



POLICY AND SERVICES COMMITTEE

Tuesday, December 14, 2021

Regular Meeting

Virtual Meeting

7:00 PM

*****BY VIRTUAL TELECONFERENCE ONLY*****

[Click to Join](#) Zoom Meeting ID: 946 1874 4621 Phone: 1(669)900-6833

Pursuant to [AB 361](#), to prevent the spread of Covid-19, this meeting will be held by virtual teleconference only, with no physical location. The meeting will be broadcast on Midpen Media Center at <https://midpenmedia.org>. Members of the public who wish to participate by computer or phone can find the instructions at the end of this agenda. Members of the public may speak to agenda items; up to three minutes per speaker, to be determined by the presiding officer. All requests to speak will be taken until 5 minutes after the staff's presentation. Public comment may be addressed to the full Policy and Services Committee via email at City.Council@cityofpaloalto.org and available for inspection on the City's website. Please clearly indicate which agenda item you are referencing in your email subject line.

Call to Order

Oral Communications

Members of the public may speak to any item NOT on the agenda.

Action Items

1. Receive Update from the City's Federal and State Legislative Advocates and Discussion and Recommendation on the 2022 Citywide Legislative Guidelines
2. Review and Approve a Task Order for the Office of the City Auditor to Conduct the Wire Payment Process and Controls Review
[Presentation](#)
3. Review and Approve the Initial Public Safety Building Construction Monitoring Report
[Presentation](#)

4. Discuss and Make Recommendations for the 2022 City Council Priority Setting Process and Follow Up Discussion on Council Retreat Referral to Discuss Possible Edits, Changes, or Updates to the City Council Procedures and Protocols Handbook

Future Meetings and Agendas

Adjournment

PUBLIC COMMENT INSTRUCTIONS

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

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

[Click to Join](#) **Zoom Meeting ID: 946 1874 4621 Phone: 1(669)900-6833**

AMERICANS WITH DISABILITY ACT (ADA)

Persons with disabilities who require auxiliary aids or services in using City facilities, services or programs or who would like information on the City's compliance with the Americans with Disabilities Act (ADA) of 1990, may contact (650) 329-2550 (Voice) 48 hours or more in advance.



City of Palo Alto

Policy and Services Committee Staff Report

(ID # 13850)

Meeting Date: 12/14/2021

Title: Receive Update from the City's Federal and State Legislative Advocates and Discussion and Recommendation on the 2022 Citywide Legislative Guidelines

From: City Manager

Lead Department: City Manager

Recommendation

Staff recommends that the Policy & Services Committee (a) receive a legislative update from the City's state and federal advocates, and (b) subject to the Committee's discussion, recommend that City Council approve the 2022 Federal and State Legislative Guidelines (**Attachment A**).

Background

As part of the City's legislative program, staff and the City's contracted federal and state advocates work to identify and analyze potentially impactful legislation and communicate the City's public advocacy positions to legislators. The program is guided by the Advocacy Process Manual, last approved by City Council on January 13, 2020 (CMR #10772). In addition to the Manual, the City maintains a City Council-approved set of legislative guidelines that provide additional City Council policy direction to staff and the City's state and federal legislative advocates.

The guidelines were last discussed at the Policy & Services Committee on December 8, 2020 ([CMR #11720](#)) and approved by the City Council in February 2021 (at the same meeting City Council approved the Manual and the legislative guidelines for the Utilities Department). For 2022, the Utilities Advisory Committee approved the 2022 Utilities legislative guidelines on November 3, 2021. The 2021 Utilities guidelines remain unchanged from 2021. The City Council will receive the Utilities legislative guidelines in January / February 2022 when this Policy & Services Committee Legislative Guidelines item comes to City Council for approval as well.

The City Council, in June 2021, also reaffirmed the strategy desired for the City's legislative actions. That reaffirmation is shown in the staff report ([CMR #12344](#); [Minutes](#)) from June 22, 2021. The overall decision was to continue the strategy of Strategically Weighing in on Issues of Interest to the City in the legislative approach taken by the consultant advocates and City staff. Per the Council motion, staff and the State advocates/lobbyists will also provide more analytical

information on a limited number (less than 25) bills during the State legislative session.

Discussion

Legislative program

The Legislative Guidelines enhance and add content to the City Council's overarching priorities; they do not supplant them. The guidelines provide direction to staff and the City's legislative advocates on issues that are both (a) important to the City Council, and (b) fairly likely to become a legislative issue in 2022. The guidelines are not rank ordered and are intentionally reasonably broad rather than specifically narrow to allow for a flexible and quick response.

Further, the guidelines are not proactive instructions; they act as a means by which staff and advocates can respond to federal and state government action, without returning to the City Council each time a bill is introduced or amended. The draft 2022 guidelines are a compilation of the current, approved guidelines, City Council's 2021 priorities, and policy issues staff and the City's legislative advocates have heard interest in. There are few changes in the 2022 guidelines. One item that the City Council expressed interest in during the June 22, 2021 discussion was support for the Carbon Dividend Act. The existing Legislative Guidelines do not clearly cover that topic presently. If that topic continues to be an area of interest to the City Council, adding it to the Legislative Guidelines would be in order.

Resource Impact

There is no resource impact associated with adopting legislative guidelines and hearing from the City's state and federal advocates. Staff is working to extend the existing contracts in January 2022 while staff conducts a request for proposals for the state and federal legislative advocacy work. The City Council has already budgeted money for these contracts and services.

Environmental Review

This report is not a project for the purposes of the California Environmental Quality Act; an environmental review is not required.

Attachments:

- Attachment A: Draft 2022 Legislative Guidelines

The City of Palo Alto's 2022 Federal and State Legislative Guidelines

These Guidelines reflect and activate the City Council's priorities; they do not supplant them. They work to guide staff and the City's legislative advocates on issues that are important to the City Council, and fairly likely to become a legislative issue. These Guidelines are not rank-ordered and are meant to allow for a flexible and quick response by staff and advocates, without the need to return to the City Council to seek guidance. The Guidelines work in conjunction with the City Council-approved Advocacy Process Manual [and the City Council action to do Strategic Weighing in on Issues of Interest \(June 22, 2021 CMR #12344; Minutes\)](#).

The below **Foundational Principles** represent the ideals that form the core of the City's policy agenda. The legislative guidelines all rise from and strengthen four foundational principles:

1. Protect local revenue sources and prevent unfunded mandates.
2. Protect, seek, and increase funding for programs, projects, and services; [pursue grants](#).
3. Protect and increase local government discretion. Oppose items that preempt or reduce the authority or ability of local government to determine how to effectively operate local programs, services, activities, and governance.
4. Protect the health and safety of the community.

The **Legislative Guidelines** create the framework for organizing the City's policy interests, while guiding staff and contracted lobbyists in their advocacy efforts on behalf of the City. The items below provide direction for the City's efforts when addressing reasonable government actions.

Transportation

The City supports government action that:

- Deters single occupancy drivers and alleviates local traffic congestion
- Supports local and regional public transportation
- Regulates technology that diverts traffic into residential neighborhoods
- Provides funding for rail grade separations, rail efficiency improvements, and other means of reducing the local impacts of regional transportation systems

Environmental

The City supports government action that:

- Reduces GHG emissions
- Reduces airplane noise, health impacts, and/or airplane emissions
- Promotes residential and vehicle electrification programs

The City of Palo Alto's 2021 Federal and State Legislative Guidelines

- Promotes the use of renewable resources, water conservation, and the flexible use of existing resources
- Supports a statewide ban on polystyrene containers and packaging materials
- Provides opportunities for staff to work with the San Francisquito Creek Joint Powers Authority and other regional stakeholders in efforts to improve the creek's watershed and floodplain
- Supports efforts to protect local communities from sea level rise and other impacts of climate change
- Supports proper disposal of recyclables once removed from Palo Alto

Financial

The City supports government action that:

- Supports the long-term stability of CalPERS and the ability of local governments to mitigate and manage with flexibility its pension obligations
- Protects the funding sources and levels of City services
- Provides for COVID-19 related expenses and revenue losses
- Supports the continued deductibility of tax-exempt municipal bonds and the restoration of Advance Refunding of Tax-Exempt Municipal Bonds

Public Employment

The City supports government action that:

- Preserves local government's ability to manage its own employment issues, including, but not limited to hiring, evaluating, disciplining, and/or terminating and negotiating collective bargaining agreements with employees' representatives

Technology

The City supports government action that:

- Supports reasonable regulatory efforts surrounding policies regarding cybersecurity, drones, shared mobility services, returning to Obama-era net neutrality regulations, and smart city initiatives

Housing

The City supports government action that:

- Supports reasonable housing policies that recognize local autonomy to maintain the local public process and preserve local government's ability to determine land use policies and development standards

The City of Palo Alto's 2021 Federal and State Legislative Guidelines

- Provides funding for (a) affordable housing, (b) homelessness, and ~~(b)c~~ infrastructure (such as parks, utilities, roads, and transit) required to support the increased housing production
- Fosters reasonable ratios between jobs and housing
- Supports the development and implementation of efficient and environmentally sustainable land use and building practices

Police

The City supports government action that:

- Supports efforts which seek to modify policing services, including but not limited to alternative public safety models and funding to address community mental health issues, expansion of requirements regarding police data, and rules regarding prior employment information transparency.

Other

The City supports government action that:

- Updates, implements, and refines processes, services, and programs affecting the City. This includes, but is not limited to, public safety reform efforts and streamlining reporting mandates
- Protects individual privacy and allows the City to safeguard customer information
- Provides for the equal treatment of all individuals
- Allows the City to support the collaborative work of regional partners, trade associations, other local governments and organizations, and Joint Powers Authorities

Approved by the Utilities Advisory Commission on November 4, 2020
Approved by City Council on February 8, 2021

Utilities Legislative Policy Guidelines: 2021 Update

City of Palo Alto Utilities Department (CPAU) staff will use the below guidelines as well as the City's guidelines to help determine any advocacy position or action on Utilities-related issues. Formal advocacy, such as submitting written letters or comments and meeting with policymakers and/or staff, requires the approval of the Utilities Director or his designee.

1. Seek to preserve local government flexibility, discretion, accountability, and oversight of matters impacting utility programs, services, activities, and rates. Oppose action that could hamper or minimize this flexibility or discretion.
2. Where possible, seek funding and program incentives.
3. Advocate for reasonable government action with minimal customer impact that allows for flexibility and implementation feasibility.
4. Advocate for locally-designed conservation or efficiency programs. Support reasonable State conservation or efficiency requirements that consider local populations, environment, and resources.
5. Inform state and federal policymakers about CPAU's current programs, services, goals, and reporting requirements.
6. Oppose unnecessary, unreasonable, impractical, or costly rates or mandates.
7. Collaborate with and support the efforts of regional agencies and associations whose goals align with ours.
8. Advocate for fair cost allocation and support the principle of beneficiary pays.
9. Support efforts to maintain or improve the security and reliability of our infrastructure.
10. Support government action that cost effectively reduces greenhouse gas emissions.
11. Promote locally-designed residential and commercial electrification programs.
12. Support government action allowing CPAU to maintain customer confidentiality.



City of Palo Alto

Policy and Services Committee Staff Report

(ID # 13838)

Meeting Date: 12/14/2021

Title: Review and Approve a Task Order for the Office of the City Auditor to Conduct the Wire Payment Process and Controls Review

From: City Manager

Lead Department: City Auditor

Recommendation

The City Auditor recommends that the Policy & Services Committee approve the following task order and forward to City Council for consent:

- Task Order FY22-4.12 – Wire Payment Process and Controls Review

Discussion

In accordance with [Baker Tilly's agreement with the City](#), the Office of the City Auditor is required to conduct audit activities each year. The forthcoming audit plan, to be presented to Policy & Services Committee in February of 2022, will include a recommended audit activity, Wire Payment Process and Controls Review project. Given the importance of the topic, and that the City has been subject to multiple attempts to misdirect wire payments, the City Auditor recommends that the City begin the work at an earlier date.

Preliminary audit objectives include:

- Determine whether adequate controls are in place and working effectively to ensure that all disbursements are valid and properly processed in compliance with City's policies and procedures
- Determine whether end user security awareness training is sufficient to prevent erroneous payments

If approved unanimously by the Policy & Services Committee, this recommendation will be forwarded to the full City Council approval on an upcoming consent calendar.

Timeline, Resource Impact, Policy Implications (If Applicable)

The budget for each Task Order noted above aligns to the previously approved budget for the Office of the City Auditor, the agreement with Baker Tilly, and will be included in

the Audit Plan for 2022, scheduled for review in February 2022. Thus, there is no additional resource impact associated with this item.

Stakeholder Engagement

The Office of the City Auditor will coordinate with the Administrative Services Department, as well as with the Office of the City Attorney and the Office of the City Manager.

Environmental Review

Environmental review is not applicable to this activity.

Attachments:

- Task Order 4.12 - Wire Payment Process and Controls Audit Activity

PROFESSIONAL SERVICES TASK ORDER

TASK ORDER FY22-004.12

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

CONTRACT NO.

OR PURCHASE ORDER REQUISITION NO. (AS APPLICABLE)

- 1A. MASTER AGREEMENT NO. (MAY BE SAME AS CONTRACT / P.O. NO. ABOVE):
- 1B. TASK ORDER NO.: FY22-004.12
- 2. CONSULTANT NAME: Baker Tilly US, LLP
- 3. PERIOD OF PERFORMANCE: START: January 10, 2022 COMPLETION: June 30, 2022
- 4. TOTAL TASK ORDER PRICE: \$54,550
BALANCE REMAINING IN MASTER AGREEMENT/CONTRACT: Remaining in Task 4 FY22:
- 5. BUDGET CODE _____
COST CENTER _____
COST ELEMENT _____
WBS/CIP _____
PHASE _____
- 6. CITY PROJECT MANAGER’S NAME & DEPARTMENT:
Lydia Kou, Chair of the City Council’s Policy and Services Committee
- 7. DESCRIPTION OF SCOPE OF SERVICES (Attachment A)
MUST INCLUDE:
 - SERVICES AND DELIVERABLES TO BE PROVIDED
 - SCHEDULE OF PERFORMANCE
 - MAXIMUM COMPENSATION AMOUNT AND RATE SCHEDULE (as applicable)
 - REIMBURSABLE EXPENSES, if any (with “not to exceed” amount)
- 8. ATTACHMENTS: A: Task Order Scope of Services B (if any): N/A

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

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

APPROVED:
CITY OF PALO ALTO

APPROVED:
COMPANY NAME: _____

BY: _____
Name _____
Title _____
Date _____

BY: _____
Name _____
Title _____
Date _____

Attachment: Task Order 4.12 - Wire Payment Process and Controls Audit Activity (13838 : Approval of a Task Order to Perform a Wire Payment

Attachment A DESCRIPTION OF SCOPE OF SERVICES

Introduction

Attachment A, the Description of Scope of Services, contains the following four (4) elements:

- Services and Deliverables To Be Provided
- Schedule of Performance
- Maximum Compensation Amount and Rate Schedule (*As Applicable*)
- Reimbursable Expenses, if any (With “Not To Exceed” Amount)

Services & Deliverables

Baker Tilly’s approach to conducting the Work Order Process Review involves three (3) primary steps:

- Step 1: Audit Planning
- Step 2: Process and Control Review
- Step 3: Reporting

Step 1 – Audit Planning

This step consists of the tasks performed to adequately plan the work necessary to address the overall audit objective and to solidify mutual understanding of the audit scope, objectives, audit process, and timing between stakeholders and auditors. Tasks include:

- Gather information to understand the environment under review
 - Understand the organizational structure and objectives
 - Review the City code, regulations, and other standards and expectations
 - Review prior audit results, as applicable
 - Review additional documentation and conduct interviews as necessary
- Assess the audit risk
- Write an audit planning memo and audit program
 - Refine audit objectives and scope
 - Identify the audit procedures to be performed and the evidence to be obtained and examined
- Announce the initiation of the audit and conduct kick-off meeting with key stakeholders
 - Discuss audit objectives, scope, audit process, timing, resources, and expectations
 - Discuss documentation and interview requests for the audit

Step 2 – Process and Control Review

This step involves executing the procedures in the audit program to gather information, interview individuals, and analyze the data and information to obtain sufficient evidence to address the audit objectives. The preliminary audit objective is to: (1) Determine whether adequate controls are in place and working effectively to ensure that all disbursements are valid and properly processed in compliance with City’s policies and procedures; (2) Determine whether end user security awareness training is sufficient to prevent erroneous payments caused by phishing. Procedures include:

- Interview the appropriate individuals to understand the identified instance of wire fraud
- Interview the appropriate individuals to understand the process, the information system used, and manual and automated controls related to the disbursement process including vendor record creation and modification
- Interview the appropriate individuals to understand the end user awareness training
- Review policies and procedures as well as the regulations and standards to identify the criteria to be used for evaluation of control design and effectiveness
- Test disbursement transactions and new and modified vendor records as well as related key internal controls on a sample basis
- Compare the process and controls against the best practices

Step 3 – Reporting

In Step 3, the project team will perform tasks necessary to finalize audit working papers, prepare and review a draft report with the stakeholders, and submit a final audit report. Tasks include:

- Develop findings, conclusions, and recommendations based on the supporting evidence gathered
- Validate findings with the appropriate individuals and discuss the root cause of the identified findings
- Complete supervisory review of working papers and a draft audit report
- Distribute a draft audit report and conduct a closing meeting with key stakeholders
 - Discuss the audit results, findings, conclusions, and recommendations
 - Discuss management responses
- Obtain written management responses and finalize a report
- Review report with members of City Council and/or the appropriate Council Committee
- Present the final report to the City Council and/or appropriate Council Committee

Deliverables:

The following deliverables will be prepared as part of this engagement:

- Audit Report

Schedule of Performance

Anticipated Start Date: January 10, 2022

Anticipated End Date: June 30, 2022

Maximum Compensation Amount and Rate Schedule

The not-to-exceed maximum, inclusive of reimbursable expenses (as summarized below) for this Task is \$54,550. The not-to-exceed budget is based on an estimate of 240 total project hours.

Reimbursable Expenses

We plan to complete all work remote including all interviews and documentation review. If at any point the City and Baker Tilly mutually determine it will be beneficial to perform a portion of the work on-site, we will submit an estimate of our reimbursable expenses for the City's approval prior to traveling to Palo Alto.



City of Palo Alto

Policy and Services Committee Staff Report

(ID # 13837)

Meeting Date: 12/14/2021

Title: Review and Approve the Initial Public Safety Building Construction Monitoring Report

From: City Manager

Lead Department: City Auditor

Recommendation

The City Auditor recommends that the Policy & Services Committee take the following action:

- 1) Review the Initial Monthly Public Safety Building Construction Monitoring report (monthly) and recommend that the City Council accept the report.

Executive Summary

Baker Tilly, in its capacity serving as the Office of the City Auditor, performed a review of compliance with contractual audit requirements for the Architect, Inspector of Record, Construction Manager, Contractor and Waterproofing Inspector associated with the Public Safety Building construction project. In addition, Baker Tilly will verify that project expenditures billed to City of Palo Alto are adequately supported, verifiable, and appropriately allocated to the project. This activity was conducted in accordance with the [FY2021 Audit Plan approved by City Council](#).

This is an on-going audit activity. The City Auditor will draft a similar report on a monthly basis. The report contains two critical items:

- 1) Audit Issues Log – lists various audit ‘issues’ including a description of the issue identified, the status of the item, and the result (which is management’s response to the issue).
- 2) Request for Information (RFI) Log – contains a running list of the monitoring activities performed by the City Auditor. This list does not represent findings/ observations/ issues, but rather is a mechanism to track on-going monitoring activities. Note that an ‘open’ item simply indicates that a request for information has been made by the City Auditor.

As of November 17, 2021, the Office of the City Auditor identified two (2) audit issues, totaling \$7,331.77 in potentially recoverable costs out of a total of \$22.5M in financial transaction

reviewed. The Public Works Department is working with the respective vendors to be credited for those costs.

The Office of City Auditor will continue to perform monthly monitoring procedures in accordance with the approved task order and routinely bring forward status updates to the Policy and Services Committee and City Council. Future reports are anticipated to be presented as informational.

Discussion

The attached report summarizes the analysis, audit findings, and recommendations. Note that the report is considered to be in draft format until approved by City Council.

Stakeholder Engagement

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

Environmental Review

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

- City of Palo Alto - PS Building -

Status Update 11.17.21

Status Update

City of Palo Alto

Public Safety Building - Construction Audit
11/17/2021

Draft

This update is solely intended for the use of the City of Palo Alto's internal management.

Client: City of Palo Alto
Project: Public Safety Building
Status Update



Date: 11.17.2021

Audit Scope and Objectives
City of Palo Alto engaged Baker Tilly US, LLP ("Baker Tilly", "we", or "our) to perform construction audit services on the Public Safety Building project.
The primary objectives of this engagement are to ensure compliance with contractual audit requirements for the Architect, Inspector of Record, Construction Manager, Contractor and Waterproofing Inspector. In addition, Baker Tilly will verify that project expenditures billed to City of Palo Alto are adequately supported, verifiable, and appropriately allocated to the project.

Current Period Audit Events
Baker Tilly performed the following items during the current period:
1. Reviewed Public Works response to the RFI log dated October 15, 2021.
2. Reviewed additional payment applications, invoices, and change orders from each vendor through September 31, 2021.

Current Period Audit Issues
Baker Tilly noted the following audit issue in the current period.
- Nova Partners invoices from June 2017 to December 2017 included billing rate overcharges totaling \$6,975. Public Works will work with Nova to receive a credit on a future invoice (See AI No. 2 and RFI No.1). Baker Tilly will note this item as closed once the forthcoming invoice is executed.

Current Period Requests for Information
During the current period we added RFI No. 13 to No. 16 as follows:
- RFI No. 13 - <u>Swinerton Builders</u> - Pay App #5 is required.
- RFI No. 14 - <u>Swinerton Builders</u> - In Change Order #10, there are differences between amounts executed and support provided. This difference is due to time extension and its respective costs not being approved at the time. Additional breakdown support of these costs is required.
- RFI No. 15 - <u>RossDrulisCusenbery (RDC)</u> - Supporting documents for AS #25 is required.
- RFI No. 16 - <u>4 Leaf, Inc</u> - All invoices subsequent to July 2021 are required.
We will share the RFI log with Public Works and report on the results of the new items on the December Status Update.

Upcoming Audit Activities
1. Review Public Works response to the updated RFI Log items.
2. Collect and review any additional payment applications, invoices, and change orders through October 31, 2021.
3. Draft the December Status Update detailing the results of our review.

Events Hindering Progress
There are no events hindering audit progress.

Attachment: City of Palo Alto - PS Building - Status Update 11.17.21 (13837 : Presentation of the Initial Public Safety Building Monitoring Report)

Client: City of Palo Alto
Project: Public Safety Building
Status Update



Date: 11.17.2021

Completed Tasks
Baker Tilly has completed the following tasks:
1. Reviewed the contract documents for 4Leaf, Inc. (Inspector of Record), Nova Partners, Inc (Construction Manager), RDC (Architect), and Swinerton Builders (Contractor).
2. Developed monthly testing procedures based on the terms of each contract.
3. Reviewed the payment applications, invoices, and change orders from each vendor from project inception through the period ending September 30, 2021.

Draft

Attachment: City of Palo Alto - PS Building - Status Update 11.17.21 (13837 : Presentation of the Initial Public Safety Building Monitoring Report)

Client City of Palo Alto
Project Public Safety Building
Audit Issues (AI) Log



Updated: 11.17.2021

AI ID No.	Period	Audit Issue	AI Date	Response Date	Status	Result	Amount
001	October Monthly Review	Swinerton Builders - COR #25 which was included in Change Order #4 included a duplicate charge for equipment markup totaling \$356.77 (see RFI #7).	9/23/2021	11/15/2021	Closed	Public Works provided Change Order #8 reflecting the credit. Baker Tilly reviewed Change Order #8 and confirmed credit.	\$ 356.77
002	November Monthly Review	Nova Partners - Invoices from June 2017 to December 2017 billed an Estimator at a rate of \$175 per rate rather than the agreed-upon rate of \$160 per hour. This resulted in a billing rate overcharge totaling \$6,975 (see RFI #1).	10/15/2021		Open	Public Works will work with Nova to receive a credit on a future invoice.	\$ 6,975.00

Draft

Client City of Palo Alto
 Project Public Safety Building
 Request for Information (RFI) Log



Updated: 11.17.2021

RFI ID No.	Period	Request Contact	RFI Description	Request Date	Response Date	Response	Status	Result
001	Monthly testing	Public Works	<u>Nova Partners</u> - Please provide all invoices prior to February 2021.	9/20/2021	9/23/2021	Public Works provided the requested documents to Baker Tilly.	Open	<p>10/15/2021 - Upon review of invoices prior to February 2021, Baker Tilly noted the following: Invoices from June 2017 to December 2017 billed an Estimator at a rate of \$175 per hour; however, the agreed-upon rate for an Estimator, as stated in Exhibit C-1 of the contract, is \$160 per hour. This results in a potential billing rate variance totaling \$6,975. Was the rate of \$175 per hour previously approved. See Schedule 1.</p> <p>11/15/2021 - Public Works provided an explanation for the potential billing rate variance. Per Public Works, "a Senior Estimator was used to provide services in 2017 and charged the correct rate at the time for Senior Estimator. Public Works acknowledges that there was no Senior Estimator rate in the contract, but it was added in 2018 through contract amendment #2. Public Works will work with Nova to receive a credit on a future invoice for the difference."</p> <p>11/17/2021 - Baker Tilly reviewed Public Works explanation and it appears reasonable. Baker Tilly will review future invoice for confirmation of credit adjustment.</p>
002	Monthly testing	Public Works	<u>Nova Partners</u> - Invoices from February to April 2021 did not reflect the percentage of completion for each task as stipulated in Section 5 of the contract. However, this was rectified in the May invoice which showed an aggregate 68% of completion for all tasks. No response required at this time; however, we will be monitoring the percentage of completion in each invoice moving forward to confirm compliance with the contract documents.	9/20/2021	9/23/2021	No response was required. Public Works is aware Baker Tilly is monitoring the percentage of completion in each invoice to confirm compliance.	Closed	Baker Tilly reviewed invoices subsequent to April 2021. Noted invoices reflect percentage of completion and are in compliance with contract documents. No additional comments.
003	Monthly testing	Public Works	<u>Nova Partners</u> - The following employees were not listed in Exhibit "C-1" of the contract: Joe Capps-Jenner, Sam Tooley, and Jason Luong. Please provide the approved billing rates for each employee.	9/20/2021	9/23/2021	Public Works provided the requested billing rates to Baker Tilly.	Closed	Baker Tilly reviewed the billing rate schedules. No additional comments.
004	Monthly testing	Public Works	<u>Nova Partners</u> - Please provide all supporting documents for Additional Services prior to AS #11.	9/20/2021	9/23/2021	Public Works provided the requested documents to Baker Tilly.	Closed	Baker Tilly reviewed Additional Services prior to AS #11. No exceptions noted.
005	Monthly testing	Public Works	<u>Swinerton Builders</u> - It appears Pay App #3 has a calculation error on the first page. Contract Sum to Date (Line 3) totals \$84,177,752, the recalculated amount reflects \$84,375,269.04. This does not result in a billing error on the Payment Application #3; however, the correct Contract Sum should be confirmed and reflected on the payment application.	9/20/2021	9/23/2021	Public Works provided a revised payment application to Baker Tilly.	Closed	Baker Tilly reviewed the revised payment application. No exceptions noted.
006	Monthly testing	Public Works	<u>Swinerton Builders</u> - Please resend Change Order #1 and the supporting documents. The documents provided were not able to be downloaded.	9/20/2021	9/23/2021	Public Works provided the requested documents to Baker Tilly.	Closed	Baker Tilly reviewed CO #1 and its supporting documents. No exceptions noted.
007	Monthly testing	Public Works	<u>Swinerton Builders</u> - In Change Order #4, it appears equipment markup is double charged in COR #25. Invoice support shows a direct cost of \$2,765.04 and an equipment mark up of 10% totaling \$3,041.54. This amount is then carried to the Change Order Request Breakdown (Line 11) and an additional 10% markup is calculated (Line 15). This is a minor potential variance totaling \$349.77 after the applicable Swinerton fees are added to the change order. The direct cost alone without the mark up should have been carried to Line 11. Please review the supporting documentation. Does Palo Alto wish to correct this on a future change order?	9/20/2021	9/23/2021	Public Works recalculated the variance to be \$356.77 rather than \$349.77. Palo Alto will correct this in a future change order once variance is confirmed.	Closed	<p>10/15/2021 - Baker Tilly will review future change order for confirmation of variance adjustment.</p> <p>11/15/2021 - Public Works provided Change Order #8 reflecting the variance adjustment.</p> <p>11/17/2021 - Baker Tilly reviewed Change Order #8 and confirmed variance adjustment.</p>
008	Monthly testing	Public Works	<u>RossDruisCusenbery (RDC)</u> - Please provide all invoices prior to February 2021.	9/20/2021	9/23/2021	Public Works provided the requested documents to Baker Tilly.	Closed	Baker Tilly reviewed invoices prior to February 2021. No exceptions noted.
009	Monthly testing	Public Works	<u>RossDruisCusenbery (RDC)</u> - Please provide all supporting documents for Additional Services prior to AS #16.	9/20/2021	9/23/2021	Public Works provided the requested documents to Baker Tilly.	Closed	<p>10/15/2021 - Upon review of Additional Services prior to AS #16, Baker Tilly noted the following:</p> <p><u>AS #3</u> - No documents were provided to support AS #3. Please provide supporting documents.</p> <p><u>AS #4</u> - This includes added services for Hinman Consultants; however, the original contract documents do not contain a billing rate schedule for Hinman. Please provide approved billing rates.</p> <p><u>AS #9 and AS #12</u> - Interstice has Designer priced at a rate of \$160 per hour; however, the agreed-upon rate for a Designer is \$140 per hour.</p> <p><u>AS #13</u> - Interstice has design services priced at a blended hourly rate of \$187.20, which is higher than the agreed-upon Project Manager rate of \$180. Please provide the build-up to this blended rate.</p> <p>11/15/2021</p> <p><u>AS #3</u> - Public Works provided supporting documents.</p> <p><u>AS #4</u> - Public Works provided billing rate schedule for Hinman Consultants.</p> <p><u>AS #9 and AS #12</u> - Public Works provided invoices that reflected Designer billed at the agreed-upon rate.</p> <p><u>AS #13</u> - Public Works provided invoices that reflected Design Services billed at the agreed-upon rate.</p> <p>11/17/2021</p> <p><u>AS #3</u> - Baker Tilly reviewed supporting documents. No exceptions noted.</p> <p><u>AS #4</u> - Baker Tilly reviewed the billing rate schedule. No exceptions noted.</p> <p><u>AS #9 and AS #12</u> - Baker Tilly reviewed invoices provided. No exceptions noted.</p> <p><u>AS #13</u> - Baker Tilly reviewed invoices provided. No exceptions noted.</p>

Client City of Palo Alto
Project Public Safety Building
Request for Information (RFI) Log



Updated: 11.17.2021

RFI ID No.	Period	Request Contact	RFI Description	Request Date	Response Date	Response	Status	Result
010	Monthly testing	Public Works	RossDrulisCusenbery (RDC) - In reviewing AS #21, we noted no supporting documents were provided for WSP, Sandis Civil, and Interstice costs.	9/20/2021	9/23/2021	Public Works provided an explanation for the execution of AS#21.	Closed	Baker Tilly reviewed AS #21 and explanation appears reasonable. No additional comments.
011	Monthly testing	Public Works	Consolidated Engineering Laboratories - Please provide all invoices.	9/20/2021	9/23/2021	No Consolidated Engineering Laboratories invoices to date.	Closed	N/A
012	Monthly testing	Public Works	4Leaf, Inc - Please provide master agreement C21177994A.	9/20/2021	9/23/2021	Public Works provided the requested agreement to Baker Tilly.	Closed	Baker Tilly reviewed the agreement. No additional comments.
013	Monthly testing	Public Works	Swinerton Builders - Please provide Pay App #5.	11/17/2021			Open	
014	Monthly testing	Public Works	Swinerton Builders - In Change Order #10, amount executed for COR 59 shows \$60,284.28; however, support totals \$99,635.05. This difference is due to time extension and its respective costs not being approved at the time. Please provide the breakdown of these costs as there is no clear breakdown in the support. This also occurs in COR 41, 83, and 22.	11/17/2021			Open	
015	Monthly testing	Public Works	RossDrulisCusenbery (RDC) - Please provide supporting documents for AS #24.	11/17/2021			Open	
016	Monthly testing	Public Works	4 Leaf, Inc - Please provide all invoices subsequent to July 2021.	11/17/2021			Open	

Draft



City of Palo Alto

Policy and Services Committee Staff Report

(ID # 13744)

Meeting Date: 12/14/2021

Title: Discuss and Make Recommendations for the 2022 City Council Priority Setting Process and Follow Up Discussion on Council Retreat Referral to Discuss Possible Edits, Changes, or Updates to the City Council Procedures and Protocols Handbook

From: City Manager

Lead Department: City Manager

Recommendation:

Staff recommends that the Policy and Services Committee discuss and consider making recommendations to the City Council regarding 2022 priorities and, potentially, format and facilitation for the Council's annual retreat in January or February.

The Policy and Services Committee should also consider and discuss potential substantive edits, changes, and revisions to the City Council Procedures and Protocols Handbook (CPP or Handbook) and recommend desired changes to the City Council for consideration at its annual retreat in January 2022.

Background:

In October 2012, the City Council approved Priority Setting Guidelines (CMR #3156) and outlined the role for the Policy & Services Committee in this activity. Per the Guidelines (**Attachment A**), a priority is defined as a topic that will receive unusual and significant attention during the year. Additionally, there is a goal of no more than three priorities per year, generally with a three-year time limit.

The 2021 Priorities, as selected at the City Council's Annual Retreat on January 30, 2021 ([CMR #11957](#), [Minutes](#)) are as follows:

- Economic Recovery
- Housing for Social and Economic Balance
- Social Justice
- Climate Change – Protection and Adaptation

Previous years' priorities are found in **Attachment B**.

Handbook Background:

The Municipal Code provides that the City Council should adopt “a handbook of procedural rules governing any aspect of the conduct of meetings and hearings for the Council and its standing committees, including but not limited to agenda requirements, the order of business, rules of order, rules of evidence, closed session procedures and rules for public participation in meetings” (PAMC section 2.04.100). The City Council adopted the first version of the City Council Procedures and Protocols Handbook in the early 2000s.

The Handbook calls on the City Council to review its procedural rules and protocols annually. (CPP, Protocols Section 3.1, p. 34). This is typically done at the City Council’s January retreat. The Handbook has been amended numerous times over the years with updates to particular sections, though the core of the document has remained largely unchanged for over 20 years. Most recently, the City Council adopted a set of changes on February 1, 2020 ([CMR #11036; Minutes](#)), during the annual City Council Retreat, with approval following a referral to Policy and Services.

In June 2021, the Policy and Services Committee discussed the City Council Procedures and Protocols ([CMR #12341](#)) and decided to: recommend that the City Council hires a consultant to cleanup and reformat the handbook to improve readability and ease of use for City Council Members, Staff and the public ([Minutes](#)).

That recommendation was taken to the City Council in August 2021 ([CMR #13446](#)) and the City Council approved the following: to approve the retention of a consultant to clean up and reformat the City Council Procedures and Protocols Handbook ([Minutes](#)).

Discussion:

Staff e-mailed current Council members requesting their suggestions for priority topics to be included, to be received by December 1, 2021. The suggestions received by the time of this publication are included in this memo. The community is also being solicited for suggestions. It will remain open and available to the community for inclusion at the Council retreat, date TBD. At the retreat itself, the community can also attend and express their views at the meeting. The purpose of this solicitation is to help inform the Council on priorities for the upcoming year.

The Council preliminary suggestions (listed below) will help organize ideas into groupings in advance of the retreat so staff and Council can prepare for a productive retreat. Council members are free to modify choices at the Policy and Services Committee meeting or Council retreat. The National Community Survey, formerly known as the National Citizens Survey, will not take place this year (as directed in the City budget to a bi-annual process), thus that input will not be available this year to help inform the priority setting process. The Policy and Services Committee may make recommendations regarding the priorities as well as regarding the retreat format and facilitator. Of note, the Human Relations Commission, in their presentation to the Policy and Services Committee as part of the September Race and Equity Update shared an interest in the City Council considering “Belonging” as a possible Council priority.

Following solicitation of City Council members for their topics of interest, the topics received are listed below in alphabetical order:

1. Affordable housing (unless it is already an ongoing item based on being a priority multiple times already)
2. Civility and respect in public discourse, to reinforce a welcoming community and a sense of belonging for all community members
3. Climate Change – Protection and Adaptation; Accelerate Climate Actions (mentioned 5 times)
4. Development and support for community-serving businesses, revitalization of shopping districts
5. Economic Recovery
6. Healthy City, Healthy Community (to address health and equity concerns in the community; include diversity and inclusion here, particularly around increasing diversity of City staff especially in public safety)
7. Healthy City, Healthy Community
8. Housing for Social and Economic Balance (mentioned 2 times)
9. Implementation of sustainability and climate action plan
10. Local Economic development
11. Partner with housing providers to add a variety of housing types throughout the city
12. Post-pandemic fiscal sustainability
13. Public Safety
14. Push Back on state legislation that trumps Local Control
15. Rebalance infrastructure plan (update/modify list of Council-approved projects and funding methods)
16. Redesign and streamline internal and external City processes to become a more nimble organization
17. Respond to significant changes in work location (fewer visitors in Palo Alto each day, the City's own workforce's needs and preferences, residents spending more time at home)
18. Social Justice

Council Protocols and Procedures:

Staff is working with a communication and copy-editing specialist on reorganizing and simplifying the CPP document to improve clarity and make the Handbook easier to use. Substantive revisions will not be made at this stage. The draft document will be presented to the Policy and Services Committee when the draft is further along.

In the meantime, the Policy and Services Committee expressed interest in reviewing the City Council's ideas for substantive changes to the Handbook. These items will be further discussed

at the City Council retreat in early 2022. Those items are listed in the June report ([CMR #12341](#)). In the June 2021 report, staff also shared a list of some items for the Committee to consider. At this time, staff is holding off on bringing forward those items until the reformatted Handbook is completed. This allows staff to focus on the Handbook reformatting in partnership with the consultant and also gives staff time to further refine those staff-generated CPP suggestions.

Timeline, Resource Impact, Policy Implications

No additional resource impact is expected at this time. This discussion will inform the annual Council retreat, currently TBA, pending appointment of a new Mayor, but usually held in late January or early February of each year.

Stakeholder Engagement

Council members and the community have been or are being solicited for their thoughts and topic suggestions. At the retreat itself the public can also attend and express their views during the meeting.

Environmental Review

This is not considered a project as defined by CEQA and no review is required.

Attachments:

- Attachment A-Priority Setting Guidelines
- Attachment B-Past Council Priorities

City Council Priority Setting Guidelines

Approved by City Council: October 1, 2012

Last revised: October 1, 2012

Background

The City Council adopted its first Council priorities in 1986. Each year the City Council reviews its priorities at its Annual Council Retreat. On October 1, 2012 the City Council formally adopted the definition of a council priority, and the Council's process and guidelines for selection of priorities.

Definition

A Council priority is defined as a topic that will receive particular, unusual and significant attention during the year.

Purpose

The establishment of Council priorities will assist the Council and staff to better allot and utilize time for discussion and decision making.

Process

1. Three months in advance of the annual Council Retreat, staff will solicit input from the City Council on the priorities to be reviewed and considered for the following year.
 - a. Council members may submit up to three priorities.
 - b. Priorities should be submitted no later than December 1.
 - c. As applicable, the City Manager will contact newly elected officials for their input by December 1.
 - d. The City Clerk will provide timely notice to the public to submit proposed priorities by December 1. The Policy and Services Committee shall recommend to the Council which suggestions if any shall be considered at the City Council retreat.
2. Staff will collect and organize the recommended priorities into a list for Council consideration, and provide to Council no less than two weeks in advance of the retreat.
3. The Policy and Services Committee, each year at its December meeting, shall make recommendations about the process that will be used at the Annual Retreat paying particular attention to the number of priorities suggested by Council members. The recommended process is to be forwarded to Council for adoption in advance of the Council retreat.

Guidelines for Selection of Priorities

1. There is a goal of no more than three priorities per year.
2. Priorities generally have a three year time limit.

ATTACHMENT B

Past Palo Alto City Council Priorities, By Year for the last six years:

2021

- Economic Recovery
- Housing for Social and Economic Balance
- Social Justice
- Climate Change – Protection and Adaptation

2020

- Housing, with special emphasis on affordability
- Sustainability, in the context of the changing climate
- Improving mobility for all

2019

- Climate Change
- Grade Separation (choose preferred alternative by end of the year)
- Traffic and Transportation
- Fiscal Sustainability

2018

- Transportation
- Housing
- Budget and Finance (create an infrastructure funding plan)
- Grade Separation (choose preferred alternative by end of year)

2017

- Transportation
- Housing
- Infrastructure
- Healthy City, Healthy Community
- Budget and Finance

2016

- The Built Environment: Housing, Parking, Livability, and Mobility
- Infrastructure
- Healthy City, Healthy Community
- Completion of the Comprehensive Plan 2015-2030 Update