of deferred maintenance, such that they are stored and named in a manner that matches the unique identification system as used in Maintenance Connection.
- 1.13 Prepare preventive maintenance recommendations for facilities.
- 1.14 Provide budget estimates for all recommended corrective and preventative maintenance measures.
- 1.15 Provide projected schedule for the completion of all recommended corrective and preventative maintenance measures.
- 1.16 Deliver electronic and hard copy report with findings and recommendations
- 1.17 Provide a detailed asset inventory and condition analysis of all major Mechanical, Electrical and Plumbing elements (e.g. size, age, condition, capacity). During the inventory process, the assets shall be tagged with barcodes, for use with Maintenance Connection.
- 1.18 Provide a detailed summary of the energy efficiency of all gas burning equipment in comparison to the existing building electrical capacity. Current energy consumption per facility will be provided by Staff.
- 1.19 Special Conditions and Exclusions: Generally, and unless otherwise noted as additional services in the contract:
 - a. The Facilities Condition Assessment shall not include scientific equipment, furniture or moveable equipment.
 - b. The Facilities Condition Assessment shall not include Americans with Disability Act requirements (ADA), as that was assessed previously.
 - c. The Facilities Condition Assessment shall not include asbestos inspection.
 - d. The Consultant must conduct ALL work of the Facilities Condition Assessment in a manner that is sensitive to the operations, activities and needs of the City of Palo Alto's staff and occupants.

- e. The Facilities Condition Assessment will not require any digging, demolition, disassembly or special testing equipment.
- f. If required, the Consultant's FCA team shall be able to lift ceiling tiles, open access doors or move building components in order to perform the Work. All items that are opened or moved must be returned immediately to its original condition without damage upon completion of the inspection.

Task 2 Electrification Assessment (EA) and Planning

- 2.1 Evaluate and document physical conditions, each asset's effective age and estimated remaining lifespans of gas burning assets.
- 2.2 Evaluate information provided by City on current natural gas usage for each facility.
- 2.3 For each facility, evaluate and propose energy efficient electric equipment as replacement for current natural gas equipment, including estimating the anticipated electricity usage.
- 2.4 For each facility, evaluate the existing electrical systems and capacity to determine any necessary upgrade to support electrification.
- 2.5 For each facility, determine recommended locations for new electrical equipment and identify any space or structural constraints and any required improvements (e.g. rooftop heat pump equipment may exceed allowable structural loading and require retrofit).
- 2.6 Using information gathered and summarized from 2.1 through 2.5, develop a plan for electrification that results in an 80 percent reduction in natural gas usage at City facilities by 2030, including the following for each facility:
 - a. Electrical equipment types recommended
 - b. Electrical capacity and any necessary upgrades
 - c. Any structural upgrades necessary
 - d. Natural gas usage reduction for each facility (Therms/Year)
 - e. Cost estimate for equipment, installation, and other costs such as electric and/or structural upgrades needed to support electrification
 - f. Operating cost impacts including change in energy costs and maintenance impacts
 - g. Incremental capital cost of electrification in comparison to "business as usual" replacement of existing systems at their end-of-life

Task 3 Capital Planning Software (also referred to in this Agreement at the "SAAS")

- 3.1 In performing the Services, the Consultant will utilize, and provide access to the City and its Authorized Users to utilize, Brightly software (formerly Dude Solutions), a capital planning cloud-based software-as-a-service (also referred to in this Agreement as the "SAAS") provided by Consultant from its subcontractor, Brightly (formerly Dude Solutions, Inc.). This software will meet the needs of the Facility Condition Assessment (FCA), the Electrification Assessment (EA), and other services detailed in this Scope of

Services. This software combines all the data and analysis included in this Scope of Services in all phases of this project and the software shall be able to:

- a. Ensure estimate accuracy with industry cost and benchmarking data, such as RS Means®, BCIS, and BOMA to ensure reliable cost projections for deferred maintenance and systems renewal.
- b. Will employ multiple cost sources within the software, including third-party solutions and your own cost estimation data.
- c. Will streamline cost estimation with a library of building and system model templates to estimate the cost of capital asset renewal and replacement.
- d. Will estimate system renewal costs and timelines based on both observed condition and asset age.
- e. Will forecast long-term costs and explore the impact of different spending levels on facility conditions.
- f. Will create multi-year budgets based on organization-wide priorities and strategies.
- g. Will develop multiple ranking strategies for different types of assets and compare various budget scenarios, including baseline, deep energy retrofit, and conventional energy retrofit.
- h. Will evaluate different project scenarios and develop cost-effective capital projects from prioritized capital needs and from prioritized sustainability goals of the City of Palo Alto.
- i. Will benchmark progress using industry - standard benchmarks, such as the Facility Condition Index (FCI), Extended Facility Condition Index (EFCI), Facility Needs Index (FNI) and to compare assets across a portfolio or against industry standards.
- j. Will evaluate and prioritize green options by incorporating sustainability requirements into long-term capital plans that meet the needs of the City of Palo Alto's Electrification and SIP goals.
- k. The Consultant will provide an integration between the Capital Planning Software and Maintenance Connection, the City of Palo Alto's Infrastructure Management System.

The City of Palo Alto may choose to pass one or more Capital Requirements (deficiencies) from the Capital Planning Software to Maintenance Connection to create an associated Work Order. While the Work Order is being executed and completed, the Capital Planning Software will be updated with the work order status and cost. When the Work Order is closed in Maintenance Connection, the Capital Requirement (deficiency) in the Capital Planning Software will be closed, and the FCI will be updated, if applicable.

- 3.2 Discovery Workshop: The Consultant will conduct a discovery workshop to assist the City of Palo Alto in determining whether additional software functionality is required. The Consultant will provide recommendations and estimated additional costs for the additional software functionality as a deliverable of the workshop. If City will add any such additional software functionality and if such added functionality will be at an added cost to the City, the Parties shall either add such functionalities and costs pursuant to a Task Order as detailed in Section 4 (Not to Exceed Compensation) of this Agreement, or pursuant to a written amendment to this Agreement in accordance with Section 29.4 herein.
- 3.3 The Consultant will provide onsite training of City staff to sufficiently utilize the software and to provide annual Services.
- 3.4 Pursuant to this Agreement, included as a part of the Services at no additional cost, Consultant will provide access to and use of the software for City and its Authorized Users, including:
- i) Annual licensing to access and use the software
 - ii) Annual support for the software
 - iii) Annual maintenance and updates for the software
- 3.5 At the conclusion of this Agreement, the City may choose to enter into a software-as-a-service (SaaS) contract with Brightly (formerly Dude Solutions) for continued access to the software if the City chooses.
- 3.5 Acceptance Testing
- i. The City anticipates performing formal acceptance testing of all deliverables obtained from Consultant. This acceptance testing will begin upon formal written notification from Consultant to the City that a deliverable has been completed and is ready for testing. Upon receipt of this notification, the City will have fifteen (15) days in which to complete the acceptance testing for the FCA, EFCI, FNI, FNI(e) and all reports deliverables in section 4.0.
 - ii. In the event the City determines that a deliverable does not meet the requirements as defined in the contract documents and project documentation, the City will notify Consultant of such in writing, at which time acceptance for that specific deliverable will be suspended. Brightly (formerly Dude Solutions, Inc.) will then have thirty (30) days to satisfy the deficiency, at which time a new acceptance testing period for that deliverable will be available for the City to review the corrections to said deliverable.

Task 4 Deliverables

- 4.1 Facilities Condition Assessment Report (FCAR) Outline: The Outline and contents of the Facilities Condition Assessment Report (FCAR) shall be as follows.
- A. FCAR Cover Sheet: Provide a Cover Sheet that identifies the Facilities Condition Assessment Report, including:

- i. Facilities Condition Assessment Report (Title)
- ii. Photo of facility (Satellite or Elevation)
- iii. Institution's Name
- iv. Name of project, Address (City-State-Zip Code)
- v. Current Date of Report
- vi. FCA Vendor Information (Name, Address, Telephone Number, Preparer)

B. Table of Contents: Provide a Table of Contents that includes all components of the Facilities Condition Assessment Report.

C. Executive Report Cover Sheet: Provide a Cover Sheet for the Executive Report that includes:

- i. Division I - Executive Report
- ii. City of Palo Alto
- iii. Name of project, Address (City-State-Zip Code)
- iv. Current Date of Report
- v. FCAS Vendor Information (Name, Address, Telephone Number, Preparer
- vi. Elevation Photo of each facility

D. Executive Report per Facility

- a) The Executive Report of the Facilities Condition Assessment Report is for the City of Palo Alto. It shall be in accordance with the "Facilities Condition Assessment Report Template". The information, data and metrics shown in the template are not factual and are for reference only. The Consultant must not deviate from the template's outline, category, exhibits and appendices.
- b) The Executive Report shall be a summary of the Facilities Condition Assessment that includes observations, results and conclusions that describe the current physical condition of the facility, identify and prioritize the critical deficiencies, recommend corrective action, estimate associated costs and provide other relevant data and metrics pertaining to the facility.
- c) The Executive Report shall contain information that is accurate, useful and reliable in order to aid the City of Palo Alto in the forecasting, planning and budgeting the repairs, replacements and maintenance needs for the facility for the next thirty (30) years at a minimum.
- d) The Executive Report shall describe the level of maintenance and custodial care of the facility according to the Public Works facility Project managers reports.
- e) An individualized chart per facility that plots FCI and EFCI versus Building age, that highlights the area to show the "extended Life of a building" by plotting:
 - 1. Facility condition without scheduled maintenance.
 - 2. Facility condition with the scheduled maintenance in the report.
 - 3. An FCI or EFCI of .9 indicates building replacement is needed.

f) The outline for the Executive Report shall be as follows:

1. General Description: Provide a narrative containing the facility's name, location, type, square footage, use, age, other attributes and pertinent and historical information describing the facility.
2. General Physical Condition: Provide the overall condition of the facility components and systems describing any Capital improvement and Maintenance critical needs with an estimated cost of repairs and replacements for the next thirty years.
3. Priorities 1 And 2 Needs: Identify and describe all critical Priority 1 & 2 deficiencies, provide corrective actions and associated estimate of costs.
4. Recommendation for Additional Investigations: Identify any facility component or system that the Field Inspector observes may cause concern regarding the soundness of the structure, the systems, and/or threats to the overall health and safety of the occupants, if left uncorrected. and for those that would be improvements through Sustainable methods.
5. Recent Capital Improvements: Describe any recent capital improvements including the year and associated costs as provided by City staff.
6. Current Replacement Value (CRV): Provide current replacement value of the property or facility using one of the accepted methods for calculating the value.
7. Exhibits: Fully complete the following exhibits. Do not modify exhibits.
 - i. Exhibit A Facility Information Form
 - ii. Exhibit B List of Deficiencies – By Priority & Building Components
 - iii. Exhibit C-1 30-Year Projected CIP Expenses – By Year and/or 5 year increments out 30 years
 - iv. Exhibit C-2 30-Year Projected Maintenance & Other Expenses – By Year and/or 5 year increments out 30 years
 - v. Exhibit D Recommendations for Additional Investigations
 - vi. Exhibit E Special Reports (If Applicable) Appendices: Fully complete
8. **Appendix A (Facility List)** for all recommended CIP Expenses and Appendix B for all recommended Maintenance and Other Expenses (OE) for the next 30 years. Provide estimates of costs for each recommended item. Provide Special Reports for applicable items.
 - i. Appendix A 30-Year Projected CIP Expenses
 - ii. Appendix B 30-Year Cost Projected Maintenance & Other Expenses
9. Provide the calculated FCI, EFCI and FNI for each facility.
10. Include photos of all Level 3 and Level 4 UNIFORMAT II deficiencies per

facility.

E. Executive Summary Report for all Facilities

1. Provide a detailed summary report for all facilities per 4.1.D above, that is sorted and summarized by:
 - a. Asset Hierarchy per 1.2 above.
 - b. Building type as utilized in the CRV calculations
 - c. Per the condition index scores: FCI, EFCI and FNI
2. A summary table of FCI, age of building, remaining service life (years) with no maintenance and extended service life (years) with “catch-up” and “keep-up”.

F. Electrification Assessment Report

1. Scenario 1: Schedule and cost estimates for electrification of City facilities to achieve at least an 80 percent reduction in current natural gas usage by 2030. This assessment will provide a scheduled cost estimate and a timeline of what facilities this electrification must occur at to achieve the goals of the SCAP per this scenario.
2. Scenario 2: Schedule and cost estimates for electrification of City facilities to achieve at least a 40 percent reduction in current natural gas usage by 2030 and a 80 percent reduction in current natural gas usage by 2040. This assessment will provide a scheduled cost estimate and a timeline of what facilities this electrification must occur at to achieve the goals of the SCAP per this scenario.
3. A report of each facility detailing current gas burning assets:
 - (i) Electrical equipment types recommended
 - (ii) Electrical capacity and any necessary upgrades
 - (iii) Any structural upgrades necessary
 - (iv) Natural gas usage reduction for each facility (Therms/Year)
 - (v) Cost estimate for equipment, installation, and other costs such as electric and/or structural upgrades needed to support electrification
 - (vi) Operating cost impacts including change in energy costs and maintenance impacts
 - (vii) Incremental capital cost of electrification in comparison to “business as usual” replacement of existing systems at their end-of-life

EXHIBIT A-1 PROFESSIONAL SERVICES TASK ORDER

CONSULTANT shall perform the Services detailed below in accordance with all the terms and conditions of the Agreement referenced in Item 1A below. All exhibits referenced in Item 8 are incorporated into this Task Order by this reference. CONSULTANT shall furnish the necessary facilities, professional, technical and supporting personnel required by this Task Order as described below.

CONTRACT NO.

OR PURCHASE ORDER REQUISITION NO. (AS APPLICABLE)

- 1A. MASTER AGREEMENT NO. (MAY BE SAME AS CONTRACT / P.O. NO. ABOVE):
 - 1B. TASK ORDER NO.:
 2. CONSULTANT NAME:
 3. PERIOD OF PERFORMANCE: START: COMPLETION:
 4. TOTAL TASK ORDER PRICE: \$ _____
BALANCE REMAINING IN MASTER AGREEMENT/CONTRACT \$ _____
 5. BUDGET CODE _____
COST CENTER _____
COST ELEMENT _____
WBS/CIP _____
PHASE _____
 6. CITY PROJECT MANAGER'S NAME & DEPARTMENT: _____
 7. DESCRIPTION OF SCOPE OF SERVICES (Attachment A)
MUST INCLUDE:
 - SERVICES AND DELIVERABLES TO BE PROVIDED
 - SCHEDULE OF PERFORMANCE
 - MAXIMUM COMPENSATION AMOUNT AND RATE SCHEDULE (as applicable)
 - REIMBURSABLE EXPENSES, if any (with "not to exceed" amount)
 8. ATTACHMENTS: A: Task Order Scope of Services B (if any): _____
-

I hereby authorize the performance of the work described in this Task Order.

I hereby acknowledge receipt and acceptance of this Task Order and warrant that I have authority to sign on behalf of Consultant.

APPROVED:
CITY OF PALO ALTO

APPROVED:
COMPANY NAME: _____

BY: _____
Name _____
Title _____
Date _____

BY: _____
Name _____
Title _____
Date _____

EXHIBIT B

SCHEDULE OF PERFORMANCE

CONSULTANT shall perform the Services so as to complete each milestone within the number of days/weeks specified in the table 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.

Milestones	Correlation to Exhibit A (Scope of Services)	Completion No. of Days from NTP
1. Consultant will work with the Client’s designated Project Manager to facilitate a Kick-Off Meeting and prepare themselves and the Client’s project team for data gathering and the upcoming workshop activities.	Task 1.1 – 2.6	20 days
2. Kick-off Meeting and selection of Pilot Project building	Task 1.1 – 2.6	40 days
3. Pre workshop Preparation: Data gathering and review for workshop, review of ADA Transition plan, decision support processes, capital plans, capital work reports, assessment reports, and other information that will be beneficial to the project outcomes. Software installation requirements will be reviewed during the Kick-Off meeting, and access to DSI online Capital Predictor Enterprise resources will be provided.	Task 1.1 – 2.6	70 Days
4. Assessment of Pilot Project Building for both Facility Condition Assessment and Electrification Assessment	Task 1.1 – 2.6	100 Days
5. Pilot Project Draft Report of Deliverables for FCA and EA	Task 1.1 -4.1	120 Days
6. Pilot Project Final Approval	Task 1.1 -4.1	130 Days
7. Full Assessment of all Buildings, for Facility Condition Assessment scope	Task 1.1 – 1.19	180 Days
8. Full Assessment of all buildings per Electrification Assessment Scope	Task 2.1 – 2.6	190 Days
9. Asset Inventory Report and Asset Tagging	Task 1.1 – 1.19	220 Days
10. Draft final report of Facility Condition Assessment and electrification assessment	Task 4.1	250 Days
11. Lifecycle Model Training and Model Building Workshop using Brightly (formerly Dude Solutions) capital predictor software	Task 3.1 – 3.5	275 Days
12. Final report of Facility Condition Assessment and electrification assessment	Task 4.1	300 Days
13. Consultant to provide final report for Council	Task 1.1 – 4.1	360 Days

☒ Optional Schedule of Performance Provision for On-Call or Additional Services Agreements.

(This provision only applies if checked and only applies to on-call agreements per Section 1 or agreements with Additional Services per Section 4.)

The schedule of performance shall be as provided in the approved Task Order, as detailed in Section 1 (Scope of Services) in the case of on-call Services, or as detailed in Section 4 in the case of Additional Services, provided in all cases that the schedule of performance shall fall within the term as provided in Section 2 (Term) of this Agreement.

EXHIBIT C COMPENSATION

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

CITY's Project Manager may approve in writing the transfer of budget amounts between any of the tasks or categories listed below, provided that the total compensation for the Services, including any specified reimbursable expenses, and the total compensation for Additional Services (if any, per Section 4 of the Agreement) do not exceed the amounts set forth in Section 4 of this Agreement.

CONSULTANT agrees to complete all Services, any specified reimbursable expenses, and Additional Services (if any, per Section 4), within this/these amount(s). Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth in this Agreement shall be at no cost to the CITY.

BUDGET SCHEDULE

TASK	Correlation to Exhibit A (Scope of Services)	NOT TO EXCEED AMOUNT
Facility Condition Assessment and Report		
Pilot Program: CONSULTANT will perform an assessment of a single building and prepare a written Draft Report for review that meets the scope of work for both the FCA and EA.	Task 1.1 – 2.6	\$30,000.00
CONSULTANT Assessment Team will conduct a walk-through survey of all facilities and site to observe systems and components, identify physical deficiencies, and formulate recommendations to remedy the physical deficiencies, perform inventory and barcoding per the scope of work.	Task 1.1 – 2.6	\$111,889.00
Delivery of all Facility Condition Assessment reports per the scope of work.	Task 4.1	\$100,000.00
Electrification Assessment and Planning		
Perform the electrification assessment and planning at the facilities with GHG consuming equipment per the scope of work.	Task 2.1 – 2.6	\$30,000.00
Delivery of the Electrification Assessment reports per the scope of work.	Task 4.1	\$22,940.00
Capital Planning Software		
Consultant use of CPS per Exhibit A (Scope of Services)	Task 3.1 - 3.5	\$19,400.00
Year 1: Prorated license fee (11/1/22-6/30/22)	Task 3.1 – 3.5	\$12,843.00
Subtotal for Services		\$327,072.00
Reimbursable Expenses (if any)		\$0
Total for Services and Reimbursable Expenses		\$327,072.00
Additional Services (if any per Section 4)		\$32,707.00
Maximum Total Compensation		\$359,779.00

REIMBURSABLE EXPENSES

CONSULTANT'S ordinary business expenses, such as administrative, overhead, administrative support time/overtime, information systems, software and hardware, photocopying, telecommunications (telephone, internet), in-house printing, insurance and other ordinary business expenses, are included within the scope of payment for Services and are not reimbursable expenses hereunder.

Reimbursable expenses, if any are specified as reimbursable under this section, will be reimbursed at actual cost. The expenses (by type, e.g. travel) for which CONSULTANT will be reimbursed are: **NONE** up to the not-to-exceed amount of: **\$0.00**.

**EXHIBIT C-1
SCHEDULE OF RATES**

CONSULTANT's schedule of rates is as follows:

Team Role	Hourly Rate
Project Executive	\$ 175.00
Program Manager	\$ 135.00
Project Manager I/Assessor	\$ 115.00
Project Manager II/Assessor/CASp	\$ 125.00
Quality Control Manager	\$ 135.00
Technical Report Reviewer	\$ 105.00
Administrative	\$ 60.00

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.

REQUIRED	TYPE OF COVERAGE	REQUIREMENT	MINIMUM LIMITS	
			EACH OCCURRENCE	AGGREGATE
YES YES	WORKER'S COMPENSATION EMPLOYER'S LIABILITY	STATUTORY STATUTORY		
YES	GENERAL LIABILITY, INCLUDING PERSONAL INJURY, BROAD FORM PROPERTY DAMAGE BLANKET CONTRACTUAL, AND FIRE LEGAL LIABILITY	BODILY INJURY PROPERTY DAMAGE BODILY INJURY & PROPERTY DAMAGE COMBINED.	\$1,000,000 \$1,000,000 \$1,000,000	\$1,000,000 \$1,000,000 \$1,000,000
YES	AUTOMOBILE LIABILITY, INCLUDING ALL OWNED, HIRED, NON-OWNED	BODILY INJURY - EACH PERSON - EACH OCCURRENCE PROPERTY DAMAGE BODILY INJURY AND PROPERTY DAMAGE, COMBINED	\$1,000,000 \$1,000,000 \$1,000,000 \$1,000,000 \$1,000,000	\$1,000,000 \$1,000,000 \$1,000,000 \$1,000,000 \$1,000,000
YES	TECHNOLOGY ERRORS AND OMISSIONS LIABILITY COVERAGE. THE POLICY SHALL AT A MINIMUM COVER PROFESSIONAL MISCONDUCT OR LACK OF REQUISITE SKILL FOR THE PERFORMANCE OF SERVICES DEFINED IN THE CONTRACT AND SHALL ALSO PROVIDE COVERAGE FOR THE FOLLOWING RISKS: (i) NETWORK SECURITY LIABILITY ARISING FROM UNAUTHORIZED ACCESS TO, USE OF, OR TAMPERING WITH COMPUTERS OR COMPUTER SYSTEMS, INCLUDING HACKERS, EXTORTION, AND (ii) LIABILITY ARISING FROM INTRODUCTION OF ANY FORM OF MALICIOUS SOFTWARE INCLUDING COMPUTER VIRUSES INTO, OR OTHERWISE CAUSING DAMAGE TO THE CITY'S OR THIRD PERSON'S COMPUTER, COMPUTER SYSTEM, NETWORK, OR SIMILAR COMPUTER RELATED PROPERTY AND THE DATA, SOFTWARE AND PROGRAMS THEREON. CONTRACTOR SHALL MAINTAIN IN FORCE DURING THE FULL LIFE OF THE CONTRACT. THE POLICY SHALL PROVIDE COVERAGE FOR BREACH RESPONSE COSTS AS WELL AS REGULATORY FINES AND PENALTIES AS WELL AS CREDIT MONITORING EXPENSES WITH LIMITS SUFFICIENT TO RESPOND TO THESE OBLIGATIONS.	ALL DAMAGES	\$2,000,000	\$2,000,000

YES	CYBER AND PRIVACY INSURANCE. SUCH INSURANCE SHALL INCLUDE COVERAGE FOR LIABILITY ARISING FROM COVERAGE IN AN AMOUNT SUFFICIENT TO COVER THE FULL REPLACEMENT VALUE OF DAMAGE TO, ALTERATION OF, LOSS OF, THEFT, DISSEMINATION OR DESTRUCTION OF ELECTRONIC DATA AND/OR USE OF CONFIDENTIAL INFORMATION, “PROPERTY” OF THE CITY OF PALO ALTO THAT WILL BE IN THE CARE, CUSTODY, OR CONTROL OF VENDOR, INFORMATION INCLUDING BUT NOT LIMITED TO, BANK AND CREDIT CARD ACCOUNT INFORMATION OR PERSONAL INFORMATION, SUCH AS NAME, ADDRESS, SOCIAL SECURITY NUMBERS, PROTECTED HEALTH INFORMATION OR OTHER PERSONAL IDENTIFICATION INFORMATION, STORED OR TRANSMITTED IN ELECTRONIC FORM.	ALL DAMAGES	\$2,000,000	\$2,000,000
NO	PROFESSIONAL LIABILITY, INCLUDING, ERRORS AND OMISSIONS, MALPRACTICE (WHEN APPLICABLE), AND NEGLIGENT PERFORMANCE	ALL DAMAGES	\$1,000,000	
YES	THE CITY OF PALO ALTO IS TO BE NAMED AS AN ADDITIONAL INSURED: CONTRACTOR, 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 CONTRACTOR AND ITS SUBCONTRACTORS, IF ANY, BUT ALSO, WITH THE EXCEPTION OF WORKERS’ COMPENSATION, EMPLOYER’S LIABILITY AND PROFESSIONAL INSURANCE, NAMING AS ADDITIONAL INSURED CITY, ITS COUNCIL MEMBERS, OFFICERS, AGENTS, AND EMPLOYEES.			

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 CERTIFICATE(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 INSURED:

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 INSURED.

B. CROSS LIABILITY

THE NAMING OF MORE THAN ONE PERSON, FIRM, OR CORPORATION AS INSURED 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 INSURED, 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

DIR REGISTRATION FOR PUBLIC WORKS CONTRACTS

This Exhibit shall apply only to a contract for public works construction, alteration, demolition, repair or maintenance work, CITY will not accept a bid proposal from or enter into this Agreement with CONSULTANT without proof that CONSULTANT and its listed subcontractors are registered with the California Department of Industrial Relations (“DIR”) to perform public work, subject to limited exceptions. City requires CONSULTANT and its listed subcontractors, if any, to comply with all applicable requirements of the California Labor Code including but not limited to Labor Code Sections 1720 through 1861, and all applicable related regulations, including but not limited to Subchapter 3, Title 8 of the California Code of Regulations Section 16000 et seq., as amended from time to time. This Exhibit E applies in addition to the provisions of Section 26 (Prevailing Wages and DIR Registration for Public Works Contracts) of the Agreement.

CITY provides notice to CONSULTANT of the requirements of California Labor Code Section 1771.1(a), which reads:

“A contractor or subcontractor shall not be qualified to bid on, be listed in a bid proposal, subject to the requirements of Section 4104 of the Public Contract Code, or engage in the performance of any contract for public work, as defined in this chapter, unless currently registered and qualified to perform public work pursuant to Section 1725.5. It is not a violation of this section for an unregistered contractor to submit a bid that is authorized by Section 7029.1 of the Business and Professions Code or Section 10164 or 20103.5 of the Public Contract Code, provided the contractor is registered to perform public work pursuant to Section 1725.5 at the time the contract is awarded.”

This Project is subject to compliance monitoring and enforcement by DIR. All contractors must be registered with DIR per Labor Code Section 1725.5 in order to submit a bid. All subcontractors must also be registered with DIR. No contractor or subcontractor may be awarded a contract for public work on a public works project unless registered with DIR. Additional information regarding public works and prevailing wage requirements is available on the DIR web site (see e.g. <http://www.dir.ca.gov>) as amended from time to time.

CITY gives notice to CONSULTANT and its listed subcontractors that CONSULTANT is required to post all job site notices prescribed by law or regulation.

CONSULTANT shall furnish certified payroll records directly to the Labor Commissioner (DIR) in accordance with Subchapter 3, Title 8 of the California Code of Regulations Section 16461 (8 CCR Section 16461).

CITY requires CONSULTANT and its listed subcontractors to comply with the requirements of Labor Code Section 1776, including but not limited to:

Keep accurate payroll records, showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by, respectively, CONSULTANT and its listed subcontractors, in connection with the Project.

The payroll records shall be verified as true and correct and shall be certified and made available for inspection at all reasonable hours at the principal office of CONSULTANT and its listed subcontractors, respectively.

At the request of CITY, acting by its Project Manager, CONSULTANT and its listed subcontractors shall make the certified payroll records available for inspection or furnished upon request to the CITY Project Manager within ten (10) days of receipt of CITY's request.

☐ CITY requests CONSULTANT and its listed subcontractors to submit the certified payroll records to CITY's Project Manager at the end of each week during the Project.

If the certified payroll records are not provided as required within the 10-day period, then CONSULTANT and its listed subcontractors shall be subject to a penalty of one hundred dollars (\$100.00) per calendar day, or portion thereof, for each worker, and CITY shall withhold the sum total of penalties from the progress payment(s) then due and payable to CONSULTANT.

Inform CITY's Project Manager of the location of CONSULTANT's and its listed subcontractors' payroll records (street address, city and county) at the commencement of the Project, and also provide notice to CITY's Project Manager within five (5) business days of any change of location of those payroll records.

Eight (8) hours labor constitutes a legal day's work. CONSULTANT shall forfeit as a penalty to CITY, \$25.00 for each worker employed in the execution of the Agreement by CONSULTANT or any subcontractor for each calendar day during which such worker is required or permitted to work more than eight (8) hours in any one calendar day or forty (40) hours in any one calendar week in violation of the provisions of the Labor Code, and in particular, Sections 1810 through 1815 thereof, except that work performed by employees of CONSULTANT or any subcontractor in excess of eight (8) hours per day, or forty (40) hours during any one week, shall be permitted upon compensation for all hours worked in excess of eight (8) hours per day, or forty (40) hours per week, at not less than one and one-half (1&1/2) times the basic rate of pay, as provided in Section 1815.

CONSULTANT shall secure the payment of workers' compensation to its employees as provided in Labor Code Sections 1860 and 3700 (Labor Code 1861). CONSULTANT shall sign and file with the CITY a statutorily prescribed statement acknowledging its obligation to secure the payment of workers' compensation to its employees before beginning work (Labor Code 1861). CONSULTANT shall post job site notices per regulation (Labor Code 1771.4(a)(2)).

CONSULTANT shall comply with the statutory requirements regarding employment of apprentices including without limitation Labor Code Section 1777.5. The statutory provisions will be enforced for penalties for failure to pay prevailing wages and for failure to comply with wage and hour laws.

ATTACHMENT F

CYBERSECURITY TERMS AND CONDITIONS

In order to assure the privacy and security of the personal information of the City's customers and people who do business with the City, including, without limitation, vendors, utility customers, library patrons, and other individuals and companies, who are required to share such information with the City, as a condition of receiving services from the City or selling goods and services to the City, including, without limitation, the Software as a Service services provider (the "Consultant") and its subcontractors, if any, including, without limitation, any Information Technology ("IT") infrastructure services provider, shall design, install, provide, and maintain a secure IT environment, described below, while it renders and performs the Services and furnishes goods, if any, described in the Statement of Work, Exhibit B, to the extent any scope of work implicates the confidentiality and privacy of the personal information of the City's customers. The Consultant shall fulfill the data and information security requirements (the "Requirements") set forth in Part A below.

A "secure IT environment" includes (a) the IT infrastructure, by which the Services are provided to the City, including connection to the City's IT systems; (b) the Consultant's operations and maintenance processes needed to support the 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. "IT infrastructure" refers to the integrated framework, including, without limitation, data centers, computers, and database management devices, upon which digital networks operate.

In the event that, after the Effective Date, the Consultant reasonably determines that it cannot fulfill the Requirements, the Consultant shall promptly inform the City of its determination and submit, in writing, one or more alternate countermeasure options to the Requirements (the "Alternate Requirements" as set forth in Part B), which may be accepted or rejected in the reasonable satisfaction of the Information Security Manager (the "ISM").

Part A. Requirements:

The Consultant shall at all times during the term of any contract between the City and the Consultant:

- (a) Appoint or designate an employee, preferably an executive officer, as the security liaison to the City with respect to the Services to be performed under this Agreement.
- (b) Comply with the City's Information Privacy Policy if such policy is an incorporated attachment to the Agreement.
- (c) Have adopted and implemented information security and privacy policies that are documented, are accessible to the City, and conform to ISO 27001/2 – Information Security Management Systems (ISMS) Standards. See the following:
http://www.iso.org/iso/home/store/catalogue_tc/catalogue_detail.htm?csnumber=42103
http://www.iso.org/iso/catalogue/catalogue_tc/catalogue_detail.htm?csnumber=50297
- (d) Conduct routine data and information security compliance training of its personnel that is appropriate to their role.
- (e) Develop and maintain detailed documentation of the IT infrastructure, including software versions and patch levels.

- (f) Develop an independently verifiable process, consistent with industry standards, for performing professional and criminal background checks of its employees that (1) would permit verification of employees' personal identity and employment status, and (2) would enable the immediate denial of access to the City's confidential data and information by any of its employees who no longer would require access to that information or who are terminated.
- (g) Provide a list of IT infrastructure components in order to verify whether the Consultant has met or has failed to meet any objective terms and conditions.
- (h) Implement access accountability (identification and authentication) architecture and support role-based access control ("RBAC") and segregation of duties ("SoD") mechanisms for all personnel, systems, and Software used to provide the Services. "RBAC" refers to a computer systems security approach to restricting access only to authorized users. "SoD" is an approach that would require more than one individual to complete a security task in order to promote the detection and prevention of fraud and errors.
- (i) Assist the City in undertaking annually an assessment to assure that: (1) all elements of the Services' environment design and deployment are known to the City, and (2) it has implemented measures in accordance with industry best practices applicable to secure coding and secure IT architecture.
- (j) Provide and maintain secure intersystem communication paths that would ensure the confidentiality, integrity, and availability of the City's information.
- (k) Deploy and maintain IT system upgrades, patches and configurations conforming to current patch and/or release levels by not later than one (1) week after its date of release. Emergency security patches must be installed within 24 hours after its date of release.
- (l) Provide for the timely detection of, response to, and the reporting of security incidents, including on-going incident monitoring with logging.
- (m) Notify the City within one (1) hour of detecting a security incident that results in the unauthorized access to or the misuse of the City's confidential data and information.
- (n) Inform the City that any third party service provider(s) meet(s) all of the Requirements.
- (o) Perform security self-audits on a regular basis and not less frequently than on a quarterly basis, and provide the required summary reports of those self-audits to the ISM on the annual anniversary date or any other date agreed to by the Parties.
- (p) Accommodate, as practicable, and upon reasonable prior notice by the City, the City's performance of random site security audits at the Consultant's site(s), including the site(s) of a third-party service provider(s), as applicable. The scope of these audits will extend to the Consultant's and its third-party service provider(s)' awareness of security policies and practices, systems configurations, access authentication and authorization, and incident detection and response.
- (q) Cooperate with the City to ensure that to the extent required by applicable laws, rules and regulations, and the Confidential Information will be accessible only by the Consultant and any authorized third-party service provider's personnel.
- (r) Perform regular, reliable secured backups of all data needed to maximize the availability of the Services. Adequately encrypt the City of Palo Alto's data, during the operational process, hosted at rest, and the backup stage at the Vendors' environment (including Vendor's contracting organization's environment).

- (s) Maintain records relating to the Services for a period of three (3) years after the expiration or earlier termination of this Agreement and in a mutually agreeable storage medium. Within thirty (30) days after the effective date of expiration or earlier termination of this Agreement, all of those records relating to the performance of the Services shall be provided to the ISM.
- (t) Maintain the Confidential Information in accordance with applicable federal, state, and local data and information privacy laws, rules, and regulations.
- (u) Encrypt the Confidential Information before delivering the same by electronic mail to the City and or any authorized recipient.
- (v) Provide Network Layer IP filtering services to allow access only from the City of Palo Alto's IP address to the Vendor environment (primarily hosted for the City of Palo Alto).
- (w) Offer a robust disaster recovery and business continuity (DR-BCP) solutions to the City for the systems and services the Vendor provides to the City.
- (x) Provide and support Single Sign-on (SSO) and Multifactor Authentication (MFA) solutions for authentication and authorization services from the "City's environment to the Vendor's environment," and Vendor's environment to the Vendor's cloud services/hosted environment." The Vendor shall allow two employees of the City to have superuser and super-admin access to the Vendor's IT environment, and a cloud-hosted IT environment belongs to the City.
- (y) Unless otherwise addressed in the Agreement, shall not hold the City liable for any direct, indirect or punitive damages whatsoever including, without limitation, damages for loss of use, data or profits, arising out of or in any way connected with the City's IT environment, including, without limitation, IT infrastructure communications.
- (z) The Vendor must provide evidence of valid cyber liability insurance policy per the City's EXHIBIT "D" INSURANCE REQUIREMENTS.

APPENDIX A - PE-20002
FACILITY CONDITION ASSESSMENT AND ASSET INVENTORY BUILDING LIST

Asset Name	Asset ID	BLDG (FT^2)	Year Built	Address	Facility (BUILDINGS)	Facility (PARKING GARAGES)	Inventory and Asset tagging
Alma Community Room	11-BLDG-ACR	200			200	0	0
Animal Services Center: Euthanasia Building	112-BLDG-ASC-EB	203	1986	3281 E. Bayshore Rd.	203	0	0
Animal Services Center: Kitchen/Kennels/Storage	113-BLDG-ASC-KKS	3,268	1972	3281 E. Bayshore Rd.	3268	0	3268
Animal Services Center: Modular Building	114-BLDG-ASC-MOB	2,160	2019	3281 E. Bayshore Rd.	2160	0	2160
Animal Services Center: Office/Clinic	1-BLDG-ASC-OC	2,186	1972	3281 E. Bayshore Rd.	2186	0	2186
Arastradero Preserve Gateway Facility	9-BLDG-APB	969	2003	1530 Arastradero Rd.	1000	0	1000
Art Center	94-BLDG-ART	26,441	2011	1313 Newell Rd.	26441	0	26441
Avenidas Senior Center and Garden Room	103-BLDG-SC	18,925	1927	450 Bryant St.	18925	0	18925
Baylands Athletic Center Grandstands	115-BLDG-BACG	2,250	1969	1900 Geng Rd.	2250	0	2250
Baylands Athletic Center Restroom	4-BLDG-BAC	2,250	1969	1900 Geng Rd.	2250	0	2250
Baylands Duck Pond Storage	116-BLDG-DPS	364	1969	2500 Embarcadero Rd.	364	0	0
Baylands Harbor Master Storage Shed	117-BLDG-HMSS	200	1969	2500 Embarcadero Rd.	200	0	0
Baylands Interpretive Center	5-BLDG-BIC	3,600	1969	2775 Embarcadero Rd.	3600	0	3600
Baylands Ranger Station	62-BLDG-BRS	475	1986	2500 Embarcadero Rd.	475	0	0
Baylands Sea Scout Building	118-BLDG-SSB	2,209	2012	2560 Embarcadero Rd.	2209	0	2209
Byxbee Park Restroom	8-BLDG-BYX	568	1972	2380 Embarcadero Rd.	568	0	0
Cambridge Parking Garage	100-BLDG-PGC	57,830	1968	475 Cambridge St.	0	57830	57830
Childrens Library	12-BLDG-CL	6,043	2007	1275 Harriet St.	6043	0	6043
Civic Center Office Building	10-BLDG-CCOB	140,357	1968	250 Hamilton Ave.	140357	0	140357
Civic Center Parking Garage	135-BLDG-CCPG	251,508	1970	250 Hamilton Ave.	0	251508	251508
College Terrace Library	14-BLDG-CTL	5,050	2010	2300 Wellesley St.	5050	0	5050
Cubberley Building A	17-BLDG-CUBBA	5,400	1955	4000 Middlefield Rd.	5400	0	0
Cubberley Building B	18-BLDG-CUBBB	5,400	1955	4000 Middlefield Rd.	5400	0	0
Cubberley Building C	19-BLDG-CUBBC	5,400	1955	4000 Middlefield Rd.	5400	0	5400
Cubberley Building D	20-BLDG-CUBBD	5,400	1955	4000 Middlefield Rd.	5400	0	5400
Cubberley Building E	22-BLDG-CUBBE	5,400	1955	4000 Middlefield Rd.	5400	0	5400
Cubberley Building F	23-BLDG-CUBBF	5,400	1955	4000 Middlefield Rd.	5400	0	5400
Cubberley Building FH	24-BLDG-CUBBFH	1,000	1968	4000 Middlefield Rd.	1000	0	1000
Cubberley Building G	97-BLDG-CUBBG	1,500	1968	4000 Middlefield Rd.	1500	0	0
Cubberley Building H	27-BLDG-CUBBH	8,115	1955	4000 Middlefield Rd.	8115	0	0
Cubberley Building I (Foothill College)	28-BLDG-CUBBI	13,575	1968	4000 Middlefield Rd.	13575	0	0
Cubberley Building J	40-BLDG-CUBBJ	7,875	1955	4000 Middlefield Rd.	7875	0	7875
Cubberley Building K	30-BLDG-CUBBK	7,875	1955	4000 Middlefield Rd.	7875	0	7875
Cubberley Building L	31-BLDG-CUBBL	14,415	1955	4000 Middlefield Rd.	14415	0	14415
Cubberley Building M2	32-BLDG-CUBB-M2	4,000	1968	4000 Middlefield Rd.	4000	0	0
Cubberley Building M3	33-BLDG-CUBB-M3	3,900	1968	4000 Middlefield Rd.	3900	0	0
Cubberley Building M4	34-BLDG-CUBB-M4	3,900	1968	4000 Middlefield Rd.	3900	0	0
Cubberley Building P	35-BLDG-CUBB-P	3,610	1968	4000 Middlefield Rd.	3610	0	3610
Cubberley Building S	37-BLDG-CUBB-S	5,650	1945	4000 Middlefield Rd.	5650	0	0
Cubberley Building T1	38-BLDG-CUBB-T1	4,025	1945	4000 Middlefield Rd.	4025	0	0
Cubberley Building T2	39-BLDG-CUBB-T2	4,025	1945	4000 Middlefield Rd.	4025	0	0
Cubberley Building U	42-BLDG-CUBB-U	4,865	1945	4000 Middlefield Rd.	4865	0	4865
Cubberley Building V	43-BLDG-CUBB-V	1,000	1968	4000 Middlefield Rd.	1000	0	1000
Cubberley Covered Walkways	16-BLDG-CUBBCW	5,000	1968	4000 Middlefield Rd.	5000	0	5000
Cubberley Gym A	26-BLDG-CUBBGA	14,074	1945	4000 Middlefield Rd.	14074	0	14074
Cubberley Gym B	25-BLDG-CUBBGB	14,074	1945	4000 Middlefield Rd.	14074	0	14074
Cubberley Multi Use Auditorium	98-BLDG-CUBB-MULTI	13,790	1945	4000 Middlefield Rd.	13790	0	13790
Cubberley Pavilion	36-BLDG-CUBB-PAV	17,577	1968	4000 Middlefield Rd.	17577	0	17577
Cubberley Theater	41-BLDG-CUBB-TH	11,800	1945	4000 Middlefield Rd.	11800	0	11800
Downtown Library	46-BLDG-DL	8,741	2011	270 Forest Ave.	8741	0	8741
El Camino Park Restroom	47-BLDG-ECPR	900	2015	155 El Camino Real	900	0	0
El Camino Park Scorekeeper Facility	121-BLDG-ECPSF	329	2015	155 El Camino Real	329	0	0
Fire Station 1	51-BLDG-FIRE-1	10,436	1965	301 Alma St.	10436	0	10436
Fire Station 2	52-BLDG-FIRE-2	8,131	1965	2675 Hanover St.	8131	0	8131
Fire Station 3	53-BLDG-FIRE-3	6,937	2019	799 Embarcadero Rd.	6937	0	6937
Fire Station 4	54-BLDG-FIRE-4	2,659	1954	3600 middlefield Rd.	2659	0	2659
Fire Station 5	55-BLDG-FIRE-5	3,666	1962	600 Arastradero Rd.	3666	0	3666
Fire Station 6	56-BLDG-FIRE-6	1,500			1500	0	0
Fire Station 8	57-BLDG-FIRE-8	1,569	1986	3300 Page Mill Rd.	1569	0	1569
Foothills Park Equipment and Storage Building Garage	123-BLDG-FPESBG	2,624	1975	3300 Page Mill Rd.	2624	0	2624
Foothills Park Entrance Station	122-BLDG-FPES	71	1985	3300 Page Mill Rd.	0	0	0
Foothills Park Covered Equipment Storage	124-BLDG-FPCES	2,928	1968	3300 Page Mill Rd.	2928	0	2928
Foothills Park Covered Storage	125-BLDG-FPCS	710	1968	3300 Page Mill Rd.	710	0	0
Foothills Park Interpretive Center	58-BLDG-FPIC	5,035	1967	3300 Page Mill Rd.	5035	0	5035
Foothills Park Lake Restroom	86-BLDG-FPLR	422	1965	3300 Page Mill Rd.	422	0	0
Foothills Park Maintenance Building	48-BLDG-FPMB	3,414	1968	3300 Page Mill Rd.	3414	0	3414

APPENDIX A - PE-20002
FACILITY CONDITION ASSESSMENT AND ASSET INVENTORY BUILDING LIST

Foothills Park Oak Grove Restroom	88-BLDG-FPOGR	70	1965	3300 Page Mill Rd.	70	0	0
Foothills Park Orchard Glen Restroom	87-BLDG-FPORGR	422	1965	3300 Page Mill Rd.	422	0	0
Gamble Garden Center	126-BLDG-GGC	8,200	1987	1431 Waverley St.	8200	0	8200
Girl Scouts Building	134-BLDG-GSB	6,000	1932	1305 Middlefield Rd.	6000	0	6000
Golf Course Workshop	45-BLDG-GCWS	905	1958	1875 Embarcadero Rd.	905	0	0
Golf Course Office	128-BLDG-GCO	2,288	1958	1875 Embarcadero Rd.	2288	0	2288
Golf Course Restroom(12th Hole)	129-BLDG-GCRR	300	2018	1875 Embarcadero Rd.	300	0	0
Golf Course Pro Shop & Restaurant	59-BLDG-GCPSR	8,516	1986	1875 Embarcadero Rd.	8516	0	8516
Golf Course Storage	127-BLDG-GCS	397	1958	1875 Embarcadero Rd.	397	0	0
Greenwaste Office Building	130-BLDG-GOB	2,256	2007	2000 Geng Rd.	2256	0	2256
Greenwaste Garage	131-BLDG-GG	1,560	1950	2000 Geng Rd.	1560	0	1560
Greenwaste Storage	132-BLDG-GG	480	1950	2000 Geng Rd.	480	0	0
Greenwaste Workshop	133-BLDG-GW	750	1950	2000 Geng Rd.	750	0	0
Greer Park Restroom	49-BLDG-GPR	597	1983	1098 Amarillo Ave.	597	0	0
Hoover Park Restroom	70-BLDG-HOO	500		2901 Cowper St.	500	0	0
Juana Briones Park Restroom	7-BLDG-BRI	129	2014	609 Maybell Ave.	129	0	0
Junior Museum and Zoo	64-BLDG-JM	11,955	1941	1451 Middlefield Rd.	11955	0	11955
Landfill Buildings/Sheds	65-BLDG-LAND	1,716	2012	2380 Embarcadero Rd.	1716	0	1716
Lawn Bowling Green Clubhouse	106-BLDG-LBG	2,400	2010	474 Embarcadero Rd.	2400	0	2400
Lawn Bowling Green Restrooms	136-BLDG-LBGRR	1,210	2010	474 Embarcadero Rd.	1210	0	1210
Lot J Parking Garage	101-BLDG-PGJ	269,138	2007	520 Webster St.	0	269138	269138
Lot Q Parking Garage	67-BLDG-PGQ	48,000	1984	430 High St.	0	48000	48000
Lot R Parking Garage	74-BLDG-PGR	93,930	2003	528 High St.	0	93930	93930
Lot S/L Parking Garage (Bryant Street)	75-BLDG-PGSL	229,380	2003	445 Bryant St.	0	229380	229380
Lucie Stern Childrens Theater	13-BLDG-LSCHT	17,619	1936	1305 Middlefield Rd.	17619	0	17619
Lucie Stern Childrens Theater Storage Shed	119-BLDG-LSCHTS	569	1932	1305 Middlefield Rd.	569	0	0
Lucie Stern Community Center	68-BLDG-LSCC	12,203	1933	1305 Middlefield Rd.	12203	0	12203
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Mitchell Park Childrens Restroom	80-BLDG-MPCR	385		600 E. Meadow Dr.	385	0	0
Mitchell Park Community Center - Bldg B	91-BLDG-MPCC-B	10,400	2014	3700 Middlefield Rd.	10400	0	10400
Mitchell Park Community Center - Bldg C	92-BLDG-MPCC-C	4,600	2014	3700 Middlefield Rd.	4600	0	4600
Mitchell Park Field House Restroom	108-BLDG-MPFHR	1,078	1957	600 E. Meadow Dr.	1078	0	1078
Mitchell Park Library	93-BLDG-MPL	41,000	2014	3700 Middlefield Rd.	41000	0	41000
Mitchell Park Tennis Court Restroom	109-BLDG-MPTCR	306	1956	600 E. Meadow Dr.	306	0	0
Mitchell Park Storage/Pool Filter Facility	138-BLDG-MPS	1,255	1957	600 E. Meadow Dr.	1255	0	1255
Municipal Service Center Building A	76-BLDG-MSC-A	29,157	1966	3201 E Bayshore Rd.	29157	0	29157
Municipal Service Center Building B	77-BLDG-MSC-B	24,777	1966	3201 E Bayshore Rd.	24777	0	24777
Municipal Service Center Building C	78-BLDG-MSC-C	38,152	1966	3201 E Bayshore Rd.	38152	0	38152
Municipal Service Center Facilities Shop	66-BLDG-MSCFS	2,500		3201 E Bayshore Rd.	2500	0	2500
Municipal Service Center Utility Control Center	89-BLDG-UCC	5,488	1980	3241 E Bayshore Rd.	5488	0	5488
Municipal Service Center Yard Buildings	29-BLDG-MSCY	1,603		3201 E Bayshore Rd.	1603	0	1603
Peers Park Field House and Restroom	79-BLDG-PPR	1,082	1940	1899 Park Ave.	1082	0	1082
Rinconada Library	95-BLDG-RL	31,082	2014	1213 Newell Rd.	31082	0	31082
Rinconada Park Restroom	82-BLDG-RINC	465	1930	777 Embarcadero Rd.	465	0	0
Rinconada Park Buildings (Gardeners Shed, Gazebo, Snack Bar)	139-BLDG-RPB	1,173	1957	777 Embarcadero Rd.	1173	0	1173
Rinconada Pool Building	83-BLDG-RP	3,585	1930	777 Embarcadero Rd.	3585	0	3585
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Seale Park Restroom	107-BLDG-SEA	156	2011	3100 Stockton Place	156	0	0
Stanford Palo Alto Community Field Building	81-BLDG-SPACF	969	2006	2700 El Camino Real	969	0	0
Thompson Parking Garage	102-BLDG-PGT	55,000	1994	275 Cambridge St.	0	55000	55000
Ventura Community Center	84-BLDG-VCC	21,481	1957	3990 Ventura Ct.	21481	0	21481
WQCP Operations Building	105-BLDG-WQCP-OB	6,670	1970	2501 Embarcadero Way	6670	0	6670
WQCP Administration Building	140-BLDG-WQCP-AB	3,120	1975	2501 Embarcadero Way	3120	0	3120
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Winter Lodge	143-BLDG-WL	18,118	1956	3005 Middlefield Rd.	18118	0	18118
		1,874,176			869350	1004786	1801375

Modified for City of Palo Alto to match Maintenance Connection Asset Hierarchy

	Modified ASTM UNIFORMAT II		
	Classification of Building Elements for the City of Palo Alto for the Building Assessment		
	Level 1	Level 2	Level 3
	Major Group Elements	Group Elements	Individual Elements
1	A. Structural Systems (SS)	A10 Foundations	A1010 Standard Foundations
			A1020 Special Foundations
			A1030 Slab on Grade
		A20 Basement Construction	A2010 Basement Excavation
			A2020 Basement Walls
2	B. Exterior Envelope Systems (EE)	B10 Superstructure	B1010 Floor Construction
		B20 Exterior Closure	B2010 Exterior Walls
			B2020 Exterior Windows
			B2030 Exterior Doors
3	C. Interior Systems (IS)	C10 Interior Construction	C1010 Partitions
			C1020 Interior Doors
			C1030 Specialty Finishes
		C20 Staircases	C2010 Stair Construction
			C2020 Stair Finishes
		C30 Interior Finishes	C3010 Wall Finishes
			C3020 Floor Finishes
			C3030 Ceiling Finishes
4	D.1 Conveyor Systems	D10 Conveying Systems	D1010 Elevators
			D1020 Escalators and moving walks
			D1030 Material Handling Systems
5	D.2 Plumbing Systems	D20 Plumbing	D2010 Plumbing Fixtures
			D2020 Domestic water Distribution
			D2030 Sanitary Waste
			D2040 Rain water Drainage
			D2050 Special Plumbing Systems
6	D.3 Mechanical Systems	D30 HVAC	D3010 Energy Supply
			D3020 Heat Generating Systems
			D3030 Cool Generating Systems
			D3040 Distribution Systems
			D3050 Terminal and package units
			D3060 Controls and Instrumentation
			D3070 Special HVAC Systems and Equipment
			D3080 Systems Testing and balancing
		G30 Site Civil/Mechanical Utilities	G3040 Heating Distribution
			G3050 Cooling Distribution
7	D.4 Fire Life Safety Systems	D40 Fire Protection	D4010 Fire Protection Sprinkler Systems
			D4020 Stand-pipe and Hose Systems
			D4030 Fire Protection Specialties
			D4040 Special Electrical Systems
			D5030 Communication and Security Systems
8	D.5 Electrical Systems	D50 Electrical	D5010 Electrical Service and Distribution
			D5020 Lighting and Branch Wiring
			D5040 Special Electrical Systems
	E. Equipment and Furnishings...want the	E10 Equipment	E1010 Commercial Equipment

Modified for City of Palo Alto to match Maintenance Connection Asset Hierarchy

	equipment associated with what system it belongs too		E1020 Institutional Equipment
			E1030 Vehicular Equipment
			E1040 Other Equipment
		E20 Furnishings	E2010 Fixed Furnishings
			E2020 Moveable Furnishings
9	F.Other Systems	F10 Special Construction	F1010 Special Structures
			F1020 Integrated Construction
			F1030 Special Construction Systems
			F1040 Special facilities
			F1050 Special Controls and Instrumentation
		F20 Selective Building Demolition	F2010 Building Elements Demolition
			F2020 Hazardous Components Abatement
10	G. Site Work Systems	G10 Site Preparation	G1010 Site Clearing
			G1020 Site Demolition and Relocations
			G1030 Site Earthwork
			G1040 Hazardous Waste Remediation
		G20 Site Improvements	G2010 Roadways (excluded)
			G2020 Parking Lots (exluded)
			G2040 Site Development
			G2050 Landscaping
		G30 Site Civil/Mechanical Utilities	G3010 Water Supply and Distribution Systems
			G3020 Sanitary Sewer Systems
			G3030 Storm Sewer Systems
			G3060 Fuel Distribution
			G3070 Other Civil/Mechanical Utilities
11	H. Roofing Systems	B10 Superstructure	B1020 Roof Construction
		B30 Roofing	B3010 Roof Coverings
			B3020 Roof Openings
12	I. ADA Systems	G20 Site Improvements	G2030 Pedestrian Paving
		C30 Interior Finishes	C1030 Specialty Finishes for ADA

* Note: All level 4 classifications that fall under their corresponding Level 3, classes will roll up to the Level 1 classification in Column B

FACILITY CONDITION ASSESSMENT AND ASSET INVENTORY BUILDING LIST

Asset Name	Asset ID	BLDG (FT^2)	Year Built	Address	Facility (BUILDINGS)	Facility (PARKING GARAGES)	Inventory and Asset tagging
Alma Community Room	11-BLDG-ACR	200			200	0	0
Animal Services Center: Euthanasia Building	112-BLDG-ASC-EB	203	1986	3281 E. Bayshore Rd.	203	0	0
Animal Services Center: Kitchen/Kennels/Storage	113-BLDG-ASC-KKS	3,268	1972	3281 E. Bayshore Rd.	3268	0	3268
Animal Services Center: Modular Building	114-BLDG-ASC-MOB	2,160	2019	3281 E. Bayshore Rd.	2160	0	2160
Animal Services Center: Office/Clinic	1-BLDG-ASC-OC	2,186	1972	3281 E. Bayshore Rd.	2186	0	2186
Arastradero Preserve Gateway Facility	9-BLDG-APB	969	2003	1530 Arastradero Rd.	1000	0	1000
Art Center	94-BLDG-ART	26,441	2011	1313 Newell Rd.	26441	0	26441
Avenidas Senior Center and Garden Room	103-BLDG-SC	18,925	1927	450 Bryant St.	18925	0	18925
Baylands Athletic Center Grandstands	115-BLDG-BACG	2,250	1969	1900 Geng Rd.	2250	0	2250
Baylands Athletic Center Restroom	4-BLDG-BAC	2,250	1969	1900 Geng Rd.	2250	0	2250
Baylands Duck Pond Storage	116-BLDG-DPS	364	1969	2500 Embarcadero Rd.	364	0	0
Baylands Harbor Master Storage Shed	117-BLDG-HMSS	200	1969	2500 Embarcadero Rd.	200	0	0
Baylands Interpretive Center	5-BLDG-BIC	3,600	1969	2775 Embarcadero Rd.	3600	0	3600
Baylands Ranger Station	62-BLDG-BRS	475	1986	2500 Embarcadero Rd.	475	0	0
Baylands Sea Scout Building	118-BLDG-SSB	2,209	2012	2560 Embarcadero Rd.	2209	0	2209
Byxbee Park Restroom	8-BLDG-BYX	568	1972	2380 Embarcadero Rd.	568	0	0
Cambridge Parking Garage	100-BLDG-PGC	57,830	1968	475 Cambridge St.	0	57830	57830
Childrens Library	12-BLDG-CL	6,043	2007	1275 Harriet St.	6043	0	6043
Civic Center Office Building	10-BLDG-CCOB	140,357	1968	250 Hamilton Ave.	140357	0	140357
Civic Center Parking Garage	135-BLDG-CCPG	251,508	1970	250 Hamilton Ave.	0	251508	251508
College Terrace Library	14-BLDG-CTL	5,050	2010	2300 Wellesley St.	5050	0	5050
Cubberley Building A	17-BLDG-CUBBA	5,400	1955	4000 Middlefield Rd.	5400	0	0
Cubberley Building B	18-BLDG-CUBBB	5,400	1955	4000 Middlefield Rd.	5400	0	0
Cubberley Building C	19-BLDG-CUBBC	5,400	1955	4000 Middlefield Rd.	5400	0	5400
Cubberley Building D	20-BLDG-CUBBD	5,400	1955	4000 Middlefield Rd.	5400	0	5400
Cubberley Building E	22-BLDG-CUBBE	5,400	1955	4000 Middlefield Rd.	5400	0	5400
Cubberley Building F	23-BLDG-CUBBF	5,400	1955	4000 Middlefield Rd.	5400	0	5400
Cubberley Building FH	24-BLDG-CUBBFH	1,000	1968	4000 Middlefield Rd.	1000	0	1000
Cubberley Building G	97-BLDG-CUBBG	1,500	1968	4000 Middlefield Rd.	1500	0	0
Cubberley Building H	27-BLDG-CUBBH	8,115	1955	4000 Middlefield Rd.	8115	0	0
Cubberley Building I (Foothill College)	28-BLDG-CUBBI	13,575	1968	4000 Middlefield Rd.	13575	0	0
Cubberley Building J	40-BLDG-CUBBJ	7,875	1955	4000 Middlefield Rd.	7875	0	7875
Cubberley Building K	30-BLDG-CUBBK	7,875	1955	4000 Middlefield Rd.	7875	0	7875
Cubberley Building L	31-BLDG-CUBBL	14,415	1955	4000 Middlefield Rd.	14415	0	14415
Cubberley Building M2	32-BLDG-CUBB-M2	4,000	1968	4000 Middlefield Rd.	4000	0	0
Cubberley Building M3	33-BLDG-CUBB-M3	3,900	1968	4000 Middlefield Rd.	3900	0	0
Cubberley Building M4	34-BLDG-CUBB-M4	3,900	1968	4000 Middlefield Rd.	3900	0	0
Cubberley Building P	35-BLDG-CUBB-P	3,610	1968	4000 Middlefield Rd.	3610	0	3610
Cubberley Building S	37-BLDG-CUBB-S	5,650	1945	4000 Middlefield Rd.	5650	0	0
Cubberley Building T1	38-BLDG-CUBB-T1	4,025	1945	4000 Middlefield Rd.	4025	0	0
Cubberley Building T2	39-BLDG-CUBB-T2	4,025	1945	4000 Middlefield Rd.	4025	0	0
Cubberley Building U	42-BLDG-CUBB-U	4,865	1945	4000 Middlefield Rd.	4865	0	4865
Cubberley Building V	43-BLDG-CUBB-V	1,000	1968	4000 Middlefield Rd.	1000	0	1000
Cubberley Covered Walkways	16-BLDG-CUBBCW	5,000	1968	4000 Middlefield Rd.	5000	0	5000
Cubberley Gym A	26-BLDG-CUBBGA	14,074	1945	4000 Middlefield Rd.	14074	0	14074
Cubberley Gym B	25-BLDG-CUBBGB	14,074	1945	4000 Middlefield Rd.	14074	0	14074
Cubberley Multi Use Auditorium	98-BLDG-CUBB-MULTI	13,790	1945	4000 Middlefield Rd.	13790	0	13790
Cubberley Pavilion	36-BLDG-CUBB-PAV	17,577	1968	4000 Middlefield Rd.	17577	0	17577
Cubberley Theater	41-BLDG-CUBB-TH	11,800	1945	4000 Middlefield Rd.	11800	0	11800
Downtown Library	46-BLDG-DL	8,741	2011	270 Forest Ave.	8741	0	8741
El Camino Park Restroom	47-BLDG-ECPR	900	2015	155 El Camino Real	900	0	0
El Camino Park Scorekeeper Facility	121-BLDG-ECPSF	329	2015	155 El Camino Real	329	0	0
Fire Station 1	51-BLDG-FIRE-1	10,436	1965	301 Alma St.	10436	0	10436
Fire Station 2	52-BLDG-FIRE-2	8,131	1965	2675 Hanover St.	8131	0	8131
Fire Station 3	53-BLDG-FIRE-3	6,937	2019	799 Embarcadero Rd.	6937	0	6937
Fire Station 4	54-BLDG-FIRE-4	2,659	1954	3600 middlefield Rd.	2659	0	2659
Fire Station 5	55-BLDG-FIRE-5	3,666	1962	600 Arastradero Rd.	3666	0	3666
Fire Station 6	56-BLDG-FIRE-6	1,500			1500	0	0
Fire Station 8	57-BLDG-FIRE-8	1,569	1986	3300 Page Mill Rd.	1569	0	1569
Foothills Park Equipment and Storage Building Garage	123-BLDG-FPESBG	2,624	1975	3300 Page Mill Rd.	2624	0	2624
Foothills Park Entrance Station	122-BLDG-FPES	71	1985	3300 Page Mill Rd.	0	0	0
Foothills Park Covered Equipment Storage	124-BLDG-FPCES	2,928	1968	3300 Page Mill Rd.	2928	0	2928
Foothills Park Covered Storage	125-BLDG-FPCS	710	1968	3300 Page Mill Rd.	710	0	0
Foothills Park Interpretive Center	58-BLDG-FPIC	5,035	1967	3300 Page Mill Rd.	5035	0	5035
Foothills Park Lake Restroom	86-BLDG-FPLR	422	1965	3300 Page Mill Rd.	422	0	0
Foothills Park Maintenance Building	48-BLDG-FPMB	3,414	1968	3300 Page Mill Rd.	3414	0	3414

ATTACHMENT B
PE-20002
FACILITY CONDITION ASSESSMENT AND ASSET INVENTORY BUILDING LIST

Foothills Park Oak Grove Restroom	88-BLDG-FPOGR	70	1965	3300 Page Mill Rd.	70	0	0
Foothills Park Orchard Glen Restroom	87-BLDG-FPORGR	422	1965	3300 Page Mill Rd.	422	0	0
Gamble Garden Center	126-BLDG-GGC	8,200	1987	1431 Waverley St.	8200	0	8200
Girl Scouts Building	134-BLDG-GSB	6,000	1932	1305 Middlefield Rd.	6000	0	6000
Golf Course Workshop	45-BLDG-GCWS	905	1958	1875 Embarcadero Rd.	905	0	0
Golf Course Office	128-BLDG-GCO	2,288	1958	1875 Embarcadero Rd.	2288	0	2288
Golf Course Restroom(12th Hole)	129-BLDG-GCRR	300	2018	1875 Embarcadero Rd.	300	0	0
Golf Course Pro Shop & Restaurant	59-BLDG-GCPSR	8,516	1986	1875 Embarcadero Rd.	8516	0	8516
Golf Course Storage	127-BLDG-GCS	397	1958	1875 Embarcadero Rd.	397	0	0
Greenwaste Office Building	130-BLDG-GOB	2,256	2007	2000 Geng Rd.	2256	0	2256
Greenwaste Garage	131-BLDG-GG	1,560	1950	2000 Geng Rd.	1560	0	1560
Greenwaste Storage	132-BLDG-GS	480	1950	2000 Geng Rd.	480	0	0
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Municipal Service Center Building B	77-BLDG-MSC-B	24,777	1966	3201 E Bayshore Rd.	24777	0	24777
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		1,874,176			869350	1004786	1801375



City of Palo Alto City Council Staff Report

(ID # 13915)

Meeting Date: 4/11/2022

Title: Approval of the Economic Recovery Advisory Report as Recommended by the Policy and Services Committee

From: City Manager

Lead Department: City Auditor

Recommendation

Policy & Services Committee, City Auditor and staff recommends that City council review and approve the corresponding report:

- 1) Economic Recovery Advisory report and corresponding recommendations for improvement and approve.

Background

Baker Tilly, in its capacity serving as the Office of the City Auditor (OCA), performed a citywide risk assessment that assessed a wide range of risk areas, including strategic, financial, operational, compliance, technological, and reputation risks. The purpose of the assessment was to identify and prioritize risks to develop the annual audit plan.

During the [FY2021 risk assessment](#), the OCA identified the followings risks which led to this project:

- COVID-19 Response
- Financial Performance/Revenue Generation
- Tax Revenue & Economic Recovery

Discussion

The OCA performed a review of the City's long-term financial planning models and inputs and offer recommendations for improvement. This model is known as the Long Range Financial Forecast (LRFF). This audit activity was conducted in accordance with the [FY2021 Audit Plan approved by City Council](#).

The objectives of the audit activity were to:

- 1) Review the City's long-term financial planning models and inputs and offer recommendations for improvement.
- 2) Identify and evaluate key revenue source categories that present long term risk to the City's financial sustainability and perform scenario analysis.
- 3) Offer ad hoc advisory assistance during the FY22 budget process.

Through the audit activity, the OCA identified four (4) recommendations. The Administrative Services Department concurred or partially concurred with each finding and has drafted responses and action plans for each item.

The Office of City Auditor will perform periodic follow up procedures to validate that those recommendations have been addressed as indicated in management responses.

The analysis, observations, and recommendations are summarized in the attached Economic Recovery Advisory report. Please note that the OCA has attached an additional report, intended to be for informational purposes only (i.e., no recommendations), that was derived as a result of our work on this project. This supplemental report is entitled the Economic Resiliency Review.

The report was unanimously approved by the Policy & Services Committee.

Timeline, Resource Impact, Policy Implications

The timeline for implementation of corrective action plans is identified within the attached report. All corrective actions are scheduled to be implemented by Fall of 2022 as part of the next Long Range Financial Forecast as well as the remaining FY 2023 annual budget process to the extent appropriate.

Stakeholder Engagement

The Office of the City Auditor worked primarily with the Administrative Services Department and engaged with additional stakeholders, including the City Manager's Office and City Attorney's Office, as necessary.

Environmental Review

Environmental review is not applicable to this activity. **Attachments:**

- **Attachment4.a:** Office of the City Auditor - Economic Recovery Advisory - Final Draft
- **Attachment4.b:** Office of the City Auditor - Economic Resiliency Review - Final Draft



City of Palo Alto

Office of the City Auditor
Economic Recovery Advisory
March 15, 2022

Executive Summary

Purpose of the Audit Activity

The purpose of this audit activity was to review the City of Palo Alto's ("City") long-term financial planning models and inputs, offer recommendations for improvement, identify and evaluate key revenue source categories that present long term risk to the City's financial sustainability and perform scenario analysis. The Office of the City Auditor ("OCA") also offered ad hoc advisory assistance during the FY22 budget process.

In addition to the above, the OCA included economic development subject matter experts to conduct a high-level review of economic resiliency as a resource to the City and any future City employees focused on economic development initiatives. The report highlights below summarize all that is included in the informational economic resiliency report as well as the Revenue Trends and Models Review.

Report Highlights

Revenue Trends and Models Review

Page 8

The review of the City's forecasting models focused on three major revenue sources with inputs that may be more affected by current economic trends:

- Transient Occupancy Tax (TOT)
- Sales Tax
- Property Tax

The analysis of the City's revenues also focused on Documentary Transfer Tax and Utility User Tax.

This section reviews the revenue sources in light of historical performance, historical averages, and corresponding economic indicators. It also provides a description of models used, some industry best practices where applicable, and corresponding observations and recommendations.

For each major revenue source, the OCA presents the data from all correlations and analyses completed, presenting the information with all factors considered. Each section has specific notes regarding the OCA's thoughts on trends, but the OCA also found that the City's current LRFF aligns with the OCA's considerations.

The OCA also analyzed data and assumptions used for models, evaluated economic factors impacting each revenue source, and determine whether the current financial forecast model uses the most relevant economic factors for predictive purposes. While the OCA provides specific recommendations and considerations, the City's models are overall aligned with best practices. The OCA does recommend that workbooks are notated with more thoroughness and that clarity is provided where assumptions are made.

**Economic Resiliency
Review****Page 33**

The Economic Resiliency Review is released as an independent informational report, but this section reviews the scope of the document, including categories of recommendations and research.

The OCA provides detailed recommendations in this separate report, include recommendations regarding business and industry attraction, retention, and diversification strategies, housing and workforce findings impacted by COVID-19 pandemic, and enhancements to livability for residents and business engagement and retention.

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Introduction

Objective

The objectives of this audit activity were to:

- 1) Review the City's long-term financial planning models and inputs and offer recommendations for improvement.
- 2) Identify and evaluate key revenue source categories that present long term risk to the City's financial sustainability and perform scenario analysis.
- 3) Offer ad hoc advisory assistance during the FY22 budget process.

Background

The OCA performed a citywide risk assessment that assessed a wide range of risk areas, including strategic, financial, operational, compliance, technological, and reputation risks. The purpose of the assessment was to identify and prioritize risks to develop the annual audit plan.

During the [FY2021 risk assessment](#), the OCA identified the followings risks which led to this project.

- COVID-19 Response
- Financial Performance/Revenue Generation
- Tax Revenue & Economic Recovery
- Current Planning Practices

Additionally, during the risk assessment, Baker Tilly included some examples of potential risks in the future related to this audit:

- Large businesses moving to other locations or decreasing the focus on in-person interactions at headquarters, lowering the daytime population and visitors
- Decreasing real estate values due to external factors decreases City revenues from property taxes
- Lost revenue for the City to fund City services with Prop 13 in place
- High taxation on residents due to increased property values, especially long term Palo Alto residents, in the absence of Prop 13

Scope

The project team analyzed each revenue source. The analysis, which focused on a subset of high risk revenue sources, includes the following:

- Historical trends
- Distribution of revenue sources by revenue type:
 - Source(s)
 - Concentration/distribution of revenue received to identify:
 - Largest payors
 - Geographic location
 - Historical relationship between economic factors and other relevant factors to revenue amounts
 - Perform a sensitivity analysis to determine the range of likely variability based on relevant drivers of sensitivity
 - Comparison of per-capita revenues by type to other similar cities

Methodology

To achieve the engagement objectives, Baker Tilly conducted an analysis that will encompass the steps listed below.

- Audit Planning & Management
 - Gather information to understand the environment under review
 - Assess the audit risk
 - Write audit planning memo and audit program

- Announce initiation of audit and conduct kick-off meeting with key stakeholders
- Information Gathering
 - Request and review background information
 - Conduct interviews with key stakeholders
 - Conduct research to identify relevant information to assess risks
- Analyze
 - Historical trends
 - Distribution of revenue sources by revenue type
 - Review analysis with City staff
 - Modify analysis incorporating City staff recommendations as appropriate
- Reporting
 - Develop findings, conclusions and recommendations
 - Validate findings with appropriate individuals
 - Draft audit report and obtain written management responses
 - Review report with member of City Council and/or the appropriate committee
 - Present the final report to City Council and/or the appropriate committee

Compliance Statement

This audit activity was conducted from September 2021 to January 2022 in accordance with generally accepted government auditing standards, except for the requirement of an external peer review^[1]. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Organizational Strengths

During this audit activity, we observed certain strengths of the City. Key strengths include:

- Detailed and thorough data collection and financial analysis
- Strategic mindset and intentionality in economic analysis and planning, including proactively reaching out to industry experts
- High level of competency among City personnel

Additionally, the OCA commends the City for its response to COVID-19. In particular, we greatly admire all efforts taken to support the health and wellbeing of Palo Alto citizens and Stanford students, as well as the support of essential workers during this time of heightened risk.

The Office of the City Auditor greatly appreciates the support of the Administrative Services Department in conducting this audit activity.

Thank you!

^[1] Government auditing standards require an external peer review at least once every three (3) years. The last peer review of the Palo Alto Office of the City Auditor was conducted in 2017. The Palo Alto City Council approved a contract from October 2020 through June 2022 with Baker Tilly US, LLP (Baker Tilly) and appointed Kyle O'Rourke, Senior Consulting Manager in Baker Tilly's Public Sector practice, as City Auditor. Given the transition in the City Audit office, a peer review was not conducted in 2020 and will be conducted in the second year of Baker Tilly's contract.

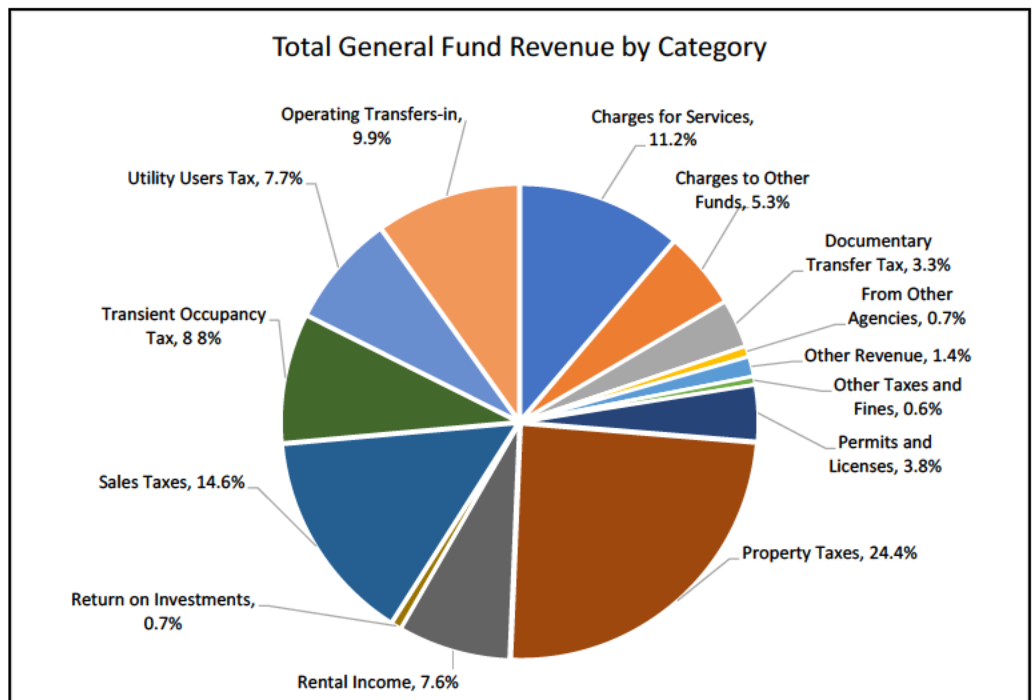
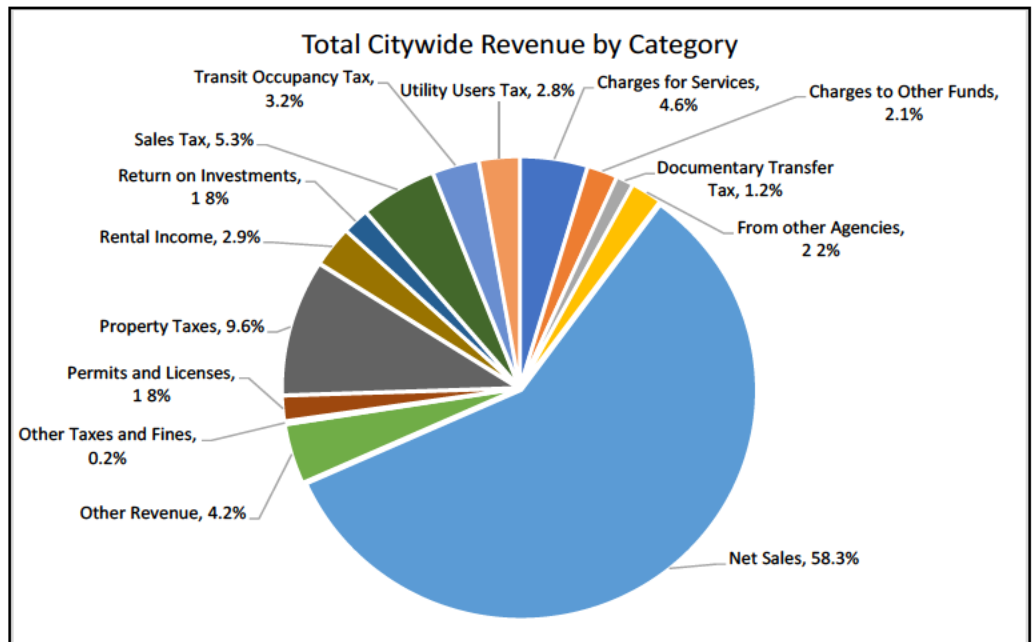
Introduction to City Financials

Citywide Revenue

Over the last five fiscal years (2016 – 2020) the City's overall revenue collection has increased by \$100 million dollars. However, the COVID-19 pandemic also resulted in a \$60 million dollar decrease from FY 2019 – 2020. The City's total revenues for FY 2020 were \$581.1 million dollars which includes both government and enterprise type funds.

General Fund Revenue

Even though the City has managed to maintain accurate projections for upcoming fiscal years, the COVID-19 pandemic has posed a challenge to forecasting model/revenue projection methods. Although the enterprise funds comprise a larger portion of the City's total revenues, the OCA maintained focus on revenues in the general fund for this analysis which were \$209.7 million in FY 2020, making up 36% of all City revenues. The following sources were selected from the General Fund for in depth analysis by the OCA due to their size and potential influence on City operations because of their flexible uses: Property Tax, Sales Tax, Transient Occupancy Tax, Utility User Tax, and Documentary Transfer Tax.



Forecasting Accuracy

Through the last 5 years of significant growth, the City's ability to forecast the upcoming year's revenue collections has strayed no more than 9% from their estimates. See the chart to the right for specifics pulled from the [archived budget documents](#) on the City's website.

Total City Revenue			
Fiscal Year	Actual Revenues	City Projections	% Difference
2016	\$479,746	\$487,295	-2%
2017	510,037	546,318	-7%
2018	585,572	590,236	-1%
2019	640,090	617,307	4%
2020	581,165	632,159	-9%

Revenue Analysis and Models Review

Overview

The City has a robust forecasting process. The Administrative Services Department ensures a smooth process for inputting all relevant information into Long Range Financial Plans (LRFF). The Administrative Services Department updates the financial forecasting model on an annual basis prior to the start of the budget process. These forecasting exercises inform the creation of the budget. The Department includes multiple scenarios to present to Council to inform decisions regarding the formation of the budget. The Administrative Services Department also reviews trends compared to the budget on a quarterly basis. These quarterly reviews are presented to Council.

The OCA conducted a Revenue Trends and Models Review to understand the current state of the City's forecasting practices. First, the OCA reviewed forecasting and financial models used by the City as well as the inputs those models utilize for their forecasts. This review was specific to Property Tax, Sales Tax, and Transient Occupancy Tax (TOT). These revenue sources alone account for almost three quarters of the total revenue base.

Following the review of the City's models, the OCA conducted a deeper review of revenue trends and data analysis for major tax revenue sources of the City, specifically Property Tax, Sales Tax, TOT, Documentary Transfer Tax, and Utility User Tax. The OCA reviewed the revenue sources for the historical performance which contribute to estimates of future performance. The section below describes the methodology and results of these reviews.

Methodology

In review of the City's models, the OCA first completed a data request to review all existing spreadsheets, documents, and reference materials used by the City in their economic forecasting processes. The OCA also conducted interviews and walkthroughs with members of Administrative Services to ensure full understanding of these documents. The OCA conducted independent best practice research and analysis for each of these revenue categories. Finally, the OCA documented the full understanding of current state of the models and inputs in the tables below, documented all best practices, and detailed any gaps for each revenue category.

In review of these revenue trends, the OCA reviewed economic and financial planning spreadsheets and documents provided by the City, including ACFRs, OpenGov and the internal documents already requested during the review of the models. The OCA also conducted independent research and analysis around state and national projections/economic indicators for each of these revenue categories. Finally, the OCA documented their understanding of each revenue source in the sections below. The sections are broken out by each revenue category and offer historical revenue analysis and future projections where possible.

Analysis

In completing this audit activity, there were a number of elements considered in the analysis. The OCA completed a thorough review of qualitative and quantitative analysis. In regards to qualitative information, the OCA completed interviews with City staff to walk through current-state practices and ensure understanding of documentation. Additionally, the OCA reviewed qualitative best practices from research and internal institutional expertise.

In regards to quantitative information, the OCA also completed a number of analyses and correlations to inform the audit. For all revenue sources, the OCA completed correlation calculations with the following factors:

- Unemployment (State and City)
- Personal Income (State and County)
- Inflation (Nation, State, Region)
- Consumer Price Index (Nation, State, Region)
- Population (County, City)
- Enrollment (Palo Alto Schools, Stanford)
- Permits for new construction (City)
- Mortgage Rates
- Prime Rates
- Federal Funds Rates

Results

The detailed results of the analysis of revenues are in the sections shown below. There is a section for each revenue source analyzed containing historical performance notes, historical averages, economic indicators with high correlation, and qualitative factors for consideration. Each section also contains graphs showing the revenue sources historical performance and projections based on historical averages and economic indicators. Please see the sections below for a detailed analysis of Property Tax, Sales Tax, Transient Occupancy Tax, Documentary Transfer Tax, and Utility User Tax. The results from the review of the City's models are also in the sections below¹. The review of the City's models are only for Property Tax, Sales Tax, and Transient Occupancy Tax.

Overall, the City's forecasting process is thoughtful and thorough. Additionally, the City has a number of highly skilled and sought-after advisors informing their forecasting decisions. The OCA's review confirmed that the City is consistent with industry best practices and uses reliable information. Additionally, the City's LRFF projections are aligned with Baker Tilly's recommendations for projections. This may point to Baker Tilly and the Administrative Services Department's collaboration during the preliminary analysis in March of 2020, both parties completing analysis that are complimentary to one another. Even with the alignment to best practices, there are always opportunities for improvement in the forecasting process. In particular, the OCA has two overarching recommendations for improvement:

1. *Naming conventions and workbook narratives.* In order to develop an accurate and thorough forecasting model, the City considers a number of data elements from various workbooks. The input from multiple parties is also involved. At the moment, the City doesn't have a consistent naming convention for workbooks, nor does it have narrative or instructions within the workbook itself to describe the flow of information. The City relies on the institutional knowledge of employees to understand how the forecasting information is pulled together. Without consistent naming conventions and information narratives, the City is at risk if key stakeholders in this process were to leave the organization. The OCA recommends developing a consistent naming convention and adding narrative in workbooks, including the purpose of the sheet, from where information is pulled, to where information is pushed, and with whom does the ownership of the spreadsheet lie.

2. *Assumptions and "guess-timates".* In some cases, the City uses assumptions and rough estimates to consider various scenarios such as percentage growth in situations when supporting data is sparse. This can be a necessary action if no better alternatives exist. However, the OCA learned anecdotally that some of these rough estimates are highly specific, oftentimes having estimated numbers to the hundredths place. If a certain series of inputs are rough estimates, these inputs should not be made to look as though they were calculated. Instead those estimates should be clearly labeled with a short description as to the thought process behind how the estimator arrived at that number. This will help to clarify which values were calculated at one point vs. which values are estimated without a specific calculation.

¹ FY20 numbers were used in analyses as FY21 numbers were unavailable for most of the audit period.

Property Taxes

Property Tax Overview

The City and the Bay Area's historically stable property values contribute to the City's revenues. While these property values are high, the City cannot collect on the full value of these properties based on Proposition 13's tax caps which imposes a maximum annual tax increase of 2% unless a change in property ownership or new construction. However, the revenue source is highly important to the City's fiscal health even with Proposition 13 in place.

Total Revenue: \$51.1M in FY20², \$56.6M in FY21³

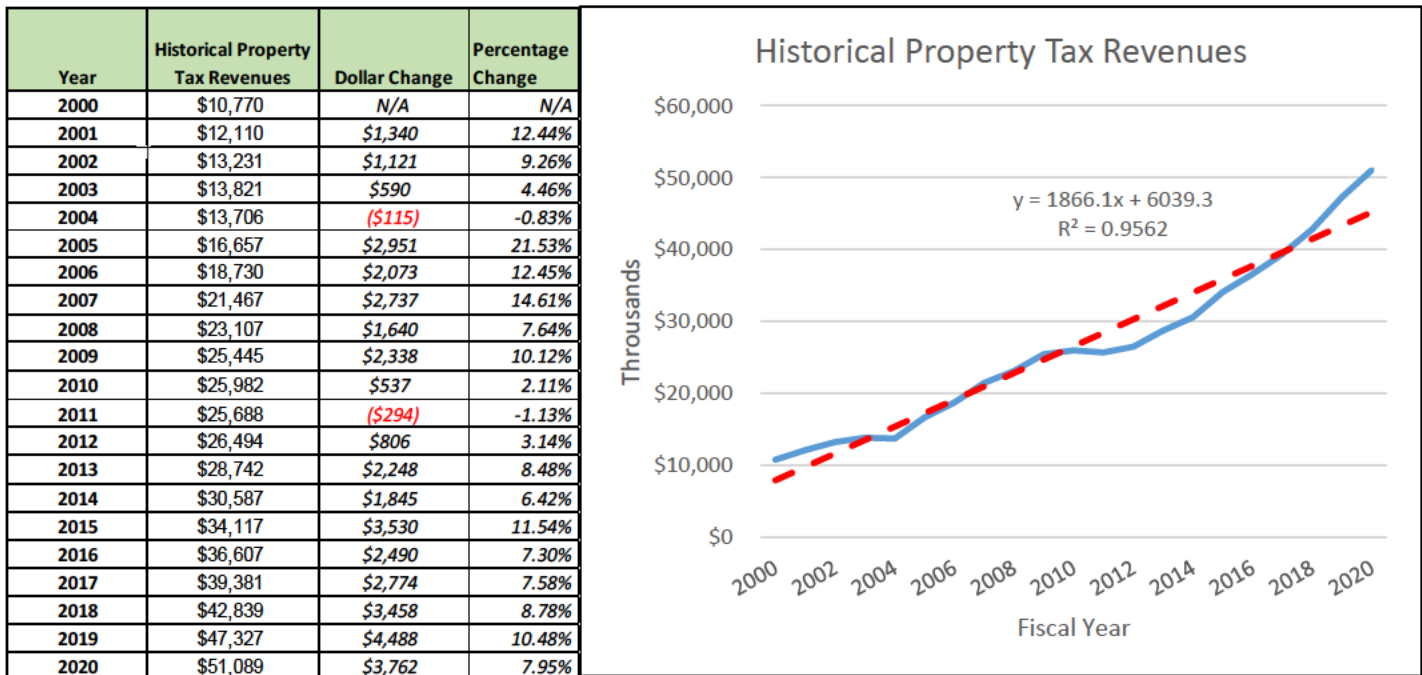
Proportion of Total Revenue: 28% in FY20, 34% in FY21

Property Tax Observations and Data Analysis

The OCA analyzed the historical performance of property tax revenue and estimating future years. The first part of the analysis consisted of reviewing historical revenue (FY 2000 – 2020) for patterns and/or anomalies and identifying their causes if possible. The second part required using historical averages and economic indicators to make future projections from FY 2021 – 2040 to help identify where revenues might trend in future years. These analytical insights were combined with less quantifiable factors to get the best possible theory of where revenues may trend in the coming years.

Historical Performance

The table and chart below display the historic property tax revenues from FY 2000 – 2020 and a trendline with the linear equation.



The information shows how property tax revenues for the City have grown rapidly over the previous 20 years. They started at roughly \$10.7M in FY 2000 and have increased to around \$51M in FY 2020. Over the years there have been large variances in year over year percentage changes ranging from -1.13% in 2011 to +21.53% in 2005.

² Palo Alto's FY20 ACFR: <https://www.cityofpaloalto.org/civicax/filebank/documents/79645>

³ Palo Alto's FY21 ACFR: <https://www.cityofpaloalto.org/files/assets/public/administrative-services/city-budgets/fy-2021-city-budget/city-of-palo-alto-acfr-fy2021-final.pdf>

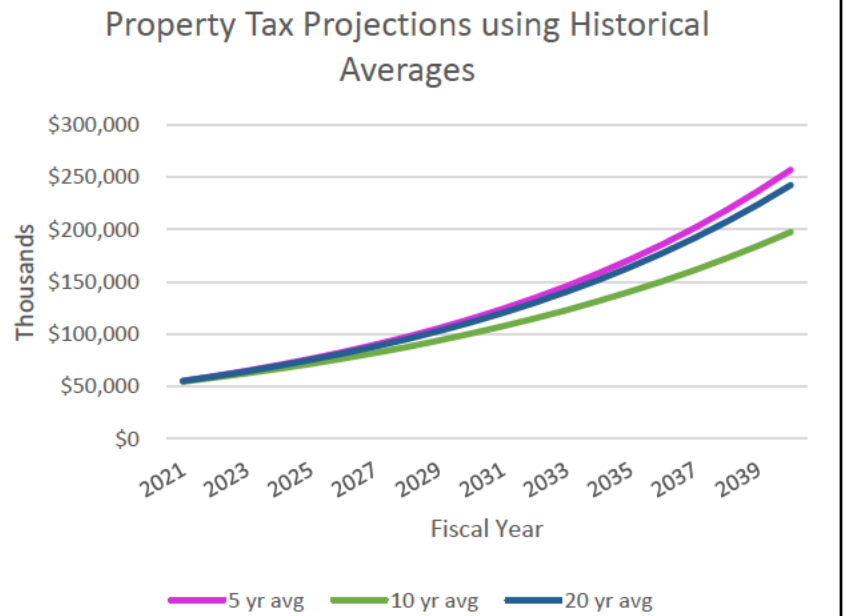
Historical Averages

The table and chart below show the property tax revenue projections for the 5-, 10-, and 20-year growth averages applied through 2040.

Growth averages:

- 5 Year: 8.41%
- 10 Year: 7.00%
- 20 Year: 8.09%

Property Tax Projections using Historical Averages			
Fiscal Year	5 yr avg	10 yr avg	20 yr avg
2021	\$55,386	\$54,663	\$55,225
2022	60,044	58,487	59,695
2023	65,094	62,578	64,527
2024	70,569	66,956	69,751
2025	76,504	71,640	75,397
2026	82,938	76,651	81,501
2027	89,914	82,014	88,098
2028	97,476	87,751	95,230
2029	105,674	93,889	102,938
2030	114,562	100,457	111,271
2031	124,197	107,485	120,279
2032	134,643	115,004	130,015
2033	145,967	123,049	140,540
2034	158,243	131,657	151,917
2035	171,553	140,867	164,214
2036	185,981	150,721	177,508
2037	201,623	161,265	191,877
2038	218,580	172,546	207,409
2039	236,964	184,617	224,199
2040	256,894	197,532	242,348



The historic averages were applied to the latest revenue collections of \$51M and projected forward for the next 20 years. The chart above shows how the collections would look if each of the averages were applied in future years.

Economic Indicators

The chart and graph below illustrate the property tax revenue projections using economic indicators to create projections. The method section below describes how the calculations were done.

Economic Indicators with High Correlation:

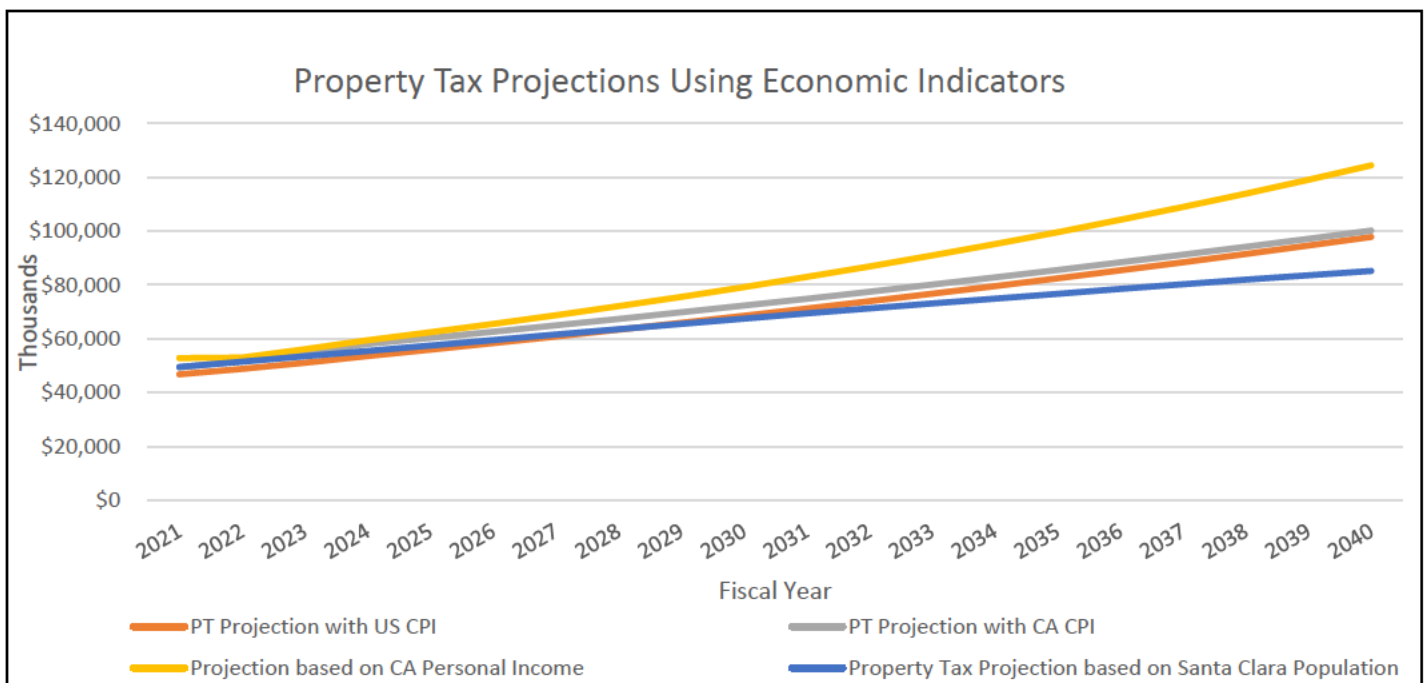
- Personal Income (99.13% for California and 98.60% for Santa Clara County)
- Consumer Price Index (CPI) (98.50% for the U.S., 96.49% for California, and 99.42% for San Francisco)
- Population (88.95% for Palo Alto and 95.77% for Santa Clara County)
- Stanford Enrollment (93.90%)

Fiscal Year	PT Projection based on US CPI	PT Projection based on CA CPI	PT Projection based on CA Personal Income	PT Projection based on Santa Clara Population
2021	\$46,789	\$49,420	\$52,825	\$49,516
2022	48,794	51,747	52,999	51,473
2023	51,067	54,716	56,128	53,515
2024	53,550	58,056	59,442	55,473
2025	55,925	60,316	62,419	57,483
2026	58,347	62,622	65,515	59,498
2027	60,818	64,973	68,734	61,560
2028	63,338	67,372	72,082	63,521
2029	65,908	69,818	75,564	65,477
2030	68,530	72,314	79,186	67,479
2031	71,205	74,859	82,952	69,400
2032	73,932	77,455	86,869	71,260
2033	76,715	80,103	90,942	73,092
2034	79,553	82,804	95,179	74,909
2035	82,448	85,560	99,585	76,702
2036	85,400	88,370	104,167	78,495
2037	88,412	91,236	108,933	80,266
2038	91,484	94,160	113,889	81,961
2039	94,617	97,142	119,043	83,566
2040	97,813	100,184	124,404	85,183

Method:

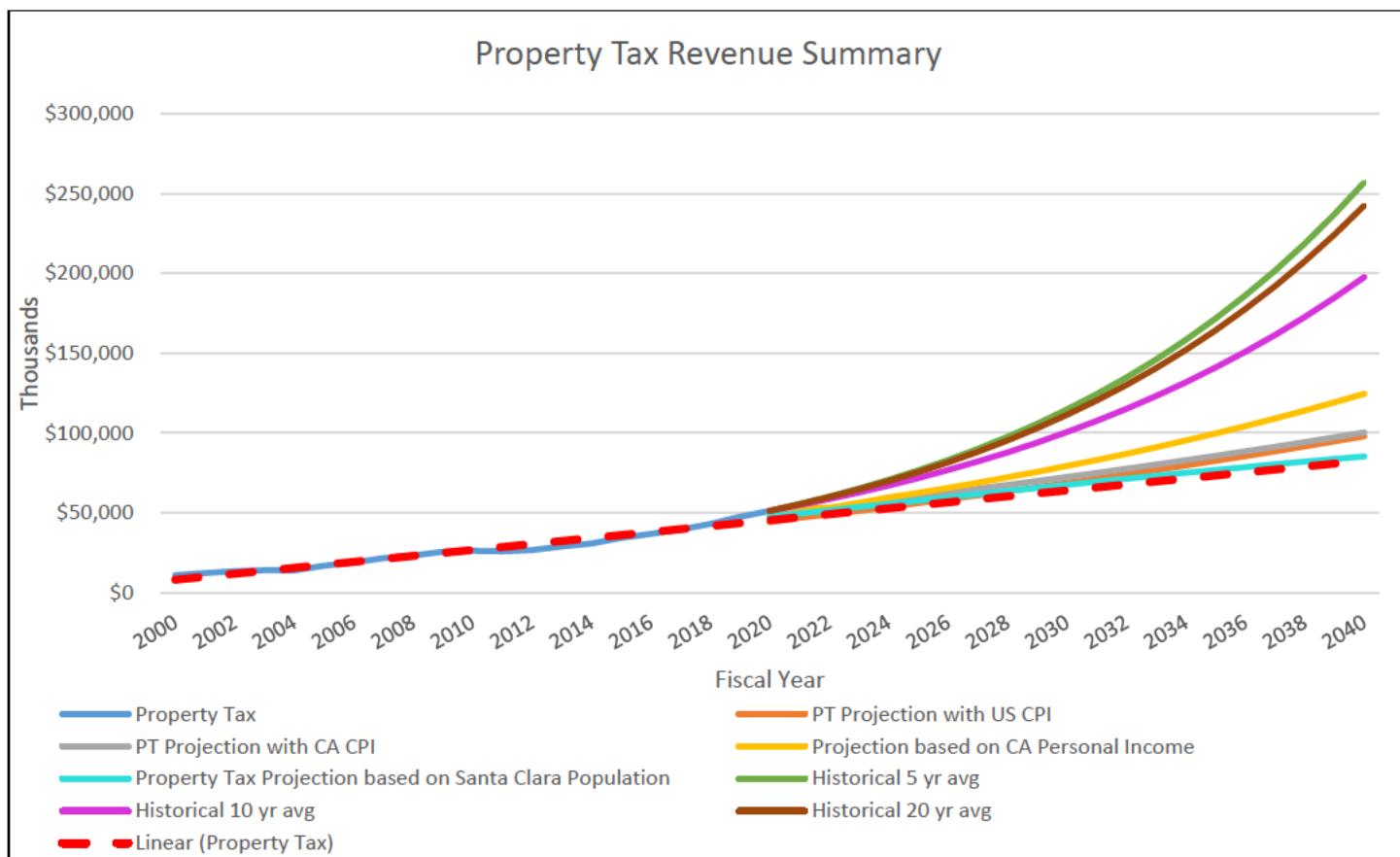
In an effort to validate the historical projections, the OCA examined economic indicators with strong correlations. If a correlation was determined to be greater than 85%, future estimates for the indicator were obtained from a reputable source and if necessary, the OCA calculated the average annual change and used that to project future years of the indicator and the revenue.

After establishing a plausible future projection with the economic indicator, the OCA completed a regression analysis between the historical tax revenue collections and historical economic indicator data. The OCA then used the regression to calculate the linear equation and project out possible property tax revenues.



Property Tax Interpretation

The graph below is a combination of the historical property taxes, projections made from historical averages, and economic indicators.



The property tax revenues for the City have performed extraordinarily well over the last 20 years. They have grown steadily with a 20 year average of 8.09% and have been fairly insulated during times of national economic decline. This phenomenon proved true again again during the COVID-19 pandemic, where property values remained high and even increased in some categories (Economic Resiliency Review). In fact there have only been two years where revenues declined, from FY 2003-2004 and FY 2010-2011.

Looking purely at the historical average projections it shows an optimistic future. On the high end, the 5 year average increases collections upwards of \$250M in FY 2040 and on the low end, the 10-year average projects collections around \$200M by then. The rate of growth property tax revenues have experienced in the City appears to be an exponential curve when projected forward. However, it is not likely revenues will continue to grow at the historical rates for another 20-years. Contributing factors being, the City has neared it's limit on population growth without an increase in density, gaining only 6,500 residents since 2000, and there are current concerns of corporate headquarters moving out of state ([Hoover Institute](https://www.hoover.org/research/why-company-headquarters-are-leaving-california-unprecedented-numbers))⁴.

⁴ Hoover Report: <https://www.hoover.org/research/why-company-headquarters-are-leaving-california-unprecedented-numbers>

Property Tax Current State Model Description

Property taxes make up the largest portion of the City's General Fund revenues and approximately 25% of total revenues (staff report⁶); fortunately, they were not as negatively impacted by the COVID-19 pandemic as sales tax and TOT. The City expects property tax revenues to grow around 10.2% from FY21 to FY22 and is projecting consistent property tax revenues for the next 3 years.

The following factors determine property tax revenue; net assessed values, transfer of ownership, new construction/declines, and Proposition 13 inflation adjustment. In determining the various scenarios for property taxes the City calculates their base projection which takes into account the major factors outlined. Once a baseline is established, the Treasury Department applies a growth factor and summarized.

Due to the unique economic situation COVID has created, the City crafted several scenarios for their revenue projections. To determine the various scenarios for Property Tax, the City determines the base projections for the revenues in the workbooks described above, and adjusts the appropriate multipliers to reflect the expected revenues in a 2-3 year recovery period, 3-5 year recovery period (base), and 5-10 year recovery period. These scenarios were presented to Council along with Sales and TOT projections.

The City uses the following inputs when forecasting Property Taxes:

- 1) Tax rolls received from the County Controller's Office
- 2) New growth and known decreases, including Proposition 13
- 3) Historical data on prior year assessed values and collections
- 4) Regional data on property sales and values (including a review of Zillow)
- 5) Property tax consultants input

Property Tax Industry Best Practices

The City's property tax projection methods align with what we see with other Baker Tilly clients. They rely heavily on historical data, current tax rolls from the County, and upcoming changes within the local market. Our review confirmed that the City is using reliable information and their practices are consistent with other communities.

Property Tax Observations and Recommendations

In our review, the OCA attempted to find correlations between assessed values and several factors such as the 30-year mortgage rates, Prime Rates, and Federal Funds rates. The strongest correlations the OCA found were between the City's total assessed values and both the Santa Clara County Per Capita Personal Income and California Total Personal Income. There is 99% correlation between total AVs and California's total personal income followed closely by a 98% correlation between the total assessed value and Santa Clara County's per capita personal income.

Based on these correlations, the OCA ran a preliminary regression analysis which showed a projected decrease in total assessed values in 2022 before rebounding back in 2023 and 2024. After running the regression analysis, we looked at the FY16 Financial Report⁵ which contained historical information back through the Great Recession, which showed total AVs remaining flat from 2009-2013. Taking all of that into account, our prediction is that AVs will remain flat for the next 3-4 years and the City's base case reflects that outcome.

The most conservative long term assumption, however, would be a projection of linear growth into future years. The conservative assumption appears to align closely to the projections shown in the Long Range Financial Forecast (LRFF) dated December 7th, 2021.

⁵ Palo Alto's FY16 ACFR: <https://www.cityofpaloalto.org/civicax/filebank/documents/54744>

Sales Tax

Sales Tax Overview

Palo Alto has a number of factors drawing visitors to the City. Similar to TOT, those in Palo Alto for business, education, or leisure contribute to the City's revenues through the sales tax associated with their spending.

Total Revenue: \$30.6M in FY20, \$29.1M in FY21

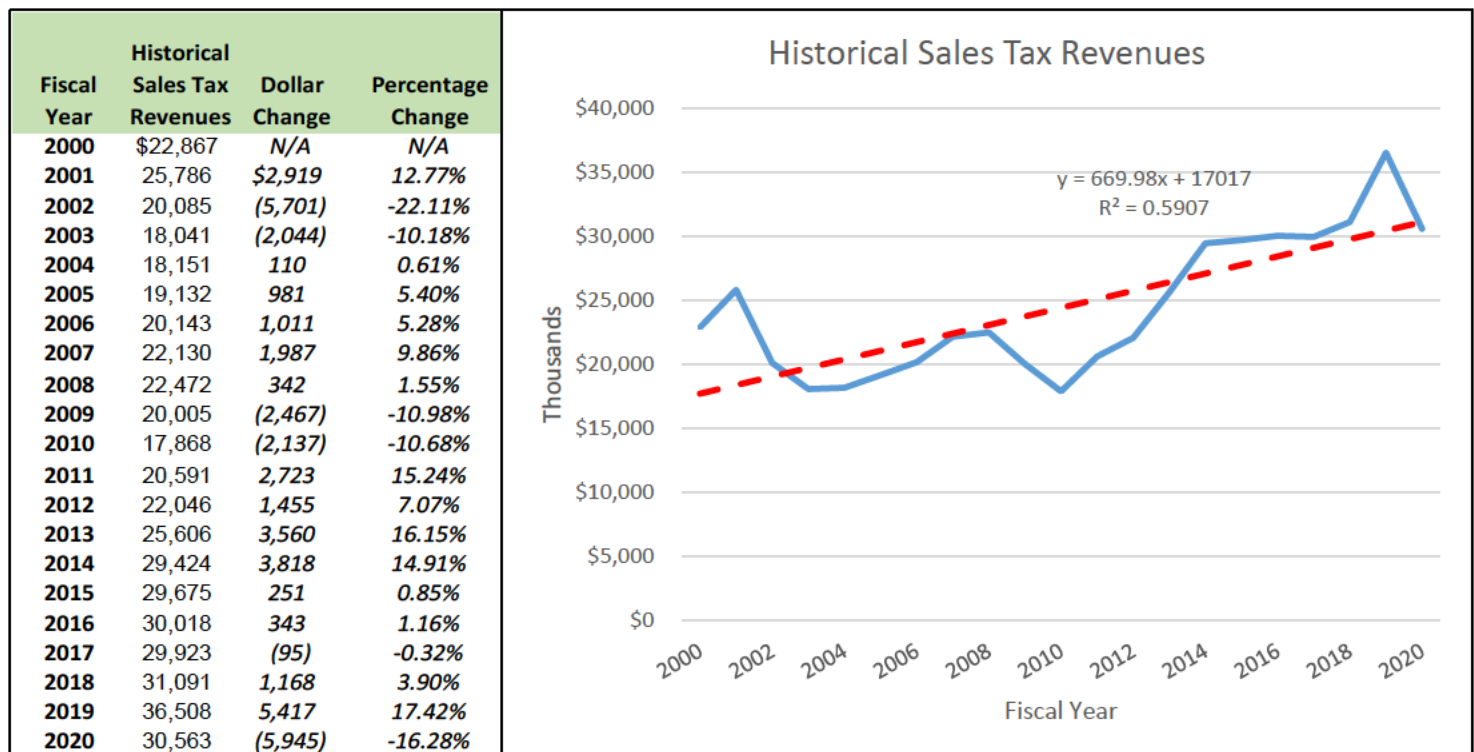
Proportion of Total Revenue: 17% in FY20, 17% in FY21

Sales Tax Observations and Data Analysis

The OCA performed an analysis of the historical performance of sales tax revenue and estimated future years. The historical analysis required examination of past performance to gain an understanding of the revenue volatility, factors creating noticeable change and reactions to economic downturns. In addition, the OCA used economic indicators to estimate revenue out through FY 2040.

Historical Performance

The table and graph below depict the historical sales tax revenues from FY 2000 – 2020 and shows a trend line with the linear equation.



Sales taxes can be a volatile revenue source and the City's revenues are no exception. In the last twenty years there have been year over year percentage changes as low as -22.11% (FY 2001-2002) and up to +17.42% (FY 2018-2019). The revenues in FY 2000 were \$22.8M and have increased to \$30.5M in FY 2020. That is roughly \$8M in growth at a rate of 1.46% annually.

Historic Average Projections

The chart and table below depict the sales tax revenue projected out through FY 2040 using historic averages.

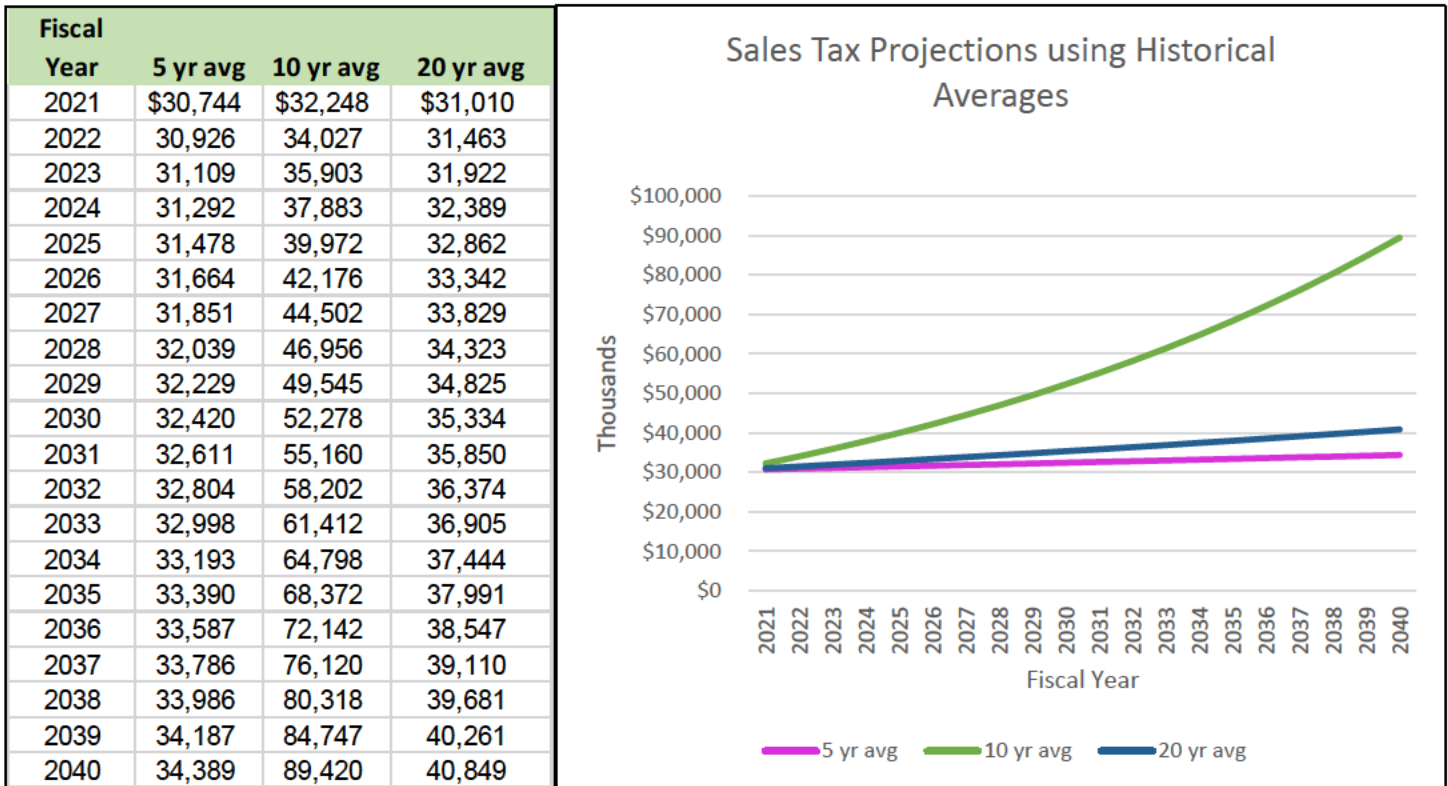
Growth averages:

4 Year: 5.32%

5 Year: 0.59% (you can see pandemic hit hard when comparing 4 yr. and 5 yr. averages)

10 Year: 5.51%

20 Year: 1.46%



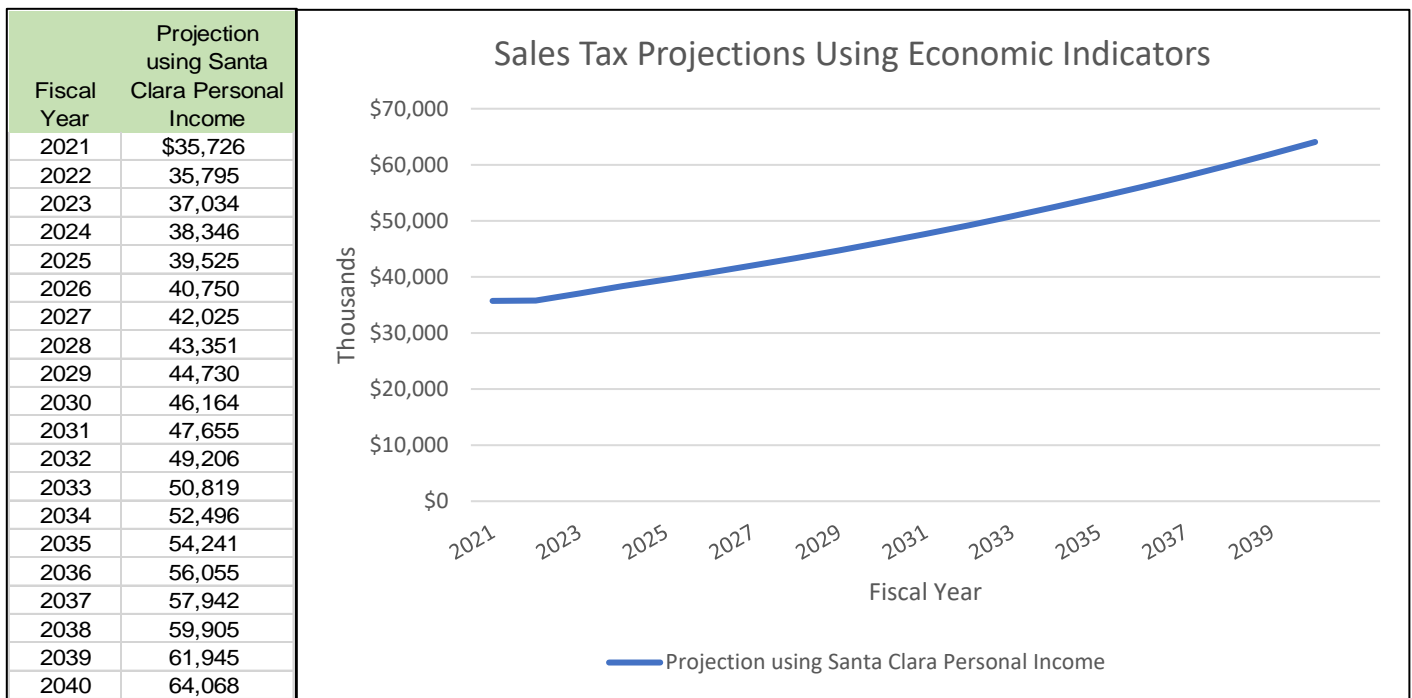
The historical averages of the revenue show that the 5-year average contains the large drop in revenues described above, making it a mere 0.59%. When applying the annual averages, the 10-year average is projecting revenues to be around \$90M in FY 2040, whereas the 5- and 20-year averages paint a picture of roughly \$40M in revenue. The 10-year average may be slightly skewed because its first year of collections is after a large dip, seemingly linked to the 2008 market crash. Therefore, the average captures this rebound and only one major year of decline due to the COVID-19 pandemic.

Economic Indicators

The table and graph below display the sales tax revenue projections using economic indicators with a high correlation. The calculations were done using the same method described in the Property Tax section.

Economic Indicators with High Correlation:

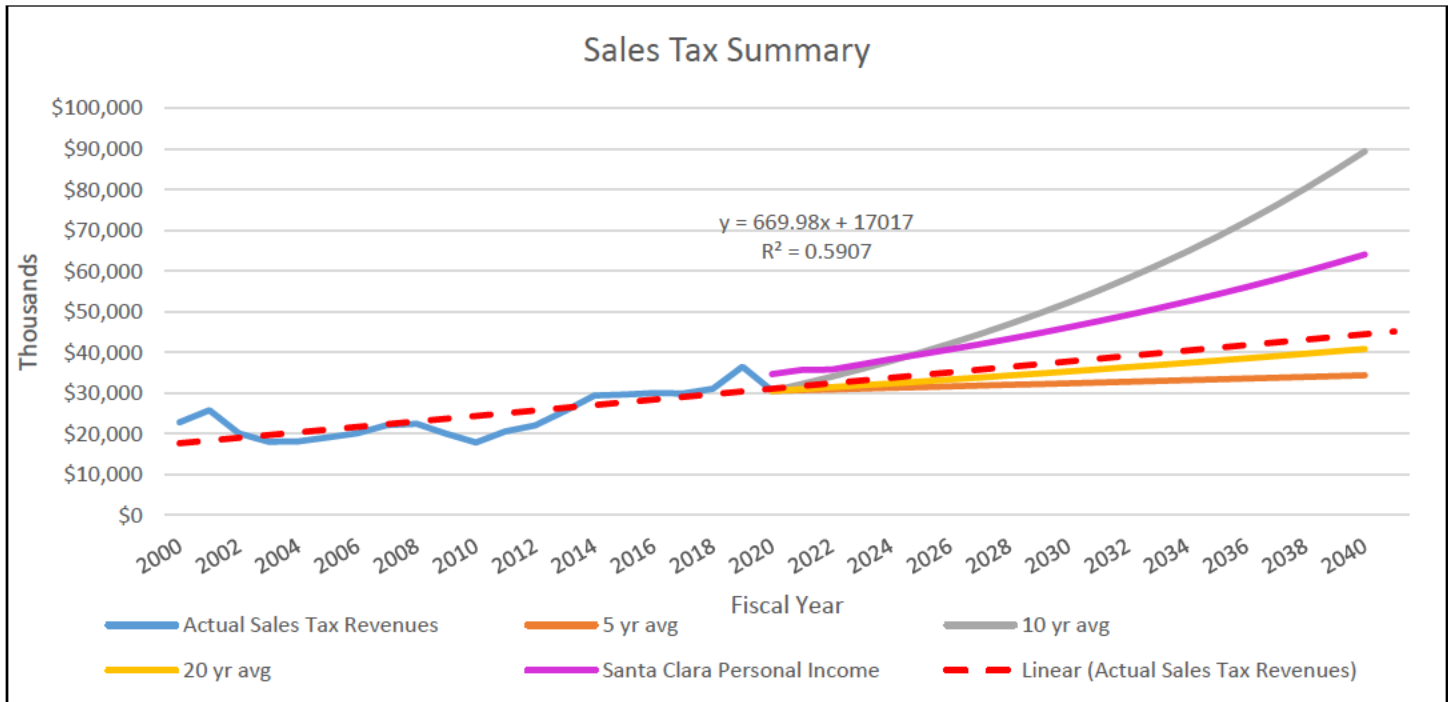
- Personal Income (Santa Clara County)
- Stanford Enrollment
- TOT Revenues (Correlation >85%)



The only projectable economic indicator with a high correlation is Personal Income for Santa Clara County. The two have an R^2 value roughly 93% which is enough to say there is a correlation but not enough for total confidence in their relationship moving forward. The OCA projected out the Personal Income for Santa Clara County using growth percentages for 2021-2024 obtained from CA States Personal income projections published by the California Department of Finance in the 'California Economic Forecast MR 2021-2022'. A growth factor of 4% was then applied to years 2025-2040.

Sales Tax Interpretation

The graph below is a combination of the historical sales taxes, projections made from historical averages, and economic indicators.



The OCA looked at all data sources made available by the City and outside organizations to help interpret the meaning of the data trends identified above. Historical data provided by the City shows that during times of national economic recession (Dotcom bubble, 9/11, and 2008 housing crash) sales tax revenue falls off drastically with -10% to -20% reductions and takes roughly 3-5 years to recover.

The COVID-19 pandemic appears to have continued this trend as it hit sales tax hard with a revenue reduction of -16.28% when comparing FY 2019 to 2020. Much of this can be attributed to the forced business closure, work from home policies, and other new social norms the pandemic introduced. While there may be no way to tell when or what might cause an economic recession, knowing the range of revenue decrease (10%-20%) can help the City budget for worse case scenarios.

Continuing to use the context learned during data analysis, the OCA created the graph above, combining historical sales tax revenues, projections using historical averages, and economic indicators. The Santa Clara Personal Income projection shows a more aggressive growth than the 5- and 20-year averages and less growth than the 10 yr. average. As stated above, the 10-year average may be skewed due to the timing of recessions and rebounds while the 5-year average is affected by the COVID-19 Pandemic. Additionally, while the details of the information is confidential, the 10-year average includes substantial Sales Tax changes from a small number of businesses, contributing to the skewed data according to the Administrative Services Department. The City's LRFF estimates \$43 million in sales tax revenues in FY 2032, which is between the projections using Santa Clara Personal Income and the 20-year average.

Sales Tax Current State Model Description

Sales Tax receipts have taken a significant hit because of COVID-19 and the health regulations implemented as a direct result. The total year over year change from 2019 to 2020 was -16.3% and an additional decrease of -4.7% in 2021. Recent sales tax revenues point to the yearly revenue being \$1.5 million, or 5.2%, over 2021 actuals.

The City uses several major factors in their sales tax projections; actual collections received, tax consultant provides a report, previous recessions, unemployment, and local economists.

First, the City receives monthly sales tax information from the State. Their sales tax consultant also provides a report summarizing monthly revenues and providing future projections. The projections are inputted by Treasury and OMB factors in more locally focused insights to get an estimate for current year collections. Once the current year base scenario is established, a growth multiplier is added using inputs described above. Finally, the data is cleaned up and becomes the deliverable for Council.

To determine the various scenarios for sales tax, the City determines the base projections for the revenues in the workbooks described above, and adjusts the appropriate multipliers to reflect the expected revenues/operating margins in a 2-3 year recovery period, 3-5 year recovery period (base), and 5-10 year recovery period. These scenarios were presented to Council along with TOT and Property Tax projections.

Inputs considered when forecasting Sales Tax revenues include:

- 1) Consultant report - MuniServices 2020Q3
- 2) Data from the previous recession
- 3) Unemployment rates
- 4) State collections - sent monthly
- 5) Input from local economists

Sales Tax Industry Best Practices

The City's sales tax projection methods align with what we see with other Baker Tilly clients. They rely heavily on historical data, monthly sales tax revenues, and upcoming changes within the local market. Our review confirmed that the City is using reliable information and their practices are consistent with other communities.

Sales Tax Observations and Recommendations

During our review, we looked for correlations between historical sales tax revenues and the following data: Unemployment rates, Santa Clara County Per Capita Personal Income, California Total Personal Income, and historical TOT taxes. The strongest correlations came from Santa Clara County per capita income 85.3%, California total personal income 83.6%, and historical TOT revenues 82.0%. While none of these correlations are in the 90% percentile, they could give insight on future years by leveraging projections from reputable state and national entities to check for consistency with current models. Since TOT and Sales Tax have a reasonably strong correlation, when modeling future years the City may check that both revenue projections are aligned in future years.

As far as historical averages, the 1.46% 20-year average is a conservative estimate, showing \$40M in revenue by FY 2040. The Santa Clara Personal Income splits the middle between the 10-year average and the 20-year average with around 3.8% growth. The City's LRFF estimate of \$43 million in sales tax revenues in FY 2032 is plausible based on our analysis.

Transient Occupancy Tax

Transient Occupancy Tax Overview

The City has a number of travelers for local businesses/corporations, Stanford University affiliates, and leisure. These travelers contribute to a large portion of the City's revenue through the Transient Occupancy Tax (TOT).

Total Revenue: \$18.6M in FY20, \$5.2M in FY21

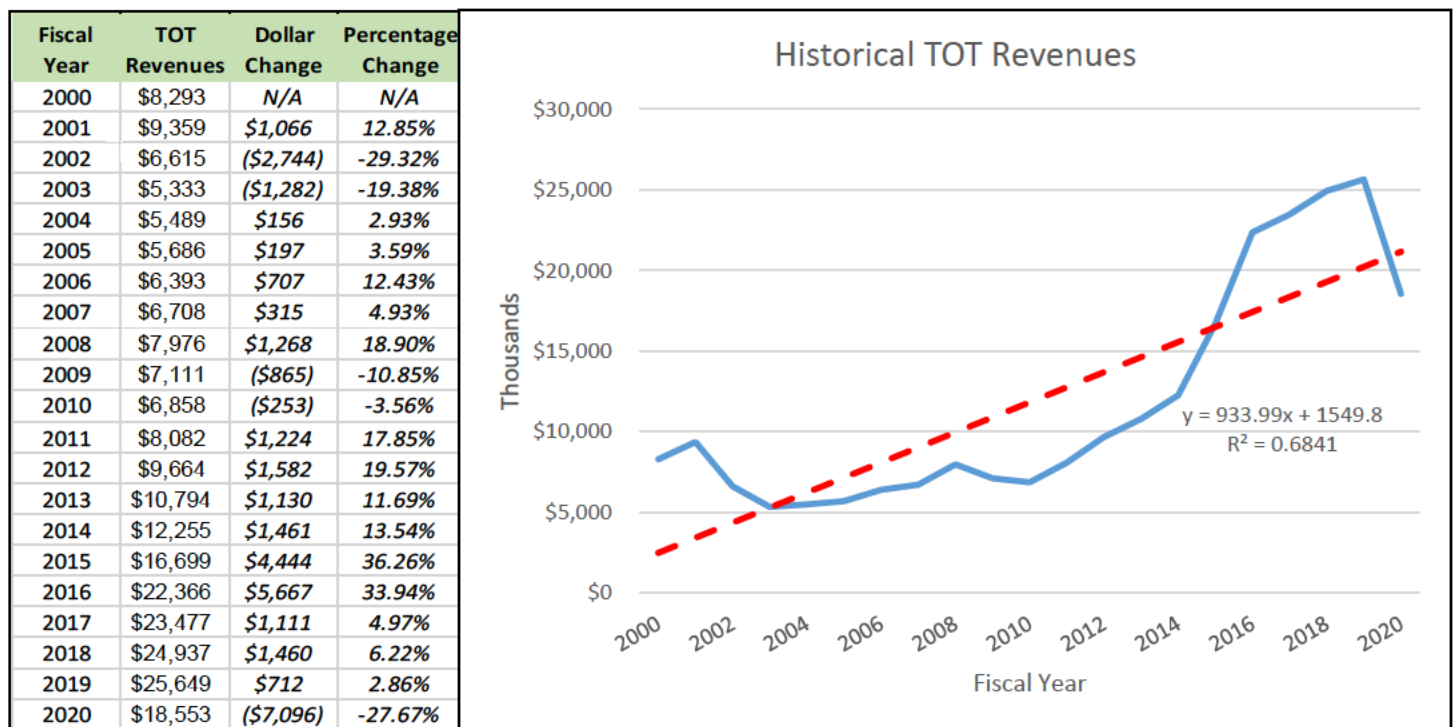
Proportion of Total Revenue: 10% in FY20, 3% in FY21

Transient Occupancy Tax Observation and Data Analysis

The OCA analyzed the historical performance of TOT revenues and estimated future years. The historical analysis required examination of past performance to identify patterns in the data as well as irregularities. The future analysis consisted of identifying highly correlated economic indicators and using them to project out revenues through fiscal year 2040. In both the historical and future analysis, qualitative factors are considered, and their potential impacts explained.

Historical Performance

The table and graph below displays the historical Transient Occupancy tax revenues from fiscal year 2000 – 2020 and includes a trend line with the linear equation.



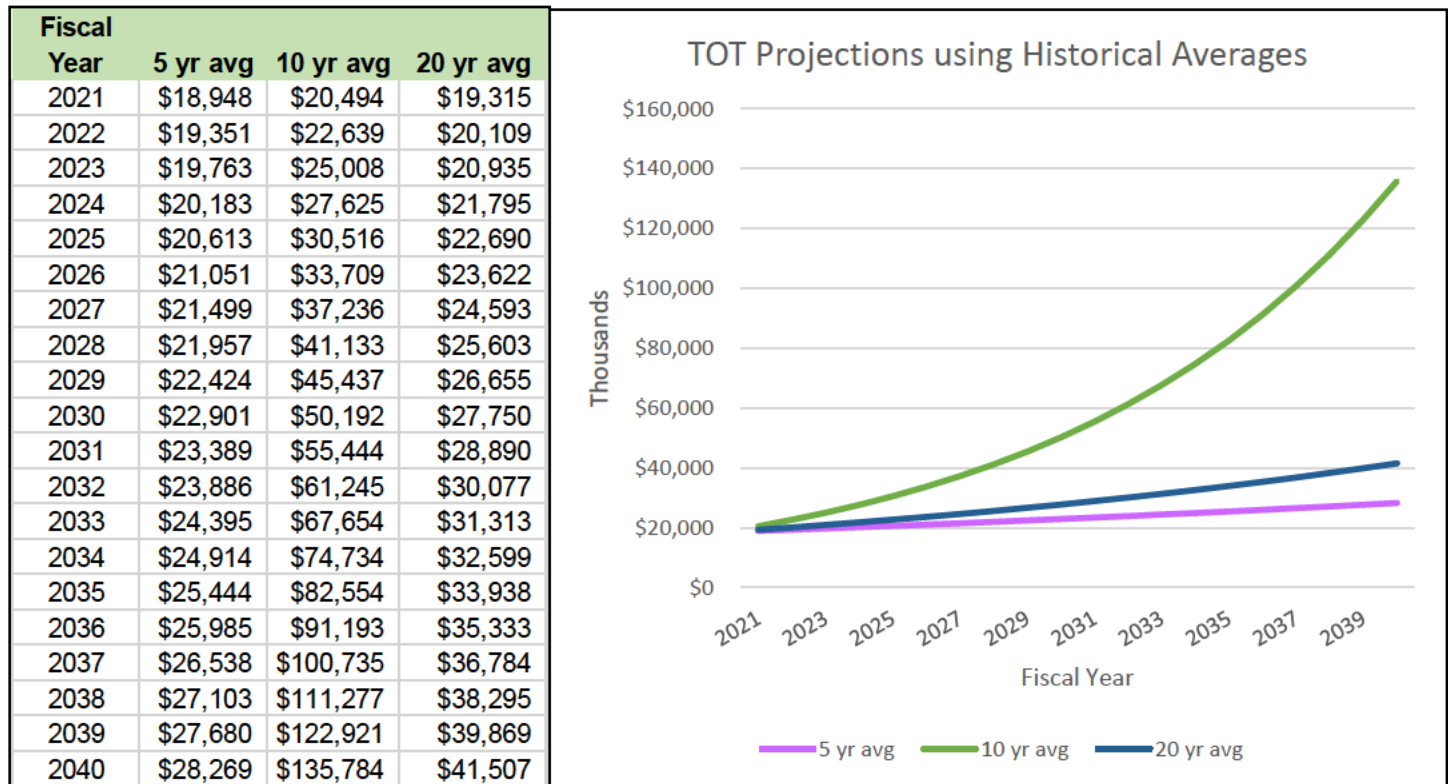
Transient Occupancy Tax Revenues for the City have had an interesting plateau effect over the past twenty years. In 2000 the City collected \$8.2M in revenues which dropped down to \$5.3M by 2003. After that initial decline it took until 2011 for the revenues to get back around the \$8M mark. After 2011 the revenues increased dramatically with year over year increases north of 36%. This was in part because of passed ballot measures to increase the TOT rates in 2014 and 2018. The revenue collections plateaued again after 2016 where they grew around 4% per year until the pandemic took full effect creating a -27.7% reduction (2019-2020).

Historic Average Projections

The chart below shows that 5-, 10-, and 20-year averages applied to the TOT revenues for the next 20 years.

Growth averages:

- 5 Year: 2.13%
- 10 Year: 10.46%
- 20 Year: 2.13%



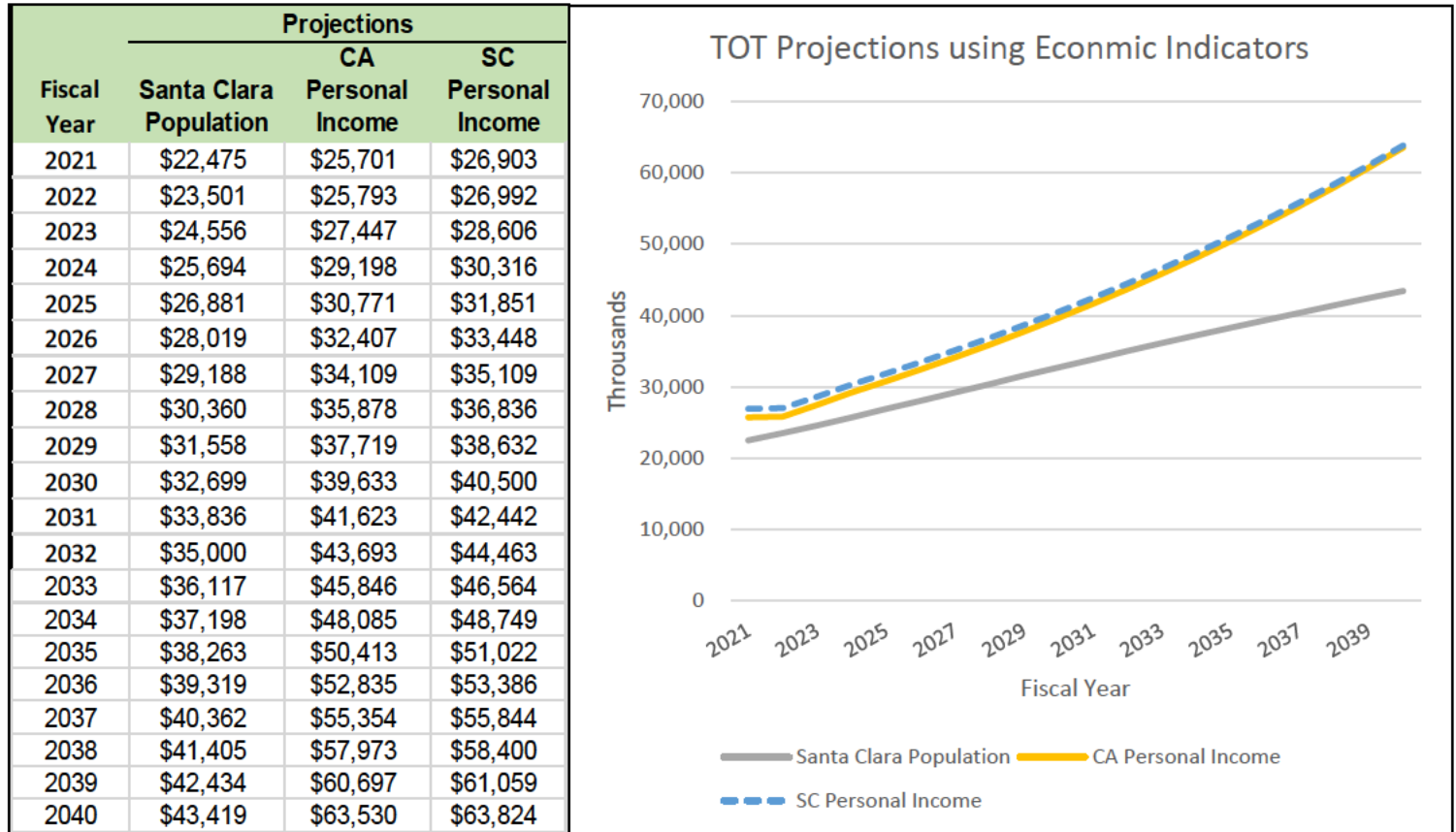
The 10-year average is abnormally high as that is when the revenues increased dramatically. The OCA believes the 5- and 20-year averages are more reliable estimates for long term projections.

Economic Indicator Projections

The following graph depicts the TOT revenues projected through 2040 using highly correlated economic indicators.

Economic Indicators with High Correlation:

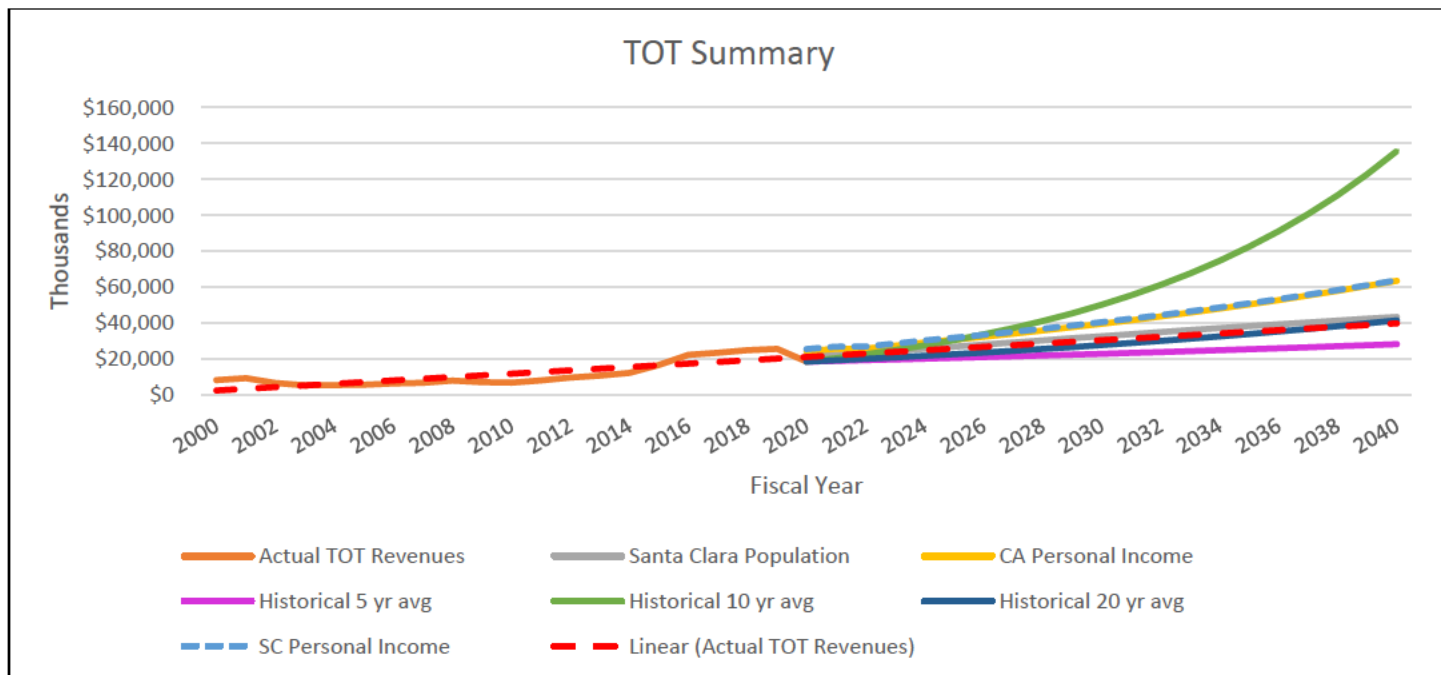
- Personal Income (California and Santa Clara County)
- Population (Palo Alto)
- Stanford Enrollment



There were three economic indicators used to project out TOT revenues through 2040, California Personal Income, Santa Clara County's Personal Income and Santa Clara County's Population. All three showed higher revenues than the 20-year average with the population being the closest. The most likely scenario is still revenue somewhere around the \$30-\$40M revenue mark in 2040.

Transient Occupancy Tax Interpretation

The following chart displays a combination of the historical TOT revenues and projections using historical averages as well as economic indicators.



The OCA used the data provided by the City and outside sources to get as wide of a view as possible for TOT revenues and possible influencing factors. When looking at the historical revenue graph, it is hard to miss how the COVID-19 pandemic affected the TOT revenues with a -27.7% decline from 2019-2020. When looking at other major economic downturns the revenues also dipped, Dotcom bubble showed a -22.11% decline (FY 2001-2002) and the housing market crash showed a -10.85% decline (FY 2008-2009). Although TOT revenues declined in both scenarios, revenues took 6-7 years to rebound after what is presumed to be the dotcom bubble and only took two years to rebound after 2008. Unlike the City's Sales Tax, which has historically taken 3-5 years to rebound post-recession, the TOT has had different recovery lengths making it difficult to say how TOT will bounce back after the pandemic since its effects are still lingering.

Transient Occupancy Tax Current State Model Description

The TOT was heavily impacted by the COVID-19 pandemic. The City assumes that TOT revenue will continue to suffer until the virus is under control and travel resumes. In particular, the reduction of "business and other non-leisure travel is a driving impact" (Staff Reports)⁶.

TOT revenue is comprised of four factors; the number of hotels in the City, the number of rooms at each hotel, the average occupancy of rooms, and the average room rate. Applying a 15.5% TOT to those four factors makes up the revenue the City receives from these hotels. The City is expecting TOT to be 57% below pre-pandemic levels in FY22, which is up from FY21 actuals and but still 80% below pre-pandemic levels (prior to FY21). As reported by hotels, room rates have decreased by nearly 50% and occupancy rates have decreased from 80% to 44%.

When forecasting TOT into the future, the City uses a number of factors to determine likely scenarios. First, the City assesses the current state of TOT. This includes detailed information on each hotel, including historical data and information on room rates, occupancy rates, and number of rooms. The City then includes assumptions and analyses from the Treasury department.

Treasury considers a few factors, including historical trends of TOT, regional trends of TOT, and behaviors of tax revenues after past recessions. Treasury's analysis is used to create the City Council Staff Report⁶ and Presentation⁷ with various scenarios of economic recovery.

To determine the various scenarios for TOT, the City determines the base projections for the revenues and adjusts the appropriate multipliers to reflect the expected revenues/operating margins in a 2-3 year recovery period, 3-5 year recovery period (base), and 5-10 year recovery period. These scenarios were presented to the Council along with Sales and Property Tax projections. In summary, the inputs considered when forecasting TOT are the following:

- 1) Historical data of number of hotels, number of rooms, average room rate, and average occupancy rate
- 2) Future hotels according to City Planning
- 3) Historical recovery data from the past recessions
- 4) Regional (Northern California) hotel/motel trends
- 5) Discussions with economists on potential future trends in travel

Transient Occupancy Tax Industry Best Practices

Traditionally, the City's forecasting methods are directly in-line with what we've seen with past clients. The analysis relies heavily on historical data, projected growth in rooms, and adjusting for economic conditions. Throughout our research, we also saw similar methods being used in neighboring communities such as Mountain View, San Mateo, and others. However, through our research, we've also identified additional factors that are worthy of consideration. One such factor is being used by the City of San Jose⁸. While much of San Jose's TOT forecasts are similar to the City's methods, San Jose also considers the activity and growth of local events/conventions in their TOT forecasting.

Accounting firm, Ernst and Young ("EY"), also wrote a report about forecasting hotel trends in the age of COVID⁹. Their thesis discussed the importance of the type of travel a community attracts.

For example, the pace of recovery for a highly professional community will vary from a tourist destination. EY also considers the national unemployment rate as an indicator of travel levels as well as the rise in virtual alternatives.

CBRE writes a report¹⁰ similar to EY, and both reports agree that the hotel quality matters a great deal in forecasting. In CBRE's analysis, luxury hotels are seeing less fluctuation than mid-segment or budget hotels. Finally, Moody's, the credit

⁶ 2/8/21 City Council Staff Report: <https://www.cityofpaloalto.org/civicax/filebank/documents/80088>

⁷ 2/8/21 City Council Presentation: <https://www.cityofpaloalto.org/civicax/filebank/documents/80198>

⁸ San Jose's Five Year Forecast: <https://www.sanjoseca.gov/home/showpublisheddocument?id=69842>

⁹ EY Hotel Forecasting Report: https://www.ey.com/en_us/real-estate-hospitality-construction/how-to-better-forecast-recovery-in-the-hotel-industry

¹⁰ CBRE Hotel Forecasting Report: <https://www.hotelmanagement.net/operate/cbre-adjusts-us-hotel-industry-forecast#:~:text=According%20to%20the%20recently%20released,during%20the%20year's%20second%20half.>

rating agency, produces a report on their outlook on hotels¹¹. They believe that leisure and personal travelers will be the first to return. They also believe that business travelers will lag on a macro level, but that it will depend greatly on industry. Moody's in general is more on the pessimistic side, believing that a full recovery within 3-5 years is unlikely.

In summary, additional inputs found in research not captured in the City's forecasting process are as follows:

- 1) Size and frequency of local conventions and events
- 2) National unemployment
- 3) Hotel market segments and property-specific attributes
- 4) Demographics of travelers

Transient Occupancy Tax Observations and Recommendations

In regards to forecasting of revenue trends, the OCA concluded that Santa Clara Population, 20-year average, and the linear trend line are a conservative forecast. Those projections are all grouped very closely together and have a reasonable growth pattern. The difficulty is predicting how quickly the revenue will recover to the pre-pandemic levels especially with a varied recovery pattern from historic recessions.

The LRFF dated December 7, 2021, shows a 5-6 year recovery period (FY 2019 – 2025), which is in between the recovery periods for the previous economic downturns, and estimates \$37.2 million in revenues for FY 2032. These estimates are just slightly higher than the OCA's most reasonable estimates described above, which show revenues of \$30M - \$35M for FY 2032.

The OCA also recommends considering the four factors listed above as additional forecasting inputs, namely; size and frequency of local conventions/events, national unemployment, hotel market segments and property-specific attributes, and demographics of travelers. While some of these inputs may not be possible due to lack of data or lack of applicability to the City, the OCA recommends considering these other inputs to determine if improvements to forecasting can be made. Additionally, where data is available, the City can determine correlations between various factors to determine if there is a relationship between TOT and a given input. Finally, in some cases, the City may find that these factors do not apply specifically to Palo Alto and may disregard certain factors in future forecasts. For example, while San Jose includes analysis around local conventions/events, this is also because they have a much larger convention center. If Palo Alto does not have the same ability to gather data around local conventions/events, it may not be a factor that can be included in a broader analysis.

The City should also reach out to larger hotels to understand if they forecast as well as large businesses and Stanford University to understand their expectations for conferences, business travel, student activity, etc. If a relationship with Stanford to provide such information does not exist, this would be a useful relationship to develop for future analyses that may also benefit the University.

¹¹ Moody's Hotel Industry Assessment Report: "Consumer comfort vital for travel, tourism dependent sectors' eventual recovery"

Documentary Transfer Tax

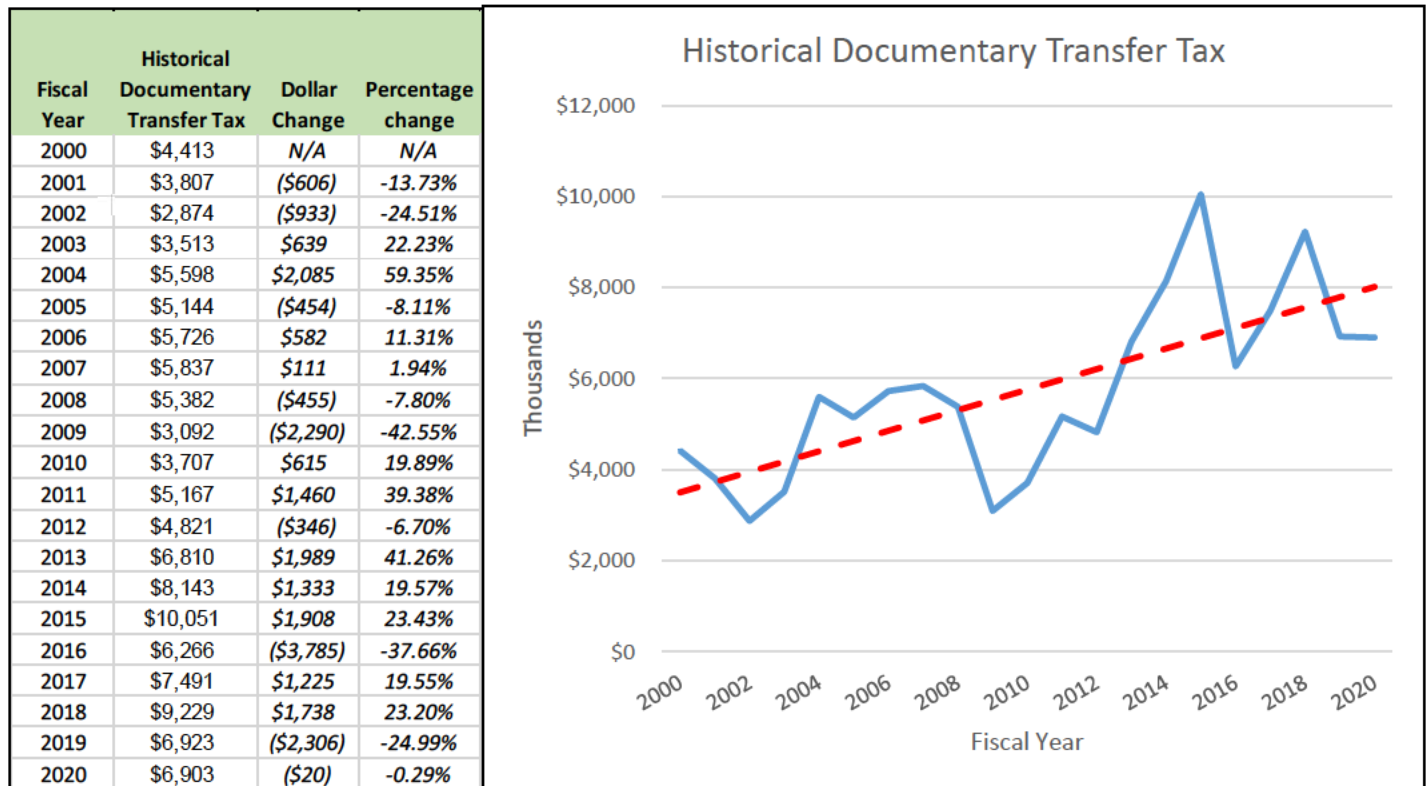
Documentary Transfer Tax Overview

The OCA analyzed the Documentary Transfer Tax (DTT) revenues and provided estimates of future performance based on historical averages. The analysis shed light on the volatility of the revenue source and proved difficult to find any correlating economic indicators that could be used to project future revenues.

Documentary Transfer Tax Observations and Data Analysis

Historical Performance

The chart below depicts the historical Documentary Transfer Tax performance from 2000 – 2020 and includes a trend line with the linear equation.



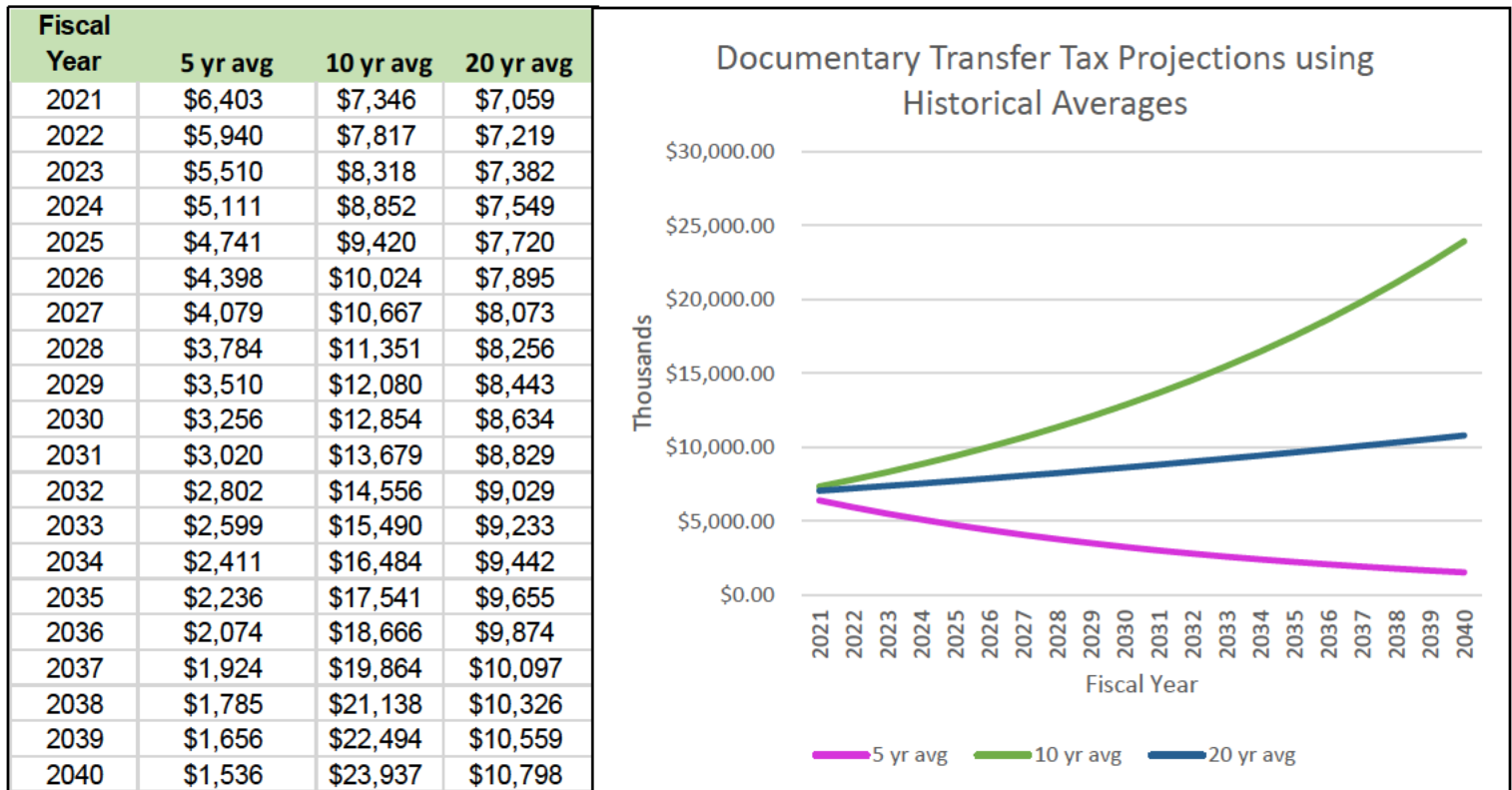
Documentary Transfer Tax revenues have been very volatile over the last 20 years. Swings ranging from -42.55% to +59.35%. However, the overall growth from 2000-2020 was only \$2.5M, which averages out to around 2.26% annually.

Historical Average Projections

The graph below displays the DTT revenue projections using historical averages.

Growth averages:

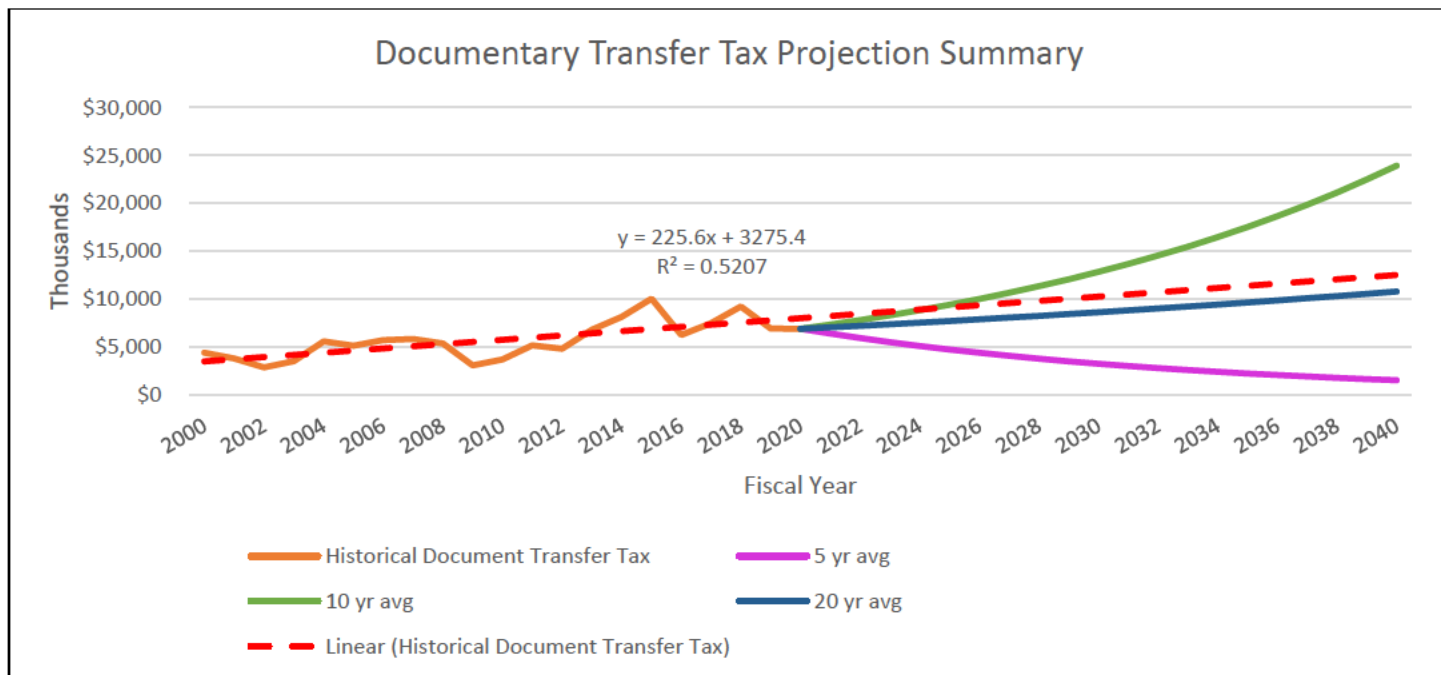
- 5 Year: -7.24%
- 10 Year: 6.41%
- 20 Year: 2.24%



The 5-, 10-, and 20-year averages all paint a very different picture from one another. The 10 yr. average shows growth of 6.41% while the 5-year average shows -7.24% growth and the 20-year average splits it all down the middle with 2.26% growth.

Documentary Transfer Tax Interpretation

The graph below is a combination of historic performance and all projections which were only the historic average projections.



Due to the lack of correlation with any economic indicators, the only projections the OCA were able to model were the historical averages. As stated in the observations and data analytics section, all three averages show vastly different outcomes when projected forward. In this case it was determined that using the 20-year average is the most reliable and conservative projections going forward. The LRFF Documentary Transfer Tax projections align with this assumption.

Utility User Tax

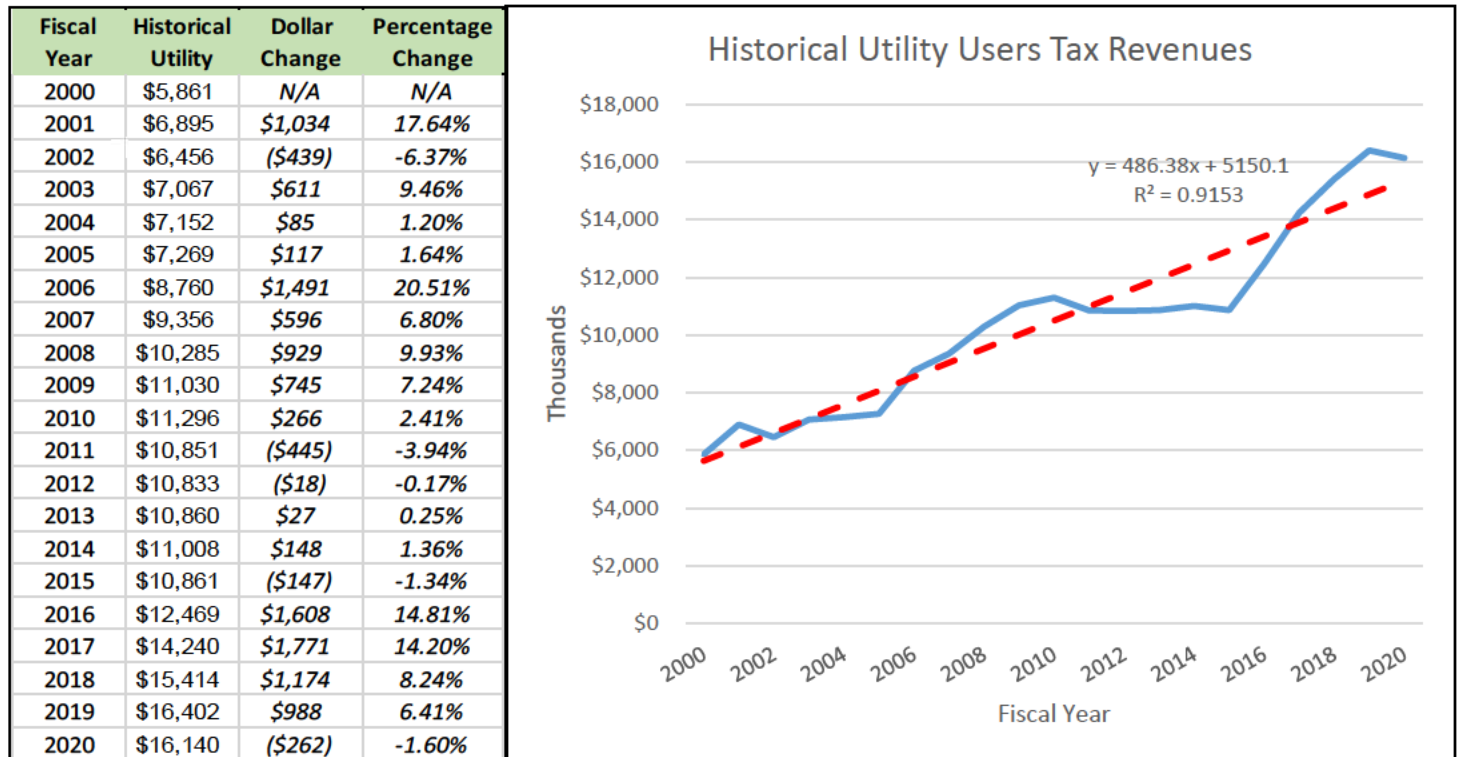
Utility Users Tax Overview

An analysis was performed by the OCA for the historical utility user tax revenues and future years were projected. The analysis provided insight into the steady increase in revenues over the past 20 years and future projections were calculated using historical averages and several economic indicators. These projections along with nationwide utility estimates were used to provide a best estimate of UUT's future performance.

Utility Users Tax Observations and Data Analysis

Historical Performance

The chart below shows the historical revenues for Utility User Tax from 2000 – 2020.



Utility user tax revenues have had a steady increase over the last 20 years. It has grown just over \$10M since the year 2000 which averages out to be 5.2% annually. There are a few years where revenues had jumped, but overall, it has not been rapid growth.

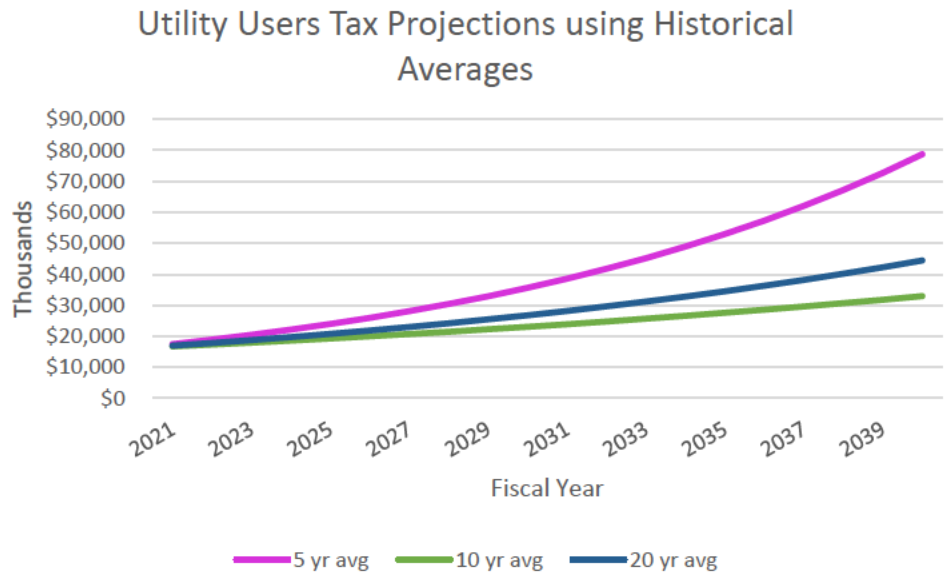
Historical Growth Averages

The graph below displays the UUT's revenue projections using the growth averages shown below.

Growth averages:

- 5 Year: 8.24%
- 10 Year: 3.63%
- 20 Year: 5.20%

Fiscal Year	5 yr avg	10 yr avg	20 yr avg
2021	\$17,471	\$16,726	\$16,979
2022	\$18,911	\$17,334	\$17,861
2023	\$20,470	\$17,964	\$18,789
2024	\$22,158	\$18,616	\$19,765
2025	\$23,985	\$19,293	\$20,792
2026	\$25,962	\$19,994	\$21,872
2027	\$28,103	\$20,720	\$23,008
2028	\$30,420	\$21,473	\$24,203
2029	\$32,928	\$22,253	\$25,461
2030	\$35,643	\$23,061	\$26,784
2031	\$38,581	\$23,899	\$28,175
2032	\$41,762	\$24,767	\$29,639
2033	\$45,205	\$25,667	\$31,179
2034	\$48,933	\$26,600	\$32,799
2035	\$52,967	\$27,566	\$34,503
2036	\$57,334	\$28,567	\$36,295
2037	\$62,061	\$29,605	\$38,181
2038	\$67,178	\$30,681	\$40,164
2039	\$72,716	\$31,795	\$42,251
2040	\$78,712	\$32,950	\$44,446



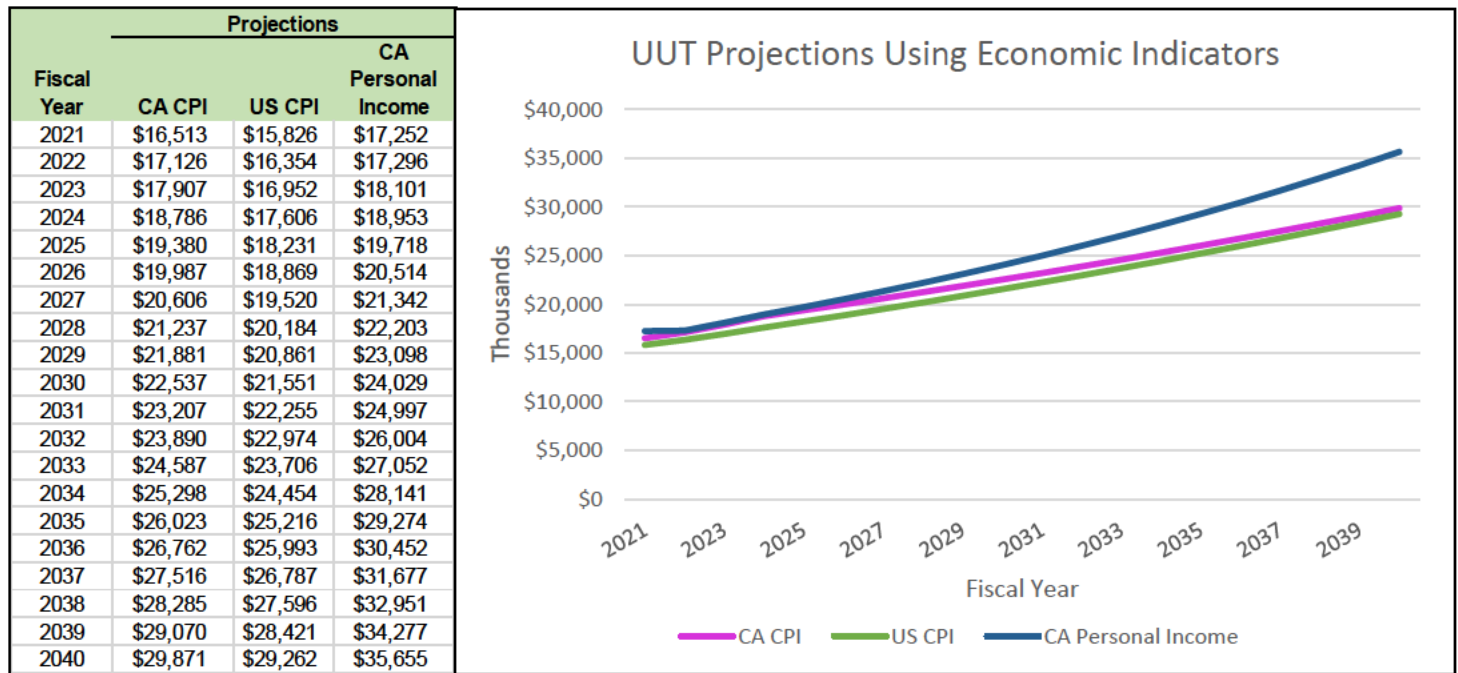
The historical data was used to compute growth averages over the last 5, 10, and 20 years. Those averages were applied to the 2020 revenues and carried forward until 2040.

Economic Indicator Projections

The chart below depicts the UUT projections using highly correlated economic indicators.

Economic Indicators with High Correlation:

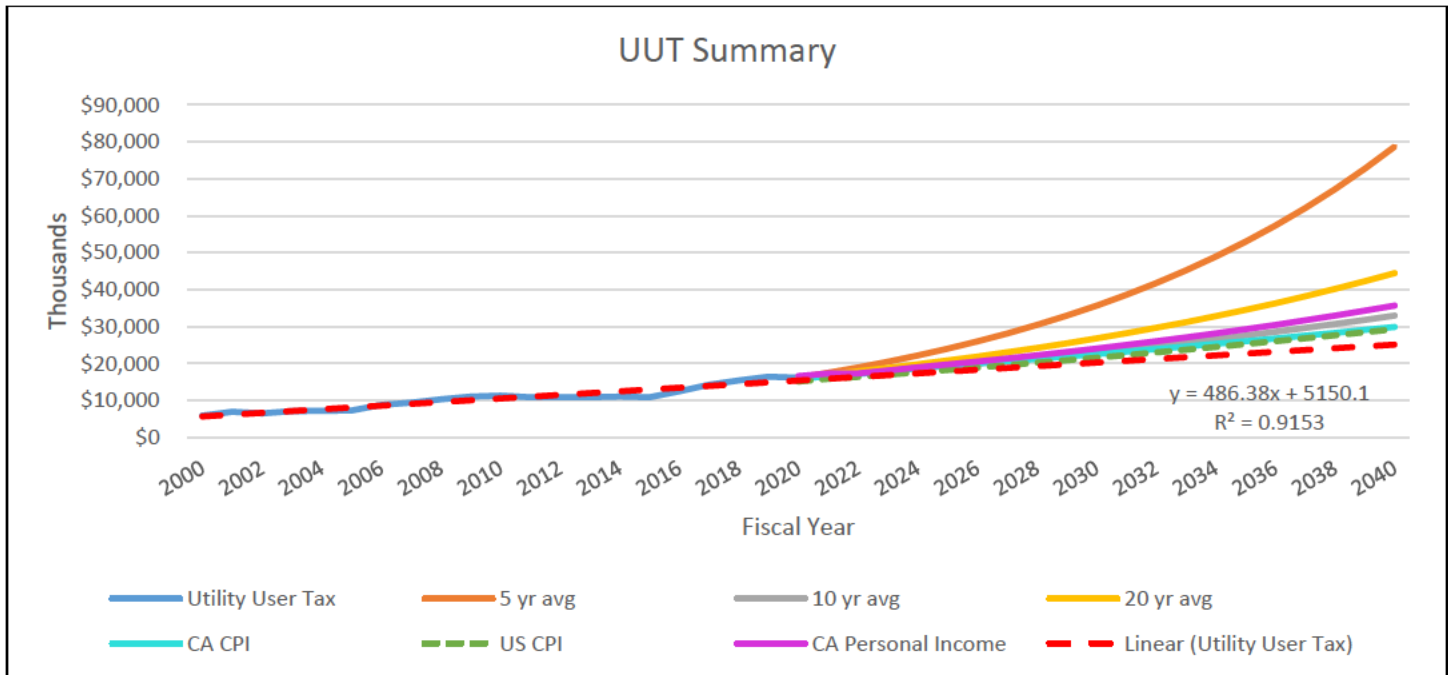
- Personal Income (California and Santa Clara County)
- Consumer Price Index (U.S., California, and San Francisco)
- Population (Palo Alto and Santa Clara County)
- Stanford Enrollment



The OCA found several economic indicators that had strong correlations to the historical UUT revenues. The indicators we were able to project forward include California CPI, US CPI, and California Personal Income

Utility Users Tax Interpretation

The chart below shows a combination of the historical UUT and the projections using historical averages and correlated economic indicators.



The OCA found some conflict between the historical averages, economic indicators, Utility Financial Forecasts and outside resources. Our internal data would suggest that the 10-year and 20-year average projections give a solid indication of where revenues might go as they are very close together. In addition, all three economic indicators created projections that were very close to the 10-year average. Based on this alone it could be suggested that revenues ending up in the \$30-\$35M by 2040 is plausible. The 10-year average and economic indicators also align with the Utility Users Tax projections for FY 2032 shown in the LRFF.

The OCA found information in the City Utility Department's FY 2022 Preliminary Financial Forecasts¹¹ and FY 2021 Financial Plans¹² complimentary to the historical average projections. The plans show load forecasts with decreasing consumption for electric, water, and gas utilities as well as slight rate increases to offset some of the declining consumption leading to percentage increases close to the 10- and 20-year historical averages.

However, the OCA found some conflicting information from the Annual Energy Outlook 2021 published by the U.S. Energy Information Administration. This showed that the average annual electricity usage is anticipated to increase across the US by slightly less than 1% through 2050. That is more conservative than all of the historical factors and would have revenues only reaching around \$20M by 2040.

Due to conflicting opinions and data the City's best option may be to continue leveraging their utility departments knowledge and forecasts to keep a close watch on their energy usage in the coming years and see if it aligns closer to the very minimal growth or remains closer to the historical averages.

¹¹ FY 2022 Preliminary Financial Forecasts: <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/2021/id-11864.pdf>

¹² FY 2021 Financial Plans:

Electric: <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/attachments/attachment-b-fy2021-electric-utility-financial-plan.pdf>

Gas: <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/attachments/attachment-e-2021-gas-plan.pdf>

Water: <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/attachments/attachment-i-fy-2021-water-financial-plan.pdf>

Economic Resiliency Review

Overview

The OCA conducted an review of the City's economic resiliency in parallel with the Revenue Trends and Models Review. The OCA included Economic Development subject matter specialists (SMSs) to complete an informational report of the Cities current state of economic resiliency. The City is currently in search for new position(s) focused on economic development. To aid in these efforts, the OCA will provide this Economic Resiliency Review in the form of a separate report.

Methodology

To complete a review of the City's economic resiliency, the Economic Development SMSs conducted two main tasks. The first task was focused on data analysis of key economic indicators while the second task was the resiliency analysis itself.

In regards to the data analysis, the City has had a recent focus on economic development, given the impacts from the Covid-19 pandemic, such as the reduction in retail sales tax, recent business turnover, and site redevelopment opportunities. The OCA conducted an analysis to assess the City's economic resiliency current state and uncover opportunities for adjustment or improvement.

Results

The Economic Development SMSs produced a memo specific for informational purposes. This memo was provided as guidance as the City searches for internal economic development personnel. The memo includes three high-level strategic recommendations supported by the economic resiliency analysis. Recommendations focus on the following areas:

- Business/industry diversification strategies
- Housing and workforce findings impacted by Covid-19 pandemic
- Enhancements to livability for resident and business engagement and retention, which could include high quality service delivery, recommendations on placemaking or other strategies to build community, and/or business programming

Appendices

Appendix A: Management Response – Revenue Trends and Model Review

Recommendation	Responsible Department(s)	Agree, Partially Agree, or Do Not Agree and Target Date and Corrective Action Plan
Finding: Workbook Organization and Clarity		
<p>In order to develop an accurate and thorough forecasting model, the City considers a number of data elements from various workbooks. The input from multiple parties is also involved. At the moment, the City doesn't have a consistent naming convention for workbooks, nor does it have narrative or instructions within the workbook itself to describe the flow of information. The City relies on the institutional knowledge of employees to understand how the forecasting information is pulled together. Without consistent naming conventions and information narratives, the City is at risk if key stakeholders in this process were to leave the organization. The OCA recommends developing a consistent naming convention and adding narrative in workbooks, including the purpose of the sheet, from where information is pulled, to where information is pushed, and with whom does the ownership of the spreadsheet lie.</p>	Administrative Services	<p>Concurrence: Partially Agree Target Date: Fall 2022 Action Plan:</p> <p>The City partially agrees with the recommendation and recognizes the potential for "key personnel" risk. There are four main workbooks that are used to monitor and forecast General Fund major tax revenue that each pull data from multiple sources. Staff believe the file names of the workbooks are appropriately named; however, staff agrees with the recommendation that the source of information can be improved to ensure sufficient informational narratives that assist in identifying data used from a detail level to summarized level for forecasting activities. The addition of information narratives would help improve the ability for other staff to both navigate the supporting workbooks as well as summarizing the forecasts for public narratives such as the Long Range Financial Forecast or budget documents.</p> <p>Staff believe the ownership of these workbooks is clear, the City's Manager of Treasury, Debt, and Investments is responsible for these forecast activities; support from a team of staff including senior managers and divisions in the department such as the Office of Management and Budget collaborate on the public reporting and financial planning.</p>
<p>In some cases, the City uses assumptions and rough estimates to consider various scenarios such as percentage growth in situations when supporting data is sparse. This can be a necessary action if no better alternatives exist. However, the OCA learned anecdotally that some of these rough estimates are highly specific, oftentimes having estimated numbers to the hundredths place. If a certain series of inputs are rough estimates, these inputs should not be made to look as though they were calculated. Instead those estimates should be clearly labeled with a short description as to the thought process behind how the estimator arrived at that number. This will help to clarify which values were calculated at one point vs. which values are estimated without a specific calculation.</p>	Administrative Services	<p>Concurrence: Agree Target Date: Fall 2022 Action Plan:</p> <p>Staff agrees that labeling estimates with short descriptions and selecting consistent rounding (i.e. hundredths place) will improve documentation of forecast assumptions and will implement this as part of the remaining FY 2023 annual budget process and as part of the FY 2024-2033 Long Range Financial Forecast.</p>

Finding: Model Improvements

<p>The OCA recommends considering the following four factors as additional forecasting inputs for TOT;</p> <ul style="list-style-type: none"> - size and frequency of local conventions/events, - national unemployment, - hotel market segments and property-specific attributes, and - demographics of travelers. <p>While some of these inputs may not be possible due to lack of data or lack of applicability to the City, the OCA recommends considering these other inputs to determine if improvements to forecasting can be made. Where data is available for these factors, the City can use correlations factors to determine the strength of the relationship between TOT and a given input.</p>	Administrative Services	<p>Concurrence: Partially Agree</p> <p>Target Date: Fall 2022</p> <p>Action Plan:</p> <p>Administrative Services staff agree that these variables are informative inputs to forecasting when data is readily available for these factors. Staff review some of these factors including national unemployment, historical trends driving events and travelers on a macro level when developing the City's financial reporting documents with projections including but not limited to the Long Range Financial Forecast and annual budget process. Incorporating these additional factors at a more precise individual revenue level, as noted in the recommendation, is not feasible as the data is not readily available or applicable for Palo Alto at this time. For example, since Palo Alto does not have assets such as a destination convention center like neighboring jurisdictions San Jose and Santa Clara, the size and frequency of local conventions/events is not as closely impactful in Palo Alto.</p> <p>Staff does have and references historical data such as demographics of travelers studied as part of the 2015 economic analysis completed as part of the development of the current Comprehensive Plan. Factors such as these are typically provided by organizations such as a convention and visitors bureau which the City is currently not a participant in. Staff will continue to review available data as part of the annual Long Range Financial Forecast.</p>
<p>The City should reach out to larger hotels to understand if they forecast as well as large businesses and Stanford University to understand their expectations for conferences, business travel, student activity, etc. If a relationship with Stanford to provide such information does not exist, this would be a useful relationship to develop for future analyses that may also benefit the University.</p>	Administrative Services	<p>Concurrence: Partially Agree</p> <p>Target Date: Fall 2022</p> <p>Action Plan:</p> <p>The City does review expected special events based on historical trends as part of the annual forecast, however, staff agree that seeking feedback from the local community would provide additional insights specific to Palo Alto if such organizations are able and willing to provide and disclose such information to the City. Historically staff have received anecdotal feedback on an ad hoc basis. In the coming Long Range Financial Forecast, staff will reach out to applicable organizations for this feedback and include feedback to the extent it is received.</p>



City of Palo Alto

Office of the City Auditor
Economic Resiliency Review
March 15, 2022

Executive Summary

Purpose of the Economic Resiliency Review

The Economic Resiliency Review was a component of a broader Economic Recovery Advisory audit activity. The purpose of the Economic Recovery Advisory audit activity was to review the City of Palo Alto's ("City") long-term financial planning models and inputs, offer recommendations for improvement, identify and evaluate key revenue source categories that present long term risk to the City's financial sustainability and perform scenario analysis. The Office of the City Auditor ("OCA") also offered ad hoc advisory assistance during the FY22 budget process.

In this particular report, the OCA included economic development subject matter specialists to conduct an Economic Resiliency Review as a resource to the City and any future City employees focused on economic development initiatives. This report supplements the Revenue Trends and Models Review included in the broader Economic Recovery Advisory report.

Results

The Economic Development SMSs produced this separate report specific to the Economic Resiliency Analysis. This report was provided as guidance as the City searches for internal economic development personnel. The report includes three high-level strategic considerations supported by the economic resiliency analysis. Recommendations focus on the following areas:

- Business/industry attraction, retention, and diversification strategies
- Housing and workforce findings impacted by Covid-19 pandemic
- Enhancements to livability for resident and business engagement and retention, which could include high quality service delivery, recommendations on placemaking or other strategies to build community, and/or business programming

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Introduction

Objective

The objectives of the Economic Recovery Advisory audit activity was to:

- 1) Review the City's long-term financial planning models and inputs and offer recommendations for improvement.
- 2) Identify and evaluate key revenue source categories that present long term risk to the City's financial sustainability and perform scenario analysis.
- 3) Offer ad hoc advisory assistance during the FY22 budget process.

The Economic Resiliency Review is a component of these broader objectives.

Background

The OCA performed a citywide risk assessment that assessed a wide range of risk areas, including strategic, financial, operational, compliance, technological, and reputation risks. The purpose of the assessment was to identify and prioritize risks to develop the annual audit plan.

During the [FY2021 risk assessment](#), the OCA identified the followings risks which led to this project.

- COVID-19 Response
- Financial Performance/Revenue Generation
- Tax Revenue & Economic Recovery
- Current Planning Practices

Additionally, during the risk assessment, Baker Tilly included some examples of potential risks in the future related to this audit:

- Large businesses moving to other locations or decreasing the focus on in-person interactions at headquarters, lowering the daytime population and visitors
- Decreasing real estate values due to external factors decreases City revenues from property taxes
- Lost revenue for the City to fund City services with Prop 13 in place
- High taxation on residents due to increased property values, especially long term Palo Alto residents, in the absence of Prop 13

Scope

To complete a review of the City's economic resiliency, the Economic Development SMSs conducted two main tasks. The first task was focused on data analysis of key economic indicators while the second task was the resiliency analysis itself.

Methodology

The City has recently focused on economic development, given the impacts from the Covid-19 pandemic, such as the reduction in retail sales tax revenue, recent business turnover¹, and resulting site and/or storefront revitalization opportunities. As there is some available data from previous studies, the Economic Development SMSs conducted a mix of data review and alignment from existing studies and additional analysis, including:

- Economic Growth & Employment
- Demographics
- Business/Industry

¹ Discussed in Palo Alto Online, "Layoffs. Red tape. Anxiety. Small businesses fight to survive pandemic" 4/17/2020; <https://www.paloaltoonline.com/news/2020/04/17/as-costs-mount-small-businesses-fight-to-survive>. Accessed 01/05/22

- Visual review and locational analysis using maps and other tools

The Economic Resiliency Analysis involved calculating risk to a community's key economic assets and developing a strategy to buffer risk to minimize or avoid shocks to the economy. The OCA conducted an analysis to assess the City's economic resiliency current state and uncover opportunities for adjustment or improvement, including:

- Economic incentives scan
- Regional economic trend scan, including employment and industry location quotient
- Economic resiliency readiness check, including evaluation of steady state and responsiveness factors

Compliance Statement

This audit activity was conducted in accordance with the Annual Audit Plan. The audit activity was not performed in compliance with the generally accepted government auditing standards (GAGAS). The audit activity was not performed in compliance with GAGAS for two primary reasons:

- The individuals conducting the activity did not meet the CPE requirements. As subject matter experts in construction risk, the team members are not required to obtain government audit CPE. Rather, multiple team members are required to be technically competent construction risk professionals and obtain CPE in construction risk topics.
 - Mitigating factor – City Auditor Kyle O'Rourke and Manager Chiemi Perry both adhere to CPE requirements
- The City of Palo Alto Office of the City Auditor has not undergone an External Peer Review in the required 3 year cycle as required by Standards.
 - Note – the Office of the City Auditor will undergo a peer review at the conclusion of FY22.

We planned and performed the activity to obtain sufficient, appropriate evidence to provide a reasonable basis for our recommendations based on our objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit the objectives.

Organizational Strengths

During this review, we observed certain strengths of the City regarding economic resiliency. Key strengths include:

- A high-level of responsiveness and a problem-solving approach to business needs during the Covid-19 pandemic
- A strong baseline for the city's residential property tax base and supporting demographics to continue to support future growth
- A healthy mix of business sizes, industry specialization, and geographic location of retail and business centers across the city to support the city's economic resiliency profile

The Office of the City Auditor greatly appreciates the support of the Administrative Services Department in conducting this audit activity.

Thank you!

Economic Resiliency Review

Introduction

The purpose of the economic resiliency review is to provide a high-level background of baseline conditions and core indicators that the City could consider as an economic resiliency threshold. This review is primarily drawn from secondary research, data, and reports. Unfortunately, there is a lag of data available to truly elucidate the disruption of the Covid-19 pandemic to the core conditions of the local and regional economy.

The intent of this review is to summarize past baseline conditions to prepare the City and its economic development partners to move forward with a new set of challenges and conditions given the ongoing pandemic and long-term changes to remote work and an online retail economy. With that in mind, the City considers itself as embedded within the business community, aligned with other groups that provide support and resources to local businesses, such as the Palo Alto Chamber of Commerce, the downtown business district, the California Avenue business district, property owners and brokers, the Stanford Research Park, and Stanford University. As such, the City should rely on its many partners in economic development to act on strategies, policies, and programming to support economic growth.

Summary Presentation of Demographic Data & Business Baseline

To develop a working understanding of the economic baseline, the economic development SMSs reviewed key indicator demographics, including population data, income, educational attainment, housing market data, business, and employment information. These demographic indicators determined a strong profile of economic resiliency.

Population, Income, and Educational Attainment

The City's population was 68,572 as of the 2020² census data. Between the 2010 and 2020 censuses, the population grew by a steady but modest pace of 6.47% that was above the state average of 6.13%, but below the national average of 7.35% and below the 8.67% increase experienced in Santa Clara County as a whole³. The population is significantly less diverse than Santa Clara County and California. 54.9% identified as "white alone, not Hispanic or Latino" while that number was 30.6% in Santa Clara County and 36.5% statewide⁴. The City's younger age brackets are comparable to county and state averages; however, the city has a higher proportion of its population that is 65 years or older at 19.4% while the county and state percentages are 13.9% and 14.8% respectively⁵.

Palo Alto has very strong personal and family income when compared to the county and state averages. Median household income was \$158,271 while Santa Clara County was \$124,055 and California was \$75,235. Per capita income was even more significant at \$92,590 with the county and state averages being \$56,248 and \$36,955 respectively. Poverty prevalence was significantly lower as well, with the percent of persons in poverty at 6.10% compared to 7.52% in Santa Clara County and 11.8% in California⁶.

The city has extremely high education attainment rates. 97.4% of persons age 25 year or older are high school graduates or higher, and 82.8% have a bachelor's degree or higher⁷. The city's extremely high rate of college degrees is of note, being more than double the state average. By comparison, Santa Clara County's rates are 88.4% and 52.4% respectively, and California's rates are 83.3% and 33.9% respectively.

² US Census Bureau, Quick Facts; Palo Alto, CA; 2020 Census

³ US Census Bureau, 2020 Census.

⁴ Ibid

⁵ Ibid

⁶ Ibid

⁷ US Census Bureau, QuickFacts; Palo Alto, CA; 2015-2019 data

Housing Market and Property Tax Revenue

The city has a very strong housing market with much higher property values than county and state averages. According to the US Census Bureau, the median value of owner-occupied housing units was \$2,000,000+ in Palo Alto, \$984,000 in Santa Clara County, and \$505,000 in California⁸.

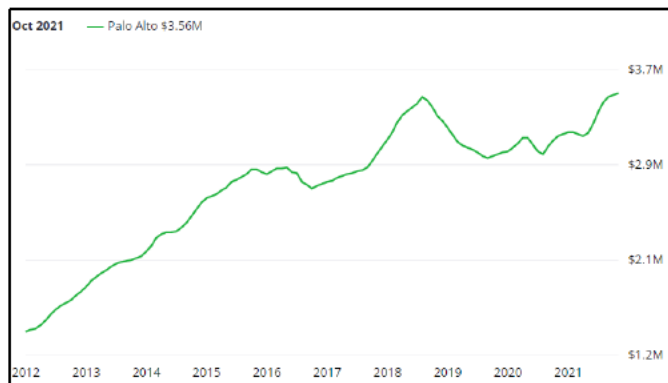


Figure 1: Zillow Home Value Index, Palo Alto, 2012-2021

According to the more recent Zillow Home Value Index⁹, the typical home value in The City was \$3,560,805 as of their October 2021 data. This value is seasonally adjusted and reflects the typical value for homes in the 35th to 65th percentile range and represents an 11.6% increase over the previous year. The market has rebounded from the 2008 Financial Crisis and following recession, with Zillow's Home Value Index showing a value of \$1,500,000 in Dec 2011. Over the last five years, growth has continued but the pace has moderated somewhat.

According to Redfin's November 2021 data, the housing market is considered very competitive, with a Redfin Compete Score of 87 out of 100. The median sale price was \$3,525,000, representing a 21.5% increase year-over-year. The average home is on the market for 11 days and sells for 8% above list price, with some homes selling for 17% above list price. Approximately 64.6% of homes sold above list price, a 31.7% increase year-over-year.

With the rapid increase in housing prices during the post-recession recovery period, housing costs have increased considerably to nearly three times the national average for owners and more than double the national average for

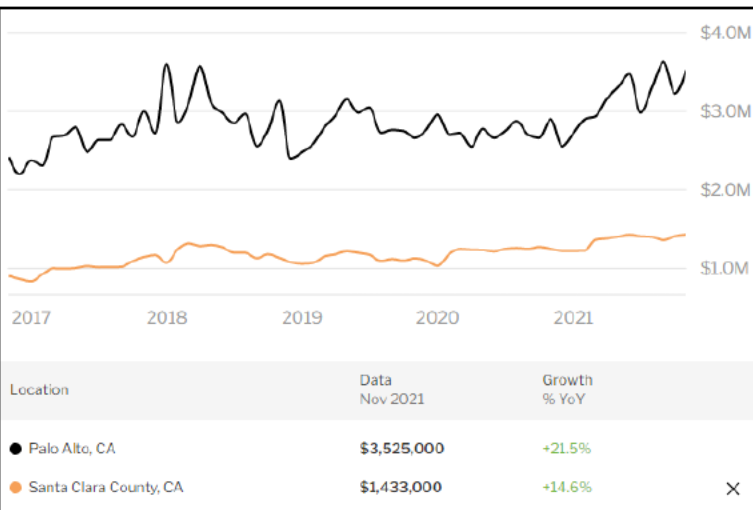


Figure 2: Redfin Median Sale Price, Palo Alto and Santa Clara County, 2016-2021

renters. According to data from the US Census Bureau¹⁰, median monthly owner costs with a mortgage were \$4,000+, significantly higher than the \$3,381 in Santa Clara County and \$2,357 in California. Median gross rent (2015-2019) in Palo Alto was similarly high when compared with the county and state averages of \$2,268 and \$1,503 respectively.

As the residential property market has experienced increased activity in recent years, the City's property values have seen increases across all categories of real estate. The Palo Alto Property Tax Summary for 2019-2020 reflects pre-pandemic numbers. According to the summary, the year-over-year increase in property values for all real estate categories was \$3.055 billion, an increase of 7.8%. Residential values experienced a 6.3% increase and accounted for 56% of all growth for

the period. Commercial properties had an increase of 9.7% which accounted for approximately 24.8% of all growth for the period. Industrial properties saw the greatest increase at 28.4% after having declined by 10% in the previous year. The significant jump in industrial values was primarily related to improvements to certain larger parcels. Fifty vacant parcels were developed and transferred to other uses.

⁸ Ibid

⁹ Zillow Home Value Index; Palo Alto, CA, October 2021 Report

¹⁰ US Census Bureau, QuickFacts; Palo Alto, CA; 2015-2019 data

While there was uncertainty surrounding real estate and the overall economy at the outset of the pandemic, the trend towards higher property values and increased real estate transactions has continued. Any negative impact to commercial or industrial properties is likely to be offset by the strong growth in residential property sales during the pandemic which was buoyed by historically low interest rates. Even with the Federal Reserve considering multiple interest rate increases in 2022¹¹, interest rates are anticipated to remain comparatively low relative to historic trends, which should sustain the residential real estate market and related property tax revenues.

While residential property values are a benefit in terms of property tax revenue, they can pose a barrier to local employment growth. When comparing Palo Alto's housing data to Santa Clara County and the state, high housing prices combined with limited land available for new housing, could be a driver of the unusually high commute patterns identified in the labor force summary below. (US Census 2019, Commute Patterns). Employers in Palo Alto import 93% of their employment base from outside of the city. If the standard rule follows that mortgage/rent payments should not exceed more than 30% of a household budget, a theoretical person purchasing a house at the current median home value of \$2,000,000 (US Census) to \$3,500,000 (based on recent sales data) with a median income of \$158,271 would spend a much higher percentage of their income on housing-related costs. While the housing market, income levels, and household budget allocations are more complex than this example, economic development strategies to support businesses and the workforce may be needed to mitigate some of the issues related to housing costs.

However, since commute data is not available from 2020- to current, which includes the pandemic, it is unknown to what the extent the trend toward remote work will impact the residential and commercial real estate market and property tax revenue. With remote work becoming more prevalent as a result of the pandemic, particularly as it relates to business class/white-collar jobs, there may be a trend for workers to relocate to more suburban areas with lower costs of living, larger residential properties, and access to outdoor space. Additionally, many employers are downsizing office size and shifting to more remote and shared-work spaces. It is not known if this trend is temporary or permanent and how it may impact the city in the long term. However, based on current real estate market data, it does not appear to be negatively impacting residential prices.

Business Size Profile

The city's employment base is characterized by several factors that are noticeably different from California as a whole. A high percentage of overall employment is from larger companies. The percentage of employers with 500+ employees is four times the state average. Similarly, the percentage of employers with between 250 to 499 employees is double the state average. At the other end of the spectrum, companies in the size class of 1 to 4 employees make up a higher percentage of businesses in Palo Alto, with a rate of 41.4% when compared to the state average of 34.7%.

Palo Alto Employers	Employees
Stanford Healthcare	5,500
Lucile Packard Children's Hospital	5,700
Stanford University	4,500
Veteran's Affairs Palo Alto Healthcare System	3,900
VMWare, Inc.	3,500
SAP Labs Inc.	3,500
Space Systems/Loral*	2,800
Hewlett-Packard Company	2,500
Palo Alto Medical Foundation	2,200
Varian Medical Systems	1,400

Figure 3: Palo Alto Top Largest Employers, Good City Company

Figure 3 above shows the largest employers in the city. While there is a heavy concentration of firms in the information industry sector, healthcare and social services account for half of the top employers, and three out of the top four on the list are in the healthcare and social services industry. There is a significant economic impact of Stanford University School of Medicine and its related medical research and technology, and Stanford Health Care (among the top hospitals in the nation) that add to the health care economy core strength. Stanford University (4,500 employees) is a strong asset

¹¹ Timiraos, N. (2022, January 5). Fed minutes point to possible rate increase in March. The Wall Street Journal. Retrieved January 7, 2022, from <https://www.wsj.com/articles/fed-minutes-reflect-growing-unease-over-high-inflation-11641409628>

and economic driver on multiple levels, as a top tier education and research institution, as well as driver of new residents and visitors to the community.

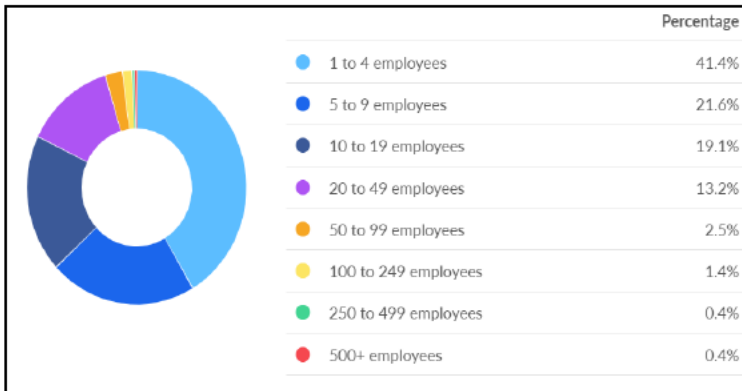


Figure 4: Palo Alto Business Percentage, Emsi/DatabaseUSA.com

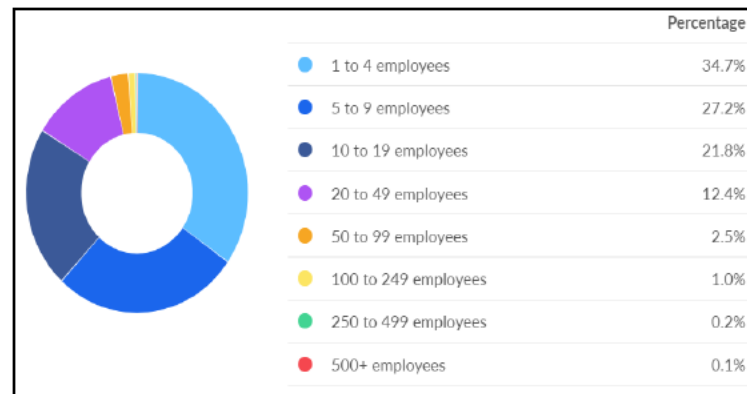
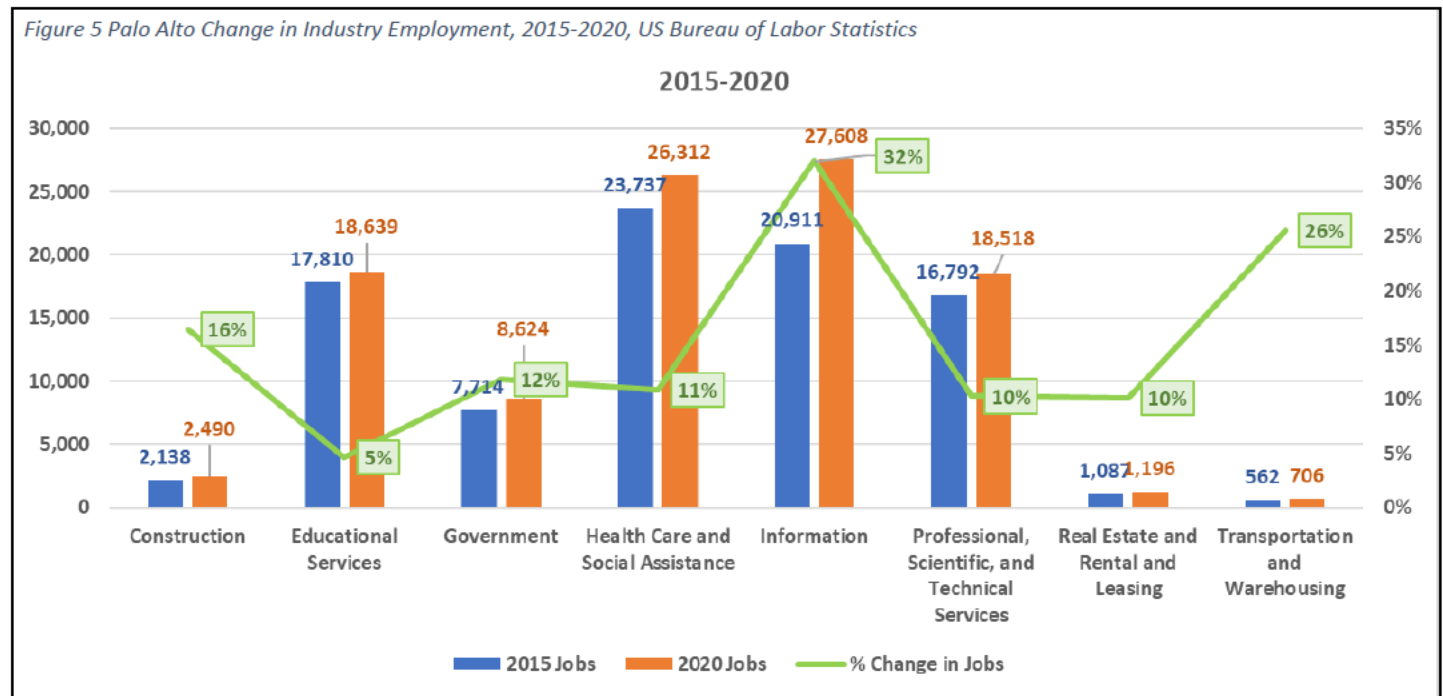


Figure 5: California Business Percentage, Emsi/DatabaseUSA.com

Employment and Industry Mix

We looked at industry employment based on percentage change from 2015 to 2020 and industry employment by location quotient to determine both the growth in employment and the concentration of employment as it compares to the national average.

In the top growing industries, the largest change in industry employment was in the Information sector with a 5-year increase of 32%, or 6,697 new jobs. Government saw a 5-year increase of 12% or 910 jobs. Health Care and Technical Assistance saw a 5-year increase of 11% increase or 2,575 jobs. And Professional and Scientific, and Technical Services saw a 5-year increase of 10% or 1,726 jobs.



Next, we looked at location quotient (LQ), which is a ratio that measures a region's industrial specialization relative to the US. An LQ greater than 1 indicates an industry with a greater share of local area employment than the national base. Palo Alto has several industries, such as information; health care and social assistance; educational services; and professional, scientific, and technical services, which have a LQ over 1. The Information industry with a NAICS code of 51, includes jobs in software development, data communications, data processing, and other jobs related to publishing of information and data.



Figure 6 Palo Alto 2020 Industry Location Quotient, 2-digit NAICS, US Bureau of Labor Statistics

Location quotients help to understand regional economic strengths and opportunities. They are also useful in forecasting regional economic trends based on trends for specific market sectors. It is no surprise that the city has significant employment in the Information industry with a location quotient of 11.42. This high location quotient tells us there is a significant information technology ecosystem that can be leveraged to support other industry linkages as well as attract sub industry sector businesses. This robust ecosystem drives the local economy with extensive reach both domestically and internationally.

Analyzing location quotients at the more granular 6-digit NAICS versus a 2-digit NAICS allows for more precise reporting of the employment and overall growth of a region's industry sectors. More precise industry data allows workforce training providers to design programs to better fit the existing and future skill needs of those industries, and for communities to leverage this projected growth. To get a closer look at the city's industry mix, we looked at the 6-digit industry NAICS location quotient by employment. Internet Publishing and Broadcasting and Web Search Portal had a location quotient of 86.72, while Blank Magnetic and Optical Recording Media Manufacturing had a location quotient of 56.52 and Radio and Television Broadcasting and Wireless Communications Equipment Manufacturing¹² had a location quotient of 35.36. All these LQ specializations reveal strengths with the technology industry.

¹² NAICS 334220 includes manufacturing radio and television broadcast and wireless communications equipment. Examples of products made by these establishments are transmitting and receiving antennas, cable television equipment, GPS equipment, pagers, cellular phones, mobile communications equipment, and radio and television studio and broadcasting equipment.

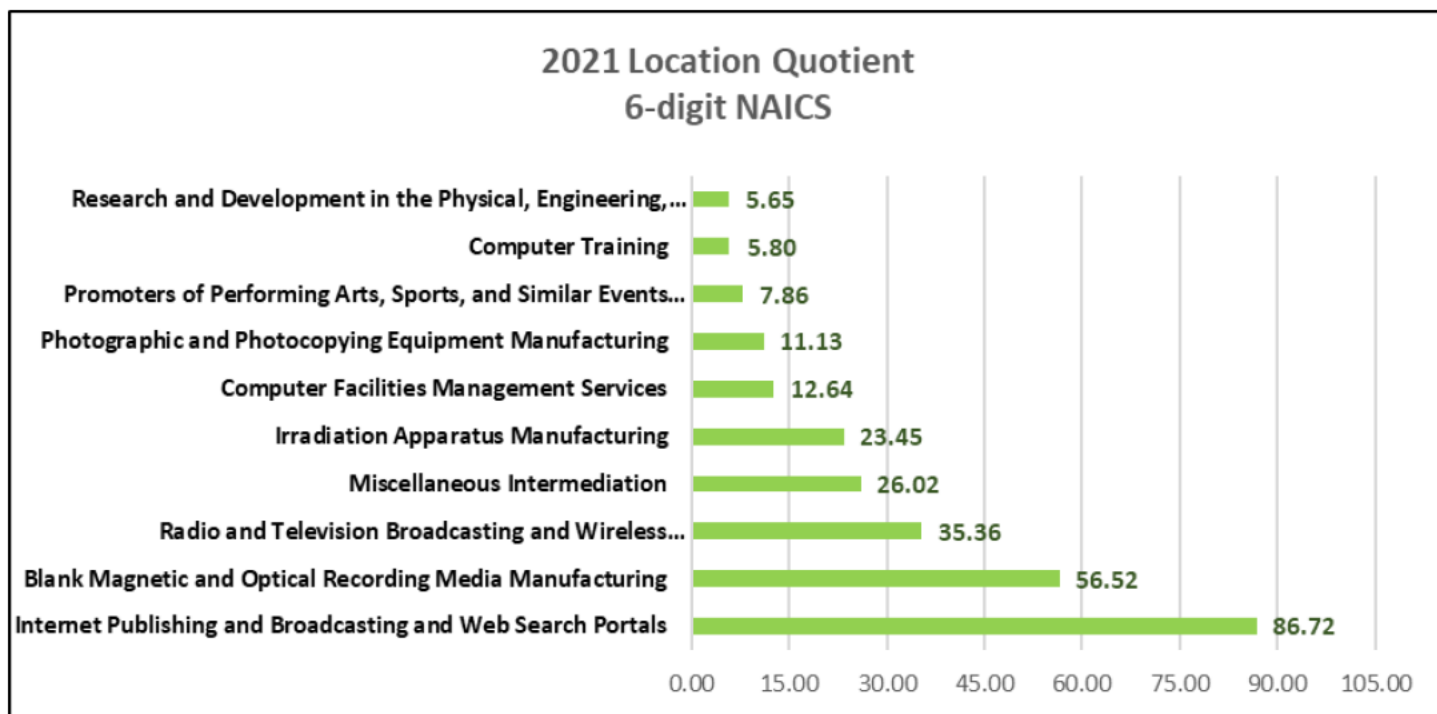


Figure 7 Palo Alto 2020 Industry Location Quotient, 6-digit NAICS, US Bureau of Labor Statistics

However, often a significant industry concentration needs to be addressed in terms of economic diversification. A diversified economy is more able to withstand downturns in their primary economic driving activity leading to a more resilient economy. Industry diversification also provides for skill set diversification which can allow employees to transfer more quickly into other occupations and employers to customize job training programs should there be downturns in the primary industry.

Labor Force and Commuting Patterns

To further understand the geographic labor shed of the area, Baker Tilly analyzed the workforce's place of work when compared to the place of residence. Based on 2019 data from the Bureau of Labor Statistics, the City's total primary private employment was 109,220, with a net inflow of 82,304 jobs. Of the 109,220 total primary private jobs in 2019, only 24.6% of workers, or 26,916, were living in the City of Palo Alto. Whereas 102,544 people were employed in the Palo Alto area but living outside the area. Of the 26,916 workers living in the city, only 6,676 are employed and living in the Palo Alto. This data suggests a significant in-migration of workers who could live in here if other factors, such as available housing types, cost of living, commute time, work flexibility, or other factors were different. A further analysis of this large in-migration of workers is warranted to determine if providing a shorter commute or an opportunity to live within the area in which they are employed could create a positive impact for attraction and retention of a highly skilled and sought-after workforce.

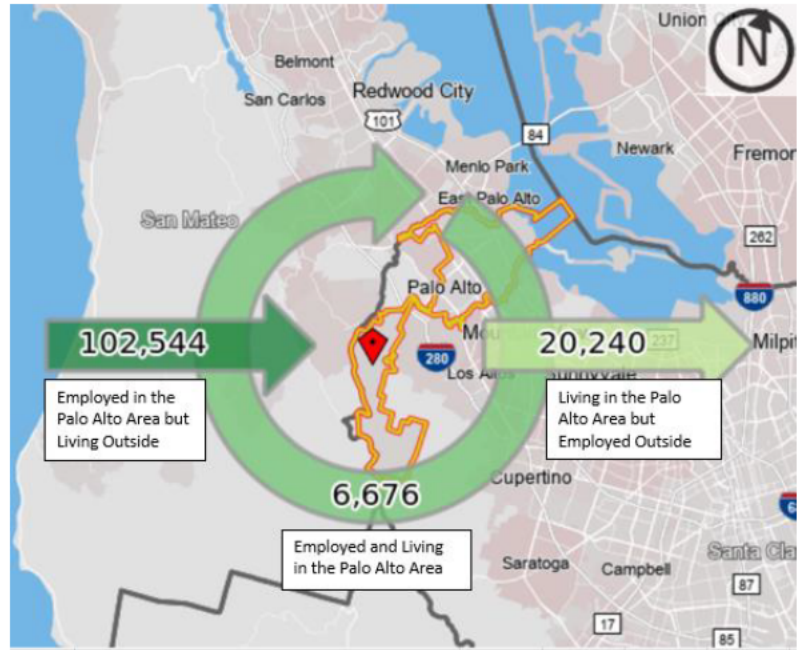


Figure 8 Commuting Patterns, US Census, OntheMap, 2019

Inflow/Outflow Job Counts (Private Primary Jobs)		
	2019	
	Count	Share
Employed in the Palo Alto Area	109,220	100.00%
Employed in the Palo Alto Area but Living Outside	102,544	93.90%
Employed and Living in the Palo Alto Area	6,676	6.10%

Figure 10 Inflow/Outflow Job Counts, US Census, OntheMap, 2019

Palo Alto (Private Primary Jobs)		
	2019	
	Count	Share
Employed in the Palo Alto area	109,220	100.0%
Living in the Palo Alto Area	26,916	24.6%
Net Job Inflow (+) or Outflow (-)	82,304	-

Figure 9 Employed and Living in Palo Alto, US Census, OntheMap, 2019

Retail – Shopping Centers and Key Corridors

The OCA's economic recovery report projects future growth in and sales tax over time. The City's largest sales tax contributors are a diverse group of businesses that conduct automobile sales, medical sales, tech companies and data management, and destination retail. Geographically, the largest sales tax contributors are located on automobile-oriented corridors, at the Stanford Shopping Center, or along small business-scale or "walkable" retail corridors, such as California Avenue and University Avenue. While California Avenue and University Avenue are well-known and contribute to a sense of place in the city, the largest sales tax performers are located in auto-oriented retail destinations.

Numerous challenges have emerged on small retail corridors during the Covid-19 pandemic, including temporary closures of California Avenue to support outdoor dining. Anecdotally, this appears to have helped some businesses and hurt some businesses. A broader analysis and redevelopment strategy of the California Avenue corridor could be conducted to position it for the future economy and an endemic status of Covid-19, where remote work continues to impact localized retail corridors.

Palo Alto, CA. Major Sales Tax Performers, 2020

Business*	Type**
Anderson Honda	Auto
Lucile Packard Children's Hospital	Medical
Tencent	Tech/Data Management
Apple Stores	Destination Retail
Macy's Department Store	Destination Retail
Tesla	Auto
Audi Palo Alto Magnussen's	Auto
Toyota of Palo Alto	Auto
Telsa Lease Trust	Auto Lease
Bloomingdales	Destination Retail
Hp Enterprise Services	Tech/Data Management
Shell Service Stations	Gas
McLaren San Francisco	Auto
Tiffany & Company	Destination Retail
Bon Appetit Management Co	Catering
Neiman Marcus Department Store	Destination Retail
Urban Outfitters	Destination Retail
Hermes	Destination Retail
Nest Labs	Tech/Data Management
Varian Medical Systems	Medical
Houzz Shop	Destination Retail
Nordstrom Department Stores	Destination Retail
Volvo Cars Palo Alto	Auto
Integrative Archive Systems	Tech/Data Management
Stanford Outpatient Clinic Pharmacy	Medical

*Source for Business: Good City Company Presentation to Council, 6/1/21

**Source for Type: Baker Tilly

Economic Resiliency Analysis

The economic resiliency analysis involves calculating risk to a community's key economic assets and developing a strategy to buffer risk to minimize or avoid shocks to the economy. Baker Tilly analyzed the current state of economic resiliency through a high-level review of development incentives, economic trends, and business engagement during the COVID-19 pandemic to uncover opportunities for adjustment or improvement.

Economic Trends

Several of the city's strong business and professional occupations held steady or experienced growth over the past five years, such as Business/Financial Operations, Management, and Health Care Practitioners/Technical, Educational, and Sales. The city's top growing occupations can be found primarily in the health-related industry and Arts/Media fields. The Arts/Design/Entertainment/Sports and Media occupations grew by 43% from 2015 – 2020. In the same period, the combined growth in occupations related to the health care industry grew by roughly 20%.

The top occupations based on location quotients are computer and mathematical at 3.56, legal at 2.95, art/design/entertainment/sports and media at 1.92, and healthcare practitioners and technical at 1.87. These quotients indicate a higher concentration of employment in these occupations in the Palo Alto area than the national average.

As we are shifting from an occupation-based workforce to a skills-based workforce, knowing the concentration of skills within these occupations is important to attract new businesses. Employers are often looking for skills versus occupations as they can retrain/upskill if the employee has the basic industry skill sets. A valuable exercise would be to determine the skills sets within these industry occupations to market the region's workforce and to sustain existing business growth.

Business Engagement During Covid-19

The City was very involved in business recovery and engagement strategies during the Covid-19 pandemic, particularly as it impacted retail and restaurants on key corridors, such as California Avenue and University Avenue. The city developed an action team of decision makers and department heads, with hands-on involvement from the City Manager to address and solve problems brought up by local businesses. The city developed weekly business check-in meetings

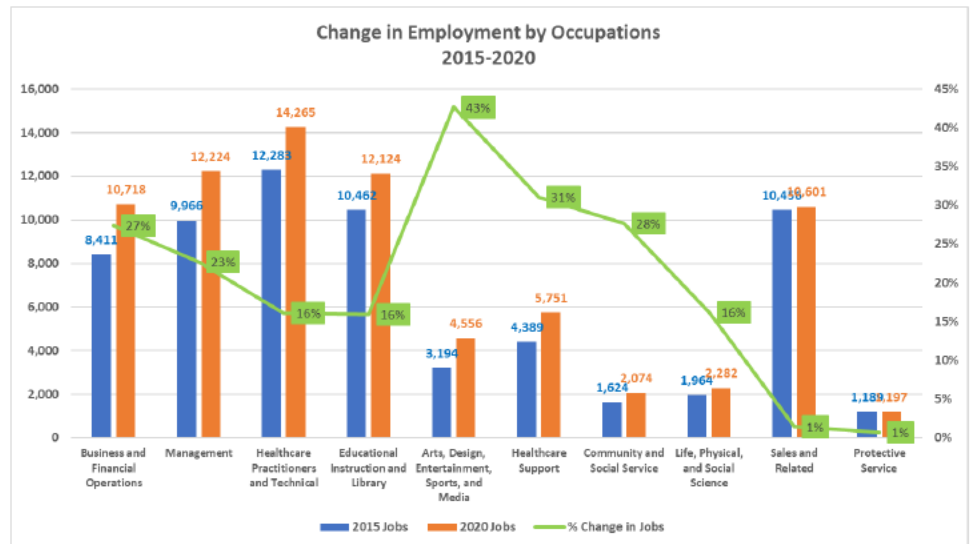


Figure 11 Change in Employment by Occupations, US Bureau of Labor Statistics, 2015-2020

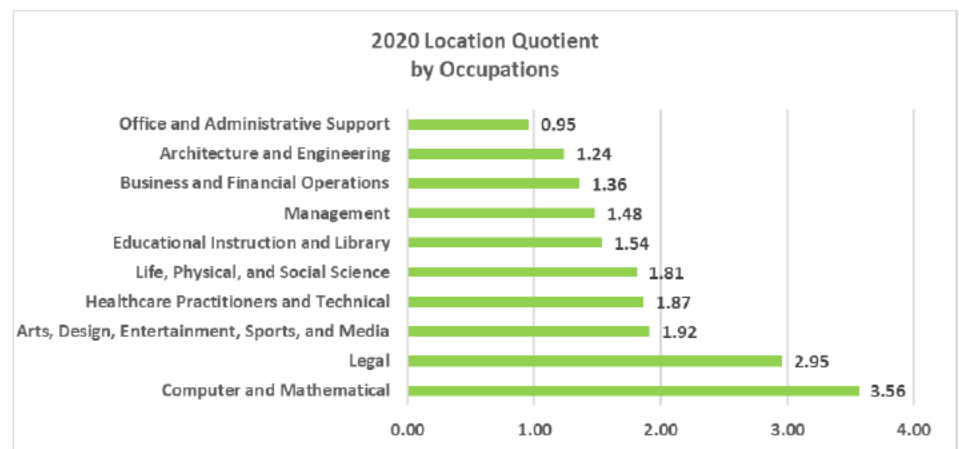


Figure 12 Location Quotient by Occupations, US Bureau of Labor Statistics, 2020

and the *Uplift Local* program to quickly utilize outdoor spaces to help expand business activities outdoors for restaurants and fitness businesses.

The Stanford Research Park is a powerhouse economic asset to the City and is an economic driver of jobs, salaries, spending power, business growth, industry diversification, and property tax receipts. While there was some collaboration during the COVID-19 pandemic with strategic support of the small businesses on California Avenue corridor, a more proactive engagement strategy of business retention and attraction could be considered from the city perspective, targeted to the larger industrial and tech businesses located there.

The City views itself as embedded within the business community when it comes to economic development, aligned with other groups that provide support and resources to local businesses, such as the Palo Alto Chamber of Commerce, the downtown business district, the California Avenue business district, property owners and brokers, the Stanford Research Park, and Stanford University. The new economic development staff person is one of many participants within the business development and economic development space, and can only act on the specific decisions, programs, or action steps that can be executed by city staff.

Considerations

Business and Industry Attraction, Retention, and Diversification Strategies

The City and its economic development partners could explore the following considerations for business and industry attraction, retention, and diversification to enhance long-term economic resiliency. Retail and small business corridors warrant different considerations than considerations for larger businesses.

Retail and Small Business Corridor Considerations

While destination retail in the city is doing well, small business corridors, such as California Avenue and University Avenue, have been more vulnerable to impacts of the COVID-19 pandemic and the changing retail environment. The following considerations would support a more proactive approach by economic development partners to attraction and retention of small businesses in walkable, “Main Street” corridors.

- A mix of coveted small-scale retail stores and California-based boutique brands can be found here, as well as independently owned restaurants, wine bars, and other small business venues. A strategic approach to corridor planning with intentional placemaking¹³ tactics could be utilized to address the multi-faceted set of issues on key retail corridors.
- If it benefits the community’s identity and “placemaking” efforts, the City could consider if a more proactive approach to support business retention and attraction on walkable, small business-focused corridors is a priority. Ideas include simplifying the renovation and redevelopment process and fee structure, potential rent subsidies for small businesses, and/or workforce support programs. If an incentive program is considered, the City may require some evaluation criteria, such business plan information, revenue projections, market analysis, customer potential, etc. to qualify for investment.
- Another approach to the California Avenue corridor could be to undertake a broader business and retail analysis and develop a more divergent, future-focused redevelopment vision and plan. A new approach could position the corridor for the future economy and an endemic status of Covid-19, where remote work continues to impact localized retail corridors.
- The restrictions on big-box stores or retail chains could be reviewed to see if the current policy still meets the City’s goals in the current retail environment.
- Economic development partners focused on corridor business attraction could collaborate on retail attraction strategies with the owner/operator of Stanford Shopping Center. There may be an opportunity to capture an overflow of retail prospects to locate on University Avenue or California Avenue.
- As the population ages, changing demographics that lean towards an online-focused, more diverse population may not have the same brand allegiance to destination retail and/or may have different retail shopping habits. Consider developing strategies that account for changing retail preferences and trends to ensure the future success of destination retail.

Note: In contrast to the above, the City could choose a less proactive approach, including letting market forces guide what happens in the University Avenue and California Avenue corridors. There may be consequences for the small-scale, walkable businesses on these corridors and a lag in redevelopment efforts as market forces dictate future opportunities.

¹³ “Placemaking” is used here to reference a process of creating quality places (unique, visually attractive, interesting, often including public art and entertainment) to attract people and activities.

Larger Business Diversification Considerations

The following considerations summarize the findings on larger business diversification. While the City is doing well in employment in total jobs and jobs within growth industries, continued business retention is an ongoing consideration, especially with the rapidly changing business climate.

- The city's industry mix is concentrated primarily in two industries, information and health care. Even though these are growth industries, industry diversification can provide economic stabilization and help mitigate the risk associated with the downturn in a concentrated industry.
- The percentage of employers with 500+ employees is four times the state average. This provides a workforce that would attract other larger corporations. However, consideration of providing targeted support and incentives to mid-size, small business and entrepreneurs would help diversify workforce and overall industry mix.
- The top occupations based on location quotients by 2-digit NAICS are computer and mathematical at 3.56, legal at 2.95, art/design/entertainment/sports and media at 1.92, and healthcare practitioners and technical at 1.87. The location quotient by 6-digit industry NAICS are Internet Publishing and Broadcasting and Web Search Portal at 86.72, Blank Magnetic and Optical Recording Media Manufacturing at 56.52 and Radio and Television Broadcasting and Wireless at 35.36. These occupations support a highly educated and skilled workforce, which can be used to support an effort to attract mid-sized businesses and aid in industry diversification.

Housing and workforce findings impacted by Covid-19 pandemic

Here are some brief short-term considerations in the areas of housing and workforce, as it relates to issues that emerged and actions taken by the City during the Covid-19 pandemic.

- The housing market was stable and continued to grow throughout the pandemic. This helped buffer the City's revenue streams when retail sales tax, hotel stays, and other growth areas slumped.
- The continued growth of housing costs may need to be considered and further analyzed from a business retention and workforce recruitment standpoint.
- Many businesses on the University Avenue and California Avenue retail corridors that depend on office workers and commuters as customers struggled during the pandemic. Additionally, many businesses reported challenges with workforce attraction and retention in city surveys. As the pandemic continues to disrupt daily life and long-term remote work continues, a loss of foot traffic and daytime customers continues to negatively impact Palo Alto's retail and restaurants on key corridors. A broader strategy of coordination with partners to activate corridor businesses and business support strategies could be explored by the City. A more rigorous analysis using primary research of businesses on these corridors could be conducted to understand the long-term impacts of remote work and new strategies to engage existing residents and businesses to rebuild the customer base.
- As multi-family redevelopment sites become available, the City could consider additional financial and placemaking benefit opportunities in supporting this development. For example, locating multi-family development near transit networks, existing parking structures, or walkable retail corridors to increase foot traffic to existing small businesses that struggled during the pandemic.
- The city was highly engaged with local businesses and did a good job with troubleshooting during the pandemic. Some issues, such as parking and workforce attraction issues, emerged less as a crisis point as a result of the pandemic and more as a systematic issue to address with a long-term operational approach. Therefore, consideration of a strategic approach using urban planning and economic development expertise to address some of these issues may be needed.

Enhancements to livability for resident and business engagement and retention

Palo Alto is a desirable community to live and to work in, which is supported by the strong economic indicators discussed in this report. However, even a successful community needs to look to the future, and to continue to enhance its position for businesses and residents. Some additional considerations to enhance livability to support positive resident and business engagement and retention include:

- Create experiences in downtown spaces and retail locations to attract resident attention and support, increase visitors, and prolong time spent in the walkable “Main Street” corridors, such as California Avenue and University Avenue.
- Enhance opportunities for more and different events in coordination with Stanford, since Stanford enrollment and visitor events have a positive impact on retail sales and hotel stays, as well as adding vibrancy and interest for college students and residents.
- Protect and market natural assets and areas since open space and natural assets are at a premium in the Bay Area and Southern Peninsula.
- Continue dialogue and ongoing engagement with current residents to guide delivery of relevant, high-quality city services.



City of Palo Alto City Council Staff Report

(ID # 14095)

Meeting Date: 4/11/2022

Title: Adoption of a Resolution Authorizing an Installment Sale Agreement with the California State Water Resource Control Board for Financing of the Design and Construction of the Secondary Treatment Upgrades Project Funded in Wastewater Treatment Enterprise Fund Capital Improvement Program, Project WQ-19001, at the Regional Water Quality Control Plant

From: City Manager

Lead Department: Public Works

Recommendation

Adopt a resolution (Attachment A) authorizing an Installment Sale Agreement with the California State Water Resources Control Board in connection with the financing of the design and construction of the Secondary Treatment Upgrades Project funded in Wastewater Treatment Enterprise Capital Improvement Program, Project WQ-19001, at the Regional Water Quality Control Plant.

Background

The Regional Water Quality Control Plant (RWQCP) was originally constructed in 1934 and has undergone several expansions and upgrades. A key upgrade in 1972 included construction of a biological treatment process (i.e., secondary treatment). The process consists of four concrete aeration basins (each measuring 120 feet by 135 feet and 20 feet deep). Equipment includes an air blower room and pump stations, which are associated with providing oxygen to the process and recirculating and removing sludge as part of the biological process. The process also includes a standby power generator, electrical switchgear, and motor control centers to provide electrical power for the process equipment. This equipment is between 28 to 50 years old and beyond its useful life. The current secondary treatment process is not able to remove nitrogen which is a new regulatory requirement to discharge treated effluent to San Francisco Bay.

The Secondary Treatment Upgrades (STU) Project design contract with Brown and Caldwell was approved by Council in October 2018 ([SR #9485](#)); the contract was amended in December 2021 ([SR #11155](#)). The STU Project design is scheduled to be completed in April 2022. As detailed in a Preliminary Design Report, the secondary treatment process is being upgraded to meet new, more stringent regulations in conjunction with increased influent flow and wastewater loading due to projected increased population in the RWQCP's service area. The project will also replace aging equipment that is beyond its useful life and in danger of failing. Upgrading the

secondary treatment process and the ancillary systems is necessary to ensure reliability for continuous use of the secondary treatment units and to ensure compliance with current and future regulations.

California Clean Water State Revolving Fund (SRF) Program

The State Water Resources Control Board (SWRCB) Division of Financial Assistance administers the Clean Water State Revolving Fund (SRF) program. The SRF program provides low interest financing to agencies for wastewater projects. Under this program, eligible projects can apply for loans with interest rates that are approximately half of the State General Obligation rate, resulting in lower project costs and maximizing benefits to ratepayers and partner agencies. On March 2, 2021, Council approved the adoption of reimbursement resolutions to designate the amount of project expenditures to be reimbursed by Clean Water SRF proceeds for the funding of the STU Project ([SR #11834](#)).

The City has previously obtained SRF loans for the:

- Palo Alto/Mountain View Recycled Water Pipeline project (\$9.0 million, 20-year term, Agreement 07-814-550, executed 10/12/07);
- Ultraviolet Disinfection Facility (\$8.5 million, 20-year term, Agreement 09-814-550, executed 10/27/09);
- Sludge Dewatering and Truck Loadout Facility (\$25.7 million, 30-year term, Agreement D16-01034, executed 6/7/17); and
- Primary Sedimentation Tanks Rehabilitation and Equipment Room Electrical Upgrade Project (\$19.4 million, 30-year term, Agreement D20-01009, executed 7/12/21).

The SWRCB has completed their review of the City's loan application for the STU Project, and in conjunction with the City Attorney's Office, prepared the loan document, or Installment Sale Agreement (ISA). The next step after Council approval is for the SWRCB to complete its internal ISA approval process and gather all required State signatures in the next two to four weeks, and then to present the ISA, in substantially the form included as part of Attachment A, to the City's Authorized Officer (the City Manager, Director of Public Works, or Manager of the Regional Water Quality Control Plant) for signature on behalf of the City. Designated Palo Alto and SWRCB representatives must execute the ISA for the City to receive SRF funds. Because financing is not secured until the ISA is approved and executed by both parties, the City will not execute a construction contract for the project in the event the SWRCB does not provide an approved ISA for signature.

The total SRF loan application is for \$168,658,977 based on the most recent estimate from the engineer, Brown and Caldwell and includes the costs for planning, design, construction, construction contingency, capital program administration, and construction management. The partner agreements with Mountain View, Los Altos, East Palo Alto Sanitary District, and Stanford University all require modification to document commitment to the project repayment of the SRF Loan. Staff will return to Council at a future date for approval of both the

construction contract and the modified partner agreements.

Discussion

This project will rehabilitate four concrete aeration basins as well as the blower room and sludge pumping stations. Equipment will be replaced including, piping and ancillary systems, extending the useful life of mechanical and electrical equipment components by at least another 30 years, while the concrete and steel structure life cycle will be extended by at least another 50 years. The scope of work includes the following for all four basins: replacement of the air bubble diffusers and the piping manifolds in the basins; replacement and automation of influent and effluent flow diversion gates; concrete work to install new flow channels for flow distribution; replacement of air blowers and sludge pumps; installation of two pump stations, a standby generator and an electrical power load center; and replacement of aging motor control centers (i.e., electrical power distribution equipment).

Resolution Authorizing SWRCB Installment Sale Agreement (ISA)

The authorizing resolution for the ISA is included as part of Attachment A. The ISA will provide funding in an amount of \$168,658,977 based on the estimated cost of the STU project, pending the City's approval of the construction contract, as well as both parties' approval and execution of the ISA. The SRF loan interest rate has been locked at 0.8% for a 30-year term. The SRF loan will cover construction, construction contingency, planning, design, capital program administration and construction management costs. Costs incurred for the planning and design of this project were funded by the Wastewater Treatment Enterprise Fund Capital Improvement Program (Project WQ-19001), and these expenses will be reimbursed by the SRF loan. The final loan amount will be adjusted at project completion to reflect actual disbursements requested over the course of construction.

The City's payments under the ISA will be secured by a pledge of and payable from net revenues of the City's Wastewater Collection and Wastewater Treatment enterprise funds, on a parity basis with the City's obligation to repay the SWRCB under four prior SRF financing agreements (the 2007 Ultraviolet Disinfection Facility, the 2009 Palo Alto-Mountain View Recycled Water Pipeline Project, the 2017 Sludge Dewatering and Loadout Facility, and the 2021 Primary Sedimentation Tanks Rehabilitation and Equipment Room Electrical Upgrade Project).

Statutory Disclosures

Government Code Section 5852.1 requires that certain cost information be disclosed prior to authorizing the issuance of a bond. That statute defines the term "bond" broadly enough so as to likely include the SRF loan financing agreements. The required disclosures are included as Attachment B.

Timeline

The construction contract is expected to be bid in summer 2022, with contract award in fall 2022. Construction is anticipated to begin in early 2023 and work is anticipated to be

completed by December 2026.

Resource Impact

Palo Alto RWQCP treats the combined wastewater from Palo Alto, Los Altos, Los Altos Hills, Mountain View, Stanford University, and the East Palo Alto Sanitary District. Palo Alto's share of this project is 38.16% and the other five agencies' share is 61.84%, based on the capacity rights established in partners' agreements. As the administering agency, the City of Palo Alto has appropriated the funding for this Project in the Wastewater Treatment Enterprise Fund Capital Improvement Program (Project WQ-19001). Total project cost estimates were adjusted when new engineer's cost estimates and design stages were completed. The requested loan amount reflects securing the initial loan with a conservative total project estimate; the requested loan amount is also higher than that reflected in the FY2022 Adopted Capital Budget, which is a less conservative total project cost estimate.

The design and construction of this project, including associated construction management and administrative costs, will be financed through the SRF loan, which is disbursed on a reimbursement basis. Pursuant to SRF policy, the first repayment occurs one year after project completion, which is estimated to be in December 2027. The annual SRF loan repayment, which includes principal and interest, will be based on an amortized period of 30 years. Based on a SRF loan amount of \$168,658,977, the estimated annual repayments contributed by the City of Palo Alto and partner agencies are summarized in Table 1 below. Partner agencies, including rate forecasting staff in the Utilities Department, are kept apprised of the latest total capital program forecasts, including this project, so that rates can be planned accordingly.

Table 1: CWSRF Loan Repayment Partner Agency Estimates

Contributing Partner Agency	Percent Share	Annual Repayment¹
Palo Alto	38.16%	\$2,421,600
Mountain View	37.89%	\$2,404,466
Los Altos	9.47%	\$600,958
East Palo Alto Sanitary District	7.64%	\$484,828
Stanford University	5.26%	\$333,795
Los Altos Hills	1.58%	\$100,265
Total:	100.00%	\$6,345,912

Note: 1. Based on CWSRF loan amount of \$168,658,977 at 0.8% interest rate for 30-year term

Policy Implications

This recommendation does not represent any change to existing City policies and supports the Comprehensive Plan Policy N.4-16.

Stakeholder Engagement

This project is part of the RWQCP's major capital improvement program funded by Palo Alto and the five partner agencies who use the RWQCP for wastewater treatment. The five partner agencies are regularly updated on both the need for and the progress of wastewater treatment capital work. Updates are provided each year at an annual meeting and at other periodic meetings established to inform partner agency staff about the major capital improvement program. With respect to Palo Alto itself, the open meetings on the budget process serve as the main vehicle for engaging the community on both new projects such as this and associated rate impacts.

Environmental Review

Adoption of resolutions authorizing an Installment Sale Agreement and establishing pledged sources of revenue for repayment of funding, and amendments to the partner agreements are not actions that require CEQA review. These actions do not meet the definition of a project for the purposes of CEQA, under Public Resources Code Section 21065 and CEQA Guidelines Section 15378(b)(4), because they are fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

The STU project is exempt from CEQA under CEQA Guidelines Section 15301, subsections (b) and (e)(1), Existing Facilities, as it involves the repair and maintenance of an existing publicly-owned utility used to provide sewerage treatment services with a minor additions to the existing facilities. A Notice of Exemption was submitted to and recorded by Santa Clara County Clerk-Recorder's Office (File No. ENV23199).

Attachments:

- **Attachment5.a:** Attachment A: Palo Alto Resolution 2022 SRF ISA
- **Attachment5.b:** Attachment B: FC 5852.1 Disclosure SRF Loan

NOT YET ADOPTED

Resolution No.

Resolution of the Council of the City of Palo Alto Authorizing an Installment Sale Agreement with the California State Water Resources Control Board in Connection with the Financing of a Secondary Treatment Upgrades at the Regional Water Quality Control Plant, Establishing One or More Pledged Sources of Revenue for Repayment of Funding, and Taking Certain Other Actions Relating Thereto

R E C I T A L S

A. The City of Palo Alto (the “City”) wishes to finance the costs of constructing and/or reconstructing certain public facilities and improvements relating to its water and wastewater system, including certain treatment facilities, pipelines and other infrastructure at the Regional Water Quality Control Plant (the “Project”).

B. The City intends to finance the construction and/or reconstruction of the Project or portions of the Project with moneys (“Project Funds”) provided by the State of California, acting by and through the State Water Resources Control Board (the “State Water Board”).

C. The City previously adopted Resolution No. ____ authorizing an application for financial assistance to the State Water Board and Resolution No. 9945 declaring its intention to use a portion of the Project Funds to reimburse certain capital expenditures made prior to the receipt of Project Funds from available moneys of the City in connection with the Project.

D. The City and the State Water Board now desire to approve a Construction Installment Sale Agreement (the “2022 Installment Sale Agreement”), for the purpose of providing the terms relating to the distribution and repayment by the City of the Project Funds and relating to the City’s payment of certain installment payments.

E. Section 603(d)(1)(C) of the Federal Clean Water Act Amendments require each financing recipient to establish one or more pledged sources of revenue for Clean Water State Revolving Fund (CWSRF) financial assistance.

F. Under the 2022 Installment Sale Agreement, the installment payments payable by the City will be secured by a pledge of and payable from Net Revenues (as defined in the 2022 Installment Sale Agreement) of the City’s Wastewater Treatment enterprise and Wastewater Collection enterprise, on a parity basis with the City’s obligation to pay installment payments under four outstanding agreements with the State Water Board:

- i. an Installment Sale Agreement No. SWRCB0000000000D2001009 (the “2021 Agreement”), by and between the City and the State Water Board, executed by the City on June 2, 2021 and the State Water Board on July 12, 2021;

- ii. an Installment Sale Agreement No. D16-01034, dated as of March 20, 2017 (the “2017 Agreement”), by and between the City and the State Water Board, along with an amendment of the 2017 Agreement executed by the City on September 7, 2017 and the State Water Board on September 13, 2017;
- iii. a Project Finance Agreement No. 09-814-550, by and between the City and the State Water Board (the “2009 Agreement”), along with an amendment of the 2009 Agreement executed by the City on April 17, 2017 and the State Water Board on June 12, 2017; and
- iv. a Project Finance Agreement No. 07-814,550-0, between the City and the State Water Board (the “2007 Agreement”), along with an amendment of the 2007 Agreement executed by the City on April 17, 2017 and the State Water Board on June 12, 2017.

G. The City and the State Water Board have agreed that the installment payments payable by the City under the 2022 Installment Sale Agreement will be secured by a pledge of and payable from Net Revenues on a subordinate basis to the City’s obligation to pay a portion of the debt service on the City of Palo Alto Utility Revenue and Refunding Bonds, 1999 Series A under an Indenture of Trust dated as of June 1, 1999.

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

SECTION 1. Each of the above recitals is true and correct and is adopted by the Council of the City of Palo Alto.

SECTION 2. The City approves the Project Funds in an amount not to exceed \$169 million with an interest rate not to exceed 2.0%. Resolution No. 9945 is hereby amended to increase the reasonably expected maximum principal amount of the Project Funds as set forth in Section 2 of Resolution No. 9945 from \$160 million to \$169 million.

SECTION 3. The 2022 Installment Sale Agreement, a copy of which is attached as Exhibit A, is hereby approved in substantially the form thereof with such changes as may be approved by the City Manager, the Director of Public Works or any designee of the City Manager or the Director of Public Works (each an “Authorized Officer”). Execution by an Authorized Officer of the 2022 Installment Sale Agreement shall constitute conclusive evidence of such Authorized Officer’s approval of all such changes. Each of the Authorized Officers is hereby authorized, together or alone, to execute and deliver the 2022 Installment Sale Agreement. The City Clerk is hereby authorized to attest to the Authorized Officer's signature.

SECTION 4. The covenants set forth in the 2022 Installment Sale Agreement to be executed in accordance with Section 3 above are hereby approved, shall be deemed to be covenants of the legislative body of the City, and shall be complied with by the City and its officers.

SECTION 5. The City hereby pledges Net Revenues (as defined in the 2022 Installment Sale Agreement) of its Wastewater Treatment enterprise and Wastewater Collection enterprise fund to the payment of amounts owed under the 2022 Installment Sale Agreement, as follows: (i) on a parity basis with the City's obligation to pay installment payments under four outstanding agreements with the State Water Board as set forth in Recital F above, and (ii) on a subordinate basis to the City's obligation to pay a portion of the debt service on the City of Palo Alto Utility Revenue and Refunding Bonds, 1999 Series A under an Indenture of Trust dated as of June 1, 1999. The pledged source of revenue shall remain in effect until such financing is fully discharged unless modification or change of such dedication is approved in writing by the State Water Board.

SECTION 6. Each Authorized Officer and the other officers and staff of the City responsible for the fiscal affairs of the City are hereby authorized and directed to take any actions and execute and deliver any and all documents and certificates as are necessary to accomplish and to consummate the transactions contemplated by the 2022 Installment Sale Agreement.

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SECTION 7. On March 9, 2021, the City filed a determination that construction of the Secondary Treatment Upgrades project is categorically exempt under the California Environmental Quality Act (CEQA) Guidelines, California Code of Regulations (CCR), title 14, division 6, chapter 3, article 9, section(s) 15301, 15302, 15303. The Project involves upgrades including repairs and minor alterations, replacement or reconstruction, as well as construction of a limited number of new small facilities or structures.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

Assistant City Attorney

City Manager

Director of Public Works

Director of Administrative Services

DFA: Each highlighted and bracketed area will require action on your part. When in doubt, contact OCC.
Delete logos that are n/a.]

DRAFT DATED: 1/14/2022



CLEAN WATER

CITY OF PALO ALTO

AND

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD



CONSTRUCTION
INSTALLMENT SALE AGREEMENT
PROJECT NO. 8609-110
[PROJECT NAME]

AGREEMENT NO. []

PROJECT FUNDING AMOUNT: \$
ESTIMATED REASONABLE PROJECT COST: \$

ELIGIBLE WORK START DATE: _____
ELIGIBLE CONSTRUCTION START DATE: _____
CONSTRUCTION COMPLETION DATE: _____
FINAL DISBURSEMENT REQUEST DATE: _____
FINAL PAYMENT DATE: _____
RECORDS RETENTION END DATE: _____

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AGREEMENT

1. AUTHORITY.

(a) The State Water Resources Control Board (State Water Board) is authorized, and implements its authority, to provide financial assistance under this Agreement pursuant to Section 13475 et seq. of the Water Code, and Resolution Nos. 2019-0064 and 2021-0021.

(b) The Recipient is authorized to enter into this ISA Agreement (Agreement) pursuant to Palo Alto City Council Resolution No. _____.

2. INTENTION.

(a) The Recipient desires to receive financial assistance for and undertake work required for the wastewater construction Project according to the terms and conditions set forth in this Agreement.

(b) The State Water Board proposes to assist in providing financial assistance for eligible costs of the Project in the amount set forth in Exhibit B, according to the terms and conditions set forth in this Agreement, with the expectation that the Recipient shall repay all of the financial assistance to the State Water Board.

(c) The Recipient intends to evidence its obligation to submit Payments to the State Water Board and secure its obligation with Net Revenues of its wastewater enterprise, as set forth in Exhibit B, according to the terms and conditions set forth in this Agreement.

(d) The Recipient intends to certify and evidence its compliance with the Tax Covenants set forth in Exhibit F.

3. AGREEMENT, TERM, DOCUMENTS INCORPORATED BY REFERENCE.

In consideration of the mutual representations, covenants and agreements herein set forth, the State Water Board and the Recipient, each binding itself, its successors and assigns, do mutually promise, covenant, and agree to the terms, provisions, and conditions of this Agreement.

(a) The Recipient hereby sells to the State Water Board and the State Water Board hereby purchases from the Recipient the Project. Simultaneously therewith, the Recipient hereby purchases from the State Water Board, and the State Water Board hereby sells to the Recipient, the Project in accordance with the provisions of this Agreement. All right, title, and interest in the Project shall immediately vest in the Recipient on the date of execution and delivery of this Agreement by both parties without further action on the part of the Recipient or the State Water Board.

(b) Subject to the satisfaction of any condition precedent to this Agreement, this Agreement shall become effective upon the signature of both the Recipient and the State Water Board. Conditions precedent are not limited to the following:

- i. The Recipient must deliver to the Division a resolution authorizing this Agreement.
- ii. The Recipient must deliver an opinion of bond counsel and general counsel satisfactory to the State Water Board's counsel dated on or after the date that the Recipient signs this Agreement.

(c) Upon execution, the term of the Agreement shall begin on the Eligible Work Start Date and extend through the Final Payment Date.

(d) This Agreement includes the following exhibits and attachments thereto:

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- i. EXHIBIT A – SCOPE OF WORK
- ii. EXHIBIT B – FUNDING TERMS
- iii. EXHIBIT C – GENERAL & PROGRAMMATIC TERMS & CONDITIONS
- iv. EXHIBIT D – SPECIAL CONDITIONS
- v. EXHIBIT E – PAYMENT SCHEDULE
- vi. EXHIBIT F – TAX CERTIFICATE

(e) This Agreement includes the following documents incorporated by reference:

- i. [if DFA has it] the Final Plans & Specifications, dated _____, which are the basis for the construction contract to be awarded by the Recipient;
- ii. [if DFA doesn't have the final plans and specs] the Final Plans & Specifications, which are the basis for the construction contract to be awarded by the Recipient;
- iii. the Waste Discharge Requirement Order No. R2-2019-0015 and National Pollutant Discharge Elimination System Permit No. CA0037834;
- iv. the Recipient's Reimbursement Resolution No. _____ dated _____;
- v. the Recipient's Tax Questionnaire dated _____;
- vi. the Davis-Bacon requirements found at:
https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/davisbac/on/davis-bacon_2021_cwsrf-governmental_entities_public.pdf;

(f) This Agreement, and any amendments hereto, may be executed and delivered in any number of counterparts, each of which when delivered shall be deemed to be an original, but such counterparts shall together constitute one document. The parties may sign this Agreement, and any amendments hereto, either by an electronic signature using a method approved by the State Water Board or by a physical, handwritten signature. The parties mutually agree that an electronic signature using a method approved by the State Water Board is the same as a physical, handwritten signature for the purposes of validity, enforceability, and admissibility.

4. PARTY CONTACTS

State Water Board		[Recipient]	
Section:	Division of Financial Assistance	Name:	Title
Name:	Project Manager	Address:	
Address:	1001 I Street, _____ Floor	City, State, Zip:	
City, State, Zip:	Sacramento, CA 95814	Phone:	
Phone:	(916) _____	Fax:	
Fax:	(916) _____	Email:	
Email:	[PMemail]@waterboards.ca.gov [programemal@waterboards.ca.gov]		

The Recipient may change its contact upon written notice to the Division, which notice shall be accompanied by authorization from the Recipient's Authorized Representative. The State Water Board will notify the Recipient of any changes to its contact.

While the foregoing are contacts for day-to-day communications regarding Project work, the Recipient shall provide official communications and events of Notice as set forth in Exhibit C to the Division's Deputy Director.

5. DEFINITIONS.

Unless otherwise specified, each capitalized term used in this Agreement has the following meaning:

"1999 Bonds" means the Indenture of Trust by and between the City of Palo Alto and U.S. Bank Trust National Association as Trustee, dated as of June 1, 1999, relating to the City of Palo Alto Utility Revenue and Refunding Bonds 1999 Series A.

"Additional Payments" means the reasonable extraordinary fees and expenses of the State Water Board, and of any assignee of the State Water Board's right, title, and interest in and to this Agreement, in connection with this Agreement, including all expenses and fees of accountants, trustees, staff, contractors, consultants, costs, insurance premiums and all other extraordinary costs reasonably incurred by the State Water Board or assignee of the State Water Board.

"Allowance" means an amount based on a percentage of the accepted bid for an eligible project to help defray the planning, design, and construction engineering and administration costs of the Project.

"Agreement" means this agreement, including all exhibits and attachments hereto.

"Authorized Representative" means the duly appointed representative of the Recipient as set forth in the certified original of the Recipient's authorizing resolution that designates the authorized representative by title.

"Bank" means the California Infrastructure and Economic Development Bank.

"Bond Funded Portion of the Project Funds" means any portion of the Project Funds which was or will be funded with Bond Proceeds.

"Bond Proceeds" means original proceeds, investment proceeds, and replacement proceeds of Bonds.

"Bonds" means any series of bonds issued by the Bank, the interest on which is excluded from gross income for federal tax purposes, all or a portion of the proceeds of which have been, are, or will be applied by the State Water Board to fund all or any portion of the Project Costs or that are secured in whole or in part by Payments paid hereunder.

"Charge In Lieu of Interest" means any fee or charge in lieu of some or all of, but not to exceed, the interest that would otherwise be owed under this Agreement, as set forth in Exhibit E.

"Co-Funding Agency" means any entity, of any corporate type, with which the Recipient has entered into, or intends or reasonably expects to enter into, any agreement providing for payments to the Recipient for the use or services of, or the debt service on, the Recipient's Regional Water Quality Control Plant, and any assignee of or successor-in-interest to such entity. The Co-Funding Agencies under this Agreement include but are not necessarily limited to the following:

- East Palo Alto Sanitary District
- The City of Los Altos, California
- The Town of Los Altos Hills, California
- The City of Mountain View, California
- The Board of Trustees of the Leland Stanford Junior University

"Code" as used in Exhibit F of this Agreement means the Internal Revenue Code of 1986, as amended, and any successor provisions and the regulations of the U.S. Department of the Treasury promulgated thereunder.

"Completion of Construction" means the date, as determined by the Division after consultation with the Recipient, that the work of building and erection of the Project is substantially complete, and is identified in Exhibit A of this Agreement.

"Cover Page" means the front page of this Agreement.

"Days" means calendar days unless otherwise expressly indicated.

"Debt Service" means, as of any date, with respect to outstanding System Obligations and, in the case of the additional debt tests in Exhibit B of this Agreement, any System Obligations that are proposed to be outstanding, the aggregate amount of principal and interest scheduled to become due (either at maturity or by mandatory redemption), together with any Charge In Lieu of Interest on this Obligation or other System Obligations to the State Water Board, calculated with the following assumptions:

a. Principal payments (unless a different subdivision of this definition applies for purposes of determining principal maturities or amortization) are made in accordance with any amortization schedule published for such principal, including any minimum sinking fund payments;

b. Interest on a variable rate System Obligation that is not subject to a swap agreement and that is issued or will be issued as a tax-exempt obligation under federal law, is the average of the SIFMA Municipal Swap Index, or its successor index, during the 24 months preceding the date of such calculation;

c. Interest on a variable rate System Obligation that is not subject to a swap agreement and that is issued or will be issued as a taxable obligation under federal law, is the average of LIBOR, or its successor index, during the 24 months preceding the date of such calculation;

d. Interest on a variable rate System Obligation that is subject to a swap agreement is the fixed swap rate or cap strike rate, as appropriate, if the variable rate has been swapped to a fixed rate or capped pursuant to an interest rate cap agreement or similar agreement;

e. Interest on a fixed rate System Obligation that is subject to a swap agreement such that all or a portion of the interest has been swapped to a variable rate shall be treated as variable rate debt under subdivisions (b) or (c) of this definition of Debt Service;

f. Payments of principal and interest on a System Obligation are excluded from the calculation of Debt Service to the extent such payments are to be paid from amounts then currently on deposit with a trustee or other fiduciary and restricted for the defeasance of such System Obligations;

g. If 25% or more of the principal of a System Obligation is not due until its final stated maturity, then principal and interest on that System Obligation may be projected to amortize over the lesser of 30 years or the Useful Life of the financed asset, and interest may be calculated according to subdivisions (b)-(e) of this definition of Debt Service, as appropriate.

"Deputy Director" means the Deputy Director of the Division.

"Division" means the Division of Financial Assistance of the State Water Board or any other segment of the State Water Board authorized to administer this Agreement.

"Eligible Construction Start Date" means the date set forth on the Cover Page of this Agreement, establishing the date on or after which construction costs may be incurred and eligible for reimbursement hereunder.

"Eligible Work Start Date" means the date set forth on the Cover Page of this Agreement, establishing the date on or after which any non-construction costs may be incurred and eligible for reimbursement hereunder.

"Enterprise Fund" means the enterprise funds of the Recipient in which Revenues of its Wastewater Treatment enterprise and Wastewater Collection enterprise are deposited.

"Event of Default" means the occurrence of any of the following events:

- a) Failure by the Recipient to make any payment required to be paid pursuant to this Agreement, including Payments;
- b) A representation or warranty made by or on behalf of the Recipient in this Agreement or in any document furnished by or on behalf of the Recipient to the State Water Board pursuant to this Agreement shall prove to have been inaccurate, misleading or incomplete in any material respect;
- c) A material adverse change in the condition of the Recipient, the Revenues, or the System, which the Division reasonably determines would materially impair the Recipient's ability to satisfy its obligations under this Agreement.
- d) Failure by the Recipient to comply with the additional debt test or reserve fund requirement, if any, in Exhibit B or Exhibit D of this Agreement;
- e) Failure to operate the System or the Project without the Division's approval;
- f) Failure by the Recipient to observe and perform any covenant, condition, or provision in this Agreement, which failure shall continue for a period of time, to be determined by the Division;
- g) The occurrence of a material breach or event of default under any System Obligation that results in the acceleration of principal or interest or otherwise requires immediate prepayment, repurchase or redemption;
- h) Initiation of proceedings seeking arrangement, reorganization, or any other relief under any applicable bankruptcy, insolvency, or other similar law; the appointment of or taking possession of the Recipient's property by a receiver, liquidator, assignee, trustee, custodian, conservator, or similar official; the Recipient's entering into a general assignment for the benefit of creditors; the initiation of resolutions or proceedings to terminate the Recipient's existence, or any action in furtherance of any of the foregoing;
- i) A determination pursuant to Gov. Code section 11137 that the Recipient has violated any provision in Article 9.5 of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code;
- j) The occurrence of a material breach or event of default under any of the following agreements, which agreements provide for payments to the Recipient for the payment of Debt Service:
 - The Basic Agreement for Acquisition, Construction and Maintenance of a Joint Sewer System by and between the City of Palo Alto, the City of Mountain View, the City of Los Altos, executed October 10, 1968 and as most recently amended on October 17, 2016.
 - The Sewer Construction and Service Agreement by and between the City of Palo Alto and the Board of Trustees of the Leland Stanford Junior University, executed on November 30, 1956 and as most recently amended on January 25, 2016.
 - The Contract Restatement by and between the City of Palo Alto and East Palo Alto Sanitary District, executed on March 16, 1989, as most recently amended on March 16, 2009;
 - The Agreement for Sewage Transportation, Treatment and Disposal by and between the City of Palo Alto and the Town of Los Altos Hills, executed on March 18, 1968, as most recently amended on February 3, 1997; and
 - Any other agreements with a Co-Funding Agency providing for payments to the Recipient for the payment of Debt Service.

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k) Loss of the Recipient's rights, licenses, permits, or privileges necessary for the operation of the System or the Project, or the occurrence of any material restraint on the Recipient's enterprise by a government agency or court order; or

l) Termination of Lease No. PRC 9143.9 between the City of Palo Alto and the State of California acting by and through the State Lands Commission, authorized by the State Lands Commission on August 15, 2014, executed by the State Lands Commission on August 28, 2014 and as subsequently amended from time to time (the "SLC Lease"), or the occurrence of any breach or event of default of the SLC Lease resulting in impairment to the Recipient's ability to operate the System or the Project.

"Final Disbursement Request Date" means the date set forth as such on the Cover Page of this Agreement, after which date, no further Project Funds disbursements may be requested.

"Final Payment Date" is the date by which all principal and accrued interest due under this Agreement is to be paid in full to the State Water Board and is specified on the Cover Page of this Agreement.

"Fiscal Year" means the period of twelve (12) months terminating on June 30 of any year, or any other annual period selected and designated by the Recipient as its Fiscal Year in accordance with applicable law.

"Force Account" means the use of the Recipient's own employees, equipment, or resources for the Project.

"GAAP" means generally accepted accounting principles, the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor, or the Uniform System of Accounts, as adopted by the California Public Utilities Commission for water utilities.

"Initiation of Construction" means the date that notice to proceed with work is issued for the Project, or, if notice to proceed is not required, the date of commencement of building and erection of the Project.

"Listed Event" means, so long as the Recipient has outstanding any System Obligation subject to Rule 15c2-12, any of the events required to be reported with respect to such System Obligation pursuant to Rule 15c2-12(b)(5).

"Material Obligation" means an obligation of the Recipient that is material to this transaction other than a System Obligation.

"Maximum Annual Debt Service" means the maximum amount of Debt Service due on System Obligations in a Fiscal Year during the period commencing with the Fiscal Year for which such calculation is made and within the next five years in which Debt Service for any System Obligations will become due.

"Net Revenues" means, for any Fiscal Year, all Revenues received by the Recipient less the Operations and Maintenance Costs for such Fiscal Year.

"Obligation" means the obligation of the Recipient to make Payments (including Additional Payments) as provided herein, as evidenced by the execution of this Agreement, proceeds of such obligations being used to fund the Project as specified in the Project Description in Exhibit A and Exhibit B and in the documents thereby incorporated by reference.

"Operations and Maintenance Costs" means the reasonable and necessary costs paid or incurred by the Recipient for maintaining and operating the System, determined in accordance with GAAP, including the cost of supply of water, gas and electric energy under contracts or otherwise, the funding of reasonable

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reserves, and all reasonable and necessary expenses of management and repair and all other expenses necessary to maintain and preserve the System in good repair and working order, and including all reasonable and necessary administrative costs of the Recipient attributable to the System and to any financing instruments incurred to finance improvements to the System, such as salaries and wages and the necessary contribution to retirement of employees, overhead, insurance, taxes (if any), expenses, compensation and indemnification of any bond trustee, and fees of auditors, accountants, attorneys or engineers, and including all other reasonable and necessary costs of the Recipient or the cost of permits, licenses, and charges required to be paid by it to comply with the terms of any financing instrument related to the System; but excluding, in all cases depreciation, replacement, and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature.

"Parity Obligation" means an obligation of the Recipient payable from and secured by a pledge of the Net Revenues on parity with this Obligation. The Recipient's outstanding Parity Obligations are these:

- The Project Finance Agreement between the California State Water Resources Control Board and City of Palo Alto dated October 23, 2007, as amended on June 12, 2017, relating to the Mountain View/Moffett Area Reclaimed Water Pipeline Project, project number C-06-4132-110 (the "Project 4132 Agreement")
- The Project Finance Agreement between the California State Water Resources Control Board and City of Palo Alto dated October 27, 2009, as amended on June 12, 2017, relating to the Regional Water Quality Control Plant Disinfection Facility Project, project number C-06-5044-110 (the "Project 5044 Agreement")
- The Installment Sale Agreement between the California State Water Resources Control Board and Recipient dated March 20, 2017, executed June 7, 2017 and as amended on September 13, 2017, relating to the Sludge Dewatering and Loadout Facility Project, project number C-06-8190-110 (the "Project 8190 Agreement," and, together with the Project 4132 Agreement and the Project 5044 Agreement, the "Prior SRF Agreements.")
- The Installment Sale Agreement between the California State Water Resources Control Board and Recipient executed July 12, 2021, relating to the Primary Sedimentation Tank Rehabilitation & Equipment Room Electrical Upgrade Project, project number C-06-8490-110

"Payment" means any payment due to the State Water Board from the Recipient pursuant to this Agreement.

"Policy" means the State Water Board's "Policy for Implementing the Clean Water State Revolving Fund," as amended from time to time, including the Intended Use Plan in effect as of the execution date of this Agreement.

"Project" means the Project financed by this Agreement as described in Exhibits A and B and in the documents incorporated by reference herein.

"Project Completion" means the date, as determined by the Division after consultation with the Recipient, that operation of the Project is initiated or is capable of being initiated, whichever comes first.

"Project Costs" means the incurred costs of the Recipient which are eligible for financial assistance under this Agreement, which are allowable costs as defined under the Policy, and which are reasonable, necessary and allocable by the Recipient to the Project under GAAP, and may include capitalized interest.

"Project Funds" means all moneys disbursed to the Recipient by the State Water Board for eligible Project Costs pursuant to this Agreement.

"Recipient" means the City of Palo Alto.

"Records Retention End Date" means the last date that the Recipient is obligated to maintain records and is set forth on the Cover Page of this Agreement.

"Regional Water Quality Control Board" or "Regional Water Board" means the appropriate Regional Water Quality Control Board.

"Reimbursement Resolution" means the Recipient's reimbursement resolution identified and incorporated by reference in this Agreement.

"Reserve Fund" means the reserve fund required pursuant to Exhibit B of this Agreement.

"Revenues" means, for each Fiscal Year, all gross income and revenue received or receivable by the Recipient from the ownership or operation of the System, determined in accordance with GAAP, including all rates, fees, and charges (including connection fees and charges) as received by the Recipient for the services of the System, and all other income and revenue howsoever derived by the Recipient from the ownership or operation of the System or arising from the System, including all income from the deposit or investment of any money in the Enterprise Fund or any rate stabilization fund of the Recipient or held on the Recipient's behalf, and any refundable deposits made to establish credit, and advances or contributions in aid of construction. For the avoidance of doubt, the parties intend that this definition be substantially equivalent to the definitions of "Revenues" contained in the Prior SRF Agreements, and the State Water Board hereby agrees that Recipient shall be entitled to treat them as equivalents in connection with the calculation of Revenues and Net Revenues and the issuance of additional System Obligations.

"Rule 15c2-12(b)(5)" means Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

"Senior Obligation" means an obligation of the Recipient that is payable from and secured by a pledge of the Net Revenues on a basis senior to this Obligation. The outstanding Senior Obligation is this:

- The portion of the 1999 Bonds secured by a pledge of the City's Wastewater Treatment and Wastewater System enterprises.

"SRF" means the Clean Water State Revolving Fund.

"State" means State of California.

"State Water Board" means the State Water Resources Control Board.

"Subordinate Obligation" means an obligation of the Recipient that is payable from and secured by a pledge of the Net Revenues on a basis subordinate to this Obligation. There are no Subordinate Obligations currently outstanding.

"System" means all wastewater collection, pumping, transport, treatment, storage, and disposal facilities, including land and easements thereof, owned by the Recipient, including the Project, and all other properties, structures, or works hereafter acquired and constructed by the Recipient and determined to be a part of the System, together with all additions, betterments, extensions, or improvements to such facilities, properties, structures, or works, or any part thereof hereafter acquired and constructed.

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“System Obligation” means any obligation of the Recipient payable from the Revenues, including but not limited to this Obligation, any Senior Obligation, any Parity Obligation, any Subordinate Obligation, and such additional obligations as may hereafter be issued in accordance with the provisions of such obligations and this Agreement.

“Useful Life” means the economically useful life of the Project beginning at Completion of Construction and is set forth in Exhibit A.

“Wastewater Treatment enterprise” and “Wastewater Collection enterprise” mean, collectively, the System enterprises.

“Year” means calendar year unless otherwise expressly indicated.

DRAFT

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IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CITY OF PALO ALTO:

By: _____
Name: [Officer]
Title: [Title1]

Date: _____

STATE WATER RESOURCES CONTROL BOARD:

By: _____
Name: [Officer]
Title: Deputy Director
Division of Financial Assistance

Date: _____

EXHIBIT A – SCOPE OF WORK

A.1. PROJECT DESCRIPTION, USEFUL LIFE, AND SCOPE OF WORK.

(a) The Project is the project set forth on the Cover Page of this Agreement.

(b) The Useful Life of this Project is at least _____ years.

(c) Scope of Work.

[to be inserted by DFA]

A.2. STANDARD PROJECT REQUIREMENTS.

A.2.1 Acknowledgements.

The Recipient shall include the following acknowledgement in any document, written report, or brochure prepared in whole or in part pursuant to this Agreement:

"Funding for this project has been provided in full or in part through an agreement with the State Water Resources Control Board.

California's Clean Water State Revolving Fund is capitalized through a variety of funding sources, including grants from the United States Environmental Protection Agency and state bond proceeds.

The contents of this document do not necessarily reflect the views and policies of the foregoing, nor does mention of trade names or commercial products constitute endorsement or recommendation for use."

A.2.2 Reports

A.2.2.1 Progress Reports.

(a) The Recipient must provide a progress report to the Division each quarter, beginning no later than 90 days after execution of this Agreement.

(b) The Recipient must provide a progress report with each disbursement request. Failure to provide a complete and accurate progress report may result in the withholding of Project Funds, as set forth in Exhibit B.

(c) A progress report must contain the following information:

- i. A summary of progress to date including a description of progress since the last report, percent construction complete, percent contractor invoiced, and percent schedule elapsed;
- ii. A description of compliance with environmental requirements;
- iii. A listing of change orders including amount, description of work, and change in contract amount and schedule; and

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- iv. Any problems encountered, proposed resolution, schedule for resolution, and status of previous problem resolutions.

A.2.2.2 Project Completion Report.

(a) The Recipient must submit a Project Completion Report to the Division with a copy to the appropriate Regional Water Board on or before the due date established by the Division and the Recipient at the time of final project inspection. The Project Completion Report must include the following:

- i. Description of the Project,
- ii. Description of the water quality problem the Project sought to address,
- iii. Discussion of the Project's likelihood of successfully addressing that water quality problem in the future, and
- iv. Summary of compliance with applicable environmental conditions.

(b) If the Recipient fails to submit a timely Project Completion Report, the State Water Board may stop processing pending or future applications for new financial assistance, withhold disbursements under this Agreement or other agreements, and begin administrative proceedings.

A.2.2.3 As Needed Reports.

The Recipient must provide expeditiously, during the term of this Agreement, any reports, data, and information reasonably required by the Division, including but not limited to material necessary or appropriate for evaluation of the funding program or to fulfill any reporting requirements of the state or federal government.

A.2.2.4 [Reserved].

A.2.2.5 DBE Reports for SRF Projects.

The Recipient must report Disadvantaged Business Enterprise ("DBE") utilization to the Division on the DBE Utilization Report, State Water Board Form DBE UR334. The Recipient must submit such reports to the Division annually within ten (10) calendar days following October 1 until such time as the "Notice of Completion" is issued. The Recipient must comply with 40 CFR § 33.301 and require its contractors and subcontractors on the Project to comply.

A.2.3 Signage.

The Recipient shall place a sign at least four feet tall by eight feet wide made of ¾ inch thick exterior grade plywood or other approved material in a prominent location on the Project site and shall maintain the sign in good condition for the duration of the construction period. The sign must include the following disclosure statement and color logos (available from the Division):

a.



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- b. "Funding for this \$x.x million [name of project] project has been provided in full or in part by the Clean Water State Revolving Fund through an agreement with the State Water Resources Control Board. California's Clean Water State Revolving Fund is capitalized through a variety of funding sources, including grants from the United States Environmental Protection Agency and state bond proceeds."
- c. The Project sign may include another agency's required promotional information so long as the above logos and disclosure statement are equally prominent on the sign. The sign shall be prepared in a professional manner.

A.2.4 Commencement of Operations.

Upon Completion of Construction of the Project, the Recipient must expeditiously initiate Project operations.

A.3 DATES & DELIVERABLES.

- (a) Time is of the essence.
- (b) The Recipient must expeditiously proceed with and complete construction of the Project.
- (c) The following dates are established as on the Cover Page of this Agreement:
 - i. Eligible Work Start Date
 - ii. Eligible Construction Start Date
 - iii. Completion of Construction Date
 - iv. Final Disbursement Request Date
 - v. Records Retention End Date
 - vi. Final Payment Date
- (d) The Recipient must award the prime construction contract timely.
- (e) The Recipient agrees to start construction no later than [DFA will insert date that is within 6 months after execution of this Agreement].
- (f) The Recipient must deliver any request for extension of the Completion of Construction date no less than 90 days prior to the Completion of Construction date.
- (g) The undisbursed balance of this Agreement will be deobligated if the Recipient does not provide its final Disbursement Request to the Division on or before the Final Disbursement Request Date, unless prior approval has been granted by the Division.

A.4 SCHEDULE.

Failure to provide items by the due dates indicated in the table below may constitute a material violation of this Agreement. The Project Manager may adjust the dates in the "Estimated Due Date" column of this table, but Critical Due Date adjustments will require an amendment to this Agreement. The Recipient must complete and submit all work in time to be approved by the Division prior to Project Completion. As applicable for specific submittals, the Recipient must plan adequate time to solicit, receive, and address comments prior to submitting the final submittal. The Recipient must submit the final reimbursement request prior to the Final Reimbursement Request Date set forth on the Cover Page.

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EXHIBIT B – FUNDING TERMS

B.1. FUNDING AMOUNTS AND DISBURSEMENTS

B.1.1 Funding Contingency and Other Sources.

(a) If this Agreement's funding for any fiscal year expires due to reversion or is reduced, substantially delayed, or deleted by the Budget Act, by Executive Order, or by order or action of the Department of Finance, the State Water Board has the option to either cancel this Agreement with no liability accruing to the State Water Board, or offer an amendment to the Recipient to reflect the reduced amount.

(b) If funding for Project Costs is made available to the Recipient from sources other than this Agreement, the Recipient must notify the Division. The Recipient may retain such funding up to an amount which equals the Recipient's share of Project Costs. To the extent allowed by requirements of other funding sources, excess funding must be remitted to the State Water Board to be applied to Payments due hereunder, if any.

B.1.2 Estimated Reasonable Cost.

The estimated reasonable cost of the total Project, including associated planning and design costs is **Written Dollar Amount** dollars and no cents (**\$Dollar Amount**).

B.1.3 Project Funding Amount.

Subject to the terms of this Agreement, the State Water Board agrees to provide Project Funds not to exceed the amount of the Project Funding Amount set forth on the Cover Page of this Agreement.

B.1.4 Reserved.

B.1.5 Budget Costs.

(a) Estimated budget costs are contained in the Summary Project Cost Table below:

[DFA will insert table– Contracts – please talk to Tech Supe – these need to be more detailed for agreements that include free money than in the past]

The Division's Final Budget Approval and related Form 259 and Form 260 will document a more detailed budget of eligible Project Costs and Project funding amounts.

Upon written request by the Recipient, the Division may adjust the line items of the Summary Project Cost Table at the time of Division's Final Budget Approval. Upon written request by the Recipient, the Division may also adjust the line items of the Summary Project Cost Table as well as the detailed budget at the time of Recipient's submittal of its final claim. Any line item adjustments to the Summary Project Cost Table that are due to a change in scope of work will require an Agreement amendment. The sum of adjusted line items in both the Summary Project Cost Table and the detailed budget must not exceed the Project Funding Amount. The Division may also propose budget adjustments.

(b) Under no circumstances may the sum of line items in the budget approved through the Final Budget Approval process exceed the Project Funding Amount. Any increase in the Project Funding Amount will require an Agreement amendment.

B.1.6 Contingent Disbursement.

- (a) The State Water Board's disbursement of funds hereunder is contingent on the Recipient's compliance with the terms and conditions of this Agreement.
- (b) The State Water Board's obligation to disburse Project Funds is contingent upon the availability of sufficient funds to permit the disbursements provided for herein. If sufficient funds are not available for any reason, including but not limited to failure of the federal or State government to appropriate funds necessary for disbursement of Project Funds, the State Water Board shall not be obligated to make any disbursements to the Recipient under this Agreement. This provision shall be construed as a condition precedent to the obligation of the State Water Board to make any disbursements under this Agreement. Nothing in this Agreement shall be construed to provide the Recipient with a right of priority for disbursement over any other entity. If any disbursements due the Recipient under this Agreement are deferred because sufficient funds are unavailable, it is the intention of the State Water Board that such disbursement will be made to the Recipient when sufficient funds do become available, but this intention is not binding.
- (c) Construction costs and disbursements are not available until after the Division has approved the final budget form submitted by the Recipient.
- (d) No costs incurred prior to the Eligible Work Start Date are eligible for reimbursement.
- (e) Construction costs incurred prior to the Eligible Construction Start Date are not eligible for reimbursement.
- (f) Failure to proceed according to the timelines set forth in this Agreement may require the Recipient to repay to the State Water Board all disbursed Project Funds.
- (g) The Recipient agrees to ensure that its final Disbursement Request is received by the Division no later than the Final Disbursement Request Date, unless prior approval has been granted by the Division. If the final Disbursement Request is not received timely, the undisbursed balance of this Agreement will be deobligated.
- (h) The Recipient is not entitled to interest earned on undisbursed funds.

B.1.7 Disbursement Procedure.

Except as may be otherwise provided in this Agreement, disbursement of Project Funds will be made as follows:

1. Upon execution and delivery of this Agreement by both parties, the Recipient may request immediate disbursement of any eligible incurred planning and design allowance costs through submission to the State Water Board of the Disbursement Request Form 260 and Form 261, or any amendment thereto, duly completed and executed.
2. The Recipient must submit a disbursement request for costs incurred prior to the date this Agreement is executed by the State Water Board no later than ninety (90) days after this Agreement is executed by the State Water Board. Late disbursement requests may not be honored.
3. The Recipient may request disbursement of eligible construction and equipment costs consistent with budget amounts approved by the Division in the Final Budget Approval.
4. Additional Project Funds will be promptly disbursed to the Recipient upon receipt of Disbursement Request Form 260 and Form 261, or any amendment thereto, duly

completed and executed by the Recipient for incurred costs consistent with this Agreement, along with receipt of progress reports due under Exhibit A.

5. The Recipient must not request disbursement for any Project Cost until such cost has been incurred and is currently due and payable by the Recipient, although the actual payment of such cost by the Recipient is not required as a condition of disbursement request. Supporting documentation (e.g., receipts) must be submitted with each Disbursement Request. The amount requested for administration costs must include a calculation formula (i.e., hours or days worked times the hourly or daily rate = total amount claimed). Disbursement of Project Funds will be made only after receipt of a complete, adequately supported, properly documented, and accurately addressed Disbursement Request. Disbursement Requests submitted without supporting documents may be wholly or partially withheld at the discretion of the Division.
6. The Recipient must spend Project Funds within 30 days of receipt. If the Recipient earns interest earned on Project Funds, it must report that interest immediately to the State Water Board. The State Water Board may deduct earned interest from future disbursements.
7. The Recipient shall not request a disbursement unless that Project Cost is allowable, reasonable, and allocable.
8. Notwithstanding any other provision of this Agreement, no disbursement shall be required at any time or in any manner which is in violation of or in conflict with federal or state laws, policies, or regulations.
9. No work or travel outside the State of California is permitted under this Agreement unless the Division provides prior written authorization. Failure to comply with this restriction may result in termination this Agreement, pursuant to Exhibit C. Any reimbursement for necessary travel and per diem shall be at rates not to exceed those set by the California Department of Human Resources at <http://www.calhr.ca.gov/employees/Pages/travel-reimbursements.aspx>, as of the date costs are incurred by the Recipient.

B.1.8 Withholding of Disbursements.

Notwithstanding any other provision of this Agreement, the State Water Board may withhold all or any portion of the Project Funds upon the occurrence of any of the following events:

- (a) The Recipient's failure to maintain reasonable progress on the Project as determined by the Division;
- (b) Placement on the ballot or passage of an initiative or referendum to repeal or reduce the Recipient's taxes, assessments, fees, or charges levied for operation of the System or payment of debt service on System Obligations;
- (c) Commencement of litigation or a judicial or administrative proceeding related to the Project, System, or Revenues that the State Water Board determines may impair the timely satisfaction of Recipient's obligations under this Agreement;
- (d) Any investigation by the District Attorney, California State Auditor, Bureau of State Audits, United States Environmental Protection Agency's Office of Inspector General, the Internal Revenue Service, Securities and Exchange Commission, a grand jury, or any other state or federal agency, relating to the Recipient's financial management, accounting procedures, or internal fiscal controls;
- (e) A material adverse change in the condition of the Recipient, the Revenues, or the System, that the Division reasonably determines would materially impair the Recipient's ability to

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- satisfy its obligations under this Agreement, or any other event that the Division reasonably determines would materially impair the Recipient's ability to satisfy its obligations under this Agreement;
- (f) The Recipient's material violation of, or threat to materially violate, any term of this Agreement;
 - (g) Suspicion of fraud, forgery, embezzlement, theft, or any other misuse of public funds by the Recipient or its employees, or by its contractors or agents regarding the Project or the System;
 - (h) An event requiring Notice as set forth in Exhibit C, except subsections vi, vii, ix, x, xi and xii of section C.3.25(d);
 - (i) An Event of Default or an event that the Division determines may become an Event of Default.

B.1.9 Fraud and Misuse of Public Funds.

All requests for disbursement submitted must be accurate and signed by the Recipient's Authorized Representative under penalty of perjury. All costs submitted pursuant to this Agreement must only be for the work or tasks set forth in this Agreement. The Recipient must not submit any invoice containing costs that are ineligible or have been reimbursed from other funding sources unless required and specifically noted as such (i.e., match costs). Any eligible costs for which the Recipient is seeking reimbursement shall not be reimbursed from any other source. Double or multiple billing for time, services, or any other eligible cost is improper and will not be compensated. Any suspected occurrences of fraud, forgery, embezzlement, theft, or any other misuse of public funds may result in suspension of disbursements and, notwithstanding any other section in this Agreement, the termination of this Agreement requiring the repayment of all Project Funds disbursed hereunder. Additionally, the Deputy Director of the Division may request an audit and refer the matter to the Attorney General's Office or the appropriate district attorney's office for criminal prosecution or the imposition of civil liability.

B.2 RECIPIENT'S PAYMENT OBLIGATION, PLEDGE, AND RESERVE

B.2.1 Project Costs.

The Recipient must pay any and all costs connected with the Project including, without limitation, any and all Project Costs and Additional Payments. If the Project Funds are not sufficient to pay the Project Costs in full, the Recipient must nonetheless complete the Project and pay that portion of the Project Costs in excess of available Project Funds, and shall not be entitled to any reimbursement therefor from the State Water Board.

B.2.2 Estimated Principal Payment Due.

The estimated amount of principal that will be due to the State Water Board from the Recipient under this Agreement is **Written Dollar Amount dollars and no cents (\$Dollar Amount)**.

B.2.3 Interest Rate and In-Lieu of Interest Charges.

(a) The Recipient agrees to make all Payments according to the schedule in Exhibit E, and as otherwise set forth herein, at an interest rate of **Written Interest Rate % (X%)** per annum.

(b) Interest will accrue beginning with each disbursement.

(c) In lieu of, and not to exceed, interest otherwise due under this Agreement, the Recipient agrees to pay the following charge(s), as further set forth in Exhibit E:

- an Administrative Service Charge

Exhibit B

- a Small Community Grant Fund Charge

B.2.4 [Reserved].

B.2.5 Obligation Absolute.

The obligation of the Recipient to make the Payments and other payments required to be made by it under this Agreement from the Net Revenues is absolute and unconditional, and until such time as the Payments and Additional Payments have been paid in full, the Recipient must not discontinue or suspend any Payments or other payments required to be made by it hereunder when due, whether or not the Project, or any related part thereof is operating or operable or has been completed, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such Payments and other payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

B.2.6 Payment Timing.

(a) Beginning one year after Completion of Construction, the Recipient must submit an annual Payment of the principal that will be due to the State Water Board from the Recipient under Section B.2.2 of this Agreement, together with all interest accruing thereon under Section B.2.3. The Recipient must make Payments fully amortizing the total principal of the Project by the Final Payment Date. Payments are based on a standard fully amortized assistance amount with equal annual payments.

(b) The remaining balance is the previous balance, plus the disbursements, plus the accrued interest on both, plus any Charge In Lieu of Interest, less the Payment. Payment calculations will be made beginning one (1) year after Completion of Construction. Exhibit E is a payment schedule based on the provisions of this Exhibit and an estimated disbursement schedule. Actual payments will be based on actual disbursements.

(c) Upon Completion of Construction and submission of necessary reports by the Recipient, the Division will prepare an appropriate payment schedule and supply the same to the Recipient. The Division may amend this schedule as necessary to accurately reflect amounts due under this Agreement. The Division will prepare any necessary amendments to the payment schedule and send them to the Recipient. The Recipient must make each Payment on or before the due date therefor. A ten (10) day grace period will be allowed, after which time a penalty in the amount of costs incurred by the State Water Board will be assessed for late payment. These costs may include, but are not limited to, lost interest earnings, staff time, bond debt service default penalties, if any, and other related costs. For purposes of penalty assessment, payment will be deemed to have been made if payment is deposited in the U.S. Mail within the grace period with postage prepaid and properly addressed. Any penalties assessed will not be added to the assistance amount balance, but will be treated as a separate account and obligation of the Recipient. The interest penalty will be assessed from the payment due date.

(d) The Recipient is obligated to make all payments required by this Agreement to the State Water Board from Net Revenues, notwithstanding any individual default by its constituents or others in the payment to the Recipient of fees, charges, taxes, assessments, tolls or other charges ("Charges") levied or imposed by the Recipient. Such Charges include, for instance, payments made to the Recipient by Co-Funding Agencies, as defined in this Agreement, for the use or services of, or debt service on, the Recipient's Regional Water Quality Control Plant. The Recipient must provide for the punctual payment to the State Water Board from Net Revenues of all amounts which become due under this Agreement and which are received from constituents or others in the payment to the Recipient. In the event of failure, neglect or refusal of any officer of the Recipient to levy or cause to be levied any Charge to provide payment by the Recipient under this Agreement, to enforce or to collect such Charge, or to pay over to the State Water Board any Net Revenue collected on account of such Charge necessary to satisfy any amount due under

this Agreement, the State Water Board may take such action in a court of competent jurisdiction as it deems necessary to compel the performance of all duties relating to the imposition or levying and collection of any of such Charges and the payment of the Net Revenues collected therefrom to the State Water Board, subject to the provisions of any outstanding System Obligations. Action taken pursuant hereto shall not deprive the State Water Board of, or limit the application of, any other remedy provided by law or by this Agreement.

(e) Each Payment must be paid in lawful money of the United States of America by check or other acceptable form of payment set forth at www.waterboards.ca.gov/make_a_payment. The Recipient must pay Payments and Additional Payments from Net Revenues.

B.2.7 Pledged Revenues.

B.2.7.1 Establishment of Enterprise Fund and Reserve Fund.

In order to carry out its System Obligations, the Recipient covenants that it shall establish and maintain or shall have established and maintained the Enterprise Fund. All Revenues received shall be deposited when and as received in trust in the Enterprise Fund. As required in this Exhibit, the Recipient must establish and maintain a Reserve Fund.

B.2.7.2 Pledge of Net Revenues and Reserve Fund.

The Obligation hereunder shall be secured by a lien on and pledge of the Net Revenues on parity with the Parity Obligations and subordinate to the Senior Obligations, and by an exclusive first priority lien on and pledge of the Reserve Fund. The Recipient hereby pledges and grants such lien on and pledge of the Net Revenues, and any Reserve Fund to secure the Obligation, including payment of Payments and Additional Payments hereunder. The Net Revenues in the Enterprise Fund and the Reserve Fund shall be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the Recipient.

B.2.7.3 Application and Purpose of the Enterprise Fund.

Subject to the provisions of any outstanding System Obligation, money on deposit in the Enterprise Fund shall be applied and used first, to pay Operations and Maintenance Costs, and thereafter, all amounts due and payable with respect to the System Obligations in order of priority. After making all payments hereinabove required to be made in each Fiscal Year, the Recipient may expend in such Fiscal Year any remaining money in the Enterprise Fund for any lawful purpose of the Recipient.

B.2.8 No Prepayment.

Pursuant to State Water Board's Debt Management Policy, adopted on October 3, 2017, the Recipient may not prepay any portion of the principal and interest due under this Agreement without the written consent of the Deputy Director of the Division.

B.2.9 Reserve Fund.

Prior to Completion of Construction, the Recipient must establish a restricted Reserve Fund, held in its Enterprise Fund, equal to one year's Debt Service on this Obligation. The Recipient must maintain the Reserve Fund throughout the term of this Agreement. The Reserve Fund is subject to lien and pledged as security for this Obligation, and its use is restricted to payment of this Obligation during the term of this Agreement.

B.3 RATES, FEES AND CHARGES.

(a) The Recipient must, to the extent permitted by law, fix, prescribe and collect rates, fees and charges for the System during each Fiscal Year which are reasonable, fair, and nondiscriminatory and which will be sufficient to generate Revenues in the amounts necessary to cover Operations and Maintenance Costs, and must ensure that Net Revenues are equal to at least 125% of the Maximum Annual Debt Service with respect to all outstanding System Obligations.

(b) The Recipient may make adjustments from time to time in such fees and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates, fees and charges then in effect unless the Net Revenues from such reduced rates, fees, and charges will at all times be sufficient to meet the requirements of this section.

(c) Upon consideration of a voter initiative to reduce Revenues, the Recipient must make a finding regarding the effect of such a reduction on the Recipient's ability to satisfy the rate covenant set forth in this Section. The Recipient must make its findings available to the public. The Recipient's Authorized Representative must request, if necessary, the authorization of the Recipient's decision-maker or decision-making body to file litigation to challenge any such initiative that it finds will render it unable to satisfy the rate covenant set forth in this Agreement and its obligation to operate and maintain the Project for its Useful Life. The Recipient must diligently pursue and bear any and all costs related to such challenge. The Recipient must notify and regularly update the State Water Board regarding the status of any such challenge.

B.4 ADDITIONAL DEBT.

(a) The Recipient's future debt that is secured by Revenues pledged herein may not be senior to this Obligation, except where the new senior obligation refunds or refinances a senior obligation with the same lien position as the existing senior obligation, the new senior obligation has the same or earlier repayment term as the refunded senior debt, and the new senior debt service is the same or lower than the existing debt service, thereby not diminishing the Recipient's ability to satisfy its SRF obligation(s).

(b) The Recipient may issue additional parity or subordinate debt only if all of the following conditions are met:

- i. Net Revenues in the most recent Fiscal Year, excluding transfers from a rate stabilization fund, if any, meet the ratio for rate covenants set forth in this Exhibit and with respect to any outstanding and proposed additional obligations;
- ii. The Recipient is in compliance with the provisions of Section B.2.9 related to the Reserve Fund for the Obligation.

B.5 NO LIENS.

The Recipient must not make any pledge of or place any lien on the Project, System, or Revenues except as otherwise provided or permitted by this Agreement.

EXHIBIT C – GENERAL & PROGRAMMATIC TERMS & CONDITIONS

C.1 REPRESENTATIONS & WARRANTIES.

The Recipient represents, warrants, and commits to the following as of the Eligible Work Start Date and continuing thereafter for the term of this Agreement.

C.1.1 Application and General Recipient Commitments.

The Recipient has not made any untrue statement of a material fact in its application for this financial assistance, or omitted to state in its application a material fact that makes the statements in its application not misleading.

The Recipient agrees to comply with all terms, provisions, conditions, and commitments of this Agreement, including all incorporated documents.

The Recipient agrees to fulfill all assurances, declarations, representations, and commitments in its application, accompanying documents, and communications filed in support of its request for funding under this Agreement.

C.1.2 Authorization and Validity.

The execution and delivery of this Agreement, including all incorporated documents, has been duly authorized by the Recipient. Upon execution by both parties, this Agreement constitutes a valid and binding obligation of the Recipient, enforceable in accordance with its terms, except as such enforcement may be limited by law.

C.1.3 No Violations.

The execution, delivery, and performance by Recipient of this Agreement, including all incorporated documents, do not violate any provision of any law or regulation in effect as of the date of execution of this Agreement by the Recipient, or result in any breach or default under any contract, obligation, indenture, or other instrument to which Recipient is a party or by which Recipient is bound as of the date of execution of this Agreement by the Recipient.

C.1.4 No Litigation.

There are, as of the date of execution of this Agreement by the Recipient, no pending or, to Recipient's knowledge, threatened actions, claims, investigations, suits, or proceedings before any governmental authority, court, or administrative agency which materially affect the financial condition or operations of the Recipient, the System, the Revenues, and/or the Project.

There are no proceedings, actions, or offers by a public entity to acquire by purchase or the power of eminent domain the System or any of the real or personal property related to or necessary for the Project.

C.1.5 Property Rights.

The Recipient owns or has sufficient property rights in the Project property for the longer of the Useful Life or the term of this Agreement, either in fee simple or for a term of years that is not subject to third-party revocation without cause during the Useful Life of the Project. The Recipient

is in compliance with all material provisions of all leases necessary to secure property rights for the Project, including the SLC Lease.

C.1.6 Solvency and Insurance.

None of the transactions contemplated by this Agreement will be or have been made with an actual intent to hinder, delay, or defraud any present or future creditors of Recipient. The Recipient is solvent and will not be rendered insolvent by the transactions contemplated by this Agreement. The Recipient is able to pay its debts as they become due. The Recipient further represents on behalf of the Co-Funding Agencies that the Co-Funding Agencies are solvent, will not be rendered insolvent by the transactions contemplated by this Agreement, and are able to pay their debts as they become due. The Recipient maintains sufficient insurance coverage considering the scope of this Agreement, including, for example but not necessarily limited to, general liability, automobile liability, workers compensation and employer liability, professional liability.

C.1.7 Legal Status and Eligibility.

The Recipient is duly organized and existing and in good standing under the laws of the State of California. Recipient must at all times maintain its current legal existence and preserve and keep in full force and effect its legal rights and authority. The Recipient acknowledges that changes to its legal or financial status may affect its eligibility for funding under this Agreement and commits to maintaining its eligibility. Within the preceding ten years, the Recipient has not failed to demonstrate compliance with state or federal audit disallowances.

C.1.8 Financial Statements and Continuing Disclosure.

The financial statements of Recipient previously delivered to the State Water Board as of the date(s) set forth in such financial statements: (a) are materially complete and correct; (b) present fairly the financial condition of the Recipient; and (c) have been prepared in accordance with GAAP. Since the date(s) of such financial statements, there has been no material adverse change in the financial condition of the Recipient, nor have any assets or properties reflected on such financial statements been sold, transferred, assigned, mortgaged, pledged or encumbered, except as previously disclosed in writing by Recipient and approved in writing by the State Water Board.

The Recipient is current in its continuing disclosure obligations associated with its material debt, if any.

C.1.9 System Obligations

The Recipient has no System Obligations other than those defined in this Agreement.

C.1.10 No Other Material Debt.

The Recipient has no Material Obligations other than System Obligations.

C.1.11 Compliance with State Water Board Funding Agreements.

The Recipient represents that it is in compliance with all State Water Board funding agreements to which it is a party.

C.2 DEFAULTS AND REMEDIES

In addition to any other remedy set forth in this Agreement, the following remedies are available under this Agreement.

C.2.1 Return of Funds; Acceleration; and Additional Payments.

Notwithstanding any other provision of this Agreement, if the Division determines that an Event of Default has occurred, the Recipient may be required, upon demand, immediately to do each of the following:

- i. return to the State Water Board any grant or principal forgiveness amounts received pursuant to this Agreement;
- ii. accelerate the payment of any principal owed under this Agreement, all of which shall be immediately due and payable from Net Revenues;
- iii. pay interest at the highest legal rate on all of the foregoing; and
- iv. pay any Additional Payments.

C.2.2 [Reserved].

C.2.3 Judicial remedies.

Whenever the State Water Board determines that an Event of Default shall have occurred, the State Water Board may enforce its rights under this Agreement by any judicial proceeding, whether at law or in equity. Without limiting the generality of the foregoing, the State Water Board may:

- i. by suit in equity, require the Recipient to account for amounts relating to this Agreement as if the Recipient were the trustee of an express trust;
- ii. by mandamus or other proceeding, compel the performance by the Recipient and any of its officers, agents, and employees of any duty under the law or of any obligation or covenant under this Agreement, including but not limited to the imposition and collection of rates for the services of the System sufficient to meet all requirements of this Agreement; and
- iii. take whatever action at law or in equity as may appear necessary or desirable to the State Water Board to collect the Payments then due or thereafter to become due, or to enforce performance of any obligation or covenant of the Recipient under this Agreement.

C.2.4 Termination.

Upon an Event of Default, the State Water Board may terminate this Agreement. Interest shall accrue on all amounts due at the highest legal rate of interest from the date that the State Water Board delivers notice of termination to the Recipient.

C.2.5 Damages for Breach of Tax-Exempt Status.

In the event that any breach of any of the provisions of this Agreement by the Recipient results in the loss of tax-exempt status for any bonds of the State or any subdivision or agency thereof, or if such breach results in an obligation on the part of the State or any subdivision or agency thereof to reimburse the federal government by reason of any arbitrage profits, the Recipient must immediately reimburse the State or any subdivision or agency thereof in an amount equal to any damages paid by or loss incurred by the State or any subdivision or agency thereof due to such breach.

C.2.6 Damages for Breach of Federal Conditions.

In the event that any breach of any of the provisions of this Agreement by the Recipient results in the failure of Project Funds to be used pursuant to the provisions of this Agreement, or if such breach results in an obligation on the part of the State or any subdivision or agency thereof to reimburse the federal government, the Recipient must immediately reimburse the State or any subdivision or agency thereof in

an amount equal to any damages paid by or loss incurred by the State or any subdivision or agency thereof due to such breach.

C.2.7 Remedies and Limitations.

None of the remedies available to the State Water Board shall be exclusive of any other remedy, and each such remedy shall be cumulative and in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. The State Water Board may exercise any remedy, now or hereafter existing, without exhausting and without regard to any other remedy.

Any claim of the Recipient is limited to the rights and remedies provided to the Recipient under this Agreement and is subject to the claims procedures provided to the Recipient under this Agreement.

C.2.8 Non-Waiver.

Nothing in this Agreement shall affect or impair the Recipient's Obligation to pay Payments as provided herein or shall affect or impair the right of the State Water Board to bring suit to enforce such payment. No delay or omission of the State Water Board in the exercise of any right arising upon an Event of Default shall impair any such right or be construed to be a waiver of any such Event of Default. The State Water Board may exercise from time to time and as often as shall be deemed expedient by the State Water Board, any remedy or right provided by law or pursuant to this Agreement.

C.2.9 Status Quo.

If any action to enforce any right or exercise any remedy shall be brought and either discontinued or determined adversely to the State Water Board, then the State Water Board shall be restored to its former position, rights and remedies as if no such action had been brought.

C.3 STANDARD CONDITIONS

C.3.1 Access, Inspection, and Public Records.

The Recipient must ensure that the State Water Board, the Governor of the State, the United States Environmental Protection Agency, the Office of Inspector General, any member of Congress, or any authorized representative of the foregoing, will have safe and suitable access to the Project site at all reasonable times during Project construction and thereafter for the term of the Agreement. The Recipient acknowledges that, except for a subset of information regarding archaeological records, the Project records and locations are public records, including but not limited to all of the submissions accompanying the application, all of the documents incorporated into this Agreement by reference, and all reports, disbursement requests, and supporting documentation submitted hereunder.

C.3.2 Accounting and Auditing Standards; Financial Management Systems; Records Retention.

(a) The Recipient must maintain project accounts according to GAAP as issued by the Governmental Accounting Standards Board (GASB) or its successor. The Recipient must maintain GAAP-compliant project accounts, including GAAP requirements relating to the reporting of infrastructure assets.

(b) The Recipient must comply with federal standards for financial management systems. The Recipient agrees that, at a minimum, its fiscal control and accounting procedures will be sufficient to permit preparation of reports required by the federal government and tracking of Project funds to a level of expenditure adequate to establish that such funds have not been used in violation of federal or state law or the terms of this Agreement. To the extent applicable, the Recipient is bound by, and must comply

with, the provisions and requirements of the federal Single Audit Act of 1984 and 2 CFR Part 200, subpart F, and updates or revisions, thereto.

(c) Without limitation of the requirement to maintain Project accounts in accordance with GAAP, the Recipient must:

- i. Establish an official file for the Project which adequately documents all significant actions relative to the Project;
- ii. Establish separate accounts which will adequately and accurately depict all amounts received and expended on the Project, including all assistance funds received under this Agreement;
- iii. Establish separate accounts which will adequately depict all income received which is attributable to the Project, specifically including any income attributable to assistance funds disbursed under this Agreement;
- iv. Establish an accounting system which will accurately depict final total costs of the Project, including both direct and Indirect Costs;
- v. Establish such accounts and maintain such records as may be necessary for the State to fulfill federal reporting requirements, including any and all reporting requirements under federal tax statutes or regulations; and
- vi. If Force Account is used by the Recipient for any phase of the Project, other than for planning, design, and construction engineering and administration provided for by allowance, accounts will be established which reasonably document all employee hours charged to the Project and the associated tasks performed by each employee.

(d) The Recipient must maintain separate books, records and other material relative to the Project. The Recipient must also retain such books, records, and other material for itself and for each contractor or subcontractor who performed or performs work on this project for a minimum of thirty-six (36) years after Completion of Construction. The Recipient must require that such books, records, and other material are subject at all reasonable times (at a minimum during normal business hours) to inspection, copying, and audit by the State Water Board, the California State Auditor, the Bureau of State Audits, the United States Environmental Protection Agency (USEPA), the Office of Inspector General, the Internal Revenue Service, the Governor, or any authorized representatives of the aforementioned. The Recipient must allow and must require its contractors to allow interviews during normal business hours of any employees who might reasonably have information related to such records. The Recipient agrees to include a similar duty regarding audit, interviews, and records retention in any contract or subcontract related to the performance of this Agreement. The provisions of this section survive the term of this Agreement.

C.3.3 Amendment.

No amendment or variation of the terms of this Agreement shall be valid unless made in writing and signed by both the Recipient and the Deputy Director or designee.

Requests for amendments must be in writing and directed to the contact listed in Section 4 and to the Division's Chief of Loans and Grants Administration Section.

C.3.4 Assignability.

This Agreement is not assignable by the Recipient, either in whole or in part, without the consent of the State Water Board in the form of a formal written amendment to this Agreement.

C.3.5 Audit.

(a) The Division may call for an audit of financial information relative to the Project if the Division determines that an audit is desirable to assure program integrity or if an audit becomes necessary because of state or federal requirements. If an audit is called for, the audit must be performed by a certified public accountant independent of the Recipient and at the cost of the Recipient. The audit must be in the form required by the Division.

(b) Audit disallowances must be returned to the State Water Board.

C.3.6 Bonding.

Where contractors are used, the Recipient must not authorize construction to begin until each contractor has furnished a performance bond in favor of the Recipient in the following amounts: faithful performance (100%) of contract value; labor and materials (100%) of contract value. This requirement shall not apply to any contract for less than \$25,000.00.

C.3.7 Competitive Bidding

Recipient must adhere to any applicable state law or local ordinance for competitive bidding and applicable labor laws.

C.3.8 Compliance with Applicable Laws, Rules, and Requirements.

The Recipient must, at all times, comply with and require its contractors and subcontractors to comply with all applicable federal and state laws, rules, guidelines, regulations, and requirements. Without limitation of the foregoing, to the extent applicable, the Recipient must:

- (a) Comply with the provisions of the adopted environmental mitigation plan, if any, for the term of this Agreement;
- (b) Comply with the Policy; and
- (c) Comply with and require compliance with the state and federal requirements set forth elsewhere in this Agreement.

C.3.9 Computer Software.

The Recipient certifies that it has appropriate systems and controls in place to ensure that state funds will not be used in the performance of this Agreement for the acquisition, operation or maintenance of computer software in violation of copyright laws.

C.3.10 Conflict of Interest.

The Recipient certifies that its officers, directors, agents, representatives, and employees are in compliance with applicable state and federal conflict of interest laws.

C.3.11 Continuous Use of Project; No Lease, Sale, Transfer of Ownership, or Disposal of Project.

The Recipient agrees that, except as provided in this Agreement, it will not abandon, substantially discontinue use of, lease, sell, transfer ownership of, or dispose of all or a significant part or portion of the Project during the Useful Life of the Project without prior written approval of the Division. Such approval may be conditioned as determined to be appropriate by the Division, including a condition requiring repayment of all disbursed Project Funds or all or any portion of all remaining funds covered by this Agreement together with accrued interest and any penalty assessments that may be due.

C.3.12 Data Management.

The Recipient will undertake appropriate data management activities so that Project data can be incorporated into statewide data systems.

C.3.13 Disputes.

(a) The Recipient may appeal a staff decision within 30 days to the Deputy Director of the Division or designee, for a final Division decision. The Recipient may appeal a final Division decision to the State Water Board within 30 days. The Office of the Chief Counsel of the State Water Board will prepare a summary of the dispute and make recommendations relative to its final resolution, which will be provided to the State Water Board's Executive Director and each State Water Board Member. Upon the motion of any State Water Board Member, the State Water Board will review and resolve the dispute in the manner determined by the State Water Board. Should the State Water Board determine not to review the final Division decision, this decision will represent a final agency action on the dispute.

(b) This clause does not preclude consideration of legal questions, provided that nothing herein shall be construed to make final the decision of the State Water Board, or any official or representative thereof, on any question of law.

(c) Recipient must continue with the responsibilities under this Agreement during any dispute.

(d) This section relating to disputes does not establish an exclusive procedure for resolving claims within the meaning of Government Code sections 930 and 930.4.

C.3.14 [Reserved].

C.3.15 Environmental Clearance.

(a) No work that is subject to CEQA or NEPA may proceed under this Agreement unless the State Water Board has provided environmental clearance. The State Water Board may require changes in the scope of work or additional mitigation as a condition to providing construction or implementation funding under this Agreement. Recipient shall not perform any work subject to CEQA and/or NEPA before the State Water Board completes its environmental review and specifies any changes in scope or additional mitigation that may be required. Proceeding with work subject to CEQA and/or NEPA without approval by the State Water Board shall constitute a breach of a material provision of this Agreement.

(b) If this Project includes modification of a river or stream channel, the Recipient must fully mitigate environmental impacts resulting from the modification. The Recipient must provide documentation that the environmental impacts resulting from such modification will be fully mitigated considering all of the impacts of the modification and any mitigation, environmental enhancement, and environmental benefit resulting from the Project, and whether, on balance, any environmental enhancement or benefit equals or exceeds any negative environmental impacts of the Project.

C.3.16 Governing Law.

This Agreement is governed by and shall be interpreted in accordance with the laws of the State of California.

C.3.17 Income Restrictions.

The Recipient agrees that any refunds, rebates, credits, or other amounts (including any interest thereon) accruing to or received by the Recipient under this Agreement must be paid by the Recipient to the State

Water Board, to the extent that they are properly allocable to costs for which the Recipient has been reimbursed by the State Water Board under this Agreement.

C.3.18 Indemnification and State Reviews.

The parties agree that review or approval of Project plans and specifications by the State Water Board is for administrative purposes only, including conformity with application and eligibility criteria, and expressly not for the purposes of design defect review or construction feasibility, and does not relieve the Recipient of its responsibility to properly plan, design, construct, operate, and maintain the Project. To the extent permitted by law, the Recipient agrees to indemnify, defend, and hold harmless the State Water Board, the Bank, and any trustee, and their officers, employees, and agents for the Bonds, if any (collectively, "Indemnified Persons"), against any loss or liability arising out of any claim or action brought against any Indemnified Persons from and against any and all losses, claims, damages, liabilities, or expenses, of every conceivable kind, character, and nature whatsoever arising out of, resulting from, or in any way connected with (1) the System or the Project or the conditions, occupancy, use, possession, conduct, or management of, work done in or about, or the planning, design, acquisition, installation, or construction, of the System or the Project or any part thereof; (2) the carrying out of any of the transactions contemplated by this Agreement or any related document; (3) any violation of any applicable law, rule or regulation, any environmental law (including, without limitation, the Federal Comprehensive Environmental Response, Compensation and Liability Act, the Resource Conservation and Recovery Act, the California Hazardous Substance Account Act, the Federal Water Pollution Control Act, the Clean Air Act, the Toxic Substances Control Act, the Occupational Safety and Health Act, the Safe Drinking Water Act, the California Hazardous Waste Control Law, and California Water Code Section 13304, and any successors to said laws), rule or regulation or the release of any toxic substance on or near the System or the Project; or (4) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements required to be stated therein, in light of the circumstances under which they were made, not misleading with respect to any information provided by the Recipient for use in any disclosure document utilized in connection with any of the transactions contemplated by this Agreement, except those arising from the gross negligence or willful misconduct of the Indemnified Persons. The Recipient must also provide for the defense and indemnification of the Indemnified Persons in any contractual provision extending indemnity to the Recipient in any contract let for the performance of any work under this Agreement, and must cause the Indemnified Persons to be included within the scope of any provision for the indemnification and defense of the Recipient in any contract or subcontract. To the fullest extent permitted by law, the Recipient agrees to pay and discharge any judgment or award entered or made against Indemnified Persons with respect to any such claim or action, and any settlement, compromise or other voluntary resolution. The provisions of this section survive the term of this Agreement.

C.3.19 Independent Actor.

The Recipient, and its agents and employees, if any, in the performance of this Agreement, shall act in an independent capacity and not as officers, employees, or agents of the State Water Board.

C.3.20 Integration.

This Agreement constitutes the complete and final agreement between the parties. No oral or written understanding or agreement not incorporated in this Agreement shall be binding on either party.

C.3.21 Leveraging Covenants.

(a) Notwithstanding any other provision hereof, the Recipient covenants and agrees that it will comply with the Tax Covenants set forth in Exhibit F of this Agreement.

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(b) The Recipient covenants to furnish such financial, operating and other data pertaining to the Recipient as may be requested by the State Water Board to: (i) enable the State Water Board to cause the issuance of Bonds and provide for security therefor; or (ii) enable any underwriter of Bonds issued for the benefit of the State Water Board to comply with Rule 15c2-12(b)(5).

(c) The Recipient further covenants to provide the State Water Board with copies of all continuing disclosure documents or reports that are disclosed pursuant to (i) the Recipient's continuing disclosure undertaking or undertakings made in connection with any outstanding System Obligation, (ii) the terms of any outstanding System Obligation, or (iii) a voluntary disclosure of information related to an outstanding System Obligation. The Recipient must disclose such documents or reports to the State Water Board at the same time such documents or reports are submitted to any dissemination agent, trustee, nationally recognized municipal securities information repository, the Municipal Securities Rulemaking Board's Electronic Municipal Market Access (EMMA) website or other person or entity.

C.3.22 No Discrimination.

(a) The Recipient must comply with Government Code section 11135 and the implementing regulations (Cal. Code Regs. tit. 2, § 11140 et seq.), including, but not limited to, ensuring that no person is unlawfully denied full and equal access to the benefits of, or unlawfully subjected to discrimination in the operation of, the Project or System on the basis of sex, race, color, religion, ancestry, national origin, ethnic group identification, age, mental disability, physical disability, medical condition, genetic information, marital status, or sexual orientation as such terms are defined under California law, for as long as the Recipient retains ownership or possession of the Project.

(b) If Project Funds are used to acquire or improve real property, the Recipient must include a covenant of nondiscrimination running with the land in the instrument effecting or recording the transfer of such real property.

(c) The Recipient must comply with the federal American with Disabilities Act of 1990 and implementing regulations as required by Government Code section 11135(b).

(d) The Recipient's obligations under this section shall survive the term of this Agreement.

(e) During the performance of this Agreement, Recipient and its contractors and subcontractors must not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, sexual orientation, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, denial of family care leave, or genetic information, gender, gender identity, gender expression, or military and veteran status.

(f) The Recipient, its contractors, and subcontractors must ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment.

(g) The Recipient, its contractors, and subcontractors must comply with the provisions of the Fair Employment and Housing Act and the applicable regulations promulgated thereunder. (Gov. Code, §12990, subds. (a)-(f) et seq.; Cal. Code Regs., tit. 2, § 7285 et seq.) Such regulations are incorporated into this Agreement by reference and made a part hereof as if set forth in full.

(h) The Recipient, its contractors, and subcontractors must comply with all applicable federal civil rights regulations, including statutory and national policy requirements. (2 CFR § 200.300). This includes, to the greatest extent practicable and to the extent permitted by law, the requirement to respect and protect the freedom of persons and organizations to engage in political and religious speech. (Executive Order 13798).

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(i) The Recipient, its contractors, and subcontractors must give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

(j) The Recipient must include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under this Agreement.

C.3.23 No Third Party Rights.

The parties to this Agreement do not create rights in, or grant remedies to, any third party as a beneficiary of this Agreement, or of any duty, covenant, obligation, or undertaking established herein.

C.3.24 No Obligation of the State.

Any obligation of the State Water Board herein contained shall not be an obligation, debt, or liability of the State and any such obligation shall be payable solely out of the moneys encumbered pursuant to this Agreement.

C.3.25 Notice.

Upon the occurrence of any of the following events, the Recipient must provide notice as set forth below.

- (a) Within 24 hours of the following, the Recipient must notify the Division by phone at (916) 327-9978 and by email to [PM email address and senior email address] and CleanWaterSRF@waterboards.ca.gov:
 - i. The seizure of, or levy on, any Revenues securing this Agreement;
 - ii. Any discovery of any potential tribal cultural resource and/or archaeological or historical resource. Should a potential tribal cultural resource and/or archaeological or historical resource be discovered during construction or Project implementation, the Recipient must ensure that all work in the area of the find will cease until a qualified archaeologist has evaluated the situation and made recommendations regarding preservation of the resource, and the Division has determined what actions should be taken to protect and preserve the resource. The Recipient must implement appropriate actions as directed by the Division.
- (b) Within five (5) business days, the Recipient must notify the Division by phone at (916) 327-9978; by email to Lance.Reese@waterboards.ca.gov [PM email address and senior email address] and CleanWaterSRF@waterboards.ca.gov; and by mail to the contact address set forth in Section 4 of this Agreement of the occurrence of any of the following events:
 - i. Bankruptcy, insolvency, receivership or similar event of the Recipient or any Co-Funding Agency, or actions taken in anticipation of any of the foregoing;
 - ii. Change of ownership of the Project or the System or change of management or service contracts, if any, for operation of the System;
 - iii. Loss, theft, damage, or impairment to Project, the Revenues or the System;
 - iv. Failure to meet any debt service coverage test in Exhibit B of this agreement;
 - v. Draws on the Reserve Fund;
 - vi. Listed Events and Events of Default, except as otherwise set forth in this section;
 - vii. Failure to observe or perform any covenant or comply with any condition in this Agreement.
 - viii. An offer from a public entity to purchase the Project or the System or any portion thereof, or any of the real or personal property related to or necessary for the Project;

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- ix. A proceeding or action by a public entity to acquire the Project or the System by power of eminent domain;
 - x. Incurrence of a System Obligation or Material Obligation by the Recipient; or
 - xi. A default, event of acceleration, termination event, modification of terms, or other similar event under the terms of a System Obligation or Material Obligation of the Recipient, any of which reflect financial difficulties.
- (c) Within ten (10) business days, the Recipient must notify the Division by phone at (916) 327-9978, by email to [PM email address and senior email address] and CleanWaterSRF@waterboards.ca.gov, and by mail to the contact address set forth in Section 4 of this Agreement of the following events:
- i. Material defaults on Material Obligations, other than this Obligation;
 - ii. Unscheduled draws on material debt service reserves or credit enhancements, reflecting financial difficulties;
 - iii. Substitution of credit or liquidity providers, if any or their failure to perform;
 - iv. Any litigation pending or threatened with respect to the Project or the Recipient's technical, managerial or financial capacity to operate the System or the Recipient's continued existence,
 - v. Circulation of a petition to repeal, reduce, or otherwise challenge the Recipient's rates for services of the System,
 - vi. Consideration of dissolution, or disincorporation, or any other event that could materially impair the Revenues;
 - vii. Adverse tax opinions, the issuance by the Internal Revenue Service or proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of any tax-exempt bonds;
 - viii. Rating changes on outstanding System Obligations, if any;
 - ix. Issuance of additional Parity Obligations;
 - x. Enforcement actions by or brought on behalf of the State Water Board or Regional Water Board; or
 - xi. Any investigation by the District Attorney, California State Auditor, Bureau of State Audits, United States Environmental Protection Agency's Office of Inspector General, the Internal Revenue Service, Securities and Exchange Commission, a grand jury, or any other state or federal agency, relating to the Recipient's financial management, accounting procedures, or internal fiscal controls;
- (d) The Recipient must notify the Division promptly by phone at (916) 327-9978, by email to [PM email address and senior email address] and CleanWaterSRF@waterboards.ca.gov, and by mail to the contact address set forth in Section 4 of this Agreement of any of the following events:
- i. The discovery of a false statement of fact or representation made in this Agreement or in the application to the Division for this financial assistance, or in any certification, report, or request for disbursement made pursuant to this Agreement, by the Recipient, its employees, agents, or contractors;
 - ii. Any substantial change in scope of the Project. The Recipient must undertake no substantial change in the scope of the Project until prompt written notice of the proposed change has been provided to the Division and the Division has given written approval for the change;
 - iii. Cessation of all major construction work on the Project where such cessation of work is expected to or does extend for a period of thirty (30) days or more;

- iv. Any circumstance, combination of circumstances, or condition, which is expected to or does delay Completion of Construction for a period of ninety (90) days or more;
- v. Discovery of any unexpected endangered or threatened species, as defined in the federal Endangered Species Act. Should a federally protected species be unexpectedly encountered during construction of the Project, the Recipient agrees to promptly notify the Division. This notification is in addition to the Recipient's obligations under the federal Endangered Species Act;
- vi. Any Project monitoring, demonstration, or other implementation activities required in Exhibit A or Exhibit D of this Agreement, if any;
- vii. Any public or media event publicizing the accomplishments and/or results of this Agreement and provide the opportunity for attendance and participation by state representatives with at least ten (10) working days' notice to the Division;
- viii. Any allegation of research misconduct involving research activities that are supported in whole or in part with EPA funds under this Project, as required by Exhibit C.4.3(xxvii).
- ix. Any events requiring notice to the Division pursuant to the provisions of this Agreement;
- x. Completion of Construction of the Project, and actual Project Completion;
- xi. The award of the prime construction contract for the Project;
- xii. Initiation of construction of the Project.

C.3.26 Operation and Maintenance; Insurance.

The Recipient agrees to sufficiently and properly staff, operate and maintain all portions of the System during the Useful Life of the Project in accordance with all applicable state and federal laws, rules, and regulations.

The Recipient will procure and maintain or cause to be maintained insurance on the System with responsible insurers, or as part of a reasonable system of self-insurance, in such amounts and against such risks (including damage to or destruction of the System) as are usually covered in connection with systems similar to the System. Such insurance may be maintained by a self-insurance plan so long as such plan provides for (i) the establishment by the Recipient of a separate segregated self-insurance fund in an amount determined (initially and on at least an annual basis) by an independent insurance consultant experienced in the field of risk management employing accepted actuarial techniques and (ii) the establishment and maintenance of a claims processing and risk management program.

In the event of any damage to or destruction of the System caused by the perils covered by such insurance, the net proceeds thereof shall be applied to the reconstruction, repair or replacement of the damaged or destroyed portion of the System. To the extent that such repair or rebuilding is determined by the Recipient to be useful or of continuing value to the Water System, the Recipient must begin such reconstruction, repair or replacement as expeditiously as possible, and must pay out of such net proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same must be completed and the System must be free and clear of all claims and liens. To the extent that such repair or rebuilding is determined by the Recipient to be useful or of continuing value to the System, and if such net proceeds are insufficient to reconstruct, repair, or restore the System to the extent necessary to enable the Recipient to pay all remaining unpaid principal portions of the Payments, if any, in accordance with the terms of this Agreement, the Recipient must provide additional funds to restore or replace the damaged portions of the System. No determination by the Recipient to not reconstruct, repair, or replace damage to or destruction of the System shall release the Recipient of any of its obligations under this Agreement or excuse any Event of Default. If the Recipient's determination to not reconstruct, repair, or replace damage to or destruction of the System shall result in an Event of Default, any remaining unpaid principal and other amounts owing under this Agreement shall accelerate and become immediately due and payable from the Net Revenues and insurance proceeds, if any.

Exhibit C

Recipient agrees that for any policy of insurance concerning or covering the construction of the Project, it will cause, and will require its contractors and subcontractors to cause, a certificate of insurance to be issued showing the State Water Board, its officers, agents, employees, and servants as additional insured; and must provide the Division with a copy of all such certificates prior to the commencement of construction of the Project.

C.3.27 Permits, Subcontracting, and Remedies.

Recipient must procure all permits, licenses and other authorizations necessary to accomplish the work contemplated in this Agreement, pay all charges and fees, and give all notices necessary and incidental to the due and lawful prosecution of the work. Signed copies of any such permits or licenses must be submitted to the Division before any construction begins.

The Recipient must not contract or allow subcontracting with excluded parties. The Recipient must not contract with any party who is debarred or suspended or otherwise excluded from or ineligible for participation in any work overseen, directed, funded, or administered by the State Water Board program for which this funding is authorized. For any work related to this Agreement, the Recipient must not contract with any individual or organization on the State Water Board's List of Disqualified Businesses and Persons that is identified as debarred or suspended or otherwise excluded from or ineligible for participation in any work overseen, directed, funded, or administered by the State Water Board program for which funding under this Agreement is authorized. The State Water Board's List of Disqualified Businesses and Persons is located at

http://www.waterboards.ca.gov/water_issues/programs/enforcement/fwa/dbp.shtml

C.3.28 Professionals.

The Recipient agrees that only licensed professionals will be used to perform services under this Agreement where such services are called for. All technical reports required pursuant to this Agreement that involve planning, investigation, evaluation, design, or other work requiring interpretation and proper application of engineering, architectural, or geologic sciences, shall be prepared by or under the direction of persons registered to practice in California pursuant to Business and Professions Code, sections 5536.1, 6735, 7835, and 7835.1. To demonstrate compliance with California Code of Regulations, title 16, sections 415 and 3065, all technical reports must contain a statement of the qualifications of the responsible registered professional(s). As required by these laws, completed technical reports must bear the signature(s) and seal(s) of the registered professional(s) in a manner such that all work can be clearly attributed to the professional responsible for the work.

C.3.29 Prevailing Wages.

The Recipient agrees to be bound by all applicable provisions of State Labor Code regarding prevailing wages. The Recipient must monitor all agreements subject to reimbursement from this Agreement to ensure that the prevailing wage provisions of the State Labor Code are being met.

In addition, the Recipient agrees to comply with the Davis-Bacon provisions incorporated by reference in Section 3 of this Agreement.

C.3.30 Public Funding.

This Project is publicly funded. Any service provider or contractor with which the Recipient contracts must not have any role or relationship with the Recipient, that, in effect, substantially limits the Recipient's ability to exercise its rights, including cancellation rights, under the contract, based on all the facts and circumstances.

C.3.31 Recipient's Responsibility for Work.

The Recipient shall be responsible for all work and for persons or entities engaged in work performed pursuant to this Agreement, including, but not limited to, contractors, subcontractors, suppliers, and providers of services. The Recipient shall be responsible for responding to any and all disputes arising out of its contracts for work on the Project. The State Water Board will not mediate disputes between the Recipient and any other entity concerning responsibility for performance of work.

C.3.32 Related Litigation.

Under no circumstances may the Recipient use funds from any disbursement under this Agreement to pay costs associated with any litigation the Recipient pursues against the State Water Board or any Regional Water Quality Control Board. Regardless of the outcome of any such litigation, and notwithstanding any conflicting language in this Agreement, the Recipient agrees to repay all of the disbursed funds plus interest in the event that Recipient does not complete the project.

C.3.33 Rights in Data.

The Recipient agrees that all data, plans, drawings, specifications, reports, computer programs, operating manuals, notes, and other written or graphic work produced in the performance of this Agreement are subject to the rights of the State as set forth in this section. The State shall have the right to reproduce, publish, and use all such work, or any part thereof, in any manner and for any purposes whatsoever and to authorize others to do so. If any such work is copyrightable, the Recipient may copyright the same, except that, as to any work which is copyrighted by the Recipient, the State reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, and use such work, or any part thereof, and to authorize others to do so, and to receive electronic copies from the Recipient upon request.

C.3.34 State Water Board Action; Costs and Attorney Fees.

Any remedy provided in this Agreement is in addition to and not in derogation of any other legal or equitable remedy available to the State Water Board as a result of breach of this Agreement by the Recipient, whether such breach occurs before or after completion of the Project, and exercise of any remedy provided by this Agreement by the State Water Board shall not preclude the State Water Board from pursuing any legal remedy or right which would otherwise be available. In the event of litigation between the parties hereto arising from this Agreement, it is agreed that each party shall bear its own costs and attorney fees.

C.3.35 Timeliness.

Time is of the essence in this Agreement.

C.3.36 Unenforceable Provision.

In the event that any provision of this Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby.

C.3.37 Venue.

Any action arising out of this Agreement shall be filed and maintained in the Superior Court in and for the County of Sacramento, California.

C.3.38 Waiver and Rights of the State Water Board.

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Any waiver of rights by the State Water Board with respect to a default or other matter arising under this Agreement at any time shall not be considered a waiver of rights with respect to any other default or matter. Any rights and remedies of the State Water Board provided for in this Agreement are in addition to any other rights and remedies provided by law.

C.4 MISCELLANEOUS STATE AND FEDERAL REQUIREMENTS

C.4.1 [Reserved].

C.4.2 State Cross-Cutters.

Recipient represents that, as applicable, it complies and covenants to maintain compliance with the following for the term of the Agreement:

- i. The California Environmental Quality Act (CEQA), as set forth in Public Resources Code 21000 et seq. and in the CEQA Guidelines at Title 14, Division 6, Chapter 3, Section 15000 et seq.
- ii. Water Conservation requirements, including regulations in Division 3 of Title 23 of the California Code of Regulations.
- iii. Monthly Water Diversion Reporting requirements, including requirements set forth in Water Code section 5103.
- iv. Public Works Contractor Registration with Department of Industrial Relations requirements, including requirements set forth in Sections 1725.5 and 1771.1 of the Labor Code.
- v. Volumetric Pricing & Water Meters requirements, including the requirements of Water Code sections 526 and 527.
- vi. Urban Water Management Plan requirements, including the Urban Water Management Planning Act (Water Code, § 10610 et seq.).
- vii. Urban Water Demand Management requirements, including the requirements of Section 10608.56 of the Water Code.
- viii. Delta Plan Consistency Findings requirements, including the requirements of Water Code section 85225 and California Code of Regulations, title 23, section 5002.
- ix. Agricultural Water Management Plan Consistency requirements, including the requirements of Water Code section 10852.
- x. Charter City Project Labor Requirements, including the requirements of Labor Code section 1782 and Public Contract Code section 2503.

C.4.3 Federal Requirements and Cross-Cutters for SRF Funding.

The Recipient acknowledges, warrants compliance with, and covenants to continuing compliance with the following federal terms and conditions for the Useful Life of the Project:

- i. Unless the Recipient has obtained a waiver from USEPA on file with the State Water Board or unless this Project is not a project for the construction, alteration, maintenance or repair of a public water system or treatment work, the Recipient shall not purchase "iron and steel products" produced outside of the United States on this Project. Unless the Recipient has obtained a

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waiver from USEPA on file with the State Water Board or unless this Project is not a project for the construction, alteration, maintenance or repair of a public water system or treatment work, the Recipient hereby certifies that all "iron and steel products" used in the Project were or will be produced in the United States. For purposes of this section, the term "iron and steel products" means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials. "Steel" means an alloy that includes at least 50 percent iron, between .02 and 2 percent carbon, and may include other elements.

- ii. The Recipient must include in full the Wage Rate Requirements (Davis-Bacon) language incorporated by reference in Section 3 of this Agreement in all construction contracts and subcontracts.
- iii. The Recipient must comply with the signage requirements set forth in Exhibit A.
- iv. The Recipient shall notify the State Water Board and the USEPA contact of public or media events publicizing the accomplishment of significant events related to this Project and provide the opportunity for attendance and participation by federal representatives with at least ten (10) working days' notice.
- v. The Recipient shall comply with applicable EPA general terms and conditions found at <http://www.epa.gov/oqd>.
- vi. No Recipient may receive funding under this Agreement unless it has provided its Unique Entity Identifier, assigned by the System for Award management, to the State Water Board.
- vii. The Recipient represents and warrants that it and its principals are not excluded or disqualified from participating in this transaction as such terms are defined in Parts 180 and 1532 of Title 2 of the Code of Federal Regulations (2 CFR). If the Recipient is excluded after execution of this Agreement, the Recipient shall notify the Division within ten (10) days and shall inform the Division of the Recipient's exclusion in any request for amendment of this Agreement. The Recipient shall comply with Subpart C of Part 180 of 2 CFR, as supplemented by Subpart C of Part 1532 of 2 CFR. Such compliance is a condition precedent to the State Water Board's performance of its obligations under this Agreement. When entering into a covered transaction as defined in Parts 180 and 1532 of 2 CFR, the Recipient shall require the other party to the covered transaction to comply with Subpart C of Part 180 of 2 CFR, as supplemented by Subpart C of Part 1532 of 2 CFR.
- viii. To the extent applicable, the Recipient shall disclose to the State Water Board any potential conflict of interest consistent with USEPA's Final Financial Assistance Conflict of Interest Policy at <https://www.epa.gov/grants/epas-final-financial-assistance-conflict-interest-policy>. A conflict of interest may result in disallowance of costs.
- ix. USEPA and the State Water Board have the right to reproduce, publish, use and authorize others to reproduce, publish and use copyrighted works or other data developed under this assistance agreement.
- x. Where an invention is made with Project Funds, USEPA and the State Water Board retain the right to a worldwide, nonexclusive, nontransferable, irrevocable, paid-up license to practice the invention owned by the Recipient. The Recipient must utilize the Interagency Edison extramural invention reporting system at <http://iEdison.gov> and shall notify the Division when an invention report, patent report, or utilization report is filed.

- xi. The Recipient agrees that any reports, documents, publications or other materials developed for public distribution supported by this Agreement shall contain the Disclosure statement set forth in Exhibit A.
- xii. The Recipient acknowledges that it is encouraged to follow guidelines established under Section 508 of the Rehabilitation Act, codified at 36 CFR Part 1194, with respect to enabling individuals with disabilities to participate in its programs supported by this Project.
- xiii. The Recipient, its employees, contractors and subcontractors and their employees warrants that it will not engage in severe forms of trafficking in persons, procure a commercial sex act during the term of this Agreement, or use forced labor in the performance of this Agreement. The Recipient must include this provision in its contracts and subcontracts under this Agreement. The Recipient must inform the State Water Board immediately of any information regarding a violation of the foregoing. The Recipient understands that failure to comply with this provision may subject the State Water Board to loss of federal funds. The Recipient agrees to compensate the State Water Board for any such funds lost due to its failure to comply with this condition, or the failure of its contractors or subcontractors to comply with this condition. The State Water Board may unilaterally terminate this Agreement if the Recipient that is a private entity is determined to have violated the foregoing.
- xiv. The Recipient certifies to the best of its knowledge and belief that:
 - a. No federal appropriated funds have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
 - b. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with this Agreement, the Recipient shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions, and notify the State Water Board.

The Recipient shall require this certification from all parties to any contract or agreement that the Recipient enters into and under which the Recipient incurs costs for which it seeks disbursements under this Agreement.
- xv. The Recipient must comply with the following federal non-discrimination requirements:
 - a. Title VI of the Civil Rights Act of 1964, which prohibits discrimination based on race, color, and national origin, including limited English proficiency (LEP).
 - b. Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination against persons with disabilities.
 - c. The Age Discrimination Act of 1975, which prohibits age discrimination.
 - d. Section 13 of the Federal Water Pollution Control Act Amendments of 1972, which prohibits discrimination on the basis of sex.
 - e. 40 CFR Part 7, as it relates to the foregoing.
- xvi. If the Project relates to construction of a publicly owned treatment works, where the Recipient contracts for program management, construction management, feasibility studies, preliminary engineering, design, engineering, surveying, mapping, or architectural related services, the Recipient shall ensure that any such contract is negotiated in the same manner as a contract for architectural and engineering services is negotiated under chapter 11 of title 40, United States

Code, or an equivalent State qualifications-based requirement as determined by the State Water Board.

- xvii. If the Project relates to construction of a publicly owned treatment works, the Recipient certifies that it has developed and is implementing a fiscal sustainability plan for the Project, except as set forth in Exhibit D, that includes an inventory of critical assets that are a part of the Project, an evaluation of the condition and performance of inventoried assets or asset groupings, a certification that the recipient has evaluated and will be implementing water and energy conservation efforts as part of the plan, and a plan for maintaining, repairing, and, as necessary, replacing the Project and a plan for funding such activities.

- xviii. Executive Order No. 11246. The Recipient shall include in its contracts and subcontracts related to the Project the following provisions:

"During the performance of this contract, the contractor agrees as follows: (a) The contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

"(b) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.

"(c) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

"(d) The contractor will comply with all provisions of Executive Order No. 11246 of Sept. 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

"(e) The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

"(f) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of Sept 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

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"(g) The contractor will include the provisions of Paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of Sept. 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, That in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States."

- xix. The Recipient agrees to comply with the requirements of USEPA's Program for Utilization of Small, Minority and Women's Business Enterprises as set forth in Exhibit A.
- xx. Procurement Prohibitions under Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans; 42 USC § 7606; 33 USC § 1368. Except where the purpose of this Agreement is to remedy the cause of the violation, the Recipient may not procure goods, services, or materials from suppliers excluded under the federal System for Award Management: <http://www.sam.gov/>.
- xxi. Uniform Relocation and Real Property Acquisition Policies Act, Pub. L. 91-646, as amended; 42 USC §§4601-4655. The Recipient must comply with the Act's implementing regulations at 49 CFR 24.101 through 24.105.
- xxii. The Recipient agrees that if its network or information system is connected to USEPA networks to transfer data using systems other than the Environmental Information Exchange Network or USEPA's Central Data Exchange, it will ensure that any connections are secure.
- xxiii. All geospatial data created pursuant to this Agreement that is submitted to the State Water Board for use by USEPA or that is submitted directly to USEPA must be consistent with Federal Geographic Data Committee endorsed standards. Information on these standards may be found at www.fgdc.gov.
- xxiv. If the Recipient is a water system that serves 500 or fewer persons, the Recipient represents that it has considered publicly-owned wells as an alternative drinking water supply.
- xxv. The Recipient represents that it is not a corporation that has any unpaid Federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted or have lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability; and it is not a corporation that was convicted of a felony criminal violation under a Federal law within the preceding 24 months.
- xxvi. The Recipient agrees to immediately notify the Project Manager in writing about any allegation of research misconduct involving research activities that are supported in whole or in part with EPA funds under this Project, including fabrication, falsification, or plagiarism in proposing, performing, or reviewing research, or in reporting research results, or ordering, advising, or suggesting that subordinates engage in research misconduct.
- xxvii. The Recipient agrees to comply with, and require all contractors and subcontractors to comply with, EPA's Scientific Integrity Policy, available at <https://www.epa.gov/osa/policy-epa-scientific-integrity>, when conducting, supervising, and communicating science and when using or applying the results of science. For purposes of this condition scientific activities include, but are not limited to, computer modelling, economic analysis, field sampling, laboratory experimentation,

Exhibit C

demonstrating new technology, statistical analysis, and writing a review article on a scientific issue.

The Recipient shall not suppress, alter, or otherwise impede the timely release of scientific findings or conclusions; intimidate or coerce scientists to alter scientific data, findings, or professional opinions or exert non-scientific influence on scientific advisory boards; knowingly misrepresent, exaggerate, or downplay areas of scientific uncertainty; or otherwise violate the EPA's Scientific Integrity Policy. The Recipient must refrain from acts of research misconduct, including publication or reporting, as described in EPA's Policy and Procedures for Addressing Research Misconduct, Section 9.C, and must ensure scientific findings are generated and disseminated in a timely and transparent manner, including scientific research performed by contractors and subcontractors.

- xxviii. The Recipient agrees to comply with the Animal Welfare Act of 1966 (7 USC 2131-2156). Recipient also agrees to abide by the "U.S. Government Principles for the Utilization and Care of Vertebrate Animals used in Testing, Research, and Training," available at <http://grants.nih.gov/grants/olaw/references/phspol.htm#USGovPrinciples>.
- xxix. The Recipient certifies that no Project Funds will be used on:
- a. Video surveillance or telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities), telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities);
 - b. Telecommunications or video surveillance services produced by such entities;
 - c. Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country; or.
 - d. Other telecommunications or video surveillance services or equipment in violation of 2 CFR 200.216.

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EXHIBIT D – SPECIAL CONDITIONS

[environmental]

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EXHIBIT E – PAYMENT SCHEDULE

See the attached preliminary Payment Schedule. The final Payment Schedule will be forwarded to the Recipient after all disbursements have been paid and construction of the Project has been completed.

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EXHIBIT F – TAX CERTIFICATE

F.1 Purpose.

The purpose of this Exhibit F is to establish the reasonable expectations of the Recipient regarding the Project and the Project Funds, and is intended to be and may be relied upon for purposes of Sections 103, 141 and 148 of the Code and as a certification described in Section 1.148-2(b)(2) of the Treasury Regulations. This Exhibit F sets forth certain facts, estimates and circumstances which form the basis for the Recipient's expectation that neither the Project nor the Bond Funded Portion of the Project Funds is to be used in a manner that would cause the Obligation to be classified as "arbitrage bonds" under Section 148 of the Code or "private activity bonds" under Section 141 of the Code.

F.2 Tax Covenant.

The Recipient agrees that it will not take or authorize any action or permit any action within its reasonable control to be taken, or fail to take any action within its reasonable control, with respect to the Project which would result in the loss of the exclusion of interest on the Bonds from gross income for federal income tax purposes under Section 103 of the Code.

F.3 Governmental Unit.

The Recipient is a state or local governmental unit as defined in Section 1.103-1 of the Treasury Regulations or an instrumentality thereof (a "Governmental Unit") and is not the federal government or any agency or instrumentality thereof.

F.4 Financing of a Capital Project.

The Recipient will use the Project Funds to finance capital expenditures it has incurred or will incur for the construction, reconstruction, installation or acquisition of the Project in accordance with the terms of this Agreement. Such expenditures shall not have previously been financed with the proceeds of any other issue of indebtedness except for interim financing by the Recipient, the date of maturity, prepayment or redemption of which is within thirty (30) days of the date of disbursement of Project Funds under this Agreement. All Project Funds shall be allocated to expenditures by the Recipient within thirty (30) days of the date of disbursement, including (if at all) Project Funds allocated to repay interim financing of the Recipient. For purposes of this Section F.4, "interim financing" means notes, commercial paper, loans, lines of credit and other forms of short-term borrowing.

F.5 Ownership and Operation of Project.

The Recipient exclusively owns and, except as provided in Section F.12 hereof, operates the Project.

F.6 Temporary Period.

The Recipient reasonably expects that at least eighty-five percent (85%) of the Bond Funded Portion of the Project Funds will be allocated to expenditures for the Project within three (3) years of the earlier of the effective date of this Agreement or the date the Bonds are issued ("Applicable Date"). The Recipient has incurred, or reasonably expects that it will incur within six (6) months of the Applicable Date, a substantial binding obligation (i.e., not subject to contingencies within the control of the Recipient or a related party) to a third party to expend at least five percent (5%) of the Bond Funded Portion of the Project Funds on Project Costs. The completion of acquisition, construction, improvement and equipping

of the Project and the allocation of the Bond Funded Portion of the Project Funds to Project Costs will proceed with due diligence.

F.7 Working Capital.

No operational expenditures of the Recipient or any related entity are being, have been or will be financed or refinanced with Project Funds.

F.8 Expenditure of Proceeds.

The Bond Funded Portion of the Project Funds shall be used exclusively for the following purposes: (i) Reimbursement Expenditures (as defined in Section F.20 below), (ii) Preliminary Expenditures (as defined in Section F.20 below) in an aggregate amount not exceeding twenty percent (20%) of the Bond Funded Portion of the Project Funds, (iii) capital expenditures relating to the Project originally paid by the Recipient on or after the date hereof, (iv) interest on the Obligation through the later of three (3) years after the Applicable Date or one (1) year after the Project is placed in service, and (v) initial operating expenses directly associated with the Project in the aggregate amount not more than five percent (5%) of the Bond Funded Portion of the Project Funds.

F.9 Private Use and Private Payments.

No portion of the Project Funds or the Project is being, has been or will be used in the aggregate for any activities that constitute a Private Use (as defined below). No portion of the principal of or interest with respect to the Payments will be secured by any interest in property (whether or not the Project) used for a Private Use or in payments in respect of property used for a Private Use, or will be derived from payments in respect of property used for a Private Use. "Private Use" means any activity that constitutes a trade or business that is carried on by persons or entities, other than a Governmental Unit. The leasing of the Project or the access by or the use of the Project by a person or entity other than a Governmental Unit on a basis other than as a member of the general public shall constitute a Private Use. Use by or on behalf of the State of California or any of its agencies, instrumentalities or subdivisions or by any local Governmental Unit and use as a member of the general public will be disregarded in determining whether a Private Use exists. Use under an arrangement that conveys priority rights or other preferential benefits is generally not use on the same basis as the general public. Arrangements providing for use that is available to the general public at no charge or on the basis of rates that are generally applicable and uniformly applied do not convey priority rights or other preferential benefits. For this purpose, rates may be treated as generally applicable and uniformly applied even if (i) different rates apply to different classes of users, such as volume purchasers, if the differences in rates are customary and reasonable; or (ii) a specially negotiated rate arrangement is entered into, but only if the user is prohibited by federal law from paying the generally applicable rates, and the rates established are as comparable as reasonably possible to the generally applicable rates. An arrangement that does not otherwise convey priority rights or other preferential benefits is not treated, nevertheless, as general public use if the term of the use under the arrangement, including all renewal options, is greater than 200 days. For this purpose, a right of first refusal to renew use under the arrangement is not treated as a renewal option if (i) the compensation for the use under the arrangement is redetermined at generally applicable, fair market value rates that are in effect at the time of renewal; and (ii) the use of the financed property under the same or similar arrangements is predominantly by natural persons who are not engaged in a trade or business.

F.10 No Sale, Lease or Private Operation of the Project.

The Project (or any portion thereof) will not be sold or otherwise disposed of, in whole or in part, to any person who is not a Governmental Unit prior to the final maturity date of the Obligation. The Project will not be leased to any person or entity that is not a Governmental Unit prior to the final maturity date of the Obligation. Except as permitted under Section F.12 hereof, the Recipient will not enter any contract or

arrangement or cause or permit any contract or arrangement to be entered with persons or entities that are not Governmental Units if that contract or arrangement would confer on such persons or entities any right to use the Project on a basis different from the right of members of the general public. The contracts or arrangements contemplated by the preceding sentence include but are not limited to management contracts, take or pay contracts or put or pay contracts, and capacity guarantee contracts.

F.11 No Disproportionate or Unrelated Use.

No portion of the Project Funds or the Project is being, has been, or will be used for a Private Use that is unrelated or disproportionate to the governmental use of the Project Funds.

F.12 Management and Service Contracts.

The Recipient represents that, as of the date hereof, it is not a party to any contract, agreement or other arrangement with any persons or entities engaged in a trade or business (other than Governmental Units) that involve the management or operation of property or the provision of services at or with respect to the Project that does not comply with the standards of the Treasury Regulations, Revenue Procedure 97-13, as modified by Revenue Procedure 2001-39 and IRS Notice 2014-67, or Revenue Procedure 2017-13, as applicable. The Recipient represents that it will not be party to any such contract, agreement or arrangement with any person or entity that is not a Governmental Unit for the management of property or the provision of services at or with respect to the Project, while the Obligation (including any obligation or series thereof issued to refund the Obligation, as the case may be) is outstanding, except: (a) with respect to any contract, agreement or arrangement that does not constitute "private business use" of the Project under Code §141(b), or (b) with respect to any contract, agreement or arrangement that complies with (i) Revenue Procedure 97-13, 1997-1 C.B. 632, as amended by Revenue Procedure 2001-39, 2001-2 C.B. 38, and as amplified by Notice 2014-67, with respect to contracts entered into before August 18, 2017 and not materially modified or extended after August 18, 2017, or (ii) Revenue Procedure 2017-13, with respect to contracts entered into or materially modified or extended on or after August 18, 2017, or (c) with respect to any contract, agreement or arrangement that does not give rise to use of the Bond Funded Portion of the Project Funds or the Project by a non-Governmental Unit of more than the amount of such non-qualified use permitted by the Code, or (d) in the event that the Recipient receives an opinion of counsel, satisfactory to the State Water Board and the Bank and expert in the issuance of state and local government bonds the interest on which is excluded from gross income under Section 103 of the Code ("Nationally-Recognized Bond Counsel"), that such contract, agreement or arrangement will not adversely affect the exclusion of the interest on the Obligation from gross income for federal income taxation purposes.

F.13 No Disposition of Financed Property.

As of the date hereof, the Recipient does not expect to sell or otherwise dispose of any portion of the Project, in whole or in part, prior to the final maturity date of the Obligation.

F.14 Useful Life of Project.

As of the date hereof, the Recipient reasonably expects that the economic useful life of the Project, commencing at Project Completion, will be at least equal to the term of this Agreement, as set forth in Exhibit A hereto.

F.15 Payments.

Payments generally are expected to be derived from assessments, taxes, fees, charges or other current Revenues of the Recipient in each year, and such current Revenues are expected to equal or exceed the Payments during each payment period. Any amounts accumulated in a sinking fund or bona fide debt service fund to pay Payments (whether or not deposited to a fund or account established by the

Recipient) will be disbursed to pay Payments within thirteen months of the initial date of accumulation or deposit. Any such fund used for the payment of Payments will be depleted once a year except for a reasonable carryover amount not exceeding the greater of earnings on such fund or one-twelfth of the Payments in either case for the immediately preceding year.

F.16 No Other Replacement Proceeds.

The Recipient will not use any of the Bond Funded Portion of the Project Funds to replace or substitute other funds of the Recipient that were otherwise to be used to finance the Project or which are or will be used to acquire securities, obligations or other investment property reasonably expected to produce a yield that is materially higher than the yield on the Bonds.

F.17 No Sinking or Pledged Fund.

Except as set forth in Section F.18 below, the Recipient will not create or establish any sinking fund or pledged fund which will be used to pay Payments on the Obligation within the meaning of Section 1.148-1(c) of the Treasury Regulations. If any sinking fund or pledged fund comes into being with respect to the Obligation before the Obligation has been fully retired which may be used to pay the Payments, the Recipient will invest such sinking fund and pledged fund moneys at a yield that does not exceed the yield on the Bonds.

F.18 Reserve Amount.

The State Water Board requires that the Recipient maintain and fund a separate account in an amount equal to one (1) year of debt service with respect to the Obligation (the "Reserve Amount") as set forth in Exhibit B. The Recipient represents that the Reserve Amount is and will be available to pay debt service with respect to the Obligation, if and when needed. The Reserve Amount consists solely of revenues of the Recipient and does not include any proceeds of any obligations the interest on which is excluded from gross income for federal income tax purposes or investment earnings thereon. The aggregate of the Reserve Amount, up to an amount not exceeding the lesser of (i) ten percent of the aggregate principal amount of the Obligation, (ii) the maximum annual debt service with respect to the Obligation, or (iii) 125 percent of the average annual debt service with respect to the Obligation, will be treated as a reasonably required reserve fund.

F.19 Reimbursement Resolution.

The "reimbursement resolution" adopted by the Recipient is incorporated herein by reference.

F.20 Reimbursement Expenditures.

Reimbursements are disallowed, except as specifically authorized in Exhibit B or Exhibit D of this Agreement. To the extent so authorized, a portion of the Bond Funded Portion of the Project Funds may be applied to reimburse the Recipient for Project Costs paid before the date hereof, so long as the Project Cost was (i) not paid prior to sixty (60) days before the Recipient's adoption of a declaration of official intent to finance the Project, (ii) not paid more than eighteen (18) months prior to the date hereof or the date the Project was placed-in-service, whichever is later, and (iii) not paid more than three (3) years prior to the date hereof (collectively, "Reimbursement Expenditures"), unless such cost is attributable to a "preliminary expenditure." Preliminary expenditure for this purpose means architectural, engineering, surveying, soil testing and similar costs incurred prior to the commencement of construction or rehabilitation of the Project, but does not include land acquisition, site preparation and similar costs incident to the commencement of acquisition, construction or rehabilitation of the Project. Preliminary expenditures may not exceed 20% of the Bond Funded Portion of the Project Funds.

F.21 Change in Use of the Project.

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The Recipient reasonably expects to use all of the Bond Funded Portion of the Project Funds and the Project for the entire stated term to maturity of the Obligation. Absent an opinion of Nationally-Recognized Bond Counsel to the effect that such use of the Bond Funded Portion of the Project Funds will not adversely affect the exclusion from federal gross income of interest on the Bonds pursuant to Section 103 of the Code, the Recipient will use the Bond Funded Portion of the Project Funds and the Project solely as set forth in this Agreement.

F.22 Rebate Obligations.

If the Recipient satisfies the requirements of one of the spending exceptions to rebate specified in Section 1.148-7 of the Treasury Regulations, amounts earned from investments, if any, acquired with the Bond Funded Portion of the Project Funds will not be subject to the rebate requirements imposed under Section 148(f) of the Code. If the Recipient fails to satisfy such requirements for any period, it will notify the State Water Board and the Bank immediately and will comply with the provisions of the Code and the Treasury Regulations at such time, including the payment of any rebate amount calculated by the State Water Board or the Bank.

F.23 No Federal Guarantee.

The Recipient will not directly or indirectly use any of the Bond Funded Portion of the Project Funds in any manner that would cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code, taking into account various exceptions including any guarantee related to investments during an initial temporary period until needed for the governmental purpose of the Bonds, investments as part of a bona fide debt service fund, investments of a reasonably required reserve or replacement fund, investments in bonds issued by the United States Treasury, investments in refunding escrow funds or certain other investments permitted under the Treasury Regulations.

F.24 No Notices or Inquiries from IRS.

Within the last 10 years, the Recipient has not received any notice of a final action of the Internal Revenue Service that determines that interest paid or payable on any debt obligation of the Recipient is or was includable in the gross income of an owner or beneficial owner thereof for federal income tax purposes under the Code.

F.25 Amendments.

The provisions in this Exhibit may be amended, modified or supplemented at any time to reflect changes in the Code upon obtaining written approval of the State Water Board and the Bank and an opinion of Nationally-Recognized Bond Counsel to the effect that such amendment, modification or supplement will not adversely affect the exclusion from federal gross income of interest on the Bonds pursuant to Section 103 of the Code.

F.26 Reasonable Expectations.

The Recipient warrants that, to the best of its knowledge, information and belief, and based on the facts and estimates as set forth in the tax covenants in this Exhibit, the expectations of the Recipient as set forth in this Exhibit are reasonable. The Recipient is not aware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any representation made in the provisions in this Exhibit.

F.27 Assignment.

The Recipient consents to any pledge, sale, or assignment to the Bank or a trustee for the benefit of the owners of the Bonds, if any, at any time of any portion of the State Water Board's estate, right, title, and

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interest and claim in, to and under this Agreement and the right to make all related waivers and agreements in the name and on behalf of the State Water Board, as agent and attorney-in-fact, and to perform all other related acts which are necessary and appropriate under this Agreement, if any, and the State Water Board's estate, right, title, and interest and claim in, to and under this Agreement to Payments (but excluding the State Water Board's rights to Additional Payments and to notices, opinions and indemnification under each Obligation).

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ATTACHMENT B**REQUIRED GOOD FAITH ESTIMATES PURSUANT TO
GOVERNMENT CODE SECTION 5852.1**

1. True Interest Cost of the 2022 Installment Sale Agreement: 0.8%
2. Finance charge of the 2022 Installment Sale Agreement, being the sum of all fees and charges paid to third parties: \$0
3. Amount of Project Funds expected to be received by the City under the 2022 Installment Sale Agreement, net of proceeds for finance charges in (2) above and net of capitalized interest (if any) and reserves (if any) paid or funded with the Project Funds: \$168,658,977.
4. Total payment amount for the Project Funds under the 2022 Installment Sale Agreement, being the sum of (a) installment payments to final maturity (\$190,377,369), plus (b) any financing costs not paid from proceeds of the Project Funds (\$0): \$ \$190,377,369.

**All amounts and percentages are estimates, and are made in good faith by the City based on information available as of the date of adoption of this Resolution.*



City of Palo Alto City Council Staff Report

(ID # 14140)

Meeting Date: 4/11/2022

Title: Approval of Amendment No. 1 to Professional Services Contract Number S22183902 Teri Black and Company, LLC to Increase the Not-to-Exceed Compensation by \$180,000 (to \$265,000) and to Extend the Term of the Contract to January 2024 for City Wide Executive Recruitments and Approve a Budget Amendment in the General Fund

From: City Manager

Lead Department: Human Resources

Recommendation

Staff recommends that the City Council:

- 1) Authorize the City Manager or their designee to execute Amendment 1 to S22183902 (Attachment A) with Teri Black and Company, LLC to provide professional executive recruitment services, increasing the existing contract by \$180,000 for a total amount not to exceed \$265,000 through January 2024; and
- 2) Amend the Fiscal Year 2022 Budget Appropriation (by a majority vote) for the General Fund by:
 - a. Increasing the Human Resources Department contractual services appropriation in the amount of \$200,000; and
 - b. Decreasing the General Fund Transition Reserve in the amount of \$200,000.

Background

The City of Palo Alto's Human Resources Department is organized into five major divisions with 16 full-time staff who provide citywide support for recruitment, benefits, employee and labor relations, training, personnel transactions and workers' compensation. Recruiting firms are retained to be used on an as-needed basis to assist when the City's internal recruitment team is at capacity and to conduct recruitments that require specialized outreach.

Staff identified the need for contractual recruitment services in the Preliminary Q1 FY 2022 ([CMR 13439](#)) and Midyear FY 2022 ([CMR 13801](#)) reports to support recommended actions that restored services, including 20 full-time and three part-time positions in

various departments throughout the City.

Currently the City of Palo Alto has contract (S22183902) with Teri Black and Company, LLC, for executive recruitment services in the amount of \$85,000. This contract was established to conduct approximately three (3) executive recruitments, along with consultation that is billed on an hourly basis. The addition of Amendment One will increase the contract by \$180,000 to a new amount not to exceed \$265,000.

Discussion

This amendment is needed due to constrained staffing resources and additional critical current and anticipated executive vacancies for the City of Palo Alto. Executive recruitments are approximately \$30,000 per recruitment and this amendment will extend the scope of the contract to include approximately six additional recruitments for a total of nine. The amendment extends the total not-to-exceed amount an additional \$180,000 to a total of \$265,000 over three years.

In accordance with the Palo Alto Municipal Code, professional service contracts in certain subject matter expertise are exempt from competitive solicitation.

Professional services contracts in relation to personnel matters for: recruitment consultants, workplace investigations, threat assessments, conflict intervention, and industrial safety are exempt from solicitation, under Section 21, 2.30.360(t) of [Ordinance 5494](#).

The contract for Teri Black and Company, LLC, includes a comprehensive recruitment package, including a phased approach for the development of candidate profiles, advertising, outreach, screening, client reporting, interview facilitation and coaching, deliberation assistance, background and reference checks and negotiations.

Consistent with the practices of executive recruitment firms that serve the municipal sector, Teri Black and Company, LLC, provides services to the hiring agency and does not represent applicants or collect fees from candidates.

Resource Impact

Actions outlined in this report require an increase of the appropriation for contract services by \$200,000 and are offset by the use of Transition Reserve as previously outlined, resulting in a remaining reserve of approximately \$300,000. The remaining contract costs of \$65,000 will be absorbed through FY 2022 funding for the full expense of the contract. The Transition Reserve was established in FY 2021 to support service changes that could not be implemented immediately.

Environmental Review

Approval of this contract is exempt under the California Environmental Quality Act (CEQA) Guidelines section 15061(b) (3), because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

Attachments:

- **Attachment6.a:** Attachment A: Teri Black and Company, LLC Contract; S22183902 Amendment #1

**AMENDMENT NO. 1 TO CONTRACT NO. S22183902
BETWEEN THE CITY OF PALO ALTO AND
TERI BLACK & COMPANY, LLC.**

This Amendment No. 1 (this "Amendment") to Contract No. S22183902 (the "Contract" as defined below) is entered into as of March 15, 2022, by and between the CITY OF PALO ALTO, a California chartered municipal corporation ("CITY"), and TERI BLACK & COMPANY, LLC., a California corporation, located at 25500 Hawthorne Boulevard ("CONSULTANT"). CITY and CONSULTANT are referred to collectively as the "Parties" in this Amendment.

RECITALS

A. The Contract (as defined below) was entered into by and between the Parties hereto for the provision of providing comprehensive recruitment work and support services, as detailed therein.

B. The Parties now wish to amend the Contract in order to add scope of services, extend the term of the contract by one year, and increase compensation by \$180,000, from \$85,000 to \$265,000.

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. S22183902 between CONSULTANT and CITY, dated January 12, 2022.
- 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 2. TERM. of the Contract is hereby amended to read as follows:

"The term of this Agreement shall be from the date of its full execution through December 31, 2023 unless terminated earlier pursuant to Section 19 (Termination) of this Agreement."

SECTION 3. Section 4. NOT TO EXCEED COMPENSATION. of the Contract is hereby amended to read as follows:

“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 Two Hundred Forty Three Thousand Seven Hundred Dollars (\$243,700). 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.

Optional Additional Services Provision (This provision applies only if checked and a not-to-exceed compensation amount for Additional Services is allocated below under this Section 4.)

In addition to the not-to-exceed compensation specified above, CITY has set aside the not-to-exceed compensation amount of Twenty-One Thousand Three Hundred Dollars (\$21,300.00) 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 Two Hundred Sixty Five Thousand Dollars (\$265,000), as detailed in Exhibit C.

“Additional Services” means any work that is determined by CITY to be necessary for the proper completion of the Project, but which is not included within the Scope of Services described at Exhibit A. CITY may elect to, but is not required to, authorize Additional Services up to the maximum amount of compensation set forth for Additional Services in this Section 4. CONSULTANT shall provide Additional Services only by advanced, written authorization from CITY as detailed in this Section. Additional Services, if any, shall be authorized by CITY with a Task Order assigned and authorized by CITY’s Project Manager, as identified in Section 13 (Project Management). Each Task Order shall be in substantially the same form as Exhibit A-1, entitled “PROFESSIONAL SERVICES TASK ORDER”. Each Task Order shall contain a specific scope of services, schedule of performance and maximum compensation amount, in accordance with the provisions of this Agreement. Compensation for Additional Services shall be specified by CITY in the Task Order, based on whichever is lowest: the compensation structure set forth in Exhibit C, the hourly rates set forth in Exhibit C-1, or a negotiated lump sum.

To accept a Task Order, CONSULTANT shall sign the Task Order and return it to CITY’s Project Manager within the time specified by the Project Manager, and upon authorization by CITY (defined as counter-signature by the CITY Project Manager), the fully executed Task Order shall become part of this Agreement. The cumulative total compensation to CONSULTANT for all Task Orders authorized under this Agreement shall not exceed the amount of compensation set forth for Additional Services in this Section 4. CONSULTANT shall only be compensated for Additional Services performed under an authorized Task Order and only up to the maximum amount of compensation set forth for Additional Services in this Section 4. Performance of and payment for any Additional Services are subject to all requirements and restrictions in this Agreement.”

SECTION 4. The following exhibit(s) to the Contract is/are hereby amended or added, as indicated below, to read as set forth in the attachment(s) to this Amendment, which is/are hereby incorporated in full into this Amendment and into the Contract by this reference:

- a. Exhibit "A" entitled "SCOPE OF SERVICES", AMENDED, REPLACES PREVIOUS.
- b. Exhibit "C" entitled "COMPENSATION", AMENDED, REPLACES PREVIOUS.

SECTION 5. 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 6. 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**TERI BLACK & COMPANY, LLC**

City Manager

Officer 1

APPROVED AS TO FORM:

DocuSigned by:
By: 
Name: Joseph E. Brann
Title: Chairman/CEO

City Attorney or designee

Officer 2 (Required for Corp. or LLC)

DocuSigned by:
By: 
Name: Teri Black
Title: President/Secretary

Attachments:

Exhibit A: SCOPE OF SERVICES, ADDED / AMENDED, REPLACES PREVIOUS

Exhibit C: COMPENSATION, ADDED / AMENDED, REPLACES PREVIOUS

EXHIBIT A
SCOPE OF SERVICES
AMENDED, REPLACES PREVIOUS

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

The scope of work presented represents comprehensive recruitment_s that includes the following services:

Phase I

- Develop ideal candidate profile in partnership with the Client
- Design and execute advertising, marketing, and social media campaigns

Phase II

- Produce and distribute recruitment brochure (traditional & electronic mail)
- Conduct extensive personal outreach activities

Phase III

- Conduct screening interviews
- Develop and deliver written report to Client (highlighting the results of the recruitment and subsequent screening interviews)

Phase IV

- Design and facilitate candidate interviews with the Client (in-person or via Zoom)
- Offer interview coaching sessions and debriefing opportunities to Finalists
- Assist Client with final selection deliberations
- Perform background check and assist with reference checks (top candidate)
- Facilitate negotiations and transition details

AMENDMENT NO. 1

Amendment No. 1 shall add six additional Executive Recruitments (inclusive of reimbursements) by Task Orders.

Task Orders

Consultant will perform services on a task order basis. Task orders will be developed for specific comprehensive recruitment services.

EXHIBIT C
COMPENSATION
AMENDED, REPLACES PREVIOUS

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

CITY's Project Manager may approve in writing the transfer of budget amounts between any of the tasks or categories listed below, provided that the total compensation for the Services, including any specified reimbursable expenses, and the total compensation for Additional Services (if any, per Section 4 of the Agreement) do not exceed the amounts set forth in Section 4 of this Agreement.

CONSULTANT agrees to complete all Services, any specified reimbursable expenses, and Additional Services (if any, per Section 4), within this/these amount(s). Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth in this Agreement shall be at no cost to the CITY.

BUDGET SCHEDULE

<u>TASK</u>	<u>NOT TO EXCEED AMOUNT</u>
<u>Task 1</u> <u>(Recruitment for Assistant City Attorney for Phases I-IV)</u>	<u>\$20,000</u>
<u>Task 2</u> <u>(Recruitment for two Assistant to the City Manager for Phases I-IV)</u>	<u>\$25,000</u>
<u>ADDITIONAL SERVICES</u> <u>Task 3</u> <u>(Recruitment for 6 additional Executive Recruitments for Phases I-IV, inclusive of reimbursements)</u>	<u>\$180,000</u>
<u>Sub-total for Services</u>	<u>\$225,000</u>
<u>Reimbursable Expenses (if any)</u>	<u>\$18,700</u>
<u>Total for Services and Reimbursable Expenses</u>	<u>\$243,700</u>
<u>Additional Services (if any, per Section 4)</u>	<u>\$21,300</u>
<u>Maximum Total Compensation</u>	<u>\$265,000</u>

REIMBURSABLE EXPENSES

CONSULTANT'S ordinary business expenses, such as administrative, overhead, administrative support time/overtime, information systems, software and hardware, photocopying,

telecommunications (telephone, internet), in-house printing, insurance and other ordinary business expenses, are included within the scope of payment for Services and are not reimbursable expenses hereunder.

Reimbursable expenses, if any are specified as reimbursable under this section, will be reimbursed at actual cost. The expenses (by type, e.g. travel) for which CONSULTANT will be reimbursed up to the not-to-exceed amount of: **\$18,700 NTE as follows.**

ASSISTANT CITY ATTORNEY REIMBURSABLE EXPENSES

<u>Advertising</u>	<u>\$2,200</u>
<u>Recruitment Brochure & mailing</u>	<u>\$1,500</u>
<u>Administrative support</u>	<u>\$2,800</u>
<u>Shipping & FedEx</u>	<u>\$ 600</u>
<u>Background & records checks</u>	<u>\$ 600</u>
<u>Consultant Travel (mileage + 1 night hotel)</u>	<u>\$ 800</u>
<u>Project expenses (NTE)</u>	<u>\$ 8,500</u>

ASSISTANT TO THE CITY MANAGER REIMBURSABLE EXPENSES

<u>Advertising</u>	<u>\$2,200</u>
<u>Recruitment Brochure & mailing</u>	<u>\$1,500</u>
<u>Administrative support</u>	<u>\$3,000</u>
<u>Shipping & FedEx</u>	<u>\$ 600</u>
<u>Background & records checks</u>	<u>\$1,200</u>
<u>Consultant Travel (mileage + 1 night hotel)</u>	<u>\$1,700</u>
<u>Project expenses (NTE)</u>	<u>\$ 10,200</u>

- A. Travel outside the San Francisco Bay Area, including transportation and meals, if specified as reimbursable, will be reimbursed at actual cost subject to the City of Palo Alto's policy for reimbursement of travel and meal expenses.
- B. Long distance telephone service charges, cellular phone service charges, facsimile transmission and postage charges, if specified as reimbursable, will be reimbursed at actual cost.

All requests for reimbursement of expenses, if any are specified as reimbursable under this section, shall be accompanied by appropriate backup documentation and information.

Placement Guarantee (FULL SEARCH)

If candidates selected and appointed by the City of Palo Alto terminates employment for any reason before the completion of the first year of service as a result of a comprehensive TBC

recruitment, the firm will provide Palo Alto with the necessary consulting services required to secure a replacement. Depending on the nature of the departure, professional consulting services will be provided at no charge or a discounted rate of 25-50% of the original fee. Expenses will be covered by the Client.

Fee for Additional Placements & Discounts (FULL SEARCH)

Because of the challenging market for top talent, our clients are increasingly taking advantage of selecting more than one outstanding candidate from a single recruitment that will benefit the organization in a different capacity. In these instances, a \$3,500 placement fee per additional candidate placed will apply and will include completion of background check records review as well as reference checking.



City of Palo Alto City Council Staff Report

(ID # 14172)

Meeting Date: 4/11/2022

Title: Approval of Amendment Number 4 to Contract Number C14152163 With Townsend Public Affairs for State Legislative Advocacy to Extend the Term for one Additional Year and add \$102,000 for a Total Not-to-Exceed Amount of \$901,000

From: City Manager

Lead Department: City Manager

Recommendation

Staff recommends that City Council approve the fourth amendment (attached) to the current agreement with Townsend Public Affairs, Inc., for state legislative advocacy services to (1) increase the term length by twelve months from December 31, 2021 to December 31, 2022; and, (2) increase the not-to-exceed amount by \$102,000 from \$799,000 to \$901,000.

Background

For many years, the City has contracted for state legislative advocacy services. This Sacramento-based representation allows the City of Palo Alto to have a presence and voice with state representatives, regulators, and their Sacramento staff. Since 2014, the City has contracted with Townsend Public Affairs, Inc. (Townsend), to provide this state representation ([CMR 4466](#)). Staff is in the process of developing a request for proposals (RFP) for these services and this contract extension will allow the City to continue the services while the RFP is conducted in 2022.

Discussion

State legislative advocacy generally, and through Townsend specifically, has been instrumental to the City of Palo Alto's sustained presence and voice in Sacramento. For example, the key Townsend advocate, Niccolo De Luca, assisted the City in advocating for legislation and funding to the City from the state.

Staff recognizes that a new procurement process needs to occur for this service the City values. Staff is currently drafting the RFP for release in spring 2022. This will allow for enough time to solicit and evaluate bids for a start date of January 1, 2023 of any new state advocacy contract.

Staff recommends this contract amendment with Townsend to provide comprehensive state legislative advocacy services. The relationship between the City and Townsend is very effective

and highly collaborative, with staff of each entity communicating frequently and working as the City Council directed in terms of strategizing on advocacy. As Townsend has worked with the City for the past 7 years, the firm's knowledge of what makes Palo Alto unique has deepened. Leveraging this knowledge and relationship is an important benefit to the City.

Townsend has agreed to continue their existing rates into this next extension, with no increase during this extension. Attachment A sets out Amendment number four, extending the original agreement to December 31, 2022, preserving the termination clause contained in the original agreement whereby the City may terminate services within 10 days, and noting the flat rates.

Resource Impact

Funding for extending the current contract by twelve months increases the total not-to-exceed amount by \$102,000. Funding for state legislative services is included in the annual budget appropriation for the City Manager's Office reviewed with City Council during the annual budget. Current annual funding for state legislative services in the City Manager's Office is sufficient to fund this contract extension.

Environmental Review

These services do not constitute a project under the California Environmental Quality Act.

Attachments:

- **Attachment 7.a:** Attachment A: C14152163 Townsend Amendment #4

**AMENDMENT NO. 4 TO CONTRACT NO. C14152163
BETWEEN THE CITY OF PALO ALTO AND
TOWNSEND PUBLIC AFFAIRS, INC.**

This Amendment No. 4 (this "Amendment") to Contract No. C14152163 (the "Contract" as defined below) is entered into as of March 21, 2022, by and between the CITY OF PALO ALTO, a California chartered municipal corporation ("CITY"), and TOWNSEND PUBLIC AFFAIRS, INC., a California corporation, located at 1401 Dove Street, Ste. 330, Newport Beach, California 92660, Telephone (949) 399-9050 ("CONSULTANT"). CITY and CONSULTANT are referred to collectively as the "Parties" in this Amendment.

RECITALS

A. The Contract (as defined below) was entered into by and between the Parties hereto for the provision of representation in all state legislative advocacy matters, as detailed therein.

B. The Contract was amended by Amendment No. 1 to extend the term through December 31, 2017 and increase compensation by Two Hundred Four Thousand Dollars (\$204,000) from One Hundred Eighty-Seven Thousand Dollars (\$187,000) to Three Hundred Ninety-One Thousand Dollars (\$391,000) for continuation of services per Exhibit "A" Scope of Services, as detailed therein.

C. The Contract was amended by Amendment No. 2 to extend the term through December 31, 2019 and increase compensation by Two Hundred Four Thousand Dollars (\$204,000) from Three Hundred Ninety-One Thousand Dollars (\$391,000) to Five Hundred Ninety-Five Thousand Dollars (\$595,000) for continuation of services per Exhibit "A" Scope of Services, as detailed therein.

D. The Contract was amended by Amendment No. 3 to extend the term through December 31, 2021 and increase compensation by Two Hundred Four Thousand Dollars (\$204,000) from Five Hundred Ninety-Five Thousand Dollars (\$595,000) to Seven Hundred Ninety-Nine Thousand Dollars (\$799,000) for continuation of services per Exhibit "A" Scope of Services, as detailed therein.

E. The Parties now wish to amend the Contract in order to extend the term through December 31, 2022 and increase compensation by One Hundred Two Thousand Dollars (\$102,000) from Seven Hundred Ninety-Nine Thousand Dollars (\$799,000.00) to Nine Hundred One Thousand Dollars (\$901,000) for continuation of services per Exhibit "A" Scope of Services.

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the Parties agree:

Vers.: Aug. 5, 2019

SECTION 1. Definitions. The following definitions shall apply to this Amendment:

- a. **Contract.** The term "Contract" shall mean Contract No. C14152163 between CONSULTANT and CITY, dated March 1, 2014, as amended by:

Amendment No.1, dated December 8, 2015
Amendment No.2, dated November 6, 2017
Amendment No.3, dated November 18, 2019

- b. **Other Terms.** Capitalized terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Contract.

SECTION 2. Section 2 "TERM" of the Contract is hereby amended to read as follows:

"The term of this Agreement shall be from the date March 1, 2014 through December 31, 2022 unless terminated earlier pursuant to Section 19 of this Agreement."

SECTION 3. Section 4 " NOT TO EXCEED COMPENSATION" of the Contract is hereby amended to read as follows:

"The compensation to be paid to CONSULTANT for performance of the Services described in Exhibit "A", including both payment for professional services and reimbursable expenses, shall not exceed Nine Hundred One Thousand Dollars (\$901,000). The applicable rates and schedule of payment are set out in Exhibit "C-1", entitled RATE SCHEDULE," which is attached to and made a part of this Agreement.

Additional Services, if any, shall be authorized in accordance with and subject to the provisions of Exhibit "C". CONSULTANT shall not receive any compensation for Additional Services performed without the prior written authorization of CITY. Additional Services shall mean 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 in Exhibit "A".

SECTION 4. The following exhibit to the Contract is hereby amended, as indicated below, to read as set forth in the attachment(s) to this Amendment, which is/are hereby incorporated in full into this Amendment and into the Contract by this reference:

- a. Exhibit "C-1" entitled "RATE SCHEDULE, AMENDMENT NO. 4", AMENDED, REPLACES PREVIOUS.

SECTION 5. 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.

Vers.: Aug. 5, 2019

SECTION 6. 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 FOR AMENDMENT NO. 4 TO CONTRACT NO. C14152163

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

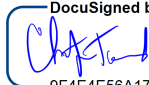
City Manager

APPROVED AS TO FORM:

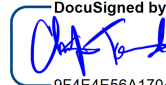
City Attorney

TOWNSEND PUBLIC AFFAIRS, INC.

Officer 1

By:  DocuSigned by:
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Name: Christopher Townsend, President
Title: President

Officer 2

By:  DocuSigned by:
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Name: Chistopher Townsend
Title: Secretary

Attachments:

EXHIBIT "C-1" entitled "RATE SCHEDULE, AMENDMENT NO. 4" (AMENDED, REPLACES PREVIOUS)



City of Palo Alto City Council Staff Report

(ID # 14219)

Meeting Date: 4/11/2022

Title: Easement Vacation at 14244 Amherst Court, Los Altos Hills, CA

From: City Manager

Lead Department: Administrative Services

Recommendation

Staff recommends that the City Council approve the attached resolution ordering the summary vacation of a portion of a public service easement for sanitary sewer and utilities and incidental purposes located on the single-family property at 14244 Amherst Court, Los Altos Hills, CA.

Discussion

A 20-foot public service easement for sanitary sewer and utilities and incidental purposes was granted to the City of Palo Alto in the document recorded on February 23, 1961, as Book 5081, Page 520, of Official Records. The use of this easement is restricted to those utilities installed on Improvement Project No. 59-1, i.e. Foothills 1-A Utilities. The easement was held for the purpose of acquiring, constructing, completing, reconstructing, repairing, maintaining, and operating sanitary sewers and appurtenances and other utilities and appurtenances for the City, together with the right of ingress and egress.

A portion of the easement runs along the eastern perimeter of the parcel located at 14244 Amherst Court, Los Altos Hills, CA. The property owners have requested that the City vacate the approximate 746 square foot portion of the easement that affects their property. The City's Utilities Department has been notified of the request and concurs with the vacation. This portion of the easement has not been used for the purpose for which it was acquired in more than 50 years, since the utility mains there were abandoned in response to construction of Interstate 280. There are currently no in-place public utility facilities that are in use and would be affected by the vacation. The Town of Los Altos Hills Public Works Department has also reviewed the easement vacation and determined that it will not affect the town's public sewer mains. Therefore, the easement may be vacated in accordance with the summary proceeding authorized in Section 8333 of the California Streets and Highways Code.

Resource Impact

The easement vacation processing fee of \$1,761 as set forth in the FY 2022 Municipal

Fee Schedule has been paid by the property owner.

Policy Implications

The recommendation does not represent any change to City policies.

Environmental Review

The proposed summary vacation of a portion of the public service easement for sanitary sewer and utilities and incidental purposes is categorically exempt from review under the California Environmental Quality Act (CEQA) pursuant to Title 14 California Code of Regulations Section 15305 as a minor alteration in land use limitations.

Attachments:

- **Attachment8.a:** Attachment A: Easement Vacation Resolution 14244 Amherst Court RD edits
- **Attachment8.b:** Attachment B: 2150250 SEWER VACATION

Attachment A

Recorded at no charge in accordance with
Streets & Highways Code Section 8336 at
the request of and when recorded return to:

City of Palo Alto
Real Estate Division
250 Hamilton Avenue
Palo Alto, CA 94301

SPACE ABOVE LINE FOR RECORDER'S USE

APN: 182-41-055
Address: 14244 Amherst Court
Los Altos Hills, CA 94022

SUMMARY VACATION
RESOLUTION NO. _____

**RESOLUTION OF THE COUNCIL OF THE CITY OF PALO ALTO
SUMMARILY VACATING A PORTION OF A PUBLIC SERVICE EASEMENT
AT 14244 AMHERST COURT, LOS ALTOS HILLS, CA**

WHEREAS, Section 8333 of the Streets and Highways Code authorizes the City Council to summarily vacate a public service easement in any of the following cases: (a) the easement has not been used for the purpose for which it was dedicated or acquired for five consecutive years immediately preceding the proposed vacation, (b) the date of dedication or acquisition is less than five years, and more than one year, immediately preceding the proposed vacation, and the easement was not used continuously since that date, (c) the easement has been superseded by relocation, or determined to be excess by the easement holder, and there are no other public facilities located within the easement; and

WHEREAS, there is an existing public service easement that was granted to the City of Palo Alto for sanitary sewer and utilities and incidental purposes in the document recorded as Book 5081, Page 520, of Official Records, that runs through the property located at 14244 Amherst Court, Los Altos Hills, CA 94022; and

WHEREAS, the City of Palo Alto Utilities Department has evaluated and determined that a portion of the easement has not been used for the purpose for which it was acquired for five consecutive years or more and is excess and there are no other public facilities located within this portion of the easement; and

WHEREAS, the Town of Los Altos Hills Public Works Department has evaluated and determined that the easement vacation will not affect the town's public sewer mains; and

WHEREAS, the City Council of the City of Palo Alto intends to summarily vacate the

Attachment A

portion of public service easement as more particularly described in Exhibit “A” attached to this resolution and depicted on the plat map attached as Exhibit “B” to this resolution; and

NOW, THEREFORE, the City Council does hereby RESOLVE as follows:

SECTION 1. This vacation is made under the authority of California Streets and Highways Code Chapter 4 of part 3 of Division 9, commencing at Section 8330 et. seq.

1. The portion of the public service easement described herein on Exhibit “A” and depicted on the plat map attached as Exhibit “B” has not been used for the purpose for which it was acquired for five consecutive years or more and is excess; and
2. There are no other public facilities located within the easement.

SECTION 2. Based upon the findings made in Section 1 of this Resolution and the provisions of Section 8333 of the Streets and Highways Code, the City Council does hereby order that the portion of public service easement as shown on the said Exhibits “A” and “B” shall be summarily vacated.

SECTION 3. The City Clerk, acting by and through the Real Property Manager, is hereby directed to record at the Santa Clara County Clerk-Recorder’s Office a certified copy of this Resolution, including the Map.

SECTION 4. The portion of public service easement for sanitary sewer and utilities and incidental purposes described in Exhibit “A” and depicted in the plat map attached as Exhibit “B” will no longer constitute a public service easement from and after the date of recordation of the documents identified in Section 3 of this Resolution.

SECTION 5. The Council finds that the summary vacation of the public service easement is exempt from review under the California Environmental Act pursuant to Title 14 California Code of Regulations section 15305 as a minor alteration in land use limitations.

Attachment A

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

APPROVED:

City Clerk

Mayor

APPROVED AS TO FORM:

City Manager

City Attorney or designee

Director of Administrative Services

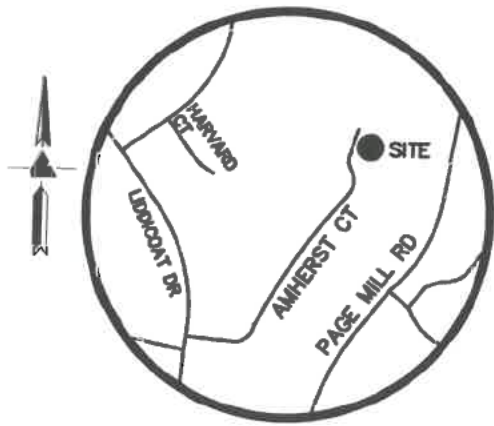
EXHIBIT "A"
LEGAL DESCRIPTION FOR SEWER EASEMENT VACATION
14244 AMHERST COURT, LOS ALTOS HILLS
SANTA CLARA COUNTY, CALIFORNIA

All that certain real property, situate in the Town of Los Altos Hills, County of Santa Clara, State of California, being a portion of the Lands of Popell as described in that certain deed recorded October 22, 1997, as document number 13905249, Official Records of Santa Clara County, also being a portion of that 20' Sanitary Sewer and Utilities Easement recorded in Book 5081 of Official Records at Page 520, Official Records of Santa Clara County, as shown on Exhibit "B", attached hereto, more particularly described as follows:

Beginning at the most northeasterly corner of that certain Record of Survey filed in Book 185 at Page 51, Santa Clara County Records, thence along the easterly line of said Record of Survey, South 03°16'29" West 62.64 feet;
Thence leaving said easterly line, South 31°04'10" West 39.70 feet to the westerly line of said 20' Sanitary Sewer and Utilities Easement;
Thence along said westerly line, North 12°04'10" East 98.96 feet to a point on the northerly line of said Record of Survey;
Thence along said northerly line, South 86°03'47" East 3.38 feet to the **Point of Beginning**.

Containing 746 Square Feet, More or Less



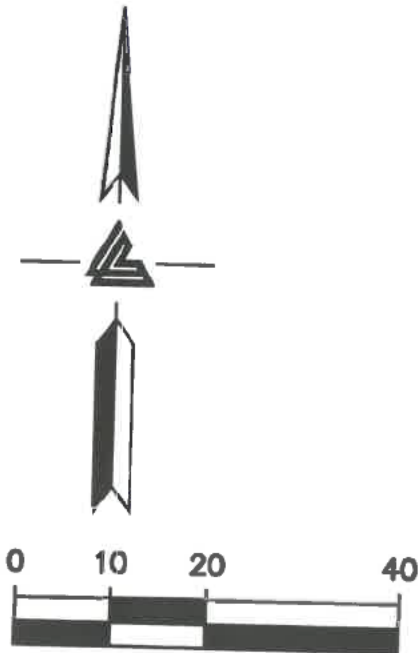


VICINITY MAP
NO SCALE



LANDS OF POPELL
DOC. 13905249

RECORD OF SURVEY
185 MAPS 51



SCALE: 1" = 20'

S86°03'47"E 3.38'
POINT OF BEGINNING

62.64'
S03°16'29"W
98.96'
N12°04'10"E
S31°04'10"W 39.70'

SEWER EASEMENT
VACATION
CONTAINING
746 SQ.FT.



LEA & BRAZE ENGINEERING, INC.

CIVIL ENGINEERS • LAND SURVEYORS

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HAYWARD, CALIFORNIA 94545
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(F) (510) 887-3019

SACRAMENTO REGION
3017 DOUGLAS BLVD, # 300
ROSEVILLE, CA 95661
(P) (916) 966-1338
(F) (916) 797-7363

WWW.LEABRAZE.COM

EXHIBIT 'B'

WPLAT TO ACCOMPANY LEGAL DESCRIPTION
FOR SEWER EASEMENT VACATION, 14244
AMHERST COURT, LOS ALTOS HILLS, SANTA
CLARA COUNTY, CALIFORNIA

JOB NO 2150250

SCALE: 1" = 20'

NAME: SEWER ABANDONMENT

North: 4033.7993' East: 4564.3017'

Segment #1 : Line

Course: S03° 16' 29"W Length: 62.64'
North: 3971.2615' East: 4560.7234'

Segment #2 : Line

Course: S31° 04' 10"W Length: 39.70'
North: 3937.2568' East: 4540.2352'

Segment #3 : Line

Course: N12° 04' 10"E Length: 98.96'
North: 4034.0293' East: 4560.9274'

Segment #4 : Line

Course: S86° 03' 47"E Length: 3.38'
North: 4033.7972' East: 4564.2995'

Perimeter: 204.68' Area: 745.50 Sq. Ft.
Error Closure: 0.0030 Course: S47° 03' 28"W
Error North: -0.00204 East: -0.00219

Precision 1: 68226.67



City of Palo Alto City Council Staff Report

(ID # 14228)

Meeting Date: 4/11/2022

Title: SECOND READING: Adoption of an Ordinance Dedicating 0.64 Acres of Land Adjacent to 3350 Birch Street to Become Part of the Boulware Park (FIRST READING: February 10, 2020 PASSED: 7-0)

From: City Manager

Lead Department: City Clerk

This was heard by the City Council on February 10, 2020 for a first reading and was approved 7-0. No changes were made to the Ordinance; it is now before you for a second reading.

Attachments:

- **Attachment9.a:** Attachment A: Park Dedication Ordinance

Ordinance No. _____
 Ordinance of the Council of the City of Palo Alto
 Dedicating Approximately 0.64 Acres of Land Adjacent to John Boulware Park
 For Park, Playground, Recreation or Conservation Purposes

The Council of the City of Palo Alto does ORDAIN as follows:

SECTION 1. Section 22.08.430 of Chapter 22.08 (Park Dedications) of Title 22 (Parks) of the Palo Alto Municipal Code is hereby added to read, as follows:

“22.08.430 Addition to John Boulware Park

That certain parcel of land as delineated and described in Exhibit A-30 and attached hereto, formerly known as 3350 Birch Street, is hereby reserved for park, playground, recreation or conservation purposes.”

SECTION 2. The Council hereby finds that dedication of this site as parkland is exempt from the requirements of the California Environmental Quality Act (“CEQA”) under CEQA Guidelines Section 15061(b)(3) because it can be seen with certainty that there is no possibility that it will have a significant impact on the environment. In addition, the adoption of this ordinance is exempt under CEQA Guidelines Section 15308 because it is an action to assure the maintenance, restoration, enhancement, or protection of the environment and 15325(f) because it is an action to acquire lands for park purposes.

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SECTION 3. This ordinance shall become effective upon the expiration of thirty (30) days from its passage.

INTRODUCED:

PASSED:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

APPROVED:

Deputy City Attorney

City Manager

Director of Community Services

EXHIBIT A-30**APPENDIX A TO CHAPTER 22.08 OF TITLE 22 (PARKS)**

(see following pages)

EXHIBIT "A"

TO
GRANT DEED

The Land referred to herein below is situated in the City of Palo Alto, County of Santa Clara, State of California, and is described as follows:

PARCEL ONE:

LOT 1 AND 2, BLOCK 13, AS SHOWN ON THAT CERTAIN MAP ENTITLED, "MAP NO. 2 SUNNYSIDE ADDITION TO THE TOWN OF MAYFIELD, SANTA CLARA, CO., CALIFORNIA" BEING A RESUBDIVISION OF BLOCK 9, 10, 11, 13 AND 14 OF SUNNYSIDE ADDITION", AS RECORDED IN BOOK "K" OF MAPS, PAGE 47, AND ALSO A SUBDIVISION OF LOT 12 OF LAMBERT TRACT AS RECORDED IN BOOK "C" OF MISCELLANEOUS RECORDS, PAGE 350, RECORDS OF SANTA CLARA CO., CALIFORNIA, HERE SHOWN AS BLOCK 15, WHICH MAP WAS FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SANTA CLARA, STATE OF CALIFORNIA ON DECEMBER 19, 1905 IN BOOK "L" OF MAPS, PAGE 12.

PARCEL TWO:

ALL THAT CERTAIN REAL PROPERTY SITUATE IN THE CITY OF PALO ALTO, COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, BEING A PORTION OF LOT 3 OF BLOCK 13 AS SHOWN ON "MAP NO.2, SUNNYSIDE ADDITION" FILED IN BOOK "L" OF MAPS AT PAGE 12, SANTA CLARA COUNTY RECORDS, AND A PORTION OF PARCEL ONE AS DESCRIBED IN THAT CERTAIN CERTIFICATE OF LOT MERGER, RECORDED SEPTEMBER 12, 2018, AS SERIES NUMBER 24022183 SANTA CLARA COUNTY, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE NORTHEASTERLY LINE OF SAID LOT 3, SAID POINT BEING DISTANT NORTH 56°27'00" WEST 4.26 FEET FROM THE MOST EASTERLY CORNER OF SAID LOT 3;

THENCE FROM SAID POINT OF BEGINNING, PERPENDICULAR TO SAID NORTHEASTERLY LINE, NORTH 33°33'00" EAST, A DISTANCE OF 2.90 FEET TO A POINT WITHIN SAID PARCEL ONE;

THENCE ALONG A TANGENT CURVE TO THE LEFT HAVING A RADIUS OF 20.00 FEET, THROUGH A CENTRAL ANGLE OF 90°00'00" AND AN ARC DISTANCE OF 31.42 FEET TO A POINT WITHIN SAID PARCEL ONE;

THENCE NORTH 56°27'00" WEST, A DISTANCE OF 92.23 FEET TO A POINT ON THE NORTHWESTERLY LINE OF SAID PARCEL ONE;

THENCE SOUTH 33°33'00" WEST, A DISTANCE OF 78.31 FEET ALONG THE NORTHWESTERLY LINES OF SAID PARCEL ONE AND SAID LOT 3 TO THE MOST WESTERLY CORNER OF SAID LOT 3;

THENCE SOUTH 56°27'00" EAST, A DISTANCE OF 116.49 FEET ALONG THE SOUTHWESTERLY LINE OF SAID LOT 3 TO THE MOST SOUTHERLY CORNER OF SAID LOT 3, BEING ON THE NORTHWESTERLY LINE OF SAID PARCEL ONE;

THENCE NORTH 33°33'00" EAST, A DISTANCE OF 22.44 FEET ALONG SAID NORTHWESTERLY LINE OF PARCEL ONE TO A POINT;

THENCE NORTH 56°27'00" WEST, A DISTANCE OF 4.26 FEET;

THENCE NORTH 33°33'00" EAST 32.97 FEET TO THE POINT OF BEGINNING.

THE ABOVE PARCEL IS AS DESCRIBED AS LOT 3 IN THAT CERTAIN CERTIFICATE OF COMPLIANCE (LOT LINE ADJUSTMENT) RECORDED SEPTEMBER 12, 2018, AS INSTRUMENT NUMBER 24022189 SANTA CLARA COUNTY OFFICIAL RECORDS.

PARCEL THREE:

ALL THAT CERTAIN REAL PROPERTY SITUATE IN THE CITY OF PALO ALTO, COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, BEING A PORTION OF LOT 12 OF BLOCK 13 AS SHOWN ON "MAP NO.2, SUNNYSIDE ADDITION" FILED IN BOOK "L" OF MAPS AT PAGE 12, SANTA CLARA COUNTY RECORDS, AND A PORTION OF PARCEL ONE AS DESCRIBED IN THAT CERTAIN CERTIFICATE OF LOT 'MERGER, RECORDED SEPTEMBER 12, 2018, AS SERIES NUMBER 24022183, SANTA CLARA COUNTY, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST SOUTHERLY CORNER OF SAID LOT 12,

THENCE FROM SAID POINT OF BEGINNING, NORTH 33°33'00" EAST, A DISTANCE OF 50.23 FEET ALONG THE SOUTHEASTERLY LINE OF SAID LOT 12 TO A POINT;

THENCE LEAVING SAID SOUTHEASTERLY LINE, NORTH 56°27'00" WEST, A DISTANCE OF 38.35 FEET;

THENCE PERPENDICULAR TO THE SOUTHWESTERLY LINE OF SAID PARCEL ONE, NORTH 33°33'00" EAST, A DISTANCE OF 49.72 FEET TO A POINT WITHIN SAID PARCEL ONE;

THENCE AT RIGHT ANGLES, NORTH 56°27'00" WEST, A DISTANCE OF 15.09 FEET TO A POINT WITHIN SAID PARCEL ONE;

THENCE AT RIGHT ANGLES, NORTH 33°33'00" EAST, A DISTANCE OF 13.32 FEET TO A POINT WITHIN SAID PARCEL ONE;

THENCE ALONG A TANGENT CURVE TO THE LEFT HAVING A RADIUS OF 20.00 FEET, THROUGH A CENTRAL, ANGLE OF 90°00'00" AND AN ARC DISTANCE OF 31.42 FEET TO A POINT WITHIN SAID PARCEL ONE;

THENCE NORTH 56°27'00" WEST, A DISTANCE OF 43.05 FEET TO A POINT ON THE SOUTHEASTERLY LINE OF LOT 3, BLOCK 13 OF SAID "MAP NO.2, SUNNYSIDE ADDITION", SAID POINT BEING DISTANT NORTH 33°33'00" EAST 22.44 FEET FROM THE MOST SOUTHERLY CORNER OF SAID LOT 3;

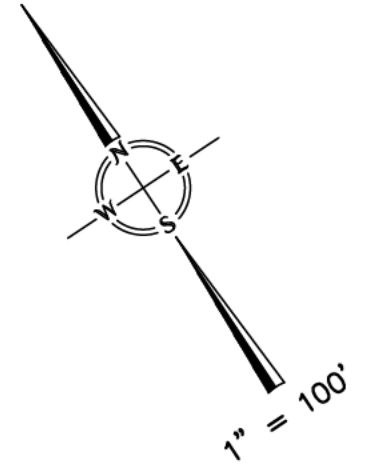
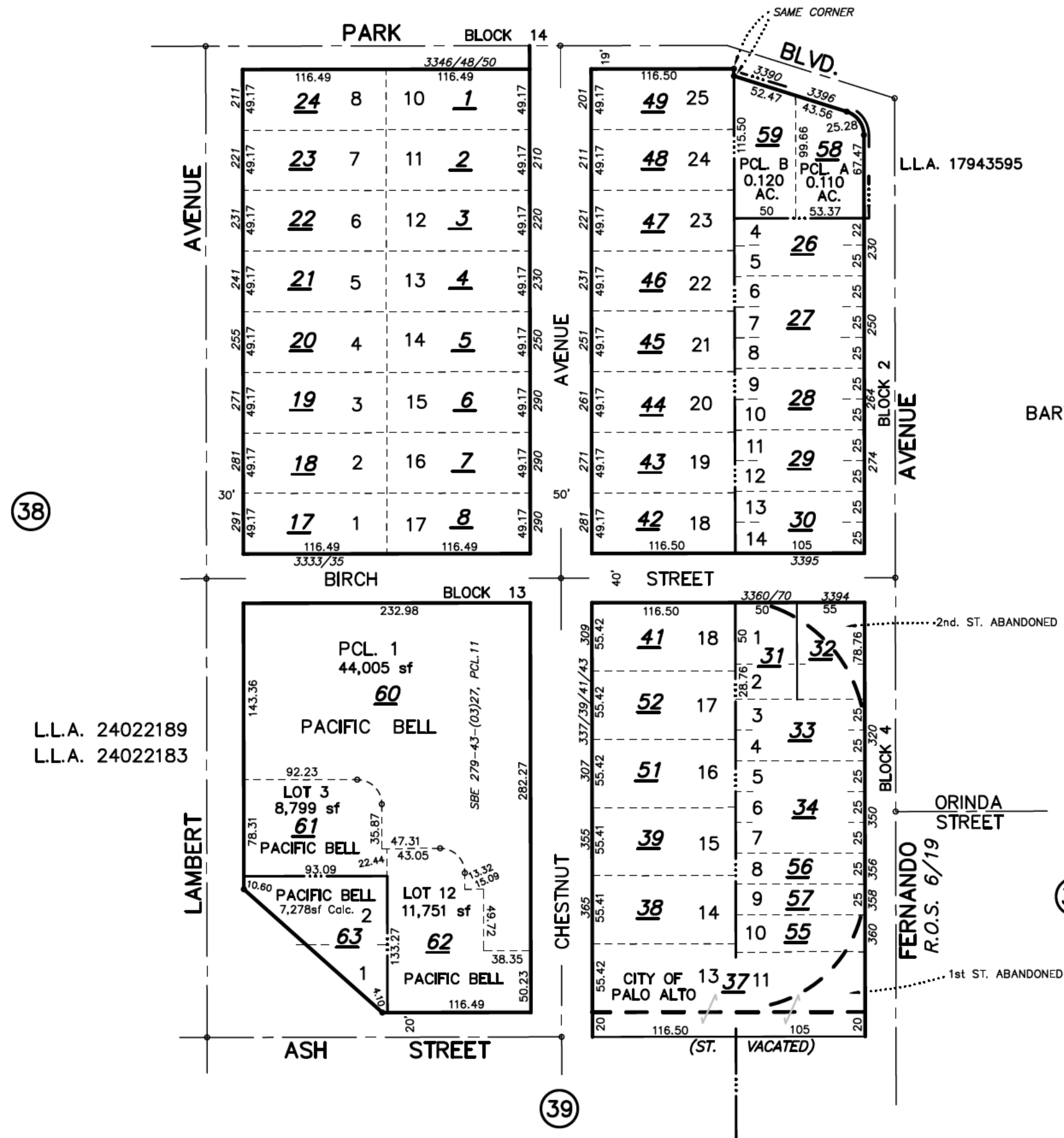
THENCE SOUTH 33°33'00" WEST, A DISTANCE OF 133.27 FEET ALONG SAID SOUTHEASTERLY LINE OF LOT 3 AND THE NORTHWESTERLY LINES OF SAID PARCEL ONE AND SAID LOT 12, TO THE MOST WESTERLY CORNER OF SAID LOT 12;

THENCE SOUTH 56°27'00" EAST, A DISTANCE OF 116.49 FEET ALONG THE SOUTHWESTERLY LINE OF SAID LOT 12 TO THE POINT OF BEGINNING.

THE ABOVE PARCEL IS AS DESCRIBED AS LOT 12 IN THAT CERTAIN CERTIFICATE OF COMPLIANCE (LOT LINE ADJUSTMENT) RECORDED SEPTEMBER 12, 2018, AS INSTRUMENT NUMBER 24022189 SANTA CLARA COUNTY OFFICIAL RECORDS.

For conveyancing purposes only: APN 132-33-061, -062 & -063

34



BARTLEY TRACT SUBD. NO. 2

34

39

TRA DET. MAP 061, 062

LAWRENCE E. STONE — ASSESSOR
Cadastral map for assessment purposes only.
Compiled under R. & T. Code, Sec. 327.
Effective Roll Year 2000-2001



City of Palo Alto City Council Staff Report

(ID # 14211)

Meeting Date: 4/11/2022

Title: SECOND READING: Adoption of an Interim Ordinance Establishing Objective Urban Lot Split Standards and Further Refinements to SB 9 Development Standards; Authorizing the Public Works Director to Publish Objective Standards Regarding Adjacent Improvements Related to SB 9 Projects; and Direction Regarding Listing Properties Eligible for Historic Status (FIRST READING: March 21, 2022 Council Meeting, MOTION PASSED: 6-0, DuBois absent); Adoption of Resolution Approving Objective Standards for Urban Lot Splits

From: City Manager

Lead Department: Planning and Development Services

Recommendation

- A. Adopt Interim Ordinance Refining SB 9 Regulations and Authorizing the Public Works Director to Publish Objective Standards Regarding Adjacent Public Improvements Related to SB 9 Projects (Attachment B); and
- B. Adopt Resolution Approving Objective Lot Design Standards for Urban Lot Splits

Executive Summary

The first reading of the ordinance and associated lot split standards (Attachments A and B) was considered by the City Council on March 21, 2022. It was approved 6-0, (DuBois absent). No changes were made to the Ordinance; it is now before you for a second reading.

The draft motion, from the draft action minutes, reads:

- A. Review and adopt proposed objective standards for urban lot splits. These standards will only apply to qualifying SB 9 projects within Palo Alto (Attachment A) with the flagpole to be at least 10 feet wide;
- B. Adopt Interim Ordinance Refining SB 9 Regulations and Authorizing the Public Works Director to Publish Objective Standards Regarding Adjacent Public Improvements Related to SB 9 Projects (Attachment B); and
- C. Direct staff to work with the Historic Resources Board to review the approximately 165 local, state and federal eligible properties and make recommendations for listing on the inventory in accordance with the process set forth in the PAMC and collaborate with the Historic Resources Board for community engagement.

Through the recommended action, Council accomplishes parts A and B of the motion. Part C will be handled through staff action and subsequent Council action.

The draft action minutes can be found here:

<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/2022/20220321/20220321amccs.pdf>

The previous staff report can be found here:

<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/2022/20220321/20220321pccsm-amended-linked-revised.pdf>

Environmental Review

This is not a project as defined by the California Environmental Quality Act (CEQA).

Attachments:

- **Attachment10.a:** Attachment A: Ordinance Modifying Ch 18.42 and Ch 21.10 to Further Implement SB9
- **Attachment10.b:** Attachment B - Resolution Approving Objective Standards for SB 9 Subdivisions

NOT YET ADOPTED

Ordinance No. _____

Ordinance of the Council of the City of Palo Alto Modifying Chapters 18.42
(Standard for Special Uses) and 21.10 (Parcel Maps for Urban Lot Splits) of the
Palo Alto Municipal Code to Further Implement Senate Bill 9

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

SECTION 1. Findings and declarations. The City Council finds and declares as follows:

- A. On September 16, 2021, Governor Newsom signed into law Senate Bill 9 (SB 9), which requires, among other things, that local agencies ministerially approve both two-unit construction and urban lot splits on single-family zoned lots.
- B. SB 9 authorizes the creation of lots as small as 1,200 square feet and requires approval of two residential units of at least 800 square feet (for a total of 1,600 square feet) each on such lots. This represents a significant departure from existing minimum lot sizes and development standards in Palo Alto's single-family zones.
- C. SB 9 authorizes local jurisdictions to apply objective zoning standards, objective subdivision standards, and objective design standards, subject to certain limitations in statute.
- D. On January 24, 2022, the City Council adopted Interim Ordinance No. 5542.
- E. The City Council now desires to modify Interim Ordinance No. 5542 to clarify its terms and to adopt additional standards for lot splits.
- F. There is insufficient time for consideration of and recommendation on objective standards related to SB 9 by the Planning and Transportation Commission (PTC) prior to action by the City Council. The Council therefore declares that an interim ordinance, pursuant to Palo Alto Municipal Code (PAMC) Section 18.80.090 is an appropriate measure to adopt standards, pending consideration of a permanent ordinance by the PTC.

SECTION 2. Section 18.42.180 (Interim Standards for Two Units on Single Family Zoned Lots Pursuant to Senate Bill 9) of Chapter 18.42 (Standards for Special Uses) of Title 18 (Zoning) of the Palo Alto Municipal Code is amended to read as follows:

18.42.180 Interim Standards for Two Units on Single Family Zoned Lots Pursuant to Senate Bill 9.

[. . .]

NOT YET ADOPTED

(e) Development Standards.

- (1) A project proposing two dwelling units on a parcel in the R-1 or RE districts shall be subject to the development standards set forth in Chapters 18.12 and 18.10, respectively except as provided herein.
- (2) All construction pursuant to this section shall comply with objective design standards adopted by the City Council. However, an applicant seeking to deviate from the objective design standards (except to the extent necessary to construct a unit of 800 square feet) may elect to submit an application under the base requirements of Chapters 18.10, or 18.12, including, if applicable, Single Family Individual Review.
- (3) If the application of any development standard or design standard would necessarily require that one or more proposed units be less than 800 square feet, such standard shall be relaxed to the minimum extent necessary to allow construction of a unit or units of at least 800 square feet. The Director may publish regulations governing the order in which objective standards shall be waived or relaxed in such circumstances.
- (4) Setbacks from side and rear property lines, including street-side property lines, shall be no less than four feet, except in the case of existing non-complying structures or structures reconstructed in the same location and to the same dimensions as an existing structure, in which case existing setbacks less than four feet may be maintained. No setback is required from an internal lot line newly created pursuant to Chapter 21.10, for adjacent or connected structures separated by the new lot line, provided that the structures meet building code safety standards and are sufficient to allow separate conveyance.
- (5) Off-street parking shall be provided pursuant to Chapters 18.52 and 18.54.
- (6) In the event that a project is proposed on a site that has been subject to an Urban Lot Split under Chapter 21.10, and the project would result in three or more detached units across the two parcels created by the urban lot split, any new units shall not exceed 800 square feet.
- (7) Accessory structures, such as garages and shed are permitted consistent with the provisions of the zoning district; however, no accessory structure shall have a floor area exceeding 500 square feet.
- (8) The Director of Public Works may promulgate standards for adjacent public improvements, such as curb cuts and sidewalks, in relation to development pursuant to this Section.

[. . .]

SECTION 3. Sections 21.10.030 (Applicability), 21.10.040 (General Requirements), and 21.10.050 (Application and Review of an Urban Lot Split) of Chapter 21.10 (Parcel Maps for Urban Lot Splits in Single-Family Zones) of Title 21 (Subdivisions and Other Divisions of land) of the Palo Alto Municipal Code are amended to read as follows:

NOT YET ADOPTED

21.10.030 Applicability.

The provisions of this chapter shall apply only to lots in the R-1 district (and R-1 subdistricts) or R-E zone district. Except as modified by this Chapter, all provisions of Title 21 shall apply to an application for urban lot split. An urban lot split is not available in any of the following circumstances:

[. . .]

Section 21.10.040 General Requirements

- (a) The minimum size for a parcel created by an Urban Lot Split is 1,200 square feet.
- (b) The lots created by an Urban Lot Split must be of approximately equal area, such that no resulting parcel shall be smaller than 40 percent of the lot area of the original parcel proposed for subdivision.
- ~~(c) Each parcel created by an Urban Lot Split shall adjoin the public right of way by means of a minimum fifteen foot street frontage.~~
- (c) ~~(d)~~ Where existing dwelling units on the property are to remain, no lot line may be created under this Chapter in a manner that would bisect any structure or that would result in more than two dwelling units on any resulting parcel.
- (d) ~~(e)~~ Newly created lot lines shall not render an existing structure noncomplying in any respect (e.g. floor area ratio, lot coverage, parking), nor increase the degree of noncompliance of an existing noncompliant structure.
- (e) ~~(f)~~ Each parcel shall comply with any objective lot design standards for Urban Lot Splits adopted by the City Council.
- (f) Utility easements shall be shown on the parcel map, and recorded prior to, or concurrent with final parcel map recordation.
- (g) A covenant necessary for maintenance of stormwater treatment facilities shall be recorded prior to, or concurrent with final map recordation.
- (h) Existing driveways to be demolished shall follow the procedure(s) in 12.08.090 Elimination of abandoned driveway.
- (i) A maintenance agreement shall be recorded to ensure shared maintenance of any shared access easements, stormwater treatment, landscaping and private utilities, prior to final parcel map recordation.
~~The Director of Planning shall determine the appropriate fee required for an application for parcel map for an Urban Lot Split, which may be the fee currently established for a Preliminary Parcel Map or Parcel Map.~~

Section 21.10.050 Application and Review of an Urban Lot Split

- (a) The Director of Planning is authorized to promulgate regulations, forms, and/or checklists setting forth application requirements for a parcel map for an Urban Lot Split under this Chapter. An application shall include an affidavit from the property owner, signed under penalty of perjury under the laws of California, that:
 - (1) The proposed urban lot split would not require or authorize demolition or alteration of any of the housing described in Section 21.10.030, subdivision (e).
 - (2) The proposed urban lot split is not on a parcel described in Section 21.10.030.

NOT YET ADOPTED

- (3) The owner intends to occupy one of the housing units located on a lot created by the parcel map as their principal residence for a minimum of three years from the date of the recording of the parcel map.
- (4) The rental of any unit on the property shall be for a term longer than 30 consecutive days.
- (5) The resulting lots will be for residential uses only.
- (b) A parcel map for an Urban Lot Split must be prepared by a registered civil engineer or licensed land surveyor in accordance with Government Code sections 66444 – 66450 and this Chapter. Unless more specific regulations are adopted by the Director of Planning, the parcel map shall be in the form and include all of the information required of a Preliminary Parcel Map by Chapter 21.12, as well as any additional information required of a Parcel Map by Chapter 21.16. In addition, the face of the Parcel Map shall contain a declaration that:
 - (1) Each lot created by the parcel map shall be used solely for residential dwellings.
 - (2) That no more than two dwelling units may be permitted on each lot.
 - (3) That rental of any dwelling unit on a lot created by the parcel map shall be for a term longer than 30 consecutive days.
 - (4) A lot created by a parcel map under this Chapter shall not be further subdivided.
- (c) Upon receipt of a parcel map for an Urban Lot Split, the Director of Planning shall transmit copies to the city engineer, chief building official, Director of Utilities, chief of police, fire chief, Director of Transportation, and such other departments of the city, and any other agencies, as may be required by law or deemed appropriate.
- (d) The Director of Planning shall cause a notice of the pending application to be posted at the site of the proposed Urban Lot Split and for notice to be mailed to owners and residents of property within 600 feet of the property.
- (e) The Director of Planning shall ministerially review and approve a parcel map for Urban Lot Split if they determine that the parcel map application meets all requirements of this Chapter. The Director of Planning shall deny a parcel map application that does not meet any requirement of this Chapter.
- (f) The Director of Planning shall determine the appropriate fee required for an application for parcel map for an Urban Lot Split, which may be the fee currently established for a Preliminary Parcel Map or Parcel Map.

SECTION 4. If any section, subsection, clause or phrase of this Ordinance is for any reason held to be invalid, such decision shall not affect the validity of the remaining portion or sections of the Ordinance. The Council hereby declares that it should have adopted the Ordinance and each section, subsection, sentence, clause or phrase thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared invalid.

SECTION 5. The City Council finds that this Ordinance is statutorily exempt from the requirements of the California Environmental Quality Act (CEQA) for the following reasons. Under Government Code Sections 66411.7(n) and 65852.21(j), an ordinance adopted to implement the requirements of SB 9 shall not be considered a project under CEQA.

NOT YET ADOPTED

SECTION 6. This ordinance shall be effective on the thirty-first day after the date of its adoption.

INTRODUCED:

PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

APPROVED:

Assistant City Attorney

City Manager

Director of Planning
and Development Services

Not Yet Passed

Resolution No. _____

Resolution of the City of Palo Alto Approving Objective Lot Design
Standards for Urban Lot Splits

RECITALS

- A. On September 16, 2021, Governor Newsom signed into law Senate Bill 9 (SB 9), which requires, among other things, that local agencies ministerially approve both two-unit construction and urban lot splits on single-family zoned lots.
- B. SB 9 authorizes the creation of lots as small as 1,200 square feet and requires approval of two residential units of at least 800 square feet (for a total of 1,600 square feet) each on such lots. This represents a significant departure from existing minimum lot sizes and development standards in Palo Alto's single-family zones.
- C. SB 9 authorizes local jurisdictions to apply objective zoning standards, objective subdivision standards, and objective design standards, subject to certain limitations in statute.
- D. On January 24, 2022, the City Council adopted Interim Ordinance No. 5542.
- E. The City Council now desires to modify Interim Ordinance No. 5542 to clarify its terms and to adopt additional standards for urban lot splits.
- F. Section 21.10.040(e) of the Palo Alto Municipal Code states that for subdivisions of single family lots in the R-1 district (and subdistricts) or R-E district pursuant to SB 9, "Each parcel shall comply with any objective lot design standards for urban lot splits adopted by the City Council."
- G. On March 21, 2022, the City Council considered and approved the proposed objective standards for urban lot splits sought in connection with SB 9 projects, with a modification standards to reduce the allowable minimum street frontage for "flag lot" subdivisions from 15 feet to 10 feet.
- H. The Objective Lot Design Standards for Urban Lot Splits, as modified by the City Council on March 21, 2022, is attached as Exhibit 1.

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

SECTION 1. The City Council hereby approves the Objective Lot Design Standards for Urban Lot Splits attached as Exhibit 1.

//

Not Yet Passed

//

SECTION 2. The City Council finds that this Ordinance is statutorily exempt from the requirements of the California Environmental Quality Act (CEQA) for the following reasons. Under Government Code Sections 66411.7(n) and 65852.21(j), an ordinance adopted to implement the requirements of SB 9 shall not be considered a project under CEQA.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

APPROVED:

Assistant City Attorney

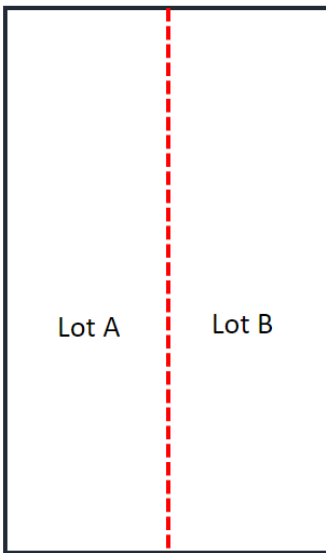
City Manager

Director of Planning and Development Services

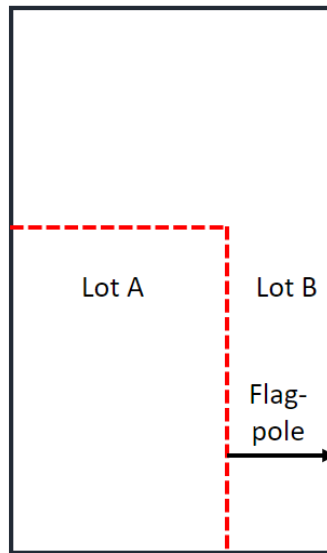
EXHIBIT 1

PROPOSED OBJECTIVE LOT DESIGN STANDARDS

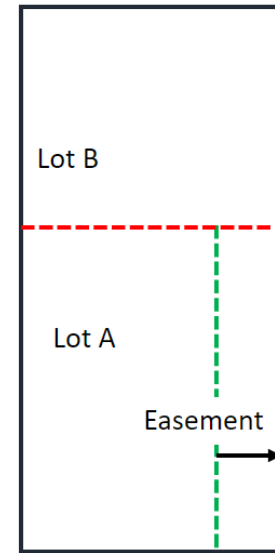
a. Lot Typologies



(1) Side-by-Side: A 50/50 or 60/40 lot split could occur. This may be limited if a home exists on the property.



(2) Flag lot: Require a "flagpole" of at least 10' wide that results in a back lot and front lot.



(3) Flag lot w/Easement: For lots less than 50' in wide, 10' would be allowed.

(1) Side-by-side. One lot line shall divide the property from front to rear, with street frontages for both lots.

(2) Flag Lot. Two property lines shall divide the property to create a new flag lot. The "flagpole" shall be at least 10 feet wide.

(3) Flag Lot with Easement. Substandard lots less than 50 feet in width shall create a 10-foot access easement to create access to the rear lot.

(b) Development Standards

	Side-by-Side Lots	Flag Lot	Lot Split on lot less than 50 feet in width
Configuration	All lots shall meet one of the three typologies as described in (a)	Flag lot configuration required on lots deeper than 200 ft	Typology (a) 3 only
Minimum Lot Size (sq. ft.)	1,200		

Maximum Lot Size	None		
Maximum Lot Split Ratio	60%/40%		
Minimum Street Frontage (ft)	25	10	Easement
Maximum Number of New Lot Lines	2 ⁽¹⁾		
Shared Driveway	Required ⁽²⁾⁽³⁾		
<p>(1) One property line may be used to divide an existing lot into two side-by-side lots. Two property lines may be used to create a flag lot. No more than two new lot lines may be added. The new lot lines, as far as practicable, shall be parallel or at right angles to straight streets or radial to curved streets.</p> <p>(2) A shared driveway shall be comprised of a single curb cut that extends for at least 10 ft before branching to two or more parking spaces. A recorded access easement is required.</p> <p>(3) The two lots shall share a single driveway, unless sharing a driveway would require demolition of existing structures proposed to be retained. If sharing a driveway would require such demolition, no more than 2 curb cuts, one per each lot, will be permitted. The curb cuts must be at least 20' apart per 12.08.060 (a) (9) (A); drive aisle dimensions per 18.54.070 table 6.</p>			



City of Palo Alto City Council Staff Report

(ID # 14048)

Meeting Date: 4/11/2022

Title: TEFRA HEARING: Regarding Conduit Financing for the Silicon Valley International School Project Located at 151 Laura Lane and 1066 East Meadow Circle, Palo Alto, and Approving the Issuance of a Tax Exempt Loan by the California Municipal Finance Authority for the Purpose of Financing and Refinancing the Acquisition, Construction, Improvement, Equipping and Maintenance of Educational, Support and Administrative Facilities Owned and Operated Within the City by Silicon Valley International School

From: City Manager

Lead Department: Administrative Services

Recommendation

Staff recommends that Council:

- 1) Conduct a public hearing under the requirements of the Tax Equity and Fiscal Responsibility Act of 1983 (TEFRA) and the Internal Revenue Code of 1986, as amended; and
- 2) Adopt a resolution (Attachment A) approving the issuance of the bonds by the California Municipal Finance Authority (CMFA) for the benefit of Silicon Valley International School.

Background

Silicon Valley International School (formerly known as International School of the Peninsula), a California nonprofit public benefit corporation (the "Borrower") and an organization described in, and exempt from tax under, Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), has requested that the California Municipal Finance Authority (the "Authority" or "CMFA") obtain a tax-exempt loan or loans in an aggregate principal amount not to exceed \$50,000,000 (the "Loan") in one or more series and make one or more loans to the Borrower. This is pursuant to a plan of financing to, among other things:

(i) refinance all or a portion of certain outstanding debt obligations of the Borrower, being that certain California Municipal Finance Authority 2021 Tax Exempt Loan (International School of the Peninsula) (as executed in one or more series, the

"Prior Loan"), which Prior Loan, among other things, financed and refinanced certain costs of acquiring, improving, renovating, remodeling, furnishing and equipping various portions of the educational facilities of the Borrower located at 151 Laura Lane within the City of Palo Alto, California (the "City"), zip code 94303, which facilities are owned and operated by the Borrower, in connection with the provision of educational and other services in the City,

(ii) finance and refinance certain costs of acquiring, constructing, improving, renovating, remodeling, furnishing and equipping educational facilities to be owned, occupied and operated by the Borrower and located at 1066 East Meadow Circle, Palo Alto, California 94303 in the City, all in connection with the provision of educational and other services in the City,

(iii) pay capitalized interest on the Borrower Loan, and

(iv) pay certain expenses incurred in connection with the issuance of the Borrower Loan (items (i) through (iv), collectively, the "Borrower Project").

In order for all or a portion of the Loan to qualify as a tax-exempt loan, the City of Palo Alto must conduct a public hearing (TEFRA Hearing), providing the members of the community an opportunity to speak in favor of or against the use of tax-exempt loans for the financing of the project. Prior to the hearing, reasonable notice must be provided to the members of the community. Following the close of the TEFRA hearing, an "applicable elected representative" of the governmental unit hosting the proposed project must provide its approval of the issuance of the bonds for the financing of the project.

Discussion

Since the facilities to be financed with the proceeds of the CMFA's debt are located within the jurisdiction of the City of Palo Alto, the City has been asked to conduct a TEFRA hearing and adopt a resolution (Attachment A) that approves the issuance of the Loan by the CMFA for the benefit of the Borrower.

As cited in the published notice of April 1, 2022, the public hearing is simply an opportunity for all interested persons to speak or to submit written comments concerning the proposal to issue the debt and the nature or location of the facility to be financed; however there is no formal obligation on the part of the borrower or the Council to respond to any specific comments made during the hearing or submitted in writing.

The bonds are intended to finance the Project described herein for the acquisition, construction, improvement, equipping and maintenance of certain educational, support and administrative facilities owned and operated within the City by the Borrower.

The CMFA is a joint exercise of powers authority that the City became a member of on April 14, 2008. The Joint Exercise of Powers Agreement provides that the CMFA is a

public entity, separate and apart from each member executing such agreement. The debts, liabilities and obligations of the CMFA do not constitute debts, liabilities or obligations of the members executing such agreement. The Loan to be issued by the CMFA for the project will be the sole responsibility of the borrower, and **the City of Palo Alto will have no financial, legal, moral obligation, liability or responsibility for the project or the repayment of the Loan for the financing of the project.** All financing documents with respect to the issuance of the bonds will contain clear disclaimers that the Loan is not an obligation of the City of Palo Alto or the State of California but is to be paid for solely from funds provided by the borrower.

The City is in no way exposed to any financial liability by reason of its membership in the CMFA. In addition, participation by the City in the CMFA does not impact the City's appropriations limits and will not constitute any type of indebtedness by the City. Outside of holding the TEFRA hearing, adopting the required resolution, no other participation or activity of the City or the City Council with respect to the issuance of the loan will be required. Based on the benefits of the project to the Palo Alto community and the lack of any financial obligations on the part of the City, staff recommends that Council approve the attached resolution.

Resource Impact

As stated, the City will incur no financial obligation from approval of the recommendations. The Borrower is requesting the CMFA to issue up to \$50 million in bonds through the CMFA. The City will receive a fee for its services when the loan is issued.

Policy Implications

Actions recommended in this report are consistent with Council's prior actions in supporting non-profit financings under the TEFRA (e.g., recently approving tax-exempt financing through the California Municipal Finance Authority for Wilton Court on February 10, 2020 and Silicon Valley International School on September 13, 2021).

Stakeholder Engagement

City staff coordinated with representatives of CMFA to prepare for the TEFRA hearing.

Environmental Review

Action on this item does not constitute a project under Section 21065 of the Public Resources Code.

Attachments:

- **Attachment11.a:** Attachment A: Silicon Valley International School TEFRA Resolution

Resolution No. ____

Resolution of the City Council of the City of Palo Alto, California, Approving the Execution of a Tax-Exempt Loan or Loans by the California Municipal Finance Authority for the Benefit of Silicon Valley International School, in an Aggregate Principal Amount not to Exceed \$50,000,000 in one or More Series for the Purpose of Financing and Refinancing the Acquisition, Construction, Improvement, Equipping and Maintenance of Certain Educational, Support and Administrative Facilities Owned and Operated Within the City by Silicon Valley International School

RECITALS

A. Silicon Valley International School (formerly known as International School of the Peninsula), a California nonprofit public benefit corporation (the “Borrower”) and an organization described in, and exempt from tax under, Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), has requested that the California Municipal Finance Authority (the “Authority”) obtain a tax-exempt loan or loans in an aggregate principal amount not to exceed \$50,000,000 (the “Authority Loan”) in one or more series and make one or more loans to the Borrower pursuant to a plan of financing (the “Borrower Loan”) to, among other things: (i) refinance the outstanding debt obligations of the Borrower, being the Authority’s 2021A Tax Exempt Loan (Silicon Valley International School) (as executed in one or more series, the “Prior Loan”), which Prior Loan, among other things, the proceeds of which were used to refinance the Authority’s 2017 Tax Exempt Loan (International School of the Peninsula), the proceeds of which were used to finance and refinance certain costs of acquiring, improving, renovating, remodeling, furnishing and equipping various portions of the educational facilities of the Borrower located at 151 Laura Lane within the City of Palo Alto, California (the “City”), zip code 94303, which facilities are owned and operated by the Borrower, in connection with the provision of educational and other services in the City (the “Cohn School Project”), (ii) finance and refinance certain costs of acquiring, constructing, improving, renovating, remodeling, furnishing and equipping educational facilities to be owned, occupied and operated by the Borrower and located at 1066 East Meadow Circle, Palo Alto, California 94303 in the City, all in connection with the provision of educational and other services in the City (the “East Meadow Circle Project”), (iii) pay capitalized interest on the Borrower Loan, and (iv) pay certain expenses incurred in connection with the issuance of the Borrower Loan (items (i) through (iv), collectively, the “Borrower Project”); and

B. The facilities comprising the Borrower Project are, or will be when acquired by the Borrower, owned and operated by the Borrower and are located within the territorial limits of the City, a member of the Authority; and

C. Pursuant to Section 147(f) of the Code, the execution of the Authority Loan by the Authority relating to the Borrower Project and the related plan of financing with the Borrower, including the Borrower Loan relating to the Borrower Project, must be approved by the City

because the facilities comprising the Borrower Project are located within the territorial limits of the City; and

D. The City Council of the City (the “City Council”) is the elected legislative body of the City and is an “applicable elected representative” required to approve the execution of the Authority Loan by the Authority relating to the Borrower Project under Section 147(f) of the Code; and

E. The Authority has requested that the City Council approve the execution of the Authority Loan by the Authority relating to the Borrower Project and the related overall plan of financing for the Borrower Project with the Borrower, including the Borrower Loan, in order to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 4 of the Joint Exercise of Powers Agreement Relating to the Authority, dated as of January 1, 2004 (as amended, the “Agreement”), among certain program participants, including the City; and

F. The aggregate principal amount of the Authority Loan to be issued for the Cohn School Project will not exceed \$5,400,000 the aggregate principal amount of the Authority Loan to be issued for the East Meadow Circle Project will not exceed \$44,600,000, and the aggregate principal amount of the Authority Loan to be issued for the Borrower Project will not exceed \$50,000,000; and

G. On April 1, 2022, the Authority’s bond counsel caused a notice to appear in *The Daily Post*, which is a newspaper of general circulation in the City, stating that a public hearing with respect to the execution of the Authority Loan by the Authority and the Borrower Project would be held by the City Council on April 11, 2022; and

H. Pursuant to Section 147(f) of the Code, the City has, following notice duly given, held a public hearing on April 11, 2022 regarding the execution of the Authority Loan by the Authority, and an opportunity was provided for persons to comment on the matter of the Authority Loan and of the Borrower Project; and

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

Section 1. The foregoing recitals are true and correct.

Section 2. The City Council hereby approves the execution of the Authority Loan by the Authority relating to the Borrower Project and the related plan of financing with the Borrower with respect to the Borrower Loan relating to the Borrower Project. It is the purpose and intent of the City Council that this resolution constitutes approval of the execution of the Authority Loan by the Authority relating to the Borrower Project and the related plan of financing with the Borrower, including the Borrower Loan relating to the Borrower Project, for the purposes of: (a) Section 147(f) of the Code, by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Borrower Project is located, in accordance with said Section 147(f); and (b) Section 4 of the Agreement.

Section 3. The approval by the City of the execution of the Authority Loan by the Authority relating to the Borrower Project is neither an approval of the underlying credit issues of the proposed Borrower Project nor an approval of the financial structure of the Authority Loan. Neither the City nor any department, official or officer thereof shall have any responsibility or liability whatsoever with respect to the Authority Loan, the Borrower Loan, or the Borrower Project.

Section 4. The execution of the Authority Loan shall be subject to approval of the Authority of all financing documents relating thereto to which the Authority is a party. Neither the Authority Loan nor the Borrower Loan shall constitute a debt or obligation of the City, and the City shall have no responsibility or liability whatsoever with respect to repayment or administration of the Authority Loan or the Borrower Loan.

Section 5. The adoption of this resolution shall not obligate the City or any department thereof to (i) provide any financing with respect to the Borrower Project; (ii) approve any application or request for or take any other action in connection with any planning approval, permit or other action necessary with respect to the Borrower Project; (iii) make any contribution or advance any funds whatsoever to the Authority or the Borrower; or (iv) take any further action with respect to the Authority or the City's membership therein.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

APPROVED:

City Attorney

City Manager



City of Palo Alto City Council Staff Report

(ID # 14058)

Report Type: Action Items

Meeting Date: 4/11/2022

Summary Title: Council Review of Changes to Height Transitions

Title: Public Hearing: Adoption of Ordinance Clarifying Ambiguities in Height Transitions, Adding RMD to the list of Residential Districts and Amending the Setback for the RM-40 Zone District

From: City Manager

Lead Department: Planning and Development Services

Recommendation:

Staff recommends that Council adopt an ordinance proposing changes to height transitions and other development standards (Attachment A).

Executive Summary:

The issue of height transition development standards is related to the objective standards project but focuses narrowly on development standards tables within district regulations in Title 18. This draft ordinance is the first of two ordinances expected in the first half of the year as part of the objective standards project.

Changes to height transitions are proposed for two reasons. First, the language governing height transitions varies across districts and is sometimes ambiguous; this has resulted in the code being interpreted and implemented differently over time. Second, community members have expressed concern that these lower height limits generally do not apply to the RM-40 zone district which is a high-density district. Additionally, this report proposes adding the RMD (Two Unit Multiple-Family Residential District) to the list of Residential Zones in title 18.08 and to the PC list of zoning districts where a reduced height is required. Lastly, this report proposes changes to the RM-40 front and side setbacks to be consistent with all RM zones and to transform the subjective variable setbacks to objective standards. This change is being made at this time since it was a straightforward request by the Council and relates to the development standards tables already being modified herein.

A near-future second ordinance will address all other aspects of the objective standards project, based on feedback received from the Council on October 4 and November 8, 2021.

Background:

For further details on the larger Objective Standards project and its relationship to State Housing Laws and a summary of community outreach completed to date, please review the January 24, 2022 staff report¹. Records from previous meetings described above and the other 13 ARB meetings and three PTC meetings focused on objective standards can be found on the project webpage: bit.ly/ObjectiveStandards

City Council Action

At its January 24, 2022 meeting, the City Council reviewed a draft ordinance and directed staff to make the following changes:

- A. Amend the proposed Ordinance to a 150 ft height transition zone, while leaving the abutting conditions where they already exist;
- B. Clarify if projects want to reduce the horizontal transition zone, they are opting into the discretionary process;
- C. Extend the height transition rules in Part A to RM40 adjacent nonresidential buildings; and
- D. Investigate 18.38.150 section (b), and to incorporate RMD into the language.

The next section of the report details responses to each motion item, explaining how the item is addressed in the ordinance, this report, or a future ordinance.

Discussion and Analysis:

The following changes have been incorporated into the draft ordinance based on the Council motion.

- A. Amend the proposed Ordinance to a 150 ft height transition zone, while leaving the abutting conditions where they already exist;***

Abutting is defined in Chapter 18.04(2) as follows: "*Abutting*" means having property or district lines in common. This means that where "abutting" is applied (i.e. for mixed use and residential development in commercial zones), the lower height limit will apply to:

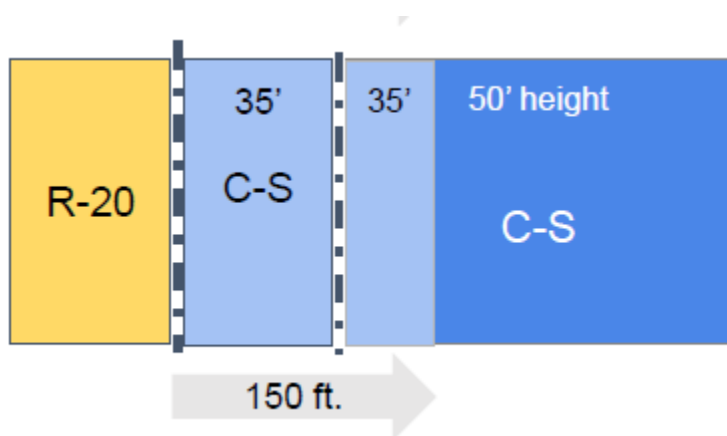
- 1. Abutting properties (i.e. lots sharing property lines or corners), and/or

¹ Link to January 24, 2022 staff report: <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/2022/20220124/20220124pccsm-amended-linked-cq-added.pdf>

2. Abutting zoning districts, (i.e. including parcels separated by a street or alley, as district boundaries are often along the centerline of a street²).

However, where “abutting” is applied, the lower height limit will *not* apply if the latter parcel is separated by another parcel (i.e., not abutting). In the current version of the ordinance in Attachment A, City staff removed “abutting” where it was proposed to be added to two sets of district regulations: 18.13: RM-20/RM-30/RM-40 and 18.20: MOR/ROLM/RP/GM district regulations. One of the consequences of the motion, as made, is that in these two sets of districts, the lower height limit would apply to the “leapfrog” scenario, as illustrated in Figure 1.

Figure 1: Height Transitions for Parcels Not Abutting (Leapfrog Scenario)



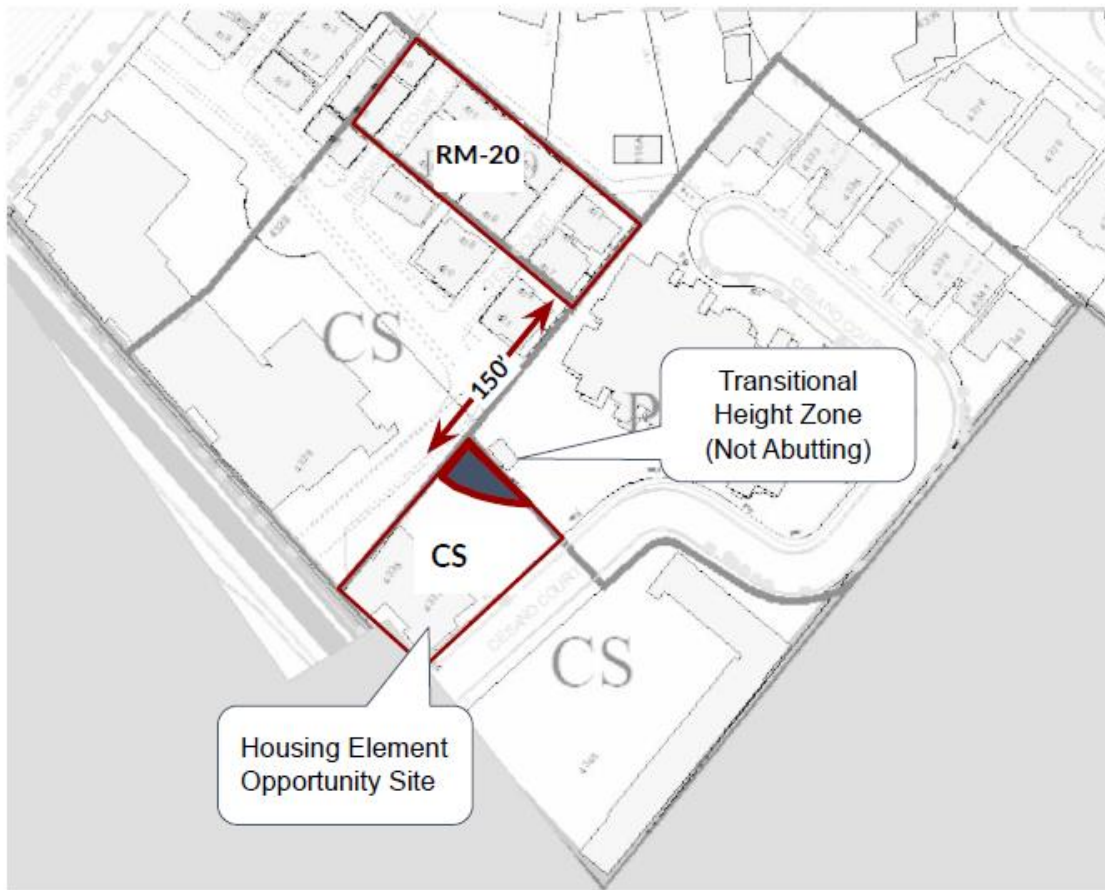
As proposed by the draft ordinance, within 150 feet of a site with R-20 zoning, the lower height limit of 35 feet would apply, as shown in light blue—regardless of whether a parcel is abutting or separated by another lot. The dotted lines indicate separate parcels.

Staff was unsure if this was the Council’s intent. If this was the Council’s intent, then the proposed ordinance in Attachment A is correct, as written. If this was not the Council’s intent, then the term “abutting” should be added to the height standard in Chapters 18.13 and 18.20.

Figure 2 illustrates the effects of not including “abutting” in the reduced height standard in Chapter 18.13 and 18.20 regulations (i.e. “leapfrog” scenario). In this South El Camino Real location, the height transition (i.e. 35 foot height limit) would apply in the northern corner the southern CS-zoned parcel, about 15 feet into the property. Since this site is a Housing Element Opportunity Site it is required to meet its density threshold and realistic capacity as calculated in the 5th Cycle Housing Element, which could result in taller building on other portions of the site. The lower height limit would apply to the northern corner of the parcel and the remaining portion of the site could build out up to the maximum height of up to 50 feet.

² A proposed footnote to each development standards table helps clarify that the 150-foot distance is measured from the property line of the subject site and not from the district boundary, which could be the centerline of the street.

Figure 2: Applicability of Height Transitions for Parcels Not Abutting (18.13: RM-20/RM-30/RM-40 and 18.20: MOR/ROLM/RP/GM)



B. Clarify if projects want to reduce the horizontal transition zone, they are opting into the discretionary process;

In general, when applicants request any kind of modification from a development standard or objective design standard, they are opting into a discretionary review process. To vary from the transitional height requirement, an applicant would need to apply for 1) a variance or 2) a Design Enhancement Exception (DEE) both of which are discretionary processes.

- 1) Variances are reviewed at the staff level (PAMC Section 18.76.030). However, in the case of a height transition, it would be very difficult for staff to make the required findings for a variance, which include determining that the site has special circumstances, including (but not limited to) size, shape, topography, location, or surroundings, the strict application of the requirements and regulations prescribed in

this title substantially deprives such property of privileges enjoyed by other property in the vicinity and in the same zoning district

- 2) Design Enhancement Exceptions (DEE) at reviewed in the same manner as architectural reviews (PAMC Section 18.76.050 and 18.77.070), which can be done at the staff level or through the ARB process. This allows the ARB to use discretion in their interpretation of the AR findings to condition and recommend approval or denial of projects.

There is a key exception under State Density Bonus Law, which allows concessions and waivers to modify development standards, without necessarily triggering discretionary review. An affordable housing project proposed under State Density Bonus law could request a waiver or concession from the height transition standards, and still be subject to ministerial review.³ As a result, staff recommend not stipulating that the discretionary process is necessarily required. Rather, proposed footnotes in the RM and CN/CS/CC development standards tables each confirm that a reduction requires review by the ARB and approval by the Director, which are inherently discretionary actions. This would apply to most projects except for a project utilizing State Density Bonus law to exceed height standards.

C. Extend the height transition rules in Part A to RM-40 adjacent nonresidential buildings;

The revised ordinance in Attachment A removes the exception for new non-residential projects within 150 feet of a RM-40 district. This means that non-residential projects within 150 feet of a RM-40 district would now be subject to the reduced height limit. As with most of Palo Alto's new ordinances, no caveats are identified in the ordinance for pipeline/pending projects, so any project that has not yet been approved (i.e. 123 Sherman Avenue, 21PLN-00172) would be subject to this standard, where applicable.

D. Investigate 18.38.150 section (b), and to incorporate RMD into the language.

This motion item relates to maximum heights stated in Chapter 18.38: Planned Community (PC) District. The revised ordinance in Attachment A adds RMD to the list of zoning districts where a reduced height limits would be required for new PC projects adjacent to an RMD site. Currently, PC sites adjacent to RM-zoned sites—i.e., a higher density district—are subject to these lower height limits, so it is reasonable to assume that RMD should be included in the list of zones.

Environmental Review:

³ For example, under SB 35, a project that utilizes State Density Bonus law to vary from development standards is still considered "consistent with objective zoning standards." (Government Code Section 65913.4(a)(5).)

The ordinance revisions represent implementation of adopted plans and policy. Therefore, the revisions are exempt under CEQA and covered by the CEQA documents prepared for the Comprehensive Plan. The project aims to facilitate implementation of State law. The project does not propose to increase development beyond what was analyzed in the Comprehensive Plan.

Attachments:

Attachment12.a: Attachment A: Ordinance Amending Title 18 to Clarify Transitional Height Standards and Update Setbacks for RM-40 (PDF)

Ordinance No. ____

Ordinance of the Council of the City of Palo Alto Amending Various Chapters of
Title 18 (Zoning) to Clarify Transitional Height Standards and Update Setbacks for
the RM-40 Zone District

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

SECTION 1. Findings and Declarations.

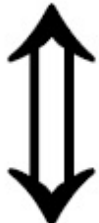
- A. Title 18 (Zoning) of the Palo Alto Municipal Code contains development standards governing the maximum height of structures in close proximity to lower density residential zones. The purpose of these development standards is to ensure the harmonious transition between lower and higher intensity development.
- B. The existing language on height transitions has created confusion among the public, project applicants, and City staff. This confusion, in turn, has resulted in differing interpretations of the law over the years.
- C. The City Council now wishes to clarify the zoning code with respect to height transitions. The clarifications to height transition standards contained in this ordinance are declarative of existing law.

SECTION 2. Section 18.08.030 (References to Districts) of Chapter 18.08 (Designation and Establishment of Districts) of Title 18 (Zoning) is amended as follows (new text underlined):

18.08.030 References to Districts

Reference within this title to residential districts generally and as a grouping, includes all districts identified in this section. Where references are made to more restrictive or less restrictive residential districts, such references shall apply sequentially between the most restrictive and the least restrictive.

Residential District	Restrictive Reference
RE	Most Restrictive
R-1 (20,000)	
R-1 10,000)	
R-1 (8,000)	
R-1 (7,000)	
R-1	

R-2	
<u>RMD</u>	
RM-20	
RM-30	
RM-40	
Least Restrictive	

SECTION 3. Section 18.13.040 (Development Standards) of Chapter 18.13 (Multiple Family Residential (RM-20, RM-30 and RM-40) Districts) of Title 18 (Zoning) is amended as follows (new text underlined and deletions ~~struck through~~; omissions are noted with [. . .] for large sections of unchanged text):

18.13.040 Development Standards

(a) Site Specifications, Building Size and Bulk, and Residential Density

The site development regulations in Table 2 shall apply in the multiple-family residence districts, provided that more restrictive regulations may be recommended by the Architectural Review Board and approved by the Director of Planning and Development Services, pursuant to the regulations set forth in [Chapter 18.76](#), performance criteria set forth in [Chapter 18.23](#), and the context-based design criteria set forth in Section [18.13.060](#).

Table 2
Multiple Family Residential Development Table

	RM-20	RM-30	RM-40	Subject to regulations in:
[...]	[...]	[...]	[...]	[...]
Minimum Setbacks	Setback lines imposed by a special setback map pursuant to Chapter 20.08 of this code may apply			
Front Yard (ft)	20	20	0-25 20 (±2)	18.13.040(b)
On arterial roadways, <u>expressways</u> , and <u>freeways</u> (1)	0-20 (1,2)	0-20 (1,2)	0-25 (1,2)	
Interior Side Yards (ft)				
For lots with width of 70 feet or greater	10	10	10	
For lots with width of less than 70 feet	6 feet			
Interior Rear Yards (ft) ³	10	10	10	
Street Side and Street Rear Yards (ft)	16	16	0-16 (2)	

Maximum Height (ft)	30	35	40	
Maximum height for those p Portions of a site within 50 feet of a more restrictive abutting residential district or a site containing a residential use in a nonresidential district <u>(9)</u>			35	<u>18.08.030</u>
[. . .]	[. . .]	[. . .]	[. . .]	[. . .]
<p><u>Footnotes:</u></p> <p>(1) Minimum front setbacks shall be determined by the Architectural Review Board upon review pursuant to criteria set forth in Chapter 18.76 and the context-based criteria outlined in Section 18.13.060. Arterial roadways, <u>expressways, and freeways are identified in Map T-5 of the Comprehensive Plan and</u> do not include residential arterials.</p> <p>(2) <u>Lesser setbacks may be allowed by the Planning Director, upon recommendation</u> Minimum street side setbacks in the RM 40 zone may be from 0 to 16 feet and shall be determined by the Architectural Review Board upon review pursuant to criteria set forth in Chapter 18.76 and the context-based criteria outlined in Section 18.13.060. <u>Special setbacks may not be reduced except upon approval of a design enhancement exception or variance.</u></p> <p>[. . .]</p> <p>(8) The minimum density for a site may be reduced by the Director if, after the proposal is reviewed by the Architectural Review Board, the Director finds that existing site improvements or other parcel constraints, preclude the development from meeting the minimum density. A site with an existing single-family use or two-family use may be redeveloped at the existing density, either single-family or two-family as applicable. An existing or replaced single-family or two-family residence shall not be considered a nonconforming use, and the provisions of Chapter 18.70 shall not apply, solely based on the minimum density requirement.</p> <p><u>(9) Distance shall be measured from the property line of the subject site.</u></p>				

[. . .]

SECTION 4. Section 18.16.060 (Development Standards) of Chapter 18.16 (Neighborhood, Community, And Service Commercial (CN, CC And CS) Districts) of Title 18 (Zoning) is amended as follows (new text underlined and deletions ~~struck through~~; omissions are noted with [. . .] for large sections of unchanged text):

18.16.060 Development Standards

(a) Exclusively Non-Residential Uses

Table 3 specifies the development standards for exclusively non-residential uses and alterations to non-residential uses or structures in the CN, CC, CC(2) and CS districts. These

developments shall be designed and constructed in compliance with the following requirements and the context-based design criteria outlined in Section [18.16.090](#), provided that more restrictive regulations may be recommended by the architectural review board and approved by the director of planning and development services, pursuant to Section [18.76.020](#).

Table 3
Exclusively Non-residential Development Standards

	CN	CC	CC(2)	CS	Subject to regulations in Section
[...]	[...]	[...]	[...]	[...]	[...]
Maximum Height (ft)					
Standard		50'	37' (4)	50'	
Portions of a site within 150 ft. of an abutting residential district (other than an RM-40 or PC zone) (9) abutting or located within 50 feet of the site	25' and 2 stories	35'	35'	35'	18.08.030
[...]	[...]	[...]	[...]	[...]	[...]
Footnotes: (1) No parking or loading space, whether required or optional, shall be located in the first 10 feet adjoining the street property line of any required yard. [...] (9) Distance shall be measured from the property line of the subject site. 150-foot measurement may be reduced to 50 feet at minimum, subject to approval by the Planning Director, upon recommendation by the Architectural Review Board pursuant to criteria set forth in Chapter 18.76.					

(b) Mixed Use and Residential

Table 4 specifies the development standards for new residential mixed use developments and residential developments. These developments shall be designed and constructed in compliance with the following requirements and the context-based design criteria outlined in Section [18.16.090](#), provided that more restrictive regulations may be recommended by the architectural review board and approved by the director of planning and development services, pursuant to Section [18.76.020](#).

Table 4
Mixed Use and Residential Development Standards

	CN	CC	CC(2)	CS	Subject to regulations in:
[...]	[...]	[...]	[...]	[...]	[...]
Maximum Height (ft)					
Standard	35'(4)	50'	37'	50'	
Portions of a site within 150 ft. of an <u>abutting</u> residential zone district (other than an RM-40 or PC zone) <u>(5) abutting or located within 50 feet of the side</u>	35'	35' (5)	35' (5)	35' (5)	18.08.030
[...]	[...]	[...]	[...]	[...]	[...]
Footnotes: (1) Twenty-five-foot driveway access permitted regardless of frontage; build-to requirement does not apply to CC district. [...] (5) For sites abutting an RM-40 zoned residential district or a residential Planned Community (PC) district, maximum height may be increased to 50 feet. Distance shall be measured from the property line of the subject site. 150-foot measurement may be reduced to 50 feet at minimum, subject to approval by the Planning Director, upon recommendation by the Architectural Review Board pursuant to criteria set forth in Chapter 18.76. [...] (10) In the CC(2) zone and on CN and CS zoned sites on El Camino Real, there shall be no minimum mixed use ground floor commercial FAR for a residential project, except to the extent that the retail preservation requirements of Section 18.40.180 or the retail shopping (R) combining district (Chapter 18.30(A)) applies.					

- (1) Nonresidential uses that involve the use or storage of hazardous materials in excess of the exempt quantities prescribed in Title 15 of the Municipal Code, including but not limited to dry cleaning plants and auto repair, are prohibited in a mixed use development with residential uses.
- (2) Residential mixed use development is prohibited on any site designated with an Automobile Dealership (AD) Combining District overlay.

(c) Exclusively Residential Uses

[. . .]

SECTION 5. Section 18.18.060 (Development Standards) of Chapter 18.18 (Downtown Commercial (CD) District) of Title 18 (Zoning) is amended as follows (new text underlined and deletions ~~struck through~~; omissions are noted with [. . .] for large sections of unchanged text):

18.18.060 Development Standards

(a) Exclusively Non-Residential Use

Table 2 specifies the development standards for new exclusively non-residential uses and alterations to non-residential uses or structures in the CD district, including the CD-C, CD-S, and CD-N subdistricts. These developments shall be designed and constructed in compliance with the following requirements and the context-based design criteria outlined in Section [18.18.110](#), provided that more restrictive regulations may be recommended by the architectural review board and approved by the director of planning and development services, pursuant to Section [18.76.020](#):

Table 2				
Exclusively Non-Residential Development Standards				
	CD-C	CD-S	CD-N	Subject to regulations in Section:
[. . .]	[. . .]	[. . .]	[. . .]	[. . .]
Maximum Height (ft)				
Standard	50	50	25	
<u>Portions of a site within</u> 150 ft. of an abutting residential zone district	– (3)	– (3)	– (3)	18.08.030
[. . .]	[. . .]	[. . .]	[. . .]	[. . .]

(b) Mixed Use and Residential

Table 3 specifies the development standards for new residential mixed use developments and residential developments. These developments shall be designed and constructed in compliance with the following requirements and the context-based design criteria outlines in Section [18.18.110](#), provided that more restrictive regulations may be recommended by the architectural review board and approved by the director of planning and development services, pursuant to Section [18.76.020](#):

TABLE 3
MIXED USE AND RESIDENTIAL DEVELOPMENT STANDARDS

	CD-C	CD-S	CD-N	Subject to regulations in Section:
[...]	[...]	[...]	[...]	[...]
Maximum Height (ft)				
Standard	50'	50'	35'	<u>18.08.030</u>
<u>Portions of a site</u> <u>within 150 ft. of an</u> <u>abutting residential zone</u> <u>district (other than an</u> <u>RM-40 or PC zone)(4)</u>	40'(4)	40'(4)	35'(4)	<u>18.08.030</u>
[...]	[...]	[...]	[...]	[...]

Footnotes:

(1) Required usable open space: (1) may be any combination of private and common open spaces; (2) does not need to be located on the ground (but rooftop gardens are not included as open space except as provided below); (3) minimum private open space dimension 6; and (4) minimum common open space dimension 12.

For CN and CS sites on El Camino Real, CS sites on San Antonio Road between Middlefield Road and East Charleston Road and CC(2) sites that do not abut a single- or two-family residential use or zoning district, rooftop gardens may qualify as usable open space and may count as up to 60% of the required usable open space for the residential component of a project. In order to qualify as usable open space, the rooftop garden shall meet the requirements set forth in Section 18.40.230.

[...]

(4) Distance shall be measured from the property line of the subject site. For sites abutting an RM-40 zoned residential district or a residential Planned Community (PC) district, maximum height may be increased to 50 feet.

(5) The weighted average residential unit size shall be calculated by dividing the sum of the square footage of all units by the number of units. For example, a project with ten 800-square foot 1-bedroom units, eight 1,200-square foot 2-bedroom units, and two 1,800-square foot 3-bedroom units would have a weighted average residential unit size of $((10 \times 800) + (8 \times 1,200) + (2 \times 1,800)) \div (10 + 8 + 2) = 1,060$ square feet.

[...]

SECTION 6. Section 18.20.040 (Site Development Standards) of Chapter 18.20 (Office, Research, And Manufacturing (MOR, ROLM, RP And GM) Districts) of Title 18 (Zoning) is amended as follows (new text underlined and deletions ~~struck through~~; omissions are noted with [. . .] for large sections of unchanged text):

18.20.040 Site Development Standards

Development in the office research, industrial, and manufacturing districts is subject to the following development standards, provided that more restrictive regulations may be required as part of design review under Chapter 18.76 of the Palo Alto Municipal Code.

(a) Development Standards for Non-Residential Uses

Table 2 shows the site development standards for exclusively non-residential uses in the industrial and manufacturing districts.

TABLE 2
INDUSTRIAL/MANUFACTURING NON-RESIDENTIAL SITE DEVELOPMENT STANDARDS

	MOR	ROLM	ROLM(E)	RP	RP(5)	GM	Subject to Regulations in Chapter:
[. . .]	[. . .]	[. . .]	[. . .]	[. . .]	[. . .]	[. . .]	[. . .]
Maximum Height (ft)							
Standard	50	35(4)		35(4)		50	
Portions of a site w Within 150 ft. of an abutting residential zone <u>district</u> (5)	35	35		35		35	<u>18.08.030</u>
Portions of a site w Within 40 ft. of an abutting residential zone <u>district</u> (5)	35	25		25		35	<u>18.08.030</u>
[. . .]	[. . .]	[. . .]		[. . .]		[. . .]	[. . .]
(5) Distance shall be measured from the property line of the subject site. Residential zones include R 1, R 2, RE, RMD, RM 20, RM 30, RM 40 and residential Planned Community (PC) zones.							

[. . .]

SECTION 7. Section 18.30(J).090 (Development Standards) of Subchapter 18.30(J) (Affordable Housing (AH) Combining District Regulations) of Chapter 18.30 (Combining Districts) of Title 18 (Zoning) is amended to read as follows (new text underlined and deletions ~~struck through~~; omissions are noted with [. . .] for large sections of unchanged text):

18.30(J).090 Development Standards

The following development standards shall apply to projects subject to the AH affordable housing combining district in lieu of the development standards for the underlying zoning district, except where noted below:

Table 1
Development Standards

AH Combining District (1)		
Minimum Site Specifications		Subject to regulations in:
[. . .]	[. . .]	[. . .]
Maximum Height (ft)	50'	
Portions of a site within 50 ft of an abutting residential district (other than an RM-40 or PC zone) R1, R 2, RMD, RM 20, or RM 30 zoned property	35'(3)	<u>18.08.030</u>
[. . .]	[. . .]	[. . .]
(3) <u>Distance shall be measured from the property line of the subject site.</u> The Planning Director may recommend a waiver from the transitional height standard.		

[. . .]

SECTION 8. Section 18.30(K).070 (Development standards) of Subchapter 18.30(K) (Workforce Housing (WH) Combining District Regulations) of Chapter 18.30 (Combining Districts) of Title 18 (Zoning) is amended to read as follows (new text underlined and deletions ~~struck through~~; omissions are noted with [. . .] for large sections of unchanged text):

18.30(K).070 Development Standards

(a) Where the WH combining district is combined with the public facilities district, the following development standards shall apply for workforce housing projects, including permitted incidental uses, in lieu of the development standards for the underlying PF zoning district:

Table 1
Development Standards

WH Combining District		
Minimum Site Specifications		Subject to regulations in:
[. . .]	[. . .]	[. . .]

Maximum Height (ft)		
Standard	50'	
Portions of a site within 150 <u>within 150</u> ft. of an abutting residential district (other than an RM-40 or PC zone) (5) abutting or located within 50 feet of the site	35', except as limited by applicable daylight plane requirements	<u>18.08.030</u>
[. . .]	[. . .]	[. . .]
Footnotes:		
[. . .]		
(5) Distance shall be measured from the property line of the subject site.		

[. . .]

SECTION 9. Section 18.38.150 (Special requirements) of Chapter 18.38 (PC Planned Community District Regulations) of Title 18 (Zoning) is amended to read as follows (new text underlined and deletions ~~struck through~~; omissions are noted with [. . .] for large sections of unchanged text):

18.38.150 Special requirements.

Sites ~~abutting or~~ and having any portion located with ~~one hundred fifty~~ 150 feet of any RE, R-1, R-2, RMD, RM, or any PC district permitting single-family development or multiple-family development shall be subject to the following additional height and yard requirements:

- (a) Parking Facilities. The maximum height shall be equal to the height established in the most restrictive adjacent zone district.
- (b) All Other Uses. The maximum height within ~~one hundred fifty~~ 150 feet of any abutting RE, R-1, R-2, RMD, RM-~~20~~, or applicable PC district shall be ~~thirty-five~~ 35 feet; provided, however, that for a use where the gross floor area excluding any area used exclusively for parking purposes, is at least ~~sixty~~ 60 percent residential, the maximum height within ~~one hundred fifty~~ 150 feet of an abutting RM-~~4~~ 30 or RM-~~5~~ 40 district shall be ~~fifty~~ 50 feet.

[. . .]

SECTION 10. Any provision of the Palo Alto Municipal Code or appendices thereto inconsistent with the provisions of this Ordinance, to the extent of such inconsistencies and no further, is hereby repealed or modified to that extent necessary to effect the provisions of this Ordinance.

SECTION 11. If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of competent

jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have passed this Ordinance and each and every section, subsection, sentence, clause, or phrase not declared invalid or unconstitutional without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

SECTION 12. The Council finds that the Ordinance is within the scope of and in furtherance of the Comprehensive Plan 2030 which was evaluated in that certain Final Environmental Impact Report certified and for which findings were adopted by Council Resolution Nos. 9720 and 9721 on November 13, 2017, all in accordance with the California Environmental Quality Act. The Ordinance does not propose to increase development beyond what was analyzed in the Comprehensive Plan. Pursuant to Section 15168 of the State CEQA Guidelines, the City has determined that no new effects would occur from and no new mitigation measures would be required for the adoption of this Ordinance.

SECTION 13. This ordinance shall be effective on the thirty-first date after the date of its adoption.

INTRODUCED:

PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

APPROVED:

Assistant City Attorney

City Manager

Director of Planning & Development
Services



City of Palo Alto City Council Staff Report

(ID # 14237)

Meeting Date: 4/11/2022

Title: Review and Approval of Workplans for City Council Committees in 2022

From: City Manager

Lead Department: City Manager

Recommendation

Staff recommends that the City Council review and approve the list of tentative topics and regularly scheduled work that the City Council Standing Committees of Policy and Services and Finance expect for 2022.

Background

The Municipal Code provides that the City Council should adopt “a handbook of procedural rules governing any aspect of the conduct of meetings and hearings for the Council and its standing committees, including but not limited to agenda requirements, the order of business, rules of order, rules of evidence, closed session procedures and rules for public participation in meetings” (PAMC section 2.04.100). The City Council adopted the first version of the City Council Procedures and Protocols Handbook in the early 2000s.

Discussion

As part of the routine processes for consideration of items, standing Committees are one of many forums through which items are reviewed and represent a small subset of the Regulatory and Advisory Boards, Commissions and Committees ([full list here](#)). Routinely items are considered not only by these two standing committees but by the full City Council (including both daily business and actions related to the nearly 70 major projects outlined in the 2022 City Council Priorities workplan); through the workplans and routine meetings of the various Boards, Committees, and Commissions such as Architectural Review Board (ARB) and Human Relations Commission (HRC); City Council Adhoc Committees; as well as other meeting groups such as the Housing Element Working Group and Expanded Community Advisory Panel (XCAP).

Work Plan Calendars for Finance Committee and Policy and Services Committee

Standing Committees Per the CPP, Section 2 – Council Meeting & Agenda Guidelines, Subsection 2.4, Letter Y (page 23):

The purpose and intent of committee meetings is to provide for more thorough and detailed discussion and study of prospective or current Council agenda items with a full and complete airing of all sentiments and expressions of opinion on city problems by

both the Council and the public, to the end that Council action will be expedited. Actions of the committee shall be advisory recommendations only.

Referrals for discussion and action at the committee level are referred to Standing Committees by Council action or City Manager (staff) and are made to only one committee (CPP, page 24). The tentative schedules include regularly scheduled work, such as audit updates and reports, budget-related reports, as well as any items that have already been previously referred, with the date of the referral. These schedules were shared with the new Chairs, as appointed by the Mayor for 2022. The tentative workplans or calendars were created knowing that there will be additional referrals and other topics that arise during the year.

This report and these tentative workplans, originally calendared to be reviewed as a component of the City Council Retreat on February 5, 2022, (page 71 of the agenda packet [here](#)), have been deferred to this item. These tentative workplans reflect a third step and review of the continuation of the additional items placed for Council review and approval:

- 1) Study Session regarding community engagement (March 14, 2022), and
- 2) City Council 2022 Priorities workplans (April 4, 2022).

These prior reports transmitted workplans for the four priorities identified by the Council during the February 2022 retreat for the 2022 calendar year (CY). The workplans are designed to both identify the work ahead while also serving as a tool to track progress on those tasks. As noted on March 14, 2022, details provided at the study session on community engagement relate to and connect with the City Council priorities workplan. As priorities evolve and workplans develop, engagement and other activities to implement these workplans will also evolve.

To support the tentative workplans for the standing Council committees, major projects discussed in the City Council 2022 Priorities, other high-priority initiatives as outlined previously, and core city services, administrative resources are also required. In this time of constrained resources, the City will continue to focus on services with the greatest community impact, maintaining core city services and managing the vulnerabilities and risks associated with constraints while pursuing the workplans.

Timeline, Resource Impact, Policy Implications

The current workplans as drafted are within current available resources. Depending on the nature and extent of revisions sought, or adding standing committee topics could involve substantial staff resources.

Stakeholder Engagement

Stakeholder engagement is planned across workplan elements both internally and externally. Major community engagement plans were outlined in a Study Session with the City Council on March 14, 2022 at which time staff received Council input. The staff report outlining engagement can be found here on page 181:

<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas->

[minutes/city-council-agendas-minutes/2022/20220314/20220314pccsm-amended-final-revised-ppt.pdf](#)

Environmental Review

This is not considered a project and no environmental review is required.

Attachments:

- **Attachment13.a:** Attachment A: Policy & Services Tentative Topics Calendar 2022 (Updated)
- **Attachment13.b:** Attachment B: Finance Committee Annual Calendar 2022 (Updated)

POLICY & SERVICES TENTATIVE TOPICS CALENDAR 2022

Updated on March 30, 2022

January

- Mayor appoints Committee and designates Chair; usually no P&S meeting

February

- Update: Summary of Recent Race and Equity Work since September 2021 including update on RMS Contract for Police Data Collection

March

- Legislative Update
- Auditor: Risk Assessment and Audit Plan
- Auditor: Quarterly Report – December 31, 2021
- Auditor: Economic Recovery Advisory

April

- Update on the National Community Survey Plans
- Council Referral from Feb. 5, 2022: Discussion of Council Values, Strategic Priorities, etc.

May

- Referral from 2021: Council Referral – Affordable Housing Funding (from August 16, 2021 Council Meeting)
- Update: Summary of Recent Race and Equity Work since February including update on RMS Police Data Collection (short update or informational)
- Quarterly Audit Status Report (Jan-March)
- Auditor: Non-profit Agreement Management
- Auditor: SAP Report
- Informational Report: Legislative Update

June

- Council Referral from Nov. 29, 2021: Renter Protections: Staff to go to P&S with updated language in ordinance for a renter survey and estimates on effort to enforce it for P&S discussion
- Audit Report – TBD
- Continued Item from November 2021: City Council Referral: Policy and Services Committee to

Recommend Strategies to Support and Strengthen Neighborhood Programs, Identify Gaps in Existing Neighborhood-based Services, and Evaluate new Strategies as Proposed in the Colleagues' Memo Regarding a Proposed Program for Neighbor Connection

- Procedures & Protocols Handbook Discussion

July

No meeting; Council break

August

- Quarterly Audit Status Report (April-June)
- Quarterly Race and Equity Update: Summary of Recent Race and Equity Work including update on RMS Police Data Collection

September

- Legislative Recap (what passed/didn't pass)

October

- Quarterly Audit Status Report (July-Sept)
- Audit Report – TBD
- Council Referral from Nov. 29, 2021: Renter Protections: Bring back to P&S [a] proposal and discussion on expanding anti-gouging measure to address loopholes
- Council Referral from Nov. 29, 2021: Renter Protections: Fair chance ordinance to be reviewed by P&S for analysis on consequences/unintended consequences

November

- Legislative Agenda and Guidelines (can also go in December)
- Informational: Report out on Status of Committee Referrals

December

- Quarterly Race and Equity Update: Summary of Recent Race and Equity Work including update on RMS Police Data Collection
- 2023 City Council Priorities Discussion

Completed Referrals (status and date of referral):

1. COMPLETED: Review sworn versus non-sworn staffing for cost savings/enhanced services/increased revenues. Finance Committee reviewed Fire services on November 2, 2021. Policy & Services have reviewed and continue to implement new alternative service delivery models, including creation of the PERT Program, grant to the Federal Government (earmark process) for a CAHOOTS-type program, and staff working with Santa Clara County to implement the new TRUST community mobile response program.

2. COMPLETED: Police reform legislative priority thoughts and input to the Policy and Services Committee who will be discussing the City's legislative priorities in December 2020 (Nov. 16, 2020):
3. COMPLETED: Refer all race and equity work to the Policy and Services Committee for citywide diversity and inclusion practice areas and policing practice areas (Nov. 16, 2020)
4. COMPLETED: Policy and Services CEDAW recommendation: Direct Staff to proceed with a community summit on gender equity issues and next steps in Palo Alto (Nov. 16, 2020)
5. COMPLETED: If the County does not assign a resource to Palo Alto in the next six months, refer to Policy and Services Committee the exploration of the feasibility of a CAHOOTS-type program (Nov. 16, 2020; no action needed unless County does not assign a resource by May 16, 2021)
6. COMPLETED: Refer to the Policy and Services Committee consideration of the Independent Police Auditor (IPA) oversight of internal complaints regarding misconduct related to harassment, discrimination, or retaliation resulting in city investigation of uniformed officers (Nov. 16, 2020)
7. COMPLETED: City Council Referral Re Mid-Year Budget: Direct the Policy and Services Committee to review a rent forgiveness program for qualified City tenants with program costs not-to-exceed the \$744,000 COVID-19 Council reserve (March 1, 2021 referral)
8. All referrals from the January 2021 retreat have been fulfilled as well.



FINANCE COMMITTEE TENTATIVE TOPICS CALENDAR 2022

Updated on March 30, 2022

January

- Mayor appoints Committee and designates Chair; usually no FC meeting
- Review Potential Local Ballot Measures (special meeting, 1/18)

February

- Preliminary Utility Rate Forecasts (2/1)

March

- Downtown Business Improvement District & Business Registry Certificate Review (3/1)
- Committee Report and Feedback on Potential Local Ballot Measures (stakeholder engagement, analysis, and polling) (3/28)

April

- Utilities Advisory Commission Rate Forecasts and Financial Plan:
 - Gas (4/19)
 - Electric (4/19)
 - Water (4/19)
 - Wastewater (4/19)
- Rate Schedule Storm Water Management Fee (4/19)

May

- Impact Fee Updated calculations: Parks and Libraries [tentative, 5/3]
- Planning & Development Services Fee Study [tentative, 5/3]
- Annual Budget Review: Operating + Capital Five Year Plan (5/10, 5/11, 5/24; daytime meetings)
- Fiscal Year XXXX Municipal Fee Schedule (5/11)
- Retiree Healthcare Plan and Annual Actuarially Determined Contributions (ADC)- Biannual report, last done May 2020 (FY2021 and 2022 contributions), next scheduled May 2022 [tentative, 5/17]

June

- Third Quarter Fiscal Year XXXX Financial Report (6/7)
- Adoption of Fiscal Year XXXX Investment Policy (to be done by June 30 per code) (6/7)

- Report or item on the JMZ six months after it opens and what it would look like to eliminate the General Fund Subsidy through a fully cost recoverable program. Referred June 2020.
[tentative, 6/7]

July

No meeting; Council Break

August

September/October

- Accept California Public Employees' Retirement System (CalPERS) Pension Annual Valuation Reports as of June 30, 20XX
 - Every 3-year review/decision on pension funding policy assumptions next review scheduled for FY 2024.

November

- Discussion and Recommendation to the City Council to Accept the Macias Gini & O'Connell's Audit of the City of Palo Alto's Financial Statements as of June 30, XXXX and Management Letter
- Discussion and Recommendation to Approve the Fiscal Year (FY) XXXX Comprehensive Annual Comprehensive Financial Report (ACFR) and Approve Budget Amendments in Various Funds
- Evaluation of Printing & Mailing Services levels and service delivery. Referred May 2019.

December

- Review and Forward the FY 20XX - FY 20XX Long Range Financial Forecast
- First Quarter Fiscal Year XXXX Financial Report
- Informational: Report out on Status of Committee Referrals

Completed Referred Topics:

A full report on the status of Finance Committee referrals and the status can be found [here](#), Item 3 on the November 30, 2021 agenda.

- 1) COMPLETED: FY 2021 Budget: Direct Staff to return by the end of October with preliminary Q1 financial results so that the Council can consider budget amendments. Referred in June 2021, Reviewed October 25, 2021.
- 2) COMPLETED: FY2021 Direct the Finance Committee to have an additional review of Public Safety long-term financial trends, beginning with the Fire Department, and concurrent with the September review of pensions. Referred on February 2, 2021, Reviewed on November 2, 2021.

- 3) COMPLETED: CY2019 Fiscal Sustainability Workplan: Improvement of code enforcement, 311 system, and customer relationship management activities. Referred April 2019, system redundancies eradicated March 2020.
- 4) COMPLETED: Refer to the Finance Committee, a proposal to consider affordable housing funding. Referred February 2020, revised January 2021 (Council), June 2021 (Committee), and September 2021 (Council). Referred to Policy & Services.
- 5) COMPLETED: Stanford University Medical Fund. Referred January 30, 2021, Reviewed May 4, 2021.
- 6) COMPLETED: Review sworn versus non-sworn staffing for cost savings/enhanced services/increased revenues. Referred May 2016. Referred to Policy & Services.



City of Palo Alto City Council Staff Report

(ID # 13612)

Meeting Date: 4/11/2022

Title: Semiannual Update on the Status of Capital Improvement Program Projects

From: City Manager

Lead Department: Public Works

Recommendation

This report is provided for information only and requires no Council action.

Executive Summary

The City Council and Palo Alto community can be proud of the City's capital improvement program (CIP). The CIP represents major investments in infrastructure functionality and sustainability, funded largely through the 2014 Council Infrastructure Plan as well as utility rates and various other sources. The 2022-2026 five-year CIP totaled \$720.5 million for 170 projects as reviewed by the Council in its adoption of the FY 2022 Capital Budget. Over the past five years, the City has completed 84 individual community-serving projects totaling nearly \$276 million in improvements.

The CIP also represents a major effort for much of the City workforce. The following table summarizes the status of all projects for the six-month period of June to December 2021.

Project Type	Active Projects		Construction Phase (excludes Recurring)	Completed
	One-Time	Recurring		
Buildings & Facilities	18	9	5	2
Parks & Open Space	9	9	2	-
Streets & Sidewalks	2	8	-	-
Traffic & Transportation	8	4	2	1
Airport	4	-	1	-
Electric Fund	20	9	5	2
Fiber Optics Fund	1	2	-	-
Gas Fund	2	4	1	-

Stormwater Management Fund	5	1	-	-
Water Fund	4	7	1	-
Wastewater Collection Fund	1	4	1	-
Wastewater Treatment Fund	8	1	1	-
Totals	83	60	20	5

Background

This report provides Council with an update on the status of capital improvement program (CIP) projects and does not include Internal Service Funds Capital Projects (IT and Vehicle). Prior to 2016, year-end and mid-year financial reports included very simple status updates on CIP projects. In contrast, this semiannual report provides more detailed and useful information for the Council and public regarding general fund and enterprise fund projects that appear on Council agendas and will be visible throughout the community.

Discussion

Project Update Organization

The City has a robust capital improvement program, and many individual projects are in progress at any given time. The 2022-2026 five-year CIP totaled \$720.5 million for 170 projects as reviewed by the Council as part of the Adoption of the FY 2022 Capital Budget. The attached CIP project tables are intended to provide Council with a quick overview of each project, including budgetary information, the anticipated completion date, a brief description of the project scope, the status of the project, and upcoming activities including Council actions. Also included in the report is a list of all completed projects since the introduction of the Infrastructure Management System.

Major/Significant Projects Summary

The 2014 Council Infrastructure Plan is a major focus of staff's capital improvement program efforts. The following table details the Total Project Budget and Total Actual Expenses through the first half of Fiscal Year 2022 for the Infrastructure Plan projects.

Significant milestones have been achieved on the Infrastructure Plan projects since June 2020, even though construction delays occurred due to the COVID-19 pandemic. The Highway 101 Pedestrian/Bicycle Bridge project was completed in November 2021 and significant progress has been made on the last phase of the Charleston/Arastradero Corridor Project and on the Public Safety Building. Current Infrastructure Plan project schedules can be found at <http://www.infrastructure.cityofpaloalto.org/>

<u>Council Infrastructure Plan Projects</u>	<u>CIP Number</u>	<u>Update</u>	<u>Total Project Budget</u>	<u>Total Actual Expenses*</u>
New Public Safety Building	PE-15001	Construction is underway with completion expected in summer 2023.	\$117,037,811	\$14,745,147

Bicycle and Pedestrian Transportation Implementation Plan	PL-04010	Project on hold pending recent project evaluation and review of future project scoping.	\$15,276,377	\$9,435,106
New Downtown Parking Garage	PE-15007	Council directed staff to look at the feasibility of partnering with a private entity to develop new parking using downtown in-lieu parking fees in conjunction with housing or other uses, including the use of City surface lots or privately held parcels.	\$6,991,903	\$1,440,311
New California Avenue Area Parking Garage	PE-18000	Completed; project closeout in progress	\$50,149,954	\$48,402,786
Charleston Arastradero Corridor Project	PE-13011	Phase 1 & 2 improvements are complete. Phase 3 construction is underway with completion expected fall 2022.	\$20,788,951	\$13,136,360
Fire Station 3 Replacement	PE-15003	Completed; project closeout in progress	\$10,503,209	\$9,772,438
Highway 101 Pedestrian/Bicycle Overpass Project	PE-11011	Completed; project closeout in progress	\$22,898,724	\$18,468,438
Fire Station 4 Replacement	PE-18004	A contract for design services will be brought to Council for approval in early 2022.	\$10,167,779	\$293,192
Byxbee Park Completion	PE-18006	On hold pending completion of Baylands Comprehensive Conservation Plan.	\$3,249,335	\$368,192
Downtown Parking Guidance System	PL-15002	A design/build contract was approved by Council in August 2021 but could not be bonded by the Contractor. A new design/build RFP will be issued in early 2022.	\$2,579,860	\$198,350
Total Project Budget and Total Actual Expenses			\$259,643,903	\$116,260,320

*Expenses as of December 31, 2021

Key considerations for the information presented in the project update tables include:

- Project status information is current as of December 2021
- The individual project tables align with the Capital Improvement Fund categories in the FY 2022-2026 capital budget: Buildings and Facilities, Parks and Open Space, Streets and Sidewalks, and Traffic and Transportation. Enterprise Fund projects follow the order of their respective Fund in the capital budget
- Department Technology Upgrades and Improvements projects and Cubberley Property Infrastructure Fund projects are included in the Buildings and Facilities table
- Additional project information is available in the FY 2022-2026 capital budget
- Each project table is divided into a section for one-time projects and a section for recurring projects that have ongoing annual funding
- Budgetary figures include staff oversight costs for projects to which staff costs have been allocated

- The table of completed projects, provides a summary of all CIP projects completed since the Biannual CIP updates to council began in 2016. The data is sorted from most recent to oldest

Completed Projects

Projects completed in the first half of Fiscal Year 2022, since the last update in June 2021, from July 2021 to December 2021 include the following:

Capital Improvement Fund (general fund):

- Highway 101 Pedestrian Bicycle Overpass Project (PE-11011)
- High and Bryant Street Garages Waterproofing and Repairs (PE-18002)
- JMZ Renovation (AC-18001)

Electric Fund:

- Underground District 46 – Charleston, El Camino Real (EL-12001)
- Reconfigure Quarry Feeders (EL-14005)

These completed projects do not include the significant amount of annual work completed under ongoing recurring projects, such as streets and sidewalks repairs, parking lot maintenance, roofing replacements, and regular maintenance of Utilities assets.

Below are some photos of completed projects:

Highway 101 Pedestrian/Bicycle Overpass Project (PE-11011)





Projects Under Construction

Projects that are currently under construction include the following:

Capital Improvement Fund (general fund):

- Automated External Defibrillator Replacement (FD-21000)
- Charleston-Arastradero Corridor Project (PE-13011)
- Civic Center Electrical Upgrade and EV Charger Installation (PE-17010)
- Civic Center Waterproofing Study and Repairs (PE-15020)
- Emergency Vehicle Traffic Signal Preemption System Pilot (PL-19000)
- Magical Bridge Playground Rubber and Synthetic Turf Resurfacing (PE-21003)
- Municipal Service Center A, B and C Roof Replacement (PF-17000)
- New Public Safety Building (PE-15001)
- Rinconada Park Improvements (PE-08001)

Airport Fund

- Airport Apron Reconstruction (AP-16000)

Electric Fund

- Capacitor Bank Installation (EL-06001)
- Facility Relocation for Caltrain Modernization (EL-17007)
- Inter Substation Line Protection Relay (EL-17005)
- Rebuild Underground District 24 (EL-10006)
- Substation Physical Security (EL-16003)

Gas Fund

- Gas Main Replacement Project 23 (GS-13001)

Wastewater Collection Fund

- Wastewater Collection System Rehabilitation Augmentation Project 30 (WC-17001)

Wastewater Treatment Fund

- Primary Sedimentation Tank Rehabilitation (WQ-14003)

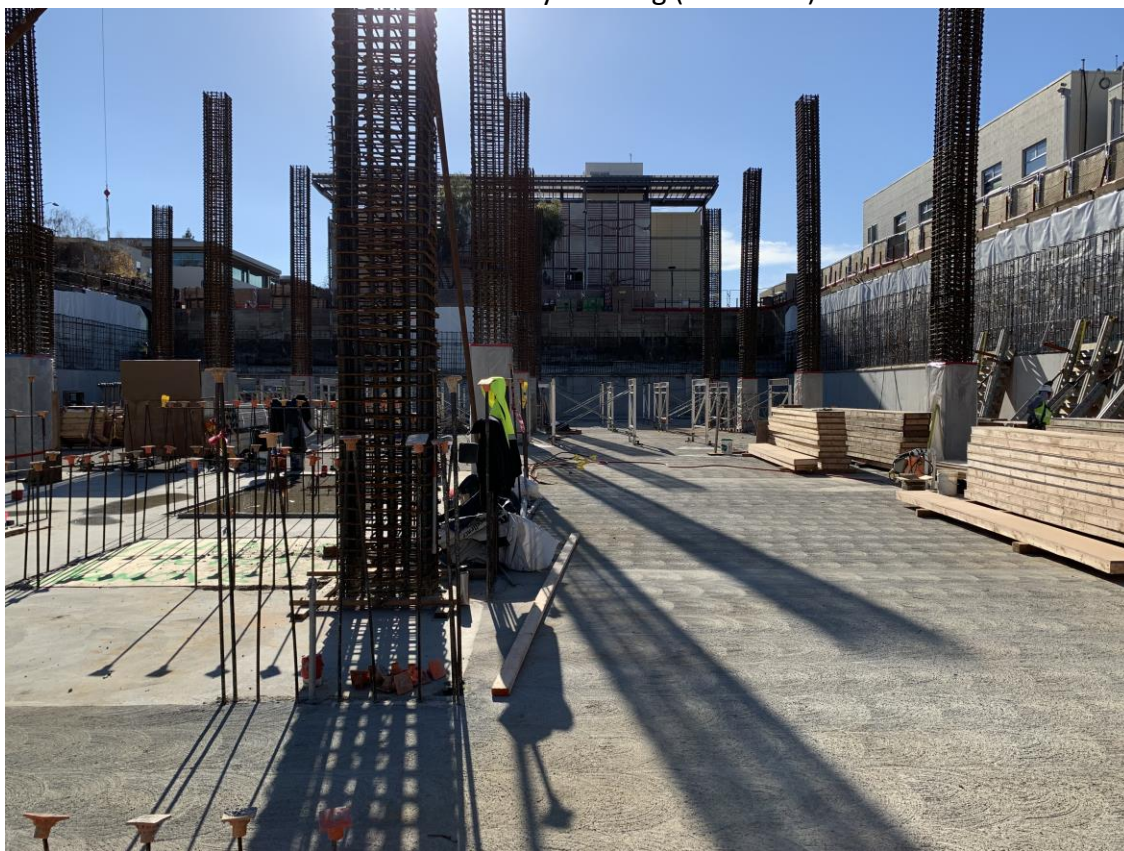
Water Fund

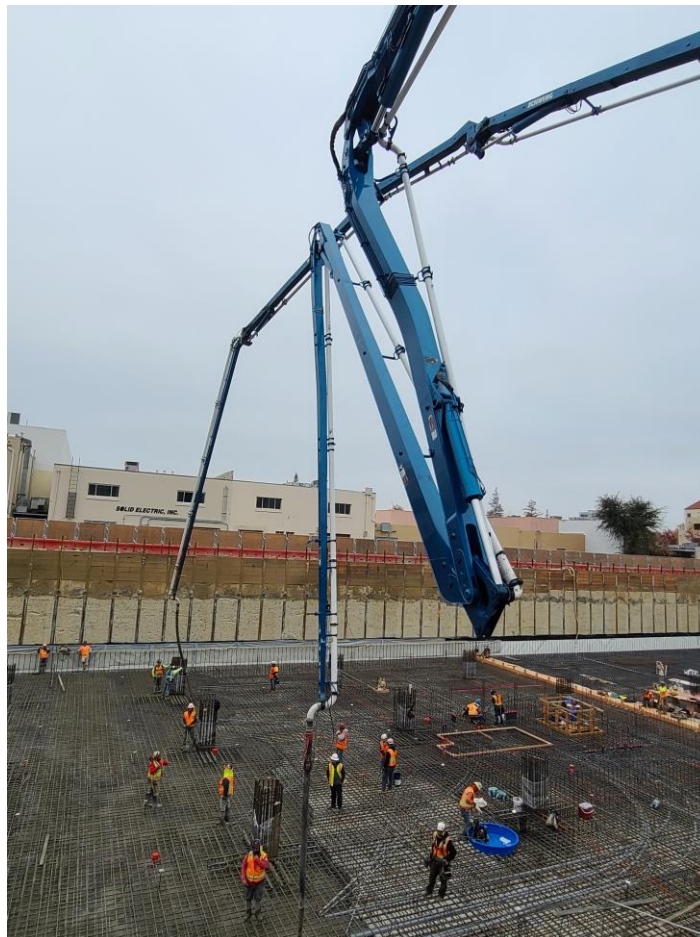
- Water Tank Seismic System Upgrades (WS-09000)

As described above for completed projects, the list of projects under construction does not include work currently being conducted under recurring CIP projects.

Below are some photos of projects under construction:

New Public Safety Building (PE-15001)





Public Safety Building Update

The Public Safety Building project made significant progress in the first half of Fiscal Year 2022. Excavation was completed in November and the mat slab foundation was poured in December 2021. As of February 2022, construction is 34% complete and 39% of the project's construction contingency has been used. As with other large construction projects Public Works is managing, staff has seen an increase in claims from contractors. To date, Public Works staff has coordinated with the City's Attorney's Office to resolve two claims from the construction contractor. Staff continues to coordinate with the City Auditor, Baker Tilly, on the Public Safety Building Construction Audit by providing project documents on a monthly basis. Per Council direction at construction contract award, staff is conducting a full review of the Furniture, Fixtures, and Equipment (FF&E) plan that will be completed this spring. Additionally, a cross-departmental staff team is meeting monthly to review and coordinate construction of the Public Safety Building and other projects in the California Avenue area, with a goal of communicating and mitigating the impacts.

Capital Improvements of Note Implemented by Other Agencies

El Camino Real:

El Camino Real (State Highway 82) is maintained by Caltrans. Pavement Condition Index scores for El Camino Real are significantly lower than the average for Palo Alto streets. Staff has been communicating with Caltrans about the upcoming plans to repave El Camino Real from the Mountain View to Menlo Park borders. Currently, this work is planned for late 2022.

Caltrain Electrification:

The majority of construction for Caltrain Electrification in Palo Alto has been completed, including the installation of all of the foundations, poles and wires for the project. Construction is continuing at the Paralleling Station near Page Mill Road which is scheduled to be complete in spring 2022. The Caltrain Electrification Project is scheduled to be complete in fall 2024.

Palo Alto Flood Basin Tide Gate Replacement Project:

Santa Clara Valley Water District (Valley Water) is working on a project to replace the existing tide gate structures built in 1957. City staff received and reviewed the 60% design documents and Valley Water presented to the Parks and Recreation Commission in August 2021. The revised 90% plans are anticipated to be resubmitted for City staff review in early 2022. Valley Water anticipates starting construction in September 2023 and completing the project in 2027.

Resource Impact

Funding for the projects discussed in this report is provided in the [Fiscal Year 2022 Adopted Capital Budget](#) and 2022-2026 Five-Year CIP.

Stakeholder Engagement

Stakeholder engagement is conducted separately for each project.

Attachments:

- **Attachment14.a:** Attachment A: Semiannual CIP Updates and List of Completed Projects

Semiannual Update on the Status of Capital Improvement Program Projects**Capital Improvement Fund CIP Projects**

- ❖ Buildings and Facilities Projects
- ❖ Parks and Open Space Projects
- ❖ Streets and Sidewalks Projects
- ❖ Traffic and Transportation Projects

Enterprise Fund CIP Projects

- ❖ Airport Projects
- ❖ Electric Projects
- ❖ Fiber Optics Projects
- ❖ Gas Projects
- ❖ Stormwater Management Projects
- ❖ Wastewater Collection Projects
- ❖ Wastewater Treatment Projects
- ❖ Water Projects

List of Completed Projects

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Buildings and Facilities Projects

Status as of December 2021

One-Time Projects

Animal Shelter Renovation (PE-19002)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$2,708,120	\$3,967,759	Public Works	Design	Summer 2023
	Project Status: This project installs interim facility improvements to the Animal Shelter that accompany the agreement for operation of the shelter by Pets in Need approved by City Council in November 2018. The medical area upgrades and the modular office building are complete. The new kennel addition has been submitted for building permit. Project was placed on hold following receipt of Pets-In-Need's letter providing one-year notification of termination of the agreement between Pets-In-Need and the City. Public Works and Community Service Department staff are reviewing the project as negotiations continue on a new agreement.				
Automated External Defibrillator Replacement (FD-21000)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$0	\$237,500	Fire Department	Construction	Summer 2022
	Project Status: This project replaces the entire complement of Automated External Defibrillators (AEDs) throughout City facilities and emergency response vehicles, which currently totals 93 AEDs. The RFP process was completed in fall 2021 and the contract is currently underway. The project will be complete by June 2022.				
City Facilities Assessment and Record Plan Management System (PE-20002)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$0	\$314,800	Public Works	Design	Winter 2023
	Project Status: The Kitchell Report in 2008 summarized the last City-wide facility condition assessment. A new facility condition assessment is warranted per the City's APWA reaccreditation requirements. All City facilities will be assessed to bring current the "catch-up" and "keep up" costs. In addition, an electrification assessment will be included to help the City reach its sustainability goals for 2030. Staff is evaluating if the current asset management system can be utilized to meet the needs of an Electronic Records Management System. Staff is reviewing proposals received in June 2021 and expects to award a contract in April 2022.				
	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion

Buildings and Facilities Projects

Status as of December 2021

City Hall Space Planning (PE-19000)	\$0	\$682,900	Public Works	Pre-Design	Fall 2024
	Project Status: This project involves space planning to determine future workgroup space needs and programming for the City Hall office building. The project will include preliminary design of the space following the initial feasibility phase.				
Civic Center Electrical Upgrade & EV Charger Installation (PE-17010)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$415,754	\$1,016,519	Public Works	Construction	Spring 2023
	Project Status: This project installed EV chargers in existing downtown garages and will replace the aging Civic Center electrical switchgear and motor control centers. Five new dual head EV chargers were installed in the Civic Center garage. Two new dual head EV chargers were installed in the Bryant Street garage. Six new dual head EV chargers were installed at the Webster Street garage. EV charger construction was completed in December 2021. A contract was awarded in June 2021 for the design of the switchgear replacement and is currently underway.				
Civic Center Fire Life Safety Upgrades (PE-18016)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$211,637	\$642,681	Public Works	Design	Spring 2022
	Project Status: This project will assess, update, and replace the Civic Center fire alarm system. The fire life safety system is approaching the end of its useful life. The fire alarm panel and associated equipment need an upgrade to meet current code requirements. The award of a design-build contract was approved by Council in June 2021 and design is underway. Plans are expected to be submitted for permit in early 2022.				
Civic Center Waterproofing Study and Repairs (PE-15020)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$67,933	\$721,546	Public Works	Construction	Winter 2022
	Project Status: This project includes a condition assessment of the Civic Center plaza deck structural system. In late 2016, RDH Building Science, Inc. was hired to investigate the problem. The results indicated that the expansion joint on the plaza can be repaired. The scope expanded to include replacing the waterproof coatings on the inside				

Buildings and Facilities Projects

Status as of December 2021

	of the plaza perimeter planter boxes. The Contract has been approved by Council and construction will begin in early 2022.				
Fire Station 4 Replacement (PE-18004)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$293,192	\$10,167,779	Public Works	Design	Fall 2025
	Project Status: This project provides funding to replace Fire Station #4 at the corner of Middlefield Road and East Meadow Drive. The replacement facility will be based on the prior Replacement Study and Needs Assessment prepared in 2005. The consultant has been selected. However, the design contract was deferred due to budget and staffing constraints and is anticipated to begin in spring 2022.				
Extrication Tool Replacement (FD-22000)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$0	\$298,200	Fire Department	Design	Summer 2025
	Project Status: This project provides funding for the replacement of all extrication tools for the Fire Department. Extrication tools, also known as "Jaws of Life", are used to rescue victims of car accidents and other emergencies where the victims are trapped in confined spaces.				
High and Bryant Street Garages Waterproofing and Repairs (PE-18002)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$264,235	\$455,626	Public Works	Completed	Fall 2021
	Project Status: This project includes a study for analysis and repairs to the water proofing system in the High Street and Bryant Street parking garages. Water proofing repairs have been completed in the High Street parking garage. Repairs per the original CIP were completed. Additional funding was added for waterproofing repairs to the subterranean stairwells. The contractor completed waterproofing repairs in the subterranean stairwells in the Bryant Street garage in fall 2021.				
JMZ Renovation (AC-18001)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$2,927,870	\$4,474,903	Community Services	Completed	Fall 2021

Buildings and Facilities Projects

Status as of December 2021

	Project Status: This project provided for the relocation of the Junior Museum and Zoo to Cubberley for two years while a new JMZ was being built, tenant improvements to the Cubberley Auditorium and then removal of tenant improvements post-construction. Construction of the new Junior Museum and Zoo was completed in November 2021, and was opened to the public on November 12, 2021. An additional federal grant associated with this CIP funds a portion of the California Dinosaur Garden to be completed in spring 2024.				
Library Automated Material Handling LB-21000	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$44,715	\$1,060,300	Library	Design	Winter 2023
	Project Status: This project is to provide the design and construction of three new Automated Material Handling (AMH) Systems for the College Terrace, Children's, and Downtown Libraries. AMH systems efficiently sort returned library materials based on the Radio Frequency Identification Devices (RFID) on the materials. Design work began in October 2021.				
Municipal Service Center A, B, & C Roof Replacement (PF-17000)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$105,457	\$2,173,683	Public Works	Construction	Spring 2022
	Project Status: This project will replace the existing MSC roofs. The existing asphalt and gravel roofs have reached the end of their useful life and need to be replaced. The new roofs will meet current cool roofing codes to optimize energy efficiency. Council approved a construction contract in June 2021 and construction is underway. Cold and wet weather has hampered the work, so the work has been extended through spring 2022.				
Municipal Service Center Lighting, Mechanical, and Electrical Improvements (PF-16006)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$970,493	\$8,001,422	Public Works	Design	Summer 2023
	Project Status: This project replaces original mechanical, electrical, and lighting systems installed in 1966. It also includes design and construction for office renovations for the Zero Waste group. Bids for the site-wide mechanical and electrical upgrades exceeded the available budget. Additional funding was added for FY 2020. A				

Buildings and Facilities Projects

Status as of December 2021

	new contract with the design consultant is currently in negotiation. Staff will prepare a design contract amendment for Council's approval in spring 2022.				
New Downtown Parking Garage (PE-15007)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$1,440,311	\$6,991,903	Public Works	Design	Spring 2024
	Project Status: This project was intended to provide a new parking structure in the University Avenue commercial area at existing Parking Lot D at the corner of Hamilton Avenue and Waverley Street. The project received ARB approval in July 2018. In February 2019, the City Council certified the EIR by adopting the Resolution and Mitigation Monitoring and Reporting Program. The Record of Land Use Action was also approved. As part of the FY 2021 budget strategy, all Capital Improvement Fund funding has been removed and only the downtown parking in-lieu fee funding remains for this project. In December 2021, Council directed staff to look at the feasibility of partnering with a private entity to develop new parking using downtown in-lieu parking fees in conjunction with housing or other uses, including the use of City surface lots or privately held parcels.				
New Public Safety Building (PE-15001)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$14,745,147	\$ 117,037,811	Public Works	Construction	Summer 2023
	Project Status: This project will provide a new, modern Public Safety Building (PSB) that will meet essential services standards and the current and future needs of the public safety departments. The PSB and new garage in the California Avenue business district are now an integrated project and both are part of the 2014 Council Infrastructure Plan. Construction started in March 2021 and will continue through summer 2023. The mat slab concrete foundation in the excavation was placed in early December 2021.				
	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$43,400	\$470,600	Community Services	Design	Summer 2022

Buildings and Facilities Projects

Status as of December 2021

Performing Arts Venues Seat Replacement (AC-18000)	Project Status: This project will replace all the seats in the Community and Children's Theatres. Staff has identified a consultant to advise on ADA upgrade requirements that need to be completed with the seat replacement, in assessing the costs and finalizing the scope of the project. The contract for design has been awarded. Cost estimates and designs are anticipated to be complete by spring 2022.				
Water, Gas, Wastewater Office Remodel (PE-19001)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$157,186	\$874,389	Public Works	Design	Fall 2022
	Project Status: This project incorporates renovations to the Utilities Water Gas Wastewater (WGW) office space at the Municipal Service Center (MSC). The current space no longer meets the operational needs of the department. This project will reconfigure the work area so it is more efficient for department operations and replace aging furniture and finishes. The new space will include a small reception area, a renovated kitchen and printer area, additional offices and cubicles, upgrades to the HVAC system, lighting improvements and fire life safety systems upgrade. The project is currently in plan review and construction is anticipated to start in spring 2022.				

Recurring Projects

Americans With Disabilities Act Compliance (PF-93009)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$124,143	\$767,776	Public Works	N/A	Recurring
	Project Status: This project provides accessibility upgrades to City facilities and equipment. It includes continued funding for improvements such as path of travel, restrooms, drinking fountains, and counters. An updated ADA Transition Plan was adopted by Council in June 2021. Staff set up Sharepoint for internal access to the ADA Transition Plan in order to track and document the City's progress. Staff will be procuring new software in spring 2022 that will allow staff to identify and log new barriers, track grievances from the public, and update the ADA Transition Plan Report.				

Buildings and Facilities Projects

Status as of December 2021

Building Systems Improvements (PF-01003)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$40,213	\$1,025,091	Public Works	N/A	Recurring
	Project Status: This project provides electrical, mechanical, plumbing, structural, and security upgrades for City facilities. This CIP was partially defunded because of COVID budget cuts. The new cooling tower media replacement originally scheduled for winter 2020 has been delayed until FY 2022. A consultant has been selected to develop design drawings for the replacement of the Utility Control Center generator. A contractor has been selected for the tennis courts lighting upgrade project. Materials are on order and construction will start in March 2022. New boilers were installed for the Rinconada lap pool and kiddie pool.				
City Facility Parking Lot Maintenance (PE-09003)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$319,943	\$235,000	Public Works	N/A	Recurring
	Project Status: This project maintains parking lots and walkways at City facilities. No work has been performed at City facility parking lots in the first half of FY 2022.				
Cubberley Repairs (CB-17001)	Prior Years Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$104,426	\$343,347	Public Works	N/A	Recurring
	Project Status: This project is for general maintenance needs of the Cubberley campus. Due to a staffing shortage, no further work has been done in FY 2022. Staff is currently assessing water damage to the gymnasium following crawlspace flooding in early 2022.				
Cubberley Roof Replacements (CB-16002)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$58,657	\$1,123,020	Public Works	N/A	Recurring
	Project Status: This project replaces existing roofs at Cubberley Community Center. The contract to reroof Wings F and FH has been awarded. The Contractor is waiting for materials and good weather to start the job. The project to reroof Wing H was put out to bid in December 2021.				

Buildings and Facilities Projects

Status as of December 2021

Facility Interior Finishes Replacement (PF-02022)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$51,273	\$700,100	Public Works	N/A	Recurring
	Project Status: This project improves the interior finishes of City facilities, including flooring, walls, cabinets, paint, lighting, ceiling tiles, soundproofing, and fixed office furniture, doors, windows, and associated fire/life safety, mechanical, electrical and plumbing code compliance requirements. Remodel of the City Auditor's Office is taking place to create more meeting spaces, transient staff desk stations, and a mother's nursing room.				
Police Video Recording Systems Replacement (PD-20000)	Prior Years Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$48,482	\$193,200	Police Department	N/A	Recurring
	Project Status: This project maintains the Palo Alto Police Department video recording systems used to record events in the field with up to five in-car cameras as well as body-worn cameras (BWC). In-car units were added to new vehicles as they came into service in FY 2022.				
Roofing Replacement (PF-00006)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$129,604	\$713,294	Public Works	N/A	Recurring
	Project Status: This project replaces existing roofs at City facilities that have outlived their useful lifespans. The roof replacement for the Ventura Community Center has been completed. The Animal Shelter roof recoating has been delayed due to roof modifications required for the current remodel of the facility. Staff is working on the design for the Peers Park Field House roof replacement.				
University Avenue Parking Improvements (PF-14003)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$22,265	\$197,600	Public Works	N/A	Recurring
	Project Status: This project maintains parking lots and parking structures within the University Avenue Downtown Business Parking District. With the completion of work on Parking Lot C in spring 2019, all University Avenue parking district lots have been resurfaced and no additional work is planned at this time.				

Parks and Open Space Projects

Status as of December 2021

One-Time Projects

Boulevard Park Improvements (PE-17005)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$362,274	\$4,083,101	Public Works	Design	Fall 2022
	Project Status: This park renovation project was initially planned in FY 2018 but was postponed due to project priorities and potential purchase of the adjacent AT&T lot located at 3350 Birch Street. In fall 2019, the lot was purchased by the City. In response to the purchase, the City utilized the funding for the initial renovation project for preliminary design and outreach for both the existing park and the newly purchased park land. Additional funding was requested as part of the FY 2021 CIP process to implement park renovations for the existing Boulevard Park and the new park land. In 2020, a Parks and Recreation Commission meeting and two community meetings were held to obtain input on project design. A Park Improvement Ordinance for the improvements was adopted by the City Council in October 2021. Bidding and construction of the project is anticipated to start in summer 2022.				
Byxbee Park Completion (PE-18006)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$368,192	\$3,249,335	Public Works	Pre-Design	Spring 2025
	Project Status: This project allows for the remaining improvements to Byxbee Park that follows the completion of the landfill capping work. The Baylands Comprehensive Conservation Plan (BCCP), which is currently undergoing CEQA analysis, will include recommendations on the scope of the Byxbee Park project. The BCCP and the conceptual plan for Byxbee Park are anticipated to be completed in summer 2022.				
Cameron Park Improvements (PG-14002)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$127,666	\$236,419	Community Services	Design	Summer 2022

Parks and Open Space Projects

Status as of December 2021

	Project Status: This project upgrades and renovates safety and accessibility features at Cameron Park with a primary focus on the park playground. The project is currently in the design and planning phase. Community meetings were held in May and July 2020 in addition to the Parks and Recreation Commission discussion in September 2020. A park improvement ordinance was approved by Council in February 2021. The project will go out to bid in February 2022 and construction will start in summer 2022.				
Cubberley Field Restroom (CB-17002)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$149,883	\$455,367	Public Works	Design	Winter 2023
	Project Status: This project will install a new restroom in the sports field area of the Cubberley Community Center. Design for the project started in fall 2018 along with public outreach. A community meeting was held, and the Parks and Recreation Commission reviewed the project in November 2018. The project design needs to be completed prior to review by the Architectural Review Board. Due to staffing constraints and other priorities, the restroom installation is anticipated in winter 2023.				
Foothills Nature Preserve Boronda Lake Dock Replacement (OS-18000)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$0	\$230,700	Public Works	Pre-design	Fall 2022
	Project Status: This project replaces an aged and deteriorating Boronda Lake Dock located in the Foothills Nature Preserve. Due to staffing constraints, the design for this project is on hold until spring 2022.				
Foothills Nature Preserve Dam Seepage Investigation and Repairs (PE-20000)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$0	\$32,400	Public Works	Pre-design	Spring 2023
	Project Status: This project will study a location of historic seepage from the Foothills Nature Preserve Dam at the sharp bend in the road on the face of the dam. The seepage is very minor, but it appears to be slowly worsening. The source of the seepage is suspected to be the trench backfill around the pipe that returns shallow groundwater to				

Parks and Open Space Projects

Status as of December 2021

	Boronda Lake. This project will locate and investigate the pipe and trench backfill material. Due to staffing constraints and other priorities, this project has been moved to FY 2023.				
Magical Bridge Playground Rubber and Synthetic Turf Resurfacing (PE-21003)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$2,078	\$891,600	Community Services	Construction	Summer 2022
	Project Status: This project will replace rubberized and synthetic turf surfacing in the playground and will repair or replace play equipment including swings, climbing net, and playhouse. An IFB was issued in November 2021 and staff anticipates the construction contract to be awarded by Council in early 2022.				
Ramos Park Improvements (PG-14000)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$210,412	\$227,772	Community Services	Design	Summer 2022
	Project Status: This project includes safety and accessibility improvements at Ramos Park. The work includes replacing the existing park playground, benches, drinking fountains, and resurfacing the basketball court playing surface. A Park Improvement Ordinance (PIO) for these improvements went to the Parks and Recreation Commission in December 2020. Council approved the PIO in spring 2021 and construction is planned for summer 2022.				
Rinconada Park Improvements (PE-08001)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$2,517,819	\$8,830,594	Public Works	Construction	Spring 2025
	Project Status: This project provides upgrades to safety, site amenities, playground facilities, a new restroom, irrigation, drainage, and ADA accessibility improvements at Rinconada Park. These improvements were identified in the Rinconada Long Range Plan (LRP). Council awarded a contract for Phase 1 of construction in June 2021 which started in August 2021. Phase 1 is anticipated to be complete in winter 2022. Phase 2 of the project will include improvements to the eastern half of the park by FY 2025 including pathway improvements, new restroom, ADA upgrades, planting, irrigation, lighting, and site furnishings. According to the LRP, future improvement phases would include renovations to the eastern side of the park, arbor and pool areas, and development around the electrical substation.				

Parks and Open Space Projects

Status as of December 2021

Recurring Projects

Art in Public Spaces (AC-86017)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$138,347	\$1,508,784	Community Services	N/A	Recurring
	Project Status: This project provides the ongoing temporary and permanent artworks throughout the City. The FY 2022 budget funded temporary public artwork at the Public Safety Building construction site, the Code: ART festival in October, the completion of the Highway 101 Bike and Pedestrian Bridge artwork, the initiation of the Artist Residency, and the completion of artwork at the Junior Museum and Zoo and Art Lift microgrant projects throughout the City. Projects in process include artworks for King Plaza via the King Artist Residency, artwork for the Charleston-Arastradero Corridor, and temporary/permanent artworks at the Public Safety Building.				
Athletic Courts Resurfacing (PG-06001)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$13,170	\$138,840	Community Services	N/A	Recurring
	Project Status: This project repairs and resurfaces tennis and basketball courts in various Palo Alto parks. In spring 2021, the Cubberley Community Center and Peers Park tennis court project went out to bid. Construction is expected to start in spring 2022.				
Benches, Signage, Walkways, Perimeter Landscaping (PG-06003)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$195,411	\$191,000	Community Services	N/A	Recurring
	Project Status: This project restores and replaces existing benches, signage, fencing, walkways, and landscaping at various City facilities. In fall 2021, a new entry sign was built and installed for Foothills Nature Preserve, new surfacing at Peers dog park was installed with engineered wood fiber, and Lytton Plaza had site amenities replaced.				
Dog Park Installation and Renovation (PG-18001)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$100	\$163,400	Community Services	N/A	Recurring
	Project Status: This project enables the construction of dog parks at various City parks and facilities that currently do not have dog parks, as well as renovating existing dog parks. The next dog park installation or renovation has not				

Parks and Open Space Projects

Status as of December 2021

	been determined as several locations are under consideration. Staff is meeting with the Parks and Recreation Commission to discuss location options and expansion of existing dog parks at Greer Park and Mitchell Park.				
Off-Road Pathway Resurfacing and Repair (OS-09001)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$55,739	\$142,500	Public Works	N/A	Recurring
	Project Status: This project resurfaces failing and broken pathways within the City. Pathways are chosen based on inspections and resident requests. The Adobe Creek Reach Trail construction was completed with the Highway 101 Pedestrian and Bicycle Overcrossing Project in November 2021. A pedestrian pathway through Hoover Park was replaced in December 2021.				
Open Space Lakes and Pond Maintenance (OS-00002)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$31,150	\$62,600	Community Services	N/A	Recurring
	Project Status: This project rehabilitates lakes and ponds in open space nature preserves to protect wildlife habitat and recreational safety and to meet State Division of Safety of Dams requirements. A new three-year maintenance contract was awarded and the first pond servicing with removal of aquatic vegetation was completed in fall 2021.				
Open Space Trails and Amenities (OS-00001)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$513,143	\$232,000	Community Services	N/A	Recurring
	Project Status: This project restores unpaved trails, fences, picnic areas, and campgrounds at Foothills, Baylands, and Pearson-Arastradero Nature Preserves. In fall 2021, a new three-year trail maintenance contract was awarded and service of various open space trails throughout Foothills Nature Preserve and Pearson Arastradero Preserve was completed in November 2021.				
	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$202,069	\$188,500	Community Services	N/A	Recurring

Parks and Open Space Projects

Status as of December 2021

Parks and Open Space Emergency Repairs (PG-09002)	Project Status: This project replaces or repairs playgrounds, play yard surfaces, wooden structures, park amenities, and play equipment in the event of storms, fire, vandalism or structural failure. In summer 2021, repair of fencing was completed at the Cubberley Community Center tennis courts. Repair to damaged fencing caused by a fallen tree at the Palo Alto Bowling green was completed in October 2021.				
Park Restroom Installation (PG-19000)	Prior Years Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$16,962	\$456,839	Community Services	N/A	Recurring
	Project Status: This project installs new restrooms at City parks that currently do not have restroom facilities. The restrooms may be prefabricated. A Park Improvement Ordinance (PIO) for adding a new restroom at Ramos Park was reviewed and recommended for Council approval by the Parks and Recreation Commission in December 2020. Council approved the PIO in March 2021. The restroom design needs to be completed prior to being reviewed by the Architectural Review Board. Due to staffing constraints and other priorities, the restroom installation is anticipated in spring 2023.				

Streets and Sidewalks Projects

Status as of December 2021

One-Time Projects

California Avenue District Gateway Signs (PE-17004)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$20,162	\$150,488	Public Works	Design	Summer 2022
	Project Status: This project includes the design and replacement of two existing gateway signs for the California Avenue business district. Public outreach was completed in winter 2021. The signs are expected to be replaced in summer 2022.				
Newell Road San Francisquito Creek Bridge Replacement (PE-12011)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$1,723,995	\$18,227,483	Public Works	Design	Spring 2024
	Project Status: This project removes and replaces the Newell Road bridge over San Francisquito Creek with a clear span to allow the channel to convey up to the natural capacity of the San Francisquito Creek, approximately 7,500 cubic feet per second, and improved safety for vehicular, bicycle, and pedestrian traffic. The project is being closely coordinated with the City of East Palo Alto, Santa Clara Valley Water District, and the San Francisquito Creek Joint Powers Authority (JPA). The design consultant amendment and cooperative agreement with the City of East Palo Alto were approved by Council in June 2021. Work to advance the design and prepare regulatory permit applications began in summer 2021. The Bridge Type Selection Report was submitted to Caltrans in September 2021. The City had meetings with Caltrans to discuss and respond to their comments and to resubmit the revised report. Staff anticipates an approval memo from Caltrans in February 2022. Staff will bring forward an amendment to the funding agreement with Santa Clara Valley Water District in spring 2022.				

Recurring Projects

City Bridge Improvements	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$9,746	\$149,030	Public Works	N/A	Recurring

Streets and Sidewalks Projects

Status as of December 2021

(PE-20001)	Project Status: This project includes bridge inspections, maintenance, repair, and an improvement program over the next five years. This program will include on-going inspections to report physical changes to the structures, recommendations for work to be done, and additional information to meet functional and structural standards in accordance with industry standards. Staff hired an on-call structural engineering firm to assist with the bridge inspection and repair program. Staff prioritized twenty-five bridge and culvert structures for assessment in fall 2021, and inspections are tentatively scheduled in winter 2022.				
Curb and Gutter Repairs (PO-12001)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$339,713	\$133,200	Public Works	N/A	Recurring
	Project Status: This project repairs curbs and gutters uplifted by tree roots. The FY 2021 Street Maintenance Project completed 1,380 linear feet of three foot wide valley gutter as part of this project in summer 2021. All remaining curb and gutter work included in this project will be completed in early 2022.				
San Francisquito Creek Joint Powers Authority Ongoing Creek Projects (PE-22000)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$0	\$61,000	Public Works	N/A	Recurring
	Project Status: This project provides funding for studies and completion of the design for the San Francisquito Creek Joint Powers Authority (JPA) upstream project including channel widening and Continuing Authority Program Section 205 (CAP 205) study. Completion of the CAP 205 study will make the channel widening components eligible for federal funding and will help fund the construction of the upstream project and address elements of the JPA's comprehensive flood management program.				
Sidewalk Repairs (PO-89003)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$947,768	\$622,599	Public Works	N/A	Recurring
	Project Status: This project repairs and replaces broken and uplifted sidewalks. The program completed all twenty-three sidewalk districts in 2017, a thirty-year (1986–2017) sidewalk repair district cycle. Council approved a sidewalk assessment contract in November 2017 to evaluate the sidewalk program and assess potential improvements to the				

Streets and Sidewalks Projects

Status as of December 2021

	current district-based program. Staff used this assessment to compile a list of areas that require prompt action at varying locations throughout Palo Alto. These priority locations were repaired in FY 2020. Funding was reduced in FY 2022 as part of the FY 2022 Capital Improvement Program budget strategy. Remaining funding will be used to perform emergency maintenance and spot repairs. There were no new sidewalk repairs performed FY 2022.				
Sign Reflectivity Upgrade (PO-11000)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$31,358	\$69,800	Public Works	N/A	Recurring
	Project Status: This project includes the annual inventorying, upgrading and maintaining of all traffic signs. A list of signs not meeting the minimum requirement is derived from MUTCD approved Nighttime Visual Inspection surveys. Due to Covid-19 and understaffing, there were no new signs identified for reflectivity replacement in the first half of FY 2022.				
Street Lights Improvements (PO-05054)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$183,186	\$112,400	Public Works	N/A	Recurring
	Project Status: This project replaces streetlights, including poles, pole foundations, luminaires and wiring as needed to restore or improve street lighting. There were seven knockdown locations, including three with substructure repairs completed in the first half of FY 2022.				
Street Maintenance (PE-86070)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$8,556,531	\$2,804,686	Public Works	N/A	Recurring
	Project Status: This project includes the annual resurfacing, micro-seal, crack seal, and reconstruction of various city streets. This project funds the street maintenance work that supports Council's adopted goal of achieving a citywide average pavement condition index (PCI) score of 85, representing very good or excellent conditions, by 2019. The citywide PCI goal of 85 was met at the end of calendar year 2018, and the emphasis has been shifted to maintaining the 85 score while addressing the remaining streets with PCI scores less than 60. The FY 2021 Streets Preventive Maintenance Project was completed in September 2021 and applied a slurry seal treatment to 14.4 lane miles of city				

Streets and Sidewalks Projects

Status as of December 2021

	roads, repaired 61,000 SF of pavement base repairs, and applied 121,100 linear feet of crack sealing. The FY 2021 Street Resurfacing Project is still in construction. When the project is completed in early 2022, the project will have repaved 5.82 lane-miles of arterial and residential streets with PCI's averaging 44. This will help maintain and improve the City's Pavement Condition Index (PCI) beyond its average of 83 and will address many streets whose PCI scores fall below the City's minimum goal of 60. The FY 2022 Street Resurfacing Project is currently out to bid and is expected to start construction in spring 2022. Due to the FY 2021 Capital Improvement Program budget strategy, street resurfacing projects will have reduced scope, resulting in less lane miles of roadways being resurfaced through FY 2023.				
Thermoplastic Lane Marking and Striping (PO-11001)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$0	\$101,800	Public Works	N/A	Recurring
	Project Status: This project maintains the thermoplastic markings on roadways. Thermoplastic lane marking and striping is incorporated into annual Pavement Preventive Maintenance Projects. As a part of the FY 2021 Streets Preventive Maintenance Project, 45,000 linear feet of thermoplastic striping and 647 thermoplastic legends were installed between CIP PE-86070 and PO-11001.				

Traffic and Transportation Projects

Status as of December 2021

One-Time Projects

Charleston Arastradero Corridor Project (PE-13011)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$13,136,360	\$20,788,951	Public Works	Construction	Fall 2022
	Project Status: This project is part of the 2014 Council Infrastructure Plan. It will reconfigure the Charleston Arastradero Corridor to provide new landscaped median islands, bulb outs, enhanced bike lanes, traffic signal improvements, and new street trees to complement the new lane configurations that were approved for permanent retention. Phase 1 (Arastradero Road between Foothill Expressway to Clemo Avenue) and Phase 2 (Charleston Road from Alma Street to Middlefield Road) were completed in 2020. Phase 3 (Arastradero Road from Los Palos Avenue to El Camino Real, Charleston Road from El Camino Real to Alma Street and from Middlefield Road to San Antonio Road) was approved by Council in June 2021. Temporary improvements were installed in August 2021 to let corridor users and residents test drive the planned street changes. Construction began in September 2021 with tree trimming and tree removals. New curb extensions, curb ramps, sidewalks, and curb and gutter were constructed at Grove Avenue, Charleston Court, Los Palos Avenue, Suzanne Drive, McKellar Lane, Ruthelma Avenue, Park Boulevard, Alta Mesa Avenue, and Clemo Avenue. New storm drain pipes, catch basins, and manholes were installed at Suzanne Drive, east of El Camino, Park Boulevard, Charleston Court, and Sutherland Drive. Potholing for new traffic signal poles was completed at the Louis Road/Montrose Avenue intersection and is in progress at Wilkie Way and Fabian Way intersections.				
Churchill Avenue Enhanced Bikeway (PL-14000)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$315,398	\$4,040,908	Office of Transportation	Design	Fall 2023
	Project Status: This project includes planning, design and construction of a shared-use path along the north side of Churchill Avenue between the existing shared-use path at Castilleja Avenue and the Stanford Perimeter Trail. It also includes intersection improvements at Churchill Avenue and El Camino Real, which will include a new dedicated westbound right-turn lane. The project is anticipated to gain PAUSD approval and will go out to bid in summer 2022. Construction is anticipated to be completed by fall 2023.				

Traffic and Transportation Projects

Status as of December 2021

Churchill Avenue Alma Street	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$110,152	\$5,099,300	Office of Transportation	Design	Summer 2023
Railroad Crossing Safety Improvements (PL-20000)	Project Status: This project is a railroad crossing improvement project to enhance safety at the intersection of Churchill Avenue and Alma Street. This crossing was identified for possible funding for hazard elimination and safety improvements through the Federal Section 130 funds. Design includes traffic signal modifications, street lighting improvements, roadway resurfacing, sidewalk realignment and/or widening, drainage improvements, utility relocations, signage, and striping. Council approved the concept plan in May 2021 after community outreach. Staff is currently working with Caltrain, Caltrans, and California Public Utilities Commission for final plan development and approvals. The design plans reached completion in fall 2021. Staff is preparing bid documents for construction to be released in spring 2022. Construction is anticipated to begin in summer 2022.				
Downtown Automated Parking Guidance Systems, Access Controls & Revenue Collection Equipment (PL-15002)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$198,350	\$2,579,860	Office of Transportation	Design	Winter 2023
	Project Status: This project includes design and installation of new downtown parking guidance systems, access controls and revenue collection equipment that will be coordinated with both the Downtown Parking Wayfinding, PL-15004 project and the 2016 Downtown Parking Management. Staff contracted with Dixon Resources for additional management support in design and procurement for the system installation in the Downtown garages on University Avenue. In fall 2020, staff released a design-build RFP for a camera-based parking guidance system similarly installed at the new California Avenue Parking Garage. Council awarded the design-build contract in August 2021, however, the City rescinded its notice to award due to insufficient bonding by the contractor. In winter 2022, staff will issue a new design-build RFP.				
Emergency Vehicle Traffic Signal	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$486,422	\$686,322	Fire Department	Construction	Summer 2022
	Project Status: This project will purchase and implement an emergency vehicle preemption system pilot project. The system will integrate with the City's current traffic signal management system and with the City's computer-				

Traffic and Transportation Projects

Status as of December 2021

Preemption System Pilot (PL-19000)	aided emergency response dispatch system to provide safer and quicker response times for emergency vehicles. This project is a pilot on 25 intersections. The traffic signal controls software were updated in in spring 2020 and staff is working with our CAD and Signal System vendors to integrate the two systems for communication across the two platforms. Purchasing is drafting the contract for the plug-in software and staff expects the project will be complete by June 2022.				
Highway 101 Pedestrian Bicycle Overpass Project (PE-11011)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$18,468,438	\$22,898,724	Public Works	Completed	Fall 2021
	Project Status: This project, part of the 2014 Council Infrastructure Plan, includes the design and construction of a new pedestrian bridge across Highway 101 at Adobe Creek. Council approved a contract with Granite Construction in November 2019. Construction began in January 2020. The project construction completed in November 2021 with a ribbon-cutting ceremony and a community celebration on November 20, 2021.				
Quarry Road Improvements and Transit Center Access (PL-16000)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$1,282,050	\$3,130,759	Office of Transportation	Pre-Design	Fall 2024
	Project Status: This project includes the planning, design, and construction of bicycle, pedestrian, and transit access improvements along Quarry Road between El Camino Real and Welch Road, including, but not limited to, upgraded bicycle lanes and crosswalks, innovative intersection treatments for bicyclists, improved access to transit stops, roadway improvements for transit access, and signal modification. Planning, design, and construction of bicycle lanes and pedestrian improvements between the Palo Alto Transit Center bus depot and the intersection of Quarry Road and El Camino Real, and between El Camino Real and Welch Road have been completed. The next phase of the project will provide the transit access from Quarry Road to the Transit Center. Currently, the City is working with Stanford on evaluating the land ownership and entitlements before proceeding with design of such improvements.				
Railroad Grade Separation and	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$3,771,788	\$15,883,876	Office of Transportation	Pre-Design	Fall 2025

Traffic and Transportation Projects

Status as of December 2021

<p>Safety Improvements (PL-17001)</p>	<p>Project Status: This project is a community-based process to advance the railroad grade crossing circulation study and context sensitive solutions study envisioned by the City Council. It will also fund the preparation of a Project Study Report and environmental analysis that will be required for the City to realize its goals of advancing grade separations. This capital project provides funds to perform preliminary engineering design, conduct project related studies, and to prepare environmental documents for the project. The consultant in collaboration with the community prepared several conceptual plans for grade separations. In 2019, City Council established the Expanded Community Advisory Panel (XCAP) for reviewing the selected nine alternatives at the three crossing locations (Churchill Avenue, Meadow Drive and Charleston Road) to provide recommendation to the City Council. XCAP delivered its final report to Council in March and April 2021. In early 2021, Council performed the review of the alternatives under consideration and eliminated the two south Palo Alto Tunnel Alternatives. Later in the year, upon further review, Council eliminated viaduct alternatives from further consideration for all three crossing locations. In addition, Council selected the partial underpass alternatives as preferred alternative for Churchill Avenue crossing. The Churchill Closure with mitigations was recommended as an alternative. Council directed staff to perform additional studies to review geotechnical conditions, refine the underpass/partial underpass alternatives, and to reconvene the Rail Committee and discuss the financial considerations in 2022.</p>
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Traffic and Transportation Projects

Status as of December 2021

Recurring Projects

Bicycle and Pedestrian Transportation Plan Implementation (PL-04010)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$9,435,106	\$15,276,377	Office of Transportation	N/A	Recurring
	Project Status: The Neighborhood Traffic Safety and Bicycle Boulevards Phase 1 Project along Amarillo Avenue/Moreno Avenue and Ross Road was completed in November 2018. Conceptual plans for the Neighborhood Traffic Safety and Bicycle Boulevards Phase 2 Project along Bryant Street, Maybell Avenue, Stanford Avenue, Park Boulevard, and Wilkie Way were adopted by City Council in 2015. Currently, Phase 2 is on hold at 75% design until a community engagement process is identified.				
Safe Routes to School (PL-00026)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$70,370	\$1,141,128	Office of Transportation	N/A	Recurring
	Project Status: This project enables the City's Safe Routes to School program, including school commute planning, encouragement activities, and capital improvements along local and collector streets that may be impacted by school commute activities. The capital improvements include traffic calming devices, enhanced crosswalks, and improved signage along suggested safe routes to school. In FY 2021 and early FY 2022, the installation of school zone speed limit signage was completed. The community engagement and planning process for the construction of the South Palo Alto Bikeways project began in FY 2021. The project will implement buffered or protected bike lanes on East Meadow Drive from Alma to Fabian Way, Fabian Way from East Meadow Drive to East Charleston Road, and widen and repave the Waverley Avenue Bike Path between East Meadow Drive and Charleston Road were completed. Construction is expected to start in early 2023.				
Traffic Signal and Intelligent	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$227,010	\$980,450	Office of Transportation	N/A	Recurring

Traffic and Transportation Projects

Status as of December 2021

Transportation Systems (PL-05030)	<p>Project Status: This project includes design and construction of traffic signals, traffic signal communications networks, detection, and data projects for transportation use, and maintenance of the City's traffic signal central management system. The project includes the replacement of traffic signal controllers/cabinets, video detection systems, accessible pedestrian buttons, and related field equipment. The new controllers enable additional traffic signal timing strategies and improve the reliability of the City's traffic signals. Design for traffic signal safety and operational improvements at the intersection of San Antonio Road and Charleston Road is currently in progress. The design is 65% complete. Staff is working on the final plans and will be preparing bid documents for construction to be released in fall 2022. Construction is anticipated to begin in late 2022.</p>				
Transportation and Parking Improvements (PL-12000)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$62,198	\$585,400	Office of Transportation	N/A	Recurring
	<p>Project Status: This project implements miscellaneous neighborhood traffic calming improvements including neighborhood traffic studies and parking improvements. This project also funds the development of grant proposals used to procure funding for future projects. Projects currently in progress include the Crescent Park neighborhood traffic calming pilot. The conceptual plan for the traffic calming pilot project in the Crescent Park neighborhood was approved by Council in November 2020. Traffic calming elements were placed in summer 2021 for a one-year trial period.</p>				

Airport Projects

Status as of December 2021

One-Time Projects

Airport Apron Reconstruction (AP-16000)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$26,992,534	\$41,996,212	Public Works	Construction	Spring 2022
	Project Status: This project includes the design and reconstruction of the Palo Alto Airport apron and is being implemented in multiple phases. The pavement surfaces at the airport are failing and uneven. The need to reconstruct the aircraft parking apron is critical to airport safety. Construction Phase I was completed in November 2017. Construction Phase II was completed in winter 2020. Construction on Phase III began in November 2020 and the project is 80% complete. The project is expected to be completed in spring 2022.				
Airport Layout Plan (AP-21000)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$0	\$741,500	Public Works	Design	Summer 2024
	Project Status: This project provides updates to the Airport Layout Plan (ALP), including a narrative report and environmental study. The Airport received funding for a Phase I portion of this project in fall 2020. Phase I is approximately 50% complete, and it is anticipated that funding for Phase II will be received in spring 2022. The project is expected to be completed in summer 2024.				
Airport Temporary Office Buildings AP-22001	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$0	\$181,000	Public Works	Design	Winter 2022
	Project Status: This project provides funding for the installation and Furniture, Fixtures, & Equipment (FF&E) of existing temporary modular buildings at the airport to provide adequate office space for airport staff as well as terminal space for the public. This project is in the permitting phase, with construction planned to be completed in winter 2022.				
Automated Weather	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$0	\$607,700	Public Works	Design	Summer 2024

Airport Projects**Status as of December 2021**

Observation System (AWOS) AP-19000	Project Status: This project provides a new weather information system to be installed at the Palo Alto Airport. The Airport has applied for FAA funding, and is waiting for the grant agreement to start design.
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Recurring Projects

2022-2026 – Airport Capital Improvements Program Projects: *There are no recurring projects scheduled at this time.*

Electric Fund Projects

Status as of December 2021

One-Time Projects

115 kV Electric Intertie (EL-06001)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$578,055	\$6,990,040	Utilities	Pre-Design	Summer 2027
	Project Status: This project will perform a technical feasibility study to determine the general project requirements to establish a 115 kV electric intertie line and construct a 115/60 kV substation to connect the City's electric system directly to the 15kV transmission line at an additional location.				
Capacitor Bank Installation (EL-16002)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$482,872	\$1,050,443	Utilities	Construction	Fall 2022
	Project Status: This project installs capacitor banks at electric substations and on distribution lines to ensure Northern California Power Association Power Factor requirements are met. Staff has performed an analysis of where capacitors are needed to provide VAR support to enhance the voltage regulation and stability of the system. Capacitor banks will be installed at Hanover Avenue, Hansen Way, Maybell Avenue, and Park Boulevard Substations. Engineering has completed the design and procurement of materials for the project and is currently 75% complete with the construction and installation phase. The Hansen Way and Park Boulevard projects are complete. Hanover Avenue is waiting on the arrival of two new switches and will be energized by summer 2022. The Maybell Avenue project will begin in early spring 2022. The project is expected to be completed by fall 2022.				
Coleridge Cowper Tennyson 4/12kV Conversion (EL-14000)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$180,813	\$2,661,878	Utilities	Design	Summer 2022
	Project Status: This project converts the primary electric distribution system in the Coleridge Avenue, Cowper Street, Tennyson Avenue area from 4 kV to 12 kV. This project is a precursor to work being planned for the Colorado Street and Hopkins Avenue Substations. Design is at 90% completion and is delayed due to COVID-19 restrictions. Construction of this project was deferred to maintain zero rate increases to ease economic recovery because of COVID-19.				

Electric Fund Projects

Status as of December 2021

Colorado Distribution Feeder Outlet Replacement (EL-22002)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$0	\$400,000	Utilities	Design	Summer 2022
	Project Status: This project is for the installation of a new underground duct bank and cable at Colorado Substation. The installation will improve reliability for all Colorado circuits. The design is in progress and the construction will begin only after a new substructure contract has been approved by Council.				
Colorado Power Station Equipment Upgrades (EL-19001)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$4,282,025	\$10,865,445	Utilities	Pre-Design	Fall 2025
	Project Status: Staff is evaluating the need to replace the COP-3 115 kV/60 kV transformer bank at Colorado Substation. Future project completion dates will be based on the outcome of this evaluation.				
Colorado Substation Site Improvements (EL-19002)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$183,204	\$1,306,071	Utilities	Design	Fall 2023
	Project Status: This project will make modifications to the substation driveways and fence to provide adequate ingress and egress for utility vehicles used for maintenance and repair. Staff is preparing an overall master plan for Colorado Substation to include all proposed improvements. Preliminary designs for lighting, driveway, fences, and an oil containment improvement have been prepared. All the proposed improvements are coordinated, to ensure a cohesive design and plan for construction.				
East Meadow Circles 4/12kV Conversion (EL-17001)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$53,072	\$1,838,701	Utilities	Design	Spring 2024
	Project Status: This project converts the primary electric distribution system in the East Charleston/Alma Street/East Meadow Drive/Middlefield Road area from 4 kV to 12 kV and is challenging because of the configuration of the streets and rear easement facilities. This project has been split into six design and construction phases. Engineering has completed the substructure design for Phase 1 and will proceed with the substructure design for Phase 2. Construction for Phases 1 and 2 will be completed by spring 2022. All six phases are targeted				

Electric Fund Projects

Status as of December 2021

	to be completed by spring 2024. Construction for this project was deferred to maintain zero rate increases to ease economic recovery because of COVID-19. Phase 1 substructure construction is completed. Phase 1 and 2 electrical design is in progress.				
Facility Relocation for Caltrain Modernization Project (EL-17007)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$2,399,789	\$3,055,472	Utilities	Construction	Spring 2022
	Project Status: The Utilities Department received approval from Caltrain to continue removal of the overhead lines in October 2018. The installation of the Overhead Catenary System above the rails to power the trains will cause conflicts with the City's overhead electric and communication lines, as well as those owned by others, including AT&T and Comcast, which cross the railroad tracks. This project is in its last phase and expected to be completed in 2022.				
Foothills Rebuild (Fire Mitigation) (EL-21001)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$185,384	\$4,000,000	Utilities	Design	Fall 2025
	Project Status: This project will rebuild the approximately 11 miles of overhead line in Foothills Park, as necessary to mitigate the possibility of wildfire due to overhead electric lines. This could include the utilization of more robust equipment or construction practices, rerouting to avoid vegetation and improve access for inspection and maintenance, or converting the overhead lines to underground where feasible. Two proposals were received for this project and both proposals were rejected because they did not provide an option to underground existing overhead electric lines. Staff is currently looking at different options to complete this work. Staff completed 7,000 feet of substructure work which will eliminate 26 poles as a pilot project in 2021.				
Hopkins Substation 4/12 kV Conversion (EL-20000)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$0	\$2,010,000	Utilities	Design	Fall 2025
	Project Status: This project will convert the distribution system connected to the Hopkins Substation from 4 kV to 12 kV. The future conversion of the Hopkins Substation from 4 kV to 12 kV requires that all the areas currently				

Electric Fund Projects

Status as of December 2021

	served at 4 kV from the Hopkins Substation be converted to 12 kV. This project will improve operating flexibility of the system, service reliability, and back-up to customers in downtown and other adjacent areas.				
Inter-Substation Line Protection Relay (EL-17005)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$366,351	\$821,030	Utilities	Construction	Summer 2022
	Project Status: This project replaces the existing HCB pilot wire relays with a new microprocessor line differential protective relay to protect the city's 60 kV sub-transmission line sections and equipment from damage due to faults (i.e. short circuits) on the 60 kV line sections. This project is being done in phases, with design and construction happening concurrently on the different phases. Construction of these improvements relies on work completed by other projects to install fiber optic connections. Staff is working on the design for the replacement of relays at Park Substation and Switching Station and between line sections COP-PB, COP-AC and COP-HO.				
Rebuild Underground District 15 (EL-11003)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$43,348	\$1,293,337	Utilities	Design	Fall 2022
	Project Status: This project rebuilds and replaces the underground electric system in Underground District 15, the area bounded by Los Palos Avenue, Glenbrook Drive, Pomona Avenue, and Arastradero Road. This project is in the preliminary stages of engineering design and work will be coordinated with EL-16000 which is currently rebuilding the electric system along Arastradero Road. Work on this project was delayed due to public input regarding the design of the project. Changes to the Rules and Regulations will require property owners to pay for the differential cost should they want submersible equipment instead of pad mount. Design of the project is delayed as staff prepares cost information to present to affected property owners showing how much they will have to pay.				
Rebuild Underground District 16 (EL-13003)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$27,456	\$735,335	Utilities	Design	Spring 2022
	Project Status: This project rebuilds and replaces the underground electric system in Underground District 16, the area along Louis Road between Greer Street and Loma Verde Avenue. The project design and cost estimate are				

Electric Fund Projects

Status as of December 2021

	nearly complete, and this project will be bundled with other similar type jobs for bidding to obtain more favorable pricing. Construction of this project is deferred to maintain zero rate increases to ease economic recovery because of COVID-19.				
Rebuild Underground District 24 (EL-10006)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$1,945,085	\$2,525,338	Utilities	Construction	Spring 2022
	Project Status: This project rebuilds and replaces the underground electric system in Underground District 24, the area bounded by Lytton Avenue; Bryant Street; Forest Avenue; and Alma Street. This project is projected to be completed in 2022.				
Rebuild Underground District 26 (EL-16000)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$30,810	\$312,447	Utilities	Design	Spring 2025
	Project Status: This project rebuilds and replaces the underground electric system in Underground District 26, the area along Arastradero Road between El Camino Real and Hillview Avenue. This is a four-phase project. The first phase design is complete, and construction will begin in 2022.				
Reconfigure Quarry Feeders (EL-14005)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$519,836	\$792,034	Utilities	Completed	Fall 2021
	Project Status: This project reconfigures how distribution circuits are connected to each substation transformer at Quarry Substation. While phases of this project have been completed in construction, other phases still need to be designed and constructed. Design of QR 27 feeder replacement was completed in spring 2021. Construction was completed in December 2021.				
	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$970,478	\$17,674,003	Utilities	Design	Fall 2024

Electric Fund Projects

Status as of December 2021

Smart Grid Technology Installation (EL-11014)	Project Status: Council approved the Advanced Metering Infrastructure (AMI) with Sensus on October 18, 2021. The project includes replacement of 30,000 electric meters and retrofit of 20,800 water and 24,200 gas meters with radio endpoints to transmit meter data to the AMI network. The proof of concept phase including AMI network installation, meter testing, and system integration will occur between January 2022 and June 2023. Full deployment is anticipated to run from July 2023 through December 2024.				
Substation 60kV Breaker Replacement (EL-17002)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$1,355,718	\$6,062,637	Utilities	Design	Summer 2027
	Project Status: This project replaces high voltage circuit breakers that interconnect the nine electric substations and two power switching stations that are reaching the end of their useful life and are now underrated for their use. This project is being done in phases, with design and construction happening concurrently on the different phases. Four breakers were replaced recently while anticipating the multi-year contract procurement method. Staff completed the construction on the first phase and is working to procure a multi-year contract with a contractor to complete the design and replacement of the remaining breakers.				
Substation Physical Security (EL-16003)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$974,914	\$3,200,190	Utilities	Construction	Winter 2025
	Project Status: This project installs facilities providing physical protection of electric substations from vandalism and intrusion. A professional services contract was awarded to Burns & McDonnell and the study was completed. Staff continues to implement recommendations from the study each fiscal year. Procurement for improvements at Hanover Avenue were completed in 2021. Hansen Way improvements are in process. CPAU intends to go out to bid for a wide-scale 9 electric substation security camera and lighting upgrade in 2022, with construction occurring in 2023.				
	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$2,568,077	\$3,904,425	Utilities	Completed	Fall 2021

Electric Fund Projects

Status as of December 2021

Underground District 46 Charleston El Camino Real (EL-12001)	Project Status: This project undergrounds the existing overhead utility systems in the area along the 400 block of West Charleston and El Camino Real. Underground substructures have been installed. Staff has completed 100% of cable and equipment installation and 100% of customer service conversions. A construction contract was awarded for the final phase of the project to install two 60 foot tall steel poles and to reconductor the 60 kV sub-transmission lines and the project was completed in the fall 2021.
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Recurring Projects

Communications System Improvements (EL-89031)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$14	\$170,000	Utilities	N/A	Recurring
	Project Status: This project installs high frequency coaxial cable, fiber optic cable, and related equipment to provide communications services for traffic signal coordination, telephone links, computer data transmission, and the Electric Supervisory Control and Data Acquisition (SCADA) system. This project is funding a portion of the design phase of an expanded Utilities fiber optic network. The contract for design of this network was approved by Council in June 2020. Staff is in the planning stages for design implementation.				
Electric Customer Connections (EL-89028)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$1,255,231	\$2,700,000	Utilities	N/A	Recurring
	Project Status: This project installs services, transformers, and meters for new customers; upgrading of existing services; temporary service connections; and overhead and underground extensions for new or existing customers. Projects are in many stages of design and construction to provide temporary and permanent power to residential and commercial customers in Palo Alto. There are ongoing electric customer connections each year.				
Electric System Improvements	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$909,344	\$2,597,000	Utilities	N/A	Recurring

Electric Fund Projects

Status as of December 2021

(EL-98003)	Project Status: This project consists of various projects that replace deteriorated facilities or install protective devices that improve the Electric Distribution System. Projects are in many stages of development to replace transformers, replace poles, replace overhead wires, and install protective devices to improve service reliability. There are ongoing electric systems improvements each year.				
Electric Utility Geographic Information System (EL-02011)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$172,408	\$492,100	Utilities	N/A	Recurring
	Project Status: This project enhances the citywide Geographical Information System (GIS). The primary emphasis will be to provide a compatible user interface and estimating software, to edit and update data which will reside in the citywide GIS. This funding is also being used to pay for Utilities Electric Division's share of cost for the implementation of new city-wide GIS system (ESRI) led by IT. Staff is also working directly with IT to assess GIS needs and the transition of the mapping information to ESRI. The ESRI GIS web portal is completed and has been rolled out to Engineering and Operations staff. The data migration to ESRI's Utility Network Model is in progress.				
SCADA System Upgrades (EL-02010)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$283,489	\$405,674	Utilities	N/A	Recurring
	Project Status: This project upgrades the Supervisory Control and Data Acquisition (SCADA) system hardware. Staff completed upgrade of the servers used for monitoring the utility substations and equipment in 2014. The next hardware and software upgrade will occur in spring 2022.				
Substation Facility Improvements (EL-89044)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$264,757	\$450,000	Utilities	N/A	Recurring
	Project Status: This project makes improvements to facilities at the electric substations in Palo Alto. Staff is working on the replacement of Remote Terminal Units (RTU) at various substations, upgrading gravel and grounding, 60 kV air switches, and reconfiguring steel trusses and associated devices.				

Electric Fund Projects

Status as of December 2021

Substation Protection Improvements (EL-89038)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$183,000	\$480,000	Utilities	N/A	Recurring
	Project Status: This project makes improvements to equipment used at electric substations to protect the substation equipment and circuits emanating from the substation from damage due to faults (i.e. short circuits) on the electric system.				
Underground System Rebuild (EL-16001)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$36,944	\$349,999	Utilities	N/A	Recurring
	Project Status: This project replaces underground electric equipment in areas that were originally installed underground, that are not part of an Underground District. Staff is working to identify areas where the age of the existing cables are a high priority for cable replacement. To date, this includes areas in the Stanford Research Park, Arastradero Road, and along East Bayshore Road. New areas have been identified and progress has been made on development of the project. Construction of this project was deferred to maintain zero rate increases to ease economic recovery because of COVID-19.				
Wood Pole Replacement (EL-19004)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$1,297,848	\$1,739,927	Utilities	N/A	Recurring
	Project Status: This project will fund the annual replacement of deteriorated wood power poles. The project is in the design phase with expected completion in September 2022 and construction starting 2023. The project is delayed this year because of staffing shortages. CPAU is working to bring on a consultant to work on the design phase of this project.				

Fiber Optics Fund Projects

Status as of December 2021

One-Time Projects

Fiber Optic Network System Rebuild (FO-16000)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$351,887	\$1,242,156	Utilities	Design	Spring 2024
	Project Status: This project is for the System Capacity Improvement that rebuilds portions of the "dark" fiber optic network around Palo Alto. The first phase of this project has been constructed. Additional work is being assessed and will be coordinated with the project to expand the Utilities Fiber Optic Network (EL-89031). This project is postponed due to the Fiber Expansion Project. Fiber contractor is expected to finish design in April 2022.				

Recurring Projects

Fiber Optics Customer Connections (FO-10000)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$48,111	\$250,000	Utilities	N/A	Recurring
	Project Status: This project enables the installation of fiber optic infrastructure for new service connections. Projects are developed as needed to meet customer requests for leasing of fibers on the Dark Fiber system. Staff have processed and completed fifteen customer connection projects in FY 2021, in addition to several smaller projects involving existing fiber optic cable connections that were handled directly by Operations staff. The reduced number of projects was impacted by COVID-19 work restrictions.				
Fiber Optics Network System Improvements (FO-10001)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$221,227	\$200,000	Utilities	N/A	Recurring
	Project Status: This project improves the reliability within the fiber optic network system. A project to install a new fiber optic cable from Park Substation to the Stanford Research Park to enhance capabilities and reliability is identified and waiting for availability of staff to design This project is postponed due to the Fiber Expansion Project. The fiber contractor is expected to finish design in April 2022.				

Gas Fund Projects

Status as of December 2021

One-Time Projects

Gas Main Replacement Project 23 (GS-13001)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$984,811	\$7,951,869	Utilities	Construction	Spring 2022
	Project Status: This project enables the design and construction to replace approximately 21,700 linear feet (which represents 1.9% of the City's Gas distribution main system) of distribution main and 320 gas services constructed mainly of PVC material on various streets within the Midtown, Evergreen Park, Ventura, College Terrace, Charleston Terrace, and Research Park neighborhoods. Construction began in winter 2021 with construction scheduled to be completed in spring 2022. Gas pipeline replacement at the Town & Country Village property is on hold, while the pipeline replacement on Embarcadero Road and El Camino Real will continue.				
Gas Main Replacement Project 24 (GS-14003)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$0	\$9,000,000	Utilities	Design	Fall 2023
	Project Status: This project enables the design and construction to replace approximately 20,100 linear feet (which represents 1.9% of the City's Gas distribution main system) of distribution main and 260 gas services constructed mainly of PVC on various streets within the University Park, Stanford, and Green Gables neighborhoods. Construction is anticipated to begin summer 2022. Currently the project is on schedule to meet these dates.				

Recurring Projects

Gas Distribution System Improvements (GS-11002)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$323,979	\$500,000	Utilities	N/A	Recurring
	Project Status: This project enables Gas Distribution System improvements. Typical activities include increasing distribution system capacity for load growth, replacing deteriorated capital facilities, reconfiguring/adding to the system to improve service reliability, and conducting research related to performance of the gas distribution system or its various components making general improvements to the system. The City must continuously evaluate service reliability				

Gas Fund Projects

Status as of December 2021

	needs and make improvements to the system to maintain top level service to City customers and to minimize potential economic losses due to service interruptions. In the first half of FY 2022, replacement of various gas services throughout the system was completed.				
Gas Equipment and Tools (GS-13002)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$8,922	\$50,000	Utilities	N/A	Recurring
	Project Status: This project purchases polyethylene (PE) fusion equipment and tools, directional boring/locating equipment and tools, and general shop equipment and tools. The equipment needs to be upgraded on an annual basis to safely operate and maintain a natural gas distribution system and to ensure operators' safety and productivity. The purchase of new polyethylene peelers for all six utility crew trucks was completed in the first half of FY 2022.				
Gas Meters and Regulators (GS-80019)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$140,566	\$500,000	Utilities	N/A	Recurring
	Project Status: This project provides replacement of the existing gas meters and regulators annually. The coordination of gas meter and regulator replacements with gas meters identified to be replaced under the AMI contract, which is generally gas meters that are 25 years or older. The gas meter replacement program ensures the accuracy of gas consumption measurement, reduces possible revenue loss due to under-registered gas, and provides customers with accurate monthly bills. Replacement of aged gas meters and regulators is on-going. The next major replacement of meters and regulators will be coordinated with Gas Main Replacement Project 23 (GS-13001) and the Advanced Metering Infrastructure project.				
Gas System, Customer Connections (GS-80017)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$1,207,298	\$1,124,169	Utilities	N/A	Recurring
	Project Status: This project enables the Gas Distribution System to be extended in order to provide gas service to new customers and augment service to customers with increased natural gas demands. Improvements include new mains, services, valves, regulators, meters, and accessories. This project upgrades infrastructure to provide gas service				

Gas Fund Projects**Status as of December 2021**

	connections to new customers, meet changes in existing customer service demands, and respond to changes in gas service requirements due to new development or redevelopment. This project is funded partially from reimbursements by customers. City crews completed 45 new gas services installations and 49 gas service demolitions in the first half of FY 2022.
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Stormwater Management Projects

Status as of December 2021

One-Time Projects

Corporation Way System Upgrades and Pump Station (SD-21000)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$144,863	\$3,949,241	Public Works	Design	Fall 2022
	Project Status: This project incorporates a design of a new small pump station with 25 cubic feet per second capacity and upgrades 700 linear feet of pipe to 30-inch diameter High Density Polyethylene pipe. The existing system does not have the force needed to discharge storm flows into the Adobe Creek. Adding a pump station in advance of the outfall and upsizing the storm pipe will eliminate the routine flooding along East Bayshore Road and convey runoff from a 10-year storm event. The design consultant contract was awarded in June 2020. The consultant has reached 90% completion of the design plans. Staff is also in the process to secure an easement for the pump station from adjacent property owners. The final design will be completed in spring 2022 and construction is anticipated to start in summer 2022.				
Green Stormwater Infrastructure (SD-22001)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$0	\$500,800	Public Works	Design	Summer 2023
	Project Status: This project provides funding for Green Stormwater Infrastructure (GSI) projects and the integration of GSI features to be included in the design and implementation of planned CIP projects supported by other funds and in the future maintenance of the City's GSI assets. GSI mimics the natural environment to slow, spread, sink, and filter storm runoff through native or engineered soils or other pervious material rather than discharging it directly into storm drain inlets. Elements include bioretention planters, tree wells, pervious pavement, and rainwater harvesting (rain barrels and cisterns) to manage stormwater runoff. The GSI project for parking Lot A at Lytton Avenue and Emerson Street is still in design.				
Trash Capture Device Installation (SD-22002)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$0	\$613,000	Public Works	Design	Fall 2022
	Project Status: This project provides funding for the design and construction of a large trash capture device (TCD) to be installed in the planting strip along Embarcadero Road located in front of the Palo Alto Baylands Golf Links				

Stormwater Management Projects

Status as of December 2021

	parking lot. The TCD will be integrated into a 36-inch storm pipe to capture trash as small as five millimeters from a section of the storm drain system prior to discharging to the San Francisco Bay. The 189-acre drainage area treated by the TCD consists of 169 acres of commercial and office land use in the City's jurisdiction and 20 acres in the California Department of Transportation (Caltrans) right-of-way. A Request for Proposals will be released in spring 2022 for design and construction support.				
West Bayshore Road Pump Station (SD-20000)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$215,393	\$1,795,272	Public Works	Design	Spring 2024
	Project Status: This project incorporates design and construction of a new small pump station with 15 cubic feet per second capacity. Installing a new pump station will allow storm flows to be pumped into the Adobe Barron Creek confluence while adding a pump station in advance of the outfall would eliminate the routine flooding along West Bayshore Road and allow the system to convey runoff from a 10-year storm event. The design consultant contract was awarded in June 2020. The consultant has reached 90% completion of the design plans. Staff is also in the process to secure an easement for the pump station from adjacent property. The final design will be completed in spring 2022. Construction will start in fall 2023 with project completion expected in spring 2024.				
West Bayshore Road Trunk Line Improvements (SD-23000)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$5,271	\$2,410,175	Public Works	Design	Spring 2024
	Project Status: This project replaces approximately 1,400 linear feet of existing 15-inch diameter pipe with 36-inch High Density Polyethylene pipe. These improvements along with the new West Bayshore Road Pump Station (SD-20000) will eliminate the routine flooding along West Bayshore Road and allow the system to convey runoff from a 10-year storm event. Once the design for the pump station is finalized the consultant will advance the design for the capacity upgrades. The final design will be completed in spring 2022. Construction will start in fall 2023 with project completion expected in spring 2024.				

Stormwater Management Projects

Status as of December 2021

Recurring Projects

Storm Drainage System	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
Replacement and Rehabilitation (SD-06101)	\$374,725	\$1,013,063	Public Works	N/A	Recurring
Project Status: This project provides for annual replacement and rehabilitation to maintain the integrity of the storm drain system, including deteriorated storm drain piping, manholes, and storm drain inlets. The rehabilitation includes cured-in-place pipe (CIPP) lining, and replacement of broken pipe with HDPE. The rehabilitation project went to bid in summer 2021 with construction expected to start in early 2022.					

Wastewater Collection Fund Projects

Status as of December 2021

One-Time Projects

Wastewater Collection System Rehabilitation Augmentation Project 30 (WC-17001)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$233,372	\$4,436,778	Utilities	Construction	Fall 2022
	Project Status: This project includes the design and construction of high priority mains with structural defects that cannot be addressed with routine maintenance. The wastewater mains on various streets in the City, will be replaced with approximately 10,000 linear feet of sanitary sewer mains and associated laterals in the Ventura, Charleston Meadows, Fair Meadow, and Palo Verde neighborhoods. The anticipated start date for construction is March 2022.				

Recurring Projects

Sewer Lateral/Manhole Rehabilitation and Replacement (WC-99013)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$0	\$800,000	Utilities	N/A	Recurring
	Project Status: This project replaces defective sewer laterals, cleanouts, manholes, backwater devices, and equipment to support these activities to maintain the Wastewater Collection System, as well as to comply with the Sanitary Sewer Master Plan (SSMP). Information collected during routine annual maintenance activities is used to prioritize work. The continued work performed will also help reducing both sewage blockage and the City's treatment expenses to treat rainwater or groundwater infiltration.				
Sewer System, Customer Connections (WC-80020)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$436,902	\$450,000	Utilities	N/A	Recurring
	Project Status: This project installs sewer lateral connections and additions or extensions of existing mains to serve new customers and to respond to changes in sewer requirements due to redevelopment. Old existing non-plastic sewer laterals with condition deficiencies per Utilities Operations' criteria are required to be replaced in accordance				

Wastewater Collection Fund Projects

Status as of December 2021

	with the latest 2021 WGW Standards. This project recovers the cost for installation and maintenance through customer connection fees and capacity increase fees for connecting to the wastewater collection system.				
Wastewater General Equipment and Tools (WC-13002)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$53,446	\$120,000	Utilities	N/A	Recurring
	Project Status: This project includes the acquisition of new fusion equipment to fuse pipe joints together and other tools needed to clean and inspect the collection system. As the equipment ages, the quality of the fusion joints begins to decline, and the operators must spend more time scraping, aligning, and fusing construction joints to maintain high standards for the installation of sewer pipes. Recent examples of equipment replacement are the new jetter to flush the pipes and CCTV camera to inspect the condition of the pipes.				
Wastewater System Improvements (WC-15002)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$201,040	\$200,000	Utilities	N/A	Recurring
	Project Status: This project implements improvements to the Wastewater Collection System by increasing system capacity for growth, flow monitoring, hydraulic modeling and system analysis, load simulations, asset management analysis and assessment, system inflow/infiltration analysis, and sanitary sewer overflow monitoring and reduction. Replacement of the City's legacy wastewater maintenance and asset management software (from ICOM to Sedaru) was completed in May 2021.				

Wastewater Treatment Fund Projects

Status as of December 2021

One-Time Projects

Advanced Water Purification Facility (WQ-19003)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$223,692	\$20,216,590	Public Works	Design	Fall 2024
	Project Status: This project enables the design and construction of an Advanced Water Purification Facility to further improve the quality of the tertiary-treated recycled water by ultrafiltration followed by reverse osmosis to reduce the level of total dissolved solids. The water reuse partnership agreement with Valley Water and Mountain View provides \$16 million in funding from Valley Water for this project. The City has received a State low-interest loan for the design and construction phases. The design is currently at 60% completion and is expected to be completed in fall 2022, with project construction completion in fall 2024.				
Headworks Facility Replacement (WQ-16002)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$0	\$49,120,400	Public Works	Design	Fall 2027
	Project Status: This project replaces influent pumping, including the suction and discharge piping, pipe manifolds, valves, the electrical and controls system, screening equipment, grit handling equipment, the force main to the primaries and modifying headworks building, and yard piping. Solicitation for a consultant to perform Advance Planning is expected in summer 2022.				
Horizontal Levee Pilot (WQ-22001)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$0	\$832,100	Public Works	Design	Summer 2027
	Project Status: This project consists of the design, permitting, and construction of a horizontal levee pilot system. The system will utilize treated wastewater to create a transitional brackish habitat on the Bayside of a future flood control levee located in the Palo Alto Baylands, adjacent to the City of Palo Alto's Regional Water Quality Control Plant (RWQCP). Information and data collected by this pilot system could support broader implementation of horizontal levees as green infrastructure components in larger flood control levee improvement projects within Palo Alto and beyond. The project is currently at 60% design and working towards completing CEQA review by the end of 2022.				

Wastewater Treatment Fund Projects

Status as of December 2021

New Laboratory and Environmental Services Building (WQ-14002)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$363,705	\$24,149,059	Public Works	Design	Fall 2027
	Project Status: This project was originally envisioned to replace the existing plant laboratory and environmental services offices. A design consultant completed preliminary design in early 2020. Staff are currently revising space planning assumptions and have put further design efforts on hold until more advanced planning can be completed.				
Outfall Line Construction (WQ-19000)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$0	\$10,668,115	Public Works	Design	Summer 2026
	Project Status: This project consists of the construction of a new parallel outfall pipe to convey final plant effluent to San Francisco Bay. Design was completed in fall 2020. The PWE / USACOE Levee Project requires a re-design of the pipeline to accommodate a potential failure runway shift at PAO Airport. Staff is currently working with PAO / FAA staff towards gaining FAA concurrence for the project re-design. The re-design and re-permitting could delay the project by several years. The City has received a State low-interest loan for the design and construction phase, and the State is working with the City to retain the loan through the re-design process.				
Plant Master Plan (WQ-10001)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$4,509,091	\$5,513,891	Public Works	Construction	Fall 2022
	Project Status: This project enables the ongoing program management support for major capital projects. Current tasks include developing scopes of work, evaluating consultant proposals, coordinating project management activities, pursuing State low-interest loans for multiple projects, and updating partner agreements. The consultant continues to provide support for the projects associated with the Long-Range Facilities Plan (LRFP).				
Primary Sedimentation Tank Rehabilitation	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$770,112	\$20,616,546	Public Works	Construction	Winter 2023
	Project Status: This project enables the design and construction for new protective coatings on each of the four concrete primary sedimentation tanks, with replacement of worn rotating parts and mechanical and electrical				

Wastewater Treatment Fund Projects

Status as of December 2021

(WQ-14003)	equipment. These tanks were installed in 1972 and the recoating project will extend the concrete life for another 30 years. Construction began in June 2021. The design and construction cost of the project is funded by a state low-interest loan via Clean Water State Revolving Fund with the Installment Sale Agreement executed on 7/12/2021.				
Secondary Treatment Upgrades (WQ-19001)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$2,432,159	\$128,952,177	Public Works	Design	Winter 2026
	Project Status: This project upgrades the Secondary Treatment process at the Regional Water Quality Control Plant. The existing Secondary Treatment process has two main components; the Fixed Film Reactors (FFR) and the Activated Sludge (AS) Process. This project includes the reconstruction of the AS process, rehabilitation of the AS Aeration Basins, and the elimination of the FFRs. The 90% design milestone is complete, with a completion of design expected in spring 2022. Construction is expected to start in spring 2023. The City has received a State low-interest loan for the design and construction phases.				

Recurring Projects

Plant Repair, Retrofit and Equipment Replacement (WQ-19002)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$2,269,938	\$8,791,959	Public Works	N/A	Recurring
	Project Status: This project enables the assessment, repair, and retrofit of the Plant's concrete and metal structures; the replacement of necessary Plant equipment and ancillary facilities, including electrical equipment/systems, to maintain treatment reliability and existing infrastructure; and the replacement of large diameter flow meters built into the wastewater treatment system on sewers, pipes, and water lines. Current projects include the design of the 12kV Electrical Loop Upgrade Project, which is 90% complete and the construction of the Secondary Clarifier Nos. 4 and 6 Mechanism Replacement project, which was completed in October 2021.				

Water Fund Projects

Status as of December 2021

One-Time Projects

Water Main Replacement Project 28 (WS-14001)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$267,126	\$11,106,620	Utilities	Design	Fall 2023
	Project Status: This project will replace approximately 18,600 linear feet (which represents 1.6% of the City's water distribution system) of mains and 265 services on various streets in the City, including areas in the Duveneck, St. Francis, Barron Park and Charleston Meadows neighborhoods. Construction is anticipated to begin in summer 2022.				
Water Recycling Facilities (WS-07001)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$710,106	\$1,243,714	Utilities	Pre-Design	Fall 2023
	Project Status: This project allows the City to hire a consultant to prepare a business plan, prepare preliminary design, and secure funding options for an expansion of the existing recycled water delivery system in the City. The pipeline will primarily serve the Stanford Research Park and provide an alternative supply source of 435,600 cubic feet per year, roughly 10% of Palo Alto's total water consumption in 2015. The environmental impact report was completed in September 2015. The expansion pipeline is one of several water reuse projects being considered in the Northwest County Recycled Water Strategic Plan. This, or one of the other projects, may be recommended to Council for design and construction. Staff is considering expanding the recycled water distribution system as one project to be evaluated against other alternatives in the One Water Plan tentatively scheduled for council approval in spring 2023. The earliest such a project could begin is fall 2023.				
Water Regulation Station Improvements (WS-07000)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$1,632,938	\$2,099,995	Utilities	Design	Summer 2023
	Project Status: This project for Water Regulation Station Improvements includes seismic upgrades, piping improvements and other various upgrades to increase the structural reliability of three of the City's turnouts with SFPUC. Work under this project includes Seismic Upgrade of California and Page Mill Turnouts. Structural				

Water Fund Projects

Status as of December 2021

	evaluation for restraining the Page Mill turnout and piping will be included in the design. The design for both turnouts will be posted for bid in winter 2022, with construction anticipated to begin in fall 2022.				
Water Tank Seismic Water System Upgrades (WS-09000)	Prior Years Actuals	Total Project Budget	Implementing Department	Project Phase	Project Completion
	\$4,809,313	\$26,311,365	Utilities	Construction	Spring 2022
	Project Status: This project for Seismic Water System Upgrades includes seismic upgrades at the Montebello, Mayfield, Corte Madera, Park, Boronda, and Dahl Reservoirs in compliance with the American Society of Civil Engineers (ASCE 7) seismic codes. Seismic upgrade of Boronda and Montebello Reservoirs was completed in 2016 and 2018. The Mayfield Reservoir was rehabilitated in September 2020. The tank replacement work at Corte Madera Reservoir is currently under construction. The new steel tank is expected to be completed in spring 2022. The financial study (rehabilitation vs. replacement) of the Park and Dahl Reservoir was completed. Further investigation of the existing tank-roof condition is needed before a final recommendation can be made. The design for the Park and Dahl Reservoirs is anticipated to begin in spring 2022.				

Recurring Projects

Water Distribution System Improvements (WS-11003)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$351,430	\$277,553	Utilities	N/A	Recurring
	Project Status: This project enables improvements to water distribution system deliverability and reliability. Typical activities include installing restraining joints at critical pipelines and bridge crossings, increasing the size of inadequate facilities, system leakage surveys, network modeling, and fire flow studies or other system improvements as required. Continuous evaluation of system needs and making required improvements is necessary to maintain adequate quantities of quality water, meeting local, state, and federal safe drinking water standards. During the last six months the Mayfield Reservoir variable frequency drive (VFD) replacement and back-up controls were completed. El Camino Pump Station pump programming was completed and tested to add the capability for the El Camino Reservoir to pump into zone 1 in addition to zone 2. Staff continues the asbestos				

Water Fund Projects

Status as of December 2021

	cement pipe (ACP) study and is in the process of collecting pipe samples whenever we encounter an ACP to be replaced.				
Water, Gas, Wastewater Utility GIS Data (WS-02014)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$174,173	\$483,958	Utilities	N/A	Recurring
	Project Status: This project enables contracts related to Utilities GIS (Geographic Information System) needs. AME database is heavily utilized by Utilities Engineering staff to update the utility information in GIS. The updated information is used by various City staff, such as marking/locating underground utilities to comply with USA (Underground Service Alert) requirements; developing design drawings for pipeline replacement projects; verifying existing underground utilities during construction activities; creating customized utility map books for field crews and on-call personnel to meet their specific needs. Annual surveying contracts collect GPS points of existing above-ground utility features within the CIP project areas. The data being collected continues to be used to correct the GIS database. Accurate utility data helps the design to select new pipe alignment to minimize construction conflicts.				
Water General Equipment/Tools (WS-13002)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$38,271	\$100,000	Utilities	N/A	Recurring
	Project Status: This project acquires new equipment and tools, the replacement of existing fusion equipment, and other associated tools. The fusion equipment is used to fuse together pipe joints in the City's water distribution system. Equipment and tools are required to be upgraded on an annual basis to maintain high quality standards for the installation of the City's water distribution mains, along with the associated service standards and worker safety and productivity measures. Staff purchased new Polyethylene peelers for pipe fusions in the first half of FY 2022.				
Water Meters (WS-80015)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$92,385	\$546,364	Utilities	N/A	Recurring

Water Fund Projects

Status as of December 2021

	Project Status: This project enables the purchasing of meters for new customers, upgrading meters for current customers, installing meter bypasses, and replacing obsolete meters that are no longer repairable. This funding also allows for annual testing and calibration of selected meters to maintain meter accuracy and reliability. During the AMI implementation process approximately 50% of the meters will be replaced. Staff is currently targeting large diameter meter sets to be replaced first in preparation for the upcoming AMI project.				
Water Service Hydrant Replacement (WS-80014)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$84,364	\$400,000	Utilities	N/A	Recurring
	Project Status: This project replaces system control valves, deteriorated galvanized service lines, lead goosenecks, and fire hydrant valves and assemblies per the Fire Department's flow testing, upgrades fire hydrants in main line replacement project areas, and replaces existing undersized or deteriorated copper water services.				
Water System Customer Connections (WS-80013)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$1,000,327	\$877,250	Utilities	N/A	Recurring
	Project Status: This project allows for improvements that include new main extensions, valves, domestic services, meters on upgraded services, backflow devices, fire services, and fire hydrants. System extensions are required to provide service to new large developments and to serve existing customers requesting expanded service.				
Water System Supply Improvements (WS-11004)	Prior Year Actuals	Current Year Budget	Implementing Department	Project Phase	Project Completion
	\$277,553	\$197,013	Utilities	N/A	Recurring
	Project Status: This project evaluates and improves the City's water distribution system on an as-needed basis. This project includes piping modifications, equipment replacements associated with water delivery, supervisory control software upgrades, system modifications for water system quality compliance, conditional assessment of the reliability of transmission mains, and security system installations. The water system includes the connection facilities between the City's and the San Francisco Public Utility Commission's pipelines, emergency water wells within the City, pumping stations, water reservoirs, and pipelines.				

List of Completed Projects

<u>CIP #</u>	<u>Project Name</u>	<u>Project Description</u>	<u>Project Type</u>	<u>Fund Source</u>	<u>Department</u>	<u>Season Completed</u>	<u>Year Completed</u>	<u>Total Project Budget **</u>	<u>CMR Date</u>
EL-14005	Reconfigure Quarry Feeders	This project reconfigured the distribution circuits to the substation transformer at Quarry Substation. Design of QR 27 feeder replacement was completed in spring 2021. Construction was completed in December 2021 .	Construction	Electric	Utilities	Fall	2021	\$ 792,034	December 2021
AC-18001	JMZ Renovation	This project provided for the relocation of the Junior Museum and Zoo to Cubberley for two years while a new JMZ was being built, tenant improvements to the Cubberley Auditorium and then removal of tenant improvements post-construction. Construction of the new Junior Museum and Zoo started in June 2018 and was completed in late 2021. The new Junior Museum and Zoo was opened to the public on November 12, 2021.	Construction	Buildings and Facilities	Community Services	Fall	2021	\$ 2,927,870.00	
PE-18002	High and Bryant Street Garages Waterproofing and Repairs	This project included a systems analysis and repaired the water proofing system in the High Street and Bryant Street parking garages. Water proofing repairs were completed in the High Street parking garage. Additional funding was added and the contractor completed waterproofing repairs in the subterranean stairwells in the Bryant Street garage in fall 2021.	Construction	Buildings and Facilities	Public Works	Fall	2021	\$ 264,235.00	
PE-11011	Highway 101 Pedestrian Bicycle Overpass Project	As part of the 2014 Council Infrastructure Plan, this project designed and constructed a new pedestrian bridge across Highway 101 at Adobe Creek. Council approved a contract with Granite Construction in November 2019. Construction began in January 2020. The project construction completed on November 20, 2021, with a ribbon-cutting ceremony and a community celebration.	Construction	Traffic and Transportation	Public Works	Fall	2021	\$ 22,889,453	
EL-12001	Underground District 46 Charleston	This project undergrounded the existing overhead utility systems in the area along the 400 block of West Charleston and El Camino Real. Staff completed cable, equipment installation and 100% of customer service conversions. The construction for the final phase of the project to install two 60 foot tall steel poles and to reconductor the 60 kV sub-transmission lines was completed in the fall 2021.	Construction	Electric	Utilities	Fall	2021	\$ 3,904,425	
OS-18001	Pearson Arastradero Preserve Parking lot Improvement	This project improved the Pearson Arastradero Preserve parking lot by improving the base rock surfacing, adding drainage, widening the entrance for safety, and new fencing. This new improvement will allow the overflow parking area to be open year round. The work was completed in May 2021.	Construction	Parks and Open Space	Community Services	Spring	2021	\$ 170,300	
CB-16001	Cubberley Community Center Master Plan	This project developed the master plan for future use of the Cubberley Community Center site by the City and Palo Alto Unified School District.	Study	Buildings and Facilities	Community Services	Spring	2021	\$ 926,792	

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CB-19001	Cubberley Building Management Systems	This project replaced the Building management System(BMS) controls for the pavilion, Theater, Wing I, and Gyms A and B boiler rooms at the Cubberley Community Center. The project included the installation of control points for each building along with controllers, valve and damper actuators.	Construction	Buildings and Facilities	Public Works	Spring	2021	\$ 350,000	June 2021
FD-14002	Fire Ringdown System Replacement	This project replaced the current ring down system that provides an audible alert of calls in the fire stations. Ongoing installations started in 2018 and were completed with Fire Station #3.	Construction	Buildings and Facilities	Fire Department	Spring	2021	\$ 400,144	
PD-14000	Internal Alarm System Replacement	The project replaced the citywide internal alarm system. The alarms at City Hall migrated to this new system in FY 2019, but was completed in early 2021.	Construction	Buildings and Facilities	Police Department	Winter	2021	\$ 77,569	
FD-20001	Self Contained Breathing Apparatus (SCBA) Air Compressor Replacement	This project replaced the central air compressor that provides air for the self-contained breathing apparatus (SCBA) tanks to ensure firefighter safety when entering environments with hazardous air quality.	Construction	Buildings and Facilities	Fire Department	Spring	2021	\$ 94,500	
AP-20000	Airport Electrical Improvements	This project replaced the outdated electrical panels for the Palo Alto Airport office rental spaces. Construction was completed in January 2021.	Construction	Airport	Public Works	Winter	2021	\$ 146,466	
PE-18000	New California Avenue Area Parking Garage	This project built the California Avenue Area Parking Garage, as part of the 2014 Council Infrastructure Plan. The parking garage has 627 parking spaces with 2 basement levels and 4 above grade floors. The garage features an automated parking space guidance system, EV charging stations, bicycle parking, and motorcycle parking. The garage was opened to the public on December 8, 2020.	Construction	Buildings and Facilities	Public Works	Fall	2020	\$ 50,119,976	
PF-14002	Fire Station 1 Improvements	This project updated the individual sleeping quarters in the firehouse to address gender issues and privacy concerns. Fire Station #1 was the only fire station in the City that did not have separate bedrooms to accommodate male and female firefighters. This project was completed in fall 2020.	Construction	Buildings and Facilities	Public Works	Fall	2020	\$ 187,064	
GS-18000	Gas ABS/Tenite Replacement Project	This project replaced gas services laterals constructed of Acrylonitrile-butadiene-styrene (ABS) or Tenite material on various streets. Council approved funding in June 2019. The project replaced 104 ABS and Tenite gas services. The WQCP ABS gas service is assigned to Utility Operations for replacement and the remaining five ABS gas services will be scheduled for replacement once the five-year moratorium ends on those streets. As of November 2020, this project is complete.	Construction	Gas	Utilities	Fall	2020	\$ 2,615,100	

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SD-19000	Loma Verde Avenue Trunk Line Improvements	This project replaced 1,750 linear feet of storm drain with 48-inch diameter High Density Polyethylene (HDPE) pipe and associated catch basins, laterals and manholes. In addition to underground work, additional street restoration and concrete work was completed. Work includes resurfacing one full lane on Loma Verde from the beginning to the end of the project limits, replacement of driveways, sidewalk, and 718 linear feet of curb and gutter. The contract was awarded in June 2020, construction work began in August 2020, and was completed in December 2020.	Construction	Storm Drain	Utilities	Fall	2020	\$ 2,976,813	December 2020
WS-19000	Mayfield Reservoir Subgrade and Venting Repair	This project is part of the City's recent seismic upgrade and emergency water supply and storage projects. The reservoir was drained in 2012 for approximately two years to allow extensive seismic rehabilitation work to be performed and construction of a new pump station. Subsequently hairline cracks were sealed in the reservoir. A geotechnical consultant was hired to evaluate the tank foundation. This study was completed and there were several options identified. Staff has completed the design and construction of the vent screen replacement and crack sealing.	Construction	Water	Utilities	Fall	2020	\$ 600,000	
EL-11010	Underground District 47 Middlefield, Homer, Webster, Addison	This project undergrounded the existing overhead distribution system in the area bounded by Middlefield Road, Homer Avenue, Webster Street, and Addison Avenue. Installation of substructures and utility electric system is completed. Where possible, the overhead electric lines were removed and poles cut down to the level of the communication lines.	Construction	Electric	Utilities	Fall	2020	\$ 3,649,356	
WC-16001	Wastewater Collection System Rehabilitation Augmentation Project 29	This project replaced of 8,972 linear feet of wastewater mains. The sanitary sewer mains, laterals, and manholes to be rehabilitated or replaced in this project are located in the Charleston Meadows neighborhood. Construction started in February 2020 and was suspended for almost 3 months due to COVID-19 County's Shelter-in-Place Order. The project is complete as of December 2020.	Construction	Wastewater Collection	Utilities	Fall	2020	\$ 4,434,839	
PF-18000	Parking Lot J Elevator Modernization	This project modernized the existing elevators at parking Lot J. The project involves upgrading the interior of the elevators, elevator control interface, call buttons, and meeting current ADA standards. Construction started in April 2019. Project is complete except for the State final inspection on the second car. State is behind because of COVID, but the inspection should be done by the end of July 2020.	Construction	Buildings and Facilities	Public Works	Spring	2020	\$ 781,324	
PE-15003	Fire Station 3 Replacement	This project replaced the existing Fire Station at Embarcadero Road and Newell Road with a new structure that meets essential services standards and current program needs. Construction completed in March 2020.	Construction	Buildings and Facilities	Public Works	Winter	2020	\$ 10,080,258	

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WS-08001	Water Reservoir Coating Improvements	This project included the recoating of four steel tanks. Work under this project was included in the Seismic Upgrade of four Steel Tanks and the three Turnout Projects. Once construction started, it was found that the Montebello Reservoir was in very poor condition. Due to escalating costs associated with roof replacement, staff decided to complete construction of the Montebello Reservoir and re-evaluate the remaining three tanks for replacement.	Construction	Water	Utilities	Spring	2020	\$ 2,141,172	June 2020
WS-13001	Water Main Replacement - Project 27	This project replaced approximately 9,600 linear feet of structurally deficient, aging, or corroded water mains and services along the mains on Sand Hill Road, Oak Creek Drive (5%) and Fulton Avenue.	Construction	Water	Utilities	Spring	2020	\$ 7,786,998	
WC-15001	Wastewater Collection System Rehabilitation Augmentation Project 28	This project enabled the design and construction of a high priority wastewater main and lateral replacement work to reduce inflow of rainfall and ground water into the collection system. The project replaced or rehabbed a total of 7,655 linear feet of wastewater mains located in the Leland Manor/Garland, Midtown West, and Lower Page Mill/Los Altos Hills areas of the City.	Construction	Wastewater Collection	Utilities	Spring	2020	\$ 5,665,897	
EL-17003	VA Hospital - Customer Load Requirements	This project met the growing electric needs of the VA Hospital. Staff has had numerous discussions with VA Hospital on electric load growth at the hospital and anticipated needs from the utility. Much of the cost is reimbursed to the City by the VA Hospital. Staff has prepared preliminary designs for interim solutions and is awaiting additional information from VA to develop long range plans to meet their future needs.	Design	Electric	Utilities	Spring	2020	\$ 84,984	
EL-04012	Utility Site Security Improvements	This project added electronic security systems at utility sites to protect equipment at electric substations, water pumping plants, reservoirs, and gas stations from intrusion and vandalism. Cameras and detection systems have been installed at nine electric substations, three water stations, and one natural gas station to monitor facilities.	Construction	Electric	Utilities	Spring	2020	\$ 1,644,681	
EL-11008	Rebuild Underground District 19	This project rebuilt and replaced the underground electric system in Underground District 19, the area bounded by Forest Avenue, Waverley Street, Addison Avenue, and Alma Street.	Construction	Electric	Utilities	Spring	2020	\$ 149,023	

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FD-18000	Self Contained Breathing Apparatus Replacement	This project replaced Self Contained Breathing Apparatus equipment (SCBA) used by firefighters when entering hazardous conditions when responding to fire and hazardous materials incidents. The SCBA provides breathable air for firefighters when entering environments where the atmosphere is immediately dangerous to life or health. The expected service life for SCBAs is 15 years.	Purchase	Buildings and Facilities	Fire Department	Spring	2020	\$ 799,999	
FD-20000	Cardiac Monitor Replacement	This project replaced the entire complement of twenty cardiac monitors in the Department. Along with other tools needed for patient assessment and airway verification, cardiac monitors assess cardiac activity in patients and provide defibrillation and pacing.	Purchase	Buildings and Facilities	Fire Department	Spring	2020	\$ 850,000	
PL-16001	Downtown Mobility and Safety Improvements	This project included the construction of curb extensions and the installation of new pedestrian signal heads and traffic signal modifications in 2019 as part of the Upgrade Downtown project.	Construction	Traffic and Transportation	Office of Transportation	Fall	2019	\$ 1,819,847	December 2019
FD-20002	Thermal Imaging Cameras Replacement	This project replaced the Thermal Imaging Cameras (TICs) on all fire and response vehicles used to help identify the location of victims; assess the source of fires, smoke, and heat; to assist in creating a plan of action.	Purchase	Buildings and Facilities	Fire Department	Fall	2019	\$ 99,000	
WC-11000	Wastewater Collection System Rehabilitation Augmentation Project 24	This project addressed areas that were identified in Wastewater Capital Improvement Project 17 (Cleaning and Video Inspection of the Collection System) as needing rehabilitation. This project was combined with Project 25 and 26(WC-12001; WC-13001).	Construction	Wastewater Collection	Utilities	Fall	2019	\$ 3,131,595	
WC-13001	Wastewater Collection System Rehabilitation Augmentation Project 26	This project was combined with Project 24 and 25(WC-11001; WC-12001). All new service laterals were installed from the new sewer main to the new sewer cleanouts located in the City's right-of-way.	Construction	Wastewater Collection	Utilities	Fall	2019	\$ 3,309,998	
CB-19000	Cubberley Track and Field Replacement	This project replaced the synthetic turf field, installed an all-weather track and a fitness area.	Construction	Parks and Open Space	Public Works	Fall	2019	\$ 1,851,708	
PE-14018	Baylands Boardwalk Improvements	This project replaced the existing boardwalk with similar alignment and configuration.	Construction	Buildings and Facilities	Public Works	Winter	2019	\$ 2,123,681	
PE-17009	City Hall Floor 4 Remodel	This project improved the Administrative Services Department offices on the fourth floor of City Hall.	Construction	Buildings and Facilities	Public Works	Winter	2019	\$ 494,818	
PE-14015	Lucie Stern Buildings Mechanical and Electrical Upgrades	This project replaced and upgraded the mechanical, electrical, and fire/life safety systems at Lucie Stern Children's Theater, Lucie Stern Community Theater, and Lucie Stern Community Center.	Construction	Buildings and Facilities	Public Works	Spring	2019	\$ 6,142,607	

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PL-16000	Quarry Road Improvements and Transit Center Access	This project included planning, design and construction of bicycle and pedestrian improvements along Quarry Road.	Construction	Traffic and Transportation	Planning and Community Environment	Spring	2019	\$ 5,148,378	June 2019
EL-17008	Utility Control Center Upgrades	This project upgraded the Utility Control Center working environment.	Construction	Electric	Utilities	Winter	2019	\$ 499,997	
GS-12001	Gas Main Replacement Project 22	This project replaced approximately 23,700 linear feet of gas mains and services along University Avenue and other streets in the Downtown North neighborhood.	Construction	Gas	Utilities	Spring	2019	\$ 11,658,997	
WC-12001	Wastewater Collection System Rehabilitation / Augmentation Project 25	This project was combined with Project 24 and 26 (WC-11001; WC-13001) replacing 45,294 linear feet of sanitary sewer mains in university South, Professorville and Old palo Alto neighborhoods.	Construction	Wastewater Collection	Utilities	Spring	2019	\$ 3,211,998	
WQ-14001	Dewatering and Loadout Facility	This project provides funding for the design and construction of the sludge dewatering facility and truck loadout to retire existing dewatering and sewage sludge incinerators.	Construction	Wastewater Treatment	Public Works	Spring	2019	\$ 27,497,551	
WS-12001	Water Main Replacement – Project 26	This project replaced approximately 11,000 linear feet of aging water mains and services which included water main replacement as part of the Upgrade Downtown Project.	Construction	Water	Utilities	Spring	2019	\$ 7,506,161	
PE-17009	City Hall Floor 5 Remodel	This project improved the Planning and Community Environment (PCE) Department offices on the fifth floor of City Hall.	Construction	Buildings and Facilities	Public Works	Summer	2018	\$ 525,000	December 2018
AC-14001	Baylands Nature Interpretive Center Exhibit Improvements	This project replaced worn out or non-functioning exhibits at the Baylands Nature Interpretive Center.	Construction	Buildings and Facilities	Community Services	Summer	2018	\$ 56,000	
PE-17000	Mitchell Park Adobe Creek Bridge Replacement	This project replaced the existing bridge over Adobe Creek in Mitchell Park.	Construction	Parks and Open Space	Public Works	Summer	2018	\$ 250,000	
PD-14000	Internal Alarm System Replacement	This project replaced the citywide system of panic alarms from various departments and the Council chambers.	Construction	Buildings and Facilities	Police	Summer	2018	\$ 78,000	
EL-14004	Maybell 1&2 4/12kV Conversion	This project converted circuits 1 & 2 at Maybell substation from 4kV to 12kV.	Construction	Electric	Utilities	Fall	2018	\$ 364,796	
GS-15001	Security at City Gas Receiving Stations	This project equiped the City's four Gas Receiving Stations with video surveillance systems.	Construction	Gas	Utilities	Summer	2018	\$ 150,000	

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SD-13003	Matadero Creek Storm Water Pump Station and Trunk Line Improvements	This project upgraded the capacity to the Matadero Creek Storm Water Pump Station, which serves a low-lying 1200-acre area of southeastern Palo Alto.	Construction	Storm Drain	Public Works	Summer	2018	\$ 6,685,317	
AP-16002	Wildlife Hazard Management Plan	The Wildlife hazard Management Plan identified the specific actions the airport will take to mitigate the risk of wildlife strikes on or near the airport.	Study	Airport	Public Works	Summer	2018	\$ 63,415	
WC-14001	Wastewater Collection System Rehabilitation Augmentation Project 27	This project replaced 16,859 linear feet of sanitary sewer mains of various sizes on various streets.	Construction	Wastewater Collection	Utilities	Winter	2018	\$ 4,022,455	June 2018
PG-15000	Buckeye Creek Hydrology Study	This project analyzed flooding conditions and recommended flood control structures and drainage and erosion control solutions for the creek located within Foothills Park.	Study	Parks and Open Space	Public Works	Spring	2018	\$ 167,741	
PE-17004	CalTrain Corridor Video Management System Installation	This project replaced two existing gateway signs in the right-of-way for the California Avenue business district.	Construction	Streets and Sidewalks	Public Works	Spring	2018	\$ 1,550,000	
PF-16003	Parking Lot Q Elevator Modernization	This project modernized the existing elevator at Parking Lot Q.	Construction	Buildings and Facilities	Public Works	Fall	2017	\$ 170,608	December 2017
PE-13003	Parks, Trails, Open Space, and Recreation Master Plan	This master plan provided guidance on the recreation and improvement needs for Palo Alto's parks, trails, open space and recreational programs.	Study	Parks and Open Space	Community Services	Fall	2017	\$ 627,057	
PE-12003	Rinconada Park Master Plan	This project developed a plan for short, medium and long range improvements to the regional park including the consideration of pathways, new restrooms and playgrounds, new landscaping, and revitalization of underutilized areas within the park.	Study	Parks and Open Space	Community Services	Fall	2017	\$ 541,355	
PE-13012	Structural Assessment of City Bridges	The project developed an inventory of all City-owned bridges and culvert structures, condition assessment, cost estimate for rehabilitation, and recommendation for future inspection frequencies, assessment and improvements.	Study	Buildings and Facilities	Public Works	Fall	2017	\$ 198,529	
WC-11000	Wastewater Collection System Rehabilitation / Augmentation Project 24	Combined with Project 25 and 26 (WC-12001; WC-13001), this project replaced and/or rehabilitated approximately 42,398 linear feet of sanitary sewer mains of various sizes, 779 sewer laterals, and 121 sewer manholes.	Construction	Wastewater Collection	Utilities	Fall	2017	\$ 3,119,806	

List of Completed Projects

<u>CIP #</u>	<u>Project Name</u>	<u>Project Description</u>	<u>Project Type</u>	<u>Fund Source</u>	<u>Department</u>	<u>Season Completed</u>	<u>Year Completed</u>	<u>Total Project Budget **</u>	<u>CMR Date</u>
WC-13001	Wastewater Collection System Rehabilitation / Augmentation Project 26	Combined with Project 25 and 26 (WC-12001; WC-13001), this project replaced and/or rehabilitated approximately 42,398 linear feet of sanitary sewer mains of various sizes, 779 sewer laterals, and 121 sewer manholes.	Construction	Wastewater Collection	Utilities	Fall	2017	\$ 3,361,118	
PG-13003	Golf Reconfiguration and Baylands Athletic Center Improvements	This project completed the rehabilitation of the Palo Alto Municipal Golf Course, including a new layout for the course, new prefabricated restroom, new water-saving turf and irrigation system, and rebranded the course as the Baylands Golf Links.	Construction	Parks and Open Space	Public Works	Fall	2017	\$ 13,675,177	
GS-11000	Gas Main Replacement – Project 21	This project combined with GWR 19B & GMR 20 and replaced ABS gas mains and services.	Construction	Gas	Utilities	Winter	2017	\$ 2,364,937	
WS-11000	Water Main Replacement – Project 25	This project provided installation of approximately 11,869 linear feet of new High Density Polyethylene (HDPE) water mains, 232 new HDPE water services, and 15 new fire hydrants within the City limits.	Construction	Water	Utilities	Winter	2017	\$ 5,445,069	
WS-15004	Water System Master Plan	The 2015 Water System Master Plan identified present capital improvements and replacement rates required to ensure optimal reliability levels of service to the existing distribution and transmission systems.	Study	Water	Utilities	Spring	2017	\$ 500,000	
WC-10002	Wastewater Collection System Rehabilitation / Augmentation Project 23	Combined with Project 22 (WC-09001). This project replaced and/or rehabilitated approximately 33,497 linear feet of sanitary sewer mains of various sizes, 554 sewer laterals, and 102 sewer manholes.	Construction	Wastewater Collection	Utilities	Winter	2017	\$ 1,272,289	
EL-10009	Street Light System Street Light System Conversion Project	This project converted HPS streetlights to LED and the conversion of approximately 4500 cobrahead streetlight fixtures.	Construction	Electric	Utilities	Spring	2017	\$ 696,918	
EL-13006	Sand Hill / Quarry 12kV InterTie	This project installed new wire to connect circuits QR-24 and QR-27 in the Sand Hill/Quarry area.	Construction	Electric	Utilities	Winter	2017	\$ 208,648	
EL-15001	Electric Substation Battery Replacement	This project replaced the batteries in all nine of the City's electric substations.	Construction	Electric	Utilities	Winter	2017	\$ 400,000	
PG-13001	Stanford/Palo Alto Playing Fields Soccer Turf Replacement	This project replaced the synthetic turf at the Stanford/Palo Alto Playing Fields.	Construction	Parks and Open Space	Community Services	Fall	2016	\$ 1,499,979	

List of Completed Projects

<u>CIP #</u>	<u>Project Name</u>	<u>Project Description</u>	<u>Project Type</u>	<u>Fund Source</u>	<u>Department</u>	<u>Season Completed</u>	<u>Year Completed</u>	<u>Total Project Budget **</u>	<u>CMR Date</u>
PG-09003	Park Maintenance Shop Remodel	This project renovated and remodeled the Parks maintenance shop for safety and efficiency upgrades.	Construction	Parks and Open Space	Community Services	Summer	2016	\$ 94,419	June 2017
PE-12017	City Hall First Floor Renovations	This project installed new elevator control panels and replaced the gray-painted panels inside the elevators.	Construction	Buildings and Facilities	Public Works	Summer	2016	\$ 3,974,963	
PE-11012	Temporary Main Library	This project created a temporary main Library to be used while the new one was being constructed.	Construction	Buildings and Facilities	Public Works			\$ 156,254	
PE-15029	Baylands Nature Interpretive Center Facility Improvement	The project replaced decking, railings, structural framing members, exterior wood flooring, and cabinetry, restroom reconfiguration, and provided Americans with Disabilities Act (ADA) improvements.	Construction	Buildings and Facilities	Public Works	Spring	2017	\$ 889,452	
PE-13008	Bowden Park Improvements	This project improved the children's playground and included park amenity upgrades such as new playground equipment, a new retaining wall, surfacing and pathway upgrades, planting restoration and irrigation renovations, and replaced of damaged wood benches and the playground perimeter fence.	Construction	Parks and Open Space	Community Services	Summer	2016	\$ 421,126	
PE-13020	Byxbee Park Trails	This project provided trail and site amenities over the remaining area of the landfill cap.	Construction	Parks and Open Space	Public Works	Fall	2016	\$ 334,607	
PE-17002	City Hall Floor 3 Remodel	This project improved the Utilities Department administrative offices on the third floor of City Hall. It included new carpet, wall reconfiguration, a kitchenette, cabinets, paint, soundproofing, office furniture, doors, and associated building systems.	Construction	Buildings and Facilities	Public Works	Spring	2017	\$ 440,000	
PE-14015	Lucie Stern Buildings Mechanical and Electrical Upgrades – Phase 1	This project replaced and upgraded the mechanical, electrical, and fire/life safety systems at Lucie Stern Children's Theater, Lucie Stern Community Theater, and Lucie Stern Community Center.	Construction	Buildings and Facilities	Public Works	Summer	2016	\$ 3,247,248	
PG-12004	Sarah Wallis Park Improvements	This project improved site amenities with new concrete pathways, replaced old furnishings, and upgraded landscape with drought tolerant species.	Construction	Parks and Open Space	Community Services	Winter	2017	\$ 65,000	
AP-16003	Airport Perimeter Fence	This project replaced the perimeter fencing and gates surrounding the Palo Alto Airport boundaries to prevent unauthorized access to the airport runway in accordance with Federal and State standards.	Construction	Airport	Public Works	Spring	2017	\$ 2,003,540	

List of Completed Projects

<u>CIP #</u>	<u>Project Name</u>	<u>Project Description</u>	<u>Project Type</u>	<u>Fund Source</u>	<u>Department</u>	<u>Season Completed</u>	<u>Year Completed</u>	<u>Total Project Budget **</u>	<u>CMR Date</u>
SD-11101	Channing Avenue/Lincoln Avenue Storm Drain Improvements	This project installed of 5,800 linear feet of 36-inch to 60-inch diameter storm drain along Channing and Lincoln Avenues over three project phases to increase drainage system capacity.	Construction	Storm Drain	Public Works	Winter	2016	\$ 7,676,275	
GS-14004	Gas Distribution System Model	This project included the development, model installation, testing, documentation, and staff training of a natural gas distribution system model.	Study	Gas	Utilities	Summer	2016	\$ 149,500	
AC-14000	Art Center Auditorium Audio, Visual and Furnishings	This project replaced outdated audio visual equipment and furnishings following the auditorium's use as a temporary library.	Construction	Buildings and Facilities	Community Services	Winter	2016	\$ 150,000	December 2016
PF-15000	Rinconada Pool Locker Room	This project renovated the Rinconada Pool locker room including the changing area, restrooms, and showers in the women's and men's locker rooms.	Construction	Buildings and Facilities	Public Works	Winter	2016	\$ 464,433	
PE-13016	El Camino Park Restoration	This project installed new athletic fields, synthetic turf, field lighting, fencing, a new restroom, scorekeeper booth and storage buildings, an expanded parking lot, new bike and pedestrian pathways, landscaping, benches, and other amenities.	Construction	Parks and Open Space	Community Services	Fall	2015	\$ 5,611,122	
Notes: ** Final Project Actuals may be different from Total Project Budget amounts					Grand Total			\$ 275,679,761	

Schedule of Meetings

Published March 30, 2022

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.

Meetings are held in-person and by virtual teleconference.

MONDAY, APRIL 4

Sp. City Council Meeting, 5:00 p.m.

WEDNESDAY, APRIL 6

Sp. Utilities Advisory Commission, 6:00 p.m.

THURSDAY, April 7

Architectural Review Board Meeting, 8:30 a.m.

SATURDAY, April 9

Sp. State of the City, 11:00 a.m. (Mitchell Park Community Center)

MONDAY, April 11

Sp. City Council Meeting, 5:00 p.m.

TUESDAY, April 12

Policy & Services Committee Meeting, 7:00 p.m.

WEDNESDAY, April 13

Planning & Transportation Commission Meeting, 6:00 p.m.

THURSDAY, April 14

Historic Resources Board Meeting, 8:30 a.m.

THURSDAY, April 14

Human Relations Commission Meeting, 6:00 p.m.

MONDAY, April 18

Sp. City Council Meeting, 5:00 p.m.

TUESDAY, April 19

Sp. Finance Committee Meeting, 5:30 p.m.

WEDNESDAY, April 20

Rail Committee Meeting, 1:00 p.m.

Thursday, April 21

Architectural Review Board Meeting, 8:30 a.m.

Monday, April 25

Sp. City Council Meeting, 5:00 p.m.



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

(ID # 14252)

Meeting Date: 4/11/2022

Title: Select Applicants to Interview for the Parks and Recreation Commission

From: Lesley Milton, City Clerk

Recommendation

Direct Staff to schedule interviews with selected applicants for one vacancy on the Parks and Recreation Commission.

Discussion

Boards and Commissions are established as advisory bodies to the City Council, made up of community volunteers that provide essential feedback on matters of importance to the community. The City Clerk's office advertises and recruits for vacancies, the Council considers the applications, interviews desired candidates, and makes recommendations for appointment for the open positions.

On December 13, 2021, City Council appointed Parks and Recreation Commissioner Keith Reckdahl to the Planning and Transportation Commission. As such, the current vacancy staff is requesting to be filled is:

- One (1) position on the Parks and Recreation Commission, with term expiring March 31, 2023

For the Parks and Recreation Commission special recruitment effort, a total of 5 qualified applications have been submitted during the recruitment period.

Scheduling Interviews

During the last several recruitments, the City Council has elected to interview all qualified applicants for respective Boards and Commissions. It is at the discretion of the Council to determine if they wish to continue the past practice, interview all candidates, or identify and provide direction on a select cohort of applicants to continue to the interview processes.

Applicants from the previous Fall Recruitment period (Joy Oche, Mark Weiss, and Eve Klein) were also interviewed on November 22, 2021. Council may move to defer to their previous interviews when considering appointments, or schedule another set of interviews with the previous and new applicants.

Staff is recommending that interviews of the selected candidates be scheduled during a Special City Council meeting on April 25, 2022. Appointments then can be presented for approval at the May 2, 2022 meeting.

Membership Requirements

Per PAMC [2.25.010](#), The Parks and Recreation Commission requires each member of the commission to have Palo Alto residency and demonstrated interest in parks, open space and recreation matters.

Parks and Recreation Commission: One position

Term ending March 31, 2023

- Palo Alto Residency
- Each member of the Commission shall have a demonstrated interest in parks, open space and recreation matters.
- QUALIFIED APPLICANTS:
 1. Lester Ezrati
 2. Jason Schmidt
 3. Joy Oche
 4. Mark Weiss
 5. Eve Klein

Public Outreach

Palo Alto Municipal Code 2.16.060 requires public notification regarding vacancies of the Commissions as follows, "The City Clerk shall exercise their discretion in choosing the method of advertisement that will most effectively reach potential candidates." Based on the September 14, 2021 Policy & Services Committee meeting report ([available here](#)) regarding Board and Commission Member demographics and community representation the City Clerk's office expanded recruitment efforts through additional means to "most effectively reach potential candidates".

The Fall 2021 Boards and Commission recruitment invited applications from September 16, 2021 through October 26, 2021 through the new online application process. From that previous recruitment, 2 unselected applicants of the 15 confirmed their continued interest for the vacancy.

The Parks and Recreation Commission special recruitment invited applications from March 14, 2022 through April 4, 2022. The vacancy was

advertised through various methods in partnership with the Communications team. This included paid and digital print advertisements in the Daily Post; via the City's website and social media channels; in physical locations of the Palo Alto Libraries and Community Centers; and distributed by e-mail and through the City subscription-based notification lists.

ATTACHMENTS:

- **Attachmenta:** Attachment A - All Applications (PDF)

Parks & Recreation Commission Application

Submission date: 17 March 2022, 6:04PM
Receipt number: 35
Related form version: 3

Personal Information

Name Lester Ezrati

Address

City

Postal Code

Cell Phone Number

Home Phone Number

Email Address

Are you a Palo Alto resident? Yes

Do you have any relatives or members of your household who are employed by the City of Palo Alto, who are currently serving on the City Council, or who are Commissioners or Board Members? No

Are you available and committed to complete the term applied for? Yes

Fair Political Practices**No**

California state law requires board/commission members to file a disclosure of financial interests ([Fair Political Practices Commission, Conflict of Interest, Form 700](#)).

Do you/your spouse have an investment in, or do you or your spouse serve as an officer or director of, a company doing business in Palo Alto which you believe is key to:

1. Engage in business with the City;
2. Provide products or services for City projects; or
3. Be affected by decisions of this Board or Commission?

Excluding your principal residence, do you or your spouse own real property in Palo Alto?

No

How did you learn about the vacancy on the Parks and Recreation Commission? **Email from the City**

Consent to Publish Personal Information on the City of Palo Alto Website

Read the code, and check only ONE option below:

I give permission for the City of Palo Alto to post to the City's website the attached Board and Commission Application intact. I have read and understand my rights under Government Code Section 6254.21. I may revoke this permission at any time by providing written notice to the Palo Alto City Clerk.

Alternate Contact Information - Address

Alternate Contact Information - Phone Number

Alternate Contact Information - Email

Personal and Job Experience

Please list your relevant education, training, experience, certificates of training, licenses, and professional registration.

(621 characters max)

BA in Economics and Political Science

JD

LL.M in Taxation

Lawyer for 37 years

Tax lawyer for Hewlett-Packard for 33 years

Employment Information

Company/Employer Name

Hewlett-Packard

Occupation

Retired tax attorney

Is your Company/Employer your current one or last?

Last Employer

Please describe your involvement in community activities, volunteer and civic organizations, including dates and any offices held.

(1311 characters max)

Treasurer interfaith network for community help 2008-2010

Driver for Avenidas 2014-date

Application Questions

1. What is it about the Parks and Recreation Commission that is compatible with your experience and of specific interest to you, and why?

(1449 characters max)

I am an avid hiker

2. Please describe an issue that recently came before the Commission that is of particular interest to you and describe why you are interested in it.

(1449 characters max)

Foothills park controversy

Archived video meetings are available from the [Mendenhall Media Center](#).

3. If appointed, what specific goals would you like to see the Parks and Recreation Commission achieve, and why? How would you suggest accomplishing this?

(1656 characters max)

I believe we need to increase utilization of the current facilities.

4. Parks and Recreation Commission Members work **None** with the documents listed below. If you have experience with any of these documents, please describe that experience. Experience with these documents is not required for selection.

(483 characters max)

[Parks, Trails, Natural Open Spaces, & Recreation Master Plan \(2017\)](#)

Plan of Action to Comprehensive Plan (2017): [Community Services and Facilities Element](#) & [Natural Environment Element Baylands Master Plan \(2008\)](#)

[Park Dedication Ordinance \(Municipal Code\)](#)

[Bicycle - Pedestrian Transportation Plan \(2012\)](#)

[Youth Master Plan \(2003\)](#)

[Cubberley Community Advisory Committee Report \(2013\)](#)

[Concordia Master Plan \(2019\)](#)

If you'd like to provide any additional documents, please upload below.

Please confirm that you have read the Boards and Commissions Handbook. **Yes**

View the [Boards and Commissions Handbook](#).

Signature

Name of signatory: Lester Ezrati



[Link to signature](#)

Date Completed

03/17/2022

Parks & Recreation Commission Application

Submission date: 23 March 2022, 12:44PM
Receipt number: 37
Related form version: 3

Personal Information

Name Jason Schmidt

Address

City

Postal Code

Cell Phone Number

Home Phone Number

Email Address

Are you a Palo Alto resident? Yes

Do you have any relatives or members of your household who are employed by the City of Palo Alto, who are currently serving on the City Council, or who are Commissioners or Board Members? No

Are you available and committed to complete the term applied for? Yes

Fair Political Practices**No**

California state law requires board/commission members to file a disclosure of financial interests ([Fair Political Practices Commission, Conflict of Interest, Form 700](#)).

Do you/your spouse have an investment in, or do you or your spouse serve as an officer or director of, a company doing business in Palo Alto which you believe is key to:

1. Engage in business with the City;
2. Provide products or services for City projects; or
3. Be affected by decisions of this Board or Commission?

Excluding your principal residence, do you or your spouse own real property in Palo Alto?

No

How did you learn about the vacancy on the Parks and Recreation Commission?

**Palo Alto Weekly
Daily Post**

Consent to Publish Personal Information on the City of Palo Alto Website

Read the code, and check only ONE option below:

I give permission for the City of Palo Alto to post to the City's website the attached Board and Commission Application intact. I have read and understand my rights under Government Code Section 6254.21. I may revoke this permission at any time by providing written notice to the Palo Alto City Clerk.

Alternate Contact Information - Address

Alternate Contact Information - Phone Number

Alternate Contact Information - Email

Personal and Job Experience

Please list your relevant education, training, experience, certificates of training, licenses, and professional registration.

(621 characters max)

BA, Economics, UC Davis
MBA, Cornell

Employment Information

Company/Employer Name

Upstart

Occupation

Vice President, Head of Investor Relations

Is your Company/Employer your current one or last?

Current Employer

Please describe your involvement in community activities, volunteer and civic organizations, including dates and any offices held.

(1311 characters max)

2020 Election Poll Worker/volunteer
2022 Election Poll Worker/volunteer (planned)
Various pro-bono corporate volunteer projects
2007-2008 American Red Cross, San Benito and Monterey County Board member, finance chair

Application Questions

1. What is it about the Parks and Recreation Commission that is compatible with your experience and of specific interest to you, and why?

(1449 characters max)

I love the Palo Alto parks and believe my business skills may be of use to maintain and improve our parks.

2. Please describe an issue that recently came before the Commission that is of particular interest to you and describe why you are interested in it.

(1449 characters max)

Opening Foothill Park to non-residents. It was an interesting dilemma given the historical context of how Foothill became a Palo Alto park and the modern optics of privileged exclusivity, balanced with maintenance, potential over crowding, and funding impacts.

Archived video meetings are available from the [M dpen Med a Center](#).

3. If appointed, what specific goals would you like to see the Parks and Recreation Commission achieve, and why? How would you suggest accomplishing this?

(1656 characters max)

Improvements to parks, including access and sustainability. I'm particularly interested in the overlap of parks and cyclists which I believe is an under appreciated constituency.

4. Parks and Recreation Commission Members work with the documents listed below. If you have experience with any of these documents, please describe that experience. Experience with these documents is not required for selection.

(483 characters max)

[Parks, Trails, Natural Open Spaces, & Recreation Master Plan \(2017\)](#)

Palo Alto Comprehensive Plan (2017): [Community Services and Facilities Element](#) & [Natural Environment Element Baylands Master Plan \(2008\)](#)

[Park Dedication Ordinance \(Municipal Code\)](#)

[Bicycle - Pedestrian Transportation Plan \(2012\)](#)

[Youth Master Plan \(2003\)](#)

[Cubberley Community Advisory Committee Report \(2013\)](#)

[Concordia Master Plan \(2019\)](#)

If you'd like to provide any additional documents, please upload below.

Please confirm that you have read the Boards and Commissions Handbook. **Yes**

View the [Boards and Commissions Handbook](#).

Signature

Name of signatory: Jason Schmidt

A handwritten signature in black ink, consisting of a series of connected loops and a final upward stroke.

[Link to signature](#)

Date Completed

3/23/2022

Parks & Recreation Commission Application

Submission date: 4 April 2022, 3:58PM

Receipt number: 38

Related form version: 3

Personal Information

Name Joy

Address

City

Postal Code

Cell Phone Number

8

Home Phone Number

Email Address

Are you a Palo Alto resident?

Yes

Do you have any relatives or members of your household who are employed by the City of Palo Alto, who are currently serving on the City Council, or who are Commissioners or Board Members?

No

Are you available and committed to complete the term applied for? Yes

Fair Political Practices**No**

California state law requires board/commission members to file a disclosure of financial interests ([Fair Political Practices Commission, Conflict of Interest, Form 700](#)).

Do you/your spouse have an investment in, or do you or your spouse serve as an officer or director of, a company doing business in Palo Alto which you believe is key to:

1. Engage in business with the City;
2. Provide products or services for City projects; or
3. Be affected by decisions of this Board or Commission?

Excluding your principal residence, do you or your spouse own real property in Palo Alto?

No

How did you learn about the vacancy on the Parks and Recreation Commission? **Other: Email notification**

Consent to Publish Personal Information on the City of Palo Alto Website

Read the code, and check only ONE option below:

I request that the City of Palo Alto redact my home address, phone numbers, and email address from the attached Board and Commission Application prior to posting to the City's website. I am providing the following alternate information and request that the following contact information below:

Alternate Contact Information - Address

City of Palo Alto mailing address

Alternate Contact Information - Phone Number

[REDACTED]

Alternate Contact Information - Email

[REDACTED]

Personal and Job Experience

Please list your relevant education, training, experience, certificates of training, licenses, and professional registration.

(621 characters max)

Harvard Business School, Executive Education.
Master's Environmental Engrg, Bachelors, Chemical Engineering
Leadership, Negotiation, Stakeholder Engagement, Fundraising, Project Management, Unconscious Bias, DEI, Entrepreneurship & Innovation, Anti-corruption, Regulatory Compliance. >15 years' in public, private & non-profit work experience in the US, UK & Africa. Sustainability Reporting, LEED Green Associate. Trainer, ISI Envision, FitWel Ambassador. NEBOSH, PMP, PMI-ACP, PRINCE 2, Scrum Master. John Maxwell Leadership. Microsoft Office Specialist. Six Sigma & Corporate Board readiness training. Prof. Engineering license (underway)

Employment Information

Company/Employer Name

Rose International

Occupation

Project Manager

Is your Company/Employer your current one or last?

Current Employer

Please describe your involvement in community activities, volunteer and civic organizations, including dates and any offices held.

(1311 characters max)

Palo Alto Soccer Mom & Volunteer to provide resources when needed (2021-Till date)
Regular Member Vive Church Palo Alto branch (2021-Till date)
Member, Mother's Together; Parent Advocates for Student Success (PASS).
Regular User of Palo Alto Recreation Services.
Sunday School Teacher, Redeemed Christian Church of God, Zion Sanctuary Branch (2017-2019)
Fellow, Environmental Leadership Program Pacific Regional Network National Fellowship (2020-Till date)
Volunteer Educator and Coach, After School Development Initiative (2015-2017)

Application Questions

1. What is it about the Parks and Recreation

Commission that is compatible with your experience and of specific interest to you, and why?

(1449 characters max)

I meet up with all the specified requirements for this volunteer position. I am willing, able, interested, have relevant skills & experience that will benefit the Commission in implementing its roles and responsibilities concerning parks, open space and recreation activities.

Just like the popular saying, all work and no play makes Jack a dull boy, as a mom & a working Sustainability advocate/professional I appreciate the significance of intentionally making sure that this balance is a reality.

As an African immigrant who greatly appreciates the work the City does, and have benefited immensely from what my neighborhood community currently provides, versus what I have experienced in my past life, I would love to give back my time & skills by rolling up my sleeves and “putting my hand in the plough”, to contribute all I can bring to the table as a grateful steward.

Translating the City's Master plan of creating a vibrant community, which emulates sustainable development principles; promotes safety and livability of its residents(plus potential visitors&future sister cities); meets regulatory compliance; demonstrates diversity, equity & inclusiveness by accommodating all residents (especially people of color, single mothers and working professionals, with similar demographics like mine), strongly resonates with my personal values and provides an opportunity for me to be a voice.

2. Please describe an issue that recently came before the Commission that is of particular interest to you and describe why you are interested in it.

(1449 characters max)

Archived video meetings are available from the [M.dpen Media Center](#).

Discussions and presentations around limitation of lighted courts and finding new courts for the pickleball & tennis community; and summer camp registrations with 108 already & have waitlists, because I am a casual tennis player and currently experiencing being on the waitlist for all the 2022 summer camp programs, I tried to sign my 2 (two) kids up for. It's a great sign that the City is doing a great job providing exciting programs, but at the same time it clearly presents a gap that needs to be addressed to cater to all the City's residents.

3. If appointed, what specific goals would you like to see the Parks and Recreation Commission achieve, and why? How would you suggest accomplishing this?

(1666 characters max)

Under the major projects needing further study and strategic funding, I would like to see us achieve the "Enhance existing sports field" since it's priority based on feedback from community engagement. Under the projects ready in the short term category, "Incorporate sustainable practices in the maintenance and management of parks, open space and recreation facilities, exceed ADA requirements and create wayfinding signage of safe routes to parks", because I am a Sustainability inclined professional and these goals presents the City with the gateway and opportunity to implement, be third-party verified and publicly awarded the nationally recognized Institute of Sustainable Infrastructure award, which I am familiar with.

Also under the programs category, "Expand non-academic programs for teens and for seniors", is a great way to ensure the City is more inclusive of all demographics.

4. Parks and Recreation Commission Members work with the documents listed below. If you have experience with any of these documents, please describe that experience. Experience with these documents is not required for selection.

(483 characters max)

[Parks, Trails, Natural Open Spaces, & Recreation Master Plan \(2017\)](#)

Palo Alto Comprehensive Plan (2017): [Community Services and Facilities Element](#) & [Natural Environment Element Baylands Master Plan \(2008\)](#)

[Park Dedication Ordinance \(Municipal Code\)](#)

[Bicycle - Pedestrian Transportation Plan \(2012\)](#)

[Youth Master Plan \(2003\)](#)

[Cubberley Community Advisory Committee Report \(2013\)](#)

[Concordia Master Plan \(2019\)](#)

Even though I have had no prior experience with the related documents, I have started to familiarize myself with all of them and will align myself with how it resonates with the ideas I gather from my research on best practices of other Park and Recreation Commissions in other Cities in California, in the United States and globally.

If you'd like to provide any additional documents, please [Joy Oche 04.04.22.pdf](#) upload below.

Please confirm that you have read the Boards and Commissions Handbook.

Yes

View the [Boards and Commissions Handbook](#).

Signature

Name of signatory: Joy Oche



[Link to signature](#)

Date Completed

04/04/2022

Joy Oche

WORK EXPERIENCE

Rose International *Project Manager, Sunnyvale, California* 08 2021 - Present

The Kifer site is an Apple facility registered with the Department of Toxic Substance Control as a universal waste handler, where devices are assessed for potential re-use, repair or refurbishment.

- Spearheading the implementation of the Sustainable Electronics Reuse and Recycling (R2), ISO 14001, ISO 45001 and ISO 19001 standards to transform facility to a secure scrap closed loop one.
- Oversee and ensure smooth project delivery of all Kifer open projects (>6), including expansion plans, application of Kaizen, Lean management and Ergonomics principles. Provided support towards the successful completion of two (2) major equipment commissioning projects.
- Managing the material flow analysis project to promote recyclability metric development for 4 (four) major LOBs (MacBook, iPhone, iPads and Apple watches).
- Liaising with vendors, managing relationships with all stakeholders and ensuring key tasks meet deadlines. Leading project sessions and providing regular progress reporting.
- Coordinating the training calendar and monthly team building events for the Kifer Recycling team to promote and improve productivity, increase motivation, build trust and respect among employees.

Alternative Renewable Construction & Keish Environmental 02 2018 - 08 2021

Senior Environmental Project Manager, San Jose, California

Project team member for BART Silicon Valley Extension Phase II project (BSVII): largest infrastructure project to be constructed in Santa Clara County and Link21/New Transbay Rail Crossing Program (integrated rail network serving 21-county in Northern California).

- Facilitated due diligence & compliance monitoring as custodian of the Environmental Commitment Record (mitigation measures, sustainable design requirements and best management practices).
- Performed progress reporting & document control with tools like Helix, BIM 360, SharePoint.
- Collaborated with diverse business functions to meet environmental regulations in line with the 2018 Final Supplemental Environmental Impact Statement/Subsequent Environmental Impact Report and final Section 4(f) evaluation.
- Developed technical specifications for project's Request for Proposal & requirements management system. Prepared client's submittals for third party sustainability verification and platinum award.

Diamond Pearls Agro Allied Ltd 07 2016 - 02 2017

Environmental and Social Governance (ESG) Manager, Lagos, Nigeria

A palm plantation and edible oil processing plant. Company also exported charcoal briquettes to Europe.

- Developed and implemented policies, procedures, and management systems in line with local labor laws and the International Finance Corporation (IFC) Environmental and Social Performance standards in preparation for IFC's private sector funding.
- Facilitated stakeholder engagement forums for field-based staff & host communities.
- Delivered more than 50 workforce education and training presentations for executive leadership and over 100 staff. Maintained program budget and performed ad hoc leadership duties.

National Environmental Standards & Regulations Enforcement Agency 12 2012 - 07 2016

Environmental Engineer, Abuja, Nigeria

An environmental agency of the Federal Government of Nigeria established by law in 2007, to ensure a cleaner and healthier environment for Nigerians.

- Co-facilitated maiden launch of formal electronic waste recycling and concept development of Extended Producers Responsibility initiative & Environmental Import Clearance permitting in Nigeria.
- Performed review of more than a hundred Environmental Audit Reports and Management Plans.

Joy Oche

Diageo Plc 01 2009 - 07 2010

Environmental Coordinator, Park Royal, London

Guinness Nigeria Plc

07 2010 - 07 2012

Environmental Manager, Guinness Nigeria Plc, Lagos, Nigeria

A multinational beverage alcohol company with global premium brands and subsidiaries.

- Championed GreenIQ reduction program in line with Company's global goals (50% Carbon & Greenhouse gas emissions, 40% Water usage, 60% landfill diverted solid waste).
- Coordinated successful maiden KPMG Environmental Data Assurance and provided technical advisory for 12 (twelve) global brewery sites, using data visualization to present KPI to executive leadership. Co-facilitated launch of innovative waste club industrial symbiosis project.

Procter and Gamble

02 2008 - 09 2008

Waste Manager, Newcastle, United Kingdom

- Facilitated the first waste minimization and recycling program on site of over 400 employees, to foster change in employee behavior, resulting in 4,000GBP cost savings.

Researcher, Safety, Environmental and Quality Management Company, Newcastle

09 2008 - 12 2008

Customer Service Officer, Diamond Bank Plc, Lagos, Nigeria

02 2006 - 08 2007

EDUCATION

Harvard Business School, Boston, Massachusetts, USA — Executive Education, 2015

Newcastle University, UK - Masters Degree in Environmental Engineering, (Distinction) 2008

Federal University of Technology, Minna, Nigeria- Bachelors, Chemical Engineering (Honors) 2003

PROFESSIONAL/TECHNICAL SKILLS

Global Reporting Initiative (GRI) Sustainability Standards Training *Certificate*

LEED Green Associate Professional *Certification*

Trainer and Sustainability Professional, Institute for Sustainable Infrastructure Envision *Certification*

FitWel Building Health for All ambassador *Certification*

National Examination Board in Occupational Safety & Health (NEBOSH)

Project Management Professional (PMP) and PMI Agile Certified Practitioner (PMI-ACP) *Certification*

Projects in Controlled Environments Practitioner (PRINCE 2) *Certification*

Scrum Alliance Certified Scrum Master *Certification*

World Bank/IFC Environmental & Social Framework & Performance Standards *Certificate*

ISO 14001:2015 - Environmental Management Systems (EMS) *Certificate*

ISO 45001:2018 - Principles of Occupational Health & Safety Management Systems *Certificate*

Project Definition Rating Index (PDRI) *Certificate*

John Maxwell Leadership Certification in Coaching, Teaching, Training & Public Speaking *Certification*

Microsoft Office Specialist (Word, Excel, Visio, Outlook, PowerPoint) and Intuit QuickBooks *Certification*

ESSEC Business School Diversity & Inclusion in the workplace *Certificate*

Microsoft eLesson: Unconscious Bias and What is Corruption: Anti-Corruption and Compliance *Certificate*

HOBBIES & INTERESTS & OTHER RELEVANT ACTIVITIES

Fellow, Environmental Leadership Program Pacific Regional Network National Fellowship.

Volunteer Educator and Coach, After School Development Initiative (ASTDi).

Sunday School Teacher, Redeemed Christian Church of God, Zion Sanctuary Branch.

Traveling and exploring other cultures (12 Nations, 16 US States and still counting!) Skydiving, Cooking.

Parks & Recreation Commission Application

Submission date: 18 October 2021, 10:26PM

Receipt number: 12

Related form version: 2

Personal Information

Name Mark Bennett Weiss

Address

City

Postal Code

Cell Phone Number

Home Phone Number

Email Address

Are you a Palo Alto resident? Yes

Do you have any relatives or members of your household who are employed by the City of Palo Alto, who are currently serving on the City Council, or who are Commissioners or Board Members? No

Are you available and committed to complete the term applied for? Yes

Fair Political Practices No

Excluding your principal residence, do you or your spouse own real property in Palo Alto? Yes

How did you learn about the vacancy on the Parks and Recreation Commission? Email from the City

Consent to Publish Personal Information on the City of Palo Alto Website

Read the code, and check only ONE option below:

I give permission for the City of Palo Alto to post to the City's website the attached Board and Commission Application intact. I have read and understand my rights under Government Code Section 6254.21. I may revoke this permission at any time by providing written notice to the Palo Alto City Clerk.

Alternate Contact Information - Address

Alternate Contact Information - Phone Number

Alternate Contact Information - Email

Personal and Job Experience

Please list your relevant education, training, experience, certificates of training, licenses, and professional registration.

Gunn High class of 1982
Dartmouth College class of 1986

Employment Information

Earthwise Productions & Artist Mgmt

Occupation

Concert promoter/ artist manager

Is your Company/Employer your current one or last?

Current Employer

Please describe your involvement in community activities, volunteer and civic organizations, including dates and any offices held.

After 12 years, since fall 2009 election and thru numerous cycles of elections and board recruitment, Palo Alto leadership finally in September acknowledged my efforts: Mayor Tom Dubois and Clerk sent a certificate regarding my role in "Together Again Palo Alto". I produced 15 concerts at Lytton Plaza, Cogswell Plaza, Mitchell Park bowl and on Cali Ave. The entirety of my application for this board is, separately, a white paper or memoir on The First Amendment and our parks. Thank you for your consideration. Mark Weiss

Application Questions

1. What is it about the Parks and Recreation **See attached**

Commission that is compatible with your experience and of specific interest to you, and why?

2. Please describe an issue that recently came before **See attached**

the Commission that is of particular interest to you and describe why you are interested in it.

3. If appointed, what specific goals would you like to see **See attached**

the Parks and Recreation Commission achieve, and why? How would you suggest accomplishing this?

4. Parks and Recreation Commission Members work **See attached**

with the documents listed below. If you have experience with any of these documents, please describe that experience. Experience with these documents is not required for selection.

If you'd like to provide any additional documents, please upload below.

Please confirm that you have read the Boards and Commissions Handbook. **Yes**

Signature

Name of signatory: Mark Bennett Weiss



[Link to signature](#)

Date Completed

10/18/2021

Parks and Recreation Commission Application

Name Eve Klein

Address

City

Postal Code

Cell Phone

Home Phone

Email Address

Are you a Palo Alto resident? Yes

Do you have any relatives or members of your household who are employed by the City of Palo Alto, who are currently serving on the City Council, or who are Commissioners or Board Members? No

Are you available and committed to complete the term applied for? Yes

Fair Political Practices No

California state law requires board/commission members to file a disclosure of financial interests ([Fair Political Practices Commission](#), [Conflict of Interest](#), [Form 700](#)).

Do you/your spouse have an investment in, or do you or your spouse serve as an officer or director of, a company doing business in Palo Alto which you believe is likely to:

1. Engage in business with the City;
2. Provide products or services for City projects; or
3. Be affected by decisions of this Board or Commission?

Excluding your principal residence, do you or your spouse own real property in Palo Alto?

No

How did you learn about the vacancy on the Parks and Recreation Commission?

Other: facebook

- Community Group
- Email from the City
- Palo Alto Weekly
- Daily Post
- City Website
- Flyer
- Other

Consent to Publish Personal Information on the City of Palo Alto Website

California Government Code Section 6254.21 states, in part, "No state or local agency shall post the home address or telephone number of any elected or appointed official on the Internet without first obtaining the written permission of that individual." This consent form will not be redacted and will be attached to the Application and posted to the City's website. For the full code, review the California Government Code [Section 6254.21](#).

I give permission for the City of Palo Alto to post to the City's website the attached Board and Commission Application intact. I have read and understand my rights under Government Code Section 6254.21. I may revoke this permission at any time by providing written notice to the Palo Alto City Clerk.

Read the code, and check only ONE option below:

- **I give permission for the City of Palo Alto to post to the City's website the attached Board and Commission Application intact. I have read and understand my rights under Government Code Section 6254.21. I may revoke this permission at any time by providing written notice to the Palo Alto City Clerk.**
- **I request that the City of Palo Alto redact my home address, phone numbers, and email address from the attached Board and Commission Application prior to posting to the City's website. I am providing the following alternate**

information and request that the following contact information:

Alternate Contact Information

Personal and Job Experience

Please list your relevant education, training, experience, certificates of training, licenses, and professional registration.

(621 characters max)

Currently licensed (in CA) and certified as speech-language pathologist through American Speech Language and Hearing Association) also hold credentials as a low vision therapist (Academy for Certification of Rehabilitation and Education Professionals) and assistive technology professional (Rehabilitation Engineering Society of North America). I hold a bachelors degree from UC Davis and a masters degree from Northwestern University

Employment Information

Company/Employer Name

VA Palo Alto Health Care System

Occupation

Director, Blind Rehabilitation Services, VA Palo Alto

Is your Company/Employer your current one or last?

Current Employer

Please describe your involvement in community activities, volunteer and civic organizations, including dates and any offices held.

(1311 characters max)

member of Congregation Etz Chayim in Palo Alto, Palo Alto YMCA and JCC, Palo resident since 1999.

Application Questions

1. What is it about the Parks and Recreation Commission that is compatible with your experience and of specific interest to you, and why?

(1449 characters max)

I am a frequent user of open spaces/recreation spaces in Palo Alto, including hiking regularly in open spaces, utilizing bike accessibility (I am a long time bicycle commuter), city parks, and Palo Alto library. As a parent of college age children, I have also made use of other community resources, such as Palo Alto youth programming. Professionally, I have dedicated much of my life working for accessibility and greater independence for individuals with disabilities. I believe my expertise in this area could help make a contribution to the Parks and Recreation commission.

2. Please describe an issue that recently came before the Commission that is of particular interest to you and describe why you are interested in it.

(1449 characters max)

I love to hike and frequent Foothills Park on Sunday mornings, as well as other open spaces on the peninsula. I feel that Foothills park is a particular jewel on the peninsula and was very interested in the decision to open it to non-Palo Alto residents. Even during normal (non-pandemic) times, I felt it should be accessible to all, and especially during the pandemic, when so many individuals and families were seeking to connect with nature locally.

Archived video meetings are available from the [Midpen Media Center](#).

3. If appointed, what specific goals would you like to see the Parks and Recreation Commission achieve, and why? How would you suggest accomplishing this? (1656 characters max)

I would be interested in increasing the general interest in outdoor activities in Palo Alto- one way to accomplish this would be to increase the social media presence, would also suggest improving signage in areas around Palo Alto parks to point out different wildlife and other features.

4. Parks and Recreation Commission Members work with the documents listed below. If you have experience with any of these documents, please describe that experience. Experience with these documents is not required for selection. (483 characters max)

I do not have experience with these documents.

Parks, Trails, Natural Open Spaces, & Recreation Master Plan (2017)

Palo Alto Comprehensive Plan (2017): Community Services and Facilities Element & Natural Environment Element
Baylands Master Plan (2008)

Park Dedication Ordinance (Municipal Code)

Bicycle - Pedestrian Transportation Plan (2012)

Youth Master Plan (2003)

Cubberley Community Advisory Committee Report (2013)

Concordia Master Plan (2019)

If you'd like to provide any additional documents, please upload below.

Please confirm that you have read the Boards and Commissions Handbook.

Yes

View the [Boards and Commissions Handbook](#).

Signature

Eve Klein

Date Completed

10/24/2021