



# CITY COUNCIL SUMMARY MINUTES

Regular Meeting  
February 12, 2024

The City Council of the City of Palo Alto met on this date in the Council Chambers and by virtual teleconference at 5:30 P.M.

Present In Person: Burt, Kou, Lauing, Lythcott-Haims, Stone, Tanaka, Veenker

Present Remotely:

Absent:

Mayor Stone called the meeting to order.

Interim City Clerk Mahealani Ah Yun called role and declared six were present.

## Closed Session

AA1. CONFERENCE WITH REAL PROPERTY NEGOTIATORS Authority: Government Code Section 54956.8 Property: 4000 Middlefield Road, Palo Alto (Informally known as the Cubberley Site) Negotiating Party: Palo Alto Unified School District City Negotiators: (Ed Shikada, Chantal Cotton Gaines, Kristen O'Kane, Sunny Tong) Subject of Negotiations: Purchase, Exchange, and/or Lease Price and Terms of Payment New Item added

Mayor Stone asked if there was a motion to go into closed session in regard to Item AA1.

**MOTION:** Council Member Veenker moved, seconded by Council Member Lauing to go into Closed Session.

## Public Comment

Ken H. was hopeful there would be an announcement of the terms reached in the Closed Session.

## **MOTION PASSED: 7-0**

Council went into Closed Session at 5:34 P.M.

Council returned from Closed Session at 6:42 P.M.

Mayor Stone announced no reportable action.

# SUMMARY MINUTES

## Agenda Changes, Additions and Deletions

City Manager Ed Shikada declared there were no changes by staff.

## Public Comment

Mayor Stone set some ground rules for public comment. He had been informed that one of the videos that would be shown by a public speaker would include graphic images that could be disturbing.

Talha B. speaking on behalf of (8) Tuba S., Yasa B., Moiez B., Talha A., Hadi S., Aziz S., Amir M., Humza S. shared slides related to bombings and lives lost in the war. He brought attention to the students at Stanford protesting the war. He had videos to show at this meeting, but due to technical issues, they would not play, so he would send them to Council members. He requested a humanitarian proclamation. He discussed bullying and suicides in connection with the war issue. He pleaded for a ceasefire resolution to be agendized.

Sarit S. speaking on behalf of (7) Scott S., Michal L., Edith C., Adele G., Elinor T., Rotem P., Paulette K. (Zoom) noted she was speaking on behalf of more than the names listed here. She displayed slides concerning lost lives, hostages, aid in Gaza, etc. She expressed that the happenings in Gaza were heartbreakingly tragic. She claimed the war was a foreign policy issue having no bearing on the governance, etc., of Palo Alto. She did not support a ceasefire resolution. She spoke of local hate behavior and asked that it be addressed. She played a 2024 Superbowl commercial video related to standing up to hate.

Alan C. speaking on behalf of (6) Allyson R., Rebecca S., Itai D., Avivit S., Henriette C.- P., Sarith H. discussed the happenings in City Council chambers on January 31. He quoted what was written about it in the *Palo Alto Weekly*. He discussed a California law, Section 403, and he was looking forward to an upcoming meeting with the Chief of Police and the City Attorney. He encouraged Council to get involved in the conversation related to free speech. If Section 403 or another statute could not be enforced, he suggested a new ordinance be enacted. He spoke of well-intentioned resolutions related to the war possibly causing inflaming disagreements in the community. He thanked Council for focusing on community issues.

Noel S. stated he did not feel hate in the community. He requested that Council not be silent and to make a statement related to the war.

Lori M. spoke of the teachers union in West Contra Costa Unified School District voting on a ceasefire resolution. She suggested that Jewish and Muslim people make connections. She requested there not be a ceasefire resolution, which she implied would be dividing.

Lars J. (Zoom) asked Council to agendize a ceasefire resolution and stand up for humanity and civility.

Aram J. (Zoom) apologized to Council Member Lythcott-Haims for his breach of her trust in him.

# SUMMARY MINUTES

Talya S. (Zoom), representing PASCC, indicated there was a lack of progress on the 80 x 30 goal. She spoke of long-term health issues related to natural gas. She asked for a better marketing campaign to educate and help residents plan for electric appliances.

Sari (Zoom) spoke of deaths of Palestinians. She asked that Council members not stay silent. She quoted Dr. Martin Luther King, Jr. – Our lives begin to end the day we become silent about things that matter.

Lawrence (Zoom) appreciated that EV charging was being considered in the grid upgrade. He understood that grid upgrades could be prevented with the incorporation of vehicle-to-grid, and he asked that such chargers for heavy vehicles and home use be considered.

## Council Member Questions, Comments and Announcements

Council Member Kou announced that the regular P&S Committee meeting scheduled for February 13 had been replaced with a special meeting starting at 6:30 p.m., and a fourth agenda item titled City Council Referral to Discuss the Creation of a Citizens Advisory Committee to Evaluate City Council Member Compensation Above Senate Bill 329 Guidelines had been added. The updated agenda packet had been posted online at cityofpaloalto.org. On February 8, the Unincorporated City Association of Santa Clara County entity had been dissolved, and the entity transitioned to the City Association of Santa Clara County Joint Powers Agency.

## Study Session

1. Reliability and Resiliency Strategic Plan for the City's Electric Utility

## **NO ACTION TAKEN**

Utilities Director Dean Batchelor requested Council's feedback on the Resiliency Strategic Plan. He noted it had gone to the UAC with a vote of 7-0 to move it forward to Council, which would be brought back at a later date after Council comments. The plan had also gone to the ad hoc committee on February 2, and their feedback comments had been incorporated into the report.

Assistant Utilities Director Jonathan Abendschein noted there were a couple wording problems with the presentation. The slide read "plan acceptance" and it should have read "study session," and there was a recommendation toward the end that was intended to be a Consent Calendar item. He furnished slides and recapped the history of the item. He noted that the plan was in the packet. The UAC and the Council Ad Hoc Climate Protection Committee were working on the plan. The draft plan was presented to the UAC on December 6, and they unanimously recommended Council acceptance of it with some small modifications, which had been integrated. The plan had first been presented to the Council's Climate Protection Committee on February 2, and they expected to have another meeting with that committee before bringing it back to Council for formal acceptance. He provided a slide and explained that the plan's purpose was to consolidate all Utilities' efforts to maintain reliability and resiliency,

# SUMMARY MINUTES

which included six strategies, which he outlined. Once the analysis and strategies of Numbers 4 and 5 had been completed, they should have a list of potential programs that Council could consider, and if direction should be given to pursue any of them, they would be implemented. They were trying to achieve a variety of benefits through the efforts described in the plan, which included maintaining and enhancing reliability, integrating new technologies, increasing capacity for new electric loads, and exploring ways to help customers enhance resiliency. For the purpose of this presentation, reliability should be thought of as minimizing outages under normal conditions and resiliency thought of as managing the electric system impacts of a major event. He supplied slides and discussed each of the four potential benefits, how they were doing on each dimension, and how the Reliability and Resiliency Strategic Plan (RRSP) would benefit the grid. He spoke of the utilities current reliability and how the community perceived it, and 85% of customers rated Palo Alto highly (7-10 on a 10 scale) in providing consistent and reliable service, and 80% rated the City highly on restoring power in a reasonable amount of time after an outage. High marks were not given on how outages were communicated and a few people expressed they did not know if the utility had the ability to manage a major emergency. However, on national metrics, Palo Alto had excellent reliability. He provided a chart related to the nationwide average for common utility indices measuring the effectiveness of a utility service territory by outages, which he outlined, and he noted that Palo Alto had better reliability than PG&E. He outlined things that impacted reliability, including aging infrastructure, workforce vacancies, public power safety shutoffs, storms, and there being a single transmission pathway from Palo Alto to PG&E. The plan aimed to preserve and enhance reliability by replacing infrastructure, adding more connectivity and a second transmission line, undergrounding lines, continuing to implement the wildfire mitigation plan, and improving outage communications. There had been success with workplace recruitment and retention. The outage management system had been upgraded. The grid was being modernized to take advantage of new technologies, which he itemized. They were working on accommodating distributed technologies, which he detailed, and they wanted to do outreach to make people aware of the benefits and to encourage voluntary adoption, which Strategy 3 addressed. They completed a study on the types of investments needed to accommodate solar storage, vehicle-to-grid, etc., and updates were needed, and investments were being incorporated into the grid modernization effort. They were working with Planning and Development Services to ensure that the different technologies could be accommodated, and a lot of the technologies could already be accommodated. The next phase was to develop utility guides and communications to help people install and operate the technologies, and they also wanted to transition to time-of-use pricing in the next couple years, and both efforts were in progress. A full cost benefit analysis had not been done to determine if they should go beyond reducing barriers and do outreach to promote the technologies. He questioned if incentives or specialty utility programs should be provided to drive higher adoption than what would be received voluntarily, which they were aiming to discover through Strategies 4 and 5. They were trying to increase capacity to accommodate electrification, which was needed to maintain a reliable electric system and meant adding more and larger transformers and upgrading feeder lines and wires. The grid modernization effort was the primary way to increase capacity. He elaborated on the ambitious schedule. He discussed how the new technologies might help do it more cost efficiently. In

# SUMMARY MINUTES

Strategies 4 and 5, they wanted to do a cost benefit analysis to understand the value of the technologies to the utility in this area. Strategy 4 would identify whether the cost benefit analysis would support more intensive programs. In Strategy 5, they would develop a list of potential programs and identify needed resources. He discussed technologies having potential resiliency benefits. He noted that customers wanted service to continue during outages, and each customer would assess their needs differently. He outlined Palo Alto's policy of letting customers decide their backup power needs and them provisioning it by themselves without any Utility assistance. However, there had been community interest in the Utility helping with these services, so they would try to value the resiliency benefits of the technologies as part of Strategy 4, and upon consideration of potential utility programs under Strategy 5, they would consider programs focusing on resiliency in addition to focusing on helping the grid. The potential programs would be brought to Council after gathering community feedback. If any programs were to be implemented, it would be anticipated in Strategy 6. The grid modernization effort was the largest component of the RRSP. The costs were uncertain, but they were assuming the annual debt service for the grid modernization project to be around \$14M to \$15M per year by 2030 with the debt being paid off in the late 2050s unless the terms should be extended due to refinancing. That was comparable to the current level of annual capital investment in the electric system, but it would support up to \$300M in up-front investments, although they did not know if that much would be needed but was the preliminary high-end estimate. They had done some rough and early staff estimates, and around 50% to 60% of that investment represented replacement of aging infrastructure that needed to be replaced over the next 30 to 50 years, so the additional cost related to electrification was significantly less and likely between \$100M and \$150M, which would probably be \$7M to \$8M a year in debt service and possibly less if the cost could be reduced using innovative technological solutions, like distributed technologies. For the investment, the City would enhance reliability, modernize the grid to accommodate solar storage, etc., add capacity to enable the city to be electrified, and potentially accommodate new resiliency solutions. It would put Palo Alto well ahead of other communities on the path to lowering emissions and futureproofing the electric system. He displayed a slide with a recommendation that would be brought back to Council, but the S/CAP Committee had not yet recommended it. Next steps included doing an additional Ad Hoc Climate Protection Committee meeting in the coming weeks. Then they would return to Council for plan acceptance, and they would begin implementation of anything that was not already being implemented at that point.

Council Member Veenker wanted to make it clear for the record that when it came to S/CAP, they saw the slide deck, but she does not believe they went through the actual plan item by item. She noted that the grid could be the biggest hurdle or enabler to achieving climate goals. She supported the plan. She explained why the true cost of the investment was less than half of what was talked about as the investment. She questioned the steps needed for distributed technology; if there was more information on workforce retention and recruitment than what was in the action plan; and who the prospects were for the for a second transmission line and if there were any time frame estimates.

# SUMMARY MINUTES

Assistant Director Abendschein answered that they were ahead of the problem. It was rare to encounter solar and storage systems that would drop voltage significantly, etc. With the grid modernization study and as they started to design the grid modernization effort, they considered what high penetrations of solar and storage would do. The goal of the upgrades was to futureproof, so even as there was higher penetration of the technologies, customers would be unlikely to cause problems on the grid. He did not think phasing would be needed and that people would not have trouble putting in solar and storage systems. He explained that capacity was a little different because some would require transformer upgrades, but they would try to get ahead of that as quickly as possible. Workforce retention and recruitment was a range of efforts, and they had had some success. He addressed the process of adding a second transmission line. It was hard to handicap the prospects currently.

Director Batchelor stated they been working closely with HR on workforce recruitment. They had successfully brought additional linemen onboard. They had been recruiting from the colleges. They had roughly six or seven junior engineers from a couple schools.

Vice Mayor Lauing appreciated the work done by staff and the UAC. He was pleased to see that the financing and debt service information was provided to the public.

Council Member Burt commented that the plan was a very comprehensive approach and was a transformation from the thinking and planning from two years ago. He thought the plan was aggressive, but if it was missed, it would be missed by only a little. He spoke of emerging technologies being integrated to provide capacity and add resilience. He thought it was important to recognize that resilience and reliability were critical for electrification. He referenced the Reliability & Resiliency Perceptions and Reality slide and noted that there had been an increase in reliability starting in 2016, but overall there had been a decrease in reliability, and he was concerned that goals had not been set. He felt there should be a reliability goal that would return Palo Alto to the historic average. He believed it was important to have goals for full electrification reliability, and he hoped the S/CAP would be able to discuss that with staff and come back with a recommendation or parameters for discussion. He noted that the community was concerned about electricity supply from renewables, and he voiced that renewables were currently cheaper than they had ever been and that the cost of storage was going down. He questioned how much customers would benefit with storage being where power was generated versus paying for storage to be within the city. He noted that about half the cost of the plan would have to be done in future decades with or without getting full electrification. Regarding the workforce, he mentioned that Palo Alto had become more competitive on pay in the last year or two. Related to resiliency, he did not see microgrids listed, and he thought there were more opportunities than had been recognized. He noted that permitting for local solar had been streamlined. He remarked that he had not heard an update on the solar plus battery as a next step, and he looked forward to S/CAP getting more details.

Council Member Kou requested there be a cost column in the resources section of the report. Regarding the community's feedback related to outage communications, she queried how that could be improved and how customers could gain confidence that electricity would be restored

# SUMMARY MINUTES

quicky. She asked, regarding Strategy 11.5, if there was a cost estimate of the next two phases to be undergrounded and the length of it. She thought undergrounding would provide more reliability.

Director Batchelor replied that the next two phases to be undergrounded was about \$7.5M-\$8M. The goal was for it to be complete by October 2024. They had spent about \$6.2M-\$6.3M so far. He would return to Council with the length of it.

Council Member Lythcott-Haims agreed with much of what had been raised by her colleagues. She thought there should be reliability goals. She asked how the City communicated outages to the community. She requested there be town halls once the plan had been accepted. She asked what could be done to increase the rate of electrification adoption elsewhere and if sibling cities, East Palo Alto, etc., could be partnered with.

Director Batchelor, regarding communication, voiced that social media had been used and with the last couple outages, and they produced over 11 thousand texts to customers. There were two-way communications with customers with the new outage management system. He noted that 669 customers wanted calls, so he had asked the public to opt in with their phone numbers (up to 5 numbers), and they would get a text/email/phone call, whatever they preferred. They had the ability to send messages to just affected customers, not the entire system as had been done in the past.

Council Member Tanaka requested more information concerning the survey. He suggested there be a net promoter score to measure every interaction, which would provide real time feedback. He supported undergrounding lines and thought there should be as much undergrounding as possible. He asked who was responsible for trimming trees in the vicinity of electric lines. He commented that money being pulled from the utilities to help fund the General Fund should be decreased. He wanted to see reliability goals as part of the plan.

Assistant Director Abendschein replied that the survey was done every two years or so, and it was focused on understanding the community's perceptions of customer service, cost, and reliability, and some looked into attitudes around electrification. They partnered with all California public utilities. The California Municipal Utilities Association helped run it. There was a statewide sample and a statistically valid oversample in Palo Alto to compare to the statewide survey. He would return to Council with the number of samples taken. It was a random sample, and he understood that it was representative as well.

Director Batchelor voiced that it was a homeowner's responsibility to trim trees on their property, and the Utility was responsible for trimming street trees. He planned to share, maybe as an informational packet, the full surveys for electric and water.

Assistant Director Abendschein added that there was a reliability goal established, which was to be within the top quartile nationwide, and he thought it was in the annual budget each year.

# SUMMARY MINUTES

Mayor Stone expressed that reliability and the perception of reliability was of the most critical work for the S/CAP goal and moving toward electrification. He was concerned that there was a disconnect between perceptions of reliability and the reliability seen especially compared to PG&E. He felt the only thing that would impact perception would be a combination of time and the ability to make it through winters with little to no outages. He hoped there would be more communication and education to customers regarding what was being done to improve the out grid and especially comparisons to PG&E. He asked what percentages of multifamily residences would be updated by 2027.

Assistant Director Abendschein explained that the multifamily transformers were not necessarily being upgraded as part of the grid modernization effort, but there were several programs that would help multifamily buildings do upgrades and incentives to cover some of the costs of customers' upgrades and the City's transformer upgrades. One of the major focuses on the funding study on how to fund the S/CAP was multifamily electrification programs, and the costs of upgrading the transformers had to be a part of the study. It was not as standardized as single family, and each was somewhat of a custom project, so it did not lend itself to mass upgrades. There were ways to help multifamily buildings, particularly affordable housing, do the upgrades. They had done a pilot building electrification program, and they had affordable housing partners who were interested in working with the City, and they would be a focus in the next few years.

## Public Comment

Bob M. voiced that a reliable electric system was essential, which Palo Alto basically had. He stated that long-term policy should be adopted to underground utilities. He asked that AT&T be contacted to confirm that they would not prevent undergrounding utilities.

Aram J. (Zoom) voiced that a backup generator appealed to him. He thought employee support should be investigated. He questioned how many total employees there were in top management and how many African-Americans were employed in the Department.

Lauren S. (Zoom), Chair of the UAC, thanked Council for their comments and questions. She noted that different customers were surveyed for gas and electric, and in each case about 400 customers were surveyed.

## Consent Calendar

2. Approval of Minutes from January 22, 2024 and January 29, 2024 Meetings
3. Approval of Contract Number C24187805 With Carollo Engineers, Inc. in the Total Amount Not-to-Exceed \$1,628,326 for Planning and Preliminary Design of a Headworks Facility at the Regional Water Quality Control Plant, funded by Wastewater Treatment Enterprise Fund Capital Improvement Program Project WQ-16002; CEQA Status – Not a "Project."

# SUMMARY MINUTES

4. Approval of Two General Services Contracts in the Wastewater Treatment Enterprise Fund: a Contract with Lystek International Limited in an Amount Not to Exceed \$5,322,769 and a Contract with Synagro-WWT, Inc. in an Amount Not to Exceed \$7,617,013, Both for Offsite Sludge Treatment Services for a Five-Year Term; CEQA status – exempt
5. Adoption of Resolution to Authorize Stanford University to Enforce Unauthorized Parking in Several of Its Parking Facilities under Vehicle Code § 21107.8; CEQA Status – Not a Project
6. Approval of Contract Number C24188120 with Summit Uniforms, LLC for Five Years for a Maximum Compensation Amount Not-to-Exceed \$720,000 (\$144,000/yr) for the Purchase of Police, Fire, and Park Ranger Uniforms and Related Equipment; CEQA status - not a project.
7. Approval of a General Services Contract Number C24189570 with Downtown Streets Team, Inc. in an Amount Not to Exceed \$528,409 for Cleaning Services in the University Avenue and California Avenue Business Districts for a Period of Three Years; CEQA status – Not a Project
8. Approval of Contract Amendments with AgreeYa Solutions, INC., Elegant Enterprise-Wide Solutions, INC., Forsys, INC., Object Technology Solutions, INC., Techlink Systems, INC., ZION Cloud Solutions, INC., and Inspyr Solutions, LLC., for IT On-Call Professional Services, to Increase the Combined Annual Not-To-Exceed Amount to \$1,250,000 and a Contract Not-To-Exceed total of \$3,940,000; CEQA Status - Not a Project.
9. Approval of Contract No. C24188884 With WaterTALENT, LLC for Temporary Consultant Support for Public Works and Utilities Departments in a Not to Exceed Amount of \$1,896,000 Over Three Years, With Two One-Year Extension Options; Not to Exceed \$830,400 for Year One and Not to Exceed \$532,800 per Year for Years Two and Three and Optional Extensions if Authorized; CEQA Status - Not a Project

## Public Comment

Herb B. (Item 7) explained why he was concerned with the Downtown Streets contract, and he requested it be removed from the Consent Calender. He thought it was important to report on the services. He thought businesses should pay for cleaning sidewalks, and he would provide Council with a copy of Palo Alto Municipal Code Section 9.48.050.

Aram J. (Zoom) discussed Item 7 and there being allegations of misconduct toward employees by management, which he requested be investigated, and he requested the item be removed from the Consent Calendar. He thought there was to have been an independent report, but he was not aware of that happening. Regarding Item 6, he asked if there was a competitive bid. He thought Item 4 should be discussed due to the amount of money, and he asked if there had

# SUMMARY MINUTES

been a competitive bid. Concerning Item 5, he asked if there was crossover between Palo Alto and Stanford on parking structures. He thought there were too many items on consent.

**MOTION:** Council Member Burt moved, seconded by Council Member Lythcott-Haims to approve Agenda Item Numbers 2-9.

Council Member Veenker recused on Agenda Item Number 5 due to the work she performed for Stanford.

Council Member Tanaka registered a no vote on Agenda Item Numbers 4, 7, 8, 9.

**MOTION PASSED ITEMS 2-3, 6: 7-0**

**MOTION PASSED ITEMS 4, 7, 8, 9: 6-1, Tanaka no**

**MOTION PASSED ITEM 5: 6-0-1, Veenker recused**

Council Member Tanaka voiced that Item 4 was for a massive amount of money and that prices had increased by 50% and 66% from the previous contact, and he noted that there were not many other acceptable bids. Regarding Item 7, he thought there were issues with streets not being clean, so he was concerned about performance and the price increasing by 63% from the previous contract. He noted there had not been competitive bidding; the scope increased, but it was not clear; and there had been sexual harassment, etc., issues. Concerning Item 8, he noted that prices increased, and he voiced it was rare to see prices increase in the tech industry. He did not feel the selection process for the services was transparent. He added that a lot of the work could be done without consulting IT folks. His biggest concern with Item 9 was that there were no other bidders. He believed the bidding process should not be as onerous, which would allow for more bids and room for negotiation.

Council Member Kou inquired if a report could be brought back to Council concerning the performance of Downtown Streets Team.

City Manager Ed Shikada replied that he would return with a report.

## City Manager Comments

City Manager Ed Shikada noted that there would be a community meeting scheduled with Caltrans related to El Camino Real and the projects to do resurfacing and installing bike lanes that would require removal of on-street parking throughout the City. There would be a community meeting on February 29, and a number of other public sessions were being scheduled leading up to Council discussion and review of the proposal on April 1. On February 14, mosquito control treatment with a helicopter would occur in the Baylands. A number of events were scheduled for February, including Third Thursday, Lunar New Celebration, etc., which could be found at [cityofpaloalto.org/calendar](http://cityofpaloalto.org/calendar). There would be no meeting next week. On February 26, there would be follow-up on the Council Procedures & Protocol Handbook. March

# SUMMARY MINUTES

4 would include the Tower Well Parkland Dedication and the Ellsworth Place proposed development, and there would be discussion of the Council's priority objectives and committee work plans. On March 11, there would be an item related to 445 Bryant and likely a second part of the Council's priority objectives and work plans. On March 18, there would be a Tree Ordinance update and time spent with the PTC as well as Council's review of the Revised Housing Element. He noted for public awareness that the City would implement limitations on signs/displays/symbolic materials that could be brought to Council meetings. He read the statement that would be posted on the agenda beginning with the February 26 meeting.

[Council took about a 10-minute break]

## Action Items

10. Adopt a Resolution Modifying the City's Objective Design Standards for SB 9 Projects.

Mayor Stone declared that Item 12 would be heard after Item 10.

Chief Planning Official Amy French furnished slides. They were requesting that Council adopt objective design standards by resolution as modifications to existing standards for SB 9 projects. SB 9 allowed up to 4 units on single-family lots, which were not discretionary projects, and Council did not have a role in reviewing ministerial SB 9 projects. She discussed the key elements used in 2021 guidelines. A permanent ordinance had been approved by Council in 2023. The standards had been streamlined to remove redundant and overlapping standards, and the standards had been refined to improve clarity and allow flexibility. She described what the discretionary IR process allowed.

Architectural Review Board Chair Peter Baltay remarked that they had worked closely with Planning staff to come up with revisions to the design guidelines. They focused on five broad standards, which included keeping it simple, being consistent with existing standards in the city, avoiding standards that would limit design flexibility, a design daylight plane, and privacy. He recommended strongly that the standards be approved.

## Public Comment

Aram J. (Zoom) was delighted that the ADU standards and requirements would be loosened. He loved SB 9 and that the housing element had been delayed so more projects were being approved by the builder's remedy.

John K. (Zoom) thanked the ARB and staff for their work. He opined that the current SB 9 process was not working if the goal was to promote the construction of more affordable housing. He did not understand why the City was waiting until 2025 to increase the square footage of SB 9 units versus doing it now nor did he understand, regarding Standard A4, why the City would be a third party to a driveway easement. He thought the Tree Ordinance or some other ordinance needed to be amended to make clear that SB 9 800-square foot units would be excluded. He thought it should be made clear that covered-space parking would not

# SUMMARY MINUTES

count against the 800-square foot footage. He hoped that in the future alleys, etc., would be considered.

Council Member Burt asked to what extent alleys were being utilized in the design guidelines and if someone did an SB 9 project if access would be permissible from an alley and if driveway considerations embraced access from an alley. Regarding A8, he inquired if there was a permeability requirement for groundwater absorption.

Chief Planning Official French remarked that a guideline had not been incorporated for alleys. Access would be permissible from an alley, and driveway considerations embraced access from an alley. Regarding A8, there was a restriction on the amount of pavement in a front yard. Zoning encouraged alley access and allowed for permeable. The only time permeable would be needed would be for firetruck access for landlocked-type parcels.

Planning Director Jonathan Lait understood that permeable pavers could be used, and the City was interested in site retention of water. As part of the C3 and other review, they were looking for onsite recovery of stormwater.

Council Member Burt voiced that allowing permeable pavers was different than what he was addressing, which was them being required for a certain size driveway. He added that the importance was less on SB 9 projects than it was in general. He asked why A1, the front setback, was included in this as it seemed to be against what had been thought of as best practices. He did not think that was the right design.

Jonathan Lait replied that they were trying to set very clear objective standards because it was ministerial. A1 was attempting to cap how far a building could be set back. Council could decide on a 20-foot setback, which would be consistent with typical lots.

Chief Planning Official French replied that A1 had been brought forward to no more than 25 feet, which was new and not in the zoning code. If there was no contextual setback for the street, they could not be pushed back beyond 25 feet.

Council Member Lythcott-Haims wanted to ensure that the standards would not be an obstacle to constrain housing and getting the Housing Element approved. She asked when the increased unit size would come forward.

Jonathan Lait responded that the objective standards presented to Council in the attachment would not serve as a constraint to housing. He thought the Housing Element identified 2025 as when the increased unit size would come forward. They were looking at work programs for the upcoming fiscal years, so they would look at where that specific change would be slotted. If Council wanted to move it forward, it could be considered in the objectives discussion on March 4 and again on March 18 when the Housing Element would be considered.

Vice Mayor Lauing was glad to see that privacy had been considered important. He requested information on the applications that had not been approved. He inquired if Page 3 of the Staff

# SUMMARY MINUTES

Report concerned being financially worthwhile to invest in so folks could get rent or sale from the units; if there was a methodology to there possibly being 40 more units; if 40 units would be ADUs; and what neighborhood context meant on Page 4 of the Staff Report.

Director Lait understood that the projects under review were being reviewed for compliance with code. Conversations were taking place for those interested in filing projects that had not yet been filed. Page 3 of the Staff Report concerned being financially worthwhile to invest in so folks could get rent or sale from the units. Regarding the 40 more units, as part of the Housing Element, they were required to identify outcomes from the programs, and this was one of the programs in the Housing Element. The projection over the 8-year housing cycle was that at least 40 units would be produced. They thought the change in square footage may have the effect of receiving more applications and was why they believed that number would be generated. He would review the Housing Element Program, but he did not think the 40 units included ADUs but would be standalone or second units added to the property. The reference in the Staff Report said it did not include ADUs, but it was 40 net new units under SB 9. He thought neighborhood context meant the developed standards were based on the projects reviewed through the IR process, which spoke to neighborhood compatibility, scale, etc., from one building to the next and the other was the contextual setback. It was allowed under SB 9 because it was an objective standard.

Planner Emily Kallas mentioned that most of the building permits in process had been on file for approximately four months and were going through the typical process for compliance with the codes.

Council Member Veenker thanked staff. She considered it an accolade to them that there had been so few public comments on this item. She was pleased to see that the number of objective standards had been significantly reduced.

Jonathan Lait added that he appreciated the work of Chief Planning Official French and Planner Kallas and especially the ARB.

Council Member Kou was concerned that the Neighborhood Association had not consulted and that with the unfunded SB 9 mandate notification would not go out. She asked if there would be notification to the neighbors when an application was going through the process.

Jonathan Lait answered that there would not be mailed notification because there would not be discretionary review. They mailed notifications for some projects. The IR process was discretionary, and there was a 150-feet notice for IR applications. As applications came in, they were posted at buildingeye.com.

Council Member Kou thought notification other than buildingeye.com should be considered, and she wanted to add through a motion that there be a notification process to neighbors within 500 to 600 feet of a project. She moved the staff recommendation with that modification.

# SUMMARY MINUTES

Vice Mayor Lauing seconded.

Council Member Kou believed that State and Federal mandates had taken away much from current residents and removed democracy and their right to speak up about impacts to their residences, etc. She thought they should at least be notified that a project would be happening.

Vice Mayor Lauing noted that in the case of this notification, residents would not be able to object, but he did not think sending out 40 postcards in the next 5 years was a big issue.

Council Member Burt wanted to ensure that the notification would not give a false impression to the neighbors that they would have any discretionary approval of the projects. He would support the motion if the notifications would include a statement that the projects would be permitted by right.

Director Lait stated that there were basically two types of development activity that could take place with SB 9. One involved adding additional units to a lot and the other a lot split where a portion of a lot could be sold. There was already a notification requirement for a lot split of 600 feet in the code. There was not notification if a second unit was to be added to a property, much like there were not notifications for ADUs. The notification could note what was being requested and language added related to State law so appropriate expectations would be set. He asked if Council wanted notification expanded to standalone additional units not involving a lot split. If so, he could investigate if the cost could be extended to the applicant. Doing the notification could potentially be staff's responsibility, which they could absorb.

Council Member Kou wanted people to be notified of potential construction impacts, such as noise, etc., so she wanted to expand it.

Council Member Lythcott-Haims appreciated the concern, but she considered SB 9 streamlining and making things easier, so she was not in favor of anything creating an additional burden for a homeowner or staff. There was currently a small number of applications, but she thought more applications would come, and she questioned the utility and worried about cost in terms of staff time.

Council Member Veenker queried if remodels, teardowns, and building on a vacant lot were noticed. She asked if the amendment would add a notification if a primary unit was being added to a lot.

Jonathan Lait responded that remodels and teardowns were not noticed. Building two stories on a vacant lot was noticed. The amendment would add a notification if a primary unit was being added to a lot under SB 9. This would add more notification to what was currently done for a similar project.

Council Member Veenker voiced that this selected one instance to add notification. She did not support it.

# SUMMARY MINUTES

Mayor Stone queried how it differed under SB 9 from other ADU applications if there was not a lot split and it would add just an ADU or a JADU. He explained that he saw two sides to such notification, one being that the notice could be a promotion. He supported the staff recommendation but not the notification as he did not see it separate from other projects.

Director Lait thought of SB 9 as not necessarily adding an ADU but adding another primary unit on a site, which could then also have an ADU, which he elaborated on. Currently there would be notification only in the event of a lot being subdivided and then sold to a different owner, otherwise it would be under common ownership.

Council Member Kou appreciated the consideration and Vice Mayor Lauing's second. She was not going to withdraw it and suggested it be an unfriendly or substitute. She thought residents should have knowledge of what would be happening, so they would not be surprised. She did not understand why there would be what she termed secrecy and why notification would be a problem.

Council Member Lythcott-Haims proposed an amendment for a substitute motion. She was in favor of Mayor Stone's notion of a notice possibly being a promotion.

**MOTION:** Council Member Lythcott-Haims moved, seconded by Council Member Veenker to adopt the attached Resolution (Attachment A) modifying the objective design standards for development pursuant to California Senate Bill 9 (SB 9).

**MOTION PASSED: 5-2, Lauing, Kou no**

Mayor Stone announced that Item 12 would be the next item.

12. Adoption of a Resolution Certifying the Need for an Exception to the California Public Employees Retirement System (CalPERS) 180-day Waiting Period to Hire Matthew Raschke as a Retired Annuitant Extra Help Senior Engineer. CEQA status - Not a Project

Human Resources Director Sandra Blanch noted that the resolution was to rehire Matthew Raschke who retired from Public Works in January. He was needed as soon as administratively possible to complete the Public Safety Building Project work. CalPERS had an administrative procedure that required adoption of the resolution in public by Council as an action item. By approving the resolution, Council would be approving an exception to the 180-day waiting period required under the Public Employee Pension Reform Act.

## Public Comment

There were no hands raised and no requests to speak.

Council Member Tanaka asked for an explanation of the 180-day waiting period and why there was such a policy. He asked if it could be because they did not want people to leave and come back as consultants who would then receive more pay than they had been receiving. He asked if

# SUMMARY MINUTES

they would be paid through the pension and as a consultant. He asked why someone else could not fill the position.

Director Blanch explained that CalPERS required a 6-month period before a retiree could be employed in the work in which they retired. She did not know why CalPERS had such a policy. Regarding pay, anyone who returned to the Agency was required to be paid the same amount as the position, so they could not return and make more. They would be paid through the pension and a salary. She explained why she did not believe the reason for the 180-day waiting period had to do with people leaving and coming back as consultants and making more money. As for hiring someone else, Matthew Raschke had extensive knowledge of the project because he had been working it for nine years, and the project was at its final stages, so it was critical that he return to complete the project.

Council Member Tanaka was surprised that someone was so irreplaceable.

City Manager Ed Shikada replied that no one was irreplaceable, but he explained why it was the most cost-effective way to proceed.

Council Member Kou added that Mr. Raschke was very knowledgeable about that building. She elaborated on why having him return was a good idea.

**MOTION:** Council Member Kou moved, seconded by Mayor Stone to adopt a resolution certifying the need for an exception to the 180-day waiting period, set forth by CalPERS, to hire Matthew Raschke as a Retired Annuitant Extra Help Senior Engineer.

Mayor Stone stated that the City Manager and HR Director provided the reasons for approving this.

Council Member Tanaka researched on Google why CalPERS had the 180-day waiting period, and he found that the waiting period was to prevent pension spiking. He asked if the information was correct.

Director Blanch answered that she could not currently speak to that.

Council Member Tanaka stated he could not support this item as he did not feel it was in the best interest for the people of the City.

City Manager Shikada was familiar with the concept and principal of pension spiking, and it did not apply in this circumstance.

## **MOTION PASSED: 6-1, Tanaka no**

11. Discuss the FY 2024 Mid-Year Budget Review and Approve 1) FY 2024 Budget Amendments in Various Funds, and 2) Amendments to the FY 2024 Table of Organization to add 1.00 Full Time Equivalent (FTE) Position. CEQA Status – Not a Project.

# SUMMARY MINUTES

Assistant City Manager Kiely Nose asked if skipping the presentation and doing a brief introduction would be appropriate given the late hour.

Mayor Stone thought a brief introduction would be suitable.

Council Member Tanaka wanted a presentation.

Council Member Kou desired a presentation.

Council Member Burt thought it was important to have a presentation.

Mayor Stone asked if the presentation could be brief to allow time to make good, sound judgment decisions in the late hour.

Budget Manager Paul Harper stated the report was one of many touch points brought to Council throughout the year continuing the dialogue of the City's fiscal position. The main actions in the report included the items that were referred by Council to come back as part of the midyear report from the FY2024 budget as well as technical adjustments to align with the budget and current activities and to reconcile with some year-end items from FY2023. He provided a slide highlighting referral items that came from the FY2024 budget, which was more of a status update. The slide showed the items for which funding was requested and recommended to be added as part of the midyear budget and items that were a status update. Staff was still working through some of items, and some could come back as part of FY2025, and others were on hold due to staff capacity. He shared slides highlighting recommended additional funding and the recommended technical adjustments, which he detailed. He supplied a slide showing the status of the General Fund Reserve and the Uncertainty Reserve, which he outlined. The Staff Report recommended keeping money in the BSR and keeping the Uncertainty Reserve as it was; however, there was an alternative to combine the two items and put the excess \$3.3M from the BSR into the Uncertainty Reserve. He noted that there were some recommended technical adjustments in some of the other funds, which he elaborated on. In March and April, the Rate Plans would go to UAC and the Finance Committee, and they would be brought forward as part of the proposed budget in May when released for Finance Committee review. In June, the third quarter fiscal year report for FY2024 would come out along with the adoption of the FY2025 adopted Operating and Capital budgets. The recommended action was to approve the amendments in the report and to approve the adjustment in the Table of Organization, which would add one fulltime position in the Planning and Development Services Department. He spoke of the advantages of taking the \$3.3M excess in the BSR and combining it into the Uncertainty Reserve for a total of \$12.8M.

## Public Comment

Aram J. (Zoom) understood that the budget extra surplus money would give \$1.7M to reduce the \$500M PERS debt. He supported funding additional equipment for the Fire Department but not additional funding to the Police Department. He hoped Council would ask a lot of questions.

# SUMMARY MINUTES

Council Member Lythcott-Haims voiced that there was a great plan in place to pay down the unfunded pension liability. She asked what the options were for the excess in the BSR and if some of it could be put in the Section 115. She inquired if it would be decided at the end of the year what to do with the surplus.

Assistant City Manager Nose responded that options for the excess in the BSR was a policy decision for Council. Policy was that any excess at the end of the fiscal year would be split 50/50; however, Council usually realized funding post June. Council had wanted to know if there would be excess fundings during this portion of the year so a decision could be made as far as adding to the pension trust, capital, or reserve for future uses for Council priorities or allocation as part of the budget process. What to do with the surplus would be decided at the end of the year.

Council Member Burt inquired if potential expenditures for removal of eucalyptus trees in the Arastradero Preserve was included in the report.

Manager Harper answered that the removal of eucalyptus trees in the Arastradero Preserve had not been funded because grant funding was being pursued.

Council Member Burt mentioned that he had forwarded Stanford contact information to the Public Works Director related to a major removal being done in Portola Pastures, and an out-of-area contractor had been used that was one-third the cost of within-area contractors. In pursuing a grant, he was concerned about the timing and the trees not being removed this year. The Finance Committee had been told if there were adequate funds at midyear the task could be done for this fire season and that this would be a priority to be reexamined. He requested staff think about that before the motion. He referenced Page 6 of the report related to the Unhoused Resident Services and questioned what the plan was and if it would be a substitute to Palo Alto having a plan that would complement the County plan. He thought a plan would be presented to Council for examination, and he wanted a more comprehensive understanding of the approach.

Community Services Director Kristen O’Kane believed a grant had been applied for through the Office of Emergency Services, and they should soon know if it would be received. Conducting the work would depend on the grant funding schedule.

Assistant to the City Manager Melissa McDonough stated that the County Community Plan to End Homelessness was endorsed by Council on August 30, 2021. She described how it worked with the Federal Government. Palo Alto had been a part of the group that informed the plan. Staff had focused on ensuring that internally they were well coordinated, and the relationship with the County had been strengthened. A pilot of City-funded outreach workers had been added. Looking forward into 2024, they were reviewing existing housing-related work in the city and identifying future models for Palo Alto and any associated costs.

City Manager Ed Shikada added that Assistant to the City Manager McDonough had spent a significant amount of time managing Project Homekey in bringing it forward in cooperation

# SUMMARY MINUTES

with LifeMoves and getting it through the permitting and entitlement process. Staff was also considering bringing forward another element to be considered in the Priority Setting Session on March 4. They were not proposing additional allocation of dollars in the absence of bringing forward a specific proposal.

Council Member Burt noted that something had changed since June, as the County plan to end homelessness and Palo Alto's engagement with it had been a commitment two years before during the budget cycle. He was looking forward to an explanation of that change in March. He did not see recommendations for Utility staffing and what might be needed for data analysis related to climate initiatives and electrification programs. He knew there were line items, but he was concerned with how rapidly near-term measures were moving forward in relation to Cal Ave.

Vice Mayor Lauing did not think this included everything on Council's list that was to come back for consideration. He presumed staff was recommending from that list and others where the surplus should be spent. He asked if the document came through the Finance Committee. He referenced the table on Packet Pages 301 and 302, and it appeared that \$3.4M would go into the trust contribution and capital improvement and that \$600K to \$900 would be spent on incremental items. Concerning the Rental Registry and adding a Senior Planner, he queried what the effective date was for the beginning of the compensation.

Assistant City Manager Nose remarked that every item that was part of the referred list had been referenced in the memo, but not all the items had funding associated with them. The document did not come through the Finance Committee. Concerning the Rental Registry and adding a Senior Planner, she believed the Director planned to use resources already identified, so they were anticipating it starting within the month.

Manager Harper explained that the items listed as priority investments totaling \$600K was being paid for through the Uncertainty Reserve. He outlined that, at the direction of Council, the items were kept separate from the BSR.

Council Member Veenker asked, regarding Sea Level Rise referenced on Packet Page 303, if there had been a report in late 2023. She was concerned because the adaptation plan had been paused. She inquired if there was any information regarding the Bay Area Regional Sea Level Rise Plan that BCDC was working on. When funding may be needed and the adaption plan work moved forward, she questioned how the Army Corps and BCDC might play into that.

Public Works Director Brad Eggleston replied that there was not yet a report. Some information had been received from the Army Corps of Engineers, and staff had worked with Valley Water to compile a letter asking the Army Corps of Engineers to justify their conclusions. There had also been a letter to them from some congressional delegation members. They were expecting to hear something from the Army Corps of Engineers the first quarter of 2024, but there was no established required time frame for response. BCDC was working on the required plan components for the Sea-Level Rise Adaption Plan. Regarding funding and the adaption plan

# SUMMARY MINUTES

work moving forward, he explained that the Army Corps study was important in the adaption plan proceeding, and it seemed that a decision would be made soon. He spoke of the time frame and the process for Palo Alto with respect to SB 272, which remained to be seen. He knew that additional funding would be needed for the contract, but it did not seem timely at this point, and there was hope to put a finer point on it a little later.

Mayor Stone asked if the \$3K to fund rides through Palo Alto Link for youth was included in the \$30K to host an event for youth mental health. He inquired how youth wanting to use the service would get the credit. He spoke of transportation being a barrier.

Manager Harper replied that \$3K to fund rides through Link was in addition to the \$30K, so the total was \$33K.

Director O’Kane explained how youth could use the Link service for transportation to a City facility for mental health support, such as libraries, etc. It was a pilot program, and it would be determined if it increased rides for youth, and if it did, it would possibly be proposed to be continued or another way to provide transportation to youth may be explored.

Council Member Tanaka referenced Packet Page 303 concerning fleet electrification, and he asked the age and mileage of the current vehicles and if the purchases themselves would come back to Council on consent.

Director Eggleston did not have information at this meeting related to the age and mileage of specific vehicles. The vehicles would meet the replacement guidelines in the fleet policy, which varied for different types of equipment. The purchases over the City Manager’s authority for signing a purchase order would come back to Council.

Council Member Tanaka stated he wanted information on the age and mileage of vehicles on return to Council. Related to the Rental Registry, he did not support the budget for another employee. He asked why the amount was so much and why an FTE was needed. He queried why golf expenses went up \$51K. He questioned what Lifemoves had to do with the budget and how much time the new Project Homekey staff member was putting in on the project and if the cost to the City was \$150K. He was concerned about Fire and Police overtime and vacancies, and he questioned what management was doing to put a tap on the overtime and if it was typical for 20% of a police department’s budget to go toward overtime. He considered the dollar amounts excessive.

Planning Director Jonathan Lait expressed, related to the FTE for the Rental Registry, that staff resources were detailed in the Council report when the item was presented last year, and it was noted that staff would return midyear for additional staff resources to support implementation of the program. They had a consultant, and a contract would be received for consideration, he believed, next month to establish needed technologies, etc.

Manager Harper remarked that golf expenses were in alignment with what had been collected in FY2023. He provided some details of the contract with the operator. Revenue had increased.

# SUMMARY MINUTES

City Manager Shikada noted that he had referenced LifeMoves in connection with Project Homekey and a new staff member that assisted with housing and unhoused issues, but there was not a specific budget request.

Assistant to the City Manager McDonough responded that the time the new staff member was putting in on the project varied depending on the project phase. Some weeks could be 20 hours and some less. She explained that she was a salaried worker, not an hourly worker.

Assistant City Manager Nose explained, regarding Fire and Police overtime, why there would be an increase in the total cost year over year. She provided some details in reference to Fire and Police salaries and overtime pay.

Fire Chief Geo Blackshire explained that it took time to fill vacancies.

Council Member Kou queried if PATMA was being given \$84K and \$42K in addition to \$200K.

Manager Harper answered that PATMA was receiving another \$42K for a total of \$242K.

**MOTION:** Council Member Burt moved, seconded by Council Member Lauing to approve:

1. Amendments to the Fiscal Year 2024 Budget Appropriation for various funds and various capital projects, as identified in Attachment A, Exhibits 1 and 2; and
2. Amend the FY 2024 Table of Organization in Attachment B consistent with the budget amendments in Attachment A, adding 1.00 full time position.

**MOTION PASSED: 6-1, Tanaka no**

Adjournment: The meeting was adjourned at 10:52 P.M. in honor of the San Francisco 49ers wonderful season.

Council Member Kou asked that the adjournment also be in honor of the passing of the City of Redondo Beach Mayor Bill Brand.

Mayor Stone acknowledged that was a more appropriate adjournment and thanked Council Member Kou for raising it.