



POLICY AND SERVICES COMMITTEE FINAL TRANSCRIPT MINUTES

Special Meeting Council
November 14, 2017

Chairperson Wolbach called the meeting to order at 6:13 P.M. in the Community Meeting Room, 250 Hamilton Avenue, Palo Alto, California.

Present: DuBois arrived at 6:54 P.M., Kniss, Kou, Wolbach (Chair)

Absent:

Oral Communications

None.

Agenda Items

1. Discussion and Recommendation to Council to Adopt Legislative Priorities for 2018.

Chair Wolbach: Action Item 1 is a discussion and recommendation to the Council to adopt legislative priorities for 2018. Rob de Geus, do you want to start us off and introduce our guests?

Rob de Geus, Deputy City Manager: Yeah, (inaudible) – oh, just introduce Heather Dauler. She works in the City's Manager's Office and will introduce the gentleman we have here.

Heather Dauler, Senior Resources Planner: Yes, thank you very much. We are happy here today to have with us two gentlemen to my right. Steven Palmer with Van Scoyoc Associates our Federal lobbyist, out of Washington DC and Niccolo De Luca with Townsend Public Affairs, our State lobbyist out of Sacramento. They are here today to help me introduce the draft 2018 Federal and State legislative priorities for the City. You'll see a draft document in your Packet. The goal today is to discuss and perhaps to make a recommendation through a Motion to recommend to the full City Council to adopt the 2018 legislative priorities. Since we have Steve and Niccolo here today, we thought that we could use this opportunity to speak with

FINAL TRANSCRIPT MINUTES

them through this document. Feel free to ask any questions about these items that you see here on the document but if you also have any questions about perhaps what they see through their crystal ball that's coming up in 2018 both on the Federal and the State front, please feel free to ask them about that. With that, we're happy to go ahead and discuss the document or open it up to, however, you would like to proceed.

Chair Wolbach: Do we have any public speakers on this item? Actually, I forgot to ask if we had any public comment, in general, this evening. Ok, seeing none so I'll just open the floor to Steve and also to Niccolo, maybe in that order from Federal to State, just to give us – if you have any brief comments. We do have a pretty packed Agenda tonight but we're very interested in hearing from you so if you maybe – just kind of set the stage a little bit. Give us your thoughts on what's happening at your respective levels, how you see it relating to Palo Alto and similar Cities that you work with or aware of, and any thoughts on the document before us. Include if you have any concerns or areas which you're particularly glad and you want to highlight that are in the document.

Steve Palmer, Van Scoyoc Associates: Thank you, Chair Wolbach and Vice Mayor Kniss and Council Member. I appreciate the opportunity to be here today. My name is Steve Palmer, I am the Federal advocate with the firm of Van Scoyoc Associates in Washington DC. We can talk more about the Agenda, I think the Agenda's something that we've all worked together on at the Staff level to present to the Policy and Services Committee (Committee) today. I just wanted to kind of touch on a couple different issues that are kind of timely in Washington and just to give you a sense of some issues that we're working on behalf of the City but will affect the City. First and for most, this is tax reform and it's something that is – the House of Representatives is voting on tax reform legislation this week. The Senate Finance Committee is marking up its bills which means it's trying to put together its ideas of how they should proceed. This follows on an agreement with the White House in May about how the principles of what tax reform should be. I'll just touch on a couple different issues that are important – that will be important to the City should they come through and find a legislation. That is, we were working with all the different coalitions, the Conference of Mayors and National League of Cities on preserving the deductibility of Municipal Bonds – the Tax Deductibility Municipal Bonds. I'm happy to say that both the House and Senate bills that's not touched. That's preserved but there are some other issues that are probably problematic for the City, as well as for the entire State of California. The Elimination in House bill, the elimination of the deductibility

FINAL TRANSCRIPT MINUTES

of Private Activity Bonds. On the face you wouldn't think what does that really mean but...

Chair Wolbach: I'm sorry, which one was that?

Mr. Palmer: Private Activity Bonds and the deductibility of those. They will be treated like regular income if this bill become law and what does that mean for the City and for California? What that – eighty percent of those Private Activity Bonds go for housing and so – and the rest goes for infrastructure so, at a time when the Trump Administration and others are talking about trying to invest more money in infrastructure, it seems to be a step backward. I think there's a lot of pushback from municipalities in the State of California and elsewhere to try to reverse that. They are operating on a very tight timeline, hoping to have a bill submitted to the President by Christmas. The House of Representatives hopes to pass it's bill this week so it's – they're trying to move very, very quickly. A couple other provisions that could affect housing – the housing stock situation and one is in the House Bill again and capping the deductibility of property tax at \$10,000 per household. Then eliminating the mortgage deduction to \$500,000. Now in some of the mid-western states where I originally was from was Michigan, that wouldn't affect so many people there but in high-class states, that is a significant issue. The home builders are very, very concerned with this bill, the House versions of the legislation and are strongly opposing it. I'll just say real quickly, on the Senate side it's not quite as bad. They do have the elimination of State and local taxes, all of them so income taxes and property taxes would no longer be deductible. They preserve Private Activity Bonds, as well as Municipal Bonds. They are moving ahead and it's unclear in the Senate how far the legislation can go. The leader said – Senate Majority Leader said yesterday that he wants to add the provision to repeal the individual mandate onto the Affordable Care Act, which could cost him votes. When there's a fifty-two/forty-eight margin in the Senate, he doesn't have many votes to lose. It's to be determined how it's going to come out but I wanted to just highlight those issues. Then touch on one other issue real quickly and that is in the – if you recall the budget process basically is still continuing this year. If you recall, President Trump proposed cutting significantly a number of programs throughout the domestic part of the budget earlier this year and I'm happy to say that Congress has rejected most of those cuts; Community Development Block Grant (CDBG) Program, Transportation Programs, The Home Improvement – Home Partnership and Investment Program. Those are all pretty much preserved or maybe a slight haircut here and there but by enlarge, with the exception of UPA, some of the environment and programs that have been targeted by the Trump Administration, those cuts are going to probably be

FINAL TRANSCRIPT MINUTES

implemented. I'm happy to say that at least most of the cuts or most of the programs where the City is interested in Federal Funds, those programs are not being cut significantly. Now we're operating in Washington under a continuing resolution until December 8th and so that will have to be extended again. The good news is as many in Congress what to increase defense spending, Senate Democrats are going to ask for an equal amount of increase in domestic spending. Any cuts that we are looking at right now, we're hopeful that those cuts will be reversed and there will be additional money for – as there will be for defense, there will be for domestic spending. The other all theme here is that the Federal deficit doesn't seem to matter very much anymore in Washington for the time being. The fear is that as they cut these taxes and they increase spending, they are going to turn around and come back next year and look to cut programs; whether they be entitlement programs like Medicaid, Medicare or discretionary programs. I'm happy to answer any other questions about some of the other issues we're working on; the flood control project, the Federal Aviation Administration (FAA) noise issues, so – but I'll leave those for your questions and answers.

Chair Wolbach: Well, because I know it's a great interest to all of us on Council, perhaps if you just want to take a minute or two to give us an update on the FAA and airplane noise. Council Member Kou is quite focused on this and of course, Vice Mayor Kniss and I have met with you when we were in Washington D.C. (DC) last March along with the Mayor and Council Member Fine. If you want to just give us...

Mr. Palmer: Sure.

Chair Wolbach: ...a real quick update on that.

Mr. Palmer: I'd be happy to and thank you, Mr. Chairman. On – first on the legislature front because that's primarily where we've been focusing our attention. The current – the F – Congress knows how to extend bills but they don't know how to pass bills very well right now. So, we're operating under an extension of current law until March 31st and under – so there is no change in law right now. Yes, I'm sorry, the re-authorization of the FAA. So, the current law exists and that this is their second extension. Between the House and Senate bills, the House has a number of provisions in there that I think are important for the City, as well as other interested communities. They are aware much more so than I think the Senate is of the fact that there needs to be great community engagement by the FAA. They have directed the FAA in these metroplex redesigns to reach out to communities and to have a better sense of involvement. There is a study

FINAL TRANSCRIPT MINUTES

that would look at the effects of health of noise on health of individual's health. There is also then a study of the relationship between noise exposure and the effect on communities around airports. I think these are things that Congress Women Eshoo and noise – the airport noise caucus have been working on and trying to address. The Senate has been particularly quiet on this for some reason so there's – when the bill – the bills have been hung up over issues that have nothing to do with airport noise. Privatizing the air traffic control system, pilot training rules but when they finally agree – resolve those issues, I think it's going to be fairly easy that they are going to be clear that they are going to try to add some of these provisions in the final legislation. So, the FAA – which by itself doesn't do – as you know firsthand, doesn't do a very good job in addressing noise issues – community issues. I think they will be directed by Congress to get more engaged. Now on the local front, you know we're not as familiar. I know that you all have been working very closely with the FAA. I know the roundtable – the Committee has been working directly with them but that's something that I actually can't speak to as well as you can.

Chair Wolbach: Ok.

Vice Mayor Kniss: I know that Lydia is more engaged in this than I am but has there been...

Chair Wolbach: Oh, mic.

Vice Mayor Kniss: ...and discussion at all of changing the right – the flight path? It's kind of like we're trying to get at all the symptoms but the real problem is switching to NextGen and the fact that every plane is coming in on exactly the same pattern.

Mr. Palmer: Vice Mayor, that's something that I actually can't speak to because we haven't been as involved with that directly with working with the FAA. Again, I know it's something that you all have been talking to them about but -- in the delegation about – but in terms of the specifics of where the routes would be, I'm sorry I just can't – I can't talk to that.

Vice Mayor Kniss: But you know where they are – they haven't deviated at all from that.

Mr. Palmer: I don't believe so.

Vice Mayor Kniss: No.

FINAL TRANSCRIPT MINUTES

Chair Wolbach: Yeah, if you also have – Lydia, yeah, just...

Council Member Kou: Just a quick question if I may?

Chair Wolbach: Yeah, go ahead.

Council Member Kou: In terms of the study of the relationship of noise and near the airport, the contours already identified in terms of how far they go because obviously, we know in the local scene over here at San Francisco airport, it goes way beyond that. It comes all the way here to Palo Alto, Mountain View, Los Altos so it just can't be just around that location. Are there any advocacy – do you do advocacy on behalf of the Cities...

Mr. Palmer: Yes, on behalf of Palo Alto.

Council Member Kou: ...in order to kind of – in terms of including us into that contour?

Mr. Palmer: Yes, and I think – and that actually, you're right because the original contour here did not – it stopped – as I understood it stopped at the County line.

Council Member Kou: Right.

Mr. Palmer: Now they've become much more aware and through the meetings that the Council has had as the FAA, with the delegation as well as the other activities and our involvement, I think they have reached out much further. They're aware – the FAA is much more aware that they have to be more inclusive. I mean Congress had originally given them authority just to place an ad in the paper and say that was enough. So, that – if you didn't happen to see it on that particular day, that was basically you didn't have any opportunity to make comments. I think Congress and the FAA understand that they need to do more to open up the process.

Council Member Kou: This is a study – so these are all the studies, the health – the noise health and then the study related to noise near the airport?

Mr. Palmer: Correct.

FINAL TRANSCRIPT MINUTES

Council Member Kou: So, I just want to be able to be assured that we can stretch it out further and more inclusive of most of the communities that NextGen is flying over so that we can establish what the Environmental Impact Report – impacts. As well as our health issues and that's very reassuring that they are actually looking into health issues now.

Mr. Palmer: If I may Council Woman, I'd like to be able to go back and confirm that and then get back to you through the Staff just to make sure – I want to make sure that in fact, it is now – that is has expanded to include the Santa Clara County and make sure I don't misspeak. So, if I can Council Member, I would like to offer that.

Council Member Kou: One last question, what would your guidance be in terms of how we can move FAA forward because FAA is listening to many, many communities obviously. What would be your advice on how we move forward with our other communities?

Mr. Palmer: With your other communities?

Council Member Kou: Without neighboring communities in order to push FAA to actually do something about equitable distribution of noise.

Mr. Palmer: Well, I think – I actually think you've done a very good job of working with the other Cities in the area and on the peninsula. Trying to coordinate so that the FAA understands and the delegation understands it's not just the City saying move flights one way or the other. That it's a concerted effort to try to deal with this as a group of communities. I think that's the best way to approach the FAA because otherwise, they don't – if they hear from one community saying don't put it over me and other one saying don't put it over – East Menlo Park saying don't put it over me or East Palo Alto or other, that makes it difficult for them. They are going to do what they feel they have to do. They are always looking at safety first and I think if – one of the things that I think the City has done a good job and the region has done a good job is saying we understand safety is important. Here are some ways in which we think are – can be safely moved to alternative routes.

Council Member Kou: So, forgive because I don't know how the advocacy works over in – at the Federal level. I know that we are asking about noise but then also emissions – the particulate emission in terms. Is there any way for that to be added into the study as well since they are studying health?

FINAL TRANSCRIPT MINUTES

Mr. Palmer: Let – yes, let's – let us see – go back and see if we can do that.

Council Member Kou: Thank you.

Mr. Palmer: Something specific like that, yes.

Chair Wolbach: Oh, and I forgot to mention earlier, just before we go onto the State issues. At the request of Staff, we'll be moving item two to the end of the Agenda if that's ok with my Colleagues. That will allow the auditor Staff to get through with their materials and then we'll come back to the bike discussion following the auditor's items. Is that ok with both – with everybody?

Chair Wolbach announced the Committee will hear Agenda Item Number 2-Discussion and Recommendation Regarding Permitting and Regulations for Bike Share at the end of the Agenda.

Vice Mayor Kniss: Yeah, (inaudible).

Chair Wolbach: Do we need a Motion for that?

David Carnahan, Deputy City Clerk: You can have a Motion or not.

Chair Wolbach: I don't think we do so yeah, we'll just do that.

Vice Mayor Kniss: I need to ask Steve one more question, the tax credits that we depend on for doing any kind of affordable housing, yes or no?

Mr. Palmer: I'm sorry.

Vice Mayor Kniss: The tax credits, are they in the mix in the – with the tax (inaudible)?

Mr. Palmer: I believe the tax credits for affordable housing themselves are in the bill, still are preserved.

Vice Mayor Kniss: Still holding.

Mr. Palmer: Yes.

FINAL TRANSCRIPT MINUTES

Vice Mayor Kniss: That was one area where we were really concerned about. Just – would you just run through the deductibility one more time? So, they are going to cap deductible and it had to do with homeowners...

Mr. Palmer: House bill only so far so the deductibility of mortgage first would be capped at \$500,000 as opposed to in the Senate bill we would be capped at \$1 million. That would be anything up to \$500,000 that would be deductible but after that, it would not. There was a concern on State – the deductibility of State and local taxes. The House bill only caps the deductibility of property taxes and that's at \$10,000 per tax filer. That would be another place and then Private Activity Bonds would be eliminated. It would be counted as income so there would be no more deductibility on that and my understanding is that up eighty percent of those nationwide Private Activity Bonds are used for housing projects.

Vice Mayor Kniss: Those – that message is not a good one for California.

Mr. Palmer: No, it is not.

Vice Mayor Kniss: Lydia is in real estate and you must just be kind of going I cannot believe this.

Council Member Kou: We actually have an Action Item with the realtors that are called to action about this so there's...

Vice Mayor Kniss: Already?

Council Member Kou: Yeah.

Vice Mayor Kniss: Ok, thanks, Steve.

Chair Wolbach: Well, don't go away because might have more questions but let's shift over – pardon me. We'll shift over to the State level so Niccolo if you want to give us a quick update on how things are going at the State level.

Niccolo De Luca, Townsend Public Affairs: Absolutely so Chairmen, Vice Mayor, Council Member, Niccolo De Luca from Townsend Public Affairs. We have the honor of representing you all in Sacramento so appreciate all of your support and I also want to thank Staff that having the legislative priorities is very, very helpful. It serves as a framework for us and some

FINAL TRANSCRIPT MINUTES

guidelines knowing we're quick, we're nimble, things change quickly in Sacramento but really, I want to compliment the Staff; very good list. To contradict my colleague to the left, were as the feds don't like to pass bills, the State does and we had a very, very good year this past legislative session. Very, very happy for many priorities important to Palo Alto; affordable housing huge. The affordable housing package that went through that was signed by the Governor is very, very important. Some of the highlights, we will have a Housing Bond on the November ballot up to \$4 billion dollars. We are active in a large coalition pushing that forward. There is the – workforce housing is part of the bond and once approved, something that we're going to be doing on the City's behalf is working on the guidelines to make sure that the programs within the bond meet your needs. Another very important item that was passed was Senate Bill (SB) 1, the gasoline tax so to speak, which is already in effect for the last half of the fiscal year. Yes, yes, yes and it's a twelve-cent increase on gasoline.

Council Member Kou: That's a lot.

Mr. De Luca: It is a lot and when I've... That is for roads and infrastructure. The City will get around a little under \$.5 million dollars for the last half of this fiscal year and then for the next year around \$1.2 million funds that can be used for the repaving of roads. Then once you hit a certain Paving Management Index (PMI) (Paving Management Index), you can then use it for bike/ped improvements, synchronizing lights and things of that nature. You may hear there is some Republican backlash on it. There are rumors of a recall, they are collecting signatures now. There are two efforts to recall it and we think some of it is more for voter initiative drive but don't really – not nervous yet and we'll keep the City updated on that. Another very exciting thing that was signed into law that will be on the June ballot is a Parks Bond, that's also for a billion. There's probably about ten or fifteen different funding categories. Again, once the bond is approved – actually, our firm, we're a little over excited on this but we're already now having some discussion with Parks and Rec. about how the program should be shaped and some of the funding categories. Obviously, making sure it meets Palo Alto's needs. One other thing when it comes to roads is Residential Multifamily 3 (RM) which was a bill – Senate Bill 595 from Senator Bell, the toll increases for the Bay Area – I'm sorry, for all the State-owned bridges in the Bay Area. That's going to be on the June ballot and that should raise – I think it's up to \$3 billion dollars for specific projects to elevate the traffic here in the Bay Area. Selfishly speaking, having – since I live in Sacramento and have to drive down here, I really appreciate that because the commute times get worse and worse and worse. Another thing to highlight is the good news is that SB 649, the small cells bill was vetoed by the Governor. You all

FINAL TRANSCRIPT MINUTES

were very aware of that and it was an aggressive reach by Telecom and really trying to steamroll Cities to get certain approvals. That was vetoed by the Governor, we expect and we expect the bill to be reintroduced next year though watered down; it is a very tricky dance. There's only so much that we can do and the Federal Communications Commission (FCC) controls where the cell towers go. Cities can ask to have conditions of approval or camouflage some of the towers but it's definitely a fine line. We expect something to come back and obviously, we'll be defending what the City of Palo Alto wants and making sure that your local control stays in place as it is now. Cap and trade was extended, that was a big priority of our Governor. The Governor has one year left and we expect this upcoming year he's really going to go hard and heavy on climate change. He's really going to keep pushing that legacy and we're also – it's the second year of a 2-year cycle so not as many bills as this upcoming year. With that, I'm here to answer any questions. It was a great year, we expect to have a very active 2018 and like I said, we're very proud and honored to work with – for you all up in Sacramento. Great reps, Senator Hill is great and (inaudible) Berman is great to work with too so you've got really good leadership up there.

Vice Mayor Kniss: Our goal is to send good people.

Mr. De Luca: You're doing a good job.

Chair Wolbach: Great, ok, well let's bring it back to my Colleagues. I'll – do we have any questions, comments or Motions? I have one perhaps Amendment to a Motion but I'll let others take the first crack at questions, comments or Motions.

Vice Mayor Kniss: I just have one comment. The bills that had to do with build right, buy whatever...

Mr. De Luca: Buy right, yes.

Vice Mayor Kniss: You didn't mention any of those did you?

Mr. De Luca: No, that was SB-35 and that was part of the package. As a kind of holistic way of looking at the affordable housing package, there was really three parts; money, getting housing built faster, and then respectfully punishing entities that don't approve affordable housing. None of the punishment bills were focused at any of the Cities in the Bay Area. One of the bills, I think it was SB 176 from Senator Skinner, her bill basically said when you receive an affordable housing project, you can't change your

FINAL TRANSCRIPT MINUTES

zoning midway through reviewing the project. So, for example, I think it was down south, Irvine (inaudible), they downzoned certain sites that they already had an application pending. They were like you can't do that, that's not fair to the workforce, that's not fair to the builder, that's not fair to anyone. It's a moment in time when you submit, those are the rules you need to play by. A big push a lot from our Bay Area legislature is on more workforce housing. There's a reason why everyone wants to be here, there's a reason why traffic is so bad so let's make sure that folks can afford where they live. Also, part of the Housing Bond was greater funding opportunities for kind of that mid-level, that eight percent Area Median Income (AMI). To answer your question, I did not mention the buy right, that was one of those SB 35 which potentially said you around 60 to 90-days to approve a project once it's submitted to you.

Vice Mayor Kniss: I'm not sure we are subject to that as a Charter City.

Mr. De Luca: All Cities are subject to it, even Charter Cities.

Vice Mayor Kniss: Ok good, I didn't know that. (Inaudible) I don't want to leave it on and I have trouble remembering to turn it on.

Chair Wolbach: Council Member Kou.

Council Member Kou: Thank you. The bill that you were talking about that was punishing for not providing the housing especially with downzoning, SB 1 what?

Mr. De Luca: That was 167.

Council Member Kou: Sixty-seven.

Mr. De Luca: If you want I can work through Staff to send you all the bill numbers. There's about fifteen to twenty affordable housing bill this past year.

Council Member Kou: Ok, that would be great.

Chair Wolbach: If I could – sorry to interrupt, on that point I think we're going to have a full Council discussion coming up in the next couple of weeks talking about the housing package. I'm sure you'll be hearing from Staff if you guys want to touch base about that. Having – even if you can help us

FINAL TRANSCRIPT MINUTES

get briefed before that even if you can't be here for that conversation, I think that would be very useful.

Mr. De Luca: Certainly.

Council Member Kou: I want to just verify some numbers. On your – what you mentioned, the June ballot for the park, was that \$4 billion?

Mr. De Luca: Yes, \$4 billion.

Council Member Kou: Then...

Mr. De Luca: On that, if approved by the voters, I think the last time a Park Bond was not approved by the voters it was like 1946 so you can use that data at your next cocktail party. I don't know if it's true or not, that's what I've been told, I'm (inaudible). Yeah, so I'm sorry, \$4 billion and Cities get off the top funding so the minimum amount the City gets it about \$250,000. There's money for trails, open space, land conservation, building new parks, etc.

Council Member Kou: Ok, two hundred, right?

Chair Wolbach: Actually Lydia, we're actually going to have to take a short break because we don't have Council Member DuBois here and Liz had to step away, sorry. Feel free to stretch your legs, grab a bit to eat at one of our beautiful, wonderful Downtown establishments, give us your property tax. When Vice Mayor Kniss returns, we return to the meeting, thank you Council Member Kou.

Council Member Kou: SB 595, the toll increase, that's \$3 billion or million?

Mr. De Luca: Yeah, let me double check that. That's over time and that money is for specific projects that we identified in the bill. For example, I think there's some money to study Dumbarton bridge rail and the money goes through Metropolitan Transportation Commission (MTC) and project sponsors are identified in the bill. That one is very specific.

Council Member Kou: Do you see the State looking into planning for more regional transportation...

FINAL TRANSCRIPT MINUTES

Mr. De Luca: Yes, absolutely. That is the name of the game when it comes to transportation; regional, regional, regional.

Council Member Kou: Long-term, strategic, long...

Mr. De Luca: So, a lot of your Metropolitan Planning Organizations (MPO) – you know working through your MTCs, your Councils of Governments (COG), working together with your neighboring Cities, absolutely. That was a big discussion point of the RM 3, Regional Measure 3, was the regionalism and making sure that everyone benefits from what they are trying to accomplish.

Council Member Kou: I'm assuming COGs and MCO is the same at MTC in different Cities?

Mr. De Luca: For the most part, yeah.

Council Member Kou: Oh gosh, it just escaped me just now. Is there any thought or consideration in terms of – on more or less consolidating most of these agencies? The transportation agencies so that we can at least have one overseeing and not so many trying to (inaudible) for the funds and for the different attention that brings our transportation forward?

Mr. De Luca: I have not heard that. I recall down in Southern California from one of their COGs, there was a debate about voter – how much one vote would weight per population but I'm not aware of any State effort to kind of consolidate. The way that they have it now, MTC is eight or nine counties and so I know the State likes that because it's easier for when it comes to funding, give them the money, they dole out the funds but also that everything interrelated.

Council Member Kou: Are we going to touch on the priorities or just stay with this one right now?

Chair Wolbach: We're ready to go on – like I said, we have a recommendation from Staff and I'm open to making a Motion. We've got a pretty packed Agenda so I would be very happy to entertain a Motion.

Vice Mayor Kniss: Please, make a Motion.

Council Member Kou: I actually wanted to ask if the foundational principles -
- since protecting health and safety of the community is more or less in

FINAL TRANSCRIPT MINUTES

many of the items; in transportation, environmental – well, except for the financial. Would that be possible to put into the foundational principles as well?

Chair Wolbach: I think we could consider just about anything. Did you have particular language that you wanted to suggest and then make a Motion?

Ms. Dauler: Councilwoman are you thinking about moving the first bullet point just up into the foundational principles?

Council Member Kou: Yes.

Ms. Dauler: That's easily done if that's the (inaudible).

Chair Wolbach: Do you want to do that in a Motion?

Council Member Kou: I move to protecting the health and safety of the community to the foundational principles as bullet point Number 4.

MOTION: Council Member Kou moved, seconded by Vice Mayor Kniss to recommend the City Council adopt the City's 2018 Legislative Priorities including moving "protecting the health and safety of the community" to Foundational Principles.

Chair Wolbach: Do you want to couple that with the Staff recommendation?

Council Member Kou: Sure, and move the Staff recommendation along.

Chair Wolbach: Alright so we have a Motion to move the Staff recommendation with that change. Liz, do you want to second it?

Vice Mayor Kniss: Yep, second.

Chair Wolbach: Alright, so we have a Motion and second. Do you want to speak to your Motion?

Council Member Kou: No, thank you.

Chair Wolbach: Liz, do you want to speak to your second? Ok and I actually do have one other suggested additions if the maker and seconder will

FINAL TRANSCRIPT MINUTES

entertain it as a perhaps friendly Amendment. That would be – I'm happy to look to my Colleagues and also our lobbyist on this one for language. Under environmental, what I am considering is expand Federal, State and regional efforts to protect local communities from sea level rise and other impacts of climate change and funding for such efforts.

Ms. Dauler: One more time.

Chair Wolbach: Yeah, I'm happy to repeat it. Expand Federal, State and regional efforts to protect local communities from sea level rise and other impacts of climate change and funding for such efforts.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion, "add to the Environmental Priorities, 'expand federal, state, and regional efforts to protect local communities from sea level rise and other impacts of climate change and funding for such efforts.'"

Vice Mayor Kniss: What's the verb before funding? Seek funding maybe?

Chair Wolbach: Well, actually the verb for both parts is to expand and we already are seeking funding in our foundational principles. Is that...

Vice Mayor Kniss: Is that what this is, seeking grant funding?

Chair Wolbach: Right. Liz, do you want to use your – so the text would read again, expand Federal, State, and regional efforts to protect local communities from sea level rise and other impacts of climate change and funding for such efforts. So, the verb expands at the start of the sentence covers both expand (inaudible).

Vice Mayor Kniss: I don't understand what expand the funding means. What funding? From where?

Chair Wolbach: From...

Vice Mayor Kniss: Maybe seek funding but I don't –we don't have any funding.

Chair Wolbach: Well, Liz the point is to encourage the greater funding opportunities at the Federal budget, State budget, and regional as well.

FINAL TRANSCRIPT MINUTES

Vice Mayor Kniss: Protect, seek and increase funding for (inaudible), projects and services. Is that relevant to this?

Chair Wolbach: That is relevant as well. The idea here is that – the idea behind the Motion – the Amendment is that the Federal Government and the State Government and regionally were not doing enough to protect local communities like Palo Alto from sea level rise and other native impacts of climate change. We would make it a legislative priority to nudge the Federal Government, State Government and regional lobbies to do more to expand their programs and to expand funding. Coupled with that implied by our earlier foundational principles is that if one of those programs was one that we would have to take intuitive on, we would seek funding for that. Would you be open to this...?

Vice Mayor Kniss: As long as we're not talking about expanding our funding within our own City on our own.

Chair Wolbach: No, this is advocacy so this is asking the Federal Government and the State Government to expand programs and expand funding.

Vice Mayor Kniss: Ok, fine. Would you accept that as friendly?

Council Member Kou: Yes.

Vice Mayor Kniss: That's fine.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion, "add to the Environmental Priority, 'emissions' after 'reducing airplane noise.'"

Chair Wolbach: Ok and – what? I was just going to ask did the City Clerk get that language? Ok, great, thank you so much.

Council Member Kou: Since we're adding on language, if I may add to -- under environmental, for reducing airplane noise. I'd like to add comma emissions and actively supporting such efforts. So, I want to add emissions in there, please. Is that ok with Vice Mayor?

Chair Wolbach: Did Staff get that?

FINAL TRANSCRIPT MINUTES

Ms. Dauler: I believe after airplane noise, we'll add emissions.

Chair Wolbach: So, it would be airplane noise and emissions.

Ms. Dauler: Yes.

Vice Mayor Kniss: That's fine.

Chair Wolbach: Alright, so that's added by the maker and the seconder. So, we have those two – basically three changes from what was published. The first one we're moving the public safety – the one public safety item into our foundational principles. Secondly the item about sea level rise and encouraging higher levels of government to expand programs and also funding about sea level rise and other (inaudible) about climate change. Thirdly to add emissions to our concerns about airplanes. Alright, any other comments?

Council Member Kou: Is there anything that you might suggest for public safety?

Ms. Dauler: That's the only one that we captured Council Women and we already spoke with our lobbyist in crafting this document. As well as Staff throughout departments and various trade associations. This seemed to be the key item that was captured under public safety.

Council Member Kou: I just want to make sure that since it's moved up to the foundational principle, that it is not – it is still apart of public safety and that we want to make sure that is there too.

Ms. Dauler: Absolutely and in fact, the foundational principles are called that because they are the foundation upon whilst everything else rests.

Council Member Kou: Thank you.

Ms. Dauler: Sure.

Chair Wolbach: Well, if that's the end of the discussion. All in favor of the Motion? Passed unanimously. Thank you very much. Thank you for coming to visit all the way from DC. I hope you enjoy the weather while you are here.

FINAL TRANSCRIPT MINUTES

MOTION AS AMENDED RESTATED: Council Member Kou moved, seconded by Vice Mayor Kniss to recommend the City Council adopt the City's 2018 Legislative Priorities including:

- A. Moving "protecting the health and safety of the community" to Foundational Principles; and
- B. Add to the Environmental Priorities, "expand federal, state, and regional efforts to protect local communities from sea level rise and other impacts of climate change and funding for such efforts;" and
- C. Add to the Environmental Priority, "emissions" after "reducing airplane noise."

MOTION AS AMENDED PASSED: 3-0 DuBois absent

- 3. Discussion of City Auditor's Community Services Department Fee Schedule Audit Recommendations and Recommend That the City Council Accept the Status of Audit Recommendations Report.

Chair Wolbach: Alright, that item took quite a bit of time but I think it was worth it, it's an important one. Let's see if we can knock out the City auditor items one after another. The first one is Item three and again we did move Item two until the end of tonight's Agenda. So, this next one is a discussion of City Auditor's Community Services Department Fee Schedule Audit recommendation and recommending that the City Council accept the status of Audit Recommendations Report. So, City Auditor, Harriet Richardson, do you want to start us off on this one?

Harriet Richardson, City Auditor: Yes.

Chair Wolbach: Feel free to give an abbreviated version of any of your presentations tonight just because of the full Agenda.

Ms. Richardson: Good evening Mr. Chair and Members of the Policy & Services Committee (Committee). Harriet Richardson, City Auditor and I just want to give a brief, quick overview of what's happening with these next four audits. These four audits involve 40 recommendations and we are closing out 30 of them tonight with this – with these four reports. I just want to commend Staff for the progress they've made on getting some of these off the table and moving on with making progress on continuing to take our

FINAL TRANSCRIPT MINUTES

audit reports seriously and make improvements to the work that we do so that the City is in a better position. So, we'll move onto the first one.

Kristen O'Kane, Interim Community Services Director: Good evening Council Members, Kristen O'Kane, Interim Director of Community Services and to my left is Jazmin LeBlanc. She's our Community Services Strategy and Operations Manager. This item provides the statuses of the three recommendations that we included in the City Auditor Community Services Department (CSD) Fee Schedule Audit, which was completed in February in 2017. Since then, CSD has implemented one of the recommendations which was to create a procedure specifically for CSD to comply with the policy. We anticipate completing the other two recommendations in fall of 2018 and so if you have any questions, we are happy to answer them. We don't have a formal presentation and all the information is in the Packet in front of you.

Chair Wolbach: Did you – either of my Colleagues have any questions, comments or Motions on Item 3?

Council Member Kou: So CSD, when you do your fees for all the classes and all the activities, it's basically just cost recovery. There's – you don't make...

Jazmin LeBlanc, Senior Management Analyst: ... Blanc, most of them are not able to recover more than the total cost but there are a few things – a few exceptions notable private events that we might have in our facilities and other private benefit programs. We have a very robust singing lesson that charges more than cost recovery.

Vice Mayor Kniss: Very robust singing lessons?

Ms. LeBlanc: Yes, I'm not saying it right, vocal lessons, one on one that the Children's Theater operates. We perceive that as a personal benefit, not a community benefit so they are paying market rate for that.

Council Member Kou: Thank you.

Vice Mayor Kniss: I had no idea we did vocal.

Ms. LeBlanc: Yes, check out the (crosstalk).

Chair Wolbach: Just a question in general, can you just maybe summarize what these changes mean for fees? Summarize (inaudible), what this means

FINAL TRANSCRIPT MINUTES

and how much of a move towards cost recover this – we're looking at for CSD?

Ms. LeBlanc: When we look at specific classes and camps and facility rentals, we did see many that weren't meeting their targets. The driver of not meeting targets is actually having low enrollment. So, we're really trying to look deeply into our programs that are not hitting their enrollment targets and determine, can we make some adjustments by changing the time of day or the location or other tweaks around the edges so that we can continue to provide the program at a similar price to what we had been doing but get more participants so we can bring up the revenue.

Chair Wolbach: Right and I guess the real question that's on people's minds is when it comes to cost recovery, does this mean that the fees for individual users and families will be going up substantially? That's the real concern that people have about this. I just want to be really open and talk about that and ask.

Ms. LeBlanc: That's not a goal for us. We really see most all of what we offer other than a few small things like the facility rentals for private events as a community benefit. We want to make sure that they remain accessible to all of the community. We know we have a lot of people that are price sensitive and can't participate if we're raising our fees significantly. So, it's not something that we anticipate that we would do.

Chair Wolbach: Thank you for that and City Auditor, did you want to weigh in on that?

Ms. Richardson: Sure, I just wanted to clarify that the purpose of the audit, there was a new City cost recovery policy established. CSD had an older one and we were really looking at do the two align and where adjustments needed to be made to make them align. One of the things – one of the key components of that was that there was a misunderstanding that the cost could never exceed or the fee could never exceed the cost. It can when there is an individual benefit, not a community benefit and that's part of what CSD is taking into consideration as their adjusting those fees.

Chair Wolbach: Right but also, on the other hand, it's possible for the individual payment for the fee to be less than the cost if there's a benefit and making it accessible to people who might...

Ms. Richardson: Yes.

FINAL TRANSCRIPT MINUTES

Chair Wolbach: ... as Staff put it, being price sensitive.

Ms. Richardson: Yes. Our goal of the audit was not to make everything full cost recovery. We understood Council's positions on that and it really was looking at the alignment of the new City policy with the CSD policy and getting things in alignment.

Chair Wolbach: Thank you both for clarifying and confirming that. I do think that's very important and it's an ongoing conversation that we're having. I just wanted to point out that Council Member DuBois had joined us and now full participation from the whole Committee. Just to update Council Member DuBois, we just finished Item one and we moved Item two to the end of the night so we're on – we just started Item three. We're on questions, comments and potential Motions from Colleagues in Item three.

Council Member DuBois: If you guys already discussed this – I read the audit and appreciated it. The theater, music, dance and the Junior Museum I guess where the ones that were coming below. I guess theater, music, and dance were close to thirty percent. I mean was there any discussion about putting them in the lower category, the zero to thirty percent or is the concern the – (inaudible) demand going to be too high?

Ms. LeBlanc: Since we – the Auditor's Office issued this audit, we really started to try to disaggregate our programs within the larger programs. So, the Children's Theater would break out to make sure that our Children's Theater camps are hitting at least 30 percent cost recovery but other Children's Theater activities, such as the summer concert series which is housed within the Children's Theater, would not be subject to the thirty percent cost recovery target.

Council Member DuBois: So, treated more like other concerts that the City does.

Ms. LeBlanc: Yeah so, we've been trying to make sure that each smaller program is hitting the cost recovery target and when we've looked at that, it looks like the Children's Theater, as you point out, is close to 30 percent. When you pull out some of those programs with no significant revenue expectation then we get over that threshold.

Council Member DuBois: Is the Junior Museum expected to change with the rebuild?

FINAL TRANSCRIPT MINUTES

Ms. LeBlanc: Yes. That one right now has no fee for entrance and that's a big cost driver for keeping our revenues lower than we would expect than when we potentially move to a ticketed entry.

Council Member DuBois: Thanks.

Chair Wolbach: Anyone else? So, I can open to question, comments or Motions.

Vice Mayor Kniss: I'd move the recommendation if I get a second.

Chair Wolbach: I'll second.

Vice Mayor Kniss: Maybe that would be better. I just moved the recommendation which is on Page 1 recommending that we accept the attached statues of audit recommendation resulting from the Auditor's Community Services Department Fee Schedule Audit.

Chair Wolbach: I'll second that.

MOTION: Vice Mayor Kniss moved, seconded by Chair Wolbach to recommend the City Council accept the Status of Audit Recommendations resulting from the City Auditor's Community Services Department Fee Schedule Audit.

Chair Wolbach: Do you want to speak to your Motion?

Vice Mayor Kniss: I think we are good with the information and I think we can proceed ahead.

Chair Wolbach: I also don't need to speak to my second. Any other comments or questions before we vote? Alright, all in favor of the Motion? Passes unanimously, thank you very much.

MOTION PASSED: 4-0

3A. Staff Recommendation That the Policy and Services Committee Recommend the City Council Accept the Status Update on the Audit of Parking Funds.

FINAL TRANSCRIPT MINUTES

Chair Wolbach: Alright, that was much faster than I expected so we're making up time.

Vice Mayor Kniss: Well, we had a very long meeting about that.

Chair Wolbach: We're now onto (crosstalk)... We've just changed our average time per item from about 50-minutes per item to about 25-minutes per item so that's great so if we can keep it up. Item 3A, Staff recommendation that the Policy and Services Committee (Committee) recommend the City Council accept the status update on the audit of Parking Funds. Does – Planning Director, welcome. Do you want to start us off on this discussion?

Hillary Gitelman, Planning and Community Environment Director: Yeah, good evening Council Members. Hillary Gitelman the Planning Director. I'm joined by Sherry Nikzat who handles all of these fun administrative tasks for our department and does a heck of a lot of work in the process. There were five original recommendations of – I'm sorry, five of the recommendations in the audit have been completed and three are currently in process. Two of those will be done after budget adoption this year and one can't be completed until the new garage Downtown is constructed. We're on track and I think Sherry and her team have done a lot of work with other departments. This is an audit that crossed departments. It's not just in Planning but there's a whole interdepartmental team that's now meeting regularly to resolve issues like those that were identified in the audit so we'd be happy to answer any questions.

Chair Wolbach: Also, does anyone on Staff want to talk about the scope of this audit and the breadth or narrowness? I know there's a lot of questions on Council about parking funds in general but do you want to maybe just set us up for the breadth or narrowness of this discussion. Just so that we're all clear on what exactly is on the Agenda for this Item.

Harriet Richardson, City Auditor: Sure, this audit did not look at parking in general. It really focused on the parking funds and how much we charge for examples for the fees that we charge developers in lieu fees when they under park a development and whether those fees were accurate. Then how those funds were used so it was a very narrow focus at not the full breadth of parking issue that Palo Alto has.

Chair Wolbach: Again, this was just an update on this one...

FINAL TRANSCRIPT MINUTES

Ms. Richardson: Correct.

Chair Wolbach: ... and not a new audit. Any other comments from Staff before we turn it back to Council? Any questions, comments or Motions from Council? Council Member DuBois.

Council Member DuBois: Did this include Residential Parking Permit (RPP) payments?

Ms. Gitelman: It didn't include RPP payments. There was one recommendation related to – counting for costs associated with the college terrace and...

Sherry Nikzat, Senior Management Analyst: Separating RPP Funds.

Ms. Gitelman: Yeah, separating those costs from other funds.

Council Member DuBois: I guess this wasn't part of the audit but if we – are we sufficient in terms of overselling permits in the zones?

Chair Wolbach: Oh yeah, we did have an issue in the end of the last RPP period in Downtown of overselling some of the zones but because the new period for employee permits started, that issue has been resolved.

Chair Wolbach: Again, I don't think it's not really part of the item tonight so I just want to make sure, especially since City Attorney Staff isn't here. I want to just keep a tight reign on making sure we focus on what's actually agenda but I understand the question. Any other question, comments, or Motions from Colleagues on the Committee?

Vice Mayor Kniss: Let me see if I can remember to do that. Just one kind of random question which is that it's on Page 4. Is – I think a word that I don't know defees? Is that defees? (Crosstalk) How does one defee?

Ms. Gitelman: That's a question for our CFO. That's a technical (crosstalk) financial term.

Vice Mayor Kniss: That must be the word for the week.

Lalo Perez, Administrative Services Director/Chief Financial Officer: Yes, good evening Policy and Services Committee members; Lalo Perez, Chief

FINAL TRANSCRIPT MINUTES

Financial Officer. It is a technical word in the finance world and basically what it means is we're paying down the debt.

Vice Mayor Kniss: Defees.

Mr. Perez: Because what we did was we had those additional funds that we probably shouldn't have issued and so we reduced the debt for the assessment district.

Vice Mayor Kniss: This has a wait, wait, don't tell me one, isn't it? Very interesting. Ok, I hadn't seen that used before so – and then maybe Lalo you could talk about this too. The next one under that where it talked about alleged overpayments could be construed as a community (inaudible) on the Planning Code (PC) Ordinance and so forth. PC (inaudible) the clerical error and refunded \$56,000. Is this something that happens only on occasion?

Ms. Nikzat: Yes, I'm sorry. Sherry Nikzat, Senior Management Analyst with the Planning Department. Yes, that happens only on occasion. That's not something that normally happens for us. We caught the clerical error and fixed it before the audit was issued.

Chair Wolbach: This was in 2015?

Ms. Nikzat: I believe so.

Vice Mayor Kniss: Yeah, for that one so just something that it happened. Ok, thanks.

Chair Wolbach: Well, since nobody is biting at it, I'm – unless do you have any questions?

Council Member Kou: Could I just (inaudible) for clarification?

Chair Wolbach: Absolutely, Lydia.

Council Member Kou: Just a question, I just want to understand. The parking in lieu fee over here, is this the fee that when a developer builds and then they pay a fee toward spaces in a garage?

Ms. Gitelman: Yes.

FINAL TRANSCRIPT MINUTES

Council Member Kou: How do you keep track of that, how many spaces they have in the garage through the years?

Ms. Gitelman: Well, it doesn't entitle them to any specific spaces in a garage. Basically, what they are doing is giving us funding to construct the garage, rather than putting the spaces on site. So, we determine what the parking requirement is, we charge them an in lieu fee for any spaces they are not providing on site and that money goes into the fund to help construct a new garage.

Council Member Kou: But they don't per say like get a space in the garage?

Ms. Gitelman: That's right, they don't.

Vice Mayor Kniss: But you might say a little bit more about that because our in-lieu funds for parking garages are infamous. I hate that this picks up everything and then they put it all in print which is – honest to goodness but it is. I think it's hard to understand that in-lieu fees do not have anything to do with the current that has to do with the future. So, you might just say a little bit more about what in lieu fees are because they – really, they've been discussed at length whenever we talk about a new development.

Ms. Gitelman: That's right and Downtown there's always a little confusion between the assessment district and assessments that are ongoing payments that are helping to fund garages that are already constructed and the in-lieu fees that are looking forward. New projects pay in lieu fees when they don't provide the parking on site so we often get questions about those two things.

Chair Wolbach: I'm going to jump in and move the Staff recommendation. That the Policy and Services Committee recommends that the City Council accept the attached status of audit recommendation regarding the Audit of Parking Funds.

Vice Mayor Kniss: I second.

MOTION: Chair Wolbach moved, seconded by Vice Mayor Kniss to recommend the City Council accept the Status of Audit Recommendations regarding the Audit of Parking Fund.

FINAL TRANSCRIPT MINUTES

Chair Wolbach: So, second by Vice Mayor Kniss. Any – I don't feel a need to speak to this one. I think it's been discussed. Council Member Kniss or Vice Mayor Kniss do you want to speak to your second?

Vice Mayor Kniss: I think I just added to that, I've learned a new word (inaudible).

Chair Wolbach: Any other comments or questions on this one? Ok, seeing none, all in favor of the Motion? Alright, it passes unanimously. Wonderful, alright. I think we're up to – down to 20-minutes per item, making progress.

MOTION PASSED: 4-0

3B. Staff Recommendation That the Policy and Services Committee Recommend the City Council Accept the Status Update on the 2015 Utility Meter Audit: Procurement, Inventory, and Retirement.

Chair Wolbach: Moving onto Item 3B, Staff recommendation to the Policy and Services Committee (Committee) recommend that the City Council accept the status update, so another status update, on the 2015 Utility Meter Audit: procurement, inventory, and retirement. Does the City Auditor or Utilities Director (inaudible) want to start us off?

Harriet Richardson, City Auditor: Sure, I just wanted to make a comment on two of these. You'll see no longer relevant a couple of these recommendations. As we've gone back and looked at some of these older recommendations and understood some of the changes that are being made primarily with the planning of a new Enterprise Resource Planning (ERP) system and customer information system. It doesn't necessarily make sense to make changes to the current Systems and Applications Data Processing (SAP) system and so what we're doing is closing some of those recommendations. My office is going to be tracking those so that we can go back in the future and revisit those and see – or try to make everyone aware of what those are. So, as the new ERP system gets implemented, we can say look at this and make sure it gets corrected then.

Chair Wolbach: Just a couple clarifications, first ERP is Enterprise Resource...

Ms. Richardson: Planning.

Chair Wolbach: ...Planning, thank you.

FINAL TRANSCRIPT MINUTES

Ms. Richardson: It's the Citywide financial system.

Chair Wolbach: Right, it's a software system that allows us to...

Ms. Richardson: Yes.

Chair Wolbach: It's basically in-house bookkeeping etc. and more...

Ms. Richardson: And more.

Chair Wolbach: ...for those of you who are familiar with it. The two that you are referring to I believe are 2.6 and 2.8, is that correct? The ones that are marked as no longer relevant?

Ms. Richardson: Correct.

Chair Wolbach: So, 2.6 and 2.8 were the ones that the City Auditor was just discussing. Any other comments from Assistant City Manager Ed Shikada?

Ed Shikada, Assistant City Manager/Utilities General Manager: Sure, thank you Members of the Committee. Once again, Ed Shikada, City Manager and also General Manager of the Utilities Department. Perhaps just to supplement what the City Auditor said, in addition to the items that are perhaps no longer relevant. We have three outstanding follows up Action Items or recommendations. One of which is virtually complete, this is 2.5, related to incorporating engineering specifications into new purchases or procurements. That's effectively complete and it's now with the Auditor's Office I believe for review and confirmation that they agree that that's now being implemented. The other two related to procurement of the electronic meters, water meters in particular and those are currently in the review process of the American Water Works Association so they're new...

Chair Wolbach: And which number were you there?

Mr. Shikada: Two point seven and 2.8. These relate to electronic water meters and there is a standard for testing that is being developed at the national level by the American Water Works Association so that's in process. It's – actually, we've seen some recent progress on that and it will be complete either at the end of this calendar year or soon in the new year. So, we're very close to completion of all those items.

FINAL TRANSCRIPT MINUTES

Chair Wolbach: So, bring it back to the Committee. Any questions, comments or Motions?

Vice Mayor Kniss: I move approval of the item.

Council Member DuBois: Second.

MOTION: Vice Mayor Kniss moved, seconded by Council Member DuBois to recommend the City Council accept the Status of Audit Recommendations for the 2015 Utility Meter Audit: Procurement, Inventory, and Retirement.

Chair Wolbach: Ok, Motion by Vice Mayor Kniss and seconded by Tom DuBois. Any – would you like to speak to your Motion? Would you like to speak...

Vice Mayor Kniss: No, I don't think it's necessary. I think this is very straightforward.

Chair Wolbach: Would you like to speak to your second?

Council Member DuBois: (Inaudible) – sorry. Ed answered my question about the outstanding items.

Chair Wolbach: Great, so any other questions or comments before we vote? Great, all in favor of the Motion? Passes unanimously.

MOTION PASSED: 4-0

Vice Mayor Kniss: Well, these are well done and they are very straightforward and that's a big help.

3C. Staff Recommendation That the Policy and Services Committee Recommend the City Council Accept the Status Update on the 2013 Inventory Management Audit.

Chair Wolbach: I think we've gotten it down to about 15 or 17-minutes per item, we're on a roll. Moving on to Item 3C, Staff recommendation that the Policy and Services Committee (Committee) recommend the City Council accept the status update on the 2013 Inventory Management Audit. Who from Staff would like to start us off so – Lalo Perez, come back to the microphone and kick us off.

FINAL TRANSCRIPT MINUTES

Lalo Perez, Administrative Services Director/Chief Financial Officer: Thank you. This is an audit that's been outstanding for some time as you noticed. We've had some challenges in trying to implement some specific areas within the utilities area but I think we're making the progress there. We're working closely in the advisory role with the City Auditor's Staff as well to try to get us to the finish line. Basically, what I can tell you is that the policy that we created a couple years ago works with some exceptions in utilities and that's the area that we're concentrating on and trying to work on that. It's really for smaller material items, small items in the inventory that we're working on so we're looking at tracking systems. Some tools that we could potentially use to be able to come out with a completion of those outstanding items. In the areas that fall specifically to Administrative Services Department (ASD), we have one item outstanding – let me find the under here for you. Number eight and that really has to do with the retirement of the Warehouse Supervisor and we had a gap there and now we're covering it and we believe that we'll be able to complete that by January of 2018. So, hopefully, we'll be able to close those items out as well.

Chair Wolbach: City Auditor, any other comments about this one?

Harriet Richardson, City Auditor: No.

Chair Wolbach: Ok, we'll bring it back to the Committee. Any questions, comments or Motions? Tom DuBois.

Council Member DuBois: If I understand what you're saying so a lot of these were marked as going to be completed in October 31st of 2014. Are you saying that because we had a gap in Staffing that's why it's taken so long?

Mr. Perez: No, that was for the ASD item alone. The other one was we just – we had some challenges on how to inventory items that were not within the warehouse. So, my Staff manages the buildings itself and it has inventory in there so we were talking about items that are outside of that facility. They were in storage bins, lockers, and those areas and it was a process that's just been taking some time because of the relatively low value but high volume of items and how to dedicate resources and obtain the tools. We had been working with utility Staff to try to get that done and I think we're getting to a point where we find viable solutions and that's – it just took some time to get there.

Council Member DuBois: Yeah so this is a pretty old audit. I mean do you think the June 2018 dates are realistic?

FINAL TRANSCRIPT MINUTES

Ed Shikada, Assistant City Manager/Utilities General Manager: I'd say yes. This – the ultimate solution that Staff decided to pursue is use of mobile devices for inventory of these relatively small value item and it took a while to get through a selection process of vendors to help with the solution. That's actually now virtually complete and moving forward within limitation.

Council Member DuBois: So, is that all the in-progress items? I mean there's like 3 of – 3 or 4 of them with similar dates.

Mr. Perez: It's the majority of the – that is related to that issue, yes. Like I said, the major item components, all of those were addressed fairly quickly at both the Water Quality Control Plant warehouse and at the Municipal Services Center (MSC); with these satellite areas being the outstanding areas.

Council Member DuBois: Great, ok, yeah. It would be nice to close out some of these audits.

Mr. Shikada: Agree.

Council Member DuBois: Thank you.

Chair Wolbach: Any other questions, comments, or Motions from Colleagues? Lydia.

Council Member Kou: Just – so this inventorying is for all the departments, it's not just for utilities or Public Works. It sounds like there's emergency (inaudible) and there are other departments over here, is that so?

Mr. Perez: Correct and so the ASD Department manages the great – the vast majority of inventory within the warehouse buildings that I was describing. It's somewhere between eight and ninety percent of the inventory is related to enterprise majority to utilities. These other areas are just the – like I mentioned the satellite so those are the ones we're working on.

Council Member Kou: The big warehouse is MSC right?

Mr. Perez: That's the plant, the water treatment plant. Regional Water Quality Control Plant is the technical answer to that but – so that in itself has its own warehouse because it's a 24/7 operation, right? It doesn't have

FINAL TRANSCRIPT MINUTES

staffing the whole time because it just would be cost prohibited to have somebody there 24-hours.

Council Member Kou: Just to sit there.

Mr. Perez: Exactly so we came up with some adjustments to the controls there and discussed them with the auditor. We feel that the way that we made the changes, that it's probably at the best way that we could do it with the Staffing that we have.

Council Member Kou: Then the satellite locations are spread around town?

Mr. Perez: There are some areas that may have their own supplies. An example, the golf course may have some materials for the vendor to take care of the golf course. The animal shelter may have some materials for their inventory. Those we don't manage but when we created the policy, it applies to them. They need to follow that and track the inventory and do counts and so on. That policy took care of that and we distributed it to all of the departments.

Council Member Kou: Your mobile app is using the Enterprise Resource Planning (ERP)? Is that the hope that it transitions into that ERP as an inventory item or is it a different software?

Mr. Shikada: It's a different software. It was really simply an add-on to make it more user-friendly because part of the issue was making it simple enough that the field Staff could on an ongoing basis be able to check out as the equipment was being used.

Mr. Perez: When we originally purchased SAP, we did not procure the inventory module of it so that was one of the challenges, that we didn't have the systems in place that would – the technology in place to address some of these issues that surfaced.

Council Member Kou: Thank you.

Chair Wolbach: Well, I'll step in and move the Staff recommendation that the Policy and Services Committee recommends that the City Council accept the attached Statues of Audit Recommendations for the 2013 Inventory Management Audit. Do I have a second?

FINAL TRANSCRIPT MINUTES

Vice Mayor Kniss: Second.

MOTION: Chair Wolbach moved, seconded by Vice Mayor Kniss to recommend the City Council accept the attached Status of Audit Recommendations for the 2013 Inventory Management Audit.

Chair Wolbach: Seconded by Council Member...

Vice Mayor Kniss: It's a little unnerving to being the 23rd – the 2013 inventory audit but (inaudible) anyway.

Chair Wolbach: Alright, I don't need to speak to my Motion. Do you need to speak to the second?

Vice Mayor Kniss: No.

Chair Wolbach: Any other questions or comments before we vote? All in favor of the Motion? Passes unanimously, thank you very much.

MOTION PASSED: 4-0

4. Auditor's Office Quarterly Report as of September 30, 2017.

Chair Wolbach: We'll now move onto the Item number four. Our next to the last item because Item two will follow that. This is the Auditor's Office Quarterly Report as of September 30, 2017. So, since you're already up here, City Auditor Harriet Richardson, take us away.

Harriet Richardson, City Auditor: Thank you so just a couple of highlights. We completed two audits during the quarter, the water billing accuracy. That is a different issue than what you just heard on utility meter inventory and the continuous monitoring of Overtime Audit. We are – our Staff participated in a three-day training for audit report writing so I'm hoping that we'll get even better at making our reports clearer and more user-friendly to everyone. I went to Norfolk, Virginia to lead a peer review of their Auditor's Office which is essentially the audit of the auditors and next quarter you'll be hearing about ours which we just had done last week. Audit work, we have a few projects in the works, three of them are related to Enterprise Resource Planning (ERP), Enterprise Resource Planning. We had a Data Systems Governance Audit that is very close to entering the writing phase. We have data reliability and integrity, this is actually – as we got into this we

FINAL TRANSCRIPT MINUTES

relegalized we need to break this up. It's going to be a series of audits and we expect the first of that on data standardization and one data set to be completed in early 2018. We have another audit on separation of duties which is looking at how duties are separated among different Staff within a system to ensure that they can't do – so that they can't do things that they shouldn't do; create fraud or that sort of thing. The big audit in the works right now is our Code Enforcement Audit. I have on here that will probably end in March. My guess is that might be delayed a little bit longer as we've gotten into that. I think that we're going to be needing – we're addressing more things than I think we originally thought we would address so it's probably going to take us a little bit longer. We continue to do the non-audit service of providing advisory services to the Department of Information Technology regarding its new ERP system, which is really thinking ahead. Looking at how they're progressing through the process to see that if we see something that if we would come into after the fact and audited it, we've said you should have and it would have been too late and so trying to put – do it as a preventive measure. We started the process for the National Citizen Survey and the custom survey, both were mailed to 3,000 residents. They were a different group of residences because we didn't want to overburden anyone by asking them to do two surveys so the National Research Center conducted both. We've received the raw data on the custom survey and are currently analyzing it and the National Citizen Survey is out right now. The data collection period will close at the end of this week, which at that point the National Research Center will start complying it all and send us the data by mid-December or so. We did have an audit on what we call Delaminate Scope Audit to – on our audit plan to evaluate rules and processes used to establish the Business Registry. We are actually going to take that off our audit plan, assuming we get the approval tonight on that. The reason for that is Development Services is actually in the process right now of doing a condensed survey that will collect only basic information. When we talked about what we would do in the audit and what they are doing right now, we both came to the realization that we really need a good understanding of what businesses are even here. So, Development Services will be coming to Council with some – with an update on that. They are planning to hire a consultant that has the capability of doing that and putting some boots on the ground to help identify ones that they don't have in a database. Then we continue to do the sales and use tax allocation reviews. So far for the first quarter, we've received about \$18,000 in tax recoveries, \$10,000 of that was from our office work and about \$7,700 of that was from work with our consultant who does additional work in that area. Statues of Audit Recommendations so you just heard several of those that were closed out. There were sixty recommendations open at the beginning of the quarter, plus an additional 26 that were reported as closed that we had – that had not yet been verified. Of those 26 we verified that 24 of those were

FINAL TRANSCRIPT MINUTES

closed. Those were all included in the reports you heard tonight and then we verified that another nine were closed. That was the Animal Services Audit that came to you in September and the one from the Parking Funds Audit that came tonight. So, as of the end of the quarter with the older recommendations and the ones that we've added throughout completed audits, we have sixty recommendations open to continue tracking and reporting on – 66, excuse me. There's a summary of those recommendations in your Packet. We did not receive any complaints regarding the fraud – through the fraud, waste and abuse hotline in Fiscal Year '18 to date. We are continuing to run that hotline but nothing has come in recently and that concludes my presentation. I will take any questions you have.

Chair Wolbach: Any questions, comments or Motions from Colleagues on the Policy & Services Committee (Committee)?

Vice Mayor Kniss: Harriet, I am trying to figure out how I could ask something about this under the – either under this item or under a different item. This is the one where we have our sales tax digest summary (inaudible) quarter sales and I think you simply mean that as an Informational Report to us, right?

Ms. Richardson: Yes, we send that each quarter. There's a delay in the timing of it so it's about two quarters behind because that's where the sales tax information becomes available and our consultant actually prepares that report. It comes to the Council and we do a little 3 or 4-page summary and add it to that Packet. Then we just send it to Council as an Informational Item each quarter.

Vice Mayor Kniss: Ok well it is a very interesting report and I can't figure out any way to have an at length discussion with it. I guess I'll have coffee with you and we'll talk about it because there's a lot in here that is really, I think extremely significant for us as City.

Ms. Richardson: There is, it's quite useful and they do the economic update in there which is also quite helpful and they do a lot of trend analysis where you can see how the sales tax has changed over the...

Vice Mayor Kniss: Yes.

Ms. Richardson: ...from year to year, quarter to quarter within the same year. So, there's a lot of helpful information in there.

FINAL TRANSCRIPT MINUTES

Vice Mayor Kniss: On one of these pages that I just looked at on the trends and e-commerce that is July 18th of 2017, the number of stores that are closing in California. I presume this is California, I don't know if that's (inaudible)(crosstalk)...

Ms. Richardson: Yes.

Vice Mayor Kniss: ... County or not.

Ms. Richardson: They do get – they are doing it primarily California in there and they break things down by county and then show our portion. They break it down within Santa Clara County so that you can see the City's within the County and how sales tax revenues are changing.

Vice Mayor Kniss: Well at some point it would be interesting to know what that means for us as a City and also, just taking a look at what the changes are in retail.

Ms. Richardson: Yes, and they do send us updates in between policy updates and kind of tracking what's happening in the legislature and how it might affect. I do forward those to Heather so – who was here earlier and she tracks all of that legislation also and so does (inaudible) Services. So, I send it to her so she can also look at that and see if there's anything in there that she may not have caught or some more analysis that might be helpful for the work that she does.

Vice Mayor Kniss: Perhaps at some point, we can put it on the Agenda because of this – I think it's worth discussing in public.

Chair Wolbach: Since you have it in front of you, do you have any question that you want to ask about it quickly? I know we do (crosstalk)...

Vice Mayor Kniss: With the indulgent of my Colleagues...

Chair Wolbach: ...since it did come out in the last quarter.

Vice Mayor Kniss: Tom and Lydia, are you ok if I pursue this a bit?

Chair Wolbach: Rob?

FINAL TRANSCRIPT MINUTES

Rob de Geus, Deputy City Manager: I was thinking it may be more appropriate for that to be discussed at the Finance Committee and they are going to be talking about the long-range finance plan.

Vice Mayor Kniss: I'm not on the Finance Committee.

Mr. de Geus: I realize that but they are going to discuss the long-range financial plan and be looking at trends and sales.

Vice Mayor Kniss: Let me just call out a couple of things that I think are very interesting because on the first Page of this, Attachment A, it talks about our first quarter '17 increasing by 14 percent in our overall sales and use tax revenue. Which I find fascinating when looking at some of the other tables which indicate that we have fallen over the years but this looks actually pretty good at this point.

Ms. Richardson: They have access data that they get from the State so I would consider that information that they are giving us very reliable. As I said, it is delayed about two quarters so you'll notice that the quarter they are presenting to us is two quarters behind where we are and that's just the timing for when they can get the sale tax data from the State.

Vice Mayor Kniss: Well, I'll discuss it with you more but it's really interesting to look at it and the trends are very helpful.

Chair Wolbach: Let's move on, any other questions, comments or Motions? Tom.

Council Member DuBois: I mean I'd echo the interest in agendizing – you know we're in a big boom period and what's hard to tell is – yeah, retail is up but how much more is services up and it's not – is it increasing at the proper rate? So, fourteen percent may sound good but it may need to be at like twenty-five percent based on the economy.

Vice Mayor Kniss: Yeah and that's why I just said I think it's all relative so it's hard to know what it is precisely.

Council Member DuBois: I'd really like to understand the Business Registry and these changes. Also, I thought we usually get an annual update on the Business Registry and I don't recall seeing one this year.

FINAL TRANSCRIPT MINUTES

Ms. Richardson: I don't know. I don't – I'm not that involved in that. It's Development Services handling the Business Registry now.

Council Member DuBois: Council was pretty involved and we developed a list of data that we wanted to see. Primarily the number of employees and modes of commenting and it sounds like they are not going to ask those questions any longer?

Ms. Richardson: Peter Pirnejad is planning...

Chair Wolbach: Which page where you (inaudible)?

Council Member DuBois: Eighty-seven.

Chair Wolbach: Thank you, sorry, just (inaudible).

Ms. Richardson: ...is planning to come to Council with an update on what they are doing. I may be an Information Report that he's doing but as we talked about how we would approach – how my office would approach the audit and what they are doing. We determined that my office would be trying to get a handle -- making a recommendation on how to get a handle first of all on the number of businesses because if you don't have that, you don't really know. There's been some movement to exclude certain types of businesses but without having a complete inventory of what the businesses are and what type of business they are, it's difficult to say if that's where we should start. They are going to be getting a complete inventory, then going back and collecting the data at a later point that the Council wanted but first trying to get – make sure that they have a complete inventory.

Council Member DuBois: So, a number of businesses are certainly important but I mean when we had prices based on the size of the business so if it's a one-person business, they pay a reduced fee. I think what was also very interesting to Council was how many employees are in these businesses and...

Ms. Richardson: There was some difficulty getting that count and knowing if it was accurate.

Council Member DuBois: So, I'm really concerned about this new process you're describing. As part of the registration process and they are paying the

FINAL TRANSCRIPT MINUTES

fee, they were supposed to provide a lot of this data and if we're going to sample it and go back or – I'm concerned.

Ms. Richardson: I don't want to speak too much for Peter but I don't believe his intent is to sample. I think it's to go out and get a one hundred percent inventory of what the businesses are so that when they do collect this data, they know that they are getting it from the right source. Then coming up with a way to keep the inventory accurate over time.

Council Member DuBois: So, I'm going to vote no on this item. I think you should be looking at that data. We've been collecting it every year and until Council changes the process, I don't really want to just approve this.

Mr. de Geus: Yeah Council Member DuBois, I'm not that close to this but my understanding is that in the past when we've been sending out these – the registry with a variety of questions, it was sort of cumbersome for businesses to fill it out. We just weren't getting the data and so the thought is let's approach it a little differently in two ways. First get the basic information down so we know who – what businesses and non-profits we have in the community. Then working with that new relationship, go and get the data that we really want but we – I will go back and talk with Peter again and check in when this information (inaudible).

Council Member DuBois: I think you have come to Council and said here's the reduced list but I think there are a few items beyond just how many businesses. Again, if they are all one-person businesses that's one thing and if they are 1,000-person businesses that's another thing.

Chair Wolbach: If I might jump in here, I'm also very concerned about this. I share Council Member DuBois's concerns. Was it your intention to vote against the entire Quarterly Report or might there be a more constructive way that we could amend the Motion to highlight the severity of our concerns and ensure that Staff understands we want this to come to Council for a clear and open Action Item discussion as soon as possible?

Council Member DuBois: It's two parts, again we had data cleanliness issues. Again, just deputing company names and addresses and things and I think that was the limited scope plan that the auditor was going to do. So, I'm concerned that that's no longer going to happen and then yeah, I would like to understand the new process.

FINAL TRANSCRIPT MINUTES

Chair Wolbach: Right so I guess my question is rather than voting against the Auditor's Quarterly Report, do you want to maybe make a Motion that would include your concerns and highlight that for your Colleagues on Council and for Staff? It seems to be...

Council Member DuBois: Sure. I would move that the Business Registry process come to Council and that the Auditor keep a limited scope audit on our audit plan until it's discussed by Council.

Chair Wolbach: Do you want to nest that into a Motion about the (inaudible)(crosstalk)...

Council Member DuBois: Yeah and we'll accept the rest of the Auditor's Quarterly Report.

Chair Wolbach: I'll second that. Do you want to speak to your Motion?

MOTION: Council Member DuBois moved, seconded by Chair Wolbach to recommend to the City Council acceptance of the Auditor's Office Quarterly Report as of September 30, 2017, and direct the Business Registry process be returned to Council and direct the City Auditor to continue a limited audit of the Registry.

Council Member DuBois: No, I think I've made my points.

Chair Wolbach: Alright I think Tom made my points too. I think that – just to reiterate them, Business Registry and the data that we want to collect from that is critical to making other policy decisions at the City Council. This needs to come to Council as soon as possibly for I think an action discussion. Any other comments or questions on this item?

Vice Mayor Kniss: No, but I know that I'm looking at Page 88 but it would seem as those that the discussion that I was having about the sales tax digest does have something to do with the second item here, which is called identify businesses involved blah and so forth; monitor sales tax received from the University provide quarterly and so forth. So, I think this actually would be an appropriate place to talk about that. Not tonight because I'd really like some extensive background and some – as I said to see some trending information. Tom says we're in a boom but I want to know are we benefiting from the boom or are we not benefiting from the boom?

FINAL TRANSCRIPT MINUTES

Ms. Richardson: So, what you are asking is that we would come back and just kind of explain the sale tax digest that we provide you and go through that?

Vice Mayor Kniss: I would really like that at some point, yes.

Ms. Richardson: Would you be interested in having us have the representative from MuniServices that does this work?

Vice Mayor Kniss: Ah huh, yes, I would. Yeah, very much because it's – this is absolutely chalk full of information.

Chair Wolbach: Just to ask a question about that. Did you say that's already going to be going to the Finance Committee? The...

Vice Mayor Kniss: It's here at our Committee right this minute.

Chair Wolbach: Right so I – I just want to have clarity on what Staff is referencing earlier.

Mr. de Geus: I was – well, every year we go to the Finance Committee with the long-range finance plan and they spend a lot of time and go into detail of the different trends with the sales tax or other things. It struck me that the discussion on this topic might be a better suited to be at Finance Committee than Policy and Services but that was just my instinct reaction. We can talk about it and I'll discuss it with the City Manager and maybe the Mayor has an opinion.

Chair Wolbach: Was it your intention to make that as an Amendment or should we save that for when we get to Future Agenda Items and take it up then?

Vice Mayor Kniss: I think when we get to Future Agenda Items, that is really the appropriate time...

Chair Wolbach: Sounds good.

Vice Mayor Kniss: ...but it looks to me as though this is certainly something that's appropriate for us to be looking at.

Chair Wolbach: I'd be open to that as well. Harriet?

FINAL TRANSCRIPT MINUTES

Ms. Richardson: I was just going to say that we do – we put this on – this allocation review on our Quarterly Report every quarter and I know that very often there are questions about that specific item. So, maybe just – I think the discussion could be different than what you would have in Finance where they are talking more about the trends and this would explain the report, how to read the report and what it means...

Vice Mayor Kniss: I really want to know what does it mean to us at the City?

Chair Wolbach: And you're not prepared to go into that tonight, right?

Ms. Richardson: No.

Chair Wolbach: Ok, great.

Vice Mayor Kniss: Well, it would take – this is a long report.

Chair Wolbach: Maybe on an Agenda when we aren't so chalk full. Great, any other comments or questions on this Motion? Alright, all in favor? Passes unanimously. Thank you very much.

MOTION PASSED: 4-0

Chair Wolbach: The City Clerk got the Amendment that Tom had made? Great.

Vice Mayor Kniss: So, let me – good shape as far as where our sales tax is going?

Ms. Richardson: Right now, it seems to be but I don't do the financial forecast that the budget office does and so they would probably be in a better position to answer. When they did – they are working on their long-range financial forecast right now so just the sales tax portion seems to be good there's a lot more that goes into – yes.

Vice Mayor Kniss: Oh right. I was just interested in sales tax.

Ms. Richardson: Right and it's also important to remember that we have that Stanford agreement where we're getting that chunk of sales tax money and as soon as that upgrade is done, then at revenue will go away.

FINAL TRANSCRIPT MINUTES

Vice Mayor Kniss: Too bad.

Chair Wolbach: Actually, before we go onto our next item, just to be very clear since I think we only said it once, could the Clerk just read back what the final Motion Amendment was there, on that last one?

David Carnahan, Deputy City Clerk: Recommend the City Council acceptance of the Auditor's Quarterly Report as of September 30, 2017, and direct the Business Registry process be returned to Council and direct the City Auditor to continue a limited audit of the Registry.

Chair Wolbach: Great, thank you.

2. Discussion and Recommendation Regarding Permitting and Regulations for Bike Share Operators in the City of Palo Alto.

Chair Wolbach: Let's move onto our last item of the night. This is Item number two, discussion and recommendation regarding permitting and regulations for bike share operators in the City of Palo Alto. I thank you Harriet Richardson for all of your presentations this evening and we'll move on. Who would like to start us off tonight on this one?

Hillary Gitelman, Planning and Community Environment Director: I'll start off Council Members, Hillary Gitelman the Planning Director. I'm joined by Chris Corrao on our Staff and we're here tonight to talk about a new idea or a new approach to an idea that you've heard about before, which is bike share. We're talking tonight about what would be a regulatory approach so it would be the City permitting operators that come into Palo Alto and offer a free service. Rather than Palo Alto paying for that service so Chris is in the weeds on this stuff and can give a little summary and we'll both try and answer any questions that you have.

Chris Corrao, Senior Planner: Alright, so good evening Policy & Services Committee (Committee) Members. About a year ago last spring, we brought to Council a proposal for a social bicycles/bike share system and at the time the model that Cities and jurisdictions were purchasing the equipment and paying for operations for bike share. The proposal last spring was approximately a \$1 million dollars. In the weeks following the Council date when the item was shelved due to some concerns, the bike share industry was turned upside down and literally in a matter of weeks, several bike-share vendors emerged in a privately funded way where a private entity would provide bicycles for free. Large numbers of bicycles and operate the

FINAL TRANSCRIPT MINUTES

business similar to an approach like Lyft or Uber. During the course of the summer, some Cities such as Seattle and actually more recently South San Francisco have come out with guidelines to try to both encourage these companies to work as partners in achieving some of the goals of bike share while also creating more order. There were some initial concerns about large quantities of bicycles out on the streets. We've had a pretty detailed discussion with the City of Seattle and we feel that some of their guidelines are some of the best out there and so far, they are seeing very few problems in terms of the way bicycles are parked. There is minimal cost to the City so what we're recommending essentially is creating guidelines that would enable bike share operators to operate in Palo Alto so long as they meet the criteria with the total number of bicycles of 700 and a minimum of 100. There would be an exemption for e-bikes so there could be more than 700 for an e-bike. Some of the guidelines are similar to the news rack Ordinance, they have to do with the siting of bicycles so that they are not blocking the sight lines or obstructing pedestrian's pathways. We have some restrictions as to what percentage of bicycle needs to be in Downtown areas so that their spread out, how quickly these companies have to respond to calls if bicycles are problematic, safety operating and performance criteria, and then lastly the way this would work is they would have to apply for an encroachment permit and there would be fees. One thing that is missing in the Staff Report that we will need to iron out is there will be a fee and we are revisiting our fees soon and that would be included in that; the encroachment permit fee. If there is direction to take this to Council and if approved, we would look at establishing the program in the new year.

Ms. Gitelman: Maybe I'll just add one or two things. The proposal is for a one-year pilot program so we're asking for your recommendation to Council to adopt the Resolution with some temporary guidelines that we would apply to see how it works after one year. If we liked it, we will continue it and make any revisions that we need too to the guidelines. If we don't like it, the pilot will be over and the bikes will be gone.

Vice Mayor Kniss: Was there some money in here that I'm not hearing – money – is there – you talked about a fee. What is the cost to us as a City with this because the last one definitely got shelved and wisely I would say by the Council. So, with this now, tell me again what our responsibilities are.

Mr. Corrao: The only cost to the City would be Staff time and some minimal costs if we decide to have corals for parking in Downtown commercial districts. so minimal.

Vice Mayor Kniss: What does minimal mean? Just give me a ballpark.

FINAL TRANSCRIPT MINUTES

Mr. Corrao: Well, Staff time to administer the program but...

Vice Mayor Kniss: One Staff, two Staff, three?

Mr. Corrao: It could be – using existing Staff.

Ms. Gitelman: It's a fraction of existing positions.

Vice Mayor Kniss: So, no new Staff, ok.

Mr. Corrao: And potentially if we decided we wanted to do corral, let's say on University. If there were too many bicycles and we wanted to create order we might install a couple ballads so that's a few hundred dollars. This is essentially a free bike share system.

Vice Mayor Kniss: So, this is a huge departure from our last discussion?

Ms. Gitelman: Absolutely, it's a completely different model.

Vice Mayor Kniss: It's about a 360, isn't it?

Ms. Gitelman: Yeah, a completely different model and the risk and the costs are all on the vendors. They have to get a permit from us and we monitor compliance with our conditions and we see how it's going. If it turns into a big mess and there are bikes lying all over people's lawns, we pull the plug and there's no cost to us.

Chair Wolbach: I just want to ask a clarifying question. If we didn't pass this, these companies start operating in Palo Alto anyway, right? In this...

Mr. Corrao: There are some already here.

Chair Wolbach: Right so that's why I was asking. I didn't mean to interrupt, go ahead.

Mr. Corrao: No, I was interrupting you, I apologize.

Chair Wolbach: No, please, I think we were saying was just what I was looking for.

FINAL TRANSCRIPT MINUTES

Mr. Corrao: I've seen some bikes at the Caltrain station and I know Stanford has some bikes on their campus but not many.

Chair Wolbach: So, the point is that this is an area of business that's already entering Palo Alto, it's currently unregulated, and the pilot is not to allow them to start coming to Palo Alto. The pilot is to start regulating them, right?

Ms. Gitelman: That's right in one sense although I think we would like to regulate them. I mean whether – I don't think we want them here without regulations. We certainly don't want them to proliferate beyond the handful that you see out there right now.

Chair Wolbach: Forgive me for not being more clear. I didn't mean to yet suggest my enthusiasm for against them, I was just trying to clarify before we really get into the conversation about what the purpose of the Staff recommendation is. You could compare this to other things, whether people like them or not like them, whether it's a particular type of business or marijuana shops or alcohol or something that we maybe liked a lot more; daycare or something like that. The idea is that these things will come unless we regulate them so here Staff is recommending a pilot mechanism or approach to those regulations to steer this emerging market in a direction which may be more beneficial. That's kind of the point you're getting to, right?

Ms. Gitelman: That's right.

Chair Wolbach: You're doing this in collaboration and learning lessons from other Cities. Is it South San Francisco and Seattle in particular?

Mr. Corrao: In particular, yeah and we are in close communications with (inaudible) and Mountain View and Menlo Park and Redwood City. They are all...

Chair Wolbach: East Palo Alto as well?

Mr. Corrao: We haven't in East Palo Alto. We haven't – I haven't – I'm not aware of any pending movement on bike share yet in East Palo Alto. To your point, I think the bikes that are here now have trickled here from people riding and being members. I've been in contact with all the companies that couple potentially apply and there's definitely an interest in being here in larger numbers. I don't think they have intentionally launched here.

FINAL TRANSCRIPT MINUTES

Chair Wolbach: Well, thank you for those clarifying questions for – thanks to my Colleagues for letting me jump in with the clarifying. So, let's bring it to any questions, comments, or Motions. Tom, go ahead.

Council Member DuBois: Yes, this is definitely really interesting. I'd like to hear a little bit more about Seattle's experience. I mean I see we have a lot of elements; the parking, the data sharing. Could you speak specifically about the insurance, indemnification, Performance Bonds, like kind of legal protection for the City?

Mr. Corrao: I actually am not 100 percent clear. I believe that the insurance requirements were the same as with the last iteration of bike share. I don't have the numbers off the top of my head on the actual dollar value.

Council Member DuBois: Yeah, I don't see it included in our agreement. I just wondered what Seattle does. Obviously, they are worried about some liability and identifying the City if issues arise from these private companies, I'd assume, right?

Mr. Corrao: Yeah, I would assume it would be whatever the City standard is for insurance and indemnification. I believe when we took bike share to Council last spring, that it was million dollars per incident but I could get back to you with the...

Council Member DuBois: In terms of performance, I mean we have some stuff in here about distribution around Downtown but if a company comes in and gets a permit, do they have to commit to having their bikes – a certain percentage of their fleet actually operational and not in repairs? Again, do you know how Seattle does that?

Mr. Corrao: As far as I know Seattle doesn't have any performance criteria like that. Their experience has been far beyond what they anticipated in terms of trips. They have been focusing more on the way bikes are parked and making sure that they are not blocking the path of travel.

Council Member DuBois: Well, it mentions a Performance Bond and I didn't know what that was. Do you know?

Mr. Corrao: I believe the Performance Bond more is for if they – if the City has to physically remove equipment.

FINAL TRANSCRIPT MINUTES

Council Member DuBois: So, instead of – I saw we were going to fine them if we pick them up.

Mr. Corrao: Let's say hypothetically a company went out of business and there are 10,000 bikes that need to be collected.

Council Member DuBois: Right but I also saw in ours that if a bike stays in the same place for 72-hours, the City would pick it up at their expense. So, we might have a Performance Bond, you put a \$1,000 in to per pay for any of that. Is that...

Mr. Corrao: It is possible.

Council Member DuBois: Ok and then how would the encroachment fee work or encroachment permit?

Ms. Gitelman: It's just a regular permit process. They come to the Development Center probably and pay an encroachment permit fee like you would for a street work permit (inaudible)(crosstalk).

Council Member DuBois: That would be for like a particular location?

Ms. Gitelman: Well, it would be – allow them to establish a program consistent with these guidelines. So, it would be our opportunity to collect any Performance Bond and make sure they are aware of all the rules.

Council Member DuBois: But they say they want to put a bike rack here and they would pay a fee for that or I?

Mr. Corrao: It would actually not be location-based, it would be for...

Ms. Gitelman: We just permit them to distribute the bikes in appropriate locations in Palo Alto.

Council Member DuBois: So, existing bike racks and things, that's where people would leave the bikes?

Mr. Corrao: Yes.

Council Member DuBois: Then do you know what the revenue model for these companies is? How do they make money?

FINAL TRANSCRIPT MINUTES

Mr. Corrao: Sure, so it's a combination of fees from – based on ridership. Also, private sponsorship and primarily venture capital money. It's heavily backed by private funds.

Council Member DuBois: Right so one thing that I would be interested in is if they are showing digital ads on their apps. I would expect them to have excess inventory. I think it would be interesting for the City to write in the opportunity to advertise for City events and for City partners like the Chamber of Commerce. Just to kind of establish that and reserve it for the future. I think they are mostly venture financed now so they might be a lot more willing to put those terms in early. Then I like – I saw we're kind of limiting the market to 700 bikes which seem like a smart thing to do. So, it lets people be successful without having to many bikes but e-bikes are not counted, is that correct?

Mr. Corrao: That's correct.

Council Member DuBois: Ok, when it comes time to make a Motion, I'd like to suggest a few things. The last question that I had...

Chair Wolbach: You can make them now.

Council Member DuBois: What's that?

Chair Wolbach: The time for a Motion is now.

Council Member DuBois: On Packet Page 18, I'm just – there's 3B there that talks about autonomous robots and I was just wondering, is that a typo or what is that? Is that from the Robot Delivery Ordinance?

Ms. Gitelman: That's a carryover from the – yeah.

Council Member DuBois: I thought they were distributing the bikes with robots or something.

Chair Wolbach: (Inaudible) – that might be a good idea actually.

Ms. Gitelman: We can make that correction.

Council Member DuBois: I do think that we should consider and maybe just call it out because I didn't see it anywhere, insurance, indemnification. So, I

FINAL TRANSCRIPT MINUTES

would pass – I would make a Motion to adopt the Staff Motion with an edit to Section 2 on Packet Page 16 where it says the City Manager can adopt regulations and I would add to that list. So, that has one, two, three, four and I would add five insurances, six indemnifications, seven a Performance Bond and eight use of advertising inventory by the City and the City's partners. Then I would strike the autonomous robots from the bikes.

Ms. Gitelman: I don't think you need (inaudible).

Chair Wolbach: Could you just repeat your list? I just want to make sure I heard you correctly.

Council Member DuBois: Yeah so you guys see where I am there.

Chair Wolbach: Yep so you're adding to the list on – so Packet Page 16.

Council Member DuBois: I would add Number 5 would be insurance, 6 would be indemnification of the City, 7 would be a Performance Bond, and 8 would be use of advertising inventory by the City and City's partners at some portion to be negotiated.

Chair Wolbach: So, let's see if there's a second for that.

Vice Mayor Kniss: I'll second it so it's out there (inaudible) discussion.

MOTION: Council Member DuBois moved, seconded by Vice Mayor Kniss to recommend the City Council adopt a Resolution authorizing the City Manager to create a one-year pilot program regulating private bike share operations in the City of Palo Alto including the following additions to Section 2.a:

5. "Insurance;
6. Indemnification of the City;
7. Performance bond; and
8. Use of advertising inventory for the City and the City's partners."

Chair Wolbach: So, Liz seconded it. Ok, great so Tom, do you want to speak to your Motion?

FINAL TRANSCRIPT MINUTES

Council Member DuBois: Yeah again, so this is really – it's up to the City Manager and I think I'm fine with that. It's just that I think we should consider some of these other protections. Again, these are venture-backed companies who see an opportunity for the business here and I think it's up to us to make sure we just protect the City from any liability or other issues that could arise.

Chair Wolbach: Liz, do you want to speak to your second?

Vice Mayor Kniss: I do because I'm thinking this is such a dramatic turn around from the last time we discussed this and a \$1 million dollars is out there and we had a pretty lively discussion as I recall. I don't remember if we just defeated it or we just – I don't know what we did, tabled it or something but obviously we never...

Ms. Gitelman: It was pulled from Consent and then we just never brought it up.

Vice Mayor Kniss: So – yes, that was kind of a surprise. The question is and I hear what you're saying about making money, it's VC backed and so forth. Whatever brought about a big change like this in a year and I'm not quite sure, you buy the bike, you've got – you're not charging a whole lot for it so – and Tom asked about the business model. It sounds like it might be working in Seattle, it sounds like it might be working in South San Francisco but it seems interesting. You've gone from the million dollars, way down to these are free.

Ms. Gitelman: That's right.

Mr. Corrao: Yep.

Vice Mayor Kniss: So, any more explanation as to...

Mr. Corrao: No, I really – honestly, I think it took the transportation industry or profession by surprise and there are some lingering questions about the sustainability of the financial model, which is why I think a pilot would be a smart idea.

Council Member DuBois: I do think Liz, again the idea that you have this app on your phone, you'll subscribe to a particular company and you'll know

FINAL TRANSCRIPT MINUTES

where their bikes are. So, they will have a channel to be able to communicate and advertise to you but it's an unproven model.

Vice Mayor Kniss: So, you are figuring they are making the money on advertising?

Council Member DuBois: I think that's going to be part of it and sponsorships on the bikes. Bikes are probably going to have corporate logos on them.

Vice Mayor Kniss: I don't know. I'm fascinated by it, I think its worth our trying it but also keeping an eye on it at the same time. I'm going to presume that you'll report to use on a regular basis to how it's coming along if it does indeed happen. They have approached us...

Mr. Corrao: Yes.

Vice Mayor Kniss: ...and have indicated they will put up any infrastructure that's necessary?

Ms. Gitelman: Yeah and I think you'll hear right away if there's some kind of problem with the idea. Since this is a one-year pilot and as we get towards the end of the year we'll assess whether it's worked.

Vice Mayor Kniss: What happens – we've still got bikes around town, don't we?

Ms. Gitelman: We do not have bike share.

Vice Mayor Kniss: Did the blue bikes all disappear?

Ms. Gitelman: Yes.

Vice Mayor Kniss: Which were not well used.

Ms. Gitelman: That's right.

Vice Mayor Kniss: Ok now – so, interesting. Let's see how it works or doesn't.

Chair Wolbach: Lydia, any comments or questions?

FINAL TRANSCRIPT MINUTES

Council Member Kou: May I ask some questions actually. I just need a definition of what is a furniture zone?

Mr. Corrao: The furniture zone is an area of the sidewalk where we normally place street furniture like benches – public furniture.

Council Member Kou: So those – that would be where you would recommend for corrals and that sort of thing so it's still out of the way. When they park – I think one of my concerns about neighborhoods since they are encouraged to go everywhere and when they park it, they are not just – yes, I understand they stand it up straight but they are not just going to stand it up in front of say, for example, the Vice Mayor's house or – I hope not. That's like in the center of the street so that's not going to be something that's permitted or is it?

Mr. Corrao: It would not be, there's – the guidelines wouldn't allow for bikes to be blocking anyone's access...

Council Member Kou: On the sidewalk.

Mr. Corrao: ... on the sidewalk or anyone's path of travel or impeding any ADA accessibility. If it were, the bike would need to be removed by the vendor. Then ultimately, we could revoke the encroachment permit if a vendor wasn't complying.

Council Member Kou: The encroachment permit is not so much for the corral. I mean that could be part of it but it's also for them to be using the streets, is that what it is? Then do they follow the vehicle code in terms of usage of the road? You know stopping at stop signs, yielding...

Ms. Gitelman: Yep, bicyclists have to follow traffic rules.

Council Member Kou: Follow traffic rules.

Ms. Gitelman: I think it is important to say though that we don't know exactly where they'll go. I mean we could see bikes end up in parks, right?

Mr. Corrao: Yeah.

FINAL TRANSCRIPT MINUTES

Ms. Gitelman: Residential neighborhoods and we think mostly around the train stations and commercial districts but it could go anywhere. Part of this trial will be to see kind of what that looks like in Palo Alto.

Council Member Kou: We want to see them go into neighborhoods because I think this is one of the bigger issues where they are not around enough in different areas for people to access right? I just want to make sure that they don't pose safety issues for themselves or for people around – who are around town; residents and people who are coming in to visit and doing business over here. I just want to ensure that there is that and I don't know if there's a way to incorporate when they use their apps to get the bike if an agreement comes up that says you understand you have to follow vehicle codes and so forth. Would that be something that you might be able to ask?

Mr. Corrao: I believe they have that built into the app but I can double check and ask.

Council Member Kou: That would be great.

Mr. Corrao: If it's not, I can...

Council Member Kou: I don't know if I need to incorporate that into your Motion?

Council Member DuBois: I think it is in the parking section.

Council Member Kou: You know when you supply this and – so for example on Page 18, operating regulations and there's all the outline ISO 43.150 Code of Federal Regulations. Is it possible to supply those so that when we're looking through this we can also kind of take a look at those regulations or is it going to be that big?

Mr. Corrao: It might be but I can quickly tell you what that is if it's helpful?

Council Member Kou: That would be great.

Mr. Corrao: These regulations were in response to when Dock less Bike Share initially emerged. Some of the bikes that were used were very cheap and parts were breaking and they weren't – didn't have reflectors and then since then, things have changed and the bikes have become much more substantial. When Cities inviting these vendors in, these regulations are the

FINAL TRANSCRIPT MINUTES

regulations that say to make a bicycle and produce it and sell it in the United States you must have this durability, this amount of reflectivity, very specific technical things and that's what this is referring too. Saying that we wouldn't have bikes in Palo Alto that couldn't be sold in the United States.

Council Member Kou: This little i, all of that has to do with the bicycle build regulations?

Mr. Corrao: Quality, correct.

Council Member Kou: Ok, quality and then so define for me Class One and Class Two and then the California Vehicle Code there? I mean if you can give me a short...

Mr. Corrao: Sure, basically Class 1 and Class 2 bicycles that are ebikes can only travel up to, I believe it's 20 or 25 miles per hour. There's Class 3 type that's faster that wouldn't be permitted that can go 30 miles per hour or faster so it's just the speed.

Council Member Kou: Ok so we're only allowing One and Two and they're pertaining to speed.

Mr. Corrao: Yes.

Council Member Kou: Ok, cool, that's very good. I noticed Seattle and San Francisco or South San Francisco I forget, did a six-month pilot. Can – tell me why we're doing a one year? Is it more time to collect data? I mean why did they do six-month only?

Mr. Corrao: That's a good question, I'm not a hundred percent... Yeah, I'm not a hundred percent sure. I think it may be based on the feedback that we got from Seattle so their six-month pilot went very well. Their ridership was far surpassed what they expected and their problems were minimal so they are formalizing it now with an Ordinance to make a permanent program. I think that we just thought a one year would be – would give people more time to get used to the system, give Staff more time to actually also roll out – roll the guidelines out and get everything up and running.

Vice Mayor Kniss: Six months is pretty speedy.

FINAL TRANSCRIPT MINUTES

Council Member Kou: I know, that's what I was wondering why Seattle and San Francisco would go so speedy. When there's a dispute – when somebody finds a bicycle and calls in, they don't call the City they call the vendor to remedy it?

Mr. Corrao: Yes.

Council Member Kou: Now, if disputes come up because you know the bike breaks down and there is still money left over or whatever, is – that's going to be between user and company. That's got nothing to do with the City, right?

Mr. Corrao: Correct.

Council Member Kou: The survey that will be done on Page 21, is that something that they are going to do – the vendors are going to do or is that in cooperation or partnership with the City so that if there's anything that we need to discover, we can have our questions in there as well in the survey?

Mr. Corrao: Are you referring – I'm sorry, on Page 21...

Council Member Kou: Number 21-V-5? The City may at its option requiring permittees to distribute a customer survey at the end of the pilot program. Is that our surveyor their survey or together survey?

Ms. Gitelman: I think it's saying that as we get close to the end of the one-year pilot we can require the permittee to survey their members and give us the results so we get feedback.

Council Member Kou: It will be questions that we provide?

Mr. Corrao: Yes.

Council Member Kou: Sounds great, thank you.

Mr. Corrao: Thank you.

Vice Mayor Kniss: I think one last issue, I would just...

Chair Wolbach: Oh, I had a couple questions too but go ahead.

FINAL TRANSCRIPT MINUTES

Vice Mayor Kniss: Can I just ask is there a problem with stealing the bikes? Any idea?

Mr. Corrao: Not that I have been informed about, no because there's not really a black market for these types of bikes. They lock to themselves, the bikes have a GPS and if stolen and they disappear from the companies GPS, they can just lock the hub and it renders them basically useless.

Council Member DuBois: They track them, too right? They know where they are.

Vice Mayor Kniss: But it's a lot of work to track you done on a stolen bike.

Council Member Kou: We should leave yours on.

Chair Wolbach: Alright so I had a couple questions. I think that each of the items that were discussed, both those that were added to the Motion and also discussion where important. I just had a question, the four items that were added to the list, since this is a minimum list, a couple I agree should be in the minimum. A couple I am not as sure so insurance I think should definitely be in there. Indemnification to the City I absolutely agree with and thank you, DuBois, for adding those. The Performance Bond and the advertising, I was wondering if we really want to include those as minimum or are those things – would the – Tom would you be ok with making those things that the City Manager Staff could explore? Yeah, I just worry about adding too many things to the list and making it burdensome during the pilot period.

Council Member DuBois: I think the Performance Bond would be useful. Again, rather than trying to find them after the fact, they would have an account that we would (inaudible)...

Chair Wolbach: Ok so remind again what you intended by that? Maybe I – if you might clarify it for me.

Council Member DuBois: Again, if you read in here like if there are issues like we have to tow their bikes it's – they have to – it's at their expense. They have to reimburse the City so again, I would leave it up to the City Manager to flush out the details but if they had some kind of Performance Bond, they would basically put money in escrow against any penalties or fees. So, that we would already have the money and it could be relatively small amount that I think the City Manager could set the level of.

FINAL TRANSCRIPT MINUTES

Chair Wolbach: But you do want to require that we do have something?

Council Member DuBois: I think that one's worthwhile. Again, I'm really interested in the details of what Seattle did there. Number eight, the ad inventory, that – we could change that to explore. Again, I think it would be a good idea to establish it early.

Chair Wolbach: I want to ask Staff, does the Performance Bond – is that something you'd feel comfortable committing to tonight or if between now and when this comes to Council – this is what I am concerned about. I'm concerned that between tonight -- when it seems like a great idea and I agree it sounds like a great idea and when Staff goes and does the work to try and do it when it comes to Council they may find it's actually more difficult than anticipated. I just want to (inaudible)(crosstalk).

Council Member DuBois: It just says the regulations shall address so they could say that Performance Bond is not required and they would have addressed it, I think.

Mr. Corrao: It would be nice to have the opportunity to find out why Seattle did it and whether or not it was really to the number of bicycles they had. I believe they had 10,000-15,000 bikes in their pilot versus our 700. So, it would be nice...

Ms. Gitelman: One thing that we could think about is say Performance Bond or cost recovery contract because we're used to collecting money up front that's an agreement that we bill against.

Chair Wolbach: Could we add that language then, that flexibility so that it would be a Performance Bond – so the Clerk can capture this, where it says Performance Bond let's say, Performance Bond or cost recovery contract.

Council Member DuBois: That's ok with me.

Ms. Gitelman: Then if Public works has to go out there and collect a bunch of bikes, we can bill against that.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion Part 7, "or cost recovery contract."

FINAL TRANSCRIPT MINUTES

Chair Wolbach: That gives – that's what I – I was just worried about is creating a too onerous set of regulations here that makes it harder for Staff or harder for the vendors and we kill our pilot before it starts.

Council Member DuBois: It's not setting any level, it's just saying the regulations shall address it, right?

Chair Wolbach: I understand. For the – then for the advertising can we just...

Council Member DuBois: I was fine with saying...

Chair Wolbach: Can we just say if feasible...

Council Member DuBois: Or explore.

Chair Wolbach: ...or if relevant.

Council Member DuBois: That's fine, yeah.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion Part 8, "if feasible" before "use of."

Chair Wolbach: Then there were a couple others that I was going to ask about and I don't want to add these to the list in the Resolution but I'll ask that we add it to the Motion and ask Staff to look into these questions. Something raised by Council Member Kou which is to have reminders to bike share users to follow the vehicle code. Also, to ask Staff and vendors to...

Ms. Gitelman: Are you suggesting this is an addition to this list or...

Chair Wolbach: No, these are things that I was going to ask just Tom and Liz to add to the Motion for Staff to consider or look into. I don't want it to be tremendously burdensome but start thinking about these things. One is reminders to users to follow the vehicle code, secondly Staff and/or vendors to work with Stanford and neighboring Cities and three, regular reporting back to Council. Would you be ok with – let first ask, would Staff be comfortable with those?

Ms. Gitelman: Yeah, it's just hard to imagine in a one-year pilot what you would mean by regular reporting back to you.

FINAL TRANSCRIPT MINUTES

Chair Wolbach: You know what, let's scratch that one. It's going to come back in a year anyway. So basically, just start looking into reminders to follow the vehicle code and also to start looking into how to partner with Stanford and neighboring Cities. That might be on the Staff side, not for the Motion but Staff side maybe how we want to have some consistency in regulations, which would make it easier as regulatory environment regionally. Also, to encourage the vendors to operate cross-jurisdictionally. Tom and Liz, would you be ok with those Amendments?

Vice Mayor Kniss: Yeah.

INCORPORATED INTO THE MOTION WITH THE CONSENT OF THE MAKER AND SECONDER to add to the Motion, "direct Staff to consider reminders to users to follow the California Vehicle Code, and work with Stanford University and neighboring cities." (New Part B)

Vice Mayor Kniss: Getting a little into the weeds but go ahead.

Council Member Kou: I appreciate that you put in the adhering to the Vehicle Code, thank you.

Chair Wolbach: Thanks for raising it, I think that was a good catch. Any other comments on this one? Alright, all in favor of the Motion? Passes unanimously. Thank you so much to Staff.

Mr. Corrao: Thank you.

MOTION AS AMENDED RESTATED: Council Member DuBois moved, seconded by Vice Mayor Kniss to recommend the City Council:

- A. Adopt a Resolution authorizing the City Manager to create a one-year pilot program regulating private bike share operations in the City of Palo Alto including the following additions to Section 2.a.
 5. "Insurance;
 6. Indemnification of the City;
 7. Performance bond or cost recovery contract;

FINAL TRANSCRIPT MINUTES

8. If feasible use of advertising inventory for the City and the City's partners;" and
- B. Direct Staff to consider reminders to users to follow the California Vehicle Code, and work with Stanford University and neighboring cities."

MOTION AS AMENDED PASSED: 4-0

Future Meetings and Agendas

Chair Wolbach: Our last item before we leave and Rob if you could stick around for this one. Thank you, both from the Planning Department for that. The last item is Future Meetings and Agendas and we do have an At Places updated Tentative Agenda list. It looks like we got through a lot tonight in just over two hours, great, good job team.

Vice Mayor Kniss: Well done, very well done.

Chair Wolbach: In December it looks like a couple of things that we were originally hoping to do in December won't be ready in time but are not time sensitive. It's the update on the Think Fund Programming formerly the Branch Street Garage Fund with Community Services Department (CSD). Also, the Palo Alto Stanford University Air Quality Project array of things which is run by the IT Department so those are not time sensitive and won't be ready by December, that's correct?

Rob de Geus, Deputy City Manager: Correct.

Chair Wolbach: Then we are looking at having that Anti-idling Ordinance come – it was referred by Council that that will be coming to Policy and Services in December. Along with taxi cabs finally and also, this is important heading into the new year, a discussion and recommendation for the 2018 priority-setting process. Any comments or thoughts or questions from Staff on this or from Colleagues before we wrap up?

Mr. de Geus: Just wanted to point out that on the back of the sheet there are also audit updates that Harriet shared with me this week. So, this is looking into next year but these are the ones that are coming up in the first quarter, there's quite a lot there as you can see.

FINAL TRANSCRIPT MINUTES

Chair Wolbach: Well, if we can do...

Vice Mayor Kniss: (Inaudible) is back, amazing.

Chair Wolbach: If we can get through those each as fast as we got through them tonight that shouldn't – alright before we adjourn, any other questions from Colleagues on this? Seeing none, alright this meeting is adjourned. Thank you all.

ADJOURNMENT: Meeting adjourned at 8:19 P.M.