



**City Council  
Special Meeting  
Monday, December 5, 2022  
5:00 PM  
Council Chamber & Virtual  
**AMENDED AGENDA****

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.

**REVISED PUBLIC COMMENTS**

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

PowerPoints, videos, or other media to be presented during public comment are accepted only by email to [city.clerk@cityofpaloalto.org](mailto:city.clerk@cityofpaloalto.org) at least 24 hours prior to the meeting. Once received, the City Clerk will have them shared at public comment for the specified item. To uphold strong cybersecurity management practices, USB's or other physical electronic storage devices are not accepted.

## CALL TO ORDER

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

AA1. Neighbors Abroad Presentation: Sister City Mayor Ando of Tsuchiura, Japan

## STUDY SESSION (5:10 – 6:30 PM)

**Presentation** AA2. Study Session to Receive an Update on the Santa Clara County's Effort to Update the Stanford Community Plan.

## CLOSED SESSION (6:30 – 8:00 PM)

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

1. CONFERENCE WITH LABOR NEGOTIATORS City Designated Representatives: City Manager and his Designees Pursuant to Merit System Rules and Regulations (Ed Shikada, Kiely Nose, Sandra Blanch, Nicholas Raisch, Molly Stump, and Terence Howzell) Employee Organization: Service Employees International Union, (SEIU) Local 521, Utilities Management and Professional Association of Palo Alto (UMPAPA) Palo Alto Peace Officer's Association (PAPOA), Palo Alto Police Management Association (PMA), International Association of Fire Fighters (IAFF) local 1319, Palo Alto Fire Chiefs Association (FCA), ; Authority: Government Code Section 54957.6 (a)

## AGENDA CHANGES, ADDITIONS AND DELETIONS

## PUBLIC COMMENT (8:30 – 8:50 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 (8:50 – 9:00 PM)

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

2. Adoption of a Resolution Authorizing Use of Teleconferencing for Council Meetings During Covid-19 State of Emergency
3. Approval of a Professional Services Agreement With CLEAResult, Inc., for Residential Energy Efficiency and Electrification Advising, Rebate Processing and Optional Heat Pump Water Heater Pilot Program Administration for a Total Not-to-Exceed Amount of \$2,940,400 for a 4-Year Term Through December 2026

## **Q&A**

4. Approve Contract C23185850 With Thomas Sarsfield for a Not-To-Exceed Amount of \$395,000 for a Term of Three Years to Provide a Tennis Recreation Program

#### Q&A

5. Approval of the Acceptance of State of California Citizens Options for Public Safety (COPS) Funds of \$172,000 and a Budget Amendment in the Supplemental Law Enforcement Services Fund (2/3 vote required)

#### Public Letter

6. Approval of the Office of the City Auditor's Fiscal Year (FY) 2023 Task Orders
7. Adoption of a Resolution Declaring Weeds to be a Public Nuisance and Setting February 27, 2023 for a Public Hearing for Objections to the Proposed Weed Abatement (ITEM CONTINUED TO DECEMBER 19, 2022)

#### CITY MANAGER COMMENTS

#### Presentation

##### ACTION ITEMS

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

8. Approval of a Construction Contract With Anderson Pacific Engineering Construction (APEC) in the Total Amount of \$161,846,500; Approval of Three Amendments to Existing Agreements with: 1) Stanford University, 2) East Palo Alto Sanitary District, and 3) Mountain View and Los Altos; Approval of Amendment #2 to Contract Number C19171565 with Brown & Caldwell to Add Services, to Increase Compensation by \$1,484,689 for a New Maximum Compensation Not-to-Exceed \$5,908,791, and to Extend the Contract Term through March 31, 2028; Approval of Amendment #2 to Contract Number C21176592C with Carollo Engineers to Add Construction Management Services, to Increase Compensation by \$8,237,021; approval of a resolution to increase Clean Water State Revolving Fund financing to \$193,000,000; approval of a budget appropriation increasing revenue and expenses; and approval of an exception to Debt Policy 1-65 for the Secondary Treatment Upgrades Project (WQ-19001) at the Regional Water Quality Control Plant. (9:00 – 9:30 PM)

9. PUBLIC HEARING / QUASI-JUDICIAL. 1700 Embarcadero Road [21PLN-00191]: Consideration of a Site and Design Review, Design Enhance Exception, Variance and Off-Street Loading Space Modification to Allow the Demolition of a Vacant Restaurant and the Construction of a new two-Story 31,000 Square Foot Automobile Dealership. The PTC and the ARB Recommend Approval of the Project. Environmental Assessment: Addendum to a Mitigated Negative Declaration. Zoning

#### Presentation

#### Public Letter

#### Staff Presentation

#### Applicant Presentation

District: CS(D)(AD) Service Commercial (Site & Design Review / Automobile Dealership Combining Districts). (9:30 – 10:30 PM)

10. Staff and the Council Sustainability and Climate Action (S/CAP) Ad Hoc Committee Recommend That Council Review and Provide Feedback to Staff on the Draft 2023-2025 S/CAP Work Plan and Direction on Governance of the Work Plan (ITEM CONTINUED TO FUTURE DATE)

## COUNCIL MEMBER QUESTIONS, COMMENTS, ANNOUNCEMENTS

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

## ADJOURNMENT

## INFORMATION REPORTS

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

11. Annual Status Report on the Developer Impact Fees Schedule as of June 30, 2022

## OTHER INFORMATION

Standing Committee Meetings

[Finance Committee Meeting December 6, 2022](#)

[Public Comment Letters](#)

[Schedule of Meetings](#)

## AMENDED AGEND 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.*

AA1. Neighbors Abroad Presentation: Sister City Tsuchiura, Japan

AA2. Study Session to Receive an Update on the Santa Clara County's Effort to Update the Stanford Community Plan.

7. Adoption of a Resolution Declaring Weeds to be a Public Nuisance and Setting February 27, 2023 for a Public Hearing for Objections to the Proposed Weed Abatement (ITEM CONTINUED TO DECEMBER 19, 2022)
10. Staff and the Council Sustainability and Climate Action (S/CAP) Ad Hoc Committee Recommend That Council Review and Provide Feedback to Staff on the Draft 2023-2025 S/CAP Work Plan and Direction on Governance of the Work Plan (ITEM CONTINUED TO FUTURE DATE)

## **PUBLIC COMMENT INSTRUCTIONS**

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

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

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



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

**(ID # 14437)**

**Meeting Date: 12/5/2022**

**Report Type: Consent Calendar**

**Title: Adoption of a Resolution Authorizing Use of Teleconferencing for Council Meetings During Covid-19 State of Emergency**

**From: Lesley Milton, City Clerk**

**Recommendation**

Adopt a Resolution (**Attachment A**) authorizing the use of teleconferencing under Government Code Section 54953(e) for meetings of the Council and its committees due to the Covid-19 declared state of emergency.

**Background**

In February and March 2020, the state and the County declared a state of emergency due to the Covid-19 pandemic. Both emergency declarations remain in effect.

On September 16, 2021, the Governor signed AB 361, a bill that amends the Brown Act, effective October 1, 2021, to allow local policy bodies to continue to meet by teleconferencing during a state of emergency without complying with restrictions in State law that would otherwise apply, provided that the policy bodies make certain findings at least once every 30 days.

AB 361, codified at California Government Code Section 54953(e), empowers local policy bodies to convene by teleconferencing technology during a proclaimed state of emergency under the State Emergency Services Act in any of the following circumstances:

- (A) The legislative body holds a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing.
- (B) The legislative body holds a meeting during a proclaimed state of emergency for the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

(C) The legislative body holds a meeting during a proclaimed state of emergency and has determined, by majority vote, pursuant to subparagraph (B) (B), that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees. (Gov. Code § 54953(e)(1).)

In addition, Section 54953(e)(3) requires that policy bodies using teleconferencing reconsider the state of emergency within 30 days of the first teleconferenced meeting after October 1, 2021, and at least every 30 days thereafter, and find that one of the following circumstances exists:

1. The state of emergency continues to directly impact the ability of the members to meet safely in person.
2. State or local officials continue to impose or recommend measures to promote social distancing.

### Discussion

At this time, the circumstances in Section 54953(e)(1)(A) exist. The Santa Clara County Health Officer continues to recommend measures to promote outdoor activity, physical distancing and other social distancing measures, such as masking, in certain contexts. (See August 2, 2021 [Order](#).) In addition, the California Department of Industrial Relations Division of Occupational Safety and Health (Cal/OSHA) has promulgated Section 3205 of Title 8 of the California Code of Regulations, which requires most employers in California, including in the City, to train and instruct employees about measures that can decrease the spread of COVID-19, including physical distancing and other social distancing measures.

Accordingly, Section 54953(e)(1)(A) authorizes the City to continue using teleconferencing for public meetings of its policy bodies, provided that any and all members of the public who wish to address the body or its committees have an opportunity to do so, and that the statutory and constitutional rights of parties and the members of the public attending the meeting via teleconferencing are protected.

To comply with public health directives and promote public safety, Palo Alto policy bodies have been meeting via teleconference since March 2020. On September 27, 2021, Council considered the format for future Council, committee, and Board and Commission meetings. Council determined that beginning November 1, 2021, Council meetings would be conducted using a hybrid format that allows Council Members and the public to decide whether to attend in person, following masking and distancing protocols, or participate via teleconference. Council directed that Council standing and ad-hoc committees and Boards and Commissions would continue meeting via teleconference through January 2022.

Adoption of the Resolution at **Attachment A** will make the findings required by Section 54953(e)(3) to allow the continued use of teleconferencing for Council meetings (for those Council Members who elect to participate remotely) and for Council standing and ad hoc committees. Each Board and Commission will consider and make similar findings.

### ATTACHMENTS:

- **Attachment2.a:** Attachment A: Resolution Allowing Hybrid In-Person and Teleconferenced Meetings under Section 54953(e) (PDF)



NOT YET APPROVED

Resolution No. \_\_\_\_\_

Resolution Making Findings to Allow Teleconferenced Meetings Under California Government  
Code Section 54953(e)

R E C I T A L S

A. California Government Code Section 54953(e) empowers local policy bodies to convene by teleconferencing technology during a proclaimed state of emergency under the State Emergency Services Act so long as certain conditions are met; and

B. In March 2020, the Governor of the State of California proclaimed a state of emergency in California in connection with the Coronavirus Disease 2019 (“COVID-19”) pandemic, and that state of emergency remains in effect; and

C. In February 2020, the Santa Clara County Director of Emergency Services and the Santa Clara County Health Officer declared a local emergency, which declarations were subsequently ratified and extended by the Santa Clara County Board of Supervisors, and those declarations also remain in effect; and

D. On September 16, 2021, the Governor signed AB 361, a bill that amends the Brown Act to allow local policy bodies to continue to meet by teleconferencing during a state of emergency without complying with restrictions in State law that would otherwise apply, provided that the policy bodies make certain findings at least once every 30 days; and

E. While federal, State, and local health officials emphasize the critical importance of vaccination and consistent mask-wearing to prevent the spread of COVID-19, the Santa Clara County Health Officer has issued at least one order, on August 2, 2021 (available online at [here](#)), that continues to recommend measures to promote outdoor activity, physical distancing and other social distancing measures, such as masking, in certain contexts; and

F. The California Department of Industrial Relations Division of Occupational Safety and Health (“Cal/OSHA”) has promulgated Section 3205 of Title 8 of the California Code of Regulations, which requires most employers in California, including in the City, to train and instruct employees about measures that can decrease the spread of COVID-19, including physical distancing and other social distancing measures; and

G. The Palo Alto City Council has met remotely during the COVID-19 pandemic and can continue to do so in a manner that allows public participation and transparency while minimizing health risks to members, staff, and the public that would be present with in-person meetings while this emergency continues; now, therefore,

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

1. As described above, the State of California remains in a state of emergency due to the COVID-19 pandemic. At this meeting, the Palo Alto City Council has considered the circumstances of the state of emergency.
2. As described above, State and County officials continue to recommend measures to promote physical distancing and other social distancing measures, in some settings.

AND BE IT FURTHER RESOLVED, That for at least the next 30 days, meetings of the Palo Alto City Council and its committees will occur in a hybrid format, where both members of the policy body and members of the public may elect to be present in person, utilizing appropriate distancing and masking practices, or participate by teleconferencing technology. Such meetings of the Palo Alto City Council and its committees that occur using teleconferencing technology will provide an opportunity for any and all members of the public who wish to address the body its committees and will otherwise occur in a manner that protects the statutory and constitutional rights of parties and the members of the public attending the meeting via teleconferencing; and, be it

FURTHER RESOLVED, That the City Clerk is directed to place a resolution substantially similar to this resolution on the agenda of a future meeting of the Palo Alto City Council within the next 30 days. If the Palo Alto City Council does not meet within the next 30 days, the City Clerk is directed to place a such resolution on the agenda of the immediately following meeting of Palo Alto City Council.

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 # 14543)

Meeting Date: 12/5/2022

Report Type: Consent Calendar

**Title: Approval of a Professional Services Agreement With CLEAResult, Inc., for Residential Energy Efficiency and Electrification Advising, Rebate Processing and Optional Heat Pump Water Heater Pilot Program Administration for a Total Not-to-Exceed Amount of \$2,940,400 for a 4-Year Term Through December 2026**

**From: City Manager**

**Lead Department: Utilities**

### Recommendation

Staff recommends that Council approve and authorize the City Manager or their designee to execute a professional services agreement C23186588 ([Linked Document](#)) with CLEAResult Consulting, Inc (CLEAResult) for:

- 1) free energy and water efficiency phone advising and home efficiency assessment services for residential customers (the Home Efficiency Genie program),
- 2) residential rebate processing and support services, and
- 3) the option to provide turnkey installation services in support of the Advanced Heat Pump Water Heater Pilot Program.

The total not-to-exceed (NTE) amount for the contract covering these services is \$2,940,400 over a 4-year term through December 4, 2026.

### Executive Summary

The Home Efficiency Genie (HEG) program is an existing, highly-rated Utilities program offering efficiency and electrification advising and home assessment services to residential customers. Staff recommends continuing the services offered by the HEG program because customers know, like and trust the program. The program supports the City's Sustainability and Climate Action Plan (S/CAP) goals by providing Home Electrification Readiness Assessments to residents. Staff also intends to expand the HEG program to provide customer intake for the Advanced Heat Pump Water Heater (HPWH) Pilot Program.<sup>1</sup> CLEAResult currently provides HEG program services. Their contract ends December 31, 2022. On June 24, 2021, staff issued RFP #181953 for services provided under the HEG program and other services, including administrative support for the City's rebate programs. The City received seven proposals that

<sup>1</sup> Approved October 3, 2022 after continuation from September 27, 2022. See [Staff Report 14606](#).

addressed one or more of those services. Staff selected CLEAResult based on its experience, its network of local trade allies (contractors), and its experience as the administrator for the rebate platform of the Bay Area Regional Energy Network (BayREN), an efficiency resource for nine San Francisco Bay Area counties. The contract that is the subject of this staff report covers HEG program services, rebate processing and support services, and it also gives the City the flexibility to call upon CLEAResult to provide turnkey HPWH installation services if issues arise with the primary turnkey installation vendor or if additional contractors are needed to keep up with the pace of Advanced HPWH Pilot program adoption.

## Background

### Home Efficiency Genie – Valued Program

The City of Palo Alto's [Home Efficiency Genie \(HEG\) program](#), administered by CLEAResult since 2015, is a well-established trusted advisor in the community, offering phone advising and home assessment services to help residents with home efficiency and electrification improvements. Residents can call "the Genie" for free phone advice to learn how to lower their utility bills and improve the comfort and safety of their homes. The HEG program offers residents City-subsidized home assessments, available either in-home or virtually, to identify efficiency and electrification opportunities. All home assessments include a Home Electrification Readiness Assessment, or HERA, which helps residents determine if their old gas appliances and equipment are ready to be replaced and if their electric panel can support new, efficient electric equipment alternatives. Customers who receive home assessments can also receive post-assessment advising, including reviewing HERA or home efficiency reports, offering a list of vetted contractors, assisting with evaluating contractor bids and providing general project guidance. Follow-ups with customers indicate that 40% of home assessment participants complete efficiency or electrification projects.

The HEG program is highly valued by participants, as demonstrated by responses to its customer satisfaction surveys. The results of 96 surveys collected from program participants show an average rating of 9.1 when customers are asked the question, "How likely are you to refer us to a friend or colleague?" where 0 is not at all likely and 10 is extremely likely. This question is known as a "Net Promoter Score" question, and responses can be used to calculate a Net Promoter Score (NPS) value. The NPS value is calculated by subtracting the percentage of "Detractors" (those scoring from 0 to 6) from the percentage of "Promoters" (those scoring 9 or 10). NPS values can range from -100 to 100, and the creators of the NPS rating system (Bain & Company) suggest that any score above 0 is good, above 20 is favorable, above 50 is excellent, and above 80 is world class.<sup>2</sup> The responses from HEG survey results translate to an NPS value of 78. As further evidence of the program's value, a 2018 RKS survey of City of Palo Alto Utilities (CPAU) customers showed that HEG customers had a higher overall satisfaction with CPAU than non-HEG customers ([Staff Report #10596](#), Appendix D).

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<sup>2</sup>Description of [Net Promoter Score](#) by Qualtrics, provider of customer experience tools.

On October 3, 2022 (after continuation from September 27, 2022), Council approved an Advanced HPWH Pilot program, featuring turnkey (start-to-finish) installation by a City-provided contractor, as well as a low up-front cost and an option for on-bill financing ([Staff Report 14606](#)). The program has a goal of installing 1000 heat pump water heaters within one year. On October 3, 2022 Council also approved a contract with a third-party vendor (Synergy Company) to provide turnkey HPWH installation services ([Staff Report #14542](#)).<sup>3</sup> While the Synergy contract provides installation services, the program also requires customer intake services, which Synergy is not providing. These customer intake services include speaking with individual residents to determine their eligibility for the program, helping residents apply for site assessments, performing a friendly hand-off to the turnkey installer, and tracking data for both customers who participate in the program and those who do not. As a trusted advisor, the HEG program administrator is well positioned to provide these customer intake services.

### Discussion

The City's contract with CLEAResult as a provider of HEG program services has a term end date of December 31, 2022 and in early 2021 staff drafted a Request for Proposals (RFP) to provide these and other residential efficiency and electrification services. Council's strong support of climate action activities at the April 19, 2021 City Council meeting reinforced staff's inclusion of elements such as turnkey installation of home efficiency and electrification services in the RFP. In addition, while internal staff currently process all residential customer rebates, rebate administration services were also included as part of the RFP to support possible expansion of rebates to a broader range of home efficiency and electrification measures.

### *Solicitation Process*

On June 24, 2021 staff issued the RFP noted above and described in [Staff Report #14542](#). Staff selected CLEAResult to provide phone advising and rebate administration services based on their team's extensive experience providing home efficiency and electrification advisory services as well as their network of local trade allies, which they could tap for recommending contractors to residents. In addition, staff selected CLEAResult based on its experience as the administrator for the rebate platform of the Bay Area Regional Energy Network (BayREN), an efficiency resource for nine Bay Area counties. Vendors selected as part of the competitive RFP process received intent to award letters in November 2021, but contract negotiations did not begin in earnest until June 2022, after the stakeholder engagement process led by the Council Ad Hoc S/CAP Committee narrowed the near-term priorities for S/CAP implementation.

### **Table 1: Information related to City-issued request for proposals (RFP) #181953 for residential program services.**

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<sup>3</sup> [City of Palo Alto City Council Action Minutes October 3, 2022](#)

PROPOSAL DESCRIPTION/ NUMBER	IMPLEMENTATION OF 3 <sup>RD</sup> PARTY ENERGY AND WATER EFFICIENCY AND ELECTRIFICATION PROGRAMS FOR RESIDENTIAL, LOW-INCOME, AND MULTIFAMILY CUSTOMERS / RFP #181953
<i>Proposed Program Length</i>	36 months, with two possible 12-month extensions
<i>Number of Notices Sent to Vendors via City's Procurement System (Planetbids)</i>	1,733
<i>Number of Packages Downloaded by Vendors</i>	25
<i>Total Days to Respond to RFP</i>	34
<i>Number of Proposals Received for Category 1</i>	7

The following categories of programs and services are included in this CLEAResult contract scope:

- A. Home Efficiency Genie Program
- B. Residential rebate services
- C. Turnkey Installation Program

#### Task A: Home Efficiency Genie Program

Administering the Home Efficiency Genie program involves providing energy and water advising and home assessment services.

#### *Energy and water advising*

Phone advising is a key component of the current HEG program, providing free guidance to customers with questions about how to reduce their greenhouse gas (GHG) emissions, lower their utility bills, or proceed with energy efficiency and building electrification projects. This contract adds advising specifically targeted to help low-income customers, helping increase their awareness of programs for income-qualified customers and assisting them with program application processes.

In addition to providing support for income-qualified customers, phone advising services are being expanded to include specific support for the Advanced HPWH Pilot program. The call to action for customers interested in participating in the program will be to "Call the Genie," and the Genie will serve the important role as a trusted advisor and first point of contact, speaking with residents to determine their eligibility, helping them apply for site assessments, performing a friendly hand-off to the turnkey installer, and tracking data for both customers who participate in the program and those who do not. The Genie will also help customers determine whether they are eligible for financing programs, including on-bill financing that is part of the Advanced HPWH Pilot program, and the Genie will educate customers on financing terms and conditions.

The consultant will be compensated for energy and water advising services based on hourly rates included in Exhibit C (“Compensation”) of the contract, up to a not to exceed amount of \$250,000 annually. The \$250,000 annual budget for energy and water advising services accounts for the addition of case management services plus an expected increase in general inquiries as the City steps up its outreach efforts on sustainability. The budget also covers maintenance of a network of trade allies, a service designed to provide customers with qualified and vetted contractors. A separate advising budget also based on the hourly rates in Exhibit C, not to exceed \$270,000 spanning the entire term of the contract, is allocated specifically for the Advanced HPWH Pilot program. This budget applies to customer intake services, assuming roughly 2 to 3 hours per customer for 1000 HPWH customers, including time spent supporting the program’s data management activities.

#### *Home efficiency and electrification assessments*

The HEG program offers three types of home assessments: 1) Virtual; 2) In-Home; and 3) Advanced In-Home. Virtual and In-Home Assessments give customers an initial idea of efficiency improvement opportunities, types of electric equipment they could consider (e.g., HPWH, heat pump space heating, electric vehicle charging, etc.), and projects they could complete without an electric panel upgrade. Advanced In-Home Assessments build upon Virtual and In-Home Assessments, adding diagnostic tests that provide customers with more robust efficiency and building electrification recommendations. This added information is helpful for customers who want to understand their home’s existing performance and how that performance would improve with the implementation of building envelope improvement projects. Advanced In-Home Assessment reports also include sizing of space heating, ventilation and air conditioning (HVAC) equipment with and without building envelope improvements. This information helps customers right-size HVAC equipment, potentially saving them money and improving comfort. Understanding the existing and potential power needs for residential space heating and cooling is also useful for staff planning the City’s electric distribution system upgrades.

All three types of home assessments would provide customers and the City with an inventory of customers’ existing gas equipment, electric equipment load and electric panel size. Data provided to the City could be combined with the City’s Graphical Information System (GIS) platform and used along with maps of the electric distribution system capacity to identify areas for targeted marketing of ongoing electrification and energy efficiency programs. Perhaps more importantly, though, the information provided by home assessments offered as part of this CLEAResult contract serves an important role in bridging the gap between electrifying 1000 water heaters through the Advanced HPWH Pilot program and fully electrifying all the roughly 15,000 single-family homes in Palo Alto. Each home is unique, and each will need a plan for electrification laying out which equipment choices make the most sense for that specific home and its residents. Virtual and In-Home Assessments provide a starting point for building such a plan, and Advanced In-Home Assessments can provide a complete picture of equipment needed to fully electrify the home.

The budget for home assessment services assumes roughly 20 assessments per month, split among the three types of assessments. One goal is to accommodate potential block-by-block electrification as grid modernization progresses. Oftentimes eight homes share a single 25kVA transformer; thus, the City may choose to offer Advanced In-Home Assessments to groups of eight homes over a short time period.

#### Task B: Residential Rebates

Incentives for home efficiency and electrification measures bring multiple benefits, including the following:

- They can be a focal point for raising awareness of the City’s sustainability goals
- They support early adopters of building electrification and home efficiency
- They can serve as a “staging ground” for a possible next turnkey installation offering, if turnkey installation is found to be viable through the Advanced HPWH Pilot program
- Building envelope rebates help tell the story of being grid friendly and enable customers to save money and right-size space heating and cooling equipment

Residential Rebate Program Services included as part of this CLEAResult contract support the City’s residential rebate program through three primary categories of work:

1. Development of a rebate measure list
2. Support for residential rebate program, e.g., rebate processing
3. Development of a Rebate Administration Platform

#### *Development of a rebate measure list*

In recent years, the number of residential rebates offered has been reduced significantly because cost-effective rebate levels, particularly for gas-reducing measures, dropped precipitously with the price of natural gas.<sup>4</sup> Staff is planning to revise the methodology for determining rebate levels – basing the selection of rebates on cost effectiveness of avoiding emissions – and to increase the suite of rebates offered. Through this CLEAResult contract, the City can call upon CLEAResult to provide energy and emissions savings values for a list of home efficiency and electrification rebate measures provided by staff. Staff can then use the savings information to develop a new list of customer rebates.

#### *Support for residential rebate program*

Currently, internal staff process residential rebates, except for those for water measures, which are processed through the City’s partnership with Valley Water ([Staff Report #14384](#)). Staff can process up to 20 rebates per month internally with existing resources. Above that level, external resources may be needed, and these services are included as part of this contract. This

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<sup>4</sup> Cost effective rebates are rebates that cost the utility less than the cost of purchasing the amount of energy saved by the rebate measure. A challenge of providing cost-effective rebates for home efficiency measures (e.g., attic insulation) in recent years has been the low cost of gas, combined with the relatively small amount of achievable energy savings because of Palo Alto’s mild climate. Staff is examining evaluating all rebates in terms of the cost per metric ton of GHG emissions avoided as an alternate cost effectiveness test.



contract gives the City the option to call upon CLEAResult staff to review and approve rebate applications and process the applications using the Energy Efficiency Collaboration Platform (EECP) that the City is currently using to manage its rebate program data.

#### *Development of a Rebate Administration Platform*

If the City determines for any reason that it wishes to discontinue use of the database platform it is currently using to manage residential rebate program data, CLEAResult can be called upon at the City's discretion through services described in this contract to develop a Rebate Administration Platform similar to the rebate platform that CLEAResult developed for BayREN.

#### *Additional Services*

Budget for Additional Services is included to account for possible higher-than-expected demand for phone advising or home assessment services.

#### Task C: Turnkey Installation Program

The Advanced HPWH Pilot program (described in detail in [Staff Report #14606](#)) is a key first step in advancing the City towards meeting its climate action goals. This contract gives the City the flexibility to call upon CLEAResult to provide turnkey installation services as a backup for the primary turnkey installation vendor or if additional contractors are needed to keep up with the pace of Advanced HPWH Pilot program adoption. Staff selected CLEAResult to provide these optional services because CLEAResult has a California Contractors State License Board (CSLB) general contractor's license allowing them to manage a broad range of sub-contractors, and they have extensive familiarity with local electrification contractors through their oversight and management of over 150 contractors in the BayREN regional program.

The \$500,000 designated in this contract towards providing optional turnkey installation services in support of the Advanced HPWH Pilot program are not *in addition to* the budget for turnkey installation services included in the recently approved contract with Synergy Company for providing these services ([Staff Report #14542](#)). Both use the same budget sources, which are described in [Staff Report #14606](#) and are meant to fund 1000 heat pump water heater installations, regardless of which contractor does the installation. The \$500,000 contract limit proposed for the CLEAResult contract would enable CLEAResult to install about 20 HPWHs per month for roughly two to three months in the event the City needed to call on them to do installations. This \$500,000 would allow enough money for CLEAResult to temporarily do installations while a contract amendment to add funds to the contract is completed in the event turnkey installation is shifted to CLEAResult.

#### **Resource Impact**

The contract limits for the various tasks are shown in Table 2 below:

**Table 2: Total Compensation Not to Exceed (NTE) Amounts**

Task	Subtasks	Year 1 NTE	Year 2 NTE	Year 3 NTE	Year 4 NTE	Total NTE

Task A: Home Efficiency Genie Program	Energy and Water Advising Services, Marketing, and Trade Ally Management <sup>a</sup>	\$250,000	\$250,000	\$250,000	\$250,000	\$1,000,000
	Advanced Heat Pump Water Heater Pilot Advising Services <sup>b</sup>	\$270,000				\$270,000
	Home Efficiency and Electrification Assessments <sup>b</sup>	\$160,000	\$160,000	\$160,000	\$160,000	\$640,000
Task B: Residential Rebate Program Services	Residential Rebate Eligible Measure List <sup>c</sup>	\$7,500				\$7,500
	Residential Rebate Program Support <sup>a</sup>	\$50,000	\$50,000	\$50,000	\$50,000	\$200,000
	Rebate Administration Platform Development <sup>c</sup>	\$75,700				\$75,700
	Residential Rebate Administration Platform Technical Services <sup>d</sup>	\$11,800	\$11,800	\$11,800	\$11,800	\$47,200
Task C: Turnkey Installation Program <sup>e</sup>		\$500,000				\$500,000
Total Task A-C NTE						\$2,740,400
Additional Services <sup>f</sup>		\$50,000	\$50,000	\$50,000	\$50,000	\$200,000
Maximum Total NTE						\$2,940,400

<sup>a</sup> Consultant is compensated for advising services, Trade Ally management, and residential rebate program support based on hourly rates provided in Exhibit C, "Compensation," of the contract.

<sup>b</sup> Consultant is compensated for Home Assessments on a per-completed-assessment basis and according to pricing provided in Exhibit C, "Compensation," of the contract.

<sup>c</sup> This is a fixed-cost item for work that will commence at City's discretion, where the cost may not exceed that listed in Table C-1, Exhibit C, "Compensation," of the contract.

<sup>d</sup> This is an annual fee, for work that will commence at City's discretion.

<sup>e</sup> Consultant is compensated for turnkey installation services on a per-unit-installed basis, where the work included is described in Table C-4 of Exhibit C, "Compensation," of the contract. Work related to this task will commence at City's discretion.

<sup>f</sup> Additional Services is to cover higher-than-expected demand for advising and home assessment services.

Spending authority to cover the first year of Tasks A, B and additional services of the CLEAResult

agreement (HEG program and residential rebate services), which is \$875,000 if all one-time expenses are incurred in Year 1, is available in the FY 2023 Adopted Operating Budget of the Electric, Gas and Water Funds. Funding will come from five sources: Electric Public Benefits<sup>5</sup>, Gas and Water Efficiency funds<sup>6</sup>, Electric Cap and Trade funds<sup>7</sup>, and the Electrification Loan Reserve funds approved on October 3, 2022 ([Staff Report #14606](#)). Table 3 shows funding from each revenue source for FY 2023.

**Table 3: Funding Sources for Year 1 Contract Budget, Tasks A, B and Additional Services**

FY 2023 Funding Source	Year 1 NTE
Electric Public Benefits	\$385,000
Gas Efficiency	\$110,000
Water Efficiency	\$30,000
Electric Cap & Trade	\$80,000
Electrification Loan Reserve	\$270,000
Total	\$875,000

Spending authority to cover Task C of this contract, turnkey installation for the Advanced Heat Pump Water Heater Pilot, was approved on October 3, 2022 ([Staff Report #14606](#), Section 3, Resource Impact Section, and Attachment B Sections 5-8). Funding for future years is contingent upon Council's approval through the annual budget process.

### Policy Implications

The proposed contract supports the Council-approved Sustainability Plan, the Council-approved Ten-year Energy Efficiency Targets, Comprehensive Plan Goals N4.2.1 (educate customers on efficient water use), N7.4.2 (implement cost effective energy efficiency programs for all customers) and N7.7.2 (explore the transition of existing buildings from gas to electric or solar water and space heating). The contract also furthers the Utilities Strategic Plan Collaboration priority (Strategy 1, increasing communication and engagement with the community).

### Stakeholder Engagement

The City issued the Request for Proposal (RFP) on June 24, 2021, for third-party energy and water efficiency and electrification program services for residential customers. Proposal submission deadline was on July 28, 2021. Stakeholder engagement for the Advanced Heat

<sup>5</sup> Electric Public Benefit funds are collected via a state-mandated (Public Utilities Code section 385) public benefit surcharge with revenues required to fund any of these four program areas: (i) cost effective energy efficiency and energy conservation programs; (ii) renewable energy resources and technologies; (iii) electricity-related research, development, and demonstration projects; and (iv) low-income customer assistance.

<sup>6</sup> An average of 1% of natural gas and water utility funds are used for gas and water public benefit and conservation programs.

<sup>7</sup> Electric Cap and Trade funds are auction proceeds resulting from the sale of free allowances allocated to the City under the State's Cap and Trade Program and must be spent on greenhouse gas emissions reducing activities like building electrification.

Pump Water Heater Program is discussed in the Stakeholder Engagement section of the September 27, 2022 study session staff report (Staff Report #14606)

**Environmental Review**

Approval of the attached agreement does not meet the definition of a project under the California Environmental Quality Act (CEQA), pursuant to the California Public Resources Code Section 21065, because it is not an activity that will cause a direct physical change in the environment. In the alternative, Council's approval of this agreement is exempt from review under CEQA Guidelines Section 15302, as replacement of existing facilities, and Section 15308, as an action taken for the protection of the environment.

**Attachments:**

- **Attachment3.a:** Attachment A: C23186588 Contract

**CITY OF PALO ALTO CONTRACT NO. C23186588****AGREEMENT FOR PROFESSIONAL SERVICES****BETWEEN THE CITY OF PALO ALTO AND CLEARESULT CONSULTING INC.**

This Agreement for Professional Services (this “Agreement”) is entered into as of the 5th day of December, 2022 (the “Effective Date”), by and between the CITY OF PALO ALTO, a California chartered municipal corporation (“CITY”), and **CLEARESULT CONSULTING, INC.**, a Texas Corporation, located at 6504 BridgePoint Parkway, Suite 425, Austin, TX 78730. (“CONSULTANT”).

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

**RECITALS**

A. CITY intends to award a contract for (the “Project”) and desires to engage the consultant to provide residential CPAU natural gas, electric, and water customers with building electrification (BE) (defined as the replacement of natural gas equipment for space heating, water heating, cooking and clothes drying with efficient electric alternatives), energy efficiency (EE) and/or water efficiency (WE) programs and services, to promote voluntary adoption of EE, WE, and BE upgrade projects in the residential sector (the “Services”, as detailed more fully in Exhibit A).

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

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

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

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

**SECTION 2. TERM.**

The term of this Agreement shall be from the date of its full execution through December 4, 2026 unless terminated earlier pursuant to Section 19 (Termination) of this Agreement.

**SECTION 3. SCHEDULE OF PERFORMANCE.** Time is of the essence in the performance of Services under this Agreement. CONSULTANT shall complete the Services within the term of this Agreement and in accordance with the schedule set forth in Exhibit B, entitled “SCHEDULE

OF PERFORMANCE". Any Services for which times for performance are not specified in this Agreement shall be commenced and completed by CONSULTANT in a reasonably prompt and timely manner based upon the circumstances and direction communicated to the CONSULTANT. CITY's agreement to extend the term or the schedule for performance shall not preclude recovery of damages for delay if the extension is required due to the fault of CONSULTANT.

**SECTION 4. NOT TO EXCEED COMPENSATION.** The compensation to be paid to CONSULTANT for performance of the Services shall be based on the compensation structure detailed in Exhibit C, entitled "COMPENSATION," including any reimbursable expenses specified therein, and the maximum total compensation shall not exceed **Two Million Seven Hundred Forty Thousand Four Hundred Dollars (\$2,740,400.00)**. The hourly schedule of rates, if applicable, is set out in Exhibit C-1, entitled "SCHEDULE OF RATES." Any work performed or expenses incurred for which payment would result in a total exceeding the maximum compensation set forth in this Section 4 shall be at no cost to the CITY.

☒ 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 **Two Hundred Thousand Dollars (\$200,000)** for the performance of Additional Services (as defined below). The total compensation for performance of the Services, Additional Services and any reimbursable expenses specified in Exhibit C, shall not exceed **Two Million Nine Hundred Forty Thousand Four Hundred Dollars (\$2,940,400.00)**, 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. 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.**

☒ **Option A: No Subcontractor:** CONSULTANT shall not subcontract any portion of the Services to be performed under this Agreement without the prior written authorization of the City Manager or designee. In the event CONSULTANT does subcontract any portion of the work to be performed under this Agreement, CONSULTANT shall be fully responsible for all acts and omissions of subcontractors.

☐ **Option B: Subcontracts Authorized:** 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:

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 Alex Scott, 180 Grand Ave Suite 850, Oakland, CA 94612, Telephone: 504-717-9171, Email: [Alex.Scott@clearesult.com](mailto:Alex.Scott@clearesult.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 Scott Mellberg, Utilities Department, Resource Management Division, 250 Hamilton Ave., Palo Alto, CA, 94301 Telephone: (650) 329-2659, Email: [Scott.Mellberg@CityofPaloAlto.org](mailto:Scott.Mellberg@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. OWNERSHIP OF MATERIALS.** All work product, including without limitation, all writings, drawings, studies, sketches, photographs, plans, reports, specifications, computations, models, recordings, data, documents, and other materials and copyright interests developed under this Agreement, in any form or media, shall be and remain the exclusive property of CITY without restriction or limitation upon their use. CONSULTANT agrees that all copyrights which arise from creation of the work product pursuant to this Agreement are vested in CITY, and CONSULTANT hereby waives and relinquishes all claims to copyright or other intellectual property rights in favor of CITY. Neither CONSULTANT nor its subcontractors, if any, shall make any of such work product available to any individual or organization without the prior written approval of the City Manager or designee. CONSULTANT makes no representation of the suitability of the work product for use in or application to circumstances not contemplated by the Scope of Services.

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

**SECTION 16. INDEMNITY.**

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

16.2. Notwithstanding the above, nothing in this Section 16 shall be construed to

require CONSULTANT to indemnify an Indemnified Party from a Claim arising from the active negligence or willful misconduct of an Indemnified Party that is not contributed to by any act of, or by any omission to perform a duty imposed by law or agreement by, CONSULTANT, its officers, employees, agents or contractors under this Agreement.

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

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

**SECTION 18. INSURANCE.**

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

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

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

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

such damage, injury, or loss arising after the Agreement is terminated or the term has expired.

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

19.1. The City Manager may suspend the performance of the Services, in whole or in part, or terminate this Agreement, with or without cause, by giving ten (10) days prior written notice thereof to CONSULTANT. If CONSULTANT fails to perform any of its material obligations under this Agreement, in addition to all other remedies provided under this Agreement or at law, the City Manager may terminate this Agreement sooner upon written notice of termination. Upon receipt of any notice of suspension or termination, CONSULTANT will discontinue its performance of the Services on the effective date in the notice of suspension or termination.

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

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

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

## **SECTION 20. NOTICES.**

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

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

With a copy to the Purchasing Manager

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

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

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

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

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

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

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

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

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

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

third, recycling or composting waste. In particular, CONSULTANT shall comply with the following Zero Waste requirements:

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

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

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

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

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

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

#### **SECTION 26. PREVAILING WAGES AND DIR REGISTRATION FOR PUBLIC WORKS CONTRACTS.**

☒ 26.1. Portions of the Project performed at multifamily properties are subject to prevailing wages and related requirements as "public works" under California Labor Code Sections 1720 et seq. and related regulations. CONSULTANT is required to pay general prevailing wages for rehabilitation and installation work performed at multifamily and any other non-exempt properties, 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 9204 Public Works Project.**

**SECTION 28. CONFIDENTIAL INFORMATION.**

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

28.2. “Confidential Information” means all data, information (including without limitation “Personal Information” about a California resident as defined in Civil Code Section 1798 et seq., as amended from time to time) and materials, in any form or media, tangible or intangible, provided or otherwise made available to CONSULTANT by CITY, directly or indirectly, pursuant to this Agreement. Confidential Information excludes information that CONSULTANT can show by appropriate documentation: (i) was publicly known at the time it was provided or has subsequently become publicly known other than by a breach of this Agreement; (ii) was rightfully in CONSULTANT’s possession free of any obligation of confidence prior to receipt of Confidential Information; (iii) is rightfully obtained by

CONSULTANT from a third party without breach of any confidentiality obligation; (iv) is independently developed by employees of CONSULTANT without any use of or access to the Confidential Information; or (v) CONSULTANT has written consent to disclose signed by an authorized representative of CITY.

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

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

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

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

## **SECTION 29. MISCELLANEOUS PROVISIONS.**

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

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

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

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

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

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

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

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

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

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

- |                                     |             |   |
|-------------------------------------|-------------|---|
| <input checked="" type="checkbox"/> | EXHIBIT A:  | SCOPE OF SERVICES                           |
| <input checked="" type="checkbox"/> | EXHIBIT A-1 | PROFESSIONAL SERVICES TASK ORDER            |
| <input checked="" type="checkbox"/> | EXHIBIT B:  | SCHEDULE OF PERFORMANCE                     |
| <input checked="" type="checkbox"/> | EXHIBIT C:  | COMPENSATION                                |
| <input checked="" type="checkbox"/> | EXHIBIT D:  | INSURANCE REQUIREMENTS                      |
| <input checked="" type="checkbox"/> | EXHIBIT E:  | DIR REGISTRATION FOR PUBLIC WORKS CONTRACTS |
| <input checked="" type="checkbox"/> | EXHIBIT F:  | INFORMATION PRIVACY POLICY                  |
| <input checked="" type="checkbox"/> | EXHIBIT G:  | CYBERSECURITY TERMS AND CONDITIONS          |

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



**CONTRACT No. C23186588 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

**CLEARRESULT CONSULTING INC.**

**Officer 1**

DocuSigned by:  
By: Kecia Davison  
F217EA2409A742C...  
Name: Kecia Davison

Title: SVP West

**Officer 2**

DocuSigned by:  
By: Chet Kwasnisk  
93C87B25AF8545A...  
Name: Chet Kwasnisk

Title: CFO

## **EXHIBIT “A” SCOPE OF SERVICES**

The City of Palo Alto (“CITY”) has adopted an aggressive greenhouse gas (“GHG”) emissions reduction goal of reducing emissions to 80% below 1990 levels by 2030. To meet its sustainability goals, the City is encouraging residential City of Palo Alto Utilities (“CPAU”) customers and building owners to pursue cost-effective efficiency savings and building electrification to reduce the use of natural gas.

The City seeks to provide residential CPAU natural gas, electric, and water customers with building electrification (BE) (defined as the replacement of natural gas equipment for space heating, water heating, cooking and clothes drying with efficient electric alternatives), energy efficiency (EE) and/or water efficiency (WE) programs and services. A goal of these programs and services is to promote voluntary adoption of EE, WE, and BE upgrade projects in the residential sector through incentives, advising, technical assistance, planning tools, and other innovative means.

CONSULTANT will leverage its residential demand side management program implementation expertise and experience to deliver the following programs and services to residential customers within the City of Palo Alto:

- I. The Home Efficiency Genie Program
- II. Residential Rebate Services
- III. Turnkey Installation Program

### **I. OVERVIEW OF HOME EFFICIENCY GENIE PROGRAM**

The Home Efficiency Genie Program (“HEG Program”) is an EE, WE, and BE assessment and advising program for single-family and multifamily CPAU customers, including renters.

Consultant will provide HEG Program technical assistance via three program elements:

- 1) Energy and Water Advising;
- 2) Home Efficiency and Electrification Assessments (“Home Assessments”);
- 3) Contractor or Trade Ally Management.

Consultant will serve 4 categories of residential customers through the HEG Program:

- 1) General Inquiry Customers: customers that have not completed a Home Assessment.
- 2) Home Assessment Customers: customers that are enrolled to complete a Home Assessment and have executed a Home Assessment Agreement;
- 3) Case Management Customers: customers that meet the income criteria defined by the CITY’s Rate Assistance Program (“RAP”) or other applicable criteria to participate in CITY, State, or Federal assistance programs;
- 4) Advanced Heat Pump Water Heater Pilot (“AHPWHP”) Program Customers: customers that have expressed interest in replacing their gas water heater with an electric heat pump water heater (“HPWH”), or customers participating in the City’s AHPWHP Program.

### A. Energy and Water Advising

CONSULTANT will provide phone and email-based advising and EE, WE, and BE project support to residential customers. Energy and Water Advising will be an entry point to enroll customers in Home Assessments and CITY's residential sustainability and electrification programs, with the ultimate goal of reducing residents' building and transportation emissions. CONSULTANT may also provide supporting services to optimize the HEG program.

### B. Home Assessments

CONSULTANT will offer and provide Home Assessment Customers with 3 types of Home Assessments: Virtual, In-Home, and Advanced In-Home, as described in Table A-1. During In-Home and Advanced In-Home Assessments, CONSULTANT will provide CITY customers with an Energy and Water Efficiency Toolkit ("Efficiency Toolkit"), which may include items such as faucet aerators, high-efficiency showerheads, smart power strips, and LED lightbulbs. After the Home Assessment, CONSULTANT will provide customers with a Home Assessment Report, which documents the Home Assessment findings.

With Virtual and In-Home Assessments, CONSULTANT will offer customers an analysis of EE improvement opportunities and of whether they would need an electric panel upgrade as part of installing various BE projects. The Virtual and In-Home Assessments would also provide customers and CITY with an inventory of customers' existing gas equipment, electric panel size, and existing electric equipment load.

The Advanced In-Home Assessment builds upon Virtual and In-Home Assessments. CONSULTANT will perform diagnostic tests with the Advanced In-Home Assessment to provide customers with more targeted EE and BE recommendations, include sizing of space heating and cooling equipment with and without EE improvements.

**Table A-1 – Overview of Home Assessments**

	<b>Virtual</b>	<b>In-Home</b>	<b>Advanced In-Home</b>
<b>Description</b>	The Virtual Home Assessment uses an interactive smart phone platform that allows CONSULTANT to visit the home virtually.	The In-Home Home Assessment includes an in-person visit by CONSULTANT to the customer's home.	The Advanced In-Home Home Assessment provides the same services as the In-Home Assessment with additional features.
<b>Services Provided</b>	<ul style="list-style-type: none"> <li>• Review conditions of the home</li> <li>• Review comfort and energy use concerns</li> <li>• Document existing equipment and opportunities for equipment upgrades</li> <li>• Review Home Assessment Report</li> </ul>	<ul style="list-style-type: none"> <li>• Includes all services provided in Virtual Assessment</li> <li>• Includes firsthand and comprehensive review of existing equipment</li> <li>• Includes Efficiency Toolkit</li> </ul>	<ul style="list-style-type: none"> <li>• Includes all services provided in In-Home Assessment</li> <li>• Includes diagnostic testing including blower door test, duct system pressure test, and infrared camera scans where applicable</li> </ul>

<b>Key Differentiators</b>	<ul style="list-style-type: none"> <li>• No Efficiency Toolkit</li> <li>• Because the assessment is performed virtually, comprehensive equipment data may not be available</li> </ul>	<ul style="list-style-type: none"> <li>• Offers one-on-one engagement with homeowner as CONSULTANT performs Assessment</li> </ul>	<ul style="list-style-type: none"> <li>• Offers diagnostic testing services to inform equipment sizing and design</li> </ul>
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### C. Contractor or Trade Ally Management

CONSULTANT will vet and enroll qualified general contractors (each, a “Trade Ally”) to participate in the HEG Program to install EE, WE, and BE projects recommended through the HEG Program. CONSULTANT will recruit and train Trade Allies as described in Task 5 below to be included on a list to be provided to customers.

### D. Home Efficiency Genie Program Targets

CONSULTANT’s targets for the term of the HEG Program are provided in Table A-2. The parties will review the targets regularly to determine whether the HEG Program is on target or whether the HEG Program design or goals require adjustment.

**Table A-2. Home Efficiency Genie Program Targets**

<b>Term</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Net Promoter Score (NPS)	70	70	70
Project Conversion Rate	40%	45%	45%

The “Net Promoter Score (NPS)” is calculated based on an industry-recognized customer satisfaction question. CONSULTANT will email all HEG Program participants a Customer Feedback Form (Task A.7) that will include an NPS question to measure customer satisfaction with the HEG Program. CONSULTANT will provide survey data to enable the CITY to analyze the four HEG Program customer categories so that the quality of services for specific customer categories can be measured. The target NPS value shown in Table A-1 applies for services in all 4 customer categories.

The “Project Conversion Rate” is the total number of EE, WE, or BE projects completed by Home Assessment Customers divided by the number of completed Home Assessments.

During an In-Home or Advanced In-Home Assessment, CONSULTANT may install some or all of the items that are part of the Efficiency Toolkit at the residence. The energy and water savings associated with installation of items in the Efficiency Toolkit are not required and not a part of the HEG Program targets; however, CONSULTANT will report these savings as noted in Task A.1.5.

### E. Staffing Plan

CONSULTANT agrees to staff the HEG Program in accordance with the Staffing Plan set forth below in Table A-3. CONSULTANT shall notify the CITY concerning proposed changes to the Staffing Plan; all such changes require prior written consent via email of the CITY.

CITY may (i) request CONSULTANT conduct criminal background checks to CITY's satisfaction on all CONSULTANT's staff, contractors or agents that may enter customer property, and (ii) require that any staff, contractor, or agent of CONSULTANT that fails the background check shall not be permitted to enter any customer premises.

**Table A-3 Home Efficiency Genie Program Staff Contacts**

<b>Name</b>	<b>Title</b>	<b>Phone</b>	<b>Email</b>
<b>Kim DiCello</b>	Sr. Program Director	415-965-3023	Kim.DiCello@clearesult.com
	Develops strategies and tactics to deliver effective program performance by directing the work of employees assigned to the program from technical, marketing, operations, analytics, and administrative areas.		
<b>Marc Bigby</b>	Sr. Program Manager	925-297-5057	marc.bigby@clearesult.com
	Responsible for overseeing the portfolio of downstream residential programs in California and will instill best practices to enable the Program to be delivered within budget to meet Program goals.		
<b>Paul Koepke</b>	Associate Program Manager	650-226-4010 ext 2	paul.koepke@clearesult.com
	Serves as primary point of contact for the CITY. Verifies the Program is delivered within budget and is responsible for managing, training, and mentoring the implementation team.		
<b>Tony Jung</b>	Sr. Residential Auditor	650-226-4010 ext. 4	tony.jung@clearesult.com
	Building Performance Institute (BPI) trained professional who will perform remote and in-person audits and technical assistance		
<b>Robert Brigham</b>	Sr. Field Manager	510-756-5776	robert.brigham@clearesult.com
	General Contractor responsible for overseeing subcontracting and quality assurance for any direct installations of electrification technologies.		
<b>To Be Hired</b>	Residential Auditor	N/A	N/A
	BPI trained professional who will perform remote and in-person audits and technical assistance		
<b>To Be Hired</b>	Energy Advisor	N/A	N/A
	Specialized customer support to provide technical assistance, facilitate the customer journey, and enable enrollment in City programs.		
<b>To Be Hired</b>	Operations Specialist	N/A	N/A
	Desktop review, quality control, and operational support for rebate administration.		

## **F. HEG Program Implementation and Delivery**

### **TASK A.1 HOME EFFICIENCY GENIE PROGRAM PLANNING AND KICK OFF**

#### ***Task A.1.1 Program Kick-Off Meeting***

CONSULTANT will develop an agenda for the Program Kick Off Meeting and organize the Kick-Off Meeting with CITY staff to review HEG Program design and delivery, roles, timelines and priorities in the delivery of the HEG Program. The meeting will also cover logistics, marketing, coordination, measurement and verification activities, establishing CONSULTANT systems, invoicing requirements, reports, and any remaining implementation questions. CONSULTANT and CITY will refine timelines and identify additional CITY needs for the Program. CONSULTANT will identify customer data needs from CITY to inform customer segment analyses and outreach.

*Task A.1.1 Deliverable: Meeting agenda and meeting minutes*

***Task A.1.2 Develop HEG Program Policies and Procedures Manual***

CONSULTANT shall develop the HEG Policies and Procedures Manual for use by CITY and CONSULTANT, which will include, at a minimum, the following:

- i. the terms and conditions for eligible customers to participate in the HEG Program;
- ii. the process for customers to participate in the HEG Program;
- iii. the process for providing Energy and Water Advising Services to General Inquiry, Home Assessment, Case Management and AHPWHP Program Customers in the HEG Program (Task A.3);
- iv. an exhaustive list of services included with Virtual, In-Home, and Advanced In-Home Assessments per descriptions in Table A-1;
- v. the process for scheduling, performing, delivering Home Assessments (Task A.4) and other HEG Program activities;
- vi. the process to recruit, enroll, and manage Trade Allies (Task A.5.1);
- vii. the process for obtaining and delivering the completed HEG Customer Feedback Form (Task A.1.7) and Trade Ally Feedback Form (Task A.1.9);
- viii. the process for managing and entering HEG Program data into CITY's program platform(s), such as the CITY's Energy Efficiency Collaboration Platform (Tasks A.7.1);
- ix. the process for providing HEG Program Reports (Task A.7.2);
- x. the process for completing HEG Program Invoices (Tasks A.7.3).

CONSULTANT will submit a draft HEG Program Policies and Procedures Manual to CITY for review and approval before finalizing and will provide written revisions and updates to the HEG Program Policies and Procedures Manual upon CITY request. CONSULTANT will adhere to and document its compliance with applicable policies and procedures in the HEG Program Policies and Procedures Manual as it performs the Services in this Scope of Work.

*Task A.1.2 Deliverable: HEG Program Policies and Procedures Manual*

***Task A.1.3 Update Home Assessment Agreement***

CONSULTANT will update the existing Home Assessment Agreement to include the following, at a minimum:

- i. Provides an overview of the HEG Program
- ii. Grants CONSULTANT permission to perform the Home Assessment to

- determine energy, water, and electrification opportunities available to customer under the City's HEG Program;
- iii. Fully indemnifies CITY against all loss, damages, costs, and liability arising from any claims stemming from the Home Assessment;
- iv. Collects basic information from the customer, including but not limited to customer contact information and installation address;
- v. States customer co-payment amount, which will be mutually agreed upon by CITY and CONSULTANT

CONSULTANT will submit the Home Assessment Agreement to CITY for review and approval and will revise and update the Home Assessment Agreement, including adding additional elements, as directed by CITY before use. CONSULTANT will provide the Home Assessment Agreement to customers in both electronic and paper formats. CONSULTANT will scan paper forms completed by customers and submit them to CITY electronically, as well as in their original paper format.

*Task A.1.3 Deliverable: Home Assessment Agreement*

***Task A.1.4 Update Home Assessment Report Templates***

CONSULTANT will provide a Home Assessment Report to the customer following their Home Assessment. CONSULTANT will update the existing Home Assessment Report templates for Virtual and In-Home Assessments which will include the following elements:

- i. Inventory and photos of physical conditions, effective age and estimated remaining lifespans of equipment and appliances;
- ii. Identification of whole house efficiency and optimization opportunities including, but not limited to, building envelope, lighting, various energy appliances, measures, and potential occupant behaviors;
- iii. Quantification of each device's estimated energy consumption and opportunities for enhanced energy-use efficiency, water efficiency, and electrification;
- iv. Evaluation of the condition and capacity of the existing electric panel and recommended upgrades that may be necessary to enable the proposed measures;
- v. Recommended locations for new electrical equipment, noting any observed space or structural constraints and possible remedies;
- vi. Clear and actionable energy and water savings and electrification recommendations to educate the customer.

The Home Assessment Report for Advanced In-Home Assessments will include all elements included in Virtual and In-Home Assessment Reports, as well as the following elements:

- i. Home performance information and parameter values resulting from diagnostic testing including blower door test, duct system pressure test, and infrared camera scans where applicable;
- ii. Identification of whole house efficiency and optimization opportunities including, but not limited to, building envelope, lighting, various energy appliances, measures, and potential occupant behaviors;
- iii. Home performance information and parameter values expected *after* recommended building envelope improvements are made;
- iv. Size recommendations of HVAC equipment *without* building envelope

- improvements;
- v. Size recommendations of HVAC equipment *with* building envelope improvements.

CONSULTANT will submit the Home Assessment Report Templates for CITY review and approval and will revise as directed by CITY before use. Once finalized and approved by CITY, the Home Assessment Report Templates will be provided by CONSULTANT to the customer and will include information necessary for the customer to understand energy and water efficiency opportunities available to them. CONSULTANT will provide written revisions and updates to the Home Assessment Reports upon CITY request.

*Task A.1.4 Deliverable:* Virtual, In-Home, and Advanced In-Home Assessment Report Templates

***Task A.1.5 Update HEG Program Report Template***

CONSULTANT will update the standard HEG Program Report template to meet CITY's reporting requirements and deliver it to the CITY monthly, quarterly, and annually. CONSULTANT will assist CITY in finalizing HEG Program performance metrics to include in the HEG Program Reports. The HEG Program Report will also provide summary statistics which shall include the following at minimum:

- i. Number of pending and completed Home Assessments;
- ii. Number of Efficiency Toolkits provided;
- iii. Number of EE, WE, and BE projects completed by customer that customer completed via their participation in CONSULTANT's Energy and Water Advising or Home Assessment services;
- iv. Program referrals and additional customer participation in City programs resulting from Energy and Water Advising or Home Assessment services;
- v. Savings associated with Energy Toolkit or completed projects including:
  - a) Gross and net annual deemed kWh;
  - b) Gross and net lifetime kWh deemed savings;
  - c) Gross and net annual kW demand deemed savings;
  - d) Gross and net lifetime kW demand deemed savings;
  - e) Gross and net annual therms deemed savings;
  - f) Gross and net lifetime therms deemed savings;
  - g) Gross and net annual deemed greenhouse gas (GHG) emissions savings;
  - h) Gross and net lifetime deemed GHG emissions savings;
- vi. Number of Trade Allies enrolled;
- vii. Number of Trade Ally trainings completed;
- viii. Program dashboards with the following information:
  - a) Account type totals;
  - b) New account totals;
  - c) Net Promoter Score;
  - d) Project Conversion Rates;
  - e) New lead totals;
  - f) Program savings totals (by period and total for program).

CONSULTANT will submit the HEG Program Report Template to CITY for review and



approval and will revise and update the HEG Program Report Template as directed by CITY before use.

*Task A.1.5 Deliverable: HEG Program Report Template*

***Task A.1.6 Update HEG Program Invoice Template***

CONSULTANT will update the standard HEG Program Invoice Template to meet CITY's invoicing requirements, including, but not limited to:

- i. Name of company providing invoice (CLEAResult, Inc.);
- ii. Invoice number;
- iii. Invoice date;
- iv. CONSULTANT's remit-to address for invoicing;
- v. Description of work performed;
- vi. Narrative describing the items billed in the applicable period;
- vii. Invoice amount, broken down as requested by CITY according to category of work
- viii. Number of advising hours, including report detailing activities completed during advising hours;
- ix. Number of completed Home Assessments by category: 1) Virtual, 2) In-Home, and 3) Advanced In-Home;
- x. Additional services performed.

CONSULTANT will submit the HEG Program Invoice Template to CITY for review and approval and will revise and update the HEG Program Invoice Template as directed by CITY before use.

*Task A.1.6 Deliverable: HEG Program Invoice Template*

***Task A.1.7 Update HEG Customer Feedback Forms***

CONSULTANT will update the HEG Customer Feedback Form Template for each of the 4 customer types described in the Overview section. The HEG Customer Feedback Form gives customers the opportunity to evaluate the HEG services that were provided to the customer, including Energy and Water Advising Services, the Home Assessment, the on-going customer support, and the overall customer experience associated with the HEG Program. The HEG Customer Feedback Form must include a question for the customer that enables CITY to calculate a Net Promotor Score (NPS) value, which is a standardized metric used to assess customer satisfaction. CONSULTANT will pursue continuous improvements to achieve the target NPS score in Table A-2.

CONSULTANT will submit the HEG Customer Feedback Form Templates to CITY for review and approval and will revise and update them as directed by CITY before use. CONSULTANT will provide the HEG Customer Feedback Forms to customers in either electronic and paper formats. CONSULTANT will scan paper forms completed by customers and submit them to CITY electronically, as well as in their original paper format.

*Task A.1.7 Deliverable: HEG Customer Feedback Form Template*

***Task A.1.8 Update Trade Ally Participation Agreement***

CONSULTANT will update a Trade Ally Participation Agreement that includes the following, at a minimum:

- i. Provides an overview of the Trade Ally network;
- ii. Provides requirements for Trade Allies to participate, including but not limited to insurance certification and information, W9, and attending a Trade Ally training;
- iii. Collects basic information from the Trade Ally, including but not limited to contact information and Contractor's License(s).

CONSULTANT will submit the Trade Ally Participation Agreement to CITY for review and approval and will revise and update the Trade Ally Participation Agreement, including adding additional elements, as directed by CITY before use. CONSULTANT will provide the Trade Ally Participation Agreement to Trade Allies in both electronic and paper formats. CONSULTANT will scan paper forms completed by Trade Allies and submit them to CITY electronically, as well as in their original paper format.

*Task A.1.8 Deliverable:* Trade Ally Participation Agreement Template

***Task A.1.9 Update Trade Ally Feedback Forms***

CONSULTANT will update a Trade Ally Feedback Form Template. The Trade Ally Feedback Form gives customers the opportunity to evaluate the Trade Ally network, the on-going customer support, and the programs and policies associated with the Trade Ally network. The Trade Ally Feedback Form must include a question for the Trade Ally that enables CITY to calculate a Net Promotor Score value. CONSULTANT will pursue continuous improvements to achieve the target NPS score in Table A-2.

CONSULTANT will submit the Trade Ally Feedback Form Templates to CITY for review and approval and will revise and update them as directed by CITY before use. CONSULTANT will provide the Trade Ally Feedback Forms to Trade Allies in both electronic and paper formats. CONSULTANT will scan paper forms completed by Trade Allies.

*Task A.1.9 Deliverable:* Trade Ally Feedback Form Template

***Task A.1.10 Host Ongoing Program Implementation Meetings***

CONSULTANT's assigned point of contact will meet with the CITY team on a monthly basis and will also be available for a weekly check-in phone call with the CITY team. CONSULTANT will be available as necessary at any time to ensure effective Program implementation.

**TASK A.2 – HOME EFFICIENCY GENIE PROGRAM MARKETING*****Task A.2.1 Implement Marketing and Outreach Activities***

CONSULTANT will market the HEG Program as directed by the CITY's Project Manager. These marketing activities shall include the following at minimum, and any changes must be mutually agreed upon in writing via email:

- i. Email or direct mail communications;
- ii. Outbound call campaigns;
- iii. Tabling at various CITY locations (e.g. libraries, City Hall and Community Centers, local retail establishments);
- iv. Organizing and hosting community workshops and webinars;
- v. Participating in CITY sponsored events and workshops (e.g. rooftop solar, electric vehicle, heat pump water heater, water conservation);
- vi. Partnering with community groups (e.g. neighborhood associations);
- vii. Engaging with real estate professionals, Trade Allies, local employers, and other stakeholders.

### **TASK A.3 – ENERGY AND WATER ADVISING SERVICES IMPLEMENTATION**

#### ***Task A.3.1 Recruit, Hire, and Train Energy Advisors and Residential Auditors***

CONSULTANT will employ Energy Advisors and Residential Auditors that are residential efficiency experts with a strong command of building science technical knowledge, electrification, sales skills, and excellent customer service skills. CONSULTANT's Energy Advisors will be CITY customers' main point of contact for the HEG Program and will provide concierge service to assist customers as described in Tasks A.3.2, A.3.3, A.3.4, and A.3.5. Energy Advisors hired by CONSULTANT will demonstrate building science technical knowledge through holding certifications (e.g. Building Performance Institute Certification Building Analyst, Home Energy Rating System Certification, and other similar certifications) or equivalent education, certification, and experience that demonstrates building science technical knowledge.

CONSULTANT will provide to CITY a list of Energy Advisors and Residential Auditors to staff the HEG Program. CITY will approve Energy Advisors and Residential Auditors for the HEG Program and reserves the right to reject any that do not meet CITY's standards. If CITY chooses to exercise its right, CONSULTANT shall provide a replacement Energy Advisor or Residential Auditor within 30 days of written CITY notice to CONSULTANT.

#### ***Task A.3.2 Provide Energy and Water Advising Services to General Inquiry Customers***

CONSULTANT will be available through email and maintain a dedicated phone line with the phone number (650) 713-3411 for phone-based advising. CONSULTANT will provide energy and water advising services to General Inquiry customers via phone and email in support of EE, WE, and BE upgrade projects, which will include the following at minimum. Any changes must be mutually agreed upon in writing via email:

- i. Guidance for residents to reduce their building and transportation emissions through energy saving behaviors and the completion of EE, WE, and BE upgrade projects;
- ii. Assistance with customer-facing utility portals such as MyCPAU;
- iii. Utility bill analysis;
- iv. Assistance with selecting contractors or Trade Allies for upgrade projects;
- v. Reviewing contractor bids;

- vi. Assistance with understanding financing options for upgrade projects;
- vii. Incentive application assistance and processing;
- viii. Referrals to relevant complementary CITY sustainability programs such as electrification and efficiency programs, water conservation programs, waste reduction programs, electrification programs and pilot programs.

CONSULTANT will track customer referrals to complementary programs to measure indirect benefits of the HEG Program. CONSULTANT will also provide ongoing follow-up to all customers to ensure customers take advantage of all the available CITY programs and services, and that customer questions are fully answered.

***Task A.3.3 Provide Energy and Water Advising Services to Home Assessment Customers***

CONSULTANT will provide the same energy and water advising services to Home Assessment Customers as provided to General Inquiry Customers, with the following additions:

- i. Enroll customers for Home Assessment by collecting signed Home Assessment Agreement;
- ii. Provide Home Assessment Report review and ongoing follow-up and engagement.

***Task A.3.4 Provide Energy and Water Advising to Case Management Customers***

CONSULTANT will provide the same energy and water advising to Case Management Customers as provided to General Inquiry Customers, with the following additions:

- i. Assist customers with application and enrollment processes for CITY's income or assistance programs such as CITY's Rate Assistance Program;
- ii. Host and assist with workshops and events to generate new customer enrollments in CITY's income-qualifying programs;
- iii. Coordinate with and receive referrals from other income-qualified CITY, State, or Federal Programs such as the Home Energy Assistance Program (HEAP).

In order to serve Case Management Customers who may be hard-to-reach and experience additional barriers to entry such as language access, CONSULTANT will work to reduce barriers by providing activities, such as providing language interpretation services and translated marketing materials and program documents. CONSULTANT will identify additional barriers to entry for Case Management Customers and provide proposed solutions.

***Task A.3.5 Provide Advising Services to Advanced Heat Pump Water Heater Pilot Program Customers***

CONSULTANT will provide energy advising services to AHPWHP Program Customers via phone and email. CONSULTANT will provide electrification and efficiency concierge services to qualified CITY customers that will include the following at minimum. Any changes must be mutually agreed upon in writing via email:

- i. Identify and screen customers based on the AHPWHP Program qualifications for site assessments;

- ii. Educate customers on HPWH product technologies and basic operation, potential installation and operational difficulties, possible costs, and any questions related to HPWHs;
- iii. Coordinate with CITY's third-party contractor to schedule site assessment;
- iv. Collect customer documents required by AHPWHPP such as the Customer Site Assessment Agreement;
- v. Determine customer eligibility for financing programs and educate customers on financing terms and conditions;
- vi. Provide ongoing support for any AHPWHPP Program-related questions, and inform CITY and CITY's third-party contractor of any customer concerns or questions within three (3) business days.

***Task A.3.6 Provide Supporting Services***

At CITY's request, CONSULTANT will provide supporting services to optimize the HEG program, such as:

- i. evaluating HEG Program efficacy for participating customers by comparing pre- and post-HEG Program energy consumption, where available, and shall include this information in reports;
- ii. discussing potential HEG Program enhancements.

**TASK A.4 HOME ASSESSMENTS IMPLEMENTATION**

***Task A.4.1 Enroll Customers for Home Assessments***

CONSULTANT will explain the key differences of the three types of Home Assessments to customers and assist customers in selecting one for enrollment. CONSULTANT will screen and schedule a Home Assessment for customer. Customer enrollment occurs when CONSULTANT gains customer's signature on the Home Assessment Agreement between CONSULTANT and customer. CONSULTANT will collect or waive any customer co-payments, as applicable. The co-payment amount will be mutually agreed upon by CITY and CONSULTANT and any changes in co-payment amount must be mutually agreed upon via email.

***Task A.4.2 Perform Virtual, In-Home, and Advanced In-Home Home Efficiency and Electrification Assessments***

CONSULTANT will perform the Home Assessment selected by customer.

For Virtual Assessments, CONSULTANT will:

- 1. Use an interactive electronic platform to review conditions in the home, document existing equipment, and review comfort, energy and water use concerns;
- 2. Gather relevant information and images as defined in Task A.1.4 to create the Virtual Home Assessment Report.

For In-Home and Advanced In-Home Assessments, CONSULTANT will:

- 1. Schedule a visit to customer's home;
- 2. Gather relevant information, images, and data from diagnostic tests as defined for each type of Home Assessment in Task A.1.4 to create the In-Home or Advanced In-Home

- Home Assessment Report;
3. Provide an Efficiency Toolkit.

#### ***Task A.4.3 Complete Home Assessment Reports***

Upon completion of the Virtual, In-Home, or Advanced In-Home Assessment, CONSULTANT will prepare a customized Home Assessment Report using the Home Assessment Report Template according to the type of Home Assessment that was performed (Task A.1.4). Depending on the type of home, the Home Assessment Report contents may vary. CONSULTANT will coordinate with CITY to promote CITY's other energy and water efficiency, electrification, demand response and offerings to maximize benefit to customers. Such coordination may result in referrals to other programs or joint delivery of services.

CONSULTANT will deliver the Home Assessment Report to customer and explain findings to help customers navigate the EE, WE, and BE upgrade process. CONSULTANT will not offer, solicit or provide any non-CITY/CPAU programs or services under this Agreement.

### **TASK A.5 – TRADE ALLY MANAGEMENT**

#### ***Task A.5.1 Recruit, Enroll, and Manage Trade Allies***

CONSULTANT will develop and adhere to the process for enrolling and removing Trade Allies, including executing a Trade Ally Participation Agreement. After vetting Trade Allies, CONSULTANT will create a list of Trade Allies and submit to CITY for approval prior to distribution. All lists must include a CITY-approved disclosure statement, such as the following: “Note: This list is provided as a courtesy resource only. The City does not require or endorse the use of any of these firms. This list is not to be construed as exclusive, comprehensive, or limiting in any way.”

#### ***Task A.5.2 Onboard and Host Trainings for Trade Allies***

CONSULTANT shall provide at least four (4) in-person and/or online HEG Program trainings for Trade Allies per year. Trainings will cover Trade Ally enrollment processes and rebate program eligibility and processes. CONSULTANT will provide the training materials to CITY for approval prior to use.

#### ***Task A.5.3 Provide Project Advising to Trade Allies***

CONSULTANT will provide EE, WE, and BE project advising services to Trade Allies that will include the following at minimum. Any changes must be mutually agreed upon in writing via email:

- i. Assistance with applying for applicable CITY rebates on behalf of customer;
- ii. Resources and training for installing EE, WE, and BE upgrade projects;
- iii. Building permit and inspection coordination with CITY’s Planning and Development Services Department.

CONSULTANT will ensure that all manufacturer product warranties held either by CONSULTANT or Trade Allies will be transferred to the customer upon installation, and CONSULTANT will be available to troubleshoot and/or replace any defective measures for customers.

CONSULTANT will confirm Trade Allies' licensing and insurance and monitor customer feedback on Trade Allies' performance.

***Task A.5.4 Support Trade Allies' Outreach to Customers***

CONSULTANT will support Trade Allies' outreach to customers by offering consultative sales and outreach support, providing HEG Program materials, and inviting for Trade Allies to participate in community events. CONSULTANT will train Trade Allies on HEG Program requirements to share with customers.

**TASK A.6 – CUSTOMER FEEDBACK**

***Task A.6.1 Provide Customer Service, Feedback, and Issue Resolution***

CONSULTANT will provide a dedicated phone number for all CITY customer contacts for scheduling Home Assessments, providing program information, and answering customer or Trade Ally inquiries during normal business hours, Monday through Friday between 8 AM – 5 PM.

CONSULTANT will request feedback as described in HEG Customer Feedback Form (Task A.1.7) and Trade Allies Feedback Form (Task A.1.9). CONSULTANT will enter feedback data into CITY's chosen platform and provide feedback results to CITY in monthly invoicing and reporting. CITY retains the right to separately survey Program participants.

CONSULTANT will address and attempt to resolve all issues discovered through either survey feedback or other means of contact within five (5) business days. CONSULTANT will pursue continuous improvements to drive high program satisfaction and NPS targets as described in Table A-1. If any issues cannot be resolved to the satisfaction of the customer by CONSULTANT within five (5) business days, CONSULTANT shall immediately provide CITY with a detailed description of any such complaint which will include the name and contact information of the customer and any other information requested by CITY.

**TASK A.7 HEG PROGRAM INVOICING AND REPORTING**

***Task A.7.1 Data Management***

CONSULTANT shall provide data tracking, analysis, and reporting as well as actionable insights regarding real-time HEG Program performance. CONSULTANT will utilize its own system to update the CITY's program platform such as Energy Efficiency Collaboration Platform. In addition to tracking HEG Program progress, CONSULTANT shall track detailed customer information such as barriers and motivations as well as planned future upgrades to support on-going HEG Program operations.

CONSULTANT will respond to CITY's written data requests within 30 calendar days to meet evaluation, measurement, and verification ("EM&V" and other regulatory requirements. CONSULTANT will interface with CITY's contracted EM&V firms as necessary.

#### ***Task A.7.2 Reporting***

CONSULTANT will provide completed HEG Program Reports on CITY-approved reporting templates (Task A.1.5) on a monthly basis.

HEG Program Reports are critical to the success of the programs described herein, and therefore CONSULTANT's timely submittal of complete and accurate HEG Program Reports is required in order for CONSUTLANT to receive payments under this Agreement.

#### ***Task A.7.3 Invoicing***

Using the HEG Program Invoice Template (Task A.1.6), CONSULTANT will invoice CITY on a monthly basis consistent with Section 5 of the Agreement and in accordance with the more specific guidelines set forth in this Exhibit "A," Task A.1.6, and in Exhibit "C", "Compensation" through the CITY designated submission approach or system.

Proper record-keeping is critical for the success of the programs described herein. As such, CONSULTANT must timely and accurately provide the Completed HEG Program Invoice and Completed HEG Program Report in order to receive payment for Services under this Agreement.

### **TASK A.8 HEG PROGRAM CLOSEOUT**

#### ***Task A.8.1 Resolve Outstanding Jobs in Progress***

CONSULTANT will complete all outstanding projects in progress and resolve any complaints from previously completed projects as a prerequisite for CITY to process CONSULTANT's invoices.

#### ***Task A.8.2 Develop and Submit Final Program Report***

CONSULTANT will submit a "HEG Program Final Report", which includes a written overview of the HEG Program and a spreadsheet detailing the budgeted and actual HEG Program cost. The HEG Program Final Report will include HEG Program achievements, challenges, goals, and lessons learned. CONSULTANT will deliver the HEG Program Final Report within 30 calendar days before the end of the Term.

## **II. OVERVIEW OF RESIDENTIAL REBATE PROGRAM SERVICES**

Residential Rebate Program Services ("RR Services") support the CITY's Residential Rebate Program ("RR Program"), which provides rebates and incentives to CITY residential customers



who install qualifying BE and EE equipment (“RR Eligible Measures”). RR Services will be carried out only at CITY’s request.

RR Services fall into three (3) categories:

- 1) Residential Rebate (RR) Eligible Measures List Development;
- 2) Residential Rebate (RR) Program Support;
- 3) Residential Rebate Administration Platform Development.

#### **A. Staffing Plan**

CONSULTANT agrees to staff RR Services in accordance with the Staffing Plan set forth in Table A-4. CONSULTANT will notify the CITY in writing concerning proposed changes to the staffing plan, and all such changes will require the prior written consent of the CITY.

CITY may (i) request that CONSULTANT conduct criminal background checks to CITY’s satisfaction on all CONSULTANT’s staff that may enter customer premises, and (ii) require that any staff of CONSULTANT that fails the background check will not be permitted to enter any customer premises.

#### **Table A-4 Residential Rebate Services Staffing Plan**

Name	Title	Phone	Email
<b>Kim DiCello</b>	Sr. Program Director	415-965-3023	kim.dicello@clearesult.com
	Develops strategies and tactics to deliver effective program performance by directing the work of employees assigned to the program from technical, marketing, operations, analytics, and administrative areas.		
<b>Marc Bigby</b>	Sr. Program Manager	925-297-5057	marc.bigby@clearesult.com
	Responsible for overseeing the portfolio of downstream residential programs in California and will instill best practices to enable the Program to be delivered within budget to meet Program goals.		
<b>Paul Koepke</b>	Associate Program Manager	650-226-4010 ext. 2	paul.koepke@clearesult.com
	Serves as primary point of contact for the CITY. Verifies the Program is delivered within budget and is responsible for managing, training, and mentoring the implementation team.		
<b>Tony Jung</b>	Sr. Residential Auditor	650-226-4010 ext. 4	tony.jung@clearesult.com
	BPI trained professional who will perform remote and in-person audits and technical assistance		
<b>Robert Brigham</b>	Sr. Field Manager	510-756-5776	robert.brigham@clearesult.com
	General Contractor responsible for overseeing subcontracting and quality assurance for any direct installations of electrification technologies.		
<b>To Be Hired</b>	Residential Auditor	N/A	N/A
	BPI trained professional who will perform remote and in-person audits and technical assistance		
<b>To Be Hired</b>	Energy Advisor	N/A	N/A
	Specialized customer support to provide technical assistance, facilitate the customer journey, and enable enrollment in City programs.		
<b>To Be Hired</b>	Operations Specialist	N/A	N/A
	Desktop review, quality control, and operational support for rebate administration.		

## B. Description of Residential Rebate Services

### TASK B.1 RESIDENTIAL REBATE SERVICES PLANNING

#### *Task B.1.1 Residential Rebate Services Planning Meetings*

CONSULTANT will develop an agenda for RR Services Planning Meetings and organize the Planning Meetings with CITY staff to review RR Services, roles, timelines and priorities in the delivery of the RR Services. The Planning Meetings will also cover logistics, marketing, coordination, measurement and verification activities, establishing systems, invoicing requirements, reports, and any remaining implementation questions. CONSULTANT and CITY will discuss new technologies as potential Residential Rebate Eligible Measures where appropriate, refine timelines and identify additional CITY needs for its RR Program.

CONSULTANT's assigned point of contact will meet with the CITY team on a monthly

basis and will also be available for a weekly check-in phone call with the CITY team. CONSULTANT will be available as necessary at any time to ensure effective RR Services are being delivered.

*Task B.1.1 Deliverable:* Meeting agenda and meeting minutes

***Task B.1.2 Develop RR Services Invoice Template***

CONSULTANT will create a standard RR Services Invoice Template to meet CPAU's invoicing requirements, including, but not limited to:

- i. name of company providing invoice (CLEAResult);
- ii. invoice number;
- iii. invoice date;
- iv. CLEAResult's remit-to address for invoicing;
- v. number of rebate administration hours or one-time costs;
- vi. invoice amount, broken down as requested by CITY according to category of work;
- vii. number of applications processed;
- viii. Program dashboards with invoice and summary details.

CONSULTANT will submit the RR Services Invoice Template to CITY for review and approval before use and will revise and update the RR Services Invoice Template as directed by CITY before use.

*Task B.1.2 Deliverable:* RR Services Invoice Template

**TASK B.2 RESIDENTIAL REBATE ELIGIBLE MEASURES LIST DEVELOPMENT**

***Task B.2.1 Develop Residential Rebate Eligible Measure List***

CONSULTANT will develop a RR Eligible Measures List as a part of the RR Program. The RR Eligible Measure List will include 10 CITY-approved rebate measure categories (e.g., insulation, weatherization, HVAC, water heating, BE appliances, electric panel, etc.) with several variations (central HVAC, mini split HVAC, etc.) within each category. Projected energy and water savings must be based on credible sources such as the California Technical Forum ("CalTF") electronic Technical Reference Manual ("eTRM"), California Public Utility Commission ("CPUC") Database for Energy Efficiency Resources, approved workpapers, etc.

CONSULTANT will provide CITY Project Manager with an RR Eligible Measure List of proposed rebate measures, which shall include the following. Any changes must be mutually agreed upon in writing via email:

- i. Measure description;
- ii. Unit of measure for rebate (e.g. sq. feet, ton, per unit, etc.);
- iii. Maximum quantity per customer;
- iv. Compensation to customer per measure, including rebates or bonus incentives (also

- known as “kickers”) for completing multiple measures;
- v. Annual savings per unit (e.g. kWh, kW, therms, CCF, greenhouse gas emissions, etc.);
- vi. Effective Useful Life;
- vii. Cost effectiveness (e.g. dollars per metric ton of GHG emissions avoided);
- viii. Source of savings (Electronic Technical Reference Manual (eTRM), Database for Energy Efficient Resources (DEER), etc.);
- ix. The process for identifying, measuring and verifying measure savings;
- x. Effective Period;
- xi. Qualifying criteria for approved measures (e.g. documentation required, equipment characteristics, inspections, etc.).

CONSULTANT will submit the RR Eligible Measure List of proposed rebate measures to CITY for review and approval.

*Task B.2.1 Deliverable:* Residential Rebate Eligible Measure List

### **TASK B.3 RESIDENTIAL REBATE PROGRAM SUPPORT**

Upon CITY’s written notification via email, CONSULTANT will provide the following services in support of CITY’s RR Program.

#### ***Task B.3.1 Review and Process Customer Applications for Reserving Rebates***

Rebate applications will be submitted by the customer or Trade Allies to reserve rebate funds via the CITY’s chosen platform such as Energy Efficiency Collaboration Platform (EECP) or CONSULTANT-hosted Residential Rebate Administration Platform (“CONSULTANT Platform”) (see Task B.4).

Upon receipt of rebate application, CONSULTANT will:

1. Review all customer applications within five (5) business days to ensure there are existing rebate funds and customer application meets RR Program qualifications and RR Eligible Measures requirements;
2. CONSULTANT will notify customer and CITY Project Manager of application approval or denial, including reason for denial.
  - a. If the rebate application is not approved, CONSULTANT will provide guidance and suggestions to help the customer achieve approval.
  - b. If the application is approved, CONSULTANT will guide customer through next steps of installation process, consistent with Energy and Water Advising Services to General Inquiry Customers (see Task A.3.2).

#### ***Task B.3.2 Review and Process Customer Installation Results for Processing Rebate Payments***

Installation results will be submitted by the customer or Trade Allies to process payment of reserved rebate funds via the CITY’s chosen platform.

Upon receipt of customer’s installation results, CONSULTANT will:

- 1) Review customer's installation results within three (3) business days of receipt. CONSULTANT will review all installation documentation to ensure customer's project meets RR Program and Eligible Measures requirements for rebate and incentive payment.
- 2) CONSULTANT will notify customer and CITY Project Manager of installation results approval or denial, including reason for denial.
  - a. If the installation results are not approved, CONSULTANT will provide guidance and suggestions to help the customer achieve approval.
  - b. If the installation results are approved, CONSULTANT will guide customer through next steps of receiving rebate and incentive payment.

#### ***Task B.3.3 Submit Approved Projects for Payment***

Upon successful approval of installation results, CONSULTANT will notify CITY Project Manager via CITY platform that customer's project meets all requirements for rebate payment.

#### ***Task B.3.4 Update RR Eligible Measure List***

Sixty days before the start of each fiscal year, or as requested by CITY, but no more than two (2) times per fiscal year, CONSULTANT will update the RR Eligible Measure List. The proposed tables will include any new RR Eligible Measures proposed by CITY or CONSULTANT as well as changes to effective period that reflect measures no longer offered.

#### ***Task B.3.5 Provide Quality Assurance and Quality Control Inspections***

As directed by CITY, CONSULTANT will complete on-going quality assurance and quality control ("QA & QC") activities as to verify that each project has been installed properly and documented accurately. CONSULTANT will track, analyze, and report on QA & QC results. The QA & QC process helps to verify that savings are accurately calculated to maintain high realization rates. The QC process will include, but not be limited to, review of project documentation to verify customer-installed measures meet rebate program eligibility requirements, and on-site inspections for up to 10% of projects to confirm presence and quality of installation for incentivized equipment.

#### ***Task B.3.6 Troubleshoot and Update Rebate Platform***

CONSULTANT will notify CITY Project Manager of any improvements to streamline the rebate application and rebate payment process. CONSULTANT will work with CITY Project Manager to make these improvements in CITY-chosen platform. Upon request, CONSULTANT will offer CITY support in suggesting, scoping and testing system improvements and optimizations.

### **TASK B.4 RESIDENTIAL REBATE ADMINISTRATION PLATFORM DEVELOPMENT**

If requested by CITY in writing via email and agreed upon by CONSULTANT via email, CONSULTANT will develop and operate a CONSULTANT-hosted Residential Rebate Administration Platform (“CONSULTANT Platform”) as described in Task B of the Scope.

#### ***Task B.4.1 Develop Rebate Administration Platform***

CONSULTANT will develop CONSULTANT Platform to provide Residential Rebate Program Support (Task B.3). The CONSULTANT Platform will include the following features and capabilities and any changes must be mutually agreed upon in writing via email:

- i. Customer portal for rebate submission and payment with the ability for customers to submit project information (e.g. customer contact information, existing equipment information, installed equipment information, costs, contractors, etc.);
- ii. Trade Ally portal for rebate submission and payment with the ability for Trade Allies to submit project information ((e.g. customer contact information, existing equipment information, installed equipment information, costs, etc.);
- iii. Ability to set-up customer data exchange from CITY to CONSULTANT, and data exchange for completed applications back to CITY;
- iv. Ability to include CITY logo and match style and design (e.g. colors, fonts, etc.) as defined in CITY’s Style Guide;
- v. Ability to upload documentation (e.g. photos, electronic copies of permits, etc.);
- vi. Ability for CONSULTANT to update customer project information upon request;
- vii. Ability for CONSULTANT to track changes made to customer applications;
- viii. Ability to confirm RR Program and RR Eligible Measure requirements;
- ix. Ability to track application status;
- x. Ability to track savings on customer, measure, and program-wide basis;
- xi. Ability to track RR Program costs;
- xii. Ability to track customer feedback;
- xiii. Ability to have a test or sandbox environment to ensure agreed upon specifications function properly
- xiv. Ability to provide reports consistent with the Residential Rebate Report Template (Task B.4.3)

#### ***Task B.4.2 Provide Rebate Administration Platform Technical Services***

CONSULTANT will provide technical services to maintain the Platform, including:

- i. IT support for tickets, bugs, and issues;
- ii. IT and engineering support for measure updates and changes that may be needed.

#### ***Task B.4.3 Develop Residential Rebate Platform Report Template***

CONSULTANT will create a standard RR Platform Report Template that summarizes activities in CONSULTANT’s Platform. This RR Platform Report will be delivered monthly, quarterly, and annually to meet CITY’s reporting requirements.

CONSULTANT will assist CITY in finalizing program performance metrics to include in the RR Platform Report. The RR Platform Report will provide summary statistics including the following, with any changes being mutually agreed upon in writing via email:

- i. Number of rebates processed including type of RR Eligible Measures installed and rebate amount;
- ii. Installed equipment and measures costs;
- iii. Gross and net annual kWh deemed savings;
- iv. Gross and net lifetime kWh deemed savings;
- v. Gross and net annual kW demand deemed savings;
- vi. Gross and net lifetime kW demand deemed savings;
- vii. Gross and net annual therm deemed savings;
- viii. Gross and net lifetime therm deemed savings;
- ix. Gross and net annual deemed greenhouse gas (GHG) emissions;
- x. Gross and net lifetime deemed GHG savings.

CONSULTANT will submit the RR Platform Report Template to CITY for review and approval before use and will revise and update the RR Platform Report Template as directed by CITY before use.

*Task B.4.3 Deliverable: Residential Rebate Platform Report Template*

#### ***Task B.4.4 Develop Customer Feedback Form***

CONSULTANT will develop a RR Customer Feedback Template. The RR Customer Feedback Form will evaluate the rebate processing process, the on-going customer support, and the overall customer experience associated with the CONSULTANT Platform. The RR Customer Feedback Form must include a question for the customer that enables CITY to calculate a Net Promoter Score value.

CONSULTANT will submit the RR Customer Feedback Form Template to CITY for review and approval and will revise and update them as directed by CITY before use.

CONSULTANT will provide the RR Customer Feedback Form to customers in customer's preferred format, either electronic or paper format. CONSULTANT will scan paper forms completed by customers and submit them to CITY electronically, as well as in their original paper format.

*Task B.4.4 Deliverable: RR Customer Feedback Form Template*

### **TASK B.5 RESIDENTIAL REBATE SERVICES DATA MANAGEMENT AND INVOICING**

#### ***Task B.5.1 Data Management***

CONSULTANT will provide data tracking, analysis and reporting as well as actionable insights regarding real-time performance for RR Services. CONSULTANT will share customer account records with CITY and will respond to CITY's reasonable written data requests within 30 calendar days to meet evaluation, measurement, and verification ("EM&V") and other regulatory requirements.

CONSULTANT will provide data and information from the CONSULTANT Platform in an electronic format that can be easily integrated with CITY program platforms such as EECF. CITY will own all customer information and program data. CONSULTANT will adhere to the CITY's Exhibit F - Information Privacy Policy and Exhibit G - Cybersecurity Terms and Conditions; specifically, CONSULTANT will protect the confidentiality of all customer information and program data used, prevent any sale or release of such information and data to third parties, and ensure CITY has secure access to all customer information and data collected through the CONSULTANT Platform

#### ***Task B.5.2 Invoicing***

Using the RR Services Invoice Template (Task B.1.2), CONSULTANT will invoice CITY on a monthly basis consistent with Section 5 of the Agreement and in accordance with the more specific guidelines set forth in this Exhibit "A," Task B.1.2, and in Exhibit "C", "Compensation" through the CITY designated submission approach or system.

Proper record-keeping is critical for the success of the services described herein. As such, CONSULTANT must timely and accurately provide the RR Services Invoice in order to receive payments for Services under this Agreement.

### **TASK B.6 RESIDENTIAL REBATE SERVICES CLOSEOUT**

#### ***Task B.6.1 Resolve Outstanding Jobs in Progress***

The CONSULTANT will complete all outstanding projects and applications in progress and resolve any complaints from previously completed projects as a prerequisite for CITY to process CONSULTANT's invoices. Any outstanding project applications will be transferred to CITY along with current status and next steps.

#### ***Task B.6.2 Develop and Submit Final Report***

CONSULTANT will submit a "RR Services Final Report", which includes a narrative with an overview of the RR Services delivered and a spreadsheet detailing the budgeted and actual RR Services costs. The RR Services Final Report will include RR Services achievements, challenges, goals, and lessons learned. CONSULTANT will deliver the final report within 30 calendar days before the end of the Term.

*Task B.5.2 Deliverable: RR Services Final Report*

### **IV. Overview of Turnkey Installation Program**

This scope of work is optional at the CITY's discretion. If CITY opts to proceed with this Scope, it will provide CONSULTANT with 90 days advanced written notice by email to allow for staffing and operational readiness. CONSULTANT will be required to provide current pricing and launch timelines, which must be mutually agreed upon by CONSULTANT and CITY prior to proceeding.



If directed by CITY, CONSULTANT will implement the Turnkey Installation Program (TI Program) to provide turnkey installation<sup>1</sup> services to eligible market-rate single-family and multifamily residential customers. Participating customers will provide CONSULTANT with a co-payment for Eligible Measures installed by CONSULTANT under this Agreement. CONSULTANT will also cross-promote other applicable CITY/CPAU program offerings, including but not limited to the Home Efficiency Genie program. CONSULTANT will not offer, solicit or provide any non-CITY/CPAU programs or services under this Agreement.

At CITY's discretion, CONSULTANT will solicit eligible market-rate single-family and multifamily customers through referrals and/or marketing and direct outreach to perform a site assessment. With a site assessment, CONSULTANT will identify eligible measures to be installed at the residential property via the TI Program, as well as estimated project cost. CONSULTANT will advise and support customers throughout the process of installing CITY-approved measures and verifying quality installation.

#### **A. Turnkey Installation Program Targets**

The parties will review the targets regularly to determine whether the Program is on target or whether the Program or goals require adjustment targets.

<b>Term</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Total</b>
Number of residences served	900			900

**Table A-5 Turnkey Installation Program targets**

#### **B. Turnkey Installation Program Eligible Measures**

CONSULTANT will deliver energy savings and greenhouse gas emissions savings to customers through the turnkey installation of:

- “Turnkey Installation Program Eligible Measures” (measures listed in Table C-4 of Exhibit “C,” Compensation)

All work completed by CONSULTANT under this Agreement must comply with the most recently adopted building and appliance efficiency standards. Only energy savings that are achieved in addition to the minimum energy savings mandated by Title 20 and Title 24 can be counted towards program savings targets. CONSULTANT will provide CITY with the projected energy and water savings and supporting documentation for the savings estimates to CITY for all Turnkey Installation Eligible Measures as part of providing Eligible Measure list updates per Task C.1.10 and delivered according to Table 1 of Exhibit "B," Schedule of Performance.

Projected energy and water savings must be based on sources such as the California Technical Forum (“CalTF”) electronic Technical Reference Manual (“eTRM”), California Public Utility Commission (“CPUC”) Database for Energy Efficiency Resources, City-approved workpapers, etc. If a program measure is not covered by any of these sources, the CONSULTANT will

<sup>1</sup> Turnkey installation means start-to-finish installation of equipment, which includes a co-payment contribution from the customer.

provide the estimated energy savings and workpaper(s) or reference source documenting the savings estimation methodology for City review and approval. CONSULTANT will provide revised energy savings calculations and pricing upon CITY request.

### **C. Turnkey Installation Program Cost Allocation**

CITY and customer will each pay a portion of the total installed costs of each Turnkey Installation Program Eligible Measure identified in Rows 1-6 of Table C-4 of Exhibit “C”. CITY will define customer payment amounts (“Customer Co-Payment”) in the Policies and Procedures Manual (Task C.1.2). CITY’s portion of the total TIP Eligible Measures’ installed cost over the Term will not exceed the Task C NTE of Table C-1, Exhibit C.

All TIP Customer Co-Payment amounts and any other payments from participating customers related to their participation in the Turnkey Installation Program, including any extended warranties or additional services customers may select, if applicable, will be included and clearly disclosed in each customer’s Program Participation Agreement.

### **D. Turnkey Installation Program Staffing**

CONSULTANT agrees to staff the Program in accordance with the Staffing Plan set forth in Table A-6. CONSULTANT shall notify the CITY concerning proposed changes to the staffing plan, and all such changes require the prior written consent of the CITY.

CITY reserves the right to (i) request CONSULTANT conduct criminal background checks to City’s satisfaction on all CONSULTANT’s staff, contractors or agents that may enter customer property, and (ii) require that any staff, contractor or agent of CONSULTANT that fails the background check shall not be permitted to enter any customer premises.

### **Table A-6 Turnkey Installation Program Staffing Plan**

Name	Title	Phone	Email
<b>Kim DiCello</b>	Sr. Program Director	415-965-3023	Kim.dicello@clearesult.com
	Develops strategies and tactics to deliver effective program performance by directing the work of employees assigned to the program from technical, marketing, operations, analytics, and administrative areas.		
<b>Marc Bigby</b>	Sr. Program Manager	925-297-5057	marc.bigby@clearesult.com
	Responsible for overseeing the portfolio of downstream residential programs in California and will instill best practices to enable the Program to be delivered within budget to meet Program goals.		
<b>Paul Koepke</b>	Associate Program Manager	650-226-4010 ext 2	paul.koepke@clearesult.com
	Serves as primary point of contact for the CITY. Verifies the Program is delivered within budget and is responsible for managing, training, and mentoring the implementation team.		
<b>Tony Jung</b>	Sr. Residential Auditor	650-226-4010 ext. 4	tony.jung@clearesult.com
	BPI trained professional who will perform remote and in-person audits and technical assistance		
<b>Robert Brigham</b>	Sr. Field Manager	510-756-5776	robert.brigham@clearesult.com
	General Contractor responsible for overseeing subcontracting and quality assurance for any direct installations of electrification technologies.		
<b>To Be Hired</b>	Residential Auditor	N/A	N/A
	BPI trained professional who will perform remote and in-person audits and technical assistance		
<b>To Be Hired</b>	Energy Advisor	N/A	N/A
	Specialized customer support to provide technical assistance, facilitate the customer journey, and enable enrollment in City programs.		
<b>To Be Hired</b>	Operations Specialist	N/A	N/A
	Desktop review, quality control, and operational support for rebate administration.		

### E. Turnkey Installation Program Implementation & Delivery

#### **TASK C.1 TURNKEY INSTALLATION PROGRAM PLANNING AND KICK OFF**

##### ***Task C.1.1 Program Kick-Off Meeting***

CONSULTANT will develop an agenda for the TI Program Kick-Off Meeting and organize the Kick-Off Meeting with CITY staff to review the TI Program design and delivery, roles, timelines and priorities. This meeting will also cover logistics, marketing, coordination, measurement and verification activities, establishing workflow systems, invoicing requirements, reports, and any remaining implementation questions.

CONSULTANT will discuss with the CITY new technologies as potential TIP Eligible Measures, and where appropriate, refine timelines and identify additional CITY needs for the

TI Program.

*Task C.1.1 Deliverable:* Meeting agenda and meeting minutes

***Task C.1.2 Update TI Program Policies and Procedures Manual***

CONSULTANT will update the TI Program Policies and Procedures Manual, for use by CITY and CONSULTANT, which will include, at a minimum, the following:

- i. the terms and conditions for eligible customers to participate in the TI Program, including Customer Co-Payment amounts;
- ii. the process for customers to participate in the TI Program;
- iii. the process for scheduling TI Program activities such as “TI Customer Site Assessments” and “TI Customer Site Assessment Reports” reviews with customers (Task C.2.2)
- iv. the process for performing “TI Customer Site Assessments” and identifying potential TIP Eligible Measures and obtaining CITY approval for installation (Tasks C.2.3 and C.2.4);
- v. the process for collecting customer payments for Customer Co-Payments and any other program-related costs to customer;
- vi. the process for installing TIP Eligible Measures, including a quality assurance and quality control plan that ensures measures are installed and working properly and customers are satisfied (Task C.2.5);
- vii. the process for delivering and obtaining completed “TI Project Completion and TI Customer Feedback” forms as part of a customer complaint and resolution plan (Task C.2.6);
- viii. the process for managing and entering TI Program data, including but not limited to that from the Customer Information System (“CIS”), into CITY’s program platform(s), such as the CITY’s Energy Efficiency Collaboration Platform (Tasks C.1.7 and C.3.1);
- ix. the process for providing “TI Program Reports” (Tasks C.1.8 and C.3.2);
- x. the process for completing invoicing (Tasks C.1.9 and C.3.3);

CONSULTANT will submit a draft TI Program Policies and Procedures Manual to CITY for review and approval before finalizing and will provide written revisions and updates to the TI Program Policies and Procedures Manual upon CITY request. CONSULTANT will adhere to and document its compliance with applicable policies and procedures in the TI Program Policies and Procedures Manual as it performs the Services in this Scope of Work.

*Task C.1.2 Deliverable:* TI Program Policies and Procedures Manual

***Task C.1.3 Update TI Customer Site Assessment Report***

CONSULTANT will update the TI Customer Site Assessment Report Template for CITY review and approval and will revise as directed by CITY before use. Once finalized and approved by CITY, the TI Customer Site Assessment Report will be provided by CONSULTANT to the customer and will include information necessary for the customer to understand energy and water efficiency opportunities available to them under the City’s TI

Program. CONSULTANT will provide written revisions and updates to the TI Customer Site Assessment Report Template upon CITY request.

TI Customer Site Assessments will include the following elements regarding equipment and appliances located at the residential property owned or occupied by the customer interested in exploring participation in the TI Program, each to be documented on the TI Customer Site Assessment Report Template:

- i. An inventory of physical conditions, age and estimated remaining lifespan(s) of equipment and appliances;
- ii. Description of a work plan, including planned work and timeline, that will be executed if customer opts to participate in the TI Program;
- iii. Estimated cost of work to be performed, for CITY's review.

At CITY's discretion, the TI Customer Site Assessment may also include CONSULTANT's identification of building electrification opportunities. If directed by CITY, CONSULTANT will include the following elements in the TI Customer Site Assessment, each to be documented on the TI Customer Site Assessment Report:

- i. Evaluation of the condition and capacity of the existing electrical systems and recommended upgrades that may be necessary to enable building electrification upgrades;
- ii. Recommended locations for new electrical equipment, noting any observed space or structural constraints and possible remedies.

*Task C.1.3 Deliverable: TI Customer Site Assessment Report Template*

#### ***Task C.1.4 Update TI Customer Site Assessment Agreement***

CONSULTANT will update the TI Customer Site Assessment Agreement that includes the following, at a minimum:

- i. Provides an overview of the TI Program;
- ii. Grants CONSULTANT permission to perform the TI Customer Site Assessment to determine whether single-family or multifamily property is a good candidate for inclusion in the TI Program;
- iii. Fully indemnifies CITY against all loss, damages, costs and liability arising from any claims stemming from the TI Customer Site Assessment;
- iv. Collects basic information from the customer, including but not limited to customer contact information and installation address.

CONSULTANT will submit the TI Customer Site Assessment Agreement to CITY for review and approval, and will revise and update the TI Customer Site Assessment Agreement, including adding additional elements, as directed by CITY before use. CONSULTANT will provide the TI Customer Site Assessment Agreement to customers in both electronic and paper formats. CONSULTANT will scan paper forms completed by customers and submit them to CITY electronically, as well as in their original paper format.

*Task C.1.4 Deliverable: TI Customer Site Assessment Agreement Template*

#### ***Task C.1.5 Update TI Program Participation Agreement***

CONSULTANT will update a TI Program Participation Agreement that grants CONSULTANT permission to install TIP Eligible Measures, collect customer Co-Payments and any other program-related costs to customer, if applicable, and enroll customer in any State or local financing programs. The TI Program Participation Agreement will include, at a minimum, the following elements:

- i. Customer contact information;
- ii. Installation address;
- iii. Project scope;
- iv. Project costs by line item, including, as well as customer's sole responsibility for any costs associated with them;
- v. Payment options available if customer opts to participate in the TI Program;
- vi. Customer finance programs such as GoGreen Financing, payment amount, terms, and payment options available if customer opts to participate in the TI Program;
- vii. Language specifying that only TI Program Eligible Measures are covered under the TI Program Participation Agreement, and CITY is not responsible for any non-TI Program work, equipment, installations or warranties;
- viii. Language releasing CITY of liability for any claims stemming from the installed measure(s);
- ix. Language and/or supplemental forms enrolling customers in any State or local financing programs.

CONSULTANT will submit the TI Program Participation Agreement to CITY for review and approval and will revise and update as directed by CITY before use. CONSULTANT will provide the TI Program Participation Agreement to customers in both electronic and paper formats. CONSULTANT will scan paper forms completed by customers and submit them to CITY electronically, as well as in their original paper format.

*Task C.1.5 Deliverable: TI Customer Program Participation Agreement Template*

***Task C.1.6 Update TI Project Completion and TI Customer Feedback Forms***

CONSULTANT will modify a TI Project Completion Form to be executed by customer attesting CONSULTANT's installation of TIP Eligible Measures is completed and operational to the customer's satisfaction.

CONSULTANT will modify a TI Customer Feedback Form template. The TI Customer Feedback Form gives customers the opportunity to evaluate the TI Program, including the Site Assessment, the on-going customer support, and the overall customer experience associated with the TI Program. The TI Customer Feedback Form must include, at minimum, a question for the customer that enables CITY to calculate a Net Promotor Score value, which is a standardized metric used to assess customer satisfaction.

CONSULTANT will submit the TI Project Completion Form and TI Customer Feedback Form Templates to CITY for review and approval and will revise and update them as directed by CITY before use. CONSULTANT will provide the TI Project Completion and TI Customer Feedback Forms to customers in both electronic and paper formats. CONSULTANT will scan paper forms completed by customers and submit them to CITY

electronically, as well as in their original paper format.

*Task C.1.6 Deliverable:* TI Project Completion Form Template and TI Customer Feedback Form Template

***Task C.1.7 Update Customer Information System***

CONSULTANT will provide CITY with a searchable, electronic customer information system (CIS). CITY will have access to the CIS to download program participation data and information in an electronic format, such as .csv and .xls file formats, that can be easily integrated with CITY program platforms, including but not limited to the City's Energy Efficiency Collaboration Platform. CONSULTANT will enter project data, using information from the CIS, into CITY program platforms for program tracking, reporting, and invoicing.

CONSULTANT will design the CIS so that CITY staff will be able to access program data, including the following elements:

- i. Customer contact information (name, address, phone, email)
- ii. Customer qualifications and program eligibility (income, etc.)
- iii. Customer status for receiving services (pending, completed, no customer response)
- iv. Scheduled and completed Site Assessments
- v. Existing equipment description (age, model, condition)
- vi. Site Assessment Report and recommendations provided
- vii. Customer job orders
- viii. Installed equipment and measures (fixtures, quantity, wattage, cost, model)
- ix. Installed equipment and measures costs
- x. Completed customer forms, as described in this Exhibit A (Site Assessment Agreement, Program Participation Agreement, Project Completion Form, Customer Feedback Form).
- xi. Non-warranty and warranty related repair issues
- xii. Program costs
- xiii. Energy and water savings
- xiv. Greenhouse gas (GHG) emissions avoided
- xv. Summary of customer compliments and/or complaints, and reasons for rejection of proposed installations by customer.
- xvi. Customer referrals to other programs
- xvii. Customer payments collected for Customer Co-Payments and any other program-related costs to customer;
- xviii. Records of customers' warranties, if any.

CONSULTANT will revise and update the above list of program data to be included in the CIS as directed by CITY. CITY will own all customer information and program data. CONSULTANT will adhere to the CITY's Exhibit F - Information Privacy Policy and Exhibit G - Cybersecurity Terms and Conditions; specifically, CONSULTANT will protect the confidentiality of all customer information and program data used, prevent any sale or release of such information and data to third parties, and ensure CITY has secure access to all customer information and data collected through the CIS

*Task C.1.7 Deliverable: Customer Information System****Task C.1.8 Update TI Program Report Template***

CONSULTANT will create a standard TI Program Report template to meet CITY's reporting requirements. This TI Program Report will be delivered monthly, quarterly and annually. CONSULTANT will assist CITY in finalizing program performance metrics to include in the TI Program Reports. These metrics may include data specified in Task C.1.7, as directed by CITY. The TI Program Report will also provide summary statistics including, but not limited to:

- i. Number of pending and completed Site Assessments;
- ii. Number and type of measures installed;
- iii. Installed equipment and measure costs;
- iv. Gross and net annual kWh savings;
- v. Gross and net lifetime kWh savings;
- vi. Gross and net annual kW demand savings;
- vii. Gross and net lifetime kW demand savings;
- viii. Gross and net annual therms savings;
- ix. Gross and net lifetime therms savings;
- x. Gross and net annual greenhouse gas (GHG) emissions;
- xi. Gross and net lifetime GHG savings.

CONSULTANT will submit the TI Program Report Template to CITY for review and approval and will revise and update the TI Program Report Template as directed by CITY before use.

*Task C.1.8 Deliverable: TI Program Report Template****Task C.1.9 Update TI Program Invoice Template***

CONSULTANT will create a standard TI Program Invoice Template to meet CITY's invoicing requirements, including, but not limited to:

- i. name of company providing invoice (Synergy);
- ii. invoice number;
- iii. invoice date;
- iv. Synergy's remit-to address for invoicing;
- v. invoice amount, broken out as directed by Project Manager;
- vi. description of work.

CONSULTANT will submit the TI Program Invoice Template to CITY for review and approval and will revise and update the TI Program Invoice Template as directed by CITY before use.

*Task C.1.9 Deliverable: TI Program Invoice Template****Task C.1.10 Provide Eligible Measure List Updates***



Within thirty days of CITY's Notice to Proceed (NTP) for Task C, CONSULTANT will use Template C-1 to update Table C-4, if necessary. CONSULTANT may propose additional measures or services. Turnkey Installation Program Eligible Measures and Pricing shall be negotiated and agreed to in writing via email by the CITY's Project Manager and CONSULTANT prior to commencement of the Program.

Sixty days before the start of each fiscal year, or as requested by CITY but no more than two (2) times per fiscal year, CONSULTANT will use Template C-1 to provide to the CITY proposed updates of Table C-4 for CITY review and approval. The proposed tables will include any new TIP Eligible Measures proposed by CITY or CONSULTANT as well as changes to the Effective Period that reflect measures no longer offered.

*Task C.1.10 Deliverable: TIP Eligible Measure List Updates*

***Task C.1.11 Enroll in State or Local Financing Programs***

CONSULTANT will enroll in GoGreen Financing, the public-facing platform of the California Hub for Energy Efficiency Financing, as a qualified contractor to provide energy efficiency and electrification installation services in Santa Clara County. When CONSULTANT is successfully enrolled in GoGreen Financing, CONSULTANT will provide CITY a link to the public-facing financing program website for Santa Clara County documenting CONSULTANT's enrollment or provide CITY with a letter certifying CONSULTANT's enrollment in the program in Santa Clara County.

If directed by CITY, CONSULTANT will enroll in additional financing programs or enlist third-party financial partners, such as National Energy Improvement Fund, to provide lending services.

CONSULTANT will update the TI Program Participation Agreement (Task C.1.5) with financing programs which CONSULTANT is enrolled in and promote these financing programs to customers participating in the TI Program.

*Task C.1.11 Deliverable Listing on public-facing financing program website or letters certifying CONSULTANT's enrollment*

**TASK C.2 - PROGRAM IMPLEMENTATION**

***Task C.2.1 Implement Marketing and Outreach Activities***

CONSULTANT will market CITY programs as directed by the CITY's Project Manager.

***Task C.2.2 Develop Schedule of Activities***

CONSULTANT will develop a Schedule of Activities including a work plan and implementation timeline for CONSULTANT's TI Program activities with CITY customers for CITY review and approval. CONSULTANT will notify CITY's Project Manager of any delays to the implementation timeline. CONSULTANT will revise and update the Schedule of Activities as directed by CITY before use.

*Task C.2.2 Deliverable: Monthly Schedule of Activities*

***Task C.2.3 Perform TI Customer Site Assessments and Deliver TI Customer Site Assessment Report***

CONSULTANT will:

- 1) Respond to customers by email and/or phone within two (2) business days of receiving a customer referral or being contacted by customer, whichever comes first, to schedule a TI Customer Site Assessment.
- 2) Collect all data necessary during the TI Customer Site Assessment visit to develop the TI Customer Site Assessment Report (Task C.1.3).
- 3) Update Customer Information System (Task C.1.7) and CITY's program platform with data gathered from the TI Customer Site Assessment for inclusion in the Program Report (Task C.1.8).
- 4) Deliver a completed TI Customer Site Assessment Report and a detailed estimate of proposed projects to CITY staff for review
- 5) Once work is approved by CITY, deliver a completed TI Customer Site Assessment Report and detailed estimate of proposed projects to the customer. CONSULTANT will offer to review the report with the customer in person or by phone, as the customer prefers, to explain the findings, address any questions, and begin planning any program installations.
- 6) Promote CITY's other energy efficiency, demand response, renewable energy and water program offerings to maximize benefit to customers, which is intended to result in referrals to other CITY programs or services. CONSULTANT will direct customers to appropriate CITY resources or vendors to answer questions regarding other CITY programs. CONSULTANT may not offer, solicit or provide any non-CITY/CPAU programs or services under this Agreement.

CITY reserves right to accompany CONSULTANT during TI Customer Site Assessment visits or join CONSULTANT'S review of the TI Customer Site Assessment Report (Task C.1.3) with customer.

***Task C.2.4 Execute TI Program Participation Agreement, Collect Customer Payments, and Enroll Customers in Financing Programs***

After completing Task C.2.3 with the customer, CONSULTANT will:

- 1) Provide an unsigned version of the TI Program Participation Agreement (Task C.1.5) to CITY for review and approval before presenting to customer;
- 2) As necessary, CONSULTANT will coordinate with the customer to correct any errors or omissions identified by CITY in the TI Program Participation Agreement;
- 3) Upon CITY approval, provide the TI Program Participation Agreement (Task C.1.5) to the customer and obtain customer's signature;
- 4) Assist customer in understanding any payments that are the customer's responsibility, such as Customer Co-Payments;
- 5) Assist customer in understanding CITY-approved financing programs, options, and payment terms

- 6) Return fully executed (by CONSULTANT and customer) copies of TI Program Participation Agreement to CITY for review.
- 7) Collect any customer payments including Customer Co-Payments.
- 8) Assist interested customers with enrollment in any CITY-approved State or local financing programs (Task C.1.11).
- 9) After CITY review and approval of the executed TI Program Participation Agreement, CITY will issue a notice to proceed for CONSULTANT to begin installation work.

***Task C.2.5 Install Measures and Provide Post-Installation Quality Control***

Upon CITY's notice to proceed for CONSULTANT to begin installation work, CONSULTANT will:

- 1) Apply for and obtain any required permits on the customer's behalf.
- 2) Install TIP Eligible Measures identified in the executed TI Program Participation Agreement.
  - a. CONSULTANT will hold the appropriate license(s) for any installation and work performed under this Agreement. All equipment must be installed in accordance with all applicable federal, state, and local laws, building codes, manufacturer's specifications, and permitting requirements.
  - b. CONSULTANT will notify CITY Project Manager of any delays which may result in an installation start date later than 120 days from the CITY's issuance of the notice to proceed.
- 3) Implement the Quality Assurance and Quality Control Plan to verify each project has been installed properly and documented accurately.
- 4) Within ten (10) business days of TI Eligible Measure installation, assist customers in understanding equipment operation, including programming and performing preventative maintenance for any Eligible Measures installed under the TI Program;
- 5) Remain available throughout the installation process to answer questions from customers or CITY about projects. As needed, CONSULTANT will direct customers to appropriate CITY resources or vendors for questions related to other CITY programs. CONSULTANT may not offer, solicit or provide any non-CITY/CPAU programs or services under this Agreement.
- 6) Obtain final inspections and complete the job closure paperwork for all installed measures.
- 7) Provide the TI Project Completion Form to customer for the customer to attest whether the installation and operation of TIP Eligible Measures is acceptable and satisfactory.
- 8) Obtain the customer's completed TI Project Completion Form and return copies to CITY.
- 9) Update Customer Information System (Task C.1.7) and CITY's program platform with completed project installation data and invoice information for inclusion in the TI Program Report (Task C.1.8) and TI Program Invoice (Task C.1.9)
- 10) Provide customers, at a minimum, a one (1) year warranty for all measures installed under the TI Program, effective from the date of installation. CONSULTANT will ensure that all manufacturer product warranties held by CONSULTANT will be transferred to the customer upon installation.

CITY reserves the right to accompany CONSULTANT during project installation and final inspection.

***Task C.2.6 Provide Customer Service, Feedback and Issue Resolution***

CONSULTANT will provide a dedicated phone number available on customer-facing materials as directed by CITY for all CITY customer contacts to schedule Site Assessments, provide program information, and answer customer inquiries during normal business hours, Monday through Friday between 8 AM – 5 PM local time.

CONSULTANT will request customer feedback as described in TI Customer Feedback Form (Task C.1.5). CONSULTANT will enter customer feedback data into CITY's chosen platform. CONSULTANT will provide monthly customer feedback results to CITY in CONSULTANT's monthly invoicing and reporting.

CONSULTANT will address and attempt to resolve all customer issues discovered through either survey feedback or other means of customer contact within five (5) business days of receiving feedback. CONSULTANT will document all such customer issues, actions taken to resolve them, and outcomes and report them to CITY. If CONSULTANT cannot resolve program-related issues to the customer's satisfaction within five (5) business days, CONSULTANT will immediately provide CITY with a detailed description of each complaint, including the customer's name and contact information and any other information requested by CITY.

CONSULTANT will pursue continuous improvements in delivery of Services provided under this Agreement to customers to drive customer satisfaction and will revise its processes, procedures and documents as directed by CITY to ensure customer satisfaction. Customer feedback issues will be tracked by CONSULTANT using the monthly reports, as well as a completed TI Customer Feedback Form (Task C.1.6). CITY may separately survey TI Program participants regarding CONSULTANT's performance.

**TASK C.3 – TURNKEY INSTALLATION PROGRAM INVOICING AND REPORTING*****Task C.3.1 Data Management***

CONSULTANT will utilize the Customer Information System (Task C.1.7) to provide data tracking, analysis and reporting. CONSULTANT will utilize the Customer Information System to update the CITY's program platform with project information gathered from TI Customer Site Assessments and completed project installations. CONSULTANT will track detailed customer information such as barriers and motivations as well as planned future upgrades to support ongoing TI Program operations.

CONSULTANT will respond to CITY's written data requests within 30 calendar days to meet evaluation, measurement, and verification ("EM&V") and other regulatory requirements.

***Task C.3.2 Reporting***

CONSULTANT will provide completed TI Program Reports to CITY on CITY-approved reporting templates (Task C.1.8) on a monthly basis.

TI Program Reports are critical to the success of the programs described herein, and therefore CONSULTANT's timely submittal of complete and accurate TI Program Reports is required in order for CONSULTANT to receive payments under this Agreement.

### ***Task C.3.3 Invoicing***

Using the TI Program Invoice Template (Task C.1.9), CONSULTANT will invoice CITY on a monthly basis consistent with Section 5 of the Agreement and in accordance with the specific guidelines set forth in this Exhibit "A," Task C.1.9, and in Exhibit "C", "Compensation" through the CITY's designated submission approach or system.

Proper record-keeping is critical for the success of the programs described herein. As such, CONSULTANT must timely and accurately provide the following elements in order to receive payment for Services under this Agreement:

- i. Completed TI Program Invoice Template;
- ii. Executed TI Customer Site Assessment Agreement for each project;
- iii. Executed TI Program Participation Agreement for each project;
- iv. Executed TI Project Completion Form for each project;
- v. Completed TI Customer Feedback Form for each project;
- vi. Completed project installation and invoice information for each project entered into CITY program platform.

## **TASK C.4 – TURNKEY INSTALLATION PROGRAM CLOSE OUT**

### ***Task C.4.1 Resolve Outstanding Jobs in Progress***

CONSULTANT will complete all outstanding projects in progress and resolve any complaints from previously completed projects as a prerequisite for CITY to process CONSULTANT's invoices.

### ***Task C.4.2 Develop and Submit TI Program Final Report***

CONSULTANT will submit a "TI Program Final Report", which includes a written overview of the TI Program and a spreadsheet detailing the budgeted and actual TI Program costs. The TI Program Final Report will include TI Program achievements, challenges, goals, and lessons learned. CONSULTANT will deliver the TI Program Final Report within 30 calendar days before the end of the Term.

*Task C.4.2 Deliverable:* TI Program Final Report

***(Optional – ONLY for On Call Agreements  
OR Agreements with an Additional Services amount)***

**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 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).

**Table 1 – Home Efficiency Genie (HEG) Program Schedule of Performance**

<b>Task</b>	<b>Due Date</b>
<b><i>Task A.1 HEG Program Planning and Kick Off</i></b>	
A.1.1 Program Kick-Off Meeting	Within 15 days of NTP
A.1.2 Develop HEG Program Policies and Procedures Manual	Within 30 days of NTP
A.1.3 Update Home Assessment Agreement	Within 30 days of NTP
A.1.4 Update Virtual, In-Home, and Advanced In-Home Home Assessment Report Templates	Within 30 days of NTP
A.1.5 Update HEG Program Report Template	Within 30 days of NTP
A.1.6 Update HEG Program Invoice Template	Within 30 days of NTP
A.1.7 Update HEG Customer Feedback Forms	Within 30 days of NTP
A.1.8 Update Trade Ally Participation Agreement	Within 30 days of NTP
A.1.9 Update Trade Ally Feedback Forms	Within 30 days of NTP
A.1.10 Host Ongoing Program Implementation Meetings	Ongoing
<b><i>Task A.2. HEG Program Marketing</i></b>	
A.2.1 Implement Marketing and Outreach Activities	Ongoing
<b><i>Task A.3 Energy and Water Advising Services Implementation</i></b>	
A.3.1 Recruit, Hire, and Train Energy Advisors and Residential Auditors	Within 30 days of NTP
A.3.2 Provide Energy and Water Advising Services to General Inquiry Customers	Ongoing
A.3.3 Provide Energy and Water Advising Services to Home Assessment Customers	Ongoing
A.3.4 Provide Energy and Water Advising to Case Management Customers	Ongoing
A.3.5 Provide Advising Services to Advanced Heat Pump Water Heater Pilot Program Customers	Ongoing
A.3.6. Provide Supporting Services	Ongoing
<b><i>Task A.4 Home Efficiency and Electrification Assessment Implementation</i></b>	
A.4.1 Enroll Customers for Home Assessments	Ongoing
A.4.2 Perform Virtual, In-Home, and Advanced In-Home Home Assessments	Ongoing
A.4.3 Complete Home Assessment Reports	Ongoing
<b><i>Task A.5 Trade Ally Management</i></b>	
A.5.1 Recruit, Enroll, and Manage Trade Allies	Within 60 days of NTP
A.5.2 Onboard and Host Training(s) for Trade Allies	Ongoing
A.5.3 Provide Project Advising to Trade Allies	Ongoing

A.5.4 Support Trade Allies' Outreach to Customers	Ongoing
<b><i>Task A.6 Customer Feedback</i></b>	
A.6.1 Provide Customer Service, Feedback, and Issue Resolution	Ongoing
<b><i>Task A.7 HEG Program Invoicing and Reporting</i></b>	
A.7.1 Data Management	Ongoing
A.7.2 Reporting	15 <sup>th</sup> of each month
A.7.3 Invoicing	15 <sup>th</sup> of each month
<b><i>Task A.8 HEG Program Closeout</i></b>	
A.8.1 Resolve Outstanding Jobs in Progress	Within 30 days of end of Term
A.8.2 Develop and Submit Final Program Report	Within 30 days of end of Term



**Table 2 – Rebate Administration Program Services Schedule of Performance**

<b>Task</b>	<b>Due Date</b>
<b><i>Task B.1 Residential Rebate Services Planning</i></b>	
B.1.1 Program Kick-Off Meeting	Within 15 days of NTP
B.1.2 Develop RR Program Invoice Template	Within 30 days of NTP
<b><i>Task B.2 Residential Rebate Eligible Measures List</i></b>	
B.2.1 Develop Residential Rebate Eligible Measure List	Within 30 days of NTP of Task B.2
<b><i>Task B.3 Residential Rebate Program Support</i></b>	
B.3.1 Review Customer Applications for Reserving Rebates	Within 3 days of NTP of Task B.3
B.3.2 Review Customer Installation Results for Processing Rebate Payments	Ongoing
B.3.3 Submit Approved Projects for Payment	Ongoing
B.3.4 Update Residential Rebate Eligible Measure List	Ongoing
B.3.5 Quality Control and Quality Assurance	Ongoing
B.3.6 Troubleshoot and Update Rebate Platform	Ongoing
<b><i>Task B.4 Rebate Administration Platform Development</i></b>	
B.4.1 Develop Rebate Administration Platform	Within 120 days of NTP of Task B.4
B.4.2 Rebate Administration Platform Technical Services	Ongoing
B.4.3 Develop Residential Rebate Platform Report Template	Within 120 days of NTP of Task B.4
B.4.4 Develop Customer Feedback Form	Within 120 days of NTP of Task B.4
<b><i>Task B.5 Residential Rebate Services Data Management and Invoicing</i></b>	
B.5.1 Data Management	Ongoing
B.5.2 Invoicing	15 <sup>th</sup> of each month
<b><i>Task B.6 Residential Rebate Services Close Out</i></b>	
B.6.1 Resolve Outstanding Jobs in Progress	Ongoing
B.6.2 Develop and Submit Final Program Report	Within 30 days of end of Term

**Table 3 – Turnkey Installation Program Schedule of Performance**

<b>Task</b>	<b>Due Date</b>
<b><i>Task C.1 Turnkey Installation Program Planning and Kick Off</i></b>	
C.1.1 Program Kick-Off Meeting	Within 15 days of NTP
C.1.2 Update TI Program Policies and Procedures Manual	Within 30 days of NTP
C.1.3 Update TI Customer Site Assessment Report	Within 30 days of NTP
C.1.4 Update TI Customer Site Assessment Agreement	Within 30 days of NTP
C.1.5 Update TI Program Participation Agreement	Within 30 days of NTP
C.1.6 Update TI Project Completion and TI Customer Feedback Forms	Within 30 days of NTP
C.1.7 Update Customer Information System	Within 30 days of NTP
C.1.8 Update TI Program Report Template	Within 30 days of NTP
C.1.9 Update TI Program Invoice Template	Within 30 days of NTP
C.1.10 Provide Eligible Measure List Updates	Within 30 days of NTP
C.1.11 Enroll in State or Local Financing Programs	Within 30 days of NTP
<b><i>Task C.2. Turnkey Installation Program Implementation</i></b>	
C.2.1 Implement Marketing and Outreach Activities	Ongoing
C.2.2 Develop Schedule of Activities	Ongoing
C.2.3 Perform TI Customer Site Assessments and Deliver TI Customer Site Assessment Report	Ongoing
C.2.4 Execute TI Program Participation Agreement, Collect Customer Payments, and Enroll Customers in Financing Programs	Ongoing
C.2.5 Install Measures and Provide Post-Installation Quality Control	Ongoing
C.2.6 Provide Customer Service, Feedback and Issue Resolution	Ongoing
<b><i>Task C.3 Turnkey Installation Program Invoicing and Reporting</i></b>	
C.3.1 Data Management	Ongoing
C.3.2 Reporting	15 <sup>th</sup> of each month
C.3.3 Invoicing	15 <sup>th</sup> of each month
<b><i>Task C.4 Turnkey Installation Program Close Out</i></b>	
C.4.1 Resolve Outstanding Jobs in Progress	Ongoing
C.4.2 Develop and Submit TI Program Final Report	Within 30 days of end of Term

☒ 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

The CITY agrees to compensate the CONSULTANT for professional services performed in accordance with the terms and conditions of this Agreement, and as set forth in this Exhibit C. The compensation to be paid to CONSULTANT under this Agreement for all services described in Exhibit “A” (“Basic Services”) shall not exceed **Two Million Seven Hundred and Forty Thousand Dollars Four Hundred (\$2,740,400)** for the Term of the Agreement and as set forth in Table C-1. Table C-1 sets forth the not-to-exceed (NTE) price for completing price per task, and such not to exceed amounts include all of CONSULTANT’s costs, including, without limitation, administrative costs, marketing/outreach costs, and direct implementation (materials and labor) costs. The CONSULTANT shall provide Additional Services only by advanced, written authorization from the CITY, as described in Section 4. Payment for Additional Services is subject to all requirements and restrictions in this Agreement.

CONSULTANT understands that CONSULTANT’s receipt of compensation under this Agreement will depend on: i) the number of customers who opt to participate in the Home Efficiency Genie Program; ii) the level of Residential Rebate Services requested by CITY; and iii) whether CITY provides written authorization to implement the Turnkey Installation Program and the number of customers who opt to participate in the Turnkey Installation Program. CONSULTANT must also satisfactorily complete invoicing activities as described in Exhibit A, Tasks A.7.3, B.5.2, and C.3.3. CITY makes no guarantee, express or implied, regarding the number of customers who will participate in programs or services covered by this Agreement.

The following Tasks have annual not-to-exceed (NTE) amounts defined in Table C-1:

- i. Energy and Water Advising Services, Marketing, and Trade Ally Management;
- ii. Home Efficiency and Electrification Assessments;
- iii. Residential Rebate Administration Platform Development;
- iv. Residential Rebate Administration Platform Technical Services.

The following Tasks have a total NTE amount over the Term of the Agreement defined in Table C-1:

- i. Advanced Heat Pump Water Heater Pilot Advising Services;
- ii. Development of Residential Rebate Eligible Measure List;
- iii. Development of Residential Rebate Administration Platform;
- iv. Turnkey Installation Program.

Any work performed or expenses incurred for which payment would result in a total amount exceeding the annual NTE amount of compensation set forth in Table C-1 shall be at no cost to the CITY.

The CITY’s Project Manager may approve in writing the transfer of budget amounts between any of the tasks listed below provided the total compensation for Basic Services, including reimbursable expenses, and the total compensation for Additional Services do not exceed **Two Million Nine Hundred and Forty Thousand Four Hundred Dollars (\$2,940,400)** for the Term of the Agreement, as set forth in Section 4 of this Agreement. CONSULTANT agrees to complete all Services within the amounts set forth in Section 4.

**Table C-1 – Total Compensation Not to Exceed (NTE) Amounts**

<b>Task</b>	<b>Subtasks</b>	<b>Year 1 NTE</b>	<b>Year 2 NTE</b>	<b>Year 3 NTE</b>	<b>Year 4 NTE</b>	<b>Total NTE</b>
<b>Task A: Home Efficiency Genie Program</b>	Energy and Water Advising Services, Marketing, and Trade Ally Management	\$250,000	\$250,000	\$250,000	\$250,000	\$1,000,000
	Advanced Heat Pump Water Heater Pilot Advising Services	\$270,000				\$270,000
	Home Efficiency and Electrification Assessments	\$160,000	\$160,000	\$160,000	\$160,000	\$640,000
<b>Task B: Residential Rebate Program Services</b>	Residential Rebate Eligible Measure List	\$7,500				\$7,500
	Residential Rebate Program Support	\$50,000	\$50,000	\$50,000	\$50,000	\$200,000
	Rebate Administration Platform Development	\$75,700				\$75,700
	Rebate Administration Platform Technical Services	\$11,800	\$11,800	\$11,800	\$11,800	\$47,200
<b>Task C: Turnkey Installation Program</b>		\$500,000				\$500,000
<b>Total Task A-C NTE</b>						\$2,740,400
<b>Additional Services</b>		\$50,000	\$50,000	\$50,000	\$50,000	\$200,000
<b>Maximum Total NTE</b>						\$2,940,400

***Task A Home Efficiency Genie Program Compensation***

CITY will compensate CONSULTANT for Energy and Water Advising Services, Marketing, and Trade Ally Management based on the hourly rates as set forth in Table C-2, up to NTE amounts listed in Table C-1.

CITY will compensate CONSULTANT for Advanced Heat Pump Water Heater Pilot Advising Services based on the hourly rates as set forth in Table C-2, up to the NTE amounts listed in Table C-1.

CITY will compensate CONSULTANT the fixed price per Home Assessment (as described in Table C-3) performed by CONSULTANT and approved by CITY, up to the NTE amounts listed in Table C-1.

***Task B Residential Rebate Services Compensation***

CITY will compensate CONSULTANT for Residential Rebate Program Support based on the hourly rates as set forth in Table C-2 up to the NTE amounts listed in Table C-1. In addition to the NTE amount listed in Table C-1, compensation for Tasks B.3.1, B.3.2. and B.3.3 have an additional cost/hours limitation. Specifically, CONSULTANT may only process rebate applications for Tasks B.3.1, B.3.2. and B.3.3 up to a maximum of one and three quarters (1.75) hours per rebate application. CONSULTANT must receive CITY's approval to process rebate applications that exceed the maximum hours.

Upon mutual agreement on scope and price, with written authorization from the CITY in writing

via email, and with CITY's approval of Residential Rebate Eligible Measure List, CITY will compensate CONSULTANT a fixed price, not exceeding that shown in Table C-1, for CONSULTANT's development of Residential Rebate Eligible Measure List.

Upon mutual agreement on scope and price, with written authorization from the CITY in writing via email, CITY will compensate CONSULTANT a fixed price, not exceeding that shown in Table C-1, for CONSULTANT's development of a Rebate Administration Platform. City will compensate CONSULTANT for development of the Rebate Administration Platform once CITY has determined that CONSULTANT's Rebate Administration Platform can be successfully used to process CITY customers' rebates. Also at the time CITY determines Rebate Administration Platform can be successfully used to process CITY customers' rebates, CONSULTANT will commence submitting bi-annual invoices for 50% of annual Technical Services fees, not exceeding the amount shown in Table C-1.

### ***Task C Turnkey Installation Program Compensation***

If authorized by the CITY in writing via email, CONSULTANT will leverage its technical expertise and local experience to implement "Task C - Turnkey Installation Program" as set forth in Exhibit "A" Scope of Services.

Upon CITY approval of the updated Table C-4, CITY will compensate CONSULTANT on a fixed price (the Cost per Unit) per Eligible Measure, installed by CONSULTANT and approved by CITY as set forth in Table C-4 Turnkey Installation Program Eligible Measure List. The figures set forth in Table C-4 includes all of CONSULTANT's costs to perform all of the Services listed in this Agreement that correspond to that TI Program Eligible Measure, including, without limitation, CONSULTANT's administrative costs, marketing and outreach costs, implementation (materials and labor) costs. No additional fees or charges will be required of CITY or its customers for CONSULTANT to perform the Services listed in this Agreement.

The CITY bears no responsibility for any of CONSULTANT's costs and/or compensation to CONSULTANT associated with customer Co-Payments, or any other payments from participating customers related to their participation in the Turnkey Installation Program, including any extended warranties or additional services customers may select. All such compensation will remain the sole the responsibility of customers who may elect to participate in the Turnkey Installation Program (see Exhibit A, Section III(c), "Turnkey Installation Program Cost Allocation").

### **Template C-1 Program Eligible Measure Cost Per Unit Summary**

Measure Number	Eligible Measure Description	Unit of Measure	Maximum Quantity per Home*	Measure Compensation	Annual kWh savings	Annual kW savings	Annual Therm savings	Annual GHG savings	Expected Useful Life (EUL)	Source	Effective Period	Extended Parts and Labor Warranty Compensation
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### **Table C-2 Hourly Rates**

Position	Year 1 Hourly Rate	Year 2 Hourly Rate	Year 3 Hourly Rate	Year 4 Hourly Rate
Program Manager	\$154	\$165	\$173	\$183
Residential Auditor	\$85	\$90	\$96	\$102
Energy Advisor	\$80	\$85	\$90	\$95
Operations Specialist	\$93	\$99	\$104	\$110

Marketing Account Manager	\$120	\$127	\$135	\$143
Designer / Copywriter / Editor	\$93	\$98	\$104	\$110

**Table C-3 Home Efficiency and Electrification Assessment Compensation**

Type of Assessment	Year 1 Rate	Year 2 Rate	Year 3 Rate	Year 4 Rate
Virtual	\$450	\$475	\$500	\$525
In-Home	\$650	\$683	\$716	\$750
Advanced In-Home	\$750	\$788	\$827	\$870

Table C-4 Turnkey Installation Program Eligible Measures				
#	Turnkey Installation Program Eligible Measure	Market Segment	Unit of Measure	Compensation for Installed Eligible Measure
1	Onsite assessment and recommendations	SFm/MFm	Household	N/C <sup>1</sup>
2	Heat Pump Water Heater - 50 Gallon <sup>2</sup>	SFm/MFm	Unit	\$6,750
3	Heat Pump Water Heater - 65 Gallon <sup>2</sup>	SFm/MFm	Unit	\$7,500
4	Heat Pump Water Heater - 80 Gallon <sup>2</sup>	SFm/MFm	Unit	\$8,250
5	Add circuit breaker to electrical panel/run a circuit	SFm/MFm	Unit	\$1,700
6	HPWH Permit Costs (Electrical & Plumbing) related to HPWH installation work <sup>2</sup>	SFm/MFm	Unit	Pass-through

<sup>1</sup> Charge for Onsite assessment and recommendations is \$250 if CONSULTANT does not install a heat pump water heater at the site.

<sup>2</sup>Work includes: remove existing gas water heater, properly dispose of the old water heater, cap the gas line, install an appliance circuit and disconnect (as required per manufacturer's instruction), install the drain pan, install the heat pump water heater per manufacturer's instruction based on location, install new safety straps, install venting per manufacturer's instructions, install expansion tank, complete the job closure paperwork, photos & signatures, standard one (1) year labor warranty, and manufacturer's product warranty.

## EXHIBIT D INSURANCE REQUIREMENTS

CONSULTANTS TO THE CITY OF PALO ALTO (CITY), AT THEIR SOLE EXPENSE, SHALL FOR THE TERM OF THE CONTRACT OBTAIN AND MAINTAIN INSURANCE IN THE AMOUNTS FOR THE COVERAGE SPECIFIED BELOW, **AFFORDED BY COMPANIES WITH AM BEST'S KEY RATING OF A-VII, OR HIGHER, LICENSED OR AUTHORIZED TO TRANSACT INSURANCE BUSINESS IN THE STATE OF CALIFORNIA.**

AWARD IS CONTINGENT ON COMPLIANCE WITH CITY'S INSURANCE REQUIREMENTS AS SPECIFIED HEREIN.

AWARD IS CONTINGENT ON COMPLIANCE WITH CITY'S INSURANCE REQUIREMENTS AS SPECIFIED HEREIN.				
REQUIRED	TYPE OF COVERAGE	REQUIREMENT	MINIMUM LIMITS	
			EACH OCCURRENCE	AGGREGATE
YES YES	WORKER'S COMPENSATION EMPLOYER'S LIABILITY	STATUTORY STATUTORY	STATUTORY	STATUTORY
YES	GENERAL LIABILITY, INCLUDING PERSONAL INJURY, BROAD FORM PROPERTY DAMAGE BLANKET CONTRACTUAL, AND FIRE LEGAL LIABILITY	BODILY INJURY	\$1,000,000	\$1,000,000
		PROPERTY DAMAGE	\$1,000,000	\$1,000,000
		BODILY INJURY & PROPERTY DAMAGE COMBINED.	\$1,000,000	\$1,000,000
YES	AUTOMOBILE LIABILITY, INCLUDING ALL OWNED, HIRED, NON-OWNED	BODILY INJURY	\$1,000,000	\$1,000,000
		- EACH PERSON	\$1,000,000	\$1,000,000
		- EACH OCCURRENCE	\$1,000,000	\$1,000,000
		PROPERTY DAMAGE	\$1,000,000	\$1,000,000
		BODILY INJURY AND PROPERTY DAMAGE, COMBINED	\$1,000,000	\$1,000,000
YES	PROFESSIONAL LIABILITY, INCLUDING, ERRORS AND OMISSIONS, MALPRACTICE (WHEN APPLICABLE), AND NEGLIGENT PERFORMANCE	ALL DAMAGES	\$1,000,000	
YES	<b>THE CITY OF PALO ALTO IS TO BE NAMED AS AN ADDITIONAL INSURED:</b> CONSULTANT, AT ITS SOLE COST AND EXPENSE, SHALL OBTAIN AND MAINTAIN, IN FULL FORCE AND EFFECT THROUGHOUT THE ENTIRE TERM OF ANY RESULTANT AGREEMENT, THE INSURANCE COVERAGE HEREIN DESCRIBED, INSURING NOT ONLY CONSULTANT AND ITS SUBCONSULTANTS, IF ANY, BUT ALSO, WITH THE EXCEPTION OF WORKERS' COMPENSATION, EMPLOYER'S LIABILITY AND PROFESSIONAL INSURANCE, <b>NAMING AS ADDITIONAL INSUREDS CITY, ITS COUNCIL MEMBERS, OFFICERS, AGENTS, AND EMPLOYEES.</b>			

I. INSURANCE COVERAGE MUST INCLUDE:

- A. A CONTRACTUAL LIABILITY ENDORSEMENT PROVIDING INSURANCE COVERAGE FOR CONSULTANT'S AGREEMENT TO INDEMNIFY CITY.

II. THE CONSULTANT MUST SUBMIT CERTIFICATES(S) OF INSURANCE EVIDENCING REQUIRED COVERAGE AT THE FOLLOWING URL: [HTTPS://WWW.PLANETBIDS.COM/PORTAL/PORTAL.CFM?COMPANYID=25569](https://www.planetbids.com/portal/portal.cfm?companyid=25569)

III. ENDORSEMENT PROVISIONS WITH RESPECT TO THE INSURANCE AFFORDED TO ADDITIONAL INSUREDS:

A. PRIMARY COVERAGE

WITH RESPECT TO CLAIMS ARISING OUT OF THE OPERATIONS OF THE NAMED INSURED, INSURANCE AS AFFORDED BY THIS POLICY IS PRIMARY AND IS NOT ADDITIONAL TO OR CONTRIBUTING WITH ANY OTHER INSURANCE CARRIED BY OR FOR THE BENEFIT OF THE ADDITIONAL INSUREDS.

**B. CROSS LIABILITY**

THE NAMING OF MORE THAN ONE PERSON, FIRM, OR CORPORATION AS INSUREDS UNDER THE POLICY SHALL NOT, FOR THAT REASON ALONE, EXTINGUISH ANY RIGHTS OF THE INSURED AGAINST ANOTHER, BUT THIS ENDORSEMENT, AND THE NAMING OF MULTIPLE INSUREDS, SHALL NOT INCREASE THE TOTAL LIABILITY OF THE COMPANY UNDER THIS POLICY.

**C. NOTICE OF CANCELLATION**

1. IF THE POLICY IS CANCELED BEFORE ITS EXPIRATION DATE FOR ANY REASON OTHER THAN THE NON-PAYMENT OF PREMIUM, THE CONSULTANT SHALL PROVIDE CITY AT LEAST A THIRTY (30) DAY WRITTEN NOTICE BEFORE THE EFFECTIVE DATE OF CANCELLATION.
2. IF THE POLICY IS CANCELED BEFORE ITS EXPIRATION DATE FOR THE NON-PAYMENT OF PREMIUM, THE CONSULTANT SHALL PROVIDE CITY AT LEAST A TEN (10) DAY WRITTEN NOTICE BEFORE THE EFFECTIVE DATE OF CANCELLATION.

**EVIDENCE OF INSURANCE AND OTHER RELATED NOTICES ARE REQUIRED TO BE FILED WITH THE CITY OF PALO ALTO AT THE FOLLOWING URL:**

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

**OR**

[HTTP://WWW.CITYOFPALOALTO.ORG/GOV/DEPTS/ASD/PLANET\\_BIDS\\_HOW\\_TO.ASP](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.

**EXHIBIT F**

POLICY AND PROCEDURES 1-63/IT

Revised: December 2017

**INFORMATION SECURITY POLICY****POLICY STATEMENT**

This policy describes the information security policy and procedures for the protection of non-public information (the "Non-Public Information") created, collected, processed, received, stored and transmitted by the City of Palo Alto (the "City"). City employees and officials (the "Users") must maintain the accessibility, availability, confidentiality, integrity and regulatory compliance of Non-Public Information created, collected, processed, stored and transmitted by the City. The failure to comply with this policy and procedures could result in substantial damage, liability or loss in regard to the property or reputation of the City, another Authorized User, or any person who transacts business with the City, including the City's utility customers, third party vendors, and other governmental agencies. Authorized Users are obligated to report loss, damage or disclosure of Non-Public Information or other violation of this policy and procedure to their supervisor or the Information Security Manager (the "ISM") or other employee designated by the City's Information Technology Department (the "IT"). Violation of this policy and procedures, including the failure to report the violation, could include disciplinary or other action imposed or taken by the City or other affected person in accordance with Federal, California and City laws, ordinances, rules and regulations.

**PURPOSE**

Information pertaining to the business of the City, acting in both its governmental and proprietary capacities, is a vital asset of the City. An Authorized User of Non-Public Information shall use best efforts to protect the information covered by this policy and procedures from unauthorized access, availability, alteration, destruction, disclosure, modification or use. Because the City is required by applicable law to protect the Non-Public Information due to its sensitive nature and value, an Authorized User of the Non-Public Information shall exercise reasonable and appropriate care in conforming to applicable laws. This policy and procedure applies only to an Authorized User's access to and use of Non-Public Information.

**PROCEDURES**

IT has adopted Information Security Standards (the "Standards") to enforce this policy. IT shall inform and train authorized users on the requirements contained in this policy and procedures and the Standards. The authorized user shall comply with the Standards, in conjunction with this policy.

#### A. Covered Equipment and Devices

This policy applies to all City-approved, -owned or -leased computer network systems and peripheral equipment (the "Equipment"), including any mobile communication device (the "Device"), whether or not owned by an Authorized User, that may be used to create, collect, process, store and transmit the Non-Public Information.

#### B. Roles of Information Technology Department and Others

IT, including the Chief Information Officer ("CIO") and the ISM, shall promote information security awareness within the City government community, and shall receive and maintain reports of incidents, malfunctions and threats to the City's information technology assets, which may have a security impact upon the City. The CIO and ISM are also responsible for developing the Standards.

IT shall be responsible for the design, primary enforcement and maintenance of Non-Public Information security through education, training and other means. IT shall ensure that the following control measures and standards are enabled on every Equipment and Device:

Limit physical and login access to the Equipment and the Devices to Authorized Users.

Maintain the most current software patches and anti-virus software for the Equipment and the Devices.

Enable and use host-based firewalls, as available, to ensure the security of the Equipment and the Device(s). Perform regular security scans on the Equipment and the Device(s).

#### C. User Access Control Requirements

1. Do not access Non-Public Information except to the extent you have a need to do so in order to perform your City duties.
2. Do not disclose or share Non-Public Information with any person who does not have both a right to access the Non-Public Information and a need to do so in order to perform their City duties.
3. Do not alter or destroy Non-Public Information except to the extent you are required or authorized to do so.
4. An Authorized User who has access to Non-Public Information shall protect and secure that information while the information is in his or her custody in a manner that is consistent with applicable contract and legal requirements and restrictions and is reasonable and appropriate to the level of risk, sensitivity or value the Non-Public Information has to the City.
5. An Authorized User shall maintain the accessibility, availability, confidentiality, integrity and regulatory compliance of any Non-Public Information that is created,

collected, processed, stored and transmitted by the City on a 24 hours-per-day, 7 days-per-week ("24/7") basis.

6. An Authorized User shall maintain the protection of information assets from malicious code, including viruses and malware by following the City's incident management procedures, including detection, prevention, isolation, and recovery tools.

#### D. Equipment and Devices Security Control Requirements:

1. Secure your Equipment and Devices by using a screen saver or built-in lock feature when you are physically away from your office or other work space.
2. Restrict physical access 24/7 to your Equipment and Devices, in particular, your laptop computer, by a lock and security cable, if the City makes them available.
3. Maintain possession of your Device(s) 24/7 and require a password or fingerprint to access and use the Device(s).
4. Log out when you cease access and use of Equipment and Device(s).
5. Notify the IT Help Desk and the ISM immediately whenever you become aware or suspect Non-Public Information, passwords, or other access control mechanisms have been compromised, disclosed, lost, or stolen.
6. Do not intentionally, recklessly or willfully alter, damage, or misuse any City-owned or -leased Equipment or Device.
7. The user shall comply with the Policy and the Standards whenever he or she uses a City Owned Mobile Device ("COMD") and or Employee-Owned Mobile Devices, also known as Bring Your Own Devices ("BYOD") to conduct the City business.
8. BYODs and COMDs include smartphones, cell phones, tablets PCs (Androids, iPads, etc.) and user-own laptops. Only authorized BYOD shall have access to the only authorized City's application systems. The City reserves the right to provide or withdraw access to the City infrastructure without notice.

#### E. Utilities' Customer Identity and Credit Security

Federal regulations amending the Fair Credit Reporting Act, including the Fair and Accurate Credit Transactions Act of 2003 (FACT Act), and the Red Flags Clarification Act of 2010, protect the Non-Public Information of customers of financial institutions, including utilities, that are defined as "creditors." These regulations require that consumer's Non-Public Information, such as credit card data, Social Security Numbers, driver's license numbers, or similar data be secured by Authorized Users and within the City's data management systems. Authorized Users are required to report any suspected or real breach of Utilities Non-Public Information to the ISM immediately. The ISM will identify, detect, prevent and mitigate the suspected, real or future breaches of security, as required by the regulations.

#### F. Violations and Enforcement

An Authorized User must report an actual or suspected violation of this policy and procedures to his or her supervisor and IT. The City will not discipline an Authorized User

POLICY AND PROCEDURES 1-63/IT

Revised: December 2017

for making a good faith report of a potential violation of this policy and procedures or the Standards.

A violation of this policy will be investigated by the appropriate City staff and if a violation is established, disciplinary action up to termination from employment may result.

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



## EXHIBIT "G"

### 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:
- (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/home/store/catalogue_tc/catalogue_detail.htm?csnumber=42103)  
[http://www.iso.org/iso/catalogue/catalogue\\_tc/catalogue\\_detail.htm?csnumber=50297](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.**

**Part B. Alternate Requirements:**



## City of Palo Alto City Council Staff Report

(ID # 14895)

**Meeting Date: 12/5/2022**

**Report Type: Consent Calendar**

**Title: Approve Contract C23185850 With Thomas Sarsfield for a Not-To-Exceed Amount of \$395,000 for a Term of Three Years to Provide a Tennis Recreation Program**

**From: City Manager**

**Lead Department: Community Services**

### **Recommendation**

Staff recommends that City Council approve and authorize the City Manager to execute a contract between the City of Palo Alto and Thomas Sarsfield, a sole proprietorship, for a not to exceed amount of \$395,000 over a three-year period to instruct a tennis program offered through the City's Recreation program and advertised in the Community Services Department's Enjoy! Catalog.

### **Background and Discussion**

The Community Services Department (CSD) hosts athletic programs through the yearlong recreation program. A tennis program is taught by an approved contractor to instruct youth and adults in group classes, private lessons, and youth summer camps located at Mitchell and Rinconada Parks. CSD strives to offer a variety of programs and services that are of high quality, exciting, dynamic, and inclusive to all. The classes are made available for viewing in the City's ENJOY! Catalog, as well as on the City's website on [www.cityofpaloalto.org/enjoyonline](http://www.cityofpaloalto.org/enjoyonline) where customers can register for the classes.

CSD contracts with a tennis organization to instruct the tennis program. A CSD staff member functions as the coordinator to work closely with the contractor to ensure that the correct program information, descriptions, dates, and schedules are provided in a timely manner and the tennis courts are reserved appropriately. The value of the contract has increased due to the popularity of tennis in the last 2 ½ years. During the height of COVID-19 pandemic, tennis classes were sought out because they were considered a safe sport for exercise. The number of classes and camps have increased by more than 30% in the last 3 years, and even with the increase in classes, tennis programs continue to fill quickly and build large waitlists. The existing contract expires December 31, 2022; therefore, a formal solicitation was conducted.

RFP for Professional Services Contract Solicitation Process

The RFP for the project was posted in PlanetBids, The City's eProcurement platform. Recreation Staff reached out to their recreational networking group, Peninsula Contract Instructor Coordinators (PCIC), and were given five recommended tennis organizations. Purchasing Staff also performed outreach to the solicitation and 423 more vendors were notified. The solicitation was posted for 21 days, closing on September 8, 2022 at 3:00pm. Two proposals were received. The City of Palo Alto's tennis program is a very large-scale program and requires a sizeable knowledgeable and flexible coaching staff. Our assumption is that there are very few Bay Area Tennis programs that can meet the needs of our community in addition to their current programming.

The proposals were evaluated and determined to be responsive to the criteria identified in the RFP. Thomas Sarsfield was selected because of the quality and effectiveness of their services, the experience of their large competent staff, prior record of performance with the City, and their ability to provide future services. Thomas Sarsfield has been a consistent dependable contractor working for the City of Palo Alto for over 15 years. He provides a highly sought out program that continually meets the growing demands of the City. He offers instruction for small children as young as five to introduce them to the game of tennis, through adults interested in advanced instruction. Class sizes are small with six students enrolled in each class. The existing revenue split the City currently shares with Thomas Sarsfield will be maintained, with the City receiving 35% of the residential program rate and Thomas Sarsfield retaining 65%. Thomas Sarsfield's overall programming fee quote was 10% more than the other bidder, but the revenue retained by the City will be a 50% greater contribution to the City's revenue budget. Additionally, the court rental payment for private lessons to the City will increase 40% over the term of the new contract.

A summary of the solicitation process is below:

<b>Table #: Summary of Request for Proposal</b>	
Proposal Description	<b>Tennis Program RFP185850</b>
Proposed Length of Project	<b>3-year term</b>
Number of Vendors Notified	<b>428</b>
Number of Proposal Packages Downloaded	<b>10</b>
Total Days to Respond to Proposal	<b>21</b>
Pre-Proposal Meeting	<b>No</b>
Pre-Proposal Meeting Date	<b>None</b>
Number of Proposals Received	<b>2</b>
Proposal Price Range	<b>Revenue paid to the contractor \$92,000 - \$103,000 Revenue retained by the City \$39,000 - \$80,000</b>

	<b>City shall pay Consultant 65% of residential rate</b>
Public Link to Solicitation	<a href="https://pbsystem.planetbids.com/hub/bm/bm-detail/97298#bidInformation">https://pbsystem.planetbids.com/hub/bm/bm-detail/97298#bidInformation</a>

Two proposals were returned and reviewed by Purchasing and forwarded on to Recreation for final evaluation. The Evaluation Team was made up of four recreation staff and one CSD analyst.

### **Resource Impact**

The current annual expenditure plan is estimated to be \$110,000 in program expenses in calendar year 2023, \$125,000 in 2024, and \$135,000 in 2025, with a flexible contingency of \$25,000. These programs generate revenue based on court rental fees and revenue sharing, and it is anticipated that cost recovery levels will remain high. Increases in revenue and expenses will be based on the City's annual adjustments in municipal fees as well as community demand for tennis-related activities.

Although the COVID-19 pandemic is waning, the demand for outdoor programming is continuing to increase and the Department continues to allocate resources to meet the needs of the community. The FY 2023 Community Services Adopted Budget has sufficient funding to absorb the increased cost of the tennis contract without additional budget actions. Funding for the remaining term will be subject to Council's adoption of future budgets, but it is anticipated that current funding levels can support the contract in future years. Staff will reevaluate if any revenue or expenditure adjustments are required as a part of the annual budget process.

In total, the City of Palo Alto has 52 tennis courts available for the community. The tennis contract states that the same four courts will be used for tennis group and private lessons as previous years, these courts include two of the seven courts at Mitchell Park and two of the nine courts at Rinconada. As in previous years, summer camps require four courts at Rinconada and three courts at Mitchell Park. Although group and private tennis lessons continue to fill at capacity, Recreation continues to follow the City of Palo Alto's Field and Court Use Policy by not reserving more than 50% of courts at any site at one time, with the remaining 50% or more available for unreserved use.

### **Stakeholder Engagement**

The community has been very satisfied with the current tennis program. Registrations for all classes fill with waiting lists. Students are also surveyed at the conclusion of their class or camp and during the term of the existing contract. Thomas Sarsfield Tennis has an average response of 4.4 out of 5 when answering the question, "Overall, how satisfied were you with the program? (5 being the highest)".

### **Environmental Review**

This program does not constitute a Project as defined by the California Environmental Quality Act.

**Attachments:**

- **Attachment4.a:** Attachment A: C23185850 Whitlinger Sarsfield Tennis Final

**CITY OF PALO ALTO CONTRACT NO. C23185850****GENERAL SERVICES AGREEMENT**

**THIS AGREEMENT** made and entered into on the 5th day of December, 2022, by and between the **CITY OF PALO ALTO, a California chartered municipal corporation ("CITY")**, and **THOMAS SARSFIELD**, a Sole Proprietor, located at P.O. Box 60534, Palo Alto, CA, 94306 Telephone Number: 408-745-6171 ("**CONTRACTOR**"). In consideration of their mutual covenants, the parties hereto agree as follows:

1. **SERVICES.** CONTRACTOR shall provide or furnish the services (the "Services") described in the Scope of Services, attached at Exhibit A.
2. **EXHIBITS.** The following exhibits are attached to and made a part of this Agreement:

- ☒ "A" - Scope of Services
- ☒ "B" - Schedule of Performance
- ☒ "C" - Schedule of Fees
- ☒ "D" - Insurance Requirements

***CONTRACT IS NOT COMPLETE UNLESS ALL INDICATED EXHIBITS ARE ATTACHED.***

3. **TERM.**

The term of this Agreement is from January 1, 2023 to December 31, 2025 inclusive, subject to the provisions of Sections R and W of the General Terms and Conditions.

4. **SCHEDULE OF PERFORMANCE.** CONTRACTOR shall complete the Services within the term of this Agreement in a reasonably prompt and timely manner based upon the circumstances and direction communicated to CONTRACTOR, and if applicable, in accordance with the schedule set forth in the Schedule of Performance, attached at Exhibit B. Time is of the essence in this Agreement.
5. **COMPENSATION FOR ORIGINAL TERM.** CITY shall pay and CONTRACTOR agrees to accept as not-to-exceed compensation for the full performance of the Services and reimbursable expenses, if any:

- ☒ A sum calculated in accordance with the fee schedule set forth at Exhibit C, not to exceed a total maximum compensation amount of Three Hundred

Ninety Five Thousand dollars (\$395,000.00).

CONTRACTOR agrees that it can perform the Services for an amount not to exceed the total maximum compensation set forth above. Any hours worked or services performed by CONTRACTOR for which payment would result in a total exceeding the maximum amount of compensation set forth above for performance of the Services shall be at no cost to CITY.

**6. COMPENSATION DURING ADDITIONAL TERMS.**

- ☒ CONTRACTOR'S compensation rates for each additional term shall be the same as the original term.

**7. CLAIMS PROCEDURE FOR "9204 PUBLIC WORKS PROJECTS".** For purposes of this Section 7, 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. Public Contract Code Section 9204 mandates certain claims procedures for Public Works Projects, which are set forth in "Appendix \_\_\_ Claims for Public Contract Code Section 9204 Public Works Projects".

- ☒ **This project is not a 9204 Public Works Project.**

**8. INVOICING.** Send all invoices to CITY, Attention: Project Manager. The Project Manager is: Margie Cain, Dept.: Community Services Department, Telephone: (650) 463-4919. Invoices shall be submitted in arrears for Services performed. Invoices shall not be submitted more frequently than monthly. Invoices shall provide a detailed statement of Services performed during the invoice period and are subject to verification by CITY. CITY shall pay the undisputed amount of invoices within 30 days of receipt.

**GENERAL TERMS AND CONDITIONS**

- A. ACCEPTANCE.** CONTRACTOR accepts and agrees to all terms and conditions of this Agreement. This Agreement includes and is limited to the terms and conditions set forth in sections 1 through 8 above, these general terms and conditions and the attached exhibits.
- B. QUALIFICATIONS.** CONTRACTOR represents and warrants that it has the expertise and qualifications to complete the services described in Section 1 of this Agreement, entitled "SERVICES," and that every individual charged with the performance of the services under this Agreement has sufficient skill and

experience and is duly licensed or certified, to the extent such licensing or certification is required by law, to perform the Services. CITY expressly relies on CONTRACTOR's representations regarding its skills, knowledge, and certifications. CONTRACTOR shall perform all work in accordance with generally accepted business practices and performance standards of the industry, including all federal, state, and local operation and safety regulations.

- C. INDEPENDENT CONTRACTOR.** It is understood and agreed that in the performance of this Agreement, CONTRACTOR and any person employed by CONTRACTOR shall at all times be considered an independent CONTRACTOR and not an agent or employee of CITY. CONTRACTOR shall be responsible for employing or engaging all persons necessary to complete the work required under this Agreement.
- D. SUBCONTRACTORS.** CONTRACTOR may not use subcontractors to perform any Services under this Agreement unless CONTRACTOR obtains prior written consent of CITY. CONTRACTOR shall be solely responsible for directing the work of approved subcontractors and for any compensation due to subcontractors.
- E. TAXES AND CHARGES.** CONTRACTOR shall be responsible for payment of all taxes, fees, contributions or charges applicable to the conduct of CONTRACTOR's business.
- F. COMPLIANCE WITH LAWS.** CONTRACTOR shall in the performance of the Services comply with all applicable federal, state and local laws, ordinances, regulations, and orders.
- G. PALO ALTO MINIMUM WAGE ORDINANCE.** CONTRACTOR shall comply with all requirements of the Palo Alto Municipal Code Chapter 4.62 (Citywide Minimum Wage), as it may be 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, CONTRACTOR 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, CONTRACTOR shall post notices regarding the Palo Alto Minimum Wage Ordinance in accordance with Palo Alto Municipal Code section 4.62.060.
- H. DAMAGE TO PUBLIC OR PRIVATE PROPERTY.** CONTRACTOR shall, at its sole expense, repair in kind, or as the City Manager or designee shall direct, any damage to public or private property that occurs in connection with CONTRACTOR's performance of the Services. CITY may decline to approve and may withhold payment in whole or in part to such extent as may be necessary to



protect CITY from loss because of defective work not remedied or other damage to the CITY occurring in connection with CONTRACTOR's performance of the Services. CITY shall submit written documentation in support of such withholding upon CONTRACTOR's request. When the grounds described above are removed, payment shall be made for amounts withheld because of them.

- I. WARRANTIES.** CONTRACTOR expressly warrants that all services provided under this Agreement shall be performed in a professional and workmanlike manner in accordance with generally accepted business practices and performance standards of the industry and the requirements of this Agreement. CONTRACTOR expressly warrants that all materials, goods and equipment provided by CONTRACTOR under this Agreement shall be fit for the particular purpose intended, shall be free from defects, and shall conform to the requirements of this Agreement. CONTRACTOR agrees to promptly replace or correct any material or service not in compliance with these warranties, including incomplete, inaccurate, or defective material or service, at no further cost to CITY. The warranties set forth in this section shall be in effect for a period of one year from completion of the Services and shall survive the completion of the Services or termination of this Agreement.
- J. MONITORING OF SERVICES.** CITY may monitor the Services performed under this Agreement to determine whether CONTRACTOR's work is completed in a satisfactory manner and complies with the provisions of this Agreement.
- K. CITY'S PROPERTY.** Any reports, information, data or other material (including copyright interests) developed, collected, assembled, prepared, or caused to be prepared under this Agreement will become the property of CITY without restriction or limitation upon their use and will not be made available to any individual or organization by CONTRACTOR or its subcontractors, if any, without the prior written approval of the City Manager.
- L. AUDITS.** CONTRACTOR agrees to permit CITY and its authorized representatives to audit, at any reasonable time during the term of this Agreement and for three (3) years from the date of final payment, CONTRACTOR's records pertaining to matters covered by this Agreement. CONTRACTOR agrees to maintain accurate books and records in accordance with generally accepted accounting principles for at least three (3) following the terms of this Agreement.
- M. NO IMPLIED WAIVER.** No payment, partial payment, acceptance, or partial acceptance by CITY shall operate as a waiver on the part of CITY of any of its rights under this Agreement.

- N. INSURANCE.** CONTRACTOR, at its sole cost, shall purchase and maintain in full force during the term of this Agreement, the insurance coverage described at Exhibit D. Insurance must be provided by companies with a Best's Key Rating of A-:VII or higher and which are otherwise acceptable to CITY's Risk Manager. The Risk Manager must approve deductibles and self-insured retentions. In addition, all policies, endorsements, certificates and/or binders are subject to approval by the Risk Manager as to form and content. CONTRACTOR shall obtain a policy endorsement naming the City of Palo Alto as an additional insured under any general liability or automobile policy. CONTRACTOR shall obtain an endorsement stating that the insurance is primary coverage and will not be canceled or materially reduced in coverage or limits until after providing 30 days prior written notice of the cancellation or modification to the Risk Manager. CONTRACTOR shall provide certificates of such policies or other evidence of coverage satisfactory to the Risk Manager, together with the required endorsements and evidence of payment of premiums, to CITY concurrently with the execution of this Agreement and shall throughout the term of this Agreement provide current certificates evidencing the required insurance coverages and endorsements to the Risk Manager. CONTRACTOR shall include all subcontractors as insured under its policies or shall obtain and provide to CITY separate certificates and endorsements for each subcontractor that meet all the requirements of this section. The procuring of such required policies of insurance shall not operate to limit CONTRACTOR's liability or obligation to indemnify CITY under this Agreement.
- O. HOLD HARMLESS.** To the fullest extent permitted by law and without limitation by the provisions of section N relating to insurance, CONTRACTOR shall indemnify, defend and hold harmless CITY, its Council members, officers, employees and agents from and against any and all demands, claims, injuries, losses, or liabilities of any nature, including death or injury to any person, property damage or any other loss and including without limitation all damages, penalties, fines and judgments, associated investigation and administrative expenses and defense costs, including, but not limited to reasonable attorney's fees, courts costs and costs of alternative dispute resolution), arising out of, or resulting in any way from or in connection with the performance of this Agreement. CONTRACTOR's obligations under this Section apply regardless of whether or not a liability is caused or contributed to by any negligent (passive or active) act or omission of CITY, except that CONTRACTOR shall not be obligated to indemnify for liability arising from the sole negligence or willful misconduct of CITY. The acceptance of the Services by CITY shall not operate as a waiver of the right of indemnification. The provisions of this Section survive the completion of the Services or termination of this Agreement.
- P. NON-DISCRIMINATION.** As set forth in Palo Alto Municipal Code section 2.30.510, CONTRACTOR certifies that in the performance of this Agreement, it shall not

discriminate in the employment of any person because of the race, skin color, gender, age, religion, disability, national origin, ancestry, sexual orientation, housing status, marital status, familial status, weight or height of such person. CONTRACTOR 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.

- Q. WORKERS' COMPENSATION.** CONTRACTOR, by executing this Agreement, certifies that it is aware of the provisions of the Labor Code of the State of California which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code, and certifies that it will comply with such provisions, as applicable, before commencing and during the performance of the Services.
- R. TERMINATION.** The City Manager may terminate this Agreement without cause by giving ten (10) days' prior written notice thereof to CONTRACTOR. If CONTRACTOR fails to perform any of its material obligations under this Agreement, in addition to all other remedies provided by law, the City Manager may terminate this Agreement immediately upon written notice of termination. Upon receipt of such notice of termination, CONTRACTOR shall immediately discontinue performance. CITY shall pay CONTRACTOR for services satisfactorily performed up to the effective date of termination. If the termination is for cause, CITY may deduct from such payment the amount of actual damage, if any, sustained by CITY due to CONTRACTOR's failure to perform its material obligations under this Agreement. Upon termination, CONTRACTOR shall immediately deliver to the City Manager any and all copies of studies, sketches, drawings, computations, and other material or products, whether or not completed, prepared by CONTRACTOR or given to CONTRACTOR, in connection with this Agreement. Such materials shall become the property of CITY.
- S. ASSIGNMENTS/CHANGES.** This Agreement binds the parties and their successors and assigns to all covenants of this Agreement. This Agreement shall not be assigned or transferred without the prior written consent of CITY. No amendments, changes or variations of any kind are authorized without the written consent of CITY.
- T. CONFLICT OF INTEREST.** In accepting this Agreement, CONTRACTOR 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 this Agreement. CONTRACTOR further covenants that, in the performance of this Agreement, it will not employ any person having such an interest. CONTRACTOR certifies that no CITY officer, employee, or authorized

representative has any financial interest in the business of CONTRACTOR and that no person associated with CONTRACTOR has any interest, direct or indirect, which could conflict with the faithful performance of this Agreement. CONTRACTOR agrees to advise CITY if any conflict arises.

**U. GOVERNING LAW.** This Agreement shall be governed and interpreted by the laws of the State of California.

**V. ENTIRE AGREEMENT.** This Agreement, including all exhibits, represents the entire agreement between the parties with respect to the services that may be the subject of this Agreement. Any variance in the exhibits does not affect the validity of the Agreement and the Agreement itself controls over any conflicting provisions in the exhibits. This Agreement supersedes all prior agreements, representations, statements, negotiations and undertakings whether oral or written.

**W. 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. 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.

**X. ENVIRONMENTALLY PREFERRED PURCHASING AND ZERO WASTE REQUIREMENTS.** CONTRACTOR shall comply with CITY's Environmentally Preferred Purchasing policies which are available at CITY's Purchasing Division, which are incorporated by reference and may be amended from time to time. CONTRACTOR 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, CONTRACTOR shall comply with the following zero waste requirements:

- All printed materials provided by CONTRACTOR 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.
- Goods purchased by Contractor 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 Division's office.

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

**Y. AUTHORITY.** The individual(s) executing this Agreement on behalf of the parties represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities.

**Z. PREVAILING WAGES**

☒ **This Project is not subject to prevailing wages.** CONTRACTOR is not required to pay prevailing wages in the performance and implementation of the Project in accordance with SB 7, if the Agreement is not a public works contract, if Agreement does not include a public works construction project of more than \$25,000, or the Agreement does not include a public works alteration, demolition, repair, or maintenance (collectively, 'improvement') project of more than \$15,000.

**AA.DIR REGISTRATION.** In regard to any public work construction, alteration, demolition, repair or maintenance work, CITY will not accept a bid proposal from or enter into this Agreement with CONTRACTOR without proof that CONTRACTOR and its listed subcontractors are registered with the California Department of Industrial Relations ("DIR") to perform public work, subject to limited exceptions. City requires CONTRACTOR and its listed subcontractors to comply with the requirements of SB 854.

CITY provides notice to CONTRACTOR 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 Agreement is awarded."

CITY gives notice to CONTRACTOR and its listed subcontractors that CONTRACTOR is required to post all job site notices prescribed by law or regulation and CONTRACTOR is subject to SB 854-compliance monitoring and enforcement by DIR.

CITY requires CONTRACTOR and its listed subcontractors to comply with the requirements of Labor Code section 1776, including:

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, CONTRACTOR 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 CONTRACTOR and its listed subcontractors, respectively.

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

☐ [For state- and federally-funded projects] CITY requests CONTRACTOR and its listed subcontractors to submit the certified payroll records to the project manager at the end of each week during the Project.

If the certified payroll records are not produced to the project manager within the 10-day period, then CONTRACTOR 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 CONTRACTOR.

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

**BB. CONTRACT TERMS.** All unchecked boxes do not apply to this Agreement. In the case of any conflict between the terms of this Agreement and the exhibits hereto or CONTRACTOR's proposal (if any), the Agreement shall control. In the case of any conflict between the exhibits hereto and CONTRACTOR's proposal, the exhibits shall control.

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

**CITY OF PALO ALTO**

**THOMAS SARSFIELD**

\_\_\_\_\_  
City Manager or Designee

DocuSigned by:  
By Thomas Sarsfield  
A7DB6BEAEFD74E2...  
Name Thomas Sarsfield  
Title Managing Director/ Proprietor  
Telephone: 408 745-6171

**Approved as to form:**

\_\_\_\_\_  
City Attorney or Designee

## **EXHIBIT A SCOPE OF SERVICES**

CONSULTANT agrees to provide Tennis Instruction services for tennis classes and camps for youths and adults at all levels with a curriculum that will include tennis classes year-round and youth camps through the summer season.

CONSULTANT AGREES TO:

COURSE CONTENT:

- Be responsible for curriculum and course content.
- Unless otherwise expressly provided in this Agreement, CITY shall not be responsible for providing course materials.
- Provide a teacher that will teach the whole session, with as little substitution as possible.
- Conduct the program in a safe manner.
- CITY shall have the right to observe CONSULTANT instruct in order to determine whether CONSULTANT is in compliance with the terms and conditions of this Agreement.

QUALITY OF PROGRAM:

Maintain a quality program which includes, but is not limited to:

- CONSULTANTS are knowledgeable and experienced in the subject being taught and with the age group.
- CONSULTANTS are reliable and punctual.
- CONSULTANTS are organized and prepared to teach at the start of each class.
- CONSULTANTS can establish and maintain working relationships with CITY staff and customers.
- CONSULTANTS provide good customer service.
- CONSULTANTS and their employees can effectively resolve issues.
- CONSULTANTS make their best effort to make their programs inclusive and accessible.



**SET UP & CLEAN UP:**

- Be responsible for all set up and cleanup of the room and equipment.
- All set up must be completed prior to the start of class.

**EMPLOYEES:**

- Provide employees who are at least 18 years old
- CONSULTANT, as well as their employees and/or volunteers (if applicable), must complete and pass LiveScan/Fingerprint/Background checks and must provide proof of passing such checks prior to providing services, provide negative TB test result within the last four years (for another working with minors) and provide proof of auto insurance in accordance with CITY guidelines (for anyone driving to the CITY of Palo Alto facility). All CONSULTANTS, as well as their employees and volunteers (if applicable), are strongly recommended to obtain certification of CPR/First Aid.

**PUBLICITY:**

- May not publicize CONSULTANT'S business to class participant during class hours without prior authorization from Department Director.
- Must obtain prior approval from Recreation Coordinator or designee for publicity containing CITY classes.
- Must clarify to customers that any personal information sought by CONSULTANT (name, phone number, address, etc.) from customers is voluntary, and strictly for the use of the CONSULTANT and not requested by the CITY
- Submit quarterly class proposals for creation of the Enjoy catalog. Note: Classes included in proposal are not guaranteed to be offered.
- CONSULTANT will create a marketing plan to help promote camps and classes and encourage enrollment.

**PUNCTUALITY:**

- CONSULTANT and their employees shall arrive at least 15 minutes prior to the starting time of the class
- Ensures that all classes start and end on time

- Notifies center prior to the class if CONSULTANT is running late or unable to attend
- If a class is missed, a makeup class is required to be provided by CONSULTANT.

**RECORD KEEPING:**

- Must take attendance at each class. All attendance records shall be submitted at the end of each session.

**COMMUNICATION:**

- Maintain on-going communication
- Immediately communicate problems and issues with the class(es) or customers
- Inform CITY staff of participant injuries and complete necessary accident reports within 24 hours.

**ADHERENCE TO CITY POLICY:**

- Responsible for knowing the CITY'S policies and procedures with regard to special interest classes (i.e. waiting lists, cancellation, refund, satisfaction, etc.)
- Responsible for verifying that only registered participants with a signed CITY liability form on file with the CITY are permitted to participate in CITY'S special interest classes.

**PRIVACY:**

- Agrees that any personal information that CONSULTANT receives regarding customers may not be used for other than CITY business.
- Ensures that customer information will be stored in a secure location.

**CITY AGREES to:**

- Process all registrations for classes (CONSULTANTS not allowed to register participants)
- Provide CONSULTANT with attendance sheets or online access to run their own.
- Provide facility for scheduled classes, which includes reservation of outdoor spaces (i.e. sports fields, tennis courts, etc.)
- Include CONSULTANT classes in publicity materials

## EXHIBIT B SCHEDULE OF PERFORMANCE

The parties agree that the classes shall occur every quarter over the Fall, Winter, Spring and Summer sessions and camps shall occur over the Summer session of CITY'S Recreation Program. A Typical class schedule will be made up of two (2) 2-day classes per week, per season and (1) 1-day class per week and one-week summer camps. The actual class frequency, schedule, and venue will be determined by mutual agreement of the parties.

### Sample Class Descriptions

For reference, previous class and camp descriptions and schedules are provided below:

#### SUMMER CAMPS:

### JUNIOR INTERMEDIATE TENNIS CAMPS

This class provides excellent instruction, extensive practice, and exciting match play for juniors (**10-15 years old**) at the **INTERMEDIATE and HIGH INTERMEDIATE** level. ***These camps are not for Novice players.*** Practices are designed to refine players' technique and enhance their knowledge of strategy and tactics with competitive drills. Four courts grouped by age and/or ability.

6 Classes	Age	Mitchell Park Tennis #1-4	12 max
	10y-15y	Tu, Wed, Th 6/7-6/16	1:30-3:00pm

6 Classes	Age	Mitchell Park Tennis #1-4	12 max
	10y-15y	Tu, Wed, Th 6/21-6/30	1:30-3:00pm

6 Classes	Age	Mitchell Park Tennis #1-4	12 max
	10y-15y	Tu, Wed, Th 7/5-7/14	1:30-3:00pm

6 Classes	Age	Mitchell Park Tennis #1-4	12 max
	10y-15y	Tu, Wed, Th 7/19-7/28	1:30-3:00pm

### YOUTH TENNIS CAMPS

Tennis camps emphasize stroke FUNdamentals with dynamic games and exciting drills that enhance skill development. Four courts grouped by ability, novice to low intermediate. **No class 7/4**

10 Classes	Age	Rinconada #3-6	12 max
	8y-12y	M-F 6/6-6/17	9:30am-11:30am

10 Classes	Age	Rinconada #3-6	12 max
	8y-12y	M-F 6/20-7/1	9:30am-11:30am

9 Classes	Age	Rinconada #3-6	12 max
	8y-12y	M-F 7/5-7/15	9:30am-11:30am

10 Classes	Age	Rinconada #3-6	12 max
	8y-12y	M-F 7/18-7/29	9:30am-11:30am

5 Classes	Age	Rinconada #3-6	12 max
	10y-14y	M-F 8/1-8/5	9:30am-11:30am

### **TENNIS, SWIM, & SOCCER/FLAG FOOTBALL CAMP**

**Tennis & swim PLUS camps held at Rinconada Park. The Tennis clinics at Rinconada Cts. #3-6 10-11:30am will be provided by the staff of Tennis Contractor.**

Following tennis, participants will head over to the Rinconada Park where they will eat lunch with our city staff. Around 12:30 pm, Multi-sports staff will come to work with your child on either flag football or soccer (depending on which week you sign up).

Following that, they will walk over to Rinconada Pool to enjoy swimming, water games and be supervised by our lifeguard and city staff members. Cost includes tennis lessons (4 Courts grouped by ability (Novice to Int.), entrance to recreation swim and supervision. Participants should bring a bag lunch, tennis racket, bathing suit, sunscreen and a towel each day. **Ages 8-12.**

### **8 Weeks of Summer Tennis, Swim, Soccer Flag Football Camp**

**Monday – Friday, with the tennis portion from 10 am-11:30am with 16 max participants**

FALL CLASSES:

### **TINY TENNIS**

Children, 5-7 years of age, play FUN activities and games on the “42 ft. court” with low compression tennis balls. Lessons are designed to enhance their athletic and skill development in a success-oriented environment. We recommend 21” to 23” rackets.

8 Classes	Age	Rinconada #5-6	6 max
	5y-7y	M,W 9/12-10/5	3:20-4:00pm

8 Classes	Age	Rinconada #5-6	6 max
	5y-7y	Tues 9/13-11/1	3:20-4:00pm

8 Classes	Age	Rinconada #5-6	6 max
	5y-7y	Sat 9/17-11/5	2:00-2:40pm

8 Classes	Age	Rinconada #5-6	6 max
	5y-7y	Sat 9/17-11/5	2:40-3:20pm

8 Classes	Age	Rinconada #5-6	6 max
	5y-7y	Sat 9/17-11/5	3:20-4:00pm

8 Classes	Age	Rinconada #5-6	6 max
	5y-7y	M,W 10/17-11/9	3:20-4:00pm

8 Classes	Age	Mitchell Park Tennis #1-2	6 max
	5y-7y	Tu, Th 9/13-10/6	3:20-4:00pm

6 Classes	Age	Mitchell Park PB #1-2	6 max
	5y-7y	Wed 9/14-10/19	3:10-3:50pm

6 Classes	Age	Mitchell Park PB #1-2	6 max
	5y-7y	Wed 9/14-10/19	3:50-4:30pm

8 Classes	Age	Mitchell Park Tennis #1-2	6 max
	5y-7y	Sat 9/17-11/5	3:30-4:10pm

8 Classes	Age	Mitchell Park Tennis #1-2	6 max
	5y-7y	Sat 9/17-11/5	4:10-4:50pm

8 Classes	Age	Mitchell Park Tennis #1-2	6 max
	5y-7y	Tu, Th 10/18-11/10	3:20-4:00pm

### **QUICKSTART TENNIS**

Learn simple and efficient techniques on the “60 ft. court” with low compression tennis balls. Emphasis on control, consistency, sportsmanship, and FUN! We recommend the 25” rackets.

8 Classes	Age	Rinconada #5-6	6 max
	8y-10y	M, W 9/12-10/5	4:00-5:00pm

8 Classes	Age	Rinconada #5-6	6 max
	8y-10y	Tues 9/13-11/1	4:00-5:00pm

8 Classes	Age	Rinconada #5-6	6 max
	8y-10y	M, W 10/17-11/9	4:00-5:00pm

8 Classes	Age	Mitchell #1-2	6 max
	8y-10y	Tu, Th 9/13-10/6	4:00-5:00pm

8 Classes	Age	Mitchell #1-2	6 max
	8y-10y	Tu, Th 10/18-11/10	4:00-5:00pm

### **QUICKSTART ADVANTAGE TENNIS**

Review and develop techniques on the “60 ft. court” with low compression tennis balls. More emphasis on depth, direction, and spin. Players should have prior Quickstart experience and/or instructor’s approval.

8 Classes	Age	Rinconada #5-6	6 max
	8y-10y	M,W 9/12-10/5	5:00-6:00pm

8 Classes	Age	Rinconada #5-6	6 max
	8y-10y	M, W 10/17-11/9	5:00-6:00pm

8 Classes	Age	Mitchell #1-2	6 max
	8y-10y	Sat 9/17-11/5	2:30-3:30pm

### **JUNIOR NOVICE TENNIS**

Develop the essential techniques with emphasis on control, depth, and direction on the “78 ft. court” with regulation tennis balls. Lessons will also incorporate rules, sportsmanship, and basic doubles play.

8 Classes	Age	Rinconada #5-6	6 max
	11y-14y	M,W 9/12-10/5	6:30pm-7:30pm

8 Classes	Age	Rinconada #5-6	6 max
	11y-14y	M, W 10/17-11/9	6:30pm-7:30pm

8 Classes	Age	Mitchell #1-2	6 max
	11y-14y	Sat 9/17-11/5	1:30-2:30pm

### **JUNIOR LOW INTERMEDIATE TENNIS**

For players who are consistent on a slow pace rally but need to develop better depth, directional control and use of spin. Review and strengthen stroke techniques with more emphasis on basic strategy and tactics.

8 Classes	Age	Rinconada #5-6	6 max
	11y-14y	Sat 9/17-11/5	1:00-2:00pm

8 Classes	Age	Mitchell #1-2	6 max
	11y-14y	Tu, Th 9/13-10/6	5:00-6:00pm

8 Classes	Age	Mitchell #1-2	6 max
	11y-14y	Tu, Th 10/18-11/10	5:00-6:00pm

**JUNIOR INTERMEDIATE TENNIS**

For players who are consistent on a medium pace rally but need to develop more spin, power, and/or variety. Refine stroke techniques, strategy, and tactics with performance enhancing drills.

8 Classes	Age	Rinconada #5-6	6 max
	11y-15y	Tues 9/13-11/1	5:00-6:00pm

**ADULT NOVICE TENNIS**

Develop the essential techniques with emphasis on control, depth, and direction. Lessons will also incorporate rules, sportsmanship, and basic doubles play.

8 Classes	Age	Rinconada #5-6	6 max
	15+	M,W 9/12-10/5	7:30-8:30pm

8 Classes	Age	Rinconada #5-6	6 max
	15+	Tues 9/13-11/1	6:30-7:30pm

8 Classes	Age	Rinconada #5-6	6 max
	15+	M, W 10/17-11/9	7:30-8:30pm

**ADULT LOW INTERMEDIATE TENNIS**

For players who are consistent on a slow pace rally but need to develop better depth, directional control and use of spin. Review and strengthen stroke techniques with more emphasis on basic strategy and tactics.

8 Classes	Age	Rinconada #5-6	6 max
	15+	M,W 9/12-10/5	10-11am

8 Classes	Age	Rinconada #5-6	6 max
	15+	Tues 9/13-11/1	7:30-8:30pm



8 Classes	Age	Rinconada #5-6	6 max
	15+	M, W 10/17-11/9	10-11am

8 Classes	Age	Mitchell #1-2	6 max
	15+	Tu, Th 9/13-10/6	6:30-7:30pm

8 Classes	Age	Mitchell #1-2	6 max
	15+	Tu, Th 10/18-11/10	6:30-7:30pm

### **ADULT INTERMEDIATE TENNIS**

For players (NTRP 3.0) who are consistent on a medium pace rally but need to develop more spin, power, and/or variety. Develop stroke techniques, strategy, and tactics with performance enhancing drills.

8 Classes	Age	Rinconada #5-6	6 max
	15+	M,W 9/12-10/5	11am-12pm

8 Classes	Age	Rinconada #5-6	6 max
	15+	M, W 10/17-11/9	11am-12pm

8 Classes	Age	Mitchell #1-2	6 max
	15+	Tu, Th 9/13-10/6	7:30pm-8:30pm

8 Classes	Age	Mitchell #1-2	6 max
	15+	Tu, Th 10/18-11/10	7:30pm-8:30pm

### **ADVANCED PLAYERS TENNIS**

USPTA Pro will personally teach this dynamic clinic for Advanced Players (NTRP 3.5-4.5). Players will enhance their tactical and strategic play with competitive situational drills. Refine stroke techniques with Ball Machine and Serving target drills. Only 3-6 players per Pro/court!

4 Classes	Age	Rinconada #4-6	12 max
	15+	Sat 9/17-10/8	10:30am-12:00pm

## EXHIBIT C SCHEDULE OF FEES

CITY shall pay CONTRACTOR according to the following rate schedule. The maximum amount of compensation to be paid to CONTRACTOR, including both payment for services and reimbursable expenses, shall not exceed the amounts set forth in Sections 5 and 6 of the Agreement. Any services provided or hours worked for which payment would result in a total exceeding the maximum amount of compensation set forth herein shall be at no cost to CITY.

### A. RATE

For the classes taught for all sessions during the term of this Agreement, CITY shall pay CONSULTANT at the rate for **Sixty Five percent (65%) of the resident rate.**

CONSULTANT will not be compensated for classes offered and canceled – without a make-up session. CONSULTANT will be compensated for only registered participants listed on the attendance records. CITY and CONSULTANT shall mutually agree upon the date and time and number of courses offered by CONSULTANT pursuant to this Agreement, provided that the total compensation payable to CONSULTANT shall not exceed the amount set forth in Section 4 of this Agreement

### B. PAYMENT

For registration-based classes, at the conclusion of each session, CONSULTANT will invoice the CITY for payment and shall comply with the requirements of Section 5 (invoices of this Agreement). In addition, the CONSULTANT'S invoice must include class name, class number, number of registered participants, rate of pay, total amount due for each class and grand total of all classes included on invoice.

For drop-in based classes, CONSULTANT will invoice the CITY for payment at least monthly. Invoices must include attendance sheets, rate of pay, total amount due for each class and grand total of all classes.

### C. MISSED CLASSES (Excluding weather-related cancellations, if applicable)

If CONSULTANT gives 24 hours or less cancellation notice of class(es) starting time and subject to the prior approval of CITY, CONSULTANT will be compensated at 50% of compensation rate for day of the make up session provided CONSULTANT conducts a make-up session at a mutually agreeable time and location.

If CONSULTANT misses two consecutive weeks/meetings of the same class(es) and subject to the prior approval of CITY, CONSULTANT will be compensated at 25% of compensation rate for each of the make-up days provided CONSULTANT conducts a make-up session at a mutually agreeable time and location. Nothing herein limits the CITY'S right to terminate this Agreement for CONSULTANT'S failure to conduct any class at the specified time and place.

**D. LATE CLASSES**

1. If CONSULTANT is late at least twice to same class in the same session (or same month for drop-in classes) and subject to the prior approval of CITY, CONSULTANT will be compensated at 100% of compensation rate for the first time the CONSULTANT was late. For the second time the CONSULTANT is late, CONSULTANT will be compensated at 50% of compensation rate.
2. If CONSULTANT is late at three or more times to same class in the same session (or same month for drop-in classes) and subject to the prior approval of CITY, CONSULTANT will be compensated at 25% of compensation rate. Nothing herein limits the CITY'S right to terminate this Agreement for CONSULTANT'S failure to conduct any class at the specified time and place.

**E. PAYMENT FOR – USE OF FACILITY FOR APPROVED AND NON-APPROVED USES**

CONSULTANT will reimburse the CITY for the use of 4 tennis courts to teach individual Private and Semi Private lessons (Rinconada Park Cts. #5-6 and Mitchell Park Cts. #1-2). There will be 4 scheduled payments per year.

Annual Amounts:

Year one: \$12,000

Year two: \$13,000

Year three: \$14,000

If the CONSULTANT uses CITY'S facility for any purpose other than a mutually agreed upon and scheduled class under this agreement, then the CONSULTANT shall pay all fees and charges - as specified in the CITY'S Municipal Fee Schedule.

## EXHIBIT D INSURANCE REQUIREMENTS

CONTRACTORS 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, BELOW:

BEEC W.				
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	\$1,000,000	\$1,000,000
		PROPERTY DAMAGE	\$1,000,000	\$1,000,000
		BODILY INJURY & PROPERTY DAMAGE COMBINED.	\$1,000,000	\$1,000,000
YES	AUTOMOBILE LIABILITY, INCLUDING ALL OWNED, HIRED, NON-OWNED	BODILY INJURY	\$1,000,000	\$1,000,000
		- EACH PERSON	\$1,000,000	\$1,000,000
		- EACH OCCURRENCE	\$1,000,000	\$1,000,000
		PROPERTY DAMAGE	\$1,000,000	\$1,000,000
		BODILY INJURY AND PROPERTY DAMAGE, COMBINED	\$1,000,000	\$1,000,000
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: <b>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 SUBCONSULTANTS, 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.</b>			

I. INSURANCE COVERAGE MUST INCLUDE:

A CONTRACTUAL LIABILITY ENDORSEMENT PROVIDING INSURANCE COVERAGE FOR CONTRACTOR'S AGREEMENT TO INDEMNIFY CITY.

II. CONTACTOR MUST SUBMIT CERTIFICATES(S) OF INSURANCE EVIDENCING REQUIRED COVERAGE.

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 ISSUING COMPANY 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 ISSUING COMPANY SHALL PROVIDE CITY AT LEAST A TEN (10) DAY WRITTEN NOTICE BEFORE THE EFFECTIVE DATE OF CANCELLATION.

**NOTICES SHALL BE MAILED TO:**

**PURCHASING AND  
CONTRACT ADMINISTRATION  
CITY OF PALO ALTO  
P.O. BOX 10250  
PALO ALTO, CA 94303**



## City of Palo Alto City Council Staff Report

(ID # 14943)

Meeting Date: 12/5/2022

Report Type: Consent Calendar

**Title: Approval of the Acceptance of State of California Citizens Options for Public Safety (COPS) Funds of \$172,000 and a Budget Amendment in the Supplemental Law Enforcement Services Fund (2/3 vote required)**

**From: City Manager**

**Lead Department: Police**

### **RECOMMENDATION**

Staff recommends that the City Council:

1. Approve the acceptance and expenditure of Citizens Options for Public Safety (COPS) funds State of California, totaling \$172,000; and
2. Amend the Fiscal Year 2023 Budget Appropriation Ordinance (requires 2/3 approval) for the Supplemental Law Enforcement Services Fund (SLESF) by:
  - a. Increasing the estimate for revenue from the State of California by \$172,000;
  - b. Increasing Police Department Facilities and Equipment expense appropriation by \$242,000;
  - c. Increasing Police Department Salary and Benefits expense appropriation by \$90,000;
  - d. Increasing the Police Department General Expenses expense appropriation by \$20,000; and
  - e. Decreasing the fund balance by \$180,000

### **EXECUTIVE SUMMARY**

Staff recommends that the City Council approve the acceptance of the annual State of California COPS funds, totaling \$172,000. An amendment to the budget appropriation ordinance must be approved by two-thirds vote of the Council to spend these funds. In addition, staff recommends an additional budget augmentation totaling \$180,000 to Facilities and Equipment. COPS Funds in the Supplemental Law Enforcement Services Fund (SLESF) will fund equipment purchases, recruitment efforts, and supplement the Police overtime budget. A portion of the fund balance will be used to purchase replacement Conductive Electrical Weapons (CEW), commonly referred to by the trade name "Tasers".

### **BACKGROUND**

Every year since 1997, the State of California, by statute, allocates designated funds to counties, and on through to cities, through a Citizens Options for Public Safety (COPS) program. This on-

going program is managed by State statute and the level of funding is relative to the population as determined by the California Department of Finance. It should be noted this funding is not related to the Federal Government Department of Justice COPS program, despite the same acronym.

State law provides for four main requirements as written in Government Code sections 30025-30029.12 and 30051-30063: 1) Each recipient (County and a City) is required to deposit the revenue into a separate fund so the funds are not co-mingled with the General Fund (30063); and 2) the money shall be used for front line law enforcement services or municipal police services (30061(c)(2)); and transfer to other funds is allowed provided it is to facilitate the use according to the code (30063); and 4) the funds shall not supplant the city budget (30062(a)). Previous uses of COPS funds have included restarting the Community Service Officer (CSO) program, electronic traffic citation system, weapons system upgrades, safety equipment, police training, staff wellness testing, upgrades to patrol vehicles, and upgraded tools and technology, all benefiting front line law enforcement services or municipal police services for the City of Palo Alto.

According to conversations with State staff, the source of funding is from vehicle license fees. Specific allocations are directed by the Department of Finance, in accordance with the Government Code, while the distributions are made by the State Controller's office. There are two parts to the distribution: 1) a semi-permanent component based on a minimum funding level for the program, paid monthly and 2) a growth component for funds (referred to as Growth Fund) in excess of the minimum base paid one-time the following year after reconciliation.

## **DISCUSSION**

The City recently received the annual [notice<sup>1</sup>](#) for the first part of the distribution for Fiscal Year 2023 for \$104,211. Further, the Growth Fund portion was funded and reported [online<sup>2</sup>](#) to indicate there is an additional \$67,652 in funding allocated for Palo Alto – for a total of \$171,863.

Staff recommends use of this year's expected COPS funds in the total amount of \$172,000, along with a portion of the fund balance (\$180,000) in the following manner(s) which are compliant with the law. With the exception of CEW, all expenses below are estimated.

### Supplemental Recruiting Activities for Front Line Officers

(\$90,000 Salary and Benefits and \$20,000 Recruiting) – Palo Alto does not traditionally budget for recruiting activities. The activity is funded by other means such as salary savings, Budget Stabilization Reserve or, in this case, from the COPS funding. The team responsible for recruiting front line police officers is not funded in the budget. Regular FTE staff will attend recruiting events on overtime. This will also fund the travel and lodging required to attend recruiting events to attract and hire front-line law enforcement staff.

### Facilities and Equipment for Front Line Officers

Ballistic Shields (\$30,000) - Special shields designed to add an additional layer of protection in the field for situations where high-velocity rounds can be anticipated to be fired upon police officers and in some cases the public as with evacuations from active shooter scenes.

Body Armor for SWAT operators (\$32,000) – Three additional sets of specialized body-armor differentiated from standard “every-day” body armor used in the field. This body armor is designed to provide freedom of movement and a higher level of protection from high velocity firearm rounds.

CEW (\$180,000) - the Department will use some of the existing fund balance to acquire updated Conductive Electrical Weapons (CEW), commonly referred to by the trade name “Tasers”. City practice, since adoption of the technology in the 2000’s, has been to replace the complete inventory of devices every 5-7 years. The last replacement cycle occurred in 2014 for \$210,000. Current replacement has not been budgeted and improved technology is now available and expected to cost \$180,000. For City Council and community awareness, Attachment A provides an overview of CEW policy and use.

### **RESOURCE IMPACT**

The City has received funds each year under this program since its inception. No further action is required, beyond Council’s approval, to accept the funds. Revenues of \$172,000 are recommended to be recognized in the City's Supplemental Law Enforcement Services Fund (SLESF).

A total of \$352,000 of expenditures are anticipated as described previously in the memorandum, which will be funded by the COPS grant funding appropriated in Fiscal Year 2023 (\$172,000) and fund balance (\$180,000). There will be no impact to the General Fund as ongoing maintenance costs, if any, for the items purchased by the SLESF will be absorbed in the Department's existing budget, otherwise, the activities will stop when the SLESF funds are spent in full.

### **POLICY IMPLICATIONS**

The Palo Alto Municipal Code 2.28.080 requires a two-thirds vote by Council to accept the funds and amend the budget and a majority vote for the transfer between funds. Further, by written authorization, the City Manager may direct the redistribution of unencumbered balance within any department or office or fund. The California Government Code would limit how SLESF funds are redistributed. As with the acquisition of any goods or services by the City, the purchasing process will be subject to City purchasing policy manual as established in the municipal code under the direction of the Chief Procurement Officer.

### **STAKEHOLDER ENGAGEMENT**

None



**ENVIRONMENTAL REVIEW**

Acceptance of COPS funding and the proposed expenditures for public safety equipment are not projects subject to CEQA review.

**Attachment**

Attachment A: a brief on the City of Palo Alto CEW program

**Footnotes**

1 [https://www.sco.ca.gov/Files-ARD-Payments/copsdofletter\\_2223.pdf](https://www.sco.ca.gov/Files-ARD-Payments/copsdofletter_2223.pdf)

2 [https://www.sco.ca.gov/ard\\_payments\\_cops\\_growth.html](https://www.sco.ca.gov/ard_payments_cops_growth.html)

**Attachments:**

- **Attachment5.a:** Attachment A



CITY OF  
**PALO  
ALTO**

**ATTACHMENT A – ITEM #5**

**MEETING DATE:** DECEMBER 5, 2022

**TO:** HONORABLE COUNCIL MEMBERS

**FROM:** ANDREW BINDER, CHIEF OF POLICE

**SUBJECT:** **AGENDA ITEM NUMBER 5** - Approval of the Acceptance of State of California Citizens Options for Public Safety (COPS) Funds of \$172,000 and a Budget Amendment in the Supplemental Law Enforcement Services Fund

The following provides background on the City of Palo Alto policy and use of the Conductive Electronic Weapon (CEW) often referred to by the brand name “TASER”. The City Council approved equipping the Police Department with CEWs in 2007, following a Council-appointed TASER Task Force voting to recommend the acquisition following a series of public meetings and information presented by a diverse cross-section of experts and input from community members. Since then, every uniformed police officer in Palo Alto has routinely carried a CEW. The CEW is a valuable tool that gives officers a less-than-lethal force option that is intended to deter or control a violent or potentially violent individual while minimizing the risk of serious injury to both officers and criminal suspects. While officers have, fortunately, rarely needed to deploy CEWs at suspects over the past 15 years, CEWs provide an important always-available option. CEWs provide officers with an alternative to deadly force in some situations. The mere presence of the weapon can lead to compliance by suspects. CEWs also provide officers with an alternative to using physical strength, a baton, or pepper spray against violent individuals, situations that can often result in injuries to officers and suspects.

There are several existing checks and balances in place to ensure that any use of CEWs is reasonable and appropriate:

- The Department has a detailed six-page policy ([publicly viewable here](#)<sup>1</sup> (Policy 309, page 82) that confines their use to very limited circumstances. That policy provides specific, strict

guidelines on targeting considerations and also requires officers to summon medical care for anyone to whom a CEW has been applied.

- Next, the Department regularly provides CEW training to all officers on an annual basis. These sessions include a policy review and also scenario-based training, which includes elements of de-escalation and other alternatives to the deployment of a CEW.
- Additionally, every deployment of a CEW is subjected to an administrative use of force review, resulting in a written report that is ultimately forwarded to the Department's Independent Police Auditor (IPA). The IPA reviews this administrative report and any associated police reports and evidence, and then generates its own report, which includes recommendations to the Chief of Police regarding further investigation, processes, and dispositions. The IPA's report is provided to the City Council twice yearly, and is published as a public document on the Department's website. Every CEW deployment in the Department's history has been subjected to this level of review, and every IPA report dating back to 2007 is [publicly viewable here](#)<sup>2</sup>.

The existing CEWs in the Department's possession are outdated and do not have the most currently-available technology. Using COPS funding to acquire the newest CEWs will equip police officers with the tools needed to do the job safely while protecting the community from violent or potentially violent individuals, as an eligible use of restricted grant funds.

Footnotes:

1 <https://www.cityofpaloalto.org/files/assets/public/police-department/public-information-portal/policy-manual-for-web-11-1-2022.pdf>

2 <https://www.cityofpaloalto.org/Departments/Police/Accountability/Independent-Police-Auditor>



## City of Palo Alto City Council Staff Report

(ID # 14949)

**Meeting Date: 12/5/2022**

**Report Type: Consent Calendar**

**Title: Approval of the Office of the City Auditor's Fiscal Year (FY) 2023 Task Orders**

**From: City Manager**

**Lead Department: City Auditor**

### **Recommendation**

The City Auditor and the Policy & Services Committee recommend that the City Council take the following action:

Approve the following Task Orders, identified in Baker Tilly's agreement with the City and the Audit Plan Report:

- 1) FY23-Task 03 – External Financial Auditor
- 2) FY23-Task 05 – Various Reporting & City Hotline
- 3) FY23-Task 06 – Evaluation and Benchmarking
- 4) Task 04.08 – Public Safety Building Construction Audit (Correction)
- 5) Task 04.16 – Review of ALPR Technology Contract Management
- 6) Task 04.17 – Investment Management Review
- 7) Task 04.18 – Ad Hoc Request – Janitorial Contract Compliance Review

### **Discussion**

In accordance with our agreement with the City<sup>i</sup>, Baker Tilly is required to conduct recurring activities each year. Those recurring activities including the following tasks outlined in our agreement:

- Task 3: Assist with Selection of a Financial Auditor and Assist in Managing the Financial Audit
- Task 4: Execute Council approved Annual Audit Plan (Attachment B)
- Task 5: Various Tasks including periodic reporting, fraud/waste/abuse hotline, office administrative functions
- Task 6: Evaluation and Benchmarking

The Office of the City Auditor (OCA) is seeking approval from the Policy & Services Committee of the Tasks Orders that correspond to the Tasks outlined above and recommendation to forward these task orders to the City Council for approval. The

Task Orders provide the contractual authority to begin this work in the new Fiscal Year 2023. An excerpt from the contract outlining these tasks is below for ease of reference.

Task 3. Selection of External Financial Auditor and Annual Audit Coordination: Coordinate the annual external financial audit in each year of the contract term. Pursuant to the City Charter, the City Auditor shall oversee the selection process for the annual external financial auditor.

Task 4. Execute Annual Audit Plan: Conduct a minimum number of internal audits in accordance with each approved annual audit plan<sup>ii</sup> based on the risk assessments. Each internal audit will commence only upon the City's approval of a Task Order (which may be at the task or sub-task level) as required by this Agreement. Each internal audit requires the preparation of a written report for review by the City Manager, City Attorney and appropriate Council committee, and review/approval by the City Council as required.

Task 5. Preparation of Quarterly Reports, Annual Status Report, Provision of City Hotline, and Other Ongoing Office Administrative Functions:

Prepare and issue quarterly reports describing the status and progress toward audit completion, to be provided as information reports to the City Council and reviewed by the appropriate committee, unless other reporting methods are directed by Council.

Prepare and issue an annual report in the first quarter of each fiscal year on the status of recommendations made in completed audits, to be provided as an information report to the City Council and reviewed by the appropriate committee, unless other reporting methods are directed by Council.

Maintain and respond to the City's employee "hotline" function provided through voicemail, email or written submissions. Coordinate referrals as appropriate to other City offices, departments or divisions and incorporate relevant referrals into future risk assessments, audit plans or audit activity as appropriate.

This task provides for authorization of travel during the full 2023 fiscal year assuming one trip per month (total of 12 trips). Although the contract stipulated an on site presence every two weeks by the Office of the City Auditor, leveraging remote work efficiencies and ensuring economical use of contract authority and funds, this task order revises that frequency. BakerTilly will use discretion to ensure travel is used to minimize travel expenses and maximize effectiveness of time on site, ultimately ensuring alignment with audit work schedules and Council and Committee activities.

Task 6: Undergo a peer evaluation following the guidelines of the Association of Local Government Auditors every two years (i.e., at the end of the initial contract term, then

every other year thereafter throughout the contract term), or as required by the City Council, so that performance of the internal audit function can be objectively assessed.

Prepare a cost per audit analysis following the first completed fiscal year, to be submitted at the beginning of the second fiscal year and every year thereafter throughout the contract term, that includes benchmark agencies determined by the CITY, and obtain independent third-party certification of data accuracy.

The cost per audit analysis will be used to evaluate the cost effectiveness of services provided by the CONSULTANT. This evaluation will be incorporated into ongoing performance assessments as required and will help ensure that fees for service provision throughout the duration of the Agreement are objectively determined and mutually agreed upon.

This evaluation and report from the peer evaluator will be presented to the Policy and Services Committee and City Council in alignment with typical audit reporting activities.

#### Task 4 Details.

The details of the four task orders (1 revisions and 3 new) are as follows:

##### 04.08 Public Safety Building Construction Audit (Correction)

The original task order to review monthly invoices from the Construction Manager, Architect and Waterproofing Inspector was prepared and approved in FY21. It has two different project end dates in error: the end date of 6/30/22 on the first page and the end date of 6/30/23 on page 3. The approved audit plan shows the project end date of June 2023 and the budget split between FY22 and FY23. A monthly review is expected to continue throughout FY23. The remaining budget is approximately \$12,000, OCA corrected the end date on page 1 to 6/30/23.

##### 04.16 Review of ALPR Technology Contract Management

The preliminary audit objectives include:

- Determine whether adequate policies and procedures are implemented effectively to protect the privacy of personal information gathered using ALPR technology for the City's parking management.
- Determine whether the City monitors the vendor's performance to ensure the compliance with contract terms and applicable laws and regulations related to data privacy.

##### 04.17 Investment Management Review

The preliminary audit objectives include:

- Determine whether adequate controls are in place and working effectively to ensure that investments are properly managed in accordance with the

investment policy.

- Assess the efficiency and the effectiveness of the investment portfolio management against the best practice.

#### 04.18 Ad Hoc Request – Janitorial Contract Compliance Review

Ad Hoc Requests are included in the FY2022-2023 Audit Plan in anticipation of requests for review based on business needs. These requests can be generated from many sources, including management, Council, or through existing activities such as the hotline or other audit work. In October 2022, the City management identified and requested OCA to assist in a review of janitorial service contract compliance and provided letters received from politicians, an industry watchdog group, and a labor union requesting a review of the service provider's employment practices regarding the City's contract. The primary audit objectives include:

- Determine whether the City requires its janitorial service providers to meet the responsible employment standards and monitors the providers' compliance with contract terms to ensure that the City receives effective and reliable janitorial services.
- Determine whether the City's janitorial service providers comply with the contract terms in order to provide professional janitorial services to the City.

The City Auditor understands this is a topic of interest of some City Council Members and management and has alerted the Policy and Services Chair regarding this request for consideration.

### Resource Impact

Work recommended in these tasks is within both the approved scope and compensation of the contract with Baker Tilly and funding levels in the FY 2023 Operating Budget for the Office of the City Auditor.

### Environmental Review

This action is exempt from CEQA and requires no further environmental review.

#### Attachments:

- **Attachment6.a:** OCA - FY23 Task Orders
- **Attachment6.b:** FY2022-FY2023 Audit Workplan, Council approved 04.04.2022

<sup>i</sup> City agreement with Baker Tilly <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmr/yr-archive/2020-2/id-11624.pdf?t=64761.15>

<sup>ii</sup> Approved annual Audit Plan <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/2022/20220404/20220404pccsmamendedlinked1.pdf>

## PROFESSIONAL SERVICES TASK ORDER

### TASK ORDER FY23-03 External Financial Auditor

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 below are incorporated into this Task Order by this reference. The Consultant shall furnish the necessary facilities, professional, technical and supporting personnel required by this Task Order as described below.

---

CONTRACT NO. C21179340

OR PURCHASE ORDER REQUISITION NO. (AS APPLICABLE)

- 1A. MASTER AGREEMENT NO. (MAY BE SAME AS CONTRACT / P.O. NO. ABOVE): C21179340
- 1B. TASK ORDER NO.: FY23-003
2. CONSULTANT NAME: Baker Tilly US, LLP
3. PERIOD OF PERFORMANCE: START: July 1, 2022 COMPLETION: June 30, 2023
4. TOTAL TASK ORDER PRICE: \$15,000  
BALANCE REMAINING IN MASTER AGREEMENT/CONTRACT TBD
5. BUDGET CODE \_\_\_\_\_  
COST CENTER \_\_\_\_\_  
COST ELEMENT \_\_\_\_\_  
WBS/CIP \_\_\_\_\_  
PHASE \_\_\_\_\_
6. CITY PROJECT MANAGER'S NAME & DEPARTMENT:  
Greer Stone, Chair of the City Council's Policy and Services Committee
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): N/A

**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 \_\_\_\_\_



## Attachment A DESCRIPTION OF SCOPE OF SERVICES

### Introduction

Attachment A, the Description of Scope of Services, contains the following four (4) elements:

- 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)

### Services & Deliverables

Baker Tilly’s approach to the Office of the City Auditor’s role on the financial audit involves one (1) primary step in FY23:

- Step 1: Assistance in Managing the Financial Audit

#### Step 1 – Role in Managing the Financial Audit

In FY23, the project team will assist in managing the financial audit and presenting financial audit results to the Finance Committee and to the City Council, in accordance with municipal code.

#### Deliverables:

Legislative documents will be prepared to present the financial statements and reports prepared by an external auditor to the Finance Committee

### Schedule of Performance

Anticipated Start Date: July 1, 2022

Anticipated End Date: June 30, 2023

### Maximum Compensation Amount and Rate Schedule

The not-to-exceed maximum, inclusive of reimbursable expenses (as summarized below) for this Task is \$15,000. The not-to-exceed budget is based on an estimate of 40 total project hours, of which 40 are estimated to be completed by the City Auditor.

## Reimbursable Expenses

Baker Tilly anticipates planning one on-site fieldwork week. Given this possibility, Baker Tilly could incur reimbursable expenses for this Task.

The not-to-exceed maximum for reimbursable expenses for this Task is \$5,700.

The following summarizes anticipated reimbursable expenses:

- Round-trip Airfare – \$1350 (2 round trip flights)
- Ground Transportation (car rental or Uber/taxi) - \$1350
- Hotel accommodation - \$2,000 (8 nights)
- Food and incidentals – \$1,000

## PROFESSIONAL SERVICES TASK ORDER

### TASK ORDER FY23-05 Various Reporting & City Hotline

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 below are incorporated into this Task Order by this reference. The Consultant shall furnish the necessary facilities, professional, technical and supporting personnel required by this Task Order as described below.

---

CONTRACT NO. C21179340

OR PURCHASE ORDER REQUISITION NO. (AS APPLICABLE)

- 1A. MASTER AGREEMENT NO. (MAY BE SAME AS CONTRACT / P.O. NO. ABOVE): C21179340
- 1B. TASK ORDER NO.: FY23-005
2. CONSULTANT NAME: Baker Tilly US, LLP
3. PERIOD OF PERFORMANCE: START: July 1, 2022 COMPLETION: June 30, 2023
4. TOTAL TASK ORDER PRICE: \$60,000  
BALANCE REMAINING IN MASTER AGREEMENT/CONTRACT TBD
5. BUDGET CODE \_\_\_\_\_  
COST CENTER \_\_\_\_\_  
COST ELEMENT \_\_\_\_\_  
WBS/CIP \_\_\_\_\_  
PHASE \_\_\_\_\_
6. CITY PROJECT MANAGER'S NAME & DEPARTMENT:  
Greer Stone, Chair of the City Council's Policy and Services Committee
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): N/A

**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 \_\_\_\_\_

## Attachment A DESCRIPTION OF SCOPE OF SERVICES

### Introduction

Attachment A, the Description of Scope of Services, contains the following four (4) elements:

- 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)

### Services & Deliverables

Baker Tilly will provide the following services in Task 5:

- Quarterly Reports
- Annual Status Report
- Provision of the City Hotline
- Office Administrative Functions

#### Deliverables:

Legislative documents will be prepared to present the financial statements and reports prepared by an external auditor to the Finance Committee

- Quarterly Reports (4 in FY23)
- Annual Status Report

### Schedule of Performance

Anticipated Start Date: July 1, 2022

Anticipated End Date: June 30, 2023

### Maximum Compensation Amount and Rate Schedule

The not-to-exceed maximum, inclusive of reimbursable expenses (as summarized below) for this Task is \$60,000. The not-to-exceed budget is based on an estimate of 185 total project hours, of which 135 are estimated to be completed by the City Auditor.

### Reimbursable Expenses

Baker Tilly anticipates planning one on-site fieldwork week. Given this possibility, Baker Tilly could incur reimbursable expenses for this Task.

The not-to-exceed maximum for reimbursable expenses for this Task is \$28,400.

The following summarizes anticipated reimbursable expenses:

- Round-trip Airfare – \$6,700 (10 round trip flights)
- Ground Transportation (car rental or Uber/taxi) - \$6,700
- Hotel accommodation - \$10,000 (40 nights)
- Food and incidentals – \$5,000

## PROFESSIONAL SERVICES TASK ORDER

### TASK ORDER FY23-06 Evaluation and Benchmarking

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 below are incorporated into this Task Order by this reference. The Consultant shall furnish the necessary facilities, professional, technical and supporting personnel required by this Task Order as described below.

---

CONTRACT NO. C21179340

OR PURCHASE ORDER REQUISITION NO. (AS APPLICABLE)

- 1A. MASTER AGREEMENT NO. (MAY BE SAME AS CONTRACT / P.O. NO. ABOVE): C21179340
- 1B. TASK ORDER NO.: FY23-006
2. CONSULTANT NAME: Baker Tilly US, LLP
3. PERIOD OF PERFORMANCE: START: June 1, 2022 COMPLETION: June 30, 2023
4. TOTAL TASK ORDER PRICE: \$21,000  
BALANCE REMAINING IN MASTER AGREEMENT/CONTRACT TBD
5. BUDGET CODE \_\_\_\_\_  
COST CENTER \_\_\_\_\_  
COST ELEMENT \_\_\_\_\_  
WBS/CIP \_\_\_\_\_  
PHASE \_\_\_\_\_
6. CITY PROJECT MANAGER'S NAME & DEPARTMENT:  
Greer Stone, Chair of the City Council's Policy and Services Committee
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): N/A

**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 \_\_\_\_\_

## Attachment A DESCRIPTION OF SCOPE OF SERVICES

### Introduction

Attachment A, the Description of Scope of Services, contains the following four (4) elements:

- 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)

### Services & Deliverables

Baker Tilly’s approach to undergoing a peer review involves three (3) primary steps:

- Step 1: Preparation for a peer review
- Step 2: A peer review by an independent evaluator
- Step 3: Cost per audit analysis

#### Step 1 – Preparation for a peer review

The Office of the City Auditor (OCA) will conduct a self-assessment before a peer review.

#### Step 2 – A peer review by a qualified organization

OCA will undergo a peer review conducted by an independent evaluator. In order to accomplish this task, OCA will:

- Request a peer review from the Association of Local Government Auditors (ALGA)
- Provide documents and answer questions as requested by ALGA
- Obtain a peer review report from ALGA

#### Step 3 – Cost per audit analysis

OCA will prepare a cost per audit analysis.

#### Deliverables:

Legislative documents will be prepared to present a peer review report from an independent evaluator.

### Schedule of Performance

Anticipated Start Date: June 1, 2022

Anticipated End Date: June 30, 2023

### Maximum Compensation Amount and Rate Schedule

The not-to-exceed maximum, inclusive of reimbursable expenses (as summarized below) for this Task is \$21,000. The not-to-exceed budget is based on an estimate of 85 total project hours, of which 20 are estimated to be completed by the City Auditor.

### Reimbursable Expenses

Baker Tilly anticipates no travel costs. All procedures including interviews and documentation reviews are expected to be completed remotely.



## PROFESSIONAL SERVICES TASK ORDER

### TASK ORDER 04.08 Public Safety Building-Construction Audit (CORRECTED)

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 below are incorporated into this Task Order by this reference. The Consultant shall furnish the necessary facilities, professional, technical and supporting personnel required by this Task Order as described below.

---

CONTRACT NO. C21179340

OR PURCHASE ORDER REQUISITION NO. (AS APPLICABLE)

- 1A. MASTER AGREEMENT NO. (MAY BE SAME AS CONTRACT / P.O. NO. ABOVE): C21179340
- 1B. TASK ORDER NO.: FY21-001
2. CONSULTANT NAME: Baker Tilly US, LLP
3. PERIOD OF PERFORMANCE: START: March 1, 2021 COMPLETION: ~~June 30, 2022 (est.)~~ June 30, 2023
- 4 TOTAL TASK ORDER PRICE: \$82,500  
BALANCE REMAINING IN MASTER AGREEMENT/CONTRACT TBD
5. BUDGET CODE \_\_\_\_\_  
COST CENTER \_\_\_\_\_  
COST ELEMENT \_\_\_\_\_  
WBS/CIP \_\_\_\_\_  
PHASE \_\_\_\_\_
6. CITY PROJECT MANAGER'S NAME & DEPARTMENT:  
Lydia Kou, Greer Stone, Chair of the City Council's Policy and Services Committee
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): N/A

**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 \_\_\_\_\_

## Attachment A DESCRIPTION OF SCOPE OF SERVICES

### Introduction

Attachment A, the Description of Scope of Services, contains the following four (4) elements:

- 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)

### Services & Deliverables

Baker Tilly’s approach to conducting the Public Safety Building construction audit involves three (3) primary steps:

- Step 1: Project Planning & Management
- Step 2: Monthly Monitoring
- Step 3: Reporting

#### Step 1 – Project Planning & Management

This step includes those tasks necessary to solidify mutual understanding of the construction audit scope, objectives, deliverables, and timing as well as ensuring that appropriate client and consultant resources are available and well-coordinated. Tasks include:

- Conduct a formal kick off meetings with the City, the Construction Manager, Architect and Waterproofing Inspector.
- Formalize the communication plan, reporting formats, status update schedule and deliverable milestone schedule
- Distribute initial document request and check list
- Review the contract documents related to each provider to identify key terms and develop a specific testing program for each contract

#### Step 2 – Monthly monitoring

During this step we will review monthly invoices from the Construction Manager, Architect and Waterproofing Inspector. We will focus on the following areas:

- Monthly invoice review
- Change order testing
- Contingency and allowance testing
- Lien waiver control

- Compliance with insurance requirements
- Closeout testing
- Verify the City's implementation and adherence to documented project controls

### Step 3 – Reporting

We will prepare a monthly status update reflecting the testing performed during the current period and planned testing for the subsequent period(s). The monthly status update will also reflect any current audit issues, the status of any previously identified issues and any open requests for documentation. At the completion of the project, we will provide a final report detailing all procedures performed along with any observations and the applicable resolutions or recommendations.

### Deliverables:

The following deliverable will be prepared as part of this engagement:

- Written monthly status updates as described in Step 3
- Final report as described in Step 3

## Schedule of Performance

Anticipated Start Date: March 1, 2021

Anticipated End Date: June 30, 2023

## Maximum Compensation Amount and Rate Schedule

The not-to-exceed maximum for this Task is \$82,500. The not-to-exceed budget is based on an estimate of ~~4200~~ 420 total project hours to be completed by Baker Tilly.

## Reimbursable Expenses

We plan to complete the majority of the work remote including all required meetings and documentation review. If conditions allow, Baker Tilly will perform site visits once per year around key project milestones. Our travel expenses will be billed separately at actual cost. We will submit an estimate of our reimbursable expenses for the City's approval prior to traveling to Palo Alto.

## PROFESSIONAL SERVICES TASK ORDER

### TASK ORDER 04.16 Review of ALPR Technology Contract Management

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 below are incorporated into this Task Order by this reference. The Consultant shall furnish the necessary facilities, professional, technical and supporting personnel required by this Task Order as described below.

---

CONTRACT NO. C21179340

OR PURCHASE ORDER REQUISITION NO. (AS APPLICABLE)

- 1A. MASTER AGREEMENT NO. (MAY BE SAME AS CONTRACT / P.O. NO. ABOVE): C21179340
- 1B. TASK ORDER NO.: FY23-4.16
2. CONSULTANT NAME: Baker Tilly US, LLP
3. PERIOD OF PERFORMANCE: START: January 1, 2023 COMPLETION: June 30, 2023
4. TOTAL TASK ORDER PRICE: \$82,500  
BALANCE REMAINING IN MASTER AGREEMENT/CONTRACT TBD
5. BUDGET CODE \_\_\_\_\_  
COST CENTER \_\_\_\_\_  
COST ELEMENT \_\_\_\_\_  
WBS/CIP \_\_\_\_\_  
PHASE \_\_\_\_\_
6. CITY PROJECT MANAGER'S NAME & DEPARTMENT:  
Greer Stone, Chair of the City Council's Policy and Services Committee
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): N/A

**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 \_\_\_\_\_

## Attachment A DESCRIPTION OF SCOPE OF SERVICES

### Introduction

Attachment A, the Description of Scope of Services, contains the following four (4) elements:

- 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)

### Services & Deliverables

Baker Tilly’s approach to conducting an internal audit of Contract Management for ALPR Technology involves three (3) primary steps:

- Step 1: Audit Planning
- Step 2: Control Review and Testing
- Step 3: Reporting

#### Step 1 – Audit Planning

This step consists of the tasks performed to adequately plan the work necessary to address the overall audit objective and to solidify mutual understanding of the audit scope, objectives, audit process, and timing between stakeholders and auditors. Tasks include:

- Gather information to understand the environment under review
  - Understand the organizational structure and objectives
  - Review the City code, regulations, and other standards and expectations
  - Review prior audit results, as applicable
  - Review additional documentation and conduct interviews as necessary
- Assess the audit risk
- Write an audit planning memo and audit program
  - Refine audit objectives and scope
  - Identify the audit procedures to be performed and the evidence to be obtained and examined
- Announce the initiation of the audit and conduct kick-off meeting with key stakeholders
  - Discuss audit objectives, scope, audit process, timing, resources, and expectations
  - Discuss documentation and interview requests for the audit

### Step 2 – Control Review and Testing

This step involves executing the procedures in the audit program to gather information, interview individuals, and analyze the data and information to obtain sufficient evidence to address the audit objectives. The preliminary audit objective is to: (1) Determine whether adequate policies and procedures are implemented effectively to protect the privacy of personal information gathered using ALPR technology for the City's parking management. (2) Determine whether the City monitors the vendor's performance to ensure the compliance with contract terms and applicable laws and regulations related to data privacy. Procedures include, but not limited to:

- Interview the appropriate individuals to understand the process, the information system used, and the internal controls related to data privacy.
- Compare data privacy related policies and procedures as well as the regulations and standards to determine whether personally identifiable information (PII) has confidentiality, integrity, and availability as needed.
- Review IT vendor performance monitoring practices to determine whether controls are implemented to ensure compliance with contract terms and data privacy standards.
- Perform test procedures including observations of controls (such as governance, management and technical IT controls) and review of a sample of parking patrons (PII during the audit period).
- Compare the process and controls against the best practices.

### Step 3 – Reporting

In Step 3, the project team will perform tasks necessary to finalize audit working papers, prepare and review a draft report with the stakeholders, and submit a final audit report. Tasks include:

- Develop findings, conclusions, and recommendations based on the supporting evidence gathered
- Validate findings with the appropriate individuals and discuss the root cause of the identified findings
- Complete supervisory review of working papers and a draft audit report
- Distribute a draft audit report and conduct a closing meeting with key stakeholders
  - Discuss the audit results, findings, conclusions, and recommendations
  - Discuss management responses
- Obtain written management responses and finalize a report
- Review report with members of City Council and/or the appropriate Council Committee

### Deliverables:

The following deliverable will be prepared as part of this engagement:

- Audit Report

## Schedule of Performance

Anticipated Start Date: January 1, 2023

Anticipated End Date: June 30, 2023

### Maximum Compensation Amount and Rate Schedule

The not-to-exceed maximum, inclusive of reimbursable expenses (as summarized below) for this Task is \$82,500. The not-to-exceed budget is based on an estimate of 400 total project hours, of which 20 are estimated to be completed by the City Auditor.

### Reimbursable Expenses

If circumstances allow, Baker Tilly anticipates planning one on-site fieldwork week. Given this possibility, Baker Tilly could incur reimbursable expenses for this Task.

The not-to-exceed maximum for reimbursable expenses for this Task is \$8,500.

The following summarizes anticipated reimbursable expenses (for three team members):

- Round-trip Airfare – \$2,000 (3 round trip flights)
- Ground Transportation (car rental or Uber/taxi) - \$2,000
- Hotel accommodation - \$3,000 (12 nights)
- Food and incidentals – \$1,500

Note that, as the restrictions associated with COVID-19 change, the project team will work with the City to consider circumstances at the time.

## PROFESSIONAL SERVICES TASK ORDER

### TASK ORDER 04.17 Investment Management Review

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 below are incorporated into this Task Order by this reference. The Consultant shall furnish the necessary facilities, professional, technical and supporting personnel required by this Task Order as described below.

---

CONTRACT NO. C21179340

OR PURCHASE ORDER REQUISITION NO. (AS APPLICABLE)

- 1A. MASTER AGREEMENT NO. (MAY BE SAME AS CONTRACT / P.O. NO. ABOVE): C21179340
- 1B. TASK ORDER NO.: FY23-4.17
2. CONSULTANT NAME: Baker Tilly US, LLP
3. PERIOD OF PERFORMANCE: START: December 1, 2022 COMPLETION: June 30, 2023
4. TOTAL TASK ORDER PRICE: \$61,550  
BALANCE REMAINING IN MASTER AGREEMENT/CONTRACT \$TBD
5. BUDGET CODE \_\_\_\_\_  
COST CENTER \_\_\_\_\_  
COST ELEMENT \_\_\_\_\_  
WBS/CIP \_\_\_\_\_  
PHASE \_\_\_\_\_
6. CITY PROJECT MANAGER'S NAME & DEPARTMENT:  
Greer Stone, Chair of the City Council's Policy and Services Committee
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): N/A

**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 \_\_\_\_\_



## Attachment A DESCRIPTION OF SCOPE OF SERVICES

### Introduction

Attachment A, the Description of Scope of Services, contains the following four (4) elements:

- 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)

### Services & Deliverables

Baker Tilly’s approach to conducting a Review of Investment Management involves three (3) primary steps:

- Step 1: Audit Planning
- Step 2: Control Review and Testing
- Step 3: Reporting

#### Step 1 – Audit Planning

This step consists of the tasks performed to adequately plan the work necessary to address the overall audit objective and to solidify mutual understanding of the audit scope, objectives, audit process, and timing between stakeholders and auditors. Tasks include:

- Gather information to understand the environment under review
  - Understand the organizational structure and objectives
  - Review the City code, regulations, and other standards and expectations
  - Review prior audit results, as applicable
  - Review additional documentation and conduct interviews as necessary
- Assess the audit risk
- Write an audit planning memo and audit program
  - Refine audit objectives and scope
  - Identify the audit procedures to be performed and the evidence to be obtained and examined
- Announce the initiation of the audit and conduct kick-off meeting with key stakeholders
  - Discuss audit objectives, scope, audit process, timing, resources, and expectations
  - Discuss documentation and interview requests for the audit

### Step 2 – Control Review and Testing

This step involves executing the procedures in the audit program to gather information, interview individuals, and analyze the data and information to obtain sufficient evidence to address the audit objectives. The preliminary audit objective is to: (1) Determine whether adequate controls are in place and working effectively to ensure that investments are properly managed in accordance with the investment policy; (2) Assess the efficiency and the effectiveness of the investment portfolio management against the best practice. Procedures include, but not limited to:

- Interview the appropriate individuals to understand the process, the information system used, and the internal controls related to investment management
- Review policies and procedures as well as the regulations and standards to identify the criteria to be used for evaluation of control design and effectiveness
- Perform test procedures including observation of controls (such as application controls) and review of selected documents (such as supporting documents for the recorded transactions)
- Compare the process and controls against the best practices

### Step 3 – Reporting

In Step 3, the project team will perform tasks necessary to finalize audit working papers, prepare and review a draft report with the stakeholders, and submit a final audit report. Tasks include:

- Develop findings, conclusions, and recommendations based on the supporting evidence gathered
- Validate findings with the appropriate individuals and discuss the root cause of the identified findings
- Complete supervisory review of working papers and a draft audit report
- Distribute a draft audit report and conduct a closing meeting with key stakeholders
  - Discuss the audit results, findings, conclusions, and recommendations
  - Discuss management responses
- Obtain written management responses and finalize a report
- Review report with members of City Council and/or the appropriate Council Committee

### Deliverables:

The following deliverable will be prepared as part of this engagement:

- Audit Report

### Schedule of Performance

Anticipated Start Date: December 1, 2022

Anticipated End Date: June 30, 2023

## Maximum Compensation Amount and Rate Schedule

The not-to-exceed maximum, inclusive of reimbursable expenses (as summarized below) for this Task is \$61,550. The not-to-exceed budget is based on an estimate of 350 total project hours, of which 20 are estimated to be completed by the City Auditor.

## Reimbursable Expenses

If circumstances allow, Baker Tilly anticipates planning one on-site fieldwork week. Given this possibility, Baker Tilly could incur reimbursable expenses for this Task.

The not-to-exceed maximum for reimbursable expenses for this Task is \$8,500.

The following summarizes anticipated reimbursable expenses (for three team members):

- Round-trip Airfare – \$2,000 (3 round trip flights)
- Ground Transportation (car rental or Uber/taxi) - \$2,000
- Hotel accommodation - \$3,000 (12 nights)
- Food and incidentals – \$1,500

Note that, as the restrictions associated with COVID-19 change, the project team will work with the City to consider circumstances at the time.

## PROFESSIONAL SERVICES TASK ORDER

### TASK ORDER 04.18 Management Request – Janitorial Contract Compliance Review

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 below are incorporated into this Task Order by this reference. The Consultant shall furnish the necessary facilities, professional, technical and supporting personnel required by this Task Order as described below.

---

CONTRACT NO. C21179340

OR PURCHASE ORDER REQUISITION NO. (AS APPLICABLE)

- 1A. MASTER AGREEMENT NO. (MAY BE SAME AS CONTRACT / P.O. NO. ABOVE): C21179340
- 1B. TASK ORDER NO.: FY23-4.18
2. CONSULTANT NAME: Baker Tilly US, LLP
3. PERIOD OF PERFORMANCE: START: December 1, 2022 COMPLETION: June 30, 2023
4. TOTAL TASK ORDER PRICE: \$73,500  
BALANCE REMAINING IN MASTER AGREEMENT/CONTRACT \$1,235,000
5. BUDGET CODE \_\_\_\_\_  
COST CENTER \_\_\_\_\_  
COST ELEMENT \_\_\_\_\_  
WBS/CIP \_\_\_\_\_  
PHASE \_\_\_\_\_
6. CITY PROJECT MANAGER'S NAME & DEPARTMENT:  
Greer Stone, Chair of the City Council's Policy and Services Committee
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): N/A

**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 \_\_\_\_\_

## Attachment A DESCRIPTION OF SCOPE OF SERVICES

### Introduction

Attachment A, the Description of Scope of Services, contains the following four (4) elements:

- 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)

### Services & Deliverables

Baker Tilly’s approach to conducting an internal audit of Contract Management for ALPR Technology involves three (3) primary steps:

- Step 1: Audit Planning
- Step 2: Control Review and Testing
- Step 3: Reporting

#### Step 1 – Audit Planning

This step consists of the tasks performed to adequately plan the work necessary to address the overall audit objective and to solidify mutual understanding of the audit scope, objectives, audit process, and timing between stakeholders and auditors. Tasks include:

- Gather information to understand the environment under review
  - Understand the organizational structure and objectives
  - Review the City code, regulations, and other standards and expectations
  - Review prior audit results, as applicable
  - Review additional documentation and conduct interviews as necessary
- Assess the audit risk
- Write an audit planning memo and audit program
  - Refine audit objectives and scope
  - Identify the audit procedures to be performed and the evidence to be obtained and examined
- Announce the initiation of the audit and conduct kick-off meeting with key stakeholders
  - Discuss audit objectives, scope, audit process, timing, resources, and expectations
  - Discuss documentation and interview requests for the audit

### Step 2 – Control Review and Testing

This step involves executing the procedures in the audit program to gather information, interview individuals, and analyze the data and information to obtain sufficient evidence to address the audit objectives. The preliminary audit objective is to: (1) Determine whether the City requires its janitorial service providers to meet the responsible employment standards and monitors the providers' compliance with contract terms to ensure that the City receives effective and reliable janitorial services. (2) Determine whether the City's janitorial service providers comply with the contract terms in order to provide professional janitorial services to the City. Procedures include, but not limited to:

- Review the contract(s) and understand the contract terms and requirements set by the City.
- Review the City's performance monitoring practices for janitorial service contracts to determine whether controls are implemented to ensure service providers' compliance with contract terms.
- Perform test procedures including observations of monitoring controls to determine the control effectiveness.
- Review the documents evidencing the service providers' compliance with the contract terms, including the wage data, etc.
- If possible, visit some of the buildings cleaned by the service providers to observe the conditions and inquire with the service providers' employees. Alternatively, interview them remotely or send a survey as necessary to gather necessary information.
- Compare the process and controls against the best practices.

### Step 3 – Reporting

In Step 3, the project team will perform tasks necessary to finalize audit working papers, prepare and review a draft report with the stakeholders, and submit a final audit report. Tasks include:

- Develop findings, conclusions, and recommendations based on the supporting evidence gathered
- Validate findings with the appropriate individuals and discuss the root cause of the identified findings
- Complete supervisory review of working papers and a draft audit report
- Distribute a draft audit report and conduct a closing meeting with key stakeholders
  - Discuss the audit results, findings, conclusions, and recommendations
  - Discuss management responses
- Obtain written management responses and finalize a report
- Review report with members of City Council and/or the appropriate Council Committee

### Deliverables:

The following deliverable will be prepared as part of this engagement:

- Audit Report

## Schedule of Performance

Anticipated Start Date: December 1, 2022

Anticipated End Date: June 30, 2023

## Maximum Compensation Amount and Rate Schedule

The not-to-exceed maximum, inclusive of reimbursable expenses (as summarized below) for this Task is \$73,500. The not-to-exceed budget is based on an estimate of 350 total project hours, of which 20 are estimated to be completed by the City Auditor.

## Reimbursable Expenses

If circumstances allow, Baker Tilly anticipates planning one on-site fieldwork week. Given this possibility, Baker Tilly could incur reimbursable expenses for this Task.

The not-to-exceed maximum for reimbursable expenses for this Task is \$5,700.

The following summarizes anticipated reimbursable expenses (for two team members):

- Round-trip Airfare – \$1,350 (2 round-trip flights)
- Ground Transportation (car rental or Uber/taxi) - \$1,350
- Hotel accommodation - \$2,000 (8 nights)
- Food and incidentals – \$1,000

Note that, as the restrictions associated with COVID-19 change, the project team will work with the City to consider circumstances at the time.

# ATTACHMENT B:

## Excerpt OCA FY 2023 Audit Workplan

6.b

7.b

FY2022/2023 Audit Plan

## Proposed Audit Activities for FY2022-2023

Included in the tables below are the proposed audit activities for the remainder of FY2022 and FY2023. Each audit activity corresponds to a risk rated as High or Moderate in the Risk Assessment Report and selected based on other factors outlined on page 3.

The preliminary audit objectives are described for each audit listed. These objectives and scope of each audit activity will be further defined based on the result of a project planning risk assessment processes performed at the beginning of each activity.

Audits are planned in three overall phases – note that the timing may differ slightly for each audit activity:

- **Phase I** – Activities projected to start before March 2022 and end by June 2022
- **Phase II** – Activities projected to start in March 2022 and end by December 2022
- **Phase III** – Activities projected to start in June 2022 or January 2023 and end by June 2023

Amendments to the proposed audit plan will be proposed either as needed or after conducting an annual risk assessment and update the audit plan, as needed, during FY23. Amendments may be proposed in response to changes in the City's environment such as organizational structure, operations, risks, systems, and controls. Please note that the City Auditor will actively manage projects and overall budgets and workload in its execution of the workplan.

For each audit activity, a task order is submitted to the City Council for approval before the work is commenced. We have prepared and attached to this report multiple task orders that correspond to audit activities we have prioritized (e.g., those in Phase I). Those audit activities for are marked with an "X" in the 'Seeking Approval' column of the table below, and the Task Orders are included in the Appendix.



## Phase I Activities

Seeking Approval	Function	Project Title	Audit Objectives	Timeline	Estimated Hours	FY22 Cost	FY23 Cost (*)	Total Cost FY21+22+23
	Administrative Services	Economic Recovery Advisory (Task Order 4.7)	<ul style="list-style-type: none"> <li>Review the City's long-term financial planning model and offer recommendations for improvement.</li> <li>Identify and evaluate key revenue sources categories that present long term risk to the City's financial sustainability.</li> <li>Perform scenario analysis and advise in the development of long term financial projections.</li> </ul>	March - December 2021	400	\$64,663		\$64,663
	Public Works	Public Safety Building - Construction Audit (Task Order 4.8)	<ul style="list-style-type: none"> <li>Monthly invoice review</li> <li>Change order testing</li> <li>Contingency and allowance testing</li> <li>Lien waiver control</li> <li>Compliance with insurance requirements</li> </ul>	March 2021 - June 2023	420	\$26,633	\$26,633	\$51,266
	Planning and Development Services	Building Permit & Inspection Process Review (Task Order 4.9)	<ul style="list-style-type: none"> <li>Identify highest impact area to focus the assessment (e.g., specific permit type(s), specific sub-processes, etc.).</li> <li>Document corresponding process(es) and evaluate for efficiency and effectiveness.</li> <li>Benchmark operational performance against industry practices and established standards.</li> </ul>	April – September 2021	360	\$48,300		\$48,300
	Citywide	Nonprofit Agreements Risk Management Review (Task Order 4.10)	<ul style="list-style-type: none"> <li>Evaluate controls in place to ensure that nonprofit organizations are properly vetted prior to selection and monitored through the life of an agreement.</li> <li>Assess the performance monitoring process against the best practice.</li> <li>Follow up on relevant audit findings from past audit work.</li> </ul>	May – September 2021	400	\$55,246		\$55,246
	Utilities	Utility Work Order & Process Review (Task Order 4.11)	<ul style="list-style-type: none"> <li>Determine whether adequate controls are in place and working effectively around the work order process</li> <li>Assess the work order process against best practices</li> </ul>	January - December 2022	400	\$81,400		\$81,400
	Administrative Services / Information Technology	Wire Payment Process and Controls (Task Order 4.12)	<ul style="list-style-type: none"> <li>Determine whether adequate controls are in place and working effectively to ensure that all disbursements are valid and properly processed in compliance with City's policies and procedures</li> <li>Determine whether end user security awareness training is sufficient to prevent erroneous payments caused by phishing</li> </ul>	February - June 2022	270	\$54,550		\$54,550
<b>Phase I Sub Total</b>					<b>2,250</b>	<b>\$329,792</b>	<b>\$26,633</b>	<b>\$355,425</b>

\* For the purpose of audit plan preparation, OCA used the FY22 budget amount for FY23

## Phase II Activities

Seeking Approval	Function	Project Title	Audit Objectives (preliminary objectives for audits not currently subject to approval)	Timeline	Estimated Hours	FY22 Cost	FY23 Cost (*)	Total Cost
X	Human Resources	Remote and Flexible Work Study	<ul style="list-style-type: none"> <li>Assess employee and management perspectives for long-term remote and flexible work viability and associated challenges</li> <li>Evaluate positive outcomes and challenges for managing a mixed location workforce</li> <li>Identify policies, processes, management practices and work culture improvements that may improve the City's ability to manage a remote workforce</li> </ul>	March - December 2022	285	\$50,000	\$10,000	\$60,000
X	Information Technology	Cybersecurity Assessment	<ul style="list-style-type: none"> <li>Map current state security capabilities to the NIST Cybersecurity Framework and evaluate the maturity of current security processes</li> <li>Identify current risks related to weaknesses in the City's cybersecurity program</li> <li>Identify target state objectives utilizing the Capability Maturity Model (CMMI) and develop recommendation to meet the objectives</li> </ul>	March - December 2022	525	\$90,000	\$20,000	\$110,000
X	Public Works	Wastewater Treatment Plant Agreement Audit	<ul style="list-style-type: none"> <li>Evaluate whether direct and indirect costs incurred by the City are properly allocated to the operation of the Wastewater Treatment Plant.</li> <li>Review whether costs are properly allocated to the various parties to the Wastewater Treatment Plant Agreement.</li> </ul>	March 2022 - December 2022	400	\$60,000	\$2,250	\$62,250
Phase II Sub Total					1,210	\$194,000	\$38,250	\$232,250

\* For the purpose of audit plan preparation, OCA used the FY22 budget amount for FY23

### Phase III Activities

Seeking Approval	Function	Project Title	Preliminary Audit Objectives	Timeline	Estimated Hours	FY22 Cost	FY23 Cost (*)	Total Cost
	Transportation	Contract Management - ALPR Technology	<ul style="list-style-type: none"> <li>Determine whether policies and procedures are implemented effectively to protect the privacy of personal information gathered using ALPR technology for the City's parking management.</li> <li>Determine whether the City monitors the vendor's performance to ensure the compliance with contract terms and applicable laws and regulations related to data privacy.</li> </ul>	June 2022 - January 2023	400		\$82,500	\$82,500
	Administrative Services	Investment Management	<ul style="list-style-type: none"> <li>Determine whether adequate controls are in place and operating effectively to ensure that investments are managed in accordance with the investment management and other relevant policies.</li> <li>Assess the organizational structure and operations of the investment portfolio management function against best practice.</li> </ul>	June 2022 - January 2023	350		\$61,550	\$61,550
	Information Technology	Disaster Recovery Preparedness	<ul style="list-style-type: none"> <li>Determine whether a formal disaster recovery plan exists and aligns with the City's needs for business continuity</li> <li>Determine whether a disaster recovery plan is periodically tested and updated to ensure a successful recovery</li> </ul>	January - June 2023	400		\$87,500	\$87,500
	Administrative Services	Procurement Process	<ul style="list-style-type: none"> <li>Determine whether adequate controls are in place and working effectively to ensure that the appropriate vendors are selected properly to achieve desired objectives</li> <li>Identify the opportunities to improve the efficiency and effectiveness of the procurement process</li> </ul>	January - June 2023	350		\$61,550	\$61,550
	Planning and Development Services	Long Range Planning	<ul style="list-style-type: none"> <li>Review progress against intended goals and identify any gaps</li> <li>Determine whether an effective control environment exists for the Long Range Planning group to maintain City's Comprehensive Plan</li> <li>Determine whether adequate controls are in place and working effectively for data analyses</li> </ul>	January - June 2023	400		\$82,500	\$82,500
	Public Works	ADA Compliance	<ul style="list-style-type: none"> <li>Determine whether improvements have been made to make facilities, programs, and services accessible in accordance with the Transition Plan and Self-Evaluation Final Study to ensure compliance with the Americans with Disabilities Act (ADA) OF 1990</li> </ul>	January - June 2023	350		\$61,550	\$61,550
	TBD	TBD / Ad Hoc Requests	TBD	TBD	TBD			
Phase III Sub Total					2,300	\$0	\$458,100	\$458,100
Phase I + II + III TOTAL					5,760	\$523,792	\$521,983	\$1,045,775
FY22 - FY23 Budget						\$600,000	\$560,000	\$1,160,000
FY23 Ad Hoc / Contingency						\$76,208	\$38,017	\$114,225

\* For the purpose of audit plan preparation, OCA used the FY22 budget amount for FY23



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

**(ID # 15010)**

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**Meeting Date: 12/5/2022**

**Report Type: Consent Calendar**

**Title: Adoption of a Resolution Declaring Weeds to be a Public Nuisance and  
Setting February 27, 2023 for a Public Hearing for Objections to  
the Proposed Weed Abatement**

**THIS ITEM HAS BEEN CONTINUED TO A FUTURE MEETING**

**From: Lesley Milton, City Clerk**

This item will be distributed as a special late packet report on December 1, 2022.



## City of Palo Alto City Council Staff Report

(ID # 14710)

Meeting Date: 12/5/2022

Report Type: Action Items

**Title: Approval of a Construction Contract With Anderson Pacific Engineering Construction (APEC) in the Total Amount of \$161,846,500; Approval of Three Amendments to Existing Agreements with: 1) Stanford University, 2) East Palo Alto Sanitary District, and 3) Mountain View and Los Altos; Approval of Amendment #2 to Contract Number C19171565 with Brown & Caldwell to Add Services, to Increase Compensation by \$1,484,689 for a New Maximum Compensation Not-to-Exceed \$5,908,791, and to Extend the Contract Term through March 31, 2028; Approval of Amendment #2 to Contract Number C21176592C with Carollo Engineers to Add Construction Management Services, to Increase Compensation by \$8,237,021; approval of a resolution to increase Clean Water State Revolving Fund financing to \$193,000,000; approval of a budget appropriation increasing revenue and expenses; and approval of an exception to Debt Policy 1-65 for the Secondary Treatment Upgrades Project (WQ-19001) at the Regional Water Quality Control Plant.**

**From: City Manager**

**Lead Department: Public Works**

### Recommendation

The Finance Committee and staff recommend that City Council:

1. Approve and authorize the City Manager or their designee to execute the construction contract with Anderson Pacific Engineering Construction, Inc., in the amount of \$161,846,500 for the Secondary Treatment Upgrades project, funded in Wastewater Treatment Enterprise Fund Capital Improvement Program project WQ-19001, at the Regional Water Quality Control Plant;
2. Authorize the City Manager or their designee to execute one or more change orders to the contract with APEC for related, additional but unforeseen work that may develop during the project, the total value of which shall not exceed \$16,184,650 or 10% of the contract amount, for a total not-to-exceed amount of \$178,031,150;
3. Approve Amendment No. 8 to the agreement between Palo Alto and Stanford

University; Addendum No. 1 to the Agreement between Palo Alto and the East Palo Alto Sanitary District; and Addendum No. 11 to the agreement among Palo Alto, Mountain View, and Los Altos;

4. Approve and authorize the City Manager or their designee to execute Amendment No. 2 to Contract No. C19171565 with Brown and Caldwell to increase the contract amount by \$1,484,689 to provide design engineering services beyond the original scope of the contract for the design of the STU Project (CIP WQ-19001), and to extend the term through March 31, 2028. The revised total contract amount is not to exceed \$5,908,791 including \$5,371,628 for basic services and \$537,163 for additional services;
5. Approve and authorize the City Manager or their designee to execute Amendment No. 2 to Contract No. C21176592C with Carollo Engineers to increase the contract amount by \$8,237,021 to provide construction management and inspection services during construction for the STU Project (CIP WQ-19001). The revised total contract amount is not to exceed \$8,841,268 including \$8,037,516 for basic services and \$803,752 for additional services;
6. Approve a resolution amending Resolution 9945 to increase the reasonably expected maximum principal amount of funding to \$193,000,000 for design and construction of the Secondary Treatment Upgrades (CIP WQ-19001) and authorizing reimbursement of such funding from the Clean Water State Revolving Fund (SRF);
7. Approve an amendment to the Fiscal Year 2023 Budget Appropriation for the Wastewater Treatment Fund (requires a 2/3 majority vote) by:
  - a. Increasing revenue from Other Agencies estimate from a State Revolving Fund Loan by \$44,200,400
  - b. Increasing the Secondary Treatment Upgrades Capital Improvement Program project (WQ-19001) appropriation by \$44,200,400; and
8. Authorize an exception to City Policy and Procedures Debt Policy 1-65 Guideline V.A.6 to allow the Wastewater Treatment Enterprise Fund to use a debt limit exceeding 15 percent of annual Wastewater Treatment Enterprise Fund operating expenses.

### **Executive Summary**

On November 15, 2022, the Finance Committee voted unanimously to recommend City Council approval<sup>1</sup> to advance a key project to upgrade the secondary stage of the wastewater treatment system for the City's Regional Water Quality Control Plant. The Secondary Treatment Upgrades (STU) project will be financed by the state low-interest SRF loan program and be repaid by Palo Alto and its five partner agencies. The project was identified in the 2012

<sup>1</sup> SR ID# 14918 November 15, 2022 <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/finance-committee/2022/20221115/20221115pfcs-linked.pdf>

Long Range Facilities Plan (LRFP<sup>2</sup>). Design began in 2018 and bids were solicited in 2022, with three bids received on October 6, 2022. Council approval is recommended to award the construction contract and ancillary support contracts and financing. Construction would start in early 2023, to be completed by about November 2027. Loan payments on the debt service will begin in 2028.

To initiate the construction phase of the project, Council will be approving:

- A construction contract with Anderson Pacific Engineering Construction, Inc. (APEC)<sup>3</sup>;
- Amendments to design and construction management service contracts with Brown and Caldwell (BC) (Attachment D) and Carollo Engineers (Attachment E), respectively;
- A Resolution (Attachment F) to set maximum SRF loan financing at \$193 million;
- Amendments to the partner agreements with Stanford (Attachment A), East Palo Alto Sanitary District (Attachment B), and Mountain View and Los Altos (Attachment C) approving the financing of the capital program and the partners' respective funding obligations;
- Budget amendments to increase SRF Loan revenue and increase the Secondary Treatment Upgrade capital project (WQ-19001); and
- An increase to the debt policy granting an exception to Debt Policy 1-65<sup>4</sup> Guideline V related to the debt level carried by the Wastewater Treatment Enterprise Fund.

## Background

The Palo Alto Regional Water Quality Control Plant (Treatment Plant) provides wastewater treatment services for the cities of Palo Alto, Mountain View, and Los Altos; the Town of Los Altos Hills; Stanford University; and the East Palo Alto Sanitary District. The Treatment Plant is an advanced treatment facility that uses a multi-stage process to remove organic materials and other pollutants from approximately 16 million gallons per day of wastewater generated in the service area. The treated effluent is predominantly discharged to San Francisco Bay and meets the stringent discharge requirements of the California Regional Water Quality Control Board as well as the requirements for reuse in recycled water applications. Palo Alto owns and operates the Treatment Plant's wastewater treatment and disposal facilities and is responsible for managing capital improvements to the plant.

In 2012, Treatment Plant staff conducted a Long Range Facilities Plan<sup>5</sup> to review existing and future (50-year time frame) capacity needs, plant condition and deficiencies, the impacts of potential regulatory changes, alternatives to the existing solids incineration and liquid

<sup>2</sup>Long Range Facilities Plan, 2012 <https://www.cityofpaloalto.org/files/assets/public/public-works/water-quality-control-plant/lrpf-final-report-08-2012.pdf>

<sup>3</sup> Anderson Pacific Construction Contract for the Secondary Treatment Project [https://www.cityofpaloalto.org/files/assets/public/public-works/water-quality-control-plant/c23185822-anderson-pacific\\_cc\\_minutetraq-10-31.pdf](https://www.cityofpaloalto.org/files/assets/public/public-works/water-quality-control-plant/c23185822-anderson-pacific_cc_minutetraq-10-31.pdf)

<sup>4</sup> Debt Policy 1-65 April 11, 2017 [https://www.cityofpaloalto.org/files/assets/public/public-works/water-quality-control-plant/1-65-asd-debt-policy-2017-04-11\\_4.pdf](https://www.cityofpaloalto.org/files/assets/public/public-works/water-quality-control-plant/1-65-asd-debt-policy-2017-04-11_4.pdf)

<sup>5</sup> Long Range Facilities Plan, 2012 <https://www.cityofpaloalto.org/files/assets/public/public-works/water-quality-control-plant/lrpf-final-report-08-2012.pdf>

treatment processes, site layouts for plant improvements and potential expansion, and preliminary cost estimates. The LRFP, which was the first comprehensive long-range plan since 1966, included recommendations to rehabilitate and replace existing facilities nearing the end of their useful life. The highest priority projects are being implemented over multiple years to effectively manage resources and costs. Construction of the sludge dewatering facility was completed in 2019, which was a key component of the LRFP. The primary sedimentation tank rehabilitation project is in construction and will be completed in 2023. Other facilities requiring capital improvement in the next 10 years for facilities at the end of their useful life include a new outfall pipe, new support facilities, relining of an aging joint intercepting sewer, and a new headworks facility.

The Treatment Plant was originally constructed in 1934 and has undergone several expansions and upgrades. A key upgrade in 1972 included construction of a biological treatment process unit (i.e., secondary treatment). The process unit consists of four concrete aeration basins (each measuring 120 feet by 135 feet and 20 feet deep) that allow the growth of specific bacteria to breakdown and remove organic compounds in the wastewater. Ancillary facilities include an air blower room and pump stations. This equipment delivers oxygenated process air and recirculates sludge, as needed. Other equipment includes a standby power generator, electrical switchgear, and motor control centers to distribute electrical power to 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 to prevent toxic algae blooms.

Bid documents were prepared and bids solicited from construction contractors. A memorandum of understanding for proprietary equipment for the STU project was approved by Council on August 1, 2022<sup>6</sup> and included in the bid documents.

On June 21, 2021, Council approved five separate five-and-a-half-year contracts<sup>7</sup> with MNS Engineers, Inc.; CDM Smith; Carollo Engineers; MCK Americas, Inc.; and Tanner Pacific, Inc. These contracts provide for RWQCP On-Call Construction Management and Inspection Services; were initially set at a not-to-exceed total amount of \$1 per contract; and provide qualified consultants that can provide on-call services during construction of various capital projects recommended by the Long-Range Facilities Plan. Services to be used are on a per-project basis, at the City's discretion. One contract with MNS Engineers was authorized by Council for a not-to-exceed amount of \$1.6 million.

#### Background: California Clean Water State Revolving Fund (SRF) Program

The State Water Resources Control Board Division of Financial Assistance administers the Clean Water State Revolving Fund (SRF) program. The SRF program provides low interest financing to

<sup>6</sup> SR ID#11496 August 1, 2022 <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/2022/20220801/20220801pccsmlinked.pdf>

<sup>7</sup> SR ID# 12324 June 21, 2021 <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2021/id-12324.pdf>



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. For the Secondary Treatment Upgrades project, Palo Alto executed a loan with the SRF program on May 9, 2022 with favorable terms including a 0.8% fixed interest rate, a 30-year term, project financing of approximately \$169 million, and debt payments that will start one year after project substantial completion. Palo Alto 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).

Council previously approved Resolution 9945<sup>8</sup>, authorizing the reimbursement of the funding for this project by the SRF program. At that time, project financing was set at \$169 million. Having received three actual bids for construction work, staff now requests Council to approve a revised resolution to authorize reimbursement of \$193 million for a new financing amount. Staff is currently in negotiations with state SRF program staff for the increased loan amount. SRF program staff have indicated that they can fund the increased amount for the loan at the same interest rate, however, a revised resolution of authorization approved by Council for reimbursement is required for the increased funding amount.

The total SRF loan application includes the costs for planning, design, construction, construction contingency, capital program administration, and construction management. The partner agreements being approved by Council with Mountain View, Los Altos, EPASD, and Stanford University include the increased funding amount required.

#### Background: Brown and Caldwell Design Amendment No. 2

On October 1, 2018, Council approved a professional services contract<sup>9</sup> for design services with BC for the STU Project at the Palo Alto Regional Water Quality Control Plant (RWQCP). The original contract amount was \$2,923,357 including \$2,657,597 for basic services and \$265,760 for additional services.

After the initial contract award, BC performed field survey work, equipment condition

<sup>8</sup> [SR ID#11834](https://www.cityofpaloalto.org/files/assets/public/public-works/water-quality-control-plant/sr-11834_1.pdf) March 1, 2021 [https://www.cityofpaloalto.org/files/assets/public/public-works/water-quality-control-plant/sr-11834\\_1.pdf](https://www.cityofpaloalto.org/files/assets/public/public-works/water-quality-control-plant/sr-11834_1.pdf)

<sup>9</sup> [SR ID#9485](https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2018/id-9485-design-services-for-rwqcp-secondary-treatment-process-upgrades.pdf) October 1, 2018 <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2018/id-9485-design-services-for-rwqcp-secondary-treatment-process-upgrades.pdf>

assessments, process design modeling, preliminary design calculations, equipment sizing, and prepared plans. It was through this process that the Membrane Aerated Biofilm Reactor technology was found to be a superior process component for the long-term operation of the RWQCP, although the shorter-term design and construction costs are higher than for the process originally envisioned. This design approach constituted a scope change in the design work. On December 7, 2020, Council approved Amendment No. 1<sup>10</sup> to this contract to increase the contract amount by \$1,500,745 to allow BC to provide additional services required to meet the City's latest design standards (including Palo Alto's Sea Level Rise Adaptation Policy<sup>11</sup>) (approved by Council March 18, 2019), and integrate the new design into the existing process through a complicated construction and operation phasing effort. The amendment included an increased contract amount and additional time to perform the work.

As the design proceeded, it became evident that construction sequencing was becoming more complicated and required a longer construction duration as a result of attempting to build the project, while also operating the RWQCP to meet permitted discharge limitations.

### Discussion

The secondary treatment process must be upgraded to a process that removes harmful nitrogen by creating both oxygen-deficient and oxygen-rich zones in modified aeration tanks. The project will improve final water quality by removing nitrogen by up to 78 percent, reduce the need for supplemental alkalinity chemicals used to ensure proper effluent pH, ensure the Plant continues to meet effluent discharge permit limits, and allow for ultimate decommissioning of the aging biotrickling filters and other aging equipment. The 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).

### Discussion: Award of Construction Contract to Anderson Pacific Engineering Construction, Inc.

On July 21, 2022, the City solicited formal bids from qualified contractors for the STU Project. The bidding period was 78 calendar days. Three (3) bids were received on October 6, 2022, with bid prices ranging from \$161,846,500 to \$167,518,500 as noted in the Bid Summary

<sup>10</sup> SR ID#11155 December 7, 2020 <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2020/id-11155.pdf>

<sup>11</sup> SR ID#9576 March 18, 2019 <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2019/031819-9576-proposed-draft-sea-level-rise-policy.pdf>

Attachment G). Bid process details are summarized in Table 1 below. The lowest bid was \$161,846,500.

**Table 1: Summary of Bid Process**

Bid Name/Number	STU Project (IFB-185822)
Proposed Length of Project	58 months after Notice to Proceed
Number of Bid Packages downloaded by Contractors and Subcontractors	41
Number of Bid Packages downloaded by Builder's Exchanges	14
Number of Bid Packages downloaded by Suppliers and Others	39
Total Days to Respond to Bid	78
Pre-Bid Meeting (In Person)	Yes
Number of Companies Attended Pre-Bid Meeting	17
Number of Bids Received:	3
Base Bid Price Range	\$161,846,500 to \$167,518,500

Staff has reviewed all bids submitted and recommends the bid of \$161,846,500 submitted by APEC be accepted and that APEC be declared the lowest responsible bidder. The base bid is 36% above the Engineer's estimate of \$118,707,335, which was dated April 26, 2022. Supply chain issues, high inflation including high oil prices, local market volatility, duration of the contract, and labor availability and commodity prices are factors that contributed to the bids being much higher than the Engineer's estimate. However, the "bid spread" on the three bids received are within 3.5% of each other, indicating a common understanding of the project scope and cost. Staff is not recommending a rebid because of the tight bid spread and the likely risk of higher construction costs due to more inflation-induced expenses in a rebid situation, including the already negotiated pricing for the Membrane Aerated Biofilm Reactor equipment with Suez. Furthermore, neighboring agencies undertaking similar projects have also witnessed higher bids in 2022 (e.g., City of Sunnyvale's Secondary Treatment Upgrade project engineer's estimate of \$150 to \$250 million and low bid of \$278 million; Union Sanitary District's Aeration Basin Modifications project engineer's estimate of \$64 million and low bid of \$121 million). These examples further suggest broader economic causes for the higher bid environment for construction work, rather than flaws unique to the Engineer's estimate for the STU Project. Thus, staff recommends awarding the construction contract to APEC now, which will leverage the favorable terms of the SRF program loan and move the City forward in a timely manner on needed wastewater treatment capital investment.

A contingency amount of \$16,184,650 (10% of the bid price) is requested for related, additional but unforeseen work that may develop during the project. Staff confirmed with the Contractor's State License Board that the contractor has an active license on file.

#### Discussion: Partner Agencies' Agreements

The City's agreements with the partner agencies (Mountain View and Los Altos, Stanford, and

East Palo Alto Sanitary District) all require partner agency approval for major capital projects, including the STU Project. The partners have each approved amendments to the capital improvement program, authorizing the SRF financing, and approving their respective funding obligations (City of Mountain View on November 15, 2022; City of Los Altos on November 29, 2022; East Palo Alto Sanitary District on November 3, 2022; and Stanford University ~~anticipated prior to December 5~~ on November 23, 2022). The City's agreement with the Town of Los Altos Hills does not require prior approval of capital improvement projects because Los Altos Hills contributes the smallest amount of wastewater flow to the plant. Staff recommends Council approve the following:

- Amendment No. 8 to the Agreement between Palo Alto and Stanford University (Attachment A);
- Addendum No. 1 to the Second Amended and Restated Agreement between Palo Alto and the East Palo Sanitary District (Attachment B); and
- Addendum No. 11 to the Agreement between Palo Alto, Mountain View, and Los Altos (Attachment C).

The partner agencies' funding obligations for major capital projects are based on their capacity rights, as specified in their respective agreements. These rights may only be reallocated by written agreement of all parties, or if any one party's actual flows exceed 80% of their capacity right. To date, all of the partner agencies' actual flows are well below the 80% threshold.

In contrast, operation and maintenance expenses, which include the City's administrative and overhead expenses, are allocated based on each agency's actual flows. Thus, partner agencies' annual contributions for operations and maintenance can fluctuate from year to year based on the volume and strength of wastewater conveyed to the plant for treatment (see Attachment H).

#### Discussion: Brown & Caldwell Design Contract Amendment No. 2

The projected duration of the construction phase is approximately five years, with each of the four aeration basins requiring one year to be converted from the existing to the modified process upgrades. Construction is anticipated to begin in early 2023 and continue to November 2027. Under the original design contract, it was anticipated that construction was expected to commence in early 2020 with the upgraded facility fully operational by spring 2022.

Staff recommends that Council approve Amendment No. 2 to add funds in the amount of \$1,484,689 to the project to address the delayed construction start date, additional construction duration, and for:

1. Additional design services:
  - a. Further development of an indicative construction schedule.
  - b. Further development of construction sequencing and constraints specifications.
  - c. Preliminary design of temporary facilities and systems required during

- construction, including development of preliminary design drawings.
  - d. As-needed additional engineering services for unforeseen site conditions and coordination with other ongoing major capital projects at the RWQCP
  - e. Updated opinion of probable construction cost and projection of cash flow during construction for budgeting purposes.
  - f. Participation in a constructability review to be conducted by the City's selected construction manager.
  - g. Additional meetings and workshops.
2. Additional bid period services associated with the items listed above and the expanded scope and complexity of the Project.
  3. Additional engineering services during construction associated with a larger volume of construction documents and resubmittals of the items listed above and the expanded scope and complexity of the Project.
  4. Additional commissioning and startup services to account for staged commissioning and startup of the Project.
  5. Additional project management services associated with the expanded scope and duration of the Project.
  6. Updated costs, accounting for increases in hourly billing rates, for providing engineering services during construction.

The original BC design contract amount was \$2,923,357. Amendment No. 1 to the contract increased the contract amount by \$1,500,746. Amendment No. 2 adds \$1,484,689 to the contract. The revised total contract amount is a not-to-exceed \$5,908,791 including \$5,371,628 for basic services and \$537,163 for additional services.

**Discussion: Carollo Engineers Construction Management Contract Amendment No. 2**

On June 8, 2022, staff provided each of the five construction management consultants a scope of services with a list of tasks needed for the upcoming construction project (i.e., Work Order #3). Four proposals were received from Carollo Engineers, MNS Engineers, MCK Americas, and Tanner Pacific with prices ranging from \$7,488,200 to 14,482,634.

**Table 2: Summary of Construction Management Work Order Proposals**

Request for Work Order Proposal Issued	June 8, 2022
Deadline for Questions, Clarifications	July 11, 2022
Proposals Due	July 20, 2022
Proposals Received	4
Finalist Identified	1
Proposals Price Range	\$7,488,200 to 14,482,634

An evaluation committee consisting of Public Works Department staff was formed to review the four proposals. The committee carefully reviewed each firm's qualifications and submittal in response to the criteria identified in the Request for Work Order Proposal, including quality and completeness of the proposal, quality and effectiveness of services, experience with projects of

similar scope and complexity, prior record of performance, cost, proposer's financial stability, and ability to provide future maintenance and/or services.

Council scheduled approval of construction and construction management services for a separate project on November 14, 2022<sup>12</sup>, entitled the 12kV Electrical Power Distribution Loop Rehabilitation Bid Package 1 Project (WQ-19002) at the Regional Water Quality Control Plant. That construction contract, also with APEC, will also be managed and inspected by Carollo Engineers under Amendment #1 to Contract Number C21176592C to add services, to increase compensation by \$604,246 for a new maximum compensation not-to-exceed \$604,247 for the Wastewater Treatment Enterprise Fund for the 12kV Electrical Power Distribution Loop Rehabilitation Bid Package 1 Project (WQ-19002) at the Regional Water Quality Control Plant.

Staff recommends amending the contract with Carollo, who provided a more comprehensive approach to the services, demonstrated a clear understanding of needs, had the lowest cost, and proposed innovative solutions to the challenges of the complex capital program. Total costs are shown in Table 3 below.

**Table 3: Carollo Engineers, C21176592C, Authorized Funding**

<b>Staff Report</b>	<b>Basic Services</b>	<b>Additional Services</b>	<b>Not-to-Exceed Total</b>
Initial contract, 6/21/22 <sup>13</sup>	\$1	--	\$1
Amendment #1, 11/14/22, 12kV Electrical Power Distribution Loop Rehabilitation Bid Package 1 Project (WQ-19002) <sup>14</sup>	\$549,314	\$54,932	\$604,246
Amendment #2, Secondary Treatment Upgrades Project (WQ-19001)	\$7,488,201	\$748,820	\$8,237,021
<b>Total:</b>	<b>\$8,037,516</b>	<b>\$803,752</b>	<b>\$8,841,268</b>

### Timeline

During construction, multiple channels and tanks must be bypassed, taken out of service, cleaned, upgraded, and returned to service. At least six major phases are anticipated. As a result, the complex phasing requires a 58-month construction duration. The BC design contract Amendment No. 2 will extend the consultant contract term from March 31, 2025 to March 31, 2028.

<sup>12</sup> SR ID# 14602 November 14, 2022 <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/2022/20221114/20221114pccsm-linked-cq-ppts.pdf>

<sup>13</sup> SR ID# 12324 June 21, 2021 <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2021/id-12324.pdf>

<sup>14</sup> SR ID# 14602 November 14, 2022 <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/2022/20221114/20221114pccsm-linked-cq-ppts.pdf>

### Secondary Treatment Upgrades

Design:	Complete
Construction start:	January 2023
Construction complete:	November 2027: 58-month duration
Design services complete	March 2028: 4-month post construction
First STU project loan payment:	November 2028: 1-year after substantial completion

### **Resource Impact**

The SRF loan for the in-progress Primary Sedimentation Tanks Rehabilitation Project is being amended from the already approved \$17.0 million to a new financing amount of \$19.4 million, as detailed in partner agreements (Attachments A, B, and C). Loan repayments for the Primary Sedimentation Tanks Rehabilitation Project will begin in calendar year 2024, one year after project substantial completion.

The SRF loan for the Secondary Treatment Upgrades Project is approximately \$169 million; staff has revised that financing to \$193 million. 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 an approximate total project 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 to Palo Alto on a reimbursement basis. Pursuant to SRF policy, the first repayment occurs one year after project substantial completion, which is estimated to be in calendar year 2028. The annual SRF loan repayment, which includes principal and interest, is based on an amortized period of 30 years. The estimated annual repayments paid by each contributing partner agency are summarized in Tables 4 and 5 below. The percent shares in Table 4 and 5 below are fixed capacity share, which is further detailed in Attachment H. The fixed capacity share applies to capacity rights in major capital projects funded with long-term debt financing, and the fixed capacity share differs from the varying operating share each agency pays from year-to-year based on the relative contribution from partner-to-partner for annual operating expenses. Changes in operating share along with long term flow trend are also included in Attachment H, as well as a comparison between agencies for single family residential monthly sewer bills, as requested at the Finance Committee presentation for this project.

**Table 4: CWSRF Loan Repayment Partner Agency Estimates  
Primary Sedimentation Tank (PST) Rehabilitation Project**

<b>Contributing Partner Agency</b>	<b>Percent Share</b>	<b>Annual Repayment*</b>
Palo Alto	38.16%	\$282,682
Mountain View	37.89%	\$280,681
Los Altos	9.47%	\$70,152
East Palo Alto Sanitary District	7.64%	\$56,595
Stanford University	5.26%	\$38,965
Los Altos Hills	1.58%	\$11,704
<b>Total:</b>	<b>100.00%</b>	<b>\$740,779</b>

\* Based on CWSRF loan amount of \$19,400,000 at 0.9% locked interest rate for 30-year term

**Table 5: CWSRF Loan Repayment Partner Agency Estimates  
Secondary Treatment Upgrades (STU) Project**

<b>Contributing Partner Agency</b>	<b>Percent Share</b>	<b>Annual Repayment**</b>
City of Palo Alto	38.16%	\$2,767,754
City of Mountain View	37.89%	\$2,748,171
City of Los Altos	9.47%	\$686,861
East Palo Alto Sanitary District	7.64%	\$554,131
Stanford University	5.26%	\$381,509
Town of Los Altos Hills	1.58%	\$114,598
<b>Total:</b>	<b>100.00%</b>	<b>\$7,253,025</b>

\*\* Based on CWSRF loan amount of \$192,767,840 at 0.8% locked interest rate for 30-year term

This is a multi-year contract over the course of design and through the completion of construction. The funding for this amended contract will be allocated from the Wastewater Treatment Enterprise Fund Capital Improvement Program Project (WQ-19001). As approved in the FY 2023 Adopted Budget, WQ-19001 has total funding of \$149.2 million, with State Revolving Fund (SRF) loan revenue of \$148.8 million budgeted to offset the costs for this project, and the remaining \$0.4 million covered by the Wastewater Treatment Fund. Staff previously secured a SRF loan (at 0.8% interest rate) as the source of funding for the design contract, and future construction and construction management contracts in the amount of \$169.0 million, and recommends increasing this amount to \$193.0 million as part of this memorandum. Increasing the SRF Revenue by \$44.2 million will allow staff to increase the WQ-19001 capital project by \$44.2 million to align with the project scope.

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 fixed capacity established in partners' agreements. As the lead agency, the City of Palo Alto will appropriate the funding for this Project in the Fiscal Year 2023 Wastewater Treatment Enterprise Fund Capital Improvement Program Budget for the Secondary Treatment Upgrade Project (WQ-19001). The design and construction of this project, including associated construction management and administrative costs, is being financed through the CWSRF loan, which is disbursed on a reimbursement basis.

#### Cashflow Impacts from State SRF Loan Reimbursement Process

The City's Wastewater Treatment Fund cash balance was \$12.7 million on June 30, 2022. Potential negative cash balances could occur in the future (depending on spending patterns). The cash balance is used to handle cash flows that cover different timing of revenues and expenses. The RWQCP's large capital program will be using several SRF loans in the coming years, including the large SRF loan for the STU Project. Contractor expenses are expected to be



many millions of dollars each month with standard payment terms within 30 days. The state reimburses the City for these payments to contractors on a much longer timeframe (e.g., four to six months based on past experience). The City has historically not encountered cash flow concerns even with SRF funding as the magnitude of the projects had smaller monthly costs. For the STU, a much larger project, the mismatch in timing of reimbursement from the state is expected to cause a greater drawdown of the Wastewater Treatment Fund cash balance, causing a negative fund balance during the STU project. Exact timing of the negative cash balance is unknown during the 58-month construction duration; a clearer understanding of timing is expected once the contractor provides a construction schedule. The State has indicated that they cannot improve on the turnaround time for reviewing disbursement requests.

Public Works Environmental Services and Administrative Services Department staff are evaluating potential solutions, including short term loans from the private financial market, early phase in of sewer rate increases, potentially pre-payments from partner agencies, or loans from other City Enterprise Funds or the General Fund which would help cover the short-term timing issue for cashflow. Staff will return to Council and the Finance Committee, as needed, with additional actions on this issue. Use of the SRF loan remains the favorable debt financing instrument for the RWQCP capital program despite these temporary cashflow concerns.

### **Policy Implications**

This recommendation does not represent any change to existing City policies, except as noted below for the Debt Policy, and supports the Comprehensive Plan Policy N.4-16.

The City's Debt Policy 1-65<sup>15</sup>, adopted April 11, 2017<sup>16</sup>, includes guidelines for use of debt and other financing. In Section V, Guidelines for Use of Debt and Other Financing, annual debt service is not to exceed 15 percent of annual operating expenses unless an exception is approved by Council. Current debt service is approximately 7.4% of annual operating expenditures. Future debt service is expected to exceed 15% in November 2028 and be 30% when the first debt payment on the STU project is due. Council is requested to authorize an exception to the debt policy for the Wastewater Treatment Enterprise Fund. Use of pay-as-you-go financing for large, complex wastewater treatment projects is impractical and would put an inequitable and untimely burden on ratepayers that may not ever benefit from the new capital equipment. Use of debt financing to spread the costs across ratepayers for 30 years of beneficial use is common for wastewater capital equipment in Palo Alto and in neighboring agencies. An increase in the pay-as-you-go financing capital program (i.e., about \$3.4 million currently) would not be able to support the large capital projects such as the STU project, which is triggering the need for an exception.

<sup>15</sup> [Debt Policy 1-65](https://www.cityofpaloalto.org/files/assets/public/public-works/water-quality-control-plant/1-65-asd-debt-policy-2017-04-11_4.pdf) April 11, 2017 [https://www.cityofpaloalto.org/files/assets/public/public-works/water-quality-control-plant/1-65-asd-debt-policy-2017-04-11\\_4.pdf](https://www.cityofpaloalto.org/files/assets/public/public-works/water-quality-control-plant/1-65-asd-debt-policy-2017-04-11_4.pdf)

<sup>16</sup> [SR ID#7892](https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2017/7892.pdf) April 11, 2017 <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2017/7892.pdf>

### 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

The construction of the Secondary Treatment Upgrades Project is exempt under sections 15301, 15302, and 15303 of the California Environmental Quality Act (CEQA) Guidelines. The City of Palo Alto filed a Notice of Exemption for the Secondary Treatment Project Upgrades Project on April 2, 2021 (State Clearinghouse #2021040051).

Approval of Brown and Caldwell design amendment #2 and the three partners agreements are not subject to CEQA review under section 15378(b)(4) of the CEQA Guidelines in that it is a government fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

#### Attachments:

- **Attachment8.a:** Attachment A Amendment 8 to Contract C869 with Stanford
- **Attachment8.b:** Attachment B Addendum 1 to the 2nd Restatement Agreement with EPASD
- **Attachment8.c:** Attachment C Addendum 11 to Basic Agreement with Mountain View and Los Altos
- **Attachment8.d:** Attachment D Amendment 2 to Contract C19171565 with B&C
- **Attachment8.e:** Attachment E Amendment 2 to Contract C21179265C with Carollo Engineers
- **Attachment8.f:** Attachment F Resolution (Amending Resolution 9945 for Revised Funding)
- **Attachment8.g:** Attachment G Bid Summary
- **Attachment8.h:** Attachment H RWQCP Flow, Partner Treatment Share, Neighboring Agency Comparison

**AMENDMENT NO. EIGHT TO CONTRACT NO. C869  
BETWEEN THE CITY OF PALO ALTO AND THE BOARD OF  
TRUSTEES OF THE LELAND STANFORD JUNIOR UNIVERSITY**

This Amendment No. Eight (8) to the Contract is made and entered into on \_\_\_\_\_, by and between the CITY OF PALO ALTO, a chartered city and a chartered municipal corporation of the State of California (“City”) and the BOARD OF TRUSTEES OF THE LELAND STANFORD JUNIOR UNIVERSITY, a body having corporate powers under the laws of the State of California (“Stanford”) (individually, a “Party”; collectively, the “Parties”).

**RECITALS:**

A. The Parties have entered into that certain Contract Between Palo Alto and Stanford, executed on November 30, 1956, as amended by the Addendum and Amendments described below (collectively, the “Contract”). The Contract has been amended seven times as follows: Addendum No. One (1) to the Contract Between the City of Palo Alto and Stanford, dated as of June 11, 1971; Amendment No. Two (2) to the Contract Between the City of Palo Alto and Stanford, dated as of November 2, 1998; Amendment No. Three (3) to the Contract Between the City of Palo Alto and Stanford, dated as of March 16, 2009; Amendment No. Four (4) to the Contract Between the City of Palo Alto and Stanford, dated as of October 17, 2016; Amendment No. 5 to the Contract Between the City of Palo Alto and Stanford, dated as of August 13, 2018; Amendment No. Six (6) to the Contract Between the City of Palo Alto and Stanford, dated March 4, 2019; and Amendment No. Seven (7) to the Contract Between the City of Palo Alto and Stanford, dated May 17, 2021.

B. Palo Alto owns and operates the sewage system (the “System”) pursuant to the Contract, and is responsible for making capital additions to the System. Under the Contract, prior to commencement of construction of any capital additions or enlargements of the System, City and Stanford shall agree upon the terms of payment by Stanford of its proportionate cost.

C. The Parties now desire to increase the maximum amount of financing authorized for the construction of the Primary Sedimentation Tank Project approved by Amendment No. Seven (7) to reflect increases in Project Costs as defined therein, including design engineering, construction management, program management, and construction costs.

D. The Parties further desire to agree to construct a capital addition to improve the Joint System by upgrading the secondary treatment process (biological process) to a process that removes harmful nitrogen by creating anoxic and aerated zones in existing aeration basins. This Secondary Treatment Upgrades or “STU” Project will improve final water quality, ensure the Plant continues to meet effluent discharge permit limits, and allow for ultimate decommissioning of the aging biotrickling filters and other aging equipment. The Primary Sedimentation Tank Project and the STU Project will become part of the Regional Water Quality Control Plant (the “Plant”), which is owned and operated by City as part of the System.

NOW, THEREFORE, in consideration of the terms, conditions and covenants set forth in this Amendment No. Eight (8), the Contract is hereby amended as follows:

**Section 1.** Paragraph 27 of the Contract is hereby added to read, as follows:

“27. MAXIMUM AMOUNT OF FINANCING FOR THE PRIMARY SEDIMENTATION TANK REHABILITATION PROJECT. The maximum amount of financing authorized for the Primary Sedimentation Tank Rehabilitation Project described in Paragraph 26 is increased from \$17.0 million to \$19.4 million.”

**Section 2.** Paragraph 28 of the Contract is hereby added to read, as follows:

“28. CONSTRUCTION AND IMPLEMENTATION OF THE SECONDARY TREATMENT UPGRADES PROJECT. The Parties hereby approve the construction of various improvements collectively referred to as the Secondary Treatment Upgrades or “STU” Project. The STU Project includes: new air blowers; air diffusers in aerobic zones; anoxic zone pulsed air equipment; membrane aerated biofilm reactor cassettes; slide and sluice gates and valves to isolate and throttle flows; instruments such as flowmeters and oxygen probes; power distribution equipment including standby diesel generator and power transfer equipment; and return activated sludge piping and pumping. Each Party shall pay its share of the STU Project Costs, in proportion to the capacity it owns in the Joint System or portion thereof as shown in Exhibit “H” to Amendment No. Two (2) to the Contract. “Project Costs”, as used in this Section 28, means all costs incurred in connection with the construction and implementation of the STU Project. Without limiting the generality of the foregoing, Project Costs shall include, but not be limited to: engineering and other consultants’ fees and costs, including fees incurred pursuant to agreements with engineers, contractors and other consulting, design and construction professionals; deposits, applicable permit fees; all costs to apply for and secure necessary permits from all required regional, state, and federal agencies; plan check fees, and inspection fees; construction costs; initial maintenance; attorneys’ fees and costs; insurance; interest from the date of payment on any contracts.

The Parties authorize City to receive State Revolving Fund (“SRF”) loans from the State Water Resources Control Board (“SWRCB”) or pursue other project financing (i.e., utility revenue bonds) to fund the costs of the Project. The maximum amount of financing for the project is one hundred ninety-three million dollars and no cents (\$193,000,000).

The SRF loans will have a thirty-year repayment term. The SRF loan shall be repaid by the Parties in the same proportionate shares as shown on Exhibit “H” to Amendment No. Two (2) to the Contract.

If the SWRCB terminates its loan commitment unexpectedly following execution of the construction contract(s) for the Project or the Projects, the City shall notify Stanford promptly. Following notification of the termination of the SRF loan commitment, the

Parties shall meet in a timely manner to discuss alternative funding sources and strategies for completion of the Projects. If the Parties are unable to agree on new funding sources in a timely manner, then the City shall have the right to terminate the Project or Projects immediately.

The Parties shall remain responsible for Project Costs and loans incurred, whether before or after termination of the Project/Projects, including costs incurred in connection with the termination of the Project planning/design/construction contract(s), in the same proportion to each organization's share, as shown on Exhibit "H" to Amendment No. Two (2) to the Contract.

Stanford shall pay its share of any Project Costs within thirty (30) business days of receipt of the annual billing statement sent by the City. If Stanford disputes the correctness of an invoice, it shall pay the invoice in full and the dispute shall be resolved after payment in accordance with the Contract, and shall not offset against any payment due.

**Section 3.** Except as modified herein, the Contract shall remain unchanged, and is hereby ratified and confirmed.

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

ATTEST:

CITY OF PALO ALTO

\_\_\_\_\_  
City Clerk

By: \_\_\_\_\_  
Mayor

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney or Designee

APPROVED AS TO CONTENT:

\_\_\_\_\_  
City Manager or Designee

THE BOARD OF TRUSTEES OF THE LELAND  
STANFORD JUNIOR UNIVERSITY

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ADDENDUM NO. ONE TO THE SECOND RESTATED AND AMENDED AGREEMENT BETWEEN THE CITY OF PALO ALTO AND THE EAST PALO SANITARY DISTRICT FOR WASTEWATER TREATMENT AND DISTRICT OUTFALL**

This Addendum No. One to the Second Restated and Amended Agreement Between the City of Palo Alto and the East Palo Sanitary District for Wastewater Treatment and District Outfall is made and entered into on [DATE], by and among the CITY OF PALO ALTO ("Palo Alto"), a municipal corporation under the laws of the State of California, and the East Palo Alto Sanitary District ("District"), a special district formed under the Sanitary District Act of 1923, individually, a "Party", collectively, the "Parties".

**RECITALS**

- A. On May 17, 2021, the Parties entered into an agreement entitled the Second Restated and Amended Agreement Between the City of Palo Alto and the East Palo Sanitary District for Wastewater Treatment and District Outfall.
- B. That agreement establishes the Parties' respective rights and obligations regarding treatment of wastewater conveyed from the District's sanitary sewer system at the City's Regional Water Quality Control Plant, payment of treatment costs, debt service for major capital improvement projects, the District's sanitary sewer outfall line, and pretreatment requirements.
- C. The agreement establishes the Parties' approval of funding and cost sharing for the planning/design phases of Primary Sedimentation Tank and Secondary Treatment Upgrades projects.
- D. The Parties now wish to amend the agreement to approve their respective funding and cost-sharing obligations for the construction phase of those projects.

NOW, THEREFORE, in consideration of the terms, conditions and covenants set forth in this Addendum No. One, the Second Restated and Amended Agreement Between the City of Palo Alto and the East Palo Sanitary District For Wastewater Treatment and District Outfall is hereby amended, as follows:

**Section 1.** The title of the agreement is amended as follows: (additions in underline text)

Second Restated and Amended Agreement Between the City of Palo Alto and the East Palo Alto Sanitary District For Wastewater Treatment and District Outfall

Section 2. Section 6, paragraph a, subparagraph ii is amended to add new subsection A as follows: (additions in underline text)

6. DESIGN OF PRIMARY SEDIMENTATION TANK REHABILITATION, SECONDARY TREATMENT UPGRADE, LABORATORY SERVICES BUILDING; DESIGN AND CONSTRUCTION OF SLUDGE DEWATERING AND TRUCK LOADOUT FACILITY; AND CONSTRUCTION OF OUTFALL AND PRIMARY SEDIMENTATION TANK REHABILITATION.

a. Implementation of the “Projects”

i. City and District hereby approve the planning and design of the Primary Sedimentation Tanks, Secondary Treatment Upgrades, Laboratory/Environmental Services Building, and design and construction of a Sludge Dewatering and Truck Loadout Facility. Each Party shall pay its share of Project Costs for the Projects in proportion as it owns capacity in the Treatment Plant or portion thereof, as shown in Exhibit “H.” For purposes of this subparagraph, “Project Costs” means all costs incurred in connection with the planning, design, construction and implementation of the Projects. Without limiting the generality of the foregoing, Project Costs shall include, but not be limited to: design, engineering, and other consultants’ fees and costs, including fees incurred pursuant to agreements with engineers, contractors and other consulting, design and construction professionals; environmental analysis and approval costs, including cost of compliance with the California Environmental Quality Act; deposits, applicable permit fees; all costs to apply for and secure necessary permits from all required regional, state, and federal agencies, plan check fees, and inspection fees; construction costs; initial maintenance; attorneys’ fees and costs; insurance; interest from the date of payment on any contracts.

ii. City and District hereby approve the construction of a new outfall and related improvements to existing discharge infrastructure (the “Outfall Project”) and the rehabilitation of the primary sedimentation tanks including electrical upgrades (the “Primary Sedimentation Tank Rehabilitation Project”). Each Party shall pay its share of Project Costs for the Projects in proportion as it owns capacity in the Treatment Plant or portion thereof, as shown in Exhibit “H.” For purposes of this subparagraph, “Project Costs” means all costs incurred in connection with the construction and implementation of these two projects. Without limiting the generality of the foregoing, Project Costs shall include, but not be limited to: engineering and other consultants’ fees and costs, including fees incurred pursuant to agreements with engineers, contractors and other consulting, design and construction professionals; deposits, applicable permit fees; all costs to apply for and secure necessary permits from all required regional, state, and federal agencies; plan check fees, and inspection fees; construction costs; initial maintenance; attorneys’ fees and costs; insurance; interest from the date of payment on any contracts.

A. City and District hereby approve the construction of various improvements collectively referred to as the Secondary Treatment Upgrades or “STU” Project. The STU Project includes: new air blowers; air diffusers in aerobic zones; anoxic zone pulsed air equipment; membrane aerated biofilm reactor cassettes; slide and sluice gates and valves to isolate and throttle flows; instruments such as flowmeters and oxygen probes; power distribution equipment including standby diesel generator and power transfer equipment; and return activated sludge piping and pumping. Each Party shall pay its share of Project Costs for the Projects in proportion as it owns capacity in the Treatment Plant or portion thereof, as shown in Exhibit “H.” For purposes of this subparagraph, “Project Costs” means all costs incurred in connection with the construction and implementation of these two projects. Without limiting the generality of the foregoing, Project Costs shall include, but not be limited to: engineering and other consultants’ fees and costs, including fees incurred pursuant to agreements with engineers, contractors and other consulting, design and construction professionals; deposits, applicable permit fees; all costs to apply

for and secure necessary permits from all required regional, state, and federal agencies; plan check fees, and inspection fees; construction costs; initial maintenance; attorneys' fees and costs; insurance; interest from the date of payment on any contracts.

iii. The projects described in subparagraphs (i) and (ii) immediately above are referred to individually as a "Project" and collectively as the "Projects".

**Section 2.** Section 6, Paragraph b is amended to read as follows: (deletions in ~~striketrough~~ text; additions in underline text)

b. Financing for the Projects. The District authorizes the City to pursue and receive State Revolving Fund ("SRF") loans from the State Water Resources Control Board ("SWRCB") or pursue other project financing (i.e. utility revenue bonds) to fund the costs of the Projects. The maximum amount of the financing sought for each Project is:

- Planning/design of the primary sedimentation tanks, secondary treatment upgrades, and a new Laboratory/Environmental Services Building - \$6.75 million
- Design and construction of a sludge dewatering and truck load-out facility - \$28 million
- Construction of Outfall Project - \$12 million
- Construction of Primary Sedimentation Tank Rehabilitation - \$17 19.4 million
- Construction of Secondary Treatment Upgrades - \$193 million

**Section 3.** Except as modified herein, the Basic Agreement shall remain unchanged, and is hereby ratified and confirmed.

[SIGNATURE PAGE FOLLOWS]

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



**ADDENDUM NO. ELEVEN TO THE BASIC AGREEMENT BETWEEN THE CITY OF PALO ALTO, THE CITY OF MOUNTAIN VIEW AND THE CITY OF LOS ALTOS FOR THE ACQUISITION, CONSTRUCTION AND MAINTENANCE OF A JOINT SEWER SYSTEM**

This Addendum No. Eleven (11) to the Basic Agreement for the Acquisition, Construction and Maintenance of a Joint Sewer System is made and entered into on [DATE], by and among the CITY OF PALO ALTO (“Palo Alto”), the CITY OF MOUNTAIN VIEW (“Mountain View”), and the CITY OF LOS ALTOS (“Los Altos”) (individually, a “Party”, collectively, the “Parties”), all municipal corporations under the laws of the State of California.

**RECITALS**

A. The Parties have entered into that certain Basic Agreement Between the City of Palo Alto, the City of Mountain View and the City of Los Altos for the Acquisition, Construction, and Maintenance of a Joint Sewer System, executed on October 10, 1968, as amended by the Addenda described below (collectively, the “Basic Agreement”). The Basic Agreement has been amended ten times by addenda, as follows: Addendum No. One (1) to Basic Agreement Between the Cities of Palo Alto, Mountain View, and Los Altos for Acquisition, Construction and Maintenance of a Joint Sewer System, dated as of December 5, 1977; Addendum No. Two (2) to Basic Agreement Between the Cities of Palo Alto, Mountain View, and Los Altos for Acquisition, Construction and Maintenance of a Joint Sewer System dated as of January 14, 1980; Addendum No. Three (3) to an Agreement By and Between the Cities of Palo Alto, Mountain View, and Los Altos for Acquisition, Construction and Maintenance of a Joint Sewer System, dated as of April 9, 1985; Addendum No. Four (4) to the Agreement By and Between the Cities of Mountain View, Los Altos, and Palo Alto as further amended and dated May 30, 1991; Addendum No. Five (5) to Basic Agreement Between the Cities of Palo Alto, Mountain View, and Los Altos for Acquisition, Construction and Maintenance of a Joint Sewer System, dated as of July 31, 1992; Addendum No. Six (6) to Basic Agreement Between the City of Palo Alto, the City of Mountain View, and the City of Los Altos for Acquisition, Construction and Maintenance of a Joint Sewer System dated as of March 16, 1998; and Addendum No. Seven (7) to Basic Agreement Between the City of Palo Alto, the City of Mountain View, and the City of Los Altos for Acquisition, Construction and Maintenance of a Joint Sewer System dated as of April 15, 2009; Addendum No. Eight (8) to the Basic Agreement between the City of Palo Alto, the City of Mountain View and the City of Los Altos for the Acquisition, Construction, and Maintenance of a Joint Sewer System dated as of October 17, 2016; Addendum No. Nine (9) to the Basic Agreement between the City of Palo Alto, the City of Mountain View and the City of Los Altos for the Acquisition, Construction and Maintenance of a Joint Sewer System dated March 4, 2019; and Addendum No. Ten (10) to the Basic Agreement between the City of Palo Alto, the City of Mountain View, and the City of Los Altos for the Acquisition, Construction and Maintenance of a Joint Sewer System dated May 17, 2021 (collectively, the “Addenda”).

B. Palo Alto owns and operates the sanitary sewerage treatment and disposal works and system (the “Joint System”) pursuant to the Basic Agreement, and is responsible for making capital additions to the Joint System. Under the Basic Agreement, any major capital additions for the replacement of obsolete or worn-out units require an agreement by the Parties amending the Basic Agreement.

C. The Parties now desire to increase the maximum amount of financing authorized for the construction of the Primary Sedimentation Tank Project approved by Addendum No. Ten (10) to reflect increases in Project Costs as defined therein, including design engineering, construction management, program management, and construction costs.

D. The Parties further desire to agree to construct a project to improve the Joint System by upgrading the secondary treatment process (biological process) to a process that removes harmful nitrogen by creating anoxic and aerated zones in existing aeration basins. The project will improve final water quality, ensure the Plant continues to meet effluent discharge permit limits, and allow for ultimate decommissioning of the aging biotrickling filters and other aging equipment. The Parties also agree to provide for the sharing of costs associated with this project. The project will become part of the Regional Water Quality Control Plant (the “Plant”), which is owned and operated by Palo Alto as part of the Joint System.

### **AGREEMENT**

NOW, THEREFORE, in consideration of the terms, conditions and covenants set forth in this Addendum No. Eleven (11), the Basic Agreement is hereby amended, as follows:

**Section 1.** Paragraph 41 is hereby added to the Basic Agreement to read, as follows:

“41. MAXIMUM AMOUNT OF FINANCING FOR THE PRIMARY SEDIMENTATION TANK REHABILITATION PROJECT. The maximum amount of financing authorized for the Primary Sedimentation Tank Rehabilitation Project described in Paragraph 40 is increased from \$17.0 million to \$19.4 million.”

**Section 2.** Paragraph 42 is hereby added to the Basic Agreement to read, as follows:

“42. CONSTRUCTION AND IMPLEMENTATION OF THE SECONDARY TREATMENT UPGRADES PROJECT. Palo Alto, Mountain View, and Los Altos hereby approve the construction of various improvements collectively referred to as the Secondary Treatment Upgrades or “STU” Project. The STU Project includes: new air blowers; air diffusers in aerobic zones; anoxic zone pulsed air equipment; membrane aerated biofilm reactor cassettes; slide and sluice gates and valves to isolate and throttle flows; instruments such as flowmeters and oxygen probes; power distribution equipment including standby diesel generator and power transfer equipment; and return activated sludge piping and pumping. Each Party shall pay its share of the STU Project Costs, in proportion to the capacity it owns in the Joint System or portion thereof as shown in Exhibit “H” to Addendum No. Six (6) to the Basic Agreement. “Project Costs”, as used in this Section 42, means all costs incurred in connection with the construction and implementation of these two Projects. Without limiting the generality of the foregoing, Project Costs shall include, but not be limited to: engineering and other consultants’ fees and costs, including fees incurred pursuant to agreements with engineers, contractors and other consulting, design and construction professionals; deposits, applicable permit fees; all costs to apply for and secure necessary permits from all required regional, state, and federal agencies; plan check fees, and inspection fees; construction costs; initial maintenance; attorneys’ fees and costs; insurance; interest from the date of payment on any contracts.

The Parties authorize Palo Alto to receive State Revolving Fund (“SRF”) loans from the State Water Resources Control Board (“SWRCB”) or pursue other project financing (i.e. utility

revenue bonds) to fund the costs of the Project. The maximum amount of financing for the project is one hundred ninety-three million dollars and no cents (\$193,000,000).

The SRF loan will have a thirty-year repayment term. The repayments of the SRF loan shall be treated in the same manner as debt services under the Basic Agreement and its Addenda, and repaid by the Parties in the same proportionate shares as shown on Exhibit "H" to Addendum No. Six (6) to the Basic Agreement. The Parties further agree that, if necessary, each Party shall secure the funding necessary for repayment of the SRF loan, operations, and/or maintenance of the Projects, following any appropriate process executed under California Constitution article XIII C and D (Proposition 218).

If the SWRCB terminates its loan commitment unexpectedly following execution of the planning and/or construction contract(s) for the Project, Palo Alto shall notify the Parties promptly. Following notification of the termination of the SRF loan commitment, the Parties shall meet in a timely manner to discuss alternative funding sources and strategies for completion of the Project. If the Parties are unable to agree on new funding sources in a timely manner, then Palo Alto shall have the right to terminate the Project.

The Parties shall remain responsible for Project Costs and loans incurred, whether before or after termination of the Project/Projects, including costs incurred in connection with the termination of Project planning/design/construction contract(s), in the same proportion to each organization's share of Plant capacity, as stated in Exhibit "H" to Addendum No. Six (6) of the Basic Agreement. Total Project Costs shall not exceed the authorized maximum financing amount approved by Parties without prior approval of each Party's governing body. Unless earlier terminated, the obligations and responsibilities of the Parties shall commence with the execution of Addendum No. Eleven (11) to the Basic Agreement and be in force for the term of the SRF loan or other financing.

Mountain View and Los Altos shall pay their respective shares of any Project Costs within thirty (30) business days of receipt of the quarterly billing statement sent by Palo Alto. Palo Alto shall not send more than one invoice in any thirty-day period. If a Party disputes the correctness of an invoice, it shall pay the invoice in full and the dispute shall be resolved after payment in accordance with Section 19 of the Basic Agreement, and shall not offset against any payment due.

**Section 3.** Except as modified herein, the Basic Agreement shall remain unchanged, and is hereby ratified and confirmed.

[SIGNATURE PAGE FOLLOWS]

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



**AMENDMENT NO.2 TO CONTRACT NO. C19171565  
BETWEEN THE CITY OF PALO ALTO AND  
BROWN AND CALDWELL**

This Amendment No. 2 (this "Amendment") to Contract No. C19171565 (the "Contract" as defined below) is entered into as of December 5, 2022, by and between the CITY OF PALO ALTO, a California chartered municipal corporation ("CITY"), and BROWN AND CALDWELL, a California corporation, located at 201 N. Civic Drive, Suite 115, Walnut Creek, CA 94596 ("CONSULTANT"). CITY and CONSULTANT are referred to collectively as the "Parties" in this Amendment.

**RECITALS**

- A. The Contract was entered into by and between the Parties hereto for the provision of design and engineering services to upgrade its existing two-stage secondary treatment process at the Regional Water Quality Control Plant (RWQCP) (the "Project"), as detailed therein.
- B. The Parties entered into Amendment No.1 to extend the Contract term, specify Additional Services to be performed, and increase the Compensation, as detailed therein.
- C. The Parties now wish to amend the Contract to extend the term through March 31, 2028, update the Hourly Rate Schedule Exhibit C-1, and increase the total not-to-exceed compensation by One-Million, Four-Hundred-Eighty-Four-Thousand, Six-Hundred-Eighty-Nine Dollars (\$1,484,689) from Four-Million Four-Hundred Twenty-Four-Thousand One-Hundred-Two Dollars (\$4,424,102) to Five-Million Nine-Hundred-Eight-Thousand, Seven-Hundred-Ninety-One Dollars (\$5,908,791), as detailed herein.

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the parties agree:

**SECTION 1. Definitions.** The following definitions shall apply to this Amendment:

- a. **Contract.** The term "Contract" shall mean Contract No. C19171565 between CONSULTANT and CITY, dated September 10, 2018, as amended by:

Amendment No. 1, dated October 19, 2020

- b. **Other Terms.** Capitalized terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Contract.

**SECTION 2.** Section 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 March 31, 2028, unless terminated earlier pursuant to Section 19 (Termination) of this Agreement."

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**SECTION 3.** Section 4. "NOT TO EXCEED COMPENSATION" of the Contract is amended and replaced in its entirety to read as follows:

"The compensation to be paid to CONSULTANT for performance of the Services described in Exhibit "A" ("Basic Services"), and reimbursable expenses, shall not exceed Five Million Three-Hundred Seventy-One-Thousand Six Hundred Twenty-Eight Dollars (\$5,371,628). CONSULTANT agrees to complete all Basic Services, including reimbursable expenses, within this amount. In the event Additional Services are authorized, the total compensation for Basic Services, Additional Services and reimbursable expenses shall not exceed Five Million Nine Hundred Eight-Thousand Seven Hundred Ninety-One Dollars (\$5,908,791). The applicable rates and schedule of payment are set out at Exhibit "C-1", entitled "HOURLY RATE SCHEDULE," which is attached to and made a part of this Agreement. Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth herein shall be at no cost to the CITY.

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 at Exhibit "A".

**SECTION 4.** The following exhibit(s) to the Contract are hereby amended or added, as indicated below, to read as set forth in the attachment(s) to this Amendment, which are hereby incorporated in full into this Amendment and into the Contract by this reference:

- a. Exhibit "A" entitled "SCOPE OF SERVICES, AMENDMENT NO. 2", ADDED.
- b. Exhibit "B" entitled "SCHEDULE OF PERFORMANCE, AMENDMENT NO. 2", AMENDED, REPLACES PREVIOUS.
- c. Exhibit "C" entitled "COMPENSATION, AMENDMENT NO. 2", AMENDED, REPLACES PREVIOUS.
- d. Exhibit "C-1" entitled "HOURLY RATE SCHEDULE, AMENDMENT NO. 2", 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.)*

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

**CITY OF PALO ALTO**

\_\_\_\_\_  
City Manager or Designee

**BROWN AND CALDWELL****Officer 1**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

DocuSigned by:  
*Angela MacKinnon, Vice President*  
57C47715DD124F1...

Angela MacKinnon, Vice President

Vice President

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney or Designee

**Officer 2**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

DocuSigned by:  
*Lori Jones, Vice President*  
15DE8D15890B4C9

Lori Jones, Vice President

Vice President

**Attachments:**

Exhibit "A" entitled "SCOPE OF SERVICES, AMENDMENT NO. 2" (ADDED)

Exhibit "B" entitled "SCHEDULE OF PERFORMANCE, AMENDMENT NO. 2" (AMENDED, REPLACES PREVIOUS)

Exhibit "C" entitled "COMPENSATION AMENDMENT NO. 2" (AMENDED, REPLACES PREVIOUS)

Exhibit "C-1" entitled "HOURLY RATE SCHEDULE, AMENDMENT NO. 2" (AMENDED, REPLACES PREVIOUS)

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**EXHIBIT "A"**  
**SCOPE OF SERVICES, AMENDMENT NO. 2**  
**(ADDED)**

Amendment No. 2 is needed to add funds in the amount of \$1,484,689 to the project to address the delayed construction start date and construction duration and to account for:

1. Additional design services to aid in construction bidding and during construction:
  - a. Further development of an indicative construction schedule.
  - b. Further development of construction sequencing and constraints specifications.
  - c. Preliminary design of temporary facilities and systems required during construction, including development of preliminary design drawings.
  - d. As-needed additional engineering services for unforeseen site conditions and coordination with other ongoing major capital projects at the RWQCP
  - e. Updated opinion of probable construction cost (OPCC) and projection of cash flow during construction for budgeting purposes.
  - f. Participation in a constructability review to be conducted by the City's selected construction manager.
  - g. Additional meetings and workshops.
2. Additional bid period services associated with the items listed above and the expanded scope and complexity of the Project.
3. Additional engineering services during construction (ESDC) associated with a larger volume of construction documents and resubmittals
4. the items listed above and the expanded scope and complexity of the Project.
5. Additional commissioning and startup services to account for staged commissioning and startup of the Project.
6. Additional project management services associated with the expanded scope and duration of the Project.
7. Updated costs, accounting for increases in hourly billing rates, for providing engineering services during construction.

**BACKGROUND**

The scope, size, and complexity of the Project have increased significantly since its inception. In addition, the Project's schedule has been extended from a projected completion date in mid-2022 (based on the original baseline schedule) to mid-2026 (based on the September 2021 schedule update). Likewise, the estimated construction cost of the project has increased from \$31 million (based on February 2018 planning report prepared by Carollo Engineers) to \$118 million (based on cost estimate developed for 90% complete design documents prepared by BC).

Due to the complexity of construction sequencing and constraints associated with the Project, the originally planned approach using a single specification section to describe construction requirements in narrative format is not sufficient to communicate requirements to the bidders and selected contractor. Therefore, more detailed construction requirements, including a detailed indicative construction schedule, additional and expanded specifications, and additional drawings, are required to adequately illustrate the requirements. The intent of this additional effort is to increase certainty

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that bids are based on a common understanding of construction requirements and to avoid adverse impacts during construction, such as disruptions to operation and maintenance of the Plant. In addition, the City has requested additional services as described herein that were not included in the original contract or contract amendments issued previously by the City.

## **TASKS**

BC will complete the tasks described below.

### Task 230.210 – Additional Design Services

Further Development of Indicative Construction Schedule: BC will refine the construction schedule developed previously based on further development of construction requirements as described in tasks below. The schedule will remain in Microsoft Project format and will become an attachment to Section 01 12 16 (Work Sequence and Constraints) of the specifications.

The schedule will be Level 3 as defined by AACE International and will illustrate an indicative approach for building the project based on the specified construction sequence and constraints. The intent is to facilitate the bidders' and selected contractor's understanding of the project, but the contractor will be responsible for developing a separate construction schedule based on the specified requirements.

Deliverables for this task are as follows:

- Draft construction schedule in pdf and Microsoft Project formats
- Final construction schedule in pdf and Microsoft Project formats

Further Development of Construction Sequencing and Constraints Specifications: BC will further develop specifications for the following:

- Construction sequencing and constraints
- Temporary facilities and systems, including bypass pumping systems, an aeration blower system, a standby generator system, and temporary power supply systems serving these items

BC will include requirements in the specifications for the Contractor to obtain any necessary permits for temporary standby generators required to maintain operations and reliability of the Plant during construction of the Project. BC will not prepare any applications for such permits.

Deliverables for this task are as follows:

- Draft 90% complete specifications in pdf format
- Final specifications in pdf format (included with final bid document package for entire project)

Preliminary Design of Temporary Facilities and Systems: BC will develop preliminary design drawings for temporary facilities and systems required during construction. The designs will be limited to items listed below and will not include items such as construction trailers, laydown areas, parking, and temporary utilities. The intent of the preliminary designs is to facilitate the bidders' and selected contractor's understanding of the project, but the contractor will be responsible for developing final

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designs of all temporary facilities and systems. Items included in this task are as follows:

- Development of drawings depicting preliminary configurations and minimum requirements for temporary facilities and systems

Temporary facilities and systems will include the following:

- Temporary bypass pumping systems, including general locations of temporary bulkheads and coffer dams:
  - ILS And FFR Temporary Bypass Pumping Plan
  - FFR Temporary Drainage Pumping Plan
  - Aeration Tank 1 Temporary Bypass Pumping Plan
  - Aeration Tank 2 Temporary Bypass Pumping Plan
  - Aeration Tank 3 Temporary Bypass Pumping Plan
  - Aeration Tank 4 Temporary Bypass Pumping Plan
- Temporary aeration blowers:
  - Three temporary aeration blowers installed in parking lot adjacent to existing Blower Room and associated power supply, controls, valves, piping, and appurtenances
- Temporary standby generator
  - One 1,100 kW portable standby generator to replace an existing generator during construction of a new generator system
- Temporary power for Load Center 11
  - Temporary connection to SW1911.5x (located at the northeast corner of the primary sedimentation tanks in the yard area east of the Solids Building per direction from the City)

Drawings to be developed for this task are listed in Table 1.

Table 1. List of Drawings for Temporary Facilities and Systems	
Drawing	Description
	<u>GENERAL CONSTRUCTION</u>
000-GC-0000	COVER SHEET, VICINITY MAP, AND LOCATION MAP
000-GC-0001	INDEX OF DRAWINGS
000-GC-0002	SYMBOLS AND LEGENDS
000-GC-0003	ABBREVIATIONS
000-GC-1010	PHASE 1 KEY PLAN
000-GC-1020	PHASE 2 KEY PLAN
000-GC-1030	PHASE 3 KEY PLAN
000-GC-1040	PHASE 4 KEY PLAN
000-GC-1050	PHASE 5 KEY PLAN
000-GC-1060	PHASE 6 KEY PLAN
	<u>MECHANICAL CONSTRUCTION</u>

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Table 1. List of Drawings for Temporary Facilities and Systems	
Drawing	Description
000-DC-0001	SYMBOLS AND LEGENDS
110-DC-1110	ILS AND FFR TEMPORARY BYPASS PUMPING PLAN
110-DC-4110	ILS AND FFR TEMPORARY BYPASS PUMPING PLANS, SECTIONS AND DETAILS
120-DC-1110	FFR TEMPORARY DRAINAGE PUMPING PLAN
120-DC-4110	FFR TEMPORARY DRAINAGE PUMPING PLANS AND SECTIONS
132-DC-1110	AERATION TANK 1 TEMPORARY BYPASS PUMPING PLAN
132-DC-1210	AERATION TANK 2 TEMPORARY BYPASS PUMPING PLAN
132-DC-1310	AERATION TANK 3 TEMPORARY BYPASS PUMPING PLAN
132-DC-1410	AERATION TANK 4 TEMPORARY BYPASS PUMPING PLAN
132-DC-4110	AERATION TANK TEMPORARY BYPASS PUMPING SECTIONS
137-DC-1110	MA COMPRESSORS INSTALLATION IN TEMPORARY LOCATION
	<u>ELECTRICAL</u>
000-ED-0001	LEGENDS AND SYMBOLS
000-ED-0002	LEGENDS AND SYMBOLS
005-EC-6010	PHASE 1 ONE-LINE DIAGRAM
005-EC-6020	PHASE 2 ONE-LINE DIAGRAM
005-EC-6030	PHASE 3 ONE-LINE DIAGRAM
005-EC-6040	PHASE 4 ONE-LINE DIAGRAM
005-EC-6050	PHASE 5 ONE-LINE DIAGRAM
005-EC-6060	PHASE 6 ONE-LINE DIAGRAM
005-EC-6010	PHASE 1 ONE-LINE DIAGRAM
005-EC-6020	PHASE 2 ONE-LINE DIAGRAM
	<u>P&amp;IDS</u>
000-NC-0001	SYMBOLS AND LEGENDS 1
000-NC-0002	SYMBOLS AND LEGENDS 2
000-NC-0003	SYMBOLS AND LEGENDS 3
000-NC-0004	SYMBOLS AND LEGENDS 4
110-NC-6110	TEMPORARY PE BYPASS PUMPING
120-NC-6110	TEMPORARY FFR BYPASS PUMPING
132-NC-6110	TEMPORARY AERATION TANK 1 ML BYPASS PUMPING
132-NC-6120	TEMPORARY AERATION TANK 2 INFLUENT BYPASS PUMPING
132-NC-6130	TEMPORARY AERATION TANK 3 ML BYPASS PUMPING
132-NC-6140	TEMPORARY AERATION TANK 4 INFLUENT BYPASS PUMPING
133-NC-6110	TEMPORARY BLOWER SYSTEM
133-NC-6210	TEMPORARY AERATION BLOWERS

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Assumptions for this task are as follows:

- Existing structures are suitable to loads associated with temporary facilities and systems without modifications.
- Temporary systems will be powered from the Plant's power distribution network.
- Sources and connection points to supply power to temporary systems are sufficient without modifications.

Deliverables for this task are as follows:

- Draft 100% complete drawings in pdf format
- Final drawings in pdf format (included with final bid document package for entire project)

Further Coordination with Interfacing Projects: BC will further coordinate construction requirements for the Project with projects entailing upgrades and rehabilitation of the 12 kV power distribution system and primary sedimentation tanks based on information provided by the City. Coordination will include identification of interface and overlap points between the projects. BC will include identified requirements in the specifications and indicative construction schedule. Coordination will include temporary and permanent interfaces with other projects required to construction and commission the Project.

Deliverables for this task are as follows:

- Included in other tasks.

Updated OPCC and Cash Flow Projection: BC will update the opinion of probable construction cost (OPCC) based on the specifications and drawings described above. The OPCC will also consider increased cost escalation experienced in 2021 and estimates of cost escalation in future years. The OPCC for these items will be included in the final OPCC for the entire Project. The OPCC will be Class 1 as defined by AACE International.

In addition, BC will cost load the indicative construction schedule (see task above regarding schedule development) based on the updated OPCC to generate a projection of cashflow during the construction period.

Deliverables for this task are as follows:

- Updated OPCC (to be provided in conjunction with 100% design submittal for entire Project)
- Cash flow projection, including cost loaded Microsoft Project schedule and cash flow chart

Participation in Constructability Review: BC will participate in a constructability review to be conducted by the City's construction manager based on the 100 percent complete drawings, specifications, and indicative construction schedule.

The extent of any design changes that may arise from the review is unknown. Therefore, an allowance of 250 hours is included for responding to questions, comments, and proposed changes to the document. Any changes will be made in the final bid documents.

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Deliverables for this task are as follows:

- Final bid documents

Additional Meetings and Workshops: BC will conduct or participate in additional meetings and workshops required to complete the foregoing tasks during the design period. Since the number, duration, and topics of such meetings is not known, an allowance of 80 hours is included for effort associated with the additional meetings and workshops. This allowance includes effort to prepare for workshops (e.g., preparation of agendas and presentation materials), attendance, and preparation of minutes.

Deliverables for this task are as follows:

- Meeting and workshop agendas
- Meeting and workshop presentation material
- Meeting and workshop minutes

#### Task 300.306 – Additional Bid Period Services

BC will provide additional bid period services associated with the additional design services listed above. It is expected that additional questions from bidders and addenda will be required based on the expanded scope and complexity of the Project. In addition, the bid period will be extended from two months to three months as requested by the City due to the Project's scope and complexity. Since the actual added effort is uncertain, an allowance of 100 hours is included in the fee estimate to account for the additional bid period services.

Deliverables:

- Additional responses to bid period questions, up to the budget limit
- Additional addenda, up to the budget limit

#### Task 400.409 – Additional Engineering Services During Construction

BC will provide additional ESDC associated with the work described herein, including the following:

- It is assumed that up to 50 additional submittals or resubmittals will be reviewed at an average duration of 4 hours per submittal.
- BC will prepare written responses to requests for information (RFIs) submitted by the contractor. It is assumed that up to 100 additional RFIs will be reviewed at an average duration of 3 hours per RFI.
- Up to two BC engineers will conduct up to 20 additional site visits to meet with the contractor and observe the work.
- BC will provide additional commissioning support services. For budgeting purposes, 600 additional hours of effort are included in the budget to accounted for staged commissioning and startup of the Project.
- BC will provide additional technical support regarding change orders. The construction manager will retain the primary responsibility for managing, administering, and negotiating change orders. For budgeting purposes, 100 additional hours of effort are included in the budget.

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- BC will provide additional services associated with preparation of record drawings based on the expanded scope of the project. For budgeting purposes, 100 hours of additional support are included.
- BC's subconsultant, Cal Engineering & Geology, will provide on-site field observation services during construction, including observation of pile foundation construction. The fee estimate assumes 22 separate site visits with duration of 2 to 8 hours per visit. The services also include preparation of a technical report regarding the work.

Deliverables for this task are as follows:

- Additional submittal reviews, up to the budget limit
- Additional RFI responses, up to the budget limit
- Additional technical information, drawings, and specifications to support change orders
- Additional record drawings

Task 500.504 – Additional Project Management

BC will provide additional project management associated with the expanded scope and duration of the work, including maintaining the Project schedule, invoicing, reporting, management of staff, and project controls. For budgeting purposes, 400 additional hours are included.

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**EXHIBIT "B"****SCHEDULE OF PERFORMANCE, AMENDMENT NO. 2  
(AMENDED-REPLACED PREVIOUS)**

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

Milestones	Completion in <u>Weeks</u> Following issuance of NTP.
1. Task 1 - Design Re-Start Meeting	02
2. Task 1 - Submit Draft PDR	24
3. Task 1 - Submit 30% Design (Final PDR)	28
4. Task 2 - Submit 60% Design	48
5. Task 2 - Submit 90% Design	60
6. Task 2 - Submit 100% Design (Bid Documents)	194
7. Task 3 - Services During Bidding	207
8. Task 4 - Services During Construction	494

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**EXHIBIT "C"**  
**COMPENSATION, AMENDMENT NO. 2**  
**(AMENDED-REPLACED PREVIOUS)**

CITY agrees to compensate CONSULTANT for professional 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 hourly rate schedule attached as Exhibit C-1 up to the not to exceed budget amount for each task set forth below.

CONSULTANT shall perform the tasks and categories of work as outlined and budgeted below. CITY's Project Manager may approve in writing the transfer of budget amounts between any of the tasks or categories listed below provided the total compensation for Basic Services, including reimbursable expenses, and the total compensation for Additional Services do not exceed the amounts set forth in Section 4 of this Agreement.

<b>BUDGET SCHEDULE</b>	<b>NOT TO EXCEED AMOUNT</b>
Task 1 - (Preliminary Design)	\$1,259,062
Task 2 - (Final Design)	\$1,965,570
Task 3 - (Bid Period Services)	\$136,097
Task 4 - (Eng. Services during Construction)	\$1,483,395
Task 5 - (Project Management)	\$396,303
Task 6 - (Wastewater Characterization)	\$53,211
Sub-Total Basic Services:	\$5,293,638
Reimbursable Expenses:	\$77,990
<b>Total Basic Services &amp; Reimbursable Expenses:</b>	<b>\$5,371,628</b>
Additional Services (Not to Exceed):	\$537,163
<b>Maximum Total Compensation:</b>	<b>\$5,908,791</b>

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**REIMBURSABLE EXPENSES**

The administrative, overhead, secretarial time or secretarial overtime, word processing, photocopying, in-house printing, insurance and other ordinary business expenses are included within the scope of payment for services and are not reimbursable expenses. CITY shall reimburse CONSULTANT for the following reimbursable expenses at cost. Expenses for which CONSULTANT shall be reimbursed are:

A. Travel outside the San Francisco Bay area, including transportation and meals, will be reimbursed at actual cost subject to the City of Palo Alto's policy for reimbursement of travel and meal expenses for City of Palo Alto employees.

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

All requests for payment of expenses shall be accompanied by appropriate backup information. Any expense anticipated to be more than \$1,000.00 shall be approved in advance by the CITY's project manager.

**ADDITIONAL SERVICES**

CONSULTANT shall provide additional services only by advanced, written authorization from the CITY. CONSULTANT, at CITY's project manager's request, shall submit a detailed written proposal including a description of the scope of services, schedule, level of effort, and CONSULTANT proposed maximum compensation, including reimbursable expense, for such services based on the rates set forth in Exhibit C-1. The additional services scope, schedule and maximum compensation shall be negotiated and agreed to in writing by CITY's Project Manager and CONSULTANT prior to commencement of the services. Payment for additional services is subject to all requirements and restrictions in this Agreement

Work required because the following conditions are not satisfied or are exceeded shall be considered as additional services:

Should an Environmental Impact Report (EIR) be required under CEQA, the additional services fund may be considered for use on this task, depending upon the estimated cost to perform this service.

**SCHEDULE OF RATES**

Beginning on the effective date of the signing of this Contract Amendment, the following hourly rates shall continue to apply to the Tasks outlined in the scope of services in Exhibit "A."

*Vers.: Aug. 5, 2019*

**EXHIBIT "C-1"**  
**HOURLY RATE SCHEDULE, AMENDMENT NO. 2**  
**(AMENDED, REPLACES PREVIOUS)**

<b>Brown and Caldwell</b>	<b>Hourly Rate (3% Escalation Each Year):</b>					
<b>Billing Classification:</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Office/Support Services I	\$82	\$87	\$92	\$98	\$104	\$110
Word Processor I	\$82	\$87	\$92	\$98	\$104	\$110
Drafter Trainee	\$86	\$91	\$96	\$102	\$108	\$114
Field Service Technician I	\$86	\$91	\$96	\$102	\$108	\$114
Office/Support Services II	\$86	\$91	\$96	\$102	\$108	\$114
Assistant Drafter	\$100	\$106	\$113	\$119	\$126	\$134
Field Service Technician II	\$100	\$106	\$113	\$119	\$126	\$134
Word Processor II	\$100	\$106	\$113	\$119	\$126	\$134
Office/Support Services III	\$100	\$106	\$113	\$119	\$126	\$134
Accountant I	\$104	\$110	\$116	\$123	\$131	\$139
Word Processor III	\$104	\$110	\$116	\$123	\$131	\$139
Office/Support Services IV	\$104	\$110	\$116	\$123	\$131	\$139
Drafter	\$104	\$110	\$116	\$123	\$131	\$139
Engineering Aide	\$104	\$110	\$116	\$123	\$131	\$139
Inspection Aide	\$104	\$110	\$116	\$123	\$131	\$139
Field Service Technician III	\$111	\$118	\$125	\$133	\$141	\$149
Accountant II	\$111	\$118	\$125	\$133	\$141	\$149
Word Processor IV	\$111	\$118	\$125	\$133	\$141	\$149
Geologist/Hydrogeologist I	\$111	\$118	\$125	\$133	\$141	\$149
Scientist I	\$111	\$118	\$125	\$133	\$141	\$149
Senior Field Service Technician	\$111	\$118	\$125	\$133	\$141	\$149
Engineer I	\$111	\$118	\$125	\$133	\$141	\$149
Senior Drafter	\$111	\$118	\$125	\$133	\$141	\$149
Senior Illustrator	\$111	\$118	\$125	\$133	\$141	\$149
Inspector I	\$111	\$118	\$125	\$133	\$141	\$149
Accountant III	\$136	\$144	\$153	\$162	\$172	\$182
Area Business Operations Mgr.	\$136	\$144	\$153	\$162	\$172	\$182
Technical Writer	\$136	\$144	\$153	\$162	\$172	\$182
Word Processing Supervisor	\$136	\$144	\$153	\$162	\$172	\$182
Geologist/Hydrogeologist II	\$136	\$144	\$153	\$162	\$172	\$182
Scientist II	\$136	\$144	\$153	\$162	\$172	\$182
Engineer II	\$136	\$144	\$153	\$162	\$172	\$182
Inspector II	\$136	\$144	\$153	\$162	\$172	\$182

Vers.: Aug. 5, 2019

<b>Brown and Caldwell</b>	<b>Hourly Rate (3% Escalation Each Year):</b>					
<b>Billing Classification:</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Lead Drafter	\$136	\$144	\$153	\$162	\$172	\$182
Lead Illustrator	\$136	\$144	\$153	\$162	\$172	\$182
Accountant IV	\$159	\$168	\$178	\$189	\$200	\$212
Administrative Manager	\$159	\$168	\$178	\$189	\$200	\$212
Geologist/Hydrogeologist III	\$159	\$168	\$178	\$189	\$200	\$212
Scientist III	\$159	\$168	\$178	\$189	\$200	\$212
Engineer III	\$159	\$168	\$178	\$189	\$200	\$212
Inspector III	\$159	\$168	\$178	\$189	\$200	\$212
Senior Designer	\$159	\$168	\$178	\$189	\$200	\$212
Supervising Drafter	\$159	\$168	\$178	\$189	\$200	\$212
Supervising Illustrator	\$159	\$168	\$178	\$189	\$200	\$212
Senior Technical Writer	\$182	\$193	\$205	\$217	\$230	\$244
Senior Geologist/Hydrogeologist	\$182	\$193	\$205	\$217	\$230	\$244
Senior Scientist	\$182	\$193	\$205	\$217	\$230	\$244
Senior Engineer	\$182	\$193	\$205	\$217	\$230	\$244
Principal Designer	\$182	\$193	\$205	\$217	\$230	\$244
Senior Construction Engineer	\$182	\$193	\$205	\$217	\$230	\$244
Senior Engineer	\$182	\$193	\$205	\$217	\$230	\$244
Principal Engineer	\$225	\$239	\$253	\$268	\$284	\$301
Principal Construction Engineer	\$225	\$239	\$253	\$268	\$284	\$301
Supervising Designer	\$225	\$239	\$253	\$268	\$284	\$301
Assistant Controller	\$259	\$274	\$291	\$308	\$327	\$346
Supervising Scientist	\$259	\$274	\$291	\$308	\$327	\$346
Supervising Geologist/Hydrogeologist	\$259	\$274	\$291	\$308	\$327	\$346
Supervising Engineer	\$259	\$274	\$291	\$308	\$327	\$346
Supervising Const. Engineer	\$259	\$274	\$291	\$308	\$327	\$346
Area Business Ops Mgr. IV	\$305	\$323	\$343	\$363	\$385	\$408
Managing Geologist/Hydrogeologist	\$305	\$323	\$343	\$363	\$385	\$408
Managing Scientist	\$305	\$323	\$343	\$363	\$385	\$408
Managing Engineer	\$305	\$323	\$343	\$363	\$385	\$408
Corp Marketing Comm. Mgr.	\$328	\$347	\$368	\$390	\$413	\$438
Managing Geologist/Hydrogeologist	\$328	\$347	\$368	\$390	\$413	\$438
Chief Scientist	\$328	\$347	\$368	\$390	\$413	\$438
Chief Geologist/Hydrogeologist	\$328	\$347	\$368	\$390	\$413	\$438
Chief Engineer	\$328	\$347	\$368	\$390	\$413	\$438
Executive Engineer	\$328	\$347	\$368	\$390	\$413	\$438
Vice President	\$328	\$347	\$368	\$390	\$413	\$438

Vers.: Aug. 5, 2019

**Notes:**

1. Above rates are effective from January 1, 2002 through December 31, 2027. Rates are escalated at 3% per year from 2022.
2. Rates include salary, overhead and profit.
3. Sub-consultants' work will be billed to City at cost plus 10% markups. For direct costs where a 10% increase has already been added by the subconsultant(s), Brown and Caldwell is not authorized to bill the City an additional 10% markups on top of the 10% markups already added by the subconsultant(s).

*Vers.: Aug. 5, 2019*

**SUB-CONSULTANT RATES****Sub-consultant Firm Name: CAL Engineering & Geology****Scope of Work:** To provide geotechnical study, inspection and laboratory test services as ordered and directed by Kennedy/Jenks:**Rates:**

Personnel		2022	2023	2024	2025	Rates/Units
Senior Principal Engineer/Geologist		\$290	\$300	\$310	\$320	per hour
Principal Engineer/Geologist		\$250	\$260	\$270	\$280	per hour
Associate Engineer/Geologist		\$225	\$230	\$235	\$240	per hour
Senior Engineer/Geologist		\$210	\$215	\$220	\$225	per hour
Construction Manager		\$205	\$210	\$215	\$220	per hour
Project Engineer/Geologist		\$175	\$180	\$185	\$190	per hour
Staff Engineer/Geologist		\$155	\$160	\$165	\$170	per hour
Technician* (Straight time rate)		\$140	\$145	\$150	\$155	per hour
Special Inspector* (Straight time rate)		\$140	\$145	\$150	\$155	per hour
Senior GIS/CADD Specialist		\$150	\$155	\$160	\$165	per hour
GIS/CADD Specialist		\$135	\$140	\$145	\$150	per hour
Computational Geoscientist		\$175	\$180	\$185	\$190	per hour
Project Assistant		\$105	\$110	\$115	\$120	per hour
Administration/Clerical		\$95	\$100	\$105	\$110	per hour
Deposition/Court Testimony (minimum 4 hours)		\$420	\$435	\$450	\$465	per hour

\* Rates for technician and inspector work that are subject to State of California prevailing wage laws are for straight time, and reflect wage and benefits scales published by the California Department of Industrial Relations (DIR) for the greater San Francisco Bay Area as of June 1, 2021. Standard overtime and holiday overtime rates are 15% and 30% more than the straight time rates. All services subject to prevailing wage laws will be subject to change on a prorated basis to reflect applicable revisions to the DIR's published wage and benefit scales.

**Notes:**

1. Professional Services - These are "all-up" rates, and include direct salary cost, overhead, general and administrative costs not separately accounted for, and profit. They shall remain in effect through December 31, 2025. Unless otherwise agreed upon, ongoing work that continues beyond December 31, 2025 will include an anticipated annual increase of 3 percent or the CPI, whichever is greater. Rates for services subject to state prevailing wage laws will change as noted in response to revisions to the published wage and benefit scales.

Vers.: Aug. 5, 2019

2. Travel Time - Travel time will be charged at regular hourly rates, not to exceed eight (8) hours per day.
3. Expenses - All direct costs will be billed at actual cost plus 10%, unless there is explicit agreement otherwise. Direct costs include:
  - Third party services – Fees for subcontracted third party services (including drilling and backhoe services, special consultant fees, permits, special equipment rental, overnight mail or messenger services and other similar project related costs).
  - Travel expenses, including airfares, hotel, meals, ground transportation, and miscellaneous expenses.
  - Reproduction costs, including photocopy, blueprints, graphics, photo prints or printing.
4. Subconsultants - To the extent that it becomes necessary to use subconsultants, Client will be invoiced at cost plus 10% to cover insurance liability and other overhead costs.
5. Accounting - The cost of normal accounting services for invoicing has been considered in the overhead expense which is included in the above hourly rates. Additional requirements for invoice verification, such as copies of time sheets, detailed expense records, and supplemental daily work justification will be billed on an hourly basis.

*Vers.: Aug. 5, 2019*

**AMENDMENT NO. 2 TO CONTRACT NO. C21179265C  
BETWEEN THE CITY OF PALO ALTO  
AND CAROLLO ENGINEERS, INC.**

This Amendment No. 2 (this “Amendment”) to Contract No. C21179265C (the “Contract” as defined below) is entered into as of December 5, 2022, by and between the CITY OF PALO ALTO, a California chartered municipal corporation (“CITY”), and CAROLLO ENGINEERS, INC., a California corporation, located at 2795 Mitchell Drive, Walnut Creek, CA 94598 (“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 to provide construction management and inspection services on an on-call, as-needed, time-limited basis in connection with individual projects or inspection tasks at the Regional Water Quality Control Plant (RWQCP), as detailed therein.
- B. The Parties entered into Amendment No. 1 to add Task 2 services (referred to as Work Order No. 2) for Construction Management and Inspection Services for the 12kV Electrical Power Distribution Loop Rehabilitation Bid Package 1 Project, and to increase compensation by Six Hundred Four Thousand Two Hundred Forty-Six Dollars (\$604,246.00), from One Dollar (\$1.00) to Six Hundred Four Thousand Two Hundred Forty-Seven Dollars (\$604,247.00), as detailed therein.
- C. The Parties now wish to amend the Contract in order to (1) extend the contract term through March 31, 2028; (2) add Task 3 services (referred to as Work Order No. 3) for Construction Management Services for the Secondary Treatment Upgrades Project; and (3) increase compensation by Eight Million Two Hundred Thirty-Seven Thousand Twenty-One Dollars (\$8,237,021.00), from Six Hundred Four Thousand Two Hundred Forty-Seven Dollars (\$604,247.00) to Eight Million Eight Hundred Forty-One Thousand Two Hundred Sixty-Eight Dollars (\$8,841,268.00), as detailed herein.

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the Parties agree:

**SECTION 1. Definitions.** The following definitions shall apply to this Amendment:

- a. **Contract.** The term “Contract” shall mean Contract No. C21179265C between CONSULTANT and CITY, dated June 14, 2021, as amended by:

Amendment No. 1, dated November 7, 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 4 “NOT TO EXCEED COMPENSATION” of the Contract is hereby amended to read as follows:

“The CITY is engaging multiple consultants, including CONSULTANT, that are eligible to respond with proposals to the CITY’s project-specific Task Orders under the process described in Exhibit A. The compensation to be paid to CONSULTANT for performance of the Services shall be based on the compensation structure detailed in Exhibit C, entitled “COMPENSATION,” including any reimbursable expenses specified therein, and the maximum total compensation shall not exceed **One Dollar (\$1)**, unless CITY selects CONSULTANT, according to the process in Exhibit A, to perform services under a Task Order not to exceed **Eight Million Two Hundred Thirty-Seven Thousand Twenty-One Dollars (\$8,237,021.00)** over the term of the Agreement. No pre-qualified consultant, including the CONSULTANT under this Agreement, is guaranteed selection or assured of any minimum quantity of work to be performed. In the event CONSULTANT is not selected to provide Services under a Task Order, no payment is due from CITY.

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.

- A. The City has selected CONSULTANT to perform Work Order #2, for construction management and inspection services for the Medium Voltage Electrical Network (12kV Elec. Loop) Rehabilitation Bid Package 1 Project, in the amount not to exceed **Five Hundred Forty-Nine Thousand Three Hundred Fifteen Dollars (\$549,315.00)**. CONSULTANT agrees to complete all Basic Services, including reimbursable expenses, within this amount. In the event Additional Services (as defined below) are authorized, the total compensation for Basic Services, Additional Services and reimbursable expenses shall not exceed **Six Hundred Four Thousand Two Hundred Forty-Seven Dollars (\$604,247.00)**.
- B. The City has selected CONSULTANT to perform Work Order #3, for construction management services for the Secondary Treatment Upgrades Project, in the amount not to exceed **Seven Million Four Hundred Eighty-Eight Thousand Two Hundred One Dollars (\$7,488,201.00)**. CONSULTANT agrees to complete all Basic Services, including reimbursable expenses, within this amount. In the event Additional Services (as defined below) are authorized, the total compensation for Basic Services, Additional Services and reimbursable expenses shall not exceed **Eight Million Two Hundred Thirty Seven Thousand Twenty-One Dollars (\$8,237,021.00)**.

☒ 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 **Fifty-Four Thousand Nine Hundred Thirty-Two Dollars (\$54,932.00)** for the performance of Additional Services for Work Order #2 and **Seven Hundred Forty-Eight Thousand Eight Hundred Twenty Dollars (\$748,820.00)** for Work Order #3 (as



defined below). The total compensation for performance of the Services, Additional Services and any reimbursable expenses specified in Exhibit C, shall not exceed **Eight Million Eight Hundred Forty-One Thousand Two Hundred Sixty-Eight Dollars (\$8,841,268.00)** 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 in a Task Order issued under Exhibit A. CITY may elect to, but is not required to, authorize Additional Services up to the maximum amount of compensation set forth for Additional Services in this Section 4. CONSULTANT shall provide Additional Services only by advanced, written authorization from CITY as detailed in this Section. Additional Services, if any, shall be authorized by CITY with a Task Order assigned and authorized by CITY’s Project Manager, as identified in Section 13 (Project Management). Each Task Order shall be in substantially the same form as Exhibit A-1, entitled “PROFESSIONAL SERVICES TASK ORDER”. Each Task Order shall contain a specific scope of services, schedule of performance and maximum compensation amount, in accordance with the provisions of this Agreement. Compensation for Additional Services shall be specified by CITY in the Task Order, based on whichever is lowest: the compensation structure set forth in Exhibit C, the hourly rates set forth in Exhibit C-1, or a negotiated lump sum.

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

SECTION 3. The following exhibit(s) to the Contract are hereby amended, as indicated below, to read as set forth in the attachment(s) to this Amendment, which are hereby incorporated in full into this Amendment and into the Contract by this reference:

- a. Exhibit “A-3” entitled ““PROFESSIONAL SERVICES TASK ORDER NO. 3, AMENDMENT NO. 2” (ADDED).
- b. Exhibit “B” entitled “SCHEDULE OF PERFORMANCE, AMENDMENT NO. 2” (AMENDED, REPLACES PREVIOUS)
- c. Exhibit “C” entitled “COMPENSATION, AMENDMENT NO. 2,” (AMENDED, REPLACES PREVIOUS).

SECTION 4. Legal Effect. Except as modified by this Amendment, all other provisions of the Contract, including any exhibits thereto, shall remain in full force and effect.

SECTION 5. Incorporation of Recitals. The recitals set forth above are terms of this Amendment and are fully incorporated herein by this reference.

*(SIGNATURE BLOCK FOLLOWS ON THE NEXT PAGE.)*

**SIGNATURES OF THE PARTIES**

IN WITNESS WHEREOF, the Parties have by their duly authorized representatives executed this Amendment effective as of the date first above written.

**CITY OF PALO ALTO**

\_\_\_\_\_  
City Manager or Designee

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney or Designee

**CAROLLO ENGINEERS, INC.****Officer 1**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Officer 2**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Attachments:**

Exhibit "A-3": PROFESSIONAL SERVICES TASK ORDER NO. 3

Exhibit "B": SCHEDULE OF PERFORMANCE

Exhibit "C": COMPENSATION

**EXHIBIT "A-3"**  
**PROFESSIONAL SERVICES TASK ORDER NO. 3, AMENDMENT NO. 2**  
**(ADDED)**

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.

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**CONTRACT NO. C21179265C**

- 1A. MASTER AGREEMENT NO.: C21179265C
  - 1B. TASK ORDER NO 3: Work Order No. 3 for Construction Management Services for the Secondary Treatment Project
  2. CONSULTANT NAME: CAROLLO ENGINEERS, INC.
  3. PERIOD OF PERFORMANCE: START: Immediately Once Notice To Proceed (NTP) is Issued; COMPLETION: 276 Weeks from NTP
  4. TOTAL TASK ORDER NO. 3 PRICE: \$7,488,201.00  
BALANCE REMAINING IN MASTER AGREEMENT/CONTRACT: \$0
  5. WBS/CIP: WQ-19001
  6. CITY PROJECT MANAGER: Padmakar Chaobal, Public Works Department, Environmental Services Division, RWQCP
  7. DESCRIPTION OF SCOPE OF SERVICES 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: Task Order No. 3 Scope Of Services, including Schedule of Performance and Compensation Schedule
- 

**TASK ORDER #3 SCOPE OF SERVICES**

**WORK ORDER NO. 3: CONSTRUCTION MANAGEMENT SERVICES FOR THE SECONDARY TREATMENT UPGRADES PROJECT**

**Task 1: General Requirements**

1. For any work which requires licensing, the Proposers shall be appropriately licensed in accordance with the laws of the State of California. The cost for any required licenses or training shall be the responsibility of the successful Proposers and shall not be expensed as part of this contract.
2. CONSULTANT shall prepare and submit to the City a Project Management Plan to include schedule; budget; spending projection and staffing level for each month for the duration of the contract term; personnel roles and construction management

procedures. CONSULTANT shall provide all necessary administration, project controls, quality assurance and professional oversight to ensure that:

- a. The project remains on schedule, within budget, ensures continuity of information, and satisfies the requirements of the CONTRACT.
  - b. The construction project is progressing per construction contract's requirements.
3. For the STU Project, the CITY will seek disbursement from SRF for some or all of the CONSULTANT's costs. CONSULTANT shall provide SRF required documentation with the invoices and clearly indicate the eligible SRF disbursement amount. Reimbursable For personnel travels to the project site from an area outside of the San Francisco Bay Area and within the State of California, personal vehicle mileage reimbursement rates and meal allowance shall in accordance with the rates published by the State each year. See <https://www.calhr.ca.gov/employees/pages/travel-reimbursements.aspx>
4. At the beginning of each month, CONSULTANT shall prepare and submit to the City Project Manager a monthly invoice package. The City prefers processing CONSULTANT pay requests that cover one calendar month. Monthly invoice packages shall include the cost incurred during previous month including subconsultant cost and expenses, and a progress report documenting progress. The report shall include the progress by each task, the budget status (authorized amount, current billing, billed to date, previously billed, amount remaining, and percent spent), outstanding issues, potential changes, project schedule and schedule impacts. CONSULTANT shall identify and mitigate potential budget overruns; and notify CITY Project Manager as soon as the potential overrun is identified. If SRF funding is used, progress reports shall include a summary of SRF eligible costs per month.

## **Task 2: Preconstruction Phase**

1. CONSULTANT shall perform reviews of construction drawings and specifications at varies levels of design, as directed by the CITY with focus on constructability of the project. (Note that the STU design is 100% completed). At a minimum, the CONSULTANT shall provide and log comments regarding the plans, specifications, and construction cost estimate in an Excel Workbook, provided by CITY. Comments should at a minimum include feedback on measurement and payment, sequencing, schedule, temporary facilities, constructability, and required contractor qualifications.
2. The City may assign milestone reviews of other projects in the preconstruction phase. Reviews shall determine the coordination required between the subject project and other projects for concurrent work and the constructability of other projects following the completion of the subject project. This work shall be tracked via a separate subtask.
3. The City may request the COMSULTANT to attend the pre-bid meeting. CONSULTANT shall assist the City with evaluation of construction bids to determine bid irregularities, if any. The successful bidder will be based on the lowest responsive and responsible bid.
4. Administration
  - a. CONSULTANT shall propose a project administration procedure, including an

online document tracking system, for CITY approval. The administration procedure will detail how the CONSULTANT will track, store, distribute, and manage digital and hardcopy correspondence and project documentation and strategy for managing project communications.

- b. CONSULTANT shall establish and maintain a health and safety plan specific for CONSULTANT's staff and subconsultants. Submit a copy for City's record. During construction activities, CONSULTANT shall follow CONTRACTOR(S)'s health and safety plan(s), if it is more stringent.
5. Field Office Setup
    - a. CONSULTANT shall organize the hardcopy and digital files for the project prior to commencement of construction and coordinate with the CITY and CONTRACTOR for office trailer set-up.
    - b. CITY will designate a location for the office trailer and provide utility connection points.
    - c. CONSULTANT will provide furnished office trailer, copier, phone/service, and internet access, unless otherwise provided by City.
  6. Preconstruction Activities
    - a. Site Walk Observations and Documentation
      - i. CONSULTANT will conduct preconstruction inspections, documenting conditions in a log and providing digital photographs and video(s).
    - b. Preconstruction Submittals
      - i. CONSULTANT to develop a list of CONTRACTOR pre-construction submittals.
      - ii. CONSULTANT to review CONTRACTOR's pre-construction submittals, schedule of values, and preliminary schedule.

### **Task 3: State Revolving Fund (SRF) Compliance**

1. CONSULTANT shall prepare and package for submittal all required State Revolving Fund (SRF) documentation needed to obtain monthly SRF loan disbursements during the construction period. CITY will submit the documentation to the State.
2. CONSULTANT shall prepare and package for submittal Quarterly Construction reports and Annual SBE Report required for SRF compliance. Package shall include a narrative and photos of construction activities performed during the reporting period. CITY will submit the documentation to the State.
3. CONSULTANT shall document CONTRACTOR's compliance with all SRF requirements, including:
  - a. Project signage meeting SRF requirements
  - b. American Iron and Steel (AIS) requirements
  - c. Build America, Buy America (BABA) – if applicable to this project
  - d. Davis-Bacon Act compliance
    - i. CONSULTANT shall perform Davis-Bacon Wage Rate Interviews at intervals required by SRF, but not less than every time a new contractor, subcontractor, or trade begins work. Subsequent

interviews shall be required periodically based upon the CONSULTANT and CITY's assessment of Risk of Noncompliance.

- e. Disadvantaged Business Enterprise (DBE) certifications
- f. Project Closeout forms
- g. Certified payrolls
- 4. CONSULTANT shall maintain a submittal log of materials subject to AIS requirements and/or approved exemptions.
- 5. CONSULTANT shall prepare and package for submittal Project Close Out Report required for SRF compliance. CITY will submit the documentation to the State.

#### **Task 4: Construction Phase**

##### **1. Construction Administration**

###### **a. Project Coordination**

- i. CONSULTANT shall act as the project coordinator and the point of contact for all communications with the CONTRACTOR. The CONSULTANT shall coordinate construction activities of the CITY, ENGINEER, and CONTRACTOR. CONSULTANT responsibilities include: conduct team meetings within the consulting firm to review progress, coordinate evaluations and identify information needs; disseminate information to the design team; manage the project budget; manage the project schedule; manage sub-consultants; manage QA / QC team; Coordinate communications with other ongoing projects' construction managers to facilitate the construction of ongoing projects and continuous Plant operations.
- ii. CONSULTANT shall provide a contact phone number to respond to issues related to construction activity or coordination, 24 hours a day, 7 days a week.

- b. Document Tracking System: CONSULTANT shall establish, implement and maintain an online system for tracking all correspondence and documents on the Project or shall adopt a project administration procedure previously approved by CITY. CONSULTANT shall incorporate within the tracking system the means to track the routing of submittals/RFIs to the CITY's other consultants.

- c. Construction Administration Services: CONSULTANT shall provide administrative and management services. The CONSULTANT shall receive all correspondence from the CONTRACTOR and address all inquiries from the CONTRACTOR and construction related correspondence. The ENGINEER will be responsible for providing design input.

##### **2. Meetings:**

- a. CONSULTANT shall prepare agenda for kick-off meeting, weekly progress meetings and other construction/technical meetings required during the term of the Project. CONSULTANT shall preside the meetings, address administrative and non-design issues, and prepare meeting minutes for distribution. CITY, ENGINEER and CONTRACTOR's team will attend the

meeting. The ENGINEER will address design issues. CONSULTANT shall have all pending decisions detailed for the meetings as well as project statistics (schedule updates, risks as identified by risk register, percent of project complete, near-term milestones, etc.).

- b. Anticipated Meetings
  - i. Construction kick-off meeting
  - ii. Weekly progress meetings
  - iii. As-needed technical meetings with CITY, ENGINEER, CONTRACTOR and manufacturer's representative(s) to resolve equipment and/or installation issues
  - iv. Minimum two (2) Electrical Service (Power Feed) Coordination Meeting with Palo Alto Electric Utilities (for LC11)
  - v. Project close-out Meeting
  - vi. Attend other concurrent projects' kickoff meetings
  - vii. Periodic coordination meetings with other ongoing projects' construction managers and the City

### 3. Submittals

- a. CONSULTANT shall use the online document tracking system to log and coordinate the submittal process.
- b. CONSULTANT shall receive the submittals, including CONTRACTOR's red-line drawings, from the CONTRACTOR and check the submittals for completeness and general conformity with the Construction Contract requirements. If obvious deficiencies are apparent in the submittal, the CONSULTANT shall reject and send the submittal back to the CONTRACTOR for correction.
- c. CONSULTANT shall route the submittals to the ENGINEER for review and shall route the reviewed submittal back to the CONTRACTOR. The CONSULTANT shall review comments on the submittals to determine if additional follow-up with the CONTRACTOR and/or ENGINEER is warranted and to identify any scope changes.
- d. CONSULTANT shall coordinate the ENGINEER's submittal review and the track the status of shop drawing resubmittals with the CONTRACTOR.
- e. CONSULTANT shall review the submittals for progress schedule, temporary facilities, construction sequencing, conduit/pipe layout plan, manufacturer/applicator/installer's certificates, and other non- technical submittals.
- f. CONSULTANT shall review temporary facilities submittals for operability as well as conflicts with other ongoing projects' active and/or proposed construction. The City may request CONSULTANT to review other ongoing projects' temporary facilities submittals for coordination logistics and constructability issues.

### 4. Request for Information/Clarification Process



- a. CONSULTANT shall utilize the online document tracking system for processing requests for design clarifications.
  - b. CONSULTANT shall receive all requests for information (RFIs) from the CONTRACTOR and determine if the request is a valid RFI;
    - i. If valid, ENGINEER will review the RFIs and provide design response. CONSULTANT shall review the ENGINEER's response, verify acceptability of response and transmit the Clarification Response to the CONTRACTOR.
    - ii. If not, CONSULTANT shall return the RFI to the CONTRACTOR with justifications.
  - c. CONSULTANT shall provide a response within 10 working days to the CONTRACTOR for any administrative, field condition specific and general RFI.
  - d. ENGINEER shall prepare Design Clarifications where design issues are identified by the CONSULTANT, ENGINEER, or CITY. CONSULTANT shall prepare the Clarification Letter for transmittal to the CONTRACTOR of the ENGINEER's Design Clarification and other clarifications.
  - e. CONSULTANT shall work with the CITY Project Manager to maintain an Error and Omission Log to document change orders, RFIs and RFCs that are a result of ENGINEER and CONTRACTOR errors in design and construction, respectively. The log shall record the hours spent by the ENGINEER to respond to the RFIs/ RFCs and associated cost impact to the construction. CITY may seek reimbursement from the ENGINEER and/or CONTRACTOR.
5. Change Order Preparation, Negotiation & Processing
- a. CONSULTANT shall review all change order requests (either initiated by the CITY or by the CONTRACTOR).
    - i. CONSULTANT shall utilize the online document tracking system to log, track, and process changes.
    - ii. CONSULTANT shall maintain Change Event files. These files shall compile all data related to specific items that arise that may have cost or time impacts or neither.
  - b. CONSULTANT shall judge the validity and/or merits of all CONTRACTOR initiated change order requests. CONTRACTOR initiated change orders deemed unnecessary, or not substantiated by a deficiency in the construction documents shall be returned to CONTRACTOR unapproved with an explanation.
  - c. CONSULTANT shall negotiate change orders with the CONTRACTOR, considering impact to the schedule, as well as, reasonableness of cost, and impact to total project budget. CONSULTANT shall provide updates regarding potential cost and schedule changes to CITY.
  - d. CONSULTANT shall prepare an independent cost estimate and/or verify the acceptability of the CONTRACTOR's cost proposal for each approved

- change request. At CITY's discretion, ENGINEER's opinion may be requested for specific equipment and material costs.
- e. CONSULTANT shall prepare change orders using CITY's procedure for execution by the CITY and CONTRACTOR.
    - i. CONSULTANT shall prepare a Change Order Memorandum, if requested by the CITY, to provide additional background discussion for need of the change and reasonableness of cost and schedule impact.
    - ii. ENGINEER shall prepare design details for change requests as needed. CONSULTANT to coordinate schedule and distribution of design details.
    - iii. CONSULTANT shall prepare, and issue approved change order requests to the CONTRACTOR with the appropriate design documents as directed by the CITY.
  - f. In the event the CONTRACTOR encounters a time sensitive problem where time is not available to negotiate a settlement, CONSULTANT shall issue a field order in accordance with the City's procedures.
    - i. All work done under a field order will be completed on a time and material basis. CONSULTANT to track actual time and material expended for the field order work.
    - ii. Field orders shall be reviewed and approved with the CITY prior to issuance.
6. Documentation of Environmental Compliance
- a. CONSULTANT shall document compliance with environmental permitting and mitigation measures in accordance with the requirements of the environmental documents and regulatory permits.
7. Progress Payment
- a. CONSULTANT shall review the initial schedule of values (cost breakdown) prepared by the CONTRACTOR and generate a progress payment request form for the CONTRACTOR's use which is compatible with the SRF CONTRACTOR Spreadsheet (Form No. 259) and acceptable to SRF, Financial Assistance Division.
  - b. CONSULTANT shall review and process the progress payment requests and determine whether the amount requested reflects the actual status of the Contractor's work in place, materials on site and other contract requirements.
  - c. CONSULTANT shall perform the appropriate administration, preparation and processing of the monthly progress payments so the CITY can respond in accordance with the time periods set forth in the Public Contract Code.
  - d. CONSULTANT shall prepare the summary cover sheet for the progress payments which will be executed by CONSULTANT, CONTRACTOR and CITY.

- e. CONSULTANT shall not recommend final payment to the CONTRACTOR until the CONSULTANT has determined CONTRACTOR has complied with the project closeout requirements, including submittals of record documents, warranties, and operations and maintenance manuals. CITY will release the retention only after a Notice of Completion has been recorded with the Santa Clara County Clerk's Recorder Office.
  - f. CONSULTANT shall work with Contractor to develop an estimate of contractor's anticipated monthly pay request (billing/invoicing) schedule for the entire duration of the construction phase. The estimate shall be updated quarterly. The information will be used by the City for financial and cash flow analyses.
8. CONTRACTOR's Certified Payroll
- a. On a bi-weekly basis, or when otherwise requested by the CITY, State, or other agency or public inquiry, the CONSULTANT shall collect certified payrolls from the CONTRACTOR. Apart from the regular, bi-weekly collection, the CONSULTANT shall obtain payroll records within 10 days of the CITY's request.
  - b. CONTRACTOR is responsible for submitting electronically their certified payroll records to the State Department of Industrial Relations.
  - c. CONSULTANT shall be responsible for documenting and conducting interviews of the CONTRACTOR's field staff/crew for compliance with CITY prevailing wage ordinance and SRF requirements (SF-1445).
9. Schedule
- a. CONSULTANT shall review CONTRACTOR's initial Baseline schedule submittal to determine whether it is realistic and prepared in accordance with the Contract Documents, that the milestone and Substantial Completion dates meet the overall goal for schedule and that no major conflicts exist. The CONSULTANT shall advise CITY of the review determination and provide written comments to the CONTRACTOR.
  - b. CONSULTANT shall review the CONTRACTOR's schedule updates and provide written comments to the CONTRACTOR.
  - c. CONSULTANT shall review and evaluate the CONTRACTOR's requests for Contract time extension and/or monetary claim, and make written recommendations to the CITY regarding entitlement and the number of days, if any, to be added to the Contract Time(s). If requested by the CITY, CONSULTANT shall provide a written assessment of the time request. CONSULTANT shall evaluate and negotiate schedule adjustments with the CONTRACTOR.
10. Field Quality Control (Inspection Services)
- a. CONSULTANT shall provide field observation services to monitor compliance with the Contract Documents.
    - i. CONSULTANT staff shall have sufficient training and experience

regarding the specific construction activities being performed by CONTRACTOR.

- 1) CONSULTANT shall provide staffing at a level that match construction load and as required to observe CONTRACTOR's activities.
- 2) CONSULTANT shall provide subconsultant(s) as needed to observe specialty work or conduct specialty tests (see Special Inspections).
- 3) CITY may set an allowance on a task order specific basis for the *increased cost only* of inspectional services if required during off hours and on weekends. Consultant to provide sufficient hours to cover all inspectional services anticipated at standard rates.

b. Reporting

- i. CONSULTANT shall prepare daily inspection reports documenting observed field activities, field crews, CONTRACTOR equipment, and field problems. CONSULTANT shall collect and compile CONTRACTOR daily reports. Such information shall be accessible by the City.
- ii. CONSULTANT shall provide and maintain photographs of field activities for status monitoring of the project.
- iii. CONSULTANT shall monitor record documents (redline drawings) on a bi-weekly basis to determine if they are being maintained by the CONTRACTOR and are in substantial conformance with the CONSULTANT's information/observations.
- iv. CONSULTANT shall prepare a monthly report to include major work performed, outstanding issues, project photographs, schedule status, pending and executed change orders summary, and quality issues. This report shall also be part of CONSULTANT's monthly progress payment report.

c. Special Inspections

- i. CONSULTANT shall furnish the materials testing and special inspections required to be performed for the Project. Special Inspection and materials testing include, but not limited to:
  - 1) Soils testing for HazMat compliance
  - 2) Soils compaction and relevant testing
  - 3) Asphalt compaction and relevant testing
  - 4) Concrete sampling and testing
  - 5) Structural steel welding
  - 6) Coating inspection
  - 7) Special inspections as listed in the project specific design drawings and specs.

*It should be noted that the foundation pile installation*

*observation special inspections will be performed by the Geotechnical Engineer (retained by the ENGINEER) on this project. CONSULTANT only needs to coordinate this effort with the City Project Manager.*

- ii. CONSULTANT shall schedule and coordinate the material testing services and have responsibility for the specialty inspections and testing services.

#### 11. System Outages

- a. CONSULTANT shall review and evaluate the CONTRACTOR's system outage requests (SOR) in conjunction with the CITY. CONSULTANT shall assess the reasonableness of the duration of the requested shutdown.
- b. The SORs shall be reviewed and approved at least two weeks ahead of the actual outage/shutdown.
- c. CONSULTANT shall facilitate/coordinate shutdowns with the CONTRACTOR, CITY and ENGINEER.
  - i. CITY is responsible for reviewing and approving system outage request and duration, confirming the outage is properly planned, implementing the outage, and bringing services back online after the outage.

#### 12. Means and Methods of Construction

- a. CONSULTANT shall not direct the means and methods of construction. CONTRACTOR shall be solely responsible for the means and methods of construction. In the event when the CONTRACTOR's means and methods and/or work sequence are perceived to have negative impacts on the final work quality or may damage existing City's property, the CONSULTANT shall communicate with the CONTRACTOR and inform the CITY and ENGINEER.

#### 13. Construction Staging and laydown Area

CONSULTANT shall periodically observe the construction staging and laydown areas to check if:

- a. Equipment and materials are being stored in accordance with the manufacturers' procedure (e.g., protection from weathering elements).
- b. Exiting plant equipment (e.g., electrical switchgear) are being protected.
- c. Heavy loads are not concentrated at or adjacent to locations where underground utility (s) is present.

#### 14. Safety

- a. CONSULTANT shall comply with appropriate regulatory, project and CITY codes in addition to CONSULTANT's Health and Safety Plan regarding necessary safety equipment and procedures used during performance of the CONSULTANT's work and shall take necessary precautions for safe operation of the CONSULTANT's work, and the protection of the CONSULTANT's personnel from injury and damage from such work.
- b. Neither the professional activities of the CONSULTANT, nor the presence of

the CONSULTANT's employees or sub-consultants at the construction/project site, shall relieve the CONTRACTOR and any other entity of their obligations, duties and responsibilities including, but not limited to, construction means, methods, sequence, techniques or procedures necessary for performing, superintending, or coordinating their work in accordance with the Contract Documents, City codes, and any health or safety precautions required by pertinent regulatory agencies. CONSULTANT and its personnel have no authority to exercise any control over any CONTRACTOR or other entity or their employees in connection with their work or any health or safety precautions.

#### 15. Spare Parts

- a. Based on the specifications and vendor O&M Manuals, CONSULTANT shall prepare a consolidated/complete list of required spare parts in Excel.
- b. CONSULTANT shall inventory spare parts as they are delivered by the CONTRACTOR and transferred to the CITY. The transfer of part shall be documented via material transmittal, signed by Contractor, CONSULTANT and CITY.

#### 16. Operation and Maintenance (O&M) Manuals

- a. CONSULTANT shall prepare a list of anticipated O&M Manuals and track the submittal and review process in the online document trackingsystem.
- b. CONSULTANT shall verify that the submitted O&M manuals are the correct and latest version, and that the 'lessons learned' and notes taken during startup and commissioning are included in the O&M manuals. CONSULTANT shall coordinate delivery of final hardcopies and electronic copy from the CONTRACTOR to CITY.

#### 17. Testing and Training

- a. CONSULTANT shall coordinate and oversee manufacturer/vendor provided testing/startup/commissioning activities and training sessions.
- b. ENGINEER shall provide technical assistance associated with the design intent during testing/startup/commissioning operations.
- c. CONTRACTOR shall develop and submit a Testing and Startup Plan. CONSULTANT shall work with CONTRACTOR, ENGINEER and CITY on the review and revision of the Testing and Startup Plan.
- d. CONSULTANT shall observe start-up and testing as the CITY's representative and maintain copies of start-up documentation in an organized binder (and scanned electronic copy) that shall be turned over at the end of the project.
- e. CONSULTANT shall coordinate the training with the CONTRACTOR, vendor and CITY staff. Some equipment may need training for third party personnel with whom the CITY may be contracting with. CITY will provide the vendor contact information for CONSULTANT to coordinate with.

Trainings shall be coordinated so that key CITY staff can attend; schedule shall accommodate key CITY staff/ Plant operations shifts. Multiple training sessions for day shift and night shift operators may be required.

- f. CONSULTANT shall attend training sessions and collect attendance sheets and copies of training material.
- g. If required by CITY, CONSULTANT shall coordinate production quality audio and video recording and editing of training sessions to be used for future training sessions. The final digital copy shall be labeled and have an introduction that indicates the type of training, the process area, the equipment name, the vendor(s) / manufacturer(s) if applicable, the date, and the CONTRACTOR.
- h. Refer to the CITY's Demonstration and Training Standards for more details.

#### 18. Corrective Work Item List

- a. The CONSULTANT shall prepare and maintain a Corrective Work Item list (CWL) with the input from the CITY and ENGINEER.
- b. CONSULTANT shall confirm that the items identified in the CWL are completed in preparation for issuance of Substantial Completion Certificate (SCC).
- c. CONSULTANT shall prepare the SCC for execution by the CITY and the CONTRACTOR when the Corrective Work Items are completed to the CITY's, ENGINEER's and The CONSULTANT's satisfaction.

### E. Task 5: Project Closeout Phase

#### 1. Punch List and Final Inspection

- a. Punch List
  - i. CONSULTANT shall identify work with outstanding deficiencies and generate Punch List in Excel. Coordinate site walkthrough with the CITY and CONTRACTOR, as needed.
  - ii. CONSULTANT shall have primary responsibility for verifying that the Punch List work is complete.
- b. Final Inspection
  - i. CONSULTANT shall have primary responsibility for conducting the final inspection. Coordinate site walkthrough with the CITY and CONTRACTOR, as needed.
    - 1) CITY will participate and provide input on the final inspection.
    - 2) ENGINEER will provide design input on final inspection items if determined necessary by the CITY.

#### 2. Warranty Coordination

- a. CONSULTANT shall maintain a warranty file in the online document tracking system. All warranty documentation shall be handed off to the CITY at conclusion of the contract.

3. Project Closeout

- a. CONTRACTOR shall furnish record documents, which the CONSULTANT shall review and transmit to ENGINEER for preparation of record drawings.
- b. CONSULTANT shall prepare necessary CITY documentation recommending acceptance of the completed work by the CITY.
- c. CONSULTANT shall turnover project documentation to the CITY in an orderly manner and in a timely manner after completion of the project and all punch list activities. The CONSULTANT shall retain all change event files at the end of the project. The CITY shall have the right to request review and/or copies of the change events files.

**Work Order No. 3: Milestone Schedule Of Performance**

<b>TASK #</b>	<b>MILESTONES</b>	<b>NUMBER OF WEEKS TO COMPLETION FROM WORK ORDER #1 NOTICE TO PROCEED (NTP)</b>
Task 1	General Requirements	276 Weeks
Task 2	Pre-Construction	10 Weeks
Task 3	SRF Compliance	276 Weeks
Task 4	Construction Phase	263 Weeks
Task 5	Project Closeout	276 Weeks

**Work Order No. 3: Milestone Compensation Schedule**

<b>TASK #</b>	<b>MILESTONES</b>	<b>NOT TO EXCEED AMOUNT</b>
Task 1	General Requirements	\$137,470
Task 2	Pre-Construction	\$41,200
Task 3	SRF Compliance	\$241,310
Task 4	Construction Phase	\$6,870,421
Task 5	Project Closeout	\$47,800
	Inspection Allowance	\$150,000
<b>Sub-total Basic Services</b>		<b>\$7,488,201</b>
Reimbursable Expenses		\$0
<b>Total Basic Services and Reimbursable Expenses</b>		<b>\$7,488,201</b>
Additional Services (per Section 4) (Not to Exceed)		\$748,820
<b>Maximum Total Compensation</b>		<b>\$8,237,021</b>



**EXHIBIT "B"**  
**SCHEDULE OF PERFORMANCE, AMENDMENT NO. 2**  
**(AMENDED, REPLACES PREVIOUS)**

☒ 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.

**WORK ORDER #2**

Tasks 1-5 completed within 125 Weeks from the Notice to Proceed for Work Order 2, as detailed in the Milestone Schedule of Performance attached to Work Order #2.

**WORK ORDER #3**

Tasks 1-5 completed within 276 Weeks from the Notice to Proceed for Work Order 3, as detailed in the Milestone Schedule of Performance attached to Work Order #3.

**EXHIBIT "C"**  
**COMPENSATION, AMENDMENT #2**  
**(AMENDED, REPLACES PREVIOUS)**

CITY agrees to compensate CONSULTANT for on-call, as-needed, time-limited project support services performed in accordance with the terms and conditions of this Agreement, and as set forth in a specific Task Order budget schedule. 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 in a specific Task Order.

CITY's Project Manager may approve in writing the transfer of budget amounts between any of the tasks or categories within a specific Task Order, 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.

**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.

**WORK ORDER #2**

Compensation as detailed in the Milestone Compensation Schedule attached to Work Order #2., Not to Exceed:

<b>Total Basic Services and Reimbursable Expenses</b>	<b>\$549,315</b>
Additional Services (per Section 4) (Not to Exceed)	\$54,932
<b>Maximum Total Compensation</b>	<b>\$604,247</b>

**WORK ORDER #3**

Compensation as detailed in the Milestone Compensation Schedule attached to Work Order #3., Not to Exceed:

<b>Total Basic Services and Reimbursable Expenses</b>	<b>\$7,488,201</b>
Additional Services (per Section 4) (Not to Exceed)	\$748,820
<b>Maximum Total Compensation</b>	<b>\$8,237,021</b>

Resolution No. #####

Resolution of the Council of the City of Palo Alto Authorizing the Reimbursement  
of Funding for the Regional Water Quality Control Plant Secondary Treatment  
Upgrades from the State Water Resource Control Board

R E C I T A L S

A. The City of Palo Alto (the "City") desires 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 (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 (State Water Board).

C. The State Water Board may fund the Project Funds with proceeds from the sale of obligations the interest upon which is excluded from gross income for federal income tax purposes (the "Obligations").

D. Prior to either the issuance of the Obligations or the approval by the State Water Board of the Project Funds the City desires to incur certain capital expenditures (the "Expenditures") with respect to the Project from available moneys of the City.

E. The City has determined that those moneys to be advanced on and after the date hereof to pay the Expenditures are available only for a temporary period and it is necessary for the State Water Board to reimburse the City for the Expenditures from the proceeds of the Obligations.

F. On March 1, 2021, the City Council adopted Resolution No. 9945 authorizing reimbursement of funding for the Regional Water Quality Control Plant Secondary Treatment Upgrades with a reasonably expected maximum principal amount of \$169 million.

G. The City published an invitation for bids for the construction contract for Project from July 21, 2022 to October 6, 2022 and received base bids ranging from \$161.8 million to \$167.5 million, approximately 36% higher than the Engineer's estimate of \$118.7 million.

H. The City now wishes to amend Resolution No. 9945 and adopt this Resolution

increasing the reasonably expected maximum principal amount to \$193 million to reflect the higher-than-anticipated construction costs, as well as contingency and construction management, and associated planning and design costs.

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

**SECTION 1.** The City hereby states its intention and reasonably expects to reimburse Expenditures paid prior to the issuance of the Obligations or the approval by the State Water Board of the Project Funds.

**SECTION 2.** The City hereby amends Resolution No. 9945 to increase the reasonably expected maximum principal amount of the total Project, including associated planning and design costs, to \$193 million.

**SECTION 3.** This resolution is being adopted no later than 60 days after the date on which the City will expend moneys for the construction portion of the Project costs to be reimbursed with Project Funds.

**SECTION 4.** Each City expenditure will be of a type properly chargeable to a capital account under general federal income tax principles.

**SECTION 5.** To the best of our knowledge, the City is not aware of the previous adoption of official intents by the City that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

**SECTION 6.** This resolution is adopted as official intent of the City in order to comply with Treasury Regulation §1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Project costs.

**SECTION 7.** All the recitals in this Resolution are true and correct and this City so finds, determines and represents.

**SECTION 8.** The Council finds that its authorization of funding reimbursement does not constitute a project requiring review under the California Environmental Quality Act (CEQA) or CEQA Guidelines. This action does not meet the definition of a project under Public Resources Code Section 21065 and CEQA Guidelines Section 15378(b)(5), because it is an administrative governmental activity which will not cause a direct or indirect physical change in the environment.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTI

ONS:

ATTEST:

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City Clerk

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Mayor

APPROVED AS TO FORM:

APPROVED:

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Senior Deputy City Attorney

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City Manager

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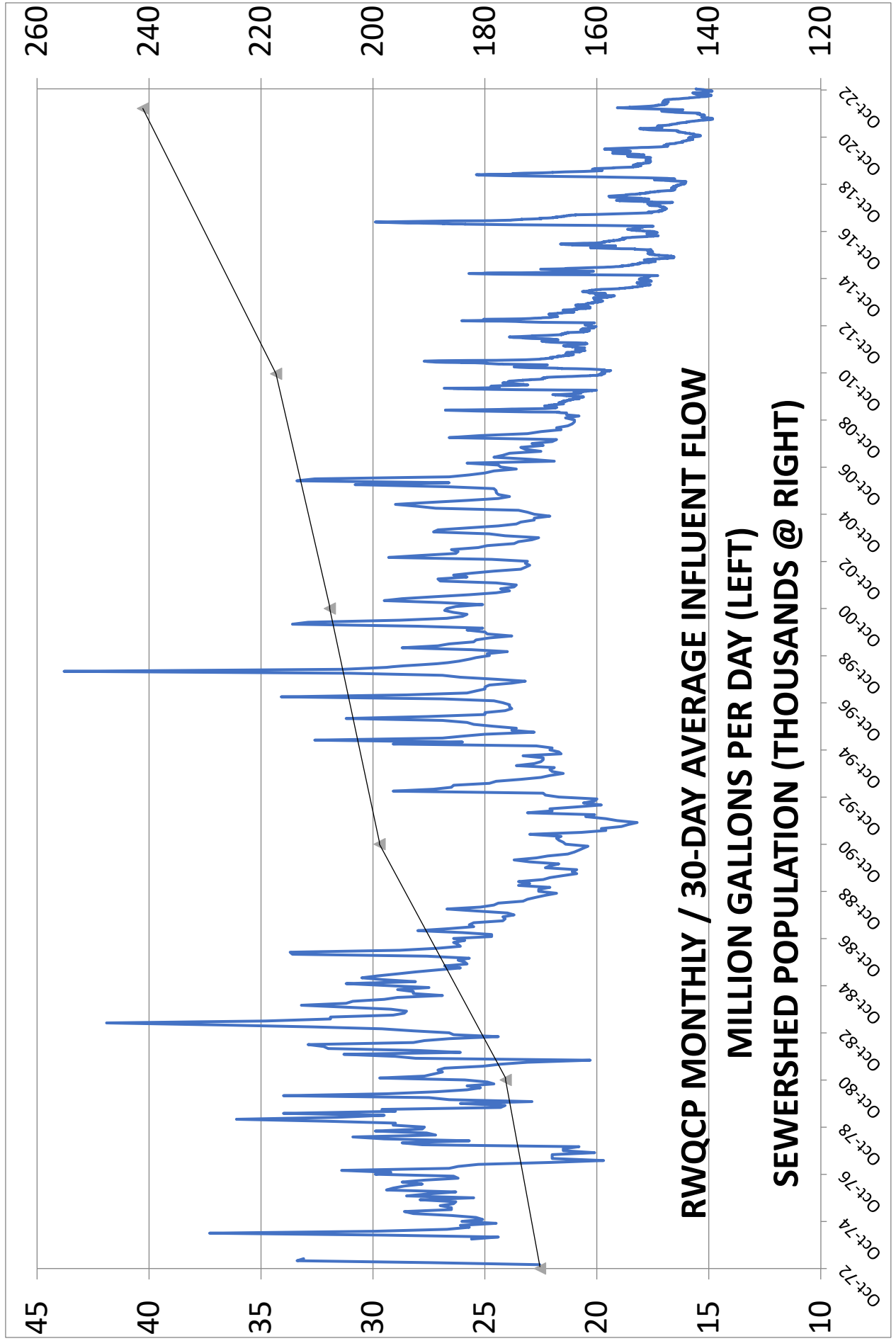
Director of Public Works

**Bid Summary**

**Secondary Treatment Upgrades (STU) Project**  
**Invitation for Bids (IFB) Number: 185822**  
**City of Palo Alto Public Works Department, RWQCP**  
**CIP WQ-19001**

BIDDER	Bid Price	Remarks	% Over Estimate
Anderson Pacific Engineering Construction, Inc. (APEC)	<b>\$ 161,846,500</b>	Low Bidder	36.34%
Kiewit Infrastructure West	\$ 166,240,500		40.04%
Flatiron West	\$ 167,518,500		41.12%
<b>Engineer's Estimate</b>	<b>\$ 118,707,335</b>		0.00%

**Attachment H: RWQCP Monthly / 30-day Average Influent Flow in Million Gallons per day with Sewershed Population**  
 October 1972 to October 2022





## Attachment H: Partner Capacity and Share

MAXIMUM FLOW CAPACITY RIGHTS EXPRESSED IN ANNUAL AVERAGE FLOW MILLION GALLONS PER DAY						
Los Altos	Mountain View	East Palo Alto Sanitary District	Stanford University	Los Altos Hills	Palo Alto	Total
3.80	15.10	3.06	2.11	0.63	15.30	40.00

FIXED CAPACITY SHARE OF CAPITAL ASSETS FOR DEBT SERVICE SHARE						
Los Altos	Mountain View	East Palo Alto Sanitary District	Stanford University	Los Altos Hills	Palo Alto	Total
9.47%	37.89%	7.64%	5.26%	1.58%	38.16%	100%

PARTNERS' CONTRIBUTING SHARE OF WASTEWATER TREATMENT FUND OPERATING BUDGET							Average Annual Flow (mgd)
Fiscal Year	Los Altos	Mountain View	East Palo Alto Sanitary District	Stanford University	Los Altos Hills	Palo Alto	
2022	11.58%	40.22%	7.29%	6.19%	2.35%	32.37%	15.4
2021	10.84%	42.08%	6.15%	3.77%	2.31%	34.85%	15.1
2020	10.84%	41.63%	6.34%	4.61%	2.04%	34.55%	17.2
2019	9.90%	39.46%	6.78%	6.18%	1.76%	35.92%	19.1
2018	10.40%	38.11%	7.16%	7.03%	1.93%	35.37%	17.7
2017	9.83%	38.71%	6.95%	6.75%	1.56%	36.20%	19.7
2016	10.03%	38.45%	6.68%	7.00%	1.51%	36.33%	17.5
2015	10.30%	39.24%	6.22%	6.85%	1.41%	35.98%	17.8
2014	10.38%	38.75%	6.24%	6.31%	1.41%	36.91%	19.7
2013	9.86%	38.14%	6.41%	6.14%	1.28%	38.18%	20.7
2012	9.41%	36.79%	6.42%	6.13%	1.17%	40.08%	22.3
2011	10.35%	35.71%	6.80%	6.80%	1.14%	39.21%	23.7
2010	10.86%	36.76%	6.47%	6.27%	1.16%	38.48%	22.4
2009	11.72%	37.21%	7.15%	5.99%	1.15%	36.78%	21.8
2008	11.55%	37.84%	7.18%	5.98%	1.20%	36.25%	23.3
2007	10.78%	38.99%	7.38%	5.81%	1.05%	35.99%	24.0
2006	10.62%	38.96%	7.83%	5.75%	0.98%	35.86%	27.0
2005	11.90%	37.17%	7.72%	5.52%	1.06%	36.63%	24.9
2004	12.96%	37.43%	7.55%	5.35%	0.94%	35.77%	24.4
2003	13.32%	37.01%	7.17%	5.57%	0.93%	36.00%	25.3
2002	12.79%	36.63%	7.47%	5.20%	0.91%	37.00%	25.0
2001	11.98%	39.77%	6.89%	5.20%	0.83%	35.33%	26.6
2000	11.92%	39.09%	6.86%	5.34%	0.80%	35.99%	27.1
1999	11.99%	39.67%	6.80%	4.85%	0.77%	35.92%	25.8
1998	11.87%	39.40%	7.17%	3.92%	0.73%	36.91%	28.4
1997	11.95%	40.87%	6.97%	4.02%	0.74%	35.45%	25.9
1996	11.54%	40.93%	7.12%	4.01%	0.76%	35.64%	25.5
1995	11.45%	40.68%	6.91%	4.79%	0.79%	35.38%	24.9

**ATTACHMENT H: NEIGHBORING AGENCY INFORMATION  
WASTEWATER MONTHLY RESIDENTIAL BILL (\$) NOVEMBER 2022**

Palo Alto is 28% below  
comparison city average

Neighboring Communities						
Palo Alto	Menlo Park	Redwood City	Santa Clara	Mountain View	Los Altos	Hayward
	106.67	89.28	46.82	50.10	42.05	38.58
	44.62					

# ATTACHMENT H: NEIGHBORING AGENCY INFORMATION WASTEWATER MONTHLY NON-RESIDENTIAL BILL (\$) NOVEMBER 2022

**Commercial:** Palo Alto is 7% higher than comparison city average  
**Restaurant:** Palo Alto is 12% below comparison city average

		Neighboring Communities					
		Menlo Park	Redwood City	Santa Clara	Mountain View	Los Altos	Hayward
General	Palo Alto						
Commercial	116.62	144.34	117.74	75.74	156.66	72.23	87.92
Restaurant	696.08	1,216.88	1,128.40	718.48	718.48	288.90	660.80

# ATTACHMENT H: NEIGHBORING AGENCY INFORMATION MONTHLY RESIDENTIAL SEWER UTILITY BILL: FISCAL YEAR 2023

Agency	Cost	Agency	Cost
<u>Palo Alto RWQCP Sewershed</u>		<u>San Jose Plant Sewershed</u>	
Palo Alto	\$44.62	Cupertino	\$58.30
Mountain View	\$50.10	San Jose	\$45.49
Los Altos (Note 1)	\$42.05	Milpitas	\$62.07
Los Altos Hills	\$136.92	Santa Clara	\$46.82
EPASD	\$50.00	<u>Sunnyvale Plant Sewershed</u>	
Stanford	N/A	Sunnyvale	\$57.19
Note 1. Los Altos fee is approximated as follows: [\$283.99/year base charge + \$2.28/unit * average of 92 units/year for single family residential] /12 months =appx \$42.05/month.			

**ATTACHMENT H: NEIGHBORING AGENCY INFORMATION, CONT.  
MONTHLY RESIDENTIAL SEWER UTILITY BILL: FISCAL YEAR 2023**

Agency		Cost	Agency	Cost
<b><u>Silicon Valley Clean Water Plant Sewershed</u></b>				
Redwood City		\$89.28	Harbor Industrial SMD	\$53.75
West Bay Sanitary District		\$106.67	Fair Oaks SMD	\$84.58
San Carlos		\$116.77	Oak Knolls SMD	\$128.75
Belmont		\$128.31	Kensington Square SMD	\$137.50
Emerald Lake SMD		\$142.92	Devonshire CSD	\$135.00
Emerald Lake Heights SMD		\$142.92	Edgewood SMD	\$137.92
Scenic Heights CSD		\$182.92		
SMD = San Mateo County Administered Sewer Maintenance District CSD = San Mateo County Administered County Sanitation District				



## City of Palo Alto City Council Staff Report

(ID # 14826)

**Report Type: Action Items**

**Meeting Date: 12/5/2022**

**Summary Title: 1700 Embarcadero Road: New Automobile Dealership**

**Title: PUBLIC HEARING / QUASI-JUDICIAL. 1700 Embarcadero Road [21PLN-00191]: Consideration of a Site and Design Review, Design Enhance Exception, Variance and Off-Street Loading Space Modification to Allow the Demolition of a Vacant Restaurant and the Construction of a new two-Story 31,000 Square Foot Automobile Dealership. The PTC and the ARB Recommend Approval of the Project. Environmental Assessment: Addendum to a Mitigated Negative Declaration. Zoning District: CS(D)(AD) Service Commercial (Site & Design Review / Automobile Dealership Combining Districts).**

**From: City Manager**

**Lead Department: Planning and Development Services**

### **Recommendation**

Adopt the Record of Land Use Action approving a new car dealership and requests for a Site and Design, Variance, and Design Enhancement Exception based on findings and subject to the conditions of approval contained in Attachment B.

### **Executive Summary**

The project seeks to redevelop the subject parcel, which includes the former Ming's restaurant building. The applicant, Swickard Auto Group, proposes to demolish the existing building to construct a new two-story Mercedes-Benz automobile dealership. The project includes the design and construction of a new multi-use (bicycle & pedestrian) path along East Bayshore Road and Embarcadero Road. The new path will eliminate a gap identified in the City's Bicycle and Pedestrian Transportation Plan.

The applicant requests the following:

- Site and Design approval for the construction of a single building and ancillary site improvements near the City's Baylands Preserve.

- Variance approval to allow a deviation from the required parking lot shading requirement due to the shape of the subject parcel and easements precluding the planting of canopy trees.
- Design Enhancement Exception (DEE) approval to allow a greater building setback from East Bayshore Road and Embarcadero Road

The purpose of this report is for the City Council to consider the applicant's requests, the previous public hearing meeting materials (staff reports and meeting minutes), written correspondence, and findings for the project. This report elaborates on issues identified as concerns through the review process related to the proposed bicycle path, parking lot shading, setbacks, and adjacency to the Baylands Preserve.

On October 26, 2022, the Planning and Transportation Commission (PTC) recommended that the City Council adopt the Site and Design Review findings. On November 3, 2022, the Architectural Review Board (ARB) recommended that the City Council approve the project.

## **Background**

### **Prior City Reviews & Action**

There have been two previous attempts to develop the subject property with an automobile dealership. The initial applicant withdrew and sold the property following the City Council direction for project modifications in June 2016. A subsequent owner received approval for a rezone and development entitlement on June 24, 2019. However, the owner ultimately sold the property to the current owner. Attachment D includes links to the previous meetings and minutes held for the subject property.

### Planning & Transportation Commission

The PTC conducted a duly noticed public hearing on October 26, 2022, on the Site and Design Review and Variance applications within its purview. The PTC unanimously recommended approval of these applications, consistent with staff findings, recommending modifications to the draft Record of Land Use Action (ROLUA) conditions (shown as ~~strikeout~~ and underline in Attachment B). Specifically, these modifications related to improvements on adjacent property, a storm drain easement and extent of repairs necessary to address any damage from construction on public streets. A member of the Palo Alto Bicycle Advisory Committee (PABAC) spoke in favor of the inclusion of a Class I multi-use path in the project, while a neighboring property owner spoke regarding the potential acoustic impacts from the car wash facility.

### Architectural Review Board

The ARB reviewed the current project twice, most recently on November 3, 2022. In previous meetings, the ARB discussed the bicycle path, parking lot shading, plant palette, and architectural materials. The ARB unanimously recommended approval of the project consistent with staff findings, recommending modifications to the ROLUA conditions (shown as underlined text in Attachment B). Specifically, these modifications are necessary for the applicant to

confirm certain architectural and landscape details with the ARB Ad Hoc Subcommittee. In addition, conditions of approval were added addressing loading/unloading and ensuring that the project would complete an acoustic analysis to comply with the City's noise requirements. The ARB heard testimony regarding acoustic impacts from the car wash facility.

### **Discussion**

The project site (site) consists of a single parcel (2.54 acres). The site is located on the southeast corner of Embarcadero Road and East Bayshore Road (see location map, Attachment A). The site has a Comprehensive Plan (Comp Plan) land use designation of Service Commercial, and the Comp Plan identifies the site as within the "East Bayshore Employment Center." Zoning for the site is Commercial Service (CS) with Site and Design Review (D) and Automobile Dealership (AD) combining districts. The site is located within the City's Baylands Master Plan (Privately Owned Lands) and is subject to its design guidelines. The applicant also owns the adjacent Audi dealership (1730 Embarcadero Road).

A portion of the site is developed with a single-story commercial building with 15,207 square feet of floor area built in 1968, formerly the Ming's Restaurant, and a large surface parking lot. Prior evaluation of the site determined that the building is not considered historic. The existing architecture of the building is characteristic of mid-century modern architecture with some roof elements reminiscent of an Asian style, the cuisine of the former restaurant.

The site includes an approximate 80-foot-wide easement area along East Bayshore Road to accommodate overhead high-voltage electric transmission lines parallel to East Bayshore Road, and a sub-surface storm drain line. Surface improvements, such as landscaping, driveways, and parking, are allowed within the easement; however, there are restrictions on the height of any new improvements, including trees. Mature Chinese Elms are currently located under the high-voltage electric transmission lines.

### **Neighborhood Setting and Character**

The project is located within the Baylands Master Plan Area in an area designated as "Privately Owned Lands." This is an urbanized built-out area that includes office buildings and automobile dealerships. The property does not directly abut the Baylands preservation property (former ITT, Inc. lands) but is visible from the Renzel Trail within the Baylands. See plans for photographs of surrounding areas (Attachment F).

Most sites in the vicinity are zoned Research, Office and Limited Manufacturing (ROLM) with the Automobile Dealership (AD) Combining District. The ROLM allowable Floor Area Ratio (FAR) is 0.4:1, whereas the AD Combining District allows a 0.6:1 FAR for automobile dealerships. The area within the ROLM district is generally characterized by two-story buildings surrounded by parking lots with large street-facing setbacks. The Pacific Gas & Electric (PG&E) easement along



East Bayshore includes tall towers carrying high-voltage transmission electric lines. One tower is located on the property at the Embarcadero Road and East Bayshore Road intersection.

### **Proposed Project**

The applicant proposes to demolish the existing building and surface parking lot. In its place, the applicant would construct a new two-story Mercedes-Benz automobile dealership building. Access to the site will include two-way driveways from East Bayshore and Embarcadero Road. Customer, employee, inventory, and display parking will be located along the west, south, and eastern portions of the property in a tandem parking configuration. An existing driveway connection between the subject property and the Audi dealership would remain in the rear.

The Mercedes-Benz dealership would include 31,195 square feet of space for a showroom, sales and administrative offices, vehicle servicing areas, parts storage, car wash, and recycling/solid waste enclosure areas. The 4,499 square foot covered service drive would be exempted under the Palo Alto Municipal Code (PAMC) section 18.30(F)(a)(3)(b) from floor area calculations. The total floor area represents a 0.28:1 Floor Area Ratio where 0.6:1 is permitted.

A single-lane automated car wash facility would be located along the south elevation of the building towards the rear. A single-vehicle display pad is proposed to be located adjacent to the utility tower at the front corner of the property.

### **Summary of Key Issues**

During the PTC and ARB public hearings, there were discussions and comments regarding the project's compliance with the PAMC, achieving Comprehensive Plan goals and objectives, and achieving the goals of the Baylands Master Plan.

### **Bicycle path**

There is a gap in the City's bicycle network at this location. At the recommendation of the City, the project includes a multi-use path that can accommodate bicyclists and pedestrians along Bayshore Road and Embarcadero Road. There are constraints in locating the pathway, such as the existing electrical utility easement and limitations on vertical features within the easement; the location of the electrical transmission tower and its maintenance parking space; existing mature street trees; the need to have native and drought tolerant landscaping; and the project's objective in having locations for display and inventory merchandise to support the viability of the automobile dealership.

Initially, the project did not include the bicycle path. Staff and the ARB commented that the previously approved project included a multi-use pathway and stressed that the project should include the pathway. The ARB went further to suggest that a row of parking be removed to accommodate both the existing trees and the pathway. Another reason to incorporate a multi-use path is to meet the City's Transportation Demand Management (TDM) requirements. Because the dealership is an auto-oriented use that uniquely requires car trips to access the site

for repair services, the potential to reduce single-occupancy car trips by service customers does not exist. As a result, the project cannot meet the City's TDM policy to reduce car trips by 20%. In addition, the site is not well served by public transportation.

In response to these comments, the revised plans include a 10-foot-wide multi-use path along East Bayshore Road and an eight-foot path along Embarcadero Road. To accommodate this path, 11 trees are proposed for removal. Only one of these trees is considered "protected" pursuant to PAMC Chapter 8.10.020. Twenty new trees are proposed along the street frontage. One existing Chinese elm tree will remain. No onsite parking would need to be removed to accommodate the path. The incorporation of the multi-use path is consistent with the City's Palo Alto Bicycle & Pedestrian Transportation Plan and would be acceptable from a staff perspective as an alternative method to meet the TDM policy.

PTC members were concerned about the loss of the mature trees but were reassured other trees would be planted as replacements. Ultimately, the PTC endorsed the proposal citing the TDM requirements and overall benefits of the pathway. The ARB likewise supported the concept and included a condition of approval enabling an ARB Ad Hoc Subcommittee to view detailed drawings of the multi-use path.

### **Parking Lot Shading**

PAMC 18.54 (Parking Facility Design Standards) includes landscaping requirements for parking lots. One of the requirements pertains to tree canopies that result in 50% shading of parking lot surface areas within 15 years. Prior automobile dealership proposals on this site have struggled to meet this standard but accomplished it. Parking lot areas include parking spaces and drive aisles. Automobile dealerships typically have larger parking lot areas that include customer and employee parking as well as inventory to be sold. Prior proposals for this site included parking structures and automated parking solutions that consolidated inventory and employee parking, leaving a smaller footprint for customer parking at the perimeter of the dealership.

During the first ARB meeting, parking shading requirements were discussed, and the applicant responded with a plan that increased the overall shading to 41% from 38% despite the removal of trees along the frontage to accommodate the multi-use path.

The East Bayshore Road and Embarcadero Road frontage is encumbered by several underground and overground easements including PG&E and City infrastructure. The easements account for over 26% of the property area. These easements restrict the placement of structures and vegetation. Due to the special circumstances of these easements and the shape of the lot, the applicant requests a variance from the parking lot shading requirements.

In the case of the subject property, the proposed use, which is allowed under the zoning code cannot be established because of the easements. This is also further compounded by the shape of the lot being a trapezoid, narrowing along Embarcadero Road causing an inefficient footprint

for the building. The neighboring Audi and Honda dealerships do not have the same physical limitations as the subject site. The project demonstrates that the parking lot shading requirement can be met for the remainder of the parking areas except for the portions encumbered by the PG&E easements.

The PTC and the ARB supported the variance request, citing the easements as the main constraint. The ARB added a condition of approval to add smaller trees where feasible to further add more shading for the parking lot along East Bayshore Road.

### **Setbacks**

Due to the utility easement along East Bayshore Road, the proposed building has a large setback and the developer requests to deviate from the “build-to-line” setback, which encourages buildings be placed closer to the street. The proposed setback of 89 feet (with five-foot roof overhang) is consistent with the surrounding development and outside of the 80-foot-wide easement. However, the existing Audi showroom is closer to the street at 18’-10”.

The CS zoning development standards require a 0-10-foot setback along the street and a “build-to-line” setback of 50% of the front setback and 33% of the street side setback. The build-to setback is typically found along commercial corridors such as El Camino Real. In the context of the project, this site is one of two properties zoned CS district surrounded by properties zoned ROLM and a non-residential PC. The proposed setback is inconsistent with the CS zoning front setback development standard (0’ to 10’), hence a DEE has been requested. While the proposed setback is inconsistent with the code, these setbacks are consistent with surrounding development, except for the Audi showroom, which is closer to the street. All other dealership proposals have been able to make the findings for approval of the Design Enhancement Exception.

Both the PTC and the ARB supported the DEE request for the project.

### **Adjacency to the Baylands**

Since the project is located within the Baylands, the following are policies from the master plan that affect the site:

- Be sure any future development is consistent with the Comprehensive Plan and continues to receive extensive design review utilizing the Site and Design Review Process and the Site Assessment and Design Guidelines Palo Alto Nature Preserve.

During the June 2022 ARB meeting, the ARB recommended that the applicant consider modifications and revisions so that the project would be consistent with the Design Guidelines. The applicant responded by incorporating shades of green for the stucco elevations facing the Baylands and increasing the wood paneling through the service drive. To further address any potential views from the Baylands to the site, the applicant proposes to plant twelve native trees in the Baylands adjacent to the 1730 Embarcadero Road and the neighboring office building.

Both PTC and the ARB acknowledged that the project was consistent with the Site Assessment and Design guidelines noting that the project is low and horizontal and includes a variety of materials and colors that complement the Baylands.

### **Policy Implications**

The proposed project is on balance consistent with the City's Comprehensive Plan. With an approval of the Variance and the DEE, the project is consistent with the zoning code.

### **Timeline**

With the adoption of the ROLUA, the project can commence construction with the approval of a building permit. The entitlements would expire within two years unless construction has commenced.

### **Stakeholder Engagement**

The Palo Alto Municipal Code requires notice of this public hearing to be published in a local paper and mailed to owners and occupants of property within 600 feet of the subject property at least ten days in advance. Notice of a public hearing for this project was published in the Daily Post on November 25, 2022, which is 10 days in advance of the meeting. Postcard mailing occurred on November 23, 2022, which is 12 in advance of the meeting.

### **Public Comments**

A representative for 2465 East Bayshore Road communicated with city staff regarding the potential acoustic impacts associated with the project's car wash facility. The project's car wash facility will need to comply with the City's noise regulations contained in PAMC Chapter 9. Conditions of approval and a mitigation measure will ensure compliance with these regulations. In addition, after consultation with the applicant and the neighbor, the applicant has agreed to install a quieter drying system that would meet the City's noise regulations. The ROLUA includes a condition of approval to ensure the installation of this quieter system.

### **Resource Impact**

While economic factors are not taken into consideration by advisory Boards and Commissions for discretionary projects; automobile dealerships often bring in important sales tax revenue to cities.

### **Environmental Review**

The subject project has been assessed in accordance with the authority and criteria contained in the California Environmental Quality Act (CEQA), the State CEQA Guidelines, and the environmental regulations of the City. The project site was the subject of a prior application that was covered by *1700-1730 Embarcadero Road Auto Dealership Project Initial Study-*

*Mitigated Negative Declaration (IS-MND)* (State Clearinghouse #2018072009) adopted in May 2019.<sup>1</sup>

In accordance with Section 15164 of the CEQA Guidelines, a lead agency (Palo Alto) must prepare an addendum to a previously certified EIR or adopted negative declaration if some changes or additions are necessary but none of the conditions described in Section 15162 calling for preparation of a subsequent EIR or negative declaration have occurred. Under Section 15162(a), where an EIR or negative declaration has been certified for a project, no subsequent EIR or negative declaration shall be prepared for the project unless the lead agency determines, on the basis of substantial evidence in light of the whole record, that there are substantial changes in the project or circumstances or substantially important new information that will cause the project to have significant new impacts or substantially increase previously identified significant impacts.

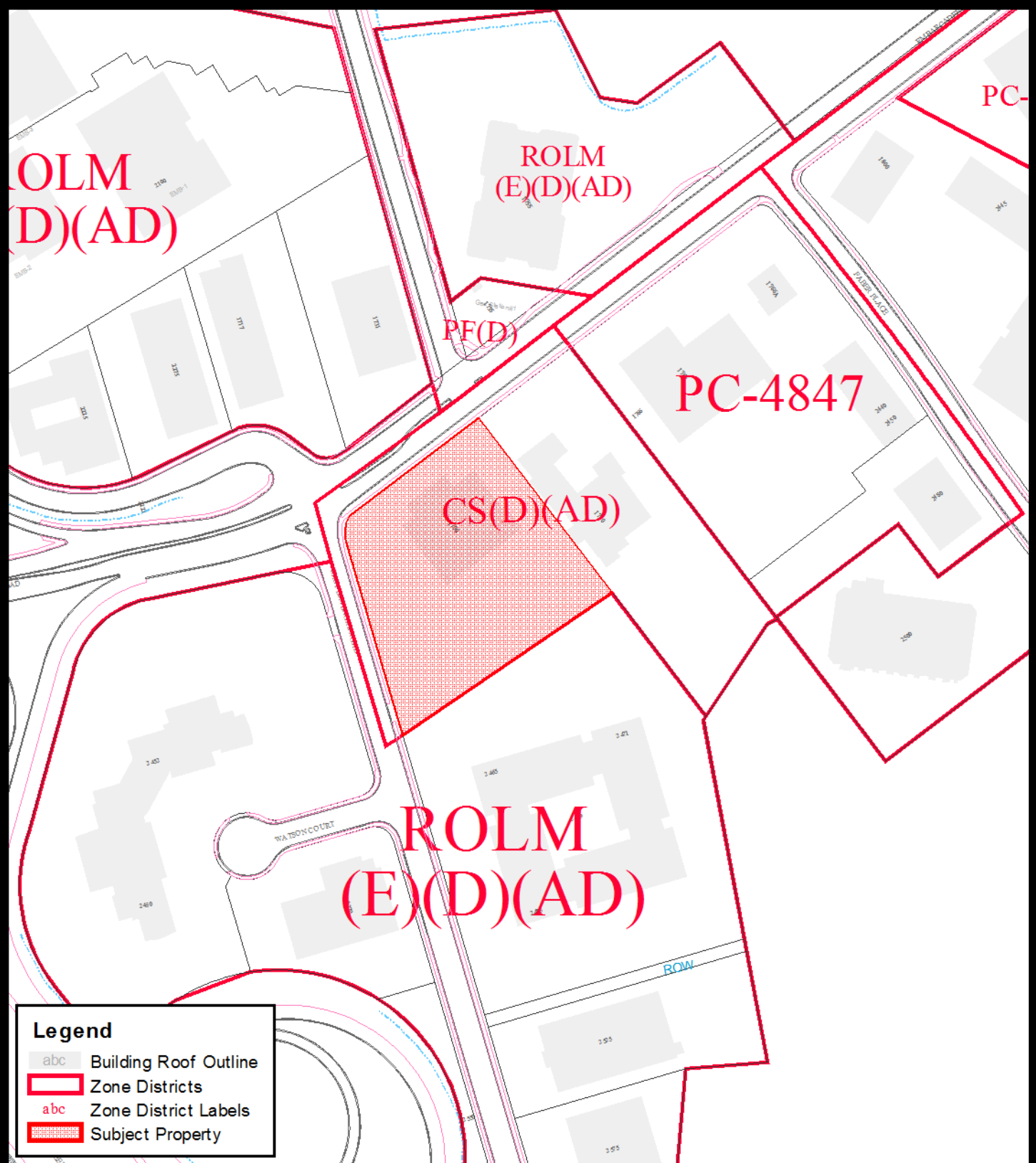
The addendum for the proposed project was prepared in accordance with relevant provisions of CEQA and the CEQA Guidelines. It describes the proposed revisions to the project and compares the revised project's impacts to those identified in the *1700-1730 Embarcadero Road Auto Dealership Project IS-MND*. The analysis demonstrates that the revised project does not require the preparation of a subsequent or supplemental IS-MND. Most mitigation measures required of the 2019 project are required for the current project.

**Attachments:**

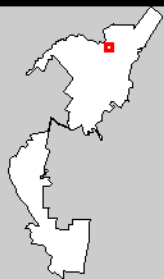
<b>Attachment9.a:</b>	<b>Attachment A: Location Map(PDF)</b>
<b>Attachment9.b:</b>	<b>Attachment B: Draft Record of Land Use Action (DOCX)</b>
<b>Attachment9.c:</b>	<b>Attachment C: Zoning Comparison Table (DOCX)</b>
<b>Attachment9.d:</b>	<b>Attachment D: Prior Hearing Actions (DOCX)</b>
<b>Attachment9.e:</b>	<b>Attachment E: Applicant's Response Letter (PDF)</b>
<b>Attachment9.f:</b>	<b>Attachment F: Project Plans and CEQA (DOCX)</b>

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<sup>1</sup> 1700-1730 Embarcadero Road Auto Dealership Project IS-MND: <https://www.cityofpaloalto.org/News-Articles/Planning-and-Development-Services/1700-1730-Embarcadero-Road-18PLN-0018619PLN-00291>



The City of  
Palo Alto



## Location Map 1700 Embarcadero Road

This map is a product of the  
City of Palo Alto GIS



0' 213'

**ACTION NO. 2022-\_\_\_\_\_****RECORD OF THE COUNCIL OF THE CITY OF PALO ALTO LAND USE ACTION  
FOR 1700 EMBARCADERO ROAD: SITE AND DESIGN REVIEW, DESIGN  
ENHANCEMENT EXCEPTION, VARIANCE (21PLN-00191)**

On \_\_\_\_\_, 2022, the City Council of the City of Palo Alto approved a Site and Design Review and a Design Enhancement Exception to allow the demolition of an existing 15,207 square foot vacant restaurant building and the construction of a two-story 31,195 square foot Mercedes Benz automobile dealership. In approving the application, the Council make the following findings, determination, and declarations:

SECTION 1. Background. The City Council of the City of Palo Alto ("City Council") finds, determines, and declares as follows:

A. Eric Iverson on behalf of Swickard Auto Group, Inc, property owner, has requested the City's approval of a development project that includes Site and Design Review and Design Enhancement Exception to allow for the demolition of existing structures and the construction of a two-story automobile dealership ("The Project").

B. The project site includes a single parcel (APN 008-03-084) of 2.54 acres in size. The site is currently developed with an existing single-story 15,207 square-foot vacant restaurant. The site contains and is accessible to existing utilities. The site includes an 80-foot utility easement along East Bayshore Road. The site is designated on the Comprehensive Plan land use map as Service Commercial and is located within the Service Commercial (CS) zoning district with Automobile Dealership (AD) and Site and Design (D) combining districts.

The project includes demolition of the existing on-site structure and construction of a new two-story automobile dealership with service facilities, including an attached automated car wash.

C. The Planning and Transportation Commission (Commission) reviewed and recommended approval of the Project on October 26, 2022. The Commission's recommendations are contained in CMR#14824 and the attachments to it.

The Architectural Review Board (ARB) reviewed and recommended approval of the Project on November 3, 2022.

D. On December 5, 2022, the City Council held a duly noticed public hearing, at which evidence was presented and all persons were afforded an opportunity to be heard in accordance with the Palo Alto Municipal Code and the Council's Policies and Procedures.

SECTION 2. Environmental Review. The City, as the lead agency for the Project, has determined that the project is subject to environmental review under provisions of the California

Environmental Quality Act (CEQA) under Guideline section 15070, Decision to Prepare a Negative or Mitigated Negative Declaration. An Initial Study/Mitigated Negative Declaration was prepared in January 2019 for a project (18PLN-0189) and identified potentially significant impacts with the implementation of the project. Those impacts can be reduced to a level of less than significant with the incorporation of mitigation measures. On the basis of the whole record before it, there is no substantial evidence that the project will have a significant effect on the environment and that the mitigated negative declaration reflects the lead agency's independent judgment and analysis. The City of Palo Alto Planning and Development Services Department is the custodian of these documents. The Negative Declaration was made available for public review beginning March 15, 2019 through April 22, 2019. The City Council adopted the Mitigated Negative Declaration on June 24, 2022, incorporating the Mitigation and Monitoring Reporting Program.

It was determined that the current project (21PLN-00191) does not present the circumstances pursuant to CEQA Guidelines 15162 to warrant the completion of a subsequent Mitigated Negative Declaration or an Environmental Impact Report, and therefore, an Addendum to the previously adopted Mitigated Negative Declaration suffices. Pursuant to CEQA Guidelines 15164 the addendum need not be circulated. However, the addendum shall be considered with the adopted Mitigated Negative Declaration.

The City Council hereby approves the Addendum to the Mitigated Negative Declaration and incorporates the Mitigation and Monitoring Report attached as Exhibit 1 into the Record of Land Use.

### SECTION 3. Site and Design Review objectives.

The design and architecture of the proposed improvements, as conditioned, comply with the Site and Design Objectives as required in Chapter 18.30.060(G) of the PAMC.

A. *Objective (a): To ensure construction and operation of the use in a manner that will be orderly, harmonious, and compatible with existing or potential uses of adjoining or nearby sites.*

The project includes sufficient façade articulation and material changes along Embarcadero Road and East Bayshore Road. A variety of glass, metal, and stucco materials with muted and darker colors will make the building complement the surrounding. As conditioned, the project will include a logistics plan to coordinate construction activity and limit disruptions to neighboring properties. Currently, two other automobile dealerships operate in the area. The project is designed to have necessary deliveries and parking occur onsite so that no spillover of activity to the streets or neighboring properties is anticipated. As conditioned, the lighting of the project will not spill over to adjoining areas.

B. *Objective (b): To ensure the desirability of investment, or the conduct of business, research, or educational activities, or other authorized occupations in the same or adjacent areas.*

The project proposes a business that is allowed in the zoning district and is an established business type in the area. The design of the project complements the other surrounding buildings and does not detract from the use of the Baylands recreational area. A component of the project includes the construction of a bicycle path that would provide a safe connection between the existing bicycle lanes and the Bay Trail.



*C. Objective (c): To ensure that sound principles of environmental design and ecological balance shall be observed.*

The project is consistent with the Baylands design guidelines. Lighting is designed and conditioned to not shine onto the adjacent properties. Windows are designed to avoid bird-strikes. The project will implement green building measures as required by the Palo Alto Municipal Code. The existing building will be deconstructed to the highest level feasible to recycle as many of the materials as possible. The proposed dealership maintains a low profile and clean lines so as not to impose the surrounding building and area. the proposed building has a full-height landscaped wall feature that wraps around the southwest corner of the building and full-height window panels to let natural light in to further promote sound principles of environmental design and ecological balance. It utilizes reclaimed wood siding to minimize the use of natural resources.

*D. Objective (d): To ensure that the use will be in accord with the Palo Alto Comprehensive Plan.*

The project is consistent with the following Comprehensive Plan Goals and Policies:

Service Commercial: Facilities providing citywide and regional services and relying on customers arriving by car. These uses do not necessarily benefit from being in high-volume pedestrian areas such as shopping centers or Downtown. Typical uses include auto services and dealerships, motels, lumberyards, appliance stores, and restaurants, including fast service types. In almost all cases, these uses require good automobile and service access so that customers can safely load and unload without impeding traffic. In some locations, residential and mixed-use projects may be appropriate in this land use category. Examples of Service Commercial areas include San Antonio Road, El Camino Real, and Embarcadero Road northeast of the Bayshore Freeway. Non-residential FARs will range up to 0.4. Consistent with the Comprehensive Plan's encouragement of housing near transit centers, higher-density multi-family housing may be allowed in specific locations.

Policy L-1.3. Infill development in the urban service area should be compatible with its surroundings and the overall scale and character of the city to ensure a compact, efficient development pattern.

Policy L-5.1. Foster compact Employment Districts developed in a way that facilitates transit, pedestrian and bicycle travel. Provide mixed uses to reduce the number of auto trips.

Policy L-5.2. Provide landscaping, trees, sidewalks, pedestrian path, and connections to the citywide bikeway system within Employment Districts. Pursue opportunities to include sidewalks, paths, low water use landscaping, recycled water, and trees, and remove grass turf in renovation and expansion projects.

Policy L-5.3. Design paths and sidewalks to be attractive and comfortable, and consistent with the character of the area where they are located.

Policy L-5.4. Maintain the East Bayshore and San Antonio Road/Bayshore Corridor areas as diverse business and light industrial districts.

Policy L-6.1. Promote high-quality design and site planning that is compatible with surrounding development and public spaces.

Policy L-6.3. Encourage bird-friendly design.

Policy L-6.6. Design buildings to complement streets and public spaces; to promote personal safety, public health, and well-being; and to enhance a sense of community safety.

Policy T-1.17. Require new office, commercial and multi-family residential developments to provide improvements that improve bicycle and pedestrian connectivity as called for in the 2012 Palo Alto Bicycle + Pedestrian Transportation Plan.

#### SECTION 4. Architectural Review Findings.

1. *The design is consistent with applicable provisions of the Palo Alto Comprehensive Plan, Zoning Code, coordinated area plans (including compatibility requirements), and any relevant design guides.*

This finding can be made in the affirmative because the project is consistent with the following Comprehensive Plan goals and policies:

Comprehensive Plan Goal/Policy	Consistency
<b>Service Commercial:</b> Facilities providing citywide and regional services and relying on customers arriving by car. These uses do not necessarily benefit from being in high volume pedestrian areas such as shopping centers or Downtown. Typical uses include auto services and dealerships, motels, lumberyards, appliance stores and restaurants, including fast service types. In almost all cases, these uses require good automobile and service access so that customers can safely load and unload without impeding traffic. In some locations, residential and mixed-use projects may be appropriate in this land use category. Examples of Service Commercial areas include San Antonio Road, El Camino Real and Embarcadero Road northeast of the Bayshore Freeway. Non-residential FARs will range up to 0.4. Consistent with the Comprehensive Plan's encouragement of housing near transit centers, higher density multi-family housing may be allowed in specific locations.	The project proposes a new Mercedes Benz automobile dealership. The project is consistent with the uses described in the Service Commercial land use designation.
<b>Policy L-1.3:</b> Infill development in the urban service area should be compatible with its surroundings and the overall scale and character of the city to ensure a compact, efficient development pattern.	The project is on land that already has development and is consistent with the surrounding development pattern, including larger buildings and larger street setbacks.

<b>Comprehensive Plan Goal/Policy</b>	<b>Consistency</b>
Policy L-5.2 Provide landscaping, trees, sidewalks, pedestrian path and connections to the citywide bikeway system within Employment Districts. Pursue opportunities to include sidewalks, paths, low water use landscaping, recycled water and trees and remove grass turf in renovation and expansion projects.	A bicycle path will be constructed along East Bayshore Road and Embarcadero Road. Consistent with the City's Bicycle and Pedestrian Transportation Plan, the existing bicycle lanes on Geng Road connect to the Bay Trail. The proposed bicycle path would provide a safe connection where one does not exist currently.
Policy L-5.3. Design paths and sidewalks to be attractive and comfortable and consistent with the character of the area where they are located.	The bicycle path will be designed to fit with the character of the surrounding.
Policy L-5.4. Maintain the East Bayshore and San Antonio Road/Bayshore Corridor areas as diverse business and light industrial districts.	The former restaurant will be demolished, and, in its place, a new automobile dealership will operate, which will complement the diverse businesses within the district.
Policy L-6.1. Promote high-quality design and site planning that is compatible with surrounding development and public spaces.	The project uses a variety of materials such as stucco, metal and glass. These materials use muted and darker colors in a way that is consistent with the surrounding uses and the Baylands Design Guidelines. The 80-foot utility easement along East Bayshore limits the site in design and landscaping, however, these materials complement a design that includes variegated facades. The project's design provides the appropriate transitions between the site and adjacent buildings. As conditioned, the project will have the appropriate transition to the Baylands.
Policy L-6.3. Encourage bird-friendly design.	The project includes bird-safe glazing for windows.
Policy L-6.6. Design buildings to complement streets and public spaces; to promote personal safety, public health and wellbeing; and to enhance a sense of community safety.	Frontages for the project include East Bayshore Road and Embarcadero Road. Both frontages include building facades that provide interest using materials, colors and elevations that include visual relief.
Policy T-1.17. Require new office, commercial and multi-family residential developments to	As proposed, the project will implement a bicycle path along the street frontages. The

Comprehensive Plan Goal/Policy	Consistency
provide improvements that improve bicycle and pedestrian connectivity as called for in the 2012 Palo Alto Bicycle + Pedestrian Transportation Plan.	proposed bicycle path would provide a safe connection where one does not exist currently. This would connect with the overall city bicycle system and the greater Baylands bicycle network.

The use complements the existing automobile dealerships along Embarcadero Road and is a permitted use within the land use district. The project includes a bicycle path along East Bayshore Road and Embarcadero Road that would provide a connection between the existing bicycle lanes and the Bay Trail system. The project includes a typical automobile dealership design with its inventory and customer parking surrounding the dealership building. The project proposes to deviate from the “build-to-line” setback requirement for East Bayshore Road and Embarcadero Road and the tree shade canopy requirements for parking facilities through the Design Enhancement Exception and Variance process.

2. *The project has a unified and coherent design, that:*
  - a. *creates an internal sense of order and desirable environment for occupants, visitors, and the general community,*
  - b. *preserves, respects and integrates existing natural features that contribute positively to the site and the historic character including historic resources of the area when relevant,*
  - c. *is consistent with the context-based design criteria of the applicable zone district,*
  - d. *provides harmonious transitions in scale, mass and character to adjacent land uses and land use designations,*
  - e. *enhances living conditions on the site (if it includes residential uses) and in adjacent residential areas.*

This finding can be made in the affirmative. The project includes two driveways (one from East Bayshore Road and one from Embarcadero Road). Vehicular access is provided around the perimeter of the site, allowing for trash pick-up, deliveries, and general access around the property. The driveway in front of the showroom creates a better overall circulation pattern because instead of vehicles being forced onto the roadway, vehicles being serviced or displayed can be moved onsite without ever leaving the site. The design of the buildings convey they are automobile dealerships and do not appear to portray a different type of use. The entries to the sites are distinctive and attractive with landscaping that is appropriate to the Baylands as well as consistent with the design of the buildings. While the street trees along East Bayshore Road are being removed for the bicycle path, the bicycle path provides a separated connection from the street to other areas within the City’s bicycle network. Additional trees will be planted to replace those removed. While the rear of the site is not abutting the Baylands, the applicant proposes 12 native trees in the Baylands along the boundary of the adjacent parcels to enhance visual screening. The site’s large setbacks are consistent with the surrounding development pattern and these setbacks help with the streetscape perception of the massing of the buildings.

The project is consistent with the following context-based design criteria:

### **1. Pedestrian and Bicycle Environment**

The design of new projects shall promote pedestrian walkability, a bicycle friendly environment, and connectivity through design elements

The project will provide a new bicycle path along the street frontages. This will include a rest area for cyclists with benches. The bicycle path will separate the bicyclists from the street lanes for added safety and reduction in conflict points.

### **2. Street Building Facades**

Street facades shall be designed to provide a strong relationship with the sidewalk and the street (s), to create an environment that supports and encourages pedestrian activity through design elements

A request of the project is to have an exception from the “build-to-line” setback along Embarcadero and East Bayshore. Both frontages are impacted by an 80-foot utility easement parallel with East Bayshore that prohibits any building placement or structure/vegetation over 15 feet within the easement area. The area is categorized by large street setbacks. The proposed project’s setbacks are consistent with the surrounding. The design of the building including a façade with visual interest and use of a variety of materials with dark and muted colors.

A bicycle path will be constructed along East Bayshore and Embarcadero Road. Consistent with the City’s Bicycle and Pedestrian Transportation Plan, the existing bicycle lanes on Geng Road connect to the Bay Trail. The proposed bicycle path would provide a safe connection where one does not exist currently. In front of the project will include a rest area for cyclists with benches.

### **3. Massing and Setbacks**

Buildings shall be designed to minimize massing and conform to proper setbacks

The project meets the required setbacks or seeks relief from the setbacks to comply with easement requirements and to be consistent with the surrounding properties. Relief is sought for the “build-to-line” setback along Embarcadero Road and given the opportunities and constraints of the site, adherence to the requirement does not create a better project layout. Additionally, the project includes varied materials such as metal, stucco, glass with contrasting colors providing visual interest. The two-story building is horizontally oriented consistent with the Baylands design guidelines.

### **4. Low Density Residential Transitions**

Where new projects are built abutting existing lower scale residential development, care shall be taken to respect the scale and privacy of neighboring properties

The project is not adjacent to any residential areas.

## 5. Project Open Space

Private and public open space shall be provided so that it is usable for the residents and visitors of the site

The project includes an outdoor area on the ground floor facing East Bayshore Road as well as in front of the building along Embarcadero Road. In addition, the project provides a new bicycle path along the streets and a rest area with benches.

## 6. Parking Design

Parking shall be accommodated but shall not be allowed to overwhelm the character of the project or detract from the pedestrian environment

The project includes a typical design for automobile dealerships with its inventory and customer parking surrounding the dealership building. The parking is mostly arranged in tandem configuration.

## 7. Large Multi-Acre Sites

Large sites (over one acre) shall be designed so that street, block, and building patterns are consistent with those of the surrounding neighborhood

The proposed setbacks for the project are consistent with other large sites within the vicinity. The setbacks for the surrounding buildings are large and the buildings are spread out over the site.

## 8. Sustainability and Green Building Design

Project design and materials to achieve sustainability and green building design should be incorporated into the project

The project will be consistent with the City's Green Building Ordinance and be consistent with Cal Green Tier 2.

3. *The design is of high aesthetic quality, using high quality, integrated materials and appropriate construction techniques, and incorporating textures, colors, and other details that are compatible with and enhance the surrounding area.*

The project includes a single building using muted and complementary colors in conjunction with the execution of the mixture of metal, stucco and glass applied to a façade with variegated elevations that enhance the building and complements the surrounding.

4. *The design is functional, allowing for ease and safety of pedestrian and bicycle traffic and providing for elements that support the building's necessary operations (e.g. convenient vehicle access to property and utilities, appropriate arrangement and amount of open space and integrated signage, if applicable, etc.).*

With an automobile dealership, it is expected that vehicles will be entering and exiting the site providing potential conflicts with pedestrians and cyclists. The site is adjacent to the Baylands which is a large and popular recreational area. The project includes the construction of a new bicycle path along

East Bayshore Road and Embarcadero Road. The bicycle path will separate pedestrians and cyclists from the street adding a level of safety and improving sight awareness for users of potential conflict areas such as the driveways. Onsite circulation is provided along the perimeter of the site and includes two loading spaces. Landscaping is provided along the perimeter of the site as well as along the buildings. The location of the 80-foot utility easement limits the amount and the type of landscaping that can be provided along East Bayshore Road and affects a small portion of Embarcadero Road frontage at the intersection where the electric transmission tower is located.

5. *The landscape design complements and enhances the building design and its surroundings, is appropriate to the site's functions, and utilizes to the extent practical, regional indigenous drought resistant plant material capable of providing desirable habitat that can be appropriately maintained.*

Landscaping is provided along the perimeter of the site as well as along the buildings. The landscape palette uses drought tolerant and regional species. The location of the 80-foot utility easement limits the amount and the type of landscaping that can be provided along East Bayshore Road and affects a small portion of Embarcadero Road at the intersection where the electric transmission tower is located. Vegetation can be no taller than 15-feet within these areas. The landscaping palette embraces the Baylands and many of the plants were chose because they were on the Santa Clara Valley Water District approved plant list, bay-friendly rated plant list and other plants from the Santa Clara Valley Urban Runoff Pollution Prevention Program. Specifically, the plants that directly interface with the Baylands are only native species and are complementary of the Baylands, including Oak, Buckeye, Blue Elderberry, California Sagebrush and Toyon.

6. *The project incorporates design principles that achieve sustainability in areas related to energy efficiency, water conservation, building materials, landscaping, and site planning.*

The project is consistent with the City's Green Building ordinance and will comply with Cal Green Tier 2 requirements. Some examples include:

- Electric vehicle parking
- Cool roof
- Water reduction
- Recycled content

## SECTION 5. Design Enhancement Exception Findings

1. *There are exceptional or extraordinary circumstances or conditions applicable to the property or site improvements involved that do not apply generally to property in the same zone district.*

The applicant requests a Design Enhancement Exception from the 'build-to-setback' for buildings on site along East Bayshore Road and Embarcadero Road because of the location of the easements.

The subject property includes an 80-foot-wide utility easement with development constraints below

and above ground along East Bayshore Road. The purpose of the easement is to allow for the conveyance of high voltage electric power and stormwater for the region and for the City. Pacific Gas & Electric holds rights to the easement as well as the City. An electric transmission tower is located near the corner of the property. This easement precludes the placement of any building and any structure height to 15 feet.

#### *East Bayshore Road*

Adhering to the “build-to-line” setback requirements is not possible for East Bayshore Road.

#### *Embarcadero Road*

Based on the “build-to-line” requirement along Embarcadero Road, the project would need at least 126 feet of the building to be set near the property line. The site has an approximate 252-foot frontage along Embarcadero Road and therefore would require at least 126 lineal feet of the building to be placed between zero and 10 feet of the property line. The utility easement along East Bayshore causes the building edge to be located approximately 65 feet from the corner of the property at Embarcadero Road and East Bayshore Road because of the shape of the property. The remaining distance between the easement edge and the north property line is 189 feet and that leaves enough distance to meet the requirement.

As mentioned previously, it is expected that the primary entrance for customers will be from Embarcadero Road. A driveway cannot be located too close to the intersection and therefore the proposed location is the farthest from the intersection and a safe distance from the existing adjacent Audi driveway. The proposed driveway location creates efficiencies for the site because the driveway entry allows for efficient circulation for service trucks such as for recycling and waste pick up. Some of the required parking for the project is located within the utility easement along East Bayshore Road. The driveway in front of the showroom creates a better overall circulation pattern because instead of vehicles being forced onto the roadway, vehicles being serviced or displayed can be moved onsite without ever leaving the site.

2. *The granting of the application will enhance the appearance of the site or structure, or improve the neighborhood character of the project and preserve an existing or proposed architectural style, in a manner which would not otherwise be accomplished through strict application of the minimum requirements of this title (Zoning) and the architectural review findings set forth in Section 18.76.020(d).*

The easements preclude any building to be placed within the easement area. Additionally, no structures such as light fixtures 15 feet can be placed within the easement area. In recent years, Pacific Gas & Electric due to experiences with wildfires has become more restrictive on the placement of vegetation near their transmission facilities, requiring trees to be shorter than 15 feet.

The building is designed with visually interesting facades and materials to complement other development within the area. The project proposes plantings of trees were feasible and appropriate including around the perimeter of the site.

3. *The exception is related to a minor architectural feature or site improvement that will not be detrimental or injurious to property or improvements in the vicinity and will not be*



*detrimental to the public health, safety, general welfare or convenience.*

The surrounding development includes large street setbacks, so the exception will not create consistency or compatible issues with the neighboring properties. Trees and other plantings will occur at the perimeter of the site and within the easement and bicycle path area where feasible.

#### SECTION 6. Variance Findings

1. *Because of special circumstances applicable to the subject property, 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 as the subject property. Special circumstances that are expressly excluded from consideration are:*

*A. The personal circumstances of the property owner, and*

*B. Any changes in the size or shape of the subject property made by the property owner or his predecessors in interest while the property was subject to the same zoning designation.*

The applicant requests a variance from PAMC 18.54 (Parking Lot Shading) requirements due to the shape of the subject property and the location of easements that preclude the planting of vegetation meeting the requirements of the zoning code. In the case of the subject property, the proposed use, which is allowed under the zoning code cannot be established because of the easements. This is also further compounded by the shape of the lot being a trapezoid, narrowing along Embarcadero Road causing an inefficient footprint for the building and function of the site as an automobile dealership. The neighboring Audi and Honda dealerships do not have the same physical limitations as the subject site. The project demonstrates that the parking lot shading requirement can be met for the remainder of the parking areas except for the portions encumbered by easements.

The subject property is trapezoidal with its narrow dimension occurring along Embarcadero Road. A tall high-voltage transmission tower is located at the corner of the property at East Bayshore Road and Embarcadero Road. Easements on the subject property represent 26% of the property area. The subject property includes easements (overhead, surface and sub-surface) that precludes buildings from locating within the easement area. The easement has limitations on minor structures such as light fixtures and vegetation. In recent years, Pacific Gas & Electric due to experiences with wildfires has become more restrictive on vegetation near their transmission facilities, requiring trees to be shorter than 15 feet. In comparison, the other two automobile dealerships on the same block are standard shaped lots. The other two automobile dealership properties do not have the same impediments.

The project includes a parking lot within the easement area that includes both customer parking and inventory for sale as exterior display models. It is also not possible to plant trees that would support a large enough canopy to provide shading of the surface parking lot within the easement. Additionally, the project includes a bicycle path along East Bayshore Road and Embarcadero Road, which necessitates the elimination of existing mature street trees. The project proposes trees that will fit the requirements prescribed for the easement. The project also proposes to plant 12 trees off-site within the Baylands.

Automobile dealerships typically function either with a larger building footprint with inventory stored

within the building envelop or as a smaller building footprint with inventory stored uncovered in surface parking lots on site. This project is the latter, which by design is a smaller massed building that is more compatible with the Baylands and its surroundings. Prior automobile dealership proposals on this site have been the former, which have pushed compatibility thresholds. The project includes both customer and inventory parking in tandem configuration. Parking lot landscape standards are met for landscaping around the perimeter of the parking areas and the required landscape islands. Trees have been planted to the extent feasible and consistent with easement restrictions. Another constraint of the site is its trapezoid shape. The narrow side of the property includes the easement, further compounding the ability to site a building, meet setbacks, avoid easements, meet stormwater regulations, and provide efficient circulation that would allow the automobile dealership to function.

The project includes a perimeter driveway to allow for circulation for fire department access around the buildings. The driveway also serves as important circulation component for the site's operations, keeping vehicles off the street. The 80-foot utility easement precludes the planting of trees with canopies significant enough to meet the City's shading requirements. The addition of the bicycle path along East Bayshore and Embarcadero also takes out area that could be used to plant trees that would provide shading in these parking/driveway areas.

The project proposes 41% canopy shading for the entire site, where 50% is required. Without the limitations discussed, the project would be able to meet the requirement. The project demonstrates meeting the requirement on portions of the parking areas not encumbered by the easements.

There is recognition of the importance of both the bicycle path and the City's urban forest canopy. However, given the limitations of the utility easement and the need for a bicycle connection in a location within the Baylands, the development of the bicycle path outweighs the tree canopy requirement. The building's design along East Bayshore Road is of high-quality making up for the loss of tree canopies. The project provides replacement trees onsite as well as off-site within the Baylands.

2. *The granting of the application shall not affect substantial compliance with the regulations or constitute a grant of special privileges inconsistent with the limitations upon other properties in the vicinity and in the same zoning district as the subject property, and*

The project will comply with other development standards except for the 'build-to-setbacks' because of the easement restrictions and modifications to one of the two required on-site loading spaces. The granting of the variance would not be considered a grant of special privileges since other automobile dealerships can function without hardship from a physical constraint such as the subject site.

3. *The granting of the application is consistent with the Palo Alto Comprehensive Plan and the purposes of this title (Zoning), and*

The project is consistent with the Palo Alto Comprehensive Plan as discussed in Section 4 of this record of land use action and the use is consistent with the purposes of the zoning code.

4. *The granting of the application will not be detrimental or injurious to property or improvements in the vicinity, will not be detrimental to the public health, safety, general welfare, or convenience.*

The granting of the variance would not negatively affect public health, safety, general welfare, or convenience or be detrimental to the property or improvements in the vicinity in that the project proposes to construct a multi-use pathway eliminating a gap in the city's bicycle network and providing a safe connection to the Baylands. The project also provides additional trees and plantings offsite in the Baylands that would create shading and additional habitat for animals.

## SECTION 7. Conditions of approval

### **PLANNING DIVISION**

1. **CONFORMANCE WITH PLANS.** Construction and development shall conform to the approved plans entitled, "Mercedes Benz of Palo Alto," stamped as received by the City on July 20, 2022 (revised August 10, 2022) on file with the Planning Department, 250 Hamilton Avenue, Palo Alto, California except as modified by these conditions of approval.
2. **BUILDING PERMIT.** Apply for a building permit and meet any and all conditions of the Planning, Fire, Public Works, and Building Departments.
3. **BUILDING PERMIT PLAN SET.** All Department conditions of approval for the project shall be printed on the plans submitted for building permit.
4. **PROJECT MODIFICATIONS:** All modifications to the approved project shall be submitted for review and approval prior to construction. If during the Building Permit review and construction phase, the project is modified by the applicant, it is the responsibility of the applicant to contact the Planning Division/project planner directly to obtain approval of the project modification. It is the applicant's responsibility to highlight any proposed changes to the project and to bring it to the project planner's attention.
5. **PROJECT EXPIRATION.** The project approval shall automatically expire after two years from the original date of approval, if within such two-year period, the proposed use of the site or the construction of buildings has not commenced pursuant to and in accordance with the provisions of the permit or approval. Application for a one-year extension of this entitlement may be made prior to the expiration. (PAMC 18.77.090(a)).
6. **INDEMNITY:** To the extent permitted by law, the Applicant shall indemnify and hold harmless the City, its City Council, its officers, employees and agents (the "indemnified parties") from and against any claim, action, or proceeding brought by a third party against the indemnified parties and the applicant to attack, set aside or void, any permit or approval authorized hereby for the Project, including (without limitation) reimbursing the City for its actual attorneys' fees and costs incurred in defense of the litigation. The City may, in its sole discretion, elect to defend any such action with attorneys of its own choice.
7. **DEVELOPMENT IMPACT FEES:** Development Impact Fees, currently estimated in the amount of \$1,368,305.87 shall be paid prior to the issuance of the related building permit.
8. **IMPACT FEE 90-DAY PROTEST PERIOD.** California Government Code Section 66020 provides that a

project applicant who desires to protest the fees, dedications, reservations, or other exactions imposed on a development project must initiate the protest at the time the development project is approved or conditionally approved or within ninety (90) days after the date that fees, dedications, reservations or exactions are imposed on the Project. Additionally, procedural requirements for protesting these development fees, dedications, reservations and exactions are set forth in Government Code Section 66020. IF YOU FAIL TO INITIATE A PROTEST WITHIN THE 90-DAY PERIOD OR FOLLOW THE PROTEST PROCEDURES DESCRIBED IN GOVERNMENT CODE SECTION 66020, YOU WILL BE BARRED FROM CHALLENGING THE VALIDITY OR REASONABLENESS OF THE FEES, DEDICATIONS, RESERVATIONS, AND EXACTIONS. If these requirements constitute fees, taxes, assessments, dedications, reservations, or other exactions as specified in Government Code Sections 66020(a) or 66021, this is to provide notification that, as of the date of this notice, the 90-day period has begun in which you may protest these requirements. This matter is subject to the California Code of Civil Procedures (CCP) Section 1094.5; the time by which judicial review must be sought is governed by CCP Section 1094.6.

9. MITIGATION MONITORING AND REPORTING PROGRAM. The Mitigation Monitoring and Reporting Program (MMRP) associated with the project and attached here as Exhibit 1 is incorporated by reference and all mitigation measures shall be implemented as described in said document. Prior to requesting issuance of any related demolition and/or construction permits, the applicant shall meet with the Project Planner to review and ensure compliance with the MMRP, subject to the satisfaction of the Director of Planning and Development Services.
  - a. The owner or designee shall complete an acoustical report satisfying Mitigation Measure N-1 to the satisfaction of the Director of Planning and Development Services or designee prior to issuance of certificate of occupancy.
  - b. Staff shall ensure that the neighbor at 2465 East Bayshore Road has an opportunity to review the acoustical report.
10. FINAL INSPECTION: A Planning Division Final inspection will be required to determine substantial compliance with the approved plans prior to the scheduling of a Building Division final. Any revisions during the building process must be approved by Planning, including but not limited to; materials, landscaping and hard surface locations. Contact your Project Planner, Sheldon S. Ah Sing at [Sheldon.ahsing@cityofpaloalto.org](mailto:Sheldon.ahsing@cityofpaloalto.org) to schedule this inspection.
11. BIRDS. The owner or designee shall evaluate migratory patterns affecting the site prior to submittal of a building permit and if any trees are found to be recurring nesting sites, ensure installation of replacement nesting facilities with replacement mature trees.
12. LIGHTING. The owner or designee shall ensure that light does not spill over the property lines from the project. The owner or designee prior to building permit issuance provide information to the satisfaction of the City that light levels do not exceed current lighting levels of surrounding properties. One strategy could be that lighting levels shall be reduced during the nighttime period to security levels (between 10pm and dawn or periods when the businesses are not in operation).
13. SIGNS. The owner or designee shall apply for approval of signs proposed for the site in accordance with PAMC 16.20.020. Based on the submitted set of plans, the northwest elevation of the building exceeds its allowance of sign area for wall signs. The owner or designee shall consider reducing the

size of the signs to comply. Additional consideration shall be made to include protruding elements to the freestanding signs for the Mercedes Benz logo so that the sign is not flat.

- ~~14. AUDI IMPROVEMENTS. The owner or designee shall demonstrate completeness of work on any outstanding improvements for the Audi Dealership (1730 Embarcadero) prior to Planning final inspection for the 1700 Embarcadero project.~~
15. CAR WASH EQUIPMENT: The owner or designee shall demonstrate installation of International Drying Corporation "Stealth Predator Ultra-Quiet Drying System" (30 Horsepower model) (65 dBA at 30 feet) to the satisfaction of the Planning Director or designee.
16. ARB AD HOC CONDITION: Prior to building permit issuance, the owner or designee shall demonstrate to the Architectural Review Board Ad Hoc the following:
  - a. Clarifying cross-sections along the multi-use path to confirm elevations;
  - b. Showing more low-level plantings in between trees and consider other canopy trees where feasible to increase shading, such as the addition of western redbuds to the landscape fingers along East Bayshore Road;
  - c. Confirming that trees can be planted adjacent to the multi-use path;
  - d. Confirming that the building elevations along the west and northwest elevations include the continuation of the ribbed metal paneling and also confirming the green colors.
17. LOADING. No loading or unloading of vehicles shall occur within the City right-of-way adjacent to the property.

#### **BUILDING DEPARTMENT**

18. The owner or designee at building shall:
  - a. Demonstrate that electric vehicle parking counts comply with PAMC 16.14.430;
  - b. Demonstrate that electric vehicle accessible parking complies with CBC 11B, similar to regular accessible parking;
  - c. Demonstrate accessible route from public sidewalk/bus stop to building entrance; and
  - d. Contact the Building Department for building permit submittal requirements

#### **PUBLIC WORKS ENGINEERING DEPARTMENT**

PUBLIC WORKS APPLICATIONS, FORMS, AND DOCUMENTS. Applicant shall be advised that all forms, applications, and informational documents related to Public Works Engineering conditions can be found at the following link:

<https://www.cityofpaloalto.org/Departments/Public-Works/Engineering-Services/Forms-and-Permits>

19. GRADING PERMIT. A Grading Permit is required per PAMC Chapter 16.28. The permit application and all applicable documents (see Section H of application) shall be submitted to Public Works Engineering. ADVISORY -- A grading permit only authorizes grading and storm drain improvements; therefore, the following note shall be included on each grading permit plan sheet: "THIS GRADING PERMIT WILL ONLY AUTHORIZE GENERAL GRADING AND INSTALLATION OF THE STORM DRAIN SYSTEM. OTHER BUILDING AND UTILITY IMPROVEMENTS ARE SHOWN FOR REFERENCE INFORMATION ONLY AND ARE SUBJECT TO SEPARATE BUILDING PERMIT APPROVAL."

20. GEOTECHNICAL ENGINEER STATEMENT. The grading plans shall include the following statement signed and sealed by the Geotechnical Engineer of Record: "THIS PLAN HAS BEEN REVIEWED AND FOUND TO BE IN GENERAL CONFORMANCE WITH THE INTENT AND PURPOSE OF THE GEOTECHNICAL REPORT."
21. RETAINING WALLS. The grading plan shall clearly indicate all site retaining walls needed along the project to accommodate the fill. These walls shall be located completely onsite, and at a minimum five feet from the existing street trees to be protected.
- ~~22. STORM DRAIN EASEMENT. The developer shall relocate the existing 21-inch storm drain line, away from the proposed foundation, and a new 10-foot wide (minimum) storm drain easement shall be dedicated to the City.~~
23. FLOOD ZONE. This project is in a Federal Emergency Management Agency (FEMA) Special Flood Hazard Area and shall comply with the requirements in Palo Alto Municipal Code Chapter 16.52 and the California Residential Code Section 322 (CRC 322).
24. CONDITIONAL LETTER OF MAP REVISION (CLOMR-F). Evidence that this document has been executed shall be provided prior to building permit issuance.
25. OUTSIDE AGENCY APPROVAL. Developer shall provide documentation that shows approval from the owner(s) of any easements that are affected by the project, including any easements that are to be abandoned.
26. STREETWORK PERMIT. The applicant shall obtain a Streetwork Permit from the Department of Public Works for all offsite and public improvements.
27. ENCROACHMENT PERMIT. Prior to any work in the public right-of-way, the applicant shall obtain an encroachment permit from the Public Works Department for any work that encroaches onto the City right-of-way.
28. LOGISTICS PLAN. A construction logistics plan shall be provided addressing all impacts to the public and including, at a minimum: work hours, noticing of affected businesses, construction signage, dust control, noise control, storm water pollution prevention, job trailer, contractors' parking, truck routes, staging, concrete pours, crane lifts, scaffolding, materials storage, pedestrian safety, and traffic control. All truck routes shall conform to the City of Palo Alto's Trucks and Truck Route Ordinance, Chapter 10.48, and the route map, which outlines truck routes available throughout the City of Palo Alto.
29. STORM WATER POLLUTION PREVENTION PLAN (SWPPP). The proposed development will disturb more than one acre of land. Accordingly, the applicant will be required to comply with the State of California's General Permit for Storm Water Discharges Associated with Construction Activity. This entails filing a Notice of Intent to Comply (NOI), paying a filing fee, and preparing and implementing a site-specific storm water pollution prevention plan (SWPPP) that addresses both construction-stage and post-construction BMP's for storm water quality protection.

30. STORMWATER POLLUTION PREVENTION. All improvement plan sets shall include the “Pollution Prevention – It’s Part of the Plan” sheet.
31. C.3 THIRD-PARTY CERTIFICATION. Applicant shall provide certification from a qualified third-party reviewer that the proposed permanent storm water pollution prevention measures comply with the requirements of Provision C.3 and PAMC Chapter 16.11. The third-party reviewer shall provide the following documents to Public Works prior to building permit approval:
- Stamped and signed C.3 data form (September 2019 version) from SCVURPPP. [https://scvurppp.org/wp-content/uploads/2019/10/SCVURPPP\\_C3\\_Data\\_Form\\_September2019\\_fillable\\_final\\_9-24-19.pdf](https://scvurppp.org/wp-content/uploads/2019/10/SCVURPPP_C3_Data_Form_September2019_fillable_final_9-24-19.pdf)
  - Final stamped and signed letter confirming which documents were reviewed and that the project complies with Provision C.3 and PAMC 16.11.
32. C.3 STORMWATER AGREEMENT. The applicant shall enter into a Stormwater Maintenance Agreement with the City to guarantee the ongoing maintenance of the permanent storm water pollution prevention measures. The City will inspect the treatment measures yearly and charge an inspection fee. The agreement shall be executed by the applicant team prior to building permit approval.
- Note: Any revisions to the C.3 stormwater pollution prevention measures that are necessary to facilitate installation of said measures will be addressed in the agreement and the accompanying exhibits, executed by the City, and recorded with the County.
33. C.3 FINAL THIRD-PARTY CERTIFICATION PRIOR TO OCCUPANCY. Within 45 days of the installation of the required storm water treatment measures and prior to the issuance of an occupancy permit for the building, the third-party reviewer shall submit to the City a certification verifying that all the permanent storm water pollution prevention measures were installed in accordance with the approved plans.
34. PAVEMENT RESTORATION. The applicant shall restore the pavement along the entire project frontage, ~~curb to curb, by performing a 3.5” grind and overlay.~~ The exact restoration limits will be determined by the Public Works Inspector or designee, once the resulting road condition is known following completion of heavy construction activities and utility lateral installations, at minimum the extent will be the project frontage.
35. IMPERVIOUS SURFACE AREA. The project will be creating or replacing 500 square feet or more of impervious surface. Accordingly, the applicant shall provide calculations of the existing and proposed impervious surface areas with the building permit application. The Impervious Area Worksheet for Land Developments form and instructions are available at the Development Center or on our website. To determine the impervious surface area that is being disturbed, provide the quantity on the site plan.
36. PRIOR TO PUBLIC WORKS FINAL/ACCEPTANCE.
- STORM DRAIN LOGO -- The applicant is required to paint “No Dumping/Flows to Matadero Creek” in blue on a white background adjacent to all onsite storm drain inlets. The name of the creek to which the proposed development drains can be obtained from Public Works

Engineering. Stencils of the logo are available from the Public Works Environmental Compliance Division, which may be contacted at (650) 329-2598. Include the instruction to paint the logos on the construction grading and drainage plan.

- b. RECORD DRAWINGS -- At the conclusion of the project applicant shall provide digital as-built/record drawings of all improvements constructed in the public right-of-way or easements in which the City owns an interest.

37. DEDICATION EASEMENT. The owner or designee shall record an easement for dedication as indicated on the project plans prior to issuance of building permits to the satisfaction of the Director of Public Works or designee.

### **PUBLIC ART**

38. IN-LIEU FEE. If the owner or designee chooses to pay to the public art fund in-lieu of commissioning art on site, the funds must be received prior to the issuance of a building permit (See Condition #7).

### **TRANSPORTATION**

39. EAST BAYSHORE ROAD / EMBARCADERO ROAD INTERSECTION. The existing pedestrian crossings are non-Americans with Disabilities Act (ADA) compliant at East Bayshore Road/ Embarcadero Road intersection. As part of the multi-use path construction, the owner or designee shall construct ADA compliant pedestrian crossings and ramps at the East Bayshore Road/ Embarcadero Road intersection. Pedestrian crossings and ramps shall meet the California Manual on Uniform Traffic Control Devices (CA MUTCD) requirements. The owner or designee shall submit the site plan for Office of Transportation approval before or during the building permit application.

40. MULTI-USE PATH. The owner or designee shall demonstrate that the multi-use path width is a minimum of 10 feet in width along the property frontage.

41. BICYCLE RACKS. The owner or designee shall provide inverted-U bicycle racks instead of 'wave' style bicycle racks.

### **WATER QUALITY**

42. POLYCHLORINATED BIPHENYLS (PCBs). Since the project triggers PCBs, sampling as identified on the "PCBs Planning Application Form," then the project shall conduct representative sampling of PCBs concentration in accordance with the "Protocol for Evaluating Priority PCBs-Containing Materials before Building Demolition (2018)." The PCBs Application Package and other resources are outlined at <http://www.cityofpaloalto.org/pcbdemoprogram>.

- a. If the representative sample results or records DO NOT indicate PCB concentrations  $\geq 50$  ppm in one or more "priority materials," then the screening assessment is complete. Applicant submits screening form and the supporting sampling documentation with the demolition permit application. No additional action is required.
- b. If the representative sample results or records DO indicate PCBs concentrations  $\geq 50$  ppm in one or more "priority materials," then the screening assessment is complete, but the Applicant MUST also contact applicable State and Federal Agencies to meet further requirements. Applicant submits screening form and the supporting sampling documentation with the demolition permit application and must contacts the State and Federal Agencies as indicated on Page 3 of the "PCBs Screening Assessment Form."



IMPORTANT: ADVANCED APPROVAL FROM THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY (USEPA) OR OTHER STATE AGENCIES MAY BE REQUIRED PRIOR TO BUILDING DEMOLITION. IT IS RECOMMENDED THAT APPLICANTS BEGIN THE PCBs ASSESSMENT WELL IN ADVANCE OF APPLYING FOR DEMOLITION PERMIT AS THE PROCESS CAN TAKE BETWEEN 1-3 MONTHS.

43. STORMWATER TREATMENT MEASURES. The following applies to the project:
- All Bay Area Municipal Regional Stormwater Permit requirements shall be followed.
  - Refer to the Santa Clara Valley Urban Runoff Pollution Prevention Program C.3 Handbook (download here: [http://scvurppp-w2k.com/c3\\_handbook.shtml](http://scvurppp-w2k.com/c3_handbook.shtml)) for details.
  - For all C.3 features, vendor specifications regarding installation and maintenance should be followed and provided to city staff. Copies must be submitted to Pam Boyle Rodriguez at [pamela.boylerodriguez@cityofpaloalto.org](mailto:pamela.boylerodriguez@cityofpaloalto.org). Add this bullet as a note to the building plans.
  - Staff from Stormwater Program (Watershed Protection Division) may be present during installation of stormwater treatment measures. Contact Pam Boyle Rodriguez, Stormwater Program Manager, at (650) 329-2421 before installation. Add this bullet as a note to building plans on Stormwater Treatment (C.3) Plan.

### **ZERO WASTE**

Deconstruction and Construction Materials Management Requirements.

44. REQUIRED DECONSTRUCTION. In conformance with PAMC 5.24, deconstruction and source separation are required for all residential and commercial projects where structures are being completely removed, demolition is no longer allowed. Deconstruction takes longer than traditional demolition, it is important to plan ahead.
45. SALVAGE SURVEY FOR REUSE. A Salvage Survey is required for deconstruction permit applications. The survey shall be conducted by a City approved reuse vendor. The survey submittal shall include an itemized list of materials that are salvageable for reuse from the project. The applicant shall source separate and deliver materials for reuse. Certification is required indicating that all materials identified in the survey are properly salvaged.
46. SOURCE SEPARATION FOR RECYCLING. The applicant shall source separate deconstruction materials into specific categories for recycling. Additional staging areas for source separated materials will need to be considered. All materials shall be delivered to one of the City approved materials recovery facilities listed in Green Halo, all records shall be uploaded to [www.greenhalosystems.com](http://www.greenhalosystems.com).  
For more information, refer to [www.cityofpaloalto.org/deconstruction](http://www.cityofpaloalto.org/deconstruction).

### **PUBLIC WORKS URBAN FORESTRY**

47. TREE DAMAGE. Tree Damage, Injury Mitigation and Inspections apply to Contractor. Reporting, injury mitigation measures and arborist inspection schedule (1-5) apply pursuant to Tree Technical Manual, Section 2.20-2.30. Contractor shall be responsible for the repair or replacement of any publicly owned or protected trees that are damaged during construction, pursuant to Title 8 of the Palo Alto Municipal Code, and city Tree Technical Manual, Section 2.25.
48. GENERAL. The following general tree preservation measures apply to all trees to be retained: No

storage of material, topsoil, vehicles, or equipment shall be permitted within the tree enclosure area. The ground under and around the tree canopy area shall not be altered. Trees to be retained shall be irrigated, aerated, and maintained as necessary to ensure survival.

49. EXCAVATION RESTRICTIONS APPLY (TTM, Sec. 2.20 C & D). Any approved grading, digging, or trenching beneath a tree canopy shall be performed using 'air-spade' method as a preference, with manual hand shovel as a backup. For utility trenching, including sewer line, roots exposed with diameter of 1.5 inches and greater shall remain intact and not be damaged. If directional boring method is used to tunnel beneath roots, Trenching and Tunneling Distance, shall be printed on the final plans to be implemented by Contractor.
50. TREE PROTECTION VERIFICATION. Prior to any site work verification from the contractor that the required protective fencing is in place shall be submitted to the Urban Forestry Section. The fencing shall contain required warning sign and remain in place until final inspection of the project.

SECTION 8. Term of Approval.

1. Site and Design Approval. In the event actual construction of the project is not commenced within two years of the date of council approval, the approval shall expire and be of no further force or effect, pursuant to Palo Alto Municipal Code Section 18.82.080.
2. Design Enhancement Exceptions. The time limits for any Design Enhancement Exceptions shall be the same as the time limits for the accompanying design review approval.
3. Variance. The time limits for any Variance shall be the same as the time limits for the accompanying design review approval.

PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

APPROVED:

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Director of Planning and Development Services

APPROVED AS TO FORM:

\_\_\_\_\_

Assistant City Attorney

PLANS AND DRAWINGS REFERENCED:

1. Those plans prepared by SPARC + titled "Mercedes Benz of Palo Alto", consisting of 87 pages, dated July 15, 2022, and received July 21, 2022 (revised August 10, 2022).

## Exhibit 1 Mitigation Monitoring and Reporting Program

The mitigation monitoring table lists those mitigation measures that would be included as conditions of approval for the project. To ensure that the mitigation measures are properly implemented, a monitoring program has been devised which identifies the timing and responsibility for monitoring each measure.

Environmental Impact	Mitigation Measure	Responsible for Implementation	Timing of Compliance	Oversight of Implementation
<b>BIOLOGICAL RESOURCES</b>				
<b>BIO-2: Nesting Bird Surveys and Avoidance</b>	Construction of the project, shall be prohibited during the general avian nesting season (February 1 – August 31), if feasible. If nesting season avoidance is not feasible, the applicant shall retain a qualified biologist, as approved by the City of Palo Alto, to conduct a preconstruction nesting bird survey of adjacent street trees to determine the presence/absence, location, and activity status of any active nests. The extent of the survey buffer area surrounding the site shall be established by the qualified biologist to ensure that direct and indirect effects to nesting birds are avoided. To avoid the destruction of active nests and to protect the reproductive success of birds protected by the MBTA and CFGC, nesting bird surveys shall be performed not more than 14 days prior to scheduled vegetation clearance and structure demolition. In the event that active nests are discovered, a suitable buffer (typically a minimum buffer of 50 feet for passerines and a minimum buffer of 250 feet for raptors) shall be established around such active nests and no construction shall be allowed within the buffer areas until a qualified biologist has determined that the nest is no longer active (i.e., the nestlings have fledged and are no longer reliant on the nest). No ground disturbing activities shall occur within this buffer until the qualified biologist has confirmed that breeding/nesting is completed and the young have fledged the nest. Nesting bird surveys are not required for construction activities occurring between August 31 and February 1.	Applicant or designee/Construction contractor	Prior to and during construction	CPA Planning Department
<b>CULTURAL RESOURCES</b>				
<b>CR-1: Resource Recovery Procedures.</b>	In the event that archaeological or paleontological resources are unearthed during project construction, all earth-disturbing work in the vicinity of the find shall be temporarily suspended or redirected until an archaeologist or paleontologist has evaluated the nature and significance of the find. If the discovery	Applicant or designee/Construction contractor	During construction	CPA Planning Department

Environmental Impact	Mitigation Measure	Responsible for Implementation	Timing of Compliance	Oversight of Implementation
	proves to be significant under CEQA, additional work such as preservation in place, archaeological data recovery, and/or paleontological salvage shall occur as required by the archeologist or paleontologist in coordination with City staff and descendants and/or stakeholder groups, as warranted. After the find has been appropriately treated, depending on the nature of the discovery, work in the area may resume. A Native American representative shall be retained to monitor mitigation work associated with Native American cultural material.			
<b>CR-2: Human Remains Recovery Procedures</b>	If human remains are unearthed, State Health and Safety Code Section 7050.5 requires that no further disturbance shall occur until the County Coroner has made the necessary findings as to the origin and disposition pursuant to the Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the coroner has 24 hours to notify the Native American Heritage Commission.	Applicant or designee/Construction contractor	During construction	CPA Planning Department
<b>TCR-1: Unanticipated Discovery of Tribal Cultural Resources</b>	In the event that cultural resources of Native American origin are identified during construction, all earth disturbing work within the vicinity of the find must be temporarily suspended or redirected until an archaeologist has evaluated the nature and significance of the find and an appropriate Native American representative, based on the nature of the find, is consulted. If the City determines that the resource is a tribal cultural resource and thus significant under CEQA, a mitigation plan shall be prepared and implemented in accordance with state guidelines and in consultation with Native American groups. The plan would include avoidance of the resource or, if avoidance of the resource is infeasible, the plan would outline the appropriate treatment of the resource in coordination with the archeologist and the appropriate Native American tribal representative.	Applicant or designee/Construction contractor	During construction	CPA Planning Department
<b>GEOLOGY AND SOILS</b>				
<b>GEO-1: Geotechnical Design Considerations</b>	The recommendations included in the 2015 Geotechnical Investigation conducted by Romig Engineers, Inc. (Appendix C) related to soil engineering shall be incorporated into the proposed project grading and building plans. The recommendations are related to:	Applicant or designee	Prior to building permit	CPA Planning Department

Environmental Impact	Mitigation Measure	Responsible for Implementation	Timing of Compliance	Oversight of Implementation
	<ul style="list-style-type: none"> <li>◆ Foundation design;</li> <li>◆ Surface improvements;</li> <li>◆ Slabs-on-grade;</li> <li>◆ Retaining walls;</li> <li>◆ Vehicle pavements; and,</li> <li>◆ Earthwork.</li> </ul>			
<b>NOISE</b>				
<b>N-1 Car Wash Noise Reduction</b>	<p>Prior to operation of the car wash, the project applicant shall implement the following noise reduction measures to ensure car wash noise complies with PAMC Chapter 9.10:</p> <ul style="list-style-type: none"> <li>◆ Any measure or combination of measures that would achieve compliance, such as the following:</li> <li>◆ Doors enclosing the car wash be sealed at all times when dryers are operating; or</li> <li>◆ Housings or silencers shall be installed on the dryers/blower fans; or</li> <li>◆ Noise attenuation mats shall be installed on the interior of the car wash tunnel; or</li> <li>◆ Dryers/blowers shall be installed as far into the tunnel as feasible.</li> </ul>	Applicant or designee	Certificate of Occupancy	CPA Planning Department
<b>TRIBAL CULTURAL RESOURCES</b>				
<b>TCR-1: Unanticipated Discovery of Tribal Cultural Resources</b>	<p>In the event that cultural resources of Native American origin are identified during construction, all earth disturbing work within the vicinity of the find must be temporarily suspended or redirected until an archaeologist has evaluated the nature and significance of the find and an appropriate Native American representative, based on the nature of the find, is consulted. If the City determines that the resource is a tribal cultural resource and thus significant under CEQA, a mitigation plan shall be prepared and implemented in accordance with state guidelines and in consultation with Native American groups. The plan would include avoidance of the resource or, if avoidance of the resource is infeasible, the plan would outline the appropriate treatment of the resource in coordination with the archeologist and the appropriate Native American tribal representative.</p>	Applicant or designee / Construction Contractor	During Construction	CPA Planning Department

**ATTACHMENT C**  
**ZONING COMPARISON TABLE**  
1700 Embarcadero Road, 21PLN-00191

<b>Table 1: COMPARISON WITH CHAPTER 18.16 (CS DISTRICT) and CHAPTER 18.30(F) (AD Combining District)</b> Exclusively Non-residential Development Standards			
<b>Regulation</b>	<b>Required</b>	<b>Existing</b>	<b>Proposed</b>
Minimum Site Area, width and depth	None	2.54 acres	2.54 acres
Minimum Front Yard	0-10 feet to create an 8-12 foot effective sidewalk width <sup>(1), (2), (8)</sup>	37 feet	<b>45'-6"</b>
Rear Yard	None	154 feet	68'-8"
Interior Side Yard	None	52 feet	66'-8"
Street Side Yard	None	87 feet	89'-3"
Min. yard for lot lines abutting or opposite residential districts or residential PC districts	10 feet <sup>(2)</sup>	Not applicable	Not applicable
Build-to-lines	50% of frontage built to setback on Embarcadero Road 33% of side street built to setback on Bayshore Road <sup>(7)</sup>	Not applicable	<b>No Build-To proposed</b>
Max. Site Coverage	None	11% (12,207 sf)	33% (35,694 sf)
Max. Building Height	50 ft	33'-6"	26 feet to parapet 36 feet to sign element
Max. Floor Area Ratio (FAR)	0.4:1 (44,173 sf) 18.30(F)(a)(1)  0.2:1 Additional FAR for Automobile Dealership Showrooms on the first floor. 0.6:1 (66,259 sf) 18.30(F)(a)(2)  Exclude service drives (PAMC) 18.30(F).050(a)(3)(b)	0.14:1 (15,207 sf)	1 <sup>st</sup> floor: 25,099* sf 2 <sup>nd</sup> floor: 5,715 sf Trash enclosure: 381 sf  Showroom/Dealership /Service: 0.29:1 (31,195 sf)*  *Includes 4,097 sf showroom **Excludes 4,499 sf service drive

(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.

(2) Any minimum front, street side, or interior yard shall be planted and maintained as a landscaped screen excluding areas required for access to the site. A solid wall or fence between 5 and 8 feet in height shall be constructed along any common interior lot line.

(6) The initial height and slope shall be identical to those of the most restrictive residential zone abutting the site line in question.

(7) 25 foot driveway access permitted regardless of frontage, build-to requirement does not apply to CC district.

**Table 2: COMPARISON WITH CHAPTER 18.16 (CS DISTRICT) and CHAPTER 18.30(F) (AD Combining District)**  
**continued**

Exclusively Non-residential Development Standards

Topic	Requirement	Proposed
Hours of Operation (18.16.040 (b))	Businesses with activities any time between the hours of 10:00 p.m. and 6:00 a.m. shall be required to obtain a conditional use permit. The director may apply conditions of approval as are deemed necessary to assure compatibility with the nearby residentially zoned property	Compliant
Outdoor Sales and Storage (18.16.060 (h))	<p>(3) In the CS district, outdoor sales and display of merchandise, and outdoor eating areas operated incidental to permitted eating and drinking services shall be permitted subject to the following regulations:</p> <p>(A) Outdoor sales and display shall not occupy a total site area exceeding the gross building floor area on the site, except as authorized by a conditional use permit.</p> <p>(B) Areas used for outdoor sales and display of motor vehicles, boats, campers, camp trailers, trailers, trailer coaches, house cars, or similar conveyances shall meet the minimum design standards applicable to off street parking facilities with respect to paving, grading, drainage, access to public streets and alleys, safety and protective features, lighting, landscaping, and screening.</p> <p>(C) Exterior storage shall be prohibited, unless screened by a solid wall or fence of between 5 and 8 feet in height.</p>	Not Applicable because the site is subject to the AD combining district
Outdoor Sales and Storage (18.30(F).050(c))	<p>(c) Outdoor Sales and Storage</p> <p>Outdoor sales and display of automobiles and merchandise shall be permitted subject to the following regulations:</p> <p>(1) Two automobile display pads shall be permitted in the required setback area, including landscaped areas, adjacent to a public right-of-way. A single automobile display pad shall be no higher than eight feet, measured to the highest point of the automobile on the display pad, and the surface of the display pad area shall be no larger than 175 square feet.</p> <p>(2) Areas for outdoor sales and display of motor vehicles, other than automobile display pads, shall meet the minimum design standards applicable to off-street parking facilities with respect to paving, grading, drainage, safety and protective features, lighting, and screening. Striping for parking stalls shall not be required for auto display and storage areas.</p> <p>(3) Exterior storage shall be screened by a solid wall or fence of between five and eight feet in height.</p>	Compliant



Recycling Storage (18.16.060 (i))	All new development, including approved modifications that add thirty percent or more floor area to existing uses, shall provide adequate and accessible interior areas or exterior enclosures for the storage of recyclable materials in appropriate containers. The design, construction and accessibility of recycling areas and enclosures shall be subject to approval by the architectural review board, in accordance with design guidelines adopted by that board and approved by the city council pursuant to Section 18.76.020.	Recycling is at the rear portion of the site.
Employee Showers (18.16.060 (j))	Retail Services requires one (1) shower for 25,000-49,999 sf	Not applicable to Automobile Dealerships
Office Use Restrictions (18.16.050)	Total floor area of permitted office uses on a lot shall not exceed 25% of the lot area, provided a lot is permitted between 2,500 and 5,000 sf of office use. The maximum size may be increased with a CUP issued by the Director.	Not applicable

**18.16.080 Performance Standards.** All development in the CS district shall comply with the performance criteria outlined in [Chapter 18.23](#) of the Zoning Ordinance, including all mixed use development

**18.16.090 Context-Based Design Criteria.** As further described in a separate attachment, development in a commercial district shall be responsible to its context and compatible with adjacent development and shall promote the establishment of pedestrian oriented design.

<b>Table 3: CONFORMANCE WITH CHAPTER 18.52 (Off-Street Parking and Loading) for Automobile Dealerships*</b>			
<b>Type</b>	<b>Required</b>	<b>Existing</b>	<b>Proposed</b>
Vehicle Parking	Outdoor vehicle display $3,078/500 = 6.16$ spaces  Automobile Dealership $30,814/400 = 77.03$ spaces  Total: 83 spaces	161 spaces	85 spaces
Bicycle Parking	1 per 10 employees (100% short term)	None	4 spaces (40 employees)
Loading Space	2 loading spaces for 30,000 - 69,999 sf	None	<b>2 spaces**</b>

\* On-site employee amenity space is exempted from the parking requirements

\*\* Requires Director's modification to required dimensions

**Table 4: CONFORMANCE WITH CHAPTER 18.54 (Parking Facility Design Standards)  
for Automobile Dealerships\***

<b>Regulation</b>	<b>Required</b>	<b>Proposed</b>
Tree Canopy and Sizes	Landscaping within surface parking areas shall include tree plantings designed to result in <b>50 percent shading</b> of parking lot surface areas within 15 years. Trees required to meet any section of this title shall be a minimum fifteen gallon size, and at least twenty-five percent (25%) shall be twenty-four-inch box or larger. Fifty percent (50%) of shrubs shall be a minimum of five-gallon size. Provided, in the Site and Design Review (D) combining district, the minimum plant size requirements set forth in this section may be decreased, as set forth in <a href="#">Chapter 18.30(G)</a> .	22,456 SF canopy area / 54,899 SF drivable area  <b>41%</b>
Perimeter Landscaping	Each unenclosed parking facility shall provide a perimeter landscaped strip at least five feet wide between and adjacent to a line defining the exterior boundary of the parking area and the nearest adjacent property line, not separated by a building.	Complies
Interior Landscaping – Amount Required	Interior landscaping is required within the parking facility between the perimeter landscaped area and the edge of pavement adjacent to any building on the site. Each unenclosed parking facility shall provide a minimum of interior landscaping.  Size of parking facility: >30,000 = min. 10% landscaping  Parking facility = 54,899 SF = min 5,473 SF landscaping	Complies 22,332 SF

## Attachment D: Actions from prior Hearings

### **City Council:**

**20APL-00002**, June 22, 2020 Appeal

<https://www.cityofpaloalto.org/civicax/filebank/blobdload.aspx?BlobID=77228>

*Upheld approval decision for 19PLN-00291*

**18PLN-00186**, June 24, 2019:

<https://www.cityofpaloalto.org/civicax/filebank/blobdload.aspx?BlobID=72062>

*Approval of project – Return to ARB for certain items (see 19PLN-00291)*

**15PLN-00394**, June 6, 2016:

<http://www.cityofpaloalto.org/civicax/filebank/blobdload.aspx?BlobID=52594>

*Was reviewed by ARB six times in 2015/2016; Reviewed by PTC on April 27, 2016; then referred back to ARB by Council, at which time the applicant withdrew the application.*

### **PTC:**

**21PLN-00191**, October 26, 2022:

<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/planning-and-transportation-commission/2022/ptc-10.26.2022-1700-embarcadero-rd.pdf>

[https://www.youtube.com/watch?v=8dOA8\\_rtwWc&start=9084&width=420&height=315](https://www.youtube.com/watch?v=8dOA8_rtwWc&start=9084&width=420&height=315)

*Recommend approval to the City Council*

**18PLN-00186**, March 27, 2019:

<https://www.cityofpaloalto.org/civicax/filebank/blobdload.aspx?BlobID=70015>

*Recommend approval to City Council*

### **ARB:**

**21PLN-00191**, November 3, 2022 2<sup>nd</sup> Formal:

<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/architectural-review-board/2022/arb-11.03.2022-1700-embarcadero-rd.pdf>

[https://www.youtube.com/watch?v=e8bh\\_gTAXCs](https://www.youtube.com/watch?v=e8bh_gTAXCs)

*Recommend approval to the City Council*

**21PLN-00191**, June 16, 2022 1<sup>st</sup> Formal:

<https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/architectural-review-board/2022/arb-06.16.2022-1700-embarcadero-rd.pdf>

*Continue to a date uncertain*

**19PLN-00291**, March 5, 2020 2<sup>nd</sup> Formal:

<https://www.cityofpaloalto.org/civicax/filebank/blobdload.aspx?BlobID=75555>

*Recommend approval to Director*

December 19, 2019 1<sup>st</sup> Formal:

<https://www.cityofpaloalto.org/civicax/filebank/blobdload.aspx?BlobID=74447>

*Continue*

**18PLN-00186**, June 6, 2019 3<sup>rd</sup> Formal:

<http://www.cityofpaloalto.org/civicax/filebank/blobdload.aspx?BlobID=71733>

*Continue to date uncertain (no recommendation to City Council)*

April 4, 2019 2<sup>nd</sup> Formal:

<http://www.cityofpaloalto.org/civicax/filebank/blobdload.aspx?BlobID=70111>

*Continue*

September 20, 2018 1<sup>st</sup> Formal:

<http://www.cityofpaloalto.org/civicax/filebank/blobdload.aspx?BlobID=66721>

*Continue*



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SWICKARD AUTO GROUP

July 15, 2022

City of Palo Alto  
Department of Planning & Development Services  
250 Hamilton Avenue  
Palo Alto, CA 94301

Re: Proposed Mercedes-Benz Dealership  
Project Description & Justification  
1700 Embarcadero Road  
Palo Alto, CA 94303

To Whom It May Concern:

Swickard Auto Group appreciates the feedback received at the June 16, 2022, ARB meeting. In light of that feedback, we have had our architectural, engineering, and landscape professionals revise the proposal to address as many of the concerns as possible. The gist of the project remains the same; to de-construct the former Ming's Restaurant building and construct a new predominantly one-story Mercedes-Benz dealership including a sales and service facility at 1700 Embarcadero Road. On site improvements are proposed to include customer and employee parking spaces, inventory storage spaces, landscaping, a driveway connection to the adjacent existing Audi dealership, solar canopies, and a dumpster enclosure. The small scale of the building proposed with the project is specifically designed to serve the surrounding community. An offsite multi-use path has been added to the proposal to replace an existing sidewalk and solar canopies have been added to the shade a portion of the parking lot between the existing Audi dealership and the proposed Mercedes-Benz building. Revised plans are to be found in the link sent to the City and hard copies of plans can be provided as requested. A synopsis of the changes found on the revised plans is as follows:

- A. A multi-use path is now proposed along Embarcadero and East Bayshore to replace an existing concrete sidewalk and trees. This multi-use path requires the dedication of 473 square feet of right-of-way as shown on Exhibit 2. It also results in a loss of 11 trees which provide 794 square feet shade cover for the parking and vehicle storage areas.




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 SWICKARD AUTO GROUP

As previously discussed, we remain extremely concerned about the safety of such a multi-use path due to the conflicts with the vehicular driveways to the site and the adjacency of the path to vehicular traffic. Our preference and recommendation remains to preserve the existing sidewalk and street trees and for the City of Palo Alto to construct on-street bike lanes within the current right-of-way.

- B. The proposed shade cover over the proposed asphalt has been increased to 23,535 square feet. The total asphalt area on the lot is 56,892 square feet; however, 16,202 square feet of that area is within the PGE high voltage electricity easement where the planting of new canopy trees is prohibited. Subtracting the PGE easement area leaves 40,690 square feet of asphalt with 23,535 square feet of cover which represents a 58% shade coverage level which exceeds the 50% level of the code. Additionally, 6,870 square feet of solar canopy is proposed between the Mercedes-Benz and Audi buildings. Of that amount, an additional 3,824 square feet of parking lot coverage or a total of 67% of shade coverage over the non-PGE area. The PGE high voltage transmission easement meets the definition of a unique circumstance that negatively impacts the site and therefore meets the criteria of a variance. We are requesting a variance to the permit the shade level as proposed on the resubmitted plans.
- C. In addition to the additional trees provided to meet the shading requirements, two species of trees were changed to meet the requests of the ARB. The non-native Ginkgo Biloba trees were changed to native Western Redbud and the California Buckeye was changed to Valley Oak. Additionally, while the site does not border the Baylands, an additional planting area consisting of 12 trees and 14 evergreen shrubs is proposed on Baylands to screen the proposed building as well as the existing neighboring office building.
- D. The service drive roll-up doors have been removed and it is now an open-air service drive.
- E. The reclaimed wood siding is now shown on both sides of the service drive. Additional elevations and perspective drawings are included to graphically show such.
- F. On the rear elevation of the building, the black corrugated panel system has been greatly reduced to minimally wrap the corner. The rear of the building is now painted 3 shades of grey-green to match typical native vegetation. The color of the roof top screens has been revised to a matching grey-green. A graphic rendering showing the existing and proposed view of the Mercedes-Benz building from the trail in the Baylands shows that



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even without the new landscaping, the view of the proposed building is 99% blocked by existing vegetation.

- G. The customer parking spaces have been better identified on the plans and are labeled “CP”. There is customer parking on both sides of the service drive to accommodate both sales and service customers.
- H. The bicycle rack has been revised to a type that allows the front and rear wheels to be locked to it as well as the frame of the bike.
- I. Additional landscaping was included near the showroom glass to further limit bird strikes. While a UV glass is proposed to limit such strikes, the actual manufacturer of the glass has not been determined at this time due to global supply issues. The glass manufacturer will be chosen based on availability closer to construction time. Adding vinyl dots to the glass was deemed unfeasible due to the nature of the use of the building as a vehicular showroom.
- J. Three additional ideas from the ARB were evaluated but deemed not feasible to be part of this project. One idea was to move the building toward the existing Audi building. Moving the building that direction would result in the loss of the landscaping along that side of the building and/or the loss of the solar canopies. It would also reduce the size of the water quality sediment ponds located on that side of site. Those areas are not able to be reduced due to code requirements. A second idea was to reduce the vehicle storage along East Bayshore to relocate the bike path behind the existing landscaping. That layout would result in a significant taking of property and create a project that is not feasible to be built. Approximately 20 to 25 vehicle spaces would be lost. Any loss in parking would jeopardize the loss of code required and/or manufacturer required onsite vehicle storage spaces. The third idea was to create a green roof over part or all of the building. While a green roof would help accomplish the goal of reducing the heat island effect, it also limits the opportunity for future solar to be mounted on the roof. The building is being built with the ability to add rooftop solar in the future. With an unknown future of what climate change will bring, we believe having the option of solar on the roof is critical to limit consumption of fossil fuels on site. To limit the heat island effect, the building will have a white roof which has a surface temp of 80 degrees cooler than a black roof and additional landscaping was added to the lot.



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We believe the revised proposed project Site and Design further complies with the following objectives from 18.82.060 PAMC:

- a. To ensure construction and operation of the use in a manner that will be orderly, harmonious, and compatible with existing or potential uses of adjoining or nearby sites.

The proposed Mercedes-Benz dealership will be consistent with the surrounding uses. Professional offices are to the north and south of the project site. Medical offices are located across Bayshore to the west of the dealership. The local Audi and Honda dealership are located to the east of the proposed site. This proposed dealership will further extend the dealerships to the East, continuing and further comingling the automobile dealership uses in the area, providing an efficient area for the surrounding community.

- b. To ensure the desirability of investment, or the conduct of business, research, or educational activities or other authorized occupations, in the same or adjacent areas.

The proposed Mercedes-Benz dealership will further the desirability of investment by replacing a dilapidated restaurant building with a modern, environmentally sensitive automobile dealership. This will provide further consistency with the surrounding uses as it will continue the row of automobile dealerships to the east of the site while raising the bar for environmentally sensitive design. By developing such a facility, Swickard Auto Group hopes to further stimulate the area for future investment and redevelopment.

- c. To ensure that sound principles of environmental design and ecological balance shall be observed.

The proposed Mercedes-Benz dealership utilizes sound principles of environmental design and ecological balance by designing a building that is harmonious to the natural environment and surrounding area. The existing building will be de-constructed to the highest level feasible to recycle as many of the materials as possible. The proposed dealership maintains a low profile and clean lines so as not to impose the surrounding building and area. The proposed building also uses natural earth tone colors and natural materials. In addition, the proposed building has a full height landscaped wall feature that wraps around the southwest corner of the building and full height window panels to let natural light in to further promote sound principles of environmental design and ecological balance. It utilizes reclaimed wood siding to minimize the use of natural resources. Solar canopies are proposed between the Mercedes-Benz building and the existing Audi building to minimize dependence on fossil fuels. The roof structure will be built to support additional solar panels.





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d. To ensure that the use will be in accord with the Palo Alto Comprehensive Plan.

The proposed Mercedes-Benz automobile dealership use is consistent with the Palo Alto Comprehensive Plan. The proposed development continues the automobile dealership uses to the East of the site and is consistent with the uses described in the Service Commercial land use designation. The project is on land that already has development and is consistent with the surrounding development pattern, including larger buildings and larger street setbacks.

Sincerely,



Eric Iversen  
Director of Real Estate and Facilities  
Swickard Auto Group  
541.301.2748

**Project Plans**

In order to reduce paper consumption, a limited number of hard copy project plans are provided to Board members for their review. The same plans are available to the public, at all hours of the day, via the following online resources.

**Environmental Document**

An Addendum to the Mitigated Negative Declaration has been prepared for this project.

**Directions to review Project plans and environmental documents online:**

1. Go to: [bit.ly/PApendingprojects](http://bit.ly/PApendingprojects)
2. Scroll down to find “1700 Embarcadero Road” and click the address link
3. On this project-specific webpage you will find a link to the project plans and other important information

**Direct Link to Project Webpage:**

<https://www.cityofpaloalto.org/News-Articles/Planning-and-Development-Services/1700-Embarcadero-21PLN-00191>

**Materials Boards:**

Prior to the hearing, color and material boards will be available to view in the display case outside of City Hall, on the exterior elevator near the corner of Hamilton Ave. and Bryant St. For closer examination, this same board will be brought to chambers during the ARB hearing.



## City of Palo Alto City Council Staff Report

(ID # 14891)

Meeting Date: 12/5/2022

Report Type: Action Items

**Title: Staff and the Council Sustainability and Climate Action (S/CAP) Ad Hoc Committee Recommend That Council Review and Provide Feedback to Staff on the Draft 2023-2025 S/CAP Work Plan and Direction on Governance of the Work Plan** **THIS ITEM HAS BEEN CONTINUED TO A FUTURE MEETING**

**From: City Manager**

**Lead Department: Utilities**

### **Recommendation**

Staff and the Council Sustainability and Climate Action Plan (S/CAP) Ad Hoc Committee recommend that Council:

1. Review and provide feedback to staff on the draft 2023-2025 S/CAP Work Plan (Attachments A and B)
2. Provide direction on governance of the 2023-2025 S/CAP Work Plan

### **Executive Summary**

On October 3, 2022, the City Council accepted the Sustainability and Climate Action Plan (S/CAP) Goals and Key Actions (Staff Report 14606<sup>1</sup>). That document lists the detailed actions needed to achieve the City's 80x30 goal,<sup>2</sup> but does not provide guidance on task prioritization or implementation timeline. The 2023-2025 S/CAP Work Plan is meant to guide staff efforts on the S/CAP over the next three years by prioritizing and providing more detail on implementation of the Key Actions accepted by Council on October 3, 2022. The Work Plan is contingent on completion of environmental review, which is underway and expected to come to Council for action in spring 2023.

The draft 2023-2025 S/CAP Work Plan is split between a Climate Action section, which focuses on work items that achieve the City's 80x30 goal, and a Sustainability section, which focuses on improving the City's environmental impact in ways that are not primarily focused on reducing greenhouse gas emissions, but focus on critically important co-benefits that contribute to overall climate action.

<sup>1</sup> Staff Report 14606 <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/2022/20220927/20220927pccsmlinked-amended-v2.pdf#page=79>

<sup>2</sup> Achieving 80% reductions in greenhouse gas emissions from 1990 levels by 2030.

The Climate Action section focuses on launching higher potential, lower cost emissions reduction programs, building community confidence in the S/CAP, and laying the foundation for post-2025 work. The Sustainability section focuses on reducing waste, creating a sustainable and holistically managed water system, adapting to a changing climate, and enhancing the City's thriving urban canopy.

Included in the draft 2023-2025 S/CAP Work Plan are:

- Priorities for 2023-2025 Climate Action work (Attachment A, Section 2.I, pg 3)
- 51 Climate Action work items (Attachment A, Section 2.III, pp 5-17) and 27 Sustainability work items (Attachment A, Section 3, pp 18-23)
- Policy guidelines for development of a Reliability and Resiliency Strategic Plan (Attachment A, Appendix C, pg 29)

Policy guidelines for development of an Electric Vehicle Strategic Plan (Attachment A, Appendix D, pg 30)

## **Background**

Attachment C provides a detailed history of the S/CAP to date. Staff began California Environmental Quality Act (CEQA) review of the S/CAP upon Council's October 3, 2022 acceptance of the S/CAP Goals and Key Actions, with the goal of formally adopting the full S/CAP report in early 2023. The 2023-2025 Work Plan will guide staff work after adoption, and there is a great deal of staff work included in the 2023-2025 S/CAP Work Plan that can proceed even before formal adoption.

## **Discussion**

There are two sections to the draft 2023-2025 S/CAP Work Plan: Climate Action and Sustainability.

### *Climate Action*

- P1. Complete grid modernization plan and begin construction to increase reliability and transformer capacity for electrification
- P2. Launch effective programs for emissions reductions with the highest impact and lowest cost, including single-family electrification, strategic promotion of electric vehicles (EVs), commercial rooftop heating, ventilation, and air conditioning (HVAC), and expanded transportation alternatives
- P3. Build community awareness and confidence in electrification through engagement, addressing concerns, and program results
- P4. Identify an additional 9% in emissions reduction opportunities to achieve the 80x30 goal
- P5. By 2024, identify funding needed and potential funding sources for full scale implementation of highest impact emissions reductions

Table 1 below summarizes how these priorities are implemented in 2023-2025. Staff will

focus on increasing electric grid capacity while launching high potential, lower cost programs focused on residential heat pump water heaters (HPWH), commercial packaged rooftop heating, ventilation, and air conditioning (HVAC), and previously funded transportation programs. Funding needs and sources for these high potential programs will be evaluated. Studies on accelerating EV charger penetration in multi-family buildings (including affordable housing) and providing EV chargers in workplaces and business districts will be completed. Publicly-owned EV charging may also be part of the solution; and the Bicycle/Pedestrian Plan will be updated. A study of potential multi-family and non-residential electrification opportunities will be completed. This work will be performed with the intent of building community confidence in the City's emissions reduction efforts, which will require results, engagement, and some focus on electric system reliability and resiliency.

**Table 1: Climate Action Priorities: Summary of Work Items and Timeline**

Priority	2023 (after certification of environmental review) <sup>3</sup>	2024	2025
P1 (Modernize grid)	<ul style="list-style-type: none"><li>• Grid modernization study completion, hire contractor</li><li>• Reliability/Resiliency Strategic Plan</li></ul>	<ul style="list-style-type: none"><li>• Begin a 5-7 year construction effort to increase reliability and transformer capacity</li><li>• Implement Reliability and Resiliency Strategic Plan</li></ul>	
P2 (Launch programs)	Design and launch programs:		<ul style="list-style-type: none"><li>• Design and launch additional programs based on the 2024 studies (See P4 for other studies that may result in new programs) and the EV Strategic Plan</li></ul>
	<ul style="list-style-type: none"><li>• Full-scale HPWH program</li><li>• Pilot commercial HVAC</li><li>• Municipal electrification</li><li>• Downtown parking management program</li><li>• On-demand transit pilot</li></ul>	<ul style="list-style-type: none"><li>• Single-family whole home</li><li>• Full-scale commercial HVAC</li><li>• Full-scale multi-family EV charger</li></ul>	
	Studies to guide program launches:		
	<ul style="list-style-type: none"><li>• EV Strategic Plan</li><li>• Multi-family and income-qualified EV charging plan</li><li>•</li><li>• Bicycle/Pedestrian Plan update</li></ul>	<ul style="list-style-type: none"><li>• Commuter emissions reduction strategic plan</li><li>• Workplace and visitor EV charger strategic plan</li><li>• Vision Zero program</li></ul>	
P3 (Build	Continued public engagement and marketing. Report results from new and existing programs:		

<sup>3</sup> It may be possible for some work to proceed prior to certification of environmental review, but other items may need environmental review to be completed prior to Council action (e.g. hiring a contractor for grid modernization work)

Priority	2023 (after certification of environmental review) <sup>3</sup>	2024	2025
<b>awareness and confidence)</b>	<ul style="list-style-type: none"> <li>• New program: HPWH pilot</li> <li>• Existing programs: <ul style="list-style-type: none"> <li>• Existing Mobility programs</li> <li>• Multi-family EV charger</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• New programs: Full-scale HPWH program, commercial HVAC pilot</li> <li>• Continuation of existing programs</li> </ul>	<ul style="list-style-type: none"> <li>• New programs; Full-scale HVAC, multi-family EV charger</li> <li>• Continuation of existing programs</li> </ul>
	To address reliability and resiliency concerns, implement “Next Steps” from 8/16/21 Energy Storage report ( <a href="#">Staff Report 12194</a> <sup>4</sup> ) as time permits		
<b>P4 (Additional emissions reductions)</b>	<ul style="list-style-type: none"> <li>• Seek ideas from community members and other experts</li> </ul>	<ul style="list-style-type: none"> <li>• Multi-family and non-residential electrification study</li> </ul>	
<b>P5 (Funding needs and sources)</b>	<ul style="list-style-type: none"> <li>• Evaluate costs for full scale implementation of high potential/lower cost emissions reductions</li> <li>• Preliminary evaluations of potential funding sources</li> </ul>	<ul style="list-style-type: none"> <li>• Decisions on how to fund priority electrification areas</li> </ul>	

### *Sustainability*

The Sustainability section of the draft work plan implements the S/CAP goals for a sustainable natural environment (including reducing waste, creating a sustainable and holistically managed water system, and a thriving urban canopy) by:

- Reducing water consumption while exploring ways to capture and store water, and increase the availability and use of recycled water
- Developing and adopting a multi-year Sea Level Rise Adaptation Plan
- Minimizing wildland fire hazards through Foothills Fire Management Plan implementation, zoning, and collaborating with Fire agencies
- Increasing Palo Alto’s Tree Canopy and reducing pesticide usage in parks and open space preserves
- Supporting the Green Stormwater Infrastructure (GSI) Plan and incorporating it in municipal projects
- Encouraging food waste reduction, prevention, and recovery and providing waste prevention technical assistance
- Eliminating single-use disposable containers and prioritizing domestic processing

<sup>4</sup> Staff Report 12194 <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/2021/08-august/20210816/20210816pccsm-final.pdf>

of recyclable materials

The Sustainability section Key Actions were prioritized based on the co-benefits analysis conducted by the City's consultant, AECOM.

The draft 2023-2025 S/CAP Work Plan implements the direction of the S/CAP Ad Hoc Committee as put forth in the October 3<sup>rd</sup> City Council Motion (October 3 Action Minutes, page 4<sup>5</sup>) to refer to S/CAP Ad Hoc committee to begin work on the following and present to the City Council by yearend an outline of:

1. Identification of community partner organizations and how they can help support the S/CAP moving forward
2. Preliminary committee review of a prospective commercial HVAC electrification program (E2)
3. An EV strategic plan (EV1-10)

It does this by creating a work plan and timeline for taking action on the items listed above.

### *Governance*

There is a range of oversight work involved in the development and implementation of S/CAP programs. Staff has identified three main categories:

- *Policy-level strategic guidance:* These are highly visible decisions with significant policy or political implications. For example, the Council S/CAP Ad Hoc Committee provided guidance on where to focus the City's initial efforts on emissions reduction, resulting in the Advanced Heat Pump Water Heater Pilot Program approved October 3, 2022, the S/CAP Goals and Key Actions, and the 2023-2025 draft S/CAP Work Plan.
- *Oversight of ongoing work:* As S/CAP work efforts or programs are launched an oversight body or bodies will need to be available to receive progress updates and make ongoing policy decisions as they arise. An example might be reports on various S/CAP key performance indicators (KPIs) or periodic status updates on the Advanced Heat Pump Water Heater Pilot Program after it launches.
- *Operational-level strategic guidance:* These are decisions with significant operational impacts that require in-depth technical discussions. An example is the discussions of low-wattage EV charging solutions and how they relate to grid modernization undertaken by the S/CAP Committee. The in-depth detailed level of these discussions can be overwhelming to a body with a broad set of oversight responsibilities instead of a narrow set of responsibilities.

At its April 19, 2021 meeting Council directed the Mayor to convene an S/CAP Ad Hoc Committee which has provided recommendations to Council on S/CAP-related policy

<sup>5</sup> October 3 Action Minutes, page 4 <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/2022/20221003/20221003amccsm.pdf#page=4>

decisions and prioritization. Staff is requesting that Council provide direction on continuing governance in 2023 as staff completes the S/CAP Update work and begins work on implementation. Some alternatives include:

- Managing with the full Council
- Delegating to the Council Finance or Policy and Services Committee
- Forming another Council Ad Hoc Committee
- Delegating to an existing Board or Commission
- Developing a new Commission

1. Full Council or Council Committee

Staff recommends against attempting to manage the entire S/CAP with the full Council or even a standing Council committee, since the complexity of the effort could potentially be overwhelming given the volume of other business. Certain issues might lend themselves to delegation to specific standing committees. For example, discussion of funding sources and needs might be appropriate to the Finance Committee.

2. Council Ad Hoc Committee

A new ad hoc committee, while temporary in nature, could provide policy direction while a longer-term governance structure is being established. If a new ad hoc committee were established, staff would recommend clearly stating the expected term and scope of responsibilities. Establishing a new ad hoc could also facilitate the continuation of involvement and input from community members who have been involved as Working Group and Working Group Team contributors over the past year. Designating a member of the new ad hoc committee as the Utilities Advisory Commission liaison could also be an effective means to connect the related work of the two bodies. Staff would also recommend establishing ways for the Council to delegate some work to other bodies with feedback from the ad hoc committee to ensure coherence of the overall work plan. Once the work plan is approved (anticipated mid-2023), there will be a high volume of work to be reviewed and discussed, and an ad hoc committee may not be able to keep up on its own.

3. Existing Board or Commission

The other existing bodies with expertise relevant to the S/CAP are the Utilities Advisory Commission (UAC), the Planning and Transportation Commission (PTC), and the Parks and Recreation Commission (PRC). Although all of these bodies have some responsibilities relevant to the S/CAP, the UAC's role reviewing utility programs, utility finances, and utility infrastructure is by far the most relevant to much of the core work in the work plan. Additionally, the PTC reviews transportation policy and zoning code provisions that can affect how electrified equipment is installed, and the PRC serves in an advisory role on implementation of Urban Forestry programs relevant to the S/CAP's Natural Environment goals. Oversight of the entire S/CAP would represent a very significant expansion of oversight



responsibilities for any of the bodies, but each could make recommendations to Council or a Council Ad Hoc Committee on specific issues.

#### 4. Climate Action Commission

In the longer-term, Council could consider a new Commission with responsibility for S/CAP oversight. At its October 3, 2022 meeting, Council directed staff to bring information on the design of a Climate Action Commission that would include student members when returning with the draft work plan. A Climate Action Commission may need to coordinate closely with other Commissions such as the UAC or PTC on specific issues, and potentially eliminate certain issues from those commissions' areas of responsibility in order to avoid duplication and provide clarity. This would be necessary to provide a single body for oversight of the S/CAP Climate Action programs. Staff's initial estimate is that support of the new Commission would require an additional 0.25 to 0.33 FTE of admin time not currently budgeted. Table 2 provides staff's initial assessment of the design parameters for a Climate Action Commission.

**Table 2: Design Parameters of a Potential Climate Action Commission**

Appointees	5 or 7 members, including 1 or 2 student members
Meeting Frequency	Monthly or Semi-monthly during more intensive S/CAP program development in next 2-3 years; less frequently during ongoing implementation activities thereafter
Meeting Requirements	Subject to Brown Act; all meetings publicly noticed and including public participation
Role	Forum for discussion and recommendations to Council on S/CAP program development and implementation; requires analysis and definition to avoid overlap with advisory roles of other Boards and Commissions
Implementation Steps	Council decisions on size and scope; update to Municipal Code to codify new Commission; address staffing requirements; Commissioner application process; Council interviews and Commission selection; commence Commission activity
Likely Minimum Time to Commence	1 – 1 ½ years

Given the emphasis on strategic studies and program development during the first one to two years of the work plan, it is most important to obtain Council guidance on S/CAP governance over that initial timeframe.

#### **Timeline**

The timeline for this draft work plan is calendar years 2023 through 2025. Many elements of the work plan are contingent on certification of environmental review,

expected in spring 2023. A more detailed timeline for individual work items is included in Attachment B.

### Resource Impact

Subject to certification of the S/CAP environmental review, the FY 2023 work items in the 2023-2025 draft S/CAP Work Plan can proceed with the actions approved in the FY 2023 Adopted Budget. Staff expects to submit additional resource requests as part of the annual budget process in subsequent years as the work plan proceeds for the following areas:

- *Funding for newly-launched programs:* As new programs are proposed for launch, funding for third-party program operators, rebates, and other expenses may be recommended to manage the programs.
- *Program sales and marketing:* Additional resources (consultants and/or staffing) may be needed for sales and marketing of future programs. Council partially approved these resources along with its October 3, 2022 approval of the Advanced Heat Pump Water Heater pilot program (Staff Report 14606<sup>6</sup>).
- *Permit review:* Permit activity associated with new programs will create a need for permit review staff and/or consultants. Council approved permit review resources for the Advanced Heat Pump Water Heater Pilot Program (Staff Report 14606<sup>7</sup>), but not for future programs. These resource requests will be recommended to be funded by increased permit revenue.
- *Capital budgets for grid modernization:* Additional engineering staffing has already been approved for grid modernization work, but capital budgets for design and construction work have not yet been proposed. Staff will recommend projects as part of the development of the 2024-2028 five-year Capital Improvement Plan.
- *Consulting budgets:* Consulting budgets for calendar year 2023 and 2024 studies may be proposed in the FY 2024 budget if needed.

Some items in other work plans are also relevant to the S/CAP Work Plan. The Utilities Strategic Plan, for example, includes workforce development and advanced metering infrastructure (AMI) work items that are directly relevant to the S/CAP. Some of these may involve future budget requests as well.

### Policy Implications

The 2023-2025 S/CAP Work Plan aligns with one of the top four Council Priorities for CY 2022: "Climate Change - Protection and Adaptation."

### Stakeholder Engagement

<sup>6</sup> Staff Report 14606 <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/2022/20220927/20220927pccsmlinked-amended-v2.pdf#page=79>

<sup>7</sup> Staff Report 14606 <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/2022/20220927/20220927pccsmlinked-amended-v2.pdf#page=79>

Wide-reaching and coordinated public engagement was done as part of the S/CAP Update prior to acceptance of the proposed S/CAP Goals and Key Actions. Feedback from these engagement processes informed development of the draft 2023-2025 S/CAP Work Plan. For a summary, please see the Stakeholder Engagement section of Staff Report 14606<sup>8</sup>, packet page 101. Additional engagement on the 2023-2025 S/CAP Work Plan included a meeting with the Council S/CAP Ad Hoc Committee's Working Group on November 4, 2022. Staff incorporated the Working Group's feedback and are developing an overall set of guiding principles that will be included in the S/CAP Report. These principles will guide implementation of the S/CAP.

### **Environmental Review**

Staff commenced CEQA evaluation of the S/CAP, including the Work Plan elements described in this staff report, upon Council's October 3, 2022 acceptance of the proposed S/CAP Goals and Key Actions. Once CEQA review concludes, staff will bring a complete S/CAP report and a formal Work Plan to Council for adoption. Any formal government actions stemming from work items in the S/CAP 2023-2025 Work Plan that occur prior to completion of the S/CAP's CEQA review will be independently evaluated on a project by project basis.

#### **Attachments:**

- **Attachment10.a:** Att A: 2023-2025 S/CAP Work Plan
- Attachment10.b: Att B: 2023-2025 S/CAP Work Plan Timeline
- Attachment10.c: Att C - Background on Sustainability and Climate Action Plan

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<sup>8</sup> Staff Report 14606 <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/2022/20220927/20220927pccsmlinked-amended-v2.pdf#page=101>

# DRAFT

## City of Palo Alto Sustainability and Climate Action Plan Implementation Work Plan (2023 through 2025)

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1. Executive Summary
2. 2023-2025 Climate Action Section Work Plan: Making Progress on the 80x30 Goal
  - i. Climate Action 2023-2025 Priorities
  - ii. Summary Timeline, 2023-2025
  - iii. Climate Action 2023-2025 Work Plan
3. 2023-2025 Sustainability Section Work Plan: Creating a More Sustainable Natural Environment

Appendix A: Detailed Implementation Timeline

Appendix B: How Climate Action Priorities were Prioritized

Appendix C: Policy Guidelines for Electric Vehicle Strategic Plan Development

Appendix D: Policy Guidelines for Reliability and Resiliency Strategic Plan Development

Appendix E: Index of S/CAP Key Actions and the Work Plan Items that Implement them

### 1. Executive Summary

This work plan implements the City's Sustainability and Climate Action Plan (S/CAP). In November 2016 the Council adopted the [S/CAP Framework](#), which has served as the road map for achieving Palo Alto's sustainability goals. On [October 3, 2022](#), the City accepted an updated set of Goals and Key Actions and is performing CEQA review with the goal of formally adopting the S/CAP in spring of 2023. This work plan implements this updated set of Goals and Key Actions.

The Goals and Key Actions are divided into eight areas, four of which are climate-focused and include actions to achieve the City's "80x30"<sup>1</sup> and carbon neutrality<sup>2</sup> goals (Climate Action, Mobility, Electric Vehicles, and Buildings) and four of which are focused on actions that create a sustainable natural environment and adapting to a warming climate but do not contribute significantly to the 80x30 goal (Natural Environment, Zero Waste, Water, and Sea Level Rise).

Based on Council's acceptance of the S/CAP Goals and Key Actions, staff and the Ad Hoc Subcommittee developed five Climate Action priorities for 2023 through 2025, which are listed in Section 2.i below:

It includes a variety of work items for achieving these priorities, including:

- Promoting electric vehicles (EVs) for residents, commuters, visitors, and other users (e.g. deliveries, rideshare) and regionally, including micromobility (e-bikes, e-scooters, and other small EVs).
- Reducing vehicle miles traveled through citywide Mobility programs, including parking management, piloting on-demand transit, implementing the City's Housing Element, and updating the Bicycle Plan
- Launching an Advanced Heat Pump Water Heater Pilot Program and scaling it up

<sup>1</sup> The 80x30 goal is to reduce Palo Alto greenhouse gas emissions 80% from 1990 levels by 2030

<sup>2</sup> Carbon neutrality means that all GHG emissions emitted into the atmosphere are balanced in equal measure by GHGs that are removed from the atmosphere, either through carbon sinks or carbon capture and storage

- Beginning a strategic upgrading of capacity in the residential areas of the electric grid and promoting whole home electrification in the upgraded areas
- Expanding access to EV charging in multi-family buildings (including affordable housing) and exploring ways to electrify those buildings as well
- Electrifying commercial rooftop packaged heating, ventilation, and air conditioning (HVAC).
- Partnering with major employers on emissions reduction plans, including commuter emissions
- Electrifying City buildings and vehicles where feasible
- Engaging City operations to support these goals
- Exploring additional emissions reduction opportunities by surveying multi-family and non-residential building equipment and exploring other ideas from the community (e.g. shuttles, shared vehicles)
- Evaluating funding and resource needs of the above programs and identifying viable funding sources.

This work plan implements the S/CAP goals for a sustainable natural environment (including reducing waste, creating a sustainable and holistically managed water system, and a thriving urban canopy) by:

- Reducing water consumption while exploring ways to capture and store water, as well as to increase the availability and use of recycled water
- Developing and adopting a multi-year Sea Level Rise Adaptation Plan
- Minimizing wildland fire hazards through Plan implementation, zoning, and collaborating with Fire agencies
- Increasing Palo Alto's Tree Canopy and reducing pesticide use in parks and open space preserves
- Supporting the Green Stormwater Infrastructure (GSI) Plan and incorporating GSI in municipal projects
- Encouraging food waste reduction, prevention, and recovery and providing waste prevention technical assistance
- Eliminating single-use disposable containers and prioritizing domestic processing of recyclable materials

## 2. 2023-2025 Climate Action Section Work Plan: Making Progress on the 80x30 Goal

The Climate Action section of the S/CAP focuses on achieving the City's 80x30 goal, and includes goals and key actions primarily focused on reducing emissions in transportation and buildings. The climate action sections of the S/CAP itself are divided into four topic areas (Climate Action, Mobility, EVs, and Energy), but this work plan is intended to prioritize and organize those key actions, so work plan items are organized according to five 2023-2025 Climate Action section priorities.

### 2.i 2023-2025 Climate Action Section Priorities

The following five priorities are intended to focus the City's efforts on the highest potential and lowest cost emissions reduction actions and supporting efforts to enable the City's programs in these areas to be as impactful as possible. Appendix B outlines how the highest priority emissions reduction actions were chosen (single-family residential electrification, expanding EV charging access, commercial rooftop packaged HVAC, and Mobility). EV charging is a complex topic with a variety of different types of vehicle owner needs and potential electric grid impacts and benefits, and Appendix C outlines the guiding principles the City used for developing electric vehicle charging work items. These principles will also be reflected in any studies done on EVs or EV programs developed.

The 2023-2025 climate action section priorities are:

- P1. Complete grid modernization plan and begin construction to increase reliability and transformer capacity for electrification
- P2. Launch effective programs for emissions reductions with highest impact and lowest cost: single-family electrification, strategic promotion of EVs, commercial rooftop HVAC, and expanded transportation alternatives
- P3. Build community awareness and confidence in electrification through engagement, addressing concerns, and program results
- P4. Identify an additional 9% in emissions reduction opportunities to achieve the 80x30 goal
- P5. By 2024 identify funding needed and potential funding sources for full scale implementation of highest impact emissions reductions

## 2.ii 2023-2025 Climate Action Summary Timeline

The proposed timeline for the 2023-2025 Climate Action section work items (which are listed below in section 2.c) is outlined below. The proposed timeline is contingent on certification of environmental review and may be modified accordingly. A more detailed timeline for each work plan item is included in Appendix A.

Priority	2023	2024	2025
P1 (Modernize grid)	<ul style="list-style-type: none"><li>• Grid modernization study completion, hire contractor</li><li>• Reliability/Resiliency Strategic Plan</li></ul>	<ul style="list-style-type: none"><li>• Begin a 5-7 year construction effort to increase reliability and transformer capacity</li><li>• Implement Reliability and Resiliency Strategic Plan</li></ul>	
P2 (Launch programs)	Design and launch programs:		
	<ul style="list-style-type: none"><li>• Full-scale HPWH program</li><li>• Pilot commercial HVAC</li><li>• Municipal electrification</li><li>• Downtown parking management program</li><li>• On-demand transit pilot</li></ul>	<ul style="list-style-type: none"><li>• Single-family whole home</li><li>• Full-scale commercial HVAC</li><li>• Full-scale multi-family EV charger program (tentative)</li></ul>	Design and launch additional programs based on the 2024 studies (See P4 for other studies that may result in new programs) and the EV Strategic Plan
	Studies to guide program launches:		
	<ul style="list-style-type: none"><li>• EV Strategic Plan</li><li>• Multi-family and income-qualified EV work plan</li><li>• Bicycle Plan update</li></ul>	<ul style="list-style-type: none"><li>• Work plan for commuter and visitor EV charging and EV promotion</li><li>• Vision Zero program (tentative)</li></ul>	
P3 (Build awareness and confidence)	Build awareness of the need for climate action and the City’s services and achievements. Drive community actions to achieve S/CAP goals. Build confidence in the City’s electric infrastructure. Report results from new and existing programs:		
	<ul style="list-style-type: none"><li>• New program: HPWH pilot</li><li>• Existing programs:</li><li>• Existing Mobility programs</li><li>• Multi-family EV charger</li></ul>	<ul style="list-style-type: none"><li>• New programs: Full-scale HPWH program, commercial HVAC pilot</li><li>• Continuation of existing programs</li></ul>	<ul style="list-style-type: none"><li>• New programs; Full-scale HVAC, multi-family EV charger</li><li>• Continuation of programs</li></ul>
P4 (Additional emissions reductions)	<ul style="list-style-type: none"><li>• Seek ideas from community members and other experts</li><li>• Monitor technologies and medium term opportunities</li></ul>	<ul style="list-style-type: none"><li>• Multi-family and non-residential electrification study</li><li>• Study highest potential community ideas/technologies</li></ul>	<ul style="list-style-type: none"><li>• Evaluate new programs based on studies</li></ul>
P5 (Funding needs and sources)	<ul style="list-style-type: none"><li>• Evaluate implementation cost for full scale high impact / lower cost programs</li><li>• Preliminary evaluations of potential funding sources</li></ul>	<ul style="list-style-type: none"><li>• Decisions on how to fund priority electrification areas</li><li>• Develop financial and operational plan for gas utility</li></ul>	<ul style="list-style-type: none"><li>• Implement follow up from prior-year studies</li></ul>

## 2.C Climate Action 2023-2025 Work Plan

The climate change topic areas of the S/CAP (Energy, EVs, Mobility, and Climate Change) are highly inter-related. Multiple key actions can affect the same community members in various ways. For example, a multi-family building owner might do a project that builds EV charging, bike storage, and electrifies some building equipment, which touches all three topic areas. Programs should be as simple as possible for the community. As a result, the work plan below is organized according to the type of activity and the part of the community served instead of being organized by the S/CAP topic areas. The key actions being implemented are listed next to each work plan item, and an index is provided in Appendix D to help readers map the Key Actions from the S/CAP to all implementing work plan items.

The work plan is organized according to the priorities above, as follows:

- P1. **Grid Modernization:** Complete grid modernization plan and begin construction to increase reliability and transformer capacity for electrification
- P2. **Launch Programs:** Launch effective programs for emissions reductions with highest impact and lowest cost: single-family electrification, strategic promotion of EVs, commercial rooftop HVAC, and expanded transportation alternatives
  - P2.1 Residential Emissions Reduction
  - P2.2 Non-Residential Emissions Reduction
  - P2.3 Citywide Mobility
  - P2.4 Municipal Electrification
  - P2.5 EV Strategic Plan
- P3. **Build Awareness and Confidence:** Build community awareness and confidence in electrification through engagement, addressing concerns, and program results
- P4. **Additional Emissions Reductions:** Identify an additional 9% in emissions reduction opportunities to achieve the 80x30 goal
- P5. **Funding Needs and Sources:** By 2024 identify funding needed and potential funding sources for full scale implementation of highest impact emissions reductions



## P1: Grid Modernization

Grid modernization is critical, particularly for residential electrification. The programs below will impact the electric grid, and there are also supporting grid-related efforts that could reduce barriers to electrification citywide, such as examining electric rate design, low wattage solutions, and fee structures for transformer upgrades. Electric grid reliability and resilience will be important to inspiring confidence in electrified homes and vehicles.

Work Item		Key Action	Description	Resource Availability	Target Completion Date	Status (Dec 2022)
1.A	Grid Modernization Study	E8	Complete a grid modernization study covering scope, designs, high level cost estimates, and estimated implementation timelines for electric system upgrades.	Recruitment challenges. Planning fully funded. Implementation funding needs under review.	Dec '22: Complete study Dec '23: Complete design, bring contractor on board Early 2024: Begin construction	Consultant hired, study in progress, nearing release of initial draft study
1.B	Reliability and Resiliency Strategic Plan	E8	Develop Reliability and Resiliency strategic plan based on principles in Appendix D	Fully staffed, funding needs under evaluation	Dec 2023	Not started
1.C	Reliability and Resiliency Strategic Plan Implementation	E8	Implement Reliability and Resiliency Strategic Plan	Staffing and funding needs to be evaluated	To be evaluated as part of 1.B	Policy guidelines for plan development to Council December 5, 2022
1.D	Evaluate Utility Rates and Fees	E6	Evaluate utility rate designs and fee structures in the context of future electrification, implement any needed changes	Fully funded	Mar 2023	Cost of service evaluation in progress

## P2.1: Residential Emissions

The long-term goal in residential areas is full electrification of vehicles and buildings, but some electrification of some types of buildings is easier and less costly than others. Single-family homes tend to be easier and less costly to electrify than multi-family buildings. It is easier to install EV charger access as well. Grid capacity is an important consideration that drives the work plan in residential areas. The plan below prioritizes individual heat pump water heating electrification

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(which is primarily in single-family homes, but also some multi-family) and EV charger access in multi-family homes. Individual heat pump water heaters have low grid impact compared to other electrification measures and can be installed citywide while grid modernization gets underway. In modernized neighborhoods electrification of space heating and other equipment and appliances can be promoted.

The work plan for multi-family residential emissions reduction prioritizes EV charger access in multi-family homes. EV chargers are relatively easy to install without City assistance in single-family homes, but the City's multi-family EV program will help multi-family building owners and condo associations install EV chargers so residents can access the savings and emissions reductions from EVs. This work plan includes development of a strategy to scale successful existing multi-family EV charging pilot programs to all multi-family buildings in Palo Alto. Multi-family building electrification requires more study to develop cost-effective strategies, since early studies and pilots have found multi-family building electrification to be very expensive. But more pilots in affordable housing projects, where grants and other funding might be available, would help the City get experience and develop strategies. All programs will be developed with equity in mind, considering how to serve low-income residents and renters.

Work Item		Key Action	Description	Resource Availability	Target Completion Date	Status (Dec 2022)
<b>All Residential</b>						
2.1 A	Promote EV Adoption	EV1, EV4	Offer Workshops and Events to raise awareness of EVs, including electric micromobility options and incentives. Work item subject to change based on EV Strategic Plan (see 2.5A).	Fully staffed and funded, staffing issues may impact this in the short term	Ongoing	In 2022 conduct 33 EV related workshops and expos. Contracting in progress to offer more awareness raising opportunities in 2023.
2.1 B	Emissions Reduction Advisory Services	C1	Provide single points of contact for online and phone advice for residents to reduce building and transportation emissions.	Fully staffed and funded	Dec '23: Phone advising  Timeline for launch of online services under evaluation	RFP responses evaluated and contract negotiations are in progress
2.1 C	Evaluate small electric vehicles (e.g. e-bike) program potential	EV4	Evaluate alternatives for providing residential small electric vehicle programs or pilots. Work item subject to change based on EV Strategic Plan (see 2.5A).	Fully staffed and funded, though staffing issues may impact this in the short term	Complete evaluation by December 2023	RFP being written
<b>Single-family Residential</b>						

Work Item		Key Action	Description	Resource Availability	Target Completion Date	Status (Dec 2022)
2.1 D	Heat Pump Water Heater Electrification Pilot Program	E1,E5	Launch a pilot heat pump water heater electrification pilot to achieve 1000 gas water heater replacements by the end of 2023	Partly staffed and funded – sales/ marketing needs being evaluated	Launch late 2022 / early 2023, aim to achieve goal by Dec 2023	Council approved program on October 3, staff implementing the plan
2.1 E	Full-Scale Heat Pump Water Heater Electrification Program	E1,E5	As pilot program nears its goals, transition to a full-scale program with the goal of electrifying all water heaters in Palo Alto	Fully staffed for design, staffing / funding needs to be determined	Based on pilot program progress, tentatively late 2023	Some preliminary analysis completed, otherwise not started.
2.1 F	Electrification data collection program	E1	Do home evaluations to collect data and help people plan for equipment or whole home electrification	Fully staffed, funding needs under evaluation	Program up and running by December 2023	Contract negotiations in progress
2.1 G	Pilot Programs for Modernized Neighborhoods	E1,E5	Identify and launch electrification programs for neighborhoods with increased electric capacity such as whole home or heat pump space heating pilot programs	Fully staffed, funding needs under evaluation	Program design and approvals by Dec 2024	Not started
2.1 H	Single-family Electrification Rebates	E1	Establish rebates for all appliances and equipment in single-family homes	Fully staffed and funded	Launch rebates by spring of 2024	Some analysis done, but moving slowly due to conflicting priorities
<b>Multi-family Residential</b>						
2.1 I	Affordable Housing EV Charging and Electrification Pilot	E5,EV5, EV7	Design a pilot electrification and EV project in an affordable housing multi-family building to test potential scalable approaches. Work item subject to change based on EV Strategic Plan (see 2.5A).	Fully staffed, funding needs under evaluation	Complete pilot design by December 2023	Partner identified, grant secured for EV charging, contract negotiations in progress for electrification pilot management, some analysis completed.

Work Item		Key Action	Description	Resource Availability	Target Completion Date	Status (Dec 2022)
2.1 J	Multi-Family EV Charger Program	EV5, EV6 EV7	Establish rebates and EV charging technical assistance, with the goal of expanding charger access to 10% (1,100 units) of multifamily households. Work item subject to change based on EV Strategic Plan (see 2.5A).	Fully staffed and funded	Aiming for 1,100 units by December 2025	100+ multifamily properties actively proceeding in programs to install EV chargers
2.1 K	Multi-family and Affordable Housing Electrification and EV Charger Access Strategy Development	C8, EV6, EV7, EV8	Evaluate potential scalable strategies for multi-family and affordable housing EV charger and electrification programs, including the role of publicly-owned EV charging, such as in rights-of-way. Work item subject to change based on EV Strategic Plan (see 2.5A).	Fully staffed and funded for evaluation, implementation needs TBD	Complete evaluation by December 2023	Evaluating responses to RFP issued for multi-family electrification services, analyses of potential program designs / funding sources in progress.

## *P2.2: Non-Residential Emissions*

City staff has less experience and knowledge with electrification of non-residential building equipment than with electrification of other types of building equipment. In section 6 of this work plan there are several studies planned that could help staff develop building electrification strategies for the non-residential sector. In the meantime, rooftop packaged heating, ventilation, and air conditioning (HVAC) units are potentially cost-effective to electrify. This work plan includes running a small initial pilot while simultaneously designing a potential advanced pilot and evaluating the potential for mandated electrification for end of life replacements. These rooftop HVAC programs and/or mandates can reduce emissions in major facilities as well (see Section 5)

In addition, staff plans to partner with major facility owners in Palo Alto to help them achieve their sustainability goals. Ideally these partnerships would include both building electrification, promotion of alternative transportation and EVs for commuters, and expanded EV charger access. A successful partnership with at least one major employer could provide an example that could lead to future employer partnerships, while a partnership with the schools could be an educational opportunity that leads to more awareness of electrification among residents.

Staff estimates about a third of transportation emissions come from drivers entering Palo Alto to visit or do business. The City is limited in its ability to affect these emissions, but partnering regionally to promote alternative transportation modes and personal and fleet EVs should help.

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Work Item		Key Action	Description	Resource Availability	Target Completion Date	Status (Dec 2022)
2.2 A	Rooftop Packaged Heating, Ventilation, and Air Conditioning (HVAC) Pilot	E2,C8, E7	Continue HVAC pilot with the goal of completing 4-5 installations	Fully funded	December 2023	Program launched, recruiting participants
2.2 B	Rooftop Packaged HVAC Advanced Pilot Design	E2,C8, E7	Develop proposal for an advanced pilot program and/or mandate	Fully funded	Proposal to Council for approval by Dec 2023, implementation 2024	Not started
2.2 C	Major Employer Partnerships	C2,E2, E3,EV3, other	Develop custom sustainability partnership with at least one major employer, electrification pilots with City facilities and PAUSD. Work item subject to change based on EV Strategic Plan (see 2.5A).	Fully funded for design, not implementation	Complete goals listed in “Description” column by December 2023	Preparing to start discussions with various employers and PAUSD
2.2 D	Commuter Transportation and EV Charging Strategy	C8,EV1, EV3,EV8	Develop a strategy to promote EV adoption (including small EVs like e-bikes/e-scooters) and alternative transportation to commuters. Evaluate workplace charger programs and/or mandates, including role of publicly owned business district EV charging. Work item subject to change based on EV Strategic Plan (see 2.5A).	Fully staffed, consultant funding needs being evaluated. Implementation needs TBD.	Complete plan by end of December 2024, implementation timeline TBD	Not started
2.2 E	Regional and State Partnerships	EV2, EV10	Identify promising regional partnerships and State programs for potential City participation. Work item subject to change based on EV Strategic Plan (see 2.5A).	Under evaluation	Ongoing	Not started

## P2.3: Citywide Mobility

Road transportation represents the largest percentage of Palo Alto's existing carbon footprint – and a congestion headache. Reducing vehicle miles traveled is an important element in reducing these emissions. Reductions are achieved through a comprehensive citywide effort to increase access to alternative modes and awareness of the benefits complemented by programs for specific groups within the community. Land use is an important lever for affecting vehicle miles traveled. The City already has a variety of transportation programs and is addressing land use via its Comprehensive Plan process (including the Housing Element) and subsequent implementation. The work plan below acknowledges those efforts and aims to modestly expand them as staff time and funding permit.

Work Item		Key Action	Description	Resource Availability	Target Completion Date	Status (Dec 2022)
2.3 A	Transportation and Land Use Policies and Programs	M1	Continue to implement existing transportation policies and programs to reduce VMT	Fully funded	Ongoing	Continuing to work on Council Transportation priorities including grade separation, street closures
2.3 B	Housing Element Adoption	M7, M9	Update the Housing Element for 2023-2031.	Fully funded	January 2023	Draft document being prepared for Council consideration
2.3 C	Housing Element Implementation	M7, M9	Implement the 2023-2031 Housing Element, which is projected to reduce VMT	Funding via grants and annual City budget process	2031	Not started – awaiting Housing Element adoption
2.3 D	Micro-mobility evaluations	M2	Evaluate opportunities to pilot bike/scooter share and neighborhood mobility hub pilots to provide last-mile connections	Proceed as staff time is available	No target, proceed as time is available	Some design work and research completed, staff aims to develop potential funding and/or staffing proposals as time permits.
2.3 E	On-demand transit pilot	M2	Launch on-demand transit pilot to provide last-mile connections for 100% of the city for a limited time	Fully funded for two years	Launch by Mar 2023	Reviewing proposals for on-demand transit provider
2.3 F	Update Bicycle Plan	M3	Update the 2012 Bicycle and Pedestrian Transportation Plan	Fully funded	Dec 2024	Awaiting consultant proposals in response to RFP issued in fall 2022

Work Item		Key Action	Description	Resource Availability	Target Completion Date	Status (Dec 2022)
2.3 G	Vision Zero Program	M3	Program to reduce roadway severe injuries and fatalities to zero	Applied for grant funding for planning	To be determined, depends on whether grant is received	Applied for Federal Safe Streets for All grant to fund a safety action plan. Implementation would require additional staffing and funding
2.3 H	Evaluate expansion of employer transportation demand management (TDM)	M4	Evaluate possible alternatives to expand TDM ordinance requirements and/or voluntary TDM services (e.g. expanding the Transportation Management Association)	Proceed as staff time is available	No target, proceed as time is available	Some design work and staff research has been done, staff exploring ways to fund and staff a study of options as time permits.
2.3 I	Proposals for Managing Downtown Parking Availability	M5	Develop proposals for pricing strategies to manage parking supply and availability	Fully funded	Fall 2022	Proposals to be shared with Council in Fall 2022
2.3 J	Implement Efficient Downtown Parking Management	M5	Implement proposals for pricing strategies to manage parking supply and availability	Funding and staffing to be determined	Spring 2023	RFP for management services in development
2.3 K	Traffic Signal Improvements & Transit Signal Priority	M8	Maintain and modernize current traffic signals and central management systems. Use technology to improve traffic operations and safety. Work with transit providers on transit signal priority where feasible.	Mostly funded, long-term funding needs being evaluated	Ongoing	Long-term system plan in development. Supporting transit signal priority project for Dumbarton Express. Implementing Automated Traffic Signal Performance Measures to improve signal timing.

## P2.4: City Facilities and Fleet Emissions

A priority for the Council in development of the S/CAP was that we lead by doing. Electrification of City facilities and the vehicle fleet is a critical part of that. In addition, if increased publicly-owned EV charging becomes a part of multi-family and/or business district EV charger strategies (see P2.1K and P2.2D), a detailed plan for maintenance and operation will be needed.

Work Item		Key Action	Description	Resource Availability	Target Completion Date	Status (Dec 2022)
2.4 A	Facility Electrification Assessment Plan	E4	Complete an assessment of electrification opportunities at City facilities	Fully funded	Under evaluation	Assessment of all City facilities is underway
2.4 B	Facility Electrification Assessment Implementation	E4	Implement recommendations from the Facility Electrification Assessment Plan where feasible	Under evaluation	Under evaluation	Not started
2.4 C	Electrify Equipment at City Facilities during Routine Replacement	E4	Evaluate the feasibility of electrification when doing end of life equipment replacements	Under evaluation	Under evaluation	On-going. The mechanical equipment at MSC-B is at the end of its service life and we are currently looking into electric replacement solutions
2.4 D	Electrify City Vehicle Fleet	EV9	Convert all Palo Alto municipal vehicles to EVs when feasible and when the replacement is operationally acceptable.	Evaluated with each replacement	On-going	There are two units identified in FY23 for potential EV replacements, pending manufacturer availability and cost
2.4 E	Build City Fleet and Employee Charging Infrastructure	EV9, EV3	Expand charging at City facilities to support an electrified fleet and employee EV adoption	Under evaluation	Under evaluation	We are currently testing a low cost EV charger solution that could be used for future employee charging locations
2.4 F	Publicly-owned charger strategic plan	EV8	Evaluate potential publicly-owned EV charger strategies. Work item subject to change based on EV Strategic Plan (see 2.5A).	Staffing and funding needs under evaluation	Residential plan – by Dec '23 (see P2.1 K) Business district plan – by Dec '24 (see P2.2 F)	Not started

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### *P2.5: Electric Vehicles Strategic Plan*

Several work plan items relate to electric vehicle promotion and programs to improve access to charging. Coordinating staff effort across a variety of efforts focused on many different parts of the community requires some level of coordination. This strategic plan will guide development of other work items.

Work Item		Key Action	Description	Resource Availability	Target Completion Date	Status (Dec 2022)
2.5 A	Electric Vehicle Strategic Plan Development	EV1 thru EV10	Develop a strategic plan based on principles in Appendix C to guide coordination of various work items, including 2.1 A, C, I, J, and K, 2.2 C, D, and E, and 2.4 F. Align with Reliability and Resiliency Strategic Plan (1B and 1C)	Fully funded	Under evaluation	Policy guidelines for plan development to Council December 5, 2022

### *P3: Building Awareness and Confidence*

To achieve high participation in electrification programs and other emissions reduction efforts and continuing support for S/CAP climate action programs requires building community awareness and confidence through engagement, addressing concerns, and achieving program results.

Work Item		Key Action	Description	Resource Availability	Target Completion Date	Status (Dec 2022)
3.1 A	Build awareness of the need for climate action and the benefits the City and its utility can provide	N/A	Achieve widespread awareness of the need for climate action and the City's services and achievements, including low electric rates. Use partnerships and volunteers to help deliver the message.	Fully staffed, partially funded	Ongoing	Sustainability hub and various other engagement efforts implemented.
3.1 B	Drive community actions to achieve S/CAP goals	N/A	Run effective marketing and outreach that drives community action on S/CAP goals	Under evaluation	Ongoing	Marketing plan in development

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Work Item		Key Action	Description	Resource Availability	Target Completion Date	Status (Dec 2022)
3.1 C	S/CAP Survey Program	N/A	Continuing surveys of community sentiment and engagement to guide decision making and track certain key performance indicators	Under evaluation	Under evaluation – requires coordination with other City surveys	Not started
3.1 D	S/CAP Reporting	N/A	Ongoing reporting of S/CAP results, including key performance indicators	Under evaluation	Ongoing	Annual reporting provided in Earth Day report, to be expanded to cover all S/CAP KPIs
3.1 E	Build confidence in the City's electric infrastructure	N/A	Communicate actions the City is taking to improve electric reliability and grid capacity, to help residents and businesses build resiliency, and successes in these areas	Under evaluation	Under evaluation – requires coordination with other City surveys	Not started

#### 4. Additional Emissions Reductions

A variety of planning efforts are needed to achieve 80x30. Emissions reductions identified to date only achieve 71% from 1990 levels, so the City must identify additional reductions to achieve its 80x30 goals. The multi-family and commercial building sectors have the smallest contribution to the emissions reductions identified to-date, so this will be an area of focus where staff is likely to find the most additional emissions reductions. Note that carbon dioxide removal technologies are not included in this effort, these are part of a separate future study on the City's carbon neutrality goal.

Work Item		Key Action	Description	Resource Availability	Target Completion Date	Status (Dec 2022)
4.A	Multi-family and Commercial End Use Study	C3,E9	Do end use study of commercial and multi-family buildings to identify potential building electrification measures	Fully staffed, consultant funding needs being evaluated	December 2024	Writing consultant RFP

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Work Item		Key Action	Description	Resource Availability	Target Completion Date	Status (Dec 2022)
4.B	Idea generation and additional research	C3, M10	Consult community members and experts (including Stanford) and research new technologies to identify other potential approaches to reducing emissions in Palo Alto	Staffing and funding needs to be evaluated	December 2024	Not started
4.C	Additional Emissions Reduction Project Prioritization	C3	Prioritize the most cost-effective approaches to achieving the additional emissions reduction needed to achieve 80x30 in establishment of next three-year work plan	Staffing and funding needs to be evaluated	December 2025	Not started

### 5. Funding Needs and Funding Sources

A high-level assessment of resource needs and funding sources will be done by fall of 2023 to allow for Council discussions on potential funding sources in late 2023 and early 2024. The needs of low- and middle-income residents will be assessed as part of this effort. Full-scale implementation of high potential programs will cause significant reductions in gas utility sales, necessitating careful planning to manage contracting revenues and operational needs.

Work Item		Key Action	Description	Resource Availability	Target Completion Date	Status (Dec 2022)
5.A	Resource Needs Assessment	C4	Complete study of staffing and other resources needed for programs and operations to implement all 80x30 activities	Fully staffed, consultant funding needs being evaluated	Dec 2023	Writing consultant RFP
5.B	Funding Alternatives	C5, M5	Complete study of funding alternatives for 80x30, taking into account Federal policy such as the Inflation Reduction Act.	Fully staffed, consultant funding needs being evaluated	Dec 2023	Writing consultant RFP

Work Item		Key Action	Description	Resource Availability	Target Completion Date	Status (Dec 2022)
5.C	Affordability Study	C6,E5	Identify vulnerable populations who may need help electrifying and subsidy needed	Fully staffed and funded	Dec 2023	Consultant beginning work
5.D	Gas Utility Financial and Operating Plan	N/A	Develop a financial and operating plan for declining gas utility sales that maintains safety and solvency while providing affordable gas service to remaining gas users	Staffing and funding needs to be evaluated	Dec 2024	Not started

### 3. 2023-2025 Sustainability Section Work Plan: Creating a More Sustainable Natural Environment

In Palo Alto, we have a Sustainability and Climate Action Plan (S/CAP) because we include sustainability areas that don't necessarily have a direct impact on greenhouse gas reductions, but have critically important sustainability, public health and safety, regional, resource conservation, and equity benefits that contribute to overall climate action. The Sustainability area Key Actions were prioritized based on the co-benefits analysis conducted by AECOM.

Work Item		Key Action	Description	Resource Availability	Target Completion Date	Status (Dec 2022)
8.A	Maximize Water Conservation and Efficiency	W1	Maximize cost-effective water conservation and efficiency through incentives, outreach/education, and other programs	Fully funded	On-going	This is an on-going effort
8.B	Design and build a salt removal facility for the Regional Water Quality Control Plant	W2	Facility that will remove salt from the recycled water produced at the RWQCP resulting in an enhanced product	Negotiating with Valley Water and the City of Mountain View	Bring to Council for approval by 2023	Design is 90% complete. Council has not approved construction of the facility
8.C	Develop a "One Water" Portfolio for Palo Alto	W3	Develop a "One Water" Portfolio that includes stormwater, recycled water, on-site reuse, conservation, and groundwater	Fully funded	August 2023	Study underway by staff and consultant
8.D	Develop a tool for dynamic water planning in the future	W4	Excel-based tool for water planning	Fully funded	August 2023	Included as deliverable under One Water consulting contract
8.E	Complete the Sea Level Rise Vulnerability Assessment	S1	Complete a Sea Level Rise Vulnerability Assessment to identify risks and hazards to the Palo Alto Baylands, City infrastructure, and residential and business property, considering high tide, 100-year coastal storm event scenarios and rising shallow groundwater impacts	Fully funded	Fall 2022	Completed in Fall 2022

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Work Item		Key Action	Description	Resource Availability	Target Completion Date	Status (Dec 2022)
8.F	Develop a Sea Level Rise Adaptation Plan	S2	Develop a Sea Level Rise Adaptation Plan with goals to 1) Preserve and Expand Habitat, and 2) Protect City and Community Assets, and Private Property	Partially funded to develop the plan, and funding needed for plan and implementation	2024	Preparing a contract amendment AECOM so that we can move to the second phase of the project, which is to develop a Sea Level Rise Adaptation Plan over the coming months with the goal of bringing a plan to Council in 2024
8.G	Begin design process for a levee projects	S3	Determine levee alignment and begin design process for a levee project that protects the Palo Alto community from sea level rise, and incorporates other related priorities including habitat restoration, recreation, transportation, City facilities, and community properties	Funded by US Army Corps of Engineers (50% Fed) and Valley Water / CA Coastal Commission (50% Non-Fed) *PA staff is participating in the analysis	2024	Levee alignment will be determined by 2024
8.H	Identify Protection Strategies from Significant Flood Events at Newell Road Bridge	S4	Complete Newell Road Bridge improvements	Funded by Caltrans / local sponsor (SFCJPA)	2024	Preparing construction documents and initiating right-of-way acquisition
8.I	Identify Protection Strategies from Significant Flood Events at Pope Chaucer Bridge and Creek	S4	Complete Pope Chaucer Bridge and Creek widening improvements	Applied for grants and secured partial funding through SFCJPA / partner agencies contributions	2025-2026	Analysing existing conditions within Creek to verify structural integrity

Work Item		Key Action	Description	Resource Availability	Target Completion Date	Status (Dec 2022)
8.J	Identify Protection Strategies from Significant Flood Events	S4	Working with San Francisquito Creek Joint Powers Authority (SFCJPA) partner agencies to identify strategies to protect the community from flows that exceed the 70-year + storm event	Part of SFCJPA operating budget – Palo Alto contributes 1/5 of operating budget	On-going	This is an on-going coordination effort with Stanford (the entity not the University)
8.K	Implement Foothills Fire Management Plan	S5	Implement the Foothills Fire Management Plan to balance conservation of natural resources with reduction of fire hazards especially in open space areas	Partially funded	On-going	This is an on-going effort
8.L	Minimize Fire Hazards Through Zoning	S6	Minimize fire hazards by maintaining low density zoning in wildland fire hazard areas and enforcing building codes for fire resistant construction	Staff available	On-going	This is an on-going effort
8.M	Collaborate on Reducing Wildfire Hazards	S7	Coordinate with other Fire agencies through the Santa Clara County Fire Chiefs Association and CalFire	Staff available	On-going	This is an on-going effort
8.N	Implement CAL FIRE Public Education Programs	S8	Implement CAL FIRE recommended programs in educating and involving the local community to diminish potential loss caused by wildfire and identify prevention measures to reduce those risks	Fully Funded	On-going	This is an on-going effort

Work Item		Key Action	Description	Resource Availability	Target Completion Date	Status (Dec 2022)
8.O	Increase Palo Alto's Tree Canopy and establish a baseline and Key Performance Indicator for carbon storage of tree canopy	N1 N5	Develop programs to plant trees to increase tree canopy – that will be integrated with traditional tree planting programs and Green Stormwater Infrastructure programs – and provide carbon sequestration, improve water quality, capture stormwater when feasible, and reduce the urban heat island effect	Partially funded, Staff available as time permits	Establish baseline by 2024	New canopy cover GIS tool recently launched, which will help establish a baseline
8.P	Ensure No Net Tree Canopy Loss for all Projects	N2	Ensure no net tree canopy loss for all Projects	Staff available	On-going	This is an on-going effort to implement the updated Tree Ordinance (effective July 21, 2022)
8.Q	Reduce Pesticide Use in Parks and Open Space Preserves	N3	Continue to review the use of pesticides in all parks and open space preserves to identify opportunities to further reduce and eliminate the use of pesticides	Staff available as time permits	On-going	This is an on-going effort
8.R	Coordinate Implementation of City Natural Environment-Related Plans	N7	Coordinate implementation of the Urban Forest Master Plan, Parks Master Plan, Green Stormwater Infrastructure Plan and other citywide planning efforts through interdepartmental collaboration	Staff available as time permits	On-going	This is an on-going effort
8.S	Support the Green Stormwater Infrastructure (GSI) Plan and incorporate GSI in Municipal Projects	N10 N11	Establish policies and ordinance changes as needed to support the Green Stormwater Infrastructure Plan as required due to Municipal Regional Stormwater Permit	Staff available as time permits; Partially funded through GSI	On-going	This is an on-going effort to achieve a 10% increase in land area that uses green stormwater infrastructure to treat urban water runoff



Work Item		Key Action	Description	Resource Availability	Target Completion Date	Status (Dec 2022)
8.T	Encourage Food Waste Prevention and Require Food Recovery from Commercial Food Generators	ZW1	Encourage food waste prevention and require edible food recovery for human consumption from commercial food generators	Staff and County funded program staff available; Funded for FY 2023, may need funding for FY 2024	On-going	Began 1/1/2022 per SB1383 requirements
8.U	Promote Residential Food Waste Reduction	ZW2	Create a new campaign to promote residential food waste reduction	Existing outreach funding	Launch by July 2023	Campaign strategy in development, for launch by July 2023
8.V	Champion Waste Prevention, Reduction, Reusables, and the Sharing Economy	ZW3	Promote adoption of a “Zero Waste lifestyle”, stimulate value of reuse, repair	Existing outreach funding for initial promotion of a “Zero Waste lifestyle”; may need future funding for stimulating reuse, repair	On-going	This is an on-going effort
8.W	Provide Waste Prevention Technical Assistance to the Commercial Sector	ZW4	Develop an outreach tool and technical assistance to the commercial sector	Existing outreach funding	Launch in 2023	Outreach tool and technical assistance in development, for launch in 2023
8.X	Prioritize Domestic Processing of Recyclable Materials	ZW5	Prioritize domestic processing of recyclable materials	Request for additional \$500,000	On-going	Domestic processing for Mixed Paper and Mixed Rigid Plastics began April 2022. Went to Council in November 2022 to request additional funding

Work Item		Key Action	Description	Resource Availability	Target Completion Date	Status (Dec 2022)
8.Y	Eliminate Single-Use Disposable Containers	ZW6	Eliminate single-use disposable containers by expanding the Disposable Foodware Ordinance	Funded for Ordinance Requirement, need additional funding for infrastructure and implementation of future requirements	Launch in 2024	Strategy and timeline in development, for launch in 2024
8.Z	Expand the Deconstruction and Construction Materials Management Ordinance	ZW7	Expand the Deconstruction and Construction Materials Management Ordinance	Additional staff and funding needed	Launch by January 2026	Expand types of covered projects or increase diversion requirements, collaborate with other Departments; consider including in next Reach Code Cycle to be implemented in January 2026
8.aa	Implement Reach Code standard for Low Carbon Construction Materials	ZW8	Implement Reach Code standard for low carbon construction materials	If approved, additional staff and funding needed	Launch January 1, 2023	Reach Code going to Council for approval in October 2022. If approved, will go into effect January 1, 2023

## Appendix A: S/CAP Work Plan Timeline

[2023-2025 Sustainability Workplan.xlsx](#)

## Appendix B: How Climate Actions were Prioritized

The chart below gives an overview of how various emissions reduction activities were prioritized based on various factors. Activities were divided up into four priority tiers:

- Prioritize for immediate action
- Prioritize in areas where grid modernization has been completed
- Requires additional study or stakeholder engagement to determine priority
- Prioritize only if resources are available

A fuller blue bubble denotes a program that ranks more favorably when considering S/CAP implementation efforts. For example, a program with a full blue bubble in the “Total emissions reduction potential” column has more emissions reduction potential than one with a partially filled bubble. See next page for more detail.

Activity	Cost effective (per metric ton basis)	Total emissions reduction potential	Minimizes Electric Utility Impacts	Policy leverage – City ability to impact	Funding Source Availability	Priority Tier
Mobility – Bicycling / Alternative Modes						C
Visitor EV adoption						D
New buildings/ADU						A
<b>Single-Family</b>						
Water Heating						A
Space Heating (w/ A/C)						B
Space Heating (w/o A/C)						B
Other Building Equipment						B
Electric Vehicles						A
<b>Multi-Family</b>						
Building retrofits	(1)					C
Electric Vehicles						A
<b>Non-Residential</b>						
Rooftop HVAC						A
Other building equipment	(2)					C
Fleet Electrification						D
Commuter EVs						
Small/Med Business				(1)		B
Major Facilities				(1)		B

1. Tentative ranking based on some preliminary ideas that need more exploration, which will take staff time

2. Tentative conclusion based on initial impact analysis, needs more study

### Insights:

- Mobility and EVs are the most cost-effective actions and the City has significant policy leverage in the Mobility area.
- The City has less policy leverage to drive EV adoption, but there are a few areas where it has potential policy leverage, such as increasing EV charger access.

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- Electrification of single-family building equipment is worth prioritizing under most criteria. Heat pump water heaters can be promoted citywide. Other equipment should be promoted primarily in neighborhoods with upgraded utility infrastructure.
- Commercial building rooftop packaged HVAC units are worth prioritizing and may have fewer electric utility impacts than other electrification measures.
- More study is needed to identify other viable building electrification actions in the commercial sector.
- More study is also needed on multi-family building electrification.

*How to Ratings were Determined:*



- Rating, high (filled bubble) to low (empty bubble)

	Cost effective (MT CO <sub>2</sub> -e) <sup>3</sup>	Total emissions reduction potential**	Minimizes Electric Utility Impacts	Policy leverage – City ability to impact	Funding Source Availability*
	Deep cost savings	>25,000 MT/yr	No permit review, does not impact utilities	City policy has high impact	Resources / staffing available in existing budget, no added funds needed
	Modest cost savings	15,000 – 25,000 MT/yr	Permit review, but rare utility upgrades		Dedicated funding source under City control, sufficient for pilot programs
	Break even	10,000 – 15,000 MT/yr	Permit review, causes some utility upgrades		
	Lower cost (\$0/MT - \$200/MT)	5,000 – 10,000 MT/yr	Frequent utility impacts, must develop programs to limit impact.		No dedicated funding source for S/CAP pilots, grants may be available
	High cost (>\$200/MT)	Minimal potential	Utility upgrades often needed, cannot be avoided	Little or no ability to impact	No dedicated funding source for S/CAP pilots

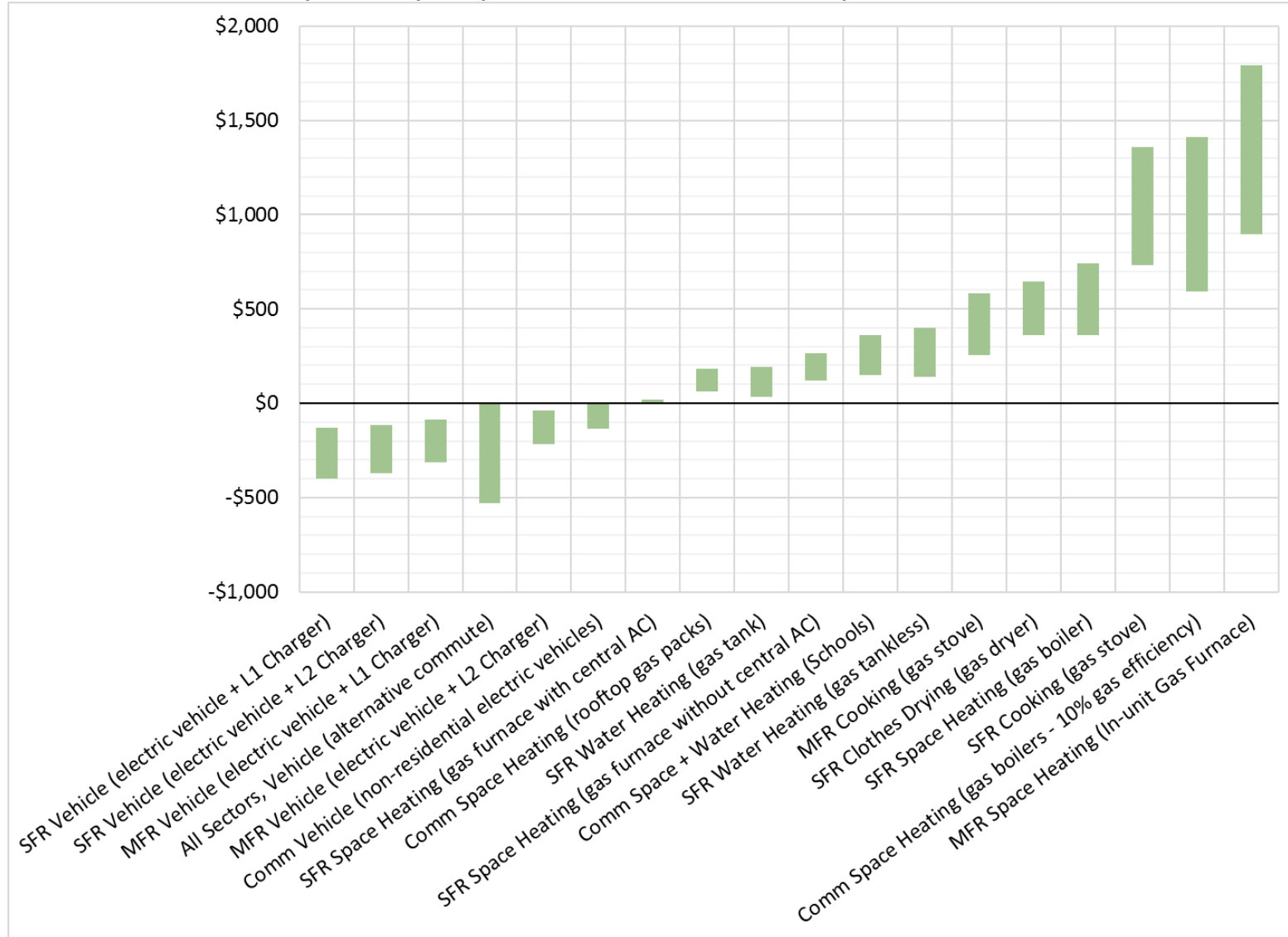
\* It may not be possible to use the same funding source to achieve all goals using the same funding source. For example, Low Carbon Fuel Standard revenue might be available to fund residential EV programs or workplace charging programs, but not both.

\*\* This represents the full potential contribution of this type of activity to achieving the 80x30 goals, not just the emissions reductions associated with the 2022-2024 work plan.

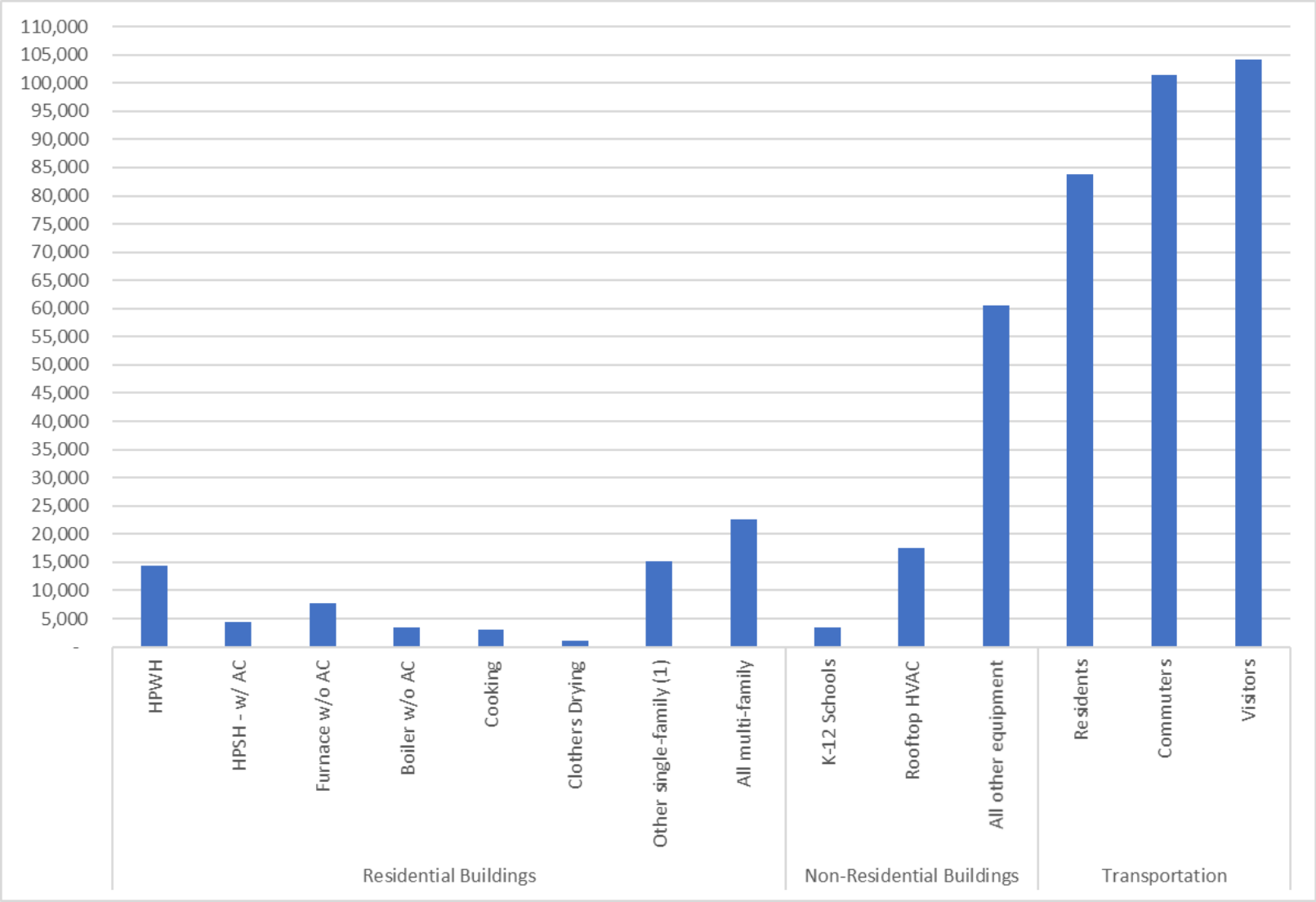
<sup>3</sup> Metric tons (MT) of carbon-dioxide equivalent (CO<sub>2</sub>-e), a common measure of greenhouse gas emissions quantity.

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Key Actions by Cost per Metric Ton of Carbon Dioxide Equivalent Reduced<sup>4</sup><sup>4</sup> Cost per metric ton shown as a range from a low-cost scenario to a high-cost scenario

Total Citywide Emissions by Source (MT CO<sub>2</sub>-e)<sup>5</sup>



<sup>5</sup> Metric tons (MT) of carbon-dioxide equivalent (CO<sub>2</sub>-e), a common measure of greenhouse gas emissions quantity.

## Appendix C: Policy Guidelines for Electric Vehicle Strategic Plan Development

Work item 2.5A calls for the development of an electric vehicles strategic plan, which would guide implementation of several work items. The strategic plan would also relate to a reliability and resiliency strategic plan to be developed in parallel.

### *Objectives*

1. Promote residential, workplace, and visitor electric vehicle adoption
2. Lower the cost and carbon emissions of EV charging as much as possible
3. Decrease the impact of electric vehicle charging on the local electric distribution system
4. Explore how electric vehicles could contribute to the efficient and reliable operation of the statewide and local electric system
5. Explore the use of electric vehicles for increased home resiliency
6. Evaluate the reliability and resiliency needs of an electrified transportation system and the City's role in fulfilling those needs

### *Concepts to explore adding to Strategic Plan*

- Scalable programs to provide charging for multi-family and income-qualified households
- Scalable programs to provide workplace and visitor charging
- The role of publicly-owned charging in providing multi-family, income-qualified, workplace, and visitor charging
- How much high-speed charging is needed in Palo Alto and where it should be located
- Business models to make commuter and visitor mid-day low-cost, low-carbon charging more attractive than overnight home charging
- New technologies such as vehicle to load, vehicle to home, and vehicle to grid and their roles in providing home resiliency and improving the efficiency and reliability of the statewide and local electric systems
- Lower wattage chargers and charging behaviors
- Time of day pricing and other ways to encourage off-peak and mid-day charging
- The role of smaller electric vehicles such as e-bikes and e-scooters in transportation emissions reduction
- The role of regional partnerships in driving electric vehicle adoption for commuters and visitors



## Appendix D: Policy Guidelines for Reliability and Resiliency Strategic Plan Development

Work item 1B calls for the development of a reliability and resiliency strategic plan, which would guide implementation of reliability and resiliency work items. This would be coordinated with development of an electric vehicle strategic plan.

### Objectives

1. Maintain and improve electric system reliability
2. Improve utility outage communication
3. Prepare the electric system for increased penetration of solar, batteries, electric vehicles and chargers, electrified building equipment, and similar new technologies
4. Optimize the use of local grid capacity in a cost-effective way
5. Promote technologies and behaviors that contribute to the efficient and reliable operation of the statewide and local electric system

### Concepts to explore adding to Strategic Plan

- Addressing utility workforce issues
- Replacing aging infrastructure as part of a grid modernization plan
- Installing additional switching and other solutions to improve reliability and recovery from outages as part of a grid modernization effort
- Improving utility outage management system and communications protocols
- Technologies like vehicle to load or vehicle to home for home resiliency
- Equity in resiliency – how to provide resiliency to income-qualified residents
- Neighborhood-level resiliency solutions such as microgrids and local utility-scale battery storage
- Community emergency center resiliency
- Mobile battery strategies, such as large electric vehicles that could double as emergency resiliency solutions
- Promoting low-wattage electrification solutions to reduce grid impacts of vehicle and building electrification
- Time of day pricing and other ways to encourage shifting electric use to times of day with lower emissions, lower utility cost, and lower local grid impact
- Increasing transformer capacity to accommodate higher loads

## Appendix E: Index of Key Actions and the Work Items that Implement them

Key Action Title	Work Item(s)
<b>C1.</b> Provide Building and Transportation Emissions Consultations for Residents	P2.1B
<b>C2.</b> Develop Major Employer Custom Emissions Reduction Plans	P2.2C
<b>C3.</b> Study Additional Key Actions Needed for 80 x 30	P4.A, P4.B, P4.C
<b>C4.</b> Study Staffing and Budgetary Needs	P5.B
<b>C5.</b> Study Funding Alternatives	P5.C
<b>C6.</b> Conduct an Electrification Affordability Study	P5.D
<b>C7.</b> Study Carbon Neutrality Options	
<b>C8.</b> Accelerate GHG reductions through Mandates or Price Signals	P2.1K, P2.2A, P2.2B, P2.2D
<b>E1.</b> Reduce GHG emissions in Single-Family Appliances and Equipment	P2.1D, P2.1E, P2.1F, P2.1G, P2.1H
<b>E2.</b> Reduce GHG emissions in Non-Residential Equipment	P2.2A, P2.2B, P2.2C
<b>E3.</b> Reduce Gas Use in Major Facilities	P2.2C
<b>E4.</b> Reduce Natural Gas Use at City facilities	P2.4A, P2.4B, P2.4C
<b>E5.</b> Support Income-Qualified Residents and Vulnerable Businesses with Electrification	P5.D, P2.1D, P2.1I
<b>E6.</b> Develop Electric Rate Options	P1.D

Key Action Title	Work Item(s)
<b>E7.</b> Use Codes and Ordinances to Facilitate Electrification	P2.2A, P2.2B
<b>E8.</b> Electric Grid Modernization Plan	P1.A, P1.B, P1.C
<b>E9.</b> Additional Electrification Opportunities in Commercial and Multi-Family Buildings	P4.B
<b>EV1.</b> Raise Awareness of Alternative Transportation Modes, Micromobility, and EVs.	P2.1A, P2.2D
<b>EV2.</b> Collaborate to Promote EV Adoption Regionally	P2.2E
<b>EV3.</b> Promote EV Adoption and Alternative Commutes for Commuters	P2.2C, P2.2D
<b>EV4.</b> Facilitate the Adoption of EVs, E-bikes and other Light EVs.	P2.1A, P2.1C, P2.2D
<b>EV5.</b> Promote Alternative Transportation Modes and Infrastructure To Support Adoption	P2.1I, P2.1J
<b>EV6.</b> Expand EV Charging Access for Multi-Family Residents	P2.1J, P2.1K, P2.4F
<b>EV7.</b> Improve EV Charging Access for Income-Qualified residents	P2.1I, P2.1J, P2.1K, P2.4F
<b>EV8.</b> Ensure EV Charging Capacity Supports EV Growth	P2.1K, P2.2D, P2.4C, P2.4F

Key Action Title	Work Item(s)
<b>EV9.</b> Electrify Municipal Vehicle Fleet	P2.4D, P2.4E
<b>EV10.</b> Support Policy to Electrify Fleet Vehicles	P2.2E
<b>M1.</b> Increase Active Transportation and Transit for Local Work Trips	P2.3A
<b>M2.</b> Expand Availability of Transit and Shared Mobility Services	P2.3D, P2.3E
<b>M3.</b> Implement the Bicycle and Pedestrian Transportation Plan	P2.3F, P2.3G
<b>M4.</b> Improve Transportation Demand Management for Employees and Residents	P2.3H
<b>M5.</b> Implement Smart Parking Infrastructure in Public Garages and Parking Fees in Business Districts	P5.C, P2.3I, P2.3J
<b>M6.</b> Study Land Use and Transportation	
<b>M7.</b> Continue to Implement the City's Housing Element	P2.3B, P2.3C
<b>M8.</b> Improve Transit and Traffic Flow	P2.3K
<b>M9.</b> Create Housing Density and Land Use Mix that Supports Transit and Non-SOV Transportation	P2.3B, P2.3C
<b>M10.</b> Encourage Reductions in GHGs and VMT	P4.A, P4.C
<b>W1.</b> Maximize Water Conservation and Efficiency	8.A
<b>W2.</b> Build a Salt Removal Facility	8.B
<b>W3.</b> Implement One Water Portfolio Projects	8.C
<b>W4.</b> Develop a Dynamic Water Planning Tool	8.D

Key Action Title	Work Item(s)
<b>S1.</b> Complete a Sea Level Rise Vulnerability Assessment	8.E
<b>S2.</b> Implement a Sea Level Rise Adaptation Plan	8.F
<b>S3.</b> Begin Design Process for a Levee Project	8.G
<b>S4.</b> Identify Protection Strategies from Significant Flood Events	8.H, 8.I, 8.J
<b>S5.</b> Implement the Foothills Fire Management Plan	8.K
<b>S6.</b> Minimize Fire Hazards Through Zoning	8.L
<b>S7.</b> Collaborate on Reducing Wildfire Hazards	8.M
<b>S8.</b> Implement CAL FIRE Public Education Programs	8.N
<b>N1.</b> Increase Palo Alto's Tree Canopy	8.O
<b>N2.</b> Ensure No Net Tree Canopy Loss for all Projects	8.P
<b>N3.</b> Reduce Pesticide Use in Parks and Open Space Preserves	8.Q
<b>N4.</b> Enhance Pollinator Habitat	
<b>N5.</b> Establish a Carbon Storage of Tree Canopy Baseline and KPI	8.O
<b>N6.</b> Maximize Biodiversity and Soil Health	
<b>N7.</b> Coordinate Implementation of City Natural Environment-Related Plans	8.R
<b>N8.</b> Expand Water Efficient Landscape Ordinance (WELO) Requirements	
<b>N9.</b> Phase out Gas-Powered Lawn and Garden Equipment	

Key Action Title	Work Item(s)
<b>N10.</b> Support the Green Stormwater Infrastructure Plan	8.S
<b>N11.</b> Incorporate Green Stormwater Infrastructure in Municipal Projects	8.S
<b>ZW1.</b> Encourage Food Waste Prevention and Require Food Recovery from Commercial Food Generators	8.T
<b>ZW2.</b> Promote Residential Food Waste Reduction	8.U
<b>ZW3.</b> Champion Waste Prevention, Reduction, Reusables, and the Sharing Economy	8.V
<b>ZW4.</b> Provide Waste Prevention Technical Assistance to the Commercial Sector	8.W
<b>ZW5.</b> Prioritize Domestic Processing of Recyclable Materials	8.X
<b>ZW6.</b> Eliminate Single-Use Disposable Containers	8.Y
<b>ZW7.</b> Expand the Deconstruction and Construction Materials Management Ordinance	8.Z
<b>ZW8.</b> Implement Reach Code standard for Low Carbon Construction Materials	8.aa

				2023					2024					2025							
				Jan/Feb	Mar/Apr	May/June	July/Aug	Sep/Oct	Nov/Dec	Jan/Feb	Mar/Apr	May/June	July/Aug	Sep/Oct	Nov/Dec	Jan/Feb	Mar/Apr	May/June	July/Aug	Sep/Oct	Nov/Dec
Climate Change (Buildings, Mobility, EVs)	Staff and Consultant Work			Finalize S/CAP and 2021 GHG Inventory			Complete 2022 GHG Inventory					Complete 2023 GHG Inventory				Start Work Plan Update					
				Finalize CEQA Documents		S/CAP Implementation				S/CAP Implementation				S/CAP Implementation							
	Priority 1. Grid Modernization	P1.A Grid Modernization Study		Complete study, design, and bring contractor on board following certification of environmental review							Construction to increase capacity										
		P1.B Reliability and Resiliency Strategic Plan Development		Develop strategic plan																	
		P1.C Reliability and Resiliency Strategic Plan Implementation									Implementation based on timelines in Reliability and Resiliency Strategic Plan										
	2.1 Residential Emissions Reduction Programs	All Residential	P2.1 A Promote EV Adoption		Ongoing							Ongoing					Ongoing				
			P2.1 B Emissions Reduction Advisory Services		Get phone advisory services up and running Determine work plan for online services, begin implementation																
			P2.1 C Small electric vehicles (e.g. e bike) program		Complete evaluation							Program implmentation? To be determined depending on results of program evaluation and staffing and funding analysis.									
		Single-Family Residential	P2.1 D Heat Pump Water Heater Electrification Pilot Program		Work to achieve program goals																
			P2.1 E Full-Scale Heat Pump Water Heater Electrification Program						Do program evaluation, assuming advanced pilot program goals are on track to be met.			Transition to full scale program					Ongoing program operation				
			P2.1 F Electrification data collection program		Get program up and running by December 2023							Ongoing data collection					Ongoing data collection				
			P2.1 G Pilot Programs for Modernized Neighborhoods									Program design and approvals					Assuming grid modernization has made enough progress, launch program(s)				
			P2.1 H Single-family Electrification Rebates		Cost-effectiveness studies to determine rebate amounts, software configuration, launch preparation							Rebate launch									
			P2.1 I Affordable Housing EV Charging and Electrification Pilot		Complete pilot design, hire consultant							Implement pilot project									
		Multi-Family Residential	P2.1 J Multi-Family EV Charger Program		Ongoing program activity with the goal of providing EV charging in buildings representing 10% of multi-family units in Palo Alto by 2025							Complete evaluation of potentially scalable strategies for multi-family and affordable housing EV charging and/or building electrification, including evaluating the role of publicly-owned EV charging+L20:U20					Ongoing program activity with the goal of providing EV charging in buildings representing 10% of multi-family units in Palo Alto by 2025				
			P2.1 K Multi-Family and Affordable Housing EV Charger Access Strategy		Complete evaluation of potentially scalable strategies for multi-family and affordable housing EV charging and/or building electrification, including evaluating the role of publicly-owned EV charging																
		2.2. Non-Residential Emissions Reduction Programs	P2.2 A Rooftop Packaged Heating, Ventilation, and Air Conditioning (HVAC) Pilot		Achieve installations at four to five sites through existing rooftop HVAC pilot program																
			P2.2 B Rooftop Packaged HVAC Advanced Pilot Design		Develop proposal for an advanced pilot program and/or mandate and present to Council							Launch program and/or mandate if approved					Ongoing program management, if program is approved				
			P2.2 C Major Employer Partnerships		Develop custom ermissions reduction and sustainability partnership with at least one major employer. Develop electrification pilots with City facilities and PAUSD							Develop additional employer partnerships					Develop additional employer partnerships				
	P2.2 D Commuter Transportation & EV Charging Strategy									Complete evaluation and develop recommendations for future programs					Implement any adopted commute or EV charging programs						
	P2.2 E Regional and State Partnerships		Develop work plan and identify promising partnerships							Continued participation in chosen partnerships, exploration of new partnerships					Continued participation in chosen partnerships, exploration of new partnerships						
	2.3 Citywide Mobility	P2.3 A Transportation and Land Use Policies and Programs		Continue ongoing transportation programs, traffic management, and partnerships and land use regulatory activity																	
		P2.3 B Housing Element Adoption		Adopt plan																	
		P2.3 C Housing Element Implementation				Implementation of Housing Element programs as outlined in Housing Element and as funded via grants and annual budget requests															
		P2.3 D Micro-mobility evaluations		Evaluate opportunities to pilot bike/scooter share and neighborhood mobility hub pilots to provide last-mile connections as staff time becomes available																	
		P2.3 E On-demand transit pilot		Launch Pilot		Pilot program in operation															
		P2.3 F Update Bicycle Plan		Hire consultant, kick off study							Study completion and plan adoption					Plan implementation					
		P2.3 G Vision Zero Program		Timeline to be determined, depends on staffing and funding availability																	
		P2.3 H Evaluate expansion of employer transportation demand management (TDM)		Evaluate possible alternatives to expand TDM ordinance requirements and/or voluntary TDM services (e.g. expanding the Transportation Management Association) as staff time becomes available																	
		P2.3 I Proposals for Managing Downtown Parking Availability		Council adoption																	
		P2.3 J Implement Efficient Downtown Parking Management		Hire parking management consultant							Ongoing program management										
		P2.3 K Traffic Signal Improvements & Transit Signal Priority		Maintain and modernize current traffic signals and central management systems. Use technology to improve traffic operations and safety. Work with transit providers on transit signal priority where feasible.																	
P2.4 A Facility Electrification Assessment Plan		Finalizing Facility Electrification Assessment Plan																			



Sustainability	2.4 City Facilities and Fleet	P2.4 B Facility Electrification Assessment Implementation					On-going				On-going				
		P2.4 C Electrify Equipment at City Facilities during Routine Replacement	On-going				On-going				On-going				
		P2.4 D Electrify City Vehicle Fleet	On-going				On-going				On-going				
		P2.4 E Build City Fleet and Employee Charging Infrastructure	Building City Fleet Infrastructure is on-going, assessing Employee Charging Infrastructure				On-going				On-going				
		P2.4 F Publicly-owned charger strategic plan	Explore Public Charging Pilot				Develop publicly-owned charger strategic plan								
		2.5 EV Strategic Plan	P2.5A Electric Vehicle Strategic Plan Development	Develop EV Strategic Plan to coordinate efforts on various EV work items											
	Priority 3: Build Confidence and Awareness	P3.1 A Build awareness of the need for climate action	Ongoing engagement, including Sustainability Newsletter, Climate Action Blog, Social Media, Sustainability Hub, Electrification Portal, Website Updates, Utility Bill Inserts, Workshops, webinars, and departmental collaboration												
		P3.1 B Drive community actions to achieve S/CAP goals	On-going marketing				On-going Marketing				On-going Marketing				
		P3.1 C S/CAP Survey Program	Develop Surveys				Conduct Surveys				Conduct Surveys				
		P3.1 D S/CAP Reporting		Earth Day Report	CDP Report			Earth Day Report	CDP Report			Earth Day Report	CDP Report		
		P3.1 E Build confidence in the City’s electric infrastructure	Ongoing engagement, including Sustainability Newsletter, Climate Action Blog, Social Media, Sustainability Hub, Electrification Portal, Website Updates, Utility Bill Inserts, Workshops, webinars, and departmental collaboration												
	Priority 4. Studies and Analysis	P4 A Multi-family and Commerical End Use Study	Complete RFP for consultant to do end use survey.				Complete multi-family and non-residential end use survey to identify promising emissions reduction opportunities, develop recommendations based on survey								
		P4 B Idea generation and additional research	Seek ideas for emissions reductions from community, experts. Monitor emerging technologies.				Study those ideas and technologies with highest potential								
		P4 C Additional Emissions Reduction Project Prioritization									Evaluate new programs based on findings of studies				
	Priority 5. Funding Needs and Funding Sources	P5 A Resource Needs Assessment	Summarize resource needs for a selection of pilots, advanced pilots, full-scale programs + commercial end-use research program												
		P5 B. Funding Alternatives	Study funding options available to fund programs evaluated in work item 4.B for most promising electrification programs, present findings to Council.				Continuing Council discussions of potential funding options				Implement any follow-up actions from prior year studies				
		P5 C. Affordability Study	Complete affordability study to inform funding needs and program design												
		P5 D. Gas Utility Financial and Operating Plan					Develop financial and operating plan for contracting gas utility				Implement any follow-up actions from prior year studies				
	Climate Adaptation and Sea Level Rise	Water	8.A Maximize Water Conservation and Efficiency	Maximize cost-effective water conservation and efficiency through incentives, outreach/education, and other programs											
			8.B Design and build a salt removal facility for the Regional Water Quality Control Plant	Design is 90% complete. Bring to Council for approval of construction of the facility											
			8.C Develop a “One Water” Portfolio for Palo Alto	Study underway by staff and consultant			Implementation of a “One Water” Portfolio that includes stormwater, recycled water, on-site reuse, conservation, and groundwater								
			8.D Develop a tool for dynamic water planning in the future	Included as deliverable under One Water consulting contract											
		8.E Complete the Sea Level Rise Vulnerability Assessment	Completed												
		8.F Develop a Sea Level Rise Adaptation Plan	Develop a Sea Level Rise (SLR) Adaptation Plan				CEQA Review of Sea Level Rise Adaptation Plan			Bring SLR Adaptation Plan to Council for Approval		Implement Sea Level Rise Adaptation Plan			
		8.G Begin design process for a levee projects	Determine levee alignment for a levee project that protects the Palo Alto community from sea level rise, and incorporates other related priorities including habitat restoration, recreation, transportation, City facilities, and community properties											Begin design process	
		8.H Identify Protection Strategies from Significant Flood Events at Newell Road Bridge	Preparing construction documents and initiating right-of-way aquisition				Construction of Newell Road Bridge improvements								
		8.I Identify Protection Strategies from Significant Flood Events at Pope Chaucer Bridge and Creek	Analysing existing conditions within Creek to verify structural integrity				Prepare construction documents				Construction of Pope Chaucer Bridge and Creek widening improvement				
		8.J Identify Protection Strategies from Significant Flood Events	On-going work with San Francisquito Creek Joint Powers Authority (SFCJPA) partner agencies to identify strategies to protect the community from flows that exceed the 70-year + storm event												
		8.K Implement Foothills Fire Management Plan	On-going implementation of the Foothills Fire Management Plan to balance conservation of natural resources with reduction of fire hazards especially in open space areas												
		8.L Minimize Fire Hazards Through Zoning	Ongoing work to minimize fire hazards by maintaining low density zoning in wildland fire hazard areas and enforcing building codes for fire resistant construction												
		8.M Collaborate on Reducing Wildfire Hazards	On-going coordinatation with other Fire agencies through the Santa Clara County Fire Chiefs Association and CalFire												
		8.N Implement CAL FIRE Public Education Programs	On-gong implementation of CAL FIRE recommended programs in educating and involving the local community to diminish potential loss caused by wildfire and identify prevention measures to reduce those risks												
		Natural Environment	8.O Increase Palo Alto’s Tree Canopy and establish a baseline and Key Performance Indicator for carbon storage of tree canopy	Develop programs to plant trees to increase tree canopy – that will be integrated with traditional tree planting programs and Green Stormwater Infrastructure programs – and provide carbon sequestration, improve water quality, capture stormwater when feasible, and reduce the urban heat island effect				Establish baseline and Key Performance Indicator for carbon storage of tree canopy; implement programs to increase tree canopy				On-going implementation of programs to increase tree canopy			
			8.P Ensure No Net Tree Canopy Loss for all Projects	On-going effort to implement the updated Tree Ordinance (effective July 21, 2022)											
			8.Q Reduce Pesticide Use in Parks and Open Space Preserves	On-going effort to review the use of pesticides in all parks and open space preserves to identify opportunities to further reduce and eliminate the use of pesticides											

		8.R Coordinate Implementation of City Natural Environment-Related Plans	On-going effort to coordinate implementation of the Urban Forest Master Plan, Parks Master Plan, Green Stormwater Infrastructure Plan and other citywide planning efforts through interdepartmental collaboration											
		8.S Support the Green Stormwater Infrastructure (GSI) Plan and incorporate GSI in Municipal Projects	On-going effort to achieve a 10% increase in land area that uses green stormwater infrastructure to treat urban water runoff											
	Zero Waste	8.T Encourage Food Waste Prevention and Require Food Recovery from Commercial Food Generators	On-going effort to encourage food waste prevention and require edible food recovery for human consumption from commercial food generators. Began 1/1/2022 per SB1383 requirements. May need funding for FY 2024											
		8.U Promote Residential Food Waste Reduction	Campaign strategy in development			Implement campaign to promote residential food waste reduction								
		8.V Champion Waste Prevention, Reduction, Reusables, and the Sharing Economy	On-going effort to promote adoption of a “Zero Waste lifestyle”and stimulate value of reuse, repair.				On-going effort to promote adoption of a “Zero Waste lifestyle”and stimulate value of reuse, repair. May need funding for stimulating reuse, repair outreach							
		8.W Provide Waste Prevention Technical Assistance to the Commercial Sector	Develop an outreach tool and technical assistance to the commercial sector				Implement outreach tool and technical assistance to the commercial sector							
		8.X Prioritize Domestic Processing of Recyclable Materials	On-going effort to prioritize domestic processing of recyclable materials. Domestic processing for Mixed Paper and Mixed Rigid Plastics began April 2022.											
		8.Y Eliminate Single-Use Disposable Containers	Developing strategy and timeline to eliminate single-use disposable containers by expanding the Disposable Foodware Ordinance								Implement the expanded Disposable Foodware Ordinance			
		8.Z Expand the Deconstruction and Construction Materials Management Ordinance	Determine the most effective way of expanding the Deconstruction and Construction Materials Management Ordinance				Expand types of covered projects or increase diversion requirements, collaborate with other Departments; consider including in next Reach Code Cycle to be implemented in January 2026							
		8.aa Implement Reach Code standard for Low Carbon Construction Materials	Implement Reach Code standard for low carbon construction materials (pending Council approval in October 2022)											
COMMUNITY ENGAGEMENT		CEQA Public Review	S/CAP Implementation Resources, Updates, Outreach, and Webinars			S/CAP Implementation Resources, Updates, Outreach, and Webinars				S/CAP Implementation Resources, Updates, Outreach, and Webinars				
			Cross-promotional efforts with external partners and COPA departments (e.g. Library)			Cross-promotional efforts with external partners and COPA departments (e.g. Library)				Cross-promotional efforts with external partners and COPA departments (e.g. Library)				
COUNCIL AND COMMISSION MEETINGS			Council certification of CEQA and adoption of S/CAP, Council Meeting on Earth Day Report			Council Study Session on S/CAP Progress Report		Council Approval of Sea Level Rise Adaptation Plan		Council Study Session on S/CAP Progress Report				

## Background on Sustainability and Climate Action Plan (S/CAP) Development

- **April 2016:** City Council adopted the ambitious goal of [reducing GHG emissions to 80 percent below 1990 levels by 2030](#)<sup>1</sup> (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 2045<sup>2</sup>.
- **November 2016:** the Council adopted the [S/CAP Framework](#)<sup>3</sup>, which has served as the road map for achieving Palo Alto’s sustainability goals.
- **December 2017:** Council accepted the [2018-2020 Sustainability Implementation Plan “Key Actions” as a summary of the City’s work program](#)<sup>4</sup>.
- **June 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.<sup>5</sup>
- **April 2021:** Staff presented a preliminary impact analysis and Council directed the Mayor to form an S/CAP Ad Hoc Committee.<sup>6</sup>
- **August 2021 to April 2022:** The S/CAP Committee held several [public meetings](#) with City staff.<sup>7</sup>
- **November 17, 2021:** The S/CAP Ad Hoc Committee held the first meeting of its S/CAP Working Group, which assembled knowledgeable members of the community to consult with Council members and City staff on S/CAP implementation priorities.
- **December 13, 2021:** Staff presented a [Progress Report on the Sustainability and Climate Action Plan Update and S/CAP Ad Hoc Committee Work](#)<sup>8</sup> to Council.
- **March 7, 2022:** Council and the Utilities Advisory Commission (UAC) held a [joint study session](#)<sup>9</sup> to discuss sustainability and utility related items.

<sup>1</sup> <https://www.cityofpaloalto.org/news/displaynews.asp?NewsID=3534&TargetID=268>

<sup>2</sup> 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.

<sup>3</sup> <https://www.cityofpaloalto.org/civicax/filebank/documents/60858>

<sup>4</sup> <https://www.cityofpaloalto.org/civicax/filebank/documents/63141>

<sup>5</sup> [https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2020/id-11404-climate\\_sustainability-and-climate-action-plan.pdf?t=59513.75](https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2020/id-11404-climate_sustainability-and-climate-action-plan.pdf?t=59513.75)

<sup>6</sup> <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2021/id-12009.pdf>

<sup>7</sup> <https://www.cityofpaloalto.org/Departments/City-Clerk/City-Council-Committees/Sustainability-and-Climate-Action-Plan-Ad-Hoc-Committee>

<sup>8</sup> <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/2021/id.-13765-s-cap-update.pdf>

<sup>9</sup> <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/2022/20220307/20220307pccsmamendedfinal-linked.pdf>

- **April 11, 2022:** Staff presented the [Earth Day Report](#)<sup>10</sup> to Council on April 11, 2022. The Earth Day Report described the work of the S/CAP Ad Hoc Working Group teams.
- **June 14, 2022:** The S/CAP Ad Hoc Working Group Teams held a public meeting to discuss their progress on three areas that would advance residential building electrification goals:
  - *Engagement.* The work of this team included fine-tuning messaging on residential building electrification and developing a strategy and timeline for engagement.
  - *Technology.* The work of this team included reviewing current and emerging technologies and their feasibility for meeting the demands of a typical home and developing a strategy. The team also considered the influence of electrification technologies that are implemented on the electrical grid improvements that are needed.
  - *Finance.* The work of this team included prioritizing the most feasible funding strategies and developing a strategy for financing S/CAP Implementation.

The working group teams also discussed an outline of a proposed Advanced Heat Pump Water Heater Pilot Program at the June 14 meeting. They agreed to have staff develop the outline into a more defined proposal.

- **September 27 and October 3, 2022:** Staff and the S/CAP Committee recommended, and Council accepted, the S/CAP Goals and Key Actions that would be used for environmental review. Staff and the S/CAP Committee recommended the creation of an Advanced Heat Pump Water Heater Pilot program and Council took several actions to enable the program to be launched.<sup>11</sup>

<sup>10</sup> <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/2022/id.-14174-earth-day-report-2022-edr22.pdf>

<sup>11</sup> <https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/agendas-minutes/city-council-agendas-minutes/2022/20220927/20220927pccsmlinked-amended-v2.pdf#page=79>





## City of Palo Alto City Council Staff Report

(ID # 14633)

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**Meeting Date:** 12/5/2022

**Report Type:** Information Reports

**Title:** Annual Status Report on the Developer Impact Fees Schedule as of June 30, 2022

**From:** City Manager

**Lead Department:** Administrative Services

### **Recommendation**

This is an information report; no action is required.

### **Discussion**

The Annual Status Report on Development Impact Fees provides specific information about development impact fees imposed by the City. The schedule prepared in accordance with Government Code Section 66006 (AB1600) must be made available to the public at least 15 days before the Council meeting at which it is considered and within 180 days of the close of the fiscal year. Since the report is scheduled on the City Council Agenda of January 23, 2023, it is being included as an information report this December to allow time for public notice in excess of the minimum 15-day advanced posting requirement. Additional information will be available in the January 23, 2023 report.

### **Stakeholder Engagement**

This report has been prepared by the Accounting Division and reviewed by partner departments including the City Attorney's Office, and the Planning and Development Services Department.

### **Resource Impact**

This is an Informational Report, so no actions or adjustments are needed at this time.

### **Environmental Review**

This is not a project for purposes of the California Environmental Quality Act (CEQA).

### **Attachments:**

- **Attachment11.a:** Attachment A: Development Impact Fees FY22

## Attachment A

**City of Palo Alto**  
**Annual Report on Development Impact Fees**  
**for Period Ending June 30, 2022**

FUND	Stanford Research Park/ El Camino Fund	San Antonio/West Bayshore Fund
Purpose and Authority for Collection	Traffic impact fees imposed on new nonresidential development in the Stanford Research Park/El Camino Real CS zone to fund improvements at eight identified intersections. PAMC Ch. 16.45,	Traffic impact fees imposed on new nonresidential development in the San Antonio/West Bayshore Areas to fund capacity improvements at four identified intersections. PAMC Ch. 16.46
Amount of the Fee	City ceased collecting effective FY 2020	City ceased collecting effective FY 2020
<b>Fund Balance July 1, 2021</b>	<b>\$3,519,739</b>	<b>\$434,996</b>
<b><u>Activity in 2021-22</u></b>		
Revenues		
Interest Earnings	33,656	6,877
Unrealized Gain/(Loss) Investments	(206,212)	(34,466)
<b>Total Revenues</b>	<b>(\$172,556)</b>	<b>(\$27,588)</b>
Expenditures		
Inter-Agency Expense	(2,200,000)	-
<b>Total Expenditures</b>	<b>(\$2,200,000)</b>	<b>-</b>
<b>Ending Balance June 30, 2022</b>	<b>\$1,147,183</b>	<b>\$407,408</b>
Reserves		
Other Commitments/Appropriations	-	-
<b>Total Reserves</b>	<b>-</b>	<b>-</b>
<b>Net Funds Available</b>	<b>\$1,147,183</b>	<b>\$407,408</b>
	<b>USE OF FEES:</b> In FY 2020, City ceased collecting the Stanford Research / El Camino Real CS Zone fee established in 1989.  In FY 2022, \$2.2M expense to fund Sharing Agreement between the City and the County of Santa Clara for improvements of Mill Road intersections at both Hanover Street and El Camino Real (CMR 13439).	<b>USE OF FEES:</b> No expenditures have been made for this fund in Fiscal Year 2022. In FY 2020, City ceased collecting the San Antonio/West Bayshore area fee established in 1986.

FUND	Commercial Housing Impact Fee Fund	University Avenue Parking In-Lieu Fund
Purpose and Authority for Collection	Fees imposed on commercial and industrial development to offset the demand that new jobs create for low and moderate- income housing in the City  PAMC Ch.16.65  Hotel / Retail / Other Non Residential: \$23.11 per sq. ft. Office/R&D: \$39.70 per sq. ft.	Fees collected from non-residential development within the University Ave. Parking Assessment District in lieu of providing the required number of parking spaces. PAMC Ch 16.57
Amount of the Fee		\$115,404.00 per space
<b>Fund Balance July 1, 2021</b>	<b>\$25,967,219</b>	<b>\$6,424,611</b>
<b><u>Activity in 2021-22</u></b>		
Revenues		
Fees Collected	1,428,224	
Interest Earnings	54,217	101,582
Unrealized Gain/(Loss) Investments	(300,408)	(507,159)
<b>Total Revenues</b>	<b>1,182,033</b>	<b>(405,577)</b>
Expenditures		
Salaries and Benefit	(34,894)	-
Liability Insurance	(855)	-
<b>Total Expenditures</b>	<b>(35,749)</b>	<b>-</b>
<b>Ending Balance June 30, 2022</b>	<b>\$27,113,503</b>	<b>\$6,019,034</b>
Reserves		
Other Commitments/Appropriations	-	-
Reserve for Notes Receivable includes:	(23,629,563)	
\$1,290,000 for 2811 Alma		
\$4,137,254 for 801 Alma		
\$7,700,000 for Bueva Vista Mobile Home Park		
\$10,502,309 Wilton Court		-
Reserve for Reappropriations	(1,167,000)	-
<b>Total Reserves</b>	<b>(24,796,563)</b>	<b>-</b>
<b>Net Funds Available</b>	<b>\$2,316,940</b>	<b>\$6,019,034</b>
	<b>USE OF FEES:</b> Expenditures in Fiscal Year 2022 are \$35K for salaries and benefits. Reserve for Reappropriation is for Affordable Housing Loan Agreement: 3705 El Camino Real (Wilton Court).	This fund is not subject to AB1600 requirements and is listed only for information purposes. <b>USE OF FEES:</b> No expenditures have been made from this fund in Fiscal Year 2022. <b>FUTURE USE OF FEES:</b> \$5.5M programmed in FY 2023 for New Downtown Parking Garage Project (PE-15007) as part of the 2023-2027 Capital Improvement Plan (CIP).

FUND	Residential & Non-Residential Community Facilities Parks	Residential & Non-Residential Community Facilities Community Centers
Purpose and Authority for Collection	Fees imposed on new residential and non-residential development approved after Jan 28, 2002 for Parks. PAMC Ch. 16.58	Fees imposed on new residential and non-residential development approved after Jan 28, 2002 for Community Centers. PAMC Ch. 16.58
Amount of the Fee	Residential: Single family \$57,420 per unit. (ADUs under 750 sq ft exempt) Nonresidential: Commercial/Industrial \$16,837 per net new 1,000 sq ft; Hotel/Motel \$2,866 per 1,000 sq ft.	Residential: Single family \$4438 unit. (ADUs under 750 sq ft exempt) Nonresidential: Commercial/Industrial \$1301 per 1,000 sq ft; Hotel/Motel \$222 per 1,000 sq ft.
<b>Fund Balance July 1, 2021</b>	<b>\$3,766,481</b>	<b>\$751,143</b>
<b><u>Activity in 2021-22</u></b>		
Revenues		
Fees Collected	311,065	51,809
Interest Earnings	57,233	12,321
Unrealized Gain/(Loss) Investments	(305,444)	(76,080)
<b>Total Revenues</b>	<b>\$62,854</b>	<b>(\$11,950)</b>
Operating Transfer to Capital Projects Fund	(18,800)	-
<b>Total Expenditures</b>	<b>(\$18,800)</b>	<b>-</b>
<b>Ending Balance June 30, 2022</b>	<b>\$3,810,535</b>	<b>\$739,193</b>
Reserves		
Other Commitments/Appropriations	-	-
<b>Total Reserves</b>	<b>-</b>	<b>-</b>
<b>Net Funds Available</b>	<b>\$3,810,535</b>	<b>\$739,193</b>
	<b>USE OF FEES:</b>  Budget transfer in FY 2022 was made to Capital Project fund for PG-19000-Park Restroom Installation \$13,300 and PG-18001-Dog Park Installation and Renovation for \$5,500. <b>FUTURE USE OF FEES:</b> Budgeted as part of FY23-27 CIP: PE-17005 Boulevard Park \$400k in FY23; PG-18001 Dog Parks \$145k in FY23, \$150k in FY24 & FY26; PG-19000 Park Restroom Installation \$337k in FY23, \$350k in FY24 & FY26; PE-08001 Rinconada Park Improvements \$400k in FY23; PF-23001 Roth Building Rehabilitation \$350k in FY23.	<b>USE OF FEES:</b>  No expenditure of funds have been made from this Fund in Fiscal Year 2022. <b>FUTURE USE OF FEES:</b> Budgeted as part of FY23-27 CIP: \$1.65M shifted from PE-08001 Rinconada Park Improvements to PF-23001 Roth Building Rehabilitation in FY23.

FUND	Residential & Non-Residential Community Facilities Libraries	Residential Housing In-Lieu Fund
Purpose and Authority for Collection	Fees imposed on new residential and non- residential development approved after January 28, 2002 for Libraries.	Fees collected from ownership residential developments of three or more units (including mixed used with ownership in housing) in-lieu of providing the required below-market rate units(s) to low and moderate income households.
	PAMC Ch. 16.58	PAMC Chapter 16.65
Amount of the Fee	Residential: Single family \$2,645 per unit; Multi-family \$1,956 per unit (ADUs under 750 sq ft exempt)  Nonresidential: Commercial/industrial \$776 per net new 1,000 sq ft. Hotel/Motel \$132 per net new 1,000 sq ft.	Single family \$85.07 per sq. ft. Single family detached; \$56.72 per sq. ft. single family attached. Multi Family \$56.72 per sq. ft. condos.
<b>Fund Balance July 1, 2021</b>	<b>\$971,303</b>	<b>\$29,738,425</b>
<b><u>Activity in 2021-22</u></b>		
Revenues		
Fees Collected	25,718	138,339
Property Rental		700
Interest Earnings	13,510	122,145
Unrealized Gain/(Loss) Investments	(79,438)	(497,098)
<b>Total Revenues</b>	<b>(\$40,210)</b>	<b>(\$235,914)</b>
Expenditures		
Salaries and Benefits	-	(34,894)
Liability Insurance	-	(855)
<b>Total Expenditures</b>	<b>-</b>	<b>(\$35,749)</b>
<b>Ending Balance June 30, 2022</b>	<b>\$931,093</b>	<b>\$29,466,762</b>
Reserves		
Other Commitments/Appropriations	-	-
Reserve for Encumbrances	-	(178,090)
Reserve for Reappropriations	-	(3,000,000)
Reserve for Notes Receivable includes:	-	(23,810,893)
\$375,000 for 3053 Emerson		
\$3,504,850 for Tree House Apts.		
\$747,734 for Sheridan Apts.		
\$2,285,026 for 801 Alma		
\$901,201 for Palo Alto Housing Project		
\$593,952 for 2811-2825 Alma St.		
\$203,561 for Colorado Park Housing		
\$149,968 for El Dorado Palace		
\$6,800,000 for Buena Vista Mobile Home Park		
\$8,249,601 for Wilton Ct.		
<b>Total Reserves</b>	<b>-</b>	<b>(26,988,983)</b>
<b>Net Funds Available</b>	<b>\$931,093</b>	<b>\$2,477,779</b>
	<b>USE OF FEES:</b>	<b>USE OF FEES:</b>
	No expenditure of funds have been made from this Fund in Fiscal Year 2022.	Expenditures in Fiscal Year 2022 were \$36K for salaries and benefits. Reserve for Reappropriations is for Affordable Housing Project: 231 Grant Avenue Affordable Housing Project.
	<b>FUTURE USE OF FEES:</b>	
	Budgeted as part of FY23-27 CIP: LB-21000 Library Automated Material Handling \$540k in FY23; PF- 23001 Roth Building Rehabilitation \$300k in FY23.	

FUND	Charleston-Arastradero Corridor Pedestrian and Bicyclist Safety	Citywide Transportation
Purpose and Authority for Collection	Fees collected from new development and re-development within the Charleston- Arastradero Corridor to provide for pedest- rian and bicyclist safety improvements. PAMC Ch. 16.60	Transportation impact fees imposed on new development in all parts of the City to fund congestion reduction projects. PAMC Ch. 16.59
Amount of the Fee	Residential: \$1,480 per residential unit Commercial: \$0.43 per sq ft (ADUs exempt)	\$8,572 each; per net new PM peak hour trip
<b>Fund Balance July 1, 2021</b>	<b>\$37,124</b>	<b>\$2,281,870</b>
<b><u>Activity in 2021-22</u></b>		
Revenues		
Fees Collected	-	252,428
Interest Earnings	588	35,431
Unrealized Gain/(Loss) Investments	(2,808)	(175,459)
<b>Total Revenues</b>	<b>(2,220)</b>	<b>\$112,400</b>
Expenditures		
Operating Transfer to Capital Projects Fund	-	(395,000)
<b>Total Expenditures</b>	<b>-</b>	<b>(\$395,000)</b>
<b>Ending Balance June 30, 2022</b>	<b>\$34,904</b>	<b>\$1,999,270</b>
Reserves		
Other Commitments/Appropriations	-	-
<b>Total Reserves</b>	<b>-</b>	<b>-</b>
<b>Net Funds Available</b>	<b>\$34,904</b>	<b>\$1,999,270</b>
	<b>USE OF FEES:</b>	<b>USE OF FEES:</b>
	No expenses were been made from this fund in Fiscal Year 2022.	Budget transfers of \$395K to Capital Project Fund in Fiscal Year 2022 was made for Traffic Signal and Intelligent Transporation (PL-05030). <b>FUTURE USE OF FEES:</b> Budgeted as part of the FY23-27 CIP: PL-05030 Traffic Signal and Intelligent Transportation System Upgrades \$395k annually

FUND	New Public Safety Facilities	General Government Facilities
Purpose and Authority for Collection	Fees imposed on residential and non-residential development to fund police and fire facilities (including fire apparatus and vehicles) PAMC Ch. 16.58	Fees imposed on residential and non-residential development to fund facilities associated with municipal administration. PAMH Ch. 16.58
Amount of the Fee	Residential: Single family \$1,175 per unit; Multi-family \$940 per unit  Nonresidential: Commercial \$657 per 1,000 sq ft. or fraction thereof; Industrial \$220 per 1,000 sq. ft. or fraction thereof; Office/Institutional \$876 per 1,000 sq ft or fraction thereof.	Residential: Single family \$1,481 per unit; Multi-family \$1,184 per unit (ADUs under 750 sq ft exempt) Nonresidential: Commercial \$826 per 1,000 sq ft. or fraction thereof; Industrial \$275 per 1,000 sq. ft. or fraction thereof; Office/Institutional \$1,104 per 1,000 sq ft or fraction thereof.
<b>Fund Balance July 1, 2021</b>	<b>\$44,123</b>	<b>\$57,053</b>
<b><u>Activity in 2021-22</u></b>		
Revenues		
Fees Collected	50,371	63,428
Interest Earnings	1,302	1,663
Unrealized Gain/(Loss) Investments	(8,026)	(10,214)
<b>Total Revenues</b>	<b>\$43,647</b>	<b>\$54,877</b>
Expenditures	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>
<b>Ending Balance June 30, 2022</b>	<b>\$87,770</b>	<b>\$111,930</b>
Reserves		
Other Commitments/Appropriations	-	-
<b>Total Reserves</b>	<b>-</b>	<b>-</b>
<b>Net Funds Available</b>	<b>\$87,770</b>	<b>\$111,930</b>
	<b>USE OF FEES:</b>	<b>USE OF FEES:</b>
	No expenditure of funds have been made from this Fund in Fiscal Year 2022.	No expenditure of funds have been made from this Fund in Fiscal Year 2022.

FUND	Residential Housing Impact Fee Fund	
Purpose and Authority for collection	Fees imposed on all rental residential developments (including mixed use with rental housing) to offset the demand that the new market-rate rental housing creates for low income and moderate-income housing in the City. PAMC Ch. 16.65	
Amount of the Fee	Single and Multi-Family: \$22.69 per sq. ft. apartment (rentals)	
<b>Fund Balance July 1, 2021</b>		<b>\$894,756</b>
<b><u>Activity in 2021-22</u></b>		
Revenues		
Fees Collected		223,078
Interest Earnings		15,727
Unrealized Gain/(Loss) Investments		(75,945)
<b>Total Revenues</b>		<b>\$162,860</b>
Expenditures		-
<b>Total Expenditures</b>		<b>-</b>
<b>Ending Balance June 30, 2022</b>		<b>\$1,057,616</b>
Reserves		
Other Commitments/Appropriations		-
Reserve for Reappropriations		(600,000)
<b>Total Reserves</b>		<b>(\$600,000)</b>
<b>Net Funds Available</b>		<b>\$457,616</b>
<b>USE OF FEES:</b>		
No expenditure of funds have been made from this Fund in Fiscal Year 2022. Reseve for Reappropriations is for Affordable Housing Loan Agreement: 3705 El Camino Real (Wilton Court)		



## (INFORMATION ONLY)

FUND	Public Art Fund	Parkland Dedication
Purpose and Authority for collection	Fees imposed on new commercial developments (including mixed use projects), including new construction, remodels, additions and reconstruction that (i) have a floor area of 10,000 sq. ft. or more, and (ii) have a construction value of \$200,000, or more, exclusive of costs for architecture, design, engineering, and required studies; and all new residential projects of five or more units to fund public art for private developments. PAMC Ch. 16.61	Fees on parkland dedication imposed on new residential and non-residential development. Govt Code Sec. 66477 (Quimby Act)
Amount of the Fee	1% of first \$120.25 million construction valuation and 0.9% of construction valuation for valuation in excess of \$120.25 million	Single Family: \$69,483.47 per unit; Multi-Family: \$47,892.56 per unit. This applies only to residential projects that require a subdivision or parcel map. Land dedication is required for subdivisions resulting in more than 50 parcels. Parkland Dedication Fee - Land: Single Family: 531 sq. ft. per unit; Multi-Family: 366 sq. ft. per unit. When parkland dedication applies, park impact fees do not apply.
<b>Fund Balance July 1, 2021</b>	<b>\$2,009,290</b>	<b>\$5,915,748</b>
<b><u>Activity in 2021-22</u></b>		
Revenues		
Fees Collected	144,400	591,289
Interest Earnings	32,355	74,277
Unrealized Gain/(Loss) Investments	(158,436)	(401,919)
Operating Transfer from General Fund	170,000	
<b>Total Revenues</b>	<b>\$188,319</b>	<b>\$263,647</b>
Expenditures		
Salaries and benefits	(227,003)	-
Other Contract Services	(42,080)	-
Liability Insurance	(2,816)	-
Operating Transfer to Capital Projects Fund	-	(2,400,000)
<b>Total Expenditures</b>	<b>(\$271,899)</b>	<b>(\$2,400,000)</b>
<b>Ending Balance June 30, 2022</b>	<b>\$1,925,710</b>	<b>\$3,779,395</b>
Reserves		
Other Commitments/Appropriations	-	-
<b>Total Reserves</b>	<b>-</b>	<b>-</b>
<b>Net Funds Available</b>	<b>\$1,925,710</b>	<b>\$3,779,395</b>
	This fund is not subject to AB1600 requirements and is listed only for information purposes.	This fund is not subject to AB1600 requirements and is listed only for information purposes. <b>FUTURE USE OF FEES:</b> Budgeted as part of the FY23-27 CIP: PE-17005 Boulware Park \$1.1M in FY23; PE-08001 Rinconada Park Improvements \$1.65M in FY23; PE-18006 Byxbee Park Completion \$450k in FY24.

## (INFORMATION ONLY)

FUND	Water and Wastewater Collection	
Purpose and Authority for Collection	Capacity fees charged to developers that are adding load to the water and sewer systems effective July 1, 2005. California Government Code Sect 66000	
Amount of the Fee	<p>Water Capacity Fees: 5/8 in., 3/4 in E-Meter. \$3,750, 1 in. E-Meter \$6,250, 1 1/2 in. E-Meter \$18,850, 2 in. E-Meter \$31,250, 4 in. Compound Meter by est. \$125/FU (min. 5,000 FU) , 6 in. Compound Meter by est. \$125/FU (min. 7,000 FU)</p> <p>Fire Service Capacity Fees: 2 in. \$750, 4 in. \$8,425, 6 in. \$18,250, 8 in. \$30,950, 10in. \$48,110</p> <p>Sewer Capacity Charges: 4 in. connection with 5/8 in Water Meter (WM) \$5,250, 4 in connection. with 1-in WM \$10,500, 4 or 6 in. connection with 1-1/2 in WM \$31,668, 6 in. connection with 2 in. WM \$52,500, 6 in. and larger connection with 4 in. or larger WM by est. at \$210/FU</p>	
<b><u>Activity in 2021-22</u></b>		
Capacity Fees Collected		
Water		\$123,175
Wastewater Collection		\$31,500
<b>Total Capacity Fees Collected</b>		<b><u>\$154,675</u></b>
<b>USE OF FEES:</b>		
The fees are used exclusively for water and sewer system improvements.		



## City of Palo Alto City Council Staff Report

(ID # 15018)

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**Report Type: Study Session**

**Meeting Date: 12/5/2022**

**Summary Title: Stanford Community Plan**

**Title: Study Session to Receive an Update on the Santa Clara County's Effort to Update the Stanford Community Plan.**

**From: City Manager**

**Lead Department: Planning and Development Services**

### **Recommendation:**

Staff recommends that Council conduct a study session to receive an update on the County's effort to update the Stanford Community Plan.

### **Background:**

Santa Clara County has been preparing an update to the Stanford Community Plan (SCP). The SCP is a component of the County's General Plan and applies to Stanford University lands in unincorporated areas of Santa Clara County. The SCP sets forth goals, policies and programs to guide development within these areas; the 2000 General Use Permit is a regulatory land use document that implements the SCP.

There is also a 1985 Land Use Policy Agreement signed by the County, Stanford University and the City of Palo Alto that sets forth certain policies regarding land use, annexation and development of Stanford lands in the County. More specifically, the agreement establishes that academic land uses in unincorporated areas, for which Stanford provides municipal services, and open space and agricultural land uses held in reserve for academic use, should remain unincorporated. Non-academic uses should be subject to city (Palo Alto) annexation. The Stanford Research Park, Stanford Hospital and Stanford Shopping Center are Palo Alto incorporated areas.

The SCP was last amended in 2015. The County was preparing an amendment with the filing and subsequent withdrawal of Stanford University's General Use Permit application. The County has since proceeded with the SCP amendment, which has been further informed by the

preparation of three additional studies, including: municipal services;<sup>1</sup> childcare;<sup>2</sup> and, graduate student housing affordability studies.<sup>3</sup>

Having conducted a number of community meetings and study sessions, which staff has previously provided updates to Council, the County Board of Supervisors is poised to signal its intent to adopt the SCP on December 13, 2022.

City staff requested, and the County agreed, to have a County representative provide an update to the City Council on the SCP in advance of the Board of Supervisors action next week. This study session is in response to that request. No action can be taken by the City Council at the study session but Councilmember comments and feedback will be summarized by the County and provided to the Board of Supervisors for consideration at their December meeting.

Additional information is available in the County's prior staff reports.<sup>4</sup>

### **Policy Implications:**

The SCP will set forth the goals, policies and programs that will guide development on unincorporated academic, open space and agricultural lands in Santa Clara County. As a neighboring jurisdiction, the City of Palo Alto has a policy interest in how development may impact housing supply, traffic, parking, access to City parks and potentially other municipal services.

On September 14, 2022, Mayor Burt sent a letter to County staff highlighting the City's interest in housing, circulation, property acquisition in Palo Alto for academic uses and how that impacts the City's property tax revenue, and other topics. The letter was previously transmitted to the City Council and is included with this report as Attachment A.

### **Resource Impact:**

Staff has been monitoring this project and providing updates to the City Council as appropriate, including scheduling this study session discussion. This work has been absorbed using existing department resources.

<sup>1</sup><https://static1.squarespace.com/static/5ef397ab7a79e315cd9066ae/t/625de6a8d406c01667f8323c/1650321067805/3815001+StanfordU+MunicipalSvcsStudy+04.15.2022+draft.pdf>

<sup>2</sup><https://static1.squarespace.com/static/5ef397ab7a79e315cd9066ae/t/62867e89dd8254178e016dcb/1652981387389/Stanford+Childcare+Needs+Assessment+-+FINAL+PUBLIC+REVIEW+DRAFT+-+05.18.2022.pdf>

<sup>3</sup><https://static1.squarespace.com/static/5ef397ab7a79e315cd9066ae/t/627ee19cf03ad051390ae248/1652482461809/Draft+Housing+Report+5-12-22.pdf>

<sup>4</sup> October 18, 2022, Agenda Item 13:

<https://static1.squarespace.com/static/5ef397ab7a79e315cd9066ae/t/627ee19cf03ad051390ae248/1652482461809/Draft+Housing+Report+5-12-22.pdf>

**Timeline:**

The Santa Clara County Board of Supervisors have decision-making authority for the SCP and intend to signal its intent to adopt the plan in December with final approval anticipated in 2023 pending conclusion of the associated environmental analysis.

**Stakeholder Engagement:**

The County has held several virtual community meetings last summer to receive public input. Staff has provided Council updates throughout the plan preparation process.

**Attachments:**

<b>Attachment 2.A:</b>	<b>Attachment A: Palo Alto Comment Letter (Stanford Community Plan)</b>
<b>HLUET 09.15.22</b>	<b>(PDF)</b>

September 14, 2022

Jacqueline Onciano, Director  
Department of Planning and Development  
Santa Clara County Planning Office  
70 W. Hedding Street  
7<sup>th</sup> Floor, East Wing  
San Jose, CA 95110

RE: Stanford Community Plan Update

Dear Ms. Onciano & Staff:

The City of Palo Alto thanks the County for the valuable work that has been put into the Draft Stanford Community Plan and we appreciate the opportunity to comment on the update. The City supports this effort as an important next step in planning for the future of the unincorporated Stanford University lands, and we appreciate the County's public engagement efforts and opportunities for input on the issue. This is particularly important to the City given Stanford's adjacency and impacts on Palo Alto.

In the context of the '1985 Land Use Policy Agreement' between the County, Stanford, and Palo Alto, we offer the following comments and request additional opportunities for continued engagement to fully understand the implications of the SCP on Palo Alto. The issues of primary concern to the City, based on information available at this time, are briefly highlighted below:

A. Housing

1. House students/employees on Stanford-owned properties. We suggest that the University continue to strive to house all its students and employees on Stanford-owned properties. Given the very great challenges of meeting Palo Alto's current RHNA mandate for over 6,000 housing units in the coming eight-year period, we are concerned by the SCP proposal to allow up to 30% of Stanford's housing requirements on Stanford owned lands that are contiguous to the University. These sites would be primarily in Palo Alto on land (primarily the Stanford Research Park) that the city is seeking to be used for housing for those who work in the City. In addition, Stanford should be required to evaluate other properties within its academic growth boundary for housing.
2. Build housing before academic buildings. We encourage policy that builds housing first then allows academic development.
3. County's Housing Opportunity Sites on Stanford Lands. The County's Draft Housing Element identifies three housing opportunity sites with potential for between 1,680 and 2,160 dwelling

units that represents between 53-69% of the total Regional Housing Needs Allocation for the County.

- This is substantial planned growth adjacent to the City limits, which is only second to the opportunity sites located adjacent to the City of San Jose. However, in contrast, the Stanford sites are concentrated in one area, creating the potential for a greater impact on Palo Alto.

#### B. Circulation

1. Parking Impacts: Stanford should be required to pay for mitigation of parking impacts which could include the initiation and operation of necessary Residential Parking Programs (RPP).
  2. Transportation Demand Management (TDM) Program Changes: Palo Alto is greatly impacted if the Stanford TDM program fails. For Stanford's TDM to work, it needs to invest in Palo Alto infrastructure and transit.
    - The new Trip Reduction approach in lieu of fair-share intersection payments and the Trip Credit Methodology needs to be clarified and explained.
    - It is not appropriate that Stanford Research Park trips reduced are being used as trip credits for campus development.
    - A better approach would be to target trip reduction activities to non-Stanford employees without access to TDM programs.
  3. In lieu of fair share intersection payments: Expansion, integration, and transparency of the Marguerite system into the City of Palo Alto neighborhoods, in collaboration with the City, should be considered or required. Financial support of local transit in lieu of Marguerite expansion is a preferred consideration. Moreover, it would be appropriate to provide funds additional bicycle/pedestrian and vehicular crossings of the Caltrain corridor.
- C. 27 University Property and the Caltrain Station: Stanford owns these key parcels, which constitute the busiest Caltrain station. Stanford's entities rely on Caltrain as the backbone of its TDM program. Future planning of this site should be an important consideration in the SCP.
- D. Stanford's shift to Life Sciences: This shift introduces potentially hazardous materials, and its handling and storage of these materials affects the City's interest in locating additional housing in and around the Stanford Research Park.
- E. Impacts of Stanford Acquiring Land in Palo Alto: The City has concerns regarding Stanford acquiring land in Palo Alto and how this affects the City's property tax revenue when used for 'academic' purposes as defined in the *1985 Agreement*, including housing for faculty. Palo Alto is concerned with the prospect of Stanford owned housing within the City being exempt from property taxes despite additional impacts of those residents on our public schools and city services. Palo Alto seeks full disclosure by Stanford of University owned properties within the city limits, their status, and a calculation of tax revenue lost.

We would be happy to meet with you and Supervisor Simitian if such a meeting would help resolve any of these issues or concerns. If there are any questions regarding the specific SCP update comments attached, please contact our Planning Director Jonathan Lait at [Jonathan.lait@cityofpaloalto.org](mailto:Jonathan.lait@cityofpaloalto.org).

Sincerely,

A handwritten signature in black ink, appearing to read "Pat Burt". The signature is fluid and cursive, with the first name "Pat" being more prominent than the last name "Burt".

Mayor Pat Burt

Cc Palo Alto City Council  
City Manager Ed Shikada  
City Attorney Molly Stump  
Jonathan Lait/File