



CITY COUNCIL ACTION MINUTES

Special Meeting
June 13, 2022

The City Council of the City of Palo Alto met on this date in the Council Chambers and by virtual teleconference at 5:00 P.M.

Present in person: Burt, Cormack, DuBois, Filseth, Kou, Tanaka

Present virtually: None

Absent: Stone

Special Order of the Day

1. Proclamation Recognizing Juneteenth Holiday

Closed Session

2. CONFERENCE WITH CITY ATTORNEY- EXISTING LITIGATION
Subject: Miriam Green v. City of Palo Alto Santa Clara County Superior Court Case No. 16CV300760 (One Case, as Defendant)
Authority: Government Code Section 54956.9(d)(1)

MOTION: Council Member Cormack moved, seconded by Council Member Burt to go into Closed Session.

MOTION PASSED: 6-0-1, Stone absent

Council went into Closed Session at 5:05 P.M.

Council returned from Closed Session at 6:12 P.M.

There were no announcements from Closed Session

Agenda Changes, Additions and Deletions

None

Public Comment

Consent Calendar

Council Members Cormack, Tanaka registered a no vote on Agenda Item Number 5.

ACTION MINUTES

Council Member Tanaka registered a no vote on Agenda Item Number 4.

MOTION: Council Member DuBois moved, seconded by Vice Mayor Kou to approve Agenda Item Numbers 3-8.

3. Approve Minutes from the June 1, 2022 City Council Meeting
4. Approval of Contract No. C22182951 with Innovative Interfaces Incorporated for use of its Online-Hosted Integrated Library System (ILS) Software, Innovative Mobile App, and Implementation Services, for a Five-Year Term and a Total Contract Not-To-Exceed Amount of \$983,388 including a Ten-Percent Contingency/Additional Services Amount
5. Finance Committee Recommends the City Council Direct Staff to Update the Park, Library, and Community Center Development Impact Fee Nexus Study to Create New Fee Categories, Update the Park Land Valuation to \$17.6m, Move to a Square-foot basis for Fees Imposed on Housing, and Conduct an Economic Feasibility Study (Including on the Parkland Dedication Fee)
6. Utilities Advisory Commission Recommend the City Council Adopt the 2022 Annual Water Shortage Assessment Report
7. Approval of Amendment No. 2 to Contract S20176879 with Johnson Controls Fire Protection LP, to Add to the Scope of Services and Increase the Contract Amount by \$113,466 for a New Three-year Contract Total Amount Not-to-Exceed of \$379,050 for the Provision of Fire Sprinkler System Inspections and Repair Services
8. Approval of Contract Amendments to Extend Three Public-Private Partnership Agreements Between the City of Palo Alto and TheatreWorks, Palo Alto Players, and West Bay Opera for the use of the Lucie Stern Community Theatre for an Additional Year

MOTION PASSED Items 3, 6-8: 6-0-1, Stone absent

MOTION PASSED Items 4: 5-1-1 Tanaka no, Stone absent

MOTION PASSED Items 5: 4-2-1 Cormack, Tanaka no, Stone absent

City Manager Comments

Action Items

9. Finance Committee Recommends Adoption of six Resolutions:

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- 1) Approving the Fiscal Year 2023 Wastewater Collection Utility Financial Plan, Including Proposed Transfer, and Adopting a Wastewater Collection Utility Rate Increase by Amending Wastewater Collection Rate Schedules S-1, S-2, S-6 and S-7;
- 2) Approving the FY 2023 Water Utility Financial Plan, Including Proposed Transfer, and Adopting a Water Utility Rate Increase by Amending Water Rate Schedules W-1, W-2, W-3, W-4, and W-7;
- 3) Approving FY 2023 Gas Utility Financial Plan, Including Proposed Transfers, and Adopting a Gas Utility Rate Increase by Amending Gas Rate Schedules G-1, G-2, G-3 and G-10;
- 4) Approving the FY 2023 Electric Utility Financial Plan, Including Proposed Transfers and Amendments to the Electric Utility Reserve Management Practices, Amending Utility Rate Schedules E-EEC-1, E-NSE-1, E-2-G, E-4-G and E-7-G, and Adopting an Electric Utility Rate Increase by Amending Utility Rate Schedules E-1, E-2, E-4, E-4 TOU, E-7, E-7 TOU and E-14;
- 5) Amending Utility Rate Schedules EDF-1 and EDF-2 to Increase Dark Fiber Rates 4.2 Percent; and
- 6) Amending Utility Rate Schedule D-1 Increasing the Storm Water Management Fee by 4.20 Percent per Month per Equivalent Residential Unit for FY 2023

MOTION: Council Member Cormack moved, seconded by Mayor Burt to **Resolution 10048** for the Water Utility:

- a. Approving the FY 2023 Water Utility Financial Plan; and
- b. Approving a transfer of up to \$13.964 million from the Capital Improvement Program (CIP) Reserve to the Operations Reserve in FY 2022; and
- c. Increasing Water Utility Rates via the Amendment of Rate Schedules W-1 (General Residential Water service), W-2 (Water Service from Fire Hydrants), W3 (Fire Service Connections), W-4 (Residential Master-Metered and General NonResidential Water Service), and W-7 (Non-Residential Irrigation Water Service) (Attachment B2);

MOTION PASSED: 5-1-1, Tanaka no, Stone absent

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MOTION: Council Member DuBois moved, seconded by Council Member Cormack to adopt **Resolution 10049** For the Wastewater Collection Utility,

- a. Approving the Fiscal Year 2023 Wastewater Collection Financial Plan; and
- b. Approving a transfer of up to \$5.33 million from the Capital Improvement Projects Reserve to the Operations Reserve in FY 2022; and
- c. Increasing the Wastewater Collection Utility Rates via the amendment of Rate Schedules S-1 (Residential Wastewater Collection and Disposal), S-2 (Commercial Wastewater Collection and Disposal), S-6 (Restaurant Wastewater Collection and Disposal) and S-7 (Commercial Wastewater Collection and Disposal – Industrial Discharger) (Attachment A2);

MOTION PASSED: 6-0-1, Stone absent

MOTION: Mayor Burt moved, seconded by Council Member DuBois to adopt **Resolution 10050**: For the Gas Utility,

- a. Approving the FY 2023 Gas Utility Financial Plan (Linked Document); and
- b. Approving a transfer of up to \$3 million from the Operations Reserve to the CIP Reserve in FY 2022; and
- c. Approving a transfer of up to \$2.766 million from the Rate Stabilization Reserve to the Operations Reserve in FY 2022; and
- d. Increasing gas rates by amending Rate Schedules G-1 (Residential Gas Service), G-2 (Residential Master-Metered and Commercial Gas Service), G-3 (Large Commercial Gas Service), and G-10 (Compressed Natural Gas Service) (Attachment C2);

MOTION PASSED: 5-1-1, Tanaka no, Stone absent

MOTION: Council Member Cormack moved, seconded by Council Member DuBois to adopt **Resolution 10051** For the Electric Utility:

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1. Approving the Fiscal Year (FY) 2023 Electric Financial Plan
2. Approve a transfer of up to \$15 million from the Hydro Stabilization Reserve to the Supply Operations Reserve;
3. Approve a transfer of up to \$5 million from the Electric Special Projects (ESP) reserve to the Supply Operations Reserve;
4. Approve an allocation of Cap-and-Trade funds up to 1/3 of REC revenue to the Cap-and-Trade Program Reserve to be spent on local decarbonization programs;
5. Approve amendments to the Electric Utility Reserves Management Practices, Section 6: Electric Special Projects (ESP) Reserve:
 - a. Change the date by which the funds for the ESP Reserve must be committed to the end of FY 2025, instead of by the end of FY 2017; and
 - b. Change the date by which any uncommitted ESP Reserve funds will be transferred to the Electric Supply Operation Reserve and the ESP Reserve closed to the end of FY 2030, instead of FY 2022.
6. Approve an increase to retail electric rates E-1 (Residential Electric Service), E-2 (Small Non-Residential Electric Service), E-4 (Medium Non-Residential Electric Service), E-4 TOU (Medium Non-Residential Time of Use Electric Service), E-7 (Large Non-Residential Electric Service), E-7 TOU (Large Non-Residential Time of Use Electric Service) and E-14 (Street Lights) of 5% effective July 1, 2022;
7. Update the Export Electricity Compensation (EEC-1) rate to reflect current projections of avoided cost, effective July 1, 2022;
8. Update the Net Surplus Electricity Compensation Rate (E-NSE) rate to reflect current projections of avoided cost, effective July 1, 2022;
9. Update the Palo Alto Green program pass-through premium charge on the Residential Master-Metered and Small Non-Residential Green Power Electric Service (E-2-G), the

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Medium Non-Residential Green Power Electric Service (E-4-G), and the Large Non-Residential Green Power Electric Service (E-7-G) rate schedules to reflect current costs, effective July 1, 2022

MOTION PASSED: 6-0-1, Stone absent

MOTION: Mayor Burt moved, seconded by Council Member Cormack to adopt **Resolution 10052** Amending Utility Rate Schedules EDF-1 and EDF-2 (Attachment E1) to increase Dark Fiber Rates 4.2 percent;

MOTION PASSED: 6-0-1, Stone absent

Public Comment: None

MOTION: Mayor Burt moved, seconded by Council Member Cormack to adopt **Resolution 10053** Amending Utility Rate Schedule D-1 increasing the Storm Water Management Fee by 4.2 percent consistent with the applicable Consumer Price Index.

MOTION PASSED: 6-0-1, Stone absent

10. Policy and Services Committee Recommendations on Pending State Assembly Bills 2181 (VTA) and 1944, 2449, and 2647 (Local Meeting Procedures)

MOTION: Mayor Burt moved, seconded by Council Member Filseth to:

- Support AB 2647
- Support AB 2449/AB 1944 provided:
 - There are requirements for participation of a quorum within jurisdiction
 - Members are allowed to participate remotely as long as members of the public are allowed to participate remotely

MOTION PASSED/FAILED: 6-0-1, Stone absent

MOTION: Mayor Burt, seconded by Council Member Filseth to:

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- Oppose AB 2181 (VTA) unless amended, to propose modifications listed within the City of Mountain View letter with the changes regarding background qualifications; deleting requirements mandating alternates to attend all board meetings; deletion of a unanimous requirement for selection of alternates.

MOTION PASSES: 5-1-1, Cormack no, Stone absent

11. Revenue-Generating Ballot Measures (Affirmation of the Natural Gas Utility Transfer and New Business Tax): Direction to Staff on Key Policy Questions and Measure Characteristics, and Direction to Return with Final Documents for Placement of Ballot Measure(s) on the November 2022 Election and a Non-Binding Resolution for Intended Use of Business Tax Proceeds

MOTION: Council Member DuBois moved, seconded by Mayor Burt to directs staff to:

- A. Return to the City Council on June 20 with completed documents for placement of a ballot measure on the November 2022 election for affirmation of the natural gas utility transfer as outlined in Attachment D and summarized in Table 2.
 - i. Consider adding parks and roads and deleting transportation from the gas tax language
- B. Return to the City Council with completed documents for placement of a ballot measure on the November 2022 election for a new business tax with the following refinements:
 - i. Effective date and timing of tax assessment of \$.10 per square foot per month: retrospective basis beginning January 1, 2023, lump sum due early 2024; quarterly beginning January 1, 2025, delinquent within 30 days
 - ii. Vacant property not be assessed as part of tax; business to report vacant square footage and apply for an offset
 - iii. Businesses with multiple locations and/or facilities: square footage and offsets/credits to be assessed in the aggregate
 - iv. Residential property/use: exclude all residential property
 - v. Property management businesses: areas occupied by property management functions
 - vi. Offset for sales and use tax using a 2:1 ratio up to 75% of business tax liability

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- vii. Offset for transient occupancy tax remittance using a 1:1 ratio for business tax liability
- C. Return to City Council with a final Resolution to inform the public of Council's intentions regarding use of Business Tax proceeds if passed by voters with the following refinements:
 - i. Delete economic development services from the ballot measure language on the business tax
 - ii. Inform the public of the city uses; propose 33% for public safety, 33% for housing and homeless programs and 33% for transportation.

MOTION PASSED: 5-1-1, Tanaka no, Stone absent

Council Member Questions, Comments and Announcements

Adjournment: The meeting was adjourned at 11:54 P.M.

ATTEST:

DocuSigned by:

Lesley Milton

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City Clerk

APPROVED:

DocuSigned by:

Patrick Burt

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Mayor

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

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Source Envelope:	
Document Pages: 24	Signatures: 8
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Envelopeld Stamping: Enabled	Mahealani Ah Yun
Time Zone: (UTC-08:00) Pacific Time (US & Canada)	250 Hamilton Ave
	Palo Alto , CA 94301
	Mahealani.AhYun@CityofPaloAlto.org
	IP Address: 199.33.32.254


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Signer Events

Patrick Burt
 pat@patburt.org
 Mr
 Security Level: Email, Account Authentication (None)

Signature


DocuSigned by:

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Lesley Milton
 Lesley.Milton@CityofPaloAlto.org
 City Clerk
 Security Level: Email, Account Authentication (None)

DocuSigned by:

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 Signature Adoption: Pre-selected Style
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Electronic Record and Signature Disclosure:
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In Person Signer Events	Signature	Timestamp
Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp
Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
Envelope Summary Events	Status	Timestamps
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Envelope Summary Events	Status	Timestamps
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Signing Complete	Security Checked	8/10/2022 12:07:15 PM
Completed	Security Checked	8/10/2022 12:07:15 PM

Payment Events	Status	Timestamps
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