



CITY OF PALO ALTO CITY COUNCIL TRANSCRIPT

Special Meeting
February 29, 2016

The City Council of the City of Palo Alto met on this date in the Council Chambers at 6:05 P.M.

Present: Berman arrived at 7:12 P.M., Burt, DuBois, Filseth, Holman, Kniss, Scharff, Schmid, Wolbach

Absent:

Study Session

1. Finance Committee Recommends the City Council Review the Assessment Results of the Enterprise Resource Planning System (ERP) Needs; Review Recommendation to Plan for the Acquisition of a new Integrated Government-Oriented ERP System and Separate Provisioning of Utilities Billing Systems.

Mayor Burt: Council Member Schmid, your light is on. Was that deliberate? Our first item is a Study Session. The Finance Committee has recommended that the City Council review the assessment results of the Enterprise Resource Planning System, or ERP, needs and to review recommendation to the plan for the acquisition of a new integrated government-oriented ERP system and separate provisioning of utilities billing systems. Mr. Reichental, welcome.

Jonathan Reichental, Information Technology Department Director: Thank you very much. Great intro. I'm Jonathan Reichental, the City's Chief Information Officer. Thank you, Mayor Burt and Vice Mayor Scharff and Council Members. As you know for I always say, it's a great honor to have this opportunity in my life to be able to do the type of work, so thank you for that. Tonight, I'm happy to present to you some details on work that's been ongoing for a couple of years now to help us make a series of decisions around the future of some of our core software technology here at the City. What I plan to do is to discuss just briefly what ERP is of the City, talk about what we've done to determine how we got to today, what the next steps might look like, and include some timeline. Before I start, I just want to recognize a couple of people in the audience. I wanted to recognize Sudhir, who's our Head of IT Enterprise Systems. He's going to stand up and shake

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his hand there. He's relatively new to the City, and he's running our Systems, Applications and Data Processing (SAP) systems and our Geographic Information System (GIS) system. I also wanted to recognize Ganjin [phonetic] who is the Project Manager, to his left—hi there—who is running this project so well for the City. I came to the City Council in late 2013, early 2014, I believe, to first propose that we take a look at our SAP systems. When I first joined the City, one of the first questions I got from many of you and colleagues was what are we going to do with SAP. My answer was nothing yet, let me take a look at it and talk to the right people and evaluate it and stabilize it. We did that, and then we realized it was time to look out to the future, so we started that work. We brought in a company to evaluate our current state, what was the current state of our core system and what should we do, should we do nothing, should we actually do something about it, should we make investments in the future. Here's what the results said. Just before I actually get to the results, it's useful if I tell you a little bit about what SAP is. It's obviously a vendor name for a set of software that provides some core services at the City. For example, our Administrative Services uses it to do payroll every two weeks and purchasing. Our Utilities uses it for billing management, work management, for doing the reporting. Our Human Resources (HR) organization uses it to support HR processes. Public Works uses it for refuse and recycle billing. Every Staff member pretty much uses it to enter their time every two weeks, what they're doing, and that's how they get paid. It's used for a wide variety of very core features at the City. Just to give you a sense of its scale, we have about 320 systems at the City, individual computer systems. Twenty-nine of them touch the services I just talked about. There are 29 systems that are integrated with SAP. SAP talks to about 14 other systems outside the City. For example, our credit cards, the CalPERS, our retirement program and some utility reporting, energy reporting that we do that's both regulatory and also useful to our community members. We spend \$3 million on SAP approximately each year; \$2 million of that is the labor involved in supporting all the processes, and about \$1 million is for software maintenance. Hopefully that gives you a good sense of the scale of what we're talking about today. I will also say that I know SAP, since it first rolled out in 2001, was somewhat bumpy. There were times when the system didn't work the way we expected. Since I joined about 4 1/2 years ago, we've brought it to a very stable place. Largely, SAP is sort of a quiet system. You never hear from me about it. I do want to say, as we sit here today, the system is stable and does the things it's supposed to do. I often say it's ugly, but it works based on the version we have. Payroll is made every two weeks. We run our Utilities using SAP. Clearly there are limitations to it that I'll now illustrate to you. The world has changed since we rolled out SAP in 2001. That's 15 years ago. There's a lot of new tech. We also found that the cost of running these big systems

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has increased over time, through labor, through adding more complexity to our processes. In 2001, there really wasn't cloud offerings. There weren't providers who could provide us software that we could just subscribe to. There are new models of using software that didn't exist. Today our expectations are just so much bigger. We want very good reporting. We want real-time, accurate reporting. We want a lot more self-service. I think finally today people want to use the tech from their mobile devices. The technology we have, because of its age and from the point at which we bought it, many things I just described simply are not available to us on our version. If that wasn't enough to convince you that we have to do something, the last time we upgraded SAP was in 2009 which is now seven years ago. We are on an old version. SAP itself has a completely new set of technologies to do the same things that their software did in 2009. Because we're on an old version and it's not easy to upgrade, we do as a consequence pay for some premium support. We brought in a company; it was in late 2014. In early 2015, I reported on the results to the Finance Committee. These are the very summarized results of the evaluation that the vendor did. Some of it is clear from the arguments I already made around the use of contemporary technology versus what we have available to us today. SAP is a successful application at the City today, but we don't use a lot of it. It's actually quite underutilized. Part of the reason for that, it is somewhat complex and it's costly to enable some of the features that we don't currently use. In the list here you'll see we don't take advantage of some of the more contemporary capabilities such as workflow which allow a piece of information submitted to the system to flow easily to another individual to take some action, to flow to another individual to take action. Reporting continues to be difficulty. I think you've heard that based on some of your own requests of Staff. It's hard to use, and we have been challenged with training people and keeping people up to speed on the product. Because of Staff turnover, we lose a lot of intellectual knowledge on the product. Finally, it is an expensive product to run today just daily and then to add features that we would like. Every time we want to add something that you ask us to add, we have to bring in external talent, and it's costly. Again, it's a version of the software that doesn't allow Staff to easily make the kinds of changes we would like to make. Those are a series of the motivations that drive sort of the next set of recommendations. When you boil it all down, there are really three options for us at the City. It's worth saying that we could technically stay on SAP for a little while longer; we could maintain the status quo. It'll get increasingly expensive and will continue not to be able to meet City Staff and Council needs around mobility and reporting and self-service and all the other things we want to do. Option Two, because we're SAP, we could simply upgrade. I use the word "simply" as an understatement. It would be hard; it would basically be a new implementation. A third option would be to look out to the marketplace

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and what's out there, what new technology now could meet the Enterprise Resource Planning needs of the City that wasn't around in 2001 or 2009. The vendor came back, and we interviewed many, many people across the City. We looked out to the marketplace, and their recommendation that we should go out to market, we should look at Option Three, and we should look at an integrated system but with a separate utility billing solution. We'll come back to that point in a few moments. We got the recommendation from the vendor, but we decided that it was important that we take the recommendation and process it as a City entity. We brought together representatives from all departments, right from Director level all the way down. After we debated the merits of their recommendation and the detail to it, we also then brought it to the SAP Steering Committee at the City who's made up of at the Director-level major stakeholders. That's when we came up with the City Staff recommendation that we made to the Finance Committee initially. One of the emerging recommendations that was not in the Plante Moran report but that City Staff developed was this idea that you don't necessarily have to go from a software system internally and look for an identical software system that does the same things. We could actually look to some of our processes to be done outside of the City rather than with our software. That was a complicated way of saying we could look for opportunities for using third-party managed services. An example of that—this is simply an example—is today we use SAP for payroll, and we use City Staff for payroll. As many of you know, payroll is something that can be done by somebody else potentially at lower cost, easier and just as a service. We thought it would be prudent for us to take a look at all the range of processes we do and see if we could have them as managed services versus buying the software for it. The Staff recommendation ultimately was to do two things; to recommend to Finance Committee that we spin up an effort to understand all our needs and look at a third-party service to meet one or more of those needs, and to have the remaining met by the acquisition of a new government-oriented system and a separate utility billing system. That was our recommendations which we discussed with the Finance Committee. They gave us some feedback, which I've incorporated here, and now I'm bringing to your attention as our continued recommendation. As I wrap up here, here's a quick overview of what we've done, what we're doing and what we would like to do or recommend to do. We started the entire process that we're now engaged in starting with the budgeting process around 2013. Last year in March, we presented our recommendations to the Finance Committee. I had hoped to do this presentation in September, but other priorities for the Council got in the way, and this kept getting kicked back a little bit, so we're here today in February. Since we presented to the Finance Committee, we looked at bringing in a firm to help us fully understand the needs of the City and then look at the marketplace at the potential answers to our needs, potential

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solutions, potential third-party managed services that we would bring back to Council to bless or approve for a roadmap. Tonight we are at the point where we've identified that vendor, and we have that contract on Consent as you know. That work will just be to do the evaluation of needs, and then identification of potential solutions. That will run 'til October, until it's completed. We would come back to Council then with the outcome of that report. Depending on that outcome, we would get engaged in a budgeting cycle which we think is going to be detailed because of the complexity and the multiyear nature of this. That will be done between the end of this year and the Fiscal Year (FY) '18 Budget cycle. I had to think about that for a second; that seems far in the future, but it's really not that far. Then we would start building this thing in the latter part of calendar year 2017. Because of the nature of it, we're not going to do it once. We simply couldn't do that as a City; it would bring the City to a halt if everybody was working on software. We think we can do it in a managed, thoughtful way over a number of years. It could be up to five years before we find ourselves on the other side of it. Now, there are parts of the system that will run just fine when we're doing that, so we don't have to do everything at once. I think that's everything I wanted to say on the topic for now. I welcome your questions.

Mayor Burt: Thank you. Before we get started, along the theme of some of the issues we'd discussed at our Council Retreat, I just want to take an opportunity to remind us that as Council Members it is completely acceptable to say I concur with the comments of Council Member such-and-such. Council Member Filseth is our best example at approaching things that way, when he feels that and being succinct. It may even in some circumstances be commendable to do that. This is part of our goal of running our meetings more efficiently. Sometimes I forget that, and we all do. I just thought I'd remind us all. Council Member DuBois.

Council Member DuBois: I'll go first so other people can agree with me. Will the Request for Proposal (RFP) include the cost to extract data from the current system and load it into the new system? Is that part of the process?

Mr. Reichental: We would want to know the implementation costs of any of the work we do for each of the pieces. Data migration has to be part of that, yes.

Council Member DuBois: Looking at the options, I guess SAP has utility billing. Do we have a sense is it any good? How would we rate it on a 1-10 scale?

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Mr. Reichental: They do have utility. In fact, we use the utility module today with SAP. I do have colleagues from Utilities here tonight. I don't know if they're willing to talk to what the current SAP solution is like or whether they'd talk ...

Council Member DuBois: Both the consultant recommendation and Staff recommendation is that we move to something else on utility billing.

Mr. Reichental: We would expect SAP to respond to the market solicitation we would do. Once it looks like we're going out to marketplace to look for a new Enterprise Resource Planning (ERP), our expectation is that SAP would want to be a participant in that process. We would expect them to respond.

Council Member DuBois: I didn't really see much discussion about their current offering. Have they fixed a lot of the issues? If we were on the current version, does it address a lot of the issues we're seeing?

Mr. Reichental: What I would say regarding specifically that question, the technology they use today is really entirely different than the technology we use. They have a new stack called SAP Hana, which is completely new architecture and technology. We had Sudhir, our Enterprise Manager, attend the SAP global conference recently for the purposes of evaluating. He has worked at SAP and with SAP for many, many years. He remarked on the distinction between where we're at today and where SAP are today. Very distinctive and modernization of their technology relative to where it was. Now, whether it fixes some of our shortcomings today, I think we'll look at that deeply. SAP have a stronger offering specifically for government than they did in the past. In fact, they have a government cloud offering. We would be very interested to take a deep look at that as well as the other providers.

Council Member DuBois: Kind of tied to that new product, do they have more modern pricing? This idea of large upgrades and maintenance seems a very legacy pricing model. Do they have more of a cloud ASP pricing model?

Mr. Reichental: They do. In fact that was one of the things I asked Sudhir to take a look at as well. They have several different pricing models. They continue to have the build-it-on-site version. Now, what's very popular is the subscription model.

Council Member DuBois: The price in here for the upgrade was to stay in kind of the host it yourself. Could it be actually cheaper if they bid and we use their cloud service?

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Mr. Reichental: To be determined, I think is the answer. It's all going to depend on what we ask for and how it's configured. What is definitely certain is that pricing has become more complicated. Anyone who works with Microsoft knows that, for example. You have to be very specific in how you're using the software. There's a couple of models, for example, where you could have licenses for everybody or you could just have concurrent licensing which is how many people are using it at a particular time. There is lots of flavors. I would say there would be tremendous interest in creating incentives to remain on SAP. We would look to the advantages of cloud-based or subscription model to push down the cost.

Council Member DuBois: When you talk about third-party solutions, you're talking about like an external payroll provider or maybe a recruiting app or whatever, like carving off pieces of functionality to like a separate service.

Mr. Reichental: Just to clarify, when we're talking about managed third-party services? When we talk about managed third-party, we're talking about people, process and technology, the whole lot being out. It could be a payroll provider that does the whole thing. Within the other pieces, the non-third-party managed services we would look to—for example, today we use PlanetBids for (inaudible) e-procurement. It's a very dedicated solution just for that piece. We can switch on the features we want; we can switch off the features we want. We have today in 2016 much more flexibility than we've had historically. Being in technology, you know that well too.

Council Member DuBois: Right now, you said SAP has a lot of functions we don't use. If we started to use a lot of third-party services, would you expect the new ERP costs to go down or are we going to end up paying basically for duplicative features we don't use just because it's bundled up that way?

Mr. Reichental: I think we would look for a few things. We certainly would look to bring the cost down at a fundamental level. Some of the things you can get potentially with third parties would be capabilities we don't offer today. That could have a value that we're prepared to pay for, because it brings a lot of utility back to the City. We could see the staffing needs of the City shift as a consequence of managed services, which could change the staffing model too. In summary, there's two things. Clearly, we've got to be cost conscious and thinking about how can we reduce the cost overall of this thing. We also want to focus on value. There are things we could be doing as a City we don't do or there's thing we do and we don't do them particularly well. There are efficiencies that City Staff could use that would just make life easier. I'll give you an example. Entering time today or getting expense reimbursement is tough. I think Lalo and I and City

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Manager recognize that. If we took advantage of mobile tech and some of the easy, simple ways to do that, that would just have enormous utility for us.

Council Member DuBois: That's a good example. It sounds like it would be a negotiation. If we're going to use a third-party expense reporting solution, even though it's built into ERP, we don't want to pay for it, so give us a lower price.

Mr. Reichental: Exactly.

Council Member Dubois: I guess one thing hopefully is part of the RFP is really focusing on data connectivity. If you have all these different systems, if there's a way to make sure you have one copy of data, we don't have different versions of the same data in different systems or you're rekeying data, seems like that's going to be the trick of tying together a bunch of third-party things.

Mr. Reichental: It is. Thank you for raising that. You're talking about a concept that used to be known as data warehousing, where you take data from disparate systems and you try to put them in a place that you can just report off of, and you've got one single source of truth. Today it's called business intelligence, the same sort of thing. We have a business intelligence solution at the City today, but it was very narrowly architected. We're in the process of improving that and upgrading it such that as we get disparate services we will dump the data from the systems into our BI systems, and it'll become a single source of truth that we can then report against. That's how you solve that problem, but you've got to architect it right.

Council Member DuBois: I like the ASP focus. I think a lot of benefits there. I think in one of the reports I read it listed a downside as well. If the internet goes down, then we can't access this stuff. I think it's a good tradeoff. My two cents. Obviously I think we should demand a very high level SLA like any large business would. The other thing, it sounds like it'd be great to see a speedy transition. Sounds like we'll be running two systems for a while, and it's going to be expensive running this archaic SAP system in parallel. My last question. On Consent, we're being asked for \$250,000 to define our needs and start to evaluate vendors. How does that amount compare for a purchase of this type? It seems like a lot.

Mr. Reichental: I believe it's the right price, but it includes a lot. It's building the entire needs of all the different departments I talked about in a document that's usable. That's hard work, eliciting our existing processes, documenting those. It's going out to market with several RFPs. It's

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measuring all the responses, putting together the panels that are going to look at all the tools. The next piece that makes the number a little different is we're going to be doing some very detailed work on looking at the next generation of utility software both for customer billing, the customer experience when they go online and work with us or they call in and get help. In addition, we will for the first time need technology or services that support our electrical smart grid strategy. Not only is there the elicitation requirements, the development of RFPs, the selection of processes, the identification of solutions, there's this assessment of managed services too, and there's the new Utilities piece. I think it is a good price for the volume of work that we're going to engage in. Again my Utilities colleagues are here if you have specific questions on their part which is a sizable piece.

Council Member DuBois: I misspoke. I said 250. I guess it's 359, right?

Mr. Reichental: At 350, 70,000 is contingency. It's late 200, but hopefully we don't have to (crosstalk).

Council Member DuBois: This is mission critical software, but I'd love to see us do it for less if we can. Thank you.

Mr. Reichental: Good questions.

Mayor Burt: Council Member Holman.

Council Member Holman: Yes, just a couple of questions. First off, I would concur with the question by Council Member DuBois about the cost of it. It does seem like a lot of money. Any opportunities to shave that, I'm sure will be forthcoming. A couple or three questions. I didn't really see them addressed in the minutes. One was while we're looking at a new system, are we also looking at new internal architecture and systems? Sometimes, like with the result of audits or some inquiries that Council Members would make, it seemed like one of the problems with SAP was the Staff wasn't being trained on SAP. We weren't taking advantage of systems that were really going to help the City make decisions. Is that also going to be addressed while you're doing this search for what the next best is or are you also going to be looking at the Staff training and the Staff internal programs?

Mr. Reichental: That's a super question. Two sort of thoughts that come to my mind as I think about it. One is we fully document end-to-end processes as a City. It does give us a chance to get better at that and actually question whether we should be doing it the way we're doing it. I think that also helps us answer the question whether somebody else can do it better than us. That's the managed services piece. The second way I would think

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about this question is there are best-in-breed software today like software that supports human resource processes that can help to guide us in how we work. They've already been designed to support best practices. Rather than us telling the software how it should work to support maybe our less efficient processes, we could take advantage of those. For example, the recruitment to retirement set of processes that go with HR. I don't know, Jim, if you wanted to add anything.

James Keene, City Manager: No.

Council Member Holman: Thank you for that. One of the things—Council Member DuBois, I think, touched on this too—is it's the interface. There may be some things that definitely are better, more efficient to be managed outside. Payroll's a great example of that. It's always going to be, as it is with anything, a balancing act. There are some things that can't be done outside, that just can't be. Just always being able to bring any of that information in so that there can be reports applied here when we need information, even including payroll. One of the questions I have—actually it's a recommendation I would have—is when you're looking at what can be done externally and what can be done internally and how those work together, I would really strongly suggest that there be a strong interface with the City Auditor's department. I think we can all quickly recognize why. It's because that's where the deficiencies sometimes get highlighted. I'm thinking of one with inventory at the Municipal Service Center (MSC), for instance. Rather than having those done by discovery, let's incorporate the City Auditor in how and what we're looking for in establishing a new system, a new software. Does that make sense or do you have any concerns about that?

Mr. Reichental: I don't at all. I think that's a reasonable recommendation. I like that.

Council Member Holman: Hopefully other Council Members will say ditto to that. Thank you.

Mayor Burt: Council Member Schmid.

Council Member Schmid: I just have a very simple question about the process and City Council's role. In your packet, Item Number Three, there's the Report by Plante Moran from November 2014. They recommended clearly in there to move ahead on what they call "3A," which I think is where we are. You came to the Finance Committee about a year ago for a Study Session to talk through the recommendation. We voted as a Council on a budget of \$250,000 last June to go ahead with, I believe, this study. Now we have a City Council Study Session where again we're discussing, I think,

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the Plante Moran recommendations and your updates on that. The Staff Report says no approval is required at this time. When we vote the Consent Item Number Three, is that the Council just voting a few more dollars or is it endorsement of the recommendation of "3A"? Why isn't the Study Session and the Consent Item together so it would be an open Action Item? Wouldn't that be more transparent in terms of what we're doing and where we're going and the Council's role?

Mr. Reichental: It's a complex question actually in terms of the process. It was only recently that these things aligned. Originally the Consent Item for the amount tonight would have been on a different night. The planets aligned, and we thought we might as well take all questions and all concerns at the same time. It was opportunistic. Maybe you can answer a little bit of it.

Mr. Keene: Let me jump in. I think it's a good point. Actually, we talked about it a little bit this morning, looking at how these converge. One could make the case we could have combined them just into an Action Item, but we didn't. Even though the Study Session Report says no action is required, I think it's fair to say that the presumption is that we would proceed with a Consent Item Number Three designing the scope of work that we would pursue along the lines of the recommendations that are part of the Study Session. That being said, even though the explicit approval in the Study Session is not asked for, the fact is the Council can speak to the fact of whether or not you're in agreement with the direction. I don't think it's a transparency issue, because it would be very transparent that you've said this. When we approve the Consent Item, it's going to be very clear what we're going to do. The only issue I would really see is if somehow there was real disagreement about the direction we were going in the Study Session. If you were to reach that conclusion, then we'd probably have to say we would postpone action on the Consent Item until we got that clear direction.

Council Member Schmid: Good. That is helpful. It does mean when we do vote on Consent, we are endorsing the direction you're taking. This is the first formal time since that November 2014 Report that we have done that.

Mr. Keene: That being said, obviously we'll be proceeding with doing the outreach and a process. Whatever we come up with, we're going to have to come back to the Council, of course, on the actual design, the cost, the implementation. The Council will have the opportunity to approve, deny or ask for modifications.

Mayor Burt: Council Member Filseth.

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Council Member Filseth: I remember this from Finance last year. Is there anything material different tonight versus when it came to Finance? You talked about the possibility of managed services being part of this. What are the big differences, if any?

Mr. Reichental: Between the Finance Committee and tonight?

Council Member Filseth: Yeah.

Mr. Reichental: Actually they're the same presentation but with more detail based on what we've been doing since.

Council Member Filseth: I asked all my questions at the Finance Committee meeting last year, so I won't ask any more.

Mr. Reichental: Thank you.

Mayor Burt: I will note as a follow-up to Council Member Schmid's question, this did go through the Finance Committee. Actually Council Member Schmid, you remarked that the first thing to be done was to get a planning vendor. It's not just that the Council is looking at it, but we as a Council are relying on what the Finance Committee had reviewed previously, and we're accepting that.

Council Member Schmid: I'll make the point, though, it was only a Study Session at the Finance Committee. It's only a Study Session tonight. There was no formal vote. It was just feedback.

Mayor Burt: I understand that. As the City Manager stated, if there was an indication that there was an objection by the Council or a significant number of members of the Council, we could pull that item and have that as an Action Item. Council Member Wolbach.

Council Member Wolbach: I actually just wanted to say ditto to Council Member Holman's suggestion of touching base with the City Auditor. It might not hurt, but I'll leave it to you all to figure out. It might not hurt to touch base as well with the City Attorney and City Clerk to see if there's opportunities to collaborate or any feedback.

Mayor Burt: Vice Mayor Scharff.

Vice Mayor Scharff: I just wanted to say I did appreciate this went to Finance. There were a lot of questions asked in the minutes. I think that's really helpful if anyone wants to look at those. I do think that obviously the status quo doesn't seem to make any sense. That doesn't even seem like a path we can seriously consider as a City. Correct me if I'm wrong. What

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we're really doing is we're getting a vendor who's going to go out and put together this RFP, at which time we will then make the decision, depending on the results we get from the RFP, whether or not to do Option Two or Option Three. Is that correct? Which is upgrade to SAP or get a new ERP environment.

Mr. Reichental: Plus the potential for some managed services.

Vice Mayor Scharff: For managed services which are outside of either, and a separate environment for Utilities.

Mr. Reichental: Yes.

Vice Mayor Scharff: That's when we talk about going down a path. That's the path we're going down.

Mr. Keene: Can I clarify?

Mr. Reichental: Yes.

Mr. Keene: I think it's not quite Option Two or Option Three. I actually think the potential for the upgrade to SAP with managed services is included in the way Option Three is put out, that a new government ERP system which could be SAP, yes.

Vice Mayor Scharff: I remember at the Finance Committee, Jonathan, you said an upgraded SAP is the equivalent of a new ERP environment.

Mr. Reichental: Yes.

Vice Mayor Scharff: I was just misunderstanding. Really what we're talking about is Option Three, but we consider an upgraded SAP to be a new ERP environment.

Mr. Reichental: I think that's accurate, yes. That's correct.

Vice Mayor Scharff: I was a little confused when he said Option Two, upgrade SAP. That's a different option then. That's not the one we're pursuing, because they seemed like the same.

Mr. Keene: I think the difference is twofold. One is clearly the managed services component is in there which would potentially offload some services outside of the ERP. Secondly, Option Three is going to let the marketplace dictate which way we're going to go, which could include SAP. Whereas, if we were just to upgrade SAP, you'd just be saying stay with SAP and pursue

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what they have to offer. We'll let the marketplace respond. I would imagine SAP is going to respond.

Mr. Reichental: They will, certainly.

Vice Mayor Scharff: Some of the things you didn't mention here that you mentioned in the Finance Committee, which was stunning to me at least. We spent \$17 million on SAP since 2003, but it wasn't that amount. It was the \$43 million in labor costs that we spent on this.

Mr. Reichental: \$26 million plus \$17 million.

Vice Mayor Scharff: Total.

Mr. Reichental: Total of \$43 million.

Vice Mayor Scharff: Sorry. I mean that seems like such a huge amount. Correct me if I'm wrong. What I heard you say at the Finance Committee meeting was that a new system, a new ERP environment, will be intuitive and will be easier to use because we had such huge training issues on the previous one with SAP. Is that correct or do you still think we're going to have lots of training issues?

Mr. Reichental: There certainly will be training requirements; that's for sure. The difference between a 2001 ERP system and a 2016 is material. Anyone who has used a cloud-based sort of consumer experience today knows you can kind of figure stuff out often yourself, rather than having to go to class. We would anticipate any new software that we buy today would be much easier to use and configure and take advantage of.

Vice Mayor Scharff: For me, that's sort of one of the key issues. What I heard from Staff over the last six years is that's it been incredibly difficult to use the current SAP, that everyone's too busy in this organization to train. That seemed to me to be the real issue. It was very complicated; it would take a huge amount of effort to get up to speed. The flow of work really prohibited in some ways—people always had something that was a more burning issue, shall we say. If we're going to move forward on this, I think that's something we really need to think about and to make sure that if it is intuitive, it is easier to use and the parts that aren't intuitive and used, that people actually have to use them, so they spend the time to learn it, which will interrupt the first workflow and cause all sorts of problems as we transition. The tendency in this organization, I think, is because everyone's so busy is to do the work that's in front of them that's really important rather than learning the basics and doing that. That would be one of my concerns on this whole process. The question, I guess, when you say 10-15

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million, does that include Staff time? Is that related to that \$17 million we spent before or is this \$10-15 million—how do I relate the \$10-15 million in this to the 43 million we spent since 2003? How do I get apples to apples on that?

Mr. Reichental: The \$43 million includes everything, so it would have been any of the upgrades we made, any of the changes, and the software and the maintenance. The 15 plus or minus will become clear as we go through this process now ahead of us, will include the acquisition of the software and any hardware—hopefully there's not much of that—the implementation costs, the training. The day that the service goes on and we start to use it as a protection environment is a different figure. That's just the cost of doing business. That's the operating cost.

Vice Mayor Scharff: That doesn't include the operating cost. That's the ...

Mr. Reichental: That potential \$15 million over five years does not include just operating the system. That's getting it to the point at which it operates.

Vice Mayor Scharff: Would it be \$3 million a year to start with or it would be an upfront of, say, \$10 million and then you pay? How does that work in terms of budgeting process? Do we suddenly have a budget out there in the Long Range Forecast that we should be putting in? Here's \$10 million for this or is it we currently have \$3 million so it doesn't change the Budget.

Mr. Reichental: The numbers will be different over the period of time based on what we're doing. In fact, we did sit down with Lalo Perez and his team to try to do some projections on exactly that. There will be a year when we have the most amount of help to get certain pieces working, where the numbers spike and then it drops a little bit. It does peter out as we get towards the end of it. It is a fluctuating number. Yes, as we come forward with asks, it'll be different each Fiscal Year.

Vice Mayor Scharff: I guess my question is when we looked at this, is this something that's going to impact the Budget in a way that other things are going to have to fall off? I mean, even an extra \$3 million in the Budget if revenues go up or down, it could be a big impact.

Mr. Reichental: I hope not. The reason I say that is when we procure IT systems at the City that are used by everybody across the departments, they pay IT back for the use of that as a charge-back mechanism. Over the last 15 years effectively, we've collected money for this exercise. There is what's called an IT Reserve which is separate cash that's sitting there for the replacement project. I defer to City Manager or Lalo ...

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Mr. Keene: I don't have the projections with me. I do think it's safe to say that we don't have any choice here. I think if we had to stay even with the status quo with SAP, if we were to compare our costs over time versus the costs over time going forward with this, we're going to be off making this purchase. Clearly, it's going to cost more. As a matter of fact, we're going to run at some point where SAP's going to either refuse to maintain this anymore or make it so costly for us that they force us into some other decision. I'm sure that this is more cost effective.

Vice Mayor Scharff: I completely agree we have to. That's what I was asking. It seems to me that there's a lot of challenges facing the budget in the future. There's the golf course; there's all the infrastructure stuff which keeps going up; there's a possible purchase of the Post Office. When you start to add all this stuff and if I start adding this in as well, I just want to make sure that we're keeping all of this in mind as we do this in sort of a holistic way, so that we actually don't not be able to do what we say we're going to do. That was some concerns. In the back of my head—I could be completely off on this—is I've heard continually from Utilities that SAP didn't work for Utilities, and it was shoehorned in. Throughout being on Finance, when we asked, "Can we do the bills with this innovation or can we do that," we were always told no because SAP or it'll cost us \$1 million to go back to SAP. I heard that over and over again. If we're going to go out and buy a separate (Enterprise Resource Planning)ERP for Utilities, that was my gut sense that seemed to be the right thing to do, and I was really glad to see it. Any time anything justifies your gut sense you always feel good about it. The concern was that—wasn't Utilities actually paying a portion of this and, therefore, Utilities would no longer pay a portion of it, and more would fall on the General Fund for the SAP? Maybe not, but that was something that stuck in the back of my head as a possibility.

Mr. Reichental: I don't believe that to be the case. I think the billing system—the split I believe is 60/40, 60 General, Utilities 40 percent. Our expectation is that somewhere in that range it will still continue even after this. The Utilities billing system will still integrate with the core financial system that the City purchases. They won't have their own financial system.

Vice Mayor Scharff: Thanks.

Mayor Burt: Council Member Kniss.

Council Member Kniss: Not to sound like a broken record, but if we didn't have the minutes from last year, this would have been very difficult to go through. Just a reminder. One of the questions I asked about last year, and

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I don't think you addressed it tonight, was how many other cities were using something like this?

Mr. Reichental: Maybe if I could ask clarification. An ERP system or SAP specifically?

Council Member Kniss: No, no, ERP.

Mr. Reichental: What's the specific question? Is it ERP or SAP?

Council Member Kniss: What other cities are doing. It's the same question I asked last year about ERP. What other cities are using ERP?

Mr. Reichental: I would say 99 percent. This is now very, very commonplace. I'm sorry I didn't answer that before.

Council Member Kniss: That was the question that we had asked last year. We're looking at stuff from 11 months ago, correct?

Mr. Reichental: The Finance Committee? Yes.

Council Member Kniss: Yeah, uh-huh.

Mr. Reichental: That's correct.

Council Member Kniss: Moving right along. I would ditto what others have said. Also to repeat, when you have minutes such as these, it makes it a whole lot easier a year later to remember what you might have said at a meeting that was last March.

Mayor Burt: I think that concludes our questions and comments from the Council. We have one member of the public who wishes to speak, Sea Reddy. Welcome.

Sea Reddy: Thank you. Thank you for the opportunity. I just happened to be working in that industry. I worked many years implementing ERP systems for Direct TV, Hughes, Northrop and Boeing. I totally agree with Jonathan. I met him first time; I knew of him. He's doing exactly what anybody would do in his capacity. The questions you've asked are very legitimate. There are two things that I'd like to bring up to add more value. The word government, I think, don't be using that word too much. Government brings some other things with it. It might be more like a public utilities, public organization, City Halls. You have zillions of cities that need to do the same services. That's one thing. We have some very good experts in the town. (inaudible) worked for the White House. He used to be (inaudible) Chief Information Officer (CIO). He worked for Microsoft. You

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could tap him. He would have a lot of experience. Another gentleman with the same first name, Jonathan Chadwick, is an English gentleman. He just relinquished his title as the Chief Financial Officer (CFO) of VMWare. He's a good source. VMWare just bought, changing from Oracle to SAP. They have 15,000 people. We are at 1,500 people, so you can compare notes. The other thing is very important in my lifetime is that you need to have a sponsor. Not everybody can be a sponsor. Designate one person or two people to lead this effort so the City Manager and Jonathan can go to. When you have clarifications, you have conflict, they can resolve quickly. The second thing is having the solid requirements document before giving it to somebody else to help. You do an RFP without clear ideas, then you'll be getting a lot more than you need. Most importantly, keep the financial system safe and do not change it, do not run parallels because there's no financial system to run parallel, so it'll be the same numbers. You'll be totally confused. You go with the new system or you use a system and add connections to it. These are all the words of wisdom. I don't want Jonathan to have gray hair too. Fantastic job. I think you're doing the perfect thing. In summary, SAP is overkill for a lot of things. SAP is used by thousands of organizations, from Germany. It's an open-ended system. It takes a lot to build it, use it. You want to get to something a little bit more succinct. The last one is do you really want this data to be in the cloud. Cloud is very safe, but one rogue cloud person can rebuild everything that you have. You want to be careful on the security aspect. Maybe it's good to have locally, inside. I volunteer to help you, if you want to talk to me over lunch time (crosstalk) nothing else. Thank you.

Mayor Burt: Council Member Holman, did you accidentally put your light on? That concludes Item Number One.

Agenda Changes, Additions and Deletions

None.

City Manager Comments

Mayor Burt: Our next item is City Manager Comments. Thank you to Mr. Reichental, and thank you to the Staff that's been working on this.

James Keene, City Manager: Thank you. A number of you have asked me about where we were with sort of beginning to program the new advance traffic management system that we've sort of made the capital cost investment in over the past year. The update on that system is scheduled to be complete by the end of March with only the online congestion mapping and traffic camera monitoring system and connected vehicle module to be installed. Our Staff has developed a plan to re-time and coordinate the

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traffic signals along the City's arterial streets now that the newly created Traffic Engineering Lead has been filled. In 2016, our Staff is planning to collect new intersection counts along Sand Hill Road, Embarcadero and Middlefield Roads. The existing adaptive traffic signal system along Sand Hill will be updated using the new traffic counts. Staff will complete a before and after study of travel times along the corridor using consolidated GPS data. New timing and coordination plans will be implemented along both Embarcadero and Middlefield which will better serve changing travel patterns throughout the day. Also in this year, Staff will re-time and coordinate signals in the Downtown area with a special emphasis on pedestrian and bicycle mobility and safety. These are just highlighting the first project areas in this calendar year where we actually reprogram the system. The Staff is also working on a contract to install an adaptive traffic signal system along San Antonio Road which will include the signal at the intersection of Charleston Road and Fabian Way. This system is effective on corridors with varying levels of congestion and unpredictable demand. While this new signal system will not eliminate congestion along San Antonio Road, it will address many of the operational issues that we heard about at the Neighborhood Town Hall meeting in December at Cubberley, for example. Next year, Staff will collect new traffic counts and implement new signal timing and coordination along Alma, Arastradero, West Charleston Road and more in the Downtown area. Pending funding, an adaptive traffic signal system will be implemented along the Charleston/Arastradero Corridor in conjunction with the Complete Street project construction. My limited understanding of the capacities we will have is both the ability to actually do very sophisticated traffic signalization work from within the Planning Department, sitting at a terminal in this building and being able to look at intersections and making changes in an ongoing way. For example, concerns we've had around Town and Country about the signalization and those sorts of things, we'll be able to do things we have never done before. Ultimately, with the sort of emergent work in the automotive industry about the connected vehicles, ultimately there will be the potential to communicate and feed worthwhile information back between drivers and the signals that we have. I'll have more specific reports coming to the Council, but I did want to give that verbal update given the interest. I don't know if I said this last week or if it's just that I'm remembering reading the piece in the *Weekly*, but what the heck. I did want to report that again we went out and fixed some big, big potholes on Oregon Expressway near 101 even though it was a Caltrans right-of-way. We got a lot of complaints from our public, so our Staff did go out, thought they were a safety issue, fixed the potholes that afternoon. We will be sending our bill to Caltrans. I did want to thank our Staff and community members for feeding us this. A reminder again that we will be actually having an official dedication of the new media artwork in the City Hall lobby. It's scheduled for Wednesday, March 2nd,

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beginning at 6:00 P.M. It's called *Conversation*. The public is invited to join the conversation and celebrate this interactive art installation. We'll have the artist, Susan Narduli, who will greet visitors and discuss her vision. Right now for the most part it's just been sort of simply mining some Twitter feeds and that sort of thing. I think there will be opportunities and explanations to let folks know how both within City Hall at the kiosk or remotely being able to again text or send messages and information that can ultimately be put up in the display. The whole idea is just that the center of City government to be a place where the community is able to on a 24/7 basis as much as possible for people to have their voices heard. We'll have a little live jazz music and light refreshments. It will last from 6:00 P.M. to 7:30 P.M. Again, that's this Wednesday in the City Hall Lobby. That's all I have to report.

Mayor Burt: Thank you.

Oral Communications

Mayor Burt: At this time, we can move on to the Consent Calendar. Do we have a Motion to approve? Sorry. Did I skip over—sorry. I was out of order. Our next item is Oral Communications. We have one speaker, Sea Reddy. You have up to three minutes to speak.

Sea Reddy: Thank you for the opportunity. Thank you, Mayor. It's just to clarify my—I shortened my name to Sea Reddy. I'm Seelam Reddy, and it often gets called Saleem, but Sea please. I take anything good, so it's no problem. I just wanted to announce I am planning to run for the 24th District Assembly. Very able people like Marc Berman—he's not here—but many others are already there. Mine will be a \$2,000 campaign. I do not plan to put signages. I think we can do it on an e-basis, e-ideas. You'll be seeing me wherever the forums are, wherever they invite me. Robert Rice, yesterday, two days ago, said, "Why do you need 2,000? You should do it lesser than that," in one of the get-togethers in San Jose. What I'm looking for here is for you to give me opportunity to understand the top 24 things we can do better. I'm using the 24 number to look at many 24 things that we could do better with the State government and allocation of resources in our communities. My theme is uplift East Palo Alto, so we can bring them, and down lift all the rules and regulations so we can (inaudible) the crap that we don't need, so businesses can flourish, people can succeed. Stanford interface, we know we have a lot of friction. I'd like to fix that, a lot more. I want to get more funds out to the City. I don't want any more growth than needed. We have beautiful communities, Woodside, Los Altos. I don't think we want to change any of that. We want to kind of downplay how we grow, and we want to solve problems including minimum wage. This is one of the

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things that I picked up. I didn't pay for this. We want to raise the wages so that people do not have to drive 90 miles to come here and have an accident on the way home. We would like to be able to (inaudible) voluntarily businesses to increase wages. Maybe get more out of these people so you can pay higher wages. How do you compensate for that is lower rules, lower regulations, lower headaches, lower planning things. We should be creative about that. The third thing is uplift our communities around us including Mountain View, Los Altos. We have beautiful people, beautiful communities. No High Speed Rail. I would rather fix the existing California Caltrain and have a lot of automation. I missed Caltrain within a minute trying to get through the underground. We should be able to have an overpass to get there fast or have an e-ticket using cell phones. Things like that. I don't want anybody from LA to rush here in three hours. If they want to, they can come in an airplane. There's no need for that. We don't need to build a legacy for Jerry Brown. He already has a good legacy. I think all the needs for that are union-based, and then we can fix the union, our employment need, and all that a different way. I am opposing High Speed Rail. I want to upgrade Caltrain. Thank you. Thank you for letting me speak here. You're a great team. Thank you.

Mayor Burt: Thank you.

Consent Calendar

Mayor Burt: Now we'll return to the Consent Calendar. Do we have a Motion to approve.

Vice Mayor Scharff: I'll move approval.

Council Member Kniss: Second.

Mayor Burt: Motion to approve by Vice Mayor Scharff, second by Council Member Kniss.

MOTION: Vice Mayor Scharff moved, seconded by Council Member Kniss to approve Agenda Item Numbers 2-7.

2. Approval and Acceptance of Palo Alto Fire Department Quarterly Performance Report for Second Quarter Fiscal Year 2016.
3. Approval of a Professional Services Contract With Plante & Moran, PLLC in an Amount Not-to-Exceed \$359,925 for Enterprise Resource Planning System (ERP) and Utility Billing Planning and System Selection.

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4. Approval of the Acceptance and Expenditure of Citizens Options for Public Safety (COPS) Funds for Various Law Enforcement Equipment and Approval of a Budget Amendment in the Amount of \$104,621 for the Supplemental Law Enforcement Services Fund.
5. Authorization to Apply for "Art Works" Grant From the National Endowment for the Arts for Temporary art at Cubberley Community Center.
6. Approval of a Contract With Breneman Inc. in the Amount Not-to-Exceed \$250,000 for the Bowden Park Improvements Capital Project PE-13008.
7. Finance Committee Recommends Approval of Amendment to Table of Organization by Adding 1.0 Management Analyst in the Development Services Department.

Mayor Burt: Please vote on the board. That passes 8-0 with Council Member Berman absent.

MOTION PASSED: 8-0 Berman absent

Action Items

8. PUBLIC HEARING: Adoption of two Ordinances: 1) Ordinance Amending the Palo Alto Municipal Code Regulations Related to Hazardous Materials use, Storage and Handling in the Office, Research and Manufacturing Zoning Districts and Nonconforming Uses and Facilities; and 2) Ordinance Regarding Amortization of Nonconforming Uses at Communications & Power Industries LLC (CPI) Located at 607-811 Hansen Way. Amendments to the Municipal Code Affect the Following Sections and can be Reviewed at the Planning Department's Offices During Regular Business Hours at 250 Hamilton Avenue, Palo Alto, 5th Floor: a. Chapter 18.04 (Definitions) Section 18.04.030 (66) (A) and (B) and (127.7); b. Chapter 18.20 Office, Research, and Manufacturing [MOR, ROLM, RP and GM] Section 18.20.030 (Land Uses) Table 1 (Industrial/Manufacturing District Land Uses); Section 18.20.040 Subsections (b) and (c); and Section 18.20.050 (Performance Criteria) c. Chapter 18.23 (Performance Criteria for Multiple Family, Commercial, Manufacturing and Planned Community Districts) Section 18.23.100 (Hazardous Materials) Subsection (B) d. Chapter 18.70 (Nonconforming Uses and Noncomplying Facilities) Sections 18.70.020 Through 18.70.100, Including Section 18.70.070 (Nonconforming Use - Required Termination) e. Chapter 17.16 (Hazardous Materials Management Plan) Sections 17.16.010

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(Hazardous Materials Management Plan) and 17.16.025 (Supplemental Requirements for Emergency Response Plans) and f. Chapter 17.20 (Hazardous Materials Inventory) Section 17.20.020 (Information required). Environmental Assessment: As a Regulatory Action That Would Modify the List of Permitted Uses in Industrial Zones to Protect the Health and Life Safety of Palo Alto Residents, the Proposed Ordinances are Categorically Exempt From Review Under Section 15308 (Class 8, Actions for Protection of the Environment) of the State Guidelines for the California Environmental Quality Act.

Mayor Burt: We can now move on to Item Number Eight which is a Public Hearing about the adoption of two Ordinances. First, an Ordinance amending the Palo Alto Municipal Code Regulations related to hazardous materials use, storage and handling in the Office, Research and Manufacturing Zoning Districts and nonconforming uses and facilities. Second, the Ordinance regarding amortization of nonconforming uses at Communications Power Industries LLC, CPI, located at 607-811 Hanson Way including amendments to the Municipal Code that affect the following sections and can be reviewed at the Planning Department Office. I will just read those sections for the record: Chapter 18.04, Definitions, Section 18.04.030(66) (A) and (B) and 1.2.7. Chapter 18.20, Office, Research and Manufacturing. This is a really long list; I'm going to let the record speak for itself. Director Gitelman, did you want to begin this?

Hillary Gitelman, Planning and Community Environment Director: Yes. Thank you, Mayor Burt and Council Members. I'm Hillary Gitelman, the Planning Director. As the Mayor indicated, this evening we're considering two Ordinances. First, I wanted to start by thanking the Council for your direction back in November. We had a very substantive conversation with the Council back in November and we got some really good direction from you. It was very clear. Since then, we've proceeded to move forward pursuant to that direction with a hearing at the Planning Commission and development of the Ordinances that you see before you this evening. Before I start, let me thank Rod Jeung who continues to support us. He's our consultant from AECOM. Also Meg Monroe, Joe Afong, the City Attorney and others in the City family have helped bring the Ordinances to this point. This evening we're going to be discussing just an overview; kind of the objectives; what we're here tonight to do; recap of the Council's direction and the Planning and Transportation Commission's recommendation which happened in January; also some background information; what got us here today; the Code provisions that we're proposing to put in place; and next steps. The objectives of the two Ordinances that are before you are to address the potential risks of offsite impacts from hazardous materials users in the City of Palo Alto, focusing on the industrial areas of the City. We're at

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the Council's direction, exploring regulating hazardous materials uses in industrial districts that exceed the kind of threshold quantities that are normally regulated. We call them the Certified Unified Program Agency (CUPA) quantities when they're close to sensitive receptors. We also want to provide for amortization and eventual termination of nonconforming uses under the proposed regulations. Back in November, you asked us to prepare two draft Ordinances for review by the Planning Commission and consideration by the Council. One of the Ordinances was to define three tiers of hazardous materials users and adding regulations for that second tier, Tier Two, that we're going to talk about, particularly when those uses are in proximity to sensitive receptors. You also asked us to ensure that the same Ordinance would effectively prohibit Tier Three uses. This was an addition that the Council made in November that we felt was terrific and has been incorporated into the first Ordinance that we're going to talk about this evening. The second Ordinance, per your direction, should include an amortization schedule for the Tier Two uses that don't conform with the first Ordinance. You instructed us that while moving forward with the two Ordinances, explore the potential for an agreement that would eliminate the CPI plating shop from the site sooner than provided in the Draft Amortization Schedule which essentially allows it to be relocated onsite but doesn't force it to be removed from the site. We're going to talk about that more in a minute. This is a project that goes back a long way. I'm not going to revisit this whole timeline that we discussed back in November. I should note that the Planning Commission hearing and recommendation occurred on January 27th. Staff has had to make some minor typographical changes and edits to both Ordinances since then. We recently forwarded to you a second or alternate version of the Amortization Ordinance that we're going to talk about in some depth this evening. The first Ordinance would make zoning changes that apply in industrial districts of Palo Alto. It would define three tiers of hazardous materials users, define sensitive receptors and establish a minimum distance between Tier Two hazardous materials uses and sensitive receptors. It would prohibit Tier Three hazardous materials users and it would address amortization of nonconforming uses. It makes a modest change to the nonconforming use section of the Code. It also makes conforming amendments to the Fire Code. This is a map that shows the industrial districts of Palo Alto, where the first Ordinance would apply. I have a couple of slides that summarize requirements in the existing Municipal Code, so this is just by way of context. Currently, the Municipal Code regulates two different categories or tiers, we're calling them, of hazardous materials users. The first one which we're now calling Tier One are businesses that use hazardous materials above the CUPA quantities. We talk about what CUPA is in the Staff Report. Effectively, these uses are found all over Palo Alto. The Code requires that they report and provide hazardous materials business plans. They have to provide notice in some

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circumstances. None of the Code provisions with regard to these uses are proposed to be changed. There's another category that's currently regulated in the Municipal Code. We're now calling it Tier Three. These are uses that exceed the standards in State Title 19. We also refer to this as the CalARP uses. These are currently prohibited within 300 feet of residential uses and residential zoning districts. They require a conditional use permit in all other locations. Under the terms of the proposed ordinance, they would be prohibited in Palo Alto. There are, to our knowledge, no Tier Three uses currently in Palo Alto. We would be effectively prohibiting any new such uses to locate within the City limits or within the industrial districts. The proposal before you would establish this new middle tier of hazardous materials uses or Tier Two. It's defined as being uses that involve quantities above the CUPA threshold and that involve toxic and highly toxic materials as defined in the Fire Code. The Ordinance establishes a minimum distance of 300 feet between these Tier Two uses and sensitive receptors. Within that 300-foot distance, Tier Two uses would be prohibited. Beyond that 300-foot distance, Tier Two uses would require a Conditional Use Permit. If you remember back to the current Code requirements for Tier Three uses, we are now proposing that those apply to the Tier Two uses. There are 11 of these Tier Two uses in Palo Alto. There are two others that are in the industrial zoning districts where the Ordinance applies. There are two other facilities in public facility zoning district that involve medical services, and we're not proposing regulation of those facilities. Rod can speak to the reasons for that further, if you wish. This is a map of those 11 Tier Two facilities and of the sensitive receptors that we were able to identify in the City. The Ordinance would define those sensitive receptors more broadly than currently in the City Code. It would include the uses shown in the list on the right in addition to residentially zoned property. As we noted in the Staff Report, the Planning Commission at their meeting in January had a discussion about whether this was a sufficient list of uses and asked us to explore a number of other potential uses which we do in the Staff Report, but we're not proposing at this point and they did not propose a change to the Ordinance. Just to recap. The current distance requirements for Tier One is simply a notice under certain circumstances must be provided to owners within 150 feet. For Tier Three, there's this 300-foot minimum distance between it and sensitive receptors and a 600-foot notice requirement. With the new requirements in place, the requirements for Tier One would be unchanged. The requirements for Tier Two would be the same as the current requirements for Tier Three, and Tier Three uses would be prohibited. These changes in this first Ordinance raise the issue of nonconforming uses. These are uses generally that were legal at the time they were established, but would no longer conform with the City's Code after the changes are made. We looked at the 11 Tier Two uses that we'd identified and the proposed Ordinance and identified three existing uses that

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would become legal and nonconforming if we proceeded. Those three uses are all on the CPI site, and they're shown on this map. This is a blow-up of the CPI site so you can see the building span, what is a large site, and the plating shop has been called out there. Generally nonconforming uses are permitted to remain but cannot be intensified. However, in some instances nonconforming uses can be phased out or amortized. There's a legal standard of review that must be met to make this happen. In the past, the Council directed and the City undertook a study and then CPI undertook a follow-up study of the potential amortization of facilities at CPI. Our study in 2011 examined amortization of the CPI facility, actually focusing on the plating shop, and concluded that a reasonable amortization date would be the year 2026 based on that investment. CPI's study looked more broadly at the whole complex, the whole facility. First of all, they argued that the plating shop couldn't be separated from the rest of the uses, and it would take longer. It would take until 2052 to amortize the whole facility. Rod's firm reviewed the two studies and found them both to be essentially sound with some qualifiers. We can talk further about that if you wish. I think we touched on this in our discussion in November. Essentially what we've done is craft an amortization Ordinance that takes both of these studies, the City's study and CPI's study, at face value. What if these two studies' conclusions are sound? Effectively, the first amortization Ordinance that was transmitted to you 10 days ago in your Packet includes a paragraph that would require the plating shop to relocate at least 300 feet from sensitive receptors by the end of 2026. That plating shop could still be on the CPI site. The site is large enough that they could move 300 feet away from the fence between CPI and the neighbors, but they would have to build a new facility that 300 feet away, and it would have to be done by the end of 2026. This is the Ordinance that was presented to the Planning and Transportation Commission and recommended by them. At that time, we indicated to the Planning and Transportation Commission that following the Council's direction we were talking with CPI and some representatives of the neighbors about whether we could offer an incentive plan essentially to get the plating shop offsite instead of just 300 feet across the parking lot. The second Ordinance, which is Attachment C, that was transmitted to you at the end of last week is an Ordinance that starts to lay out what that incentive plan must be. This is Staff's recommendation this evening. Under the terms of this Ordinance the first paragraph essentially remains the same. There's a 2026 requirement to move the plating shop 300 feet away from sensitive receptors. However, it has a second paragraph that would allow CPI to elect to move the plating shop offsite instead of just 300 feet away. If they did so, they would get five additional years or to the year 2031. This provision, that second paragraph in Attachment C, is only available to the company if the City and CPI enter into an enforceable agreement before the effective date of this Ordinance. If we continue negotiations and we work hard and

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we fail to reach agreement, that paragraph in the Ordinance is effectively moot. It wouldn't come into play. If we can reach an agreement and that paragraph becomes operable, CPI would have to notify the City by the end of 2021 if they were going to elect this incentive plan and move out of town by the date of 2031.

Mayor Burt: Director Gitelman, when you just said CPI would move, the plating shop would move or CPI would?

Ms. Gitelman: The plating shop. Forgive me. Plating shop. In terms of next steps, we hope that you will take public comment this evening; you'll consider and adopt on first reading the Hazardous Materials Ordinance which implements the changes we've talked about that creates this Tier Two and the nonconforming situation at CPI; and that you will also consider and adopt on first reading this second version of the Amortization Ordinance, recognizing that as we indicated in our transmittal memo last week, these discussions or negotiations between the parties are still ongoing and that provision would be moot if the negotiations do not bear fruit. After tonight, the Staff will continue discussions with representatives of CPI and the neighbors. We hope to be able to bring back to you concurrent with the second reading of both of the Ordinances the terms of an agreement. Before we go to questions and public comments, I was going to offer the City Attorney if she wanted to bat cleanup here and if there's anything else she wanted to mention. Molly?

Molly Stump, City Attorney: Thank you, Director Gitelman. Mayor Burt, Council Members, City Attorney Molly Stump. I have nothing to add to the thorough presentation. We are here to answer your questions and assist you to consider the two Ordinances. Thank you.

Mayor Burt: Thank you. First, we'll give the Council an opportunity to ask any technical questions that they may have. It's not a period for comments, but just clarifying questions. We'll then move to the public for those comments. I don't yet have speaker cards. Maybe they're coming through the Clerk. I encourage anyone who wishes to speak to come forward and place a card. Our first Council Member is Council Member Berman.

Council Member Berman: Thank you very much. Thanks for the Staff Report that I thought was very thorough and the work (inaudible) but the work that everyone has done that seems to really be bringing all parties together hopefully. The only question I have is I couldn't remember why we chose 300 feet as the distance. I know that was something that Council had set last time. I didn't go back and look at the minutes from the last meeting. Do you remember why we set 300 feet as the distance?

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Ms. Gitelman: Thank you, Council Member Berman. It was really based on this—two reasons. First, 300 feet was in our Municipal Code already for Tier Three uses which are ...

Council Member Berman: The worst of the worst.

Ms. Gitelman: ... bad, worst hazardous materials uses. We figured if 300 feet is okay for Tier Three, it should be okay for Tier Two. The other reason is it really allowed us to take both amortization studies at face value, ours and CPI's. Ours said the plating shop could be asked to move or terminate by 2026. Theirs said it can't be separated from the rest of the facility until 2052.

Council Member Berman: Three hundred feet still allowed them to be onsite.

Ms. Gitelman: Correct.

Council Member Berman: Thanks.

Ms. Gitelman: Just to add to that. The work that Rod's company has done has said that those two assumptions hold true; although, there would be a potential to relocate the plating shop from the rest of the facility if there are technology or operational changes that we don't know about right now, that could make that happen sooner.

Council Member Berman: Makes sense. Thanks.

Mayor Burt: We have no other questions from Council. I think we're—Council Member DuBois.

Council Member DuBois: I've seen a couple of times mentioned that there were improvements made to CPI. Have we ever gotten any details on what those improvements were or how much they cost and when they occurred?

Ms. Gitelman: I would have to go back and look at that amortization study that we had done by CB Richard Ellis because that focused on the value of improvements that were made in 2006-ish. Now CPI has asserted to us in communications that they have made some additional investments since then, but we haven't seen any evidence of that.

Ms. Stump: I'd just like to add that that is the work that was done by CB Richard Ellis, looking at that improved facility. That was the result of some consolidation the company did from their San Carlos facility into Palo Alto.

Council Member DuBois: I know. It was more the comment that work occurred after that, and I have never seen any details.

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Ms. Stump: The company has not provided those details, but that is something that could come into play in the future if we don't reach a cooperative resolution.

Council Member DuBois: I'm sure I knew at one point, but I forgot. What are the other nonconforming uses at CPI? What are their potential options in 2052?

Ms. Gitelman: There are Tier 2 uses in Building 1 and Building 1A. Those are buildings closer to El Camino Real on the CPI site. Under the terms of this ordinance, they would have until 2052, effectively the end of CPI's lease, to move those uses at least 300 feet away. Those uses could not be intensified. Someone has asked me, for example, could you take the stuff that's in the plating shop and move it over here into Building 1 and achieve some results that way. The uses as they exist in Building 1 and Building 1A could not be intensified, but they would not have to be relocated under this ordinance until after 2052.

Council Member DuBois: Just so I understand, you're saying come 2052 they would basically have to shift everything, maybe create a new building further away or ...

Ms. Gitelman: It was not our belief that they could effectively move what's in Building 1 and 1A onsite and remain in operation. We used the amortization schedule that CPI itself put forth in that study. That's the 2052 date.

Council Member DuBois: You said that was Tier 3 or Tier 2?

Ms. Gitelman: No, they're Tier 2.

Council Member DuBois: Last question for Molly. I probably should have asked earlier, but I just noticed it. In 18.70.70, in the new ordinance, there's talk about the 18—it's on page 14.

Mayor Burt: Page what?

Council Member DuBois: 267 of the packet. In 18.70.70 Clause 2, I guess we added this: unless the site-specific schedule is prepared. I don't see anywhere where we say what happens when a schedule is prepared.

Ms. Stump: What that language change will do is to default to whatever the specific study is over the sort of baseline default non-specific provision in the ordinance itself. In the case of CPI, for example, where there has been a site-specific study, this would make clear what we believe was always the

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intention of this amortization scheme, that it really is intended to capture the capital improvements in a given facility. In the absence of a specialized study, there's an amount of time that is set. A specialized study of the specific facility is superior in terms of the information that it conveys.

Council Member DuBois: You're saying the study itself specifies the amortization?

Ms. Stump: That's correct, yes.

Council Member DuBois: Thanks.

Mayor Burt: We'll now have two members of the public who have so far submitted cards. Our first—pardon me?

Vice Mayor Scharff: (crosstalk) wants to speak.

Mayor Burt: I don't see your light here. Council Member Schmid.

Council Member Schmid: The last time we talked, I recall there was a surprise site over San Antonio or Fabian that appeared to be Tier 2 abutting residences. Was that cleared up?

Ms. Gitelman: Yes, it has. I guess I should have mentioned this. In the time between November and tonight, Rod and his firm have gotten new inventory data, the 2015 data from the Fire Department, and have been able to consult with the uses that were identified back in November. We were able to cross that use off the list. They're Tier 1 but not Tier 2.

Council Member Schmid: Thank you. Now, the tradeoff on a technical basis is that 300-foot distance. My understanding is that the 300 feet was important because in that space the toxic gases would disperse to a safe level. The risk there is clear. When you move outside of the 300 feet, say the plating shop moves further, there still is some risk, but the risk is much lower. The tradeoff seems to be the option of keeping the higher risk, the less than 300 feet, for five extra years as opposed to a much lower risk for an extra 20 years. Is that the right way of looking at the tradeoff?

Ms. Gitelman: As I mentioned in response to Council Member Berman's question, we really chose the 300 feet for the reason that it seemed acceptable to the City a handful of years ago. It seemed an acceptable distance for Tier 3 uses, and so we thought it would be appropriate for Tier 2. If you go back—I think the Staff Report refers to this—AECOM did some air dispersion modeling for us. Their initial modeling concluded that in the worst case event that they thought was worthy of study, the maximum

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distance offsite that was affected was less than 100 feet. It was 96 feet or something like that. Subsequent to that, there was some additional modeling that was a hyper, worse, worse case where the distance would potentially go farther, but AECOM itself recognized that that study was highly unrealistic. CPI has submitted at least two different expert opinions that question the assumptions and methodology of that study. I think that study got to 600 feet or something. The 300 feet, it's well beyond what we think is reasonable based on that first modeling exercise, and it's in line with what the City had already adopted for Tier 3 facilities. That's how we got there.

Council Member Schmid: That's helpful. Thank you.

Mayor Burt: I see no more lights or hands. We will now go to the public. Our first speaker is Romola Georgia. Welcome. To be followed by Arthur Lieberman.

Public Hearing opened at 7:38 P.M.

Romola Georgia: Thank you. Good evening, Council Members, Mayor Burt and Staff. I'm Romola Georgia, and I have lived in the Barron Park neighborhood for 36 years now. I really want to thank Council and Staff for its long work regarding the health risks of toxic chemicals, the work about zoning and amortization. I commend the Council for directing the two ordinances under consideration tonight to be written. I particularly wish to thank the City Attorney and the Planning Director for their tireless, persistent, and creative work on this difficult issue. Council directed Staff to pursue negotiations with CPI and the neighbors, and they have diligently worked to fulfill your request. Approving tonight's ordinances is a big step towards your important Council Priority, that is the health and safety of we, the residents. Operations that use large quantities of toxic chemicals should not be located right next to homes. Please vote tonight to approve the zoning and amortization ordinances. This is the moment for Palo Alto to begin a fair process that helps CPI move its plating facility and all toxic and hazardous materials away from our homes. Barron Park has been petitioning you and waiting now for 10 years. Thank you very much.

Mayor Burt: Thank you. Our next speaker is Arthur Lieberman, to be followed by Robert Moss. I have no other speaker cards. Thank you.

Arthur Lieberman: Good evening, Mayor and Council Members. My name is Art Lieberman. I've spoken to the Council on many occasions in the past about our neighborhood's concern about the hazardous materials at CPI. The hazardous materials ordinance that's been proposed tonight by Staff does a terrific job, in my view, in identifying the concerns of residents, which

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is the proximity of the toxic and highly toxic materials to our homes. CPI is the only facility in Palo Alto that's been identified to be within this 300-foot zone of sensitive receptors. This is not discriminatory on the part of the City, rather it highlights CPI management's decision a decade ago. I know that CPI has many dedicated employees and talented scientists and engineers, but their management made a decision based purely on their narrow financial considerations without regard to the consequences to our community. The second issue is the amortization ordinance. There's not just one, but there's two before you. I would prefer the first one myself which would give CPI another decade of operation. Council asked the Staff to find an arrangement that both residents and CPI could agree upon. That means that no one is going to be 100 percent happy. We're not thrilled because the second proposal would extend the operation for another 5 years. We realize that a certainty to the outcome to the situation is worth the sacrifice. The tradeoff would mean CPI would not rebuild the plating shop on the other side of the property, but they must abide by the conditions of a settlement that was indicated by Planning Director Gitelman. It must be signed soon. Several of us residents have met with the City Staff; we've given our input, made suggestions, relayed the concerns we've heard from others in our community. I've been told that the public will see and be able to comment on that agreement before Council votes. I think the majority of residents support it provided that the settlement is watertight, that it clearly and definitively establishes an endpoint to the plating shop presence in Palo Alto, that it sets a time when the residents can breathe easier, both figuratively and literally. In summary, the vote on the hazardous materials ordinance will create sensible zoning policies to guide the siting of facilities with toxic and highly toxic materials in the future, policies that did not exist when CPI decided to rebuild its plating shop. As Mayor Burt said in November, "If we had hindsight, we wouldn't have done this." If you had these policies then, they couldn't have done this. The amortization ordinance is just about there. With a vote, you'll be directing CPI to come to the table and agree to a settlement. Every aspect of this issue has taken a long time. Please move this forward tonight. Vice Mayor Scharff said in November, "I don't really want it to be delayed where we have more and more discussions forever without actually moving forward." I encourage you to vote for the Staff recommendation. Thank you.

Mayor Burt: Thank you. Our final speaker is Robert Moss. Welcome.

Robert Moss: Thank you, Mayor Burt and Council Members. The thought occurred to me looking at the ordinance. I think the ordinance and the Staff Report are quite good. There's one issue that popped into my head that may not be addressed in the ordinance, and that is if there is a leak that penetrates the soil and gets into a water or sewer line. What brought this

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up is that exactly that has happened in Mountain View at the MEW site where they had a leak that got into an area, went down a water line and got into an occupied residential area, which was a good quarter mile from the identified toxic site. If CPI modifies or moves the plating shop, we should make sure that they don't put it close to an existing water or sewer line. The Utility Department knows where those lines are; I don't. Maybe there's no sewer or water line near where the plating shop is or where they plan to put it. Just to be on the safe side, we should have the Utility Department check and verify that we don't have any potentially damaged lines in the vicinity of either the existing plating shop or a proposed future site. Just to be safe, just to be a little bit extra cautious. I'm hoping that there's really no problem, but I think we may as well take the time and effort to make sure that we don't miss on this. A few years down the road, they have a toxic spill and they're right over a water line, and we have people drinking contaminated water. We don't want that. I'm just suggesting to you, take a look, have the Utilities Department involved in it and make sure we have no hidden problems.

Public Hearing closed at 7:45 P.M.

Mayor Burt: Thank you. That concludes our public comments. Vice Mayor Scharff.

Vice Mayor Scharff: Thank you. First of all, I'd really to thank the neighborhood leaders in Barron Park for working with CPI, with a special shout-out to Art Lieberman who's worked on this for 10 years, you said. That's a really long time. I stand by what I said previously. I really think we need to get this done, get it moving forward. I think Staff's done a really good job. I'd actually also give a shout-out to CPI who, I understand, has worked with you guys and is continuing to work with you guys. I'm hopeful that an agreement can be reached in the next 30 days. If an agreement is reached in the next 30 days, I think this would be an incredible example frankly of a neighborhood and a company working together and coming to an agreement that not everyone's completely happy with, but that meets everyone's best interests. That would be a great model of cooperation for our City, and I think it's something we could all be proud of. With that short statement, I actually will move the Staff recommendation as follows. I'll move that we adopt the hazardous materials ordinance including Attachment A, and then (b) we adopt the amortization ordinance included as Attachment C including the added text referencing a possible agreement between the City and CPI.

Council Member Kniss: Second.

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MOTION: Vice Mayor Scharff moved, seconded by Council Member Kniss to:

- A. Adopt the hazardous materials Ordinance included in the Staff Report as Attachment A; and
- B. Adopt the amortization Ordinance included in the Staff Report as Attachment C, including the added text referencing a possible agreement between the City and Communications & Power Industries LLC (CPI).

Mayor Burt: Would you like to speak further to your motion?

Vice Mayor Scharff: I really don't think I need to, other than to say I think a lot of hard work has gone into this from a lot of people, from CPI, from the neighborhood, from City Staff, from the City Attorney's Office and to some extent from Council. I think it's a great win for the community that we're at this point and we're finally moving this forward. Just briefly on the hazardous materials ordinance, I'm really glad to see we're not going to allow Tier 3 in our City. I think that's really moving things forward. Thank you.

Mayor Burt: Council Member Kniss.

Council Member Kniss: It's commendable. I would certainly underscore everything that Vice Mayor Scharff just said. What I think is really amazing is to listen tonight at your tone which is so conciliatory. I know that, as our first speaker said, 10 years of living with this and 10 years of having those discussions and having people in your living room and so forth and interacting with CPI has been often very tense. You've approached it in such a thoughtful and really neighborly way that you're to be commended. It's a pleasure to support this tonight. Also appreciate this last-minute Attachment C that came over the weekend that gave us another option that I think is a good one. Thanks to everybody involved, and congratulations.

Mayor Burt: Council Member Wolbach.

Council Member Wolbach: Two questions. The first, just looking at what's here, did the maker and seconder mean to include the alternate ordinance, Attachment C? That's not reflected in the motion on the screen.

Council Member Kniss: It was included in the motion.

Mayor Burt: The maker will work with the City Clerk.

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Council Member Wolbach: Second question also just to clarify the motion. In the Staff recommendation on packet page 243, Staff Report page 2, there was a Part C, not to be confused with Attachment C, of the recommendation to authorize the City Manager to execute an agreement with terms substantially similar to those in Attachment D. Would it be helpful to Staff if that was included in the motion?

Ms. Stump: Thank you, Council Member Wolbach. We're not quite ready for that, because we haven't provided you with Attachment D. That's the item that we're still working on, and we hope to come back on your second reading of these ordinances.

Council Member Wolbach: We do not need to give you any further authorization to continue to work on that?

Ms. Stump: I think it's clear that the Council hopes that we continue to work on it, and that we are successful in resolving it.

Council Member Wolbach: Let me briefly also just lend my voice also to those who said thank you to both the members of the neighborhood and also to CPI and their representatives for working closely with each other and with Staff. Obviously a difficult issue, a tricky issue for all of us. Finding some level of conciliatory resolution is great to see. I hope we can wrap this up. Thank you, everybody, for coming to the table and having these difficult discussions and being willing to consider a healthy compromise.

Mayor Burt: Council Member Holman.

Council Member Holman: Add my voice to the negotiating skills of Staff and also the patience of both CPI and certainly the neighbors. It's been a long haul. A couple of questions, if I could, for Staff. A couple or three questions actually. One is why five as opposed to two? Can you clarify that? Why 5 years as opposed to 2 years? If you can clarify that or explain that.

Ms. Gitelman: The 5 additional years in the proposed ordinance would essentially bring this amortization schedule into conformance with the minimum of 15 years that's in that provision of the existing ordinance that Council Member Schmid referred to. Or was it Council Member DuBois?

Council Member Holman: Is there an escalating factor? I don't remember reading an escalating factor if there's a release. In other words, it's kind of an incentive to make CPI do even more due diligence to make sure there is no incident. Nothing's 100 percent foolproof or fail proof, but is there an escalating factor that we might consider in the ordinance?

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Ms. Stump: Thank you, Council Member Holman. These are some of the details that we're continuing to work out in consultation with the neighbors and in negotiation with the company. It's everyone's intention that the City would retain its traditional powers to inspect, to remedy problems and to respond to any types of releases. This is exactly how that will be described. Items that we are finalizing and we hope to bring that back to you shortly.

Council Member Holman: Obviously when this comes back in 30 days, it will not be a Consent Calendar item; it will be an Action Item pending any changes.

Ms. Stump: We will work with the City Manager and the Mayor as to what is the best format to bring it to Council. If the agreement terms are placed on the Consent Calendar, Council of course always has the ability to vote to remove those if it would like to discuss them. We do anticipate that it will be—if it comes back to you, if we are successful, that we will come back with the support of both the neighborhood leaders and the agreement of the company. It may be that that's the most expeditious way to proceed. You have all of your legislative options.

Council Member Holman: Last question is just to confirm that fire inspections are not announced ahead of time. Fire inspections are random and unannounced. I just want absolute confirmation of that.

Ms. Stump: It's our understanding that the Fire Department has committed to do at least, I think, one unannounced inspection each year. I believe they do some other types of scheduled inspections as well. What both the company and the fire inspectors have told us is that the schedule on which they announce those and the complexity of the operations onsite, in essence, they foreclose—it's not like when you were a kid and you hid something under your bed when your mother was coming down the hallway. This is a complex manufacturing chemical facility. They feel that they are able to really fully understand what is going on at the site.

Council Member Holman: Understand. Through the Chair, Chief Nickel.

Eric Nickel, Fire Chief: Good evening. Eric Nickel, Fire Chief. Just to reiterate what Molly Stump said. Under the existing Fire, Life Safety and Hazardous Materials Code, all of these type of occupancies are inspected at a minimum once a year. Those are typically announced, scheduled in advance. For the last two years, CPI has agreed to unannounced inspections which we do at our discretion. We will continue to do that subsequent to the negotiation.

Council Member Holman: The unannounced will happen at least annually.

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Mr. Nickel: Correct. They will have two inspections, correct.

Council Member Holman: In addition to any other announced inspections.

Mr. Nickel: Correct.

Council Member Holman: I think that takes care of my questions. Thank you.

Mayor Burt: Council Member Berman.

Council Member Berman: Thanks again to Staff and the members of the community and CPI on what seems like a successful resolution of Stage 1. Stage 2 will be hopefully all the parties coming to an agreement. It might have been somebody else that said everybody will find something to be unhappy with about that agreement. That's how compromises are crafted. The question that I had. I was talking with a resident of the community who's been involved in this process. They expressed a concern about—when we talked about this a couple of months ago, we talked about CPI agreeing to improve communication with the neighborhood and making sure that somebody was available if people called in with concerns and that kind of thing. I assume that's something that's going to be discussed with this next stage, but I just wanted to kind of flag it as making sure that there's information about that in the agreement that you guys will come back to us with.

Ms. Stump: Thank you, Council Member Burt. Yes, you will see that there is a provision that will confirm those good neighbor practices.

Council Member Berman: Good neighbor practices, that's a good way of putting it. Thanks.

Mayor Burt: I see no more lights. Please vote on the board. That passes unanimously. Thank you, everyone, for your not only attendance but your participation throughout this process to all parties. Thank you.

MOTION PASSED: 9-0

James Keene, City Manager: Mr. Mayor, I would just like to add my thanks to the community, to CPI. I really want to do a big shout-out to Molly and Hillary for some great, great work as Staff. Thank you.

Mayor Burt: I want to echo that as well. Thank you very much to all the Staff who has been diligent on this. We look forward to progress over the next month.

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9. Agreement With Empowerment Institute on Cool Block Small Pilot Program (Continued From February 1, 2016).

Mayor Burt: Our final item is an agreement with Empowerment Institute on a Cool Block small pilot program. This is an item continued from February 1st of this year. We'll give everybody just a moment to clear out. Let's go ahead and go on with Item Number 9 then. Mr. City Manager, who's going to start this off? Are we waiting for someone because we're ahead of schedule? Caught you off guard.

James Keene, City Manager: Really, it's not even 8:00. This item, I think, is self-explanatory by the writing. It was on the Council Consent Agenda recently, and it was pulled off of Consent, presumably because the Council had some issues or questions. I don't really know if I need to go over this. I'm happy to answer questions that the Council might have, both dating back to when you pulled this off or more contemporary information. You've received some correspondence from folks on this. I'm happy to speak to that. Thank you.

Mayor Burt: We have right now the opportunity for technical questions from the Council. Council Member Kniss.

Council Member Kniss: City Manager, would you do me a favor? I was reading back through this. What I'm seeing is that initially there was a discussion about this in 2012. Is this correct? Could you give just a quick history of where this was then and where it has gone since then? It's before I was here, and I don't remember it initially coming.

Mr. Keene: I would say that probably dating back to about 2010, we started having some conversations with David Gershon from the Empowerment Institute and some local folks. Sandra Slater was an early-on local representative on this. This was initially a concept that was primarily focused on household engagement on addressing climate change issues with the idea being that a lot of top-down driving policy was going to help us reduce carbon emissions and create a more sustainable future. It couldn't happen on its own, and it needed to be bottoms-up in some ways. At that point in time, there was a plan to develop what was called a Cool Cities Challenge. It was ultimately focused on bringing in some significant funding to award to a couple of cities, actually potentially across the country to support really a kind of social engagement exercise to establish some metrics for the most part related to 25 percent of households across a city achieving at least a 25 percent reduction in their carbon footprint by applying some approaches that have been used in different efforts in some other cities before around the country, but not quite on that scale. At that

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time the Council actually authorized us to enter into a Memorandum of Agreement or an intention to participate in this exercise. We had some language in there that before we actually proceeded we would come back to the Council. In the intervening years, a couple of things changed. One, Mr. Gershon and folks at the Empowerment Institute refocused the concept of the Cool Cities Challenge to very specifically focus at the block level in a city and kind of talked about this in the sense of a Cool Block program and actually added some supporting components. One, the issue of not just climate change and carbon reduction but also water management, obviously given the water conditions but the drought in the country. There's a community resiliency piece that has some interface with our existing efforts in that area, and big focus on is there a way to build some more social connection. More importantly, it actually secured funding that could support an actual larger Cool Cities initiative and I think there's almost up to \$3 million that could be awarded to a number of cities in the future. What we have here, though, is a prelude to all of that, which was an invitation to us, to Los Angeles, and I think they're working with San Francisco, whether or not we would be willing to pilot and in a lot of ways sort of preview some of the approaches that would be part of the Cool Cities Challenge by essentially piloting a ten-block area of the City. We probably, depending upon how you want to count them, have close to 1,000 residential blocks in the City. After that 6 or 8-month period, to expand that, add another 20 blocks and do a 30-block pilot. That's designed, I think, to do a couple of things. One would really be to complete the design on the ultimate Cool Cities Challenge in which we could decide whether or not we as a City wanted to pursue the grant funding that would really support a larger effort. I think both since we've had folks in our community support, the Council had previously supported it. To be honest with you, one, I have a bias to thinking that we want to get individuals and households involved as actively as possible as we can on the climate change issue, but also that it's worthwhile to test whether or not we can do a better job on building more social-connectedness at the block level in neighborhoods and not just rely on affinity relationships with people around town. That's sort of how we got to this point. We put this on the Council's Agenda since we had indicated we would not formally do anything without returning to the Council. I can talk to you more about the specifics of this proposal, but that's how we got to this point.

Mayor Burt: Council Member DuBois.

Council Member DuBois: Just a quick question. The report says it will take very little Staff time. As a private pilot, it seems like a great thing to try. How much Staff time do you anticipate?

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Mr. Keene: My understanding would be that there would be—one, I think the biggest amount of work would be in our assistance in helping identify the pilot blocks in the City and be open to any sort of thoughts that you all might have about that. You start thinking of starting out with ten blocks, for example, I would imagine we'd want to be concerned with both the question of block captains and some geographic diversity at a minimum. I think the actual agreement actually says that City Manager and Staff would be helpful in sort of speaking about this and supporting it. I don't think that that would be part of my regular day job.

Council Member DuBois: Ms. Slater's going to speak, but I didn't realize we were going to recruit the block leaders. I thought for the pilot they would recruit.

Mr. Keene: I didn't mean to misspeak by saying that the City would actually recruit the block leaders. I think we were going to provide commentary and recommendations and feedback on the factors that ought to be considered.

Mayor Burt: Vice Mayor Scharff.

Vice Mayor Scharff: I wanted to follow up on Tom's question. I also have concerns about how much time this could suck up. I'd like to see in the motion a limit on the number of hours that the City will spend on this pilot program. Before making one, I'd like to know how many hours you think we should put in that.

Mr. Keene: Would we be able to do this on every item that we have?

Vice Mayor Scharff: It might be a good policy. We can pilot it. How's that?

Mr. Keene: We could pilot this. The lessons we learn we could apply to other items.

Vice Mayor Scharff: I'm sort of serious. What do you think it would take? Are we talking 20 hours? Do you think you could live with no more than 40 hours?

Mr. Keene: Let me put it this way. I really don't want to have to track our time on something like this. I'd be amazed if we'd spend more than 40 hours on this, really.

Vice Mayor Scharff: I remember this vaguely, when it came in 2012. There was a pamphlet or a book that went with it that had a bunch of stuff in it. Do you have that pamphlet or book? Does that still exist?

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Mr. Keene: I know Sandra's here. She can probably speak in more detail about this, because (crosstalk).

Vice Mayor Scharff: I'll wait on that. This has morphed a little bit from 2012. Is everything that was in that book still applicable? Have things changed?

Mr. Keene: I can't speak to that.

Vice Mayor Scharff: When Sandra talks, maybe you could address that. The other question I had was could we omit e-prep from this?

Mr. Keene: I know that there's been some discussion about this. I think the Council maybe got Annette Glanckopf's letter to you today. That's actually informed by some conversations I had with Ms. Glanckopf this weekend and some of the concerns that she had expressed. I think she and Ms. Slater have been talking about this. Certainly my preference would be that we not do this for a couple of reasons. One is that the way that this, my understanding, has been structured is to test a pilot concept that would be deployed in not just our City but in other city locations and potentially a much larger. The whole idea here potentially is that if this works and the seed money is there and continues to flow, this could affect cities certainly potentially across the country. I do think we have a little bit of a responsibility as the kind of City we are to help pilot that. That being said, as I look at what is in her letter, I don't think that there's any real difficulty in sort of personalizing or adapting most of the things that she's identified here as it's applied to our City in particular. I don't think that that results in sort of rewriting the handbook or whatever that they've got. I do think, as far as the application, that we would be prepared to do that. Again, I can't speak for the Cool Block folks themselves, so you want to probably hear from Sandra also on that.

Vice Mayor Scharff: Along that line, one of the things she wrote is correct items that are wrong or not what we suggest locally. My understanding is that certain things—maybe Sandra can address this too—the Cool Cities suggest is that you have candles in emergency situations as opposed to LED flashlights. That's not what we suggest locally with our emergency prep. I frankly think candles are silly. How do we get to dealing with those conflicts? How are we going to resolve that if we're giving two different messages, one in the pilot and one what the rest of our e-prep people say? That's probably my biggest concern, a mixed message and diluting our successful e-prep program.

Mr. Keene: It would probably be best for her to answer it. I would also say that I think in general anything that's going to be done—I'm taking it out of

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the specific and into the general—is voluntary. There's nothing that is proscriptive. It really is designed to—I would imagine that there is—the whole idea is that there is some actual connection between people face to face in a block and there's conversation in information sharing. Even if there is something that's in here that everybody would agree is a good idea, there's nothing that precludes people on that block when they get together and say, "We think that's a boneheaded idea. We don't want to try that here on our block, but we would like to try something else."

Vice Mayor Scharff: This is not comments, but I do have a little concern with what you just said. Don't we have a message about what's best practices? When Sandra gets up there, I'd like to address that specific issue. If we have a best practice and that conflicts, what are we going to do about that? That's really the question.

Mr. Keene: I think she can probably answer that better than me.

Vice Mayor Scharff: Thank you.

Mayor Burt: Council Member Holman.

Council Member Holman: Some of my questions have been asked about e-prep and how we keep it, because it's a successful program. Anything and everything is probably subject to being improved, but I have some of the concerns that also have been raised. I've a couple of questions too because of some of the things here that are—water conservation, for instance, is one of the items that's listed. Number 2 under the deliverables, it's track results. I just want to be clear that we're not always drinking the same Kool-Aid, if you will. I use as an example the drought landscape ordinance. That comes forward and it has a lot of aspects of how to save water, but it doesn't address, for instance, habitat. How do we—maybe Sandra can respond to this too—look to see that there's enough mixed knowledge and information in this study for study that we aren't creating competing goals or ignoring one aspect of what would on the surface appear to be a good thing, but really in the broad scheme is not? I heard what you said, Jim, about collaborative and info sharing. I think that's a good thing. I want to hear what's going to be said about e-prep and just understanding that not everything in tracking results can be a metric. I know that that's a hard line to draw there in interpretation. I don't know what's going to come back to us or when about what the measurables are going to be, what the deliverables are going to be. Those are kind of my questions. Thank you.

Mr. Keene: If I just might respond a little bit. I guess Sandra and maybe others can respond to it. I guess my sense is that again in many ways this is designed as a pilot that would inform the next round. We would have the

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results from that pilot and how the next round could be redesigned. In many ways, that would inform our decision as an individual City as to whether or not we wanted to go forward into that phase. We may decide for whatever reason we don't want to do that. I think that we're going to have a lot of information when we get to that stage. I would also just say for the second it's fine we're doing this. It's probably partly informed by the fact that there actually are lots of specific recommendations in the Cool Block pilot. My experience has been that we are really good at identifying lots of hurdles and issues in advance on an issue. Then, once we get into it, we automatically find ways to either work through those things or they're not that big of an issue. I would just encourage that we not lose sight of the forest for the trees here. I'm going to make my pitch here. I think this is a program that is attempting to anticipate the future, not so much look to where we've been. We're going to deal with a lot of unknowns about how we address complex problems in our society in our own town in the future. No matter how great our existing neighborhoods might be or neighbor to neighbor, it does seem that building stronger connections between people. We have some parts of our City where people are more intrinsically engaged than others. Are there opportunities to build stronger connections and engagement? To me, that in and of itself seems like a worthy experiment almost regardless of what the focus is, whether it's climate change or something else. I have to think that American cities can do better. Part of government's role is to support social connectedness and have a little de Tocqueville kind of attitude about citizens and their role in solving problems rather than just everything sort of relying on us. That's what I think the great opportunity here is, to test that a little bit at pretty low cost to us as a City.

Council Member Holman: You know I'm a fan of de Tocqueville.

Mayor Burt: Council Member Filseth.

Council Member Filseth: I'm tempted to crack wise that we've got lots of community connections over parking, but I won't say that. On the face of it, this seems like something that's very logical. You've got to ask why would we not do this. It seems to me that the concerns fall into two areas.

Mayor Burt: Wait. This is the question period.

Council Member Filseth: I'll wait then.

Mayor Burt: Now we'll move on to members of the public. Our first speaker is Sandra Slater. Sandra, there may be some follow-on questions after you've had your remarks.

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Sandra Slater: I'd like to address you separately on some of the specific questions. I know I only have 2 minutes right now. Three, good. I'd like to thank you all for your time and attention to this project. It's really an important one, I think, not only for Palo Alto but for California cities and beyond. I'd like to outline for you a little bit about what the Cool Block program pilot is really about. I think we all understand that there's a sense of urgency on climate change and some of the issues that we're facing not only in the planet but in California and in Palo Alto and in our community. The pilot program and the whole program is really a systems approach. It's going to take your leadership and policy, the policies that you enact. It's going to take the technological sector to come up with some great ideas in R and D. It's going to take the business sector to provide good green businesses for us. Most importantly almost, it's going to involve citizens. It's the choices that you and I make every day and the way we live our lives. The Cool Block pilot really is a connector. It connects all these systems; neighbors to each other on the block; residents to the priorities that the City has and the programs that you guys have created. It connects neighbors to technological advances and promotes local green businesses that will provide goods and services to make our lives healthier, more connected and greener. Think of us as a recruitment arm for all the policies and programs that you have already available; energy audits, green gas program, water stewardships programs, energy efficiency programs, resiliency and safety programs. We'll engage and activate neighbors to help each other with the goals that they decide themselves. One of the questions that came up is we've developed this generic Cool Block program workbook. That will go out to all our pilot cities. That is not a specific local—what we'll have underneath that is a technological platform, a web platform that will enable the City to put all its programs in there. When somebody says, "I'm interested in water stewardship," up will come all the City programs that will help that citizen make those decisions and give them the resources that they need to go ahead and check that off as something that they want to do. I look forward to your support on this program. There are lots of questions, and I would like to address each of them separately. I think I'll take my time now. I'm surprised it's so early. I thought it was on the agenda for 9:00. It's like it's 8:00, running over here. I applaud you guys for your discipline in keeping to schedule. Thank you.

Mayor Burt: Thank you. If any colleagues had a follow-up question, you can go ahead and ask that. Otherwise, we'll continue.

Vice Mayor Scharff: Do you want to ask that now of Sandra?

Mayor Burt: Yes.

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Vice Mayor Scharff: I had a bunch of questions for Sandra.

Mayor Burt: Why don't you repeat whatever question you have?

Vice Mayor Scharff: You heard the dialog with the City Manager. Do you want me to repeat the questions or do you feel comfortable?

Ms. Slater: I think you can repeat them so ...

Vice Mayor Scharff: The first question was where the Cool Cities program suggests something that's different than what's suggested by our e-prep. I'm concerned about there being a mixed message. How do you intend to address that? I think LED flashlights versus candles was what I—if I'm wrong, tell me I'm wrong. We don't suggest candles.

Ms. Slater: In the program, we don't tell people to use candles. We tell them to use LEDs and flashlights. We also know in our hearts, all of us, that sometimes we can't find the flashlight. Sometimes the battery is worn out, and we have to go use candles. In that case, we want people to be able to use candles in a safe way, so we show them. If you're going to use candles, this is the right way to do it. We're not promoting they use candles. We're promoting flashlights and other things. If they're going to use candles, we want them do it safely. That was one of maybe—actually it's the only one that I've heard of from emergency prep that was an issue. I don't see that as an issue.

Vice Mayor Scharff: To your knowledge then, there's no conflict in the message of what we're suggesting locally and what you're suggesting for the Cool Cities.

Ms. Slater: I think we're providing a whole list of actions. All these actions have been vetted and, in fact, we've worked with the Department of Emergency Management in New York City and the New York City Fire Department and the New York City Police Department. All this has been vetted. Our approach is not like we just didn't pull this out of the air. This has been vetted by people who know their stuff really well.

Vice Mayor Scharff: Have we vetted it with Ken Dueker?

Ms. Slater: Yeah, we have. In fact, Ken Dueker sort of modeled his program after the program that we did in New York City. He's added to it. Ken's amazing, so he's done a lot with it. It was sort of fashioned on that.

Vice Mayor Scharff: One more question for you. Other things I recall. The way this works is that you have a block. Is it going to be one block? The

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City Manager said about diversity. I mean, is it one area of the City which you're going to have ten blocks or is it two areas that have ten blocks each? How does this actually work?

Ms. Slater: We've been talking about this, and this is sort of one of the things that we're going back and forth about. I think the consensus is we'd like to try different neighborhoods because they all have different issues and they're all connected in different ways. Rather than concentrate it in one, we'd look for somebody from Greenmeadow and somebody from Barron Park, just to get a sense of the differences. We're talking ten blocks for the initial one in the spring, and then an additional 20 blocks in the fall. What we want to do with all this, by the way—the whole reason to have the pilot is to be able to debrief with each one of the teams and the team leaders, saying what worked, what didn't work, what was confusing, what was too long, what was too short. That's the whole point of the pilot, to sort of uncover before we launch the Cool City Challenge, which we will do hopefully next year. We want to make sure it works and that it's the optimal program. That's why we're doing the pilot, just to find out what these issues are in advance.

Vice Mayor Scharff: Thank you.

Mayor Burt: Thank you. Our next speaker—if we have other follow-up questions, I'll recognize colleagues. Our next speaker is John Kelley, to be followed by Lisa Van Dusen. Welcome.

John Kelley: Mayor Burt, Vice Mayor Scharff, Council Members. I'm here tonight because I think this is an extraordinarily important opportunity for the City to do something substantial about climate change and to do so in a way that can really have a profound impact on our ability to respond to what I think will be crises that we'll face in the future. The first thing I'd like to say is if you're not familiar with the work of the IPCC, this is out of date now. This is volume 2 of a three-volume work. It's Assessment Report 4. I haven't even seen a hard copy of Assessment Report 5. In the middle of this, the title of this is *The Working Group 2 Contribution to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change*. The specific title is "Climate Change 2007: Impacts, Adaptation and Vulnerability." One of the things you'll find is that there's a close connection between mitigation, impacts, vulnerabilities and adaptation. I think the Cool Cities Challenge is addressing that particular fact. If you educate people about the problem, if you tell them how to respond, you tell them how to deal with emergencies, we as a community are going to be stronger, we're going to be more resilient. I don't think there's a single way to do this, whether it's emergency prep or Cool Cities or the Boy Scouts. I think

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everybody's trying to do the right thing, and everybody will work together. Our family's been active in the emergency preparedness program. I see absolutely no contradiction between what the City's been doing in that regard and what Sandra and others are talking about doing with the Cool Cities Challenge. I would encourage you most strongly to try to embrace the fact that there are a lot of people who can have similar goals. They may not have every word in every document completely in sync; that's perfectly okay. I've worked on emergency preparedness with the Boys Scouts, with our local block on emergency preparedness. I think our entire family would embrace what Cool Cities is trying to do. The second thing I'd say is I'd really like to support what the City Manager had to—his comment in response to one of your questions, Vice Mayor Scharff. If I understood it correctly, this is a pilot program which is going to impact not only Palo Alto but conceivably the entire country. I think it's extremely important that you keep the preparedness as part of the program here in Palo Alto, so that we can show other cities that this is not only an essential part of responding to climate change, but also a great opportunity to take together two important aspects of emergency preparedness. I would encourage you to adopt this proposal. I really wish I could have heard what you had to say, Council Member Filseth, about why this isn't possibly a no brainer. I think it is, and I think you should go forward. Thank you.

Mayor Burt: Thank you. Lisa Van Dusen to be followed by Herb Borock. Welcome.

Lisa Van Dusen: Good evening, Council and Mayor Burt, Vice Mayor Scharff. I am the other part of the family that John Kelley was just referring to. I can speak for myself in addition to echoing what he had to say. I'd like to just add that John was actually part of doing the research for the IPCC adaptation group. He knows a bit about what he's talking about. I wanted to say I remember going to the very first meeting about the Cool City Challenge. I guess you were saying, Vice Mayor Scharff, that it was in 2012. I couldn't remember exactly when that was. It's been really impressive to me the sort of dogged persistence that Sandra has had in pursuing this along with others in the community. I think that really underscores what it takes to do this kind of work and also kind of the opportunity to just try something and iterate and learn as we go which is, I think, how we want to see ourselves as a community, as a community of innovators and as a place that tries things and that leads for others. I think this is a really magnificent opportunity to do that. I also think people will be looking at us. Hopefully, they will as we do that. The idea of keeping all these parts together does seem really important. That is what this really offers. I had two completely independent conversations with friends last week who said, "Our water heater went out, and we had to replace it." I said, "Did you get a solar

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water heater?" I know that is one of the things where the resource shows that actually there's a payback. They said, "It happened too fast, and I couldn't do that." There went that opportunity until the next time it goes out. It occurred to me that if that kind of conversation took place preemptively, proactively in small groups, that might have been a different outcome for those two. Those are two people who want to do the right thing. I just thought it was interesting coincidence. Another thing—this is all last week—I met with the cofounders of the Palo Alto Chinese Parents Club who, I know, put on a fabulous event for Chinese New Year. Both said to me how much people in their community want to connect in other people's homes with activities that are somehow meaningful to each of them. It might be cooking or sharing recipes, but it also might be doing some of the kinds of things that I think this program involves. There was a lot of desire on their part, but not a lot of sense of how to make that happen. This seems like a perfect opportunity to do some of that knitting together. An analogy that I think of when I—is digging up the pipes. Let's only dig once. Thank you.

Mayor Burt: Thank you. The next speakers is Herb Borock, to be followed by our final speaker, Lorrie Castellano. One more, this will be our final speaker.

Herb Borock: Mayor Burt and Council Members. You received letters from Sheri Furman and Annette Glanckopf asking about what looks to me like a compromise that you should do the program slightly differently. You just heard from the proponents that the only way to do it is the whole thing. In my opinion, you shouldn't do it at all as a pilot program. You should learn from the pilot programs in the other communities. The Memorandum of Understanding in one sentence sort of hints that the City will have a better chance of getting a reward in terms of millions of dollars. The very next sentence says no, that's not true, there's no guarantee. To me, the program—this is just my opinion—looks like a political campaign organization masquerading as a City-sponsored program. It takes the attitude that the way to deal with reducing carbon footprint in Palo Alto is the individual residents' actions and ignores the contribution to the carbon footprint of all the concrete and steel in building buildings bigger than the current zoning allows. It ignores all the extra people stuffed into office buildings, adding to the carbon footprint in their traffic and wandering around the neighborhoods trying to find a place to park. Some of the same people who are part of the City committee on this are the same ones who are supporting that type of development. Somehow what's being presented to you as what the good program is, is going around to the individual residents and organizing them in the neighborhoods since it's the residents that have to solve the carbon problem when, for example, the overwhelming amount of our electricity

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goes to businesses. I don't think it's appropriate for the City to be doing the pilot. You don't gain any opportunity in getting the awards when they come out. Instead, I believe you should learn from the pilots. It's better to be doing those pilots in those big cities that have been offered. As has already been mentioned, this is similar to programs that have already been done in New York, so in a sense there already has been a pilot. Thank you.

Mayor Burt: Thank you. Lorrie Castellano to be followed by Robyn Duby.

Lorrie Castellano: Hello. I am a longtime resident of Palo Alto, but I have never been here before. I voted a bunch of you ...

Vice Mayor Scharff: That was my fault.

Mayor Burt: You only get (crosstalk).

Ms. Castellano: Does that mean you agree with me completely?

Mayor Burt: Now you get 3 additional minutes.

Ms. Castellano: I raised my daughter here, and I built a successful business here, so I have a stake in this community. Like most Palo Altans I travel a lot. When I used to go some place and they'd say, "Where do you come from?" I'd say, "Palo Alto outside of San Francisco," or "Palo Alto near Stanford." Now, I just say Palo Alto, and eyebrows raise. They give me total credit for every technological advancement in this Valley, which I love. I take it like it's mine. I would like to see Palo Alto be an innovator in global warming. When I heard about the Cool City Challenge, I raised my hand immediately to be a block leader, because it was the one program that I read about, that made me feel like it wasn't just a drop in the bucket, that I could really make a difference. As a psychotherapist, I like the idea of people coming together and supporting each other to make life changes that are very hard to make. It's really hard for me to get on a bicycle. It's really hard for me to get out of my car. With group support and knowing my neighbors and all of us talking about these things, I think we can make a real difference. We have to make a real difference. This is a very, very big problem. I want Palo Alto to be the center of that so that we do this program, the pilot, and then it spreads out to the rest of the country, and then people say, "Palo Alto, that's where global warming made a difference." That's what I want to say tonight. Thank you.

Mayor Burt: Thank you. Robyn Duby to be followed by Vanessa Warheit.

Robyn Duby: Thank you for hearing me on the topic of Cool Cities Challenge. I'm really excited about it because having done a low-carbon

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diet in our neighborhood before, which resulted in five beautifully successful years of bike Palo Alto event being co-organized by all of the volunteers that were inspired initially from our little, low-carbon diet group. I just want to say I'm really excited to see Palo Alto support it. If Palo Alto's not going to support it, who the heck is? A couple of benefits I could see coming from it are just the things that happened with my initial group in the neighborhood. Neighbors get together and the anxiety over climate change just dissolves so quickly into action. People are so nervous about it. It just helps so much to have a group of people to do things with. It really does keep you—it holds you accountable to all of these small things. Yeah, businesses are using a majority of the energy, but guess what? The residents in Palo Alto work at those businesses, and they vote, and they hold green teams at the businesses. It really does spread. I think of it as kind of a Weight Watchers thing. I can't stay on a diet without group support. That's just me; maybe I'm weak. I've found that it was the case for my neighbors in that we really did inspire one another. The additional piece that the Cool Cities brings is the piece about emergency preparedness. I know in our block we don't have an emergency preparedness leader. In our neighborhood, I know there were actually a couple of us that were certified on the green team. I know that there's interest in doing that as well. It can be a way of reaching more people and drawing them into the CERT program as well. I think anything that's going to bring people out of their homes and volunteering and meeting City initiatives is just—got to give it the thumbs up. Thank you.

Mayor Burt: Thank you. Our final speaker is Vanessa Warheit. I don't see her, so we will now close the public comment period, return to the Council. Council Member Filseth, I think you were where we left off.

Council Member Filseth: Sorry about that earlier. Thanks very much. It seems to me that sort of the concerns that I hear people raising about this kind of fall into questions really, fall into two buckets. One is, is this going to take a lot of Staff time and expense. Council Member Scharff asked about how many hours of Staff time it would take, and I think implicit in there is, is there going to need to be some budget for this as well. Either organizing whereas this seems like the kind of thing that ought to really be community driven, not Staff driven, or else potentially spending a lot of time out of the City and other cities sort of talking about this kind of stuff. One is the Staff time. The second has to do with there seems like some overlap with stuff that we're already doing in the City and arguably in some cases we're ahead. I think it's important that we not sort of impair stuff that we're already doing well for the sake of promoting something to other cities. If we're going to go down this path, it seems like we need to really put a lot of focus on adopting its pieces so that it makes sense for Palo Alto as opposed to trying to tell other cities to do something different than they do. I guess I still haven't

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heard a really good understanding of why it is that—I mean, I heard a lot of discussion about climate change and a lot of stuff about e-prep. These things seem like sort of two different things. I would hope that whatever we do, it can kind of focus on climate change because it seems like e-prep. We've sort of got a lot of traction and history with that already, and I don't understand why these things need to be tied together. Thanks.

Mayor Burt: Council Member Berman.

Council Member Berman: I think, Sandra, you might have spoken to this a little bit earlier. With the permission of the Chair, could I ask? Can you give a little further explanation? There seems to be a concern about the e-prep piece. Can you provide a little more clarity as to what kind of role that's going to play in the pilot and why you don't think it necessarily competes with the e-prep program that we currently have?

Ms. Slater: I think John Kelley spoke a little bit about it, which is the connection between climate change and what we need to do there and resiliency. We are going to be facing bigger storms, so we are going to be facing more emergencies. People come to this program—people don't generally wake up in the morning saying, "I wonder how I can lower my carbon footprint today?" What we're doing by providing the emergency prep and the other parts of the programs, the livability and the block cohesiveness, is to tap into those other motivators to get people to do it. Some people might be interested in connecting with their neighbors more. Some people might say, "I've always wanted to do some emergency resiliency stuff, but I haven't gotten around to it, and I don't know what to do." Some people may just want to come in and check out your house and see what your house looks like. People come to these programs for different reasons. We're trying to provide a lot of—if you just go after carbon, you're really limiting people's need—what they might want and to come to the program with. That's why you include emergency services. Again, I think other than the candles, I haven't really heard that there's anything in there. We're not telling people what to do. This is not here's the emergency resiliency piece of this program and here's the program and you have to do it. Each individual household decides what they want to do and what's appropriate for them. When they decide to do it, they click on the action on the website and up will come you're interested in this; here are the programs. You can come to a class. You can do all these things. We will be pointing people to Ken Dueker's programs to get deeper into it if that's what they want to do. If all they want to do is get water and food for 10 days, then that's what they do.

Council Member Berman: Thank you. Thanks.

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Ms. Slater: Is that it? Do I sit down now?

Council Member Berman: Sure. This seems to me to be a great opportunity to get more people in the community engaged who aren't currently engaged and introduce them to a host of different ways that they can make a positive impact, both locally and, if this idea scales, then nationally and globally. I'm just not totally understanding the downside. It's a pilot, and obviously Council Members and community members will be monitoring this very closely to make sure that it doesn't negatively impact the current programs that we have operating in this City. I think the fact that it's a pilot, a pretty small pilot at that, gives me a lot of comfort that if for some reason it seems like it is negatively impacting any other programs that we have in the City, we can either eliminate the pilot altogether or make improvements to make sure that doesn't happen. I think Sandra's last point is a good one. We heard this today from folks in the community who said, "I'm not involved in e-prep, but I am interested in this. This is a way that I might learn more about e-prep and some of the other important things that we have going on in the community. I understand that there are concerns, and I think those are very valid concerns, but let's monitor the pilot closely and make sure that those concerns aren't needed. If they are, you can always make changes to the pilot to alleviate those concerns. In my opinion, this is something—I think it was kind of described as the City subsidizing this program. The City isn't—are we paying any money, Jim?

Mr. Keene: No. I mean, the only thing we'd be doing is a ...

Council Member Berman: Some Staff time.

Mr. Keene: de minimis amount of Staff time. I mean, I don't think there's anything we're doing here that is a contradiction of the kind of things we do every day in the City.

Council Member Berman: I agree that we should make sure there aren't mixed messages and that we shouldn't be suggesting things that in other places we don't suggest. That doesn't seem to be the case. I'm open to further Council Member comments. This is something that I support, and I think given the fact that it's a multicity thing, I don't see a reason to tweak it from the dais tonight. I think we should move forward with the pilot and monitor it and see if it needs improvements.

Mayor Burt: Vice Mayor Scharff.

Vice Mayor Scharff: First of fall, Sandra, I'd like to thank you for the hard work you've done on this. I think, you've stuck with it since at least when it came to my attention in 2012. I don't want that to be lost in this, as we grill

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you and give you a hard time about things. I think it's really important. Climate change is a huge issue of our time, and you're actually doing something about it. That's to be commended. I wanted to start with that. I guess my biggest concern actually is when I look at the City of Palo Alto deliverables, where it says participate with the Office of Sustainability and other City Staff to integrate the Cool Block program into the S/CAP strategy and encourage participation in the S/CAP Advisory Board. I'm really glad that our City Manager said, "Our Staff is not going to spend more than 40 hours on this." My real concern in all of this comes down to this is sort of exciting and fun for a lot of City Staff. I worry that they'll spend ...

Mr. Keene: (inaudible) do something fun.

Vice Mayor Scharff: Exactly. We recently looked at doing a fifth scenario. What we talked about was having the S/CAP be integrated into that scenario. I really think that's going to take a lot of Gil's focus and energy. In fact, I'm going to judge his performance a little bit on how well he manages to do that. I'm very concerned that this is just something else that distracts our Staff from that. If we stick within the 40 hours, I'm perfectly comfortable with this. If this becomes something that is distracting for Staff—a lot of this stuff could be. Identifying blocks, potential block leaders, that could be a huge amount of hours depending on how much Staff is doing it. It really, for me, comes down to are we going to live within the 40 hours or are we not. I understand you want to make this similar in the cities in which we're doing this. That was really the issue. I just want to reiterate that if we put in the motion, for instance, add a chapter on volunteers with information on Palo Alto Emergency Service volunteers and how to be a part of the Palo Alto ESP program, does that or does that not cause a problem with the—I mean, can I put that in the motion or would that be something that would give you heartburn? Speak honestly, because I don't want to undo your program.

Mr. Keene: Can you speak to that?

Ms. Slater: Yeah, sure. As I said, the workbook stands for all the cities. That's just sort of the actions that you can take. People take whatever actions they want. The technology platform will point people to whatever it is the City's providing. There is no disconnect at all between—if you're saying you want to do emergency prep and you want to do the following actions, when you check that box, up will come all the City programs to help support you. From my point of view, we're a recruitment arm for your programs, as I said, for energy audits or for water conservation or for emergency, for any of it. All the things that you already have in place, we want to encourage people to get engaged with those things. We're not

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trying to do something separate from that. The actions are fairly generic. On the emergency prep things, yes, there's a thing about keeping warm clothes on-hand in case it gets really cold. Palo Alto, we're blessed with not having that issue, but a town in the Sierras might. We have to keep that in there. We're not going to take that out for each individual city. People will just ignore that action and not bother. For the ones that are relevant, we'll put these City services underneath.

Mr. Keene: Can I just clarify? The language in the book and, therefore, the chapter would not be changed.

Vice Mayor Scharff: Right, correct.

Mr. Keene: The ...

Ms. Slater: Platform.

Mr. Keene: The online platform that we use to engage with folks or that they will use to engage with folks will be tailored. I'm sure it would clearly say that there will be information on Palo Alto Emergency Services volunteers and how to be part of that program.

Mayor Burt: If I can, I'd like to ask a follow-up question of the City Manager on the one aspect where we're talking about participating with the Office of Sustainability and other City Staff to integrate the Cool Block program into the S/CAP strategy and encourage the participation of the S/CAP Advisory Board. Is that something that would be done during the pilot phase?

Mr. Keene: Help me with what you guys meant by that, so I'm clear.

Mayor Burt: Before you answer that, let me express just a little bit of concern. The pilot is pretty discrete. Without any significant commitment or ramifications to do the pilot, we're talking about up to 30 blocks out of 6,000 blocks in the City. This is really pretty nominal. Saying that we are going to move beyond the pilot to assume that this will become part of our S/CAP before we've done the pilot, that's one thing I wanted to get clarification on. That's really a question for the City Manager, I think.

Ms. Slater: I could talk to the first part; you could talk to the second part.

Mr. Keene: Let me talk to the second part. I never read at all and I would not read at all that this is obligating us to incorporate this specifically into our S/CAP plan and program. That said, I could certainly see that we would think that the concepts of kind of grass roots participation in climate change and general statements like that would be the kind of thing, whether there

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was a Cool Block program or not, we would be talking about separate from this. I don't see this as any special hook that gets us to give some distinctive emphasis to this approach as part of our Sustainability Climate Action Plan.

Ms. Slater: Do you want me to answer?

Mayor Burt: Sure, if you have something.

Ms. Slater: For the other questions in terms of the City Staff time and resources, I've already reached out to my friends, family, everybody saying, "Who would be a good block leader?" I already have a list of, I think, 80 or so potential block leaders. That's not going to take any Staff time other than to say yeah, maybe we can sort of talk about which ones in which neighborhoods. The second thing is I've also already gone through all the City programs from your website and consolidated those and put them next to the actions. I've done a lot of the work. I am the staff person who is going to be doing a lot of this work. It's really on me with help from City Manager and some of the department heads. I've talked to Bruce Lush [phonetic] and he's eager to have his program so that people can be actually doing what he's trying to get them to do. I don't see that there's a whole lot of (crosstalk).

Mr. Keene: May I follow-up on that? I think that's an extremely important point. There's a danger that we look at this about what is this foreign agent program going to impact us as a City. The truth is it also works the other way. We have all kinds of initiatives and programs that are worthwhile. We have rebates and all of those sorts of things that we advertise stuff through the utility mailers. If we've got another channel to reach out to our community to deliver on our programs, I don't even see that as something that's really for the Cool Block program; it's on behalf of what we're trying to accomplish as a City.

Mayor Burt: I'll just offer a brief comment. If we are clear that what we are committing to right now is the pilot and not what may follow on in some other policy decision after the pilot, then I think we are spending a lot of time splitting hairs on what is truly a pilot program. Thirty blocks out of 6,000 or so. We've had several different Council discussions on this, and I'm not quite sure why we want to just beat this to death so many times. Let's just get clarity and ...

Mr. Keene: Shoot for a 9:00 ending.

Mayor Burt: Vice Mayor Scharff, thanks for giving me the floor a moment.

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Vice Mayor Scharff: Sure. I think that is the key point, what the Mayor just said. It is a pilot. I will move that we authorize the City Manager to execute the Memorandum of Understanding, MOU, with the deletion of Number 2, because that does not sound like a pilot to me, which is participate with the Office of Sustainability. That part would go out.

Council Member DuBois: I would second.

MOTION: Vice Mayor Scharff moved, seconded by Council Member DuBois to authorize the City Manager or his designee to sign the Cool Block Pilot Memorandum of Understanding between the City of Palo Alto and Empowerment Institute with the deletion of "City of Palo Alto Deliverables" Number 2- "Participate with the Office of Sustainability and other City Staff to integrate the Cool Block Program into the S/CAP strategy and encourage the participation of the S/CAP Advisory Board."

Mayor Burt: Did you wish to speak further to your motion?

Vice Mayor Scharff: Just briefly. I did want to reiterate, even though it may not have seemed like this, Sandra, we actually all do—we haven't voted yet. I support this, and I think that it's a great thing. I do commend your efforts. I know it's taking a lot of your time. I think it's a great thing that people like you in Palo Alto exist and bring these things forward to us.

Mayor Burt: Council Member DuBois.

Council Member DuBois: Just briefly. I like the idea of the pilot. I get the idea of kind of group support. I think it's definitely a good approach to try. Actually the Mayor and Vice Mayor hit kind of both of the points and questions I had. I think the message is coming through pretty loud and clear that we don't want to weaken emergency prep in any way. I think we're getting feedback that that's not going to happen. The two points I wanted to go over was there seemed to be a little conflict—I think you've clarified that for us—between Palo Alto personalized information which you're saying will be online, and the book. I think some of the feedback you might get from the end of the pilot you might get today is, I think, the book needs to refer to the local, online content as much as possible so that we have a consistent message. The second point was striking Number 2 or modifying that. That was something I was concerned about as well. Thank you for covering that.

Mayor Burt: Thank you. Council Member Kniss.

Council Member Kniss: I appreciate the Mayor coming to a succinct description of what we've been doing. One of the things I'd really like to do,

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because Ken Dueker has just walked in. Ken, could you come up. I think where we've been going back and forth tonight is that the emergency preparedness folks who began when I wasn't sitting here and most of us weren't sitting here, which is many years ago now. I think this needs to feel like a more integrated program. You have been doing this for a long period of time. Have you been listening to anything that we've been saying? That's why I think you popped into the Council chambers. Am I right?

Ken Dueker, Emergency Services Director: That is correct.

Council Member Kniss: Do you see any conflict between what we now have up on the board and where we're going to head with this tonight?

Mr. Dueker: As written with or without the amendment, I see no conflicts. I think it could all be mitigated and streamlined and kind of find the symbiosis that I think the Mayor was alluding to.

Council Member Kniss: You've got a comfort level with this is what I'm hearing.

Mr. Dueker: I do. I understand that members including Annette who wrote you a letter have some concerns. That's based on, I think, more prior issues than this case before us tonight. As long as the community continues to be listened to, with all the various stakeholders, I believe this will be fine.

Council Member Kniss: I hope what we have done is address those concerns that Annette and some others had tonight. I really appreciate your popping in here. That makes a big difference.

Mr. Dueker: You bet. Happy to support. Thank you.

Council Member Kniss: I think we've made it very clear that this is a pilot, that this will involve the Office of Sustainability. I'm reading this correctly, Greg? Greg Scharff.

Vice Mayor Scharff: It will actually not involve the Office of Sustainability.

Mayor Burt: Just to clarify. I don't think that the elimination means that there's no involvement. It means that it will not be directing it to integrate this program into the S/CAP strategy at this time.

Mr. Keene: Right. That's the point.

Council Member Kniss: Good.

Mr. Keene: Could I just make a clarification on that though?

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Council Member Kniss: Absolutely.

Mr. Keene: I completely understand the intent. I support you taking this out. I just don't want the obverse to be so firmly held that when we get into the S/CAP in the future and we talk about the Cool Block, suddenly we've like violated the Council's directive. I think it's clear what you're really trying to do here.

Mayor Burt: We're simply saying that we don't want this motion to direct that it necessarily will happen at this time.

Council Member Kniss: To finish with that, I also ...

Mayor Burt: Sorry. Just that it will be a pilot.

Council Member Kniss: I also wanted to acknowledge that Walt Hays came in. Walt, I know we started so early tonight and we're so out of character it's hard to follow what's happening. I would acknowledge that you're probably supporting this, and that is why you have come down. I'll be anxious to see how this does work. I think this is intriguing. I know that there are blocks that have been very well organized with emergency preparedness, but there are other blocks that aren't. To be quite frank, I don't think our block has ever been organized, and that's probably as much my fault as anyone else's. I will ...

Vice Mayor Scharff: Yes, Liz, take the lead.

Council Member Kniss: I'll take it on. Is your block all organized, Greg?

Vice Mayor Scharff: Aren't you taking the lead for my block too?

Council Member Kniss: Having said all that, I really think that as a City we are used to being in the lead. We're not used to being followers. This is a good chance for us to try, to try, this, to try a pilot and to see if it does fly. That's what we're really all about. I know that we did start a little early. There's a group of you that did show up and were very enthusiastic about it, which was very good to see. I'll be supporting the motion. Thank you.

Mayor Burt: Council Member Schmid.

Council Member Schmid: I'd like to go back to the City Manager's first question of suggestions for where do you look. I think it's important that we don't focus on just affinity groups but on neighbors, neighborhoods, and where are there commonalities amongst neighbors, especially during a period of climate change. I think here we are in a dry February in an El Nino year. Water is a big issue and will be in our future. Look for a neighborhood

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that has water issues. I think of the dewatering issue that came up. That generated a lot of input from neighbors. There are a lot of interesting issues that came out of that; use of groundwater, waste versus use, landscape, trees, buildings, construction practices. You had active, engaged neighbors dealing with it, working together, going back and forth. I think that's a good example of neighbors working through issues of sustainability. I'd certainly encourage, City Manager, if there are two or three of these ten-block areas at least one of them comes from this alluvial fan area.

Mayor Burt: Council Member Holman.

Council Member Holman: Thanks. Following on the pilot aspect of this, which I appreciate. If I look at the Memorandum of Understanding, it talks about it does through a nine-meeting, 4 1/2-month program, blah, blah, blah. Then it says the pilot phase will take place in three cities; that's great. Then it says the Cool Block program will then be integrated in the Cool City Challenge, a 3-year campaign to achieve. Where's there a City Council check-in between that 4 1/2-month pilot and the 3-year campaign that's a program? The pilot is not a program.

Mr. Keene: We would actually have to make an affirmative decision to throw our hat into the competition to part of the Cool Cities Challenge or the Cool program that you're talking about.

Council Member Holman: When would that—is there a timeframe that we can affirmatively state now that after this 4 1/2-month—when that would come to Council? Through the Mayor, can Sandy Slater speak?

Mayor Burt: Go right ahead.

Ms. Slater: I'll hurry up. If the pilot happens as we expect, we will finish with the pilot by the end of this year with the two phases, the 10 blocks and then the 20 blocks. Then we're going to put out an RFP next year to cities saying, "We're now open for business. Who would like to step up and participate and challenge their residents to reduce their carbon footprints by 25 percent and engage at least 25 percent of their residents to do this?" The \$2 1/2 million is actually to help implement the program in the city, but that's an RFP that will go out. Palo Alto can choose not to even apply. That's certainly a choice. That would be in probably late 2017.

Council Member Holman: Understanding that, but I'm still looking for at what phase would this come back to the City Council to see what's been developed as a part of the pilot.

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Mr. Keene: Post-pilot at a minimum we would come back. Given the fact that I put on the Council's Agenda even our participation in the pilot, you could be assured that I would be coming back for your approval for us to even compete in the broad program that would obligate us to achieving a 25 percent minimum saturation rate in our City.

Council Member Holman: Having that commitment, that's ...

Mr. Keene: That would be sometime in 2017.

Council Member Holman: The end of the pilot and coming back won't be until 2017?

Mr. Keene: That's correct.

Council Member Holman: You said you thought the end of this year.

Ms. Slater: The end of this year is the pilot phase. Then we're going to take all the learnings that we got from the pilots from the different cities, iterate because that's what we do—we want to learn from this—and then put out the RFP.

Council Member Holman: I think we're saying the same thing basically.

Ms. Slater: The RFP would probably go out in mid-2017 after we've looked at the pilot, what the results of the pilot have been.

Council Member Holman: Council Member Kniss acknowledged a member of the public who had come. I just wanted to acknowledge that Vanessa Warheit did come even though her card got in before she did. I did want to acknowledge that she came. There's some things I just want to put a plug in for that people may or may not be aware of. Some of them, I'm sure you do, but some of them maybe not. We used to have in the Development Center—they've disappeared. I think they all got grabbed up and taken away—brochures about how Eichlers could become more energy efficient. It was really a how-to guide. Those kinds of things we've talked about for a long time. Those were actually there for a while, and they were attractive, very helpful brochures. We've talked about having that kind of mechanism at the Development Center for other types of remodels and energy efficiency. Those have never been developed. I hope that's one of the things that you'll incorporate here. I'm just going to put a plug in for two other things that I'm a little rabid ...

Mayor Burt: I just want to make sure that we're not using this time to try to describe elements that would complement the program and things. We're

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here to approve the pilot. I think we can have offline opportunities as a Council to give that kind of input. Let's make sure that we don't drift into that.

Council Member Holman: It was just two mentions of things I wanted to be considered that are in the listing, that I think are big things. I'll do one which is waste. No surprise that even LEED does not consider the full impact of demolition and construction. LEED doesn't consider the full cycle of that. We as a City, even though we have a C&D ordinance, don't look at salvage and the impacts of that. I'm hoping that you'll look at including that so we can consider some of these big picture items too. Thanks.

Mayor Burt: Council Member Wolbach. Council Member Filseth.

Council Member Filseth: I just want to make sure I understood the discussion over the last 5 minutes. We're going to do the pilot. A question for the City Manager. We're going to do the pilot. Basically the City investment in it is 40 hours of Staff time. The next stage beyond that that we commit more City time and effort is either, one, integrating the results of this into the S/CAP or, two, responding to the RFP. Did I characterize that right?

Mr. Keene: I think that's correct. Either one of those would be a discretionary decision by the Council to direct us (crosstalk).

Council Member Filseth: I'm encouraged by Ken Dueker's comments. Other than that, I concur with everything the Vice Mayor said.

Mayor Burt: I just want to make sure I'm doing the math right on this 40 hours. We've spent almost 2 hours and nine Council Members and four to five Staff members. Is this time going to be subtracted from the 40 or is it that the clock starts ticking after we approve this? I say that in part in jest, but for a point. This is not the first meeting we've had on this. We're talking about a small pilot with a very limited amount of City resources involved. In a City that we pride ourselves on being described as the center of technology and innovation and when we have a pilot innovative program, we seem so hesitant and with so much trepidation to move forward. I just don't know how we can embrace that moniker unless we can be a little bit more bold in moving forward without this level of trepidation and hairsplitting and what we've gone through tonight. Those are my comments.

Council Member DuBois: (inaudible)

Mayor Burt: Since you've been on Council?

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Council Member DuBois: (inaudible)

Mayor Burt: That's true, and what I said is true. Thank you. Please vote on the board. That passes unanimously.

MOTION PASSED: 9-0

Mayor Burt: Thank you all for coming and for your participation.

Inter-Governmental Legislative Affairs

None.

Council Member Questions, Comments and Announcements

Mayor Burt: Our final part of the meeting is Council Member Questions, Comments and Announcements. Council Member Kniss.

Council Member Kniss: I know I'm not the only one who will be leaving town, but I will be at the National League of Cities in Washington, D.C., starting at the very end of the week and back on Tuesday night. Delighted to be going. I think it's going to be very interesting. This is the legislative session, as you probably all know, to find out what's going to happen next, particularly in transportation. It should be very interesting this year. Also, to encourage you yet again—thank you, Mayor Burt, for signing up for bocce ball. Don't miss bocce ball in April. It's fun, great exercise. Think of it that way. It's also a fundraiser.

Vice Mayor Scharff: What's the date?

Council Member Kniss: It's the very—I don't remember.

Female: (inaudible)

Council Member Kniss: Thank you. April 20th, Wednesday, April 20th though.

James Keene, City Manager: Do you guys have a title to defend (inaudible)?

Mayor Burt: No, we certainly don't. I am in training; I've been drinking red wine, and I'm ready to go. Is that it?

Council Member Kniss: Also next week, the Cities Association is meeting, I believe Greg, on Wednesday night or Thursday night.

Vice Mayor Scharff: Thursday night.

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Council Member Kniss: I have put my name up again for the Bay Area Air Quality Management District. Full disclosure. That's it.

Vice Mayor Scharff: That's not quite full disclosure, Liz, but I'll get to that in my comments.

Mayor Burt: Vice Mayor Scharff.

Vice Mayor Scharff: First of all, I think we should recognize that next year, which is a huge accomplishment, if Liz is reappointed to the Air Board that she will be President of the Air Board. In fact, one of the San Francisco Supervisors took me aside and said, "I just wanted to tell you what a great job Liz does on the Air Board and that I'm really looking forward to her being President next year." I do think we should notice that.

Council Member Kniss: Wow, that must (inaudible).

Vice Mayor Scharff: I just wanted to say that the City Manager sent you a link to do the survey for the ABAG/MTC merger stuff. I would really appreciate it if all of you would fill it out. It'll make me look bad if my Council doesn't fill it out. No, it's really an important thing to do. I think we should all fill it out and have some input into that. I went to another ABAG/MTC merger discussion last Friday. We talked about different government structures of how what we call the SGOCs were, which is really what ABAG and MTC are, in the rest of the state. There were a lot of different governance options. I was actually encouraged about the fact of the choices. If anyone ever wants this information, I can always scan it and send it to whoever wants it, but I don't want to burden you with pages if you are not interested. I also am going back for the League of Cities meeting. At the same time, I'm also going back for the American Power Association meeting which is also taking place at the same time, which is good, two things at once. I think that's all my comments. Yeah.

Mayor Burt: Thank you. I will be going back to the National League of Cities meeting. At that time, we are setting up meetings with our Congressional representative and others in D.C. on issues such as airplane noise and other issues that we have been working on as a City. I would also like to just share that yesterday I had the pleasure to participate and speak at a large interfaith event at the East Bay Islamic Center. It was really an event centered around demonstrating that our region does not abide by nor condone the sort of intolerance that has been promoted nationally in the campaigns that are going on. In fact, tolerance is not an adequate standard. It is one of community and embracing diversity and sharing values. This was an event you may have read about in the *Mercury* this morning. It was really a wonderful event. The faith-based speakers from the full breadth of

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religious denominations, from a range of Christian and Jewish and a whole range of other religious bodies all came together and expressed that our region has a value structure that is embracing of diversity and caring for one another. I think this, in this climate, is something that's increasingly important for us to speak up about what we believe in. I think on that note, the meeting's adjourned.

Adjournment: The meeting was adjourned at 9:18 P.M.

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The Board of Directors of the Palo Alto Public Improvement Corporation met on this date in the Council Chambers at 6:05 P.M.

Present: Berman arrived at 7:12 P.M., Burt, DuBois, Filseth, Holman, Kniss, Scharff, Schmid, Wolbach

Absent:

Mayor Burt: This is actually a separate meeting whereby the City Council functions as the Board of Directors of the Palo Alto Public Improvement Corporation or PIC. I have no speaker cards. Is there any brief presentation by Staff? Of any sort?

James Keene, City Manager: No.

Mayor Burt: It's all explanatory in the Council packet. The Staff recommendation is that the Board of Directors of the Public Improvement Corporation, or PIC, approve the 2014-15 Financial Statement for the Public Improvement Corporation. We're open to either questions or a motion to approve. Council Member DuBois.

Council Member DuBois: I just have one quick question about COPs for the golf course. Are there any plans to do that for the current renovation through this function?

Tarun Narayan, Treasury Investment and Debt Manager: Good evening, my name is Tarun Narayan. I'm Manager of Treasury Investment and Debt. We are still waiting for the final permit to be issued for the golf course. Once the RFP is issued, then yes, there is a plan to issue COPs to fund that.

Council Member DuBois: Thank you.

Mayor Burt: Council Member Wolbach.

Council Member Wolbach: I was just going to move the Staff recommendation.

Vice Mayor Scharff: Second.

Mayor Burt: That's motion to approve by Council Member Wolbach, seconded by Vice Mayor Scharff. Would you like to speak to your motion?

Council Member Wolbach: No need.

Mayor Burt: No? All right. No lights. Please vote on the board. That passes unanimously with Council Member Berman absent. We will now

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move on to the regularly scheduled City Council meeting for February 29, 2016.