



# POLICY AND SERVICES COMMITTEE FINAL TRANSCRIPT MINUTES

Special Meeting  
February 13, 2018

Chairperson Wolbach called the meeting to order at 7:00 P.M. in the Community Meeting Room, 250 Hamilton Avenue, Palo Alto, California.

Present: DuBois, Fine (Chair), Holman, Wolbach

Absent:

## Oral Communications

None.

## Agenda Items

1. Presentation and Recommendations for Next Steps Regarding Federal Aviation Administration (FAA) Initiative to Address Airplane Noise Concerns of Santa Cruz, Santa Clara, San Mateo, and San Francisco Counties

Chair Fine: We have three speakers but if others would like to speak, please submit your cards, thank you.

Michelle Flaherty, Assistant City Manager: ... in departing. So, the blue planes are all currently in the air on arrival and the green are departing out of SFO and everything white is not SFO traffic so that's San Jose, Oakland, or passing through are the white planes. You can see here a typical sampling of the number planes that are in the sky at any given time.

Council Member Holman: Where's Palo Alto on that?

Ms. Flaherty: Palo Alto is right in there under all those planes.

Council Member Holman: I wasn't sure if you were at the airport or at Palo Alto.

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Ms. Flaherty: I'll actually zoom in and if I zoom in you can really see the flights that come from the north making their turn.

Council Member DuBois: Is that BDEGA West?

Ms. Flaherty: Yep, that's BDEGA West(arrival and departure points) and I'll show you a little bit of that in the PowerPoint. So, you can see that happening in real time right now. With the Committee's permission, I'd thought I'd just very briefly give a little bit of context on where we've been and then update you on the report that was summarized in your Staff report before getting to recommendations so that we have a foundation for the thinking behind the recommendations. Starting with what's going on and why is this an issue? Airplane noise is growing for our community in part because air traffic is growing significantly. So, in the last five years, all three of the major airports in our region have been growing significantly. In the last five years, SFO has grown by about one quarter, Oakland has grown by nearly a third and San Jose has grown by fifty percent and that's just in the last five years. I'm going to go through the other two points on this slide in a moment but before I do that, I just want to give you a slight amount of information about each one of those airports. So, these are statics from Oakland International and you can see the growth both in terms of passenger counts and in terms of cargo. I think it's helpful for us to remember that cargo, as well as passenger flights, are part of the dynamic here. We've also – yes?

Council Member DuBois: (inaudible)

Ms. Flaherty: Yes, operations is takeoffs, landings, all kinds of operations which is going to be a different number than passengers or cargo. So – right and we might have some military as well which would not be under cargo or passenger. It would be a different classification depending on the airport. San Francisco International, the top – I apologize, the writing on these are small – the top chart is passengers and the lower right is operations and you can see the drop off that – sorry, you can see the steady growth that we've had since 9/11 and the projections on how that's supposed to continue significantly. These are the cargo charts for SFO and you can see while the upper left is domestic, the lower right is international. If you look at the projections on international, we're expecting a significant increase in flights there as well going forward. These are the San Jose statistics and again you can see the significant growth in recent years in terms of passengers, as well as cargo and the significant projections for cargo. So, it's growing and all three airports project significant additional growth well beyond what we've seen in the last few years. In addition to air traffic growing, technology is

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changing the way the FAA controls air traffic. If you look at the chart – actually, I’m going to try to use a laser pointer here. If you look at the chart that the FAA prepared, you can see in March of 2015 is when the Next Generation or what FAA calls Next Gen. kicked in for SFO. Now they are phasing it in nationwide so not all airports are enjoying Next Gen. yet but SFO did implement the first stages of it in March of 2015. Many of our residents have observed that it was Spring of 2015 when they noticed a significant change in the impacts in their quality of life. What you’ll also see on this chart are some future elements of Next Gen. will also be phasing in; time-based flow management, collaborative air traffic management, and separation management. Those are things that haven’t happened yet for SFO but are scheduled in the future and may give us an opportunity for some improvements depending on how it’s done. So, something we want to be at the table for when they’re done. Then the third factor to think about is that technology is changing how the airlines manage flights and routes. If you think about now a day when you get into your car, if you use a GPS or Ways or some other app like that, you plug in where you are going and the system will tell you the fastest route to take you there. That route might take you through side streets and neighborhoods instead of main streets if the main streets are too crowded. Well, this is a gross oversimplification but the airlines have a similar ability now where they are trying to figure out how to get from the airport they’re departing from to the airport they’re headed too. They want to be on time and they want to save fuel and they also want to avoid turbulence so they are going to map the most efficient route for them in terms of economy and customer service. They may not always travel from Point A to Point B along the same corridors. They might alter that depending on weather conditions that could drive turbulence or other factors. I think sometimes we have a tendency to think the FAA is controlling all elements of everything that’s happening but it’s a dance between the pieces of this that the FAA is controlling, the pieces of this that the airport is controlling, the pieces of this that the airlines are controlling and so there are a lot of different stakeholders involved in the decisions that are impacting where the planes are going. So, all things that we need to be thinking about. The upshot of that, of course, is that there are a lot of planes over the Bay Area on any given day. This is 24-hours of traffic in the Bay Area and the question some ask is well, ok, so if it’s bad everywhere, Palo Alto. What makes you so special and I don’t think we’re arguing that we’re special but I do think we’re arguing that we have some things to consider. After reviewing the facts, it is clear to me as a newcomer to City Staff in learning about this issue that airplane noise is a real issue in the City of Palo Alto. It is for many of our neighboring communities as well and I want to just summarize why it’s such a big deal in the City of Palo Alto. Fifty-three percent of arrival to SFO fly over or near Palo Alto, more than half of arrivals going into SFO. So, if you look at this chart, you can see or this diagram,

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you can see about forty percent are coming in on what's called DYAMD which is coming in from the east. That's the blue line here arriving from the east so these are the majority of flights coming in from Denver, New York, Chicago and they are all coming in through DYAMD. So, about forty percent of San Francisco arrivals come in from the east, everything else isn't. So, we have what we call the Surfer route which comes in from the south, comes in over the Santa Cruz/Capitola area over the mountains and comes in – you can't see the orange because it's covered up by the green but the orange continues up to where you see some writing here and what that says is Menlo. This is the MENLO waypoint which is where the traffic is directed to get to in order to figure out how to get into the airport from where it was coming from. Menlo is right near Palo Alto so as a result, everybody who is coming in from the south on the Surfer Route is going to be directed through the MENLO waypoint and they are going to be coming pretty much over most of Palo Alto in the process and that's thirty percent of SFO arrivals. Then we have five percent coming in on Oceanic from the west and those are the pink lines that you see here and they line up. Then again, they come in pretty much right over Palo Alto on their way into the MENLO waypoint. Now you may say well five percent, that's not so bad, that's not a lot of flights. I was interested however to learn as I studied this that thirty or maybe forty percent of those flights are coming in between 4:30 and 6:30 in the morning. So we'll have to hand this around. They are going to try to set the speakers but in the meantime we'll have to pass this around. The – so, when you add these together you get fifty-three percent of the flights coming in over Palo Alto. What is fifty-three percent of what? So, to put that in context, we get about, on any given day, about 315 planes flying over or near Palo Alto in a day. That's 242 arrivals coming in from DYAMD on the east, 181 coming in over Surfer, 150 coming in over BDEGA of which over 100 of those are coming over Palo Alto and then another 30 coming in over Oceanic. That gives you a sense of the magnitude, it's well over 300 planes on a typical day flying over the City of Palo Alto. What we're seeing is the SFO Noise Office keeps track of the responses or reports of noise that they get from around the Bay Area and Palo Alto is home to more noise reporters for SFO than any other community in the Bay Area. You can see here the Surfer Route clearly expressing itself in noise reports where the Santa Cruz/Capitola area is being impacted and the Los Gatos area and then Mountain View and Palo Alto. You can also see where the Oceanic flights are coming in and driving noise reports there, as well as the BDEGAs turning. If you look over to the right side of this, you'll see the SFO Noise Office shows how many noise complaints are coming in from the communities that are members of the SFO Round Table. Then from communities that are not members of the SFO Round Table and you will see Palo Alto is number one in the number of reporters. So, we have Santa Cruz at 125 – this was for the month of December, Los Gatos at 147, Los Altos 169, and Palo Alto at 213.

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Let me just be clear, this is not the number of complaints, this is the number of compliance so this is not reports, this is discreet reporters. So, it gives you some idea of who's been telling San Francisco that they are being impacted.

Chair Fine: (inaudible)

Ms. Flaherty: Yes, the Noise Office produces reports and we can gather that for you. Did you guys do a reset? Testing. Ok, great, thank you. In addition to SFO, of course, we've got two other airports. The good news is San Jose Airport is usually not as great a problem for the City of Palo Alto. As you can see on these charts the planes take off typically in San Jose Airport. They take off and they turn to the right, away from Palo Alto and they come out over the Bay and try to take up as much of the Bay as possible before they sort of corkscrew up and out. However... (crosstalk)

Council Member DuBois: If you could just explain that last slide.

Ms. Flaherty: These are all slides from other FAA presentations so they were making a different point when they were presenting this...

Council Member DuBois: Was that pre-Next Gen./post Next Gen.?

Ms. Flaherty: I don't even know. I bet some of our residents do because they were probably there when this was presented. I was only using it to compare it to the next slide rather than...

Council Member DuBois: If somebody knows, maybe they can tell me.

Ms. Flaherty: Yeah but they are comparable, I mean if you look at them they are not that different; which I suspect was the point but I wasn't there so I don't want to speak for the FAA. If you compare this to the next slide, you will see how the pattern changes and about fifteen percent of the time, due to weather conditions, San Jose departures have to fly on what they call the South Flow departure which sends them to the west rather than to the east. You can see on these charts that sends them over Mountain View and Palo Alto. They are trying to stay over the water to the extent that they can at the beginning of the takeoff but you can see from the legend that when they're over – if they go over Palo Alto, they are going over Palo Alto at some of the lowest altitudes. Between 2,000-4,000-feet so it doesn't happen often but when it does, this is in addition to what we're seeing on the SFO arrivals. What are we doing about it all? We last presented to the Council in

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June and at that time we were directed to take several actions. In response to that, we reached out to neighboring communities to begin exploring conversations about how we can work together. We researched noise monitoring options and the Staff at the SFO Noise Office confirmed that they can provide temporary noise monitoring to the City of Palo Alto. One of our recommendations to you tonight is that we think we should go ahead and pursue that. We sent letters to the FAA in July and November in anticipation of reports coming out from the FAA. The last of which was the Phase Two update which came out in late November and we conducted an analysis of the FAA's findings in that and I'd like to give you a summary of what those were. I'll try to move through these quickly but I think each one deserves a moment or two of time because they are all issues that the City has taken positions on and has talked about in the past. The first position that the City expressed to the FAA was encouraging the FAA to find ways to reduce congestion at MENLO waypoint. As I mentioned in one of the previous slides, MENLO waypoint is the point that is very close to the City of Palo Alto where all the planes are getting to before they get routed into their final approach to SFO. The FAA took a look at that and in their response, they said well it's really not possible to reduce congestion at the MENLO waypoint because if we move the traffic to the east or the north, we will run into San Jose airspace. That would create an unsafe circumstance so we cannot recommend that as a solution; we being the FAA. That was their response to Palo Alto's request. Another one of the positions we had suggested was what about relocating flights to the east and to the east -- if I can direct you back over to that DYAMD arrival, here's another drawing of where DYAMD comes in and then DYAMD heads out over the bay and picks up final approach into SFO. So, that's -- DYAMD, as it comes in from the east, is going to create congestion if all of the flights that are currently running through our airspace are routed over there. The FAA responded well, it's a problem because it's going to create much congestion by adding everything that's coming up from the south over to the east. Also, it's not very safe to load that up because the DYAMD arrivals have to sort of thread this needle between the San Jose airspace and the Oakland airspace. So, that doesn't allow the air traffic controls much opportunity to do much vectoring. They've got to stay on a pretty narrow approach as they head into the final approach for SFO and so there isn't a lot of flexibility for vectoring there. You'd have to do some vectoring to feeds our flights in between their flights. You have to sort of wiggle things around to be able to stagger the flights and so because vectoring would be too tight in between the two other airspaces and it would create too much congestion, the FAA could not endorse that suggestion. We also asked the planes to fly higher over Palo Alto and the response that the FAA provided to that was an interesting response because it was a two-part response. They said they couldn't endorse that either because the planes have to come in at a certain dissent grade so the closer you get to the

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airport, the lower the plane as to be and if the planes are 5,000-feet or higher over Palo Alto, they won't be low enough to get to final approach in a straight line. They would have to vector around in order to get enough distance to come down to where they have to be on final approach. That would send them into San Jose airspace, which would be an unsafe situation according to the FAA in the report so they could not endorse that either. Now what was interesting about that response is that in another section of the report, the FAA also conceded that there is already an agreement in place between the SFO Noise Office and the Northern California TRACON to actually try to keep the flights at 5,000-feet, under certain circumstances, what coming over Palo Alto. The FAA formally supports that when possible so in one portion of the report they support this one whenever possible and in another portion of the report they say except that they can't do it. One of our Staff recommendations is to continue to advocate for adherence to that agreement which is on the record and we would encourage the FAA to continue to follow. The next position is fly over the Bay more often. Let's not – we really don't want to push this problem onto our neighbors, we don't want to make our noise problems other Cities noise problems and the best thing for everybody would be to put more planes over the Bay. The easiest way to do that would be on the BDEGA route, instead of taking the BDEGA West which turns in over Palo Alto. Take BDEGA East which flies over the Bay and what I have here is – I think this is unlikely to improve and I say I intentionally because this is my opinion as Staff. If you read the FAA report, what they are saying is that's a great idea. We should really – we agree that we should use BDEGA East over the Bay whenever we can. The problem with doing that more frequently is BDEGA East shares a final approach with DYAMD so with forty percent of the flights already coming in from DYAMD, our ability or the FAA's ability to then thread additional flights in over BDEGA East is fairly limited based on the traffic congestion coming in on DYAMD. They say they will do it whenever they can but right now, it's a 70/30 split so they are currently doing it whenever they can and it's only coming to past thirty percent of the time. The other thing the FAA says in the report is that with the growing traffic at the airports, we expect congestion on DYAMD to increase. If they doing as much as they can already and its thirty percent of the time, chances are that's going to be reduced to well under thirty as the congestion on DYAMD continues. So, not a lot of improvement on moving the flights over the water. Our next position was reduced vectoring when possible and the FAA says this is feasible to a point. It's a little difficult because of the surrounding airspace so there are some limitations on it and we think it's something that we should continue to be at the table to try to encourage when possible and where possible. Another position was adjusting schedules and sequencing to try to reduce the impact on our community. Again, the FAA says this maybe be feasible and in fact, they specifically call out the BDEGA West Route, which is the one that flies over Palo Alto, as a

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place that might be a candidate for improved sequencing. So, that is a place where they are willing to explore that in the future. You will recall from my first slide that showed the schedule for Next Gen., that improvements in sequencing are still a few years out. So, that's something that would be coming in the future with additional technology. The last position we've taken in the past was about metrics and request that the FAA take a look at using new and better metrics. The traditional noise impact metrics that the FAA uses are based on the way air traffic control and airport impacts were done in the times when radar-controlled air traffic control in the area. Since NextGen we've seen a difference in the way communities are impacted so our argument has been noise metrics should be considered in the context of how technology works today rather than how it used to work. The FAA's response to this was rather interesting because the FAA would be the appropriate federal agency to explore what kind of metrics it's using. However, technically, the way the recommendation came out of the Round Table, the Select Committee, was the Select Committee voted to recommend to the Congressional Delegation to direct the FAA to use new metrics. In the final report from the FAA, their response was well, since you recommended that the Congressional Delegation should tell us to do this that's not our action, that's Congress's action. That's their formal response in the report. One of the appendices in your – in the report do show you that in the House version of the FAA Reauthorization Bill, there is language related to metrics so Congress is looking at that in the House. In the Senate version of the bill, there is no language related to metrics so it remains to be seen whether or not that will come to pass and if the bill is even moved on this year. In terms of where we go from here, we have a few different regional bodies that are currently underway. San Jose Airport has formed an Ad Hoc Advisory Committee on South Flow arrivals and Council Member Kou is Palo Alto's representative to that body. They have agreed to try to complete their work within approximately 120-days. That's a temporary Ad Hoc Committee looking at the impact of South Flow arrivals on neighboring communities. The SFO Community Round Table has been around since the 1980s and it consists of representatives from the City and County of San Francisco, the county of San Mateo, and the eighteen Cities within the county of San Mateo. It was originally designed based on who was being impacted from the noise directly adjacent to the airport. Given the dynamics with Next Gen. and the increased impact on communities further out from the airport. The SFO Round Table has now begun discussing the feasibility of inviting additional membership which is something they haven't considered since they were formed in the 80s. So, that's a rather significant development and they have proposed considering having one representative from the county of Santa Clara and one representative from the county of Santa Cruz added to their about twenty or so seats that are on the SFO Round Table. Then the Cities Association of Santa Clara County has formed



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an Ad Hoc Round Table Committee and that Round Table Committee is meeting temporarily to develop a proposal to form a permanent south bay roundtable in partnership with Santa Cruz County. It would have representatives from the Cities and the county in Santa Clara, as well as Santa Cruz. Council Member Scharff is Palo Alto's representative on the Ad Hoc Round Table. I want to be clear that's the Ad Hoc Round Table that would then help design the permanent round table and then the question would be what would Palo Alto's representation on the permanent round table look like. The notion of these Committees I think is particularly important for us to think about as we think about next steps because one of the things that was very clear in the FAA report is in an answer to many different issues throughout the report there were several recurring themes. The FAA kept going back to issues of congestion, flying distance and noise shifting as issues that they did not feel comfortable responding to until the competing interest of airline stakeholders and different affected communities where addressed by either the Select Committee, which has since sunset, or the SFO Round Table. So, what I understand from reading that from a federal agency is they are really looking to the local community to reach some consensus in speaking to the federal agency about what is desired in the local community. So, Palo Alto being engaged through regional Committees and roundtables is one of the things that Staff is recommending. We look at very seriously so that we have a seat at the table and were able to more effectively communicate with a federal agency that has declared it's really not interested in responding to sort of "one-off" inquiries from different communities that aren't reaching a consensus at the local level in our region. The recommendations in your Staff report from Staff are to actively support and participate in those community roundtables and we should probably look at what kind of Staff support might be required to make that kind of participation feasible. To request temporary noise monitoring from SFO, to continue to address noise issues as our legislative priorities in lobbying in Washington D.C., and some specific Council positions. Now I titled this slide in starting recommendations because I suspect these won't be the limit of Council positions so we don't want you to infer that Staff thinks that this should be the limit of Council positions. I suspect after hearing from the public we might hear some really good suggestions about additional positions the Council might want to consider. We would start with calling for improvements to SFO Flight Quiet Program, adherence to the altitude agreement I described earlier and maximizing the use of BDEGA East whenever possible. They have said they support that but continuing to press for it should help us in the short term. Maximizing sequencing as technology allows it to improve. Adoption of improved metrics and greater community engagement by the FAA and the airports. Those are the starting of Staff recommendations and at this point, I will cease with my presentation. Thank you.

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Chair Fine: Thank you very much, Michelle, this was really comprehensive. I'd like to go to public comment. If we have any other speakers or folks who would like to submit a speaker card. Rob?

Rob de Geus, Assistant City Manager: Council Members, I just want to follow up on Council Member DuBois question about the pre and post OAPM and it is related to the Next Gen. In fact, it stands for Optimization of Airspace and Procedures in the Metroplex. The Metroplex is the area that covers the three airports that Michelle talked about.

Chair Fine: Thank you. Our first speaker is Marie Jo Fremont to be followed by Brigs Nisbit and let's do two minutes per speaker since I suspect we may have a few. Welcome.

Marie Jo Fremont: Thank you. Dear Council Members, my name is Marie Jo Fremont and I'm here tonight to make specific requests on the subject of airplane noise on behalf of other Palo Alto residents who have paid close attention to this issue since 2015. Request number one, we support the starting Staff recommendations and would like to propose three more items. Item A: Advocate for solutions to reduce the health impact of both airplane noise and emissions. The negative health effects of both noise and emissions have been documented through various studies. Item B: Collaborate with other (inaudible) official to establish original position and ask the FAA to solve the problem with system-wide solutions, not independent point solutions. Item C: Develop a noise monitoring plan in concert with others; be it an airport, roundtables, Air Plane Noise Committees or other Cities that are affected by airplane noise. Request number two, direct Staff to put in place a fast track process by the end of June to allow the City if necessary to file complaints within 60-days of the FAA implementing a change. The City may never have to use it but must be ready to act if necessary under the 60-day FAA deadline to file. Request number three, write a letter to the FAA and Congressional Representatives as a response to the FAA update on Phase Two report from November 2016. The response should highlight in particular that the Select Committee recommendation to move the Surfer (inaudible) track to the (inaudible) ground track was for a new procedure that would follow nine criteria. Including flighting at idle power all the way to the bay and at attitudes at or higher than the previous basic procedure along the entire route. Thank you and I'll give you a copy of my statement.

Chair Fine: Very well, thank you very much. Mr. or Brigs Nisbit is next.

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Jennifer Landesman: I'm -- Brigs and I are one comment and I may not need all the time.

Chair Fine: I see your card next so we'll just combine those. Thank you.

Ms. Landesman: Thank you, Council Member Fine. My name is Jennifer Landesman, Sky Posse, Palo Alto. I'm part of a sizable and growing collective of citizens working to reduce noise over Palo Alto and neighboring Cities since the Next Gen. noise problem began in 2014. I would like to actually note that who all is here because of jet noise and many of you were here in 2015 when we did the first presentation about jet noise. I just want to recognize all of these people because they are the force behind a lot of the data and the analysis that is going on and just a shout out to everyone. In the now four years of working on this problem, I note that FAA has two methods of engagement with communities to address noise. Working through community roundtables systems and Congress and the other method is litigation. Both methods have been employed to address Next Gen. in the last three years by communities around the country, sometimes in combination. The Select Committee was a special effort to identify remedies for Palo Alto and the region, specifically for impacts from SFO southern arrivals. It was a fruitful – it was fruitful to engage directly with the FAA for six months, the Committee, however, had the limitation that they were, per their own admission and this was recorded in a vote, not experts and the final many of options to some extent did not fully address even some of the basics of problems about Next Gen. navigation issues related to noise. As an FAA Official mentioned to me at the very end when we were all shaking hands, he said I know we didn't get to your areas issues so you need to come back to us. I believe that while Next Gen. navigation allows planes to fly closer together and there's a lot of technology. Truly what solves safety and efficiently for FAA and the industry is the bigger swath of space that they are using over our homes in order to land all these planes which is a brutal impact on Palo Alto. We are the solution to safety and efficiently, not necessarily the technology. The FAA has said they will continue working, we need to keep working on remedies. I may not have time but a lot of things that happened with the Select Committee have changed including that also there's going to be a new landing system.

Chair Fine: Thank you.

Ms. Landesman: Is that both Brigs and mine?

Chair Fine: We don't combine them, its...

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Ms. Landesman: Oh, you don't.

Chair Fine: Do you want to finish your last thought, please?

Ms. Landesman: I just want to mention that the City has the Top Gun Aviation Law attorney, Mr. Kirsch. Thank you to City Attorney Molly Stump for having hosted him this year with several residents. I think as next steps proceed we need to look at all options and we just looked to your energy and commitment to this because it matters to so many people. Thank you.

Chair Fine: Thank you very much. Kerry Yarkin is next.

Kerry Yarkin: Good evening, I was going to run off my old letter that I wrote four years ago when this all started but I decided not to so I went to your City hot topics under airplane noise. You have forty-eight key documents, I counted them all and there is just so much that has gone on in four years, documents, Select Committee meetings, letters, you know all the stuff but where are we? It's as bad as it was in 2014, that summer when it all started. Now most of you weren't on the Council, I think you were Karen, but – so we are like ok, fine, there are all these Committees, there's the roundtable but I just think at this point after four years of not being able to sit in my backyard, do my gardening, relax, take a walk in my neighborhood which is horrible, without my noise canceling headphones that you need to start the legal option. That's where I am, I feel that you need to ok, fine, do these little Committees and join with Los Altos but go get together with people from Newport Beach, Phoenix, Laguna Beach, George Town and the State of Maryland who are fighting the FAA and what the FAA has done to the livability of their citizens. I am here as just a citizen of Palo Alto, I would like to be here but I feel that the noise has really impacted my life, my family's life, and our ability to live here. We are here for four more years everyone, I have kids going through high school but you know what, this is just not acceptable so that's where I stand. This is four years later, thank you.

Chair Fine: Thank you very much and if we could refrain from clapping, that would be appreciated by all, thank you. Next is Karen Porter followed by John Koval.

Karen Porter: Thank you to Staff for providing an excellent summary of the FAA report and the situation we find ourselves in. As with other speakers though, I agree that we need to really push back strongly against the FAA. In particular, by responding in writing that the report is just entirely disingenuous and conclusory in numerous respects. As one example, we

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should say we should continue to push for an honest evaluation of alternative waypoints to MENLO. We're not saying no flights over Menlo but just our fair share. The FAA rejected FAITH which would have brought flights in a northerly direction east of the bay because supposable this would conflict with DYAMD which – as you can see from that slide 16, runs from east to west. This fails to recognize that three routes – routes are now converging over Menlo, what about that conflict? We should also continue to push for a minimum altitude of 5,000-feet at MENLO. The FAA said it could only do 4,000 because of the glide path into SFO, yet there are a certain percentage of flights over 5,000, although not enough, so that indicates that is feasible. Moreover, the 4,000-minimum altitude is not even honored on a regular basis and I have a handout, which I'll leave, that shows I'm about two miles southeast of MENLO Waypoint and regularly flights come in under 3,000 over my house and some even in the 2,000. So, the FAA needs to be held to at a minimum their 4,000 commitment and push for the 5,000 minimum as well. Also, the FAA without any prior discussion implemented or created a new flight path called Surfer Star or Surfer Three with its own new waypoint but the FAA did not provide any map showing this new flight path, just some coordinates. From what we can tell the path is slightly east of Surfer, which happens to be right over my neighborhood, Duveneck, as well as East Menlo Park and East Palo Alto. Despite the FAA professed concern for noise shifting, the FAA conveniently was not concerned as it pertains to Surfer Three. I'm out of time and I have many more disagreements with the FAA report that I will submit to Staff.

Chair Fine: Please be sure to show up when we have another meeting or just send us an email.

Ms. Porter: I will, thank you.

Chair Fine: Thank you. John Koval is our final speaker.

John Koval: Hi there, I'm John Koval, I'm from Palo Alto. I grew up in Orange County and we handled the noise by telling the FAA what we wanted and what they needed to do and putting our foot down. It worked, it was not easy and so far, all I see is Palo Alto does not even have a seat at the table; Palo Alto and none of our neighbors. They are all aesthetic that the whole Next Gen. thing has happened because it's put all the noise over those rich people in Palo Alto so they are not going to support you in it. We need to make our own seat. The FAA really is using smoke and mirrors to distract us to other things and say they can't do anything for us. They love having all these routes coming over us. The worst is the Class B airspace and reducing the level for the Class B airspace under 4,000-feet. All that does it put them

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lower over us and they are already under 4,000 frequently. Particularly, the OCEANIC flights which are the 4 AM to 6 AM which are the most annoying. They are not even considered in any of this that we're talking about. That would be an easy one to change. Send them over the Golden Gate, have them then do BDEGA East right to the airport. Boom, that would be a piece of cake to do that. That's it, we need a seat at the table, we need to hear – our voice needs to be heard by them. Right now, they could care less, we're not even on a Committee as far as I can see. We weren't on the South Bay Select Committee and that was – there's a reason, none of our neighbors – because they don't want this over them; the pollution, all of it is bad.

Chair Fine: Thank you. We have one last speaker, R Finn. Welcome.

R Finn: These are very impromptu remarks. I was not expecting to speak, I didn't know the manner in which this meeting would be organized. I thank you for the opportunity. I'm one of those who has lived through the transition, I was a resident of Palo Alto long before 2014 and I'm still a resident of Palo Alto. In 2014 there was a very dramatic change, prior to 2014 nobody thought – nobody that I knew gave a thought to any problems with airplane noise. During 2014, a discontinuous transition occurred and suddenly we were (inaudible) with noise. There must have been a reason for a discontinuous transition. Airplanes have continued to fly over us, perhaps with increasing frequency but continuously increased in frequency but the sudden change in 2014 has to be described as something very dramatic that occurred just at that time. I think we all know what that dramatic thing was, we were not informed in advance, and it took months after the change before I had any idea what was the thing that happened that suddenly increased the airplane noise. We have gotten no response from the FAA as everybody has remarked. I've seen some disingenuous responses and I have them on record in my files and I'd be glad to make them available. I think the FAA has been grossly dishonest with us and I think we should respond on that level. Thank you.

Chair Fine: Thank you very much so now we'll return to Council. Just to set the stage, Staff is asking us to endorse the starting recommendations and send them to our colleagues at Council for full endorsement but I'll open it up for comments and questions. Council Member Holman.

Council Member Holman: So, through the Chair, I was anticipating quite a number of speakers. I know Jennifer Landesman and Karen Porter did not get to finish their comments and given there were only six speakers, I would like to allow them the extra minute to provide any additional information they would like to do.

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Chair Fine: Thank you. To be fair to everyone, I'm going to keep it at two minutes.

Council Member Holman: But the others finished within that time and those two did not. That's why I am asking for those two speakers to be granted more time.

Chair Fine: If you have questions of anybody – of the speakers, that would be great.

Council Member Holman: Yeah, I want to know what they weren't able to say. That's specific...

Chair Fine: I know most meetings run at three minutes per public speaker. I chose to...

Council Member Holman: This is only six speakers.

Chair Fine: ...use two minutes because we have four items tonight and we have speakers on perhaps all of them. I do want to give everybody a chance to comment. There are going to multiple places to do that; here, at Council, through email and so I decided to limit it to two minutes. If you have specific questions to the speakers, please feel free to ask them but I decided to go for two minutes tonight.

Council Member Holman: I think if I was an attorney I would say exception. Somebody else starts because I was thinking about this.

Chair Fine: Council Member Wolbach.

Council Member Wolbach: Excuse me. I first want to say thank you, Staff, for an excellent presentation. I think that set it up for us very well. I appreciate that in your time on the City Staff you've gotten up to speed on this in an impressive manner. For those who came to speak tonight, thank you very much for your input. I know it's been a long slog and I wish I could say the end was in sight but at the end of the day it's your job is to advocate to us and on this issue, we're not the decision makers. So, all we can do is be advocates on your behalf but thanks for trying to give us the information that we can use as ammo when we go to the FAA. Starting with that, in March of last year four of us -- on March 17<sup>th</sup> of last year four of us on Council along with at the time Mayor Keith of Menlo Park, our lobbyist from

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Van Scyoc and also City Staff met with several members of – sorry, that was the 14<sup>th</sup> of March – met with the FAA in Washington D.C. Council Member Fine was there, as well as Council Member Scharff and Council Member Kniss; at the time Mayor and Vice Mayor respectively. In that meeting with the FAA they gave us some, I thought, very potentially promising, though I took it all with a grain of salt, information. They said that they had their AEE or the FAA AEE, the Office of Environment and Energy, doing a study on noise to set standards for looking at noise differently for doing different metrics. So, they were already working on that, they said they are working on that and doing a study in concert with MIT. They also said they had an Executive Committee called the Noise Steering Committee. They had – so they had created something internally within their own bureaucracy called the Noise Complaint Initiative that was trying to unify and standardize noise inputs so this is a national effort. We talk about what we can do to align our advocacy with other communities around the country and the FAA told us through their Noise Complaint Initiative, they are trying to unify and standardize how they took noise input so they could provide recommendations to that Noise Steering Committee and that there was a noise ombudsman in AEE. Again, that the FAA's Office of Environment and Energy. That's what we heard on the 14<sup>th</sup> of March last year and so when I hear that they are doing all that from them to our faces, that they are already looking at dealing with noise differently. Then less than a year later they say oh, we can't look at noise differently until Congress makes us. I wonder what I'm missing and I'm wondering if Staff has any thoughts on that, guidance on that? In the context, we're going back to D.C next month and hoping to get some face time with the FAA again. I don't want to scream at them but I want us to have productive conversations with them. I'm just wondering if I'm missing something or if this is a disconnect that's worth pointing out.

Ms. Flaherty: I can confirm in the research I've done that there is work being done at MIT and other locations. The FAA does provide grants for some of that kind of work through Universities and public-private partnerships. Many of the airlines contribute to that as well so there's a partnership there that – between the federal government and some of the stakeholders. I will just off the observation that the – I don't want to speak for the FAA but I will say that the update report by – any report like this by a federal agency is probably written with an eye toward whether or not there are any openings in it that would leave the agency vulnerable to a legal challenge. So, they probably have to weigh what they put in writing in a report as compared to what they might discuss face to face and whether or not those details might vary in specificity.



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Council Member Wolbach: I can understand that. Have we heard from the FAA for any other avenues any follow up on any of the things that I just listed?

Ms. Flaherty: We – the FAA has not responded directly to any of our letters so we have not heard from them directly. They have spoken through their report.

Council Member Wolbach: So, they have not responded to our letter? Ok, that's interesting. Next area of question, in your Staff report one of the attachments you talk about N.O.I.S.E, N-O-I-S-E. You didn't talk about it much during your presentation and it sounds like this is a potential collaborative that we could be part of partnering with other communities around the country. Does Staff want to take an – this opportunity to tell us more about NOISE and what that – what kind of potential that could have for us?

Ms. Flaherty: Sure, absolutely. N.O.I.S.E is the acronym for an advocacy group based in Washington D.C that communities from around the country belong too. It stands for the National Association to Insure a Sound Controlled Environment. The attachment in your Staff report includes their positions. These are federal lobbying positions around airplane noise and impact. They include noise metrics review, greater community engagement, health impact studies which was one of the things that one of our speakers this evening recommended as well, sound installation program funding, air traffic --opposing any privatization of the air traffic control system, and efforts to reinstitute the EPA Office of Noise, Abatement and Control. Those are the positions that the organization took in 2017. The organization also coordinates a workshop annually at the National League of Cities Conference that's held in Washington D.C. So, if any Council Members are going to that conference in Washington this year – Washington D.C this year, they can meet members of this association, get briefed on what's happening at the national level on these kinds of concerns and probably meet with folks from other communities that are also advocating for their communities on these issues.

Council Member Wolbach: I think at least three or four – five Council Members are going to D.C. and two of us here are going to D.C. So, we'll work with Staff to work out schedules and see if we can get at least a couple of us there for that. Does Staff have any other thoughts, even if qualitative, about how effective you think this group is or how innocent or how mature it is? Whether it's worth investing our time basically or whether we should

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keep working through local and through our lobbyist or is this a situation where we should pursue any and all alternatives.

Ms. Flaherty: Our Staff recommendations include multiple methods on multiple fronts and we would stand by those recommendations.

Council Member Wolbach: Ok. On the House versus the Senate recommendation, going back to this idea of getting some congressional nudge to get the FAA to act. Where's the status of that? Has it gone to a Conference Committee or anything yet? What's going on with that because normally, as I understand, what you have is a House bill and Senate bill that are slightly different but to the same end, they need to have some kind of reconciliation process?

Ms. Flaherty: That's correct. They have not proceeded. They haven't been called up for a floor vote yet.

Council Member Wolbach: Is that just because they've been busy with other thing and shutting down the government or what's – do we have – have we heard from our lobbyist about what the timeline is for that going forward?

Ms. Flaherty: We have, it – we – there is no indication of if or when it will move forward this year. So, a number of months ago, the thinking was that we would see an FAA re-authorization this year. Now folks following that legislation are less confident than they were a number of months ago and that it's likely to move this year given the competing priorities on the horizon.

Council Member Wolbach: What happens if the FAA authorization bill doesn't move forward? Do they just continue with the prior authorization and or...

Ms. Flaherty: Yeah, the re-authorization bills frequently get held up. So, it's -- in theory, they are required to occur when the previous authorizing legislation sunsets but in practice, the status quo continues until the next reauthorization bill is passed.

Council Member Wolbach: Similar to hypothetically if a City didn't finish its new Comprehensive Plan by the time the old one expired. Got it. As I comment on this there are many times we have here where the City Staff will recommend something to the Council and not wait for the Council to provide the direction. So, the argument that we can't – "we" the FAA – can't go anything till Congress directs them I find pretty ludicrous to be quite blunt.

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Especially in light of what we've heard from them in the past. We also got some comments, we also got a written letter with some recommendations from Marie Jo Fremont so has Staff had a chance to look these over? Before going to them I just want to ask if Staff has had a chance to look at them?

Ms. Flaherty: I am familiar with many of the ideas expressed, yes.

Council Member Wolbach: Are there any here that you think are going to be challenging or does Staff have any comments on these at this point?

Ms. Flaherty: With respect to the first one, solutions regarding health, emissions, etc. That's consistent with positions that the City has taken in the past. I think would be consistent with the recommendations to continue to make the impacts of airplanes on citizens a priority, whether it's noise or other factors like emissions. I think that's consistent and doesn't represent any issues. With respect to collaborating on a regional position, I think that's directly in alignment with Staff's observations about the value of collaboration. With respect to a broader noise monitoring plan, certainly, Palo Alto's ability to have an impact with limited noise monitoring within the City would likely be strengthened if it were done in coordination with noise monitoring elsewhere. That seems to be something that Staff would concur with as a healthy suggestion.

Council Member Wolbach: Then where were two other kinds of areas of suggestions. One was to be ready...

Ms. Flaherty: Yes.

Council Member Wolbach: ...to act perhaps legally or perhaps through other mechanisms in response to...

Ms. Flaherty: If I may, let me jump to the last one... (crosstalk)

Council Member Wolbach: Oh sure, (inaudible)

Ms. Flaherty: ... and then I'm going to differ to legal Council on the second to the last one. The last one was sending a letter to the FAA and Staff would certainly have no objections to summarizing all the positions that the Council ultimately wants to express into another letter to the FAA. I don't think there's anything wrong with getting on the record with the FAA. I think

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expecting a direct response in a timely fashion is probably not realistic given past experience...

Council Member Wolbach: Given that they haven't responded to any of our letters in the last year.

Ms. Flaherty: ...but I think being on record, Staff would have no objections to that. Specifically, the reference to the Nine Criteria, we did not get into the Surfer Big Sir topic in – specifically in our Staff report. That would again be supporting a position that the Select Committee took and I think the Staff would have no objections to that if Council wanted to weigh in on that particular issue as well. I would certainly differ it to Council on its thoughts on that and Staff can give Council much more background information on that topic. I'll differ to legal counsel on the issue of being prepared to act within 60-days.

Molly Stump, City Attorney: Sure, thank you. City Attorney Molly Stump, so we are certainly watching the situation very carefully. As Ms. Landesman indicated we do have on contract here at the City Peter Kirsch and his law firm, Kaplan Kirsch Rockwell, who are national experts in airport and airline law. They were, in fact, the counsel who represented – well one successful (inaudible), the City of Phoenix. We have had Peter out a couple times to talk with community members. Including I think it was maybe about four or five months ago he came and did a roundtable with I think many of the folks who are here tonight and they did get a chance to meet and speak directly with him and ask him questions. I think as he represented at that time, we do not have an actionable legal situation before us right now. He did have a lot of encouragement about working with regional partners, working through our political representatives and how to work with the FAA. I think the suggestion of to continue to watch and be ready is in fact what we need to do on the legal front. The – we had mentioned that the – I did have a conversation with Peter, I speak with him fairly frequently and I did have a conversation with him about the recent FAA report. We both focused on the same language which is early in the report where the FAA does formally state that the issuance of this report is not the final action that would trigger an environmental review, a moment to look at the process that they went through on environmental review and it doesn't reopen their prior action either. So, what they've essentially said there is you can't sue us based on this, we're just talking and so we're watching and waiting. That's exactly the right posture and we will look to our involved community and our citizens to help us to spot any development that could become an actionable legal item.

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Council Member Wolbach: Ok so before we get to Motions, I also wanted to ask Staff and thank you for that feedback and having already taken a look at the written input from the public on this one. Are there an item here which you think are redundant or unnecessary? Would be there any harm in adding in, at least in rough form, these recommendations to a motion tonight? Would that any way micromanages or bind the hands of Staff or be redundant of other efforts already underway or would these be acceptable to Staff and allow you to continue with your work?

Ms. Flaherty: I don't think anything here would – that we've discussed thus far would bind our hands. The one piece I would suggest you might want us to give you more information about is the criteria for the Surfer Big Sir issue. I think – I don't think there's anything there that's troubling to Staff but because it is not a policy position that the Council took in the past. Staff would want to make sure that Council understood the elements of the policy position before taking a position on it. So, we'd want to make sure to bring you the information of what that means.

Council Member Wolbach: If we included something like that in a Motion tonight, this would, of course, have to go to Council anyway because this body can't make decisions. We can only make recommendations and that might provide Staff the time to include either – whether it's on consent, as a written report or if it's on action presentation to explain that gap in Council's information.

Ms. Flaherty: Absolutely, we would include it in the report and if the Committee would like us to include it in the recommendations, we'd forward it as a recommendation with the background information.

Council Member Wolbach: With that, Chair Fine are you ok with going to Motions or would you like to...

Chair Fine: I'm ok with that.

Council Member Wolbach: Well, then I'd like to make a Motion which is to move the Staff recommendation with a couple of additions and I think maybe the best way to phrase this is it acceptable to say to ask Staff to incorporate the written letter from the public?

Ms. Flaherty: Sure.

Council Member Wolbach: We'll do that then.

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Ms. Flaherty: By the written letter you're referring to the one from Ms. Fremont?

Council Member Wolbach: Correct.

Ms. Flaherty: Yes.

Council Member DuBois: I'll second that if that's -- is that the whole Motion?

Council Member Wolbach: I think that sums it up.

**MOTION:** Council Member Wolbach moved, seconded by Council Member DuBois to recommend the City Council commit to regularly assign one or more Council Members to actively participate on available community roundtables related to aircraft impacts and direct Staff to:

- i. Request temporary noise monitoring in Palo Alto from San Francisco International Airport (SFO); and
- ii. Provide support to Palo Alto Council Members participating on available community roundtables related to aircraft impacts; and
- iii. Continue to include community impacts of aircraft in the City's regional, state and federal legislative priorities and engage with policy makers and associated advocacy groups as appropriate; and
- iv. Include in the above efforts Palo Alto's continued support for:
  - i. Improvements to SFO's Fly Quiet Program; and
  - ii. Adherence to the agreement to increase the altitude of aircraft over the Peninsula whenever able; and
  - iii. Maximizing the use of the BDEGA East Arrival route to SFO when possible; and
  - iv. Maximizing sequencing under current conditions and prioritizing the application of air traffic control technology to improve sequencing and aircraft management to minimize community impacts; and

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- v. Adoption of improved metrics for airplane noise and related impacts; and
  - vi. Greater community engagement by the FAA, San Francisco and San José airports; and
- v. Incorporate into the recommendation the comments contained in the written letter from Ms. Fremont.

Chair Fine: Thank you. Do you want to speak to your Motion or have you already?

Council Member Wolbach: I've spoken a lot on this item already so I won't say much. Again, I really just want to reiterate thank you to Staff for a lot of work from multiple departments and offices on this effort for years now, including recently. Thank you also to members of the public for making it easier for us, both Council and Staff, to get our heads around this and the research time that you've put in makes our jobs easier. Hopefully, that will allow us to speak with a stronger voice regionally and nationally so thank you.

Chair Fine: Thank you. Tom, do you want to speak to your second and then I'll come back to you Karen.

Council Member DuBois: I do. Is this close enough? First of all, thanks for the overview. I think this is probably the third or fourth time it's come to Policy and Services so I mean we have heard a lot of this before. It's a complex issue but we've had a lot of time to study it. I think – yeah, I became aware of this issue in 2014 and (inaudible) a lot from the community so it's been a long time. I do appreciate the presentation. I think I want to challenge some of the conclusions. I mean looking at passengers and tons of shipping doesn't necessarily imply more flights. I think probably the most telling thing is the – if operations or flights, if you look at slide four, I mean we're still below the peak of the dot-com boom in '97 to 2000. I'm not sure the airport has really grown and if they are saying they are going to grow in the future, as far as I know, SFO is not – are they building another runway? I don't think they are able to, right? So, I would just challenge that idea that I think things have definitely changed in 2014 and it was a very noticeable shift in noise. I agree with some of the public comments that the communities that now have less noise are not particularly eager to get it back. I think this is mostly about fuel savings and glide paths and it's really about big business and saving that gas which is

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good for the environment but it's also a health issue with noise and emissions. If we can – the Nine Criteria which we're talking about shifting the altitude to be able to glide and come in over 5,000-feet makes a lot of sense. I do think it's time for us to be much stronger on these points. The UK has much stronger regulations in terms of noise and public safety. I appreciate the Staff recommendations, they still seem like they are not really going to effect any change. I guess the question is, what else can we do? Molly, I'd really like to understand more about the successes some of these other Cities have had? Again, there's been confusion about whether we had notice or not in 2014 so why is not actionable? What are the constraints?

Ms. Stump: Right so every situation is unique and you have to consider all of the facts and circumstances, as well as the legal issues. So, I think you're referring to the Phoenix situation...

Council Member DuBois: Yeah, I'm familiar with Newport Beach and yeah, Phoenix and other Cities.

Ms. Stump: Right...

Council Member DuBois: California, in particular, seems to have had some success.

Ms. Stump: A few. There's – there are a few successes, not a tremendous number in litigating against the FAA. I'm not prepared to discuss all of the various litigation but each of the cases is different depending on when it was filed and what the facts were – the pre-cursor facts. The Phoenix case, the court had before a set of facts around the FAA's behavior that was quite distinctive. There was in fact even less -- quite dramatically less notice in that set of changes and that was one of the very early ones than there were in the northern California area. Then as the local community began to dialog with the FAA, the representation that they made the court ended up finding that the FAA had discouraged locals from taking any legal action by their specific representation. Which they learned from what -- the situation they got themselves in and those situations where not replicated in other areas. The court there actually gave the litigants an exception to what is otherwise a very strict and very short statute of limitations that the public has not become aware of. It's quite unusual in a law to have that short of a time (crosstalk).



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Council Member DuBois: So, when Next Gen. rolled out, there was an EIR done and that EIR closed, is that the issue?

Ms. Stump: Not an EIR. It's under Federal Environmental Law so it's an (inaudible) but in many ways similar and in some ways a different set of environmental roles.

Council Member DuBois: Even though the community has been filing all these noise complaints, that's not a basis for us to bring some kind of legal action?

Ms. Stump: The actions that the FAA took where some time ago and two things happened. One is there wasn't a legal challenge filed immediately within that window and then there actually was a legal challenge brought out of Portola Valley and what the courts –which was not successful and was dismissed. As Mr. Kirsch reflected and shared with the community, when issues are raised and they are resolved in the court, they are essentially foreclosed. So, we had a situation where there was a challenge brought and it was considered in the court system unresolved unfortunately not favorably to the community noise concerns.

Council Member DuBois: We're in a different location that Portola Valley, why does that apply to us?

Ms. Stump: Federal court procedural doctordand so we are in a position where we will be watching for a change that could create an actionable event and then we could get to the Council right away to talk about whether there is some kind of a claim in what Council may want to do about it. Of course, (crosstalk).

Council Member DuBois: You referred to them saying this isn't a final action. As soon as it's final are we allowed to say we went through this process and it didn't resolve anything? I mean what does the final action have to do...

Ms. Stump: Well so I'm referring the FAA's own language...

Council Member DuBois: Yes.

Ms. Stump: ...about their rules and approaches. By saying it's not a final action under the National Environmental Policy Act which is the Federal (inaudible) Environmental Lawsuit statue to CEQA which I'm more familiar with and it doesn't reopen their prior action. They are essentially saying well,

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you're still too late on the second thing and you're too early on anything else so we're in a waiting period. (crosstalk)

Council Member DuBois: So, what about issues with them going below 4,000-feet? Do we have any – if we start to identify flights that are coming in too low, can we take any action on those?

Ms. Stump: I think rather than go down this road with you of giving you live legal and risk advice. We should probably use the traditional way in which we advise you and not sort of try to pull this apart at that level of detail.

Council Member DuBois: (inaudible) we're waiting, I'd really like to understand what our options are to suggest to the Council that it's time that we initiate some of the legal action. So, are you saying we basically have no grounds in any dimension on this thing currently? If you can't answer that now, I guess could we have (inaudible) back to Council to include an option for that?

Ms. Stump: Traditionally this kind of advice is given confidentially to the governing body and it is my ethical responsibility to do that for you and all of your colleagues. I can do that, you don't need to make a motion. If Council as a body votes to waive any privileges it has around confidential legal advice, you can disclose that and share it with the public. I am comfortable saying to you because we had a fairly frank and open conversation with our community when our outside counsel was here, that it is his recommendation and view at this point that there is not a lawsuit to be had. I don't have hesitation in discussing that with you at that level of generality. If you'd like a more detail report on the various complaints and concerns that folks have, we can do that in a confidential forum. Unfortunately, again at the high level, the things that concern the community and are problematic are not necessarily legally actionable. The FAA has very broad authority to manage the National Air Space and in fact, considers airports that are part of the National Air Space to be national assets, not local assets. When the planes are in the air, they have very broad authority to manage where and how they fly. The fact that it causes concern, injury, etc. in local communities is more of a policy and an advocacy issue than necessarily a legally actionable one. In other words, there's not necessarily a legal right to be free of these problems that are generated by the National Air System.

Council Member DuBois: We did include I guess this idea of a 60-day fast track process in the Motion. You didn't really answer the question I guess

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when it came up. Do we need a special process to be able to react that quickly?

Ms. Stump: I'm sorry, I didn't understand what question didn't I answer?

Council Member DuBois: The suggestion in the memo is that Staff has a fast-track process that will allow us to respond within the 60 – well, I'm not sure where the 60-day time frame is coming from...

Ms. Stump: Council Member DuBois, what Motion are you looking at? Are you looking at – Ms. Fremont's memo?

Council Member DuBois: Which was incorporated into the Motion.

Ms. Stump: We don't – and your question is do we need a special process?

Council Member DuBois: Well, first of all, I'd like to understand where the 60-days is coming from.

Ms. Stump: Sixty days is the Statute of Limitations to file a lawsuit against the FAA for an actionable action that they take.

Council Member DuBois: Right and then so again, I just want to point out that we are asking for this process to make sure we can make the 60-days.

Ms. Stump: That's not a problem. What we need to do is we need to have at least a few conversations internally, do some analysis, we need to get to Council, Council has to authorize that, we do that in closed session but you meet almost weekly and I'm sure that the Council would schedule a special meeting for an item of this importance. Come together and hear from the City's lawyers and make a decision to authorize an initiation of a lawsuit and then one is prepared. It – filing a lawsuit is not a problem with the resources that we have and the experts that we have already on contract within that period of time. A couple of weeks is plenty of time to prepare a complaint so we don't need any special procedures.

Council Member DuBois: I do agree with a lot that's in this memo. I think – again, the community has talked a lot about a lot of issues but this memo says to emphasize 1.2R-1 and R-2 which are specifically talking about the height and the route that they come in on. Again, to me looking at the historical data, it seems like again the biggest thing that's changed is the

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height of the planes. Even at 1,000-feet makes a huge difference in terms of noise so I hope it's clear. I know we don't normally take on the FAA but I think it's time that we stand up a bit more. We can do all these other activities. I don't really have a lot of hope that being on the Select Committee is going to help Palo Alto in particular. I'm trying to interpret what you said, I think -- if this is what you were saying, I mean I would like to request that we schedule a closed session to understand the lawsuits that have been successful and to go over with Council kind of what would be actionable and what our options are legal.

Ms. Stump: We can do that.

Council Member DuBois: Ok so I would like to add that to the Motion, that we will have a closed session to talk about I guess the legal environment surrounding airplane noise.

Council Member Wolbach: Is that something we would need in the Motion in order to do or is there any harm in putting that in the motion?

**INCORPORATED INTO THE MOTION WITH CONSENT OF THE MAKER OF SECONDER** to add to the Motion a new Part F, "Schedule a Closed Session to discuss and better understand lawsuits on this subject matter that have been successful."

Ms. Stump: There's no harm.

Council Member Wolbach: Ok, I would accept that as a friendly Amendment. Is the City Clerk capturing this? Right, and we should probably review the Motion before we vote on it to just make sure we got it all.

Council Member DuBois: Great, thank you.

Chair Fine: Thank you, Council Member DuBois. Council Member Holman?

Council Member Holman: Yes, and could – Jessica, since you captured the Motion and sometimes it's easier for the Clerk than the maker of the Motion but one of the two of you if you would repeat the part that talked about the incorporation of these comments from the letter from the public.

Jessica Brettle, Assistant City Clerk: Sure, the Motion as it currently stands is the Staff recommendation so it's the exact wording that you see on the

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screen and ask Staff to incorporate the written letter from Ms. Fremont into the Motion. Then additionally, also request Staff to schedule a closed session to better understand lawsuits that have been successful on this subject.

Council Member Holman: So, clarification about incorporate, was the intention would be to incorporate the content of this in the City's letter, not just attach this letter to our letter, correct?

Council Member Wolbach: Well, my intention was to incorporate this into the Motion because of this...

Council Member Holman: Yeah, I got that.

Council Member Wolbach: ...includes several items that would be directed to Staff and would guide our actions as a City. So, my intention was to include these in our Motion.

Council Member Holman: In our direction, ok, alright good. So, others have been more intimately and directly involved in this. I've not been on Policy and Services for instance and I have a question about – Tom covered the things about legal options but I have another one about environmental impacts. I remember going back away, the FAA conceded that their environmental analysis and their criteria were outdated. Has there been any update to that? I don't know who wants to answer that. Have they updated their standards by which they evaluate the environmental impact on communities?

Ms. Stump: No and I think Deputy City Manager Flaherty spoke to the situation with the development of the standard.

Ms. Flaherty: Yes, with respect to noise metrics, that was the last item in our recommendations. If you're not referring to noise metrics then I'm not sure what you're referring to.

Council Member Holman: I was referring to noise metrics and maybe you're saying the same thing as noise metrics as one thing but I view it a little bit differently about the environmental impacts. So, measuring things is one thing but analyzing what the impacts of those metrics on a community are going another step so that's what I'm referring to. It's not just noise but it's also – it's those impacts on health and that would also include air quality impacts because there are a lot of particulates. So, I'm taking that extra step and is there any update on that because it's been a long time.

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Ms. Flaherty: No, the closest thing to an update on that would be the appendix in the Staff report that provides the update from our lobbyist in D.C providing an update on the language in the House bill of the FAA Reauthorization Bill. That's as close to progress as we've seen on that and you also see the language in the advocacy positions of the noise organization.

Council Member Holman: Thank you for that and so I think I'll have something to add to the Motion about environmental impacts. I looked up the FAA Reauthorization Bill and there's a lot of like not our jurisdiction, their jurisdiction, we don't do this, they do that and there's a lot of that and it's indicated in the report as well. I also looked at the House subcommittee and the Senate is kind of like Kings X and so the House has twenty-two criteria that they use; issues and agencies under the jurisdiction of the Aviation subcommittee include and there are 22 things there. The only one that even comes close to addressing what we're dealing with is something referred to as airspace matters. Which doesn't indicate to me that it could be at all impacts on the community, it's just like congestion and such. I don't know specifically what it refers to, it just says airspace matters. I also looked at that there are 39 members on this subcommittee, five are representatives from California and I'm kind of wondering are we pushing our legislators hard enough? Are our lobbyist pushing our legislatures hard enough?

Ms. Flaherty: A couple of observations about that. You had observed about how many representatives were from California. This – there's a lot of power in diversifying one space of support in Washington D.C. and noise is a concern in a lot of communities; Boston, Chicago, others. So, our representative, Congresswomen Eshoo, has actually joined with representatives from across the country to form the Quiet Skies Caucus in Congress which takes positions on just these kinds of issues. The impact on their communities with respect to aircraft so in addition to all of the information that is available on our delegation members website about their activities. I know that also at a national level they are banding together with others to make their voices heard.

Council Member Holman: How expanded is that?

Ms. Flaherty: I'm not sure I understand your question.

Council Member Holman: (inaudible) Initiative, how expansive is that?

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Ms. Flaherty: I don't want to speak for Congresswomen Eshoo's office or for the representative directly but there's a thorough and comprehensive listing of all of the activities on her website. So, if members of the public want to go to her website and so a search for airplane noise, there's a very comprehensive list of information going back for several years. Press releases as well as reports coming out of the FAA. I will point out that the report – I've been referring to it as the update on Phase Two or the Phase Two update. The reason it's called that is because the FAA did the Phase One report, then it did the Phase Two report in July of 2017 and then it did the update on Phase Two in November of 2017. If you look at the formal title of all of these reports, they say complied at the request of representatives Far or Panetta, Eshoo, and Speier. I think that's an indication that we wouldn't have any of this if it weren't for the congressional delegation. I will only offer that as a former federal government employee it's pretty rare to see a federal agency do something like this in a region. I think – my assessment is that the congressional delegation has been quite proactive on this issue in order to get this kind of activity out of the FAA. I'm not suggesting I find the responses favorable but I am suggesting that there's activity there.

Council Member Holman: I don't mean to – I probably didn't state it very well. I don't mean to suggest that Congresswomen Eshoo, Speier, etc. are not doing due diligence. I'm just wondering if we need to provide them more support to get a broader engagement to get some activity and that's what I don't have the answer too. Maybe those that are going to Washington can get an answer to that but ask you say the responses are not leading to – you know satisfaction is such a – you know it sounds like almost a – could be interrupted as a selfish goal or selfish desires. It's not that, it does go back to the basic core thing from my perspective and I think the public's perspective. It's about the quality of life and health and so satisfaction is -- not to pick on words again but it can sound like we're not getting what we want but these are really critical life issues. I'm actually going to look to – Michelle I might look to you...

Council Member DuBois: Did you see this about...

Council Member Holman: I'm sorry?

Council Member DuBois: This is about health effects (inaudible).

Council Member Holman: Yes, I did. Also – yes, I did, I read that. I might look to one of you for some help with language on this as an amendment to the motion. To – he disappeared. Give me just a second here. Well, having

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to do with metrics and I don't see it here off hand but how we can add to that development of environmental impacts – update and develop— development and update of environmental impacts of the current routing. That's not it, it's a very inarticulate way stating it but you know what I'm getting at.

Ms. Flaherty: I think I understand. The – Ms. Fremont's letter spoke to the issue of emissions and help and the National Advocacy Organization we referenced that goes by the acronym of N.O.I.S.E, also talks about health impact studies. I think the spirit of your direction already to take a look at those positions and incorporate them into what we bring back to the full Council in terms of a resolution perhaps of policy positions. We could certainly take a look at that language and flush that out for you so that it gets to those issues.

Council Member Holman: So, you think the language that's provided for instance in this letter is strong enough to capture what I'm driving at?

Ms. Flaherty: I think it does. I think what you're saying is consistent with that...

Council Member Holman: Ok.

Ms. Flaherty: ...if I'm understanding you correctly.

Council Member Holman: Alright and then I think my last question is a -- well, we'll see – is there a maximum capacity being studied or considered at any of the local airports?

Ms. Flaherty: The only information I've gained from my research at all three airports are the projections that I showed you that show growth with respect to passenger and cargo operations going forward. So, their planning documents are projecting growth at all three airports.

Council Member Holman: There's no consideration of what might be a maximum capacity – maximum airport capacity at the three airports?

Ms. Flaherty: It's interesting, the MTC, the Metropolitan Transportation Commission, which is the Transportation Planning Agency for the region, for the nine-county Bay area, in the past – in past years had an aviation plan that was proposed to be updated periodically. I did some research to ask if I



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could get a copy of the current plan and they essentially haven't updated it at all and they don't really work on it anymore.

Council Member Holman: And the last one was done when did you say?

Ms. Flaherty: I'd have to check my records but it's – there's no Staff committed to that at MTC anymore. When I researched the older plans, it looked like – in fairness to MTC, the majority of their work is really focused on what's referred to as service transportation which is transit and highways and whatnot. So, a lot of what they ended up really focusing on in the past was surface transportation access to the airports. So, is there a people mover from BART in Oakland to the airport itself and things like that. It really – I don't think air travel has really been in their bailiwick traditionally. So, where there might have been a regional air transportation working group, MTC would have been the logical place for that to be in. There is no current activity of that kind.

Council Member Holman: Interesting, ok and I ask that really because – not only because of the projected growth that you put in your presentation. I wanted to concur it was a very informative and informed presentation so thank you for that. You've come up to speed very quickly, you really have. When I looked through the House subcommittee, it all really focuses on being able to service people via air travel. There's nothing that considers these other aspects that are so heavily impacting our community. I think that's all I have to say. It sounds like what I was wanting to add doesn't need to be added because our public has covered that very well. So, I think that's it, thank you very much.

Chair Fine: Thank you. Just a couple comments and one or two questions and then maybe we can move to the Motion. Again, thank you very much, I agree with my Colleagues, I think you've come up to speed very well on this and helping to move us forward. You mentioned that in 2019 there are a few changes that are coming potentially through a couple years out from then. Part of the reason some of our citizens are asking for us to figure out a fast track route to file an FAA complaint is because these could impact us negatively. I'm just wondering could any of these actually improve the situation for Palo Alto?

Ms. Flaherty: Yes, they would make it worse or they could make it better.

Chair Fine: We don't know.

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Ms. Flaherty: Right and our Staff recommendation include trying to get a seat at the table to be apart of shaping those toward the better rather than the worse.

Chair Fine: Then my second question is kind of about noise modeling or getting a noise shed so we kind of understand and also can communicate to our neighbors. I think one of the problems here – Tom hit it on the head when we mentioned other communities are not eager to get the noise back. There's kind of this shared (inaudible) and it's easy to shift it on to somebody else. So, like this kind of data, is this publicly available on a day to day basis?

Ms. Flaherty: Some of the data is from FAA presentations that were presented either to the Select Committee or to the SFO Round Table. Some of it comes from a monthly report that the Airport Directors produce or the Airplane Noise Office – Airport Noise Office produces so they come from a variety of sources. They airports themselves or the FAA and they are publicly available.

Chair Fine: I think something that would be helpful to us over time is kind of documenting that in-house. So, that we can communicate to our partners and rather than inventing our own noise monitoring systems, kind of leveraging the existing ones. I do think there's something to – these graphs kind of show ok, there's an intensity of use here in Palo Alto. Obviously, people are worried about it and then also it might aide our proposals. I think my colleagues have asked all my other questions. I want to thank everybody from the public for the suggestions. Any other comments or questions or are you – us four ready to vote?

Ms. Flaherty: Mr. Chairmen, just a point of clarification. The FAA – the SFO Noise Office releases very thorough reports on the data they collect in the communities where they collect. They don't currently collect any data in Palo Alto. The other – so bringing in noise monitoring in Palo Alto would be a new development which is why we included it in our recommendations. Even then it would be temporary so...

Chair Fine: How long is temporary?

Ms. Flaherty: We'll bring that to you when we bring you a – the more detailed proposal. We want a direction from Council to take that action before getting the details hammered out with SFO. One of the things I know has been a concern in some communities, SFO does not do noise monitoring

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in all of the communities that are members of the roundtable because a minority of communities chose not to have noise monitoring because their residents had concerns about property values.

Chair Fine: And the equipment for noise monitoring or...

Ms. Flaherty: The impact on property values...

Chair Fine: Indicate – even indicating that your monitoring this data?

Ms. Flaherty: If you have a noisy community, it could -- so that was a concern in some communities so not every community has chosen to – I provide that as antidotal information. I haven't confirmed with those communities that were the reason...

Council Member DuBois: (inaudible)

Ms. Flaherty: ...but I just wanted to (inaudible).

Council Member DuBois: (Inaudible) that SFO would pay for the temporary monitoring but if we wanted permanent, we would have to pay for it ourselves I think is what they told us.

Ms. Flaherty: Yes, and if we wanted to do permanent monitoring, that opens up a whole other set of questions for us that we'd want to bring you some detailed information.

Chair Fine: So, our best indicator right now is kind of the complaints but...

Ms. Flaherty: Temporary noise monitoring from SFO would be a great first step...

Chair Fine: Thank you.

Ms. Flaherty: ... and the recommendation – your current motion includes looking at a broader noise monitoring solution as part of going forward.

Chair Fine: Thank you. Council Member Wolbach.

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Council Member Wolbach: Yeah, just as part of that, I'm not going to suggest any more Amendments to the Motion but maybe just a comment just to explore and encourage open data. It's – you know that people can pull from automatically so we can visualize the data, sift the data, etc. in an effective way rather than having to wait for a periodic report from a Staff member at SFO. Again, I'm not going to add to the Motion but we can look into it more later.

Chair Fine: Thank you. Are we all ready to vote? All in favor? That passes unanimously. Thank you very much. Thank you, everyone, for showing up tonight.

## **MOTION AS AMENDED PASSED: 4-0**

2. Staff Recommendation That the Policy and Services Committee Recommend the City Council Accept the Status Update of the 2016 Disability and Workers Compensation Rates Audit.

Chair Fine: Let's move onto Item Number Two – alright, let's move on – Staff recommendation that the Policy and Services Committee recommend the City Council accept the status of update of the 2016 Disability and Workers Compensation Rates Audit.

Rob de Geus, Assistant City Manager: We have Auditor Harriet Richardson here with the Human Resources Staff.

Chair Fine: Thank you very much. Welcome. Well, maybe since Council Member Holman is gone we'll take a few. Sorry about that, she just left. She's missing out, it's all yours.

Sandra Blanch, Assistant Director of Human Resources: Good evening Councilperson Fine and Council Members, I'm Sandra Blanch and I'm the Assistant Director of Human Resources. Thank you for this opportunity to update you on the worker's compensation audit. I appreciate the support that the City Auditor has provided and the work that Yuki Matsuura has competed. We especially give credit for the recommendation to appropriately resource the monitoring of the worker's compensation and safety programs by actively monitoring cases and being in frequent communication with our third-party administrator, your insurances, as well as increasing communication with injured workers and their supervisors. We've found positive results. To date, we have completed seven out of the fifteen recommendations and our Senior HR Administrator, Vanda McCauley has

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worked on ten out of the fifteen recommendations and this is the position that was recommended. We did experience some delay last year due to the RFP process. We had to complete for the third-party administration service which resulted in renewing Yoke Insurance Services but we feel that now we expect significant progress that will continue to wrap up the remaining audit recommendations. I believe we will be back later this year for a follow-up update.

Harriet Richardson, City Auditor: Thank you. Excuse me, good evening Mr. Chair, Members of the Committee, Harriet Richardson, City Auditor. Just wanted to comment that our office reviewed the status report that Human Relations Commission (HRC) submitted prior to their submission of it and that we concur with the statues that they have stated in the report.

Chair Fine: Thank you. Do we have any speakers from the public on this one? Nope. So, Staff is recommending that we accept this report and forward that recommendation to Council. Do we have any questions? Council Member DuBois.

Council Member DuBois: So, it looks like you're in agreement on all the resolutions.

Ms. Richardson: Correct.

Council Member DuBois: It looks like most of them will complete this year like summertime, is that the plan?

Ms. Blanch: Yes, those are the target dates to be completed this year.

Council Member DuBois: So, I mean since you are here tonight, assuming everything completes on schedule, can we just say that you don't have to come back with an update unless it kind of extends into next year?

Ms. Richardson: The process is actually that they are supposed to come back so I don't know that we can bypass that process.

Council Member DuBois: Well, maybe not have it – I don't know if we have the idea of a consent item at Policy and Services. I'm just saying that most of these things look like they will be resolved in about six months or less.

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Ms. Richardson: That might be an option for my office to come back to Council with an Ordinance amendment for the City's Auditor Ordinance on how we handle these. That they could be...

Council Member DuBois: It's just – I don't know if we need to change the process or just keep it short at Policy and Services if it's going to come back (inaudible)

Ms. Richardson: We tend too.

Council Member DuBois: I'll go ahead and move the Staff Motion. It's nice to see these things completed and in progress.

Chair Fine: I'll second it.

Council Member DuBois: Thank you. I don't have any other comments.

**MOTION:** Council Member DuBois moved, seconded by Chair Fine to recommend the City Council accept the attached Status of Audit Recommendations for the 2016 Disability Rates and Workers' Compensation Audit.

Chair Fine: Thank you. No, thank you for this. I also agree there seems to be a lot of progress and as Tom mentioned, most of these finish up by the end of this year. My only question was on Recommendation 2.2 and please forgive me if I'm just not up to speed on this. So, HR reviewed the twenty-two claims that accounted for eighty-seven percent of the total of additional City benefits. How much financial risk is there involved in those? You may not have the information across those twenty-two claims. I'm just wondering what kind of dollar amounts we're talking about.

Ms. Richardson: I have the audit report here so we can look it up. Which one – let's see.

Ms. Blanch: Two point two.

Ms. Richardson: It's Recommendation 2.2 and it's referring to Exhibit 11 so it would be this \$569,902.

Chair Fine: Sorry?

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Ms. Richardson: Five hundred sixty-nine thousand, nine hundred and two dollars was the amount to be reviewed.

Chair Fine: That could go either way, right? Some of that money? Those could be reaffirmed or we might ask for some of those back? I was just noticing the twenty-two claims and action on the errors.

Ms. Richardson: Correct.

Chair Fine: Ok, I was just interested in that. Any other comments? Council Member Holman? With that, I think we'll put it to a quick vote so the Motion is to accept the Staff report. All those in favor? Thank you very much. Thank you and that passes unanimously. Thank you.

## **MOTION PASSED: 4-0**

3. Triennial External Quality Control Review of the Office of the City Auditor.

Chair Fine: Item Number Three is our triennial external quality control review of the office of the City Auditor, the audit of the City Auditor.

Harriet Richardson, City Auditor: Yes.

Chair Fine: Harriet, if you have a Staff report?

Ms. Richardson: Yes, thank you. The government auditing standards actually require us to undergo an external quality control review which is often called a peer review; commonly always referred to as the audit of the auditors. The purpose of the peer review is to ensure that we are following the government auditing standards in the work that we do and that we have procedures established to help us to ensure that we will follow those standards. The reviewers have to be independent from our organization and so we had two reviewers from other audit offices. The – we don't select them, they are actually – we coordinate with the Association of Local Government Auditors and their peer review program. They have a Committee which has coordinators that have identified people throughout the country who have gone through the peer review training and have enough experience to be able to support doing a peer review. We had two, one from the City and County of Denver, Colorado and the other peer reviewer was from Raleigh, North Carolina. There are three levels of ratings,

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the highest is a pass which means that our system of quality control is designed to provide assurance that we will comply with the standards and that we have complied with the standards. We achieved the pass rating which is the goal every year. They did have one management letter comment and that was – it was actually something that we had already fixed but I think because they had identified that we had -- that I had identified it during my auditor reviews – in two audits, that they went ahead and made a comment on it just as a little reminder to make sure that we followed that standards and we have. As I said, I fixed – updated our procedures and some templates to ensure that it's complied with them. That's when we get to what we refer to as testimonial evidence meaning we interviewed someone and they told us something. That we don't just take it verbatim for what they say, that we have some means of validating that that is a reliable statement. Either through supporting documentation or that they're a recognized expert in their field or some recognized way of saying that is a reliable way of saying that information can be supported in our audit. Other than that, that was the only comment and our pass rating is what we hope to achieve and did so that's all I have on that.

Chair Fine: Great, thank you very much and congratulations on passing. This is again that we review and recommend to the City Council acceptance of this review. Comments or questions? Council Member Wolbach.

Council Member Wolbach: I'll move acceptance.

Council Member Holman: Second.

**MOTION:** Council Member Wolbach moved, seconded by Council Member Holman to recommend the City Council accept the Triennial External Quality Control Review of the Office of the City Auditor.

Chair Fine: Would you like to speak to it?

Council Member Wolbach: Keep up the good work.

Ms. Richardson: Thank you.

Chair Fine: Karen?

Council Member Holman: Congratulations and this is every three-years?



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Ms. Richardson: Correct.

Council Member Holman: Remind me how long you've been here?

Ms. Richardson: Four.

Council Member Holman: Four.

Ms. Richardson: Almost four, April will be four.

Council Member Holman: So, this is great so it's all in your span of control?

Ms. Richardson: Correct.

Council Member Holman: So, congratulations, good job.

Ms. Richardson: Thank you.

Council Member Holman: Job well done. Thank you.

Ms. Richardson: Thank you.

Chair Fine: Great, thank you. I mean congratulations, this is a nice totally clean report and it's nice to see. As you respond, I'm glad we responded to that one comment before the report was finalized and as far as I understood it, it was pretty much just don't use testimony alone.

Ms. Richardson: Correct.

Chair Fine: Anyways, I have no other comments. Anything else anyone? Alright, shall we vote? All in favor? That passes unanimously, congratulations, thank you.

Ms. Richardson: Thank you.

**MOTION PASSED: 4-0**

4. Auditor's Office Quarterly Report as of December 31, 2017.

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Chair Fine: We've got one more. The Auditor's Office Quarterly Report as of December 31, 2017.

Harriet Richardson, City Auditor: Thank you. We do every quarter for the past quarter. We usually come back – it's usually about six weeks after the quarter, not the month right after just because the timing of the agenda planning process so this is for October through December. A couple of highlights, we coordinated with the external financial auditor to release and present the City's financial statement audits in November 2017. We coordinated with the Department of Human Resources to develop a flyer and a business card to begin advertising the Fraud, Waste, and Abuse Hotline and the Employee Advice Line and the difference between them. There's a copy of that attached but I also brought some of the cards so you can see on one side it says Auditor's Fraud, Waste, and Abuse Hotline and it shows what's on it – when you would call that. On the other side is Human Resource's Advice Line and these were passed out to the various departments and you have a copy of it attached to – here to the report. Then there's also a flyer, there's a copy of this attached and this is in all the City departments now and they are going to make a few posters to post around City facilities. So, this is sort of the first step of getting better information out there about what the Fraud, Waste, and Abuse Hotline is for. Also, to advertise what HR has available for other advice that doesn't fit within the preview of the Fraud, Waste, and Abuse Hotline. We will also be working with HR to develop some guidance for – to present at the new employee orientation. There's a copy of the flyer if you want, the big one. Then as I just said, we also underwent our triennial peer review and received a fully pass rating. So, some of the things that we have in progress, we've been doing some work on enterprise resource planning on the enterprise resource planning projects. One of the projects has been what we call a non-audit service where one of our Staff auditors is sitting in on the strategic and tactical team meetings and listening to hear – it's sort of – this is a preventive project that we're undertaking. So, that if we see things that seem like they might get a project off track, that we're providing advice to the department to help keep it on track before it gets too far out of alignment with the schedule. Then we're doing some audits that are looking at data to ensure that the data going into the new ERP system is not garbage coming out of the old ERP system. We've got a data reliability and integrity audit that looks at specific – is looking at specific data sets. We also have Data and System Governance Audit that we're doing to really look at who's – how roles and responsibilities defined and -- assigned and defined to ensure that everyone who's involved in the process understands what their role is. There are different roles depending if you're apart of IT or whether you're in a department. IT typically implements the system but the

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departments are the data owners and the process owners. So, there are currently not any well-defined rules around that and so this audit is going to be making recommendations on that. That audit is in the report writing phase now and we should complete that before the end of the fiscal year. The – on the Data, Reliability, and Integrity audit we're currently looking at some HR payroll data. We'll be looking at other data sets and this kind of falls in line as an example of the Procure to Pay Audit that we did last year where we identified that there were a lot of weaknesses in the vendor master file that the City uses. It resulted in the Administrative Services Department realizing that they need to clear up that data file before they transfer data over to the new ERP System. So, this will be similar to that and we'll be doing a variety of data sets as the City prepares to transfer – migrate data over to the new ERP System. We're also looking at an audit called Separations of Duties and this audit is really looking at how duties are separated among different individuals to ensure that no two people – no one person does two tasks that could allow them to misappropriate City resources. For example, give themselves a pay raise and no one else would identify it so you separate duties in a different – among different Staff to ensure that there are a checks and balances in the system. We're looking at providing sort of different tiers of what should be recommended and then what controls you would need in place if you can't achieve that optimum due to staffing and other resource limitations. We expect to have that – that is also in the report writing phase and so we will have that complete before the end of the fiscal year. We're working on a Code Enforcement Audit and we are —as part of that process, we also did a custom citizen survey which I presented the results of that at the annual Council – annual retreat. We're – that was sort of to gather opinions to help inform how we might make our recommendations but we are looking at City data to actually support what the audit findings will be. We're looking at the processes, the policies and the practices that the City uses around its code enforcement practices. We are wrapping up field work and we'll start writing that report shortly and that one we also expect to be done by the end of the fiscal year. I already discussed the ERP non-audit survey and the custom citizen survey. We finished up the National Citizen Survey, the annual performance report, (inaudible) report and presented those at the Council retreat so I won't go into detail about those. Then every quarter we – well, throughout the year we and a consultant that we have, MuniServices, looked through different tax records – sale tax records to identify the businesses that may have potentially under-reported or misallocated their sale tax to other jurisdictions and then send information to the state. They just changed their name, they were the State Franchise – State Board of Equalization but they just changed to Tax – I can't remember the exact name; CFTDA but I can't remember what that stands for. They then actually do the audit and look through the sales records and consult with the taxpayer to determine if there is some

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revenue due to Palo Alto and arrange to get that properly remitted to us. In the first quarter or in the second quarter of FY '18, our office identified \$232,000 that was recovered and then Community Services recovered \$21,000 for a total of \$253,000 collected for the quarter and \$270,000 – almost \$272,000 collected year – fiscal year to date. There are some delays -- this number did recently go down and there are some delays in processing at the state and so they have thirty-four misallocations waiting to be researched and processed, eleven of those are from our office inquiries and twenty-three are from MuniServices inquiries. Then when we do our June quarterly report, we will report the sales tax information from the Stanford Hospital project and that we have a special agreement to ensure that the City gets the sales tax that is encouraged in that project. Then statues of audit recommendations so we have twelve audits that have open audit recommendations. They are all listed here with the summary of the recommendations that are open. Sixty recommendations are open right now, four of those will actually be closed out in this coming quarter and – or they were closed out in the coming quarter but we didn't actually – or in this past quarter but we didn't actually close the recommendations themselves in that quarter. They were closed the quarter before and we just gave an update in the last quarter so those were the inventory, management, utility meter, procurement inventory and retirement and the Community Services Department fee schedules and parking funds. We have three of the outstanding statues reports scheduled for the March Policy and Services Committee. That's the Cash Handling and Travel Expense Audit, the Cable Franchise Fees and Pay Fees Audit and the continuous monitoring of payments audit. Then you heard one of those tonight, that was one of the ones that was past due, the Disability Rates and Workers Compensation. I do have a meeting scheduled with the City Manager's Office tomorrow to get our process set up more consistently. The City Manager's Office is – the departments are responsible for reporting on the statues but when there was a shift in staffing, the City Manager's Office was kind of like who's doing what? So, we're going to work on that process and get something a little bit more structured to ensure that these are coming to you on a more routine basis as they are supposed to. Then on Page 55 of your packet there's a graph that shows the break down of the ageing of the recommendations and how many have been implemented each quarter. Then as you know we – our office operates the Fraud, Waste, and Abuse Hotline. We have not had any complaints called into the hotline this fiscal year and all of the ones from prior fiscal years are closed out. So, that completes my report and I will answer any questions.

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Chair Fine: Thank you very much. So, we're being recommended to recommend this to our colleagues on Council. Questions, comments, Motions? Council Member Wolbach.

Council Member Wolbach: I had just one question and I apologize if I – if we covered this previously. On Packet Page 55, one on Community Services Department, the first bullet point there says revised City's cost recovery policy to align with relevant laws and reconfigure the Questica budget system to support fees that recover more than one hundred percent of costs.

Ms. Richardson: Yes.

Council Member Wolbach: Is it possible to provide a little bit more explanation of what that one was about?

Ms. Richardson: Sure, so Community Services Department had a cost recovery policy and subsequent to that, the City developed a cost recovery policy and the two didn't align completely. So, our recommendation was for Community Services now to bring theirs in alignment with the City. Look at the City policy was and how to make the two match.

Council Member Wolbach: So, the relevant laws are City laws? This isn't...

Ms. Richardson: It's a policy...

Council Member Wolbach: Right.

Ms. Richardson: ... it's not really a law, it's a policy.

Council Member Wolbach: This wasn't -- as we've seen with other issues where there's been state legislation and we're trying to scramble to realign with. This is just making sure that our City policies are consistent with each other?

Ms. Richardson: Yes.

Council Member Wolbach: Ok, thank you for that.

Ms. Richardson: Then the – there was a misunderstanding that we could not recover more than one hundred percent of costs for any types of services.

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Then as we did the audit we learned that there are some types of services that Community Services provides that you can charge market rate. For example, rental facilities and so our Questica System was designed where it wouldn't let you recover more than that rate so now we ask that they modify that to be able to accept a higher rate.

Council Member Wolbach: So, as much as I continue to have some concerns and questions about whether we're always pursuing the right policy choices when it comes to cost recovery or even beyond cost recovery including (inaudible) facility rentals. I don't think the Auditor's report is the time to tackle those but I appreciate providing that clarity. With that, I'd be happy to move the Staff recommendation.

Council Member DuBois: Second.

**MOTION:** Council Member Wolbach moved, seconded by Council Member DuBois to recommend the City Council accept the Auditor's Office Quarterly Report as of December 31, 2017.

Chair Fine: Thank you, Council Member DuBois. I'm assuming you've spoken?

Council Member Wolbach: I think this is a great report and I appreciate – it sounds like the City Manager's Office is working (inaudible) continuing and improved collaboration and structures. So, that these can continue to move forward effectively and in a timely fashion to the Committee. So, thank you to the City Manager's Office and also to the City Auditor.

Ms. Richardson: Thank you.

Council Member DuBois: I have a couple quick questions. I brought this up before, on the sales tax section, you provide a link to the quarterly reports but the websites usually really far behind, it's about a year behind.

Ms. Richardson: It's about – actually, it's about six months behind and that's the nature of the way the sale tax information comes in.

Council Member DuBois: Well, the last report is March 2017.

Ms. Richardson: Right, we have one pending to go in right now for the last quarter and that's the most recent one that we have. So, that...

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Council Member DuBois: This has got to be summer of 2017?

Ms. Richardson: Yes.

Council Member DuBois: Why is it – why is it always that far behind?

Ms. Richardson: It's the way the sales tax information gets reported and the state has to compile it, then MuniServices does a report for us and that's what we put into our website. We are actually – if you recall at a previous meeting, Liz Kniss asked if she – if we would have the consultant come and do a presentation. So, we are tentatively scheduling – I have a question into them to see if the date works but we're tentatively working on March 26<sup>th</sup> as a study session date for him to explain that sales tax report. It's a sales tax economic trends report and so I think that will be a good time to...

Council Member DuBois: Yeah, I had that in – I made that a note for tentative agenda. That's going to go right to Council though, not to P&S, is that...

Ms. Richardson: It will a study session for all of Council.

Council Member DuBois: Ok, great. The other question was just a couple of these older reports. So, are these counts pretty up to date I guess of what's open?

Ms. Richardson: Yes, we track them in a spreadsheet and as they clear off, then we update the numbers.

Council Member DuBois: But like the disability one, a bunch of those where closed right?

Ms. Richardson: Tonight, they were closed but this is a report as of December 31<sup>st</sup> and we didn't have those numbers as of December 31<sup>st</sup>.

Council Member DuBois: So, the green purchasing practices one...

Ms. Richardson: Yes.

Council Member DuBois: ...that seems like one that everybody should rally around. Is there a reason – do you know why none of those have been implemented?

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Ms. Richardson: Well, it's just now coming due for its first report and I know that they – that the zero-waste team is working on a response for that already because they've already reached out to us so I don't know. I haven't seen their responses but I know that they are working on them.

Council Member DuBois: So, the number here, they could have implemented them but just that it's not up (inaudible).

Ms. Richardson: We don't have information to show what they've implemented.

Council Member Wolbach: (inaudible)

Ms. Richardson: Yes.

Council Member DuBois: The other one is the water meter billing report...

Ms. Richardson: Yes.

Council Member DuBois: ...and I guess we're not going to get an update for a while on that one.

Ms. Richardson: That's one not due...

Council Member DuBois: That was the one where we had like potential refunds...

Ms. Richardson: Correct.

Council Member DuBois: Again, do you know that some of those have been addressed?

Ms. Richardson: I don't, we typically don't get information. The departments typically don't update us on an ongoing basis. Not until we get those reports to verify the statues do we typically know what's going on. Sometimes they will reach out to us as they are implementing just to say is this really what you meant but for the most part, we don't know the statues until we get those reports.

Council Member DuBois: What do you – what are the due dates that you're putting down?



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Ms. Richardson: Those – when we submit – excuse me –when we submit the report to Council – to Policy and Services and then they submit it – they make the recommendation to Council, there's usually a lag of about five or six weeks before the minutes are ready and we can get that to Council as a consent item. Once approves it as a consent item, that's when we start counting and six months from that date is when we say it's due and then every six months thereafter.

Council Member DuBois: Ok so nothing is technically past due though some have had several due dates, right?

Ms. Richardson: Correct. If the – right, if the – the only one that was really past due was the disability rates and workers compensation which you heard tonight.

Council Member DuBois: Great, ok, thank you.

Chair Fine: Council Member Holman.

Council Member Holman: Yes, thank you. I want to especially thank you for something that you recall I pushed for some time ago was your involvement in the SAP/ERP transitions. So, thank you for doing that and I know it involves talking with an awful lot of people. One question I have about it, which will have to do with future audits, is there cross training? Especially that we have some senior Staff that are going to be retiring, is there cross-training that's going on?

Ms. Richardson: Some of that are questions we've raised in the non-audit service memos to the department. At this point, they have not identified all the stuff that would be involved in the Design and Implementation Team. Typically, what you do is you bring the Staff who are doing the work and most familiar with it onto the Design and Implementation Team. then you backfill for them temporarily for people to do the day to day work. I do know that a lot of the people that would be involved in that are people who could come due to retire during the period of time that implementation would take. The final implementation isn't expected to be – it will be phased and it's not expected to be fully complete until 2022. So, there's a lot of years in between where a lot of people could retire and I don't know what the plan is for that at this point.

Council Member Holman: It seems like it's something that -- from my perspective and I'm not the pro in this situation but it seems like it's

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something that you might be the auditor – as the Auditor be involved in developing a plan that's a transition plan having to do with accountability and efficiency and efficacy of the new ERP so just a thought.

Ms. Richardson: We can think about that as we do the new audit plan for next year.

Council Member Holman: That would be good. The inventory management, I mean this goes back so far that I was on Policy and Services so it goes back to 2004.

Ms. Richardson: Yes.

Council Member Holman: The recommendations that are open seem to be very basic. I mean at the core of it and I don't have it in front of me, of course, what the ones are that have been closed but the ones that are still open seem to be very, very basic to inventory management procedures. What's the holdup?

Ms. Richardson: The hold up has to do with inventory that belongs to utilities and all the different locations where they have that inventory and the ability to track that inventory. Some of it was what they call non-valued inventory which are things are – they typically take out and load up into their trucks for use on jobs like nuts and bolts. Things that they don't typically count every single one or large items that don't go in the warehouse and trying to get the utilities to be able to figure out how they can comply with the policy with the way their operations work.

Council Member Holman: So, to my ear that sounds like how you deal with the inventory that currently is on hand...

Ms. Richardson: Yes.

Council Member Holman: ...but these open recommendations have to do with implementing policies and update and enforce inventory count policies and...

Ms. Richardson: So, I can tell you that Administrative Services has written some policies and procedures and it's the utility side that they feel those policies and procedures don't particularly work for their type of inventory. So, it's really the utility side of things that is slowing down the implementation of the rest of these recommendations.

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Council Member Holman: Do they have any –due 5/18 so is that realistic?

Ms. Richardson: I don't know. It's been a long time – if you notice the first due – the first report wasn't until three years after and a lot of that was trying to work with the utility piece of it so I don't know if that's actually realistic. The due date is really the date for the next status report and not necessarily a date that means that they're going to have the recommendations all implemented.

Council Member Holman: I hope that would be a target date for implementation...

Ms. Richardson: I'd have to go back...

Council Member Holman: ...for that department.

Ms. Richardson: I'd have to go back and look at the previous status report, the one from November which I don't have with me, to see when they said those last four recommendations would be implemented.

Council Member Holman: Again, my comment -- just to reiterate is my comment is that these look like policy things that are pretty key and central to satisfaction of the recommendations. Perhaps in the future when we're doing this that you might highlight what's been accomplished and what hasn't. If there's one department that's not performing but the others have, I think it's important for those looking at this report to understand where the open recommendations are residing. With the green purchasing and part of this might involve the City Clerk's Office. Green purchasing is something that I think that – well, it's too bad that none of these have been – of the eight recommendations, eight of them are open. One of them that I appreciate tonight, we have this water and just a suggestion, not a – I've been thinking also because we got called out a few weeks ago and I think appropriately so about our bottle water use...

Ms. Richardson: Yes.

Council Member Holman: ... and go to City. I know that was in your audit when you did it...

Ms. Richardson: Yes.

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Council Member Holman: ...sometime back and those of us who – oops. Those of us who like carbonated water, I mean it's a simple little thing but there are countertop things that carbonate water. So, maybe we could switch to that instead of buying – yeah, so just a thought. I look forward to more of this being addressed. This is pretty – I think it's a bit of an embarrassment actually.

Rob de Geus, Assistant City Manager: What I heard the Auditor say though, Council Member Holman, is that take green purchasing practices because the report hasn't gone to the auditor yet. That means that we just don't know if these are being implemented yet. Several of them may have been and I'm sure the Staff has been working on them. So, I think we can help here by – in the City's Manager's Office and me being more aware of where we are in the process. I think we (inaudible) the status report and give you a little more information on where these things are at. (inaudible)

Council Member Holman: That would be helpful and appreciated. I think those are my comments and thank you very much.

Chair Fine: Thank you for the report, it's very helpful. I totally want to concur with Council Member DuBois about the sales and use tax allocation. I'm surprised at the amount of money there so thank you for doing that. My only question or comment is it would be helpful to see where the recommendations are most stale. Whether it's by a different department or how long they've been sitting around. Even like a burndown chart, how many we're adding per year, how many we're taking off just so we get a bit of a (inaudible) rather than just looking through and seeing oh this one is zero (inaudible).

Ms. Richardson: I do have a little comment on – it's Packet Page 50, it says sixty were open at the beginning of the year – of the quarter and none were closed. I do update that each quarter and then I put the little graph in the back. So, you're thinking something maybe by department?

Chair Fine: I think that would be a nice way to look at it. The only other thing, this is just another comment, if there are recommendations that have gone stale or kind of obsolete, just indicating that to us. I don't know if there are any in this report but maybe going forward in the future if some of them fall off.

Ms. Richardson: One of the things when I came on board, there were a lot of very old recommendations and we've made a big push over the last couple

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of years to get through some of those. I have worked particularly with Administrative Services Department but I've also made it clear to the City Manager's Office that some of these recommendations that are old seem like they are not feasible anymore, to come talk to me because if they are not feasible, I'm not going to hold them open. We actually did close two of those fourteen recommendations in the Inventory Management Audit. When we closed out ten of those, two of those were because they no longer made sense.

Chair Fine: Thank you.

Ms. Richardson: One other comment, when we're doing audits now if there is something that we're finding is that really about the way SAP is configured. I am telling my Staff not to tell the departments to fix SAP. We're on the path for a new ERP System and it doesn't make sense to me to pull resources from that big project to fix a system that's going away. So, we will have a series of recommendations that say as SAP or as the new ERP system is implemented. You will see some delay in being able to implement those recommendations because they will be totally tied to the timing of the ERP system.

Chair Fine: That makes sense, thank you. Any other comments or questions or should we vote on this? Great so the Motion is to recommend approval or recommendation of this report. All in favor? That passes unanimously. Thank you very much. That's our last item.

**MOTION PASSED:** 4-0

## Future Meetings and Agendas

Chair Fine: Future meetings and agendas. Our next meeting is Tuesday, March 13<sup>th</sup> and I'll be meeting with Rob to kind of flush out some of the ones over the next couple months and weeks.

Council Member DuBois: I had some ideas.

Chair Fine: You want to share? Sure.

Council Member DuBois: Thanks for writing about the sales tax one because I think that will be an interesting one. I wanted to maybe sometime,

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relatively soon we could get just an ERP replacement update. I think that would be useful. I'm interested in...

Harriet Richardson, City Auditor: I think Finance might be asking for that also so it might make sense then to do it as a study session for all of Council rather than at each Committee.

Council Member DuBois: If it's on the agendas, if not maybe the same thing could be done with both subcommittees. I think...

Ms. Richardson: Yeah, typically – I know typically we don't do that so it would make sense if you're going to do that to do it as a Council.

Council Member DuBois: Ok. I take it impacts a lot of our audits and I think there are a lot of issues just waiting for that. I'd be interested in kind of a senior program review or update at some point. Cory is probably going to say this but I'd love to just have us discuss the Town Hall plan and topics for the year.

Council Member Wolbach: Top of my list.

Council Member DuBois: Then if you guys are interested, maybe we could ask Council to review the Fiber to the Premises Plan and just get an update on that. Then I think one we've done before is Track Watch and I'm really not sure what the status of that is. Those are just ones that came to mind.

Chair Fine: Thank you. Any other suggestions? Council Member Wolbach.

Council Member Wolbach: I'll also say I think we should probably bring the Town Hall program back to Policy and Services for kind of an update. Reevaluation and for a chance to make new recommendations or renew recommendations to Council and to Staff for how to reinvigorate and revitalize that program. Also, I would also share Council Member DuBois's interest in a look at senior programs. Actually, one other that I would add is whether it's here or at Council but maybe this would be a good year given the renewed focus of this Committee on housing, to have some a (inaudible) discussion about homeless services and policies. I know there's some discussion, Council Member DuBois and Holman both brought it up last night and maybe this Committee is a good place to have that conversation this year.

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Council Member Holman: I had two and Cory just touched on one of them which was the Committee can't imitate a program but I think it would be good if we could at least review what the prior safe parking program and recommendations where. Is that what you were intending Council Member Wolbach?

Council Member Wolbach: Actually, I wanted to start kind of at a broader level but I can envision that certainly being a potential component. I wanted to kind of start with an overview of homeless services available in Palo Alto. Whether they are provided by the City or partners, just too kind of get us up to speed and then talk also about where we want to supplement or change.

Council Member Holman: I could agree with that and then also add to that bring to us what the prior safe parking recommendations where. If you could bring with you also not just what the services are but what our homeless population is and how it's trended over the last say – I want to say – well, I want to say ten years but certainly since 9/11, since that period in time. Also, I imagine – well, there was – we've had a few economic downturns and there was one about 2001 and there's one about 2008 and 2011 seemed to have some impact but maybe not as much as some of the others. So, probably ten years is good, probably ten years is good. Also, what the vulnerability – what the vulnerable populations are in Palo Alto. Tom mentioned seniors but what's the – I just heard something and I don't – I wasn't – I haven't verified it but I just heard something yesterday I guess it was, that the population in Palo Alto that's living below the poverty line is something like twenty percent. So, I don't know if you have any information that you can gather around that. I mean the census is pretty dated at this point but – so that's all kind of associated with this – what Council Member Wolbach brought up. Then the other thing is when in our schedule will be looking at – which is a requirement in our code – that when would we be looking at the Policy and Services procedures and protocols? We have to do an annual review and that should be done early enough in the year that we can get it to the Council. I mean we might have some back and forth on that so that needs to be scheduled.

Mr. de Geus: Ok, I'll look at that. I know there's going to be additional housing items coming after your discussion about the work plan. I think a number of items we'll refer to Policy and Services so we'll look to add those.

Chair Fine: Alright, thank you all for the feedback and contributions.

Jessica Brettle, Assistant City Clerk: Chair Fine – oh, sorry.

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Council Member Holman: I'm sorry. I did have one other one which is number three here is community health needs assessment. There's a community needs assessment that – for Cubberley that was I believe recommended by – (inaudible) – I think the School Board recommended to do the community needs assessment and Parks and Rec. did and the CAC for Cubberley recommended doing it. So, is that – this looks like this is something different.

Mr. de Geus: This is something different. This coming from the Fire Department and it's more about critical health needs assessment, as opposed to just a general needs assessment. What I can say is with the Cubberley (inaudible) with the RFP and we'll talk about this on Thursday at the City school meeting. That includes a needs assessment as part of that program.

Council Member Holman: Good, ok, thank you.

Chair Fine: Thank you all. Jessica, you had a comment?

Ms. Brettle: Yes, thank you Chair Fine, because this is the first meeting of the Committee, this is also an opportunity if you would like to discuss a start time for the Committee moving forward this year. I know we like to set that for the calendar. Right now, the Code stipulates that we start at 7:00 but we've also started at 6:00 and others times so this is a good opportunity to...

Chair Fine: What's good for you all?

Council Member DuBois: We've been starting at 6:00 for the last several years.

Mr. de Geus: It's better for Staff.

Chair Fine: Do you want to change to 6:00? Ok, let's do 6:00.

Ms. Brettle: Ok, we'll forward with a 6:00 P.M. start time.

Chair Fine: Thank you. If we need exceptions, just....

Council Member Wolbach: Do we need a Motion for that?

Ms. Brettle: No, we'll just move forward with the schedule.



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Chair Fine: If we can't get a quorum at 6:00 p.m., just email me and let me know. We'll try to move – we can move to 7:00 if we need too.

Council Member Holman: One other question so I've noticed the last couple of years sometimes that – well, a few years ago we moved a lot of responsibility and tried to balance things between Finance and Policy and Services. I notice last year and the year before but especially last year that Policy and Services didn't meet very often. The intention was, prior to I think probably anybody here being on Council besides me, was to try to balance out the workload. So, Policy and Services would probably be meeting twice a month. Just looking at the list of things that we've added, the thing that you just added about housing and these. I don't see how we're going to be meeting once a month and accomplish all of those goals. So, what's the Staff thinking on that?

Mr. de Geus: I'll work with the Chair.

Chair Fine: We'll talk about and try to prioritize these and see if we need to meet twice a month or if it's every other month we do it twice but I take that under advisement.

Council Member Wolbach: As far Policy and Services having a meeting or two canceled last year, I'll just encourage Colleagues to make sure you make the meetings. There were a couple times where we couldn't make a quorum because of schedule conflicts among Committee members.

Chair Fine: Well, our next meeting will be March 13<sup>th</sup> at 6:00 p.m. Thank you all so much, this meeting is adjourned. It is 9:30.

ADJOURNMENT: Meeting adjourned at 9:30 P.M.